Great Lakes Navigation Stakeholder Meeting

Mike O'Bryan

Great Lakes Navigation
Business Line Manager

Feb 10, 2010

US Army Corps of Engineers
BUILDING STRONG®

Great Lakes Navigation Update
Meeting Agenda

FY09 Accomplishments

FY10 Program

FY11 President's Budget

Discussion of Other Issues:
- Trends in Great Lakes Navigation Funding
- HMTF
- New Soo Lock
- Review of new product - brochure
- Economic Data Development

Stakeholder Feedback—Open Discussion

FY09 Great Lakes Navigation Program Accomplishments

- Groundbreaking at New Soo Lock: 2 contracts
- $16M Soo Asset Renewal; $17M Chicago Lock Gates
- $61M Dredging (51 projects, 5.2M cu yds)
- $27M in CDF work (fill management, offloading, reuse)
- $27M in structures work

FY09 Construction Projects

BUILDING STRONG®

FY09 Dredging Projects

BUILDING STRONG®

FY10 Anticipated Construction Projects

BUILDING STRONG®

FY10 Anticipated Dredging Contracts

BUILDING STRONG®

Harbors Eligible for $6M Regional Dredging Fund FY10

- ALPENA, MI
- ARCADIA, MI
- AU SABLE, MI
- BAY PORT, MI
- BIG BAY, MI
- BLACK RIVER (GOGEBIC), MI
- BOLLES HARBOR, MI
- CLINTON RIVER, MI
- EAGLE HARBOR, MI
- FRANKFORT, MI
- GRAND MARAIS, MI
- INLAND ROUTE, MI
- LAC LA BELLE, MI
- LELAND, MI
- LES CHENEAUX ISLAND CHANNELS, MI
- LEXINGTON, MI
- LITTLE LAKE, MI
- LUDINGTON, MI
- MANISTEE, MI
- MANISTIQUE, MI
- MARQUETTE, MI
- MENOMINEE, MI
- NEW BUFFALO, MI
- PENTWATER, MI
- POINT LOOKOUT, MI
- PORT AUSTIN, MI
- PORT SANILAC, MI
- PORTAGE LAKE, MI
- ROUGE RIVER, MI
- SAUGATUCK, MI
- SOUTH HAVEN, MI
- WHITE LAKE, MI

Lake Superior Small Harbor O&M Regional Provision

Total Provision $1.9 M to be used on Small Harbor O&M in Wisconsin Harbors

- **Dredging Bayfield, WI $230K**
- **Structure Repair at Port Wing, WI $1.7M**

Omnibus Bill
Regional Dredging Provisions

FY08 Commercial Dredging ($6.544M)

- Transportation Cost Savings
- Relationship Among Harbors
- Coordinate with Stakeholders

FY08 Lake Superior Small Harbor Dredging ($1.564M)
FY08 Michigan Reprogramming Provision

