



**Maryland Department of Transportation**  
The Secretary's Office

**Larry Hogan**  
Governor

**Boyd K. Rutherford**  
Lt. Governor

**Pete K. Rahn**  
Secretary

January 14, 2016

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

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

Dear President Miller and Speaker Busch:

Attached is the Maryland Port Commission Annual Report for Fiscal Year (FY) 2015 pursuant 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.*
- (4) (i) *the report shall also describe the vulnerability assessment information concerning public terminals submitted by the Administration to the United States Coast Guard under the Federal Maritime Transportation Security Act of 2002.*
- (ii) *with respect to any vulnerability concerns reported by the administration to the United States Coast Guard, the information reported under this paragraph:*
1. *shall provide an estimate of the cost of addressing the vulnerability concerns;*
  2. *shall state the amount of any grants or other federal funds received or requested by the administration to address the vulnerability concerns and shall include information on the status of any pending requests for federal funds; and*
  3. *may not include the specific details of any vulnerability concerns, the disclosure of which could compromise, in any way, transportation security.*

The Honorable Thomas V. "Mike" Miller, Jr.  
The Honorable Michael E. Busch  
Page Two

If you have any questions or concerns, please contact Mr. Jim White, MPA Executive Director, at 410-385-4401. Of course, you may always contact me directly.

Sincerely,

A handwritten signature in black ink, appearing to read "Pete K. Rahn", with a stylized, cursive script.

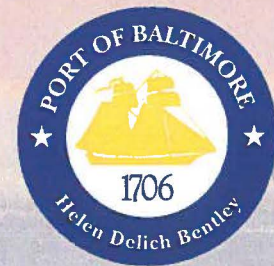
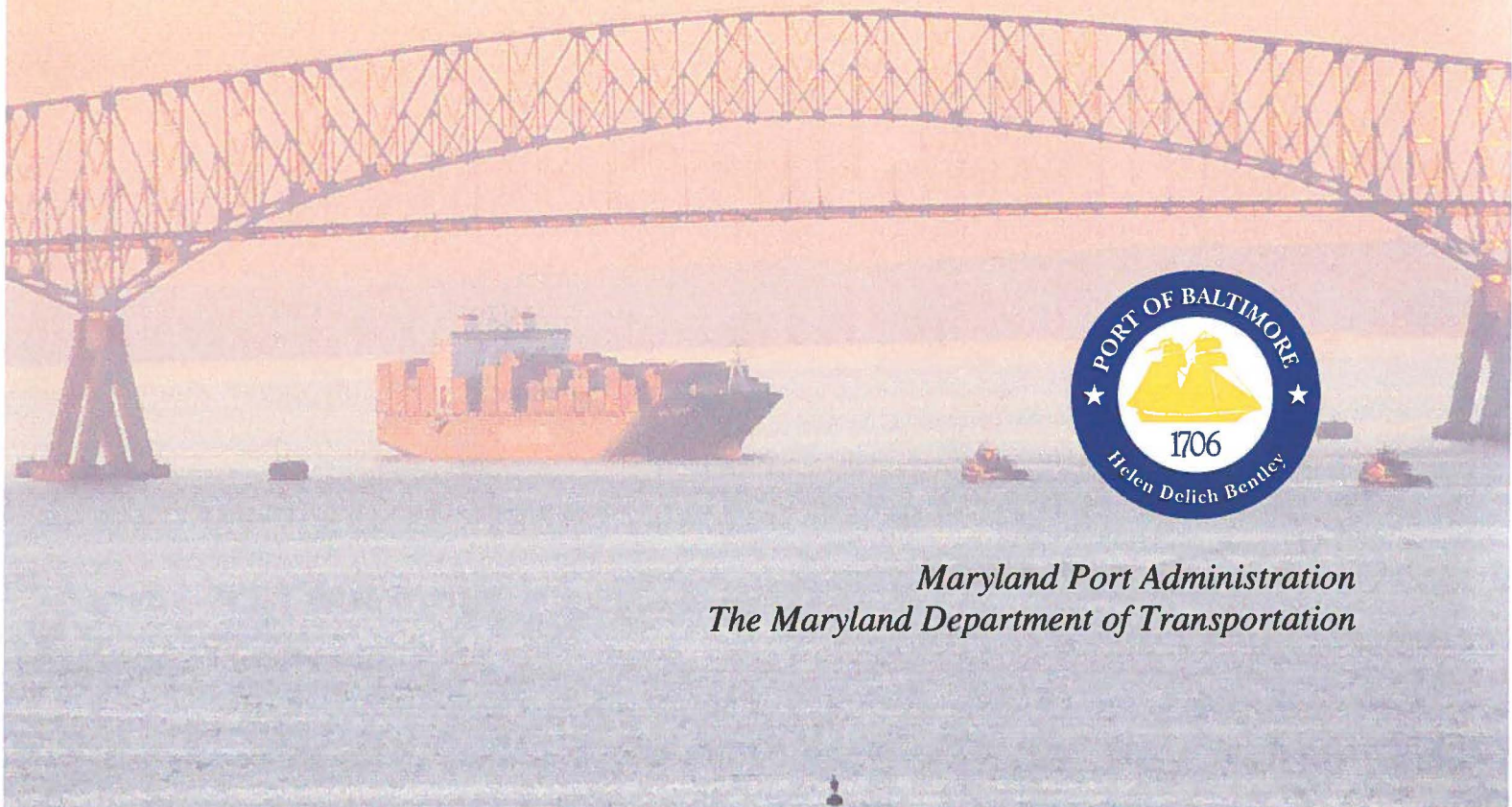
Pete K. Rahn  
Secretary

cc: The Honorable Edward J. Kasemeyer, Chair, Senate Budget and Taxation Committee  
The Honorable Maggie McIntosh, Chair, House Appropriations Committee  
Members of the Budget Committees  
Mr. Jim White, Executive Director, MPA

