
**J00D00 MDOT Maryland Port Administration
FY 2024 Operating Budget
Response to the Department of Legislative Services Budget Analysis**

Senate Budget and Taxation Committee
Public Safety, Transportation, and Environment Subcommittee
Senator Sarah Elfreth
February 8, 2023

House Appropriations Committee
Transportation and the Environment Subcommittee
Delegate Marc Korman
February 13, 2023

**J00D00 MDOT – Maryland Port Administration
MDOT RESPONSE TO DLS ANALYSIS
FY 2024 BUDGET**

DLS Budget Analysis Issues

1. Maryland Port Administration Acquires Property to Support Innovative Reuse of Dredged Material (Page 22)

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

MDOT Maryland Port Administration Response:

MDOT MPA's primary objective in acquiring this property is to fortify the State of Maryland's Dredged Material Management Program by owning property upon which it can conduct large-scale innovative reuse of dredged material. Portions of the property not used for innovative reuse may be developed for other maritime or cargo-related uses. Innovative reuse of dredged material is a key component in securing the long-term success and sustainability of the Port of Baltimore. Innovative reuse seeks to utilize dredged material as a resource by incorporating the material in the development or manufacturing of commercial, industrial, horticultural, agricultural, or other products, thereby freeing up capacity for the placement of other dredged material generated by maintenance and new work dredging projects conducted by the U.S. Army Corps of Engineers, the State of Maryland, and the private sector.

For the last several years, MDOT MPA has worked closely with the Maryland Department of the Environment (MDE), and the Executive Committee created by the General Assembly to oversee the State's Dredged Material Management Program, to explore ways to develop innovative reuse of dredged material in Maryland. MDE considers dredged material a resource with a variety of potential applications, including fill, that can be used safely and, in a manner, protective of human health and the environment. In 2019, MDE published a Technical Guidance Document that describes the policies and procedures for reviewing proposed innovative reuse projects utilizing dredged material.

In November 2019, shortly after publication of MDE's Technical Guidance Document, MDOT MPA issued a Request for Proposals for Research and Development (R&D) of novel innovative reuse products and methods that meet the MDE's health and environmental screening criteria. Since then, seven R&D contracts have been awarded for a variety of marketable end uses including such uses as permeable brick pavers, shoreline protection structures, engineered soil, lightweight aggregate, general concrete products, geotube shoreline and upland habitat berms, and vegetated earth berms for highway embankment projects. MDOT MPA is extremely encouraged by the private sector's strong interest in dredged material as a no-or-low-cost feedstock in already-established manufacturing processes and technologies, and in utilizing large volumes of dredged material to support safe, marketable products. To date, the results of these R&D contracts demonstrate dredged material can be innovatively reused in a variety of ways, and the next step to bringing these innovative reuses to the market is to competitively solicit innovative reuse contracts, site operations, and potential public-private partnerships to be conducted on the recently acquired property.

J00D00 MDOT – Maryland Port Administration
MDOT RESPONSE TO DLS ANALYSIS
FY 2024 BUDGET

Operating Budget Recommended Actions

- 1. Concur with Governor's Allowance. (Page 23)**

MDOT Response:

The Department concurs with the DLS recommendation.

PAYGO Budget Recommended Actions

- 1. Concur with Governor's Allowance. (Page 23)**

MDOT Response:

The Department concurs with the DLS recommendation.



Maryland Department of Transportation (MDOT)

Maryland Port Administration (MPA)

Fiscal Year 2024 Budget Overview

MPA Operating and Capital Programs

Presentation to Budget Committees

2023 Session

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Progress Since Last Session

Port of Baltimore's Economic Impacts to the State of Maryland:

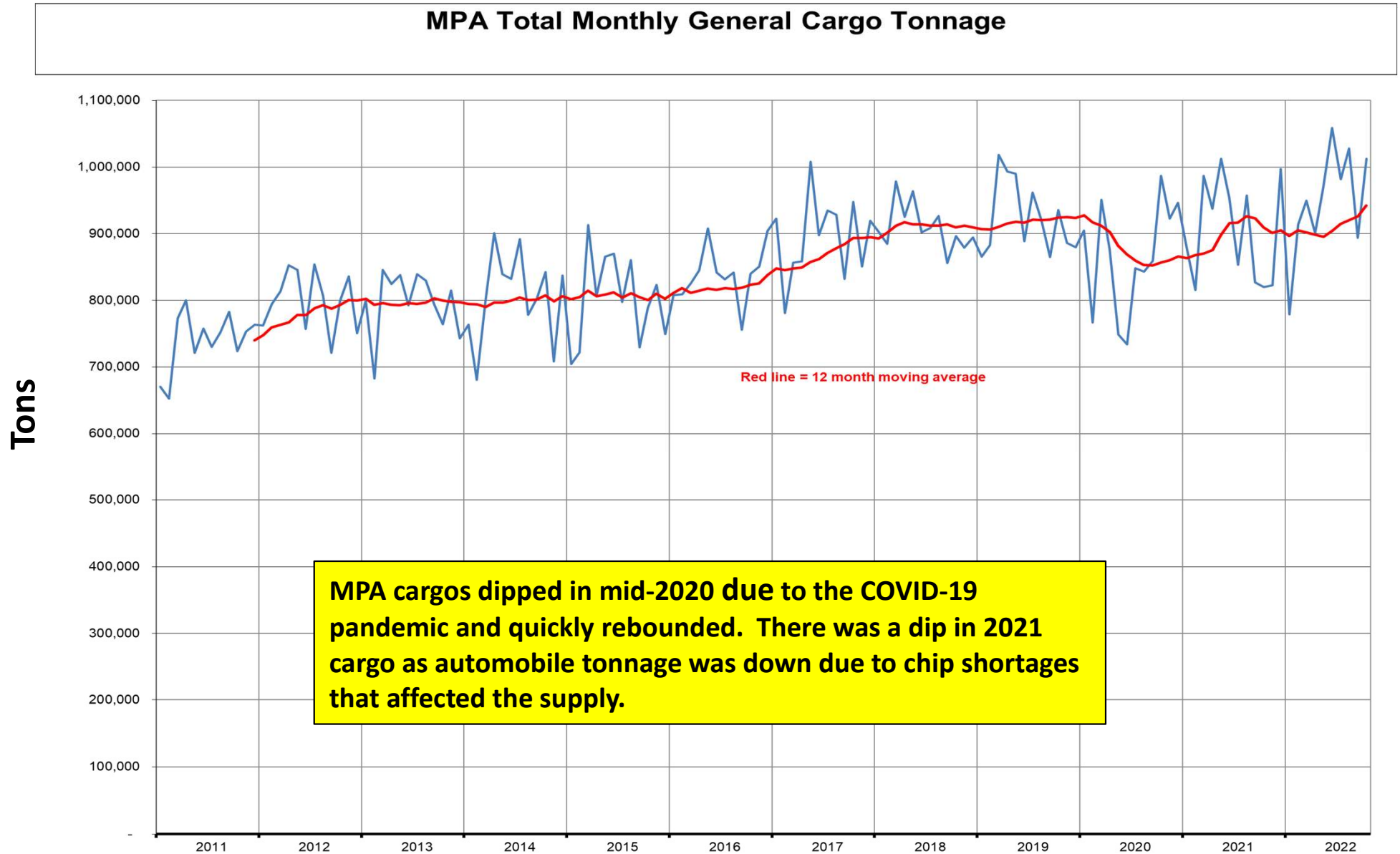
- 37,300 Direct, Induced, Indirect Jobs generated by the Port.
- \$3.3 billion in personal wages & salary income.
- \$395 million per year in State and Local Tax Revenues.
- 101,880 additional jobs in Maryland are related to Port activities.
- In total, there are **over 139,180 jobs** in Maryland linked to the Port of Baltimore.

Port of Baltimore's National Rankings for 2021:

- Ranks #1 for Autos and Light Trucks, and for Roll-on, Roll-off Heavy Equipment
- Ranks #1 for imported Gypsum
- Ranks #2 for exported Coal
- Ranks #9 in the U.S. in the value of international cargo (\$61.3B)
- Ranks #11 in the U.S. for international cargo tonnage (43.6M tons)

Maryland Port Administration Operating and Capital Budget

Progress Since Last Session (continued)

