



U.S. TRANSPORTATION COMMAND

	<u>POINTS OF CONTACT</u>
USTRANSCOM TCJ5-I	(618) 220-4948
NDTA	(301) 423-3335
MARAD	(202) 366-5400

## VISA EXECUTIVE WORKING GROUP (EWG) MEETING MINUTES 25 September 2019

### NOTICE

The Executive Working Group (EWG) was organized by the National Defense Transportation Association (NDTA) Sealift Committee in March 1995, and consists primarily of representatives from the Department of Defense (DoD), the Department of Transportation (DOT) and the transportation industry. The purpose of the EWG is to study transportation issues of interest to government and industry and report the status of these issues to the NDTA membership. The EWG is a forum for the exchange of information. DoD officials participating in the EWG may not transfer any authority or responsibility for government decisions to industry or to the industry members of the EWG. By making the minutes of EWG meetings available electronically, DoD, DOT, and the NDTA promote other forums for the exchange of information. DoD invites interested parties to comment on issues considered at EWG meetings, to provide additional information, or to request further information. A list of meeting participants is enclosed at the end of this document.

### MEMBERS

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<u>Organization</u>	<u>Telephone</u>
American President Lines, Ltd	(202) 496-2484
American Roll-On Roll-Off Carrier, LLC	(201) 571-0484
Waterman Steamship Corp./Waterman Transport, Inc.	(251) 243-9812
Crowley Maritime Corporation	(305) 470-4098
Farrell Lines, Inc.	(703) 351-0125
Foss International, Inc.	(206) 315-3537
Hapag-Lloyd USA, LLC	(813) 276-4698
US Ocean, LLC (Patriot Shipping)	(281) 885-3500
Liberty Global Logistics LLC	(516) 488-8800
Maersk Line, Limited	(703) 351-0124
Matson Navigation Company, Inc.	(415) 957-4200
Pasha Hawaii Transport Lines, LLC	(415) 927-6400
Schuyler Line Navigation Company, LLC	(410) 216-9281
Seafarers International Union	(301) 899-0675
TOTE, Inc.	(704) 246-8839

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### MEETING SUMMARY

1. Opening Remarks
  - a. Meeting opened with remarks by VADM Mewbourne (TCDC).



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- (1) Sealift is the #1 readiness concern at U.S. Transportation Command (USTRANSCOM).
  - (2) Largest Turbo Activation of the Readiness Reserve Force (RRF) and Military Sealift Command (MSC) Surge Fleet occurring right now. Thirty-three vessels in total were activated.
  - (3) There is an elevated consciousness for the value of sealift among Department of Defense leadership.
  - (4) USTRANSCOM has approval to purchase seven used commercial vessels, and is advocating to purchase additional used commercial vessels to recapitalize the RRF. USTRANSCOM wants to move rapidly with purchases of the initial seven in 2020, 2021, and 2022.
- b. Kevin Tokarski – Maritime Administration (MARAD)
- (1) Next year will be 100<sup>th</sup> anniversary of the Jones Act. Need to look forward to the next 100 years.
  - (2) Maritime Security Program (MSP) reauthorization is in the proposed Fiscal Year (FY) 2020 National Defense Authorization Act (NDAA).
  - (3) Proposal for a ten ship Tanker Security Program (TSP) is in the proposed FY2020 NDAA.
  - (4) Cable Repair Program – MSP like program to provide assured access to US flagged cable repair vessels is proposed in the proposed FY2020 NDAA.
  - (5) Introduced Tony Padilla as the new Director of Cargo Preference.
2. California Maritime Academy Welcome/Presentation
- a. Bob Arp welcomed everyone to California State University Maritime Academy.
- (1) 1,000 undergraduate students across six majors.
  - (2) 60% of students participate in the merchant marine licensing programs.
  - (3) 92% employment rate for graduates.
- b. Dr. Don Maier – Today’s Mariner Pipeline
- (1) CSU Maritime has relatively flat enrollment, slight decline.
  - (2) Strategic Sealift Officer Program (SSOP) 50% increase year over year.
  - (3) Future challenges:
    - (a) Size of the U.S. flag fleet.
    - (b) Technology rapidly changing (e.g. autonomous and semi-autonomous vessels).
    - (c) Market disruptions to include:
      - 1) Trade agreements.
      - 2) Shipping/bunker rates.



