



# Saint Lawrence Seaway Development Corporation

## Advisory Board Meeting Minutes

Monday, October 30, 2017 (2:00 p.m. CST)

Meeting Held In-Person (Milwaukee) and Via Teleconference

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**PRESENT** Craig Middlebrook (Deputy Administrator), David McMillan (Advisory Board Chairperson), William Mielke (Advisory Board Member), 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 Engineering and Maintenance), Adam Schlicht (Great Lakes Regional Representative), Nancy Scott (Chief Financial Officer), and Wayne Williams (Chief of Staff) were present. Advisory Board Member Wenona Singel was absent from the meeting. Chelsea Champlin (Program Support Specialist) was also in attendance. Mr. McMillan chaired the meeting and Ms. Champlin recorded the minutes.

Members of the public in attendance were Richard Lindo, Eric Johnstone, Joseph Ricard, Richard Eisenberg, Eric Hansen, and Anne Steinberg.

### 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 with three of four board members present, called the meeting to order at 2:06 p.m. Central Time.

### II. APPROVAL OF THE MINUTES

On a motion by Mr. Mielke and seconded by Mr. Sulzer, the Board approved the minutes for the August 28, 2017 Advisory Board meeting. Without objection, the motion passed unanimously, and the August 2017 meeting minutes were approved.

### III. ADMINISTRATOR'S REPORT

Deputy Administrator Craig Middlebrook provided a quarterly update to the Advisory Board membership, including a general overview of SLSDC activities following the previous Advisory Board meeting in August 2017:

- The season's traffic and transit numbers, both foreign and domestic, are currently up. Through the end of September, the SLSDC has seen an increase of 14 percent in tonnage compared to 2016, which has been driven by export iron ore. Continued strong movement is expected through the end of the year, possibly reaching 40 million tons.
- Performance measured by system reliability and lock availability has exceeded expectations this year. In terms of safety, the past year's trend of low incident numbers continues with only two incidents to date this season.



- Regarding the SLSDC’s budget, Deputy Administrator Middlebrook noted that FY 2017 numbers have been finalized and SLSDC is currently operating under a continuing resolution through December 8, 2017 for FY 2018. The Corporation received a preliminary report of a clean audit for FY 2017, with the DOT Office of Inspector General (OIG) having taken over the financial audit for the first time ever this year. Lastly, the administrative expense ratio in FY 2017 was a record low of 20 percent.
- In personnel news, it was reported that SLSDC public affairs specialist Joy Pasquariello plans to retire in January and there is no Administrator appointment expected at this time.
- Green Marine welcomed new participation from the largest U.S. lake carrier, Interlake Steamship Company, as well as from Great Lakes Towing.

#### IV. QUARTERLY UPDATES

Associate Administrator Lavigne provided an update on the Asset Renewal Program (ARP), giving an overview contracts awarded for ARP projects at the end of FY 2017. Contractors have completed work on a new building at Eisenhower Lock that will house control equipment for the Hands-Free Mooring (HFM) system. SLSDC engineering staff, alongside a third-party contractor, are working on designs to install the HFM system at both Eisenhower and Snell Locks. Contracts have been awarded for the installation of the slots and rails at Snell Lock, for inspection and repair of the gatelifter, and for replacement of bad concrete in the north culvert at Eisenhower Lock. The ice flushing system at Snell Lock is in a transition period as the contractors continue to test options for modifying the existing valves. The contract to replace the *Robinson Bay* tugboat has been awarded and conversations with the awardee are ongoing.

- Deputy Administrator Middlebrook further explained an ongoing situation with a non-awardee contractor’s protest, which is currently under review by the U.S. Small Business Administration (SBA); the SLSDC is currently awaiting subsequent guidance.
- Mr. Sulzer asked for more information about other bidders for the tugboat replacement contract.

The Canadian St. Lawrence Seaway Management Corporation (SLSMC) continues to work on vessel self-spotting research and development through a third-party contractor, and they are looking at alternatives to laser systems currently in place. As such, the SLSDC is awaiting test results from the SLSMC. All-season buoys are ready for deployment throughout the upcoming winter season.

- Deputy Administrator Middlebrook requested an update on Great Lakes water levels.
- Associate Administrator Lavigne responded to say that water levels are “pretty good,” noting from the peak in late May the water is down 40 inches. Lake Ontario and the Montreal area had major flooding, but things are more stable now.

Mr. O’Malley reported on the SLSDC’s budgetary and financial status, and started by saying that not much has changed since the previous Advisory Board meeting regarding agency funding. He commended Nancy Scott and her team for successfully closing out FY 2017, transitioning to FY 2018, and working with the DOT OIG on the annual financial audit. An expanded set of standards by the OIG were closely scrutinized, and Ms. Scott’s team worked tirelessly to receive the Corporation’s 54<sup>th</sup> consecutive clean audit. As for ARP funding, the SLSDC obligated just under \$28 million on 11 projects, most of which went towards the tugboat replacement project.



