Wisconsin Freight Advisory Committee (FAC)
Meeting Minutes from Wednesday, May 30, 2018
9:00 a.m. to 3:00 p.m., Hill Farms Office Building, Madison, Wisconsin

FAC Members Present: Andrew Barnes, Mark Brehmer, Tom Bressner, Ron Chicka, Steven Conway, Jeff Dudzik, Cory Fish, Mary Forlenza, Dean Haen, Chris Hiebert, Mike Halsted, Neal Kedzie, Jeff Kitsembel, Larry Krueger, Jeff Landin, Tony Langenohl, Ken Lucht, Mark Oesterle, Ernie Perry, Richard Pingel, Jen Pino-Gallagher, Rob Richard, Keith Ripp, Steve Rose, Nels Rude, Henry Schienebeck, Richard Stewart, Craig Thompson, Yash Wadhwa.

FAC-Member Organizations’ Proxies Present: Jack Heinemann, Tim Marshall

Wisconsin Department of Transportation (WisDOT) Members Present: Scot Becker, Scott Brummond, Rebecca Burkel, June Coleman, Rich Kedzior, Dave Leucinger, Karl Mittelstadt, Dean Prestegaard, Dave Ross, Bob Seitz, Dave Simon, Aileen Switzer, Matt Umhoefer, Chuck Wade, Brett Wallace

Guests: Steve Altnau, Jim Best, Brian Buchanan, Sabina Dhungana, Eric Kruse, Patricia Rowe

• Secretary’s Welcome and Opening Remarks (9:30 a.m.)
  o Dave Ross, WisDOT Secretary

Secretary Ross welcomed the Wisconsin Freight Advisory Committee (FAC) members, and noted their role in the development of the State Freight Plan. He also welcomed Keith Ripp (Assistant Deputy Secretary of Wisconsin’s Department of Agriculture, Trade and Consumer Protection) as a new FAC member.

• Recap of the November 2017 FAC Meeting and WisDOT Update (9:35 a.m.)
  o Aileen Switzer, WisDOT Division of Transportation Investment Management (DTIM) Administrator

Ms. Switzer gave a brief overview of the day’s agenda before welcoming Keith Ripp to the FAC and summarizing the November 9, 2017 FAC meeting. The meeting included 62 participants (FAC members and WisDOT staff). Discussions and group exercises included Local Programs (including local bridges), the Intermodal Subcommittee, and a focus on the future direction for the FAC.

Ms. Switzer updated the FAC on relevant activity since the November meeting. Those items included:
  • formal approval of the State Freight Plan on March 19, 2018
    o this allows WisDOT to access more than $77 million in federal funding for federal fiscal years 2018-20
  • the state formally designated a system of local and state roads in Milwaukee County between West Allis and the Port of Milwaukee as a “High Wide” route
    o this provides businesses the opportunity to move large manufactured items along this route as clearances are established and preserved
• WisDOT has begun the process to update the software used to process OSOW permits
  o improvements will make the software significantly more stable and accessible across Android and Apple platforms
  o full implementation is anticipated by late 2019
• WisDOT completed the work of its Truck Route Evaluation and Efficiency task force, which identified the most-used segments of the state’s OSOW system
  o as a result of the task force’s work, the system was pared back from 5,782 miles (49.2% of the total state system) to 3,911 miles (33.3% of the state system)
  o this reduction will allow the state to focus its resources on these highest-priority corridors while still maintaining essential connectivity for OSOW movement across the state
• WisDOT increased the dimensional and weight limits for “auto-issued” permits
  o this allows industries to self-issue permits, and then use an online tool to create a route capable of supporting oversize shipments
• WisDOT’s Harbor Assistance Program awarded a total of $12.1 million in grants
  o recipients included Sturgeon Bay, Green Bay, Manitowoc, Superior, and Washburn

• State of Wisconsin’s Freight-Related Economy / Industries (9:45 a.m.)
  o Mark Brehmer, Wisconsin Builders Association
  o Rob Richard, Wisconsin Farm Bureau Federation
  o Henry Schienebeck, Great Lakes Timber Professionals

