

Meeting Summary

Marine Transportation System National Advisory Council (MTSNAC)

March 23-24, 2006
Windsor Court Hotel
New Orleans, Louisiana

Council Members and Alternates Present

Organization

American Trucking Associations
American Great Lakes Ports Association
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
Lake Carriers' Association
Maritime Security Council
Maritime Information Services of North America
National Waterways Conference
National Association of Counties
National Association of Waterfront Employers
National Industrial Transportation League
Pacific Maritime Association
Propeller Club of the United States
Shipbuilders Council of America
Society of Naval Architects and Marine Engineers
U.S. Exporters Competitive Maritime Council
U.S. Chamber of Commerce
United States Maritime Alliance, Ltd.
Waterfront Coalition
World Shipping Council

Member

Curtis Whalen
Steve Pfeiffer
Bob Nelson
Paul Bea
Gary Springer
John Baniak
Ted Prince
Peter Peyton
Jim Weakley
Ron Thomason
Lynn Korwatch
Worth Hager
Will Smith
Pat Hall
Peter Gatti
Bob Dockendorff
John Gaughan
Bruce Croushore
Paul Mentz
Jim Cook
Sam Crane
Carol Lambos
Rick Gabrielson
Anne Kappel

Day 1, March 23, 2006

Opening Remarks

John Gaughan, Chair of the Marine Transportation System National Advisory Committee (MTSNAC), convened the meeting at 1:10 pm and made opening remarks that touched on the significance of the meeting venue in New Orleans in the aftermath of Hurricane Katrina and the political storm over the DP World transaction.

Report on Meeting with Secretary Mineta

Mr. Gaughan reported on the meeting he and other MTSNAC members had with Secretary Mineta, Jeffrey Shane, DOT Undersecretary for Transportation Policy, and others to discuss the Council's Education Initiative, the Intermodal Report, and Shipyard Capabilities presentation. John Gaughan, Rick Gabrielson, Ted Prince and Sam Crane met with the Secretary on January 20, 2006. At this meeting Mr. Gaughan presented the Secretary with the Council's recently adopted Intermodal Report. They emphasized that the Council has taken responsibility for addressing the five private sector recommendations contained in the report and called upon the Department of Transportation to take the lead in addressing the five public sector recommendations. At this meeting Ted Prince briefed the Secretary on the Council's MTS Supply Chain Education Presentation and it was agreed that this presentation should also be given to senior DOT staff and others within the Administration. These reports were well received by the Secretary and he approved them for public distribution. John Gaughan also offered the Council's expertise to the Federal Government in future relief and recovery efforts.

Report on meeting with the Committee on the Marine Transportation System (CMTS) Coordinating Board (CB)

John Gaughan was invited to the CMTS Coordinating Board (CB) meeting on March 21, 2006. He told the CB that the MTSNAC is an action-oriented group and that the CMTS could take some process examples from the MTSNAC. He suggested that the CMTS should look to the MTSNAC as a "sounding board". The Chair noted that the top three items that the CMTS is addressing are the National MTS Strategy, the MTS Assessment, and Data Collection and Information Management. The CMTS indicated that the MTS Assessment effort will use the services of a contractor and will not be completed until 2008. It was added that the Army Corps of Engineers is leading the assessment effort, but needs to include the surface mode as well to incorporate a "systems" approach. Data Collection effort has a focus on data availability and common terminology. It was noted that there is no common reporting system and not enough useful information to report disasters. The CMTS is also addressing MTS disaster response and recovery. Mr. Gaughan suggested that MTSNAC can assist in this effort. An Executive Director for the CMTS Executive Secretariat is expected to be hired in April.

Approval of minutes from the previous MTSNAC Meeting

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

Report on previous Action Items

Richard Lolich, Executive Director of the MTSNAC, reported on the action items from the last MTSNAC meeting held in Memphis.

Action Item 1:

The MTSNAC Chair, Vice Chair, Rick Gabrielson, Ted Prince and Sam Crane met with the Secretary to discuss the Intermodal, Education and Shipyard Capabilities reports, and Secretary Mineta approved them for public distribution.

Action Item 2:

The Education Presentation will be reformatted to CD format and be made available shortly.

