

New York City Council Economic Development Committee Oversight Hearing
FreightNYC
October 18, 2018

Good afternoon Chair Vallone and Members of the Economic Development Committee. My name is Ryan White, and I serve as the Director of Freight Initiatives for NYCEDCs Ports and Transportation Department. I am joined on the panel by my colleague Wil Fisher, Senior Project Manager, Government and Community Relations. We look forward to answering questions you may have about our exciting new program following this testimony.

In June 2017, Mayor de Blasio released a comprehensive vision for creating 100,000 new jobs over the coming decade. This plan, called New York Works, included a roadmap for substantial investment in freight distribution. Simply put, without a sound freight system, New York stops running. The efficient and reliable distribution of goods is both foundational to the city's economy and inextricably linked to the safety and security of New York's residents, workers, and visitors. Each day, freight is used to move food, clothing, and general consumer goods through supply chains throughout the city. If these supply chains were to fail, New York would grind to a halt. Our supermarket shelves would be empty, our gas stations would have no fuel, and our hospitals would not have the medical supplies they need to save lives. For too long, New York has relied on 20th century freight transportation models. FreightNYC is the solution we need by bringing these critical systems into the 21st century.

It would be hard to overstate the importance of trade to New York. The greater New York region has a gross metropolitan product of \$1.5 trillion. This makes us the largest consumer market in the United States, and our economy is equivalent to the gross domestic product of Australia. But as mentioned, the greater New York region's 20 million residents are relying on a

freight model not designed for our modern needs. The current system is a product of investments made in the 1950s, which created the interstate highway system, thereby contributing to urban sprawl and the development of vast acres of land devoted to urban distribution in our neighboring New Jersey. During this time, there was a shift away from moving goods by water to piers in Manhattan, Brooklyn or Staten Island, and towards an increased reliance on trucking goods into the City from surrounding states. In addition to increased use of the Interstate Highway System, the invention of containerization, or the bundling of freight into truck-sized metal containers, was game-changing for the industry. By dramatically reducing the cost of shipping, containerization permanently transformed international commerce. For New York City, this meant that the old, water-based freight system, which barged goods to piers, became increasingly obsolete. The steady decline of moving goods by water continued throughout the sixties and seventies, as freight shipping lines moved out of New York and into larger container terminals in New Jersey. From here, freight was then delivered by trucks via the interstate network connecting New York and New Jersey. This is still New York's main mode of transporting goods today. When creating FreightNYC, one of our key findings was that trucks are responsible for carrying 90 percent of the freight entering, leaving, and traveling through the city.

While our freight system is fraying, New York City's population is growing. By 2040, the city is expected to be home to more than 8.6 million residents. And these residents are increasingly demanding more goods that are delivered faster and at cheaper prices. That's why at EDC, we say, "freight don't wait". But today, this increased demand is incompatible with worsening roadway congestion and limited investments in highway infrastructure. One critical artery, the George Washington Bridge, which first opened in 1931 and connects New Jersey with

Northern Manhattan, handles 30,000 trucks per day—or 55% of all trucks crossing the Hudson into NYC. From a resiliency, redundancy, and security standpoint, we have no choice but to use other modes of transportation to move current and future goods into the City.

To address all of these challenges, EDC developed FreightNYC, an ambitious plan to move fewer goods by trucks; better utilize our waterways and rail lines; and modernize our distribution facilities. In the process, the initiative will create roughly 5,000 good-paying jobs for New Yorkers of all backgrounds. These jobs, which will be created over the coming decade, will offer a ladder into the middle class. The rail jobs created will pay an average of \$60,000 per year, the maritime jobs will pay over \$62,000 per year, and the distribution jobs will pay roughly \$50,000 per year. We plan to work with the unions on the job opportunities, which will be created through the release of RFPs and partnerships with other stakeholders.

The FreightNYC plan includes four strategies to modernize and optimize the freight system in our city, including making key investments in maritime infrastructure, rail infrastructure, modern distribution space, and Clean Trucks. I will now go into detail on our plans in each of these categories.

