WBAL TV News

Agreement Brings 5,700 New Jobs To Baltimore Port

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Thousands of new jobs are coming to the Port of Baltimore after a new partnership was announced Friday.

Several state and city leaders gathered Friday for Gov. Martin O'Malley's announcement that Ports America is starting a new 50-year contract with the Maryland Transportation Authority to operate Baltimore's Seagirt Marine Terminal.

"This partnership with Ports America will help us achieve our goals for creating jobs and expanding opportunity," the governor said.

The new contract will bring in 5,700 new jobs to the port, including 2,700 that will be permanent to handle increased container business and 3,000 that will be in place for three years.

The governor made it clear that the partnership isn't a sale of the port.

Ports America will be responsible for running the daily operations of the terminal, as well as investing millions of dollars in infrastructure and the construction of a new 50-foot berth that will make Baltimore the second port on the East Coast that's able to accommodate the largest of ships.

"In 2014, the Panama Canal will get a lot wider, which means the big ships that currently run from Europe to Asia and Asia to the U.S. West Coast will now transit Asia to the East Coast, and that will allow Baltimore to handle more freights, which, of course, will create more jobs," said Ports of America President Stephen Edwards.

The investment and revenue from the agreement is said to have the potential to bring in more than $1.3 billion over the span of the 50-year agreement. It's expected to generate $15.7 million per year in new taxes for Maryland, with potential to make even more, the governor said.

"This agreement will make our port a more attractive shipping destination for businesses, resulting in more revenue for our state and additional job creation," O'Malley said.

Under the agreement, the Maryland Transportation Authority, which owns Seagirt, will get an immediate payment of more than $100 million to pay for the preservation of roads, tunnels and bridge facilities.

The agreement still has to go through the Board of Public Works for final approval.
http://www.wbaltv.com/video/21680368/index.html

WJZTV on Seagirt agreement

http://wjz.com/video/?id=63487@wjz.dayport.com

Md. Finds Partner To Run Port Of Baltimore

Instead of running the Port of Baltimore itself, Maryland has agreed to take on a private partner to do the job.

Alex DeMetrick reports the lease deal brings in badly needed cash and jobs.

It's one of Maryland's most important assets, so why would the state agree to take on a private partner to run the Port of Baltimore?

"This partnership will bring to Maryland 5,700 new jobs," said Governor Martin O'Malley.

The jobs are directly tied to the Panama Canal, which is being widened and deepened. By 2014, it will accommodate far larger ships, which will need far larger berths to dock.

Maryland alone doesn't have the money for that expansion and could lose cargo and jobs. The company Ports America will pay for that improvement in exchange for a lease to operate the port.

Even though they'll be working for Ports America, Maryland will still retain ownership of the port.

Before it is finalized, the lease agreement must first be approved by legislative leadership, who have 15 days to review it.

Baltimore Sun
O'Malley announces port upgrade
Huge public-private deal gets Bentley's backing

By Michael Dresser | michael.dresser@baltsun.com

November 21, 2009

A deal in which a private contractor will invest hundreds of millions of dollars into the Helen Delich Bentley Port of Baltimore in return for a 50-year lease of Seagirt Marine Terminal received a strong endorsement Friday from the person who might be the most important arbiter of all:

Helen Delich Bentley.

The former congresswoman and "godmother" of the port was among those who gathered at Seagirt as Gov. Martin O'Malley announced a deal that would upgrade the terminal so that it can unload the super-sized containerships that are expected to become a growing sector of maritime commerce after a widened Panama Canal opens in 2014.

"It's a great deal," said Bentley, 85, a maritime industry consultant who added that she saw no downside to the contract. "It's a push forward for us. It comes at a very important time, a very critical time."

Bentley's assessment was echoed by national experts in the maritime trade, who called it a significant enhancement of Baltimore's ability to compete with other East Coast ports.

"It's a major event in the maritime industry. It's really kind of game-changing," said Aaron Ellis, communications director for the American Association of Port Authorities.

