



SALEM HARBOR PORT AUTHORITY

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MEETING MINUTES: March 7, 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, Fred Atkins

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

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

Mr. Collins provided an update on the port development project. Most importantly are the project agreements that have been entered into, including the Community Benefit Agreement, the lease, worker's rights agreement, etc.

Mayor Pangallo provided a summary of the Community Benefit Agreement (CBA). Mayor Pangallo discussed the two recent CBAs in Salem which include Footprint Power in 2014 and Salem Hospital in 2017. The CBA with Crowley for the offshore wind project was compelled by the 2022 Cooperation Agreement between Crowley and the City of Salem.

The process started with internal meetings between City departments, Salem Public Schools, neighborhood associations, EJ community representatives, and other community partners to gather feedback July through September 2023. Staff categorized and quantified requests. An initial proposal was developed in October with negotiations between Crowley, the City, and SOWA continued November through January. The agreement was finalized in February 2024.

The Mayor highlighted the goals which were related to workforce and economic development, sustainability and resiliency, mitigation of impacts to the community, and education. Items identified, but not included in the Planning Board decision, were included in the CBA. The lens of equity was key throughout discussions. The term of the agreement is 25 years, which is concurrent with Crowley's lease. Annual payments are indexed to inflation. There is allowable relief for Crowley if there is no port tenant for 12 or more consecutive months. Crowley commits to supporting any other CBA the City may

negotiate with other port users. The CBA also includes \$7,500/year in funding for the CBA Working Group and monitoring.

The Mayor discussed four buckets of funding. The first is \$657,500 in Workforce and Economic Development which includes scholarships, bilingual outreach, EECF Field of interest Fund seed funds, and a rental assistance program for port workers. The second bucket includes \$760,000 for Sustainability and Resiliency, which includes funding for a new Climate Adaptation Fund, alternatives to fireworks, and tree planting. The third includes \$3,540,000 for impacts to the community which includes funding for Harbormaster's Department personnel, improvements at the Webb/Essex intersection, Police and Fire Department funding, and legal reimbursements. The fourth bucket is \$3,715,000 for education which includes a Pre-K partnership, CTE/CTI public school programs, and educational signage.

Mr. Daniel expanded on the Field of Interest seed funds which will expand regional work, apprenticeship, supply chain outreach, etc. These funds will help support the industry and regional workforce development. The City has a history of working with ECCF. The CTE and CTI is job training at the Salem High School as well as individuals who did not complete high school but who are looking to join the workforce.

The improvements to the Webb/Essex intersection is estimated to start in 2026. The tree plantings are expected in Fiscal Year 2027.

There are additional non-financial commitments for workforce and economic development such as targeting new hires targeting typically marginalized populations, prioritizing Salem High School graduates when possible. Sustainability and resiliency commitments include EV charging stations, electrification of the port, etc. Impacts to the Community include coordination with the City of camera placement, joint drills and facilitation of the City's MARAD port grant. Education commitments include paid internships to Salem Public School students, guest speakers to the schools, and providing surplus equipment to the schools.

The total financial value of the CBA is \$9 million. The Mayor expressed his appreciation to all the City staff, Crowley, and associations who worked on the agreement.

Harbormaster Report

Captain McHugh reported on the working rights that was developed to address the City's rights to port for events, cruise ships, which dovetails with the Tariff Schedule Agreement which was voted on by the Port Authority at their last meeting.

There is some activity at the deep-water site through the installation of a turbidity curtain which will allow the project to proceed with off-season construction which addresses impacts to spawning. Geotech work is expected to begin soon – there may be small mobilization, so activity in the harbor would be related to this. The GC announcement will take place soon and will be announced publicly by Crowley.

An RFP for the ferry resulted in one respondent, Boston Harbor Cruises/Boston Harbor Experiences. Boston Harbor Cruises is a subsidiary of Horn Blower, which is a large company that has a lot of holdings, and one of the holdings is American Queen Cruises, which suffered a lot of adverse impact during the pandemic and haven't recovered. Because Horn Blower is the parent company, they had to sign on to

the bankruptcy filing. There are no anticipated issues with bankruptcy filing as it pertains to awarding an operations contract to Horn Blower. The schedule is expected to be similar as previous years.

The survey vessel, Shearwater, is back to complete survey work over the next 6 weeks which is surveying for removal of the Neptune LNG pipeline. The City has an agreement with the survey vessel to lease berth space.

The Willows Pier project is expected to begin shortly. Construction should last 9 months.

There is a company interested in running a shuttle service, which will also require an RFP. It will include Blaney Street, Congress Street and Winter Island for boats.

Councilor Jerzylo inquired about naming rights for the Pier. Naming for the pier would likely fall under the Parks and Recreation Department since it is a park structure.

Public Comment

Joseph St. Pierre from Crowley expressed his appreciation to the City and staff for their work on the CBA. He said the pillars align significantly with Crowley's foundations.

Mayor Pangallo also expressed his thanks to Councilor McCarthy for all his work on getting the Salem Offshore Wind Terminal project to this point.

