

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 (“PennDOT”) strategic vision of improving efficiencies, increasing cargo, and creating and retaining employment at the Commonwealth of Pennsylvania’s (“Commonwealth”) ports, the PennDOT Multimodal Deputate initiated the Pennsylvania Intermodal Cargo Growth Incentive Program (“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 state fiscal year (“SFY”) which begins on July 1 and ends on June 30. The first grants were issued during SFY 2015- 2016 and are anticipated to continue through SFY 2021-2022, unless extended at the discretion of PennDOT. For the purposes of the PICGIP Guidelines, the six (6) 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 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 as well as to 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 - ELIGIBILITY TO PARTICIPATE

A. Definitions

- (1) **New Carrier:** An ocean carrier that establishes a new shipping service or has not called on a Commonwealth port in the previous six (6) 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 (2) six (6) month periods.

- (2) **Existing Carrier:** An ocean carrier that currently calls on a Commonwealth port, 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 (6) months of service, or a New Carrier that has participated in PICGIP for two (2) six (6) month periods but did not meet the Carrier Limit.

B. Eligibility

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

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

C. Requirements for Application

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

- (1) All Carriers are required to submit a completed application to PennDOT through the electronic granting system (“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- (6-) month periods of the next SFY, 2021-2022.
 - Applications received between July 1 and October 31 are eligible to participate in the program for the second six- (6-) month period of the current SFY.
- (3) Following the acceptance of the application and the issuance of a grant via the eGrants system, an Existing Carrier’s valid Data Verification Form serves as its application.

D. Requirements for All Ocean Carriers

- (1) All ocean carriers must submit Data Verification Forms on or before forty-five (45) calendar days after the close of each applicable six (6) month period. 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 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 BENCHMARKS AND REPORTING

A. Definitions

- (1) **Benchmark:** Established by PennDOT and serves as the number of lifts an ocean carrier must exceed per six (6) month period to receive a grant payment. The benchmark will be evaluated and adjusted at the end of each six (6) month period and it may remain the same, increase, decrease, revert to the Initial Benchmark or be reset. *See* subsection B, below, for examples.
- (2) **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 III(B).
- (3) **Period Benchmark:** Established by PennDOT after the close of each six (6) month period based on the greatest number of verified lifts within the two (2) most recent six (6) month periods. A Period Benchmark will never be lower than the Initial Benchmark.
- (4) **Benchmark Reset:** If the verified lifts do not exceed the Initial Benchmark for six (6) consecutive six (6) month periods, the Initial Benchmark will be reset.
- (5) **Verified Lifts:** Actual lifts reported by the ocean carrier and verified by PennDOT and the terminal operator.
- (6) **Carrier Limit:** The maximum amount an ocean carrier can receive in one SFY. The Carrier Limit is two hundred-fifty thousand dollars (\$250,000) or 25% of the available funds per SFY, unless PennDOT approves a greater amount.
- (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) **Grant Payment:** Disbursement of funds for exceeding the established Initial or Period Benchmark.

B. Establishment of Benchmarks

PennDOT will notify the ocean carrier of the established Period Benchmark for each six (6) month period as well as for the Initial Benchmark.

- (1) New Carriers will not have an Initial or Period Benchmark until they have participated in PICGIP for two (2) six (6) 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 (2) most recent six (6) month periods or, if the Existing Carrier has not exceeded the Initial Benchmark for a period of six (6) consecutive six (6) 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.

Example 1:

Reporting Period	Period	Benchmark	Verified Lifts
July – December 2019	1	Initial Benchmark 14,500	14,000
January – June 2020	2	Period 2 Benchmark 14,500	14,600
July – December 2020	3	Period 3 Benchmark 14,600	14,000
January – June 2021	4	Period 4 Benchmark 14,600	17,000
July – December 2021	5	Period 5 Benchmark 17,000	

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).

Example 2:

Reporting Period	Period	Benchmark	Verified Lifts
July – December 2019	1	Initial Benchmark 14,500	14,600
January – June 2020	2	Period 2 Benchmark 14,600	17,000
July – December 2020	3	Period 3 Benchmark 17,000	15,500
January – June 2021	4	Period 4 Benchmark 17,000	15,750
July – December 2021	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 (6) 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:

Reporting Period	Period	Benchmark	Verified Lifts	Exceeds Initial Benchmark
July – December 2018	1	Initial Benchmark 14,000	15,000	Yes
January – June 2019	2	Period 2 Benchmark 15,000	13,000	No
July – December 2019	3	Period 3 Benchmark 15,000	13,500	No

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

C. 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 (2) six (6) month periods or earlier, if the total lifts reported reaches the Carrier Limit.

D. 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 may result in failure to receive a grant payment. Failure to submit does not remove the carrier from the Program.
- (2) The Data Verification Form must be completed and submitted by the ocean carrier within forty-five (45) calendar days of the end of the six (6) 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; 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 IV - 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 2021, defined as June 30, 2022, unless extended 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; and
 - ratio of full containers to empty containers.
- F.** If calculated grant payments exceed funding available per SFY PennDOT, in its sole judgment, may prorate the grant payments for all eligible participants.

SECTION V – 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