

Meeting Summary

Marine Transportation System National Advisory Council (MTSNAC)

July 26-27, 2006

Norfolk Marriott Waterside Hotel
Norfolk, Virginia

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 State Partnerships, 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
U.S. Chamber of Commerce
U.S. Exporters Competitive Maritime Council
United States Maritime Alliance, Ltd.
The Waterfront Coalition
World Shipping Council

Member

John Mohr
Steve Pfeiffer
N/A
Curtis Whalen
N/A
Bob Nelson
Paul Bea
David McDonald
George Schoener
Ted Prince
Peter Peyton
John Baker
Jim Weakley
Lynn Korwatch
Ron Thomason
Will Smith
Pat Hall
N/A
Peter Gatti
Worth Hager
Bob Dockendorff
John Gaughan
N/A
Paul Mentz
Sam Crane
Jim Cook
Carol Lambos
N/A
N/A

Day 1, July 26, 2006

Opening Remarks

John Gaughan, Chair of the Marine Transportation System National Advisory Council (MTSNAC), convened the meeting at 8:40 am and thanked the Virginia Ports Authority and the Virginia Maritime Association for the previous evening's water tour of the port. He also introduced **Ms. Julie Nelson**, Acting Deputy Maritime Administrator and **Ms. Kerry O'Hare**, Assistant to the Secretary for Policy. **Mr. Gaughan** then directed the Council's attention to a recent paper delivered to the Intermodal Association of North America (IANA) by **Ted Prince**, entitled "Investing in America's Future – The Need for an Enlightened Transportation Policy." **John Gaughan** emphasized that time is of the essence. The urgency of this issue is discussed in **Mr. Prince's** report. **Mr. Gaughan** pointed out that without action to address the problem you can expect hearings to investigate what went wrong.

Mr. Gaughan noted the presence of **Helen Brohl**, the newly appointed Executive Director of the CMTS Executive Secretariat, and that she was scheduled to address the Council on CMTS actions and efforts. He also expressed his desire to appoint a MTSNAC member to each of the CMTS' Integrated Action Teams (IATs).

Sponsor Remarks

Ms. Julie Nelson, Acting Deputy Maritime Administrator, reaffirmed the MTSNAC's importance to the Department of Transportation. She noted the retirement of **Secretary Mineta** but indicated that the Department will still be focused on congestion issues. She thanked MTSNAC for its past reports on congestion and the supply chain and indicated that they were well received by the Secretary and he approved them for public distribution.

Approval of minutes from the previous MTSNAC Meeting

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

General Discussion

Steve Pfeiffer advised the Council that a study on vessel emissions will be presented at the Society of Naval Architects and Marine Engineers (SNAME). The local Cleveland Metropolitan Planning Organization (MPO) had learned that the marine sector was the major producer of Nitrogen Oxide emissions in that area. This is an important issue for the marine sector and **Mr. Pfeiffer** offered to present the study's findings at the next MTSNAC meeting. **Paul Bea** emphasized the need for better MTS outreach and education in Washington.

Report on previous Action Items

Richard Lolich, Executive Director of the MTSNAC, reported on the action items from the last MTSNAC meeting held in New Orleans:

- 1) **Education Presentation will be formatted for use by MTSNAC members.**
MARAD has produced hard copies of the Education Team's presentation for review by the Council. That hard copy is included in the members' folders. Subject to the Council's approval, this presentation will be reformatted to CD.
- 2) **MTSNAC Resolution on Maritime Administrator Vacancy.**
The Administration has proposed the name of Sean Connaughton as the next Maritime Administrator. His confirmation hearing is scheduled for tomorrow, July 27th.

Education Team Presentation

Ms. Carol Lambos, Co-Chair of the Education Team, expressed thanks to **Mr. Ted Prince** for his major contributions to the team project. **Mr. Prince** then briefed the Council on certain revisions to the Education Team's Global Supply Chain educational presentation. The Council unanimously re-adopted the revised presentation as a MTSNAC product and requested the Executive Director to post the presentation on both the MTSNAC and MARAD websites. It was suggested that the presentation should be presented to the White House. **John Gaughan** assured the Council that this would be pursued through the appropriate chain of command. **Sam Crane** pointed out that in addition to the federal policymakers, MTSNAC needs to get the message out to the media and the general public.

