

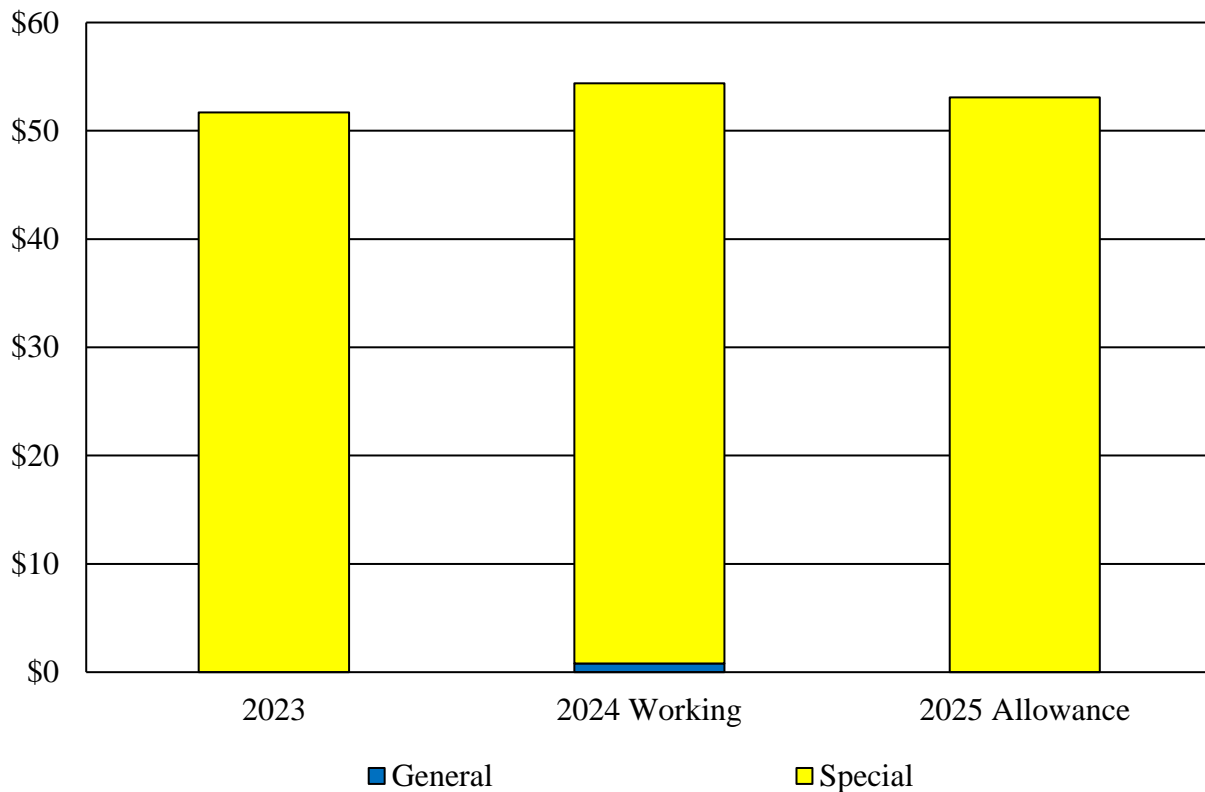
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Maryland Port Administration
Maryland Department of Transportation

Executive Summary

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

Fiscal 2025 Budget Decreases \$1.3 Million, or 2.4%, to \$53.1 Million
(\$ in Millions)



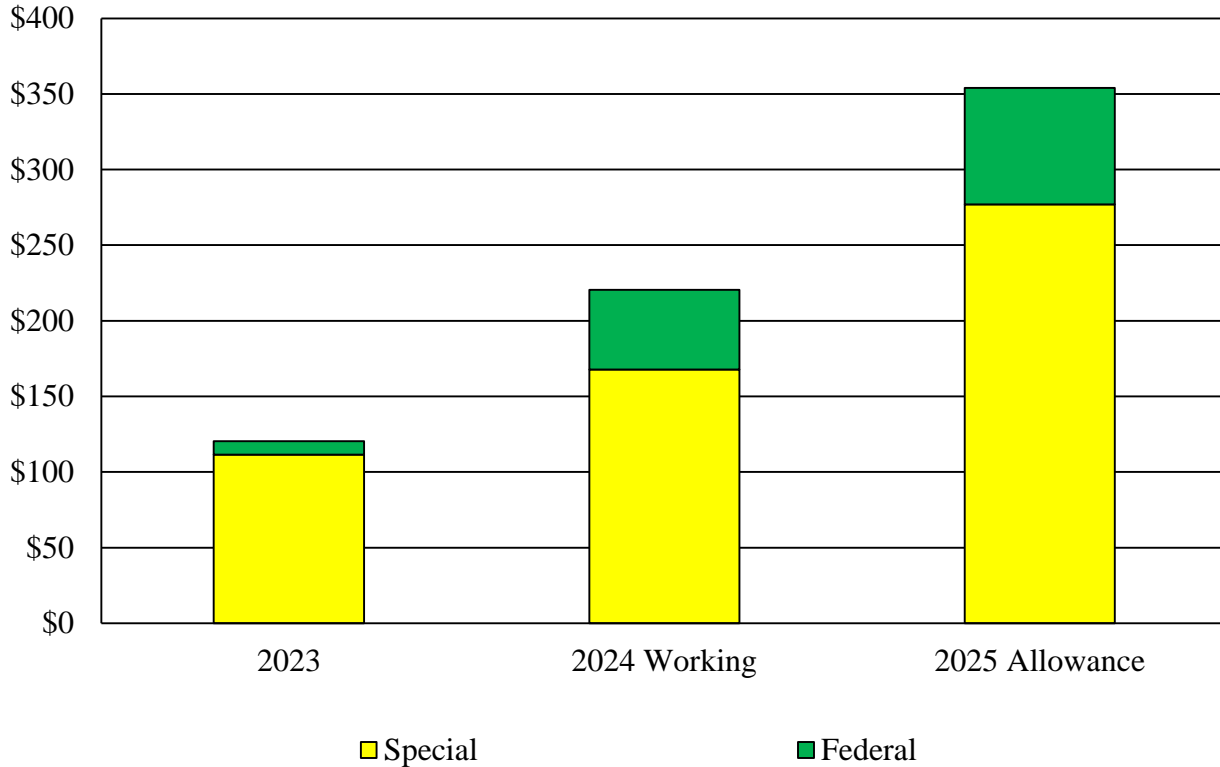
Note: The fiscal 2024 impacts of statewide salary adjustments appear in the Statewide Account in the Department of Budget and Management (DBM), and adjustments are not reflected in this agency's budget. The fiscal 2025 impacts of the fiscal 2024 statewide salary adjustments appear in this agency's budget. The fiscal 2025 statewide salary adjustments are centrally budgeted in DBM and are not included in this agency's budget. Fiscal 2025 includes funding added in Supplemental Budget No. 1.

