

# Maritime Administration America's Marine Highway Program Update June 5, 2012

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## Maritime Administration

Mission:

To improve and strengthen the U.S. marine transportation system - including infrastructure, industry and labor - to meet the economic and security needs of the Nation.

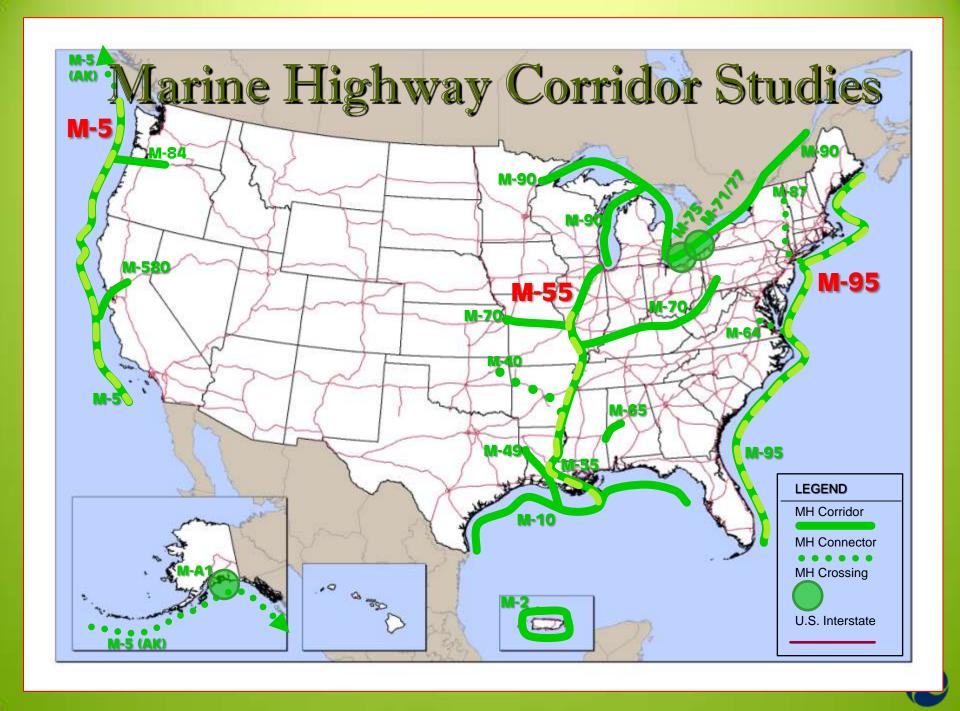


## Our Vision: America's Marine Highway

Reliable, regularly scheduled, competitive and sustainable services employing U.S. ships and tugs are a routine choice for shippers.







## Corridor Study Objectives

## Market analysis (current and future)

- a. What moves, How it moves, & Where it goes
- d. Which freight is a candidate for marine transportation
- e. Market share that might be achieved
- f. Required price point and delivery timeline

## Key elements of a successful service

- a. Identify gaps (equipment/property/partners)
- b. Develop (or modify) business model
- c. Pro forma income and expenses
- d. Other business planning factors

## Optimize the service

- a. Maximize efficiency
- b. Overcome obstacles/impediments
- c. Reduce cost





## Dual Use Vessel Initiative

Objective - Develop Commercial Marine Highway Services that benefit both our Economy and National Security interests.

- Identify the optimal vessel characteristics for commercially viable Marine Highway services.
- Incorporate National Defense Features.
- Develop design to the point that U.S. shipyards can provide accurate pricing to construct one or a series of vessels.
- Identify the optimal public/private funding mechanisms to begin construction and/or incentivize demand.



# Policy Recommendations to Improve Marine Highways

- 2011 Reconstituted Advisory Committee to the Secretary on the Marine Transportation System (MTSNAC).
- Established a Marine Highway Subcommittee.
- Defined Three Key Objectives:
  - Integrate Marine Highways into Surface Transportation Sys.
  - Increase Demand for Marine Highway Services
  - Remove Impediments to Marine Highway Expansion
- First Report to Secretary of Transportation, June 13th



## Call For Projects

- Round #2 of Project Applications Will be Solicited Later This Year.
- Project Designation Can Help Win Federal Support/Assistance.
- Some Funding Proposals May be Tied to Formally Designated Marine Highway Projects.
- Projects designated in 2010 will retain designation status, unless their project has substantially changed.



## A Focus on States

- ✓ 37 State DOTs influence America's Marine Highways
- ✓ Which State DOT department will consider it?
  - 9 = maritime, ports, waterways or marine
  - 8 = planning
  - 6 = intermodal
  - **–** 4 = freight
  - 3 = rail & marine/railroads & harbors
  - 1 = aviation & ports
  - 1 = trade development
  - 6= have no department that addresses maritime





## More Than Half Empty?

Institutional Barriers (HMT, Govt Policy, etc.)