Continuing the well-received “State of Our Industry” presentations from the fall of 2017, three FAC members offered their assessment of their respective business sectors. Mark Brehmer of the Wisconsin Builders Association said that his industry needs both truckers and carpenters, as construction has been robust for the past two years. Residential housing starts for 2017-18 are up 11 percent from 2015-16 and 6 percent from 2016-17. In addition to the labor shortages, some materials are in shorter supply, including oriented strand board (commonly known as OSB) and plywood due to sawmill closings. The recent 27 percent tariff on softwood from Canada has raised the price of a house by 7 to 8 percent overnight. Since the end of 2016, lumber prices increased from $300 per thousand board feet to $600. There are some first/last mile issues with component movement. He noted that in Wisconsin, there wasn’t much of a seasonal slowdown in late fall; people were even working on Thanksgiving Day and on weekends due to demand. Nationally, there were between 800,000 and 850,000 units started last year – to put that in perspective, there were over one million starts per year before the recession. There are about 1.1 million family formations every year. Taking into account the loss of housing stock from age and disasters, the nation needs 1.3 million new units per year to maintain balance.

Mr. Brehmer was asked about the geographic variation in housing markets in Wisconsin. He said that Madison is robust, and the Milwaukee area is also strong. Green Bay is doing fairly well, while in the outstate areas, it’s slower. Dane County is the big driving force. There are call centers bringing in experts from India to support the tech economy; these people are looking at “starter” homes in the $400,000 range.

Next, Rob Richard of the Wisconsin Farm Bureau Federation (WFBF) said that if there was a word to describe the state of farming in Wisconsin at present, it is “concerning.” In 2017, 500 dairy farms went out of business; the Western District of Wisconsin is the location of the largest number of bankruptcies in the federal court system. The price of commodities, especially milk, is at a low point; it has continued to stay low and may even decline further. Farmers that have run out of operating capital are now taking
loans on the value of their land – burning through their equity. That’s especially true for small- and medium-sized farms. Some farmers are even burning through their life savings as a last attempt to get another year or two to operate in the hope of a turn-around in prices, but the trend is not good. In the last five years, 20 percent of the state’s dairy farms have been lost; and with Trans-Pacific Partnership and North American Free Trade Agreement concerns, it’s not looking any better.

Among the critical factors needed to support the rural economies are transportation and rural broadband. Transportation issues have also emerged as the new federal local bridge formula led to posting many bridges; some of WFBF’s members need to detour up to 17 miles to avoid weight-limited bridges. It’s not an efficient movement. If you look at Tweets or Facebook posts on the state of agriculture, a large percentage are for mental health and suicide prevention. Many are saying it’s the toughest time they’ve ever witnessed; older farmers say it’s a lot like the 1980’s.

There are new and exciting things, however. The return of industrial hemp production can help to save many of these farms, as can the production of cannabidiol oil and specialized grains. Broadband is an area where there needs to be federal and state support and investment. Mr. Richard indicated that rural broadband really is the key for farmers to operate as a business, to not only get access to global information – but to get it at the same speed as others.

Tim Marshall asked to confirm that when the farms go out of business, the land doesn’t go dormant – that it usually remains in production, but under a different owner – usually larger in scale. Mr. Richard confirmed that is the case; as the value of land goes up, there’s no land that remains idle – there are still agricultural products moving off those lands. Another question asked about a recent report describing the decline in the number of dairy cows in the state. Mr. Richard replied that was a small drop in the bucket of the statewide dairy herd, and it was only for the most recent month. He said anecdotally that there are farmers sending their key milk-producing cows to slaughter because the milk prices remain so low.

Erin Roth of the American Petroleum Institute was scheduled to speak on the petroleum sector, but was unable to attend.

