



Maryland Department of Transportation (MDOT)

Maryland Port Administration (MPA)

Fiscal Year 2020 Budget Overview
MPA Operating and Capital Programs
Presentation to Budget Committees
2019 Session

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Progress Since Last Session

Port of Baltimore's Economic Impacts to the State of Maryland:

- 37,300 Direct, Induced, Indirect Jobs generated by the Port.
- \$3.3 billion in personal wages & salary income.
- \$395 million per year in State and Local Tax Revenues.
- 101,880 additional jobs in Maryland are related to Port activities.
- In total, there are **over 139,180 jobs** in Maryland linked to the Port of Baltimore.

The Port is proud of several significant achievements in 2018, despite the threat of increased tariffs, potential trade wars, and BREXIT, which will likely be negative to global logistics:

- In 2018, MPA general cargo set a new high water mark with over 10.9M tons – an increase of 1.6% compared to 2017.
- International cargo tonnage in the whole Port (public and private terminals) in 2018 is estimated to be 42M tons in 2018, largely due to increased coal, LNG and containers.

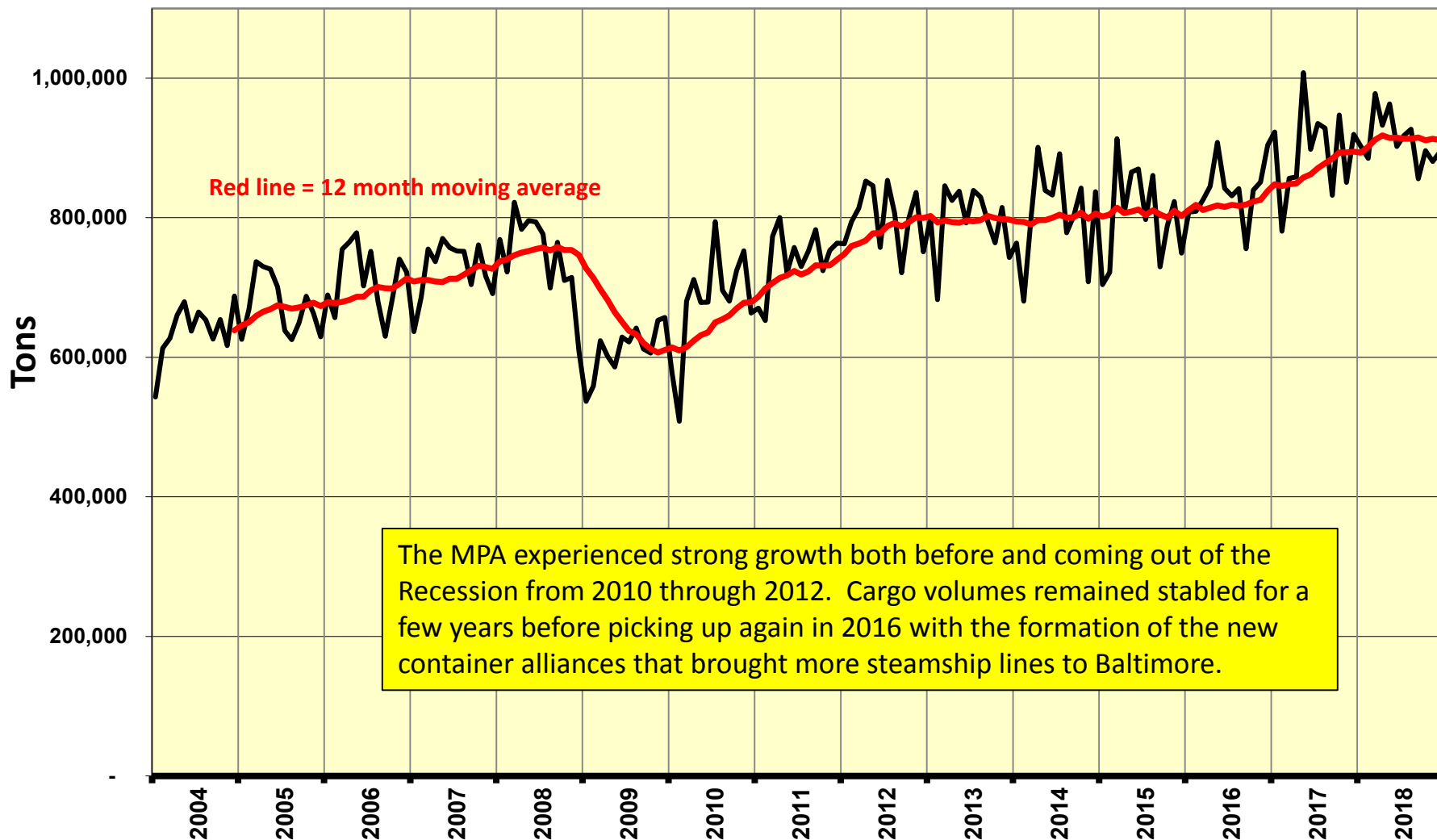
[Precise data for 2018 is not yet available due to the partial Federal government shutdown.]

