MARYLAND DAILY RECORD

Port of Baltimore's Seagirt terminal set for expansion in 2012

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By Nicholas Sohr, Daily Record Business Writer
(also covered on Maryland.statenews.net)

The expanded Seagirt Marine Terminal will open for business in August 2012, its operator said Wednesday, with upgrades that will make the Port of Baltimore more hospitable to the next generation of supersized cargo ships.

Port officials hope the terminal will help woo more trade from Asia and dovetail with work being done on a rail corridor from central Maryland to Northwest Ohio to open up markets along the East Coast and into the Midwest.

CSX Corp. announced Wednesday that it would put up the final $160 million needed for its National Gateway project, which will raise bridges or lower tracks in 50 locations along the route to allow its trains to carry shipping containers stacked two high.

"Baltimore has everything in place — deep water, a very, very strong local market, which up until this point, it has really underserved," said John C. Martin, a Lancaster, Pa. economic and transportation system consultant.

James J. White, executive director of the Maryland Port Administration, called the expanded Seagirt terminal "a game changer" at a seminar Wednesday for businesses connected to the port.

"When the Panama Canal expansion is completed in 2014, the big ships won't be able to go everywhere, but they will be able to sail up and down the Chesapeake Bay and call on the Port of Baltimore," he said.

Seagirt's $105 million addition is being undertaken by Ports America Chesapeake, which leased the terminal from the state in 2010 in a deal Maryland transportation officials value at more than $1 billion.

Work is about halfway done, according to Ports America. Dredging crews have nearly hit the 50-foot depth required, an extended wharf will be finished this year and four new plus-sized cranes will be installed by next May, said Mark Montgomery, president and CEO of Ports America. The anticipated opening date is nearly two years earlier than what is required by Ports America's lease.

The larger accommodations will allow the port to bring in ships fully loaded with 12,000 20-foot shipping containers, two or three times larger than the vessels that visit now.

A wider Panama Canal will allow large vessels from China and Japan to travel to the East Coast, instead of unloading in a port like Los Angeles and shipping goods by truck or rail across the country.

Martin and CSX officials said Wednesday that more trade could flow into Baltimore from the east as factories spring up in Southeast Asia and India.

“You see more and more steamship lines opening terminals in India and Vietnam, and that’s all Suez Canal,” Martin said. “That puts Baltimore in a very interesting position.”

Baltimore would be only one of three ports on the East Coast with the 50-foot channels and berths required by fully loaded mega-cargo ships. But Martin said low bridges and congestion in New York would keep the biggest ships out of that harbor, and a smaller local market around Hampton Roads would make that destination less attractive than Baltimore.

To handle the extra traffic, CSX is working with the state to find land outside Baltimore, along the Route 1 and Interstate 95 corridor, to build a facility to load containers onto its trains.

The anchor of the rail corridor to Ohio has faced stiff local opposition in Howard County, but Gov. Martin O’Malley said it’s a critical component to the port’s growth.

“To maximize the potential of that 50-foot berth, we have to invest in rail upgrades,” he said.

National Gateway is expected to cost about $850 million. CSX has committed $575 million and more than $280 million will come from the federal and state governments. Maryland has committed $75 million to the project.

Fredrik Eliasson, vice president of emerging markets for CSX, said the rail link could expand the Baltimore port’s reach from six CSX markets to 17 and 80 million new customers by 2015.

BALTIMORE BUSINESS JOURNAL

Port of Baltimore, CSX tout key projects

Baltimore Business Journal - by Scott Dance, Staff
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Key projects are expected to boost business at the Port of Baltimore.
CSX Corp. has put up $160 million to complete a project that, along with two other key projects, will allow double-stacking of container cargo on trains between Maryland and the Midwest.

A top CSX official announced the news to a group of more than 100 people who do business at the Port of Baltimore, during a Wednesday event that also featured Gov. Martin O'Malley.

O'Malley and CSX executive Fredrik Eliasson spoke of growing opportunities at the port in coming years through the rail expansion project, known as National Gateway, as well as through a new 50-foot ship berth at Seagirt Marine Terminal in Dundalk and a planned new intermodal transportation facility in Howard, Anne Arundel or Prince George's County.

