



MINNESOTA FREIGHT ADVISORY COMMITTEE

MEETING MINUTES

June 16, 2017

9:30 a.m. to 12:00 p.m.

Attendees:

MFAC Executive Members Present:

Bruce Abbe, *Midwest Shippers Association*; Ron Dvorak, *Lake Superior Warehousing Co. Inc.*; Bill Goins, *FedEx*; Jon Huseby, *MnDOT- District 8*; Steve Peterson, *Metro Area MPO*; Chip Smith, *Bay and Bay Transportation*; Neal Young, *Minnesota Department of Employment and Economic Development*;

MFAC Members Present:

Lydia Bjorge, *BNSF Railway*; John Brumbaugh, *Canadian Pacific Railway*; Ron Chika, *Greater Minnesota Metropolitan Planning Orgs.*; Denise Dvoracek, *Transportation Club of Minneapolis & St. Paul*; Ed Fairbanks, *Advocacy Council for Tribal Transportation*; Wayne Knewton, *Knewton Soy Products, LLP*; Shelley Latham, *Perkins STC*; Michael Loney, *Medtronic*; Dan Murray, *American Transportation Research Institute*; Lee Nelson, *Upper River Services, LLC*; Phillip Qualy, *UTU-SMART-TD*; Neil Ralston, *Metropolitan Airports Commission*; Kathryn Sarnecki, *St. Paul Port Authority*; Breanna Schafer, *Target Corporation*; George Schember, *Cargill*; Eric Sieve, *MPLS/STP Council of Supply Chain Management Professionals*; Shannon Stassen, *Coalition of Greater Minnesota Cities*; Tracie Walter, *Bemidji Aviation*; Mark Wegner, *Minnesota Regional Railroads Association*; Bob Zelenka, *Minnesota Grain and Feed Association*; Dean Zuleger, *Valley Cartage*.

Members' Alternates Present:

Maureen Jensen, *MnDOT*; Greg Lane, *Midwest Shippers Association*; Lorraine Little, *Enbridge*; Sam Parker, *MARDO*; Tom Sorel, *MN Trucking Association*; James Walhout, *The Schwan Food Company*; Lauren Wallraff, *Medtronic*.

Guests Present:

Mark Berndt, *Quetica*; Richard Davis, *MnDOT*; Nicole George, *MnDOT*; Tracy Hatch, *MnDOT*; Kyle Olson, *Sen. Amy Klobuchar office*; Matthew Pagano, *Rep. Jason Lewis office*; Matt Schmitt, *Humphrey School of Public Affairs, University of Minnesota*; Amanda Switzer,

Medtronic; Alene Tchourumoff, Office of Governor Mark Dayton.

Staff Present:

Gina Baas, *Center for Transportation Studies, University of Minnesota*; Shannon Engstrom, *CTS*; David Gonzalez, *MnDOT*; Michael McCarthy, *CTS*; Talia McLeish, *CTS*; Laurie Ryan, *MnDOT*.

Welcome and Call to Order

Chairman Bill Goins opened the meeting by discussing his recent trip to Paris as part of the Minnesota delegation bidding to host the World's Fair/Expo in 2023. He referenced the handout in the folders that covered details of the events and the theme of Minnesota's proposal. Goins reminded members how crucial a safe and efficient freight transportation is for the logistics of hosting the World's Fair, which should have a huge impact on commerce.

Goins then led a round of members' introductions. He welcomed two new members: Breanna Schafer, Director of Government Affairs - Target Corporation and Shannon Stassen, Coalition of Greater Minnesota Cities representative and City Administrator for Crookston.

Remarks and Legislative Update - Tracy Hatch

Tracy Hatch, MnDOT deputy commissioner, chief operating officer and chief financial officer provided a legislative update and then discussed MnDOT's efforts to reduce human trafficking.

Legislative update

- Omnibus Transportation and Finance Policy Bill - 1SS Ch 3:
 - Notable policy changes with a freight connection: permits for additional weight allowance for emergency vehicles, construction trucks, special tire haulers and milk haulers; Project Selection Criteria modifications; and converting a \$3.4M loan to a grant for the Minnesota Valley Regional Rail Authority.
 - Major shifts of funding for transportation: dedicating or shifting various vehicle sales, rental and lease taxes. Hatch notes that these shifts in funding allocation will help fund the many multi-year projects going on in the state, such as the Lowry Tunnel projects. These projects won't be delivered for 10 years or more so a stable funding source is key.
 - Major funding allocations for Trunk Highway Fund: \$940M over four years to fund debt, bonds to invest in future projects and funding for projects that was desperately needed in small cities, metro counties, town roads, airport terminals and others.
- The Bonding Bill - ISS Ch 8
 - Earmarks for Local Bridge Program and Local Road Improvement Program.
 - Various Rail Program and Earmarks such as grade separations on crude oil rail lines, highway rail grade crossing signal replacement and funding for Minnesota Valley Regional RR, City of Hugo and Minnesota Rail Service Improvement Program.
 - The Federal FAST Act is close to releasing and approving the solicitation for the

freight program beginning in fiscal year 2019 and beyond.

