



GREAT LAKES MARITIME TASK FORCE

Minutes of 2018 Annual Meeting
Held at National Museum of the Great Lakes
1701 Front St., Toledo, Ohio 43605
November 14, 2018

Officers Present

Jim Weakley, President Lake Carriers' Association
John D. Baker, 1st Vice President ILA Local 1317, AFL-CIO
John E. Clemons, 3rd Vice President American Maritime Officers, AFL-CIO

Representatives/Members Present

Bobby Atanasovski IAMAW District Lodge 60
Bruce Baffer Fincantieri Marine
John D Baker, Jr. Great Lakes District Council, AFL-CIO
Michael J. Baker Great Lakes District Council, AFL-CIO
Tom Bell Masters, Mates & Pilots
Todd Brdak Seafarers International Union
Tom Brown Lorain Port Authority
Tim Buxton United Steelworkers, District 1
Jason Callahan MEBA
Matt Carr DTE Energy
Paul Christensen The Interlake Steamship Company
Ania Ediger Cleveland-Cliffs
James Farkas Fraser Shipyards
Steve Fisher American Great Lakes Ports Association
Ken Gerasimos Great Lakes Fleet
Katie Gumeny Lake Carriers' Association
Rick Heimann ArcelorMittal USA
Bill Kutka CN
Kurt Luedtke Luedtke Engineering Company
Tiffany McClelland Lorain Port Authority
Kevin McMonagle American Steamship Company
Glen Nekvasil Lake Carriers' Association
Brendan O'Connor The Interlake Steamship Company
Tom Rayburn Lake Carriers' Association
Mike Rossi AK Steel
Mark Ruge K&L Gates, LLP
Bill Shrewsbury ILA Lake Erie Coal & Ore Dock Council
Scott Skrzypczak International Shipmasters Association
Ted Smith Marine Tech
Larry Sutthoff AK Steel
John Swartout Western Great Lakes Pilots Association
Chris Ventura Consumer Energy Alliance
Tom Wiater Central Marine Logistics

Proxies

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|---|--------------------------|
| ArcelorMittal USA | Proxy to Richard Heimann |
| Cleveland-Cuyahoga County Port Authority..... | Proxy to Steve Fisher |
| Donjon Shipbuilding and Repair | Proxy to Jim Weakley |
| Duluth Seaway Port Authority | Proxy to Steve Fisher |
| Durocher Marine..... | Proxy to Ted Smith |
| LafargeHolcim | Proxy to Deven Patel |
| Maritime Port Council of New York and New Jersey..... | Proxy to Todd Brdak |
| MCM Marine..... | Proxy to Ted Smith |
| Roen Salvage Company..... | Proxy to Ted Smith |
| Soo Marine Supply | Proxy to Dan Gallagher |
| United Steelworkers, Local 5000 | Proxy to Tim Buxton |

Jim Weakley, President, opened the meeting at 11:10 a.m. by reading the Anti-Trust Statement.

SESSION I – ISSUES GLMTF IS FOLLOWING/ADDRESSING

REVIEW OF NATIONAL ELECTIONS: There was very little change in the Great Lakes Senate delegation. Indiana Senator Joe Donnelly (D) was defeated by Mike Braun (R). This was not surprising; Indiana is reliably Republican.

There were a few more changes in the Great Lakes House delegation. Democrat Rick Nolan, who represented Minnesota’s iron range chose not to run and was replaced by Pete Stauber (R). In the Detroit area, long-serving Sander Levin (D) retired, but was replaced by his son, Andy Levin (D). But most importantly, the Democrats regained control of the House, so there will be changes in Committee Chairmanships that should benefit the Great Lakes region. Marcy Kaptur (D-OH), for one, will become Chair of the Energy & Water Transportation Committee. Pete Visclosky (D-IN), who is Steel’s champion, will be number two on that committee.

There was a major change in Great Lakes governorship. Next year six will be Democrats, only Indiana and Ohio remain Republican. It was noted that many of these new Governors may be inclined to think of the Lakes as primarily an environmental issue. It will be important that GLMTF members contact the Governors’ transition teams and begin the education process so the new leaders understand the importance of waterborne commerce.

The race for the White House has begun. Ohio Senator Sherrod Brown (D) is considering a run. One thing is certain, the Midwest will be key in the 2020 election.

