

**Massachusetts Port Authority
Board Meeting**

September 19, 2024



MASSACHUSETTS PORT AUTHORITY

Public Comment

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Chair's Comments

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CEO Report
Richard Davey

Early Impressions

- Managing growth
- Customer satisfaction
- Employee satisfaction – People Strategy
- Net Zero – double down on Scope 3 – SAF
- Embark on Authority-wide Strategic Plan
- Tell our story



Connecting with the Community



Personnel Announcements: Lauren Gleason appointed to Port Director



Congratulations Lauren!

Chief of Staff Appointment - Faye Boardman

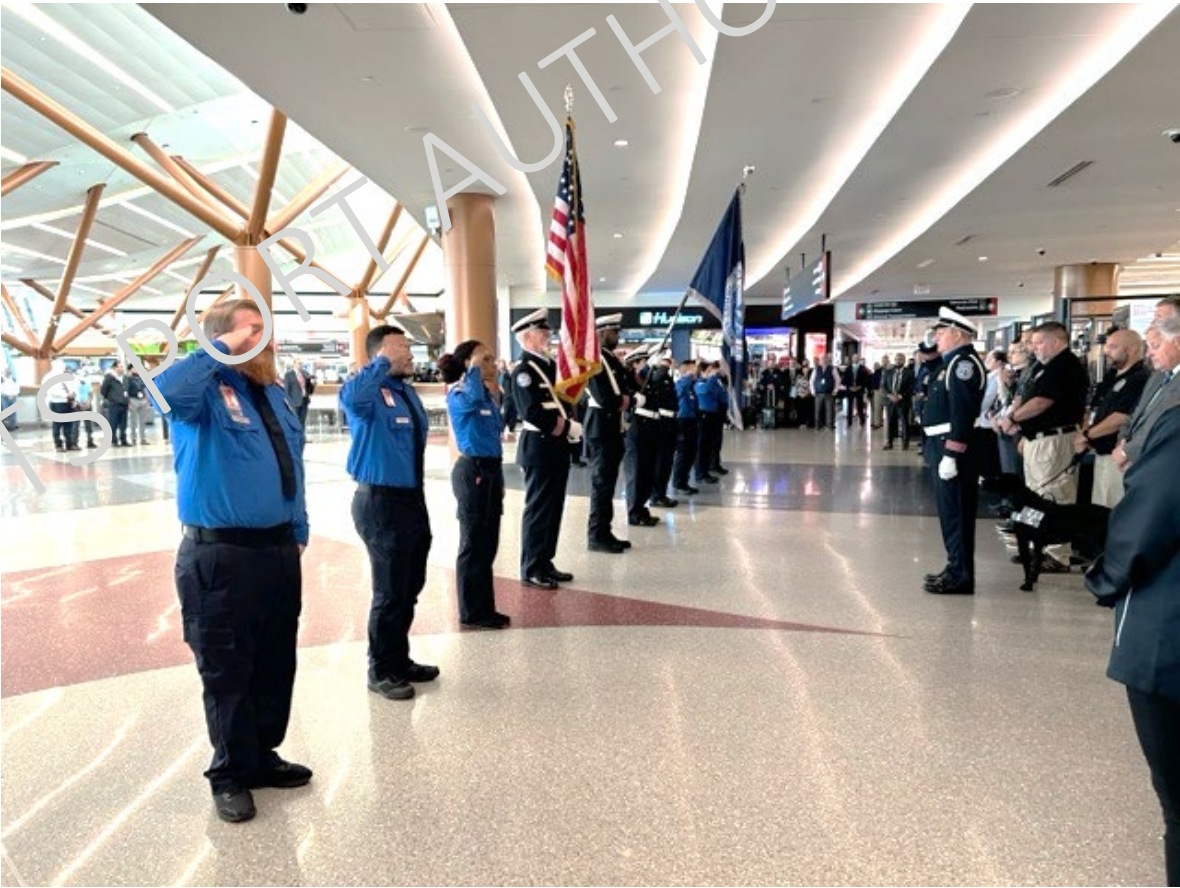
- Faye has more than 20 years of experience in government operations, specializing in strategic planning, cross-functional team leadership, and process optimization
- She has served as Chief Operating Officer for the Executive Office of Energy and Environmental Affairs (EEA) since 2017 and Director of Special Projects for the Commonwealth since 2015
- Previously, she held multiple positions at MassDOT including Deputy Chief Operating Officer and Assistant Secretary and Chief of Staff and served as Chief of Staff at MassDEP
- She was also the Legislative Director for EEA and the Fiscal Policy Analyst and Legislative Aide for the Massachusetts Senate Ways and Means Committee
- Faye earned a BA in Political Science from the University of Massachusetts Dartmouth

Report of the Director of Aviation
Ed Freni

Cape Air flight with landing gear issue landed safely at Logan Airport on Tuesday

