

## Wisconsin Freight Advisory Committee (FAC) Meeting 14

Meeting Minutes from Wednesday, June 8, 2022

9:30 a.m. to 3:00 p.m., Held in-person and virtually via Teams from Madison, Wisconsin

**FAC Member Organization Representatives:** David Bizot, Mark Brehmer, Tom Bressner, Ron Chicka, Mary Forlenza, Andrew Goodall, Matthew Gwiasdowski, Debby Jackson, Ethan Johnson, Peter Kammer, Neal Kedzie, Jeff Kitsemel, Larry Krueger, Ken Lucht, Dr. Ernie Perry, Richard Pingel, Randy Romanski, Henry Schienebeck, Dr. Richard Stewart, Evan Umpir, Yash Wadhwa, Thomas Winker, Thomas Young.

**Additional FAC Member Organization Proxies Present:** Sue Ahn, Jada Bigham, Megan Levy, Mark Rhoda-Reis.

**Wisconsin Department of Transportation (WisDOT) Members Present:** Secretary Craig Thompson, Daniel Arneson, Tim Austin, Brad Basten, Ehren Bittorf, Scott Brummond, Rebecca Burkel, Josh Dietsche, Ruchi Dutta, Brian Gaber, Alex Gramovot, David Greene, Jeff Gust, Mike Halsted, Rod Hamilton, Dave Hubbard, Thor Jeppson, Rich Kedzior, Jordan Kelbley, Dave Leucinger, Tim Mason, Jeanette Nelson, Joe Nestler, John Nordbo, Danny Park, Dena Ryan, Matt Schreiber, Justin Shell, Dustin Sweeney, Dan Thyges, Matt Umhoefer, Todd Van Fossen, Chuck Wade, Nicholas Weber.

**Guests Present:** Brandon Bickham, Craig Breiss, Jonathan Chowansky, Bob Gollnik, Francis Hart, Kevin Lipps, Mark “Mac” McDermid, Michelle Miller, Cami Peterson, Justin Scott, Matthew Sullivan, Yang Tao, Charles Wachsmuth, Bob Wilson.

### • Welcome (9:30 a.m.)

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

Key Points:

- First in-person meeting in 930 days (since November 2019)
- New federal requirements for freight plans will mean that WisDOT will need to rely on the FAC and the freight community with greater interaction in the development of the State Freight Plan by November/December.
- Summarized the agenda, noting breakouts will cover two requirements for the Freight Plan, and we’ll be seeking feedback. Also included is an introduction to the Wisconsin Initiative for Agricultural Exports; some members of the Ag Export Advisory Council are guests.
- Gave technical guidance for those attending virtually, including how to solicit questions

### • Opening Remarks (9:35 a.m.)

- Craig Thompson, WisDOT Secretary

Key points:

- Welcomed everyone; happy to be in person.
- Our successes have come from staying in communication and getting input from people on the ground. This FAC has been a large part of informing our policies, specifically with real-time discussions about supply chain issues during the pandemic. WisDOT can’t

thank the FAC enough. We're listening and trying to react to help alleviate the supply chain issues you face.

- Every waiver allowed for motor carriers has been implemented. DMV has been issuing CDLs in a timely way, even as global events affect supply chains.
- We're thrilled to have DATCP Secretary Randy Romanski here to talk about the impacts to agriculture, given its importance to the state.
- We're also glad to have the FAC's contributions to informing the State Freight Plan, which you'll hear more about today.
- He again thanked the FAC for how valuable it has been to WisDOT's efforts and looked forward to a productive day.

- **Recap of the February 1, 2022 (13<sup>th</sup>) FAC Meeting and WisDOT Update (9:40 a.m. – 9:50 a.m.)**

- o Chuck Wade

Key points:

- The previous FAC meeting began with Secretary Thompson highlighting WisDOT's response during the pandemic to keep freight moving, including permit exemptions.
- Also noted by Secretary Thompson were the Port Milwaukee construction projects with The DeLong Company to export agricultural products, hopes for better rail service in northern Wisconsin following the purchase of rail lines by Watco, and optimism on improvements through the Bipartisan Infrastructure Bill.
- That meeting included a strong focus on WisDOT's Connect 2050 Plan as the umbrella plan for all the modal and thematic plans from the department. The Rail Plan and Freight Plan fall under that umbrella. The Bipartisan Infrastructure Law requires several new components for freight plans; we heard about those.
- The Voices of Industry included Larry Krueger talking about hardwood prices, and Ken Lucht talking about Watco's acquisition of the CN rail lines.
- That meeting also discussed the importance of the State Freight Plan, leveraging \$28 million per year in federal funding. That plan needs to include project lists, so it's important for us to get that plan done.
- We had a panel on truck driver availability. Dan Johnson talked about industry estimates on the shortage of drivers; Mark Oesterle and Dick Pingel also spoke on driver availability. Carl Suhr from Kwik Trip spoke on the strategies they use for employee retention, and Rick Roehl talked about their training and retention efforts. Comments included that big carriers effectively serve as trainers for smaller carriers, with insurance being a major reason for this system.
- Dr. Ernie Perry talked about the Mid-America Freight Coalition and the multi-state efforts on freight research projects that group is working on.
- Melissa Kraemer-Badtke from the East Central Wisconsin RPC and consultant Eric Oberhart talked about the findings of the Northeast Wisconsin Intermodal Study and the study's potential next steps.
- We had a panel on the Bipartisan Infrastructure Law (BIL) with Meghan Ladwig and Glenn Fulkerson, talking about hardening infrastructure against weather, increasing the share of women in trucking, and "Buy American" materials requirements. There are many competitive grant opportunities.
- Also, Caroline Kieltyka from AASHTO talked about the state-focused provisions in the BIL and AASHTO's summary of the law.

- **Voices of Wisconsin's Freight-Related Industries (9:50 a.m.)**

- o Neal Kedzie, Wisconsin Motor Carriers Association
- o Larry Krueger, Lake Superior Lumber Association
- o Guest Speaker: Charles Wachsmuth, Chippewa Valley Bean/WI Agricultural Export Advisory Council

Key points:

