



MINNESOTA FREIGHT ADVISORY COMMITTEE

MEETING MINUTES

Friday, June 15, 2018
8:45 a.m. to Noon

Attendees:

MFAC Executive Members Present:

Lydia Bjorge, *BNSF Railway*; Jason Craig, *C.H. Robinson*; Ron Dvorak, *Lake Superior Warehousing Co. Inc.*; Steve Elmer, *Metropolitan Council*; Bill Goins, *FedEx*; Jon Huseby, *MnDOT*; Neal Young, *Minnesota Department of Employment and Economic Development*.

MFAC Members Present:

John Brumbaugh, *Canadian Pacific Railway*; Ron Chicka, *Greater Minnesota Metropolitan Planning Organizations*; Meg Duncan, *Koch Logistics*; Mariah Ethington, *Transportation Club of Minneapolis & St Paul*; Todd Gilbert, *Valley Cartage*; John Hausladen, *Minnesota Trucking Association*; Justin Johnson, *Bay and Bay Transportation*; Wayne Knewtson, *Knewtson Soy Products*; James McCarthy, *Federal Highway Administration (FHWA)*; Lee Nelson, *Upper River Services, LLC*; Jon Olsen, *Minnesota State Patrol*; Phillip Qualy, *UTU-SMART-TD*; Neil Ralston, *Metropolitan Airports Commission*; Kathryn Sarnecki, *St. Paul Port Authority*; George Schember, *Cargill*; Troy Schroeder, *Minnesota Association of Regional Development Organizations*; Shannon Stassen, *Coalition of Greater Minnesota Cities*; Tracie Walter, *Bemidji Aviation*; Dean Zuleger, *Soldier Trucking*.

Members' Alternates Present:

Caroline Boris, *American Transportation Research Institute (ATRI)*; Dave Long, *Twin Cities & Western Railroad Company*; Jeff Benjamin, *Schwan's Company*; Lorraine Little, *Enbridge Energy Company, Inc.*

Guests & Speakers Present:

Andrew Andrusko, *MnDOT*; Mark Berndt, *Quetica*; Margaret Donahoe, *Minnesota Transportation Alliance*; Qie He, *University of Minnesota*; Cassandra Isackson, *MnDOT*; Arlene Kocher, *FHWA*; Bailey Krumwiede, *ATRI*; Kyle Olson, *Sen. Amy Klobuchar's Office*; Laurie Ryan, *MnDOT*; Richard Stewart, *University of Wisconsin-Superior*; Julie Whitcher, *MnDOT*.

Staff Present:

Gina Baas, *Center for Transportation Studies (CTS), University of Minnesota*; Nicole George, *MnDOT*; Claire Johnson, *CTS*; Adrian Houston, *CTS*; Michael McCarthy, *CTS*.

Welcome and Call to Order

Chairman Dvorak welcomed members, staff, and guests.

Dvorak welcomed new Executive Committee member – Lydia Bjorge, BNSF Railway. Members Mariah Ethington and Justin Johnson were attendance for their first meeting.

Dvorak then led introductions around the room.

MFAC Member Updates

- Kathryn Sarnecki – Mentioned port optimization modeling that is in progress, and will be happy to present on this in the future.
- Dave Long (Twin Cities & Western Railroad Company Alternate) – Moving a lot of corn & soybeans. Recognized partnerships with other railroads. Key issue is exchanging locomotives with other companies.
- Bill Goins - Shared update on a recent Minnesota Delegation to Memphis that included Commissioner Charlie Zelle and 17 others in leadership positions from the Minnesota Market. Was a fantastic trip, with many action items and next steps ahead.
- Lorraine Little (Enbridge Alternate) – Lorraine mentioned the Line 3 Replacement Project, they are waiting on a decision and will have an update soon.
- Jason Craig - Brought up the issue of trade and how MFAC should be on the frontline of policymaking. Invited members to share stories about trade and impact on their organizations

ELD Mandate Update – Captain Jon Olsen

Jon Olsen gave an overview of the ELD Mandate, and the requirements and exemptions. The ELD Mandate is the Electronic Logging Device mandated in MAP-21. An ELD is a device synchronized to the commercial vehicle's engine that automatically records driving time and locations (GPS).

The purpose of an ELD is to more accurately track hours of service as regulated in 49 CFR Part 395. It is also to combat driver fatigue issues and reduce coercion to violate hours of service regulations.

