Maritime Industrial Zoning Overlay District

2007 Annual Report

AKNOWLEDGEMENTS

The Department of Planning and the Baltimore Development Corporation would like to thank the Maryland Port Administration and members of the Baltimore Industrial Group for their assistance in producing this report.

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EXECUTIVE SUMMARY

The Maritime Industrial Zoning Overlay District (MIZOD) was enacted in 2004 in an effort to reduce increasing conflicts between mixed-use development and maritime shipping by demarcating deep water areas in industrial precincts and reserving them for industrial use. The zoning overlay disallows planned unit developments (PUDs) and mixed uses such as office and hotel/motel, except when accessory. Included in the overlay district are existing industrial properties with deep water access and zoned "Heavy Industrial" (M-3) in portions of Canton, Fairfield, Curtis Bay, Hawkins Point, and Locust Point.

As required by ordinance, a report on business activity in the MIZOD should be submitted to the Mayor and City Council on an annual basis. The goals of the reports are not only to assess the effectiveness of the MIZOD in retaining maritime businesses and facilitating their expansion but also to provide longitudinal information regarding strengths and weaknesses of the ordinance to facilitate decision-making at the time of renewal (2014). The 2006 and 2007 Annual Reports report trends of 5 key indicators collected for all firms/properties in the MIZOD.

Data for five basic indicators was collected for all firms in the MIZOD. The amount of fixed cost investments was assessed by summing up the number of unique, unduplicated permits issued for properties in the MIZOD and the reported cost of work. This report shows that while the number of permits tends to fluctuate every year, the **average value per permit has steadily risen since 2001 and significantly increased between 2004 and 2006**. In order to measure the amount of tax revenues to the City of Baltimore generated by properties in the MIZOD, city property taxes less credit were summed for all properties in the MIZOD for fiscal years 2000 through 2007. Property tax credits in the MIZOD are the result of the Baltimore City Enterprise Zone Program, administered by the Baltimore Development Corporation (BDC). The **number of private properties receiving the credit**, the **amount of credit granted** and the sum of **total taxes less credit** all **increased** in the MIZOD. There were a total of **186 firms** located in the MIZOD for the current year, 2007, an addition of 2 entities from 2006. The volume of cargo movement in the MIZOD was determined by the **number of vessel arrivals** and **foreign cargo tonnage** between 2000 and 2007; while the vessel arrivals in the private terminals decreased between 2004 and 2006, the vessel arrivals in the public terminals have steadily increased between 2004 and 2006.

The trends that these indicators exhibit show that the City has a very robust and healthy maritime industry with firms that are continuing to maintain their properties, expand their operations, and contribute to the City's overall revenue generation.

Introduction

The Maritime Industrial Zoning Overlay District (MIZOD) was enacted in 2004 in an effort to reduce increasing conflicts between mixed-use development and maritime shipping by demarcating deep water areas in industrial precincts and reserving them for industrial use. In general, it is difficult and costly for maritime and mixed uses to co-exist. Maritime shipping activity creates noise, dust, substantial truck traffic, unattractive and extensive outdoor storage areas, and twenty-four hour activity, all of which conflict with housing, entertainment and office uses. Yet, maritime users must have access to deep water; they also must invest in expensive infrastructure and dredging that can only be justified if a long amortization period can be assured. The expensive dredging required to maintain shipping access is also most cost effective when terminal sites are clustered together, and not scattered among uses for which deep water access is not necessary.

A recent Baltimore Development Corporation study[1] reported that needed investment in port facilities may be deferred due to uncertainty as to the City's policy regarding change of use. Once deep water sites are redeveloped for mixed use, it would be very difficult, if not impossible, to regain them for maritime use, irrespective of future need or economic necessity. Zoning is one of the few practical methods available for assuring the availability of deep water land for maritime shipping use.

However, the recent success of mixed-use redevelopment on the waterfront presented the City with a policy decision regarding the relative importance of two critical City objectives:

- Expansion of the new business and residential uses made possible by waterfront redevelopment, and,
- Preservation for maritime use of the deep water access essential to the Port of Baltimore.

The goal of establishing the MIZOD was to balance the needs of both mixed use and maritime shipping, maximizing each to the extent possible without harming the other. Therefore, the waterfront in the deep water sections of the harbor was categorized into two areas: Mixed-Use and Maritime Industrial. In the first, mixed use would be allowed, enabled and encouraged. In the second, maritime uses would be protected by the MIZOD by prohibiting conversion of land to non-industrial uses. The intention of demarcating the waterfront into clearly defined mixed-use and maritime industrial areas was to help streamline the development process by avoiding costly and time-consuming delays associated with site-by-site decision-making regarding change of use (See Figure 1). Importantly, it is intended to protect the integrity of the maritime area, avoiding the leapfrogging of mixed use into maritime areas that has begun to threaten continued investment in the maritime commerce of the Port of Baltimore.