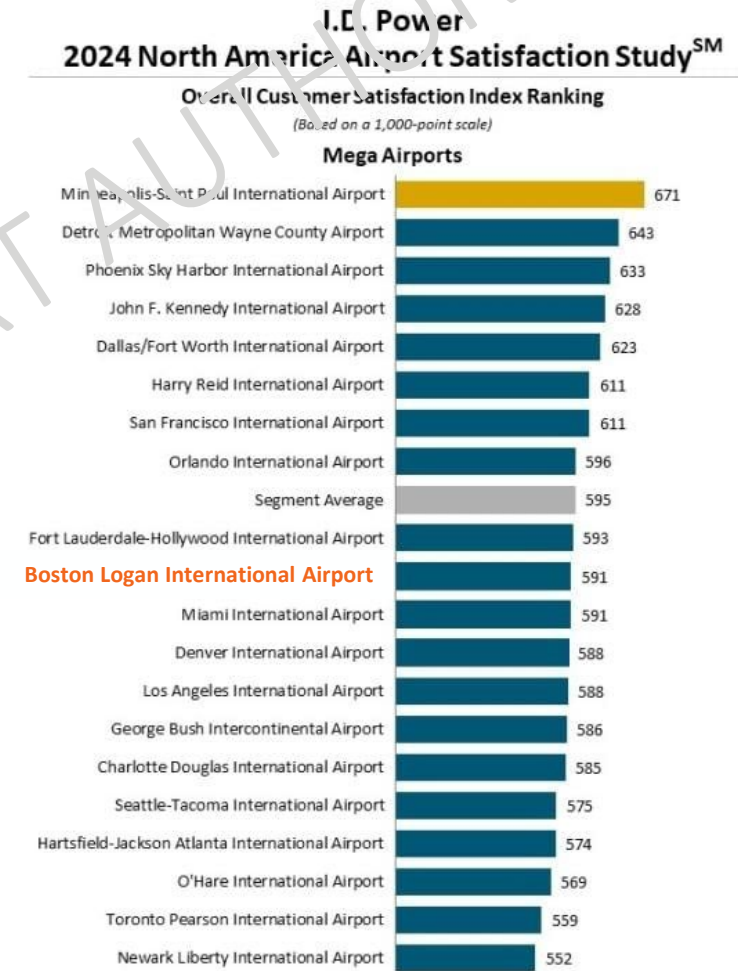


The Logan Airport community marked the 23rd Anniversary of 9/11



Logan Airports Ranks 10th in J.D. Power 2024 North America Airport Satisfaction Survey

- Logan moved up 6 positions from the 2023 ranking
- Factors that improved Logan's score:
 - 8th for level of trust
 - 9th for ease of travel through the airport
- Factors that reduced Logan's score:
 - 14th in transportation to the airport
 - 17th in transportation from the airport



Source: J.D. Power 2024 North America Airport Satisfaction StudySM

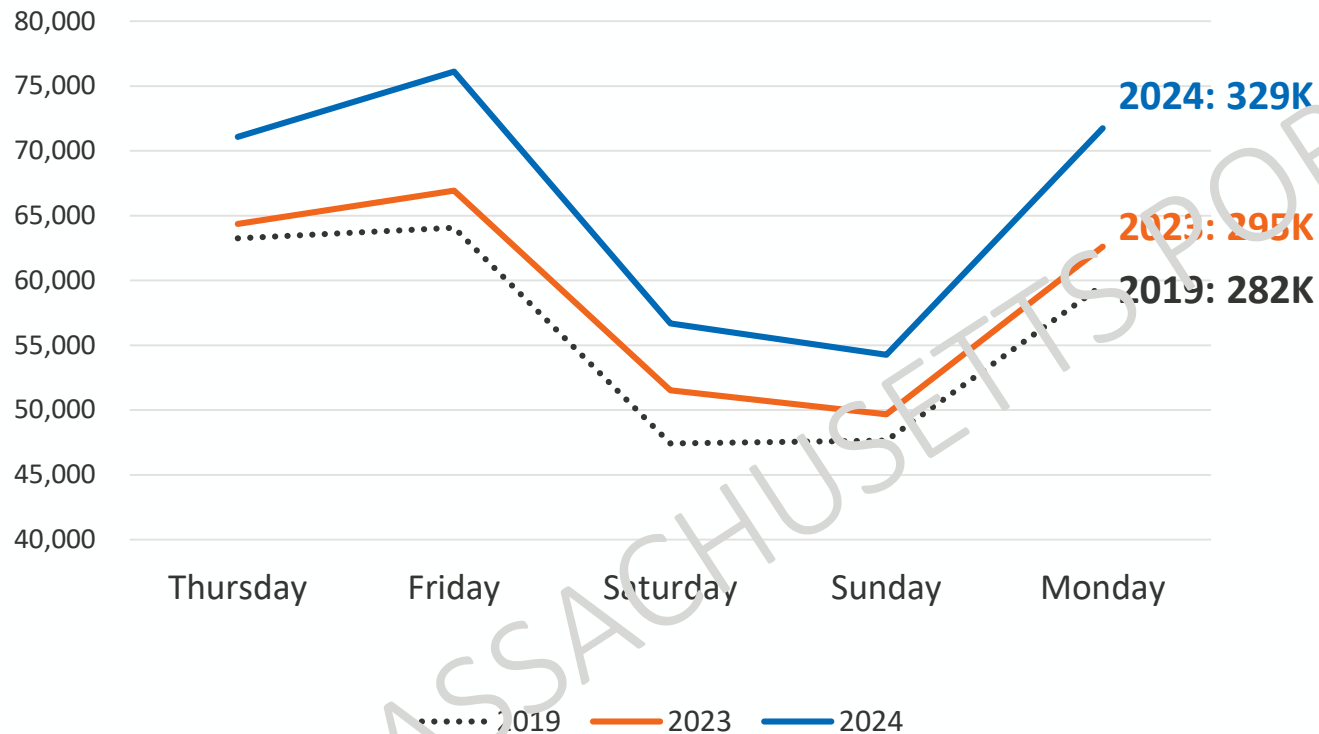
Logan Airport had a record number of passengers in July & August

Logan Activity Summary

		2024	Prior Year	% Change
July:	Passengers	4.2M	3.8M	9.4%
	Aircraft Operations	38.2K	34.1K	12.1%
August:	Passengers	4.2M	3.9M	7.9%
	Aircraft Operations	38.8K	36.1K	7.5%
CYTD August:	Passengers	28.8M	27.2M	6.1%
	Aircraft Operations	271.6K	264.0K	2.9%

Logan had a record number of passengers screened at the security checkpoints this Labor Day holiday period

