

Wisconsin Freight Advisory Committee (FAC) Meeting 12
Meeting Minutes from Wednesday, July 21, 2021
12:30 p.m. to 3:30 p.m., Virtually held via Zoom from Madison, Wisconsin

FAC Members/Proxies/Guests Present: Unknown, other than speakers. Attendance not taken.

Wisconsin Department of Transportation (WisDOT) Members Present: Unknown, other than speakers.

• **Housekeeping (12:30 p.m.)**

- Dean Prestegaard, Chief, Economic Development Section, DTIM

Key Point: Gave technical guidance for those attending; summarized agenda

• **Opening Remarks (12:35 p.m.)**

- Paul M. Hammer, WisDOT Deputy Secretary

Key points:

- Noted the new state budget will allow Wisconsin to continue improving transportation through increases in state highway rehabilitation and general transportation aids, and continuity of local road improvement program discretionary grants.
- Budget also included re-enumeration of the I-94 East-West Corridor Project in Milwaukee County.
- Budget also added bond funds for the Harbor Assistance Program and the Freight Rail Preservation Program
- Resilience will be of increasing importance as damaging weather events become more frequent and severe. Federal legislation has been proposed.
- WisDOT worked to keep freight moving through the Covid outbreak, including keeping rest areas open, relaxing divisible load rules, and extending CDL renewals. Longer-term harmonization with other states may be an outcome of these emergency efforts.

• **Recap of the January 2021 (11th) FAC Meeting, WisDOT Update, and New Member introductions (12:45 p.m.)**

- Chuck Wade, WisDOT DTIM, Bureau of Planning and Economic Development (BPED) Director

Key points:

- Joe Nestler highlighted the important role the FAC played in helping WisDOT develop the State Freight Plan which allowed the state to receive over \$20 million in additional federal freight funding.
- Secretary Thompson highlighted WisDOT's efforts to keep rest areas open during the pandemic and to keep projects on schedule.
- Adam Tindall-Schlicht (WI Commercial Ports Assn.), Larry Krueger (Lake States Lumber Assn.) and Jason Culotta (Midwest Food Products Assn.) gave updates on their sectors.
- WisDOT provided updates on the Intermodal Project funding in FRIIP funds, and the two regional studies that will be conducting more in-depth research.

- WisDOT provided information on CN's New Richmond Autoport and a new UP boutique intermodal terminal opening in Minneapolis.
- WisDOT updated the FAC on its Northwoods rail market study and CN's announcement to divest itself of the light density lines.
- Kelliann Blazek, then of WEDC's Office of Rural Prosperity, discussed the findings of their report on rural needs, including broadband and housing.
- The Panel discussion focused on COVID-19's impacts to freight mobility, and responses from both the public and private sectors.
- WisDOT updated the FAC on its all-mode long-range transportation plan (Connect 2050), the State Rail Plan, and the update of the State Freight Plan.

• **Voices of Wisconsin's Freight-Related Industries (12:50 p.m.)**

- o Randy Romanski, Wisconsin Dept. of Agriculture, Trade, and Consumer Protection
- o Tom Bressner, Wisconsin Agri-Business Association (as relayed by Randy Romanski)
- o Neil Kedzie, Wisconsin Motor Carriers Association

Key points:

- Randy Romanski:
 - o It's been a tough five years for Wisconsin agriculture, with low prices, volatile weather, trade disruption, and COVID-19
 - o Commodity prices have now improved, and trade agreements are getting ironed out. International markets are opening up.
 - o We need to make improvements to get products from farm to market, with first- and last-mile segments a key focus.
 - o Agriculture is a \$104.8 billion industry in Wisconsin.
 - o One "difference maker" project is the Port Milwaukee project, in conjunction with the DeLong Company, to move bulk commodities out of Milwaukee with a state-of-the-art facility developed with public and private funding.
 - o There are still needs – Mississippi River Lock & Dams, investments from the 1930's and 1940's that are reaching the end of their projected lives.
 - o Intermodal shipping opportunities remain a strong interest.
 - o Workforce needs are growing with the aging of employees in many key sectors.
 - o The federal level will need to step up; it's good to hear movement at that level.
 - o Highlight: Wisconsin forestry and agriculture exports are up almost 14 percent in the first three months of 2021, when compared to that period in 2020.
- Neal Kedzie:
 - o Good news/bad news: truckload contract markets are down – we can't find enough trucks. Supply chain and lack of drivers are key factors.
 - o Spot markets for truck freight are up 78 percent – which means higher costs to shippers and less predictability, leading to higher consumer costs.
 - o Overall rates are up for dry vans (semi trailers); tonnages rose in the first part of the year but have flattened/fallen slightly in May and June.
 - o Refrigerated trailers were way down coming into 2021, mostly due to lost institutional food (restaurant, school) business.
 - o Flatbed trucks were also down as construction markets slowed under higher material prices and supply chain issues

- Tankers are down; 50 percent of tankers haul liquid fuel; drops in travel led to drop in demand.
- Less-Than-Truckload / Consolidators were strong in the first quarter but has slowed since; e-commerce was strong, as were factories – but supply chain issues have reduced output
- The Western U.S. had a 23 percent increase in freight, driven by consumer products coming into the West Coast ports. The Midwest saw a nine percent growth, by comparison.
- Overall, in the past year, trucks moved 72.5 percent of tonnage and collected 80.4 percent of transport revenues across all modes.
- Driver shortages – average age is around 49, seven years above the average mean age for all industries. You also have to be 21 to drive interstate, or even move interstate cargo. We hope to get more women into driving (they are currently about seven percent of the commercial driving workforce, versus 47 percent of the overall workforce). By 2023, we estimate we will be short 105,000 commercial drivers; drivers want to be home more often. The workforce has fallen by 9,000 over the past year. Many are going to courier/package delivery services such as UPS and Amazon, especially as e-commerce shifts how consumers shop.
- The FMCSA Drug and Alcohol Clearinghouse also reduced driver counts; over 57,000 drivers were put into prohibited status. 44,000 of those are starting to go through the reinstatement process.
- Some drivers left the sector during the pandemic to do other work; some smaller owner-operators have gone out of business.
- CDL driver school and DMVs were closed during the pandemic, reducing the pool of entry drivers.
- Driver pay has not kept up with inflation over the years, which affects recruitment and retention.
- Physical trucks – manufacturing is affected by the microchip shortage and reduced workforce at truck plants. Castings, tires, headlights, and other electrical components have experienced supply chain issues.

Dean Prestegaard noted that other comments received from the FAC Members were posted by WisDOT elsewhere.

• **Resilience and Recovery - Panel Presentation and Discussion (1:05 p.m.)**

○ Moderator: Dean Prestegaard

○ Panel Members:

Chad Atkinson, Lead All-Hazards Planner, Wisconsin Emergency Management (WEM)

Marquis Young, WisDOT Emergency Transportation Operations Program

Ken Lucht, Watco

Brian Gaber, WisDOT Asset & Performance Management

Key Points:

○ Chad Atkinson:

- Discussed the local and state responsibilities under Statutes, Chapter 323. The state is required to develop and adopt a state plan of emergency management, carry out

training, furnish guidance and establish standards for local governments, and administer the Wisconsin Disaster Fund.

- Each County Board and the governing body of each city, village, and town are required to develop and adopt an emergency management plan compatible with the state plan.
- These plan efforts outline response roles when threats and hazards disrupt communities, so that the impacts are reduced and recovery is expedited.
- Plans are only one component of a continuous improvement process.
- Wisconsin's two primary planning documents are the Threat and Hazard Identification Risk Assessment (THIRA) and the Wisconsin Emergency Response Plan. Both are informed by an All-Hazards Approach and a Whole Community Consideration. Thus, incidents arising from natural causes, technological failures, and human-caused hazards are all addressed – and the responses and mitigation efforts can be applied consistently and integrated with community needs and capabilities.
- THIRA uses a three-step process: identify the threats and hazards of concern, give context/descriptions of the hazards/threats, and establish targets for successfully addressing the threats.
- THIRA also includes a Stakeholder Preparedness Review (SPR) that assesses how well the state is prepared to address each of the hazards/threats identified.
- Combined, these efforts help identify which grants the state should seek, and which training should be prioritized.
- As a home-rule state, local governments and tribal nations are responsible for developing their emergency management plans. The state's role is to support and assist those entities.
- WEM also oversees 15 different categories of Emergency Support Function (ESF) policies (and 10 annexes) within the Wisconsin Emergency Response Plan (WERP). It guides policies and coordination with local governments; transportation is ESF 01. It is updated every two years; revised every four years.