Henry Schienebeck of the Great Lakes Timber Professionals explained the transportation challenges in his sector. He said overall, timber producers rely on contracted trucking – rather than their own fleets – for about 70 percent of volume of harvested wood. That figure is over 80 percent for harvests of 1,000 or fewer cords. There aren’t many large fleets of timber company vehicles. Mr. Schienebeck said there is more state-to-state movement of logs than in the past as well. He presented a chart that showed the aging of timber company owners. In 2003, most owners were in the 35-44 or 45-54 age groups. By 2016, the 55-64 age group was the largest cohort (about 37 percent), while owners age 65 and over grew from about 7 percent in 2003 to about 18 percent in 2016. Most of the younger loggers are coming in through established family businesses now. He said that equipment costs are a major barrier for new entrants. The cost of a new truck rose from $120,000 in 1997 to more than $250,000 today. In that same time, harvesters went from $335,000 to $750,000. Those are big cost increases to absorb. Even tires rose from $450 to $1,000. But prices haven’t grown. One younger logger was paid only 17 cents a cord more for a harvest last year than Mr. Schienebeck was paid in 2005.

If the prices paid for the products aren’t going up, the only way loggers can continue is to be more efficient. Does that mean more axles? Bigger trucks? The costs are all going up, and the delivered prices for logs are going down. There are other changes that have happened – 2 paper mills – one in Biron and
another in the state of Maine – have been sold to a Hong Kong investment company. We don’t know what that will mean. The mills in Wisconsin did a lot of business by rail in the past – especially along the Highway 13 corridor. But it wasn’t profitable for rail anymore because all the other industries left.

You’re also seeing that truckers have to take longer drives to where they harvest. Drivers used to travel 25 or 30 miles to the harvest site and then to the mills; now it’s over 100 miles. The public wants a well-managed forest, so we only harvest a share of the timber. WisDOT has been good working with the timber industry. The challenges are on town and county roads and with bridge infrastructure.

Someone asked Mr. Schienebeck to clarify his statement on increasing efficiency. He said that there is give and take, but the debt load taken on by loggers and truckers forces them to keep producing. Another questioner asked if there is a softwood market for 2x4s produced in the state. Mr. Schienebeck said the last production facility – the Ashland stud mill – closed; there’s a Potlatch mill in Michigan, but their product is mostly treated lumber. There is a market in the state for the wood, but now it goes to the mill in Michigan.

• Southeast Region Projects Update (10:05 a.m.)
  o Brett Wallace, P.E., WisDOT Division of Transportation System Development (DTSD)

Mr. Wallace gave an overview of the activities surrounding the development of the Foxconn campus, named “Wisconn Valley.” He mentioned the primary products would be digital screens for televisions and other large visual displays, with advanced manufacturing concentrated in a 22 million square-foot complex at the eastern part of Area 1 (west of County H, between County KR and Braun Road).

He reviewed the timelines for the site development, utility upgrades, road projects, and I-94 expansion – all of which have to be coordinated under a simultaneous, accelerated schedule. The local road projects, coordinated with the Village of Mount Pleasant, will transform 17 miles of local roads to multi-lane divided urban roadways, including lighting, curb/gutter, and storm sewers. The 18.5-mile I-94 project is estimated at $500 million. Six interchanges will be rebuilt, with completion by 2021, dependent on awarding of an INFRA grant.1 The road expansions will happen even as materials are delivered to the Foxconn construction site, including up to 150 steel girders per day and 20 million tons of aggregate. Construction workers will also need to be brought in and out of the project area. Designated routes for both materials and employees have been established to ensure capacity is managed. Partnerships with local educational entities such as Gateway Technical College are likely.

Longer-term, transportation and logistics challenges include the movement of 10,000 workers at shift changes, the shipment of components and other inbound materials, and the outbound shipment of finished products. Rail, water, and air freight options will be incorporated, including some type of intermodal facility. Other area manufacturers and businesses will be impacted. Thus, technological applications are being evaluated for implementation along the important corridors to and from the facility.

