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March 1, 2011

Hon. Stephanie Rawlings-Blake  
Mayor, City of Baltimore  
City Hall, Room 250  
100 N. Holliday Street  
Baltimore, Maryland 21202

Dear Mayor Rawlings-Blake:

Please accept the attached report of recommendations from the MIZOD Ad Hoc Committee, presented for your review and consideration. As Chair of the Ad Hoc Committee, I am pleased to report that the Committee gave serious consideration to the issues surrounding the MIZOD, and its official responsibilities as outlined in Baltimore City Ordinance 09-154.

The Department of Planning's review and evaluation of the MIZOD, coupled with the unique perspectives and knowledge of each committee member, provided a thorough foundation upon which we based our recommendations.

If, after review of the attached document and recommendations, you should have any questions or concerns, please don't hesitate to contact me.

Sincerely,

Hon. William H. Cole IV  
Councilmember, 11<sup>th</sup> District

Enclosure

cc: Honorable President and Members of the City Council  
Deputy Mayor Kaliope Parthemos  
Mr. Thomas Stosur, Director of Planning  
Mr. M.J. "Jay" Brodie, President, Baltimore Development Corporation

## **Recommendations to the Mayor on the State of the MIZOD 2010 MIZOD Ad Hoc Committee**

The Maritime Industrial Zoning Overlay District (MIZOD) was enacted in 2004 to protect Baltimore's maritime industries by demarcating deep-water areas in industrial districts and reserving them for industrial use. The need for such protections arose during a real estate boom that greatly increased pressure to convert waterfront industrial properties to mixed-use with residential, largely through the use of Planned Unit Developments (PUDs). The MIZOD, therefore, preserves maritime properties with deep water, rail and highway access in order to protect maritime-dependent uses and intermodal freight movement. The boundaries of the MIZOD include existing waterfront and adjacent industrial parcels currently zoned M-3 (Heavy Industrial) in Canton, Fairfield, Curtis Bay, Hawkins Point, and Locust Point for maritime industrial use (see Map below).

As prescribed in the 2004 legislation, the Department of Planning and the Baltimore Development Corporation are required to produce an annual report that tracks the effectiveness of the MIZOD in retaining the City's maritime industries. The 2004 legislation also only guaranteed MIZOD protection until 2014. In 2009, legislation was passed that contained the following provisions:

- **Extension of the sunset provision until 2024:** The purpose of the MIZOD is to create long term protection of a natural resource (deep-water access) and strategically balance it with the more immediate benefits of land development. The duration of the sunset must strongly encourage maritime-related development rather than allow property owners to have a 'wait and see' attitude about future development. Given the lifespan of the majority of fixed capital improvements for port-related industrial uses, we believe that 10 years is not sufficient time to allow companies to plan for, finance and profit from these expenditures. We would recommend extending the sunset provision for 10 years beyond the current provision of 10 years; thus the MIZOD would be in effect until 2024.
- **Allow individual property owners to petition for exclusion during a 1-year period from September 12, 2014 until September 11, 2015:** In recognition of the fact that land uses may change in the future, individual property owners should have the opportunity to petition for exclusion from the MIZOD beginning 2014, which was the sunset renewal date of the 2004 legislation. The petition process should be subject to public review at both the Planning Commission for consistency with the latest adopted Comprehensive Master Plan and general integrity of the district itself as well as the Baltimore City Council that approves zoning changes.
- **Form a representative ad hoc committee in 2010 to review annual reports and recommend revisions and/or strategies for industrial retention:** Per the provisions of the 2004 MIZOD legislation, annual reports are to be submitted to the Mayor and City Council tracking key indicators that assess the health of the maritime industrial properties in the district. The current legislation proposes to set up a broad, representative committee to review these reports and other information that can be used to recommend strategies for maritime industrial retention in Baltimore.

Purpose of Ad Hoc Committee as defined by Ordinance #09-154

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To evaluate the operations of the Maritime Industrial Overlay District and the effect of the District on the economic development and growth of the City generally utilizing findings from the Maritime Industrial Overlay District annual reports in addition to any other analyses.

