

MEETING SUMMARY

MARINE TRANSPORTATION SYSTEM NATIONAL ADVISORY COUNCIL (MTSNAC)

September 27-28, 2005

The Peabody Memphis

Memphis, Tennessee

Council Members and Alternates Present

Organization

American Association of Port Authorities
American Great Lakes Ports Association
American Maritime Congress
American Trucking Associations
Association of Metropolitan Planning Organization
Boat Owners Association of the United States
Coastwise Coalition
Gulf of Mexico States Partnership, Inc.
I-95 Corridor Coalition
Intermodal Association of North America
International Longshore and Warehouse Union
International Longshoreman's Association
Lake Carriers' Association
Maritime Information Services of North America
Maritime Security Council
National Association of Counties
National Association of Waterfront Employers
National Governor's Association
National Industrial Transportation League
National Waterways Conference
Pacific Maritime Association
Propeller Club of the United States
Shipbuilders Council of America
Society of Naval Architects and Marine Engineers
The Waterfront Coalition
U.S. Chamber of Commerce
U.S. Exporters Competitive Maritime Council
United States Maritime Alliance, Ltd. (USMX)
World Shipping Council

Member

Jean Godwin
Steve Pfeiffer
John Gaughan
Curtis Whalen
N/A
Bob Nelson
Paul Bea
Gary Springer
John Baniak
Ted Prince
Terri Mast
John Baker
N/A
Lynn Korwatch
Ron Thomason
Will Smith
Pat Hall
N/A
Dave Updegraff
Worth Hager
Bob Dockendorff
N/A
N/A
Paul Mentz
Rick Gabrielson
Sam Crane
Jim Cook
Carol Lambos
Anne Kappel

Day 1: September 27, 2005

Opening Remarks

John Gaughan, Chair of the Marine Transportation System National Advisory Council (MTSNAC) convened the meeting by welcoming the group and asking for a moment of silence for those that lost their lives in the Katrina/Rita aftermath. **John Gaughan** questioned whether there is a role for the MTSNAC in the ongoing debate about the relief effort.

Approval of minutes from the previous MTSNAC Meeting

A motion was made and seconded to approve the minutes from the previous meeting. The motion was approved.

Report on previous Action Items

Richard Lolich, Executive Director of MTSNAC, reported on the Action Items from the last MTSNAC meeting held in Sacramento.

Action Item 1: Request from the Council to the Sponsor

There was a request from the Council to the Sponsor to help in formatting and distribution of the revised Education Team's supply chain presentation. MARAD has made arrangements to reproduce and distribute the revised presentation in various media.

Action Item 2: Recommendation to the Secretary of Transportation

A MTSNAC resolution expressing support of the Water Resources Development Act was presented at the May meeting. The recommendation was approved and forwarded to Secretary Mineta.

Action Item 3: Recommendation for enhanced LORAN-C for communications

There was a recommendation for enhanced LORAN-C for communications. The results of the Waterways team survey and the discussion at the meeting were sent to the Secretary's office for inclusion with other stakeholders recommendations.

Remarks from the Chair

John Gaughan noted the members of MTSNAC are in a better position to share the information from/about the Education Team presentation and get it out to raise public awareness.

Sponsor Remarks

Maggie Blum, Associate Administrator for Port, Intermodal & Environmental Activities, provided remarks on behalf of MARAD. She indicated that MARAD appreciates the work of the Council and its subcommittees and looks forward to receiving the subcommittees' recommendations. She also noted that the hurricanes have demonstrated the importance of the maritime sector to the nation's transportation system. Hopefully, the coordination displayed will continue not just in times of emergency but also on a daily basis.

MARAD looks forward to getting the reports from all of the subcommittees. **Ms. Blum** informed the group that the federal Committee on the MTS has been formed; Secretary Mineta convened the first meeting in July and that there will be another Committee meeting in November. Secretary Mineta plans to use both of these committees to move transportation-related issues forward.

Port Updates

Richard Lolich provided an overview of the hurricane damage to the Gulf ports and the DOT and MARAD response. Several members of the MTSNAC also gave updates on the status of Gulf Coast ports following Hurricane Rita and Hurricane Katrina.

Presentation: Intermodal Team Report

Sam Crane introduced the work of the Intermodal Team. **Ted Prince** explained that the report's recommendations for improving the MTS were divided into two parts, containing five recommendations for the public sector and five for the private sector. A question and answer session followed the presentation.