Action Item 3:

All council members were responsible for responses to the Education Team on the Hurricane within 30 days of the last MTSNAC meeting. The team will continue to accept input.

Sponsor Remarks

Maggie Blum, Associate Administrator for Port, Intermodal & Environmental Activities, greeted the Council on behalf of John Jamian, the Acting Maritime Administrator. She discussed the roles and accomplishments of the ICMTS and CMTS.

MTS Education

A discussion ensued concerning the need to educate Congress, the media, and the general public on the MTS. It was decided that more focus on the public may be needed.

Recap on Intermodal Report

Ted Prince, Intermodal Committee Vice-Chair provided an update on the intermodal white paper. Since its approval at the last meeting, the paper had been submitted to Secretary Mineta and approved for official release. The efforts of the Intermodal Committee were now focused on compilation of efforts related to the ten recommendations. Prior to this meeting, Chairman Crane had received a great deal of input – too much to compile and organize for this meeting. A more structured effort will be ready for presentation at the July meeting. There was some discussion as to whether or not MTSNAC should compile an annual “Report Card.” The committee will consider such an approach and report back at a subsequent meeting (but probably

not the next.) Once again, other MTSNAC members were encouraged to provide input to the committee's work. It was suggested that the four committee chairs should be copied on the work of all committees.

The Intermodal Report's top ten recommended items for the private and public sectors were reviewed and discussed. Some items were purposely broad to be able to include a wide variety of approaches and solutions. On public sector recommendations, efforts should be made to establish a national freight policy. State spending and local initiatives should be maintained and encouraged. On the private sector recommendations, a grading system could be used to make public more aware and widen the impact. This will be the start of an annual MTSNAC Report Card. It was noted that the federal government often gets in the way of educating the public because of some federal bean counters and naysayers. There should be a mechanism for reprogramming, so that projects won't be stopped in mid-stream and millions of dollars wasted. **Worth Hager** will work with the intermodal team, to ensure that the recommendations are not surface oriented.

Address by Gary LaGrange, Director of the Port of New Orleans

The Director of the Port of New Orleans, **Mr. Gary LaGrange**, then addressed the Council, thanking them for coming to New Orleans for their meeting. He also provided statistics on the hurricane damage to the Port, and then invited the Council members to a group tour of the Port of New Orleans. The meeting adjourned for the day at 4:50 pm.

Day 2: March 24, 2006

Opening Remarks

John Gaughan opened the session by announcing that Mr. Tom Wakeman, Chair of the Marine Environmental Task Force for the Port Authority of New York and New Jersey, asked for a letter of recommendation from the Chair of MTSNAC endorsing the Marine Environmental Task Force's application for full Committee standing with the Transportation Research Board Activities Council. A motion was made, seconded and approved.

Public Comment Period

Mr. Troy Vickers of BP Amoco gave a presentation about the value of the Upper Gulf of Mexico Coast, and how the vital movement of goods that went through there to the nation was not being recognized. BP Amoco, in cooperation with America's WETLAND and in partnership with the States of Louisiana, Alabama, Mississippi, and Texas, will sponsor a symposium "Envisioning the Future of the Gulf Coast" on April 25, 26 and 27 in New Orleans. An invitation will be sent to all MTSNAC members and additional information can be found at www.futureofthegulldcoast.org. **Ms. Deidre McGowan** also spoke. She represents Inland Rivers Ports and terminals (IRPT). She thanked the group for meeting in New Orleans and congratulated MARAD for moving MTS and Short Sea Shipping forward.

Update on CMTS Integrated Action Teams (IATs)

Mr. Rajiv Khandpur of the U.S. Coast Guard discussed the CMTS' MTS Strategy IAT that is developing a strategy that will look 15 to 20 years into the future, with 5 year action plans. The IAT is looking to have a strategy developed in six months after looking at all available literature, including the Intermodal Report to Secretary Mineta. MTSNAC would have an opportunity to review the draft strategy to provide feedback and make a strong statement. There is a strong need to educate Congress on transportation issues. The Council noted that a strategy had been developed several years ago and expressed its concern that the same ground was being "re-plowed". **Mr. Khandpur** explained the difference is that this strategy effort was looking at a 'national system' as a whole, instead by each individual agency. He further noted that it needs buy-in from high levels, and depends upon on both a public and private partnership. **Mr. Gaughan** remarked that we need to change the mindsets of individual agencies, both inward and outward efforts. (The other IAT Status Reports will be circulated outside of the CMTS with periodic updates so MTSNAC can assist the CMTS more often). The Data Collection and Information Management IAT is working toward common and consistent MTS terminology so that the government and MTS stakeholders can access accurate and timely MTS data.