Discussion on Education Team Revised Report

The Council then discussed the challenges facing the Marine Transportation System (MTS) and MTSNAC, including the expansion of the Panama Canal, the use of Pacific Northwest ports to provide relief for the ports of Los Angeles/Long Beach, and the role of Short Sea Shipping in freight congestion relief. It was pointed out that Short Sea Shipping is more widely used in Europe than in the U.S. due to European policy considerations.

Ron Thomason added that the real challenge is to educate people **outside** this room. Security is also an important component to increased capacity and efficiency.

It was suggested that the Council keep this presentation updated as events occur. **Peter Gatti** added that although this report is on the right track, there are other issues, such as capacity, velocity and population growth, that need to be address. It is important to identify the key issues for the various constituents throughout the MTS in order to help them better understand the system. A suggestion was made to quantify the effect of transportation bottlenecks on the economy so that policy makers can and will address the issues.

Intermodal Report Update

Sam Crane and **Ted Prince** provided the Council with an update on the 2005 MTSNAC **Intermodal Report**. The two public sector recommendations that seem to have made the most impact are making intermodal freight movement a national priority and enabling timely, consistent, and accurate measurement of capacity and productivity. Progress is being made on both of these issues. Concerning the private sector recommendations, noticeable progress has been made on four of the five recommendations: evening the flow of freight across the existing system, improving the attractiveness of harbor trucking for owner-operators, improving the management of chassis, and better management of free time. It was noted that data and data gaps were significant issues and the Council requested that a MTSNAC Data Working Group be established under the direction of the Intermodal Capacity and Operations Team. **The Council then adjourned for lunch.**

Miscellaneous Matters

When the Council reconvened, **Carol Lambos** suggested that MTSNAC formally recognize Secretary Mineta's efforts and support for MTSNAC over the past five years. It was agreed that **Ms. Lambos** would draft appropriate language and present it to the Council tomorrow.

Bob Dockendorff expressed his concern that historically the Maritime Administration (MARAD) collected and disseminated a wealth of MTS data, but that it no longer does that. The MTS stakeholders would like MARAD to again collect and disseminate this type of data.

John Gaughan then directed the Council's attention to one of the public sector recommendations: recognize and support regional freight solutions. He suggested that the Council may wish to identify one or two infrastructure projects in each region and the potential cost. **Peter Peyton** responded that the issue is not always the cost, but the impediments to completing infrastructure projects. It was also suggested that instead of identifying projects, criteria should be established to determine the value of projects, which is what the Federal Highway Administration does. One member suggested that we need to identify four or five projects that absolutely need to be completely within the next four or five years. Some members were uncomfortable about setting priorities within regions, since this was akin to picking winners and losers. **Jim Cook** suggested that the Council listen to the regional groups to see what can be done regionally to improve the MTS.

CMTS Presentation

Helen Brohl, briefed the Council on the status and activities of the CMTS and the Executive Secretariat (ES). She emphasized that the CMTS is an action oriented group and that she was working closely with the five Integrated Action Teams (IATs) to address critical MTS issues. She cautioned the Council not to allow its data working group to duplicate the efforts of the CMTS Data Collection and Management IAT. She would like to create a public/private working group to address the data issue.

Address by the Virginia Maritime Association

Mr. Arthur W. Moye, Jr., Executive Vice-President of the Virginia Maritime Association (VMA) welcomed the group to Norfolk and gave a brief overview of the Hampton Roads maritime community and its contribution to the economy of Virginia and to the entire mid-Atlantic region. He then introduced **Mr. David White** of both VMA and the South Atlantic Marine Transportation System Organization (SAMTSO) who briefed the Council on the efforts of SAMTSO to identify and organize the major MTS stakeholders in the South Atlantic region. One of the major issues which SAMTSO is addressing is better chassis pool management. **Mr. Joe Ruddy**, General Manager of Virginia Intermodal Management, Inc., provided an overview of how the carriers, truckers and the port developed a common container chassis pool throughout the port area. The result has been better chassis utilization, consistent higher chassis maintenance standards, and a reduction in the overall number of chassis required throughout the port even though the number of containers handled has increased. The group will have a chance to see the chassis pool in action tomorrow during a visit to the port.

The meeting was adjourned for the day.