The key implementation dates for the ELD Mandate are as follows:

- Published December 16, 2015
- Voluntary compliance until December 17, 2017
- AOB RD compliant device or ELD with soft enforcement December 18, 2017 through March 31, 2018
- Full enforcement April 1, 2018

He also described the exemptions of ELD:

- Driver is not required to comply with 49 CFR part 395
- Driver does not use paper logs more than 8 days in a 30 day period
- Driver operates a driveaway-towaway
- Power unit has a model engine year of 1999 or older

Olson described Minnesota enforcement to date. There have been 7,331 inspections 04/01/18 through 6/10/2018. So far the State Patrol sees ELD mandate enforcement as going smoothly.

Q&A:

Ron Chicka asked about the support for training for the mandate. Bigger companies are better at this, smaller companies will need more understanding/training along with support.

Jason Craig wanted to know the root causes of ELD violations and if people cheat the system. The State Patrol must make sure that all hours are accounted for during 7 day period. This makes it difficult for people to cheat.

Todd Gilbert noted that the transition from AOB RD will be difficult and shippers need to take more responsibility and provide for drivers. Shippers don't understand ELD. Olsen responded that AOB RD does not capture as much information as ELD, change will be necessary. Members asked about where inspections take place and how info is submitted. They take place anywhere and there are multiple ways and they are trying to get thumb drive option. John Brumbaugh raised the issue of safe haven guidance. This depends on context, and computer based info (google maps). There is no hard and fast rule.

Legislative Update – Margaret Donahoe

Margaret Donahoe gave an update on Freight Funding in the Legislature. Freight facilities are receiving more attention. She noted Corridors of Commerce, Capital Bonding Bill and Federal Funding Programs. Roads and bridges in particular need more funding, there is a continued need to upgrade local roads to 10 ton standards, and more pressure to increase weight limits.

For the Capital Bonding Bill in 2017 and 2018, the Transportation Alliance worked with legislators to introduce bills funding Local Road Improvement Program and Local Bridge Program.

Capital Bonding Bills included \$285 million for transportation 2017, \$540 million for transportation in 2018. See specific breakdowns below:

- Local Road Improvement Program - \$194.5M
- Local Bridge Replacement Program - \$79 M
- Railroad grade separation & safety projects - \$81M
- Ports and Waterways - \$10.2 M
- Local Road Wetland Mitigation Program - \$11.7 M
- Transit projects - \$23.25 M
- Highway projects - \$39 M
- Transportation Economic Development - \$4.5 M

Corridors of Commerce was designed to focus funding on Highway Corridors that are critical for freight movement. Policy changes in 2017 required MnDOT to develop criteria and score all eligible projects. In 2017, legislature authorized \$300M in bonds and \$100M in trunk highway cash

The Corridors of Commerce projects selected for 2017 \$400M were:

- TH169 in Elk River TH101-197th Ave. convert to freeway \$157M
- I-94 from St. Michael to Albertville - add auxiliary lane \$56M
- I-494 from France Ave to TH77 - add MnPASS lanes \$134M
- I-494/I35W—complete phase I of turbine interchange \$70M

2018 Bonding Bill included another \$400M in trunk Highway Bonds:

- TH14 Owatonna to Dodge Center - 2 to 4 lane conversion \$160M
- TH23 Willmar to St. Cloud - 2 to 4 lane conversion \$105M

- TH252/I-94 - convert to a freeway and add MnPASS lanes Dowling to TH610 \$163M

There was a proposed sales tax on Auto Parts in 2018, this did not pass.

Federal Funding needs more attention. The INFRA Grant Program has no programs for Minnesota. BUILD has replaced TIGER grants. And there are Transit Capital Investment Grants.

Break

Update on MnDOT Weight Enforcement Investment Plan – Julie Whitcher

The state of Minnesota has created this plan because weight and safety enforcement is critical to maintaining a safe truck freight transportation network. We do not currently have a comprehensive plan for commercial vehicle weight and safety enforcement. This plan is a collaboration between State Patrol and MnDOT.

Julie gave an overview of the project process including completed steps such as the Classification System and District Meetings.

Project Goals:

- Identify capital, operational and maintenance needs statewide for commercial vehicle weight and safety enforcement
- Develop a 10-Year Weight Enforcement Investment Plan (WEIP) for weigh station improvements and maintenance in the future
- Provide recommendations for technologies for future evaluation

One part of the plan is outreach to districts and external partners. The team is completing this, and will host a public open house in August.

Asset Management Focus

This plan will:

- Integrate our weight station asset management inventory maintained by the OFCVO
- Focus on asset management practices to provide sound principles for future investments
- Align with the statewide Transportation Asset Management Plan (TAMP)

The plan will be in a completed draft form by August and will be out for review at that point.

Julie asked for feedback and input on improving education and connections between industry and MnDOT.

Q&A

Mark Berndt raised the question of why this plan is alone and not part of the 5 year freight plan. The plan was born out of the 5 year freight plan, but a new plan and separate plan was needed. These plans will be separately scored on how they work.

