



SALEM HARBOR PORT AUTHORITY

98 WASHINGTON STREET, SALEM, MASSACHUSETTS 01970
(978) 619-5685 | PLANNING
(978) 741-5685 | HARBORMASTER

MEETING MINUTES: February 1, 2024

A public meeting of the Salem Harbor Port Authority was convened at 5:00 pm via Zoom web conference.

Members present: Kathy Winn (Chair), Mayor Pangallo, Councilor Cynthia Jerzylo, and Captain Fred Ryan

Others Present: Capt. Bill McHugh – Harbormaster, Daniel Collins – Planning Department

Call to Order

Ms. Winn called the meeting to order at 5:00pm. Captain McHugh outlined the format for the meeting, indicating that members of the public may provide comments during the period of the meeting designated for public comment.

Port Development Updates

Captain McHugh reported that they are working to pull together all the lease documents, rights, etc.

Construction is expected to start very shortly after closing.

Staff/Authority Updates

Harbormaster Report

Captain McHugh reported they continue to work to get the RFP out for the continued operation of the Bowditch and expect to have the advertisement out next week. Responses will be due in March, with operation beginning April 1st. The boat is on schedule for delivery.

The Willows Pier contract was awarded to ATK, who has experience with similar projects. Construction should start in February, and last nine months.

There is also someone who is interested in running a shuttle service, which will also require an RFP.

Tariff Schedule

Captain McHugh summarized the tariff schedule that is utilized for cruise ships coming into Salem's port. Any municipality that has a port authority may enter into a tariff schedule for a

set number of fees. The proposal is to charge a fee in lieu of Tariff only in regards to the Salem Wind Terminal. The parties are the City, the Port Authority, and the Salem Wind Terminal, LLC (SWT). The parcel of land is defined as the 42.3 acre adjacent to wharf. The property will be owned by the City, then immediately leased to the Clean Energy Technology Center, who will lease the property to Crowley.

In order to provide fair, safe and equitable use of the harbor, it is proposed that the port authority implement a harbor usage fee instead of a traditional tariff for simplicity and fairness. This only applies to inbound vessels for the wind terminal. It does not apply to vessels for utilities. The agreement will last for 25 years.

Harbor usage fees will be based on the vessel registry and length and shall increase annually based on CPI-U Boston. Fees will never increase by more than 6% and will never be less than the previous year's fee. SWT will also pay the port authority \$15,000 annually for administrative costs. The port authority is responsible for invoicing. SWT will provide at least 24-hour notice to the port authority for each vessel's arrival and departure.

The agreement shall be in effect for 25 years unless mutually agree to extend. The agreement is coterminous with SWT's lease with MassCEC. At seven (7) year intervals fee structures and contributions will be reviewed.

Ms. Winn inquired about rent through the lease. Captain McHugh said the lease is \$1.00, but the City will retain ownership of the berth as an asset. Mayor Pangallo added that taxes will be collected on the site. A Community Benefits Agreement with Crowley is also being negotiated, which will include donations and contributions to the City.

Captain Ryan offered a motion to authorize Kathy Winn, Chair, to enter into the Harbor Usage Fee in lieu of the Salem Harbor Port Authority charging tariffs under the following terms: The period of the Harbor Usage Fee shall not exceed 25 years. The Harbor Usage Fee shall be applicable to each arrival of a vessel bound for Salem Wind Terminal that is engaged in offshore wind construction, marshaling, and/or operations and shall include all commercial vessels self-propelled or otherwise, including ships, tugs, barges, floating foundations, or combination units separate or fast to one another. However, the Harbor Usage Fee shall not apply to tugs exclusively assigned to ship/vessel docking assist in the Port. The rates shall be: US Flag Vessels Under 150', No Fee; US Flag Vessels 150' – 224', \$500.00; US Flag vessels 225' – 374', \$1,000.00; US Flag vessels 375' and longer, \$1,500.00; All Foreign Flag Vessels, \$2,500.00.

In addition to the fees set forth above, Salem Harbor Port Authority will receive \$15,000 annually for organizational/administrative costs. The fee schedule shall be adjusted effective on January 1 of each year of this agreement by an amount equal to the change in the Consumer Price Index (CPI-U Boston) published by the U.S. Bureau of Labor Statistics for the preceding calendar year, but subject to an annual maximum increase of 6%. In no year will Harbor Usage Fee amounts be less than the previous year.

In addition to the fees set forth above, Salem Harbor Port Authority will receive \$15,000.00 annually for organizational and administrative costs. The fee schedule should be adjusted effective January 1st of each year if this agreement in an amount equal to the changes in the Consumer Price Index TPIU Boston published by the US Bureau of Labor Statistics for the preceding calendar year, but subject to an annual maximum of 7% and in no year will harbor fees be less than the previous year.

Ms. Jerzylo seconded. The motion passed unanimously.

Public Comment

There were no public comments.

Approval of Minutes

Mayor Pangallo made a motion, seconded by Ms. Jerzylo, to approve the December 7, 2023 Salem Port Authority meeting minutes. The motion passed unanimously.

Adjournment

Salem Harbor Port Authority adjourned at 5:30pm.

Note

A copy of the draft Harbor Usage Fee Agreement is attached.

**CITY OF SALEM & SALEM WIND TERMINAL LLC
HARBOR USAGE FEE AGREEMENT**

This AGREEMENT, entered into upon this ___ day of _____, 2024 by and between the CITY OF SALEM, 93 Washington Street, Salem MA, a municipal corporation organized under the laws of the Commonwealth of Massachusetts (herein “City”), the Salem Harbor Port Authority (herein “SHPA”), and Salem Wind Terminal, LLC, a Delaware limited liability company, with offices at 9487 Regency Square Boulevard, Jacksonville, Florida, (herein “SWT”). The City and SHPA are collectively referred to herein as the “Port Authority”. The Port Authority and SWT are collectively referred to herein as the “Parties”.

