

---

# **Port of Baltimore and Economic Development**

---

**Presentation to the  
National Conference of State Legislatures  
Fiscal Analysts Seminar**

**Department of Legislative Services  
Office of Policy Analysis  
Annapolis, Maryland**

**October 8, 2013**

# Maryland Port Administration

---

- The Maryland Port Administration (MPA) is responsible for the public marine terminal within the Helen Delich Bentley Port of Baltimore.
- The Port of Baltimore also includes several private terminals such as Domino Sugar.
- MPA is also responsible for the placement of dredge material taken from the channels leading to the terminals at the Port of Baltimore.

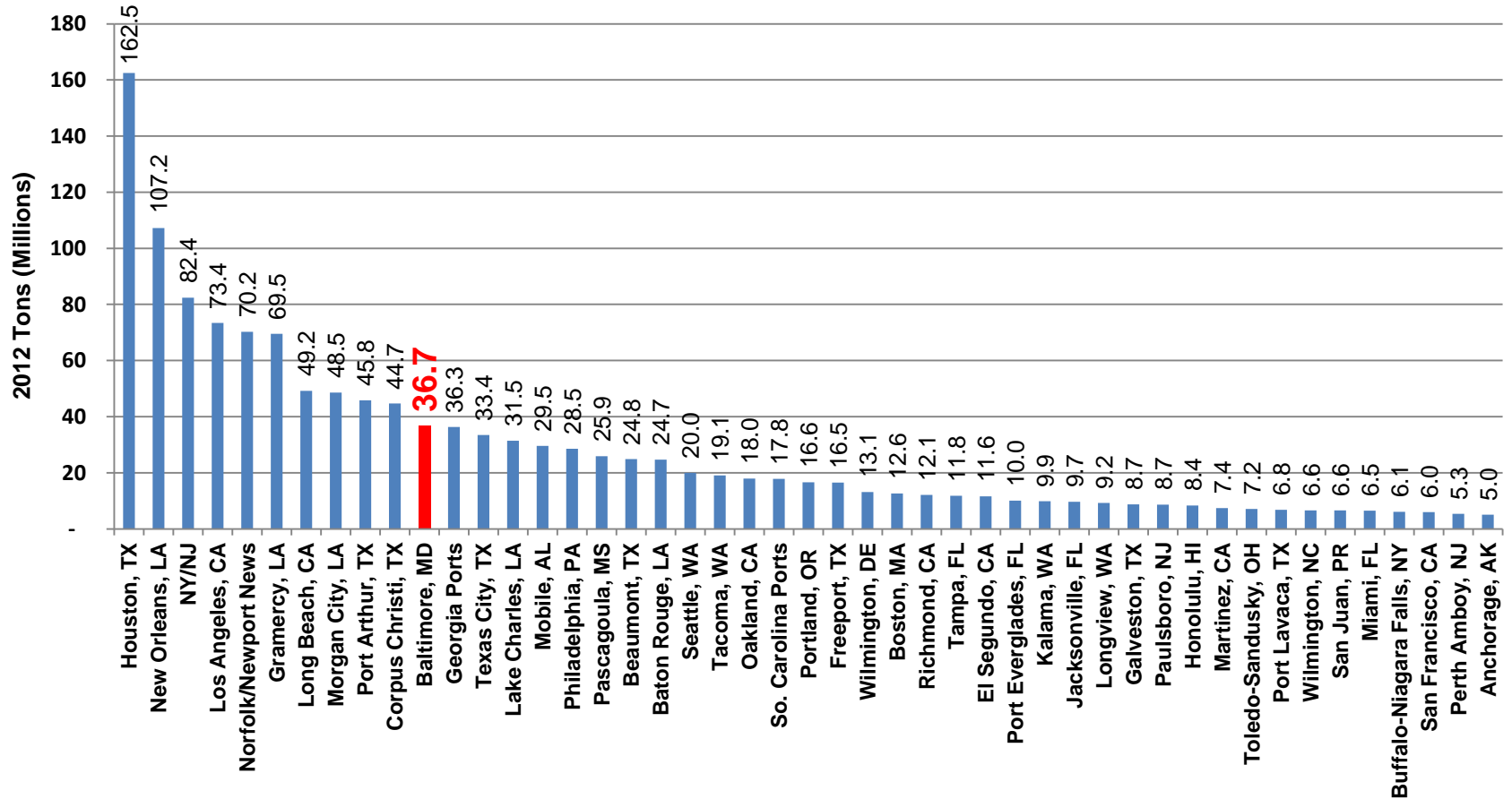
# The Marketplace

---

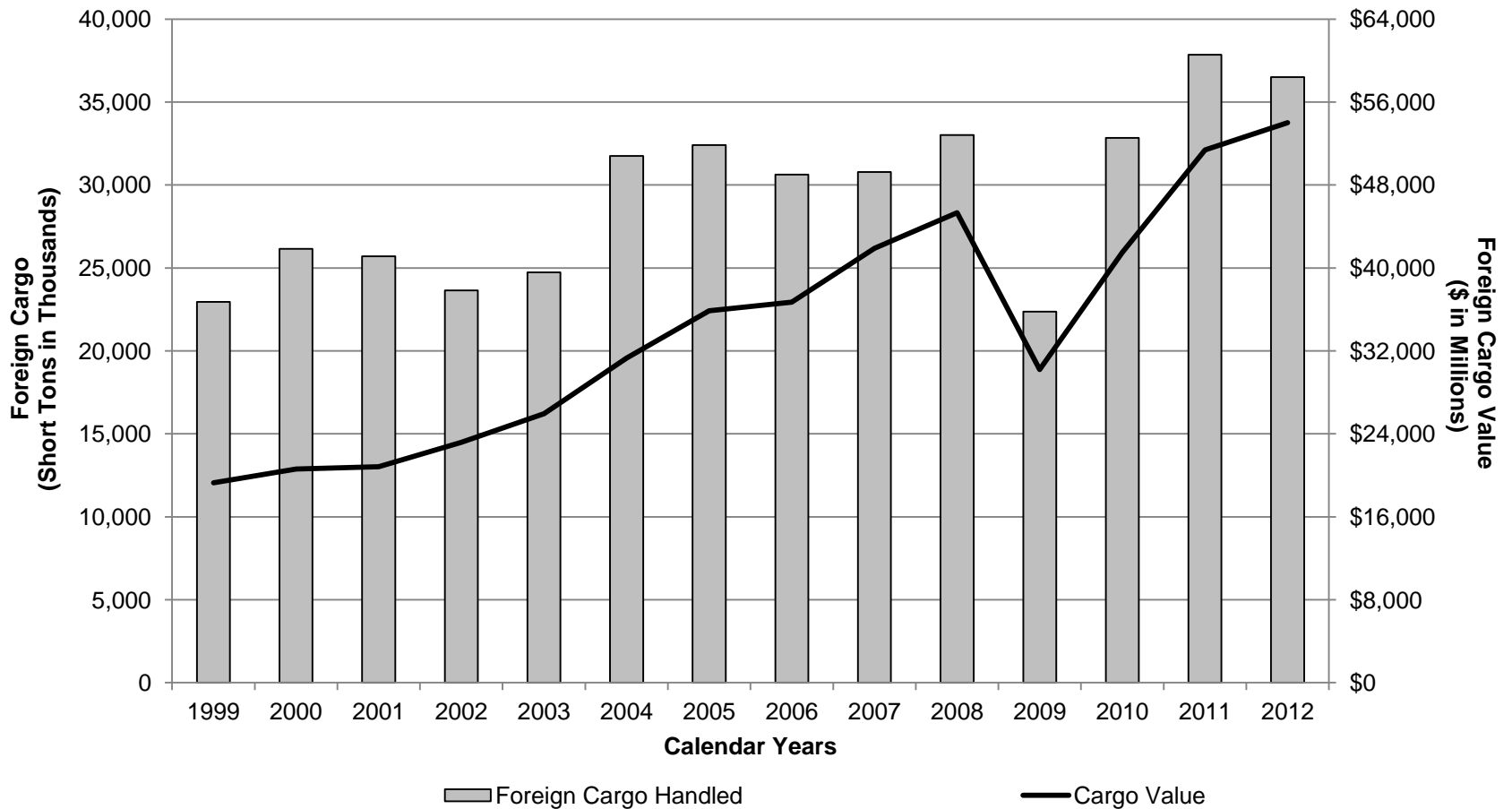
- The combined Baltimore, Washington, and Northern Virginia market is the third largest metro area and one of the wealthiest in the country.
- The metro area ranks **3<sup>rd</sup>** in effective buying income with \$242 billion and **4<sup>th</sup>** in retail sales with \$137 billion.
- With the expansion of the Panama Canal, it is estimated that East Coast ports could see a significant increase in container traffic.
- The Port of Baltimore is centrally located to meet the distribution needs of businesses.

