



Saint Lawrence Seaway Development Corporation

Advisory Board Meeting Minutes

Friday, September 30, 2016 (2:00 p.m.)

Massena, N.Y.; Washington, D.C.

PRESENT

Betty Sutton (Administrator), David McMillan (Advisory Board Chairperson), William Mielke (Advisory Board Member), Wenona Singel (Advisory Board Member), Arthur Sulzer (Advisory Board Member), Nancy Alcalde (Director of Congressional and Public Relations), Chris Guimond (Director of Lock Operations and Marine Services), Carrie Lavigne (Chief Counsel), Tom Lavigne (Associate Administrator), Craig Middlebrook (Deputy Administrator), Kevin O'Malley (Director of Budget and Economic Development), Jeff Scharf (Director of Engineering and Maintenance), Adam Schlicht (Great Lakes Regional Representative), Nancy Scott (Chief Financial Officer), Wayne Williams (Acting Chief of Staff), and Charles Wipperfurth (Deputy Chief of Staff) were present. Chelsea Champlin (Program Support Specialist) and Joy Pasquariello (Public Affairs Specialist) were also in attendance. Mr. McMillan chaired the meeting and Ms. Champlin recorded the minutes.

I. CALL TO ORDER

In his capacity as Board Chairperson, David McMillan welcomed all participants to the Advisory Board meeting and, noting the presence of quorum, called the meeting to order at 2:06 p.m.

II. APPROVAL OF THE MINUTES

On a motion by Ms. Singel and seconded by Mr. Mielke, the Board approved the minutes for the June 14, 2016 Advisory Board meeting. Without objection, the motion passed unanimously, and the June 2016 meeting minutes of the SLSDC Advisory Board were approved.

III. ADMINISTRATOR'S REPORT

Administrator Sutton provided a quarterly update to the Advisory Board membership, including a general overview of SLSDC activities following the previous Advisory Board meeting:

- She welcomed Wayne Williams in his new role as Acting Chief of Staff for SLSDC.
- Overall navigation season commercial traffic to-date is currently trending at 8 percent less than at the same time in 2015. This year's Canadian grain crop is projected to be one of the largest in history.
- She and Mr. Schlicht participated in a domestic trade mission to Houston, where they partnered with the Canadian St. Lawrence Seaway Management Corporation (SLSMC) to host industry meetings, tour the Port of Houston, and participate in the Breakbulk



Americas conference. Mr. Schlicht has worked to develop new relationships with the breakbulk and freight forwarder communities in Houston throughout the past year.

- U.S. pilotage rates were raised in 2016 by an average of 12 percent after the U.S. Coast Guard significantly changed their rate calculation methodology. Stakeholders are displeased and SLSDC has been assisting them in facilitating greater industry participation in discussions on future pilot rate methodology changes. Administrator Sutton and Deputy Administrator Middlebrook also participated in meetings to discuss pilotage fees with the Coast Guard in conjunction with the SLSMC, accompanied by SLSMC President and CEO Terence Bowles and SLSMC Executive Vice President of External Relations Jean Aubry-Morin.
- The U.S. State Department informed the International Joint Commission (IJC) on August 10 that it had received a “green light” from the Council on Environmental Quality (CEQ) to share the interagency agreement upon draft Order of Approval and joint concurrence letter to Global Affairs Canada. Upon completion of negotiations, the joint governmental position on Plan 2014 will be transmitted to the IJC for acceptance. A public announcement on the adoption of Plan 2014 could occur as early as the IJC’s semi-annual meeting in Ottawa in late October 2016.
- The Administrator remarked on Deputy Administrator Middlebrook and Mr. O’Malley’s participation during the Great Lakes Seaway Partnership’s “State Day” in Madison, Wis. This partnership is a public affairs and educational program intended to inform and educate state officials on the economic, environmental, and safety advantages of maritime commerce. In addition to SLSDC’s presence, Wisconsin Governor Scott Walker, his cabinet, and several state legislators also attended. The Partnership was represented by the SLSDC, Great Lakes ports, and other ocean and laker carrier stakeholders.
- The Deputy Administrator added comment that this was the second State Day. He noted the importance of getting a broad coalition of key stakeholders at the same table and at the state level, working together as one “Seaway system”. He saw this as the best way to maximize the asset and raise the profile of the Great Lakes. Upcoming State Days will be held in Columbus, Ohio, and later in Minnesota and Michigan.