Logan Airport - TSA Screened Passengers



- 329K passengers screened over four day period (Thursday to Monday)
- 12% more than last year
- 17% more than 2019
- TSA also broke records nationally

Worcester Regional Airport had a strong July and is running near even for FYTD August compared to last year

Monthly

- July: 22,200 passengers, up 5% over 2023
- August: 19,300 passengers, down 7% over 2023

FYTD 2025

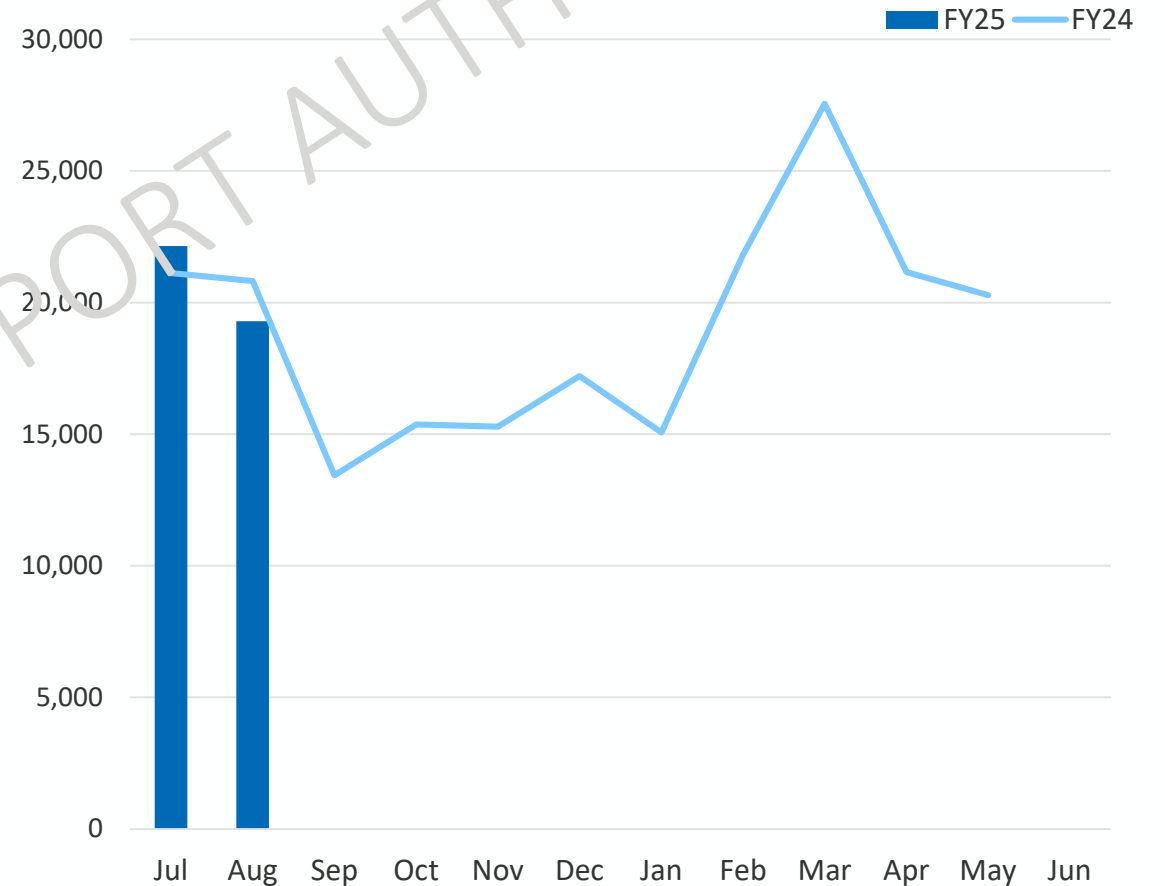
- 41,400 passengers, down 1% over FYTD 2024

Spring 2025 Service

- JetBlue will add a second nonstop Orlando flight 4 times a week for spring vacation period (Mar 30-Apr 29)



Worcester Regional Airport Passengers



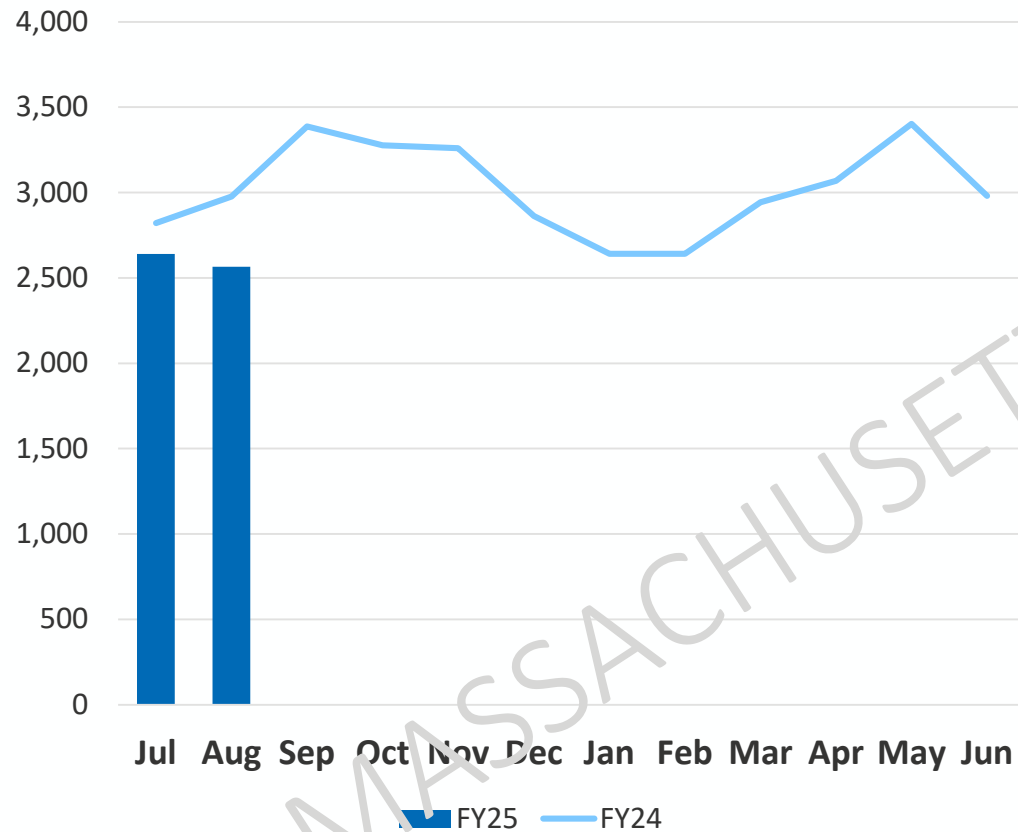
We completed the relocation of the security checkpoint at Worcester Regional Airport

