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**THE COUNCIL OF THE CITY OF NEW YORK**

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**BRIEFING PAPER OF THE GOVERNMENTAL AFFAIRS DIVISION**

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**COMMITTEE ON ECONOMIC DEVELOPMENT**

Hon. Paul A. Vallone, Chairperson

**October 18, 2018**

**OVERSIGHT: FREIGHT NYC: ASSESSING THE ECONOMIC IMPACT OF THE  
FREIGHT NYC INITIATIVE**

**PROPOSED RES. NO. 178-A:**

By Council Members Vallone and Constantinides

**TITLE:**

Resolution calling on the Federal Aviation Administration to amend the North Shore helicopter route to extend further west to cover Northeast Queens

## **I. INTRODUCTION**

On October 18, the Committee on Economic Development, chaired by Council Member Paul A. Vallone, will hold an oversight hearing entitled, “Freight NYC: Assessing the Economic Impact of the Freight NYC Initiative.” At this hearing the Committee will consider assessments of the Freight NYC initiative within the City’s freight distribution ecosystem. The Committee seeks to hear testimony from the New York City Economic Development Corporation (“NYCEDC”) and interested members of the public. The Committee will also conduct a vote on Proposed Res. No. 178-A, a resolution calling on the Federal Aviation Administration to amend the North Shore Helicopter route to extend further west to cover Northeast Queens. The Committee previously held a hearing on this resolution on April 18, 2018.

## **II. BACKGROUND**

New York City is the largest consumer market in the United States, and nearly 200 million tons of freight passed through the City in 2016.<sup>1</sup> The City’s freight distribution system moves nearly \$720 billion in goods through the region annually.<sup>2</sup> NYCEDC estimates that over 308,000 jobs – 9 percent of private employment – in New York City are freight dependent. These jobs are also good-paying, with a \$52,000 average salary in the e-commerce industry, \$60,000 in rail, and \$62,000 in maritime.<sup>3</sup>

While its geography made it historically well-suited for maritime shipping, the City’s freight network now includes over 90 miles of rail freight lines, nine rail yards, 1,300 miles of

