Maritime Transportation System National Advisory Committee

Minutes of Public Meeting

Dates: July 10-11, 2024

Location:

U.S. Department of Transportation Headquarters – Washington, DC.

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Acronyms and Abbreviations

AAPA	American Association of Port Authorities
AASHTO	American Association of State Highway and Transportation Officials
BIL	Bipartisan Infrastructure Law
CATEX	Categorical Exclusion (under NEPA)
CISA	Cybersecurity and Infrastructure Security Agency (DHS.)
CMTS	Committee on the Marine Transportation System
CNA	Center for Naval Analysis
COE	Center of Excellence
CONSOL	Consolidated Cargo Replenishment at Sea
DFO	Designated Federal Officer
DHS	Department of Homeland Security
DOD	Department of Defense
DOE	Department of Energy
DOL	Department of Labor
DOT	Department of Transportation
EPA	Environmental Protection Agency
FEMA	Federal Emergency Management Agency
FHWA	Federal Highway Administration
FRA	Federal Railroad Administration
FLOW	Freight Logistics Optimization Works
FMC	Federal Maritime Commission
GDP	Gross Domestic Product
HFTO	Hydrogen Fuel Cells Technologies Office (DOE.)
HTF	Highway Trust Fund
IAT	Interagency Action Team
IIJA	Infrastructure Improvement and Jobs Act
IRPT	Inland Rivers, Ports and Terminals
ISO	International Organization for Standardization
LNG	Liquified Natural Gas
MARAD	Maritime Administration
META	Maritime Environmental and Technical Assistance Program (MARAD)
MH	Marine Highways
MMLD	Merchant Mariner Licensing and Documentation
MPO	Metropolitan Planning Organization
MSC	Military Sealift Command
MSP	Maritime Security Program
MTS	Maritime Transportation System
MTSER	Maritime Transportation Emergency Relief Program (MARAD)
MTSNAC	Maritime Transportation System National Advisory Committee
NDAA	National Defense Authorization Act
NEPA	National Environmental Policy Act
NMFN	National Multimodal Freight Network
NMS	National Maritime Strategy
NOAA	National Oceanic and Atmospheric Administration
NOFO	Notice of Funding Opportunity

OMB	Office of Management and Budget
PIDP	Port Infrastructure Development Program
PSLF	Public Student Loan Forgiveness
QOL	Quality of Life
RRF	Ready Reserve Fleet
SIP	Student Incentive Payment Program
SME	Subject Matter Expert
STCW	Standards of Training, Certification, and Watchkeeping for Seafarers
STS	Ship-to-shore (crane)
TEU	Twenty-foot Equivalent Unit
TSP	Tanker Security Program
USACE	US Army Corps of Engineers
USCG	US Coast Guard
USDA	US Department of Agriculture
USDOT	US Department of Transportation
USTRANSCOM	U.S. Transportation Command
VTO	Vehicle Technologies Office (DOE.)

Minutes of Maritime Transportation System National Advisory Committee Public Meeting
July 10, 2024
9:00 a.m.–4:00 p.m. EDT

July 10, 2024 - Call to Order & Roll Call

Mr. Flumignan, the Designated Federal Officer (D.F.O.), called the meeting to order at 9:00 a.m. EDT and took roll call of the members. He introduced a new member: Ms. Lauren Rand of the Florida Department of Transportation Seaport Office. There were a few announcements concerning Wi-Fi connectivity and building evacuation instructions.

Members Present

Federal Government Employees:

Michael Moltzen – U.S. Environmental Protection Agency
Shelley Sugarman – U.S. Coast Guard
Brian Tetreault – U.S. Army Corps of Engineers

Special Government Employees:

Lauren Beagen, Esq. – Squall Strategies
Erik Stromberg– Lamar University (virtual)
Tom Wetherald – Consultant

Representative Members:

Brian Clark – North Carolina Ports Authority (virtual)
Mario Cordero – Port of Long Beach (virtual)
Bill Doyle - Dredging Contractors of America
Berit Eriksson – Sailors' Union of the Pacific (virtual)
Sara Fuentes – Transportation Institute (virtual)
Joe Gasperov – International Longshore and Warehouse Union
Craig Johnson – Maine Maritime Academy (virtual)
Brian Jones – Nucor Corporation
David Libatique-Port of Los Angeles (Co-chair)
Nick Marrone (for Captain Jack Sullivan) – Matson Navigation, Inc.
Lauren Rand – Florida Department of Transportation
Bethann Rooney – Port Authority of New York & New Jersey
Cam Spencer - (for Roger Guenther – Port Houston)
Stephen Spoljaric – Bechtel
Robert Wellner – Liberty Global Logistics, LLC (Chair)

Members Absent

Russell Adise –U.S. Department of Commerce
Aimee Andres – Inland Rivers, Ports and Terminals

James Dillman – Gateway Terminal
David Cicalese – International Longshoremen's Association
Penny Traina – Columbiana County Port Authority

MARAD / USDOT Members Present

Travis Black – MARAD
Shawn Brede – Office of Port Development and Intermodal Planning, MARAD
Tretha Chromey – Deputy Associate Administrator for Ports and Waterways, MARAD
Chad Dorsey – Alternate DFO and Director, Inland Rivers Gateway Office (Paducah, KY), MARAD
Jeffrey Flumignan –DFO and Director, Office of Maritime and Intermodal Outreach, MARAD
Brian Hill – Alternate DFO and Director, Western Gulf Gateway Office (Houston), MARAD
Zanna Khurana - Office of Marine Highways, MARAD (virtual)
Vince Mantero – MARAD (virtual)
William Paape – Associate Administrator for Ports and Waterways, MARAD
Natasha Pavlovich – Office of Marine Highways, MARAD
Tim Pickering – Office of Ports and Waterways Planning, MARAD
Paul Baumer, OST (virtual)
Doug Pelsey, FRA
Jeff Purdy, FHWA

Public Members Present

Lauren Brand – Strong Port Strategies
Ian Gansler, AAPA
Geir Kalhagen – TX DOT
Joung Lee, AASHTO
Elaine Nessle, CAGTC
Hal Pollard, IANA
Ann Schneider, Ann L. Schneider Associates (virtual)
Will Terrill – U.S. Ocean, LLC.

Item 1- Welcome & Comments from the MTSNAC Chairman

Mr. Robert Wellner welcomed the group and reminded them of the overview of this MTSNAC:

- Strengthen the maritime capacity to support the U.S. economy and national security.
- Develop and maintain a viable maritime workforce.
- Support and enhance infrastructure development and performance.
- Enhance maritime initiatives.

This MTSNAC has also developed a work plan which includes:

- Export enhancement.
- Inland ports
- Decarbonization
- Workforce retention
- Cargo preference

- Financial incentives
- Improvement of the industrial maritime base

He commended the subcommittees for their work so far, especially recognizing the co-chairs of the Port Subcommittee, Brian Jones and Bethann Rooney, and the Starboard Subcommittee, Tom Wetherald and Lauren Beagen. He noted that the MTSNAC subcommittees will finalize Priority 3 recommendations to gain full MTSNAC approval and create an overall priority list for the MARAD Administrator. Following the lunch break, a panel led by Tretha Chromey, Deputy Associate Administrator for Ports and Waterways, will discuss the current MTS assets. He also mentioned that this will likely be the last meeting for the current MTSNAC members, as new members will be appointed in the fall. This MTSNAC will develop a work plan for the next MTSNAC and, hopefully, a National Maritime Strategy. Mr. Libatique concurred with Mr. Wellner's assessment. Mr. William Paape, Associate Administrator for Ports and Waterways, thanked the members for their hard work, particularly recognizing Mr. Wellner as Chairman and Mr. Flumignan as the DFO. He also announced that this would be his last meeting as DFO for MTSNAC.

Item 2 – Chairman Guidance and Breakout Session – Breakout Rooms

During the breakout session, Mr. Wellner directed the members to focus on the Priority 3 recommendations and continue discussing the following MTSNAC work plan, which should include flexibility. They should also emphasize a National Maritime Strategy. He also announced that Mr. Cordero of the Port of Long Beach will brief the members on its decarbonization initiative during the meeting. Mr. Doyle of the Port of Baltimore will brief the group on the Francis Scott Key Bridge disaster in Baltimore. The subcommittee members then went to their respective breakout rooms to deliberate.

Item 3 – Reconvene and Update to the Chairman

Mr. Wellner announced that each subcommittee would present a five-minute briefing on its recommendations and priority list. He noted that the Starboard Subcommittee had 22 recommendations, while the Port Subcommittee had 32. Tomorrow, the subcommittees will present the Priority 3 recommendations to the Administrator, and then they will provide the complete list of recommendations, along with the top 10 prioritized recommendations for each subcommittee.

Starboard Subcommittee

Tom Wetherald presented the subcommittee's recommendations. For Priority 3, the subcommittee recommended increasing the number of US-flagged vessels and how the Maritime Administration can better support offshore wind development. These recommendations include the following:

- Change the U.S. tax code so shippers can deduct U.S. flag vessel costs.

- Increase the number of ships in the TSP program from 10 to 70 and address MARAD QOL issues.
- All DOD-owned fuels are required to be moved on U.S. flag tankers.
- Increase the Cargo Preference requirement to 100% for any cargo that the U.S. funds.
- Advocate to incentivize U.S. shippers to use U.S.-Flag vessels by modifying the import duties paid by shippers. Also, HMT is exempt if cargoes are imported on U.S.-flag vessels.
  Include freight charges on U.S. Flag vessels for transporting American military exports sold to NATO as part of the NATO Nations' 2% GDP commitment.
- Expedite environmental permitting when offshore wind companies commit to investing in and utilizing U.S. flag construction vessels for offshore wind projects.
- Stabilize MSP and TSP programs through multi-year funding.
- Enact the Energizing American Maritime Act.

Mr. Wellner then asked if there were any questions for Mr. Wetherald. Mr. Cordero inquired about using U.S. flag vessels for LNG shipments between the U.S. and Mexico. In response, Mr. Wetherald stated that there are currently no U.S.-Flag LNG carriers.

Mr. Wellner asked the full committee for a consensus on these recommendations, and the group agreed.

Port Subcommittee

Mr. Jones presented for the subcommittee. The subcommittee was charged with four problem statements under Priority 3:

- Freight Logistics – Recommendation:
  - Expand FLOW to include all Class 1 railroads and large distribution centers.
- Helping communities near ports – Recommendations:
  - Increase the use of inland ports.
  - Coordinate with MARAD and EPA to educate and allocate discretionary funding for grant programs for zero-emission port equipment ports.
  - Utilize COEs to develop benefits and opportunities for environmental justice emissions reduction programs.
  - Encourage the development of zero-emission freight corridors with DOE, Vehicle Technologies Office, and Hydrogen Fuel Cell Technologies Office, with a focus on areas of non-attainment and near port communities.
- Data-driven methods to identify and mitigate risks – Recommendations:
  - Include the PIDP requirement that the project shows how it will elevate the port to a state of good repair and improve resiliency by adopting a strategic asset management plan.
  - Support outreach campaign through META targeted port stakeholders regarding strategic asset management planning.
- Disaster Response Framework – Recommendations:
  - Leverage the Office of Multimodal Freight Infrastructure and Policy to require state freight plans to include Port Risk Assessment using the NOAA Port

Resilience Index Self-Assessment Guide and CISA Marine Transportation System Resilience Assessment Guide.
- MTSER appropriation/coordination with FEMA to distribute emergency relief.

Mr. Wellner then asked if there were any questions. One member asked if the disaster response recommendations were data-driven. Mr. Jones replied that a SAMP (Special Area Management Plan) requirement exists. Mr. Libatique asked if the Office of Multimodal Freight Infrastructure and Policy could advocate for disaster response plans at every port.

Mr. Wellner then asked for the full committee's consensus on these recommendations, and they agreed. He then reiterated the need to merge each subcommittee's top recommendations. Ms. Rooney asked how MARAD will view these recommendations. Mr. Flumignan responded that MARAD had provided the status of recommendations 18 months ago. One of the recommendations was to establish a multimodal office. Although it took 12 years, it has finally come to fruition. Ms. Rooney suggested that although the two subcommittee recommendations may not merge well, each group needs to adopt the top 10 recommendations. Mr. Libatique indicated that adopting the top 10 recommendations may not be the most productive but should be directed to the most productive conversation with the Maritime Administrator. Ms. Sugarman suggested that the list of priorities should align with the four main MTSNAC objectives. Mr. Wellner commented that the top items discussed have been the same for many years. Mr. Libatique added that aligning the priorities with the four main MTSNAC objectives would make it easier for the Administrator to act upon them. Mr. Flumignan interjected that the group could still refine its priorities at the September meeting. Ms. Rooney suggested that the group match each recommendation to the original four goals of MTSNAC. One member asked if the group could categorize the recommendations by type, e.g., programmatic or legislative. Mr. Wellner disagreed and reminded the group that MTSNAC should not prioritize recommendations by type.

Mr. Wellner said this is the last MTSNAC meeting for Mr. Flumignan as the DFO. He will continue in a management capacity. Mr. Vince Mantero will take over effective with the September 2024 meeting. Mr. Montero, Director of the Office of Ports and Waterways, announced that Mr. Josh Rall will be the Office's Acting Director. Mr. Pickering and Ms. Pavlovich will assist him. Mr. Shawn Brede will be the Alternate DFO for MTSNAC.

Mr. Wellner asked Mr. Cordero to update the group on the port's efforts to reduce carbon emissions. Mr. Cordero discussed the green shipping corridors, including the Ports of Los Angeles and Long Beach – Shanghai corridor. The Green Corridor Summit took place in Shanghai, China, on June 13. The aim is to achieve net zero emissions along this corridor by 2050. Significant operators have committed to transitioning to fuels such as ethanol despite its higher cost than low sulfur. By 2030, the goal is to demonstrate the flexibility of these new fuels. Additionally, many newly constructed vessels can operate on dual fuels alongside LNG, methanol being the current preferred option.

Mr. Wellner then asked if there were any questions for Mr. Cordero. Mr. Spoljaric asked if using U.S. flag vessels in the corridor would be discussed. Mr. Cordero replied that it was not. The availability of alternate fuels is the biggest obstacle. Mr. Wetherald asked if ethanol was long-term. Mr. Cordero said that transitional fuels will be needed to get there. Mr. Jones noted that

bulk carriers represent 40% of vessel emissions, but none look at transitional fuels. Mr. Cordero said the summit focused on container vessels, not bulk carriers.

Mr. Spoljaric said he had attended a recent symposium on the Francis Key Bridge incident at the University of Maryland. He learned that the average U.S. bridge is over 40 years old, and most were built before the advent of large container ships. One of the presenters recommended that bridges should be designed to withstand terrorist actions and accidents such as the one at the Key Bridge.

Mr. Wellner told the group that the Congressional Committee on Transportation and Infrastructure held a Roundtable on Reinvigorating the U.S.-Flag Fleet and Shipbuilding Industry. He suggested that everyone listen to the event on the committee's website.

Item 4: Public Comments

Mr. Flumignan announced that there were no requests from the public to make comments.

Break for Lunch

Item 5: Reconvene, Call to Order, and Opening Remarks

Mr. Wellner introduced Ms. Tretha Chromey, the Deputy Associate Administrator for Ports and Waterways at MARAD, who moderated the upcoming Panel.

Item 6: Panel One – Current Maritime Transportation System (MTS.)

Assets: Infrastructure, Networks, and Fleets

Ms. Chromey provided background for this Panel, emphasizing that timing was critical - having everyone in one room. The MARAD Administrator issued MARAD's 2022-2026 Strategic Plan: Navigating a Stronger Future. This plan establishes the strategic priorities and framework necessary to meet our mission in today's environment and shape the maritime industry's future. She explained that connectivity exists between the National Maritime Strategy, the National Freight Strategic Plan, and the Maritime Transportation System. MARAD's vision included cargo, vessels, and mariners. This first Panel is intended to inform MTSNAC about the MTS and port infrastructure from varying perspectives. Hopefully, it will assist MTSNAC in developing the following two-year MTSNAC work plan.

The panel members are divided into three segments: Federal, Associations, and Industry. The Federal segment is represented by:

- Mr. Jeff Purdy of FHWA will discuss the Freight Strategic Plan
- Mr. Doug Pelsey of FRA will discuss regulating freight rail
- Mr. Paul Baumer of OST will discuss the role and activities of the recently created Office of Multimodal Freight Infrastructure and Policy

Mr. Purdy of FHWA began the Panel and said that the Federal Highway Administration is focused on multimodal transportation. He noted that highway freight volumes have increased in recent years and are projected to increase by 40% by 2050. 65% of that volume is carried by trucks, and it is expected to take 66% of that volume by 2050.

The average speeds of trucks are decreasing due to increased congestion on the roads. The Bipartisan Infrastructure Law (BIL) includes a boost in highway funding, amounting to over $350 billion over four years (2022-2026). The National Highway Performance Program, a comprehensive FHWA program, will receive $7.2 billion. A portion of the funds from this program can be allocated to intermodal projects, up to 30% of a project. FHWA acknowledges the advantages of utilizing other modes of transportation for moving freight, in addition to highways. State Freight Plans, intermodal connections, and state freight advisory committees all contribute to promoting multimodal transportation options. FHWA utilizes data-driven tools to support domestic freight movement and supply chains, with ongoing research focusing on efficiency and safety in planning truck parking. FHWA has developed a Freight and Land Use Handbook, which state and local entities can utilize in their freight planning efforts. Additionally, there is a Truck Parking Development Handbook that explores approaches used in both the private and public sectors to determine the location of facilities offering services directly to the trucking industry or truck drivers for parking or associated needs, such as manufacturing, warehousing, and distribution.

Mr. Doug Pelsey of the FRA next addressed the group. He began by stating that there was a nexus between rail and water and road and that shifting freight onto rail or barge can be good, especially when rivers such as the Mississippi experience low water levels. Data has documented these periodic shifts from water to rail and back again, as in early 2023 when water levels on the Mississippi rose, allowing a shift from rail back to water.

Mr. Paul Baumer from the Office of Multimodal Freight Infrastructure and Policy, a part of the Department of Transportation's Office of the Secretary for Policy, addressed the group virtually. He had last spoken to the group in March of this year and today announced the completion of the first draft of the National Multimodal Freight Network. The Office is currently working on drafting the National Freight Strategic Plan and is involving MTSNAC in this process. The Office has been given the task of assessing the constraints of the system. The plan is intended for not only the federal government and USDOT but also for all participants in the freight sector. The federal government is allocating more funds to freight infrastructure, partly due to MTSNAC and other stakeholders. This project aims to help achieve national policy goals. His Office welcomes input from MTSNAC on how the U.S. government can develop a more systematic approach to the overall freight system. He inquired about the best way for the Office to collaborate with MTSNAC.

Ms. Chromey introduced the next panel segment. This Panel was composed of Associations and included:

- Mr. Ian Gansler of the American Association of Port Authorities (AAPA) (Appendix A)
- Joung Lee of the American Association of State Highway and Transportation Officials (AASHTO) (Appendix B)

- Mr. Hal Pollard of the Intermodal Association of North America (IANA)

Mr. Gansler from AAPA was the first to speak. He used a PowerPoint presentation to support his remarks (See Appendix). Despite a significant increase in federal funding for port infrastructure in recent years (595% increase from 2014-2024), there have been delays in getting this funding to the ports.

However, a proposed 25% tariff on foreign-built port cranes under Section 301 tariffs will cause problems for U.S. ports. It will add approximately $131M to the cost of the Chinese STS (ship-to-shore) cranes. AAPA is opposed to this proposed tax. Permitting delays in and around ports has become a significant problem, and the PORT Act (Permitting Optimization for Responsible Transportation) will hopefully help streamline the permitting process. Although helpful in strengthening domestic manufacturing capabilities, the Build America, Buy America Act needs a more efficient waiver process for port equipment not currently manufactured in the U.S.

Although U.S. ports are making strides in decarbonization, the most significant challenges are the financing, low technology readiness, equipment performance constraints, and reliable electric power supply for these projects. Finally, NOAA-proposed speed restrictions near ports to protect the North Atlantic Right Whale will cause delays and congestion in specific ports.

Mr. Joung Lee of AASHTO next addressed the group. AASHTO is over 100 years old and represents all transportation modes. Mr. Lee presented an overview of AASHTO leadership. He stressed the need to ensure that all federal funding translates to beneficial and practical projects at the state level. He noted that the Federal Highway Trust Fund has been running out of money since 2008. There is now a need to expand funding to offset the declining revenues because of more efficient vehicles. AAHSTO's Council on Water Transportation has been actively working with the federal government. One challenge is raising public awareness of water transportation.

Mr. Hall Pollard of IANA was the last speaker from the Association segment. He began by stating that the intermodal system is only as efficient as its components, including road, rail, water, operators, ports, on-dock and near-dock rail, drayage systems, inland ports, and Beneficial Cargo Owners (B.C.O.s) and translating (containers to dry vans). There is a need for all of this to work well, plus efficiency and sustainability. There needs to be a balance between coasts since disruption causes congestion. Low water levels at the Panama Canal, Red Sea, and Suez Canal vessel attacks are good examples of disruptions.

Regulators must consider the availability of technology when making regulations. Another critical issue is volatility, such as the Ukrainian war and the tensions between Taiwan and China.

However, some promising signs exist, such as the recent creation of DOT's Office of Multimodal Freight Infrastructure and Policy. Some issues needing attention include workforce training and development. There seems to be a significant lack of awareness of this critical component of our multimodal system.

Ms. Chromey introduced the third and final panel segment. The Panel was composed of industry and included:

- Ms. Elaine Nessle of the Coalition for America's Gateways and Trade Corridors (CAGTC)
- Ms. Lauren Brand of Strong Port Strategies
- Ms. Ann Schneider of Ann L. Schneider and Associates (Appendix C)

Ms. Nessle of CAGTC spoke first. She is happy to see the establishment of the Office of Multimodal Freight Infrastructure and Policy. CAGTC was founded to represent the entire freight transportation system. BIL was fantastic and needed for our nation's infrastructure system. However, since infrastructure costs keep climbing, there is a need for BIL-like funding to support the system.

She noted a few critical issues that need to be addressed. One of them is workforce conditions. How can our workforce get to and from work? Capacity is another issue of concern. How can we successfully expand capacity among the different modes? Electricity capacity is another challenge since the transportation sector is an energy hog. There is also a need for regulatory standardization across the transportation sector. Amid these issues, there are often conflicting policies, such as Buy America vs. environmental policies. There is a need for a more sustainable HTF mechanism and realistic carbon reduction goals. There is tension between freight facility locations and the NIMBY (Not in my backyard) viewpoint in many communities. This is ironic since everyone loves Amazon's next-day delivery but does not like freight facilities in their neighborhoods. More competitive federal grants and more transparent timelines and application requirements are needed. She said that the DOT is doing an excellent job in this area.

Ms. Lauren Brand of Strong Port Strategies then addressed the group. She posed an ideal vision in which ports and terminals load at ideal and smooth levels. There are zero emissions and clean intermodal handoffs throughout the process. One opportunity is for the MTS to have greater visibility among the public. Some of the challenges include where projected growth will occur. Terminal operators only order 1-5 pieces of equipment at a time because they often do not know their expected future volumes. Another challenge is paying for new equipment that will operate 312 days/year, 16 hours/day. Will the batteries last that long, and where will they be charged? Also, how durable is the equipment? She asked if MARAD could disseminate more information on terminal tractors, such as the price differential between a diesel unit ($250K) and a new hydrogen unit ($450K). And will there be enough business to justify this expenditure?

One example of the challenges that ports and terminals face is the cost of STS cranes. Who will build them if they are to be built in the U.S.? And it could take 6-8 years to begin production. Another significant price differential is between a diesel yard truck ($125K) and a zero-emission truck ($394K). Another challenge is the cost of grant writing. It now costs approximately $75K to write a grant proposal, which drives up the cost of applications. Equipment manufacturers estimate the prices will increase by 10% each year. She also noted the need for an expedited review and grant waiver process.

Ms. Schneider was the last Industry presenter. She highlighted the current state of the MTS. We have inland river ports. Why do they matter? Marine Highway routes in the inland water system are robust in the Midwest. Inland river ports face several challenges, including the fact that many

are run by appointees who lack experience, the lack of professional staff for strategic direction, infrastructure already developed that is now outdated, lack of multimodal connections, and lack of understanding or access to MARAD COEs for workforce training.

However, there are some opportunities, especially partnerships. The CREATE (Chicago Region Environmental and Transportation Efficiency Program) and UMRBA (Upper Mississippi River Basin Program) are two examples. We must expand federal programs to address infrastructure needs and operational challenges. Good examples include PIDP, COEs, policy frameworks, and incentives that build upon EPA's Clean Ports Program. In addition, we should leverage existing organizations such as AAPA, IRPT, and AASHTO.

Open Discussion

There were several questions and comments for the panelists, including the following:

- Getting in and out of ports with oversized equipment is a challenge.
- Drivers need to visualize their routes before driving.
- Since BIL contains $350B for infrastructure and $150B for roads, there does not seem to be much for rail. Mr. Purdy of FHWA responded that most money is for maintenance, not expansion.
- What can the government do to assist project applicants in considering optimal mode when developing construction projects? Mr. Moltzen responded that applicants should tap the local representatives on the various planning committees. Mr. Baumer added that USDOT has no requirements for the membership of individual freight advisory committees. Ms. Schneider noted that the State of Illinois's freight plan involved local committees.
- Can projects that use U.S. flag vessels be fast-tracked? The response was that this was a regulation issue.
- Perhaps separate power generation projects could replace the standard electric grid.
- Is the delay between the MARAD grant award announcement and agreement due to NEPA requirements? One member suggested many reasons, such as the negotiations between different parties and the time needed to get all the necessary documents together. Mr. Baumer agreed with this and added that changes in the project parameters after the grant award add to the time needed. Mr. Lee responded that project costs often increase during the time required by the NEPA process. In addition, the more federal offices that need to review a given project, the more delay there is in the project's start.
- It was noted that the Port of Los Angeles has a pilot project using hydrogen-powered equipment that works very well. It would be helpful to determine the cost to retrofit all existing equipment.
- Can the increase in freight be reduced to a granular level? Mr. Purdy responded that the CFS (Commodity Flow Survey) data is at the national level.
- One of the panelists asked if they could have access to previous MTSNAC recommendations. Mr. Flumignan replied that recommendations are in meeting minutes and available on the MARAD website.
- One member noted a need for an integrated approach in the following transportation authorization process. One panelist responded that there is a need to emphasize the

benefits of shifting freight off highways. A template from DOT is needed to help with this effort.

- One member asked if there is an attempt to integrate data from various sources, e.g., FLOW and CFS, into one intermodal performance model. One panelist responded that separate data systems are currently available to the public. Mr. Baumer said there is a need to review information boundaries and look at inbound container data.
- One member highlighted the need to study asset management's role in port plans.
- Mr. Wellner asked Mr. Baumer if he had added a ship photo to his overall intermodal presentation, to which Mr. Baumer said one had not yet been added. Mr. Wellner added that all modes must be included in a national system and that associations and other agencies need to weigh in with recommendations.

Item 7: Closing Remarks and Adjournment

Mr. Wellner reminded the group that tomorrow, the two subcommittees will present their Priority 3 recommendations with their complete prioritized list of recommendations. He then adjourned the meeting at 4:43 p.m. EDT.

Minutes of Maritime Transportation System National Advisory Committee Public Meeting
July 11, 2024
9:00 a.m.–3:00 p.m. EDT

July 11, 2024 - Call to Order & Roll Call

Mr. Flumignan, Designated Federal Officer with MARAD, called the meeting to order at 9:05 a.m. EDT and took the roll call.

Members Present

Federal Government Employees:

Michael Moltzen – U.S. Environmental Protection Agency
Shelley Sugarman – U.S. Coast Guard
Brian Tetreault – U.S. Army Corps of Engineers

Special Government Employees:

Lauren Beagen, Esq. – Squall Strategies
Erik Stromberg– Lamar University (virtual)
Tom Wetherald – Consultant

Representative Members:

Brian Clark – North Carolina Ports Authority (virtual)
Mario Cordero – Port of Long Beach (virtual)
Berit Eriksson – Sailors' Union of the Pacific (virtual)
Sara Fuentes – Transportation Institute (virtual)
Joe Gasperov – International Longshore and Warehouse Union
Craig Johnson – Maine Maritime Academy (virtual)
Brian Jones – Nucor Corporation
David Libatique – Port of Los Angeles (Vice-chair)
Nick Marrone (for Captain Jack Sullivan) – Matson Navigation, Inc.
Lauren Rand – Florida Department of Transportation
Bethann Rooney – Port Authority of New York & New Jersey
Cam Spencer (for Roger Guenther – Port Houston)
Stephen Spoljaric – Bechtel
Robert Wellner – Liberty Global Logistics, LLC (Chair)

Members Absent

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Marlise Fratinardo - Office of Port and Waterways Planning, MARAD
Brian Hill – Alternate DFO and Director, Western Gulf Gateway Office (Houston), MARAD
Zanna Khurana – Office of Marine Highways, MARAD
Vince Mantero – Office of Port and Waterways Planning, MARAD
William Paape – Associate Administrator for Ports and Waterways, MARAD
Natasha Pavlovich – Office of Marine Highways, MARAD (virtual)
Tim Pickering – Office of Ports and Waterways Planning, MARAD
Josh Rall – Office of Port and Waterways Planning, MARAD
Melinda Simmons-Healy, Deputy Associate Administrator for Commercial Sealift, MARAD
Brandon White – Office of the Secretary for Policy (OST/P)
Michael Nesbitt, FHWA

Public Members Present

Lauren Brand – Strong Port Strategies
Scott Brotemarkle – Transportation Research Board (TRB)
Jeff Davis, ENO Center for Transportation
Trish Hendren, Eastern Transportation Coalition
Geir Kalhagen – TXDOT
Tom Saunders, Ports America
Will Terrill – U.S. Ocean, LLC.

Item 8 – Welcome & Opening Statements

Mr. Wellner welcomed everyone back and announced that there would be two-panel discussions in the morning. He noted that yesterday's panel discussion provided helpful information that could be used for MTSNAC's future work plan. He also announced that after the two panels, there would be a presentation by Mr. Chris Johnson of USA Maritime.

Mr. Flumignan informed the committee that the Secretary's Office is reviewing the new MTSNAC charter. Most current members are serving under expired terms until their replacements are appointed. The nomination documents for new members are currently with the Secretary. A virtual committee meeting is tentatively scheduled for September, followed by another meeting in November, which will most likely occur in Washington, DC. Meetings are also planned for the spring, summer, and fall of 2025. The subcommittees will continue their work as before.

Mr. Libatique mentioned that yesterday's panel discussion was excellent and provided a valuable outside perspective. Mr. Paape announced that the Maritime Administrator has reviewed the recommendations made by MTSNAC to date. He also thanked Ms. Chromey for assembling the three panels on short notice. Mr. Wellner reminded everyone that the Priority 3 recommendations and a priority list will be presented today and that the subcommittees will continue developing the priority list for the September meeting.

Item 9: Panel Two – MTS Supply Chain Planning and Movement: Capacity and Modal Shift

Ms. Chromey introduced the panelists to the panel. The panel will include federal, state, and industry perspectives. Mr. Tetreault, Acting Director of the CMTS (Committee on the Marine Transportation System) and representing the U.S. Army Corps of Engineers, will speak from the federal perspective.

Mr. Tetreault utilized a PowerPoint presentation (Appendix D) and started by presenting an MTS Governance chart. The chart displayed the various responsibilities of multiple federal agencies for different segments of the MTS, with several areas of overlap. The primary goal of CMTS is to facilitate coordination and collaboration. Its members consist of the Secretaries of Transportation, DHS, and thirteen other federal agencies. The CMTS has five main priorities:

- Strengthen Unity of Effort in the MTS.
- Advance the Health, Welfare, Diversity, and Growth of the MTS Workforce
- Enhance the Safety and Security of the MTS.
- Strive for a Sustainable Marine Transportation System
- Support Optimal Performance of the MTS Supply Chain

There are several Interagency Action Teams (IATs) responsible for the daily work of the committee. The teams that are most closely related to the work of MTSNAC include the Supply Chain and Infrastructure IAT, which conducts tabletop exercises on supply chain disruptions; the Maritime Data IAT, which is developing performance measures for MTS; and the Maritime Resilience IAT, which is focused on improving the climate resilience of U.S. ports.

Mr. Geir Kalhagen of the Texas DOT gave the state perspective. He shared many statistics with the group. Texas represents 25% of the total US GDP, and the Port of Corpus Christi is the largest energy port in the U.S. Houston generates $906B in annual economic activity. Six of the top 24 U.S. ports are located in Texas. The state's multimodal freight plan and Texas has a port mission plan (PMP). The state provides $640M in funding to its ports and $75M for seaport connectivity plans. The state is working on a strategic asset plan and has a Workforce Development Plan, creating a training pipeline. Texas is studying how much warehouse space exists in the state. As a result of the development of the railroad system in Mexico, near-shoring in south and central Mexico has become critical. Even though Houston has a 4.5M TEU capacity, there is a need for a 12M TEU capacity in Texas. The interesting thing is that these programs did not exist four years ago.

Trish Hendren of the Eastern Transportation Coalition (TETC) next presented for industry. She used a PowerPoint presentation (Appendix E). TETC was formed 30 years ago and comprises nineteen states and the District of Columbia. It is an excellent example of how you can do more together. Members include MPOs, transit agencies, and state DOTs. The coalition has three program track committees that are focusing on four key issues:

- Value of our waterways
    - The economic engine of the U.S.
    - Generate $390B in exports and $700B in imports.
- Data
    - Applicable only if used.
- Operations and technology
    - A good example is the disruption in Baltimore after the Key Bridge incident.
- Workforce Development
    - Establishment of Freight Academy
    - A challenge to get workers to the port for employment.

Mr. Tom Saunders of Ports America then addressed the group from the industry perspective. Ports America is the leading container terminal operator in the U.S. and the second-largest longshore labor employer. There is an increased need for federal investment in the maritime supply chain. He highlighted the need for a Congressional committee focused on maritime commerce. He pointed out that not all maritime facilities are publicly owned – some are privately owned and operated. Ports America Chesapeake operated terminals in the Baltimore area and was affected by the disruption caused by the Key Bridge incident. He emphasized the need to provide a good story about the maritime port industry to Congress and the need for more funding of port-related investments. Water transportation is essential since not everything can move on roads and railways. He also noted that smaller ports can act as feeder ports. He concluded by stating that the Marine Highway Program needs continued funding.

Open Discussion: There were several questions and comments for the panelists. Mr. Spencer wondered about the lessons learned from the pandemic. Mr. Saunders said geopolitical issues and a need to respond to the supply chain. Ms. Hendren noted that DOT was a problem during the pandemic. There is a need for more collaboration in these situations. Mr. Marrone asked if there were any ideas for workforce development. Ms. Hendren responded that even public agencies are struggling to hire. To date, there has not been enough collaboration to address this issue. Mr. Wetherald asked if there was a maritime pipeline in Texas, to which Mr. Kalhagen replied that Texas DOT is working on this in economically depressed communities. Mr. Wetherald also asked if the Eastern Transportation Coalition's work resulted from a federal failure. Ms. Hendren said the federal government should require state freight plans to address maritime issues. Mr. Kalhagen added that the federal sector is not a failure. Ms. Spoljaric asked for any thoughts on disruptions as MTSNAC develops its future work plan. Ms. Hendren noted that the Baltimore Key Bridge incident is not just a Maryland problem. Mr. Jones asked why people do not trust data, to which Mr. Kalhagen responded that people do not understand it. So, a story around data needs to be developed, which may help. Ms. Beagen asked if the CMTS Compendium dashboard has been updated with specific buttons. Mr. Tetrault replied that the dashboard is being overhauled. He suggested that these groups look at the MTSNAC

recommendations when addressing Congress. Ms. Rooney asked how best to integrate MTSNAC work with CMTS. Mr. Teterault explained that the CMTS reports to the Secretary of Transportation.

Only after final decisions are made is a report made public. Mr. Wellner added that there is a need for more collaboration between the two entities. Mr. Paape added that MTSNAC could provide technical assistance to the CMTS IATs, to which Ms. Chromey responded that this could be an action item. Ms. Rooney asked Mr. Kalhagen if the port funding in Texas was from the state, and he replied yes. Mr. Libatique asked Mr. Tetreault what the CMTS definition of resilience is. Mr. Tetreault replied that it depends on how one views it. It is undoubtedly nuanced. Mr. Libatique followed up by asking if CMTS has a definition of supply chain, to which Mr. Tetreault replied yes. Mr. Wellner stated that he was troubled by what he was hearing and asked how to change this paradigm and how best to push these crucial items over the goal line. Mr. Libatique responded that coalitions are incubators of ideas and wondered if they were shared with other entities. Mr. Kalhagen stated that many of the ideas from the Texas DOT are shared with ASHTO but that he was not sure about other groups.

Item 10: Panel 3: Creating the Vision for a World-Class Marine Transportation System

Ms. Chromey introduced the members of this Panel. The two federal panelists were:

- Tretha Chromey – MARAD
- Michael Nesbitt – FHWA

Ms. Chromey used a PowerPoint presentation (Appendix F) and began by reviewing an analysis of funding levels for ports over the last several years. There has been $33B in discretionary funding and $20B in formula funding. Although the totals seem impressive, there is a huge gap between the actual funding received and the funding needed based on requests from port entities. This is a challenge that needs to be addressed in the future.

