



Maryland Department of Transportation
The Secretary's Office

Martin O'Malley
Governor

Anthony G. Brown
Lt. Governor

James T. Smith, Jr.
Secretary

December 5, 2014

The Honorable Thomas V. "Mike" Miller, Jr.
President
Maryland Senate
State House, H-107
Annapolis MD 21401-1991

The Honorable Michael E. Busch
Speaker
Maryland House of Delegates
State House, H-101
Annapolis MD 21401-1991

Dear President Miller and Speaker Busch:

The attached report concerning the Maryland Port Commission's activities during FY 2014 was prepared by the Maryland Port Administration (MPA) in response to Transportation Article, §6-201.2 (c), which requires:

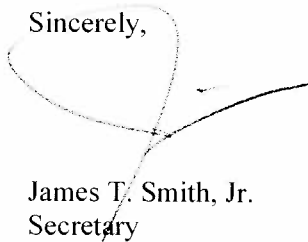
"(c) (1) Subject to § 2-1246 of the State Government Article, the Commission shall report by January 15 of each year to the General Assembly on the activities of the Port Commission during the previous year.

(2) The report shall include a review of the port's competitive position during the previous year and any recommendations of the Commission for future changes in legislation, capital funding, or operational flexibility for consideration by the General Assembly.

(3) The report shall also include any substantive changes in its regulations for procurement and personnel."

Please contact Mr. James J. White, MPA Executive Director, with any questions concerning this report at 410-385-4401 or by email to jjwhite@marylandports.com. Of course, you should always feel free to contact me directly.

Sincerely,



James T. Smith, Jr.
Secretary

cc: The Honorable Edward J. Kasemeyer, Chair, Senate Budget and Taxation Committee
The Honorable Norman Conway, Chair, House Appropriations Committee
Mr. James J. White, Executive Director, MPA

My telephone number is 410-865-1000
Toll Free Number 1-888-713-1414 TTY Users Call Via MD Relay
7201 Corporate Center Drive, Hanover, Maryland 21076

A Report to the Maryland General Assembly

Maryland Port Commission Annual Report, FY 2014
(Transportation Article, §6-201.2 (c))

January 2015

**The Maryland Department of Transportation
Maryland Port Administration**

Maryland Port Commission Annual Report, FY2014
Transportation Article, §6-201.2 (c)

Table of Contents

Maryland Port Commission	1
Executive Summary	2
MPA FY2014 Accomplishments	3
Port of Baltimore - Economic Impacts	5
Port of Baltimore - Competitive Position.....	6
MPA FY2014 Cargo Activity	7
MPA Operating Results for FY2014	8
Environmental Initiatives and Compliance Activities	9
Dredged Material Management Program (DMMP)	10
Seaport Security	11
Cruise Maryland.....	12
Rail Operations	13
MPA TIGER Project.....	14
Status of Operations at Seagirt Marine Terminal	15
MPA Challenges: FY2015 and Beyond.....	16
Appendix	17

Maryland Port Commission Annual Report, FY2014
Transportation Article, §6-201.2 (c)

Maryland Port Commission (MPC)

James T. Smith, Jr.

Secretary

Maryland Department of Transportation
Chair of the Maryland Port Commission

William B. Dockser

Donald C. Fry

Peta N. Richkus

Theodore G. Venetoulis

Charles H. White, Jr.

Dr. Donté L. Hickman, Sr.

Maryland Port Commission Annual Report, FY2014
Transportation Article, §6-201.2 (c)

Executive Summary

The Port of Baltimore (POB) is one of the most important economic generators in the State of Maryland. The public and private terminals of the POB handled a total of 30.3 million tons of foreign cargo in Calendar Year (CY) 2013, a decline of 17.4 percent from 2012, which was largely due to a drop in 4.5 million tons of export coal.

The Port continues to be ranked 1st in the nation for automobiles and roll-on/roll-off equipment as well as imported sugar, forest products, alumina, and gypsum. The POB remains 2nd in the nation in exported coal. The total dollar value of the Port's foreign commerce was \$52.6 billion, a slight decline, placing Baltimore as 9th in the nation. Ship calls were down 9.7 percent from 2012.

The POB generates more than \$3 billion in personal wage and salary income. The annual economic impact also includes \$1.7 billion in business revenues, \$1 billion in local business purchases, and \$304 million in State and local tax revenues in Maryland.

The Maryland Port Administration (MPA) also experienced mixed results in Fiscal Year (FY) 2014 at the Port's six public marine terminals. The MPA's general cargo volume of 9.6 million tons was equal to FY2013. Container cargo increased 1.4 percent and automobile tonnages rose 10.6 percent. Forest products and roll-on/roll-off cargo volumes were down.

As one of only two ports on the East Coast with a fully accessible 50-foot deep berth and navigation channels, the POB is highly competitive and is poised to take full advantage of changes to global trade routes resulting from the pending Panama Canal expansion. The Port is also well-positioned to attract new business as global trade and logistics patterns continue to evolve.

The MPA continues its coordination and outreach efforts to its partner agencies at the federal, State and local government levels, as well as with local community stakeholders on a variety of topics including dredged material management, harbor safety, and maritime land use.

The Maryland Port Commission (MPC) has identified several concerns related to the long-term health of the Port. These concerns include: maintaining the competitiveness of the Port in light of shifts in global logistics and competition from other ports; ensuring the availability of funding and options for implementing the Port's dredged material management program; promoting efficient transportation options for moving cargo; maintaining adequate capital funding for needed landside terminal preservation and enhancement projects; and operating MPA terminals and facilities as a "good neighbor" and in a manner that is environmentally friendly to nearby communities.