Under the deal, a local affiliate of the Ports America Group would invest an estimated $105 million to build a 50-foot-deep berth at Seagirt and equip it with four state-of-the-art cranes so the terminal can serve the mega-ships that are expected to bring cargoes from Asia through the canal and directly to the East Coast. In addition, Ports America is expected to invest up to $500 million in capital projects at the port over the 50-year term of the agreement.

The state, lacking the money to build such a facility itself, had spent the past year and a half looking for a private partner to make the capital investment it could not.

A jubilant O'Malley, backed by a lineup of longshoremen in blazingly colorful safety jackets, promoted the deal as a potent boost to Maryland's employment market.

"Jobs, jobs, jobs. This deal is all about job creation in Maryland and job creation now," he said. Over the next 50 years, he said, the deal is expected to yield $1.3 billion in economic activity at the port.

According to state officials, the agreement is expected to directly create 5,700 new jobs in Maryland, including 2,700 permanent jobs at the port and another 1,000 to build the expanded berth. Those jobs are unlikely to materialize immediately because the permanent jobs will likely be created after the berth's planned opening in 2014. Ports America officials estimated that construction would begin in 2011 or 2012.

Closer to "now" may be the 2,000 jobs expected to be created in the short term as the Maryland Transportation Authority uses the estimated $100 million it will receive to buy out its ownership of the terminal to accelerate maintenance at state toll facilities.

James J. White, executive director of the Baltimore port, pointed to the huge blue cranes hovering over the Seagirt pier and said he doesn't have "the first dollar" to replace them without private capital. White said the cranes are 20 years old and have an expected working life of 25 to 30 years. He said the current cranes can only reach over 17 containers and that the new generation of ships that will traverse the wider canal will be stacked 20 containers across.

White said the port currently handles the equivalent of 450,000 20-foot containers a year on its docks. With the Ports America deal, he said, that number could grow to 1.5 million over the next 20 years.

After a news conference that attracted many leaders of business in the port, O'Malley hinted that future public-private partnerships could follow the port deal. He said Maryland had been approached many times with offers involving state-owned infrastructure but had turned them down.

"None of them was good for the public," he said. "This one's good for the public."

A spokesman for the port's No. 1 competitor, Joe Harris of the Virginia Port Authority, said Baltimore had found an impressive partner in Ports America.

"It's not a bunch of neophytes. They've had a lot of experience in this and they've been successful," he said.

Harris said the VPA-operated Port of Hampton Roads is already equipped with the berths and cranes needed to handle the larger ships. But he said Baltimore and the Virginia port could have a significant edge over other East Coast ports that don't have the 50-foot-deep channels the next generation of ships will require.

Welcome shipping news

Our view: A 50-foot-deep berth and a huge financial investment in the port make a long-term lease with Ports America look like a golden opportunity for Baltimore

November 23, 2009

For a decade, a 50-foot-deep berth at Seagirt Marine Terminal has been on top of the wish list for Baltimore's port. Good things - including 2,700 permanent jobs - must come to those who wait because it's beginning to look a lot like Christmas has finally arrived in South Baltimore.

In a first-of-its-kind arrangement for the port, state officials have negotiated a contract to lease Seagirt to a private company, Ports America Chesapeake, for the next 50 years. In return, Ports America would build the much-anticipated berth at a cost of $105 million.

But wait, there's more. The company has also agreed to invest $500 million to maintain and improve the terminal over time and to give the Maryland Transportation Authority (which has financed Seagirt's development) $100 million once the deal is approved.

As Seagirt's sole operator, Ports America would also make payments to the Maryland Port Administration depending on the volume of container traffic. The amount would increase once the volume hits 500,000 containers a year (from the current 350,000).

And in one more important trade-off in the deal, Ports America would surrender 65 acres at Dundalk Marine Terminal so the port administration could expand the importing of cars and trucks. Right now that potentially lucrative trade is at a roadblock because the port lacks sufficient space to temporarily park the vehicles.

The port agency has been looking for a public-private partnership deal for years, but this, at least at first glance, would seem to exceed expectations.

