

J00D00
Maryland Port Administration
Maryland Department of Transportation

Operating Budget Data

(\$ in Thousands)

	<u>FY 16</u> <u>Actual</u>	<u>FY 17</u> <u>Working</u>	<u>FY 18</u> <u>Allowance</u>	<u>FY 17-18</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
Special Fund	\$47,521	\$51,613	\$51,519	-\$94	-0.2%
Adjustments	0	0	-66	-66	
Adjusted Special Fund	\$47,521	\$51,613	\$51,453	-\$160	-0.3%
Federal Fund	0	0	119	119	
Adjusted Federal Fund	\$0	\$0	\$119	\$119	
Adjusted Grand Total	\$47,521	\$51,613	\$51,572	-\$41	-0.1%

Note: Includes targeted reversions, deficiencies, and contingent reductions.

- The fiscal 2018 allowance declines by approximately \$40,820, or 0.1%.
- Personnel costs decline by approximately \$800,000, primarily due to reductions in regular compensation and health insurance costs, and increased turnover.

PAYGO Capital Budget Data

(\$ in Thousands)

	Fiscal 2016	Fiscal 2017		Fiscal 2018
	<u>Actual</u>	<u>Legislative</u>	<u>Working</u>	<u>Allowance</u>
Special	\$101,595	\$110,190	\$119,371	\$95,186
Federal	445	6,683	6,290	3,394
Total	\$102,040	\$116,873	\$125,661	\$98,580

Note: Numbers may not sum to total due to rounding.

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- The fiscal 2017 working appropriation is \$8.8 million higher, primarily due to increased system preservation minor projects.
- The fiscal 2018 allowance declines by \$27.1 million, primarily due to reductions in system preservation minor projects, and the Pearce Creek and Port of Baltimore (Port) Expansion Project nearing completion.

Operating and PAYGO Personnel Data

	<u>FY 16</u> <u>Actual</u>	<u>FY 17</u> <u>Working</u>	<u>FY 18</u> <u>Allowance</u>	<u>FY 17-18</u> <u>Change</u>
Regular Operating Budget Positions	182.00	179.00	179.00	0.00
Regular PAYGO Budget Positions	<u>37.00</u>	<u>36.00</u>	<u>36.00</u>	<u>0.00</u>
Total Regular Positions	219.00	215.00	215.00	0.00
Operating Budget FTEs	0.70	0.70	0.70	0.00
PAYGO Budget FTEs	<u>0.00</u>	<u>0.50</u>	<u>0.50</u>	<u>0.00</u>
Total FTEs	0.70	1.20	1.20	0.00
Total Personnel	219.70	216.20	216.20	0.00

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	12.90	6.00%
Positions and Percentage Vacant as of 1/1/17	23.00	10.70%

- The fiscal 2018 personnel allowance remains unchanged compared to the fiscal 2017 working appropriation.
- The fiscal 2018 budgeted turnover rate is 6.0%, requiring 12.9 vacant positions. There were 23.0 vacant positions on January 1, 2017, for a turnover rate of 10.7%

Analysis in Brief

Major Trends

Foreign Cargo Volumes at the Port Decrease: Foreign cargo tonnage at the Port decreased in calendar 2016 by an estimated 1.9%, to 31.8 million short tons from the prior year. The North Atlantic market share fell to 14.0%, as a consequence.

General Cargo Tonnage Continues to Grow: Following a substantial decline in general cargo volumes in fiscal 2009 and a smaller decline in fiscal 2010, general cargo tonnage rebounded in fiscal 2011 and 2012. Since then, slow growth has continued with 9.7 million tons handled in fiscal 2015 and 9.8 million tons in fiscal 2016.

Cruises in Maryland: In fiscal 2016, the Port had 94 homeport cruises and 429,000 passengers, increases of 25.3% and 22.6%, respectively, from fiscal 2015. Cruise and passenger levels nearly returned to fiscal 2014 levels after seeing a drop in fiscal 2015 due to Carnival Pride diverting to Tampa for five months, which deprived Baltimore of about 20 cruises.

Net Operating Income Declines: Net operating income in fiscal 2018 is expected to increase to approximately \$740,000 from the projected negative \$865,000 net operating income in fiscal 2017.

Issues

Howard Street Tunnel a Damper on Port's Impact: The lack of double-stack rail access to the Port of Baltimore limits its economic potential. A Maryland Port Administration (MPA) report states that by adding double-stack capacity, the Port could create between 1,136 and 1,417 direct jobs, with many more induced and indirect jobs also created. MPA also estimates a significant potential impact on personal income, business revenue, and State and local tax revenue. **MPA should comment on the status of the Fostering Advancements in Shipping and Transportation for the Long-term Achievement of National Efficiencies grant and discuss any alternative financing solutions should the grant not be awarded to MPA. The department should outline how the project would be accommodated as it is not now funded in the Consolidated Transportation Program.**

Operating Budget Recommended Actions

1. Concur with Governor's allowance.

PAYGO Budget Recommended Actions

1. Concur with Governor's allowance.

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Maryland Port Administration
Maryland Department of Transportation

Budget Analysis

Program Description

The Maryland Port Administration (MPA) functions under Title 6 of the Transportation Article of the Annotated Code of Maryland. Through its efforts to increase waterborne commerce, MPA promotes the economic well-being of the State of Maryland and manages the State-owned facilities at the Helen Delich Bentley Port of Baltimore (Port). The State-owned property at or related to the Port includes the Dundalk Marine Terminal, the North Locust Point and South Locust Point marine terminals, Hawkins Point, the World Trade Center, Hart-Miller Island, Cox Creek, the Fairfield Terminal, the Masonville Auto Facility, and the Seagirt Marine Terminal. Activities include developing, marketing, maintaining, and stewarding the State's port facilities; improving access channels and dredging berths; developing and promoting international and domestic waterborne trade by promoting cargoes and economic expansion in the State; and providing services to the maritime community, such as developing dredged material placement sites.

