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Congress Supports FA Initiative for Port Grants

Kurt Ferry knows a good deal when he sees one. As Chairman of the Area Maritime Security Committee and former Chair of its Grants Sub-committee Kurt Ferry is fully aware of exactly how much work is involved in evaluating Port Security Grant Program (PSG) applications.

"The process can take several months of work, and over the last several rounds, we had to cram it into weeks," Ferry said, noting the several iterations and layers of review. "But it's all worth it," he said, "there is no doubt in my mind that making the decision on how federal PSGP dollars are spent must be kept at the local level."

Beginning with a supplemental grant round in 2007, the Federal Emergency Management Agency, which is tasked to administer Homeland Security Grant Programs including the PSGP, devised a mechanism to include specific dollar allocations for certain port regions and allow local AMSCs to determine which projects should be funded. Under this model, which utilizes a local Fiduciary Agent (FA) to work with FEMA and ultimate recipients, the port community has, among other significant benefits, greater visibility into what capabilities are being acquired or developed.

"But that all changed in 2012," said Exchange Vice President Lisa Himber. The Exchange serves as FA for the grant program in the Delaware River region. "At that time, FEMA decided it would rather keep decisions and PSGP Management in Washington, DC."

This reversal was a great loss at both the regional and individual levels. "In San Francisco, we were able to reprogram $8 million and invest it in needed security projects rather than return it to the federal government as unspent for the FY08 program," said Lynn Korwatch, Executive Director of the San Francisco Marine Exchange.

Many of the Delaware River sub-grantees told the Exchange how much they appreciated having a local contact to ensure federal procurement processes are followed and to get speedy answers to questions when they arise.

According to Sylvia Floyd-Kennard, Director of HR and Security at the Port of Wilmington, "The staff at the Maritime Exchange facilitated our maneuvering through the entire process, from the beginning of our project to its completion. We completed our project on time and within

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Coping With the Cold: Maritime Impacts of the 2014 Polar Vortex

By: Kathy Moore, Captain of the Port
U.S. Coast Guard
Sector Delaware Bay

The title of this entry is only slightly tongue-in-cheek. As we were all getting used to writing 2014 instead of 2013, the Jet Stream took a header and the local forecast looked like one from Alberta, Canada! We received a slug of snow and then a particularly unpleasant combination of cold air and high winds. The weather presented a real safety risk for anyone outside due to the subzero wind chills, but I want to focus a bit more on some of the impacts of the 'Polar Vortex' on our waterways.

Sector Delaware Bay, in collaboration with the Mariner's Advisory Committee, Captain Jon Kemmerley, set Ice Condition 3 and then Ice Condition 2 with hull restrictions as the ice began to accumulate in the Delaware, the C&D canal and the



Cape May-Lewes Ferry navigates through the ice.

Schuylkill. This process works much the same as it does with significant storms or hurricanes, where traffic on the river is restricted as hazard conditions increase.

One of the features of this year's ice that we monitored closely was the ice jam that occurred up near Trenton. This feature became a concern as it effectively dammed a portion of the Delaware River causing some flooding in riverside areas of Pennsylvania and New Jersey. We dispatched Coast Guard Cutters CAPSTAN and CLEAT to transit up river to see if we could break through the jam.

The jam presented a risk to the river as an uncontrolled break in the dam could send large pieces of ice and a significant slug of water down river, potentially impacting shipping, both transiting and moored. As it happened, the jam resolved itself through gradual melting and no damage to shipping or facilities was experienced as a direct result of the jam. We did, however experience a number of

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Calling All Exchange Members

You should have received your 2014 Membership Renewal Notices early in January of this year. Many thanks to those who have already sent in their annual dues payments. If, however, you have yet to remit, won't you please take a moment and do so now?

Not a member?

If you are not a member of the Exchange, now is an excellent time to get engaged. You can become a part of an organization that strives to protect and promote the Delaware River commercial maritime industry by providing leadership and advocacy on issues that matter most and through a suite of programs and services to help optimize your own productivity.

Contact Beverly Ford at 267-670-7946 or bford@maritimedelriv.com to discuss the many benefits available to you as a member of the Maritime Exchange.

Interview with
Pennsylvania Governor
Tom Corbett



A long-standing and ardent supporter of the Delaware River and its commercial maritime industry, and Seamen's Church Institute Spirit of Port Award recipient for 2014, Pennsylvania Governor Tom Corbett (R) recently agreed to share with The Beacon *some of his thoughts on a variety of subjects of interest to our readers.*

Q: With the 45' Main Channel Deepening Project approximately 60% completed, what are your thoughts on pending and long-term positive results we can anticipate as this project nears completion?

A: This is arguably one of the Commonwealth's most strategic and important projects in the last twenty years. The Main Channel Deepening Project of the Delaware River is a bi-partisan effort, which I aggressively supported. The deepening of the Main Channel will not only allow the Port of Philadelphia to maintain its existing customer base, but it will lead to greater interest by ocean carriers looking to service the northeast U.S. A deeper channel also will lead directly to increased cargoes and thousands of new and retained jobs.

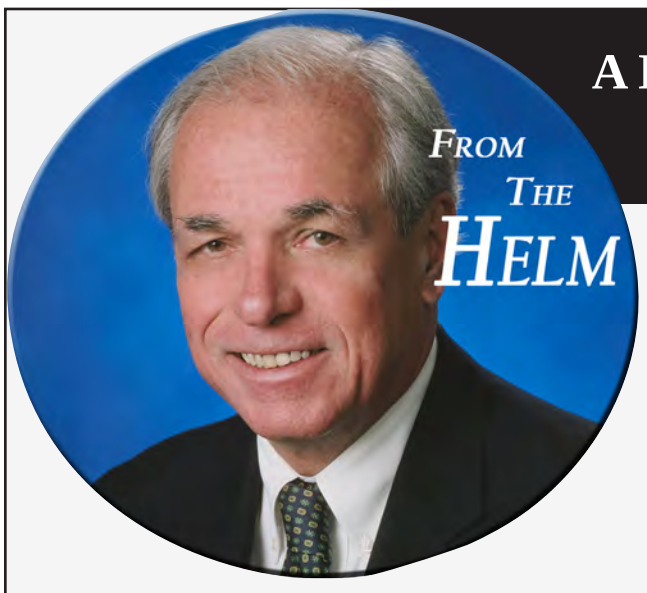
Q: In the not so distant past, regional refineries were threatened with closure, and thousands of jobs were at risk. Where do we stand today with respect to our regional industrial landscape?

A: Due to the commitment of my administration, buyers were found to purchase and operate the refineries on the Pennsylvania side of the Delaware River. This public-private partnership has developed into technology enhancement and retention of existing jobs. With the advent of the Marcellus Shale natural gas deposits, Philadelphia is rapidly being recognized as a growing energy center. Over time, not only will Philadelphia become a major port of export for home-grown energy products, but it will also become a hub for increased employment opportunities in the evolving energy industry. Philadelphia is also benefiting from the waterborne movement of domestic oil to both domestic and foreign ports.

Q: How can we best develop an accomplished 21st Century regional maritime work force that is ready, willing and able to maintain a needed and steady stream of good-paying, family-sustaining jobs?

A: The best way to develop an accomplished maritime workforce is through continuing education and port awareness. Stakeholders of the maritime industry need to unite and stress the importance of the industry and the opportunities for growth and accomplishment. Public awareness includes making all aware of the importance

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A Key Component of the Delaware River Regional Port . . . Aker Realizes Promise of Shipbuilding

In the last issue of *The Beacon*, we focused on how changes in the global and domestic energy marketplaces have impacted our regional port complex. In that edition, there was an article regarding plans between Aker Philadelphia Shipyard (AKPS) and Crowley Maritime Corporation to build four new American Flag tankers.

This AKPS story, and so many of the points made concerning the shifting landscape of the petroleum and chemical industries on the Delaware River, are a testament to the resiliency and competitiveness of our port.

We have chronicled the major changes and initiatives impacting our port that have occurred in recent years in previous editions of *The Beacon*:

- The deepening of the Delaware River main shipping channel from 40 to 45 feet is underway and over halfway completed.
- A new general cargo terminal being built by the South Jersey Port Corporation in Paulsboro, New Jersey.
- The Philadelphia Regional Port Authority working to develop a new container terminal, Southport, at the Philadelphia Navy Yard.
- The Port of Wilmington investing in new cranes and refurbishing berths as a part of its capital investment program.

And private cargo terminals are making similar investments as well.

Going into the great recession of 2009, three oil refineries were shuttered, and one was scheduled to be closed down. Today, the Philadelphia refinery, once operated by Sunoco, remains open and now operates as Philadelphia Energy Solutions. The Trainer refinery is now operated by Monroe Energy (Delta Airlines). And the legacy Sunoco refinery in Marcus Hook is being retooled to process and export Marcellus Shale wet gasses under Sunoco Logistics Mariner East project.

This is all good news and it confirms the fact that our port is, in fact, resilient.

AKPS over the past three years has rebounded from the impact of the recession driven by a worldwide financial crisis. The yard reduced its workforce from 1,200 employees to just over 300 within one year. Today it again employs over 1,000 workers.

A recent article in Maritime Professional authored by Joseph Keefe comprehensively described the innovative and entrepreneurial path followed by AKPS which led to this business recovery. It is well worth reading.

AKPS was able to capitalize on those same market conditions embodied in the global and domestic energy marketplace that impacted our regional port. The booming shale gas and crude oil industry in the United States and Canada drives the production of US-flagged petroleum product tankers that are needed to transport oil, gasoline, and chemicals coastwise throughout our country. In addition to product tankers, they are also building US-flagged container ships.

The bottom line is clear: it is a huge plus for our port to have this strong and vibrant shipbuilding company as part of our community.

There is a natural tie-in to the emerging movement of Canadian and domestic petroleum cargos through our port. But AKPS' presence on the Delaware River at the old Philadelphia Navy Yard adds a maritime dimension to our port that few others in the United States enjoy.

Jessica Rockford

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WRRDA Matters to Ports Along the Delaware

Legal Ease

By: A. Robert Degen, Esq.,
Law Office of A. Robert Degen

Periodically Maritime Exchange President Dennis Rochford reports on numerous matters affecting the port community and the businesses along the Delaware River, including pending legislation. One such piece of legislation is the Water Resources Reform & Development Act (WRDDA) of 2013 which is a biennial package of legislation that is the primary vehicle for Congress to authorize water projects to be studied, planned and developed by the U.S. Army Corps of Engineers. The first WRDDA was passed in 1974 and has generally been revisited every two years. Basically, it is the law that implements policy changes with respect to the Corps of Engineers' water resource projects and programs.