Anticipated Port of Baltimore's National Rankings for 2018:

- Ranks #1 for Autos and Light Trucks, and for Roll-on, Roll-off Heavy Equipment,
- Ranks #1 for imported Sugar
- Ranks #2 for exported Coal
- Ranks #9 in the U.S. in the value of international cargo
- Ranks #11 in the U.S. for international cargo tonnage

Maryland Port Administration Operating and Capital Budget
Progress Since Last Session (continued)

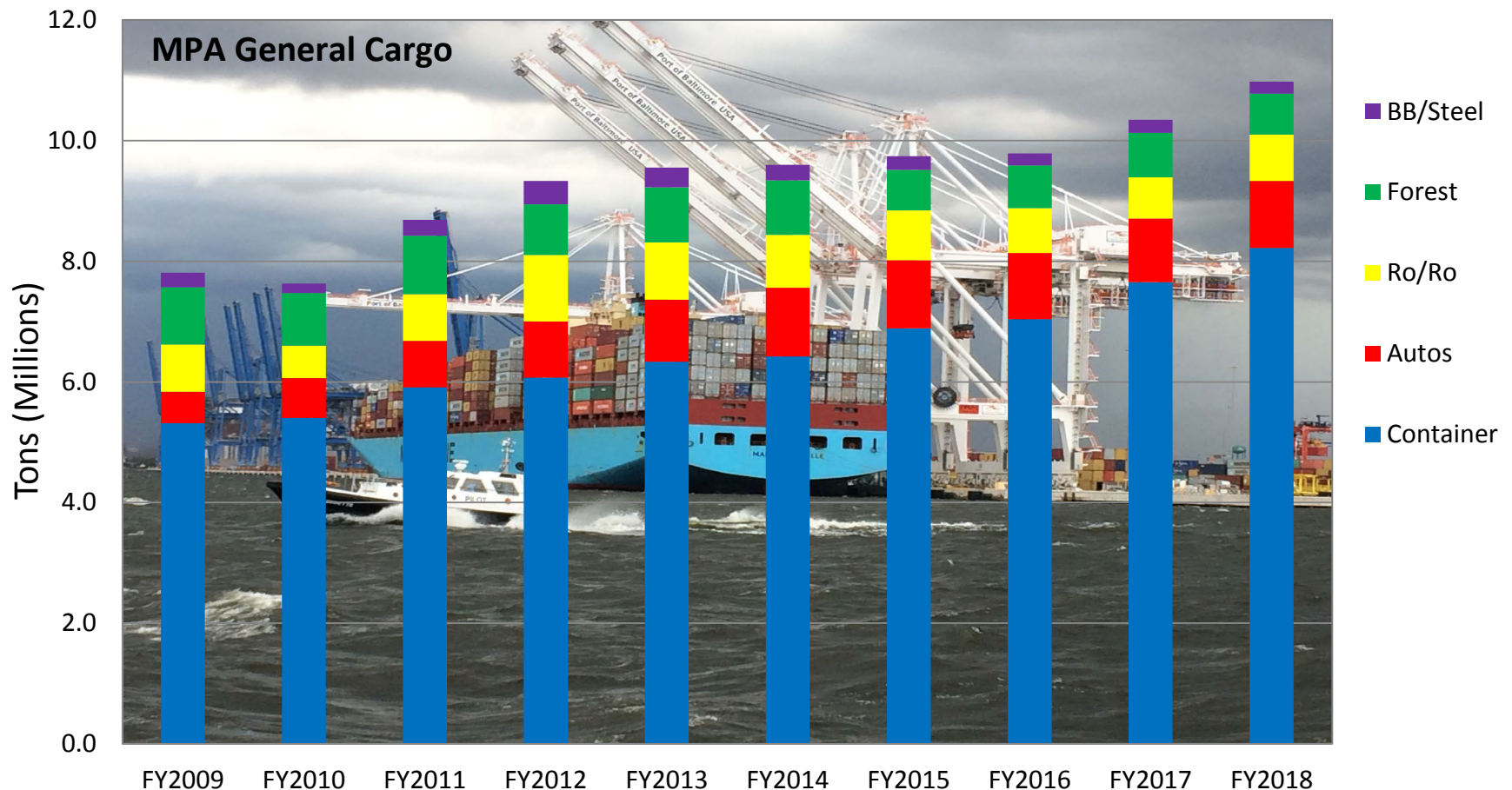
MPA Total Monthly General Cargo Tonnage



Maryland Port Administration Operating and Capital Budget

Progress Since Last Session (continued)

MPA has had steady cargo growth before and after the Recession. FY2018 is MPA's eighth consecutive record for total general cargo.



	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018
Totals	7,811,269	7,630,668	8,686,579	9,332,928	9,551,151	9,600,570	9,742,057	9,786,982	10,347,794	10,976,219

Progress Since Last Session (continued)

The following MPA accomplishments were noteworthy in 2018:

- MDOT MPA set a general cargo record of over 10.9M tons, +1.6% over 2017.
- Although final data is not yet available, international cargo for the whole Port (state and private terminals) is expected to exceed 42M tons, largely due to increased coal, LNG and containers. (This is likely to exceed the Port's all-time record of 41M tons in 1974.)
- MDOT MPA will receive \$6.6M in USDOT funding to deepen a second container berth to 50 feet at the Seagirt Marine Terminal. PAC will also contribute significant funding.
- Baltimore welcomed the largest container ship to visit Maryland - the Gunde Maersk, with a capacity to handle 11,000 Twenty-foot Equivalent (TEU) containers.
- CSX agreed to discuss moving forward toward making infrastructure improvements to Baltimore's 123-year old Howard Street Tunnel. Negotiations are underway.
- BPW approved a cost sharing agreement with Corps to design Mid-Chesapeake Bay Island Dredged Material Placement facility, which will take about 90MCY over 30-years.
- Baltimore began a new roll on/roll off service to New Zealand and Australia.
- MDOT MPA hosts first North American GreenPort Congress.
- MDOT MPA received \$1.1 million In Federal Port Security Grants.
- Port Awarded \$2.4 Million from EPA -- The Port of Baltimore was awarded \$2.4 million from the EPA to repower marine engines and upgrade diesel dray trucks and equipment.
- For the 10th consecutive year, MDOT MPA's terminals received a top rating of "Excellent" on a security assessment from the U.S. Coast Guard.

Progress Since Last Session (continued)

Harbor Development Program status:

- The third of four construction contracts for **Poplar Island Expansion** was awarded in late 2018; project will provide 28 million cubic yards of capacity for Maryland's Bay Channels.
- U.S. Army Corps of Engineers received \$4.9M in Federal FY18 and FY19 funds to start design of **Mid-Chesapeake Bay Island**. Project provides 90 to 95 million cubic yards of placement capacity over 30+ years for MD Bay channels; \$1.9B project over 30 years; Corps pays 65%, MDOT MPA pays 35%.
- Design of a **second 50-ft. deep berth at Seagirt Marine Terminal** began in FY18. This is Phase 1 of a two-phase project to provide more berth capacity for cargo growth and safer egress from Seagirt.
- Construction of the dike foundation for raising the dikes on the **Cox Creek DMCF** began in 2018. Expansion onto the adjacent State-owned property has begun with demolition of the last building (which is contaminated with PCBs) underway. Separate negotiations to acquire the Cristal USA property north of the DMCF continue; this would enable further expansion of the DMCF in the future.
- The **Pearce Creek DMCF** began accepting dredged material in December 2017. In-home connections to the community water system are nearly complete with project closeout expected in 2019.
- Implementation of the revised strategy for the **Innovative and Beneficial Reuse** of dredged material is ongoing, with three small-scale demonstration projects underway. A contract to recover capacity in the Cox Creek DMCF by innovatively reusing dredged material was advertised in late December 2017, but not awarded due to high costs.
- Dike raising at the **Masonville DMCF** continues in FY19 for the next increment of planned capacity.
- Through MPA's **community outreach** and education program, approximately **24,123** people visited DMCFs and participated in other events in 2018. Students are raising 155 terrapins in schools, which will be released on Poplar Island in 2019.

MDOT MPA FY18 & FY19 Operating Program Financial Results

FISCAL 2018 Operating Results:

- Operating revenue generated during FY 2018 equaled \$51.8M. FY 2018's total operating expenditures were \$45.9M, which was 9.5% under the \$50.7M operating budget.
- Net Income for FY 2018 was \$5.9M.

FISCAL 2019 Status (First Six Months):

- Net Income for FY 2019 through December 2018 is \$2.5M.
- Operating expenditures are \$24.5M which is 48.5% of the \$50.3M FY 2019 appropriation.

FISCAL 2020 Operating Revenue Forecast:

- FY 2020 Operating Revenue is estimated to be \$54.9M. This revenue estimate includes terminal lease agreements and increases in cargo throughput.

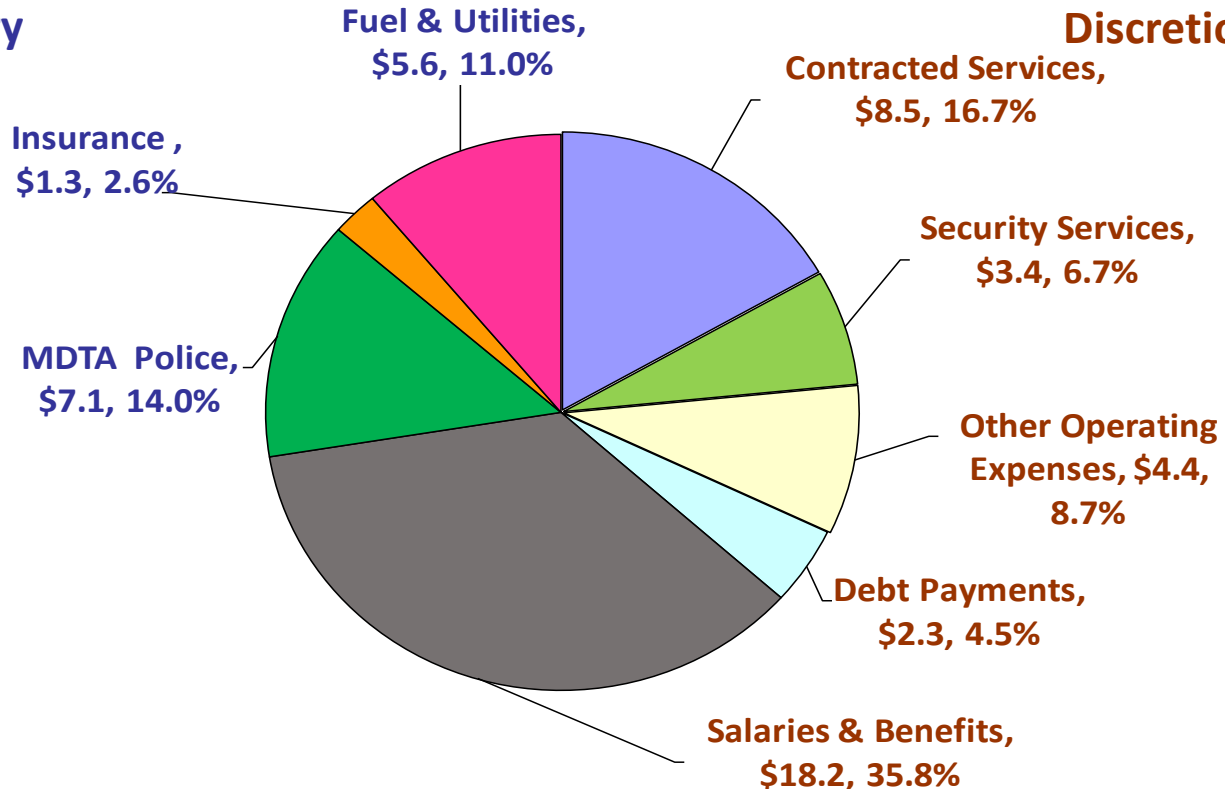
MDOT MPA FY20 Operating Program Budget Allowance is \$50.8M.

