



**AMERICAN
GREAT LAKES PORTS
ASSOCIATION**

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2018 POLICY AGENDA

Harbor Maintenance Funding

Annual Appropriations Should "Hit the Target"

The Harbor Maintenance Tax is a fee collected from users of the maritime transportation system in order to fund the Army Corps of Engineers' operation and maintenance activities. In the Great Lakes, these activities include regular dredging of harbors, maintenance of breakwaters, and operation of the Soo Locks. Despite the fact that adequate revenue is being collected (approximately \$1.5 billion annually), Congress has restricted spending on harbor maintenance due to budgetary constraints. The result is crumbling infrastructure and harbors choked with sand and silt. In the Great Lakes region there is a \$200 million dredging backlog. Breakwaters need \$250 million in repairs, and the Soo Locks require \$95 million in upgrades.

The Water Resources Reform and Development Act (WRRDA) called for full use of harbor maintenance tax revenue and laid out incrementally larger spending targets between FY2015-25.

Congress should hit the target established in Section 2101 of WRRDA and provide at least \$1.38 billion in the FY2019 Energy and Water Development Appropriations Bill to fund the Corps of Engineers' operation and maintenance activities.

Harbor Maintenance Spending Should be Mandatory

Congress should enact H.R. 1908, legislation introduced by Rep. Mike Kelly (R-PA) and Rep. Peter DeFazio (D-OR) to require that all Harbor Maintenance Tax revenue is spent for its intended purpose. The legislation should be perfected to ensure that Great Lakes ports receive no less than 10 percent of Army Corps of Engineers' operation and maintenance funds each year.

Marine Infrastructure Renewal

Soo Lock Rehabilitation

Owned and operated by the Army Corps of Engineers, the lock complex at Sault Ste Marie, Michigan ("Soo Locks") enables ships to navigate the St. Marys River, which connects Lake Superior and Lake Huron. Through this critical infrastructure, Great Lakes commercial vessels carry iron ore and other raw materials that feed the nation's steel industry, agricultural products destined for export markets, and low sulfur coal fueling the region's electric utilities.

Unfortunately, the lock infrastructure is old and in need of repair and replacement. The two operating locks at Sault Ste Marie were constructed in 1948 and 1968. In 2007, the Corps of Engineers began a multi-year Asset Renewal Program to rehabilitate and modernize the Soo Locks' infrastructure at a total estimated cost of \$181 million. The goal of this program is to improve the efficiency of lock operations and reduce the risk of lock failure and possible vessel delays.

The FY2019 budget provides \$2.4 million to rehabilitate Soo Lock infrastructure - a shortfall of \$20.99 million compared to the amount needed in FY19. Congress should provide adequate funds in the Fiscal Year 2019 Energy and Water Development Appropriations Bill to ensure continuation of the Soo Lock Asset Renewal Program.

Seaway Lock Rehabilitation

The Water Resources Development Act of 2007 authorized the Secretary of Transportation to initiate a program to repair and rehabilitate the Eisenhower and Snell Locks on the St. Lawrence River in upstate New York. In response, the Saint Lawrence Seaway Development Corporation (SLSDC) initiated a asset renewal program to rehabilitate the Seaway's lock infrastructure and other capital assets. Originally constructed in 1959, the Seaway connects the Great Lakes to the Atlantic Ocean and provides Great Lakes states with access to world trade. Congress should approve the Administration's FY2019 budget request of \$28.8 million for the SLSDC, which includes \$9.7 million to continue the asset renewal program.

Great Lakes Breakwater Reconstruction

Throughout the Great Lakes region, commercial harbors and municipal waterfronts are protected from excessive wave action by breakwater structures. These structures are maintained by the Army Corps of Engineers. Due to inadequate budgetary resources, many of these structures have fallen into disrepair, threatening commercial navigation, recreational boating, and waterfront property. Congress should provide funds in the Fiscal Year 2019 Energy and Water Development Appropriations Bill (Army Corps of Engineers Operation and Maintenance budget) for breakwater repair and rehabilitation, particularly in the following critical locations:

- Chicago, IL
- Waukegan, IL
- Burns Harbor, IN
- Duluth, MN/Superior, WI
- Buffalo, NY
- Rochester, NY
- Oswego, NY
- Cleveland, OH
- Milwaukee, WI
- Grand Haven, MI
- Muskegon, MI

Aquatic Nuisance Species / Ballast Water Regulations

The problem of aquatic nuisance species has plagued the Great Lakes region for more than 20 years. There are a number of vectors by which non-native species enter the Great Lakes, including the ballast water of ocean-going vessels. In response to this problem, the U.S. Coast Guard, the U.S. Environmental Protection Agency, and most every Great Lakes state have established ballast water discharge regulations. While these rules will help protect the Great Lakes, the regulatory landscape is chaotic and threatens to impede commerce with inconsistent rules. Congress should enact H.R. 1154 / S. 168, legislation to create consistent national standards for the regulation of ships' ballast water and other vessel discharges and to establish clear and exclusive federal jurisdiction over ballast water regulation.

Chicago Area Waterway System

Constructed between 1887-1922, the Chicago Area Waterway System (CAWS) provides a connection between the inland river navigation system and the Great Lakes, facilitating the movement of commercial maritime commerce and recreational boating. The waterway also serves an important role in the sanitation and flood control system serving Chicago and Northwest Indiana. Inland river barge transportation through the CAWS serves the Port of Milwaukee, Port of Burns Harbor, Port of Indiana Harbor, and Port of Chicago.

