

44<sup>th</sup> meeting of the

# IOWA FREIGHT ADVISORY COUNCIL

March 8, 2024  
 10:00 AM to 2:00 PM  
 Gateway Hotel & Conference Center  
 2100 Green Hills Drive, Ames, IA 50014

## Members

X	Mike Steenhoek (Chair), Soy Transportation Coalition		Jillian Walsh (Vice Chair), Traverro
X	Gabe Claypool, Des Moines Industrial	X	Greg Dickinson, Ten D, Inc. Companies
X	Jackson Doud, Iowa Farm Bureau	X	Amy Homan, Iowa Northern Railroad
	Matthew Leyser, John Deere Des Moines Works	X	Larry Lloyd, CPKC Railroad
	Doug Martin, Amazon DSM5	X	Joe McConnell, Perishable Distributors of Iowa
	Allison Meiners, Iowa Motor Truck Association		Delia Moon-Meier, Truckstops of Iowa
	James Niffenegger, Landus Cooperative	X	Kelli O'Brien, Union Pacific Railroad
	Joe Parsons, Iowa Interstate Railroad	X	Ty Rosburg, Rosburg Livestock
X	Peter Skosey, BNSF Railway	X	Jessica Sprung, Sukup Manufacturing
X	Marty Wadle, Ruan Transportation		Mark White, Smith Fertilizer and Grain
X	Ron White, Artco Fleeting Service		

## Ex-Officio Members

	Tom Bruun, Iowa DPS, Iowa State Patrol	X	Zhi Chen, DMAMPO
	Colonel Jesse Curry, USACE, Rock Island District	X	Jennifer Wright for Amie Davidson, Iowa DNR, Land Quality Bureau
	Andrew Goodall, USACE, Rock Island District	X	Mike Hadley, Keokuk County Board of Supervisors
X	Mike Harrington, IDALS	X	Nicole Oneyear for Sean Litteral, FHWA, Iowa Division
	Scott Marler, Iowa Department of Transportation		Shirley McGuire, FMCSA
	Tim Marshall, FHWA, Iowa Division		Mike Norris, SEIRPC
	Joseph Rude, Iowa Economic Development Authority	X	Sadi Reimann for Louis Vander Streek, Iowa Utilities Board

## Iowa Department of Transportation

X	Zahrah Alghalibi	X	Stu Anderson
	Jeff von Brown		Mikel Derby
	Brenda Freshour-Johnston		Melissa Gillett
X	Jim Glaspie	X	Sam Hiscocks
X	Maria Hobbs	X	Alex Jansen
	Renee Jerman		Troy Jerman
	David Lorenzen	X	Amanda Martin
X	Tammy Nicholson	X	Garrett Pedersen
X	Charlie Purcell	X	Spencer Thompson
	Andrea White	X	Caleb Whitehouse
	Lee Wilkinson		

## Guests

X	Dr. William Rose, Iowa State University	X	Dr. Jonathan Phares, Iowa State University
X	Jeffrey Price, Canadian National Railway	X	Kevin Beichley, Iowa DOT

## Meeting input objectives

1. Provide questions and comments related to the state legislative session and IJIA implementation.
2. Provide questions and comments on recent Iowa State University research.
3. Discuss the conditions of the Panama Canal and the state of global trade.
4. Give input to DOT on the development of the State Rail Plan.

### 10:00 AM Safety Briefing

**Amanda Martin**  
**Iowa DOT**

Martin designates Whitehouse to call 911 in case of emergency and Hobbs as his backup. Martin also points out the emergency exits, fire alarms, fire extinguishers, severe weather shelter, evacuation routes, meeting place, and tripping hazards.

#### **Welcome & Introductions**

*Ice breaker: Provide any comments, updates, notable items, etc.*

**Mike Steenhoek, Chair**  
**Soy Transportation**  
**Coalition**

Steenhoek prompts Ron White to update the group on the status of the Mississippi River. White says that the conditions are pretty good thanks to rainfall in the Ohio River valley. Steenhoek says while the bulk of inland waterway traffic occurs in the fall, there are movements of fertilizer that occur in the spring.

Nicholson says that because of construction, the Iowa 9 Bridge in Lansing is closed. The Iowa DOT is looking into providing vanpool services as well as water taxi services between Wisconsin and Iowa for travelers that would've used the bridge. Steenhoek asks how the issue was detected. Nicholson says it was detected during the construction of the new bridge. It will likely be at least two months before the bridge is back opened.

### 10:15 AM Iowa DOT Update

**Stu Anderson**  
**Iowa DOT**

General update from the Department, including the 2024 legislative session and continued implementation of the Infrastructure Investment and Jobs Act (IIJA).

Anderson begins his presentation by showing the new Iowa DOT logo. This rebranding was done in conjunction with other state agencies.

