MARITIME ADMINISTRATION

America’s Marine Highway Program
“Call For Projects” Designation Overview

Office of Ports & Waterways
Office of Ports & Waterways Planning
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
America’s Marine Highways

Port Planning

Ferries

Research

PR Oversight

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

- PACIFIC NORTHWEST GATEWAY
- MID-PACIFIC GATEWAY
- WESTERN GULF GATEWAY
- EASTERN GULF/LOWER MISSISSIPPI GATEWAY
- GREAT LAKES GATEWAY
- MID- ATLANTIC GATEWAY
- NORTH ATLANTIC GATEWAY

Gateway Locations

- Seattle
- Los Angeles
- Portland
- Chicago
- St. Louis
- Paducah
- New Orleans
- Miami
- Washington DC
- New York

Gateway Locations

- Alaska
- Hawaii
- Guam

Gateway Locations

America’s Marine Highways
U.S. Department of Transportation
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.

- 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
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
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

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

Partnerships
## The Application – Sample Cost Model

<table>
<thead>
<tr>
<th>Description</th>
<th>Sample Cost Model</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Weekly Costs with 1 voyage/week</td>
</tr>
<tr>
<td>Origin Drayage</td>
<td>$60,000.00</td>
</tr>
<tr>
<td>Origin Port Gate Charge</td>
<td>$1,500.00</td>
</tr>
<tr>
<td>Linehandling</td>
<td>$3,500.00</td>
</tr>
<tr>
<td>Origin Port Loading</td>
<td>$10,000.00</td>
</tr>
<tr>
<td>Vessel Charter per Week</td>
<td>$45,000.00</td>
</tr>
<tr>
<td>Fuel Cost per Voyage</td>
<td>$5,904.00</td>
</tr>
<tr>
<td>Destination Port Discharge</td>
<td>$10,000.00</td>
</tr>
<tr>
<td>Destination R/T Drayage</td>
<td>$60,000.00</td>
</tr>
<tr>
<td>Destination Port Return Loading</td>
<td>$10,000.00</td>
</tr>
<tr>
<td>Destination Port Linehandling</td>
<td>$3,500.00</td>
</tr>
<tr>
<td>Origin Port Discharge</td>
<td>$10,000.00</td>
</tr>
<tr>
<td>Origin Port Gate Charge</td>
<td>$1,500.00</td>
</tr>
<tr>
<td>Destination Drayage</td>
<td>$60,000.00</td>
</tr>
<tr>
<td>Insurance</td>
<td>$1,250.00</td>
</tr>
<tr>
<td>Overhead</td>
<td>$3,750.00</td>
</tr>
<tr>
<td><strong>Total Service Cost/box Door to Door</strong></td>
<td>$150,904.00</td>
</tr>
</tbody>
</table>

- **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
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

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

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

### 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
• 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

Contents

Project Designation Application .......................................................... 30
(A) Acknowledgment of Minimum Eligibility Requirements .................................................. 12
(B) Timing of Project Designation submissions .................................................. 13
(C) Project Application Contents ......................................................................... 13
  2.0 Operational Framework ........................................................................ 15
  8.0 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
(E) Conclusion.................................................................................................. 23
(F) Additional Program Background Information ............................................... 24
  1.0 Procurement........................................................................................ 24
  2.0 Cost Model Supporting Data .................................................................. 25
  3.0 Financial Plan ..................................................................................... 28
  4.0 Map of Marine Highway Route(s) and planned Project Designation service ........ 31
  5.0 Letters of Support .............................................................................. 33
  6.0 Other Supporting Materials .................................................................... 34
  7. Checklist – Cross Reference of topics and Page Location ............................... 35

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/
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

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 or MH@dot.gov

4. Other Contacts:             Martin Parker Martin.Parker@dot.gov
                              Fred Jones    Fred.Jones@dot.gov
                              Tori Collins Tori.Collins@dot.gov