Wisconsin Freight Advisory Committee (FAC)

Meeting Minutes from Thursday, November 21, 2019

9:00 a.m. to 3:00 p.m., Hill Farms Office Building, Madison, Wisconsin

FAC Members Present: Tom Bressner, Ron Chicka, Glenn Fulkerson, Karen Gefvert, Peter Kammer, Jeff Kitsembel, Mike Koles, Mike Kozak, Larry Krueger, Ken Lucht, Kristi Luzar, Mark Oesterle, Richard Pingel, Steve Rose, Henry Schienebeck, Dr. Richard Stewart, Yash Wadhwa, Tom Winker

FAC-Member Organizations' Proxies Present: Mary Forlenza, Andrea Gabel, Michael Gay, Ethan Johnson, Jennifer Lu, Tyler Wenzlaff

Wisconsin Department of Transportation (WisDOT) Members Present: Scot Becker, Mike Halsted, Thor Jeppson, Rich Kedzior, Dave Leucinger, Merrill Mechler-Hickson, Brian Mitchell, Karl Mittelstadt, Jen Murray, Joe Nestler, Rose Phetteplace, Dean Prestegaard, Dena Ryan, Dave Simon, Jay Sween, Craig Thompson, Matt Umhoefer, Kaleb Vander Wiele, Chuck Wade

Guests: Jeff Agnew, John Duncan Varda, Gary Kaiser, Randy Lloyd, Ron Mazmanian, Libby Ogard, Billy Pope, Joe Ruth, Jordan Skiff, Wayne Thompson

- **Welcome and Opening Remarks (9:30 a.m.)**
  - Craig Thompson, WisDOT Secretary

WisDOT Secretary Craig Thompson welcomed the FAC members, noting a great turnout. He said he was very pleased to recognize what the WisDOT and the FAC members are doing together. That includes the two Intermodal Summits: Milwaukee, where he attended; and Appleton, where Assistant Deputy Secretary Nilsestuen attended. Both were "spectacular;" there is a lot of good energy regarding intermodal freight in Wisconsin. He applauded the staff and all the members of the Intermodal Subcommittee who helped with the effort, noting the fruits of their efforts will be seen soon.

Secretary Thompson also noted greater project opportunities through $66 million additional in the transportation budget, which includes a ten percent increase for cities, villages, and towns. The budget also created a $75 million competitive supplemental funding process, the Multimodal Local Supplement (MLS) program. Eligible MLS applications are new projects covering all modes; economic impacts will be part of the criteria used to determine awards. The MLS retains the 90/10 split as in Local Roads Improvement Program (LRIP) along with the same ratio of funding for the different municipal classes. Local governments have asked WisDOT to make the application process as simple as possible – and the result is a two-page application. Two webinars have been held to explain the program and the application process; between them, there were 780 participants. There is interest and need there – and tremendous enthusiasm.

Secretary Thompson noted that later in the meeting, attendees would hear from Jeff Gust on how state projects are prioritized, and that there will also be a panel on local freight issues.

Lastly, Secretary Thompson noted some changes at the department, reorganizing the structure of the agency to move into the next decade. A new division has been created – The Division of Budget and Strategic Initiatives (DBSI). This division allows the agency to be more purposeful in directing changes,

and to identify resources to address future needs. One of the areas of focus for DBSI will be connected and automated vehicles (CAV); WisDOT recently hosted a 10-state CAV Summit. Aileen Switzer, who had been the Administrator of the Division of Transportation Investment Management (DTIM), has accepted the move to become Administrator of DBSI. In noting the department's interest in asset management, Secretary Thompson said that Joe Nestler, who led efforts at improving asset management while in the Division of Transportation System Development (DTSD), will be returning to DTIM to take over as Division Administrator. Rebecca Burkel will move to take the Administrator position in DTSD, and Scot Becker is moving to the Deputy Administrator role in DTSD.

• Recap of the November 2018 (8th) FAC Meeting, WisDOT Update, and New Member introductions (9:40 a.m.)

- o Joe Nestler, WisDOT DTIM Administrator

Mr. Nestler said that it was a pleasure to be welcoming the FAC for the first time. He said that he started in his role in late summer and was coming up to speed with the efforts of this group and freight in general. The efforts of the FAC are vital to addressing system performance.

Mr. Nestler discussed the folder contents with the attendees, including the materials related to both panel sessions. He then gave a brief recap of the August 6, 2019 FAC meeting. At that meeting, 68 people attended, including 44 members. This was the largest group ever for an FAC meeting. That meeting featured a legislative update, a panel on the cold supply chain, discussion of critical urban and rural freight corridors, an update on the Midwestern Truck Parking Information System (TPIMS), and a panel on ports and waterways.

Mr. Nestler continued by noting that motor carrier inspections were up by more than 40,000 in 2018 – the most since 2004. The intent is to use inspections to deter unsafe operations, and the increase in inspections does seem to have that effect. For crashes involving motor carriers, there have been 30 percent fewer injuries and 11 percent fewer fatalities, even as the number of crashes has slightly increased. He talked about how the Superior Safety & Weight Enforcement Facility (SWEF) is easing operations for the timber loads under the exemption that allows 98,000-point loads on six-axle configurations. He said that the use of weigh-in-motion and transponders allows companies with good safety ratings to bypass the SWEF, if all the other standards are in order. Some companies now bypass the Superior facility 12 times a day.

He also said there have been projects to expand the number of parking spaces at Janesville (adding 36 stalls to total 82) and Beloit (adding 22 to total 55 by the summer of 2020). There is also a design for rebuilding the Hudson rest area with additional parking; that project won't be happening until 2025.

WisDOT also participated in a freight showcase put together by Dr. Stewart at UW-Superior, the Duluth-Superior MPO, and others. WisDOT also helped coordinate Intermodal Summits in Milwaukee and Appleton, and conducted its day-long annual Rail Conference.

• State of Wisconsin's Freight-Related Economy / Industries (9:50 a.m.)

