

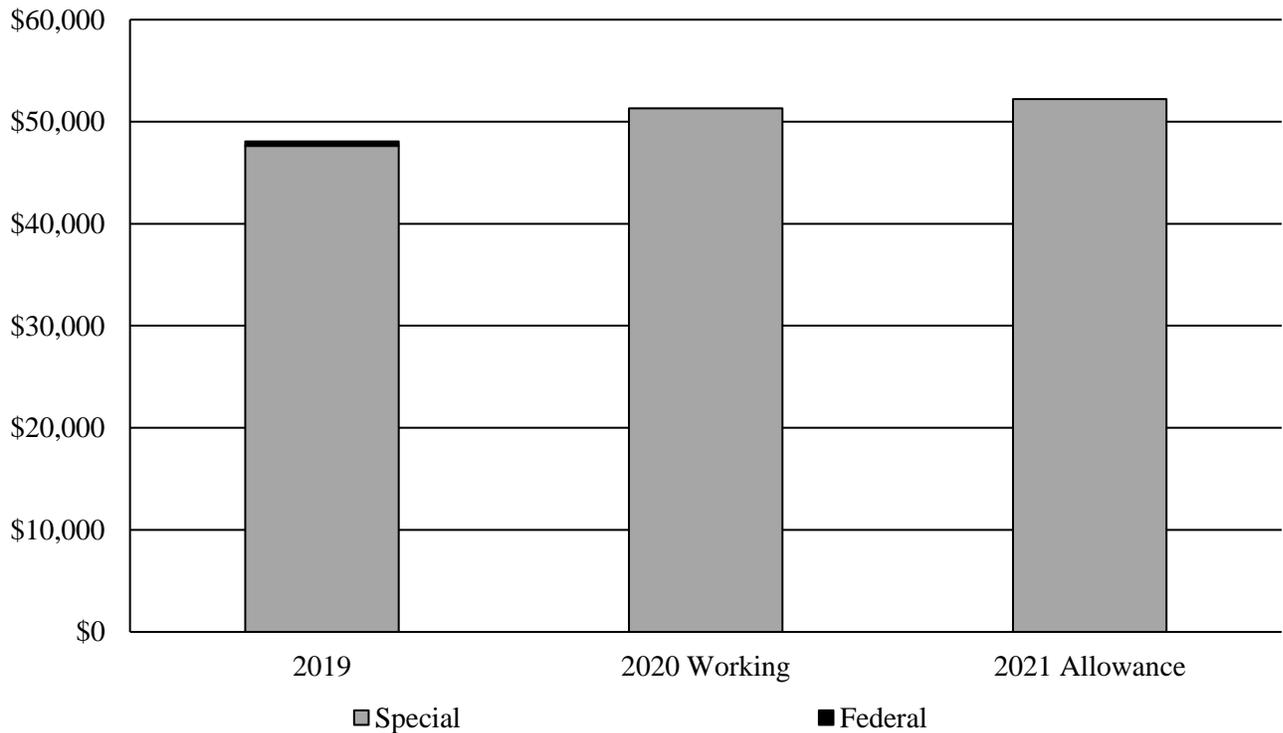
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Maryland Port Administration
Maryland Department of Transportation

Executive Summary

The Maryland Port Administration promotes efforts to increase waterborne commerce in the State of Maryland and manages the State-owned facilities at the Helen Delich Bentley Port of Baltimore.

Operating Budget Summary

Fiscal 2021 Budget Increases by \$0.9 Million or 1.8% to \$52.2 Million
(\$ in Thousands)

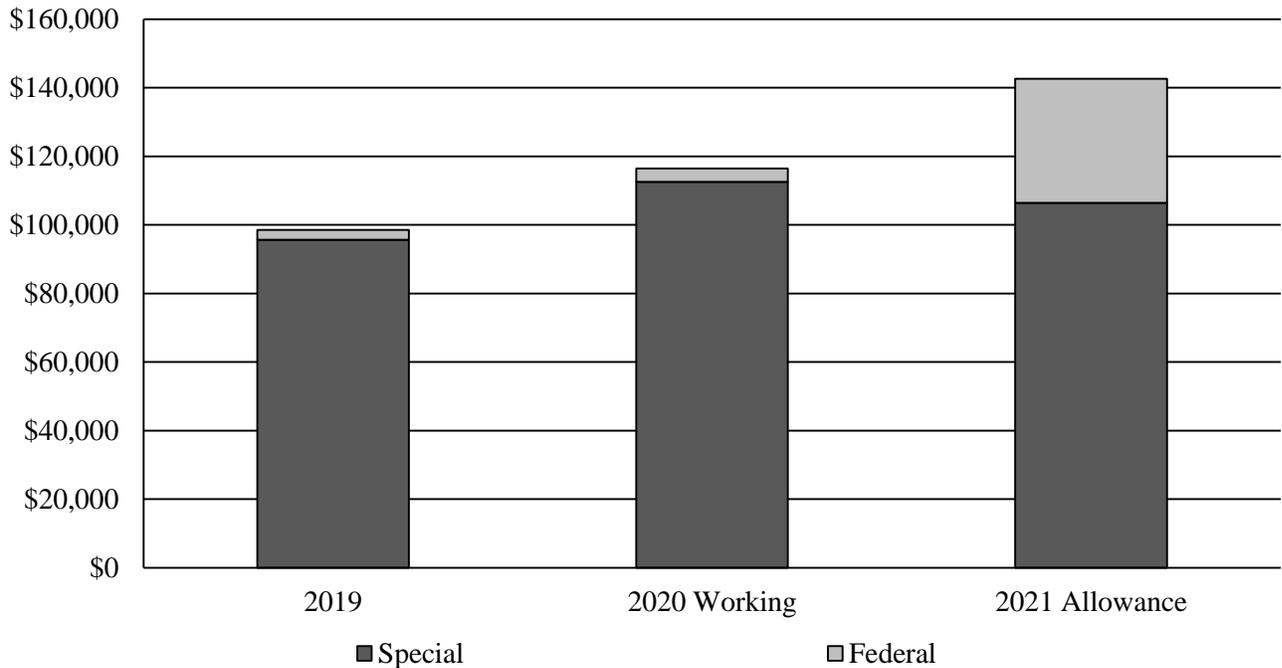


Note: Numbers may not sum due to rounding. The fiscal 2020 appropriation includes deficiencies, planned reversions, and general salary increases. The fiscal 2021 allowance includes contingent reductions and general salary increases.

- The fiscal 2021 allowance increases by approximately \$0.9 million compared to the fiscal 2020 working appropriation. This is primarily due to an increase in expenses related to security services and costs associated with the new heating, ventilation, and air conditioning systems at the World Trade Center.

PAYGO Capital Budget Summary

**PAYGO Capital Budget Increases by \$26.2 Million or 22.5% to \$142.6 Million
(\$ in Thousands)**



Note: Numbers may not sum due to rounding.

- The fiscal 2021 pay-as-you-go allowance increases by approximately \$26.2 million compared to the fiscal 2020 working appropriation. This includes an approximately \$6.1 million decrease in special funds, which is offset by a \$32.3 million increase in federal funds.

Operating Budget Recommended Actions

1. Concur with Governor's allowance.

PAYGO Budget Recommended Actions

1. Adopt narrative requesting a report on Howard Street Tunnel project funding.

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Budget Analysis

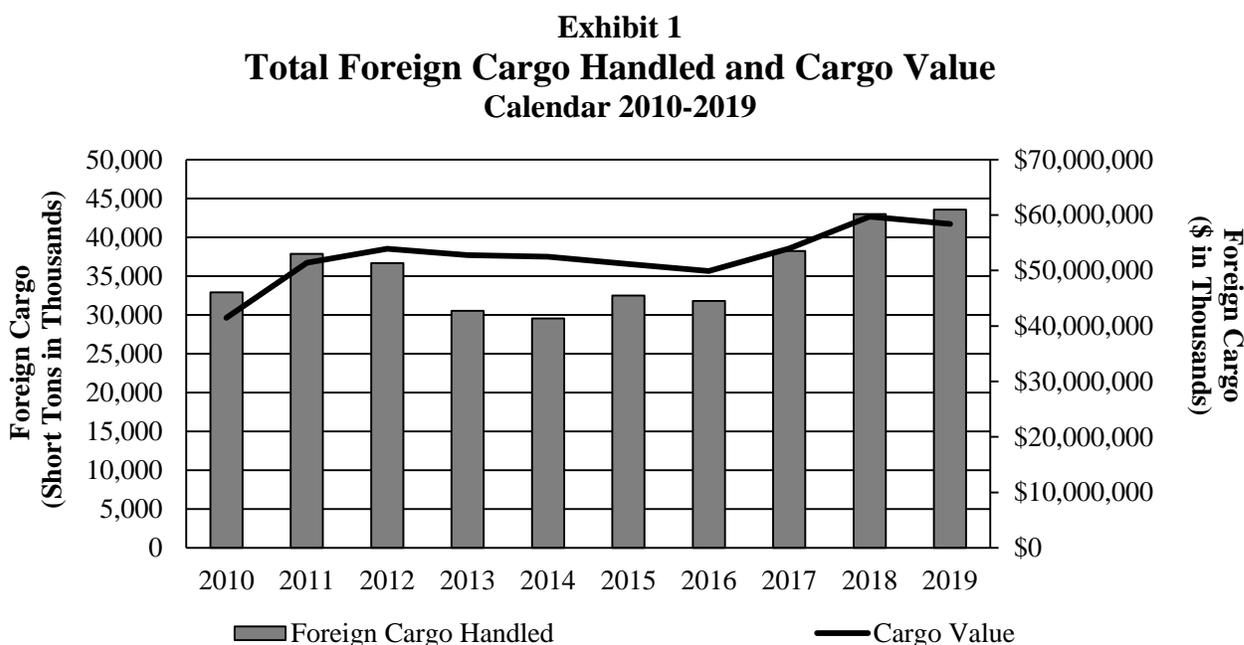
Program Description

The Maryland Port Administration (MPA) functions under Title 6 of the Transportation Article of the Annotated Code of Maryland. MPA’s main responsibilities are (1) the promotion of waterborne commerce in the State for the economic benefit of Maryland’s citizens and (2) the management of State-owned facilities at the Helen Delich Bentley Port of Baltimore (Port).