# Port of Baltimore Statistics

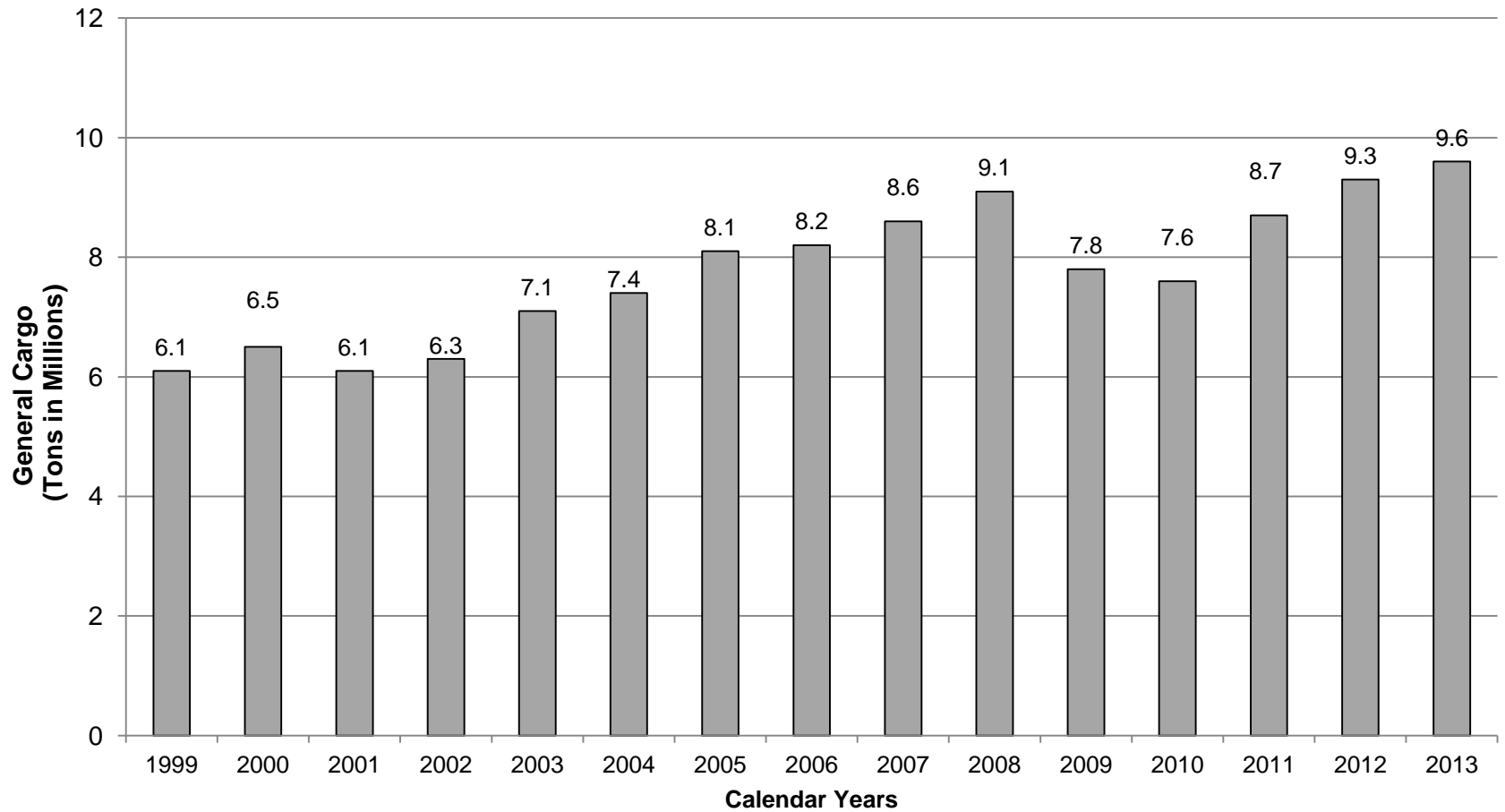
- The Port of Baltimore is the **eleventh** largest port in the country.



