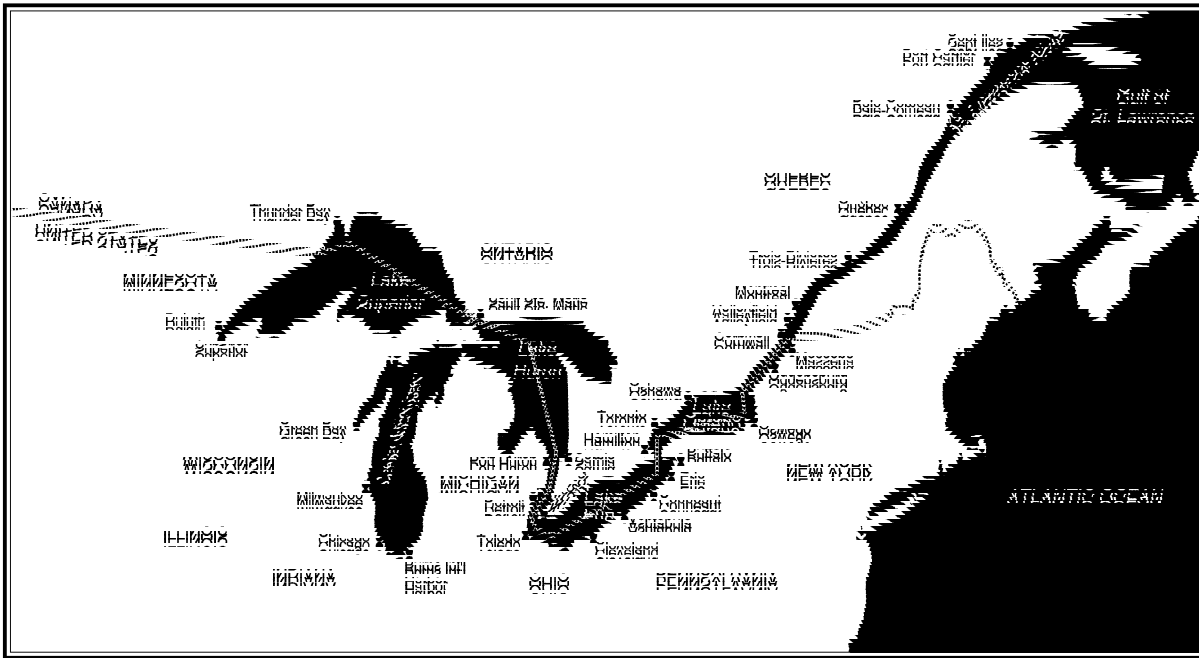

**Fiscal Year
1999**

Annual Report

**Celebrating 40 Years
of Deep Draft Navigation**

*Looking back with pride,
and ahead with vision*

Saint Lawrence Seaway Development Corporation



The **Saint Lawrence Seaway Development Corporation (SLSDC or Corporation)** is a wholly-owned government corporation created by statute May 13, 1954, to construct, operate and maintain that part of the St. Lawrence Seaway between the Port of Montreal and Lake Erie, within the territorial limits of the United States.

The SLSDC coordinates its activities with its Canadian counterpart, The St. Lawrence Seaway Management Corporation (SLSMC) (formerly the St. Lawrence Seaway Authority), particularly with respect to rules and regulations, the Tariff of Tolls, overall day-to-day operations, traffic management, navigational aids, safety, environmental programs, operating dates, trade development and marketing programs. The unique binational nature of the System requires 24-hour, year-round coordination between the two Seaway entities.

The mission of the Corporation is to serve the U.S. intermodal and international transportation system by improving the operation and maintenance of a safe, reliable, environmentally responsible deep-draft waterway, in cooperation with its Canadian counterpart. The SLSDC also encourages the development of trade through the Great Lakes Seaway System, which contributes to the comprehensive economic and environmental development of the entire Great Lakes region.

The SLSDC headquarters staff offices are located in Washington, D.C. Operations and operations personnel are located at the two U.S. Seaway locks (Eisenhower and Snell) in Massena, N.Y. As of September 30, 1999, the Corporation had 150 full-time equivalent employees, or FTEs.

The audit of the SLSDC for the 12 months ended September 30, 1999, was performed by Dembo, Jones, Healy, Pennington & Ahalt, P.C., in accordance with the Chief Financial Officers Act of 1990 and the Comptroller General's Government Auditing Standards. This report is in two sections. The first section (pages 1-23), was prepared by the Corporation to provide information on its organization, missions, goals and objectives, and performance measures. The information contained in this first section was not subject to audit. The second section (pages 24-40), consists of 1999 audited financial statements with associated notes and the reports of Dembo, Jones, Healy, Pennington & Ahalt, P.C. on those statements, and supplementary management information.

An electronic copy of this report can be obtained on the SLSDC web site at: <http://www.dot.gov/slsc/reports/reports.html>

SAINT LAWRENCE SEAWAY DEVELOPMENT CORPORATION

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ANNUAL REPORT INTRODUCTION BY ADMINISTRATOR ALBERT S. JACQUEZ

In accordance with the Chief Financial Officers Act of 1990 and the Comptroller General's Government Auditing Standards, I am pleased to present the annual management report of the Saint Lawrence Seaway Development Corporation for the fiscal year ended September 30, 1999. This report clearly presents the financial integrity and operational accomplishments of the Corporation during FY 1999.

In addition to celebrating the waterway's 40 years of deep draft navigation in FY 1999, the Corporation accomplished a number of activities and initiatives that not only increased the efficiency of agency operations, but also improved the waterway's long-standing record for safe commercial navigation and environmental protection. In 1999 the SLSDC achieved a 99.2 percent availability rate for the two U.S. locks, surpassing its goal of 99 percent; continued its vessel inspection program by inspecting 100 percent of all ocean vessels in Montreal, Quebec, prior to entering U.S. waters; and experienced the seventh consecutive shipping season with no vessel incidents in excess of \$50,000 in damages.



Related to its customer service and business efficiencies, the Corporation received ISO 9002 certification in FY 1999 for its vessel traffic management, aids to navigation, personnel, administrative support and management information services operations. The SLSDC is one of the first agencies to apply these internationally recognized standards of quality management to the federal government.

The Corporation remains committed to the long-term viability of the Seaway System. In FY 1999, the U.S. Army Corps of Engineers completed a comprehensive study of the two U.S. Seaway locks. The study recommended that the SLSDC make maintenance improvements to its lock infrastructure. Following the 1999 navigation season, the SLSDC focused its annual lock winter work program on several of the recommendations made by the Corps. The results of the study were used in formulating the SLSDC's five-year maintenance plan for fiscal years 2000-2004.

The SLSDC will continue providing its customers from around the world with a safe, reliable, and competitive waterway while, at the same time, examining new and effective ways to increase the utilization of the Great Lakes Seaway System for maritime commerce to and from North America.

A handwritten signature in black ink that reads "Albert S. Jacquez". The signature is written in a cursive, flowing style.

Albert S. Jacquez

FY 1999 FINANCIAL HIGHLIGHTS

The financial statements have been prepared to report the financial position and results of operations of the Corporation, pursuant to the requirements of the Chief Financial Officers Act of 1990.

Corporation Financing

Until 1987, the SLSDC was a self-sustaining entity and financed its operations and investment in plant and equipment by charging tolls to users of the two U.S. Seaway locks. Toll rates were established jointly with and collected by The St. Lawrence Seaway Authority (now known as SLSMC), with the U.S. share remitted to the Corporation. The Water Resources Development Act of 1986, Public Law 99-662, which created the Harbor Maintenance Trust Fund, made a significant change to SLSDC financing. The Act required the U.S. Treasury to rebate the portion of Seaway tolls paid by users for transiting the U.S. locks. Subsequent legislation, effective October 1, 1994, waived the billing and collection process of the U.S. tolls.

The Corporation's Fiscal Year (FY) 1999 annual appropriation from the Harbor Maintenance Trust Fund of \$11.5 million financed 88 percent of the \$13 million in expenditures (\$11.6 million for operating expenses, excluding depreciation and imputed expenses, and \$1.4 million for acquisition of plant, property and equipment). The remaining 12 percent was financed from financial reserves and other revenues, principally investment income and concession revenues.

Operating Revenues

Operating revenues, excluding imputed financing, totaled \$10.5 million in FY 1999, compared to \$10.3 million in FY 1998, an increase of \$208,000 or 2 percent. Appropriations expended increased \$284,000, from \$9.8 million in FY 1998 to \$10.1 million in FY 1999. Appropriations expended represents the amount of the Harbor Maintenance Trust Fund expended for operating purposes. Other revenues, principally from concession operations, decreased \$76,000, from \$548,000 in FY 1998 to \$472,000 in FY 1999.

Operating Expenses

Overall operating expenses, excluding depreciation and imputed expenses, increased \$235,000 or 2 percent from \$11.3 million in FY 1998 to \$11.6 million in FY 1999.

Personal services and benefits increased \$135,000 or 2 percent from \$8.9 million in FY 1998 to \$9 million in FY 1999. The SLSDC employed 150 employees on September 30, 1999.

Other costs increased \$100,000 or 4 percent from \$2.45 million in FY 1998 to \$2.55 million in FY 1999. The General Services Administration (GSA) rent payment process for headquarters and field space was decentralized in 1998. Accordingly, the SLSDC became responsible for making direct rental payments to GSA. In FY 1999, \$203,000 was expended for rent of the SLSDC's Washington, D.C. office. In addition, \$185,000 was paid to the Transportation Administrative Service Center for unemployment compensation and drug testing as well as services used by the Washington, D.C. office such as information technology, facility services, telecommunication services, printing, graphics, and security.

The Corporation's ROBINSON BAY tugboat was dry-docked for replacement of damaged transducers, blast cleaning, painting the hull, installation of fendering, and for the inspection and repair of the propeller, shaft, nozzle, and sea chests. The total cost of this project was \$112,000.

Imputed Financing/Expenses

Effective in 1997, the Corporation was required to recognize and record the cost of pension and post-retirement benefits during employees' active years of service, based on cost factors provided by the Office of Personnel Management (OPM). These costs, which are in excess of the pension and benefits funded by the Corporation, are recorded as an expense paid by another entity, OPM, offset by an imputed financing source to the receiving entity, the SLSDC.

Total Assets

The Corporation's financial position continues to remain sound with total assets of \$101 million.

Time Deposits in Minority Banks

A key asset of the Corporation is time deposits in minority banks, totaling \$11.9 million at year-end. In FY 1999, a \$895,000 increase in short-term deposits, offset by a \$1.1 million decrease in long-term deposits, netted a decrease of \$223,000 overall. The decrease in deposits is due to the drawdown of reserve funds to finance stoplog repairs and the purchase of ekki timbers. The funds on deposit in

minority banks were principally built up from toll income in excess of cash outlays prior to April 1, 1987, when the Corporation was a self-sustaining entity, and are invested in insured deposits consistent with Executive Order 11625 (October 13, 1971).

Interest Income

Interest on deposits in minority banks decreased by \$65,000 or 9 percent, totaling \$697,000 in FY 1998 and \$632,000 in FY 1999, a result of reduced investments and lower interest rates.