In unveiling the arrangement Friday, Gov. Martin O'Malley envisioned it creating a total of 5,700 jobs. That includes the 3,000 temporary jobs made possible by construction at the port and on whatever projects the transportation authority chooses to pursue.

Just as importantly, the investment means the port can attract the much-anticipated huge container vessels made possible by upgrades to the Panama Canal that are expected to be completed by 2014. Baltimore's shipping channel is deep enough to serve such mega-ships, but its current berths are not, nor are the existing cranes large enough to reach across their oversize decks.

Bigger ships mean lower shipping costs for trade from Asia to the East Coast (and then connected by rail to the Midwest). Baltimore is uniquely situated to take advantage of the opportunity. But financing the 50-foot-deep berth through traditional means - the Maryland Transportation Trust Fund - was all but impossible given the competing highway and transit needs.

Yet not building a berth wasn't really an option either. Without one, the port was likely to lose at least one shipping agency, Evergreen, that accounts for nearly a third of current container traffic. Instead of adding jobs, the port would stand to lose many hundreds of them.

Still, there are risks involved. As trade grows, Ports America will be able to set licensing and stevedoring rates to the company's advantage, for instance. The contract ended up attracting only one bidder, and the port administration has had to rely on outside experts to help negotiate the high-stakes arrangement.

Is it the best possible arrangement? There are two weeks to review the details before the contract goes before the Board of Public Works on Dec. 16.

Careful scrutiny will be required, but prospects for the deal look good. The port's work force, Maryland companies that depend on foreign trade, the local economy and taxpayers all stand to benefit from the new facility and the jobs that would be created. After such a brutal economic recession, that's enough to make the holidays a bit happier all around.

Journal of Commerce
Ports America Wins 50-Year Lease at Baltimore
Operator to build container berth with 50-foot water depth

Joseph Bonney
Ports America won a contract to operate Baltimore’s Seagirt Marine Terminal under a 50-year lease that commits the company to build a container berth with 50-foot water depth.

The Maryland Ports Administration announced the long-term lease with Ports America, which has operated Seagirt since the 200-acre terminal opened in 1990. Ports America also has run operations at Baltimore’s Dundalk Marine Terminal since 1966.

The MPA said it will retain ownership of the terminal but that Ports America will provide the Maryland Transportation Authority with an immediate payment of more than $100 million for use on roads, tunnels and bridges.

Ports America also will provide annual lease payments, and the port agency said the agreement is projected to generate $15.7 million a year in state taxes. The MPA said investment in the terminal and revenue to the state could exceed $1.3 billion over the next half century.

The deal gives Ports America full control over operations, the obligation to design and build the new berth within MPA standards, and the right to consolidate all current container business in the port at Seagirt. The MPA said the company will have a known base payment for 50 years and will retain all net revenue.

Ports America will develop the new berth at Seagirt by 2014, the year the Panama Canal is scheduled to open a new set of locks that will accommodate larger container ships. The cost of the berth and four cranes is approximately $105.5 million, the port agency said.

Baltimore port officials hope having 50-foot depth at the new berth will help the port attract calls by the larger ships that will transit the expanded canal. Norfolk also has 50 feet. New York-New Jersey is dredging its channels to 50 feet, but access to some of its terminals will remain limited by the vertical clearance under the Bayonne Bridge.

Contact Joseph Bonney at jbonney@joc.com

Baltimore Business Journal

Port of Baltimore taps Ports America Chesapeake for $106M project at Seagirt Marine Terminal

by Scott Dance Staff
Friday, November 20, 2009
Ports America Chesapeake has signed a 50-year least at Seagirt Marine Terminal that state officials estimate will create 5,700 jobs.

The public-private partnership will also require Ports America to build a 50-foot berth to accommodate larger ships at Seagirt. Maryland Port Administration officials had said they can’t do the $106 million project without private money.

The project is vital in keeping the port competitive with others on the East Coast because larger ships will begin calling from Asia once the Panama Canal is widened in 2014.

