

GREAT LAKES  
ST. LAWRENCE  
GOVERNORS  
& PREMIERS



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UNITED FOR GROWTH

# Efficiently Funding the Soo Locks

October 17, 2019  
Washington, DC





# Great Lakes St. Lawrence Governors & Premiers

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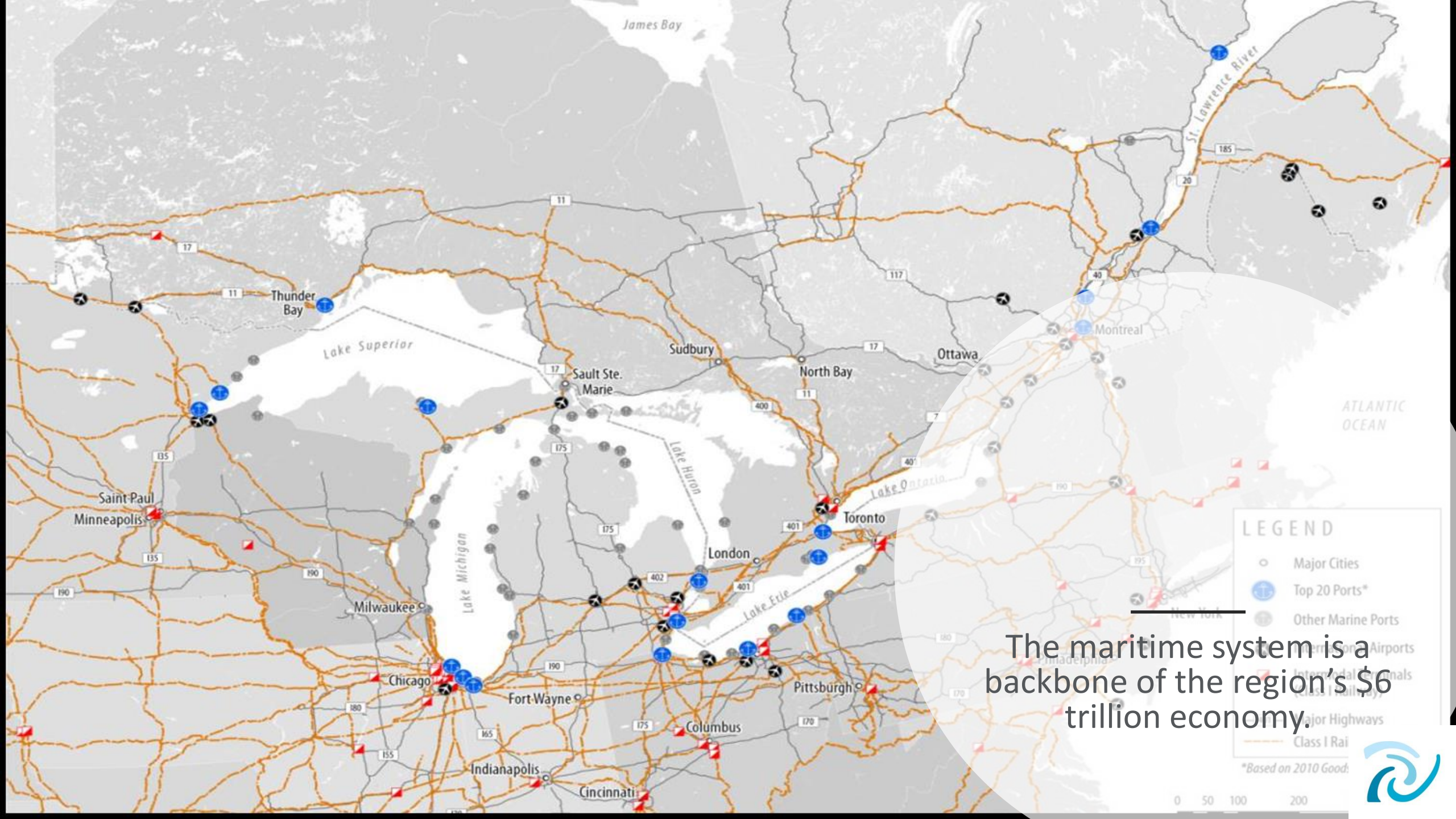
- More than 30 years of collaboration among the region's chief executives:

Illinois	Indiana	Michigan	Minnesota	New York
Ohio	Ontario	Pennsylvania	Québec	Wisconsin