- o Larry Krueger, Lake States Lumber Association
- o Kristi Luzar, Urban Economic Development Association
- o Henry Schienebeck, Great Lakes Timber Professionals
- o John Duncan Varda, Lake States Shippers Association / Wisconsin Central Group

The Fall 2019 FAC's "State of Our Industry" presentations featured perspectives from three members and a guest. Matt Umhoefer introduced Larry Krueger from the Lake States Lumber Association. Mr. Krueger said sixty percent of the hardwood harvested in the region is exported to China – and much of that is directly used by Chinese customers. That was prior to the trade war – now, there's a 25 percent tariff levied on those exports, with more possible in December. The volumes exported have fallen – and prices are down 45 to 50 percent. The trade publication Hardwood Review is questioning if the industry will effectively end business by this time next year.

One solution, as Mr. Krueger sees it, is bringing a new container yard to Wisconsin. It would, he said, reduce costs for exports and imports – a huge savings of up to $500 per container. The yard would also allow containers to be given heavier loads. If the lumber gets loaded in Wisconsin, it will need permits in both Wisconsin and Illinois to get to the yard. Illinois over-weight permits alone are $250 to $300. Add in the costs for Wisconsin permits – plus the cost of drayage – that's a $900 savings. The electronic log requirements (ELDs) also mean that most trips from Wisconsin lumber companies can't make a trip to Chicago and back in a day – so that doubles the cost when the move becomes a two-day trip. A Wisconsin terminal, by comparison, would reduce travel to one-day round trips, reduce the number of trucks on I-94, and would use Wisconsin-based trucking companies for drayage. That's jobs in trucking, jobs at the rail terminal, and containers off the roads. Mr. Krueger concluded with his hope that the trade war ends.

Next, Kristi Luzar of the Urban Economic Development Association (UEDA) introduced herself and her organization. UEDA is based in Milwaukee, addressing economic development issues there. She said that UEDA is helping Milwaukee to convene a Consolidated Planning Process for the City of Milwaukee. These plans are five-year strategic plans for public facilities and infrastructure and are required for any jurisdiction that gets funding from the U.S. Department of Housing and Urban Development (HUD). The advantage to including items in these plans is that the Consolidated Plan can then be used to substantiate requests to fund those items through other federal agencies. She suggested that FAC members can go on-line to see how far along this process is.

Henry Schienebeck of the Great Lakes Timber Producers then spoke. He joked that he didn't typically brag about the DOT, but he wanted to acknowledge that after a major storm in Northeastern Wisconsin took down a lot of trees, DOT helped the loggers move a lot of product to market. Mike Koles of the Towns Association also helped – the value of the wood salvaged after the storm was substantial. Preserving that value is important, as wood products are a $24 billion industry in Wisconsin; adding in recycled paper products, the value grows to $54 billion. Wisconsin is still the number one paper producing state in the U.S.

Mr. Schienebeck also complimented WisDOT's Superior SWEF operations, with the bypass for properly credentialed trucks a cooperative solution. It eliminates these loads having to stop every time and cuts the costs for those truckers. That's become more important as more timber loads are being transported by trucks, which are taking over the role of rail. WisDOT can get things done fast and does a good job. There are still issues with bridges, and first-mile roads are the biggest concern. Wood has to be transported from town roads to rail sidings or to mills. The mills are all on main highways.

Mr. Schienebeck added there are many people who operate under managed forest rules but are constrained by weight limits on local roads. So the cost to harvest is higher and the value of the timber is reduced as a reflection of those costs. He noted the paper sector has levelled off a bit. He also stated

that there are two and a half times more trees being grown than are being harvested - so the forest inventory is getting bigger.

Last, guest John Duncan Varda offered an update on the efforts of the Lake States Shippers Association and the Wisconsin Central Group. He said the first phase of a cooperative data project has been completed, compiling actionable proprietary data with the help of Canadian National Railway. The project has captured data from 2012 under a confidentiality agreement and a safe harbor for the data. Twelve mills are included. Michigan Tech has developed a model to process the data; not a lot of scrubbing has been needed. The results should help the railroads see the universe of freight in northern Wisconsin and encourage them to compete to move freight back from truck to rail. Mr. Varda said the second phase of the study will be starting soon.

- **Intermodal Updates – Summits, New Grant Program, and Next Steps (10:10 a.m.)**
    - o Dave Simon, WisDOT DTIM
    - o Dean Prestegaard, WisDOT DTIM

The topic next moved to an update of the department's intermodal efforts. Dean Prestegaard began the presentation by reviewing previous activity, from private sector concerns to input by the FAC on the State Freight Plan to the creation of the Intermodal Subcommittee. He noted that the Subcommittee held nine meetings between February and October of 2018; over that time, membership in the Subcommittee grew. The final report was released in March 2019. The major recent actions were the two Intermodal Summits in areas that showed the highest demand for service, based on the survey – one in Milwaukee led by the Metropolitan Milwaukee Association of Commerce; the other in Appleton led by New North. These Summits let shippers convey their demand volumes; allowed transportation service providers to explain their business models; and informed key invitees who they needed to have at the table when considering a project. WisDOT partnered with Wisconsin Manufacturers & Commerce (WMC) on a survey conducted over the summer of 2018 to try and establish the service volumes.

Dave Simon continued the presentation, noting that WisDOT's partners in the process expressed appreciation for the department's efforts. These partners have said agency actions are "good government" – WisDOT meets with stakeholders and includes them in discussions. These stakeholders provide information and advice to the department, helping to shape policy. The foundation of the information behind the Intermodal Report came from the FAC; the notes from the tabletop exercises got used to inform policy. The FAC's identification of main issues and ranking concerns shaped the Intermodal Subcommittee Report; many on the FAC also served on that Subcommittee. To make sure the Intermodal Report included the external stakeholder voices, Cory Fish of WMC was appointed co-chair; WMC also was responsible for collecting the survey data from the business survey. The Subcommittee was also assisted by Wisconsin's Department of Agriculture, Trade, and Consumer Protection (DATCP) and the Wisconsin Economic Development Corporation (WEDC) in the planning of the recent Intermodal Summits. Those efforts are not yet done; WisDOT will continue to assist in informing interested parties. WisDOT is optimistic on the future opportunities for intermodal freight in the state and is thankful for the support of all the partners on the project.