**A Report to  
the Maryland General Assembly**

**Maryland Port Commission Annual Report  
Fiscal Year 2015**  
*(Transportation Article, §6-201.2(c))*

**January 2016**



*Maryland Port Administration  
The Maryland Department of Transportation*

*Maryland Port Commission Annual Report, FY 2015*  
*Transportation Article, §6-201.2 (c)*

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*Purpose*

The Maryland Port Commission Annual Report for Fiscal Year (FY) 2015 was prepared in response to Transportation Article, §6-201.2 (c) which requires:

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**Maryland Port Commission (MPC)**

**Pete K. Rahn, Secretary**  
Maryland Department of Transportation  
Chair of the Maryland Port Commission



**Dr. Donté L. Hickman, Sr.**



**Donald C. Fry**



**Theodore G. Venetoulis**



**David Richardson**



**Brenda Dandy**



**Walter Tilley, Jr.**



## Executive Summary

The Helen Delich Bentley Port of Baltimore (POB) is a key economic driver for the State of Maryland. In 2014<sup>1</sup>, the public and private terminals of the Port handled over 29.5 million tons of foreign cargo with a total value of \$52.3 billion. This represents a decline in tonnage of 2.6 percent from 2013, which was largely due to a drop in exported coal.



The Maryland Port Administration (MPA) set a record for general (non-bulk) cargo at its public terminals in 2014, with a total of 9.7 million tons of waterborne cargo. Much of the increase was driven by record numbers of containers and automobiles passing through the MPA's terminals. These record volumes can be largely attributed to strategic investments in recent years, including the investments related to the public-private partnership (P3) with Ports America Chesapeake and the new berth at the

Fairfield Marine Terminal.

Overall, the Port continues to be ranked 1<sup>st</sup> in the nation for automobiles and roll-on/roll-off equipment as well as imported sugar, forest products and aluminum. Due to declines in volume, the POB slipped to 3rd in the nation in exported coal. In addition, 2014 ship calls were up 4.9 percent over 2013.

As the economy continues to recover, the POB remains highly competitive and ready to take advantage of changes in global trade. Currently Baltimore is one of only two ports on the East Coast with a functioning and fully accessible 50-foot berth, and navigation channels capable of handling the growing fleet of larger container ships coming on line in response to the expansions at both the Panama and Suez Canals. Despite the fact that the Ports of Miami and New York will both have 50 foot capability by 2016, Baltimore is still well-positioned to attract new

business as global trade and logistics patterns continue to evolve in response to port congestion and continuing market shifts. To take advantage of the changing markets, the MPA, in partnership with Ports America Chesapeake, continues to actively market the POB and its strategic advantages.



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

The MPA also continues its coordination and outreach efforts with public sector partners at the federal, State and local levels, as well as a full range of community stakeholders on a variety of topics including dredge material management, harbor safety, and maritime land uses. Examples include presentations to community organizations, port tours, a shoreline planting event at Masonville Cove, and a recent professional development opportunity for teachers. Through ongoing efforts to engage its stakeholders and the public, the MPA is working hard to increase local knowledge about MPA's environmental initiatives, and growing support for the Port.

The Maryland Port Commission (MPC) has identified several challenges related to the long-term health of the Port. These issues 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;
- Addressing the competitive disadvantages faced due to a lack of double-stack rail capability;
- Maintaining adequate landside capacity and capital funding for needed terminal preservation and enhancement projects; and
- Operating MPA terminals and facilities as a "good neighbor" and in a manner that is environmentally acceptable to nearby communities.

These challenges relate directly to the ongoing operation of the Port within a changing global context and, in order to maintain our competitiveness, the MPA is working diligently to address and overcome these challenges. The details of our ongoing efforts will be detailed in the MPA's Strategic Plan 2015.



### **FY 2015 Major Accomplishments**

- In an analysis by the Journal of Commerce, the POB ranked number one among all major U.S. ports for container berth productivity with 84 container moves per hour per berth. Port Balboa was the only other port in the Americas besides Baltimore to finish in the top 25.
- The State-owned and MPA-administered public marine terminals set a new high-water mark in Fiscal Year 2015 with over 9.7 million tons of general cargo, including a new record for containers at 808,500 TEUs (twenty-foot equivalent units).
- Denmark-based Maersk Lines, the largest container shipping company in the world, joined MSC on three new container services at the Port: the Far East, Mediterranean, and North Europe.
- Automotive Supply Chain magazine awarded the Port with its 2015 'Ports and Terminals' award recognizing it as the top auto port in North America.
- The MPA was successful in luring Carnival, the world's largest cruise line, to return to Baltimore with year-round itineraries to exciting destinations.
- The MPA was selected by Government Security News as a winner in its 2014 Airport/Seaport Border Security Awards Program. The MPA won in the category of Most Notable Seaport Security Program specifically for its closed-circuit video surveillance system, E-Modal Trucker Check, underwater intrusion detection, and remote-controlled submersible vehicle.
- The MPA opened a new auto berth at the Port's Masonville/Fairfield Marine Terminal. The new berth augments an old one that has been in operation for more than 70 years. The new berth at 1,175 feet in length is nearly 300 feet longer than the old berth and at 130 feet wide is 20 feet wider. The new berth can support 1,000 pounds per square foot compared to only 100 pounds per square foot for the old berth. The new berth is also equipped to handle rail transport.
- The MPA was recognized twice for its environmental initiatives, receiving a successful recertification audit of its Environmental Management System from the International Organization for Standardization (ISO) 14001 and taking first place for its Algal Turf Scrubber in the Innovative Best Management Practice Award by the Chesapeake Stormwater Network.
- October 2014 was a record month for containers at the Port's public marine terminals as 46,827 containers were handled. It surpassed the previous record of 44,095 containers set in July 2013.