- Growing the region's economy and protecting the world's greatest freshwater system
  - Chair: Wisconsin Governor Tony Evers
  - Vice Chair: Ohio Governor Mike DeWine









- Released in June 2016
- Goals - Double maritime trade, shrink the environmental impact of transportation, and support the region's industrial core
- Collaborative process including government, industry, NGOs and other partners; public comments
- Policies, programs, and projects to grow the economy and create jobs

# Regional Maritime Strategy





# Regional Maritime Strategy

## Unprecedented Progress

### In the last 5 years:

- Secured final Congressional authorization for a new Soo Lock
- Launched Cruise the Great Lakes and developed a strategy for passenger customs clearance
- Developed an innovative Smart Ships Initiative
- Convened the first Great Lakes St. Lawrence Maritime Days in Washington, DC, and Ottawa, Ontario



# Focus Areas

## **Growing Markets**

- Cruising
- International

## **Advocating Federal Priorities**

- Soo Locks
- Pilotage

## **Investing in Infrastructure**

- Federal/State/Provincial/Local
- Private

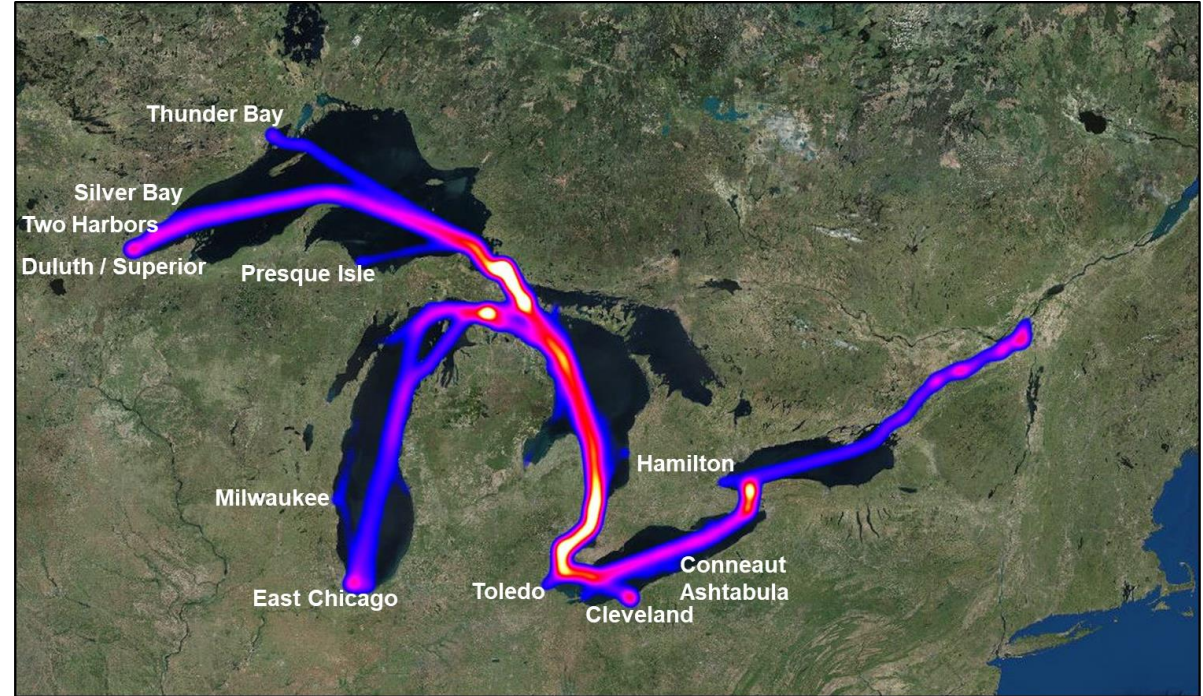
## **Stimulating Innovation**

- Smart Ships
- Blue Accounting





# Linchpin of the Great Lakes St. Lawrence Maritime System



# Vital National Infrastructure



Image: USACE





# Vital National Infrastructure

## The Soo Locks

- MacArthur Lock constructed in 1943, Poe Lock constructed in 1968
- Second Poe-sized lock authorized in 1986
- WRDA 2007 directs the USACE to build a second Poe-sized lock at full federal expense
- 2016 DHS report
- Reauthorized in 2018
- 2019 Letter from the Great Lakes Governors supporting full federal funding



