



MINNESOTA FREIGHT ADVISORY COMMITTEE

MEETING MINUTES

March 11, 2016
10 a.m. to 1 p.m.

Attendees:

MFAC Members Present:

Bruce Abbe, *Midwest Shippers Association*; John Brumbaugh, *Canadian Pacific*; Dave Cashman, *Spee-Dee Delivery Service*; Tom Clark, *The Schwan Food Company*; Vanta E. Coda II, *Duluth Seaway Port Authority*; Jason Craig, *CH Robinson*; Ron Dvorak, *Lake Superior Warehousing*; Steve Elmer, *Metropolitan Council*; (via phone) Brad Emch, *Minneapolis/St. Paul Council of Supply Chain Management Professionals*; Bill Gardner, *MnDOT*; Bill Goins, *FedEx*; Ryan Hanson, *Target*; John Hausladen, *Minnesota Trucking Association*; Jon Huseby, *MnDOT*; Scott Hutchins, *City of Moorhead*; Shelley Lathan, *Perkins STC*; James McCarthy, *FHWA*; Dan Murray, *American Transportation Research Institute* Lee Nelson, *Upper River Services, LLC*; Mike Norton, *Transportation Club of Minneapolis & St. Paul*; Jon Olsen, *Minnesota State Patrol*; Neil Ralston, *Metropolitan Airports Commission*; Kathryn Sarnecki, *St. Paul Port Authority*; Chip Smith, *Bay and Bay Transportation*; Brian Sweeney, *BNSF*; Tracie Walter, *Bemidji Aviation*; Kurt Wayne, *Headwaters Regional Development Commission*; Mark Wegner, *Minnesota Regional Railroad*; Neal Young, *Minnesota Department of Employment and Economic Development*; Bob Zelenka, *Minnesota Grain and Feed Association*; Dean Zuleger, *Valley Cartage*

Alternates for Members Present:

Randy Brown, *Cargill*; Ron Seifried, *Land O'Lakes*

Guests Present:

David Chandler, *Center for Neighborhood Technology*; Frank Douma, *Humphrey School of Public Affairs*; Libby Ogard, *Prime Focus, LLC*; Scott Peterson, *MnDOT*; David Scott, *FHWA*

Staff Present:

Gina Baas, *Center for Transportation Studies*; Hannah Grune, *Center for Transportation Studies*; Laurie Ryan, *MnDOT*; John Tompkins, *MnDOT*

Welcome and Introductions

MFAC Chair Bill Goins welcomed the group and led introductions. Members introduced themselves and highlighted their roles in their organizations and the freight industry.

MFAC Overview

Goins gave a brief background on the history of MFAC and the goals of the Committee. The MFAC was established 18 years ago but has undergone structural changes in the past year as part of a strategic planning process. These changes have come in conjunction with the development

of the second Minnesota Statewide Freight System Plan; the first plan was developed in 2005. The attached structure chart highlights how the MFAC will be structured.

MFAC Vice-Chair Ron Dvorak explained that this restructure was put in place in order to find the best way to increase awareness of freight issues locally and nationally; quickly respond to freight questions and issues from MnDOT, government officials, the Minnesota legislature, and other organizations; and become a focal point for freight expertise in Minnesota. Dvorak noted that the structure is not set in stone and will be amenable to changes as the group moves forward.

MnDOT Update

Bill Gardner shared updates with the group about future opportunities for freight project funding and collaboration with MnDOT. He discussed some of the emerging funding opportunities for freight improvements and projects, including the new federal transportation bill, the FAST Act. The FAST Act has provided five years of dedicated freight funding for freight improvements, with a yearly average around \$20 million. While the FAST Act funding is primarily geared toward highways, there are some elements of multi-modal funds included. First year funds have already been made available and will be used on an Interstate 35 project near Hinckley, MN. MnDOT has developed a small working group to think about potential ways to use the funds and to develop a freight investment plan, which will align with the Minnesota State Highway Investment Plan (MnSHIP). MnDOT will bring some initial thinking to the next MFAC meeting for reaction and more conversation. Some of the questions that will be considered include:

- How much of the funds should be used for conventional roads?
- How much should be targeted at bottlenecks?
- Should MnDOT be using the FAST Act funds to leverage other types of funds for future projects?
- Should we be using it for job-creating projects similar to those in the MnDOT Transportation Economic Development (TED) program?
- How should MnDOT distribute the funds across different road systems?
- Should MnDOT use some of the funds to support freight planning activities?

