

Exhibit A

The Pennsylvania Intermodal Cargo Growth Incentive Program Guidelines

SECTION I – STATEMENT OF PURPOSE AND PROGRAM OVERVIEW

In concurrence with the Pennsylvania Department of Transportation’s strategic vision of improving efficiencies, increasing cargo, and creating and retaining employment at the Commonwealth ports, the PennDOT Multimodal Deputate initiated PICGIP in 2014. PICGIP intends to increase the utilization of Commonwealth ports and provide direct and indirect economic benefits to the region and the Commonwealth, through increased cargo volume and employment.

The program operates on the SFY. The first grants were issued during SFY 2015- 2016 and are anticipated to continue through SFY 2024-2025, unless extended at the discretion of PennDOT. For the purposes of the PICGIP Guidelines, the six-month periods referenced herein shall run from January 1 to June 30 and July 1 to December 31 of the calendar year.

PICGIP is a grant program which provides an economic incentive to container ship operators, which are also ocean carriers, to move their preordained and discretionary cargo through a Commonwealth port instead of other United States ports. The incentive, which is \$25 per verified container “lift” applies to containerized cargo loaded or discharged from vessels moving through the Commonwealth’s ports. The incentive is offered to eligible ocean carriers starting a new service to a Commonwealth port, those adding a service line from Southeast or Far East Asia, and those ocean carriers currently calling a Commonwealth port and increasing containerized cargo volumes based on benchmarks established by PennDOT.

All ocean carriers that move containerized cargo through Commonwealth ports and agree to follow the PICGIP Guidelines are eligible to participate in the incentive program and be considered for a grant. PennDOT has established these guidelines for the PICGIP and reserves the right to revise these guidelines, as the circumstances, in its sole judgment, may warrant.

SECTION II – DEFINITIONS

- (1) **ACH:** Automated Clearing House.
- (2) **Asian Cargo Carrier:** An ocean carrier that adds a new service (defined as being added on or after June 30, 2023) calling on a Commonwealth port with cargo originating from Southeast or Far East Asia (as defined in this section); the service must be a direct service and not a transshipment service. An ocean carrier may be an Asian Cargo Carrier for a maximum of two consecutive SFYs and then it is ineligible for a period of seven years

after the date of its last lift as an Asian Cargo Carrier. An Asian Cargo Carrier remains an Asian Cargo Carrier until it either: (1) reaches the Carrier Limit during two SFYs; (2) does not call on a Commonwealth port for a period of six months; or (3) is an Asian Cargo Carrier for a period of two SFYs, beginning with the date established by PennDOT as an Asian Cargo Carrier, whichever shall occur first. There is only one Asian Cargo Carrier, as designated by PennDOT, at any time.

- (3) **Benchmark:** Established by PennDOT and serves as the number of lifts an ocean carrier must exceed per six-month period to receive a grant payment. The benchmark will be evaluated and adjusted at the end of each six-month period and it may remain the same, increase, decrease, revert to the Initial Benchmark or be reset. *See* Section IV, below, for examples.
- (4) **Benchmark Reset:** If the verified lifts do not exceed the Initial Benchmark for six consecutive six month periods, the Initial Benchmark will be reset.
- (5) **Carrier Limit:** The maximum amount an ocean carrier can receive in one SFY.
 - i. The Carrier Limit for New Carriers and Existing Carriers is \$250,000 or 25% of the available funds per SFY, unless PennDOT approves a greater amount.
 - ii. The Carrier Limit for an Asian Cargo Carrier is \$500,000 per SFY.
- (6) **Commonwealth:** Commonwealth of Pennsylvania.
- (7) **Discretionary Cargo:** Lifts that are a subset of the total lifts directed through a Commonwealth port that could have used another port; for example, the container's origin or destination is not Pennsylvania.
- (8) **eGrants:** PennDOT's electronic granting system.
- (9) **Existing Carrier:** An ocean carrier, that is not an Asian Cargo Carrier, that
 - i. currently calls on a Commonwealth port; and
 - ii. an ocean carrier calling on the port as a New Carrier in the PICGIP program that has reached the Carrier Limit for the SFY within the first six months of service.
- (10) **Grant Payment:** Disbursement of funds for:
 - i. verified lifts for a maximum amount of the Carrier Limit for New Carriers;
 - ii. exceeding the established Initial or Period Benchmark for Existing Carriers for a maximum amount of the Carrier Limit; or
 - iii. verified lifts with cargo originating from Southeast or Far East Asia, for a maximum amount of the Carrier Limit for an Asian Cargo Carrier.