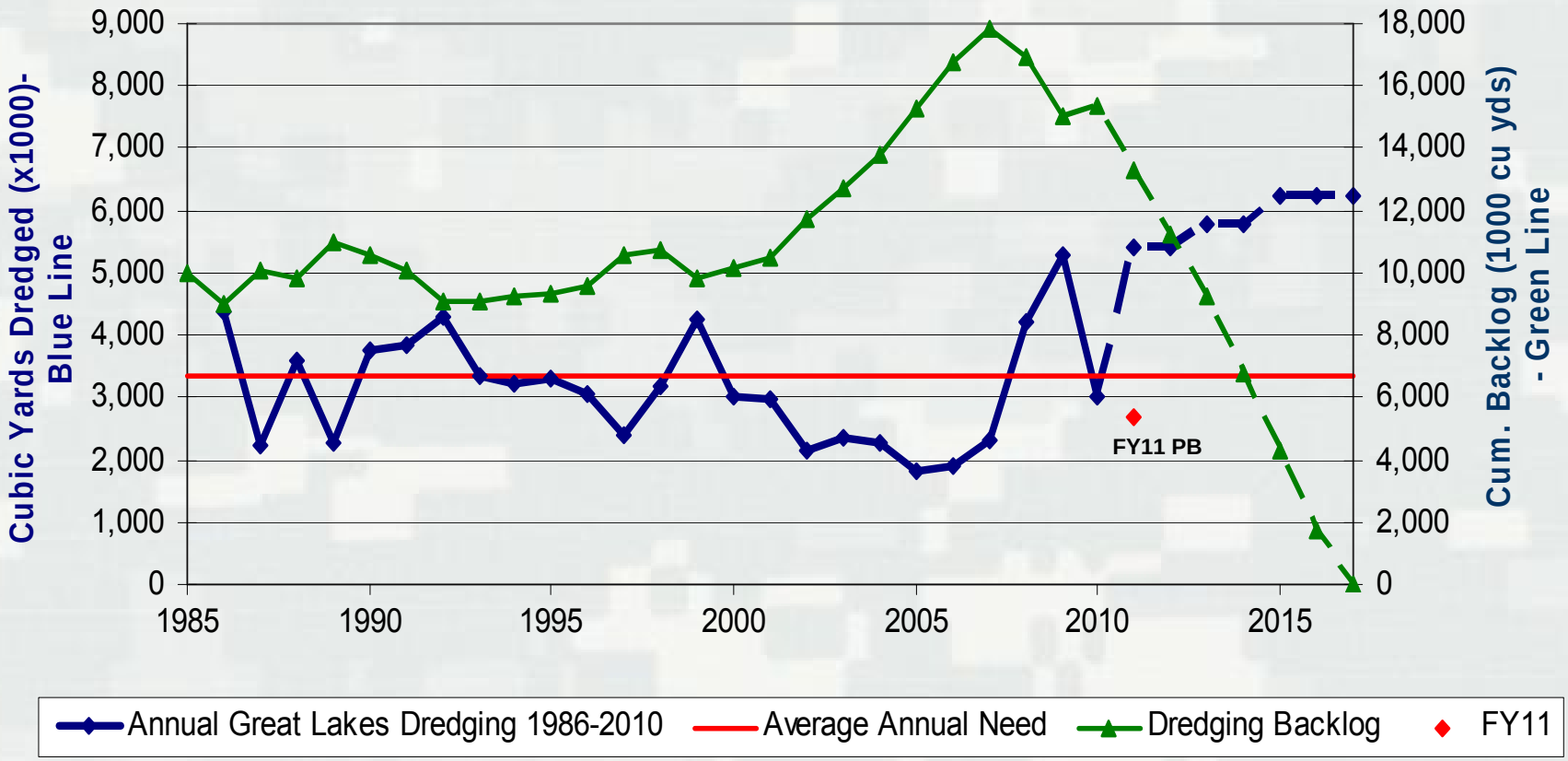
FY09 $5M Michigan Provision (30 Eligible Harbors)

FY10 $6M Michigan Provision (32 Eligible Harbors)
FY10 Lake Superior Small Harbor O&M ($1.9M)

