

Wisconsin Freight Advisory Committee Intermodal Subcommittee

Meeting Notes

May 2, 2018

9:00 AM - 12:00 PM

Host: Wisconsin Department of Agriculture, Trade and Consumer Protection (DATCP)

Subcommittee Members/Designees Attending In-Person:

- Dave Simon, Wisconsin Department of Transportation (WisDOT) (co-chair)
- Brian Buchanan, Canadian National Railway Company (CN)¹
- Bo DeLong, The DeLong Co., Inc.
- Enrique Gandara, Department of Agriculture, Trade and Consumer Protection
- Dean Haen, Port of Green Bay/Wisconsin Commercial Ports Association
- 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
- Kathy Heady, Wisconsin Economic Development Corporation (WEDC)
- Dr. Ernie Perry, UW-Madison
- Al Rowland, Menards
- Dr. Richard Stewart, UW-Superior

Other Attendees:

- Jason Murphree, Watco/WSOR
- David Ruehrdanz, Canadian Pacific Railway
- Dean Prestegaard, WisDOT
- Rich Kedzior, WisDOT
- Dave Leucinger, WisDOT
- Matt Umhoefer, WisDOT
- Paul Chellefold, SRF
- Andy Mielke and Chris Ryan, SRF (by phone)

Introductions and Review

The third meeting of Wisconsin's Freight Advisory Committee's Intermodal Subcommittee was held in Madison on May 2, 2018 at the DATCP headquarters building. Dave Simon greeted the attendees and gave a brief recap of the second meeting, held April 6th. Simon praised the Subcommittee members for the volume of work accomplished to date. He noted that the goals and expected outcome for the Subcommittee have come together and most should be attainable. The outline has moved from "Draft"

¹ 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.

to “Final,” although there will be adjustments and changes as the work continues. At this meeting, the Subcommittee will finish reviewing the Outline to identify the data needed, and establish the assignments for who will collect the data. As the flow chart used shows, we’ve moved from defining the problem to the data phase. That’s what this meeting will be all about – data. We’ll finish the assignments in the first half, then discuss development of our survey tool in the second half.

Simon then offered some updates on programs at the federal level. The TIGER program is out; its successor has the acronym of BUILD - Better Utilizing Investments to Leverage Development². The change happened earlier than was expected, but the \$1.5 billion in grant funds remains available. The limitations are that each state is only allowed to submit three applications; at WisDOT we’re identifying projects for consideration. Given where the Subcommittee process is and the deadline date for the applications – July 19 – it’s probably too soon for us to consider submitting an application related to an intermodal terminal this year. U.S. DOT wants assurances of a project’s success, and so its prioritization criteria include having strong commitments from external partners and a “shovel-ready” status. That would require WisDOT knowing which railroad would be the partner, who would operate the terminal, and so on.

There are other federal funding possibilities, such as CRISI - Consolidated Rail Infrastructure and Safety Improvements³. That program has \$68 million available. There is a lot of federal funding out there. Under BUILD, the eligible projects include roads, bridges, passenger and freight rail, port infrastructure – including inland ports, and – specifically – intermodal projects. The federal government wants to fund intermodal. Applicants have to be local or state governments, and the funds are specifically for transportation projects – not other types of infrastructure. Each project has a maximum award of \$25 million, with a \$150 million limit per state. If there are any federal funds in the project – whether they comprise 10 percent or 20 percent or more – that’s effectively a discount on the overall project cost.

The group went into brief introductions. New to the table were Enrique Gandara, from DATCP; David Ruehrdanz, International Marketing Specialist for Canadian Pacific (CP); and Al Rowland, General Manager of Distribution for Menards. Dave Simon said the Subcommittee has been good at capturing ideas; it’s a good team that has generated meaningful discussion on key points. He said that the next meeting of the overall Freight Advisory Committee on May 30 will deliver a progress report on the efforts of the Subcommittee; we’ll have good items to report out and look forward to. Prior to that, we’ll have a teleconference on May 25th. The primary goal of the teleconference will be to prepare for the Freight Advisory Committee (FAC) meeting on the 30th, when Dave Simon and Cory Fish will present a summary of the Subcommittee’s efforts to date. All the members of the Subcommittee are invited to the larger FAC that day; the meeting will also cover air freight in one of its sessions.