SECOND POE-SIZED LOCK: Marie Strum, Detroit District, U.S. Army Corps of Engineers, gave a detailed recounting of the Herculean effort it took to get the second Poe-sized lock back on track. A copy of her presentation is included with the minutes. The big stumbling block was that for a long time the Corps believed that other modes of transportation could fill the void, but in reality there is no alternate mode, and the Corps had never dealt with such a situation before.

Jim Weakley noted that the Corps’ economists needed a lot of education. They were forecasting that iron ore shipments through the Soo Locks would slip to just 10 million tons, a volume that could be handled by a handful of vessels. Their model assumed steel dumping would be the norm going forward. They also assumed that vessels sized for the MacArthur Lock would carry more of the cargo in the future, but the opposite is true. Poe-class vessels now carry roughly 90 percent of lock cargos.

In June the Corps announced a new Benefit Cost Ratio of 2.42 for the lock. On October 24, President Trump signed America’s Water Infrastructure Act of 2018, legislation that includes the Soo Lock Post-Authorization Change Report that authorizes construction of a second Poe-sized lock at Sault Ste. Marie, Michigan, to move forward. The lock is projected to cost \$922 million, but since funding will be incremental, the lock will likely cost \$1 billion.

The State of Michigan has pledged \$52 million to jump start the project and other states are considering contributions. There was some concern if the Federal government accepted this money it would obligate it to build the lock, but that is not the case.

There are now two ways to start funding the project. The Corps can include money in its 2019 Workplan that will soon be released, or the Administration can include funding in its next budget.

Industry cannot rest. Members must continue to stress the importance of the lock. Mark Ruge from K&L Gates will coordinate a new coalition that will be focused solely on funding the lock.

UPDATE: On Wednesday, November 21, 2018, the Corps' released their 2019 Work Plan which included \$32.4 million for the new lock. The funding will be used to complete design and allow for the upstream deepening construction project to begin.

READINESS FOR 2018/2019 ICE SEASON: LCDR Zac Bender, 9th Coast Guard District, reviewed the ice season past and preparations for the coming ice season. A copy of his PowerPoint is included with the minutes.

The 2017/2018 ice season was challenging for the Coast Guard. While the ice was not as extensive as some winters (ice coverage peaked at 69 percent), five of the Coast Guard's icebreaking assets suffered serious casualties. In addition, the HOLLYHOCK conducted a deferred engine overhaul in January 2018, but returned to service February and was operational for the remainder of the ice season.

The Coast Guard expects all icebreakers to be ready for service this ice season, except for the MOBILE BAY, which is undergoing service life extension. The ALDER, which is stationed in Duluth, Minnesota, may not be ready until mid-, perhaps late December. The KATMAI BAY is in the Soo having additional work done that hopefully will prevent her from suffering the same casualties as the other 140-foot-long icebreaking tugs last winter.

The MOBILE BAY is currently undergoing service life extension at the Coast Guard yard in Baltimore, Maryland. She will return to the Lakes next fall, at which time the BISCAYNE BAY will go to the yard. That will complete the service life extension program for the 140s, but it was noted that even with this work, the vessels continue to age.

The ALDER will undergo its midlife overhaul in 2021. Another 225-foot-long buoy tender will be sent to the Lakes from its current saltwater port and manned by the ALDER's crew.

The Coast Guard will again host a daily ice call during the ice season. The Coast Guard was urged to send out an end-of-day summary so vessel operators and their customers are fully apprised of the situation. The cargos that are delivered during the last few weeks of navigation are critical to maintaining production after the Soo Locks close on January 15. Coast Guard will host a trial pre-season call on Monday, December 3, 2018 at 1000.

ICEBREAKING RESOURCES: The MACKINAW will be drydocked next summer. Initially the Coast Guard was open to sending the vessel to a shipyard off the Lakes, but industry convinced the Coast Guard to keep her on the Lakes. Letting the MACKINAW leave the Lakes would set a dangerous precedent.

Although Senator Tammy Baldwin has twice included \$5 million for design and construction of another heavy icebreaker, very little has been done. Simply put, the Coast Guard's priority is a polar icebreaker, the so-called "Polar Security Cutter." It will be important that the effort to build another heavy for the Lakes is not seen as competing with the Polar Security Cutter.

It will also be important that the new icebreaker's design be an enhancement of the current MACKINAW, not a totally new vessel class. This way the features incorporated into the new icebreaker can be added to the MACKINAW when she undergoes her midlife overhaul.