- The checkpoint, which was previously expanded from one to two lanes, was moved to a more spacious area to accommodate the airport's growing passenger volume
- The relocated checkpoint frees up space in the departure lounge for more passenger seating
- We officially opened the checkpoint with our TSA partners in August
- This investment highlights Massport's commitment to serve Central Massachusetts and improve the passenger experience



Hanscom Field activity was down this summer primarily due to the scheduled closure of Runway 5-23 for pavement rehabilitation in August

**Hanscom Field
Jet Operations**



July + August Activity:

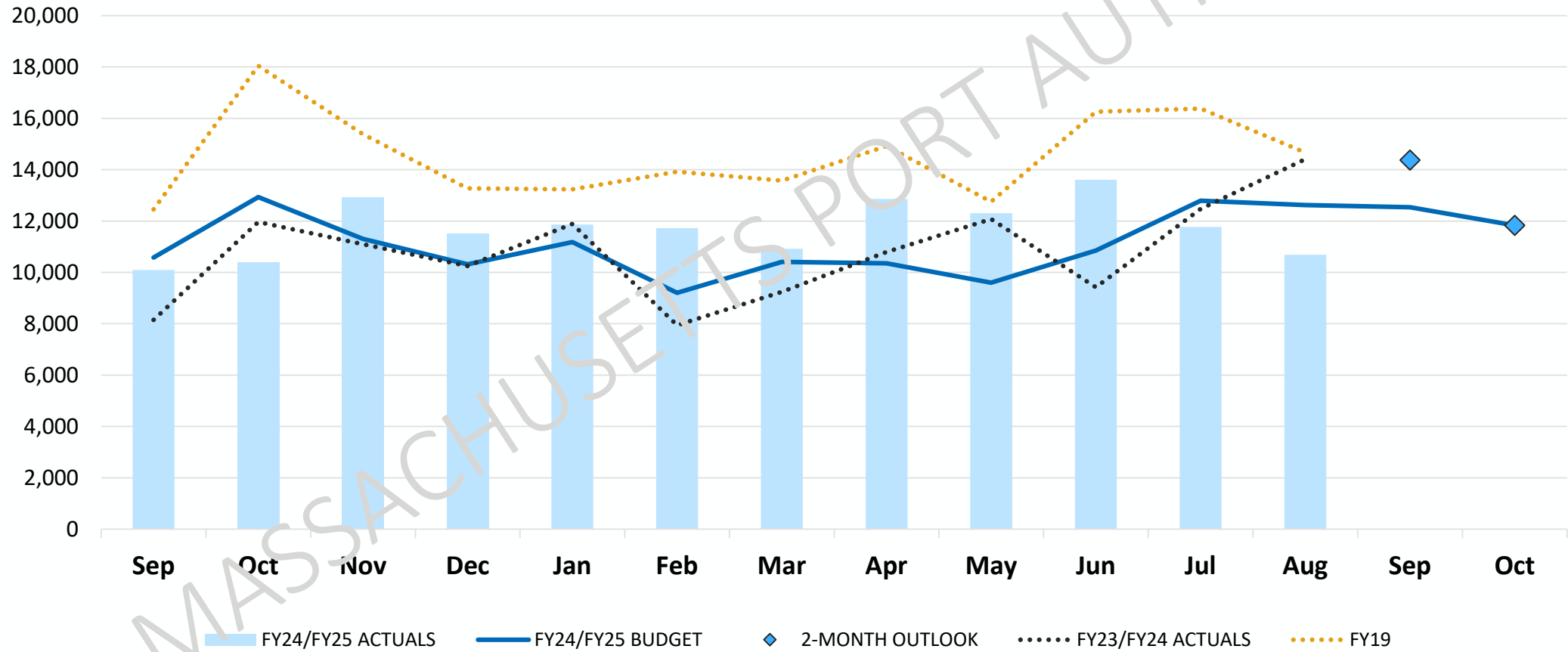
	Jets	Total
Operations	5,200	21,100
Chg vs 2023	-10.2%	-6.3%
Chg vs 2019	16.8%	-5.5%