FY11 Dredging Projects

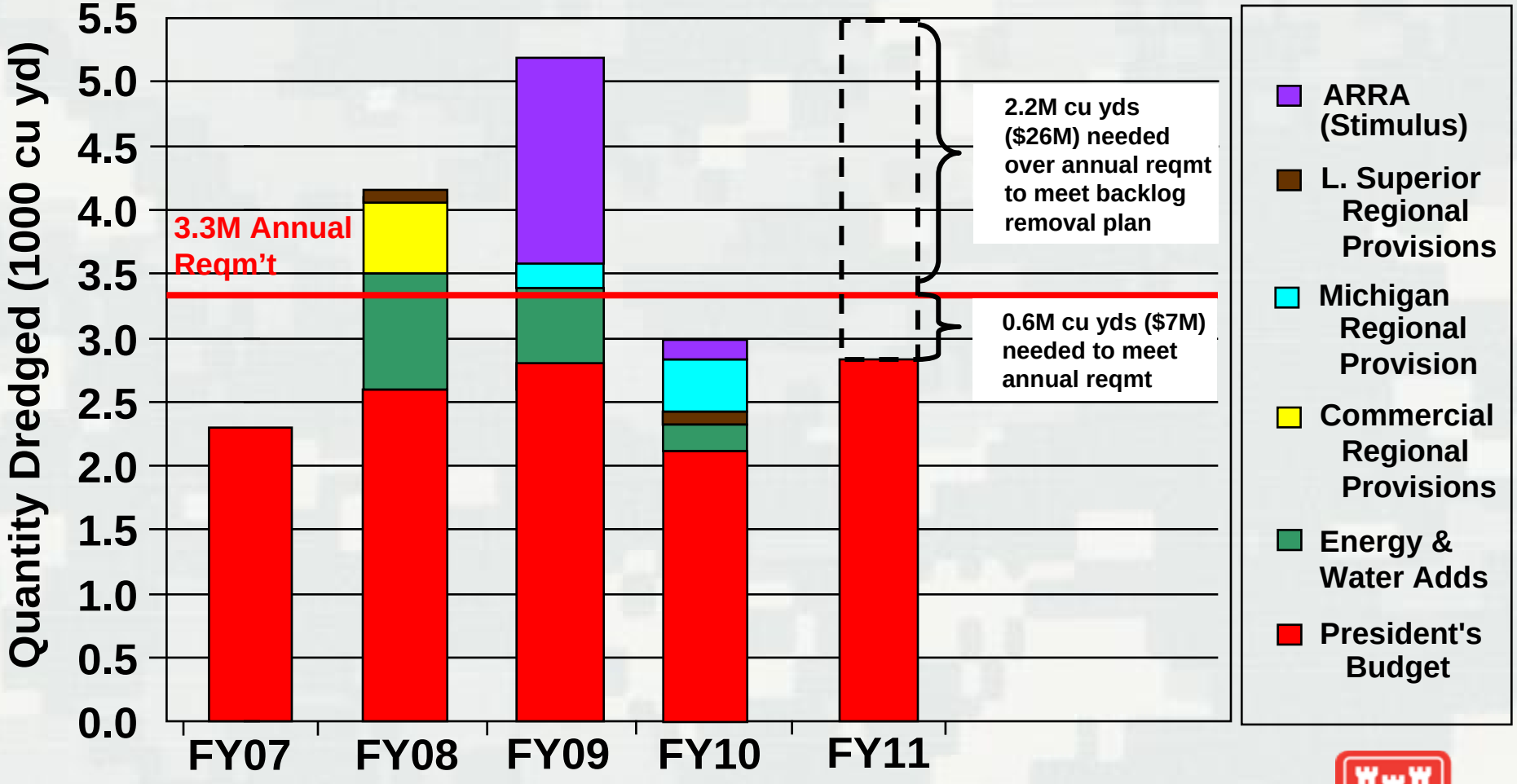
BUILDING STRONG®

Path Forward to Reduce Backlog 2011-2017

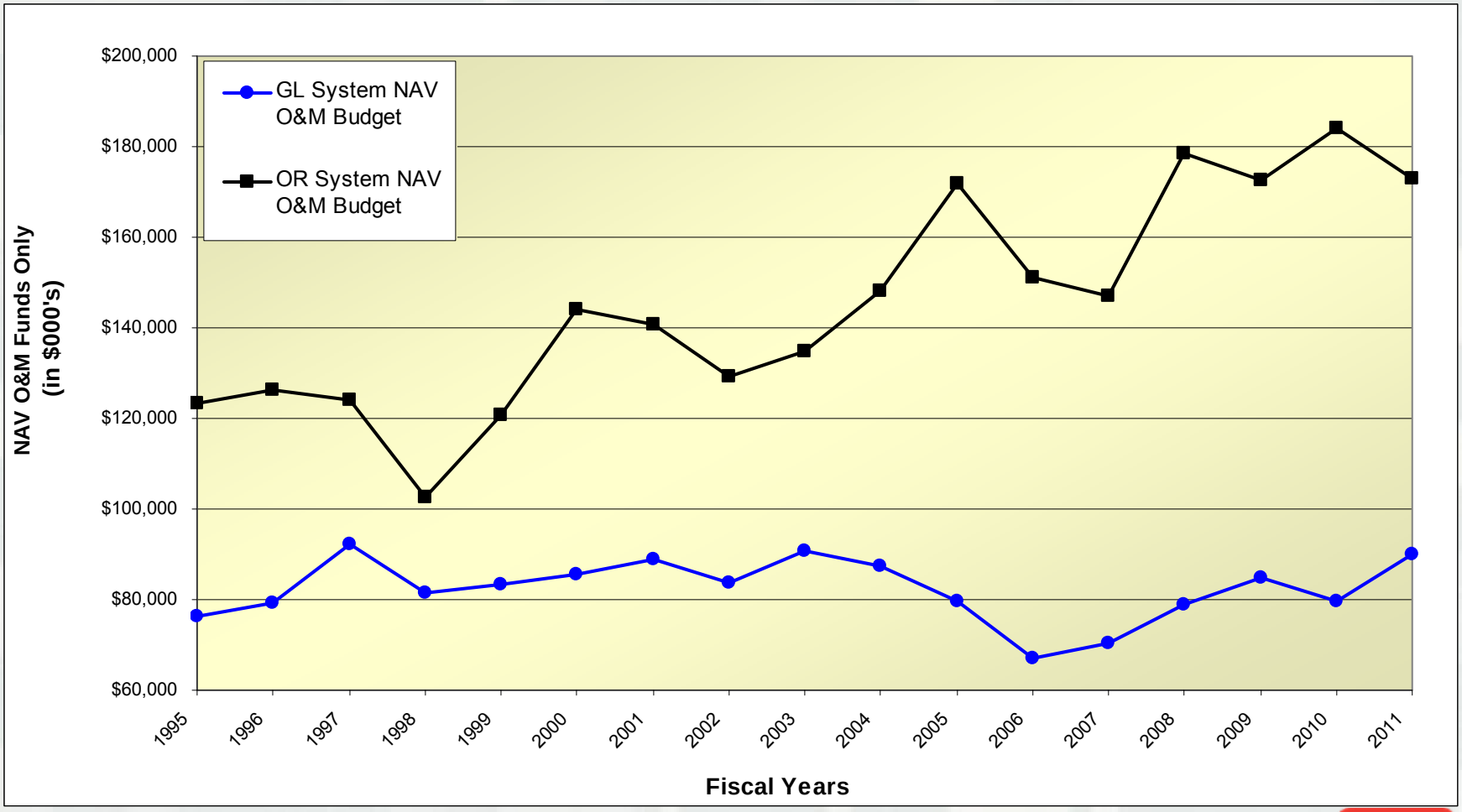


BUILDING STRONG®

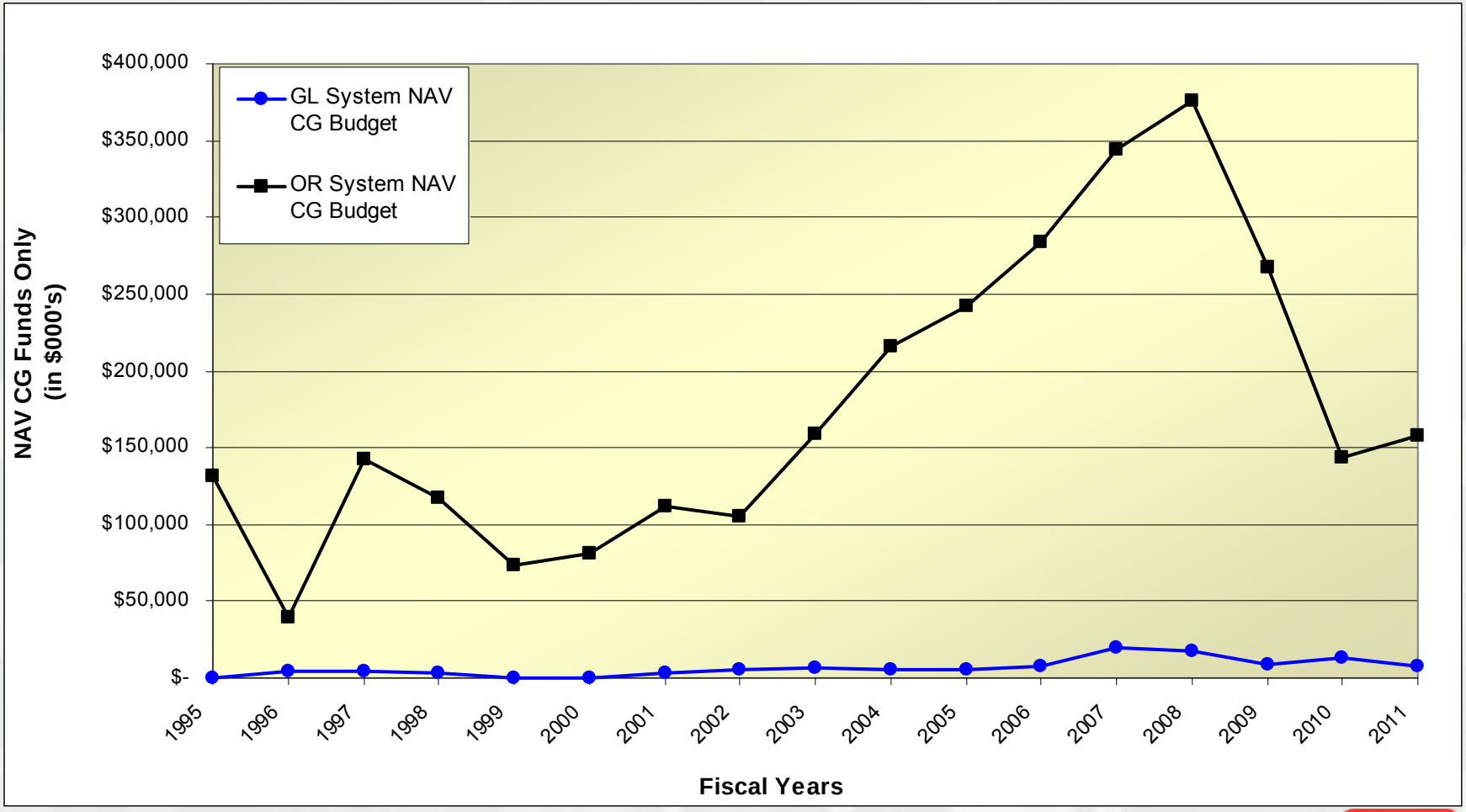
Dredging Funding Trends 2007 - 2011



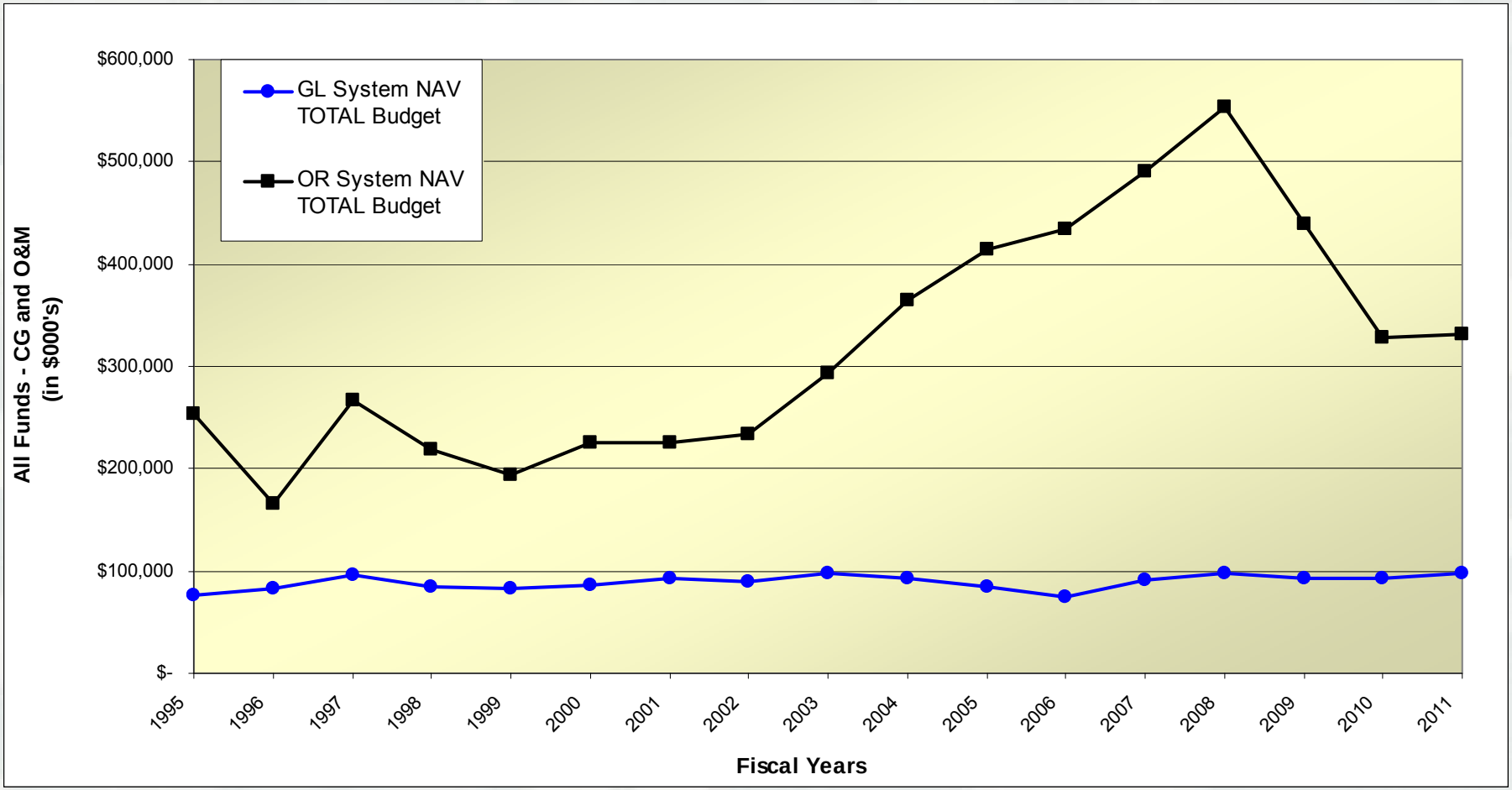
GL & Ohio River Nav O&M Funding



GL & Ohio River Nav CG Funding



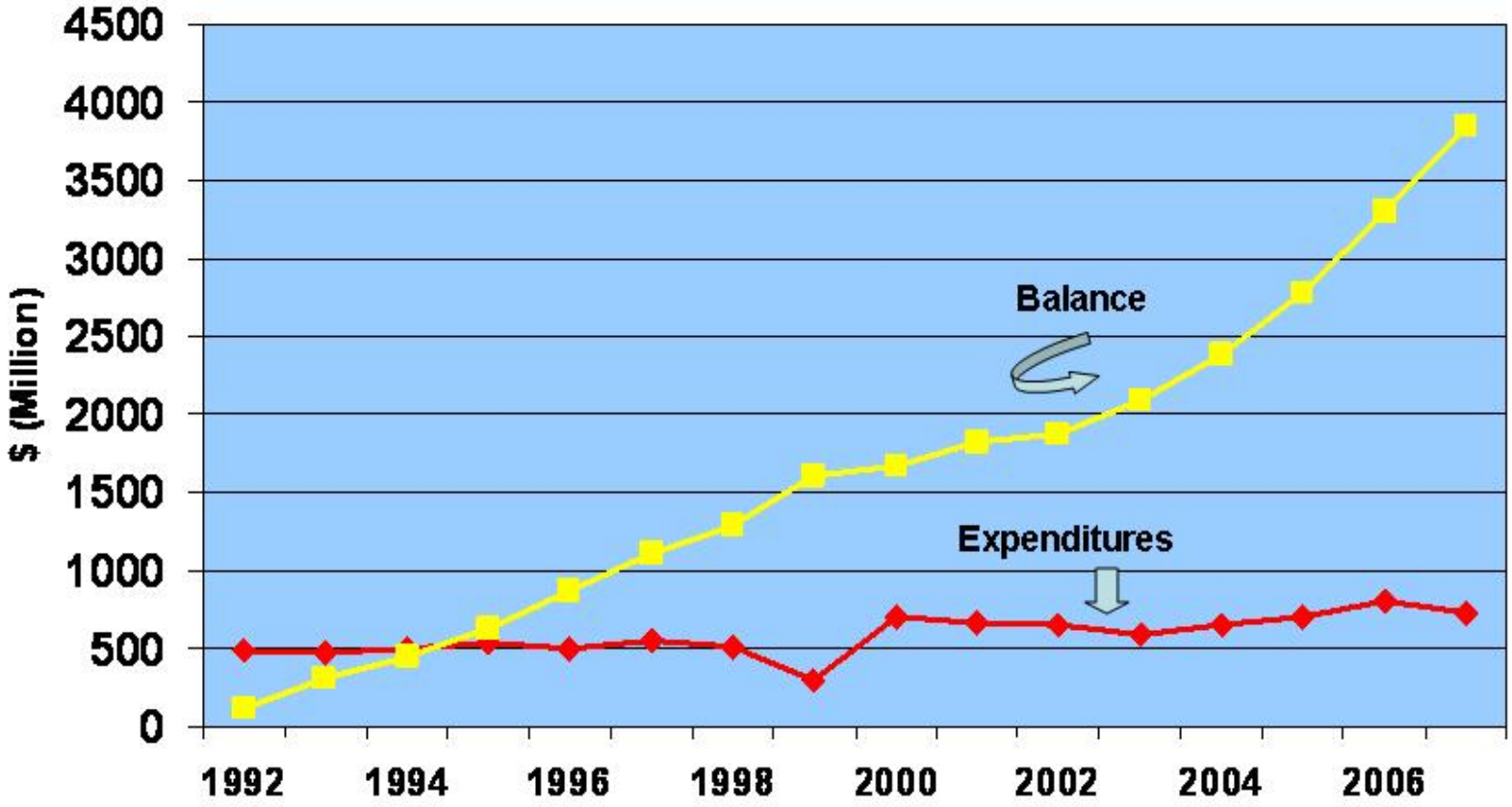
GL & Ohio River Total Nav Funding



Harbor Maintenance Trust Fund

- Prior to 1986, dredging was conducted at full federal expense
- WRDA 1986 required users of federal navigation to pay an ad valorem tax into a harbor maintenance trust fund to pay for maintenance of channels and harbors.
