



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

RICK SNYDER
GOVERNOR

KIRK T. STEUDLE
DIRECTOR

Commission for Logistics & Supply Collaboration
DRAFT Meeting Minutes
November 8, 2018

LSC Members Present:

Tim Hoeffner
Robert Boehm
Matthew Chasnis for Jeff Mason
Roger Huff (via phone)
Dr. Pasi Lautala
Joe McCulloch for Gordon Wenk
Fred Schlemmer (via phone)
Janice Walsh (via phone)
Leslie Brand (via phone)
Peter Anastor
Dr. David Closs

LSC Members Absent:

Jamie Clover Adams

Special Guest:

Joe Bryan (WSP)
Joe Gurskis (WSP via phone)
Dave Wright (USACE)
James Fults (WDA)

Port Advisory Committee:

Paul LaMarre
Erin Kuhn
Gabe Schneider
Chuck Squires
Paul Strpko
Rob Innis (via phone)
Kyle Burleson (via phone)

PAC Members Absent:

Bill Vajeda
Rodney Stokes
Paul Rogers
Mark Pontti

Todd Davis (WSP)
Susan Henshaw (USACE)
Mollie Mahoney (USACE)

The meeting was called to order at around 9:08 a.m.

Welcome

Approval of August 9, 2018 minutes. The motion and was approved by all LSC members.

Port Advisory and LSC Update

Paul Lamarre gave brief update regarding the Soo Locks project. PAC members recently met with Nick Romani to talk about funding the project and making sure it is a part of the President's budget. The priorities for the committee from each region remain similar to the last meeting as these issues normally span long periods of time. Major progress has been made with U.S. Customs and Border Control (USCBC). Port of Monroe has been accepted into USCBC's reimbursable services program and is currently working to get the necessary facility

requirements defined in order to provide a full-service container facility in the next 24 months by the 2020 shipping season. All members are looking at local projects which could bear fruit for potential funding through Michigan Strategic Fund. Also looking to define key maritime issues for the state and make sure the Governor's office is informed. PAC is in the process of putting together a transition report for the Governor-elect which will be done by mid-December.

Tim Hoeffner gave a brief update regarding the LSC activities over the last year. The Logistics and Supply Chain Commission has met four times since the last joint meeting with the PAC. LSC has had regular updates from MEDC on efforts to attract new businesses or expand existing business. The LSC has also had frequent updates regarding progress on connected and automated vehicle technology, the State Long Range Plan, Rail Plan and Freight Plan. LSC also had a variety of other presentations: the Eastern UP effort to develop a logistics strategy (the final report was recently shared with the council members), the survey results from the Freight Advisory Committee, State talent and workforce development efforts, UP Logging Study looking at shipment capacities by truck and rail in the Upper Peninsula, and the I-95 Corridor Coalition and its efforts to measure performance of supply chains serving major industries across the nation. The LSC also had a chance to tour the Meijer Distribution Center, Wayne Industries and American Center for Mobility.

State Long Range Transportation Plan Update

Joe Bryan gave an update on combining the State Long Range Transportation, State Freight and State Rail Plans. The key thing to recognize is that all three plans are required for federal funding, but this will be the first time all three will be combined. The objective is to integrate multimodal freight considerations throughout the plan. The goal is to satisfy federal requirements while mainstreaming freight into the SLRTP. The SLRTP should be able to stimulate and support economic development and capitalize on opportunities throughout the state. There is a great deal of overlap among the existing mandated plans. There are parallel steps in creating a uniform process. The SLRTP goals are translated in Freight and Rail Plan terms. There will be extensive outreach with stakeholders including the public. Combining the three plans will provide substantial efficiencies in development, use one effort instead of three, and ensure that it's clear how the three components interact. The key elements are defining goals and objectives, multimodal policy and development, economic impact analysis, performance

measures and safety. annoyances. SLRTP will establish coordinated transportation policies and strategies. The Investment Plan will support economic impact across all modes and exploit modal project synergies while satisfying federal requirements. SLRTP will also focus on safety with balanced treatment of traffic interactions and positive technology effects on safety and health.

The Comparative Requirements are as follows: SLRTP: Broadly defined with no plan structure specification. Freight Plan: more prescriptive and stipulates and investment plan. Rail Plan: highly prescriptive with project prioritization and detailed investment plan. The FHWA gave + informal approval on 10/30/18.