Report of the Director of Maritime
Lauren Gleason

Conley Terminal handled 25 vessels in July and August and over 22,000 containers

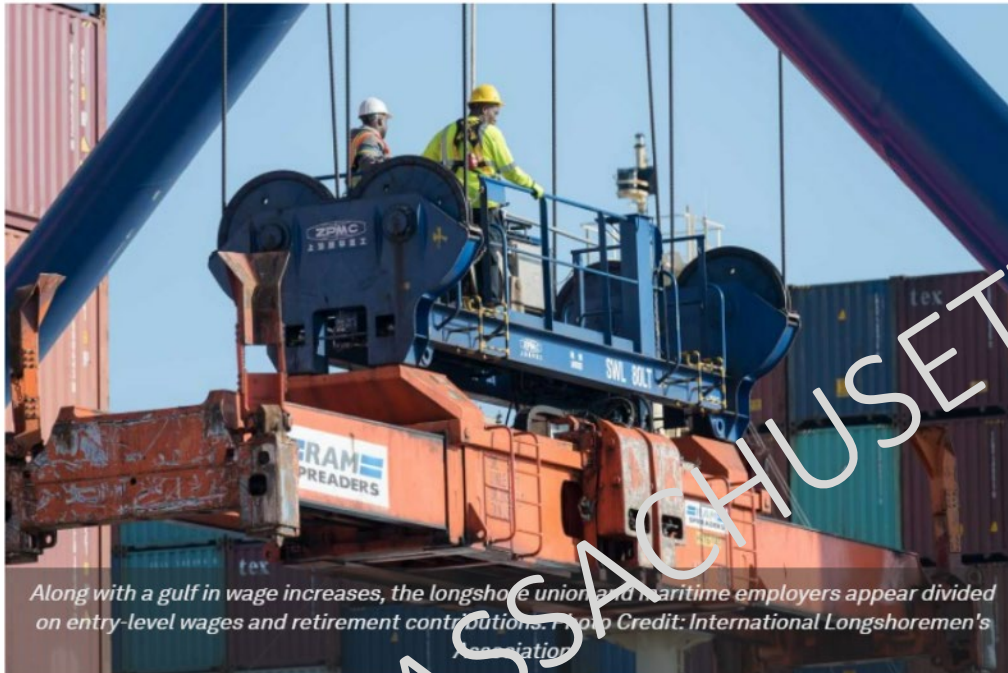
Conley Terminal Container Volumes
Actual vs Forecast



The U.S. Maritime Alliance (USMX) and the International Longshoremen's Association (ILA) contract expires on September 30

Journal of Commerce

Port employers urge ILA to return to contract talks



Along with a gulf in wage increases, the longshore union and maritime employers appear divided on entry-level wages and retirement contributions. Photo Credit: International Longshoremen's Association

North American ports | Container Shipping News | Container lines | Marine terminals | Longshore labor

Michael Angell, Senior Editor | Sep 9, 2024, 1:46 PM EDT



Journal of Commerce

Anxious White House weighing options as ILA contract deadline nears



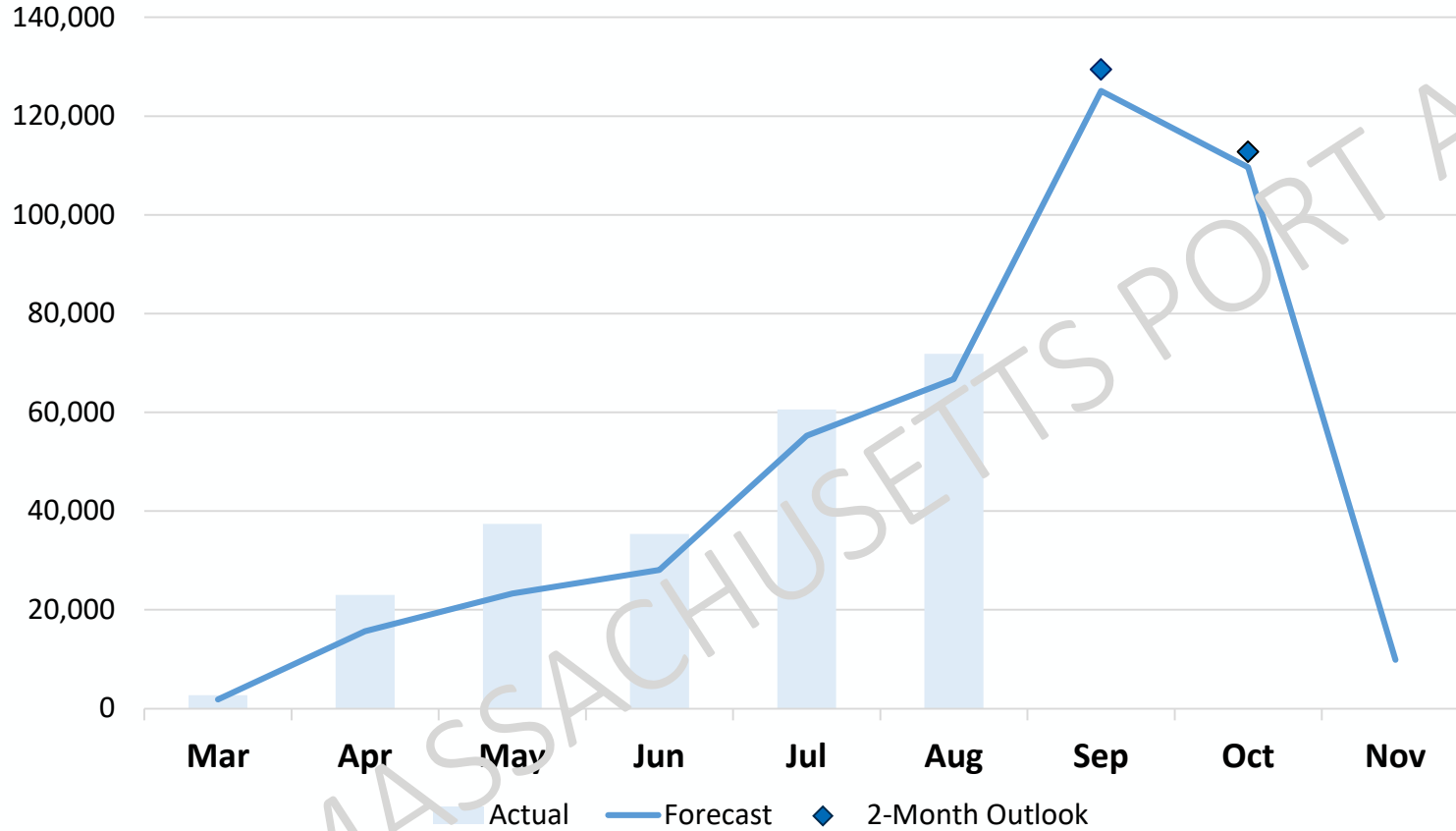
Acting Labor Secretary Julie Su, credited for breaking the deadlock in US West Coast labor negotiations in June 2023, is the White House's point person for now-stalled East Coast labor talks. Photo Credit: Arturo Holmes / Getty Images