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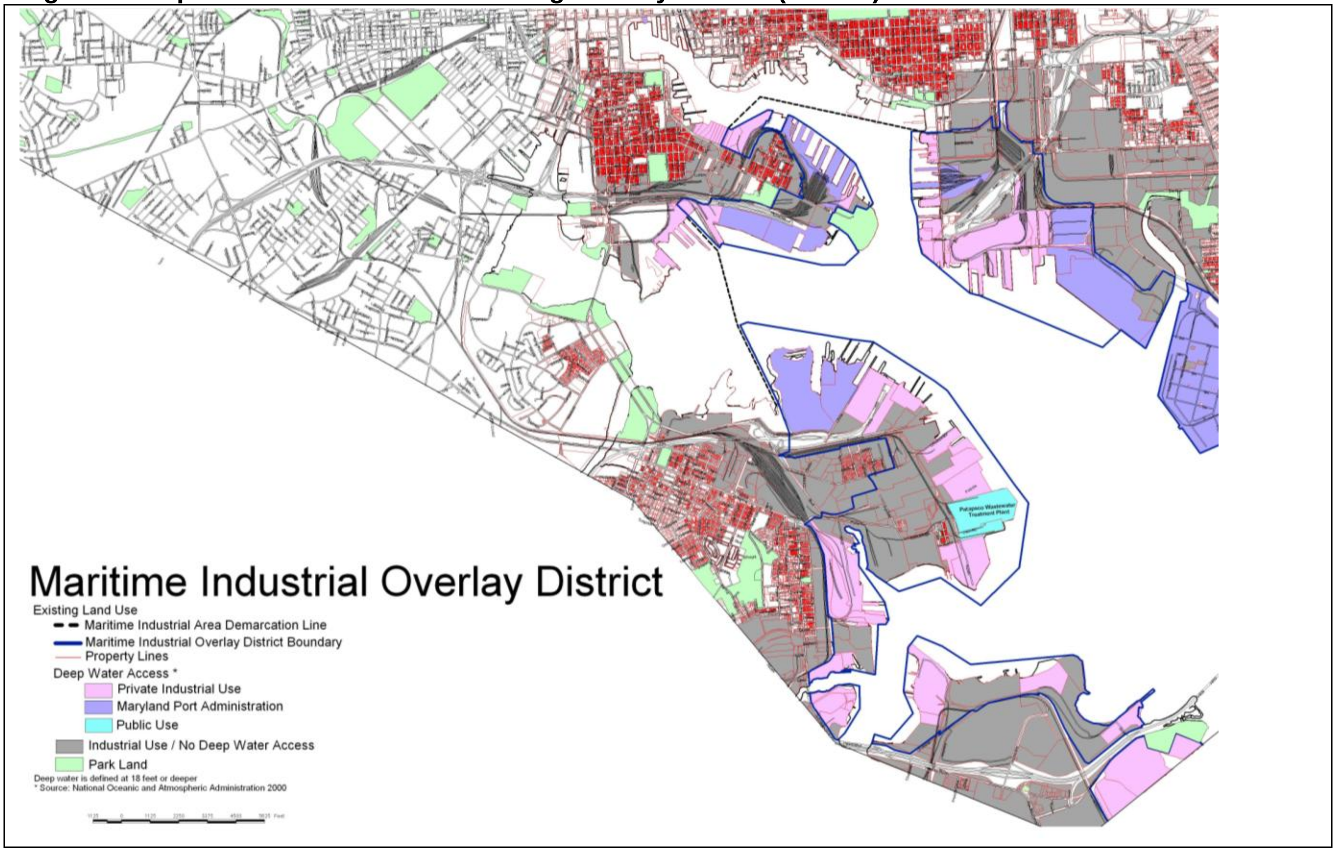
[1] *Industrial Land Use Analysis, City of Baltimore, Maryland*, prepared for Baltimore Development Corporation by Bay Area Economics, November 26, 2002, page 22.

