

# Wisconsin Freight Advisory Committee Intermodal Subcommittee

## Meeting Notes

April 6, 2018

9:00 AM - 12:20 PM

Host: Wisconsin Department of Agriculture, Trade and Consumer Protection

### Subcommittee Members Attending In-Person:

- Dave Simon, Wisconsin Department of Transportation (WisDOT) (co-chair)
- Cory Fish, Wisconsin Manufacturers and Commerce (WMC) (co-chair)
- Brian Buchanan, Canadian National Railway Company (CN)<sup>1</sup>
- Bo DeLong, The DeLong Co., Inc.
- Kathy Heady, Wisconsin Economic Development Corporation (WEDC)
- Jack Heinemann, Department of Agriculture, Trade and Consumer Protection (DATCP)
- Peter Hirthe, Port of Milwaukee
- Larry Krueger, Krueger Lumber / Lake States Lumber Association
- Brad Peot, Watco/Wisconsin & Southern Railroad (WSOR; attending for Ken Lucht)
- Steve Rose, Hub Group / Logistics Council of Milwaukee

### Subcommittee Members Attending by Phone:

- Tom Bressner, Wisconsin Agri-Business Association
- Dean Haen, Port of Green Bay / Wisconsin Commercial Ports Association
- Ron Mazmanian and John Thomure, Aim Transfer
- Dr. Ernie Perry, UW-Madison
- Dr. Richard Stewart, UW-Superior

### Other Attendees:

- Jason Murphree, Watco/WSOR
- Mark Sericati, Schneider National (by phone)
- Greg Grabijas, Celtic Intermodal (by phone)
- Matt Umhoefer, WisDOT
- Rich Kedzior, WisDOT
- Dave Leucinger, WisDOT
- Paul Chellevoid, SRF
- Andy Mielke and Chris Ryan, SRF (by phone)

### Introductions and Review

The second meeting of Wisconsin's Freight Advisory Committee's Intermodal Subcommittee was held in Madison on April 6, 2018 at the DATCP headquarters building. Dave Simon greeted the attendees and gave a brief recap of the first meeting, held March 6<sup>th</sup>. At that meeting, the Subcommittee received an "Intermodal 101" presentation, which included discussion of the differences between domestic and

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<sup>1</sup> Canadian National Railway Company (CN) operates in Wisconsin as Wisconsin Central Ltd. (WCL), a wholly owned subsidiary operating company. CN is the ultimate parent company. The U.S. subsidiaries of CN such as WCL operate collectively under the CN brand name.

import/export intermodal. The Subcommittee discussed data challenges, began the review of a draft outline for the final report, and had a lengthy brainstorming session. One of the important observations is that there appears to be no shortage of items to export, but that to maintain and grow the export market for the state, the market would need an increase in imports and access to the corresponding containers. There was discussion that siting an additional intermodal facility in Wisconsin could help overcome the high drayage costs to and from the Chicago area terminals. Simon noted these items were all captured in the notes from that meeting.

Simon also noted that the most recent federal budget did not cut the TIGER program from the U.S. DOT, as had been proposed, but instead increased it from \$500 million to \$1.5 billion – a threefold increase. On average, this would give every state around \$30 million for eligible projects. Therefore, it could be a potential source of seed money for any recommendations from the Subcommittee. Cory Fish then guided the Subcommittee through a brief round of introductions, including the introduction of new members.

### **Subcommittee Goals**

Dave Simon then returned the Subcommittee to a final examination of the goals. He displayed a flow chart, showing a flow from Outline -> Data -> Analysis -> Recommendations -> Final Report. While the boxes overlap, he expressed the goal of having the Outline portion at 95% complete by the end of the meeting. He said this meeting would also discuss data, and that there is a team of consultants from SRF who will assist in the analysis of the data and in writing the final report. He quickly reviewed the WisDOT strategy statement for the subcommittee:

[To] identify current and future opportunities and challenges to connect Wisconsin industries to world markets through the increased efficiency of containerized shipping.

