Wisconsin Freight Advisory Committee
Intermodal Subcommittee
Meeting Notes
October 24, 2018
9:00 AM - 12:00 PM

Host: Fitchburg Public Library

Subcommittee Members/Designees Attending In-Person:
- Dave Simon, Wisconsin Department of Transportation (WisDOT) (co-chair)
- Cory Fish, Wisconsin Manufacturers & Commerce (co-chair)
- Brian Buchanan, Canadian National Railway Company (CN) ¹
- Bo DeLong, The DeLong Co., Inc.
- Jack Heinemann, Wisconsin Department of Agriculture, Trade, & Consumer Protection (DATCP)
- Peter Hirthe, Port of Milwaukee
- Larry Krueger, Krueger Lumber/Lake States Lumber Association
- Kelli O’Brien, Union Pacific Railroad
- David Ruehrdanz, Canadian Pacific Railway
- Dr. Richard Stewart, University of Wisconsin-Superior

Subcommittee Members Attending by Phone:
- Brian Jackson, JUSDA
- Brad Peot, Watco/Wisconsin & Southern Railroad (WSOR; attending for Ken Lucht)
- Dr. Ernie Perry, University of Wisconsin

Other Attendees:
- Mark Sericati, Schneider National (by phone)
- Ben Zietlow, Quetica
- Dean Prestegaard, WisDOT
- Rich Kedzior, WisDOT
- Dave Leucinger, WisDOT
- Matt Umhoefer, WisDOT
- Paul Chellevold, SRF Consulting
- Chris Ryan, SRF Consulting (by phone)

Greetings and Agenda
The eighth meeting of Wisconsin’s Freight Advisory Committee’s Intermodal Subcommittee was held in Fitchburg on October 24, 2018 at the Fitchburg Public Library. Dave Simon welcomed the attendees, and outlined the meeting’s agenda. He said this would be the group’s final scheduled meeting. The agenda included discussion of current and future opportunities in intermodal service. He noted the group would go through the Draft Report, which had extra facts, figures, and data. He said the group would briefly discuss the notes from meeting #7 first. Then the group would walk through the report for most of the

¹ Canadian National Railway Company (CN) operates in Wisconsin as Wisconsin Central Ltd. (WCL), a wholly owned subsidiary operating company. CN is the ultimate parent company. The U.S. subsidiaries of CN such as WCL operate collectively under the CN brand name.
meeting, and ask Subcommittee members to say if the report met their expectations. Simon noted WisDOT would be open to receiving comments through October 31. Then WisDOT will finalize the Draft Report for presentation to the Freight Advisory Committee (FAC) on November 15; Brian Buchanan and Peter Hirthe will give the presentation, but all Subcommittee members are welcome to attend. After the FAC meeting, we’ll incorporate comments and get to the “final final” status. That document will be presented to the Secretary’s Office in mid-December. Will we be done then? According to Simon, not necessarily. We have the option to reconvene – perhaps in early 2019 – to talk about implementation and how to ‘push out’ the document. Social media will be a component for giving the report wide availability; we will also directly inform other DOTs. This report will have both state and national significance, and we thank all the members of the Subcommittee – everyone will be credited within the report, both at the organization and individual level. The team has done a great job. Once we finish and polish the report up, Simon said he was optimistic these efforts will lead to the establishment of more intermodal terminals in Wisconsin.

September Meeting Recap

After attendees did quick self-introductions, Dave Simon recapped the September 7 meeting. That meeting featured in-person attendance from Ron Mazmanian of Aim Transfer, whose company carries 300 drayage loads daily between the Chicago yards and southeastern Wisconsin. Also in attendance was Luke Kvapil from Federal Marine Terminals (a major tenant at the Port of Milwaukee), Mark Berndt and Ben Zietlow from Quetica, and Latrice Rice from Union Pacific. Mr. Simon said as of the previous meeting the survey had been cast to a large group – thousands of recipients – but had received back far fewer responses than anticipated. We talked about members of the Subcommittee sending out follow-ups to their organizations and using social media. We talked about using the heat maps to show recipients how much data we were missing.