Unobligated Balance

The Corporation has an unobligated balance of \$13.4 million, which is comprised of the \$3.2 million of unused borrowing authority and the \$10.2 million financial reserve. The reserve is maintained to finance emergency or extraordinary expenditures to ensure safe and uninterrupted use of the Seaway, a policy affirmed by the Congress in its Appropriation Committee reports.

Construction Program

Acquisition of plant, property and equipment totaled \$1.4 million in both FYs 1998 and 1999.

The primary capital expenditures in FY 1998 included \$419,000 for stiffleg derrick improvements, \$290,000 for recess drainage improvements, and \$256,000 to upgrade mechanical lock equipment.

In FY 1999, the largest capital expenditures were \$405,000 for the maintenance building renovation, \$266,000 for the Vessel Traffic Control (VTC) Center relocation, and \$134,000 for the lock status display upgrade.

The maintenance building renovation included construction of a two-story addition and renovation of a portion of the adjacent interior space to provide office space for Office of Engineering and Strategic Planning personnel, to add a women's bathroom/locker room and to expand the existing men's bathroom/locker room and the employees' lunchroom.

The VTC Center relocation involved renovating the Oberlin Building at Eisenhower Lock and relocating the VTC Center and several offices from the adjacent McCann Building. The work included renovation of the interior space, moving radio, telephone, closed circuit

television and computer equipment/systems and making improvements required for installation of the new computerized Traffic Management System. The work was accomplished both by contractors and by Corporation personnel.

The electrical lock equipment upgrade project for 1999 was for the lock status display system, which utilizes Programmable Logic Control technology to monitor the status of the lock operating equipment at Eisenhower and Snell locks. This information is provided to the Vessel Traffic Controllers. The new system will be expanded to include water level, fire alarm, and security information to the VTC Center as well as machinery and equipment operating information to Maintenance personnel for use in troubleshooting problems.

Stoplog Testing and Rehabilitation

The Corporation maintains stoplogs and bulkheads, for both locks, which are used to form temporary dams when it is necessary to dewater a lock or portions thereof for scheduled or emergency maintenance. A comprehensive testing and repair program was accomplished in 1998 to assure the structural integrity of the stoplogs and bulkheads. This safety-related project was recommended by the U.S. Army Corps of Engineers (Corps) and is consistent with their regulation which requires similar programs be conducted for closure structures at all Corps locks and dams. The FY 1998 cost for this extraordinary operating project was \$517,000. It was completed in FY 1999 for \$282,000.

Wage Negotiations

The Corporation negotiated with the bargaining unit employees (AFGE Local 1968) on a wage agreement totaling 16.25 percent over four years, beginning October 1999. The four-year contract will assist the Corporation with its financial planning. The new contract marked the first time a wage contract had been negotiated for a four-year period.

Significant Future Costs

Since operations and maintenance represent the bulk of the SLSDC's expenditures, five-year capital and maintenance plans have been developed for FYs 2000 – 2004. The objective of developing a comprehensive five-year plan for capital improvements, operations, and maintenance activities is to improve the SLSDC's ability to invest in projects critical to maintaining infrastructure and operational efficiency. The perspective offered by viewing and evaluating resource requirements over a long term is particularly vital in this era of funding

reductions. The current five-year plan projects \$11 million in capital expenditures, factoring in the full implementation of the recent Corps recommendations. In addition to the estimated \$5 million resulting from the Corps recommendations, the SLSDC plans on spending \$500,000 on the Automatic Identification System/Global Positioning System project. Other major projects include \$500,000 for the purchase of heavy equipment and \$500,000 to construct a drydock facility at Snell Lock.

The main project in FY 2000 is for the construction of the Lock Structures Maintenance Shop. The plan is to construct a shop at the south side of Snell Lock in which to perform maintenance work on large structures, machinery and equipment such as stoplogs, fender booms, culvert valves, bullgears, and the SLSDC's workboat *PERFORMANCE*. This facility will be used primarily for blast cleaning and painting these items. Equipment, which has been designed to conform to federal and state regulations for these operations, will be purchased for use in this facility. Plans are to purchase portable equipment so that it can be removed from this building for use in the locks during winter maintenance for blast cleaning and painting work on the miter gates and vertical lift gate. Research of available technologies and equipment, design work and cost estimates are preliminary at this time. Cost estimates indicate the total project cost will be between \$500,000 and \$700,000 with the building costing approximately 60 percent and the equipment 40 percent.

Lock Survey and Evaluation

In FY 1998, for a cost of \$85,000, the Corporation entered into an interagency agreement with the U.S. Army Corps of Engineers for it to perform a survey and evaluation of the two U.S. Seaway locks. The Corps set up a team consisting of structural, mechanical and electrical engineers. The team inspected both locks during the navigation season as well as when they were dewatered for winter maintenance. These inspections were carried out in conjunction with Corporation personnel. Its work also included the review of drawings, meetings with SLSDC engineering and maintenance personnel, review of maintenance records/practices and observing lock-operating procedures. The final report was submitted in December 1999 in which the Corps concluded that the U.S. Seaway locks structures and equipment were generally well maintained and in good operating condition.

The Corps made recommendations for capital and maintenance improvements, modifications to maintenance practices, additional monitoring and testing programs and changes to operating procedures. The full recommendations made by the Corps will be incorporated into the Corporation's five-year capital and special project plans as appropriate. Some of the projects may be accomplished in-house, provided they have minimal impact on normal maintenance functions, while larger ones will likely be accomplished by contract. The Corporation estimates spending in excess of \$5 million over the next five years to accomplish all of the recommendations set forth in the report.

Selected Financial Indicators <i>(In Thousands of Dollars)</i>				
For the Fiscal Years Ended September 30	1999	1998	Change	
			Dollars	Percent
Operating Revenues	10,531	10,323	208	2
Appropriations expended	10,059	9,775	284	3
Other	472	548	(76)	(14)
Operating Expenses	11,567	11,333	235	2
Personnel services and benefits	9,018	8,883	135	2
Other	2,549	2,450	100	4
Imputed Financing/Expenses				
Imputed financing	620	620	—	—
Imputed expenses	620	620	—	—
Total Assets	100,911	102,320	(1,409)	(1)
Time Deposits in Minority Banks	11,861	12,084	(223)	(2)
Short-term	11,567	10,672	895	8
Long-term	294	1,412	(1,118)	(79)
Interest Income (Minority Banks)	632	697	(65)	(9)

FY 1999 ACCOMPLISHMENTS

Operations and Safety Initiatives

Enhanced Seaway Inspections of Foreign-Flag Vessels

The Enhanced Seaway Inspection (ESI) program contributes to safe navigation and protection of the environment. The safety and environmental vessel screening programs, conducted jointly with Canadian SLSMC inspectors in Montreal, Quebec, accomplish the port/state vessel inspections as well as ballast water tests.

Each year, approximately 300 foreign flag vessels from more than 50 nations transit the U.S. locks and channels of the Seaway to and from the major port facilities in the Great Lakes. Prior to 1998, ship inspections were conducted at the U.S. Seaway locks in Massena, N.Y., which caused safety concerns as well as inefficient traffic flow. SLSDC, working closely with the U.S. Coast Guard (USCG), reinvented the inspection program in 1998. The major goal of the revised program was to perform 100 percent of enhanced ship inspections at Montreal, for the first inbound transit of each ocean vessel in advance of entering U.S. waters. The goal was achieved in 1999 with 289 ESIs performed, 254 by SLSDC inspectors and 35 by USCG marine inspectors. The enhanced vessel inspection program exemplifies the "One DOT" goal of partnering for excellence, as well as intermodal cooperation.

The ballast water exchange program continues to be an important function of the ship inspection program. These inspections are carried out concurrently with the ESIs, by SLSDC personnel in Montreal and by USCG personnel at Snell Lock in Massena. These programs support the Oil Pollution Act of 1990 and the Non-Indigenous Aquatic Nuisance Prevention and Control Act of 1990.

Seaway AIS/GPS Project

Since 1992, the Corporation has worked with the Department of Transportation's Volpe National Transportation Center and Canadian partners to design and implement state-of-the-art Automatic Identification System (AIS) / Global Positioning System (GPS) navigation technology.

The SLSDC's AIS/GPS project is designed to apply cutting-edge universal AIS technology to marine navigation on the St. Lawrence River and Great Lakes. This AIS/GPS project represents a major step forward in marine navigation technology. When it is fully operational during the 2001 navigation season, this system will provide vessels and vessel traffic controllers with highly accurate, real-time access to the

position of all commercial vessels in their vicinity. This new technology will greatly enhance safety and improve the efficient transit of vessels through the System.

The Corporation's Canadian counterpart, the SLSMC, has shared costs during the design phase of this project. For the implementation phase of the project, the two Seaway entities have requested and their industry partners have agreed to contribute 50 percent of the final cost of this project over the next two years. During 1999, efforts focused on the integration of AIS with the newly installed binational unified TMS. Field-testing of the AIS/GPS in the St. Lawrence River will occur during the 2000 navigation season. The goal for full Seaway AIS deployment is the 2001 navigational season.

Binational Traffic Management System

The binational Traffic Management System (TMS) is a joint project of the two Seaway entities to implement a fully integrated computerized traffic management system with the goal of providing a single source for system information for Seaway customers (referred to as "one-stop-shopping"). The program, undertaken in 1998, involved the upgrade of physical structures and existing computer systems at the three centers, two Canadian and one U.S. The system provides users, both external and internal, a seamless source of vessel transit information, such as the transit time from below Montreal to the middle of Lake Erie.

The new system became fully operational with the opening of the 1999 navigation season on March 31, 1999. The Seaway entities continue to refine the system software and plan to incorporate the capability of displaying vessel positions from ship-borne AIS units when that program becomes operational.



SLSDC Vessel Traffic Control Center in Massena, N.Y.

Navigation Aids / Channel Sweeping

In 1999, the SLSDC procured state-of-the-art Differential Global Positioning System (DGPS) based hydrographic survey equipment, hardware and software, to perform periodic soundings in the navigation channel to ensure adequate water depth for vessel transits. With the assistance of the Volpe National Transportation Systems Center, the new equipment was integrated with the DGPS buoy positioning equipment, first deployed in 1993, to allow access from a single Windows-based computer.

The DGPS buoy positioning system effectively replaced traditional sextant measurements, which were both time-consuming and highly dependent on good visibility. The DGPS buoy positioning system significantly reduces the average time needed to put a buoy on station regardless of location and visibility. It also enables the SLSDC's Marine Services Division to make periodic position surveys of floating navigational aids to ensure they are on station. The use of this technology has enabled the Corporation to perform critical navigational aids and channel sweeping functions in a more efficient manner as well as enhance safety.



SLSDC maintenance staff place navigation aids along the St. Lawrence River using DGPS technologies.

Seaway Emergency Response Plan

The Corporation's Emergency Response Plan, unveiled in June of 1989 and updated annually, was developed to serve as a regional joint response blueprint in the event of an oil spill, hazardous substance spill or vessel collision in the St. Lawrence River. The plan, which includes a computerized oil spill model, covers the 100-mile U.S. portion of the river, between Massena and Cape Vincent, N.Y.

