

25<sup>th</sup> meeting of the  
**IOWA FREIGHT ADVISORY COUNCIL**

March 8, 2019  
 10:00 AM to 2:00 PM  
 Ramada Tropics Resort & Conference Center  
 5000 Merle Hay Road, Des Moines, IA 50322

**Members**

	Joel Brinkmeyer		Delia Moon-Meier
x	Andy Cernin	x	James Niffenegger
x	Tom Determann	x	Kelli O'Brien
x	Greg Dickinson	x	Joe Parsons
x	Don Egli		Dan Sabin
x	Greg Jenkins	x	Mike Steenhoek
	Calean Kokjohn	x	Ron White
	Ron Lang		Tim Woods
	Don McDowell		

**Ex-Officio Members**

x	Todd Ashby		Paul Ovrom
	Karen Bobo		Robert Palmer
	Mike Hadley	x	Joseph Rude
x	Michael Kober		Col. Steven Sattinger
x	Sean Litteral		Louis Vander Streek
x	Shirley McGuire	x	Jennifer Wright
	Mike Norris		

**Iowa DOT**

	Stu Anderson		Scott Marler
x	Phou Baccam	x	Amanda Martin
x	Matt Chambers	x	Justin Meade
x	Mikel Derby	x	Phil Meraz
x	Sam Hiscocks		Phil Mescher
	Laura Hutzell		Tammy Nicholson
x	Alex Jansen	x	Garrett Pedersen
	Renee Jerman	x	Charlie Purcell
x	David Lorenzen		Angel Robinson
	Mark Lowe		Melissa Spiegel
x	Craig Markley		

**Guests**

x	Kevin Gass (PDI)	x	Carrie Evans (Iowa Interstate Railroad)
x	Todd Phillips (Heartland Cooperative)		

## Meeting input objective

Identify current or future transportation challenges concerning Iowa shippers for the FAC to examine and the DOT to address.

**10:00 AM Safety Briefing**

**Amanda Martin  
Iowa DOT**

### **Welcome and Introductions**

**Mike Steenhoek, Chair**

*Ice-breaker: Are there any new and emerging trends, technologies, etc. in your industry potentially impacting your business? Is there anything we should consider for the next agenda?*

Amanda Martin opened the meeting with a safety briefing. Mike Steenhoek, Chair of the FAC, then led introductions and ice-breaker topics discussed by the group. Each member was asked, "How are new and emerging technologies impacting your business? Is there anything we should consider for the next agenda?" Responses included:

- Mike Steenhoek began with the issue of water this spring. This winter produced heavy snow totals with consecutive days below freezing, preventing any type of thaw and relief. This will most likely provide issues for farming and logistics by impacting gravel roads, rail tracks, etc.
- Mike Steenhoek also added that blockchain technologies and applications may be something for the FAC to examine in the future as it has the potential to have significant impacts on freight movements.
- Kelli O'Brien provided an update on Union Pacific's implementation of Positive Train Control. UP is fully installed but full implementation and interoperability with other railroads isn't ready yet. These need to be fully implemented by 2020.
- Ron White noted that the Mississippi, Ohio, and Tennessee Rivers are already experiencing high water levels which is restricting tow sizes on the Lower Mississippi River. This is projected to be an issue for the next few months.
- Mike Steenhoek stated a current trend impacting agriculture is the trade war with China. The industry is wrestling with future options and next steps if new investments need to be made in supply chains to direct goods to the same place or elsewhere.

Mike Steenhoek then asked members about any impacts to business due to the Government shutdown. Responses included:

- Todd Ashby mentioned that a Build Grant awarded for the Des Moines Transload Facility was delayed.
- Kelli O'Brien noted that there was a minimal impact but future interactions with the FRA and STB could be difficult due to the current backlog of projects.
- Joe Parsons added that some grant processes were delayed but nothing major.
- Todd Phillips stated that the shutdown did cause some confusion among farmers about receiving payments through the Market Facilitation Program. Some payments were delayed but ended up being a minor issue.
- Mike Steenhoek added that the U.S. Army Corps of Engineers weren't impacted as their funding was already approved through a different bill.

**10:20 AM Iowa DOT Updates**

Miscellaneous updates from the Department.

- Electric Vehicle Study
- Other

**Craig Markley  
Matt Chambers  
Iowa DOT**

Matt Chambers presented on the *Report on the Impact of Electric Vehicles on the Road Use Tax Fund (RUTF)*, a study completed by Iowa DOT to estimate the impacts to funding due to high efficiency vehicles. Iowa fuel taxes make up approximately 45 percent of the state RUTF and fuel taxes are declining due to increases in fuel efficiency and growth in the electric vehicle market. The study evaluated electric, hybrid, and hydrogen fuel cell vehicles and included estimated impacts, evaluation of mitigation alternatives, and mitigation recommendations. This report was provided to the Iowa Legislature on December 31, 2018.

Goals established for mitigation strategies included low administrative costs, an equitable solution, no net change to the RUTF, and captures all users. Final recommendations from the study included ultimately implementing a national level mileage-based user fee, and in the meantime, implementing a per kWh fee excise tax, a supplemental registration fee for passenger electric vehicles., and a hydrogen fuel excise tax.

**10:50 AM FAC Member Attendance Expectations**

Overview of member attendance and participation expectations.