Todd Gilbert noted that MN Trucking has been great resource, and they should be connected with MnDOT. Members brought up questions about federal level weight enforcement and interstate differences. Both of these topics have not been a focus of the plan.

Local and Regional Air Update – Cassandra Isackson, Tracie Walter and Neil Ralston

Cassandra Isackson gave an update on MnDOT related local and regional air across Minnesota. She described several key statistics on airports:

- 300+ Airports
- 135 State-funded
- 30 Key: paved, lighted, all aircraft
- 83 Intermediate: < 5,000'
- 22 Landing strips: Turf
- 97 NPIAS (Federal-funded)
- Half of NavAids and 90% of weather is state-owned
- Most MN airports owned by small towns

Tracie Walter gave an overview of Bemidji Aviation, growth in their business and their expanding fleet of cargo planes.

- Growth in freight
 - 2016 Numbers
 - 9,700+ aircraft flight hours
 - 6.9 Million Lb. of Cargo
 - Operate 38 Aircraft
 - 67 employees
 - 2017 Numbers
 - 18,300+ aircraft flight hours
 - 11 Million Lb. of Cargo
 - Operate 59 Aircraft
 - 124 employees

Neil Ralson gave an overview of the Metropolitan Airport Commission and specifically discussed freight expansion and a continuing trend of expansion in the freight hub.

- Air Cargo community is thriving – 450 million pounds processed in 2017 (most by partners FedEx, UPS, DHL, AmazonPrimeAir, Delta Cargo)
- Expanding freight facilities – expected to open in 2019
- Freight trend is starting to grow again (2017 is highest amount processed since 2008). See slides for specific data trends.
- Chicago is more a freight hub, but MAC is considering its role and the potential shift to take some of Chicago's freight role

Q&A

Bill Goins inquired about the potential for using extra space at MSP for increased freight activity. MAC has been looking into this, there is some potential space for it.

Jon Hausladen asked about the wages for pilots? Tracie Walter responded that for BA, salaries are starting at 50k, highest 80k, this matches national trends.

Ron Dvorak raised the connection between economic development and location. BA's biggest customer is UPS and it is about competition, supply will meet demand. For MnDOT, if airports are not on location, businesses will not consider locating there.

Initial Findings from MFAC White Paper: Status of MN Intermodal – Dr. Richard Stewart

The demand for freight transportation comes from the needs of the shippers. Shippers define requirements for their supply chain, and transportation services are purchased by buyers looking to find the lowest landed cost with reliable service.

Carriers cannot create demand but they can improve their mode's attributes to increase market share or gain new types of cargo. Sometimes this results in modal shifts of cargo.

Factors Influencing Modal Shifts by shippers

- Velocity
- Supply Chain Fit
- Partnerships, quality, accessibility and reliability
- Lowest total cost = lowest landed cost
- Shipper Flexibility
- Technological Change
- Ease of Use

Factors that shift from all-Truck to Rail Intermodal

- Truck Driver Shortage
- Electronic Logs allow enforcement of regulations of Hours of Service
- Congestion
- Fuel cost increases
- Increased tolls
- Highway conditions
- Shippers delaying trucks

Intermodal will continue to grow because rail service has improved, long haul trucking may lack adequate capacity, highway congestion will increase, environmental concerns will increasingly shape transportation and communications have improved resulting in better coordination of transportation assets.

Questions to consider include how do we improve existing intermodal terminals/service in Minnesota? Is there sufficient volume and lane balance to have domestic/Canadian intermodal service to and from Duluth on CN's line? Could a viable intermodal terminal be built on UP's lines serving Minnesota to set up a corridor to Southern California?

A successful intermodal terminal will need:

- A value added rail transportation network between intermodal terminals. The system must be financially viable for all parties as an ongoing operation
- Class 1 Rail participation early on is vital.
- A sufficient volume for frequent service on a regular basis, ideally lane/load balance. A Class 1 may support small terminal to assess future market potential.
- Dedicated shippers using the facility
- Catchment areas for the intermodal terminals that provide inbound and outbound cargo with minimal drayage

We can expand intermodal links by taking a systems approach when growing intermodal markets, partners can make better supply chains, reliability can be more critical than price, quality requiring planning and adherence and informed shippers will be open to multi-modal supply chain solutions.

Q&A:

Kathryn Sarnecki raised the question of how do we expand intermodal cargo in Minnesota. We can look to other areas as an example of this – there is Wisconsin as an example.

Wayne Knewston asked about intermodal's effects on the balance of rail vs truck. We need more data about flow between LA and Twin Cities to fully understand this.

The meeting adjourned at 12:05pm.