



Saint Lawrence Seaway Development Corporation

Advisory Board Meeting Minutes

Monday, March 25, 2019 (3:00 p.m.)

Meeting held via Teleconference

PRESENT Craig Middlebrook (Deputy Administrator), David McMillan (Advisory Board Chairperson), William Mielke (Advisory Board Member), Dr. Arthur Sulzer (Advisory Board Member), Nancy Alcalde (Director of Congressional and Public Relations), Chris Guimond (Director of Lock Operations and Marine Services), Michael Howard (Executive Officer), Kevin O'Malley (Director of Budget and Economic Development), Jeff Scharf (Director of Maintenance and Engineering) and Wayne Williams (Chief of Staff) were present. Chelsea Champlin (Program Support Specialist) was also in attendance. Mr. McMillan chaired the meeting and Ms. Champlin recorded the minutes.

I. CALL TO ORDER

In his capacity as Board Chairperson, David McMillan welcomed all participants to the Advisory Board meeting and, noting the presence of quorum, called the meeting to order at 3:02 p.m.

II. APPROVAL OF THE MINUTES

On a motion by Mr. Mielke and seconded by Dr. Sulzer, the Board approved the minutes with one typographical correction for the December 4, 2018 Advisory Board meeting. Without objection, the motion passed unanimously, and the December 2018 meeting minutes were approved as amended.

III. ADMINISTRATOR'S REPORT

Deputy Administrator Craig Middlebrook provided an update to the Advisory Board membership including a general overview of SLSDC activities following the previous Advisory Board meeting in December 2018:

- Senior Advisor Marianne McNerney has been with SLSDC since January. At the time of the meeting, she was with Associate Administrator Tom Lavigne touring the SLSDC facilities.
- Seaway opening ceremonies are to be held at St. Lambert Lock on March 26th, recognizing the 60th Anniversary of the opening of the Seaway in 1959. Additionally, the 2019 season is the 75th anniversary of Fednav, the Seaway's largest international carrier. The Fednav ship *Federal Kumano* will be the season's opening passage.
- The FY 2019 budget was passed at \$36 million, with \$20 million for agency operations and \$16 million for ARP. FY 2020 was delivered to Congress with a request for \$28 million with \$20 million for agency operations and \$8 million for ARP.
- The Finance Office is beginning work for the next financial audit with DOT's Office of Inspector General, set to begin April 3.



- The 2018 navigation season was reported to be the best cargo tonnage through the Seaway in ten years, at 40.9 million metric tons. Total vessel transits were up nearly 6% and tonnage exceeded the 5-, 10-, and 15-year averages. Increases were seen in steel and steel slabs (53%), asphalt (50%), stone (24%), and liquid bulk (22%). These numbers encouraged SLSDC about the upcoming season, which is expected to pick up where the season left off last year.
- On Seaway modernization and technology, progress was made over the winter at Snell lock. All three Hands Free Mooring (HFM) tracks are in place now, and the team is on to testing and commissioning. HFM at Snell should be commissioned in June, which will complete compliance throughout the entire Seaway. The largest ARP project, the Tundra class tug replacement, is over 60% completed and track for September delivery in Massena from Louisiana.
- An effort to modernize the Seaway’s vessel traffic management system is underway with Volpe and SLSMC. Formerly known as “SeaTA,” the group is still deciding on an appropriate name that illustrates an enhanced traffic flow system that will “take vessel traffic management system to the next level,” and help predict traffic flows better.
- Ballast Water Working Group report for 2018 was published in February. The Seaway maintained 100% goal of assessing every tank, despite 10% increase in number of tanks. Low salinity decreased from 68 to 50, with a compliance rate of 99.5 percent for low salinity tanks.
- Canada is proposing new ballast water regulations that it claims would align it with its obligations under the IMO Treaty. Under the proposed regulations, all vessels, including U.S.-flag vessels that enter Canadian waters, would have to install a ballast water treatment system by 2024. The legislative review is expected to begin later this spring. VIDA is expected to take at least five years to implement, bringing another period of transition.
 - Chairman McMillan asked about the “tundra class” tug specification. Michael Howard explained that the Tundra class is the largest artic-level tugboat. It is a newly designed Ocean group tug with the largest and most powerful icebreaking capabilities.
 - Dr. Sulzer asked about the Season’s tonnage, and how much of the steel was outbound versus inbound. Deputy Administrator Middlebrook responded that he would defer to Mr. O’Malley, but believes most of it was inbound. Mr. O’Malley concurred to say that almost all of the steel tonnage was inbound.

