

Wisconsin Freight Advisory Committee (FAC)

Appendix to Meeting Minutes from Tuesday, May 16, 2017

Part I: Proposed Policies From Draft State Freight Plan and Future Topics/Issue Areas - Tabletop Discussions (11:05 a.m.)

The information below reflects the results of the morning tabletop discussion session at the May 16, 2017 FAC meeting. Three specific questions were asked:

- 1) How can WisDOT and FAC members work together to pursue the policies' goals?
- 2) What other organizations are crucial to successfully implement these policies?
- 3) What barriers do you foresee?

Policy #2: WisDOT will work with stakeholders to facilitate a discussion to develop an intermodal strategy for Wisconsin.

FAC members broadly supported WisDOT taking a stronger role in facilitating discussions and engaging with private sector partners. Membership said such a partnership should start with a broad and inclusive group of participants who would define issues and problems related to intermodal freight transportation in Wisconsin. This group should identify the "who, what, and why" before trying to answer "how." Fundamental to this assessment is determining if there is enough volume for an additional intermodal facility.

One suggestion that was offered would be for WisDOT to establish a sub-committee under the FAC to do this work. Fundamental questions that this sub-committee could answer would include identification of current and potential containerized commodities, the most important origin-destination pairs for those commodities, and both the volume and the value of the commodities moved by container.

The need for accurate and potentially proprietary data was also discussed, with one table proposing that WisDOT contract with an independent third party to gather this data and aggregate it before WisDOT would evaluate it. Wisconsin's Open Records Law was seen as a barrier to open data sharing; businesses fear any data they share would then be open to the public – including competitors, who would gain a competitive advantage. Coordination with the business community would be essential, as manufacturers, shipping businesses, and transportation providers (including trucking companies) would be potential sources. The data should be compiled in a way that updates would not be difficult, due to changes in demand and other market conditions. Individual business interviews could be conducted by WisDOT to build an inventory of transportation system impediments, as identified by the private sector.

Railroad participants expressed concern over the true demand for an intermodal facility, and where (geographically) that demand would come from. Business requires concrete data rather than anecdotal information, they stated. Chicago's proximity and concentration of operations is one challenge. Businesses also may be unwilling to switch providers or use other modes due to preferences. The rail companies also noted some physical barriers to intermodal operations in the state; specifically, a series of local road bridges over the Union Pacific corridor on Milwaukee's south side. The bridges do not have sufficient (23') vertical clearance over the railroad to allow operation of double-stack container cars.

Several of the state's top import/export sectors were identified as potential partners, due to current and/or potential future use. These included agriculture, timber / lumber, general manufacturing, and warehousing. Important organizational partners that were identified included MPOs and RPCs, ports and port authorities, local and regional economic development agencies, local governments, other Wisconsin state government agencies, and DOTs in other states. FAC members emphasized the need to view intermodal freight transportation from a regional perspective, and to realize that many of the key decision-makers may be outside of Wisconsin.

Potential intermodal users recommended that the intermodal facility be public, with access by more than one railroad so that shippers are not captive to a single railroad company. One recommendation for WisDOT was to examine and review the business models for intermodal facilities in other states. Kansas was noted as having recently funded two successful intermodal facilities.

FAC members saw several barriers to effective collaboration on intermodal issues in Wisconsin, including the lack of leadership from the state – not just WisDOT, but collective support from all relevant state agencies (including Wisconsin Economic Development Corporation, Wisconsin Department of Natural Resources, and Wisconsin Department of Agriculture, Trade, and Consumer Protection). The state needs to develop and articulate a consistent message about intermodal freight transportation, one table stated. WisDOT's limited budget for rail intermodal projects was seen as "not having a stake in the game."

Policy #3: WisDOT will review the department's project development process and design standards to incorporate the needs of freight system users.

FAC members raised several of the same observations on design collaboration as they did with potential intermodal facility development. Attendees said that the starting point for this process requires accurate identification of freight system user needs. WisDOT should understand how shippers move freight – and whether it is by choice or by lack of any options. The origins and destinations of commodities and manufactured goods should be recognized, as well as variations by season and/or time of day. Through this process critical corridors would be defined.

WisDOT should be willing to improve its communication and outreach to ensure these factors are accurately measured. Such outreach should include well-communicated public meetings, individual surveys of businesses, and ride-alongs with industry groups (to witness, first-hand, the challenges and needs on its system). Height and weight limitations, and the presence or absence of adequate truck parking, should be documented through this process.

