

Maryland Port Commission
Open Session Minutes
September 6, 2022

The Three Hundred and Ninetieth Session of the Maryland Port Commission was called to order at 10:00 am by Deputy Secretary of Transportation R. Earl Lewis, Jr. The Commission met in Open Session from 10:00 am until 10:22 am in the Stanton Room, 20th floor, World Trade Center, 401 E. Pratt Street, Baltimore, MD 21202.

Present: Deputy Secretary Lewis and Commissioners Dandy, Dean, Huber, Lunn, McDonald, and Richardson (via telephone).

Staff: William Doyle (Executive Director), Brian Miller (Deputy Executive Director, Operations and Logistics), Robert Munroe (Deputy Executive Director, Administration and Environment), Christina Nichols (Chief of Staff), Jason Sayers (Assistant Attorney General), Richard Scher (Director of Communications), Dominic Scurti (Director of Planning), Dave Espie (Director of Security), Kristen Fidler (Director of Harbor Development), Steve Johnson (Director of Engineering), Wonza Spann-Nicholas (Director of Finance), Richard Powers (Director of Marketing), Bradley Smith (Director of Maritime Commercial Management & Strategic Initiatives), Cindy Burman (Deputy Director of Marketing and Cruise), Jennifer Guthrie (Legislative Manager), John Ward (Assistant Attorney General), William Richardson (MDOT Director of the Environment), Jayson Knott (Maryland Department of Commerce Senior Director, Office of Business Development), and Krystal Jones (Executive Office).

Minutes of the Three Hundred and Eighty-Ninth Open and Closed Session Meeting

Commissioner McDonald moved to approve the Open Session Minutes of the Three Hundred and Eighty-Ninth Port Commission meeting. Commissioner Dean seconded the motion. The Commission then voted unanimously to approve the Open Session Minutes.

Executive Director Update, William Doyle, Executive Director

Mr. Doyle discussed the recently executed Mid-Chesapeake Bay Island Ecosystem Restoration (Mid-Bay) Project Partnership Agreement (PPA), allowing the U.S. Army Corps of Engineers to advance the project into construction. The update was to inform the Commission on how the PPA was ultimately executed. Kristen Fidler, Director of Harbor Development, provided supporting information on the Mid-Bay project.

Since the Maryland Port Commission and the Board of Public Works approved the PPA in July, the total project costs have decreased. The previous total cost of the project was \$4.6 billion, with the State of Maryland's 35% cost-share contribution at \$1.6 billion over 50 years. The \$4.6B total cost had been calculated using a June 2022 cost index, when fuel and materials were at an all-time high. As the Corps moved forward with a construction contract solicitation, the Baltimore District was alerted to a policy obstacle, a Section 902 cap on project costs, which is currently set at \$4.2 billion. Any amount over that set cap prohibits the Corps from awarding a contract.

The Baltimore District sought a policy waiver from U.S. Army Corps of Engineers Headquarters, however, since this issue was occurring nationwide the Corps determined it was best to recalculate the total costs. This revision was in recognition of the extraordinarily and inappropriately high June 2022 fuel and materials costs, especially for a 50-year project.

The Corps applied a five-year average for fuel costs starting with year 4 and applied for the remaining duration of the project. This approach reduced the total cost of the project to \$4.03 billion, well below the Section 902 cap, as well as the state's share which is now \$1.4 billion (\$200 million less than previously estimated).

A Supplemental Agenda Item for the updated project will be presented to the Board of Public Works on Wednesday, September 7, 2022. The Corps is expected to award the first construction project for the Barren Island phase of the project later this month.

Summary of FY2022 Finances

Wonza Spann-Nicholas, Director of Finance, presented a summary of the FY2022 Maryland Port Administration (MPA) finances. The MPA exceeded its anticipated revenue budget by \$2 million.

Operating Results: The MPA experienced a surplus in its non-discretionary operating results. The surplus is primarily the result of job vacancies due to the challenging job recruitment environment after the COVID-19 pandemic. MPA is beginning to see an increase in filling some vacancies and is cautiously optimistic that this surplus will be much lower in the coming year.

