

**J00D00**  
**Maryland Port Administration**  
**Maryland Department of Transportation**

***Executive Summary***

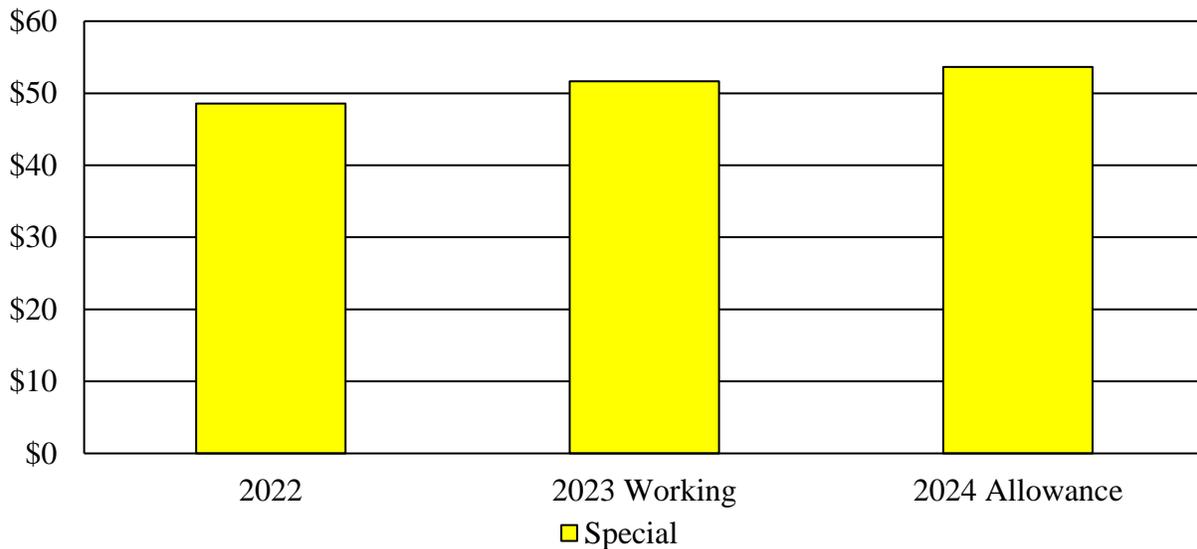
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The Maryland Port Administration (MPA) promotes efforts to increase waterborne commerce in the State and manages the State-owned facilities at the Helen Delich Bentley Port of Baltimore (Port).

***Operating Budget Summary***

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**Fiscal 2024 Budget Increases \$2.0 Million, or 3.9%, to \$53.6 Million**  
(\$ in Millions)



Note: The fiscal 2023 working appropriation includes deficiency appropriations including this agency's share of a deficiency appropriation budgeted in the Statewide Account within the Department of Budget and Management (DBM). Fiscal 2024 salary enhancements are budgeted in the Statewide Account within DBM.

- A third of the operating budget increase is for personnel expenses with contributions for employee and retiree health insurance and annualization of the November 2022 4.5% general salary increase accounting for most of the increase.
- Of the increase not due to personnel, budgeting for fuel and utilities at the level of actual expenditures in fiscal 2022 accounts for nearly 85% of the increase.

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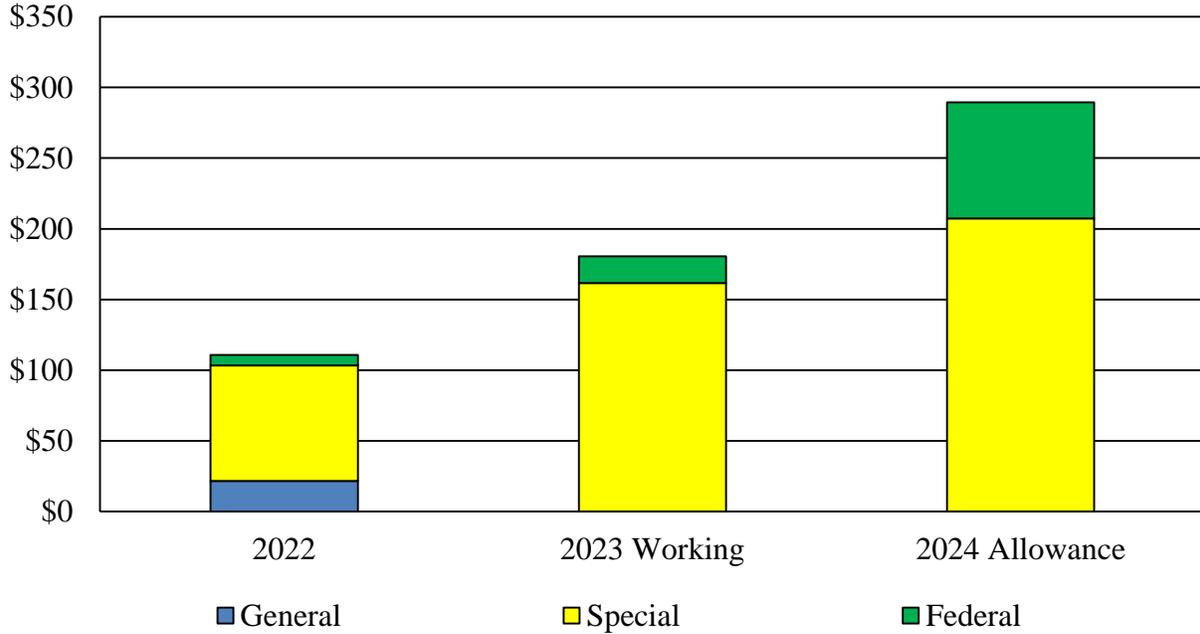
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## ***PAYGO Capital Budget Summary***

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**Fiscal 2024 Budget Increases \$109.0 Million, or 60.4%, to \$289.5 Million  
(\$ in Millions)**



Note: The fiscal 2023 working appropriation includes deficiency appropriations including this agency’s share of a deficiency appropriation budgeted in the Statewide Account within the Department of Budget and Management (DBM). Fiscal 2024 salary enhancements are budgeted in the Statewide Account within DBM.

## ***Key Observations***

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- ***Cargo and Cruise Ship Activity Shows Signs of Recovery from COVID-19 Impacts:*** Cargo tonnage and cruise ship passenger counts trended upward in 2022.

**Operating Budget Recommended Actions**

1. Concur with Governor’s allowance.

**PAYGO Budget Recommended Actions**

1. Concur with Governor’s allowance.

**Updates**

- The Howard Street Tunnel project is under construction.

**J00D00**  
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## ***Budget Analysis***

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### **Program Description**

MPA functions under Title 6 of the Transportation Article. MPA's main responsibilities are the promotion of waterborne commerce in the State for the economic benefit of Maryland's citizens and the management of State-owned facilities at the Port.

MPA identifies the following key goals in furtherance of its main responsibilities:

- maximization of cargo throughput, terminal efficiency, and economic benefit generated by the Port;
- operation of MPA to ensure revenue enhancements and optimization of operating expenses;
- preservation and enhancement of the Port's infrastructure to maintain cargo capacities while ensuring adequate security and environmental stewardship; and
- maintenance and improvement of the shipping channels in the Port and in the Maryland waters of the Chesapeake Bay for safe, unimpeded access to the Port.

