



Saint Lawrence Seaway Development Corporation

Advisory Board Meeting Minutes

Tuesday, December 4, 2018 (2:00 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), Carrie Lavigne (Chief Counsel), Tom Lavigne (Associate Administrator), 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 2:02 p.m.

II. APPROVAL OF THE MINUTES

On a motion by Mr. Mielke and seconded by Dr. Sulzer, the Board approved the minutes for the July 23, 2018 Advisory Board meeting. Without objection, the motion passed unanimously, and the July 2018 meeting minutes were approved.

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 July 2018:

- Regarding budget and finance, Deputy Administrator Middlebrook announced that SLSDC had received its 55th consecutive unmodified financial statement audit, which was performed for the second year by DOT's Office of Inspector General. The SLSDC continues to operate under a CR, working with FY 2018 at \$40 million.
- [REDACTED]
- Regarding the closing of the navigation season, Deputy Administrator Middlebrook called it a "gangbuster year." Compared to the prior navigation season, 2018 saw 60 ocean vessels (19 higher than the prior navigation season), an increase in tonnage through October by 4% (an increase of 1.2 million tons), and an increase in transits by 5%. The total tonnage for 2017 was 30.54 million. Traffic is much higher, leading expectations for a great closing and hopes for good weather.



- On the topic of infrastructure projects and Hands Free Mooring (HFM): Since September, HFM went live at Eisenhower after being installed and commissioned. So far, the system is working according to expectations. Safety and efficiency benefits are clear to all involved. Installation at Snell is on track for next year. Regarding the tugboat replacement project, Executive Officer Mike Howard has been traveling to ship yard and reported that the project is on track, with expected delivery August of next year.
- The Coast Guard reauthorization bill is expected to be signed today, and includes a ballast water bill. As such, it will affect operations at SLSDC. The bill came to fruition after 10 years of deliberation.
- On personnel: the Secretary’s office approved three positions in the Washington office, a Budget Analyst (OBED), Public Affairs Media Specialist (CPR), and a Data Analyst (OBED) to start using data more dynamically.

IV. QUARTERLY UPDATES

Chris Guimond provided an update on Lock Operations and Marine Services, beginning with accomplishments achieved over the past quarter. SLSDC received finalization with USCG approval for anchorage area at Cape Vincent (July 30), and the team expects more usage during closing and opening seasons. Deputy Administrator Middlebrook noted the practical and operational benefit of having the anchorage area at that location. The installation of HFM units was completed in September, and was well-received by lock crew, captains, and pilots. With HFM implementation, a union agreement and an MOU were signed in late August 2018. On September 20, training was held with the goal of 100% completion in the program before end of season. There was 100% fulfillment of ballast water exams, which required a “team effort to get it all done.”

Mr. Guimond went on to describe a vessel incident and upcoming challenges. A vessel incident occurred over the summer at Cape Vincent, where the vessel was struck by pilot boat in the middle of the night, sustaining damage to the buoy. The vessel had to be pulled out by Robinson Bay and the crew performed repairs. Costs were recovered by the Pilots Association. On the topic of upcoming challenges, Mr. Guimond explained the need to complete HFM training for all employees, the restructuring of lock crews, and filling vacant positions before the next season’s opening (including a lines helper, and Chief of Marine Services). Regarding projects, the vessel auto approach and Seaway Time of Arrival projects are moving forward, with upcoming meetings for development. In the next 90 days, the focus will be on ballast water testing within the new Coast Guard regulations. It is more challenging as the USCG is stepping away from ballast water management, leaving the responsibility up to the Seaways and Transport Canada for 100% of testing coming in. Finally, the winter security watch program begins after the navigation season ends, with the rest of the crew on base for winter maintenance period.



[REDACTED]

- [REDACTED]
- Dr. Sulzer asked Mr. Guimond where the new job vacancies will be posted. Mr. Guimond assured him they would be posted online at usajobs.gov.
- Chairman McMillan asked about HFM training programs for employees at Eisenhower versus Snell, and whether there were any changes to make or lessons learned from the first round of training. Mr. Guimond responded that employees were trained to use the system at either lock, and training has been done on rotation at both locks.
- Deputy Administrator Middlebrook added a comment to say that HFM has clear safety and efficiency benefits, but it will also have a positive marketing impact. The Port of Milwaukee and Peter Hirthe have been touting the benefits. In one instance of shipping concerns out of India with potential customers not wanting to invest in Seaway-specific measures, HFM allows the Seaway to become more attractive.
- Chairman McMillan asked for more information about VIDA, asking whether the Coast Guard's stepping away creates a resource challenge for the SLSDC. Deputy Administrator Middlebrook responded that the details have not played out yet, saying that questions remain about filling the staffing gap and assignment or authority. He went on to say when the System adopted regulations in 2007, the SLSDC tied it to the USCG authority, and the SLSDC needs to be sure to have the legal authority to be able to step in regulatorily. Mr. Guimond added that there would be a Ballast Water Working Group meeting the following week. Transport Canada has agreed to maintain flush program and exchange system until 2024 based on Canadian regulations.