He then asked each of the members of the subcommittee to answer two questions:

Why are you or your organization participating in this subcommittee?  
What do you hope to accomplish?

Bo DeLong began by stating he thinks there are export opportunities for Wisconsin agricultural products, grains, dairy, and feedstuffs, in addition to some other items such as logs. Improved intermodal options would give Wisconsin businesses opportunities for a more efficient logistical model. He hoped that the efforts of the Subcommittee would identify two or three potential models for intermodal operations in Wisconsin – whether that would involve partial trains, full trains, or better matchback opportunities. There is no perfect model, but existing operations are often confusing; there is an opportunity to make transportation more efficient.

Brian Buchanan said he's always enjoyed collaborating with WisDOT, and he wants to make sure that there's an informed decision based on the best information that all the members can provide. He said he's not fully clear of what the 'end game' will be; he assumes there might be a site recommendation, but that's not totally clear. Dave Simon replied that's a possibility that would be discussed further at this meeting and others.

Larry Krueger said his constituency is the forest products sector, and they export a lot of the hardwood that is harvested in Wisconsin. The biggest challenge is that it costs \$1,000 or more to ship an intermodal container by truck to Chicago for export – and it puts the Wisconsin hardwoods at a

competitive disadvantage, even though they are a superior product. Other places that have a transportation advantage can price their logs higher – even with a lesser quality product – because they have a big cost advantage for transportation. Timber producers need to lower the huge transportation costs.

Brad Peot said that Watco/WSOR doesn't have intermodal operations, but they get asked about container-based shipping all the time. WSOR could move a large volume of material. He hopes that the Subcommittee's efforts will identify where the demand is for intermodal service; for success, the Class I railroads need to see where the demand is. He said that if there is a domestic intermodal move that uses Norfolk Southern (NS) or CSX for rail transport, it all moves out of state by truckload now. He thinks we could convert some of that truck movement to rail, if we could pick up what goes by truck now. That information gathering goes to the work of WMC and the shipper groups.

Jason Murphree added that Watco follows customer needs. There is a lot of interest; the Subcommittee's efforts should bring in current and future customers to identify their transportation needs and market information. He said that as with Bo DeLong, he would like to see two or three models for intermodal service as well.

Jack Heinemann said that from his perspective leading export efforts at DATCP, his goal is to understand how we can facilitate and partner with the private sector in helping the products move more efficiently.

Kathy Heady added that as the state's lead economic development organization (WEDC), her agency addresses improvements to businesses at a sector level, and agriculture is one of her sectors. Her goal is to find how we can make transportation more effective and cost-efficient. She also would like to know what this could mean for infrastructure, to allow governments to keep roads in better condition. If the report were to identify options or opportunities, WEDC would support that – as well as with the data programs and industry-led efforts for grant opportunities.

Peter Hirthe said his interest is partly historical, as the Port of Milwaukee was involved with intermodal for decades (until 2012). Since then, the Port has encountered opportunities that needed to be deferred to Chicago or elsewhere because the Port didn't have intermodal service. That has led to increased costs and reduced efficiency for shippers who had used the Port. We want the Port to be efficient, and want the state to be competitive for international business. But Milwaukee has had to pass on opportunities. The Port's customers desire a return of intermodal service, and Port management understands that for the railroads, there needs to be sufficient size and scale. Last year, the Port began to actively engage the railroads, and it continues to grow its relations with the Class Is, especially if the outcome takes trucks off the roads and grows Wisconsin's exports. That's why the Port decided to take a deep dive into intermodal opportunities with the 2017 survey – Port officials see the issue as being a state issue; that it goes beyond the Port.

What the Port would like, Hirthe continued, would be a process that critically follows multiple paths to get to an efficient intermodal hub. That would include identifying the center of demand density. We've seen the growth in freight in southeastern Wisconsin, especially from Milwaukee south. We need to identify that potential in the report. Port officials have been working and have learned a lot so far – the export potential is tremendous; and the survey indicated a surplus of *inbound* volume. The Port thinks that's a potential area for more follow-up – it could lower costs across the board.