# Vital National Infrastructure

## The Soo Locks

- Single point of failure - 89% of traffic uses Poe Lock because of vessel size
- Infrastructure is aging & deteriorating
- Many components have exceeded design life
- Unscheduled outages increasing
- Corps of Engineers' Asset Renewal Plan underway to improve operational reliability
- A full upgrade to Poe Lock would require total closure for 6-12 months





**Vanta Coda**  
**CEO**  
**Ports of Indiana**



# Vital National Infrastructure

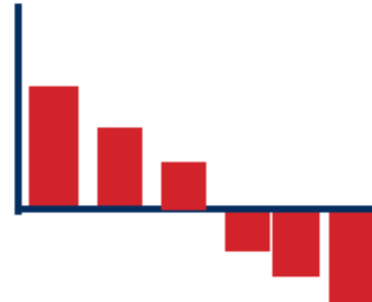
**100%**  
OF THE IRON ORE  
MINED IN THE U.S.  
COMES THROUGH  
**THE SOO LOCKS**



**\$500.4 BILLION**  
OF IRON ORE  
PASSES THROUGH THE LOCKS  
ANNUALLY



THE GROSS DOMESTIC  
PRODUCT  
WOULD DECREASE BY  
**\$1.3 TRILLION**  
AS A RESULT OF  
**THE LOCKS**  
CLOSING



**100%**  
OF NORTH AMERICAN  
AUTO PRODUCTION  
WOULD HALT WITHIN  
**WEEKS**



**A SIX-MONTH**  
SHUTDOWN OF THE  
**SOO LOCKS**  
WOULD RESULT IN  
**11 MILLION**  
**JOBS LOST**  
NATIONWIDE





# Vital National Infrastructure

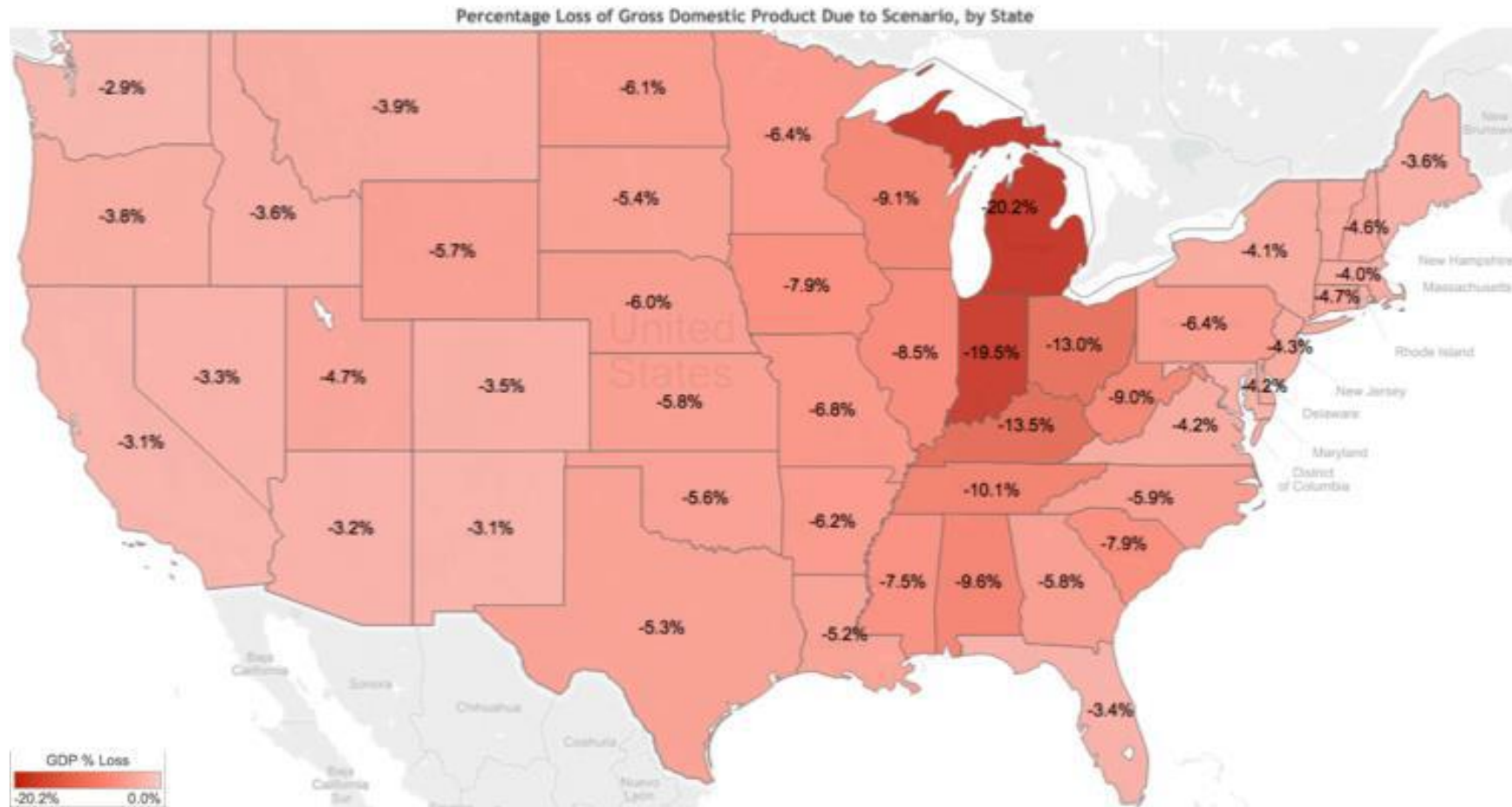


Image: DHS



