

Minutes of Public Meeting

February 27-28, 2018

Department of Transportation Conference Center
1200 New Jersey Avenue, SE
Washington, DC 20590

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Item 1: Welcome and Comments from the MTSNAC (Maritime Transportation System National Advisory Committee) Chairman

Chairman Mike Mabry welcomed the membership and outlined the agenda for the day and emphasized that the subcommittee recommendations to be presented to the full membership should be short and concise.

Call to Order & Roll Call

Chairman Mabry, then asked Jeff Flumignan, Designated Federal Officer (DFO) to take roll call and discuss other administrative matters.

The DFO announced that this meeting is being held pursuant to a notice published in the Federal Register on January 30, 2018. The DFO then discussed a few other housekeeping items and proceeded to take roll call.

Members Present

John Baker – International Longshoremen’s Association
Richard Berkowitz – Transportation Institute
Robert Berry – International Shipbreaking Limited, LLC
Bethann Rooney for Molly Campbell – Port Authority of New York & New Jersey
Kristin Decas – Port of Hueneme
Gregory Faust – Washington State Ferry System
John Graykowski – Maritime Industry Consultants
Bill Hanson – Great Lakes Dredge & Dock Co.
Daniel Harmon – Texas Department of Transportation
Susan Hayman (by phone)
Jared Henry – Hapag-Lloyd USA, LLC
Tim Hinckley -Hasbro, Inc.
CAPT James Jenkins—US Coast Guard
Lynn Korwatch – Marine Exchange of the San Francisco Bay Region
Jim Kruse - Center for Ports & Waterways, Texas A&M Transportation Institute
Gary Love – FAPS, Inc.
Ryan McDonald for Griff Lynch – Georgia Ports Authority
James Lyons – Alabama State Port Authority
Mike Mabry – Maritime Transportation System National Advisory Committee
Jim Pelliccio – Port Newark Container Terminal
Art Mead for William Pennella – Crowley Maritime Corporation

Torey Presti – National Shipping Agencies, Inc.
Jonathan Rosenthal – Saybrook Corporate Opportunity Funds
David Libatique for Gene Seroka – Port of Los Angeles
Scott Sigman – Illinois Soybean Association (on the phone)
Mike Moltzen for Karl Simon – U.S. Environmental Protection Agency (on the phone)
Anne Strauss-Weider – North Jersey Transportation Planning Authority
Richard Suttie – California State Maritime Academy
John Townsend – Honeywell Technology Solutions, Inc.
Robert Wellner – Liberty Global Logistics LLC
Thomas Wetherald – General Dynamics – NASSCO
Lisa Wieland – Massachusetts Port Authority
Brian Wright – Owensboro Riverport Authority

Members Absent

Gary Adams – Walmart Stores Inc.
Gary Brown – Georgia Exporters
Vanta Coda – Ports of Indiana
Peter Ford – Ports America
Gary LaGrange – LaGrange Associates
Mark Locker – Ohio Department of Transportation (attended Wednesday February 28, 2018)
John Reinhart – Virginia Port Authority
Margaret Vaughan – Exporters Competitive Maritime Council
Thomas Wakeman – Center for Maritime Systems at Stevens Institute of Technology

MARAD Members Present

Jeffrey Flumignan, Designated Federal Officer, Maritime Administration
Eric Shen, Designated Federal Officer, Maritime Administration
Lauren Brand—Maritime Administration
Kevin Tokarski—Maritime Administration
William Paape, Maritime Administration
Tim Pickering, Maritime Administration
Fran Bohnsack, Maritime Administration
Amanda Rutherford – Maritime Administration

Item 2: Administrative Brief

Jeff Flumignan, DFO made a few brief remarks regarding travel, safety and other administrative items.

Item 3: Executive Update on Ports & Waterways

Ms. Lauren Brand, MARAD (Maritime Administration) Associate Administrator for Intermodal Systems Development, gave the group an overview of the Ports and Waterways Program which she oversees and encouraged the group to provide feedback from her message. Ms. Brand introduced her presentation by highlighting the Mission Statement of the Maritime Administration, which is to strengthen the U.S. Maritime System, including infrastructure, industry and labor, to meet the economic and security needs of the nation. She then outlined the

various maritime projects that the Intermodal Systems Development Office is involved in and reviewed the various teams within the office, including:

Strong Ports Team

Port Infrastructure Development Team (including disaster relief support in Puerto Rico)

Port Conveyance Team

Deepwater Ports Licensing Team

Marine Highway Team

Gateway Office Team

She concluded her message by emphasizing that our economy needs all types of ports, not just container ports. Energy, roll on-roll off, breakbulk, and space cargoes also need to be addressed.

Item 4: Executive Update on Strategic Sealift

Mr. Kevin Tokarski, Associate Administrator for Strategic Sealift next addressed the group. He framed his presentation around three key elements that his office is responsible for: security, education and transportation infrastructure. He noted that 75% of MARAD's budget is committed to national security, the National Defense Reserve Fleet (NDRF) and the Ready Reserve Fleet (RRF). FY 2017 was a very busy year for the RRF as it provided disaster relief capability to FEMA in response to several natural disasters. Funding for the NDRF and RRF, whose average fleet age is 43, has remained relatively flat since 2012. However, Maritime Security Program (MSP) and Jones Act vessels can provide vessels to the RRF with an additional 20 years of service life.

He also outlined the other programs administered by his office, including the Maritime Security Program (MSP), Cargo Preference, and the Jones Act. In the area of education, MARAD administers the U.S. Merchant Marine Academy (at Kings Point) and supports six state maritime academies. These academies rely on school ships to help train their students, but there is an urgent need to replace the current ships which are well beyond their useful lives. In addition to maritime education, there is a shortfall of active mariners, especially when there is a national sealift surge to support U.S. efforts overseas. Currently there are approximately 12,000 available mariners, but under a full stationed surge requirement, the U.S. needs approximately 13,000 mariners, so a definite gap exists.

Mr. Tokarski outlined the challenges facing the RRF, including the need for younger ships/classes of ships, the need for additional funding to acquire these sealift ships, funding to maintain these ships for up to 60 years, and the economic viability of the MSP/VISA program fleets, including cargo preference.

These two presentations were followed by several questions, including whether MARAD was getting pressure on excessive emissions on its ships. The response was yes for the school ship fleet. However, the ships in the NDRF and RRF are exempt from those regulations. Another question concerned the Port Conveyance program and whether MARAD is working with private capital in those cases. The response was yes, and that the recipient of excess government property needs a sustainable plan for that property once it is conveyed to them. Another question concerned how international agreements affect planned port facilities, such as LNG facilities, and how is MARAD addressing this. The response was that the federal government does not

have complete control over state and local governments and in the case of one planned East Coast facility, local citizens and state governors opposed the facility and it was not built.

Mike Mabry concluded this section by assuring Mr. Tokarski that MTSNSAC is ready to respond to any MARAD requests for assistance but needs more input from MARAD.

Item 5: Introduction of Keynote Speaker

Chairman Mabry introduced the Maritime Administrator, RADM Mark Buzby. He also introduced the Deputy Administrator, Dick Balzano. Administrator Buzby began by announcing that MARAD is in the process of soliciting new MTSNAC members later this spring and thanked the current members for their dedication and service as well as their breadth of knowledge. He also thanked the members of the Maritime Workforce Working Group which provided some very useful metrics that MARAD can review and share with members of Congress.

Administrator Buzby highlighted the fact that MTSNAC is his right arm and together they can come up with ideas and solutions to the problems facing today's maritime industry. The key is the members' connections to the industry. He emphasized that the path to increase the size of the U.S.-flag fleet is cargo and that sufficient mariners was critical. He pointed out that if the U.S. has a full-blown conflict, our commercial ships will not have Navy escorts as in the past, since the Navy lacks sufficient resources for that. He also pointed out that our enemies have been carefully watching how the U.S. supplies its troops for the past 40 years and are poised to disrupt our supply chain, especially through GPS jamming, and hacking computer systems.

Administrator Buzby pointed out that the issues still facing MTSNAC are how to grow the U.S.-flag fleet, how to increase its market share, and how to make maritime issues important to the nation. He added that an updated version of the draft National Maritime Transportation Strategy (NMTS) is now out. MARAD also needs help to tell the public the story of our Maritime Transportation System (MTS). We need to reach out to the non-maritime communities to education them on the MTS.

Administrator Buzby then opened the floor to questions, of which there were many. One member asked if the Administrator sensed a change in the air over possible funding increases to support this maritime policy. The Admiral responded yes. He noted that previously there was no maritime discussion in the White House but now he and the Deputy Administrator are called there every week. One of the members pointed out that this was a rare opportunity for MTSNAC to create another engagement arm for the NMTS and strategic sealift. Another question concerned how best to respond to the erroneous statements that there was insufficient U.S.-flag response to the disaster relief effort in Puerto Rico after Hurricane Maria. The Administrator responded that MARAD is always using facts to tell the story and that the agency is completing a video on the industry response. When asked whether there was an administration proposal to move maritime infrastructure forward, the Administrator responded that Secretary Chao has several upcoming events to showcase this, but that the emphasis is on state-driven initiatives. Another member asked about MARAD's response to emerging technologies in the industry. The Administrator responded that there is currently no R & D arm in MARAD. Deputy Administrator Balzano will lead the effort to address this issue and welcomes industry input on this. Chairman Mabry thanked the Admiral for addressing the group.

Item 6: Break for Lunch

Chairman Mabry announced a break for lunch. The group will reconvene at 1:00 p.m. in four separate breakout sessions: Marine Highways, Port Capacity, International Competition, and Education and Awareness.

Item 7: Breakout Sessions

After the lunch break the four subcommittees met in breakout sessions.

Item 8: Reconvene and brief update reports to Chair by subcommittee chairs

After the breakout sessions, the meeting reconvened at 3:50 p.m. The four subcommittee chairs briefed out to the Chair and the full committee.

Dan Harmon told the group that the Marine Highway Subcommittee was ready to brief the full committee tomorrow. Ryan MacDonald added that the Port Capacity Subcommittee was also ready to brief the full committee tomorrow. Scott Sigman announced that the International Competition Subcommittee had made one change to its original presentation and was ready to brief the group tomorrow. Kristin Decas said that the Education and Awareness Subcommittee would be ready to brief the group tomorrow.

Item 9: Brief on the CMTS

Chairman Mabry introduced Ms. Helen Brohl, Executive Director of the Committee on the Maritime Transportation System (CMTS). Ms. Brohl began her presentation by provided an overview of transportation management at the federal level. She noted that more than 30 federal departments/agencies manage various aspects of our nation's marine transportation system. She gave a brief history of the CMTS, from its creation in 2005 through the U.S. Ocean Action Plan to its permanent authorization in 2012. The CMTS has several teams that address maritime safety, maritime data, maritime R & D, maritime resilience, and the military to mariner initiative. She added that there are 36 federal advisory committees that directly impact the Marine Transportation System (MTS).

Ms. Brohl then opened the floor to questions. One member asked if there were much redundancy between agencies and/or the federal advisory committees. Ms. Brohl replied that there are actually more gaps than redundancies. She added that the biggest challenge is the large number of staff at federal agencies retiring and how best to fill the gaps left with these retirements.

Jeff Flumignan, DFO, then announced that tomorrow's meeting will begin at 10:00 a.m. vs. 9:00 a.m. and that Public Comments will be heard at 11:45. a.m. The meeting was adjourned at 4:25 p.m.

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Washington, DC 20590

February 28, 2018

The meeting was called to order at 10:15 a.m. The DFO took roll call.