Human Trafficking - MnDOT Taking Action

Hatch moved into the discussion of human trafficking and the role the transportation community can play in anti-trafficking.

Human trafficking defined (M.S. §609.321, Subds. 5 & 7): receiving, recruiting, enticing, harboring, providing, or obtaining by any means an individual to aid in the prostitution of the individual; or (2) receiving profit or anything of value, knowing or having reason to know it is derived from an act described in clause (1).

Human trafficking statistics:

- Trafficking types: 79% sexual exploitation and 18% forced labor and services
- Average age of new victim: 12, while majority of victims are between 18 and 24 years of age
- 54% of trafficking victims are strangers / 46% of trafficking victims know each other
- \$150 billion per year industry
- Every 30 seconds, someone is trafficked with 21 million victims globally
- 14,500 - 17,500 people are brought into the U.S. for trafficking purposes/year
- Minnesota has the third-highest number of human trafficking cases and second-highest arrest rate

Call to action for transportation entities: As former Transportation Secretary Anthony Foxx said in 2016, the number one mission of the Dept. of Transportation is to keep the traveling public safe.

MnDOT Action: Commissioner Charlie Zelle has initiated an anti-trafficking group comprised of transportation and travel industry stakeholders to combat human trafficking. This group focuses on industry leadership, industry training and education, policy development, public awareness and information sharing and analysis. Zelle signed a Transportation Leaders Against Human Trafficking pledge, vowing to actively fight against human trafficking. In practice, this pledge will include awareness materials in every Minnesota rest area, training provided for all MnDOT staff and collaborations with other anti-trafficking groups.

Web Resources:

- transportation.gov/stophumantrafficking
- transportation.gov/TLAHT
- education.truckersagainstrafficking.org
- dot.state.mn.us/HumanTraffickingAwareness

(See presentation slides to learn more about the legislative update and MnDOT's human trafficking initiatives.)

Federal Infrastructure Update: Remarks & discussion

Moderator: Dan Murray, MFAC member and American Transportation Research Institute vice president

Congressional Staff Members:

- Kyle Olson, outreach director for Sen. Amy Klobuchar
- Matthew Pagano, outreach director for Rep. Jason Lewis

Murray began the panel by noting that bridges, roads, and every other mode of transportation have their funding challenges.

Panelists, Kyle Olson and Matthew Pagano, introduced themselves and shared a brief overview of each of their office's perspective on transportation funding.

Murray then launched into the five prepared questions for both panelists and MFAC members. The format of the session was for MFAC members to respond to each question via a live mobile poll and then Murray asked Olson and Pagano to respond.

(MFAC member live poll results are included in the appendix.)

Question 1: What do you see as the most pressing target or priority for infrastructure investment?

- Pagano: The areas that need some of the greatest investment are the top two on the survey: bridges and road capacity. Rep. Lewis has sent letters stating that the highway trust fund needs to stop being pulled from general spending and must be fully funded to push forward a lot of overdue projects.
- Olson: Most pressing priority is aging infrastructure, including bridges and pavements. We cannot continue to let them degrade and age. The civil engineers gave our infrastructure a D+ grade on the quality, which is far from what we really need.

Question 2: What are your most preferred mechanisms for increasing transportation funding?

- Olson: Raising fuel taxes politically has a number of barriers. The FAST Act of 2015 had a big transfer to the general fund and that can't be ruled out. There are many ways that we can continue to receive this money without the obstacles that a potential fuel tax would provide, including getting some of the money back home through fuel taxes on the importing side and a lot of small ways in which we could creatively bring in the revenue.
- Pagano: We are looking at all options in order to do a package the size that the White House is talking about. Fuel tax is not a popular idea so many options should stay open, but usage taxes. The fuel tax is not viable due to severe political hurdles and time should be spent focusing on other options as mentioned by Kyle.