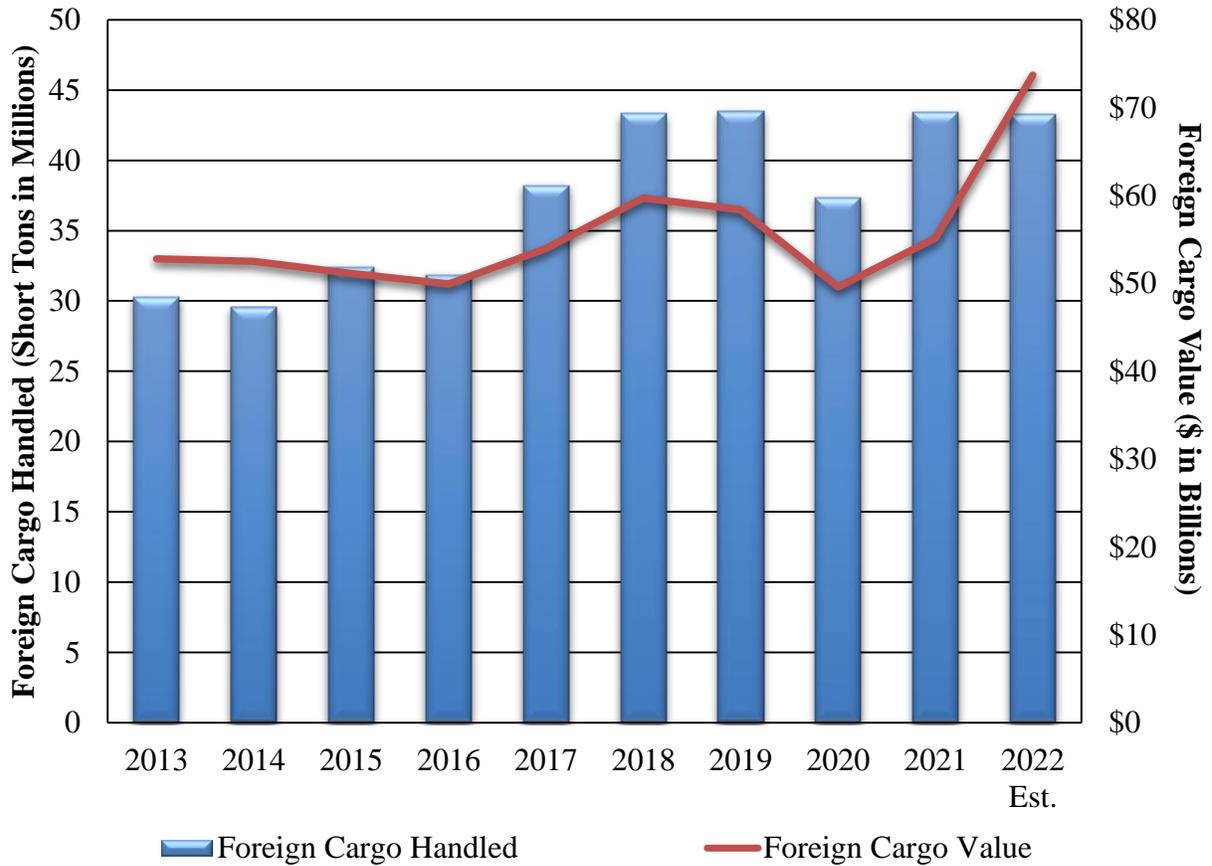
## ***Performance Analysis: Managing for Results***

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### **1. Foreign Cargo**

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 returned to prepandemic levels in calendar 2021 and 2022.

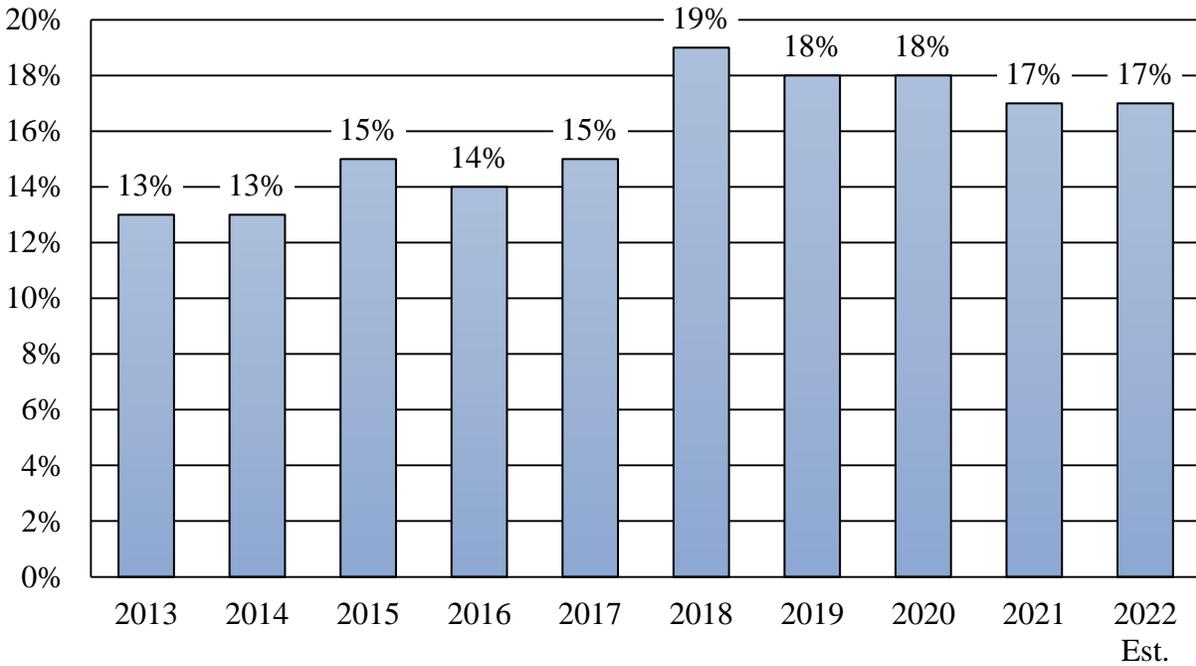
**Exhibit 1**  
**Total Foreign Cargo**  
**Calendar 2013-2022 Est.**



Source: Maryland Port Administration

The Port competes with other East Coast ports, especially ports in New York, Norfolk, and Philadelphia. As shown in **Exhibit 2**, Baltimore’s Port market share in calendar 2022 remained unchanged from the prior year.