Mr. Nesbitt then addressed the group. He had a PowerPoint presentation (Appendix G). He noted that activities in the maritime sector are of interest to FHWA. He then referenced the 25th Edition of FHWA's Conditions & Performance Report covering 2008 to 2018. FHWA is currently working on the 26th Edition, which will include data from 2022. The 25th Edition presents key findings broken into four parts:

- Part I: Moving a Nation
- Part II: Investing for the Future
- Part III: Additional Information
- Part IV: Highway Freight C&P

The Interstate Highway System comprises just 1% of the total miles of our highway system yet represents 26% of total miles traveled. Over time, highway bridge conditions have improved. A look at highway spending trends from 2018-2038 shows an average of $79B in annual spending to maintain the system at 2038 levels, yet $151B is needed to improve those roads, so a large gap is not being covered. Under Part III of the 25th Edition Report, there are some Special Topics of

interest, including the Impacts and Implications of the COVID-19 Pandemic on Transportation and Greenhouse Gas Mitigation. During the pandemic, the total vehicle miles traveled decreased by 40%. Also, the transportation sector is the largest source of GHG emissions in the United States, accounting for 29 percent of total US GHG emissions as of 2019. The 26th Edition will include details on vehicle electrification and bicycle and pedestrian statistics. This year, the third Edition of the Highway Freight Conditions and Performance Report was also published.

The Research panelist was Mr. Scott Brotemarkle of the National Academies of Sciences Transportation Research Board (TRB). Mr. Brotemarkle used a PowerPoint presentation (Appendix H). TRB was established in 1920 as the National Advisory Board on Highway Research and was renamed the Transportation Research Board in 1974. It has five standing committees related to maritime affairs:

- Inland Waterways
- Ports and Channels
- Marine Environment
- Marine Safety and Human Factors
- Ferry Transportation

TRB also has a Marine Board, which the U.S. Coast Guard sponsors, U.S. Army Corps of Engineers, National Oceanic and Atmospheric Administration/National Ocean Service, Bureau of Safety and Environmental Enforcement, Maritime Administration, Office of Naval Research/U.S. Navy, and Supervisor of Salvage & Diving, Naval Sea Systems Command/U.S. Navy. The current areas of interest for the Marine Board include:

- Emerging Technologies and Potential Impacts on Maritime
- Future of the Maritime Supply Chain
- Towards Zero Emissions Shipping
- Environmental Justice and Social Equity in the Marine Transportation System
- Maritime Resilience
- U.S. Offshore Wind Energy Development

In addition, there are three cross-cutting elements of Workforce, Safety, and Cyber.

The final member of the Panel, Mr. Jeff Davis of the ENO Center for Transportation, represented the think tank perspective. He also had a PowerPoint presentation (Appendix I). He began by giving an overview of the history of the PIDP Program, which began in 2009 but without any funding. In FY 2019, it had $293M in funding and is now at $450M. MARAD, so far, seems unable to negotiate and sign more than $200-250M of port project agreements per year, leading to an ever-increasing unobligated backlog. The current level of funding will only continue while the Infrastructure Improvement and Jobs Act (IIJA) is in place. Currently, the IIJA is due to expire in 2026. One bright note is that spending from the Harbor Maintenance Trust Fund has more than doubled since FY 2021.

Mr. Wellner then asked if there were any questions for the panelists. Mr. Spoljaric asked if there was an overlap in funding for bridges and ports vs. vehicles. Mr. Davis responded that, currently,

there is no way to share those dollars. Mr. Nesbitt added that different pots of money address specific needs.

Item 11: Hotwash (see below for actual Hotwash discussion)- Chris Johnson presentation

Mr. Wellner announced that the Hotwash would be deferred until after the Maritime Administrator's remarks in the afternoon to accommodate Mr. Chris Johnson's schedule. Mr. Johnson of USA. Maritime then addressed the group on the status of efforts on Capitol Hill to move U.S. Maritime legislation forward.

Mr. Johnson explained that the USA Maritime is a coalition of all U.S. flag operators in the Maritime Security Program (MSP). This is now a tipping point for the U.S. Maritime industry. 98% of in/outbound cargo is now carried on foreign flag vessels. There are now only 90-92 U.S. Flag commercial vessels in international trade, while China has approximately 7,000. They are planning to dominate the maritime field. Over the last two years, only five U.S. flag vessels were built in U.S. shipyards, while thousands were built in China. The DOD is alarmed at this trend. However, there is new momentum in Congress, which now sees a substantial national security risk in this trend. One alarming scenario is Taiwan and China. If China attacks Taiwan, can the U.S. effectively respond? On Monday, House Speaker Mike Johnson presented his first foreign policy speech. He noted that the nation's maritime industry is in decline, and there is a clear need to rebuild it. On Tuesday, the House Transportation and Infrastructure Committee held a roundtable. Congress is now working on a bi-partisan plan to revitalize the maritime industry. There is a need to create a maritime industrial policy, like the recent semiconductor policy. Mr. Johnson is confident that legislation will be very bold within the year. In the meantime, he feels that MTSNAC should make its recommendations known to Congress.

One example of the need for further legislation is the MSP. Currently, 60 vessels receive an annual stipend. In addition to that stipend, these vessels need cargo to survive and thrive. The law requires 100% of all military cargo, 50% of food aid, and 100% of Export-Import Bank cargo to move on U.S.-Flag vessels. However, operators cannot rely just on government cargo to survive. We must explore ways to create an environment to move more commercial cargo on U.S. Flag vessels via mandates, tax credits, or tax reductions. USA Maritime's proposals to address this problem are not yet ready for the public, but by the end of July, there should be a White Paper from the coalition. The focus will be on shipping, not shipbuilding.

Mr. Wellner asked if there were any questions or comments. Mr. Wetherald asked if the Tanker Security Program was of interest to USA Maritime. Mr. Johnson replied that it is, but the coalition is not involved in that issue. He noted that there are currently nine vessels in the program with authorization for 20. However, DOD has stated that there is a requirement for ninety. TSP vessels also receive a higher annual stipend than MSP vessels - $6M/vessel vs. $5.3M for MSP vessels. Mr. Wetherald suggested increasing the number of vessels in the MSP to eighty. Mr. Johnson responded that such an increase also required a broadening of the cargo base and an increase in the maritime workforce. It currently takes longer to certify a U.S. mariner than in other countries. In addition, a workforce shortage exists for the current MSP fleet. Ms. Beagen suggested that TSP be increased to seventy, perhaps higher. USTRANSCOM says it should be approximately eighty-five. Ms. Spoljaric asked about scheduling preferences at U.S. ports for vessels carrying cargo preference. Ms. Johnson responded that some ports prefer U.S.

flag vessels during congestion. Ms. Beagen added that the National Retail Federation does not consider U.S.-Flag when scheduling shipments. Mr. Johnson replied that U.S.-Flag carriers have a lot of work to do with shippers to change this situation. It is a big challenge, and there is a great need for education. Another problem is that there are currently insufficient U.S. Flag vessels to manage a surge in new bookings. Mr. Wellner said that MTSNAC is working on a new work plan and asked if Mr. Johnson could share elements of the coalition's white paper. Mr. Johnson replied yes and suggested that the group invite Mr. Charlie Papavizas to discuss that.

Mr. Wellner thanked Mr. Johnson and all the panelists for their time and presentations.

Break for Lunch

Item 12: Public Comments

Mr. Flumignan announced that there were no requests from the public to make comments. There were no public comments.

Item 13: Remarks by the Maritime Administrator

Mr. Wellner welcomed the Maritime Administrator, Rear Admiral Ann Phillips, U.S.N. (Ret). He advised her that some panelists were also in attendance and explained that the subcommittee would present their Priority 3 recommendations and prioritization lists.

Admiral Phillips addressed the group and acknowledged the damage done in Houston by Hurricane Beryl. She is happy to sit in on this session and noted that Congress is interested in maritime matters. MARAD will participate with DOD in war games at the end of July. She had spent a whole day with Senator Kelly's staff to discuss proposed maritime legislation. She is grateful for MTSNAC and its input to Congress.

Port Subcommittee Presentation

Ms. Rooney presented for the subcommittee. She used a PowerPoint presentation with her remarks (Appendix J).

- The first topic is Freight Logistics Optimization, and the recommendation is to expand FLOW to include all Class 1 railroads, the 10 largest ocean carriers by import volume, and a minimum of 10 largest logistics warehouse operators by import volume.
- The second topic concerned the Disaster Response Framework. The recommendations include:
    - Multimodal state freight plans are to be updated to include the use of:
        - Port Risk Assessment using NOAA Port Resilience Index Self-Assessment
        - CISA Marine Transportation System Resilience Assessment Guide
    - MTSR appropriation/coordination with FEMA to distribute emergency relief.

- The third topic concerned Helping Communities near Ports. There were four recommendations under this topic:
    - Incentivize zero emission expansion of inland ports utilization and construction of zero emission-focused inland ports.
    - Coordinate with EPA on public education and allocating discretionary grant programs for zero-emission equipment at ports and port-related facilities.
    - Utilize COEs to develop benefits and opportunities for economic justice and emissions reduction programs.
    - Encourage the development of zero-emission freight corridors with DOE, VTO, and HFTO with a focus on areas of non-attainment and near port communities.
- The fourth topic concerned Data-driven Methods to Identify and Mitigate Risks, and there were two recommendations:
    - Include in PIDP grant programs requirement that projects (sic) include a plan to) elevate the port to state of good repair and improve resiliency by adopting a strategic asset management plan.
    - Support creating an outreach campaign through META targeted at port stakeholders regarding strategic asset management planning.

Ms. Rooney then presented the top ten priority recommendations:

1. Develop an updated National Freight Strategic Plan (NFSP) incorporating the National Maritime Strategy to address last and first-mile freight transportation within the U.S. and its territories.
2. In coordination with DOT's Multimodal Office, support efforts to update the State Freight Plan Guidance to recommend including emissions reduction goals and decarbonization projects and include near port community collaboration in all plan updates.
3. The Secretary should support a series of initiatives that reduce the time it takes from award notification to Notice to Proceed, including Increasing staffing resources available to prepare the Grant Agreements and completing the NEPA process.
4. The Secretary should support funding and direct a study by MARAD of the lessons learned during the supply chain disruptions of 2020 through 2022. This study would encompass, at a minimum, coastal and inland ports, modal transportation providers (vessels, motor carriers, rail carriers), warehouse operators, and labor unions.
5. The Secretary should support efforts to incentivize increased utilization of existing inland ports and construction of new inland port terminals where significant efficiencies can be gained through diversions of cargo volume away from traditional truck transportation to intermodal rail transportation.
6. The Secretary should support expanding the FLOW initiative (including sufficient staff resources and funding) to include all U.S. Class 1 railroads, the ten largest ocean carriers by annual import volume, and a minimum of the ten largest logistics warehouse operators by annual throughput volume.
7. The Secretary should support the inclusion of a requirement in future Port Infrastructure Development Program grants or similar grant programs that the project outcome elevates port facilities to a state of good repair and improves port resiliency through adopting a strategic asset management plan (SAMP).

8. The Secretary shall develop a strategic plan to support the development of a domestic production base for the supply of critical cargo handling equipment throughout the U.S. supply chain.
9. Increased funding is provided to MARAD, EPA, and DOE, targeting the research and development of reduced and zero emissions transport vehicles, carbon capture, and sequestration technologies for ports and terminals, alternative fuels, ultracapacitors, and other energy storage solutions.
10. The Secretary should leverage the Office of Multimodal Freight Infrastructure and Policy to ensure that the guidance for the development of Multimodal State Freight Plans is updated to include the completion of a Port Risk Assessment utilizing the National Oceanic and Atmospheric Administration (NOAA) Ports Resilience Index (PRI.) Port Management Self-Assessment is a required element of State Freight Plans and encourages completion of a more detailed Cybersecurity & Infrastructure Security Agency (CISA) Marine Transportation System Resilience Assessment Guide as a recommended element of State Freight Plans.

Ms. Rooney said five recommendations are programmatic, two are fiscal, and three are programmatic and fiscal.

The Administrator thanked the subcommittee for the recommendations and prioritization and added that some recommendations are better addressed at the OST level. She added that some members of Congress do not agree with climate considerations being considered in awarding grants. Mr. Cordero asked what the major maritime topics were on Capitol Hill. The Administrator replied that it depends on the chamber. The House is focused on national security, ports, Red Sea diversions, the Panama Canal, and supply chain logistics.

Starboard Subcommittee Presentation

Mr. Wetherald gave the starboard subcommittee presentation. This subcommittee also used a PowerPoint presentation (Appendix K). The first task for the subcommittee was:

Make recommendations on actions that can increase the number of U.S. flagged vessels, specifically large ocean-going vessels, and recognizing the significance that offshore wind has on the development of ports and the domestic fleet, make recommendations on ways that the Maritime Administration can better support offshore wind development.

The recommendations for this task include the following:

- Support legislation to enact a minor amendment to the Tax Code that allows private shippers to deduct from their business taxes a more significant portion of their business expenses associated with contracting United States ocean shipping carriers operating under U.S. Flag.
- Advocate for and support legislation that will increase the number of ships in the TSP from 10 to 70 from 2025 to 2034. MARAD should be instructed to pay particular attention to the QOL standards of ships inducted into the TSP.

- Advocate for requiring all U.S.-owned fuel (of all types) moved worldwide within the Defense Fuels (DLA) network/TRANSCOM to be carried on U.S. Flag ships.
- Advocate for increasing and enforcing cargo preference requirements.
    - Advocate for legislation or endorsement of an executive order mandating 100 percent cargo preference requirement for all U.S. Government-impelled or sponsored cargoes.
    - Implement MARAD enforcement authority (2008 NDAA)
- Advocate for incentivizing commercial shippers to use U.S. Flagships.
    - Modify U.S. import duties on items shipped on American flagships.
    - Exempt U.S. import cargoes arriving on American Flag vessels from the Harbor Maintenance Tax (HMT).
    - Include freight charges on U.S. Flag vessels for transporting American military exports sold to NATO as part of the NATO Nations' 2% GDP commitment.
- Through its Infrastructure Permitting Improvement Center (IPIC), the Secretary of Transportation advocates for expedited environmental reviews and permitting as an incentive for offshore wind companies that commit to investing in and utilizing U.S. flag construction vessels for offshore wind projects.
- Support stabilizing the MSP and the TSP with multi-year funding.
- Actively support the enactment of the Energizing American Shipbuilding Act and offer significant advantage/financial support to ships equipped with CONSOL capabilities.

Mr. Wetherald and Ms. Beagen then reviewed the subcommittee's top eight priority recommendations:

1. The Secretary should pursue a sealift ship design in 2023 and prepare to hire a VCM with the intent that multiple shipyards could be contracted to build these ships. At the same time, the Secretary should continue to acquire used sealift ships for the Ready Reserve Force (RRF) as rapidly as Congress provides the authority and appropriations.
2. Advocate for and support legislation that will increase the number of ships in the TSP from 10 to 70 from 2025 to 2034.
3. Advocate for funding an updated MMLD database and ensure MARAD can access it.
4. Advocate for incentivizing commercial shippers to utilize the U.S. Flagships by reducing import duties and exempting HMT from using U.S. Flagships.
5. Implement MARAD's Work Force Strategic Plan & track mariners.
6. Advocate for expedited environmental reviews and permitting as an incentive for those offshore wind companies that commit to investing in and utilizing U.S. flag construction vessels for offshore wind projects.
7. Support legislation to increase SIP-appropriated funds to match the 2024 NDAA authorized level.
8. Support legislation to amend the Tax Code to allow private shippers to deduct from their business taxes for using U.S. Flagships to ship their cargo.

The Administrator had a few comments on the presentation. She noted that the most emphasis is on authorization rather than appropriation. A consequence is a considerable reduction in MARAD headcount, from around 1,200 in the 1980s to around 300 today. Regarding DLA fuels, DOD/DLA is responsible for enforcement of the U.S. flagship requirement.

Mr. Wellner interjected that there has been a repetitive theme among the panelists over the past two days. Many of them are items we have heard before. The main challenge/question is how to get these ideas into concrete action. The Administrator responded that the group needs to focus on the top three recommendations, then the next three to simplify needed action. She noted several climate change-related recommendations in the subcommittees' priority list. She added that the maritime industry is riding on defense requirements. Mr. Wellner then asked the Administrator about the status of the National Maritime Strategy, to which she replied that it is complementary to Senator Kelly's proposed legislation. MARAD is waiting for the CNA report and the outcome of the war games later in July. Ms. Beagen noted that the distinction between authorization and appropriation was especially important. She asked how MTSNAC members can support MARAD on Capitol Hill. The Administrator replied that a request for an increase in SIP would be most helpful since every SIP-supported seat in the maritime academies is full. They should also make it retroactive for those already in maritime schools.

Mr. Jones noted that the cargo volumes we experienced in 2022-2023 were what had been projected for 2030. Ms. Eriksson noted that the mariner rating system is geared toward maritime academy students and that STCW severely impacts the path for entry-level positions aboard vessels.

Mr. Wellner thanked the Administrator for her attendance and comments.

Item 11: Hotwash (see earlier comment on placement of this discussion)

Ms. Chromey led the Hotwash discussion. She asked the committee members to focus on three categories:

- Top three best ideas for the next steps
- What did we miss?
- Who else should we hear from or more of?

Mr. Wellner began the discussion by saying that all the information they had heard was good. He added that the subcommittees should be the ones to decide who else should address them. Mr. Libatique pointed out that the panel information flowed only one way and that we needed to provide panelists with an MTSNAC view. Ms. Beagen asked if MTSNAC could get a briefing on Senator Kelly's proposed legislation package. Mr. Flumignan responded that the group cannot invite staff to brief them, but a third-party entity can be invited.

Ms. Rooney asked how MTSNAC can bring its recommendations to life. They should focus on the top three recommendations from each subcommittee. And continue to work on an action plan. Mr. Spencer said prioritization was essential and suggested inviting more SMEs with detailed information to address the group. Mr. Cordero had two questions:

- What should the messaging be?
- How do you prioritize the recommendations?

He noted that messaging is a real problem since we lack a National Maritime Strategy. Ms. Fuentes said that the challenge is OMB. More outreach from the Maritime Administrator or OST with OMB must be done. Mr. Spoljaric asked who else should come before MTSNAC. Ms. Chromey replied that MARAD has already conducted roundtables to discuss these issues. Ms. Beagen said that the top three priorities are probably mariners, shipbuilding, and adequate cargo to support them. Mr. Jones said there is plenty of awareness, but how to treat it is a problem. We are not leveraging it.

Some other issues/priorities mentioned included:

- Shipping
- Financing
- Data and making private data available to the public sector.
- Forging a partnership between workers and ports
- Collaboration with CMTS
- MTSNAC should consider meeting in other locations, such as rivers or seaports.
- Collaboration with other agencies
- Plenty of work at the local, state, and regional levels. But how does the federal government fit in?

Ms. Chromey then asked the group to consider important themes. Ms. Rooney responded that there is a need to focus on opportunities, such as landside and shipboard labor. Also, there is a need to work with federal partners. What will move the needle in the next few years? The MTSNAC work plan constrains the group. How can we break the logjams? Ms. Beagen suggested that there is some flexibility in the work plan and that the group should look to the FMC and TPM (Trans-Pacific Maritime) Conference as venues to share MTSNAC recommendations. Ms. Rand suggested that more emphasis should be given to the MTSNAC subcommittees. Mr. Wetherald said that the National Maritime Strategy should be front and center. Mr. Cordero added that everything flows from the strategy, the industry's most critical issue. Mr. Libatique cautioned that the window of opportunity is closing and that the National Maritime Strategy is essential.

Item 14: Closing Remarks and Way Ahead

Mr. Pappe said that this massive data presentation was particularly important. He likened the current process to the Three Horizons Framework (a framework for creating a shared vision of a new system and a plan for moving towards it):

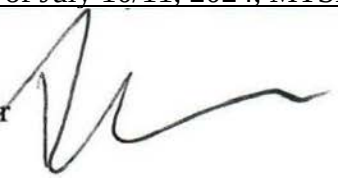
- Business as usual – today
- Organizational transition/innovation
- Future state – far-off horizon

He added that the Secretary's priority is project delivery. To this end, perhaps waivers and CATEXs could help. He also thanked everyone for attending and Mr. Flumignan and Ms. Chromey for their assistance these past two days.

Item 15: Closing Remarks and Adjournment

Mr. Wellner was asked if the Hotwash comments would be shared with the MTSNAC members, and he replied yes. He added that this is probably the last in-person meeting for this MTSNAC. He also hopes to brief the Secretary with Mr. Libatique. Mr. Libatique then thanked Mr. Wellner for his leadership these past two years. The meeting was adjourned at 2:47 p.m. EDT.

Certification and Approval of July 10/11, 2024, MTSNC meeting minutes

Robert G Wellner, Chair  Date: 25 July 2024

Appendices

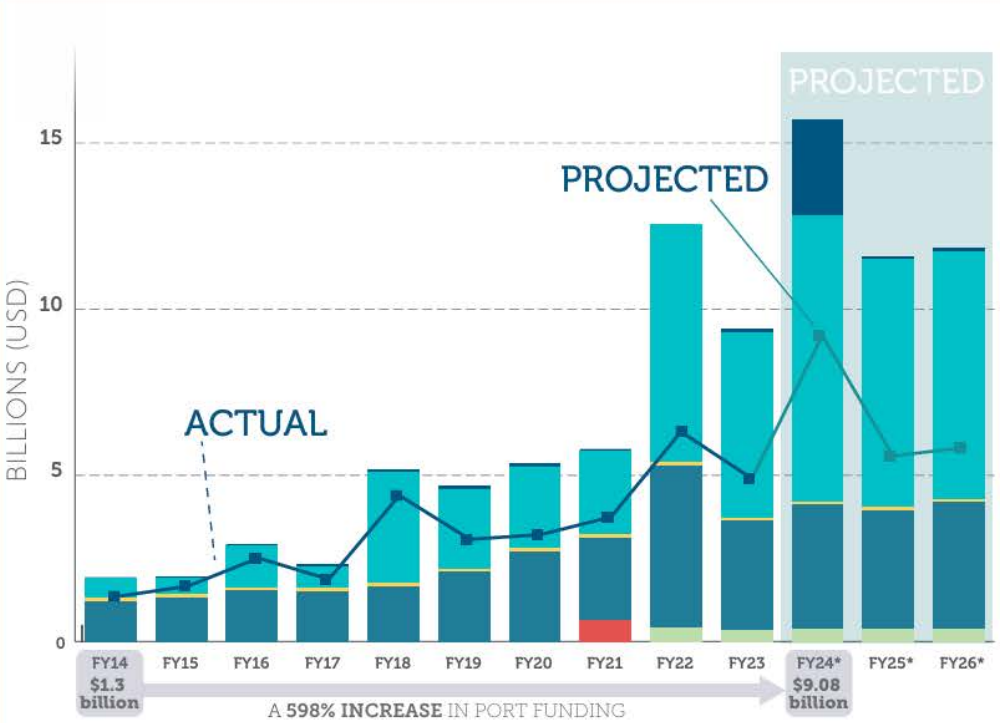
A - Presentation- Presentation: Association of American Port Authorities - Ian Gansler
B - Presentation: AASHTO/State DOT Perspective – Joung Lee
C - Presentation: Current State of the MTS: Inland River Ports – Ann Schneider
D - Presentation: CMTS & USACE - Brian Tetreault
E - Presentation: Eastern Transportation Coalition - Trish Hendren
F – Presentation: Maritime Transportation System at a Glance - Tretha Chromey
G - Presentation: Status Of The Nation's - Highways, Bridges, Transit, and Freight – Michael Nesbitt
H - Presentation: TRB/Marine Board, Marine Transportation Research Perspectives - Scott Brotemarkle
I - Presentation: ENO Center for Transportation – Jeff Davis
J – Presentation: Starboard Subcommittee Recommendations – Task 3 – Tom Wetherald
K- Presentation: Port Subcommittee Recommendations – Task 3 – Brian Jones
L - Port Subcommittee meeting minutes (April 22, May 17, & June 14, 2024)
M - Starboard Subcommittee meeting minutes (April 14, May 15, June 13, June 20, & June 27, 2024)

Appendix A - Presentation: Association of American Port Authorities - Ian Gansler

FEDERAL PORT FUNDING

Increased investment in ports & infrastructure

Thanks to the effective advocacy of AAPA members on historic infrastructure legislation, federal funding in FY24 will be 598% higher than in FY14.



TOTAL AVAILABLE FUNDS BY AGENCY

Environmental Protection Agency
- Clean Ports Program
- DERA

U.S. Department of Transportation
- MEGA
- PROTECT
- Reduction of Truck Emissions at Port Facilities
- Marine Highway Program
- CRISI
- PIDP
- INFRA/FASTLANE
- RAISE/BUILD/TIGER

Department of Homeland Security
- Port Security Grant Program

U.S. Army Corps of Engineers
- Coastal Navigation

American Rescue Plan

Earmarks

Projected Port Awards: FY24-26

Actual Awarded to Ports

Permitting/Grant Administration

- PORT Act
- Fiscal Responsibility Act
- Build America, Buy America

Section 301 Tariffs

- Newly announced 25% tariff on Chinese STS cranes
- $131 million in unexpected costs for current orders
- At least $229 million on orders over next 5 years (61+ cranes)

The Washington Post
Democracy Dies in Darkness

Subscribe

ECONOMIC POLICY

Biden wants to cut U.S. need for Chinese cranes; ports fear higher costs

A state-owned Chinese manufacturer is dominating U.S. and global markets.

By David J. Lynch

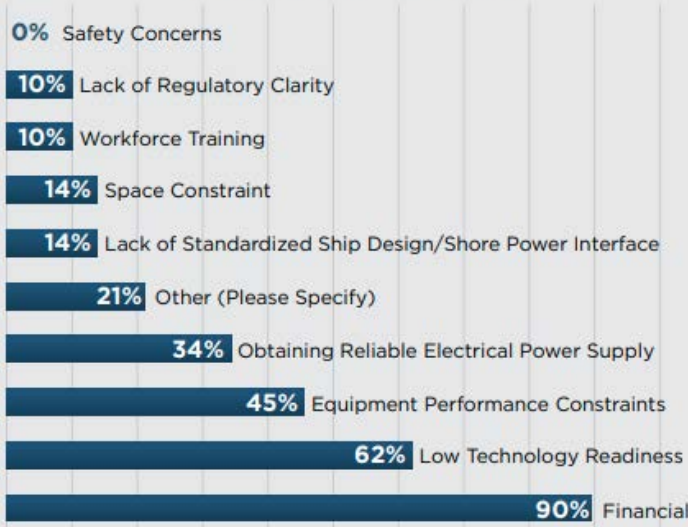
July 9, 2024 at 6:00 a.m. EDT

A boat from the Harford County Sheriff's Office moves past cranes and containers at the Port of Baltimore. (Mark Schiefelbein/AP)

Decarbonization

QUESTION 4

What are the biggest hurdles to date, if any, faced in decarbonizing? Please select three.



Whales/Vessel Speed Restrictions

- North Atlantic Right Whale: proposed restrictions pose safety risks
- Rice's Whale: critical habitat designation expected this year

Appendix B - Presentation: AASHTO/State DOT Perspective - Joung Lee

US MARITIME TRANSPORTATION
NATIONAL ADVISORY COMMITTEE MEETING

AASHTO/State DOT Perspective

July 10, 2024 | Washington, DC

Joung Lee, Deputy Director-Chief Policy Officer | **AASHTO**

What Is AASHTO?

- Nonprofit association
- Founded in 1914
- Members include:
  - Transportation departments of the 50 states, the District of Columbia, and Puerto Rico
  - 50+ Associate Members from federal, state, and local agencies and other countries
- Covers *all* modes: Aviation, Rail, Highways, Transit, Water, and Active Transportation

2023–2024 Association Leadership

Craig Thompson
President

Secretary,
Wisconsin Department
of Transportation

Garrett Eucalitto
Vice President

Commissioner,
Connecticut Department
of Transportation

Russell McMurry, PE
Treasurer

Commissioner,
Georgia Department of
Transportation

Jim Tymon
Executive Director

AASHTO

2023-2024 AASHTO Presidential Emphasis Areas

Transportation Together: Maximizing Investments, Safety, Workforce

Transportation TOGETHER

CRAIG THOMPSON
2023–2024 AASHTO President
Secretary, Wisconsin DOT

The thing I've always found most valuable about AASHTO is the way it allows state transportation agencies from across the nation to work together.

AASHTO enables us to learn from one another, to discover new ideas and best practices, and to collaborate in finding strategic approaches to the transportation issues that impact us all.

As I consider emphasis areas for my term as AASHTO president, I want to do more than simply list a few of the important transportation issues of the day. I also want to consider how the capabilities of AASHTO as an organization, and the combined resources and expertise of its members, can be best brought to bear and enable us to work effectively together.

This is an exciting and transformational time in transportation. With historic investment in infrastructure across the nation, innovation reaching every corner of the industry, and technology evolving in unprecedented ways, we are paving the way for the future of mobility. We have the opportunity to apply innovative tools, resources, and practices to save lives. We have the opportunity to strengthen the workforce of today and tomorrow. And we have the opportunity to build a modern and efficient transportation system our citizens deserve.

The transportation industry is essential not only to meeting the needs of our everyday lives, it's also a pillar of a prosperous economy and a successful society. By using AASHTO to facilitate our collaborative efforts to get the most out of historic federal investments in infrastructure, improve safety, and develop our workforce, together we can move our transportation system into the future.

Maximizing Federal Investments Together

As we reach the mid-point of the five-year authorization of the Infrastructure Investment and Jobs Act (IIJA), it is imperative that we work with our federal partners to ensure that the promise of IIJA is fully realized. While there are already transformational projects moving forward, there are also significant challenges that come with the launch of so many new federal programs and the competition for both workforce and material to build projects. We need to work together to express our urgent expectation that the federal government resolve these issues now.

AASHTO members know that investing in transportation will positively impact our economic competitiveness, save lives, improve mobility, and decrease greenhouse gases. At the same time, simply authorizing the expenditure of these funds does not in and of itself accomplish any of these goals. At the end of the day, we need to demonstrate to the American people that government at all levels can work efficiently to apply these historic investments in a way that will positively impact their lives. While the potential of IIJA and other new programs is powerful, so is the inverse if we fail to overcome bureaucratic hurdles and implementation snafus.

The country is watching what we do with this massive opportunity, and we must deliver. AASHTO can play its part by doing the following:

- Ensuring clear lines of communication and providing member input to our federal partners.
- Providing real-time feedback on the impact of federal guidance to state DOTs.
- Sharing strategies on successful applications and approaches to help local communities meet their needs with federal resources.
- Addressing issues that stand in the way of delivering every penny available under IIJA to improve lives and our climate in a way that the public can see and understand.

Safer Together

Today we are experiencing a crisis in which too many users of our transportation system do not make it home safely. It is imperative that we address this crisis using all means and methods at our disposal. Providing all users with safe multi-modal transportation options is our foremost priority. That is why 2024 must be the year that we harness all the data and best practices states have embarked upon to significantly move the needle on safety across the country. Moving that needle needs to be judged by fewer people dying on our roadways. A transportation network with zero deaths is our goal. Achieving that goal is our shared responsibility and collaborative action offers our best opportunity to achieve it.

Across the country, state DOTs have tremendous efforts underway to improve safety on our transportation system. Together we can build on those efforts, prevent crashes, and save lives by:

- Prioritizing safety for all transportation users across all travel options with an expanded focus on those most vulnerable.
- Providing opportunities to deepen subject-matter experts' awareness of innovative safety-related best practices, resources, and research through knowledge transfer activities.
- Fostering safety culture into all transportation roles through cross-training and communication of safety efforts.
- Supporting state DOTs to leverage innovative technology, data, and applications.
- Facilitating implementation of existing, new, and cutting-edge behavioral and engineering safety countermeasures.

Building Our Workforce Together

Our workforce issues are as diverse and multifaceted as our employees themselves. Much of our existing workforce is reaching retirement age, and newer employees are staying for shorter tenures. This is occurring in a context in which all industries are facing fewer candidates, and the impact and reach of technology in the workforce is ever changing. The way things have always been done is no longer a viable option in the face of such transformational change. We must approach our workforce like we are approaching safety, with a sense of urgency.

To strengthen our workforce now and into the future, we need to:

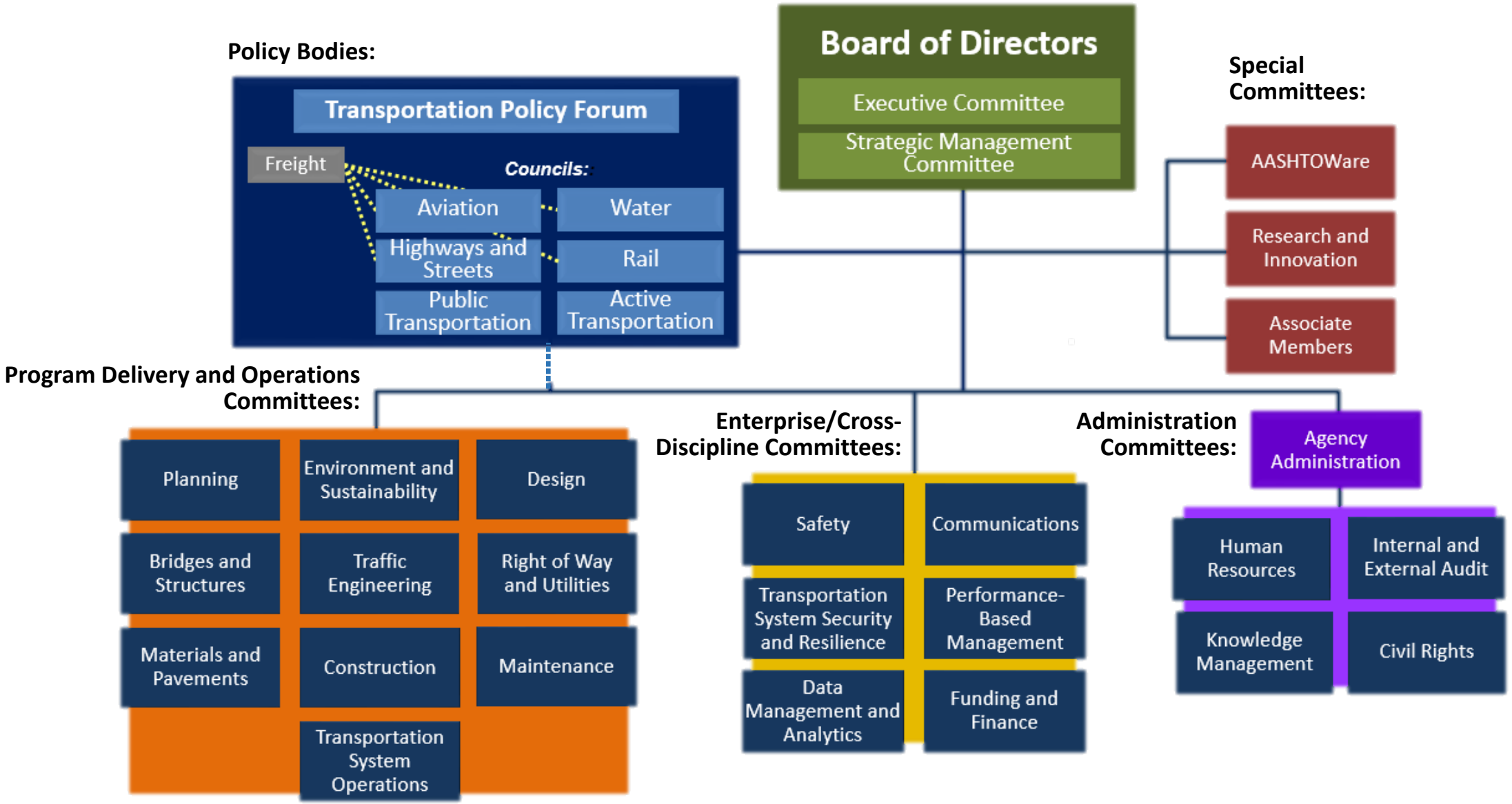
- Develop strategies to establish state DOTs as an employer of choice by identifying innovative ways to attract, retain, engage, develop, and empower talented individuals.
- Share best practices on workforce training, modernization, and reskilling to ensure state DOTs have the right people in the right job, working on the right tasks, at the right time with the right knowledge and skills.
- Support state DOTs' efforts to advance a more equitable transportation system through increased diversity of their own workforce.
- Examine the potentially beneficial impact of artificial intelligence on the state DOT workforce.