Tom Bressner said that as big as agriculture and agri-business is, there are opportunities to add

efficiencies. That's why you do studies, and research new things. It may not work, but you have to study it. You don't know something can work better unless you break it and try something else. There are also new ways of agri-business that have changed in recent years.

John Thomure of Aim Transfer said their firm wants to be part of the process to study and improve the system. They agree that it must be a data-driven exercise that uses hard analysis to evaluate how to improve efficiency. Aim goes to Chicago every day – 300 units. If there are opportunities to improve efficiency for shipping in Wisconsin – whether by rail or even water – they should use good, hard data derived on the demand side to implement a good plan.

Dr. Stewart simply noted he supports a better transportation system in Wisconsin.

Dean Haen said his position is similar to that of Peter Hirthe. The Port of Green Bay also used to have an intermodal facility. Haen has documents showing a lot of manufacturing companies are looking for intermodal opportunities; ideally, that location should be at the Port to allow utilization of rail and water.

Dr. Ernie Perry said his goal is to also support the state, and help develop intermodal centers so that a complete transportation system is available to all businesses. He said some states are doing progressive things, and offered Kansas as an example. They conducted a big survey and those efforts led to state-supported funding for two intermodal yards. They're in operation now, and they're working.

Mark Sericati said Schneider generally agrees with what had been said; that they're always interested in improving efficiency.

Dave Simon said that if that question was posed to WisDOT, the department's reply would be a focus on stakeholder engagement. It's more and more of what we do – to identify all the people and businesses we affect, do our best to understand their needs, and include their perspectives in policy development. The external perspectives of Subcommittee members help us to be your partners – along with universities and other state agencies. It's WisDOT's goal as well to make transportation more efficient.

Simon continued that the department has heard the issues of poor connections and higher costs, and believes that the addition of at least one intermodal terminal will help improve those situations. That addition would give more opportunities for commerce, improve the Wisconsin economy, and relieve pressure on our highways.

Bo DeLong asked the Aim Transfer representatives to clarify the number of daily drayage truck moves they have to the Chicago yards. Aim replied that yes, it's 300 round-trips each day, most of which are imports.

### **Review of Report Contents**

Dave Simon asked the group to take note of Jerry Deschane's overall comments on the outline, expressing his belief that we need to make the report function as a way to entice investors – identify the balance of users (importers/exporters) and quantify their volumes. He also said that while the group has some important voices, he wondered if there were other potential members we should include. One area of his specific interest was the difference between international intermodal and domestic/North American intermodal. The members have said a lot of things about international shipping – but what about domestic? Should we include domestic shipping voices?

Brad Peot said if we are going to look at development of an intermodal terminal, we need to include the domestic perspective. The equipment used to handle the containers is the same, even if the container sizes are different – they both use the same stackers and chasses and rail cars. Domestic intermodal may help to get a facility to a critical mass for rail service. As far as imports, they all travel by rail for a share of their journey. Class I railroads might view a new terminal as merely shifting activity from other terminals. Exports flow to the containers where they are available. On the domestic side, there is large potential for transload operations from truck to rail. That’s the highest modal shift opportunity.

Brian Buchanan agreed with Peot and confirmed that an intermodal ramp can handle both domestic and import/export. He said there is more operational complexity with domestic intermodal from a Class I perspective, especially since domestic containers flow to destinations east of Chicago. Jason Murphree said we should let the data drive the report; it would be best and have the greatest impact that way. Bo DeLong said he agreed that the data should drive the outcome, but questioned if domestic and international intermodal went on the same trains. Brian Buchanan said all the CN operations that go to the ports were international containers, although they will have blocks for Winnipeg and Edmonton. Those are the markets they go after. Schneider and Hub know more about the domestic side; the Subcommittee needs to go out and get more information on those operations.

Murphree reiterated that the Subcommittee should go for the operations that have the biggest impacts, and the data should lead the way. Peot added that domestic intermodal operated much like a truck service product; time is more valued than with global intermodal. Domestic intermodal customers still want 3- to 4-day transit times.