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## 3) Consolidation.

## 3. Sealift Readiness – Contested Environment

- a. MARAD and MSC led a discussion focusing on threats in the Contested Maritime Environment (CME) to both government and commercial mariners.
  - (1) The CME consists of emerging threats that are and will continue to present increased risk to mission and risk to force for government and civilian mariners. These mariners must be trained to take preventive defensive measures, identify actual attack by, and react appropriately to the attack.
  - (2) Threats include: cyber, unmanned systems, chemical/biological/radiological, GPS spoofing/jamming, communications jamming, and use of state/military and asymmetric platforms.
- b. MARAD and MSC led a discussion on initiatives to mitigate threats in the CME to both government and commercial mariners.
  - (1) MSC is incorporating CME training into civilian mariner training curriculum, to include in meeting Visual Identification (VI) fleet requirements. MSC is developing (currently unfunded) budget requirements to potentially expand this curriculum to commercial partners.
  - (2) MSC is increasing its efforts to develop a more structured and robust Strategic Sealift Officer (SSO) Program to leverage U.S. Navy experience in support of all operations.
  - (3) Maritime Academy SSO Program curriculums are already full and any additional requirements could require additional resourcing. MSC accepts approximately 300 Maritime Academy SSO Program students per year for sailing opportunities.
  - (4) MSC is continuing to develop and refine an initiative to train and employ Tactical Advisors (TACADs) on GOGO, GOCO and COCO chartered vessels. TACADs are drawn mostly from the SSO community but also from the Surface Warfare community. They have been employed in a limited capacity during FY19.
    - (a) TACADs receive specialized training and portable equipment to facilitate fleet integration, to include secure communications, naval messaging, convoy and escort tactics, and force protection considerations. The training and equipping plan spans the Five Year Defense Plan (FYDEP) and current desired capacity exceeds actual capacity.
    - (b) MARAD and MSC stated the importance of socializing the TACAD program and embracing fleet integration with both the Maritime Academies and industry partners as enablers to assist the Master operating in the CME.
  - (5) MSC provided an overview on the role and use of Contracted Security Teams (CSTs) and U.S. Navy Embarked Security Information Teams (ESITs), including their respective tasks/purposes, weapons release authorities, and embarked vessel support requirements.

## 4. Performance Metrics – Liner Performance Trend Analysis



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- a. SDDC provided three years of performance metrics for Universal Services Contract (USC)-8 carriers covering unit and sustainment cargo moves.
  - b. Trends are based on carrier performance scores that are derived from USC-8's two performance measures.
  - c. Carriers thanked SDDC for the improved relationship between carriers and SDDC.
  - d. Carriers were receptive to the presentation and would like to expand the objectives measured.
  - e. Door to door moves have a higher Required Delivery Date (RDD) achievement rate than port to port moves.
  - f. Available to Load Date (ALD)-60 initiative is a USTC J3 effort to get Combatant Commands (COCOMs) to validate cargo at least 60 days prior to ALD. COCOMs are getting better.
  - g. Industry is having challenges with getting correct shipping data and instructions.
  - h. Industry was requested to provide feedback on government performance to USTC & SDDC in the form of metrics for comparison and discussion.
5. Trends in Commercial Sealift Vessel Readiness
- a. U.S. Coast Guard (USCG) Marine Inspectors provided a brief on U.S. commercial vessel inspection deficiency trends.
  - b. Most common deficiencies for U.S. flag are in the firefighting systems (#1) and lifesaving equipment (#2).
  - c. Vessels that are placed on a watch list are given a second inspection each year while on the list.
  - d. USCG stated that carriers with questions regarding an inspection should be made to the Officer in Charge Marine Inspections (OCMI) for the region it occurred.
  - e. Carriers would like to see the trends for the correction of deficiencies.
6. Operations in the Persian Gulf
- a. USTC J3 Mission Assurance facilitated a discussion on current challenges operating in the Gulf.
  - b. Carriers commented on the perceived lack of sharing of information between government agencies. Reports made to authorities in the Gulf do not seem to make it to USTC as evidenced by them being asked the same questions again. They were interested in learning the protocol for passing information to agencies in the Gulf and how it gets to USTC.
  - c. USTC highlighted that U.S. Fifth Fleet cannot prevent a U.S. commercial vessel from transiting international waters. Fifth Fleet can advise and provide escort. The Maritime Administration publishes warnings.