- (11) **Initial Benchmark:** Number of lifts that an Existing Carrier must exceed in its first period of PICGIP participation to be eligible for a grant payment. New Carrier Initial Benchmarks will be established as described in Section IV(B).
- (12) **New Carrier:** An ocean carrier, that is not an Asian Cargo Carrier, that establishes a new shipping service or has not called on a Commonwealth port in the previous six months. An ocean carrier shall remain a New Carrier until their cargo throughput reaches the Carrier Limit or the ocean carrier has participated in PICGIP for two six month periods.
- (13) **PennDOT:** Pennsylvania Department of Transportation.
- (14) **Period Benchmark:** Established by PennDOT after the close of each six-month period based on the greatest number of verified lifts within the two most recent six-month periods. A Period Benchmark will never be lower than the Initial Benchmark.
- (15) **PICGIP:** Pennsylvania Intermodal Cargo Growth Incentive Program.
- (16) **SFY:** State fiscal year, which begins on July 1 and ends on June 30.
- (17) **Southeast or Far East Asia:** Brunei, Burma, Cambodia, China, Timor, Hong Kong China, Indonesia, Japan, Laos, Macau, Malaysia, Mongolia, North Korea, Philippines, Singapore, South Korea, Thailand, Taiwan, or Vietnam.
- (18) **Verified Lifts:** Actual lifts reported by the ocean carrier and verified by PennDOT and the terminal operator.

SECTION III – ELIGIBILITY TO PARTICIPATE

A. Eligibility

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

- (1) a New Carrier, an Existing Carrier, or an Asian Cargo Carrier;
- (2) registered vendor with the Commonwealth; and
- (3) possess an application approved by PennDOT.

B. Requirements for Application

All ocean carriers must apply to PennDOT to participate in PICGIP.

- (1) All ocean carriers are required to submit a completed application to PennDOT through eGrants. The application is found on PennDOT's website at: <http://www.penndot.gov/Doing-Business/RailFreightAndPorts/Pages/default.aspx>
- (2) Applications must be submitted to PennDOT within the open application periods. The application periods are January 1 through April 30 and July 1 through October 31. Applications submitted after the closing date may not be considered.
 - Applications received between January 1 and April 30 are eligible to participate in the program for the two six-month periods of the next SFY.
 - Applications received between July 1 and October 31 are eligible to participate in the program for the second six-month period of the current SFY.
- (3) Following the acceptance of the application and the issuance of a grant via eGrants, an Existing Carrier's valid Data Verification Form serves as its application.
- (4) The Asian Cargo Carrier will be established based on first-eligible, first-awarded basis based on the date PennDOT receives the application and Data Verification Form reflecting cargo from Southeast or Far East Asia.
- (5) For the sake of clarity, an Ocean Carrier shall only be a New Carrier, Existing Carrier, or Asian Cargo Carrier. The facts and circumstances shall dictate the status and category of the Ocean Carrier.

C. Requirements for All Ocean Carriers

- (1) All ocean carriers must submit Data Verification Forms on or before 45 calendar days after the close of each six month period for the duration of the grant term. The Data Verification Form as well as instructions to submit the form as an attachment to an invoice/receipt is found on PennDOT's website at: <http://www.penndot.gov/Doing-Business/RailFreightAndPorts/Pages/default.aspx>.
- (2) All ocean carriers must be registered vendors of the Commonwealth and must be able to receive payment through ACH Network or via check. ACH and e-Remittance information is available at <https://www.budget.pa.gov/Services/ForVendors/Pages/Direct-Deposit-and-e-Remittance.aspx>.

SECTION IV – ESTABLISHING BENCHMARKS AND REPORTING

A. Establishment of Benchmarks

PennDOT will notify the ocean carrier, via a Letter of Notification, which is Exhibit C of the Grant Agreement, of the established Period Benchmark for each six-month period, after the six-month period in which the Grant Agreement is executed.

- (1) New Carriers will not have an Initial or Period Benchmark until they have participated in PICGIP for two six-month periods or they have attained the Carrier Limit. When either of these conditions is satisfied, the ocean carrier is considered an Existing Carrier and an Initial Benchmark will be determined by PennDOT.
- (2) An Existing Carrier’s Period Benchmark is adjusted by PennDOT based on the greatest volume of verified lifts within the two most recent six-month periods or, if the Existing Carrier has not exceeded the Initial Benchmark for a period of six consecutive six-month periods, the Initial Benchmark will be reset.
- (3) An Existing Carrier’s Initial Benchmark will become its Period Benchmark if the verified lifts do not exceed the Initial Benchmark.
- (4) An Asian Cargo Carrier will not have Benchmarks. The Grant Payment will be made based on verified lifts with cargo originating from Southeast or Far East Asia, for a maximum amount of the Carrier Limit.