- The \$50.8M FY 2020 Budget Allowance is slightly higher than the \$50.2 FY 2019 appropriation.
- MPA salary and benefits are 35.8%, and total contracted services (including MDTA Police, Security and Other) are 37.4% of the FY 2020 allowance.
- The MDTA Police budget allocation increased by 1.4% to \$7.1M to cover anticipated increases in police officers salaries and wage.

FY 2020 Operating Budget, (\$Ms)

Non-Discretionary

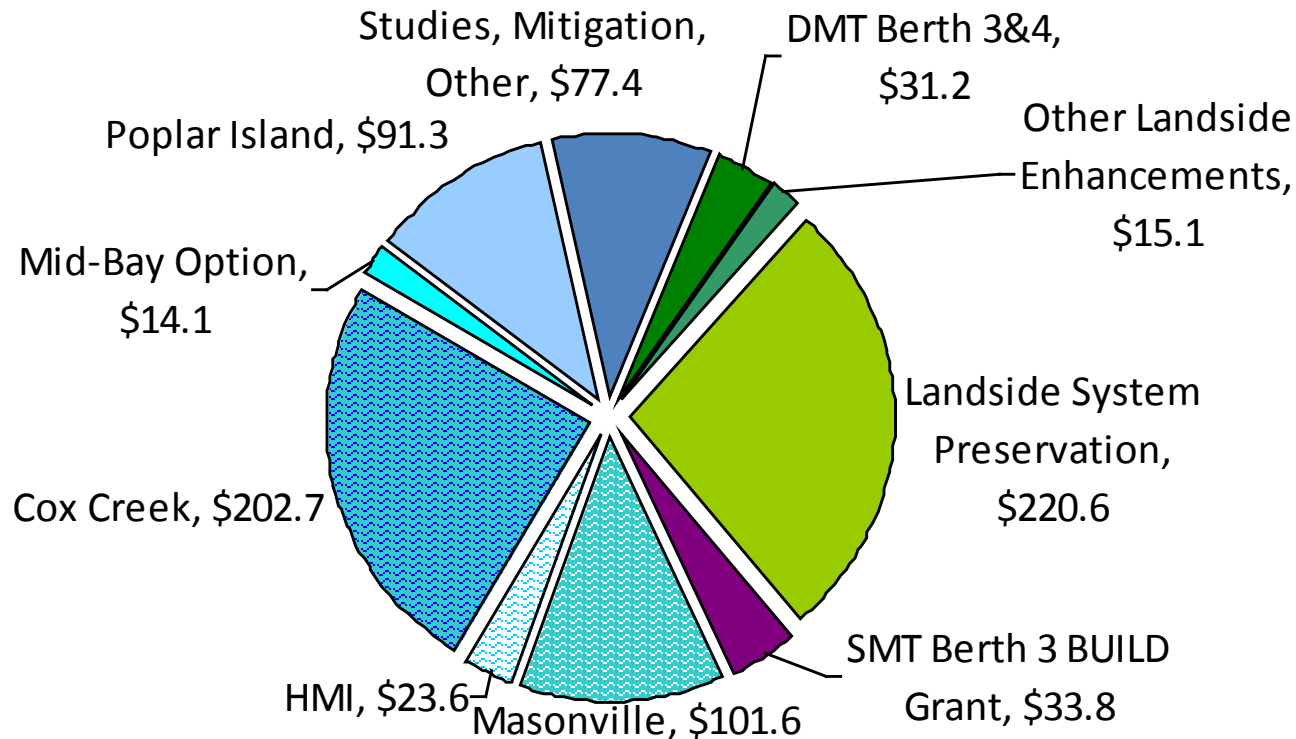
Discretionary



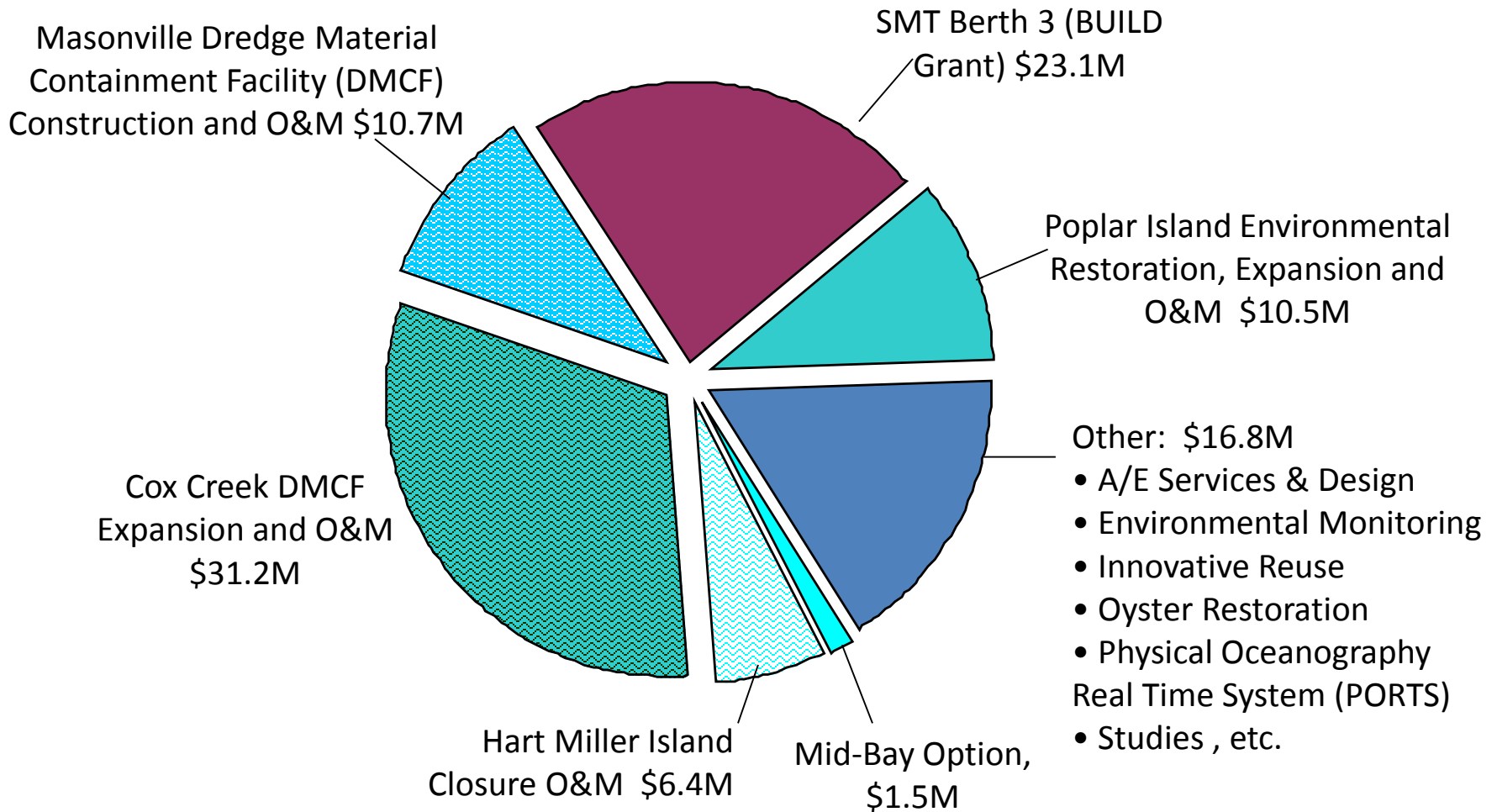
The 6-year Capital Program (FY19 to FY24) is \$842.5M.