**Exhibit 2**  
**Port of Baltimore Mid-Atlantic Market Share**  
**Calendar 2013-2022 Est.**

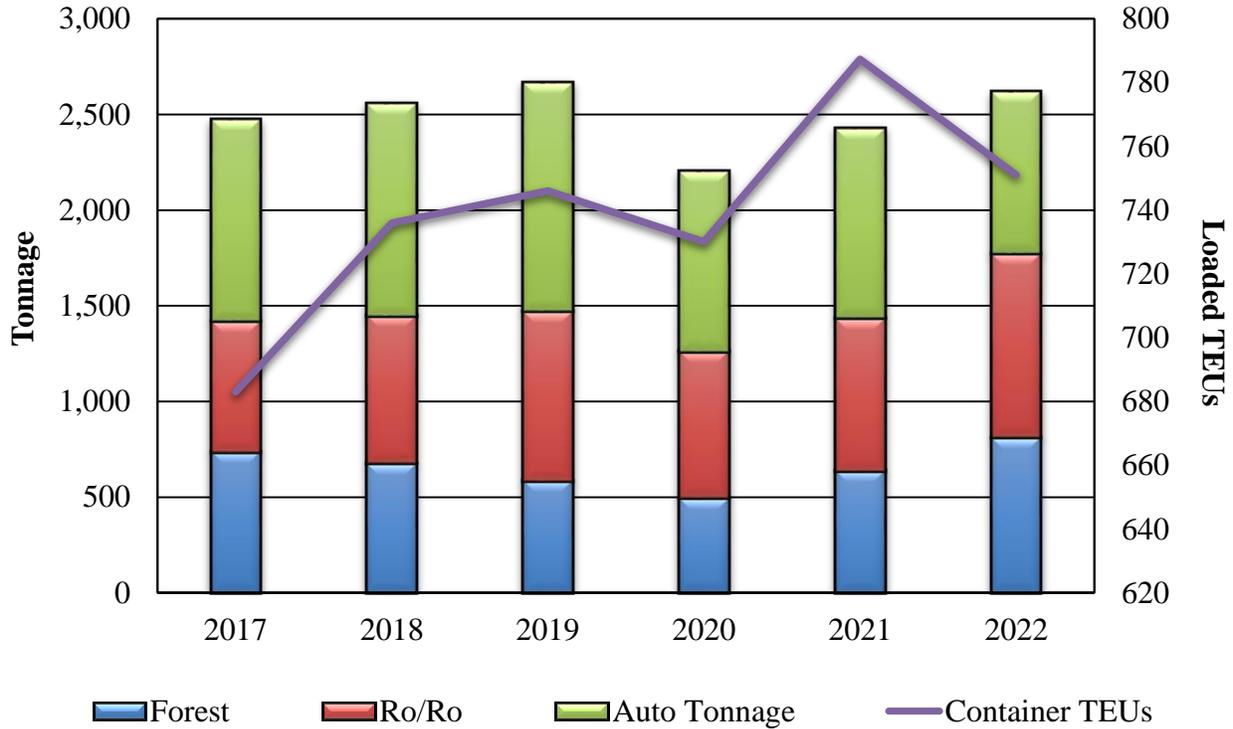


Source: Maryland Port Administration

## 2. General Cargo Tonnage

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** provides data on selected general cargo commodities handled at the Port. Performance in fiscal 2022 was mixed compared to the prior year. Forest products and Ro/Ro increased by nearly 28% and 21%, respectively, while automobiles and containers saw decreases of over 15%, and 4%, respectively.

**Exhibit 3**  
**General Cargo Volume by Type at State-owned Facilities**  
**Fiscal 2017-2022**  
**(in Thousands)**



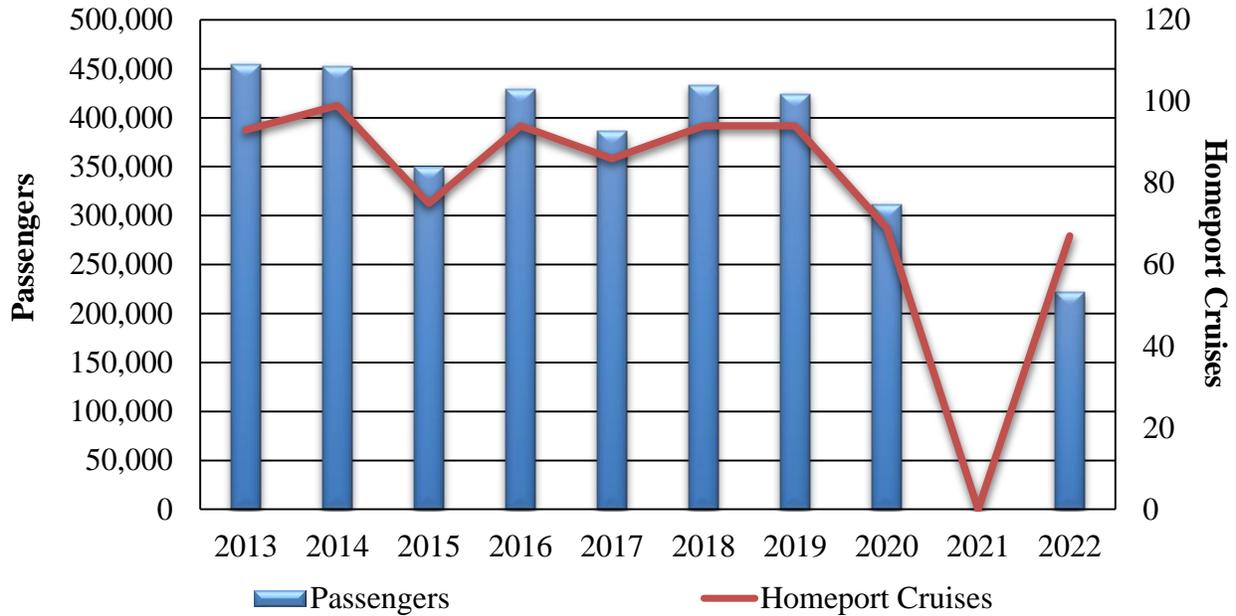
Ro/Ro: roll on/roll off  
 TEU: 20-foot equivalent unit (an industry standard for measuring containers)

Source: Maryland Port Administration

### 3. Cruise Ship Operations

In addition to handling cargo, the Port plays a vital role in Maryland’s cruise industry. **Exhibit 4** shows the total number of homeport cruises and passengers that utilized the Port’s cruise terminal. The COVID-19 pandemic severely impacted cruise operations. After 18 months of no cruises, the Port resumed cruise operations in September 2021. The Port estimates that passenger counts in fiscal 2023 and 2024 will improve over fiscal 2022 but will remain slightly below the fiscal 2019 level.

**Exhibit 4  
Cruise Ship Operations  
Fiscal 2013-2022**

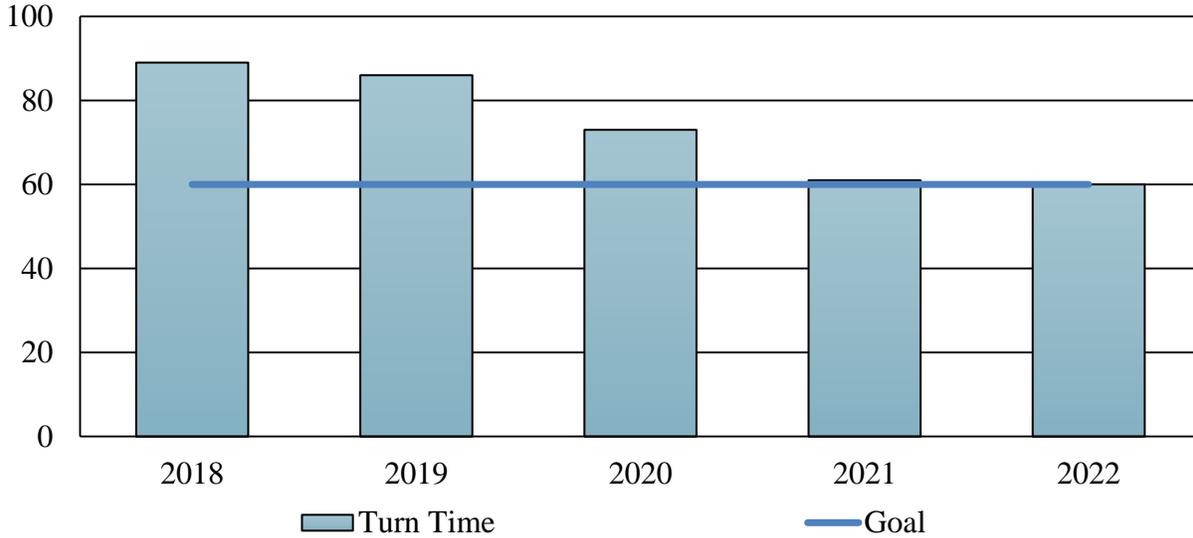


Source: Maryland Port Administration

**4. Seagirt Truck Turn Times**

Truck turn times are a measure of the efficiency and operations of the Seagirt Marine Terminal. Reducing turn times improves throughput capacity and results in incremental environmental benefits. Truck turn time is very important to drivers, shipping companies, and cargo owners and demonstrates the level of efficiency of moving freight off the terminals and into the broader economy. **Exhibit 5** shows the average truck turn time by calendar year against the 60-minute goal. Improvements such as use of weigh-in-motion scales have helped reduce turn times.