Ports America will run the daily operations of Seagirt, the port administration’s main container cargo terminal. The company will make annual payments and channel ongoing revenue to the MPA, and is projected to pay $15.7 million in taxes to the state each year.

The Maryland Transportation Authority, which technically owns Seagirt, will immediately receive $100 million that can be put toward transportation projects.

“With this agreement, we are able to secure the Port’s long-term future with a 50-foot berth, apply an immediate influx of capital for system preservation of roads, tunnels, and bridges, and provide an extended revenue stream to the State,” Gov. Martin O’Malley said in a statement.

Of the 5,700 jobs state officials counted, 3,000 are one-time construction jobs for port and highway improvements. The other 2,700 are expected permanent jobs coming from the increased container business the port will get from the deeper berth.

Ports America already operates Seagirt and has done so on shorter contracts since the terminal opened in 1990. But the 50-year contract makes that relationship certain in the long run.

Ports America beat out Ceres Terminals Inc. in the bidding process.

Daily Record
Hopes are high for expanded Seagirt

November 22, 2009
By Nicholas Sohr
Daily Record Business Writer

Maryland leased Seagirt Marine Terminal to a private port operator with 2014 in mind, when an expanded Panama Canal will allow longer, taller and wider ships to pass from the Pacific Ocean to the East Coast.

The public-private partnership gives control of the terminal, the main on- and off-loading point for shipping containers in the Port of Baltimore, to Ports America Chesapeake, a subsidiary of Ports America Group, the company that has operated Seagirt since it opened.

The agreement requires Ports America to invest more than $600 million in port-related infrastructure improvements over the 50-year life of the lease, pay yearly rent and make an up-front payment of more than $100 million to fund other Maryland Transportation Authority projects.

Supporters of the project and Maryland port officials expect East Coast terminals like the expanded Seagirt to be more enticing to shippers than unloading cargo at Pacific ports and sending it across the country by truck or train.

But some industry analysts, like George Pickral, of the financial services firm Stephens Inc., are withholding judgment on the impact its opening will have on East Coast ports.

“There are a lot of estimates out there and it’s too early to get a good gauge,” Pickral said. “It will depend, to a certain extent, on trade flows, port congestion and the cost of inland transportation.”

The Panama Canal Authority estimated in 2006 that 61 percent of Asia to East Coast cargo was unloaded on the West Coast, while the canal handled 38 percent of the cargo. The authority predicts 296 million tons of container cargo will pass through the canal in 2025, compared to 98 million tons in 2005.

There was as at least one shipping agency already eyeing the deeper berth during Friday's announcement. The green containers of Evergreen Shipping Agency (America) Corp. dot the stacks at the terminal. The company is one of its most frequent callers.

Wesley J. Brunson, the line's president, said he already has the deeper-draft ships and would be sending them to Seagirt.

"The ships are already calling at West Coast ports right now," he said. "You have to build it [the berth] to get the ships here."

Seagirt opened in 1990 with three 45-foot berths serviced by seven cranes. The terminal handles about 300,000 TEUs, or 20-foot containers, annually, according to transportation officials.

"When these berths here were designed, when the cranes were designed, the biggest ship on the sea was probably a 4,000-TEU ship," said James White, executive director of the Maryland Port Administration. "Today they're building ships 14,000 TEUs. They've just continued to get bigger and bigger and bigger, taking advantage of the economies of scale."

The biggest ship to call at Seagirt was capable of carrying 6,400 TEUs, but came only half-full because of the port's size restrictions, White said.

Ports America said it will begin the estimated $105 million construction of a 50-foot berth by 2012 and have it open in time to accommodate the bulkier ships expected from the canal. The company will install four new cranes that will tower over the older bunch and be able to handle containers stacked 20 wide and seven high.

Port and state officials say the arrangement and capital improvements will bring 2,700 permanent jobs to the port and related industries, and another 3,000 construction jobs. They expect $15.7 million per year in new state tax revenue as a result.

