



Emergency Dredging Plan Fiscal Years 2013 and 2014

February 1, 2013



Background

- Michigan had over 800,000 registered boats in 2011, ranking 3rd highest in the nation
- The total average annual economic impact of registered boats on Michigan's economy yields:
 - \$3.9 billion in trip and craft spending
 - \$1.9 billion in value added
 - \$1.3 billion in personal income
 - 51,329 jobs

Issue

- Current water levels of Lake Michigan and Lake Huron are at an all-time low.
- Lake Michigan, Lake Huron, and Lake St. Clair are 16 inches lower than their levels from one year ago.
- Lake Erie is 21 inches lower than its level from one year ago.
- Lake Superior is one inch lower than its level from one year ago.
- The levels of Lake Michigan, Lake Huron, and Lake St. Clair are expected to continue dropping.
- As lake levels decrease, dredging needs increase to allow boats to access harbors.
- If dredging needs are not addressed, some harbors will close.

Dredging Assessment

To estimate the cost of emergency dredging, a survey of all 83 public harbors (63 communities, 19 state, and one federal harbor) was conducted in January, of which 82% responded.

Dredging Needs

Based on these surveys, the following investments are needed to dredge public harbor channels and basins:

| | |
|----------------------|---|
| \$ 5,550,000 | Federal areas of responsibility (Army Corps of Engineers) |
| \$ 749,700 | State areas of responsibility |
| <u>\$ 14,661,320</u> | Local areas of responsibility |
| \$ 20,961,020 | Total estimated dredging needs |

A total of 49 sites would be dredged with 70% of the investment directed to local communities in the form of grants.

Value Proposition for Addressing Dredging Needs

- Ensure public safety through a Great Lakes Harbor of Refuge Safety Network.
- Preserve access to the Great Lakes.
- Improve recreational boating opportunities statewide (including inland lakes).
- Provide benefit to the greatest number of boaters.
- Provide economic stability to local communities.

Planned Outcomes from Addressing Dredging Needs

Category #1: Maintain the Primary Harbor Safety Network (Harbors of Refuge). See *Appendix A for a map of the sites and Appendix B for a list of the dredging needs.*

Each harbor was evaluated against the following criteria to determine whether it:

- Is a Harbor of Refuge as designated by Congress.
- Has been more than three years since it was last dredged as recorded by the Army Corps of Engineers (ACOE).
- Provides direct Great Lakes access (defined as directly on or within a half-mile of a Great Lake).
- Has a channel authorized for dredging by the ACOE.
- Provides transient facilities (defined as having at least 50% of slips available for transient boaters).
- Is more than 30 miles from the next closest adjacent harbor.
- Has a boat launch for trailered boats that provides access to the Great Lakes.

Category #2: Preserve access to recreational harbors and boating access sites. See *Appendix A for a map of the sites and Appendix C for a list of the dredging needs.*

- Facilities identified by community survey as having compelling dredging needs.

Category #3: Keep boating access sites open in key inland lakes. See *Appendix D for a list of the state facilities with dredging needs.*

- 92% of total watercraft registrations are for trailered boats (26 feet or less) that rely on access to the inland lakes for recreation.
- DNR will redirect staff toward dredging at state facilities with no extra funding.

Implementation Plan

For local public harbors:

- Suspend DNR policy on local grant match requirements (from 50% to 0%).
- Coordinate grants and dredging contracts for economies of scale.
- Provide technical assistance to local communities.

For public harbors with federal areas of responsibility:

- Streamline permitting, where possible, with the DEQ and the ACOE.
- Establish a Memorandum of Understanding with the ACOE on federal project areas.
- Seek reimbursement from the ACOE for state funding used in federal project areas.

For redirection of existing appropriations:

- Seek legislative approval to redirect existing appropriated Waterways projects toward dredging.

Cost Summary

| Dredging Proposal | Total | Federal | State | Local |
|-------------------|---------------|--------------|------------|---------------|
| Category #1 | \$ 14,723,810 | \$ 4,500,000 | \$ 749,700 | \$ 9,474,110 |
| Category #2 | \$ 6,237,210 | \$ 1,050,000 | \$ 0 | \$ 5,187,210 |
| Category #3 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Total Est. Cost | \$ 20,961,020 | \$ 5,550,000 | \$ 749,700 | \$ 14,661,320 |

Funding Summary

| Funding Proposal | FY13 Total |
|--------------------|---------------|
| Federal Funds | \$ 0 |
| Waterways Fund | \$ 9,461,020 |
| General Fund | \$ 11,500,000 |
| Total Est. Funding | \$ 20,961,020 |

The DNR requests support to redirect nearly \$8.8 million of Waterways funding from existing appropriations, allocate \$0.7 million of uncommitted Waterways fund balance, and receive \$11.5 million of General Fund in fiscal year (FY) 2013 to address dredging needs throughout the state. *See Appendix E for a summary of the proposed Waterways funding.* The FY 2013 proposal does not include contingency costs as the DNR feels confident that it can implement these projects at or below the costs identified in the survey by working collaboratively with its partners to achieve efficiencies. The DNR also requests that boilerplate be added to the FY 2013 supplemental that specifies that any federal reimbursement from the ACOE be deposited proportionately in the General Fund and the Waterways Fund.

For FY 2014, the DNR requests that the \$9.4 million in additional revenue to the Waterways Fund generated from the proposed transportation funding package be appropriated for emergency dredging projects. The DNR also requests that boilerplate be added to the FY 2014 budget that specifies that any federal reimbursement from the ACOE for dredging costs be deposited in the Waterways Fund. In the event that the ACOE does reimburse the DNR for the costs of dredging, a like amount of Waterways Fund would be redirected from dredging to other recreational boating projects that were redirected to address emergency dredging projects in FY 2013. The DNR also requests \$6.9 million in FY 2014 for other priority recreational boating projects. *See Appendix F for a summary of the proposed funding.*

The DNR will also include a notice on each grant award for recreational boating projects that the project may be repurposed for dredging at other locations. If the proposed transportation funding package and the FY 2013 supplemental for emergency dredging needs are not enacted, the DNR will reexamine the priorities that were used to develop the FY 2014 budget for waterways projects.