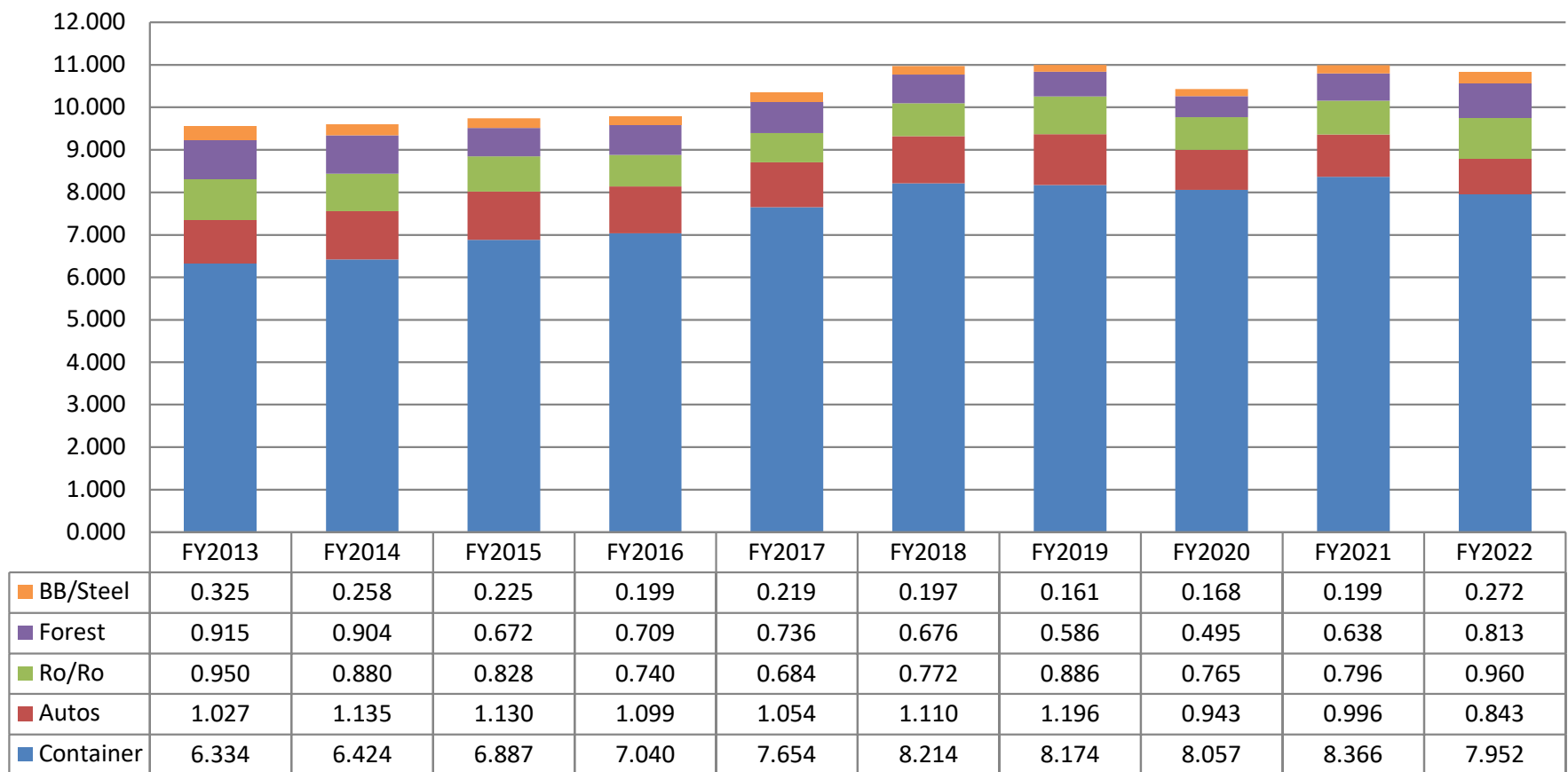


Maryland Port Administration Operating and Capital Budget

Progress Since Last Session (continued)

Despite continued supply constraints in the automotive sector, MPA surpassed 10 million tons for the 6th consecutive fiscal year.

MPA General Cargo (millions of tons)



MDOT MPA FY22 & FY23 Operating Program Financial Results

FISCAL 2022 Operating Results:

- Operating revenue generated during FY 2022 equaled \$50.1M. FY 2022's total operating expenditures were \$48.6M, which was 4.1% under the \$50.6M operating budget.
- Net Income for FY 2022 was \$1.5M

FISCAL 2023 Status (First Six Months):

- Revenues for FY 2023 through December 2022 are \$24.1M.
- Net Income for FY 2023 through December 2022 is \$0.8M.
- Operating expenditures are \$23.3M which is 45.5% of the \$51.2M FY 2023 appropriation.