The essential partners for reflecting freight concerns in roadway designs would include the shipping companies and their customers, the facilities from other modes (ports and rail), and the municipalities along freight routes (who would help identify/confirm critical first/last mile road segments). The Southeast Wisconsin OS/OW working group was mentioned as a good model to follow and copy elsewhere. Also mentioned was the AASHTO/MAASTO Standing Committee on Transport, which is working on recommended standards for permitting, road designs, and harmonization of rules. FAC members stated that WisDOT needs to participate in this group and contribute on permitting and design standards. WisDOT should also connect with other state agencies to discuss freight-related issues.

Some of the potential challenges identified by the FAC include balancing the needs of the state system with the first- and last-mile needs on local systems. Both state and local budgets are strained, and lack the ability comprehensively address system needs. One tension point is the expectation by certain sectors (farm equipment and other manufacturers) that state and local governments will rebuild roads to accommodate increasingly-larger loads. Under a benefit/cost assessment, there may be a point where the state says, “no more.” Roundabouts continue to be a concern in some locations, and are emblematic for the interest in incorporating freight configuration information into the design process.

Policy #5: WisDOT will leverage the data, tools, and methods developed through the freight plan to inform project prioritization and investment decisions, as well as provide them for WisDOT partners.

Feedback from the FAC indicated that they welcome participating in collaborative, in-depth efforts to develop and improve data collection methods, data analysis, and evaluation of trends. Stakeholders expressed a desire for using data to gain a better understanding of the WisDOT process for selecting and prioritizing projects for all modes. There was a request to provide step-by-step documentation on how projects are moved forward, with the goal of making that process more visible and transparent. There should be a way of showing how the priorities reflect future needs, and the methodology must be clearly understood and be able to withstand scrutiny.

Members again emphasized that WisDOT needed to be conscious of activity in neighboring states, including measuring and verifying the volumes and types of freight crossing state lines, and identifying inter-dependencies between Wisconsin businesses and those in surrounding states. In particular, WisDOT should work with railroads to better identify the volumes and commodities of freight movement between Wisconsin and the Chicago railroad yards and intermodal facilities. Also repeated was the recommendation for WisDOT to have greater involvement with MPOs, drawing upon their local public involvement efforts (such as the SEWRPC efforts on its long-range transportation plan). WisDOT was also asked to help statewide associations educate local officials on the needs of freight movement and facilities, particularly first- and last-mile connections. To demonstrate that importance, FAC members recommended that WisDOT adopt “freight-friendly” policies for funding of local roads.

The FAC also said that WisDOT should be tracking the development of and recommendations in State Freight Plans from adjacent states, with a goal of inter-agency design standardization. Members said WisDOT needed to recognize where hubs for both intermodal and trucking operations are located, and to use this information to prioritize corridors serving those sites. One specific forum identified as an opportunity to exchange information is a FHWA mega-regions conference, convening in July 2017. FAC members encouraged WisDOT to participate in this event.

Members of the FAC generally supported stronger public-private ties on projects as well as planning. Members felt business associations needed to play a stronger role in advocating for increased support of freight-related transportation projects, including follow-through contacts with legislators. The key selling point for the business community is that freight improvements equal jobs. There was concern over the availability and limited amounts of federal funding, including TIGER, FASTLANE, and TIFIA.

Other concerns raised by the FAC included the WisDOT capacity to research and analyze freight data, so that the focus would be economic rather than political. WisDOT should have the capability to track and respond to industry trends through dialog, and express clear shipping constraints for OS/OW haulers. WisDOT should also assert a corridor-based approach to prioritization. There are cases where segments

along a corridor are individually important, but not enough to tip the balance for the project. But if the corridor were looked at collectively, there would be more than enough justification.

FAC attendees were also given an opportunity to comment on the remaining six policies, using the same general parameters:

- 1) Does one of the remaining six policies warrant further examination regarding its benefits to industry and the citizens of Wisconsin, and lend itself to joint WisDOT-FAC action?
- 2) What other organizations would be crucial in successfully achieving these goals?
- 3) What barriers do you foresee?

Policies mentioned are discussed below.

Policy 1: WisDOT will continue to coordinate with state, regional, and international partners, as well as explore the development of a maritime strategy for Wisconsin, to support maritime transportation as part of a safe, efficient, and seamless freight transportation system.