- Neal Kedzie:
  - o Driver shortage continues to be a concern – projected 80,000; 60,000 pre-pandemic. Wisconsin is 3,000 drivers short; companies are cutting fleets from lack of drivers.
  - o Wisconsin is #14 nationally in registration and weight fees; #20 in diesel fuel taxes; #19 in combined state and federal fees. That's about \$17,000 per year per unit.
  - o Hours of Service waivers for moving baby formula extend through the end of the month.
  - o For-hire tonnage contract freight decreased by 2% last month; this was the first drop in 8 months. Inflation slowdowns are starting to take effect.
  - o Speed limiter rule-making: FMCSA is considering mandates on trucks; it is a contentious issue. Comments are being accepted until July 18. Limits at 65, 70, 60 are all mentioned – but there are no uniform speed limits across the U.S. The safety hazard is that slowing trucks will lead to rear-end crashes due to speed differentials with passenger vehicles and inattentive drivers.
  - o Diesel fuel prices – topped \$5.50 for the first time ever; spot shortages and refineries in Northeast were closed during Covid. It is costly to restart and operate refineries. There is only a day's reserve of diesel.
  - o ATRI research projects include marijuana and decriminalization, predatory towing, efficacy of driver training, work permits for overseas drivers, and Securities & Exchange Commission rules on trucking.
  - o Acquisitions – there are many owner-operators, but Schneider just acquired DeBoer. Mr. Kedzie thinks there will be more consolidations/purchases like this.
- Larry Krueger:
  - o 46% of the state is forested; 13% of state employment is tied to forest products. Lumber is part of the broader ag sector; like other ag products, lumber exports play an important role.
  - o High prices for lumber mentioned in media are mostly from soft woods (spruce, fir) used for construction trade. WI is mostly a hardwood producer; prices there have risen but not to the extent of the soft woods.
  - o Lumber has struggled with export tariffs at 25% for two years.
  - o The vast majority of containers used for exports come from Chicago. The containers should be loaded to rail in WI – it places the state at a cost disadvantage. Trucking is a huge cost. There is a need to improve the rail system.
- Charles Wachsmuth:
  - o He is the new Chair for Wisconsin Agriculture Export Council (WAXC). The Charter of WAXC is to increase ag exports from Wisconsin at a very high rate

within five years. He is excited to work with the Council and DATCP on this effort.

- He came to the FAC to talk about a novel project out of Port of Duluth that happened last month. Chippewa Valley Bean (CV Bean) privately leased 220 containers and chartered a boat from Spleithoff to serve as a feeder boat to the Port of Valley Field in Canada. This was to address challenges with container shortages, rail service, port strikes, and rolled bookings. CV Bean needed another solution to stay in business.
- Team: A company called Nexus brought in a new concept as container owner. They offered containers available for shipping dry edible beans. These containers have heat and moisture sensors, with global tracking. Nexus is also looking to work with soybean exporters.
- CV Bean's second partner is Jeff Foster Trucking from Superior. They moved 194 containers from Dunn County to Port of Duluth in less than a month.
- The containers were built in China and shipped loaded to the U.S. before being transported to Dunn County for loading. As a small business, CV Bean was still able to contract for these containers through this arrangement.
- CV Bean handles/exports 25,000 metric tons of kidney beans per year and is the largest kidney bean processor in the world. This is a huge change from being a family farm 25 years ago. That tonnage represents 1,250 containers.
- Historically, CV Bean had moved loaded containers from Menomonie to Minneapolis for rail shipping to Montreal – then to export. But Canadian Pacific Rail throttled rail shipping for CV Bean to zero containers for one month earlier this year. For most of the pandemic, CV Bean had 100 to 200 loads of finished goods in the warehouse unable to be moved. How can Wisconsin companies move goods under those limitations? It's a question for the WAXC, not just CV Bean.
- The answer he advocates is to use Wisconsin ports and the Great Lakes. Right now there is only one container port on the Great Lakes – Cleveland – and its service goes to Antwerp. What can we do to get service to Superior and Duluth? To Milwaukee? To Green Bay? If regular shipping lanes can be developed – whether salties to Europe directly, or feeder ships to Montreal for reloading – that will increase the potential for Wisconsin exporters.
- Other solutions CV Bean tried: intermodal service in Duluth did offer some help – but couldn't get bookings to serve the Middle East market. CV Bean is trying to get regular rail cars to Eau Claire – for shipping to Houston, then transload there to containers there for export. But CV Bean can't get rail cars. It's a cascading series of events.
- CV Bean is 90 miles from Minneapolis, but still has to truck goods to Cleveland or Montreal to make loads. Kidney beans have a limited price point. Margins are squeezed. Let's talk about how to get more regular, reliable shipping in Wisconsin.

• **Setting the Stage for the Freight Plan Update (10:05 a.m.)**

- Alex Gramovot, Chief, Planning Section, DTIM
- Chris Ryan, HDR
- Tess Heller, HDR

## Key Points:

### o Alex Gramovot

- Connect 2050 is the just-adopted long-range transportation plan for Wisconsin. It is multimodal and sets the vision, goals, and objectives for the state's transportation system.
- Connect 2050 serves as the "umbrella" over a family of other plans, including the State Freight Plan. These other plans integrate with the parent Connect 2050 and serve as its implementation arms.

### o Chris Ryan

- Freight Plan: It is a statewide, long-range, multimodal vision that focuses on goals and strategies for freight transportation programs. The plan has an 8-year horizon.
- Freight trends need updating to maintain accuracy, especially for e-commerce and environmental requirements.
- The statistics and system overview also need updating to identify statewide freight needs and issues, then to use that data to inform stakeholders and guide improvements.
- Policies will also need to align with Connect 2050.
- The freight plan has two key outcome goals: first, to integrate freight into WisDOT planning and programming process; second, to position Wisconsin to remain competitive in the global marketplace
- The BIL carries forward previous FAST Act requirements, then adds requirements for truck parking inventories, supply chain cargo flows (by mode), commercial port inventories, identification of current multi-state compacts, impacts of e-commerce on freight infrastructure, considerations of military freight, strategies/goals to decrease environmental concerns from freight (impacts of extreme weather, local air pollution, flooding/stormwater runoff, and wildlife habitat loss), and consultation with the FAC.
- The panels and tabletop discussions at today's FAC will go more in-depth on e-commerce and environmental concerns.
- E-commerce was discussed in the 2018 State Freight Plan, including sales growth and new distribution center development. Those trends are still active, with a boost during the pandemic – rising to 15 percent of all retail sales, and they are forecast to hit 20 percent of global retail sales by the end of 2022. There are very limited sources for data specific to e-commerce freight moves, however.
- New distribution centers for e-commerce have been one of the critical impacts to freight movement. Changes include last-mile delivery patterns, creation of new truck activity hubs, and balancing the needs of these new operations with existing community transportation needs and quality of life desires.
- Resilience and freight/environmental impact requirements include two different sets of directives. The first set looks at how to decrease impacts from extreme weather on freight. The second set goes the other way – looking at ways to reduce the impacts of freight on the environment – local air pollution, flooding and stormwater runoff, and wildlife habitat loss. The tabletop discussions will focus on how WisDOT should address that BIL requirement. Connect 2050 can provide some guidance for consistency. Missouri and Florida freight plans also have language on

increasing the resiliency and redundancy of systems that may be useful as models for Wisconsin.

