



MINNESOTA FREIGHT ADVISORY COMMITTEE

MEETING MINUTES

March 31, 2017

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

Attendees:

MFAC Members Present:

Bruce Abbe, *Midwest Shippers Association*; Lydia Bjorge, *BNSF Railway*; John Brumbaugh, *Canadian Pacific Railway*; James Carver, *Land O'Lakes*; Tom Clark, *The Schwan Food Company*; Vanta Coda, *Duluth Seaway Port Authority*; Jason Craig, *CH Robinson*; Ron Dvorak, *Lake Superior Warehousing Co.*; Ed Fairbanks, *Advocacy Council for Tribal Transportation*; Bill Gardner, *MnDOT*; Bill Goins, *FedEx*; John Hausladen, *Minnesota Trucking Association*; Jon Huseby, *MnDOT*; Wayne Knewton, *Knewton Soy Products, LLP*; Shelley Latham, *Perkins STC*; James McCarthy, *Federal Highway Administration*; Dan Murray, *American Transportation Research Institute*; Lee Nelson, *Upper River Services, LLC*; Jon Olsen, *Minnesota State Patrol*; Steve Peterson, *Met Council*; Phillip Qualy, *UTU-SMART-TD*; Neil Ralston, *Metropolitan Airports Commission*; Kathrine Sarnecki, *St. Paul Port Authority*; Brad Shamla, *Enbridge Energy Company, Inc.*; George Schember, *Cargill*; Troy Schroeder, *Minnesota Association of Regional Development Organizations*; Eric Sieve, *Council of Supply Chain Management Professionals*; Chip Smith, *Bay and Bay Transport*; Tracie Walter, *Bemidji Aviation*; Mark Wegner, *Minnesota Regional Railroads Association*; Neal Young, *Minnesota Department of Employment and Economic Development*; Bob Zelenka, *Minnesota Grain and Feed Association*; Dean Zuleger, *Valley Cartage*.

Members' Alternates Present:

Greg Lane, *Midwest Shippers Association*.

Guests Present:

Tracy Hatch, *MnDOT*; Maureen Jensen, *MnDOT*; Donna Koren, *MnDOT*; Josh Pearson, *MnDOT*; Scott Peterson, *MnDOT*; Genevieve Plumadore, *Medical Alley Association*; Mark Ritchie, *Expo 2023*; Matt Schmit, *Humphrey School of Public Affairs, University of Minnesota*; Mike Venegoni, *Bay and Bay Transport*; Charlie Zelle, *MnDOT*.

Staff Present:

Gina Baas, *Center for Transportation Studies, University of Minnesota*; Shannon Evans Engstrom, *CTS*; Dave Gonzalez, *MnDOT*; Michael McCarthy, *CTS*; Laurie Ryan, *MnDOT*; John Tompkins, *MnDOT*.

Welcome and Call to Order

Chair Bill Goins opened the meeting and led a round of introductions. He also welcomed new members: Lydia Bjorge, executive director of government affairs at BNSF Railway; Denise Dvoracek, board member of the Transportation Club of Minneapolis & St. Paul; Wayne Knewtson, president of Knewtson Soy Products LLP; and Brad Shamla, vice president of U.S. Operations for Enbridge Energy. He also noted that Target is in the process of identifying its new MFAC representative. Goins thanked outgoing members: Mike Norton (Transportation Club of Minneapolis & St. Paul), Brian Sweeney (BNSF Railway) and Ryan Hanson (Target).

Goins also welcomed guest Mark Ritchie, president of Minnesota World's Fair Bid Committee, who informed the group on Minnesota's bid for the World's Fair/Expo in 2023. Expo 2023 would introduce new technologies and unveil art and culture – and draw millions of people from around the world to our state. Ritchie noted that while an Expo would highlight Minnesota's businesses and universities and showcase Minnesota as an area of excellence, it most certainly would impact the Metro's transportation system for several months.

Goins invited Ron Dvorak and Vanta Coda to say a few words about the new intermodal facility in Duluth, MN, which was announced March 27. The new intermodal facility will bring access to/from three coasts in North America. The facility was created in partnership with Canadian Pacific Railway.

Goins announced that an MFAC working group completed the new, first-ever MFAC annual report that everyone received today in the meeting packet, thanking everyone in the room who worked on the report. He also mentioned the forthcoming MFAC white paper, which will be authored by Matt Schmit, Humphrey School of Public Affairs researcher.

