



ADMINISTRATOR'S
COLUMN



Collister
Johnson, Jr.

*Historic Seaway
Budget Proposed*

On February 4, the President submitted his budget request for Fiscal Year 2009 to Congress. It proposed the biggest annual increase in the budget for the Saint Lawrence Seaway Development Corporation (SLSDC) since the system was constructed nearly 50 years ago. The proposal requests a funding level in 2009 of \$31.8 million, of that amount, \$17.535 million is dedicated to beginning a multi-year capital investment plan, which we call the Seaway Asset Renewal Program (ARP),

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Great Lakes St. Lawrence Seaway Study Findings

The binational *Great Lakes St. Lawrence Seaway (GLSLS) Study*, a joint Canadian-U.S. endeavor assessing the ongoing maintenance and long-term capital requirements to ensure the viability of the System, was released late last November. The report represents the most comprehensive analysis conducted on the System since the Seaway's construction half a century ago. It details several observations whose potential implementation will offer significant benefits for the many system stakeholders.

The Study notes that maintaining this unique inland waterway system as a competitive, reliable, and sustainable component of North America's transportation infrastructure is critical for the United States and Canada. The report's authors point out that "the system enables and facilitates significant domestic and international trade for the continent's largest interior markets including the industrial, manufacturing, agricultural and natural resource sectors."



The 116-page report is 'must reading' for all maritime professionals and highly recommended for the many stakeholder groups — industry, environmental, and political — who routinely follow commercial waterborne trade issues on America's Fourth Seacoast. One of the key numbers readers are becoming more familiar with from the Study is the \$2.7 billion annual transportation cost savings to shippers using the GLSLS versus alternate surface options. Steelmaking and energy industries are major users benefiting from efficient, reliable

waterborne movements, and the number suggests that an earlier estimate of \$55 million for transportation savings of steel imports by ocean-going vessels greatly underestimated actual benefits.

The Department of Transportation and Transport Canada partnered on the Study, along with the Saint Lawrence Seaway Development Corporation, the U.S. Army Corps of Engineers, the Fish and Wildlife Service, the Canadian St. Lawrence Seaway Management Corporation and Environment Canada. The U.S. Maritime Administration played an active support role, overseeing an invaluable adjunct work entitled *New Markets, New Vessels* that provides detailed strategic economic data and analysis crucial for developing sound marketing approaches for coming decades.

The Study's release followed a signing ceremony in Washington and elicited brief remarks by Canadian Minister Lawrence Cannon and DOT Secretary Mary Peters. Four major observations were cited by the Study participants.

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U.S. Department of Transportation • Saint Lawrence Seaway Development Corporation

Seaway Compass



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to rehabilitate the aging Seaway lock infrastructure and other Seaway assets.

This represents a historic moment for the Seaway as it demonstrates the Administration's recognition of the need for long-term infrastructure renewal of the U.S. section of the waterway. In a budget where most other domestic programs have either been frozen or cut, this proposed funding is about an 83 percent increase over last year's level, a strong signal of the Administration's commitment to this effort. Our ARP follows the lead of the St. Lawrence Seaway Management Corporation's ARP, which is already underway on its portion of the Seaway.

Our assets, including locks, channels, an international bridge, a highway tunnel, a vessel traffic control system, and accompanying facilities and equipment, require periodic capital reinvestment in order to continue to operate safely, reliably, and efficiently. While our assets have been well maintained over the years, after half a century it is time to renew them. The recently released *Great Lakes St.*

Lawrence Seaway Study evaluated the infrastructure needs of the System and assessed the implications of those needs. The President's proposed budget supports the Study's conclusions that this capital investment is necessary for the Seaway's continued viability over the next half century.

This will be the first year of a comprehensive ten-year plan for project work involving renewal of everything from the Seaway's aging facilities to maintenance dredging of the channel. For the first year, the ARP identifies 17 priority projects and equipment needs for the two U.S. Seaway locks, the tunnel providing access to them, the Seaway International Bridge, and other essential SLSDC facilities and equipment. The goal before us now is to renew the U.S. Seaway infrastructure to as-good-as-new condition.

We will be communicating the importance of reinvesting in the Seaway to all our stakeholders and trust that Congress will agree with the Administration that such an investment will prove to be a wise decision.