In May 2013, the Senate overwhelmingly passed S. 601, its version of the Water Resources Reform & Development Act of 2013. A similar bill, H.R. 3080, the Water Resources Reform & Development Act of 2013, was introduced into the House in September 2013 and was passed on Oct 23, 2013 when the bill went back to the Senate, which again passed its version on Oct 31, 2013. As a result of differences in the two versions of the bills, the competing bills went to a conference committee on November 20, 2013 where deliberations are underway.

You may be wondering just why the Delaware River port community should be concerned about the details of the Water Resources Reform & Development Act of 2013. There are several good reasons to support the current version of the Act.

Maintenance Dredging

Since the early years of our country, the federal government has funded activities to maintain access to the country's harbor access channels. The responsibility for that rests with the U.S. Army Corps of Engineers which relies on appropriations from Congress to carry out its responsibilities.

To ensure an adequate source of revenue, the Harbor Maintenance Trust Fund (HMTF) was established in 1986 to fund the operation and maintenance of ports and harbors. It was supported by the imposition of the Harbor Maintenance Tax which collected, as a user fee, a percentage of the value of all cargo exports and imports moving through designated U.S. ports. The Harbor Maintenance Tax is no longer collected on exports since the Supreme Court declared that portion of the Act unconstitutional as an impermissible tax on exports as opposed to a true user fee.

Today the fee is only collected on imports, domestic shipments and Foreign Trade Zone admissions which are required to pay .125% of the value of the commercial cargo shipped through the specified ports.

The problem is that in the years since its enactment, appropriations for harbor maintenance, including dredging, disposal, jetties and breakwaters have lagged far behind the fees collected to fund those activities. As a result, the HMTF has accumulated a surplus, as of FY12, of $7 billion. In recent years, approximately $1.5 billion has been added annually to the fund while only approximately half of that amount has been appropriated for harbor maintenance, resulting in a constant battle to have channel project depths and widths maintained.

So what does the WRDDA of 2013 do to provide relief? Both the Senate and House versions provide for increased expenditures from the HMTF based on gradual increases for FY14 through FY19. The Senate bill would require expenditure of not less than $1 billion in FY14 up to $1.5 billion in FY19. Thereafter, from FY20 on, all funds collected by the fund would be made available to the Corps for its harbor maintenance programs. The House bill would allocate 65% of fees collected to the Corps in FY14, with the percentage increasing to 75% in FY19. From FY20 on, the amount allocated to the Corps would be capped at 80% of fees collected. The net result under either version will be an increase in available funding for the Corps to maintain the nation's harbors and navigation channels.

Project Prioritization

So, how would the increased funding be divvied up between competing ports?

While both the Senate and House versions of WRDDA would increase the available funding for the Corps, both would also require the Corps to prioritize the expenditure of funds drawn from the HMTF, however based on differing criteria.

The Senate bill would prioritize funding based first on those projects that are high-use deep draft (over 14' and over 10,000,000 tons of cargo annually). It would allocate 80% of funds for those projects. It would then allocate the remaining 20% for navigation in the Great Lakes Navigation System that are not maintained to their constructed width and depth.

The next tier to receive funding would be moderate-use and low-use port projects that have been maintained at less than their constructed width and depth.

Finally, the third priority would be ports where channels are not maintained to the minimum width and depth necessary to provide sufficient clearance for fully loaded commercial vessels.

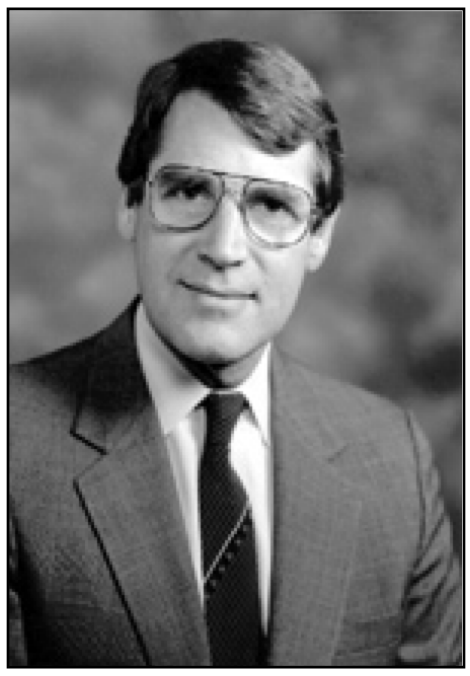
The Senate version also authorizes the Secretary to prioritize other projects to address hazardous navigation conditions or impacts of natural disasters. However, the House bill would use different criteria and would require the Secretary of the Army to review the operation and maintenance needs of different types of harbors and make future operation and maintenance expenditures based on an equitable allocation among all harbor types regardless of size and tonnage, based on the review and assessment made by the Secretary.

The differing approaches are significant. The House bill specifically declines to allocate funds based solely on tonnage contrary to the Senate bill. The effect of this difference between the House and Senate versions would likely favor those ports having a high proportion of container traffic over those handling mostly bulk cargos, and thus higher overall tonnages.

Berth Dredging

In addition, both versions of the WRDDA make some provision for federal funding for private berth dredging. Under current law, the depths of berths and some private side channels are the responsibility of port authorities or terminal owners and may not be dredged or widened with HMTF money.

The Senate bill would allow ports that generate significantly more HMT revenue than they receive, under certain



conditions, to use funds from the HMTF to dredge private berths and to remove contaminated sediments. This would give those ports with the deepest drafts an increased ability to draw on the HMTF, thus potentially reducing the amount of funds allocated to other ports.

While the House bill also expands use of the HMTF for dredging of berths and contaminated sediments it ties the expenditure to certain conditions. In years when target expenditures from the HMTF are met (80% from FY20 onward), five percent may be used on specific other uses, such as dredging of berths and disposal of contaminated sediments affecting a federal navigation channel. The effect of this provision will allow naturally deep ports without major dredging needs to benefit from expanded use opportunities.

It is difficult to say just which provisions will benefit the ports along the Delaware River most. However, it is safe to say that either the Senate or the House bill will likely increase the pool of funds available to the Corps to carry out its responsibility, among other things, to maintain the navigable channels in the nation's ports. Given the continual need for maintenance dredging it is safe to say that either the House or Senate bill will result in a benefit to the region through additional funding for regular maintenance dredging.

Stay tuned as a conference committee of the House and Senate work toward a compromise bill that can pass both houses.

Conference Committee Works to Finalize WRRDA

The House and Senate Conference Committee for the Water Resources Reform & Development Act (WRRDA) is hoping to reach agreement on this legislation early in 2014.

There were a number of differences between the Senate version of WRRDA (S. 601), and the House version, H.R. 3080, which caused delay in an agreement being reached last December between House and Senate conferees. As of the publication date of this issue of *The Beacon*, there was cautious optimism that a final bill would be voted out of the committee and passed by both houses of Congress. Senator Tom Carper (D-DE) and Congressman Frank LoBiondo (R-NJ) both serve as conferees.

"Whether the Corps is at work deepening the main channel of the Delaware River, restoring and improving valuable coastal environments along our Bayshore, or constructing vital protective barriers against coastal storms, these projects offer benefits to all Delawareans in one way or another," Carper said. "Whatever the project may be, we will continue to value our partnership with the Corps of Engineers and the work they do and look forward to continuing this strong relationship. I look forward to a productive and speedy conference."

As outlined in the accompanying article by A. Robert Degen, Esq., a major provision of this bill would set targeted expenditures from the Harbor Maintenance Trust Fund (HMTF), to increase each year so that by FY20, and every year thereafter, no less than 80% of the funds collected would be expended on operations and maintenance dredging activities.

Congressman LoBiondo, a member of the House Coast Guard & Maritime Transportation Subcommittee. has been a key supporter of maritime initiatives and is a strong proponent of the WRRDA. "Given the substantial reliance on our waterways for interstate and international commerce, finishing a multi-year WRRDA is critical to our nation's economic growth. With thousands of jobs dependent on our waters, the need for Congress to settle its existing differences and allow the Army Corps to move forward with their work is in all of our best interests. I'll continue to work with my colleagues, members of the Maritime Exchange, and other interested parties on this legislation," he said.

"Full utilization of the HMT is critical to both the navigational safety and competitiveness of our nation's ports," said Dennis Rochford, Exchange President. "The annual $30 million Operations and Maintenance funding the Corps of Engineers receives to dredge shipping channels and harbors throughout our regional port could be increased. With these additional funds, the Corps would be better positioned to undertake other projects. As an example, this funding could be utilized to upgrade existing federal upland confined disposal facilities and beneficial reuse programs."

Keeping Pace: Exchange Adds Layers of Redundancy to Support Operations

For nearly 140 years, the Maritime Exchange has served the port community as a clearinghouse for Delaware River port-related data and as the central communication center for disseminating information to help keep the region competitive.

The mechanisms through which the Exchange collects and distributes information has obviously changed dramatically over the many years. From couriers, blackboards, telegraphs, telex and fax machines, cell phones and VHF radios, servers and personal computers, the Exchange has been witness to many technological innovations and has embraced each to ensure superior service to members and subscribers.

Geographically, the Exchange maintains three physical offices, one each in Philadelphia, Wilmington, and Lewes, Delaware. The Philadelphia site serves as the primary administrative and operational office for normal business hours, houses the Exchange's primary data center, and is backed up by a generator. The office in Wilmington, located within the Port of Wilmington Administration Building, serves as the backup office and data center.

The Exchange also maintains a Lewes, Delaware facility that is shared with the Pilots' Association for the Bay and River Delaware and is also backed up by a generator. The Lewes Ship Reporting Tower serves as the night and weekend operations center. By maintaining three geographically separate sites, the Exchange minimizes the risk that any single disaster could disrupt or halt operations.

All three sites are connected by state-of-the-art Multiprotocol Label Switching (MPLS) data circuits which were implemented in 2013 to replace legacy technology. The MPLS circuits were deployed as part of a joint multi-year project with the Pilots' Association to upgrade the Exchange/Pilots' VHF radio network which covers the entire Delaware River region. VHF radio capabilities exist at all three Exchange locations and are used to collect vessel schedule changes and updates and to facilitate ship-to-shore communications between Exchange members and vessel personnel.