Remarks from MnDOT Commissioner Charlie Zelle

Commissioner Zelle thanked Bill Goins for his service as chair of MFAC. He noted that transportation is really a network of people and it takes everyone to make freight flow. He congratulated Ron Dvorak and Vanta Coda on the new intermodal facility in Duluth and applauded Mark Ritchie on his endeavor to bring Expo 2023 to Minnesota.

Zelle highlighted the challenges that every state faces in regards to transportation but noted that Minnesota has and will continue to be thoughtful about planning for the future. The annual report is a terrific example of this work and effort. He looks forward to the positive results the strong MFAC member group will continue to contribute to Minnesota.

Zelle noted it is expected that freight movement will increase by 80% in the next 20 years. There is tremendous opportunity for freight if there are more public-private partnerships. Congestion is real for all industries and the costs are also real. He noted the Minnesota Statewide Freight

System Plan will help mitigate these challenges and thanked MFAC for their involvement in its development. He noted that Minnesota is undercapitalized and that we need an even more thoughtful system. Also, the more the state can do to continue to stay connected nationally and internationally will make the difference. MFAC will be integral to advancing the state of freight performance. He mentioned that AASHTO will be hosting a freight summit in Chicago in a few weeks where MnDOT will take part in a high-level discussion about how to collaborate freight movement with other states.

Zelle ended by reiterating how much he appreciates the work of all MFAC members because it will take everyone's effort to truly improve Minnesota's freight transportation system.

New MFAC Logo

Goins highlighted the new MFAC logo, which now include the words "Minnesota Freight Advisory Committee." The updated logo, which is featured on the cover of the MFAC's new annual report, will be used on all MFAC communication materials going forward.

Minnesota Legislature Activities and Updates – Scott Peterson

MnDOT Government Affairs Director, Scott Peterson, thanked the group for the invitation to provide them with a legislative update. He noted it is an extremely busy time during the session as today is the last day for bills to proceed through the session.

Peterson reminded all that last session ended in no agreement on transportation funding. As a result of the election, there are a lot of new members in the senate and on the transportation committees. There are also new chairs for both the House and Senate committees.

The beginning of the session was spent introducing new legislators to Minnesota's transportation system. Most believed this is the year they are going to pass new legislation to fund transportation. However, there are many different ideas for how to go about funding transportation.

Peterson noted that one of the things missing in his presentation is information about a bonding bill because the Minnesota House has yet to push forward a bill. The bonding bill came in last-minute last year and the session ended in a lot of confusion and frustration, resulting in little to no results for transportation funding.

The Transportation Finance Advisory Committee (TFAC) identified a \$12 billion gap in funding over the next 20 years to maintain a competitive highway system. A \$5 billion gap was identified for Metro Transit.

In 2015, it was clear there was a significant gap and this led to the Statewide Highway Plan. This resulted in a 10-year proposal to increase gross receipts tax (\$4.5B), registration tax (\$1.42B), highway bonds (\$2B) and metro sales tax (\$3B). \$2.41B of the increases would be directed to local roads.

The current House proposal, HF 861 (Torkelson) includes three increases in general fund transfer (\$3.5B), trunk highway bonds (\$1.3B) and existing funds (\$1.2B). The numbers are slightly

misleading because, for example, the \$1.2B is not going to fund the unfunded gap. Therefore, it appears there is more funding coming than in reality.

In the Senate, there is a similar bill that would allow for more flexibility for the funding. Again, it appears this is new revenue when there really is not. This causes confusion for members. There are also a few challenges with the timing of funding and constitutional parameters of when funding is distributed.

Peterson noted that these proposals list large numbers. However, Minnesota also pays debt service on the funding packages. He highlighted a number of significant highway projects coming up, a few in the Metro District, that will cost around \$100 - \$300 million. The funding will not cover the full cost of these district improvements. Lastly, trunk highway funds have been taken away in the past to help cover deficits. These funding changes can disrupt planning.

In both the House and Senate, the bills are quite different. It is clear though that transit improvements need to happen in the Metro area and that we need to be creative. MnDOT believes high-volume transit solutions will be key. Transportation committee members have mentioned they don't like light rail but will approve increases to bus service. There will be a significant increase to Metro Mobility, with an aging population, and this increase is not optional due to federal requirements.