To pursue its mission of stimulating the flow of waterborne commerce through the ports of the State of Maryland in a manner that provides economic benefit to the citizens of the State, MPA has identified the following key goals:

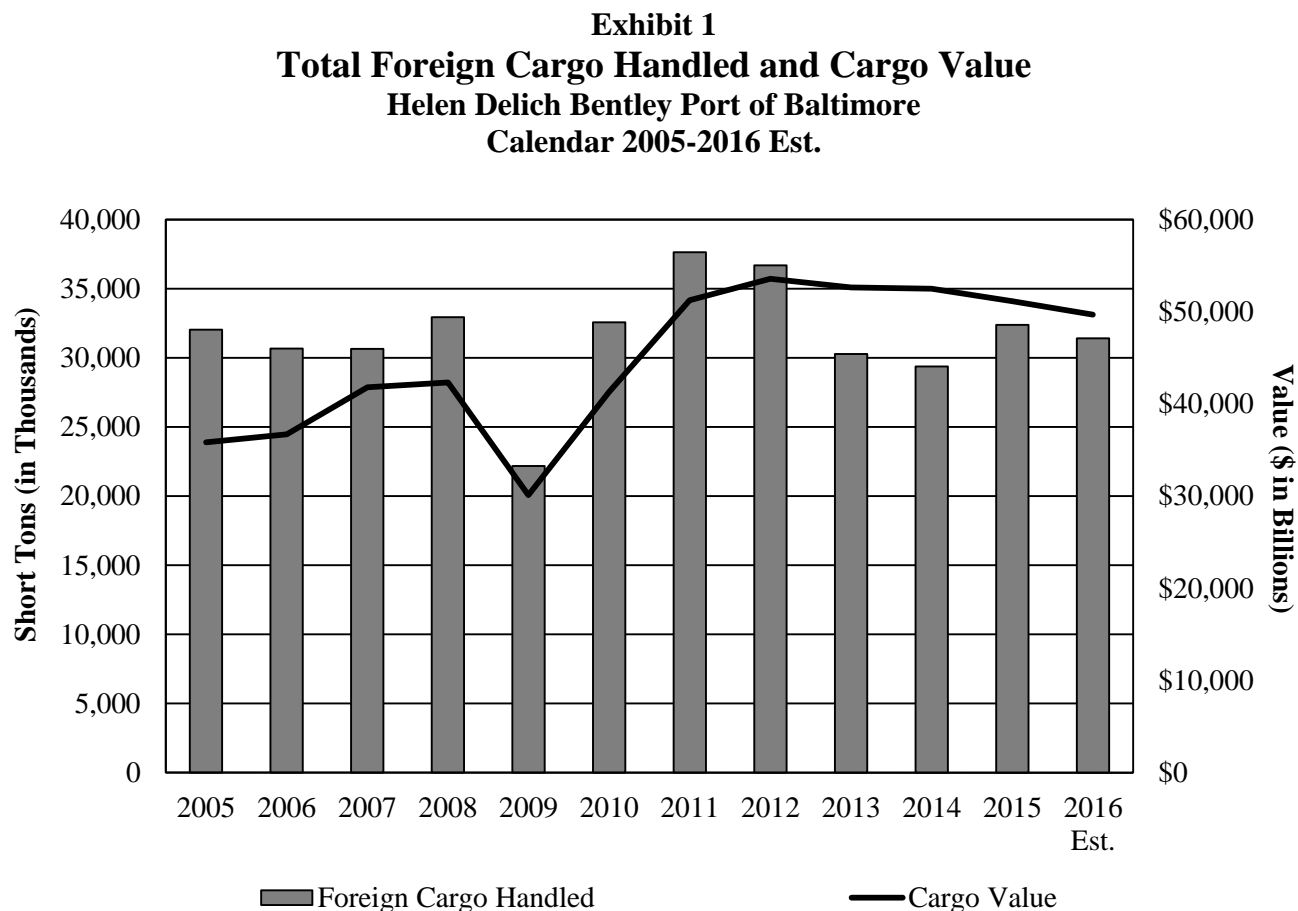
- maximize cargo throughput, terminal efficiency, and the economic benefit generated by the Port;
- operate MPA to ensure revenue enhancements and to optimize operating expenses;
- preserve and enhance the Port's infrastructure to maintain cargo capacities, while ensuring adequate security and environmental stewardship; and
- maintain and improve the shipping channels for safe, unimpeded access to the Port.

Performance Analysis: Managing for Results

1. Foreign Cargo Volumes at the Port Decrease

The Port is a vast industrial complex that encompasses 45 miles of shoreline and 3,403 waterfront acres. It includes seven public cargo terminals and a cruise terminal owned by MPA, as well as more than 25 privately owned marine facilities within the Port. Unlike many State entities, the Port operates in a highly competitive market, with direct competition not only from private industry

but also from other ports up and down the east coast, as well as some Canadian ports. As shown in **Exhibit 1**, cargo tonnage at the Port decreased in calendar 2016 by an estimated 1.9%, to 31.8 million short tons from the prior year.