For further information contact: Steven D. McCulloch

Steve.McCulloch@mlis.state.md.us

PAYGO Capital Budget Summary

**Fiscal 2025 Budget Increases \$133.5 Million, or 60.6%, to \$353.9 Million
(\$ in Millions)**



Note: The fiscal 2024 impacts of statewide salary adjustments appear in the Statewide Account in the Department of Budget and Management (DBM), and adjustments are not reflected in this agency’s budget. The fiscal 2025 impacts of the fiscal 2024 statewide salary adjustments appear in this agency’s budget. The fiscal 2025 statewide salary adjustments are centrally budgeted in DBM and are not included in this agency’s budget.

Operating Budget Recommended Actions

1. Concur with Governor’s allowance.

PAYGO Budget Recommended Actions

1. Concur with Governor’s allowance.

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Budget Analysis

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:

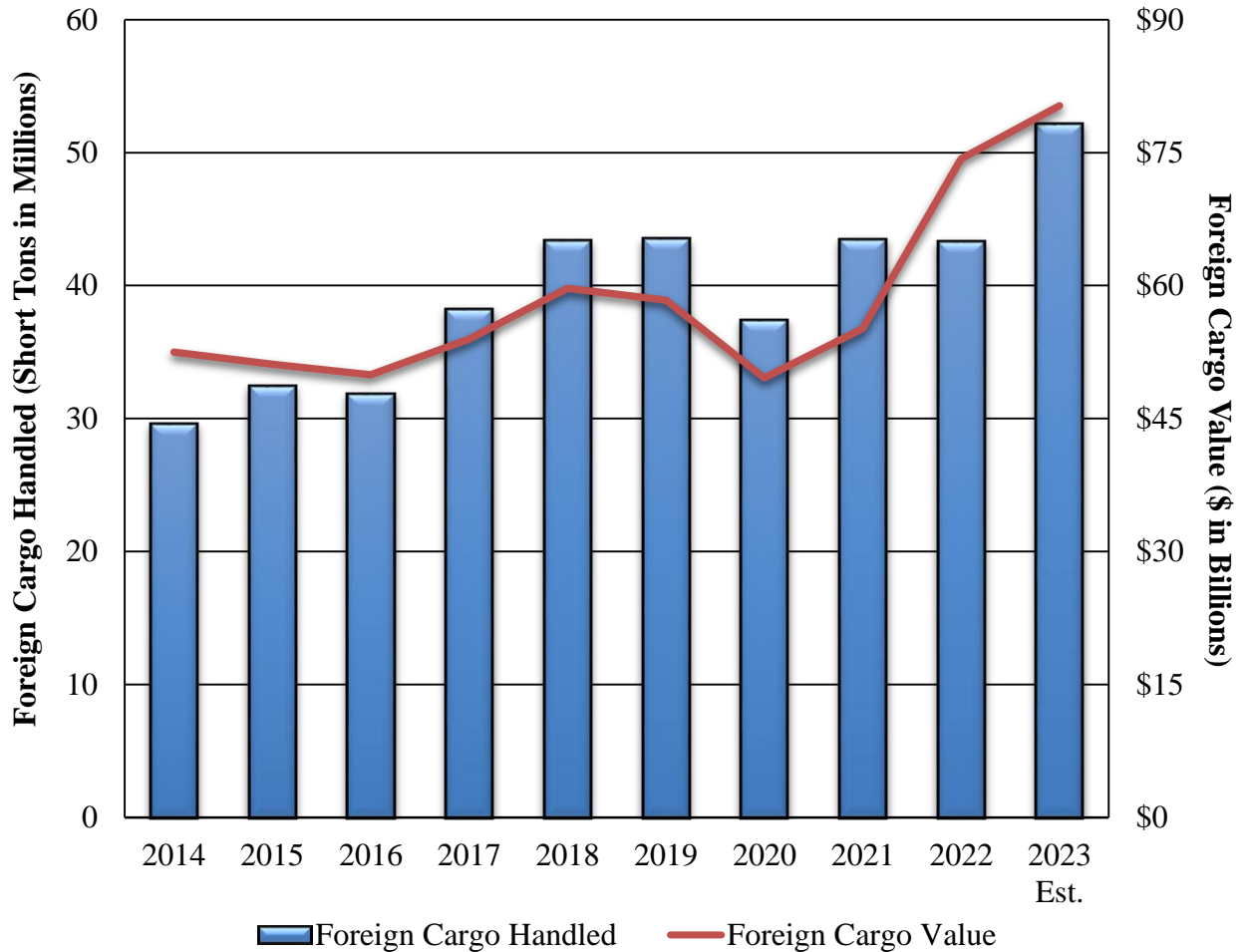
- maximization of cargo throughput, terminal efficiency, and economic benefit generated by the Port;
- operation of MPA to ensure revenue enhancements and optimization of operating expenses;
- preservation and enhancement of the Port’s infrastructure to maintain cargo capacities while ensuring adequate 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

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 and exceeded all previous years in calendar 2023.

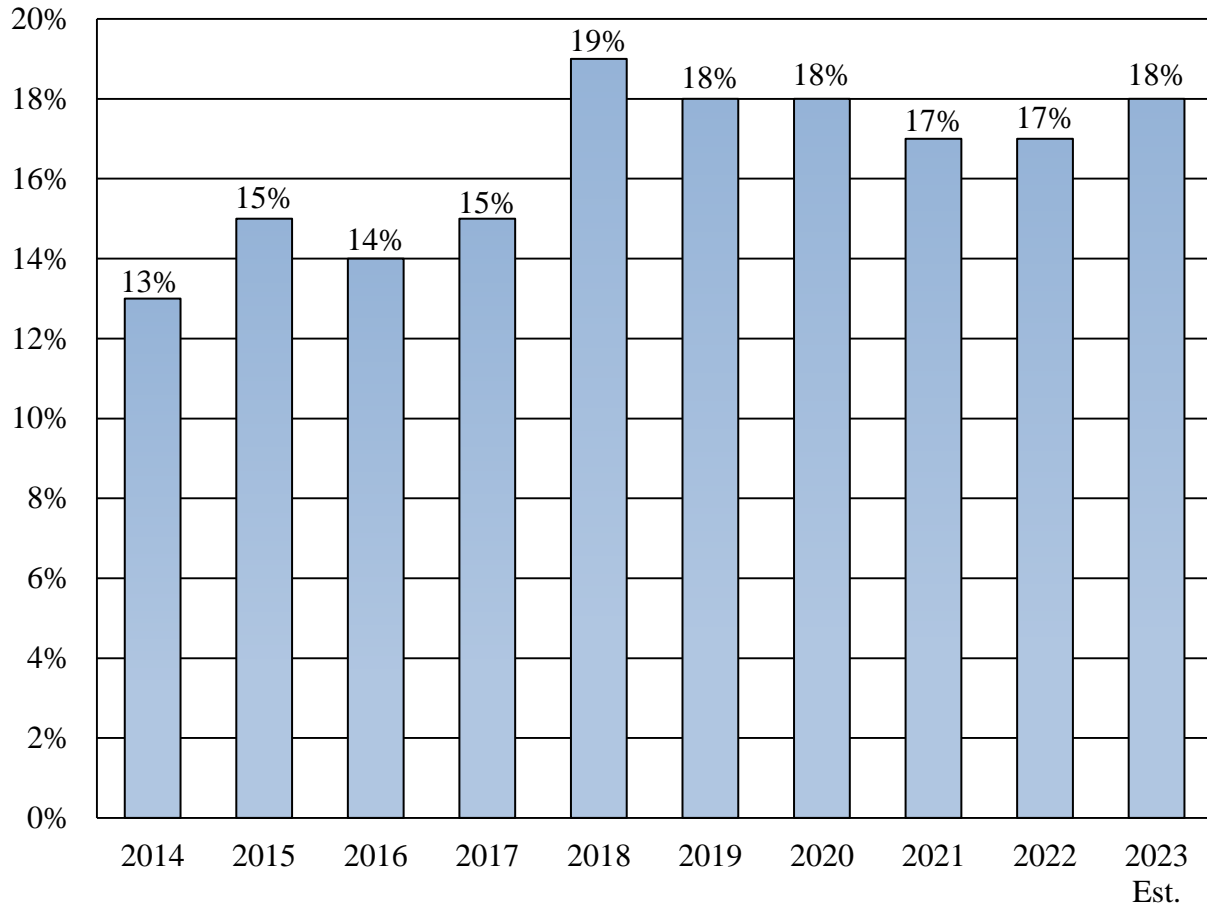
Exhibit 1
Total Foreign Cargo
Calendar 2014-2023 Est.