It was noted that a hybrid approach was used to bring national attention to the maritime industry's effect on the economy as a whole, while allowing regional variations to address the primary points of the public-private sector planning process. This two level approach also avoids stakeholders being caught in a modal bind and an information bind. This will help to improve the decision making process for all stakeholders.

John Gaughan commended the team for thinking outside the box and noted that this is a great starting point for getting further information funneled into DOT. Discussions took place on the need to integrate and coordinate the industry's recommendations with Homeland Security as a part of continuity of operation plans if an event of significance happens in the future.

It was agreed that transparency and visibility of information has a place in order to increase the capability, capacity and flexibility of the intermodal system in order to relieve port congestion.

Presentation: Education Team Report

Carol Lambos of the Education Team presented the Education team's report. She noted that there have been a few requests for this information. Consequently, MARAD has secured funding to reproduce it so that it can be mass produced and distributed. The original PowerPoint presentation was ready and can be changed and utilized for different purposes.

Ted Prince highlighted the significant changes to the report since the last meeting including the insertion of chapter slides. There was a discussion as to whether there would be a program to introduce Congressional Staffers to MTSNAC. **Ron Thomason** said that he had floated the idea to a few staffers, who received the idea warmly.

It was agreed that the Council's website should be used more often as a vehicle for promoting the Council's message and goals.

A motion was made to approve the Education Team's resolution and to delete the word "imported" and change the word to "international trade." The motion was seconded. There was no discussion on the motion and no objection to the motion. The motion was approved.

Presentation: Corps of Engineers

Rich Worthington of the U.S. Army Corps of Engineers gave a presentation focusing on three areas. The first part of the presentation introduced the Corps and gave a broad overview relating to the Corps mission concerning civil works. The next part of the presentation related to the

challenges faced by the inland transportation system. **Mr. Worthington** wrapped up his presentation by focusing on the Corps' functions during times of emergency management, particularly the Corps' response to Hurricanes Katrina and Rita. He also gave an update as to the Corps' progress in New Orleans. The presentation was followed up with a question and answer session.

The meeting adjourned for the day.

Day 2: September 28, 2005

Opening Remarks

John Gaughan opened the session by thanking Joann Spittle of MARAD for her work in addressing the Council's many needs.

Public Comment

John noted that there was no one signed up in advance to make public comments. The public comment period was opened to the floor.

Bruce Lambert of the International Navigation Association (PIANC) introduced PIANC, gave a brief overview of the organization, and offered to partner with the MTSNAC to offer an international perspective on design criteria and elements related to navigation.

Mark Yonge of Maritime Transport and Logistic Advisors, commented on the General Accounting Office's report on Short Sea Shipping. He indicated there were issues surrounding the statements contained therein, the data and the methodology used to compile the report and highlighted potential flaws. A brief discussion followed regarding the viability of the report.

Susan Clark of the MARAD's Office of Public Affairs spoke on the importance of National Maritime Day. (May 22) She cited a lack of public awareness and asked for assistance from the Council in promoting the National Maritime Day nationwide and in writing a Presidential proclamation for the next National Maritime Day.

Presentation: Gulf of Mexico Corridor Study Update

Gary Springer provided an update on the Gulf of Mexico study. The study is being done in three phases: Market Study; Critical Infrastructure and Port Security. The study looks at a regional approach to the various transportation issues strategically, regionally, bi-nationally and comprehensively. He chronicled the history of the study and role that the Gulf of Mexico plays in the economic infrastructure of our country through tonnage flows, trade ties, refineries, and transportation dynamics.

Waterways Team

Presentation: Waterways Team Report

David Grier presented a report on data collection at the Corps of Engineers. He focused on navigation issues, uses of data, limitations and challenges. Federally, the Corps' Navigation Data Center is the source of waterborne commerce data for other federal agencies, state, local agencies and international use. He talked about the data collection process for domestic carriers, foreign carriers, as well as current funding levels. The presentation was followed up with a question and answer session.

Approval of the Waterways Team minutes

A motion was made to approve the minutes from the Waterways Team and to send a letter to Secretary Mineta requesting that the report from GAO should be pulled until it can be reviewed as a whole.

There was a brief discussion on the motion relating to the letter. **Carol Lambos** suggested that the word “misrepresented” be changed to “overlooked” or “unsubstantiated.” It was agreed that John would sign the letter after the change is made. The motion was then seconded and approved.