Maryland Port Commission Annual Report, FY2014

Transportation Article, §6-201.2 (c)

This report on the MPC's activities during FY2013 was prepared by the MPA in response to Transportation Article, §6-201.2 (c), which requires:

- “(c)(1) *Subject to § 2-1246 of the State Government Article, the Commission shall report by January 15 of each year to the General Assembly on the activities of the Port Commission during the previous year.*
- (2) *The report shall include a review of the port's competitive position during the previous year and any recommendations of the Commission for future changes in legislation, capital funding, or operational flexibility for consideration by the General Assembly.*
- (3) *The report shall also include any substantive changes in its regulations for procurement and personnel.”*

MPA FY2014 (and POB CY2013¹) Accomplishments

- In CY2013, the public and private terminals of the POB moved a combined total of 30.3 million tons of international cargo, valued at approximately \$52.6 billion.
- The MPA terminals had a record year in FY2014 for key targeted commodities. Autos, containers, and wood pulp all increased for the MPA, while again reaching top national status in handling other commodities. In total, the amount of general cargo moved at MPA terminals reached 9.6 million tons, matching the previous year's record.
- The Port of Baltimore was selected by Government Security News as the winner of the magazine's 2014 Seaport / Border Security Awards Program for “Most Notable Seaport Security Program” (Port Initiative). The US Coast Guard also awarded the Port of Baltimore's public marine terminals with an excellent security assessment for the sixth consecutive year.
- The MPA was recognized twice for its environmental initiatives, receiving a successful recertification audit of its Environmental Management System (EMS) from the International Organization for Standardization (ISO) 14001, and the Innovative Best Management Practice (IBMP) Award for its Algal Turf Scrubber® (ATS™) from the Chesapeake Stormwater Network.
- The MPA received the Presidential “E Star” Award, a national honor that recognizes excellence in export service during a ceremony at the U.S. Department of Commerce in Washington, D.C. with Secretary of Commerce Penny Pritzker. The MPA was awarded this special distinction for having shown a marked increase in exports over the last few years, and is the third time that the MPA has received Presidential recognition for its exports.

¹ MPA information is provided by fiscal year, but POB information is provided in calendar year (CY) because the POB includes a mix of public and private marine terminals that do not use the State fiscal year standard.

Maryland Port Commission Annual Report, FY2014
Transportation Article, §6-201.2 (c)

- Vice President Joseph Biden came to the Port of Baltimore to highlight the \$10 million in federal grants awarded to the MPA through the U.S. Department of Transportation's Transportation Investment Generating Economic Recovery (TIGER) grant program. The project will include using dredged material from the Seagirt Marine Terminal navigation channel to fill an obsolete ship basin and create a new 7.6-acre cargo staging area at the Fairfield Marine Terminal. Rail capability will be brought to the Terminal to increase multi-modal cargo opportunities as part of the project.
- The MPA and the French Port of Calais signed a Memorandum of Understanding that established formal cooperation between the two ports aimed at increasing maritime business opportunities for both entities.
- The Environmental Protection Agency (EPA) awarded a grant of \$750,000 for the Port of Baltimore's Dray Truck Replacement Program, extending the program through March 2016. The program allows for owners and operators of short-haul dray trucks to purchase newer, cleaner trucks that meet or exceed 2010 EPA emission certified engine standards. The grant is funded through the Diesel Emission Reduction Act and will help Baltimore replace at least 22 older dray trucks.
- The MPA's Masonville Cove Environmental Education Center was designated by the United States Fish and Wildlife Service as the first Urban Wildlife Refuge in the nation.
- Mazda agreed to a five-year contract with auto processor Amports to begin bringing about 65,000 vehicles annually to the Port of Baltimore. The addition of Mazda will help to create 450 new jobs, including 160 direct jobs.
- Lt. Governor Anthony Brown kicked off the Small Watershed Action Plan effort in the Brooklyn and Curtis Bay neighborhoods of Baltimore at an event held at the Masonville Cove Environmental Education Center. At the event, Brown made remarks to local high school students, volunteers and staff and went on a practice field survey with several students to learn about the scientific work they are doing to help protect Chesapeake Bay.
- Analysis of the MPA's voluntary air emission reduction projects, including the Dray Truck Replacement and Clean Diesel projects, indicated that the Baltimore region will see a decrease of over 1,600 tons of nitrogen dioxide emissions, a Clean Air Act criteria pollutant, over the lifetime of the new Port equipment.
- As part of the Masonville DMCF mitigation package, MPA coordinated with Maryland Department of Natural Resources (DNR) to develop an eel passage at Daniels Dam on the Patapsco River near Ellicott City. The passage was constructed during 2013, with DNR manually moving eels upstream during construction. The first eels successfully used the newly constructed eel passage in Spring 2014.

Maryland Port Commission Annual Report, FY2014
Transportation Article, §6-201.2 (c)

Port of Baltimore - Economic Impacts

The Port is a major economic engine for the greater Baltimore area, the State of Maryland, and the Mid-Atlantic region as a whole, providing jobs, business activity and tax revenues throughout the region. Additionally, it provides Maryland's shippers and importers with a means of competitively exporting and importing goods within the global marketplace in an efficient and timely fashion. The Maryland General Assembly created the Maryland Port Authority, later the Maryland Port Administration, in 1956 and charged the agency with the mission to increase the flow of waterborne commerce through the State of Maryland in a manner that provides economic benefit to the citizens of the State.

For over 300 years, the POB has played a vital role in the State. It continues to do so generating substantial economic impact²:

- Direct Jobs in Maryland..... 14,630
- Induced and Indirect Jobs in Maryland.....25,410
- Personal Wage and Salary Income \$3 billion
- Business Revenues..... \$1.7 billion
- Local Purchases by Businesses Dependent on Port Activity..... \$1 billion
- State and Local Taxes \$304 million
- Related Jobs³68,300
- Total Jobs Linked to Port ActivityOver 108,000



² From the most recent data available: "The Economic Impacts of the Port of Baltimore 2010," December 2011, prepared by Martin Associates, and "The Economic Impacts of the 2009 Cruise Season at the Port of Baltimore," March 2010, prepared by Martin Associates.

³ Related jobs are those jobs with companies importing and exporting cargo through Maryland's Port of Baltimore, that have the option of shipping their products or supplies (for example, containerized items or steel products for construction) through a number of other ports. These companies benefit from having a healthy port nearby in Baltimore to assist their logistics. If the Port of Baltimore was not available to them, these employers might suffer an economic penalty, but would likely survive by shipping through another port.