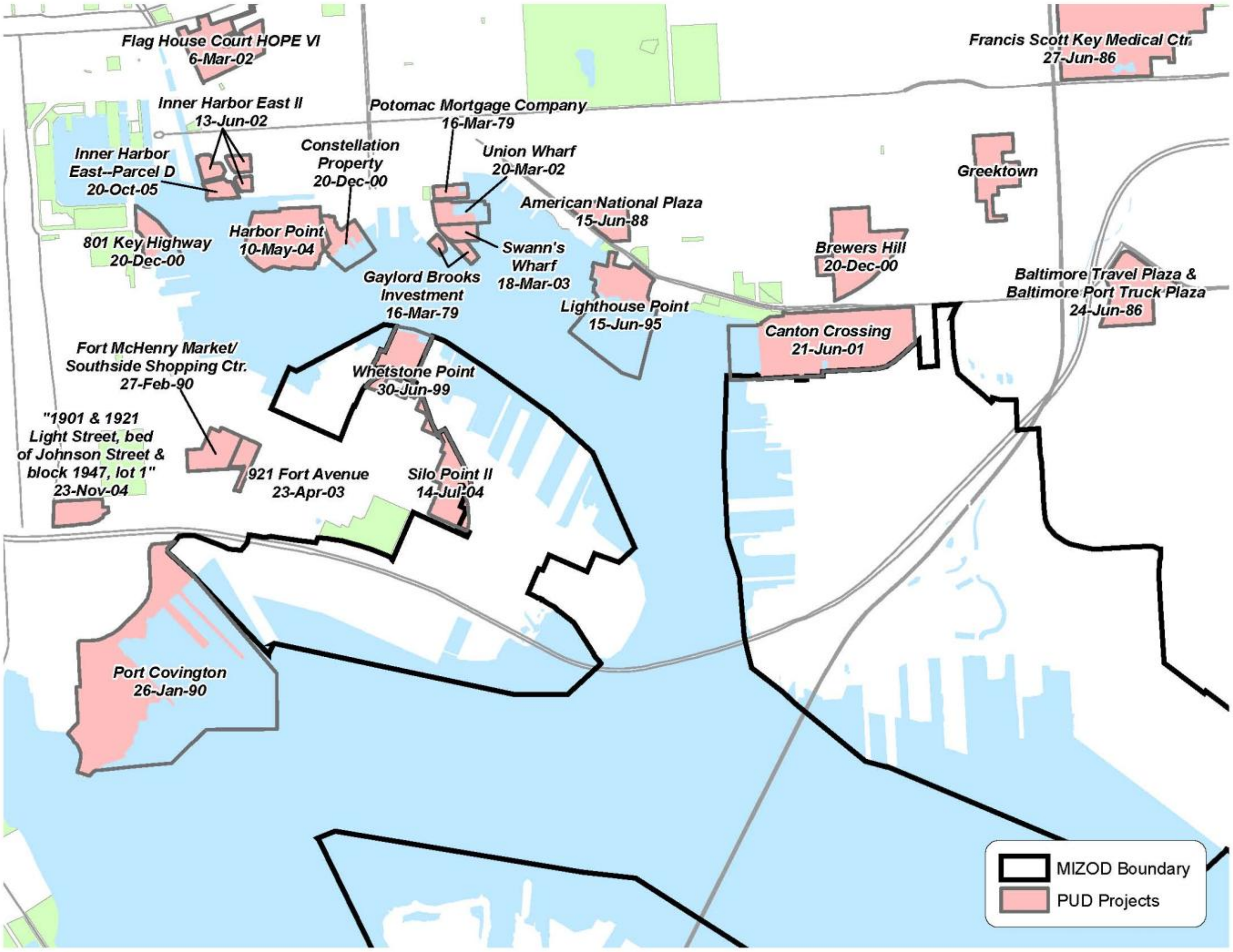
Figure 1: Map of Maritime Industrial Zoning Overlay District (MIZOD)



Included in the overlay district are existing industrial properties with deep water access and zoned "Heavy Industrial" (M-3) in portions of Canton, Fairfield, Curtis Bay, Hawkins Point, and Locust Point. Preservation of these areas for maritime industrial use is accomplished by applying the following provisions in the overlay area:

- Disallow Planned Unit Developments (PUD), which are currently the principal method of accomplishing conversion from industrial to mixed use (See Figure 2).
- Delete office as a principal use and hotel/motel from the conditional use lists.
- Allow only accessory use of offices, restaurants and taverns.
- The underlying zoning remains M-3.

Figure 2: Boundaries and Dates of Adoption of Planned Unit Developments (PUD) around the MIZOD



Annual Reports

As requested by Baltimore City Council (See Appendix A), a report on business activity in the MIZOD should be submitted on an annual basis. The proposed outline for the contents of the reports over the duration of the MIZOD (until 2014) is discussed below. The goals of the reports are not only to assess the effectiveness of the MIZOD in retaining maritime businesses and facilitating their expansion but also to provide longitudinal information regarding strengths and weaknesses of the ordinance at the time of renewal (2014).

Year 1 (2006)--Completed

Part I: Collect data for all firms/properties within the MIZOD with respect to investment activity, property taxes and volume of cargo. These indicators were collected from prior to MIZOD adoption (2000) to the most current year (2006-2006) in order to capture any changes in aggregate behavior over time.

List of Indicators

- Amount of fixed-cost investments
- Number of permits issued in MIZOD
- Property taxes
- Total number of firms in MIZOD
- Volume of cargo movement

Part II: Conducted detailed case studies of a small, representative sample of firms (5 firms) to assess impact of MIZOD on decision-making priorities. From the case studies in the 2006 report, the frims that participated drew the following conclusions:

1) the Port of Baltimore offers an ideal location for conducting profitable business;
2) MIZOD protection allows companies to feel confident in making significant capital investment;
3) current MIZOD legislation should be extended beyond 2014;
4) industrial areas need buffering from residential areas for safety and security;
5) Companies rely on local communities for work force supply and desire to be good, long-term neighbors.
6) The Enterprise Zone program is an excellent retention tool for companies located in the MIZOD. The Enterprise Zone program can also be used to attract businesses that are looking to relocate to the MIZOD.