The Corporation has immediate responsibility for initiating the Emergency Response Plan and overseeing an incident until the U.S. Coast Guard arrives on the scene. Responsibility is immediately shifted to the U.S. Coast Guard in their role as Federal On-Scene Coordinator.

The plan incorporates a number of local, state, and federal agencies that would be needed in an emergency situation. Since 1989, the Corporation has participated in or sponsored 11 annual simulation exercises as part of the Emergency Response Plan. These annual simulated drills are essential to maintaining readiness for emergency situations, swift response requirements, and problem resolution by the Corporation and local, state and federal agencies.

On June 23-24, 1999, SLSDC participated in an exercise in Brockville, Ontario, sponsored jointly by the U.S. and Canadian Coast Guards, designed to improve preparedness of agency participants.

1999 Winter Maintenance Program

The Corporation's 1999 winter maintenance program at the two U.S. Seaway locks was one of the most extensive in recent years, entailing expenditures of approximately \$600,000 and a workforce of 85 employees.

A major milestone was achieved when concrete repairs at Eisenhower Lock were completed. It marked the end of rehabilitation that the U.S. Army Corps of Engineers said in a 1994 study was essential to ensure the facility's structural stability. The 1999 concrete work involved the replacement of 380 cubic yards of concrete at a cost of \$199,000.

The Corps initially estimated that the rehabilitation would require the replacement of 900 cubic yards at a cost of \$1 million if the work was completed using SLSDC staff. During the 1994-95, 1995-96, and 1998-99 winter maintenance programs, the SLSDC replaced a total of 1,600 cubic yards of concrete over a three-year period using SLSDC staff at a cost of \$660,000.

Besides concrete repairs, the winter maintenance program involved a broad range of mechanical and electrical preventative maintenance that also included the dewatering of Snell Lock. During the winter program, a visiting team from the Corps of Engineers observed some of the work in progress, as did Deputy Secretary of Transportation Mortimer L. Downey.

Customer Service Initiatives

ISO 9002 Certification of SLSDC

Delivering quality service to customers is a major goal of the Corporation. An important initiative to achieve excellence in service delivery is gaining International Standards Organization (ISO) 9002 certification for Seaway programs. ISO 9002 is an international standard for quality management and refers to a group of standards that require an organization to establish and document processes that ensure quality, educate workers about them, oversee the process to provide confidence that they are being followed and producing results, and make continuous improvements.

London-based Lloyd's Register of Quality Assurance is the independent accrediting agency retained by the Corporation to perform program assessments for certification. The SLSDC is one of the first agencies to apply these business standards to the federal government. In 1998, the Corporation's vessel inspection program was certified, followed in 1999 by vessel traffic management, aids to navigation, personnel, administrative support and management information services. ISO certification has led to performance improvements, marketing advantages, better customer service, an improved management process, better teamwork, and closer coordination with SLSDC goals and objectives.

The SLSDC's lock operations and maintenance programs are scheduled for assessment in 2000. As a result of this major initiative, our customers are assured that the Corporation has an internationally recognized quality management system in place to meet their needs for a safe, reliable, and competitive waterway.

Customers Pleased with SLSDC Services

To continuously evaluate and improve operating procedures, regulations, and policies to better serve the customer, the SLSDC obtains customer feedback from vessel crews, through surveys, to assess primary customer reaction to the expertise and quality of operating services.

The 1998 survey results, published in 1999, were virtually identical to the results from a similar survey conducted in 1995, and the Corporation retained a "good" to "excellent" service rating (4.5 out of 5) from Seaway users. Seaway users also expressed high satisfaction with traffic control communications, the capability and courtesy of Corporation personnel, Seaway requirements information, transit time, lockage procedures, and tug services. The Corporation will survey vessel operators again, as well as agents for the first time, during the 2000 navigation season.

The Corporation, in coordination with the Canadian SLSMC, initiated the first survey during the 1995 navigation season. Comments in the initial survey were instrumental in shifting ship inspections from the locks in Massena, N.Y., to Montreal, Quebec. Conducting ship inspections in Montreal reduced routine vessel delays by 50 percent, from 4 to 8 hours, down to 2 to 4 hours. It should be noted that daily vessel operating costs average \$500 an hour, and the reduction in delays improves the vessel operator's bottom line and enhances the competitiveness of the waterway.

Seaway Nightcast Program

Since the mid-1980s, the Corporation has offered users a subscription-based service called Seaway Nightcast. The daily service details inbound (westbound) ocean vessel movements through the U.S. locks in Massena, N.Y., to assist in matching cargoes and vessels for the outbound voyage. The information is broadcast to subscribers via e-mail. The information, transmitted after midnight each day, covers vessel activity for the previous 24-hour period. Details include vessel passage by name, intended ports of call within the Great Lakes, a coded identification of the vessel agent, and known details of the outbound voyage. By relaying this information upon entry of the vessel into the Great Lakes Seaway System, potential users have several days to contact the shipping agent concerning export movements.

Ship Drawing Reviews

The Corporation offers, free of charge, a review of ship drawings for new buildings or revisions, encouraging owners to fit vessels to Seaway dimensions during construction. In addition, the Corporation provides advice and guidance to developers, shipping companies or agents on modifications necessary to meet requirements for transiting the Seaway.

Since the review services were introduced in 1992, Seaway marine experts have accommodated an average of 100 review requests a year. The free service has been a contributing factor in attracting new ocean freighter and passenger cruise traffic for the Seaway.

Seaway Tie-Up Service

To accommodate vessel operators who have elected not to install or use landing booms, the two Seaway entities initiated tie-up services in 1995 on a cost-recovery basis. The fee for the service continues to be \$1,000 Canadian for each round trip through the Montreal-Lake Ontario and Welland Canal sections. In 1999, 158 vessels took advantage of this service.

Seaway Port Pacesetter Awards

In the spring of 1999, the Corporation announced the recipients of its annual Seaway Port Pacesetter Award for U.S. Great Lakes/Seaway ports and port terminals that posted tonnage increases in international cargo handled during the 1998 Seaway navigation season, versus 1997 levels.

Nine port organizations and seven port terminals qualified for the award, the highest number awarded in the history of the Pacesetter Award. The nine ports receiving the Pacesetter were: Cleveland-Cuyahoga County (Ohio) Port Authority; Detroit-Wayne County (Mich.) Port Authority; Duluth (Minn.) Seaway Port Authority; Erie (Pa.)-Western Pennsylvania Port Authority; Green Bay (Wis.) Port and Solid Waste Management Department; Illinois International Port District, Port of Chicago (Ill.); Port of Milwaukee (Wis.); Port of Oswego (N.Y.) Authority; and Toledo-Lucas County (Ohio) Port Authority.

The seven award-winning U.S. Great Lakes/Seaway port terminals were: AGP Grain Ltd. at the Port of Duluth; The Andersons at the Port of Toledo; Ceres Terminal at the Port of Cleveland; Federal Marine Terminals at Burns International Harbor in Portage, Ind.; K&K Warehousing at the Port of Menominee, Mich.; Lake Superior Warehousing at the Port of Duluth; and Mountfort Terminal at the Port of Erie.

Customer Development Initiatives

Seaway Trade Mission to Norway and Germany

SLSDC Administrator Jacquez led a delegation of U.S. and Canadian Great Lakes Seaway System executives on a Seaway Trade Mission to Oslo, Norway, and Hamburg, Germany, June 6-16, 1999.

Both stops represented return visits for the Seaway to these large European shipping centers. Past Seaway Trade Missions visited Oslo in 1987 and 1996, and Hamburg in 1988, 1990, 1992, and 1997.

In Oslo, the SLSDC exhibited at the Nor-Shipping '99 Exhibition, one of the largest maritime related exhibitions in the world. The purpose of the trip was to encourage ship owners, operators, and builders to build Seaway-fitted vessels and to brief them on the latest regulatory and technical requirements for ships that want to trade in the Great Lakes St. Lawrence Seaway System. In Hamburg, a similar message was presented, in addition to one-on-one meetings with cargo interests and port facilities.

International Canals and Inland Waterways

The Corporation hosted the fourth biennial meeting of the International Canals and Waterways Chief Executive Officers group in Chicago, Ill., May 17-19, 1999.

The meeting, attended by 12 waterway and canal executives, featured presentations on operational topics including management practices, operation and maintenance procedures, maritime safety issues, environmental protection issues, international maritime trade development, pilotage, tolls, and application of advanced technology in the operation of international commercial waterways.

The SLSDC organized the CEO group in 1993, and held its first meeting that year in London. In 1995, the group met in Istanbul, and in 1997, it met at the Panama Canal.

FEDERAL OSHIMA Ceremony

The FEDERAL OSHIMA, the first of seven new Seaway-size ocean ships built for Fednav, Ltd., by the Oshima Shipbuilding Co., Oshima, Japan, was officially named at a special ceremony in late September 1999. Fednav is investing significantly in its Seaway-sized fleet, having built or committed to 12 new vessels over the past four years. Fednav, Ltd., is the largest owner and operator of ocean vessels using the Great Lakes Seaway System.

Corporation Administrator Jacquez accompanied Fednav Chairman and CEO Laurence Pathy to Japan for the naming ceremony as well as to participate in meetings with shipbuilders who are either building Seaway size vessels or have the potential to build Seaway-capable ships. One particular meeting resulted in a visit by the company's top executives and naval architects to the SLSDC's operational facilities in Massena, N.Y.



SLSDC Albert S. Jacquez (left) takes part in tour of FEDERAL OSHIMA at its christening ceremony in Oshima, Japan.

Seaway Management Initiatives

Jacquez Sworn-In as Eighth Seaway Administrator

On January 4, 1999, U.S. Transportation Secretary Rodney E. Slater swore in Albert S. Jacquez as the eighth Administrator of the SLSDC. President Clinton, using his recess appointment authority, named Jacquez as Administrator, effective January 4. On July 1, 1999, the nomination of Administrator Jacquez was confirmed by the U.S. Senate to a term of seven years.

Jacquez came to the Corporation with more than 15 years of management, finance, and transportation policy experience. He served as chief of staff to Congressman Esteban E. Torres of California from 1993 to 1998, where he provided oversight and guidance for all House Appropriations Committee work, including Department of Transportation appropriations. From 1990 to 1992, he served as staff director of the Housing Banking Subcommittee on Consumer Affairs and Coinage. From 1988 to 1990, he served as President and Chief Executive Officer of the Latin American Management Association, a Hispanic business trade group.

During congressional consideration of the North American Free Trade Agreement (NAFTA), he developed the legislative strategy and negotiated the substantive provisions of the North American Development Bank (NADBank) – a binational institution that finances environmental infrastructure, and provides economic development assistance and investment to communities that suffer lost jobs related to trade. NADBank has a capital base of \$3 billion.

Seaway Corporation Administrators

(1954 - Present)

LEWIS G. CASTLE

January 2, 1954 - June 4, 1960

M.W. OTTERSHAGEN

March 29, 1961 - December 30, 1961

JOSEPH H. MCCANN

January 1, 1962 - April 4, 1969

DAVID W. OBERLIN

August 11, 1969 - February 27, 1983

JAMES L. EMERY

November 21, 1983 - November 21, 1990

STANFORD E. PARRIS

March 21, 1991 - April 15, 1995

GAIL C. McDONALD

January 2, 1996 - April 11, 1997

ALBERT S. JACQUEZ

January 4, 1999 - Present

He has been listed among "The Top 100 Influential Hispanics" by Hispanic Business Magazine, and named one of "The 50 Most Influential Men in Washington" by The American Banker. He has also been a Stennis Congressional Staff Fellow, which honors senior congressional staff for outstanding leadership and commitment to public service.