Steve Rose said that his company did a lot of domestic loads on the Wisconsin Central ramps; when they closed, they had to shift all those loads to Chicago. In today’s market, it’s all about cost and service. Chicago to LA by rail is four days. If we load at Milwaukee, that load loses a couple of days in delivery time. Rose attended a meeting in Green Bay that asked the same questions, and the tradeoff still is there – there are still local costs for rail loading, and often there’s cross-town drayage in Chicago. With all the delays involved by using rail for domestic intermodal moves, Rose was not sure there’s a cost advantage over direct trucking. But there are recent changes – drayage costs are up; there are ELDs that are strict; and there are more problems with turn-around times at the terminals. There’s a driver shortage and reduced capacity. There may be opportunities. But domestic intermodal is a different operation.

Someone asked if Hub did any import/export intermodal. Rose said they do drayage of the imports and exports, specifically at the Union Pacific Global IV terminal in Elwood. Companies that are making drayage pickups need to get in and out of the ramps quickly so they don’t incur storage costs for the containers. Hub has also worked with the Port of Milwaukee on some efforts. Dave Simon asked what Hub’s split was between domestic and import/export. Rose replied he handles 400 to 500 loads per day, most of them domestic, using 53’ North American containers. Hub has 50,000 boxes in use.

A question was raised – do we need another railroad to join the Subcommittee and perhaps add some awareness of domestic intermodal? One person asked if Union Pacific (UP) had been invited to join. Dave Simon replied that we did invite UP; they had been on our original list of companies to recruit. Now that the Subcommittee is operating, they’re interested in joining.

Peter Hirthe said the Port of Milwaukee has been working with both of its Class I railroads, Canadian

Pacific (CP) and UP. There's a history with both companies, and a lot of data diving into opportunities. Hirthe said there are discussions underway with the railroads; the goal has been to bring back the import/export container market. The Port's approach is if that is the focus, then the Port can also fit in domestic intermodal. That approach may have evolved some over the past six months. The challenge for the railroads is that even if an intermodal stop is profitable, it still is a stop – and that adds inefficiency to railroad operations. CP wanted to increase its efficiency by closing the Milwaukee ramp. It all goes to volume – the demand for the operation.

Hirthe added that each Class I railroad has a very different formula – a different recipe – for what it wants in its business model. They use the same ingredients, but in different quantities – for one, it's a pinch; for the other, it's a cup. A lot depends on their origin/destination combinations – where their tracks go. CN has no synergy for domestic intermodal; their intermodal model is import/export off the west coast. Between UP and CP, UP will have more interest in domestic intermodal. But CP just made arrangements to open an intermodal operation in Ohio, using two short line railroads to get to the facility. The Port has looked for partners that will provide the best service for Wisconsin businesses. In doing that, you almost have to reverse engineer each railroad. That's what Hirthe realized in working with these two Class Is.

Jason Murphree said Wisconsin doesn't have a good handle on demand, and for the Class Is serving Wisconsin, their routes all go to the west coast. However, if we were to broaden the Subcommittee efforts, we might want to contact NS and CSX to invite their involvement – perhaps to see if there is interest in moving agricultural products to the east. The Subcommittee could narrow down the opportunities with data.

Steve Rose asked Brian Buchanan if CN had looked at domestic intermodal, perhaps out of Chippewa Falls. Buchanan replied that Chippewa Falls has pretty well maxed out, space-wise. He also said the railroad hadn't done a deep dive into the domestic intermodal market, since prior corporate management [E. Hunter Harrison] was all about efficiency.

Dave Simon said this discussion was helpful in shaping the outline of the report, and that WisDOT will look at adding a steamship representative to the Subcommittee – or at least find one who could offer information.