Harbor Safety Committee Conference

Mr. Khandpur also advised that the 8th Harbor Safety Committee meeting will be held in Washington, D.C. on April 26 -28th and that Secretary Mineta will be the keynote speaker.

Hurricane Katrina Response

Carol Lambos reported on responses from private companies for Katrina relief. MARAD was commended for its response in New Orleans, using the Ready Reserve Force ships for evacuation, housing and support. NOAA was also commended for its quick response by the Hurricane Response Center and its Office of Coastal Survey. A phone number that anyone can call (perhaps at DOT) to get statistics and available resources regarding disasters and relief was proposed. Regarding the National Response Plan, Secretary Mineta is trying to get maritime issues in that plan.

Presentation on Shipbuilding

A Benchmarking study prepared by FMI, comparing worldwide costs and prices for certain classes of vessels was next discussed. **Harvey Walpert** of Bender Shipbuilding presented the conclusions of the study which showed that US yards are competitive with some worldwide shipbuilding areas on those classes of vessel where significant numbers of similar vessels are built. Competition is focused between ship building facilities among the U.S., Western Europe, and Eastern Europe and in some cases Singapore. New construction prices were up dramatically worldwide. The gaps between the U.S. and Western Europe are narrow compared to the gaps between the U.S. and Eastern Europe and Asia, since Eastern Europe and Asia have much lower wages. The U.S. has lower overhead compared to Western Europe, but regulatory compliance is

higher in the U.S. Recommendations were that U.S. shipbuilders, ship owners, shippers, labor and MARAD should collaborate on a creating generic ship designs.

Regional MTS reports (CALMITSAC & SAMTSO)

Norman Fassler-Katz spoke on behalf of the California Marine and Intermodal Transportation System Advisory Council (CALMITSAC). He stressed that there is not enough transportation funding in California, and demand will exceed capacity by 2010. 2020 import projections have already been met. The statistics and data cited are validated in the report 'Growth of California Ports: Opportunities and Challenges, January 2006'. David White, representing the South Atlantic Marine Transportation System Organization (SAMTSO), said their organization is in a rebuilding phase. It is trying to raise the importance of the MTS, build membership, and reach out to the port authorities in the South Atlantic region.

Resolutions

Nine MTSNAC resolutions were presented at the meeting. The resolutions covered subjects related to a Transportation Worker Identification Credential (TWIC), Data Collection and Information Management, Shipbuilding, CMTS Budgets, Marine Terminal Investment, the Inner Harbor Navigation Canal Lock in New Orleans, Freight Policy, Maritime Administrator Vacancy, and Rebuilding the Devastated Gulf Region. Seven of the nine resolutions were approved as presented. The other two resolutions, regarding Marine terminal Investment and the Inner Harbor Navigation Canal Lock, will be redrafted by their respective authors and e-mailed to the MTSNAC members the following week for review and vote. (Please reference the attached appendices of resolutions at the end of the minutes).

Next Meeting

The next MTSNAC meeting is scheduled to be held in the 3rd week of July, with possible locations of Chicago, Seattle, Savannah, Charleston, or Norfolk. The meeting adjourned at 3:00 pm.

RESOLUTION #1

**MTSNAC RESOLUTION ON TRANSPORTATION WORKER IDENTIFICATION
CREDENTIAL**

WHEREAS, the MTSNAC has previously reported to the Secretary and Coast Guard on industry's view of important matters related to port and maritime security;

WHEREAS, the potential Transportation Worker Identification Credential (TWIC) program was identified by MTSNAC as a significant link in the chain of port and maritime security;

WHEREAS, it is our understanding that the Department of Homeland Security is committed to publishing in the Federal Register a Notice of Proposed Rulemaking related to the implementation of the TWIC program in a few weeks:

WHEREAS, to be viable a TWIC program must be workable for marine terminal, vessel, and trucking operations as well as appropriately ensure TWIC applicant privacy;

BE IT RESOLVED that the MTSNAC is concerned about interim transportation worker identification credentialing directives that would not be consistent with the operational needs of the anticipated users of the system or place improper burdens on the regulated community without an attendant enhancement of port or maritime security and respectfully requests that Secretary Mineta convey this concern to the Secretary of the Department of Homeland Security.