"This is the second successful joint VHF radio project undertaken by the Pilots' and the Exchange," said Jason Rowinski, IT Manager for the Pilots' Association. "The first was completed in 2008 to convert the radio network from analog to digital, and the most recent project migrated us from legacy frame relay circuits to the newer MPLS platform. The joint VHF radio network makes sense because we can leverage the resources and talents of both organizations to provide a first class communication network on the Delaware River."

In conjunction with the MPLS project, the Exchange also upgraded its Internet circuits last year to provide enhanced connectivity for external users who access the Maritime On-Line system. The new circuits also allowed the Exchange to replace its phone system with a new IP-based system in 2013. The migration from an internal system to a hosted solution provided system redundancy, enhanced features, and reduced the cost of ownership.

Since the 1980s, the Maritime Exchange has hosted the community-developed system known as Maritime On-Line to collect and disseminate port related information. At that time, the Exchange traded in its handwritten log books for a digital schedule system, developed a community-based electronic manifest system to clear cargo with U.S. Customs, and subsequently implemented systems to assist in cargo operations and to meet other federal requirements for electronic vessel, cargo, and crew reporting.

What began as a single computer server environment running on what was then a leading edge operating system with banks of modems for user connectivity is now a complex and sophisticated port communications center in use by maritime businesses throughout the country.

Critical information, which includes all Maritime On-Line data, is replicated real-time from the primary facility to the backup site, with non-time sensitive information replicated on a nightly basis. Tertiary backups are performed daily and stored off-site.

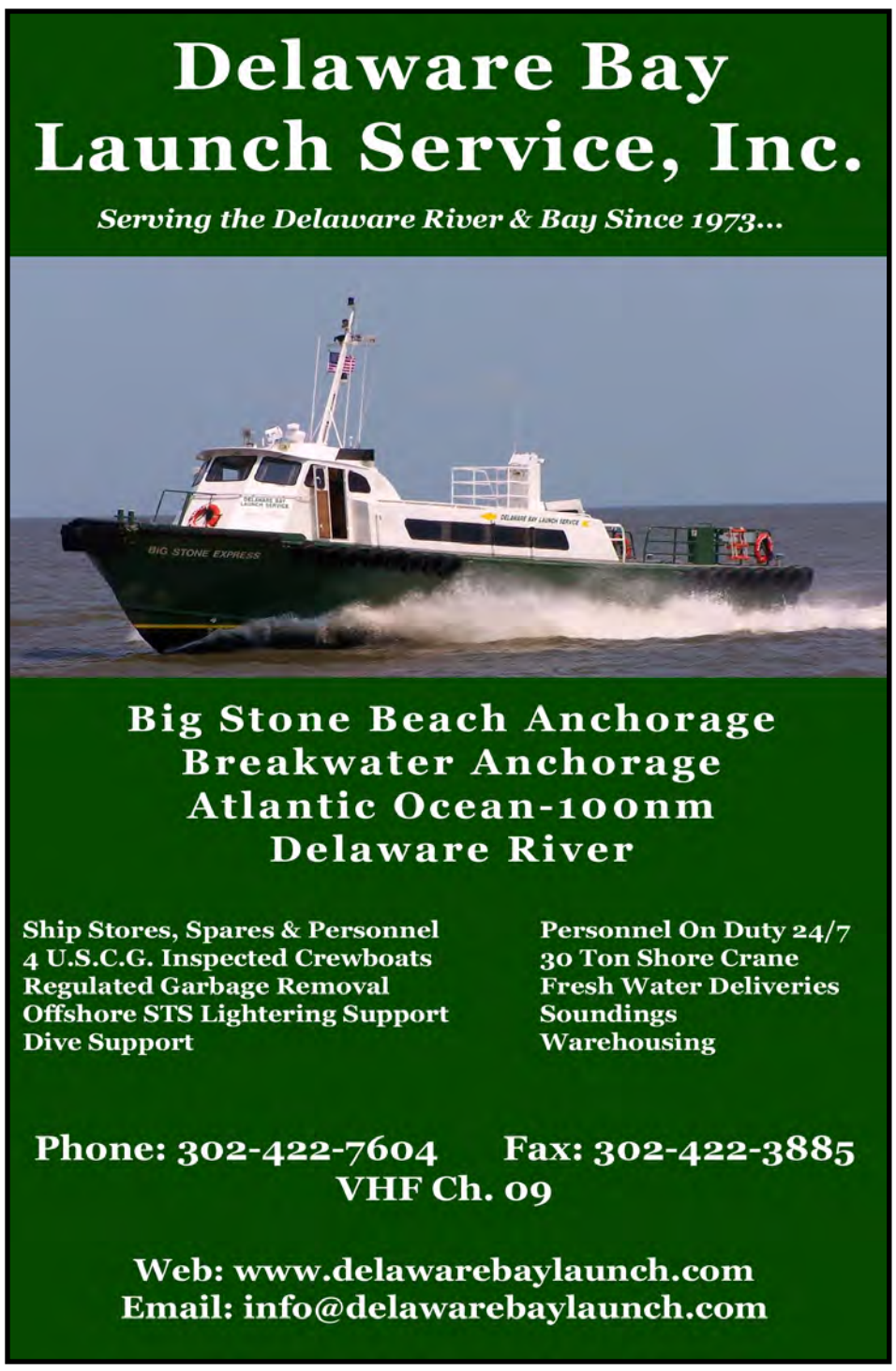
The Exchange currently owns and maintains all hardware associated with its on-line systems, email servers, and web sites, and these are monitored and serviced 24 hours a day through a national support firm.

"We continually invest in upgrading with new hardware as equipment ages and new technology becomes available that would enhance Maritime On-Line efficiency and provide additional redundancy," said IT Director Michael Fink.

"Beginning this year, we are looking to leverage virtualization technology – using a software application to divide one physical server into multiple isolated virtual environments. This would allow the Exchange to collapse several servers to only one, two or three physical machines." For instance, a database server, file server, and an email server can each reside on a single box rather than each requiring a separate machine. Each server is maintained in a separate virtual environment, new servers can be added on the fly, and each can be moved to another virtual server for redundancy or backups. The Exchange is reviewing the possible cost/benefits that include improved disaster recovery capabilities, increased uptime, and reduced overhead costs, and will be standing up its first virtual machine in 2014.

The pace at which technology has advanced has never been so keenly felt at the Exchange as within the past 10 years, and the demand for information by the private and public sectors will only continue to grow. This will necessitate a continually evolving infrastructure to support the increasingly complex systems that will be required.

"Fortunately, new hardware, software, and communication innovations continually emerge that support these trends and provide more opportunities each year through which the Exchange can help to enhance information sharing and facilitate cargo operations on the Delaware River," Fink said.





Member Profile: Horizon Lines, Inc.

Last year, Horizon Lines, Inc. joined the roster of satisfied customers in our region. By becoming a member of the Maritime Exchange at the same time, Horizon Lines thus also joined the roster of maritime community businesses and individuals who recognize the importance of working collaboratively to solve problems and identify opportunities for improvement.

The Beacon is pleased to provide this brief history of one of the region's newest customers.

Horizon Lines is a domestic ocean shipping company that serves the markets of Alaska, Hawaii and Puerto Rico from the continental United States. The company and CEO Sam Woodward are based in Charlotte, North Carolina, but the Horizon Lines vessel and inland operations are largely run from its location in the Dallas, Texas area. The company maintains a fleet of 13 fully Jones Act qualified vessels and operates five port terminals in Alaska, Hawaii and Puerto Rico. The ships sail from the U.S. mainland ports of Philadelphia, Jacksonville, Houston, Tacoma, Oakland and Los Angeles.

Horizon Lines has its roots in the advent of containerized shipping. In 1956, Sea-Land Service introduced ocean-borne containerization with a shipment of containers aboard the *Ideal-X*, a converted World War II T-2 oil tanker, from Newark, New Jersey to Houston, Texas. Sea-Land introduced container shipping to the Puerto Rico market in 1958 and pioneered container shipping to Alaska in 1958, with the first year-round scheduled vessel service.

In 1987, the line began providing container shipping services between the U.S. West Coast and Hawaii and Guam through acquisition from an existing carrier of all of its vessels that were already serving that market. Sea-Land was acquired by CSX Corp. in 1986, and in 1997, Sea-Land launched the first fleet of advanced humidity control refrigerated containers. In 1999, CSX sold the international ocean business to Maersk, retaining the domestic ocean shipping business as CSX Lines.

In 2003, CSX Lines was sold to The Carlyle Group, an American-based global asset management firm. Under Carlyle's ownership, the company's name was changed to Horizon Lines. In September of 2005, Horizon Lines successfully launched an Initial Public Offering. Today, it is entirely focused on business between the U.S. mainland, Alaska, Hawaii and Puerto Rico. Currently, the *Horizon Trader* and *Horizon Navigator* call on Philadelphia.

The Horizon Lines fleet consists of both steam-powered and diesel ships with the diesel ships primarily serving ports in Alaska. All of the ships are built in the U.S. and proudly fly the U.S. flag. They are crewed through three unions: Masters, Mates & Pilots for the licensed deck officers; Marine Engineers' Beneficial Association for the licensed engineering officers; and The Seafarers International Union for all unlicensed personnel.

Horizon Lines ships participate in the U.S. Coast Guard's Automated Mutual-Assistance Vessel Rescue (AMVER) System and are involved in several cases every year. The *Horizon Reliance* was specifically recognized by the U.S. Coast Guard and international organizations for its role in 2012 saving two Canadian men and a boy whose sailboat became disabled and was adrift in heavy weather between the mainland and Hawaii.

Eleven Horizon Lines ships were recently recognized by the Chamber of Shipping of America with Environmental Achievement Awards for each completing two years without an oil spill of any size. Collectively, those ships have a combined total of over 72 consecutive years of operation without any environmental incidents.