About \$9.2 million was included as recovered funds from the previous year's funding. The SLSDC's unobligated balance (for emergency or capital project needs, which require DOT and OMB approval for use) is just under \$11 million to-date. The FY 2018 budgetary year has begun with a continuing resolution through December 8, 2017. The SLSDC's internal spend plan is currently affected as the Corporation currently plans for three different numbers between the President's, House, and Senate budgets of \$28.346 million, \$31.346 million, and \$36.028 million, respectively. The final number will impact ARP project implementation. Finally, the FY 2019 budget submission was approved by the Secretary of Transportation and has moved to OMB for a predicted passback in early December 2017. A "normal" budget schedule is expected beginning February of 2018.

- Deputy Administrator Middlebrook provided context regarding cuts in the FY 2016 budget and its effect on our relations with Canada. He noted that the Canadian Hands Free Mooring technology is ready to go live next year, as such, SLSDC is managing Canadian expectations that the SLSDC has had to delay its implementation of HFM until 2019. The SLSMC is counting on its completion as soon as possible.

Mr. O'Malley and Mr. Schlicht provided a report on trade and economic development activities. Mr. O'Malley noted that the SLSDC is hoping to "do more with our trade data," in new and robust ways for the benefit of Great Lakes Seaway stakeholders. He also mentioned an unusual phenomenon; that U.S. laker fleet are moving iron ore due to foreign-flag ships operating at capacity.

Mr. Schlicht also provided a report on trade and economic development activities. Adding to the points made by Deputy Administrator Middlebrook and Mr. O'Malley, he started by pointing out the 14 percent overall increase in overall Seaway activity in 2017, and that he expects that trend to continue through the remainder of the season. Other tonnage highlights compared to the 2016 season include a 58 percent increase in iron ore, a 13 percent increase in dry bulk, a 35 percent increase in general cargo, and a slight decrease in liquid bulk. While U.S. and Canadian grain saw a 21 percent increase in 2016, it has seen an overall decrease in the 2017 season. Mr. Schlicht also noted that the SLSDC recently represented the Great Lakes Seaway system at the Breakbulk Conference in Houston, which continues to prove effective in seeking out new business for Great Lakes ports. The SLSDC also attended the Conference of Great Lakes Governors and Premiers in Detroit, Mich., where HFM and other ARP projects were recognized as a benefit to the industry. Additionally, there was marked enthusiasm for cruising in the Great Lakes.

- Deputy Administrator Middlebrook noted the importance of the Conference, to say that the Governors and Premiers themselves come together to try and raise the profile of commercial navigation.

Mr. Schlicht concluded by introducing the Conference's initiative and support for "Blue Accounting," a large, aggregated data warehouse, operating under five different pilot programs, to bring new, Great Lakes-specific data to the commercial realm and to the public. Lastly, as the 2017 shipping season closes, the marketing and stakeholder outreach events for the 2018 season begin; including the annual HwyH<sub>2</sub>O conference in Toronto, stakeholder outreach meetings in Montreal in December and Toronto in January, the annual Waterways Conference in Cleveland in February, and the Calgary Seaway Day in March.



Mr. Guimond presented his report on Lock Operations and Marine Services. During the 2017 navigation season, overall commercial transit numbers are up across the board. As for performance measures, system availability to-date is 99 percent and lock availability is 99.9 percent. He went on to describe the ballast water program, and that it continues to verify 100 percent of all tanks entering the Great Lakes.

- Mr. Sulzer asked how ships are verified when they receive a letter of retention.
- Mr. Guimond responded by saying that ships salinity levels are measured again on a downbound transit; if the numbers don't match they can be fined.
- Deputy Administrator Middlebrook added background information, calling it the "lynchpin" of the ballast water management program, given that no ship enters the system without having its ballast water verified.

Mr. Guimond informed the group that a Notice of Proposed Rulemaking is pending review and comments by mariners and members of the public for two new anchorage areas near Cape Vincent, N.Y. He also provided an update on the maintenance work of the SLSDC's Marine Division, including the completion of the gatelifter ballast upgrade project, training with the tugboat, and preparing for the decommissioning fall buoy run. He concluded with an overview of the annual Quality Management System surveillance audit, a 2-day assessment completed by Lloyd's of London, echoing his assurance that the SLSDC has again met the requirements for the ISO 9001-2008 standard.

Deputy Administrator Middlebrook discussed the concept of operations white paper regarding "SeaTA," or "Seaway Time of Arrival," a proposed enhanced traffic management system, as written by the Volpe Center and the Federal Highway Administration's Intelligent Transportation Systems Joint Program Office, which provides travel-time estimates between current locations of vessels transiting the St. Lawrence Seaway. The SLSDC's end users would likely incorporate SeaTA to better utilize real-time data, making their practices safer and more efficient to great benefit. SeaTA expands upon pre-existing technology, including the Automatic Identification System (AIS) and Draft Information System (DIS), to provide enhanced fleet management and vessel tracking in the Seaway.

- Mr. Sulzer commented that SeaTA-supported time management would be very helpful for all vessels in the Great Lakes.