- Tax must be paid on imports and domestic cargo. Exports not taxed.
- The fund generates about $1.3B per year; Corps spends $700-800M per year, which has resulted in a growing surplus nearing $5B.
- Trust fund is not “fenced” and surplus funds are only on paper.
- Users are working with Congress on legislation that would require that annual HMTF collections are fully used each year for harbor maintenance.

Harbor Maintenance Trust Fund Expenditures and Balance, 1992-2007



Projected for 2007 Based on Conf Rpt.

New Replacement Lock

- Inconsistent with Administration policy due to BCR of 0.73
- WRDA 2007: Construction at 100% federal expense
- **Proposed revisions to the <u>Principles and Guidelines</u> will allow reanalysis of the Federal interest in the project**
- Other Considerations: Security, rail/infrastructure capacity, impacts of extended closure

Soo Locks Replacement Lock

Economic Benefits and Benefit-Cost Ratio Determination

- Benefit categories utilized in the evaluation:
  1) Incremental Vessel Delay Savings
  2) Disruption Costs Avoided
  3) Mac and Poe Rehabilitation Cost Savings
  4) Decommissioning Cost Savings
  5) Recreational Benefits

- Benefit categories not utilized in evaluation:
  1) Area Redevelopment Benefits
  2) Terrorist Disruption Costs Avoided

BUILDING STRONG®

Economic Impact Determination Efforts

- We have advanced our economic analysis on Great Lakes significantly
