



Saint Lawrence Seaway Development Corporation

Advisory Board Meeting Minutes

Tuesday, June 18, 2019 (2:00 p.m.)

Meeting held via Teleconference

PRESENT Craig Middlebrook (Deputy Administrator), David McMillan (Advisory Board Chairperson), William Mielke (Advisory Board Member), Arthur Sulzer (Advisory Board Member), 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. Nancy Alcalde (Director of Congressional and Public Relations) and Chris Guimond (Director of Lock Operations and Marine Services) were absent. 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 2:01 p.m.

II. APPROVAL OF THE MINUTES

On a motion by Mr. Mielke and seconded by Dr. Sulzer, the Board approved the minutes without objection, the motion passed unanimously, and the March 2019 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 March 2019:

- The FY 2020 budget mark was received from the House Appropriations Committee at \$40 million, \$12 million above the request amount and inclusive of an additional \$8 million for ARP and \$4 million for additional marketing and development activities.
- The FY 2021 budget was submitted to Secretary Chao on June 10 for \$28 million; of note is a transition from the Asset Renewal Program (ARP) to a more traditional asset capital plan.
- The FY 2019 financial statements audit being conducted by the U.S. Department of Transportation's (USDOT) Office of Inspector General (OIG) has begun; the audit team will travel to Massena on July 22.
- The 2019 navigation season began on March 26. The year-to-date cargo shipments are on par with last year at 8.27 million metric tons. Total transits are up 5 percent.
- On modernization and technology projects, Hands Free Mooring (HFM) was commissioned at Snell Lock on June 6, marking a major milestone for the waterway. The Seaway may now attract ships that are not Seaway fitted.



- The new tundra-class tug is over 73 percent complete, but will be unable to meet September delivery date due to several subcontractor issues at the shipyard. Modernization of the vessel traffic control system is progressing with an agreement in place with Volpe and a prototype expected by the end of September.
- Water levels were reported as a “hot button” issue as the levels in Lake Ontario and Lake Erie have exceeded those in 2017. The issue is being effectively managed with mitigation measures, however, the outflows have been increased to the highest levels safe for navigation. If outflows increase, the SLSDC may have to halt navigation.
- On ballast water, Canada has proposed new regulations 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.

Chairman McMillan asked a clarifying question about the FY 2020 budget submission numbers, which Mr. O’Malley explained. Chairman McMillan asked about the end of ARP and its future, and Mr. O’Malley responded that while the big items from the original project plan have been completed, capital assets would continue to be maintained and renewed. Only the name used to refer to this process would be changed. Dr. Sulzer asked a question about opening the Seaway to ships that are not “Seaway fitted,” and how the SLSDC will service these ships if for some reason the HFM system were to go down. Associate Administrator Lavigne responded that, given the number of independent units and pads, it would be extremely unlikely for all units to go down at the same time. In this extreme circumstance, it might require tying the ship to a lower lock wall while the equipment is repaired.

IV. QUARTERLY UPDATES

Associate Administrator Tom Lavigne provided an update on Lock Operations and Marine Services, remarking that the season began with a “good, safe opening.” The team just completed an audit of the quality management system, a transition to a new standard (ISO 9001-2015). This standard is more risk-based and required some changes to attain new certification. The audit was successful and recommended for certification. On water level issues, he added that the increasing flow rates require new mitigation measures to be put in place, and that the system is currently at maximum water outflow for safe navigation. The team is awaiting decisions from IJC and/or the Board to move forward, which may require suspending navigation, perhaps intermittently. The Chief of Marine Services and Tug Captain position, formerly filled by Executive Officer Mike Howard, is being recruited for and advertised. The U.S. Coast Guard (USCG) is requiring different license requirements for operating the new tug. SLSDC is working with the Volpe Center on flow management system and with the USCG on ballast water tank inspections (with SLSDC doing inspections to ensure 100 percent compliance). Finally, work is being completed on hydrographic surveying, including upgrading some equipment, to allow more surveying in house.

Kevin O’Malley provided an update on the budget and finance. Adding a point of clarification on the repeated \$28 million budget request, he explained that the number would probably be the request level for the future. He added that the Congressional appropriators have enacted funding levels well above that request level. Regarding the FY 2020 House mark, the \$4 million



additional for marketing came from Congresswoman Marcy Kaptur, and the SLSDC does not yet have additional instructions or information regarding the \$4 million. The bill has cleared the full Committee on Appropriations in the House and now awaits debate. The SLSDC expects the Senate amount to come in at \$36 million (less the \$4 million marketing amount).

- Chairman McMillan asked whether the language “not less than” was typical language. Mr. O’Malley responded that it has been written that way since 2018 and has been beneficial compared to their setting a hard ceiling.

