



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

PAUL C. AJEGBA
DIRECTOR

JOINT MEETING
of
Commission for Logistics & Supply Collaboration
and
Governor's Port Advisory Committee

Meeting Minutes
August 13, 2020

LSC Members Present

Paul Ajegba
Peter Anastor *for Gary McDowell*
Les Brand
Beth Colosimo *for Mark Burton*
Dr. David Closs
Roger Huff
Dr. Pasi Lautala
Fred Schlemmer
Janice Walsh

PAC Members Present

Paul LaMarre
Erin Kuhn
Gabe Schneider
Kyle Burlison
Paul Strpko
Charles Squires
Mark Ponti

Members absent

Rodney Stokes
Robert Innis
Mark Ponti

The meeting was called to order at 9:06 a.m.

Al Johnson, Interim Office of Rail Director, Michigan Department of Transportation (MDOT) welcomed members of Commission for Logistics & Supply Collaboration (LSC), Governor's Port Advisory Committee (PAC), and MDOT support staff . A quorum was established.

Motion to approve draft from May 7, 2020 was brought forth by Beth Colosimo and approved by all present members of LSC

Port Advisory Committee Update

Members provided Port Advisory Committee update. It was mentioned that wind energy has been incredible about 2/3 through blade program. The Port of Monroe was able to accommodate two incoming vessels per day. High waters are causing a few issues with vessels being too high and concerns with dredging. Gabe Schneider-The PA site visit to Traverse City highlighted a project that would possibly allow some of the cruise ships to dock in Traverse City. This is currently on hold. The Great Lakes Maritime Academy instituted some protocols that allowed students to continue to have sea time. There was one cadet that tested positive for COVID-19 and was quarantined. The Maritime Administration gave direct funding to GLMA in the amount of \$1M and an additional \$5M for technology upgrades and on hands training. Senator Stabenow and Senator Peters included language in the CARES Act that provided \$1.7B for harbor projects which was a big win for maritime initiatives. Detroit Port Authority is suffering from steel tariffs. The end of year expectation is presumed to be the same as 2019 or worse.

Logistics & Supply Chain Commission Update

Fred Schlemmer, Chief Financial Officer of SteelPro, provided an update on LSC's activities since the last joint meeting with the Port Advisory Committee held in Muskegon, August 2019. Mr. Schlemmer reported that LSC has met three times since the last joint meeting. The meetings have covered workforce development; legislative updates; LSC strategic planning; the Upper Peninsula Logging Study led by Dr. Lautala; U.S. Department of Commerce Supply Chain Advisory Group (through Dr. Closs' participation); and COVID-19 impacts. COVID-19 impacts that have been discussed by the LSC include the impacts to the supply chain; changes to material sourcing; reshoring/nearshoring; MEDC's efforts to help rural businesses. The disproportionate nature of the impacts of the pandemic was of concern for the LSC. As the LSC's representative on the Michigan Mobility 2045 Stakeholder Group, Mr. Schlemmer also discussed the 25-year plan that will fully integrate the State's Freight and Rail Plans.

MEDC 5-Year Strategic Plan

John Groen, Managing Director, Strategy, Policy and Research at Michigan Economic Development Corporation presented MEDC 5-Year Strategic Plan. Five years was chosen to create stability of a strategic vision while giving enough time implement any changes that was necessary. Five critical questions were put forth: 1) How does Michigan compare with other states; 2) How have the flagship performed; 3) What major trend should the MEDC consider; 4) What happens if the economy slows down and 5) What industries MEDC should focus on? There are eight guiding principles that shaped new aspirations to inform MEDC's strategy for the next five years.

MEDC is committed to enabling long-term economic opportunity for all Michiganders. MEDC will work actively with its partners to attract, grown and retain strategic industries that will have the greatest potential economic benefit on all communities throughout Michigan. Five-year North Star targets aligned with MEDC guiding principles and vision.

MM2045 Update

Joe Bryan, WSP, Service Area Manager, Freight and Logistics provided an update on Michigan Mobility 2045 and shared some of the early findings. A draft plan is expected in the late spring of 2021, with a final plan expected in the summer of 2021. Information was shared on freight volumes and flows. Initial freight bottleneck findings were shared, which continues to be developed through stakeholder outreach. See presentation for further details. The group discussed technology that impacts supply chain performance. Upcoming Freight and Industry Forums will feed the development of the plan.

September 2nd will focus on Northern and Upper Peninsula freight issues. September 10th will focus on Western and Southwestern Michigan freight issues. September 16th will focus on the Thumb and Central Michigan freight issues. The Southeast Michigan forum was held previously on July 22nd.

State Legislative & Fiscal Update

Mark Polsdofer, Deputy State Transportation Commission and Policy Adviser provided an update on Senate Bill 517 that was signed into law by Governor Whitmer. This

legislation creates a state-wide tolling study. At the conclusion of the two-year study, options for tolling locations may be identified to consider converting to toll roads or facilities.

On July 22 a supplemental Fiscal Year 2020 budget to address the \$2.2 billion budget shortfall caused by the COVID-19 pandemic was passed. Through various mechanisms, the deficit would be eliminated by accessing federal funding, tapping into \$350 million from the rainy-day fund, shifting budgets, and cutting spending.

Gov. Gretchen Whitmer issued Executive Order 2020-155 and was subsequently approved by the Legislature that cuts \$620 million in spending across multiple departments. Funds to MDOT that would be reduced, include for \$13 million General Funds: \$13 million in Economic Development Fund (EDF) fees that are not constitutionally restricted; and \$5.2 million Roads, Risk, Reserve Fund balance (money was still in this fund because of bid savings on those projects).

