



# MARITIME ADMINISTRATION

## America's Marine Highway Program

### “Call For Projects” Designation Overview

**Office of Ports & Waterways**  
Office of Ports & Waterways Planning



**America's  
Marine Highways**  
U.S. Department of Transportation



**Mission:** To foster and promote the U.S. Merchant Marine and the American maritime industry to strengthen the maritime transportation system including landside infrastructure, the shipbuilding and repair industry, and labor – to meet the economic and national security needs of our nation.

- To lead the development and expansion of marine highway services and to facilitate their integration into the U.S. surface transportation system
- To envision a full integration of reliable, scheduled, competitive, and sustainable marine highway services as a routine choice for shippers

# Contents

- **Part 1. Program Overview**
  - Background – MARAD, the Programs & Gateway Offices
  - The America’s Marine Highway Program Introduced
  - Program Development - Potential New or Existing Marine Highway Services
  - The Program’s Three Step Process
  
- **Part 2. Project Designation in detail**
  - Introducing Project Designation
  - Legislative Authority & Eligibility Requirements
  - Evaluation Criteria & Process
  - Programmatic Assistance
  - Your Application
  - Factors of Success
  - Example of Successful Designations
  - Questions





# Ports & Waterways

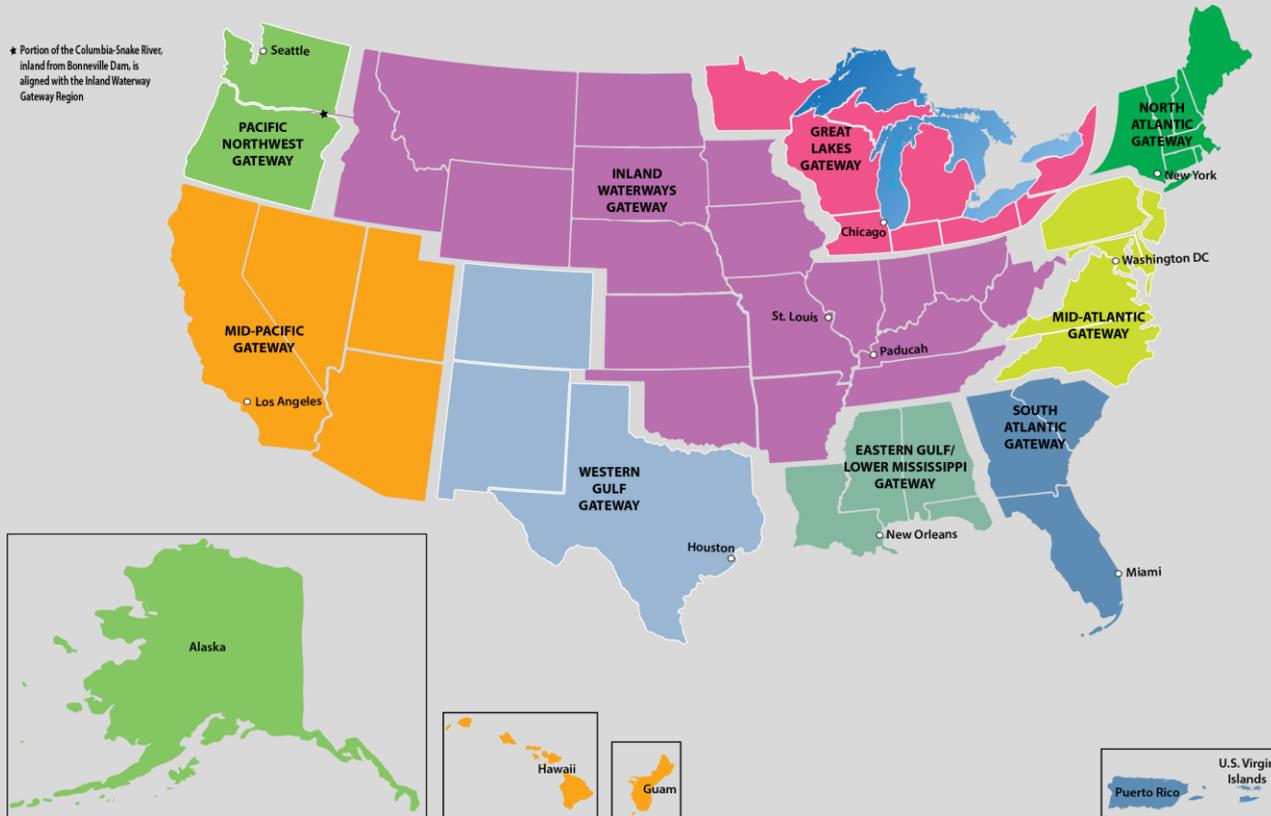


## Build America Bureau

(Transportation Infrastructure Finance and Innovation Act (TIFIA), Railroad Rehabilitation Improvement Financing (RRIF), Private Activity Bonds (PABS))

# Gateway Locations

## MARITIME ADMINISTRATION GATEWAY OFFICES



# America's Marine Highway Program

- The Marine Highway System (the System) consists of the over 25,000 miles of the Nation's navigable waterways including our coastlines and the Great Lakes
- The Marine Highway Program is set up by first designating Marine Highway Routes which are navigable waterways capable of moving freight
- Marine Highway Projects are then designated along those Routes which create new or expand existing marine highway services
- Applicants of designated Marine Highway Projects or private sector partners with written referrals from the public applicants can then apply for Marine Highway Grants
- Grants can be used to alleviate the upfront capital risk associated with starting new services.



# America's Marine Highway Routes



## Program Development

Current Program efforts to explore potential new or existing Marine Highway Services include:

- Outreach to Local & State entities throughout the Inland & Coastal waterways directly and through the State DOTs, MPO's and Port Authorities
- Expanding Program awareness through localized Port Talk engagement and presentations in conjunction with industry associations