Then, for our Subcommittee meetings from June through October, Simon asked the Subcommittee if they felt keeping a monthly schedule was a good idea. Al Rowland asked if all the meetings would be in Madison; Simon replied that WisDOT was trying to make the meetings convenient. Rowland said the company plane goes to Madison on Mondays, Wednesdays, and Fridays, and thus those days of the week work better for his attendance.

Jerry Deschane asked what will happen once the report is done – what will come next? Simon replied that there will be a fall FAC, possibly in November. We’ll work to collect the data, and write a draft

² <https://www.transportation.gov/BUILDgrants>

³ <https://www.fra.dot.gov/eLib/details/L19363>

report to present to the Secretary's Office in time so the report can be shared at that fall FAC meeting. The monthly meeting schedule sounds right to stay on track; we can cancel or move meetings if there are conflicts. Both Dr. Stewart and Dr. Perry said they had no major summer teaching duties that would interfere with that schedule. The agreed outcome was to use a Doodle poll to select the dates with the greatest number of members able to attend. Prior to each meeting, there will be communication to confirm the meeting will be held.

Steamship Line Recruitment

Dave Leucinger was asked to discuss his recommendations for recruitment of a representative on the Subcommittee from one of the steamship lines. He identified criteria such as: the majority of inbound containers to Wisconsin originating in Asia; mergers, consolidations, and alliances have reshaped steamship operations in recent years; CN's current intermodal operations and its expanded volumes at Prince Rupert; Milwaukee's previous CP facility brought in containers from both Vancouver and Montreal; the presence or absence of a vessel company office in Chicago or Minneapolis, and a recognition of overall vessel company volumes. Leucinger's recommendations were, in order: Ocean Network Express (ONE), CMA CGM, Mediterranean Shipping Company (MSC), and Evergreen.

Dave Simon asked Subcommittee members for their reaction, and if any of the members had contacts with the steamship companies. Al Rowland said that his company deals with every carrier, so they could be the conduit between the Subcommittee and the vessel company. Brian Buchanan said he could contact Russ Perdue of CN, who goes overseas regularly and has extensive contacts. Rowland said that MSC and COSCO are the largest container shippers for Menards, and MSC is in the alliance with Maersk. But all carriers adapt and work with other shipping companies as needed. Rowland was asked how Menards arranges transportation. He replied that typically his company will commit to buy 100 container spaces on a vessel, but that the ports and vessel companies made for a very fluid market.

Bo DeLong added that he also has direct contacts at all of the four recommended companies on the list, and that while he's not the logistics expert, he could provide access through his company's logistics manager. He said that the CMA CGM representative they deal with is based out of Norfolk, Virginia, but the MSC representative is in Chicago. He said that one of the companies that merged into ONE, K-Line, used to be one of The DeLong Company's largest carriers. David Ruehrdanz said that he would suggest adding Hapag-Lloyd and Zim, as both had a Wisconsin presence in the past, when CP had its terminal at the Port of Milwaukee. OOCL also had a presence there. Bo DeLong agreed on Hapag-Lloyd. Ruehrdanz said it would also be important to contact a person in the proper role at the steamship companies; someone with a business development role. But would the person we recruit be dialing into our meetings? Would they visit in-person?

Al Rowland responded that the steamship company interest is driven by business – they want to increase imports and exports; to bring interest to the table. Otherwise they're busy making cold calls – something they don't want to do. He mentioned that a high-volume shipper such as Ashley or DeLong would gain their interest. Matt Umhoefer asked if it would be better to contact the steamship lines after we have the survey results, or should we proceed now? Rowland replied that if we do our due diligence through the survey, then the steamship lines and railroads will want to come to the table to get an idea of the volumes in play. It takes out any speculation – the work is done, and the companies will follow the path of least resistance. Dave Simon said that the Subcommittee would compile a list of contacts but will wait until we make more progress before pulling in the steamship companies.

Data Assignments and Availability

Next, Matt Umhoefer led the Subcommittee in finalizing the review of data needs, to finish the work started at the previous Subcommittee meeting. One of the changes to the structure of the outline was to add an Executive Summary at the start of the outline. The previous meeting ended just before the “Future developments in intermodal operations” section (now VII), which is where discussion began. Comments from members noted that in deliberating “Future developments,” there will be pieces of information that aren’t under anyone’s control. Discussion also turned back to the steamship lines. For containers, there are many questions – who has control over the boxes, what management methods are specified, what kind of turn times for drayage are expected, and who are the preferred rail and truck carriers – not to mention the vessels and the ships and routes used.