- The Port's cruise terminal won two international customer service awards from Royal Caribbean Cruise Line, scoring 92 out of a possible 100 points for both awards. The awards were for: Best Check-in Experience and Best Departure Experience.
- With the receipt of \$200,000 in Congestion Mitigation Air Quality funds, combined with \$300,000 in existing State funds, the Port will invest \$500,000 to continue its Clean Truck Program to improve air quality by replacing old diesel trucks that are used to haul freight around port facilities with newer, cleaner models.

## **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 benefit to the citizens of the State.

The Port has over 300 years of longevity, provides employment opportunities for a wide range of skill levels, and it is noteworthy that the average annual salary for each job directly generated by maritime cargo activity (about \$62,220) is 16.4% higher than the average annual wage for the State of Maryland in 2014 (\$53,470). The Port generates substantial economic impact to the State<sup>2</sup>, including:

- Direct Jobs in Maryland..... 13,650
- Induced and Indirect Jobs in Maryland .....20,270
- Personal Wage and Salary Income ..... \$2.9 billion
- Business Revenues..... \$2.2 billion
- State and Local Taxes ..... \$310 million
- Related Jobs<sup>3</sup> .....93,690
- Total Jobs Linked to Port Activity .....Over 127,600



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<sup>2</sup> From the most recent data available: "The 2014 Economic Impacts of the Port of Baltimore," July 30, 2015, prepared by Martin Associates.

<sup>3</sup> Related jobs are those jobs with companies importing and exporting cargo through the Port 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 POB was not available to them, these employers might suffer economically, but would likely survive by shipping through another port.



### **Port of Baltimore - Competitive Position**

The POB consists of six publically owned MPA cargo terminals, 25 private cargo terminals, and a variety of other maritime 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 29.5 million tons of foreign cargo in calendar year 2014 – down 2.6 percent from 2013, with the decrease in coal exports accounting for the majority of the change. There were 1,904 ship calls at the Port in 2014, up 4.9 percent over the prior year.

Among all U.S. Port Customs Districts, Baltimore ranked 13<sup>th</sup> in the nation for total foreign cargo tonnage in 2014; this was up from 14<sup>th</sup> in 2013. Baltimore ranked 9<sup>th</sup> overall in terms of total foreign trade value with \$53.3 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, and imported aluminum. Baltimore is ranked #3 for exported coal.



The Cruise Maryland Terminal continues to support an active cruise business. In 2014, the Port welcomed 89 cruise ships that carried more than 198,000 embarking passengers, and 6 port calls that carried an additional 11,700 transit passengers. This is down from the previous year because the Carnival Pride left the Port for retrofitting to meet new North American Emissions Control Area standards.

A number of east coast states have successfully utilized financial incentives to lure shipping lines and cargo owners to their respective ports. Such incentives frequently take the form of tax credits for increases in container units or cargo tonnage. With increasing competition among ports for container cargo, these incentives can put the POB at a strategic disadvantage.

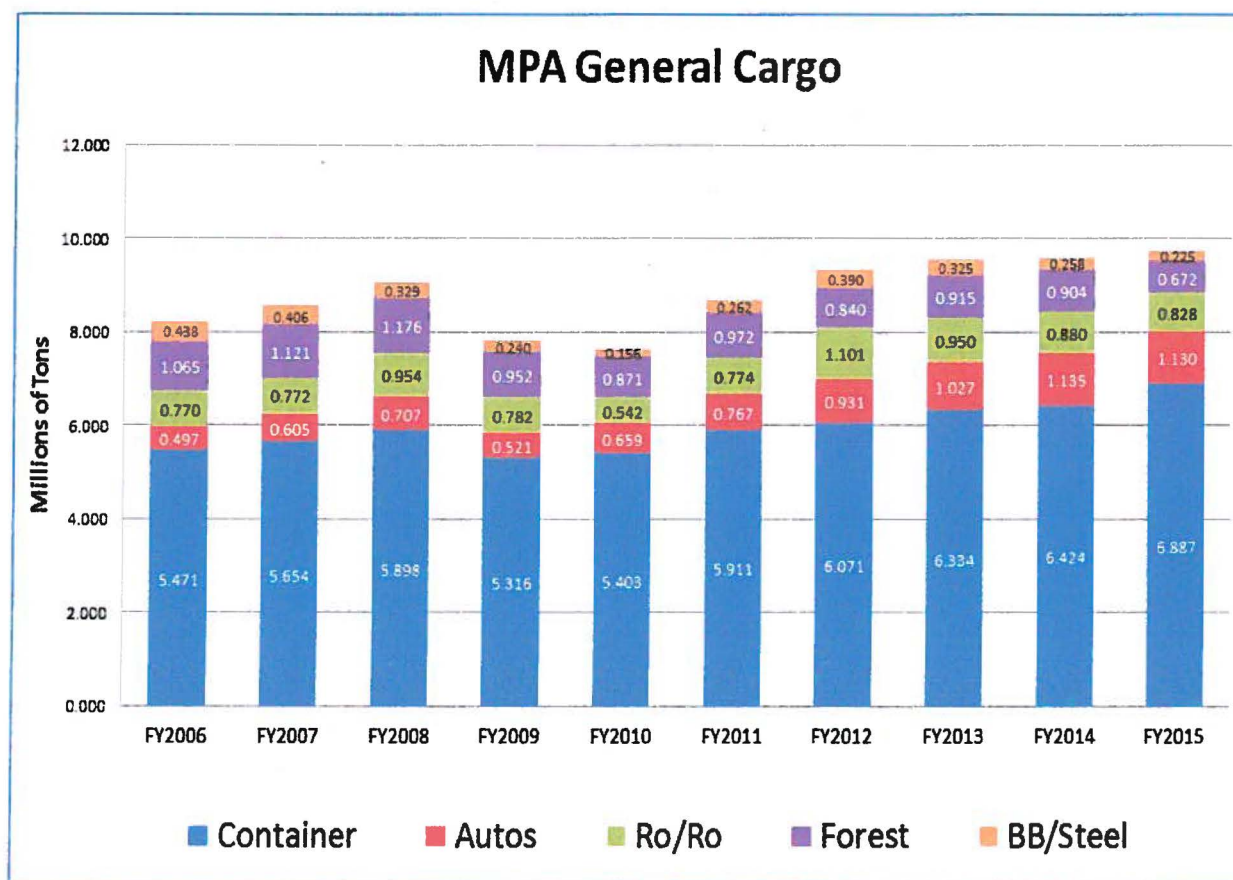
To begin addressing this issue, \$3 million in funding was allocated in 2015 for a demonstration program to incentivize growth in cargo traffic at the Port. The MPA has been making positive progress on the steps necessary for implementation, with the goal of showing that such an incentive can improve the Port's competitiveness and contribute to further growth in container traffic. The potential increase in cargo volumes could then boost the Port's overall economic impact as a result.



