



MINNESOTA FREIGHT ADVISORY COMMITTEE

MINUTES

Friday, March 29, 2019
8:45 a.m. to Noon

AI Johnson Great Room
McNamara Alumni Center
University of Minnesota

Attendees:

MFAC Members Present:

Bruce Abbe, *Midwest Shippers Association*; Lydia Bjorge, *BNSF Railway*; John Brumbaugh, *Canadian Pacific*; Ron Chicka, *Greater Minnesota Metropolitan Planning Organizations*; Deb DeLuca, *Duluth Seaway Port Authority*; Meg Duncan, *Koch Logistics*; Ron Dvorak, *Lake Superior Warehousing Co*; Bill Goins, *FedEx*; John Hausladen, *Minnesota Trucking Association*; Shelley Latham, *Perkins STC*; Michael Loney, *Medtronic*; James McCarthy, *FHWA*; Lee Nelson, *Upper River Services, LLC*; Jon Olsen, *Minnesota State Patrol*; Philip Qualy, *UTU-SMART-TD*; Kathryn Sarnecki, *Saint Paul Port Authority*; Vicki Schwartz, *Schwan's Company*; Shannon Stassen, *Coalition of Greater MN Cities*; Tracie Walter, *Bemidji Aviation*; Bob Zelenka, *Minnesota Grain and Feed Association*

Members' Alternates Present:

Adrian Carretero, *ACTT*; David Heyer, *DEED*; Lorraine Little, *Enbridge Energy Company, Inc*; Wendall Meyer, *FHWA*; Brian Peters, *Metropolitan Airports Commission*; Shawn Schloesser, *Region Nine Development Commission*

Guests & Speakers Present:

Mark Berndt, *Quetica*; Peter Dahlberg, *MnDOT*; Frank Hornstein, *House Transportation Finance and Policy Division*; Margaret Anderson Kelliher, *MnDOT*; Francis Loetterle, *MnDOT*; Juan Ortiz, *Medtronic*; Chris Ryan, *SRF Consulting*; Laurie Ryan, *MnDOT*

Staff Present:

Andrew Andrusko, *MnDOT*; Gina Baas, *Center for Transportation Studies (CTS), University of Minnesota*; Robert Clarksen, *MnDOT*; Claire Johnson, *CTS*; Michael McCarthy, *CTS*; Rachel Parks, *CTS*

Welcome and Call to Order

Chairman Dvorak welcomed members, staff, and guests.

Dvorak then led introductions around the room.

Remarks from MnDOT Commissioner Margaret Anderson Kelliher and Representative Frank Hornstein

Commissioner Kelliher gave her thanks to the committee for their service. She said that too often we are focused on the individual, but transportation is a system. Governor Walz has proposed a sustainable solution for funding, which she covered briefly. She also called attention to the fact that bridges and roads are getting older; sometimes they are fifty years old or older. Minnesota has rated low on infrastructure; this is an area to focus on in the future. Additionally, there is a debate over the gas tax, and this will continue.

Frank Hornstein then added to the discussion with his own comments. A new transportation bill will be rolled out April 2 in the morning, with public hearings in the evening. As part of this bill, there will be a twenty-cent gas tax, which will mean more money for public transit statewide and in the metro. Hornstein thanked group for their work, and mentioned the hands free cell phone bill, and the involvement of several on the committee in this. He called attention to the fact that we need to consider climate change in the context of transportation – and this is especially important with the freight sector. He recognized that the freight sector has been collaborating with the Senate to find solutions to reduce greenhouse gas emissions. As a last comment, Hornstein revealed that he looked up what the first infrastructure project was in Minnesota and it was the Dakota Territorial Assembly, a railroad from Saint Paul to Minneapolis.