Bo DeLong said that each vessel company is different, and those answers would need to come from the steamship companies. Matt Umhoefer said we will hold off for a couple of months in contacting the steamship lines; theoretically, the survey will be out in four to five weeks, and we’ll have results back in the July timeframe. Then we can match the findings with steamship lines.

Al Rowland said steamship alliances were helpful. In Milwaukee, Menards worked with Canadian Pacific and Vancouver port carriers. The company was able to tailor its list of carriers through working relationships. Dave Ruehrdanz said that it’s not just important to consider vessel volume, but the lane capacity along each trade route. Each vessel company publishes maps of their ports and routes. Dean Haen said that the report should also identify potential pathways on the maritime side that include the Great Lakes as a potential trade route. Bo DeLong asked if that was valid – wouldn’t service be seasonal? Haen answered that if we build enough of a rail component for intermodal operations, it would allow for building other options. Peter Hirthe said that he’s heard that it’s hard to get intermodal containers to the southern half of Michigan; there’s a potential to move containers to central Michigan by cross-lake shipping. We will need imports from overseas, not just domestic containers. But if we can move the containers to Michigan from Vancouver, and back again, they’ll never touch Chicago. But rail intermodal service must start it. Once a routing is set up on international service, then domestic intermodal will be able to find routing options as well – a natural fit/spinoff. It’s the same with short-sea shipping on the Great Lakes. The short sea spinoff would be a “Phase II” of operations. But first, get the routes identified and the routes scheduled. The Great Lakes already has direct liner service between Cleveland and Germany. Don’t limit the options – leave the door open for Great Lakes ports. Look at the statements from the Council of Great Lakes Governors and Premiers – their recommendations for short sea shipping. Those can serve as a carrot for more trade activity.

Bo DeLong said that Illinois already did a study on the use of Mississippi River barges for containers, and they were looking for funding to get the containers. He attended the first meeting and thought this will never happen; he thought use of inland waterways is a stretch. The DeLong Company is using rail now – and has schedules that are generally good year-round. With the waterways, you have nine months of operations and three months missed. DeLong said he wasn’t against looking at the possibilities – but spending \$100,000 on a study to look at maritime options – no. We can quickly run analyses to test any of these ideas. Dean Haen replied that there are reasons – including the current federal tax structure – why containers aren’t moving on inland waterways. But if we take steps to identify and remove those barriers, water can provide options to relieve capacity and congestion issues. We need to look down the road, and little things are already happening.

Peter Hirthe said he acknowledges that certain routes would be a niche service, but that Milwaukee to Muskegon could work if supported by an anchor customer with a long-term commitment. The important

thing is to get started. And you need to acknowledge that trucking costs are going to keep rising. Dave Simon said that market forces will drive whatever service would be offered, and that at this point the discussion may be going more macro than needed. Al Rowland asked if we had identified the current or potential container users. Matt Umhoefer replied that will be the function of the survey conducted with Wisconsin Manufacturers & Commerce (WMC); we will use NAICS codes to determine the potential of that business to use intermodal. The data that we get – especially on the side of imports – will drive the findings of the report. Rowland replied that there are a lot of companies who aren't WMC members who bring in containerized goods, such as Target, Wal-Mart, Kohl's, and other retailers.

The review of the outline next looked at "Future developments" for rail. The group noted Class I operation maps are readily available, but we would need some more information telling us how freight moves on the lines. The current Class I facilities are all identified; Matt Umhoefer said that Union Pacific has been invited. Jason Murphree said that the blocks that define Class I railroad operations have moved, and change regularly. Anything that gets published will be dated by the time it's released. Dave Simon wondered if this information was too much detail to be needed. Murphree replied that new facilities could pull loads from other locations, such as Rochelle. The question was raised about catchment areas and how the size of each varies due to many factors. Dr. Stewart said that when you get survey information at the ZIP code level, that's at a point in time. With truck cost surcharges rising, catchment areas for intermodal yards are growing. Matt Umhoefer said we'll include a blanket statement to state that this information is as of a given point in time.