A native of Los Angeles, Calif., Jacquez graduated from Whittier College, Whittier, Calif., in 1976 with a bachelor's degree, and earned a master's degree from the Lyndon B. Johnson School of Public Affairs at the University of Texas in 1986.



Albert S. Jacquez (center) is sworn-in by Transportation Secretary Rodney E. Slater (right) on January 4, 1999, as the eighth SLSDC Administrator. Mr. Jacquez's wife, Lynn (left), holds the bible during the ceremony.

Third PBO Proposal Submitted to the Congress

On August 3, 1999, the U.S. Department of Transportation resubmitted proposed legislation to the Congress for the third time that would establish the SLSDC as a Performance Based Organization (PBO). The initial legislation to implement the PBO conversion was transmitted to the Congress in July 1996. A revised legislative proposal to establish a PBO was transmitted to the Congress in 1997. On March 4, 1996, as part of the Administration's reinventing government agenda, Vice President Gore announced plans to restructure eight federal agencies as PBOs, including the Corporation.

The central element of the PBO initiative is greater accountability through enhanced performance. The SLSDC has developed a five-year plan that commits the agency to meet certain personnel and fiscal goals. In addition, funding is directly related to performance.

The most significant changes derived from the PBO structure include an accountable senior management structure working under a performance contract, clear incentives to improve efficiencies and service to increase Seaway utilization, a more stable funding source, and increased autonomy from day-to-day departmental activities. The result will be improved long range planning for critical capital needs of aging lock facilities, build-up of emergency reserves, streamlining and reallocation of personnel resources, and reduced operating costs. The focus on the performance areas of safety, reliability, trade development, and management accountability will ensure a more efficient operation through elimination of programs and cost areas that do not fully support performance goals.

Year 2000 Certification

The SLSDC's information systems remain up-to-date and enable all offices to maintain timely and accurate reporting. All Corporation information technology systems, operating systems and physical facilities successfully completed Year 2000 (Y2K) validation in 1998 and remain fully compliant to date. The Corporation was an active participant in the Department of Transportation's Y2K outreach task force and continued vigorous outreach activities until the key rollover date of January 1, 2000.

The Corporation also prepared a Business Continuity and Contingency Plan, which concentrated its attention on continuance of regular business functions including winter maintenance, administrative activities, and protection of Corporation facilities against winter elements. All systems remained compliant on the critical rollover dates of January 1, 2000, and February 29, 2000.

Transportation Secretary Slater Dedicates Cocci Center

On April 5, 1999, U.S. Secretary of Transportation Rodney E. Slater visited the Corporation's facilities in Massena, N.Y., and dedicated the SLSDC's newly upgraded vessel traffic control center at Eisenhower Lock.

The facility was renamed the "Erman J. Cocci Center" in honor of the Corporation's Associate Administrator. Cocci has served as the Corporation's top on-site executive in Massena over the past 15 years.

The Cocci Center now features a fully automated computer system, operated by the Corporation, which will improve vessel tracking capabilities on the Seaway, making maritime travel safer and more efficient.



SLSDC Albert S. Jacquez (left) and Transportation Secretary Rodney E. Slater (right) unveil a plaque to SLSDC Associate Administrator Erm Cocci (center) on April 5, 1999, in Massena, N.Y., renaming the Corporation's vessel traffic control center as the "Erman J. Cocci Vessel Traffic Control Center."

Garrett A. Morgan Educational Program

In addition to the "Adopt-a-School" program with Jefferson Elementary School in Massena, N.Y., SLSDC staff in Massena continued their partnering efforts with the Tech Prep/School-to-Work-Initiative with Massena Central High School and Clarkson University School of Business, to prepare high school juniors and seniors for post school employment. The Corporation provides "shadowing" opportunities for students at its facilities and donated surplus computer equipment to the program. A partnership between the Tech Prep Program and the Garrett A. Morgan Transportation and Technology Futures Program will focus on preparing students for transportation careers.

During 1999, the SLSDC continued its long-term project with 52 fifth grade pupils, who are developing a St. Lawrence Seaway System website, titled "By Kids, For Kids." In February 1999, 22 Tech Prep seniors from Massena Central High School made a multi-team presentation about the Tech Prep Program to Transportation Deputy Secretary Mortimer Downey during his visit to Massena.

1999 NAVIGATION SEASON IN REVIEW

On March 31, the St. Lawrence Seaway was opened for the 1999 navigation season and its 41st year of operation as a deep draft waterway. The System closed on December 25, ending the 270-day season. U.S. international trade through the Montreal-Lake Ontario section of the St. Lawrence Seaway was at 11.4 million metric tons, or 4 percent below the 1998 level. Total cargo traffic through the Montreal-Lake Ontario section was 36.4 million metric tons, a 7 percent decline from 1998.

The reduced cargo was expected due to changes in the steel industry. In 1998, a combination of a strong U.S. economy and weak Asian and Russian economies resulted in a surge of imported steel, an increase of 61 percent over 1997. Efforts to curb alleged dumping coupled with inventory accumulation built by U.S. and Canadian importers in 1998 resulted in a decrease in imported steel of 2.5 million metric tons or 35 percent in 1999. The decline in imported steel accounts for virtually the entire 7 percent decline in total cargo. The inventory buildup in 1998 also attributed to a 4 percent decline in other steel related products such as iron ore.

U.S. grain exports through the St. Lawrence Seaway totaled 6.7 million metric tons, an increase of 9 percent over 1998. Total grain shipments were 13.6 million metric tons, the second highest level in nine years. In addition, Total vessel transits reached 3,168, the highest level in 13 seasons.

Calendar Year 1999 Commodity and Transit Summary (Montreal-Lake Ontario Section)				
Commodities	1999	1998	Change	
			Tons	Percent
U.S. Grain	6,653,609	6,118,905	534,704	8.7%
Canadian Grain	6,927,938	6,735,376	192,562	2.9%
Coal	266,364	191,356	75,008	3.9%
Coke	566,637	624,131	(57,494)	(9.2%)
Iron Ore	10,686,169	11,104,515	(418,346)	(3.8%)
Other Bulk	6,722,664	7,463,878	(741,214)	(9.9%)
Manufactured Iron and Steel	4,317,382	6,909,049	(2,591,667)	(37.5%)
Other General	259,275	93,488	165,787	177.3%
Containers	11,573	5,211	6,362	122.1%
Cargo Total	36,411,611	39,245,909	(2,834,298)	(7.2%)
Vessel Transits	1999	1998	Change	
			Transits	Percent
Ocean Vessels	1,282	1,410	(128)	(9.1%)
Laker Vessels	1,402	1,497	(95)	(6.3%)
Other Vessels	484	251	233	92.8%
Transit Total	3,168	3,158	10	0.3%

1999 PERFORMANCE INDICATORS

Lockage Downtime/Availability in Hours						
Cause of Delay	1995	1996	1997	1998	1999	5-Year Average
Weather, Poor Visibility	75.5	137.2	64.6	30.3	2.0	61.9
Weather, High Wind/Ice	13.0	6.2	0.6	12.9	0.0	6.5
Water Level/Flow	0.0	0.0	17.2	0.0	0.0	3.4
Vessel Incident	32.6	38.3	31.2	43.3	46.3	38.3
Civil Interference	0.4	1.4	2.8	10.3	0.0	3.0
Lock Equipment Malfunction	16.3	4.5	15.6	1.8	1.3	8.0
Total Delay (Hours)	137.8	187.6	132.0	98.6	49.6	121.1
Equivalent Days	5.7	7.8	5.5	4.1	2.1	5.0
Duration of Season (Days) *	276	273	270	277	270	273.2
Percent of System Availability	98%	97%	98%	98.5%	99.2%	98.1%

* Based on availability of U.S. Seaway locks only

Lockage Equipment Malfunction by Type in Hours						
Type of Malfunction	1995	1996	1997	1998	1999	5-Year Average
<u>Electrical</u>						
Fender Boom	10.5	0.7	2.9	0.0	0.0	2.8
Gates	2.7	1.2	1.7	1.0	1.3	1.6
Valves	0.0	0.4	0.0	0.0	0.0	0.1
Lock Equipment	<u>0.0</u>	<u>0.4</u>	<u>0.8</u>	<u>0.5</u>	<u>0.0</u>	<u>0.3</u>
Subtotal	13.2	2.7	5.4	1.5	1.3	4.8
<u>Mechanical</u>						
Fender Boom	0.0	1.8	0.0	0.0	0.0	0.4
Gates	3.1	0.0	0.0	0.3	0.0	0.7
Valves	0.0	0.0	0.0	0.0	0.0	0.0
Lock Equipment	<u>0.0</u>	<u>0.0</u>	<u>0.3</u>	<u>0.0</u>	<u>0.0</u>	<u>0.1</u>
Subtotal	3.1	1.8	0.3	0.3	0.0	1.2
Grand Total	16.3	4.5	5.7	1.8	1.3	6.0

CELEBRATING 40 YEARS OF DEEP-DRAFT NAVIGATION

The SLSDC hosted a weekend of special events in Massena, N.Y., June 26-27, 1999, to commemorate the 40th anniversary of the Great Lakes Seaway System.

The highlight event of the celebration was the rededication ceremony at Eisenhower Lock commemorating the original dedication on the same location and same date (June 27, 1959) when former Vice President Richard M. Nixon and Queen Elizabeth II dedicated the Seaway navigation project, which put into place the missing deepwater link between the five Great Lakes and the Atlantic Ocean.

Keynote speaker at the 40th rededication ceremony, which was attended by several hundred guests, was Congressman James Oberstar of Minnesota. He has been a long-time supporter as chief aide to one of the waterway's founding fathers—the late Congressman John Blatnik. Congressman Oberstar also represents a district that includes the largest U.S. Great Lakes port (Duluth), and he has served as chairman of the Great Lakes Maritime Task Force.

Congressman John M. McHugh of New York spoke at a dinner in Massena, N.Y., held the prior evening to commemorate the 40th anniversary. Congressman McHugh represents the North Country section of New York, including Massena.



Congressman James Oberstar (Minn.) addresses an audience attending the Seaway's 40th anniversary ceremony at Eisenhower Lock in Massena, N.Y.



Congressman John M. McHugh (N.Y.) speaks at a dinner in Massena, N.Y., held to commemorate the Seaway's 40th anniversary.



STATEMENT ON INTERNAL ACCOUNTING AND ADMINISTRATIVE CONTROL SYSTEMS

Pursuant to Section 306 of the Chief Financial Officers Act of 1990, the SLSDC is required to provide a statement on internal accounting and administrative control systems consistent with the requirements of the Federal Managers' Financial Integrity Act (FMFIA) of 1982. An evaluation of the system of internal accounting and administrative control of the Corporation in effect during the year ended September 30, 1999, was performed in accordance with "Guidelines for Evaluation and Improvement of and Reporting on Internal Control Systems in the Federal Government", issued by the Director of the Office of Management and Budget, in consultation with the Comptroller General, as required by the FMFIA, and accordingly included an evaluation of whether the system of internal accounting and administrative control of the Corporation was in compliance with the standards prescribed by the Comptroller General.