Year 2, 4, 6, 8 (2007, 2009, 2011, 2013)

Collect annual data for all indicators.

List of Indicators

- Amount of fixed-cost investments
- Number of permits issued in MIZOD
- Property taxes
- Total number of firms in MIZOD
- Volume of cargo movement

Year 3 & 7 (2008 & 2012)
Part I: Collect annual data for all indicators.

Part II: Conduct a survey of firms in MIZOD to obtain more detailed and representative information on decision-making processes within maritime enterprises. Did the MIZOD provide stability to allow firms to expand and invest in fixed-cost improvements/labor? Did the MIZOD alleviate development pressure? Are firms considering relocating?

Additional indicators which can be obtained from survey results:

- Corporate taxes (or net worth)
- Employment (existing and planned)

Year 5 (2010)
Part I: Collect annual data for all indicators.

Part II: Conduct input/output analysis to assess the regional impact of the MIZOD in retaining and expanding forward and backward economic linkages with industries in the MIZOD (i.e. suppliers, distributors, business support services, etc.)

Year 9 (2014)
Part I: Collect annual data for all indicators.

Part II: Provide longitudinal analysis of MIZOD's 10-year history based on indicators collected, survey results, and economic impact statements in annual reports. This analysis will inform public policy for renewing, altering or discontinuing MIZOD in the future.

MIZOD Indicators, 2000-2007

Table 1: List of Indicators		Year							
Indicator	**Measurable**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**
Total Number of Permits Issued	**Building and Maintenance & Repair Permits**	87	45	83	59	52	50	67	
Fixed-Cost Improvements	**Cost of Work**	$88,853,593*	$10,595,039	$23,321,841	$17,853,304	$17,739,608	$20,026,329	$52,008,932	
	Average value per permit	$1,021,306	$235,445	$280,986	$302,598	$341,146	$400,526	$776,252	
City Property Tax Less Credit	**All Properties**	$7,023,927	$5,584,945	$5,682,709	$5,538,657	$5,860,616	$5,907,383	$5,970,092	$6,107,690
	Private Properties**	$5,498,383	$5,404,734	$5,504,092	$5,362,491	$5,644,112	$5,695,965	$5,771,337	$5,906,272
Number of Firms								184	186
Volume of Cargo Movement	**Vessel Arrivals** Source: Baltimore Maritime Exchange Inc.	1845	1979	1911	1887	2064	2119	2,090	
	Annual % Change		7.3%	-3.4%	-1.3%	9.4%	2.7%	-1.0%	
	MPA Terminals	1,048	1,146	1,166	1,119	1,176	1,272	1,323	
	MPA Dockage Days	1,988	1,988	1,882	1,888	2,093	2,224	2,277	
	Private Terminals	797	833	745	768	888	847	767	
	Total Foreign Cargo (Less LNG outside MIZOD) Source: US Maritime Administration/US Army Corps of Engineers	26,158,677	25,701,032	23,639,334	22,508,278	26,955,537	27,741,499	28,129,000	
	Annual % Change		-1.7%	-8.0%	-4.8%	19.8%	2.9%	1.4%	

*One permit issued in 2000 was for Vista Chemical Corp in the amount of $43 million.
**Private industry excludes government-owned, Public Service Commission and public utility properties.

Total Number of Permits Issued and Fixed-Cost Improvements

Permit data was collected for properties in the MIZOD between 2000 and 2006. In 2000, one permit alone was valued at $43 million and was issued for construction-related costs of an overall $90 million project by Vista Chemical Corp (now Sasol). The scope of the project was to modify equipment in the new paraffins dehydrogenation section of the plant and add a paraffins enhancement process (PEP) for reducing the use of chlorine and production of hydrochloric gas. Construction of new and modified equipment began in February 2001.

In 2006 there were two permits totaling $18 million for bulkhead construction by the Rukert-Lazeretto Corp. The U.S. Gypsum Company was issued 1 permit totaling $15 million for constructing extensions to existing warehouses.