After a break, Brian Buchanan shared a narrated video that documented the operations at CN's Harvey Intermodal Terminal, with some background on intermodal history and the equipment used. As of April 18, 2018, the video is posted at:

<https://www.youtube.com/watch?v=Ivic0iAUyYU&feature=youtu.be>

### **Review of Report Outline**

Cory Fish then led the Subcommittee through a section-by-section review of the report to be prepared, based on the input of the Subcommittee members. Kathy Heady opened by saying that the structure could be improved by adding an Executive Summary at the beginning. Not only would it give the report's basic findings, but the summary would be easy to use as a marketing piece for broader audiences, and help to 'hook' readers to generate more interest and better promotion of intermodal issues. The group consensus was in agreement.

Brad Peot said that the history of the intermodal yards was important, and that there were also connection operations by the Green Bay & Western in the 1990s with the then-Burlington Northern. It would be good to discuss why intermodal wasn't a success then. What happened? What businesses used the service? What products were shipped? One response was that at the end, the products were primarily paper, and that the dominant customer was Schneider.

Dr. Stewart asked what the cost of the study would be, and how long would the effort take. He said that the study should capture seasonal variations in cost and volume; those should be put into the data discussion.

Bo DeLong said that in Section IV, the discussion of Chippewa Falls should note that the service there isn't a full dedicated intermodal train, just a block of cars – that's a reason why prices are higher there than at larger yards. He also said the report should note that with the recent change in the ELD standards, there are huge issues with finding drayage at any price. Further, there's the challenge of new in-box volumes. The steamship companies post the limits on the box; at the ports, it's usually 63,000 pounds net going into the vessel for loading. But there's a difference in what the steamships allow in the box and what the railroads allow, based on loaded car capacity. Wisconsin's exports are typically heavy, and railroads double-stack in well cars to get as close to a 100% profile as possible. But depending on the rail car's capacity, rail companies impose limits on loaded container weights. UP, BNSF, and CN all have a limit of 58,500 pounds net in the box, unless a heavyweight well car is available. Railroads will try to match heavy and light loads – so that the combined double-stack weight is below car capacity. When The DeLong Company exports from Ashley in Arcadia, the limits are even lower – 47,000 to 48,000 pounds net – occasionally it can get to 50,000 pounds – and because of that the company gets a bit of a break on the rate.

DeLong continued, stating that at the company's facility in Omaha, they look at the container and car capacities and load each to 100 percent. BNSF loads typically run 70 percent to 80 percent capacity. Container loads also depend on drayage limits, and the permits needed for overweight loads. Illinois and Wisconsin permits are similar; Illinois has 100,000-pound limits on its overweight permits; Wisconsin is similar but with seasonal restrictions. There's also a price difference for hauling the heavier boxes by drayage – the drayage companies charge more. Grain would not be moving were heavier weights not permitted – forcing the company to go with lighter limits would change how and where we could move grain.

Brad Peot noted that in reviewing the operations of the Chicago-area yards, it's important to note that certain terminals only service certain service lanes – the Class I's have yards dedicated to a handful of origins or destinations. The review of those locations would need to specify which railroads serve which terminals, and which destinations were served by each of those yards. Dr. Stewart wondered if our assessment of regional intermodal terminal should also include the Kansas City intermodal facility; he said that Dart (an intermodal and logistics firm) did a substantial volume of drayage from Minneapolis to the Kansas City facility. One observer said that Des Moines was typically the dividing line for Kansas City. Someone asked if there was any substantive drayage from Wisconsin, destined for Mexico via the Kansas City Southern Railroad; the reply was that didn't seem to be a trade corridor that used intermodal containers. The agricultural exports from Wisconsin are typically leaving the continent to go overseas.

Brian Buchanan said that in section V, there needs to be a discussion on what the threshold for the basis of service should be – is it 20,000 TEUs? 30,000 TEUs? Peot added that the report needed better

separation of domestic and international intermodal, especially the discussion of potential. In looking at what freight is now moving in trucks – if you containerize it, put it on a train, and then dray it from the destination terminal to its delivery point – there’s no advantage to domestic intermodal.