Gardner also highlighted a few other freight project funding opportunities, including the eighth round of Transportation Investment Generating Economic Recovery (TIGER) grants and Fostering Advancement in Shipping and Transportation for the Long-Term Achievement of National Effectiveness (FASTLANE) grants through the FAST Act. MnDOT is planning on applying for both of these grants, which have applications due in April.

Freight Provisions, Policies, and Legislation

FAST Act Implications for Freight Movement in Minnesota

John Tompkins discussed the federal provisions within MAP-21 and the FAST Act in more detail. For the first time, a National Freight Policy has been established under a National Strategic Freight Plan released late last fall, with goals to increase competitiveness, efficiency, and productivity of the freight network.

More detailed information about freight provisions in the FAST Act, and other sources of federal funding, can be found on the following websites:

- [Truck Size/Weights](#)
- [Fast Act](#)
- [Fast Lane Grants](#)
- [TIGER Funding](#)
- [Quick Reference Guide](#)

Tompkins also shared a video with the group about the development of the Minnesota Statewide Freight System Plan. The [video](#) can be viewed on the [Statewide Freight System Plan's website](#).

Finally, Tompkins opened up group discussion by asking the group how MFAC consultation with MnDOT should occur and whether or not organizations had tools they were using and could recommend for decision-making that MFAC should consider, as well as how to best organize MFAC for participation and process on issues. Discussion points included:

- Chip Smith suggested having a regular dialogue about specific agenda items on the Freight Investment Plan list and also discussing any regulatory issues MFAC members may experience to share with the legislature.
- Dan Murray suggested MnDOT initiate a dialogue with the group to explore reasons behind modal selection in order to help planners understand priorities and make informed investment choices.
- Libby Ogard noted that on a recent project she worked with an online tool that would allow individuals to vote or rank ideas. A tool like this would allow the group to interact and gauge feedback on proposed freight projects.
- John Hausladen noted that it is important for MFAC to clarify roles and have expectations around what the group can and cannot do. He also suggested soliciting feedback from the group on small, “bite-sized chunks” of issues, rather than entire plans and documents in order to make the best use of the groups’ time.
- Bruce Abbe recommended that members form lists of key people who are leaders in their field that may not be members of MFAC. This way, if a project or issue arises, members can reach out to these key people for information and feedback.

2016 Minnesota Legislative Outlook Related to Freight

Scott Peterson, Director of Government Affairs at MnDOT, gave a presentation and led discussion about legislative activities related to freight. Peterson gave a quick recap of the 2015 legislative session activities, which ultimately lead to passing a “lights-on” type of bill to keep things running but did not lead to a long-term solution to the transportation funding gap. Peterson highlighted the provisions that were passed last year before turning to a discussion of the 2016 activities. He noted that in 2015 the Governor had put forward a fairly substantial funding proposal for \$6 billion over 10 years, which the Senate supported. This bill proposed increasing revenue from license tabs/gas tax; a Metro sales tax for transit and greater Minnesota transit; freight rail safety; and bonding. The House bill from 2015 proposed leveraging sales tax from auto parts and bonding for revenue. The conference committee that was supposed to work out the differences between the Senate and House funding bills last year is supposed to meet in mid-March, and will work off of the same bills that were submitted last year. Peterson noted that he is not very optimistic this year, as the legislative session is extremely short and there have not yet been any committee hearings with just three weeks left for new policy bills to be heard in committee.