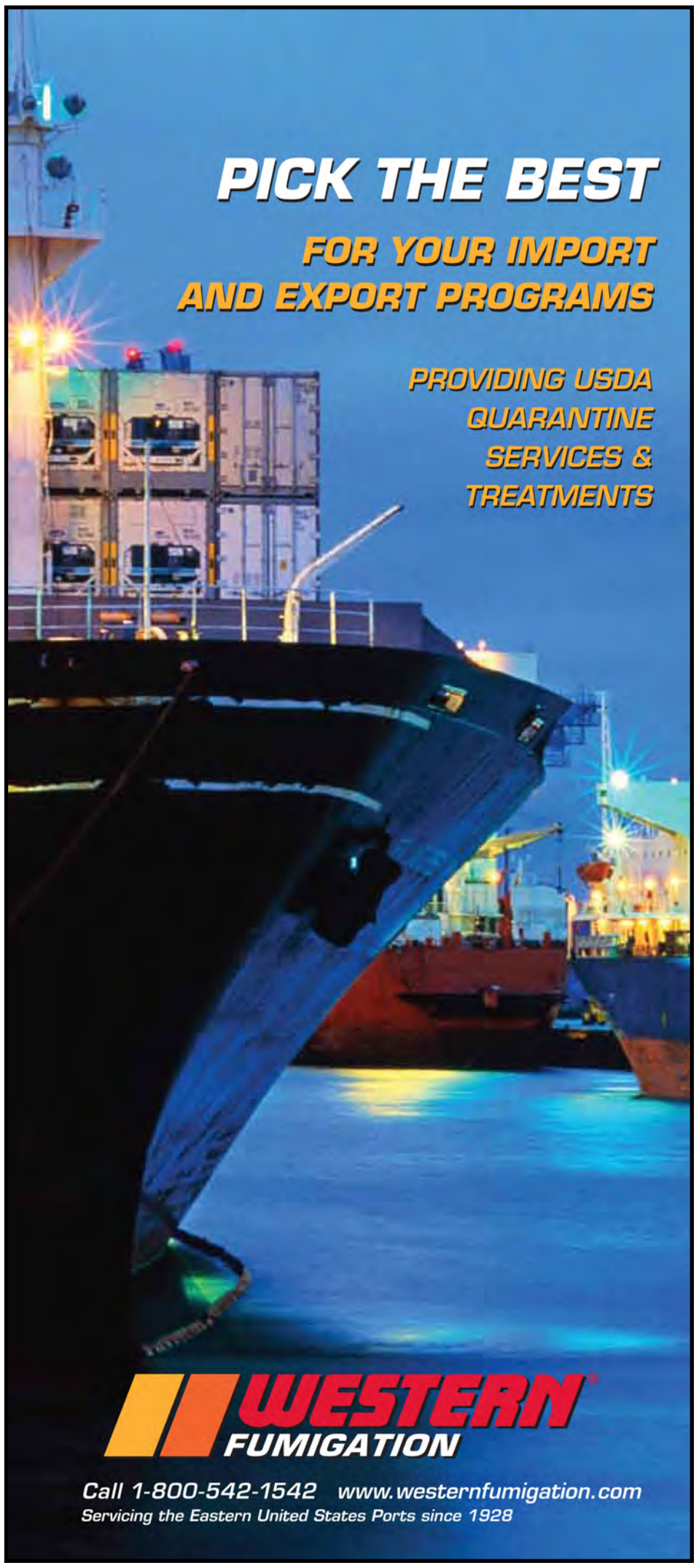
The *Horizon Spirit* just completed a project with scientists from the U.S. Department of Energy's Brookhaven Laboratory. The project collected a year's worth of atmospheric data involving a range of variables that influence cloud formation. Outfitted with high-tech instruments and accompanied by a small team of scientists, *Horizon Spirit* was an ideal platform to collect data across the Pacific. The scientists have now begun the huge task of analyzing the data collected.



Horizon Lines ships call on Philadelphia once per week.

Timothy Close, Captain, USCG (ret.), and Director, Safety, Security & Environmental Health for Horizon Lines in Irving, Texas, had this to say about Horizon's presence in the Delaware River port community: "Horizon Lines is thrilled to be calling on Philadelphia. Since we began in April 2013, the reception by the port community has been outstanding. We are proud to be part of the action in Philadelphia."





Congress Recognizes Benefits of the FA Grant Model

continued from page 1

budget. The efforts and support by the Maritime Exchange were especially important in achieving our grant success."

The Exchange and other FAs throughout the country came together to form the Port Security Grant Coalition, which spent the last year attempting to work with FEMA to allow those ports which realize the benefits of using the FA model to continue to do so. Those efforts have yet to pay off, and FEMA has not yet agreed to allow the PSGP to operate at the local level as do the other Homeland Security Grant Programs.

"However, there are allies in Congress that agree with the Coalition," Himber said. Congress added language to support the FA model in the Omnibus bill recently passed by Congress and signed by President Obama. "FEMA shall consider the use of fiduciary agents when applicants are managing grants across many jurisdictions, such as in the port security grant program," it said.

More recently, members of Congress in several port areas came together to jointly sign a letter encouraging FEMA to revert to the FA model on a voluntary basis. As of press time, 17 members had signed on, with many others expressing interest. Led by Delaware's Senator Tom Carper (D) who chairs the Senate Homeland Security/Government Affairs Committee, and Pennsylvania Senator Pat Toomey (R), the members believe that ". . . Fiduciary agents enhance FEMA's administration of the PSGP by working with local, state and Federal government agencies, port authorities, regulated vessel/terminal operators, first responders, and other port stakeholders to ensure that homeland security dollars are spent effectively and in a way that makes sense for each of our nation's unique port areas."

The Delaware River Congressional Delegation has been particularly supportive. Joining on the letter are Senators Carper, Coons, and Toomey, as well as Representatives Carney, Lance, LoBiondo, and Meehan.

Himber said the dialogue with FEMA will continue. "It's unfortunate that we haven't yet been able to find a compromise that addresses concerns FEMA may have while allowing areas that are positioned to do so to take full advantage of such a valuable federal program. But working with FEMA and with our Congressional offices, I'm confident we'll be able to reach a satisfactory conclusion."



Q&A with Corbett

continued from page 1

of the industry and the economic impacts to both the region and state. Of course, maritime stakeholders, such as the Pilots Association, labor, and terminal operators, already provide comprehensive and specialized training, which includes safety and heavy equipment operation. As a matter of fact, when the Department of Defense chose the Port of Philadelphia as a strategic military port, Philadelphia was the only port that had completed specialized training for local members of the ILA and Teamsters unions with military equipment.

Q: How will the ports benefit from Act 89, the new transportation plan?

A: Act 89 establishes a stable, multimodal fund to meet the critical needs of other non-highway forms of transportation that cannot be funded through current sources. It provides guaranteed funding for the Commonwealth's ports for the next five years. As a result, our ports will be better able to plan and establish policy knowing that each will receive a specific allocation. Act 89 also creates a single program area in the Department of Transportation that will include every transportation mode – aviation, public transit, inter-city rail, rail freight and ports.



Spliethoff Begins New Liner Service at Penn Terminals

On February 4, the *MV Spaarnegracht* arrived at Penn Terminals in Eddystone, Pennsylvania, its first voyage to the terminal as part of a new liner service. Dutch shipping company Spliethoff began the new monthly service to carry, among other cargos, steel pipe, plate, and sheet to the region from the Mediterranean. The Spliethoff Group is the largest ship owner in the Netherlands with a fleet of over 100 multipurpose vessels handling 1.2 million tons of liner service cargo to the U.S. annually, 80 percent of which is destined for the East Coast.

On its first voyage, the *MV Spaarnegracht* discharged 3,000 tons of pipe and other steel cargoes to Penn Terminals. The high-end steel cargos coming from western European producers are destined for the automotive and oil and gas industries in the Unites States. The next vessel will carry 7,000 tons of steel products, of which more than 2,000 tons are scheduled for delivery to Penn Terminals. According to the producer, most all of the steel products are already sold prior to arrival at the port.

Penn Terminals President and CEO John Brennan and Director of Commercial Services Jeffrey Culbertson commemorated the event by presenting a plaque to the Master of the *MV Spaarnegracht*, Captain Woolthuis, while the vessel was in port. Spliethoff directors Pieter Flohil and Dennis Bakkenhoven were on hand for the ceremony and were provided a tour of the Penn Terminals facility.

"Spliethoff is constantly reevaluating business opportunities and contracts," Flohil said. "It is important for us to focus on long-term relationships, and we are confident that the Penn Terminals business will expand."

The arrival of the *MV Spaarnegracht* represents a return by Spliethoff to Penn Terminals, who last called Penn Terminals to handle live cattle exports to Russia and Turkey in 2013. Spliethoff has been calling the Delaware River and through the years has been a customer of Penn Terminals since the mid-1980s on an ad hoc basis, but the first monthly call with the *MV Spaarnegracht* commences a new chapter in their service pattern to the region.

"Penn Terminals is grateful to Spliethoff and their end customers for the trust they put in us to safely, expeditiously, and competitively handle this cargo. Penn Terminals is in a position to support Spliethoff now and for many years to come," said Brennan. "We look forward to growing their business and increasing trade in the region."

Penn Terminals is a privately-owned facility formed in 1986 from part of the Philadelphia Naval Shipyards. Encompassing 80 acres, the multi-purpose terminal handles container, perishable, breakbulk, and project cargo. It has a reefer warehouse capability of 2,850,000 cu. ft., and hosts three dry space warehouses for a capacity of 300,000 sq. ft.



Penn Terminals commemorated the Spliethoff liner service in February with a plaque presentation. (l-r) Spliethoff Director Pieter Flohil, Captain Woolthuis of the SPAARNEGRACHT, Penn Terminals President and CEO John Brennan, and Spliethoff Director Dennis Bakkenhoven.

Ice Affects the Delaware River

continued from page 1

ATON discrepancies and some damage to aids as the hulls were submerged below the ice. We moved as swiftly as possible to remove two aids that had found their way into the shipping channel.

As the weather warmed, and the risk of ice forming diminished, we returned to Condition 3 and finally, Condition 4: Seasonal Alert on January 13. At that time, we began to address the ATON discrepancies and still saw significant pieces of ice flowing south from the upper reaches of the Delaware. We saw significant chunks of ice make their way down river even through January 15 and despite several days with air temps well into the 50's.

This was a great reminder that when significant quantities of ice accumulate, we can ease restrictions by changing Ice Condition from Ice Condition 2 to Ice Condition 3 or even Ice Condition 4, Seasonal Alert, but that does not indicate an absence of ice — just that new ice is not expected to form. As well, we were reminded that the work of addressing ATON discrepancies will continue for days or weeks past a significant event.

The Coast Guard is very appreciative of the efforts of our volunteer ice observers who make regular reports concerning the type and coverage of ice in various portions of the area, significantly enhancing our understanding of our local risks. We also are very grateful for a maritime community that works together, communicating and operating to minimize the risk of damage to ships, facilities and the marine environment.





Penot Retires after 47 Years at Norton Lilly



On January 30, the Chapel of Four Chaplains presented Theresa Penot with a certificate of merit for her work in the port community. Show here are (l-r) Christine Beady, Executive Director of the Chapel of Four Chaplains, Theresa Penot, Capt. Louis Cavaliere, USN Retired, Co-Chairman of the Four Chaplains Memorial Foundation and William Moran, Jr., President, Ports of Philadelphia Maritime Society.