Members Present

John Baker – International Longshoremen’s Association
Richard Berkowitz – Transportation Institute
Robert Berry – International Shipbreaking Limited, LLC
Bethann Rooney for Molly Campbell – Port Authority of New York & New Jersey
Kristin Decas – Port of Hueneme
Gregory Faust – Washington State Ferry System
John Graykowski – Maritime Industry Consultants
Bill Hanson – Great Lakes Dredge & Dock Co.
Daniel Harmon – Texas Department of Transportation
Susan Hayman (by phone) – Foss Maritime Company
Jared Henry – Hapag-Lloyd USA, LLC
Tim Hinckley -Hasbro, Inc.
Lynn Korwatch – Marine Exchange of the San Francisco Bay Region
Jim Kruse - Center for Ports & Waterways, Texas A&M Transportation Institute
Mark Locker - Ohio Department of Transportation
Gary Love – FAPS, Inc.
Ryan McDonald for Griff Lynch – Georgia Ports Authority
James Lyons – Alabama State Port Authority Board
Mike Mabry – Maritime Transportation System National Advisory Committee
Art Mead for William Pennella – Crowley Maritime Corporation
Torey Presti – National Shipping Agencies, Inc.
Jonathan Rosenthal – Saybrook Corporate Opportunity Funds
David Libatique for Gene Seroka – Port of Los Angeles
Scott Sigman – Illinois Soybean Association (on the phone)
Mike Moltzen for Karl Simon – U.S. Environmental Protection Agency (on the phone)
Anne Strauss-Weider – North Jersey Transportation Planning Authority
Richard Suttie – California State Maritime Academy
John Townsend (by phone) – Honeywell Technology Solutions, Inc.
Robert Wellner – Liberty Global Logistics LLC
Thomas Wetherald – General Dynamics – NASSCO
Lisa Wieland – Massachusetts Port Authority
Brian Wright – Owensboro Riverport Authority

Members Absent

Gary Adams – Walmart Stores Inc.
Gary Brown – Georgia Exporters
Vanta Coda – Ports of Indiana
Peter Ford – Ports America
CAPT James Jenkins—US Coast Guard
Gary LaGrange – Port of New Orleans
Jim Pelliccio – Port Newark Container Terminal
John Reinhart – Virginia Port Authority
Margaret Vaughan – Exporters Competitive Maritime Council
Thomas Wakeman – Center for Maritime Systems at Stevens Institute of Technology

MARAD Members Present

Jeffrey Flumignan, Designated Federal Officer, Maritime Administration
William Paape, Maritime Administration
Tim Pickering, Maritime Administration
Fran Bohnsack, Maritime Administration
Amanda Rutherford – Maritime Administration

Item 10: Welcome & Opening Statements

Chairman Mabry welcomed the group and announced that the subcommittees would return to breakout sessions to finalize their reports. The group will reconvene at 11:40 a.m. for public comments. He added that the Deputy Administrator will join the group after lunch.

Item 11: Reconvene for Public Comments

The meeting reconvened at 11:45 a.m. The DFO announced that there were no public comments.

Item 12: HPEC Presentation

Chairman Mabry then recognized MTSNAC member Jonathan Rosenthal for a presentation of a current public private project at the Port of Los Angeles. Mr. Rosenthal showed a video which presented an overview of the Harbor Performance Enhancement Center (HPEC), a \$150M effort between the Port of Los Angeles and the private sector to maximize a previously unused parcel of land owned by the port. This project aims to improve the velocity of containers arriving by truck at the terminal and reduce or eliminate costly and time-consuming wait times that truckers currently experience at many terminals. Mr. Rosenthal added that his firm tries to identify industries that are being disrupted by outside forces but are populated by slow adopters due to embedded infrastructure. He said that the freight eco-system is one of the best opportunities for this and HPEC is poised to demonstrate this. The Port of Los Angeles has partnered with the Australian firm Macquarie on this project. Mike Mabry thanked Mr. Rosenthal for his presentation and announced a break for lunch.

Item 13: Break for Lunch

Item 14: Reconvene and brief update reports from Subcommittee Chairs

Education and Awareness Subcommittee Brief

Kristin Decas briefed the group on the findings and recommendations of the Education and Awareness Subcommittee. She traced the subcommittee's formation in July 2016 and its decision to write a White Paper. The subcommittee interviewed nine industry associations for the White Paper and looked at the key factors for success, including a capability (unified voice), common narratives, target audiences, which all lead to the Ask (How can I help?); and a value proposition (MTS has to be more important than something else.) Out of this came three recommendations:

- 1) Establish a Unified Voice and Message (NMTS) for the MTS by creating a consortium and a congressional committee focused on the MTS
- 2) Conduct an MTS Brand and Communications Campaign to achieve NMTS objectives
- 3) Create communications plan, including specific audiences, channels and delivery methods, such as the U.S. Navy's 2008 "Conversation with the Country" initiative

Ms. Decas then showed the group a video which the Education and Awareness produced that illustrated the above goals and objectives. Deputy Maritime Administrator Balzano thanked the subcommittee for an excellent presentation and added that he was working on an R & D project for MARAD. The subcommittee's recommendations were accepted by the full membership.

Port Capacity Subcommittee Brief

Ryan MacDonald addressed the group and said that a White Paper has been drafted. The White Paper's principal recommendation is:

The Secretary of Transportation and the Maritime Administrator should institute a National Significant Maritime Gateway (NSMG) Initiative. This would include identifying the NSMGs and assessing them. Factors for identifying NSMGs are commodity groups, resiliency, market reach/impact, and how they fit into the end-to-end supply chain. Next steps for the Port Capacity Subcommittee are to finalize the White Paper and make a formal presentation.

Deputy Administrator Balzano asked if the subcommittee had looked into regulatory reform. He mentioned that the Secretary of Transportation has rolled out its Two for One initiative which requires any executive department or agency who plans to publicly announce a new regulation to propose at least two regulations which will in turn be repealed. The cost of the implementation of these new regulations must be less than or equal to 0 dollars. Mr. Rosenthal suggested that they need to review both federal and state regulations since some state regulations are more burdensome than federal ones, e.g. California. Mr. Berkowitz added that in the case of ballast water discharge regulations, the nation needs a unified approach so that each state doesn't issue its own regulations. The Coast Guard already regulates ballast water discharge and the states therefore do not need to duplicate those efforts. The full membership accepted the subcommittee's recommendation.

Marine Highway Subcommittee

Dan Harmon presented for this subcommittee. The Marine Highway Subcommittee recommendations include:

- 1) Designate and recognize Marine Highways as a national strategic asset and prioritize it accordingly
- 2) Designate a lead agency within the federal government for maritime transportation (Currently there is no champion for domestic maritime transportation)
- 3) Seek a “clean” maritime infrastructure funding instrument, preferably separate from other funding mechanisms, such as WRDA and DHS funding (It could perhaps be combined with the Surface Transportation bill)

After the presentation Mr. Wetherald reminded the group that the primary regulatory block to Marine Highways is still the Harbor Maintenance Tax. The Deputy Administrator duly noted this. The subcommittee’s recommendations were accepted by the full committee.

International Competition and Global Trends Subcommittee

Anne Strauss-Wieder and Scott Sigman presented for this subcommittee. This group proposes the following recommendations:

- 1) Review approved state freight plans. The FAST Act requires every state to develop a freight plan, so MARAD staff should review the state plans and report back to MTSNAC on the locations and types of MTS-related investments that have been identified as priorities.
- 2) Develop a National Marine Transportation Master Plan
- 3) Respond to Foreign Competition by directing MARAD to take a supporting role in formulating a multi-agency, multi-modal competitive strategy

After the presentation Susan Hayman (by phone) asked if the subcommittee had given any thought to public private partnerships regarding the maritime sector. She emphasized that we should be talking to shippers, to which one member responded that MTSNAC does have some shipper members. The subcommittee’s recommendations were accepted by the full membership.

Item 15: Closing Remarks and Way Ahead

Deputy Administrator Balzano referred to the MTSNAC membership as MARAD’s “Dream Team.” He thanked the members for their service to the nation and added that their work was valued by the agency. He reiterated that there will shortly be a solicitation for membership and any current members who wished to continue serving on the committee should reach out to the DFO. He also mentioned that there will be changes to MTSNAC soon, including streamlining the committee size. The goal is to accomplish this by June of this year. In addition, the next MTSNAC will be asked to answer critical questions such as how to invest in the right technologies and infrastructure, how to handle automated vessels, and will we continue to lose U.S.-flag vessels from our fleet.

Mr. Balzano then proceeded to brief the group on his draft R & D and Technology Strategy for the agency. He began by reminding the audience that the U.S.-flag fleet now carries only 1.5%

of the U.S. imports and exports. Over the last five years we have lost 25% of the fleet and currently have a shortage of approximately 1800 mariners to operate those ships.

Currently US DOT has an annual R & D budget of \$1.5 Billion. MARAD's R & D budget is \$0. The Deputy Administrator's goal is to increase that to \$3 Million through the Maritime Environmental and Technical Assistance Program (META). There were several questions concerning past MARAD R & D budgets, the number of ships needed in the fleet to provide adequate mariner positions, and the effective use of international bi-lateral trade agreements to increase market access for the international U.S.-Flag fleet.

Item 16: Closing Remarks and Adjournment

Chairman Mabry thanked the Deputy Administrator for his comments and support and announced that the next MTSNAC meeting will be in June. He then adjourned the meeting at 2:25 p.m.

Certification and Approval

I hereby certify that, to the best of my knowledge, the foregoing minutes are accurate and complete.

Mike Mabry

Joseph M. Mabry
Chairman, Maritime Transportation System National Advisory Committee
March 26, 2018

Appendix

Appendix A – Meeting Agenda
Appendix B – Executive Update Presentations
Appendix C - Subcommittee Presentations
Appendix D – CMTS Presentation
Appendix E - Other Presentations/Videos

U.S. Maritime Transportation System National Advisory Committee

<https://www.connectmeeting.att.com>
Meeting Number(s): (877) 336-1831 or (404)443-6397
Access Code: 3660788

DOT Conference Center
1st Floor, West Building, Oklahoma Room
1200 New Jersey Ave., SE
Washington, DC

Meeting Agenda February 27, 2018

- 9:30 AM Call to Order & Roll Call**
Jeff Flumignan, Co-Designated Federal Official
- Item 1 Welcome and comments from the MTSNAC Chairman**
Joseph “Mike” Mabry, Chairman, Maritime Transportation System National Advisory Committee
- Item 2 Administrative Briefs**
Travel, Safety and other Administrative Items
Jeff Flumignan, Designated Federal Officer
- Item 3 Introduction of Key Note speaker**
Joseph “Mike” Mabry, Chairman, Maritime Transportation System National Advisory Committee
- Item 4 Welcome and Comments from the Maritime Administrator**
Mark H. Buzby, Maritime Administrator
- Item 5 Executive update on Ports & Waterways**
Lauren Brand, Associate Administrator for Ports and Waterways
- Item 6 Executive update on Strategic Sealift**
Kevin Tokarski, Associate Administrator for Strategic Sealift
- Item 7 Break for Lunch**
~12:00 PM
- Item 8 Breakout Session – Breakout Rooms 4, 6, 7 & Oklahoma**
Staff Liaisons to facilitate breakout session and prioritize Issue Areas and Desired Outcomes
- *Room assignments are as follows:*
 - *Marine Highway: Conf Rm 4*
 - *Port Capacity: Conf Rm 6*
 - *International: Conf Rm 7*
 - *Educational: Conf Rm -Oklahoma*
- Item 9 Reconvene and brief update report to Chair by subcommittee Chairs**
~3:45PM
Joseph “Mike” Mabry, Chairman, Maritime Transportation System National Advisory Committee
- Item 10 Public Comments**
Jeff Flumignan, Designated Federal Officer
- Item 11 Closing Remarks and Adjournment**
~4:15 PM
Joseph “Mike” Mabry - Chairman, Maritime Transportation System National Advisory Committee

U.S. Maritime Transportation System National Advisory Committee

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DOT Conference Center
1st Floor, West Building, Oklahoma Room
1200 New Jersey Ave., SE
Washington, DC

Meeting Agenda February 28, 2018

- Item 12** **Welcome & Opening Statements**
09:30 AM *Joseph “Mike” Mabry - Chairman, Maritime Transportation System National Advisory Committee*
- Item 13** **Re-focus of Subcommittees**
Joseph “Mike” Mabry - Chairman, Maritime Transportation System National Advisory Committee
- Item 14** **Breakout Session – Breakout Rooms 4, 6, 7 & Oklahoma**
Staff Liaisons to facilitate breakout session and prioritize Issue Areas and Desired Outcomes
- **Room assignments are as follows:**
 - *Marine Highway: Conf Rm 4*
 - *Port Capacity: Conf Rm 6*
 - *International: Conf Rm 7*
 - *Educational: Conf Rm -Oklahoma*
- Item 15** **Reconvene for Public Comments**
Joseph “Mike” Mabry, Chairman, Maritime Transportation System National Advisory Committee
- Item 16** **Public Comments**
~11:45 AM *Jeff Flumignan, Co-Designated Federal Official*
- Item 17** **Break for Lunch**
- Item 18** **Reconvene and brief update report Subcommittee Chairs**
Joseph “Mike” Mabry, Chairman, Maritime Transportation System National Advisory Committee
- Item 19** **Report out to Chairman**
Subcommittee Chairs, Maritime Transportation System National Advisory Committee
- Item 20** **Closing Remarks and Way Ahead**
Mark H. Buzby, Maritime Administrator
- Item 21** **Closing Remarks and Adjournment**
~ 2:00 PM *Joseph “Mike” Mabry, Chairman, Maritime Transportation System National Advisory Committee*



MARAD
U.S. MARITIME ADMINISTRATION

Maritime Administration (MARAD) Overview – Port & Waterway Programs

Briefing for MTSNAC
February 2018

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

Maritime Administration 

MISSION:
Strengthen the U.S. maritime transportation system including infrastructure, industry and labor to meet the economic and security needs of the Nation.