Performance Analysis: Managing for Results

1. Total Foreign Cargo Volumes at the Port Increase

The Port is a vast industrial complex that encompasses approximately 45 miles of shoreline and 3,403 waterfront acres. 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**, foreign cargo tonnage at the Port increased in calendar 2019 by an estimated 0.5% to approximately 43.6 million short tons when compared to the prior year.

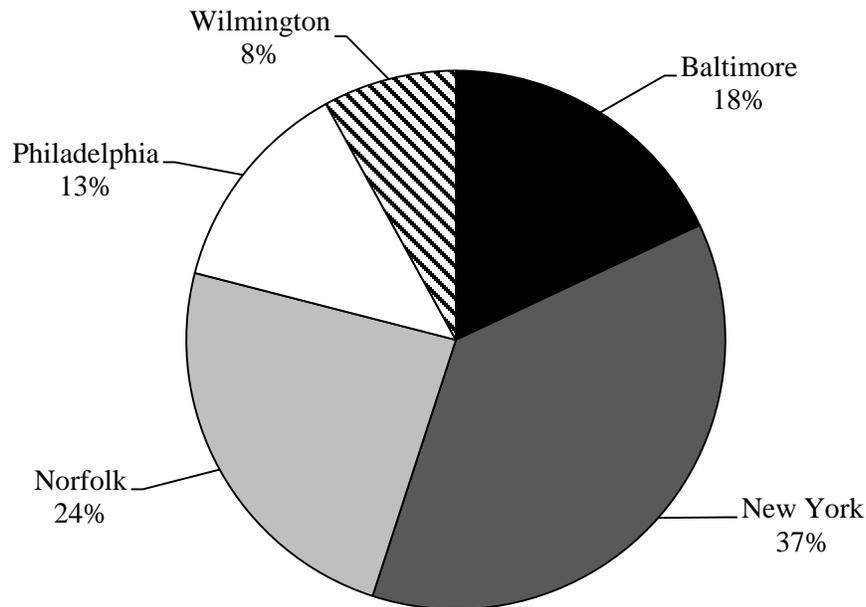


Note: Includes both public and private terminals.

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**, when comparing the four ports listed, the Port captured an estimated 18% of the total market in calendar 2019. This is an increase of approximately 2% from 16% in calendar 2018.

Exhibit 2
Market Share of Select East Coast Ports
Calendar 2019



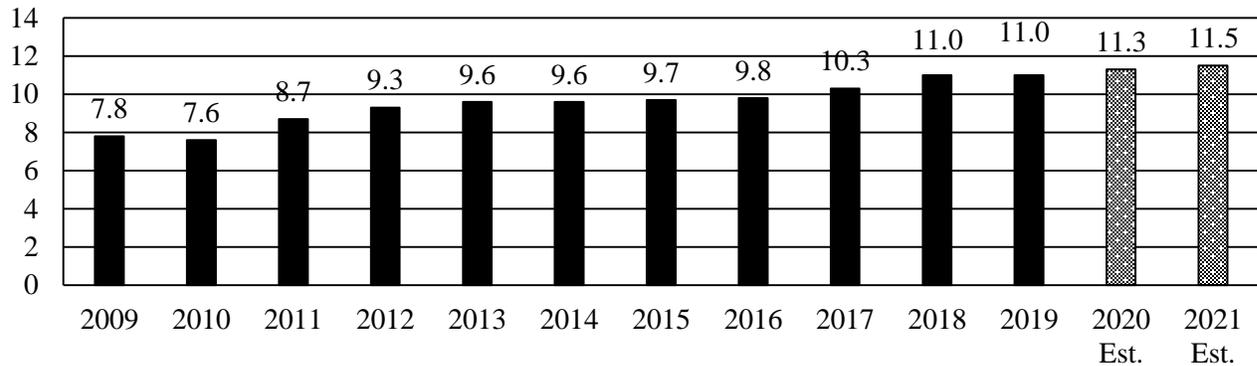
Note: Data for ports foreign cargo is only through the first three quarters of 2019. Philadelphia market share also includes the south New Jersey ports on the Delaware River.

Source: Maryland Port Administration

2. General Cargo Tonnage Continues to Grow

General cargo is defined as automobiles, break bulk, containerized products, 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. **Exhibit 3** shows that general cargo tonnage stayed level at approximately 11.0 million tons in fiscal 2019.

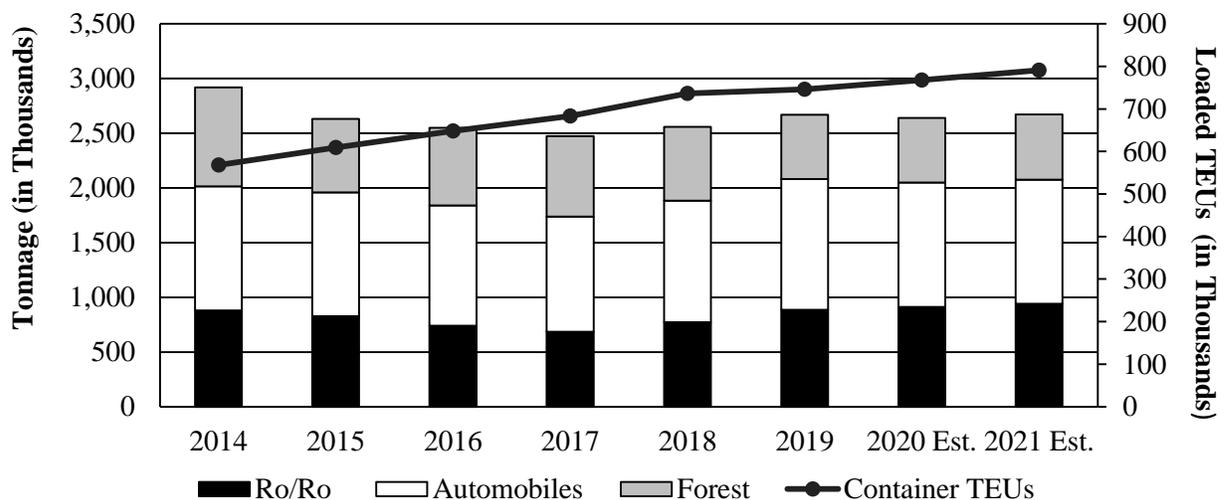
Exhibit 3
Total General Cargo Tonnage at State-owned Facilities
Fiscal 2009-2021 Est.
(Tons in Millions)



Source: Maryland Port Administration

Exhibit 4 provides data on selected general cargo commodities handled at the Port. Three of the four categories saw growth in fiscal 2019. Only forest product tonnage declined in fiscal 2019 by 13.3%. The other three, Ro/Ro, automobiles, and containers saw 1.48%, 7.7%, and 1.4% increases, respectively.

Exhibit 4
Cargo Volume by Type at State-owned Facilities
Fiscal 2014-2021 Est.