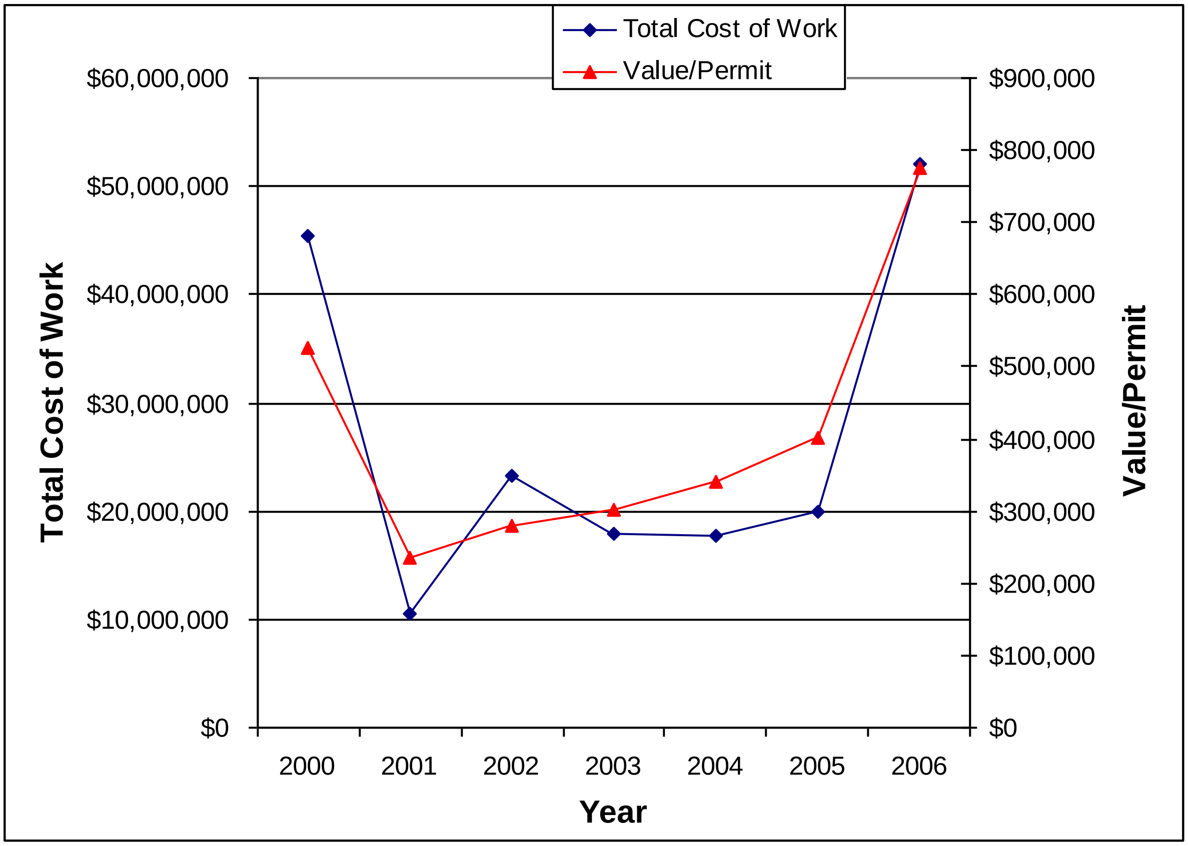
The average *value* per permit steadily rose from $235,445 in 2001 to $776,252 in 2006. The rise is in part due to the rising cost of maintenance and repair but also reflective of businesses continuing to investing in their properties to stabilize or expand their operations.

The *number* of permits has increased between 2005 and 2006. The reason for the increased number of permits is due to many firms within the MIZOD, such as the examples above of the Rukert-Lazeretto Corp. and U.S. Gypsum Co., investing in their Port of Baltimore operations to prepare for growth in roll-on/roll-off, bulk and container cargo movement projected worldwide.

Table 2: MIZOD Permits 2000 - 2007

Year	Cost of Work	# of Permits	Value/permit	Without outlying permit in 2000*		Value/permit
2000	$88,853,593	87	$1,021,305	$45,353,593	86	$527,367
2001	$10,595,039	45	$235,445	$10,595,039	45	$235,445
2002	$23,321,841	83	$280,986	$23,321,841	83	$280,986
2003	$17,853,304	59	$302,598	$17,853,304	59	$302,598
2004	$17,739,608	52	$341,146	$17,739,608	52	$341,146
2005	$20,026,329	50	$400,526	$20,026,329	50	$400,526
2006	$52,008,932	67	$776,252	$52,008,932	67	$776,252

Figure 3: Since 2001, both the Total Cost of Work and Average Value per Permit have increased for permits issued in the MIZOD



Property taxes

City property taxes less credit for all properties in the MIZOD were summed for each Fiscal Year between 2000 through 2008. There is a large *decrease* (nearly $1.5 mil) in tax less credit between 2000 and 2001, primarily due to a decrease in the tax bill for many public (government-owned, Public Service Commission and public utility) properties in the MIZOD.

Although the total taxes less credit for private properties has increased between 2000 and 2007, there is a dampening effect due to increasing credits issued for revitalization of enterprise zones within the MIZOD (see below for program description). The number of private properties receiving enterprise zone credits has increased from 8 in 2000 to 22 in 2007. This indicator of capital investment and/or employment within the MIZOD shows a long term commitment to and confidence in the development stability that the MIZOD provides.