Peterson highlighted that both the House and Senate proposals do the following:

- Decrease transit funding
- Eliminate state responsibility for LRT operating costs
- Increase costs of right of ways
- Prohibit borrowing that uses motor vehicle sales taxes as debt service
- Prohibit spending by local governments without legislative approval; this is a big change and will prohibit areas from investing in transportation locally

There are two possible resolutions for transportation funding: 1) a general election referendum and/or the 2) Counties Transit Improvement Board (CTIB) to disband to allow them to have the same opportunities in the state to increase the sales tax like every other county in the state. The CTIB dissolution is ongoing but Dakota County is holding off until they receive an additional \$20 million. Peterson is not clear when and if CTIB would disband.

The Governor has requested a few other items that are not included in the bills: funding for MnDOT's freight office for truck permits cleanup, additional rail inspectors, rail grade crossing safety improvements (increase of \$3.75M), rail grade crossing improvement program (\$32.5M) and changes to the rail service improvement program.

Additional MnDOT proposals include:

- Allowing overweight milk trucks on interstate by permit (FAST Act provision)
- Exemptions for pipeline welding trucks
- "Dimler" exemption removed for holders of learners' permit
- Yield signs at railroad crossings
- Oil and hazardous materials rail safety program
- Forgiveness of \$4.3 million in loans to Minnesota Valley Regional Rail Authority
- Blanket allowance for a 10% overweight increase to single-axle milk trucks

- Overweight permit for trucks hauling construction materials
- Rail quiet zone program

Goins thanked Peterson and invited him to come back in June to present his final legislative session report.

Update and Exercise: Metro District Manufacturers' Perspectives Project – Donna Koren

Donna Koren, market research director - Operations at MnDOT, provided a brief overview of the four studies in Greater Minnesota. The Metro District study will begin shortly. Each study gathers specific, concrete information from manufacturers about the transportation system. This information will help inform MnDOT on how to improve the system, with no new financial resources, to benefit businesses. The study is also a good relationship-building exercise.

Beginning in 2013, Koren and other MnDOT staff have interviewed 325 businesses across four districts in Greater Minnesota. Each study is composed of structured qualitative interviews. Question topics include communications, safety, policy, permitting, pavement and others. Koren mentioned that much of the information gathered in Greater Minnesota has application to or impact the Metro.

Results so far have included:

- Implemented changes to planning processes, adjusting construction timelines to allow businesses to adjust routes
- Created a direct communication pipeline to businesses, instead of relying on the media to deliver communications
- Roadside and turn lane safety measures
- Adjustments to snow plowing in areas near business with 24/7 shift changes

Koren noted that Metro District will be challenging based on the number of businesses, so they will be strategic with who they interview. It is expected that congestion will come up as a major issue.

Koren asked the group a series of questions and received the following responses:

- Q: Should we focus just on the highway system or include other modes?
 - Based on estimated increase to freight, it seems necessary to look at other modes.
 - Congestion comes from all modes. Ask them what they do to avoid congestion.
 - Ask manufacturers why they are not using other modes (besides truck)? What are problems with other modes?
- Q: How would information from distributors be different from manufacturers?
 - Distributors will have more inbound tractor/trailer truckload traffic. Their outbound is more likely to consist of smaller straight trucks for regional delivery.
 - We have had many inquiries and requests to unload barges of inbound OSOW cargo from a river port, products coming from the south. Minnesota does not have a good usable river port that offers heavy lift and/or storage.
 - Many retail-oriented distributors servicing the local market may use more and smaller vehicles for deliveries. Don't forget volumes near rail intermodal yards.

