

Marine Highway Potential and Policy

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AAPA Maritime Economic Development Workshop

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Marine Highways: Potential and Policy

Marine Highways...

- What it is
- What it isn't
- What it might be
- What has been the policy
- What now is the policy
- What can be the policy

Coastwise Coalition

- Ports, Terminal Operators
- Longshore and Shipboard Labor
- Vessel Architects, Engineers, Builders
- Vessel Owners, Operators, Wannabes
- Non Federal Government
- Academicians, Consultants, Planners
- Truckers
- Various Views ...maybe yours also

What's It Mean?

Geographically

- Short Sea: U.S., neighbors
- Pending Bills: US/US,
US/CN on Great Lakes-SLS
- Present Law: US Contiguous, US/CN
on Great Lakes
- Intermodal, non-bulk
- International container (feeder)
and domestic freight
- Various vessel types and configurations

Requirements for Carriage between US ports*

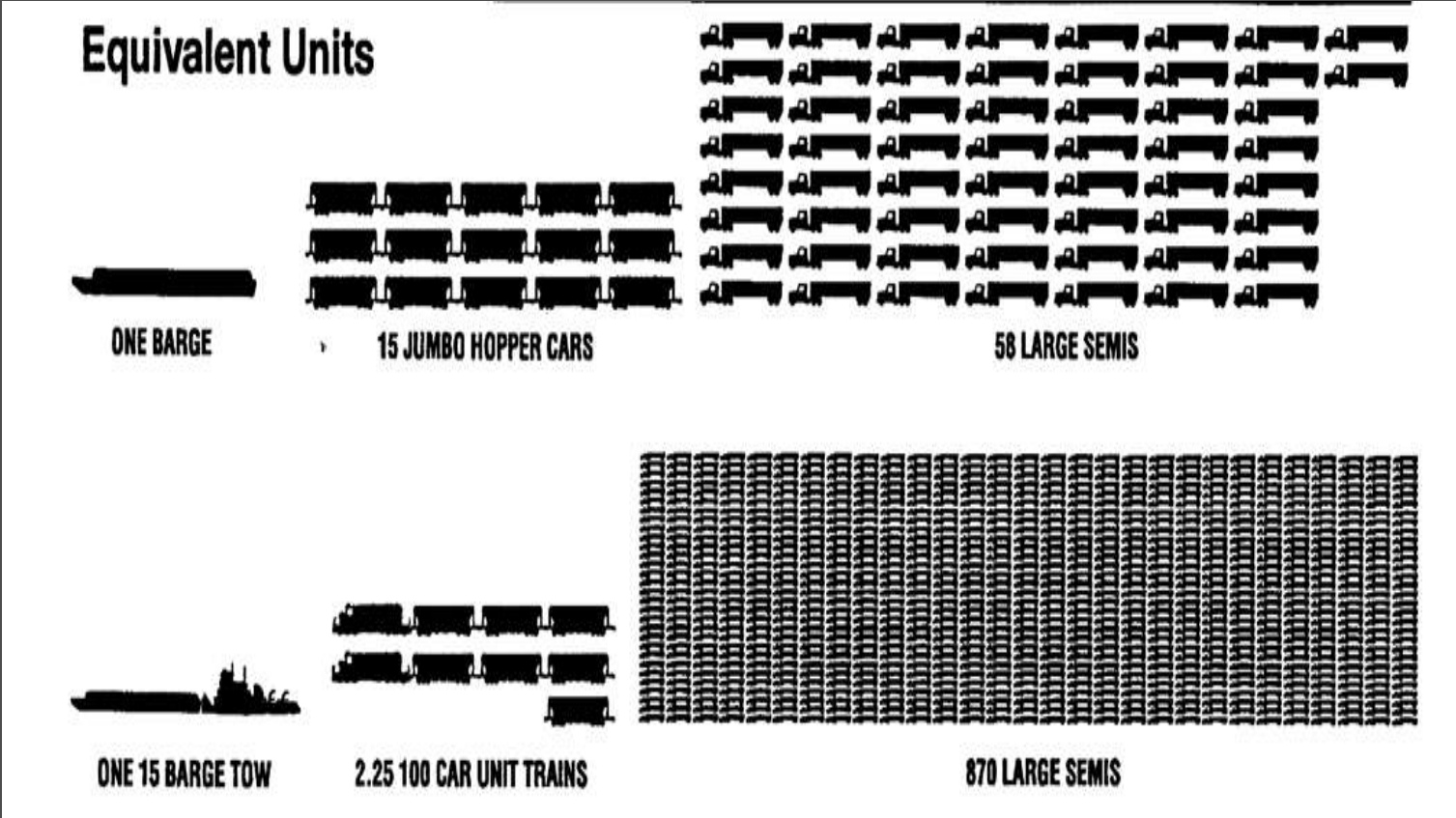
- American Built
- American Crewed
- American Owned