Container Shipping News | Port News

Mark Szakonyi, Executive Editor | Sep 11, 2024, 1:26 PM EDT

Flynn Cruiseport Boston continued to see high passenger counts during the summer travel season, welcoming 39 vessels and 130,000+ passengers in July & August

Flynn Cruiseport Passengers
Actuals vs Forecast



2024 Cruise Ship Schedule

Months	Home Ports	Ports-of-Call	Total
March-May	11	6	17
June-August	28	23	51
September-November	39	60	101
Total	79	88	167

Note: Cruise season began with one sailing in March and is scheduled to end with five sailings in November

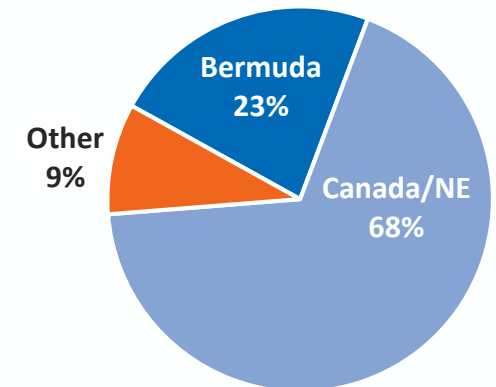


Flynn Cruiseport Boston sails toward a record 2024 celebrating the first 3-ship day of the season on August 31, and preparing for peak fall foliage sailings



- The 2024 cruise season is forecast to surpass 450K passengers
- Flynn Cruiseport Boston has welcomed over 230K passengers and 68 ships in the first 6 months of Cruise Season 2024
- Over 50% of cruise season activity Occurs in September/October
- 13 3-ship days anticipated this cruise season

**Flynn Cruiseport Boston
Primary Destinations**



Human Resources, Diversity, and Compensation

Election of Officers

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Designation of Committees, Committee Chairs and Vice-Chairs and Committee Members

Ratification of Chief of Staff Appointment

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Community Outreach

Community Giving Update

Alaina Coppola

September 19, 2024



Massport's Community Summer Jobs Program funded summer employment opportunities for 285 youth in neighboring communities

- Funding is provided to civic and social service agencies to support youth employment programs in neighboring communities
- 29 organizations received \$680K to fund 285 summer jobs
- 40% of the youth hired were people of color, exceeding the 33% DE&I goal



La Colaborativa



Massport celebrated the 35th Annual Eastie Pride Day at Piers Park



Massport's 16th Annual Backpack Project for Children helped over 100 local children and their families prepare for the new school year

- Employees donated new backpacks, school supplies and first-day-of-school outfits
- 150+ employees participated
- The program sponsored children through five local organizations:
 - Crossroads Family Center in East Boston
 - Condon Community Center, South Boston
 - East Boston YMCA
 - South Boston Neighborhood House
 - 21st Century Afterschool Program, Winthrop



Real Estate and Strategic Initiatives

South Boston Marine Multiport Development Agreement Amendment

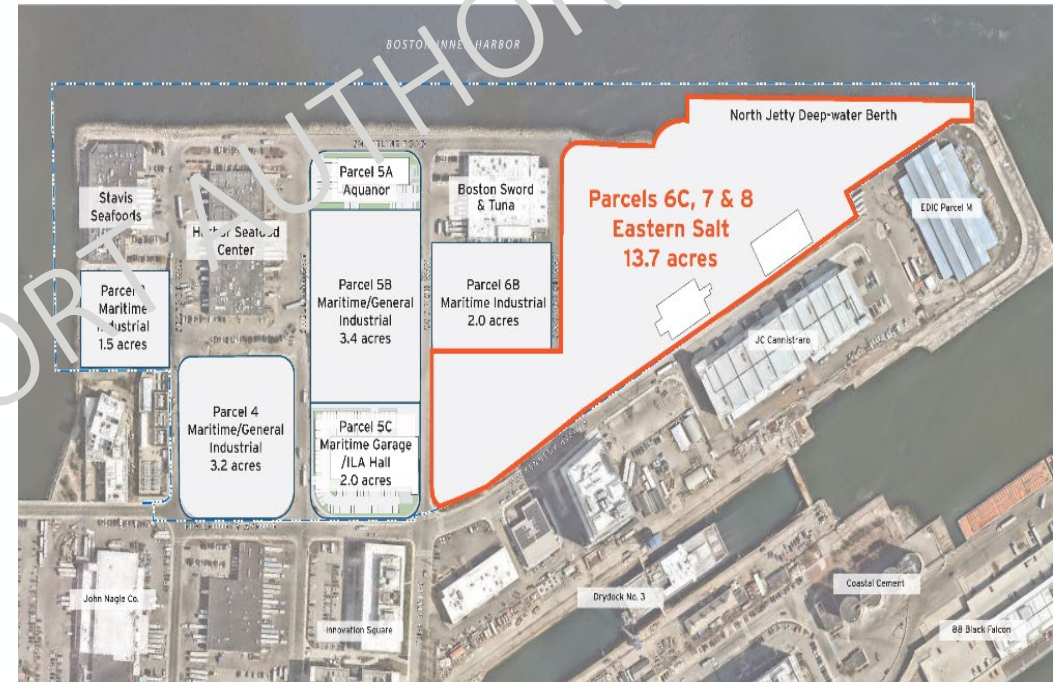
Andrew Hargens

September 19, 2024



Massport designated Eastern Salt in 2021 to rehabilitate the North Jetty Berth and create a multi-purpose terminal serving the Port of Boston

