

MDOT RESPONSE TO DLS ANALYSIS

DLS Budget Analysis Issues

1. CSX Withdrew Proposed Support of Howard Street Tunnel Project (Page 19)

DLS recommends that MPA comment on any actions it has taken since the withdrawal of CSX from the planned expansion of the tunnel and related projects. Further, DLS recommends that the committee adopt narrative requesting MPA to report on alternatives to modifying the Howard Street Tunnel and the associated bridges and tunnels to increase throughput at the Port, the feasibility of implementing such alternatives, and the strengths and weaknesses of these alternatives.

MDOT Response:

The Maryland Department of Transportation’s Port Administration (MPA) was very disappointed and surprised when CSX withdrew from pursuing the Infrastructure For Rebuilding America (INFRA) Grant application in the autumn of 2017. In December of 2017 Deputy Secretary James Ports, Jr., met in Washington D.C. with nearly the entire Maryland Congressional delegation, James Foote, CSX’s new CEO, and his executive staff to discuss the urgency of the project. Subsequent to that meeting, MPA wrote to CSX stressing the importance of making improvements to the 122-year old Howard Street Tunnel; it is important to the Port and also important to the CSX network. This led to MPA being invited to Jacksonville, FL, CSX’s headquarters, for a productive meeting last week. Although CSX recently changed their operating model, which prevented them from partnering with MDOT/MPA for the INFRA Grant, we are hopeful that they will recognize the benefits of making the necessary clearances to the Howard Street Tunnel and associated bridges.

MPA is continuing to investigate alternatives to provide double stack clearances to the Port; however, to date all involve increased operating costs, capital costs and transit delays that would be unacceptable to the customer. As requested, MPA will provide a report of alternatives to modifying the Howard Street Tunnel and the associated bridges in order to increase throughput at the Port.

MDOT RESPONSE TO DLS ANALYSIS

DLS Budget Analysis Issues (Continued)

2. Efforts to Incentivize Discretionary Containerized Cargo to the Port (Page 22)

DLS recommends that MPA comment on the need to subsidize discretionary container cargo via the Port of Baltimore Incentive Pilot Program after it has engaged in a public-private partnership agreement with Ports America Chesapeake to operate the Seagirt Marine Terminal.

MDOT Response:

For decades MPA has maintained it needs double stack capability through CSX’s Howard Street Tunnel to compete with other US East Coast ports to attract discretionary container cargo and the jobs associated with that business. By entering the P3 with Ports America Chesapeake (PAC), MPA positioned itself to compete for global container cargo by compelling PAC to build the 50’ draft berth and outfit the berth with four (4) super post panama cranes. This allows Baltimore to receive 14,000 twenty-foot equivalent units (TEU) vessels and increases the Port’s ability to attract discretionary container cargo. Another key component however, and one which PAC has no control, is double stack rail capability through CSX’s Howard Street Tunnel. This is necessary to achieve double stack pricing that is available in other ports. As we work on a solution to the Howard Street Tunnel, MPA through its analysis of Incentives and Tax Credits for East Coast Ports (below), determined it needs to incent container cargo through the Intermodal Container Transfer Facility (ICTF). The POB Incentive Pilot Program assists ocean carriers by helping to equalize the rail costs through the Port of Baltimore. PAC is fulfilling its obligations under the P3 with the building and outfitting of the 50’ berth to accept 14,000 TEU vessels and it has worked with labor to reduce costs where it can, but an incentive program much like other ports is necessary to swing discretionary container cargo through Baltimore.

States with Port Related Economic Incentives	
MA	Matching tax credit on Harbor Maintenance Tax for cargo moved through the Port
NY	\$1.3 Million annual Clean Vessel Initiative
NJ	Program using Environmental Ship Index (ESI)
PA	Up to \$1 million for new container rail volumes
VA	Various incentives for increased container, breakbulk and Ro/Ro cargoes
NC	Port Tax Credit on cargo fees exceeding previous 3-year average up to \$2 million and Port Enhancement Zone job credit
SC	International Trade Incentive Program up to \$8 million per calendar year
GA	Georgia Port Tax Credit and Investment Bonus for new port jobs, BCO volume increase

MDOT RESPONSE TO DLS ANALYSIS

Operating Budget Recommended Actions

1. Increase turnover rate, (Page 24)	Amount Reduction
Increase turnover rate from 6% to 7% to better reflect recent experience.	\$149,216 SF

MDOT/MPA Response:

The Department concurs with the DLS recommendation.

2. Adopt the following narrative, (Page 24):

Alternatives to Howard Street Tunnel Revisions: The committees are concerned about the ongoing nature of the Howard Street Tunnel project, which for years has been a major detriment to expansion of operations at the Helen Delich Bentley Port of Baltimore. The Maryland Port Administration has endeavored to find a solution to replace or modify the Howard Street Tunnel to develop double-stack rail-capacity for cargo container transport. While the Maryland Port Administration (MPA) seemed close to a solution, the private firm operating the rail line withdrew its support of the project. With the ability to provide double-stack capacity again uncertain, the committees request a report summarizing:

- the alternatives to modifying the Howard Street Tunnel and the associated bridges and tunnels;
- the feasibility of implementing such alternatives;
- the advantages and disadvantages of each alternative; and
- estimated costs for the alternatives and proposed funding sources.

This report shall be submitted by November 1, 2018.

MDOT/MPA Response:

The Department concurs with the recommended narrative.

MDOT RESPONSE TO DLS ANALYSIS

Paygo Capital Budget Recommended Actions

1. Increase turnover rate, (Page 25)

Amount

Reduction

Increase turnover rate from 6% to 7% to better reflect recent experience.

\$36,730 SF

MDOT/MPA Response:

The Department concurs with the DLS recommendation.