Ro/Ro: roll on/roll off

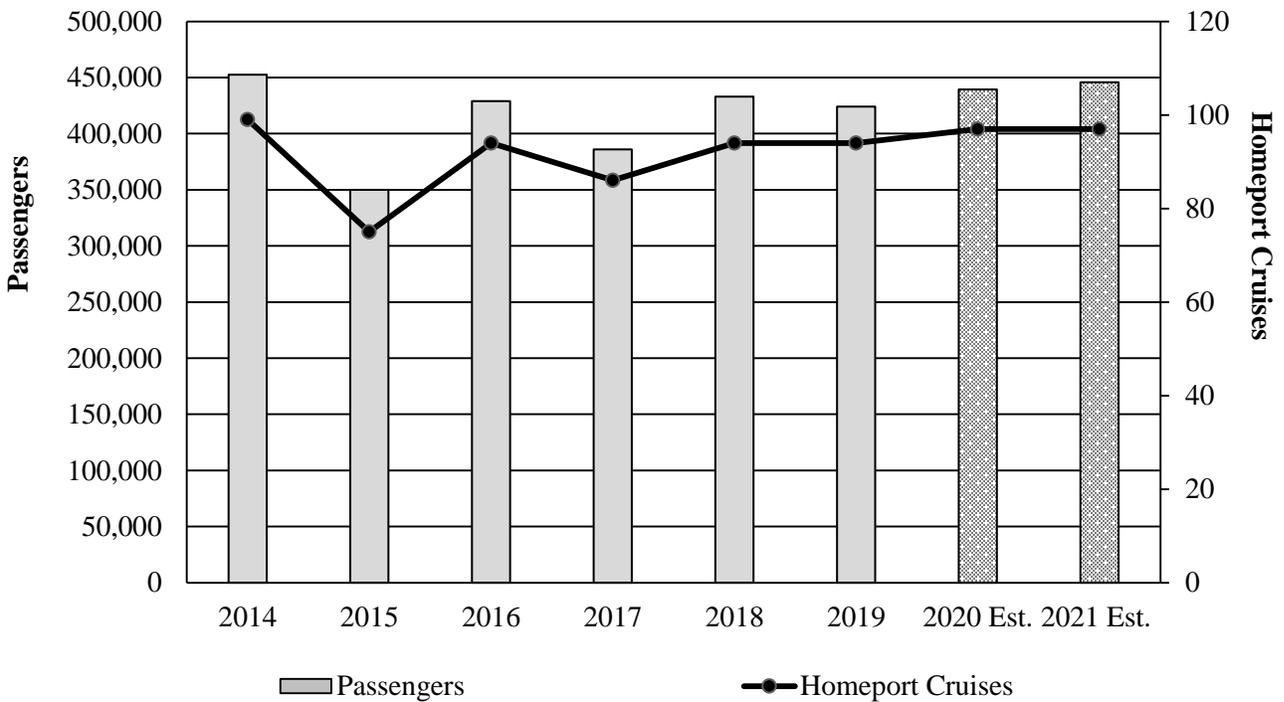
TEU: 20-foot equivalent unit (an industry standard for measuring containers)

Source: Maryland Port Administration

3. Cruises in Maryland

In addition to handling cargo, the Port plays a vital role in Maryland’s cruise industry. **Exhibit 5** shows the total number of homeport cruises and passengers that utilized the Port’s cruise terminal. In fiscal 2019, the Port had 94 homeport cruises with 424,114 passengers embarking and debarking from the Port’s cruise terminal. These represent zero change for the number of homeport cruises and a decrease of 2.1% in the number of passengers.

Exhibit 5
Cruise Ship Operations
Fiscal 2014-2021 Est.

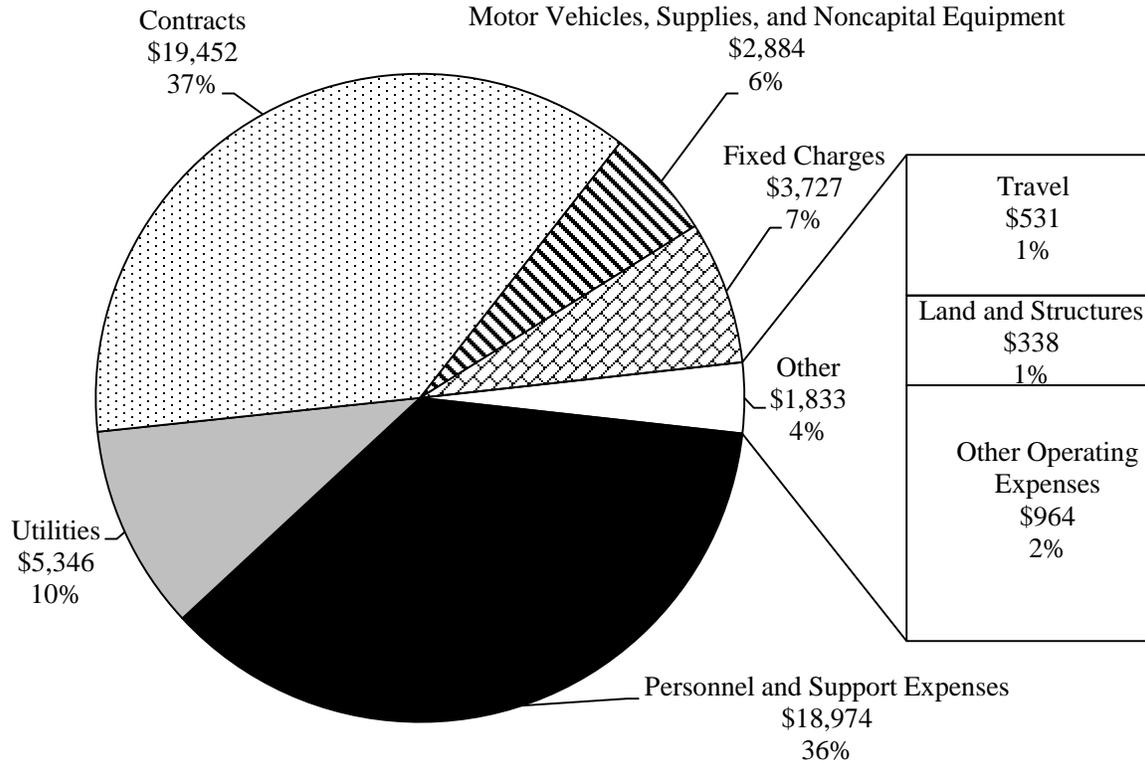


Source: Maryland Port Administration

Fiscal 2021 Overview of Agency Spending

The MPA fiscal 2021 operating budget allowance totals approximately \$52.2 million. Funding in the fiscal 2021 allowance consists entirely of special funds from the Transportation Trust Fund (TTF). **Exhibit 6** provides a breakdown of the fiscal 2021 allowance by category of spending for MPA’s operations.

**Exhibit 6
Overview of Agency Spending
Fiscal 2021 Allowance
(\$ in Thousands)**



Source: Governor’s Fiscal 2021 Budget Books; Department of Legislative Services

Proposed Budget Change

The fiscal 2021 allowance increases by approximately \$0.9 million from the fiscal 2020 working appropriation. **Exhibit 7** shows that this increase is a 1.8% change over the prior year. This is primarily due to increased costs associated with security services and costs associated with the new heating, ventilation, and air conditioning system at the World Trade Center.

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

How Much It Grows:	Special Fund	Federal Fund	Total
Fiscal 2019 Actual	\$47,642	\$440	\$48,082
Fiscal 2020 Working Appropriation	51,314	0	51,314
Fiscal 2021 Allowance	<u>52,216</u>	<u>0</u>	<u>52,216</u>
Fiscal 2020-2021 Amount Change	\$902	\$0	\$902
Fiscal 2020-2021 Percent Change	1.8%		1.8%

Where It Goes:

Personnel Expenses	Change
Fiscal 2021 salary increase.....	\$150
Employee retirement system	142
Health insurance	73
Fiscal 2020 adjustments	71
Regular earnings.....	10
Social Security contributions.....	-2
Turnover expectancy	-16
Retiree health insurance premiums	-35
Workers' compensation	-128
Other Changes	
Security services costs increase largely driven by COLA enhancements	490
HVAC system replacement at MPA headquarters at the World Trade Center	338
Insurance payments to cover anticipated 25% rise in premium costs	154
Other adjustments	-15
Electricity budgeted more in line with fiscal 2019 actual spending.....	-330
Total	\$902

COLA: cost-of-living adjustment

HVAC: heating, ventilation, and air conditioning

MPA: Maryland Port Administration

Note: Numbers may not sum due to rounding. The fiscal 2020 appropriation includes deficiencies, planned reversions, and general salary increases. The fiscal 2021 allowance includes contingent reductions and general salary increases.

Net Operating Income

Unlike most other agencies that rely solely on the State for all financial support, MPA receives revenues that are deposited into the TTF and help to offset its expenditures. Its profitability determines how much the TTF must provide as a subsidy. As shown in **Exhibit 8**, net operating income in fiscal 2021 is expected to be approximately \$4.9 million. This is a 4.2% increase over the estimated fiscal 2020 net operating income of \$4.7 million.

Exhibit 8
Net Operating Revenue
Fiscal 2019-2021
(\$ in Thousands)

	<u>2019 Actual</u>	<u>2020 Working</u>	<u>2021 Allowance</u>	<u>\$ Change 2020-2021</u>	<u>% Change 2020-2021</u>
Operating Revenues	\$55,300	\$56,000	\$57,100	\$1,100	2.0%
Total	\$55,300	\$56,000	\$57,100	\$1,100	2.0%
Operating Expenditures	\$48,082	\$51,314	\$52,216	\$902	1.8%
Net Operating Income	\$7,218	\$4,686	\$4,884	\$198	4.2%
Capital Expenditures	\$117,600	\$137,500	\$206,300	\$68,800	50.0%
Net Income/Loss	-\$110,382	-\$132,814	-\$201,416	-\$68,602	51.7%

Note: Includes all fund types not only special funds.

