

THE BOND BUYER

Port Authority pushes rail cargo infrastructure

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The Port Authority of New York and New Jersey announced Monday the opening of its new Port Jersey rail facility that culminates a \$600 million capital investment program first conceived in the 1990s aimed at establishing direct rail access to on-dock and near-dock intermodal rail services at all of its major marine terminals.

The rail facility is the final one completed under the Port Authority's cargo initiative and advances a strategic five year-goal to handle more than 900,000 rail lifts a year, which would equate to 1.5 million fewer truck trips on area highways. The expansion is aimed at reducing truck congestion and allowing goods to be transported more efficiently at a lower cost.

"Given the highly competitive nature of the port business, we need to assure shippers that we have best-in-class infrastructure and service in place to meet growing demand and to allow cargo to be moved in a smooth, efficient, timely and environmentally friendly manner to wherever its final destination may be," Port Authority Chairman Kevin O'Toole said in a statement. "This project, and others we are doing throughout the Port of New York and New Jersey, will ensure that we maintain our competitive edge and continue our longstanding designation as the leading port of choice on the East Coast."

The new intermodal rail facility, which opened for service Monday, consists of four tracks designed for active loading and unloading of cargo from the Global Container Terminals Inc. Bayonne terminal. Port Authority officials expect the facility to be fully built out by the middle of this year to 9,600 linear feet of an eight-track working pad with two lead tracks and a train storage track. It will have an annual capacity of 250,000 container lifts.

"With more than 75 percent of the vessels arriving in the Port of New York and New Jersey as their first call, an efficient rail cargo system can deliver cargo to

an inland destination before the vessel reaches the next U.S. port, making our port a far more attractive destination for shippers,” said O’Toole.

Port Authority officials said the cost of the GCT Bayonne ExpressRail Port Jersey facility is \$149 million including \$56 million for GCT USA to build working pads. The \$149 million is recoverable over time from the Cargo Facility Charge, a fee assessed on cargo shipped through the Port of New York and New Jersey to cover the costs of infrastructure projects. The agency initially used capital funds to build the facility.

“This port is a pivotal gateway not only for goods destined for the 27 million consumers in the New York-New Jersey metropolitan area, but for the millions of others in markets within 250 miles of the port,” Port Authority Executive Director Rick Cotton said in a statement. “Expanding our ability to move cargo by rail is a smart business decision that ensures that we can continue to move cargo expeditiously through the port and do it quickly, cost efficiently and in an environmentally friendly, sustainable way.”

The Port Authority is one of the nation’s largest municipal bond issuers with roughly \$21 billion of outstanding bonded debt projected at the end of 2018, according to the agency’s latest budget document. Port Authority has bond ratings of Aa3 by Moody’s Investors Service and AA-minus by S&P Global Ratings and Fitch Ratings.