- The Freight Plan document structure will be far more streamlined than the current 500-page Plan. As with other states, Wisconsin's Plan will be reader-friendly, graphical, and have the feel of an executive summary, supported by technical analysis. The outline of chapters will still capture all that had been there before, with some consolidation. The phasing is that the pre-Draft Plan continues into early spring 2022; the Draft Plan Development happens through Summer 2022; the Late Summer 2022 period will involve outreach and updates; and the Final Plan release is anticipated for Fall 2022.

o Tess Heller

- Stakeholders and general public: both groups will be included in engagement efforts. The process will ensure equitable and accessible engagement opportunities.
- Different means will be incorporated – including an interactive on-line survey, FAC engagement, a dedicated website that allows for a self-paced educational experience, and direct e-mail outreach. Covid helped inspire more robust on-line engagement efforts.
- The consultant will also be working with WisDOT on comprehensive social media engagement, focusing on neighborhoods that have not been heard from historically.
- The website is active and allows readers to learn about the issues and goals considered in the freight plan and to follow the process of Plan development, including when to expect information from the project team. Infographics are displayed to help inform readers.
- In response to a question on automated deliveries, Chris Ryan noted the Plan will consider and incorporate that topic under the “innovative technologies” guidance. However, most of those efforts are speculative at best currently. Chuck Wade added that WisDOT already has a CAV group engaged with MAASTO and AASHTO on strategic plans; the Freight Plan will incorporate these efforts.
- In response to a question on the timeline for incorporating public involvement and engagement, Tess Heller said the launch of the Draft Plan will run in tandem with collecting feedback and making any edits to ensure what we hear aligns with the Plan. Chuck Wade added that federal guidance gives a very tight timeline to Wisconsin and many other states. Mary Forlenza further added that because so many states have to meet this timeline, FHWA is asking for 60 days to review the plans for approval.
- Matt Umhoefer noted the Plan's value to WisDOT is around \$28 million per year. The list of projects that the Federal Freight Program funds supported is listed on the WisDOT web page. Key project recipients have been I-39 and I-43; this helped enable completion of these projects. Joe Nestler added that the WisDOT overall highway project funds amounted to at least \$1.5 billion per year. As more data is collected, the Department wants to use that information to instruct the prioritization for all its projects.

- **Break (10:30 a.m.)**

- **Impacts of E-Commerce on Freight Infrastructure - Panel Presentation and Discussion (11:00 a.m.)**

- o Moderator: Todd Van Fossen, WisDOT DTSD

- o Panel Members:

- Jonathan Chowansky, UPS

- Matthew Sullivan, P.E., City of Oak Creek

- Yang Tao, P.E., City of Madison

Key Points:

- o Todd Van Fossen:

- As discussed earlier, not only was there an acceleration of e-commerce technology before the pandemic, but with the pandemic there have been significant shifts in deliveries and supply chains and consumer demand cycles. With the BIL it's an exciting time to dive into the topic.

- o Jonathan Chowansky:

- The pandemic really threw things in gear for UPS. The company charts show just how fast things have sped up, compared with earlier expectations.
    - UPS's footprint and impact in Wisconsin: 8,000 total employees; 2,800 are full-time. UPS operates across more than 70 state locations including airports, stores, and everything in-between. The state fleet includes 1,700 vehicles that consume 7.1 million gallons of fuel per year.
    - E-commerce's rapid growth, by the numbers: just looking at 3 major Wisconsin cities (unidentified; not the whole state) for a typical week in May: from 2019 to 2021, the UPS volumes grew by 25 percent. Demand softened in 2022, so that the 2019-22 growth is 16 percent. By comparison, the overall UPS delivery volumes across the nation were up 30 percent from 2019 to 2021 and 13 percent from 2019 to 2022.
    - The type of deliveries has also changed. Operations in 2019 and early 2020 were a lot of business-to-business – one stop (like a Foot Locker) with 25 deliveries. After the pandemic began – the Foot Locker was closed, and so there was much uncertainty over what businesses would stay open in the first couple of months. Then the orders increased from e-commerce and they had to quickly adjust to that – delivering 25 packages over a number of stops while the bulk stops fell.
    - Even though total delivery volume in Wisconsin was up 25 percent from 2019 to 2021, the number of stops increased more than that: 40 percent. That measure was made close to the peak of demand. The 2019-22 volume rose 16 percent; stops were up 23 percent. Nationally, stops were up 43 percent in 2019-21 and up 17 percent in 2019-22. This indicates an overall lasting growth in residential stops, and more than 10 percent overall. This has also had implications for workforce retention and route assignments so that drivers didn't exceed federal Hours of Service mandates.
    - Facility capacity and processing: UPS needed to have more space, more equipment, and more people to handle the growth in demands e-commerce brings. Automated hubs have been built around the country (none in Wisconsin; one just outside Chicago). Hub operations helped consolidate partial trailers from multiple locations

to a single full trailer for longer cross-country trips, which are driven in 2-person teams. The hub technology also helped increase volume UPS could handle, so Wisconsin staffing increased by 1,500 inside employees, 250+ package delivery drivers, and 100+ tractor trailer drivers. The automation helps defray added costs of more human handles with the e-commerce deliveries.

- UPS entered the supply chain for health care just before Covid hit; the company was a major transportation provider for Covid vaccines.
- Network planning: The hubs have helped speed up transit times so that the “footprints” of deliveries for 1+ days are larger (the distance covered is greater). Weekend deliveries have been expanded – UPS’s own fleet on Saturdays; the USPS as a partner on Sundays.
- UPS is going to roll out same-day delivery; it purchased a software company with the ready-to-use technology to handle shipping, tracking, pickups, and post-purchase follow-up.
- The final mile – UPS’s ORION delivery solutions tool: (On-Road Integrated Optimization and Navigation) – analyzes daily stops and identifies optimized route (including time-definite deliveries), automatically re-routes when delays are detected. Also uses predictive package analytics to optimize vehicles and hubs.

o Matthew Sullivan:

- Mr. Sullivan’s presentation gave an overview on the local/community-level impacts of e-commerce. His presentation focused on four topics: infrastructure, development, environment, and economics.
- The infrastructure impacts in Oak Creek are driven by a large Amazon facility that opened two years ago. This came at the same time as expansion of a major State Highway (100), expansion of an interchange with that highway and I-94, and other arterials – all of which required more traffic signals. The transit system needed to extend its route to serve Amazon employees, and at other industrial parks in the area. Traffic patterns – volumes and traffic type (employees, etc.) also changed – other traffic is now diverting to parallel routes, raising volumes and compelling new interchanges on I-94. Local road impacts include trailers (often with trucks) being parked on side roads, deteriorating pavement and increasing congestion. There are no current ordinances against truck parking – some drivers live in nearby apartments.
- Changes in development include larger structures to feed the Amazon facility (350k to 400k square feet; 3 to 4 stories high). This also requires large parking fields. The city had a business park that had 12 parcels; Amazon took all – so the city needed to change plans and establish another business park. Existing businesses are also expanding and taking over adjacent warehousing, adding employment. Hotels and apartments are being quickly developed – hundreds of units. Secondary impacts there include schools, infrastructure, and commercial activity. The business parks are primarily developing freight-centered uses (distribution, etc.), so truck traffic is present. This changes the intended character/uses of the business park. Conditional use permits requests are also on the rise.
- The environmental impacts include natural habitat losses (wetland and deforestation/open spaces), carbon footprint (idling trucks, traffic congestion/signals), and large expansive impervious areas for parking lots

(impacting ground water recharging). Some future options under consideration include permeable parking and greater green space requirements within parking fields.