"Seagirt has been a workhorse for our containers for almost 20 years now, but clearly for us to remain competitive we need to make capital investments in the facility so we are prepared for the new world after 2014," said state transportation Secretary Beverley K. Swaim-Staley on Friday, just after Gov. Martin O'Malley announced the deal. "That's what this is going to allow us to do. Otherwise, we were looking at the potential of a loss of jobs and a loss of our competitive advantage."

Washington Post

Md. agrees to 50-year lease of state portion of Baltimore port

Long-term deal to yield a major investment and thousands of jobs

By Aaron C. Davis
Washington Post Staff Writer

Saturday, November 21, 2009

Maryland Gov. Martin O'Malley announced Friday an agreement to give the nation's largest port operator control of the state-owned portion of the Port of Baltimore for the next 50 years in exchange for the company's promise to invest hundreds of millions of dollars to expand and maintain the facility.

The deal is intended to created thousands of jobs, particularly over the next four years as Ports America begins construction on a berth big enough to accommodate some of the world's largest container ships. The huge vessels are to begin reaching the East Coast from Asia in 2014, after completion of a project to widen the Panama Canal.

Construction of the berth and cargo cranes is expected to create 1,000 jobs. An additional 2,000 workers would be employed in coming years to fix roads, bridges and tunnels around the terminal.

Ports America would immediately pay the state $100 million toward the improvements if the state's General Assembly and Board of Public Works confirm the deal.

In the long term, the state expects the expanded port to provide 2,700 more jobs a year and $15.7 million more in annual tax revenue.

For O'Malley (D), the agreement could provide not only an economic boost but also a political one after elections last month in which voters appeared to punish Democrats for failing to do more to spur job growth.

The ports deal would yield more than twice as many construction jobs as have been created so far in Maryland with federal stimulus money.

Flanked by dozens of applauding port workers, O'Malley praised the deal as job-creator. "Sing it with me people, 'Jobs, jobs, jobs.' . . . This deal is all about job creation in Maryland, job creation now . . . not 10 years from now, not 20 years, but job creation now."

Don Norris, chairman of the Department of Public Policy at the University of Maryland Baltimore County, said the deal appeared to be a good one for Maryland, which had been searching for more than a year for a way to fund construction of the larger berth because the state's transportation trust fund lacked the capital.

"The state absolutely needed a big partner with deep pockets to stay competitive. Ports on the East Cost that are not ready [in 2014] will suffer a terrible competitive disadvantage," Norris said.

But he said the duration of the lease could be problematic.

"I don't want to second-guess, but 50 years is a long time. . . . I hope there are performance measures to make sure the state continues to get what it wants."

Friday afternoon, the five-decade lease did not appear to be a hang-up for the state's Democrat-controlled legislature. Alexandra Hughes, a spokeswoman for House Speaker Michael E. Busch (Anne Arundel), said he and the chamber's budget leaders supported the plan. "He loves it -- as do the chairmen," Hughes wrote in an e-mail. "I think we're all in for lots of jobs."

The new division of Ports America, which has operated the state's Seagirt terminal since 1990, will have the right to move, consolidate and make many other changes to the container business at the port.

The 200-acre site will continue to be owned by Maryland, which will also maintain control of port security. Also under the deal, the state will begin to receive a $15 fee for every container above 500,000 moved through the port annually. Last year, according to state statistics, more than 600,000 containers were offloaded or loaded at Seagirt.

"This agreement took us a while to hammer out, but I think it's one of the best in the country; it sets a new bar," O'Malley said. "It not only creates jobs now but maintains this important asset for Maryland, and it doesn't sell the public interest short."

American Journal of Transportation
Gov. O'Malley announces 50 year contract with Ports America to operate Port of Baltimore's Seagirt

Governor Martin O'Malley announced a 50-year agreement between the Maryland Port Administration (MPA) and Ports America Chesapeake that will allow the MPA to lease its 200-acre Seagirt Marine Terminal to Ports America. In return, Ports America has agreed to construct a 50-foot berth for the Port of Baltimore that is expected to result in increased business opportunities and larger vessels that will be able to dock at the Port. The partnership between the MPA and Ports America is expected to produce 5,700 new jobs, while the total investment and revenue from this agreement to the State of Maryland has the potential to reach more than $1.3 billion over the life of the agreement and will generate $15.7 million per year in new taxes for Maryland. The agreement must be submitted to the Board of Public Works for approval.