Source: Maryland Port Administration; Department of Legislative Services

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 2023 improved over the prior year.

Exhibit 2
Port of Baltimore Mid-Atlantic Market Share
Calendar 2014-2023 Est.

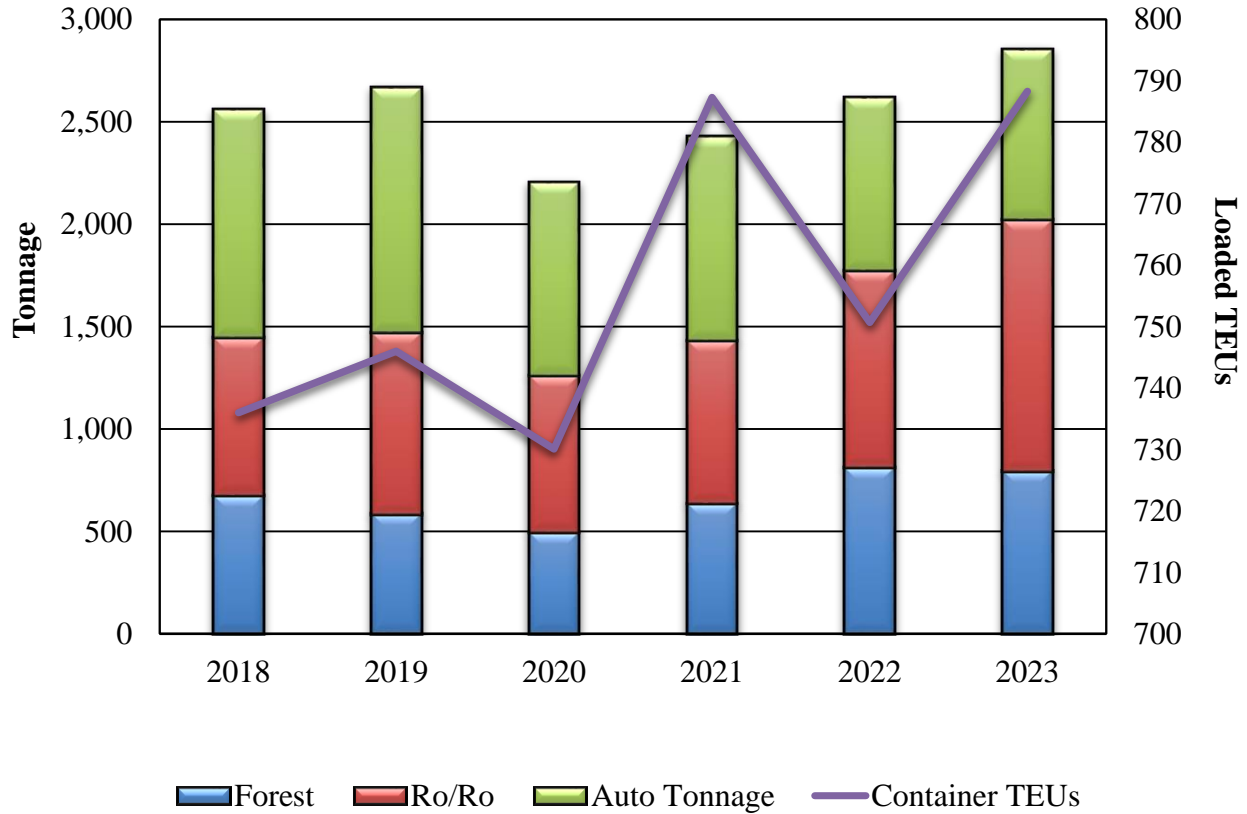


Source: Maryland Port Administration; Department of Legislative Services

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 2023 was mixed compared to the prior year. Containers and Ro/Ro increased by nearly 5% and 28%, respectively, while auto tonnage and forest products saw modest decreases of 1.3% and 2.2%, respectively.

Exhibit 3
General Cargo Volume by Type at State-owned Facilities
Fiscal 2018-2023
(in Thousands)



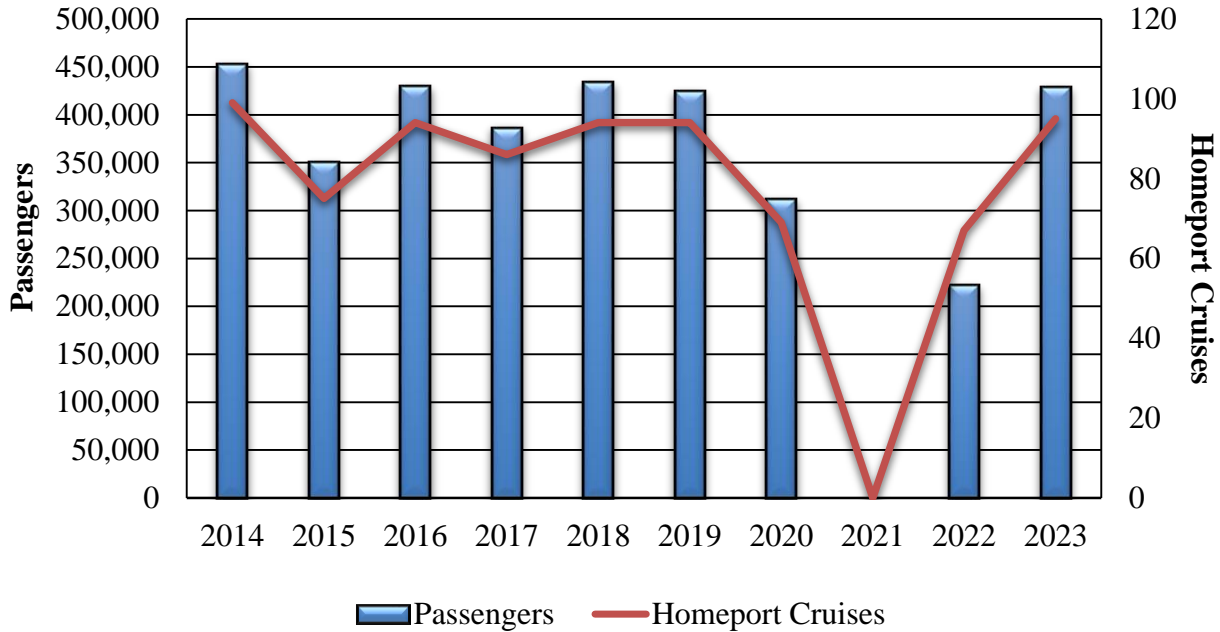
Ro/Ro: roll on/roll off
 TEU: 20-foot equivalent unit (an industry standard for measuring containers)

Source: Maryland Port Administration; Department of Legislative Services

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. Passenger counts returned to prepandemic levels in fiscal 2023 and are expected to exceed prepandemic levels in fiscal 2024.