AASHTO

American Association of State Highway and Transportation Officials
555 12th Street, N.W. | Suite 1000
Washington, DC 20004

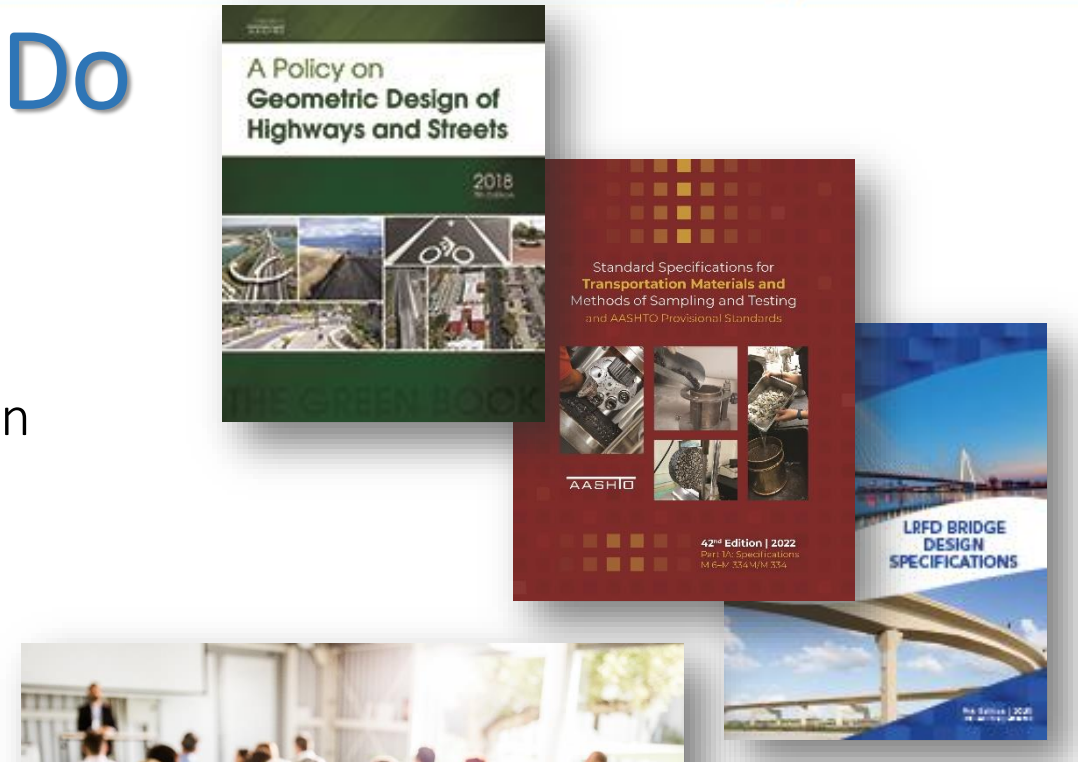
transportation.org

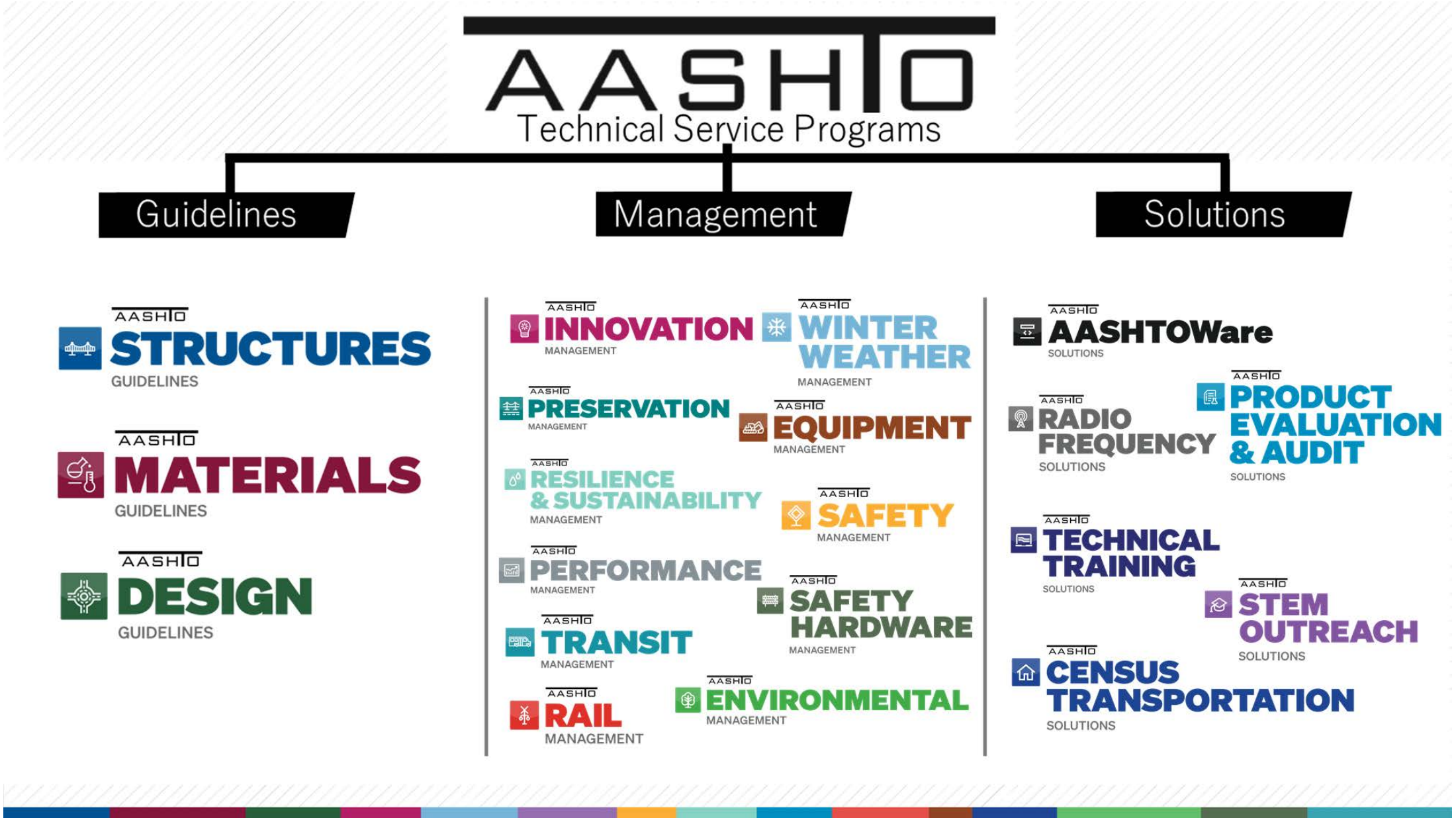
AASHTO Committee Structure



What AASHTO Committees Do

- Develop and interpret policy
- Develop and maintain technical standards and specifications
- Provides a forum for consideration on transportation issues
- Produce best practices guides and manuals
- Foster collaboration and communication between DOTs and industry
- Disseminate information
- Provide professional development
- Conduct surveys, provide data, and testify on legislative issues





https://transportation.org/services/technical-service-programs

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Council on Water Transportation

The Council on Water Transportation addresses all policy, regulatory, safety, and enforcement issues impacting the nation's coastal, inland, and Great Lakes waterways' ability to move goods efficiently on the national freight transportation network.

Charter of the Council on Water

Thank You!

Appendix C - Presentation: Current State of the MTS: Inland River Ports - Ann Schneider

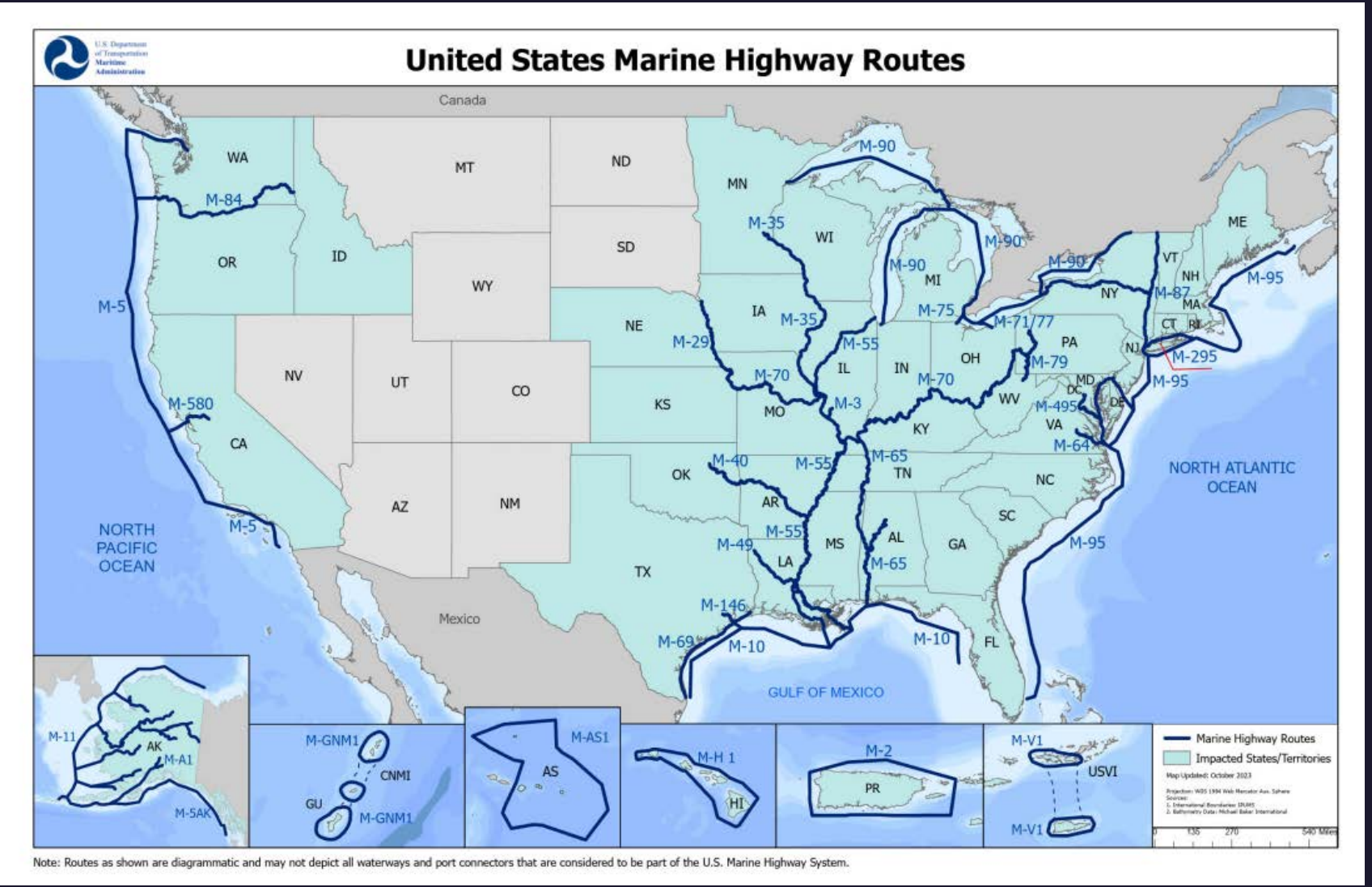
Current State of the MTS: Inland River Ports

Presented to the US Maritime Transportation System National Advisory Committee

July 10, 2024

Presented by Ann L. Schneider

Why Inland River Ports and Terminals Matter



Benefits of a healthy commercial navigation network on inland rivers

Sustainability	Mitigating environmental and climate impacts of freight movements through lower emissions per ton mile versus truck and rail.
Resiliency	Creating redundancy in the freight network to support resiliency of supply chains.
Connectivity	Connecting rural America and inland industries to deepwater ports with their reach to global markets.
Safety	Making the surface transportation system safer for all users by removing heavy vehicles and reducing risk.

Sustainability; Mitigating environmental and climate impacts of freight movements through lower emissions per ton mile versus truck and rail.
Resiliency; Creating redundancy in the freight network to support resiliency of supply chains.
Connectivity; Connecting rural America and inland industries to deepwater ports with their reach to global markets.
Safety; Making the surface transportation system safer for all users by removing heavy vehicles and reducing risk.

Inland Port Challenges

Many are run by appointees with little or no experience in managing a multimodal enterprise.

Lack of professional staff to provide strategic direction, engage in network building to expand markets, or build partnerships to leverage advantages and synergies.

Infrastructure that developed incrementally based on specific economic development needs that have since evolved and/or does not employ the latest technologies for efficient operations.

Lack of multimodal connections, particularly rail access, that would provide greater opportunities for multimodal shipping solutions to lower transportation costs and environmental impacts.

Lack of understanding of or no access to MARAD Centers of Excellence for Domestic Maritime Workforce Training and Education limiting opportunity for diverse populations to pursue careers on the waterways.

Opportunities: Partnerships

Develop partnerships with deepwater ports, ocean carriers, shippers, other inland ports to expand markets and address infrastructure needs.

Model partnerships:

CREATE
KEEPING THE GO IN CHICAGO

Chicago area's CREATE Program is the largest public-private partnership of its kind, involving the nation's rail industry and all levels of government. RESULTS: 31 out of 70 projects completed since 2003

UMRBA
Upper Mississippi River Basin Association

The Upper Mississippi River Basin Association (UMRBA) is the Governor-established forum for interstate water resource planning and management on the Upper Mississippi River, representing its member states of Illinois, Iowa, Minnesota, Missouri, and Wisconsin. RESULTS: Congress Authorized the Navigation and Ecosystem Sustainability Program (NESP), $954 million funded in FY 22 and FY 23 Federal budget and IIJA

Opportunities:

Expand Federal Programs to address infrastructure needs and operational challenges

Port Infrastructure Development Program additional funding including for small projects at small ports

MARAD Centers of Excellence for Domestic Maritime Workforce Training and Education expansion - consider one in each State with navigable waterways

Policy framework and incentives that build on USEPA's Clean Ports program to increase efficiency and encourage further investment by shippers/haulers/ports/operators in clean fuel options for fleets and landside operations

Opportunities:
Leverage existing organizations

AAPA:

- Establish River Ports working group

Inland River Ports and Terminals Association:

- Provide training programs for port authority board members and support for professional staff development

Others?

Any/All:

- Provide networking opportunities to develop multimodal, multijurisdictional, and cross sector partnerships

Thank you!

AnnSchneider100@gmail.com

Appendix D - Presentation: CMTS & USACE - Brian Tetreault

Maritime Transportation System National Advisory Committee

Panel 2 – MTS Supply Chain Planning and Movement: Capacity and Modal Shift

Brian Tetreault

Marine Transportation System Program Manager

Acting Executive Director, CMTS

USACE Liaison to US Coast Guard

MTSNAC Meeting

July 11, 2024

MTS Supply Chain Planning and Movement: Capacity and Modal Shift

- How to achieve national/international goals, such as environment, climate, resiliency/redundancy, security, safety, equity, connectivity, etc.
- While addressing the many challenges, such as workforce, capacity, standards/lack of standards, conflicting policies, etc.

Standard Matrix of the Federal Marine Transportation System

By Department/Agency

FEDERAL MTS Areas	MAJOR CATEGORIES	USDA				DOC					DOD							DOE	DOI				DOJ	DOL			DHS				DOS	DOT				Treasury	FMC	NTSB	EPA	CDC	MMC	ODNI	CMTS
		FAS	FSA	APHIS	AMS	BEA	Census	ITA	NIST	NOAA	Army	USACE	Navy	ONR	TRAN SCOM	MSC	NGA		USFWS	BOEM	BSEE	ONRR		BLS	OSHA	VETS	TSA	USCG	CBP	CISA		OST	BTS	GLS	MARAD							NIMIO	
Enhance Safety	Safety									X		X	X				X	X	X	X	X				X			X			X				X							
Protect the Environment	Environmental Protection			X						X		X	X	X				X	X	X	X				X			X			X	X		X	X			X		X	X	
Facilitate Commerce	Trade Facilitation	X		X	X	X	X	X		X		X						X	X									X	X		X	X		X	X	X	X					
	Vessel Operations									X	X	X	X			X			X									X	X					X	X							
	Physical Infrastructure							X		X	X	X	X	X					X	X	X	X			X			X		X	X	X		X	X			X				
	Informational Infrastructure						X			X		X	X			X	X										X	X				X		X				X				
Ensure National Security	Security						X	X	X	X	X	X	X	X	X	X	X	X			X		X				X	X	X	X	X	X		X	X			X			X	
Cross-Cutting	Innovative Science and Technology									X		X	X	X		X	X	X	X	X	X							X					X	X			X		X	X	
	Human Resources (Workforce)									X	X	X	X			X	X						X		X	X	X	X			X			X				X				
	Data	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X		X	X		X	X	X	X	X	X		X	X	X	X	X	X		X	
	Regulatory Mission			X				X		X		X						X	X	X	X	X					X	X	X		X			X		X		X		X	
	Marine Transportation System Funding (Grants, Loans, Direct)							X		X		X	X												X		X							X		X	X	X	X		
	International Participation and Tribal Nations			X		X	X	X		X		X	X				X	X	X	X	X	X						X			X			X		X		X			
	Resilience			X				X	X	X		X	X	X			X	X	X	X	X				X		X	X		X				X		X		X	X		

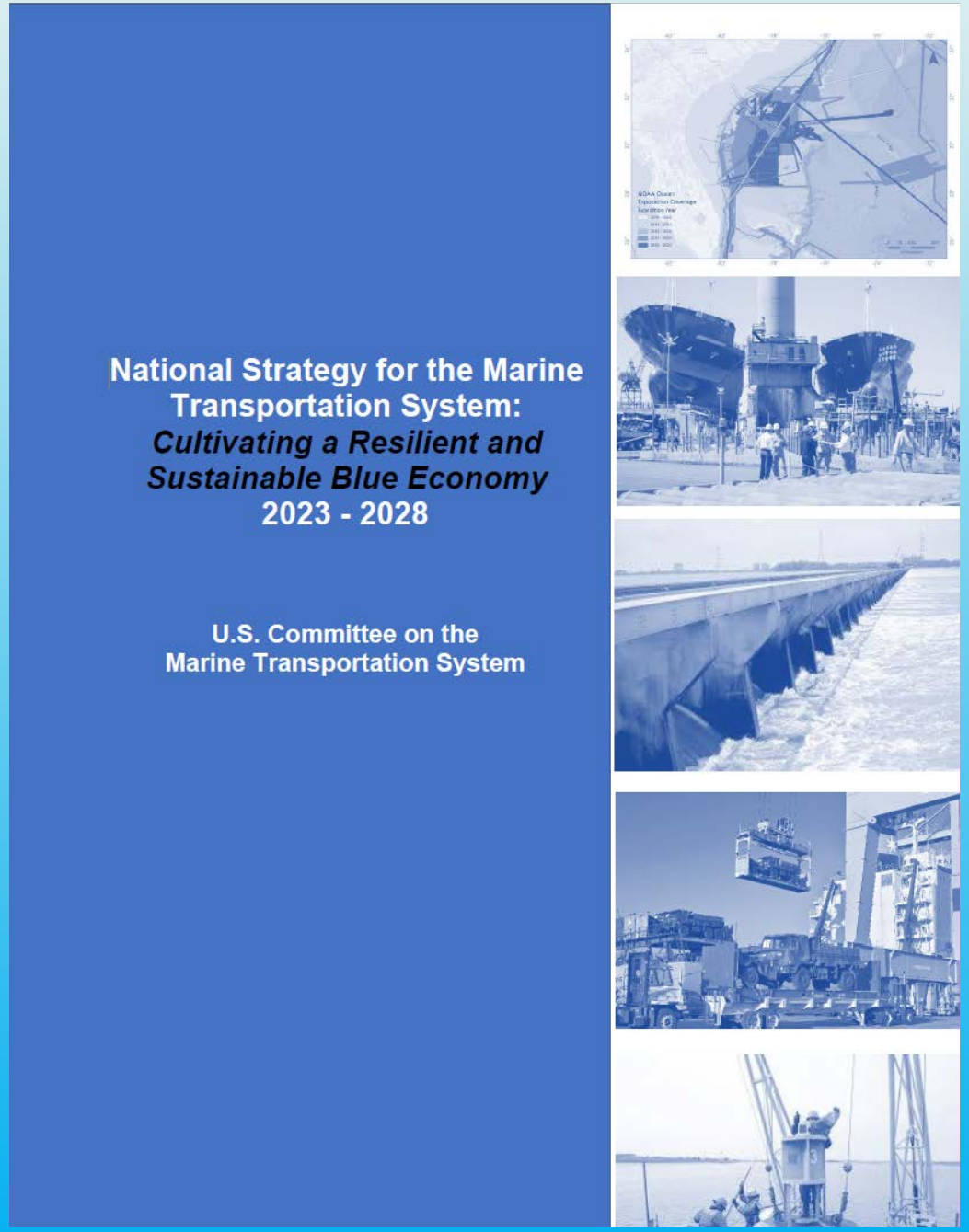
Coordination and Collaboration

- **US Committee on the Marine Transportation System**
- Cabinet-level interagency maritime policy coordinating body
- Established by Presidential Directive in 2005
- Codified by Congress in 2012
- Coordinating Board:
  - Meets quarterly
  - 30+ senior agency representatives

National Strategy for the Marine Transportation System 2023-2028

5 Priority areas:

- ***Strengthen Unity of Effort of the MTS***
- ***Advance Health, Welfare, Diversity and Growth of the MTS***
- ***Safety and Security of the MTS***
- ***Sustainable MTS***
- ***Optimal Performance of the MTS Supply Chain***



CMTS Interagency Teams

- Arctic Marine Transportation IAT
- Maritime Data IAT
- MTS Resilience IAT
- Supply Chain and Infrastructure IAT
- Future of Navigation IAT
- Maritime Innovative Science and Technology IAT
- Offshore Energy Facilitation Task Team
- Ad hoc MTS Security Task Team
- Mariner and MTS Workforce IAT
- Mariner Mental Health Working Group
- Recruitment and Retention Task Team
- Military to Mariner Task Force

Supply Chain & Infrastructure IAT

Co-led by USACE & Treasury

- Formed to foster collaboration on the rapidly changing marine supply chain and the infrastructure needs of the MTS. The team provides a regular forum for sharing agency activities and focuses on developing tools that are value-added for practitioners at the local and non-Federal level as well as for Federal stakeholders.
- **Published the 6th Edition of the Federal Funding Handbook for the MTS.**
- CMTS-AAPA Panel for National Infrastructure Week, May 13, 2024.
- **Sept. 2023: 3rd tabletop exercise on impacts to the MTS from supply chain disruptions.**
- An Economic Analysis of Spending on MTS Infrastructure, May 2020.

2023 Tabletop Exercise

- September 20, 2023: CMTS Supply Chain and Infrastructure Integrated Action Team facilitated a tabletop discussion exercise.
- Scenario included closure of the Port of Baltimore due to the collapse of the FSK.
- Outcomes of the After Action Report were sought out following the real-life collapse.

MODULE ONE: PORT CLOSURE

Scenario

September 20th, 2023: 10:00 a.m.

The Port of Baltimore, located in Baltimore, Maryland, receives word from local authorities that the Francis Scott Key Bridge (Key Bridge) experienced a manmade disaster. Multiple media outlets are reporting an explosion occurred on the Key Bridge resulting in a portion of the center span bridge collapsing into the water. The Captain of the Port has set a 500-yard safety zone around the incident area and no vessels may transit under the Key Bridge.

Port of Baltimore, Maryland:

Supply Chain Policy Tabletop Exercise

After Action Report

September 20, 2023

Possible CMTS Actions

- Identify, and utilize, a safe and reliable way to share data amongst agencies
  - Central location / 1 Federal dashboard to include real-time data
  - Challenge: personnel to update / monitor data; willingness / ability to share
- Develop economic impact metric to determine impact of supply chain disruptions
  - How many vessels would have called? How many vessels chartered out of other ports / terminals? Number of Stevedores working at affected terminals?
- Create list of available data sets, and list of subject matter experts / appropriate offices
  - Who creates / verifies / updates? Who can access?
  - Challenge (again): personnel to update / monitor data; willingness / ability to share
- Complete analysis of cargo diversion
  - Knowledge of each port (terminals, vessel class / size, cargo, modes), and where cargo is diverted
  - Elasticity of the other ports / terminals and modes to handle diversion

Maritime Data IAT

Co-led by USACE & MARAD

- Serves as the body of experts on the discovery, access, and sharing capacity of data related to the operation and governance of the MTS. The work of the Maritime Data IAT includes facilitating the identification, archiving, linking, and integration of authoritative data from agencies with equities in maritime data.
- **Developing performance measures for the MTS Report to Congress**
- Assisting the Offshore Energy Facilitation Task Team with data collection needs related to MEC
- **Supporting data interoperability**
- Supporting access to and sharing of AIS data
- Archiving CMTS documents with the National Transportation Library

Maritime Resilience IAT

Co-led by
NOAA & DHS/CISA

- Fosters interagency exchange and co-production to incorporate the concepts of resilience into the operation and management of the U.S. MTS.
- **CMTS Work Plan item: Advance Climate Resilience of U.S. Ports via Interagency and Key Industry Collaboration**
- **Request for information on port resilience to be published soon.**
- December 2021 report on MTS resilience under COVID-19 and the 2020 Hurricane Season.
- Published an examination report on the response and recovery during the 2020 hurricane season.

USACE NAVIGATION MISSION

Navigation is the US Army Corps of Engineers' earliest Civil Works mission, dating to Federal laws in 1824 authorizing and funding the USACE to improve safety on the Ohio and Mississippi Rivers and several ports.

USACE provides safe, reliable, efficient, and environmentally sustainable waterborne transportation systems (channels, harbors, and waterways) for movement of commerce, national security needs, and recreation.

USACE Navigation System

Impact:

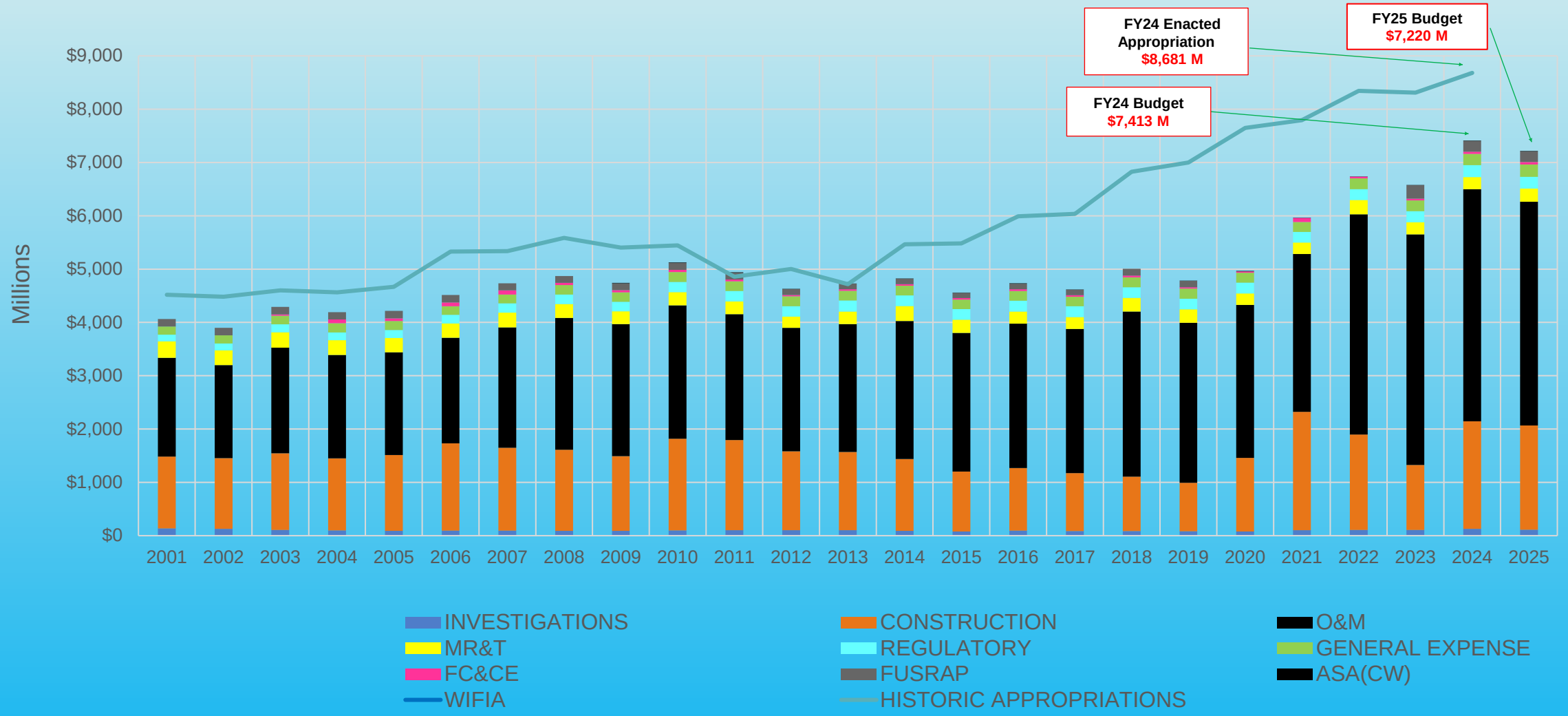
- U.S. Marine Transportation Industry Supports
  ~ $2 Trillion in Commerce Annually
- **More than 48%** of Consumer Goods Bought by Americans Pass Through Harbors Maintained by Corps.
- Over **1.5 Billion Short Tons** of Foreign Goods Moved Through U.S. Ports/Waterways in 2020
- Over **743 Million Short Tons** of Domestic Goods Moved Thru U.S. Ports/Waterways in 2020
- **15%** of U.S. Domestic Freight Carried by Water
- **45** States are directly served by USACE Channels & Waterways

Assets:

- **237** Lock Chambers at **192** sites
- **13,000** Miles of Coastal and Deep Draft Channels
- **12,000** Miles of Commercial Inland and Intracoastal Waterways
- **1,072** Coastal, Great Lakes and Inland Harbors

Civil Works investment trends

(excludes Supplemental funding)



FY25 Budget is ~3% decrease below FY24 Budget

Navigation Innovations

Upgrade the Nation’s waterways

- 12 Post Panamax Port Deepening Projects on-going or funded

Build innovative, climate-resilient infrastructure

- Identifying opportunities to increase beneficial reuse of dredged material to effectively manage sediment within the ecosystem

Modernize civil works programs

- Improving major maintenance and rehab policies and processes to efficiently manage critical assets - locks, breakwaters, and jetties
- Modernizing dredge fleet

Invest in science, research and development

- Find environmentally friendly technology to meet our increased maintenance, resiliency and beneficial use of dredged material goal

Strengthen communications and relationships

- Increased regional and enterprise coordination meetings for dredge scheduling

For more information

US Army Corps of Engineers®

Brian Tetreault

brian.j.tetreault@usace.army.mil

brian.tetreault@cmts.gov

- Marine Transportation System Program Manager
- Acting Executive Director, CMTS
- USACE Liaison to US Coast Guard

Appendix E - Presentation: Eastern Transportation Coalition - Trish Hendren

THE EASTERN TRANSPORTATION COALITION

CONNECTING FOR SOLUTIONS

Maritime Transportation System National Advisory Committee

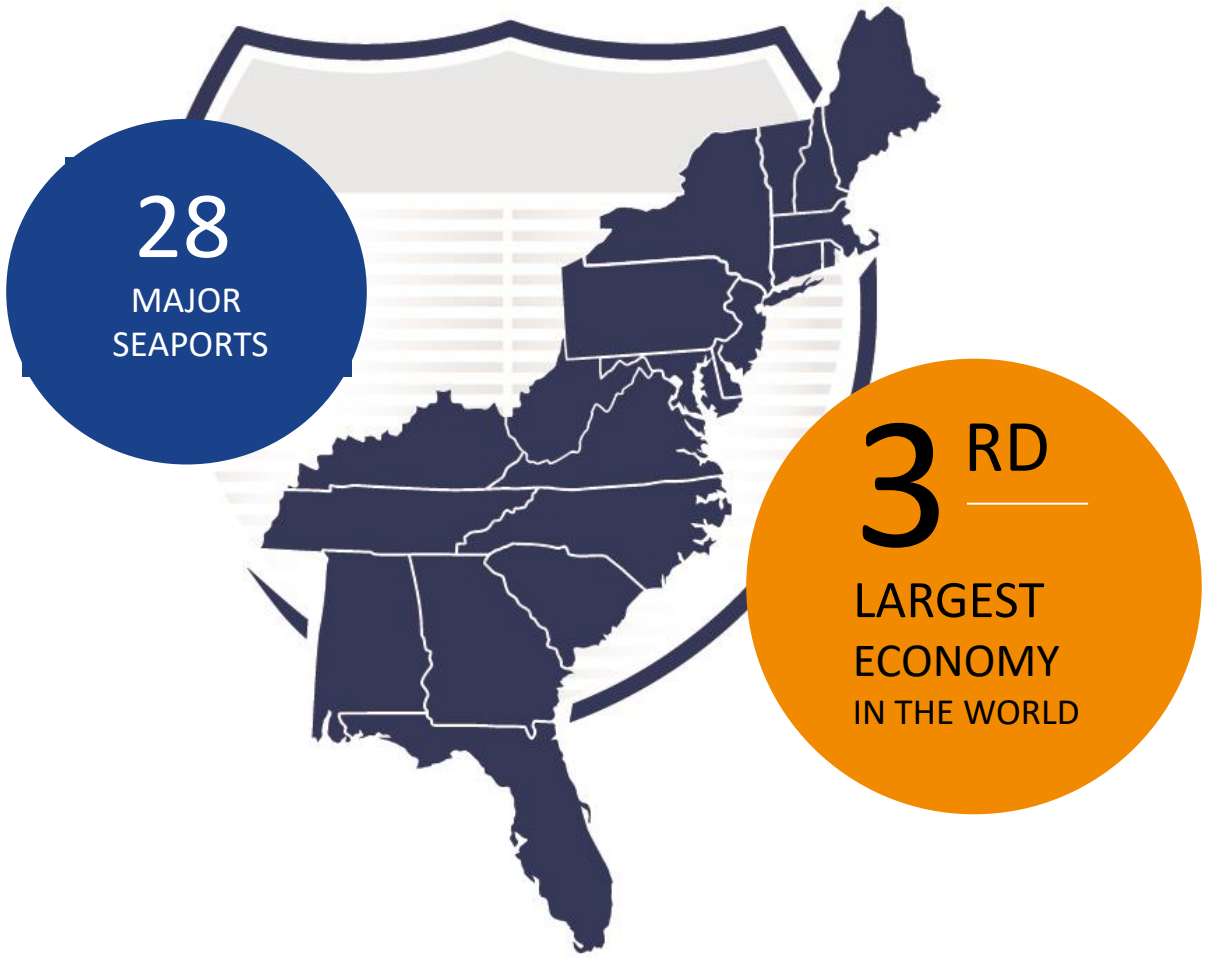
July 11, 2024

Connecting for Solutions

30 YEARS

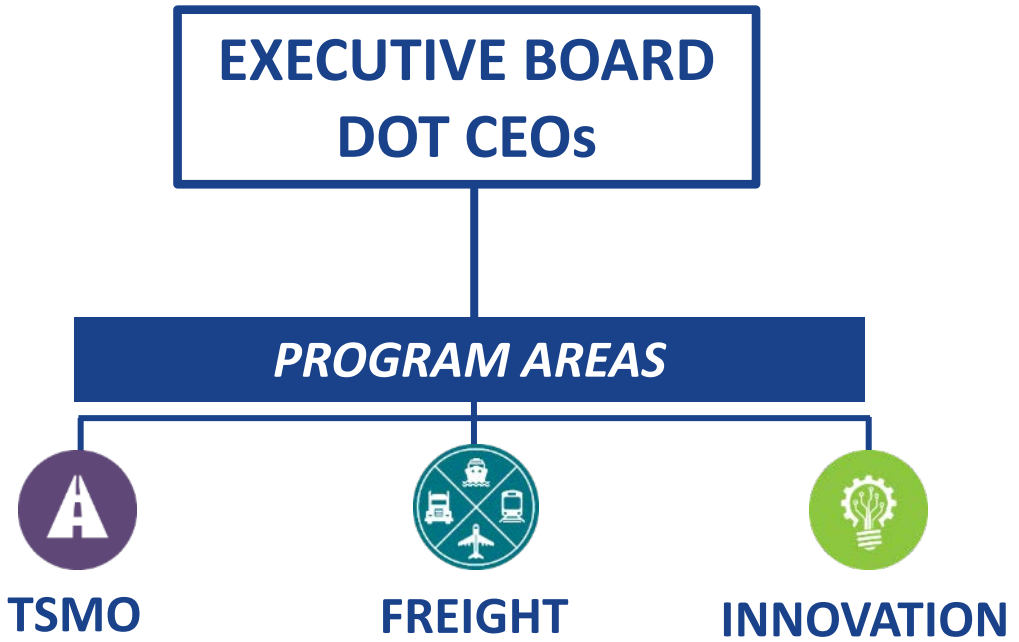
Who is the Coalition?

Collective impact organization working together to solve today's most pressing transportation challenges.