"This public-private partnership is about three things: jobs, jobs, and more jobs," said Governor O'Malley. "These challenging economic times call for new ways of doing business. We welcome an internationally respected partner in the maritime field for this unique long-term joint venture. With this agreement, we are able to secure the Port's long-term future with a 50-foot berth, apply an immediate influx of capital for system preservation of roads, tunnels, and bridges, and provide an extended revenue stream to the State."

Once the agreement is finalized, Ports America will be responsible for running the daily operations of the Seagirt Marine Terminal, as well as investing in a new 50-foot berth, cranes, and other infrastructure at Seagirt. Ports America will make an annual payment and provide ongoing revenues to the MPA during the life of the agreement. The State of Maryland would continue to own Seagirt.

"On behalf of the Maryland delegation, I want to congratulate Governor O'Malley for securing this long-term business partnership at the Port of Baltimore. Today's announcement is good news for Maryland and for jobs, jobs, jobs. The Port of Baltimore is a major economic engine for Maryland and America. That's why I'm proud to fight every year after year to put money in the federal checkbook to keep it safe, secure and growing. This new business partnership is a coup for Maryland's economy, our Port and the lives and livelihood that depend on it," said Senator Barbara A. Mikulski, Chair of the Maryland delegation.

Of the 5,700 new jobs that will result from this agreement, 3,000 jobs will be one-time construction jobs over the next three years for Port and Maryland Transportation Authority (MdTA) highway improvements. Another 2,700 permanent direct, indirect and induced jobs will come from the increased and sustainable container business that the Port will see upon completion of the 50-foot berth in 2014.

Under the agreement, the MdTA, as the current owner of Seagirt, will receive an immediate payment in excess of $100 million to pay for needed system preservation of its roads, tunnel, and bridge facilities. It also is projected that this agreement will generate $15.7 million per year in new taxes for the State.

Ports America is the current operator of the Seagirt Marine Terminal and has operated the facility since Seagirt opened in 1990. Ports America has also run operations at the Dundalk Marine Terminal since 1996.

"Ports America Chesapeake has been an important part of Maryland's maritime tradition since 1921," said Ports America Chesapeake Chairman Christopher Lee. "We are looking forward to building on this foundation, as we and the Maryland Port Administration partner together in this key initiative, under the leadership of Governor O'Malley, to implement the critical infrastructure required to maintain the Port of Baltimore's competitiveness and importance to the Maryland economy and high quality and sustainable employment for many years to come."

In addition to full control over daily operations of Seagirt and the obligation to design and build the 50-foot berth within MPA's required standards, Ports America receives:

A known future base payment for 50 years and all net revenues;
The right to move and consolidate all current container business to Seagirt;
Control over timing and nature of system preservation costs as long as standards are met;
Funding capital obligations allow Ports America to invest in new technology as it sees fit.

“Here in Maryland, difficult economic times also open the door for new business opportunities and exciting partnerships,” said Lt. Governor Anthony Brown. “This new partnership between the Maryland Port Administration and Ports America will not only strengthen the Port of Baltimore and increase its competitiveness in maritime commerce, but it will increase state revenue and generate more than 5,700 new jobs for Marylanders. Together, under Governor O’Malley’s proactive leadership, we can continue to build upon the Port’s success and expand opportunity to more Marylanders, creating a stronger tomorrow for the families of our great State.”

With the development of a 50-foot berth, the Port of Baltimore will become only the second port on the East Coast with a 50-foot berth and 50-foot channel. When the Panama Canal expansion project is completed in 2014, it is expected that a greater and larger number of ships will travel to East Coast ports to reach their customers quicker and less expensively than their current route of going to West Coast ports and sending products by rail to markets throughout the country. Without a 50-foot berth, those larger ships would not have enough water depth to dock and bring additional business to the Port of Baltimore. The cost to develop the 50-foot berth and four cranes is approximately $105.5 million.

