GREAT LAKES NAVIGATION UPDATE

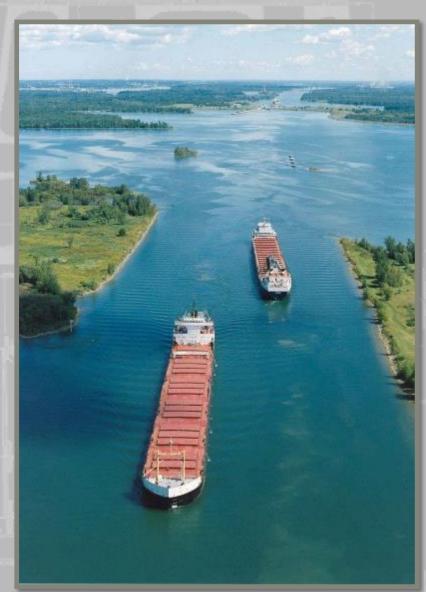
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October 5, 2021

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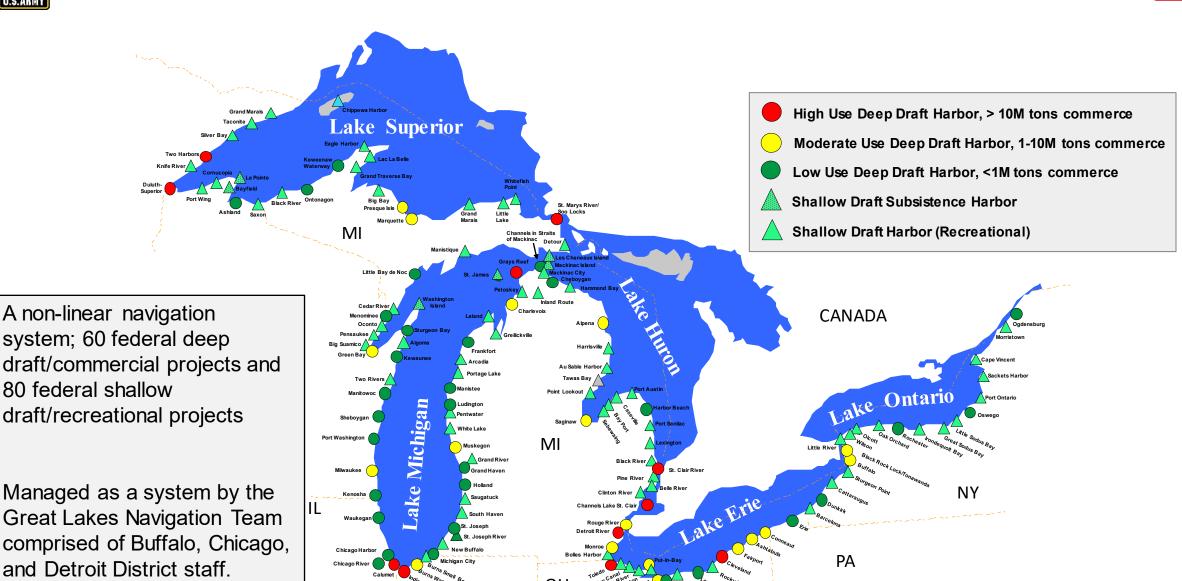






GREAT LAKES FEDERAL HARBOR TYPES





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SYSTEM INTERDEPENDENCY







- Non-linear interdependent system
- Commercial ports dependent on each other
- 95% of traffic is internal to the Great Lakes
- System saves \$3.9 Billion per year over next mode of transportation
- Ports/harbors located at manufacturing sites/centers
- Ports compete with other modes of transportation rather than each other



HARBOR MAINTENANCE TRUST FUND BACKGROUND



- Prior to 1986, Great Lakes O&M was conducted at full federal expense
- WRDA 1986 established the Harbor Maintenance Trust Fund: a fee collected from coastal maritime users (owners of cargo) to fund Army Corps operation and maintenance of federal navigation projects
 - 1986: Tax imposed of 0.04% of cargo value
 - 1990: Tax changed to 0.125% of cargo value
 - In 1998, Supreme Court removed export tax, now the tax is paid only on domestic cargo and imports.
 - The fee is typically passed on to U.S. tax payers though the cost of goods and services.