Dean Prestegaard showed the data that was used to create the heat maps and discussed how the data would be analyzed. We had talked about following up on missing data – and whether or not to supplement the survey with additional data. The Subcommittee decided to keep the data from the survey separate from other data collection means. Mr. Prestegaard talked about the eight maps that will be created with arrows to show freight lanes. The Subcommittee was also briefed on some funding options, including federal grants. Dave Leucinger also walked through an early draft of the Subcommittee Report. We heard from the Subcommittee they wanted the report to be a strong statement, and that the report should look at the challenges in developing and expanding intermodal facilities due to conflicting zoning and land use.

Draft Report Review

Next, Dave Leucinger led the Subcommittee through a review of the initial sections drafted for the report. Dr. Richard Stewart said that a high percentage of the readers won’t get past the Executive Summary, since there’s a lot of information. He asked how the report planned to capture the key points of the report. Peter Hirthe said the summary should reference basic foundational information but emphasize how it impacts Wisconsin. Some examples are the trade lane discussion on page 62, and the potential options on page 105. The Executive Summary needs to focus on what you need to know for Wisconsin. The ‘meat and potatoes’ should emphasize the trade lanes and potential options for the state. Many people won’t wade through the background; it’s critical the message is in the Summary. Dave Simon asked if the executive Summary could focus on the Wisconsin elements and hit hard on the message we are trying to send? He suggested we get into the report, due to its size, and focus on the key details.
Dr. Stewart said that the start of the Executive Summary should include the phrasing from the “Introduction to Containerized Freight” at the top of page 8 – define the opportunities for Wisconsin businesses, now and in the future. Peter Hirthe agreed that the Executive Summary should have a heavy “Wisconsin-centric” focus, and should discuss how Wisconsin’s facilities integrates with the overall global intermodal network. Kelli O’Brien asked if that could be accomplished with reorganization of existing material. Dr. Stewart said the report should address improving the supply chain – and how intermodal accomplishes that. For someone like Larry Krueger, intermodal freight may or may not improve his supply chain for lumber. That is what we found. What are the material supports, the potential benefits, and the pros and cons? David Ruehrdanz said the report should focus on Wisconsin-centric improvements. Concentrate on Wisconsin, especially in the Executive Summary. That’s the key factor driving what we would like to accomplish. Kelli O’Brien said the primary audience will be the Class I railroads; to get their attention, the report needs to hit them hard. Larry Krueger said the report needs to keep in mind its two audience markets – the people of Wisconsin and the Class I railroads. Dr. Stewart added that should also include the politicians.

Peter Hirthe said the report should act as a funnel of information – directing all the information down to a focus on Wisconsin. Kelli O’Brien said WisDOT needs to get Class I railroad attention right away, so that the report can be up front with them. Jack Heinemann agreed, and said the information needs to be sent to key constituent groups.

Dave Leucinger said the reaction so far from the business community has been less than hoped. We didn’t get a more robust response to the survey. And right now, the data from the survey is uneven. Brian Buchanan asked what the end result of the Subcommittee Report will be. Someone said the heat maps would be the key take-away. Buchanan said that they should be in the Executive Summary, with the clusters of container movements identified as “promising regions.” Matt Umhoefer said the eastern third of the state is where those locations are.

Dave Leucinger continued the discussion with acknowledgement of Larry Krueger’s earlier comment submissions. In discussion of port operations, the report discusses the practice of transloading imported goods from 40’ international containers to 53’ domestic containers at coastal ports; at present, almost 60 percent of the container volumes entering Los Angeles/Long Beach are transloaded. Krueger said the report should discuss the costs and downside to transloading at ports. He said that for lumber, contents are damaged, banding gets broken, and items disappear or are otherwise lost. The number of ISO boxes coming inland isn’t known, but it’s important to keep some shipments in the same box for the entire trip. Leucinger replied that it’s important to identify this as a trend because of the negative impacts the practice has on the availability of containers for Wisconsin exporters.