In this day and age, to many it's an unfathomable concept. Sure, our parents went to work for DuPont, or Hercules, or ICI right after college and stayed with the same company until they retired 40 years later. But today, that just doesn't happen.

Yet to Theresa Penot, who started at Norton Lilly in 1966, it's perfectly natural, and she doesn't quite understand why the entire port community is in awe of her lengthy career and her many accomplishments. "I don't know what all the fuss is about," she said recently over coffee at Norton Lilly's new Essington office. "It doesn't seem like a big deal."

Penot didn't plan a career in the maritime industry. She was working at an insurance company when a friend suggested she go for a job at Norton Lilly as an import clerk and telex operator. "What's a telex?" she asked.

Since then, Penot has witnessed the complete transformation of an industry. "Containers changed everything. The advent of containerization created a need for an 'equipment control' position. Try to imagine tracking containers without computers . . . but we did it." She noted that the challenge was to create a system from scratch, recalling a board with "T-cards" to write notes on every move the container made.

Penot was also one of only a handful of women in the maritime industry at that time. Though she noted that most people accepted that women were coming along in the industry, there were a few who resented it. "In the '70s, the agency had to hire an additional man because we had one carrier who could not accept that a woman's name be associated with the line," she said. But for the most part it wasn't too bad. "You just had to know how to handle yourself." In those days, she noted, women wouldn't think of going on a pier, either.

But that changed fairly soon. "I was really fortunate to work with Gerry Bradford," she recalled. "Gerry was open about sharing information and helping people learn more about the industry." He took her around to the piers and rail yard to meet the people she dealt with on the phone, and he took her to the maritime dinners. But it wasn't easy for Penot to get out from behind her desk. "Believe it or not, I was shy at one time," she joked.

Hard to believe now. Theresa Penot has been active in both the Women's International Trade Association (WITA) and the Philadelphia Maritime Society for decades. In 1999, she had the distinct honor to be the first – and only – female recipient of the Society's "Person of the Year" award. "Looking back over the last 47 years, that had to be the high point. Not simply because I received the award, but also because of the caliber of people who were on the board at that time and selected me. These were people I'd looked up to my entire career." She also received the WITA "Woman of the Year" award in 1997.

Though Penot has seen dramatic changes in the steamship agency business over the years, not all of them have been positive. "The fax machine was the first step in the downfall of personnel communications," she said. "From there it was a short step to email, and now everyone wants a response in two hours or less. Now, it can take 20 emails to accomplish what we did then in a five minute call." Though she readily acknowledges the improvements automation has brought to the industry, she misses the personal interaction and recognizes that even after 25 years of the desktop computer, the steamship business still has a long way to go. "We've invested a great deal of money in our systems, but many of them still don't talk to each other."

But in general, the ride has been a good one. "I have met a lot of amazing people, particularly the women who got together to establish WITA [in 1980]. We had to form our own little network," she said, noting that it wasn't too long afterwards that the trucking companies started to join WITA in recognition of the fact that it was the women who hired them.

Those who know her will be glad to know Penot isn't going to disappear after her retirement. She plans to stay active in the Maritime Society and may consider part-time work at some point in the future. Her husband of 30 years, Lou, is also retiring after 26 years at Penn Terminals, and Penot is looking forward to the change.

"As hard as it's going to be, I'm definitely ready for it."







Delaware River Maritime Day Returns

It wasn't so long ago we could forget the fun we had at Maritime Day, held from 1996 through 2000, where we celebrated the Delaware River, the people who make their livings from it, and those who enjoy its beauty. Well it's back. The port community has once again stepped up to celebrate our nation's maritime heritage by sponsoring an event designed to showcase the commercial port and its importance to the region.

With a new name "Delaware River Maritime Day" will be held this year on May 24.

Many exciting events are planned at Penn's Landing and at the Seaport Museum, including rowing races, demonstrations and tours of the vessels. Additional details will follow, and sponsorship opportunities are available.

While planning is still in the early stages, here is a brief summary, but this may change, so stay tuned.

The overall event will be held Friday through Sunday, May 23-25, 2014 at the Penn's Landing complex and Independence Seaport Museum, as well as aboard all the participating ships and tugs.

Training ships from State University of New York Maritime College "TS EMPIRE STATE" and the US Merchant Marine Academy at Kings Point "TV KINGS POINTER" will be visiting Philadelphia for the Memorial Day Weekend. Also on hand will be the tug *Jupiter,* the tug *Penrose, the* sailing ship *Gazela*, and tugs from Moran Towing and McAllister Towing.

The list of port community members who are working hard to make Delaware River Maritime Day a success continues to grow. As of press time, the following individuals had signed on to help: Joe Benton, Vice President, McAllister Towing; John Brady, CEO, Independence Seaport Museum; John Brennan, Penn Terminals CEO and President, Kings Point Philadelphia Alumni; Kevin Castagnola, Executive Director, South Jersey Port Corp; Ward Guilday, President, Delaware River Pilots Association; Nathan Hauser, Vice President, Moran Towing; Michael Matulewicz, Moran Towing; BJ Moran, President, Ports of Philadelphia Maritime Society; Monica Santoro, Penn's Landing Corporation; and Art Sulzer, President, Fort Schulyer Philadelphia Alumni.

Thanks go out to the Ports of Philadelphia Maritime Society for agreeing to manage the finances.

Any proceeds will benefit the Maritime Charter High School of Philadelphia.

I hope the program (right) generates your interest at this early date. Just imagine what the final program will look like. The maritime schools that will be represented at Delaware River Maritime Day and their cadets are part of the future of our industry. I hope you all will come out for this celebration and bring your friends.

I have added my name to the list of volunteers.



Delaware River Maritime Day 2014
Preliminary Program of Events

Friday May 23, 2014

1700: TS EMPIRE STATE VI Arrives

1830: TS EMPIRE STATE VI reception onboard ship (Alumni, Invited Guests)

Saturday May 24, 2014

0800-1000: Monomy Practice

1000-1200: Monomoy Boat Race (Sponsored Boats)

1030-1200: Coast Guard demonstrations, Entertainment

1200: Official Program Begins

- Posting of Colors (Cadets)
- Invocation (Rev. Stubbe, SCI)
- Welcome to Port of the Delaware River and Bay (Philadelphia Mayor Nutter)
- Presentations to Ships from City/State Representatives
- Award Ceremony (Monomoy Race, Ship Model Contest, Tug Race)
- Remarks (Maritime Exchange, DRWC, POPMS, ISM, Pilots, Four Chaplains)

1300: College President Lunch (Invited VIP Guests) aboard TS EMPIRE STATE VI

1300-1600: Tours of Vessels/Seaport Museum (Times TBD); Various activities continue

1730-2330: Music Concert at Penn's Landing "Live Nation" by Verizon**

1830: Reception aboard USS OLYMPIA (Independence Seaport Museum) by Invitation

Sunday May 25, 2014

1000: Mariners Memorial Service aboard "TS EMPIRE STATE VI" (SCI/Chapel of Four Chaplains)

1330: Baseball Game (Phillies vs Dodgers) - Cadets, crew, alumni, friends and family*

1530-2330: Music Concert at Penn's landing "Live Nation" by Verizon**

* Tentative: discounted block of tickets, Alumni Chapter sponsored Tailgate Party prior to game

** Tickets must be purchased to this open air concert, tentative discount for cadets

Vessels Participating (Tentative):

TS Empire State VI	Mac Allister Tugs	TV Kings Pointer	Moran Tugs
Tug JUPITER	Tug PENROSE	GAZELA	Phila Fireboat

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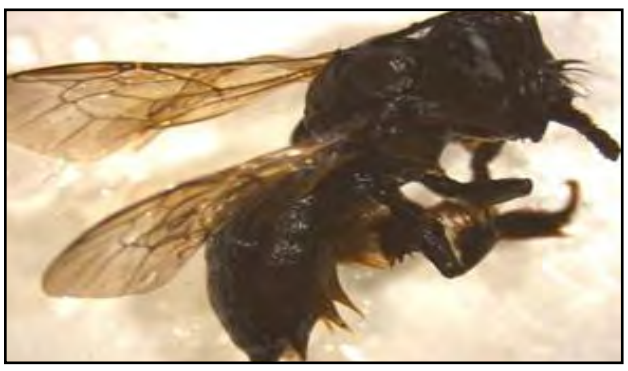
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CBP Finds Unexpected Hitch Hiker

By: Hal Fingerman
Chief, Agriculture Specialist
U.S. Customs & Border Protection

An adult bee was a first find by U.S. Customs and Border Protection Agriculture. Specialists in the Port of Philadelphia found a hitch hiker never before found in the port. CBPAs intercepted an adult bee (order: Hymenoptera) from a commercial maritime shipment of 7,060 cases, 95,311 kgs. of fresh pineapples (Ananas comosus), originating from Costa Rica. Importations of bees, honey or associated by-products that do not meet the entry requirements set forth in 7 CFR § 322 present a risk for introducing invasive parasitic pathogens that could cause substantial mortality of bee colonies in the United States.



Leafcutting bees is the common name for the Hymenoptera family Megachilidae. Leafcutting bees typically cause damage to plants by chewing out circular 9/32" – 5/16" sections of leaf margins. Heavy bee activity may cause severe leaf tissue damage and/or death of the leaf. Leaf damage also leaves affected plants vulnerable to plant disease introduction and/or other insect infestations. Extensive bee damage causing heavy leaf drop may result in death of the plant. Hosts include fruits, vegetables, as well as deciduous trees and shrubs.

In order to prevent the introduction into the United States of bee diseases and parasites, Title 7, Code of Federal Regulations, Section 322, establishes the regulations for importations of honey. Recently, researchers identified a foreign microsporidian fungus as the probable cause of the significant mortality of half a million bee colonies in the U.S. This identified parasite is known to affect Asian bees and is thought to be responsible for the substantial bee losses that occurred in Asia and Europe during the last ten years. The entry of untreated honey intended to be fed to bees is a pathway by which such pathogenic parasites can infect U.S. bee colonies.

It is of utmost importance to note that the intended use of the honey is the factor that determines the course of regulatory action when honey is presented for entry. Importations of honey that will be fed to bees must be accompanied by an export certificate from the appropriate regulatory agency of the exporting national government certifying that the honey has been heated at 212° F (100° C) for 30 minutes.