Whereas, SWT is the lessee of a certain parcel of land of approximately 42.3 acres in Salem, Massachusetts (the "SWT Property") and shown on a plan entitled "67 Derby Street, Plan of Land Located in Salem Massachusetts, endorsed September 12, 2023 and recorded with the Essex South Registry of Deeds in Plan Book 41841 Page 207, (the "Plan"), a copy of which is attached to this agreement as Exhibit A; and,

Whereas, SWT leases such property from the State of Massachusetts Clean Energy Technology Center (“MassCEC”) for the buildout, operation, and maintenance of an offshore wind terminal on the SWT Property; and,

Whereas, Salem’s jurisdictional waters, including its Harbor, are a mixed use, heavily utilized waterway with moored and/or transiting commercial, sport and recreational vessels active throughout the year; and,

Whereas, the Port Authority has the right to monitor and coordinate vessel traffic movements and activities to promote safe, equitable, efficient and productive marine operations for all users of Salem’s jurisdictional waters and legal authority and right to impose fees (including without limitation harbor usage fees), taxes, tariffs (including without limitation wharfage, demurrage and/or dockage), dues, charges or similar impositions on vessels utilizing and calling on port facilities in Salem Harbor (“Tariffs”); and,

Whereas, notwithstanding the Port Authority’s legal right to charge Tariffs, the Parties desire to memorialize the type of Tariffs that may be charged to vessels calling on the SWT Terminal; and,

Whereas, this agreement is to impose a Harbor Usage Fee in lieu of Tariffs, applicable only to certain vessels transiting the harbor and mooring at SWT and shall not be construed to apply or transfer to any other tax, fee or charge levied by the City of Salem regarding real property or City services.

Now therefore, in consideration of the foregoing and for other good and valuable consideration, the Parties agree as follows:

1. The Whereas recitals above are incorporated herein.

2. The Port Authority agrees not to impose or seek to impose any Tariffs on vessels utilizing the SWT Terminal except as expressly set forth in this Agreement.
3. The Port Authority shall retain its right to charge Tariffs for vessels scheduled by the Port Authority calling on SWT Terminal pursuant to the Wharfing Rights Agreement.
4. The Port Authority may assess a Harbor Usage Fee as outlined in the table below for each arrival of a vessel bound for SWT Terminal that is engaged in offshore wind construction, marshaling, and/or operations. Such fee shall be adjusted effective on January 1 of each year of this agreement by an amount equal to the change in the Consumer Price Index (CPI-U Boston) published by the U.S. Bureau of Labor Statistics for the preceding calendar year, but subject to an annual maximum increase of 6%. In no year will Harbor Usage Fee amounts be less than the previous year. The Harbor Usage Fee shall be applicable to all commercial vessels self-propelled or otherwise, including ships, tugs, barges, floating foundations, or combination units separate or fast to one another. However, the Harbor Usage Fee shall not apply to tugs exclusively assigned to ship/vessel docking assist in the Port.

Vessel Registry and Length*	Harbor Usage Fee
US Flag Vessels Under 150'	No Fee
US Flag Vessels 150' – 224'	\$500.00
US Flag vessels 225' – 374'	\$1,000.00
US Flag vessels 375' and longer	\$1,500.00
All Foreign Flag Vessels	\$2,500.00

*Vessel length shall be measured/considered from stem to stern along the centerline and shall be applied to combination units as a sum whether pushing ahead or from alongside, (hip).

5. In addition to the fees set forth above, SWT agrees to pay the Salem Harbor Port Authority \$15,000 annually for organizational/administrative costs.
6. The Port Authority shall be responsible for the invoicing of the Harbor Usage Fee. However, SWT shall provide the Port Authority with a Notice of Arrival complete with name, IMO/Official number as appropriate, flag state, vessel type, cargo type and complete ship agent contact for each vessel calling on the SWT to which the Harbor Fee would apply. The notice shall be tendered to the Port Authority not later than 24 hours in advance or upon the departure of the vessel from its previous port of call/location.
7. This agreement shall be in effect for 25 years unless mutually agreed to extend; provided, however, that this agreement shall be coterminous with SWT's lease with MassCEC for the SWT Terminal. The parties further agree to meet and discuss in good faith any appropriate changes to the above-described Harbor Usage Fee structure and annual contribution at 7-year intervals during the term of this Agreement. Any changes to these items are subject to mutual agreement, and this Agreement may not be modified or amended without the mutual written agreement of the Parties and MassCEC (the parties

agree MassCEC shall be a third-party beneficiary of this agreement solely for this purpose).

In witness whereof, THE CITY OF SALEM, THE SALEM HARBOR PORT AUTHORITY, and SALEM WIND TERMINAL, LLC have caused this Agreement to be executed by their respective duly authorized officials and officers as of the date and year first above written.

CITY OF SALEM, MASSACHUSETTS

Dominick Pangallo, Mayor,
duly Authorized

[City of Salem Signature Page to the Harbor Usage Fee Agreement]

SALEM HARBOR PORT AUTHORITY

Kathy Winn, Chair,
duly authorized

[Salem Harbor Port Authority Signature Page to the Harbor Usage Fee Agreement]

SALEM WIND TERMINAL, LLC

Robert B. Karl, Senior Vice President,
duly Authorized

[Salem Wind Terminal LLC Signature Page to the Harbor Usage Fee Agreement]

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