Proposed Resolutions of the Waterways Team (All approved Council resolutions are Included at the end of the minutes)

Resolution 1: National Transport Policy Resolution

A motion was made to adopt the resolution to create a National Transport Policy. The motion to adopt the resolution was seconded and approved. And the resolution passed.

Resolution 2: Action Item Recommendations for the CMTS Resolution

A motion was made and seconded to adopt the resolution which recommends to the Secretary of Transportation that several actions items related to the MTS be addressed by the federal Committee on the Marine Transportation System (CMTS). There was discussion on the usage of the words “order of priority.” It was believed the usage of those words will create an impression that other future MTSNAC actions can be excluded from consideration or possibly, de-prioritized. It was suggested that the resolution be clarified to emphasize the Resolution’s relevance to waterways and not other modes. The motion to approve was tabled and it was suggested that all of the Committees should get together to come up with a priority list to give to the Secretary. It was agreed that only the portions that require further discussion should be amended. The motion was taken off of the table to be revisited at a later point in time. The resolution was edited. And the motion was approved as edited.

Resolution 3: Clarification of the Role of the Inter-Agency Transportation Infrastructure Streamlining Task Force

A motion was made to adopt the resolution. The motion to adopt the resolution was seconded. A question was raised about the purpose of the resolution. The purpose of this resolution is to clarify the role of navigation in respect to this task force and to define how the group can work with the Corps of Engineers so that navigation related issues can be moved forward in a more expedient manner. After discussion, the motion was approved.

Resolution 4: Maritime Transportation System Forecast

A motion was made and seconded to adopt the resolution. The purpose of this resolution is to raise the profile of the MTS; further development of the MTS, and to standardize the length of MTS forecasts with the term of those used by the aeronautics industry for public and private sector benefit. A question was raised as to the definition of the phrase long term. It was agreed that the range of ten to twenty years will be used to define the term. The motion was approved.

Resolution 5: Hazardous Materials Transportation

A motion was made and seconded to adopt the resolution. It was noted that this resolution comes close to crossing into other Committees jurisdiction if it encompasses everything. It was clarified that the broadness of this resolution was not intended to cross over into other Committee functional areas, but that the broadness symbolized compromise upon the Team's part. There was no other discussion, and a motion to approve the resolution was made. The motion was approved.

Resolution 6: Harbor Maintenance Tax Exemption

A motion was made to adopt the resolution. The motion to adopt the resolution was seconded.

The purpose of this resolution is to address an issue in the context of coastwise shipping. This was meant to alleviate congestion on land; help entrepreneurs who wish to start/expand new service; relieve an administrative burden and reduce start up expenses by lowering operating costs (in lieu of either asking for operating subsidies or the creation of a new federal program) while minimizing the effect on the federal budget.

A question was brought up regarding the application of the harbor maintenance tax; and why should the Tax be eliminated if the effect on the federal budget is so small. It was noted that the overall purpose of this resolution is to eliminate one disincentive to short sea shipping. It was suggested that the current resolution be expanded to exempt all domestic waterborne traffic from the tax because it will help new carriers to enter the market. It was noted that while the cost is negligible, the international impact looms large due to the implications on importers.

After editorial changes were made to the wording of the resolution, the resolution was renamed to *Removal of One Impediment to Greater Use of Waterborne Transportation: Harbor Maintenance Tax Exemption*. The edited resolution was approved.

Extension of Chairmanship/Vice Chairmanship

A motion was made and seconded to extend the term of **John Gaughan** as Chair of the committee. The motion was amended to extend the term of **Rick Gabrielson** as Vice Chair to run concurrent with John's term as Chair. The motion was approved.

Presentation: Smithsonian Museum

Paula Johnson of the Smithsonian Institution made a presentation, titled “On the Water: Stories of Maritime America” highlighting the influence of the maritime’s industry on America. She noted that the exhibit will be on display for a minimum of 20 years. Historically, the exhibition will commence in the 17th century and will progress to the present time, exploring the web of economic and cultural connections that have been created in the development of water towns and cities. The Smithsonian’s team has been working on this for the last three years and is a priority project. The budget for the project is four million dollars; the museum has currently raised one hundred thousand dollars and the museum is looking for support from the Council toward raising the remaining funds. If the remaining funds are not raised by April of 2006, the process will likely be shelved. A resolution was made to support the museum’s efforts. The motion to adopt the resolution was seconded and the resolution was approved.