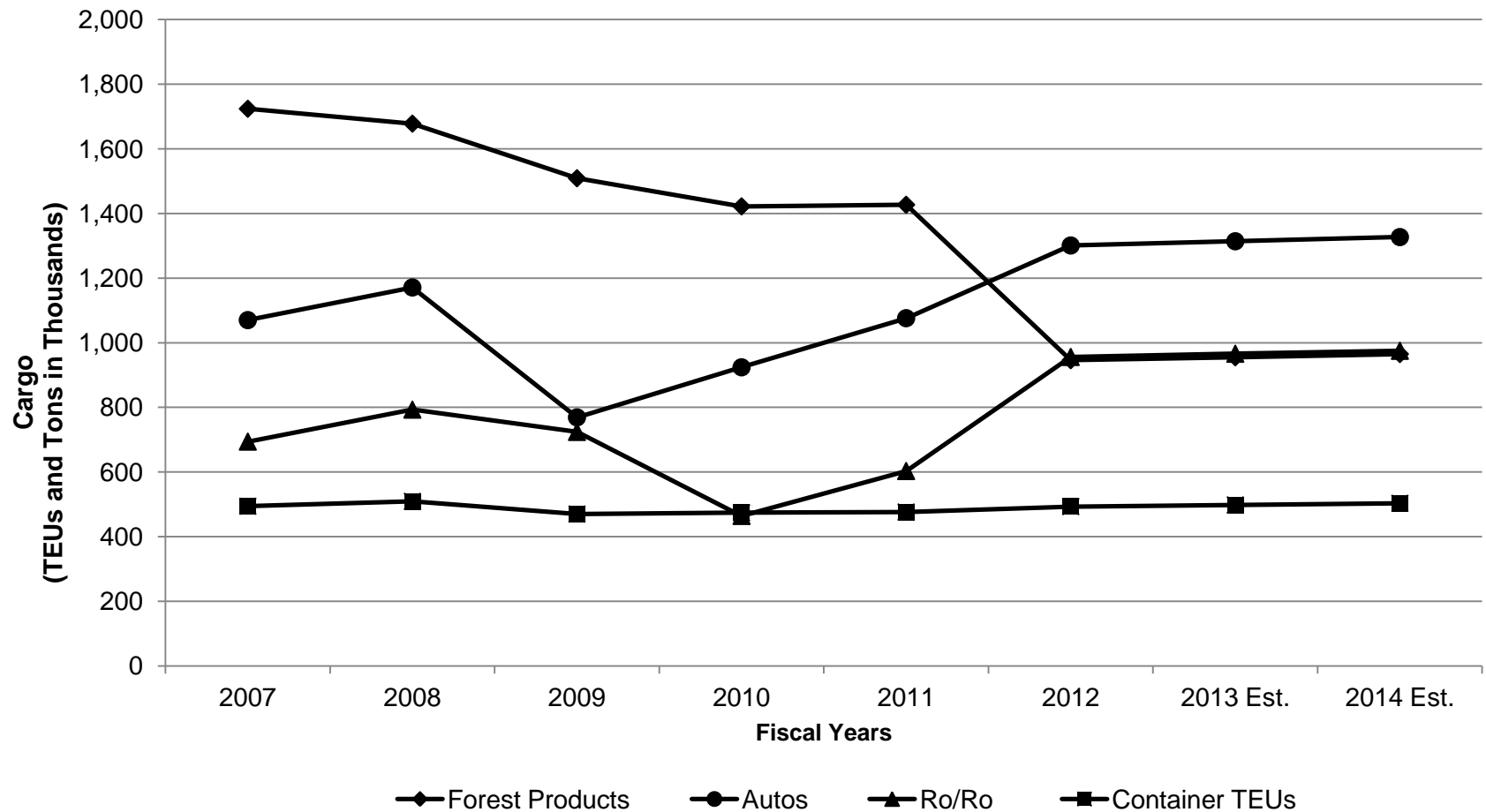
# Port of Baltimore Foreign Cargo



# MPA General Cargo



# MPA Cargo by Type



TEU: twenty-foot equivalent units  
Ro/Ro: roll on/roll off

# Port of Baltimore Statistics

---

## Port of Baltimore:

- Highest Value of International Cargo: \$54.0 Billion
- Highest Export Tonnage: 23.8 Million Tons
- Highest Export Coal Tonnage: 19.6 Million Tons
- Highest Number of Automobiles: 652,000 Units