- Revitalizing the deep-water North Jetty Berth to support a multi-purpose terminal is important to strengthening the competitiveness of the Port of Boston and has been a long-standing Massport priority
- Pursuant to an RFP, Massport designated Eastern based on their experience owning and operating bulk terminals:
 - Woman-led company, 60+ years in business
 - Long-standing operation on Chelsea Creek
 - Facilities in Boston, NY/NJ, globally
 - Track record of positive community engagement
- Eastern created a plan/vision for the South Boston Marine Multiport (SBMMP), integrating 13.7 acres and the adjacent Parcel M to be leased from the City of Boston
- Initial focus on bulk salt, with intent to expand into other bulk goods and project cargo
- Opportunity to support growing off-shore wind industry



Eastern Salt is exploring a new project approach

- Eastern has made significant investments to develop the SBMMP concept to respond to known demand for bulk imports and position the property to compete for longer-term off-shore wind business
- The estimated project cost has risen considerably to approximately \$60M as the scope has been refined and industry-wide construction costs have escalated
- Massport/Eastern have applied three times for Federal Port Infrastructure Development Program (PIDP) grant funding, but the project did not receive an award (the last round was announced in late spring of 2024) in the face of other MA port priorities
- Without PIDP or other additional funding, it is unlikely the project can proceed as currently conceived
- Eastern is working with a potential development partner for the project, which has resulted in productive discussions toward a viable project approach
- The Outside Closing Date in the executed Massport-Eastern Development Agreement is September 30, 2024
- Staff recommends a 4-month extension of Eastern's designation to January 31, 2025 to allow the parties to explore project options and report back to Massport in December
- The BPDA Board voted on September 12 to similarly extend Eastern's term on the adjacent parcel M
- Staff will return to the Board in January to discuss the project status and recommend further actions

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Facilities and Construction

Framingham Logan Express Garage Optimization (L1629) Partial Project Budget

Luciana Burdi

September 19, 2024



Framingham Logan Express Garage Optimization project will double parking capacity to accommodate more Logan Express/HOV passengers

Project Scope:

- Construct a three-level garage addition that will add approximately 1,000 spaces for a total of approximately 2,022 spaces
- Relocate all existing garage parking to the nearby Natick Mall (former Wegman's site) during construction to ensure customer service continuity and accelerate the construction process
- Lower carbon emissions by including:
 - Photovoltaic panels (PV) capable of producing enough energy to offset 50% of the building's electricity needs
 - Electric vehicle charging stations (EV)
- Improve the terminal building layout for better passenger flow and queuing
- Install electronic signage for the Parking Access Revenue Control System (PARCS)



The project supports Massport's strategy to increase HOV options for Logan Airport passengers and employees and will be online in fall 2025

Key Conditions of Satisfaction:



- Follow Massport's Project Success Plan by implementing a LEAN BIM project delivery system
- Achieve Parksmart Silver Certification (equivalent to a LEED Gold certification for a typical building project)

Milestones:



- Pre-Construction Services – Ongoing
- Commence Construction – November 2024
- Substantial Completion – Fall 2025

Board Recommendation:

Approve a partial project budget in the not-to-exceed amount of \$45 million



Framingham Logan Express Garage Optimization Section 61 Findings

Luciana Burdi

September 19, 2024



MEPA approval of the Framingham Logan Express Garage Optimization project requires Massport to formally adopt Project Section 61 Findings

- Project is fully permitted by MEPA
 - Single EIR Certificate issued September 2020
 - Project was postponed due to COVID pandemic
- Adopting Section 61 Findings before construction of the project begins is a regulatory requirement
- Examples of project mitigation commitments include:
 - Sustainability features including façade solar and EV charging
 - Parking spaces for alternative fuel vehicles
 - Extensive construction period mitigation measures to minimize facility disruption and community impacts
- Project itself is environmentally beneficial as it reduces vehicles miles traveled and improves regional air quality

Board Recommendation: Approve the Section 61 Findings for the Framingham Logan Express Garage Optimization Project

Audit and Finance

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FY2024 Rates and Charges True-up

Daniel Gallagher

September 19, 2024



US DOT/FAA regulations guide how airline rates and charges are determined

- Airports are allowed to recover operating and capital costs of facilities
- Rates must be **fair** and **reasonable**
- Rates ultimately based upon actual costs
- Rates must not be unjustly-discriminatory
- Process must include a consultation with the airlines
 - Massport met with the Boston Airline Committee on September 9, 2024
 - Airlines reviewed and accepted the FY2024 Rates and Charges True-Up

Rates & Charges Methodologies

- Airport capital and operating expenses are typically recovered through a rates and charges methodology
- The most common approaches to recover airport costs are:

1. Compensatory Method

(Compensatory: Terminal and Per Passenger Rates)

$$\frac{\text{Total Expense}}{\text{Activity or Square Footage}} = \text{Rate}$$

2. Residual Method

(Residual: Airfield)

$$\frac{\text{Total Expense Less Revenues}}{\text{Estimated Activity}} = \text{Rate}$$

3. Hybrid Method

A combination of
Compensatory and Hybrid
Methods

- Massport uses a hybrid approach for Logan Airport
 - Compensatory for terminal charges
 - Residual for airfield charges

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FY2024 Rates and Charges True-up

FY2024 Budget and Activity Performance

Budget Performance (FY2024 - 12 months actual)

