AMERICAN
GREAT LAKES PORTS
ASSOCIATION

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2021 FEDERAL POLICY AGENDA

Eliminate the Corps of Engineers' $920 million Great Lakes Navigation Maintenance Backlog

Due to years of inadequate funding, the U.S. Army Corps of Engineers has failed to maintain Great Lakes navigation infrastructure. Great Lakes navigation channels require $375 million of dredging. Breakwaters and other federal navigation structures need $320 million in repairs, and the Soo Locks require $225 million in upgrades.

Maintenance activities for coastal and Great Lakes navigation are funded from the Harbor Maintenance Trust Fund (HMTF), which is financed by the Harbor Maintenance Tax - a fee collected from users of the maritime transportation system. Although the tax generates adequate revenue, over the last two decades Congress has restricted spending on harbor maintenance due to budgetary constraints. The result has been crumbling infrastructure and harbors choked with sand and silt.

The Water Resources Development Act of 2020 provides new special budgetary treatment for amounts appropriated from the Harbor Maintenance Trust Fund (HMTF) - up to a cap defined in law. This provision is meant to eliminate budget constraints and allow full use of Harbor Maintenance Tax revenue. It is also meant to spend-down the trust fund's $10 billion surplus balance. The cap for FY2022 is the sum of: 1) amounts deposited into the HMTF two years prior, plus 2) $600 million. This calculation yields a cap $2.05 billion for FY2022.

Great Lakes ports urge Congress to appropriate no less than $2.05 billion for harbor maintenance in FY2022.

Fund Construction of the 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 and Congress has already appropriated $411 million for that purpose. The Corps estimates that it could deploy up to $229.1 million in construction funds during FY2022. Congress and the Administration should keep the project moving forward and provide $229.1 million in the FY2022 Energy and Water Development Appropriations Bill and FY2022 Corps workplan.

Improve 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 inspection and 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. In fact, during 2020 CBP announced that it would no longer clear containers associated with project cargo at Great Lakes ports without a specialized facility, thus discouraging project cargo customers from using Great Lakes ports.

CBP's current service model negatively impacts existing cargo business, and also discourages 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 and inspection equipment at seaports. Further, Congress should direct CBP to develop a small port, low volume and seasonal clearance model that accommodates the unique conditions and scale of the Great Lakes cargo and cruise market.

Expand Port Infrastructure Development Grant Funding

In 2010, Congress authorized a Port Infrastructure Development Program (PIDP) to be administered by the U.S. Maritime Administration. While the program remained unfunded for many years, Congress provided first-year funds of $293 million in the FY2019 Consolidated Appropriations Act. Congress continued program funding at $225 million in FY2020 and $230 million in FY2021. In three short years, the PIDP program has become a critical source of federal assistance to reconstruct docks, improve road and rail access, expand storage capacity and modernized cargo handling equipment. To date, six Great Lakes ports have received more than $76 million for critical infrastructure investments.

Great Lakes ports strongly support continued funding for the Port Infrastructure Development Grant program and urge Congress to include $500 million in the FY2022 Transportation Appropriations Bill.

Build a New Great Lakes 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 $350 million. Congress should include $40 million in the FY2022 Homeland Security Appropriations Bill to begin acquisition and construction of the vessel. Congress should also enact H.R. 1561 / S. 576, the Great Lakes Winter Commerce Act, legislation that will define and codify the Coast Guard's icebreaking responsibilities in the Great Lakes.

Extend the 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.

Reform 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 six years (2014-20), the overall cost of U.S. pilotage on the Great Lakes has more than doubled ($12.8 million - $28.2 million). The cost per pilot has increased by 53 percent. Unreasonable costs threaten the competitiveness of international commerce on the Seaway system.

Congress should update the Great Lakes Pilotage Act with the goal of maintaining safety, increasing efficiency, reducing costs and improving the competitive position of the navigation system.

Maintain Safe and Efficient Commerce Through the 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.

Fund the 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.

Between 2010 - 2020 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 no less than $375 million in the EPA's FY2022 budget.

Fund the Great Lakes Coastal Resiliency Study

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 in many areas with severe flooding along the shoreline of Lakes 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 and again in 2020, 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 FY22 Energy and Water Development Appropriations Bill and FY2022 Corps of Engineers workplan to begin work on the study.