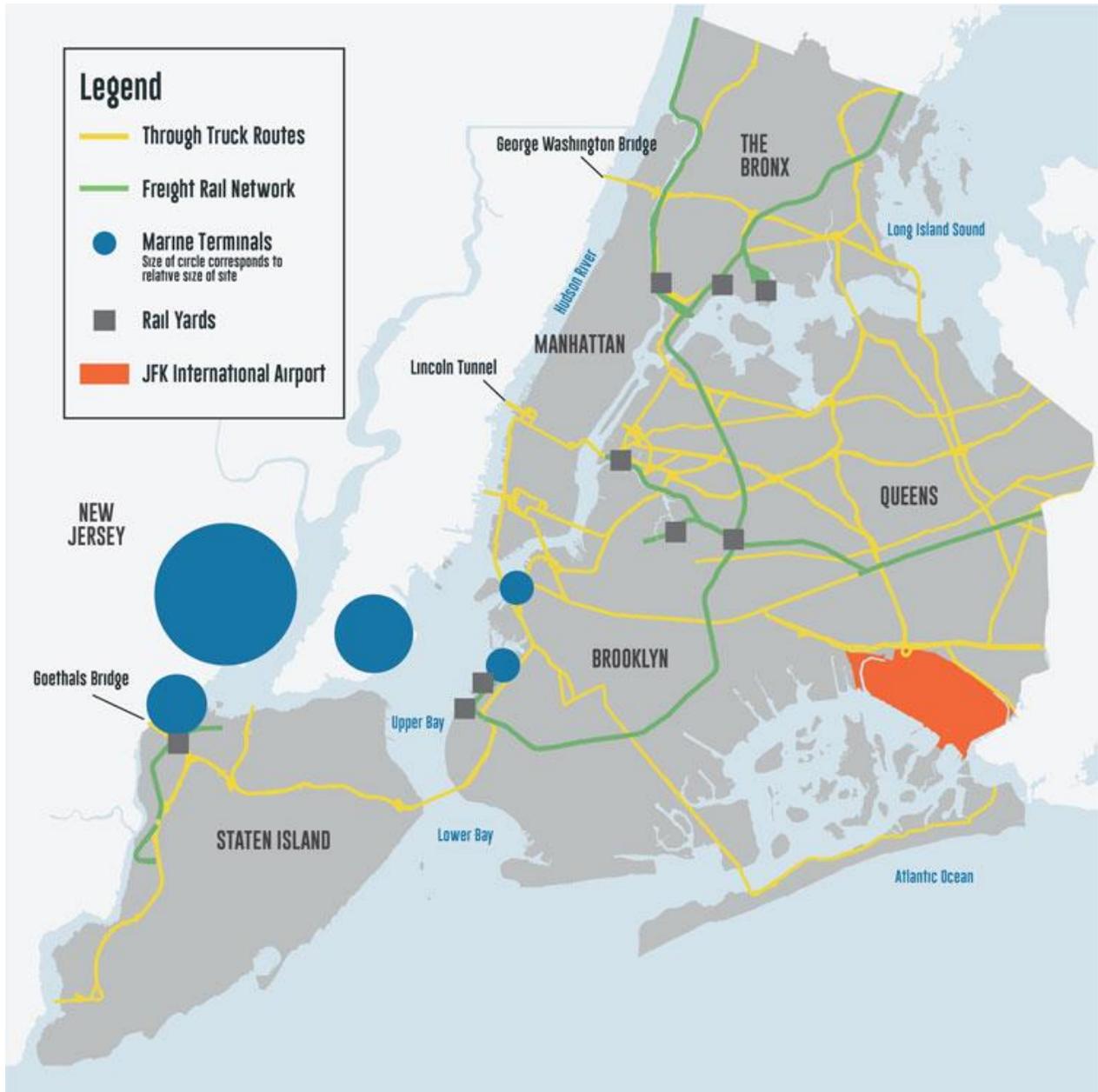
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<sup>1</sup> New York City Economic Development Corporation, *Freight NYC: Goods for the Good of the City* (July 2018) at 3, [https://www.nycedc.com/sites/default/files/filemanager/Programs/FreightNYC\\_book\\_DIGITAL.pdf](https://www.nycedc.com/sites/default/files/filemanager/Programs/FreightNYC_book_DIGITAL.pdf). Hereafter NYCEDC, *Freight NYC*.

<sup>2</sup> Mayor Bill de Blasio, *New York Works: Creating Good Jobs* (June 2017) at 56, <https://newyorkworks.cityofnewyork.us/> Hereafter Mayor de Blasio, *New York Works*.

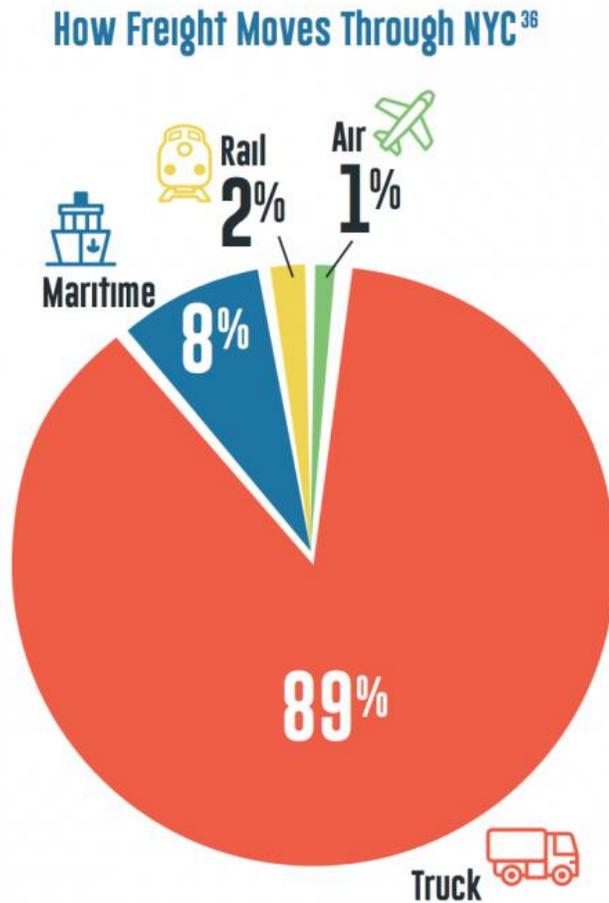
<sup>3</sup> NYCEDC, *Freight NYC* at 10-11.