- The economic impacts of e-commerce are frequently managed as large developments under Tax Incremental Districts (TIDs). Oak Creek has used them regularly; state laws allow up to 12 percent of a city's equalized value to be within TIDs. Oak Creek is past that point (Amazon is over \$180 million), so the city needs to close out other TIDs before offering them as a development tool again. Amazon has spurred employment from suppliers like corrugated cardboard manufacturing, label-making, and recycling. Other businesses growing include truck stops, gas stations, hotels, and restaurants.
- Other challenges and successes: funding sources. State DOT programs like STP, Local Roads, and Local Bridges are helpful. But economic development is competitive – Milwaukee and Franklin also have needs. There are state statutes and limitations. Job creation does offer localized “trickle-down” with home purchases and family-driven consumer spending. Adaptation is a big part of Oak Creek's partnerships – not just with other local government agencies but with private developers (including other business developments). Oak Creek's municipal thought process has evolved.

o Yang Tao:

- As previously mentioned, e-commerce is now a mainstream consumption option. That is seen in Madison with huge impacts on all aspects of city life. The marketplace is more competitive and consumer prices are lower, and jobs are created. But it also has a huge impact on existing retailers – and on overall urban planning and sustainability.
- Consumers don't need to make as many trips, but there is a lot of shipping waste introduced into the system – cardboard boxes and plastics. For transportation professionals, the changes in logistics have impacts
- Madison has two newer distribution centers. On the northeast side of the city, near the airport and I-90, FedEx has a new ground operations center. It is 385,000 square feet and generates 3,800 new trips per day – 525 semis and 765 delivery vans. Near the Post Office off of US 30 and Stoughton Road is the Amazon Distribution Facility. It has 116,000 square feet and generates 1,100 trips per day – 157 semis and 230 delivery vans. These traffic numbers indicate infrastructure upgrades are needed.
- Curb spaces on urban streets have become scarcer and more valuable. Beyond traditional parking needs for cars and other vehicles, bus stops, and bike lanes, the need to accommodate freight deliveries has risen. The pandemic has restaurants also seeking to use parking areas for outdoor dining and curbside pick-up.
- Delivery trucks have also been doing more grocery deliveries because of the pandemic. This adds a time-sensitive element because of perishable items.
- Traditional accommodations: upgrades to infrastructure serving distribution centers, marking/mapping clear truck routes (minimize neighborhood street impacts), creating different types of truck loading zones (including time-limited and 24-hour).
- Innovations (non-traditional approaches): improve the efficiency of operations, such as by providing real-time traffic information (for congestion or incidents) to delivery companies so they can change their routing. Madison has a Smart City Plan –

including systems management. There aren't many options for expansion in the city due to geography – so technology for transportation systems operations and management needs to be optimized for efficiency. Madison is also exploring giving freight operations signal priority (just like buses and snow plows).

- There are also opportunities Madison wants to encourage with last-mile logistics, including partnerships across companies to consolidate deliveries (such as USPS). Madison also wants to encourage using modes other than traditional delivery trucks (such as bicycles or mini-EVs) and it is looking to provide accommodations for those smaller vehicles. Food delivery options are already using these in the downtown area. This makes the most sense when there are only a few deliveries to a given address or block.
- Automated delivery is coming – it's already happening for on-campus food delivery with personal delivery devices. Madison has the largest fleet in the country. In many other places, there has been negative feedback – but Madison's experience is positive, likely because the city worked closely with the company to plan operations that bring value to the community, not problems. Delivery drones may be coming someday, although there are privacy concerns. Other automated vehicles are also likely. WisDOT has already done work in that area.
- Call for Collaboration: If we want to benefit the most people, we need to continue to work together to find solutions. One example is the South Park Street Smart Corridor project – connected vehicle technology to provide signal priority for vehicles. Madison is looking to test that system and would like to work with companies that are interested.

- **Impacts of E-Commerce on Freight Infrastructure – Tabletop/Breakout Discussions (11:45 a.m.)**

This information has been collected in a separate document.

- **Lunch Break (12:15 p.m.)**

- **Wisconsin Initiative for Agricultural Exports (WIAE) and Agriculture Export Advisory Council (WAXC) (1:00 p.m.)**

- o Randy Romanski, Secretary, DATCP

- o Mark Rhoda-Reis, DATCP

Key Points:

- In 2021, Wisconsin exported about \$4 billion in agricultural and food products, going to 143 different countries. This was an all-time high in value, a positive rebound in markets coming out of the pandemic. The previous peak year was 2015.
- There were many reasons the values dipped after 2015 – factors in agriculture around weather and climate, issues with tariffs and retaliatory tariffs, and then Covid 19.
- Canada, Mexico, China, Korea, and Japan – the top five markets for Wisconsin products – all had double-digit increases in 2021 for importing those products.
- While there is diversity and volume in trade for the state's agricultural businesses, there are still challenges with geo-political issues (such as Ukraine), supply chain

disruptions, tariffs, and freight movement challenges. That's why the opportunity to cross-pollinate with the FAC is so valuable.

- It was great to hear the Voices of the Industry discussion today – they didn't compile answers in advance, but truck, rail, and ports were all talked about. This speaks to the multimodal approach that is an important focus point, and why groups like this are so valuable.
- That leads to introducing the Wisconsin Initiative for Agricultural Imports (WIAE). The goal and structure of WIAE is to make investments in Wisconsin ag businesses to increase exports by 25 percent by June 2026. It's a lofty goal that will take energy and effort. The budget request for \$1 million per year was reduced to around \$560,000 per year; over \$880,000 in federal funding for dairy export development was also leveraged. The three categories of these efforts are: milk and milk products, meat and meat products, and crops and crop products. This is the first time that funding has been made available to the DATCP International Agribusiness Center to bolster agricultural exports. The issues of how product is moved are part of what will be considered.
- The structure of WIAE funding will be used to directly work with industry to build export plans and to make connections in other countries. Trade promotion activities will be enhanced, and a new Export Expansion Grant through DATCP was created – 18 applications are already in, so there is business interest in accessing those funds. DATCP is also working with Wisconsin Economic Development Corporation and their existing International Market Access Grant (IMAG) program to specifically recruit agricultural businesses to use the program. DATCP and WEDC have been working together for years to have Wisconsin export activities coincide; Mark Rhoda-Reis came to DATCP from WEDC. The final piece is scholarships for ExporTech (a Wisconsin public/private partnership to help Wisconsin businesses reach/expand in global markets) to agricultural businesses so they can learn export strategies, best practices, and the mechanics of exporting.
- The key is that the funding for these activities must be requested and approved every year from the legislature. The goal is for measurable success, which is why DATCP has the robust expectation of increasing agricultural exports 25 percent by 2026. DATCP tracks these metrics continuously.
- For 2022, DATCP is participating in trade missions overseas, as well as reverse trade missions for importers coming here from overseas. Trade promotion activities for the DATCP team include mostly international food and agriculture product shows – covering processed food products to livestock genetics and feed. DATCP goes to the major markets with the strongest opportunities – Germany, the Netherlands, Paris – Wisconsin might not have the greatest exports there, but those have the largest number of international visitors and prospective customers attending. May had the National Restaurant Association inbound buyers show in Chicago. Through the funding mentioned DATCP was able to have four companies participate in a Midwest Food Export group meeting with buyers. Five companies – and World Dairy Expo – participated in the VIV European trade show, allowing direct meetings with buyers.
- Other shows for inbound buyers include the Deli/Dairy/Bakers Association inbound buyers meeting in Atlanta, and an inbound wood buyers' group from Pakistan – mostly soft woods, but some of these buyers also buy hardwoods and other