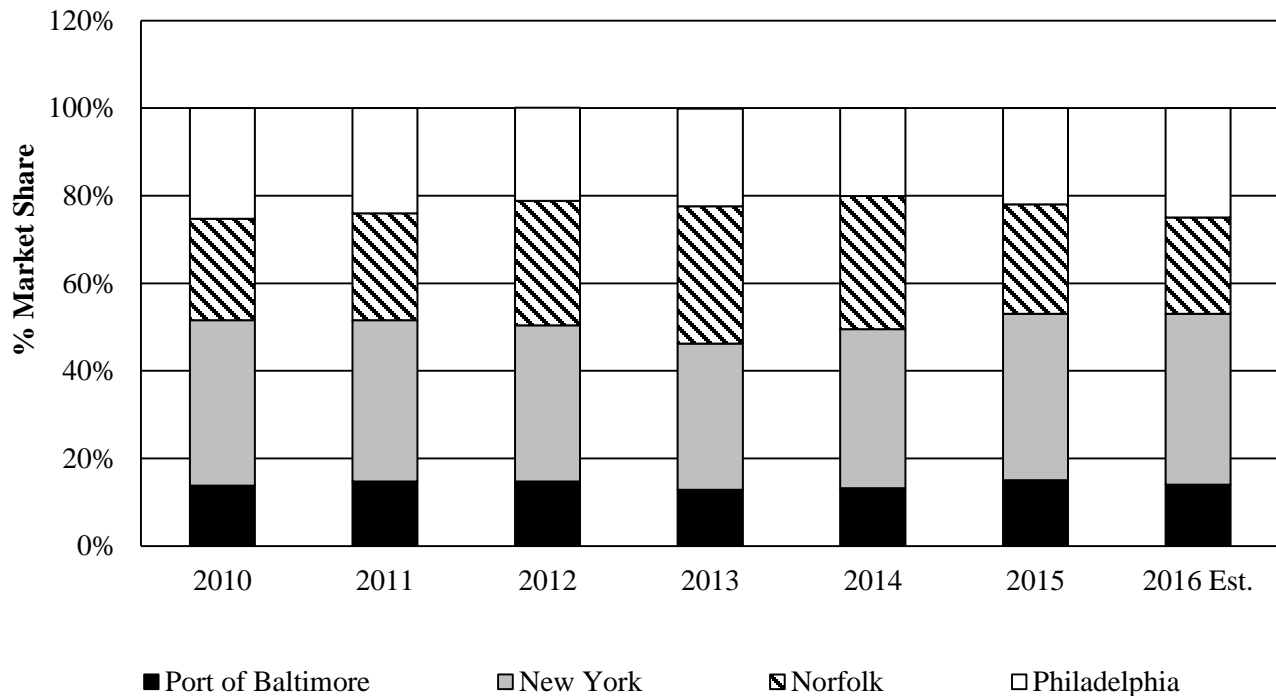


Note: Includes both public and private terminals.

Source: Maryland Port Administration

The Port competes with other East Coast ports, especially ports in Norfolk, Philadelphia, and New York. As shown in **Exhibit 2**, the Port held an estimated 14% of that market in calendar 2016, down from 15% in 2015.

Exhibit 2
Market Share, Major North American Ports
Calendar 2010-2016 Est.

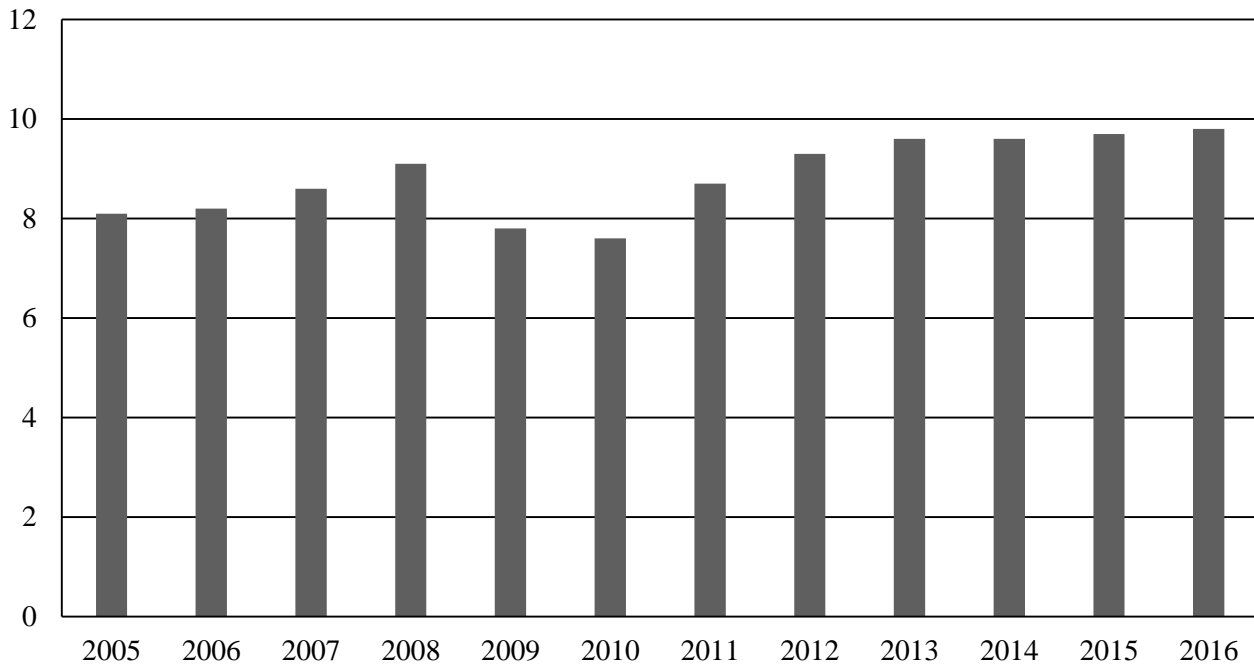


Source: Maryland Port Administration

2. General Cargo Tonnage Continues to Grow

Nearly all general cargo that moves through the Port is handled at the terminals owned by MPA. General cargo is defined as containers, automobiles, forest products, and roll on/roll off (Ro/Ro). Ro/Ro includes construction and farm equipment, as well as other cargo that is driven on or off a ship, excluding automobiles. Following a substantial decline in general cargo volumes in fiscal 2009 and a smaller decline in fiscal 2010, general cargo tonnage rebounded in fiscal 2011 and 2012, as shown in **Exhibit 3**. Since then, slow growth has continued, with 9.7 million tons handled in fiscal 2015 and 9.8 million tons in fiscal 2016.