Question 3: What is your least preferred and why?

- Pagano: Continuing with general funding is what seems to be the least sustainable.
- Olson: P3s/private investment are the least sustainable because in a lot of rural areas in MN it can be hard to attract the kind of investment needed to fund projects in entirety.

Zeroing out programs, as the president proposes, may not be realistic either.

Question 4: What do you believe is the biggest impediment to passing an infrastructure bill this year?

- Olson: A lot of people have settled on a \$1 trillion amount for a bill. He believes the biggest impediment, regardless of bill amount, will be pushing aside politics to push a bill through in Washington.
- Pagano: Disagreements on priorities seem to be the biggest impediments.

Question 5: If you were in Las Vegas, what odds would you put on a bill passing this year?

- Pagano: Rep. Lewis is optimistic that they will get it done. They need to get some of these other big spending projects done before they can work on passing infrastructure spending and moving it to the floor. However, he is optimistic that it will get done within the year.
- Olson: There are a lot of challenges but they are optimistic, as well, as they release a lot of bipartisan packages and push for the bipartisan will.

Murray then asked panelists a follow-up question: The U.S. Chamber of Commerce and so many others say we must raise taxes. Where, do you believe, is the epicenter of the pushback on the federal fuel tax?

- Pagano: Possible policy solution here has been polled and it's not popular. There isn't a lot of organized pushback but it's the individual consumers that are far against it.
- Olson: People are sensitive to the increase of gas bills so individual consumers are pushing hard against it.

Murray opened up the session for comments and questions.

- Chip Smith stated that he does not believe there will be just one funding method, especially with an increased occurrence of growing alternative fuel options. Though he is entirely behind a heightened fuel tax, he says it could be a decrease opportunity for revenue.
- Tracie Walter noted that convenient freight options are in demand by consumers. This type of delivery quickly adds mileage and problems on the freight side of product movement.

Initial Findings from MFAC White Paper: *Components of an Attractive Freight Market*

Matt Schmit, staff member at the Humphrey School of Public Affairs and author of the forthcoming MFAC White Paper, presented an overview of the paper.

The purpose of the white paper was to identify strengths, weaknesses, opportunities, and threats for freight in Minnesota. He worked to identify aspects of an optimum industry through 30 interviews with shippers, carriers, 3PLs, planners, regulators, researchers and industry experts. His goal was to make the paper accessible for people in and out of the industry.

Schmit then discussed key components of the paper:

- Industry players and stakeholder groups defined
- Analysis of mode share by weight and by value

- Profiles of each mode: air, pipeline, rail, truck and water
- Economic drivers in freight such as technology, changing automobile use and infrastructure investment
- The role of regulation
- Identified needs for each mode
- Defined an attractive Minnesota freight market
- Listed additional considerations such as concerns over containers, new opening to Asia and the potential of self-driving trucks

Next steps with white paper:

Gina Baas noted that this white paper is intended to be foundational information and that hot topics, such as self-driving trucks, may inspire future white paper topics. Baas envisions future white papers will take deeper dives on freight “hot” topics.

(See presentation slides to learn more about the MFAC White Paper. The white paper can be found online at: mndot.gov/ofrw/mfac.)

Closing Remarks

Vice Chair Ron Dvorak announced the upcoming Duluth Outreach Event, to be held on Friday, September 8, 2017. The purpose of the outreach event is to bring MFAC members to Greater Minnesota and for local freight industry leaders to learn more about MFAC. This is an optional event but MFAC members are strongly encouraged to attend. More information will be sent to members in early July.

MnDOT construction update: Goins noted the MnDOT construction flyer included in meeting folders. Lowry Tunnel will be under construction starting June 26 through mid-September. Hauler restrictions will be in place during this time. *(See MnDOT construction handout for more information.)*

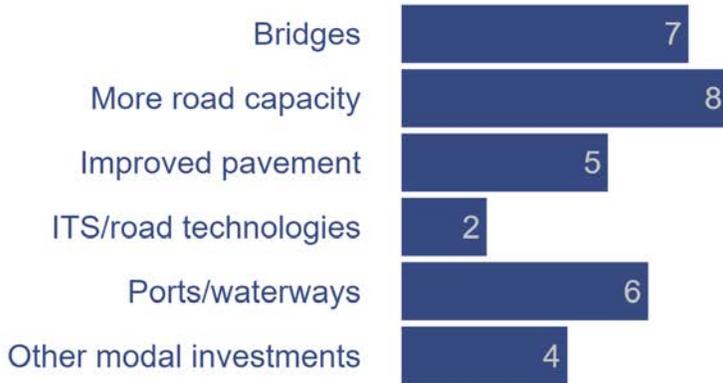
Goins reminded members that his time as MFAC chairman will be coming to a close and he will move into the past chair role on the MFAC Executive Committee. Vice Chair Dvorak will become chair and a new incoming vice chair will be selected shortly. Goins concluded by saying that MFAC is one of the most renowned freight advisory committees in the U.S. and he thanked all for their time and attention.