agricultural products. There is a USDA trade mission to the UK for businesses to meet buyers and for DATCP to meet its overseas counterparts; this is important due to Brexit and the UK need to seek to buy products outside of the EU. It's also important to influence the trade rules to be favorable enough for Wisconsin's products to come into the UK; the EU is a difficult market for US products due to their rules.

- Other destinations for trade events and missions in 2022 include Japan, Australia, Vietnam, Korea, Kenya, Paris, Spain, and Portugal. The World Dairy Expo in Madison is also a large presence for global trade. The important thing is that the majority of the funding goes to grants for in-state companies to help them attend these shows to do market entry and expansion activities around the world – to help the companies do the work they need to grow their export business.
- That's why DATCP emphasizes the turn-around of the program funding - how organizations and businesses receive the funds and for what that support is used. These efforts are coordinated with WEDC as part of a five-year plan, although there is flexibility to make adjustments as needed. Web pages:  
<https://datcp.wi.gov/Pages/AgDevelopment/InternationalAgribusiness.aspx>  
<https://datcp.wi.gov/Pages/AgDevelopment/WisconsinInitiativeForAgriculturalExpos.aspx>
- Engagement is key. DATCP emphasizes organizations and their member businesses are the primary recipients of WIAE program funding. DATCP would like FAC members to help bring greater awareness to these efforts and help current or potential exporters build their portfolio. DATCP also has a newsletter for its International Agribusiness Center and makes itself available as a resource to industry and citizens, including making presentations. Secretary Romanski asked members to make use of them as a resource – as awareness of the initiative increases, the International Trade Team has been invited to make more presentations. He also asked FAC members in food and agricultural exporting to apply for the available grants, take exporter training, and get one-on-one consultations. It is also important for DATCP to work with industry – work with existing or prospective exporters – to get feedback on where DATCP should target the funding, where there are market opportunities, the issues exporters are facing, and how trade efforts could be improved.
- Earlier in the meeting, Charles Wachsmuth spoke as Chair of the Wisconsin Agriculture Export Council, a 15-member group covering dairy, meat, and crops, helping DATCP to review the plan, make pivots as needed, and help with encouraging the state legislature to provide funding as needed. They also are helping identify challenges – and Larry Krueger and Charles Wachsmuth both mentioned transportation and infrastructure-related issues. (Secretary Romanski also acknowledged Craig Breiss as a WAXC member.) The first Agricultural Export Council meeting has already been held; DATCP heard there are challenges moving product – what are the short- and long-term focuses on how to move products more efficiently, reliably, and resiliently.
- That's why DATCP appreciates this cross-pollination discussion with the FAC. The existing Agribusiness Center Team covers the world to help get product from Wisconsin businesses to foreign markets; Mark and his team lost one of the five members but are looking to fill that position. DATCP wanted the FAC to be aware of this new opportunity to work with businesses and industry. This team intersects

with what WisDOT does on a regular basis – there are regular/routine calls from Secretary Romanski to Secretary Thompson due to the integral nature of moving Wisconsin products from farm to markets.

- **Mississippi River RPC Regional Freight Study and Port Statistical Area (1:15 p.m.)**

- o Bob Gollnik, MRRPC
- o Justin Scott, SRF

Key Points:

- Bob Gollnik [Port Statistical Area]:
  - o MRRPC has a couple separate but related efforts underway in the western part of the state. The Mississippi River RPC covers nine counties from Pierce County on the north to Crawford County on the south.
  - o The first effort is the freight strategy that Justin will be talking about; the second is a Port Statistical Area designation that began about four months ago. MRRPC started having conversations with the region's producers, counties, and economic development agencies and learned there is a large area of the Upper Mississippi that is not designated/recognized as a Port Area.
  - o The MRRPC has been organizing eleven counties on the Minnesota and Wisconsin sides for the past few months and will be submitting an application to the Waterborne Commerce Statistical Center (WCSC) later in 2022.
  - o Benefits of being identified as a Port Statistical Area include accurate representation of all the tonnage going into and out of western Wisconsin and eastern Minnesota facilities. This is a 150-mile stretch with around 34 terminals along that segment. This will help position the region for investment and grant opportunities, and to use it as a marketing tool for the shippers and producers in the region.
  - o MRRPC has been working to get counties and others to adopt resolutions of support. As of June 7, 2022, support was approved by the Wisconsin Counties of Trempealeau and La Crosse, along with Wabasha, Goodhue, and Houston Counties in Minnesota. Other support came from the Port of La Crosse Harbor Commission, the City of Prairie du Chien (manager of the Port of Prairie du Chien), and the La Crosse Area Planning Commission. The approach has involved many conversations with local officials, identifying local champions, and working with consultants to navigate Federal agency approvals.
  - o After the application is submitted to the WCSC, the next steps will be to identify and prioritize projects and to identify marketing opportunities. There are dozens of key players – the counties and RPC, the port districts and managers, state governments, agricultural associations, local and regional economic development organizations, the Army Corps of Engineers, various other federal agencies and offices, and various recreational and environmental waterways organizations. The designation will support infrastructure improvements for both freight use and the recreational and environmental goals from those stakeholder groups.
  - o So far, conversations with county and port representatives have generally been good, with them wondering why the designation wasn't already in place – that designation is a logical next step to take. The main concern has been

understanding whether this adds another layer of administration or bureaucracy – it does not. It is just a statistical boundary for record-keeping. Generally, people have been eager to pursue the designation.