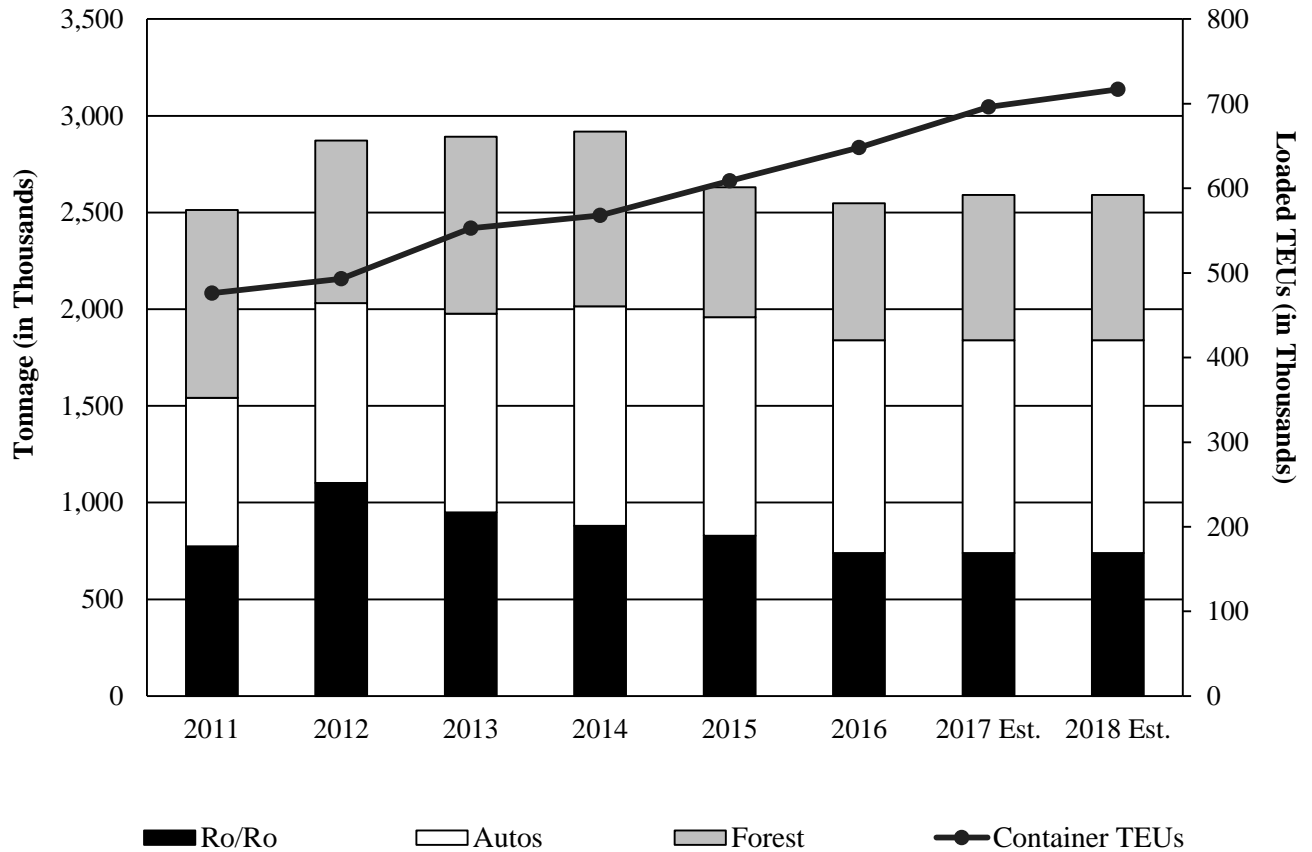
Exhibit 3
Total General Cargo Tonnage at State-owned Facilities
Fiscal 2005-2016
(Tons in Millions)



Source: Maryland Port Administration

Exhibit 4 provides data on selected general cargo commodities handled at the Port. The amount of forest products declined by 25.7% in fiscal 2015 due to the departure of a major wood pulp account from the Port to Philadelphia but recovered slightly in fiscal 2016. Fiscal 2016 saw the fourth straight year of declines in Ro/Ro cargo, after peaking in fiscal 2012 when the global economy was recovering from the Great Recession. Auto shipments also declined slightly, by 2.7%, in fiscal 2016. The Port continues to see steady growth in containers handled, with nearly 650,000 20-foot equivalent units in fiscal 2016, a 6.4% increase. The Port expects growth in containers handled to continue into fiscal 2018.

Exhibit 4
Cargo Volume by Type
Fiscal 2011-2018 Est.



Ro/Ro: roll on/roll off

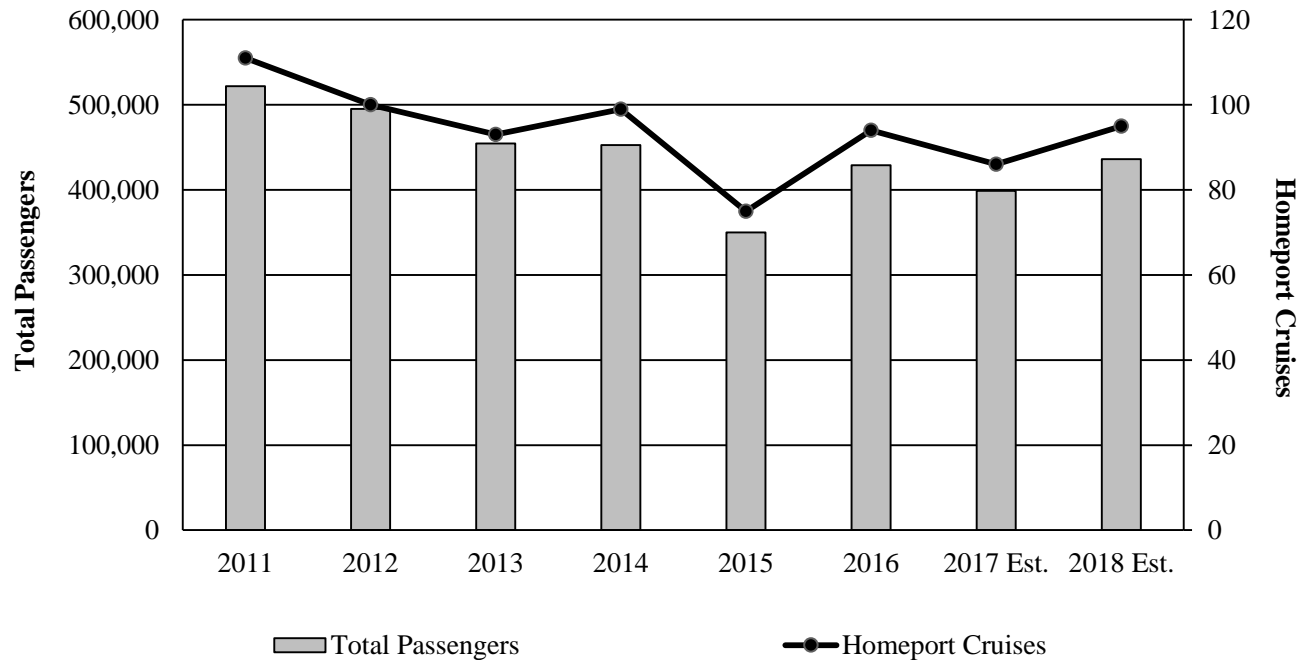
TEUs: 20-foot equivalent unit (an industry standard for measuring containers)

Source: Maryland Port Administration

3. Cruises in Maryland

In addition to handling cargo, the Port is also involved in the cruise ship business. **Exhibit 5** shows the total number of homeport cruises and passengers that utilized the Port's cruise terminal. A new terminal opened in 2006.