Mr. O’Malley went on to explain that 2019 was the third year with the USDOT OIG audit team, who would perform the annual financial statements audit. The year’s entrance visit was shorter and the audit team will be coming up to Massena in latter part of July for the fiscal year review. It remains unclear whether future years’ audits will return to third party firm in the future, so the SLSDC continues to work with the OIG until further notice. Lastly, he reported that all performance measures are at or near target.

Additionally, Mr. O’Malley reported on Trade and Economic Development, noting the team’s excitement to bring in a new person to fill the Great Lakes Regional Representative vacancy. The solicitation brought in “excellent candidates,” and the hiring board is in the process of final interviews. He looks forward to having a team member back in the region to advocate on SLSDC’s behalf and increase economic trade.

- Dr. Sulzer added comment on this and future open positions, requesting that Board Members be notified about position solicitations.

In other news, International Trade Specialist Rebecca Yackley attended two major exhibitions (Breakbulk Europe in Bremen and Seatrade in Miami). There was a major booth for the Great Lakes delegation at Breakbulk, leading to new business leads and contacts. SLSDC has attended the Seatrade Conference, the largest gathering in the cruise industry, for the past 10-15 years, and this year addressed cruise lines looking for new geographic areas such as the Great Lakes. Mr. O’Malley reported that Ms. Yackley serves as a federal liaison between port communities, tourism bureaus, and cruising companies with U.S. Customs and Border Protection. Lastly, Ms. Yackley will be in Muskegon, Mich., on June 24-25 for meetings with port officials to discuss potential cross-lake trade.

- Chairman McMillan asked if the decreases in steel numbers were tariff-related. Mr. O’Malley responded affirmatively, noting the same issue for the grain numbers.
- Dr. Sulzer asked if the tariffs were paid on exports or imports. Mr. O’Malley responded that for steel, the tariffs are on imports. Foreign import of some types of steel coming into the United States are being levied tariffs.

Associate Administrator Lavigne provided the ARP report, noting that the Engineering and Maintenance team has been quite busy. The HFM system at Snell Lock is “up and running,” and was successfully brought in several weeks early. The data logging system to provide historical trending for lock control and lock status systems is substantially complete. The contractor tasked with replacing the *Performance* tugboat just completed design drawings and specifications, and the SLSDC could have a contractor on board in 90 days to begin building it. Repairs have been made to fixed navigation lights. Regarding the Snell Lock ice flushing system, things “look positive,” and a contractor is set to come in, complete upgrades on one pipe, and let the SLSDC



run it and test it. The *Robinson Bay* tug replacement is over 70 percent complete but ran into some crane and electrical issues. Mr. Lavigne remarked that, “We want to get the right tug, well-built, and all tested before it makes the trip from Louisiana.”

On engineering and maintenance activities, Mr. Lavigne reported that the Eisenhower Lock Visitors Center is open. Additionally, the team has been busy putting HFM in operation at Snell Lock and repairing damage to a ship arrestor. Mr. Lavigne applauded the team for their great and expedient work. Lastly, the engineering group is working on updating hydraulic machinery, completing a study on electrical safety, and performing environmental testing on dredging sediments.

- Chairman McMillan thanked Associate Administrator Lavigne, noting the importance of “the laundry list,” of small, regular maintenance projects that require attention.
- Mr. Mielke asked a question about dredging materials, and whether any material had ever been classified as a hazardous waste. Mr. Lavigne responded affirmatively, noting that typically it is not.
- Dr. Sulzer asked about the *Spruceglen* incident and whether there was a final report released. Mr. Lavigne responded that there was no final report, adding that five agencies were involved in investigating. He also added that Canadian Steamship Lines (CSL) completed in-depth studies, looking at 50+ points of the operation and found areas where risk of failure or danger was high. They made changes to the landing booms and landing gear, subsequently sharing their studies and findings with industry. Mr. Lavigne applauded CSL for their transparency, and the company responded, “Safety is not a competition.”

Deputy Administrator Middlebrook exited the meeting due to a medical appointment, noting that an update on environmental issues was provided as part of the Board’s supplemental materials.

Director of Congressional and Public Relations Nancy Alcalde was not present at the meeting, but provided a written report. Chief of Staff Wayne Williams welcomed any questions on her behalf, adding that there are plans to progress the Seaway’s 60th anniversary celebration.

Mr. Williams noted that the SLSDC expects to hold the next Board meeting during the time of the Seaway’s 60th anniversary both in Massena, N.Y. and via teleconference.

V. OLD AND NEW BUSINESS

Chairman McMillan noted there was no old or new business to discuss.

VI. CLOSING DISCUSSION AND ADJOURNMENT

The meeting was adjourned at 3:09 p.m., with a motion to adjourn from Mr. Mielke and seconded by Dr. Sulzer.

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