The committee shall report to the Mayor and City Council on:

- (1) the state of the Maritime Industrial Overlay District; and
  - (2) the committee's recommendations for improving the District, whether by amendment to the Zoning Code provisions governing the District or otherwise consistent with the criteria specified in Zoning Code § 8-411(b).
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**The state of the Maritime Industrial Overlay District**

In the 2009-10 Annual MIZOD report, firms participated in a survey and case studies on specific firms were conducted, along with an analysis of established economic indicators from past years. According to the report and the data collected, the Port of Baltimore offers an ideal location for conducting profitable business, because it:

- Remains the furthest inland deep-water access on the East Coast;
- Provides easy access to rail and truck transportation;
- Lowers supply chain costs by providing easy access to key suppliers and raw materials;
- Is in close proximity to the center of the country, with a market population of over 8 million within an 8-hour drive from the Port of Baltimore;
- Attracts and retains skilled workers by providing high quality jobs with a full range of skill levels;
- Leverages significant private investment resulting in the direct and indirect employment of thousands of local residents;
- Competes favorably with alternate locations in the Baltimore area and elsewhere on the East Coast because of Baltimore's central location and existing multi-modal transportation infrastructure;
- Provides access to industrially zoned, deep-water properties not available anywhere else in Maryland; and
- Is within the Enterprise Zone, with access to Foreign Trade Zones that continue to serve as effective tools for business attraction, retention and growth.

The following conclusions can be drawn based on annual evaluations of the economic activity within the MIZOD:

1. MIZOD protection has allowed companies to feel confident in making significant capital investments. Since the MIZOD was enacted, the following investments have taken place:
  - Rukert-Lazeretto Corp invested \$25 Million for a new pier as well as an additional \$5 million for the larger crane necessary to service the pier and its larger 50 ft berth.
  - Wallenius Wilhelmsen Logistics (roll-on/roll-off and automobiles) invested in a new 72 acre vehicle processing center at the Dundalk Marine Terminal.

- Westway Terminals invested approximately \$11 million to construct new 10 million gallon tanks, with improved truck loading facilities, for chemical storage.
  - The MPA is investing a total of approximately \$26 Million in the cruise ship terminal in South Locust Point and cruise activity from the Port of Baltimore continues to increase.
  - Ports America Chesapeake is investing over \$105 million, through a public-private partnership and long-term lease agreement with the Port of Baltimore/Maryland Port Authority, that will result in the construction and operation of a 50 ft berth to accommodate new, larger ships that will begin arriving in Baltimore following the expansion of the Panama Canal in 2014.
  - Mercedes Benz signed a 20-year lease with MPA and invested \$10M to develop a 40-acre auto storage facility at Masonville.
  - ATC Logistics invested \$2 million to develop a 10-acre storage facility.
2. Tax credits offered to properties in the MIZOD are incentivizing capital improvements and/or employment in the Port of Baltimore. In addition, these credits have not had a negative effect on increasing City tax revenues generated from the area.
  3. Despite overall declines in cargo volume in 2009 attributed to the worldwide economic recession, there are signs that things are beginning to turn around. For the first eight months of calendar year 2010, MPA's automobile cargo increased 81%, paper and pulp imports rose 11%, and containerized cargo rose 8%, for a total general cargo increase of 11% over the same period the prior year.

Port activity for the first six months of 2010 indicates that the Port's international cargo tonnage, particularly bulk, has fully bounced back from the economic recession. The Port is on a trend for bulk cargoes to be up 95% in 2010 from 2009, which is a full recovery from 2008 levels. General cargoes, which declined consistent with the market in 2009 (-20%), are up 14% during the first six months of 2010.

4. Despite the strengths and strategic advantages enjoyed by the Port of Baltimore, other port cities along the east coast continue to compete for and capture business from their Mid-Atlantic competitors, including the Port of Baltimore. In order to make the Port more competitive the City and the State of Maryland are working to secure funds to expand port related infrastructure, including a proposed elevated roadway over the rail yard that will connect Chesapeake Commerce Center directly to the Seagirt and Merchants Terminals.
5. Preservation of the industrial waterfront is critical, because the barriers to relocating, re-establishing or starting new deepwater dependent industries can be formidable. Barriers include: finding vacant land of significant size; cost of dredging to reach the Federal channel; cost of bulkheads, wharfs and other waterfront infrastructure; obtaining right-of-ways for rail and/or highway access to the facility; cost to provide large scale utilities for industrial activity; and potential community and environmental issues.

The committee's recommendations for improving the District, whether by amendment to the Zoning Code provisions governing the District or otherwise consistent with the criteria specified in Zoning Code § 8-411(b).

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**Recommendations under the assumption that TransForm Baltimore is adopted prior to September 2014.**

**TRANSFORM BALTIMORE: MIZOD Zoning Implications**

One of the goals of the City's comprehensive rezoning project, TransForm Baltimore, is to simplify the confusing layers of overlay districts and urban renewal plans that govern the use of land within the City. To simplify the permitting process within the MIZOD and provide an added layer of certainty for maritime-dependent companies looking to invest in the City of Baltimore, the land use provisions within the MIZOD are being recommended for a base zone instead of an overlay in the form of a Maritime Industrial (M-I) District.