In an effort to control the migration of non-native Asian Carp and other aquatic nuisance species, some have proposed physical separation and/or modification of the waterway. AGLPA opposes closure or extended disruption of navigable waterways in the Great Lakes region.

AGLPA supports efforts to prevent migration of non-native Asian Carp and other aquatic nuisance species between the Great Lakes and Mississippi River basins, while at the same time protecting the vital role of maritime commerce. AGLPA urges the federal government to continue to pursue a comprehensive approach to this problem, including: operation and maintenance of electronic barriers in the canal near Lockport, Illinois; monitoring and sampling of fish populations; studying chemical and biological controls; expanding contract fishing, developing commercial markets for Asian Carp, and coordination with the Government of Canada to police illegal transport of Asian Carp in the aquaculture industry.

Seaway Navigation Season

The opening and closing dates of the St. Lawrence Seaway vary from year to year due to weather conditions and the demands of commerce. The system's locks have opened as early as March 20 and as late as March 31. The closing date has ranged from December 24 to December 31. In an effort to enhance the reliability of the shipping system, attract new cargoes and foster employment in the maritime sector, the United States and Canada should harmonize the Seaway's opening and closing dates with those of the Soo Locks in northern Michigan. Doing so would establish a fixed navigation season for the entire Great Lakes navigation system from March 25th - January 15th.

Great Lakes Restoration Initiative

The Great Lakes include 20 percent of the world's surface freshwater and host a diverse ecosystem of aquatic and terrestrial life. Launched in 2010, the Great Lakes Restoration Initiative (GLRI) was created to restore and maintain the chemical, physical and biological integrity of the Great Lakes Basin ecosystem. The GLRI seeks to replace earlier piecemeal approaches to ecosystem restoration with a single comprehensive program. The Environmental Protection Agency (EPA) leads and administers the restoration initiative and partners with multiple federal agencies to carry out restoration projects. These projects include several that benefit the maritime industry. For example, GLRI funding supports ongoing work at the Great Waters Research Collaborative, the world's only fresh water ballast treatment technology test center. GLRI funds are also being used to implement beneficial reuse projects for dredge material disposal.

Since 2010, Congress has appropriated \$2.5 billion to support the program's initiatives throughout the Great Lakes region. Unfortunately, the FY2019 budget request proposes to shrink the program to a mere \$30 million. As stakeholders in a healthy, productive ecosystem, Great Lakes ports support the GLRI program and urge Congress to reject the Administration's proposal and include \$300 million in the EPA's FY2019 budget.

State Assistance for Port Infrastructure

Great Lakes Seaway shipping supports 128,000 jobs in the eight Great Lakes states. This fact demonstrates that ports are important economic drivers. While our states invest heavily in highways, rail, airports and other transportation infrastructure, they largely ignore their ports. Of the eight Great

Lakes states, only two (Minnesota & Wisconsin) have a state port assistance program. As a contrast, the State of Florida is investing heavily in ports as an economic development strategy. Between 2011-2014, Florida invested \$642 million in port infrastructure. Illinois ports handle more waterborne commerce than Florida ports, yet the state has no focus on ports. With more than 20 federally authorized commercial harbors, and twice the shoreline of Florida, the State of Michigan largely ignores its ports and has failed to strategically leverage these assets to grow its economy. The same can be said for Ohio.

In late 2015, a regional maritime strategy released by the Conference of Great Lakes Governors and Premiers called for port investment by states. Great Lakes states should follow-up on that recommendation and enact harbor assistance programs similar to those in Wisconsin and Minnesota.

Great Lakes Pilotage

All ocean-going ships operating on the Great Lakes and St. Lawrence Seaway are required by law to hire a U.S. or Canadian marine pilot to assist with navigation.

The Great Lakes Pilotage Act of 1960, and its associated regulations, give form and structure to the pilotage regime in the sections of the Great Lakes under U.S. jurisdiction. In its current state the system is a regulated monopoly. Ship owners (the consumer) are required by federal law to employ pilots. Since there is only one pilotage service provider authorized in each geographic area, an effective monopoly exists. The Coast Guard exercises broad regulatory oversight over all aspects of Great Lakes pilotage, including the setting of fees.

Under Coast Guard management, Great Lakes pilotage has become a runaway cost for international trade on the Great Lakes-St. Lawrence Seaway navigation system. In the last decade, U.S. pilotage costs on the Great Lakes have increased 165 percent. In the last three years, pilotage costs have gone up 49 percent. Runaway costs threaten the competitiveness of international commerce on the Seaway system.

Congress should review the Great Lakes pilotage program and the Coast Guard's oversight of that program with the goal of improving safety, improving efficiency, reducing costs and improving the competitive position of the navigation system.

U.S. Customs and Border Protection Services

In recent years, Great Lakes ports have been working to develop new business in two distinct areas: containerized cargo shipping, and passenger cruise tourism.

These new business sectors have presented a challenge for U.S. Customs and Border Protection (CBP). The processing of shipping containers and passengers is more complicated than the processing of traditional Great Lakes bulk cargoes. Both require unique staffing, equipment and facilities. CBP officials have explained that they face both funding and staffing limitations and have denied service at some ports, limiting economic growth.

It is our fear that CBP's current service model will discourage the development of new commerce and jobs at Great Lakes ports. In a real sense, it asks commerce to shape itself to the inspection regime, rather than shaping the federal CBP inspection service to the efficient flow of commerce.

Congress should provide more funding and staff for CBP services at seaports. Further, Congress should direct CBP to develop a small port clearance model that accommodates new start-up business at Great Lakes ports.