* Jones Act, Passenger Vessel Services Act

What's Driving It?

- Underutilized Maritime Sector
- Over-utilized Landed Transport System
- Energy & Environmental Imperatives
- Greater Attention to System Resiliency
- Growing Awareness of Alternatives to Trucking Role as We Have Known It
- *...none of which makes it a slam dunk in the market.*

RELATIVE CAPACITY: BARGE, RAIL, TRUCK




National Strategy
for the
Marine Transportation System:
A Framework for Action




“...including the establishment of a pilot program to designate Marine Highway Corridors to relieve congestion on roadways.”

GENERAL DYNAMICS
NASSCO

**A SHIPBUILDER'S ASSESSMENT
OF AMERICA'S MARINE HIGHWAYS**



CCDOFT Concept AMH Vessel



TOTE Vessel built by NASSCO - 2003

**PREPARED BY
GENERAL DYNAMICS NASSCO**

*General Dynamics NASSCO
2798 East Harbor Drive
San Diego, CA 92113*

I-95 Corridor Coalition

*Short-Sea and Coastal
Shipping Options Study
Executive Summary*

FOUR CORRIDOR CASE STUDIES OF SHORT-SEA SHIPPING SERVICES

SHORT-SEA SHIPPING BUSINESS CASE ANALYSIS

Ref. #DTOS59-04-Q-00069

Submitted to:

U.S. Department of Transportation
Office of the Secretary/Maritime Administration

Submitted by:



In Association with:



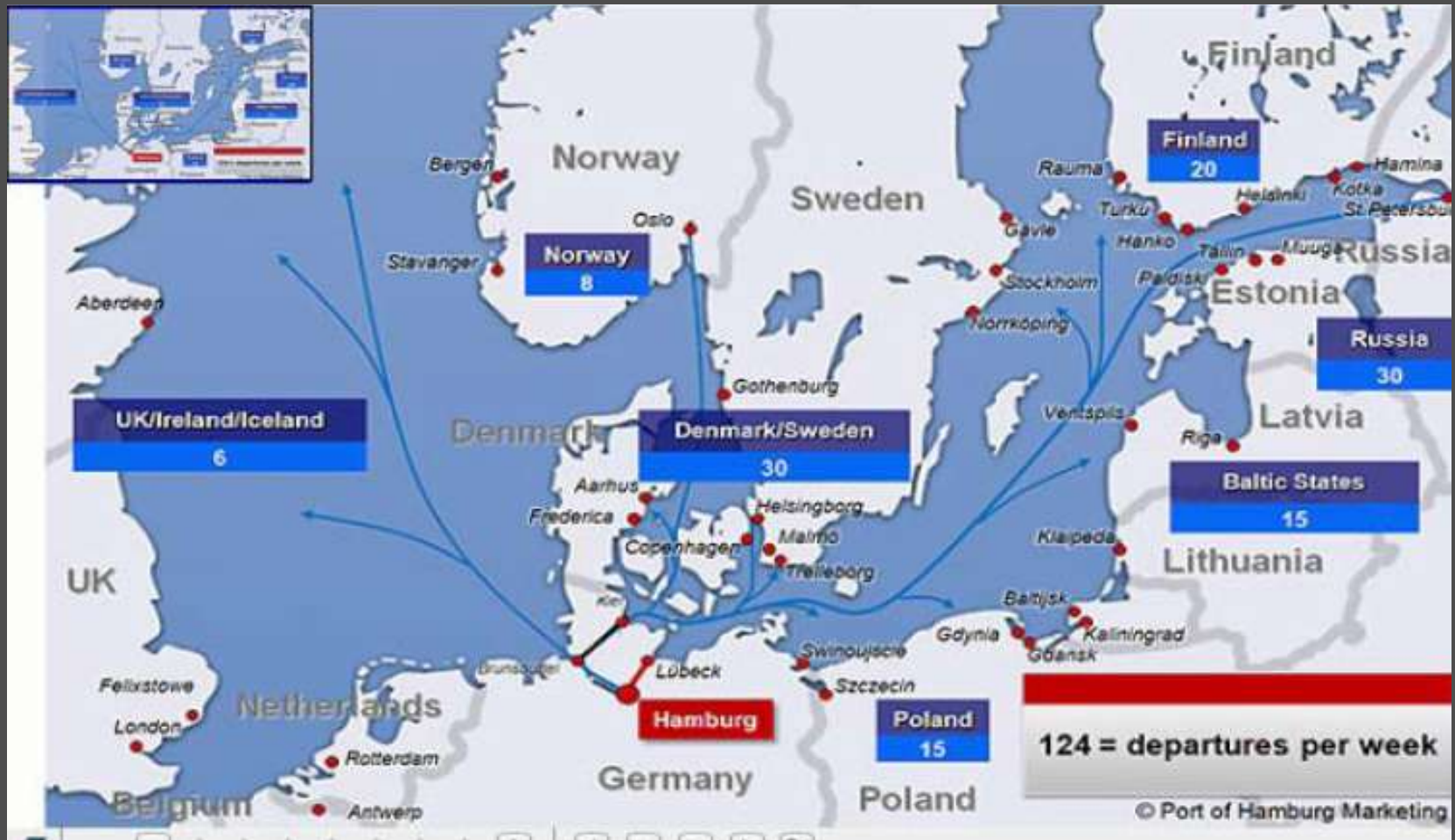
August 15, 2006



The Good Haul

Innovations That Improve Freight
Transportation *and* Protect the Environment

Port of Hamburg Feeder System

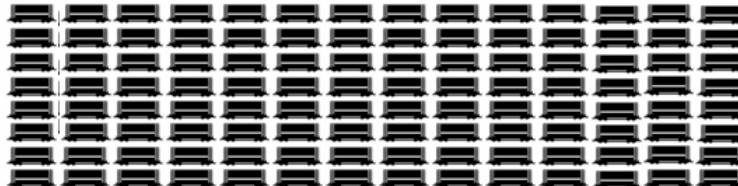
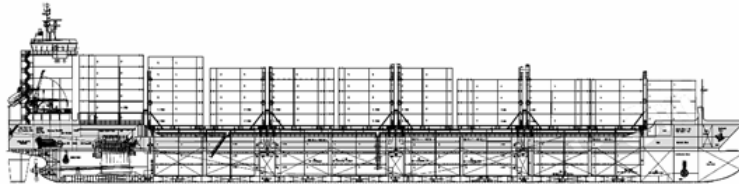


CO₂, Other Emissions Reductions Achievable

Feederling is more economically efficient and environmentally friendly



CO₂ emission to Transport 992 20' Containers



1 American Feeder Ship

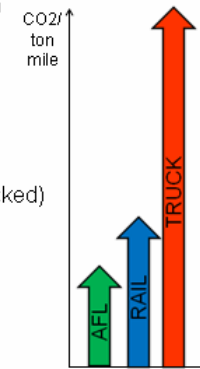
- 992 TEUs (14 TEU/TEU homog. loaded, IMO, at 14 knots)
- 0.024 kg CO₂/ton mile

246 Railcars

- 992 TEUs (TEU DBL stacked)
- 0.033 kg CO₂/ton mile

744 Trucks

- 992 TEUs on 774 Trucks (at 1,5 TEUs / Truck)
- 0.105 kg CO₂/ton mile.