Great Lakes St. Lawrence Seaway Study Findings, continued from page 1

- The GLSLS System has the potential to alleviate congestion on road and rail transportation networks and at border crossings in the Great Lakes Basin and St. Lawrence River region;
- A stronger focus on short sea shipping would allow the System to be more closely integrated with the road and rail systems, while providing shippers with a cost-effective, timely and reliable means to transport goods;
- The existing System structure must be maintained in good operating condition to ensure its continued safety, efficiency, reliability and competitiveness; and
- The System's long term health and success depends on sustainability, including the further reduction of negative ecological impacts caused by commercial navigation.

The Great Lakes Seaway System, built and shared by the United States and Canada, is a key component of North America's transportation infrastructure. The waterway serves 15 major international ports and some 50 regional ports on both sides of the border. With Canada owning 13 of the 15 locks in the St. Lawrence Seaway System, a U.S. go-it-alone approach to improving the System's infrastructure would have proven unsuccessful.

The Study evaluated the infrastructure needs of the binational System and assessed the economic, environmental, and engineering implications of those needs pertaining to commercial navigation. Both nations agreed prior to the Study that increases in lock size, channel depth or width were not options to be studied.



GUEST COLUMNIST

Jonathan Daniels, Executive Director, Port of Oswego



I had the opportunity to spend some time recently at a briefing by SLSDC Administrator Terry Johnson in Massena, New York regarding the 2009 budget request. He outlined the increase in funding and what that means as part of a 10-year asset renewal program to improve the facilities owned by the federal government. I

was pleased to hear that the organization's counterpart, the SLSMC, has also invested funds in their system, thus optimizing the overall investments while upgrading the Seaway as a whole.

This allowed me to think about how fortunate I am to be part of a binational partnership whose strength lies in the fact that while I may represent an individual port, my organization is part of an integrated transportation system. From the St. Lawrence to the ports on the western Great Lakes, the efficiency of the network is due to the flexibility and capacity of each port to deliver world class customer satisfaction with the understanding that

our customers will see the economic benefits if we present the system as a transportation cluster rather than as independent shipping operations.

Vessels calling our ports, whether to discharge cargo or disembark passengers at any of our wonderful tourism regions, rarely do so in the isolation of a single port call. They in fact do so with the knowledge that subsequent port calls are available to secure additional cargo or allow their passengers to engage in a multitude of recreational activities. The SLSDC, SLSMC, and the Great Lakes Cruising Coalition have seized on this show of strength to put forth a message that from any point in the world, the Great Lakes is a transportation option that works.

Recent announcements that upgrades to the Seaway locks will commence in the near future is a strategy that benefits the entire system. It's a fact, an investment in Massena, New York is just as important to the operation in Thunder Bay as it is to the Port of Oswego.

Think about it, customers looking at their transportation options could access two nations with 15 major international ports and more than 50 regional port operations by choosing the Great Lakes. When I am marketing my operation, I like the fact that I can utilize the strength of the unit as a whole and proclaim to anyone who will listen, "The Port of Oswego, a proud member of the Great Lakes System."

2007 Seaway Navigation Season in Review

After recording its highest cargo tonnage level since 1999 in 2006, the St. Lawrence Seaway cargo movements in 2007 fell by approximately 10 percent to an estimated 42.7 million metric tons. The reduction was principally due to market and economic conditions. Near historical high ocean freight rates due to the strong growth in Asian economies (especially China) resulted in a reduction of available ocean vessels in the System. The declining value of the U.S. dollar against the European euro contributed to a weakened North American steel import market. The reduction in steel imports into the Seaway System, in turn, negatively impacted the Seaway's grain export trade.

Although overall tonnage was down in 2007, the St. Lawrence Seaway did experience significant gains in several new commodities, specifically project cargoes. For example, shipments of wind turbine components in 2007 were ahead of 2006 levels by more than 30 percent.

With the waterway's opening on March 21 and the passage of the *Birchglen* on December 28, the Montreal-Lake Ontario section of the Seaway recorded its second consecutive 283-day season. The SLSDC also reported system and lock availability for the U.S. portion of the St. Lawrence Seaway at 98.9 percent, narrowly missing its annual target level of 99.0 percent.