Day 2, July 27, 2006

Opening Remarks

John Gaughan convened the meeting at 8:40 a.m. and introduced **Ms. Bahar Barami**, a representative from the Volpe National Transportation Systems Center in Boston. The Volpe Center is an innovative, federal, fee-for-service organization within the U.S. Department of Transportation (DOT). Its work is performed primarily for DOT, as well as other federal agencies and state, local, and international entities.

Public Comment Period

Mr. Raymond Barberesi, of MTS Corporation, addressed the Council. **Mr. Barberesi** presented three items to the Council for consideration:

1) Port Security in the U.S.

He suggested an examination of security costs and their effect on competitiveness. In his opinion the U.S. government is not providing sufficient funds in the Department of Homeland Security's Port Security Grants Program to cover these increased costs.

2) Domestic Shipping

He urged that consideration should be given to help fund certain Jones Act trade services, similar to the Maritime Security Program (MSP) which funds foreign-owned corporations who operate U.S.-flag vessels.

3) MTSNAC Administration Support

He noted that the CMTS could be a powerful organization just like MTSNAC but

expressed concern about administrative support for MTSNAC. He pointed out that the MSNAC charter calls for three (3) federal employees. The CMTS has a Senior Executive Service (SES) as its Executive Director, plus staff. The Maritime Administration supports MTSNAC with existing staff. He urged that increased staffing level plus an SES for Executive Director for MTSNAC should be considered by DOT and MARAD.

Julie Nelson responded that MARAD would review this last recommendation.

MTS Regional Reports

South Atlantic Marine Transportation System Organization (SAMTSO) - Mr. David White gave an overview of the Port of Norfolk and the proposed APM (Maersk) Terminal, scheduled to open in July 2007 with a total annual capacity of 2.1 million TEUs. He also briefed the Council on the ongoing regional driver education program, aimed at encouraging more young people to become full-time regional truck drivers. **John Gaughan** pointed out that this was a good example of concrete developments and regional solutions to issues, as highlighted by the driver education program.

California Marine and Intermodal Transportation System Advisory Council (CALMITSAC) - Mr. Norman Fassler-Katz began his presentation by thanking both MTSNAC and the Maritime Administration for their support of CALMITSAC over the past few years. He noted that one particular challenge for CALMITSAC is for members to act as a bridge between the group and California state legislative representatives. CALMITSAC will hold a two day retreat to review the recent CALMITSAC report. It is hoped that MARAD representatives will be able to participate in this retreat. **Mr. Fassler-Katz** extended a warm invitation for MTSNAC to return to California next year. He also discussed the California Transportation Bond issue which is on this November's state ballot and added that at this time polls indicate a majority of voters support it.

Gulf of Mexico States Accord (GOMSA) - Mr. David McDonald advised the Council that an RFP for the Gulf of Mexico's transportation study has been announced. There will be a Transportation Stakeholders' Summit in New Orleans in the fall. He added that the expansion of the Panama Canal to accommodate Post-Panamax vessels will have a great economic impact on the Gulf Mexico. Will our channels, docks, and ports be ready? Gulf of Mexico ports can also be a relief valve for the congestion in the West Coast ports. The Florida Ports Council, comprised of 14 Florida ports, is taking a longer range look at both the water and landside impacts of an expanded Panama Canal.

Great Lakes Maritime Research Institute (GLMRI) - Mr. Eil Kwan addressed the Council on the Great Lakes Maritime Research Institute, whose goal is to help maintain and promote maritime transportation on the Great Lakes. GLMRI is a joint effort by the University of Wisconsin-Superior and the University of Minnesota Duluth, and was designated as a National Maritime Enhancement Institute (NMEI). The purpose of an NMEI is to create a research oriented atmosphere that lends itself to providing effective input for addressing maritime issues.

Disaster Response and Relief Efforts

Richard Lolich, Executive Director of MTSNAC, provided the group with an update on the disaster response and relief efforts at DOT and MARAD. In response to the Council's request at the last meeting, MARAD is compiling a list of operators and other marine stakeholders who can be contacted for assistance in the event of a disaster. MARAD's Office of Ports and Domestic Shipping is compiling that list and will be requesting appropriate points of contact from MTSNAC members in the coming weeks. This information will then be provided to the DOT disaster response team when a disaster strikes so that appropriate action can be taken.