o Marquis Young:

- Discussed Traffic Incident Management (TIM), a planned/coordinated process to detect, verify, respond to, and clear traffic incidents as quickly and safely as possible.
- WisDOT's responses are guided by the Emergency Transportation Operations (ETO) Plan. It describes how the Incident Command System (ICS) is used for a structured response, and the roles, assessments, accountability, and training used in support.
- Operational partnerships include the State Patrol, the WisDOT Traffic Management Center, Wisconsin Emergency Management, and County Highway Departments.
- Shared the graph/chart of emergency response frequency/severity and degree of coordination/number of agencies involved.
- WisDOT also engages with local partners through the TIME Coalition - 19 organizations and 40,000 partners. This includes training and instructional meetings.

o Ken Lucht:

- Gave an overview of how Watco recovered from a heavy rain event in August 2018 that damaged large sections of its rail line west of Madison, and how the rebuilding

made the rail corridor more resilient to future incidents. Major events now appear to be happening every five years.

- 26 miles of rail were out of service for almost a month. 85 separate locations had washouts; 6,000 feet of track was damaged.
- Because the rail corridor parallels USH 14, which also received heavy damage, Watco coordinated with WisDOT on staging access and reconstruction.
- Emergency declaration by the governor allowed immediate movement of people, equipment, and materials to the damage.
- Resiliency was improved by installing overflow pipes, raising track height, allowing larger openings for water flow, and using granite over limestone for ballast.
- 35,000 tons of fill were used, along with 8,330 tons of ballast and 1,300 new ties and 12 culver pipes in 5 locations. The project used 8 different contractors and 6,800 person-hours, working around the clock.
- Watco would prefer to work with adjacent landowners on practices to keep vegetation from washing into creeks, streams, and rivers that flow under rail lines.

o Brian Gaber:

- Explained the development of WisDOT's flood resiliency recommendations as an asset management tool.
- This System Risk Assessment Tool is intended to identify locations with the highest risk of experiencing flooding and/or the most significant impacts when flooding happens.
- Key areas of concern included bridges, large culverts/box culverts, then culverts smaller than 8' in diameter, and roads that have overtopping. Parallel roads and other key facilities will be the next set of assets to examine.
- The challenge is making future predictions based on past occurrences, while improving considerations of critical structures and routes.
- The system is assessed in .25-mile segments, with risk criteria and a scoring algorithm to develop a score to identify locations of highest risk. These locations will be GIS mapped; that becomes a consideration during project scoping. Exposure factors are a location in a floodplain, the frequency of flooding, flood duration, and dam shadow locations. Target for the draft version is in six months.
- Consequences are determined by AADT, truck volumes, functional class, and designation as an interstate detour route.

• **U.S. Economic Development Administration – Assistance Opportunities for Freight Facilities (1:50 p.m.)**

o Susan Brehm, EDA Regional Director

o Tom Baron, Econ. Dev. Representative for Wisconsin

Key Points:

- EDA is housed in the US Department of Commerce; WI is one of six states in the Midwest Region. Created in 1965, its goal is to promote jobs and economic growth in economically troubled areas of the country. EDA grants, applied regionally/locally, are the tools used to promote industrial and commercial employment.

