Policy 4: National and Global Connections

Summary

Maintain and strengthen Minnesota's strategic multimodal connections to the Upper Midwest, the nation, and the world. Over the past 15 years Minnesota's economy has become more global. Maintaining viable multimodal transportation connections to and from adjacent states, as well as gateways to the rest of the world, has become critical to the state's economic future. Because these connections rely on infrastructure beyond Minnesota's borders, Mn/DOT will continue to work with neighboring states and federal agencies to maintain and improve national and international transportation linkages that are important to Minnesota. Mn/DOT will also continue to work with private industry providers such as air, rail, and waterway transport to identify approaches that will support maintaining strong national and international transportation connections to Minnesota for people and freight.

Mn/DOT will continue to work with neighboring states and federal agencies to maintain and improve national and international transportation linkages that are important to Minnesota.

4A. Public Roles in Rail and Water Transport: Mn/DOT will evaluate Minnesota's rail and port systems, identify state investment priorities, define potential implementation roles and responsibilities, and promote coordination among industry partners.

4B. Partnerships in Highway, Rail, and Water Transport: Mn/DOT will continue to work with private organizations, multistate and national groups, as well as Minnesota's congressional delegation to support national policies and projects that are critical to Minnesota's economy.

4C. Minnesota Air Transport: The Metropolitan Airports Commission, the Metropolitan Council, Mn/DOT, and other agencies will work to strengthen Minnesota's national and global air transport system, including maintaining the Minneapolis-Saint Paul International Airport as a major passenger hub.

4D. Performance Measures: Mn/DOT will develop and monitor performance indicators useful in communicating the health of Minnesota's national and global connections.

Background and Context

National and global connections support business and recreational travel as well as the export and import of freight beyond Minnesota's borders. These links are essential in Minnesota's national and global competitiveness, and are critical to the state's current and future economic strength. Minnesota's economic strength has long been recognized, as evidenced by more than 19 Fortune 500 companies and 32 Fortune 1,000 companies that presently call Minnesota home, including Medtronic, UnitedHealth Group, Cargill, 3M, Target, General Mills, and Best Buy. In addition to these companies, renowned institutions, such as the University of Minnesota and Mayo Clinic, along with hundreds of other colleges, universities, and medical organizations are located in Minnesota. These organizations and thousands of others

need competitive access to the Upper Midwest, the nation, and the world to provide services, share expertise, and to gather and distribute raw materials and products.

Canada and the states in the Upper Midwest continue to be Minnesota's largest trading partners.

National and global connections are increasingly important to Minnesota's economy. Although Canada and the states in the Upper Midwest continue to be Minnesota's largest trading partners in terms of freight, recreation opportunities, and population migration, Minnesota's connections extend much further than the region. Minnesota is home to a substantial immigrant population and exports goods and products to nearly 200 countries around the world. These links drive the nearly 500,000 landings and takeoffs annually at Minneapolis-Saint Paul International Airport, which serves more than 35 million passengers, most from points outside Minnesota.[1] Also, as a result of the national and global connections, Figure 7.4.1 shows how two-thirds of all freight tonnage transported in Minnesota crosses the state border.