## MPA FY 2014 Cargo Activity

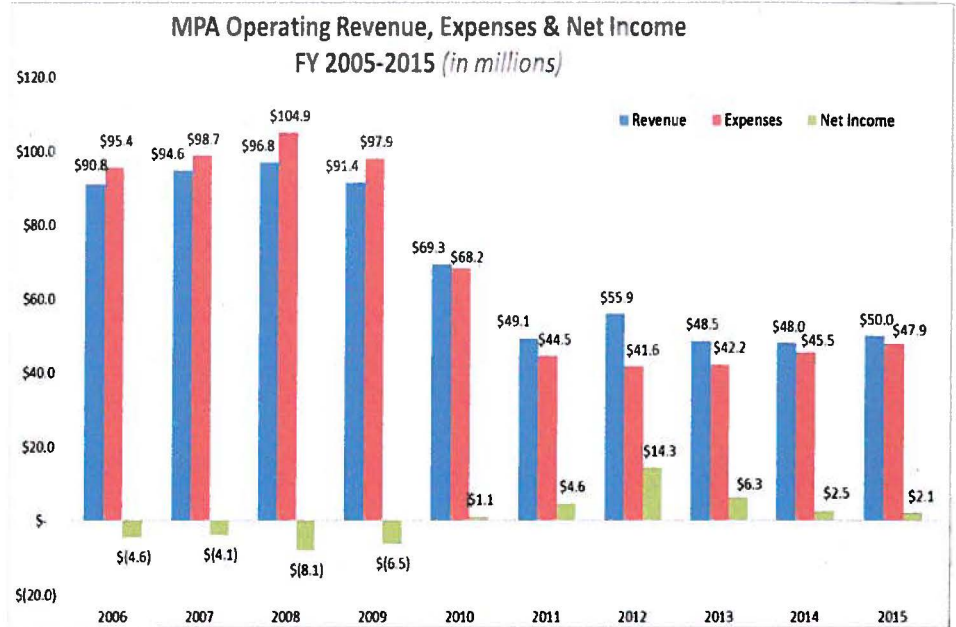
The MPA continues to set new cargo records at its terminals. FY 2015 set a record with 9,742,050 tons of general cargo, representing over 33 percent of the POB's total tonnage and surpassing the previous record of 9.6 million tons set in FY 2014. General cargo includes containers, autos, roll on/roll off (farm, mining and construction machinery), and break bulk cargo (such as forest products). With the end of the fiscal year, the MPA set two new records for the most TEU containers in a single month, with 79,644 units in June 2015, and a new 12-month record of 808,500 TEUs in the 12-month period ending in June 2015.

As the chart below demonstrates, the MPA continues to handle a diverse range of cargo types, with containers and autos showing long term positive growth as a share of overall tonnage. The MPA saw varied results in FY 2015 at the Port's six public marine terminals. The MPA's general cargo volume of 9.7 million tons was 1.5% higher than the previous record set in FY 2014. Container cargo increased 7.2 percent, while autos remained steady. Roll-on/roll-off equipment, forest products and break bulk tonnage declined 5.9 percent, 25.6 percent and 12.8 percent, respectively. The decline in forest products is largely attributed to new incentives offered at the Port of Philadelphia.



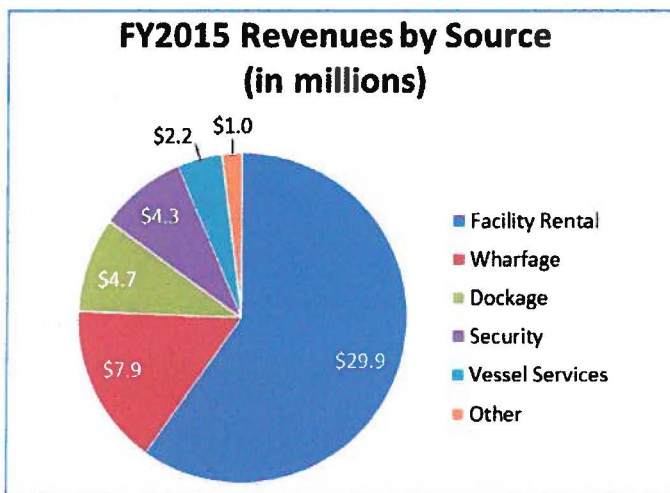
## MPA Operating Results for FY 2015

The MPA generates significant economic benefits for the City, State and region, including operating revenues. Since 2010, the MPA's terminals have been operating in the black, generating positive net operating income that can be reinvested into future Port enhancements. This is attributed to the implementation of the public-private partnership agreement with Ports America Chesapeake and the related retirement of MPA's debt on the Seagirt Marine Terminal.



Total operating revenues for FY 2015 were \$50 million; which is 4.2% higher than the \$48 million in operating revenues reported for FY 2014. Net income for MPA terminals in FY 2015, was \$2.1 million after debt payments.

While operating revenues have remained relatively consistent over the last several years, annual expenses have increased by approximately \$5.6 million since FY2013. A majority of this increase is due to increased utility costs. Other factors include increasing security costs, and



ongoing maintenance and equipment investments necessary to keep the MPA's terminals operating safely and efficiently. As the MPA continues investing in energy, utility and system efficiency upgrades, expenses could be brought back to a more reasonable rate of growth in the near future.