Q&A

- Bruce Abbe – What we should look forward to in the future?
 - Kelliher – Bus rapid transit is part of the future, and described some of the current and future features.
 - Hornstein – There is a need to integrate transportation and land use better. We cannot build our way out of congestion. Solution is multi-faceted strategy, multi-modal. Most of the new revenue we are raising is just for maintaining the system we already have.
- John Hausladen – Challenged both to use MFAC as a tool and resource. He asked them where they see CAV in fitting in the system in the future?
 - Kelliher – The challenge goes both ways. This is the time where individual organizations can really speak out about needs for funding. Many of us are already driving lower levels of CAV. MnDOT will be running a pilot on highway 55 about speed and traffic related to CAV – there are signal and beacons at bridges that communicates with car to help with efficient route based on their speed. Now is the time to do the platform work at the legislature to establish definitions of CAV, give citizens confidence around the technology.
 - Hornstein – On the topic of partnering, MFAC is tremendous group of people with a lot of expertise. We need to keep lines of communication open. On CAV, he is excited about the technology, but does not think this technology is coming tomorrow; it is farther away. However, it is possible that it could come faster than we think, so we should be ready for it.
- Wendall Meyer – If you look and see how quickly things are evolving with technology and innovation, we have to think about how we do things today, and how will it change the way we move people and goods.

- Jim McCarthy – Surprised by how quickly electric vehicles are expanding – there are more and more electric vehicle plants in China. Mileage based user fee in Minnesota will bring changes.
- Kelliher – When we get past the point of asking about current funding, we will really start thinking about the future of transportation and how things will be changing. You need to create the platform for things to change and grow and morph.
- Hornstein – Electrification is going to be a big part of the future. Energy and Climate committee just passed energy bill that includes electrification of transportation (including electric buses for Met Council).

MFAC Member Updates

- Jon Olsen – Winter was tough. There were a record number of squads hit. Reminded group that spring load restrictions are on for roadways. Asked members to report any potential issues/things that they have noticed.
- Bill Goins – Network optimization study. With the support of MN Chamber of Commerce and Medical Alley, they looked at this study completed by Quetica and it ended up at a hearing in the Senate. This work was also completed in other states. He asked Mark Berndt to talk about this
- Mark Berndt – They completed a freight optimization study in Iowa a couple years ago, and they did one in Florida. They have done several regional studies too, such as with the Saint Paul Port Authority. He mentioned third party logistics survey. Many are interested in network optimization in the private sector. Quetica is working now on optimizing Pittsburgh snowplow routes.

Legislative Update – Peter Dahlberg

Dahlberg talked about funding for rail specifically. He mentioned that there will be 12 million dollars for replacing antiquated railroad crossing equipment. There will be 11 million dollars for passenger rail. Fifty two million dollar request exists in the funding for crossings in downtown Moorhead (BNSF). One of the top priorities for MnDOT is the Trunk highway 47 in Anoka crossing for trains. This has the highest exposure rate. This is listed as a project in the governor’s funding proposal.

Q&A

- Tracie Walter – Spoke about air, saying there were many issues this winter with cold weather and snow. Tracie is on national board for regional air carriers, they are moving forward with research on planes flying without pilots. She thinks that first automated airplanes will be flying freight, not passengers. Biggest issue with this is the plane cannot get from the runway to the facility.
- Bill Goins – Amsterdam to MSP is major hub. This makes Twin Cities a major hub for parts of Europe, not just a fly over area.
- John Hausladen – Drone delivery as a current topic in relation to flying freight. He mentioned UPS has been involved in this, specifically in medical supplies. He said this could potentially be a future topic for discussion.

Port and Waterways Panel

Moderator: Andrew Andrusko, MnDOT

Panel Members:

- Deb DeLuca, Duluth Seaway Port Authority
- Kathryn Sarnecki, Saint Paul Port Authority
- Lee Nelson, Upper River Services

Andrew introduced the panel members. He then gave a short overview of the port and waterways sector. There are three major ports on Lake Superior in Minnesota, as well as four ports on Mississippi River, as well as systems we do not use (Minnesota River). They serve an intermodal function. In 2016, 49 million tons of freight was moved on lake system, and 15 million tons on river way system. This system is an essential part of our economy.

Duluth Seaway Port Authority

Deb DeLuca talked about the main ports connected to Duluth – Northern Europe, Spain, Italy/North Africa. The Duluth port is bulk non-hazardous natural resource port. It is a regional asset – 20 active terminals in the harbor, bulk cargo docks. The port has two entries. Of bulk commodities, iron ore is the biggest, there is also coal, tagalite, aggregate (limestone used to make iron ore pellet). Grain is the number one export (going to Europe and North America). The port relies on roads and rails for support – there is a primary highway and 4 class I railway corridors serving Duluth

There is a wind project at the port – material comes from all over the world. With warehousing space, they provide value-add services. This includes providing kaolin clay from Brazil to regional industries.