A question was raised on UP limitations on double-stack operations; whether we should show that as a map. Dave Ruehrdanz asked if that was too much detail. Brian Buchanan said no; that information is crucial so that developers don't put the intermodal facility on the other side of the restrictions from the import corridor. Ruehrdanz said that would be more an issue for site selection; that the state's role is more to identify regions for potential facility development. Then we could answer the restriction questions ourselves. Someone asked if the maps should show red lines on the rail corridors, or just "x" at the locations with impediments. Buchanan said it is important to identify these impediments, but we should just identify the window where problems are – the beginning and end points. Not every bridge. But we should show if an area falls in an impediment zone along a given line. Someone asked if CN or CP had height restrictions on double-stacks on their Wisconsin lines. Buchanan said CN did not. Ruehrdanz said CP didn't, but that there may be problems elsewhere in the network that would affect Wisconsin.

Peter Hirthe said if it is in the text, we might imply that UP would want to solve the problem of double-stack clearance. Do we want to go beyond identifying the window where the problems exist? Rich Kedzior replied that the clearance issue affects WisDOT in that the actors who need assistance will come to the department looking for assistance. If the arrows point at a given location, then that comes with a cost to the state – even if you say it's tied to rail corridors along former Chicago & North Western company lines. Al Rowland said he has dealt with UP regularly; they came to him a week after Chippewa Falls opened and asked Menards if it wanted a container terminal set up right at our Eau Claire Distribution Center. If Menards would guarantee the amount of business, UP said they would have no worries about running double-stack operations. If the business is there, the railroads will figure it out. They will come. But what the Subcommittee should spend the time on in the report is on who will use the facility, and why that facility will help business.

In consideration of alliances between Class I railroads and short lines, the facts have been made public. Brad Peot recommended including a reference in the narrative that short lines extend the network reach of Class Is. Someone said that railroads will figure out the ownership/control area themselves.

Regarding capacity, Brian Buchanan said CN is addressing that with more passing sidings and double track for Wisconsin. But any information is just a snapshot in time that is soon outdated. It's not a static system.

Jason Murphree asked about private investment – what will be expected of the railroads, and how much WisDOT might be able to contribute? Dave Simon replied that public funding would be mostly federal through BUILD and other programs. Jerry Deschane emphasized the key factor is demand; it will drive the questions on investment. The survey should acknowledge that the demand is there. The viability of any facility depends on demand.

For information on future chassis issues, Brad Peot said that Aim would be able to answer that; Steve Rose added that Hub Group also has about 10,000 chassis under its ownership. Bo DeLong said that while the railroads are in charge of rail cars, the chassis pools are private. Those pools influence how containers are wheeled or otherwise moved between yards. The report should include a paragraph on the different operations and models for the use of chassis, provided enough demand is there.

For future trucking trends, Brad Peot said more regulations have been implemented for trucks; as a result, the catchment areas for drayage are far smaller. Bo DeLong said that the biggest force behind the changes are ELDs, which have limited the number of turns that drayage drivers can make. Aim will have that data for all over Wisconsin. The drayage challenge is the biggest driving force for local ramps. Jason Murphree added cost and capacity as factors for shipper decisions. DeLong replied that his trucks used to be able to make two round trips of 130 miles each way in a day-long shift. Now, he can only get one trip per day. It's his number one factor in how drayage has changed. Steve Rose added that the same problems also affect domestic intermodal drayage. Rates are up a lot, and not all carriers want to offer the services. It's a two-day trip from northern Wisconsin. If we build an intermodal facility, we could build a domestic intermodal operation on the back side, if there's enough capacity and demand. But we need the international containers first. He added that drayage is also his biggest problem; you can't get trucks at any competitive price in some cases. Many more locations are now two-day trips. And you lose opportunities to use the tollways at times when they are less congested and the tolls are lower, so that also affects your drayage costs. We should move up the trucking discussion.

For commodity discussions, Kathy Heady said that WEDC would probably be able to provide the needed information, but that she was transitioning to another role and a new person would be the Transportation Sector liaison between WEDC and WisDOT. She didn't want to commit that new person to anything. Someone mentioned there were a lot of components that are imported. Al Rowland said what makes Chippewa Falls work is the availability of grains and soybeans for export. That we have other freight going back is premium sales point; we have so much grain. We also have some other users, like Tom's Hardwoods. But grain is what helps us keep a balance – in fact, there's more outbound loads than inbound. Bo DeLong said the container market is driven by importers; they pay the freight costs for the round-trip. As exporters, we're able to have our rates quoted at the handing and return shipping costs. But that helps cover the inbound costs. There are synergies there. As far as the outlook for grains, Bo DeLong offered to help get data; the U.S. government trade and export data might be a good source of data as well.