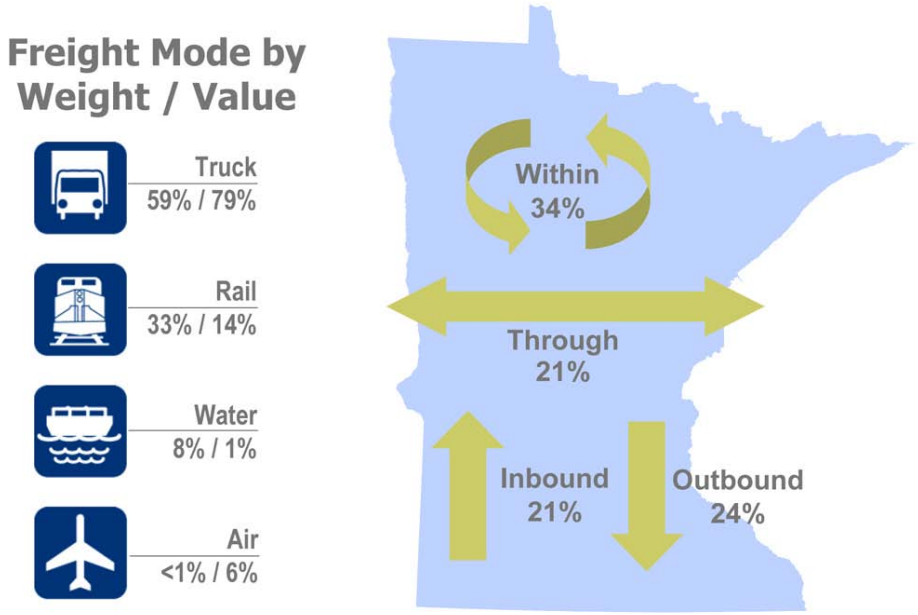

Figure 7.4.1 Freight Mode by Weight/Value in 2001

Source: Mn/DOT Office of Freight and Commercial Vehicle Operations

These connections will become more important as the economies of China, India, and other countries expand. Nationally, imports and exports continue to grow and are predicted to represent 35 percent of the nation's Gross Domestic Product (GDP) by 2020 and 60 percent by 2030.[2] Tapping into business opportunities in these large, emerging markets and expanding domestic markets is critical to Minnesota's continued economic growth and high quality of life.

Minnesota relies on a number of national and international connections to support its economy.

Minnesota relies on a number of national and international connections to support its economy. Minnesota has access to two major waterways, the Great Lakes - St. Lawrence Seaway system and the Mississippi River system. In addition, a well-developed network of railroads links Minnesota with the east, west, and Gulf coasts as well as Canada and Mexico. Because of these advantages, a higher percentage of Minnesota's freight is moved by water and rail compared to the national average.[3] Passenger air service, primarily through the Minneapolis-Saint Paul International Airport, provides strong ties to national and international destinations as well. However, while rail, water, and air provide important service to segments of

Minnesota's economy, the interstate and state highway systems carry the majority of people and freight in Minnesota. For example, the highway system moves 59 percent of freight by weight and 79 percent of freight by value.[4]

The economic competitiveness of Minnesota depends on an integrated, multimodal system of transportation – highway, rail, water, air, and intermodal terminals – that offers safe, reliable, and cost-effective access to national and international markets for people and freight.

Strategies

Modal systems must be able to respond to shifting global trade patterns, changing supply chains, and emerging markets.

Maintaining access to distant markets requires an efficient multimodal transportation system that is capable of responding to shifting global trade patterns, changing supply chains, and emerging markets for Minnesota services, imports, and exports. The current system is owned, maintained, and operated by a mix of private companies and public agencies. Strategies for maintaining and improving the transportation system need to appropriately consider the forces influencing these organizations and the markets they serve. The following strategies focus on providing robust national and global transportation connections.

4A. Public Roles in Rail and Water Transport

Mn/DOT will evaluate Minnesota's rail and port systems, identify state investment priorities, define potential implementation roles and responsibilities, and promote coordination among industry partners.

Minnesota's rail and waterway systems presently transport freight, primarily over longer distances, typically 600 miles or more. However, with energy prices rising and highway and airport congestion growing, many people are asking whether there is a role for the state to play in today's rail and waterway transport systems. For example, public interest is rising in alternative passenger transport, via traditional or high-speed rail to connect major population centers like the Twin Cities to Chicago. This is evidenced by stable, maximum capacity ridership on Amtrak and added service via Mega Bus. Another example is that intermodal (rail-truck) container traffic is forecast to double or triple by 2015[5] and being driven by increasing demand for consumer products and other goods.

Water and rail systems generally support movement of bulk materials over 600 miles or more.

Access to intermodal container yards is hampered by their location in highly urbanized areas susceptible to congestion.

