

MINNESOTA FREIGHT ADVISORY COMMITTEE WINTER 2006 MEETING

The Minnesota Freight Advisory Committee (MFAC) met February 2, 2006, for its Winter quarterly meeting in Bloomington, Minnesota.

Motor Vehicle Sales Tax (MVST) 2006 Ballot Proposal – Progress Report

Panel members presented different aspects of the MVST proposal followed by a question and answer session. Panel member comments:

Todd Rapp, Himle Horner Inc.:

The amendment proposal is a logical solution. Tax on auto sales going to transportation funding makes sense. Current politics in the state is looking for solutions to the state's problems. It is, however, hard to pass amendments. First, the amendment would redirect money from the general fund. Also, it is difficult to sustain support throughout the campaign. There are also local concerns over funding shifts.

The campaign will officially launch before the end of the month (February 2006). The coalition will grow, hopefully, to 300 organizations, by March. The ultimate goal for the number involved in the coalition is much bigger than that. The campaign will be on TV and radio with advertising.

Margaret Donahoe, Minnesota Transportation Alliance:

There aren't many constitutionally dedicated funding sources. Amendments often fail and generally do not reappear very often after their failure at the voting booth. We need money and coalition members. Plus, there are other possible amendments that are much more visible in the next year. Some legislators may want to tinker with the current proposed amendment—there may be language concerns for some legislators. No less than 40% of MVST would go to transit and no more than 60% to the Highway Trust Fund. The highway industry is not worried about under-sharing with highways.

Bob McFarlin, Mn/DOT:

The Governor is strongly supportive of this constitutional amendment. He actually proposed it. The Governor has also proposed specific spending for the new revenue brought in by this amendment. Under the amendment, by 2012 100% of the MVST would go to transportation. That equals \$300 million in new revenue. The bonding programs have accelerated many projects. We appreciate the coalition's focus on the amendment.

Mn/DOT Web Site: <http://www.dot.state.mn.us/financing/>

Truck Size & Weight Project – Legislative Proposal Overview

Betsy Parker - Mn/DOT:

There was a great need for this study. Over the years many different exemptions and exceptions had been made to truck size and weight laws. A public draft of the proposal should be available by Wednesday, February 7th, when it will be presented to a joint committee of the legislature. The joint committee will hear from many different interested parties in this matter. Refer to the Mn/DOT Truck Size & Weight Project web site for a copy of the proposed legislation:

<http://webservices.camsys.com/trucksizeweight/index.htm>

“State of the State” Report - Panel of Minnesota Transportation Modes

Trucking—John Hausladen, Minnesota Trucking Association:

- Safety—2005 saw the lowest national fatal crash rate ever. Our numbers are down in Minnesota as well.
- The economy for freight trucking is good. Quarter 4 of 2005 was excellent.
- Less-Than-Truckload—LTL had more capacity in 2005 than truckload.
- Cost—The average price, nationally, was \$1.46/mile.
- Driver shortage with an aging workforce and hours of service being major factors
- Vehicle productivity depends heavily on intermodal growth, tolls, and size/weight issues.
- New federal standards on emissions to become effective in 2007.
- Issues of eminent domain, liability reform, and healthcare benefits.
- We continue the Highway Watch program.

Railroads—Brian Sweeney, BNSF RR:

- We have 2,300 employees in the state with a payroll of \$114 million. We operate 1,616 miles in the state with five facilities, and we move 2.4 million carloads annually.
- There are 362,000 carloads originating in Minnesota, with taconite, farm products, food products, lumber, and pulp/paper being the most common commodities. 332,000 carloads terminate in the state, and coal accounts for one-third of all carloads. Metallic ores make up another one-third of terminating carloads. Farm products, lumber, and chemicals are the other common commodities that terminate in Minnesota.
- We operate two intermodal hubs in the state, one in St. Paul and a smaller facility in Dilworth. We plan to expand the capacity of the St. Paul Midway facility. There were 215,000 lifts there in 2005, and we expect an increase of 4.5% for 2006.
- We plan to spend \$40-50 million in Minnesota alone for infrastructure replacement, which does not include new equipment.
- We face several issues in the industry:
 - Capacity-points in the systems where we operate over capacity—transcontinental line from Los Angeles to Chicago. Double tracking should be complete. Choke points exist still.
 - Velocity-turning equipment around faster and fully using equipment faster.
 - Community impacts—local speed limits, etc.
 - Hiring—getting good people is tough. Can't get enough of the good people.

Intermodal/Brokers—Chip Smith, Twin Modal:

- The use of motor carrier using rail to complete a movement is growing.
- Import-export traffic is prevalent, including much of what you see moving on highways in Minnesota. Domestic product has been flat, at best. Intermodal, nationally, is largely east-west, and largely driven by imports from the Far East. Only a small percent of intermodal that we see moving is from or to Canada.
- Equipment sources are always an issue. Railroads have traditionally owned their own fleets. Railroads used to have neutral pools, while others were

exclusive. Now the pools and usability are fragmented. BNSF isn't going to own or provide containers. Intermodal companies are buying those, and so now those people must be contracted with. The effect is that the storage of containers is an issue that users/shippers must deal with.

- BNSF is the only way to get to the Pacific Northwest intermodally from Minnesota.
- Rail terminal issues, like reservations systems, create problems.
- Local ordinances can also cause problems for movement.
- There is a national drayage shortage, including driver shortages. This creates delays everywhere, along with inconsistencies in scheduling and missed delivery & pickup times/dates.
- In Minnesota we are in the center for east-west movements and have reasonable reach to each coast. There are weight restrictions in Minnesota that cause problems. Minnesota is a feeder point now to Chicago, as it used to be a connector earlier.

Waterways - Russ Eichman, Upper Mississippi Waterway Association:

- 2005 had all the hallmarks of being a good year for the industry. However, the hurricanes in the Gulf had a large negative impact.
- There is expected to be a big increase in coal movements this next year.
- We had a good crop, but there wasn't enough transportation to move it.
- Minnesota handles 12-18 million tons in and out of the state in a year, via the inland waterways. From St. Louis north there are 80 million tons moved annually along the length of the Upper Mississippi River.
- ACE project will provide funding over 50 years for improvements.
- "NIMBY" is big across all modes.

Air Cargo/Freight—Steve Anderson, Metropolitan Airports Commission:

- Air freight statistics for Minnesota and the Twin Cities aren't precise. They are consistent and uniform, however. From that we can get trends. 80 percent of cargo is moved by "integrators" (UPS, FedEx, et al); 15% by Northwest Airlines; and 5% by other carriers.
- We also continue to move forward with the Air Cargo Regional Distribution Center Project for Minnesota.

MFAC is a partnership between government and business to exchange ideas and recommend policy and actions that promote safe, productive, and sustainable freight transportation in Minnesota. MFAC, consists of representatives from Minnesota's shipper and carrier communities, as well as a variety of other interested organizations, and provides advice to the Minnesota Department of Transportation (MN/DOT) and the Metropolitan Council regarding freight issues and investments.

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