Dean Prestegaard then discussed the two Intermodal Summits. The Milwaukee Summit focused on the efforts to resume intermodal service at the Port of Milwaukee, but also looked at the broader regional perspective for intermodal, and how to capture the demand from beyond the immediate Milwaukee Area. The panel sessions included both importers and exporters; attendance was over 130 participants and included railroads, drayage companies, and freight forwarders. In Appleton, the event was

sponsored by New North and had similar attendance numbers; the facility was near capacity. The focus there was more regional, with the potential of a facility at the Port of Green Bay discussed. Again, importers and exporters were in attendance, as was a global liner service – a 'steamship company,' Hapag-Lloyd.

Mr. Prestegaard noted several observations from the two Summits. First, there is significant interest from the private sector in intermodal transportation; this was demonstrated by attendance, through conversations at the events, and through post-Summit communication. Second, the expectation is for positive outcomes, with the next steps being taken by the private sector. Third, there needs to be improvement in educating shippers on how intermodal freight operates. Even though WisDOT clearly stated that the "build it and they will come" idea doesn't work, as several examples in the report indicated, there were still attendees who spoke as if building a facility would ensure service. As such, efforts need to continue to clarify the role of the public sector for intermodal freight. Dave Simon added that building a medium-sized facility can cost up to $10 million, but there's no guarantee that a railroad will provide service. The state can't force a railroad to stop and serve an intermodal facility. Ultimately, demand by the private sector will drive investment.

Mr. Prestegaard continued by discussing the next steps, which will feature private sector activity. First, they will be called on to illustrate business demand to the transportation service providers (railroads and global liner services). Of importance to this process will be the need for a private sector point person or organization to aggregate the demand from the shippers. That point person would be responsible for coordinating with the transportation service providers. A second next step will be to continue to explore and develop partnerships. Those include partnerships between shippers, their customers, transportation companies, and others; and between the Class I railroads and short lines.

The role of the public sector will include several elements. Mr. Prestegaard said. These include helping to orchestrate partnerships between the public and private sectors. The role will also include supporting funding opportunities from both federal sources and existing state programs. Further, the public sector will continue to inform and educate others across the public and private sectors.

Dave Simon then discussed the new Intermodal Facility Grants and Loans Program, funded from the Freight Rail Infrastructure Improvement Program (FRIIP). This Program was created by Act 9 in the Biennial Budget of FY 2020-21. The program is funded up to $1.5 million over the biennium; WisDOT expects to award $750,000 in the first round – by June of 2020. The other $750,000 would potentially be awarded in 2021. The maximum awards are $375,000 for facility improvements and $200,000 for studies. The instructions were designed to be relatively easy; the criteria for the awards include transportation efficiency, the willingness of railroads to serve the facility, the ability for the facility to stabilize the railroad corridor, and an economic score derived from the volume of freight moved and the amount of employment involved. The deadline for applications is February 3, 2020. Eligible agencies include railroads, local governments, and current and potential intermodal freight shippers. Facility funding eligibility is limited to fixed assets and improvement projects. Eligible studies include feasibility studies that assess demand along specific corridors that originate or terminate in Wisconsin. Ineligible projects include non-fixed equipment, land acquisition, utility service/relocation, and public roadways. Starting in 2021, the expectation is that the program will be funding intermodal facility grants through the Freight Rail Preservation Program (FRPP). There are still some legal issues with using bonded funds for private infrastructure. Ethan Johnson asked for more information about the loan component. Dave Simon replied that the legislation also authorized loans for intermodal projects under FRIIP. There are still limits on the amount that would be awarded, and on non-track improvements.

- **Last-Mile Delivery in Wisconsin - Panel Presentation (10:45 a.m.)**
    - o Facilitator: Michael Gay, Madison Region Economic Partnership
    - o Panel Members:
        - Jeff Agnew, U.S. Postal Service (USPS)
        - Billy Pope, Aim Transfer

The first panel session of the day was introduced by Matt Umhoefer and moderated by Michael Gay of the Madison Region Economic Partnership (MadREP). Mr. Gay gave a brief history of his participation with the FAC and with the Madison International Trade Association (MITA). MadREP covers an eight-county region across South-Central Wisconsin. The organization had done a feasibility study of cross-docking opportunities; it examined the viability of a 25-dock cold storage facility that would serve 55 counties across Wisconsin, Illinois, and Iowa – handling cheese, fruits, and vegetables for wholesale and retail markets. The study considered regulations, consumer preferences, and just-in-time shipping. There was even consideration of a 350,000-square-foot warehouse in Edgerton to handle the distribution needs as a last-stop before the consumer. Through the study, Mr. Gay said he learned a lot about facility demands and operations. As for intermodal freight, he said that Milwaukee or Green Bay can make a better argument for their locations. But the people on the FAC and on the panel would be able to get the state to the right decision.

Mr. Gay then introduced panelist Jeff Agnew, Acting Madison Postmaster for the USPS; and Billy Pope of Aim Transfer's Less-Than-Truckload (LTL) Unit. Mr. Agnew said he would discuss what USPS is doing to address the needs for safety, security, and delivery times. He said that "last mile" has different definitions, even within the delivery community. It can cover when the parcels from Amazon, FedEx, and UPS hit the USPS dock, as USPS is often the last-mile carrier for those companies. It could be when the packages are dropped off directly at carrier facilities for direct deliveries, or if they are delivered to a larger USPS processing facility. The point where USPS gets the parcel could be a 400-square-foot local post office or a 300,000-square-foot processing facility.

Mr. Agnew said that generally, the Madison processing facility is parcel-oriented; it also handles magazines. There are 505 employees on the customer service side, and more than 270 vehicles in the region's fleet. The facility operations aren't always in daylight; deliveries go from 6 AM until the job is done. Package delivery for USPS is seven days a week; deliveries in darkness is a safety concern. Rural delivery is a different operation than the city; many rural carriers use their own vehicles.