STRATEGIC GOALS:

- **CARGO:** Develop domestic and international transportation opportunities to modernize and sustain a competitive commercial U.S.-flag fleet that ensures the Nation's economic and national security
- **READINESS:** Ensure the availability of a capable U.S. Merchant Marine fleet with modern U.S.-flag vessels, skilled labor and global logistics support to drive the Nation's economy and to meet national maritime transportation requirements in peacetime emergencies and armed conflicts
- **INFRASTRUCTURE:** Support the development of America's ports, shipyards and related intermodal infrastructure as key integrated components of an efficient, resilient and sustainable national transportation system and freight network
- **ADVOCACY:** Advance awareness of the necessity and importance of a strong U.S. Maritime Transportation System

2

- The Maritime Administration's StrongPorts Team works to educate ports about grant and financing opportunities within the Federal Gov't.
- The Agency's Port Infrastructure Development Team serves as technical advisors to many of the programs, and administers grants for TIGER, FASTLANE and INFRA discretionary programs.
- The Agency's Port Conveyance Team works to transfer surplus Federal property to States for development and enhancement of U.S. ports.
- The Agency's Deepwater Ports Licensing Team leads a comprehensive Federal/State agency application review and decision process for the development of offshore import and export oil and natural gas facilities.
- The Agency's Marine Highway Team works with manufacturers, vessel operators, and other public and private stakeholders to build economically competitive alternative supply chains that utilize our waterways.
- The Department's only maritime focused FACA committee the Maritime Transportation System National Advisory Committee (MTSNAC) is within the Gateway Office team.

Different cargoes and passengers require different port infrastructure:

- Container - needs larger contiguous acres, cranes and equipment to move containers, may need fumigation services; vessels can be very large, needs extra depth at berth
- Cruise - cruise facilities are best separated from cargo operations at ports for safety of passengers, but they must also accommodate provisioning by 75 or more trucks per vessel per day as well as baggage from passengers; cruise ship 'home ports' are those where passengers board the vessel and return at the end of the cruise - these need safe, secure parking facilities within a close walk, a nearby airport and facilities for buses, taxis and rental cars; 'ports of call' are those where the vessel arrives for less than a day to allow passengers to visit the region. These require safe, accessible transit options such as bus or taxi for passengers. All cruise ports are required to accommodate needs of vessel crew members.

Different cargoes and passengers require different port infrastructure:

- Energy - handles liquid bulk, has pipelines, tanks and berths for very large vessels; needs extra depth at berth
- Ro/Ro (roll on/roll off) - handles vehicle and heavy equipment exports and imports; needs ramps, docks with width, may offer value added services for vehicle prep
- Break bulk - handles steel, forest products, refrigerated products not in containers; needs laydown yards, specialized warehousing, may need fumigation services
- Bulk - handles aggregates for construction and road building, fertilizers for agriculture, agricultural exports such as rice, wheat, soy, etc.; may have silos or warehouses near dock, or be connected by conveyor belts; may need extra depth at berth

Different cargoes and passengers require different port infrastructure:

- Space - handles rockets for refurbishment, drone barges/vessels, proximity to hangar, needs adequate room for operations.



- Provide Port and Intermodal Planning Assistance
- Access Funding and Financing Options for Port Modernization and Expansion
- Educate re: P3 Opportunities
- Expand domestic movement of freight by waterborne transportation
- Conduct post-disaster site assessments at ports
- Administer Grants and Loans for Marine Highway related Projects
 - These services are offered to Port Authorities, State Departments of Transportation, Metropolitan Planning Organizations, and Regional and Local communities.
 - Also offered to privately owned port terminal operators, vessel operators, export industry groups, manufacturers, and other stakeholders.



- More than 300 U.S. ports serve as Gateways to world markets for U.S. products and as intermodal hubs for exports and domestic distribution
- AAPA¹ has identified over \$29B in necessary port infrastructure investments
- Currently managing over \$1.5B in Federal, State, and local investment in port infrastructure through the ARRA, TIGER and FASTLANE Grant programs
- Maritime initiatives have received approximately 12% of past DOT discretionary grant programs listed above.



¹American Association of Port Authorities

- **Transportation Investment Generating Economic Recovery (TIGER) Discretionary**
 - Grants: Rounds I – VIII
 - MARAD administers port and marine highway related TIGER grant awards (construction and planning)
 - To date, 46 grants totaling \$566M awarded for \$1.5B in construction projects
 - Projects add capacity, modernize infrastructure, stimulate port project planning and improve freight efficiencies
- **Fostering Advancements in Shipping and Transportation for the Long-term Achievement of National Efficiencies (FASTLANE) (2016/2017)**
 - MARAD administers port related FASTLANE grant awards (construction)
 - To date, 5 grants totaling \$130M awarded
 - Grants are used to assist ports with adding capacity, modernizing infrastructure, developing and improving freight efficiencies
- **New for 2017/2018**
 - MARAD will administer port related
 - INFRA grant awards
 - TIGER grants awarded
 - TIFIA loans awarded
 - RRIF loans awarded
 - Certain NHF Program grant awarded
 - Certain CMAQ grant awarded
 - Grants and loans will be used to assist ports with adding capacity, modernizing infrastructure, developing and improving freight efficiencies

Port Conveyance Program: Location of Current & Future Conveyances



- Transfers surplus Federal real property to states and local governments at no cost for the development and enhancement of port facilities and intermodal terminals.
- The program is designed to create jobs and revitalize communities impacted by military base closures or other Federal actions, support the provision of port capacity and U.S. port infrastructure, improve goods movement, and meet future national defense needs.
- Since its inception in 1994, MARAD's Port Conveyance Program has transferred over 2,830 acres of former Federal property to facilitate the expansion of the nation's Marine Transportation System.
- Uses of transferred properties include development of intermodal transfer and warehousing stations to expedite intermodal cargo transfers at U.S. ports, enhancement of commercial boating and recreational facilities, and expansion of administrative office space.

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Port Conveyance Program: Locations of Conveyed and Approved Properties



- 1: **America's Central Port**
700 Acres: Granite City, IL
- 2: **City of Dillingham**
2.38 Acres: Dillingham, AK
- 3: **City and Borough of Juneau**
1.91 Acres: Juneau, AK
- 4: **Port of Benton**
71.15 Acres: Richland, WA
- 5: **Port of Hueneme**
33 Acres: Hueneme, CA
- 6: **Port of Long Beach**
407.35 Acres: Long Beach, CA
- 7: **Port of Los Angeles**
48.32 Acres: Los Angeles, CA
- 8: **Port of New Orleans**
12.87 Acres: Jefferson Parish, LA
- 9: **Port of Pasco**
2.16 Acres: Pasco, WA
- 10: **Orange Co. Navigation & Port District**
13.73 Acres: Orange, TX
- 11: **Rhode Island Commerce Corporation**
96 Acres: Davisville, RI
- 12: **Port of Stockton**
1,433 Acres: Stockton, CA
- 13: **Port of Tacoma**
9.03 Acres: Tacoma, WA

Port Conveyance Program: Locations of Potential Properties



A: Savanna Army Depot
Savanna, IL (Approx. 125.00 acres)
Landholder: Department of the Army

Interest: Upper Mississippi River
International Port District
Use: Barge Fleeting & Recreation
Availability: 2018

B: Memphis Large Cavitation Facility
Memphis, TN (42.96 acres)
Landholder: General Services Admin.

Interest: Port of Memphis
Use: Transportation Facility/TBD
Availability: 2018

C: Sharpe Army Depot
Lathrop, CA (555.10 acres)
Landholder: General Services Admin.

Interest: Alameda County
Use: Transportation Logistics/Warehousing
Availability: 2019

Deepwater Port Licensing Program



- Designed to streamline review and construction of liquid natural gas (LNG) and oil deep-water ports
- Promotes maritime commercial mobility needs, national security and environmental protection
- The Louisiana Offshore Oil Port (LOOP), a licensed deepwater port, is transitioning to add bi-directional import and export capability
- In 2017, MARAD approved the Delfin LNG proposal for construction and operation of an LNG export facility offshore Louisiana. License issuance expected in 2018



Deepwater Port Location and Status Map



Approved: Operational Facilities

1. Louisiana Offshore Oil Port (Oil [Import])
2. Neptune (LNG [Import])
3. Northeast Gateway (LNG [Import])

Approved: License Issuance Pending

4. Delfin (LNG [Export])

Approved: Surrendered Licenses

5. Gulf Landing (LNG [Import])
6. Port Dolphin (LNG [Import])
7. Port Pelican (LNG [Import])

Approved: Decommissioned

8. Gulf Gateway (LNG [Import])

Approved: Withdrawn After Record of Decision and Prior to License Issuance

9. Bienville (LNG [Import])
10. Main Pass Energy Hub (LNG [Import])

Withdrawn Prior to Record of Decision

11. Beacon Port (LNG [Import])
12. Calypso (LNG [Import])
13. Clearwater Port (LNG [Import])
14. Compass Port (LNG [Import])
15. Liberty Natural Gas (LNG [Import])
16. Oceanway Secure Energy (LNG [Import])
17. Pearl Crossing (LNG [Import])
18. Safe Harbor Energy (LNG [Import])
19. Texas Offshore Port System (Oil [Import])

Disapproved Prior to Record of Decision

20. Cabrillo Port (LNG)
21. Port Ambrose (LNG [Import])

America's Marine Highway Program



FY 2017 Enacted: \$5M

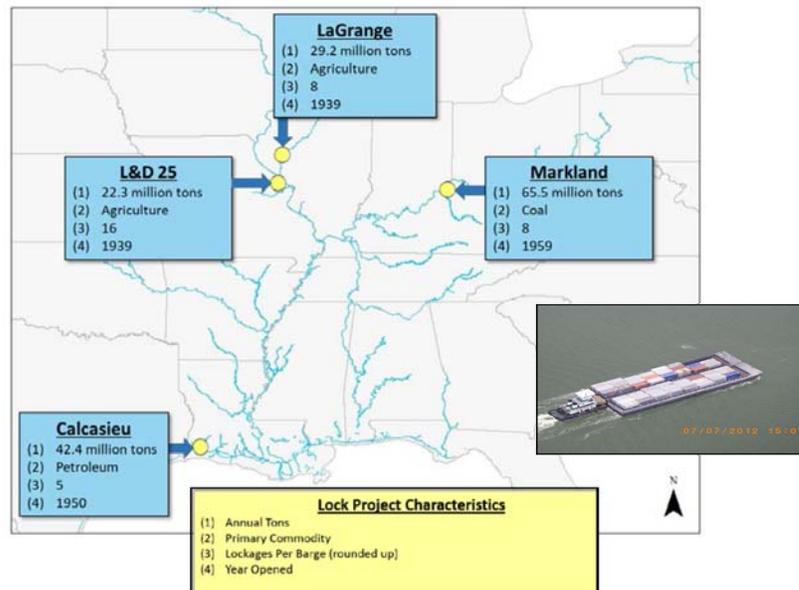
- Works with manufacturers, vessel operators, ports, and public and private stakeholders to build economically competitive alternative supply chains that utilize our waterways.
- Incorporates routes into the National Freight Strategic Plan and National Multimodal Freight Network for an integrated transportation system.
- Administers grants to address capital risks and other obstacles to service development.
- FY '10 - \$7M grant approp, 6 grants awarded
- FY '16 - \$5M grant approp, 6 grants awarded
- FY '17 - \$5M grant approp, NOFO currently published