- Budgeted Airline Rates and Charges Costs: \$509.5M
- Actual Airline Rates and Charges Costs: \$504.1M (\$5.4M or = 1.05% below budget)

Activity Performance (FY2024 - 12 months actual vs forecasted activity)

- Activity fees represent roughly half of all Airline Rates and Charges revenue collected:
 - Landed Weights (1,000 lbs per unit): +0.9% above forecast
 - Bags Checked (bag): +10.8% above forecast
 - Intl. Inbound activity (passenger): +12.0% above forecast
 - Intl. Outbound activity (passenger): +11.5% above forecast
 - Check-in activity (passenger): +13.7% above forecast

FY2024 Budgeted Expense Performance and Revenue Offsets (Actuals)

Additional Expenses:

- Employee parking costs
- Public safety costs
- Facilities cleaning services costs
- General & Administration

Savings:

- Snow removal costs
- Airport worker employee screening portals
- Employee vacancy

Increase in Offsetting Revenues: \$17.4M

- Airfield rents (landing and aircraft parking fees)
- Increase in ground transportation fees
- Increase in operating grant revenue

Reduction of Offsetting Revenues: (\$691K)

- Decrease in corporate aviation activity
- Reduction of TSA grant funding (K-9/checkpoint)

FY2024 True-up Rates: Boston Logan International Airport - Airlines

FY2024 Budget & True-up Rates

Description	FY24 Budget Rate	FY24 True-up Rate
Landing Field Rate	\$6.19	\$6.20
Baggage Screening Facility Fee (per Bag)	\$2.07	\$1.77
Terminal Rates (per SF)		
Terminal A	\$188.38	\$193.82
Terminal B	\$166.45	\$170.77
Terminal B Pier B BHS Facility	\$13.09	\$11.29
Terminal C (Blended)	\$172.27	\$172.18
Terminal C - Main	\$231.81	\$235.99
Piers B & C - Upper	\$169.64	\$176.18
Piers B & C - Lower	\$110.16	\$102.65
Pier A - Upper	\$152.88	\$145.86
Pier A - Lower	\$143.09	\$141.07
Terminal E		
Type 1	\$158.81	\$162.60
Type 2	\$161.81	\$165.60
Type 3	\$172.31	\$176.10
Regional Carrier Facility	\$72.94	\$60.86

Description	FY24 Budget Rate	FY24 True-up Rate
Passenger Fees (per activity count)		
Terminal E		
Inbound International Fee	\$16.35	\$14.52
Outbound Passenger Fee	\$5.80	\$5.21
Inbound Non-FIS/Domestic Fee	\$16.35	\$14.52
Common Use Check-in Fee	\$9.58	\$8.46

FY2024 True-up Rates: Boston Logan International Airport – Rental Car Agencies

FY2024 Budget & True-up Rates

Description	FY24 Budget Rate	FY24 True-up Rate
Rental Car Center		
Customer Service Center per SF	\$317.35	\$294.62
Garage Levels 1-3 per SF	\$2.73	\$2.89
Garage Roof	\$1.33	\$1.50
Quick Turn Facility per SF	\$5.82	\$5.82
Common Area Transit Fee per Transaction	\$10.03	\$8.50

Next Steps

1. Staff recommends Massport Board approve FY2024 Rates and Charges True-up
2. Staff will work with tenants to reconcile account balances

Elevator, Escalator and Moving Walkway Maintenance, Repair and Operation Contract

Daniel Gallagher

September 19, 2024



Elevator, Escalator and, Moving Walkway Maintenance, Repair and Operation Contract: Procurement Schedule

- Current contract with KONE expires December 31, 2024
 - Authority Wide Contract: Logan Airport, Flynn Cruiseport Boston, Conley Terminal, Fish Pier, South Boston Waterfront Transportation Center, Hanscom Field, Worcester Airport, and Framingham Logan Express
- RFP issued July 31, 2024 for maintenance, repair, and permitting, across 259 units
 - 90 escalators
 - 144 elevators
 - 25 moving walkways
- Site walk held August 16, 2024
- Vendor responses received August 21, 2024
 - KONE
 - Otis Elevator
- Contract to commence January 1, 2025 for a term of three years, with two one-year options

Elevator, Escalator and, Moving Walkway Maintenance, Repair and Operation Contract: Operations & Staffing

- Current staffing consists of 10 full time mechanics
 - Increasing to 12 mechanics in Year 1, 13 mechanics in Year 2, and 14 mechanics in Year 3
 - Additional staff will account for certain equipment coming off of warranty

M/WBE Participation

- 7.8% MWBE Goal
 - This contract is subject to a Minority/Women Owned Business Enterprise participation provision requiring that not less than 7.8% of the contract be performed by minority and women-owned business enterprise contractors

Elevator, Escalator and, Moving Walkway Maintenance, Repair and Operation Contract: Performance

- KONE is the incumbent maintenance provider and has proven to be a reliable and effective business partner
- Staff has recognized an overall improvement in equipment uptime and responsiveness across all 259 units
- Throughout the pandemic, KONE partnered with Massport to reduce contract costs by:
 - Adjusting staffing levels and freezing billable rates
 - Holding their original bid rates throughout the pandemic despite material cost increases
- KONE worked closely with the Department of Public Safety on Massport's behalf to restructure and improve the annual testing process which improved overall equipment uptime and record retention

Elevator, Escalator and, Moving Walkway Maintenance, Repair and Operation Contract: Proposals

Proposals
(in millions)

	KONE	Otis
Year 1	\$8.2	\$9.6
Year 2	\$9.0	\$9.9
Year 3	\$9.5	\$10.3
Total	\$26.7	\$29.8

Board Action

Staff recommends the Board approve the selection of KONE and execution of a contract to commence January 1, 2025 in the not-to-exceed amount of \$26,714,496 over a term of three years, with two one-year options to renew exercisable by the Authority