Kevin O'Malley provided an update on budget and financial management, noting that the biggest accomplishment has been the completion of the audit. The SLSDC received three recommendations which were resolved by the time the audit report was issued. Separately, the SLSDC received the FY 2020 OMB passback, and is preparing for the President's FY 2020 budget submission on the first Monday in February. The House passed a two-week stopgap bill the day prior, and the Senate was expected to follow suit. Mr. O'Malley added that a federal shutdown would not affect the SLSDC, as long as it is a short-term shutdown. Regarding other budget areas and the following 90 days, Mr. O'Malley commented that CBA negotiations with the wage grade work force were ongoing and the following week had a 3-day negotiation window to work on wages. He described a GAO report about the SLSDC's program management and asset renewal program, which directed the SLSDC to develop a risk management program. The SLSDC is looking at best practices from Canada. Regarding the year's performance summary, the SLDC achieved very high marks, including being well below its threshold for administrative expenses.



- Chairman McMillan commented that the SLSDC continues to deliver on the expectation of “clean bill of health.” He wanted to “recognize and appreciate the consequential nature of that outcome.” Mr. O’Malley responded to give “all credit to Nancy and her team.”

Providing an overview of the navigation season’s traffic, Mr. O’Malley remarked that “It’s been a tremendous year” and the System had seen some interesting movements, including Canadian soybeans shipped to China through the Great Lakes Seaway System. He reported an astronomical level of ocean vessels above St. Lambert this close to season closing, citing the effects of tariffs. On the topic of cruising and the SLSDC’s focus on it over the last 15-20 years, Mr. O’Malley noted a steady growth in number of ships that come into the System. There has been traction with major international cruise lines and international hotel companies looking to “dip their toe in the waters of the Great Lakes,” with much bigger names. Mr. O’Malley looks forward to reporting on progress at next meeting after public announcement in early January.

- Deputy Administrator Middlebrook added comment to say the potential nature of the new cruise line’s commitment is astronomical; “like nothing we’ve ever seen.” While the monetary benefit is incremental, the impact of public perception is much bigger, raising awareness of commercial navigation by leaps and bounds.
- Mr. Mielke commented that in a meeting with Milwaukee Port Director Adam Schlicht, he learned that the amount of recreational traffic is expected to triple for the port this year.

Associate Administrator Lavigne updated the Board on the Asset Renewal Program (ARP). Regarding HFM, the designs are 80% completed at Snell and have been completed at Eisenhower. There is a data logging system to get historical trending on lock control systems at both locks (also 80% complete). The SLSDC had a meeting with the contractor that installed the ice-flushing system at Snell, spending a day and a half trying to agree on an outcome that would work. The group will model revisions to the system and ensure success in phase I, then implement it on one of the seven outlet pipes. Regarding the tugboat, construction is underway. Work is being completed on HFM installation and fendering. One upcoming challenges is fixing the ice flushing system at Snell. Over the next 90 days, the team hopes to complete modeling of the ice flushing system, complete infrastructure slots and install rails at Snell for HFM, and build data logging system for lock control equipment. The Robinson Bay tugboat is expected to be delivered in August 2019. The SLSDC is also working to remove and replace some of the original culvert valves (single skin valves to replace double-skinned valves).

- Mr. Mielke asked if there was any additional cost to the Seaway. Mr. Lavigne responded that he was not sure, but did not expect additional costs.
- Deputy Administrator Middlebrook added that the SLSDC wants to pursue all the appropriate legal rights, but benefits of completing this during closing period are vitally important. The SLSDC hopes to have it online as soon as possible.
- Dr. Sulzer asked a question about vibrating valves, and whether a different solution was being pursued from the fix in previous years. Mr. Lavigne responded that the SLDC was trying different options, including reinforced valves and putting ramps in the valves to try to get them to open and close properly.
- Dr. Sulzer asked if the Robinson Bay tugboat replacement was on price and on time so far. Mr. Lavigne responded to say that it was.