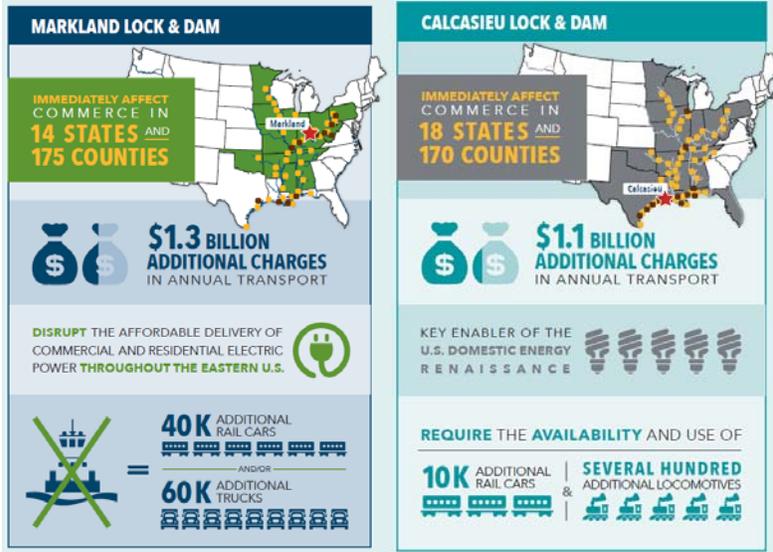
Includes 25,000 miles of waterways, rivers, coastlines and the Great Lakes



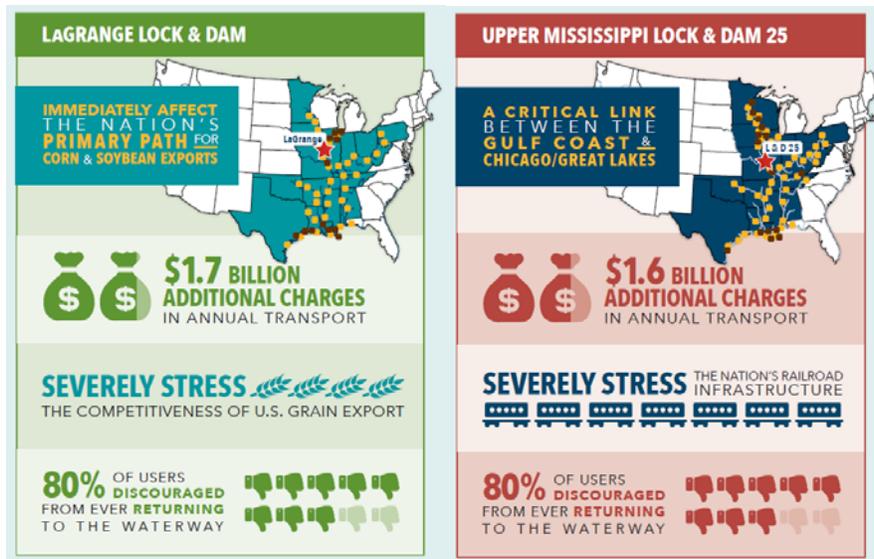
- The Maritime Administration has partnered with its Cargo Handling Cooperative Program for a pilot program to assess the cybersecurity capabilities of several selected small ports.
- The goal is to prepare finding based on an assessment structure which covers functional domains that comply with emerging federal government guidance on incorporating cybersecurity into port security programs.
- The assessment for each port will be accomplished through an on-site workshop.
- Each port will receive a detailed evaluation after completion of the workshop along with a post-workshop teleconference to discuss the findings.



The Impacts of Unscheduled Lock Outages NWF



The Impacts of Unscheduled Lock Outages NWF



- **MARAD's StrongPorts team provides port-related technical assistance to, and coordinates with, other federal agencies, including:**
 - State Department: provide port and intermodal operations subject matter expertise
 - Treasury: respond to CFIUS enquiries and Customs and Border Protection issues at ports
 - Department of Homeland Security: re: Port Security Grants and other port security related issues
 - US Army Corps of Engineers: discuss regional projects of mutual interest; for example, when a port receives assistance to expand berth capacity, we ensure the USACE is working with them on dredging needs.
 - Department of Defense: provide an analysis of intermodal connector construction plans that may impact planned ops at Strategic Ports
 - EPA: re: port related issues seeking to reduce environmental impacts of operations; consult re: EPA programs for ports

Thank you

LAUREN.BRAND@DOT.GOV

ASSOCIATE ADMINISTRATOR
OFFICE OF PORTS & WATERWAYS
MARITIME ADMINISTRATION

U.S. DEPARTMENT OF TRANSPORTATION



MARAD

U.S. MARITIME ADMINISTRATION

**Strategic Sealift:
National Defense Reserve Fleet (NDRF) /
Ready Reserve Force (RRF)**

**Briefing for Marine Transportation System National
Advisory Committee**

February 27, 2018

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



Maritime Administration

MARAD
× ■ + ■ =

MISSION:

Strengthen the U.S. marine transportation system including infrastructure, industry and labor to meet the economic and security needs of the Nation.

STRATEGIC GOALS:

- **CARGO:** Develop domestic and international transportation opportunities to modernize and sustain a competitive commercial U.S.-flag fleet that ensures the Nation's economic and national security
- **READINESS:** Ensure the availability of a capable U.S. Merchant Marine fleet with modern U.S.-flag vessels, skilled labor and global logistics support to drive the Nation's economy and to meet national maritime transportation requirements in peacetime emergencies and armed conflicts
- **INFRASTRUCTURE:** Support the development of America's ports, shipyards and related intermodal infrastructure as key integrated components of an efficient, resilient and sustainable national transportation system and freight network
- **ADVOCACY:** Advance awareness of the necessity and importance of a strong U.S. Marine Transportation System

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MARAD Program Elements

Strategic Sealift



Mariner Education



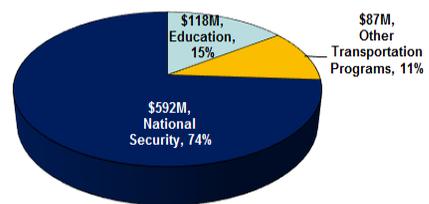
Transportation Infrastructure and Waterways



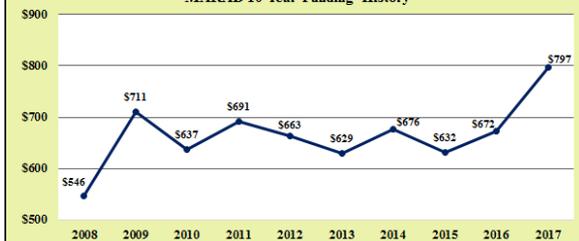
Budget Overview

- The largest share of MARAD's funding primarily supports national security at 74%
- Approximately 15% of funding supports maritime education programs (Mariners also align to national security)
- 11% provides funding for MARAD's other transportation programs
- Funding since 2009 reflects only a slight fluctuation in enacted levels with the exception of 2017 (MSP +\$90M and N.S Savannah DECON +\$24M)

Funding by Primary Mission Support (FY 2017)



MARAD 10-Year Funding History



Strategic Sealift Elements

Prepositioned Sealift



Surge Sealift



Sustainment Sealift



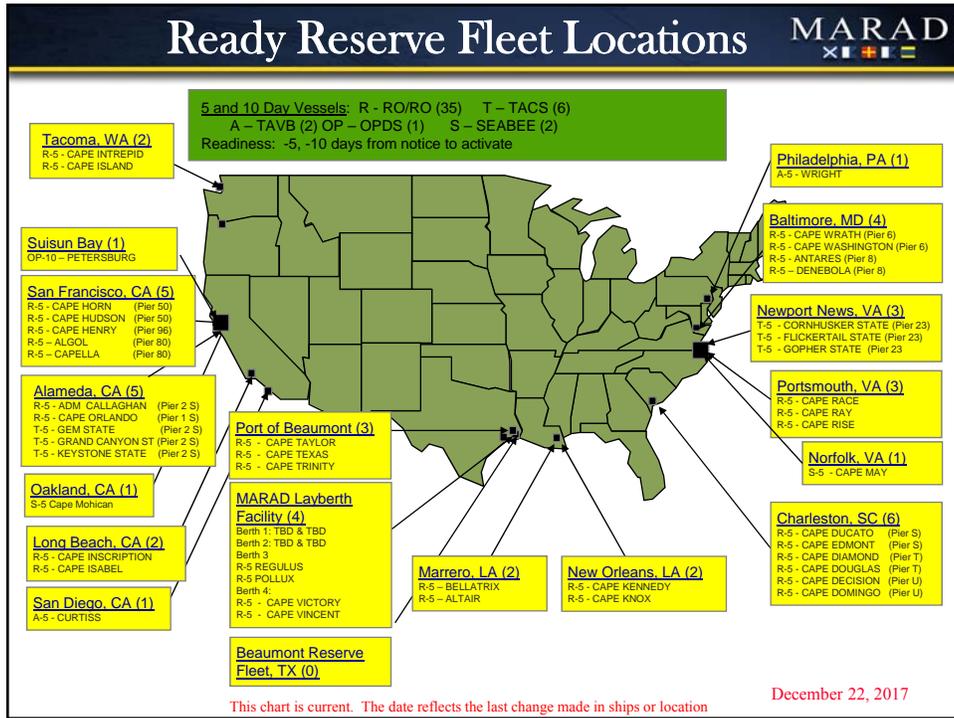
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Reserve Sealift Program History

- **One Fleet: National Defense Reserve Fleet (NDRF)**
 - Established by Merchant Ship Sales Act of 1946
 - ✓ Within the Maritime Administration/U.S. DOT
 - Reserve of merchant ships at various locations
 - ✓ For National Defense and National Emergencies
 - ✓ 540 vessels activated to support military during Korean War
 - Consists of 99 vessels; includes 46 ships in the RRF, 30 "retention," & 17 disposal vessels
 - ✓ Dry cargo ships, some tankers, and military auxiliaries, school ships, missile tracking
 - ✓ Eight retention vessels used for training at U.S. Merchant Marine Academy and State Maritime Academies
 - **The Ready Component: Ready Reserve Force (RRF)**, a subset of the NDRF, established in 1976 at Navy's request
 - ✓ Serves as surge sealift component to support the rapid worldwide deployment of U.S. military forces
 - ✓ Currently 46 RRF ships (average age of fleet - 43 yrs)
 - ✓ Maintained in 5-day readiness status
 - ✓ Managed by contracted commercial U.S. ship managers for maintenance and repair, activation, manning, and operation

- **NDRF/RRF funded from National Defense Sealift Fund (NDSF) since 1996**
 - NDSF includes expenses for maintaining the National Defense Reserve Fleet
 - Costs of acquisition of vessels, alteration and conversion of vessels

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RRF Military Utilization



- DESERT SHIELD/STORM (Iraq 1990-1991): 79 vessels were activated to meet military sealift requirements, eventually carrying 25% of the unit equipment and 45% of the ammunition needed.
- RESTORE HOPE (Somalia 1993-1994): Two RRF tankers, two RO/ROs and a troop transport ship were needed to support relief operations.
- UPHOLD DEMOCRACY (Haiti 1994): 15 ships were activated for operations.
- JOINT ENDEAVOR (Bosnia-Herzegovina 1995-1996): Support was provided to the United Nations Peacekeeping operation. The first 2 ships delivered 370,000 square feet of UK equipment and cargo, more than 92% of the cargo transferred from the United Kingdom to Croatia. 2 more were activated later.
- Army War Reserve and Afloat Prepositioning Force (1990-2010): Several RRF ships were operated for extended periods as ready unit equipment delivery platforms.
- ENDURING FREEDOM and IRAQI FREEDOM (Iraq 2003-2008): 40 RRF ships were used in support of Operations, providing 13,575 ship operating days with a reliability rate of 99.0%, carrying almost 25% of the initial equipment needed.
- Syrian Chemical Weapons Destruction (2014): UN Mission support with CAPE RAY as a destruction facility operated by Edgewood Chem/Bio Center

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- **RRF 2017 Highlights - Total RRF Ops Days: 594**
 - 5 activations for ammo movements to CENTCOM, EUCOM
 - 4 FEMA activations (RRF (USVI); 3 NDRF ships (TX, FL, PR)
 - 1 activation for 2-1 AD deployment
 - 4 activations in Charleston for hurricane sortie
 - 8 Test activations (7 successful)
 - 6 maintenance activations; Numerous dry dock activation/sea trials

- **Met DOD's 85% Ready For Tasking/Mission level; Met urgent needs for most significant hurricane year, multiple ammunition voyages and unit movements**

- ***RRF 2018 (January) had (4) simultaneous Turbo activations for Fast Sealift Ships (FSS), and (3) RRF activated for ammo voyages are underway***

Disaster Relief Capability



Port Infrastructure Recovery: Crane Ships and Over Shore Operations



SAFESTOR: Emergency vehicles shelter on RoRos



SAFEPOR: Crane Ships can remove "suspect" containers from box ships.



