Great Lakes St. Lawrence Governors & Premiers

• More than 30 years of collaboration among the region’s chief executives:

<table>
<thead>
<tr>
<th>Illinois</th>
<th>Indiana</th>
<th>Michigan</th>
<th>Minnesota</th>
<th>New York</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ohio</td>
<td>Ontario</td>
<td>Pennsylvania</td>
<td>Québec</td>
<td>Wisconsin</td>
</tr>
</tbody>
</table>

• Growing the region’s economy and protecting the world’s greatest freshwater system

• Chair: Wisconsin Governor Tony Evers

• Vice Chair: Ohio Governor Mike DeWine
The maritime system is a backbone of the region’s $6 trillion economy.
• 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
Vital National Infrastructure

Image: DHS
Vital National Infrastructure

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

<table>
<thead>
<tr>
<th>State</th>
<th>October 2009 Unemployment Rate</th>
<th>Closure Scenario Unemployment Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alabama</td>
<td>7.4%</td>
<td>14.4%</td>
</tr>
<tr>
<td>Indiana</td>
<td>9.8%</td>
<td>22.0%</td>
</tr>
<tr>
<td>Kentucky</td>
<td>11.2%</td>
<td>16.7%</td>
</tr>
<tr>
<td>Michigan</td>
<td>15.1%</td>
<td>22.6%</td>
</tr>
<tr>
<td>Ohio</td>
<td>10.5%</td>
<td>17.2%</td>
</tr>
<tr>
<td>Tennessee</td>
<td>5.0%</td>
<td>15.3%</td>
</tr>
</tbody>
</table>

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%)

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

**Design and Construction Schedule**

- **Upstream Channel Deepening**
- **Upstream Approach Walls**
- **New Soo Lock Chamber**

**Early completion could be realized with approval of Continuing Contracts Clause, efficient funding and favorable weather conditions.**

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

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Allocation/ (Capability)</th>
<th>Activities Funded/Capabilities</th>
</tr>
</thead>
</table>
| Prior to 2018 | $32.0M | • Design and planning efforts  
• Downstream Channel Deepening construction completed  
• Sabin Lock Cofferdam construction completed |
| 2019 | $69.2M  
$32.3M/Fed  
$36.9M/State of MI | • Upstream Channel Deepening: complete design & award construction contract in Q1 of FY20  
• Upstream Approach Walls: complete design  
• New Lock Chamber: resume design |
| 2020 | ($123.8M)*  
$75.3M in Pub Request | • Upstream Channel Deepening: complete and manage construction  
• Upstream Approach Walls: complete design, AOA, award and manage construction contract  
• New Lock: continue design  
$48.5M remaining capability identified in fiscal year 2020 |
| 2021 | ($173.1M)* | • Upstream Channel Deepening – manage construction  
• Upstream Approach Walls – complete and manage construction  
• New Lock - complete design and advertise construction contract |
| 2022 | ($129.3M)* | • Upstream Approach Walls – manage construction  
• New Lock – year 2 of construction contract |
| 2023-2028 | ($536.4M)* | • New Lock - Manage and complete construction |

*Fully funded costs escalated through midpoint of construction

Source: USACE
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.