Maryland Port Commission Annual Report, FY2014
Transportation Article, §6-201.2 (c)

Port of Baltimore - Competitive Position

The POB consists of the MPA's six cargo terminals, over 25 private cargo terminals, and additional marine facilities, such as shipyards, lay vessel berths, tug/lightering operations, military Ready Reserve ships, cruise, and cable vessels. Together, the Port's public and private marine terminals handled 30.3 million tons of foreign cargo in calendar year 2013 – down 17.4 percent from 2012, with the decrease in coal exports accounting for the majority of the change. There were 1,815 ship calls at the Port in 2013, down 9.7 percent over the prior year.

Among all U.S. Port Customs Districts, Baltimore ranked 14th in the nation for total foreign cargo tonnage in 2013; this was down from 11th in 2012. Baltimore ranked 9th overall in terms of total foreign trade value with \$52.6 billion of trade activity. Baltimore is ranked #1 amongst all U.S. ports for total automobile tonnage, total roll-on/roll-off tonnage, imported forest products, imported sugar, imported gypsum, and imported alumina. Baltimore is ranked #2 for exported coal.

The Cruise Maryland Terminal continues to support an active cruise business. In 2013, the Port welcomed 91 cruise ships that carried more than 212,000 embarking passengers, and 6 port calls that carried an additional 9,200 transit passengers. This is down from the previous year because of changes in the size of a homeport ship, and the results of a fire aboard one of the vessels.

A number of East Coast States are using financial incentives to lure shipping lines and cargo owners to their ports. These incentives are often authorized by statute and encourage tax credits for additional containers or cargo tonnage entering their ports and disadvantage the POB.

There are currently no port sector-specific financial incentives available to the MPA. In recognition of the economic impact of the POB to Maryland's economy and job base and to maintain the POB's competitive position, consideration should be given for the creation of port-sector specific incentives for shipping lines and cargo owners that significantly increase business through the POB.

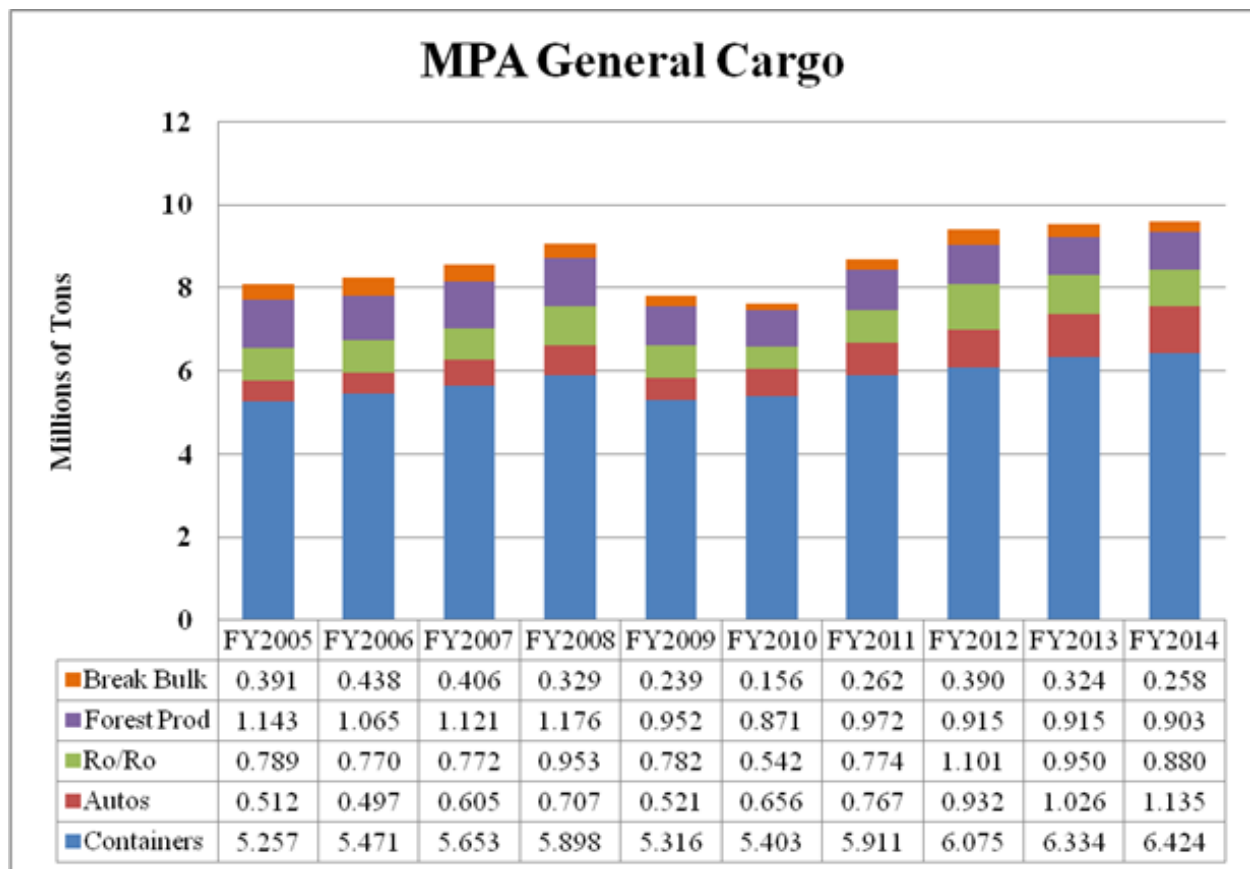


Maryland Port Commission Annual Report, FY2014
Transportation Article, §6-201.2 (c)

MPA FY2014 Cargo Activities

The MPA's general cargo tonnage in FY2014 totaled 9.6 million tons, representing over 31 percent of the total POB tonnage – surpassing the previous fiscal year record of 9.551 million tons set in FY2013.