HMTF funds O&M costs for all coastal navigation (locks, dredging, dredged material management, nav structure repair, including all recreational projects) and a few inland systems.\



WRDA 14 set a path to full use of the HMTF by 2025 and established goals for GL Nav O&M; investments in GL Nav O&M began increasing.



WRDA 2020 - SIGNIFICANT HMTF CHANGES



Significant changes in Water Resources Development Act (WRDA) 2020 related to Harbor Maintenance Trust Fund (HMTF)

- HMTF "off budget" CARES Act March 2020
- No less than 13% of annual expenditures from HMTF to GL
- Not less than 15% for emerging harbors (<1M tons)
- For the first time, direction to spend the HMTF "surplus"
- Directs appropriation from HMTF = HMTF deposits two year prior plus:
 - \$500M for fiscal year 2021
 - \$600M for fiscal year 2022
 - \$700M for fiscal year 2023

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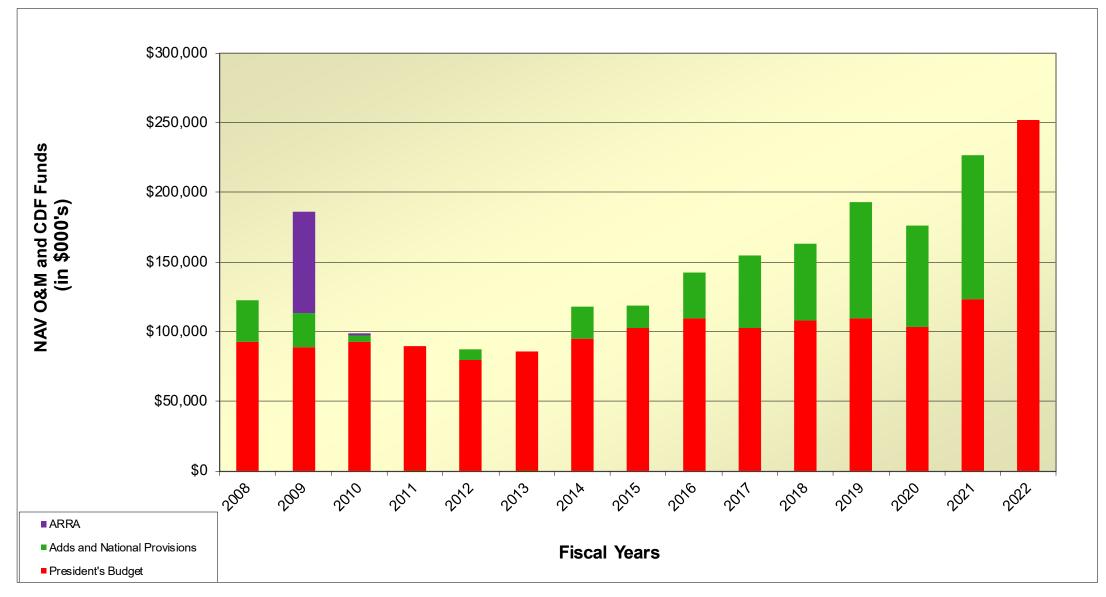
 Continuing up to 2030 to spend down the \$10B surplus





GREAT LAKES NAVIGATION FUNDING HISTORY





FY21 GREAT LAKES NAVIGATION PRESIDENT'S BUDGET



PRESIDENT'S BUDGET + WORKPLAN

Great Lakes Navigation Operations & Maintenance \$107.6M + \$103.2M = \$210.9M

Key O&M Items

\$48.6M in Dredging (22 projects; 3.7M cy) (\$37.6M + \$11.1M)

\$10.4M in Dredged Material Management (\$5.9M + \$4.5M)

\$32.0M in Soo Locks Maintenance

\$20.2M in Chicago Lock Maintenance

\$4.5M in Black Rock Lock Maintenance

\$34.8M in Navigation Structure Maintenance/Repair

Construction General

\$123.2M + \$46.5M = \$169.8M New Soo Lock Construction

\$16M Calumet CDF Construction



FY22 GREAT LAKES NAVIGATION PRESIDENT'S BUDGET



Great Lakes Navigation Operations & Maintenance - \$224.5M

Key O&M Items

\$49.8M in Dredging (27 projects; 3.15M cy)

