United States Senate

WASHINGTON, DC 20510

August 17, 2012

The Honorable Jo-Ellen Darcy
Assistant Secretary
U.S. Army (Civil Works)
108 Army Pentagon
Washington, DC 20310-0108

Dear Secretary Darcy:

We are writing on behalf of the Great Lakes Maritime Task Force regarding their requests concerning the Soo Locks described in the attached July 19, 2012 letter. We urge you to favorably respond to their requests and update and improve the benefit-cost analysis of the Soo Lock replacement project. We also ask that you meet with a representative from the Task Force to discuss this matter.

The Soo Locks is a critical lynchpin in the Great Lakes navigational system. Only one lock, the Poe Lock, is able to handle the bulk of the goods that are shipped through the Great Lakes. A shut-down of this lock could result in millions of dollars of economic damages. It is critical that a new Poe-sized lock is built to provide the necessary redundancy to this system. Additionally, the Poe Lock should be improved to reduce the risk of closures; we urge you to fully implement the Soo Locks Asset Renewal plan to increase the reliability of the Poe Lock.

We specifically ask you to respond to the attached letter from the Great Lakes Maritime Task Force, and we hope you will meet with and work with this coalition of stakeholders to update the benefit-cost analysis. The Soo Locks is a vital part of the Great Lakes navigation system and is essential to supporting hundreds of thousands of jobs.

Thank you for your consideration of our request. If you have any questions about this matter, please do not hesitate to contact us or have your staff contact Alice Yates in Senator Levin's office (202-224-2683) or Matt VanKuiken in Senator Stabenow's office (202-224-4822).

Sincerely,

Senator Carl Levin

Senator Debbie Stabenow

Enclosure

GREAT LAKES MARITIME TASK FORCE

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Bay Shipbuilding Co. / Fincantieri Marine Group USA

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Toledo Port Council, MTD, AFL-CIO

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Grand River Navigation Company, Inc
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IAMAW Local Lodge 1943
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ILA Local 1317
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GREATER WASHINGTON
American Great Lakes Ports Association
American Maritime Officers Service
International Brotherhood of Boilermakers
K. Gates
MEBA, AFL-CIO
Transportation Institute

July 19, 2012

Via E-mail: joellen.darcy@us.army.mil (original mailed)
Ms. JoEllen Darcy
Office of the Assistant Secretary of the Army
(Civil Works)
108 Army Pentagon
Washington, DC 20310-0108

Dear Ms. Darcy:

In the 20 years since our founding Great Lakes Maritime Task Force has blossomed into the largest labor-management coalition ever to promote waterborne commerce on the Great Lakes and St. Lawrence Seaway. We represent every facet of the industry: shippers, carriers, shoreside and shipboard labor, shipyards, dredgers, marine service providers….

The U.S. Army Corps of Engineers' tradition of stewardship in Sault Ste. Marie, Michigan, dates back to 1870, when the Federal government took control of the locks that link Lakes Superior and Huron. Those locks have played a key role in our nation's national defense and prosperity. During World War II they fed iron ore to our steel mills and enabled America to win a 2-front war. In peace time that iron ore and other domestic, Cross-Lakes, and overseas cargos have been the basis for a standard of living that is still unmatched.

However, the locks are aging. Two date from World War I and are permanently closed. The MacArthur Lock dates from 1943; the Poe Lock from 1969. Many in our industry are concerned about the reliability of the Soo Locks and their ability going forward to move the cargo that drives the industrial heartland of North America. We have not had a serious outage, but some short-duration closures have given us a glimpse of the catastrophe that awaits should there be a long-term failure.