Exhibit 5
Cruise Ship Operations
Fiscal 2011-2018 Est.



Source: Maryland Port Administration

In fiscal 2016, the Port had 94 homeport cruises and 429,000 passengers, increases of 25.3% and 22.6%, respectively, from fiscal 2015. Cruise and passenger levels nearly returned to fiscal 2014 levels after seeing a drop in fiscal 2015 due to Carnival Pride diverting to Tampa for five months, which deprived Baltimore of about 20 cruises. Operating income from operating the cruise ship site is expected to be \$6.2 million in fiscal 2017.

4. Net Operating Income Increases

Unlike most other State agencies that rely solely on the State for all support, MPA receives revenues that help to offset its expenditures. Its profitability determines how much the Transportation Trust Fund must provide as a subsidy. As shown in **Exhibit 6**, net operating income in fiscal 2018 is expected to increase to approximately \$740,000 from the projected negative \$865,000 net operating income in fiscal 2017. The primary reason for the decline in net operating income was the introduction of a \$3.0 million annual program for an Intermodal Rail Incentive Program in fiscal 2017, designed to provide incentives to ocean carriers to ship containers through the Seagirt Intermodal Container Transfer Facility.

Exhibit 6
Special Fund Revenues and Expenses
Fiscal 2015-2018 Allowance
(\$ in Thousands)

	<u>2015</u>	<u>2016</u>	<u>Working Approp. 2017</u>	<u>Allowance 2018</u>	<u>\$ Change 2017-18</u>	<u>% Change 2017-18</u>
Operating Revenue	\$49,759	\$49,999	\$50,505	\$52,509	\$2,004	3.97%
Total Operating Expenses ¹	50,299	50,302	57,026	57,042	16	0.03%
Total Exclusions ²	-4,605	-5,552	-5,656	-5,273	383	-6.77%
Net Operating Expenses	\$45,694	\$44,750	\$51,370	\$51,769	\$399	0.78%
Net Operating Income	\$4,065	\$5,249	-\$865	\$740	\$1,605	185.50%
Capital Expenditures³	\$87,773	\$102,040	\$125,661	\$98,580	-\$27,081	-21.55%
Net Income/Loss	-\$83,708	-\$96,791	-\$126,526	-\$97,840	\$28,686	-22.67%

¹ Includes the following expenses paid by the Maryland Department of Transportation: Baltimore City Fire Suppression and payments in lieu of taxes in the amount of \$2.4 million in fiscal 2015, \$2.8 million in fiscal 2016, \$2.4 million in fiscal 2017, and \$2.5 million in fiscal 2018. Also includes \$3.0 million for a port incentive plan in fiscal 2017 and 2018.

² Excluded expenditures include payments to the Maryland Transportation Authority for Masonville, certificates of participation debt service payments, and certain capital equipment.

³ Includes special fund capital allowance.

Source: Maryland Port Administration

It is important to note that in looking at MPA capital expenditures in a business manner, consideration should be given to the fact that capital expenditures are often paid for in a single year or over multiple years, but depreciation over the life of the asset does not take place, meaning that revenues and capital expenditures would not match in a year-to-year comparison.

Fiscal 2017 Actions

Section 20 Position Abolitions

MPA reduced its workforce by 3.0 positions as part of the Section 20 position abolitions included in the fiscal 2017 budget. The abolitions reduced long-term vacancies; MPA does not anticipate any impact from the abolitions.

Proposed Budget

As shown in **Exhibit 7**, the fiscal 2018 allowance decrease by \$40,820, or 0.1%.

Exhibit 7
Proposed Budget
MDOT – Maryland Port Administration
(\$ in Thousands)

How Much It Grows:	Special Fund	Federal Fund	Total
Fiscal 2016 Actual	\$47,521	\$0	\$47,521
Fiscal 2017 Working Appropriation	51,613	0	51,613
Fiscal 2018 Allowance	<u>51,453</u>	<u>119</u>	<u>51,572</u>
Fiscal 2017-2018 Amount Change	-\$160	\$119	-\$41
Fiscal 2017-2018 Percent Change	-0.3%		-0.1%
Where It Goes:			
Personnel Expenses			
Workers' compensation and unemployment compensation premium assessment			-\$17
Social Security contributions			-34
Employees' retirement system net of sweeper reduction.....			-98
Turnover adjustments			-134
Employee and retiree health insurance			-204
Increments and other compensation.....			-313
Other Changes			
Security services, including MDTA reimbursement			782
PEPCO energy performance maintenance contract.....			505
Temporary information technology project manager			200
Marine terminal security closed circuit television maintenance			159
Maritime and commercial real estate appraisals			123
Study for marine terminal vessel tracking/berth utilization system.....			60
Other lease changes			36
Employee tuition reimbursement.....			25
General maintenance.....			23
Insurance paid to State Treasurer's Office.....			-33
Changes in Masonville Terminal lease debt schedule			-418
Electricity, fuel oil, natural gas, and propane			-696
Other changes			-7
Total			\$41

MDOT: Maryland Department of Transportation

MDTA: Maryland Transportation Authority

PEPCO: Potomac Electric Power Company

Note: Numbers may not sum to total due to rounding.

Across-the-board Reductions

The fiscal 2018 budget bill includes a \$54.5 million (all funds) across-the-board contingent reduction for a supplemental pension payment. Annual payments are mandated for fiscal 2017 through 2020 if the Unassigned General Fund balance exceeds a certain amount at the close of the fiscal year. This agency's share of these reductions is \$66,034 in special funds. This action is tied to a provision in the Budget Reconciliation and Financing Act of 2017.