Source: Adapted from US Department of Transportation

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What Is It?

- Existing Services
- Planned Services

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Existing Service



Tote Ocean Trailer Express

Osprey Line





Detroit-Windsor Truck Ferry



ISC Rail Ferry
Mexico - Mobile

Columbia Coastal Transport



64 Express Norfolk - Richmond



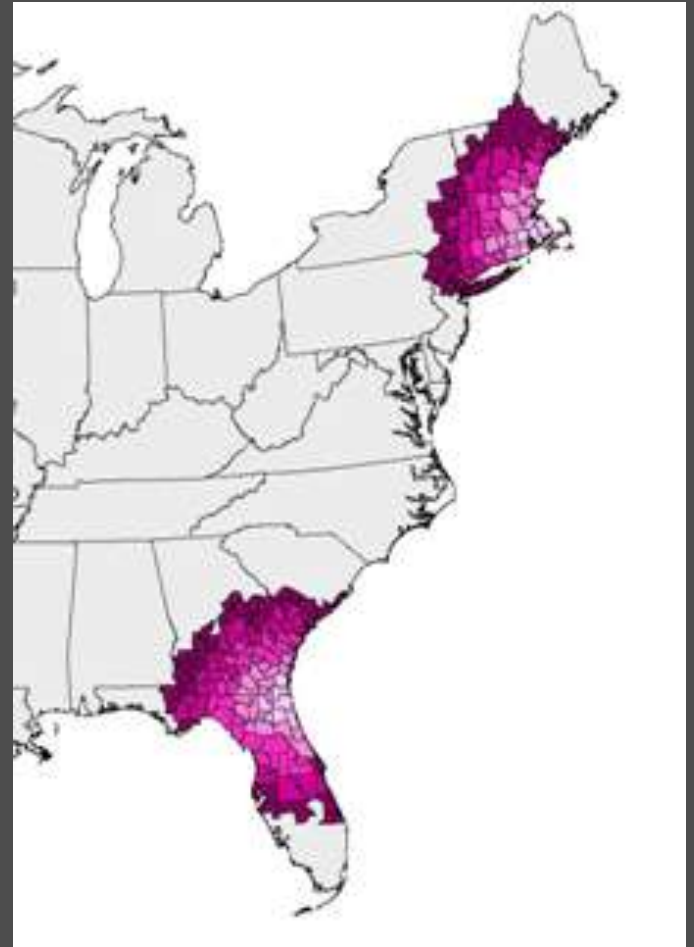
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Existing Service

SeaBridge Freight Brownsville - Manatee



New Bedford - Canaveral





Eco Transport Oakland-West Sacramento-Stockton



AMERICAN FEEDER LINES

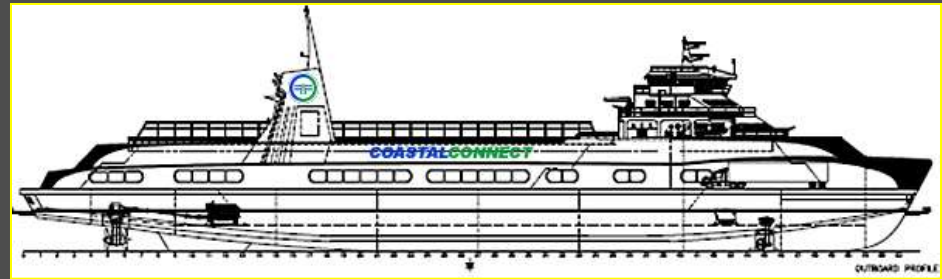


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Planned Service



Roadships



Coastal Connect



Marine Highways



SeaBridge

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What Isn't It?

- No-brainer...as in doh! (in the market)
- Convincingly “Green” (to most enviro-advocates)
- Well understood (by deciders)
- Universally compelling (politically speaking)
- Uniformly supported (in the industry)

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What Might It Be?

- A niche market operation, or
- A way to revitalize the US flag sector and bring new business to ports

What Was The Policy?

- Until 2007 in the US...
 - there was no marine highways policy or mention of short sea shipping
 - just the US flag policy
- * Passenger ferries have been supported with capital grants through FHW/FTA

What Is The Policy?