\$10.6M in Dredged Material Management

\$24.8M in Soo Locks Maintenance

\$5.95M in Chicago Lock Maintenance

\$8.5M in Black Rock Lock Maintenance

\$57.6M in Navigation Structure Maintenance/Repair (incl 7 \$25K safety maint)

\$3.5M in Section 111 Beach Nourishment

Construction General

\$480M New Soo Lock Construction

\$18.4M Indiana Harbor CDF Construction

\$9.1M Calumet CDF Construction





Major System Requirements



- Dredging
- Dredged Material Management
- Navigation Structures
- Locks Reliability



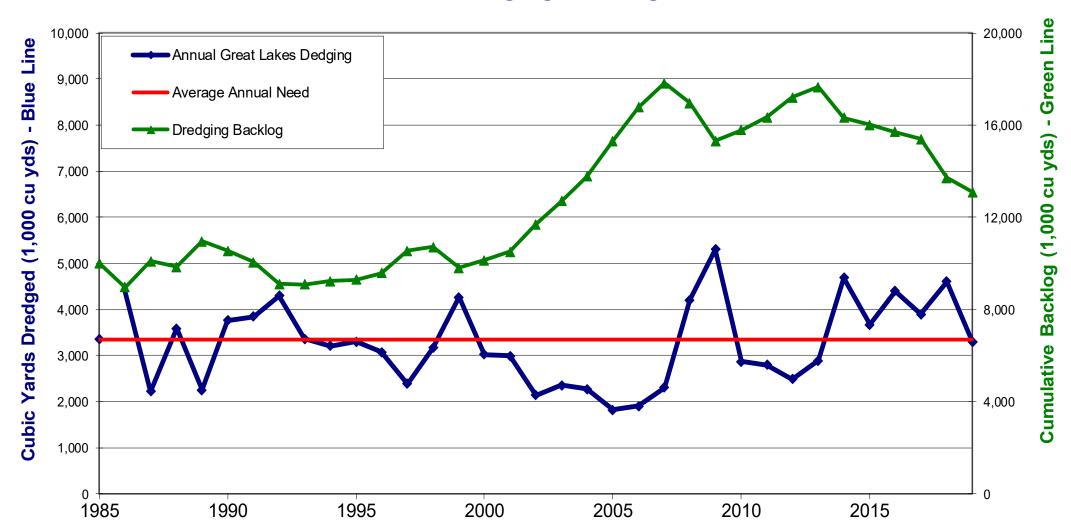








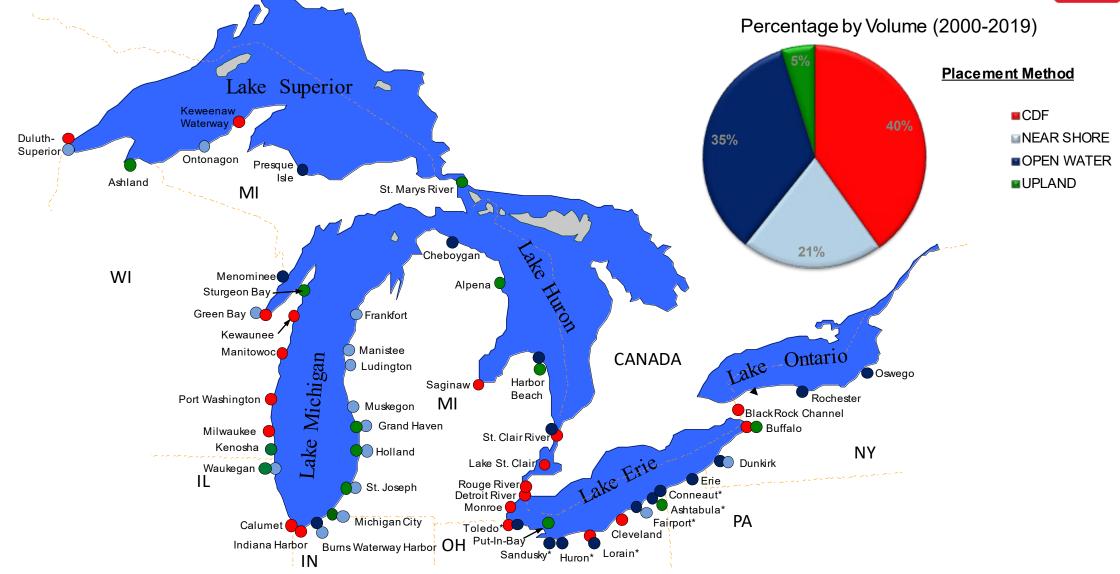
Great Lakes Dredging Backlog 1985-2020





Current Dredged Material Placement Methods – Deep Draft Projects



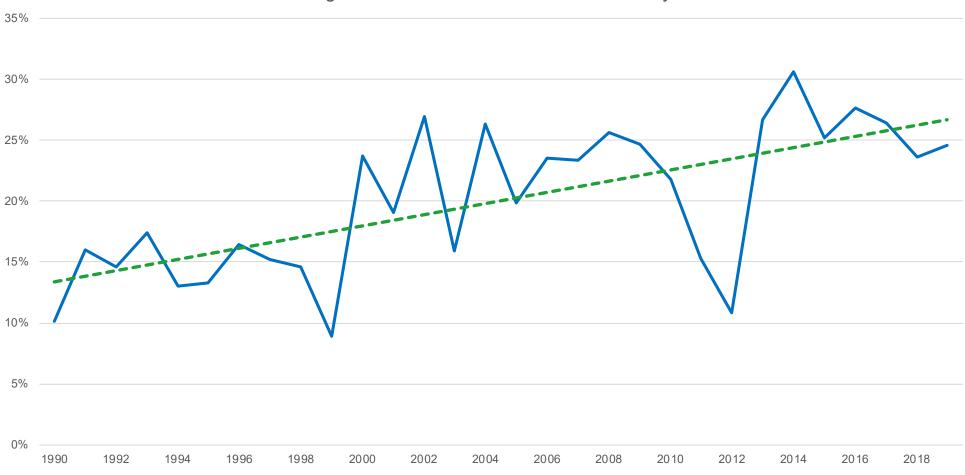