At the MPA's marine terminals, general cargo increased by 0.5 percent over FY2013. Container and automobile tonnage increased 1.4 percent and 10.6 percent respectively. Ro/Ro, Forest Products and Break Bulk tonnage dropped 7.4 percent, 1.3 percent and 15.2 percent respectively.

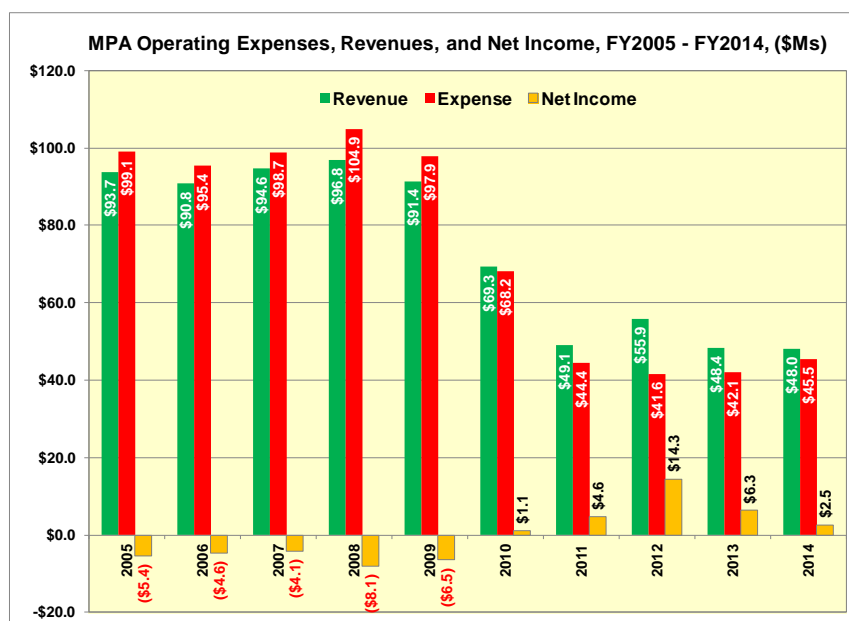
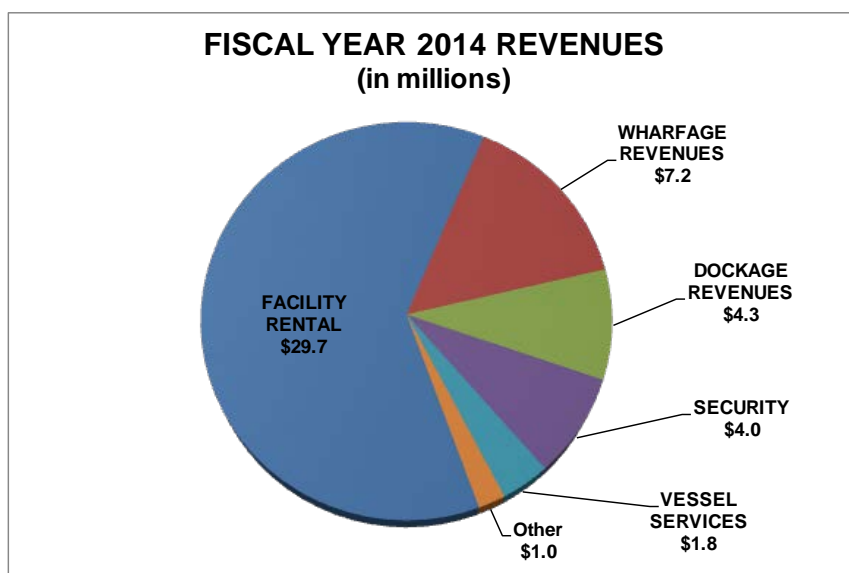


Maryland Port Commission Annual Report, FY2014
Transportation Article, §6-201.2 (c)

MPA Operating Results for FY2014

The MPA generates significant benefits for the City, State and region. Total operating revenues for FY2014 were \$48.0 million; which was only slightly less than the \$48.4 million recognized in operating revenues for FY2013.

The MPA net income in FY2014 was \$2.5 million. Operating revenues have remained relatively consistent over the last two years, however operating expenses increased by approximately \$3.4 million. A majority of this increase is due to increased utility costs, amounting to approximately \$1.3 million or 38 percent of the increase in expenses. Other factors include increased costs in security, maintenance and equipment necessary to keep our terminal operations safe and efficient.



Maryland Port Commission Annual Report, FY2014
Transportation Article, §6-201.2 (c)

Environmental Initiatives and Compliance Activities

MPA believes that protection of the Chesapeake Bay environment and stewardship of natural resources are essential elements of accomplishing its mission. To ensure protection of the environment, MPA has implemented several environmental initiatives to improve air quality, water quality, and to ensure environmental regulatory monitoring and reporting compliance.

The MPA is committed to responsible environmental management and a sustainable relationship with our shared natural resources. In FY2014, the MPA's Environmental Management System ISO 14001:2004 was recertified by an independent auditor. Maintaining ISO certification requires ongoing performance evaluation and continual improvement to reduce MPA impacts on the environment.

In FY2014, the MPA and Maryland Department of Transportation continued their funding to the POB Dray Truck Replacement Program which resulted in 82 newer dray trucks servicing the POB terminals. The POB Dray Truck Replacement Program will continue in FY2015 with the support from and US Environmental Protection grant of \$750,000.

The MPA continues implementation of energy conservation measures and facility enhancements to improve the efficiency of MPA facilities and reduce energy, utility and maintenance costs. Solar photo-voltaic projects at the cruise terminal and cargo warehouses were completed and were able to generate over two million kWh of electricity.

The MPA developed a Water Quality Master Plan that modeled the Port's contribution to the Total Maximum Daily Load for phosphorus, nitrogen, and sediment and calculated the percentage of impervious surface that is treated. Three underground vaults will be installed at the Dundalk Marine Terminal to treat 10 acres of impervious surface; also in design is the retrofit of several existing stormwater structures to treat 14 acres. MPA also rehabilitated an existing bioretention structure at DMT and installed floating wetlands nearby.