In 2017, Duluth Seaway Port Authority added intermodal terminal with CN – for the first time, the port has direct access to Asia through this connection (Prince Rupert) – and have surpassed all performance measures. Customers are saving 1/3 cost on their freight due to this terminal.

Saint Paul Port Authority

Kathryn Sarnecki presented on the Saint Paul Port Authority. The mission of the port is to create quality job opportunities, expand the tax base and advance sustainable development. Light industrial development drives tax revenue, and fifteen percent of Saint Paul is zoned for commercial and industrial use. The working river is part of a bigger transportation system, and they do not intersect as much with the private sector. Products they have are low value, high quantity. Fertilizer, salt and cement are some of the big products. Agriculture is big southbound on the river.

The Saint Paul Port Authority owns and manages four ports located along the Mississippi River in Saint Paul. Their goal is to protect the integrity of the working river, which has been a long-time contributor to the Saint Paul economy. There are seven million tons of commodities handled by the port. These are split by import and export. St Paul is the second largest terminal in the State of Minnesota. There are close to 1,100 jobs in their ports, which generate \$2 million+ in tax revenue.

For bulk products, they need to get in the water as quickly as possible. The port provides capacity as freight demands increase, to take some of the load off the rest of the system. They are fuel efficient based of ton miles traveled.

Upper River Services

Lee Nelson gave a lock and dam infrastructure update and more of a national perspective. All of river funding is federal, and it goes into trust fund that they pay a tax into. The state provides support, but not funding. However, roads and rail access are key to the ports and rivers. Rivers are part of an intermodal system. There is not a lot of interaction between public and movement on the rivers. However, rivers are key – they save money and injuries compared to other modes. Port and waterways are dependent on the other modes. Our intermodal system sets the U.S. apart from other nations.

All of the major rehabilitation and new construction is part of the Inland Waterways Trust Fund, which they pay 9 cents a gallon for the fuel they consume, and the federal government matches this. The customers, producers and consumers are also beneficiaries of the lock and dam system, not just those running the ports and river ways. Municipal water supplies are also dependent on the system. Recreation is another category that relies on the system (hunting, fishing, camping).

He mentioned the Navigation Ecosystem Sustainability program, which he said he would bring up in more depth later. They will need the support of the Upper Midwest for this program, and the Minnesota delegation in Congress to get those funds appropriated.

Q&A

- Andrew – What are some of the issues & challenges for your organizations?
 - Kathryn – Infrastructure funding is a major challenge. She thanked MnDOT for port assistance program. There are 14 million dollars worth of projects that they really want to get started this year. At least 10 million dollars a year they ask for to help. Infrastructure is getting old. Other problem is that industrial property is getting squeezed out of the marketplace. City of Minneapolis is changing industrial areas on river into public areas & condos (amphitheater). This is a battle fought with zoning department – we need to keep some of these areas for businesses and jobs.
 - Deb – Infrastructure funding. System wide issues, old infrastructure. Port development assistance program is important. Private docks cannot access this money though. Accelerated corrosion is a problem in the harbor. No one wants to fund sea walls, but they need repairs (deferred maintenance). At federal level, most funding has multi-modal caps, limited number that are given to ports. Threat of gentrification – they worked with municipal partners to emphasize industry and keeping water operable. On terminal basis, there is not enough space. They are always looking for new land opportunities, and building new warehouses.
 - Lee – Flooding is a huge issue. Local infrastructure issues include highway 169 linked terminals, and highway 13 terminals. Nationally, he mentioned the Navigation Ecosystem Sustainability program, which came from national study. For every dollar invested in the system, they will also invest in the ecosystem. Congestion increases the closer you get the final destination. Locks and dams built in 40s were built to handle traffic of the times, today this has dramatically changed – barges are much bigger. We need to invest in Upper Midwest river system.
- Andrew – wWat are opportunities for growth in the next 3-5 years?
 - Kathryn – The Quetico port optimization study has identified opportunities for moving product more efficiently, how to use the intermodal system more effectively.
 - Deb – The Great Lakes St Lawrence system is only 50% utilized, with super storms the system should be seen as a pressure release system. For Duluth port, seeking to grow more intermodal, and seeking to grow to continue to serve region – diversify freight, expanding serving supply chains.
 - Lee – The core of engineers have been working on stretch of the river that has become unnavigable for barges – should be fixed in another year, improve 25% efficiency. When

more is able to moved, less congestion. If we could find how to get more grain moving (pointed to tariff issue), that would be an improvement for waterways.