Source: Maryland Port Administration

It is important to note that in looking at MPA's capital expenditures in a business manner, consideration should be given to the fact that capital expenditures are often paid 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 on a year-to-year comparison. Additionally, the capital expenditures include a large amount of non-State funds associated with the Howard Street Tunnel (HST) project. This inflates the net loss above what it would otherwise be.

Operating and PAYGO Personnel Data

	<u>FY 19 Actual</u>	<u>FY 20 Working</u>	<u>FY 21 Allowance</u>	<u>FY 20-21 Change</u>
Regular Operating Budget Positions	174.00	174.00	174.00	0.00
Regular PAYGO Budget Positions	<u>36.00</u>	<u>36.00</u>	<u>36.00</u>	<u>0.00</u>
Total Regular Positions	210.00	210.00	210.00	0.00
Operating Budget FTEs	0.00	0.70	0.70	0.00
PAYGO Budget FTEs	<u>0.50</u>	<u>0.50</u>	<u>0.50</u>	<u>0.00</u>
Total FTEs	0.50	1.20	1.20	0.00
Total Personnel	210.50	211.20	211.20	0.00

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	14.70	7.00%
Positions and Percentage Vacant as of 1/1/2020	20.00	9.50%
Vacancies Above Turnover	5.30	2.50%

PAYGO Capital Program

Program Description

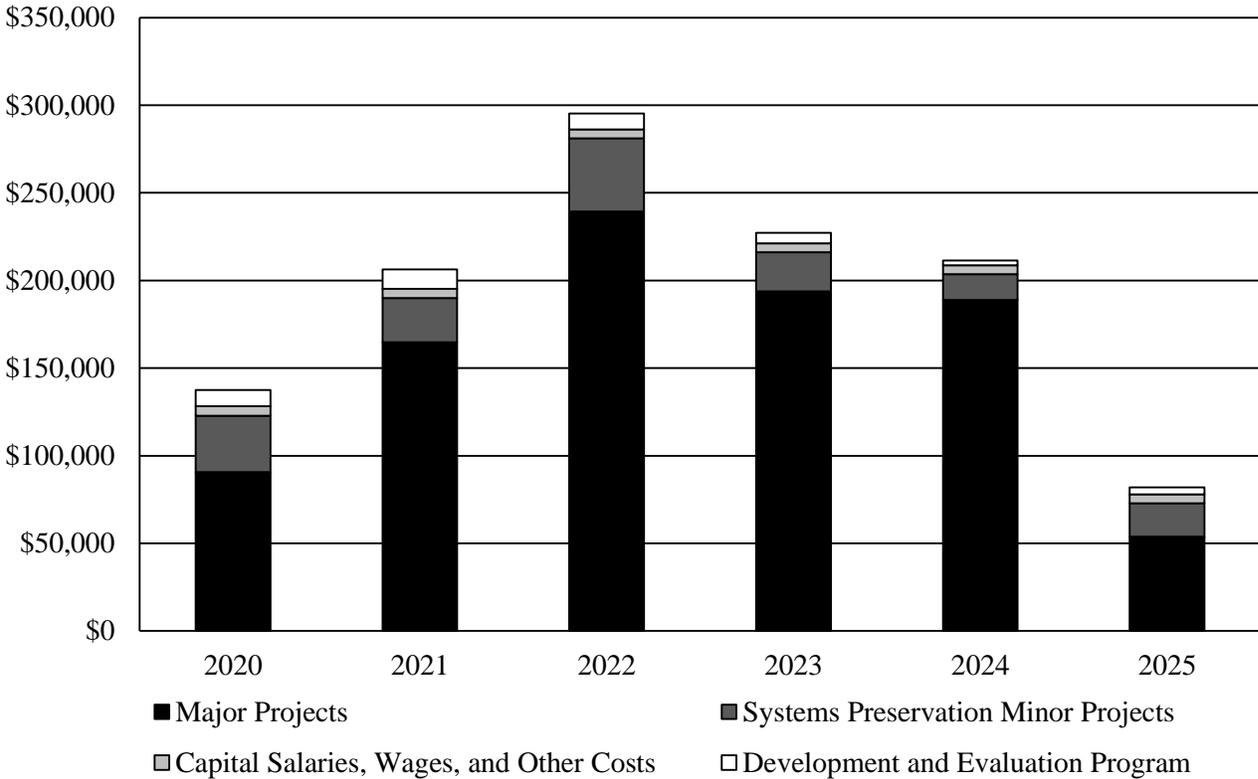
The MPA capital program identifies and manages projects and funding for Port facilities that provide increased capacity for exiting cargo and promote the shipment of new cargo. Current projects focus on improving and modernizing existing State capital facilities, developing new facilities, and supporting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

Fiscal 2020 to 2025 Consolidated Transportation Program

The fiscal 2020 to 2025 *Consolidated Transportation Program* (CTP) for MPA totals \$1.2 billion, which is an increase of \$317.3 million over the prior year’s six-year program. This is due primarily to the inclusion of the construction funds for the HST project.

Exhibit 9 shows increasing spending through fiscal 2022, followed by declining spending from fiscal 2023 through 2025. These trends in spending are driven to a large degree by the programmed spending for the HST project. This is in addition to substantial continued spending on the dredged material placement program and the dredged material containment sites.

**Exhibit 9
Six-year PAYGO Allowance
Fiscal 2020-2025
(\$ in Thousands)**



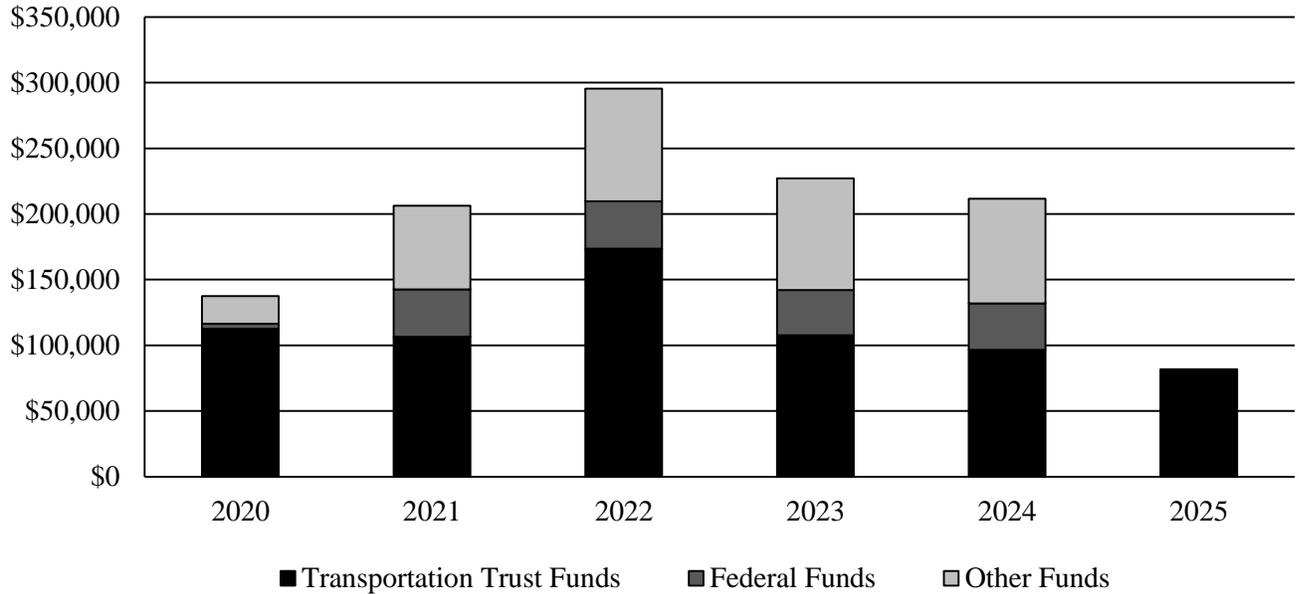
PAYGO: pay-as-you-go

Source: Maryland Department of Transportation, 2020-2025 *Consolidated Transportation Program*

Fiscal 2020 to 2025 CTP by Fund

Exhibit 10 shows the 2020 to 2025 CTP split out by fund source. In fiscal 2021, the largest portion is from the TTF. However, in fiscal 2021, there is an increased portion of other funds and federal funds. The level of other funds remains high through fiscal 2024 due to programmed funds for the HST project.

Exhibit 10
Six-year PAYGO Allowance by Fund
Fiscal 2020-2025
(\$ in Thousands)



PAYGO: pay-as-you-go

Source: Maryland Department of Transportation, 2020-2025 *Consolidated Transportation Program*

Fiscal 2021 Capital Allowance

Exhibit 11 shows the programmed capital funds for the fiscal 2021 capital allowance by project and program along with total estimated costs and six-year funding for each program.