BALLAST WATER: The Senate passed the Coast Guard Authorization Act of 2018, which included the Vessel Incidental Discharge Act (VIDA) while the meeting was in progress. While not perfect, the bill will eventually achieve a federal ballast water discharge standard that will be applied Lakeswide.

A detailed analysis of the bill and a comparison of it and the current Vessel General Permit are attached to the minutes, but some key points are:

- The U.S. EPA has two years to develop their federal ballast water discharge regulations;
- Once the EPA has completed its task, the Coast Guard will have two years to write their corresponding regulations.
- Once the EPA/CG regulations are in place, the various state regulations and the EPA's current VGP will be retired, but states can choose to enforce the federal regulations themselves.
- Ballast water will be regulated under the Clean Water Act.
- Ongoing vessels will continue to exchange ballast before entering the system.
- Citizen suits are still permitted.

There may be a unique standards, regulations, and/or best management practices applied and to the Lakes. The eight Great Lakes states, working through the Great Lakes Commission, will develop these Great Lakes-specific requirements. Any requirement to add new equipment on vessels must be approved by all eight Great Lakes states, other non-equipment rules will only need a simple majority of five states to enact.

There are other components of VIDA that may cause difficulties for Great Lakes shipping that will be parsed out and negotiated over the four-year regulation writing period.

DREDGING: Marie Strum reviewed the Corps dredging activities in 2018. Her PowerPoint is included with the minutes. Thanks to increased funding, for which GLMTF is largely responsible, the dredging backlog continues to shrink. Whereas not long ago it was 18 million cubic yards, it now stands at 13.5 million cubic yards and will continue to decrease in the years ahead. This is a major victory for the Lakes. At one point, the backlog was projected to reach 21 million cubic yards.

STATE OF THE JONES ACT: The Jones Act will mark its 100th anniversary on June 5, 2020, and its critics view this as an opportunity to portray it as archaic and outdated and a call-to-arms for repeal. The Jones Act trades to Puerto Rico are the main focus. However, the Dutch are again targeting dredging.

American Maritime Partnership, the Washington, DC-based coalition that defends the Jones Act, is preparing an effort of its own to underscore the benefits of the Jones Act.

MARTIN STUDY ON ECONOMIC BENEFITS OF LAKES/SEAWAY SHIPPING: The landmark 2011 study was updated this year with 2017 data and includes more detailed information on cargo movement, the study's findings are the most complete ever issued. Lakes/Seaway shipping is responsible for 237,000 jobs in the U.S. and Canada and \$35 billion in economic activity. The study broke out the Soo Locks trade and those cargos generate 87,000 jobs in the United States and over \$17 billion in economic activity.

SESSION II – GLMTF BUSINESS

REVIEW OF 2019 POLICY STATEMENT AND POSITION PAPERS: The suggested revisions to the 2019 Policy Statement and Position Papers, which were mainly updates, were approved. There were no changes in GLMTF policy or position.

FINANCIAL REPORTS: GLMTF will spend about \$50,500 in 2018, which is about \$4,000 under budget. The major underages were the Legislator of the Year Award and the Annual Report.

The budget for 2019 proposes to spend \$56,700, which is largely a repeat of this year's budget. LCA's management fee will be increased from \$30,000 to \$31,000.

At the 2018 Annual Meeting it was agreed to increase dues incrementally. In 2018 dues for Operating Members were increased to \$625. Dues for Associate (non-voting) Members were increased to \$300. The proposed increase for 2019 is \$750 for Operating Members and \$350 for Associate Members. A member asked if the increase in dues caused any members to quit in 2018 and the answer is no.

One member did express concern that the increase in dues in 2019 will be a financial burden. Three options will be considered – 1) withdrawing from GLMTF; 2) combining with another member; and 3) becoming an Associate Member.

The proposed budget for 2019 was then approved.

2019 GREAT LAKES LEGISLATOR OF THE YEAR AWARD: After discussion members selected Ohio Senator Rob Portman (R) as their honoree for 2019. Members are asked to keep this confidential for the time-being. Protocol requires that we ask Senator Portman if he will accept the award.

ELECTION OF OFFICERS FOR 2019

The following officers were elected for 2019:

President – John D. Baker, ILA Local 1317
1st Vice President – Richard Hammer, Donjon Shipbuilding
2nd Vice President – John Clemons, AMO
3rd Vice President – Jim Weakley, LCA

There being no further business, the meeting was adjourned at 3:00 p.m.

Very respectfully,

Glen Nekvasil

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