Comments noted that maritime was an important part of intermodalism, and was already recognized by the governor through his signing on to the Great Lakes Plan. One important concern is that ports need to have resiliency, allowing their operations to be adaptive to changing markets and changes to infrastructure and competing modes. The challenge to developing a more dynamic strategy is that the FAC only meets twice per year. Developing a subcommittee structure would allow for more frequent meetings, with attendees focused on the area of interest.

Policy 4: WisDOT will provide information to communicate and educate industry and the general public on pertinent freight topics and issues.

One table said the general public needs to know more about freight if it is to become a priority.

Policy 6: WisDOT will continue to work with other states to identify harmonization opportunities

There is some conflation between harmonization (ensuring regulations are consistent from state-to-state, and between state and local governments) and streamlining (reducing/simplifying regulations). Suggestions for harmonization opportunities include comparing Wisconsin's permits with those of the neighboring states to try and match or blend weight standards, allowing the region to be more consistent and uniform. Elimination of the many special exemptions was one suggested strategy. The FHWA mega-regions conference on August 27-28 is discussing changes as part of NCRA 401, put forth by the Specialized Carriers & Rigging Association). AASHTO and motor carrier groups should also be involved.

Policy 7: Simplify, Streamline and Provide more Permitting (close on plot graph)

Concerns expressed by FAC attendees include the need to "chase permits" across municipalities and local governments as routes exit and re-enter the state network. Members asked for consistency between municipalities and to have one clearing house for local roads that covers all the counties. Also suggested were an interstate compact on permits that could lead to a standardized Midwest permitting process. Coordination with industry and with other states were identified as key factors in carrying out this policy.

Policy 9: WisDOT will monitor national best practices and other initiatives related to reducing freight's impact on the environment.

One table said that environmental impacts are a bigger issue worldwide than at the state or national level.

There was also a degree of unspecified policy discussion regarding how much local road support should come from the state transportation fund versus how much of the funding should be raised locally. Some counties have been using funds from general transportation aid for other uses; maintaining money for its intended transportation purpose would add credibility to requests for additional support.

Part II: Legal Weight Trucking - Tabletop Discussions (1:45pm)

The information below reflects the results of the afternoon tabletop discussion session at the May 16, 2017 FAC meeting. Four specific questions were asked:

- 1) What factors drive operations and facility development for legal-weight trucking?
- 2) What business sectors are most reliant on trucking operations? What are the origins and destinations of the goods being shipped?
- 3) Identify the primary trucking industry providers.
- 4) Identify the expectations of the trucking industry.

Question 1: What factors drive operations and facility development for legal-weight trucking?

Many of the factors that determine the operational characteristics and facility locations for trucking are similar or identical to those that apply to other transportation modes. In general, these include:

- The location of manufacturers, suppliers, and customers/markets;
- The volume of freight moved along a given corridor;
- The capability of infrastructure to handle traffic;
- The pool of available employees (especially drivers);
- Changes in business practices (including just-in-time deliveries and greater use of parcel deliveries from fulfillment centers);
- Regulations (both state and federal);
- Technology, both through efficiency and through tighter monitoring of operations;
- The availability of other modes;
- Fuel costs;
- Proximity to major interstate/freeway/highway corridors; and
- Customer expectations for service.

In Wisconsin, those factors apply, along with the following state-specific items:

- Industry exemptions to weight limits (covering many state sectors, including dairy and timber);
- The state's geographic location, just north of the major east-west corridors in the United States;
- The agricultural economy of the state (grains, fruits, vegetables);
- Stable locations for development of warehouse sites, in proximity to Chicago and Twin Cities markets;
- The inadequacy of both rural and urban secondary road systems for first/last mile freight; and
- The closing of intermodal facilities in the eastern part of the state.

Question 2: What business sectors are most reliant on trucking operations? What are the origins and destinations?

FAC members responding to this question noted that the sectors are similar for Wisconsin and for the rest of North America.

Perishable agriculture and food products (including dairy products) are among the highest volume truck freight generators for loads with in-state origins. Other sectors that generate many outbound loads include paper and pulp and scrap metal and paper. Inbound freight commodities include finished/high-value products (such as electronics and other technology), retail items of all kinds (heading from supplier to warehouse or warehouse to retailer), and fuel/petroleum products. There is also significant intra-state movement with shorter moves for processing or manufacturing. More than one table indicated everybody relies on trucking; it remains the only mode that serves all addresses. There was also the sense from more than one table that this is information that WisDOT should have readily available through public and/or proprietary databases.