Intermodal Team

Action Item: Submission of the Intermodal Team’s report

A motion was made to submit the Intermodal Team’s report to the Council. The changes that were requested were made. The motion to adopt the resolution was seconded and approved.

Intermodal Team Resolution

A motion was made to adopt the resolution to accept the Intermodal Team’s report and forward it to the Secretary of Transportation. The motion to adopt the resolution was seconded. There was no discussion on the motion. The motion was approved.

Education Team

Education Team Work Plan

Carol Lambos presented an Education Team work plan to identify and advise the private sector response to natural disasters, such as the recent hurricanes. However the meeting was adjourned in the middle of this discussion so that the Council could attend the luncheon with Secretary Mineta. It was requested that all members of the Committee submit information to the Education Team regarding their efforts during Hurricane Katrina.

Luncheon

Regional reports

The meeting resumed after the luncheon. Due to time constraints, the North Atlantic and CALMITSAC reports will be forwarded to the members after the meeting. **David White** of the South Atlantic Marine Transportation Organization (SAMTSO) reported that SAMTSO was being reinvigorated and is looking to MTSNAC for assistance.

Closing Remarks

It was agreed that the next meeting of the Council will take place in January or February of 2006 in Florida. The date and exact location will be determined at a later point of time. However, it was agreed to have a meeting in May of 2006 in Washington, DC to coincide with National Maritime Day.

Going forward, it was suggested that subcommittee reports and resolutions be made on the first day, so if edits are needed, they can be done and represented between the first and second day.

John Gaughan then reviewed the Council's Action Plan from this meeting:

- 1) Chair and Vice-Chair will meet with Secretary Mineta to present the Council's Intermodal and Education Teams' reports;
- 2) Education Team will work with MARAD to reformat and distribute the team's supply chain presentation; and
- 3) All Council members are to respond to the Education Team's work plan request within 30 days.

A motion was then made to adjourn the meeting. The motion was seconded and approved. The meeting was adjourned.

APPROVED COUNCIL RESOLUTIONS

Letter to GAO re Short Sea Shipping Study

The Honorable Norman Y. Mineta
Secretary of Transportation
U.S. Department of Transportation
400 7th Street, S.W.
Washington, DC 20590

Dear Secretary Mineta:

On behalf of the Marine Transportation System National Advisory Council, we hope that you will forward the following comments to the General Accounting Office (GAO) concerning their recent report, "*Freight Transportation: Short Sea Option Shows Importance of Systematic Approach to Public Investment Decisions*" (GAO-05-768). The MTSNAC commends GAO on its efforts to identify when public investment should be made in the Short Sea Shipping initiative. However, as there now exists a Committee on the Marine Transportation System that will address such issues across agency borders, this report would be more helpful if it approached the Short Sea Shipping initiative on a holistic basis. In addition, we believe some key points were either overlooked or unsubstantiated. Therefore, we strongly urge that you recommend to GAO that the report be withdrawn in order to take into account new developments as well as the following concerns:

- The report acknowledged that using the case studies of two short sea shipping operations produces information that is not necessarily transferable to other operations. Nevertheless, GAO chose to make recommendations based upon those two relatively young-in-service-company case studies rather than draw from the broad and multi-faceted services that have been in operation for many years. In addition, there was a less-than-favorable scope of review of the current state of each of those chosen services, as the broad range of economic analysis involved in decision-making was not explored.
- The review of literature appears cursory as answers to several of the questions in the report are readily available.
- The efforts of the Department of Transportation (DOT) and the Maritime Administration (MARAD) have been completely mischaracterized, and indeed, the report reflects a thorough lack of awareness of the ongoing research, inter-agency coordination and stakeholder partnership efforts currently in place.
- Two of the basic underlying assumptions bias the report. Performance-based budgeting measurements are tools that help inform policies makers, not policy indicators unto themselves. Nevertheless, while acknowledging that dichotomy, the report still advocates the latter. Second, the report assumes that mode share of

traffic should be equal---an underlying assumption that in no way reflects market conditions as it relates to reliability of transport options.

- The analysis recommended by GAO is one already used by the U.S. Army Corps of Engineers, one of the partners of DOT in decision-making on the future of the marine transportation system, and as such, is readily available as a decision-informing tool.