**Exhibit 5**  
**Average Truck Turn Time at Seagirt Marine Terminal**  
**Fiscal 2018-2022**  
**(in Minutes)**

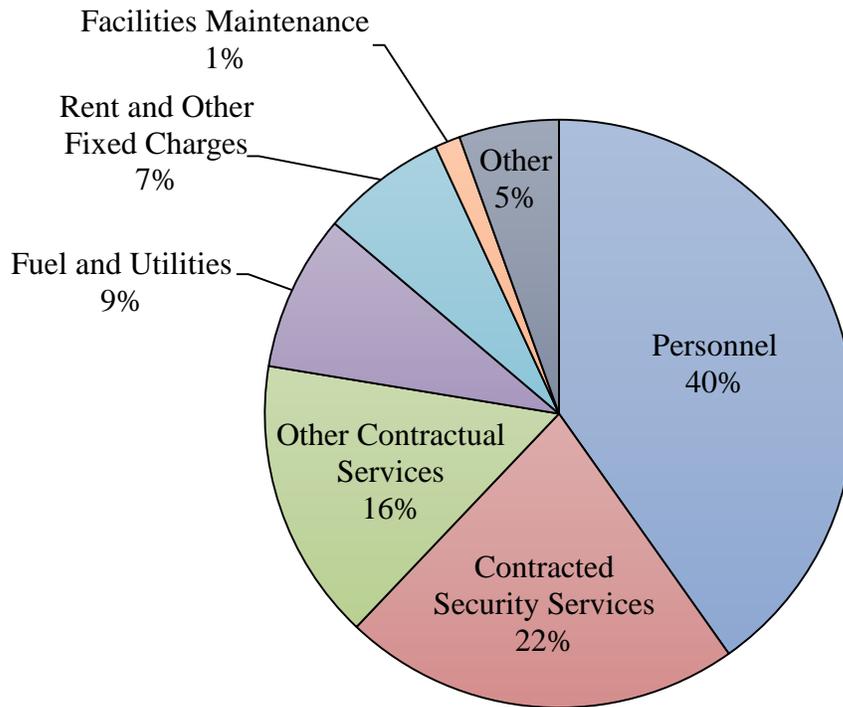


Source: Maryland Port Administration

**Fiscal 2024 Overview of Agency Spending**

The MPA fiscal 2024 operating budget allowance totals nearly \$54 million and is funded by special funds from the Transportation Trust Fund (TTF). Over 60% of the fiscal 2024 allowance is slated to cover personnel expenses and provide security services. **Exhibit 6** provides a breakout of the fiscal 2024 allowance by category of spending for MPA’s operations.

**Exhibit 6**  
**Overview of Agency Spending**  
**Fiscal 2024 Allowance**



**Total: \$53.6 Million**

Source: Governor’s Fiscal 2024 Budget Books; Department of Legislative Services

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**Proposed Budget Change**

As shown in **Exhibit 7**, the fiscal 2024 operating allowance for MPA increases by a net \$2.0 million over the current year working appropriation. Personnel expenses comprise one-third of the increase with fuel and utilities accounting for the majority of the remaining increase.

**Exhibit 7**  
**Proposed Budget**  
**Maryland Department of Transportation – Maryland Port Administration**  
**(\$ in Thousands)**

<b>How Much It Grows:</b>	<b><u>Special</u> <u>Fund</u></b>	<b><u>Total</u></b>
Fiscal 2022 Actual	\$48,574	\$48,574
Fiscal 2023 Working Appropriation	51,649	51,649
Fiscal 2024 Allowance	<u>53,644</u>	<u>53,644</u>
Fiscal 2023-2024 Amount Change	\$1,995	\$1,995
Fiscal 2023-2024 Percent Change	3.9%	3.9%
<b>Where It Goes:</b>		<b><u>Change</u></b>
<b>Personnel Expenses</b>		
Employee and retiree health insurance .....		\$477
Annualization of November 2022 4.5% general salary increase .....		250
Employee retirement contributions .....		97
Workers' compensation premium assessment .....		8
Turnover adjustments .....		-27
Vacant position salaries funded at base level .....		-144
<b>Port Oversight and Management</b>		
Water/sewer charge budgeted at fiscal 2022 actual expenditure level .....		943
Electricity budgeted at fiscal 2022 actual expenditure level .....		255
Natural gas/propane budgeted at fiscal 2022 actual expenditure level .....		215
Employee awards .....		150
Insurance paid to the State Treasurer's Office .....		57
Rent .....		6
Energy conservation loan repayment .....		-292
<b>Other</b>		0
<b>Total</b>		<b>\$1,995</b>

MDOT: Maryland Department of Transportation

Note: Numbers may not sum to total due to rounding. The fiscal 2023 working appropriation includes deficiency appropriations including this agency's share of a deficiency appropriation budgeted in the Statewide Account within the Department of Budget and Management (DBM). Fiscal 2024 salary enhancements are budgeted in the Statewide Account within DBM.

## Net Operating Income

Unlike most other agencies that rely solely on the State for all non-federal financial support, MPA receives revenues that are deposited into the TTF and help offset its expenditures. Its revenue-generating ability determines how much the TTF must provide as a subsidy. **Exhibit 8** shows that while MPA revenue covered its fiscal 2022 operating expenditures, revenues are projected to fall short of doing so in fiscal 2023 and 2024.

**Exhibit 8**  
**Net Operating Revenues**  
**Fiscal 2022-2024**  
**(\$ in Thousands)**

	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2023-2024</b>	<b>2023-2024</b>
	<b><u>Actual</u></b>	<b><u>Working</u></b>	<b><u>Allowance</u></b>	<b><u>\$ Change</u></b>	<b><u>% Change</u></b>
<b>Operating</b>					
Revenues	\$50,118	\$47,000	\$52,000	\$5,000	10.6%
Expenditures	48,574	51,150	53,644	2,494	4.9%
<b>Net Income/Loss</b>	<b><i>\$1,544</i></b>	<b><i>-\$4,150</i></b>	<b><i>-\$1,644</i></b>	<b><i>\$2,506</i></b>	<b><i>-60.4%</i></b>
<b>Capital</b>					
Special Fund Expenditures	\$81,727	\$161,452	\$207,287	\$45,835	28.4%
<b>Total Net Income/Loss</b>	<b><i>-\$80,183</i></b>	<b><i>-\$165,602</i></b>	<b><i>-\$208,931</i></b>	<b><i>-\$43,329</i></b>	<b><i>26.2%</i></b>