CSX (NYSE: CSX) has put up about $575 million in all and has received $280 million from federal and state governments for the project, which includes upgrades to tunnels between Baltimore and a new CSX facility in northwest Ohio. The project is slated to give the Port of Baltimore better access to markets including Cleveland, Indianapolis, Atlanta, Charlotte, N.C., Memphis, Tenn., and Pittsburgh, said Eliasson, CSX's vice president for emerging markets.

Both O'Malley and officials from CSX and Ports America Chesapeake, which signed a 50-year lease to operate Seagirt last year, used the event as an opportunity to encourage port-related businesses to take advantage of the increasing cargo capacity the projects will bring.

The state and CSX are in the midst of considering public feedback on four sites proposed for the intermodal terminal, which will allow cargo to be shuttled out of Seagirt to the intermodal facility where it can be double-stacked and shipped out to the Midwest. Low-clearance tunnels including the Howard Street tunnel downtown currently prevent double-stacking of cargo containers.

Part of Ports America's lease is also a requirement that it build a 50-foot berth to accommodate larger ships that could be bringing more container cargo to Baltimore once the Panama Canal is widened in 2014.

"We want to help and encourage you to leverage the power that's coming with this new berth," O'Malley told attendees.

CSX's commitment of the final $160 million for the National Gateway project means it will begin moving forward, with scheduled completion in 2015.

The 50-foot berth, meanwhile, is about halfway completed and is ahead of schedule. Ports America broke ground on the project in March 2010. It could be completed two years or more before the Panama Canal widening is completed in 2014, said Christopher Lee, managing director of Highstar Capital, owner of Ports America Chesapeake.

"It will provide new opportunities for our companies as well as additional profits," he said. The port's ability to handle larger ships improves economies of scale for businesses, he said — meaning that for the same amount of effort and resources, they can return larger profits.

AMERICAN JOURNAL OF TRANSPORTATION

Governor, MPA, highstar capital, CSX officials outline Baltimore's future at May seminar

By Karen E. Thuermer, AJOT

The New York Yankees may have beaten the Baltimore Orioles on May 18 in a baseball game attended by friends and employees of the Port of Baltimore. But those who watched the game from the Maryland Port Administration's skybox at Camden Yards know all too well that New York's glee may not always be shared when it comes to the Orioles hometown seaport.

That's because the Port of Baltimore will soon give the Port of New York/New Jersey and other ports up and down the Eastern seaboard, a run for first base where seaport rankings are regarded as each throws its pitch in the heightening round for the competitive steamship business. The catalyst: the opening of the new widened Panama Canal in 2014 that will accommodate larger steamship vessels on the trades and improvements at the Port of Baltimore.

According to Maryland Port Administration (MPA), Highstar Capital, CSX and other officials that included Maryland's Governor Martin O'Malley, the fact the Port of Baltimore offers both a 50-foot deep channel and a 50-foot berth gives it advantages only paralleled by Virginia's Port of Norfolk. On the other hand, the Port of New York/New Jersey may also offer 50-foot water but has flyover (bridge height) restrictions.

Meanwhile, once CSX's $1 billion National Gateway project opens with its intermodal hub in Northwest Ohio (ironically, in a town called North Baltimore) the Port of Baltimore will offer fast intermodal connections to Midwest markets and beyond. Only the Port of Norfolk, which boasts also a 50-foot channel and berth and its Heartland Corridor, can also make this claim.

But the Port of Baltimore offers additional benefits. Those were outlined in detail by a number of speakers at a seminar held on May 18 and sponsored by the Port of Baltimore, CSX and Ports America Chesapeake. That seminar was then followed by the outing to the Orioles versus Yankees game at Baltimore's Camden Yards.

Attending the seminar, held atop Baltimore's World Trade Center, were MPA and Ports America Chesapeake officials, as well as ACL, Columbia Coastal Transport, CSAV, CSX, Evergreen, Highstar Capital, Hyundai Merchant Marine, Maersk, MOL, MSC, and NSCSA representatives. Also attending were shippers, retailers, logistics operators and freight forwarders representing companies that included Emo Trans, Expeditors, MTC Logistics, Panalpina, Agmet, Ames True Temper, Bob's Discount Furniture, Canusa Hershman Recycling, Case New Holland, Caterpillar, Eastland Foods, The Fishin Company, The Great Fish Company, Harmon Recycling, McCormick & Co., Perdue, Pier 1 Imports, and World Kitchen. A number of journalists, including representatives from AJOT, politicians, and economists were also in attendance.