Dr. Stewart said the report needs to state that intermodal freight is a for-profit system; governments and shippers need to work with railroads on their terms. It should be clear to the reader that railroads are not a government entity, but that public/private partnerships and collaborations are used to address resource needs.

Dave Leucinger returned to discussing the report, including the sections on top commodities for international containerized freight and metrics used to measure intermodal activity. Dr. Stewart said it would be helpful to include a small paragraph on page 16 to explain why we measure, and what is the importance of specific measurements. Leucinger continued with discussion of the Service Areas for International Containerized Freight, noting that the data table from IHS Markit for containerized imports doesn’t add up. By one way of adding, the tables show there is a surplus of containers for export to
Europe – and that’s not verified. Therefore, more work is needed in this section. Dr. Stewart again asked for a narrative on page 22 to explain to the reader why the data on service areas is important.

Next, Leucinger discussed the sections on fleet volumes of containers, of railcars for containers, and of chassis and trailers. Dr. Stewart asked if there were concerns over rail car production, and making sure there are the right kinds of cars (well cars and trailers-on-flat-cars [TOFC]) for the right containers. Does the rail sector have enough cars? Brian Buchanan said that railroads are indirect participants in the use of containers and trailers, and that (leasing company) TTX is responsible for the production of most trailer- and container-hauling rail cars. More often, it’s a logistical challenge of moving the right cars to where they’re needed, rather than not having enough cars. Kelli O’Brien said the situation was logistical complexity. Bo DeLong said that there is strong general demand for the heavy-weight well cars for containers, especially for back-hauls (exports). There are usually well cars available, but the rail lines don’t specifically say they can move heavier loads between Point A and Point B. Buchanan said CN’s yard at Duluth is one place without many heavy-weight, high-capacity cars. The yard has smaller capacity and inbound containers are usually lighter loads; if heavier cars are needed for outbound loads, they have to be brought in.

Dave Leucinger noted the growth in the use of TOFC and observed that equipment might be getting old and scheduled for retirement, but that there is uncertainty whether this increase in TOFC is short-term or not. Are there enough TOFC cars for the current demand? Brian Buchanan said that the volumes of TOFC loads fluctuate, so patience is needed to see if there’s a trend. It will come down to a decision between railroads and TTX – does it make sense to build more cars? Is the money there? That decision will be driven by market forces, and ties in with Dr. Stewart’s call to emphasize the “for-profit” economics of intermodal transportation. Peter Hirthe added that it also flows with the concept of first using reallocation to address market growth and pressure on the network.

Dave Leucinger continued his review of the Draft Report, discussing the “Key Entities” section, including the Intermodal Association of North America (IANA), Ocean Transport Intermediaries, Railroads, and Drayage Trucking. Dr. Stewart said the narrative should note that not every trucking company is approved to conduct drayage operations. There should also be language to discuss compliance with the Transportation Workers’ Identification Card (TWIC) rules put in place after 9/11. Background checks are part of that process; truck companies also need a Standard Carrier Alpha Code (SCAC) assigned. The point is that not anyone can just drive in.

Leucinger continued the review of the Report with the sections on the history of intermodal operations in the state. He said that the Wisconsin Central’s operational era coincided with the transition from TOFC to containers. He added that data on the Ports of Milwaukee and Green Bay would be updated. He said that the Arcadia facility had relied on one co-op for much of its agricultural exports, but there is now a different co-op performing that role. He said that he received Larry Krueger’s e-mail and was awaiting a response from others to address his questions. Dr. Stewart said the narrative should discuss why terminals opened and why they closed. From the reader’s perspective, there should be a paragraph to answer, “what have we learned from this?” - include a take-away paragraph to close each section. Leucinger replied that the narrative he has from Brian Buchanan will help address that.