Exhibit 11
PAYGO Capital Allowance
Fiscal 2021
(\$ in Thousands)

<u>Project Description</u>	<u>2021</u>	<u>Total Estimated Cost</u>	<u>Six-year Total</u>
Hart-Miller Island Related Projects	\$3,480	\$87,435	\$20,869
Dredged Material Placement and Monitoring	33,405	650,285	221,542
Reconstruction Berths 1-6 Dundalk Marine Terminal (Berth 3)	6,780	53,829	33,000
Seagirt Marine Terminal Modernization – Phase 1 – Berth Improvements	14,433	32,939	32,939
South Locust Point Cruise Terminal	0	8,297	784
Marine Terminal Property Acquisition	100	89,928	5,000
Chrome Ore Processing Residue Remediation	4,374	73,711	26,951
Cox Creek Dredged Material Containment Facility Expansion and Related Projects	21,788	241,438	146,827
Port of Baltimore Export Expansion Project (TIGER Grant)	0	48,890	1,968
Pearce Creek Waterline Project	0	14,011	560
Howard Street Tunnel Project (INFRA Grant)	80,300	466,000	441,000
Dredged Material Management Program	11,052	107,552	42,294
Seagirt Marine Terminal Modernization – Phase 2 Loop Channel Improvements	0	32,305	0
Major Projects Total	\$175,712	\$1,906,620	\$973,734
System Preservation and Minor Projects	\$25,200		\$155,100
Capital Salaries	5,400		30,900
Total	\$206,312	\$1,906,620	\$1,159,734

INFRA: Infrastructure for Rebuilding America

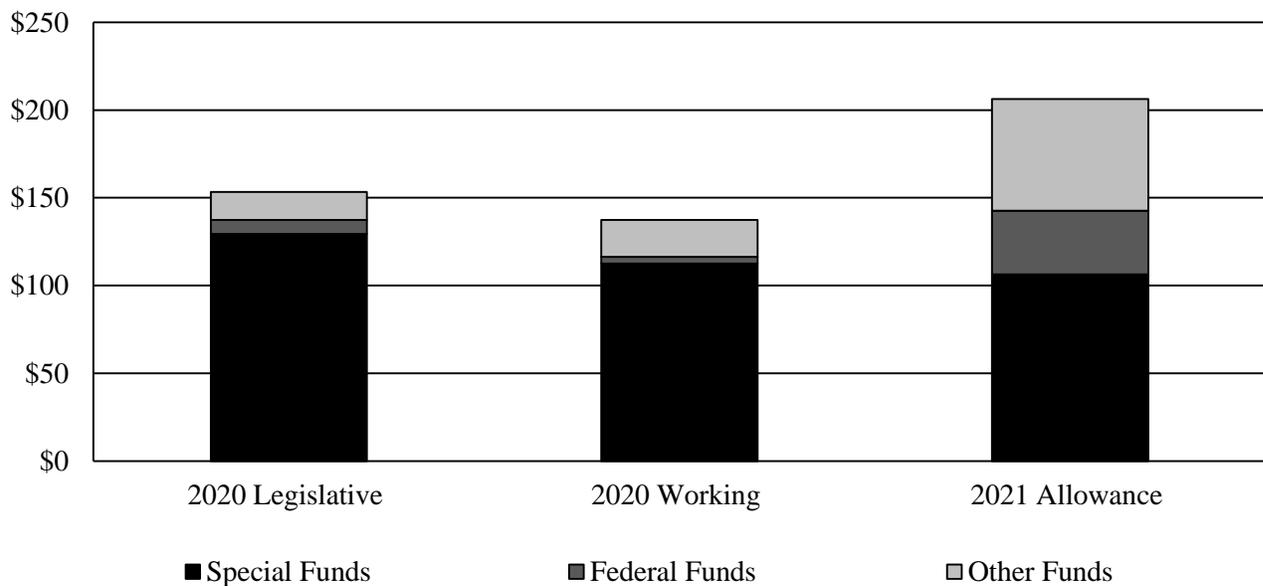
TIGER: Transportation Investment Generating Economic Recovery

Source: Maryland Department of Transportation, 2020-2025 *Consolidated Transportation Program*

Fiscal 2020 to 2021 Cash Flow Analysis

Exhibit 12 shows the changes in MPA capital funding, including other funds, between the fiscal 2020 legislative and working appropriations and between the fiscal 2020 working appropriation and the fiscal 2021 allowance.

Exhibit 12
Cash Flow Changes
Fiscal 2020-2021 Allowance
(\$ in Millions)



Source: Maryland Department of Transportation, 2019 and 2020 *Consolidated Transportation Programs*; Department of Legislative Services

Unfunded System Preservation Needs

In addition to the nearly \$1.2 billion in capital funding programmed in the current CTP, MPA has identified \$749 million in unfunded system preservation needs over the next 10 years. **Exhibit 13** shows the breakdown of these needs across different MPA facilities and programs. This list does not include projects that would be designated critical for safety, as MPA prioritizes funding for projects of that nature. The magnitude of these unfunded system preservation projects at MPA facilities are yet another indication from a Maryland Department of Transportation (MDOT) business unit that the current funding provided for the TTF is not adequate to fund new projects in the CTP and also maintain existing system preservation needs. This suggests the potential that revenue enhancements might be necessary to fund transportation projects that have been identified by MDOT as needed.

Exhibit 13
Unfunded System Preservation Needs
(\$ in Millions)

	<u>Project Name</u>	<u>Cost (in Millions)</u>
1.	Dredge Material Placement Capacity	
	Mid-Bay Island	\$14
	Masonville	5
	Poplar Island	13
	Cox Creek	11
	Total	\$43
2.	Dundalk Marine Terminal	
	Resiliency and Flood Mitigation	\$75
	Berth Reconstructions 1-6	66
	Replace Dunmar Building	15
	Dredge Berths 1-6	3
	Wayfinding Upgrades	4
	Berth Rebuilding 7-10	150
	Berth Replace Decks 11-12	9
	Berth Replace Deck 13	16
	Total	\$338
3.	Asset Management Program	\$20
4.	Fairfield Marine Terminal	
	Water Management Projects	\$15
	Pier 4 Reconstruction	61
	Total	\$76
5.	Landside	
	Terminal State of Good Repair	\$62
	CCTV Camera Replacements	6
	Underground Utility Upgrades	4
	Environmental Compliance	20
	TMDL	20
	Total	\$112
6.	South Locust Point	
	Berth Deck Replacements	\$32
	Wharf Replacement	62
	Total	\$94

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	<u>Project Name</u>	<u>Cost (in Millions)</u>
7.	North Locust Point	
	Bulkhead Replacements 1-3	\$5
	Demolish Pier 3	17
	Repair Bulkheads 4-5	10
	Berth 10 Revitalization	4
	Replace Bulkheads 5-6	3
	Replace Bulkheads 9-10	4
	Demolish Pier 6	7
	Total	\$50
8.	World Trade Center	
	Building State of Good Repair	\$16
	10-year total unfunded needs	\$749