- The 6-year Capital budget includes \$19.9M Federal grants: TIGER, Security, Environmental.
- The **Harbor Development Program**, which maintains existing dredged material placement sites or expands capacity is 65% of the total budget.
- The **Landside Program** is 35% of the total budget. System preservation projects are 83% of this program, and enhancement projects are 17% (e.g. Dundalk Berths 3 & 4, TIGER, Property Acquisition, SLP Fruit Slip Development, etc.).

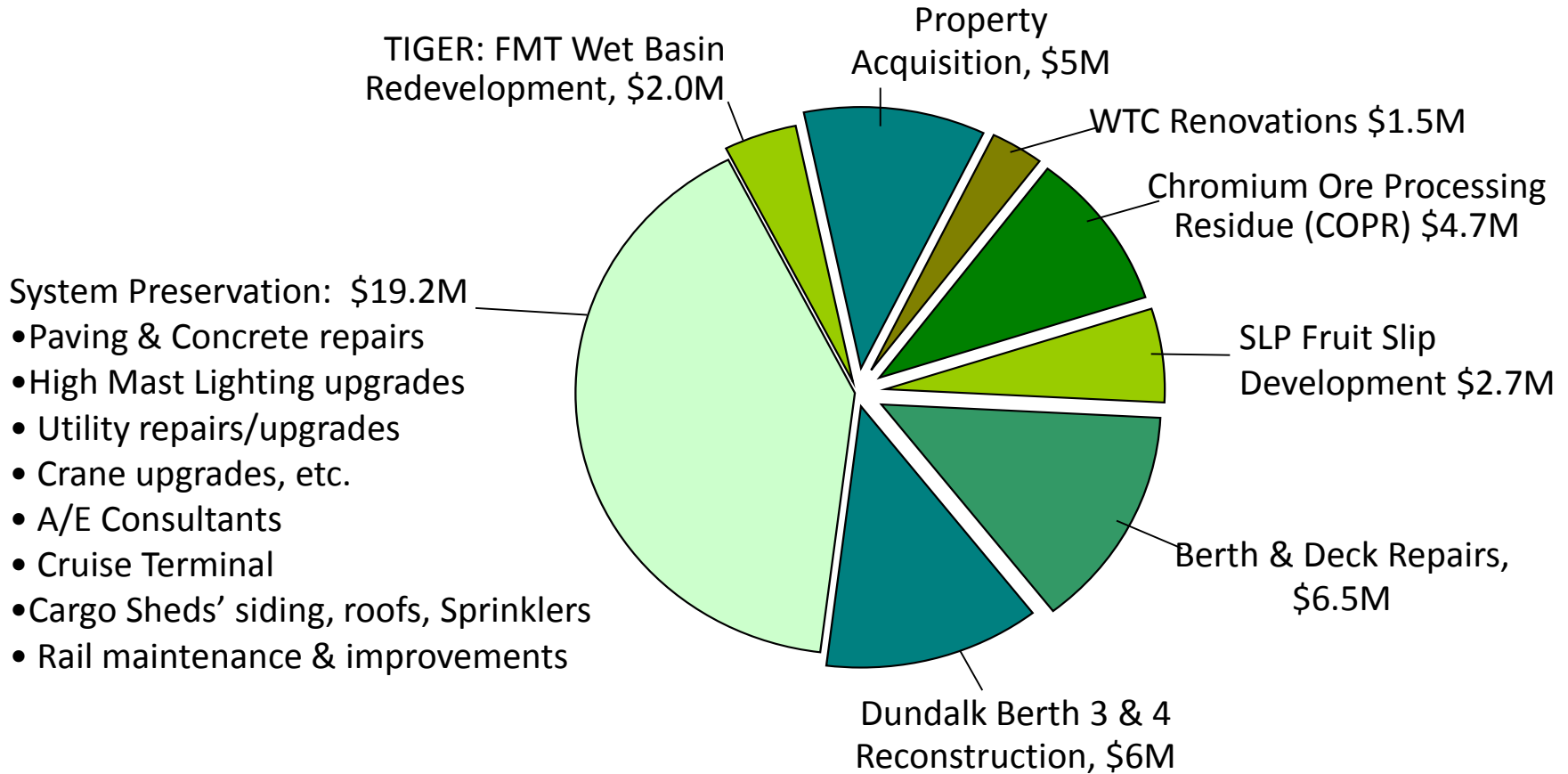
FY19 – FY24 Capital Budget, (\$Ms)