IV. QUARTERLY UPDATES

Chris Guimond provided an update on Lock Operations and Marine Services. The team completed current personnel training on HFM, made all selections on lock and dam operator positions, and restructured their crews for HFM operation. At Snell, crews have been restructured as well. The crew is prepared to operate HFM when the system is complete. The 2018 navigation season closed successfully without any major incidents, and the floating aids were decommissioned. The buoy run was successfully completed on December 9. The annual report was completed over winter work period and received input from the Ballast Water Working Group. The team recently hired give trades helper line handlers and one marine survey technician to work with the navigation aids department.



Looking ahead to the upcoming season, Mr. Guimond detailed the work involved with the Seaway opening including ice management and vessel movement, including convoying vessels up with the icebreaker to get them through the channel more safely. A tentative buoy run is scheduled for April 5, dependent on weather and ice. As to upcoming challenges, he described work on the project with Volpe over meetings and shared datasets. The team expects a working model to look at and to ensure the project moving in the right direction. The vessel auto approach technology from Canada Steamship Line's vision and development is expected soon. The biggest upcoming task for the team is the completion and commissioning of HFM at Snell, though Mr. Guimond expects the transition to be a "quick learn," since the crew had been trained at Eisenhower Lock. Looking to the next 90 days, Mr. Guimond referenced the Seaway opening and ESI program management with 30 vessels to be inspected in the next couple of weeks. Collective Bargaining Agreement (CBA) negotiations are in the works (currently at the impasse panel) and are expected to reach an agreement. Finally, he reiterated the progress on new tugboat to replace the Robinson Bay and the upcoming Performance replacement.

- Deputy Administrator Middlebrook added comment to say that a SeaTA demonstration prototype is expected by September 1 in coordination with the SLSMC. SLSDC put in initial seed money, but the cost will be shared.
- Chairman McMillan asked how many employees are covered by the CBA. Deputy Administrator Middlebrook responded to say that approximately 85 are wage grade employees, with 20 covered by the working conditions component. Over 100 of the 144 employees at the Seaway are included.

Kevin O'Malley provided an update on the budget. The FY 2020 was submitted to Congress the prior Monday with a request for \$28 million. The Federal Government shutdown came and went since the prior Board meeting. With the spending bill that passed, SLSDC received \$36 million (\$20M operations and \$16M ARP). The next step after submission is to brief the House and Senate Appropriations Committees. The Senate briefing is this Friday (Mr. O'Malley and Ms. Alcalde will go to the Hill), and a subsequent trip to the House will follow for a similar briefing. Nancy Scott and her team will kick off the 2019 financial statements audit, and SLSDC will be working with the Department shortly on the FY 2021 budget. Per an earlier discussed GAO report, the SLSDC will be enacting a risk management program to address previous recommendations. Lastly, on performance, Mr. O'Malley reported that SLSDC is "looking good across the board," on reliability and administrative expenses.

Additionally, Mr. O'Malley reported on Trade and Economic Development. He mentioned work being done with ports in Seaway system to provide them with data that they normally do not have; providing customers information about commodities and locations in a port's vicinity to help identify new customers. Most recently, SLSDC worked with Milwaukee and Duluth to examine moving goods by a different mode or route. Since the previous Board meeting, cruising has been an important topic, and the SLSDC has spearheaded a number of meetings with industry (both current and prospective), with CBP, and attending a national cruise seminar with the American Association of Port Authorities. Pacesetter award winners have been identified with a news release coming out shortly to recognize ports that have achieved an increase in international traffic over the previous season. The team looks forward to recognizing those ports over the next few months. He announced a new vacancy in the OBED office, for an International



Trade Specialist to replace the former Great Lakes Regional Representative, which will be open for the next month. Looking ahead to the next quarter: Seatrade will be held in mid-April and the annual Breakbulk Europe conference in Bremen will be in May. He noted that the season's recap and overview tables were included in the supplemental materials.

- Mr. Mielke requested the board member be contacted about scheduled Pacesetter awards presentations, in case the board members are able to attend. Mr. O'Malley promised to work with the board.
- Chairman McMillan remarked on new leadership in Duluth and Milwaukee, and a "fair amount of transition going on at the ports," asking if SLSDC believes there have been a lot of changes. Mr. O'Malley responded to agree, noting changes in a number of areas including Oswego and Detroit.
- Chairman McMillan responded to second Mr. Mielke's comment, that board members would like to support in the Pacesetter awards presentations.