- Identifying Ports and Terminals with potential opportunity to grow – (capture of port profile data)
- Focusing on the strategic and multimodal links between ports
- Creating Program Application Guides and other material



# Current Program efforts to explore potential new or existing Marine Highway Services



## The Three-Step Process - Route Designation, Project Designation & Grant Application

1. Designation of a marine highway route is the first step to become a part of this program. A public entity must apply and receive route designation prior to any grant funding
2. Project Designation - the project ( a service) must be designated and a public entity must apply and receive Project Designation prior to any grant funding
3. Grant Funding - Is provided to successful applicants provided the application directly relates to a project that has been designated and is submitted by or with approval of the original Project Designation applicant

The Focus of this presentation is:

2. Project Designation - the project must be designated and a public entity must apply and receive Project Designation prior to any grant funding



# Why Project Designation?

## What does it mean for the Program?

- Identify Areas of Opportunities
- Measure Public & Private Benefits
- Identify & Quantify Infrastructure Gaps
- Capital Costs
- Market Forces

## What does it mean for you?

- Credibility of Concept
- Eligibility for Potential Grant Funding – previous: 2016-2018 \$17m
- U.S. Department of Transportation Support



## Process, Notice & Timelines

- The designation process: Call for Projects - Review – Recommendation - Award
- The AMHP initiates an annual “Call for Projects” through the Federal Register. Applications are typically reviewed on a rolling basis twice a year; on June 30th and December 31st.
- Only those projects that are selected and designated through the Program can apply for project funding **when** a “Notice of Funding Opportunity” is published in the Federal Register
- Assistance is available to applicants from the AMHP Office to identify the most appropriate departmental actions to support the project
- Applications are typically submitted electronically to the AMHP at [mh@dot.gov](mailto:mh@dot.gov).
- Refer to the Final Rule 46 CFR 393 for full details



# Legislative Authority & Eligibility Requirements

- 46 U.S. Code § 55601 - Short sea transportation program

- (a) Establishment.—

- The Secretary of Transportation shall establish a short sea transportation program and designate short sea transportation projects to be conducted under the program to mitigate landside congestion or to promote short sea transportation

- (b) Program Elements.—The program shall encourage the use of short sea transportation through the **development and expansion of** —