The Port of Baltimore employs about 16,500 workers. Out of about 360 U.S. ports, Baltimore is ranked number one for handling roll on/roll off cargo; trucks; imported forest products; and imported gypsum, sugar and iron ore. The Port of Baltimore is ranked 14th nationally for total foreign cargo tonnage and 12th for total dollar value of cargo. The Port is responsible for about $3.6 billion in personal wage and salary income. Activities at the Port of Baltimore generate about $388 million in state and local taxes.

As a result of its outstanding work to increase U.S. exports, the MPA, which oversees the public terminals at the Port of Baltimore, was honored in 2007 with the Presidential “E” award. The award was created in 1961 to recognize persons, firms, or organizations that contribute significantly to increase U.S. exports. The MPA, which also won the “E” award in 1964, is only the 23rd port organization out of 360 total ports in the U.S. to win the highly acclaimed recognition. It is only the fourth port to win the award twice.

Cargo Business News
Ports America lands Baltimore terminal for 50-years

Ports America was awarded a 50-year contract by the Maryland Port Administration to operate its 200-acre Seagirt Marine Terminal on Friday.

According to the announcement made by Maryland Governor Martin O’Malley, the deal includes a 50-foot deep berth to be constructed by Ports America at an estimated cost of $105.5 million. The berth is scheduled for completion by 2014, which would make the Port of Baltimore the second port on the East Coast with a 50-foot berth and channel.

The MPA said the project is expected to produce 5,700 new jobs with total investment and revenue from the deal to the State of Maryland having the potential to reach more than $1.3 billion over the life of the agreement, generating $15.7 million per year in new taxes for the state

“This public-private partnership is about three things: - jobs, jobs, and more jobs,” said Governor O’Malley.

“These challenging economic times call for new ways of doing business. We welcome an internationally respected partner in the maritime field for this unique long-term joint venture. With this agreement, we are able to secure the port’s long-term future with a 50-foot berth, apply an immediate influx of capital for system preservation of roads, tunnels, and bridges, and provide an extended revenue stream to the state,” the governor said.

Pending approval of the agreement by the state’s Board of Public Works, Ports America will be responsible for running the daily operations of the Seagirt Marine Terminal, as well as investing in the new 50-foot berth, cranes, and other infrastructure at Seagirt, the release said. Ports America will make an annual payment and provide ongoing revenues to the MPA during the life of the agreement while the State of Maryland would continue to own Seagirt.

Ports America has been the operator of the Seagirt Marine Terminal since it opened in 1990, and has also operated the Dundalk Marine Terminal since 1996.

Infrastructure Analyst¦ Inframation Group
Ports America Triumphs in Seagirt Marine Terminal Deal

An announcement is due later today (November 20) that Ports Americas Chesapeake (PAC), a newly-chartered affiliate of the Ports America Group has been selected to expand and operate the Seagirt Marine Terminal in Baltimore as part of a 50-year lease.

PAC was the only bidder to submit an offer for the Seagirt terminal in September, although it was one of two groups that responded to the Maryland Port Administration's (MPA) request for offers in June.

The other bidder, a pairing of Alinda Capital Partners and Ceres Marine Terminals, withdraw days before the September deadline.

The deal is urgently needed in order to prepare Seagirt for the larger ships expected to dominate maritime commerce following the widening of the Panama Canal in 2014.

PAC Commitments

Under the terms of the deal, PAC will fund construction of a 50-foot deep berth at the Seagirt Marine Terminal and the purchase of four new cranes. It will fund a repayment to the Maryland Transportation Authority (MdTA) for investment in Seagirt, as well as provide ongoing revenues to MPA for administrative and other port purposes.

The cost of building the new berth is put at slightly over US$100m. The upfront payment is thought to be between US$200m and US$250m. The anticipated capital investment in projects at the port over the 50-year lease is US$500m.

Benefits to Maryland
MdTA will reinvest funds as part of a capital program that will allow major highway related projects to proceed including upgrades to I-95, the US 40 Hatem Bridge and US 50/301 Bay Bridge.

