

# MINNESOTA FREIGHT ADVISORY COMMITTEE (MFAC)

## MEETING MINUTES

March 27, 2015  
8:00 a.m. – 11:30 a.m.

### Attendees:

Bruce Abbe, *Midwest Shippers Association*  
Gina Baas, *Center for Transportation Studies*  
Lynne Bly, *MnDOT*  
Dave Christianson, *MnDOT*  
Michael Couse, *AECOM Transportation*  
Peter Dahlberg, *MnDOT*  
Phil Deeney, *Cargill Inc.*  
Debra Detrick, *Metropolitan Council*  
Margaret Donahoe, *Minnesota Transportation Alliance*  
Ron Dvorak, *Lake Superior Warehousing*  
Bill Gardner, *MnDOT*  
Greg Genz, *Upper Mississippi Waterway Association*  
Bill Goins, *FedEx Healthcare Services*  
Bob Gollnik, *Cambridge Systematics*  
Hannah Grune, *Center for Transportation Studies*  
John Hauslauden, *Minnesota Trucking Association*  
Tim Henkel, *MnDOT*  
Jack Holm, *Holcim*  
Hilary Holmes, *City of Saint Paul*  
Kodjo Houssou, *MnDOT*  
Rep. Frank Hornstein, *Minnesota House of Representatives*  
Jarrett Hubbard, *St. Cloud APO*  
Louie Jambois, *Saint Paul Port Authority*  
Maureen Jensen, *MnDOT*  
Jerome Johnson, *JMJ Strategic Rail Consulting*  
Janna King, *Economic Development Services, Inc.*  
Donna Koren, *MnDOT*  
Connie Kozlak, *Metropolitan Council*  
Richard Langer, *Quetica, LLC*  
Linda Loomis, *Naiad Consulting, LLC*  
Lorrie Louder, *Saint Paul Port Authority*  
Elaine McKenzie, *Cambridge Systematics*  
Andrew Mielke, *SRF Consulting, Inc.*  
Dave Montebello, *SRF Consulting, Inc.*  
Lee Munnich, *University of Minnesota*  
Alex Nagel, *Canadian Pacific Railway*  
Catherine Petersen, *CJ Petersen & Associates, LLC*  
Patrick Phenow, *MnDOT*  
Sergius Phillips, *MnDOT*  
Jason Prash, *Minnesota Trucking Association*  
Sean Rahn, *MnDOT*  
Mike Rogers, *Ramsey County Regional Railroad*  
Laurie Ryan, *MnDOT*  
Christophe Ryan, *SRF Consulting, Inc.*  
Kenric Scheevel, *Dairyland Power Cooperative*  
Matt Shands, *MnDOT*  
Chip Smith, *Bay and Bay Transportation Services*  
Tim Spencer, *MnDOT*  
John Tompkins, *MnDOT*  
David Tomporowski, *MnDOT*  
Hally Turner, *Washington County*  
Kurtis Ulrich, *City of Ramsey*  
Bruce Verdoes, *Minnesota State Patrol*  
Johathan Wilmhurst, *Superior Minerals Company*  
Erika Witzke, *Cambridge Systematics*

### Welcome and Introductions

*Bill Goins, Minnesota Freight Advisory Committee Chair*

MFAC Chair Bill Goins welcomed the group to the meeting and gave brief remarks about the importance of infrastructure and freight in Minnesota, especially with a number of high-profile, large events that will be held in the state in the near future. Then, he led the group in introductions.

### Understanding and Enhancing the Value of Freight Economy in Minnesota

*Lee Munnich, Humphrey School of Public Affairs, University of Minnesota*

Lee Munnich gave a presentation on the research that he, Frank Douma (Humphrey School of Public Affairs), and Tom Horan (Claremont Graduate School) have conducted that looks at the economic role of the freight system in the United States and Minnesota in particular. Through funding from the BNSF Foundation, the researchers analyzed industry clusters in Minnesota and their relationship to the freight rail system. Using a variety of study methods – including GIS analysis and national/regional expert interviews – the researchers used a cluster framework to examine issues within the freight industry in different regions around the state. These types of analyses will help to identify opportunities to provide connections and transportation infrastructure that will ultimately grow the Minnesota economy. More information about the research can be found on the project's webpage (<http://freighteconomy.org/>).

### **Mid-Session Update: Discussion of Transportation at the Legislature and Future Needs**

*Representative Frank Hornstein, Chair, House Transportation Policy and Finance Committee*

*Sean Rahn, Assistant Commissioner for Policy, MnDOT*

*Margaret Donahoe, The Minnesota Transportation Alliance*

*John Hauslauden, Minnesota Trucking Association*

*Greg Genz, Upper Mississippi Waterway Association*

Meeting attendees heard a number of different perspectives related to the discussions of transportation funding at the legislature and future issues and needs facing freight.

#### **Summary of Representative Hornstein's Comments:**

Representative Hornstein gave an update on the three proposed funding plans for transportation issues in the legislature. Currently, the House, Senate, and Governor have brought forth three different proposals, which will serve as jumping off points for negotiations in the upcoming months. Hornstein noted that there is broad consensus among the three groups that transportation is one of the top issues and is a long-term problem that requires a large, long-term solution. The biggest point of contention between the groups, Hornstein remarked, is how to fund new investments in transportation. The Republican plan from the House of Representatives calls for paying through general plan funding and bonding, while the Democratic plans from the Senate and Governor's Office call for additional sales tax in the metropolitan area for transit, reevaluation of the gas tax, and a gross receipts tax. Hornstein noted that a few other high profile issues currently being discussed include rail grade crossings, oil transportation safety, and truck weights.