FISCAL 2024 Operating Revenue Forecast:

- FY 2023 Operating Revenue is estimated to be \$46.9M. This revenue estimate includes terminal lease agreements and increases in cargo throughput.

Maryland Port Administration Operating and Capital Budget

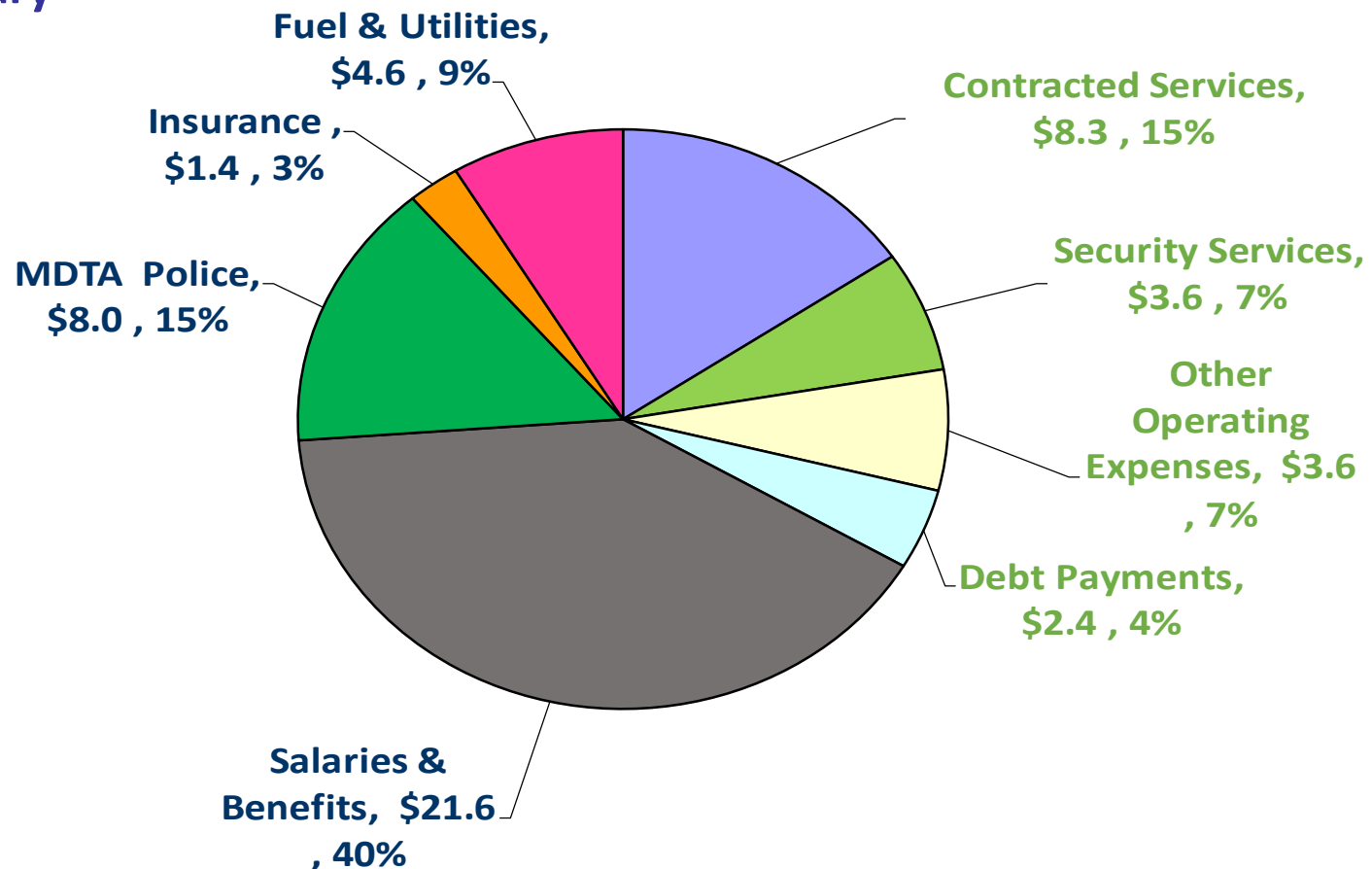
MDOT MPA FY24 Operating Program Budget Allowance is \$53.6M.