Personnel Changes

Personnel costs decline by \$0.8 million in the fiscal 2018 allowance. The largest declines are \$215,277 due to the fiscal 2017 Section 20 salary adjustment, \$204,000 for health insurance, \$134,000 for turnover adjustments, and \$97,819 for miscellaneous salary reclassifications and transfers.

Security Costs Increase

The largest increases in MPA's fiscal 2018 allowance are security related. The changes include:

- \$781,608, which is comprised of an Maryland Transportation Authority reimbursement increase due to a law enforcement collective bargaining agreement (\$552,508) and other contractual MPA terminal security services (\$229,100); and
- marine terminal closed circuit television maintenance (\$159,250).

Other Changes

Other large changes include a \$504,590 increase for a Potomac Electric Power Company energy performance maintenance contract; a \$696,283 decrease for utilities such as electricity, fuel oil, natural gas and propane; and a \$418,005 decrease in Masonville Terminal lease payments.

PAYGO Capital Program

Program Description

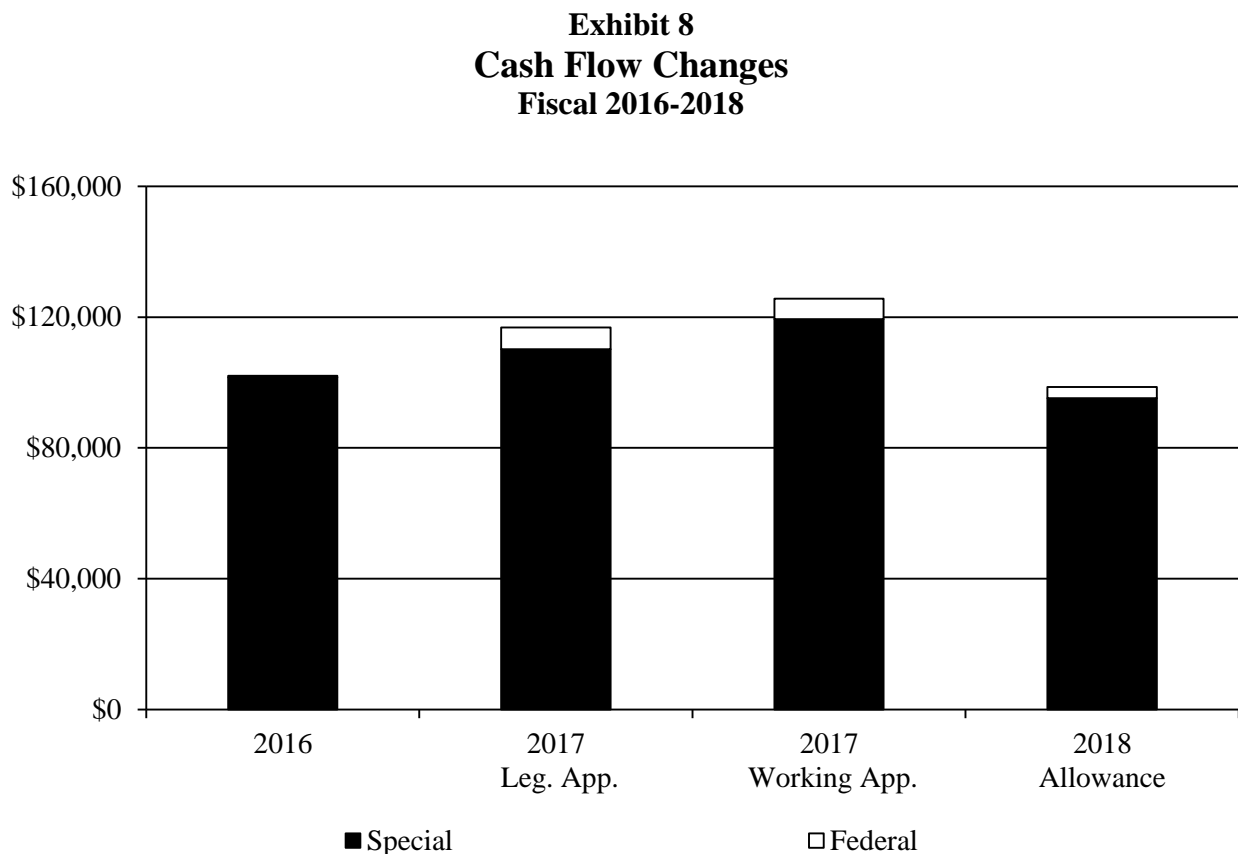
The MPA pay-as-you-go capital program identifies and manages projects and funding for Port facilities that provide increased capacity for existing cargo and promote the shipment of new cargo. Current projects focus on improving and modernizing existing State capital facilities, developing new facilities, and supporting the improvement of shipping channels through dredging activities conducted in cooperation with the U.S. Army Corps of Engineers.

Fiscal 2017 to 2022 Consolidated Transportation Program

The MPA capital program from fiscal 2017 to 2022 totals \$876.6 million, a decrease of \$32.8 million compared to the fiscal 2016 to 2021 *Consolidated Transportation Program* (CTP). Funding for projects in the fiscal 2017 to 2022 CTP is largely devoted to dredging and system preservation minor projects.

Fiscal 2017 and 2018 Cash Flow Analysis

Exhibit 8 shows that the fiscal 2017 working appropriation increased by \$8.8 million compared to the legislative appropriation. The major increases are in system preservation minor projects (\$13.5 million), the Pearce Creek Waterline Project (\$5.2 million), and the South Locust Point Cruise Terminal (\$2.8 million). Those increases are partially offset by a \$13.9 million decrease in dredge material placement and monitoring. The fiscal 2018 allowance declines by \$27.1 million, primarily due to reductions in system preservation minor projects and the Pearce Creek and Port of Baltimore Expansion Project nearing completion.



Source: Maryland Department of Transportation, 2017-2022 *Consolidated Transportation Program*

Fiscal 2018 Capital Allowance

Exhibit 9 shows the fiscal 2018 capital allowance for MPA by project and program along with estimated total project costs and six-year funding included in the CTP. In fiscal 2018, the dredging programs total \$45.6 million, or 46.3%, of the CTP. Other large projects include chrome ore residue remediation (\$4.9 million), reconstruction of berths at Dundalk Marine Terminal (\$1.5 million), and Hart-Miller Island related projects (\$4.0 million).