The MPA was a partner in the Waterfront Partnership of Baltimore's Jones Falls trash interceptor waterwheel project and provided \$500,000 for construction and installation of the waterwheel. The solar powered trash interceptor is capable of removing up to 50,000 lbs of trash/day from a major tributary to Baltimore Harbor and has been featured in national media.

The U.S. Fish and Wildlife Service designated Masonville Cove as the nation's first Urban Wildlife Refuge Partnership on September 26, 2013, a formal recognition of excellence under the Service's Urban Wildlife Refuge Initiative. Under the initiative, the Service is striving to make the outdoors more meaningful and accessible to urban audiences and MPA is an important partner.



Maryland Port Commission Annual Report, FY2014
Transportation Article, §6-201.2 (c)

Dredged Material Management Program (DMMP)

Between four and five million cubic yards (mcy) of annual sediment that build up in Maryland's channels must be removed to maintain constructed channel dimensions. The State's DMMP produces a plan to develop, operate, and maintain options for the placement or use of dredged sediment for at least 20 years of normal maintenance dredging, plus additional new work dredging. As a matter of policy, the plan emphasizes citizen and stakeholder involvement.

In FY2014, the MPA was responsible for operation of three DMMP sites, including Masonville Dredged Material Containment Facility (DMCF), Poplar Island Environmental Restoration Project, and Cox Creek DMCF. Key actions were to pursue additional capacity needs for the Bay and Harbor channels. MPA has also been pursuing other dredged material management options by investigating the possible expansion of Cox Creek DMCF, use of Confined Aquatic Disposal (CAD) cells, and Innovative and Beneficial Reuse.

Efforts to acquire the Coke Point portion of Sparrows Point for creation of a third critically needed placement site for material dredged from Baltimore Harbor continued in FY2014. The property at Sparrows Point experienced another ownership change in 2014. As of this report, MPA and the owners are involved in ongoing discussions regarding control of a portion of the property for a DMCF at Coke Point.

Reactivation of the Pearce Creek placement site remains a key to providing sufficient placement capacity for Bay channels serving the C&D Canal channel system, and efforts continued to provide for its reactivation in FY2014. The DMMP Executive Committee concurred with the schedule agreed to by MPA, MDE and the Philadelphia District Corps to proceed with various tasks to facilitate re-opening the Pearce Creek DMCF.

With the personal involvement of our Congressional Delegation the Water Resources Reform and Development Act (WRRDA) was signed into law by President Obama on June 10, 2014. WRRDA includes several provisions helpful to the Port of Baltimore, including authorization for Poplar Island Expansion and for a Mid-Bay placement option.

MPA's active outreach and education program continued. Presentations to community organizations, a shoreline planting event at Masonville Cove, professional development opportunities for teachers, participation in the Baltimore Port Alliance's education and outreach program, and site visits and tours offered many ways for the public to become engaged and knowledgeable about MPA projects and environmental initiatives.

MPA and MDOT are also assessing several national developments impacting the DMMP and developing strategies to be implemented to ensure the competitive posture of the Port is maintained. Primary issues involve the adequacy of Corps' funding for maintenance dredging, tipping fees for use of Harbor DMCFs, activities to support reopening of DMCFs along the C&D Canal, and construction funding for Poplar Island and its expansion.

Maryland Port Commission Annual Report, FY2014
Transportation Article, §6-201.2 (c)

Seaport Security

The MPA is required to maintain and execute a Facility Security Plan that meets the requirements of the Marine Transportation Security Act of 2002. The success of the MPA's security program is exhibited by the receipt of its sixth straight annual "Excellent" inspection rating by the U.S. Coast Guard. The POB was also identified by Government Security News as the winner of the magazine's 2014 Seaport / Border Security Awards Program for "Most Notable Seaport Security Program".

The MPA is an active participant in the Maryland Area Maritime Security Council and coordinates closely with the Department of Homeland Security (DHS), U.S. Coast Guard, and Customs and Border Protection on POB security issues and improvements. MPA is currently engaged in a dynamic and in-depth modernization of its security-related technologies.

In FY2014, the MPA continued to improve upon its ongoing security measures. Using funds awarded through the Federal Port Security Grant Program, the MPA enhanced the entrance gate at the South Locust Point Cruise Terminal and North Locust Point Marine Terminal, upgraded the CCTV system throughout the terminals, and acquired mobile access control booths to improve security operational flexibility.

MPA security issues are the subject of a separate annual Joint Chairmen's Report titled "Report on Funding to Address Vulnerability Concerns", submitted to the Maryland General Assembly by December 1 of each calendar year.



Maryland Port Commission Annual Report, FY2014
Transportation Article, §6-201.2 (c)

Cruise Maryland

The MPA's cruise business declined somewhat over the prior year. The Cruise season is traditionally reported by calendar year instead of fiscal year due to the Port's historic summer cruise season.

In 2013, the Port continued to post healthy passenger numbers and number of cruises offered with over 421,000 total passengers sailing on 91 homeport cruises and 9,200 passengers on six port calls. This number is expected to remain relatively constant in the near term. The number of passengers is down from the previous year due to a change in the fleet which reduced the capacity of one of the homeport ships, and the loss of six cruises due to a fire aboard the *Grandeur of the Seas*. The Port's Cruise activity generates approximately 220 direct jobs.

Carnival Cruise Lines and Royal Caribbean continue to offer year-round cruising out of Baltimore, but Carnival announced that their last sailing out of Baltimore will be debarking on October 19, 2014. This action was prompted by the Emissions Control Area (ECA) regulation that requires all ships sailing to port to burn low sulfur fuel as of 2012 with further reductions in sulfur by 2015. Happily, Carnival's *Pride* will return to Baltimore on March 29, 2015 with scrubbers installed to renew Carnival's year round cruising from Baltimore while meeting the more stringent emission limits. Royal Caribbean announced they will also add a scrubber to the *Grandeur of the Seas*.