- The \$53.6M FY2024 Budget Allowance is higher than the \$51.2M FY 2023 appropriation.
- MPA salary and benefits are 40.4%, and total contracted services (including MDTA Police, and Security) are 37.3% of the FY 2024 Allowance.
- The MDTA Police budget allocation remains flat \$8.0M from FY23 Appropriation.

FY 2024 Operating Budget, (\$Ms)

Non-Discretionary

Discretionary

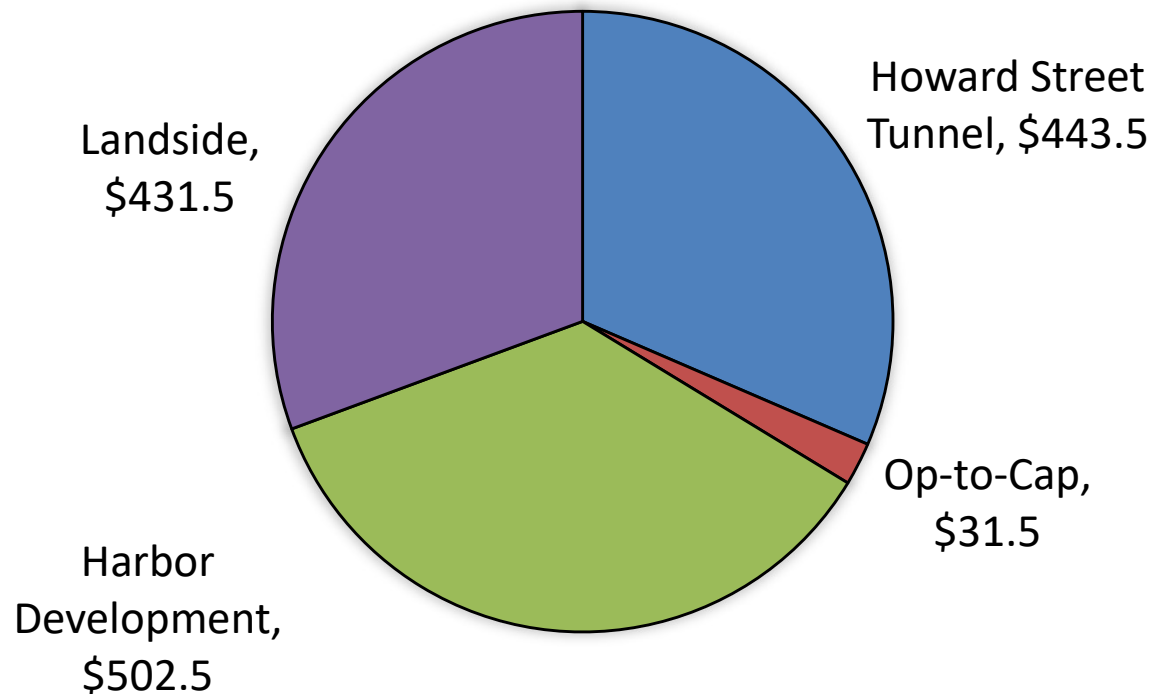


The 6-year Capital Program (FY23 to FY28) is \$1,409M.