Dave Leucinger continued with discussion of the existing intermodal facilities in Wisconsin. Larry Krueger said he questioned the statement that use of the Duluth intermodal facility would save shippers money. His inquiries have found the cost to ship from Duluth to China at $600 more than shipping from Chicago to China. How is it that the distance to China is shorter from Duluth than from Chicago, but the cost is
Leucinger replied that the statement about cost-savings included drayage prices to the Chicago or Minneapolis yards; for shippers in northern Wisconsin, the Michigan Upper Peninsula, or northern Minnesota, the overall cost is still advantageous to use Duluth. Bo DeLong said railroads and steamship lines will price the shipments on what the economy will bear. There will not be cheaper rates out of Wisconsin than out of Illinois. Dr. Stewart said the price comparison is of total supply chain costs. For those who have tight timeframes, they need to be willing to pay more for the services.

Dave Leucinger then discussed the sections for trade lanes and container pricing. He said he was unsure if it would be better to place container pricing as a stand-alone section, or integrate it with other sections. He will use the information provided by Bo DeLong for this narrative. Leucinger added that the heat map section will be adding summary tables. He asked if there was a preference for how the report will capture narratives and summarize survey findings. Dean Prestegaard said there were a limited number of responses on the survey, and the team wants to work through the data. There are some complicating factors; Matt Umhoefer and the team are cleaning the data. It will be a judgment call to select the regions and zones. We will be reaching back out to WMC to follow-up.

There was discussion over the use of arrows (perhaps scaled in size) to show the direction of movement of intermodal containers, versus using summary tables. The team will be creating tables and narrative to explain the tables; however, the level of detail is not there. The data is collected at the ZIP code level, but how that will be integrated is still a solution being developed.

Peter Hirthe said that given the limited number of returns, the report needs to talk generically about freight, but it does need to talk about the trade lanes. Even if the information isn’t tied to maps, it needs to be discussed and included. The report must be Wisconsin-centric. Identify what moves where, and how. Split the state into quadrants to show the percentages of traffic tied to each region – what percentage of containerized freight goes in what direction? Bo DeLong said the survey maps don’t show his company’s agricultural exports coming out of the southeastern quadrant of the state, moving to Chicago and containerized there.

Peter Hirthe said current and future volumes and directions should be compared – so we can compare where we are with where we will be a number of years out. That will show the volumes of containers that need to be addressed by that time. Foxconn will obviously be a big factor, but it’s more than Foxconn – it’s also the Fox Valley and other locations. Bo DeLong said the maps and data need to identify current and future needs for imported containers, international and domestic. Imports are the driver for intermodal service in the state; every box coming in can be reloaded for export. Peter Hirthe said the report can’t just be a static analysis; we know there is going to be significant growth. Bo added we need to include exports, too. Dave Leucinger said that an assessment of trade lanes and existing lane balances are what we can include in the report, as well as what can be done to improve lane balances. Brian Buchanan and Peter Hirthe said the study section also needs to include discussion of how widely the survey was distributed.

After a break, Dave Leucinger resumed discussion of the report, and asked Cory Fish if he had any reactions or comments. Fish said that in even-numbered years, WMC typically conducts a “road show” to discuss policy and legislation with its members. Unfortunately, even though WMC reached out to them to fill out the survey, many opted to not participate. The survey is only as good as the results of the responses. Whether WMC’s members felt the information was too proprietary or too sensitive, they did not share their information.
Next, Dave Leucinger handed out a proposed revision in the outline for the “Developments in Intermodal Operations” section to ask for Subcommittee approval. He said that the existing structure of the outline was restrictive and not able to allow the narrative to flow well. The new outline will flow in scale from international to continental to regional to local; it will mean about 25 to 30 pages will be restructured. The Subcommittee gave their verbal agreement to the new outline.

Dave Leucinger then began discussion of the International Maritime section. Brian Buchanan said that he had been in discussion with top executives, who mentioned the movement of goods manufacturing in Asia from China and northeast Asia towards Vietnam and southeast Asia. The executives were asking if the changed/added ports would be more attractive for imports and exports. Leucinger then turned to the North American coastal ports; there was some discussion of the capacity increases and limits of West Coast ports including Prince Rupert and Los Angeles-Long Beach. Dave Simon said quite a bit more text is anticipated; we want to make sure to only include what is needed. Peter Hirthe and Kelli O’Brien said that it is essential to include discussion of the CREATE initiative to reduce rail congestion in Chicago, and why it is important for Wisconsin.