Seminar Remarks
Leading off the event were remarks from MPA's Executive Director James J. White, followed by Christopher Lee, managing director of Highstar Capital, Governor O'Malley, and Fredrick Eliasson, CSX vice president of emerging markets.

Governor O'Malley praised the MPA and the public private partnership (P3) the Port of Baltimore has entered into with Highstar Capital.

Highstar Capital is 100 percent owner of Ports America, the largest independent port operating company in the United States.

"Most public private partnerships do not pan out," he said. "But when this one came along, I saw this as a win-win."

MPA's White praised Governor O'Malley's support of MPA and Ports America. In November 2009, the two entered into a 50-year concession agreement regarding the Port of Baltimore's Seagirt Marine Terminal.

Already, Ports America is spending over $100 million on the construction of a new 50-foot berth at Seagirt Terminal. That berth is already nearly 50 percent complete, and is ahead of schedule and under budget.

"We will be fully operational two years or more before the Panama Canal widening project opens in 2014," Lee emphasized.

As a result, shipping customers such as MSC and Evergreen will be able to bring containers to the Port of Baltimore on the new 12,000 TEU ships that right now can only call on the U.S. West Coast.

"Larger ships mean economies of scale, and all-water service to the East Coast means the end of cross-country rail trips," Lee said. "Collectively, that means lower costs and travel time savings."

Later in the seminar, Richard Powers, MPA director of marketing, emphasized how the Panama Canal widening project is a game changer that will expand the port's market potential.

Lee, meanwhile, stressed how CSX's National Gateway Project will allow double stack rail to the Midwest. He added that Ports America also strongly endorsed the development of an intermodal transfer facility that will be built at one of four possible locations south of Baltimore.

"The opening of this terminal will finally alleviate the bottleneck that the Howard Street Tunnel has created for so many years at a fraction of the cost of converting the tunnel itself," he said.

As a result, intermodal containers will move directly from Ports America's 50-foot berth at Seagirt to CSX's Baltimore facility and on to Chicago. He also emphasized how Baltimore's emergence as a key intermodal hub on the East Coast will also be greatly influenced by the development of an off-dock logistics facility directly adjacent to Ports America's facility.

Governor O'Malley, who admitted he felt like he was preaching to the choir during the seminar, emphasized how Baltimore's future to compete and win is greatly bolstered and enhanced by "our ability to upgrade, modernize and make vibrant and competitive this tremendous engine of job creation and economic growth in our state."

He acknowledged the reason for the gathering was to ask those in attendance to help leverage the power of the new berth and the modernization that is coming to the Port of Baltimore to create more jobs in Maryland and expand opportunities.

He praised Maryland's workforce, and its modern infrastructure, and stated that Maryland's "innovative economy", which also includes its cyber and information infrastructure, puts Maryland in a strong position.

He particularly emphasized the importance of investing in rail. "To match the potential of the 50 foot berth, we have to look at rail upgrades," he said, adding how the state is working with CSX and its National Gateway Project.

"This will improve the use of double stack containers," he emphasized.

While he admitted there will be a public process to ensure accommodations are made for double stack rail, one thing is clear: "As much as we need the port, we need that National Gateway," he said. "And we need for the port to be well connected by rail to those markets in the Midwest."

CSX's Eliasson outlined the major changes that are occurring in the global supply chain. First, with manufacturing production in Asia moving southward, and therefore shipping increasingly westbound, the Suez Canal is becoming a more viable option for imported cargo coming directly to East Coast ports that serve high consumption areas east of the Mississippi River.

"This is where approximately two thirds of the U.S. population resides," he said.

Secondly, the 2014 opening of the expanded Panama Canal will result in a significant reduction in the cost of all water service to East Coast ports.

"This will change the opportunities and dynamics for this port and all other East Coast ports," he said. "Now with these two changes occurring, you have a chance again to be competitive when it comes to attracting discretionary cargo."