- In 2020, MRRPC successfully submitted a BUILD Grant application to develop a Freight Strategy / Freight Plan that integrates economic development.
- The MRRPC spans two different WisDOT regions and two different WEDC regions – it expands beyond the La Crosse MPO region. Many of the rural areas are overlooked by traditional transportation planning, especially for freight.
- The goal of the effort is to identify goals, projects, strengths and weaknesses, and strategies that local communities can put into comprehensive plans. This will help shippers and the agricultural industry.
- Kickoff was a couple months ago; the outreach phase is beginning and there will be tools available on the MRRPC website.
- Justin Scott:
  - The intent of the Regional Freight Strategy is to support the analysis and development of a regional freight system.
  - The first two months of the effort have been mostly focused on SRF coordinating with MRRPC and its agency partners at WisDOT and WEDC, to develop and collect baseline freight and economic information data that will help the study characterize and summarize the importance of freight movements in the region in the future.
  - Mr. Scott referenced a map showing the extent of multimodal freight facilities in the region, including 112 miles of Interstate Highways, 1,000-plus miles of state highways, 2 commercial ports, 1 commercial airport, 450 railroad miles, and 55 miles of natural gas pipelines across the northern counties.
  - During the two months of engagement, the project team has been deliberate in coordination and collaboration with its partners to structure a transparent and data-driven methodology that reflects national multimodal policy goals, the Wisconsin statewide freight planning goals, and the current Connect 2050 vision outlined earlier.
  - One effort has been to match the regional RPC community and localized policy goals and overlay them with those broader goals from the statewide and national multimodal freight policy – applying performance metrics to evaluate and prioritize programs and candidate projects.
  - Through coordination the team has drafted six preliminary goals and eleven objectives that connect with corresponding goals. The goals discussed in coordination with the RPC include:
    - Provide equitable and reliable mobility for people and goods
    - Maintain a multimodal network to enhance communities
    - Ensure a safe transportation network
    - Promote a reliable and resilient transportation network
    - Ensure economic vitality in the MRRPC region
    - Improve environmental sustainability
  - The project will be transitioning from the first two-month phase to begin stakeholder outreach and engagement and start to understand the freight needs and issues of western Wisconsin, in coordination with data already collected and the identified programmed projects. The team’s understanding of freight bottlenecks, needs, and issues will help the team evaluate and identify

freight policies and projects to improve freight operations in the region. Some preliminary examples of potential project improvements include:

- First- and Last-mile mobility improvements
  - Turning lanes, truck lanes, and shoulder widening
  - Truck parking improvements
  - Geometric, vertical/horizontal clearance, and sight distance roadway safety improvements
  - Technology investments
  - Port facility access or operational improvements
  - Railroad grade crossing improvements
- The data collection to this point has been quantitative, coordinating with partners. The next part of data collection will focus on developing more qualitative data – consultations with an advisory committee, public workshops in October, targeted private sector business interviews, and public comments.
  - The approach for stakeholder engagement is three-pronged: outreach to public agencies, to the private sector, and through a web-based campaign. The project’s web site is live, and the team is adding other stakeholder opportunities for engagement. They will also be reaching out to a variety of industry and trade groups that could provide additional insight into their operations in Wisconsin.
  - The team is finalizing a Wiki map-based survey tool where responders can place a dot on a map to identify a variety of different modal needs and issues, including up to 250 characters of feedback and input so the issue at that location can be understood. This would help identify potential projects or improvements to be considered.
  - The next steps for the team include:
    - Finish data collection (July 2022)
    - Analysis and assessment (September 2022)
    - Ongoing stakeholder outreach – October 2022 workshop
    - Prioritize project improvements (January 2023)
    - Draft and final documentation (April 2023)

The October workshop will be an in-person opportunity to engage stakeholders in the region. As the team builds that engagement and outreach with stakeholders, it will continue to perform analysis and assessment of existing projects and identify needs. That will lead to prioritization and programming in anticipation of the final draft and documentation.

- Mr. Scott invited FAC members to view the website at: <https://mrrpc.com/studies-plans/mrrpc-freight-strategy/>
- Bob Gollnik added that even if FAC members just move products through the region but don’t have operations there, the team is interested in hearing their feedback as well.

• **Break (1:35 p.m.)**

• **Bipartisan Infrastructure Law - Panel Presentation and Discussion (1:45 p.m.): Resilience, Freight Impacts, and ESG and Business Community Initiatives**

- Moderator: Chuck Wade
- Panel Members:

Brian Gaber, WisDOT  
Cami Peterson, Wisconsin DNR  
Mac McDermid, Wisconsin Sustainable Business Council

Key Points:

- Brian Gaber:
  - This is an update of a previous FAC presentation. WisDOT has kicked off a flood resiliency process within the Office of Asset and Performance Management in conjunction with other technical experts. We are assembling a flood resiliency process to help the agency connect more resiliency for flooding with available data on the system.
  - The objective is to create a System Risk Assessment Tool to identify the locations with the highest risk of experiencing flooding and/or being significantly impacted by flooding (through loss of infrastructure and/or loss of mobility). This is a first step in a prioritization process to connect locations on the system with logical design criteria.
  - The process starts by segmenting the system into quarter-mile segments. This allows the analysis to capture specific drainage facilities. A Risk Criteria and Scoring Algorithm is then applied to those segments to establish a point value. Those scores are compared with a Score Threshold to identify the locations with the most significant risk and highest concern.
  - The scores would be applied to GIS mapping, with the highest scores identified on a color scale. WisDOT would then connect the highest risk areas with locations to do more thorough, risk-adjusted design for those drainage structures, and then determine the cost effectiveness of any proposed 'up-scoping' of design features that would improve resiliency.
  - A multi-divisional group of experts were used to develop a scoring system using available data. WisDOT wanted to develop this system quickly, being open to improvements. Three primary criteria were established: Exposure, Sensitivity, and Consequence.
  - The metrics for Exposure are: Floodplain, Frequency of Flooding, Flood Duration, and Dam Shadow. As an example, floodplain is measured using centerline elevation data through the WisDOT pavement van data collection, which will be compared with FEMA flood plain mapping. If the centerline roadway elevation is at or below the FEMA flood plain, it would get the maximum point value.
  - The metrics for Sensitivity are: Pavement Condition Index, Scour Critical Bridge, and Deficient Pipes.
  - The metrics for Consequence are: Annual Average Daily Traffic (AADT), Truck Volume, Functional Classification, and Interstate Detour Route Status.
  - Each of the categories for the metrics has a maximum corresponding point value; they are totaled, summarized in a GIS format assessing total points using a logical percentage of the system that will be deemed "Critical" or "High Priority," and that would be associated with an adjustment to the 100-year, 24-hour rainfall depth in consideration for design.
  - Looking at these "High Priority" areas and connecting them with design policy at the time projects are developed, WisDOT can make good decisions with design criteria while being prudent in consideration with the entire system in a prudent

manner that doesn't overbuild, while maintaining coordination with the local governments in design and connections to policy.