CBPOs and CBPAs have found undeclared honeycomb in cargo shipments, specifically honeycomb with both unopened and opened wax cells within the comb. Waxen cells within a honeycomb are six sided and are formed by bees for the purpose of storing eggs and containing honey. Honeycomb is regulated the same as if the intended use of the honeycomb is to be fed to bees or for use in beekeeping enterprises.

As per 7CFR322, live bees, honeycomb, and other bee by-products including beekeeping equipment are restricted and/or prohibited entry into the U.S to prevent the introduction of Africanized Honey Bees, exotic bee parasites, exotic bee viruses and exotic bee diseases.

In order to properly mitigate the risk of contaminated honey or combs introducing diseases and parasites to bee colonies in the United States, CBP Agriculture Specialists are thus directed to ensure that the entry requirements are satisfied.

Save the Date: Area Port to Host CBP Forum

The Maritime Exchange, World Trade Association of Philadelphia, and the Philadelphia Customs Brokers & Freight Forwarders Association are planning a Town Hall style meeting with Richard F. DiNucci, Acting Assistant Commissioner for the Office of International Trade for U.S. Customs and Border Protection.

Mr. DiNucci is responsible for the daily operations of approximately 1,000 CBP personnel at Headquarters and in the field, managing commercial enforcement and compliance operations, and implementing CBP policy to ensure the facility clearance of compliant cargo.

The session is planned as an open and frank conversation on a variety of CBP issues of interest to the Delaware River maritime trade community.

The event will take place on April 15, 2014. Additional information will be provided as details are finalized.

Contact Lisa Himber at the Exchange for more information.





Bermuda Container Line Announces Move to Port of Philadelphia

Holt Logistics Corp. announced in November that it has reached an agreement with Bermuda Container Line (BCL) to provide stevedoring and terminal services for BCL's weekly shipping service to and from Bermuda. The agreement will become effective in the first quarter of 2014, when BCL moves its U.S. port of call from Elizabeth, New Jersey, to Holt's Packer Avenue Marine Terminal in South Philadelphia. The agreement is attributable in part to negotiations and advocacy work done by Pennsylvania Governor Tom Corbett, Philadelphia Mayor Michael A. Nutter, the Greater Philadelphia Chamber of Commerce, Philadelphia Regional Port Authority (PRPA) and Holt Logistics Corp.

"This is another exciting development for the future of importing and exporting from Philadelphia," said Thomas J. Holt, Jr., president of Astro Holdings, lessee of the Packer Avenue Marine Terminal. "Business at Packer Avenue continues to grow, and the decision by Bermuda Container Line to move service here shows that the shipping community is taking notice of the strategic advantages offered by our facilities. On behalf of the City of Philadelphia, we extend a heartfelt welcome to BCL and look forward to a fruitful business relationship."

BCL has been in continuous operation since 1979 and is dedicated to transporting to Bermuda a wide range of essential commodities, including general supplies, perishable goods, vehicles and heavy machinery. BCL's ship, the Oleander, is a combination container and roll-on/roll-off vessel capable of carrying 360 TEUs as well as 44 cars in an enclosed garage area. The Oleander has electrical plugs and generating capacity to allow it to carry 88 refrigerated containers, and hoistable car decks in its interior, which allow it to carry large roll-on/roll-off cargo such as construction equipment.

Neptune Group Limited Chairman (owners of BCL) John Wight commented. "Moving BCL's departure point South to the Holt Terminal in Philadelphia required careful due diligence and engagement with stakeholders. We plan a smooth transition and look forward to elevating customer service levels and business opportunities for our customers."

Cargo Trends for the Largest Freshwater Port - On the Upswing

To say the maritime shipping industry is competitive would be a gross understatement.

As we know, shipping lines are always looking for ways to curb the growing cost of moving goods from one place to another.

This effort forces ports to be efficient and offer better service as each vies for a larger piece of the pie.

The Delaware River port complex is no different, with over thirty public and private terminals spread across Delaware, New Jersey and Pennsylvania. It is a diverse freshwater port handling a diverse array of of cargos ranging from fresh fruit and other perishables, wood and steel products, petroleum products, livestock, automobiles and containers.

Located centrally within the mid-Atlantic seaboard and in the heart of the northeast corridor, the Delaware River port is connected to a vast highway and rail transportation system. That network, coupled with the deepening project well underway, make the region a great place to do business.

Even with all the Delaware River has to offer, the region was not immune to the faltering economy. A review of Maritime Exchange ship movement data over the last ten years reveals that vessel arrivals peaked in 2006 with 3,325 ship calls, and the port reached its nadir in 2012, with only 2,201 arrivals. "With vessel arrivals for last year [2,293] closing above 2012, we can start to examine some of the changes in the region and see where those changes are happening" said Paul Myhre, Exchange director of operations. "Overall the region was up around 4% in terms of vessel calls."

Regionally, the largest increase in imported cargo is with alkylate which is a gasoline additive. Other petroleum products, gypsum, paper, slag, chemicals, salt, iron ore, minerals and fruit are also on the rise. In addition, the biggest gain in exports was in diesel while butane, propane, asphalt, and other petroleum products surged as well.

So what does this mean for the region in terms of dollars? A 2011 economic impact study commissioned by the Exchange and conducted by Martin Associates revealed that the total economic value of the marine cargo and vessel activity at the Delaware River marine terminals comes in at $55.6 billion a year, with roughly $3.7 billion paid in wages for 88,389 jobs. The study concluded "the related economic value demonstrates at a given point of time the magnitude of the influence of the marine terminals along the Delaware River."

The Exchange is now working with Martin to update the 2011 numbers in light of recent gains.

For more information about Delaware River vessel statistics,contact Paul Myhre at pmyhre@maritime-delriv.com.

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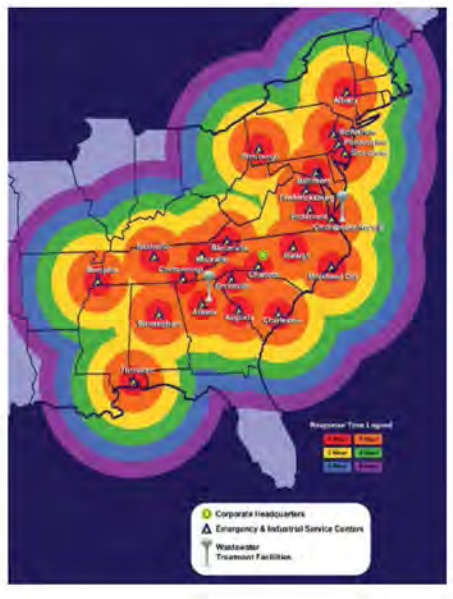
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Dole Makes it Official, Inks 15-Year Lease to Stay at POW

Dole Food Company will continue to do business at the Port of Wilmington for the next 15 years thanks to a lease signed in December that positively impacts hundreds of jobs and secures a critical revenue stream for Delaware's economy.

Dole is the Port's largest customer, importing bananas, pineapples and other fruit and exporting forest products and general cargo, and the company's presence there makes it the biggest fresh fruit import port in North America.

"The port has been a vital hub of commerce in Delaware for nearly a century. Today it remains as important as ever thanks to customers like Dole, which connect our state to the global economy, provide jobs for hard-working Delawareans and ensure a dependable flow of revenue for our economy," said Gov. Jack Markell.

Retaining Dole's business was crucial not only to the Port of Wilmington but also to the State of Delaware. The business will continue to support 850 family-sustaining jobs.

"We have been at the Port of Wilmington for more than 30 years, and this agreement with the Diamond State Port Corporation reaffirms our commitment to the people of Delaware, the longshoremen, our employees, vendors and customers," said Stuart Jablon, vice president and general manager of operations for Dole Fresh Fruit. "Dole was the first containerized banana company importing here. We are confident that this decision will help maintain Dole's position as a top brand in the very competitive North American fruit market and look forward to enjoying a long and mutually supportive relationship with the port for many years to come."

Dole's leasehold encompasses 37.7 acres of terminal land and about 100,000 square feet of warehouse and office space. Dole ships make approximately 52 vessel calls annually at the port, operated by Diamond State Port Corp. The lease and its two 10-year extension options will enable Dole Fresh Fruit Company, a Dole subsidiary, to continue its terminal operations at the Port of Wilmington through 2048.

"The appropriation of the funding necessary to make these improvements is the result of a joint effort between the Markell administration, state legislators and the port board," said Alan Levin, chairman of Diamond State Port Corporation and director of the Delaware Economic Development Office.

The lease includes terms governing Dole's usage of the Port and commitments by the DSPC, such as increasing the number of cranes and other upgrades to the Dole leasehold.

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In utilizing specialized gear, handling equipment and the latest technology to provide efficient and damage free cargo services we remain leaders in today's marketplace.

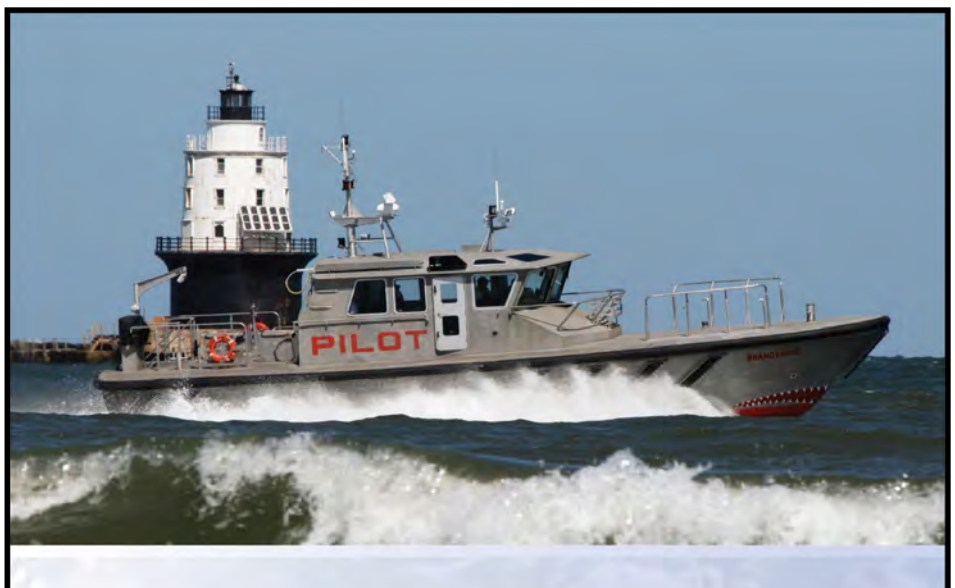
Together with the ports it services, Delaware River Stevedores plans each operation and anticipates potential problems to avoid any cargo damage or delays.