BENEFICIAL USE OF DREDGED MATERIAL







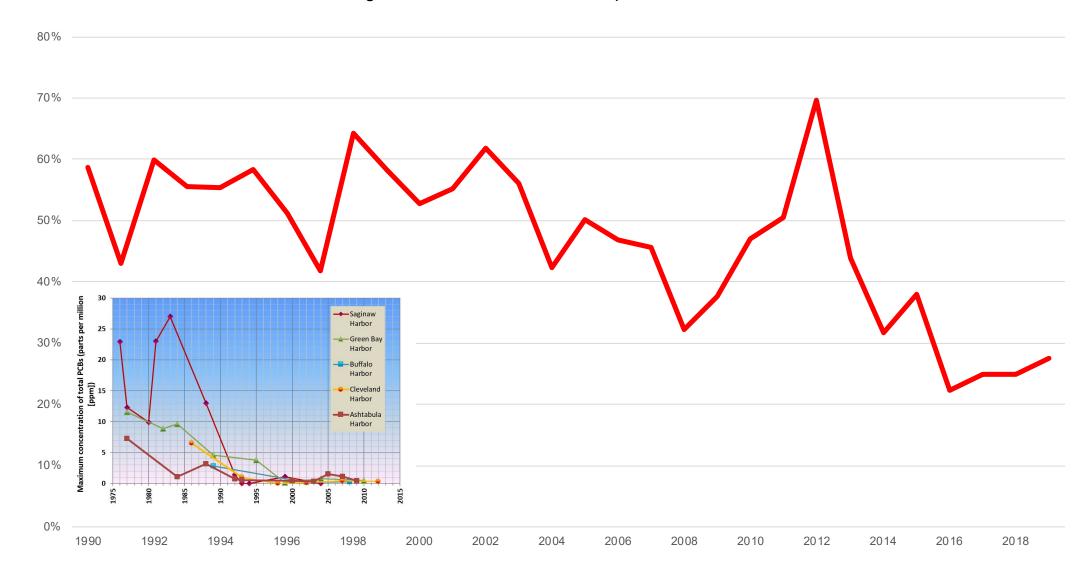
^{*} Beneficial use assumed to include all Nearshore and Upland Placement



PERCENT OF DREDGED MATERIAL TO CDF



% of Dredged material from GL Harbors placed in CDFs





DREDGED MATERIAL MANAGEMENT CHALLENGES/OPPORTUNITIES







- Declining availability of confined disposal facility (CDF) space
- Prohibitively expensive cost for new CDF construction
- But...Good News improving quality of dredged sediment
- Traditional perception of dredged material as a waste; reality-material is a great resource!
- Finding beneficial uses for fine material (silt/clay)
- Policy Limitations (PGL 47) on authority for use of O&M funds WRDA implications?