**Exhibit 4
Cruise Ship Operations
Fiscal 2014-2023**

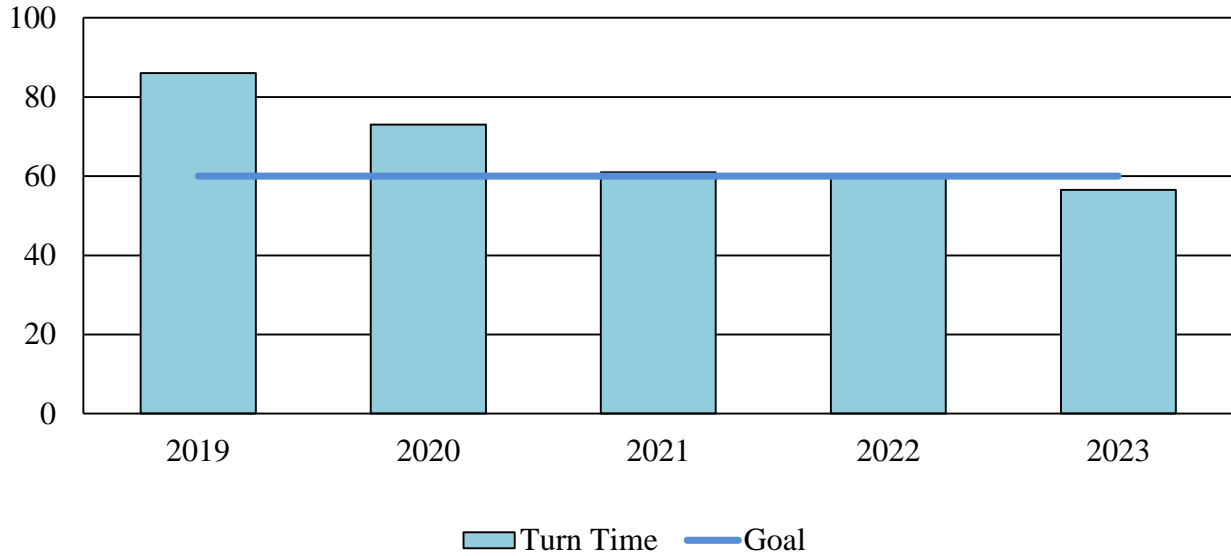


Source: Maryland Port Administration; Department of Legislative Services

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
Calendar 2019-2023
(in Minutes)



Source: Maryland Port Administration; Department of Legislative Services

Fiscal 2024

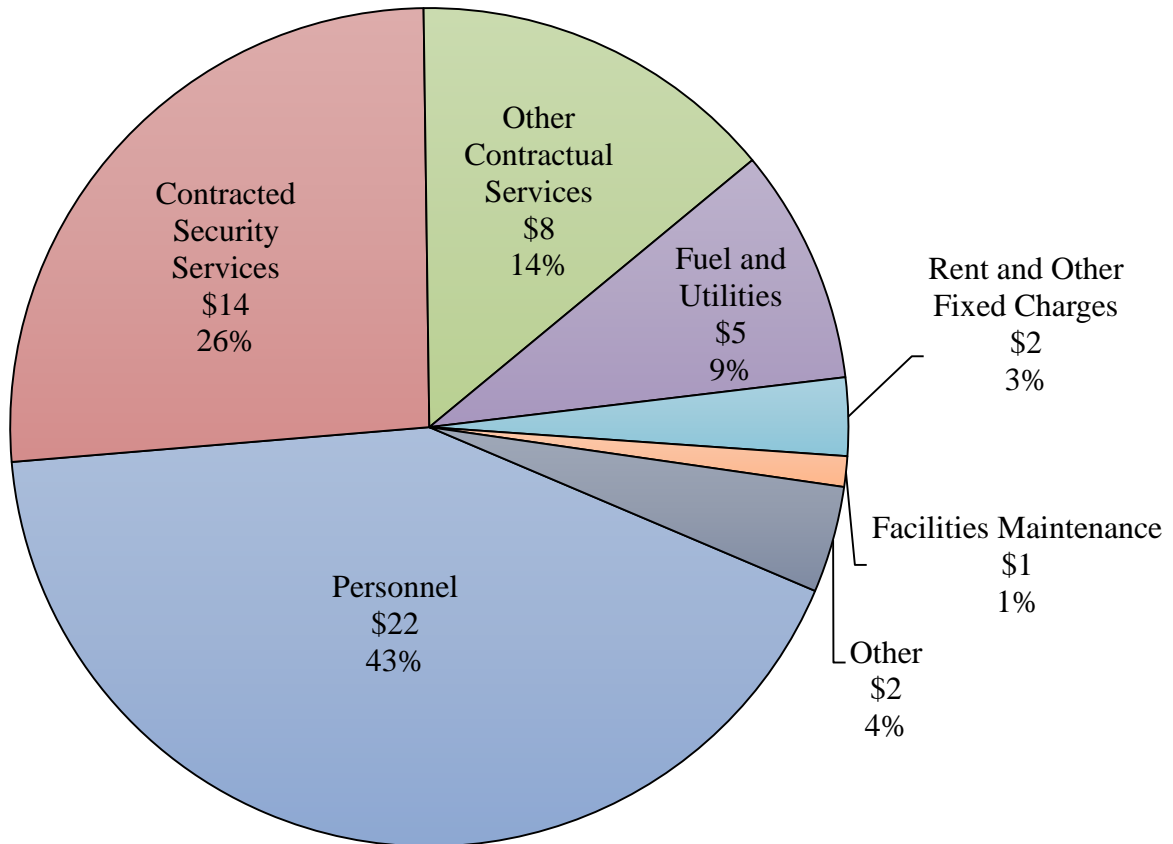
Implementation of Legislative Priorities

Fiscal 2024 included a one-time grant of \$800,000 general funds to Sail Baltimore for maintenance dredging in the Baltimore Harbor.

Fiscal 2025 Overview of Agency Spending

The MPA fiscal 2025 operating budget allowance totals just over \$53 million and is funded by special funds from the Transportation Trust Fund (TTF). Over 68% of the fiscal 2025 allowance is slated to cover personnel expenses and provide security services. **Exhibit 6** provides a breakout of the allowance by category of spending for MPA’s Operations.