truck highway routes, the JFK air cargo hub, over 170 million square-feet of warehouse and distribution space, as well as three marine terminals.



Source: NYCEDC

Today, despite these multi-modal resources for freight distribution, the vast majority of freight moves through New York City via truck. Nearly 90 percent of freight enters and passes through the City via truck, followed by maritime (8 percent), rail (2 percent), and air (1 percent).<sup>4</sup>



Source: NYCEDC

The vast majority of rail freight volume in the region is in Northern New Jersey, where rail lines link to massive single-story distribution centers from which goods then travel by truck to points east of the Hudson River.<sup>5</sup> Starting in the 1960s, as the interstate highway system expanded and maritime freight distribution shifted to container shipping, New York began

<sup>4</sup> NYCEDC, *Freight NYC* at 12.

<sup>5</sup> New York Metropolitan Transportation Council (“NYMTC”), *Regional Freight Plan 2018-2045* at 2-14, <https://www.nymtc.org/Regional-Planning-Activities/Freight-Planning>

disinvesting from its rail system, and regional freight operations shifted to New Jersey.<sup>6</sup> Most of New York City's existing maritime and freight rail infrastructure dates to the early 20<sup>th</sup> Century, and thus cannot support modern rail and maritime freight distribution needs.<sup>7</sup>

Looking forward, total freight volumes are expected to increase by 68 percent between 2012 and 2045, and truck trips through New York City to Long Island are expected to increase by 85 percent by 2045.<sup>8</sup>

As the volume of freight grows in the coming decades, New York City's freight network faces several challenges. The over-reliance on trucking creates roadway congestion and pollution. In 2017, the City lost \$862 million in economic activity due to truck congestion and delays.<sup>9</sup> Weight and height restrictions on many New York City roadways result in bottlenecks on the George Washington Bridge and Lincoln Tunnel, and force trucks to travel on circuitous routes through city streets.<sup>10</sup> Trucks accounted for 10 percent of citywide transportation greenhouse gas emissions as of 2015.<sup>11</sup> The City's geography, once its greatest asset, is now an obstacle, as freight from New Jersey and other points west must cross two rivers with limited truck crossings to reach Long Island.<sup>12</sup> Finally, the City's maritime, rail, and freight distribution infrastructure is outdated. Most of the City's maritime and freight rail infrastructure is around one hundred years old, and its distribution spaces are old and do not meet the logistical needs of modern freight operations.<sup>13</sup>

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<sup>6</sup> Genn, Andrew. "Transforming NYC rail infrastructure for a better freight distribution system," *Global Railway Review*, August 17, 2018, <https://www.globalrailwayreview.com/article/72336/freight-nyc-better-distribution-system/>

<sup>7</sup> NYCEDC, *Freight NYC* at 13.

<sup>8</sup> *Id.* at 12.

<sup>9</sup> *Id.*

<sup>10</sup> *Id.*

<sup>11</sup> *Id.*

<sup>12</sup> *Id.* at 13.

<sup>13</sup> *Id.* at 12-13.