The objectives of the system of internal accounting and administrative control of the Corporation are to provide reasonable assurance that:

- ◆ Obligations and costs are in compliance with applicable law;
- ◆ Funds, property, and other assets are safeguarded against waste, loss, unauthorized use, or misappropriation; and
- ◆ Revenues and expenditures applicable to agency operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the assets.

The concept of reasonable assurance recognizes that the cost of internal control should not exceed the benefits expected to be derived therefrom, and that the benefits consist of reductions in the risks of failing to achieve the stated objectives. Estimates and judgments are required to assess the expected benefits and related costs of control procedures. Furthermore, errors or irregularities may occur and not be detected because of inherent limitations in any system of internal accounting and administrative control, including those limitations resulting from resource constraints, Congressional restrictions, and other factors. Finally, projection of any evaluation of the system to future periods is subject to the risk that procedures may be inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

A material weakness or non-conformance is a specific instance of non-compliance with the Integrity Act. Such weakness would significantly impair the fulfillment of an agency component's mission; deprive the public of needed services; violate statutory or regulatory requirements; significantly weaken safeguards against waste, loss, unauthorized use or misappropriation of funds, property, or other assets; or result in a conflict of interest. Each material non-conformance in a financial system merits the attention of the agency head/senior management, the Executive Office of the President, or the relevant Congressional oversight committee; prevents the primary agency's financial system from achieving central control over agency financial transactions and resource balances; and/or prevents conformance of financial systems with financial information standards and/or financial system functional standards.

The results of the evaluations described in the second paragraph, assurances given by appropriate Corporation officials, and other information provided indicate that the system of internal accounting and administrative control of the Corporation in effect during the year ended September 30, 1999, taken as a whole, complies with the requirement to provide reasonable assurance that the above-mentioned objectives were achieved within the limits described in the preceding paragraph. The evaluation did not disclose any material weaknesses or non-conformances in the internal accounting and administrative control system in fiscal year 1999 and prior years.

Dembo, Jones, Healy, Pennington & Ahalt, P.C.

Certified Public Accountants and Consultants

Report of Independent Auditors on the Financial Statements

To the Administrator of the
Saint Lawrence Seaway Development Corporation

We have audited the accompanying statements of financial position of the Saint Lawrence Seaway Development Corporation (the Corporation), a wholly-owned U.S. Government corporation, as of September 30, 1999 and 1998, and the related statements of operations and changes in cumulative results of operations, cash flows, budgetary resources and actual expenses and changes in equity of the U.S. Government for the years then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in Note 2 these financial statements were prepared in accordance with generally accepted accounting principles as set forth for Federal government corporations which constitute a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Saint Lawrence Seaway Development Corporation as of September 30, 1999 and 1998, and the results of its operations and its cash flows for the years then ended in conformity with the basis of accounting described in Note 2.

Our audits were conducted for the purpose of forming an opinion on the principal financial statements described above. We have reviewed the financial information presented in management's overview of the Corporation and the supplemental financial and management information for consistency with the financial statements and notes. The information presented in the overview and supplemental financial and management information is provided for the purposes of additional analysis. Such information has not been audited by us and, accordingly, we do not express an opinion on this information.

Dembo, Jones, Healy, Pennington & Ahalt, P.C.
December 9, 1999

Dembo, Jones, Healy, Pennington & Ahalt, P.C.

Certified Public Accountants and Consultants

Report on Compliance with Laws and Regulations and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Administrator of the
Saint Lawrence Seaway Development Corporation

We have audited the financial statements of Saint Lawrence Seaway Development Corporation (the Corporation) as of and for the years ended September 30, 1999 and 1998, and have issued our report thereon dated December 9, 1999. We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Saint Lawrence Seaway Development Corporation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Saint Lawrence Seaway Development Corporation's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. With respect to the internal control over financial reporting, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Dembo, Jones, Healy, Pennington & Ahalt, P.C.

Certified Public Accountants and Consultants

This report is intended for the information of the management of Saint Lawrence Seaway Development Corporation. However, this report is a matter of public record and its distribution is not limited.

Dembo, Jones, Healy, Pennington + Ahalt, P.C.

December 9, 1999

SAINT LAWRENCE SEAWAY DEVELOPMENT CORPORATION
 STATEMENTS OF FINANCIAL POSITION
 AS OF SEPTEMBER 30, 1999 AND 1998

Assets		1999	1998
Current Assets	Cash:		
	Held by U.S. Treasury	\$ 1,005,621	\$ 909,703
	Held in banks and on hand	20,740	118,523
	Short-term time deposits in minority banks (Note 3)	11,567,000	10,672,000
	Accounts receivable (Note 4)	151,460	210,740
	Inventories (Note 2)	267,315	272,989
	Other current assets	80,000	5,200
	Total Current Assets	13,092,136	12,189,155
Long-Term Investments	Long-term time deposits in minority banks (Note 3)	294,000	1,412,000
	Total Long-Term Investments	294,000	1,412,000
Plant, Property and Equipment	Plant in service (Note 5)	155,665,118	152,879,500
	Less: Accumulated depreciation	(70,440,253)	(68,047,052)
	Net plant in service	85,224,865	84,832,448
	Work in progress	229,766	1,627,189
	Total Plant, Property and Equipment	85,454,631	86,459,637
Other Assets	Lock spare parts (Note 2)	612,696	718,919
	Less: Accumulated depreciation	(174,078)	(155,709)
	Net lock spare parts	438,618	563,210
	Investment in Seaway International Bridge Corporation Ltd. (Note 6)	7,440	7,440
	Total Other Assets	446,058	570,650
Deferred Charges	Workman's compensation benefits (Note 2)	1,623,777	1,688,092
	Total Deferred Charges	1,623,777	1,688,092
	TOTAL ASSETS	\$100,910,602	\$102,319,534

The accompanying notes are an integral part of these statements.

SAINT LAWRENCE SEAWAY DEVELOPMENT CORPORATION
STATEMENTS OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 1999 AND 1998

		Liabilities and Equity of the	
		U.S. Government	
		1999	1998
Current Liabilities	Accounts payable	\$ 859,163	\$ 746,332
	Accrued annual leave (Note 2)	678,002	712,994
	Accrued payroll costs	455,556	421,173
	Deferred revenue	—	32,000
	Total Current Liabilities	1,992,721	1,912,499
Actuarial Liabilities	Workman's compensation benefits (Note 2)	1,623,777	1,688,092
	Total Actuarial Liabilities	1,623,777	1,688,092
Total Liabilities		3,616,498	3,600,591
Equity of the U.S. Government	Invested Capital	100,261,662	101,282,690
	Cumulative results of operations (deficit)	(2,967,558)	(2,563,747)
	Total Equity of the U.S. Government	97,294,104	98,718,943
TOTAL LIABILITIES AND EQUITY OF THE U.S. GOVERNMENT		\$100,910,602	\$102,319,534

The accompanying notes are an integral part of these statements.

SAINT LAWRENCE SEAWAY DEVELOPMENT CORPORATION
 STATEMENTS OF OPERATIONS AND CHANGES IN CUMULATIVE RESULTS OF OPERATIONS
 FOR THE YEARS ENDED SEPTEMBER 30, 1999 AND 1998

		1999	1998
Operating Revenues	Appropriations expended	\$ 10,059,434	\$ 9,775,334
	Imputed financing (Note 9)	620,418	619,891
	Other (Note 7)	471,925	547,976
	Total Operating Revenues	11,151,777	10,943,201
Operating Expenses (Note 8)	Locks and marine operations	2,436,884	2,295,305
	Maintenance and engineering	3,776,392	3,574,300
	General and development	2,519,923	2,561,720
	Administrative expenses	2,834,287	2,901,540
	Depreciation	2,421,594	2,362,768
	Imputed expenses (Note 9)	620,418	619,891
	Total Operating Expenses	14,609,498	14,315,524
	Operating Loss	(3,457,721)	(3,372,323)
Other Financing Sources	Interest on deposits in minority banks	632,316	696,886
	Transfer from invested capital for depreciation	2,421,594	2,362,768
	Total Other Financing Sources	3,053,910	3,059,654
	Operating Revenues and Other Financing Sources Under Operating Expenses	(403,811)	(312,669)
	Beginning cumulative results of operations (deficit)	(2,563,747)	(2,251,078)
	ENDING CUMULATIVE RESULTS OF OPERATIONS (deficit)	\$ (2,967,558)	\$ (2,563,747)

The accompanying notes are an integral part of these statements.

SAINT LAWRENCE SEAWAY DEVELOPMENT CORPORATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 1999 AND 1998

		1999	1998
Cash Flows from Operating Activities	Operating Revenues and Other Financing Sources Under Operating Expenses	\$ (403,811)	\$ (312,669)
	Adjustment to Reconcile Operating Revenues and Other Financing Sources Under Operating Expenses to Net Cash Provided by (Used in) Operating Activities:		
	Depreciation	2,421,594	2,362,768
	Transfer from invested capital for depreciation	(2,421,594)	(2,362,768)
	Net loss (gain) on property disposals	819	(45,091)
	Change in assets and liabilities:		
	Decrease (increase) in accounts receivable	59,280	(60,846)
	Decrease in inventories	5,674	1,759
	Increase in other current assets	(74,800)	(5,200)
	Decrease (increase) in other assets	106,223	(17,930)
	Increase (decrease) in accounts payable	112,831	(60,687)
	(Decrease) increase in accrued liabilities	(609)	31,691
	(Decrease) increase in deferred revenue	(32,000)	32,000
	Net Cash Used in Operating Activities	(226,393)	(436,973)
Cash Flows from Investing Activities	Proceeds from property disposals	1,528	92,010
	Acquisition of plant, property and equipment	(1,400,566)	(1,417,666)
	Net decrease in time deposits	223,000	442,000
	Net Cash Used in Investing Activities	(1,176,038)	(883,656)
Cash Flows from Financing Activities	Appropriations for plant, property and equipment	1,400,566	1,417,666
	NET (DECREASE) INCREASE IN CASH	(1,865)	97,037
	Cash at beginning of period	1,028,226	931,189
	CASH AT END OF PERIOD	\$ 1,026,361	\$ 1,028,226

The accompanying notes are an integral part of these statements.

SAINT LAWRENCE SEAWAY DEVELOPMENT CORPORATION
 STATEMENT OF BUDGETARY RESOURCES AND ACTUAL EXPENSES (NOTE 12)
 FOR THE YEAR ENDED SEPTEMBER 30, 1999

		BUDGET		
		<i>Resources</i>	<i>Obligations</i>	<i>Expenses</i>
Saint Lawrence Seaway Development Corporation Fund		\$25,873,597	\$12,472,819	\$14,609,498
Budget Reconciliation	Total expenses			14,609,498
	Adjustments			
	Add:			
	Capital acquisitions			1,400,566
	Deduct:			
	Depreciation			(2,421,594)
	Imputed expenses			(620,418)
	Decrease in net plant in service, property disposals			(2,347)
	Decrease in inventories			(5,674)
	Decrease in other assets			(106,223)
	Less reimbursements:			
	Trust funds			(11,460,000)
	Revenues from non-federal sources			(1,104,241)
	ACCRUED EXPENDITURES			\$289,567

The accompanying notes are an integral part of these statements.