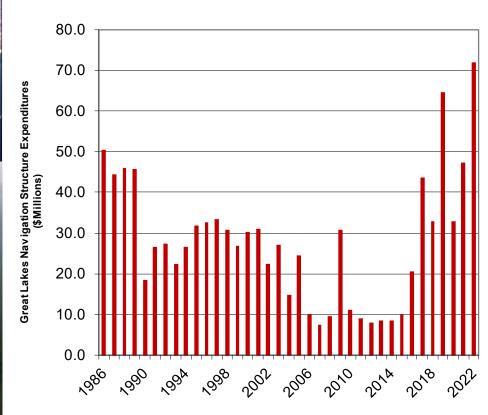
GREAT LAKES NAVIGATION STRUCTURES



- 104+ miles of navigation structures on the Great Lakes
- Structures include piers, jetties, revetments, and breakwaters
- Most were built between 1860 and 1940
- Jetties and piers were constructed perpendicular to shore to keep the channel open for navigation
- Off-shore breakwaters were constructed to allow safe navigation entry to harbors and channels
- 60% of GL coastal structures were built before WWI
- Over 90% of all coastal structures exceed 60 years of age
- Over 30% of structures have timber crib core sections; past low water levels have accelerated deterioration of the wood
- Over 40% of structure segments are rated C - F; backlog funding need is estimated at \$320M











SOO LOCK RELIABILITY









SOO LOCKS - RELIABILITY AND RESILIENCE



- ➤ 89% of the commercial commodities transiting the Soo Locks are limited by size to the Poe Lock
 - Aging and deteriorating infrastructure; unscheduled outages increasing
 - There is currently no redundancy for the Poe Lock
 - Only lock in the Corps with no alternate mode of transportation around lock





Two major efforts are underway to improve reliability of the Soo Locks:

- 1. Maintain existing infrastructure through O&M and Major Rehab (CG)
- 2. Construct new lock with the same dimensions as the Poe Lock



SOO LOCKS ASSET RENEWAL PLAN (O&M)



\$162M funded to date through FY21:

Key projects completed to date:

- Poe and MacArthur Lock Embedded Anchorages
- Poe Hydraulics Replacement
- New Poe Stoplogs
- Poe Miter and Quoin Block Replacement
- Critical Poe Gate 1 Repairs
- West Center Pier Repair
- New Compressed Air System

Remaining key priorities:

- Poe Lock Gate 1 Replacement
- Poe Lock Ship Arrestor
- Electrical Duct Bank and Feeder Replacement
- Poe Lock Filling and Emptying Valves

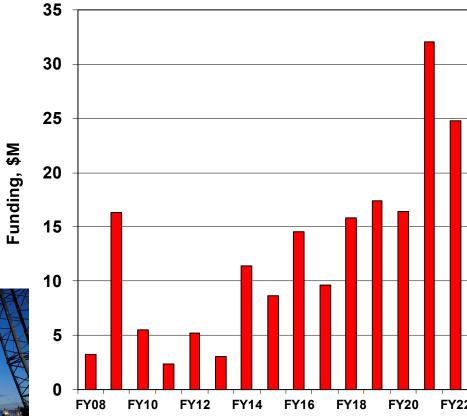


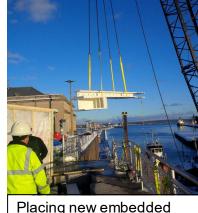
Deicing gate to allow maintenance to be performed during winter work



