

Review & Oversight Commission on the South Carolina State Ports Authority

Preliminary Findings Relating to Rail Access at the Port of Charleston

January 7, 2011

The Review & Oversight Commission held a public hearing on September 9, 2010 at the College of Charleston. The purpose of the meeting was to gather information from stakeholders relating to the development of a regional intermodal rail facility to serve the marine cargo terminals operated by the South Carolina State Ports Authority, including the marine terminal under construction at the former Navy Base in North Charleston.

The Commission is keenly aware of the significance of the ongoing \$5.2 billion work to widen and deepen the Panama Canal. The Commission has determined that the Port of Charleston, with its natural deep water access and proximity to the open ocean, should proceed with well-thought, long-term plans to take advantage of the new opportunities that an expanded Panama Canal offers South Carolina.

The Commission heard from South Carolina Public Railways, both Class I Rail Carriers serving the port, various chambers of commerce and economic development groups, environmental interests, neighborhood associations, and the City of North Charleston. Based upon these presentations, the Commission finds that:

- The Port of Charleston has a unique opportunity to benefit from increased cargo through the expanded Panama Canal;
- Port leadership seems to be positioning the Port to maximize this expansion;
- Near-dock, competitive rail access, with its accompanying efficiencies and access to various markets, is necessary for the long-term stability and growth of the Port;
- The economic well-being of the State of South Carolina is inextricably tied to the success of the South Carolina State Ports Authority;
- Standardized, easily understood proposals for competitive intermodal facilities should be made available for public scrutiny.

Rail Proposals Sought

Establishing the proper intermodal rail facility is a complex issue that is further complicated by the need for the facility to be located near-dock. Various stakeholder concerns, financial considerations, and the physical layout and limited availability of land on the Charleston Peninsula must be taken into account.

The Commission asks interested parties to submit specific plans to develop a regional intermodal rail facility that provides competitive, near dock rail access. The responses should provide a broad overview of development of one or more intermodal container transfer facilities, including functional characteristics, cost projections, and timelines. Responses must conform to the format described below. A standardized format will be used to assist the Commission in making a valid, ‘apples-to-apples’ comparison of the merits of each plan, or portions of the competing plans, free from sales, marketing, or public relations materials. The Commission believes that responses in this format will enable it to recommend a proposal that is in the best interest of the State.

Content of Proposals

Each response must contain three sections. The first section must be comprised of a written overview of how, or to what degree, the respondent’s proposed rail plan will provide a regional intermodal rail facility with competitive, near dock rail access. The overview must be no longer than two pages and supported by no more than three 11” x 17” visuals.

The second section should include a description of the functional characteristics of the plan. The second section must address:

1. The specific location of the proposed intermodal facility.
2. The capacity of a full length intermodal train that the respondent would operate to and from the intermodal facility, including the frequency that trains would travel inbound and outbound.
3. The development timeline that the respondent projects. Please provide the timeline in a simplified gantt chart or a table that includes (a) annual development phases, (b) what services, information, or infrastructure (if any) must be provided by a third party, including local, state, or federal governmental agencies, and (c) funding and expenditures by development phases.

4. The source of funding that the respondent will use to complete the plan.
5. The acreage necessary to construct and operate the intermodal facility. Please state whether additional acreage would be necessary or preferred under 'ideal circumstances.' 'Ideal circumstances' means that the respondent would have access to land in appropriate areas regardless of current ownership or use.
6. The distance that lies between the proposed intermodal facility and Union Pier, the Wando Welch Terminal, the North Charleston Terminal, the Columbus Street Terminal, Veterans Terminal, and the new terminal under construction at the former Navy Base.
 - a. Identify the primary means by which cargo will be moved from each terminal to the respondent's proposed intermodal facility.
 - b. Identify the public and private roads that must be used to transport cargo to the respondent's proposed intermodal facility, including the amount of traffic that will be generated.
 - c. Identify the total transfer time from each terminal to the proposed intermodal facility.
7. Identify the total working and storage track layout and throughput capacity of the proposed intermodal facility.
8. Quantify the amount of time typically required to spot and switch a full length intermodal train onto the working tracks of the proposed intermodal facility and quantify the amount of time required to pull and assemble the full length outbound train.
9. Describe the manner in which one or more Class I railroads will have access to the proposed intermodal facility, the means and costs of access to the facility, and the amount of time typically required to move a full length intermodal train from the proposed facility to a point outside of Charleston and from a point outside Charleston to the proposed facility.