**SAINT LAWRENCE SEAWAY DEVELOPMENT CORPORATION
STATEMENTS OF CHANGES IN EQUITY OF THE U.S. GOVERNMENT
FOR THE YEARS ENDED SEPTEMBER 30, 1999 AND 1998**

	<i>Invested Capital</i>	<i>Unexpended Appropriations</i>	<i>Cumulative Results of Operations</i>
Balance, September 30, 1997	\$102,227,792	\$ —	\$ (2,251,078)
Appropriations expended		(9,775,334)	9,775,334
Fiscal Year 1998 appropriations		11,193,000	
Other financing sources			1,864,753
Operating expenses, excluding depreciation and imputed expenses			(11,332,865)
Depreciation expense			(2,362,768)
Imputed expenses			(619,891)
Transfer from invested capital for depreciation	(2,362,768)		2,362,768
Capital expenditures	1,417,666	(1,417,666)	—
Balance, September 30, 1998	101,282,690	—	(2,563,747)
Appropriations expended		(10,059,434)	10,059,434
Fiscal Year 1999 appropriations		11,460,000	
Other financing sources			1,724,659
Operating expenses, excluding depreciation and imputed expenses			(11,567,486)
Depreciation expense			(2,421,594)
Imputed expenses			(620,418)
Transfer from invested capital for depreciation	(2,421,594)		2,421,594
Capital expenditures	1,400,566	(1,400,566)	—
Balance, September 30, 1999	\$100,261,662	\$ —	\$ (2,967,558)

The accompanying notes are an integral part of these statements.

SAINT LAWRENCE SEAWAY DEVELOPMENT CORPORATION NOTES TO FINANCIAL STATEMENTS

1. The Corporation

The Saint Lawrence Seaway Development Corporation (the "Corporation"), a wholly-owned government corporation within the Department of Transportation, was created by the Wiley-Dondero Act of May 13, 1954 (68 Stat. 92, 33 U.S.C. 981) as amended. The Corporation is responsible for the development, seasonal operation and maintenance of the portion of the St. Lawrence Seaway (the "Seaway") between Montreal and Lake Erie, and within the territorial limits of the United States.

2. Summary of Significant Accounting Policies

These financial statements have been prepared to report the financial position, results of operations, and cash flows of the Corporation as required by the Chief Financial Officers Act of 1990. They have been prepared from the books and records of the Corporation in accordance with generally accepted accounting principles as set forth for federal government corporations, and the Corporation's accounting policies and procedures, which are summarized below. The accounting policies and procedures are consistent with Title 2 of the U.S. General Accounting Office's Policy and Guidance of Federal Agencies.

Inventories consist primarily of supplies which are consumed in operations and are valued at the lower of cost or market with cost being determined using the weighted-average method. The recorded values are adjusted for the results of physical inventories taken biennially.

Plant, property and equipment are stated at cost of acquisition or construction. Indirect costs incurred prior to the opening of the Seaway on April 25, 1959 have been allocated to the permanent features of the Seaway. Assets costing \$5,000 or more are capitalized when they have an expected useful life of five years or more. Improvements and betterments are capitalized. Repairs and maintenance costs are expensed. The straight-line method of depreciation is used and is computed on balances in plant in service. The cost of plant retired and the accumulated depreciation are removed from the accounts on disposal. Gains or losses on disposals are credited or charged to operations.

Included in lock spare parts are certain items having an expected service life between 5 and 50 years. The cost of these items totals \$247,809 at September 30, 1999. These lock spare parts are an integral part of the lock machinery that allow for replacement of parts, periodically removed from service for maintenance, without causing a shutdown of the Seaway. Effective for the fiscal year ended September 30, 1993, lock spare parts having expected service lives are depreciated over their service life. The balance of lock spare parts totaling \$364,887 at September 30, 1999, consists of expendable inventory items valued at the lower of cost or market with cost being determined using the weighted-average method.

Accrued annual leave represents the value of the unused annual leave accrued to employees of the Corporation. The leave is funded and reported as an obligation.

The Corporation funds a program administered by the Department of Labor to compensate certain employees for death and disability resulting from performance of duty injuries or illnesses as set forth in the Federal Employees Compensation Act (FECA). As provided by FECA, employees and certain dependents are beneficiaries for various periods that can extend to life. The Corporation recognizes current costs of the program on an accrual basis and expenses those costs in the year the benefits are due. Effective with fiscal year 1994, the actuarial liability of these benefits are recognized and recorded in these statements. The liability and deferred charge recorded reflects the actuarial liability as determined by the Department of Labor.

Seaway Tolls -The Water Resource Development Act of 1986 (Public Law 99-662) required the Corporation to turn over U.S. Seaway tolls charged on commercial vessels to the Harbor Maintenance Trust Fund (the "Fund"). Annual appropriations from the Fund are used to meet operation and maintenance expenses. The Act further required the U.S. Treasury to rebate the tolls to the shippers from the Fund. Public Law 103-331, dated September 30, 1994, eliminated the requirement to collect and rebate these tolls effective October 1, 1994.

Budget Authority -The Corporation was apportioned authority by the Office of Management and Budget (OMB) to obligate a maximum amount of \$12,660,000 for fiscal year (FY) 1999, \$11,460,000 from the Fund (Public Laws 105-277 and 106-51), \$300,000 from the Corporation's unobligated balance, and \$900,000 from non-federal revenues. Actual obligations, in contrast to the accrued costs stated in the Statement of Operations, totaled \$12,472,819 for FY 1999. The Corporation's unobligated balance at September 30, 1999 totaled \$13.4 million including \$3.2 million unused borrowing authority. For FY 2000, Congress appropriated \$12,017,000 (Public Law 106-69) for operations and maintenance expenses from the Fund. In addition, authority to obligate \$900,000 of non-federal revenues has been apportioned by OMB for FY 2000.

Statement of Cash Flows - For purposes of financial reporting, the Corporation considers cash to be cash held in the U.S. Treasury, cash in banks and cash on hand.

3. Time Deposits in Minority Banks

The Corporation maintains insured deposits in a number of minority banks throughout the United States to help expand opportunities for minority business enterprises. These deposits consist mainly of the Corporation's unobligated balance, which is retained for emergency situations.

4. Accounts Receivable

The Corporation has not provided for an allowance on uncollectible receivables because prior losses have been insignificant. Receivables as of September 30, 1999 and 1998 are as follows:

	1999	1998
Due from concession contracts	\$ 39,240	\$ 31,921
Interest on deposits in minority banks	36,554	47,568
Reimbursable work	156	14,558
Other	75,510	116,693
Total	\$151,460	\$210,740

5. Plant in Service

Plant in service as of September 30, 1999 and 1998 is as follows:

<i>Plant in Service</i>	<i>Estimated Life (Years)</i>	<i>1999</i>		<i>1998</i>	
		<i>Cost</i>	<i>Accumulated Depreciation</i>	<i>Cost</i>	<i>Accumulated Depreciation</i>
Lands in fee	N/A	\$ 867,526	N/A	\$ 867,526	N/A
Land rights & relocations	95	5,639,064	2,116,647	5,639,064	2,057,436
Locks & guidewalls	40-100	75,249,118	33,695,185	73,793,693	32,716,409
Roads & bridges	50	9,147,306	7,022,697	9,060,530	6,841,342
Channels & canals	95	36,870,221	13,681,799	36,870,221	13,294,662
Public use facilities	50	892,157	518,999	892,157	501,156
Navigation Aids	10-40	2,939,691	2,024,433	2,939,691	1,951,530
Buildings, grounds & utilities	50	12,118,435	4,126,449	11,286,297	3,896,522
Permanent operating equipment	5-40	11,941,600	7,254,044	11,530,321	6,787,995
TOTAL PLANT IN SERVICE		\$155,665,118	\$ 70,440,253	\$152,879,500	\$ 68,047,052

Plant in service includes costs of certain features of the Seaway International Bridge Corporation, Ltd., which is discussed in Note 6. These features include land rights and relocation costs incurred in removing the old bridges, which were a hindrance to navigation, and in building the superstructure of the South Channel Bridge. The gross amounts of \$3,897,379 in land rights and relocations, and \$4,853,320 in roads and bridges have been depreciated accordingly.

6. Investment in the Seaway International Bridge Corporation, Ltd. (SIBC)

The Corporation owns, on behalf of the U.S. Government, 50% of SIBC, a subsidiary of The Federal Bridge Corporation Ltd., a federal Crown Corporation of Canada. Ownership consists of debenture bonds payable to the Corporation with face values totaling \$8,000. The net annual income from the SIBC, after all operating expenses, is divided equally between both parties. The Corporation's portion, if any, is retained in escrow by SIBC to fund structural repair costs to the South Channel Bridge as provided in the Corporation's Enabling Act. Any revenue received by the Corporation will be returned to the U.S. Treasury as miscellaneous receipts. No revenue from the SIBC has been received since 1961.

7. Other Revenues

Other revenues for the years ended September 30, 1999 and 1998 consist of the following:

	1999	1998
Concession operations	\$272,022	\$271,203
Shippers payments for damages to locks	49,989	31,016
Rental of Administration Building	57,398	48,336
Vessel towing services	36,355	93,634
Pleasure craft/non-commercial tolls	34,392	35,190
Miscellaneous (net)	21,769	68,597
Total	\$471,925	\$547,976

Shippers' payments for damages are reported net of direct materials and direct labor costs. Reimbursements for direct materials and direct labor are recorded as reductions of the related expense accounts.

8. Operating Expenses by Object Class

Operating expenses by object class for the years ended September 30, 1999 and 1998 are as follows:

	1999	1998
Personal services and benefits	\$ 9,018,350	\$ 8,883,358
Travel and transportation	185,734	217,754
Rental, communications and utilities	454,154	429,178
Printing and reproduction	16,898	29,429
Contractual services	1,124,686	1,131,533
Supplies and materials	680,356	591,827
Equipment not capitalized	86,225	49,122
Loss on property disposals	936	651
Uncollectible accounts	147	13
Subtotal	\$11,567,486	\$11,332,865
Depreciation expense	2,421,594	2,362,768
Imputed expenses	620,418	619,891
Total Operating Expenses	\$14,609,498	\$14,315,524

9. Retirement Plans

Retirement Plans consist of the Civil Service Retirement System (CSRS) and the Federal Employees Retirement System (FERS). FERS went into effect, pursuant to Public Law 99-335, on January 1, 1987. Employees hired after December 31, 1983 are automatically covered by FERS and Social Security while employees hired prior to January 1, 1984, elected to either join FERS and Social Security or remain in CSRS. A primary feature of FERS is that it offers a savings plan to which the Corporation automatically contributes 1 percent of pay and matches any employee contributions up to an additional 4 percent of pay. For employees hired since December 31, 1983, the Corporation also contributes the employer's matching share for Social Security. Effective with fiscal year 1997, the Corporation recognizes and records the cost of pensions and other post-retirement benefits during employees active years of service, based on cost factors provided by the Office of Personnel Management (OPM). These costs are recorded as both an expense paid by another entity and an imputed financing source to the receiving entity, therefore offset each other with no impact upon the Corporation's net position.

