



AMERICAN GREAT LAKES PORTS ASSOCIATION

2020 FEDERAL POLICY AGENDA

1. 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 \$1.7 billion annually), over the last two decades 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 \$150 million dredging backlog. Breakwaters and other navigation structures need \$300 million in repairs, and the Soo Locks require \$73 million in upgrades.

The 2014 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 \$1.67 billion in the FY2021 Energy and Water Development Appropriations Bill to fund the Corps of Engineers' operation and maintenance activities.

Harbor Maintenance Spending Should be Mandatory

AGLPA supports enactment of legislation to provide a long-term funding solution for harbor maintenance. In 2018 the U.S. port industry agreed to a plan that includes the following elements: 1) full use of Harbor Maintenance Tax revenue; 2) a funding distribution plan that directs no less than 10% of maintenance funds to the Great Lakes region and an equal percentage to five other U.S. port regions; 3) directs at least 10% of maintenance funds to emerging harbors (those that handle less than 1 million tons of cargo annually); and 4) directs between 10% - 20% of funds to donor and energy transfer ports. AGLPA urges Congress to include provisions in the Water Resources Development Act of 2020 to implement these priorities.

2. Marine Infrastructure Renewal

New Soo Lock

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. Congress originally authorized construction of a new large lock at Sault Ste Marie in the Water Resources

Development Act of 1986. The project was reauthorized in 2007 and again in 2018 at a total cost of \$922 million. The project is currently under construction with first-year funds provided in FY2019 and second year funds in FY2020. The Corps' FY2021 budget includes \$123.2 million for the new lock. While this is welcome and important support, the agency estimates that it could deploy up to \$173.2 million in construction funds during FY2021. Congress and the Administration should keep the project moving forward and provide third-year funding of \$173.2 million in the FY2021 Energy and Water Development Appropriations Bill and FY2021 workplan.

Rehabilitation of Existing Soo Locks

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. 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 FY2021 budget provides no funds to rehabilitate Soo Lock infrastructure. However, the Corps estimates that it could deploy up to \$34.27 million next year. Congress and the Administration should provide \$34.27 million in the Fiscal Year 2021 Energy and Water Development Appropriations Bill and FY2021 workplan to ensure continuation of the Soo Lock 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 2021 Energy and Water Development Appropriations Bill and FY2021 workplan for breakwater repair and rehabilitation, particularly in the following critical locations:

- Chicago, IL
- Oswego, NY
- Cleveland, OH

3. 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 Chicago, Port of Milwaukee, Port of Burns Harbor, and Port of Indiana Harbor.

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. AGLPA also supports continued development of a plan by the Corps of Engineers to modify the Brandon Road Lock in Joliet, Illinois, to include certain physical deterrents. AGLPA opposes any new plan elements that threaten the health and safety of mariners. Similarly, the plan should not create impediments to the efficient movement of commerce.

4. 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.

5. 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.

Since 2010, Congress has appropriated \$3.48 billion to support the program's initiatives throughout the Great Lakes region. As stakeholders in a healthy, productive ecosystem, Great Lakes ports support the GLRI program and urge Congress to approve the Administration's budget request of \$320 million in the EPA's FY2021 budget.

6. 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 five years (2014-19), the overall cost of U.S. pilotage on the Great Lakes has more than doubled (\$12.8 million - \$27.9 million). The cost per pilot has increased by 53 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.

7. 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.

8. New Coast Guard Icebreaker

Heavy ice threatens the reliability of Great Lakes-Seaway transportation early and late in the navigation season. The U.S. Coast Guard is responsible for breaking ice to ensure navigation and enhance safety. The agency's Great Lakes icebreaking fleet consists of nine vessels: six 140-foot icebreaking tugs, two buoy tenders, and the heavy icebreaking cutter Mackinaw. Severe winter weather is placing a stress on these assets and in 2015 Congress authorized the construction of a new heavy icebreaking cutter, of similar capability as the Mackinaw. The project's estimated cost is \$162 million. Congress should include funds in the FY2021 Homeland Security Appropriations Bill to begin acquisition and construction of the vessel.

9. Port Infrastructure Development Grants

In 2010, Congress authorized a Port Infrastructure Development Program to be administered by the U.S. Maritime Administration. While the program remained unfunded for many years, Congress provided first-year funds in the FY2019 Consolidated Appropriations Act. Specifically, that legislation provided a total of \$293 million and stipulated that funds were to be used for a variety of port improvements, including intermodal infrastructure, terminal equipment, wharf construction, cargo handling technology, etc. In FY2020 Congress continued program funding at \$225 million. In its first grant round, six AGLPA members applied for program grants in 2019. Four received awards totaling \$53 million, or 18 percent of the total.

Great Lakes ports strongly support continued funding for the Port Infrastructure Development Grant program and urge Congress to include \$500 million in the FY2021 Transportation Appropriations Bill.

10. Coastal Resiliency

Throughout the Great Lakes, coastal areas are under threat from fluctuating lake levels and extreme weather events. As recently as 2013, water levels in the Great Lakes were at historic lows. They are now at historic highs with severe flooding along the shoreline of Lake Ontario, Erie and Michigan. Combined with destructive storms or severe winters, port infrastructure is being challenged.

While we cannot control the weather, ports and coastal communities can be better prepared. In 2018, Congress authorized the Great Lakes Coastal Resiliency Study, a multi-year partnership between the U.S. Army Corps of Engineers and the eight Great Lakes states. The study's goal is to develop a regional plan to improve shoreline resilience for both the man-made and natural environment. Congress and the Administration should include funds in the FY21 Energy and Water Development Appropriations Bill and FY2021 workplan to begin work on the study.