Making Maritime Investments

First I will talk about FreightNYC's maritime investments. As some of you may know, New York was settled by the Dutch because of its strategically-located harbor, and this advantage continues today. Global shipping companies still make New York their first port of call because of the sheer size of our consumer market. While the shipping business considers the

New York region as one unified marketplace, the final transport of goods from New Jersey ports to NYC consumers and businesses is more complicated.

When goods arrive from global shipping companies, they are then put onto trucks, which often get stuck in traffic trying to leave New York Harbor. This slows the supply chain, and makes our harbor far less competitive than it should be. Efficiently moving goods from a ship to its final destination is the most important metric of success, and one that needs to be improved. That is why FreightNYC calls for a shift in how we move freight, from a truck dependent model, to a hub and spoke model where goods are immediately placed on a barge once they arrive in New York Harbor. These goods are then shipped to ports in neighboring New England and Mid-Atlantic states. The new barge service leverages our ‘marine highways’ —a coastal service promoted by the USDOT American Marine Highway Program which runs parallel to highways like I-95. This approach allows shipping containers or even palletized cargo, which is essentially bagged cargo, or anything on wooden pallets, to move from large regional container terminals to various points in the city on barges via our waterways—thereby reducing roadway congestion and pollution. New York City will assist in developing the facilities needed to support increased barging in our harbor.

In addition to barging infrastructure investments, we recently announced the creation of a regional barge council, the North Atlantic Marine Highway Alliance. This new Alliance includes representatives from the Port Authority of New York and New Jersey, other regional port authorities, maritime terminals, public agencies, and service providers. The major goal of the Alliance is to reduce truck traffic locally and regionally, so that fewer trucks are driving along Interstate 95, including the Cross Bronx Expressway, and elsewhere. We know that the freight moving in trucks along that corridor could and should be moved off the highway, and on barges.

We will also work with this newly formed Alliance to promote the regular maintenance dredging of New York City's waterways, including Newtown Creek, Flushing Bay, and Eastchester Creek in the Bronx. Barges need adequate water depths to operate, thus the need to regularly remove the sediment and debris on the bottom of the waterway that may prevent that activity in the first place.

Expanding Rail Freight

Now, I'd like to discuss FreightNYC's vision for improving rail freight. Highway congestion, infrastructure costs, and air pollution concerns have all made rail freight competitive again. To take advantage of this opportunity, New York City will support the modernization and expansion of rail freight facilities where shipments are moved from railcars to "last-mile" trucks. This process of moving goods from a railcar to a smaller truck is known as "transloading". The City will assist in developing new track connections known as rail spurs to better connect industrial and food-related businesses, particularly in Brooklyn and Queens, to the national rail network, eliminating thousands of truck miles in the city each year.

This plan also supports the Port Authority's Cross Harbor Freight Program (CHFP), which aims to reduce truck traffic into New York City from New Jersey through rail and maritime investments. Additionally, it supports the Metropolitan Rail Freight Council (MRFC) a unique and effective group that looks for solutions to improve rail freight service in our region. In 2017, MRFC released an Action Plan with goals to increase rail freight service to locations east of the Hudson, support industrial jobs, and promote environmental sustainability.

Urban Distribution Vision

The third vision calls for the development of what FreightNYC calls, “Freight hubs”. These freight hubs will be modern distribution centers in existing industrial areas that are ripe for enhancement, connected to maritime and rail infrastructure, and will feature hundreds of new jobs, including material handlers, logistics coordinators, and warehouse associates. Today, New York City is home to smaller, outdated facilities that do not meet current needs. To prepare for our growing population and increased consumer and business demand, we need to develop new space in existing industrial areas where multiple forms of transportation (rail, maritime, and highway) support urban distribution and manufacturing businesses. This includes neighborhoods like Sunset Park, Brooklyn, where the first RFP to identify a developer to construct the first Freight Hub was released in August 2018. Other locations include Hunts Point in the Bronx, the northwest shore of Staten Island, and the Maspeth area of Queens. All of these places already see industrial activity. Freight hubs will also host support facilities, such as off-street truck plazas and alternative fueling stations. The City will assist in making strategic investments in Freight hubs that meet our current freight demand while accommodating e-commerce and economic growth, and making New York City more resilient against supply chain disruption. This vision relies on the other maritime, rail, and clean truck visions described.