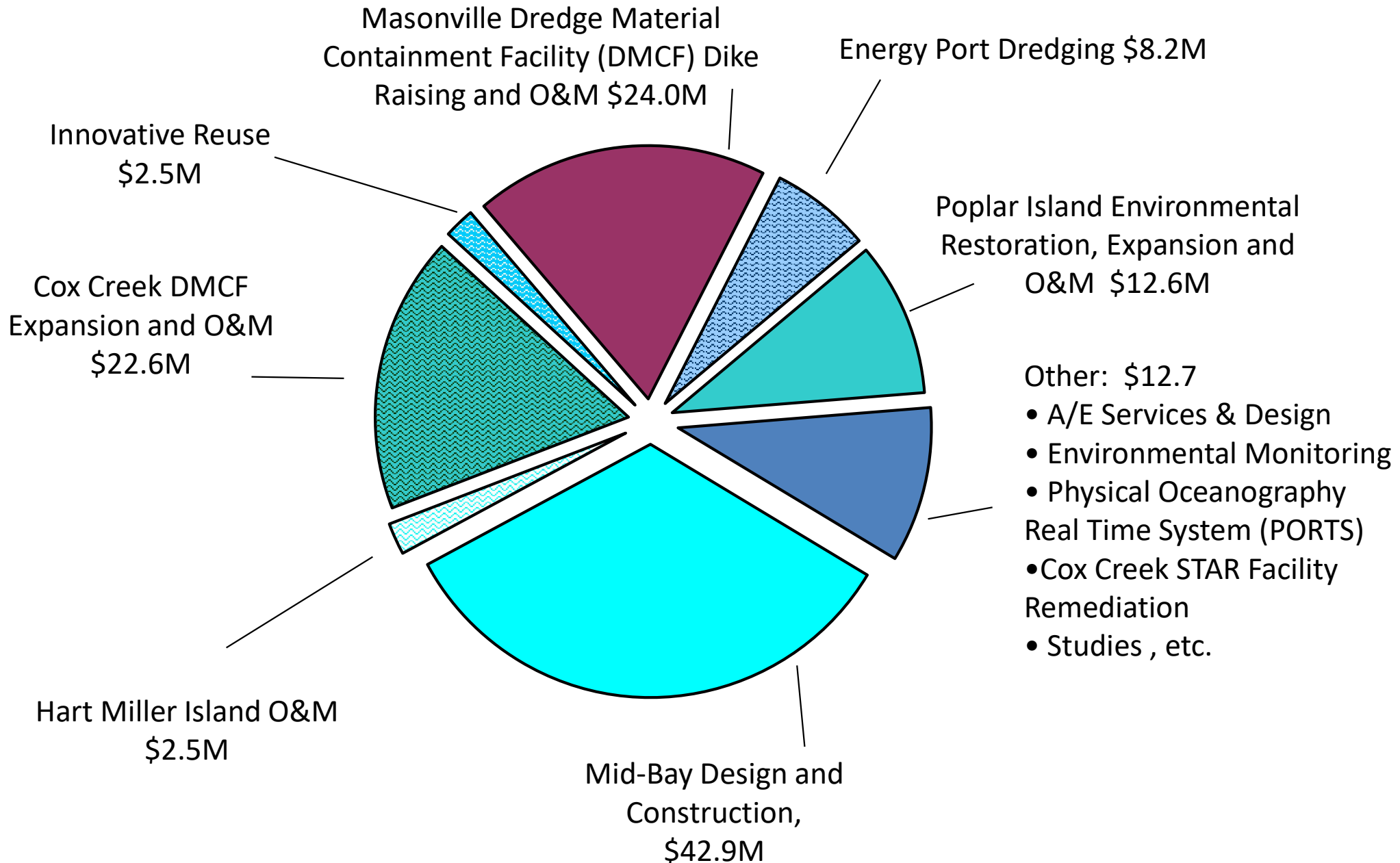
MDOT-MPA's 6-year Capital budget includes \$206M in Federal funding, \$331M from "other" sources, such as CSX and Maryland General Funds for the Howard Street Tunnel and Ports America Chesapeake for the Seagirt Berth 3 BUILD and ICTF Rail Modernization CRISI projects.

- The **Howard Street Tunnel** clearance project is part of the 6-year program.
- The **Harbor Development Program** maintains existing dredged material placement sites and expands capacity
- **Landside Program** includes berth renovations and other system preservation projects.

FY23 – FY28 Capital Budget, (\$Ms)