Peterson noted that the funding in the FAST Act will provide a slight increase in federal funds for highway programs in Minnesota, which will ultimately lead to about a \$30-50 million increase over the 5-year course of the bill.

Finally, Peterson quickly went over some of the MnDOT Capital Budget requests that will be forthcoming this year. These include:

- \$10 million for a port development program

- Roughly \$13 million for three airport projects in Duluth, Rochester, and Koochiching County
- Roughly \$70 million for rail grade separation on crude oil routes
- \$10 million for rail quiet zones
- \$12 million for highway/railroad crossing warning device replacement
- \$100 million for a local bridge replacement program
- \$100 million for local road improvement fund grants

The group provided comments and questions for discussion. Discussion points included:

- Dvorak noted that a tax on warehousing had been passed a few years ago, which was causing problems. Peterson noted that while he was not involved in these discussions, if it was a concern for the group, it is an issue the Commissioner could raise with the Department of Revenue.
- Murray asked why, with increased driving and lower gas prices, there is an unexpected hole in the highway trust fund. Peterson noted that, in the past, there was a conscious effort to pass spending levels that exceeded the revenue forecast in order to push future policymakers to increase funding. This clearly did not work, and means that funding has been fairly flat.
- Hausladen added that, while most would like to think transportation funding stands on its own, it has been linked to the tax bill. Hausladen noted that, effectively, there is no surplus in the state of Minnesota and the ability for parties to come together to find new funding sources has become increasingly difficult.
- Jason Craig asked if there had been any discussion around autonomous vehicle application in Minnesota. Peterson noted that there has been discussion and that an ad hoc working group was just formed with the Department of Public Safety and other groups to discuss some safety concerns around autonomous vehicles. He noted that, right now, there is not much moving forward in this arena, but there are discussions taking place to better understand the implications for when they are ready to be deployed.

Emerging Topics in Freight

MnDOT's Manufacturers' Perspectives Studies (MPS): Input Request for Metro District Study

Jon Huseby and Frank Douma gave a brief overview of the MnDOT Manufacturers' Perspective Studies and their next phase of the projects. Huseby explained that the first phases of the MnDOT Manufacturers' Study used a qualitative approach to better understand freight customers' transportation priorities and challenges and to incorporate their feedback into MnDOT's planning and project development. The study has been conducted in Districts 8, 4 and 2 and will next be done in District 1/Duluth and District 6/Rochester this year. The project team is preparing for launching the study in the Metro Area in 2016, as well. The project team is seeking feedback from MFAC on the latter on a number of questions, including:

- What is the best approach for the Metro Area?
- What are the key transportation issues to anticipate in the Metro?
- Who are the main players that should be included in the study?

MFAC members had a few initial comments, and will be invited to share more thoughts with the project team via email. Comments included:

- Dean Zuleger noted that roundabouts, J-turns, and other traffic safety mechanisms have caused issues for longer, heavier trucks.

- Smith mentioned that signage and highway developments are things that should be considered to help fix some issues.

Freight Trains to Community Prosperity: The McKnight Foundation/Center for Neighborhood Technology (CNT) Proposal

Dave Chandler, Principal Business Analyst with the Center for Neighborhood Technology (CNT), gave MFAC members an overview of an upcoming project that the CNT is undertaking that is sponsored by the McKnight Foundation. This project will analyze cargo-oriented development (COD) in the Minneapolis-St. Paul area, which Chandler defined as, “A form of development that integrates freight system efficiency with the development of manufacturing and logistics businesses in ways that benefit local economies, the environment, and public safety.” The project will undertake a five-step process to analyze COD by:

- 1-3. Analyzing the nexus of the MSP region’s manufacturing sector, freight transportation system, and environmental and safety initiatives
4. Conduct a workshop with MSP leaders in July to chart a path to COD
5. Prepare a blueprint for COD from analysis and workshop findings

Ultimately, the project is hoping to answer some basic questions about the MSP area, including:

- How can shipping services to MSP industrial businesses improve and shipping costs drop, increasing regional competitiveness?
- How can employment in manufacturing and logistics reduce regional poverty?
- How can change in MSP’s industrial-freight logistics nexus raise competitiveness and lower poverty while improving environmental quality and public safety?