Ms. Alcalde reported on Congressional affairs and public relations, beginning by saying that there has not been a lot of legislative activity. The Administration's infrastructure package is still greatly anticipated, with discussions of a trillion-dollar program incorporating public-private partnerships to fund infrastructure. It is believed that any action on transportation and infrastructure will wait until tax and healthcare reform are resolved, realistically beginning next year. She added that the Commercial Vessel Incidental Discharge Act (CVIDA), the ballast water legislation for uniform national standard, has seen no further activity since the last quarterly report. As for government relations, Deputy Administrator Middlebrook participated in the Capitol Days session in Lansing, Mich. to talk about the importance of commercial maritime navigation to the state of Michigan, specifically the economic, environmental, and safety benefits of shipping. A joint committee hearing of Michigan state legislature was held on the importance of port development and other related topics. It was well-attended and was a "model to be used" moving forward in other Capitol Days. Finally, to enhance its efforts to educate, inform, and



amplify the benefits of Great Lakes/Seaway shipping, particularly to new and relevant audiences using social media, the Great Lakes Seaway Partnership will be working with the firm Shark&Minnow, based in Cleveland.

- Mr. Sulzer requested contract and price information regarding the shark&minnow selection.
- Ms. Alcalde answered to say the firm was awarded a one-year contract and that the cost was split among the Partnership's founding members.
- Mr. Sulzer requested to be kept in the loop, and offered his connections and services to further their initiative.

## V. REMARKS FROM THE PUBLIC

Chairman McMillan invited the members of the public to introduce themselves and share their questions or concerns. He briefly introduced himself and the purpose of the SLSDC Advisory Board, and invited both Mr. Mielke and Mr. Sulzer to introduce themselves as well.

- Leann Kingston (Milwaukee, Wis.): She explained that she is nervous about what cargoes are carried on Great Lakes ships, as well as possible manipulation through data and advertising.
- Eric Hansen (Milwaukee, Wis.): representing the Citizens Acting for Rail Safety, a grassroots, non-partisan, regional organization that came into being out of concerns about Balkan Oil. He highlighted the interconnection between tar sands, crude oil, ethanol, and the Great Lakes.
- Amy Eisenberg (Erie, Penn.): Executive Assistant at the Erie Maritime Foundation, which primarily promotes workforce development with inner-city youth. She noted that she has been working closely with Mr. Sulzer to develop a magnet school for maritime trade education within Erie School District.
- Rich Eisenberg (Erie, Penn.): Executive Director of the Erie Maritime Foundation and a founder of the Bayfront Maritime Center. He works with inner city youth and educational programs, adding that Mr. Sulzer has been a help to their program, including working with the Donjon Shipyard in Erie. They are also working with the Port of Erie to provide access to the water, and building a STEM school ship, adapting sailing, etc. Their big push remains workforce development.
- Richard (Toby) Lindo (Chicago, Ill.): was born in Watertown, N.Y. and used to boat in the Thousand Islands. He is part of the Chicago maritime community, Chicago Maritime Museum, and the Executive Director of the Chicago Maritime Arts Center to teach. He hopes the SLSDC and Great Lakes Ports will support and promote workforce development around the Great Lakes.

Chairman McMillan circled back to the public's questions. He noted that the SLSDC brings together federal agencies like the U.S. Environmental Protection Agency, U.S. Coast Guard, and the U.S. Department of State to work together effectively.

Deputy Administrator Middlebrook responded to say that, for the last 6-7 years, the SLSDC has worked incredibly closely with the EPA, including especially on ballast water. He went on to explain the SLSDC and how it is a unique organization: it is a public government corporation, it



has regulatory authority, it is not allowed to advertise or to lobby, it has a public promotion function, and it is engaged in producing vetted, valid information for public consumption.

He went on to address the issue raised about Bakken crude oil and ethanol fires, explaining that the U.S. Department of Transportation looks at rail safety very carefully. From the SLSDC perspective, its role and mission is to make commercial maritime available within specific safety standards.

## **VI. OLD AND NEW BUSINESS**

Chairman McMillan opened the discussion to new business. Mr. Sulzer discussed his newly acquired collection of artifacts from the 1959 opening of the Seaway. The Chairman announced that Advisory Board Member Wenona Singel notified the SLSDC Advisory Board via email that she is stepping down from the post, effective before today's meeting. Chairman McMillan read the letter aloud, and he publicly thanked Professor Singel for her many contributions. Mr. Mielke added that the Board thanks her for her service on the Board, and that they will miss her attendance.

Chairman McMillan moved to discussion of the next Advisory Board meeting, and Mr. Williams suggested a timeframe of late February or early March via teleconference. Mr. Sulzer suggested that, within a one or two-week period, the Board and the SLSDC could set out all four meeting dates at the beginning of the year and plan from there. He also recommended Erie, Penn., as a potential port visit option. Finally, he recommended the Cleveland Waterways Conference in February as an annual in-person meeting, noting the value of Advisory Board meetings in helping foster connections with Seaway stakeholders.

Chairman McMillan seconded the value of setting tentative meetings further in advance. He thanked Mr. Mielke for making this in-person meeting possible.

## **VII. CLOSING DISCUSSION AND ADJOURNMENT**

The meeting was adjourned at 4:05 p.m., with a motion to close from Mr. Mielke and seconded by Mr. Sulzer.

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