Exhibit 9
Maryland Port Administration Pay-as-you-go Capital Allowance
Fiscal 2018
(\$ in Thousands)

<u>Jurisdiction</u>	<u>Project Description</u>	<u>2018</u>	<u>Total Cost</u>	<u>Six-year Total</u>
Projects				
Baltimore City	Chrome Ore Processing Residue Remediation	\$4,868	\$102,878	\$64,321
Baltimore City	Reconstruction of Berths at Dundalk Marine Terminal	1,500	93,166	46,164
Baltimore County	Hart-Miller Island Related Projects	4,017	106,506	30,330
Baltimore City	Port of Baltimore Export Expansion Project	5,935	43,437	23,143
Cecil County	Pearce Creek Waterline Project	2,549	14,184	13,444
Baltimore City	South Locust Point Cruise Terminal	1,030	9,796	5,754
Baltimore City	Marine Terminal Property Acquisition	0	30,043	1,435
Baltimore City	Terminal Security Program	0	45,835	1,392
Subtotal – Projects		\$19,899	\$445,845	\$185,983
Programs				
Statewide	Dredge Material Placement and Monitoring	\$37,290	\$804,725	\$382,551
Statewide	System Preservation and Minor Projects	28,100	n/a	214,800
Statewide	Dredge Material Management Program	8,352	155,662	62,559
Statewide	Capital Salaries	4,900	n/a	30,700
Subtotal – Programs		\$78,642	\$960,387	\$690,610
Total – Projects and Programs		\$98,541	\$1,405,232	\$876,593

Source: Maryland Department of Transportation, 2017-2022 *Consolidated Transportation Program*

Issues

1. Howard Street Tunnel a Damper on Port's Impact

The Port of Baltimore is a major economic engine for Baltimore City and the region. However, one piece of the connecting transportation infrastructure – the Howard Street Tunnel – is limiting the Port's economic impact to something less than its full potential.

Background

The Baltimore and Ohio Railroad Company built the Howard Street Tunnel in 1895. The tunnel, which runs under Howard Street through much of downtown Baltimore City, is now owned and operated by CSX and is the primary freight rail route connecting the Port of Baltimore to markets in the Midwest. However, the height of the tunnel, as well as other clearances to the north of the tunnel, prevent double-stacked containers from being shipped from the Port. Previously, federal studies have identified the tunnel as a major infrastructure need and put replacement or renovation costs at more than \$1 billion. Other rejected alternatives included intermodal container facilities near Jessup or at Mount Clare in Baltimore City. Improved engineering techniques have now lowered the cost of the Howard Street Tunnel portion of the project to \$265 million, with related improvements expected to cost \$180 million. The two phases would take approximately four to five years to complete, **Exhibit 10** shows the location of the tunnel and several bridge clearances that also need to be improved. In 2016, the Maryland Department of Transportation (MDOT) and MPA applied for a federal Fostering Advancements in Shipping and Transportation for the Long-term Achievement of National Efficiencies (FASTLANE) grant of \$155 million to combine with \$145 million in State funds and \$145 million from CSX. While the grant application received high ratings from the U.S. Department of Transportation, it was not selected. MPA applied for the second round of funding. Awards are expected to be announced this year.

Exhibit 10 Howard Street Tunnel and Related Bridges



Source: Maryland Port Administration

Economic Impact

In the 2016 *Joint Chairmen's Report (JCR)*, the budget committees requested a report from MPA that detailed the economic benefits gained by adding double-stack access to the Port. MPA analyzed other regional ports as well as international trade patterns and estimated that the Port could capture 25% to 50% of volume. The report also states that by adding double-stack capacity, the Port could attract at least one more ocean carrier service leading to an additional 2,000 moves per week. **Exhibit 11** shows the expected economic impact of adding double-stack access in terms of jobs,

personal income, business revenue, and State and local tax revenue. In the first year of access, between 1,136 and 1,417 direct jobs would be created with many more induced and indirect jobs also created. MPA also estimates a significant potential impact on personal income, business revenue, and State and local tax revenue. Additionally, construction at the Howard Street Tunnel would lead to 6,550 man-year jobs during the five-year construction period.

Exhibit 11
Economic Impact of Adding Double-stack Access to the Port

	<u>Year 1 Low</u>	<u>Year 1 High</u>	<u>Year 30</u>
Direct Jobs	1,136	1,417	2,952
Induced Jobs	1,329	1,655	3,401
Indirect Jobs	361	451	939
Total Jobs	2,826	3,523	7,292
Total Personal Income (\$ in Millions)	\$240.3	\$299.1	\$612.9
Business Revenue (\$ in Millions)	154.8	207.4	442.8
State and Local Taxes (\$ in Millions)	25.5	31.7	65.0

Source: Maryland Port Administration

Howard Street Tunnel Not in CTP

The budget committees also included in the JCR a statement of intent that the 2017-2022 CTP include funds necessary to address double-stack container rail access. The current CTP does not include funds; however, MPA and MDOT note that there is uncertainty regarding the announcement of FASTLANE grant awards, and that MDOT would reprogram funds necessary for a grant agreement for the project. As the Department of Legislative Services estimates that the CTP is already over capacity, the reprogramming would require the elimination or delay of \$145 million in projects. **MPA should comment on the status of the FASTLANE grant and discuss any alternative financing solutions should the grant not be awarded to MPA. The department should outline how the project would be accommodated as it is not now funded in the CTP.**

Operating Budget Recommended Actions

1. Concur with Governor's allowance.

PAYGO Budget Recommended Actions

1. Concur with Governor's allowance.

Appendix 1
Current and Prior Year Budgets
MDOT – Maryland Port Administration
(\$ in Thousands)

	<u>General</u> <u>Fund</u>	<u>Special</u> <u>Fund</u>	<u>Federal</u> <u>Fund</u>	<u>Reimb.</u> <u>Fund</u>	<u>Total</u>
Fiscal 2016					
Legislative Appropriation	\$0	\$50,752	\$0	\$0	\$50,752
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	0	778	0	0	778
Reversions and Cancellations	0	-4,009	0	0	-4,009
Actual					
Expenditures	\$0	\$47,521	\$0	\$0	\$47,521
Fiscal 2017					
Legislative Appropriation	\$0	\$51,421	\$0	\$0	\$51,421
Cost Containment	0	0	0	0	0
Budget Amendments	0	191	0	0	191
Working					
Appropriation	\$0	\$51,613	\$0	\$0	\$51,613

MDOT: Maryland Department of Transportation

Note: Does not include targeted reversions, deficiencies, and contingent reductions. Numbers may not sum to total due to rounding.