- Mark Wegner – Diesel and its importance for the port and river system?
 - Lee Nelson – They go through more diesel than they ever have.
- Bruce Abbe – MERSC testing advanced mile fuels, asked if they are doing it.
 - Lee – They are using straight diesel, get more efficient engines put in every year
- Bruce – Where they are going to put the dredge material?
 - Lee – This is a huge problem in MN. They are mining the sand from the river and using it for base material. It is a mud bank river up here.
 - Deb – It is also an issue on Great Lake system. They dredge up there, and work hard with community to find ways to use it (habitat purposes). They also have a feeder river that is red clay. Huge storms stopped beach nourishment, and now homeowners are asking for beach nourishment again.

MnDOT Truck Parking Study Update – Andrew Andrusko, MnDOT, Chris Ryan, SRF Consulting

Chris Ryan gave an overview of the study. The study assesses the number and availability of truck parking throughout Minnesota. It will identify solutions and opportunities for truck parking needs, and as part of the process, they gathered data on truck parking supply, demand, and utilization. The team will coordinate with public and private stakeholders. They are also developing goals and strategies for future public investment. The project began in December with completion expected mid-summer 2019.

They chose trucking as a focus of the study because of the following elements:

- More Trucks – In the past ten years, overall tonnage carried by trucks increased 24 percent.
- Hours of Service – The Federal Motor Carrier Safety Administration (FMCSA) made significant changes to regulations limiting the number of consecutive hours a truck driver can drive. Although the changes have been modified somewhat, they still significantly impact the demand for truck parking facilities.
- Electronic Logging Devices – Moving Ahead for Progress in the 21st Century Act (MAP-21) mandated that trucking operations shift from a paper logbook to an electronic logbook that automatically logs a driver’s activities based on the truck’s operations. In general, the mandate has led to stricter enforcement of the hours of service (HOS) regulations.
- Productivity Expectations – Rising customer expectations for delivery times and an increasingly cost competitive marketplace have placed pressure on truck drivers to push the limits of their HOS.

There have been national and regional initiatives in the past, including: Jason’s Law, ATRI Annual Survey and MAASTO TPIMS.

Their truck parking capacity assessment looked at public rest areas and private truck stops. For their field review, 20 sites were reviewed. This was completed February 11th through 14th. They collected site conditions information on pavement condition, adequate lighting, unauthorized parking on adjacent entrance/exit ramps and barriers to parking. The summary of results was that 9 of 20 sites at/exceeding marked capacity and 15 of 20 sites at/exceeding 2/3 of marked capacity.

An online survey was sent out which included sixteen questions on these categories:

- Truck parking behavior

- Location of truck parking need
- Issues that arise related to truck parking
- Driver knowledge of existing technology
- Demographics

The survey was distributed through five Midwest state trucking associations, the ATRI database to Midwest carriers, and to OOIDA to distribute further.

Three stakeholder workshops were held, with 1) Truck Drivers, 2) Truck Stop Operators, and 3) Shippers/Carriers. The workshops were held at MnDOT with teleconference option, and were approximately 1 hour duration with 6-10 participants.

There are potential opportunities and solutions in policy, technology and capacity. Next steps are:

- Public and Private Sector Outreach
- Industry Focus Group Meetings and Workshops: Truck Drivers, Truck Stop Operators, Shippers/Carriers
- MnDOT staff engagement
- ATRI Parking Demand Analysis
- Identification of Opportunities and Solutions
- Draft and Final Report Development

Q&A

- Bill Goins – How much value is there getting public input on this, and is there a need for public education?
 - Andrew – Public engagement will be part of the study process. There will be a limited venue of an open house, and some engagement with the public. This is not just for truckers, but for all of us.

Meeting adjourned at 12:00pm.