19 States + D.C.

and 200+ agencies



THE COALITION STRUCTURE

EXECUTIVE BOARD
DOT CEOs

COALITION STAFF

STEERING COMMITTEE & CO-CHAIRS

PROGRAM TRACK COMMITTEES

TRANSPORTATION SYSTEMS MANAGEMENT & OPERATIONS

DATA TOOLS & USER GROUPS

TRAVELER INFORMATION

TRAFFIC INCIDENT / EVENT MANAGEMENT

TRANSFORMATIVE TECHNOLOGIES

TRAINING

FREIGHT

FREIGHT & OPERATIONS

FREIGHT DATA & PLANNING

TRUCK PARKING

FREIGHT ACADEMY

INNOVATION IN TRANSPORTATION

ELECTRIC VEHICLES

TOLLING RECIPROCITY

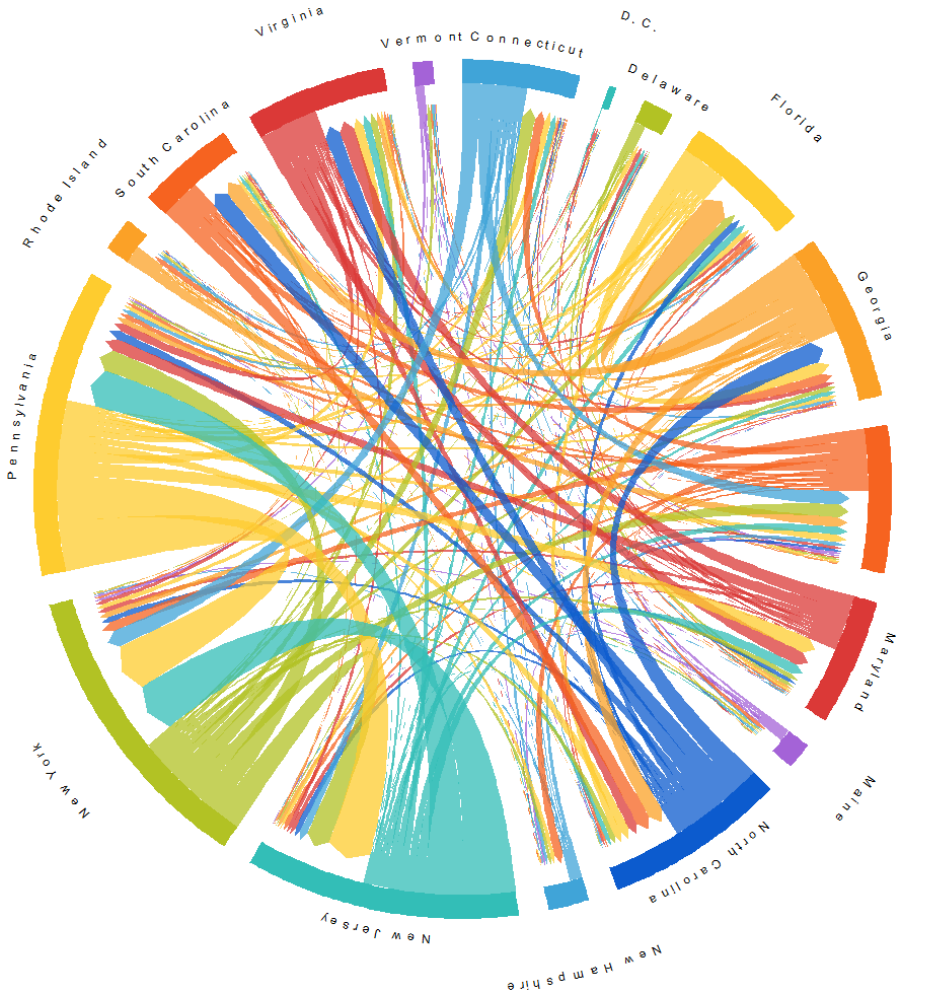
MILEAGE-BASED USER FEE

Key Issues for consideration....

VALUE OF WATERWAYS

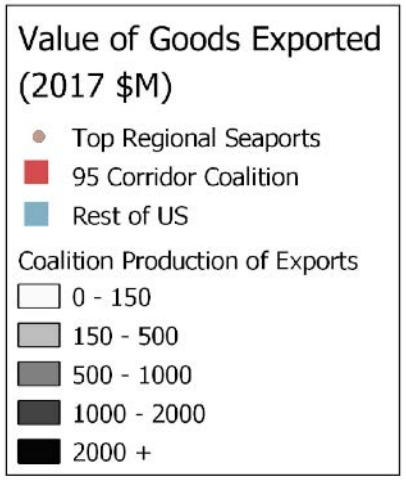
Why did Coalition Get Created?

- ~40% of jobs
- > $1.3 trillion goods traded between states
- > $1.8 trillion goods consumed
- >$390 billion in exports
- > $700 billion in imports

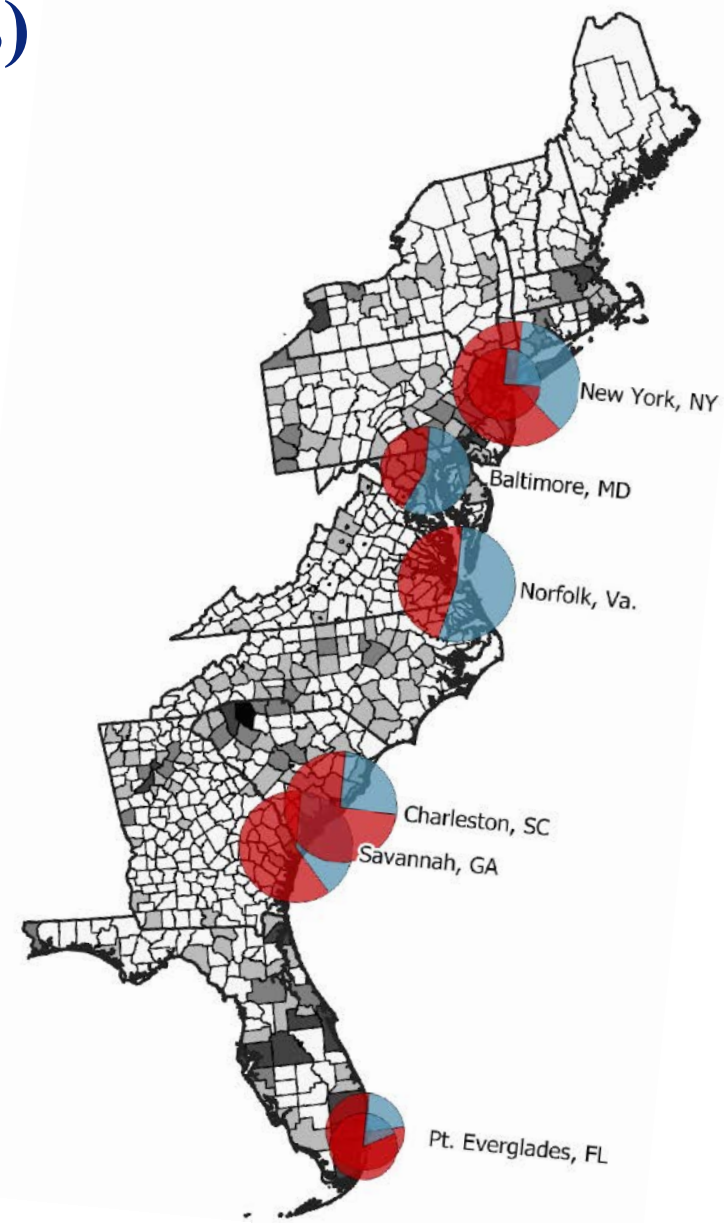


Economic Engine of US

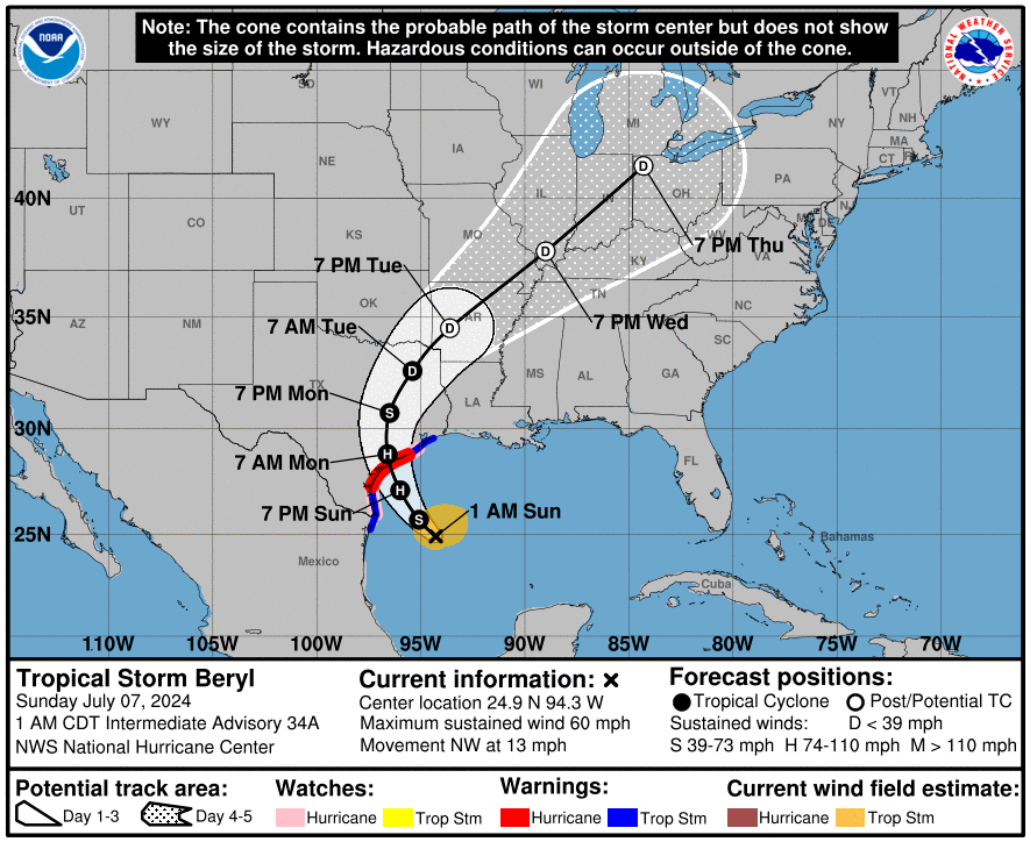
Exports from the Corridor – Seaports (Commodities)



Top Commodities	Value of Goods Shipped (2017 $M)	Thousands of Tons	% of US Exports (Value)
Motorized vehicles	$ 17,523	$ 2,064	33%
Machinery	$ 14,285	$ 1,100	34%
Chemical prods.	$ 9,566	$ 1,927	38%
Plastics/rubber	$ 8,648	$ 2,374	29%
Electronics	$ 7,808	$ 418	42%
Newsprint/paper	$ 6,583	$ 9,872	61%
Textiles/leather	$ 4,752	$ 1,086	65%
Misc. mfg. prods.	$ 4,443	$ 196	58%
Waste/scrap	$ 4,313	$ 15,457	42%
Basic chemicals	$ 4,250	$ 2,768	13%
Rest of Commodities	*$ 47,034*	*$ 76,796*	*16%*
Total	**$ 129,205**	**$ 114,058**	*25%*



How do we convey the value of Ports & Maritime?



Learn from NWS …….

FedEx Express National Service Disruption
1 message

FedEx <FedEx@message.fedex.com>
Reply-To: FedEx Corporation <reply-fe9415737462017a71-12_HTML-29076679-7209290-18216@message.fedex.com>
To: trish.hendren@gmail.com

FedEx — FedEx Service Alerts

FedEx Express National Service Disruption

Tuesday, July 9, 2024

FedEx Express experienced substantial disruptions at our Memphis hub last night due to severe weather from Hurricane Beryl that created hazardous operating conditions. The safety of our team members remains our number one priority.

Delays are possible for package deliveries across the U.S. with a delivery commitment of Tuesday, July 9, 2024. Contingency plans are in place, and we are prepared to provide the best possible service as conditions allow.

Residential recipients can enroll in FedEx Delivery Manager to stay informed of their shipment's progress.

Consistent with the provisions of the FedEx Service Guide, shipments delayed due to inclement weather are not eligible for a refund or credit under the Money-Back Guarantee policy.

TRACK YOUR SHIPMENT

And FedEx…….

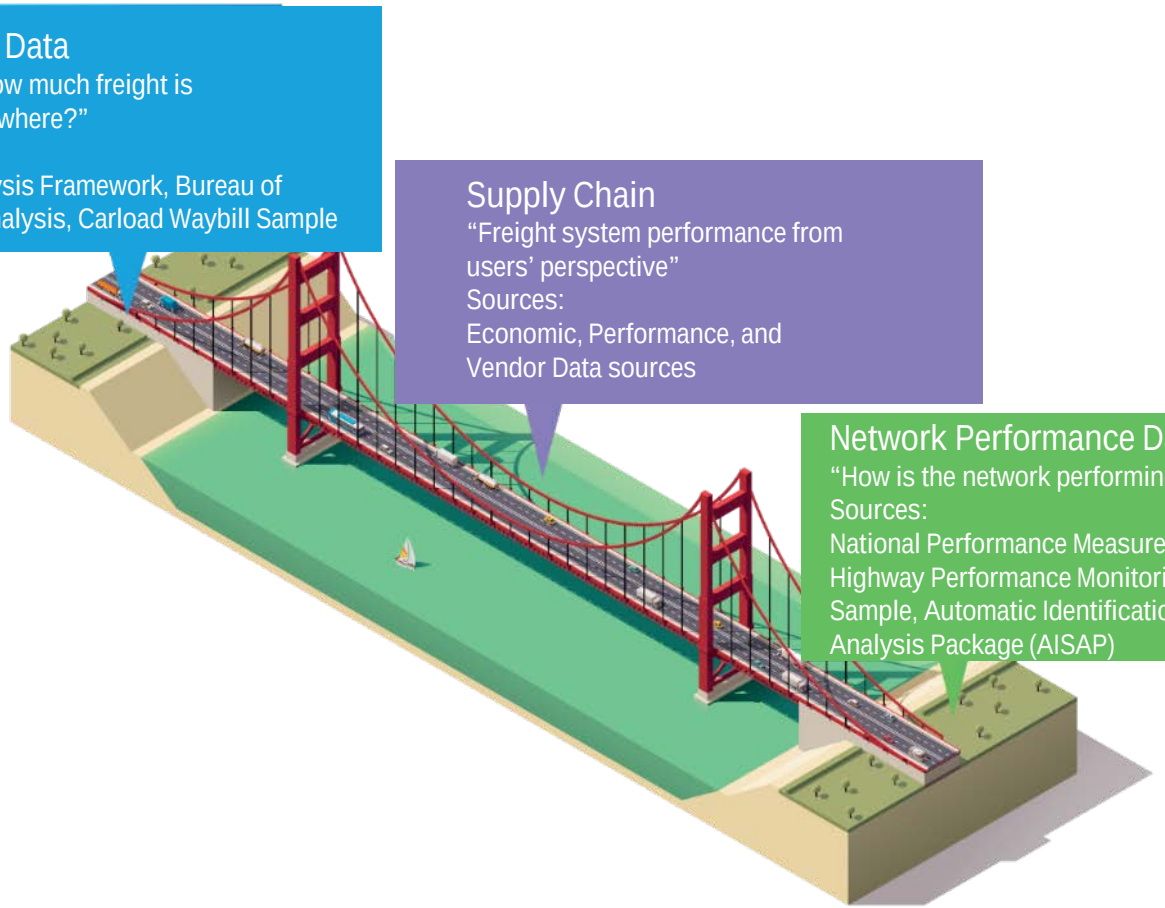
DATA

What questions trying to answer…

Economic Data
"What and how much freight is moving, and where?"
Sources:
Freight Analysis Framework, Bureau of Economic Analysis, Carload Waybill Sample

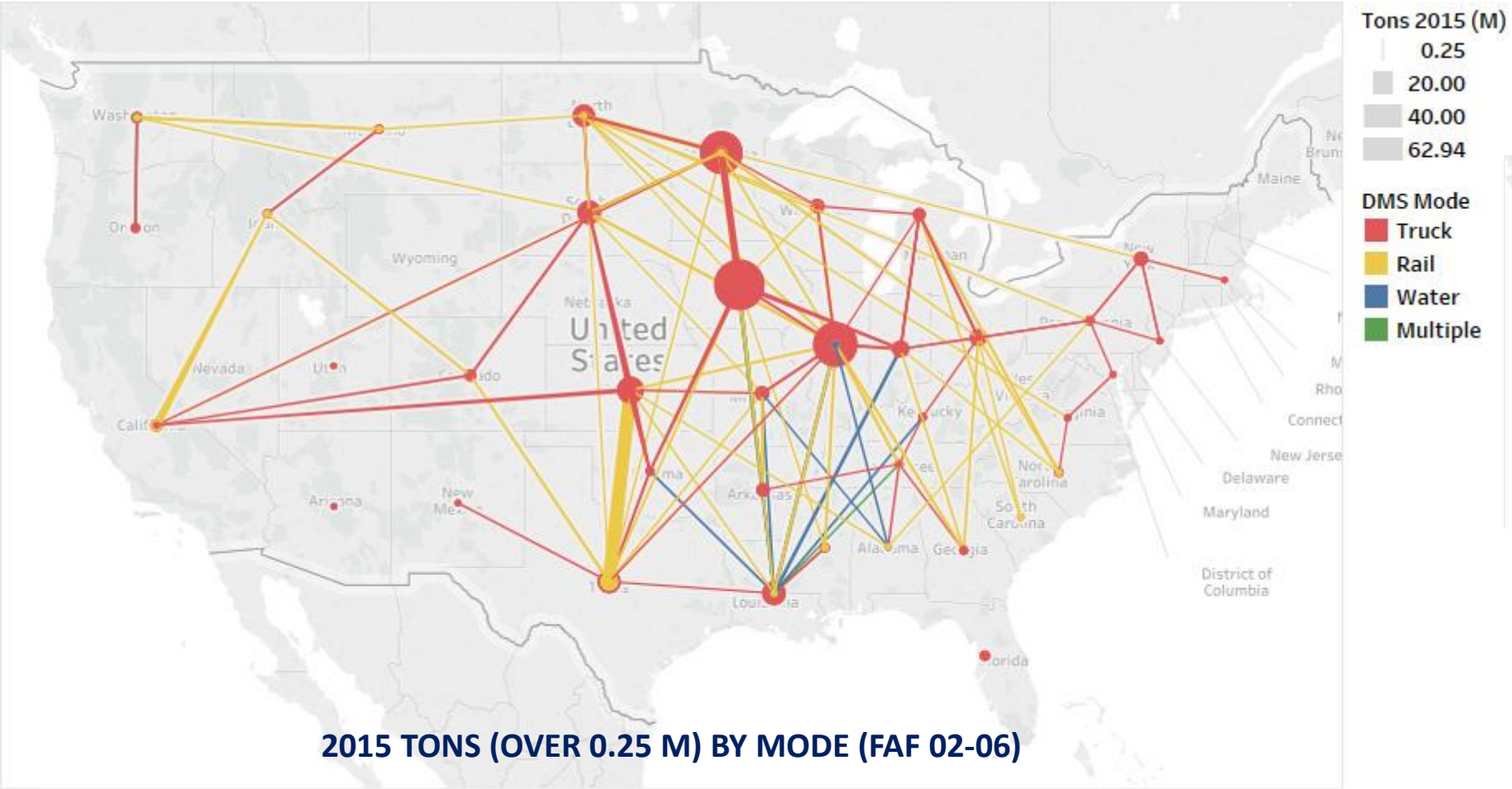
Supply Chain
"Freight system performance from users' perspective"
Sources:
Economic, Performance, and Vendor Data sources

Network Performance Data
"How is the network performing?"
Sources:
National Performance Measures Research Dataset (NPMRDS), Highway Performance Monitoring System, Carload Waybill Sample, Automatic Identification System Analysis Package (AISAP)



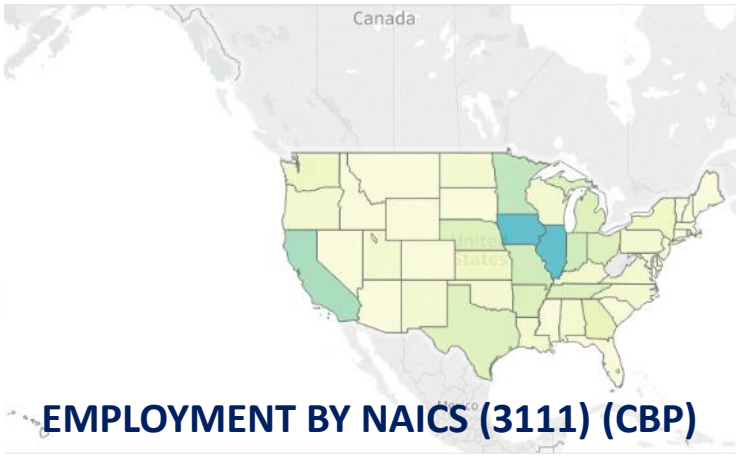
Oilseed & Grain Farming and Production

- Definition: NAICS 1111 & 3112, FAF 02 (Cereal Grains) & 06 (Milled Grains)
- Typical Commodities: wheat, soybeans, rice, milled flour or meal
- Representative Supply Chains: ADM, Perdue, Cargill, ConAgra

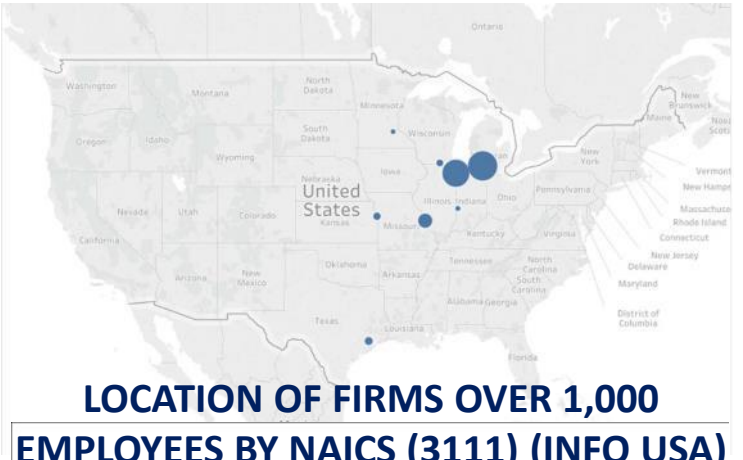


2015 TONS (OVER 0.25 M) BY MODE (FAF 02-06)

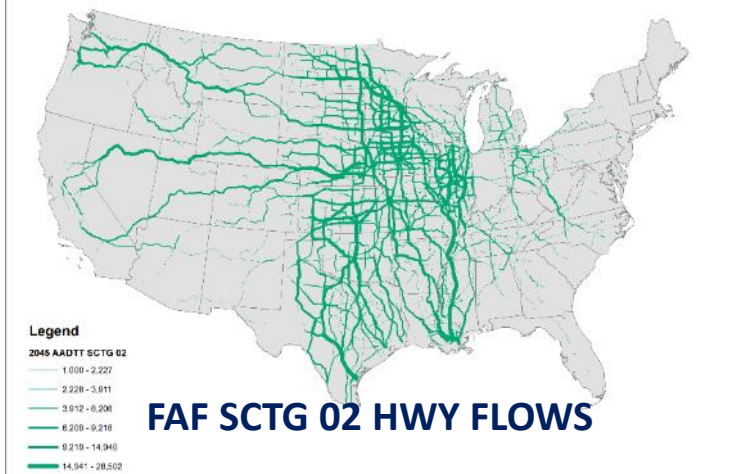
NAICS GDP	Trade Share (FAF Value)	D Modes (FAF Ton-Miles)	Tons and Avg Dist (FAF)
$98 B	9% E, 89% D, 2% I	36% T, 50% R, 14% O	1225 M tons, 270 miles



EMPLOYMENT BY NAICS (3111) (CBP)



LOCATION OF FIRMS OVER 1,000 EMPLOYEES BY NAICS (3111) (INFO USA)

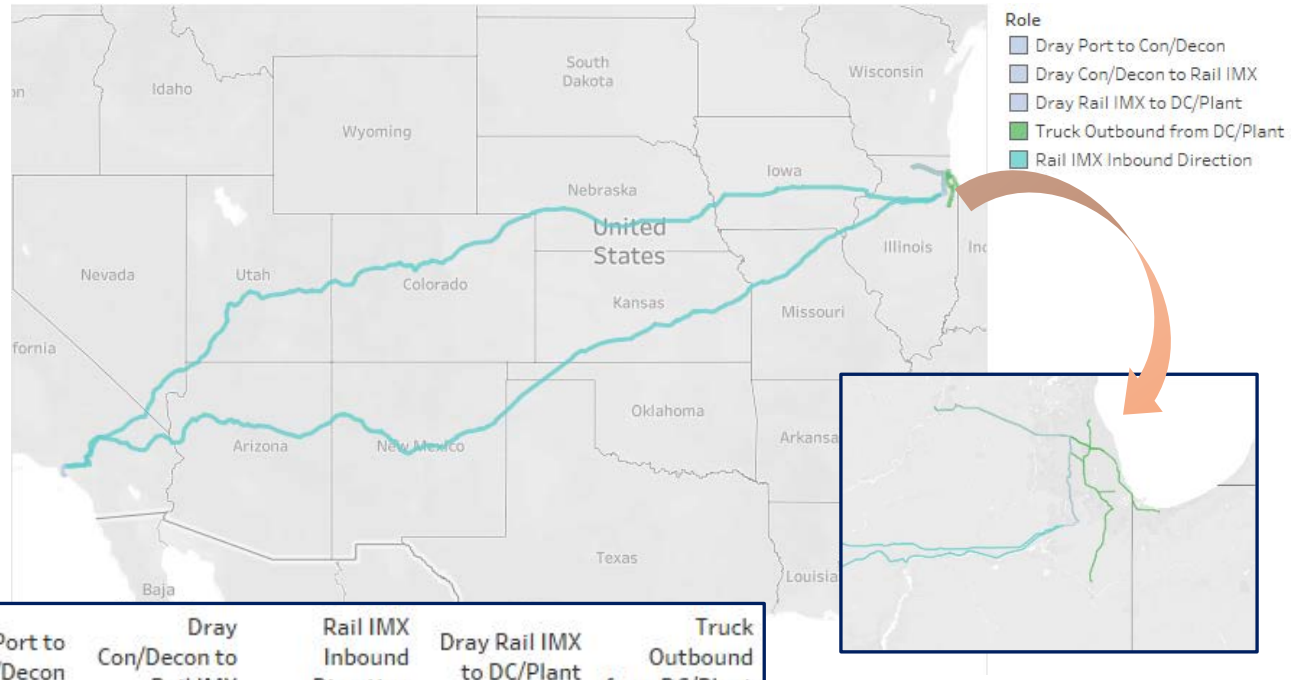


FAF SCTG 02 HWY FLOWS

Example Output: Supply Chain Performance by Stage

Sector: Home Improvement

- Multimodal
- 5 stages from port to retail outlet
- Alternate rail routes
- Substantial drayage expense

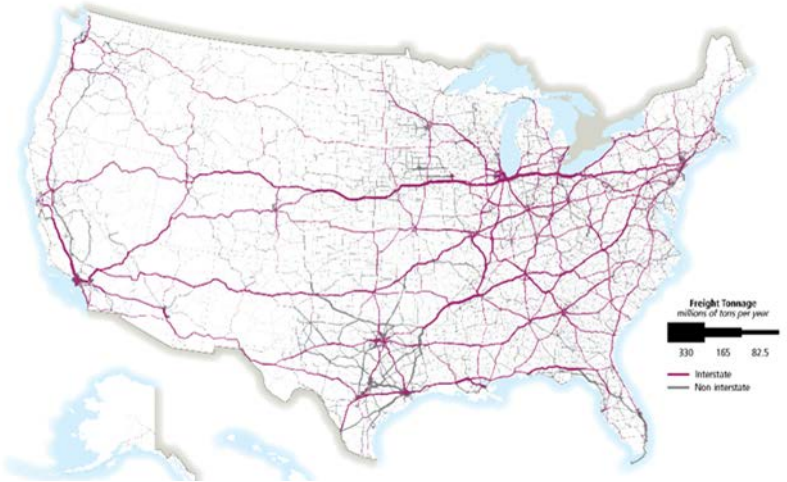


	Dray Port to Con/Decon	Dray Con/Decon to Rail IMX	Rail IMX Inbound Direction	Dray Rail IMX to DC/Plant	Truck Outbound from DC/Plant
Avg. Adjusted Path Miles	6.1	24.8	3,031.8	109.0	102.8
Avg. 2017.4 Total Cost per Unit	489.0	526.0	2,616.0	699.0	691.2
Avg. 2017.4 Linehaul Cost per Unit	487.0	518.0	2,298.0	659.0	652.9
Avg. 2017.4 Fuel Cost per Unit	2.0	8.0	319.0	40.0	38.3
Avg. 2017.4 Mean or 50% Travel Time (hrs)	0.3	0.7	0.0	1.9	1.8
Avg. 2017.4 Cross Modal Reliability Ratio	1.5	1.6		1.1	1.3

But Data only Useful if USED….

What:

TETC Provided Disaggregated FAF 5.0 Data to all TETC states (and several TETC region MPOs)



Why:

- State/Regional Freight Plans need relevant, complete, valid data
- Freight Analysis Framework (“FAF”) not granular
- Enhance agency staff knowledge of this data in a “toolbox”
- Save time/$ for all members states/leverage publicly available data
- Share data across states for regional knowledge and coordination

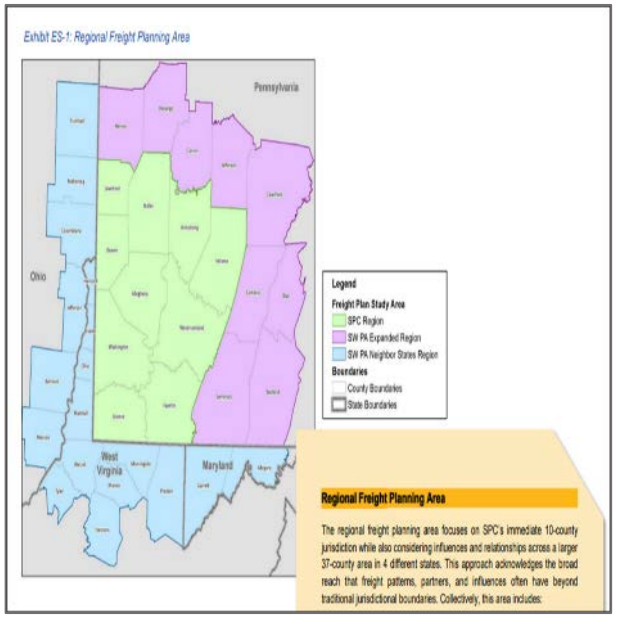
Southwestern Pennsylvania Planning Commission (SWPC)

DATA

- Utilized Data for briefing paper content to illustrate that transportation benefits of the region's river system extend well beyond the riverfront communities

- Data was utilized in application for Marine Highway Projects funds under USDOT Maritime Administration NOFO

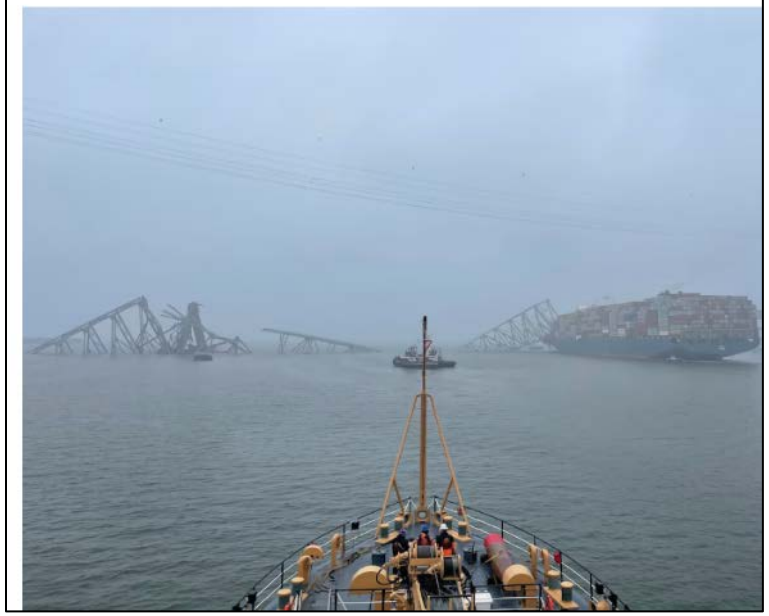
"Cost savings in region from FAF Disaggregated Data: a six-figure data contract could be deferred for several years with no meaningful loss to planning output""



OPERATIONS & TECHNOLOGY

Opinion | The Francis Scott Key bridge collapses, and Baltimore's heart breaks

March 28, 2024 at 4:25 p.m. EDT

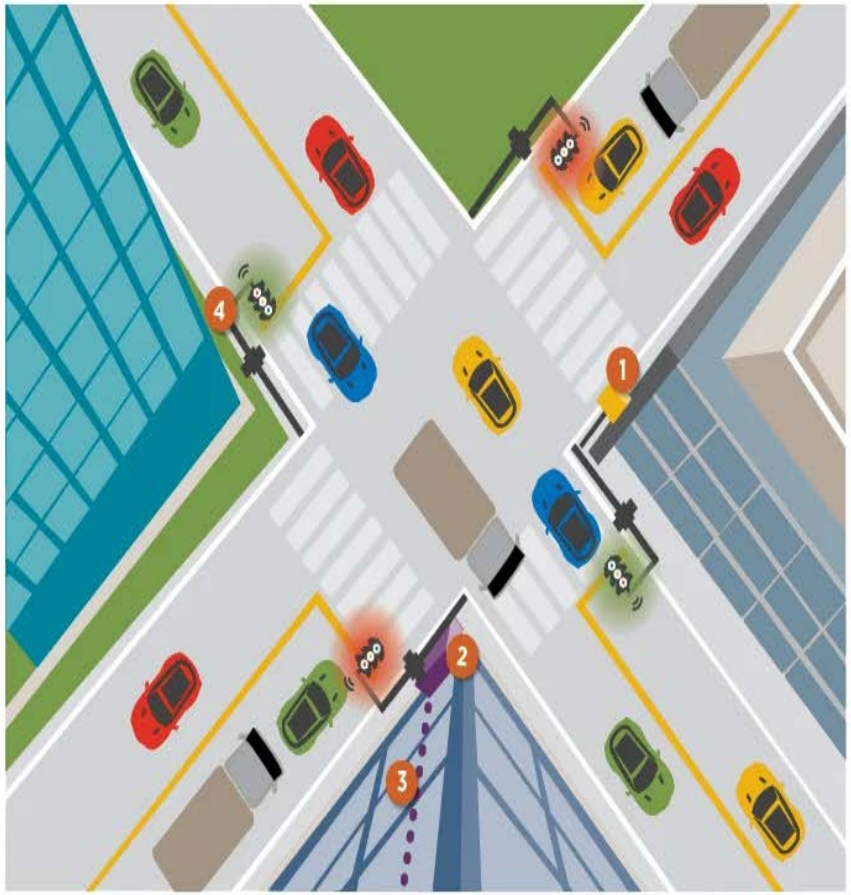


See how the Key Bridge collapse will disrupt the supply of cars, coal and tofu

The Port of Baltimore is the top port in the nation for automobile shipments

OPERATIONS & TECHNOLOGY

Operational Strategies & Technology



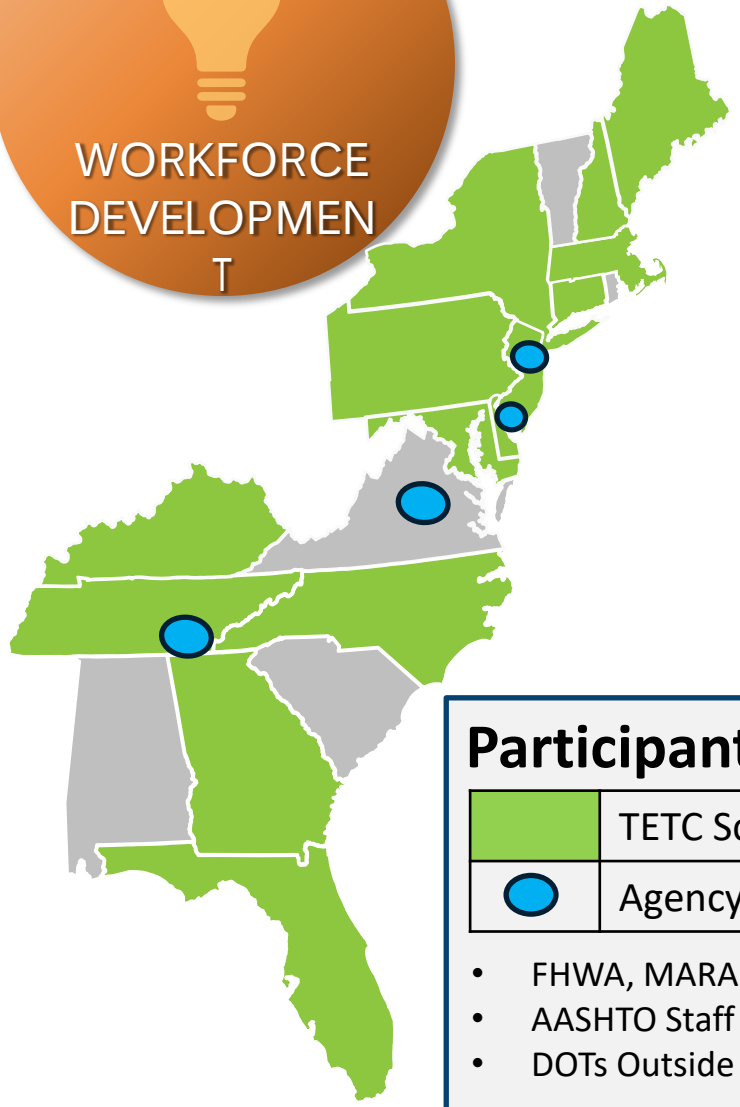
Typical Adaptive Signal Control Intersection

1. Real-time information on levels of traffic congestion provided by detectors
2. Traffic congestion levels processed in traffic control cabinet
3. Processed traffic information transmitted to cloud server where it provides real-time data for the adaptive system

   Continuous time adjustments sent to the traffic control cabinet
4. Green time intervals vary based on cloud-based adaptive control system

Ex: TETC Freight Academy

WORKFORCE DEVELOPMENT



Focus Areas:

- Port/maritime bottlenecks
- Aviation air cargo growth
- Trucking and rail linkages
- Addressing challenges (e.g., truck parking, land use, resiliency)
- Equity concern (e.g., supporting supply chain workforce)
- Alternative fuels (EV, hydrogen) implications

Participants:

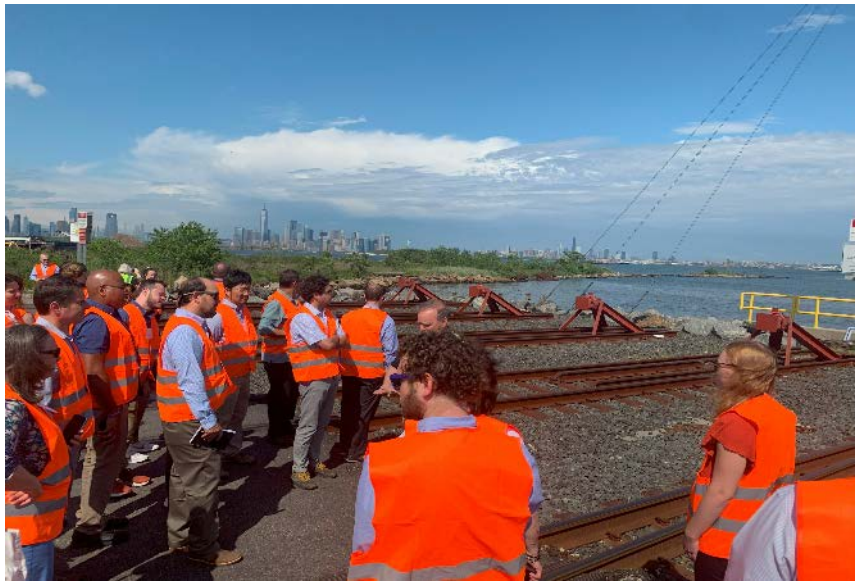
	TETC Scholarship
	Agency Supported

- FHWA, MARAD, BTS & Federal Maritime Commission (9)
- AASHTO Staff Member
- DOTs Outside of TETC: Ohio TX, MN

WORKFORCE DEVELOPMENT

"At the Freight Academy, I discovered wisdom in the constant hum of transportation – planes, ships, rails, and trucks. The academy unveiled a truth about freight – we can't sit by the side and wait."