Brad Peot said the narrative should cover how the import/export market has changed over time with grains. It's a huge shift. DeLong says the grain export market is still rate-driven; it's been relatively stable

since 2004. Peot said that the narrative on the import side should discuss the distribution centers in Wisconsin, and the volume of materials inbound. David Ruehrdanz said there's ample backhaul available from Wisconsin; the main point will be identifying loads destined for Wisconsin. Subcommittee members said that's where steamship companies can help with inbound information.

SRF can discuss the national trade policies as a consideration. For domestic intermodal, barge-mounted containers should be mentioned. Also, the issue of first/last mile service via drayage is a national issue. So is technology. Brian Buchanan said the report should clarify that domestic intermodal is a different animal than import/export intermodal – there's more complexity involved in domestic operations. A domestic load might want to go to any number of locations – not just to ports. So more rail cars are needed. There are other differences.

The Subcommittee agreed that Section VIII (How can the state's potential for intermodal development be improved?) should be addressed at a future meeting, once more data and information is compiled.

Survey Development

After a break, Peter Hirthe led the Subcommittee through a discussion of a draft survey instrument to identify the existing and potential market for containerized shipping in Wisconsin. The draft survey presented to the Subcommittee was a blend of two survey drafts created by Subcommittee members – Dr. Richard Stewart and Peter Hirthe. Hirthe offered a brief background on a similar survey that the Port of Milwaukee, in conjunction with the Metropolitan Milwaukee Association of Commerce (MMAC), WMC, the M7 Economic Development partnership, and DATCP had conducted in 2017. The genesis came as the Port of Milwaukee re-engaged in communication with the Class I railroads serving the Port on the possibility of returning intermodal operations to the Port. The railroads asked for more recent data on freight viability, as the terminal had been closed for five years. They wanted to know what shippers in the area were doing for freight. The Port conducted the survey and found strong current and potential activity for both international and domestic containers. Those overall volume numbers kept the Class Is engaged, but they wanted more detail.

The Subcommittee is taking a deeper dive into the data – trying to identify origins and destinations of the items shipped, to show there is a real need. We're seeking where the imports are coming from and where they're going (Asia? Europe?), and where the empty containers brought into Wisconsin go once they are emptied. This is detailed information that's very specific, right down to the routing information – where in Europe, in Asia, or in North America are the containers going. With that in mind, is this information really critical to the Class Is? To the Subcommittee? We've helped to entice the Class Is in marketing intermodal as an option to consider, and would like to work with the Subcommittee towards common goals. Dr. Stewart asked who the audience is, and Matt Umhoefer replied that it includes both current and potential users of shipping containers. Al Rowland said that the survey shouldn't be restricted to WMC members, but to include any freight handlers, as long as it makes sense to get their input.

Jerry Deschane said he could send the survey electronically to all his members, with the goal of having the local economic development managers send it to companies in their cities and villages. Dean Prestegaard said using different approaches was merited, using different cover letters – from WEDC, from municipalities or counties – and using e-mail to electronically distribute the survey. Hirthe asked who would be collecting and compiling the surveys and data – would that be WMC? MMAC was the repository for the Port of Milwaukee survey. Al Rowland said that WMC currently has about 3,800 members, and as a member, Menards gets communication from them all the time. The important thing

is to frame the introduction to the survey – in the e-mail – as an opportunity for the responding business to improve freight and terminal options and efficiencies. Most members would respond positively to that.

Bo DeLong said for agricultural exports, it would make sense to use the Wisconsin Agri-Business Association; for lumber, it should go through the Larry Krueger and the Lake States Lumber Association. These shippers are probably not WMC members. Tom Bressner said that yes, he'd be willing to use the Agri-Business Association e-mail to reach the key players in grain and DDG exports.