- Distributors ultimately pay for traffic delays, at some point hurting or stopping business if costs get too high
- Q: What are some high-value / low-cost opportunities that would benefit Metro-based businesses?
 - Some specific shipper locations have access issues that might be improved with minor road signage changes.
 - Are there peak truck volumes at the 5th Avenue/Excelsior Avenue freight rail/road crossings in Hopkins that we should be aware of (not that it would necessarily change our operating practices, but at least an awareness would help).
 - Utilize the right pull-over lane on busy stretches like was done on the I-94 corridor from Miss. River to Cretin Ave after the I-35 Bridge collapse.
 - Work with railroads to keep to crossing schedules in the metro area.
- Q: In addition to location-specific roadway maintenance and infrastructure concerns, what should we anticipate hearing about from Metro-based shippers?
 - Truck parking in the metro is a problem for some locations.
 - OSOW (oversize overweight) freight on the highways can be a challenge due to various city, county and state rules and regulations. Add in construction, low bridges, wires, etc. and moving the load for our customer becomes expensive.
 - What are peak traffic concerns (are there peak/non peak times)?
 - Are there problematic entrances/exits within the existing freeway system that cause safety/congestion issues?
 - More intermodal terminals.
- Q: What would project success look like from the freight perspective?
 - Showing a list of projects that were completed or will be undertaken as a result of shipper feedback from this survey.
 - Extended acceleration/deceleration lanes for trucks.
 - Reduced cost for freight shipping in Minnesota.
- Q: Other comments or suggestions?
 - Shipping very large items is a challenge or impossible in MN because of highway and rail restrictions. A riverport would help.
 - Roundabouts in industrial parks must be sufficiently large for trucks.
 - Promote transit to free up roadways for trucks.
 - Road signal coordination is also a good tool to keep freight moving (trucks).

Bill Goins thanked Koren for her time and invited members to email her (Donna.Koren@state.mn.us) with any follow-up comments on the Metro District Manufacturers' Perspectives project.

(See presentation slides to learn more about this project.)

MnDOT Metro District Construction Projects

Goins asked John Tompkins, MnDOT Metro District, to briefly discuss current or upcoming major construction projects in the Metro area. After doing so and noting that MnDOT is working hard to mitigate potential freight traffic cut off during project construction, Tompkins invited members to gather handouts on those projects from a table outside of the meeting room.

MnDOT Annual Report Copies

Gina Baas announced additional copies of the MFAC annual report are available, by request. Email Gina Baas, baasx001@umn.edu, and/or Shannon Evans Engstrom, engstrom@umn.edu, to request additional copies of the report.

Exercise: Freight Investment Plan – Maureen Jensen and Josh Pearson

Maureen Jensen, assistant director of MnDOT's Office of Freight and Commercial Vehicle Operations, thanked the group for the opportunity to present and added that MFAC is a key stakeholder and advisor in the development of MnDOT's statewide freight planning efforts.

The new program in FAST Act legislation provides formula funding to be used for freight projects. The funds may be used on non-state-owned highways. The funds are different than FASTLANE. The program goals cover:

- Infrastructure and operations improvements to U.S. highways
- Improving safety, security, efficiency, resiliency of freight transport
- Improve the National Highway Freight Network's state of repair
- Using innovation and advanced technology
- Supporting multi-state planning
- Reducing environmental impacts of freight movement

Requirements for use of funds include:

- Funding can cover intermodal facilities (up to 10% of funds)
- Must be spent on National Highway Freight Network (NHFN). For Minnesota, this is our Interstates
- Can be spent off the interstates as long as project area is designated Critical Urban or Rural Freight Corridor

(See presentation slides to learn more about projects and funding amounts.)

The multi-agency steering committee (Freight Investment Plan Advisory Group) made a few decisions regarding the Freight Investment Plan. It was decided the plan be a statewide program and focus on projects with clearly defined freight benefits. They will consider new projects, additions to existing projects and up-scoping existing projects. Pavement projects were considered if they are long-term fixes. The group also did not want to swap funds with already-funded projects.

The Freight Investment Plan is currently under development. The initial draft is expected in September 2017. Approval from FHWA is expected in December 2017. The Freight Investment Plan covers a 10-year horizon with projects being listed for 2018-2022 and investments by category listed for 2023-2027.

Outreach is being conducted with various groups; MFAC is on the top of the list. Other groups include: Metropolitan Planning Organizations, Regional Development Commissions, MnDOT Operations Division, MnDOT Districts, cities and counties (via MnDOT State Aid), MnDOT's Programming Update Workgroup and the Freight Investment Plan Advisory Group.

Proposed investment categories which will guide investments include: A) safety, B) freight congestion/freight efficiency improvement, C) first/last mile connections, D) other (planning, data collection) and E) intermodal port and rail.

Example freight projects could include long-term pavement fixes that provide clear freight benefits: bridge work, turn lanes, bypass lanes, traffic signal optimization, truck parking improvements, rail/highway grade separations and upgrades to 10-ton roads.