Brian Buchanan and Dave Leucinger discussed the language for a CN “New Lenox” facility. Leucinger said he’d noted the reference from a CN web page but couldn’t find other public information in the media; Buchanan said there wasn’t any such proposal but sometimes incorrect information shows up on web pages. Both agreed to a fact-checking of the entries. Leucinger then discussed the temperature-controlled intermodal section. Brian Buchanan asked that CN’s temperature-controlled service be included in the narrative. It was also suggested that the discussion of temperature-controlled service focus on opportunities for Wisconsin’s businesses. The emphasis should be on what the service could mean for Wisconsin.

There was discussion of the time frame for adding content and submitting suggested edits. Matt Umhoefer said there are 10 to 12 days (from the Subcommittee meeting date) to add content. Dave Simon said the critical date will be the November 15 meeting of the Freight Advisory Committee, when the Draft Report is expected to be presented. He asked the Subcommittee to take the necessary time to help get the Draft in a presentable form for viewing. Peter Hirthe said he said the efforts shouldn’t be on details and background as much as on what this means for Wisconsin.

Dave Leucinger resumed review of the Draft Report, discussing sections on first/last mile issues, route preservation, roads defined as intermodal corridors, and conflicting land uses. Kelli O’Brien said that conflicting land uses are the biggest issues for development of intermodal facilities. Local governments have failed to take into account future industrial facility needs and failed to consider railroad corridors as locations for those facilities, allowing and/or encouraging residential development in locations better preserved for industrial/warehouse activity. This creates conflict for rail-dependent industries who want to develop or expand facilities, or when there’s interest in building an intermodal or transload facility. Local and state governments are also giving away opportunities for moving freight by mixing recreational facilities in existing industrial areas, including waterfront harbors. These uses should not be in those locations.

The group then reviewed the last section of the Report, ‘Potential Options for Improving Intermodal Development.’ Dave Simon said the section would cover one-and-a-half pages as the very last section of the report and list some potential roles for the state, local, and private sectors. Peter Hirthe said the policies should be grouped into specific ‘silos,’ breaking them into groups: regulatory changes, data needs, funding opportunities, marketing and promotion, and education. The section should show the
need for specific remedies on action items. Kelli O’Brien asked if the section should include consideration of action items and/or next steps. Dr. Stewart said the subjects covered should include land use, regulations, and policies. Citizens need to be educated and shown successful examples. He referred the Subcommittee to his notes proposing an Executive Summary structure. He asked, what are some things that should be done? How can Wisconsin improve its opportunities for intermodal service? How have these efforts worked in other locations? What types of collaborations have had the greatest success? Dave Simon said if the Subcommittee wants WisDOT to follow through on this point, send in your edits with those points emphasized. Someone added that the acronyms should be spelled out, as many going through the Executive Summary won’t bother to look them up.

Dr. Stewart said WisDOT should look at the example of MnDOT for employing Strategic Transportation Planning, and incorporating intermodal as part of that process. For example, when the department is building new infrastructure, such as bridges over rail, is WisDOT ensuring that double-stack containers will be able to go under the new bridge? Dave Simon and Brian Buchanan said that Greg Baer is the WisDOT engineer/staff member charged with coordinating bridge clearances over railroads. Peter Hirthe said there should be clear discussion of improving the terminal access, including how to design when terminals are developed. The role of steamship lines should also be identified and made clear. Larry Krueger said the roles should mention the business synergy that a terminal could offer a Class I railroad. This section should mention the shortage of truck drivers and how drayage distances to and from terminals is too long for many drivers. There will be a lot of motivation for use once there is a terminal in Wisconsin – it could be a very busy terminal.

Closing Comments
Dave Simon thanked the attendees, and invited everyone to attend the Freight Advisory Committee meeting on November 15.