



**U.S. Marine Transportation System National Advisory Council
Record of Meeting**

December 1, 2015

Federal Motor Carrier Safety Administration, National Training Center,
1310 N. Courthouse Road, Arlington, VA

Public Announcement

The U.S. Department of Transportation (U.S. DOT), Maritime Administration (MARAD), announced this public meeting of the U.S. Marine Transportation System National Advisory Council (MTSNAC) in a Federal Register (FR) notice published on November 17, 2015 (80 FR 71915).

Committee Members in Attendance (bold)

Name	Organization
Gary Gallegos, Chair	San Diego Association of Governments
Joseph “Mike” Mabry, Vice Chair	Lowes Companies
Mark Barker	Interlake Steamship Company
Richard Berkowitz	Pacific Coast Operations Transportation Institute
Rick Larabee (Designee: Bethann Rooney)	Port Commerce Department, The Port Authority of New York & New Jersey
Vanta Coda	Port of Duluth, Duluth Seaway Port Authority
William Cook	Worldwide Logistics and Customs, Chrysler Group LLC
Thomas Crowley, Jr.	Crowley Maritime Corporation
Kristin Decas (Designee: John Demers)	Port of Huememe
Charles Fabrikant	SEACOR Holdings, Inc.
William Friedman	Cleveland-Cuyahoga County Port Authority
Fred Harris, Shipbuilding Subcommittee Chair (Designee: Tom Wetherald)	NASSCO, General Dynamics
Captain Lynn Korwatch	Marine Exchange of the San Francisco Bay Region
Mark Locker	Ohio Department of Transportation
Gary Love	FAPS, Inc
James Lyons, Port Subcommittee Chair	Alabama State Port Authority
Christopher Lytle	Port of Oakland
John Parrott, Marine Highway Subcommittee Chair	Totem Ocean Trailer Express, Inc.
John Reinhart (Designee: Rodney Oliver)	Virginia Port Authority
Gene Seroka	Port of Los Angeles
Karl Simon	Environmental Protection Agency
Betty Sutton	Saint Lawrence Seaway Development Corporation
Margaret Vaughan	US Exporters Competitive Maritime Council



MARAD Officials Present

Name	Title, Affiliation
Paul Jaenichen	Administrator, Maritime Administration
Michael Rodriquez	Deputy Administrator, Maritime Administration
Lauren Brand	Associate Administrator, Office of Intermodal System Development
Tretha Chromey	MTSNAC Acting Designated Federal Officer (DFO)
Eric Shen	Gateway Director, Southern California (in-coming DFO)

Call to Order

The meeting of the MTSNAC was held at U.S. DOT facility in Arlington, VA on December 1, 2015. Tretha Chromey, DFO, called the meeting to order at 10:30 a.m. and introduced Chair Gary Gallegos and Vice Chair Joseph “Mike” Mabry. Ms. Chromey provided the rules according the Federal Advisory Committee Act, a safety and security briefing, and overview of the agenda. Chair Gallegos presided over the meeting. The meeting was open to the public.

Opening Statements

Chair Gallegos welcomed everyone, noting that it had been some time since the group had met together in person. He thanked the U.S. Department of Transportation for the inclusion of the maritime sector into the draft National Freight Strategic Plan (NFSP). He then added that this is his last meeting as Chair of MTSNAC and that Mike Mabry would assume that position after this meeting. He congratulated Ms. Lauren Brand on her recent appointment to the position of Associate Administrator for the Office of Intermodal System Development at the Maritime Administration. He also recognized Mr. Richard Lolich, who had previously been the DFO for MTSNAC and had retired from federal service. Mr. Gallegos then introduced a new MARAD employee, Mr. Eric Shen, who will assume the position of the new DFO for MTSNAC. Vice Chair Mabry asked the group to publicly recognize Gary Gallegos for all of his leadership and serving as Chair of the MTSNAC.

Discussion on National Maritime Strategy

Chair Gallegos recognized the members of the MTSNAC for all the work they had done in providing advice for the Maritime Administration (MARAD) to consider as it developed the National Maritime Strategy. As mentioned, this strategic document is intended to be a guide for moving the marine transportation system forward in a targeted and deliberate way. Members were asked to divide into two groups to discuss the Strategy and the five goals that were displayed for members and the public. (*See Appendix A: National Maritime Strategy Discussion Questions.*)

Strategic Goal 1: *Expand capacity of U.S. international gateway ports to accommodate larger vessels*

Strategic Goal 2: *Improve waterborne transportation to reduce congestion and increase mobility throughout the domestic transportation network*

Strategic Goal 3: *Strengthen maritime capabilities essential for economic and national security*



Strategic Goal 4: *Modernize the maritime workforce and inspire and educate the next generation of mariners*

Strategic Goal 5: *Drive maritime innovation*

Group Report Out and Member Discussion

Thomas Wetherald spoke for group one and reported that the National Maritime Strategy (NMS) had multiple strengths but focused on the following two: support for overall competitiveness and sustainability throughout and the framing of maritime as part of the national transportation system. The five goals identified are definitely appropriate but the group questioned if they were in order of importance. If so, Goal 2 seems to be the most encompassing and MARAD should be considering making it Goal 1. However with strengths, the group also identified three weaknesses. It appeared based on the information provided that there was a disconnect between the recently released draft National Freight Strategic Plan and the NMS. The lack of discussion on funding is a huge gap and needs to be addressed. One of the strategies suggests identifying a small number of super ports; this could lead to a lack of resiliency and create massive landside problems and the Agency needs to consider this potential impact. In closing, the group addressed the last question – implementation of the NMS. The NMS strategy needs champions – this includes the Secretary, Congress, MTSNAC members, and industry. It needs to become policy and legislation where appropriate.