Utilities: Utility costs were higher this fiscal year due mainly to 1.) a \$1 million increase in water billing from Baltimore City; 2.) rising fuel costs.

There is a surplus in the Maryland Transportation Authority (MdTA) Police budget. Salary increases and upgrades for law enforcement will have to be annualized.

FY2021 vs. FY2022 Revenues:

Dundalk Marine Terminal – The reduced level reflects the decline in automobile numbers. Everything else is moving upward.

Seagirt Marine Terminal – The \$2.5 million difference is due to contractual obligations to Ports America Chesapeake. This is a one-time only budget impact.

North Locust Point – Exceeded budget estimates.

South Locust Point – Numbers did not meet the mark with forest products that MPA forecast in its budget.

Fairfield – Automobile numbers continue to lag behind because of the pandemic.

World Trade Center – One new lease, two leases have been vacated. There is a small shortfall.

Commissioner McDonald asked about the Maryland Department of Commerce leased space at the World Trade Center (WTC). Jayson Knott, Maryland Department of Commerce Senior Director, Office of Business Development, stated that the agency has consolidated its leased space at WTC as some of its workforce has moved to an all-telework or hybrid work environment.

The CSX property is a one-time only charge.

Ms. Spann-Nicholas also presented a breakdown of revenue by major tenants.

One of the main takeaways from the report on the finances is that automobiles have not bounced back.

Deputy Secretary Lewis asked about the projections on the timeline for electronic components. Mr. Doyle stated that microchips are the issue. Investments for U.S.-based microchip manufacturing facilities are being made, but the fruits of those investments won't be realized for three years. Currently, there are 100,000 cars in Detroit waiting for completion.

Commissioner Dean asked about the FY2023 MPA Budget and July/August numbers. Ms. Spann-Nicholas explained that the MPA's closeout process of the previous fiscal year impacts the generation of the July/August results. The July/August numbers will be generated in tandem and will be published simultaneously. Mr. Doyle and Ms. Spann-Nicholas advised that the new budget numbers will be made available at the next Port Commission meeting.

Maryland Port Commission Report to the Legislature

Jennifer Guthrie presented the draft Maryland Port Commission Report to the Legislature. Commissioner Huber commented on the quality of the report, stating that it is a very good report. Deputy Secretary Lewis agreed that the report was well done. Mr. Doyle commended the MPA staff behind the report and the positive news and efforts at the Port of Baltimore.

Upon review and discussion of the report, Commissioner Huber moved to approve the Maryland Port Commission Report to the Legislature, and Commissioner Dandy seconded the motion. The Commission approved the report unanimously.

Move into Closed Session

At 10:22 am, in accordance with State General Provisions Article, Section 3-305(b)(3), Annotated Code of Maryland, Commissioner Dandy moved that the Commission meet in Closed Session, and Commissioner Lunn seconded the motion. The motion was approved unanimously. See attached Closing Statement. The Commission met in Closed Session from 10:22 am until 11:19 am. Deputy Secretary Lewis, and Commissioners Dandy, Dean, Huber, Lunn, McDonald, and Richardson (via telephone), William Doyle (Executive Director), Robert Munroe (Deputy Executive Director, Administration and Environment), Christina Nichols (Chief of Staff), Jason Sayers (Assistant Attorney General), Kristen Fidler (Director of Harbor Development), John Ward (Assistant Attorney General), William Richardson (MDOT Director of the Environment), and Krystal Jones (Executive Office) were present. The Commission met in Closed Session to

discuss the Tronox property acquisition. After discussion, Commissioner McDonald made a motion to approve the purchase of the Tronox property, Commissioner Dean seconded the motion, and the motion was approved unanimously by the Commission.

Adjournment

There being no further business, a motion to adjourn was made by Commissioner McDonald and seconded by Commissioner Dandy. The motion carried unanimously. The meeting adjourned at 11:19 am.