Tennessee DOT



The Academy was the perfect way to expose me to all facets of the industry and the ways the public sector engages with it. The hands-on exposure – from ports, to warehouses and conversations with industry professionals, including drivers was eye opening to say the least. ***CTDOT***

WORKFORCE DEVELOPMENT

Getting workers to the ports...

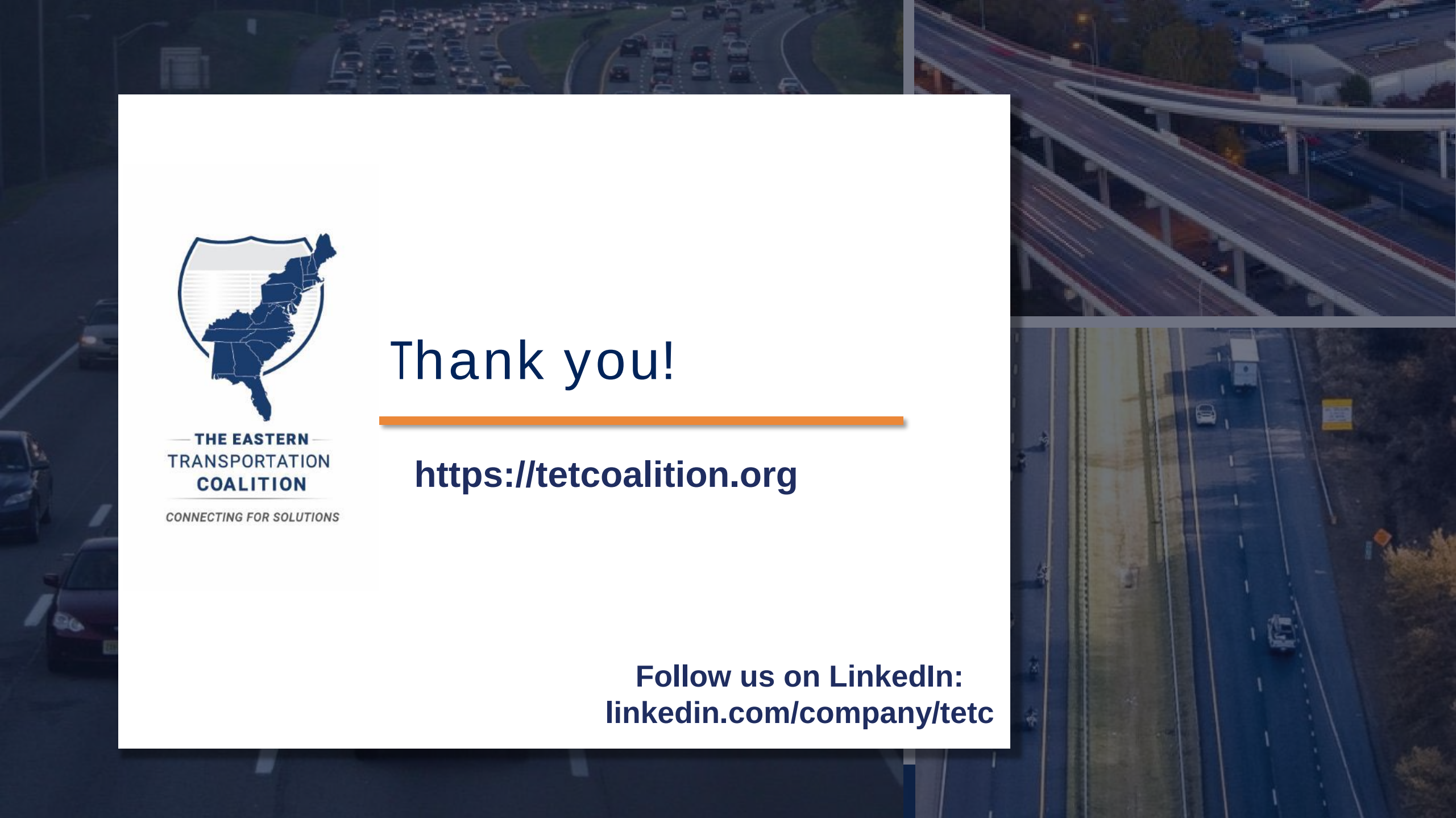
Key Issues


VALUE OF WATERWAYS


DATA


OPERATIONS & TECHNOLOGY


WORKFORCE DEVELOPMENT



THE EASTERN TRANSPORTATION COALITION

CONNECTING FOR SOLUTIONS

Thank you!

https://tetcoalition.org

Follow us on LinkedIn:
linkedin.com/company/tetc

Appendix F - Presentation: Maritime Transportation System at a Glance - Tretha Chromey

MTSNAC – July Meeting

July 10, 2024

1200 New Jersey Ave. SE, Washington DC 20590
Visit www.maritime.dot.gov

U.S. Department of Transportation

Maritime Transportation System (MTS) At a Glance

MARAD

- **America's MTS is expansive**
  - Includes waterways, ports, and land-side connections
  - For moving people and goods to and from the water
- **At a glance, the MTS includes approximately:**
  - 25,000 miles of navigable channels, plus the Great Lakes and St. Lawrence Seaway
  - 250 locks
  - 3,500 marine terminals and thousands of recreational marinas
- **Coordinating with those elements are approximately:**
  - 174,000 miles of rail connecting all 48 contiguous States, Canada, and Mexico
  - 45,000 miles of interstate highway and 115,000 miles of supporting roadways
  - 1,400 designated intermodal connections

Ports

- Integrate American supply chains by serving as intermodal connectors between vessels on the water and trucks and railways on land.
- Stimulate local economies by providing well-paying jobs in a variety of careers, often in regions experiencing high unemployment in underserved communities.
- Are in need of resources to build transformational infrastructure and improve sustainability and resilience

MARAD

- **MISSION:** To foster, develop, and promote the maritime industry of the United States to meet the nation's economic and security needs.

The work can be categorized into three large buckets: Cargo, Vessels, and Mariners.

- Cargo won't move without vessels.
- Vessels won't sail without people.
- It is that simple.

MARAD 2022- Strategic Plan - Navigating A Stronger Future

- **VISION:** *A world-class U.S. maritime transportation system seamlessly integrated with the nation's transportation network.*
- **SUPPLY CHAIN:** MARAD plays a distinct and vital role in the U.S. supply chain.
- **PROGRAMS:**
  - MARAD connects with maritime industry stakeholders to support the vision of a world-class U.S. maritime transportation system.
  - MARAD-managed programs aim to seamlessly integrate resources with the other landside modes of surface transportation.
    - *MARAD Discretionary Grant Programs: Port Infrastructure Develop and Marine Highway Programs*
    - *USDOT Discretionary Grant Programs: INFRA, RAISE, MEGA, etc. (a port component element)*

Meeting Goals

- Inform the MTSNAC Members about the MTS/port infrastructure from varying perspectives
- Discuss the future of the MTS/port infrastructure
- Lead to the development of the next 2-year work plan for the MTSNAC

Three Panels

MARAD

Current State of the MTS

What do we know, and how are we doing?

Three Perspectives

1.- Federal
2.- Association
3.- Industry

Purpose of the MTS

Supply Chain – Movement – Capacity – Connectivity

How do we do all this and more?

Three Perspectives

- Federal
- State
- Industry

Future of the MTS

- **What does the data say and what research is out there?**

Three Perspectives

- Federal
- Research
- Industry

One Topic & One Challenge

MARAD

How to achieve national/international goals, such as environment, climate, resiliency/redundancy, security, safety, equity, connectivity, etc.

While addressing the many challenges, such as workforce, capacity, standards/lack of standards, conflicting policies, etc.

Appendix G - Presentation: Status Of The Nation's - Highways, Bridges, Transit, and Freight - Michael Nesbitt

STATUS OF THE NATION'S

Highways, Bridges, Transit, and Freight

Conditions and Performance

25th Edition Key Highway Findings

Michael Nesbitt, Director, Office of Transportation Policy Studies

Ross Crichton, Team Leader, Economic Investment Strategies

Khadija Ngozi-Bullock, Civil Engineer

Rabinder Bains, Principal Economist

U.S. Department of Transportation

Federal Highway Administration

Federal Transit Administration

Photo Credits: Shutterstock and Getty Images

Disclaimer

Except for the statutes and regulations cited, the contents of this document do not have the force and effect of law and are not meant to bind the States or the public in any way. This document is intended only to provide information regarding existing requirements under the law or agency policies.

Report Purpose

To provide Congress and other decision makers with an objective appraisal of current highway, bridge and transit physical conditions, operational performance, and financing mechanisms, as well as future capital investment needs.

25th C&P Report

- **Retrospective**: 2008 – 2018 (25th edition)
- **Prospective**: 2018 – 2038 (25th edition)

National (not Federal) perspective

Meets Requirements

- 23 U.S.C. 503(b)(8) – Highways and Bridges
- 49 U.S.C. 308(e) – Transit
- ~~23 U.S.C. 167(h) – National Highway Freight Network~~ (Repealed by Bipartisan Infrastructure Law)

Bipartisan Infrastructure Law (BIL) Impacts

Repealed 23 U.S.C. §167(h), folding its requirement for an assessment of the conditions and performance of the highway network for freight movement into 23 U.S.C. §503(b)(8).

- New Requirements to report on:
  - Condition and Needs for Intelligent Transportation Systems (ITS)
  - Condition and Needs for Tunnels
  - Resiliency Needs

- Research projects have been initiated to address new requirements.
  - These are multi-year efforts
  - 25th C&P Report references the new requirements and includes expanded discussions on each of these topics.
  - 26th C&P Report will discuss the work underway on research and model development to address these requirements.

Key Retrospective Findings

Part I: Moving a Nation

- Key Retrospective Findings
- Chapter 1: System Assets
- Chapter 2: Funding
- Chapter 3: People and Their Travel
- Chapter 4: Mobility
- Chapter 5: Safety
- Chapter 6: Infrastructure Conditions

Part II: Investing for the Future

Part III: Additional Information

Part IV: Highway Freight C&P

Photo Credit: Shutterstock

2018 Highway System Statistics

United States Road System	MILES (Miles per System)	VMT (Vehicle Miles Traveled)	CAPITAL SPENDING ($ Billions)
Interstate System	1% 48,741 miles	26% 0.834 trillion VMT	23% $27.4 billion
National Highway System	5% 220,169 miles	55% 1.779 trillion VMT	50% $59.0 billion
Federal-aid Highways	25% 1,028,217 miles	85% 2.772 trillion VMT	80% $93.6 billion
Systemwide (All Roads)	100% 4,195,274 miles	100% 3.255 trillion VMT	100% $117.0 billion

The Interstate System accounts for 1% of road mileage but carries 26% of highway travel.

2008–2018 Highway System Trends

Key Findings

- Highway safety performance has been mixed as pedestrian and bicyclist fatalities have risen
- Operational performance has worsened
- Bridge conditions have improved
- Pavement condition trends have been mixed

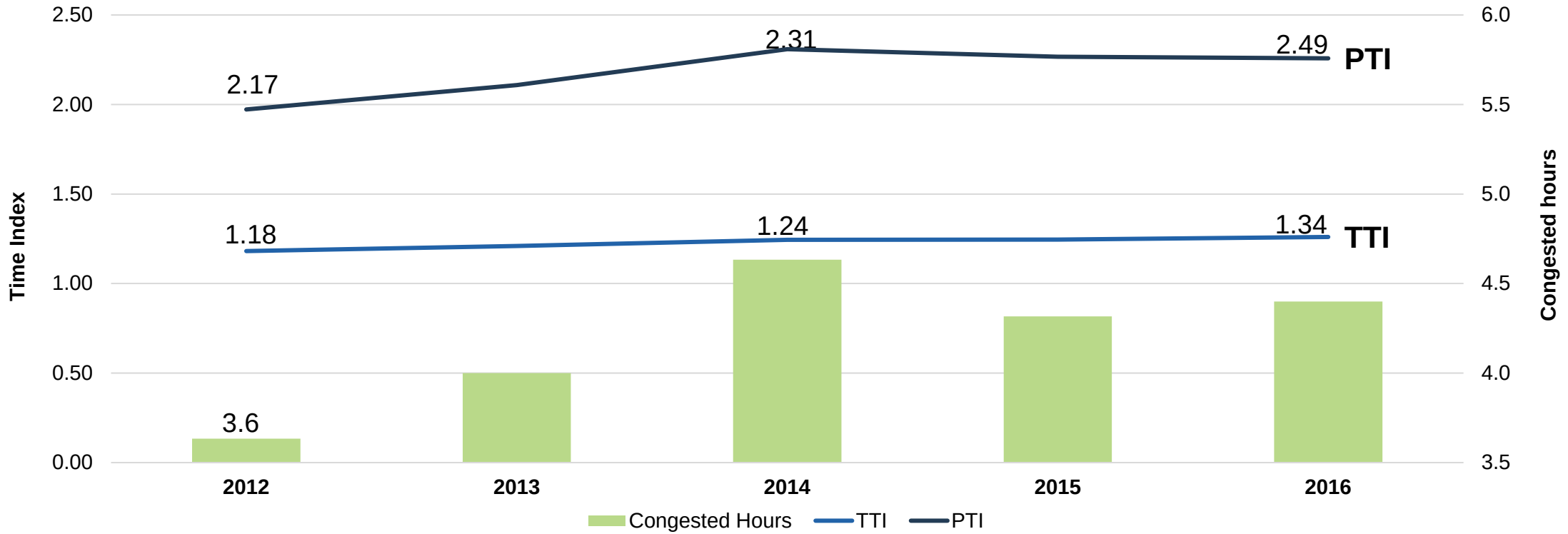
Poor ride quality data are affected by changes in reporting instructions beginning in 2010.

Highway Spending Trends 2008 to 2018

Category	2018	Annual % Change 2008-2018
Total Highway Spending	$244.5B	2.6% *(1.4% Constant $)*
Highway Capital Spending	$117.0B	2.6% *(1.8% Constant $)*
Capital Spending Funded by Federal		2.3%
Capital Spending Funded By State & Local		2.9%

The federally funded share of highway capital spending decreased from 41.6% in 2008 to 40.1% in 2018.

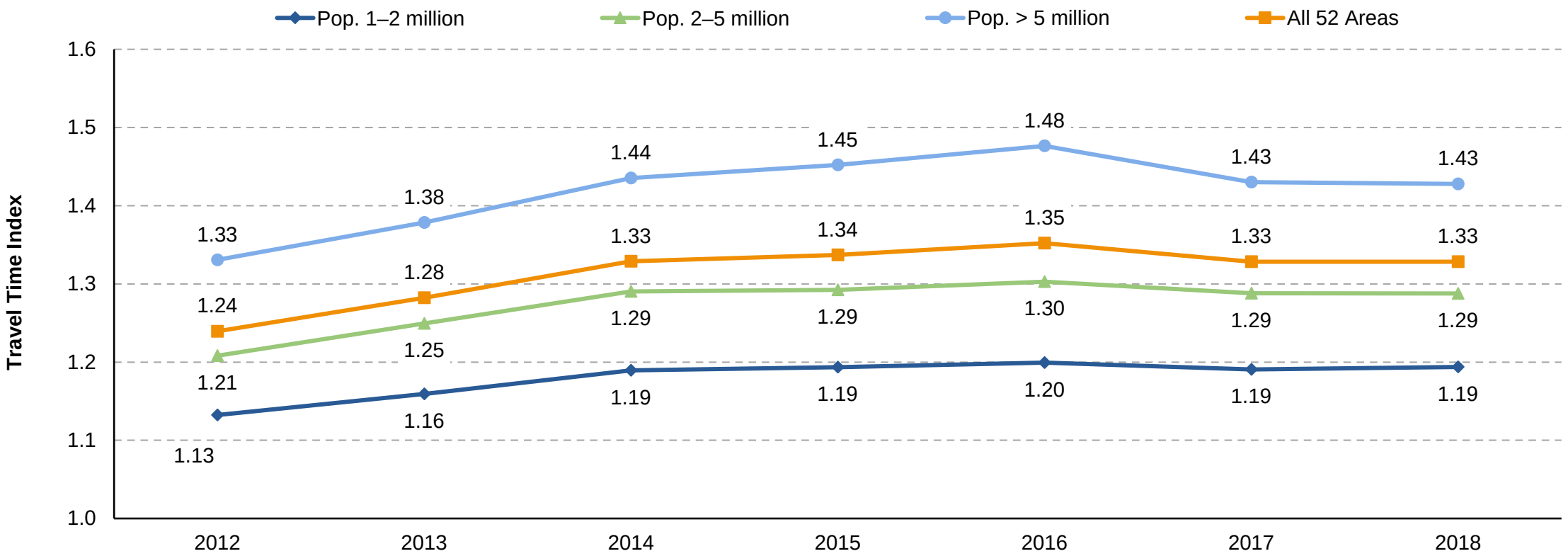
Interstate: Reliability and Congestion Worsened in 2012-2014 but Improved Afterward



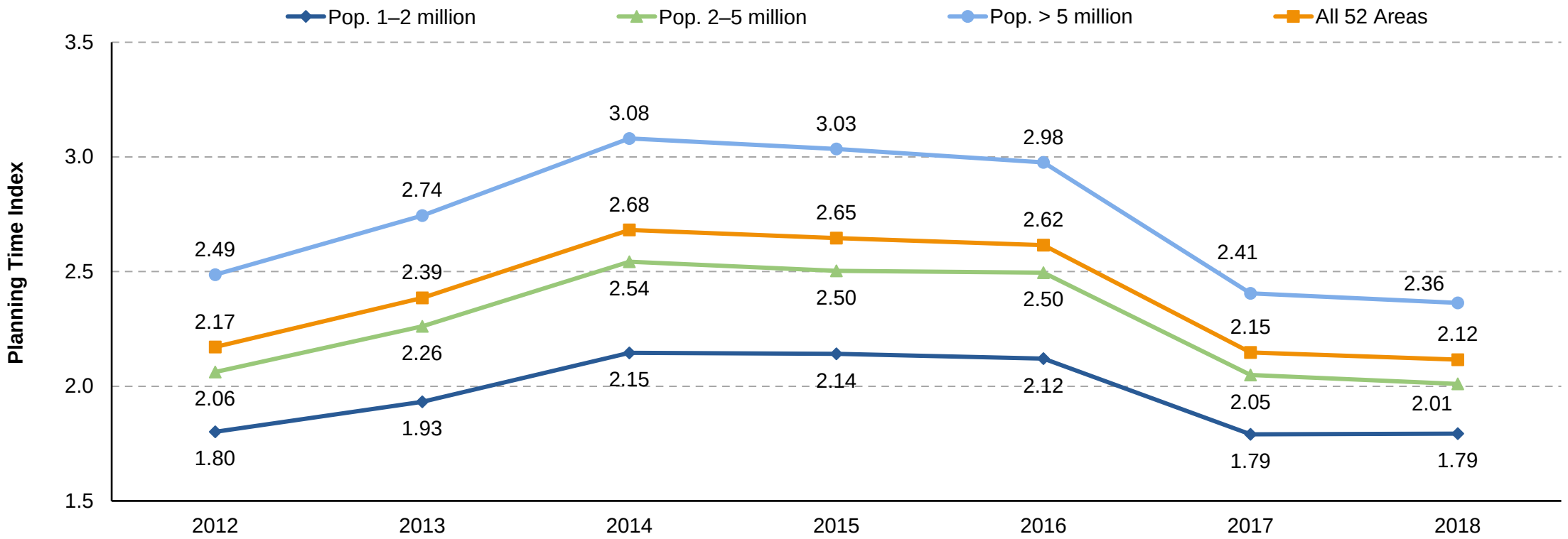
Data from National Performance Monitoring Research Data Set (NPMRDS).

Covers 52 urban areas with population over 1 million.

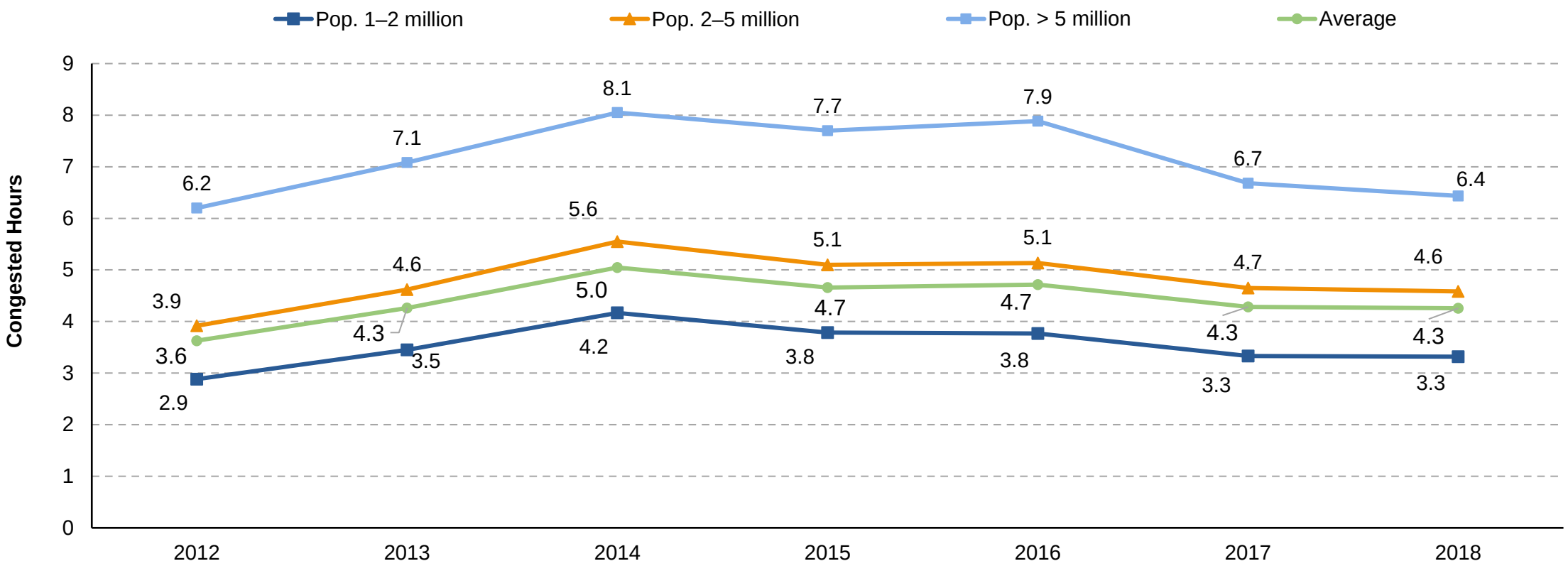
Interstate Reliability or Travel Time Index (TTI) Worsened in 2012-2016 but Improved Afterward



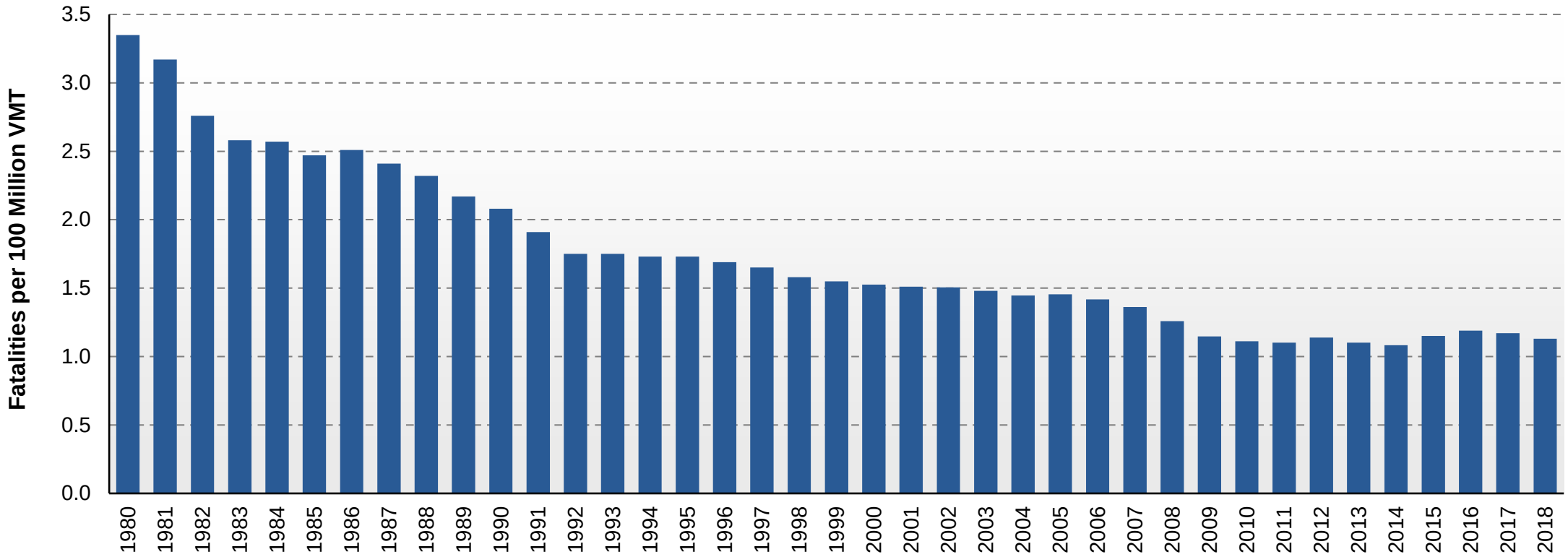
Interstate Reliability or Planning Time Index (PTI) Worsened in 2012-2014 but Improved Afterward



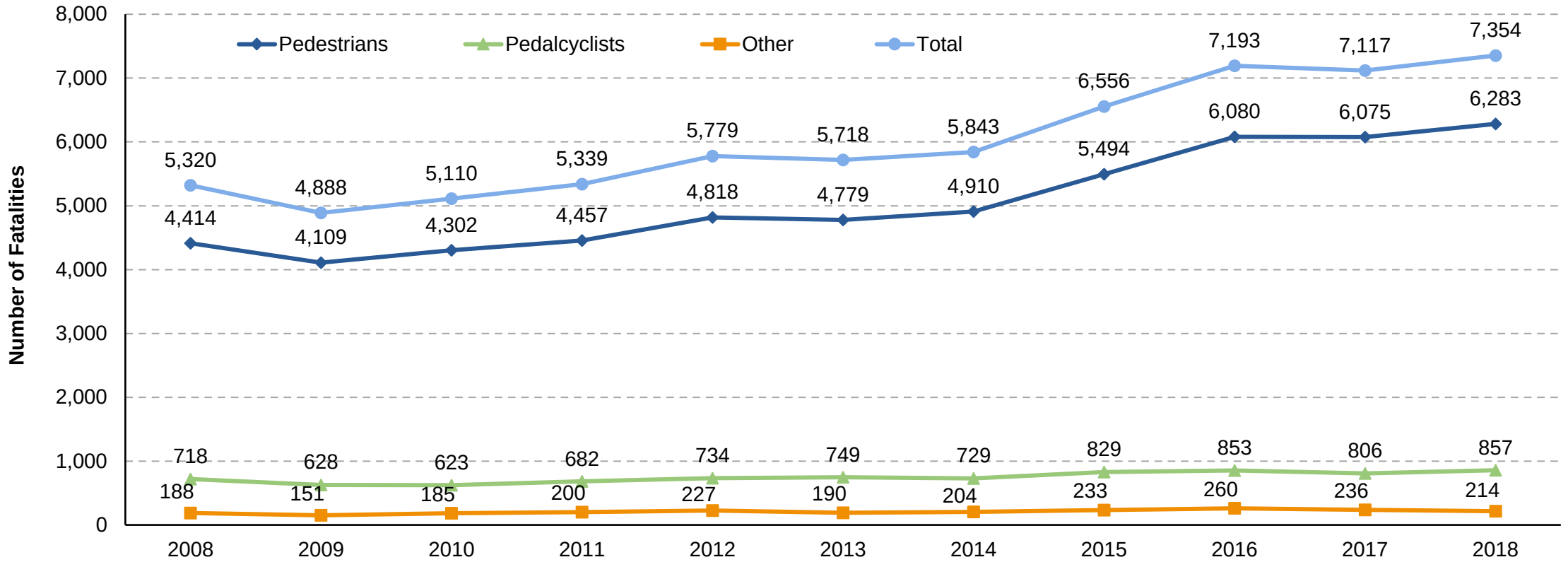
Interstate Congestion Worsened in 2012-2014 but Improved Afterward



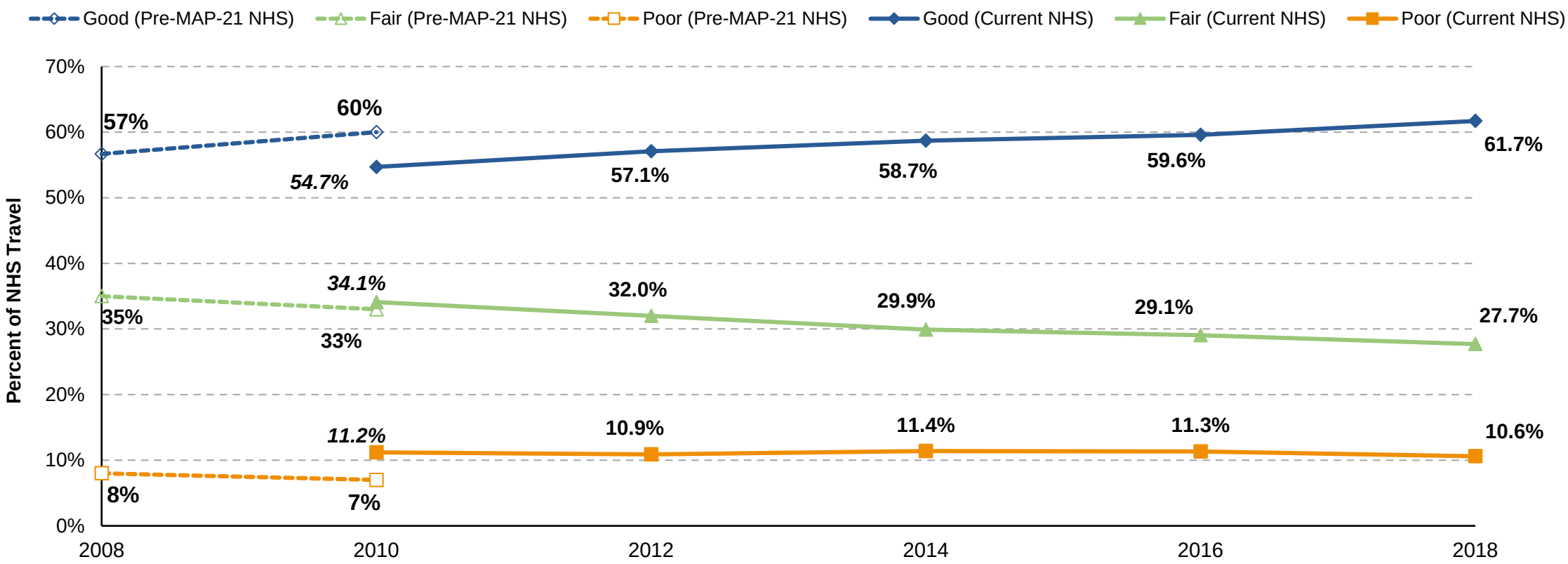
Overall Highway Safety has Improved Over the Long Term



Non-Motorist Fatalities have Risen as People Become More Active



Pavement Condition Trends have been Mixed (National Highway System Pavement Ride Quality)



Bridge Conditions have Improved

Condition	Measurement Type	2008	2018
Good	By Bridge Count	47.8%	46.0%
	Weighted by Deck Area	45.8%	45.3%
	Weighted by ADT	44.7%	46.4%
Fair	By Bridge Count	41.9%	46.4%
	Weighted by Deck Area	45.3%	49.2%
	Weighted by ADT	48.2%	49.8%
Poor	By Bridge Count	10.1%	7.6%
	Weighted by Deck Area	8.8%	5.4%
	Weighted by ADT	7.1%	3.8%

Dropped legacy bridge measures (structurally deficient and functionally obsolete), lane width, and alignment adequacy measures.

Based on bridge counts and bridge deck area, the share of bridges rated poor declined, showing improvement in overall bridge conditions.

Key Changes in Part I Since Last Report

Resumption of normal highway funding patterns. (24th C&P reflected large general fund transfer to Highway Trust Fund in 2016.

	2008	2018	Rate of Change	24th C&P
Non-Motorist Fatalities	5,320	7,354	38.2% increase (2008 to 2018)	22.6% increase (2006 to 2016)
Share of Federal-aid Highway Pavements with Good Ride Quality	40.7%	47.2%	6.5 Percentage Point increase (2008 to 2018)	1.3 Percentage Point decrease (2006 to 2016)

Key Prospective Findings

Part I: Moving a Nation

Part II: Investing for the Future

- Key Prospective Findings
- Chapter 7: Capital Investment Scenarios
- Chapter 8: Supplemental Analysis
- Chapter 9: Sensitivity Analysis
- Chapter 10: Impacts of Investment

Part III: Additional Information

Part IV: Highway Freight C&P

Photo Credit: Shutterstock

Highway Economic Requirements System (HERS)

HERS Analysis

- Uses HPMS sample section data (~130,000 samples nationwide).
- Identifies deficient sections based on engineering criteria.
- Evaluates potential improvements based on economic benefits & costs.
- Considers impacts of deployments of operations strategies and ITS.
- Considers travel demand elasticity (impact of user costs on future VMT).
  - Short run elasticity simulates reversible choices such as trip combining/splitting and changes in mode choice.
  - Long run elasticity simulates choices with more sustained impacts such as changes in household location.

HERS Benefits Includes Reductions in:

- User costs (travel time, vehicle operating, crashes).
- Agency costs (maintenance costs).
- Emissions costs

National Bridge Investment Analysis System (NBIAS)

NBIAS Analysis

- Uses data from the National Bridge Inventory (NBI) (~600,000 bridges).
- Uses a set of models to synthesize element-level condition data.
- Applies Markov decision model to determine optimal set of repair and rehabilitation actions for each bridge element based on element's condition.
- Applies a preservation "policy" to each bridge to determine bridge preservation work needed to minimize user and agency costs over time.

NBIAS-Estimated Benefits Include Reductions in:

- User costs (mitigated traffic diversion).
- Agency costs (maintenance and replacement costs).

Photo Credit: Shutterstock

Modeled and Non-Modeled Highway and Bridge Capital Spending

	Highway Rehabilitation	Bridge Rehabilitation	Highway and Bridge Expansion	System Enhancements
Federal-Aid Highways	HERS	NBIAS	HERS	Not Modeled (But Included)
Non-Federal-Aid Highways	Not Modeled (But Included)	NBIAS	Not Modeled (But Included)	Not Modeled (But Included)

Highway **E**conomic **R**equirements **S**ystem (HERS)
National **B**ridge **I**nvestment **A**nalysis **S**ystem (NBIAS)

Primary Scenario Findings

Capital investment scenarios project the impact of alternative levels of national investment.