Replacing anchorage links during winter work – Poe Lock

Asset Renewal Plan will maximize reliability and reduce risk

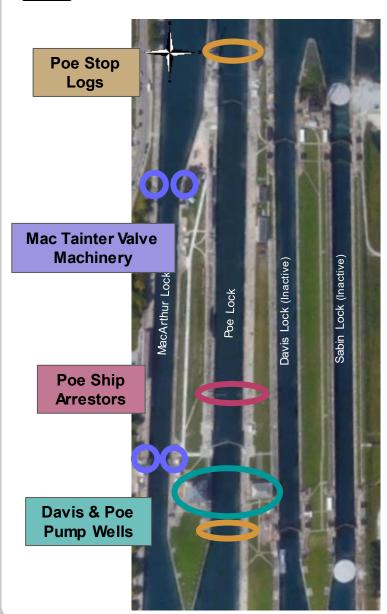


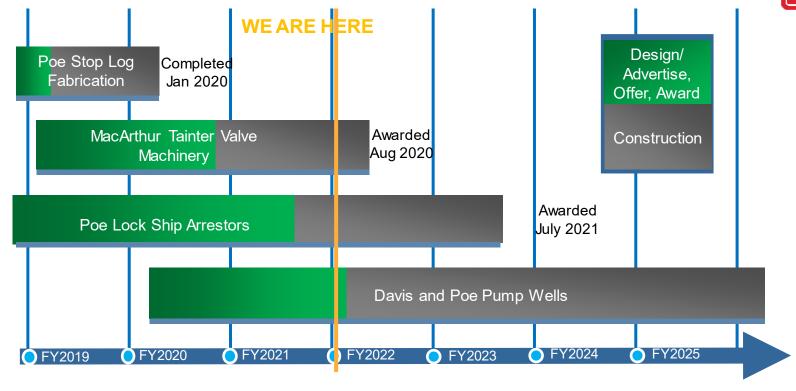


anchorage - Poe Lock

SOO LOCKS MAJOR REHAB (CG FUNDED)







Davis and Poe Pumpwells (\$37.3M FY21 Capability)

- The pumpwell system will serve all locks (including new lock); system >100 yrs old
- Delayed funding for repair increases O&M every year with additional interim risk reduction measures required and increasing probability of failure; greatly increases operational risk to navigation. Locks must be dewatered in 10 hours due to extreme cold temps in January.
- Original 1914 manifold is most critical component; has lost half its wall thickness
- New Pump Well will be contracted with the New Lock to reduce risk associated with 2 contractors working in close proximity at the same time.

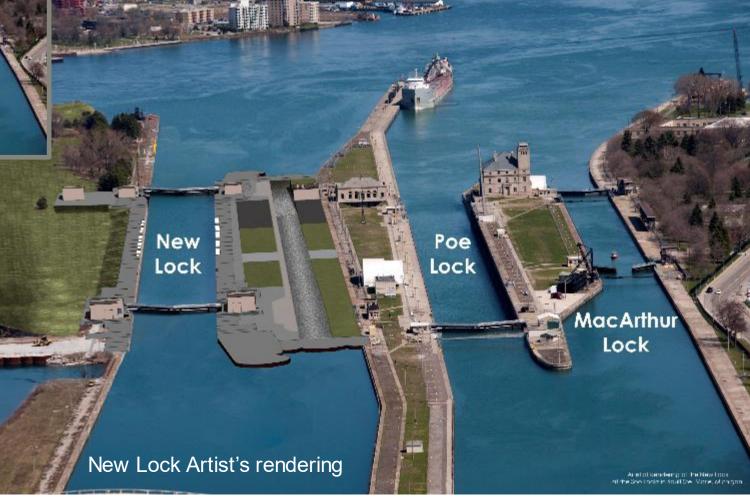


NEW LOCK AT THE SOO - ARTISTIC RENDERING





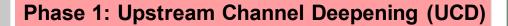
Current Lock Configuration





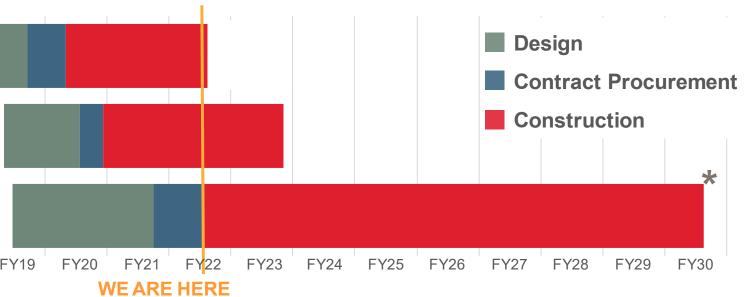
NEW LOCK AT THE SOO - STATUS





Phase 2: Upstream Approach Walls (UAW)

