



Town Hall  
April 28, 2016

Last November at our last Town Hall meeting, I presented to you a detailed look at the Academy's fiscal situation, including how challenging it will be to grow 96 percent of the current income stream through conventional means. I also told you at the time that the future for MMA looks very bright because of our strategic decision to maximize existing assets and undertake new ventures to generate revenue beyond tuition and fees. And that is what the Safety and Offshore Survival institute that's been in the news is all about.

We began to look for new opportunities five years ago when I mapped out a strategy in my State of the Academy report for what I hoped to accomplish as President. It was my determination at the time that continued reliance upon tuition increases is not sustainable from a business perspective and not supportable when we consider our responsibility to our students given the increasing cost of higher education in this country.

The Academy proposes to build an off-campus training facility known as the Safety & Offshore Survival institute (SOSi). Located on a site beyond our campus, with buildings and ancillary equipment, this facility will allow "one-stop shopping" for all training and recertification needs of professional mariners. This will not simply be a curricular addendum for the college, but will be an auxiliary enterprise that is mission-appropriate and provides the opportunity to raise significant revenue to augment the college's operational income needs. The vision for this enterprise includes construction of a state-of-the-art waterfront facility to include classrooms, equipment and resources necessary to conduct training for a wide variety of certifications.

The real genesis for this came about because of several people. First, Bob Somerville, a member of the Board of Trustees, encouraged us to look at developing an offshore training program, including dynamic positioning. Then Professor Sam Teel, after visiting the ocean survival trainer in Ireland, convinced me to look into how we could modify our pool to provide safety and survival training. In support of our effort to develop an offshore program, we brought in Mike Young to work with faculty and staff to develop a curriculum for an offshore minor. And it was Nate Gandy who saw the full potential of a safety and offshore survival institute brought about by upcoming changes to certification requirements for mariners. We convened a team to guide the research and development of this that includes Mike and Nate, as well as Miles Theeman, a member of the Board, Don Maier, Chris Haley, David Gardner and several others to broaden our thinking on how to approach this. We have developed a business plan that we will present to the Board and we also have a group of IBL students, under the guidance of Professor Shaughnessy, conducting a demand analysis.

Last week during a presentation to a group in Bangor, I talked about this proposal and that led to several media accounts, some not especially accurate, but yet well intentioned. What they left out of their stories is what this has to do with the Academy. So, let me put in context why I see

this as such a significant opportunity – it’s because of our fundamental mission. It’s because of what we have been doing for seventy five years. It’s because of what we do – we train mariners and those mariners are operating in an industry that is subject to increasing regulations concerning their training.

Each year, the U.S. maritime industry accounts for over \$100 billion in economic output *and employs over 1.5 million Americans*. Beyond the important contributions to our economy, a healthy merchant marine is vital to our national security. For example, on March 24, 2003, the heaviest day of delivering combat gear to Kuwait for Operation Iraqi Freedom, 167 cargo ships stretched from the U.S. East and Gulf Coasts to Kuwait; equivalent to one ship every 50 miles.

Yet despite how vital the merchant marine and U.S. trained mariners are to our national and economic security, the head of the United States Maritime Administration (MARAD), stated recently that we are headed toward “a perfect storm” limiting the availability of mariners when new licensing requirements become effective in January 2017. There will not be enough mariners for sustained operations to meet global power projections.

The changes the MARAD Administrator referred to were announced by the International Maritime Organization in the form of Standards of Training, Certification and Watchkeeping for Seafarers and his concern is that the shore-side infrastructure for this new required training does not exist. The Defense Department, the cruise ship, offshore, and cargo transport industries are facing a massive and critical worldwide shortage of training facilities for their mariners. Beginning January 1, 2017 an estimated 1.4 million mariners worldwide will need to meet these newly required upgrade and refresher requirements every 5 years, while 400,000 Offshore Oil and Gas workers will require similar training on a 4 year cycle. Currently there are no comprehensive training facilities on the Eastern Seaboard of the United States to take advantage of the 15,000-plus mariners that fly through northeastern airports annually.

This critical shortage constitutes a significant challenge for the country that can only be addressed through the development of comprehensive training and recertification centers strategically located in the United States, and that’s where Maine Maritime Academy sees an exceptional opportunity for its future.

This is an immediate and unchallenged opportunity for us with the advent of these new regulations. As suggested by a Nobel Prize winning economist, the best business to be in is one that provides a required service to a regulated industry. Maine Maritime Academy is uniquely positioned, programmatically and geographically, to capture this market with the timely establishment of a safety and offshore survival training facility.

MMA has looked at a number of locations and continues to explore options suitable to meet our needs. I have developed a preliminary and informal framework agreement with the owner of the property at the site of the former VERSO Paper Mill in Bucksport for a possible acquisition of a 6 acre parcel within the property. What we’re looking for in a site is a wharf suitable to accommodate gravity and free-fall life boat trainers, a building suitable for classroom instruction and administration, and land suitable to construct an above-ground immersion tank and fire training tower. Proximity to our campus here in Castine is less important than is proximity to an airport and so we continue to explore options.

It is clear from the reactions of many that the existence of such an entity would benefit the Country, the State of Maine, and local communities. In addition to the principal purpose of such a center, training opportunities for other constituents could include FEMA, the National Guard, and the USCG, as well as a variety of state, regional and municipal responders such as firefighting, rescue boat operation, marine medical evacuation, search and rescue, cold water ocean rescue, and river dive training.

The opportunities available to the Academy could be significant and set the stage for the Academy's sound financial future. This training facility will benefit MMA through enhanced branding, and reputation of training mariners from around the world, advanced educational opportunities for our students, and it would provide a revenue stream to benefit the long-term fiscal health of the College, including employees and students. To position ourselves to realize these opportunities, we have worked collaboratively across Academy departments and disciplines to construct an executable business model. The development and construction of a nationally and regionally significant marine training facility will be a transformative for this college. It will increase the safety benefits to mariners, and could generate significant opportunities in the local and regional economies. It is my vision that revenue derived from this ancillary enterprise will come directly to the college to reduce the cost of tuition. So, most importantly, it will enable us to meet one of my fondest goals as president; to make it possible for any qualified kid who wants a Maine Maritime Academy education, to be able to afford a Maine Maritime Academy education.