### III. FREIGHT NYC

Freight NYC is NYCEDC's \$100 million plan to modernize New York City's freight system and shift a significant portion of freight movement from trucking to maritime and rail distribution. It is part of New York Works, Mayor de Blasio's 2017 plan to create 100,000 good-paying jobs in New York City over five employment sectors in ten years.<sup>14</sup> Freight NYC falls under the industrial and manufacturing sector, and NYCEDC has said that the initiative will create nearly 5,000 good-paying jobs over ten years.<sup>15</sup> NYCEDC has outlined four main goals for Freight NYC:

- 1) **Create nearly 5,000 good-paying jobs over ten years.** These jobs will come from investments in maritime and rail freight infrastructure and modern distribution centers. NYCEDC estimates that maritime freight investments will create 400 new jobs, including longshore workers, marine terminal operators, and maritime distribution workers. Expanded rail freight will create 500 new jobs, including engineers, yardmasters, and rail distribution workers. Modern freight distribution hubs will create 4,000 jobs, including material handlers, warehouse associates, logistics coordinators, and Class A truck drivers.<sup>16</sup>
- 2) **Transform how freight enters New York City by investing in maritime and rail solutions.** These include developing barge terminals at Hunts Point Food Distribution Center in the Bronx and the South Brooklyn Marine Terminal ("SBMT") in Sunset Park, constructing new rail transloading facilities in Brooklyn and Queens, and expanding existing freight tracks to allow for more rail traffic.<sup>17</sup> NYCEDC plans to develop up to

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<sup>14</sup> Mayor de Blasio, *New York Works*

<sup>15</sup> NYCEDC, *Freight NYC* at 1.

<sup>16</sup> *Id* at 16, 21, 24.

<sup>17</sup> *Id* at 16-22.

five new transloading facilities in Brooklyn and Queens by 2020.<sup>18</sup> SBMT is expected to be fully functioning by 2020.<sup>19</sup>

- 3) **Modernize and develop new distribution facilities.** NYCEDC plans to develop geographically dispersed modern freight hubs in Brooklyn (Brooklyn Army Terminal), Bronx (Bathgate, Hunts Point), Queens (Maspeth, JFK area), and Staten Island (West Shore and North Shore) and improve the rail infrastructure that connects these hubs.<sup>20</sup>
- 4) **Improve air quality by supporting an environmentally sustainable resilient supply chain network.** NYCEDC intends to support clean fuel infrastructure at freight hubs and the expansion of New York City Department of Transportation (“NYC DOT”)’s Hunts Point Clean Trucks Program to other truck hubs and industrial business zones. It also plans to pilot initiatives for tenants in City-owned properties to green their own supply chains.

In total, NYCEDC expects Freight NYC to create 5,000 jobs and eliminate 40 million truck miles, 71,500 metric tons of greenhouse gas emissions, and 30,000 pounds of particulate matter annually.<sup>21</sup>

#### IV. PROGRESS

Mayor de Blasio and NYCEDC announced Freight NYC in July of 2018, with the goal of completing its objectives in ten years. NYCEDC has released two Requests for Proposals for new distribution facilities – an urban distribution center at Brooklyn Army Terminal (“BAT”)

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<sup>18</sup> *Supra*, note 6.

<sup>19</sup> Bhardwa, Prachi. “How to take New York City back to its maritime roots in 2018,” *City & State*, September 12, 2018, <https://www.cityandstateny.com/articles/policy/infrastructure/new-york-city-maritime-roots-2018.html>

<sup>20</sup> NYCEDC, *Freight NYC* at 24.