Steve Rose said that’s a hot-button issue now, with challenges to the capacity. We have loads that we could put on an intermodal ramp for domestic shipments. Everyone is looking for more power to move freight. There’s a shortage of drayage for international containers. Business is up and so are the volumes of goods shipped, but driver numbers are down. Companies are even “stealing” from each other’s pool of drivers. Nobody is coming to the workforce to be a driver. One of the pathways has been out of the military, and there are fewer vets. Also, Hub’s insurance company requires drivers to be 23 years old and have 1 year of experience – where can they get experience if insurance excludes them? Hub is trying to get the insurers to lower the requirements so the company can hire drivers straight out of school. Another thing is that drivers want to be home, not on the road. The Chicago ramps are also a bottleneck; they hold up drivers. Our industry needs to attract more drivers and support a better system. It’s a good time to do this study.

Greg Grabijas commented on section V(b) that from the position of his firm, Celtic International, Wisconsin has become a more difficult intermodal market to serve over the last 6 months. Some of it is the ELDs; Celtic has been trying to work through some scenarios for how to get to northern Wisconsin, where the impacts are the largest. When you get more than 200 miles from Chicago, it becomes difficult to make a 1-day round trip. Some of the different solutions Celtic is looking at include the use of shuttle drivers and relays for the drayage – dropping the loads at a central point. This process has its own set of complications, and adds more costs. There’s been a lot of discussion on international intermodal; there are also opportunities for outbound domestic intermodal. The challenge is once you get past a certain line, north of Madison, it becomes hard to make the round trip in a day. This means you have difficulties serving the I-39 corridor north of Janesville to Wisconsin Rapids, and north of Green Bay to the Upper Peninsula. One option would be to have a ramp outside the Chicago Circle – containers would reach Wisconsin via rail, then be drayed the last 100 miles or so. You see this with rail terminals in western Ohio, avoiding Chicago’s congestion. The challenges for the report will be how to distinguish the Chicago terminals – each has a different operation. As far as handling domestic intermodal into Wisconsin – that is an opportunity to advocate for.

Larry Krueger commented that his access to the PIERS data would provide hard data on the containers coming into the state. Bo DeLong countered that with PIERS (and other services), the data often ties back to the company, but not necessarily to the physical location where the loads are delivered or picked up. For accurate location-specific data, the Subcommittee needs to reach out to Wisconsin importers. For example, the data may show a large volume of imports for Kohler, but how much of that really comes to Wisconsin? And how much goes instead to warehouses outside Chicago (or elsewhere)? One really needs to look at the delivery destination, not the company accepting delivery. One person mentioned tracking services such as FourKites and wondered if Subcommittee members were aware of them. Steve Rose said that Hub uses FourKites; they’re good. But the better sources for destinations and routes are probably the steamship lines, many of whom handle the drayage.

In section VI, Brad Peot thought that the inclusion of rail under both international and domestic intermodal sections was repetitive, and questioned if we needed stand-alone sections that separated the two, with separate narratives for each mode. The drayage would be similar for both import/export and domestic operations. It would be more important to look by network, evaluating the supply chains for linkages and interconnectivity. In that way, the report could talk about the capabilities of systems.



Andy Mielke said that the evaluation needed to account for the overall cost of container shipments as part of a point-to-point system, regardless of the modes used.

Brian Buchanan replied that the two operations – international and domestic – were different beasts. He said he would help work on wording in the reports. Peot said the report should also discuss how a terminal will benefit carriers. Peter Hirthe suggested we blend the separate narratives on domestic and international intermodal into the Executive Summary, with a discussion targeting each mode and showing why each of the two is important to improving efficiency. If you coalesce there, that's the hook you can use – you can pull out the statements and make an exclamation.

Jack Heinemann said that was a good idea, since [joking] that information would probably be on page 500 of the report. This shows the importance of writing a really strong executive summary – something that would be more attractive to the reader, with important findings highlighted.

Peot said that the issue of control needs to be a subject. Steamships control the international containers. If the report would recommend repositioning containers – our freight team isn't sure how that could be accomplished; that's not how the market works. Buchanan said that's a crucial element; there are a lot of dynamics to intermodal that he didn't even realize when he started to learn about the sector in-depth. But fundamental is that the business also has to make sense for the steamship companies. So yes, they need to be added to the Subcommittee.

