



**Maryland Department of Transportation**  
The Secretary's Office

Martin O'Malley  
Governor

Anthony G. Brown  
Lt. Governor

Beverley K. Swaim-Staley  
Secretary

Darrell B. Mobley  
Deputy Secretary

January 14, 2011

The Honorable Edward J. Kasemeyer  
Chairman, Senate Budget and Taxation Committee  
3W Miller Senate Building  
Annapolis MD 21401-1991

The Honorable Norman Conway  
Chairman, House Appropriations Committee  
121 Lowe House Office Building  
Annapolis MD 21401-1991

Dear Chairmen:

Please see the attached report concerning *Operations at Seagirt Marine Terminal* which was prepared by the Maryland Port Administration in response to language set forth on page 55 of the 2010 Joint Chairmen's Report. The language directs:

*"MPA should submit a report regarding the first year of operations by the private partner. The report should include information on the transition from public to private operations, the amount of cargo handles, the revenues that MPA received, and any lessons learned in the first year."*

If you have additional questions or concerns, please do not hesitate to contact Mr. James J. White, Executive Director, Maryland Port Administration, at 410-385-4401. Of course, you should always feel free to contact me directly.

Sincerely,

Beverley K. Swaim-Staley  
Secretary

cc: Members of the Budget Committees  
Mr. James J. White, Executive Director, Maryland Port Administration

A Report to the Maryland General Assembly

Senate Budget and Taxation Committee

and

House Appropriations Committee

Regarding

**Operations at Seagirt Marine Terminal**

(2010 Joint Chairmen's Report, page 55)

January 15, 2011

The Maryland Department of Transportation

*Operations at Seagirt Marine Terminal  
(2010 Joint Chairmen's Report, page 55)*

This report was prepared by the Maryland Port Administration (MPA) in response to Budget Amendment language in the 2009 Joint Chairmen's Report (JCR), pages 55. The language directs:

*"MPA should submit a report regarding the first year of operations by the private partner. The report should include information on the transition from public to private operations, the amount of cargo handled, the revenues that MPA received, and any lessons learned in the first year."*

## Background

The Seagirt Marine Terminal Concession and Lease Agreement (Agreement) was approved by the Maryland Port Commission on November 17, 2009 and the Maryland Board of Public Works on December 16, 2009. As required in the 2009 Joint Chairmen's Report, a separate JCR report was submitted to the General Assembly in November 2009 with full details of the Agreement. As required, this report details the transition and current operation of Seagirt Marine Terminal (Seagirt).

The responsibility for the operation of Seagirt, including gate, terminal and vessel activity, was transferred successfully to Ports America Chesapeake (PAC) on January 12, 2010. During the remainder of 2010, the facility operated under PAC supervision without interruption, and the transition has been transparent to the port community.

Key performance indicators for terminal efficiency, including vessel productivity and truck turn-times, remained very competitive during a time when cargo volumes increased significantly as the economy continues to rebound and PAC consolidates containers at Seagirt. These are very positive signs for this long-term public-private partnership (P3).

## Seagirt's Transition from Public to Private Operations

The transfer of Seagirt from public to private operations has been transparent to the shipping lines, whose direct feedback shows that they are very pleased with PAC's performance to date.

One of the primary goals of the Seagirt P3 effort was to ensure the construction of a new 50-foot deep container berth prior to the completion of the Panama Canal expansion in June 2014. PAC has accelerated the construction timeline of this new berth and the procurement of four new Panamax container cranes. Berth construction is underway and the project is scheduled to be completed in summer 2012, well before the Agreement terms require.

The early completion of this new berth delivers a strong message to the shipping industry that the Port of Baltimore will be well positioned to handle the expected container growth to the United States East Coast when the Panama Canal is expanded.

*Operations at Seagirt Marine Terminal  
(2010 Joint Chairmen's Report, page 55)*

## Seagirt Cargo Handled and Terminal Efficiencies

Seagirt's key performance indicators for cargo movement, as well as terminal efficiencies, are shown in Table 1 below. For comparison purposes, the performance measures for 2009, as well as 2010, are also shown. Since PAC assumed operations of Seagirt in mid-January 2010, cargo tempo has increased significantly and terminal efficiencies have remained high.

**Table 1: Seagirt Performance (January - November 2010)**

<b>Seagirt Performance (Jan. thru Nov.)</b>	<b>2009</b>	<b>2010</b>	<b>Change</b>
General Cargo (1000 tons)	3,945	4,656	+18%
Billable Cargo (1000 tons)	4,751	5,785	+22%
# Containers & TEUs <sup>1</sup> (1000s)	235 & 368	313 & 490	+33%
Average <sup>2</sup> Crane Production, Gross (Containers/hour)	31.45	31.62	Similar
Average <sup>2</sup> Crane Production, Net (Containers/hour)	34.75	34.25	Similar
Average <sup>2</sup> Lifts/Vessel (Containers)	651	817	+25%
Average <sup>2</sup> Truck Turn Times - Single move (minutes)	30.2	30.2	Similar
Average <sup>2</sup> Truck Turn Times - Double move (minutes)	54.1	55.5	Similar
Terminal Average <sup>2</sup> Weekly Transactions (Containers)	8,057	10,310	+28%

<sup>1</sup> TEU = Twenty-foot Equivalent Unit (an industry standard container measurement)

<sup>2</sup> 2009 average is based on data over the full year; 2010 average is based on data from January through November.

## Revenues Received by MPA

As stipulated in the Agreement, the MPA is receiving monthly payments from PAC in the amount of \$266,666.66. This equates to \$3.2 million a year. The Agreement also states that a variable payment of \$15 per container in excess of 500,000 containers per year will be paid to the MPA; however, this threshold has not yet been reached. (The estimated container count at Seagirt for calendar year 2010 is 340,000.)

## First Year Lessons Learned

While negotiating the initial Agreement, it was critical to have an experienced consultant to guide the MPA through the process. Members of MPA's internal "team" dedicated a considerable amount of time to the effort, as it became all-consuming as the deadline neared. It is also important to ensure that this and any future similar concessions and agreements cover as many contingencies as possible. After operations were transferred to the private partner, constant communications are vital between all parties (including shipping lines), as the partnership evolved.

## Conclusion

The transfer of Seagirt to PAC has been transparent to the shipping lines and the lines are very pleased with PAC's operations. The Agreement is being adhered to by all parties and performing well such that it allows a strong relationship to continue between MPA and PAC, which has proven a successful local employer and community partner.

**Figure 1: PAC's construction on Seagirt's 50-foot Deep Berth is well underway.**