Chair Gallegos thanked Mr. Wetherald and asked Administrator Jaenichen if he wanted to reply or comment. Administrator Jaenichen clarified that NMS is primarily about economics and that there was no attempt to prioritize the goals but there is definite overlap. Ports are central to the economic well-being of the nation and that is why it was put first.

Bethann Rooney and Gene Seroka reported out for the second group. They highlighted the comprehensiveness and ambitions of the NMS. Many of the strategies are achievable but funding will determine what is accomplished. In addition to the potential funding gaps, the document lacks identification of incentives for shippers who support the plan, the lack of connections to freight corridors, and lack of discussion on near shore/offshore developments. These gaps could lead to significant challenges for the Agency which is why education and outreach are essential. It would also be beneficial if the Agency develops an implementation plan with timelines and needed resources (financial, staffing, MTSNAC support, etc.). The goals seem to be appropriate but they noted the reduction from nine or ten down to five. This is great as long as it is clarified in the preamble or introduction. It is important that ports are identified as the first goal but it is important to keep in mind that they tend to be local-centric/home rule based. For implementation purposes, it will be important for MARAD to receive and provide data in a transparent way that does not infringe on privacy or proprietary information.

Mr. Seroka initiated an open discussion among members. He emphasized the need for investment funding opportunities through public private partnerships and added that outreach and education are critical to getting the adequate infrastructure funding. Chair Gallegos challenged the group and the industry as a whole to maximize their infrastructure investments; as a hypothetical example, he proposed the use of HOV highway lanes for freight movement during non-peak hours. Administrator Jaenichen asked the group what the government has done to address port access. Margaret Vaughan responded that



this should perhaps be better addressed by the individual state DOTs. Gary Love questioned if near shore/offshore development include inland ports and members responded it was not part of this discussion. Richard Berkowitz asked if the NMS includes national offshore policy, to which the response was no. Administrator Jaenichen thanked the MTSNAC members and expressed that this is what they were looking for from them; he said MARAD would review the near shore/offshore connection issue before the final draft document goes out for public review and comment.

The meeting was recessed for a lunch. The public was notified that the public meeting would resume after lunch at approximately 1:30 p.m.

Reports from MTSNAC Subcommittees

Chair Gallegos reconvened the meeting and expressed to the members and the public that the Subcommittees will provide closeout reports and proposed next steps for their subcommittee as it relates the National Maritime Strategy (NMS).

Shipbuilding Subcommittee Report

Tom Wetherald, representing the Chair (Fred Harris), reviewed the Shipbuilding Subcommittee's Mission Statement for the members and then presented two new recommendations for committee and MARAD consideration:

- 1) Promote Efficient Construction of LNG Carriers
 - a) This can/should be done through the promotion of any legislative changes that would support LNG carrier construction
 - b) Collaboration with LNG supply industries, and promotion of common designs for LNG carriers
- 2) Revise some of the Title XI Cargo Preference Requirements
 - a) Requirements for Title XI projects should be based only on gross tonnage;
 - b) 50% Cargo Preference requirement should only apply to materials procured after a Title XI loan guarantee letter of commitment is issued;
 - c) Bill of lading requirements need to conform to current shipping industry practice in data requirements and time;
 - d) MARAD should ensure that associated cost data is not subject to FOIA;
 - e) MARAD should provide greater definition of "fair and reasonable rates" and vessel "availability;" and
 - f) MARAD should provide greater flexibility in requirement for a transport plan and be prepared to work U.S.-flag shipping arrangements at the speed of business

Mr. Wetherald reviewed the previous subcommittee recommendations that had been presented at the last MTSNAC meeting. After the presentation, a motion was made by John Parrott to accept the entire subcommittee recommendation package and forward to the Secretary. The motion was seconded and it was approved unanimously.



Marine Highways Subcommittee Report

John Parrott, Chair of the subcommittee, reviewed the subcommittee's mission and noted that it was policy-driven. He briefly enumerated the reasons for Marine Highways, including reduced congestion and air emissions as well as the creation of skilled jobs for mariners and shipbuilders.

