Port of New York & New Jersey

Cargo Facility Charge Annual Report 2023

The Cargo Facility Charge (CFC) Annual Report provides Port stakeholders informational updates on: projects covered by the CFC, changes in rates assessed, and updates on upcoming infrastructure projects that are expected to be added to the CFC once the project is completed and the capacity brought online.

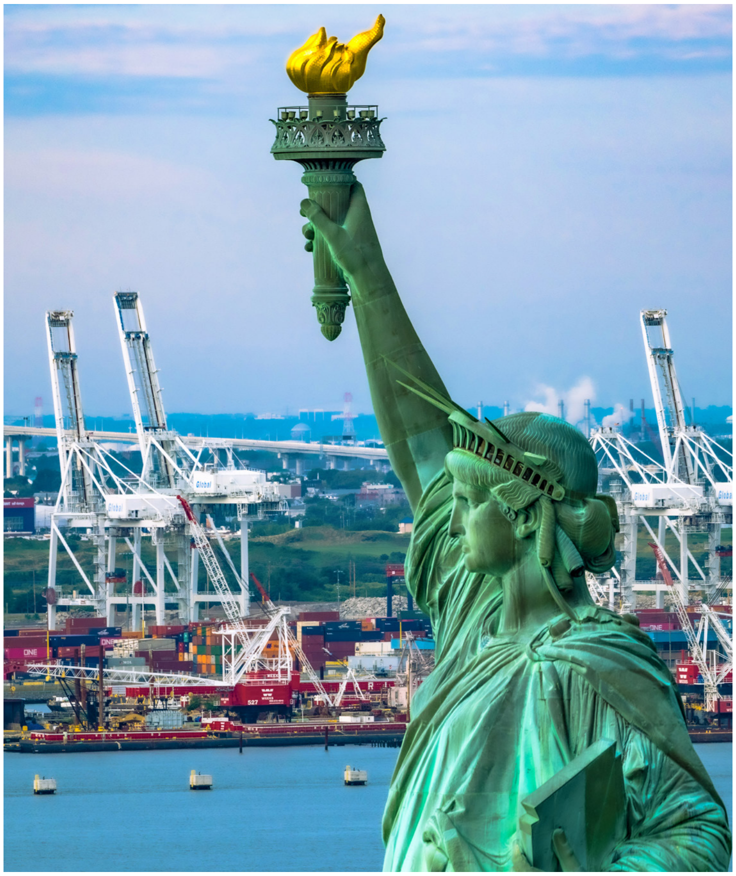
The capital infrastructure investments that are recovered through the CFC provide for an efficient, safe, and environmentally sustainable Port by providing additional intermodal transportation and road capacity, which decreases rail, roadway and terminal gate congestion, truck idling time, and their attendant negative impacts on the environment. This ultimately decreases the cost of doing business in the Port of New York and New Jersey. The region also benefits from increased economic growth realized by the Port's continued trade competitiveness both on the East Coast and nationally.

No new projects were added to the CFC program in 2023.

2023 Rate Changes

In 2023, the CFC increases to $13.13/TEU which is 3.5% or $0.44 over the 2022 rate. The 2023 per TEU CFC rate is made up of four components:

1. the original CFC projects ($0.44 increase YoY in 2023);
2. ICTF offsite rail improvements (no increase);
3. ExpressRail Port Jersey (no increase); and
4. Port Jersey Access & Roadway Improvements Project (no increase).



Historical Rates, Revenue and Volume

The CFC started in March of 2011 and since that time, rates have increased an average of 2.1% per year through 2018. In 2019 the CFC was modified to charge only laden containers. That change was in response to concerns voiced by ocean carriers over the CFC being charged on empty containers. Table 1 below shows historical rate changes along with the revenue collected since the CFC's inception. From 2011 through 2022, the Port's overall annual volume has increased by 72.5% and rail volume by 67.1% (Table 2).