## Maryland Port Administration:

- Most General Cargo Tons Handled: 9.6 Million Tons
- Highest Number of Automobile Units: 523,570 Units
- Highest Roll On/Roll Off (Ro/Ro) Tons Handled: 1.1 Million Tons
- Highest Container Tons: 6.3 Million Tons
- Highest Net Income (fiscal 202): \$14.3 Million

## Port of Baltimore's National Port Rankings for 2012 International Cargo:

- **1<sup>st</sup>** in Automobiles/Light Trucks
- **1<sup>st</sup>** in Ro/Ro Cargo
- **1<sup>st</sup>** in Imported Sugar, Imported Forest Products, Imported Aluminum, and Imported Gypsum
- **2<sup>nd</sup>** in Exported Coal
- **2<sup>nd</sup>** in Imported Iron Ore
- **9<sup>th</sup>** in Overall Foreign Cargo Value
- **11<sup>th</sup>** in Overall Foreign Cargo Tonnage
- **10<sup>th</sup>** in Cruise Passengers



# Economic Benefit of Port

---

- The Port of Baltimore is a key economic engine which generates jobs and revenue for Maryland. It is responsible for:
  - 14,630 direct jobs;
  - 25,410 induced and indirect jobs;
  - \$3.0 billion in salaries;
  - \$1.7 billion in business revenues;
  - \$1.0 billion in local purchases; and
  - \$304 million in State and local taxes.

# Economic Development at the Port of Baltimore

---

- MPA's mission is to stimulate the flow of waterborne commerce through the ports of Maryland in a manner that provides economic benefit to the citizens of the State.
- Capital infrastructure investments are made based upon the business demands/needs of customers more so than the economic impact.

# Business Incentives

---

- The State does not provide any specific tax breaks to business that are interested in coming to the public terminals at the Port of Baltimore.
- The administrator of the Port does have the ability to reduce the fees (dockage, wharfage, land rent) a business has to pay when negotiating leases with businesses coming to the Port.
- Depending on the situation, MPA can also construct facilities based upon specific needs if the business is willing to sign a long-term agreement or, underdeveloped land can be leased at a low rate so a business can make capital investments.

# Recent Investments

---

- MPA is funded out of the Transportation Trust Fund which is a consolidated fund that supports investments in highways, transit, airports, and the Port.
- Due to the constraint on revenues as a result of the recession, little funding has been available for capital investments to help business interests.
- Instead, the State has turned to alternative financial investment tools to promote economic growth at the Port of Baltimore.

# Seagirt Marine Terminal Public-private Partnership

---

- Due to the expansion of the Panama Canal, MPA realized that it needed to be prepared for the increase in the size of ships and cargo volume or else business opportunities would be lost.
- The channel leading into the Port is dredged to 50 feet, the depth necessary for the new Panamax ships; however, the Port did not have a 50-foot berth.
- A public-private partnership (P3) agreement was reached with Ports America Chesapeake (PAC) in 2010. MPA agreed to a 50-year lease of the Seagirt Marine Terminal. In return, PAC agreed to construct a 50-foot berth, purchase new cranes capable of working with the new Panamax ships, and other benefits.
- It is estimated that the Seagirt P3 agreement will create 5,700 total jobs and \$21.3 million in annual State and local tax revenue. However, the decision to complete the P3 was driven more by the need to be competitive for business rather than the economic benefits.

# CSX Intermodal Facility

---

- Currently, CSX has an intermodal facility at the Seagirt Marine terminal.
- As part of its National Gateway Initiative, CSX is looking to expand its output through double-stacking of high cube containers.
- CSX was looking to expand its footprint in Maryland and to double-stack, but was limited by the Howard Street tunnel in Baltimore City. For the Port to fully maximize the benefit of having a 50-foot berth, the ability to offer a high-cube double-stack service was a critical business need.
- The State and CSX entered into an agreement to fund an intermodal facility in Baltimore City. The \$90 million cost of the facility is shared between the State and CSX.
- It is expected that 313.8 jobs will be created and that the State's gross domestic product will increase \$63.8 million. However, the cost of NOT doing the project would have been significantly greater than the gained benefit.

# Conclusion

---

- The Port provides sizable economic benefits to Maryland.
- In recent years, capital infrastructure investments at the Port have been limited due to a lack of available resources.
- Recent infrastructure investments have been of a more innovative nature than the traditional investment.
- The investments made by the State at the Port are driven by the need to keep the Port competitive and meet the needs of businesses using the Port. While the economic benefits of a project are a factor in any capital investment decision, it is a secondary consideration.