CCTV: closed-circuit television
TMDL: total maximum daily load

Source: Maryland Port Administration

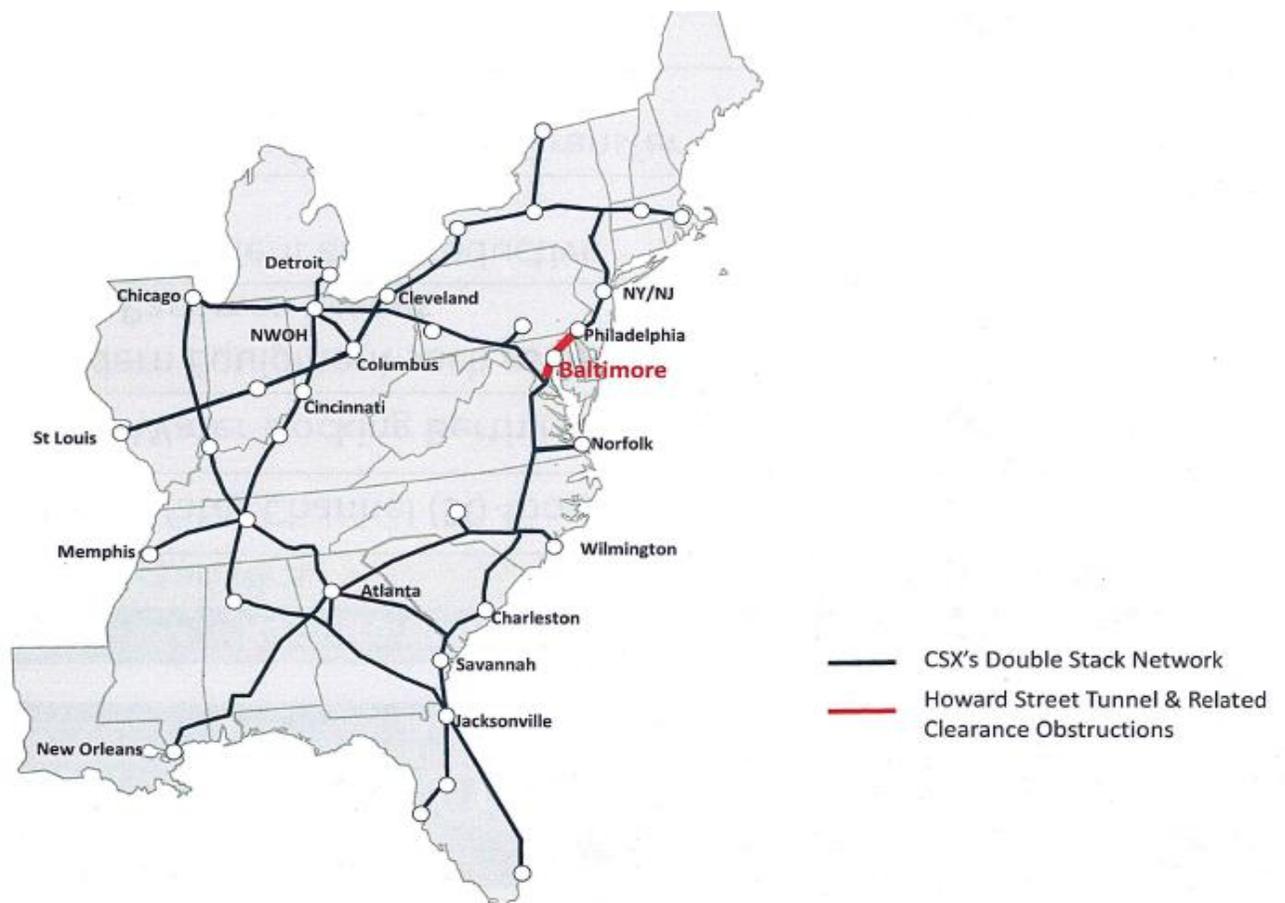
Issues

1. HST Project

Background

HST is located on CSX’s primary freight rail route connecting the Port to markets in the Midwest. However, the height of the tunnel, in addition to other clearances directly north, prevent high-cube, double-stack containers and tri-level autorack cars from being transported to or from the Port. This places the Port at a competitive disadvantage relative to other ports connected to the CSX network. **Exhibit 14** shows the CSX network with Baltimore being the final portion without double stack capacity.

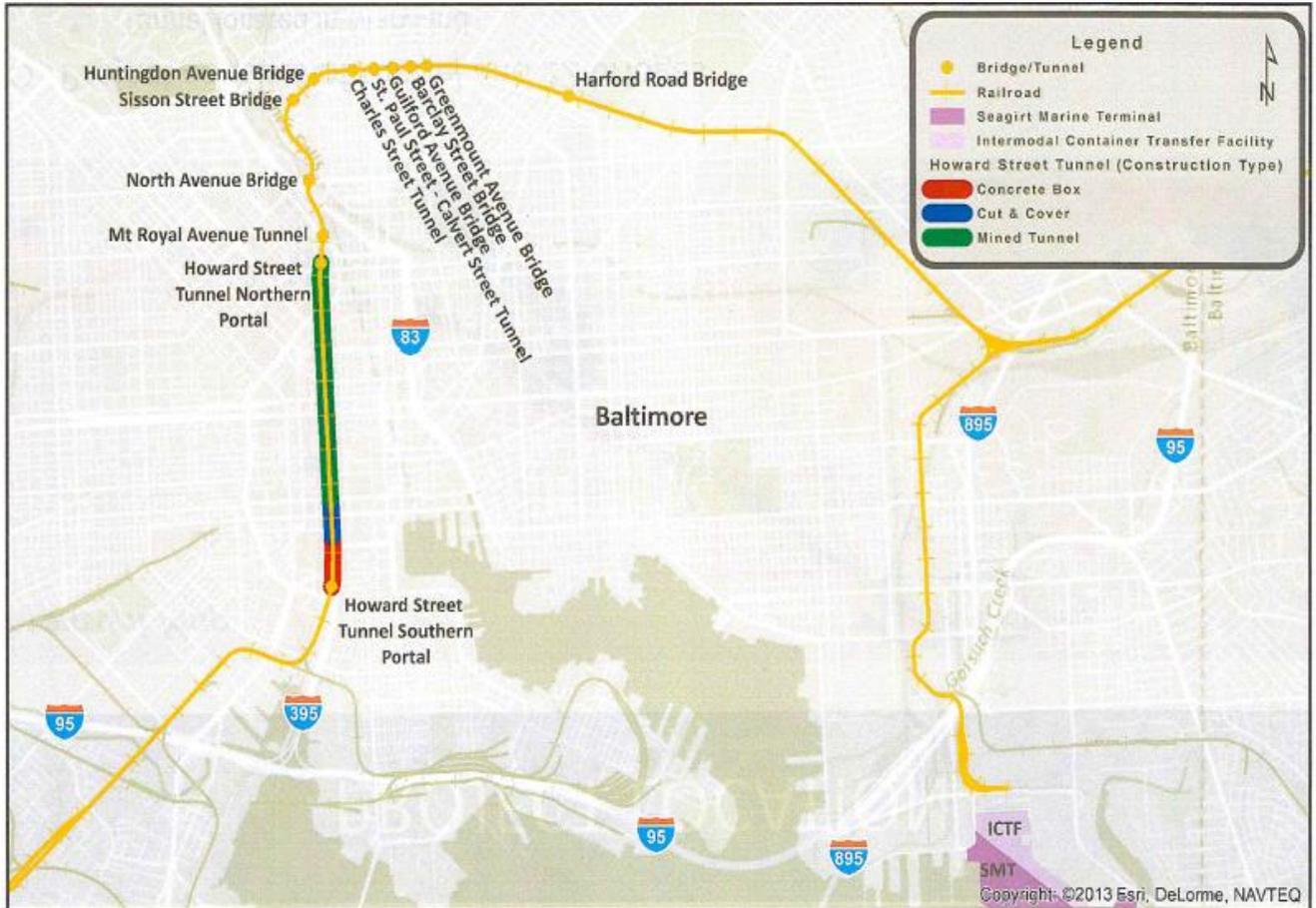
Exhibit 14
CSX Intermodal Network and the Port of Baltimore
Calendar 2020



Source: Maryland Port Administration

Exhibit 15 shows the location of HST and the several related structures, which collectively make up the Bayview South Clearance (BSC).

Exhibit 15 Howard Street Tunnel Project Location



Source: Maryland Port Administration

Previous federal studies placed the replacement or renovation costs for this project at more than \$1 billion. However, improved engineering techniques have resulted in a modified estimate of \$466 million. Based on the 2016 *Joint Chairmen's Report* (JCR), Port Operations Double Stack (2016 JCR, p. 59), produced by MPA, approximately 7,290 jobs in Maryland could be generated in the long term by the new waterborne container activity associated with the HST project. Additionally, the new container activity at the marine terminal is estimated to generate \$65 million in State and local tax revenue annually. During the five-year construction of the project, 6,550 person-year jobs would be generated with \$392 million in employee compensation.

The original plan to fund this project relied on roughly equal investments from CSX, the State, and the federal government. Following a highly rated yet ultimately unsuccessful attempt to secure federal funding through a predecessor program, MPA was preparing to submit an application for grant funding under the Infrastructure for Rebuilding America (INFRA) grant program in 2017. However, in October 2017, CSX informed MDOT and MPA that it would not be proceeding with the project. Without CSX support for the project, the State did not submit an INFRA grant application in 2017.

Following the project's cancellation, CSX began to meet with members of the Maryland congressional delegation as well as representatives of the State and Baltimore at various times throughout 2018. The goal of these meetings, generally, was to reassess the value of rehabilitating HST and BSC, with representatives from Maryland stressing the importance of this project to the State. In addition, MPA responded to a request from the budget committees for a report on alternatives to modifying HST and BSC. While MPA identified four alternatives, MPA took the position that costs and negative impacts on supply chains and the community made each alternative unviable. In December 2018, members of the Maryland congressional delegation announced that CSX had recommitted to the HST project.

HST Project Funding Secured

On November 25, 2019, former MDOT Secretary Pete K. Rahn notified U.S. Department of Transportation (USDOT) Secretary Elaine Lan Chao that the \$466 million HST project was fully funded. This followed the July 2019 announcement that USDOT had awarded MDOT a \$125 million INFRA grant for the project. Following that announcement, MDOT and CSX had been in negotiations to fill the remaining funding gap on the project.

