



FIRST RESEARCH CORPORATION

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Cable "FRESCOR"

February 5, 1965

Mr. Paul L. Fentress, President
Palm Beach Civic Association
319 Royal Poincianna Plaza
Palm Beach, Florida

Dear Mr. Fentress:

At the request of the Palm Beach Civic Association, First Research Corporation has conducted an economic survey and analysis of factors relative to the proposed deepening of the Palm Beach Inlet and ship channel. Our findings and analysis are contained herein. It is the opinion of this firm that the arguments for opposing the deepening of the inlet and ship channel far outweigh any benefits that may eventually be gained. In short, it is our conclusion that the proposed project is economically and financially unsound at this time.

The basis for our findings are summarized as follows:

1. It has not been proven that the deepening of the Palm Beach Inlet will not cause further beach erosion problems for the Palm Beach area south of the South Jetty.
2. The residents of Palm Beach have spent almost \$2.5 million for public projects and \$1.0 million for private construction over the past 18 years for the protection of the beaches and ocean-front properties. The Town Engineer of Palm Beach estimates that over the next ten-year period, an additional \$1.8 million will have to be spent in this continuing fight against the sea's encroachment.
3. If the jetties were extended further seaward, the construction costs will place an additional financial burden on the local taxpayers; ~~even then, the problem of beach erosion may not be fully solved.~~ X
4. Port Everglades is less than 50 miles from the Port of Palm Beach and will be adequate to serve the deep draft shipping requirements of the south Florida area for the foreseeable future.
5. The Belcher Oil Company would be the prime beneficiary of the proposed channel deepening and the Riviera generating plant of the Florida Power and Light Company is the largest customer of the Belcher Oil Company. The Florida Power and Light Company has been using greater quantities of natural

- gas in the past several years and its production of electric power is very likely to shift to automated atomic plants within the next ten to 20 years. These plants would have to be located somewhat distant from the urban areas, and would not require port facilities. This transition, therefore, will decrease the demand and necessity for importing great quantities of residual fuel into the Port of Palm Beach.
6. Palm Beach County has never been conducive to heavy industry and in all probability, never will be, due to its resort and agricultural characteristics.
 7. A deeper channel would encourage larger but fewer tankers to serve the area when considering all known and pre-supposed conditions, fewer vessel movements would decrease ship handling revenues to the Port.
 8. The residents of the Palm Beach District have contributed almost \$8.0 million over the past 20 years in ad valorem taxes to support the operations ^{and debt service} of the Port. The Port never has experienced an operating profit during this period.
 9. If the inlet and ship channel were deepened, major expansion of the Port of Palm Beach would have to be undertaken to justify the project and encourage deep draft vessels to use and enter the Palm Beach Harbor. While the details of this expansion are unknown at this time, the taxpayers, in all probability, would be called upon to subsidize this effort through additional ad valorem taxes.
 10. The Port does not employ a large number of people in its present operations. It is doubtful whether a deeper channel would have any effect upon the present employment situation. The Ideal Cement Company, for example, is presently constructing a plant that will be automated and will employ an estimated ten persons for its operations. Maule Industries will be forced to follow this lead if it is to remain competitive to Ideal in serving the Palm Beach area. Moreover, the Belcher Oil Company, the Port's largest customer, presently employs only eight persons.
 11. On the basis of the foregoing conclusions, therefore, it cannot be reasoned with logic that a deeper channel would result in an increase in the size and type of industry to locate in the immediate area or in turn provide additional number of employment opportunities.

Slips would have to be dredged to -35' and the wharves completely reconstructed to accommodate this depth.

It should be noted that the most reliable and up-to-date information was used in the preparation of this study. Methods used in arriving at conclusions are in accordance with accepted research procedures. All facts and factors pertinent to the subject matter have been examined and evaluated with the results of our analysis contained herein.

Mr. Paul L. Fentress
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It has been a pleasure to complete this assignment for you and we sincerely hope that we will have the opportunity to work with you again in the near future. If there are any questions on the several sections of this report, please do not hesitate to call on us.

Very truly yours,

FIRST RESEARCH CORPORATION