Jeff Scharf provided the ARP report on behalf of Associate Administrator Lavigne. Over the past quarter, equipment and control systems for HFM at Snell Lock were completed. The same contractor who completed the work at Eisenhower Lock won the bid to work on Snell Lock. The contractors are working on that project now and making great progress. Slot installation, concrete work, and railings have been completed. Culvert recess concrete was rehabilitated at Eisenhower, and the single-skin valve replacement is underway. There are two left at Snell Lock to be replaced next winter. Contracts for the HFM utility building are substantially completed. The group is still installing a program and data logging system for historical trending at Eisenhower and Snell (95% complete). The group addressed issues with ice flushing at Snell, and continued modelling for a system modification to include modifying some of the pipe culverts and control valves in the crossover at Snell Lock. The Robinson Bay tugboat replacement is 50% complete, with the wheel house connected to deck house, major engineering delivered, and Z drives commenced. Current challenges include remaining issues with ice flushing at Snell lock. The focus for next 90 days is to start to verify results of modeling (intent is to construct newly proposed pipe section) and have it installed on one of the culverts. HFM installation at Snell continues and is progressing well, with completion of commissioning expected by the end of June at the latest. The construction of the tug and contract management continues, and the shipyard expects on-schedule delivery this fall.

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Nancy Alcalde gave an update on Congressional and Public Relations. Regarding accomplishments over the past quarter, she explained that the Burns Harbor Pacesetter presentation was given out to Indiana Governor Eric Holcomb, a good press opportunity for the Ports of Indiana and the SLSDC. The team continues to produce the Soundings and Compass



publications, with a new feature of the latest video being embedded into the publications. Most recently, Chief Engineer Jeff Scharf highlighted the SLSDC's winter work in a video to cover activities at the locks. At the close of the 2019 navigation season, the team provided a season recap and tonnage results in January. Notably, a position was filled in this office to replace Joy Pasquariello, with LaToya James taking over that role, newly emphasizing social media. Current challenges include the Seaway opening day events and related press. Ms. Alcalde gave the ports a press release template to highlight the season opening, noting that it has already been seen used throughout the area. The social media initiative would be fully launching the following day with Twitter, Instagram, and a Facebook relaunch, to include video and photos of the first vessel. Congressional briefings are underway with more to come in the following weeks. Work continues with the Great Lakes Seaway Partnership, filling the 2019 program with other social media enhancements and more press generated about the ports. Over the next 90-days, the annual report is in its final review and is expected to come out shortly. On outreach, the team plans to travel to the Hill more to new Congressional staff, as there are new people in place on relevant committees to touch base with this spring. Finally, the team is planning for the 60th anniversary events in Massena in September, with more to come when dates are finalized. A refresh of the marketing brochure is coming with updated numbers from the economic impact study, new pictures, and highlights.

Deputy Administrator Middlebrook updated the Board on Environmental issues, pointing out the supplemental materials included on Canadian proposed regulations (one from the Canadian perspective, and another an analysis from environmental consultant David Reid). He explained that Canada is calling for a vessel that comes into a Canadian port, loading or unloading cargo, would have to follow regulations and install a ballast water exchange system. The Lake Carriers Association (LCA) has expressed concern about this, in that a vessel offloading cargo but not discharging waters, should not be required to comply. The IMO regulations encourage members to apply this on uptake and discharge, and Canada has elicited requests for input. LCA is preparing to go to Ottawa to express its concerns, despite Canada purporting that it will only affect 5% of LCA's trade. The changes are a "work in process, as is with all things ballast water." The proposed changes came out in February and hearings are expected to start later in the spring, possibly June. Canada would continue to require ballast water exchange traveling to all Canadian ports and saltwater flushing would stay in place. The real question is how the changes will affect domestic traders on the lakes.

- Chairman McMillan commented that it may or may not be significant for LCA, and wondered about the 95% numbers. Deputy Administrator Middlebrook responded that it could still be significant dollar-wise.

V. OLD AND NEW BUSINESS

Chairman McMillan complimented the new meeting structure with reports using bulleted highlights and the flexibility of elaborating or shortening on talking points as needed. He stressed the importance of making the Board meetings as impactful as possible.

He went on to ask if the SLSDC could set up meetings for beyond the next quarter, citing the desire to get dates on the calendar and especially for September. Mr. Mielke agreed to Chairman McMillan's comments on the format of the meeting, and also expressed a desire to get meeting



dates on the calendar as far in advance as possible. Dr. Sulzer commented that other Boards he its on set the dates of the meetings for the whole year, adjusting as needed within 30 days of the meeting. Chairman McMillan asked if there were concerns with political appointments or planning that far in advance. Deputy Administrator Middlebrook responded that the SLSDC would like that as well, and would try to plan as far forward in advance as possible. He said it is unlikely to be able to commit to four dates over the next twelve months. The group discussed possible meeting dates for the third and fourth quarter Board meetings. Chairman McMillan asked why the group was looking at September for a fourth quarter meeting date, and Deputy Administrator Middlebrook responded that it would correspond with the delivery of the tug and the completion of HFM.

V. CLOSING DISCUSSION AND ADJOURNMENT

The meeting was adjourned at 4:06 p.m., with a motion to adjourn from Mr. Mielke and seconded by Dr. Sulzer.

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