Our mission is to exceed the high expectations of the people and businesses we serve.



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Local CBP Client Rep Retires



Members of the port community convened in Olde City, Philadelphia to bid Jim Stahl cogratulations on his retirement. The Exchange was on hand to help send him off. (l-r) Laura Miller, CBP Client Rep Eileen Johnson, Darleen Michalak, Jim Stahl (back), retired Client Rep Joe Heath (front), Michael Fink, and Paul Myhre.

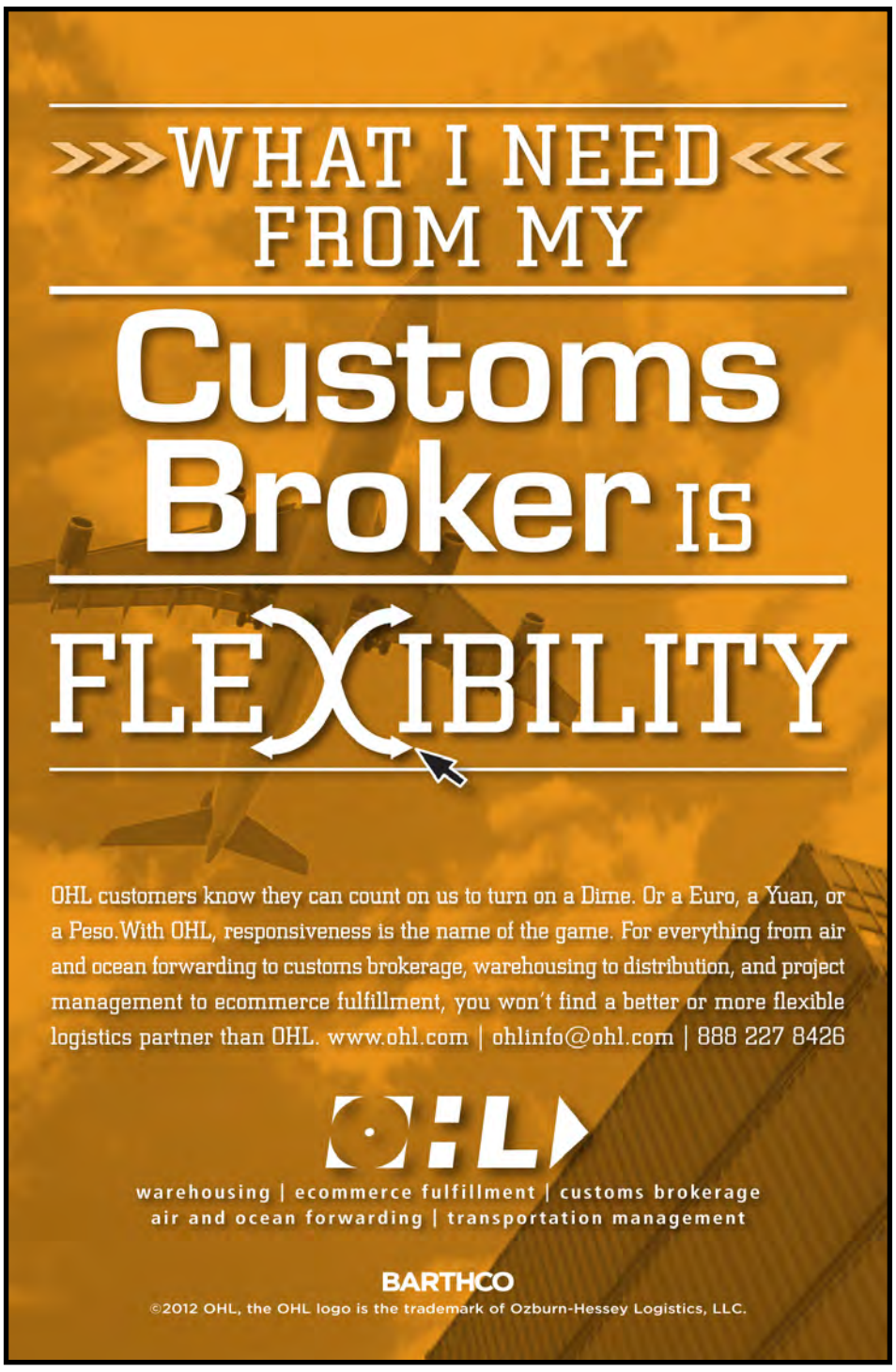
Philadelphia CBP Client Representative James Stahl retired in December after serving 40 years of federal employment. Jim's impressive career with the federal government began in 1974 with active duty in the U.S. Army, 5th Special Forces Group (Airborne). After his 1978 discharge, Jim secured a position with U.S. Customs and for the next ten years worked as an Entry Officer and Import Specialist in Buffalo, New York. In 1988, he transferred to Philadelphia as a client representative specializing in the Automated Broker Interface, Automated Manifest System and Automated Export System. At the time, Philadelphia was one of only seven Client Representative offices in the U.S.

The staff of the Maritime Exchange, has worked closely with Jim and the other talented client reps for over 20 years to support electronic cargo manifest processing though the Exchange's TRACS system. At a recent event, Jim acknowledged the very professional relationship he enjoyed with the Exchange during his tenure as Client Representative assigned to TRACS. His hard work is much appreciated by the staff of the Exchange and the many users of Maritime On-Line he has assisted.

Because of his long-time support and in-depth knowledge of the various CBP systems, Jim served as an ACE (Automated Commercial Environment) Ambassador. In this role, he familiarized CBP programmers with operations and the legacy systems so that they could more effectively program the new system. Jim was also the Exchange's primary liaison through the transition to ACE from the legacy Automated Commercial System and his assistance helped facilitate a smooth migration.

Jim never gave up his military dedication after his stint in the Army, and subsequently served in the U.S. Navy, U.S. Air Force and U.S. Coast Guard Reserves over the years.

We wish Jim the very best of luck, health and happiness during his well-deserved retirement!







Editorial

Offshore Wind Farms: Largely Forgotten, But Not Gone

In 2010-2011 mariners in the mid-Atlantic region and their trade associations spent a great deal of their time thinking about wind energy. Over a period several months, the then Bureau of Ocean Energy Management, Regulation and Enforcement published a series of proposals for potential lease areas off the coasts of New Jersey, Delaware and Maryland that would be auctioned off to energy providers for the development of wind turbine farms.

It was quite clear that the agency, which has since dropped Regulation and Enforcement from its name and is now known by a more sleek BOEM, lacked the expertise to modify proposed wind energy areas to address navigational safety issues.

But after a series of public comment periods and public meetings, the proposed wind energy areas have been modified. In some cases dramatically so.

We would be remiss here if we didn't give a shout out to the U.S. Coast Guard for so admirably representing the interests of the maritime community in its conversations with BOEM during this process. First, RADM Steven Ratti, Coast Guard 5th District Commander, and his staff have been instrumental in providing critical information about the potential navigation hazards posed by wind farms in the proposed lease area configurations. In addition, the Coast Guard undertook to conduct an Atlantic Coast Port Access Routes (ACPARS) study. This would provide specific information on volumes and patterns of ship traffic along the eastern seaboard, which BOEM could use to make informed decisions about potential wind energy areas.

Although the ACPARS is not yet final, it did contain interim navigational safety recommendations that BOEM should incorporate into existing areas.

In Delaware, the issue lost steam when the federal government discontinued its subsidy program for these types of projects, and interest from potential bidders diminished greatly.

This is not the case, however, in Maryland.

In December of last year, BOEM published its third Proposed Sale Notice for the sale of commercial wind energy leases on the Outer Continental Shelf (OCS) off the coast of Maryland. While the lease area is now much smaller than that originally proposed, it appears BOEM has included in the proposed wind energy area blocks that the Coast Guard has already advised BOEM should not be considered for development for navigational safety reasons.

This latest proposal includes an area situated directly adjacent to the southeastern tip of the traffic separate scheme into Delaware Bay. Coast Guard had deemed this area as "red," or not to be developed, in view of the potential hazards which might be created.

In addition, in this iteration, the wind energy area as proposed presents a new set of challenges, particularly for tug and barge operators, in that development of the southeastern tip of the area would push tug and barge units almost 10 nm farther offshore into deeper and rougher water. These vessels would also be forced into the flow of the high volume deep draft oceangoing vessel traffic departing and entering Delaware Bay and operating in coastwise trade. As we know, making changes to movement patterns of one type of vessel can cause problems for others.

Admiral Ratti has submitted an alternative routing scenario for the Maryland wind energy area that would "address a majority of the navigational concerns while still supporting two utility scale projects," of even greater size than currently supported by Maryland's Offshore Renewable Energy Credits.

Both the maritime industry and the Coast Guard have expressed an interest in working collaboratively with BOEM and the energy industry to identify mutually satisfactory solutions toward ocean spatial planning. The Coast Guard's latest proposal appears to more than amply meet that goal.

We trust that BOEM recognizes that the Coast Guard knows navigational planning and safety and will honor the Coast Guard's recommendations to prevent a disaster at sea that would be catastrophic to the marine environment and to the maritime industry.

The Maritime Exchange encourages readers of *The Beacon* to comment and give us your thoughts on any article we have published or other maritime-related issues.

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Cyber Threats Deserve Equal Attention in the Maritime Realm

By: Bethann Rooney
Manager, Port Security
Port Authority of New York & New Jersey

Over 90% of global trade moves by ship through more than 360 ports in the United States. As a result, the maritime industry is an economic engine for the nation and the local regions that host ports, creating jobs and generating revenue. Protecting our ports and the commerce that moves through them is critical to both our national economy and national security.

In the twelve years since 9/11, the men and women of port authorities, vessel and terminal operators and numerous port stakeholders have worked tirelessly with various federal, state and local agencies to protect our ports and improve the security of the nation's Maritime Transportation System (MTS). The result of this dedication and cooperation is evident in the reduction of cargo thefts, security incidents and overall improvement of safety and security of our ports. Yet, as we enter a new year, it is important to reflect not only on where we have been and what we have achieved, but at what lies ahead.