Exhibit 6
Overview of Agency Spending
Fiscal 2025 Allowance
(\$ in Millions)



Source: Governor’s Fiscal 2025 Budget Books; Department of Legislative Services

Proposed Budget Change

As shown in **Exhibit 7**, the fiscal 2025 operating allowance for MPA decreases by \$1.3 million from the current year working appropriation. Cost containment reductions made as part of the department's effort to balance the *Consolidated Transportation Program (CTP)* total just over \$3 million and more than offset increases in other areas of MPA’s budget.

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

How Much It Grows:	<u>General</u> <u>Fund</u>	<u>Special</u> <u>Fund</u>	<u>Total</u>
Fiscal 2023 Actual	\$0	\$51,700	\$51,700
Fiscal 2024 Working Appropriation	800	53,581	54,381
Fiscal 2025 Allowance	<u>0</u>	<u>53,081</u>	<u>53,081</u>
Fiscal 2024-2025 Amount Change	-\$800	-\$500	-\$1,300
Fiscal 2024-2025 Percent Change	-100.0%	-0.9%	-2.4%

Where It Goes:

Personnel Expenses

	<u>Change</u>
Salary increases and associated fringe benefits including fiscal 2024 COLA and increments.....	\$1,840
Interagency position transfers (6 positions).....	424
Unemployment compensation contribution.....	6
Workers’ compensation contributions	-32
Cost containment reductions to help balance the CTP – increased turnover on vacant positions	-1,296

Port Oversight and Management

Security services (prior to cost containment noted in the next section of this exhibit – net increase is \$2.2 million)	3,449
Electricity usage.....	563
Employee awards	-150
Energy conservation loan repayment.....	-153
Baltimore Sail one-time grant (legislative add in fiscal 2024)	-800
Debt on warehouse retired in fiscal 2024.....	-2,410

Cost Containment Reductions to Help Balance the CTP

Communications to reflect anticipated savings due to system upgrade.....	-44
Outside legal services support.....	-57
Training services	-75
Janitorial services.....	-90
Additional and replacement equipment	-121
World Trade Center building services and terminal operations maintenance	-125
Employee travel, training, and tuition reimbursement program	-152
Water and sewer services based on recent billing actuals	-200

J00D00 – MDOT – Maryland Port Administration

Where It Goes:	<u>Change</u>
Marketing funds, including cruise advertisements	-205
Across the board reduction to supplies and materials.....	-242
Various contractual services	-463
Security services	-1,266
Cost Allocations	
Insurance paid to the State Treasurer’s Office.....	299
Total	-\$1,300

COLA: cost-of-living adjustment
 CTP: Consolidated Transportation Program

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

Net Operating Revenues

Along with the Maryland Aviation Administration and the Maryland Transit Administration, MPA generates revenues that are deposited into the TTF and help offset expenditures. **Exhibit 8** shows that MPA generated more revenue in fiscal 2023 than it expended on operations, but that very little of its capital spending would have been covered were its revenues used directly for its operations and capital program.

Exhibit 8
Net Operating Revenues
Fiscal 2023-2025
(\$ in Thousands)

	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2024-2025</u>	<u>2024-2025</u>
	Actual	Working	Allowance	\$ Change	% Change
Operating					
Revenues	\$56,145	\$52,000	\$52,000	\$0	0.0%
Expenditures	51,700	54,381	53,081	-1,300	-2.4%
Net Income (Loss)	\$4,445	-\$2,381	-\$1,081	\$1,300	-54.6%
Capital					
Special Fund Expenditures	\$111,532	\$167,680	\$276,981	\$109,301	65.2%
Total Net Income/(Loss)	-\$107,087	-\$170,061	-\$278,062	-\$108,001	63.5%

Source: Governor’s Fiscal 2025 Budget Books; Department of Legislative Services

Operating and PAYGO Personnel Data

	<u>FY 23 Actual</u>	<u>FY 24 Working</u>	<u>FY 25 Allowance</u>	<u>FY 24-25 Change</u>
Regular Operating Budget Positions	170.00	170.00	174.00	4.00
Regular PAYGO Budget Positions	<u>42.00</u>	<u>40.00</u>	<u>42.00</u>	<u>2.00</u>
Total Regular Positions	212.00	210.00	216.00	6.00
Operating Budget FTEs	1.11	4.50	4.50	0.00
PAYGO Budget FTEs	<u>0.00</u>	<u>0.50</u>	<u>0.50</u>	<u>0.00</u>
Total FTEs	1.11	5.00	5.00	0.00
Total Personnel	213.11	215.00	221.00	6.00

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	10.80	5.00%
Positions and Percentage Vacant as of 12/31/23	20.00	9.52%
Vacancies Above Turnover	9.5	

- The number of regular positions increases by 6 in the allowance, representing interdepartmental transfers from The Secretary’s Office. The number of full-time equivalents is unchanged from the working appropriation.
- The increased turnover for vacant positions made as part of the department’s cost containment efforts to help balance the CTP more than doubles the budgeted turnover from 5.00% to 11.29%, which is higher than the vacancy rate as of December 31, 2023. This means that MPA has no capacity in its fiscal 2025 budget to fill any of the current vacant positions and will need to find savings equivalent to an additional 4.39 position vacancies in order to meet budgeted turnover.

PAYGO 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 promotes 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.

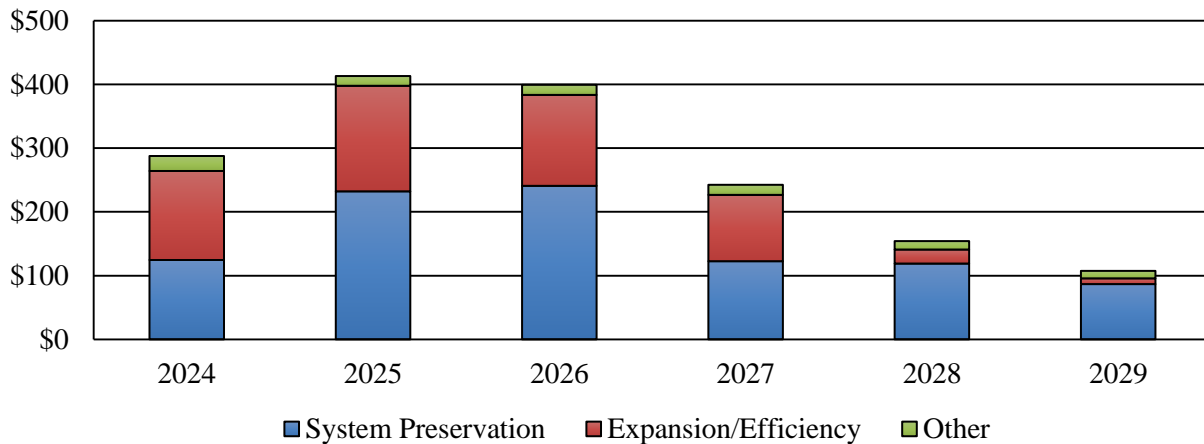
Infrastructure Investment and Jobs Act and Inflation Reduction Act Funding

MPA has applied for grants through the Port Infrastructure Development Program and the National Infrastructure Project Assistance Program but has not yet been successful in obtaining an award of these competitive grants.