Technology is an important part of recent changes at USPS, Mr. Agnew said. In the past 18 months, the service has tested new electric- and natural gas-powered vehicles in Detroit; these vehicles also include safety features such as automatic shut-offs and vehicle locking systems when the driver seat is empty. Other sensors monitor seal belts and provide telematics for the mechanics of the vehicle – helping to better schedule maintenance needs. An FAC member asked how demand was being managed with the new driving regulations. Mr. Agnew replied that there isn't data to confirm anything, but it is a concern. There have been some reports that drivers time-out without delivering all the packages promised. Much of the mail that is moved across longer distances is done by contract carriers with their own tractors and trailers, especially during the holiday season.

Next, Billy Pope of Aim Transfer gave a presentation on how Aim Transfer handles last-mile commerce. He noted that transportation from distribution hub to final destination accounts for 25 to 50 percent of

the total transportation costs of a product. The effects of e-commerce are already being felt on the state and local systems with increased traffic. E-commerce is growing at 20 percent per year; it is now a fundamental part of retail. Wisconsin has a new Amazon facility in Oak Creek at 13th Street and Ryan Road; that's in addition to the Amazon facility in Kenosha – and Amazon is building another new facility in Beloit. All this adds up to demands to improve infrastructure to reduce congestion and delays and impacts to other users. More trucks on rural roads also is a safety concern. The number of crashes is increasing with the volume; along the Chicago – Milwaukee corridor, Aim dispatchers need to regularly route the trucks to alternate routes. Aim is also in the fight for qualified drivers. The talk of electric trucks that are self-driven is still years away from reality; the most likely application of self-driven trucks will be for long-distance rural drives.

Mr. Pope said that in the future, he anticipates more construction, but that the roads will continue to wear down; that there will be more delays from congestion; that there will be more small package delivery companies starting up; and that there will be more crashes from inexperienced commercial drivers. He also sees several variables that provide opportunities to mitigate the changes. First, there is customer demand for both fast deliver and real-time tracking. There is also interest in package security and insurance. Companies can focus on specialization to address customers who want specific services. One transportation solution won't work for everyone. There are also problems with tracking when a parcel is "out for delivery" and the location/status for delivery or return to terminal is unknown. Road construction, road closures, and weather also affect the delivery routes and schedules. The solution strategies there include technology – GPS tracking and real-time visibility. Technology is also helpful for regulatory compliance – from e-credentials to digital permit books (instead of paper), this software can inform companies when permit renewals are due and helps to speed up inspections. Tablet-based communication with drivers can give updates when there are poor weather conditions or other incidents that can be avoided.

Michael Gay then led a question-and-answer session with the panelists. He asked them if the current 20 percent growth rate in e-commerce could be sustained. Billy Pope replied that Aim has seen growth of 20 to 25 percent for several years. Jeff Agnew said they have seen double-digit growth each year for some time – in 2018, it was only ten percent; it has been as high as 30 percent. Sunday deliveries have grown 35 percent – Netflix is a large part of that, but there's more.

One of the FAC members asked if road conditions concerns from USPS were raised with local governments. Jeff Agnew replied that in general, no, unless there is a potential safety issue. On a local level, many individual postmasters are already in touch with their local governments and can communicate concerns. One concern is when there are new buildings constructed, but the roads to get to those locations are not yet finished.

Another question was raised on competition. Billy Pope replied that Aim has scheduled deliveries for larger shipments, and sprinter vans for smaller items. As a company, Aim is a proponent of an intermodal terminal in Milwaukee. Their company spent $1 million in tolls over the past year alone going to and from Chicago with drayage.

Michael Gay asked about managing customer returns – and what the costs for warehouse space could be, even for Class B space. Jeff Agnew said there are companies testing the returns market regularly; these vendors come and go. Milwaukee is handling a semi-load of returns each day, and yes, it is an issue with space – the volumes are growing faster than the space allocated. It's a volatile market. The shipping is "crazy" up to Christmas; volumes stay high through Martin Luther King. Jr. Day due to returns

and gift card purchases. Billy Pope added that warehouse spaces are full in the region; Aim could do more with their clients if space was available.

Michael Gay asked how technology was directly affecting operations for each of the panelists. Jeff Agnew said USPS will be replacing much of its fleet with electric vehicles; the service is still in the testing and evaluation phase to determine the preferred vendor. There has been some testing of delivery vehicles; the evaluations have yet to be done for tractor-trailers. The equipment will need to be tested in all weather conditions – from Michigan's Upper Peninsula to Arizona. Billy Pope said Aim didn't have any electrical vehicles yet, nor did any of its competitors. Michael Gay said that MadREP has been approached by three different electric vehicle manufacturers that want to build AC/DC recharging locations. He said that he sees electrical vehicles coming, mostly for automobiles. Billy Pope said he also sees such facilities coming for Tesla, but not (yet) for commercial vehicles. Jeff Agnew said that the USPS testing led to installation of charging stations at a few vehicle parking spots.

Ron Mazmanian said he saw a news item where the electric vehicles had heat, but no air conditioning. Jeff Agnew replied that to extend the operating life and range of the vehicles being tested, they were built with no air conditioning – just fans. For future vehicles, it's all but certain the qualifying bidders would have to provide a range of vehicle features – some 2-wheel drive; some 4-wheel drive; and most or all with heat and air conditioning. Someone asked if postal drivers were unionized; Mr. Agnew replied that they were.

Henry Schienebeck asked for a further clarification on how on-line orders contributed to congestion. If there are fewer shoppers on the road going to the malls, isn't that just rebalancing traffic? Jeff Agnew replied that congestion is a factor in final-mile considerations – trying to not contribute by relying on local knowledge. For example, avoiding the area around a high school when it's 3:15 in the afternoon. That requires integrating routing with traffic conditions. Billy Pope said that while the buyer may not be going to the store, there are more vehicles doing the deliveries because of more packages – that's more work for Jeff, especially for small packages.