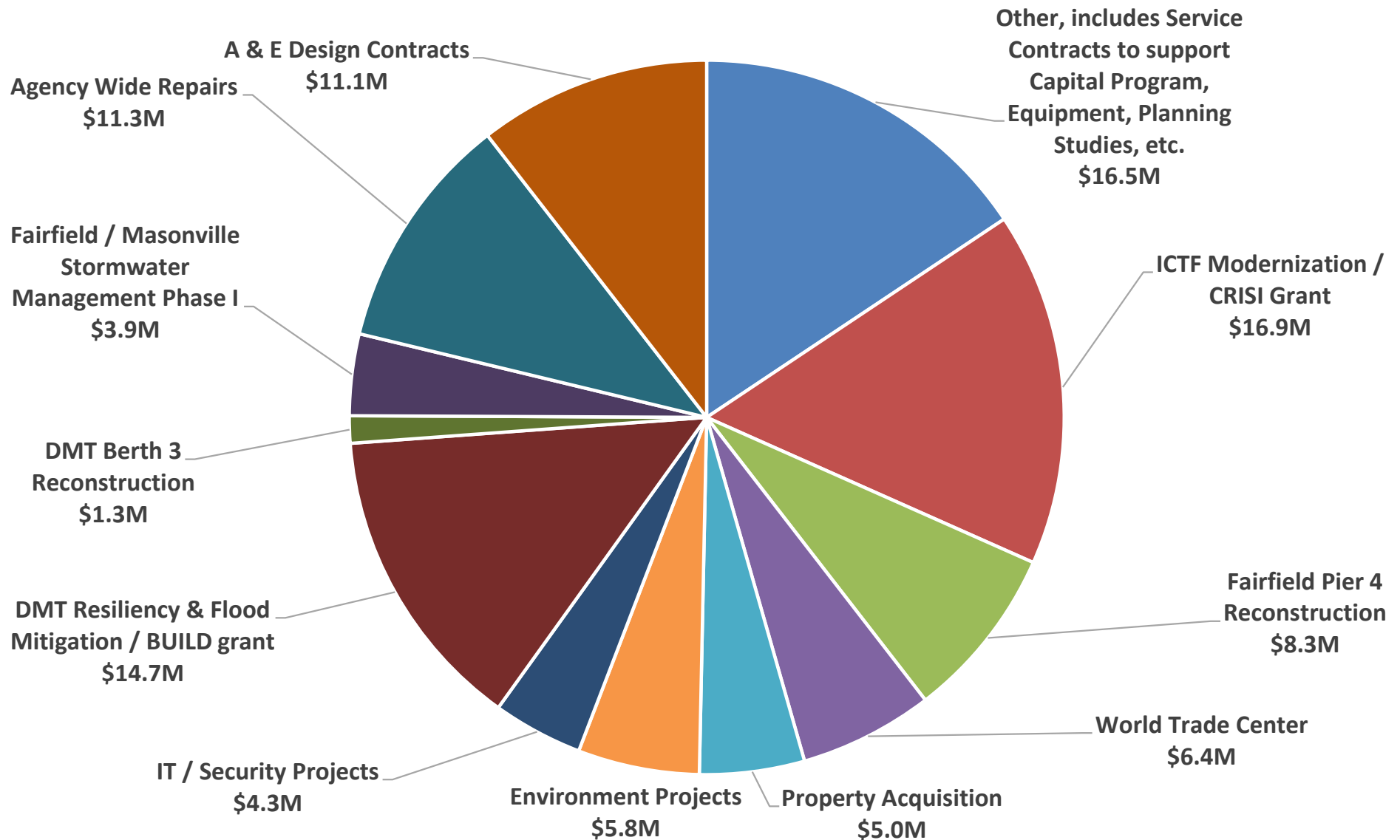


The FY24 Harbor Development Capital Budget Request is \$128M.



Maryland Port Administration Operating and Capital Budget

The FY24 Landside Capital Budget Request is \$105.5M.



The FY24 Howard Street Tunnel Capital Budget Request is \$165.0M.



Howard Street Tunnel North Portal



Guilford Ave Bridge Replacement

- FY24 capital budget (\$165M) includes federal, state, CSX and PennDOT funding
- Current Status/Next Steps:
 - Construction is currently underway at 4 of the 10 construction packages
 - Construction on the remaining 6 construction packages will begin in calendar year 2023
 - CSX's schedule has all construction complete by the end of 2025

Emerging/Continuing Issues:

- The supply shortage of semiconductors continues to affect the Port's automotive numbers.
- The need to maintain funding for the Howard Street Tunnel remains paramount to the success and growth of the Port. The agreement with FRA was executed in November 2021 and construction started in Spring 2022.
- Providing adequate funding for the Mid-Chesapeake Bay Island Project is critical to maintaining the 50' channel system leading into the Port of Baltimore and providing safe passage for vessels. MDOT MPA is the non-federal sponsor with the US Army Corps of Engineers and a Project Partnership Agreement was executed in August 2022 with the first construction contract awarded in September 2022.
- Finding placement options for the Port's dredged material – both within the Harbor and the Bay while continuing to develop alternative options such as Innovative Reuse.
- Maintaining competitiveness and accommodating growth, and the need for increased resiliency, since the Port operates within the flood plain;
- Maintaining adequate capital funding for terminal preservation projects for the Port's long-term growth and competitiveness;
- Operating MDOT MPA terminals and facilities in an environmentally sustainable manner that doesn't negatively impact business or the communities that are our neighbors.