Approval of Minutes

Fred Ryan made a motion, seconded by Mayor Pangallo, to approve the February 1, 2024 Salem Port Authority meeting minutes. The motion passed unanimously.

Adjournment

Salem Harbor Port Authority adjourned at 5:45pm.

Attachment

Community Benefits Agreement Presentation

Approved by the Salem Harbor Port Authority at the on April 4, 2024.

Salem & Crowley Community Benefits Agreement

Salem Harbor Port Authority

March 7, 2024

Community Benefits Agreement (CBA)

- CBAs are agreements between developers and communities that provide benefits to the community in recognition of impacts related to large scale developments.
- Salem's most recent CBAs were with Footprint Power (2014) and Salem Hospital (2017).
- The CBA with Crowley for the offshore wind (OSW) project was compelled by the 2022 Cooperation Agreement between Crowley and the City of Salem.

Process

- **Feedback gathered on priorities and impacts (July-September)**
 - City departments, Salem Public Schools, neighborhood associations, EJ community representatives, and other community partners
- **Initial proposal developed and transmitted (October)**
 - Feedback categorized into specific and quantifiable requests
 - Overlapping issues with local permitting were identified for conditional consideration
- **Negotiation (November-January)**
 - Multiple discussions between the Crowley, the City, and SOWA
- **Finalization (February)**
 - Legal counsel for Crowley and the City finalized language for closing

Key Points

- Generally, identify a nexus for requests with the project itself or with larger goals related to:
 - Workforce and economic development
 - Sustainability and resiliency
 - Mitigation of impacts to the community
 - Education
- Equity lens was key throughout.
- Set aside items under discussion with Planning Board and include if they were not part of the final Planning Board decision.
- Term: 25 years, concurrent with Crowley's lease.
- All annual payments indexed to inflation.
- Relief for Crowley in the event there is no port tenant for 12 or more consecutive months.
- Crowley commits to supporting any other CBA or development agreements the City may negotiate with other port users.
- Includes \$7,500/year in funding for CBA Working Group and on-going monitoring.

Direct Funding Commitments

Workforce & Economic Development: \$657,500

- \$400,000 for scholarships for offshore wind or maritime-related career paths, with preference for Salem residents.
- \$187,500 for bilingual outreach to connect community members to OSW jobs, with a particular focus on Salem's Career Technical Institute.
- \$45,000 ECCF Field of Interest Fund seed funds.*
- \$25,000 for a rental assistance program for port workers.*

Sustainability & Resiliency: \$760,000

- \$500,000 for a new Climate Adaptation Fund.**
- \$250,000 for alternatives to fireworks.
- \$10,000 for tree planting in surrounding neighborhood.*

Impacts to the community: \$3,540,000

- \$1,250,000 for Harbormaster's Department personnel.
- \$850,000 for improvement of Webb/Essex intersection.
- \$550,000 for Police Department for equipment and training.
- \$540,000 for Fire Department for equipment and training.
- \$250,000 for translation and interpretive services during construction and operation.
- \$100,000 to reimburse City for legal and consultant costs.*

Education: \$3,715,000

- \$1,250,000 for the Pre-K Partnership.
- \$1,250,000 for Salem Public Schools' CTE/CTI program operational costs.
- \$1,000,000 for Salem Public Schools' CTE/CTI program capital costs.
- \$200,000 for educational programs for Salem Public School students regarding Indigenous history and culture of the area.
- \$15,000 for educational signage and exhibitions related to the terminal and Salem's maritime history.*

*Denotes a one-time payment. Otherwise, all payments are distributed over the term of the agreement in annual payments.

**Payments to this Fund would increase starting in 2030 if shore power targets are not being met.

Non-Financial Commitments

Workforce & Economic Development

- Commitment to utilize local supply chain sourcing to the greatest extent possible.
- Targeting new hires from typically marginalized populations and prioritizing Salem Public School CTE graduates when possible.
- Benchmarks for percentage of local workers, BIPOC/immigrant workers, women, and union workers.

Sustainability & Resiliency

- Incorporation of electrification at the port as technologically feasible, with a goal of 100% electrification by 2040.
- Achieve Envision Project Verification certification from the Institute for Sustainable Infrastructure.
- 10 electric vehicle charging stations for employees.
- Full preservation of OSW interconnections with adjacent substation.

Impacts to the community

- Coordination with City public safety on camera placements and access and radio interoperability.
- Joint drills with City public safety departments.
- Facilitation of City's MARAD port grant.

Education

- Paid internships for Salem Public School students.
- Crowley employees to guest speak at Salem Public School classes.
- Surplus equipment from Crowley to be made available for CTE/CTI program for training and education.

Total Value

- Total financial value of the CBA is about \$9 million (roughly \$360,000 per year on average for the term of the agreement).
- Value of the CBA as a percentage of the project cost:

Project	CBA Value as %
Footprint	0.5%
Salem Hospital	0.8%
Salem Wind Terminal	3.0%