#### **Summary of Sean Rahn's Comments:**

Sean Rahn gave an update from MnDOT's perspective on the future needs of transportation. He noted some of the crucial needs that Minnesota will face, including the fact that truck traffic in greater Minnesota and the metro area is projected to increase by 30% by the year 2030; aging infrastructure; and a large increase in population. Over three years ago, Rahn noted, the Transportation Finance Advisory Committee (TFAN), a bipartisan committee to examine some of these transportation issues and needs, was formed. TFAN recommended finding sustainable funding sources to address these issues. As a result, Governor Dayton has developed his plan to raise six billion dollars for the trunk highway system over the next ten years. MnDOT developed an illustrative list of over 600 projects that this plan could fund, including funding highways, adding MnPASS lanes in the metro, and reducing the bottleneck on the I-95/35 metro corridor. In opposition to the Governor's plan, House republicans introduced a new plan this week that would raise 3.4 billion dollars over the next ten years relying on 60% of funds from Minnesota's State General Fund. Rahn cautioned against over reliance on General Funds, and noted that the republican plan would rank Minnesota among the top ten of states to use non dedicated funds for state transportation needs.

#### **Summary of Margaret Donahoe's Comments:**

Margaret Donahoe discussed funding options and the differences between the proposed plans in more detail. She noted that the Minnesota Transportation Alliance is more supportive of the Governor's and Senate's approaches, which look at dedicated funding sources. However, she explained that it is difficult to receive public support for increasing revenues, especially when there is a surplus of General Funds. But, Donahoe noted, transportation issues have always struggled to

compete in the General Fund, which is why it's so important to secure dedicated funding. Finally, Donahoe spoke in more detail about some of the proposed gross receipts tax. She noted that, currently, nineteen states have a sales tax on fuel, so this proposed change would not be new or radical. The legislature would set the rate for the tax and the Minnesota Department of Revenue would assess a dollar amount based on the average wholesale price of fuel from the previous year. Finally, the current per gallon tax would be adjusted and funds would be collected the same way they are today at the whole sale level, maintaining a floor of \$2.50 per gallon or the wholesale price of fuel in the previous year. Donahoe noted that this would be an important way to secure dedicated funds for roads.

#### Summary of John Hauslauden's Comments:

John Hauslauden provided a perspective from the trucking industry for the group. He noted that broader state tax policy has a large impact on freight and how states are able to deal with income and taxation makes a big difference in how and what funds industry spends. He noted that capacity and infrastructure are two of the biggest issues facing the trucking industry, especially with the shortage of qualified drivers to move freight. Overall, Hauslauden concluded that the Minnesota Trucking Association believes there is a need for more funding, and, he noted, that MTA is working hard to both analyze alternative funding mechanisms as well as making the need more widely known.

#### Summary of Greg Genz's Comments:

Finally, Greg Genz gave remarks on the future needs of the shipping industry that will affect Minnesota. Genz noted that the closing the Minneapolis lock in June will divert 5000-8000 tons of aggregate to the highways between Minneapolis and St Paul, which will have a huge impact on trucking industry. Another issue that is facing the shipping industry, Genz noted, is sediment. The Corps of Engineers cannot keep up with the sediment issue because there are not enough places to relocate it. Additionally, if the Minnesota Pollution Control Agency changes specifications on managing dredge materials, all dredge materials will have to go to landfills. If this happens, Genz noted, there would not be enough landfills in the state of Minnesota to take care of the issue. Genz concluded that it was very important to engage on a statewide level and discuss these issues.

### **Minnesota Statewide Freight Plan: Examining Preliminary Results**

*Erika Witzke, Cambridge Systematics, Inc.*

Erika Witzke, a member of the consulting team that is spearheading the development of a new Minnesota Statewide Freight Plan, gave the group updates on the progress on their work to designate a multimodal freight network for Minnesota. One thing that the project team wants to focus on, noted Witzke, is the question of how to use the network once it has been identified. Witzke provided a brief overview of the process, which included establishing an ad hoc working group comprised of folks within MnDOT, MPOs, and external groups to help understand different issues that should be considered. She noted that the process is still unfolding, and is an "iterative process that is in process."

Next, Witzke went over some of the corridor and mode designations the team had identified for road, rail, waterway, and air corridors and ports. To identify each of the main corridors, the consultants used geo-located industry data to analyze proximity and significance of nearby business activity. The consultant team is suggesting using the National Highway System as a road network; the M-90 Marine corridor (Great Lakes) and M-35 Marine Corridor (Mississippi River) for waterways, as well as extending the M-35 Corridor to Savage, MN; and the airports in Minneapolis/St. Paul, Duluth, Rochester, Bemidji, and Thief River Falls for airways. Recommendations for rail corridors for the network are still pending. Following designation of a network, Witzke noted that a next step will be to conduct a needs and issues assessment focused on the critical corridors and nodes. The group gave a number of comments in response to the identified corridors, including suggesting the addition of an identified pipeline network.

### **MnDOT Update**

*Bill Gardner, Director of Freight and Commercial Vehicles Operations, MnDOT*

Bill Gardner thanked attendees and presenters for attending the meeting and sharing valuable perspectives. He noted that the June MFAC meeting will feature a legislative recap to follow up on some of the conversations that took place today. Additionally, Gardner highlighted some of the ongoing initiatives occurring at MnDOT. In addition to the Statewide Freight Plan, Gardner noted that a major planning effort has nearly been finalized for an update of the Statewide Rail Plan. The plan is very close to being finalized and adopted, and is essential for establishing eligibility for federal funding. Finally, Gardner noted that a small subgroup of MFAC members has been convened to execute strategic planning and think about ways to maximize the value of MFAC for members, maximize the impact of decisions made about transportation systems, and increase the number of voices represented. More information about this initiative will be brought forth in the future, but if anyone is interested in participating, Gardner noted, please contact the MnDOT Freight Office.