Adjourn

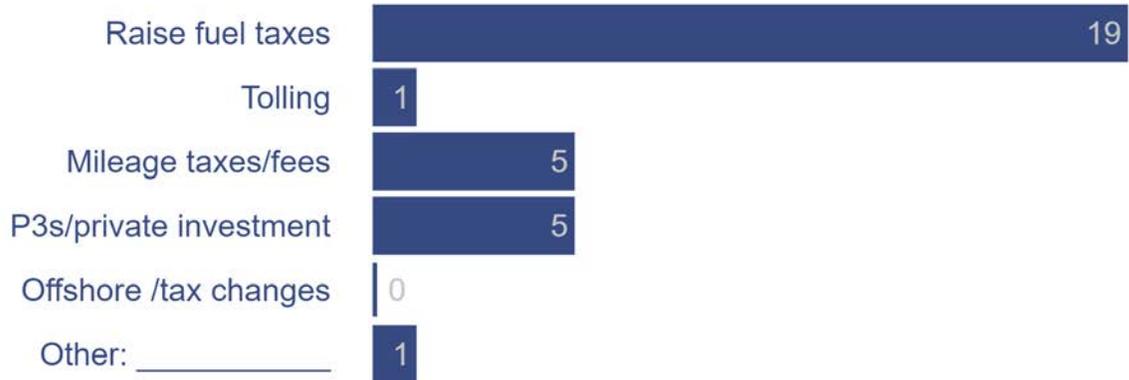
The meeting adjourned at 12:10 p.m.

Appendix

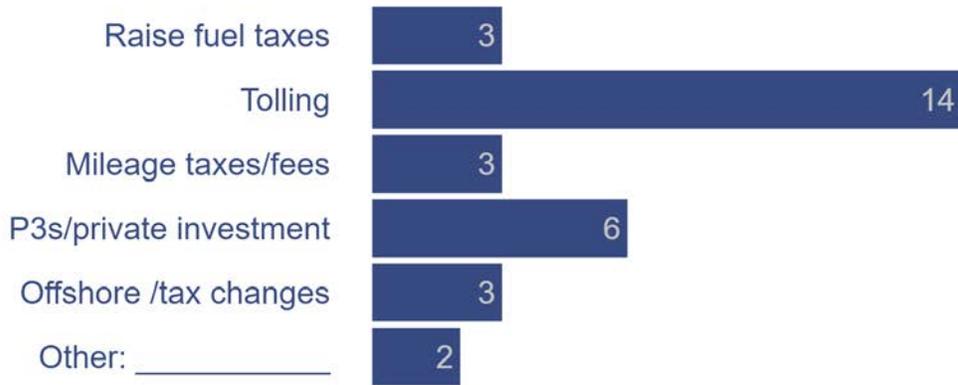
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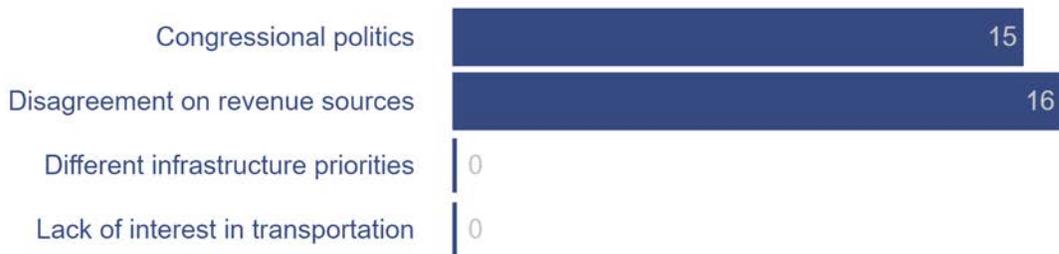
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What is your least preferred & why?



What do you believe is the biggest impediment to passing an infrastructure bill this year?



If you were in Las Vegas, what odds would you put on a bill passing this year?