- (1) documented vessels

- (2) shipper utilization

- (3) port and landside infrastructure; and

- (4) marine transportation strategies by State and local governments



# Eligibility Requirements

- Eligible applicants include:
  - State governments or State Departments of Transportation
  - Metropolitan or Regional Planning Organizations
  - Port Authorities, Tribal governments
- Eligible components of projects that an applicant may include as part of the designation that involve the service include:
  - Port and terminal infrastructure
  - cargo, and/or vessel handling equipment
  - new or used vessel purchase, lease, or modification
  - demonstration projects of a limited duration
  - planning, preparation and design efforts in support of marine highway projects
- Comply with 46 U.S. Code § 55601 - Short sea transportation program requirements



## Critical Elements Of The Project Designation Application

- Eligibility requirements - please ensure these are reviewed and understood. For example is your proposed project component associated with a Route Designation?
- Are you a Public entity?
- Have you included or updated your market research studies and business case
- Do you have a public/private partnership in place between ports, vessel operators, labor, and most importantly, shippers!
- Is there an operational plan & adequate capital for start up and initial operations?
- Is there a coordinated promotion effort by key stakeholders?



## The Project Designation Application Evaluation Process

- Project Designation Applicants submit Marine Highway Project Designation Applications through MH@DOT.gov
- The Program Office reviews all applications by screening for eligibility (including verification that the proposed service/s operates or intends to operate, on a designated Marine Highway Route, and that the sponsor is a public entity)
- The application package is screened for completeness by conducting a Program Office initial technical review of the application
- The Department of Transportation's Intermodal Review Team (IRT) reviews applications using evaluation scorecard parameters



## The Project Designation Application Evaluation Process (continued)

- The IRT then provides one of the following overall ratings to application: Highly Recommended, Recommended, Not Recommended, or Incomplete
- The Program Office confers with the IRT and makes a recommendation based on its own review and the consideration of the IRT's ratings and recommendations
- During the review process, the Program Office may request additional information from Project Sponsors
- The Program Office, through the Associate Administrator, recommends awards to the Administrator for approval by the Secretary
- The Secretary of the U.S Department of Transportation announces the awardees
- Timeliness – depending on review team and executive availability, the process normally is conducted over a 90 -120 day period



# Evaluation Criteria

Criteria that is typically identified in the 'Call for Projects' include:

## Critical Evaluation Criteria

- (Project Designation.—The Secretary may designate a project to be a short sea transportation project if the Secretary determines that the project may—
- (1) offer a waterborne alternative to available landside transportation services using documented vessels; and
- (2) provide transportation services for passengers or freight (or both) that may reduce congestion on landside infrastructure using documented vessels.

## Programmatic Criteria

- Whether the project offers a lower-reduction of external cost
- Cost alternative to increasing land-based capacity
- Details of the specific service as it relates to overall public benefit
- The relationship to its designated Marine Highway Route



# Your Application – Five Key Elements

## Tell the Market Story & Value

- Customer Base
- Current Supply Chain Model
- Current Model vs. New Model
- Freight Rate Comparison
- Transit Time Comparison
- Value Proposition

## Your Costs

- Drayage, loading & discharge costs
- Vessel and Fuel Costs
- Landside Equipment Costs
- Operating Overhead & Insurance

Partnerships

## Tell the Service Story

- Type of Vessel & Operator
- Capacity & Frequency
- Transit Capability
- Transit Time Comparison
- Type of Equipment

## Tell the Public Benefits Story

- Route Miles Saved
- Air Emissions Impact
- Road Maintenance Savings
- Congestion & Safety Impact
- Resiliency Analysis
- Economic Growth