Contributions to the retirement plans and Social Security for the years ended September 30, 1999 and 1998 are as follows:

	1999	1998
Civil Service Retirement System	\$ 282,036	\$ 283,683
Federal Employees Retirement System:		
Automatic contributions	405,557	393,731
Matching contributions	118,907	117,094
Social Security	252,430	234,821
Total	\$1,058,930	\$1,029,329

10. Contingencies and Commitments

The claim from a former employee that was pending on September 30, 1997 was settled in fiscal year 1998 with the Corporation prevailing, however an appeal is still pending. As of September 30, 1998, a claim from a contractor was pending before the U.S. Department of Transportation Board of Contract Appeals against the Corporation. The claim was settled in January 1999 for the amount of \$32,000. In addition to the current liabilities at September 30, 1999 and 1998 there were undelivered orders and contracts amounting to \$925,321 and \$1,392,404, respectively.

11. Related Party Transactions

The Corporation receives rental payments for office space provided to U.S. Immigration and Naturalization Service, the U.S. Coast Guard and the Internal Revenue Service at its administration building in Massena, New York. For the years ended September 30, 1999 and 1998, revenue totaled \$54,681 and \$45,662, respectively.

In fiscal year 1998, the Department of Transportation's (DOT) rent budget was decentralized, making each mode responsible for direct rental payments to the General Services Administration. Prior to this fiscal year, DOT was responsible for rental payments for all headquarter space. The Corporation made rental payments for our Washington, D.C. office totaling \$202,865 and \$197,469 for fiscal years 1999 and 1998, respectively.

The Corporation has entered into reimbursable agreements with certain federal agencies to provide services and equipment to the Corporation. Amounts due under reimbursable agreements with federal agencies for FY 1999 and FY 1998 were as follows:

	1999	1998
Volpe National Transportation System Center	\$320,000	\$ 0
U.S. Army Corps of Engineers	0	102,600
Department of Commerce	35,000	35,000
Surface Transportation Board	6,305	20,000
Office of the Secretary of Transportation	3,580	4,210
United States Coast Guard	1,000	851
Total	\$365,885	\$162,661

Accounts payable at September 30, 1999 and 1998 include \$563,950 and \$500,458 respectively, of amounts payable to the U.S. Government.

In fiscal years 1999 and 1998, the Corporation accrued costs of \$52,789 and \$53,157, respectively, to the St. Lawrence Seaway Management Corporation for administrative services related to tolls and statistics.

12. Statement of Budgetary Resources and Actual Expenses

The Statement of Budgetary Resources and Actual Expenses presents budget information as reported on the Corporation's "Report on Budget Execution" SF-133 and reconciles accrued expenditures from that report to expenses as reported in the accompanying financial statements.

Budget resources of \$25,873,597 consist of the Corporation's unobligated balance of \$13,223,263 brought forward from October 1, 1998, and reimbursements earned of \$12,564,241 and recoveries of prior year's obligations of \$86,093 during FY 1999.

IN MEMORIAM

Ronald C. Rudolph

On July 29, 1999, Ronald C. Rudolph, the Saint Lawrence Seaway Development Corporation's Great Lakes trade development representative in Chicago for 15 years, passed away following a four-month battle with cancer. He was highly respected by his colleagues at the Seaway Corporation and by maritime and trade industry leaders throughout the Great Lakes Seaway System.

His presence and hard work in the Great Lakes/Seaway maritime community helped promote the Seaway System to U.S. and Canadian customers. Over the years, Ron had established important contacts throughout the System, from Duluth to Montreal. Ron also represented the Seaway Corporation and the Great Lakes Seaway System at numerous domestic and international shipping and trade-related exhibitions. His expertise and friendly demeanor will be greatly missed.

Prior to working with the Seaway Corporation, Ron worked for the Chicago Association of Commerce and Industry, and served as an aide to the former Illinois Senator Charles Percy.



SLSDC STRATEGIC PLAN

Introduction

The Saint Lawrence Seaway Development Corporation (Corporation) (SLSDC) is a wholly owned government corporation created by statute May 13, 1954, to construct, operate and maintain that part of the St. Lawrence Seaway between the Port of Montreal and Lake Erie, within the territorial limits of the United States. Trade development functions aim to enhance Great Lakes/St. Lawrence Seaway System utilization without respect to territorial or geographic limits.

The SLSDC coordinates its activities with its Canadian counterpart particularly with respect to rules and regulations, the Tariff of Tolls, overall day-to-day operations, traffic management, navigation aids, safety, environmental programs, operating dates, and trade development programs. The unique binational nature of the System requires 24-hour, year-round coordination between the two Seaway entities.



















Since March 4, 1996, the SLSDC has been participating in the process of conversion to a Performance Based Organization (PBO) under the auspices of the National Performance Review (NPR). The process involves oversight by the NPR, the Office of Management and Budget (OMB), and the Department of Transportation (DOT) Office of the Secretary (OST). Incorporating the PBO plan structure into the SLSDC's Strategic Plan document is the first significant revision of the Corporation Strategic Plan published in October 1994.

Legislative enactment of the PBO structure requires congressional authorization. Pending that action, the Corporation is pursuing the PBO plan within current legislative authority and through the appropriations process. The PBO program plan established four performance areas that form the basis for this revised SLSDC strategic plan and goals that link well with the Department goals and management strategies as reflected on the table on the following page.

External Factors/Basis for Data Reported

External factors affecting SLSDC performance and all strategic goals include: vessel incidents due to mechanical failure and human error; weather conditions; global economic factors affecting demand, production, and pricing of commodities and vessel services; and federal policy decisions by the United States and Canada.

The Seaway System and related operations are on a calendar year (CY) basis from late March to late December. In accordance with calendar year operations and the PBO operating plan, both CY and fiscal year (October 1 - September 30) (FY) data are reported as appropriate.

SLSDC Performance Areas Compared to DOT Goals and Strategies				
SLSDC Performance Areas	<u>Perf. Area No. 1</u> Safety Environment	<u>Perf. Area No. 2</u> Reliability Availability	<u>Perf. Area No. 3</u> Trade Development	<u>Perf. Area No. 4</u> Management Accountability
DOT Goals and Strategies:				
Safety				
Mobility				
Economic Growth				
Human and Natural Environment				
National Security				
Organizational Excellence				

Vision Statement

Ensure the structural viability of the U.S. Seaway navigation facilities and promote the Great Lakes St. Lawrence Seaway System.

Mission Statement

Serve the U.S. transportation system by improving the operations and maintenance of a safe, reliable, and competitive deep draft international waterway, in cooperation with the Canadian St. Lawrence Seaway Management Corporation.

STRATEGIC GOALS

SAFETY: Promote navigation and workplace safety and environmental protection by reducing vessel incidents and employee injuries, and preventing environmental incidents.

Outcome Goals:

- ◆ Increase the application of technologies and programs to ensure navigation safety and protection of the river environment.
- ◆ Reduce the risk of commercial vessel incidents.
- ◆ Improve compliance with navigation and workplace safety and environmental standards.

How We Will Achieve This Strategic Goal:

- Insist on excellence in occupational safety by providing the education, equipment and commitment needed to make the Seaway an accident-free employer.
- Effectively utilize emerging technologies, such as Global Positioning Systems (GPS) and related systems, to enhance system efficiency and safety.
- Maintain the enhanced vessel inspection program at Montreal to inspect every ocean vessel on the first transit inbound each navigation season, in coordination with SLSDC's Canadian counterpart and the Canadian and U.S. Coast Guards. The program includes Seaway regulations and fittings, legislated port-state inspection, and the International Safety Management Code (ISM).
- Promote System safety through traffic control procedures; rules and regulations for Seaway transit; vessel speed surveillance; deployment of fixed and floating navigation aids; operation of weather and visibility meters; vessel inspections, routine and for cause; water level and rate of flow monitoring; and vessel customer exit survey recommendations.
- Maintain and improve our capability to react to a hazardous materials spill by conducting simulated Emergency Response Exercises, and updating our spill response plan and equipment accordingly. Continuously improve teamwork of regional government agencies to respond to an incident through training, simulations and actual incident critiques.

- Hire an Industrial Hygienist to review and analyze environmental and industrial hygiene issues at the SLSDC, and plan a program to ensure a clean and healthful environment for SLSDC employees and customers.

Candidate Performance Measures: CY data sourced from SLSDC offices of Lock Operations, Engineering and Strategic Planning, and Maintenance and Marine Services. Annual historical data for baseline measurement is included in annual performance agreements, performance plans, and budget justifications. Selected historical data is shown below.

- ✓ Increase utilization of available technologies to advance system safety.
- ✓ Reduce the number of commercial vessel incidents in excess of \$50,000 in damages each navigation season. Five-year rolling average, vessel incidents:

CY 1989 — 1993	1.2
1990 — 1994	0.4
1991 — 1995	0.4
1992 — 1996	0.2
1993 — 1997	0.0
1994 — 1998	0.0
1995 — 1999	0.0

- ✓ Increase the percentage of ocean vessel first-transit-inbound inspections at Montreal, outside of U.S. waters, each navigation season:

CY 1996	38%
1997	100
1998	100
1999	100

- ✓ Increase Emergency Response Plan training and simulated activations.

RELIABILITY: Maintain user confidence in the continued viability of the Seaway System by ensuring that plans and decisions sustain the long-term reliability and availability of U. S. navigation facilities.

Outcome Goals:

- ◆ Increase the availability and reliability of navigation facilities each shipping season.
- ◆ Reduce the risk of vessel delays due to lock equipment failure.
- ◆ Improve maintenance and inspection systems to ensure an accessible, safe, and efficient System for users.

How We Will Achieve This Strategic Goal:

- Ensure the structural integrity and mechanical reliability of our locks through a comprehensive program of maintenance, inspection and modernization.
- Implement AIS/GPS technologies to more efficiently manage vessel traffic control and vessel transits at the U.S. Seaway locks.
- Strictly maintain weekly/monthly inspections for electrical systems and lock machinery and conduct major maintenance and rehabilitation programs during the winter shutdown period.
- Continuously evaluate and improve our operating procedures, regulations and policies to better serve our customers. Actively seek customer feedback.
- Supplement SLSDC preventive maintenance measures in coordination with periodic, comprehensive surveys and evaluations by independent engineering consultants such as the U.S. Army Corps of Engineers.
- Maintain five-year “rolling” capital improvement plan for machinery, lock and hydraulic steel structure replacement/rehabilitation programs.
- Periodic channel maintenance and improvements, including sweeping and maintenance dredging.
- System operating date negotiations with Canadian counterparts; and related Safety goal activities critical to availability: maintenance and repair of fixed and floating navigation aids; weather and visibility meters; Emergency Response Plan and periodic simulations; water level and rate of flow monitoring.

Candidate Performance Measures: CY data sourced from SLSDC offices of Lock Operations, Engineering and Strategic Planning, and Maintenance and Marine Services. Annual historical data for baseline measurement is included in annual performance agreements, performance plans, and budget justifications. Selected historical data is shown below.

