

MEETING OF MICHIGAN SMALL HARBORS COALITION

September 30, 2008

Doubletree Hotel

Bay City, Michigan

Welcome & Introductions

Chuck May, Chair Pro Tem, opened the meeting welcoming and thanking the 72 people in attendance. Chuck then introduced and thanked the Coalition Technical Team, guests from other states, representatives of the Detroit Port Authority, representatives from Senators Levin and Stabenow offices, and the Coalition Steering Committee. (See www.miseagrant.umich.edu/harbors for the make-up of Technical and Steering Committee.)

State of the Coalition

To view the power point presentation see:

http://www.miseagrant.umich.edu/downloads/harbors/9-30-08/May_1_9-30-08.pdf

Chuck highlighted the harbor maintenance issues that have driven the founding of the MSHC, and the consensus Vision, Mission Statement, and Resolution of Support produced at the last state-wide meeting in April, 2008. The very significant progress and buzz of the MSHC was demonstrated using a map of Michigan (attached) showing the 38 harbor communities and 4 organizations (total of 42) who have signed official Resolutions of Support. These 38 harbor communities anchor counties representing over 1 million citizens. (Note: As of 10/23/08, the number of approved Resolutions has increased to 48 with the addition of Huron County Commissioners, Harbor Beach, Ferrysburg, Sault St. Marie, the Great Lakes and St. Lawrence Cities Initiative, and St. Ignace.) A further breakdown reflects that approximately 70% of shallow draft harbors, 50% of commercial harbors, 75% of lower Lake Michigan, 60% of lower Lake Huron, and 35% of the Upper Peninsula have approved Resolutions. This leaves the western portion of the Upper Peninsula and lower Lake Huron to Lake Erie as the areas yet to be represented in the MSHC.

Bottom line, with these approved Resolutions, continuing support by congressional leaders and the U.S. Army Corps of Engineers, growing interest from other Great Lakes states, and other advocate organization, the “buzz” about the MSHC is definitely growing. This “buzz” has helped with the funding for Michigan harbors in 2008 and the \$5 million line-item pending for 2009. It also gives the MSHC confidence in moving forward with strategies/actions to accomplish its Vision and Mission statements.

USACE '08 Dredging Update

To view the power point presentation, see:

<http://www.miseagrant.umich.edu/downloads/harbors/9-30-08/Schloop%209-30-08.pdf>

Wayne Schloop, Chief of Operations, Detroit District of the U.S. Army Corps of Engineers, recapped the status of 2008 dredging projects. He highlighted that the vast

percentage of 2008 projects are now complete despite the shortage of qualified dredging contractors. The balance of 2008 projects will be completed yet this year or, with the harbors' agreement, by next spring.

Cost of Great Lakes Dredging

To view the power point presentation, see:

<http://www.miseagrant.umich.edu/downloads/harbors/9-30-08/Boik%209-30-08.pdf>

Bill Boik, Waterways Planning Unit Supervisor, Michigan Department of Natural Resources, presented the results of a study that indicates the USACE would need annual funding of \$9.4 million, at today's economics, to maintain the Federally authorized shallow draft harbors through-out the Great Lakes Region. During follow-up discussion it was noted that this amount is an ongoing average required for dredging only, and 1) assumes that authorized commercial harbors receive adequate dredging funds from the Harbors Maintenance Trust Fund, 2) that the backlog of dredging projects probably requires a doubling of this average amount for at least the first five years or so, and 3) that the massive backlog of projects for harbor infrastructure maintenance (mostly seawalls that were constructed over 100 years ago) will require considerably more funding over the next 10 years or so. It was also pointed out that the \$9.4 million for ongoing annual dredging is relatively minor in comparison to the Great Lakes Commission/MSU study findings that shallow draft harbors generate an annual economic punch of \$19 billion and support over 240,000 jobs.