# The Application – Sample Cost Model

Sample Basic Costs	Sample Cost Model			
	Weekly Costs with 1 voyage/week	Cost/Box based on 300/voyage, 1 voyages/week	Weekly Costs with 2 voyage/week	Cost/Box based on 400/voyage, 2 voyages/week
Description				
Origin Drayage	\$ 60,000.00	\$ 200.00	\$ 160,000.00	\$ 200.00
Origin Port Gate Charge	\$ 1,500.00	\$ 5.00	\$ 4,000.00	\$ 5.00
Linehandling	\$ 3,500.00	\$ 11.67	\$ 7,000.00	\$ 8.75
Origin Port Loading	\$ 10,000.00	\$ 33.33	\$ 20,000.00	\$ 25.00
Vessel Charter per Week	\$ 45,000.00	\$ 150.00	\$ 45,000.00	\$ 56.25
Fuel Cost per Voyage	\$ 5,904.00	\$ 19.68	\$ 11,808.00	\$ 14.76
Destination Port Discharge	\$ 10,000.00	\$ 33.33	\$ 20,000.00	\$ 25.00
Destination R/T Drayage	\$ 60,000.00	\$ 200.00	\$ 160,000.00	\$ 200.00
Destination Port Return Loading	\$ 10,000.00	\$ 33.33	\$ 20,000.00	\$ 25.00
Destination Port Linehandling	\$ 3,500.00	\$ 11.67	\$ 7,000.00	\$ 8.75
Origin Port Discharge	\$ 10,000.00	\$ 33.33	\$ 20,000.00	\$ 25.00
Origin Port Gate Charge	\$ 1,500.00	\$ 5.00	\$ 4,000.00	\$ 5.00
Destination Drayage	\$ 60,000.00	\$ 200.00	\$ 160,000.00	\$ 200.00
Insurance	\$ 1,250.00	\$ 4.17	\$ 1,250.00	\$ 1.56
Overhead	\$ 3,750.00	\$ 12.50	\$ 3,750.00	\$ 4.69
<b>Total Service Cost/box Door to Door</b>	<b>\$ 150,904.00</b>	<b>\$ 953.01</b>	<b>\$ 643,808.00</b>	<b>\$ 804.76</b>
Door to Door R/T Service Rate		\$ 953.01		\$ 804.76
Comparative R/T Truck Rate		\$ 1,000.00		\$ 1,000.00
Service vs Truck Difference		\$ 46.99		\$ 195.24
Cost per Freight Ton via Truck (46,000 capacity dry van)		\$ 43.48		\$ 43.48
Cost per Freight Ton AMH Service (62,000 capacity dry box)		\$ 30.74		\$ 25.96



# The Application – Partnerships

## Identify what Partnerships need to be formed to create or expand the service opportunity:

- Primary Customers – Who are they and do you have any support?
- Service Operator - Who is going to operate the service?
- Workforce - Is there a qualified workforce available?
- Terminal Operators – what’s in it for them?
- Ports - Are the ports onboard and supportive?
- MPOs & Regional Councils – in support, part of the process
- State DOTs - willing to help? Is the project in the State Freight plan?



# The Application – challenges

## Recognize Impediments

- Infrastructure Gaps
- Equipment Gaps
- Market Forces Beyond Control
- Available Data
- Financial Forecasting and projections
- Missing components and strategies to add them



# Your Application – Factors of Success

## Partnerships

- The Public has to be a Partner
  - State DOT, MPOs & Regional Councils
  - Air Pollution Districts, Economic Development Agencies
- Private Interests need a Stake
  - Terminal & Vessel Operators
  - Workforce, and Customers

## People

- Leadership and Trust
- Communication and Cooperation
- Understand the Customer’s Needs
- Have a Marketing Plan
- Guaranteed Revenue Stream

## Process

- Use the Right Equipment
- Look for Efficiencies
- Be Hyper-focused on Controlling Costs
- Productivity is Key
- Incentivize your Partners

## Product

- Know your Competition
- Know the Market
- Know your Customer and Understand their Total Supply Chain
- Offer a Better Solution than the Status Quo
- Make it EASY for your Customer



## Assistance – The Guide

- Key focus areas of the Guide continue to include market strategies, partnerships and support, cost models and financial plans, and operations
- The first section of the Guide provides an overview of the Marine Highway Program & explains its three key elements: Route, Project Designation & Grants
- The main focus of the Guide is to assist the applicant in understanding and completing the **narrative section** requirements of a project designation application
- The guide is not intended to replace the formal project designation process which requires all applications to be submitted through MH@DOT.gov
- The Guide also outlines all the elements of a the Call for Projects announcement together with any specific current program priorities
- A checklist is provided which includes most aspects of the announcement and asks the applicant to cross reference responses between the checklist and the application



