Maritime Administration

America’s Marine Highway

Program Update

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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.
$111.14M Marine Highway & TIGER Grants 2009 to 2011

**LEGEND**
- MH Corridor
- MH Connector
- MH Crossing
- U.S. Interstate

- **Green Trade Corridor, CA** $30,000,000
- **Tri-City Port, IL** $14,500,000
- **Cates Landing, TN** $13,000,000
- **Detroit/Windsor Ferry** $2,200,000
- **Port Manatee, FL** $9,000,000
- **Davisville, RI** $22,300,000
- **James River** $1,100,000
- **Tenn-Tom W/W** $1,700,000
- **Cross Gulf** $3,340,000
Marine Highway Corridor Studies

LEGEND
- MH Corridor
- MH Connector
- MH Crossing
- U.S. Interstate

M-5
M-84
M-580
M-5
M-5 (AK)
M-A1
M-2
M-5 (AK)
M-55
M-90
M-71/77
M-87
M-90
M-64
M-65
M-55
M-49
M-55
M-10
M-95
M-95
M-90
M-70
M-70
M-40
M-40
M-90
M-90
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
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?

GO

No

Institutional Barriers (HMT, Govt Policy, etc.)
Freight & Shipper Uncertainty
High Vessel Construction Cost
High Operating Cost
Infrastructure Gaps
Or is it...

- Institutional Barriers (HMT, Govt Policy, etc.)
- Freight & Shipper Uncertainty
- High Vessel Construction Cost
- High Operating Cost
- Infrastructure Gaps
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
**Demand**

- Shipper Incentives
- Carbon Trading
- Policy Changes
- Fuel Costs

**Supply**

- Start up funding risk
- HMT & Tonnage Tax
- Maritime as part of the surface transportation system
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

<table>
<thead>
<tr>
<th>Public Benefit &amp; Public Stake</th>
<th>Category I Engagement</th>
<th>Category II Financing</th>
<th>Category III Project Management</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Ports</td>
<td>Low Fed Oversight</td>
<td>Limited # Ports</td>
<td>Very Few Ports</td>
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<tr>
<td>No Market Interference</td>
<td></td>
<td>Moderate Fed Oversight</td>
<td>High Fed Oversight</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Minimal Market Interference</td>
<td>Minimal Market Interference</td>
</tr>
</tbody>
</table>

**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
- Elig. For Project Delivery Initiative

- Strict Sel. Criteria
- Investment Plan Req’d
- Project Defined

Authority: 46 USC, Section 50302
Thank you

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Extra Slides
America’s Marine Highway

U.S. Flag
U.S. Built
U.S. Owned
U.S. Crew