We have seen from the European model that Short Sea Shipping can become an integral component of economic sustainability. It has the potential to relieve freight transportation congestion as well as reduce emission pollutants and lower accident rates, but it generally takes time for shippers to become familiar with new operations, as well as gain trust in transport reliability. For instance, containers-on-barge are now commonplace in Europe, with movements increasing from 10,000 units in 1975 to 45,000 units in 1991 and 2,300,000 units in 2003. Here in the U.S., container-on-barge is already established on the Columbia-Snake River system and has grown from 125 containers in 1975 to 50,000 in 2000. There are already at least 14 existing short sea carriers in the continental United States, Alaska, Hawaii and Puerto Rico. The GAO report chose to highlight only two of the relatively nascent operations rather than those with long-standing records of operation from which to glean the areas in which public investment have or would have been helpful. This made the conclusions based upon the credibility of the methodology highly suspect.

As for the use of the two Short Sea Shipping examples, in the description of the Osprey Line service, there was neither mention of the expansion of the successful service into the heartland of America nor any discussion as to how ongoing DOT/MARAD initiatives have raised the awareness level of ports and shippers, leading to an increase in their waterway traffic. The Port Inland Distribution Network (PIDN) partnership with the Port of New York/New Jersey has been slowly gaining ground, but its lack of quick shipper acceptance seems to be seen as problematic by GAO when in fact, the service is not yet fully established. Both have the added benefit in that their very existence has led some private entities to consider similar proposals in other areas of the congested northeast.

To all in the marine industry, it has been clear that DOT/MARAD has been taking a cautious approach towards Short Sea Shipping, demanding thorough research not just on existing services, but on vessel options as well as shipper concerns. DOT has been diligent in its quest to integrate other federal agencies' interests, seeking stakeholder input into areas needing research as well as serving as a clearinghouse for available information gathered. We believe the thrust of the overall DOT/MARAD effort might best be described as a research/awareness campaign to promote private investment in a initiative that has much potential for easing freight congestion rather than a public investment program like that of Europe. While the Department has been actively engaged as facilitators for promoting private initiatives, efforts have been timid, at best, in considering avenues of public investment---completely contrary to the assertions in the report.

The report fails to address any of the ongoing DOT/MARAD partnership efforts such as the Inland Waterways Intermodal Cooperative Program (IWICP), the Heartland Intermodal Program (HIP), the Short Sea Shipping Cooperative Program (SCOOP), the Marine Transportation System National Advisory Council (MTSNAC) or the Committee on the Marine Transportation System (CMTS), all of which are actively engaged in seeking solutions for future congestion of our freight system, including Short Sea Shipping.

For all of the above reasons, we hope that you will relay to GAO that we firmly believe this report should be withdrawn until a more credible effort can be undertaken.

Sincerely,

John Gaughan, Chairman

**RESOLUTIONS FOR THE MARINE TRANSPORTATION SYSTEM
NATIONAL ADVISORY COUNCIL, SPONSORED BY THE
WATERWAYS COMMITTEE**

#1 – National Transport Policy

Whereas, the recently enacted SAFETEA-LU establishes a National Surface Transportation Policy and Revenue Study Commission to study “current and future needs of the surface transportation system” and develop a “conceptual plan” and make recommendations that will serve the nation’s future transportation needs, and

Whereas, the United States would benefit by an integrated national intermodal transportation policy to seamlessly link the rail, truck and waterborne modes and eliminate port, highway, and rail congestion that impedes the efficient flow of commerce, and

Whereas, U.S. policy should advance integrated and multimodal solutions to surface transportation system congestion problems and long term capacity needs to take full advantage of the economic, environmental and social benefits that each mode in the MTS can offer, and

Whereas, the Secretary of Transportation has identified the nation’s transportation system as vital to the nation’s economy and in need of improvements, some of which are addressed in the Administration’s Freight Action Agenda of 2004, and

Whereas, the European Union offers an example of a continental effort to establish an integrated intermodal transportation system policy and actions to improve system capacity and intermodal freight mobility.

THEREFORE BE IT RESOLVED that the MTSNAC recommends that the Secretary of Transportation, in his role as chairman of the National Surface Transportation Policy and Revenue Study Commission, should seek to enhance the Marine Transportation System and its contribution to the national transportation system capacity and especially freight mobility.