- ✓ Increase the percentage ratio of Seaway System navigation days open, versus downtime in the U.S. Sectors of the Seaway, for any incident, cause, problem, or occurrence, including weather. Five-year rolling average of navigation day availability:

CY 1987 — 1991	97.4%
1988 — 1992	97.0
1989 — 1993	96.4
1990 — 1994	96.2
1991 — 1995	96.4
1992 — 1996	96.4
1993 — 1997	96.6
1994 — 1998	97.5
1995 — 1999	98.1

- ✓ Reduce delays to navigation, per total commercial vessel transit, due to lock equipment maintenance failure. Five-year rolling average of per-transit delay hours:

CY 1987 — 1991	0.001361 hours
1988 — 1992	0.001963
1989 — 1993	0.002860
1990 — 1994	0.005628
1991 — 1995	0.006801
1992 — 1996	0.007134
1993 — 1997	0.006256
1994 — 1998	0.005155
1995 — 1999	0.002105

- ✓ Increase the effectiveness and extent of periodic evaluations and inspections, by SLSDC personnel. Obtain outside views and expertise, by arranging for periodic inspections by the U.S. Army Corps of Engineers or other consultants.

TRADE DEVELOPMENT: Encourage increased System utilization that benefits both the Great Lakes regional economy and the national economy, while promoting cost effective competition for all System users.

Outcome Goals:

- ◆ Increase the volume of United States international tonnage through the Seaway System, to and from U.S. ports.
- ◆ Increase ocean vessel fleet System utilization in terms of laden vessel transits and tonnage per transit.
- ◆ Increase domestic and international trade development programs to improve the Seaway's competitive position in serving the nation.

How We Will Achieve This Strategic Goal:

- Serve as a catalyst to unite the Great Lakes/Seaway community to improve communications and cooperation on system-wide initiatives directed toward improving customer service.
- Target overseas trade development programs to high potential markets and regions. Focus trade activities on specific commodity groups and vessel service, including refitting existing ships and construction of new vessels for Seaway operation.
- Advocate policies to reduce System operating costs to the industry, such as rebates, new business incentives, and targeted cargo discounts. Support negotiations with our Canadian counterparts to freeze, reduce or eliminate all Seaway tolls.
- Work with carriers, ports, pilots, agents, cargo handlers, and other interests in the Great Lakes/Seaway community to contain costs and participate in trade development programs.
- Develop operating initiatives to improve current capacity and future utilization of the system, such as vessel draft, beam and length modifications.
- Expand our capability to analyze and disseminate traffic information and publications and develop trade leads. Continue successful information outreach programs like Seaway Nightcast.

Candidate Performance Measures: CY data sourced from SLSDC monthly and annual navigation statistics, and Office of Lock Operations data on vessel pre clearance, and vessel owner/agent records. Annual historical data for baseline measurement is included in annual performance agreements, performance plans, and budget justifications. Selected historical data is shown below.

- ✓ Increase tonnage volume for total System tonnage, and United States international tonnage through the Seaway System, to and from U.S. ports. Five-year rolling average, international tonnage:

CY 1986 — 1990	10.2 million tons
1987 — 1991	9.5
1988 — 1992	9.1
1989 — 1993	8.8
1990 — 1994	8.8
1991 — 1995	9.5
1992 — 1996	10.4
1993 — 1997	10.6
1994 — 1998	11.2
1995 — 1999	11.1

MANAGEMENT ACCOUNTABILITY: Improve Seaway customer service, increase employee proficiency, and be accountable for sound financial management.

Outcome Goals:

- ◆ Increase customer/stakeholder satisfaction with SLSDC services.
- ◆ Increase workforce performance measurements to improve morale, and to achieve progress toward meeting all SLSDC performance goals.
- ◆ Increase management planning focus on meeting long-term critical capital outlay programs, operations and maintenance needs, and replenishment of emergency reserves.

How We Will Achieve This Strategic Goal:

- Conduct outreach with all customers, employees, industry, federal and state agencies to involve the customer in the development of policies, programs and operating decisions.
- The SLSDC will pursue ISO 9002 certification for all organizational functions.
- Supplement outreach activities with customer surveys to obtain direct feedback concerning operations and regulations in practice and recommendations for program modifications.
- Foster an employee “customer” environment to strengthen and develop the organization internally, reach out to the employee local community and participate in local/national education initiatives.
- Continue support for administration initiatives and worklife policies, empower employees in the decision process, utilize partnerships, encourage teambuilding and worklife policies.
- Establish binational partnerships with Canadian counterparts to drive service improvements and share resources.
- Conduct and participate in maritime industry oriented public meetings with a broad array of U.S., Canadian and overseas interests representing all segments of the Great Lakes St. Lawrence Seaway System.

- Ensure that commitments are maintained to monitor costs, to build emergency reserves, and to conduct periodic risk assessments. Corporation assets will be safeguarded and transactions performed in accordance with accepted accounting principles.

Candidate Performance Measures: CY and FY data sourced from SLSDC annual financial audits and management reports. Annual historical data for baseline measurement is included in annual performance agreements, performance plans, and budget justifications. Selected historical data is shown below.

- ✓ Improve the customer survey ratings of SLSDC performance and service quality, measured over time against baseline survey results. Baseline: CY 1995 customer service rating of 4.5 on a scale of 1 to 5.
- ✓ Employee cultural audits measured over time against baseline audits.
- ✓ Reduce the ratio of administrative overhead expenses versus operating expenses, excluding depreciation. Five-year rolling average, administrative expenses as a percent of operating expenses:

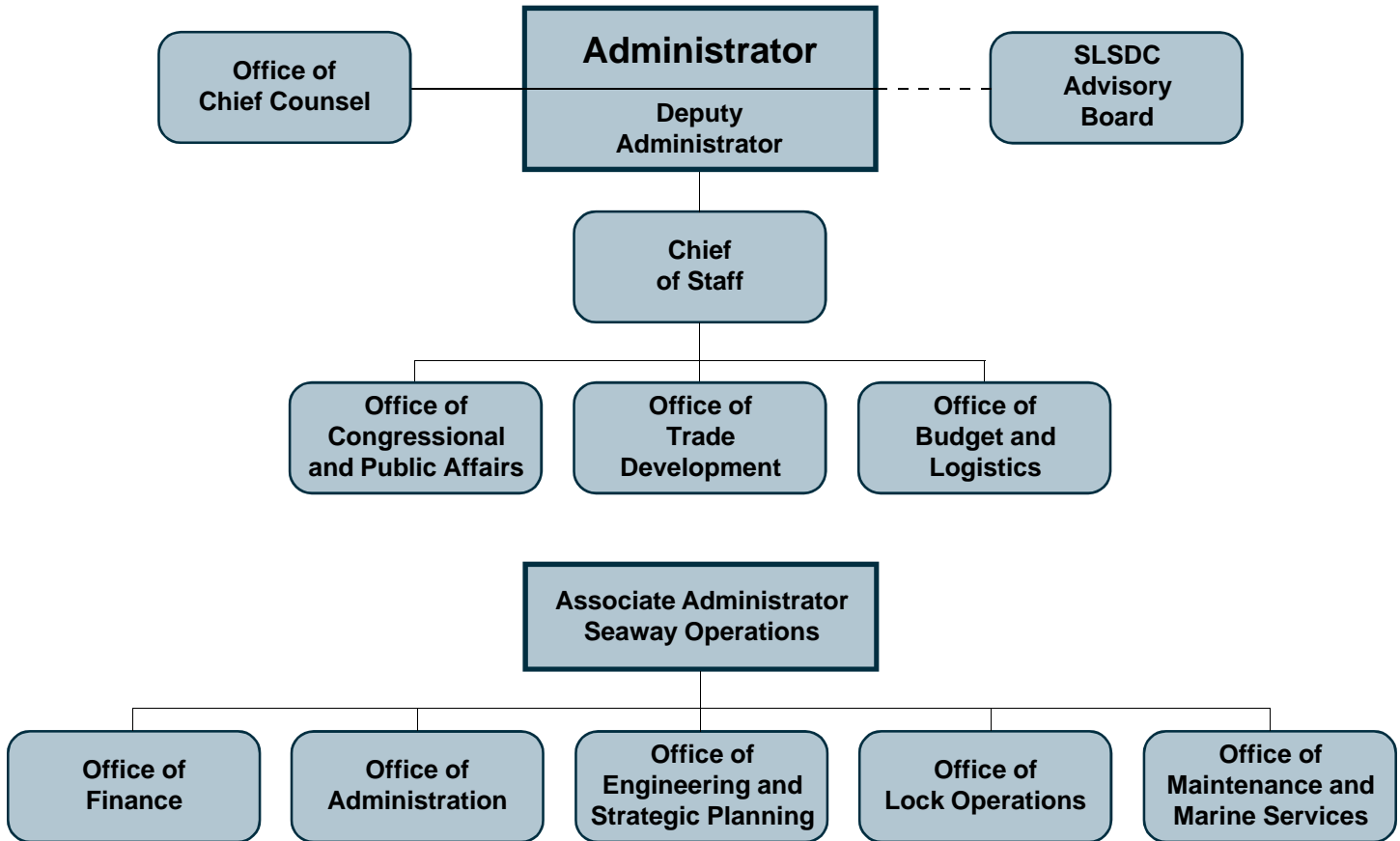
FY 1991 — 1995	25.6%
1992 — 1996	26.2
1993 — 1997	26.3
1994 — 1998	26.3
1995 — 1999	26.1

- ✓ Ensure that a “clean” annual financial audit rating is maintained. Baseline: under the auspices of the Government Corporation Control Act, the SLSDC has had a “clean” audit since the first FY audit of June 30, 1955.

- ✓ Increase the emergency reserve account year-end balances to achieve the SLSDC financial plan goal. Five-year rolling average reserve account balances:

FY 1988 — 1992	\$11.4
1989 — 1993	11.7
1990 — 1994	11.8
1991 — 1995	12.0
1992 — 1996	11.9
1993 — 1997	11.4
1994 — 1998	11.0
1995 — 1999	10.7

Saint Lawrence Seaway Development Corporation Organization Chart



SLSDC Points of Contact

Administrator	(202) 366-0091	Associate Administrator	(315) 764-3211
Deputy Administrator	(202) 366-0091	Finance	(315) 764-3275
Chief of Staff	(202) 366-0091	Administration	(315) 764-3230
Chief Counsel	(202) 366-6823	Engineering and Strategic Planning	(315) 764-3265
Congressional and Public Affairs	(202) 366-0091	Lock Operations	(315) 764-3294
Trade Development	(202) 366-5418	Lock Operations (after hours)	(315) 764-3292
Budget and Logistics	(202) 366-8982	Maintenance and Marine Services	(315) 764-3229
Washington Office (Toll-Free)	(800) 785-2779		

Facsimile Numbers

Washington, D.C. Office	(202) 366-7147
Administration Building (Massena, N.Y.)	(315) 764-3235
Maintenance Building (Massena, N.Y.)	(315) 764-3258
Eisenhower Lock (Massena, N.Y.)	(315) 764-3250
Operations and Maintenance (Massena, N.Y.)	(315) 764-3242

SLSDC Internet Home Page

<http://www.dot.gov/slstdc>

Saint Lawrence Seaway Development Corporation

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