Fiscal 2024 to 2029 Consolidated Transportation Program

The fiscal 2024 to 2029 capital program for MPA totals \$1.6 billion. Nearly 58% of the six-year spending is programmed to address system preservation needs to maintain existing facilities in, or bring them into, a state of good repair. An additional 36% 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 2024-2029
(\$ 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, 2024 *Consolidated Transportation Program*; Department of Legislative Services

Fiscal 2025 Capital Allowance

The fiscal 2025 allowance for the MPA capital program, including other funds that do not flow through the MPA budget, totals \$413 million. **Exhibit 10** shows the fiscal 2025 capital program for MPA by project and program along with the total estimated project costs and six-year funding included in the CTP.

Exhibit 10
Maryland Port Administration Fiscal 2025 Capital Program
(\$ in Millions)

<u>Project/Program Title</u>	<u>2025</u>	<u>Total Cost</u>	<u>Six-year Total</u>
Projects			
Howard Street Tunnel Project (INFRA Grant)	\$154.5	\$565.1	\$523.4
Mid-Chesapeake Bay Island Ecosystem Restoration Project	95.8	343.9	275.8
Dundalk Marine Terminal Resiliency and Flood Mitigation	32.4	67.2	67.2
Masonville Dredged Material Containment Facility Expansion and Related Projects	17.0	345.7	91.0
Paul S. Sarbanes Ecosystem Restoration Project at Poplar Island	9.3	211.8	46.6
Seagirt Marine Terminal Modernization Terminal Improvements	9.0	83.3	47.4
Fairfield Marine Terminal Pier 4 Reconstruction	8.5	19.0	17.6
Cox Creek Dredged Material Containment Facility Expansion and Related Projects	7.1	204.6	42.0
Chrome Ore Processing Residue Remediation (COPR)	5.7	85.4	28.0
Port of Baltimore Rail Capacity Modernization Project	5.5	22.4	22.4
Dundalk Marine Terminal Electrification	4.7	38.2	28.8
World Trade Center	4.4	35.0	14.1
Hart-Miller Island-related Projects	2.2	103.6	14.3
Cox Creek Sediment Technology and Reuse (STAR) Facility Remediation	2.1	75.0	64.7
St. Helena Property	0.6	5.7	5.7
Seagirt Marine Terminal Modernization Phase 2 Loop Channel Improvements	0.5	1.7	1.0
Climate Solutions Now Act and Related Projects	0.3	8.4	6.0
North Locust Point Marine Terminal Preservation Projects	0.2	3.0	0.7
Subtotal – Projects	\$359.7	\$2,219.1	\$1,296.7
Programs			
Minor Program	\$25.6	n/a	\$228.9
Dredged Material Placement and Monitoring	16.8	n/a	50.4
Innovative Reuse and Beneficial Use of Dredged Material	5.1	n/a	22.2
Capital Salaries and Wages	5.9	n/a	36.2
Subtotal – Programs	\$53.3		\$337.8
Total – Projects and Programs	\$413.0	\$2,219.1	\$1,634.4

INFRA: Infrastructure for Rebuilding America

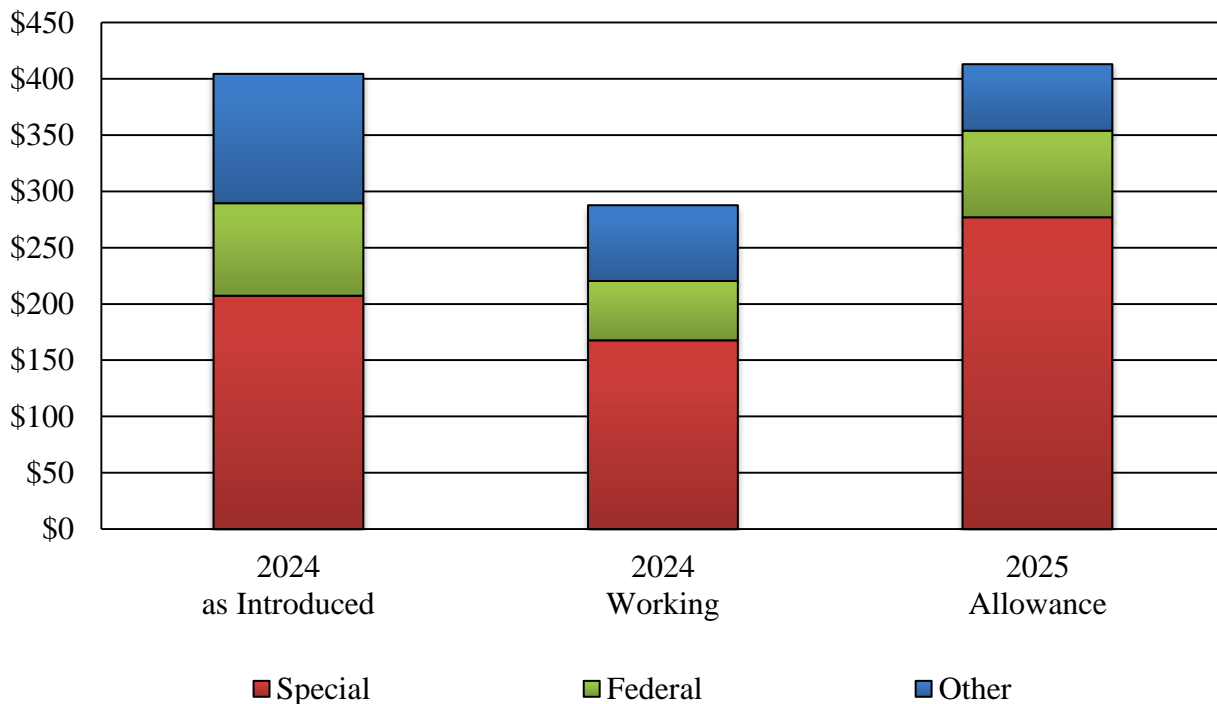
Note: Numbers may not sum to total due to rounding.

Source: Maryland Department of Transportation, 2024 *Consolidated Transportation Program*; Department of Legislative Services

Fiscal 2024 and 2025 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 2024 budget as introduced during the 2023 session and the working appropriation and between the working appropriation and the fiscal 2025 allowance.

Exhibit 11
Capital Cash Flow Changes
Fiscal 2024-2025
(\$ in Millions)



Source: Maryland Department of Transportation, 2023 and 2024 *Consolidated Transportation Programs*; Department of Legislative Services

Cash Flow Analysis – Fiscal 2024 Changes

As shown in **Exhibit 12**, the fiscal 2024 working appropriation is a net \$116.8 million lower than the fiscal 2024 budget as introduced during the 2023 session. Most of the reduction is attributed to a slower ramp up in spending on the Howard Street Tunnel and Mid-Chesapeake Bay Island Ecosystem Restoration projects.