Freight & Shipper Uncertainty

High Vessel Construction Cost

**High Operating Cost** 

Infrastructure Gaps

GO

Tipping Point





## Or is it...











## More Than Half Full?

Advisory Committee Recommendations to DOT Secretary

Dual Use/M 55 Studies

DOD Support & TITLE XI-CCF

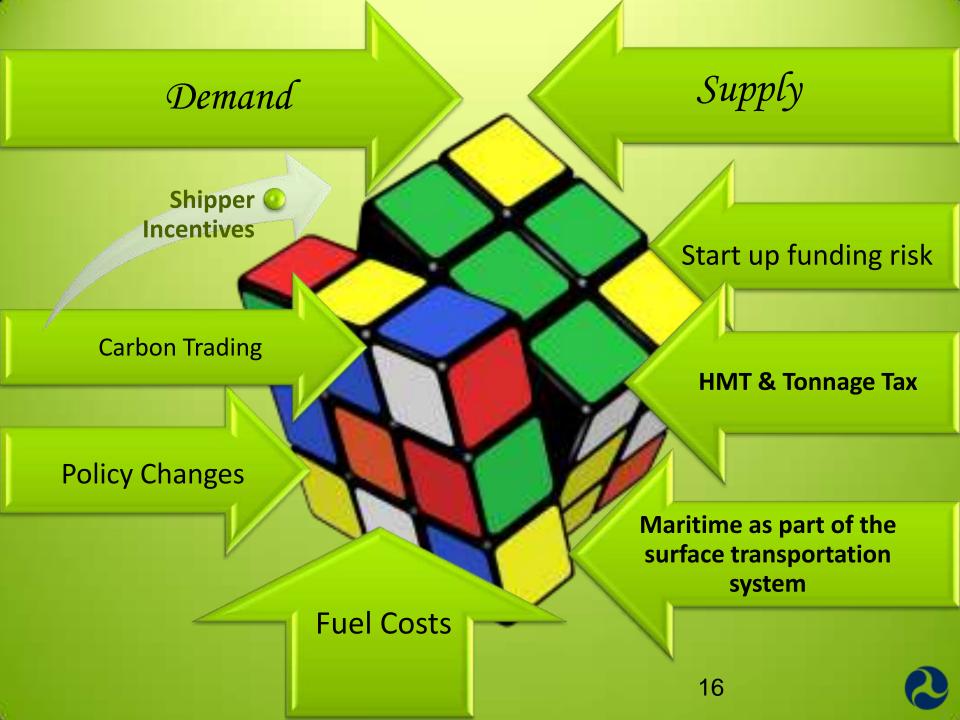
LNG + Dual Use \$

\$111 Million Grants



Tipping Point





## **Bottom Line**

In the current market and regulatory environment launching new services is definitely challenging.

However, changing dynamics may be bringing us closer to the tipping point.



#### **DOT Proposed Port Infrastructure Development Program Framework**

#### Category I Engagement

#### **All Ports**

Low Fed Oversight
No Market Interference

### Category II Financing

#### Limited # Ports

Moderate Fed Oversight Minimal Market Interference

## Category III Project Management

#### **Very Few Ports**

High Fed Oversight Minimal Market Interference

#### **Public Benefit & Public Stake**

#### A. Guidelines & Data:

Sector advocate through analysis & showcasing opportunities/consequences regarding port role/investment

#### **Possibilities Include:**

- Port Investment Plan Guidelines (With Stakeholders)
- Facilities Assessment Guidelines (With Stakeholders)
- Port/Terminal Ops Guidelines for AMH (With Stakeholders)
- National/Regional Studies and Maritime Impact Analysis
- Condition & Performance Tracking & Measures

#### **B.** Assistance:

**Direct support to individual ports (upon request)** 

- Investment Plan Devel. Support (Possible Planning Grants)
- Facility Needs Assessments (Possible NEPA Support)
- Memo of Agreement (MOA) Development
- 1 1 Consultations

#### **Financing:**

Direct funding support via existing/future programs

- TIGER I-IV Grants
- Marine Highway Grants
- Other Future Grant Programs
- · Loans/Loan Guarantees
- Possible Cargo Facility Fee Program
- Eligible for Port Infra Devel.
   Fund
- Eligible for MARAD Lead Fed Agency Support
- Eligible for Project Delivery Initiative
- Sel. Criteria in Grant Program
- Project Defined in Grant App.

#### **Project Mgt:**

Increased Federal project assistance where unique Federal interest exists

#### MARAD Co-Manages Project w/Port

- Design Development
- Eligible For PID Fund
- Eligible for Lead Fed. Agency Supp.
- Elig. For Project Delivery Initiative
- · Strict Sel. Criteria
- · Investment Plan Req'd
- Project Defined

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## Thank you



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## Extra Slides





## America's Marine Highway

U.S. Flag

U.S. Built

U.S. Owned

U.S. Crew