Someone said we have had potential interest in the past for intermodal. We can encourage capturing more survey responses by stating intermodal can help to get Wisconsin business to do more business. Another person said that getting ZIP code information would be critical for creating the heat maps. Peter Hirthe said that it seems like we are asking for a lot of information. Perhaps a more open-ended survey would be better-accepted. Should we go with specifics or a more open-ended survey? Brian Buchanan said that from the rail perspective, it's critical to know at which port the container enters North America. The ideal survey would capture volumes and routes. Al Rowland discussed the different lanes for goods coming to the West Coast. Menards uses Seattle and Los Angeles for container loads headed to the company's distribution centers in the western U.S. The containers heading to the Chicago-area distribution center go through Prince Rupert. He said the Subcommittee should send the survey to Wal-Mart, Target, Kohl's, Fleet Farm, and others to get the top retail companies that use containers to bring products into the country. He noted the Kohl's model is based on flow – they take the containers and divide the contents by transloading them into domestic trailers, always bringing in new items to the stores. That's why there's always the big sales – they need to clear out items to make room for newer, more seasonal items that are already in the supply chain.

There was questioning as to whether any of these companies brought intermodal containers into the state, or if all of their freight movements into Wisconsin used conventional semi-trailers and/or dedicated fleets shipped from distribution/consolidation centers near intermodal rail operations in other states. Rowland replied that if the drayage from intermodal terminal to distribution center was short, the load would stay in the 40' container. If the drayage was longer, the freight would be put into 53' trailers to get economies of scale. Sometimes the containers will only have ½ or ¼ of their items unloaded at a given distribution center; the rest would be unloaded at other distribution centers in the region. He added that once you have sufficient freight coming in – whether from one business or a group of businesses – that's an anchor for container shipments. Then the steamship lines will be willing to route containers.

Peter Hirthe asked if it was beneficial to have the place of origin identified. Rowland replied that for the items Menards ships with MSC, about 80 percent comes from China; 10 percent from Vietnam, and 10 percent from elsewhere. Steamship companies would want to know that information. The Subcommittee came to consensus that the survey would ask for country of origin, if the shipper was willing to share. With that information, we can back into identifying which lane the vessels are likely to use. There was additional discussion if the port of origin (not just country) was needed, or if it would even be known by the shippers. The response was that most shippers know the origin of their products, and we need to dive beyond what was in the first survey. The major importers will be able to identify their origin and destination – perhaps all that is needed is the port of origin? Steve Rose disagreed. A change from entry port from Los Angeles to Seattle means different rail options. Railroads need port of entry. With multiple port options, it's critical to get the lane pairs. Those are determined in negotiations between the customer and the steamship line.

David Ruehrdanz said that even if the customer said that they are using Los Angeles today, there's no guarantee that they won't change to Vancouver. Brian Buchanan said if the business is already going to Prince Rupert, what would diversion mean? If the containers go to Los Angeles, then they're not going to use CN or CP for rail. Jason Murphree said if we know the port of entry, it helps us select the partner Class I lines to work with – it could help bring BNSF or UP to the table. Matt Umhoefer cautioned that we didn't want to get to site selection; that's the next step. Someone said that consumers of the final report will want to know the origins of the freight; they are part of our audience. The consensus was to ask for country of origin, port of entry, and the Wisconsin destination ZIP code. For exports, the list is reversed; we will try to know where the imports can match back.

One Subcommittee member asked if the survey should ask just for the number of TEUs, or if we need to have separate listings for 20' and 40' containers. Steve Rose cautioned the Subcommittee to not get too detailed; he gets plenty of surveys but is unlikely to fill out anything more than a page long. He said if the survey is targeted, then perhaps it could go longer – but no more than two pages. Matt Umhoefer said that the fields could be automated for the on-line version so that a big importer can just hit return to keep adding more lines. Peter Hirthe asked if there was consensus on separating the volumes of 20' and 40' containers; there was. Steve Rose wondered if payload information would be needed, as loads over 35,000 pounds in 20' containers need three-axle chassis trailers. Someone added that would be important for grains and for some freight of all kinds ("FAK" in reports) and other heavy-weight loads. Steve Rose asked if there should be some way to indicate HAZMAT loads – they have special needs for drayage.

The group consensus identified the import containers survey to ask for: port of origin, port of entry, intermodal terminal used to transfer to truck, and final Wisconsin destination ZIP code. These four elements would, in turn, define the rail lane used. Also asked would be volume of containers by different sizes, and general container contents (selected from a drop-down box of very broad commodity categories). The export container survey section would be a mirror of the import, tracking containers from originating Wisconsin ZIP code to intermodal yard to North American port of export to port of delivery. Peter Hirthe asked if there were any nuances on the export side that should be considered – perhaps overweight loads? Bo DeLong replied that his company sends zero containers to Chicago, but a large amount of grain from Wisconsin gets loaded into export containers there. If you use the ZIP code of origin as the location where the container is loaded, it's in Chicago. We should allow the survey to take that into account – the transload point.