With this in mind, we are writing to request an update to the replacement lock's benefit to cost study, which was originally prepared in 1986 and updated in 2004. A lot has changed since 2004 and a fresh look at project's benefits is in order. We are concerned that those studies may have missed some of the nuances of the Great Lakes Navigation System. Furthermore, shippers, carriers, dock owners, labor unions and manufacturers have expressed concerns about the methodology used, assumptions made, stakeholders not consulted, and the conclusions reached by both the original and updated study. It is our belief, and theirs, that the replacement lock economic study deserves an inclusive and comprehensive update. We respectfully request that you work with key Great Lakes constituencies in preparing the updated study, including us, the Lake Carriers' Association, Detroit Regional Chamber, ILA, International Association of Machinist and Aerospace Workers, and the Great Lakes Research Institute. We will be happy to provide you with specific contact information.

Continued…./

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July 19, 2012

In addition to working with Great Lakes Navigation System stakeholders, we would like you to work with representatives from the key economic development agencies within the State of Michigan. Our academic institutions also could provide support with the economic and logistical intricacies of the system.

The Great Lakes shipping community has raised several specific concerns that we would like to see addressed in the updated benefit calculation. They challenge the assumption that rail capacity exists to carry the diverted cargo and that the rail connections and infrastructure exist to deliver the cargo where needed. It is a fact that some steel mills lack rail access and/or the equipment and systems necessary to move iron ore from rail car to blast furnace. The assumption, in the 2004 update, that there would be no impacts from an outage of 30 days or less (it assumes that stockpiles could sustain production) is inconsistent with a more recent Corps statement that a 30-day outage of the Soo Locks would have an economic impact of $160 million. The 2004 study states that "All-land routing was assumed unconstrained and available at the current market rail rates." Some have suggested that this one assumption alone is enough to question the validity of the entire study. We have been told that American railroads do not have enough excess capacity to handle 50 or 60 million tons of iron ore and 15 million tons of western coal and cannot quickly acquire that capacity. Even if the railroads had the capacity, the rail connections do not exist to move the cargo to where it is needed.

The consensus on the Lakes is also that the assessment of reliability in both the original and 2004 study is vastly overstated. The 2004 study found that "No significant closure has occurred at the Poe Lock, and the existing condition of the Poe Lock and operational procedures in place at the Soo locks make the likelihood of closures similar to those experienced at other facilities very remote." However, in 2008 the Poe experienced three outages. In August 2010, a 12-hour closure of the Poe Lock to weld a crack on a gate delayed nine U.S.-flag lakers (including six of the thirteen 1,000-foot-long vessels), one Canadian-flag tanker, and an ocean-going vessel. Already, this year, the Poe Lock experienced an unscheduled outage, which caused significant delays to lakers. To the Corps' credit, these have been limited outages. However, more recent inspections and outage data justify another look at the probability assumptions. We are told that the original methodology used was "expert opinion" and recent history is at odds with its conclusions. We believe that the probability of a failure is significantly higher than it was estimated in 2004 and would hope that predictive models are more advanced than they once were. They also raised other concerns regarding both assumptions and conclusions in the calculation.

Thank you for your willingness to consider a fresh look at the cost and benefits of the replacement lock at Sault Ste. Marie. Jim Weakley will be your liaison with GLMTF and he would like to meet with you and more fully discuss this effort. With your permission, he will contact your office to arrange the meeting.

We also hope you will personally visit the Soo Locks soon and use it as an opportunity to show your support for the initiative, work with stakeholders, and begin the fresh look at the benefits and costs of the replacement lock.

Very Respectfully

Eugene Caldwell
President

Donald N. Cree
1st Vice President-Positions & Resolutions

James H.I. Weakley
2nd Vice President-Membership

John D. Baker
3rd Vice President-Government Relations

Cc: The Honorable Carl Levin (D-MI)
The Honorable Debbie Stabenow (D-MI)
The Honorable Dan Benishek (R-MI)
Major General Michael J. Walsh, Deputy Commanding General, Civil and Emergency Operations
General Margaret W. Burcham, Commander, LRD
Lt. General Thomas P. Bostick, Commanding General and Chief of Engineers
LTC Rob Ells, Commander, Detroit District
Steven L. Stockton, Director of Civil Works