- For the next steps, the algorithm is built and the GIS system segmentation is being developed. Data is being gathered and aligned; sources are both within the department and external. The data will be applied to test the algorithm, and it will be assessed and recalibrated as needed. Results will be connected with the inward-facing WisDOT GIS systems for design staff, and used to align the rainfall depth design rules, design policy, and guidance. WisDOT will also develop a benefit/cost determination process for internal design approval.
- Finally, WisDOT will monitor and continue to improve the algorithm. This is a first-time effort for the department to consider flood resiliency and connect it to design policy; it might be one of the first in the country to make that connection. So it will be necessary to monitor the results and continue to improve to make sure we get resiliency with results and maintaining mobility.
- Chuck Wade added that there already is a federal requirement – that WisDOT needs to look at facilities that have repeated damage in declared natural disasters. WisDOT conducts those vulnerability assessments as we evaluate future projects. This effort takes it to the next level as part of WisDOT's design approach.
- Cami Peterson:
  - Gave a brief overview on how the DNR and DOT work together on environmental reviews, talking both about broader planning and project-specific reviews. She also touched on air quality issues.
  - The state legislature charged the WDNR with protecting and enhancing the state's natural resources and DOT with providing the public with a safe and efficient transportation system.
  - These two agencies have overlap with many projects. In the 1970s, a statutory exemption was created that provided for a cooperative agreement between the two agencies. This agreement provides WisDOT with certain exemptions from regulations and permit requirements as long as transportation projects are carried out under the guidelines of the cooperative agreement. (Chapter 30.2022, Wis. Statutes)
  - The projects covered under the cooperative agreement are limited to those directed and supervised by WisDOT. The bulk of these are state highway projects, but the agreement also covers projects from the Bureau of Aeronautics and the Railroads and Harbors Section that are directed and supervised by WisDOT.
  - At a project level, WDNR liaisons work with WisDOT staff throughout the whole planning and construction phases. WDNR staff work with DOT to review projects for impacts to wetlands, waterways, wildlife, endangered and threatened species, protected lands, floodplain concerns, and aquatic connectivity (at road/stream crossings).
  - The exemptions cover every aspect except stormwater-related permits. Any WisDOT project with land disturbance over one acre requires its own Transportation Construction Site Storm Water General Permit (TCGP).
  - At the broader planning level, WDNR is looking at larger scale issues such as flood resiliency and aquatic connectivity. WDNR and WisDOT recently appended a new document to the cooperative agreement that establishes how the two

agencies will evaluate aquatic connectivity as projects are planned. Connectivity also integrates with flood resiliency, since it follows that a more resilient structure will allow a better flowing system for fish and other aquatic organisms.

- WDNR has also offered WisDOT feedback on statewide planning documents such as Connect 2050.
- WDNR also coordinates with WisDOT on monitoring air quality impacts from freight-related projects, which are assessed mainly through the NEPA/WEPA process. One potential exception would be a rail expansion that could result in a large increase in diesel emissions; that may require more specific analysis of particulate matter to comply with the federal Clean Air Act. Typically, that analysis would be handled through the state's Transportation Conformity Interagency Work Group, which includes members from both WDNR and WisDOT.
- The DNR Air Program follows statewide freight planning developments to understand potential air quality impacts and the considerations needed to meet state and federal air quality requirements. Cami Peterson is the contact person for waterway, wetland, and habitat issues; for questions on air quality or programs, David Bizot is an air policy analyst; he is also a member of the FAC.
- Mac McDermid:
  - The Wisconsin Manufacturing Economic Partnership (WMEP) is part of a national network commissioned by the U.S. Department of Commerce. It provides consultation support to small- and medium-sized businesses. WMEP is a bit unique in that it is one of a few centers in that network that provides support in sustainability development for programs put in place for manufacturing and other operations. Because of this unique arrangement, WMEP works broadly, including other states besides Wisconsin.
  - The Wisconsin Sustainable Business Council (WSBC) is part of WMEP; that sustainability theme is part of the broad outreach.
  - "Mac" McDermid's personal experience ranges from building supercomputers for Cray to being a legislative staff member; he has been working in the "sustainability space" for 25 to 30 years. Those efforts have involved companies that want to go from random environmental efforts to systemic delivery of environmental performance that makes the company more profitable.
  - Mr. McDermid stated he believes there is an expectation in the freight industry, relative to funding that is being received, to address Environment, Social, and Governance (ESG) as a part of what is done. Funding and programs need to be responsive to more than just spending the funds, but also being aware of and responsive to ESG concerns as part of discharging corporate responsibilities.
  - The current state of ESG includes reporting expectations that go beyond those of current grant funding. Customers and suppliers will both be raising the topic with companies, as the corporate world is highly motivated on the subject.
  - Focusing on the "Environment" portion of ESG, there are five top focal points within the freight industry:
    - Fuel Economy & Alternate Fuels
    - Vehicle Technology – Electric, Autonomous, and Reduced Emissions
    - Process Improvements – Route Optimization & Freight Efficiency
    - Energy Conservation
    - Recycling

These are points that are, for the most part, making companies in the freight sector more profitable. You can also get into ESG and it can be an expense that drains profitability from your organization. The key is to look at the initiatives that are already underway and find the processes that enhance profitability, expand markets, and increase revenues.

- The “S” part is “Social.” That is more the diversity, equity, and inclusion part of the system. It could be as simple as improving employee safety but can go as far as investigating human trafficking and labor rights. The “Governance” part covers how you are structured as an organization, and what are you doing to make decisions that are aware of the environmental and social sides of the organization.
- It is important to look at ESG metrics that matter. For the transportation industry, those are generally:
  - Greenhouse Gas Emissions (direct CO2 output, meeting of established targets for emissions reduction, total fuel consumed, total renewable fuels used, etc.)
  - Air Emissions (nitrogen oxides, sulfur oxides, particulate matter)
  - Accident and Incidents (number/volume of spills and releases to the environment)
  - Activity Metrics (revenue ton-miles, load factors)
  - Other Metrics (noise, biodiversity disruption, water consumption/efficiency, recycling/ waste diversion, etc.)

Each organization will decide its own unique set of metrics and weighting of those metrics. These are metrics defined by the Sustainability Accounting Standards Board and are directed specifically at what is critical to the freight industry for reporting on sustainability or environmental issues.

- There are seven common frameworks for sustainability metrics and measures:
  - Carbon Disclosure Project (CDP)
  - Climate Disclosure Standards Board (CDSB)
  - Global Reporting Initiative (GRI)
  - International Integrated Reporting Council (IIRC)
  - Sustainability Accounting Standards Board (SASB)
  - Task Force on Climate Related Disclosures (TCFD)
  - World Economic Forum International Business Council (WEF IBC)

These are frameworks that can be used to help guide discussions and decisions related to ESG for organizations. The structure allows someone to document how principles of ESG were credibly examined relative to a specific company, or relative to establishing responsiveness and credibility on specific operations.