Core scenarios are supported by supplemental analysis, sensitivity analysis, and projections for major systems.

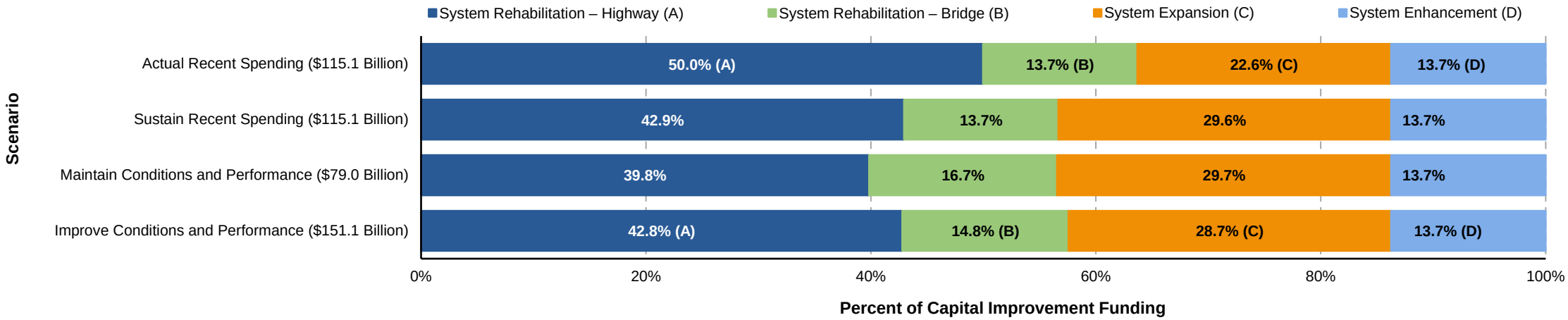
2018–2038 Future Highway Capital Investment Scenarios

	Average Annual Investment	System Rehabilitation & Enhancement	Expansion	Share of Travel on Severely Congested Roads	Share of Travel on Pavements with Poor Ride Quality	Share of Deck Area on Poor Bridges
Maintain Conditions and Performance at 2018 Levels	$79.0	70.3% $55.5	29.7% $23.5	No Change 11.2%	Reduce to 15.7%	No Change 5.4%
Sustain Spending at 2014–2018 Levels, Adjusted for Inflation	$115.1	70.4% $81.0	29.6% $34.1	Reduce to 8.8%	Reduce to 9.6%	Reduce to 2.7%
Improve Conditions and Performance	$151.1	71.3% $107.7	28.7% $43.3	Reduce to 7.5%	Reduce to 6.2%	Reduce to 1.2%

Billions of 2018 dollars. Includes all public and private investment.

If Federal funding levels were to remain constant in inflation-adjusted terms at current BIL levels through 2038 (and State and local highway investment were to remain constant at recent levels), this would result in a combined national annual highway expenditure level of $123.3 billion in constant 2018 dollars for the 20-year period ending in 2038.

Composition of Highway Investment Scenarios



Average Annual Distribution by Improvement Type	Actual Recent Spending	Sustain Recent Spending Scenario	Maintain Conditions & Performance Scenario	Improve Conditions & Performance Scenario
System Rehabilitation – Highway	$57.5	$49.4	$31.4	$64.6
System Rehabilitation – Bridge	$15.8	$15.8	$13.2	$22.3
System Rehabilitation – Total	**$73.3**	**$65.2**	**$44.7**	**$87.0**
System Expansion	$26.0	$34.1	$23.5	$43.3
System Enhancement	$15.8	$15.8	$10.8	$20.8
Total, All Improvement Types	**$115.1**	**$115.1**	**$79.0**	**$151.1**

Improve C&P Scenario

- $151.1 billion per year; $3.0 trillion over 20 years.
- 31.3% higher than Sustain 2014 - 2018 Spending scenario level.
  - $87.0 billion per year to system rehabilitation.
  - $20.8 billion per year to system enhancement.
  - $43.3 billion to system expansion.
- Eliminates $1.09 trillion estimated backlog of unmet needs.
  - Backlog represents 36% of the 20-year total.
  - Remaining 64% addresses needs arising from 2018 to 2038.

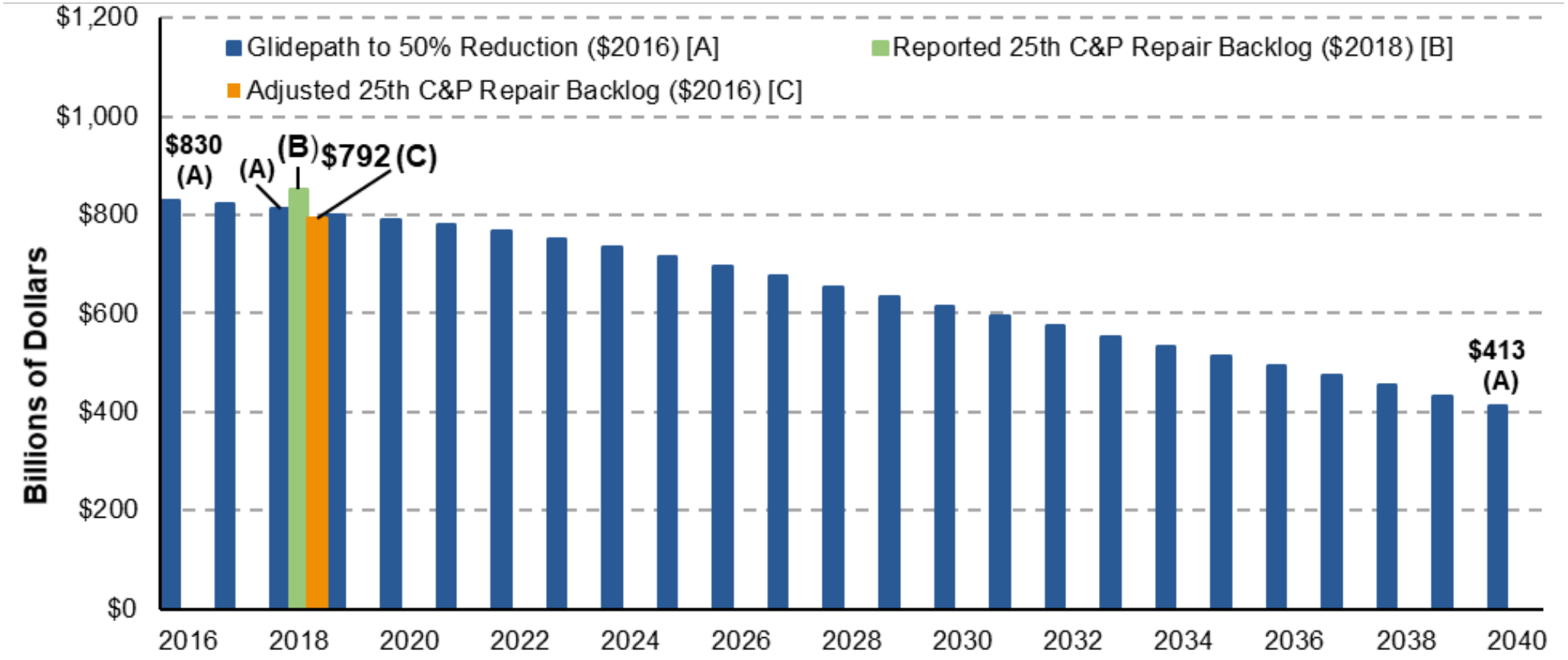
Photo Credit: Shutterstock

Composition of Improve C&P Scenario and Backlog

Capital Improvement Type	Improve C&P Scenario Average Annual ($2018 Billions)	Improve C&P Scenario 20-Year Total ($2018 Billions)	Backlog ($2018 Billions)
System Rehabilitation – Highway	$64.6	$1,292	$511
System Rehabilitation – Bridge	$22.3	$446	$191
System Rehabilitation – Total	**$87.0**	$1,740	**$702**
System Enhancement	$20.8	$416	$150
System Rehabilitation Plus Enhancement	**$107.8**	$2,156	**$852***
System Expansion	$43.3	$866	$237
Total	**$151.1**	**$3,021**	**$1,089**

* $852 Billion Repair Backlog

Progress Toward Reducing $830 Billion Highway Repair Backlog (from 24th C&P report) by 50 Percent by 2040



25th C&P Backlog Components

System Component	System Rehabilitation[1]			System Enhancement	Subtotal, Highway Repair Backlog	System Expansion	Total Investment Backlog	Percent of Total
	Highway	Bridge	Total					
Federal-aid Highways – Rural	$97.0	$52.5	$149.6	*$27.9*	$177.5	$20.0	$197.5	18.1%
Federal-aid Highways – Urban	$286.1	$110.2	$396.4	*$67.2*	$463.5	$187.4	$650.9	59.8%
Federal-aid Highways – Total	**$383.1**	**$162.8**	**$545.9**	**$95.1**	**$641.0**	**$207.5**	**$848.5**	**77.9%**
Non-Federal-aid Highways	*$127.9*	$28.5	$156.4	*$54.6*	$211.0	*$29.9*	$240.9	22.1%
All Public Roads	**$511.1**	**$191.3**	**$702.4**	**$149.7**	**$852.0**	**$237.4**	**$1,089.4**	**100.0%**
Interstate System	$58.1	$64.6	$122.6	*$20.4*	$143.0	$52.9	$195.9	18.0%
National Highway System	$191.6	$113.9	$305.5	*$55.7*	$361.2	$148.7	$509.9	46.8%

[1]Italicized values are estimates for those system components and capital improvement types not modeled in HERS or NBIAS, such as system enhancements and pavement and expansion improvements to roads functionally classified as rural minor collector, rural local, or urban local for which HPMS data are not available to support a HERS analysis.

Investment Data for Improve C&P Scenario

Edition (Year of Data)	23rd Edition (2014)	24th Edition (2016)	25th Edition (2018)
Average Annual Investment Requirements ($Billions)	$135.7	$165.9	$151.1
20-Year Total Investment Requirements ($Billions)	$2,715	$3,319	$3,021
Backlog ($Billions)	$786	$1,011	$1,089
Backlog as Percent of 20-Year Total Investment Requirements	29%	31%	36%
Adjusted Average Annual Investment Requirements (Billions of $2016)	$134	$166	
Adjusted Backlog (Billions of $2016)	$776	$1,011	

Improve Scenario vs. Recent Spending

Largest gap between Improve scenario and recent (2014–2018) spending is on Interstate Highway System.

- Gap for bridges larger than gap for pavements.
- System expansion gap much bigger than for other systems.

Investment	System Component	System Rehabilitation			System Expansion	System Enhancement	Total	Percent of Total
		Highway	Bridge	Total				
Average Annual Investment	Interstate Highway System	$10.5	$7.8	$18.3	$12.2	$2.8	$33.3	22.1%
	National Highway System	$27.2	$13.7	$40.9	$27.9	$7.7	$76.5	50.6%
	Federal-aid Highways	$46.9	$19.1	$66.0	$39.2	$13.2	$118.4	78.4%
	All Roads	$64.6	$22.3	$87.0	$43.3	$20.8	$151.1	100.0%
Percentage Above (positive %) or Below (negative %) Average Recent Annual Investment	Interstate Highway System	-32.0%	138.6%	-2.1%	91.3%	31.3%	22.4%	
	National Highway System	-8.1%	85.2%	10.5%	64.3%	31.3%	27.9%	
	Federal-aid Highways	6.6%	62.5%	18.4%	71.7%	31.3%	33.6%	
	All Roads	12.4%	41.7%	18.7%	66.8%	31.3%	31.3%	

Improve Scenario vs. Recent Spending, Federal-Aid Highways by Functional Class

Location	Functional Class	System Rehabilitation			System Expansion	System Enhancement	Total
		Highway	Bridge	Total			
Rural Federal-aid Highways	Interstate	-53.9%	142.4%	-32.9%	-44.7%	31.3%	-29.6%
	Other Principal Arterial	-30.9%	63.9%	-19.0%	-66.6%	31.3%	-31.0%
	Minor Arterial	-9.5%	21.2%	-3.4%	-25.1%	31.3%	-3.6%
	Major Collector	-21.8%	12.9%	-12.8%	-69.9%	31.3%	-13.2%
	Subtotal	**-31.5%**	**47.7%**	**-18.2%**	**-55.6%**	**31.3%**	**-21.4%**
Urban Federal-aid Highways	Interstate	-20.8%	137.7%	11.9%	128.4%	31.3%	43.5%
	Other Freeway and Expressway	83.5%	138.3%	99.7%	190.4%	31.3%	121.4%
	Other Principal Arterial	71.1%	5.4%	51.5%	85.8%	31.3%	60.5%
	Minor Arterial	76.3%	55.9%	71.9%	138.2%	31.3%	83.2%
	Collector	39.0%	-9.8%	28.4%	125.1%	31.3%	49.7%
	Subtotal	**32.9%**	**69.1%**	**41.5%**	**123.3%**	**31.3%**	**63.3%**
Rural and Urban Combined	**Total, Federal-aid highways[1]**	**6.6%**	**62.5%**	**18.4%**	**71.7%**	**31.3%**	**33.6%**
	Non-Federal-aid Highways	31.3%	-19.5%	19.7%	31.3%	31.3%	23.6%
	Total, All Public Roads	**12.4%**	**41.7%**	**18.7%**	**66.8%**	**31.3%**	**31.3%**

Modeled and Non-Modeled Highway and Bridge Spending

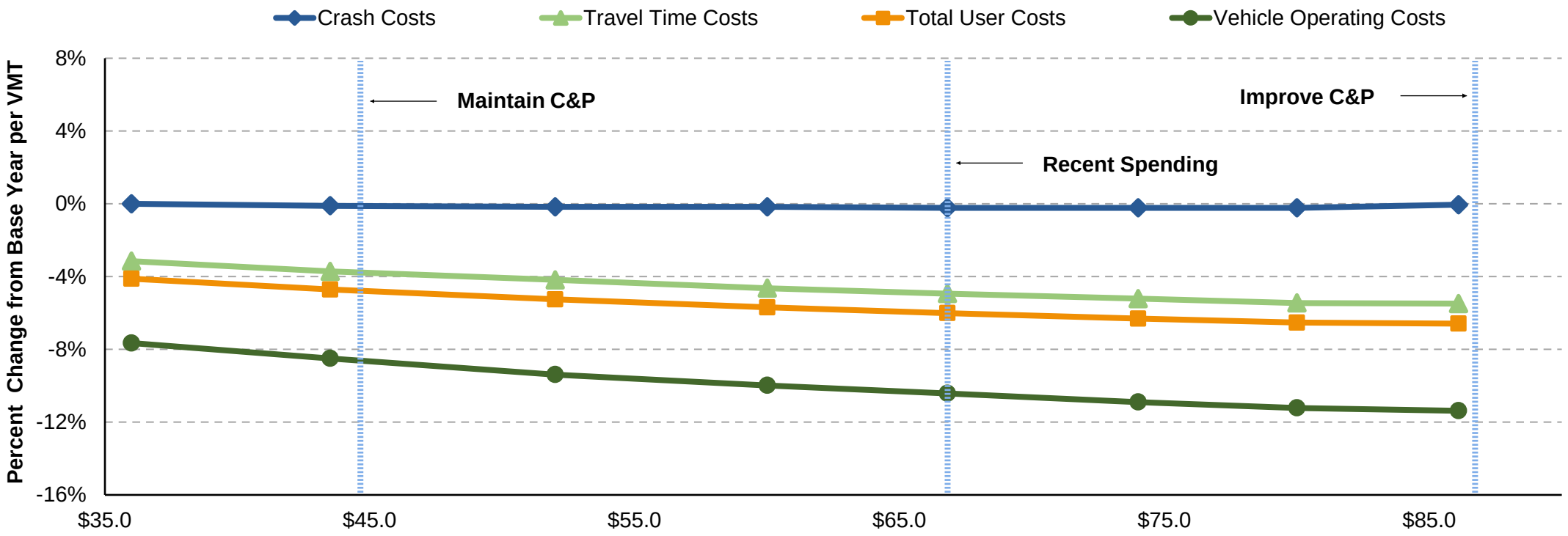
Directly modeled spending in the backlog and investment estimates (71.8%):

- Highway and bridge rehabilitation improvements (including reconstruction/replacement).
- Highway and bridge expansion (new roads and added lanes).

Nonmodeled capital spending:

- System enhancements (13.7%).
  - Includes targeted safety enhancements; environmental enhancements; and ITS/traffic management.
  - Safety impacts of rehabilitation and capacity expansion improvements are captured in the models.
- Non-Federal-aid highways (14.5%).
  - Rural and urban local functional class roads and rural minor collectors.
  - All bridges are eligible for Federal-aid and are included in the NBIAS analysis .
- Nonmodeled spending is accounted for in the backlog and investment estimates by making proportional adjustments to the modeled results, based on the current share of total capital spending devoted to those roads and improvement types.

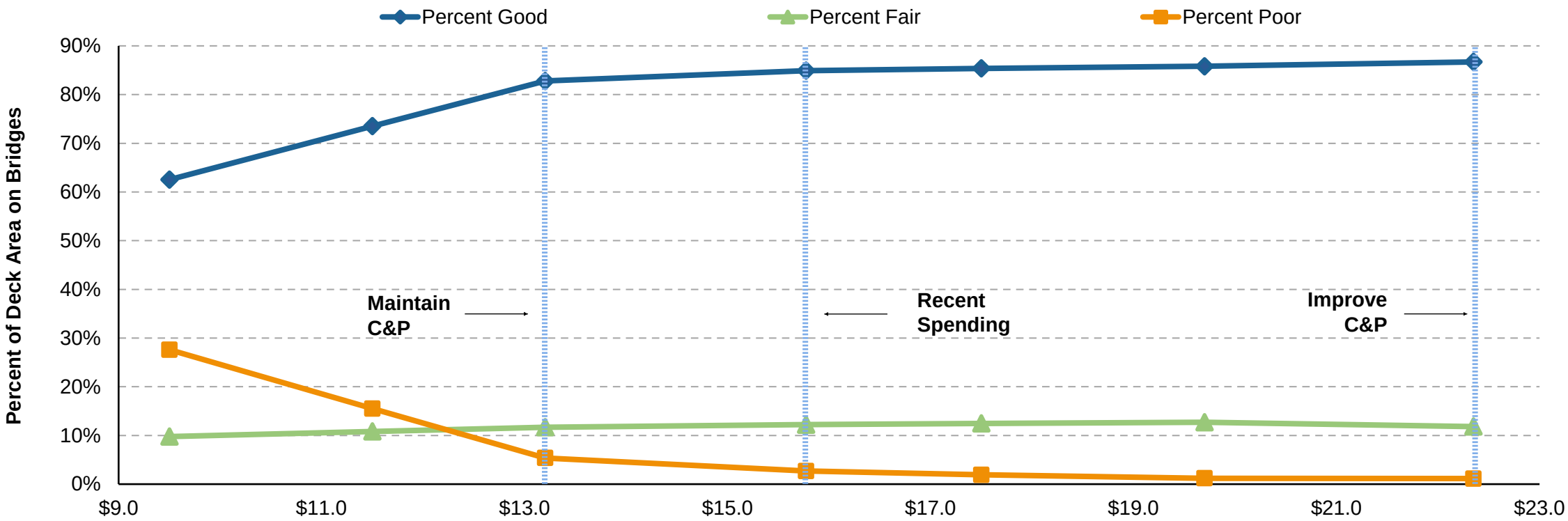
Projected Impact of Future Investment Levels on 2038 User Costs on Federal-aid Highways



For Federal-aid highways, HERS estimates that user costs—the costs of travel time, vehicle operation, and crashes—averaged $1.470 per mile traveled in 2018.

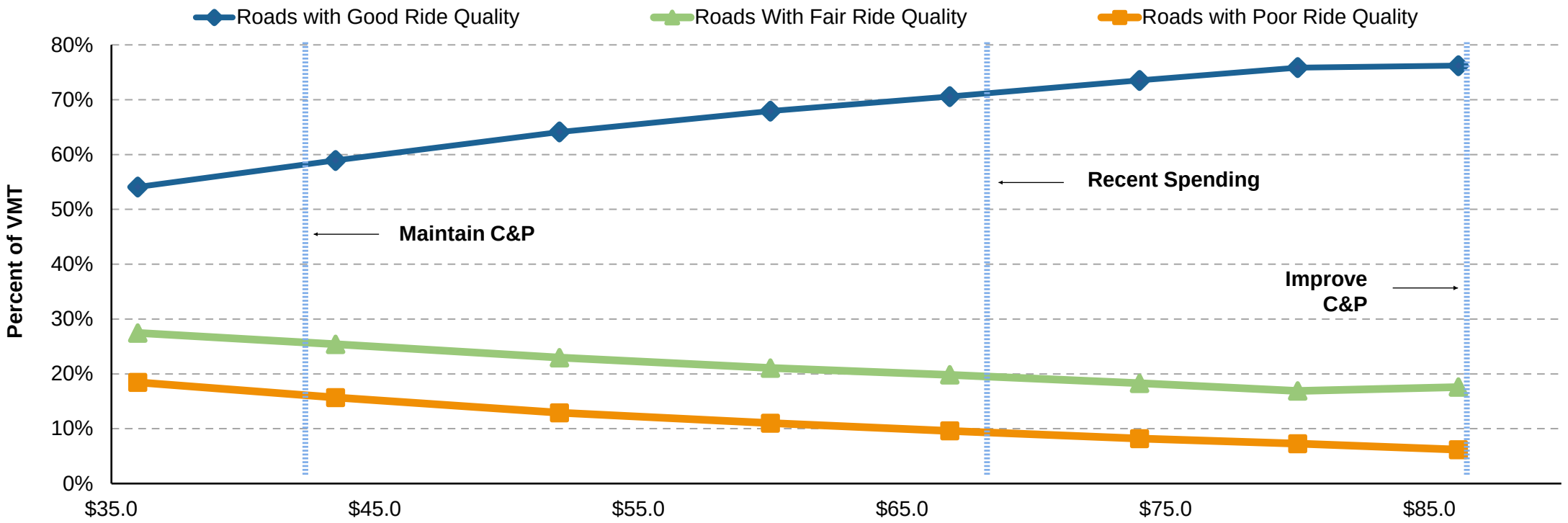
The average share of user costs across spending levels are as follows: crash cost, 12.2 percent; travel time cost, 58.0 percent; and vehicle operating cost, 29.8 percent.

Projected Impact of Future Investment Levels on 2038 Bridge Condition Indicators for All Bridges



Of the $115.1 billion average annual investment in highways from 2014 to 2018 (in 2018 constant dollars), $11.8 billion (10.3 percent) was used for bridge system rehabilitation.

Projected Impact of Alternative Investment Levels on 2038 Pavement Ride Quality Indicators for Federal-aid Highways



For all investment levels above Maintain C&P, pavements on Federal-aid highways are projected to be smoother on average in 2038 than they were in 2018.

Impact of Externalities on the Improve Conditions and Performance Scenario Average Annual Investment Levels

Scenario/Alternative	HERS-derived System Rehabilitation	HERS-derived System Expansion	NBIAS-derived Component	Other (Nonmodeled) Component	Total
Sustain Spending at Average Annual 2014-2018 Levels	$44.0	$22.8	$15.8	$32.5	**$115.1**
Improve Conditions and Performance Scenario: Average Annual (2019–2038)	$46.9	$39.2	$22.3	$42.6	**$151.1**
Improve Conditions and Performance Alternative (Assuming Externalities Internalized during Severe Congestion): Average Annual (2019–2038)	$41.9	$21.6	$22.3	$33.8	**$119.6**
Percentage Change in Improve Conditions and Performance Due to Alternative Assumption	-10.6%	**-44.9%**	0.0%	-20.8%	**-20.8**%

Dollar values are in billions of 2018 dollars.

Key Changes Since Last Report – Part II

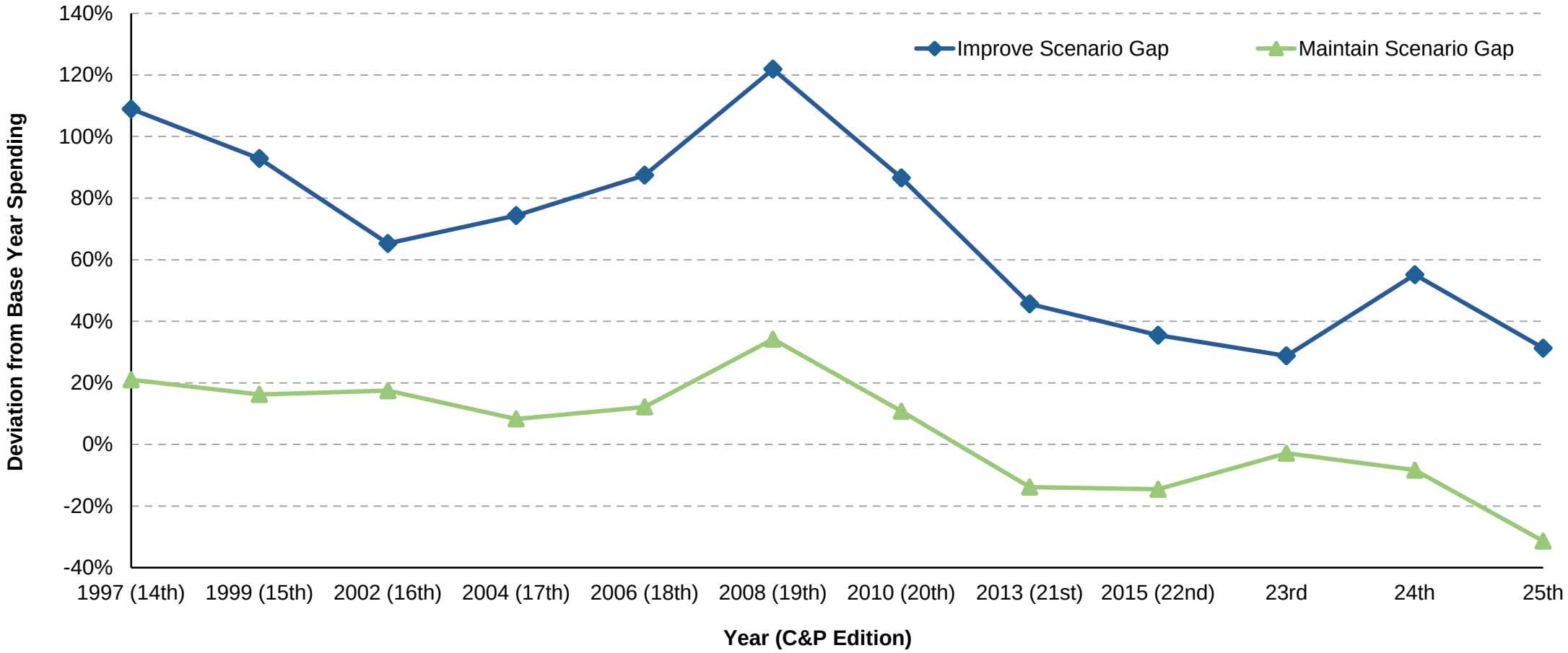
Scenario	24th C&P	25th C&P	Percent Change (25th C&P vs. 24th C&P)
Improve Conditions and Performance	Average Annual Investment (2017-2036) $165.9B ($2016)	Average Annual Investment (2019-2038) $151.1B ($2018)	-15.3% (nominal dollars)
Backlog (addressed as part of Improve scenario)	As of 2016 $1.01T	As of 2018 $1.09T ($2018) $1.01T ($2016)	+7.8% (nominal dollars) +0.2% (2016 dollars)
Highway Repair Backlog (excludes expansion)	As of 2016 $830B ($2016)	As of 2018 $852B ($2018) $792.1 ($2016)	+2.6% (nominal dollars) -4.6% (2016 dollars)

Sources of Differences Between the Backlog and Improve Conditions and Performance Scenario Values Presented in the 24th and 25th C&P Reports

Description	Factors Influencing Results	Improve C&P Scenario – Average Annual Investment ($ Billions)	Backlog ($ Billions)
Values from 24th C&P Report		**$165.9**	**$1,010.8**
Changes in HERS Results Due to:	Upgrades to Data Preprocessor	$4.4	$85.4
	Changes to VMT Forecast	-$0.6	$0.0
	Updates to Parameters	$2.5	-$3.5
	Upgrades to Analytical Procedures	-$13.2	-$82.6
	Updates to HPMS Data	$1.3	$11.9
Changes in NBIAS Results Due to:	Major Model Upgrades and Updates to NBI Data	-$2.7	$59.5
Changes in Nonmodeled Estimates Due to:	Change in HERS and NBIAS Results and Update to Nonmodeled Share of Recent Spending	-$6.6	$7.8
Values from 25th C&P Report		**$151.1**	**$1,089.4**

Source: Highway Economic Requirements System.

Comparison of Average Annual Highway and Bridge Investment Scenario Estimates with Base-period Spending, 1997 Edition to 25th C&P Edition



Additional Information

Part I: Moving a Nation

Part II: Investing for the Future

Part III: Additional Information

- Impacts and Implications of COVID-19 Pandemic on Transportation
- Greenhouse Gas Mitigation

Part IV: Highway Freight C&P

Photo Credit: Shutterstock

Special Topics

- 25th Edition Chapters in Part III: Additional Information
  - Impacts and Implications of COVID-19 Pandemic on Transportation
  - Greenhouse Gas Mitigation

- 26th Edition Ideas for Part III Chapters or inclusion elsewhere
  - Electrification - Electrification of Highway and Transit Fleets, Infrastructure Investment Needs such as Charging Stations,
  - Bicycle and Pedestrian
  - Transportation on Federal Lands
  - Safety Behavior Trends
  - Other suggestions are welcome

Impacts and Implications of COVID-19 Pandemic on Transportation

Impacts

- Due to the COVID-19 public health emergency, the number of people staying at home, at its peak, increased by 73.5 percent from the previous year.
- VMT declined by 40 percent compared with the previous year's average.
- Truck VMT recovered quickly and surpassed previous levels by July 2020. Auto VMT remained below 2019 levels until May 2021.
- Highway fatalities increased by 7.2 percent in 2020 over 2019 levels and by 19 percent in 2021 over 2019.

Response

- Congress appropriated $4.8 trillion for Coronavirus emergency relief, of which $218.2 billion went to transportation funding, mostly to transit and aviation.
- FHWA estimates that each additional dollar spent on a cost-beneficial highway capital project results in $1.80 of additional gross domestic product (GDP) over the course of 30 years.

Greenhouse Gas Mitigation

GHG Emissions from Transportation

- The transportation sector is the largest source of GHG emissions in the United States, accounting for 29 percent of total U.S. GHG emissions as of 2019. On-road vehicles are the primary contributor to U.S. transportation GHG emissions.
- The transportation sector is expected to remain the largest source of U.S. CO_2 emissions through 2050, increasing at an average annual rate of 0.3 percent per year despite improvements in the energy efficiency of light-duty vehicles, trucks, and aircraft.

Mitigation Options

- Reducing the sector's CO_2 emissions by 50–52 percent below 2005 levels would require year-over-year reductions of almost 6 percent starting in 2022.
- Three primary routes to reducing GHGs from transportation:
  - Increase vehicle efficiency;
  - Transition to lower-carbon energy, including the sales of electric and alternative fuel vehicles; and
  - Shift travel and goods movement to more efficient and low- or no-emission modes.

Freight Findings

Part I: Moving a Nation

Part II: Investing for the Future

Part III: Additional Information

Part IV: Highway Freight Condition and Performance

- Introduction
- Background
- Data and Analysis Approaches
- Freight Demand Overview and Trends
- Conditions Analysis
- Performance Analysis
- CRFCs/CUFCs
- Program Highlights
- Special Topics

Photo Credit: Shutterstock

What's New in the Third Highway Freight C&P Report

Previous editions:

- **First edition** provided a baseline understanding of NHFN conditions and performance. Data from 2014 or latest year available when analysis was conducted.
- **Second edition** improved this baseline by adding indicators and an analysis of CRFCs/CUFCs. Data from 2016 or latest year available when analysis was conducted.
- Second edition also highlighted Federal freight programs and activities that addressed freight infrastructure conditions and performance.

This (third) edition:

- Updates all condition and performance indicators. Data from latest year available when analysis was conducted.
- Provides an enhanced NHFN performance analysis based on the FHWA FMT tool.
- Updates and expands analysis of CRFCs/CUFCs and State Freight Plans.
- Updates and expands discussion of Federal programs and efforts that benefit freight conditions and performance assessments.
- Discusses three special topics: supply chains, freight transportation equity, and climate impacts from freight movement.

National Highway Freight Network (NHFN)

Road Conditions	Good	Fair	Poor
Pavement Condition (IRI) Along NHFN	78%	19%	5%
Overall Bridge Condition Along NHFN	37%	58%	5%

Source – National Highway Traffic Safety Administration, FARS 2016

Congestion Indicator	2017	2019	% Change
Truck Travel Time Reliability	1.36	1.39	+2.2%

Source – FHWA National Performance Management Research Data Set (NPMRDS) truck probes.

Safety Indicator	2014	2019	% Change
Fatal Crashes	4,037	4,723	+17.0%
Fatalities	4,531	5,237	+15.6%

Source: Pavement conditions based on Highway Performance Monitoring System (HPMS), 2018; bridge conditions based on National Bridge Inventory, 2019.

Questions?

Appendix H - Presentation: TRB/Marine Board, Marine Transportation Research Perspectives - Scott Brotemarkle

NATIONAL ACADEMIES Sciences Engineering Medicine

Marine Transportation Research Perspectives

Transportation Research Board / Marine Board

Scott Brotemarkle, Marine Board Program Director

MTSNAC Meeting *July 2024*

National Academies of Sciences, Engineering and Medicine

- Private, non-profit organization
- Established by an Act of Congress, signed by President Abraham Lincoln in 1863
- The three Academies work together as the National Academies of Sciences, Engineering, and Medicine to provide independent, objective analysis and advice to the nation and conduct other activities to solve complex problems and inform public policy decisions.
- The National Academies also encourage education and research, recognize outstanding contributions to knowledge, and increase public understanding in matters of science, engineering, and medicine.

Transportation Research Board (TRB)

- TRB provides leadership in transportation improvements and innovation through trusted, timely, impartial, and evidence-based information exchange, research, and advice regarding all modes of transportation.
- Established in **1920** as the National Advisory Board on Highway Research - Renamed the Highway Research Board (HRB) in **1925**
- In **1974** the Highway Research Board became the Transportation Research Board – ***multimodal focus***
- Marine Board became part of TRB in **1999** – formerly under the Commission on Engineering and Technical Systems (CETS)
- Annual Meeting/Technical Activities - 5 standing committees related to Marine (Ports and Channels/Inland Waterways/Marine Environment/ Marine Safety and Human Factors / Ferry Transportation)

Marine Board of the TRB

This board composed of 20 maritime experts was formed in 1965 to serve the national interest by providing a forum for the identification of research and development needs and information exchange concerning technologies, policies, economics, the environment, and other issues affecting the marine transportation system and offshore industries.