He then reviewed the original subcommittee recommendations and highlighted the successes that the group had made over the last year. They included:

- 1) Incorporation of Marine Highways into MAP-21;
- 2) Consideration of Marine Highways by State DOT planning division; and
- 3) Inclusion of Marine Highways in the Multimodal Freight Network Map

Mr. Parrott asked the members where the Marine Highways subcommittee goes next. Members made the following recommendations:

- 1) Richard Berkowitz suggested that the subcommittee review and emphasize the environmental benefits of Marine Highways and LNG fuels. A connection should be made between EPA and other federal agencies. In addition, the cost of capacity and reduction of impediments to the use of Marine Highways need to be studied.
- 2) Vanta Coda added that the concept of excess/available capacity should be explored. While our landside infrastructure is expensive the coastline is full of available freight capacity. He also pointed out that the trucking community is the best maritime partner for Marine Highways.
- 3) Gary Gallegos noted that California has an active cap and trade program. They should probably make Marine Highways eligible for this program as well.
- 4) Mike Mabry added that there need to be incentives for customers to use Marine Highways.

The members voted to accept the Marine Highways recommendations as presented.

Port Subcommittee Report

Vanta Coda, representing James Lyons, Chair, reviewed the principal objective of the Port Subcommittee during the previous year: "To explore the concept of a port facility development charge (PFDC) as a funding mechanism to support marine transportation system/port development".

During the many meetings of the subcommittee, some of the following issues were raised and discussed:

- 1) Public vs. Private port facilities and how the fees would be collected;
- 2) How do private facilities tap into the funds collected;
- 3) Home rule concept;
- 4) Large vs. small ports; and
- 5) Opt in/out vs. mandatory participation

In the end, there was no clear consensus among the members on the way forward. Captain Lynn Korwatch made a motion, which was seconded, to forward the PFDC White Paper that was developed for the subcommittee and presented at the July 2014 meeting to the Maritime Administration for any further consideration and/or action. The motion was approved unanimously. Vanta Coda added that since funding is a big issue for ports, members should continue their legislative efforts for adequate funding. He also reiterated that ports operated on a "home rule" basis and that the concept of cost capacity should be kept in mind when discussing ports and funding. Ms. Brand asked if a more diverse group should



address the port funding issue. Mr. Coda replied that there should be a diverse group and the group needs to include more shippers so that one shipper is not disadvantaged over another.

Mr. Wetherald also mentioned that the Shipbuilding Subcommittee has a diverse membership with interests that go well beyond shipbuilding. He emphasized that MARAD should use the talents of this group as it builds up/expands its Title XI office and staff. Gary Gallegos noted that this group had met early on with then Secretary Ray LaHood who asked the group to look at shipbuilding specifically.

Ms. Brand commented on the future and is the goal of this group to present a focused workplan so recommendations could be developed and present to the Administrator so that all of the valuable work of this Council is not lost.

Public Comment

Chair Gallegos opened the public comment period, inviting public representatives to form a line by the microphone.

Three members of the public provided comments to the committee:

Ms. Denise Krepp, KDRKrepp Consulting, addressed the committee and referenced two letters that were sent to MTSNAC and are included in the materials for today's meeting. One letter is from the Port of Brownsville, Texas and the other is from European Metal Recycling of Brownsville. Ms. Krepp pointed out that the metal markets, including copper and nickel have cratered and as a result the ship recycling industry cannot afford to move ships from one coast to another to perform recycling functions as they had done in the past. She cited the fact that the recycling facilities have laid off 700 people over the last two years. She asked MTSNAC and MARAD to add ship recycling to the National Maritime Strategy recommendations. She added that ship recycling employees are highly trained and if this trend continues, those high-paying jobs may move to places like India.

Mr. Paul Bea, PHB Public Affairs, requested that the sponsor put all MTSNAC materials on the committee's website. He noted that the National Freight Advisory Committee (NFAC) website is full of useful information and that MTSNAC/MARAD could use that as model for the MTSNAC website. Ms. Brand responded that MARAD is currently updating the MTSNAC website and these types of materials should be posted soon.

Mr. Brad Pickel, Executive Director of the Atlantic Intracoastal Waterway Association, requested a list of the current state DOT maritime coordinators. Ms. Brand responded that MARAD would provide this list.

Closing Remarks and Adjournment

Ms. Brand reminded the members that if they wished to be considered for another term on the committee they should email MARAD as soon as possible since the agency will be soliciting new members shortly through an announcement in the Federal Register. There being no further business, a motion was made and seconded to adjourn the meeting.

Chair Gallegos adjourned the meeting at 3:10 p.m.



National Freight Advisory Committee Meeting

Appendix A: National Maritime Strategy Discussion Questions

Based on what you have heard about the National Maritime Strategy (Strategy) and other U.S. DOT freight movement efforts, please prepare comments you would like discuss to help provide feedback to the Agency for consideration. Below are a few questions to help guide you.

1. What are the strengths and weaknesses of the National Maritime Strategy?

STRENGTHS	WEAKNESSES

2. Did the Maritime Administration develop the appropriate five goals based on its description of the U.S. maritime sector?
3. Does the Strategy have any significant omissions? If so, what are they?
4. Did the Maritime Administration fully address the challenges of the marine transportation system and provide appropriate strategies to address those challenges? If not, what would you change?
5. Does the Strategy provide opportunities for increasing efficiencies and utilization of U.S. ports and waterways, landside connections, U.S. vessels, and shipyards?
6. How could the Maritime Administration implement the National Maritime Strategy?