Source: Governor’s Fiscal 2024 Budget Books

***Operating and PAYGO Personnel Data***

	<b><u>FY 22</u></b> <b><u>Actual</u></b>	<b><u>FY 23</u></b> <b><u>Working</u></b>	<b><u>FY 24</u></b> <b><u>Allowance</u></b>	<b><u>FY 23-24</u></b> <b><u>Change</u></b>
Regular Operating Budget	170.00	170.00	170.00	0.00
Regular PAYGO Budget Positions	<u>40.00</u>	<u>40.00</u>	<u>40.00</u>	<u>0.00</u>
<b>Total Regular Positions</b>	<b>210.00</b>	<b>210.00</b>	<b>210.00</b>	<b>0.00</b>
Operating Budget FTEs	0.00	4.00	4.50	0.50
PAYGO Budget FTEs	<u>0.00</u>	<u>0.50</u>	<u>0.50</u>	<u>0.00</u>
<b>Total FTEs</b>	<b>0.00</b>	<b>4.50</b>	<b>5.00</b>	<b>0.50</b>
<b>Total Personnel</b>	<b>210.00</b>	<b>214.50</b>	<b>215.00</b>	<b>0.50</b>

**Vacancy Data: Regular Positions**

Turnover and Necessary Vacancies, Excluding New Positions	14.70	7.00%
Positions and Percentage Vacant as of 1/1/23	37.00	17.6%
Vacancies Above Turnover	22.3	

- The number of regular positions in the allowance is unchanged from the working appropriation. The number of full-time equivalents increases by 0.5 in the allowance.
- The 7% budgeted turnover in fiscal 2024 will require MPA to maintain the equivalent of 14.7 positions vacant for the entire year. On January 1, 2023, MPA had 37 vacant positions, which means it could fill an additional 22.3 positions and still meet turnover.

**Pay-as-you-go Capital Program**

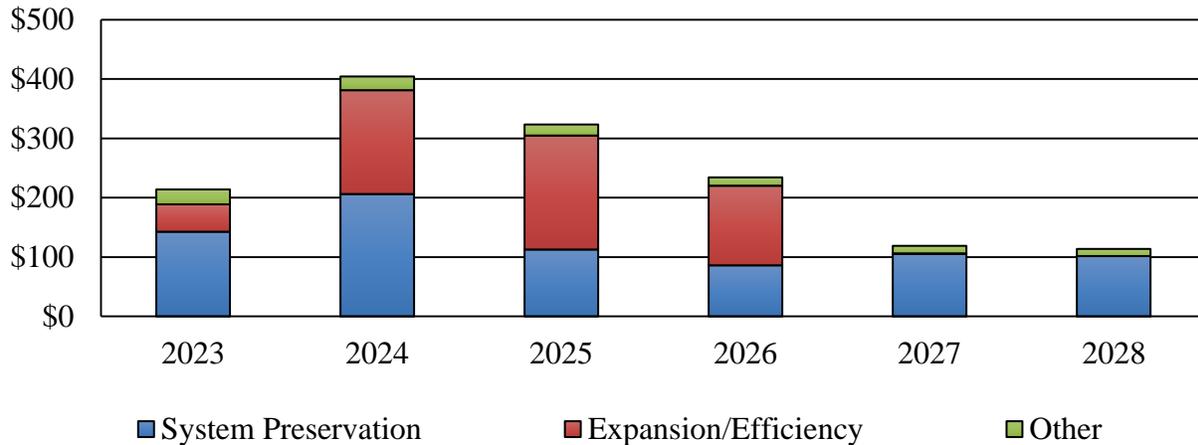
**Program Description**

The MPA 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 2023 to 2028 Consolidated Transportation Program**

The fiscal 2023 to 2028 capital program for MPA totals \$1.4 billion. Nearly 54% of the six-year spending is programmed to address system preservation needs to keep existing facilities in, or bring them into, a state of good repair. An additional 40% of six-year spending is for expansion/efficiency projects, and the remaining spending is planned for projects addressing environmental, safety and security, and administration needs and to cover capital program salaries and wages. **Exhibit 9** shows six-year programmed spending by investment category.

**Exhibit 9**  
**Six-year Programmed Capital Spending by Investment Category**  
**Fiscal 2023-2028**  
**(\$ in Millions)**



Note: Other includes salaries and wages along with the investment categories of environment, safety and security, and administration.

Source: Maryland Department of Transportation, 2023 to 2028 *Consolidated Transportation Program*; Department of Legislative Services

**Fiscal 2024 Capital Allowance**

The fiscal 2024 allowance for the MPA capital program, including other funds that do not flow through the MPA budget, totals \$404.4 million. **Exhibit 10** shows the fiscal 2024 capital program for MPA by project and program along with the total estimated project costs and six-year funding included in the *Consolidated Transportation Program* (CTP).

**Exhibit 10**  
**Maryland Port Administration Pay-as-you-go Capital Program**  
**Fiscal 2024 Allowance**  
**(\$ in Millions)**

<u>Project/Program Total</u>	<u>2024</u>	<u>Total Cost</u>	<u>Six-year Total</u>
<b>Projects</b>			
Howard Street Tunnel Project (INFRA Grant)	\$165.0	\$466.0	\$443.5
Mid-Chesapeake Bay Island Ecosystem Restoration Project	42.9	248.1	121.0
Masonville Dredged Material Containment Facility Expansion and Related Projects	24.0	334.0	88.4
Cox Creek Dredged Material Containment Facility Expansion and Related Projects	22.6	208.4	58.7
Port of Baltimore Rail Capacity Modernization Project	16.9	22.4	22.4
Dundalk Marine Terminal Resiliency and Flood Mitigation	14.7	42.2	42.2
Paul S. Sarbanes Ecosystem Restoration Project at Poplar Island	12.6	229.9	72.0
Fairfield Marine Terminal Pier 4 Reconstruction	8.3	19.0	17.7
Chrome Ore Processing Residue Remediation (COPR)	4.3	80.3	23.4
Fairfield Masonville Stormwater Management Phase 1	3.9	6.4	6.4
Hart-Miller Island Related Projects	2.6	102.4	15.9
Cox Creek Sediment Technology and Reuse (STAR) Facility Remediation	2.1	75.0	66.6
South Locust Point Cruise Terminal	2.0	10.5	2.5
Dundalk Marine Terminal Berth 3 Reconstruction	1.3	35.2	10.8
<b>Subtotal – Projects</b>	<b>\$323.3</b>	<b>\$1,879.8</b>	<b>\$991.5</b>
<b>Programs</b>			
Minor Program	\$58.0	n/a	\$234.1
Dredged Material Placement and Monitoring	16.0	n/a	54.4
Innovative Reuse and Beneficial Use of Dredged Material	2.6	n/a	10.8
Capital Salaries and Wages	5.7	n/a	31.5
<b>Subtotal – Programs</b>	<b>\$82.3</b>		<b>\$330.8</b>
<b>Total -- Projects and Programs</b>	<b>\$405.6</b>	<b>\$1,879.8</b>	<b>\$1,322.3</b>