An overall increase in cargo tonnage resulted in positive revenue growth with wharfage and vessel services increasing the most.



## Environmental Initiatives and Compliance Activities

The MPA is strongly committed to doing its part to protect the environment, particularly as it relates to supporting the health of the Chesapeake Bay, and has made stewardship of our natural resources an essential element of our mission. The MPA has implemented several environmental initiatives aimed at improving air and water quality, conserving energy, increasing resilience, and ensuring environmental regulatory monitoring and compliance.

A major environmental initiative for FY 2015 was the completion of a five-year environmental strategy which includes the following activities:

- Evaluating terminal operations to identify and implement further improvements in energy efficiency and emission reductions;
- Continuing the Dray Truck Replacement Program to improve air quality;
- Determining the feasibility of capture technology and alternative marine power for vessels docking at MPA terminals;
- Implementing the MPA Green Fleet Program;
- Surveying locomotives to identify opportunities for reducing emissions; and
- Evaluating opportunities for, and feasibility of, fuel cell usage at marine terminals.

The Dray Truck Replacement Program, which replaces older dray trucks with newer models that meet EPA engine standards, replaced a total of 83 older trucks through the end of FY 2014, and an additional 26 trucks in FY 2015. The initiative, which uses State and federal funds plus a 50% match from individual truck owners, will continue in FY 2016 with State and federal funding available to facilitate the replacement of an additional 22 trucks.

Other actions being taken by the MPA to improve air quality include requiring the use of ultra-low sulfur biodiesel in the MPA's diesel-powered vehicles, cranes and other equipment; conversion of an old inefficient oil boiler to natural gas; and the purchase of flex-fuel and hybrid vehicles including a clean-idle sweeper. The MPA also works with its tenants to encourage additional emission reductions, including Wallenius Wilhelmsen Logistics (WWL), a tenant

at Dundalk Marine Terminal that now uses electric vehicles – with solar panel charging stations – to transport personnel around the terminal. WWL also upgraded the lighting in two of the Dundalk Marine Terminal sheds it occupies with more efficient LED fixtures and CFL bulbs to reduce energy usage.



The MPA is continuously implementing energy conservation measures and facility enhancements to improve the efficiency of MPA facilities and reduce energy, utility and maintenance costs. For example solar photo-voltaic projects at the cruise terminal and cargo warehouses were completed in 2014 and were able to generate over two million kilowatt-hours of electricity.

As part of its Green Port Initiative, the MPA works with private and public partners and stakeholders to implement its share of the MDOT Climate Action Plan to help reduce the State's greenhouse gas emissions, and a variety of other beneficial activities such as restoring shorelines and wetlands, recycling, waste management, stormwater treatment, and water quality improvements. Since 2009, for example, the MPA has created 44 acres of wetlands and wildlife habitat. These areas have the ability to sequester carbon emissions and act as filters to help improve water quality.

In addition, the MPA was recognized with a first place prize for the Innovative Best Management Practice Award from the Chesapeake Stormwater Network for its Algal Turf Scrubber pilot project.



The MPA is also proud of its collaboration with the Waterfront Partnership of Baltimore to install the Jones Falls trash interceptor waterwheel, providing \$500,000 toward its construction. The solar powered trash interceptor removed over 160 tons of trash from the Baltimore Harbor in its first year. Like the MPA, the waterwheel is breaking records of its own, scooping up over 19 tons in a single day during April 2015. The previous record set in March 2014 was 11 tons in a single day. The waterwheel has been featured in several national media outlets and has garnered its own social media following.

As independent confirmation of our commitment to the environment, the MPA's Environmental Management System was successfully recertified by the International Organization for Standardization (ISO). ISO 14001 certification is a process that requires ongoing performance evaluation and continual improvement to reduce impacts on the environment.





### **Dredged Material Management Program (DMMP)**

Between four and five million cubic yards of sediment accumulate in Maryland's channels annually and must be removed to maintain the navigation channel dimensions necessary for the viability of the Port. The State's DMMP produces a twenty-year plan for developing, operating, and maintaining placement options or alternative uses of dredged sediment generated from both normal maintenance and new dredging projects. As a matter of policy, citizen and stakeholder involvement is emphasized throughout the process.

In FY 2015, the MPA was responsible for operating three DMMP sites, including Masonville Dredged Material Containment Facility (DMCF), Poplar Island Environmental Restoration Project, and Cox Creek DMCF. Key actions were to explore additional capacity solutions for the Bay and Harbor channels. The MPA continues to pursue traditional placement options such as expansion of the Cox Creek DMCF, as well as other alternative solutions such as the use of confined aquatic disposal cells, and innovative and beneficial reuse projects. Such projects could include the restoration of islands, wetlands and eroding shorelines, as well as the potential use of dredged material in manufacturing of commercial products.

Efforts to acquire the Coke Point portion of Sparrows Point for development of a third critically needed placement site for material dredged from Baltimore Harbor continued in FY 2015. 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 key to providing sufficient placement capacity for Bay channels serving the C&D Canal channel system, and in FY 2015 significant progress was made towards reactivation of the site. The Maryland Department of the Environment issued the required water quality certificate for the project and design is underway on the community water system. The Pearce Creek DMCF is expected to begin accepting inflow of dredged material in the fall of 2017.



Above: Tree planting activity at Masonville Cove. Below: Educational activities at the Masonville Cove Festival held each spring, hosting approx. 500 students annually.