John Gaughan thanked MARAD for this effort but noted that industry stakeholders need to know who to contact to provide assistance when a disaster strikes. **Curtis Whelan** added that ATA has prepared a paper on recovery efforts and will distribute it to the members. The group expressed its concern over the apparent lack of a single, focused government point of contact for groups to offer their assistance after a disaster. **Pat Hall** suggested that this could be an action item for the CMTS to address.

Council Team Reports

John Gaughan noted that due to time constraints, the Waterways Team would not be able to provide the Council with its slide presentation. But he promised that ample time would be afforded for their presentation at the next meeting.

Waterways Team

Worth Hager, Chair of the Waterways Team, then briefed the Council on the team's activities and current waterway issues of importance. She told the group that the Office of Management and Budget (OMB) is often responsible for infrastructure failures within the Inland Waterways system and that this situation could potentially lead to serious economic problems for the nation. The new Water Resources Development Act (WRDA) bill has moved forward in the Congress. It includes many projects critical to the inland marine transportation system. **Ms. Hager** also took note of the proposed Transportation Workers Identification Credential (TWIC) and its impact on inland ports. She relayed the story of one inland port director who, due to the port security regulations, is unable to bring his port director onto the port for meetings. Since inland ports are configured differently than coastal seaports, the TWIC will have a greater negative impact. Another issue of concern to inland ports is the retention of inland waterway workers.

Paul Bea, Vice-Chair of the Waterways Team, noted that NOAA's Navigation Services Program has provided coastal surveys, mapping and charting, tidal and currents data to the marine community. The funding has not always been consistent or adequate. Currently 12 ports are participating in real time tidal currents reports. Previous MTSNAC resolutions have indicated support for this program. It was agreed that the MTSNAC Chair will communicate the Council's concern over the funding issue of this program to the Secretary and request that the Secretary convey the Council's concern to the CMTS for further action.

Shipyard Team

Paul Mentz, representing **Bruce Croushore**, Chair of this team, presented a report on the team's activities. He referred to the National Shipyard Research Program (NSRP) report given at the last MTSNAC meeting in New Orleans. This report focused on the competitiveness of U.S. shipyards. One of the resolutions from that meeting was for MTSNAC to facilitate efforts between the government, operators and shipyards to explore a series ship building program for short sea shipping. The NSRP team has been studying this and at the upcoming NSRP meeting in early August there will be a discussion on possible funding of this effort, perhaps in the range of \$100,000 - \$250,000. **John Gaughan** noted that a short sea shipping study is currently underway at the Department of Transportation. This study will help identify the vessels types and routes that are most appropriate to short sea shipping. This study could help support the NSRP study. **Paul Bea** reminded the group that short sea shipping has many aspects, so the NSRP study should not come up with just one design.

Resolutions

Carol Lambos presented the requested resolution thanking Secretary Mineta for his support of the Council. It was also suggested that a gift certificate at his favorite restaurant be included. A motion to adopt this resolution was moved and seconded and unanimously approved.

Next Meeting

John Gaughan suggested that the next meeting be held in Chicago, since at least 50% of recreational boaters are in the Great Lakes region, and Chicago is the largest port in the U.S. as measured by container movements. It was suggested that the meeting be held after the November elections.

Action Items

The following action items were adopted by the Council:

- 1) Executive Director will draft a resolution of concern over the disaster response and relief efforts prior to the next meeting for discussion.
- 2) Request that the CMTS review the potential impact of the Panama Canal expansion.
- 3) Review of port security costs and their economic impact.
- 4) Draft a resolution supporting NOAA's Navigation Services Program.
- 5) Clarify relationship between MTSNAC and CMTS data collection efforts.
- 6) Draft Council outreach resolution.

- 7) Sponsor to relay results of this meeting to the Secretary within one week.
- 8) MARAD will work with DOT to expedite the DOT Short Sea Shipping study.
- 9) MARAD will post the Council's education presentation on the MTSNAC website as soon as possible.
- 10) MTSNAC data working group to form and meet prior to the next meeting.
- 11) MARAD will work with DOT to arrange for education presentation at the White House.
- 12) Explore methods to better coordinate MTSNAC activities with the Transportation Research Board (TRB)

New Business and Adjournment

There was no new business and the meeting was adjourned at 11:55 a.m.