- EDA Investment priorities are: equity, recovery & resiliency, workforce development, manufacturing, technology-based economic development, environmentally-sustainable development, and exports & foreign direct investment. Applicants should demonstrate their project addresses at least one of these areas.
- The funding opportunities include non-construction opportunities (planning assistance, local technical assistance such as feasibility studies and industry cluster strategies), construction investments (public works assistance such as infrastructure and incubator/accelerator facilities), and economic adjustment assistance (for regions suffering natural or economic disasters).
- The American Rescue Plan Act is going to provide \$3 billion nationally to address needs specifically arising from the pandemic.
- Example transportation projects include \$1.5 million for the City of Oshkosh towards construction costs for their transload facility in their industrial park; \$3.9 million (through CARES Act funding) to the City of Marinette for roads, utility upgrades and a staging area for manufacturing at Marinette Marine; and \$1.8 million for a transportation master plan for a community in California
- Governments, public education facilities and non-profits (in conjunction with a government) are eligible applicants. Areas served must have unemployment at least 1% higher than the national average for a period of at least two years; must have per capita income less than 80 percent of the national average or have a sudden and severe unemployment event or natural disaster. Successful applicants will have projects that diversify the local economy, retain/create jobs, have private investment, and have other local/regional support.

****BREAK****

• Transload Operations and Facilities - Panel Presentation and Discussion (2:15 p.m.)

o Moderator: Dean Prestegaard, Chief, WisDOT DTIM-BPED-Economic Development

o Panel Members:

Bo DeLong, The DeLong Co., Inc.

Max Ericson, Ericson Logging/Ericson Trucking

Brad Peot, Watco

Key Points:

- Bo DeLong:
 - o Transloading in Wisconsin – all the country grain elevators in Wisconsin with rail service perform a transloading operation, moving grain that arrives by truck into train cars. These facilities usually perform other services as well, including storage and grain drying.
 - o The company has an export division that performs transload operations at several locations outside of Wisconsin DeLong purchases grain from multiple sources, the product is transported by rail or truck, inspected, loaded into intermodal containers, and drayed to rail yards or ports, and then is loaded on vessels for export.
 - o DeLong tries to site its transloading facilities as close to the intermodal yards as possible. In Joliet, DeLong’s transload operation has parking for up to 900

intermodal containers. DeLong just signed a lease to add 22 more acres for parking. That facility also provides grain cleaning and bagging services.

- DeLong's new project, in conjunction with the Port of Milwaukee, has been supported by WisDOT and MARAD. Grains can be received by truck or rail, then conveyed into a receiving building. Then when vessels arrive, the grains will go through a scale and a sampler, then to a vessel loader. The boom arm of the vessel loader will allow three holds to be accessed without the vessel needing to be repositioned. More storage bins are planned.
- The initial storage building will be able to hold one vessel of grain; when the other storage is added, the capacity will increase to over two vessels of grain. Anticipated opening is spring of 2022. Products will include DDGs, soybeans, and other grains; markets will include western Europe, northern Africa, and Turkey.
- Max Ericson:
 - He is a fourth-generation logger and a user of rail service for many years.
 - His company had a loading site at Stanberry for many years, but it was on the CN main line and CN had the loading moved to Springbrook.
 - The Wisconsin Great Northern now services the Springbrook landing, but it now requires two rail companies to provide service, not just one. That adds costs, and it's not dependable. Many other lines in the state have been abandoned.
 - Wood needs to be moved off the ground in three weeks. CN rail cars aren't always available, though. It takes an hour to load a car. The most efficient way to load a car is to do it directly from the woods or the truck, rather than building the load from wood stored at landing spots.
 - After 2021, we can't ship by rail anymore – it's too costly. Rates have gone up 35 percent over the last five or six years. There isn't negotiation.
 - For rail transload to be a viable option, it needs to be available, competitively priced, and reliable.
 - Rail is still the best option for moving wood to the mills. But many of the CN cars are getting old and they don't want to fix them – they want the shippers to own their own cars. Even if you own those cars, you're at the mercy of the railroad for service – they control when your wood is shipped.
 - Transportation must be made more efficient. If rails won't do it, trucks need to have increased weights to move more product per load. Pulpwood is a low-dollar commodity, and driver shortages exist. Railroads don't want to move cars going less than 500 miles. Most of our mills are at most 200 to 250 miles away.
 - The transportation problems make forest management harder and will cost counties in lost stumpage collections. Same goes with private landowners.
 - Where rail lines exist, there need to be more sidings for loading so the trucks coming out of the forest don't have as far to go. Right now our sidings are 70 miles apart – that's too far. It should be 25 miles.
 - Trucking costs make hauls over 200 miles too costly for delivered price to the mill. Wood crosses state lines to Minnesota and Michigan, but each state has different weight limits. So being legal and being able to make it worthwhile is a challenge.
- Brad Peot:
 - Defined "transload" as the movement of bulk or breakbulk cargo between one mode of transportation and another. Storage is at best limited or temporary