Fiscal 2016

The Maryland Port Administration finished fiscal 2016 approximately \$3.2 million in special funds below its legislative appropriation. Amendments increased the appropriation by \$500,000 for a grant to the Pride of Baltimore organization, which maintains the Pride of Baltimore II schooner; by \$226,896 for a salary schedule adjustment; and by \$51,189 to correct budgeting errors in the allocation for the Office of Administrative Hearings and workers compensation charges.

The administration canceled more than \$4.0 million for the following reasons:

- lower than expected utility rates (\$1.2 million);
- across-the-board 2% reduction and miscellaneous building repair and maintenance (\$759,973);
- lower than expected health insurance and retirement costs (\$578,283);
- cost savings related to changes in contracted security staffing (\$400,000);
- lower than expected vehicle fuel rates (\$311,227);
- lower than estimated insurance premiums (\$302,377);
- lower crane part replacement costs due to the sale of cranes to Ports America Chesapeake (\$262,369); and
- legal services funds shifted to fiscal 2017 (\$211,752).

Fiscal 2017

The fiscal 2017 appropriation is \$191,429 higher than the legislative appropriation due to an amendment to allocate statewide salary increments.

Appendix 2
Object/Fund Difference Report
MDOT – Maryland Port Administration

<u>Object/Fund</u>	<u>FY 16 Actual</u>	<u>FY 17 Working Appropriation</u>	<u>FY 18 Allowance</u>	<u>FY 17 - FY 18 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	182.00	179.00	179.00	0.00	0%
02 Contractual	0.70	0.70	0.70	0.00	0%
Total Positions	182.70	179.70	179.70	0.00	0%
Objects					
01 Salaries and Wages	\$ 18,131,923	\$ 19,395,327	\$ 18,660,840	-\$ 734,487	-3.8%
02 Technical and Spec. Fees	217,342	429,431	454,181	24,750	5.8%
03 Communication	329,602	317,305	317,305	0	0%
04 Travel	369,951	406,967	406,967	0	0%
06 Fuel and Utilities	5,215,595	6,356,107	5,658,981	-697,126	-11.0%
07 Motor Vehicles	747,219	949,429	951,054	1,625	0.2%
08 Contractual Services	14,998,570	15,401,579	17,392,937	1,991,358	12.9%
09 Supplies and Materials	872,576	1,042,215	1,042,215	0	0%
10 Equipment – Replacement	221,404	281,725	281,725	0	0%
11 Equipment – Additional	94,744	153,125	153,125	0	0%
12 Grants, Subsidies, and Contributions	775,000	525,000	525,000	0	0%
13 Fixed Charges	5,159,287	5,182,556	4,761,650	-420,906	-8.1%
14 Land and Structures	387,434	1,172,160	1,032,160	-140,000	-11.9%
Total Objects	\$ 47,520,647	\$ 51,612,926	\$ 51,638,140	\$ 25,214	0%
Funds					
03 Special Fund	\$ 47,520,647	\$ 51,612,926	\$ 51,518,710	-\$ 94,216	-0.2%
05 Federal Fund	0	0	119,430	119,430	N/A
Total Funds	\$ 47,520,647	\$ 51,612,926	\$ 51,638,140	\$ 25,214	0%

MDOT: Maryland Department of Transportation

Note: Does not include targeted reversions, deficiencies, and contingent reductions.

**Appendix 3
Fiscal Summary
MDOT – Maryland Port Administration**

<u>Program/Unit</u>	<u>FY 16 Actual</u>	<u>FY 17 Wrk Approp</u>	<u>FY 18 Allowance</u>	<u>Change</u>	<u>FY 17 - FY 18 % Change</u>
2010 Port Operations	\$ 47,520,647	\$ 51,612,926	\$ 51,638,140	\$ 25,214	0%
2020 Port Facilities and Capital Equipment	102,039,939	125,661,000	98,580,000	-27,081,000	-21.6%
Total Expenditures	\$ 149,560,586	\$ 177,273,926	\$ 150,218,140	-\$ 27,055,786	-15.3%
Special Fund	\$ 149,115,730	\$ 170,983,926	\$ 146,704,710	-\$ 24,279,216	-14.2%
Federal Fund	444,856	6,290,000	3,513,430	-2,776,570	-44.1%
Total Appropriations	\$ 149,560,586	\$ 177,273,926	\$ 150,218,140	-\$ 27,055,786	-15.3%

MDOT: Maryland Department of Transportation

Note: Does not include targeted reversions, deficiencies, and contingent reductions.

Appendix 4
Budget Amendments for Fiscal 2017
Maryland Department of Transportation
Maryland Port Administration – Operating

<u>Status</u>	<u>Amendment</u>	<u>Fund</u>	<u>Justification</u>
Approved	\$191,429	Special	Provide funding for increments
	\$191,429	Total	

Source: Maryland Department of Transportation

Appendix 5
Budget Amendments for Fiscal 2017
Maryland Department of Transportation
Maryland Port Administration – Capital

<u>Status</u>	<u>Amendment</u>	<u>Fund</u>	<u>Justification</u>
Approved	\$42,339	Special	Provide funding for increments
	<i>\$42,339</i>	<i>Subtotal</i>	
Pending	9,138,534	Special	Amend the working appropriation to
	-393,000	Federal	reflect the fiscal 2017 to 2022
			<i>Consolidated Transportation Program</i>
	<i>8,745,534</i>	<i>Subtotal</i>	
	<i>8,787,873</i>	Total	

Source: Maryland Department of Transportation