Ron Mazmanian asked about how USPS helps ensure security for home deliveries – is there a procedure? Jeff Agnew said that the customary method is "drop, ring, and go." There have been efforts to improve security through use of Postal Inspectors. Products are also being shipped with GPS systems – that can help recover any stolen products.

Joe Nestler commented that traffic data capturing overall vehicle miles travelled has shown a slight reduction. Brian Mitchell asked for clarification on last-mile deliveries being 30% of the delivery costs. With USPS having those last-mile deliveries as a regular part of its operation, is there an opportunity for growth? Jeff Agnew said that the market is growing overall, across the parcel delivery industry. He added that the parcels delivered by vendors (UPS, FedEx, etc.) have a 97 percent on-time rate; with the USPS, those parcels have a 99.91 percent on-time delivery rate.

Dave Leucinger asked about the deliveries done by Uber and Lyft drivers, or by employees stopping "on their way home" to drop off packages. Is that being measured? Is it a factor? Jeff Agnew said that there was a study of these "grey market" deliveries that had been proposed between USPS and Wal-Mart, but that Wal-Mart cancelled the study.

- **Understanding WisDOT's Project Prioritization Methodology (12:55 p.m.)**
    - Jeff Gust, WisDOT DTIM

Following lunch, Jeff Gust delivered a presentation on how projects are prioritized and programmed. He said the Biennial Budget levels are established under Chapter 20, where federal and state funds are authorized to be used to pay contractors and state employees. The Budget is then allocated to four different subprograms, numbered 301 to 304, each with its own set of goals and limitations. Across each of these subprograms, Highway Safety Improvement Program (HSIP) funding may be incorporated.

One subprogram is Southeast Wisconsin Freeway Mega-Projects (301). It applies to projects that have total costs in excess of $685 million and is enumerated in statute. Two of the current projects actively funded from this fund are the I-94 North-South Freeway and the Zoo Interchange. The next program is the Major Highway Improvement Program (302). These are projects that have been enumerated in statute and approved by the state Transportation Projects Commission. This subprogram can be applied to expansion projects (costing more than $40.9 million) or high-cost rehabilitation projects (costing more than $102.3 million). Expansions must meet certain criteria for project length. There are several Majors projects currently enumerated, with I-41 in Outagamie and Brown Counties and I-43 in Milwaukee and Ozaukee Counties as the newest additions. Other projects enumerated include Highway 10/441 in Winnebago and Outagamie Counties, Highway 15 in Outagamie and Waupaca Counties, I-39/90 in Dane and Rock Counties, Verona Road (US 18/151) in Dane County, and Highway 50 in Kenosha County. One older project, Highway 23 in Sheboygan and Fond du Lac Counties, is being resumed after delays. Another older project, US 53 in La Crosse, is being re-examined with a new study. The funding thresholds for both the 301 and 302 subprograms are inflation-adjusted.

The Major Interstate & High Cost Bridge Program (304) covers bridge structures within two sets of criteria. First, it applies to bridges on state highways that cross a river forming a state boundary, with a total state share in excess of $100 million. The St. Croix Crossing at Stillwater, MN is a recent project under these parameters. A second eligible circumstance is for construction or rehabilitation of state highway bridges with project costs in excess of $150 million. The Hoan Bridge in Milwaukee is an example of this circumstance. Of note, subsection 304 financial thresholds are not inflation-adjusted.

The State Highway Rehabilitation (SHR) Programs funding (303) covers several categories of preservation, rehabilitation, and replacement work on pavements and bridges. A portion of the projects are regionally-managed: these are the 3R (Resurface, Restoration, Rehabilitation) projects and small/medium-size bridges. Larger projects are managed by the central office; these include rehabilitation projects on the state's Backbone system, and large (> 40,000 sf) bridges. The Backbone system is comprised of 1,590 centerline miles; these roads comprise 14 percent of overall state highway inventory but carry 49 percent of the system's overall traffic and 85 percent of freight traffic. The remainder of the 3R projects extend for 10,170 miles (86 percent of the system miles), carrying 51 percent of overall traffic and 15 percent of freight traffic.

Asset management is a core responsibility for state DOTs; when public dollars are spent to create/maintain/improve/replace an asset, then that asset needs to be managed. Asset management is not a philosophy to apply the "cheapest solution." Instead, it focuses on optimizing recommendations based on the needs and the health of the system rather than evaluating the project on its own. Pavement condition life cycles are important to understanding the value in timely management. A new pavement's condition will gradually fall in quality – by 40 percent – over the first 75 percent of its life. But unless it is rehabilitated at that point, the condition will fall another 40 percent over the next 12

percent of its life. Once its condition has fallen that far, a rehabilitation project will cost four to five times more than it would have after the first 40 percent decline in condition.

WisDOT's asset management program follows a six-step cycle. The first phase is conducting a Condition Assessment. Each of the state's pavements is measured by state-owned data collection vehicles – each generation of vehicles has improved on what data is collected. The current equipment collects downward-facing 3D images, plus assesses laser-based longitudinal and transverse profiles, faulting and rutting, the International Roughness Index, location data, and the roadway geometry. Each of these elements feeds into ratings using the Pavement Condition Index (PCI), a nationally-established standard. The PCI incorporates multiple distress measurements to produce a rating on a scale of zero to 100. Rating thresholds are (at minimum) 85 for very good/excellent, 70 for good, 55 for fair, 40 for poor, and 25 for poor. Serious is in the 10-24 PCI range; below 10, the pavement is classified as failed. By examining the distress types, severity, and quantity against the dynamics of a given roadway (including age, environment, roadway material, and traffic load), the department can develop viable improvement options for consideration and prioritization.

The second step, Mr. Gust said, is Needs Analysis. One new application of the asset management system (WISAMS) is to apply it to structures. It has been used for evaluating pavement options for both asphalt and concrete (Portland cement), with a range of more than two dozen lower-level treatments that grows to full reconstruction. The analysis is conducted by feeding in data (including pavement and bridge conditions, safety data, mobility data, and the improvement program schedule) to the department's Meta-Manager. Meta-Manager then develops an "optimal program," which, coupled with the raw data and other regional and local information sources, is used to create the Region Program.