**Maritime Industrial (MI):** The purpose of the M-I Maritime industrial Zoning District is to ensure the preservation of limited deep-water frontage of the Port of Baltimore for maritime uses. The intent is to delineate an area where maritime shipping can be conducted without intrusion of non-industrial uses and where investment in maritime infrastructure and related jobs is encouraged.

When the new zoning code is adopted, replacing the existing code, the MIZOD would then be replaced by the proposed Maritime Industrial (M-I) base zoning district and would therefore become permanent, subject to state and local policies with regard to the rezoning of property.

**RECOMMENDATION #1:**

The committee supports the current draft of the new zoning code text that proposes a Maritime Industrial (M-I) base zoning district which would make maritime land uses permanent, subject to state and local policies with regard to the rezoning of property.

**TRANSFORM BALTIMORE: Industrial Zoning**

The Industrial section of the new zoning code has been updated and a number of new, more flexible industrial districts have been created. With new tools, the City of Baltimore will be able to preserve existing maritime businesses while accommodating new types of complementary land uses that can coexist in close proximity to maritime industrial uses.

New industrial zoning districts proposed include:

***Business Industrial District (BI):*** For areas of light industrial uses, with no outside impacts, and which are compatible with and may benefit from proximity to commercial uses. This district may also provide a buffer for areas that transition from industrial to residential or mixed-use commercial.

**Office Industrial Park District (OIP):** A new phenomenon since our last zoning code was adopted, this district allows for office structures, research facilities and light industrial uses within a campus like setting. The creation of these districts will allow the city to compete with surrounding jurisdictions and capture jobs. This district will also eliminate the need to create a Planned Unit Development in order to build such facilities.

**Bio-Science Campus District (BSC):** Given Maryland and Baltimore's strategic advantage in bio-science technology and research, this zoning category allows a broad mix of integrated manufacturing, office and research facilities, and supportive uses such as retail, education and higher density residential uses all in an integrated mixed-use environment.

**Industrial Mixed Use District (IMU):** Intended for older industrial areas, located in close proximity to residential or commercial mixed-use areas, this district will allow "historic" multi-story industrial buildings to remain viable by allowing artist live-work spaces, offices, galleries, limited retail, educational and some residential alongside light industrial uses, creating a truly unique mixed-use environment.

In addition to the new districts, the old M-1, M-2 and M-3 Districts have been replaced by the **Light Industrial (I-1)**, and **General Industrial (I-2)** districts to better reflect current industrial needs.

**Light Industrial (I-1):** This district will accommodate a full range of light industrial uses that are low intensity, enclosed uses such as manufacturing, assembly, distribution, warehousing, research and development, and accessory office space.

**General Industrial (I-2):** General Industrial will encompass a wide range of uses, including many formerly contained within M-2 and M-3, such as general manufacturing, fabricating, processing, distribution and warehousing. These differ from light industrial in that they are more intense uses and may have some open air processes and/or moderate external effects like dust, vibration or noise, and outdoor material storage.

#### **RECOMMENDATION #2:**

The committee supports the addition of new, more flexible industrial districts within the new code. With new tools, the City of Baltimore will be able to preserve existing maritime businesses while accommodating new types of complementary land uses that can coexist in close proximity to maritime industrial uses.

The new industrial uses that do not include residential uses, are most suitable for areas adjacent to the Maritime Industrial zone.

**TRANSFORM BALTIMORE: Mapping and Rezoning**

During the mapping process of the new zoning code, the starting premise is that the current boundaries of the MIZOD would serve as the same boundaries as the new M-I zone. However, if changes to the boundary are made, the criteria established by the current MIZOD for opting out must be met (See below).

**RECOMMENDATION #3:**

The current MIZOD boundaries, as established within the current City of Baltimore Zoning Code, SHOULD serve as the boundaries for the new M-I zone.

The criteria for opting out of the current MIZOD (Title 8, Section 8-411, Subsection c) should become required criteria for future zoning code amendments with regard to the M-I District, in addition to all other state and local policies with regard to the rezoning of property.

The criteria for opting into the current MIZOD should employ the same characteristics used to determine the existing MIZOD boundaries (i.e. direct deep water access, access to rail and intermodal freight movement, and contiguity with respect to the overall district).

The MIZOD Ad Hoc committee should be reconvened or notified upon completion of the proposed rezoning map prior to final review and approval by the Planning Commission.