According to Cruise Lines International Association's cruise rankings for 2012, Baltimore now ranks 10th in the nation (up from 11th in 2011 and 12th in 2010). The POB remains 5th on the East Coast in embarking cruise passengers, and boasts port calls from AIDA Cruises, Crystal Cruises and Europa Cruise Line.

The Port is located in the Baltimore-Washington-Northern Virginia Combined Statistical Area serving the nation's third most affluent consumer market and fourth most populous. Both cruise lines report that ships are sailing from Baltimore at over 100 percent capacity, meaning more than two people per cabin. The MPA is actively pursuing opportunities to secure additional cruise lines to sail from Baltimore.

One of the reasons for MPA's success is the Cruise Maryland Terminal. The terminal's sole use is for cruise ships and it is located directly adjacent to I-95. The terminal provides marquee visibility for cruise ships while in port, visible to over 120,000 vehicles passing by on I-95 daily. This convenient location makes Baltimore the ideal "drive-to" port for the Mid-Atlantic and Midwest markets.

Rail Operations

The cumulative impact of the rail industry's long-term evolutionary developments and their foreseeable impact on the Port's economic and job development is as important, if not more so, to the POB's future than the expansion of the Panama Canal. The Nation's railroad industry was drastically changed with the enactment of the Staggers Act in 1980, which enabled the railroads to operate from a price/service perspective as opposed to charging public rates.

The MPA is serviced by two of the four major Class I rail carriers. Norfolk Southern handles freight at Dundalk Marine Terminal and CSX operates in North Locust Point, South Locust Point and Fairfield/Masonville. Seagirt is the POB's only dedicated container terminal and trackage rights belong to the Canton Railroad, a short line rail carrier that operates in Baltimore City. CSX currently has an agreement with the Canton Railroad that allows them to access the Intermodal Container Transfer Facility (ICTF) at Seagirt Marine Terminal. In addition to containers, railroads handle project cargo, military cargo, forest products, autos, roll-on/roll-off machinery, coal, grain, cement, and liquid bulk cargo through the POB.

Baltimore has several rail constraints including the 118 year old Howard Street tunnel, the Amtrak's Northeast Corridor catenary lines, and tightly defined nocturnal windows of time on some rail routes. When, where and how fast trains can move through Maryland outside of the marine terminals has a large effect on the types of cargo the port can attract when compared to other ports. The ability to move high cube containers that are double stacked is essential to efficient railroading and keeping the Port of Baltimore competitive.

MDOT, Ports America Chesapeake, and CSX have been working together to increase efficiencies at the Seagirt ICTF. Possible alternate locations for a new ICTF with double stack capabilities have not been successful for multiple reasons with community concerns the most prominent. The Port of Baltimore continues to be at a disadvantage in attracting additional international container volume from the largest ocean carriers without the ability to offer double stack rail. A strong effort to create options for high-cube double stack capability from the Port, and an alternate rail path free of clearance implications, as well as incentivizing intermodal rail use, would allow the MPA to take full advantage of the investments made in new cranes and heavy lift berths.

Internally, additional investments will be needed to upgrade existing rail infrastructure at the MPA terminals. By increasing rail efficiency, marine terminal efficiency will also be positively affected. Segregating rail, truck, vessel, employee shuttle and privately owned vehicle traffic would reduce the chances of a collision at rail crossings within the terminals. Confining rail operations to specific zones within the terminals and reducing the amount of time the trains are on terminal will be key to taking advantage of the limited space in which urban railroads are accustomed to working. Finally, Maryland's short-line railroads are a resource that could be better utilized to attract freight and business into new areas and revive old ones. Increased coordination with these railroads to move cargo to and from the POB could result in enhanced efficiencies.

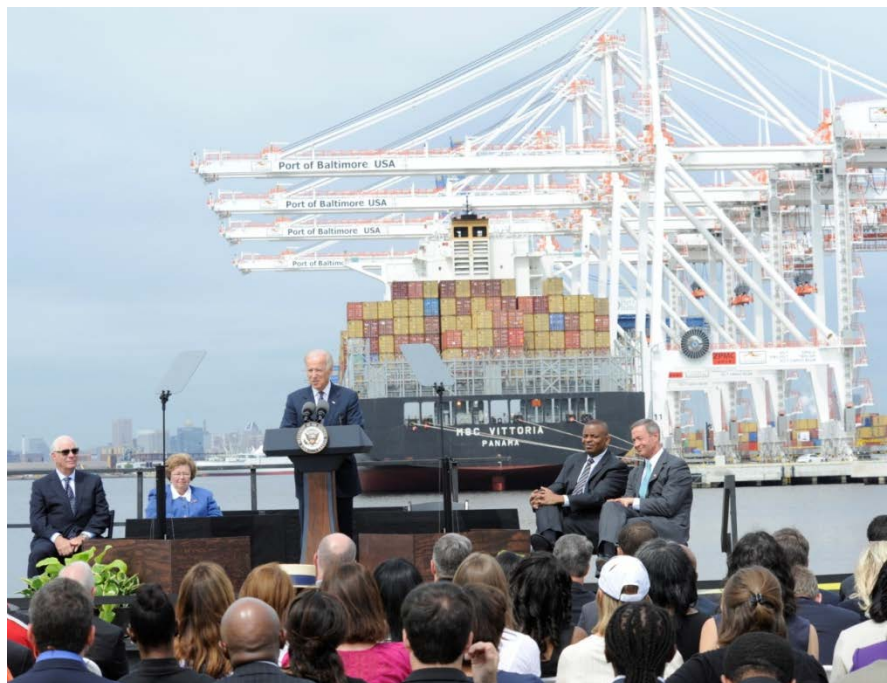
Maryland Port Commission Annual Report, FY2014
Transportation Article, §6-201.2 (c)

MPA TIGER Project

The MPA received a \$10 million Transportation Investment Generating Economic Recovery (TIGER) competitive grant from the United States Department of Transportation for terminal improvements at Seagirt and Fairfield terminals. Vice President Biden, the Maryland Congressional delegation, Governor O'Malley, and invited guests attended an event at the Dundalk Marine Terminal to announce the award of the grant in September 2013. The total project cost is \$29 million.