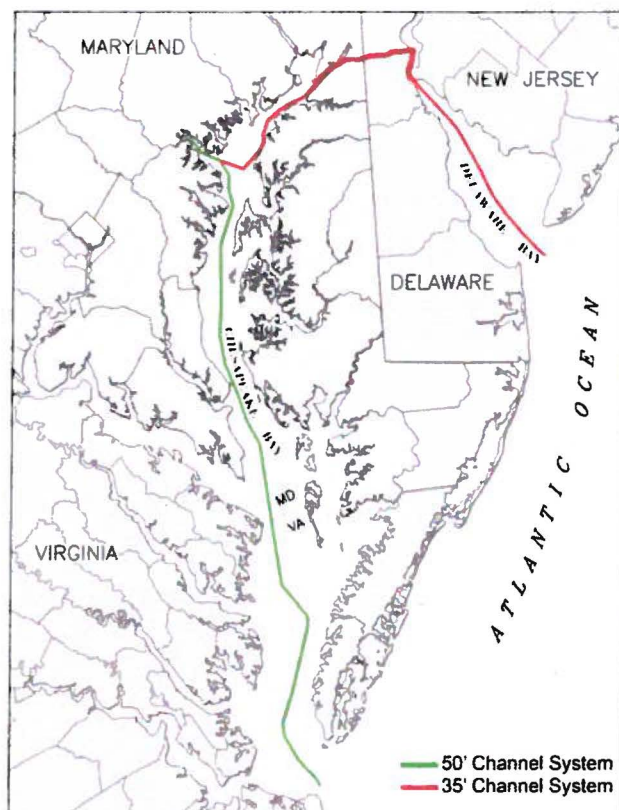




*Above: Completed cell at Poplar Island Dredge Placement Facility*

The MPA's active outreach, education, and partnership programs continued to grow in FY 2015. These activities include presentations to community, business and civic organizations; engagement of DMMP advisory committees; environmental education and community activities at Masonville Cove; professional development opportunities for teachers; participation in the Baltimore Port Alliance's education and outreach program; and site visits and tours. Collectively, these activities allowed the public to become more engaged and knowledgeable about MPA's various projects, partnerships and environmental initiatives.

The Maryland Department of Transportation (MDOT) and the MPA are also monitoring several national developments impacting the DMMP and developing strategies to ensure that the competitive position of the Port is maintained. Primary issues involve the adequacy of the U.S. Army Corps of Engineers' funding for maintenance dredging; tipping fees for use of Harbor DMCs; funding for Poplar Island's maintenance and expansion; and the initiation of design for the Mid-Chesapeake Bay Island Ecosystem Restoration Project (Barren Island and James Island).



*Left: Port of Baltimore Channel System – 136 miles of dredged channels*

## Seaport Security

The MPA's security program is recognized as one of the top maritime security programs in the United States. The MPA has received perfect U.S. Coast Guard annual security inspections for three consecutive years, and overall has received six straight excellent or above inspection ratings. As previously reported, the MPA was recognized in 2014 by Government Security News as the magazine's "Most Notable Seaport Security Program."

The MPA continues to partner with local, State and federal agencies to ensure the security of MPA terminals. This includes working with the Baltimore City Police, Baltimore County Police, the Maryland Transportation Authority Police, Department of Natural Resources Police, U.S. Coast Guard, Federal Bureau of Investigation, U.S. Customs and Border Protection, and U.S. Immigration and Customs Enforcement. The



Director of MPA Security serves as a member of the U.S. Coast Guard's Area Maritime Security Committee, the U.S. Attorney's Anti-Terrorism Advisory Committee, and the American Association of Port Authorities' Security Committee. In addition, the Director is a certified Facility and Vessel Security Officer, and 100% of security staff are certified Facility Security Officers.

The MPA continuously engages in a dynamic process to improve and modernize the security of MPA terminals. For example, as a result of the receipt of Federal Port Security Grant funds from the Federal Emergency Management Agency, the MPA recently conducted a successful cyber assessment of its access control and closed circuit television systems.



## **Cruise Maryland**

In FY 2015, the MPA's Cruise Maryland terminal continued to post healthy numbers in terms of total annual passengers and the number of cruises offered, with 349,961 total passengers sailing on 75 homeport cruises. Cruise Maryland also welcomed 12,297 in-transit passengers on eight port calls.

The number of passengers is down slightly due to Carnival Cruise Lines temporary removal of the *Pride* from Baltimore in October 2014 to make upgrades necessary to meet the North American Emissions Control Area regulations that require all ships sailing within North American waters to burn low sulfur fuel and/or greatly reduce sulfur emissions through the use of scrubbers. Happily, Carnival's *Pride* (pictured below) returned to Baltimore on March 29, 2015 with scrubbers installed to renew Carnival's year-round cruising from Baltimore. Royal Caribbean also announced the addition of scrubbers to the *Grandeur of the Seas*.

The Cruise Maryland Terminal is a primary reason for MPA's cruise market successes. The terminal's sole use as a cruise ship terminal and its location directly adjacent to I-95 is extremely marketable and provides marquee visibility for cruise ships while in port. While ships are docked at the terminal, they are visible from various points around Baltimore's popular Inner Harbor, and to over 120,000 vehicles passing by on I-95 daily.



The Port's location at the heart of the Baltimore-Washington-Northern Virginia Combined Statistical Area means the Cruise Maryland terminal serves the nation's third most affluent consumer market and its fourth most populous region. Both cruise lines report that ships sailing from Baltimore are over 100 percent capacity, meaning total passengers equal more than two people per cabin. The MPA is actively pursuing additional opportunities to bring additional cruise lines to sail regularly from the Port of Baltimore. The area's convenient location also makes Baltimore an ideal "drive-to" port for the Mid-Atlantic and Midwestern markets.

According to a recent study of the economic impacts of the Port of Baltimore, in 2014<sup>4</sup> the MPA's cruise activity generates a total of 440 local jobs, approximately 200 of which are direct jobs. This represents about \$25.1 million in local wages and salaries, nearly \$70 million in local business revenue, and approximately \$2.7 million in state and local taxes.

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<sup>4</sup> *Economic data for cruise activity has traditionally been reported by calendar year, given the strength of the historic summer cruise season which would be split between two fiscal years.*



## **Rail Operations**

The MPA continues to face serious challenges when it comes to the competitive nature of rail service to and from the Port of Baltimore. 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 arguably more important 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 have 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.