- Recent Developments and Direction

Short Sea Transportation – American Marine Highways

ENERGY INDEPENDENCE AND SECURITY ACT OF 2007

Subtitle C—Marine Transportation

SEC. 1121. SHORT SEA TRANSPORTATION INITIATIVE.

(a) IN GENERAL.—Title 46, United States Code, is amended by adding after chapter 555 the following:

“CHAPTER 556—SHORT SEA TRANSPORTATION

“Sec. 55601. Short sea transportation program.

“Sec. 55602. Cargo and shippers.

“Sec. 55603. Interagency coordination.

“Sec. 55604. Research on short sea transportation.

“Sec. 55605. Short sea transportation defined.

- Designate Marine Highway Corridors

Suggested corridors were invited; states, corridor coalitions responded

- Designate Marine Highway Projects

Identify projects that would offer best public benefit (congestion, emissions, energy and infrastructure savings)

Provide support to expand or start new operations (promote, coordinate, research, and identify federal cargos. Remove impediments)

- Identify Incentives, Impediments and Solutions

- Report to Congress

- Establish Marine Highway Advisory Board

- Identify & propose short term incentives

- Conduct Research

- * Identify environmental and transportation benefits

- * Vessel design, technology, emissions, fuel economy & increase efficiency

- * Studies to identify and implement solutions for specific projects

- Capital Construction Funds opened to AMH vessels

AMH Draft Corridors



Short Sea Transportation Grants (2009)

111TH CONGRESS
1st Session

HOUSE OF REPRESENTATIVES

REPORT
111-288

NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 2010

**SEC. 3515. AMERICA'S SHORT SEA TRANSPORTATION GRANTS FOR THE
DEVELOPMENT OF MARINE HIGHWAYS.**

*Section 55601 of title 46, United States Code, is amended by
adding at the end the following:*

“(g) GRANTS.—

*“(1) IN GENERAL.—The Secretary shall establish and imple-
ment a short sea transportation grant program to implement
projects or components of a project designated under subsection*

AMH Grant Program

- Authorized in 2009; \$7M appropriated
- Designated Marine Highway Projects eligible
- Where can grants make a difference
- 20 percent local share required
- Funds must be obligated within one year
- No funding in FY 2011 budget

2010 AMH Calendar

- April 9 – Final Rule published
- April 15 – Project applications notice
- June 11 – Project applications deadline
- July – Project designations; grants notice
- August – Grant applications deadline?
- September – Grant awards

What can be the policy?

Some Questions

- How do we develop more transportation capacity when parts of the system are at or near design capacity?
- What are the public policy drivers for transportation reforms and where does marine transportation fit into those reforms?
- Can the rail system build new capacity as demand for freight and commuter service continues (and passenger rail is making more demands on freight RRs).
- Can the nation's transportation deficiencies be adequately addressed without considering the maritime sector?
- How can we finance the system that we need?
- What should be done to address any real or perceived weaknesses in Jones Act shipping?

- Potential Developments and Direction
 - Incremental Advances (e.g., HMT)
 - Surface / Freight Transportation
 - Energy/ Climate Policy
 - Maritime Policy (SEA-21?)

Inkling of a New Policy at USDOT?

- *“Keep goods movement on water as long as possible, and then on rail as long as possible and truck it for the last miles.”*

Deputy Secretary Porcari, March 24, 2010.

- *The DOT is working with ports... “to take trucks off the road and to really utilize the Marine Highway.”*

Secretary LaHood, 2010.

Legislative Activity

Harbor Maintenance Tax Exemption

- H.R. 638 (Cummings-MD)
- H.R. 3486 (Higgins-NY) includes Nova Scotia
- S. 551 (Lautenberg-NJ)
- S. 1509 (Stabenow-MI) limited to Great Lakes/SLS
- Potential for action in House Ways & Means

Legislative Activity

Surface Transportation Policy

- H.R. _____. Surface Transportation Authorization Act (Oberstar-MN)
- S. 1036. Federal Surface Transportation Policy and Planning Act of 2009 (Rockefeller-WV /Lautenberg-NJ)
- Senate Commerce Committee draft bill?
- Go for funding or not?