<sup>21</sup> NYCEDC, *Freight NYC* at 28-30.

and an air cargo and distribution facility near JFK Airport. Proposals for the BAT facility are due in November 2018, and for the JFK facility in December 2018.<sup>22</sup> NYCEDC has also launched site feasibility studies for rail transload facilities in Brooklyn and Queens and the South Bronx marine highway barge landing.<sup>23</sup>

In September, NYCEDC and the Port Authority of New York and New Jersey (“Port Authority”) announced the creation of the North Atlantic Marine Highway Alliance, an advisory body of public and private partners that will help develop a regional barge network, including the Hunts Point and SBMT barge terminals. The U.S. Department of Transportation (“USDOT”), through its America’s Marine Highway Program, is supporting this effort with a \$300,000 grant to NYCEDC, which will be matched by the City and potentially other advisory group members.<sup>24</sup>

In an interview in September, NYCEDC’s President, James Patchett, said that NYCEDC “doesn’t foresee any obstacles at this time” with respect to staying within Freight NYC’s \$100 million budget or ten-year timeline.<sup>25</sup>

## V. NATIONAL AND REGIONAL INITIATIVES

While Freight NYC is a city initiative, it exists in tandem with regional and national efforts to expand and improve freight movement through the region. In many cases, Freight NYC intends to work in partnership with these initiatives and planning bodies.

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<sup>22</sup> NYCEDC, <https://www.nycedc.com/opportunity/brooklyn-army-terminal-urban-distribution-center> and <https://www.nycedc.com/opportunity/jfk-development-site>

<sup>23</sup> *Supra*, note 15.

<sup>24</sup> NYCEDC, “Port Authority and NYCEDC To Create Advisory Group To Implement A Regional Barge Network” [Press Release], September 28, 2018, <https://www.nycedc.com/press-release/port-authority-and-nycedc-create-advisory-group-implement-regional-barge-network>; NYCEDC, *Freight NYC* at 16; U.S. Department of Transportation (“USDOT”) Maritime Administration, America’s Marine Highway Program, <https://www.marad.dot.gov/ships-and-shipping/dot-maritime-administration-americas-marine-highway-program/>

<sup>25</sup> *Supra*, note 15.

## A. Cross Harbor Tunnel

For decades, there have been efforts to build a freight rail tunnel under the Hudson River from New Jersey to Brooklyn. There are no Hudson River freight rail crossings in the New York metropolitan area; the closest crossing is the Alfred H. Smith Memorial Bridge in Selkirk, New York, 140 miles north of New York City. The limited freight that crosses the Hudson in New York City travels via barge.

In 1998, NYCEDC launched its Cross Harbor Freight Movement Project and commissioned a Major Investment Study to identify ways to improve freight movement in the region. The study recommended a cross harbor freight rail tunnel from Jersey City to Brooklyn (connecting to the Bay Ridge freight rail branch of the Long Island Rail Road at the 65<sup>th</sup> Street Rail Yard in Sunset Park) as the most beneficial and economically viable option.<sup>26</sup> In 2012, the 65<sup>th</sup> Street Rail Yard reopened and has the capacity to receive two freight trains worth of freight on barges from New Jersey.<sup>27</sup>

The Port Authority has been seriously pursuing cross harbor freight solutions through its Cross Harbor Freight Program, which started in 2010. In 2014, the Tier I environmental impact statement advanced several alternatives for further analysis, including a cross harbor freight tunnel.<sup>28</sup> The Tier II environmental impact statement process began this year and is expected to be completed by 2022.<sup>29</sup> NYCEDC has stated that it is in full support of a cross harbor tunnel and views a tunnel as complementary to the Freight NYC initiative.<sup>30</sup>

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<sup>26</sup> NYCEDC, *Cross Harbor Freight Movement Project* [printed brochure], April 2004.