The FY20 Harbor Development Capital Budget Request is \$100.2M.



The FY20 Landside Capital Budget Request is \$47.6M.



Emerging Issues:

While the Port's strategic advantages are many, there are several challenges on the horizon that could impact the Port's long-term health. These challenges relate directly to ongoing operations within a changing global context. To maintain our competitiveness, the MDOT MPA will continue working diligently with all of its partners and stakeholders to address and overcome these challenges.

The emerging challenges and issues faced by the Port include:

- Maintaining competitiveness while accommodating growth, adjusting to dramatic changes in global logistics, and contending with increased competition from other ports;
- Ensuring the availability of funding and placement options for the Port's dredged material management program;
- Addressing the competitive disadvantages caused by a lack of double-stack rail capability;
- Maintaining adequate capital funding for terminal preservation and capacity enhancement projects necessary for the Port's long-term growth and competitiveness, while also being more resilient in the face of climate change; and
- Operating MDOT MPA terminals and facilities in an environmentally sustainable manner that doesn't negatively impact business or our neighbors.

MDOT RESPONSE TO DLS ANALYSIS

DLS Budget Analysis Issues

1. **CSX Recommits to Howard Street Tunnel and Bayview South Clearance Project (Page 19)**
 1. *MPA should confirm whether it intends to submit an INFRA grant application for this project as well as the total value to be requested in its application.*
 2. *MPA should identify those portions of the project that would be subject to the restrictions of 23 U.S.C. 117(d)(2)(A) – which applies the \$500 million award cap to certain projects – as well as the percent of the total value to be requested that these projects represent.*
 3. *MPA should identify other funding sources proposed to meet the unfunded gap in the HST and BSC project, as well as the likelihood of obtaining funding through these sources.*

MDOT Response:

The Maryland Department of Transportation's Port Administration (MPA) was very pleased that CSX is now reconsidering the benefits of making improvements to the Howard Street Tunnel and Bayview South Clearance project.

1. MPA is currently negotiating with CSX to determine the project's total cost and to more evenly spread that cost between USDOT, MPA and CSX (and any other private investors). If we come to an agreement on a project that meets the criteria of the grant program, an INFRA grant application will be submitted by March 4, 2019.
2. The INFRA program has a \$500M cap on rail freight projects. The original HST grant application requested federal highway funds (vs. rail funds) to assist with the bridges on the Bayview South Clearance project. They could be funded with highway funds because they were considered "grade separation". Depending on the final cost and CSX's portion of funding, there may be a need to request federal rail funding, which is more limited.
3. The INFRA grant program is ideally suited for freight projects of regional and national significance. To meet the unfunded gap, MPA is actively negotiating with CSX.

MDOT RESPONSE TO DLS ANALYSIS

Operating Budget Recommended Actions

1. Concur with Governor's allowance (Page 24)

MDOT/MPA Response:

The Department concurs with the DLS recommendation.

Paygo Capital Budget Recommended Actions

1. Concur with Governor's allowance (Page 24)

MDOT/MPA Response:

The Department concurs with the DLS recommendation.