Emergency Worker Support: School Ships double as relief ships.

Other:
 Deliver Relief Supplies – Liberia Ebola Virus
 Command Center:
 Charter Commercial Vessel Capabilities:

Disaster Relief Utilization



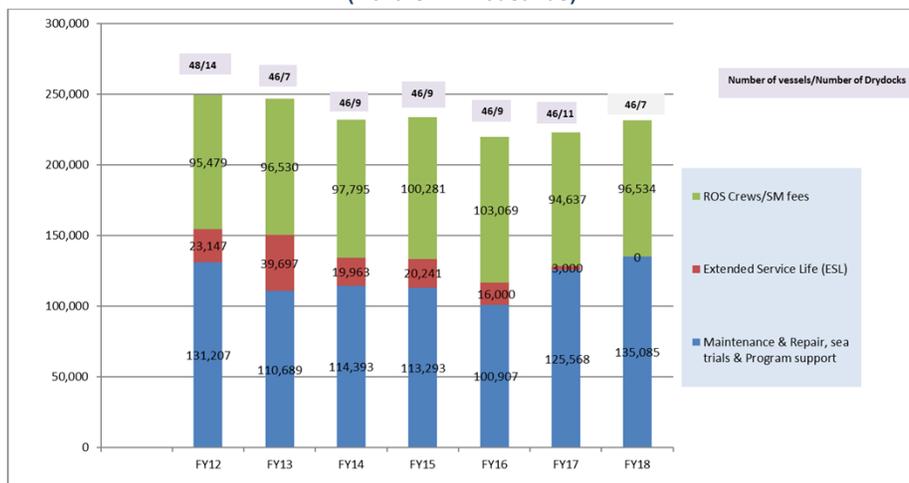
- Hurricane MITCH (Honduras 1998): Three RRF Ships assisted the DOD humanitarian assistance response, carrying 300,000 square feet of relief cargo.
- 9/11: Commercial Maritime Industry Supported Emergency Response – between 500,000 and 1 million people were safely evacuated from Lower Manhattan by water.
- Hurricanes KATRINA/RITA (New Orleans 2005): Nine ships were used over Six months, providing 270,000 meals and 83,000 overnight accommodations.
- UNIFIED RESPONSE (Haiti 2010): 5 RRF vessels and 2 High Speed Ferries were activated – Two RRF and one high speed ferry were needed to provide humanitarian assistance as part of the interagency effort. Coordinated providing 25 U.S.-flag vessels to support operations carrying USAID food aid, DOD cargo/supplies obtained under the military universal services contract, and providing ferry services for response workers.
- SANDY Super Storm (New York 2012): Three ships were provided to support Federal recovery efforts in New York. A total of 38,291 berth nights were provided and a total of 74,540 meals were provided.
- Hurricanes HARVEY and IRMA (Texas and Florida 2017): Three School Ships providing recovery relief support (TS EMPIRE, TS KENNEDY, and TS GENERAL RUDDER). Also, one RRF vessel, SS Wright, is in transit to St. Thomas, Virgin Islands to provide berthing and meals for emergency response personnel and to deliver relief supplies.

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NDRF/RRF M&R/ESL/ROS FEES RESOURCE TREND



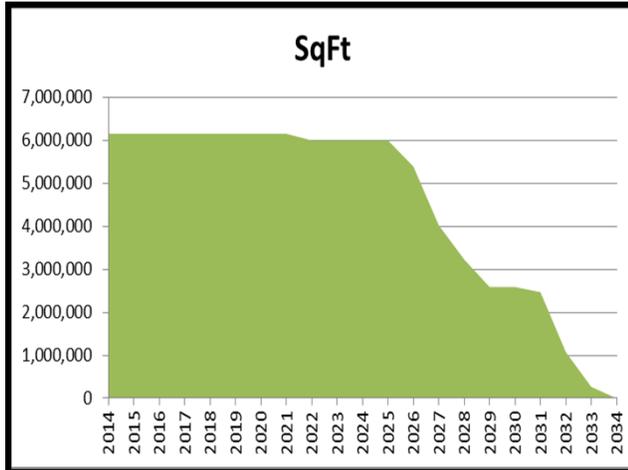
(Dollars in Thousands)



- RRF Cost drivers – ROS fees, M&R, and ESL
- M&R based on regulatory drydock and sea trial due dates
- Size and location of vessels influence drydock costs

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RRF RORO AGING/LOSS OF SQUARE FOOTAGE



- The average age of MARAD's RRF vessels is 43-years old
- RRF is now in a second service life extension; previously 50-years
- USTRANSCOM/Navy Recapitalization Plan indicates extending service life (ESL) of vessels to 60-years
- MARAD needs a consistent level of ESL to meet current service life
- Lack of sufficient funding will impact ability to achieve 60-year service life

USTRANSCOM's requirement for cargo capacity remains over 15-million square feet, including RRF, MSC Surge, and MSP fleets; nearly 40% will be retired at end of service life

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Sealift Through Recapitalization

Existing U.S. flag (MSP/Jones Act) vessels can provide vessels for additional 20-years service life in RRF

- "Acquire used-but-good" strategy focused on MSP vessels can yield immediate results
- Achieves near-term, immediate results in fiscally-constrained environment
- Focus should be on 10-year old vessels, to meet additional 20-year RRF lifecycle requirements
- Select RRF vessels will be retained through service life extension funding

Capabilities Enhanced - Provides recapitalization of **both** sealift fleets; commercial (MSP); federal (RRF)

- Reduces overall age of both fleets; currently averaging MSP (13.5-years), RRF (43-years +)
- MSP vessel offerors would replace those acquired for RRF with newer, militarily useful vessels

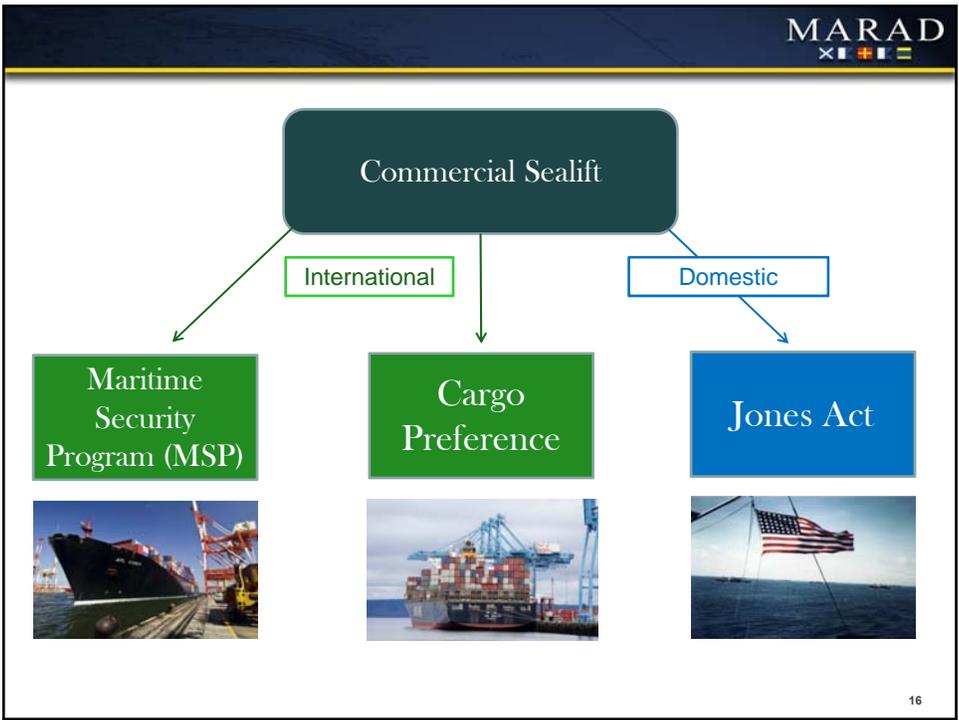
14

Challenges

- Commercial ship service life designed to meet minimum regulatory standards (no more than 20-years service)
- Newer vessels are reduced scantling design (e.g. thinner steel)
- Shipyard conversion/modification to “RRF-ready” standard required
- Purchasing Jones Act vessels has potentially significant cost; may have suitability issues
- NDAA provides for (2) ship acquisitions; planned for FY21 & FY22

MARAD is prepared to recapitalize RRF fleet with militarily useful, best value hulls

- Solid experience from last RRF re-cap during 1990s including acquisition, conversion, re-flag and enhancements
- Familiar with MSP vessels; manage selection, military utility evaluation and age-extension process
- Issued request for information on FedBizOpps (December) to meet Navy’s timeline for the report to Congress (March 1st)
- MARAD preparing acquisition team, strategy, IAW DOD-DOT existing MOA for the RRF program



- Only these three programs support the U.S.-flag fleet to meet required vessel and mariner needs for national security
- U.S.-flag merchant marine provides sealift capability and skilled citizen mariners for national emergencies and/or wartime
- Ensures a visible U.S. presence on the world's oceans, carrying American influence, culture, and good will, around the globe



FY 2017 Enacted: \$300M

- MSP provides stipends to U.S.-flag ship operators to sustain a minimum fleet of active, commercially viable, privately-owned, militarily useful vessels under U.S.-Flag registry. Ships of the MSP Fleet are engaged in U.S. international commerce, and are readily available to meet U.S. defense and other sealift requirements during times of war or other national emergency
 - 60 MSP ships to be enrolled and committed for service through FY 2025
 - Employs approximately 2,400 U.S. mariners
 - Supports approximately 5,000 shore side maritime industry direct jobs
 - Fleet provided more than 90% of cargo transported in support of troops in Iraq and Afghanistan

Authorized Funding Level

Fiscal Year	Per Ship	Total
2016	3,500,000	210,000,000
2017	4,999,950	299,997,000
2018-2020	5,000,000	300,000,000
2021	5,233,463	314,007,780
2022-2025	3,700,000	222,000,000

Cargo Preference

- Requirement to transport government-impelled ocean borne cargoes on U.S.-flagged vessels
- 100% of military cargo and 50% of most civilian Federal cargo must be transported on U.S.-flagged vessels
- Provides a revenue base that retains and encourages a privately owned and operated U.S.-flag merchant marine in international trade



U.S.-Flag Internationally Trading Fleet and Preference Cargo Revenue



- Requires the use of U.S.-built, owned, crewed and U.S.-registered vessels for domestic waterborne transportation
- Encourages a strong U.S. merchant marine for national defense and economic security
- Supports domestic shipbuilding industry, critical for Navy and U.S. Coast Guard vessels