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- d. Carriers were interested to know when Tactical Advisors (TACADs) will begin to embark vessels with a secure communication capability.
  - e. War Risk Insurance – MARAD reminded carriers on the availability of War Risk Insurance (premium and non-premium) if rates become untenable.
    - (1) MARAD can provide premium War Risk Insurance if commercial rates become too high.
    - (2) Non-premium War Risk must be requested by Commander, MSC or Commander, USTRANSCOM.
    - (3) TCDC recommended holding a JPAG (classified forum) in the near future to provide industry greater understanding of the threat and Joint Force posture for security of U.S. flag vessels in the CENTCOM AOR.
7. Army Deployments
- a. SDDC briefed Brigade Combat Team (BCT)/Elite 8 on-going & projected movements.
  - b. Speed of War – “Move, Deploy, and Sustain the Armed Forces by executing the reception, staging, and upload/download of unit equipment with unremitting energy to deliver the decisive force through our SPOEs/SPODs.”
  - c. Surface Tasking Order (STO) – gives visibility to the deployment planning community on the status of moves from conception to execution.
  - d. Implementation of Weigh-in-Motion and Deployable Automated Cargo Measurement System (DACMS) at major Army installations.
8. Analytical/Planning Assumptions
- a. Joint Deployment Process Analysis Center (JDPAC) provided a brief on the assumptions and planning factors used in mobility studies.
  - b. Industry questioned the assumption of modeling based on number of vessels vice capacity since VISA is based on committed capacity. JDPAC indicated that limitations in the modeling program requires cargo to be assigned to vessels. Carriers indicated capacity may be available faster than vessels.
  - c. The FY 2020 NDAA will have a requirement for USTRANSCOM to conduct another mobility study to include a review of ammunition carrying capacity and petroleum carrying capacity.
  - d. TCDC recommended USTRANSCOM and MARAD host another VISA Table Top Exercise (TTX) to walk through a plan, day-by-day, and vessel availability from volunteers through stages.
9. Legislative Affairs Update
- a. Sense from legislative affairs is the FY 2020 budget will be delayed and a Continuing Resolution (CR) in place to allow Congress to work and pass a budget in November.
  - b. FY 2020 National Defense Authorization Act (NDAA) conference is ongoing and awaiting final bill and report. Key points include:



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- (1) Senate NDAA Section 1016 modifies the authority to purchase vessels by striking “ten new sealift vessels” and inserting “ten new vessels that are sealift vessels, auxiliary vessels, or a combination of such vessels.”
- (2) House NDAA Sec 118, “NDRF [National Defense Reserve Fleet] Vessel,” requires the Navy to enter into a contract for the construction of one sealift vessel, delivered NLT 30 Sep 26.
- (3) House NDAA Sec 1031, “Transportation by seas of supplies for the Armed Forces & Defense Agencies,” to add “Defense Agency” to the first section of the 10 USC 2631, “Supplies: preference to the United States vessels.”
  - (a) “Only vessels of the United States or belonging to the U.S. may be used in the transportation by seas of supplies bought for the Army, Navy, Air Force, Marine Corps, or for any Defense Agency.”
- (4) House NDAA Sec 1022, “Use of NDSF [National Defense Sealift Fund] for procurement of two used vessels,” requires the Navy to enter into contract the procurement of two used vessels for FY20.
- (5) House NDAA Section 1066 requires another Mobility Capability Requirements Study (MCRS), to include:
  - (a) Assessment of the ability of the programmed airlift aircraft, tanker aircraft, sealift ships, and key mobility enablers to meet the integrated mobility requirements in expected strategic environments, as defined by the guidance in such national defense strategy.
  - (b) Availability of commercial sealift capabilities and resources, when applicable.
  - (c) Readiness, crewing, and activation rates for sealift ships.
  - (d) Interim report/brief 1 Jun 20, report/briefing NLT 1 Jan 21.
- (6) House NDAA authorizes a Tanker Security Fleet Program.
- (7) House Armed Services Committee (HASC) NDAA Committee Report directs Secretary of the Navy (SECNAV) to brief the HASC, NLT 1 Oct 19, plans to include cleared U.S flag commercial ships in war games and exercises.
- (8) Both chambers authorize \$300M for MSP in FY 2020.
- (9) Both House and Senate NDAA contain “Military to Mariner” language that requires identifying all training and experience within the Services that may qualify for merchant mariner credentialing, and submit a list of all identified training & experience to the Coast Guard for a determination of whether such training & experience counts for credentialing purposes.