Core Sponsors of the Marine Board

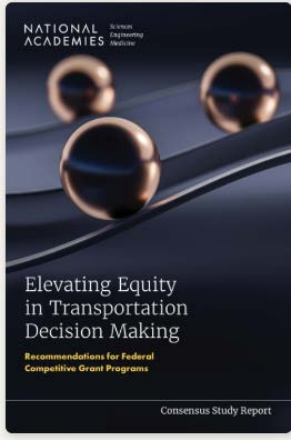
- U.S. Coast Guard
- U.S. Army Corps of Engineers
- National Oceanic and Atmospheric Administration/National Ocean Service
- Bureau of Safety and Environmental Enforcement
- Maritime Administration
- Office of Naval Research/U.S. Navy
- Supervisor of Salvage & Diving, Naval Sea Systems Command/U.S. Navy

Marine Board Current Areas of Interest

- **Emerging Technologies and Potential Impacts on Maritime**
- **Future of the Maritime Supply Chain**
- **Towards Zero Emissions Shipping**
- Environmental Justice and Social Equity in the Marine Transportation System
- Maritime Resilience
- U.S. Offshore Wind Energy Development

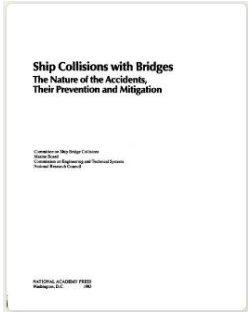
<u>Crosscutting Elements</u>

- Workforce
- Safety
- Cyber



Emerging Technologies and Potential Impacts on Maritime

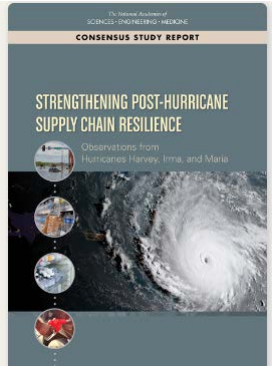
- Marine transport is undergoing a technological transformation to address challenges:
  - Decarbonization
  - Demands for greater supply chain reliability and visibility
  - More competition for use of the navigable waterways (wind farms, aquiculture, alternative energy, space launches, autonomous craft)
  - Renewed focus on preventing safety incidents (Baltimore Key Bridge allision)
  - Exposure to cybersecurity risks (Maersk)
  - Workforce challenges



- Research could inform challenges facing the adoption of these and other innovations:
  - Safety: Leveraging technologies for increased safety and training opportunities, balanced with workforce and human factors
  - Reliability: The effect of emerging technologies on regulations (e.g., current statutory manning requirements).
  - Asset performance: Leveraging innovative solutions such as digital twins to monitor and measure performance.
  - Environmental compliance: Support marine decarbonization efforts and data collection

Future of the Maritime Supply Chain

- The global supply chain is critical to economic and societal stability.
- Endemic challenges including managing major disruption events, addressing environmental impacts, and understanding the impacts of unequal distribution of benefits.
- Significant supply chain disruptions to learn from: a global pandemic, the Russian invasion of Ukraine, political instability in key shipping corridors (South China Sea), coordinated cyberattacks (Maersk), and attacks by state actors and terrorists (Red Sea and Gulf of Aden).
- Climate change effects (sea-level rise, nuisance flooding), extreme weather events (intensified hurricanes, Panama Canal low water, inland waterways flood and drought cycles) and shortages of labor and equipment in the transportation and logistics sectors continue to create efficiency and reliability concerns for the supply chain.
- Digitalization, data analytics, hold promise for improving supply chain visibility, efficiency, and resilience, but they also create challenges for data integration, protection, and cybersecurity.
- Numerous supply chain topics could benefit from research:
  - Identifying practices that add system redundancy, enhance flexibility, and hasten recovery,
  - Coordinated strategies for data integration, analytics, and system-level digitization
  - Effective utilization of AI/ML, predictive analytics, modeling and dashboarding



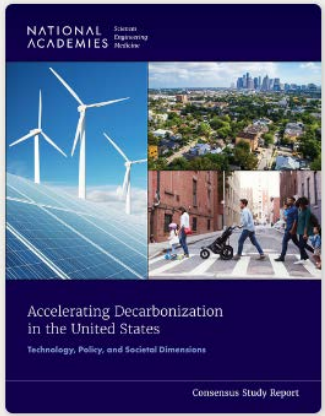
Towards Zero Emissions Shipping

The burning of heavy fuel oil (HFO) and diesel are primary sources of emissions from the marine sector releasing carbon dioxide (CO2), sulfur oxides (SOx), nitrogen oxides (NOx), and particulate matter (PM) into the atmosphere.

Areas ripe for research:

Evaluate mechanisms for agencies to further their emissions reduction strategies through means that account for the full environmental consequences and safety risks involved, including:

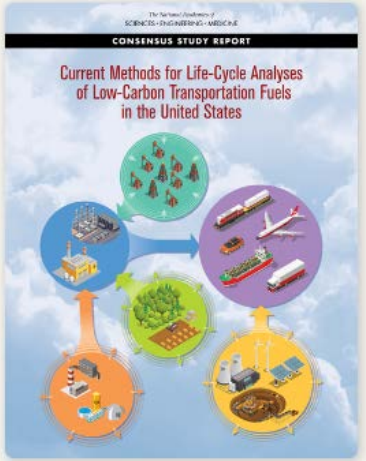
  - construction, in-use emissions and discharges, and recycling of vessels and components,
  - how transformation and competition within the sustainable fuel market may impact the food supply and land use changes.
  - energy supply and distribution issues, such as ensuring adequate coverage of hydrogen refueling and battery recharging infrastructure for marine use.
  - the potential for marine transportation infrastructure itself to generate energy from solar radiation, wind, or other environmentally sound sources.



- How offshore and port area infrastructure installations may impact marine operations, and how these impacts could be managed.
- Whether additional reductions could be achieved through automation, and any new standards or policies needed to direct and enable progress in this area.

Towards Zero Emissions Shipping

- Evaluate how U.S. ports, international bodies, and global shipping companies are meeting the short and longer-term challenge of developing and implementing cleaner and more efficient energy and propulsion technologies.
- Consider whether port infrastructure and vessel owner requirements for fuel services are in alignment with respect to investments and capabilities.
- Examine how U.S. public policy could further global progress in identifying and commercializing new fuels and energy sources, as well as other promising approaches to reduce emissions.
- Evaluate how research, development, and implementation of the needed low-emissions energy transformations of the maritime sector can be pursued most effectively.
- Review marine workforce education and training needs in the areas of design, operations, and maintenance, with a particular focus on needs associated with achieving emissions reductions and greater energy efficiency.



Appendix I - Presentation: ENO Center for Transportation - Jeff Davis

Eno
Center for Transportation

Federal Port Development Funding

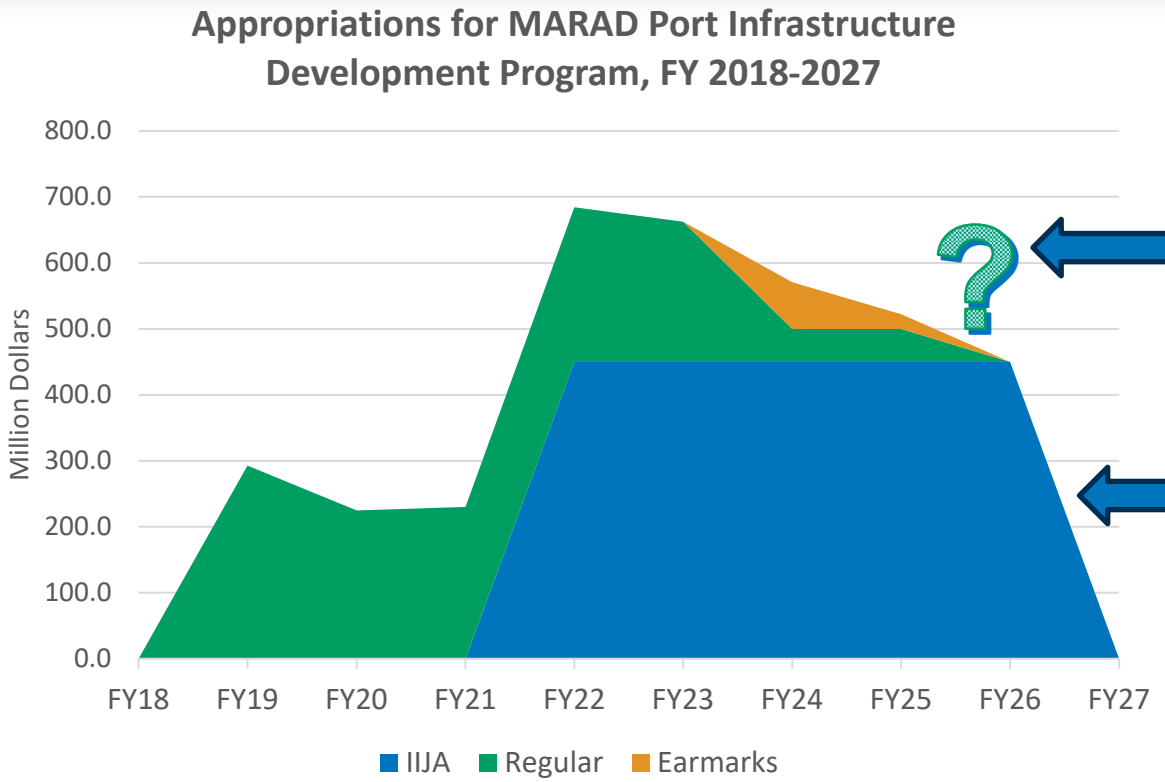
Jeff Davis, Senior Fellow, Eno Center for Transportation

Eno
Center for Transportation

History of MARAD Port Infrastructure Development Program

- Oct. 2009 – Port Infrastructure Development Program created in 46 USC 50302(c) by sec. 3511 of the FY10 NDAA – but never funded by Congress. Until…
- Feb. 2018 – Trump, Congress negotiate 2-year, $295 b discretionary spending increase.
- Appropriations Committees give massive increases to highway, transit, airport appropriations. But not ports.
- Feb. 2019 – Mario Diaz-Balart (Miami FL) diverts $293 m of new cap increase to MARAD port infrastructure program, with priority given (subtly) to Port of Miami. Funding continues.
- (Authorization amended, moved to 46 USC 54301 in FY22 NDAA in Dec. 2021)

Funding for MARAD Port I.D.P.



FY25 House Bill: $50m program, $22m earmarks

No more IIJA funds after 2026??

MARAD I.S.P. – Current Problem

- MARAD, so far, seems unable to negotiate and sign more than c. $200-250m of port project agreements per year, leading to an ever-increasing unobligated backlog, which could someday be canceled by Congress.

	New BA	Obligations	Left Unobligated
FY19	292.7	0.1	292.6
FY20	225.0	0.6	517.1
FY21	230.0	166.7	580.4
FY22	684.3	220.4	1,044.3
FY23	662.2	129.3	1,577.3
FY24	570.5	167.3	1,980.6

MARAD I.S.P. - After the IIJA?

- Budget baseline rules assume that one-time temporary appropriations will be extended forever. But President Biden's latest budget assumes IIJA advances will not be extended:

TABLE 26-1. FEDERAL BUDGET BY AGENCY AND ACCOUNT, FY2025 PRESIDENT'S BUDGET POLICY
(In millions of dollars)

Account and Subfunction Code		2023	Estimate										
		Actual	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Department of Transportation - continued													
Outlays, discretionary	O	71	176	268	121	222	328	359	387	268	180	88	90
Total Port Infrastructure Development Program	BA	662	662	530	532	84	86	88	90	92	94	96	98
	O	71	176	268	121	222	328	359	387	268	180	88	90

- IIJA GF advances expire Sept 30 2026. But Highway Trust Fund solvency is good through summer 2028. GF advances are likely to lapse, at least for one or two years, before IIJA is reauthorized.

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The Other Side: Corps of Engineers

- MARAD – ground side (unloading vessels; transfer to ground transportation)
- Corps of Engineers – water side (ensuring port access by keeping harbors and channels dredged to minimum depth)
- Different policy authorizers (MARAD –transportation committees; Corps – public works committees)
- Different funding sources (MARAD – Transportation-Housing appropriations; Corps – Energy and Water appropriations)
- Corps has Harbor Maintenance Trust Fund, but decades of Systemic Congressional under-funding led to $9+ billion unobligated balance. Then Shelby and DeFazio achieved long-held goals in 2020.

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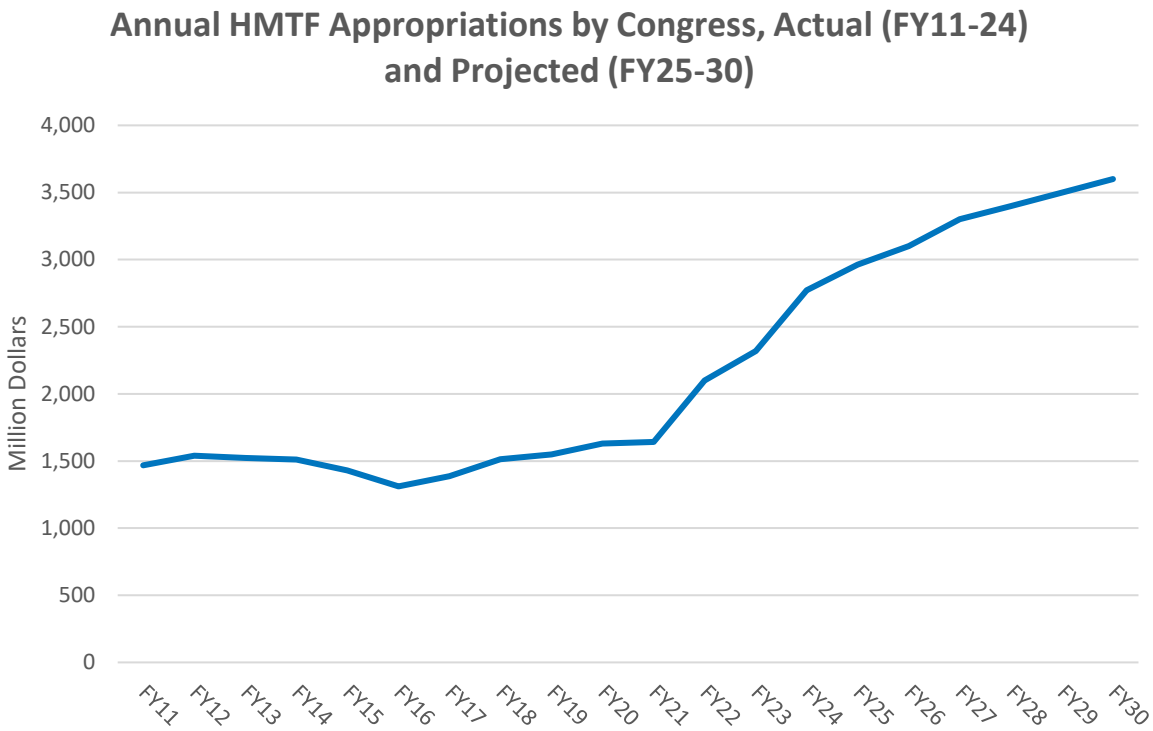
Harbor Maintenance Trust Fund



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Center for Transportation

ANY QUESTIONS?

Jeff Davis

Senior Fellow, Eno Center for Transportation

Appendix J - Presentation: Starboard Subcommittee Recommendations - Task 3 - Tom Wetherald

Maritime Administration

Maritime Transportation System National Advisory Committee

Starboard Subcommittee Work

10-11 July 2024

Task 3 Recommendations Summary

Maritime Administration

Task 3 Tasking

- **Make recommendations on actions that can increase the number of U.S. flagged vessels specifically large ocean-going vessels.**
  - Recognizing the significance that offshore wind has on the development of ports and the domestic fleet, make recommendations on ways that the Maritime Administration can better support the development of offshore wind.

Task 3 Recommendations Summary

Maritime Administration

- **Support legislation to enact a minor amendment to the Tax Code that provides an option for private shippers to deduct from their business taxes a larger portion of their business expenses associated with contracting United States ocean shipping carriers operating under US Flag.**
- **Advocate for and support legislation that will increase the number of ships in the TSP from 10 to 70 over the period from 2025 to 2034. MARAD should be instructed to pay particular attention to the QOL standards of ships that inducted into the TSP.**
- **Advocate for requiring all U.S. owned fuel (of all types) that is moved worldwide within the Defense Fuels (DLA) network/TRANSCOM to be carried on U.S. Flag ships.**

Task 3 Recommendations Summary

Maritime Administration

- **Advocate for increasing and enforcing cargo preference requirements**
  - **Advocate for legislation or endorsement of an executive order mandating 100 percent cargo preference requirement for all U.S. Government-impelled or sponsored cargoes.**
  - **Implement MARAD enforcement authority (2008 NDAA)**

- **Advocate for incentivizing commercial shippers to use U.S. Flag.**
  - **Modify U.S. import duties on items shipped on American flagships**
  - **Exempt U.S. import cargoes arriving on American Flag vessels from the Harbor Maintenance Tax (HMT)**
  - **Include freight charges on US Flag vessels for transporting American military exports sold to NATO as part of the NATO Nations' 2% G.D.P. commitment.**

Task 3 Recommendations Summary

Maritime Administration

- **The Secretary of Transportation, through its Infrastructure Permitting Improvement Center (IPIC), advocate for expedited environmental reviews and permitting as an incentive for those offshore wind companies that commit to investing in and utilizing U.S. flag construction vessels for offshore wind projects.**

- **Support stabilizing the MSP and the TSP with multi-year funding.**

- **Actively support the enactment of the Energizing American Shipbuilding Act and offer significant advantage/financial support to ships equipped with CONSOL capabilities.**

Starboard Priorities

Maritime Administration

1. The Secretary pursue a sealift ship design in 2023 and prepare to hire a VCM with the intent that multiple shipyards could be contracted to build these ships. At the same time the Secretary should continue to acquire used sealift ships for the Ready Reserve Force (RRF) as rapidly as Congress provides the authority and appropriations.
2. Advocate for and support legislation that will increase the number of ships in the TSP from 10 to 70 over the period from 2025 to 2034.
3. Advocate for funding an updated MMLD database and ensure MARAD can access
4. Advocate for incentivizing commercial shippers to utilize U.S. Flag by reducing import duties and exempting HMT for the use of US Flag.

Starboard Priorities

Maritime Administration

5. Implement MARAD's Work Force Strategic Plan & track mariners
6. Advocate for expedited environmental reviews and permitting as an incentive for those offshore wind companies that commit to investing in and utilizing U.S. flag construction vessels for offshore wind projects.
7. Support legislation to increase SIP appropriated funds to match 2024 NDAA authorized level
8. Support legislation to amend the Tax Code to allow private shippers to deduct from their business taxes for using US Flag to ship their cargo.

Appendix K - Presentation: Port Subcommittee Recommendations - Task 3 - Brian Jones

Maritime Administration

Maritime Transportation System National Advisory Committee

Port Subcommittee Task 3 Recommendations

11 July 2024

Task 3 – Freight Logistics Optimization

Recommendations

Maritime Administration

1. EXPAND FLOW TO INCLUDE ALL CLASS 1 RAILROADS, 10 LARGEST OCEAN CARRIERS BY IMPORT VOLUME AND A MINIMUM OF 10 LARGEST LOGISTICS WAREHOUSE OPERATORS BY IMPORT VOLUME

Task 3 – DISASTER RESPONSE FRAMEWORK

Recommendations

Maritime Administration

1. **MULTIMODAL STATE FREIGHT PLANS UPDATED TO INCLUDE USE OF:**
    a. **Port Risk Assessment using NOAA Port Resilience Index Self Assessment**
    b. **CISA Marine Transportation System Resilience Assessment Guide**
2. **MTSER APPROPRIATION / COORDINATION WITH FEMA TO DISTRIBUTE EMERGENCY RELIEF**

Task 3 – HELPING COMMUNITIES NEAR PORTS

Recommendations

Maritime Administration

1. INCENTIVE ZERO EMISSION EXPANSION OF INLAND PORTS UTILIZATION AND CONSTRUCTION OF ZERO EMISSION FOCUSED INLAND PORTS

2. COORDINATE WITH EPA ON PUBLIC EDUCATION OF AND ALLOCATION OF DISCRETIONARY GRANT PROGRAMS FOR ZERO EMISSION EQUIPMENT AT PORTS AND PORT RELATED FACILITIES

Task 3 – HELPING COMMUNITIES NEAR PORTS

Recommendations

Maritime Administration

3. UTILIZE CoE'S TO DEVELOP BENEFITS AND OPPORTUNTIES FOR EJ AND EMISSIONS REDUCTIONS PROGRAMS.

4. ENCOURAGE DEVELOPMENT OF ZERO-EMISSION FREIGHT CORRIDORS WITH DOE, VTO AND HFTO WITH FOCUS ON AREAS OF NON-ATTAINMENT AND NEAR PORT COMMUNITIES

Task 3 – DATA DRIVEN METHODS TO IDENTIFY AND MITIGATE RISKS

Maritime Administration

Recommendations

1. INCLUDE IN PIDP GRANT PROGRAMS REQUIREMENT THAT AWARDED PROJECTS ELEVATE PORT TO STATE OF GOOD REPAIR AND IMPROVE RESILIENCY BY ADOPTING STRATEGIC ASSET MANAGEMENT PLAN

2. SUPPORT CREATION OF AN OUTREACH CAMPAIGN THROUGH META TARGETED AT PORT STAKEHOLDERS REGARDING STRATEGIC ASSET MANAGEMENT PLANNING

PRIORITY RECOMMENDATIONS

Maritime Administration

MTSNAC WORK PLAN GOALS	TYPE	PRIORITY	RECOMMENDATION
1	PROGRAMMATIC	1	Develop an updated National Freight Strategic Plan (NFSP) incorporating the National Maritime Strategy to address last and first-mile freight transportation within the US and its territories.
4	PROGRAMMATIC	2	In coordination with DOT's Multimodal Office, support efforts to update the State Freight Plan Guidance to recommend including emissions reduction goals and decarbonization projects and include near port community collaboration in all future plan updates
1 & 3	FISCAL	3	The Secretary should support a series of initiatives which reduce the time it takes from award notification to Notice to Proceed including: Increasing staffing resources available to work on preparing the Grant Agreements and completing the NEPA process.

PRIORITY RECOMMENDATIONS

Maritime Administration

MTSNAC WORK PLAN GOALS	TYPE	PRIORITY	RECOMMENDATION
1 & 3	FISCAL & PROGRAMMATIC	4	The Secretary should support funding and direct a study to be undertaken by MARAD of the lessons learned during the supply chain disruptions of 2020 through 2022. This study would encompass, at a minimum, coastal and inland ports, modal transportation providers (vessels, motor carriers, rail carriers), warehouse operators, and labor unions
4	FISCAL & PROGRAMMATIC	5	The Secretary should support efforts to incentivize increased utilization of existing inland ports as well as construction of new inland port terminals where significant efficiencies can be gained through diversions of cargo volume away from traditional truck transportation to intermodal rail transportation.

PRIORITY RECOMMENDATIONS

Maritime Administration

MTSNAC WORK PLAN GOALS	TYPE	PRIORITY	RECOMMENDATION
1	FISCAL & PROGRAMMATIC	6	The Secretary should support an expansion of the FLOW initiative (including sufficient staff resources and funding) to include all US Class 1 railroads, the ten largest ocean carriers by annual import volume and a minimum of the ten largest logistics warehouse operators by annual throughput volume.
1 & 3	PROGRAMMATIC	7	The Secretary should support the inclusion of a requirement in future Port Infrastructure Development Program grants or similar grant programs a requirement that the project outcome elevates port facilities to a state of good repair and improves port resiliency through the adoption of a strategic asset management plan (SAMP).

PRIORITY RECOMMENDATIONS

Maritime Administration

MTSNAC WORK PLAN GOALS	TYPE	PRIORITY	RECOMMENDATION
1	PROGRAMMATIC	8	The Secretary shall develop a strategic plan to support the development of a domestic production base for the supply of critical cargo handling equipment throughout the US supply chain
4	FISCAL	9	Increase funding provided to MARAD, EPA and DOE targeted at research and development of reduced and zero emissions transport vehicles, carbon capture and sequestration technologies for ports and terminals, alternative fuels, ultracapacitors and other energy storage solutions

PRIORITY RECOMMENDATIONS

Maritime Administration

MTSNAC WORK PLAN GOALS	TYPE	PRIORITY	RECOMMENDATION
1 & 3	PROGRAMMATIC	10	The Secretary should leverage the Office of Multimodal Freight Infrastructure and Policy to ensure that the guidance for the development of Multimodal State Freight Plans be updated to include the completion of a Port Risk Assessment utilizing the National Oceanic and Atmospheric Administration (NOAA) Ports Resilience Index (PRI) Port Management Self-Assessment as a required element of State Freight Plans and encourage completion of a more detailed Cybersecurity & Infrastructure Security Agency (CISA) Marine Transportation System Resilience Assessment Guide as a recommended element of State Freight Plans

Appendix L - Port Subcommittee meeting minutes (April 22, May 17, & June 14, 2024)

MTSNAC Port Sub-Committee
Meeting of the MTSNAC Port Sub-Committee
June 14, 2024, | 1:00 pm - 2:30 pm E.T.

AGENDA

1:00 pm – 1:05 pm.	Welcome | Housekeeping Items
1:05 pm - 1:10 pm	aDFO Chad Dorsey – Open Meeting, Introduction
1:10 pm – 2:30 pm	SME (FLOW – Chandra Bonzie)
2:30 pm	Adjourn

ATTENDEES

Jones, Brian – Nucor (Port Sub-Committee Co-Chair)
Rooney, Bethann – Port of New York / New Jersey (Port Sub-Committee Co-Chair)
Cordero, Mario – Port of Long Beach
Moltzen, Michael – U.S. Environmental Protection Agency
Stromberg, Erik – Stromberg Associates
Traina, Penny – Columbiana County Port Authority

Dorsey, Chad – Alternate DFO, Maritime Administration
Black, Travis – MARAD, Office of Maritime & Intermodal Outreach
Lambert, Bruce – MARAD, Office of Maritime & Intermodal Outreach
Rutherford, Amanda - MARAD, Office of Maritime & Intermodal Outreach
Bonzie, Chandra - Office of the Secretary, Multimodal Freight Infrastructure & Policy - (Presenter)

MEETING CONTENT

Mr. Chad Dorsey (alternate Designated Federal Officer) took attendance and called the meeting to order at 1:00 pm. The aDFO took attendance and provided a brief introduction for the Port Sub-Committee Co-Chairs and the Office of the Secretary, Multimodal Freight Infrastructure & Policy presenter, and turned the meeting over to the Co-Chairs.

The Sub-Committee moved into the next agenda item to hear from Chandra Bonzie, Subject Matter Expert (SME) from USDOT's Office of the Secretary, Multimodal Freight Infrastructure & Policy, for an update on the Freight Logistics Optimization Works (FLOW) program that is a public-private partnership among industry and Government to build a forward-looking, integrated view of supply chain conditions in the United States. FLOW data helps forecast how current capacity and throughput will fare against future demand, helping participating companies

anticipate changes in supply chain throughput and take proactive steps to mitigate previously unanticipated delays.

Discussion:

Presentation Content, Questions, and SME Responses:

Brian Jones - Welcomed Chandra Bonzie, Subject Matter Expert (SME) from USDOT's Office of the Secretary, Multimodal Freight Infrastructure & Policy, and provided a background of what led the Port Sub-Committee to have an interest in FLOW.

Chandra Bondzie - presented on the Freight Logistics Optimization Works (FLOW) program.

FLOW is a voluntary public-private partnership and has been from the very beginning, important private partners help to select the data points that are pulled together into packets of information.

Bureau of Transportation Statistics is the third-party data steward such that member data is not subject to FOIA, subpoena, legal discovery, or regulatory use, and it is participatory.

The specific data that's available right now in the exchange includes demand data, supplied data, and throughput data. On the demand side, purchase orders and import bookings with CBP manifest data are coming in a future release.

There is terminal and chassis utilization, and 20-foot and 40-foot readily available with tractor and warehouse utilization will be again a feature release, and there is also throughput data on terminal gate moves.

Brian Jones - Question: Regarding the supply data for tractor utilization and warehouse utilization, are there hurdles currently being worked on to get that data, or are we still trying to find partners willing to supply it?

Chandra Bondzie - On the supply side, we will require more recruitment into both tractor and warehouse, but we also have to recruit so that the information can be anonymized. So, if there's one major, or just two or so warehouses that service any particular locale, we have to be very cautious about releasing that data because it must be anonymized. The program is growing in a recruitment effort.

Brian Jones – Question: Could you please explain the recruitment process?

Chandra Bondzie – Typically, there is information on the website to arrange meetings with anyone who sends the program an email that meets the import to TEU criteria because this isn't all tractors or all warehouses. This is specific to imports and TEUs, so there is no bulk, break bulk, or export, and it's in the maritime environment. For example, no representatives that the tractor is predominantly from Mexico. The program has some

that are very small and very large, but there is an effort to try to target recruitment at large-scale industry events.

Chandra Bondzie - The exchange works, and the companies confidentially submit that information to USDOT in either manual upload or SFTP. This aggregated daily information shows the total freight demand in throughput. So, flow honestly is several packets of information, not a single data point.

So what this means is that if, for example, you're an ocean carrier that calls on the Port of Savannah, what the platform would be total freight bookings on any given day, you wouldn't be able to pick out the individual ocean carriers because the program would have anonymized that information. However, you can see the total demand today, tomorrow, and up to 60 days in the future.

Brian Jones – Question: What sort of feedback have you gotten from partners about the upload process regarding any heavy lifting required to gather data and upload it to flow? Has that been a possible hurdle?

Chandra Bondzie – FLOW has a data collection team that works with stakeholders to develop our test file where the data points are succinct and much of the data already exists. So, for many of them, sometimes it's just pointing out that this is readily available to them.

Brian Jones – Question: Do carriers and terminals upload by FTP and do the smaller players manually upload?

Chandra Bondzie – Most people start with manual upload because they want to see how it works, and they do that for typically less than a month, and then almost everyone is an SFTP. We have several people in our beta API tool, so they're utilizing that now.

Chandra Bondzie – Shared the data dashboard, noted that it was realistic synthetic data only, and walked through the demo. Stakeholders do not have to use the visualizations in the tool, but we do build visualizations because we've gotten feedback specifically from our users on what they would like to see as a functionality.

Remember, we don't have 100% coverage in every single market, so that's also something we supply in terms of a note. But we're working on representative numbers here: if participation is less than 100%, the results shown are not complete representative. So, if we have some terminals but not all of the terminals, then your marine terminal slots would be missing. As a computation, we have excellent booking percentages, around 75 to 80% of all incoming TEU.

On the supply side, just because we don't have a particular port participating doesn't mean we don't have demand data from our BCOs, such as Walmart or Target. They may have a port that's providing that is not a participating partner, so we don't have terminal information on the demand side, like capacity slots, but we have the demand

information, we know purchase orders, or we have booking data. So, we have supply information.

There are case studies at this point in terms of how supply chain stakeholders have used the data to make decisions, where a stakeholder intended to move by rail but decided to move by truck or a shipper normally shipped through New York, New Jersey but could see delay six weeks from now, so decided to re-route through Norfolk instead.

Mario Cordero – What has been the latest milestone regarding the flow project that you could tell us about? What has been accomplished, and what is the next step in your mind regarding the next milestone?

Chandra Bondzie – The very latest, as it will be presented to our General Assembly next week to gain feedback from our members, is we were able to work with Port of Savannah on a research beta tool to take a look at dwell time and predictive analytics using flow and we were able to nail it at 4 weeks out for Port of Savannah on dwell times. This is a new cutting-edge space, and we're certainly still tweaking and growing from there by analyzing it ourselves. We have built the tool to collect the data to keep that flowing and build new analysis components.

For the next year, there will be a big push to recruit purchase order managers. This is critical because we have several existing purchase orders where we have LSPS that work with us and sign a MOW with FLOW. So, this opens up new avenues to get purchase order information in very large tranches. We aim to increase the number or percentage of purchase order data we have represented in the flow.

With excellent percentage numbers on the booking data, between 70 and 80% of all imported to TEUs are inflow or accounted for and flow on the purchase order side.

Brian Jones – Question: The data shows that FLOW needs railroad capacity information. Is there a challenge with getting the information?

Chandra Bondzie – Yes, that's a significant next step. There has been an ongoing conversation with our highest levels of leadership directly with the railroads, who have been very amenable to conversations and supportive of FLOW. As it's a new ask for many of the asset owners along the supply chain, we very much appreciate not only their time to invest in the data platform and their I.T. expertise in doing so but also their guidance on the entrance to having these relationships with industry because it's not a one-shot ask but it's building that relationship built on trust over time.

Brian Jones – Question: What about the potential of CBP data? Is FLOW grabbing the ISF or manifest data before arrival at the port?

Chandra Bondzie - We are researching both opportunities with information on the best fit for the FLOW product. First, we want our information at the TCU level as we don't

care about the widgets themselves, and we want to know how many widgets there are because we're converting that number into the TEU number.

Bethann Rooney – What can the Committee potentially do to help with FLOW?

Chandra Bondzie - Elevate when you can use your microphone as much as possible with your audiences so that flow exists and that we're out there. If you need a speaker to accompany you anywhere, let us know.

Michael Moltzen - How are you staffing or planning to staff the complete build-out and the full complement of partners that will continue to make FLOW even more helpful and invaluable? Is your team and headquarters planning to use division offices?

Chandra Bondzie - Not only is FLOW new, but so too is the Office of Multimodal Freight, and there is a significant charge for FY25 to hire a lot of people, and indeed, that will go hand in hand with staffing out the FLOW effort and one of the things that is a standout for us is we've managed to survive this long on the kindness of details and shared staff and resources. We hope to turn those into Full Time Equivalents (FTE's) over time, but we have significant contributions from our interns and detailees.

Brian Jones suggested that proposed recommendations should focus on getting more critical mass into the FLOW project by driving the inclusion of Class 1 railroads in the D.C. s.

Bethann Rooney suggested a recommendation to use the Gateway Directors for FLOW Outreach potentially.

CLOSING COMMENTS

Chad Dorsey (aDFO) closed the meeting and confirmed that the next full MTSNAC Public Meeting would be held on July 10-11, 2024 and that the Port Sub-Committee will be expected to present Phase III recommendations to the Maritime Administrator at that time.

The next MTSNAC meeting in Washington, D.C., is scheduled for **July 10 – 11, 2024**.

MTSNAC Port Sub-Committee
Meeting of the MTSNAC Port Sub-Committee
May 17, 2024, | 1:00 pm - 2:30 pm E.T.

AGENDA

1:00 pm – 1:05 pm.	Welcome | Housekeeping Items
1:05 pm - 1:10 pm	aDFO Chad Dorsey – Open Meeting, Introduction
1:10 pm – 2:30 pm	SME (NOAA & Discussion: Problem Statement(s)
2:30 pm	Adjourn

ATTENDEES

Rooney, Bethann – Port of New York / New Jersey (Port Sub-Committee Co-Chair)
Ball, Cheryl – Missouri DOT (Retired)
Clark, Brian – North Carolina Ports Authority
Cordero, Mario – Port of Long Beach
Gasperov, Joe – International Longshore & Warehouse Union Local 63
Moltzen, Michael – U.S. Environmental Protection Agency
Stromberg, Erik – Stromberg Associates

Dorsey, Chad – Alternate DFO, Maritime Administration
Black, Travis – MARAD, Office of Maritime & Intermodal Outreach
Castaneda, Xochitl – MARAD, Office of Maritime & Intermodal Outreach
Clark, Chris – MARAD, Office of Ports & Waterways Planning
DiVeglio, Chris – NOAA - Center Operational Oceanographic Products & Services (Presenter)
Murphy, Josh – NOAA, Office for Coastal Management (Presenter)
Pavlovich, Natasha – MARAD, Office of Ports & Waterways Planning

MEETING CONTENT

Mr. Chad Dorsey (alternate Designated Federal Officer) took attendance and called the meeting to order at 1:00 pm. The aDFO took attendance and provided a brief introduction for the Port Sub-Committee Co-Chair and the NOAA presenters, who then turned the meeting over to the Co-Chair.

The sub-committee moved to the next agenda item, to hear from NOAA as subject matter experts (SMEs) regarding NOAA's PORTS Program and its Digital Coast and Port Resilience Index products.

Discussion:

Presentations Content, Questions, and SME Responses:

Bethann Rooney - Welcomed NOAA and discussed the Ports Data from NOAA. Introduced Josh Murphy and Chris DiVeglio of NOAA Ports.

Chris DiVeglio - presented on NOAA's Physical Oceanographic Real-Time System (PORTS) Program update. External Assessment of the Scope and External Framework CO-OPS Maintains a state of operational readiness with 5,000 observations every day.

CORMS - Continuous Operational Real-time Monitoring System, which is operational and maintains a constant state of readiness. Ports remains a shared responsibility partnership. Provides real-time oceanographic and meteorological observations in seaports. Used by NWS and other people, including recreational boaters. Partners have a say in user-defined systems. 38 PORTS systems are operating nationwide. Partners include a broad cross-section of government and maritime entities. Proven safety benefits include reducing oil spills and groundings. Some PORTS have more than one sponsor. NOAA has 52 MOAs.

These systems comprise a shared responsibility partnership between NOAA and the maritime community to provide real-time oceanographic & meteorological observations at seaports across the country. Data on tides, water levels, currents, air drafts, salinity, visibility, and other factors are included. The information has proven safety benefits in that there has been a 50% reduction in accidents in areas where the data is available. All PORTS data is quality-controlled by NOAA 24/7/365.

Some problems:

1) Maintenance funds are needed for any new funding from CFO earmarks.
2) More interest post Key bridge incident – Possible enhancements of airgap sensors

PORTS Workshop overview - Need for Assessment: More money is needed, and some people want the Government to take over a wholly owned system. There are workshops in 11 places nationwide with 280 attendees to date. The three biggest concerns are funding, program governance & air gap.

Sensor needs include:
New: Ice depth, Marine mammal sensing, Precipitation.
Common needs: Currents, Visibility, Wind

Wholly owned govt program - would be more equitable and standardized. Would lose local control and the ability to move forward on local projects. Opinions were split on the cost-share approach moving forward. Limitations include low participation in some areas.

Bethann Rooney: The Sub-Committee is interested in this to help manage risk. Is there a way we can help you help us? Sharing of the report would be helpful.

Mario Cordero - Where is NOAA chiming in on offshore wind – response: Hear about changes in vessel transits. Other parts of NOAA are tracking it more, and Marine Cadaster could help understand wind in conjunction with BOEM. Help to fill info gaps and make better decisions on siting.

Michael Moltzen - Air quality sensors? Response: Emissions and green shipping are of nationwide interest. The one connection is how PORTS supports a real-time incident, and then those vessels would spew. There are not a ton of connections.

Josh Murphy (NOAA) – Presented on Digital Coast and the Port Resilience Index: Info Resources to Support Climate Resilient Port Communities. Local-level leadership builds capacity for informed action and leadership. Helps to convene and leverage partnerships.

Office for Coastal Management: Ntls Coastal Zone mgmt. / Ntl Estuarine Research / Reserves / Coral Research / Digital Coast

- Some communities have resources to dig into the data. Many small communities can't make decisions based on climate adaptation.

Climate Resilience Toolkit: Includes info on heat and Precipitation.
Digital Coast: represents planners: Data / Lidar, Landcover, Imagery / Learning / Tools / Stores.