A question was raised on how this project affected consideration of tolling; Mr. Wallace said he wasn’t aware of any such discussions. Another question was raised regarding Amtrak and the potential to have a shuttle from the Sturtevant depot. Mr. Wallace replied that some of these ideas have emerged in

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1 WisDOT was awarded an INFRA grant of $160 million by the U.S. Department of Transportation on June 12, 2018 for the I-94 North-South Freeway Project.
discussions, as Foxconn is interested in any means to move people. The Area 3 part of the development – east of County H – is bisected by the Canadian Pacific tracks used by Amtrak. That area is currently in the middle of master plan development. That master plan is due in two to three months; perhaps it will include a station or at least discuss moving employees by rail. Another person asked how someone could examine Foxconn’s supply chain information – where are their supplies coming from? Where are their products going to? Mr. Wallace replied that Foxconn has its own logistics arm, and there have been initial meetings with the project team and that group. Foxconn is still evaluating its building needs at this stage; perhaps the company has made decisions on its supply chain, but if so, those have not been shared publicly.

• Air Freight in Wisconsin - Panel Presentation (10:50 a.m.)
  o Facilitator: Scott Brummond, WisDOT Bureau of Aeronautics
  o Panel Members:
    Patricia Rowe, Director of Air Service Development, General Mitchell International Airport (GMIA)
    Steve Altnau, President, Air Cargo Carriers
    Jim Best, Owner, Pilot Freight Services

The FAC was given a presentation on air freight in Wisconsin. Moderator Scott Brummond introduced himself and the panel, and offered a brief background on the role of WisDOT’s Bureau of Aeronautics (BOA). Among the roles of the Bureau, he said, is service to all of Wisconsin’s aviation community, including regulations for hazard management, height restrictions, hazard management (including wildlife), and operational safety. BOA is the primary administrator of state funding for airport improvement projects.

Patricia Rowe introduced the FAC to GMIA, noting that the airport is entirely funded by user fees. The largest cargo portion of the facility is in the southwestern part of the airport, comprising more than 150,000 square feet of space for air cargo operations. She said that those facilities needed improvements in capacity (including more loading docks), capabilities (including refrigerated storage), and staffing (more Customs officers) to prepare for the anticipated boost in air cargo from Foxconn and other companies locating along I-94 south of Milwaukee.

Ms. Rowe discussed the employment and tax revenue impacts from air cargo at GMIA, noting that air cargo in the belly of planes boosts the profitability of passenger carriers. The value of air cargo was further validated in a study of flights between Indianapolis and Paris, with cargo providing the necessary economic boost for profitability. Applying the metrics of that study to GMIA, the case for service between Milwaukee and Paris is as strong, if not stronger.

Ms. Rowe raised concern over the volume of passengers and air freight that leave Wisconsin to fly through O’Hare, and suggested WisDOT collaborate with airports and private sector partners on a comprehensive study of air cargo moving through Wisconsin’s airports. She said there should be a strategy developed to keep Wisconsin air cargo going through Wisconsin airports, thereby generating additional economic value to the state.

Next, Steve Altnau gave an overview of his company, Air Cargo Carriers (ACC), and the niche it fills in air cargo operations. The company uses Shorts aircraft (boxy, small propeller-driven craft) to operate a feeder service for UPS, FedEx, and DHL. These routes primarily link from Louisville to medium-sized cities in Indiana, Ohio, Pennsylvania, West Virginia Illinois, Michigan; from Columbia, South Carolina to
three other medium-sized cities in South Carolina and Georgia; and across Puerto Rico, the Virgin Islands, and the Dominican Republic. ACC also worked with the U.S. Postal Service to develop a special container to haul packages sent through their system.

ACC also provides on-demand charter services, with the most active lanes between Texas and the eastern Midwest states (Indiana, Ohio, and Michigan). Mr. Altnau noted that two-thirds (65 percent to 70 percent) of ACC’s charters had been for the automotive sector, including items such as car seats. The reduction in auto manufacturing plants led to ACC pulling back from most U.S. charter services. He noted the costs for shipping varied greatly by the craft. Smaller Shorts air rates can range from $3 to $12 per mile; for larger 727 jet aircraft, that price is around $25 per mile.