- MARAD operates a Federal academy and supports six State Maritime Academies (SMAs) that combine to produce nearly all licensed ocean-going unlimited credentialed mariners
 - Approximately 230 USMMA graduates annually
 - Approximately 800 SMA graduates annually
- Supports maritime training and education programs to improve the quality of the U.S. maritime industry
- MARAD provides federal assistance to SMAs for education and training of merchant marines, and school ship maintenance and repair to maintain the six SMA school ships
- Current key concerns with USMMA includes sexual assault and sexual harassment (SASH) initiatives and Sea Year



FY 2017 Enacted: \$29.2M	
SIP	\$2.4M
Direct Support	\$3M
Fuel Assistance	\$1.8M
School Ship M&R	\$22M

FY 2017 Enacted: \$83.2M	
Academy Ops	\$69M
CAMP	\$14.2M
-CIP	\$11.2M
-FMRE	\$ 3M

School Ship Replacement



FY 2017 Enacted: \$6M
(Formerly National Security Multi-Mission Vessel)

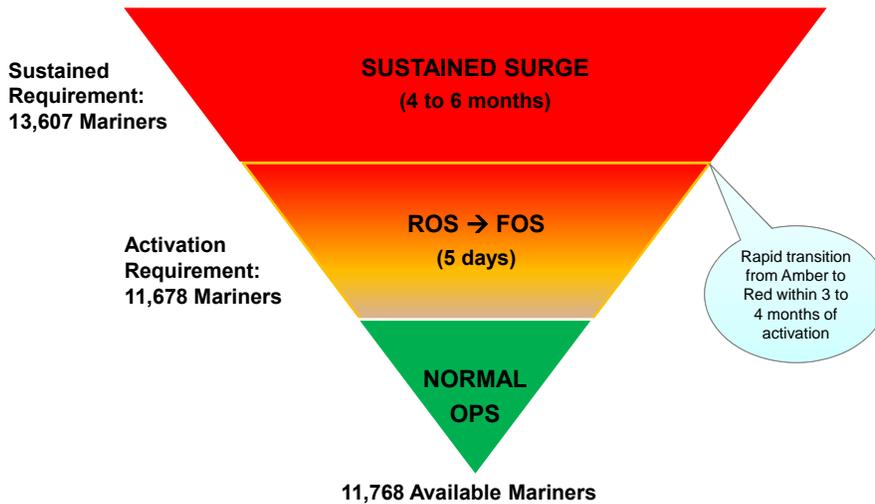
- TS EMPIRE STATE is the urgent requirement, however a recapitalization strategy for all the aging School Ships is needed
 - Maine Maritime's TS STATE OF MAINE requires the replacement of the main engine before 2022
 - Massachusetts Maritime's TS KENNEDY ages out in 2025
 - Texas Maritime does not have a large ship and relies on the other schools for cadet training
- New Construction - Funding Challenges
- Current Administration FY2019 Proposal: \$300M for Modification/Conversion of Existing Vessel – Challenge with finding suitable vessel for conversion, and keep conversion cost lower than new construction; study underway includes foreign built vessels
- Charter (Leasing) – ROI too expensive, no suitable vessel exists, would need modifications
- SMAs currently are responsible for outfitting their School Ships, and to staff, crew and operate the vessels (~\$60.5M)
- Absent a large training ship, the SMAs will be unable to train their cadets to earn the “unlimited” credentials required to crew the Nation’s sealift fleet
 - 360 days of at-sea training is required
 - TS EMPIRE STATE provides 35% of overall at-sea training capacity
 - TS KENNEDY provides 31% of overall at-sea training capacity

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SUSTAINED SEALIFT OPERATIONS



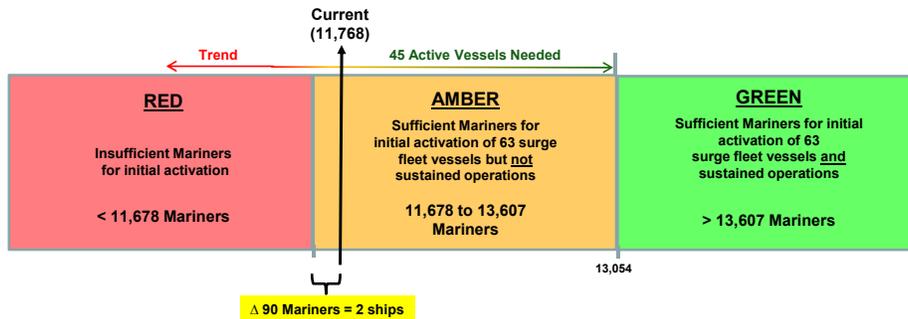
Mariner Availability Vs. Requirement For Sustained Surge Operations



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MARINER POOL SUFFICIENCY

(September 2017)



WITH AN ESTIMATED 11,768 ACTIVELY SAILING MARINERS, WE ARE CURRENTLY AMBER

Estimated Mariner Supply (unlimited credentials)	11,768	Status
Required for activation of all 63 surge fleet vessels along with continuous operation of 208 CONMAR crewed vessels.	11,678	+90
Required for sustained operation of all 63 surge fleet vessels along with continuous operation of 208 CONMAR crewed vessels– all on eight month (approximate).	13,607	-1840

25

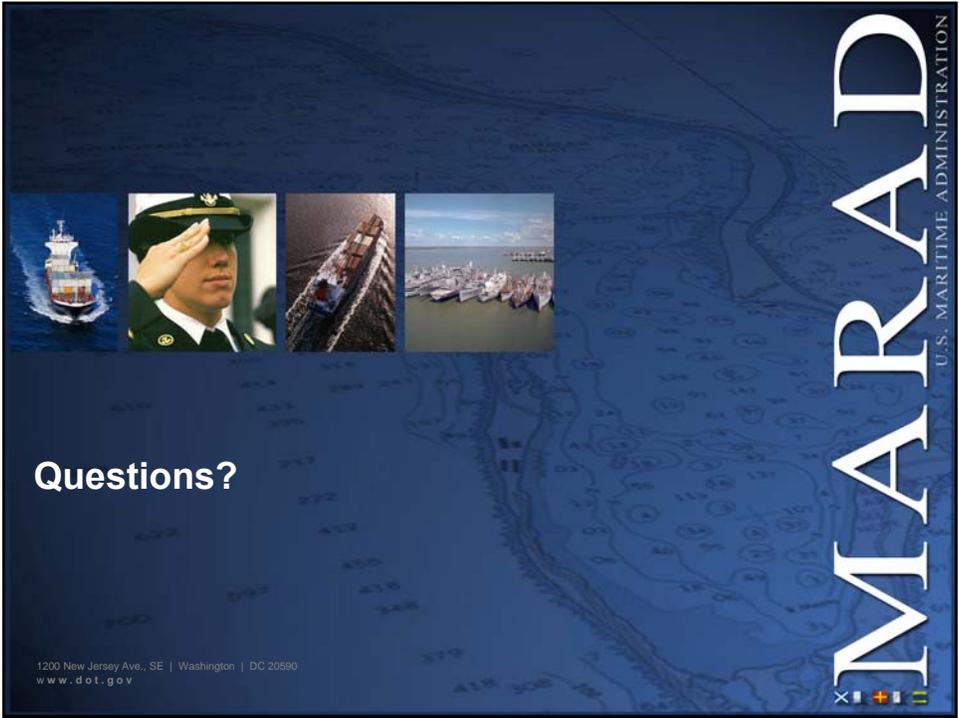
Strategic Sealift Challenges



- Funding current maintenance & extended service life to 60 years
- Economic viability of MSP/VISA fleet for national security global reach
 - Impelled Cargo volumes down
 - “MSP 4.0”
- Recapitalization: RRF and School Ships/NSMV
- Mariners: contested environment; volunteers; reserves; steam engineers



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Questions?

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

MARAD
U.S. MARITIME ADMINISTRATION



The graphic features a dark blue background with a faint nautical chart. In the upper left, there are four small square images: a cargo ship at sea, a man in a captain's uniform saluting, a close-up of a ship's deck with a crane, and a harbor filled with many small boats. On the right side, the word 'MARAD' is written vertically in large white letters, with 'U.S. MARITIME ADMINISTRATION' written vertically in smaller white letters to its right. At the bottom left, the text 'Questions?' is displayed. At the bottom center, the address '1200 New Jersey Ave., SE | Washington | DC 20590' and the website 'www.dot.gov' are listed. At the bottom right, there are small icons for the U.S. flag and the MARAD logo.



CMTS
U.S. Committee on the Marine Transportation System

Federal Partnership
February 2018



U.S. Committee on the Marine Transportation System

Maritime Nation → Organization → Teams → Conclusion

Management of Transportation at the Federal Level

Air: Federal Aviation Administration (DOT)

Highways: Federal Highway Administration (DOT)

Rail: Federal Railroad Administration (DOT)

Marine: 30+ Federal Agencies & Offices engaged



U.S. Committee on the Marine Transportation System

Maritime Nation → Organization → Teams → Conclusion

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Federal Matrix of Roles in the MTS

FEDERAL INTEREST	MAJOR CATEGORIES	USDA	DOC	DOD	DOE	DOI	DOJ	DOL	DHS	DO5	DOT	Treasury	FMC	NTSB	EPA
Enhance Safety	Safety		X	x		X	X	x	X		X			X	X
Facilitate Commerce	Environmental Protection	X	X	X	X	X	X		X	X	X				X
	Trade Facilitation	X	X			X	X		X	X	X	X	X		X
	Trade Promotion	x	X								X	X	x		X
	Vessel Construction								X		X	X			
	Vessel Operation		X			X	X		X		X				X
	Federal Channels, Waterways, and Sea Lanes		X	X	X	X	X		X	X	X	X			X
	Ports/Modal Transfer Infrastructure		X	X	X				X		X	X			X
Ensure National Security	Security		X	X	X	X	X		X	X	X				
Cross-Cutting	Research & Development		X	X	X	X			X		X	X			X
	Human Resources		x	X		x	X		x		x				x



Maritime Nation

Organization

Teams

Conclusion

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Authorization of the CMTS

U.S. Ocean Action Plan (2005)

This Plan contained a Presidential Directive to establish a cabinet-level interagency committee on the marine transportation system (MTS).