Coastal Inundation: In 2022, Sea Level Rise Technical Report
Water level data Gauges released have shown a 1-foot rise in sea level over 100 years. There is high confidence in our predictions, particularly in the next 30 years. We predict the same 1-foot rise as in the past 100 years. Monthly high tide flooding outlook. High-res tides are divided into different scenarios. For example, in Charleston, SC, there would be a 4 ft rise in sea level by 2100. Additional Coastal County snapshots - Need federal support and long-term strategies.

Port Resilience Index- is a framework whereby we work with ports and their future resilience. It's a self-assessment. NOAA facilitates a dialogue. It's meant for a port and its stakeholders. It's more qualitative than quantitative. This info is meant to show a port how they can address deficiencies in conjunction with partners. The value is bringing the folks together and having meaningful dialogue. Additional contact: Dr. Tracie Sempier, Tracie.sempier@usm.edu

Josh Murphy provided contact info: Joshua.Murphy@NOAA.gov.

Bethann Rooney - The resiliency index was developed for Gulf ports. Has it only been used for Gulf ports? Response was: No, it cannot be applied to other seaports.

Bethann Rooney: Should the Port Sub-Committee recommend applying the Port Index to ports?

Cheryl Ball - All the tools are for coastal ports. Is there any work being done for inland waterways? The response was that some portions would be applicable and others would not.

Bethann Rooney - Thank you to Josh and Chris. Request to share the report through aDFO.

Cheryl Ball - We have some recommendations. I had lost track of where we are on the edits. Request to Co-Chair to remind the Sub-Committee Members of current tasking?

Mike Moltzen – Noted. I am sending comments on Task 3, which is to work on helping communities near ports.

CLOSING COMMENTS

Chad Dorsey (aDFO) closed the meeting and confirmed that the next June 14, 2024, Port Sub-Committee virtual meeting will feature a Subject Matter Expert (SME) from the USDOT's Office of the Secretary Multimodal Freight Component for an update on the Freight Logistics Optimization Works (FLOW) program that is a public-private partnership among industry and Government to build a forward-looking, integrated view of supply chain conditions in the United States. FLOW data helps forecast how current capacity and throughput will fare against future demand, helping participating companies anticipate supply chain throughput changes and take proactive steps to mitigate previously unanticipated delays.

The next virtual Sub-Committee meeting will be held on **Friday, June 14, 2024, at 1 pm Eastern.**

The next MTSNAC meeting in Washington, D.C., is scheduled for **July 10 – 11, 2024**.

MTSNAC Port Sub-Committee
Meeting of the MTSNAC Port Sub-Committee
April 22, 2024, | 3:00 pm - 4:30 pm E.T.

AGENDA

3:00 p.m. – 3:05 p.m.	Welcome | Housekeeping Items
3:05 p.m, - 3:10 p.m.	DFO Update – Jeff Flumignan
3:10 p.m. – 4:30 p.m.	SME (Asset Management) & Discussion: Problem Statement(s)
4:30 p.m.	Adjourn

ATTENDEES

Jones, Brian – Nucor Logistics (Port Sub-Committee Co-Chair)
Rooney, Beth – Port of New York / New Jersey (Port Sub-Committee Co-Chair)
Ball, Cheryl – Missouri DOT (Retired)
Clark, Brian – North Carolina Ports Authority
Gasperov, Joe – International Longshore & Warehouse Union Local 63
Guenther, Roger – Port of Houston
Moltzen, Michael – U.S. Environmental Protection Agency
Stromberg, Erik – Stromberg Associates
Tetreault, Brian – U.S. Army Corps of Engineers
Traina, Penny – Columbiana County Port Authority

Dorsey, Chad – Alternate DFO, Maritime Administration
Flumignan, Jeff – DFO, Maritime Administration
Black, Travis - Office of Maritime & Intermodal Outreach
Brede, Shawn - Office of Ports & Waterways Planning
Castaneda, Xochitl – Office of Maritime & Intermodal Outreach
Gaynor, Patricia – Office of Port Infrastructure Development (SME / Speaker)
Fratinardo, Marlise - Office of Ports & Waterways Planning
Khurana, Zanna – Office of Ports & Waterways Planning
Lambert, Bruce - Office of Maritime & Intermodal Outreach
Lautzenhizer, Casey – Volpe Institute (Guest)
Pavlovich, Natasha - Office of Ports & Waterways Planning
Rutherford, Amanda - Office of Maritime & Intermodal Outreach
Sullivan, Mike - Office of Maritime & Intermodal Outreach

MEETING CONTENT

Mr. Chad Dorsey (alternate Designated Federal Officer) took attendance and called the meeting to order at 3:00 pm Designated Federal Officer Jeff Flumignan provided an update concerning plans for the upcoming July 10/11, 2024 MTSNAC Meeting in Washington DC, where the Port Sub-Committee will continue Phase III recommendations, a call for interested current term members to the apply for possible re-appointment and a note that the Charter states that all members may continue to serve until replaced.

The Sub-Committee moved into the next agenda item to hear from MARAD's Patricia Gaynor from the Office of Port Infrastructure Development as a Subject Matter Expert (SME) regarding asset management and the asset management tool/process, followed by a question/answer period and discussion.

Discussion:

Questions and SME Responses:

- Brian Jones: How are the range of value measures determined? *Everything does not need to be science - could look at factors like resilience by using low/med/high, so it does not have to be a complex number*
- Brian Jones: Explain the swing/weight matrix. *Consider the critical factors (revenue, bcr, leverage, tonnage, etc.). They are the primary filter that values percolate through (basically a weighted average)*
- Brian Jones: Explain the state of good repair. *Primarily for critical infrastructure - waterfront infrastructure, container cranes. For example, resilience is something built back to new resilience standards.*
- General confirmation that asset management is not currently a requirement of PIDP
- Group discussion on whether there should be a grant requirement for having an asset management process in place. It was noted that currently, there is no standard in place, that it could be an expensive requirement, and that the recommendation could be to develop a set of standards instead of making it a requirement. There was general agreement this is a good approach.
- Erik Stromberg: How would a standard be applied and a statement that there is a need for a standard to determine basic value measures weighting - otherwise, it could be twisted to make any project valuable.
- Brian Jones: What is the definition of the state of good repair? *This model decides what critical asset class is.*
- It was noted that condition assessments are costly. Would this tool facilitate a spending program? *Yes, but there does have to be some commonality. There is only one capital budget, so you have to be able to prioritize across "apples and oranges."*
- Travis Black: Noted: In 2019, the agency embarked on a tool, and there was a requirement for the 2019 NOFO. A general question was raised if any of those projects had been completed and if the MTSNAC Port Sub-Committee had seen any asset management reporting. *Noted that reports from the 2019 grant awards should be coming up soon and that the requirements in 2019 were more of an honor system than a complete requirement.*

- Brian Jones: I asked if there is any weighting/factor where there is a minimum state of good repair (% assets are in good condition). *It is not included, but a standard recommendation needs to be made.*
- Brian Jones: The statement is that maybe the approach here is to identify those critical assets uniformly across ports as much as possible.
- Beth Rooney: Noted from experience that when looking at an asset class, a port is challenged to get a single rating because sections are made of multiple assets. Example: If a portion of a wharf is out of service and the rest is okay, Asset management at the class level is more difficult with ports because of the layers within each asset. *Most ports are engaging in asset management but do it differently.*
- Chad Dorsey: Inquired if these tools are more aligned for larger coastal ports or if they can be utilized by smaller ports that don't have the same resources, such as engineering staff and financial support for consultants. *The tool was designed for all ports.*
- General group discussion on whether having some requirement would be another barrier.
- Cheryl Ball: A possible option would be to have FHWA explain how they have implemented it - start with a few elements and build tools from there. Are ports more complex than highways, which makes it harder? *Some highway structures (bridges/its) make them equally as complex.*
- Brian Jones*:* It is unlikely that the subcommittee will get into details, but it may be a recommendation if focused on asset management and standards. Brian will take a pass at it.
- The Committee will review the 2019 NOFO and others as possible examples. - *The 2019 tool was intended to be used in two phases, but the waterfront asset management tool was not publicly released. It was noted that there is no funding to complete the tool.*

CLOSING COMMENTS

Chad Dorsey (aDFO) closed the meeting and confirmed that the following May 17, 2024, Port Sub-Committee virtual meeting will feature a Subject Matter Expert (SME) from the National Oceanic and Atmospheric Administration (NOAA). The Co-Chairs confirmed that they will make a direct request for specific information request from NOAA before the meeting.

The next virtual Sub-Committee meetings will be held, if needed, on:

- **Friday, May 17, 2024, at 1 pm Eastern**

The next MTSNAC meeting in Washington, D.C., is scheduled for **July 10 – 11, 2024**.

Appendix M - Starboard Subcommittee meeting minutes (April 14, May 15, June 13, June 20, & June 27, 2024)

MTSNAC Starboard Sub-Committee
Meeting of the MTSNAC Starboard Sub-Committee
June 27, 2024

Planned Meeting Agenda:

- Intro/Opening Remarks from Lauren Beagen (Co-Chair) and Bob Wellner
- Review/Finalize all Task 3 Recommendations for the July in-person MTSNAC Meeting

Subcommittee Attendees

Berit Eriksson
Lauren Beagen
Jim Dillman
Shelley Sugarman
Sara Fuentes

MARAD

Brian Hill
Chad Dorsey

Notes:

Issues/discussions:

Bob Wellner stated that the plan is to have the Full MTSNAC present their Recommendations to the Maritime Administrator on July 11, just after lunch. That may change depending on her availability. There will be limited times for Subcommittee Breakout sessions at the July meeting, as speakers have been set up to present to the entire MTSNAC. Bob stated that members could talk about the upcoming maritime strategy during the meeting, as that is what the Industry is most concerned about now.

The Agenda for the July meeting should be released soon.

Membership: Bob stated that all MTSNAC members will continue in their positions on MTSNAC, a n d replacements are officially appointed. There is a possible additional full MTSNAC meeting in September, but if so, it would be a virtual meeting.

Bob also noted that the new MTSNAC intends to have more fluidity in the Task Lists distributed, and members can add new topics as they go along if desired.

Review of Recommendations:

Recommendation 1: The Secretary should support changes to the Tax Code to help shippers that utilize U.S. flag ships. There are some tax write-offs for carriers and stipends, but nothing for shippers that decide to use U.S. flag. Some business deduction should be provided to choose that.

Recommendation 2: The Secretary should support increasing the number of authorized tankers in the Tanker Security Program from 20 authorized tankers (only 10 of these have been funded) to 70. The Secretary should support Senator Kelly's draft/proposed legislation that calls for this. The Stipend provided to these tankers should be increased, as this would also support a larger U.S. flag fleet. This would support defense/national security as fuel would be needed worldwide.

Recommendation 3: The Secretary should support that all defense fuel shipments be directed to only move on U.S. flag tankers. This requirement would help with the recommended 70 tankers noted above. (Note this requirement to use U.S. flag tankers only when moving defense fuel can be waived if no U.S. flag tankers are available.

Recommendation 4: The Secretary should support the increase in cargo preference to 100%, requiring all U.S. cargo to be shipped on U.S. flag vessels. MARAD would be responsible for enforcing this requirement (MARAD was told to enforce this requirement in a 2008 law, but no regulations implementing this have ever been issued). If raised to 100%, the number of U.S. flag vessels would grow, and more opportunities for jobs and training would be provided to U.S. mariners.

Recommendation 5: The Secretary should support a program incentivizing shippers to use U.S. flag vessels. Some options to consider are:

- Modifying import duties for freight/cargo arriving on U.S. flag vessels
- Exempting import cargo from the Harbor Maintenance Tax if on a U.S. flag vessel
- Include any freight charges paid by NATO members for using a U.S. flag vessel into their 2% defense spending requirement.

Recommendation 6: The Secretary should require the DOT Permitting Improvement Center to expedite environmental reviews and permitting for wind energy companies that commit to investing in utilizing U.S. flag vessels for wind energy offshore construction.

- The Center should consider granting Interim Approvals when conditions merit it so that wind energy planning can continue.
- Additionally, there should be a me period set up so that if an approval/permit is not granted by the end of that period, it is deemed approved.

Recommendation 7: The Secretary should support a multi-year funding mechanism for MSP/TSP/CSP vessels to alleviate uncertainty for vessel owners. A provision could be put in that inflation/unexpected, extraordinary costs can allow for adjustments on the funding.

Possible Recommendation 8: The Secretary should support the elimination of the 3-year waiting period for vessels seeking to carry U.S. government cargo. More U.S. flag vessels would join quicker and begin profiting from inclusion – thus helping them remain U.S. flagged.

- The elimination of this requirement will be especially needed if the 100% Cargo Preference requirement is established.
- MARAD believes this would immediately increase the number of U.S. flag vessels (but this could affect current members due to increased competition)
- The Subcommittee will hold on to this recommendation as only possible, depending on comments/discussion at the July Breakouts.

Other issues?

Sara Fuentes stated that the Subcommittee should possibly include recommending that DOT support the Congressmen Garamendi legislation that would encourage/support additional shipbuilding in the U.S.

- Sara will draft a Recommendation for the Subcommittee to consider in July.

Sara also noted that there may be a change in Army policy relating to PREPO ships, calling for fewer of them off Asia, which could free up U.S. flag ships and eliminate some U.S. mariner jobs. Just a FYI.

MTSNAC Starboard Sub-Committee
Meeting of the MTSNAC Starboard Sub-Committee
June 20, 2024

Agenda:

1. Opening Remarks by Tom Wetherald and Lauren Beagen (Co-Chairs)
2. Continue reviewing Task 3 Recommendations

Subcommittee Member Attendees:
Tom Wetherald
Lauren Beagen
Sara Fuentes
Shelly Sugarman
Bill Doyle
Berit Erikson
Nickolas Marrone

MARAD
Brian Hill
Jeff Flumignan
Chad Dorsey
Chris Clark

Notes:

The Subcommittee was thinking of asking members of Senator Kelly's staff to discuss his proposed maritime legislation increasing the number of vessels in the MSP and TSP program. However, Jeff Flumignan discussed that MARAD cannot invite Congressional staffers to speak to the MTSNAC about proposed maritime legislation. However, MTSNAC can make recommendations to the Administrator about that and other legislation. As an option, he advised that the Subcommittee could expand some of its recommendations that support or change elements of the proposed legislative package. He also noted that members can speak to Congressional staffers as individuals but not as members of the MTSNAC.

Tax issues: The Subcommittee discussed their current tax recommendation. There was a question about the specifics of what taxes should be included in the recommendation, and it was resolved that the tax exemptions would be from ordinary Business taxes for shippers that use U.S. flag vessels to move their cargo.

The Subcommittee then discussed a recommendation about how to streamline offshore wind permitting. Tom noted that it became apparent when we talked to NOAA a few weeks ago that permitting for offshore is convoluted at best. Claire Richer from American Wind Power stated that it has been problematic for the offshore developers even to build a business case that would allow for the

building of large Jones Act qualified wind installation vessels. As a result, there may never be more than one such ship currently under construction in an American shipyard. The Subcommittee then discussed whether there is an approach where the Department of Transportation would be able to work with other organizations in the Federal government to bring an economic and national security argument to the cause of streamlining the permitting process. Shelly will take a shot at drafting a recommendation in this vein.

We also decided to make a recommendation about working more with easing Title XI funding for offshore wind to attempt to defray some of the lending costs for the Jones Act construction.

Tom then discussed five specific recommendations that the previous MTSNAC International Subcommittee made. Some of these will be modified to support the current proposed legislation, including the recommendation about increasing the number of ships authorized in the MSP. Tom will reformat these recommendations and bring them to the committee before next week's call.

Nicholas mentioned the issue of the difficulty of finding crews for some ships that have been inducted into the TSP. Some of these ships have QOL standards that fall well below American standards. We discussed adding this issue to the recommendation about increasing the number of ships in the TSP.

The Subcommittee then discussed a possible requirement about Defense Fuels for TSP and that this issue is separate from the security issues faced by U.S. Navy ships that take fuel in foreign ports from ships that are not U.S. flagged.

The Subcommittee then discussed the possibility of recommending creating an Energy Security Program (ESP) supported by MARAD and funding/stipends, etc. Tom stated that he doesn't understand how we could make a national security argument for an ESP and how it would work. The idea of a possible Supply Chain Security Program (SCSP) was also discussed. The Subcommittee decided to defer on this issue until we hear from Chris Johnson, who is scheduled to speak next week.

The Subcommittee decided to meet one more me next week on Thursday, July 27, to try again to finalize all Recommendations.

MTSNAC Starboard Sub-Committee
Meeting of the MTSNAC Starboard Sub-Committee
June 13, 2024

Planned Meeting Agenda:

Intro/Opening Remarks from Lauren Beagen (Co-Chair) (Tom Wetherald absent)

Presentation from David Hatcher – MARAD Associate Administrator for Strategic Sealift
- Claire Richer – American Clean Power

Discuss Task 3 (more U.S. flag vessels' initial draft recommendations.)

Subcommittee Attendees
Berit Eriksson
Lauren Beagen
Nicholas Marrone
Jim Dillman
Craig Johnson
Steven Spoljaric
Bill Doyle

MARAD
Brian Hill
Amanda Rutherford
Chris Clark

Guest Speaker
Claire Richer – American Clean Power
David Hatcher – Maritime Security Program

Notes:

Issues/discussions:

David Hatcher started by discussing the current state of the Maritime Security Program (MSP), the Tanker Security Program (TSP), and the Cable Security Program (CSP). The MSP currently has 60 ships in the program. They are R.O./ROs, container ships, and heavy li ships. No breakbulk. They are all U.S. flagged/owned, and they are trading internationally. MARAD pays each MSP ship $5.3 million as a stipend.

The "three-legged" model for these ships' revenues is:
1. The $5.3 million Stipend
2. Cargo Preference laws
3. Revenues from their international trade

The Stipend was meant to cover "extra" costs from being a U.S. flagship to make them competitive with foreign flag ships. However, a recent study said the Stipend should be at least $7.5 million.

The TSP is only two years old, and 10 tankers are in the program. Congress has authorized an increase to 20 vessels but has not yet funded those efforts. Tanker vessels get a more significant stipend of $6 million, but a recent study and Industry say it should be $8.5 million.

The CSP has two vessels in the program. They are "on call" if needed.

When asked about the possibility of creating an Energy Vessel Security Program that would include wind energy-supporting vessels, Mr. Hatcher stated, "This is the time to discuss this, as there are several pieces of legislation out there to increase the number of MSP/TSP/CSP vessels, and to increase the Stipend paid to them. Mr. Hatcher stated that there is a legislative proposal by Sen. Mark Kelly, a Democratic Senator from Arizona, and Rep. Mike Waltz, a Republican Representative from Florida. The proposed legislation would increase the number of MSP vessels from 60 to 80 and TSP vessels from 20 to 90.

A proposed "Ships Act" would also grow all U.S. maritime programs, including more support for shipyards.

Both proposed acts are gaining traction, supported by labor and Industry.

"Maybe Senator Kelly's proposed law would grow our U.S. and won't just line it to military/national security support. Maybe it could require more U.S. Food Aid on U.S. ships and maybe start bringing in some breakbulk vessels to aid the U.S. maritime transportation system."

Mr. Hatcher noted that ALL current vessels in the MSP fleet were foreign-built and then re-flagged as U.S. The two bills would possibly require more of them to be U.S.-built so that shipyards would benefit.

Lauren Beagen asked if we have the shipyard capability/capacity to build a lot larger U.S. flag vessels. It was noted that shipyards like Philadelphia could do it, but they are tied up with Navy vessels and the new MARAD NSMV vessels. It was noted that none of the vessels operated by TOTE, which uses U.S.-built and U.S.-flagged vessels in its route to Puerto Rico, are in the MSP or other program.

Spo asked how many Cargo Preference waivers allow non-U.S. flag vessels to carry the cargo. Mr. Hatcher noted that MARAD approves very few, but higher-ups in DOT approve several.

The Subcommittee asked if there are any annual or other reports on the number of waivers granted. Mr. Hatcher stated this has not been reported for years.

Spo asked if we could request one, OR could this Subcommittee recommend the annual report of such waivers?

Spo: Maybe MARAD could look at other programs that do not REQUIRE a U.S. flag vessel, but one is used. Possibly create a stipend/payment to those vessels too? Or a reimbursement of the extra costs incurred because it was a U.S. flag vessel? Several members thought this was a Good Idea.

Spo gave an example of a situation where MSC needed a vessel. It did look at using a U.S. flag vessel, but the extra costs would have come out to about $8,000 per container! This is an example of how reimbursement could be used.

The Subcommittee wanted a MARAD Cargo Preference expert to speak at one of their upcoming meetings. – possibly Lisa Burley? It was confirmed that she would speak at the in-person MTSNAC meeting in July.

The Subcommittee asked if they could get the information on cargo preference tonnage each year so a business case could be made. Mr. Hatcher stated that he believes the Cargo Preference staff has this info.

Cargo preference is mainly for food aid and State Department cargo going overseas. The Subcommittee noted that perhaps more types of cargo could be added to the Cargo Preference definition, including fuel, disaster relief cargo, etc.

Mr. Hatcher was asked about vessel owners possibly re-flagging their vessels to the U.S. He stated that many owners would like to do it, but they worry about the availability of U.S. mariners/crew. Same for TSP – more owners would like to re-flag, but the availability of tanker-trained U.S. mariners is very low. MAYBE a Recommendation on reimbursing training costs for mariners on tankers?

MSC currently does not have an expedited re-flagging program. Maybe make this quick flagging available for ALL types of vessels?

Lauren noted that TSP vessels are given just $2.5 million to reimburse tanker mariner training. This funding is TEMPORARY and comes from the carryover money from establishing the TSP.

This needs to increase, and billets should be expanded even more. Berit said, "Let us make this a Recommendation?"

If the (Sen.) Kelly Bill passes, and TSP vessels go from 20 to 70; where will the trained tanker mariners come from??

Berit applauded the increase in Maritime Academy applicants, but A.B./Oilers still need a training platform, and time at sea. More billets could be established on MSP/TSP/CSP vessels with reimbursements from MARAD.

Stephen Spoljaric noted that many ships are "SAILING SHORT" today because of the shortage of available crew.

Status of mariners in training? It was noted that the decreases in Maritime Academy enrollments are starting to change/increase. Craig Johnson noted an increase in Maine Maritime. Up to 25 unlimited and 10 limited.

Question to Mr. Hatcher: Should we amend MSP to create a new category for Wind Vessels? Or create a separate Energy Vessel Program? Maybe also create a "General Vessel Security Program?"

Other: A lower rate for U.S. flag vessels.
TaxCredits for U.S. flag vessels?
James Dillman noted he knows Senator Kelly – he could speak with him

Title 11 Rates need to come down, and the VERY LONG process for approval needs to be shortened.

Could we get an INTERIM Title 11 Approval while the paperwork continues?

NOAA needs to expedite its Biological Assessment process (needs more knowledgeable people in the program there)

Tariffs from Section 301 (Cranes) impede the wind industry, too. Something like where the BABA was waived for cranes under the CLEAN PORTS ACT?

It was noted that wind energy could quickly fall aside if there is a change in Administration.

MTSNAC Starboard Sub-Committee
Meeting of the MTSNAC Starboard Sub-Committee
May 15, 2024

Planned Meeting Agenda:

- Intro/Opening Remarks from Tom Wetherald and Lauren Beagen (Co-Chairs)
- Discuss Wind Vessel issues: Construction, vessels needed, delays from regulations

SMEs: Claire Richer – American Clear Power (maritime wind POC)
Adena Liebman – Senior Advisor to the Administrator of NOAA

Subcommittee Member Attendees:

Tom Wetherald
Lauren Beagen
Berit Ericksson
Craig Johnson
Stephen Spoljaric
Nicholas Marrone
Bill Doyle
Adam Vokac

MARAD
Brian Hill
Chris Clark

MTSNAC
Bob Welner

Guest Speakers:
Adena Liebman – Senior Advisor to the Administrator of NOAA
Claire Richer – American Clean Power

Bob Welner: Added comments about how MTSNAC may be able to help with the issue of slow offshore wind licensing/permitting. Many have said that getting permits approved by the government impedes Industry.

Adena Liebman. NOAA has a consulting and advisory role on offshore wind and is only essential in environmental issues, specifically marine mammals. BOEM is the principal agency when it comes to offshore wind licensing.

National marine sanctuaries are the responsibility of the NOAA. Any marine mammal impacts of offshore wind come under NOAA's purview. The 2-year timeline FAST-41 dashboard is the central node for transparency of the licensing process. BOEM guides the overall timeline.

Adena stated that NOAA has been pretty successful in meeting the 2-year goals for completing permitting, but there were a lot of lessons learned on the first wind project. NOAA has eight projects up to the ROD (record of decision) level (Final approval). NOAA primarily has a scientific role in these. Within NOAA, the National Weather Service Council of Social Services (NCOSS) evaluates where the best places for offshore wind leases are to minimize impacts and maximize wind resources.

Adena provided a PowerPoint with more information about the specifics of projects in the approval pipeline and their procedures. She stated she would share that PowerPoint with Lauren and Tom. One of the critical elements in meeting the two-year licensing goal is that the project sponsor/companies must provide the required information on time.

Question: How would you describe NOAA's contribution to the permitting process? We contribute to the success of the meline. One problem is the five-year timeframe of the whole developmental period. It is hard for the project managers to pinpoint the details when they need to do NOAA impact assessments. NOAA gets pointed to a lot because of the Marine Mammal Protection Act (MMPA) applications; however, it takes a lot of work to get developers to the point where they have the correct information. We are doing a lot of developer outreach to help with this.

Bob states that your answer shows the issue: it takes forever to satisfy the initial requirements. How do we streamline it? Answer. The law is the law, and we need to satisfy the law, and the way NOAA follows the law has been upheld in court. BOEM put together a checklist of everything that NOAA needs. Developers are beginning to benefit from having done them before. NOAA now has 90 new staff working offshore wind. The budget process is not always aligned with appropriations. The FY25 budget is out. There are callouts for increased budgets. Adena stated she could not speak to the budget other than the President's Budget request or legislative language. (2025 Budget request includes 51 personnel and about $24M in additional funding to support Offshore Wind permitting and science). Offshore wind companies and other agencies are hiring. It is now a very competitive process for the various types of marine and maritime expertise and the mariners to get their ships built.

Lauren, is there a connection between NOAA and MARAD/MTSNAC regarding licensed mariners? Adena did not have a clear answer.

BOEM created the checklist. Adena stated we are learning how to make the information more accessible to supply so requirements can be met. Information on the checklist can be found at: https://www.fisheries.noaa.gov/new-england-mid-atlan c/marine-life-distress/frequent-ques ons-offshore-wind-and-whales

The flexibility that the project managers need and the inflexibility of the government process/legal regime is definitely an issue. NOAA has delivered on deadlines when the information has been provided. Congress has responded with increased funding and staffing allowance to support offshore wind. NOAA also follows up after licensing.

Claire Richer. The South Fork Wind Farm off Rhode Island now has 12 11MG turbines up and operating. The government and Industry have improved, but new challenges always arise. One issue of delays is that crew transport vessels are restricted to 10 knots to prevent whale collisions, while everyone else is going 25 knots, including the whale watching vessels. We are arguably creating more danger to whales because of the increased number of vessels.

Spo. The cancellation of the N.J. project what kind of repercussions occurred? Orsted had to pull out primarily because of supply chain issues and couldn't get a vessel at the right me.

Claire Orested did not mention the N.J. in their press release about pulling out of Ocean Wind 1. With rebidding, the States are redoing Power Pricing Agreements (PPAs) so that O.W. 1 does not happen again. Some states have legislative orders to get more renewable power and offshore wind. If the cost of capital goes up, then the cost of power can fluctuate. There have been new auctions. In MD, it just passed so that costs can be passed along.

Spo – should we make a recommendation about flexible pricing? Answer: The states are buying power, but the federal government is doing the permitting.

Bill Doyle stated that Hans Nippa had discussed vessel availability, and the media went after the Jones Act. Nippa followed up by saying that he was not talking about the Jones Act.

Bill – what is the one thing taking the longest in the permitting process or holding up the NEPA permit? Answer from Claire: Biological opinions are the issue. The Industry always talks about NOAA, but you and they must talk to BOEM. We need to get as much steel in the water as possible. Doing things like getting rid of the 10-knot requirement, getting whale technologies approved, and allowing pile driving at night would help get the projects moving faster. The 10-knot requirement is in the Record of Decision, so they agree.

Bob stated some devices will look for whales, while Nicholas stated Matson is installing whale cameras.

Claire. On a different note, I'd recommend that the committee recommend that OMB stop getting in the way of MARAD Title XI and provide below-market interest rates for vessels.

We are seeing less investment in construction vessels because of the risk of not having enough contracts. How do you string together enough contracts to justify the level?

Claire admitted that BOEM recently streamlined its process.

MTSNAC Starboard Sub-Committee
Meeting of the MTSNAC Starboard Sub-Committee
April 17, 2024

Planned Meeting Agenda:

- Intro/Opening Remarks from Jeff Flumignan and Lauren Beagen (Co-Chair)
- Finish/Review updates to Task 2 Recommendations.
- Discuss Task 3 (more U.S. flag vessels initial draft recommendations, etc.)

Subcommittee Attendees

Berit Eriksson
Lauren Beagen
Nicholas Marrone
Sara Fuentes
Adam Vokac
Jim Dillman
Craig Johnson
Steven Spoljaric
Bill Doyle
Tom Wetherald

MARAD

Brian Hill
Jeff Flumignan
Chad Dorsey

MTSNAC
Bob Wellner

Guest Speaker: Claire Richer

Notes:

Jeff Flumingan advised the Subcommittee that the next in-person MTSNAC meeting will be held in Washington, DC, on July 10-11. The new Charter, possible new/continuing members, and new Memos will be discussed then.

He also asked the Subcommittee again to consider new initiatives for the next MTSNAC.

Issues/discussions:

Ms. Eriksson noted that she participated in the recent MARAD Webinar on Quality of Life for Mariners and that it was very informative.

Mr. Wetherald asked the group if they had suggestions for any new focus areas or any needed SMEs that might speak to the group. Additional information on wind energy-related mariner jobs and shipbuilding was mentioned.

Mr. Wetherald mentioned that the Subcommittee had several "wins" related to its proposed recommendations at the March meeting, such as legislation, so we may not need all the recommendations relating to increased SIP.

Mr. Wellner noted that any recommendations can be given to the Maritime Administrator at any time. W e don't have to wait for the formal presentations at in-person meetings. He noted that there will be a format change for recommendations in the future. They will be put into 3 "baskets" of Financial, Policy, and Proposed Legislation. The recommendations in each basket will be prioritized. These will be sent to the Subcommittees by Bob before the July meeting.

The members discussed the comment by the National Retail Federation SME that he has never heard his members even discuss the use of U.S. flag vessels. We need better awareness of the "patriotic" use of the U.S. flag. Will someone from MARAD speak at their next conference?

As to the presentation by Claire Richer on wind energy, the Subcommittee discussed why NOAA permit approval is such a significant delay. Their delays are related to biological assessments. Maybe get a NOAA SME to speak on their processes?

Marketing: Maybe a recommendation on marketing that incoming cargo was shipped on a U.S. flag vessel? Maybe a sticker on something that says "Shipped on a U.S. Flag vessel" so a retail buyer may choose a good for that reason? MORE MARAD ADVOCACY NEEDED – maybe a MARAD Advocacy Office?

Perhaps get **Gateway Directors** more involved in promoting the use of U.S. flag vessels somehow? They could hand out more promotional material as they travel their regions.

A recommendation must address Title 11 delays and its "higher than market" loan rates. The rates should be below market to entice shipbuilders to build more here in the U.S.

CAPEX for wind vessels is very high, too. Maybe a stipend should be given to MSP/TSP for wind vessels? We must "strike while the iron is hot" as Congress reviews security stipend increases. Energy is a national security issue, too.

Shipbuilders and operators of wind vessels built in the U.S. could also work overseas, so they are not ed to the U.S. when fewer of them are needed.

Berit noted that we could get more mariners trained on these vessels when they are operating, too – this training is called Global Wind Ops and would make these trained mariners valuable everywhere in the world. Wind vessels are estimated to be needed for the next 20 years. She also added that funding school training for mariners here would be helpful.

Bill Doyle and Adam Vokac discussed recommending tax savings/refunds for U.S. flag vessels operating on international voyages, including tax benefits for mariners on board while overseas.

FMC Issue: Maybe exempt U.S. flag vessels carrying cargo overseas from any China or other tariffs that are being proposed. We will discuss this at the in-person meeting in June-July and possibly bring in an FMC SME. Adam will draft a one-page paper on this issue for his proposed legislation.

Just making this proposal would increase the awareness of U.S. flag issues in DOT overall, even if they don't have the power to do it.

The MTSNAC could be an endorsement of Adam's legislative proposal.

Heavy Lift and Barges: "We need to get the government more involved with heavy-lift cargo to argue more for using barges."

Security program for more U.S. flag vessels? Not just MSP/TSP/CSP? Maybe include wind vessels in a program?

SMEs:

We need a Security Program SME from MARAD to discuss this possibility. (Brian will work on getting David Hatcher for one of our upcoming meetings).

We need a NOAA Biological Assessment POC to speak to us about delays.

We need a Title 11 SME to speak on the high loan rates and the extensive delays in getting approval.

Relating to Task 3, it was costly to maintain older ships, and while buying older vessels should continue, newer vessels must also be purchased.

Then Mr. Wetherald introduced Claire Richer, who will give a presentation on the current state of the Offshore Wind industry.

Ms. Richer noted that she runs the Maritime Subcommittee for the American Clean Power Assn. She noted that Europe is much further along on offshore wind energy than the U.S., with over 30,000 rigs in use. A few offshore wind projects are currently being developed on the East Coast in the U.S., Including two off Virginia and two on Block Island.

Ms. Richer noted that it states driving demand for this power source, as they will buy it.

Looking at future sites, Ms. Richer noted five off the West Coast, two off Humboldt Bay, and three off Morro Bay. Sites off Oregon and Washington will come in the future.

For the Gulf, there is one under development off Louisiana, and the State of Louisiana did its lease offerings for two sites. As for Texas, two sites were offered off Galveston, but no takers were at the auction. BOEM will be selling another lease option for these sites and others shortly.

These sites are very infrastructure intensive and require significant investments. Cabling and sub-stations are expensive, but there are many opportunities for U.S. companies to partner with European ones to lower costs by buying parts in bulk. She noted that "states should cooperate on sub-stations, as we can't have each state have their separate system, but states are fighting to have them in their state because of job creation there.

The U.S. may need "niche" ports for wind energy like New London and New Bedford. However, these ports are small, so no large component-carrying vessels can be called there. The parts would have to be taken to a nearby large port and then shipped by barge to the smaller ones for construction. However, the concern is, once all the offshore towers are completed, what will the ports do with the land set aside for these parts?

Offshore Wind vessels:

Ms. Richer noted that 40+ new buildings are coming soon, and there are already many construction vessels, but installation vessels are much harder to find.

Ms. Richer said one recommendation should be that MARAD's Title 11 program should offer below-market rates, as shipbuilders can get better rates from banks (per OMB note in May 2023).

Berit talked with the Union on the issue, and Nicholas then reported on language in the CFR. The CFR notes a 50% Sea Time credit while the vessel is in ROS, so licensed and documented mariners get this now. And, IF the power plant on the ship is on, engineers get full day sea me credit for that day. If the engines are cold, the same half-day credit applies.

So, since the CFR is already clear on this, there is no need for this Subcommittee to make a Recommendation.

TASK II issues?

Already legislation on increasing SIP to $64,000 from $32,000.
So, could the recommendation be for credit for Shore Work and SIP?
MARAD has been given more dollars for SIP by Congress already, so they should obligate it ASAP (based on funds availability)
So, declare victory on the SIP increase issue and move on.

Possible Recommendation: In the future, does MARAD need to request Authorization at a higher amount? Berit noted that much of what the Subcommittee advocates is already in this year's NDAA.

It was noted that the current number of Recommendations from this Subcommittee is nine, as the Subcommittee made most of them "bite-sized" for ease of explanation/use.

TASK III Issues? (increasing the number of U.S. flag ships)

The growth of the U.S. fleet through offshore wind vessels is coming.

Other ways: Help with Taxation on vessels
Removing barriers to entry into U.S. Flag
Assistance with marine insurance

SMEs: The Subcommittee noted it needed SMEs from the wind industry to speak.

Possible speakers:

- American Waterways Operators (AWO) person
- Clarkson's Brokerage – knows wind vessel requirements and is a Jones Act application expert.
- Labor speaker – there are labor issues related to wind vessels. Possibly someone from one of the construction or metal trade unions.

How can U.S. shippers be incentivized to use U.S. flag vessels?

Possibly exempt U.S. flag vessels from having to pay HMT?

Tom Wetherald noted a shortage of U.S. tankers to move fuel. Possibly require all U.S. fuel to be moved on U.S. flag tankers. It was noted that the TSP is now authorized at 20 ships (increase in 2023 NDAA), but it is only appropriated at 10 (and is now fully subscribed at 10). Increased funding will be required to support 20 ships in the TSP, which is a likely recommendation.

Possible Cargo Preference upgrade from 50% to 75% or 100%. ("When the Cargo Preference requirement was reduced to 50%, U.S. flagship numbers quickly dropped by 25%")