Although interest in rail and waterway transport is rising, critical issues need to be addressed. For example, high volume rail corridors that support freight and passenger rail may experience service conflicts as rail traffic levels increase. Short-line railroads, which provide Minnesota regions with access to national railroad networks, are under increasing pressure to upgrade facilities. As national markets and logistics have changed over time, short-line railroads have been required to upgrade sidings and loading capacities to support the shift away from local grain elevators to larger elevators that can accommodate unit trains. To meet future needs, short-line railroads will require significant capital investment to upgrade the load-carrying capacity of tracks and bridges. Container handling in Minnesota is constrained because the state's only three intermodal container terminals are older, capacity-limited facilities, and highway access to the terminals is hampered by their location in highly urbanized areas susceptible to congestion.[6]

To address these trends, Mn/DOT will work with its industry partners, including shippers, carriers, regional authorities, and port authorities, to do the following:

a. Continue to invest in rail and port infrastructure. Mn/DOT will aid in this effort by continuing to administer the Minnesota Rail Service Improvement (MRSI)[7] and Port Development Assistance[8] programs, supporting the 2008 federally authorized program for improvements to inland waterways, and continuing to ensure that these investments are cost-effective.

b. Develop a Minnesota freight and passenger rail plan. The plan will create a vision for both passenger and freight rail services in Minnesota, establish investment needs, identify a potential passenger system network, determine the role of private and public sector entities, set parameters for corridor priorities, and identify potential funding sources. The plan will comply with expected federal state rail plan guidelines and requirements in order to expedite development and funding for proposed and future projects. This Statewide Transportation Policy Plan will be amended with the findings from the rail plan.

c. Perform trade-off analyses that investigate the economic feasibility of using rail or water transport to minimize impacts to highways. This includes consideration of Minnesota's portion of a regional, high-speed passenger rail network (e.g., the Midwest High-Speed Rail Initiative) if funding is available and commitments from adjacent states are in place.

d. Investigate and support, where cost-effective, the maintenance or enhancement of intermodal (rail-truck) container service in the Twin Cities and in Greater Minnesota. Potential enhancements include facility and service expansion or relocation, consistent with state and regional priorities that provide expanded market opportunities and increased competitiveness for Minnesota businesses. Other potential enhancements include seeking the National Highway System (NHS) Intermodal Connector designation for eligible highways leading to intermodal terminals.

4B. Partnerships in Highway, Rail, and Water Transport

Mn/DOT will continue to work with multistate and national groups as well as Minnesota's congressional delegation to support national policies and projects that are critical to Minnesota's economy.

Due to the importance of surface travel between Minnesota and other states, the maintenance or enhancement of multistate transportation corridors will continue to be important. Highway corridors, such as I-94, I-35, and I-90, and numerous state highways support important cross-border travel. Similarly, rail and waterway corridors provide key freight transport to nearby states.

Mn/DOT will continue to work to strengthen partnerships that can positively influence linkages to and from Minnesota.

While the multistate and international corridors are important connections, they also face issues. Significant transportation constraints on key corridors result in delays and added costs to Minnesota travelers, shippers, and receivers and threaten to weaken Minnesota's competitiveness. For example, intermodal container cargo routinely moves from Los Angeles to Chicago via rail, then by truck from Chicago to the Twin Cities. Congestion in Chicago regularly adds two or more days of transit time, as compared to routes that bypass Chicago, as well as extra handling and mileage costs. Minnesota lacks direct rail container access to the south and southwest. Intermodal containers being shipped by rail destined for the south and southwest must go through Chicago, adding transit time and cost, and hampering Minnesota's competitiveness in the south, southwest, and Far East markets. The Great Lakes and Upper Mississippi River locks are other examples, all are undersized for modern vessels, resulting in the use of smaller ships or barges and inefficiencies. Truck size and weight regulations are a third example. The regulations are inconsistent between states and provinces, which creates barriers to cross-border freight movement and inefficiencies as numerous exceptions to Minnesota size and weight regulations are requested each year (i.e., shipments of sugar beets, canola, and aggregate).

To address these and other multistate or international issues, Mn/DOT will do the following:

a. Continue to participate in multistate transportation corridor coalitions to seek support for improvements on key transportation corridors that connect with or serve Minnesota. This includes the American Association of State Highway and Transportation Officials (AASHTO) Mississippi Valley Freight Coalition in the Midwest, the Northwest Passage Coalition focused on I-90 and I-94, as well as groups organized around the Great Lakes-St. Lawrence Seaway and Mississippi River.

b. Meet periodically with Departments of Transportation from neighboring states to discuss mutual transportation issues. Examples of issues include updating major jurisdictional transportation plans, developing support for the modification and harmonization of truck size and weight laws (e.g., corridor-specific, regional permitting could provide an interim approach until higher-level legislation can be developed), and actively coordinating the development of proposals for rail-highway intermodal terminals that consolidate demand across political boundaries.