Soo Locks Update

Mollie Mahoney with U.S. Army Corps of Engineers (USACE), Detroit District gave an update on the Soo Locks along with a history of locks. The Great Lakes Navigation System is an inter-dependent system made up of 60 commercial harbors, 80 recreational harbors, and 600 miles of channel. System accounts for 10% of all US waterborne domestic traffic with 130 M tons of commodities transported between and within the US ports. Soo Locks connect Lake Superior to the lower Great Lakes and roughly half of the Great Lakes Navigation System's tonnage passes through the Soo Locks. 90% of tonnage is restricted to the Poe Lock because of size. Major commodities that pass through the Locks include: Iron ore, coal, limestone, and grain. In the event of a Poe Lock closure, iron ore tonnage would be stranded until the lock reopens. This is an issue because nearly all domestically produced advanced high strength steel used to manufacture products like cars and appliances is made with iron ore that transits the Poe Lock.

The benefits of the new lock reflect a reduction in risk associated with the existing single point of failure for the nation's supply chain of iron ore shipped from Lake Superior ports to the steel mills on the lower great lakes. The Department of Homeland Security did a study on the robustness of the iron-ore supply chain and concluded the Poe Lock is the most fragile supply chain they have ever studied. The route for iron-ore has not changed for over 160 years. In WWII the iron-ore industry was so important to the United States that 12,000 soldiers were stationed in Sault Ste. Marie to protect the locks. The Soo Locks is made up of four locks, two of

which are closed and will be renovated into one new lock. There is also a hydropower facility that powers 15% of the upper peninsula.

The Soo Lock Validation Study was conducted to provide an economic update on the benefits of constructing a new lock. The need for a redundant, Poe-sized lock was first identified in 1986 during a feasibility study. Since then the USACE has done a series of economic updates on the benefits and costs for the new lock. This study differed from previous studies in a variety of way including having engineering liability data on the existing Poe Lock. There was also updated traffic forecast. One of the key points in the validation study was including the value of iron ore and the impact to the economy in the event of a Poe Lock shutdown. The Validation Study was approved by the USACE Headquarters on June 29, 2018.

The economic impact of the new Soo Lock construction will mean over 1,100 direct and indirect jobs , \$1.82 billion in business revenue and \$833 million in gross regional product. At the peak of the construction there should be approximately 250 workers onsite. The construction will happen in three phases: upstream channel deepening, upstream approach walls and finally the new lock.

Great Lakes Project Update

Dave Wright with the Detroit District of the U.S. Army Corps of Engineers gave an update on the Great Lakes Navigation System and its value to the economy. The Great Lakes holds 23 of the nation's top 100 harbors based on tonnage moved. Ninety-five % of what's moved on the Great Lakes stays on the Great Lakes. The Detroit district is also responsible for the Chicago and Buffalo districts due the interoperability of the ports. There are four major categories involved in maintain the system: dredging, dredging material management, navigation structure and lock reliability. The Harbor Maintenance Trust Fund provides the funds for the GLP to operate and provide the maintenance to the locks. The owners of the cargo pay, not the shipping industry. The funds are allocated individually depending on the project being done.

The President's budget is as follows:

Great Lakes Navigation Operations & Maintenance

\$106.23M + \$55.2M = \$161.4M

Key Items

\$37.86M + \$17.8M in Dredging (40 projects; 4.5M cy)

\$11.3M in Dredged Material Management

\$8.9M + \$6.92M in Soo Locks Maintenance

\$0 + \$21.8M in Contract Navigation Structure Repair

The goal is to get as much funding in the President's budget as possible to keep up with the upcoming project schedules and repairs to older structures.

U.P. Log Study Update

Dr. Pasi Lautala gave an update on the Log Study that is being conducted by the Forest Products Industry in the Upper Peninsula, Northern Minnesota and Wisconsin. MEDC has provided a planning grant that requires one-to-one matching, in which the funds are being matched through MDOT, MDARD and University Transportation Funding from USDOT. The railroad companies have been extremely cooperative by giving details of how the transportation system works in the region, and the team has been able to build a very good model of the system documenting actual shipping tonnage, ports of origin and destination. There are about 27 sites being used to track rail movements. All key models have been through validation runs and checked for accuracy.

Open Discussion

James Fults will be enrolling in the talent pipeline management training academy. For more information on the program please go to www.thetalentsupplychain.org

Proposed 2019 Meeting Dates

February 7th – Lansing, Michigan

May 9th – TBD

August 8 – TBD

November 7th – Lansing, Michigan

No public comments were made

Meeting was adjourned at 11:02am