IV. QUARTERLY UPDATES

- Mr. Guimond presented his report on Lock Operations and Marine Services. Total completed transits (1,119) and Enhanced Seaway Inspections (179) are both higher this year than this point last year. In terms of performance, he reported 99.7 percent system availability and 99.9 percent lock availability as of September 11, 2016. The Waterway Analysis Management Study was conducted on June 16 which resulted in the decision to permanently discontinue buoys 19, 121, and 121A. These buoys were found to be redundant or unnecessary. Finally, Mr. Guimond reported that an emergency response exercise cohosted by the St. Regis Mohawk Tribal Council and local emergency personnel was recently completed.
- Mr. O’Malley and Ms. Scott presented a joint report on budget and financial management. Mr. O’Malley noted that with the conclusion of FY 2016, SLSDC met all of its year-end financial goals. He went on to discuss appropriations and the FY 2017 continuing resolution, which allows SLSDC to continue all federal operations through December 9 with a small (0.5 percent) rescission. He promised to deliver a full FY 2016



budgetary briefing at the next Board meeting once the SLSDC has presumably received its full fiscal year funding. Ms. Scott reported that all year-end spending has been completed, and the Finance team is currently working to close out the fiscal year with the annual financial statements. The financial audit will begin the week of October 10, the DOT Inspector General will arrive for a quality control review on October 24, and the report is expected to be completed by November 15.

- Mr. Mielke asked about the funding for the Robinson Bay ARP project. Mr. O'Malley responded by explaining that it is a multi-year project for which phase I (purchase of equipment) will be funded in FY 2016. Phase II, for the actual construction of the tugboat, is expected to be an additional \$10-12 million.
- Ms. Lavigne provided a legal report, starting by noting the Civil Penalties final rule, which increased penalties to \$88,613 from \$36,000 for Seaway violations. She went on to update the Board on the status of the International Joint Commission water levels study (Plan 2014), which is on target to be completed in October. Finally, the Seaway International Bridge Corporation received a request from Mohawk Council to make a presentation to the Board, a first of its kind. The Grand Chief will present to the board on December 7. Deputy Administrator Middlebrook added that this is a nice milestone in the relationship between the Mohawk Council of Akwesasne leadership and the Canadian government.
- Mr. Lavigne provided an update on the Asset Renewal Program. He noted that last year's \$8 million budget cut affected the hands-free mooring project implementation schedule. The team was successful in moving money to fund the project and expects it will be completed this winter at Eisenhower Lock. The design for the utilities portion of the hands-free mooring at Eisenhower Lock is now complete and a contract has been awarded. Further resolution of the ice flushing system at Snell Lock is in ongoing discussion with the contractor. Contract proposals for the Robinson Bay tug are being reviewed with one award expected to be given for phase I. Delivery of the tug is expected in June 2018, allowing SLSDC to spread out financing across multiple fiscal years. Last but not least, he reported that vessel self-spotting is on hold as SLSMC is having some technical complications.
- Advisory Board Member Arthur Sulzer joined the call at 3:00 p.m.
- Deputy Administrator Middlebrook provided a report on environmental policy and ballast water. The International Maritime Organization (IMO) Convention on Ballast Water will come into effect as Finland recently became a party to the Convention on September 8, 2016. The U.S. is not a signatory, but because SLSDC is part of the IMO and Canada is a signatory, SLSDC will pay close attention to Canada's final rule. He went on to report that the U.S. has not yet specified a type approved ballast water management system, but drafts are being submitted to the USCG. The next vessel general permits will come out at the end of 2018. Regarding the Vessel Incidental Discharge Act, he updated the Board on the current status which defines the USCG as the regulating agency for ballast water. This role is currently shared at the federal level between the USCG and the Environmental Protection Agency (EPA). Through the Clean Water Act (section 401), individual states also play a role in managing ballast water discharges. With so many



