

37th meeting of the
IOWA FREIGHT ADVISORY COUNCIL

June 17, 2022
 10:00 AM to 2:00 PM
 Courtyard by Marriot
 2405 SE Creekview Dr, Ankeny, IA 50021

Members

	Gabe Claypool, Des Moines Industrial	x	Dan Sabin, Iowa Northern Rail.
x	Tom Determann, Clinton Regional Development		Jody Sandy, Hy-Vee
x	Greg Dickinson, Ten D/Merchants Distribution	x	Mike Steenhoek, Soy Transportation Coalition
	Doug Martin, Amazon	x	Reilly Vaughan, Agribusiness Assoc. of Iowa
	Allison Meiners, IMTA	x	Marty Wadle, Ruan Transportation
x	Bob Rafferty for Delia Moon-Meier, Iowa 80	x	Jillian Walsh, Traverro
	James Niffenegger, Landus Cooperative		Ron White, Artco Fleeting Service
	Kelli O'Brien, Union Pacific Railroad		Tim Woods, Woods Development
	Joe Parsons, Iowa Interstate Railroad		

Ex-Officio Members

x	Zhi Chen for Todd Ashby, Des Moines Area MPO		Shirley McGuire, FMCSA
	Andrew Goodall for Col. Jesse Curry, USACE	x	Mike Norris, Southeast Iowa RPC
	Mike Hadley, Keokuk County	x	Paul Ovrom, IDALS
x	Michael Kober, Iowa DPS	x	Joseph Rude, Iowa Economic Dev. Authority
x	Sean Litteral, FHWA Iowa Division		Louis Vander Streek, Iowa Utilities Board
	Scott Marler, Iowa DOT		Jennifer Wright, Iowa DNR
x	Tim Marshall, FHWA Iowa Division		

Iowa DOT

x	Stu Anderson	x	Amanda Martin
	Zac Bitting		Tammy Nicholson
	Mikel Derby		Garrett Pedersen
	Brenda Freshour-Johnston	x	Charlie Purcell
	Melissa Gillett	x	Tom Bruun for Ryan Ridout
x	Sam Hiscocks		Adam Shell
x	Maria Hobbs		Jeff von Brown
	Alex Jansen		Andrea White
	Troy Jerman	x	Caleb Whitehouse
	David Lorenzen		Lee Wilkinson
x	Craig Markley		

Guests

x	Micah Loesch, FHWA Iowa Division		
x	Andy Cummings, Canadian Pacific Railway		
x	Coralie Voss, Kent Corporation		
x	Matt Conard, Kent Corporation		

Meeting input objectives

1. Provide feedback on current Iowa DOT freight activities.
2. Discuss potential impacts to Iowa freight from current global surface transportation events and transportation system improvements that could be done in Iowa to mitigate these impacts.

10:00 AM Safety Briefing

Amanda Martin
Iowa DOT

Welcome & Introductions

Ice breaker: Provide any comments, updates, notable items, etc. related to your business since the last meeting.

Mike Steenhoek,
Chair
Soy Transportation
Coalition

Amanda Martin welcomed members to the FAC meeting. Martin designated Sam Hiscocks as the 911 caller and Caleb Whitehouse as his backup. Martin also pointed out emergency exits, fire alarms, and weather shelters.

Mike Steenhoek began introductions with Hiscocks working around the table. Steenhoek introduced Marty (Ruan) to the FAC and allowed him to introduce himself.

- Been at Ruan 26 years, ISU Graduate, ISU supply chain forum
- Talked about Ruan's struggle with driver shortages/retention; Ruan is adding more drivers per month than they are losing

Steenhoek also introduced Bob Rafferty from Truck Stops of Iowa who is filling in for Delia Moon-Meier of the Iowa 80 Group.

10:30 AM Iowa DOT Updates

General update from the Department, including the Iowa State University Supply Chain Forum, the impact of inflation on construction projects, and other notable items. A status update for the Linking Iowa's Freight Transportation System (LIFTS) and Rail Revolving Loan and Grant (RRLG) funding programs will also be provided.

Stu Anderson and
Amanda Martin
Iowa DOT

Stu Anderson updated the FAC on the activities of the Iowa Transportation Commission and the implementation of Infrastructure Investment and Jobs Act (IIJA) infrastructure bill. The Commission has programmed several projects around I-380 in Cedar Rapids and Iowa City, as well as other surface transportation programs authorized from FY 2022 to FY 2026. Discussion surrounding IIJA has focused on receiving guidance from the federal government and determining how to allocate funds amongst the Iowa DOT, cities, counties, MPOs, and RPAs.

The new federal *National Electric Vehicle Infrastructure* program is allocated \$51 million over FFY 2022-2026 or approximately \$10.3 million each year. Funding must initially be used to put in fast-charging stations along the interstate system no more than 50-miles apart. This is anticipated to take two years after which time the Iowa DOT will look at further expanding the EV charging network to the non-interstate system. Charging stations will likely be at convenience stores or gas stations and not on Iowa DOT property or rest areas (for more info, visit <https://iowadot.gov/iowaevplan>).

2023-2027 Iowa Five-Year Program: This document was approved by the Iowa Transportation Commission on June 14th and includes the next five years of Iowa DOT highway and bridge projects.

Construction Cost Inflation: There has been a significant spike in the Construction Price Index due to inflation, which will impact the letting of projects. According to the producer price index (PPI) diesel fuel has increased by 237% between April 2020 and February 2022. Other construction products have increased in price over the same period.

Steenhoek asked if the federal government is going to provide any “latitude” on when IIJA money can be spent to avoid further inflation. Anderson said there is not pressure to program funds immediately, but there are incentives to states that fully obligate their funds, such as additional federal aid.