INFRA: Infrastructure for Rebuilding America

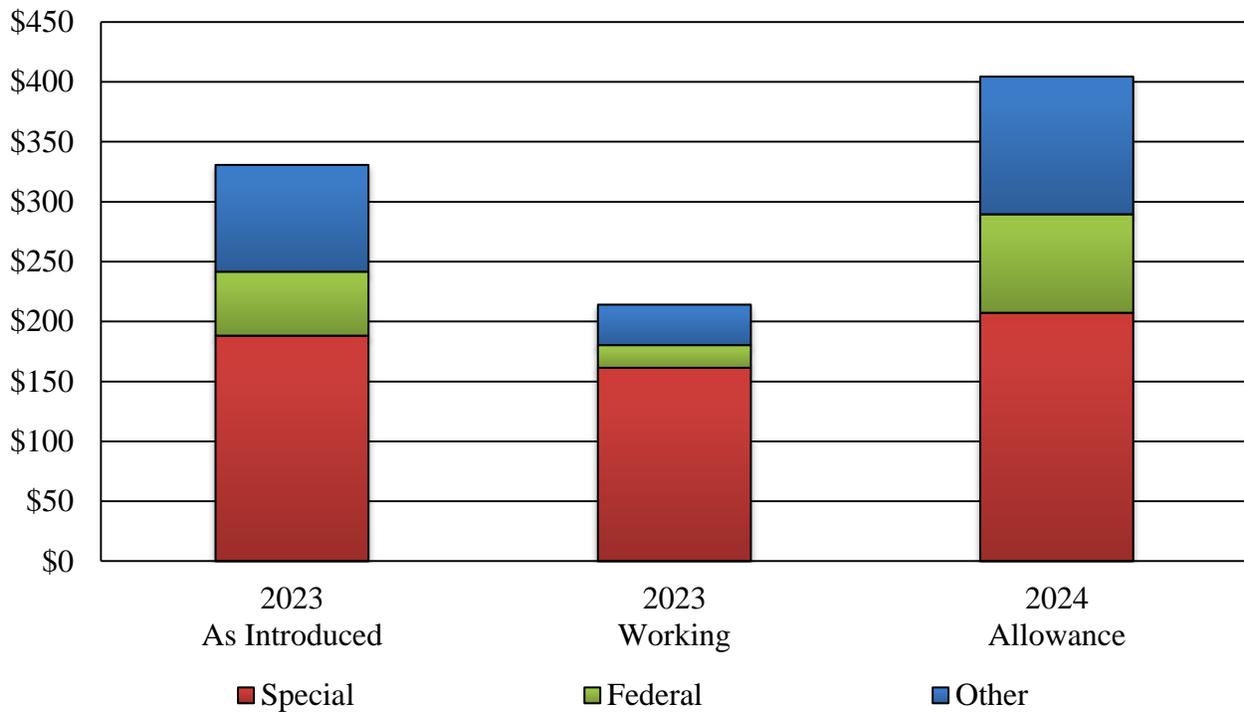
Note: Numbers may not sum to totals due to rounding.

Source: Maryland Department of Transportation, 2023 *Consolidated Transportation Program*; Department of Legislative Services

**Fiscal 2023 and 2024 Cash Flow Analysis**

**Exhibit 11** shows the changes in MPA capital funding, including other funds that do not flow through the MPA budget, between the 2023 budget as introduced during the 2022 session and the working appropriation and between the working appropriation and the fiscal 2024 allowance.

**Exhibit 11**  
**Capital Cash Flow Changes**  
**Fiscal 2023-2024**  
**(\$ in Millions)**



Source: Maryland Department of Transportation, 2022 and 2023 *Consolidated Transportation Programs*; Department of Legislative Services

**Cash Flow Changes – Fiscal 2023 as Introduced to Working Appropriation**

As shown in **Exhibit 12**, the fiscal 2023 working appropriation is a net \$115.6 million lower than the fiscal 2023 budget as introduced during the 2022 session. Most of the reduction is attributed to a slower ramp up in spending on the Howard Street Tunnel project.

**Exhibit 12**  
**Cash Flow Changes**  
**Fiscal 2023 as Introduced to Working Appropriation**  
**(\$ in Millions)**

	<u>Change</u>	
<b>Major Construction Program</b>		<b>-\$113.0</b>
Dundalk Marine Terminal Resiliency and Flood Mitigation	\$14.5	
Mid-Chesapeake Bay Island Ecosystem Restoration Project	6.8	
Fairfield Marine Terminal Pier 4 Reconstruction	5.3	
Cox Creek Sediment Technology and Reuse (STAR) Facility Remediation	4.5	
Hart-Miller Island Related Projects	1.2	
Paul S. Sarbanes Ecosystem Restoration Project at Poplar Island	1.1	
Innovative Reuse and Beneficial Use of Dredged Material	1.0	
Chrome Ore Processing Residue Remediation (COPR)	0.4	
Seagirt Marine Terminal Modernization Terminal Improvements	0.1	
Dundalk Marine Terminal Berth 3 Reconstruction	-0.5	
Dredged Material Management Program	-1.2	
Cox Creek Dredged Material Containment Facility Expansion and Related Projects	-5.5	
Dredged Material Placement and Monitoring	-6.6	
Masonville Dredged Material Containment Facility Expansion and Related Projects	-16.5	
Howard Street Tunnel Project (INFRA Grant)	-117.8	
<b>Development and Evaluation Program</b>		<b>\$0.2</b>
Seagirt Marine Terminal Modernization Phase 2 Loop Channel Improvements	\$0.2	
<b>Minor Program</b>		<b>-\$3.1</b>
<b>Capital Salaries and Wages</b>		<b>\$0.3</b>
<b>Total Change</b>		<b>-\$115.6</b>

INFRA: Infrastructure for Rebuilding America

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

Source: Maryland Department of Transportation, 2022 and 2023 *Consolidated Transportation Programs*; Department of Legislative Services

As shown in **Exhibit 13**, fiscal 2024 capital funding, including other funds, increases by \$191.7 million over the current year working appropriation. The majority of the increase is the reprogramming of the Howard Street Tunnel project funding from fiscal 2023.

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**Exhibit 13**  
**Cash Flow Changes**  
**Fiscal 2023 Working to Fiscal 2024 Allowance**  
**(\$ in Millions)**

	<u>Change</u>	
<b>Major Construction Program</b>		<b>\$176.3</b>
Howard Street Tunnel Project (INFRA Grant)	\$122.4	
Mid-Chesapeake Bay Island Ecosystem Restoration Project	21.8	
Port of Baltimore Rail Capacity Modernization Project	16.9	
Masonville Dredged Material Containment Facility Expansion and Related Projects	10.3	
Dredged Material Placement and Monitoring	6.7	
Cox Creek Dredged Material Containment Facility Expansion and Related Projects	4.8	
Fairfield Marine Terminal Pier 4 Reconstruction	3.0	
South Locust Point Cruise Terminal	1.5	
Fairfield Masonville Stormwater Management Phase 1	1.4	
Dundalk Marine Terminal Resiliency and Flood Mitigation	0.2	
Chrome Ore Processing Residue Remediation (COPR)	0.0	
Innovative Reuse and Beneficial Use of Dredged Material	0.0	
Seagirt Marine Terminal Modernization Terminal Improvements	-0.1	
Paul S. Sarbanes Ecosystem Restoration Project at Poplar Island	-0.8	
Hart-Miller Island Related Projects	-1.1	
Cox Creek Sediment Technology and Reuse (STAR) Facility Remediation	-2.5	
Dundalk Marine Terminal Berth 3 Reconstruction	-8.2	
<b>Development and Evaluation Program</b>		<b>-\$0.7</b>
Seagirt Marine Terminal Modernization Phase 2 Loop Channel Improvements	-\$0.7	
<b>Minor Program</b>		<b>\$15.7</b>
<b>Capital Salaries and Wages</b>		<b>\$0.4</b>
<b>Total Change</b>		<b>\$191.7</b>