RESOLUTION #2

MTSNAC RESOLUTION ON DATA COLLECTION AND MTS DATABASE TERMINOLOGY

WHEREAS, data collection and information management are critical to sound decision making on MTS issues;

WHEREAS, MTS databases within the federal government are not always consistent or compatible;

WHEREAS, common terminology among and between these databases are crucial to the MTS;

WHEREAS, the Committee on the Marine Transportation System (CMTS) is currently addressing these databases gaps;

IT IS HEREBY RESOLVED, that the MTSNAC request the CMTS Data Collection and Information Management Integrated Action Team (IAT) to identify government MTS databases terminology inconsistencies and gaps;

IT IS HEREBY FURTHER RESOLVED, that the CMTS Data Collection and Information Management IAT develop common terminology definitions for key and critical MTS terms;

IT IS HEREBY FURTHER RESOLVED, that this common terminology definition development be completed as expeditiously as possible; and

IT IS HEREBY FURTHER RESOLVED, that the final product be presented to both the CMTS and MTSNAC for review and approval.

RESOLUTION #3

MTSNAC RESOLUTION ON SHIPBUILDING

WHEREAS, U.S. Shipyards are seeking ways to become more competitive in the international commercial shipbuilding market for certain types of ships of interest to U.S. owners; and

WHEREAS, series shipbuilding is the norm in much of the international commercial shipbuilding market, particularly in Europe and Asia; and

WHEREAS, the lack of series shipbuilding undoubtedly has had a detrimental effect on U.S. shipyard productivity,

THEREFORE BE IT RESOLVED, that MTSNAC recommends that MARAD facilitate a joint working group among interested parties (shipyards, ship owners, ship operators, shippers, etc.) to explore the possibility of sharing requirements for future marine transportation system capabilities and the development of generic ship designs that could meet such requirements.

RESOLUTION #4

MTSNAC RESOLUTION ON CMTS BUDGETS

WHEREAS, the development and presentation of annual Federal agency budget proposals to OMB and the Congress has typically been a “stovepipe” process by each individual agency; and

WHEREAS, there are eleven Federal agencies that are required to work closely together on behalf of the U.S. marine transportation system through CMTS; and

WHEREAS, it is desirable that limited Federal resources be allocated to a prioritized set of programs and initiatives coordinated across these eleven Federal agencies,

THEREFORE BE IT RESOLVED, that MTSNAC recommends that CMTS develop and implement an integrated, cross-cutting budget presentation covering all aspects of the preservation, operation and expansion of the marine transportation system in the United States beginning with the FY2008 budget process.

RESOLUTION #5

MTSNAC RESOLUTION ON MARINE TERMINAL INVESTMENT

WHEREAS, billions of dollars of foreign investment has been made in the international maritime industry serving U.S. commerce over recent years, including investment in U.S. marine terminal operations, and that investment has contributed substantially to a marine transportation infrastructure that is critical to moving America's intermodal commerce securely, efficiently, and reliably;

WHEREAS, this capital investment has permitted facilities to safely, securely, and efficiently handle current volume as well as prepare for the expected volume growth;

WHEREAS, marine transportation has largely been a successful public-private partnership between public port authorities and private marine terminal operators, which should serve as a model for the rest of the transportation sector;

WHEREAS, proposals have recently been introduced in Congress to limit foreign companies from investing in U.S. maritime terminal infrastructure;

WHEREAS, any legislation to limit foreign investment in Marine Terminals' operations should consider the substantial contributions of current foreign investment to increased Marine Terminal capacity and improved efficiency of the Marine Transportation System;

WHEREAS, appropriate investment from foreign owned companies engaged in the carriage and handling of U.S. international commerce should not be discouraged;

WHEREAS, the Marine Transportation System National Advisory Council (MTSNAC) supports the safe and secure movement of goods; opposes any proposal that disrupts commerce; and believes these objectives have been achieved through global partnerships, including foreign investment in U.S. maritime terminal infrastructure.