Among the challenges facing small cargo operators are the limited hours for Customs and other on-ground staffing. Engine overhaul costs have risen from $450,000 to $600,000 over the past six years. Customers create problems by declaring weights and sizes far less than what they deliver for shipment. Large shipping companies have tight schedules for pickup and drop-off, and the smaller carriers must have aircraft available at all times for scheduled runs. The decline in domestic manufacturing and improvements to supply chain logistics have curtailed demand for charter services in the U.S.

Jim Best, the owner of Pilot Freight Services, offered an overview on air freight from the perspective of a customer and broker. He opened by expressing dismay at the challenges in the agricultural sector; he offered to help work with members of the FAC to develop messaging for a broader audience.

The air cargo sector is dominated by integrated carriers (such as UPS and FedEx) and the combination carriers (the passenger companies carrying cargo). Most of Wisconsin’s shipments are through GMIA, but there are some critical operations in other parts of the state – such as BouMatic in Madison, which sends machine parts for its cow milking equipment around the world. There’s plenty of lift [capacity] for air cargo in Wisconsin; not a lot is being utilized.

Mr. Best indicated that the air cargo sector typically experiences a rush at the end of each quarter. As companies try to boost sales volumes, there’s a squeeze for air freight – medical equipment products is one of the driving industries. They are trying to push out product.

Burlington Express started in the 1970’s, and provided scheduled air cargo operations out of GMIA for many years. It was sold to a German company, DB Schenker, which then ended domestic U.S. operations. Midwest Express also provided good air freight service until they were acquired by Frontier – and Frontier ended cargo operations. Outside of GMIA, Green Bay and Madison airports handle small packages – under 50 pounds – but they generally don’t like to handle cargo because the screening time is too lengthy for their staffing.

Mr. Best talked about Foxconn and it likely leveraging its inbound flights with companies that export so that it can recapture some of the costs of its imports. Foxconn will be bringing in large volumes with large aircraft – chartering 747s. There are only so many employees at GMIA that can handle the volumes coming in.

He suggested that Wisconsin should look at a shipper/manufacturer model for air cargo policy. There was a shippers’ study in Minnesota that discussed this model. Wisconsin should also urge air freight providers to co-rate GMIA and O’Hare for their international imports and exports. Improvements are needed at GMIA to handle the Foxconn cargo traffic. The airport needs to develop a
strategy for handling large charters of imported products, and for international flights. Meanwhile, the
driver shortages are also a problem for air freight – with drivers also subjected to hours-long waiting
periods for freight pickups and drop-offs at O’Hare. These driver shortages should be discussed with
partners across all of the transportation community. Foxconn will raise the bar for both carriers and
suppliers. New companies will emerge to handle transportation and manufacturing, Mr. Best said.
Airlines will be compelled to add both passenger and cargo capacity. Wisconsin has many other
manufacturers who will have the opportunity to get access to other global activity.

Customer expectations are critical in the service-driven sector of air cargo. Key amongst these are on-
time performance, trust, personalized service, commitment, reliability, and then price. Outside-the-box
thinking is another important quality, Mr. Best said.

During questioning, Eric Kruse said that the panel’s focus was on the other side of the state from his
company’s headquarters. What about the other parts of the state? Kwik Trip perceives its first option for
air freight as Minneapolis-St. Paul. There’s a split in Wisconsin roughly down the middle, along I-39; if it’s
west of that line, it goes west. Mr. Best said that’s not always the case, although he mentioned moving
items from Phillips through Minneapolis. He added that charters offered options; he’s seen some growth
in Green Bay and Rhinelander. There are solutions for companies in western Wisconsin who need air
freight movement.