INFRA: Infrastructure for Rebuilding America

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

Source: Maryland Department of Transportation, 2023 *Consolidated Transportation Program*; Department of Legislative Services

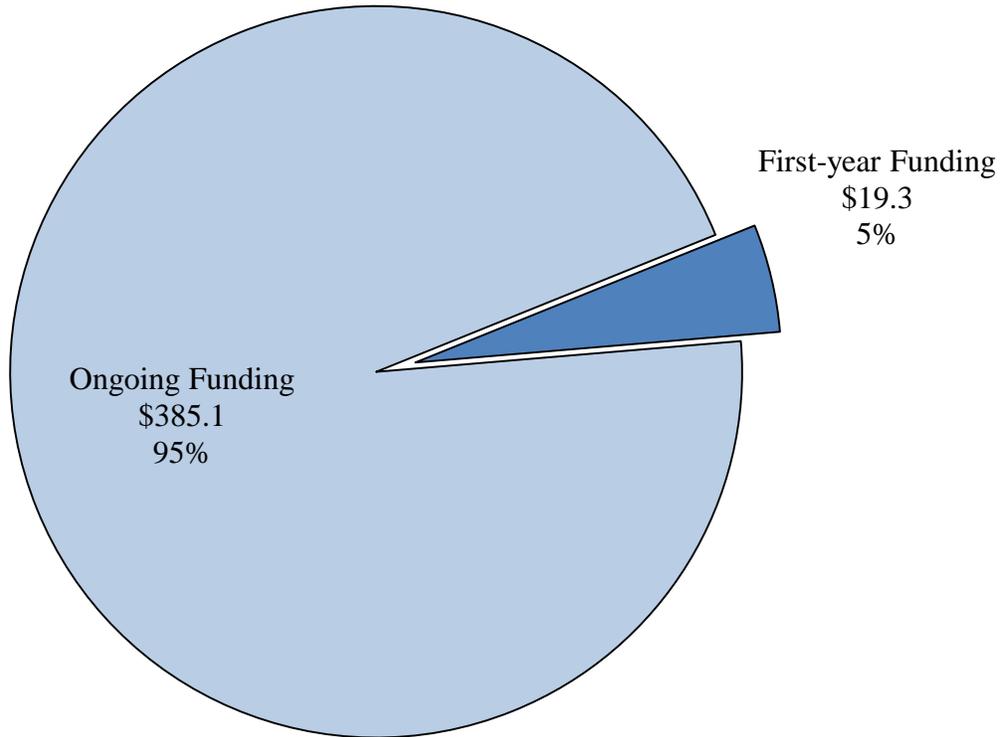
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### First-year Construction and Design Funding

Chapters 27 and 563 of 2022 require the CTP, beginning with the January 2023 CTP, to include tables listing projects receiving first-year funding for design or construction either in the budget year or the current year (if the funding was not shown in the budget year in the prior year CTP). As shown in **Exhibit 14**, \$19.3 million, or 5%, of MPA’s fiscal 2024 capital funding, which totals \$404.4 million, is first-year funding. The MPA capital projects receiving first-year funding in fiscal 2023 and 2024 are listed in **Exhibit 15**.

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**Exhibit 14**  
**First-year and Ongoing Programmed Spending -- All Funds**  
**Fiscal 2024**  
**(\$ in Millions)**



**Total Funding: \$404.4 Million**

Source: Maryland Department of Transportation, 2023 *Consolidated Transportation Program*; Department of Legislative Services

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**Exhibit 15**  
**Projects Receiving First-year Design and Construction Funding**  
**Fiscal 2023-2024**  
**(\$ in Thousands)**

	<u>2023</u>	<u>2024</u>	<u>Total</u> <u>2023-2024</u>
<b>Construction</b>			
Innovative Reuse and Beneficial Use of Dredged Material	\$1,000	\$2,000	\$3,000
Masonville Dredged Material Containment Facility Expansion and Related Projects	339	339	678
Port of Baltimore Rail Capacity Modernization Project	0	16,930	16,930
<b>Design</b>			
Masonville Dredged Material Containment Facility Expansion and Related Projects	52	28	80
<b>Total</b>	<b>\$1,391</b>	<b>\$19,297</b>	<b>\$20,688</b>
State (Special)			\$3,080
Federal			12,528
Other			5,080
<b>Total</b>			<b>\$20,688</b>

Source: Maryland Department of Transportation, 2023 *Consolidated Transportation Program*; Department of Legislative Services

**Significant Changes from the Previous *Consolidated Transportation Program***

**Exhibit 16** shows significant changes from the 2022 CTP.

**Exhibit 16**  
**Significant Changes from the 2022 CTP**  
**(\$ in Millions)**

<b><u>Projects Added to the Construction Program</u></b>	<b><u>Project Cost</u></b>
Dundalk Marine Terminal Resiliency and Flood Mitigation	\$42.2
Port of Baltimore Rail Capacity Modernization Project	22.4
Cox Creek STAR Facility – Remediation	75.0

**Removed from Construction Program**

Hawkins Point Algal Flow Way TMDL: Project has been moved to the minor projects program

STAR: Sediment Technology and Reuse

TMDL: Total Maximum Daily Load

Source: Maryland Department of Transportation, 2023 *Consolidated Transportation Program*

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## ***Issues***

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### **1. Maryland Port Administration Acquires Property to Support Innovative Reuse of Dredged Material**

On October 26, 2022, MPA received authorization by the Board of Public Works to acquire a 136.5-acre parcel of property directly adjacent to MPA’s Cox Creek Dredged Material Containment Facility (DMCF). MPA intends to use the property to support development of innovative reuse of dredge material with the goal of diverting material that would otherwise be placed in DMCFs. Under current State law, dredged material removed from the Baltimore Harbor channels serving the Port of Baltimore may only be redeposited in DMCFs approved by the Maryland Department of the Environment (MDE). DMCFs are costly to construct and maintain, making innovative reuse an attractive alternative.

The property had been part of a larger parcel of land that in the past had been known as the Hawkins Point Plant Site that was used for the manufacturing and packaging of titanium dioxide. Titanium dioxide has been used for decades in various industrial and consumer products. Manufacturing operations ceased in 2009, and all building and structures on the property have since been demolished. The manufacturing process generated hazardous waste and other environmental conditions at the property that are currently the subject of regulatory oversight and enforcement by MDE.

In lieu of a direct payment for the property, MPA agreed to address the environmental conditions at the property along with the seller, Tronox Holdings, plc, under a negotiated Administrative Consent Order (Remediation ACO) among MDE, MPA and Tronox. MPA and Tronox will share in the costs of the work under the Remediation ACO with Tronox responsible for 62% and MPA for 38%. Remediation is expected to take place over 10 years at an estimated total cost of \$75 million. The CTP includes programmed funding for MPA’s \$28.5 million contribution between fiscal 2023 and 2028 with overall peak spending of \$18.1 million projected in each of fiscal 2026 and 2027.

MPA indicates that it costs between \$20 to \$25 per cubic yard of dredged material to manage the material placed in its DMCFs. Once the property is fully developed, MPA expects to recapture annually a minimum of 500,000 cubic yards of capacity. Based on today’s costs, this would equate to over \$200 million in savings to the State over 20 years.

**MPA should brief the committees on the types of reuse activities that it expects the new property will support.**

## ***Operating Budget Recommended Actions***

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1. Concur with Governor's allowance.

## ***PAYGO Budget Recommended Actions***

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1. Concur with Governor's allowance.