10:40

Amanda Martin gave an overview of the Linking Iowa’s Freight Transportation Systems (LIFTS) program and notified the FAC that applications are due July 18th. Martin also notified the FAC of the Railroad Revolving Loan and Grant (RRLG) program having the same application window.

Steenhoek asked Martin if the Iowa DOT is getting good applications for LIFTS or the RRLG program and asked Martin to give an example of a good LIFTS project.

Martin said that LIFTS is a tricky program that has “Buy America” provisions that are difficult to track. Craig Markley (Iowa DOT) gave an example of the challenges of the “Buy America” provisions. Markley said the easiest projects use materials that the Iowa DOT is familiar with like concrete rebar and railroad track. Steenhoek asked if the “Buy America” provisions increase the costs of projects. Markley said no for materials typically used by the Iowa DOT, but for other building materials that the Iowa DOT doesn’t have experience with it will most certainly increase the cost of a project.

Anderson said the Iowa DOT recommended against providing additional funding for the LIFTS program above and beyond what has been provided in the past because of these challenges. Markley also gave the example of a mooring cell as a project that would be a good LIFTS project because of the materials used.

Steenhoek asked Markley and Anderson for updates on the mooring cell project at Lock & Dam 14 and notes the difficulty of giving funds to the U.S. Army Corps of Engineers. Markley said the US Army Corps of Engineers is close to finalizing their contributed funds agreement and then they are hopeful the agreement will provide a path forward for other states to provide funds for similar projects.

Wrapping up, Steenhoek asked whether IIJA prioritizes projects that add lane miles or rather to maintain existing infrastructure. Anderson said the Iowa DOT is seeking to use IIJA funds to maintain existing infrastructure, and the federal government has only provided encouragement for maintenance (over expansion) and no specific guidance or regulations. Tim Marshall (FHWA) concurred with Anderson.

11:00 AM Canadian Pacific-Kansas City Southern Railroad merger **Andy Cummings**
Overview of the upcoming CP-KCS merger and anticipated impacts to **Canadian Pacific**
global freight movement.

Andy Cummings works in the Public Affairs Office at Canadian Pacific. Currently, CP owns KCS in trust while the Surface Transportation Board (STB) approves the merger. CP hopes to have approval from STB by February of 2023.

The merger will create the first U.S.-Mexico-Canada rail network. CP primarily moves grain from Saskatchewan and Western Canada to Chicago. Most U.S. business is in Minnesota and North Dakota, but

some business in Iowa. This merger would allow shippers to use a single railroad instead of switching between multiple railroads.

KCS operates a third of Mexico's rail under a concession agreement, which is a long-term agreement between the railroad and the Mexican government to operate along their rail lines.

The merger could remove 64,000 trucks from the highway system that are currently moving commodities like automotive parts between the U.S. and Mexico or Canada.

Steenhoek asked if CP will invest more into the track infrastructure between Kansas City and the Twin Cities. Cummings said that they do have a three-year plan for future investments, including \$275 million in sidings for new sidings, centralized traffic control, and yard and terminal improvements in Iowa between Kansas City, Chicago and the Twin Cities.

Cummings was asked if the proposed investments will also address the negative impacts to communities that will result from increased traffic. He said the STB will order CP to address concerns through an environmental impact statement. Additionally, the STB has ordered CP to work proactively with impacted communities to address future impacts. CP has proposed to the STB that CP give money to impacted communities to address impacts and then the communities will be removed from the EIS process.

Steenhoek asked what the STB process is like. Cummings said that it is an ongoing deliberation between CP-KCS and the STB. The merger is still in the argumentative phase and there is talk of conducting public hearings.

Steenhoek asked what the Iowa DOTs engagement is in the merger process. Martin said that Iowa DOT staff are working with CP staff.

12:00 PM Lunch

12:45 PM Impact of Supply Chain Disruptions

Discussion of how the Iowa and global supply chain systems have been impacted by recent disruptions (war in Ukraine, COVID-19 pandemic, etc.) and future implications or long-term impacts this could have.

**Coralie Voss and
Matt Conrad
Kent Corporation**

Coralie Voss and Matt Conrad discussed ongoing supply chain disruptions and the impacts being felt in Iowa and abroad. Voss discussed supply chain issues followed by Conrad covering logistics challenges.

Ukraine's Global commodity impact: The ongoing war in Ukraine is the largest commodity shock since the 1970s resulting in major disruptions and price increases for grain, fertilizers, and oil. These impacts will likely carry over to 2023.

COVID-19 Pandemic impact: Major impacts of the global pandemic included loss of agility, labor constraints, unknown future supply allocations, freight service level gaps, buyer behavior changes, companies use of cash to secure supply, warehouse programs, price inflation, suppliers extend lead-times, and supply/demand imbalance. Inventories have not returned to pre-pandemic levels. The rising costs of lumber has also forced Kent Corporation to implement surcharges for pallets used to ship products.

Labor challenges: There are currently two job openings for every person seeking a job. Kent Corporation believes that monetary compensation is no longer enough for workers, and must make other concessions related to work-from-home, paid-time-off, etc.

Energy Impact: The energy supply chain has experienced significant disruptions leading to the delay and suspension of planned coal power plant closures. These facilities will likely be needed to offset demand and avoid blackouts until the supply chain recovers. The U.S. is also leaving the “shale era” and will have less excess supply of natural gas.

Logistics Update: Shippers need as much lead time as possible to mitigate supply shocks.

The meeting was adjourned at 1:50 PM.

Future meetings:

- September 16, 2022
- December 16, 2022