#2 Action Item Recommendations for the CMTS

Whereas, the Secretary of Transportation is the newly appointed Chair of the Cabinet-level Committee on the Marine Transportation System (CMTS),

THEREFORE BE IT RESOLVED that the MTSNAC recommends to the Secretary of Transportation that the following action items be addressed by the CMTS:

- 1) The development of ongoing conditions and performance reports on the Marine Transportation System, highlighting the interconnectivity of the MTS modes, and addressing such issues as:
 - a. the state of infrastructure on the inland and coastal waterways system,
 - b. the cost to the nation of lightering and light-loading, and
 - c. the state of intermodal connectors;
- 2) The improvement of data resources and statistical analysis through:
 - a. An assessment of data resources of relevance to transportation and commerce and within all Federal agencies,
 - b. The adoption of common assumptions to be employed by the agencies, and
 - c. The prompt conclusion of interagency agreements to resolve any outstanding issues regarding the timely sharing of data with the Bureau of Transportation Statistics, the Institute of Water Resources, and other interested statistical offices;
- 3) A review of current and anticipated requirements of the nation's transportation infrastructure to support economic vitality, national defense preparedness, environmental stewardship, hazardous material transportation and national security;
- 4) An evaluation of the impact of the Endangered Species Act on the Marine Transportation System.

#3 Clarification of the Role of the Inter-Agency Transportation Infrastructure Streamlining Task Force

Whereas, the Secretary of Transportation is Chairman of the Inter-Agency Transportation Infrastructure Streamlining Task Force, and

Whereas, key maritime projects under the missions of the U.S. Army Corps of Engineers have been delayed and their costs affected due to the requirements of the review process, and

Whereas, the Assistant Secretary of the Army for Civil Works is responsible for the evaluation and implementation of transportation improvement projects.

THEREFORE BE IT RESOLVED that the MTSNAC recommends that the Secretary of Transportation explore with the Assistant Secretary of the Army for Civil Works how the work of the Task Force could improve the delivery of U.S. Army Corps of Engineers transportation-related projects.

#4 Maritime Transportation System Forecast (revised 9.22.05)

Whereas, the value of periodic demand forecasts for the Marine Transportation System (MTS) is highlighted in the recent Transportation Research Board Report on the “The Marine Transportation System and the Federal Role,” and

Whereas, the Federal Aviation Administration prepares and publishes annual long-range aerospace forecasts to support decision-making and planning by industry and government at all levels, and

Whereas there is no comparable long term forecasting done for the Marine Transportation System, and

Whereas, an annual maritime sector forecast would be beneficial, for example, to the U.S. Army Corps of Engineers in evaluating near term transportation modal choice trends, and for establishing a basis for assessing environmental issues attendant to growth in commerce, and

Whereas the MTS is comprised of a number of transportation modes, including ocean, terminal handling, rail, truck and conveyance by inland waterway, and

Whereas use of the infrastructure supporting these modes is not limited to freight transportation, and

Whereas components of the MTS are owned by multiple entities operating independently, including private companies engaged in the various transportation modes as well as terminal operators, shippers, federal, state, local governments and port authorities, each producing its own forecast.

THEREFORE BE IT RESOLVED that the MTSNAC recommends that the Secretary of Transportation initiate annual, ten (10) to twenty (20) year forecasts for the Marine Transportation System and each of its modes based on a set of criteria developed in collaboration with industry representatives, which would provide consistent data and analysis on trends in shipping, future demands on infrastructure, and other information that would be of value to government as well as businesses involved in the Marine Transportation System.

#5 Hazardous Materials Transport

Whereas, the transport of hazardous materials, and substances otherwise classified as hazardous, if any, is receiving increased scrutiny as a potential weapon of terrorism and over concerns for community safety, and

Whereas, the safe transport of hazardous materials, and substances otherwise classified as hazardous, is vital to the economy of the United States, and

Whereas, a key component of federal freight transportation policy is the safe transport of all cargo.

THEREFORE BE IT RESOLVED that the MTSNAC recommends that the Secretary of Transportation review and determine the benefits of various modes for transporting hazardous materials within the United States and review the governing policies, procedures, and regulations as needed

THEREFORE BE IT FURTHER RESOLVED that the Secretary of Transportation determine whether Federal policies, procedures and regulations in any way discourage the use of the Marine Transportation System in the transport of hazardous cargo.