Phase 3: New Lock Chamber (NLC)

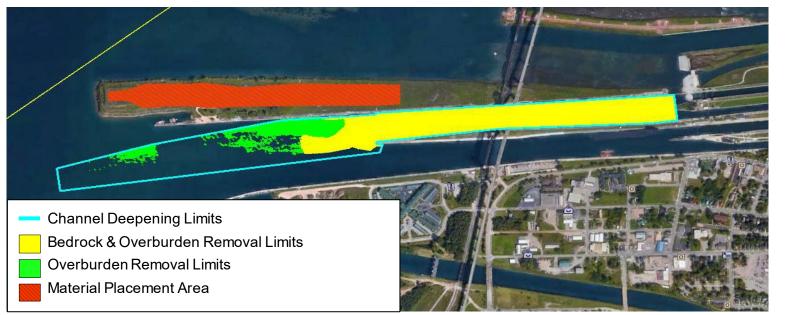


* Early completion could be realized with efficient funding, and favorable weather conditions





PHASE 1: UPSTREAM CHANNEL DEEPENING





Scope: Remove 300,000 CY of Jacobsville sandstone and overburden (loose sediment) to deepen the Upstream Approach Channel to depth of 30 feet

Construction Status:

- \$52.6M Contract awarded in January 2020 to Trade West Construction Co. of Nevada.
- Contractor has completed roughly 85% of the required contract work.

 The contractor is on track to substantially complete work by end of Fall 2021.

Estimated Performance Period: 20 Months

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PHASE 2: UPSTREAM APPROACH WALLS





Scope: Rehabilitate approach walls upstream of New Soo Lock including reconstruction of walls, concrete caps, mooring bollards, electrical, and lighting. **Project Status**:

- \$111.3M Contract awarded to Kokosing Alberici in September 2020
- Contractor arrived on site in April 2021 and is scheduled to complete work in Fall 2023

Estimated Performance Period: 36 Months

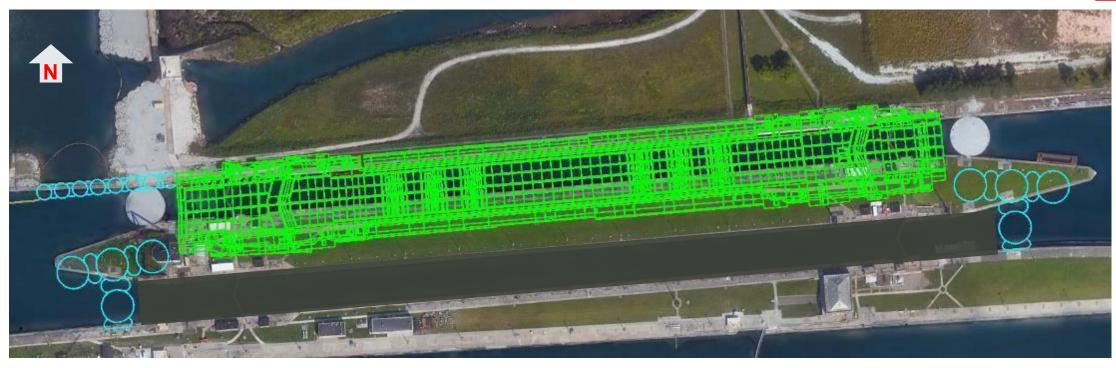
Breakwater - 350'

- · · West Center Pier Rehab



PHASE 3: NEW LOCK CHAMBER





Scope: Construct new 1,200' long by 110' wide by 32' deep chamber and rehabilitate downstream approach walls

Project Status:

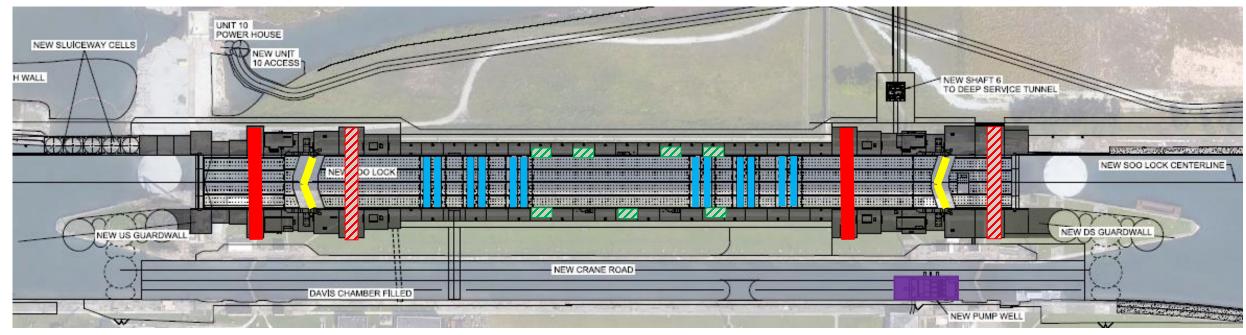
- 100% Design to be complete in August 2021
- Contract award expected in Winter 2022

Estimated Performance Period: 5-8 Years

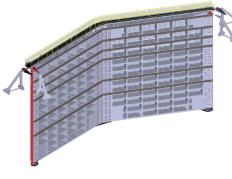


NEW LOCK CHAMBER KEY FEATURES





- Miter Gates
- Filling and Emptying System
- Upstream Ship Arrestors
- **200** Downstream Ship Arrestors
- **Mands Free Mooring**
- New Pump Well



Miter Gates



Ship Arrestor

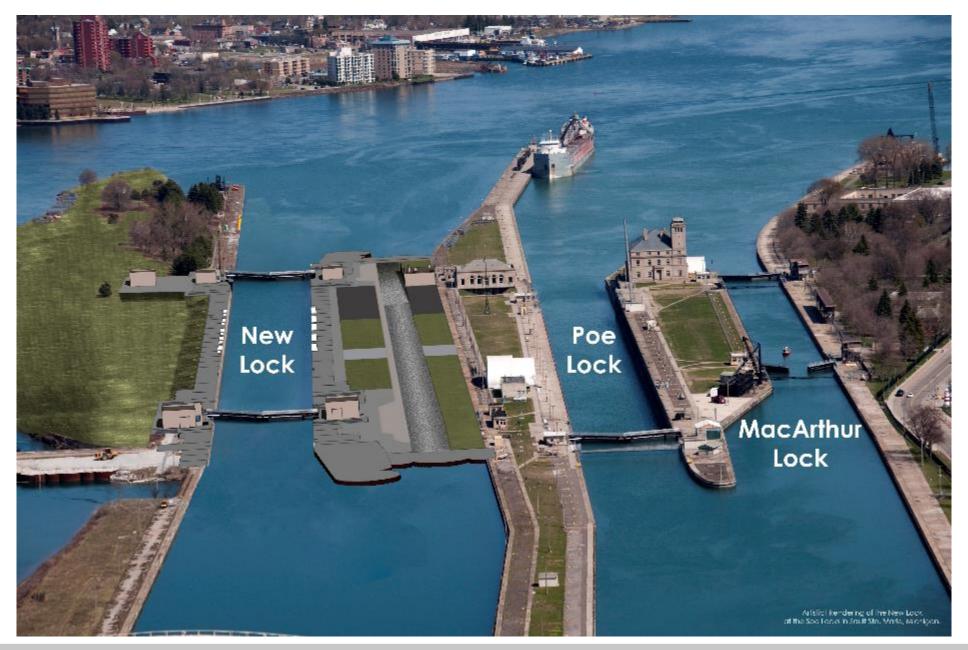


Hands Free Mooring Unit

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FUTURE SOO LOCKS: ~2027-2030







GREAT LAKES NAVIGATION SYSTEM



The GL system's savings over the next least costly mode of transportation



\$3.9 Billion/year

- More competitive American steel
- Essential to sustaining U.S. auto industry
- Lower cost energy
- Lower cost concrete (construction)

- More competitive grain for export
- Less fuel consumption and greenhouse gas emissions
- Less congested highways/rails









Questions?