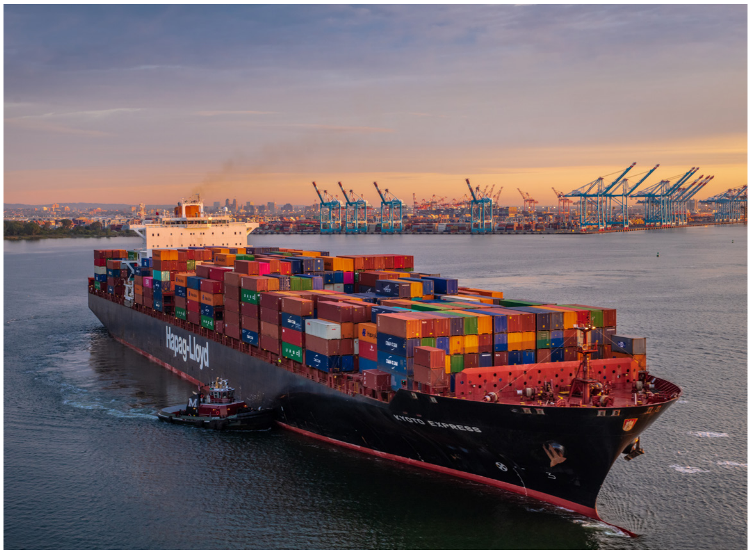
Table 1

Cargo Facility Charge: Rates and Revenue				
Year	Container (TEU)	Auto (Unit)	Bulk (Ton)	Total Revenue (Millions of Dollars)
2011	$4.95	$1.11	$0.13	$22.3
2012	$4.95	$1.11	$0.13	$27.6
2013	$4.95	$1.11	$0.13	$27.3
2014	$4.95	$1.11	$0.13	$29.2
2015	$5.10	$1.14	$0.14	$32.9
2016	$5.30	$1.19	$0.15	$33.6
2017	$5.51	$1.24	$0.16	$37.5
2018	$5.73	$1.29	$0.16	$42.6
2019*	$8.80	$1.34	$0.17	$47.6
2020*	$10.13	$1.40	$0.19	$54.1
2021*	$12.08	$1.46	$0.20	$73.3
2022*	$12.69	$1.51	$0.20	$78.8
2023*	$13.13	$1.57	$0.21	N/A

*Rate change to refllect charge on laden containers

Table 2

Port of New York and New Jersey Historical Volume				
Port Volume			Rail Volume	
Year	TEUs	Percentage Change	Units	Percentage Change
2010	5,292,020	–	376,770	–
2011	5,503,485	4.0%	423,051	12.3%
2012	5,529,908	0.5%	433,481	2.5%
2013	5,467,347	-1.1%	425,784	-1.8%
2014	5,772,303	5.6%	465,405	9.3%
2015	6,371,720	10.4%	522,244	12.2%
2016	6,251,953	-1.9%	540,149	3.4%
2017	6,710,817	7.3%	567,649	5.1%
2018	7,179,792	7.0%	645,760	13.8%
2019	7,471,131	4.1%	664,987	3.0%
2020	7,585,819	1.5%	705,895	6.2%
2021	8,985,931	18.5%	709,094	0.5%
2022	9,493,664	5.7%	706,774	-0.3%



Frequently Asked Questions

1. **How will rates be calculated when new projects are brought into the CFC?**
   The original CFC projects will follow the 25-year payback schedule originally established in 2011. This timeframe was used to align with the bonding approved for the original projects. Any new projects will be evaluated on their usable life and the rate component will be added to the original CFC rate to make up the new charge. As a project's recovery is complete, that rate component will be removed from the charge.

2. **If revenue recovered in a year is less/greater than anticipated, how will it be handled?**
   Each year the CFC rate and revenue are evaluated to determine recovery levels. If the revenue generated is greater than expected, rates may be lowered in the future to compensate. If rate/volume changes are not on target for recovery, the rate could be increased. If revenue is greater over time due to greater than expected volume growth, the CFC for the projects involved could be removed.

3. **If volume fluctuates dramatically during a year, will the CFC be adjusted to compensate?**
   No, the CFC will only be evaluated yearly to determine whether rates and volumes are in line with expectations. We do not anticipate a need for any rate adjustments other than yearly changes.

4. **How will new projects be introduced into the CFC?**
   Once a project has been completed and is available for use, the total project cost will be evaluated against the existing volume forecast and the rate will be established for addition to the CFC. The rate change will not go into effect until the next scheduled tariff update. For example, if a project is completed in June of the current year, the CFC will not reflect the cost change from that project until January 1 of the following year.

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