Exhibit 12
Cash Flow Changes
Fiscal 2024 as Introduced to Fiscal 2024 Working Appropriation
(\$ in Millions)

	<u>Change</u>	
Major Construction Program		-\$97.4
World Trade Center	\$6.0	
Climate Solutions Now Act and Related Projects	5.6	
Seagirt Marine Terminal Modernization Terminal Improvements	2.5	
Chrome Ore Processing Residue Remediation (COPR)	2.4	
Dundalk Marine Terminal Electrification	1.2	
Innovative Reuse and Beneficial Use of Dredged Material	1.1	
Dundalk Marine Terminal Berth 3 Reconstruction	0.7	
Hart-Miller Island-related Projects	0.7	
Cox Creek Sediment Technology and Reuse (STAR) Facility Remediation	0.6	
North Locust Point Marine Terminal Preservation Projects	0.5	
Port of Baltimore Rail Capacity Modernization Project	0.0	
South Locust Point Cruise Terminal	-1.8	
Fairfield Marine Terminal Pier 4 Reconstruction	-3.2	
Fairfield Marine Terminal Stormwater Management Program	-3.9	
Paul S. Sarbanes Ecosystem Restoration Project at Poplar Island	-5.8	
Masonville Dredged Material Containment Facility Expansion and Related Projects	-7.0	
Dundalk Marine Terminal Resiliency and Flood Mitigation	-7.0	
Dredged Material Placement and Monitoring	-7.0	
Cox Creek Dredged Material Containment Facility Expansion and Related Projects	-7.7	
Howard Street Tunnel Project (INFRA Grant)	-37.3	
Mid-Chesapeake Bay Island Ecosystem Restoration Project	-37.6	
Development and Evaluation Program		\$9.3
St. Helena Property	\$5.0	
Dundalk Marine Terminals Berths 11 through 13	2.6	
Dundalk Marine Terminals Berths 1 and 2	1.2	
Seagirt Marine Terminal Modernization Phase 2 Loop Channel Improvements	0.5	
Minor Program		-\$29.3
Capital Salaries and Wages		\$0.5
Total Change		-\$116.8

INFRA: Infrastructure for Rebuilding America

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

Source: Maryland Department of Transportation, 2023 and 2024 *Consolidated Transportation Programs*; Department of Legislative Services

Cash Flow Analysis – Fiscal 2024 to 2025 Changes

As shown in **Exhibit 13**, fiscal 2025 capital funding, including other funds, increases by \$125.4 million over the current year working appropriation. The largest increases reflect cash flow changes in the Mid-Chesapeake Bay Island Ecosystem Restoration, Howard Street Tunnel, and Dundalk Marine Terminal Resiliency and Flood Mitigation projects including both schedule changes, which are shifting spending from fiscal 2024 to 2025, and increases in project costs.

Exhibit 13
Cash Flow Changes
Fiscal 2024 Working Appropriation to Fiscal 2025 Allowance
(\$ in Millions)

	<u>Change</u>
Major Construction Program	\$135.9
Mid-Chesapeake Bay Island Ecosystem Restoration Project	\$90.5
Howard Street Tunnel Project (INFRA Grant)	26.8
Dundalk Marine Terminal Resiliency and Flood Mitigation	24.6
Dredged Material Placement and Monitoring	7.8
Seagirt Marine Terminal Modernization Terminal Improvements	6.5
Dundalk Marine Terminal Electrification	3.5
Fairfield Marine Terminal Pier 4 Reconstruction	3.3
Paul S. Sarbanes Ecosystem Restoration Project at Poplar Island	2.6
Innovative Reuse and Beneficial Use of Dredged Material	1.4
Masonville Dredged Material Containment Facility Expansion and Related Projects	0.0
South Locust Point Cruise Terminal	-0.2
North Locust Point Marine Terminal Preservation Projects	-0.3
Cox Creek Sediment Technology and Reuse (STAR) Facility Remediation	-0.6
Chrome Ore Processing Residue Remediation (COPR)	-1.0
Hart-Miller Island-related Projects	-1.1
World Trade Center	-1.6
Dundalk Marine Terminal Berth 3 Reconstruction	-2.0
Climate Solutions Now Act and Related Projects	-5.3
Cox Creek Dredged Material Containment Facility Expansion and Related Projects	-7.8
Port of Baltimore Rail Capacity Modernization Project	-11.5
Development and Evaluation Program	-\$8.2
Seagirt Marine Terminal Modernization Phase 2 Loop Channel Improvements	\$0.0
Dundalk Marine Terminals Berths 1 and 2	-1.2
Dundalk Marine Terminals Berths 11 through 13	-2.6
St. Helena Property	-4.4

	<u>Change</u>
Minor Program	-\$2.0
Capital Salaries and Wages	-\$0.3
Total Change	\$125.4

INFRA: Infrastructure for Rebuilding America

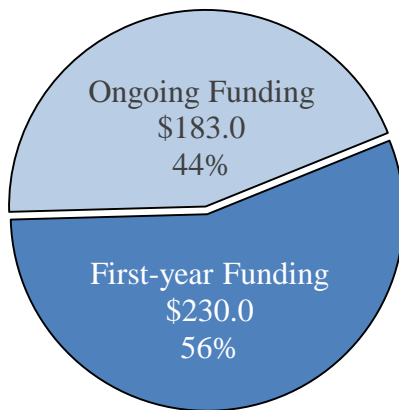
Note: Numbers may not sum to total due to rounding.

Source: Maryland Department of Transportation, 2024 *Consolidated Transportation Program*; Department of Legislative Services

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**, \$230 million, or 56%, of MPA’s fiscal 2025 capital funding, which totals \$413 million, is first-year funding. The MPA capital projects receiving first-year funding in fiscal 2024 and 2025 are listed in **Exhibit 15**.

Exhibit 14
First-year and Ongoing Programmed Spending – All Funds
Fiscal 2025
(\$ in Millions)



Source: Maryland Department of Transportation, 2024 *Consolidated Transportation Program*; Department of Legislative Services

Exhibit 15
Projects Receiving First-year Construction and Design Funding
Fiscal 2024-2025
(\$ in Thousands)

	<u>2024</u>	<u>2025</u>	<u>Total</u> <u>2024-2025</u>
Construction			
Chrome Ore Processing Residue Remediation (COPR)	\$1,163	\$1,125	\$2,288
Climate Solutions Now Act and Related Projects	3,476	0	3,476
Cox Creek Dredged Material Containment Facility Expansion and Related Projects	3,400	3,216	6,616
Dredged Material Placement and Monitoring	349	0	349
Dundalk Marine Terminal Resiliency and Flood Mitigation	2,745	21,059	23,804
Howard Street Tunnel Project	43,836	139,975	183,811
Masonville Dredged Material Containment Facility Expansion and Related Projects	714	714	1,428
Mid-Chesapeake Bay Island Ecosystem Restoration Project	5,000	53,100	58,100
Seagirt Marine Terminal Modernization – Terminal Improvements	0	8,994	8,994
Design			
Chrome Ore Processing Residue Remediation (COPR)	\$7	\$6	\$13
Dredged Material Management Program	598	529	1,127
Dredged Material Placement and Monitoring	240	405	645
Masonville Dredged Material Containment Facility Expansion and Related Projects	16	8	24
North Locust Point Marine Terminal Preservation Projects	495	175	670
St. Helena Property	26	649	675
World Trade Center	730	0	730
Total	\$62,795	\$229,955	\$292,750
State (Special)			\$165,254
Federal			66,702
Other			60,794
Total			\$292,750

Source: Maryland Department of Transportation, 2024 *Consolidated Transportation Program*; Department of Legislative Services

Significant Changes from the Previous *Consolidated Transportation Program*

Exhibit 16 shows significant changes from the previous CTP. For MPA, this comprises projects added to the construction program and to the development and evaluation program.