#### 10. 24-7 Vessel Selection Policy Way Forward

- a. TCJ3 provided a walk-through of the USTRANSCOM 24-7 Vessel Selection Policy process.



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- b. Carriers questioned the requirement for Roll-on Roll-off (RoRo) only requirements. They stated there were ~40 requirements this year that were specifically limited to RoRo's where multi-purpose and container vessels could have met the requirement.

#### 11. Cargo Preference

- a. MARAD provided an update on cargo preference initiatives.
- b. MARAD Cargo Preference Office has met with Defense Logistics Agency (DLA) and Headquarters, U.S. Africa Command to talk with contracting officers and provide training on cargo preference law requirements in contracting.
- c. Defense Acquisition University (DAU) courses are available for online training of cargo preference laws in contracting.
- d. Export-Import (EXIM) Bank – Must be renewed by end of September 2019 or it will expire. 100% of EXIM Bank cargo must move on U.S. flag vessels.

#### 12. State of the Industry

- a. Roll-on Roll-Off
  - (1) Supply and demand for RoRo's is balanced however freight rates continue to decline.
  - (2) Tariffs not directly impacting RoRo's.
  - (3) Optimal size RoRo is 6000-6500 car equivalent units (CEU) size. This is the primary size RoRo in VISA/MSP. Larger RoRo's were being built but are not economical in the current market.
- b. Containership
  - (1) Carriers were achieving a 4.5-5.0% margin in the 2<sup>nd</sup> quarter.
  - (2) Tariffs are having a negative effect on the container industry.
  - (3) Overall, the fleet is steady
  - (4) Workhorses of the fleet are the ~15,000 twenty foot equivalent (TEU) vessel. Still need for smaller feeder vessels.
  - (5) Fuel switch to low sulfur fuel is a complex issue. Installation of scrubbers is expensive and may only be a temporary fix.
  - (6) Low sulfur fuel is becoming more available.
- c. Multi-Purpose Vessels (MPV)
  - (1) Trade war impacting MPV market. Large projects in U.S. have parts manufactured in China.
  - (2) Concerns:
    - (a) EX-IM Bank renewal and cargo.
    - (b) Restrictions on RoRo only requirements by DoD
    - (c) Minimum guarantees with unit moves.



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## d. Jones Act

- (1) Four carriers investing ~\$2.7 billion in new ship construction.
- (2) Ships built in the 1970's-1980's are being replaced with newer and more efficient vessels built in U.S. shipyards.
- (3) Steam ships are being phased out. Will eventually limit the number of qualified and proficient steam engineers to crew steam RRF vessels.
- (4) Port of Anchorage – Strategic Port with 1960's infrastructure.

## e. Labor

- (1) Turbo Activation has unrealized manpower impacts for a 10-day event.
- (2) Too early to see full lessons learned from the activation exercise.
- (3) Within 24 hours all vessels had crews identified (unlicensed mariners).
  - (a) Majority of crews were sourced from local regions where the vessel was located.
  - (b) Some crews delayed arrival due to Houston airport closure and flooding on roads to Beaumont Layberth Facility.
- (4) 456 unlicensed mariners to crew the vessels.
  - (a) ~436 had sailed in the years 2017-2019.
  - (b) ~24 did not have sea time in last two years. Some of these are mariners right out of school and on their first job.
- (5) TCDC stated there would be a Turbo Activation After Action Review at the next VISA EWG.