The Federal Appropriations Process

To view the power point presentation see:

<http://www.miseagrant.umich.edu/downloads/harbors/9-30-08/Miller-Appropriations.pdf>

Jan Miller, Environmental Engineer, Great Lakes and Ohio River Division, U.S. Army Corps of Engineers, presented his experienced view of the steps and timing associated with the federal appropriations process. Jan pointed out that the process starts in January each year with the Administration's Proposed Budget for USACE dredging expenses. This proposed budget includes funding for commercial harbor dredging but for the past 15 years has not included dredging or infrastructure funding for the 71 authorized shallow draft harbors of the Great Lakes. In February-March, Congress reviews and proposes adds/revisions to the Administration's Budget Proposal and sends any planned increase to the USACE for fact review and capability to meet the requested dredging actions. During the period of May thru August, House and Senate appropriations sub-committees, and the full appropriations committee, review and decide on the "marks-ups". Any differences are worked out in a House-Senate appropriations conference committee. The process typically culminates in Congressional passage and the President's signature in September. Discussions indicated that for 2009, the budget process will not be completed until after the Presidential election, but at present the \$5 million line item the MSHC helped sponsor for dredging Michigan's harbors is "up in the air".

The challenge to the MSHC inherent in the Appropriations Process is to gain support for the 2009 \$5 million provision and to work with our Senate and House members to support adding the needed funding for 2010 during the February time period for submitting such requests to the appropriate sub-committee.

Great Lakes Dredging Crisis

To view the power point presentation, see:

<http://www.miseagrant.umich.edu/downloads/harbors/9-30-08/Weakley%209-30-08.pdf>

Jim Weakley, President of the Lake Carriers Association, presented a data driven look at the Great Lakes dredging crisis and how the Great Lakes system is continually. Jim pointed out that the budget for dredging the nation's waterways has been inadequate for decades, with the Great Lakes faring even worse than other waterways. Just 1 inch of reduced draft due to inadequate dredging results in the loss of 8,000 tons of cargo each trip for the 63 U.S. flagged lake carriers represented by the Lake Carriers Association—a very significant economic hit for the Nation's most efficient mode of transport.

Jim shared with the attendees the appropriations process in Congress, the very narrow window in February of each year to request funding for harbor maintenance, and the actions the Lake Carriers Assoc. and the Great Lakes Maritime Task Force (labor/management coalition representing the Great Lakes maritime industry) take to increase the funding for the commercial harbors. These actions to convince committee staffers and chairmen include letters, meetings, press releases, attending events, testifying at hearings, etc. While this effort resulted in the highest appropriation in recent memory for 2008 (congressional add of \$32 million to the Administration's proposed \$106 million—total of \$138 million), the funding still fell short of the \$170 million needed to “keep-up” with dredging needs and the \$230 million needed to eliminate the dredging backlog for commercial harbors. Further, the proposed budget for 2009 reflects a cut of \$49 million or 35% from the inadequate 2008 budget level, and continues the long trend of under-funding even the minimum requirements of Great Lakes harbors (leaving a dredging backlog of \$215 million).

A new national organization, RAMP, has recently been created to help promote the Administration's and Congress' attention to adequately funding the Nation's harbors. RAMP stands for “Realize America's Maritime Promise” and represents the “Harbor Maintenance Trust Fund Fairness Coalition”. The theme of RAMP and the Lakes Carriers Association is to “put a fence around the Harbor Maintenance Trust Fund (HMTF) which is funded by a tax on the value of imported commercial cargo and on passenger vessel tickets. The purpose of the HMTF, authorized in 1986, is to pay for the operation and maintenance cost of the harbors. Yet the HMTF contains over \$4 billion and is growing as taxes collected each year vastly exceed the funding appropriated for harbor maintenance. It is the goal of RAMP (including Lake Carriers Assoc. and Great Lakes Maritime Task Force) to “seek legislation that will result in full access to annual revenues from the HMTF tax, to be used for their intended purpose—operation and maintenance of Federal ports and harbors” (www.RAMPHMTF.org). Jim closed by

encouraging the Michigan Small Harbors Coalition in its Mission and Goals, and to work in complement with RAMP's actions with the Federal Government to use the HMTF for its intended purpose—maintain the nation's federally authorized harbors!

Strategy and Actions

To view the power point presentation, see:

http://www.miseagrant.umich.edu/downloads/harbors/9-30-08/May_2_9-30-08.pdf

Given the progress of MSHC to-date with the passion and organization (including the 42 authorized Resolutions of Support) phases of change, the attendees turned their attention to agreeing on the strategic direction and action plans needed to move forward toward MSHC's mission of adequate funding.