The TIGER project will replace an obsolete and dilapidated wet basin in the Fairfield Marine Terminal with a new 7.6-acre, cargo lay-down area within a strong export/import auto and roll-on/roll-off cargo terminal. The project completes a long-planned redevelopment of the Fairfield Terminal wet basin. Dredged material from the Seagirt container terminal access channel will be beneficially reused as fill material, resolving navigation safety concerns for larger vessels calling at Seagirt. When completed, this project will increase rail capacity for auto and Ro/Ro cargo at Fairfield Marine Terminal, and improve the safety and efficiency for larger container vessels calling at the Seagirt Marine Terminal.

The TIGER project design and engineering work has begun. An environmental analysis in accordance with the National Environmental Policy Act (NEPA), including coordination with several agencies, organizations, and partners within the City of Baltimore and nearby has been finalized. The entire TIGER project is expected to be completed in 2016.



Status of Operations at Seagirt Marine Terminal

The responsibility for the operation of Seagirt Marine Terminal, including gate, terminal, and vessel activity was transferred successfully to Ports America Chesapeake (PAC) on January 12, 2010. Since then, under PAC supervision, the facility has operated without interruption and the transition has been well received by the port community. The key performance indicators of vessel productivity and truck turn-times have remained positive during a time when facility volumes have increased as the economy has improved.

The average number of weekly gate transactions at the Seagirt Marine Terminal increased by 1.8 percent over FY2013. The average container lifts per vessel increased by 14 percent over FY2013. In addition, truck turn times for single moves improved by 3.4 percent and for double moves by 3.3 percent over the previous fiscal year.

Lift and gate transaction increases in FY2014 are attributed to increased business through the Seagirt Marine Terminal and greater allocations on the container vessels calling at the Port of Baltimore. Turn times improved due to more efficient processing of cargo and trucks at the Seagirt entrance and exit gates including enhancement to existing staffing and the introduction of state of the art technology.

PAC purchased and operates several pieces of cargo handling equipment that produce some of the lowest levels of air emissions currently possible. PAC is also a major supporter of community coordination and outreach efforts to improve the environment in neighborhoods surrounding the marine terminal.

One of the primary goals of the Seagirt Public Private Partnership (P3) effort was to ensure the construction of a new 50-foot deep container berth prior to the completion of the Panama Canal expansion now scheduled for 2016. PAC completed the construction of this new berth ahead of schedule and commissioned four new Super Post Panamax container cranes. This berth started working ships in June 2013. The completion of this new berth confirms that the POB is well positioned to handle container growth to the United States East Coast.



MPA Challenges: FY2015 and Beyond

There are a variety of challenges on the horizon for the POB. In addition to aggressive competition for port business and a possibly slowing global economy, they include:

- **Increasingly competitive environment** – The competitive environment among East Coast ports has increased in recent years. Several East Coast ports are increasing capital investment in their terminals and transportation infrastructure, and offering low rates and cargo incentives in an attempt to entice existing POB cargo to divert to their ports. In addition, global logistics patterns have been shifting since the Great Recession in response to increased options for the global movement of cargo and changing trade patterns. The MPA must remain competitive in the future through strategic partnerships and investments, aggressive rates, an outstanding Quality program, and exceptional customer relationships and services.
- **Cost of dredging and dredged material placement solutions** – Constraints on dredged material placement solutions, the cost of dredging, and future uncertainty about federal funding for dredging remain serious concerns. Current capacity is inadequate to perform both maintenance dredging and new dredging projects without overloading the Harbor or Bay dredged material placement sites. The need remains to activate additional dredged material containment facilities to address long-term capacity and to identify and pursue additional options for the safe and environmentally appropriate placement of dredged material. Maintaining an affordable cost-effective, environmentally sensitive, and community-supported dredging program will be a long-term and considerable challenge.
- **Ensuring efficient transportation options for cargo** – The Port is well-situated with access to several highly efficient modes of transportation for cargo. Identifying and pursuing additional options for increased, cost-effective mobility of cargo through the Port on rail, trucks, and ocean carriers, will be necessary to ensure greater opportunities for cargo growth.
- **Growing cargo volumes with aging facilities** – System preservation efforts need to continue to maintain waterfront facilities in a harsh marine environment. MPA will continue to compete for limited capital funds for projects at MPA terminals in order to maintain its competitive position.
- **Continuing “Green Port” and community initiatives** – The MPA has been widely recognized as an important partner in the protection and enhancement of the Chesapeake Bay, and air and water quality in Maryland. The MPA is also generally regarded as a good neighbor to the communities located near the marine terminals and dredged material management sites. These efforts remain necessary to achieve both a regulatory and social license to operate. The need for continued and broader coordination with local communities to educate and inform can be expected to increase in the future as the Port grows and increases cargo volumes.

Maryland Port Commission Annual Report, FY2014
Transportation Article, §6-201.2 (c)

Appendix

**Contracts and Leases Approved by the Maryland Port Commission for
FY2014 (July 1, 2013 – June 30, 2014)**

July 2013

1. Contract #513011 – Building 91A Siding/Roofing and Generator at Dundalk Marine Terminal, LACO Government Services LLC, Queenstown, Maryland; \$1,403,700; Term – 120 Work Days.
2. Contract #513920 – Rehab Shaft #1 and Related Work at the World Trade Center-Baltimore, Bob Andrews Construction, Inc., White Marsh, Maryland; \$268,410; Term – 120 Work Days.
3. Contract #213026-S – Management and Environmental Consultant Services, EcoLogix Group Inc., Parkton, Maryland; \$800,000; Term – Three (3) Years (August 01, 2013 – July 31, 2016).

Reporting Only – Emergency Procurement

4. Contract #513230, Emergency Repair of Shed #10 at South Locust Point Marine Terminal, Plano-Coudon Construction, Inc., Baltimore, MD; \$600,000; Term – 90 Work Days.