Jensen invited her colleague, Josh Pearson, to lead the group in a real-time, online mobile phone survey to prioritize freight the investment funding categories. (*Results from the survey can be seen in the appendix.*)

MFAC White Paper

Goins introduced Matt Schmit, the researcher and writer for the forthcoming MFAC white paper. Schmit has worked on issues in transportation and economic development for the last 10 years at the University of Minnesota's Humphrey School of Public Affairs. He will be following up with several MFAC members to solicit their comments for the white paper. He also invited MFAC members to reach out to him with comments or feedback on the white paper, via email at schm1327@umn.edu.

Closing Remarks

Goins thanked everyone for attending the meeting, including member alternates and guests. He noted the next MFAC quarterly meeting will be held on June 16, 2017, again at the McNamara Alumni Center on the University of Minnesota campus.

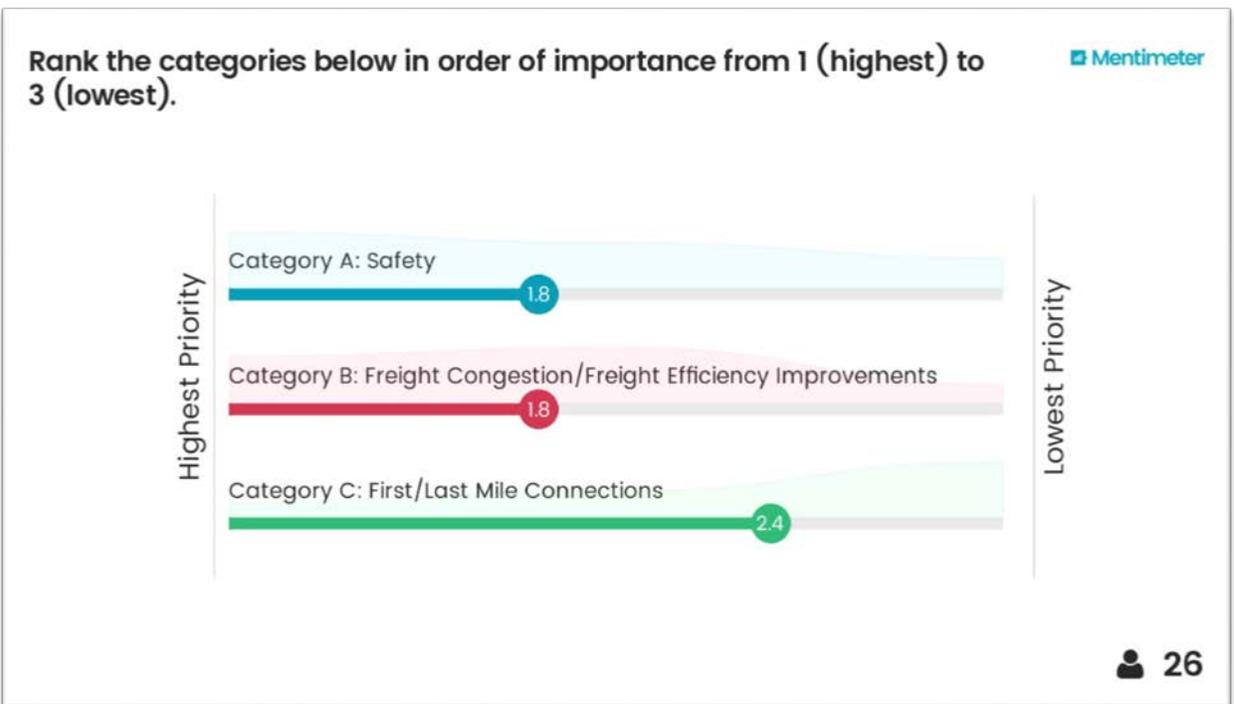
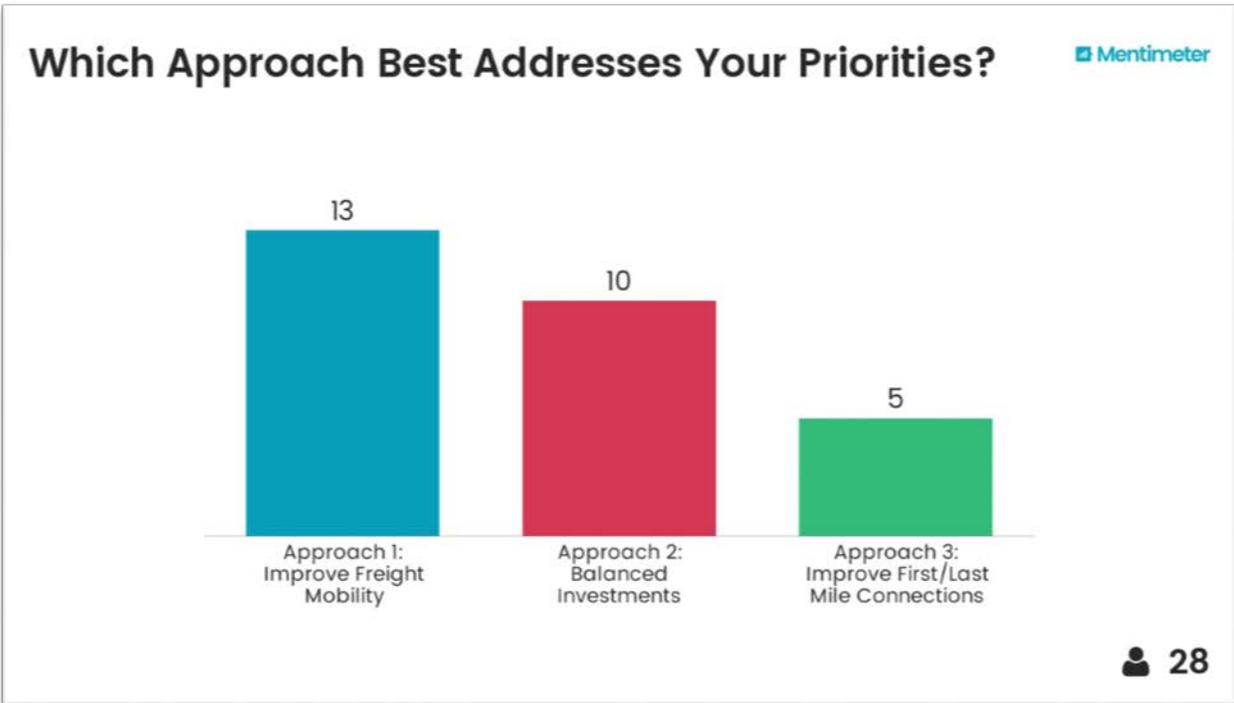
He invited members to brainstorm future meeting topics. Goins brought up the topic of human trafficking, and other members suggested a legislative debrief or recap, the DEED/MnDOT Transportation and Economic Development (TED) program and examples of successful projects/partnerships, customs issues, Super Bowl infrastructure investments and impacts for logistics providers, and more details / discussion on the new intermodal terminal in Duluth.