2007 St. Lawrence Seaway Commodity and Transit Results

(Figures are estimates as of 1/24/08. Volume in Thousands of Metric Tons.)

Commodities	2007
Grain	10,305
Government Aid	0
Iron Ore	11,829
Coal	3,146
Other Bulk	14,980
General Cargo	2,408
Containers	22
Cargo Total	42,690
Vessel Transit Total	4,462

2007 Navigation Season Comes to a Close

The Canadian M/V PINEGLEN loaded with 15,692.5 tons of pig iron (refined ore) bound for Marinette, Wisconsin, cleared the U.S. Seaway locks on December 28. This ship officially closed the Montreal-Lake Ontario section of the St. Lawrence Seaway ending the binational waterway's 48th navigation season at 283 days.



The Canadian M/V PINEGLEN, closed the St. Lawrence Seaway 2007 Navigation Season. Photo taken by Mike Nichols/Boatnerd.com.

Winter Maintenance Work is Well Underway

Following the end of the 2007 navigation season, the Saint Lawrence Seaway Development Corporation (SLSDC) began its annual winter inspection and preventive maintenance program at the two U.S. Seaway locks in Massena, N.Y. Projects include:

Maintenance crews have already dewatered, inspected and made repairs to lock structures and machinery at Eisenhower Lock which are inaccessible during the navigation season. Repairs were made to cracks in the downstream miter gate, and shims were installed on the upstream miter gate to compensate for wear on the miter contact blocks. Snell Lock has been covered and dewatered and heaters have been installed and the work areas set up. In the first photo, you can see crews hanging plastic curtains to isolate a work area to conserve



Crews hang plastic curtains to isolate the work area.

heat and energy. Work has commenced for replacing damaged rubber fenders on the downstream miter gate at Snell Lock. This work is being done from a personnel lift as can be seen in the second photo. Crews have begun removing a filling valve at Snell Lock for reinforcing and painting and inspections of the culvert valve operating machinery open gearing at both locks are almost complete. All projects are on schedule for completion in early to mid-March.

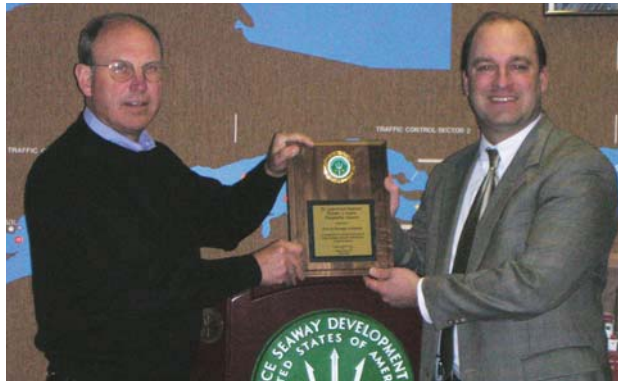


Crews being lifted to replace damaged rubber fenders on the downstream miter gate.

The Port of Oswego Wins the SLSDC Pacesetter Award

The Robert J. Lewis Pacesetter Award is presented annually to U.S. Great Lakes Seaway ports and terminals that register an increase in international cargo tonnage shipped through the St. Lawrence Seaway when compared to the previous year.

During the 2006 shipping season, the Port of Oswego handled more than 81,697 metric tons of international cargo an increase of 315% from the previous navigation season. The significant tonnage was comprised of windmills, soybeans and aluminum.



Left to right — Terry Johnson, Administrator, SLSDC, presents the Pacesetter Award plaque to Jonathan Daniels, Executive Director, Port of Oswego.

Seaway Personnel Changes



Peter Laman is the new Port Director at the Port of Indiana-Burns Harbor filling the position left vacant for several months.

Mr. Laman has 25 years of management experience in port operations along the Gulf of Mexico and West Coast. He has held numerous positions within Continental Grain Co. and its successor Cargill at some of the largest port facilities in the country. His recent duties with Cargill included management of maritime activities in Westwego and Reserve, Louisiana, as well as Tacoma, Washington, including management for ship, rail, barge and truck logistics.

Mr. Laman graduated from Michigan State University with a degree in agricultural engineering and served as a sergeant in the United States Marine Corps, earning a National Defense Medal and Good Conduct Medal.