## 13. Around the Room

- a. Turbo Activation 40k foot review at NDTA Sealift Committee meeting October 2019.
- b. TCJ5-D – carriers desiring a demonstration of the Transportation Management System (TMS) can contact USTRANSCOM.
- c. California Maritime Academy offered up the Maritime Academies as a source of support for issues like Jones Act. The schools have resources with their alumni associations that can be tapped.
- d. Industry offered meeting to discuss alternative ways to recapitalize the organic fleet.
- e. MARAD stated the VISA Program is up for renewal and is with the Federal Trade Commission and Attorney General for review. Renewal is for five years.

## 14. Task Review

- a. Provide feedback on performance metrics - Key Performance Indicators (KPI's)
  - (1) Carriers provide feedback on possible government performance metrics.

OPR – NDTA



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(2) SDDC feedback on ability to expand liner contract compliance performance metrics.

OPR – SDDC

(3) MSC provide feedback on identification of charter metrics

OPR – MSC

OCR – SDDC, Industry

b. Arrange a classified session to allow CENTCOM/5<sup>th</sup> Fleet an opportunity to share their perspective on ongoing operations in the Gulf. Session should identify threats, mitigation actions, and incident information flow. Consider hosting a Joint Planning Group (JPAG) by early November for MSP carriers.

OPR – J34

OCR – MSC, TCJ2, MARAD

c. Conduct a VISA Activation Table top Exercise (TTX) based on one of the newer TPFDD's prior to the next VISA EWG.

OPR- J35/J37

OCR- MSC, SDDC, TCJ5, TCAQ, TCAC, MARAD

d. Review Ro/Ro-only unit move requirements. Are we too prescriptive in excluding Multi-Purpose Ships and Containerships to Ro/Ro-only requirements? Address at next carrier meeting Nov 2019.

OPR – TCJ3

OCR – SDDC

e. Conduct Sealift Recapitalization Industry Day – can we do recap better?

OPR – MARAD

f. Provide a Turbo Activation Exercise debrief with inputs from all agencies.

(1) Provide high level summary at the NDTA Sealift Committee Meeting.

OPR – J35/J37

OCR – MSC, MARAD, USCG, Labor

(1) Provide complete review and Lessons Learned at next VISA EWG - March 2020.

OPR – J35/J37

OCR – MSC, MARAD, USCG, Labor

15. Meeting adjourned.

16. Updates and corrections - Please use the USTRANSCOM TCJ5-I point of contact listed for updates or corrections to these minutes.



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### Meeting Participants

#### **USTRANSCOM**

VADM Mewbourne  
 Ken Brennan  
 Rick Marsh  
 COL Rick Lear  
 COL Todd Bertulis  
 Curt Zargan  
 Kurt LaFrance  
 Col Kevin Griswold  
 Al Lopez  
 LtCol Mike Shirley  
 Tim Boemecke  
 Maj Dan Kull  
 Tim Grout

TCDC  
 TCAQ  
 TCJ5-D  
 TCJA  
 TCJ3-DM  
 TCAC  
 TCCC-LA  
 TCCC-LA-DC  
 TCJ5-I  
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 TCJ5-IS  
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#### **SDDC**

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#### **MSC**

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#### **OSD/Joint Staff**

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#### **USCG**

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#### **DoT/Maritime Administration**

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 Tony Fisher Deputy Assoc. Administrator  
 Bill McDonald Director Strategic Sealift  
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#### **Industry**

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 Grace Greene President, Tote Alaska  
 Chris Heibel VP, ARC  
 Jared Henry VP, Hapag-Lloyd USA  
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 Kris Rogers Dir Gov't Services, Crowley  
 Augie Tellez Exec VP, Seafarers International Union  
 Will Terrill President & CEO, US Ocean  
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