The question on origins and destinations was somewhat problematic for FAC members, as the origin/destination pairings vary by commodity, prices, seasons, and any number of other factors. Some attendees identified modal transfer locations (such as ports); others identified major shippers such as MillerCoors and Amazon. Ultimately, the consensus is that all of North America is an origin and a destination for trucking.

Question 3: Identify the primary trucking industry providers and their areas of specialization.

Most of the FAC members expressed awareness of the different areas of specialization in trucking operations, with some companies choosing to focus on one or two niches in the market and others diversified through most areas of truck transport. Some of the more common separations are truckload (TL) versus less-than-truckload (LTL), local versus over-the-road/long-distance, and independent/contract drivers versus corporate drivers.

Many fleets are dedicated to serving individual companies (Wal-Mart; Kwik Trip, Spancrete) or individual sectors (mail, parcels/packages, refrigerated, food-grade, petroleum products). Among the larger diversified companies identified were JB Hunt, Marten (a leader in refrigerated transportation), Swift, Old Dominion, England, Roehl, and Schneider. Yellow Freight, UPS, and Fed Ex were noted as major carriers in the LTL sector.

Wisconsin has several companies that have a large presence across North America (Schneider, Roehl, Marten) and others that have a large presence in certain geographic areas (e.g., Halvor Lines in the Superior area). Some companies were specialists in transload between rail and truck (Flash, Schmit) or pipeline and truck (Klemm). Some companies were mentioned as handling drayage, but their names as identified by FAC members could not be confirmed.

Question 4: Identify the expectations of the trucking industry.

Broadly, FAC members said trucking companies will do what it takes to remain profitable and in business, whether demanding on-time performance from their drivers/employees or continuing to apply fuel cost surcharges. Customers will continue to increase in what they demand from shippers, including operations that minimize environmental impacts.

Safety will be a primary expectation from all involved, which will continue to motivate the development of technological innovations. The growth of technology in trucking is expected, regardless of whether or not government mandates are applied. This will include greater driver assistance and application of platooning, which may lead to driverless operation. Public acceptance will be critical in how quickly new technology is adopted. The driving community may also find itself in some jeopardy, depending on freight demand, employee wages, the ability of drivers under age 21 to operate short interstate routes, and the rate of technology adoption.

There will be other areas addressed in overall modernization of equipment and facilities, including greater fuel economy and more technological features (such as more universal load tracking and monitoring). The industry will continue to seek heavier weight standards on public roads, including Interstate Highways.

Across North America, the trucking sector seeks consistency from government. Government has established oversight of and impact on truck weights, vehicle safety, technology, and compliance, and needs to continue to improve operational efficiency to minimize or eliminate the pace of commerce. Smoother roads are one major expectation from trucking companies, as is harmonization of weight regulations across state lines. Trucking companies believe that in its current form, the revised Hours-of-Service rules are too complex and unwavering, with drivers unable to count waiting time as off-duty time. Drivers and companies need more flexibility in how to handle waiting periods. Trucking companies will try to improve coordination of delivery schedules with customers, whether factories, warehouses, or job/building sites.

The expectations for Wisconsin government were less optimistic. Several FAC attendees expect that the state will continue to “kick the can down the road” on infrastructure and permitting improvements. The existing permitting process is seen as out-of-step, while the road system is seen as falling behind. Truckers seek rest areas in urban areas, stating they can’t rely on Wal-Mart parking lots all the time. There are positive expectations for the truck parking information system, with attendees agreeing that WisDOT should continue to deploy signs at existing state-owned rest areas while seeking to partner on information sharing with private sector truck stops.

Attendees urged Wisconsin, in its enforcement duties, to push for harmonization of rules across all boundaries at all jurisdictions (state and local). Permitting should be simplified and streamlined, and the state should help coordinate discussions among stakeholders. FAC attendees hoped Wisconsin would play a role with autonomous vehicles by designating a corridor for demonstration purposes. The trucking sector hoped that WisDOT would, through improvements to infrastructure and regulation, help to improve the state economy by collaborating with industry to create jobs and help businesses grow.