Adjourn

The meeting adjourned at 12:01 pm.

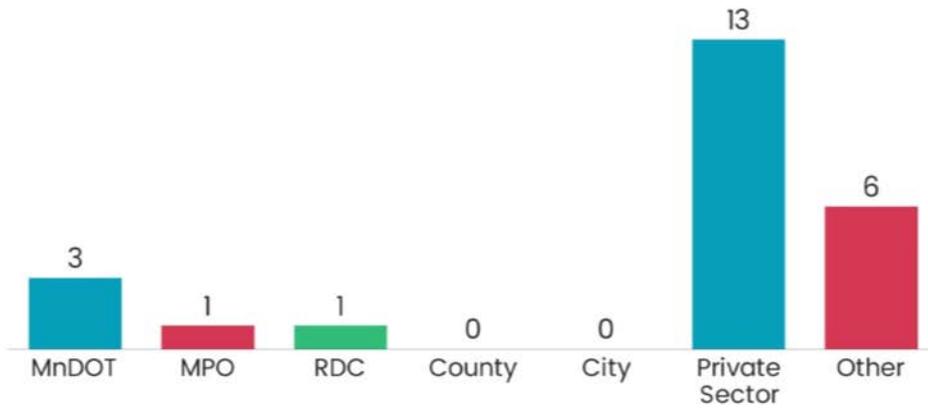
Appendix

Survey Results from Freight Investment Plan Exercise (pp. 7).



Who Do You Represent?

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