Billions of dollars have been spent on traditional port security measures. For example, The Port Authority of New York and New Jersey alone has spent over $200 million on port security since 9/11. While these investments are often referred to as "gates, guns and guards" they also include surveillance systems, command centers, access control systems, law enforcement and emergency response vessels, underwater detection devices and more. Many of these technologies are beginning to reach the end of their useful life and will be upgraded or replaced in the coming years. The greatest challenge is to integrate a myriad of awareness, detection and deterrence systems that are owned by a multitude of public and private entities in each port to ensure accurate, timely and dynamic decision making and response. Effective and transparent partnerships will remain vital to port security.

Perhaps the most essential tool in protecting our ports is continued engagement and investment in our human capital. All maritime personnel from ships' captains and port directors to deckhands and longshoremen are a force multiplier and a critical component of effective port security. They must each remain vigilant and aware of their environment so as to observe and report suspicious activity. In order to stem the tide of complacency, it is important to share information on the latest tactics and trends and to involve workers in on-going drills, exercises and training.

The MTS is a target rich environment faced with a broad range of threats. However, according to the RAND Database of Worldwide Terrorism Incidents, maritime terrorist attacks worldwide have accounted for less than 1% of all incidents since 1969. Our concern however must not be limited to kinetic or physical attacks but equal effort and investment must be made to mitigate the threat of non-kinetic events. In April 2013, the Director of National Intelligence James Clapper said "Cyber attacks and cyber espionage pose a greater potential danger to US national security than Al Qaeda and other militants that have dominated America's global focus since September 11, 2001."

Cybersecurity is a rapidly growing challenge that all ports now face. The adversaries range from high school aged hackers to organized crime and state actors seeking to exploit vulnerabilities in our nation's critical infrastructure. Many of the systems and technologies installed to address kinetic threats in ports since 9/11 are also a potential source of cyber vulnerabilities. While there are currently no cyber security standards or regulations in the maritime industry, there is a voluntary framework under development and the Department of Homeland Security provides a number of free resources to assist in enhancing cyber security. Cyber vulnerabilities will be a major consideration in all future port security technology investments.

Predictability is critical in every component of global trade. That predictability and certainty not only comes from efficiency in the maritime industry but also from the security and safety throughout. Dynamic vigilance and creative use of resources will allow us to continue to address the challenges we currently face and anticipate the needs for the future.

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Roberts Honored for Meritorious Service

Outgoing Chairman of the Mariners' Advisory Committee Capt. Stephen A. Roberts received the prestigious Meritorious Public Service Award from the U.S. Coast Guard for leadership of the nation's oldest harbor safety committee. The presentation took place at the December MAC meeting, the last Roberts presided over as chairman before turning the reins over to his successor, Capt. Jonathan Kemmerley.

"I am overwhelmed by this honor," Roberts said. "Between the wind farm issues, the AC PARS study, PORTS funding, two hurricanes, and the web page redesign, we've certainly had a lot on our plate. But I have really enjoyed facing the challenges during my time as chairman of the MAC."

Roberts was cited for "extraordinary service in the performance of his duties" as MAC chairman. The Meritorious Public Service Award is the second-highest public service award given by the Coast Guard and recognizes unusual courage in advancing a Coast Guard mission, substantial contribution to the Coast Guard that produced tangible results, or specific individual accomplishments that provide unique benefits to the public.

"I've served in seven ports in six different Coast Guard Districts," said Coast Guard Captain of the Port Kathy Moore. "The MAC is, hands down, the most effective, collaborative harbor safety committee I've encountered. Captain Roberts' leadership has ensured the MAC continues to be a place where we can address the challenges of our diverse and evolving maritime transportation system, improving its safety, efficiency and capacity to add to the economic and cultural vitality of the region. I'm incredibly grateful for the time and energy he has devoted to the MAC, and for his professionalism and wise counsel."

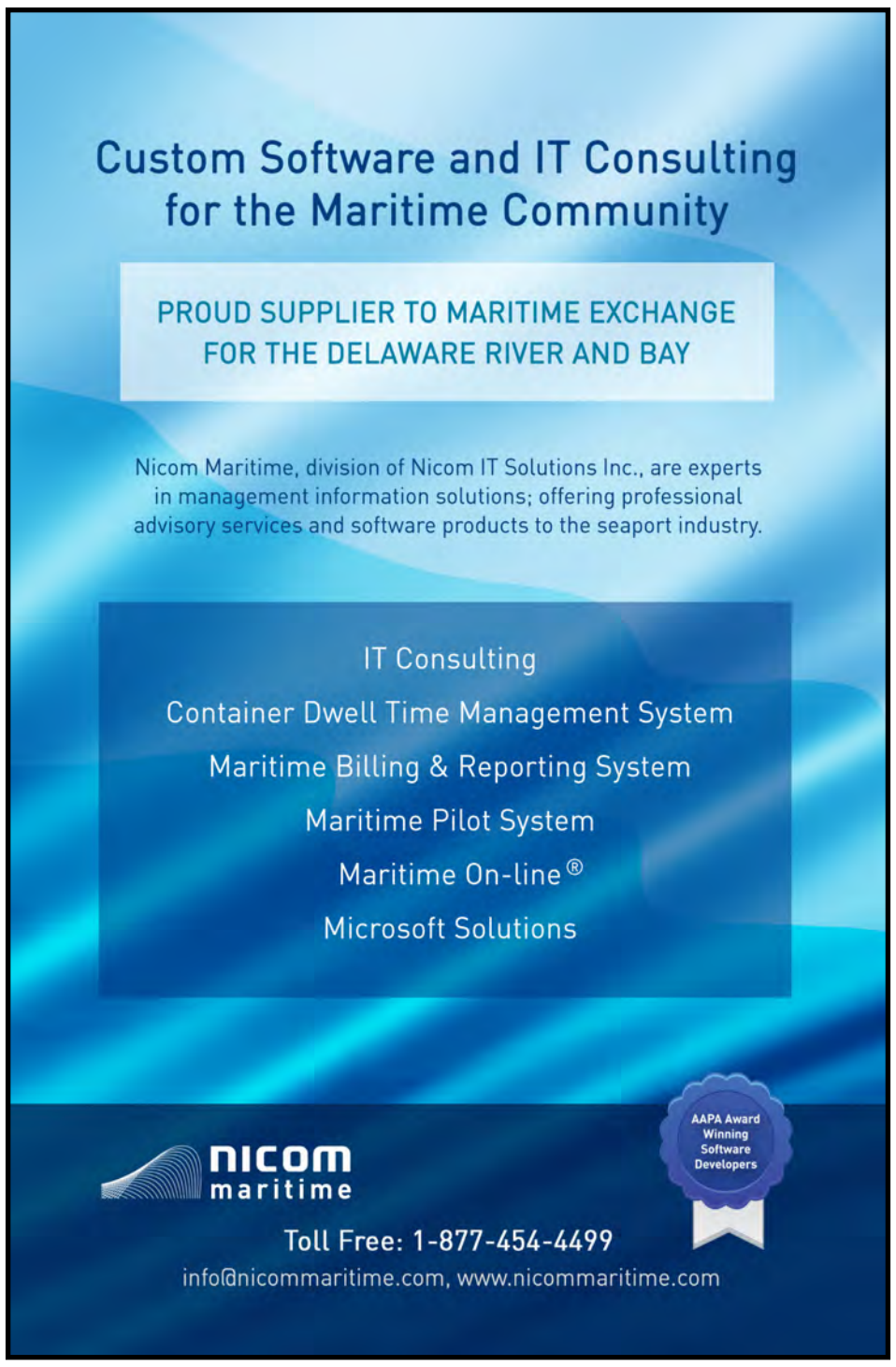
Capt. Ward Guilday, President of the Pilots' Association, echoed Capt. Moore's sentiments. "Since its inception in 1964, MAC members have worked exceptionally well together, and we've achieved a unity of purpose that is unseen in many other areas. Captain Roberts' distinguished recognition by the U.S. Coast Guard is further testament to the selfless service he has provided fostering communication among the port community as a means of achieving marine safety and prosperity on the Delaware River. Under his leadership, the MAC has remained the shining beacon of success among harbor safety committees nationwide."

No rest for the weary

Though Roberts is back out on the river more than he had been while chairing the MAC, he has continued the work necessary to organize the 2014 joint Harbor Safety/ Area Maritime Security Committee conference. "This year marks the 50th anniversary of the MAC," he said, "and we really want to showcase our committee and this port region."

The event will take place at the Hyatt at Penn's Landing on August 25-27, and the organizing committee is busy finalizing the details in advance of opening up registrations in the coming weeks. Stay tuned for more information, or contact Roberts at s.a.roberts@macdelriv.org.







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Calendar of Events

02/18/14	Philadelphia Regional Port Authority Board Meeting
02/19/14	DRPA/PATCO Board Meetings
	Seamen's Church Institute Seafarers' Environmental Education Workshop, SCI, Philadelphia, PA Contact Ronnie Barlow: 215-940-9900 x 106 or barlow@sciphiladelphia.org
03/06/14	World Trade Center of Greater Philadelphia & the LeBow College of Business, Drexel University Annual Global Business Conference Visit: www.wtcgp.org
03/07/14	Port of Wilmington Maritime Society Quarterly Luncheon Chase Center on the Riverfront, Wilmington, DE Contact powms@wtcde.com or visit www.portofwilmingtonmaritimesociety.com
03/11/14	Tri-State Maritime Safety Association Board Meeting
03/12/14	**Maritime Exchange Board Meeting and Annual Election**
03/18/14	Seamen's Center of Wilmington Board Meeting
	Philadelphia Regional Port Authority Board Meeting
03/19/14	DRPA/PATCO Board Meetings
03/26/14	World Trade Association of Philadelphia Annual Fundraiser for Autism Speaks Cescaphe Ballroom, Philadelphia, PA Contact Deborah Ingravallo 856-642-3957 or wtaphila@comcast.net
04/04/14	Seamen's Church Institute Annual Spirit of the Port Award Luncheon Sheet Metal Workers' Union Hall, Philadelphia, PA Contact Ronnie Barlow: 215-940-9900 x 106 or barlow@sciphiladelphia.org
04/09/14	**Maritime Exchange Executive Committee Meeting**
	World Trade Center of Greater Philadelphia Export Finance Workshop Visit www.wtcgp.org
04/15/14	CBP Forum with Richard F. DiNucci, Acting Assistant Commissioner for the Office of International Trade Contact Deborah Ingravallo 856-642-3957 or wtaphila@comcast.net
	Philadelphia Regional Port Authority Board Meeting
04/16/14	DRPA/PATCO Board Meetings
05/02/14	Area Maritime Security Committee Managing Board Meeting
05/13/14	Tri-State Maritime Safety Association Board Meeting

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