Surface Transportation Authorization Act

(Oberstar - MN)

State Freight Corridor Plans

- *Short Sea Shipping Projects*
 - *The freight corridor plan may include transportation projects related to short sea shipping routes if the geographic, transportation, and economic characteristics of the corridor make short sea shipping routes operationally and financially viable.*

Legislative Activity

Energy/Climate Policy

- Carbon credits for innovation?
 - Government or market driven?
- Tax credits for...
 - Avoided government infrastructure expenditures?
 - Shippers that reduce VMT by opting for AMH?

Geospatial Intermodal Freight Transportation (GIFT) Model

VISUALIZING GOALS MODELING ALTERNATIVES

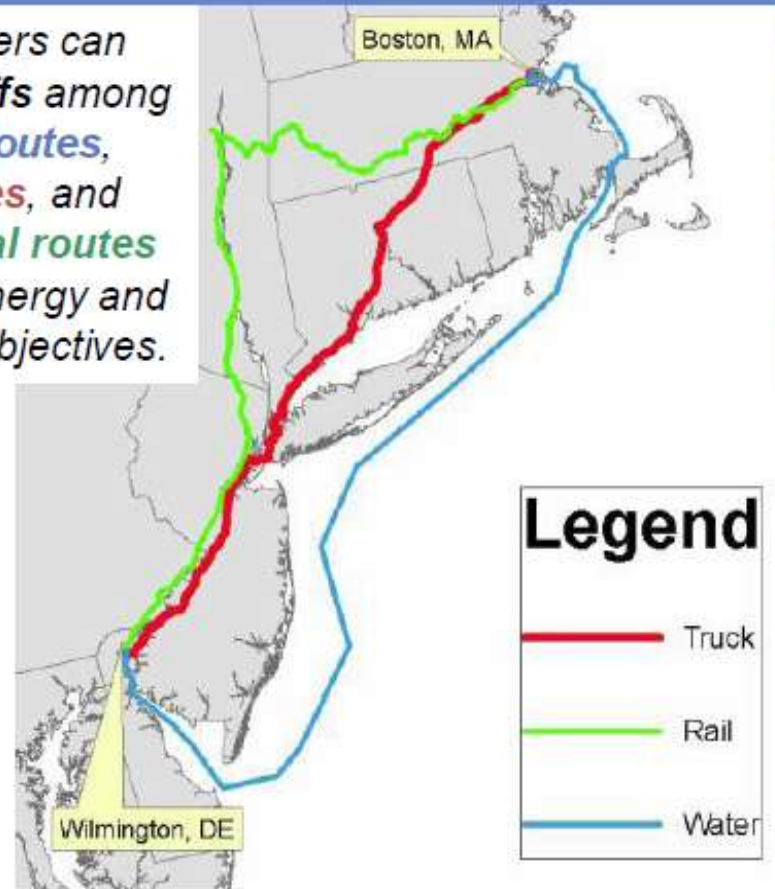
Intermodal freight network optimization model to evaluate objective tradeoffs.

Developing resources for "table-top" exercises with industry and agencies.

Evaluates performance against *benchmarks* and optimizes with respect to possible *targets*