August 2013

No meeting was held in the month of August.

September 2013

1. Modification #2, Contract #290042-EP-2 – Phase II Energy Performance Contract for MPA Facilities and Terminals, Pepco Energy Services, Inc., Arlington, Virginia; Amount – No Change; Term – No Change. Extension of the date for completion of the construction phase of the contract from January 6, 2013 to March 28, 2014 though the term of the overall contract remains unchanged (July 6, 2011 – July 5, 2026).
2. Contract #213030-S – IT Architect, NARVLE, LLC, Columbia, Maryland; \$1,113,600; Term – Five (5) Years with One (1) Five-Year Renewal Option.
3. Modification #2, Contract #212030-IT – Access Control System at South Locust Point Cruise Terminal, Orion Systems Group, LLC, Fairfax, Virginia; \$141,279.89; Term – October 01, 2013 – November 30, 2013.

Maryland Port Commission Annual Report, FY2014
Transportation Article, §6-201.2 (c)

4. Contract #514001 – Dunmar Building Police Facility Renovations at Dundalk Marine Terminal, JLN Construction Services, LLC, Baltimore, Maryland; \$744,843; Term – 180 Work Days.

Expedited Procurement – Approval to Use Method

5. Contract #214009-IT – 24GHz Backhaul Network at South Locust Point Cruise Terminal, South Locust Point Marine Terminal, and North Locust Point Marine Terminal, Port Networks, Inc., Baltimore, Maryland; \$85,940.

October 2013

Concurrence Requested

1. Maryland Port Administration Prices/Rules Schedule No. 22.

Contract for Approval

2. Contract #213012-MA – Janitorial Services at the South Locust Point Cruise Terminal, City Solution, LLC, Glenn Dale, Maryland; \$114,448; Term – November 17, 2013 – November 16, 2015 (Two (2) years with two (2) one-year renewal options).

November 2013

Expedited Procurement Report

1. Contract #214009-IT – 24GHz Backhaul Network at South Locust Point Cruise Terminal, South Locust Point Marine Terminal, and North Locust Point Marine Terminal, Port Networks, Inc., Baltimore, Maryland; \$85,940.

Contracts for Approval

2. Contract #512912 – Agency-Wide Substructure Repairs on all MPA terminals, Marine Technologies, Inc., Baltimore, Maryland; \$4,623,822; Term – 290 Work Days.
3. Contract #513919B – Improvements to Seagirt Access Channels (Dredging), Maryland Environmental Service, Millersville, Maryland; \$14,800,000; Term – December 01, 2013 – December 31, 2014.

Maryland Port Commission Annual Report, FY2014
Transportation Article, §6-201.2 (c)

December 2013

1. Modification, Contract #294821 – Agreement for Financing 50-Foot Channel Project between the Maryland Port Administration and the Department of the Army (U.S. Army Corps of Engineers); Revised Not-to-Exceed Amount – \$16,632,000.
2. Contract #213024-IT – Programming and Database Management Support, Client Network Services, Inc., Gaithersburg, Maryland; \$1,848,000; Term – Four Years (January 1, 2014 – December 31, 2018).
3. Contract #213011-S – Port of Baltimore Magazine, Media Two, LLC, Baltimore, Maryland; \$1,000,000; Term – Five Years (December 18, 2013 – December 31, 2018).
4. Contract #214013-S – Overhaul Cummins Diesel Engine, Cummins Power Systems, LLC, Glen Burnie, Maryland; \$97,726.99; Term – One Month.
5. Contract #514905 – Comprehensive Paving Agency-Wide, Manuel Luis Construction Co., Inc., Baltimore, Maryland; \$3,952,825; Term – 730 Calendar Days.

January 2014

There were no contracts requiring Maryland Port Commission approval.

February 2014

1. Contract #514919 – Miscellaneous Engineering Services, Johnson, Mirmiran & Thompson (JMT), Sparks, Maryland; \$52,989; Term – 90 Work Days.

March 2014

1. Contract #214019-S – Retrofit #11 Crane Electrical System, Nidec Avtron Automation Corporation, Independence, OH; \$397,881; Term – Six (6) Months.

April 2014

1. Contract #214016-S – Janitorial Services, Dundalk and Seagirt Marine Terminals, East West, Inc., Falls Church, Virginia; \$732,172.60; Term – June 1, 2014 through May 31, 2019.

Maryland Port Commission Annual Report, FY2014
Transportation Article, §6-201.2 (c)

May 2014

1. Modification No. 2, Contract #212037-IT – Remote Video Surveillance System (RVSS) Improvements at North Locust Point Marine Terminal, Port Networks, Inc., Baltimore, MD; \$85,081.92; Term – Extends contract through June 30, 2014.
2. Contract #513003 – Reconstruction of Berths 1-6; Phase 2, Berth 4 at Dundalk Marine Terminal, Corman Marine Construction, Inc., Annapolis Junction, Maryland; \$21,483,113.70; Term – 450 Work Days.
3. Contract #514107 – Guard Booth and Access Control Improvements at North Locust Point Marine Terminal, JLN Construction Services, LLC, Baltimore, Maryland; \$489,950; Term – All work must be completed by August 15, 2014.

June 2014

1. Contract #513928 – Remove Four Cranes from Dundalk Marine Terminal and North Locust Point Marine Terminal, Richard E. Pierson Construction Co., Inc., Pilesgrove, New Jersey; \$1,148,230; Term – 120 Work Days.
2. Contract #514902 – Relocate Security, Safety and Building Systems – Main Lobby – World Trade Center Building Baltimore, Denver-Elek, Inc., Baltimore, Maryland; \$321,526; Term – 120 Work Days.
3. Modification No. 3, Contract #512901 – Masonville Vessel Berth at Masonville Marine Terminal, Corman Marine Construction, Annapolis Junction, Maryland; \$264,505; Term – A 10 Work Day Extension (extends contract from 400 work days to 410 work days).