David Ruehrdanz agreed that it would be important to word the survey to identify true Wisconsin-origin freight. The shippers need to understand that part of the survey – does any movement of intermodal freight happen in Wisconsin? That should be in the header. Jerry Deschane asked what type of businesses would we be surveying – would we ask organizations? The reply was that we could consider sending the survey to organizations or warehouses, asking them to forward the survey to their customers. There could be a drop-down box with a set of test fields to ask the respondent what role they play in the supply chain. Dean Haen said that there needs to be a disclaimer that all the data will be aggregated and stripped of identifiers. Bo DeLong said that the survey really will have four tables – international import, international export, domestic inbound, and domestic outbound. Most companies will be answering in only one or two of those tables.

Dr. Stewart asked if the survey would be sent to third-party logistics (3PL) companies? Companies such as C.H. Robinson move a tremendous number of containers. Steve Rose added that non-vessel-

operating common carriers (NVOCCs) such as FedEx Trade have a large number of containers as well. Someone questioned if that would lead to the survey having double-counting. Al Rowland said the NVOCCs do all the paperwork and streamline the supply chain. They take care of the work for companies with smaller trade volumes and take on all the record-keeping. They have direct contacts with the drayage operators. Peter Hirthe asked if the survey were to be sent to the 3PLs, what would we ask them to do – send the survey to the companies that use their services? Rowland replied yes, ask them to forward the survey to their clients. Bo DeLong said if we were to do that, we would need to ask the respondents if they use 3PLs for their freight needs. Double-counting would be a concern. Dean Haen said it comes to whether we want to work with the actual producers of freight versus those handling the freight. Dave Simon asked if that means we would be doing a separate survey for the 3PLs – because we would like to avoid that. DeLong said he would hate for double-counting to be a concern; perhaps we could add a drop-down field for the respondent to identify their role in the supply chain – so that the 3PLs can be kept separate.

Brad Peot asked if the volume of NVOCCs was significant – do they represent only ten percent of the container trade? Bo DeLong said he didn't know. Larry Krueger said they had a huge presence but probably won't be that open with information. Al Rowland said he understands that FedEx Trade is moving 100,000 containers a year in the U.S., and is trying to double that. By comparison, Menards moves 30,000 containers a year. Peter Hirthe said we need a way to address duplicate responses. Steve Rose said it's inevitable you'll get some doubles. David Ruehrdanz said the NVOCCs have flexibility – they will bring volumes in and out. The survey should target the beneficial cargo owners (BCOs). The type of service moving the freight is irrelevant. The survey should differentiate the role played by the respondent. Ask first if you are a BCO – if not, if you are a NVOCC.

Peter Hirthe said that we understand that international cargo sets the table for domestic options. How deep do we want to get into the domestic line? The Port of Milwaukee is focused on the international operations, but the 2017 survey showed the domestic potential is strong. How much detail would the Subcommittee want to show? David Ruehrdanz said that there are so many layers and so much complexity with domestic intermodal, that we should just take it off. Brad Peot asked, then how would we know what the companies want? International? Domestic? Both? The manufacturing companies WSOR talks to want domestic intermodal. If the Subcommittee doesn't survey them, we lose potential data. Jason Murphree said that if we're expecting a private company to take the lead on developing an intermodal terminal, we need data to identify all the potential users. We need to design the survey to capture all potential customers. Steve Rose said that for domestic intermodal, all we need is origin and destination ZIP codes. It won't be as complex as international intermodal. We'd also need the volume of containers and the commodity; perhaps also the ramp used.

Peter Hirthe asked what size containers we needed to select as options – just 53', or others? Steve Rose replied that Hub loads 40' international containers in Plover at Del Monte for domestic shipments to the west coast, which repositions them for return to Asia. There's a lot of that in the 40' and even 45' containers. There's not a good outlet for domestic containers. Hub is also moving 40' containers for Crowley to Florida – Jacksonville or Miami. Brad Peot asked if we should ask about domestic transload freight. Rose replied that we should confine the survey to intermodal containers; we don't want too much information to deal with. But yes, Hub moves 40' containers regularly to California, Nevada, Washington.