### **MPA TIGER Project**

The MPA was the first MDOT mode to receive a \$10 million Transportation Investment Generating Economic Recovery (TIGER) grant from the United States Department of Transportation, for improvements at the Seagirt Marine Terminal (Seagirt) and the Fairfield Marine Terminal (FMT). The TIGER grant's total project cost is \$31 million and includes three major components:

1. Filling the wet basin at FMT – This will provide for the redevelopment of the wet basin's dilapidated bulkhead area for future cargo storage at a premium location adjacent to the berth.
2. Widening the Seagirt access channel – The Seagirt access channel will be widened, allowing larger vessels to safely navigate to Seagirt, and some of the dredged material from the Seagirt channel will be reused to fill the wet basin.
3. Expanded rail at FMT – The extension of rail access onto FMT to better accommodate shipment of automobiles and roll-on/roll-off equipment.



Additional work (similar to the TIGER projects above) will be conducted via these construction contracts to achieve economies of scale and the efficiencies of using existing contracts. The additional work includes: dredging Dundalk Berth 1; paving the Beverley Slip; stabilizing buried barges; demolishing FMT Pier 5; and filling and redeveloping the SLP Fruit Slip. The estimate for these items total \$10.6 million.

As of the end of FY 2015, the project is progressing well: dredging is nearly complete, the contract to relocate the

stormwater drain from the wet basin is underway, and the projects for new rail and the filling of the wet basin are scheduled to be advertised. With environmental approval, in accordance with the National Environmental Policy Act (NEPA), already received, the entire TIGER project is expected to be completed in autumn of 2017.



### **Status of Operations at Seagirt Marine Terminal**

As a result of a landmark public-private partnership (P3), responsibility for the operation of Seagirt, including gate, terminal, and vessel activity was transferred successfully to Ports America Chesapeake (PAC) on January 12, 2010. Over the past five and a half years the facility has operated under PAC supervision without interruption and the transition has been well received by the Port community. Seagirt's 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.

In FY 2015, the number of containers handled at Seagirt increased 8.5% and containerized cargo tonnage increased 4.1% over FY 2014. Seagirt's gate operations are efficient with an average single move turn time of 28.4 minutes and 54.1 minutes for double moves – compared to the targets of less than 30 minutes and 60 minutes respectively.

Baltimore ranked number one among all U.S. ports for container berth productivity, according to a recently released analysis by the Journal of Commerce. The Port averaged 84 container moves per hour per berth, ahead of all major U.S. ports. To determine the port's productivity ranking, elements such as a ship's arrival time at a berth, the number of container moves per hour at that berth and a ship's departure time from that berth were factored in.

Since taking control of Seagirt, PAC has invested \$22.5 million in capital improvements, such as: yard cranes and cargo handling equipment, paving, grain trans-load system, and gate efficiencies (i.e., optical character recognition and radio-frequency identification solutions). An additional \$7.8 million is projected in the near term for reefer racks, a secondary "Back Gate," grain export equipment, and a gate management system.



One of the primary goals of the Seagirt P3 effort was to ensure the construction of a new 50-foot deep container berth prior to the completion of the Panama Canal expansion in 2016. PAC completed the construction of the new berth ahead of schedule and commissioned four new Super Post Panamax cranes that can outreach 22 containers. This berth is completely operational and confirms that the POB is well positioned to handle container growth to the U.S. East Coast.



### **MPA Challenges: FY 2016 and Beyond**

There are a variety of challenges on the horizon for the MPA and 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 lower 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 management program, and exceptional customer relationships and services.
- **Ensuring competitive transportation options for cargo** – The Port is well-situated to serve the regional market with easy access to the interstate highway system. Unfortunately, to expand into the Midwest and other markets Baltimore is at a disadvantage because of the lack of high-cube double-stack rail capabilities for containers to and from the Port. High-cube double-stack capabilities will be critical to the Port's long-term competitiveness, but is currently constrained by antiquated rail clearances at the Howard Street and other rail tunnels privately owned by CSX, as well as along the Northeast Corridor which is shared by Amtrak and Norfolk Southern. To combat the Port's current situation with intermodal rail, an Intermodal Rail Incentive fund has been created. Incentive funds will be provided directly to ocean carriers to offset some of the higher costs associated with lack of double-stack capabilities. Negotiations also continue to foster a new, more efficient operating environment at the Seagirt ICTF. Once the new operating scenario is in place, cost reductions are expected to occur due to economies of scales and other synergies associated with labor. The MPA and CSX have agreed to engage in a study to examine possible new developments with technology that could potentially reduce the cost to double-stack clear the tunnel. Any opportunity or strategy to increase containerized intermodal rail volumes through expanded rail capabilities will ultimately benefit the Port in the long term.
- **Growing cargo volumes with aging facilities and limited landside capacity** – System preservation efforts need to continue to maintain waterfront facilities in a harsh marine environment. The MPA will continue to compete for limited capital funds for projects at MPA terminals in order to maintain its competitive position. Moreover, there is a growing concern about whether there is sufficient landside capacity to accommodate the Port's future growth. The MPA will continue to access the long-term needs of the Port and look for opportunities to address those needs in FY2016 and beyond.

- **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 considerable, long-term challenge.



- **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. The need for broader outreach and coordination is especially true for MPA terminals undergoing expansion, such as at Dundalk, and those terminals facing increased development pressures from new, non-industrial uses nearby, such as the North and South Locust Point Marine Terminals.

**Appendix**

**Contracts and Leases Approved by the Maryland Port Commission for  
FY 2015 (July 1, 2014 – June 30, 2015)**

**July 2014**

1. Contract #214002-S – Security Guard Services (Unarmed) at Maryland Port Administration Marine Terminals, AlliedBarton Security Services LLC, Conshohocken, Pennsylvania (Local Office: Baltimore, MD); \$5,883,211; Term – Two (2) Years (August 4, 2015 through August 3, 2016) with One Two-Year Renewal Option.
2. Modification #1, Contract #513002 – Construction Management and Inspection Services, Joint Venture – AECOM USA, Inc./Johnson, Mirmiran & Thompson, Baltimore, Maryland; \$1,000,000; Term – May 04, 2012 to May 03, 2017 (unchanged). This modification provides additional funding for current and future project task-orders.