Another questioner noted that even if Milwaukee were to offer international flights to Paris, it would
still be competing with O’Hare – whether on price, convenience, choice, or other factors. Mr. Best
replied that’s why co-rating GMIA with O’Hare is so important. Shippers could say they want the same
rates as offered for O’Hare – that would be a start. Beyond the advertised shipping rates, there are
hidden costs with going to O’Hare – truck tolls, time delays, variability – that Wisconsin shippers take
into account when determining total costs. Rates in Illinois may go up, or service levels may go down.
Wisconsin has the businesses and the freight volumes to sustain an air freight sector. We don’t have
sufficient capacity or infrastructure for handling our own air freight.

Henry Schienebeck asked about opportunities for air freight supporting the timber sector. Mr. Best
replied that there are a couple of logging equipment manufacturers in northern Wisconsin [Komatsu in
Shawano was mentioned] that generate 30 to 40 air freight shipments a day of parts. When a piece of
logging equipment is broken, it costs hundreds of dollars an hour or more in lost productivity. That’s
when you need rapid service. Patricia Rowe added that GMIA can handle large loads on large craft – just
after 9/11, the airport and the Milwaukee Art Museum got special permission for the chartered Russian
Antonov 124 to bring in the brise soleil “wings” for the museum.

Tom Bressner asked – looking at flight schedules, and the cost to drive – it might not be the worst
decision for a family to choose to go to O’Hare if they can get a more convenient arrival time. How does
GMIA try to draw away those looking for more convenient departure options in Wisconsin? Ms. Rowe
replied that the airport estimates it can capture about 50 percent of the existing customers that are
diverting to use GMIA instead, which would allow Milwaukee to keep 75 percent of the overall local
flight traffic. Jim West added there was a license plate study that showed about 4 of every 10 cars
parking at GMIA have Illinois plates – those are people from areas north of Chicago who choose GMIA
for ease of service. But the challenge for freight is that freight planes do not have good service hours
that match customer demands.
Due to time constraints, the expected discussion on air freight was dropped from the agenda; FAC members could offer comments on air freight by e-mail.

• **Mid-America Freight Coalition (11:55 a.m.)**
  o Dr. Ernie Perry, University of Wisconsin-Madison

Dr. Perry gave a brief presentation on the Mid-America Freight Coalition (MAFC) and the freight research projects it has been conducting. He noted that the ten coalition states comprise 22 percent of total population, 23 percent of truck tonnage, 63 percent of rail tonnage, and a large portion of the nation’s inland waterway system. Some of the subjects addressed in recent MAFC research projects include regional freight movement, truck pavement damage, marine highway activities and opportunities, impacts of a shutdown of the Mississippi River, and truck parking challenges (information systems and urban parking locations). Other projects underway and/or nearing completion include a truck platooning regulatory model, a MAASTO region bottleneck study, freight data training, identification of major freight corridors, quantifying the value of investment, and support for OSOW operations.

• **WisDOT Local Program, Local Bridge, and Strengthening Program Updates (1:00 p.m.)**
  o Bob Seitz, Deputy Secretary, WisDOT
  o Scot Becker, P.E., WisDOT DTSD Bureau of Structures
  o June Coleman, WisDOT DTIM Local Programs Section

Updates to the local program and policies for local bridges were discussed. Deputy Secretary Seitz introduced the discussion and highlighted a streamlined management system that was developed in coordination with the state legislature. The replace-in-kind funding policy for local bridges restricts state funding eligibility to the minimum project scope necessary for a safe and effective facility. The starting point for determination of the eligible scope is a replacement-in-kind of the existing facility with necessary adjustments to meet safety, traffic volume, and applicable minimum state standards. Local government project sponsors may elect to construct alternative designs, outside the eligible scope of the project, at their own cost. The use of management consultants to deliver the local program has been eliminated, removing a dual level of program oversight. By adopting these policies, the local bridge program is able to fund additional local bridge projects each program cycle.

June Coleman presented a detailed update for the Local Bridge Improvement Assistance Program, highlighting the $20 million state budget increase in the 2017-19 Biennial Budget, bringing the program’s total funding for the biennium to $85.6 million. Replace-in-kind will be applied to local road projects. The department is currently focusing on the FED/SEG funding swap, made available to local programs in the current biennium. It is anticipated that state-funded local projects will streamline approval processes and reduce project costs.