Jason Murphree said if the report talks about potential grants for developing a facility, the policy should support maximum facility use and reach. The facility shouldn't be tied to one corridor or one direction; that way, the number of users can be maximized. Bo DeLong said that the data will drive that decision by documenting where shippers want to go with their goods. Jack Heinemann said the report can ask where the best locations could be, but the recommendations need to be flexible if the markets change. Wisconsin businesses may be shipping most things to the west now, but will we be sending things south or east next year? Peot said the report should identify the mainlines of the Class I's, not the branches. Those major corridors define where the potential for intermodal service exists.

For the section on rail cars, someone recommended discussion of the pool arrangement of cars, in addition to their operations and configuration. There was also the recommendation to discuss the chassis types, configurations, and ownership/maintenance in addition to their availability. That has become a big issue in the last couple of years. Larry Krueger asked if a grant to buy chassis would open intermodal to more users. Bo DeLong asked which drayage provider would come in? And where would you have the chasses available? Krueger said some yards had none; Buchanan said that could be managed administratively. Jason Murphree said that rather than state ownership, a partnership with a private sector provider would be better.

Peot added that current intermodal lanes should also be discussed. Some corridors have issues with double-stack clearances; certain lines don't support double-stack operations. A committee member said WisDOT should have a policy to support raising clearances. For domestic intermodal, the report should identify the primary industries to target, and the volumes of goods they ship. We need to get data and buy-in.

In section VII, Peot said the state should also address what other things the state can do beyond the conventional assistance – site permitting, zoning, overcoming local obstacles – all non-funding areas. And, of course, funding, too. Dave Simon said the state could support putting an application for federal

TIGER or INFRA finding together- the application would cost \$25,000 to \$50,000 but could be re-used with updates until successful. The calculation of benefits versus costs would be the most work to complete. We would also need to identify the source of matching funds. At present, it's clear that the higher the match, the better the chances are of federal assistance. It used to be pretty standard that the split was 80% federal; 20% state and local partners. Now the minimum threshold just for consideration seems to be a 50% state/local contribution. The TIGER program has been over-subscribed.

Kathy Heady said that an outline for the TIGER program would be good, especially a list of the information needed for putting the grant application together. Peter Hirthe said that one theme to push is job creation – not taking from elsewhere, but a business that would be building an expansion in Wisconsin, or expanding its business to Wisconsin. Rich Kedzior said that for the big WisDOT programs (Freight Rail Infrastructure Improvement Program and Freight Rail Preservation Program), the consideration isn't jobs but the benefit/cost on efficiency. Heady said we should just make sure we have jobs in mind; we should do the application as a process with the end in mind, whether it is TIGER or other assistance programs. The subcommittee should at least get that information.

Matt Umhoefer said he didn't see the report's outcome as being the application for federal assistance, due to site-specific details that would be required. But depending on the report's findings, it might provide the gist of potential areas to explore further. For local governments and county-level applications, those would require site-specific details. Andy Mielke said that the cost of developing an intermodal site varies greatly, but would be at least \$5 million to \$10 million for all components. An application would need to comprehensively identify benefits, including improved safety, better air quality, and reduced pavement and bridge wear and damage. Paul Chellevoid added the cost piece could also include time and cost savings for the shippers. Jack Heinemann said it would be good for the report to show any potential jobs benefit, and that the survey should ask a question along those lines.

Andy Mielke said that at present, this report would be seen as a prelude to a feasibility study. There are details like jobs that we may not be able to address as part of the report, since those are more specific to a given site. Brian Buchanan asked for the report to address if a railroad company can acquire a large enough parcel of property, given local zoning and potential local voices of opposition.

Umhoefer said we will move the report outline to near-completion and route it to the Secretary's Office for concurrence/approval.

### **Data Contributions**

Matt Umhoefer led the group for the morning's final effort, a recruiting of Subcommittee members who would be willing and able to share data to the report. He noted that for the most part, the first three sections of the outline have already been completed.