Brian Buchanan asked if the survey might trip itself up by just surveying the BCOs. Peter Hirthe said that this survey will be a snapshot in time, just as the port's survey was last year. It was only two weeks after

we had finished the survey that the Foxconn announcement was made. We need to go from the history we have – and what exists now. There was further discussion of BCOs; whether to survey moves made from distribution center to distribution center. The time-sensitive nature of retail was discussed; if service could be scheduled in a timely and predictable manner, then moves like Eau Claire to Chicago, or to St. Louis, or Detroit – the BCOs could use domestic intermodal service for retail. For manufacturing – if the key factor is price, then knowing destinations is important. Most people break the intermodal competition at 1,000 miles, but that’s not a hard and fast rule. When asking the questions – it’s key to ask how far they ship – and to what locations.

Steve Rose said he thinks more people would ship intermodal if the service were available – by letting freight go by rail they reduce the costs of trucking. But the survey should leave off pricing as a consideration. Brian Buchanan agreed, saying people can’t make assumptions on rates, since all markets will behave differently. The point of the survey should be: what do you do today, and what do you want to do differently.

The consensus of the Subcommittee was that drafted questions on the reasons for not using intermodal and on desired intermodal facility attributes weren’t necessary for this round of the survey. The value for us in this survey is to build a heat map that can be used to market the state as having attractive potential locations for an intermodal facility. We’d rather have a high rate of return for this first part of the survey, and then have more interaction later. Steve Rose said we should make sure to include an offer for the survey respondents to allow us to contact them later. We also need to give them a contact – a phone number and e-mail address – so if they have questions, we can answer them – whether that person is Peter, or Matt, or someone else. We also need to include a space to add open-text comments.

Matt Umhoefer said that an estimate for the final report is that it will be between 35 and 50 pages. However, if a firm wants to contribute a story or an anecdote to help tell the story, we can include those as an Appendix – why it is they use or want to use intermodal, and what it does/would do for their business. The length doesn’t matter, now that the Subcommittee decided to create an Executive Summary. Steve Rose said that directing the surveys to the distribution and logistics managers would be the best approach. Peter Hirthe said that when the Port sent out its survey, they said if the respondents wanted to support future intermodal service, to provide a person to contact. This survey will be going out under WMC; we should ask these respondents if they’re willing to be engaged as well. For the Port, we got to a crossroads where we questioned how active these companies wanted to be. Some were very willing, and that helps raise the interest of railroads. If we could develop a similar umbrella of statewide business members willing to provide testimony and engagement – or even present themselves as anchor tenants (as lead tenants or as part of a collective group), then that could dovetail with the work of the Subcommittee. Having faces of intermodal demand can help shippers on the political side as well, going to representatives. We need to establish what level of engagement we want to have for the statewide survey respondents – and to capture as many people and groups for engagement.

One person said we need voices from the Fox Valley. Someone else noted Jeff Landin from the Wisconsin Paper Council will be at the Freight Advisory Committee (FAC) meeting at the end of May. Steve Rose said the Intermodal Report should be written to help present the case. David Ruehrdanz added that the Subcommittee’s efforts should be to capture audiences to help them understand why the intermodal survey is important. We can do that by telling them we want to improve your supply chain – that’s what’s in it for you as shippers. You’ve been asking for some way to improve your supply chain – this is your opportunity. The survey introduction needs a strong “hook” paragraph to grab the

attention of shippers – that the survey goal is to provide a frame of reference for the transportation community and provide railroads with a level of detail that will help them develop a successful intermodal facility in Wisconsin.

Someone said that now, with changes in trucking, the Class I's will be positioned to gain market share through intermodal. Brad Peot added that the Class I's will drive those opportunities, but short lines will be able to play a niche role in some cases. This effort can be differentiated from previous efforts, with the changes in drayage costs and availability, ELDs, driver shortages – intermodal will be needed to address capacity and cost concerns. Jason Murphree noted there was a good response rate with the Port survey. Peter Hirthe said this time will require a greater effort to get a statewide response.

Dave Simon ended the meeting by previewing upcoming projects and dates. The survey will be updated and sent out to the group for review. There will be a teleconference on May 25th for the Subcommittee to preview the message we'll be presenting at the FAC on May 30. Everyone has contributed a lot of valuable insights to date. Thank you all for your contributions.