Scot Becker discussed the Local Bridge Strengthening Pilot Program. The state-funded pilot program focuses on the removal of load postings that restrict the movement of freight by repairing, rather than replacing, local bridges with significant remaining service life. An administrative review of candidate bridges identified 163 bridges where load postings could be removed, with 50 more potential candidates under consideration. Eight pilot projects for strengthening bridges have been initiated; a second group of 31 bridges is being evaluated. FAC members requested a map of the candidate bridges being considered for removal of weight limit postings.
The pilot program could be expanded to include bridges that have remaining life and a defined economic purpose. Richard Pingel asked about the additional costs for aesthetic treatments, as seen on I-41 in Oshkosh and around Milwaukee. These were projects subject to past community-sensitive design requirements, which have since been rescinded by the legislature. If the local governments want more features, like sidewalks and bike lanes, they will cover that cost.

Craig Thompson said that with regards to the replacement-in-kind policy, some local governments may question the process unless they are able to make the case for improvements. Is the policy written? Mr. Becker said there are written standards for approaches and width. Once design is underway, engineers can determine if they need to extend the approaches and via the department’s Change Management process provide a justification for additional funding.

Jen Pino-Gallagher said she heard a story on Wisconsin Public Radio about a 2013 directive where 180 to 200 local bridges were posted for lower weights. Mr. Becker said that came from FHWA; there had been a policy to minimize postings, but the use of heavier trucks with axles that are closer together – dump trucks, milk trucks, manure trucks, and so on – prompted changes to the bridge formula. WisDOT thinks there are still net reductions in the overall number of posted bridges, and is doing the accounting now. Richard Pingel asked what the minimum width for bridges is and if the minimum standards apply to such structures as box culverts. Ms. Coleman and Mr. Becker indicated minimum bridge width standard is 24 feet and that box culverts are eligible as long as they meet the minimum bridge length of 20 feet.

**Critical Rural and Urban Freight Corridors and Room Discussion (1:15pm)**

o Chuck Wade, AICP, CTP, WisDOT DTIM

Next, Chuck Wade gave a presentation on the pending designation of Critical Urban Freight Corridors (CUFCs) and Critical Rural Freight Corridors (CRFCs). He reviewed the federal designation process for establishing the National Highway Freight Network, and how Wisconsin is eligible to designate 150 rural miles of road and 75 urban miles of road to include in that network. The criteria are established under 23 USC 167 (e) and (f). The designation does not add funding, but can be used to help identify important freight facilities and the first/last mile connections important to those facilities. WisDOT is beginning the process of working with MPOs and other local and regional partners to prioritize the corridors to add under CUFC and CRFC criteria.

Mr. Wade presented a series of local, regional, and statewide maps that identified state and local roads by the number of potential freight generators and OSOW route designation. He asked the members of the FAC to contribute their expertise in identifying missing or inaccurate information, and to identify local priorities for specific road segments. This exercise allowed the FAC members to apply their knowledge to specific freight-dependent corridors across the state. During a 20-minute period, members self-separated into regional groups to confirm the importance of specific corridors and facilities, including first/last mile roads. These comments will be considered, along with the comments of state MPOs and RPCs, in developing the designation of CUFCs and CRFCs.
Dave Simon and Cory Fish, co-chairs of the Intermodal Subcommittee, gave an update on the efforts of the Subcommittee. Mr. Simon’s presentation defined “intermodal” (freight movement using standardized containers), discussed the growth of intermodal freight movement in the U.S. and across North America, gave background on the Subcommittee and its goals, identified the members and participants in the Subcommittee, and presented the accomplishments of the Subcommittee to date. Those accomplishments include the development of an outline for the final report, a commitment of Subcommittee members to provide data to that report, and development of a survey which will be directed to all companies in Wisconsin who move or have the potential to move freight by container, whether as an importer, an exporter, or to/from locations across North America. The goal of the survey is to identify how much cargo with Wisconsin origins and/or destinations is currently moved in containers, and how much more could move in containers if conditions change. The survey collection and tabulation will be managed by WMC.