Table 3: Property taxes	2000	2001	2002	2003	2004	2005	2006	2007
All Properties Tax Less Credit	**$7,023,927**	**$5,584,945**	**$5,682,709**	**$5,538,657**	**$5,860,616**	**$5,907,383**	**$5,970,092**	**$6,107,690**
Private Properties Total City Tax	$5,746,607	$5,662,687	$5,815,116	$5,730,010	$6,026,473	$6,102,307	$6,190,912	$6,324,591
Credit Amount to Private Property	$248,224	$257,953	$311,024	$367,519	$382,361	$406,342	$419,575	$418,319
Private Property Tax Less Credit	**$5,498,383**	**$5,404,734**	**$5,504,092**	**$5,362,491**	**$5,644,112**	**$5,695,965**	**$5,771,337**	**$5,906,272**
Number of Properties Receiving Credit	8	8	10	16	14	20	26	22

Enterprise Zones

The State of Maryland Enterprise Zone (EZ) Program was established in 1982 as an economic development tool to stimulate job creation and business investment through the use of real property tax and employment tax credits in specific areas of the State. To further stimulate economic growth, Baltimore City received a Federal Empowerment Zone (EmpZ) designation in 1994 to foster sustained economic opportunity and promote community revitalization through employment tax credits, job training, and loan programs to assist community residents and businesses. Baltimore City Empowerment Zones are within the boundaries of the State Enterprise Zones enabling businesses to benefit from both programs. The Baltimore Development Corporation (BDC), the City's economic development agency, administers the Enterprise Zone Program and Empowerment Zone certification.

The continuing goals of expanding the Enterprise Zones include a focus on providing incentives to encourage development, redevelopment, and revitalization in valuable areas of the City of Baltimore to:

1. Attract new investments in underutilized industrial / commercial areas.
2. Provide incentives for the creation of new jobs targeted to City area residents. The jobs should offer a combination of full and part-time positions as well as skilled and unskilled employment opportunities.
3. Stimulate major capital investments by existing and new business and property owners. These investments will add significantly to the City's tax base, encouraging the use of local labor to the greatest extent possible for the implementation of capital improvements.
4. Retain and attract distribution, manufacturing related operations as well as industrial/commercial redevelopment in these newly expanded areas.

Eligibility for tax credit program

A business is eligible for the tax credit program if it makes a capital investment in its property (i.e., constructs or renovates a building, or expands an existing facility) or hires at least one new employee in the EZ. Commercial as well as industrial projects are eligible.

Property Tax Credit

A ten-year credit against local real property taxes is offered for business improvements or new construction. The credit is based on new property taxes generated as a result of the expansion or new construction. In years 1-5, the jurisdiction where the operation is located will waive 80% of the new property taxes generated. In years 6-10 the credit decreases 10% annually.

Number of Firms

In 2006, the following method was used to generate a current list of firms in the MIZOD:

1. Property addresses in the MIZOD obtained from the Real Property file (Department of Planning)
2. MIZOD addresses queried on Stewart's Directory (BDC) to show firms listed at the address
3. Duplications/non-qualifying listings removed using the following protocol:
   - City-owned lands removed (mostly City-owned housing)
   - Landlords/leasers removed (not counted as firms in the MIZOD)
   - Firms with multiple locations/addresses (e.g. State of Maryland) in the MIZOD were counted once
   - Firms listed with previous and current names were counted once
     - SCM Chemical → Millennium → Lyondell
     - Vista → Sasol
     - Support Terminal Services → Valero
     - Universal Marine Terminal → APM

In 2007, the previous year’s list of firms was checked against a new query on the Stewart’s Directory for additions or deletions. Two additional firms and no deletions were identified.