Breakdown of HST Funding

The Administration's plan to fund the project is outlined in **Exhibit 16**. This includes \$125 million from the federal government through an INFRA grant and an additional \$3 million in federal formula funds from Baltimore City. The fiscal 2021 portions of these funds are \$24 million and \$1 million, respectively. CSX has committed \$113 million to the project, with \$15.6 million budgeted in fiscal 2021. This represents approximately 24.2% of the total project cost. The Pennsylvania Department of Transportation (PennDOT) has committed \$14.4 million to the project in fiscal 2021. This money is to cover clearances along the rail route from the HST north of Maryland. These clearances need to be improved in order to allow for the double stacking of containers in Pennsylvania. The funding plan also includes an additional \$8.1 million in fiscal 2022 grant funding from PennDOT for which an application has yet to be submitted. **MPA should comment on the status and timeline of the signing of the INFRA Grant Agreement with the USDOT and CSX.**

Maryland's portion of the funding for the project totals \$202.5 million, equating to approximately 43.5% of the total project cost. Less than 14% of the State's contribution is sourced from the TTF. MDOT's fiscal 2021 allowance includes \$300,000 in TTF funds for the project and will contribute \$8.0 million toward the total project cost. Additionally, there is a Budget Reconciliation and Financing Act provision that directs \$5 million per year of Baltimore City's share of the highway user revenue grants to be used for the project in fiscal 2021 through 2024.

Exhibit 16
Howard Street Tunnel Project Funding by Source
Fiscal 2019-2024
(\$ in Millions)

	<u>Expended</u> <u>Thru 2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>Total</u>
Federal – INFRA Grant	\$0.0	\$0.0	\$24.0	\$32.0	\$33.5	\$35.5	\$125.0
Federal – Baltimore City	0.0	0.0	1.0	1.0	1.0	0.0	3.0
Subtotal – Federal	\$0.0	\$0.0	\$25.0	\$33.0	\$34.5	\$35.5	\$128.0
State – General Obligation							
Bonds	\$0.0	\$0.0	\$0.0	\$21.5	\$51.5	\$51.5	\$124.5
State – General Funds	0.0	0.0	10.0	30.0	0.0	0.0	40.0
State – Baltimore City Highway							
User Revenues	0.0	0.0	5.0	5.0	5.0	5.0	20.0
State – Maryland							
Transportation Authority	0.0	0.0	10.0	0.0	0.0	0.0	10.0
State – Maryland Department							
of Transportation	0.0	0.0	0.3	2.8	2.5	2.5	8.0
Subtotal – State	\$0.0	\$0.0	\$25.3	\$59.3	\$59.0	\$59.0	\$202.5
CSX	\$25.0	\$10.0	\$15.6	\$16.9	\$25.5	\$20.0	\$113.0
PennDOT ¹	0.0	0.0	14.4	8.1	0.0	0.0	22.5
Total	\$25.0	\$10.0	\$80.3	\$117.3	\$119.0	\$114.5	\$466.0

¹The \$8.1 million in fiscal 2022 is a grant for which an application has not yet been submitted.

PennDOT: Pennsylvania Department of Transportation
 INFRA: Infrastructure for Rebuilding America

Source: Maryland Department of Transportation

The Maryland Transportation Authority (MDTA) is budgeted to contribute \$10 million in fiscal 2021; this is a loan that will be repaid to MDTA by the Canton Railroad Company. The Canton Railroad Company is owned entirely by MDTA and provides important rail connections to the Port and will benefit from the increased cargo through the Port that will result from the HST project.

Nontransportation State funding sources total \$164.5 million, accounting for over 80% of the State’s contribution. The fiscal 2021 allowance includes \$10 million in general funds that are included in the Maryland Economic Development Authority Assistance Fund budget within the Department of Commerce. An additional \$30 million in general funds are budgeted in fiscal 2022. In addition, the spending plan assumes the use of \$124.5 million in general obligation bonds that are programmed into

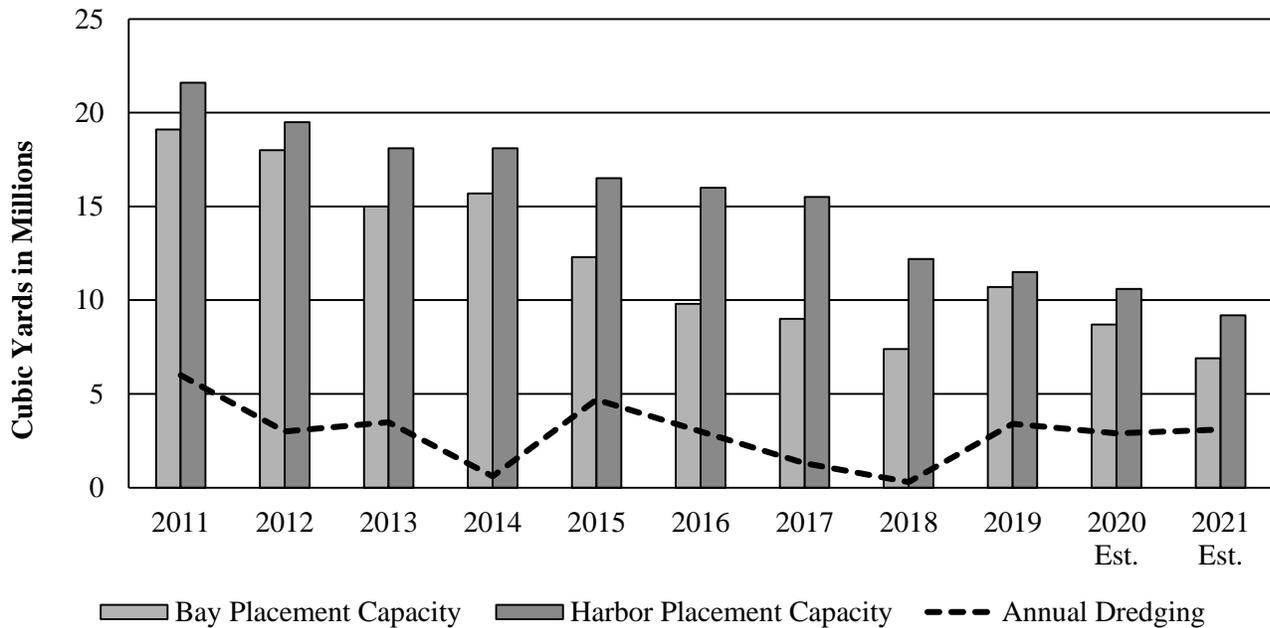
the Governor’s five-year *Capital Improvement Program* for fiscal 2022 through 2024. **Given the significant reliance on funding sources outside of the TTF and the consequences to the viability of this project if the federal INFRA grant were to be lost, the Department of Legislative Services recommends the adoption of committee narrative requesting that MPA provide a report on how the HST project would be funded if any of the current funding streams were to be unavailable. Additionally, this report should include information on how MPA intends to cover any cost overruns during the course of the project.**

2. Dredged Material Containment Site Development

The Harbor Development department within MPA carries out one of the most essential functions for the continued health of the Port. This is the planning and management of maintenance and modifications of the navigation channel systems. This system includes the Chesapeake and Delaware Canal and the 50-foot channel that connects the Port with the Atlantic Ocean. To advance these goals, MPA projects annual dredging requirements, identifies placement site locations, performs feasibility studies, provides engineering and design, and produces plans and specifications. Additionally, MPA manages dredged material placement site construction contracts and manages the operations of dredged material placement sites.

The maintenance of the channels leading to the Port is essential to the continued operation of the Port and the economic stability of Marylanders who depend on it for their livelihood. To this end, it is important for MPA to continue to manage and expand existing dredged material containment facilities as well as work to develop additional placement sites. There are two categories of dredged material containment facilities (DMCF) being operated by MPA. These are Harbor DMCFs and Bay DMCFs, which draw from the two separate areas of the channel. The harbor section of the channel includes approximately everything west of the Francis Scott Key Bridge, while the bay section includes the rest of the channel running south to the ocean and north to the Chesapeake and Delaware Canal. Harbor dredged material currently is only placed into one of the two facilities that are designated Harbor DMCFs. State law requires all dredged material, including harbor material, to be managed in a manner approved by the Maryland Department of the Environment; this also allows for innovative and beneficial use of harbor material following physical and chemical sediment screening and end use analysis. **Exhibit 17** shows both the harbor and bay placement capacity as well as the annual dredging. **MPA should brief the committees on ongoing efforts to ensure adequate capacity for dredged material in both Harbor and Bay DMCFs.**

Exhibit 17
Dredged Material Placement Capacity and Annual Dredging
Calendar 2011-2021 Est.



Source: Maryland Port Administration

MPA DMCF include the following: active placement facilities; facilities under development; and facilities that are closed to additional placement.

Active Placement Facilities

- Cox Creek:** Cox Creek Dredged Material Containment Facility is one of two DMCFs that are approved for the placement of Harbor dredged material. MPA is in the process of expanding Cox Creek DMCF. This is being done by widening the base dike to support a higher dike. Additionally, MPA is developing the upland portion of the Cox Creek facility for added placement capacity. This expansion will also help to provide the necessary facilities to carry out portions of the innovative reuse of dredged material program.
- Masonville:** Masonville is the second DMCF that is approved for the placement of Harbor dredged material. MPA is also in the process of raising the dikes at Masonville DMCF. Additionally, MPA is continuing its remediation and habitat restoration of Masonville Cove.
- Poplar Island:** The Poplar Island project was started in the 1990s by the U.S. Army Corps of Engineers and MPA. It had two goals: (1) to restore the severely eroded island to its

1847 footprint; and (2) provide much-needed placement capacity for dredged material from the bay shipping channels. About half of the acreage will be shaped into upland habitat for wildlife. The other half is being managed as wetlands, in four “cells” that will total 570 acres. Tidal inlets allow bay water to flow into the cells. In 2016, MPA began work to expand the island footprint by an additional 575 acres and to raise existing upland dikes by five feet. The expansion will provide capacity for 28 million additional cubic yards of dredged material. A 110-acre water embayment will provide further environmental benefits. Poplar Island is a safe and effective use of dredged material to restore an island habitat. Diamondback terrapin and many species of birds are using the island for nesting. More than 200 species of birds have been observed.