Coast Guard and Maritime Transportation Act (2012), PL 112-213:

The CMTS shall serve as a federal interagency coordinating committee for the purpose of:

- Assessing MTS adequacy
- Promoting MTS integration with other modes of transportation and marine environment uses
- Coordinating, improving the coordination of, and making recommendations related to MTS relevant federal policy



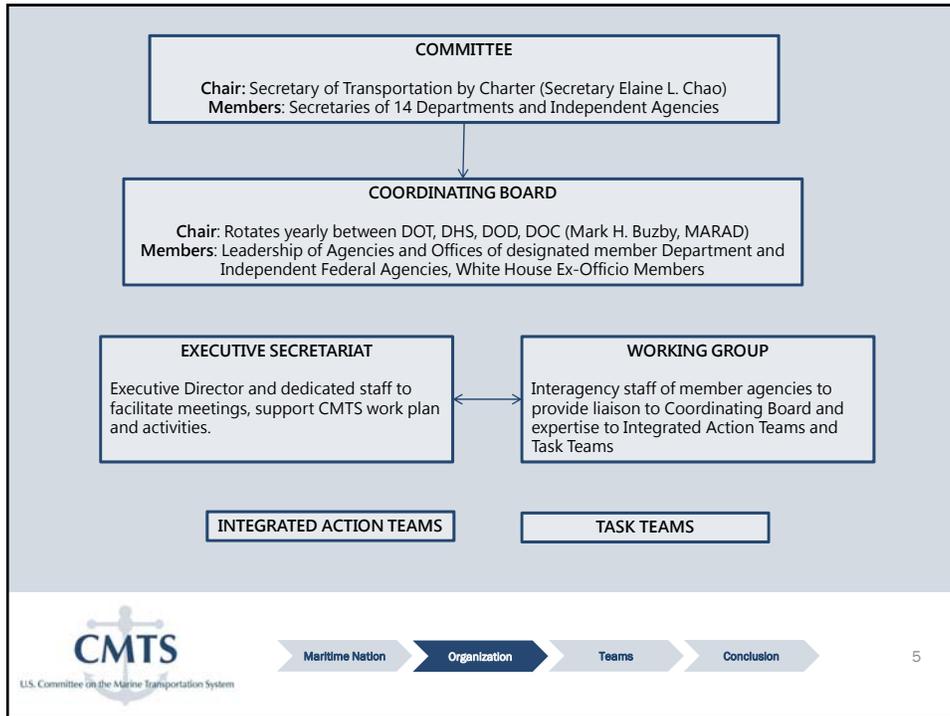
Maritime Nation

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2017-2018 Priorities

- Implementing the 2017 National Strategy for the MTS
- Finalizing the Maritime Extreme Weather Task Force Report
- MTS Infrastructure Investment
- U.S. Arctic Marine Transportation Policy Coordination
- Navigation Safety Services and Technologies
- Maritime Data Coordination
- Research Related to the DOT Multi-Modal Freight Network
- MTS Resilience – Hurricane Response Analysis
- Maritime Energy Collaboration – Alternative fuels
- Supporting Veterans Hiring and M2M
- Promoting the value of the MTS

Maritime Nation
Organization
Teams
Conclusion
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14 Recommendations under 5 Priority areas:

- System Performance
- Safety
- Security
- Energy Innovation
- Infrastructure Investment

National Strategy for the Marine Transportation System: Channeling the Maritime Advantage 2017-2022



U.S. Committee on the Marine Transportation System

Maritime Nation

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Infrastructure Investment Resources

- Federal Funding Handbook for MTS-Related Infrastructure Investments
- P3 Resource Library
- Department of Treasury P3 White Papers
- Compendium of Federal P3 Authorities for Infrastructure Investment
- Industry engagement during National Infrastructure Week 2018



U.S. Committee on the Marine Transportation System

Maritime Nation

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Maritime Safety

The CMTS Future of Navigation IAT facilitates the coordinated and integrated collection, processing, and dissemination of navigation data and information to provide services to stakeholders, eliminate duplication, and enhance the safety, reliability, and efficiency of our waterways and ports.

Leads: NOAA, USACE, USCG

Activities:

- Waterways Harmonization
- eMarine Safety Information
- Expansion of the S100 architecture
- Common Information Sharing Standards
- Coordinating with NSC/DOD on the new "National Maritime Information Sharing Environment" MDA



Maritime Data

The Maritime Data IAT serves as the CMTS's 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.

Leads: MARAD, USACE

Activities:

- MTS Performance Measures Report and Website
- Harmonization of maritime terminologies and data bases
- AIS Task Team
- Supporting the BTS Port Freight Statistics WG

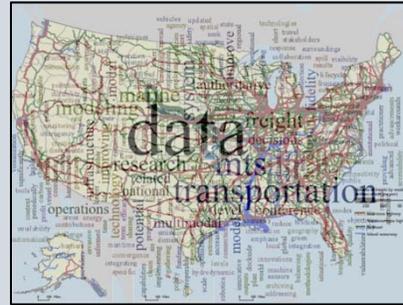


Marine Transportation System Research & Development

- Supporting DOT multi-modal freight modeling initiative directly and via the R&D conference on multimodal freight analytics with TRB.
- Working with CMTS teams to assess and facilitate pilot studies on emerging R&D requirements.

Lead: USACE; MARAD

June 19-21, 2018
National Academy of Sciences
Washington, DC



Maritime Nation

Organization

Teams

Conclusion

11

Marine Transportation System Resilience

- The Resilience IAT fosters interagency exchange and co-production to incorporate the concepts of resilience into the operation and management of the U.S. MTS.
- Currently, compiling federal response and recovery information of ports impacted by the 2017 hurricanes.

Leads: USACE, NOAA



Maritime Nation

Organization

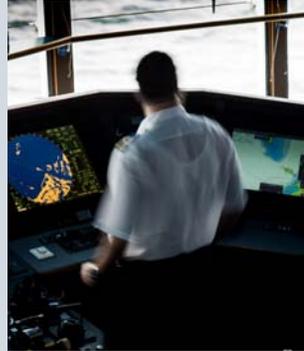
Teams

Conclusion

12

Military to Mariner

- The Military to Mariner (M2M) Initiative helps coordinate Federal efforts to facilitate the transition from military service to civilian employment in the U.S. Merchant Marine and/or other positions within the Marine Transportation System.
- Webinar for mariners (March 12th) regarding medical certification requirements.
- Webinar for employers (March 14th) on Federal & state resources to hire veterans within the MTS.



Leads: MARAD, Military Sealift Command



In 2015, deep sea, coastal, Great Lakes and inland water transportation generated over

\$4 billion

in annual wages



port-related activities generate

23.1 million jobs (AAPA)



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U.S. Committee on the Marine Transportation System

Maritime Nation

Organization

Teams

Conclusion

15



THE U.S. MARITIME TRANSPORTATION SYSTEM NATIONAL ADVISORY COMMITTEE (MTSNAC)

EDUCATION, AWARENESS AND ADVOCACY COMMITTEE



- Kristin Decas, CEO, Port of Hueneme, Co-Chair
- Richard Suttie, Executive Director, Center for Homeland & Security, Co-Chair
- John Graykowski, Principal, Maritime Industry Consultants
- Lynn Korwatch, Executive Director, Marine Exchange, San Fransico Bay
- John Townsend, Maritime Systems Specialist, Honeywell Technology Solutions
- Margaret Vaughn, Representative, US Exporters Competitive Maritime Council
- Robert Wellner, Executive Vice President, Liberty Global Logistics LLC.
- Thomas Wetherald, Director BD & Planning, General Dynamics-NASSCO
- Lisa Wieland, Port Director, MassPort

MTSNAC MEETING FEBRUARY 2018



IDENTIFIED PURPOSE AND DELIVERABLE

WHITE PAPER WITH RECOMMENDATIONS



DEFINED ROAD MAP _ PROCESS

EXPERT INPUT – WEBINARS
DEVELOP SWOT ANALYSIS
WHITE PAPER



THE U.S. MARITIME TRANSPORTATION SYSTEM NATIONAL ADVISORY COMMITTEE (MTSNAC)

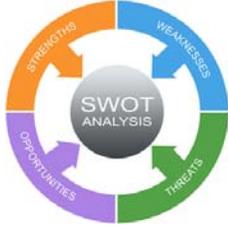


THE U.S. MARITIME TRANSPORTATION SYSTEM NATIONAL ADVISORY COMMITTEE (MTSNAC)

Planning & Interviews February – July 2017

Prepared SWOT July – September 2017

Presented SWOT September 2017



SWOT ANALYSIS

Strengths	Weaknesses	Threats	Opportunities





Expert Panelists For SWOT

- ✓ [Thomas A. Allegretti](#)
America Waterways Operators
- ✓ [Debra A. Calhoun](#),
Waterways Council, Inc.
- ✓ [Kurt J. Nagle](#)
American Association of Port Authorities
- ✓ [John Nardi](#)
New York Shipping Association
- ✓ [Matthew Paxton](#)
Shipbuilders Council of America
- ✓ [Andrew Strosahl](#)
Transportation Institute
- ✓ [Gregory Stuart](#)
Broward Metropolitan Planning Organization
- ✓ [Curtis Whalen](#)
American Trucking Association
- ✓ [Lieutenant General Kenneth R. Wykle](#)
US Army (ret), NDTA The Association of Global Logistics and Transportation

September 2017- February 2018

WHITE PAPER ASSIGNMENTS

- Group A – Unified Voice
- Group B – Policy Influence
- Group C – National Prioritization

Full MTSNAC Committee Review & Comment Process: January – February 2018

Group A •Task 1
•Task 2

Group B •Task 1
•Task 2

Group C •Task 1
•Task 2

THE U.S. MARITIME TRANSPORTATION SYSTEM NATIONAL ADVISORY COMMITTEE (MTSNAC)

KEY FACTORS FOR SUCCESS

- A CAPABILITY
 - Timely / Relevant / Current
 - Unified Voice
- COMMON NARRATIVES
 - Create the Sense of Urgency
 - Create the Message - Unified Vision
 - Create the Brand
- TARGET AUDIENCES
 - The Choir
 - The Constituents / The Customer
- THE ASK
 - “How can I help”

THE U.S. MARITIME TRANSPORTATION SYSTEM NATIONAL ADVISORY COMMITTEE (MTSNAC)

VALUE PROPOSITION

- MTS HAS TO BE MORE IMPORTANT THAN SOMETHING ELSE
 - New is better than Old
 - The consumer has more voice than ever before
- SO THE 'WHY' MATTERS
- THEN THE 'WHAT'
- THEN THE 'HOW' AND HOW MUCH
 - "most discussions in government start with how much"



SUBCOMMITTEE RECOMMENDATIONS

Establish a Unified Voice and Message (the NMTS) for the MTS

- *Create a consortium to bring together agencies, associations, and private industry groups to develop and articulate the message.*
- *Create a Congressional Committee Focused on the MTS -- Obtain an 'equal' voice and 'seat at the table.'*



SUBCOMMITTEE RECOMMENDATIONS



Conduct an MTS 'Brand' & Communications Campaign to Achieve NMS Objectives

- *Conduct a campaign that creates an indelible brand for the MTS at least on a par with the FAA, etc.*
- *Increase funding allocations to maritime through effective implementation of objective 1 (establish a unified voice) & 2 (align and empower MTS Advocates to influence public policy and advance the importance of the MTS to the American People).*



SUBCOMMITTEE RECOMMENDATIONS



Create a Communications Plan, including Specific Audiences, Channels and Delivery Methods.

- *Use techniques -- including social media -- that reach consumers as well as stakeholders, owners, constituents, and influencers.*
- *Consider specific approaches such as that conducted by the U.S. Navy in 2008 termed a "Conversation with the Country."*





THE U.S. MARITIME TRANSPORTATION SYSTEM NATIONAL ADVISORY COMMITTEE (MTSNAC)

PRESENTATION
WHITE PAPER



WHITE PAPER



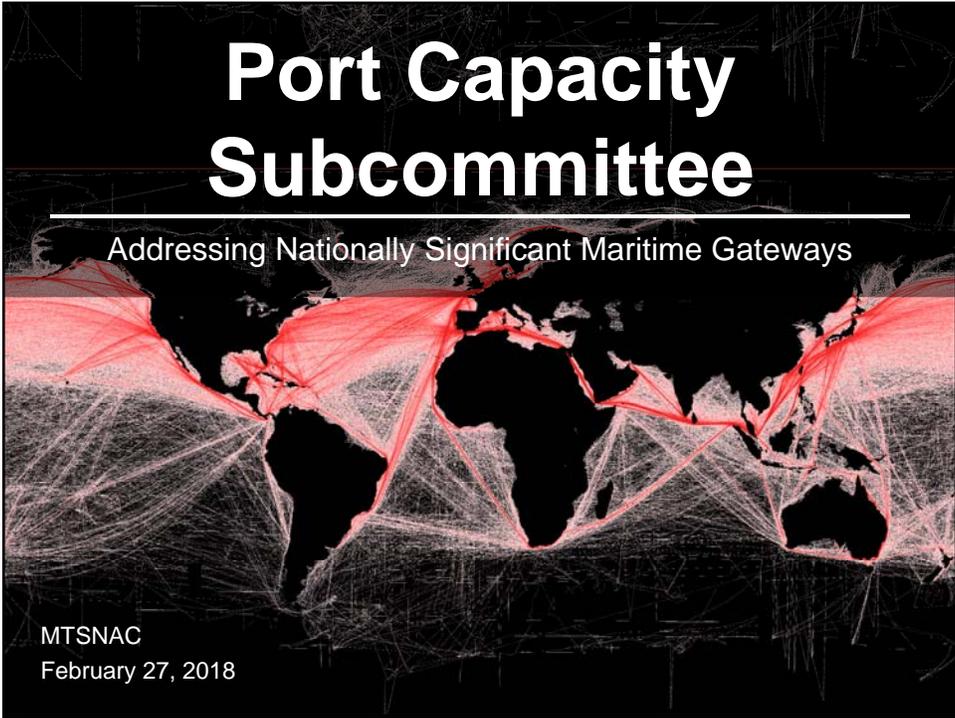
Presenting February 2018

ON TO THE WHITE BOARD VIDEO....



