



Massachusetts Port Authority
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October 1, 2020

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House Clerk
Office of the Clerk of the House
Massachusetts State House
24 Beacon Street, Room 145
Boston, MA 02133

Michael D. Hurley
Senate Clerk
Office of the Clerk of the Senate
Massachusetts State House
24 Beacon Street, Room 335
Boston, MA 02133

Dear Sirs,

On behalf of the Massachusetts Port Authority, please accept this letter as the Authority's annual report to the chairs of the house and senate committees on bonding, capital expenditures and state assets on improvements at the Paul W. Conley Terminal in South Boston as required by the 2016 Act Relative to Job Creation and Workforce Development.

The funding authorized in Section 6720-1340 of the Act is for improvements to the Paul W. Conley Terminal to accommodate the large container vessels being deployed by ocean carriers that service Massachusetts importers and exporters. In 2019, 63% of the container ships calling Conley Terminal were large vessels in the 8-10,000 TEU (twenty foot equivalent units, an industry measure of container size) range compared to just 35% in 2016. Conley Terminal is the region's only full service container terminal with deep-water access capable of servicing large ships. The industry has responded positively to the commitment to upgrade the facility for larger ships. Conley Terminal processed over 283,000 TEUs in FY20.

However, key infrastructure improvements must be made so Conley Terminal can continue to grow the Massachusetts economy. The State bonding authorization is helping to fund the construction of a new deep-water berth and procurement of three new cranes capable of servicing the larger ships at Conley. These improvements, together with the dredging of Boston Harbor and modernization of Conley Terminal's existing facilities, will ensure the continued competitiveness of the Port of Boston, which is responsible for over 9,000 direct jobs and \$8.2 billion in annual economic impact.

The Authority's annual report in connection with these improvements is provided below.

I. Progress on Dredging Boston Harbor

There are two major components of the Boston Harbor dredging project: maintenance dredging to preserve vessels' ability to deliver home heating oil, jet fuel, and salt to terminals along the Chelsea and Mystic Rivers and improvement dredging to accommodate larger container vessels being deployed by ocean carriers. Maintenance dredging, which received \$12 million in federal funds in the Army Corps of Engineers' (ACOE) FY16 Work Plan, began in July 2017. The ACOE contracted with Great Lakes Dredge and Dock to perform the work, which was completed in December 2017.

The first phase of the Improvement Dredging Project commenced in July 2018. The ACOE contracted with Cashman Dredging and Marine Contracting to perform the work. Cashman's production rate has been high, which is helping the project move faster than anticipated. To date approximately 11.1M cubic yards of the estimated 11.34M cubic yards have been dredged and phase I is expected to be complete in late October 2020. The second phase of the Improvement Dredging Project, the Rock Blasting and Removal Contract, is in final design and is scheduled to be bid and awarded toward the end of this year. The dredging project continues to receive federal funding that builds on the support from the Legislature and the Baker-Polito Administration. In addition to the \$18M in the 2017 ACOE work plan, the ACOE received \$58M in FFY2018 and \$37.1M in the FFY2019 omnibus legislation with an additional \$34.8M pledged to the project in the FFY2020 Civil Works Budget.

II. Updates on berth construction and crane procurement

Construction on the new Berth 10 to handle larger ships began in July 2018. In August 2018, Massport issued a RFP for three new ship-to-shore cranes that can reach across ships as wide as 22 containers. ZPMC was selected as the vendor for the crane procurement. The berth and cranes projects are expected to be completed in mid-2021.

III. Progress on efforts to seek federal funds and reimbursement

On September 7, 2016, then US DOT Secretary Anthony Foxx announced a \$42 million FASTLANE grant to help maintain and modernize the existing facility at Conley Terminal. The \$103M FASTLANE Program, funded with this \$42M Federal Grant, provides for rehabilitation and deepening of Berth 11, structural repair of Berth 12, new gate facilities and other technology and equipment upgrades. As of the date of this report, one hundred percent (100%) of the FASTLANE projects are either underway or completed.

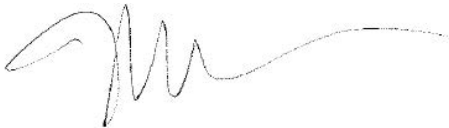
In 2017, Massport applied for a \$63M Federal INFRA Grant (formerly FASTLANE) to help fund the new Berth 10, but was not successful. In 2018, Massport also applied for but was not selected to receive funding for the Federal BUILD Grant (formerly TIGER Grant program) to expand Conley Terminal's capacity for container storage. In March of 2019, Massport submitted a 2019 INFRA Grant application but was not awarded the grant. In July 2019, Massport submitted a BUILD Grant application for similar scope of work and was notified that the Authority is the recipient of a \$20M 2019 BUILD Grant. This grant will facilitate the full build out of the container yard at the old Coastal Oil site at Conley, deploy innovative terminal technologies and build a new truck route, which will facilitate the safe and efficient movement of trucks between the interstate highway system and the container terminal. Massport is in the process of negotiating the terms of the BUILD Grant with MARAD.

IV. The economic benefits derived from this investment

The Port of Boston is a vital transportation and economic resource that serves the shipping needs of more than 2,500 businesses across New England. Some Massachusetts companies that rely on the Port include Jordan's Furniture and International Forest Products in the southeast region; Ruby Wines and Christmas Tree Shops on the South Shore; Affordable Interior Systems and FW Bryce Seafood in Northern Massachusetts, Webstone and BJ's Wholesale Club in the Worcester area; and Olympic Manufacturing (OMG) Inc. and Chemetal in Western Massachusetts. Companies that support Conley throughout New England include Bob's Discount Furniture, Autopart International, America Chung Nam, and Trader Joe's. Conley Terminal facilitates the movement of goods to New England's markets with speed and efficiency ensuring that the region's 14 million consumers have the products they need, when they need them while also providing a gateway to the world for the region's exporters. According to the ACOE, the investment to build a deep-water Berth 10 and procure big-ship cranes combined with the harbor deepening project will double the number of containers processed at Conley, protect, and grow the more than 9,000 direct jobs in the working port.

Massport is grateful for the leadership of the Legislature and the Baker-Polito Administration to keep Conley Terminal competitive in the global shipping industry. We look forward to continuing this partnership as all of these initiatives are implemented to make sure the working port continues to support Massachusetts businesses and workers.

Sincerely,

A handwritten signature in black ink, appearing to read 'Michael Meyran', with a long horizontal flourish extending to the right.

Michael Meyran
Port Director

cc: Lisa Wieland, Massport, Chief Executive Officer