Facilities under Development

- ***Mid-Bay Island Restoration:*** This island restoration project will start with the restoration of Barren Island in 2022 and will be followed by the rebuilding of James Island in 2024. These projects will provide essential capacity for dredged material as Poplar Island reaches its capacity. The overlap of placement at both Poplar Island and the Mid-Chesapeake Bay Ecosystem Restoration Project in the final placement years at Poplar will prevent overloading and allow the site to accommodate projected volumes of dredged material. Design funds for this project have been allocated. However, the Army Corps of Engineers needs construction funds for the project to be included in the federal budget for fiscal 2022. The design and engineering effort took four years and required \$9 million in funding. The breakdown for this funding was 65% federal funds and 35% State funding. If federal funds for construction are not allocated by June 2024, the project will be deauthorized.

Facilities Closed to Additional Placement

- ***Hart-Miller Island:*** Hart-Miller Island is located in the Chesapeake Bay near the mouth of Middle River. It is organically part of a peninsula. However, the two islands, Hart and Miller, were joined by the construction of a dike in 1981. From then until 2009, the impoundment was filled with dredged material to form Hart-Miller Island. This DMCF is now closed to additional material.

Dredged Material Innovative Reuse Program

One additional aspect of MPA’s dredged material program is the testing of innovative reuse of dredged material. The goal of this project is to extend the life of existing dredged material containment facilities by making it possible for MPA to remove processed dredged material from the containment site for alternative innovative reuse projects. Poplar Island and Hart-Miller Island are examples of the use of dredged material for the restoration of islands. This use and others are approved uses of dredged material under the 2001 Dredged Material Management Act. Another example of innovative reuse of dredged material is as alternative daily cover at landfills. **MPA should comment on the state of the innovative reuse program and any projects currently being undertaken using the material.**

Operating Budget Recommended Actions

1. Concur with Governor’s allowance.

PAYGO Budget Recommended Actions

1. Adopt the following narrative:

Howard Street Tunnel Project Funding Report: The Howard Street Tunnel project was awarded a \$125 million U.S. Department of Transportation Infrastructure for Rebuilding America (INFRA) grant in July 2019. Federal funds are in conjunction with CSX funds and the following sources of State funding: general obligation bonds; general funds; Baltimore City highway user revenue; a Maryland Transportation Authority loan; and the Transportation Trust Fund. Due to the significant reliance on nontransportation related sources of State funding and the potential negative consequences to the viability of the project if the funding falls through and the INFRA grant is lost, the budget committees request that the Maryland Port Administration (MPA) submit a report outlining the plan if one or more of the State funding sources is unavailable and who will be responsible for funding any cost overruns during the course of the project. The report shall be provided by October 1, 2020.

Information Request	Author	Due Date
Report on Howard Street Tunnel project funding	MPA	October 1, 2020

Appendix 1
2019 Joint Chairmen’s Report Responses from Agency

The 2019 *Joint Chairmen’s Report* (JCR) requested that the Maryland Port Administration (MPA) prepare one report. Electronic copies of the full JCR responses can be found on the Department of Legislative Services Library website.

- ***Intermodal Trucking Activity at the Seagirt Marine Terminal and Related Depots:*** The 2019 JCR requested that MPA produce a report on the following measures that are related to intermodal trucking activity at Seagirt: (1) total truck queue time; (2) total number of transactions by type (*i.e.* single/dual moves); (3) total number of transactions in excess of two hours; (4) total number of containers not picked up by the Last Free Day; and (5) whether the throughput of 20-foot equivalent units at the Seagirt Marine Terminal has exceeded 80% of the design throughput capacity in fiscal 2019. The data for the report was gathered from Ports American Chesapeake for the dates of July 1, 2018, through June 30, 2019.

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

<u>Object/Fund</u>	<u>FY 19</u> <u>Actual</u>	<u>FY 20</u> <u>Working</u> <u>Appropriation</u>	<u>FY 21</u> <u>Allowance</u>	<u>FY 20 - FY 21</u> <u>Amount Change</u>	<u>Percent</u> <u>Change</u>
Positions					
01 Regular	174.00	174.00	174.00	0.00	0%
02 Contractual	0.00	0.70	0.70	0.00	0%
Total Positions	174.00	174.70	174.70	0.00	0%
Objects					
01 Salaries and Wages	\$ 18,309,332	\$ 18,629,495	\$ 18,673,074	\$ 43,579	0.2%
02 Technical and Spec. Fees	246,268	572,568	572,568	0	0%
03 Communication	325,566	366,892	366,892	0	0%
04 Travel	429,079	530,737	530,737	0	0%
06 Fuel and Utilities	4,708,806	5,681,461	5,346,427	-335,034	-5.9%
07 Motor Vehicles	724,842	1,013,753	1,022,934	9,181	0.9%
08 Contractual Services	18,435,984	18,963,883	19,451,627	487,744	2.6%
09 Supplies and Materials	771,274	927,615	1,265,908	338,293	36.5%
10 Equipment – Replacement	219,014	381,725	381,725	0	0%
11 Equipment – Additional	100,392	213,125	213,125	0	0%
12 Grants, Subsidies, and Contributions	25,000	25,000	25,000	0	0%
13 Fixed Charges	3,446,195	3,590,403	3,727,199	136,796	3.8%
14 Land and Structures	339,875	337,862	337,862	0	0%
Total Objects	\$ 48,081,627	\$ 51,234,519	\$ 51,915,078	\$ 680,559	1.3%
Funds					
03 Special Fund	\$ 47,642,030	\$ 51,234,519	\$ 51,915,078	\$ 680,559	1.3%
05 Federal Fund	439,597	0	0	0	0.0%
Total Funds	\$ 48,081,627	\$ 51,234,519	\$ 51,915,078	\$ 680,559	1.3%

MDOT: Maryland Department of Transportation

Note: The fiscal 2020 appropriation does not include deficiencies, planned reversions, or general salary increases. The fiscal 2021 allowance does not include contingent reductions or general salary increases.

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

<u>Program/Unit</u>	<u>FY 19 Actual</u>	<u>FY 20 Wrk Approp</u>	<u>FY 21 Allowance</u>	<u>Change</u>	<u>FY 20 - FY 21 % Change</u>
2010 Port Operations	\$48,081,627	\$51,234,519	51,915,252	680,733	1.3%
2020 Port Facilities and Capital Equipment	98,581,797	116,450,000	142,646,036	26,196,036	22.5%
Total Expenditures	\$ 146,663,424	\$ 167,684,519	\$ 194,561,288	\$ 26,876,769	16.0%
Special Fund	\$ 143,351,967	\$ 163,762,519	\$ 158,342,078	-\$ 5,420,441	-3.3%
Federal Fund	3,311,457	3,922,000	36,219,000	32,297,000	823.5%
Total Appropriations	\$ 146,663,424	\$ 167,684,519	\$ 194,561,078	\$ 26,876,559	16.0%

MDOT: Maryland Department of Transportation

Note: The fiscal 2020 appropriation does not include deficiencies, planned reversions, or general salary increases. The fiscal 2021 allowance does not include contingent reductions or general salary increases.

Appendix 4
Budget Amendments for Fiscal 2020
Maryland Department of Transportation
Maryland Port Administration – Operating

<u>Status</u>	<u>Amendment</u>	<u>Fund</u>	<u>Justification</u>
Approved	\$504,610	Special Fund	Increase for the general salary increase as authorized in fiscal 2020. The salary increase represents a 3% increase effective July 1, 2019, and the annualization of the April 2019 increase of 0.5%.
Total	\$504,610		

Source: Maryland Department of Transportation

Appendix 5
Budget Amendments for Fiscal 2020
Maryland Department of Transportation
Maryland Port Administration – Capital

<u>Status</u>	<u>Amendment</u>	<u>Fund</u>	<u>Justification</u>
Approved	\$120,702	Special Fund	Increase for the general salary increase as authorized in fiscal 2020. The salary increase represents a 3% increase effective July 1, 2019, and the annualization of the April 2019 increase of 0.5%.
Projected	-\$17,025,811 -\$3,991,000	Special Fund Federal Fund	Adjusts the amended appropriation to agree with the anticipated expenditures for the current year as reflected in the Maryland Department of Transportation final Fiscal 2020 to 2025 <i>Consolidated Transportation Program</i> .
Total	-\$20,896,109		

Source: Maryland Department of Transportation