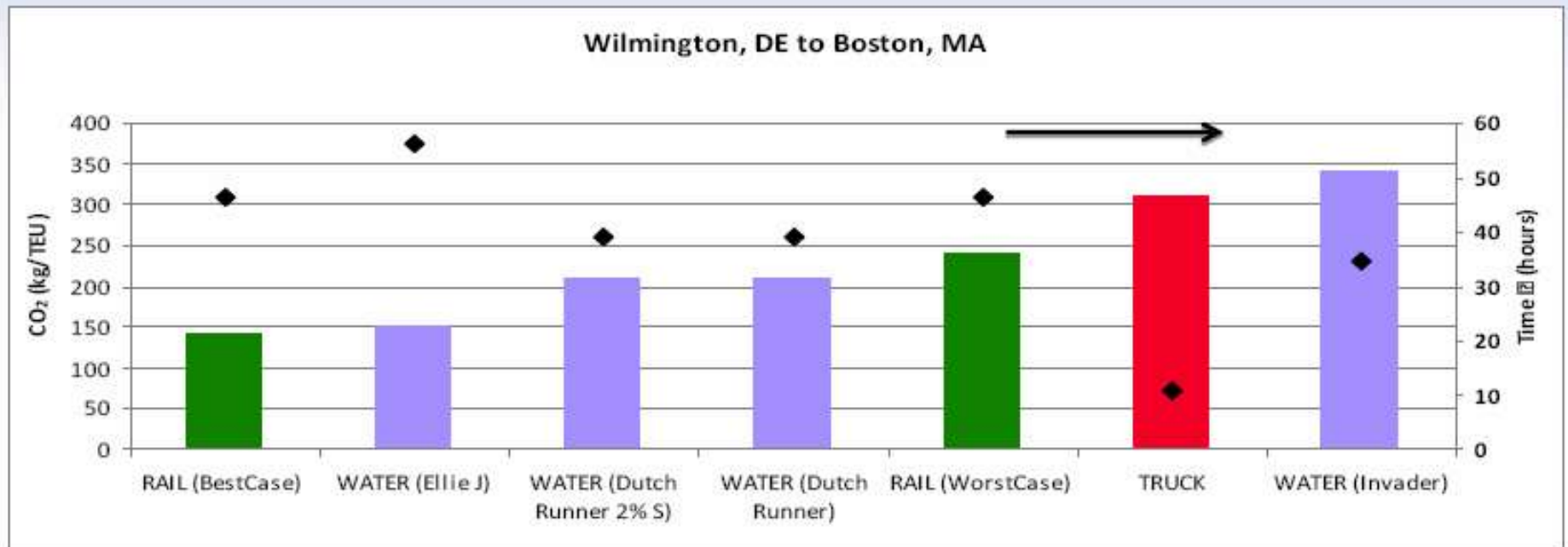
Web-version in development.

Decision makers can explore tradeoffs among alternative routes, across modes, and identify optimal routes for economic, energy and environmental objectives.



Which mode do you prefer?

Wilmington to Boston Scenario



Legislative Activity

SEA-21 or Other Maritime Policy Initiative?

- Maritime sector not addressed by major policy initiative
 - HMTF?
 - HMT Exemption?
 - Shipping Act?
 - Marine Highway?
 - Dredging Policy?
 - _____?

America's Deep Blue Highway *

- **Develop/implement comprehensive transportation vision**
- Eliminate HMT on coastal shipping
- **Invest \$150M in Fed funds in prospective coastal ports**
- Preserve working waterfronts
- **Promote the use of alternative fuels for coastal shipping**
- Encourage the development of more efficient ships
- **Encourage shipyards to reinvent themselves by building a new fleet of environmentally friendly coastal ships**
- Incorporate American Marine Highway into homeland security and infrastructure protection plans
- Encourage hazmat to be offshore and away from pop. centers
- Improve Federal collection of transportation statistics

* Perry, Weitz, Borgerson / Fletcher School - 2008

Other Potential Policy Agenda Items

- Create a freight ferry program
- Authorize designation of water routes in highway systems.
- Re-establish the Office of Intermodalism in OST
- Allow mode-blind decisions on infrastructure investment
- Provide short term incentives to shippers and truckers
- Provide incentives to invest in greener equipment
- Improved financing for marine highway vessels
- Improve and expand freight data
- Training of transportation planners and engineers
- Give USDOT/MARAD needed resources

Final Thoughts

1. Treat marine highways as surface transportation policy, not limited to port/maritime policy
2. Surface transportation, climate and energy reforms are principal opportunities for advancing AMH policy.
3. Don't expect significant grant spending for AMH.
4. Direct and indirect incentives, probably short term, may be easier to secure.
5. Ports are crucial to advance marine highway policy; should actively engage other maritime groups in doing so.
6. The private sector will remain the key elements in developing new services and markets.
7. Only the government can say it must happen sooner than later.

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