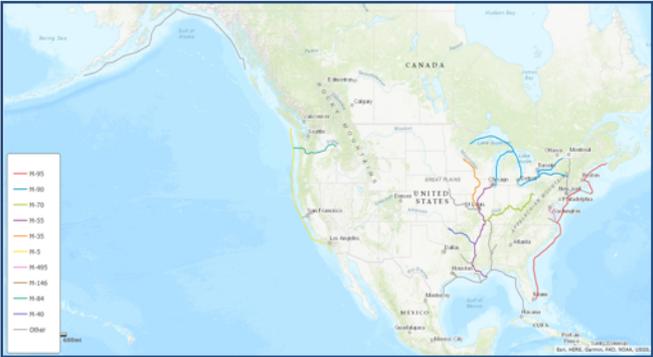
# Assistance – The Project Designation Guide

Maritime Administration www.marad.dot.gov



**America's Marine Highways**  
 U.S. Department of Transportation

**PROJECT DESIGNATION GUIDE**  
**VERSION 1.0**  
**2018**



**WHO SHOULD I CONTACT IN MY REGION TO TALK ABOUT AMERICA'S MARINE HIGHWAY PROGRAM?**  
 Your Maritime Administration Gateway Office at: <https://www.marad.dot.gov/about-us/gateway-offices/>

Maritime Administration Department of Transportation

**Contents**

- Project Designation Application ..... 10
- ..... 11
- Background Information ..... 11
- (A) Acknowledgment of Minimum Eligibility Requirements ..... 12
- (B) Timing of Project Designation submissions ..... 13
- (C) Project Application Contents ..... 13
  - 2.0 Operational Framework ..... 15
  - 3.0 Cost Model ..... 15
  - 4.0 Overall Net Public Benefits ..... 17
  - 5.0 Marine Highway Route Utilized ..... 17
  - 6.0 Organizational Structure ..... 17
  - 7.0 Partnerships ..... 18
  - 8.0 Public Benefits ..... 19
  - 9.0 Proposed Project Timeline ..... 22
  - 10.0 Support and Investment Required ..... 22
  - 11.0 Environmental Considerations ..... 22
  - 12.0 Other Considerations ..... 23
- (D) Conclusion ..... 23
- (E) Additional Program Background Information ..... 24
  - 1.0 Plans & Planning ..... 24
- (F) Appendices ..... 25
  - 1. Public Benefits Supporting Material ..... 25
  - 2. Cost Model Supporting Data ..... 28
  - 3. Financial Plan ..... 31
  - 4. Map of Marine Highway Route (s) and planned Project Designation service ..... 32
  - 5. Letters of Support ..... 33
  - 6. Other Supporting Material ..... 34
  - 7. Checklist – Cross Reference of topics and Page Location ..... 35

9

## Examples of Successful Project Designations

Currently there are 25 Project Designations that have been awarded and a further few in process. A detailed list of these can be found at [WWW.MARAD.gov](http://WWW.MARAD.gov)

Some of the success stories that have received Project Designation and applied and received Grant Funding to purchase marine terminal or handling equipment include:

- The Virginia Port Authority requested funds to support a viable service, the James River Expansion Project on the M-64 for the purchase of a top loader
- The Connecticut Port Authority requested funding for construction enhancement project designed to improve the flow of vehicular and passenger traffic at a ferry terminal—this includes maintenance dredging and the relocation of ferry platforms
- Ports of New Orleans and Greater Baton Rouge for equipment to support container of Barge expansion.



## Questions?

1. Questions directly related to the Project Designation Process can be sent by email to [MH@dot.gov](mailto:MH@dot.gov)
2. For general information regarding MARAD's support please contact your Gateway Directors  
<https://www.marad.dot.gov/about-us/gateway-offices/>
3. Program Office contact: Tim Pickering [Tim.Pickering@dot.gov](mailto:Tim.Pickering@dot.gov) or [MH@dot.gov](mailto:MH@dot.gov)
4. Other Contacts:
  - Martin Parker [Martin.Parker@dot.gov](mailto:Martin.Parker@dot.gov)
  - Fred Jones [Fred.Jones@dot.gov](mailto:Fred.Jones@dot.gov)
  - Tori Collins [Tori.Collins@dot.gov](mailto:Tori.Collins@dot.gov)



**America's  
Marine Highways**

U.S. Department of Transportation