Research will be conducted over the next few months with a goal to hold the MSP leadership workshop in July. MFAC members had a number of comments and questions. Discussion points included:

- Ryan Hanson noted that it would be helpful to look at tax issues, as well as freight issues, to get a more complete picture.
- Brian Sweeney remarked that land-use planning policies that are obstructing development in certain clusters should be examined. Sweeney noted that BNSF encountered strong community opposition to increased use of an existing facility in Minnesota last year, and noted that these reactions might send a message to transportation investors.
- Vanta Coda agreed with Sweeney’s comments, and noted that the public tends to have a negative perception of what “industrial” means. He commended the St. Paul Port Authority’s work on creating clean, aesthetically pleasing industrial facilities that can dispel some of these myths. Coda also noted that the permitting process should be streamlined in Minnesota.
- Craig warned against having a bias toward placing manufacturing in population centers, and felt that a balanced inbound/outbound freight market was important. He noted that increasing population in heavy producing regions – such as International Falls – is important.
- Murray noted that it would be interesting to learn about the training requirements for jobs and job growth. Chandler noted that CNT has been working with community colleges to ensure certificate programs align with job requirements.
- Mike Norton noted that it will be important to examine the potential safety risks that occur with intermodal traffic.
- Mark Wegner raised concern about the new proposal from the City of Minneapolis to turn a prime intermodal area in North Minneapolis into a park. He noted that issues like this – and their impact on Minnesota’s freight network – will be important to examine.

Steve Elmer noted that there has been gentrification in the North Minneapolis region overall, and remarked that river transportation has been reduced since the closing of the Port of Minneapolis.

- Hausladen asked Chandler what the end product of the research would be. Chandler noted that they are planning on developing an action plan with specific recommendations.
- Hausladen also asked how the project developed. Chandler noted that the McKnight Foundation was aware of CNT's similar work in other cities and, after thinking about its applicability and utility in the Twin Cities, asked CNT to conduct a similar study here.
- Smith noted that, currently, Minnesota is at a disadvantage to other regions with connectivity to the West Coast. He suggested exploring the impact of adding an intermodal facility, which would help increase connectivity to the West Coast and also reduce pollution and remove trucks from the roads in Minnesota.

Closing Remarks and Future Meetings

Currently, three more meetings are scheduled for the group to meet in 2016. There will be 1-2 hour MFAC membership meetings held on June 10th, September 30th, and December 2nd. In June, the meeting will potentially be held in conjunction with an educational forum event open to all freight stakeholders. The December meeting will be held in conjunction with the University of Minnesota's Center for Transportation Studies (CTS) Freight and Logistics Symposium. These outreach events would include Friends/Guests of MFAC members in attendance.

Goins and Dvorak thanked the group for attending and providing valuable feedback and discussion. Dvorak noted that MFAC staff would be distributing a survey to gather knowledge about each member's expertise and input on topics that should be discussed in the future. Goins invited anyone who had time to stay and discuss some of these issues further (see notes below for details).

Chairman's Circle

Following the official adjournment of the MFAC Quarterly meeting, Chairman Goins held an informal discussion session with about a dozen MFAC Members, Executive Leadership, MnDOT staff, and guests who accepted his invitation for continued dialogue. The discussion within this group included:

- International Air Cargo Clearance: Custom clearance for air-cargo preferred at other Minnesota airports due to clearance delays at MSP.
- Autonomous air-cargo planes/drones: Unmanned aerial vehicles (UAV), commonly known as drones, or as an unmanned aircraft system (UAS), are aircraft without a human pilot were discussed to its feasibility to carry air cargo and safety acceptance by the public.
- Trucks: Electric vehicle used for urban freight delivery.
- Discussion of freight issues with the federal government and other states.