<sup>27</sup> Geberer, Raanan. "65<sup>th</sup> Street Railyard reopens, adding train link to mainland," *Brooklyn Eagle*, July 20, 2012. <http://www.brooklyneagle.com/articles/65th-street-railyard-reopens-adding-train-link-mainland>

<sup>28</sup> The Port Authority of New York and New Jersey, Cross Harbor Freight Program, <https://www.panynj.gov/port/cross-harbor.html>

<sup>29</sup> Williams, Zach. "Is there light at the end of the NYC freight rail tunnel?" *City & State*, September 14, 2018, <https://www.cityandstateny.com/articles/policy/infrastructure/nyc-freight-rail-tunnel-update.html>

<sup>30</sup> *Supra*, note 15.

## **B. Metropolitan Rail Freight Council Action Plan**

NYCEDC is a member of the Metropolitan Rail Freight Council (“MRFC”), a coalition of public and private organizations dedicated to promoting greater rail freight use in the New York City-New Jersey region. NYCEDC and the Port Authority coordinate MRFC activity on behalf of the Council. The MRFC Action Plan tracks the progress of rail freight initiatives in the region and facilitates collaboration between regional public and private partners. Active projects include 65<sup>th</sup> Street Rail Yard improvements, the cross harbor tunnel’s Tier II environmental review process, and NYCEDC’s activation of Hunts Point and SBMT barge terminals, discussed above.<sup>31</sup>

## **C. Federal programs**

There are also federal initiatives to improve freight movement, including the Fixing America’s Surface Transportation (“FAST”) Act, which directs the USDOT to develop a National Freight Strategic Plan to maintain and improve the National Multimodal Freight Network. The FAST Act establishes freight project funding programs, including the National Highway Freight Program, which is authorized to dispense up to \$1.5 billion per year to states by 2020, and Fostering Advancement in Shipping and Transportation for Long-Term Achievement of National Efficiencies (“FASTLANE”), a discretionary grant program authorized to dispense up to \$4.5 billion between 2016 and 2020 for freight improvement projects around the county. The New York Metropolitan Transportation Council (“NYMTC”), the planning body for

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<sup>31</sup> Metropolitan Rail Freight Council, *Metropolitan Rail Freight Action Plan* (May 2017), <https://www.nycedc.com/sites/default/files/filemanager/Programs/MRFC-Action-Plan.pdf>

regional transportation policy, developed a Regional Freight Plan for 2018-2045 to guide projects under these federal programs.<sup>32</sup>

America's Marine Highway Program, originally established in 2007, is another USDOT program to develop and expand marine freight distribution infrastructure and better incorporate it into the U.S. surface transportation system. USDOT is authorized to dispense approximately \$7 million in grants per year through this program.<sup>33</sup> As discussed above, NYCEDC has already received a \$300,000 grant through this program to develop barge terminals in the Bronx and Brooklyn.

#### **D. State incentives for e-commerce distribution**

In September, Amazon opened an 855,000 square-foot fulfillment center in Staten Island, its first in New York City. Empire State Development, New York State's economic development arm, incentivized Amazon to locate there with large tax breaks in exchange for creating jobs. While the facility will create new jobs and generate economic activity, it will also increase truck traffic, a result seemingly at odds with Freight NYC's goal to reduce truck traffic in the City. According to NYCEDC, "there was no coordination between the agency and the Empire State Development Corporation on the new Amazon fulfillment center." Critics argue that state job growth initiatives aimed at e-commerce distribution centers are at odds with the goal to reduce truck freight and will begin to undermine local initiatives like Freight NYC.<sup>34</sup>

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<sup>32</sup> *Supra*, note 5 at 1-1.

<sup>33</sup> USDOT Maritime Administration, America's Marine Highway Program, <https://www.marad.dot.gov/ships-and-shipping/dot-maritime-administration-americas-marine-highway-program/>

<sup>34</sup> Parrott, Max. "New Staten Island Amazon facility could exacerbate truck traffic," *City & State*, September 28, 2018, <https://www.cityandstateny.com/articles/policy/transportation/new-staten-island-amazon-facility-could-exacerbate-truck-traffic.html>

## **VI. CONCLUSION**

The Committee looks forward to hearing testimony from representatives from NYCEDC and members of the freight distribution industry on the progress of Freight NYC, its relation to regional and national freight programs, and opportunities for improvement.