# Vital National Infrastructure

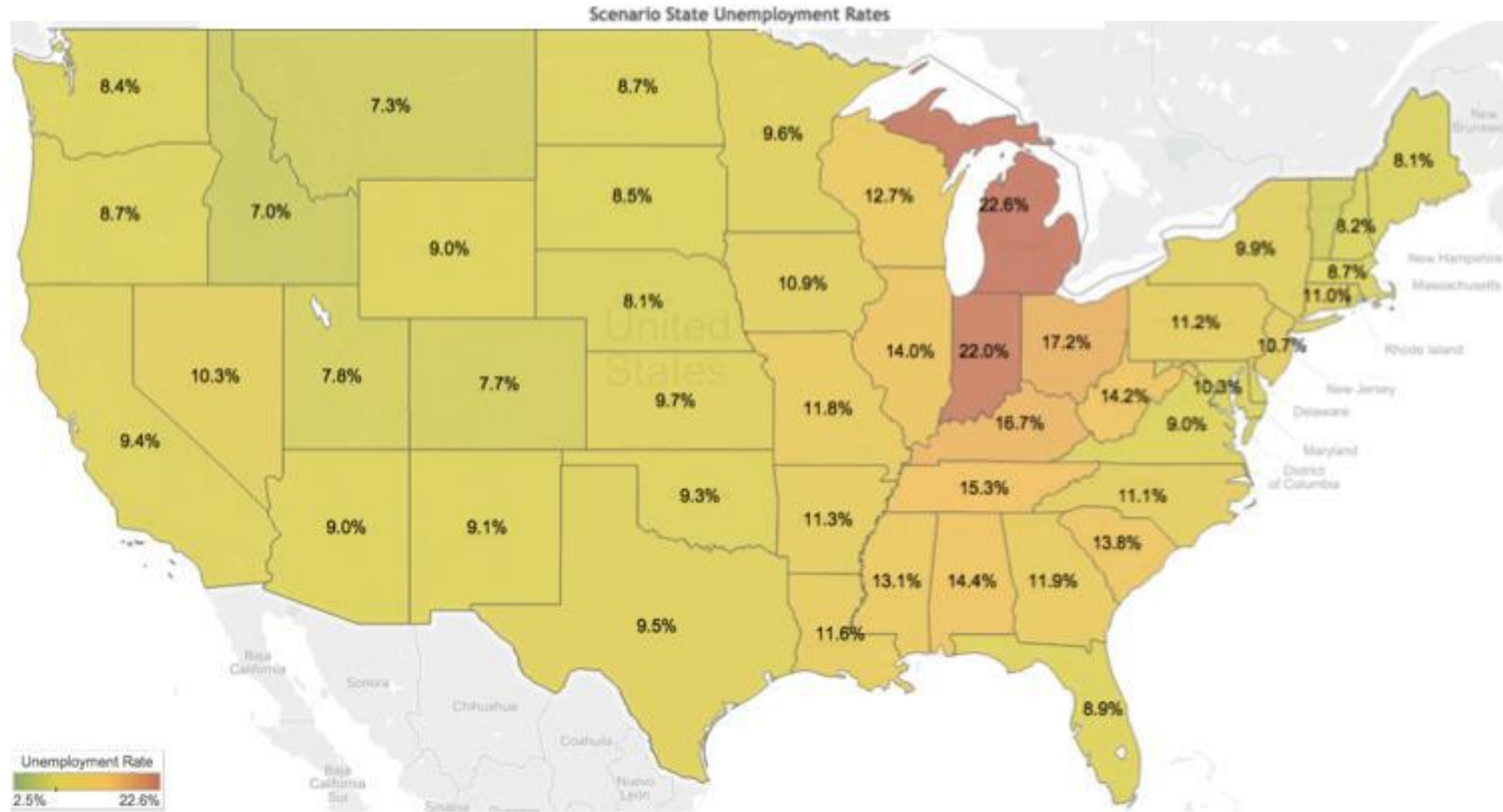


Image: DHS





# Vital National Infrastructure

- Efficient federal funding is essential
- The Achilles' heel of North America
- National economic/supply chain impacts

State	October 2009 Unemployment Rate	Closure Scenario Unemployment Rate
Alabama	7.4%	14.4%
Indiana	9.8%	22.0%
Kentucky	11.2%	16.7%
Michigan	15.1%	22.6%
Ohio	10.5%	17.2%
Tennessee	5.0%	15.3%

Image: DHS



**Larry Karnes**  
**Freight Policy Specialist**  
**Michigan Department of**  
**Transportation**



# Major Michigan Commodities Using Locks

- **Iron ore (taconite)**
  - from Michigan & Minnesota mines to Great Lakes region steel mills
- **Coal**
  - to Michigan's electric utilities and industries
- **Stone**
  - from Michigan quarries to Lake Superior region taconite plants, steel mills, and construction industry
- **Cement**
  - from Michigan producers to Lake Superior distributors
- **Others**



# Impact on Michigan of Six Month Closure of the Poe Lock

- Shutdown of Michigan's steel production
- Shutdown of Michigan's automotive & equipment manufacturing
- Near total shutdown of iron ore mining operations
- Significant decrease in limestone mining operations
- 940,000 jobs lost
- Unemployment rate of 22.6%
- \$99 *billion* decrease in state's gross domestic product (20.2%)

Source: U. S. Department of Homeland Security (2015)

# Michigan's Commitment

- State government has worked cooperatively with the Corps of Engineers throughout the planning for the new lock
  - transportation & economic need
  - environmental impacts/alternatives
- Testified before Congressional committees & staff
- State legislators and members of Congress have worked to obtain federal authorization and funding

# Michigan's Commitment

- Michigan provided \$52 million to Corps of Engineers in 2018 to advance project
- \$36.9 million will be used in 2019:
  - contract to deepen upstream approach channel
  - complete design of upstream approach walls
  - continue design of lock chamber
- \$15.1 million will be used for future work to accelerate completion of project



# Michigan's Commitment

- **Michigan remains committed to supporting full federal funding for completion of a new Soo Lock.**