- Quantified economic benefits of each harbor: jobs, revenue, salaries, foot-by-foot transportation cost savings of dredging
- Transportation rate savings of next least costly mode of transportation
- Use these data to prioritize our work packages
- For example, the 3.3M cubic yards that accumulate each year requires approximately $40M of dredging funding each year. This provides $1.37 billion in economic impacts, a 34 : 1 return on investment.
- Looking at how to further quantify the environmental benefits of the GL Navigation system
- We'll continue to refine and advance these data analysis efforts; we are also engaging stakeholders in efforts and meeting with dredging industry

Stakeholder Involvement

- ✓ We need your input on critical system needs at your harbor or project
- ✓ Will solicit input on FY12 needs by email in April (no spring stakeholder meeting)
- ✓ Contact Operations Chiefs from each District to discuss harbor specific issues and needs
- ✓ Webpage is an important mode of communication: meetings, presentations, data, updated fact sheets

www.lre.usace.army.mil/greatlakes/navigation

Key Great Lakes Contacts

GL Navigation Business Line Manager
Mike O'Bryan – (313) 226-6444

Shamel Abou-El-Seoud - Chicago Operations Chief
(312) 846-5470

Ray Lewis - Buffalo District Operations Chief
(716) 879-4206

Wayne Schloop - Detroit Operations Chief
(313) 226-5013

www.lre.usace.army.mil/greatlakes/navigation

Questions?