c. Encourage a strong federal role in developing and establishing a comprehensive, integrated national freight policy.

d. Work with representatives from other state agencies (e.g., Minnesota Department of Employment and Economic Development), neighboring states and provinces, and at the national level to establish a structure for regular, on-going, working-level dialogue regarding mutual transportation related issues.

e. Actively engage private industry (e.g., timber, sugar beet) and freight organizations (e.g., Minnesota Freight Advisory Committee and Minnesota Shippers Association) to better understand specific freight transportation system needs, consider potential solutions (including public-private partnerships), and implement actions where appropriate.

4C. Minnesota Air Transport

Mn/DOT supports a strong federal role in updating control technology in planes and towers.

The Metropolitan Airports Commission, the Metropolitan Council, Mn/DOT and other agencies will work to strengthen Minnesota's national and global air transport system, including maintaining the Minneapolis-Saint Paul International Airport as a major passenger hub.

Airline consolidation is an ongoing threat to high-quality service at the Minneapolis-Saint Paul International Airport. Economic conditions for air service, affected by the U.S. national debt structure, the strength of the dollar as compared to other currencies, and threats of terrorism, have been unstable and are likely to remain tenuous as energy prices remain volatile. These conditions have resulted in the recent merger of Northwest and Delta airlines, potentially threatening the strong national and international connections served at the Minneapolis-Saint Paul International Airport that have been critical in supporting Minnesota's high tech and international business. Furthermore, existing airport capacity is constrained because of dated flight control technology and the current Federal Aviation Administration air traffic control system.

Minnesota has a strong supporting system of local airports that provide access businesses across the state. In addition, Minneapolis-Saint Paul International Airport provides extensive connections to national and international destinations.

To address these issues, Mn/DOT will support Metropolitan Airports Commission (MAC) efforts to develop a strategy for securing quality air service long-term at the Minneapolis-Saint Paul International Airport and to discuss the use of other Minnesota airports, such as those at Rochester, St. Cloud, and Duluth to relieve congestion at MSP. Mn/DOT will also support a strong federal role in implementing updated control technology in aircraft and control towers.

4D. Performance Measures

Mn/DOT will develop and monitor performance indicators useful in communicating the health of Minnesota's national and global connections. As national and global transport continues to gain importance in maintaining economic competitiveness, so does the need to monitor and report performance on the systems supporting the connections. Performance will be reported to both transportation authorities and decision makers.

Performance Measures and Indicators

Performance measures, indicators, and targets provide quantitative information to transportation authorities and decision makers. When this information is tracked over time, it supports the ability to monitor national and global mobility and investment levels as well as the changes in mobility given changes in investment levels. Numerous performance measures and indicators have been either developed or identified for this policy area and are listed below. A full description of all performance measures and indicators associated with this plan is provided in Appendix D.

- Number of Destinations Served by Nonstop Flights from Minnesota
- Minnesota Enplanements

Developmental Measures

- Freight Mode by Weight and Value
- Cost of Goods Movement and Transit Time in Key National Modal Corridors
- Regional and Shortline Rail with 286,000 Pound Rating
- Delays through Minnesota Locks and Dams

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[1] Metropolitan Airports Commission, 2007.

[2] *Transportation Invest In Our Future – America's Freight Challenge*, AASHTO, May 2007.

[3] *Minnesota Statewide Freight Plan*, Minnesota Department of Transportation, Office of Freight and Commercial Vehicles, 2005.

[4] *Minnesota Statewide Freight Plan*, Minnesota Department of Transportation, Office of Freight and Commercial Vehicles, 2005.

[5] Mn/DOT Office of Freight and Commercial Vehicles, December 2007.

[6] The state's two major intermodal container facilities (Burlington-Northern Santa Fe and Canadian Pacific), which presently handle more than 98 percent of freight containers in Minnesota, are located in densely developed urban areas within the Twin Cities with limited opportunity to expand.

[7] The MRSI program provides financial support to address rail infrastructure deficiencies, such as bridge replacements or shipper's facilities, where critical to national and global connections.

[8] The Port Development Assistance seeks to address a portion of the infrastructure needs of Minnesota's public port authorities.