Exhibit 16
**Projects Added to the Construction Program and the Development and
Evaluation Program**
(\$ in Millions)

<u>Projects Added to the Construction Program</u>	<u>Project Cost</u>
Dundalk Marine Terminal Electrification and Carbon Emissions Reduction	\$43.7
World Trade Center Property Management, Upgrades, and Modernization	35.0
North Locust Point Marine Terminal Preservation Projects	3.0
<u>Projects Added to the Development and Evaluation Program</u>	
Climate Solutions Now Act and Related Projects	\$8.5
St. Helena Property	5.7
Dundalk Marine Terminal Berths 11 through 13 Reconstruction	3.3
Seagirt Marine Terminal Modernization – Loop Channel Improvements	1.7
Dundalk Marine Terminal Berths 1 and 2 Reconstruction	1.6

Source: Maryland Department of Transportation, 2024 *Consolidated Transportation Program*; Department of Legislative Services

Issues

1. Howard Street Tunnel Schedule and Project Costs Change

The Howard Street Tunnel project consists of reconstructing the 128-year-old tunnel in Baltimore and increasing the vertical clearance at the tunnel and 21 bridges between Baltimore and Philadelphia to create a double-stack rail corridor from the Port along the entire East Coast. At the time that the project received a federal grant award of \$125 million, the total project cost was estimated to be \$466 million with the nonfederal share split between CSX, which owns the rail line (\$115.75 million), Maryland (\$202.5 million), and the Pennsylvania Department of Transportation (\$22.75 million). The project was expected to be completed by December 2025.

The 2024 CTP reflects a project cost of \$565 million, and CSX, which is managing the project, indicates expected completion in spring 2027. The \$99 million cost increase is attributed to three main factors:

- the post-pandemic inflationary spike in the cost of materials and labor;
- a greater-than-anticipated number of government approvals needed for the project, such as permitting, licensing, mitigation, and other authorizations (*e.g.* utility providers and adjacent property owners); and
- an extended construction schedule needed to accommodate more restrictive construction windows to minimize disruption to rail operations and impacts to the nation’s supply chain.

The Maryland Department of Transportation (MDOT) agreed to cover \$45 million of the additional cost, with CSX picking up the remaining \$55 million. To date, Maryland has contributed \$73 million in general funds to the project, with \$20 million in general obligation (GO) bond funding included in the fiscal 2025 budget and an additional \$31.5 million in GO bond funding planned for fiscal 2026. Assuming no further cost increases occur and that the project receives no additional general funds or GO bond funding, the TTF contribution to the project will total \$123 million.

The project was broken up into 10 construction packages. As of January 2024, 3 construction packages have been completed (all in Pennsylvania); 3 additional packages are under construction (1 each in Pennsylvania, Delaware and Maryland); and finally, 4 packages (all in Maryland) are expected to begin construction in calendar 2024.

MDOT should comment on whether it intends to seek additional non-TTF support from the State for this project.

Operating Budget Recommended Actions

1. Concur with Governor's allowance.

PAYGO Budget Recommended Actions

1. Concur with Governor's allowance.

Appendix 1
Budget Amendments for Fiscal 2024
Maryland Department of Transportation
Maryland Port Administration

Capital

<u>Status</u>	<u>Amendment</u>	<u>Fund</u>	<u>Justification</u>
Projected	-\$39,589,317	Special	Adjusts the appropriation for the current year to conform to the 2024 CTP
	-29,535,718	Federal	
	-\$69,125,035	Total	

Appendix 2
Object/Fund Difference Report
Maryland Department of Transportation – Maryland Port Administration

<u>Object/Fund</u>	<u>FY 23</u> <u>Actual</u>	<u>FY 24</u> <u>Working</u> <u>Appropriation</u>	<u>FY 25</u> <u>Allowance</u>	<u>FY 24 - FY 25</u> <u>Amount Change</u>	<u>Percent</u> <u>Change</u>
Positions					
01 Regular	170.00	170.00	174.00	4.00	2.4%
02 Contractual	1.11	4.50	4.50	0.00	0%
Total Positions	171.11	174.50	178.50	4.00	2.3%
Objects					
01 Salaries and Wages	\$ 19,744,146	\$ 21,504,862	\$ 22,446,648	\$ 941,786	4.4%
02 Technical and Spec. Fees	204,968	465,872	246,185	-219,687	-47.2%
03 Communication	120,463	225,741	181,303	-44,438	-19.7%
04 Travel	178,285	265,369	128,034	-137,335	-51.8%
06 Fuel and Utilities	5,189,881	4,615,972	4,825,768	209,796	4.5%
07 Motor Vehicles	869,113	673,163	671,618	-1,545	-0.2%
08 Contractual Services	19,854,441	20,056,993	21,174,238	1,117,245	5.6%
09 Supplies and Materials	836,694	901,856	660,171	-241,685	-26.8%
10 Equipment – Replacement	417,353	218,919	164,814	-54,105	-24.7%
11 Equipment – Additional	46,693	159,845	92,851	-66,994	-41.9%
12 Grants, Subsidies, and Contributions	35,000	835,000	35,000	-800,000	-95.8%
13 Fixed Charges	3,542,171	3,707,459	1,596,782	-2,110,677	-56.9%
14 Land and Structures	660,552	749,843	624,843	-125,000	-16.7%
Total Objects	\$ 51,699,760	\$ 54,380,894	\$ 52,848,255	-\$ 1,532,639	-2.8%
Funds					
01 General Fund	\$ 0	\$ 800,000	\$ 0	-\$ 800,000	-100.0%
03 Special Fund	51,699,760	53,580,894	52,848,255	-732,639	-1.4%
Total Funds	\$ 51,699,760	\$ 54,380,894	\$ 52,848,255	-\$ 1,532,639	-2.8%

Note: The fiscal 2025 allowance does not include contingent reductions or cost-of-living adjustments.

Appendix 3
Fiscal Summary
Maryland Department of Transportation – Maryland Port Administration

<u>Program/Unit</u>	<u>FY 23 Actual</u>	<u>FY 24 Wrk Approp</u>	<u>FY 25 Allowance</u>	<u>Change</u>	<u>FY 24 - FY 25 % Change</u>
01 Port Operations	\$ 51,699,760	\$ 54,380,894	\$ 52,848,255	-\$ 1,532,639	-2.8%
02 Port Facilities and Capital Equipment	120,429,016	220,380,484	353,922,240	133,541,756	60.6%
Total Expenditures	\$ 172,128,776	\$ 274,761,378	\$ 406,770,495	\$ 132,009,117	48.0%
General Fund	\$ 0	\$ 800,000	\$ 0	-\$ 800,000	-100.0%
Special Fund	163,232,667	221,261,078	329,829,554	108,568,476	49.1%
Federal Fund	8,896,109	52,700,300	76,940,941	24,240,641	46.0%
Total Appropriations	\$ 172,128,776	\$ 274,761,378	\$ 406,770,495	\$ 132,009,117	48.0%

Note: The fiscal 2025 allowance does not include contingent reductions or cost-of-living adjustments.