## ***Updates***

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### **1. Howard Street Tunnel Project Status**

CSX’s Howard Street Tunnel project is currently under construction. The majority of the current track lowering work is taking place in Delaware and Pennsylvania. The project has been split up into 10 packages for design and construction. As of January 2023, 4 of the 10 packages are under construction. In fiscal 2023, CSX is expected to advance construction procurements for most of the remaining packages, including the two biggest packages – the actual Howard Street Tunnel package and Baltimore’s North Avenue Bridge. By fiscal 2024, all packages are expected to be procured and under construction. Track lowering packages in Pennsylvania are expected to begin wrapping up in fiscal 2024 as well. The estimated project cost remains unchanged at \$466 million, as does the State’s commitment to provide \$202.5 million; however, based on the current schedule for the 10 packages, the cash flow needs have changed, and the State’s final \$51.5 million contribution to be provided with general obligation bond proceeds is now expected to be provided over fiscal 2025 (\$20 million) and 2026 (\$30.5 million). In last year’s *Capital Improvement Plan*, this funding was expected to be provided in fiscal 2024 (\$39.9 million) and 2025 (\$11.6 million).

**Appendix 1  
Audit Findings**

Audit Period for Last Audit:	February 21, 2017 – May 31, 2021
Issue Date:	March 2022
Number of Findings:	1
Number of Repeat Findings:	0
% of Repeat Findings:	n/a
Rating: (if applicable)	n/a

**Finding 1:** MPA’s review of invoices for construction and maintenance services provided by the Maryland Environmental Service (MES) was not documented to ensure the accuracy of amounts billed. *MPA response: MPA reinstated and enhanced the subcontractor audit process to ensure all MES invoice labor charges (including fringe benefits and overhead) and similar information related to subcontractor charges are proper and properly documented for audit verification.*

\*Bold denotes item repeated in full or part from preceding audit report.

**Appendix 2**  
**Budget Amendments for Fiscal 2023**  
**Maryland Department of Transportation**  
**Maryland Port Administration**

**Operating**

<u>Status</u>	<u>Amendment</u>	<u>Fund</u>	<u>Justification</u>
Approved	\$665,592	Special	Increase for the July 2022 cost-of-living adjustment for eligible State employees.
Approved	\$238,358	Special	Increase for annualization of the January 2022 salary increment for eligible State employees.
Approved	\$227,544	Special	Increase for the salary increment for eligible State employees that was effective either July 2022 or January 2023, depending on employees’ date of hire.

**Capital**

<u>Status</u>	<u>Amendment</u>	<u>Fund</u>	<u>Justification</u>
Approved	\$51,500,000	Special	Transfer from the State’s Dedicated Purpose Account for the Howard Street Tunnel project.
Approved	\$179,689	Special	Increase for the July 2022 cost-of-living adjustment for eligible State employees.
Approved	\$66,781	Special	Increase for annualization of the January 2022 salary increment for eligible State employees.
Approved	\$66,250	Special	Increase for the salary increment for eligible State employees that was effective either July 2022 or January 2023, depending on employees’ date of hire.
Projected	-\$78,512,498	Special	Adjusts the appropriation to agree with anticipated expenditures for the current year as reflected in the Maryland Department of Transportation’s final fiscal 2023 to 2028 <i>Consolidated Transportation Program</i> .
	-34,582,186	Federal	
	<b>-\$113,094,684</b>	<b>Total</b>	

**Appendix 3**  
**Object/Fund Difference Report**  
**Maryland Department of Transportation – Maryland Port Administration**

<u>Object/Fund</u>	<u>FY 22</u> <u>Actual</u>	<u>FY 23</u> <u>Working</u> <u>Appropriation</u>	<u>FY 24</u> <u>Allowance</u>	<u>FY 23 - FY 24</u> <u>Amount Change</u>	<u>Percent</u> <u>Change</u>
<b>Positions</b>					
01 Regular	170.00	170.00	170.00	0.00	0%
02 Contractual	0.00	4.00	4.50	0.50	12.5%
<b>Total Positions</b>	<b>170.00</b>	<b>174.00</b>	<b>174.50</b>	<b>0.50</b>	<b>0.3%</b>
<b>Objects</b>					
01 Salaries and Wages	\$ 18,350,997	\$ 20,407,723	\$ 21,567,945	\$ 1,160,222	5.7%
02 Technical and Special Fees	210,328	305,861	465,872	160,011	52.3%
03 Communication	107,960	225,741	225,741	0	0%
04 Travel	103,914	265,369	265,369	0	0%
06 Fuel and Utilities	5,275,831	3,494,902	4,615,972	1,121,070	32.1%
07 Motor Vehicles	820,056	673,518	673,163	-355	-0.1%
08 Contractual Services	18,196,924	20,067,009	20,056,993	-10,016	0%
09 Supplies and Materials	597,499	901,856	901,856	0	0%
10 Equipment – Replacement	488,938	218,919	218,919	0	0%
11 Equipment – Additional	225,208	159,845	159,845	0	0%
12 Grants, Subsidies, and Contributions	35,000	35,000	35,000	0	0%
13 Fixed Charges	3,528,323	3,644,537	3,707,459	62,922	1.7%
14 Land and Structures	632,817	749,843	749,843	0	0%
<b>Total Objects</b>	<b>\$ 48,573,795</b>	<b>\$ 51,150,123</b>	<b>\$ 53,643,977</b>	<b>\$ 2,493,854</b>	<b>4.9%</b>
<b>Funds</b>					
03 Special Fund	\$ 48,573,795	\$ 51,150,123	\$ 53,643,977	\$ 2,493,854	4.9%
<b>Total Funds</b>	<b>\$ 48,573,795</b>	<b>\$ 51,150,123</b>	<b>\$ 53,643,977</b>	<b>\$ 2,493,854</b>	<b>4.9%</b>

Note: The fiscal 2023 appropriation does not include deficiencies. The fiscal 2024 allowance does not include contingent reductions or cost-of-living adjustments.

**Appendix 4**  
**Fiscal Summary**  
**Maryland Department of Transportation – Maryland Port Administration**

<u>Program/Unit</u>	<u>FY 22 Actual</u>	<u>FY 23 Wrk Approp</u>	<u>FY 24 Allowance</u>	<u>Change</u>	<u>FY 23 - FY 24 % Change</u>
2010 Port Operations	\$ 48,573,795	\$ 51,150,123	\$ 53,643,977	\$ 2,493,854	4.9%
2020 Port Facilities and Capital Equipment	110,822,559	180,319,448	289,523,484	109,204,036	60.6%
<b>Total Expenditures</b>	<b>\$ 159,396,354</b>	<b>\$ 231,469,571</b>	<b>\$ 343,167,461</b>	<b>\$ 111,697,890</b>	<b>48.3%</b>
General Fund	\$ 21,500,000	\$ 0	\$ 0	\$ 0	0.0%
Special Fund	130,300,979	212,602,055	260,931,443	48,329,388	22.7%
Federal Fund	7,595,375	18,867,516	82,236,018	63,368,502	335.9%
<b>Total Appropriations</b>	<b>\$ 159,396,354</b>	<b>\$ 231,469,571</b>	<b>\$ 343,167,461</b>	<b>\$ 111,697,890</b>	<b>48.3%</b>

Note: The fiscal 2023 appropriation does not include deficiencies, targeted revenues, or across-the-board reductions. The fiscal 2024 allowance does not include contingent reductions or cost-of-living adjustments.