**Garrett Pedersen  
Iowa DOT**

**11:00 AM FAC Role & Input**

An overview of how the input provided by members ultimately informs the Iowa Transportation Commission.

**Garrett Pedersen  
Iowa DOT**

Garrett Pedersen updated members on new attendance expectations. An updated Role of the FAC document was provided highlighting that: *Term limits will not apply to general membership; however, if a member or designee is absent three consecutive meetings, barring extenuating circumstances, their membership will be terminated.*

Mr. Pedersen then presented on the process of member input ultimately informing the Iowa Transportation Commission. Essentially, the process includes three steps:

1. FAC advises DOT staff on general freight issues, planning priorities, funding programs, etc.
2. DOT staff develops recommendations for various planning and programming items.
3. Iowa Transportation Commission acts on staff recommendations via the State Long-Range Transportation Plan, Grant Programs, and the Five-Year Program.

An overview of input utilized thus far was followed by a discussion of what effective input from the FAC should look like. Responses included:

- Sean Litteral stated greater effort could be put to reporting on the status of efforts, solutions, and other things that the FAC provides input on.
- Mike Steenhoek mentioned that more could be done on educating the public about the importance of raising the fuel tax and specifically how new revenue is being used. One of the reasons the public

resists fuel tax increases is because they feel like they're giving up a tangible cost for an intangible benefit.

- Multiple attendees supported the idea of sending press releases to local news sources to promote the completion and benefits of projects.

**11:30 AM Des Moines Transload Facility**

An update on the proposed new transload facility in Des Moines that just received a BUILD grant.

**Todd Ashby**

**Des Moines Area MPO**

Todd Ashby provided an update on the new transload facility being planned in Des Moines. This facility received a BUILD Grant for this effort and, if it comes to fruition, shipping costs from the area are estimated to decrease by 25 percent. Next steps include acquiring operators to build and manage the facility. Mr. Ashby also gave an update on the future of the containerlocator.com system.

**11:45 PM Lunch**

**12:30 PM Shippers Panel**

Presentations and discussion relating to current or future transportation challenges that Iowa shippers would like the Iowa DOT to address and the FAC to examine.

**Mike Steenhoek**

**Soy Transportation Coalition**

- Todd Phillips, Heartland Co-op.
- Kevin Gass, PDI

FAC Chair Mike Steenhoek facilitated a panel consisting of two major Iowa shippers – Todd Phillips with Heartland Cooperative and Kevin Gass with PDI. Each was given time to provide an overview of their company and related supply chains.

Mr. Phillips began by providing information on Heartland Cooperative, a company based in West Des Moines. Heartland owns 65 elevators, including 12 rail-loading locations. A new rail-loading facility was built in Fairfield and they operate a barge facility in Weaver to diversify access to different modes and geographies. Statistics were also provided on competitor rankings, sales, shipments by commodity, and shipments by mode.

Mr. Gass provided information on PDI, a subsidiary of Hy-Vee providing full-line delivery for Hy-Vee Food Stores. PDI has 700 employees operating in eight surrounding states with 122 tractors and 235 reefer trailers. PDI's new distribution center in Ankeny includes 120 acres, 450,000 square feet of warehousing space, and handles fresh commodities such as dairy, baked goods, produce, etc.

Mr. Steenhoek then facilitated a question and answer session with the following being addressed:

If you had the ability to remove one transportation issue, what would it be?

- Mr. Phillips stated that it is difficult for cooperatives to keep up with major swings in freight costs from the Class I railroads, which can be due to factors outside the railroad company's control. These swings make it difficult for shippers, receivers, exporters, etc.
- Mr. Gass stated that a challenge PDI and other trucking companies deal with is detention times at terminals as drivers can use up to six hours waiting for loads, time that counts against their hours of service.

Fluidity of operations is heavily dependent on weather conditions. If you are experiencing adverse weather that will impact receiving and delivering, do you have the resources you need to make to make appropriate decisions?

- Mr. Gass complimented the Iowa 511 app, including the road conditions, plow locations, and camera portions. This tool provides everything they need to make decisions.
- Mr. Phillips stated that Heartland utilizes weather forecasts and the Iowa 511 app to determine working hours for drivers and facilities. Sometimes it is necessary to work weekends and take days off during the week depending on weather and road conditions to utilize the most appropriate time to ship.

Is the truck driver shortage an issue for your company?

- Mr. Phillips explained that finding drivers is a big challenge for Heartland, especially in rural areas. The company is required to compete for labor and raise compensation. In addition, most farmers own their own trucks now.
- Mr. Gass noted that PDI employs many college students in their warehouse, so they can recruit drivers from within.

What would lowering the truck driving age to 18 do for the driver shortage?

- Mr. Gass explained that lowering the driving age would help tremendously by allowing companies to recruit drivers straight out of high school rather than three years later when most have a career path established.

Do you have any thoughts on block chain technologies?

- Mr. Gass stated that they may be able to allow for different tracking of commodities to meet developing demands like consumer desire to know where food comes from.

Do you have a forecast for the implementation of automated trucks?

- Mr. Gass noted that automated trucking will happen eventually. However, some human interaction will be necessary to maneuver vehicles to final destinations.
- Mr. Phillips added that automation would help with the labor issue and would be more beneficial for the environment if expanded beyond trucking to more farming practices.

**Adjourn**

**2019 meetings:** June 7, September 6, December 13