## **VII. PROPOSED RES. NO. 178-A**

In 2008, the Federal Aviation Administration (“FAA”) created the so-called North Shore Helicopter Route (“NSHR”) to alleviate the noise caused by charter helicopters flying from New York City’s heliports to destinations on Eastern Long Island and Connecticut. The NSHR directs charter helicopters to follow a flight path mainly over Long Island Sound instead of directly above residential communities. The NSHR currently begins roughly 20 miles east of New York City, at a waypoint off shore of Huntington in Suffolk County, and ends at Orient Point in the North Fork area of eastern Long Island. Notably, the NSHR does not require helicopters to fly over water when transiting the residential neighborhoods of Northeast Queens.

In November 2015, the New York City Council heard a resolution calling for the FAA to redirect the NSHR to include offshore waypoints starting in eastern Queens. In July 2016, the FAA ruled to extend the existing NSHR for another four years and the current version of the NSHR rule will expire on August 6, 2020.

Specifically, Proposed Res. No. 0178-A calls upon the Federal Aviation Administration to amend the North Shore Helicopter Route to extend further west to cover Northeast Queens, in an effort to mitigate noise pollution by helicopter traffic in the affected communities.

More information about this resolution is available with materials for the April 18, 2018 hearing, which can be accessed online at <https://legistar.council.nyc.gov>.



Proposed Res. No. 178-A

Resolution calling on the Federal Aviation Administration to amend the North Shore helicopter route to extend further west to cover Northeast Queens

By Council Members Vallone and Constantinides

Whereas, In 2007, U.S. Senator Charles Schumer and Congressman Tim Bishop conducted a meeting with the Federal Aviation Administration (FAA), local helicopter operators and airport proprietors to address noise complaints stemming from helicopter operations along the north shore of Long Island, NY; and

Whereas, In 2008, as a result of this meeting, the FAA established a voluntary route that helicopter pilots could take over the north shore of Long Island, NY (the “North Shore helicopter route”); and

Whereas, In 2012, in response to concerns from a large number of residents disturbed by the level of noise from helicopters operating over Long Island, the FAA adopted a rule generally mandating use of the North Shore helicopter route; and

Whereas, Such rule was scheduled to lapse in 2 years unless the FAA determined that a permanent rule was merited; and

Whereas, In 2014, the FAA published a rule that extends the requirement for the mandatory North Shore helicopter route for an additional two years, and in July 2016 ruled on another extension, this time for four years until August 2020; and

Whereas, According to the FAA’s North Shore helicopter route training, the mandatory route the helicopters have to fly only extends along the shore of Long Island; and

Whereas, There are four heliports in the city of New York that accept charter flights flying to and from Long Island that are required to fly along the North Shore helicopter route; and

Whereas, The North Shore helicopter route does not extend west of Long Island to cover areas of the City of New York that are also impacted by helicopters flying between the city of New York to Long Island, NY; and

Whereas, In August 2015, Senator Charles Schumer sent a letter to urge the FAA Administrator to address the noise pollution caused by heavy helicopter traffic throughout Northeast Queens, including Whitestone and Malba Garden; and

Whereas, The letter specified that the FAA could apply its authority and create or make changes to helicopter flight patterns to redirect their flight paths, whenever possible, to all-water routes; and

Whereas, In March 2018, Congress members from Queens and Long Island who belong to the multi-state Quiet Skies Caucus secured a provision in the omnibus appropriations bill that directs the FAA to reexamine its methods of measuring aircraft noise to alleviate excessive airplane noise over parts of Queens; now, therefore, be it

Resolved, That the Council of the city of New York calls on the Federal Aviation Administration to amend the North Shore helicopter route to extend further west to cover Northeast Queens.

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LS 1058

8/21/18 11:39am