**Tom Rayburn**  
**Director of Environmental**  
**& Regulatory Affairs**  
**Lake Carriers' Association**



# New Soo Lock

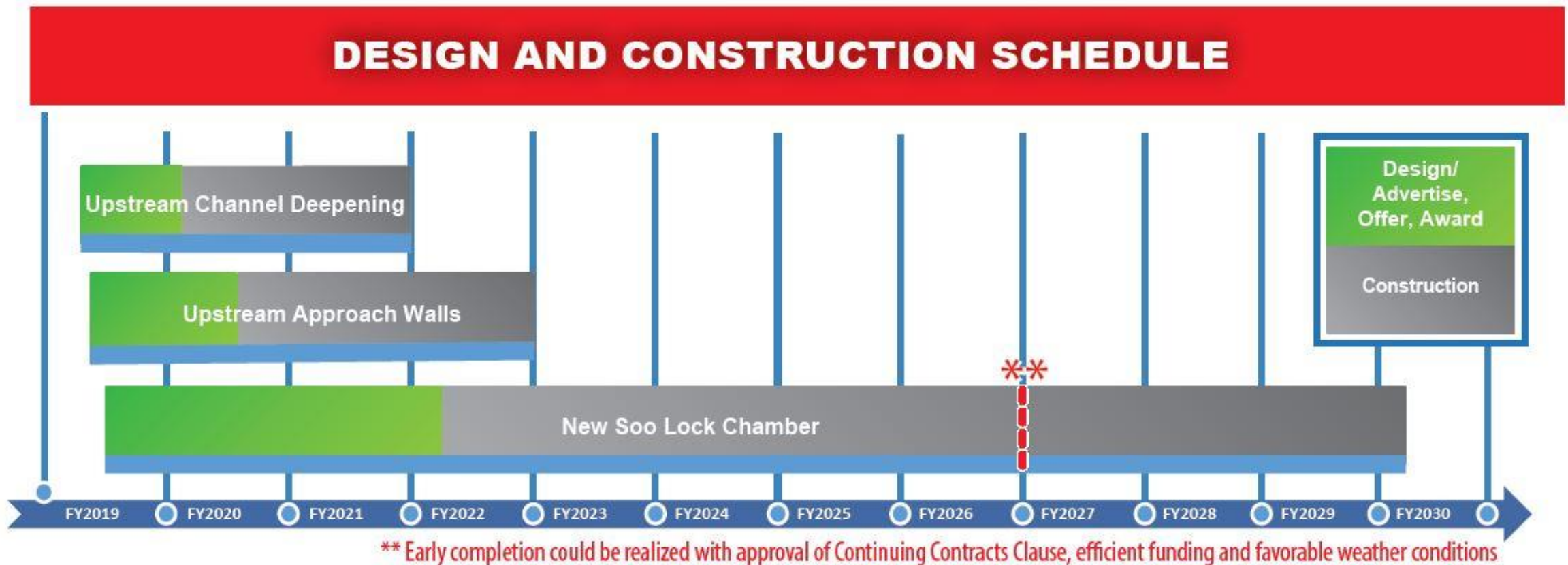
Efficient funding would maximize design and construction work each year of the project, thereby saving money and reducing the overall project timeline. USACE says that optimizing the use of the funds would allow savings of \$30 million and accelerate benefits to the users and the nation's economy.

Source: USACE





# New Soo Lock



Source: USACE



# Vital National Infrastructure

## Ongoing Work:

- Design of the Upstream Channel Deepening is in progress and construction contract award is expected in 2019
- Design of Upstream Approach Walls
- Design of New Soo Lock Chamber

## Next steps upon receipt of further funding:

- Award Upstream Approach Walls Construction Contract
- (80% of upstream approach wall construction capability funded in Fiscal Year 2020 President's Budget request)
- Continue design of New Soo Lock Chamber

Source: USACE



# New Soo Lock

Fiscal Year	Allocation/ (Capability)	Activities Funded/Capabilities
Prior to 2018	\$32.0M	<ul style="list-style-type: none"> <li>• Design and planning efforts</li> <li>• Downstream Channel Deepening construction completed</li> <li>• Sabin Lock Cofferdam construction completed</li> </ul>
2019	\$69.2M \$32.3M Fed \$36.9M State of MI	<ul style="list-style-type: none"> <li>• Upstream Channel Deepening: complete design &amp; award construction contract in Q1 of FY20</li> <li>• Upstream Approach Walls: complete design</li> <li>• New Lock Chamber: resume design</li> </ul>
2020	(\$123.8M)* \$75.3M in Pbud Request	<ul style="list-style-type: none"> <li>• Upstream Channel Deepening: complete and manage construction</li> <li>• Upstream Approach Walls: complete design, AOA, award and manage construction contract</li> <li>• New Lock: continue design</li> </ul> <b>\$48.5M remaining capability identified in fiscal year 2020</b>
2021	(\$173.1M)*	<ul style="list-style-type: none"> <li>• Upstream Channel Deepening – manage construction</li> <li>• Upstream Approach Walls – complete and manage construction</li> <li>• New Lock - complete design and advertise construction contract</li> </ul>
2022	(\$129.3M)*	<ul style="list-style-type: none"> <li>• Upstream Approach Walls – manage construction</li> <li>• New Lock – year 2 of construction contract</li> </ul>
2023-2028	(\$536.4M)*	<ul style="list-style-type: none"> <li>• New Lock - Manage and complete construction</li> </ul>

\*Fully funded costs escalated through midpoint of construction





# Vital National Infrastructure

- For FY20, an appropriation of \$75.3 million was included in the President's budget and has passed the full House and the Senate Appropriations Committee.
- According to USACE, a total of \$123.8 million is needed in FY20 (inclusive of the \$75.3 million) for efficient funding. Discretionary funds have been added to the USACE Workplan that the USACE can move into the Soo project, allowing for more efficient construction.
- According to USACE, for FY21, an appropriation of \$173 million is needed to ensure efficient funding of the project.