- There are a wide variety of rating services driving evaluations of what is being done within the freight industry on performance relative to ESG. As an example, one rating service was used by a client business to help understand their marketplace and how they are being evaluated from an ESG standpoint. That rating service lists four criteria, each with three sub-criteria that identify the degree of granularity used to establish ratings. Those criteria and sub-criteria are:
  - Community (Community Development and Philanthropy; Product; Human Rights and Supply Chain)

- Employees (Compensation and Benefits; Diversity and Labor Rights; Training, Health, and Safety)
  - Environment (Energy and Climate Change, Environmental Policy and Reporting, Resource Management)
  - Governance (Board, Leadership Ethics, Transparency and Reporting)
- Using this service to set scores, Mr. McDermid compared the top six third-party logistics (3PL) companies to show the kind of pressure being applied in the freight sector relative to ESG and the decisions being made.
- Mr. McDermid’s next two slides showed the results – ranked on a zero to 99 percentile scale - overall, and within each of the four criteria areas – for those six companies. These rankings were scaled relative to all companies across the globe, and then scaled just for companies within the sector (“Air Freight, Couriers & Moving Companies”).
- The point is that money flows based on where a company rates relative to ESG performance. Roughly 75 percent of investment decisions will consider ESG performance as part of that investment allocation decision. So it’s critically important to those freight firms that are publicly traded, and may reflect where an organization is and where Wisconsin is relative to its ability to respond to ESG-related issues.
- The rating service used for these comparisons looks at over 18,000 businesses worldwide and uses over 600 pieces of information to make its evaluations. Actual scores could be shared, but the percentile rankings give a better perspective on how corporations compare with each other on ESG performance. These are real measures, supported by in-depth analysis of data – not just what somebody thinks of an organization.
- What is important to understand in the ESG space is that there is no specific disclosure requirement – yet. That’s not to say there won’t be one. Nor is there a specific, formal organized framework or standard for ESG that will be applied for disclosure. Organizations have latitude to decide how to frame their efforts, relative to the work that has to be done. There is also no specific measure for climate-related and other disclosures.
- Relevant legislation already in place covers minerals sourced from areas of conflict. This is the Dodd / Frank Act, Section 1504, with an added section (13[q]) covering oil, gas, and mineral extraction.
- The important thing to understand is that there are things on the horizon. One of these is the ESG Disclosure Simplification Act of 2021, passed by the House in June. “Simplification” is probably not accurate; it has 11 different articles that establish how ESG will be used.
- Where it becomes immediately relevant to freight in Wisconsin is a set of proposed regulations from the Securities and Exchange Commission (SEC) specific to ESG disclosure. Among the proposed requirements:
  - Domestic and foreign registrants would be required to disclose climate-related information in registration statements and annual reports.
  - Reports would be required to include greenhouse gas emissions data, attested to by a third-party expert. Also required would be statements of the company’s targets on emissions (including annual updates), forward-looking discussion detailing expected future impacts of climate-

related risks on financial statements, and how the company is managing those risks.

- Quantitative disclosure of climate-related risks and how those risks are being managed.
- On the financial statements, quantitative disclosure of climate-related impacts on financial statement line items, capital expenditures, and key accounting assumptions.

These regulations would apply even to companies that are private, but supply products to publicly-traded companies that have significant objectives related to carbon, since the publicly-traded company needs to quantify its risk and exposure. The private company would need to provide this information, and per the rules that information would need to be third-party verified. So being private does not exempt a company from the need to be responsive.

- When will all this happen? Soon. The SEC has a rule drafted, to be finalized by December 2022. The expectation is 2023 would be the base line year, with year-over-year disclosures taking effect in 2024.
- What should be done to get ready for these new requirements? There are three suggested steps to take to show due diligence towards ESG planning for freight transportation and understand “where you are.” This could be done at an individual business level, or as a state government, looking at carbon footprint and sustainability in more general ways:
  - Customer, Supplier, and Competitor Position: understand a company’s position relative to the marketplace – competitors, suppliers, and especially customers – what they are focused on. Knowing their relative position can be extremely helpful in market development engagement. Any business activity must be profitable, or it isn’t sustainable as an ongoing activity. Use this information to build value within your organization.
  - Investor Pressure Force Field: Determine where the pressure is likely to occur in the customer base, and what specific things are they seeking in their suppliers. The material impact should be based on SEC, customer, and financial drivers for ESG information.
  - Core Competency Development and Application: Build to be able to address issues on carbon that have already been directed at your company or will be directed soon. These include calculating carbon footprint and being able to present that calculation to customers or to a federal agency. This should include the inventory, responsibility, and execution of the initial determination of carbon impact. It should also inventory and organize past contribution and current practice for carbon management.
- The logical next steps feature policy and program synergies, to build the relationship from a policy / program development standpoint to address ESG.
  - First, WisDOT should position itself as a convenor of interests and capabilities, pulling the parties together that would logically be part of a dialog into how to effectively use ESG to enhance its position as a grant competitor, service provider, or supplier to a customer base. The agency would have the capacity to share knowledge, skills, and abilities on carbon calculations, carbon reduction strategy development and

planning, and target setting. It would provide a common ground for vetting barriers and opportunities, and provide recognition, mentoring, and advocacy to help customers function effectively within the ESG space.

- Next, identify and select a facilitator to deal with technological advances and transformational drivers (such as e-commerce). WisDOT is in the position to facilitate those dialogs and start applying ‘systems thinking’ to determine what the overall effects are across the entire system – not only direct effects but collateral impacts as well. Other processes and outcomes include framework selection and adaptation that leads to barrier reductions, incentive creation, and value calculations.
- Collaboration is the following piece, and it is a word heard often today. The FAC is in an excellent position to drive that collaboration dialog. From experience I have seen ardent competitors, who would not otherwise be in the same room, change if you put ESG or sustainability on the table – actively exchanging information on where they could get better in terms of meeting expectations. Tools include segmented problem solving and opportunity development, segmented sector strategy development, and B2B and B2C assessment and engagement strategy.
- The final piece is to provide resources and references. There is a dizzying amount of information out there on ESG. Trying to sort through what may be relevant to an agency or business may be daunting to try and make simple. Having someone to filter, develop, and target the information is fundamentally important – minimizing up-front costs and maximizing value-creation opportunities from ESG. Tools include understanding of automation trends, open-source tools and programs, and collateral processes such as Lean, Value Stream Mapping, Life Cycle Assessment, and Strategic Business Planning Integration.

• **Bipartisan Infrastructure Law – Resilience, Freight Impacts, and ESG and Business Community Initiatives – Tabletop/Breakout Discussions (2:20 p.m.)**

This information has been collected in a separate document.

• **Closing Remarks (2:55 p.m.)**

o Joe Nestler, Administrator, WisDOT DTIM

Key Points:

- Mr. Nestler thanked the presenters, the FAC members, and other attendees for contributing their time and expertise. It was a long day that provided valuable input.
- The problems are complex; attendees learned a lot about the goals for the State Freight Plan and the Department needs FAC members to stay engaged and continue to provide expertise.
- WisDOT doesn’t have all the knowledge on its own to solve the problems; that’s why we draw from the FAC and other committees to provide unique insight, perspectives, and expertise.

- The Secretary has a continuous improvement focus for the agency; external expertise will be essential for the State Freight Plan and to keep the agency focused on objectives that include supporting the state's economy and the competitive strength of state industries.
- Engagement helps to identify needs and prioritize solutions. We look forward to our work ahead.