The presentation examined the proposed survey content, which will ask detailed questions regarding origins, destinations, volumes, and general contents of the containers being used, as well as the potential origins, destinations, and volumes of containers if a facility were conveniently located. The data will allow a series of “heat maps” to be created, identifying the locations and products with the largest current and potential future volumes of containers servicing Wisconsin businesses. Through the questions, the rail lanes and volumes will also be identified, giving Class I railroads data for determining the viability of intermodal service in Wisconsin.

Mr. Simon also identified factors involved in intermodal operations that the Subcommittee has learned. These include:

- Imports drive exports
- Wisconsin has enough product to fill export containers
- Steamship lines dictate the flow of international containers
- International and domestic intermodal are two different operations
- International intermodal is a probable precondition for domestic intermodal in Wisconsin
- Asian trade lanes determine potential railroad partners
- International trade lanes require balance
- Each Class I railroad has a different network and thus a different business model for intermodal
- Class I railroads adapt to market demands
- Drayage rates have grown as one-day travel distances have shrunk
- Weight limits on roads connecting to intermodal yards can influence viability
- Demand drives investment
- “Anchor businesses” will be critical to the development of a new, sustainable intermodal facility

Subcommittee members also expressed a desire to see multiple options for intermodal service and operations presented as part of the report. The report will give an overview of favorable locations, but the final site development decisions will be up to railroads and local partners. WisDOT can assist partners with applications for assistance through federal infrastructure funding programs.
Richard Pingel asked what the anchor business was in Duluth that facilitated that intermodal operation. Brian Buchanan was called on to reply, and said it wasn’t so much an anchor business that drove the development, but instead interest generated by the Port. The Duluth Cargo Connect partnership joins the Port and Lake Superior Warehousing in a partnership that serves the shippers in the area. It’s a different model than other intermodal terminals.

A question was asked about access to Arcadia and Chippewa Falls terminals. The response was that Ashley Furniture owns and manages the operations at Arcadia, so access is limited. Chippewa Falls has Menards as its largest user, but it is a Canadian National terminal and open to all. An attendee noted that the capacity there was limited and that for loggers, it didn’t offer enough availability for exports.

In discussion, Mark Brehmer said he was surprised there isn’t an intermodal terminal at the Port of Milwaukee or a Green Bay. Dean Haen said both locations had operating terminals in the past, and both were profitable – just not profitable enough. He said that Foxconn’s arrival will possibly open the market for Milwaukee again. But to show opportunities across the state, it’s important to distribute the survey as widely as possible.

Eric Kruse asked about temperature-controlled intermodal. He’s interested in it, but nervous about the availability and consistency. He also thinks that the lack of use may be due to lack of knowledge. Dave Leucinger noted that Canadian Pacific recently purchased 41 generator sets for use on temperature-controlled intermodal operations; each set can power up to 27 intermodal containers. Mr. Kruse added that reaching supply chain management professionals would be key to the success of the survey. Working through organizations such as the Council of Supply Chain Management Professionals would allow the survey to reach companies like SC Johnson – most large Wisconsin manufacturers have a presence in those organizations. He said he didn’t think the private sector knew enough about intermodal transportation options, and there’s a need to break down barriers. His company moves large volumes of bananas; it would be significant to have an option for intermodal transportation from Houston.

Richard Pingel said there was a company that tried to conduct a cool pack operation from the Pacific northwest to bring in apples, but the challenge was dependability. The railroad could not guarantee a 3- to 4-day service. That’s the biggest challenge. Jen Pino-Gallagher said it would be good to get the input of the value-added food processors, given the importance of goods such as meat, cheese, and flavorings to the state’s export economy. These companies are big players, value-wise.

• Closing Remarks (2:45 p.m.)
  o Bob Seitz, WisDOT Deputy Secretary

Deputy Secretary Seitz thanked the members of the FAC for their attendance and the staff of WisDOT for their efforts in putting together the content of the meeting.