THEREFORE BE IT FURTHER RESOLVED that the MTSNAC recommends that the Secretary of Transportation, in cooperation with the Secretary of Homeland Security, the Secretary of Energy and the Administrator of Environmental Protection Agency, review the policies, procedures, and regulations governing the transportation and security of hazardous materials and dangerous goods to determine if changes are warranted to address the potential for terrorism and related community concerns.

#6 Removal of One Impediment to Greater Use of Waterborne Transportation: Harbor Maintenance Tax Exemption

Whereas, the Harbor Maintenance Tax is collected on the value of passenger ship tickets, import cargo, and cargo in the domestic trade, and cargo leaving foreign trade zones;

Whereas, the Harbor Maintenance Tax was established by Congress primarily to collect revenue to offset the cost of maintaining the Federal navigation channel system and the Harbor Maintenance Trust Fund was established to account for the Harbor Maintenance Tax receipts

Whereas, the Federal Budget of FY 2006 estimates that the Harbor Maintenance Trust Fund will have total receipts and collections, including interest, of \$1.144 billion in FY 2006 and an accumulated end of year surplus of \$3.1 billion;

Whereas, the collections on cargo shipped between US ports was \$27.8 million in FY 2002 (the last reported figure), representing 4.25 percent of the net Harbor Maintenance Tax collection;

Whereas, it is estimated that nearly all of the Harbor Maintenance Tax receipts collected on cargo in domestic trade is accounted for by petroleum and other bulk commodities, and that the coastwise shipment of general cargo in containers and trailers represents an extremely small percentage of domestic shipments;

Whereas, the U.S. Army Corps of Engineers Institute of Water Resources, using 2004 data, estimates that the Harbor Maintenance Tax collection on containerized cargo may account for revenue totaling under \$2 million per year.

Whereas, major land-based transportation corridors such as the I-95, I-5 and I-10 corridors are increasingly congested and projected to become an even more serious transportation problem in the next decade;

Whereas, the Harbor Maintenance Tax collected on an average container of cargo can be as substantial as \$100, and private sector entities engaged in developing coastwise service for general cargo find it to be a costly addition to the price of services and a discouragement for the use of waterborne transportation;

Whereas, the Detroit-Windsor Truck Ferry experience demonstrates the value of waterborne options for trucking in the transport of hazardous cargo and also reveals how the Harbor Maintenance Tax discourages ferry use by trucks traveling to the United States from Canada;

Whereas, the Harbor Maintenance Tax effectively prevents almost all waterborne movement of container or trailer shipments, including shipments of hazardous materials, from Canada or Mexico, where highway border congestion is most acute;

Whereas, in a letter to the President's Advisory Panel on Federal Tax Reform the Coastwise Coalition and American Association of Port Authorities identified numerous reasons why the Harbor Maintenance Tax has discouraged the development of congestion relieving and environmentally beneficial waterborne transportation;

Whereas, it is in the national interest that private transportation solutions are created to add capacity to the national transportation system through the greater use of waterborne transportation but such entrepreneurial solutions are discouraged by the application of the Harbor Maintenance Tax;

Whereas, international cargo that enters the United States by sea and then is transferred to a second vessel for a move between the U.S. port of entry and a second U.S. port is charged the Harbor Maintenance Tax twice; and

Whereas, other developed nations have transportation policies that do not impose taxes on such waterborne movements and, conversely, provide financial incentives for the use of waterborne transportation.

THEREFORE BE IT RESOLVED that the Marine Transportation System National Advisory Council urges the Secretary of Transportation to seek the support of the Bush Administration for elimination of the Harbor Maintenance Tax as it applies to intermodal cargo moved in the domestic trade by container or on wheeled vehicles; and

THEREFORE BE IT FURTHER RESOLVED that the Marine Transportation System National Advisory Council recommends that the Secretary of Transportation consider any other exemptions of the Harbor Maintenance Tax that would advance the use of waterborne transportation for cargo in the short sea trade and would be in keeping with the international commerce interests of the United States.

MTSNAC EDUCATION TEAM R E S O L U T I O N

WHEREAS, it is the mission of the MTSNAC Education Team to study issues relevant to the nation's marine transportation system in an effort to prepare briefing materials for MTSNAC members to ensure an appropriate knowledge base for MTSNAC discussion, activities, and recommendations.

WHEREAS, it is the further mission of the MTSNAC Education Team to prepare materials that support MTSNAC objectives, as well as inform the Department of Transportation and general public.