The third step involves program budgets and region allocation. The regions apply program-level engineering to projects they scope, with more than a dozen factors as part of that process. These include factors such as crash reports/'hot spots,' bicycle/pedestrian accommodations, environmental concerns, freight use (including OS/OW use), utilities, other surrounding projects and detour routes, and business access/impacts. The Region Program and the "optimal" program are compared in a Program Effectiveness Report that can be used to adjust the Region Program as funding or needs vary. Those decisions feed into step four (Project Selection and Scoping) and step five (Project Delivery).

The sixth step in the cycle is evaluation through a Program Effectiveness measure. Its purpose is to align the decisions on project priorities with department priorities. This helps address the long-term system health goals for the state. Measurements of the program's effectiveness are made by comparing the regional program to the system-level model, to determine if the projects programmed fit in the right place, with the right scope/scale, at the right time. Program Effectiveness is a performance measure tracked by the departments MAPSS (Mobility, Accountability, Preservation, Safety, Service) measures system. The Program Effectiveness evaluation then feeds back into the condition assessment, completing the cycle.

A FAC member asked Mr. Gust for more details about the camera van. How much of the state does it cover? How long has the department used these vans? Mr. Gust replied these vans have been in service for a while, each with higher levels of technology. These vans travel the entire state highway system on a regular basis – it had been a 2-year cycle. With the newer vans, WisDOT hopes to go to annual evaluations.

Matt Umhoefer added an anecdote from a recent conversation he had with WisDOT's Southwest Region

Freight Coordinator. Most of the federal funding received for freight projects was directed to the I-39/90 project. The Coordinator said she had heard from a company that regularly moves over-dimension structural beams. Prior to the project, these beams could not fit under the Avalon Road overpass, and the route had to go 16 additional miles to get around that impediment. With the completion of that segment, these loads can now go through, which saves fuel, wear-and-tear on the local road systems, and extra Hours-of-Service time for the company shipping the beams.

- **Multimodal Local Supplement Program (1:20 p.m.)**
    - o Merrill Mechler-Hickson, WisDOT DTIM

The next segment featured an overview of the new Multimodal Local Supplement (MLS) competitive grant program for local projects. Merrill Mechler-Hickson, the Program Manager, noted the program's popularity by stating that there were over 800 sign-ups for a WisDOT webinar on the MLS program.

The program is a one-time $75 million general purpose revenue (GPR)-funded availability, with a broad eligibility for new projects. The program seeks to address multimodal projects through local delivery and local administration that focuses on economic impact and connectivity. Applicants can request up to a 90 percent cost share. Eligible applicants are counties, cities/villages, and towns. The minimum project cost is $250,000 for counties, cities, and villages; and $50,000 for towns. The maximum award for a project is $3.5 million; projects must be completed in six years. The projects must be sponsored by a local unit of government with taxing authority, but private organizations and firms can be secondary sponsors.

The range of eligible projects is extensive, including local roads and bridges, transit vehicles and facilities, bicycle and pedestrian facilities, rail improvements, and port/harbor improvements. Among the ineligible items are airport runways, maintenance and operations, and existing projects. Selections will be made by three committees comprised of local partners – one for each applicant pool (counties, cities and villages, and towns). Points will be used to determine the rankings of applications. A modal score will be half of the possible value (25 points); other factors (including economic impact, connectivity, and cost effectiveness) comprise the other 25 points. Mr. Mechler-Hickson strongly encouraged applicants to highlight the economic benefits and connectivity on any submitted materials. WisDOT conducted a podcast with Secretary Thompson, Mike Koles (Wisconsin Towns Association), Dan Fedderly (Wisconsin County Highway Association) and Jerry Deschane (League of Wisconsin Municipalities) all involved.

Michael Gay said that in working with communities in Dane and Sauk Counties that received flood damage in 2019, the funding they were seeking to fund projects that would give their downtown business districts greater flood resistance. Would that count as economic development? Merrill Mechler-Hickson said that it would, but that the applications would need to be for new projects – not projects that previously existed, where applications for assistance had been received previously. Michael Gay said his valuation process would use economic modeling to identify the percent of parcels affected. Mr. Melcher-Hickson said that sounded reasonable.

- **Local-Level Freight Planning - Panel Presentation (1:30 p.m.)**
    - o Facilitator: Jen Murray, WisDOT DTIM
    - o Panel Members:
        - Ron Chicka, Duluth-Superior Metropolitan Interstate Council (MIC)

Ethan Johnson, Southeastern Wisconsin Regional Planning Commission (SEWRPC)
Dena Ryan, WisDOT DTSD
Jordan Skiff, City of Fond du Lac

Next, the FAC was given a presentation on local level freight planning. Jen Murray noted cooperative planning is a component in the State Freight Plan, as is fiscal constraint. She noted MPOs are responsible for including freight considerations in their transportation plans, with updates on a five-year cycle (a faster four-year cycle for Milwaukee/southeastern Wisconsin). She noted that one of the catalysts for this panel was the completion of the SEWRPC long-range plan update. Local governments are responsible for including transportation and economic development in their long-range plans; those need to be updated in a ten-year cycle.

Ethan Johnson began the round of presentations by discussing how freight transportation was incorporated into the regional plan for southeastern Wisconsin. He discussed SEWRPC's founding and responsibilities, covering a seven-county region. He said that regional planning addresses problems that transcend individual localities. There are three basic functions of SEWRPC: basic planning and engineering, developing a framework of long-range plans, and coordinating routine planning activities. Three examples of SEWRPC's work on freight include the VISION 2050 long-range transportation plan, Ozaukee County jurisdictional highway system plans, and as hoc collaboration efforts such as WisDOT's Oversize/Overweight Working Group.