Jim Pfohl has been appointed as Director to the Port of Buffalo Gateway Trade Center, a privately owned Port on the Great Lakes. Mr. Pfohl joined Buffalo Crushed Stone, Inc. in 1982 as Vice President, Northern Operations. He managed operations of two limestone quarries, a blast furnace slag reclamation operation and five hot mix asphalt plants in Western New York. Mr Pfohl attended Canisius College and Buffalo State College both located in Buffalo, New York.



Jim Pfohl



General Bruce Berwick

General Bruce Berwick, USACE, Great Lakes and Inland Rivers Division, announced his May retirement. Brigadier General Bruce A. Berwick, Commander and Division Engineer of the Great Lakes and Ohio River Division of the U.S. Army Corps of Engineers, located in Cincinnati, Ohio, took command on January 31, 2005. He is also a member of the Mississippi River Commission, nominated by the Chief of Engineers to the President of the United States and confirmed by the Senate. He served as U.S. Chair of the Lake Superior, Niagara and St. Lawrence River Boards of Control as a part of the International Joint Commission. General Berwick directed all Corps of Engineers water resources development in the Great Lakes and Ohio River basins, an area of over 355,300 square miles, including all or parts of 17 states.

Mr. Michael Kennedy, Executive, ArcelorMittal Dofasco, has recently been elected as Chairman of the Board, for the Chamber of Marine Commerce (CMC). Mr Kennedy succeeds former Quebec Cartier Mining Corporation President and CEO, Mr. Guy Dufresne.



Michael Kennedy

The Chamber of Marine Commerce is an Ottawa-based association that represents more than 185 marine industry stakeholders including major Canadian and American shippers, ports, terminals and marine service providers, as well as domestic and international shipowners.

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The Toronto Port Authority's board of directors has appointed **Mr. Craig Rix**, as their federal representative, for a term of three years.

Mr. Rix holds a Bachelor of Laws from the University of Windsor, a Master of Arts in Public Policy and Administration, and a Bachelor of Arts with honors from McMaster University. He is a partner with the law firm Hicks Morley where he works out of their Toronto offices. His areas of practice include labor and employment advocacy, public policy advocacy and strategic planning and governance, representing employers in both the public and private sectors. Mr. Rix's professional and community

affiliations include the boards of directors of the Canadian Association of Counsel to Employers and the Ontario Chamber of Commerce. He is also on the advisory board of The Dominion Institute and a member of the Ontario Economic Summit Steering Council.

The Hamilton Port Authority President **J. Keith Robson** stepped down after five years at the Port. Mr. Robson was named President and CEO in 2002, one year after the Hamilton Port Authority replaced the Hamilton Harbour Commission under the federal government's Canada Marine Act. Mr. Robson is currently a consultant with JKR & Associates, a service in supply chain management planning and procurement.

Upcoming Events

April

April 1

Great Lakes Maritime Task Force
Rayburn House Office Building
Washington, D.C.

April 15

Chamber of Marine Commerce Executive Committee
TBD — Ottawa or Montreal

April 16–17

Great Lakes Observing System Annual Meeting
Milwaukee, Wisconsin
Contact: Christine Manninen; manninen@glc.org

April 24

21st Annual Windsor Marine Night
Windsor, Ontario
Contact: Kathy McPhee; 519-258-5741;
wpa@portwindsor.com

May

May 6–8

Annual International Conference on the St. Lawrence River/Great Lakes Ecosystem
Cornwall, Ontario
Contact: Christina Collard; 613-936-6620 ext 222;
ccollard@riverinstitute.ca

May 27–29

Breakbulk Europe Transportation Conference and Exhibition
Antwerp, Belgium
Contact: Renee Jacobs; 760-294-5563; rjacob@joc.com

June

June 1–4

WindPower Conference and Exhibition
Houston, TX
Contact: Marissa Bundy; 202-383-2512; mbundy@awea.org

June 24–26

World Wind Energy Conference
Kingston, Ontario
www.wwindea.org

October

October 6–7

Great Lakes Commission 2008 Annual Meeting
Quebec City, Quebec
Contact: Tim Eder; teder@glc.org

October 14–16

Breakbulk New Orleans
New Orleans, Louisiana
Contact: Renee Jacobs; 760-294-5563; rjacob@joc.com