Ms. Alcalde gave an update on Congressional and Public Relations. U.S. Great Lakes ports continued to rollout information on the economic impact studies for weeks after initial rollout. The report gained robust media coverage well into the fall, with 227 online articles about the study across the country and the globe. The SLSDC continues with its Pacesetter awards presentations, most recently with the Port of Chicago where Tom Lavigne presented the award to Clayton Harris in August. She added that the Compass publication, Soundings, and press releases continued. The team increased distribution of tonnage stats releases to trade journals, hoping to reach new audiences. In new media, the first “Seaway 60 Spotlight” featured Marc Gagnon from Fednav during a visit to D.C. The Spotlight is one answer to the question, “What can we do for public consumption for our stakeholders?” The 23-minute video will be shortened, captioned, and put on YouTube for public consumption soon. Regarding current challenges, Ms. Alcalde noted the National Day of Mourning required postponing the SLSDC Administrator’s Awards Ceremony. The SLSDC continues to work with the Great Lakes Seaway Partnership, planning Capitol Days in Great Lakes states. The most recent was held in Indianapolis, where the Pacesetter for Burns Harbor was presented and the group met with Governor Holcomb and other state legislators. The SLSDC is working to fill the former Public Affairs Specialist’s shoes, with the intent to find an individual who can focus on social media, including daily tweets and retweets, citing a heightened focus on social media from the Department. Over the next 90 days, the group is underway with the production of the annual report. Given the new members of Congress in the Great Lakes (5 governors, 2 dozen house members, and several senators), there will be work to do there with all the new people. Will Friedman, the new leader of the AAPA, is expected to “shake things up” and carry water for the SLSDC on interactions on the Hill and with others. Lastly, the SLSDC is planning for the 60th anniversary, with more events to follow in the fall for a September or October event with new tug rollout.

Deputy Administrator Middlebrook updated the Board on Environmental issues. Providing highlights of the new VIDA bill, he explained that from ten years ago, all efforts to try to harmonize the ballast water system had failed until now. At the federal level, the legislation makes clear that the EPA will be the federal agency responsible for setting the discharge standard. It will initially adopt the current, “Coast Guard standard”. The USCG will have the sole responsibility for enforcing that standard. The states are removed from the process of setting their own standard or enforcement. It will preserve the status quo for the next couple of years. For the Great Lakes, there are special provisions as part of the compromise that will allow them to issue their own standards or more significant enforcement with requisite agreement among the states. If five states come together and demand stricter standards, they are permitted to do so. If all eight states concur that the current federal requirements are not stringent enough (time schedule or the nature of the treatment systems themselves), they can inform the Coast Guard that they are going to require different criteria for ballast water treatment systems. Deputy Administrator Middlebrook remarked that the positive aspects include harmonization of federal regulations and reduced involvement of states (federal jurisdiction area), while preserving states’ ability to scrutinize this as well. He commented that, with the USCG being solely responsible for enforcement of this, it will accelerate the USCG’s desire to get out of ballast water tank management that has been effective for the last ten years, and that “It’s going to change the landscape.” Canada will issue their own standards for ballast water management, intending to stick to the current regime of ballast water exchange plus flushing, adding treatment. SLSDC will have an obligation to harmonize with Canada.



- Dr. Sulzer commented that the USCG is going to try and give responsibility to another agency, remarking, “I think that’s a good thing.”

V. OLD AND NEW BUSINESS

Chairman McMillan reiterated the group’s interest in an in-person opportunity to meet, looking to the calendar to plan around the February meeting in Cleveland. He requested comment from Deputy Administrator Middlebrook, Wayne Williams, Art Sulzer, Bill Mielke, who were all supportive of reconnecting for second quarter meeting.

- Deputy Administrator Middlebrook noted that the next meeting would be held in Cleveland the first week of February, with the Great Lakes Waterways Conference being a good chance for board members and stakeholders to interact. For the third quarter, a teleconference would be held, and for the fourth quarter, the meeting is expected to be held in person around the Seaway 60th anniversary and tug rollout.
- Carrie Lavigne confirmed board meetings must be held every quarter per the fiscal year.
- Chairman McMillan reiterated his wishes to hold an Advisory Board meeting in concurrence with the upcoming fall events.
- Mr. Williams noted the February 5 and 6 dates for the Waterways Conference, and that all three board members were available for that time.

Dr. Sulzer asked a question about the commercialization study. Deputy Administrator Middlebrook responded that it was noted in the President’s FY 2018 that it the SLSDC was not permitted to spend monies on the study. In the FY 2019 budget, it remains to be seen if the SLSDC will have money.

V. CLOSING DISCUSSION AND ADJOURNMENT

The meeting was adjourned at 3:32 p.m., with a motion to adjourn from Mr. Mielke and seconded by Dr. Sulzer.

#####