Example 1: Adjusting Period Benchmarks Based on Amount Greater than Initial Benchmark

Reporting Period	Period	Benchmark	Verified Lifts
July – December 2021	1	Initial Benchmark 14,500	14,000
January – June 2022	2	Period 2 Benchmark 14,500	14,600
July – December 2022	3	Period 3 Benchmark 14,600	14,000
January – June 2023	4	Period 4 Benchmark 14,600	17,000

July – December 2023	5	Period 5 Benchmark 17,000	
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Explanation: Reporting Period 2 Benchmark is the same as the Initial Benchmark because the verified lifts did not exceed the Initial Benchmark (14,500). Reporting Period 3 Benchmark is established by comparing the verified lifts of the two most recent periods (Period 1 and Period 2) and adjusting the Benchmark to the greatest volume (14,600). Reporting Period 4 Benchmark is established by comparing the verified lifts of the two most recent periods (Period 2 and Period 3) and adjusting to the greatest volume (14,600). Reporting Period 5 Benchmark is established by comparing the verified lifts of the two most recent periods (Period 3 and Period 4) and adjusting to the greatest volume (17,000).

Example 2: Adjusting Benchmarks Based on Two Six-Month Periods

Reporting Period	Period	Benchmark	Verified Lifts
July – December 2021	1	Initial Benchmark 14,500	14,600
January – June 2022	2	Period 2 Benchmark 14,600	17,000
July – December 2022	3	Period 3 Benchmark 17,000	15,500
January – June 2023	4	Period 4 Benchmark 17,000	15,750
July – December 2023	5	Period 5 Benchmark 15,750	

Explanation: The verified Lifts in Period 1 are greater than the Initial Benchmark; therefore, Period 2 Benchmark is set at 14,600. Thereafter, the Benchmarks are set by comparing the verified lifts of the two most recent six-month periods and adjusting the benchmark to the greatest volume. The Period 5 Benchmark adjusts (decreases) but does not fall below the Initial Benchmark.

Example 3: Adjustment to Initial Benchmark Based on Decrease in Lifts

Reporting Period	Period	Benchmark	Verified Lifts	Exceeds Initial Benchmark
July – December 2019	1	Initial Benchmark 14,000	15,000	Yes
January – June 2020	2	Period 2 Benchmark 15,000	13,000	No

July – December 2020	3	Period 3 Benchmark 15,000	13,500	No
January – June 2021	4	Period 4 Benchmark 14,000 (Reverts to the Initial Benchmark)	13,750	No
July – December 2021	5	Period 5 Benchmark 14,000	13,800	No
January – June 2022	6	Period 6 Benchmark 14,000	13,600	No
July – December 2022	7	Period 7 Benchmark 14,000	13,300	No
January – June 2023	8	Initial Benchmark 13,600 (the prior Benchmarks are reset at a new Initial Benchmark)	14,200	Yes
July – December 2023	9	Period 9 Benchmark 14,200		

Explanation: The Benchmark for Period 4 illustrates an adjustment to the Initial Benchmark. The Period 4 Benchmark was established by comparing verified lifts of Period 2 and Period 3. Because Reporting Period 2 and Reporting Period 3 verified lifts did not exceed the Initial Benchmark, the Period 4 Benchmark is set as the same value as the Initial Benchmark (14,000). This is true for Benchmarks Periods 5-7 as well. This example shows six consecutive periods when the verified lifts were lower than the Initial Benchmark (Period 2-7). In Period 8, the Initial Benchmark was reset because the Initial Benchmark of 14,000 was not achieved for a period of three years.

Example 4: Asian Cargo Carrier Conversion to Existing Carrier After Two SFYs

Reporting Period	Period	Benchmark	Verified Lifts From Southeast Or Far East Asia	Verified Lifts from Lines Not From Southeast Or Far East Asia
July – December 2023	1	N/A	11,250	5,000
January – June 2024	2	N/A	11,250	5,000
July – December 2024	3	N/A	8,000	5,000
January – June 2025	4	N/A	11,250	5,000
July – December 2026	5	Initial Benchmark 16,250		

Explanation: Because this example reflects the one ocean carrier who qualifies as an Asian Cargo Carrier, there are no benchmarks for the two SFYs in which the ocean carrier is an Asian Cargo Carrier. The Asian Cargo Carrier would receive the Grant Payment of the Carrier Limit of \$500,000 for the first SFY 2023-2024 (\$281,250 for Period 1 and only \$218,750 for Period 2). The Asian Cargo Carrier would receive the Grant Payment of \$481,250 for the second SFY 2024-2025 (\$200,000 for Period 3 and \$281,250 for Period 4). After two SFYs, reflected above as Period 5, the ocean carrier is an Existing Carrier and the Initial Benchmark is established by the greatest value of verified lifts in the two six periods prior to Period 5, which shall be a combination of lifts from Southeast and Far East Asia, as well as other cargo lines (as noted here by adding 11,250 and 5,000 to equal the total Initial Benchmark of 16,250).