Table 4: List of Firms in the MIZOD—2007

3m Properties LLC
4 Way Motors
A Bit Of Class Limousine
Ajf Rentco
Alcolac Inc
Amco Brokers & Forwarders
Amer Marine & Cargo Inc
Amer Port Services
Amoco Oil Co Bulk Terminal (Bitumar)
Air Jordan & Co
Association Of Maryland Pilots
Atlantic Container
Atotech USA Inc
Autocomm Inc
Baltimore Cargo Tank Services
Baltimore Gas & Electric Company
Baltimore Packaging LLC
Baltimore Scrap Corporation
Baltimore Honda Boyz
Baltimore Gas & Electric Co
Baltimore Forest Products Terminals
Basic Industries Inc
Bavarian Motor Transport
Benhill Steel Inc
Blue Circle Cement Inc
Bob And Jacks Trucking Inc
Brooklyn Terminals The
Browning-Ferris Inc
Brycon Corporation
Buffcoat Inc
C & T Transmission And Auto
C Steinweg Of Baltimore
Carman & Co Marine Surveyors
Center Terminal Co Baltimore
Central Oil Asphalt Co
Ceres Marine Terminal Inc
Chesapeake Welding Supply
Chevron Asphalt Co
Chevron U S A Inc
Cianbro Corp Berths 5 & 6
Citgo Petroleum Corp
CNX Marine Terminal, Inc.
Colonial Pipeline Co
Commercial Testing & Engr Co
Constellation Power Source Generation Inc
Contract Materials Inc
Corman-Imbach Marine Inc
Crown Auto Processing
Crystal Oil Company
CSX Transportation Inc
Curtis Bay Company (CSX)
D A T E International
Dana Container Co
Davis Lift Truck Services
Delta Chemical
Dks Holding LLC
Domino Sugar Corporation
East Coast Granite Works LLC
Econocaribe Consolidators
Egan Boiler Service Co Inc
Enfield LLC
Epiphany Inc
Exxon Co USA
Fairfield Properties LLC
Fishing Point Properties LLC
Fleet Car Carriers
Fleet Car Carriers Inc
Fmc Corp Agri Chem Grp
Freight Masters Global Alliance
Furbish Company LLC
Gambel Industries
Gentile, M
Geo Specialty Chemicals Inc
George's Cafeteria
German Auto Inc
Griffith Consumers Co Inc
Gypsum Transportation Limited
Hahn Transportation
Haig Corporation
Harbor Nest LLC
Harborview Limited Partnership No 11
Hess Oil & Chemical Corp
Hobelman Port Services
Home Exterminating & Lawn Care
Hual North America Inc
Hydratech
Industrial Systems Associates Inc
Intertek-Caleb Brett USA Inc
Intl Salt Company
Isuzu Corporation
J & W Holding Co LLC
J A Crane Co
J D F International Transport
J Warren Walker
K-Line America
L J Nadwodny & Sons Inc
Lafarge North America
Liquid Transfer
M Davis & Son
Mace Electric
Maersk Container Service Co
Major Packaging Products
Marine Repair Services Of MD Inc
Maritime Applied Physics Corp
Maryland Port Administration
Maryland Transportation Authority
McCreath & Son of Baltimore, Inc
McLarens Toplis Na Inc
McLean Contractors
MD Tire Co
Mediterranean Shipping Co
Mercedes Benz
Mid Atl Marie Surveyers Inc
Mid States Oil Refining Co
Millennium Chemicals
Miller Pipeline Corp
Mitsubishi Motors Sales
Mobil Oil Corp Balto Term
Motiva Enterprises LLC
Mpg Transport Inc
Msor Partners
National Gypsum Company
New Holland
Newkirk Real Estate LLC
Norcur Inc
O'boyle Tank Lines
Ocean Petroleum
Old Fairfield LLC
P & O Ports
P C S Sales Fertilizer Strg
P T O Energy Inc
Pasadena Forklift

Pennington Partners LLC
Pennsylvania Lines LLC
Petro Express
Praxair-Vista Nitrogen Plant
Premier Automotive
Promover LLC
Quality Carriers Inc
Randstad North America
Recycle Sam
The Rukert Terminals Corp
S Coraluzzo
Sasol North America Inc
Sdj Investments LLC
Seaboard Asphalt Products Co
SGS Automotive *
SGS NORTH AMERICA INC. Minerals Services
Shell Oil Co
Smith A & Sons Shipyard
South Side Yacht Brokers
Steuart Fuels
Stevens Painton Inc
Stratus Center Baltimore Terminal LLC
Sunoco
Support Terminal Services Inc
Supreme Auto Transport Inc
Suttles Truck Leasing LLC
Tartan Terminals
Terminal Corp
The Marksman Company
The Whiting Turner Contracting Co
Tony's Diner
Tosco Terminal Company
Trac Lease Joseph Michel
Trans-Atlantic Agencies Inc
Transoceanic Cable Ship Company
Transport Svcs Inc
Tri Star Transport
Tyco Electronics-Ssi
U S Gypsum Company
United Leasing Inc
Universal Marine Terminal
Us Naval Reserve Recruiting
Vane Terminal II LLC
Vascor
Vazquez Andrew Inc

Vem LLC
W R Grace & Co
Wallenius Wilhelmsen Lines Inc
Weaverling Enterprises
Wfp-Port Liberty LLC
Wheelabrator Water Technology
Xtra Lease
Zim Container Line *

Total Number of Firms: 186

*Companies not in 2006 report

Volume of Cargo Movement

As shown in Table 1, the number of vessel arrivals in the MIZOD has risen from 1845 calls in 2000 to a high of 2119 calls in 2005. There was a 1% decrease in overall vessel calls in 2006. With respect to differing rates of annual fluctuation in vessel calls between private and Maryland Port Administration terminals, there tends to be greater fluctuation at private terminals compared to MPA terminals due to the fact that private terminals handle primarily bulk cargo (raw materials), while MPA terminals handle primarily general cargo (higher value semi-finished and manufactured goods). The total *value* of cargo moving through the Port in 2006 was an all-time record of $36.7 billion. The port also accomplished another milestone of moving over 9.3 million tons of foreign general cargo.

