

The Pennsylvania Intermodal Cargo Growth Incentive Program (PICGIP) Guidelines

SECTION I – STATEMENT OF PURPOSE

In concurrence with the Pennsylvania Department of Transportation (“PennDOT”) strategic vision of improving efficiencies, increasing cargo, and creating and retaining employment at the Commonwealth of Pennsylvania’s (“Commonwealth’s”) ports, the PennDOT Multimodal Deputate initiated the Pennsylvania Intermodal Cargo Growth Incentive Program (“PICGIP”) in 2014. The program operates on the state fiscal year (“SFY”) which begins on July 1st and ends on June 30th. The first grants were issued during SFY 2015 - 2016 and are anticipated to continue through SFY 2019-2020.

PICGIP is designed to help increase cargo container growth through Commonwealth ports. In addition, the program intends to increase the utilization of the ports and provide direct and indirect economic benefits to the region and the Commonwealth, through increased cargo volume and employment.

PICGIP is a grant program which provides an economic incentive to ocean carriers to move their preordained and discretionary cargo through a Commonwealth port instead of other US ports. The incentive, which is \$25 per new container unit (“lift”), applies to containerized cargo loaded or discharged from vessels moving through Commonwealth’s ports and is offered to eligible shipping lines starting a new service to a Commonwealth port as well as to ocean carriers currently calling a Commonwealth port and increasing containerized cargo volumes based on benchmarks established by PennDOT.

SECTION II - ELIGIBILITY to PARTICIPATE

All ocean carriers that move containerized cargo through Commonwealth ports and agree to follow the PICGIP requirements are eligible to participate in the incentive program and be considered for a grant.

To be eligible for the economic incentive, the participating ocean carrier must be:

- a) A New Carrier by establishing a new shipping service at a Commonwealth port; or,
- b) An Existing Carrier that exceeds the volume benchmark imposed on the carrier based on its prior six-month cargo volume; and
- c) A registered vendor with the Commonwealth.

A. New Carrier Application

An ocean carrier that establishes a new shipping service or has not called on a Commonwealth port in the previous six (6) months is considered a “New Carrier”.

Requirements:

1. All New Carriers are required to submit an application to PennDOT. The application is found on PennDOT’s website at: <http://www.penndot.gov/Doing-Business/RailFreightAndPorts/Pages/default.aspx>

2. All New Carriers will be considered “Existing Carriers” after they reach the carrier limit described below in Section IV for the SFY or the Carrier has participated in the program for one year and PennDOT has established a benchmark.
3. Applications must be submitted to PennDOT within the open application periods. The application periods are January 1st through April 30th and July 1st through October 31st. Applications submitted after the closing date will not be considered. For example:
 - Applications received between January 1, 2017 and April 30, 2017
 - Eligible to participate in the program for two six-month periods of SFY 2017-2018.
 - Applications received between July 1, 2017 and October 31, 2017
 - Eligible to participate in the program for the second six-month period of SFY 2017-2018.

B. Existing Carrier Application

All ocean carriers that have reached the carrier limit for the SFY or have participated in the program for two (2) six-month periods are considered “Existing Carriers”.

Requirements:

All Existing Carriers must submit Data Verification Forms within sixty (60) days after the close of each applicable six-month period. This form serves as the Existing Carrier’s application. The Data Verification Form is found on PennDOT’s website at: <http://www.penndot.gov/Doing-Business/RailFreightAndPorts/Pages/default.aspx>

C. Registered Vendor Requirement for all Carriers

All carriers must be registered vendors of the Commonwealth and must be able to receive payment through Automated Clearing House (“ACH”) Network.

Information on how ocean carriers may register as a vendor and register in ACH is available at: <http://www.pasupplierportal.state.pa.us>.

SECTION III – ESTABLISHING VOLUME BENCHMARKS and REPORTING

Volume Benchmarks

New Carriers will not have an initial volume benchmark as they have not called on a Commonwealth port within the last six months. A volume benchmark will be established when the carrier limit is attained or the ocean carrier participates in the program for two (2) six-month periods.