The contract with PAC is to be presented before the Maryland Port Commission (MPC) today for approval. The agreement will then need to be reviewed by General Assembly budget committees and ratified by the Board of Public Works, which is expected in December.

The deal is expected to close in January.

Project Details
The Seagirt Marine Terminal is owned by MdTA, an entity of the state of Maryland. It is the largest facility in Baltimore Harbor and commenced operations in the 1990s. It has a current minimum annual capacity of 1.0 million TEUs across its three berths and in 2008, handled 500,000 TEUs.

Ports America already has a presence in Baltimore. Ports America has operated Seagirt since the terminal opened in 1990, albeit under several different names and owners.

MPA's advisors on the deal are AECOM/ K&L Gates/ Laurie Mahon/ Martin Associates/ McKennon Shelton Henn/ Moffat & Nichol/ Public Financial Management.

Public Works Financing

Highstar Capital Wins Baltimore Port

Private investors have agreed to pay for a new berth, cranes and other improvements at the Port of Baltimore, making the East Coast port accessible to bigger ships from Asia that will start crossing through the expanded Panama Canal in 2014.

Maryland Gov. Martin O’Malley announced a 50-year lease agreement Nov. 20 with Ports America Chesapeake for the 200-acre Seagirt Marine Terminal. Ports America has operated Seagirt under short-term agreements since it opened in 1990. Ports America is controlled by Highstar Capital, a manager of infrastructure investment funds, run by Christopher Lee.

Financing arrangements in Baltimore are still not final, as the agreement must be reviewed by the Maryland General Assembly and then approved by the Board of Public Works, which will meet on Dec. 16. Final negotiations were conducted with just one bidder after Ceres Terminals Inc., with Alinda Capital Partners, dropped out.

O'Malley says the agreement will lead to 2,700 permanent jobs and another 3,000 temporary jobs. The agreement will bring in more than $1.3 billion to the state over the next 50 years, he said, and also generate $15.7 million in taxes per year.

The Maryland Transportation Authority (MdTA), which owns the Seagirt terminal and paid for its construction, will receive an immediate payment of more than $100 million. Terminal ownership will be transferred to the Maryland Port Administration.

The cost of developing the berth, with a depth of 50 feet, and to purchase four cranes is estimated at $105.5 million. The Maryland Port Administration's primary advisor is Public Financial Management (PFM), with assistance from John A. Martin, AECOM, and law firm K&L Gates.

Bank commitments are in place if needed, but it is anticipated that the agreement will be financed with long-term tax-exempt bonds, says David Miller, managing director with PFM. The Maryland Economic Development Corporation would serve as the conduit issuer, and the non-recourse bonds would be secured by revenue Ports America earns from operating the Seagirt terminal.

"The tax-exempt markets right now are really better than the bank markets," Miller says, both in terms of lower rates and a willingness to make long-term loans. "We believe if we implement the tax-exempt financing, that will substantially increase the value of the offer."

Two series of bonds would be issued, Miller says. Private activity bonds would pay for the improvements at the Seagirt terminal. A second series of bonds would reimburse the Maryland Transportation Authority for its investment in Seagirt. These bonds can be tax-exempt because MdTA, which runs the state's toll facilities, will use the money for ystem improvements and preservation.

PABs issued in 2009 and 2010 are exempt from the alternative minimum tax (AMT), under the economic recovery bill passed earlier this year by the U.S. Congress. The global economic downturn has hit maritimecompanies and investors hard, prompting the suspension of concession procurements in Philadelphia, Portland, Ore., and elsewhere.

But Lee, founder and managing partner of Highstar, said in March that the right time to invest in the future is when the economy is bad. Highstar Capital's website says the firm has invested more than $5 billion in energy, environmental services and transportation since 2000.

Ports America and Terminal Investments, an affiliate of Switzerland-based Mediterranean Shipping Company, signed another 50-year concession in March with the Port of Oakland, Calif. That agreement included a commitment to upgrade five berths, terminals and equipment.