Realizing Our Clean Trucks Vision

Another one of FreightNYC’s key strategies is promoting the adoption and use of Clean Trucks, which are the last step in the supply chain. Today, most trucks still rely on fossil fuels to deliver goods to residents and businesses, yet we know these fuels are bad for the environment. Moving forward, New York City must encourage the deployment of cutting-edge and emission-free trucks. Our ultimate goal is to have all New York City truck deliveries powered by clean energy. Through its contracting and lease agreements, the City will call for the adoption of clean

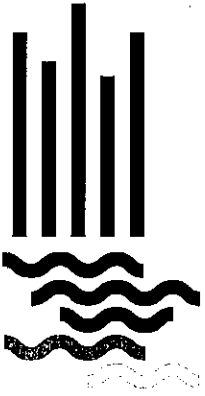
fleets for tenants more aggressively. Additionally, the City will identify new locations for alternative fueling, particularly near or surrounding Freight Hubs, to signal to the private sector that New York City is committed to improving air quality. These actions will keep our air cleaner, positively change the city's transportation network, and help achieve the City's goal of reducing greenhouse gas emissions by 80 percent by 2050.

Implementing the full suite of FreightNYC proposals is ambitious. However, these are actions we must take to keep New York the global capital of commerce it is today. By transforming critical freight and distribution networks, modernizing distribution spaces, improving air quality, and creating at least 5,000 good paying jobs for residents, we are improving the city's quality of life and safeguarding its economic future. With FreightNYC, the greatest city in the world will soon have the freight distribution channels it needs to thrive.

Thank you for your attention. I am happy to take any questions you may have.

**Public Testimony
October 18, 2018
New York City Council Committee on Economic Development
Re: Oversight - FreightNYC**

**Submitted by Karen Imas, Senior Director of Programs
Waterfront Alliance**



Waterfront Alliance is a non-profit civic organization and coalition of more than 1,000 community and recreational groups, educational institutions, businesses, and other stakeholders. Our mission is to inspire and enable resilient, revitalized and accessible coastlines for all communities.

New York's preeminence as a business capital is a direct consequence of its ports. Focusing on waterborne freight and the marine highway through the proposals in FreightNYC is an excellent strategy for improving how we move goods through our region.

Preparing for a future of complex supply chain logistics demands that we increase our focus on waterborne cargo. Ninety percent of the cargo moving through New York City — a city of islands surrounded by waterways — is delivered by truck. FreightNYC is a win for our region in four different ways: reduced transit cost, less pollution improving health, decreasing congestion and more good paying maritime jobs.

FreightNYC is not only a local issue but a regional issue with global implications. We commend the City for looking at how to create a regional barge network to offer alternatives from transporting goods through the northeast - not just between New York and New Jersey but also up into New England.

Waterfront Alliance supports increased investment to bring our region's maritime assets to a state of good repair and to enhance multimodal freight systems - from Hunts Point to Sunset Park to Staten Island - this is a priority. Investment is needed in vital maritime and rail infrastructure not only in order to create economically competitive barging in our harbor, but in order to ensure that our maritime assets are resilient for a future of climate change and rising sea levels.

Also of importance to the City's future is dredging to maintain channel depth for the safe navigation of ocean-going vessels and for future ferry routes.

Through FreightNYC, the City has an opportunity to grow good-paying skilled jobs inspiring the next generation of freight industry leaders. Maritime and supply chain education at schools like Urban Assembly Harbor School should be replicated.

While many policy proposals are laid out in detail in FreightNYC, one common element is essential for success and that is political will. If there is a shared vision of an economically significant and resilient maritime industry in the New York and New Jersey region, leaders need to take actions to affirm the commitment to this vision. Ports will succeed not only because of market opportunities but due to support from and coordination with their local and regional public institutions governing infrastructure development, project permitting and trade promotion.

Waterfront Alliance engages with maritime stakeholders in an effort to understand what is needed by both public and private stakeholders for success and putting the appropriate policies in place. We hope to be a continued resource as FreightNYC takes shape.

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