The SEWRPC VISION 2050 Plan was adopted in 2016, with a 20-year planning horizon. The plan gets a major update every ten years but isn't static; an amendment was added to address the Foxconn project. There is an interim update underway – at the four-year mark; it should be finished in 2020. VISION 2050 incorporated input from 2 regional advisory committees, seven county committees, nine task forces, and five rounds of public involvement. There were also 82 workshops and a phone survey of 1,500 residents. The plan re-examined the socio-economic data and conducted a regional travel survey. That survey found the number of truck trips has grown along with the number of trucks in the region; each truck averages five trips per day – a figure that has remained consistent since 1963. However, between 1963 and 2011, the average distance for each of those trips has increased from five to eight miles (60 percent). Mr. Johnson added details on components in Visioning, Alternative Plans, and Draft Plan development phases. Freight was part of the Transportation Component for the first time in a SEWRPC Long-Range Plan. Eight freight-centric policies were recommended:

- Address congestion and bottlenecks on the regional highway freight network
- Accommodate oversize/overweight (OSOW) shipments
- Pursue a new truck-rail intermodal facility
- Develop consistent truck size and weight regulations
- Construct the Muskego Yard bypass
- Address the potential need for truck drivers
- Address safety and security needs related to freight transportation
- Support beneficial freight efforts outside of Southeastern Wisconsin

Mr. Johnson also discussed SEWRPC's role on the Ozaukee County Jurisdictional Highway System Plan (JHSP). Each county has its own similar plan. The JHSP addresses two information pieces for recommended outcomes on each highway/arterial street in Ozaukee County. One is designating the jurisdiction that will be responsible for segment operations/maintenance; the other is what functionality

and capacity improvements would be recommended. The process was guided by a committee representing each of the 16 local government units. He noted the jurisdictional classifications were based on average trip length, land use (industry, retail, institutional, etc.), and operational characteristics (including weekday traffic volumes). As a result of the plan, a recommendation was made to address the impacts of Highway 33 traffic going through Saukville by constructing a bypass off I-43/WI 57 to the north of the community, following an existing road for much of the route.

Mr. Johnson also discussed SEWRPC's participation in the WisDOT OSOW Working Group from 2014 to 2018. The goal was preservation of a corridor between a manufacturer in West Allis and the Port of Milwaukee. That corridor had seen increases in encroachments and impediments over the previous decades, leading to more circuitous routing and an unsure future, thereby making the manufacturer unable to ship its products. The working group, which included county, municipality, utility, and industry representatives, identified a recommended route to preserve. The manufacturer funded improvements to address geometric constraints; formal designation by the state legislature under Statute 86.50 will preserve the envelope.

Next, Jordan Skiff of the City of Fond du Lac offered his insights on local government and freight from the perspective of a small community. He said the goal should be to explore if local governments and major players in freight (private sector and other public-sector players) are significantly interacting – or should be interacting. In most cases, local street projects don't have a lot of freight consideration. Utilities, pavements, and budgets are the driving factors. Often, maintenance costs are not adequate for high truck traffic areas. One exception to planning for local freight is in business park development.

Cities usually work together with WisDOT on "freight-heavy" projects, where the locals rely on the state for guidance, information, and assistance. Some funding programs available include Surface Transportation Program (STP), Local Bridge Program (Mr. Skiff noted that locals need to speak up with convincing reasons to get more robust structures under the 'replace-in-kind' policy), the new Multimodal Local Supplement, TEA Grants (tied to manufacturing and job creation), and the TIP/MPO selection process. He said that it is encouraging to see that a greater emphasis is being placed on economic development and economic impacts.

Mr. Skiff said road bans are a greater concern in rural areas, where they can have significant impacts by forcing freight to take different/longer routes on a small number of roads. Fortunately, most of these are lower-capacity routes. Most cities build their infrastructure to handle full legal weight limits. He also noted the coordination required for OSOW load permits, although most of the routing is on state highways.

Mr. Skiff discusses some local road projects that involved extensive coordination. One was the replacement of a bridge on West Division Street. The Canadian National has a major rail line that crosses Division at the western end of the bridge; he noted the pre-project coordination has been "sobering." For a more successful example of cooperation, he cited a project on Pioneer Road that included a roundabout and a rail bridge over the roadway. Signals on both sides of the crossing limited roadway movement; railroad trains would regularly block the crossing for long periods, further contributing to congestion. The use of STP funding was valuable in eliminating these problems, and in doing so, creating huge improvements for surrounding businesses. Mr. Skiff's presentation then displayed a map of Fond du Lac that was color-coded by street classification. He said the point of the slide was that municipalities needed to ensure their primary roads were identified as part of that system to be eligible for funding.

Mr. Skiff then discussed things he wanted the FAC, state officials, and others to understand about the challenges of managing local road systems. He said that officials regularly hear about problems with trucks and railroads – including rough railroad crossings, but that there needs to be more sensitivity to the needs of the freight community to balance the complaints from local/residential voices. He said there is a perception that railroads are unresponsive, based on previous frustrating interactions, conditions at grade crossings, and access by emergency services (when train operations block them at crossings). He said that local governments want better partnerships with railroads to address those issues, and issues of declining service to local businesses. He also noted that use of the term "multi-modal" is typically thought of in the context of bicycles, pedestrians, and transit – not with a freight application. He also mentioned the importance of incorporating freight into growing sustainability efforts, and to be aware of how connected/automated vehicles (CAV) and 5G technology will shape freight efforts.

He also had some questions for state officials and others. First, how will local support of the Safe Routes to Schools Act will impact freight? Will it lead to weight limits on local roads that move trucks to state and federal highways? Mr. Skiff also asked about the most important design features to roadways that need to be considered by local planners and economic development staffs. He asked about if or how local parking ordinances affected freight deliveries, even curbside deliveries. He also asked if freight rail needs any help from local government, and how local governments can best make stakeholder connections to railroads and trucking. Other questions he raised included the effects of local water quality regulation on shipping; how well the transload ramp in Oshkosh is working and whether it could be a model to apply elsewhere; and how (if at all) air freight plays a role in this conversation.