10. Identify the transfer cost from each marine terminal identified in number (6) to the proposed facility.

The third section of the response should present the respondent's analysis of the impact that their proposed facility will have on the market dynamics between the Port of Charleston and the Port of Savannah. The comparisons made in this section must be made in a table format. The third section must:

1. Compare the current cost per TEU of delivering a container to Atlanta, Charlotte, Memphis, and Orlando from Charleston with the cost per TEU of delivering a container to those markets from the Port of Savannah.
2. Compare the projected cost per TEU of delivering a container to Atlanta, Charlotte, Memphis, and Orlando from Charleston when the respondent's proposed intermodal facility is fully operational with the projected cost per TEU of delivering a container to those markets from the Port of Savannah.
3. Compare the current transit time for a full intermodal train from the Port of Charleston and the current transit time for a full intermodal train from the Port of Savannah to Atlanta, Charlotte, Memphis, and Orlando.
4. Compare the transit time for a full intermodal train from the Port of Charleston to Atlanta, Charlotte, Memphis, and Orlando when the respondent's intermodal facility is fully operational to the current transit time for a full intermodal train from Port of Savannah to Atlanta, Charlotte, Memphis, and Orlando. Also, make this comparison for the year 2030.
5. Describe the current daily and weekly departure schedule from the Port of Charleston to Atlanta, Charlotte, Memphis, and Orlando.
6. Describe the daily and weekly departure schedule from the Port of Charleston to Atlanta, Charlotte, Memphis, and Orlando when the respondent's intermodal facility is fully operational and in the future.

Format of Proposals

Respondents must conform their response to the specifications below to ensure a uniform format. The Commission believes that a uniform format will best allow for valid comparisons of the information presented in each response.

1. **References.** Respondents must refer to the South Carolina State Rail Plan 2008 Update and the South Carolina Transportation Cost Competitive Analysis. If projected container growth is necessary to formulate a response, the respondent may only refer to the projected container growth provided in the South Carolina State Rail Plan 2008 Update. For responses that require a projection in the future, the respondent's answer must be based upon the year 2030. Respondents are encouraged to make use of third-party academic or government studies that are widely recognized in the industry. The source of information used in formulating a response must be fully cited. Any technical terminology must be accompanied by a definition.
2. **Comparisons.** The purpose of the responses is for the respondent to present a development plan for a regional rail intermodal facility to serve the marine cargo terminals operated by the South Carolina State Ports Authority. Respondents are prohibited from making negative comments about, critiquing, or making comparisons to other rail plans, whether previously presented or anticipated. Any response that contains negative comments, comparisons to, or critiques of another rail plan will not be considered by the Commission.
3. **Document Specifications.** The response must be compiled in a document not to exceed twenty written pages and may contain no more than three attached 11' x 17' color visuals.

Review and Final Recommendations

The responses must be delivered to the Commission on or before Monday, February 7, 2011. The Commission will review the responses and meet to deliberate the strengths and weaknesses of the various plans. Each respondent will be asked to make a formal presentation to the Commission. The Commission will later make a recommendation concerning which plan best meets the needs of the Port of Charleston. No date has been set for these meetings. Responses should be directed to the Review and Oversight Commission on the South Carolina State Ports Authority, Attn: David Owens, 1101 Pendleton St., Ste. 203, Columbia, S.C. 29201. Questions may be emailed to davidowens@scsenate.gov.