**Recommendations under the assumption that TransForm Baltimore is NOT adopted prior to September 2014.**

**RECOMMENDATION #4:**

The criteria and process for opting out of the MIZOD, as currently established within the MIZOD section of the Baltimore City Zoning Code (Petition Opt-Out process per *Ordinance #09-154*, Title 8, Section 8-411, subsection c), would apply. The Planning Commission should find that any proposed amendment:

- 1) IS CONSISTENT WITH THE MOST CURRENT BALTIMORE CITY COMPREHENSIVE MASTER PLAN;
- 2) SUSTAINS OR ENHANCES TRANSPORTATION ACCESS INTO AND OUT OF THE PORT;
- 3) ENSURES THE LONG-TERM PRESERVATION OF THE DEEP WATER ASSETS OF THE PORT OF BALTIMORE FOR MARITIME INDUSTRIAL USE;
- 4) PROTECTS MARITIME INDUSTRIAL LAND USES FROM THE INTRUSION OF NON-INDUSTRIAL USES.
- 5) SUSTAINS OR ENHANCES THE CURRENT AND FUTURE MARITIME INDUSTRIAL ECONOMIC DEVELOPMENT GROWTH IN THE DISTRICT;
- 6) ENSURES DEVELOPMENT IS DESIGNED TO ADEQUATELY SEPARATE NON-INDUSTRIAL LAND USES FROM MARITIME INDUSTRIAL USES; AND
- 7) ADHERES WITH FEDERAL AND STATE LAWS REGARDING HOMELAND SECURITY, GENERALLY, AND PORT SAFETY, SPECIFICALLY.

The Director of Planning shall notify the Maryland Port Administration and any adjacent property owners of any petitions made to opt out of the MIZOD during this time.

## **MIZOD AD-HOC COMMITTEE MEMBERSHIP**

### **(1) Maritime-related industries operating in the district (2 members)**

**John Coulter**  
Vice President, Ruckert Terminals  
2021 South Clinton Street  
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410-276-1013  
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**Rupert Denney**  
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1201 Wallace St  
Baltimore, MD 21230-5341  
410-347-7999  
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### **(2) Port-related manufacturers in Baltimore City (1 member);**

**Stu Fitzgibbon**  
American Sugar Refining, Inc.  
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410-783-8628 (Office)  
443-271-0005 (cell)  
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### **(3) Owners of property in the district (1 member);**

**Thomas F. Obrecht, Chairman**  
Obrecht Properties LLC  
9475 Deereco Road Ste 200  
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(410) 561-5858, ext. 8  
[tfo@obrechtproperties.com](mailto:tfo@obrechtproperties.com)

***Represented by:***

**C. Dudley Obrecht, Property Manager**  
[dobrecht@obrechtproperties.com](mailto:dobrecht@obrechtproperties.com)

### **(4) Private developers (1 member);**

**Mark Shapiro**  
The Shapiro Company  
3417 Manor Hill Road  
Baltimore, Maryland 21208  
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**(5) The Maryland Port Administration (1 member);**

**Kathy Broadwater**, Deputy Director  
World Trade Center  
401 East Pratt Street, 20<sup>th</sup> floor  
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410-491-0295 (cell)  
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**(6) The Maryland Department of Business and Economic Development (1 member)**

**Christian Johansson**, Secretary of Business & Economic Development  
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**Represented by:**

**Ursula Powidzki**, Program Director for the Office of Business Services  
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and  
**David Karol**, Senior Business Development Representative  
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**(7) Financial service providers operating in the City (1 member)**

**Atwood Collins, III**, President and COO  
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**Represented by:**

**J. Michael Riley**, Vice President Community Relations  
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**(8) The Baltimore Development Corporation (1 member)**

**Larysa Salamacha**, Managing Director of Industrial Development  
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**(9) The Baltimore City Department of Planning (1 member)**

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**(10) The Baltimore City Council (1 member); Ad Hoc Committee Chair**

**Councilman William Cole, 11<sup>th</sup> District**  
City Hall, Room 527  
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410-396-4816  
[William.Cole@baltimorecity.gov](mailto:William.Cole@baltimorecity.gov)

**(11) The Mayor or the Mayor's Designee (1 member)**

**Kaliopé Parthemos, Deputy Mayor for Economic & Neighborhood Development**  
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*Ad-Hoc Committee Staff:*

**Jill Lemke, Economic Development Planner, Department of Planning**

**Seema Iyer, Chief of Research & Strategic Planning, Department of Planning**