**August 2014**

No meeting was held in the month of August.

**September 2014**

1. Modification No. 1, Contract #514001 – Dunmar Building Police Facility Renovations at Dundalk Marine Terminal, JLN Construction Services, LLC, Baltimore, MD; \$118,720; Term – 29 Work Days.
2. Modification #1, Contract #513928 – Remove Four Cranes at Dundalk Marine Terminal & North Locust Point Marine Terminal – R.E. Pierson Construction Co., Inc., Pilesgrove, New Jersey; \$299,451; Term – 45 Work Days.
3. Contract #514003 – Berth 8 RORO Platform Demolition at Dundalk Marine Terminal, Corman Marine Construction, Inc., Annapolis Junction, Maryland \$1,347,287; Term – 150 Work Days.

**October 2014**

There were no contracts requiring Maryland Port Commission approval.

**November 2014**

1. Contract #515912 – LAN Rooms Cooling and Emergency Power at The World Trade Center Baltimore, Bob Porter Company, Inc., Woodbine, Maryland \$374,700; Term – 120 Work Days.
2. Modification #4, Contract #512901 – Masonville Vessel Berth at Masonville Marine Terminal, Corman Marine Construction, Inc., Annapolis Junction, Maryland; \$90,000; Term – 26 Work Days.



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**December 2014**

1. Contract #215018-IT – Information Technology Service Desk and Desktop Field Support, About Web, LLC, Rockville, Maryland \$482,163; Term – Five (5) Years.
2. Contract #514215 – Cruise Terminal Secure Corridor Conversion, New Exterior Doors and Supplemental Power at South Locust Point Marine Terminal, J.A. Argetakis Contracting Company, Inc., Baltimore, Maryland; \$2,281,482; Term – 180 Work Days.
3. Contract #514811 – Building Repairs, Agency Wide, Denver-Elek, Inc., Essex, Maryland; \$5,779,876; Term – 1,250 Work Days.
4. Modification No. 1, Contract #513001A – Miscellaneous Engineering Services at Various MPA Locations, Moffatt and Nichol, Baltimore, Maryland; \$1,150,000; Term – October 04, 2012 – October 02, 2017 (unchanged).

**January 2015**

There were no contracts requiring Maryland Port Commission approval.

**February 2015**

1. Contract #515904 – Building 200 HVAC Replacement at Fairfield Marine Terminal, Fresh Air Concepts, Linthicum, Maryland, \$224,900; Term – 90 Work Days.
2. Modification #2, Contract #514902 – Relocate Security, Safety & Building Systems Main Lobby – The World Trade Center, Baltimore, Denver-Elek, Inc., Baltimore, Maryland; \$56,564; Term – 45 Work Days.
3. Contracts #214044A-IT and #214044B-IT – Geographic Information Systems Services, Johnson, Mirmiran & Thompson, Inc., Sparks, MD (#214044A-IT), and Rummel, Klepper & Kahl, LLP, Baltimore, Maryland (#214044B-IT); \$300,000 each; Term – March 01, 2015 – February 28, 2018 (Three Years with a Three-Year Renewal Option Each).
4. Contract #215025-S – Overhaul (2) Cummins Diesel Engines, Cummins Power Systems, LLC, Glen Burnie, Maryland; \$105,775; Term – One Month.

**March 2015**

1. Modification #4 (a no cost extension of the contract term), Contract #507506 – Inter-Agency Agreement between Maryland Port Administration and Maryland Environmental Service for the Construction of the Masonville Dredged Material Containment Facility (DMCF). The contract term will be extended to July 31, 2022.
2. Contract #515925 – Cox Creek Expanded Dredged Material Containment Facility (DMCF), Maryland Environmental Service; \$116,000,000; Term – April 16, 2015 –

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June 30, 2020. This is an inter-agency agreement between Maryland Port Administration and Maryland Environmental Service.

3. Contract #515807 – Substructure Repairs, Agency Wide (at all marine terminals and administrative facilities), Marine Technologies, Inc., Baltimore, Maryland, \$8,983,855; Term – 440 Work Days.
4. Contract #515003 – Mestek Facility Demolition at Dundalk Marine Terminal, Delaware Cornerstone Builders, Inc., Landover, Maryland; \$736,750; Term – 120 Work Days.

**April 2015**

There were no contracts requiring Maryland Port Commission approval.

**May 2015**

1. Contract #515206 – Cruise Terminal Interior Improvements at South Locust Point Marine Terminal, Trison Construction Inc., College Park, Maryland; \$1,451,800; Term – 245 Work Days.
2. Modification #1, Contract #513001B – Miscellaneous Engineering Services at Various Locations, Whitney, Bailey, Cox & Magnani, LLC, Baltimore, Maryland; \$1,000,000 ; Term – July 2, 2015 – October 2, 2017. Modification No. 1 provides additional funding for continuation of current and future project task-orders.
3. Modification #1, Contract #513001C – Miscellaneous Engineering Services at Various Locations, Johnson, Mirmiran & Thompson, Inc., Baltimore, Maryland; \$1,050,000; Term – July 2, 2015 – October 2, 2017. Modification No. 1 provides additional funding for continuation of current and future project task-orders.
4. Modification #1, Contract #513001D – Miscellaneous Engineering Services at Various Locations, Rummel, Klepper & Kahl, LLP, Baltimore, Maryland; \$1,000,000; Term – July 2, 2015 – October 2, 2017. Modification No. 1 provides additional funding for continuation of current and future project task-orders.

**June 2015**

1. Contract #215015-H – Diesel-Powered Push Boat, Miller Marine, Inc., Deltaville, VA; \$252,000; Term – Six (6) Months.