BE IT RESOLVED that the MTSNAC encourages the Secretary to convey its concerns about legislative proposals seeking new restrictions on foreign investment in U.S. maritime terminal infrastructure.

RESOLUTION #6

MTSNAC RESOLUTION ON THE INNER HARBOR NAVIGATION CANAL LOCK IN NEW ORLEANS, LOUISIANA

WHEREAS, the Marine Transportation System National Advisory Council holds that the maintenance and preservation of existing, essential infrastructure should be a foundational tenet in U.S. transportation policy, as well as avoidance of disrupting commerce wherever possible; and

WHEREAS, as an aftermath of Hurricane Katrina, there is a pending closure of the Mississippi River Gulf Outlet (MRGO) which would leave the IHNC as the only viable link between the eastern and western portions of the Gulf Intracoastal Waterway and the Mississippi River, and

WHEREAS, the Inner Harbor Navigation Canal (IHNC) lock in New Orleans, Louisiana, serves as a vital trade link to the nation's waterway transportation system as it connects the Mississippi River, the Gulf Intracoastal Waterway, Lake Pontchartrain, the Mississippi River Gulf Outlet, the Industrial Canal, and key states of Texas, Mississippi, Alabama, Florida, Kentucky and Tennessee; and

WHEREAS, the IHNC lock is part of the critical marine transportation infrastructure that, under the Maritime Transportation Security Act (MTSA) of 2002, falls within the purview of the US Coast Guard Sector Commander for New Orleans to ensure its operational continuity in response to intended or unintended events such as a marine transportation incident or natural disaster; and

WHEREAS, the current lock, placed in service in 1921, is one of the most congested locks on the inland waterways system, with average delays of 11 hours, but as much as 24 to 36 hours on many occasions; and

WHEREAS, the IHNC lock is a "high priority" project of the Inland Waterways Users Board that is charged with recommending spending priorities from the Inland Waterways Trust Fund, and

WHEREAS, the IHNC lock replacement project would generate ancillary economic benefits to the region; and,

WHEREAS, the cost of construction of this project will be shared---one-half of the cost of the shallow-draft portion of the lock (including mitigation) to be borne by the Inland Waterway Trust Fund, the deep draft incremental amount cost-shared with the Port of New Orleans; and non-compensable utility relocation costs borne by utility owners;

THEREFORE BE IT RESOLVED, that the Marine Transportation System National Advisory Council respectfully requests that the Secretary of Transportation convey to the CMTS MTSNAC's views concerning the importance of restoring and maintaining transportation capabilities of the Mississippi River and Gulf Intracoastal Waterway and protecting the key national infrastructure represented by the Inner Harbor Navigation Canal lock through an expedited construction schedule and full capability funding.

RESOLUTION #7

MTSNAC RESOLUTION ON ACTING ON FREIGHT POLICY RECOMMENDATIONS

WHEREAS section 1909 of SAFETEA-LU established the National Surface Transportation Policy and Revenue Study Commission to study, among other things, the existing condition of the surface transportation system and make recommendations to Congress as to the future requirements;

WHEREAS the Marine Transportation System includes the roadway and railway elements that connect at the ports with waterborne transportation and those three inter-connected modes provide a network for the efficient intermodal movement of goods and persons;

WHEREAS these surface modes in many areas of the country are interdependent, enabling usage shifts between two or more modes and providing relief from growth-induced congestion and incident-sparked disruptions;

WHEREAS transportation policy and planning can and should take into consideration all modal options when plotting future system capacity needs and developing Federal policies to build and maintain that capacity;

WHEREAS the MTSNAC adopted a resolution (“National Transport Policy”, September 2005) calling on Secretary Norman Mineta in his role as chairman of the commission to “seek to enhance the MTS and its contribution to the national transportation system capacity and especially freight mobility.”

WHEREAS the Department of Transportation issued for comment on January 17, 2006 a commendable draft “Framework for a National Freight Policy,” inclusive of all modes, that sets forth in broad terms objectives to engage the public and private sectors in a “common vision” and action;

WHEREAS in creating the commission Congress recognized the challenge of financing new capacity for the nation’s infrastructure as have other organizations, such as the U. S. Chamber of Commerce, whose reports on the financing of existing and future infrastructure capacity point to the urgent need for solutions to both impending revenue shortfalls in the Highway Trust Fund and the means to address inadequacies in the methods of financing other infrastructure;

WHEREAS Secretary Mineta is a member and designated chairman of the commission.