The factors alone were the impetus for the CSX $850 million National Gateway public private partnership.

National Gateway Initiative
Eliasson outlined three critical components to the National Gateway Initiative:

a Northwest Ohio intermodal terminal, which he reported CSX sees as fundamentally changing the intermodal business in the United States;

a double stack route from the Port of Baltimore to the Northwest Ohio terminal, therefore making it possible to add capacity and significantly improve the efficiency of moving cargo to inland consumption points; and 3) the accommodation of the state's vision for alternative use of the Seagirt Marine Terminal.

"We will be building in a 3P with the State of Maryland an intermodal terminal that we believe will be one of the most efficient intermodal terminals in the country," Eliasson said.

Eliasson stressed how the Northwest Ohio terminal will be the first true hub and spoke terminal in the world.

"When done, CSX will be able to consolidate traffic from a variety of different origins into this hub and then run smaller spring trains into market that we currently are not serving today," he said.

Whereas today, CSX serves six different markets from its network from the Port of Baltimore (in addition to connectively to the western railroads), when the National Gateway is fully implemented and all services are phased in, CSX will be able to serve an additional 11 markets.

"That means from this port you will be able to market to 80 million additional consumers that are not rail served out of the Port of Baltimore today," Lee said

Speaking later in the seminar, Vance Bennett, director of Intermodal Port Strategy for CSX, outlined those markets and phase in timetable as: Toledo, Cleveland, and Columbus, Fourth Quarter 2011; Cincinnati, Louisville, Indianapolis, and Buffalo, 2012; Atlanta, Charlotte, Memphis, and Pittsburgh, 2014.

Additionally, because of the location of this facility and the agreements CSX has with the western railroads, Eliasson stressed that CSX will be able to cut transit time between 24 and 48 hours and improve reliability to those markets by not having to go through Chicago.

Currently, CSX cannot provide double stack service from the Port of Baltimore. To accomplish this, bridges will either have to be raised or tracks will have to be lowered in more than 50 locations between Baltimore and Northwest Ohio. Already, CSX has received over $280 million of state and federal support of the project for the double stack portion.

In an official announcement at the seminar, Eliasson proclaimed that to ensure clearances are completed by 2015, CSX is putting up the remainder of the capital to complete the National Gateway.

“In total, this is an estimated $160 million that we have incorporated into our capital plan,” he said.

With the clearances, the final element of the initiative is the new Intermodal Container Transfer Facility (ICTF) south of the Howard Street Tunnel. This will act as a landing point for the double stack trains to allow the port to grow.

A 3P, CSX and the State of Maryland will each invest $75 million for a total of $150 million. The ICTF will not only handle international cargo, but also domestic cargo.

“We envision containers either being shuttled from Seagirt and the port or drayed to the ICTF by truck,” Eliasson said.

Four potential sites are being reviewed: Hanover Road Street, Montevideo Road, Jessup Correction Facility, and BARC/Beltsville.

Overall, CSX estimates the project will take over 9 million trucks off the Maryland highway system, thereby reducing carbon emissions by over 2.5 million tons over the next 30 years.

Other Elements

Other officials outlined important elements that give the Port of Baltimore advantages.

Mark Montgomery, president and CEO of Ports America Chesapeake, explained how the terminal operator is currently doing 37 moves per hour per crane hour.

“We have truck times at 30 minutes for single and 60 minutes for double moves,” he said. “The goal is to move trucks in and out of the facility as fast as possible.

He explained that Seagirt currently has seven post Panamax cranes on the terminal that handle 17 containers across. When the new berth opens, however, it will give Baltimore four new cranes that can handle 22 containers across.

Joe Greco, MPA’s deputy director of marketing, emphasized how, given the fact Baltimore is 150 miles inland, shipper save money $150 to $250 a move trucking costs.

In addition, 199 acres of land adjacent to Seagirt Marine Terminal provides opportunities for the development of over 1 million square feet of distribution space.

Montgomery added that MPA, state and city officials are also discussing a flyover from the backside of Seagirt where boxes can be valet. “A new flyover would be built that would allow for overweight boxes to be drayed across this roadway to the DC,” he said. “This creates a low cost dray and the ability to carry a heavier box to this parcel of land.”