Benchmarks for Existing Carriers are established by PennDOT based on total lifts reported on the Data Verification Form. The established benchmark will serve as the number of lifts that the ocean carrier must exceed to receive the incentive per container.

The benchmark for Existing Carriers will be revised to the highest amount of lifts during the previous two (2) six -month periods if that amount is higher than the initial benchmark. For example, ocean carriers making application for SFY 2017-2018 (July 1, 2017 – June 30, 2018)

will have benchmarks based on the number of lifts during the first or second six-month periods (July 1, 2016 - Dec. 31, 2016 or Jan. 1, 2017 – June 30, 2017) whichever is greater, provided the number of lifts during one of those periods was greater than the initial benchmark. If the number of lifts did not increase during the two (2) six-month periods, then the initial benchmark will remain the benchmark. If an ocean carrier does not have lifts greater than the initial benchmark for three years, the benchmark will be reset as if the ocean carrier was initially entering the program.

PennDOT reserves the right to establish a benchmark based on the competitive criteria set forth in Section IV below.

PennDOT will notify the ocean carrier of the established benchmark for each six-month period.

Calculating Possible Grant Payments

The possible grant payment for an ocean carrier during the first half of a fiscal year will be calculated based upon lifts that exceed the benchmark. The possible grant payment for the second half of a fiscal year will be calculated in relation to increased lifts over the prior six months unless the number of lifts over the prior six months was less than the benchmark, in which case the calculation will be made based upon the lifts that exceed the prior benchmark.

Reporting

Requirements:

All ocean carriers must submit a Data Verification Form and fulfill all requirements for participation to receive a grant payment from PICGIP.

The Data Verification Form must be completed and submitted by the ocean carrier within sixty (60) days of the end of the six-month period of participation and provide the following information:

- Estimated total lifts for the next SFY
- Total number of import and export lifts by the ocean carrier
- Total number of empty containers imported and exported
- Total number of refrigerated containers imported and exported
- Total number of dry containers imported and exported
- Total number of discretionary cargo lifts by the ocean carrier
 - Defined as the subset of the total lifts which were directed through a Commonwealth port that could have used another port-- for example, the container's origin or destination is not Pennsylvania.

PennDOT reserves the right to require additional documentation to substantiate any information provided by an ocean carrier on its Data Verification Form.

Data Verification Forms and other required documentation must be provided directly to PennDOT Multimodal Deputate via e-mail at dsoisson@pa.gov or U.S. mail to Denise Soisson, Pennsylvania Department of Transportation, 400 North Street, Keystone Building 6th Floor, Harrisburg, PA 17120.

SECTION IV - FUNDING & GRANT AWARDS

All ocean carriers that participate in PICGIP must sign a grant agreement to receive grant funds.

Grant payments will be made twice during the state fiscal year – once in the first half and once in the second half.

Funds paid pursuant to the grant agreement must be used for operating or capital expenses of the ocean carrier.

PICGIP is capitalized by \$1,000,000 each year through SFY 2019, defined as June 30, 2020.

Should all funding not be utilized in one state fiscal year (July 1st through June 30th), the remaining funds will be carried over to the next SFY and added to the total funding available. However, if all funding is exhausted in a given SFY funds will not be advanced, even if the ocean carrier would otherwise be eligible to receive payment.

Funds will be awarded on a competitive basis to eligible ocean carriers, considering the following criteria:

- Estimated total lifts for the next SFY.
- The total number of lifts by the ocean carrier.
- The number of discretionary cargo lifts by the ocean carrier.
- The number of refrigerated cargo lifts by the ocean carrier.
- The importance of the ocean carrier to the port.
- Ratio of imports to exports

Carrier limit: No ocean carrier can receive more than \$250,000 or 25% of the available funds in a SFY unless PennDOT approves a greater amount based on the competitive criteria set forth above and additional funds are available.

SECTION V – PROGRAM INQUIRIES

Program inquiries should be directed to:

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