Chuck highlighted the “tough times” we face in seeking the needed increased funding—war, financial upheavals, transportation infrastructure, costs etc. These leave the nation strapped for funds. Further, the political turnover from the upcoming election will make it even harder to quickly get attention as new people settle into their offices. Also, “earmarks” will likely be under fire and even less likely to be tolerated. Despite these “tough times”, the Great Lakes are likely to present the nation with opportunities that warrant increased investment. These opportunities include energy independence/efficiency that will drive greater dependence on the Great Lakes as a transportation system, recognition of the Great Lakes as a system for an even more powerful economic engine based, on its wind resources (a very recent MSU study indicates this resource is likely capable of generating 10 times the present energy created in the State of Michigan).

Therefore, despite present “hard times”, our harbors need to stand together in carrying this message of opportunity and federal responsibility to Washington D.C. Thankfully, the MSHC has progressed to this point in only eight months since its initial meeting.

The attendees then discussed the draft of strategy and action plans presented by Chuck and the Steering Committee. A consensus was reached that the following initiatives would be pursued:

- Establish the MSHC leadership team with volunteers representing the geographic distribution of the Coalition's membership. These volunteers to-date are Denny Blue (Michigan Charter Boat Assoc.), Robin Abshire (S. Haven), Felicia Fairchild (Saugatuck), Helen Pasakarnis (East Tawas), and Reggie Ignash (Sebawaing). We still need leadership representatives for the Upper Peninsula and the Port Huron area south to Lake Erie.
- This leadership team will help in getting the Resolutions of Support from the balance of Michigan harbors, bring creative ideas to promote the “buzz” for the MSHC, and help Chuck and the Technical Team to develop the message/approach to be used with the Federal Government both near and longer term.
- Near term, work with our Senators' and Representatives' staffs to obtain approval of the \$5 million provision proposed for the 2009 Budget.

- Near term, monitor Congressional plans for a Water Resources Development Act (WRDA) and, if so planned, work closely/actively with Congress and USACE to include language to authorize funding for small harbor maintenance.
- Near term, prepare MSHC's message for specific funding to be requested thru our Congressional leaders in the 2010 Budget process beginning in February, 2009.
- Present the above plans for discussion/revision/approval at the next state-wide meeting of the MSHC on January 20, 2009 in TBD location. This meeting location will be supplemented by WebEX conferencing capability for those unable to attend the meeting in person. This WebEX capability will permit audio by conference phone and video of power points via personal computers.
- Near term, present the above "consensus plan" to congressional offices during Great Lakes Day, organized by the Great Lakes Commission in Washington D.C. on February 24 & 25, 2009.
- Near term, communicate the Mission, status and plans of the MSHC to the Michigan Waterways Commission and invite ways we can work together in accomplishing the "Mission".
- Mid term, develop plan of action to share the Mission, status, and plans with the other Great Lakes States and invite/promote their participation in a Great Lakes Regional Collaboration.
- Mid term, develop plans, as appropriate, to work with the Lake Carriers Assoc., the Great Lakes Maritime Task Force, RAMP, etc. in convincing the Administration and Congress to put a fence around the Harbor Maintenance Trust Fund and to appropriate funding to maintain all Federally authorized harbors at least equal to the HMTF's annual revenue.
- Longer term, establish a regional Great Lakes harbor group to represent and achieve adequate funding for dredging and infrastructure of all Federally authorized Great Lakes harbors.
- Longer term, achieve our Vision and Mission Statements of replacing the present inadequate 'earmark' process with an annual, equitable, sustainable, needs based line item budget appropriation process.

In conclusion, the meeting on September 30 in Bay City had excellent attendance, great support from our speakers, very strong evidence of MSHC progress thru Resolutions of Support by the harbor communities and advocate organization, a growing buzz within and outside the MSHC, and active participation by attendees in discussing/reaching consensus on the strategies/action plans to be addressed in preparation for our next meeting on January 20th 2009 (location TBD).

We look forward to seeing all of you at that meeting.

Respectfully,

Chuck May, Chair Pro Tem