interested in this regulatory area, it remains a sensitive topic, according to Mr. Middlebrook. The SLSDC will be watching closely and report upon progress in future Advisory Board meetings. Finally, he mentioned that the Great Lakes Commission will be hosting a ballast water workshop in Detroit, Mich. on November 16 and 17.

- Ms. Singel asked a question regarding whether there was any guidance on a ballast water treatment system in the IMO. Deputy Administrator Middlebrook responded to say that it does not specify a treatment system, but that it does take into account the guidelines for approval of ballast water management systems from the G8 protocol. They are trying to bring all the protocols to “mesh,” so all systems would have to meet international standards.
- Ms. Alcalde reported on Congressional Affairs and Public Relations, beginning with the Water Resources Development Act (WRDA) authorization bills in Congress. Negotiations have begun in Conference Committee between the House and the Senate with the latest versions including assistance for Flint, Mich. Separately, the Vessel Incidental Discharge Act (VIDA) was included in the House version of the National Defense Authorization Act, but not in the Senate version. At this time it is unclear whether or not WRDA will be included in the final Defense Authorization Bill currently being negotiated by a House/Senate Conference Committee. On a related note, the Great Lakes Restoration Initiative was approved for reauthorization at \$300 million a year. She also reported that the Conference of Great Lakes Governors and Premiers released its regional Maritime Transportation System Strategy on June 15, which engaged stakeholders at the state level. The next phase will be to implement the programs and policies. On the public relations side, the TruScribe “Seaway 101” public educational video has been completed and posted on YouTube. The video is available in English and French, and serves as a concise overview of the Seaway system. She reported that the Eisenhower Visitors’ Center closed with nearly 60,000 visitors from 44 states and 22 countries visiting in summer 2016. Finally, new media continues to bring attention to SLSDC with increased Facebook “likes,” for the SLSDC and Eisenhower Lock pages.
- Mr. O’Malley and Mr. Schlicht provided a joint report on Trade and Economic Development. Mr. O’Malley introduced two new employees to the team, Rebecca Yackley and Chelsea Champlin. Mr. Schlicht reported out on this week’s Breakbulk America’s conference in Houston. The conference created new business opportunities, included a tour of the Port of Houston, and was highlighted by the networking event held on Wednesday night by over 150 attendees. An SLSMC official remarked it as being the “single most well-attended networking event that we’ve thrown under Highway H₂O in the last 10 years.” He went on to note that the Highway H₂O Conference is in final planning stages and will be held in Toronto in November. He remarked on the positive traffic trend in August, despite an overall season that was down approximately 7-8 percent. Finally, he remarked on his role in this new regional initiative over the past 18 months, reiterating that recent speaking opportunities have allowed him to introduce SLSDC to new transportation communities for new business opportunities.



V. OLD AND NEW BUSINESS

Mr. Sulzer shared information regarding the first graduate of their maritime high school having moved on to Fort Schuyler for college-based maritime training. He also noted that he has 170 hours of educational materials and plans to share them with Chairman McMillan.

Chairman McMillan stressed a high priority on having the next quarterly Advisory Board meeting held in person. He suggested traveling to another port or the possibility of coming to Washington, D.C. as a group. Deputy Administrator Middlebrook decided that, due to the Continuing Resolution and the presidential transition, the calendar year fourth quarter Board meeting will be held via teleconference.

Mr. Wipperfurth moved to hold the meeting on the afternoon of December 14, and all parties were in concurrence.

VI. CLOSING DISCUSSION AND ADJOURNMENT

The meeting was adjourned at 3:58 p.m. with a motion to close from Chairman McMillan.

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