Next, Ron Chicka of the Duluth-Superior Metropolitan Interstate Council (MIC) spoke on the themes of how best to assist local governments and how best to get things done. The MIC is split between two states – there are 8 MPOs in Minnesota and 14 in Wisconsin. The Duluth-Superior region covers 641 square miles, with a population of around 150,000. Because of the nature of the harbor, it – and the functions around it (the shipping channel, bridges, highways, rail lines, and docks) are critical parts of the multimodal transportation network. The MIC has three Advisory Committees; freight interests are most directly connected through the Harbor Technical Advisory Committee (HTAC). The HTAC meets quarterly and can serve as a model for coordination. It includes representatives from both major cities, both counties, from state agency offices in both states, from regional entities (the Duluth Seaway Port Authority), from several federal agencies (including Army Corps of Engineers, U.S. Coast Guard, and the U.S. Fish and Wildlife Service), and from multiple local voices representing transportation and warehousing businesses, recreational interests, environmental groups, and others.

The HTAC gives planning and management recommendations to the MIC, guided by awareness of the economic importance (for goods movement, including OSOW shipments into the port) and the environmental significance. The Duluth Seaway Port is the largest, busiest, and western-most port on the Great Lakes, with direct highway and rail service from four Class I railroads. Commodities moved include coal, grain, iron ore, limestone, cement, wood pulp, salt, and large volumes of wind turbine components. These latter movements have made OSOW issues critical to the freight planning in the region. The MIC published the Duluth-Superior Port Land Use Plan in 2016; its recommendations include maintaining channel depth to 27 feet and maintaining existing purposes for industry.

The MIC has also prepared more specific site plans. The 2007 Erie Pier Management Plan is providing guidance on transitioning the site from a disposal facility to a processing and reuse facility – allowing dredged materials to be sustainably reused. Another site plan was the Landside Port Access Study in

2000, which made recommendations to improve truck and rail access to the Duluth-Superior. Other efforts include upgrades to Helberg Drive, the surface road to and from the new Duluth Cargo Connect intermodal terminal; this will improve intermodal access across the region as shippers can avoid Chicago or Minneapolis terminals. The dock for Duluth Cargo Connect also has opportunities for transload and OSOW operations.

Other freight-related studies the MIC produced, Mr. Chicka said, include the 2018 Duluth-Superior Area Truck Route Study, which examined the most efficient, safest, and least disruptive routes to, through, and around the Duluth-Superior area. Also, the Midway Road Access Management Plan addressed needs on a steep route used by logging trucks; recommendations called for turn lanes and truck climbing lanes. Logging trucks also factored into other rule changes on the Minnesota side. Those trucks were compelled to use local roads (including one through downtown Duluth) due to prohibitions on use of I-35; a lumber spill on a local road helped convince state and federal officials to improve safety by lifting restrictions on use of the Interstate Highway. The MIC is currently working with Douglas County in Wisconsin to improve freight movement by identifying roads best suited for heavier weights, to improve economic stability and connectivity to key facilities. One of those potential routes has a low rail bridge that currently impedes freight traffic.

One of the biggest looming projects the MIC is working in is the Twin Ports Interchange reconstruction. The existing "Can of Worms" connecting I-35, I-535, and US 53 has aging infrastructure with weight restrictions and many geometric issues. Related to this interchange is the Blatnik bridge (I-535). Modeling of freight elements is being used to explore closure scenarios and use those to calculate varying costs of delay and best options for traffic diversions, Mr. Chicka said.

Concluding the panel presentations, Dena Ryan from WisDOT's NW Region offered the state perspective on local-level freight planning. She began with an overview of the region, identifying the freight routes on the NHS and the intermodal connectors. Those connectors are critical for the Port operations; 900 vessels move as much as 40 million tons of cargo through the Port every year. There has been a large increase in the volume of wind turbine equipment brought in; last year, they accounted for more than 300 loads.

WisDOT and the City of Superior collaborated on the reconstruction of State Highway 35 – Tower Avenue – a main business district route. The reconstruction happened in 2012 and 2013, and included utility replacement, median modification, and streetscaping. The design balanced mobility for truck movement with pedestrian safety and met state and federal standards. The current project is the other major business corridor in Superior, US Highway 2 – Belknap Street. That project wrapped up in 2019 and includes sewers, signals, and access consolidation to reduce the number of driveways. Because this is a major freight route, the project team worked with local trucking companies to determine which loads could go through the construction zone, and which had to go via the Blatnik Bridge. The new Belknap Street configuration has two traffic lanes in each direction, a turning lane, and bike lanes in both directions.

The next major project for the area is East Second Street in Superior – which carries USH 2 and USH 53 into Superior from the southeast. This is a state and federal Long Truck Route. In 2020 and 2021, two segments will be resurfaced and repaired; three bridges will be rehabilitated. One challenge is that the detour routing does not accommodate some truck-trailer configurations. WisDOT published charts showing which configurations can pass through the detour and which are unable to. The detour routing also is different for eastbound traffic than for westbound traffic.

More major projects are planned over the next decade. As mentioned, the I-35/535/US 53 "Can of Worms" interchange is a top target; it's permit-restricted from structural issues and poor geometrics. A BUILD Grant is anticipated in the 2019-2024 period, Ms. Ryan said. The US 2 Bong Bridge, which was built in the 1980's, will need redecking in the early 2030's.

The Blatnik Bridge (I-535/US 53) will be a cooperative project with Minnesota. The current bridge is load-restricted to 40 tons, and has been given rehabilitation in recent years, allowing 120' clearance below. There are 52 spans; the road width ranges from 58' to 70'. Much work is in progress, pre-construction, as short-term maintenance is conducted. Traffic modeling again will be used to determine the best strategy to address detours and construction staging. MNDOT is leading the NEPA process, which will start in late 2019 and will define the scope of the project. Options include replacing the main span on up to and including replacement of the entire structure. Maintenance will be conducted every four years beginning in 2021 until the structure is replaced.

- **Closing Remarks (2:55 p.m.)**
    - Joe Nestler, WisDOT DTIM Administrator

Joe Nestler briefly thanked the panelists and the FAC members for attending and expressed his interest in learning more about freight issues from them first-hand in his new role with WisDOT.