- Brian Buchanan will contact old colleagues to get information on the previous WCL operations in Wisconsin.
- Peter Hirthe has the volumes of intermodal containers from the Port of Milwaukee going back to the early 2000s, but doesn't have commodity information.
- SRF may have some data for support.
- Section IV – Brian Buchanan can provide the information on the catchment area for the grain exports going through the Co-Op.
- Bo DeLong can help get catchment area information for grain exports out of Ashley's Arcadia terminal.

- Larry Krueger, Aim Transfer, Steve Rose, and Bo DeLong can all provide data on drayage costs, permit fees, and ocean rates.
- For catchment areas outside of Wisconsin, Dr. Stewart said he would offer assistance, but cautioned that they would not be a uniform circle, but rather a “curled octopus” that reflects the Interstate/controlled access corridors leading away from the intermodal terminals.
- Aim Transfer will provide data on the origin/destination of their drayage loads, to show the extent of where containers are moving. The distance of the catchment area also depends on the time of day.
- For Duluth, Dr. Stewart said the raw data has already been published; Lonny Kubas of CN had maps displayed at the WisDOT annual Rail Conference.
- Steamship companies should also have good information on drayage rates and service areas.
- Freight forwarders would have information on the General Rate Increases (GRIs) declared by steamship companies.
- One suggestion was to go right to the railroads for pricing and service information, but the Subcommittee member also questioned if we need all that data.
- Only a few exporters have dedicated intermodal export terminals; these include Dreyfus in Texas (cotton) and Gavilon in Council Bluffs, Iowa (grains).
- Cory Fish said he would send copies of the WMC/MMAC/Port of Milwaukee survey and results to members of the Subcommittee.

Peter Hirthe praised the 2017 survey as an example of grass-roots engagement, with 100 responses that identified four to five times the volume of intermodal imports than the Port did at its peak, as well as twice the peak volume of containerized exports. Hirthe said that the volume statements identified 20 to 25 “major significant users,” another 20 to 25 “significant users,” and 35 or so other regular or intermittent users. The survey didn’t do a deeper dive into the zip code destinations or origins. The stated domestic intermodal loads were balanced, and would match the best year of container volume at the Port’s previous intermodal terminal.

Hirthe continued that there needed to be a follow-up survey to better determine what the shippers wanted. The railroads need that to get actionable data that is driven by origins, destinations, and volumes. However, even the limited data from the 2017 survey has been enough to raise the interest of one of the Class Is. The follow-up survey can help the Subcommittee generate a heat map and begin engagement with shippers on opportunities, and then let the Class Is decide whether or not to provide intermodal terminal service. We should have a lot of zip code-drive data, but we need a follow-up to put a frame of reference on the shipper interest, and make sure people fill out the survey correctly. There were several major omissions in business submissions in the first round. The next steps could be to bring in other Class Is; their perspectives are critical for decision-making. It would let us do a deeper data dive.

Matt Umhoefer asked if WMC were to send a version of this survey to its members, how detailed could it be and still get to a 25% to 30% return rate? Hirthe replied that people want intermodal service, but that we need to show zip codes and direction of flow. Steve Rose suggested using an on-line survey with multiple-choice drop-down boxes. He said the survey shouldn’t be too deep; one-on-one follow-ups could happen later. Hirthe said the survey could accomplish the goals of the Subcommittee and the goals of the Port of Milwaukee; engagement is key. The 2017 survey showed overall demand for intermodal service, and got the attention of the Class Is. Jack Heinemann said the railroads need information; not enough data existed on volumes. There is a small but invested group working on this – and both CP and UP are interested at the highest levels. There’s been a big change in thinking in a short

amount of time. Jason Murphree said NS and CSX should be contacted as both might be interested in extending their reach.

Cory Fish agreed that a revised version of the first survey would be send to WMC members.

Dave Simon concluded the meeting by identifying the deliverables that the support team would create, including the meeting notes, the final report outline, the next meeting agenda, and the rundown of data assignments (the “homework” for members).