Example 5: Designated Asian Cargo Carrier After Reaching Carrier Limit

Reporting Period	Period	Benchmark	Verified Lifts
July – December 2023	1	N/A	10,000
January – June 2024	2	N/A	20,000
July – December 2024	3	N/A	20,000
January – June 2025	4	Initial Benchmark as Existing Carrier 20,000	11,250
July – December 2026	5	Existing Benchmark 20,000	8,000

Explanation: Because this example reflects the one ocean carrier who qualifies as an Asian Cargo Carrier, there are no benchmarks for the time periods in which the ocean carrier is an Asian Cargo Carrier and has not reached the Carrier Limit (as noted in Periods 1-3). The Asian Cargo Carrier would receive the Grant Payment of the Carrier Limit of \$500,000 for the first SFY 2023-2024 (\$250,000 for Period 1 and \$250,000 for Period 2). The Asian Cargo Carrier would receive the Grant Payment of \$500,000 for the second SFY 2024-2025, by reaching the Carrier Limit in the first six months of the SFY (Period 3). After reaching the Carrier Limit for two SFYs, the ocean carrier is an Existing Carrier and the Initial Benchmark is established by the greatest value of verified lifts in the two six periods prior to Period 4, which shall be a combination of lifts from Southeast and Far East Asia, as well as other cargo lines.

B. Calculating Possible Grant Payments

For Existing Carriers, the possible Grant Payment will be calculated based upon verified lifts that exceed the Benchmark up to the Carrier Limit for the SFY.

For New Carriers, the possible Grant Payment will be calculated based on **all** verified lifts for two six-month periods or until the total lifts reported reaches the Carrier Limit for the SFY.

For Asian Cargo Carriers, the possible Grant Payment will be calculated based on **all** verified lifts from Southeast or Far Asia for two six-month periods in a SFY or until the total lifts reported reaches the Carrier Limit for the SFY, for a total of \$1,000,000 (\$500,000 per each SFY).

An ocean carrier may only be classified as an Existing Carrier, New Carrier, or Asian Cargo Carrier; therefore, an ocean carrier will only receive one payment based on eligibility. Because an ocean carrier can be an Asian Cargo Carrier for two years, only (and is then ineligible to be an Asian Cargo Carrier for a period of seven years), the ocean carrier would be an Existing Carrier after the two SFYs in which it is an Asian Cargo Carrier.

C. Reporting

- (1)** All ocean carriers must submit a Data Verification Form and fulfill all requirements for participation to receive a grant payment from PICGIP. Failure to timely submit a Data Verification Form following each six-month period is a form of non-compliance and may result in failure to receive a grant payment. Failure to submit does not remove the carrier from PICGIP.

- (2)** The Data Verification Form must be completed and submitted by the ocean carrier within 45 calendar days of the end of the six-month period of participation and provide the following information:
 - 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; and
 - total number of discretionary cargo lifts by the ocean carrier.

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 the PennDOT Multimodal Deputate via the eGrants system.

SECTION V - FUNDING AND GRANT PAYMENTS

- A.** All ocean carriers that participate in PICGIP must sign a grant agreement to receive grant funds.
- B.** Grant Payments will be made twice during the SFY – one time in the first half of the Commonwealth’s SFY and one time in the second half of the Commonwealth’s SFY.
- C.** PICGIP is capitalized by \$1,000,000 each year through SFY 2025, defined as June 30, 2025, unless extended or increased, at the sole discretion of PennDOT.
- D.** Should all funding not be utilized in one SFY, the remaining funds may 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.
- E.** Funds may be awarded on a competitive basis to eligible ocean carriers considering the following criteria, which will be prioritized at the sole discretion of PennDOT:
- total number of lifts by the ocean carrier;
 - number of refrigerated cargo lifts;
 - number of discretionary lifts;
 - ratio of imports to exports;
 - ratio of full containers to empty containers; and
 - region of container origin.
- F.** If calculated Grant Payments exceed funding available per SFY PennDOT, in its sole judgment, may prorate the Grant Payments for all eligible participants or increase the funding available per SFY.

SECTION VI – PICGIP INQUIRIES

All PICGIP inquiries should be directed to:
Denise Soisson, Manager of Port Programs
PA Department of Transportation
400 North Street
Keystone Building, 7th Floor
Harrisburg, PA 17120
Direct line: 717-787-1223
E-mail: dsoisson@pa.gov