during the transload process. Some transloads have warehousing or value-added services (such as packaging). But for drying services or other value-added factors, Peot doesn't see those grain elevators as transload locations.

- Transload is not intermodal – intermodal is the movement of containers.
- Transloading has the lowest barriers of entry to access alternative modes of transportation if that industry is not directly served by those modes.
- Watco/WSOR have several different types of transload operations they serve. First, they have two company owned/managed/staffed facilities in Wisconsin (in Oshkosh and Madison). Each has fairly consistent business which justifies the investments in specialized handling equipment.
- Watco also provides rail service for third-party logistics companies – staffed and non-staffed. Generally, these are run by trucking companies – feeding rail car contents into trucks for the final delivery to the customer. Most of these companies specialize in a narrow commodity window. One advantage to these operations is the low amount of capital needed.
- The third model is customer-facilitated; this is for customers without rail service who want to get to larger market areas or to access an alternate rail provider.
- Transload works when both parties benefit. Customers sign agreements to guarantee volumes; the transload provider invests in the equipment needed for handling or storage (including rail car storage/access locations). Third-parties have easier opportunities to make those investments.

****TABLETOP EXERCISES / BREAKOUTS** (2:40 p.m.)**

• Connect 2050 Update (3:20 p.m.)

○ Alex Gramovot, WisDOT DTIM-BPED

Key Points:

- Connect 2050 is the long-range, all-modes high-level vision for transportation in the state.
- The plan will set goals and objectives for the development of the transportation system. Other specific plans (Rail Plan, Freight Plan, etc.) will include the implementation tools under this “umbrella” plan.
- The plan is designed to be more public-friendly and work well as part of its website.
- Solicitation for public input yielded 2,200 survey responses and 2,400 total comments, from every county of the state.
- The themes most frequently heard in the comments (in order): alternatives to driving, funding, maintenance, safety, environment, technology, equity, mode connectivity, rural mobility, and freight.
- There are eight goals which support the vision. They are: Pursue sustainable long-term transportation funding; Focus on partnerships; Pursue continuous improvement and expand data-driven decision-making processes; Increase options, connections, and mobility for people and goods; Maximize technology benefits; Maximize transportation safety; Maximize transportation system resiliency and reliability; and Balance transportation needs with those of the natural environment, socioeconomic, historic, and cultural resources.
- The Draft Plan is expected to be available later this summer.

- **State Freight Plan Update (3:25 p.m.)**

- o Dean Prestegaard

- Key Points:

- o The updated State Freight Plan is due in late 2022.
 - o The Plan will impact funding under the National Highway Freight Program, through designations under the National Highway Freight Network and Critical Rural and Critical Urban Freight Corridors.
 - o The FAC will be essential for guidance on the update.
 - o To better relate to the new structure of Connect 2050, the plan will take a different format, using technical reports for the detailed research while maintaining consistency with policies in the current plan.

- **Closing Remarks (3:30 p.m.)**

- o Joe Nestler, WisDOT DTIM Administrator

Joe Nestler thanked the presenters; the presentations were outstanding. You told some stories – you gave us information that helped inform us. Thanks to the FAC participants. We heard about a lot of things – the resilience panel and the challenges. All of us are in partnerships – federal, other state agencies, and the private sector.