Port Capacity Subcommittee

Addressing Nationally Significant Maritime Gateways



MTSNAC
February 27, 2018



Problem Statement

The nation's Maritime Gateways will either facilitate or impede economic growth. The nation lacks a dedicated effort to assess, develop and maintain port capacity to ensure the identified Gateways support national competitiveness, security and sustainable economic growth.

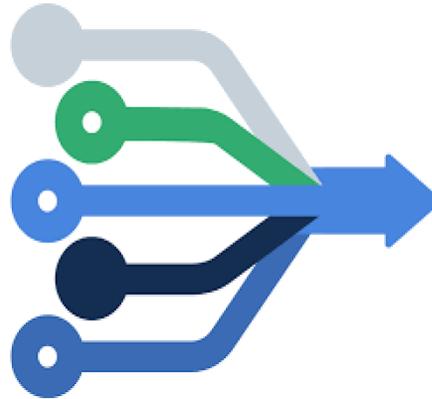
This assumes a supply chain approach, rather than a location-based approach.

2

Objectives

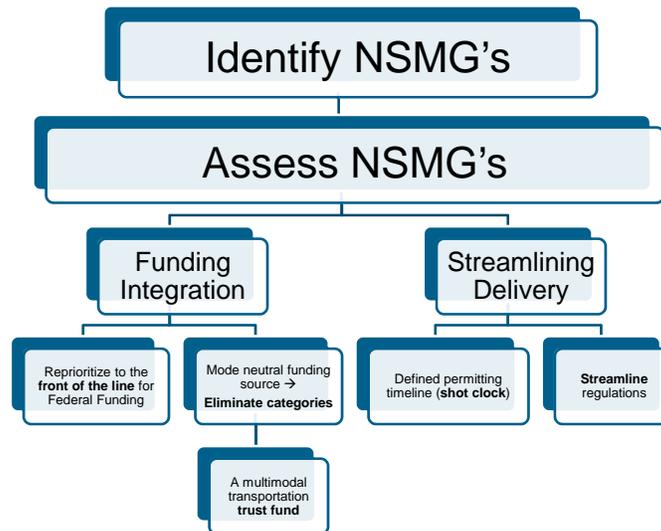
of the Nationally Significant Maritime Gateway (NSMG) approach

1. Identify Nationally Significant Maritime Gateways
2. Assess NSMG's
3. Integrate funding approaches
4. Streamline regulatory processes



3

Proposed Actions For Nationally Significant Maritime Gateways



4

Factors for Identifying Nationally Significant Maritime Gateways

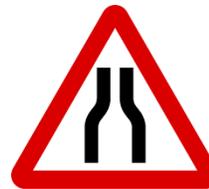
1. Defined by Commodity Groups (separate to compare):
 - Container
 - RoRo
 - Breakbulk/general
 - Dry Bulk
 - Liquid Bulk
 - Military?
2. Resiliency for U.S.:
 - How does this port fit into the national system (National Multimodal Freight Network)?
3. Market reach / impact:
 - Nationally significant to the economy and security of the U.S. → i.e. bananas vs. chlorine
 - Can other ports within the community substitute for this port until more infrastructure can be built?
 - Supply chain disruption resulting from challenges at the port.
4. How does this fit into end-to-end supply chains?

5

Assessment of Nationally Significant Maritime Gateways

After defining a framework for NSMG's, then work to prioritize projects within each commodity group. Build an assessment of financial, institutional, regulatory, and other barriers.

1. Who has capacity chokepoints (i.e. congestion)?
 - Channel depth
 - First and last mile (modal connections)
 - Terminal infrastructure
 - Air draft restrictions
 - Operational constraints
2. Level of planned investment by port and industry (shows commitment to development)
3. Who is being held back by regulatory process?



Shot Clock



6

IMPORTANT STAKEHOLDERS

- Shippers / BCOs
- Port Authorities
- Terminal Operators
- Adjacent Residential Communities
- System (Highway) Users
- Distribution Centers / Warehouses
- Transportation Service Providers
 - Ships
 - Barge
 - Rail
 - Truck
 - Pipeline
- Port Services
- Port Workforce
- Intermodal Equipment Providers (IEP's)
- State government (State DOT's)
- Metropolitan Planning Organizations (MPO's)
- Local Governments
- Regional Transportation Agencies
- Relevant Federal Agencies
 - U.S. Coast Guard
 - USDOT
 - USACE
 - Federal Inspection Agencies (CBP)

Next Steps

1. Finalize the white paper (complete)
2. Develop formal presentation
3. Continue work on the ITS topic
4. Present both to a wide audience ideally to include the MARAD Administrator and the Secretary of Transportation





Marine Highway Subcommittee

- Problem statement: There are significant barriers to Short Sea Shipping/Marine Highways that prevent expanded utilization by new and traditional users.



U.S. Department
of Transportation

1

Recommendation 1

- Designate and recognize Marine Highways as a national strategic asset and prioritize accordingly.
 - Coastwise and inland shipping interdependent with other modes.
 - Places domestic maritime shipping “on par” with other modes
 - Consistent with President’s infrastructure plans



U.S. Department
of Transportation

2

Maritime Transportation System National Advisory Committee

International Competition & Global Trends Subcommittee

Maritime Transportation System National Advisory Committee - Advising the Secretary of Transportation on the Marine Transportation System

Next Steps

- Focus first on existing conditions and context.
- Analyze and recommend based on:
 - Bottom up
 - Top down
 - International competitive context
- Advance three recommendations.

Maritime Transportation System National Advisory Committee - Advising the Secretary of Transportation on the Marine Transportation System

Three Recommendations

1. Review Approved State Freight Plans.
2. Develop a Maritime component to the National Freight Strategic Plan.
3. Address Foreign Competition and Global Trends (*e.g.*, the Belt and Road Initiative).

Maritime Transportation System National Advisory Committee - Advising the Secretary of Transportation on the Marine Transportation System

1. Review Approved State Freight Plans

- The Fixing America's Surface Transportation (FAST) Act requires that each State that receives National Highway Freight Program funding develop a comprehensive state freight plan.
- The FHWA must approve the submitted plan by December each year, in order for the State to remain eligible to continue to receive funding.
- Plans must include a freight investment plan, along with a prioritized list of projects.

Maritime Transportation System National Advisory Committee - Advising the Secretary of Transportation on the Marine Transportation System

Recommendation #1

- MARAD staff should review the Plans and report back to the MTSNAC and other relevant groups on:
 - The locations and types of MTS-related investments that have been identified as priorities.
 - State views of the MTS within a multimodal context and within the framework of state-level economies and freight systems.
 - Additional relevant contextual material.

Maritime Transportation System National Advisory Committee - Advising the Secretary of Transportation on the Marine Transportation System

2. Deliver a Maritime Component to National Freight Strategic Plan

- A national vision and framework is necessary to ensure that state, municipal, and public/private projects are evaluated based on a holistic view of the freight transportation system.
- Create a National Freight Strategic Plan as an overarching policy document that fosters international competitiveness, encourages the greater use of U.S. maritime assets, expands the U.S. maritime fleet, mitigates environmental impacts and encourages maritime traffic.

Maritime Transportation System National Advisory Committee - Advising the Secretary of Transportation on the Marine Transportation System

2. National Freight Strategic Plan (Cont'd)

- Having six components, a National Freight Strategic Plan would be comprehensive, drawing from public, private and academic resources, and shall be revisited on a bi-annual basis to ensure compatibility with evolving national issues involving technology, environmental concerns, changes in demand, regulatory evolution, and unforeseen obstacles.
- It is intended to codify multi-agency directives, providing a clear path to project support and a coordinated national effort to maximize the impact of finite resources to improve performance of the national freight transportation system.

Maritime Transportation System National Advisory Committee - Advising the Secretary of Transportation on the Marine Transportation System

Recommendation #2

- Advance discussions within USDOT and additional federal agencies on the development of the National Freight Strategic Plan.
- Report back to MTSNAC during subsequent meetings on the feedback received.

Maritime Transportation System National Advisory Committee - Advising the Secretary of Transportation on the Marine Transportation System

3. Respond to Foreign Competition (e.g., Belt & Road Initiative)

- China's Belt and Road is the most ambitious engineering effort in human history, expected to impact maritime supply chains and the economic competitiveness of nations, and establish a Sino-centric business environment in the East & West.
- Creates numerous physical and virtual trade connections on the Eurasian and African continents and along the maritime periphery of the Indo-Pacific Ocean.
- Covers three-fourths of landmass, two-thirds of the world's population, 50% percent of global GDP, 70% of global energy reserves, and will stimulate ~\$7 trillion in investment.

Maritime Transportation System National Advisory Committee - Advising the Secretary of Transportation on the Marine Transportation System

Recommendation #3

- MARAD should take a supporting role in formulating a multi-agency, multi-modal competitive strategy.
- USDOT should advance discussions internally and with additional federal agencies on related considerations, approaches and potential actions that consider:
 - International competitiveness
 - Protecting and enhancing existing supply chains
 - National defense.
 - Untapped cargo opportunities with like-minded nations.
- Report back to MTSNAC during subsequent meetings.

Maritime Transportation System National Advisory Committee - Advising the Secretary of Transportation on the Marine Transportation System

Recommendation 2

- Designate a lead agency for maritime transportation.
 - Regulatory and resource management spread over several agencies.
 - Absence of strategic planning, prioritization, and guidance.
 - No champion for domestic maritime transportation.



Recommendation 3

- Seek a “clean” maritime infrastructure funding instrument.
 - Separate from flood control, drinking water, environmental and other non-navigational/transportation programs..
 - Places domestic maritime shipping “on par” with other modes
 - Could be combined with Surface Transportation bill.



Maritime Transportation System National Advisory Committee

International Competition & Global Trends Subcommittee

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Maritime Transportation System National Advisory Committee - Advising the Secretary of Transportation on the Marine Transportation System

Maritime Administration (MARAD)



Research, Development and Technology Strategy

Unclassified



BACKGROUND



- 70% of the earth is covered with water
 - The Ocean is the trading route of the planet
 - 95% of the U.S. foreign trade is transported via ship
- The U.S. Flagged Merchant Fleet
 - Only carries 1.5 % of U.S. Imports and Exports
 - We have lost 25% of our fleet over the past 5 years
 - Our Ready Reserve Fleet is aging out and has an average age of 43 years old
 - Our School ships are aging out and need to be replaced
 - We are 1800 mariners short of meeting our National Security mission needs



Tuesday, March 06, 2018



U.S. Department of Transportation

Why Its Important



- MARAD and the U.S. Merchant Marine have a National Security mission role
- MARAD has as a primary mission to help and bolster a healthy U.S. Merchant Marine
- Our Economy depends on shipping
- Our ship building and industrial base need a healthy merchant fleet
- U.S. Jobs
- Trained and experienced Mariner pool
- Shipping networks
- Increased Safety
- Alternative and cleaner fuels



CoVadem







Tuesday, March 06, 2018



U.S. Department of Transportation

How We Would Like to Structure It



- Leverage:
 - Take advantage of what our sister Departments have done (DOD, DOE)
- MARAD is the Board of Directors
- Situate the RD&T at the Maritime Academies
 - Stimulate the faculty and Students
 - Prepare the next generation of Mariners
 - Create focal points for industry to seek out answers for their challenges
- Heavy emphasis on Commercialization
- Focus Areas:
 - Operational Efficiency
 - Safety
 - Security (physical and network)
 - Ports and Infrastructure
 - Training
 - Autonomous and Remote operations
 - Environmental
- What are we currently doing?
 - RD&T budget at MARAD = Goose Egg
 - META funding: \$3M a year plus-up to do environmental “support”



Tuesday, March 06, 2018