NOW THEREFORE BE IT RESOLVED that the MTSNAC urges Secretary Mineta to advocate to the Commission that, to the maximum extent possible, it address the future transportation needs of the nation in multi-modal system terms and give full consideration to the Marine Transportation System, including “last mile” intermodal connectors and the capacity potential of water modes to complement the capacity potential of the land modes.

BE IT FURTHER RESOLVED that the MTSNAC is encouraged that the U.S. Department of Transportation has prepared the draft “framework” and urges the Secretary to aggressively pursue a freight policy action plan within and outside the Federal government.

BE IT ALSO FURTHER RESOLVED that the MTSNAC respectfully urges the Secretary to present to the President report to the White House and its Office of Management and Budget the strongly held view of the MTSNAC that ensuring the adequacy of freight system and its future capacity must be treated as a national priority and that the considerable study and recommendations of the commission, and other policy inputs, should be received with an intent to make the improvement of the freight transportation system a national priority.

RESOLUTION #8

MTSNAC RESOLUTION ON MARITIME VACANCY

WHEREAS the Maritime Administration is one of the modal administrations comprising the US Department of Transportation and is charged with responsibility for the nation's maritime capacity and capability for the benefit of America's security and economic interests;

WHEREAS the Maritime Administration is one of the government agencies whose resources and leadership are valued in responding to national emergencies, most recently the Katrina and Rita hurricanes of 2005;

WHEREAS the Maritime Administration provides invaluable support to the MTSNAC;

WHEREAS the position of Administrator in the Maritime Administration has been vacant since January 2005;

WHEREAS Deputy Administrator John Jamian has served honorably and capably in the roles of Deputy Administrator and Acting Administrator, including in leading the agency in its response to the hurricanes, and deserves the appreciation of MTSNAC;

WHEREAS a lengthy vacancy in the Administrator position does not well serve the Secretary of Transportation, the employees of the Maritime Administration, and the American transportation sector; and

NOW THEREFORE BE IT RESOLVED that the Secretary convey the MTSNAC's concerns to the Administration that the Senate acts promptly to ensure that a qualified candidate is approved for the position of Maritime Administrator.

RESOLUTION #9

MTSNAC RESOLUTION ON REBUILDING THE DEVASTATED GULF REGION

WHEREAS the MTSNAC was allowed to view some of the damage resulting from the Katrina and Rita hurricanes of 2005 in the New Orleans area;

WHEREAS the members of MTSNAC were stunned as we took in the expanse of the devastation and the completeness of the destruction that has been suffered by the population and industry;

WHEREAS the hurricanes also took lives and destroyed property in regions and states beyond the New Orleans area;

WHEREAS the MTSNAC understands now, more than before, the enormity of the suffering of the victims of the storms and the task of rebuilding that faces the people and government at all levels;

WHEREAS the men and women of the U.S. Coast Guard, the Maritime Administration, the National Oceanic and Atmospheric Administration prepared for the storms in a most professional manner and responded rapidly and on a massive scale in rescuing thousands of flood victims and providing resources for the long term recovery effort; and

NOW THEREFORE BE IT RESOLVED that the MTSNAC commends the Port of New Orleans and its Port Director, Gary LaGrange, on its heroic efforts in the aftermath of the hurricanes in restoring port operations that are vital to the economic well-being of our nation, and thanks Mr. LaGrange and Pat Gallwey for explaining the port's recovery efforts and providing the MTSNAC with a first-hand view of the area's past devastation and future hope; and

BE IT FURTHER RESOLVED that Coast Guard Vice Admiral Thad Allen who served as interim Federal Coordinator of the Katrina recovery operations be congratulated for his strong and effective leadership and for his deserved nomination to be the next Commandant of the Coast Guard; and

BE IT FURTHER RESOLVED that the MTSNAC extends its heartfelt appreciation for the rescue and recovery efforts by governmental agencies, businesses and private individuals in response to such widespread and long term devastation.