Much of the steady growth in vessel calls at MPA terminals can be attributed to MPA's long-term lease agreements with major shipping lines which are leaders in their market segments. In particular, Mediterranean Shipping Lines (containers) and Wallenius Wilhelmsen Logistics (WWL) (roll-on/roll-off and automobiles) have made long-term commitments to Baltimore, and their vessel calls and cargo shipments have been growing steadily. WWL has expanded their operation to include a 72 acre vehicle processing center that will eventually process 124,000 vehicles. WWL employs 3,200 people and deploys 55-60 modern eco-friendly vessels, serving 20 trade routes to five continents. WWL welcomed Japanese automaker Subaru to the port in 2006. Through this expansion WWL currently occupies 150 acres at the Dundalk Marine Terminal. WWL transports 3.3 million vehicles annually -- 1.7 million by sea and 1.6 million inland. In 2007, the MPA was ranked #1 in the country for roll on/roll off (RO/RO) cargo and #2 for the exporting of automobiles and trucks. Westway Terminals provides liquid storage facilities for many international companies has constructed new 10 million gallon tanks and new rail truck loading areas and dock lines at the port.

Table 5: Total Foreign Cargo	2000	2001	2002	2003	2004	2005	2006
Port of Baltimore (POB)*** Total Foreign Cargo (Short Tons)	26,158,677	25,701,032	23,639,334	24,739,101	31,816,038	32,425,743	30,620,382
LNG Outside MIZOD**** (Short Tons)	0	0	0	(2,230,823)	(4,860,501)	(4,684,244)	(2,491,382)
Total Foreign Cargo (Less LNG outside MIZOD) Source: US Maritime Administration/US Army Corps of Engineers	26,158,677	25,701,032	23,639,334	22,508,278	26,955,537	27,741,499	28,129,000

***A portion of Dundalk Marine Terminal and the Sparrows Point complex are outside MIZOD; however, they are integral parts of the Port of Baltimore and there are synergies that benefit both MIZOD and the Port.
****Liquefied Natural Gas (LNG) is imported at Cove Point, MD, but is within the Baltimore Port District. This tonnage should be subtracted from POB tonnage to get MIZOD related tonnage.

Liquefied Natural Gas (LNG) is a major reason for the large increase in total foreign cargo between 2002 and 2004. The increase of total foreign cargo less LNG is more muted, but it is still significant.

Conclusions

To reiterate the comments of firms who participated in the case studies for the 2006 Annual report, the Port of Baltimore offers an ideal location for conducting profitable business due to the following reasons:

- Furthest inland deep-water access on the East Coast
- Easy access to rail and truck transportation
- Proximity to the center of the country
- Easy to attract talented workers to area (activities, cost of living, etc.)
- Companies are making significant investments and have employed many local residents
- Alternate locations in the Baltimore area or elsewhere on the East Coast would not be as profitable because of Baltimore's location and existing transportation infrastructure
- Industrial property with deep-water access is not available anywhere else in Maryland
- The Enterprise Zone continues to be an effective tool in business growth and retention.

Firms also felt that the current MIZOD legislation, set to expire in Sept 2014, should be extended to continue the port's commitment to attracting and maintaining the diverse businesses that operate from this key regional port.

- Companies requesting financing for large projects may have difficulty getting loan approval because the MIZOD protection ends in 7 years.
- There has been a significant amount of private investment in machinery and port facilities that have made the Maryland Port a leader in the region for cargo movement. The new terminal for cruise ships will increase tourist traffic to the surrounding area and provide indirect income to the city.
- Industrial areas increasingly need buffering from residential and other non-compatible uses for safety and security.

By annually tracking the 5 indicators in this report, the following observations can be drawn:

1. MIZOD protection allows companies to feel confident in making significant capital investment
   - 2 permits were issued to Rukert-Lazeretto Corp estimated at $18 Million for pier bulkheads
   - Wallenius Wilhelmsen Logistics (roll-on/roll-off and automobiles) has an new 72 acre vehicle processing center at the Dundalk Marine Terminal
   - Westway Terminals has constructed 10 million gallon tanks with improved truck loading facilities for chemical storage
   - MPA spent $26.4 Million since the start of the MIZOD building the cruise ship terminal in South Locust Point and will welcome Norwegian Cruise Line to the port in 2008.
2. Tax credits offered to properties in the MIZOD are being increasingly utilized and accessed for incentivizing capital improvements and/or employment in the Port of Baltimore. Also, the credits have not prevented the City from increasing its tax revenues generated from the area.
3. Due to the record amount of cargo handled by the businesses in the MIZOD and the projected increase in worldwide cargo shipping assures that the cargo/logistics industry in Baltimore will continue to grow and firms will make investments in their properties at the port.

Appendix A—City Ordinance 04-804