WHEREAS, as our nation's economy becomes increasingly reliant on international trade cargo, efficiency in the supply chain becomes more critical. The congestion experienced at the nation's busiest ports in the summer and fall of 2004 and the aftermath of Hurricane Katrina illustrates that our current system is vulnerable and the domestic infrastructure in certain areas is challenged beyond its capacity impacting the system's ability to effectively meet the current demand for cargo movement. As a result of these experiences and in light of further projected increases in cargo volume, it is imperative that industry and government examine the system and challenges to the velocity in which we bring goods to market.

WHEREAS, there was a consensus among MTSNAC members who believe that not enough information about the big picture of cargo transportation logistics is readily available to industry stakeholders, policy makers, and the general public.

WHEREAS, in an effort to present an accurate picture of the system in a transparent manner, the Education Team was tasked with creating an informational piece on international cargo transportation logistics.

WHEREAS, it was intended that this piece would form the basis for further MTSNAC study of the system and identify challenges that can be identified and presented to the Department of Transportation, policy makers, and general public.

WHEREAS, the MTSNAC Education Team created this presentation and presented it to the full MTSNAC at its meeting in Sacramento, California.

WHEREAS, the full MTSNAC was invited to discuss, comment on, and offer suggestions on the presentation.

WHEREAS, there was a consensus that the presentation succeeded in educating MTSNAC members on the international supply chain and some of the challenges it faces.

WHEREAS, there was a consensus that the presentation should be adopted by the full MTSNAC as a MTSNAC work product.

WHEREAS, there was a consensus that the presentation once adopted should be presented to the Department of Transportation, policy makers, and the general public.

IT IS HEREBY RESOLVED, that the presentation of the Education Team on the international supply chain is adopted as a MTSNAC work product.

IT IS HEREBY FURTHER RESOLVED, that the presentation of the Education Team on the international supply chain should be presented to the Department of Transportation, policy makers, and the general public.

SMITHSONIAN RESOLUTION

It is hereby resolved that the Marine Transportation System National Advisory Council supports the efforts of the Smithsonian National Museum of American History in creating an exhibit "On the Water," and commends the Smithsonian on its undertaking.

MTSNAC INTERMODAL TEAM RESOLUTION

Whereas, the Marine Transportation System National Advisory Council (MTSNAC) Intermodal team was asked to study issues and report on the domestic intermodal transportation of cargo and the capacity of the system to handle current demand and anticipated growth.

Whereas, the Intermodal team embarked on a project to study relevant published data and seek first-hand information from impacted stakeholders relating to intermodal capacity challenges.

Whereas, the Intermodal Team prepared a report of its research and first-hand knowledge.

Whereas, the Intermodal Team concluded there is a need for a national freight policy to address the need for additional intermodal capacity.

Whereas, the Intermodal Team further deliberated and compiled specific recommendations for short term solutions that can be implemented by the public and private sector on both the national and regional levels.

Whereas, the report including its recommendations was presented to the full MTSNAC and vetted at the full MTSNAC meeting held on September 27, 2005, in Memphis, TN.

Whereas, MTSNAC members had the opportunity to discuss, comment on, and edit the Report.

Whereas, there was consensus that once adopted the Report should be forwarded by MTSNAC Sponsor MARAD to the Secretary of Transportation, and thereafter policy makers and the general public.

It is hereby resolved, that the Intermodal Report entitled: Recommendations to the Secretary is adopted as a full MTSNAC work product.

It is hereby further resolved, that MTSNAC Sponsor MARAD should present the report to the Secretary and thereafter present it to relevant policy makers and the general public.

MTSNAC EDUCATION TEAM WORK PLAN

Preliminary Project:

The MTSNAC will assess its role in advising the federal government in its future response to national disasters, a potential transportation security incident, or other Marine Transportation System (MTS) interruption.

GOAL: Identify private sector's non-federal responses to Hurricanes Katrina and Rita in an effort to learn from the past and plan for the future. We are seeking to analyze what actions MTSNAC member organizations took and continue to take to:

- Restore the system
- Restore service
- Provide aid
- Help with future recovery planning

OBJECTIVE: A compilation of private sector and non-federal MTS stakeholder responses and recommendations for future planning.

TASK: Each Marine Transportation System National Advisory Council (MTSNAC) member to provide a brief outline of any actions taken in response to Hurricanes Katrina and Rita

- Provide response to Education Team