Federal Pandemic Relief Legislation

Zach Rable AICP, Transportation Planner, MDOT Asset Management and Policy Division provided updates that the federal government has now passed four major COVID-19 pandemic relief bills: Phase 1 – Coronavirus Preparedness and Response Supplemental Act; Phase 2 – Families First Coronavirus Response Act; Phase 3 – Coronavirus Aid, Relief, and Economic Security (CARES) Act; Phase 3.5 – Paycheck Protection Program and Health Care Enhancement Act.

The CARES Act, signed into law on March 23, is the most noteworthy for the transportation sector. US DOT received a little under \$40 billion in total appropriations – most of this funding went towards transit and aeronautics purposes. In addition, states received \$150 billion in funding for uses related to pandemic spending. Michigan received roughly \$3.87 billion of this total. There are ongoing negotiations about what will happen with the next phase of pandemic relief legislation, but there is steep

disagreement about the size and scope of the bill. The U.S. House has passed a \$3 trillion bill and the U.S. Senate has introduced a \$1 trillion bill. A major sticking point is direct aid to state and local governments.

FAST Act Reauthorization

The current surface transportation funding authorization, the FAST Act, expires at the end of this fiscal year (Sept. 30, 2020). The U.S. House recently passed an infrastructure package, the Moving Forward Act, that is anchored by a nearly \$500 billion surface transportation reauthorization bill. Last summer, the U.S. Senate's Environment and Public Works Committee passed their highway title for reauthorization, but still requires additional legislative language from other committees in the Senate to be considered on the Senate Floor. At this point it is extremely likely that the FAST Act will be extended past the Presidential election in November with at least one continuing resolution. However, a complicating factor is the solvency of the federal Highway Trust Fund, which has been hard hit by many staying home due to the COVID-19 pandemic. It's possible that FHWA will have to enter into cash management status this fall if Congress does not act.

Fiscal Year 2021 Appropriations

The U.S. House has passed 10 of 12 appropriations bills for FY 2021, including the Transportation-HUD and Energy and Water Development bills. These appropriations track closely with the dollar amounts provided in the U.S. House's infrastructure package. Importantly, they also provide \$123 million for the construction of a new lock at the Soo.

Soo Locks Project Update

Penny Carroll, Public Affairs Specialist, New Lock at the Soo, U.S. Army Corps of Engineers, Detroit District presented the Soo Locks project update.

PHASE 1 - UPSTREAM CHANNEL DEEPENING: Trade West - the contractor - began mobilizing equipment to their job site on 4 May and on 4 June they actually began dredging at the western end of the project. On July 16 they began the deepening project - bringing up bedrock.

This work on the eastern part of the north channel is important to accomplish first - so that this area is properly deepened for the Second Phase of the project - the Upstream Approach Walls - which will begin next spring. In order to have both contractors working on the same site, there has to be layering of the phases. The Contractor is currently bringing up about 750 yards of material per day (about 75 ten yard dump trucks) and production is currently on schedule. Roughly 300,000 cubic yards of material, mostly bedrock, will be removed from the mile long approach channel which will be placed on the Northwest Pier, located just north of the Upstream Approach Channel and will actually provide a windbreak for vessels. The Northwest Pier is property owned by USACE.

PHASE 2 - UPSTREAM APPROACH WALLS - involves rehabilitation of the upstream approach walls, which will stabilize the existing approach walls to allow for modern vessels to tie up and wait their turn to pass through the new lock. This contract has been solicited and is currently meeting source selection qualification boards. We aim to have this contract awarded in September with construction to begin in the spring.

PHASE 3 - NEW LOCK CHAMBER- The Corps has posted info about the upcoming Industry Day(s) for the New Lock Chamber. You can find that info here:
https://gcc01.safelinks.protection.outlook.com/?url=https%3A%2F%2Fbeta.sam.gov%2Fopp%2F7a0fa0f11d574ae989c3ef1e04c022fe%2Fview%3Fkeywords%3DPANGLR20P000001990-NewSooLockChamber-IndustryEngagement%26sort%3D-relevance%26index%3D%26is_active%3Dtrue%26page%3D1&data=02%7C01%7CFORDO%40michigan.gov%7C42f13c4ef6d048b3382408d83f9ec0aa%7Cd5fb708737

[7742ad966a892ef47225d1%7C0%7C0%7C637329298353150933&sdata=IFivQczTYJIfUEu2IXhPUknONWocaOxY7SP7uF%2BcawY%3D&reserved=0](https://www.fishbase.org/species/7742ad966a892ef47225d1%7C0%7C0%7C637329298353150933&sdata=IFivQczTYJIfUEu2IXhPUknONWocaOxY7SP7uF%2BcawY%3D&reserved=0)

This would be great info to get out to local and regional companies who may want to be considered for the work or as part of a joint venture or subcontractor. The Corps will be doing a staggered solicitation for this third phase of the project: we anticipate the first solicitation in March 2021 to be evaluated on technical criteria, and a second solicitation in July 2021. From there we aim for an award in Spring 2022 with construction beginning right thereafter. Construction is expected to take between 5 and 8 years to complete depending on efficiency of funding and weather.

Port Fisher Virtual Tour

Paul Strpko, Fishers Companies presented a virtual tour of Port Fisher.

No Public Comment

Meeting was adjourned at 11:06 a.m.