Iowa DOT has submitted four bills to the Iowa legislature. All four are relatively minor and uncontroversial. All have passed through the house and are waiting on action by the senate. These include:

- Minimum Value Threshold for Vehicles Requiring a Bond
- Remove Sensitive Information from Printed Vehicle Title
- Right of Way Streamlining – Appraisal Waivers for Small Areas of Land for Disposal
- Streamlining of Road Use Tax Fund Reporting Requirements

The Iowa DOT is also requesting funding for modal programs including an additional \$1.5 million of Railroad Revolving Loan and Grant program funding.

The Governor has appointed Bill Anderson and Mary Groenan to the Iowa Transportation Commission to replace two other commissioners whose terms have expired.

Fiscal year 2024 Road Use Tax Fund revenues are \$33.1 million above forecasts. This shows that inflation has moderated relative to last year. The federal government is operating under their fourth continuing resolution to fund the government, and it is funded through today (March 8<sup>th</sup>), but congress will likely extend that to September 2024.

The 2025-2029 Highway Program is under development and will be approved in June by the Transportation Commission. It will include no new sources of revenue, but existing sources are adequate. Three of the five years included in the program are beyond the life of the current infrastructure bill, and the program forecasts flat federal funding.

Steenhoek says that because there are no assurances that the infrastructure bill will continue beyond five years (after its passage), states must make assumptions on what the federal government will provide. If it's not extended, funding will revert to pre-IIJA (pre-2021) levels.

Steenhoek asks what the main source of increased revenue is. Anderson says it is new vehicle purchases. Because RUTF revenue is based on the price, it is effectively indexed with inflation. The Iowa DOT is surprised at the consistent demand despite high prices. The RUTF is also funded by fuel taxes and per kilowatt-hour electric vehicle charging fees for out-of-home electric vehicle charging.

Alex Jansen adds that electric commercial vehicles would also be subject to the per kilowatt-hour tax, but he's unsure if such a charging location exists.

Ty Rosburg asks if the Secondary Road Fund Distribution Committee will be dissolved as part of the Governor's effort to reduce boards and commissions. Anderson says that the role of that group might be incorporated into the duties and responsibilities of the Transportation Commission. If that were to happen, the distribution would likely still exist and make recommendations to the commission.

#### **CN-IANR Acquisition**

**Maria Hobbs**  
**Iowa DOT**

Presentation on how FAC members can provide comment to the STB on CN's Acquisition of Iowa Northern Railroad.

On December 6<sup>th</sup>, 2023, CN announced its plans to acquire Iowa Northern Railway. The decision to approve the acquisition will be made by the Surface Transportation Board. STB has filed this acquisition as a minor acquisition and approved the proposed timeline.

A website was created to provide information on the merger, and the filing can be found on the STB website under docket code FD-36744.

No changes in service are expected because of the merger. Rail traffic will not increase more than one train per day on each segment. Public comment is open through April 1<sup>st</sup> and a formal decision is anticipated in July.

Dr. Phares asks if this acquisition will have any impact on rail service in the state. Price says that the aim of the acquisition is to grow rail service.

Steenhoek asks how the merger will impact jobs at IANR. Homan says that current employees are guaranteed a position for the next 18 months. CN has also committed to offer IANR employees a position at CN, but the exact position might be different.

Steenhoek asks what made the acquisition attractive for CN. Homan says that the services that IANR provides to the agricultural industry in their region, and specifically their locations near Manly, IA.

Steenhoek turns to the railroad representatives in the room to share their biggest sources of heartache and heartbreak. Lloyd says CPKC has completed several projects that they committed to as part of their merger. He hasn't done the math, but he would guess that those projects have been over \$100 million of total investment in the state. Steenhoek asks Lloyd what he is most nervous about. Lloyd says they are nervous about a global recession of freight traffic.

O'Brien says that UP has been working with Iowa DOT and the City of Boone on closing crossings and other investments in Boone. These investments are intended to move freight more fluidly and keep trains from blocking crossings. There have been some other items in their intermodal service to St. Paul. O'Brien also says that accidents involving distracted drivers and freight trains have been a source of heartbreak.

Skosey says that mainline traffic accidents have declined 42 percent and hazmat accidents have declined 75 percent. However, crossing accidents haven't budged.

Price says that CN has seen similar things as the other railroads. He says that many incidents are in urban areas and involve drivers not respecting crossing gates.

**10:45 AM    Important issues in the US trucking labor market**

**Dr. Jonathan Phares  
Ivy College of Business**

Dr. Phares introduces himself to the group as a faculty member at the Iowa State University Ivy College of Business' Supply Chain Department. Phares says that he worked at Walmart before becoming a professor and has experienced issues surrounding labor. His research focuses on four main labor issues.

Phares says that wages have always been a top issue for drivers influencing turnover. He says that one of the big challenges facing the driver labor market is that the "class" of employees drawn to trucking can also flex between other industries such as manufacturing, construction, and retail. Therefore, employers must also compete for labor across industries, and driver wages must grow alongside those other industries. Truck drivers tend to be the most responsive to wage changes in other industries and can more quickly move to other jobs in search of higher wages.

Phares has also found that a fixed amount of truck driver employment is not ever created or destroyed, it just moves between carriers as they expand or contract. He found that a lot of new job creation and destruction occurs in very young (less than 4 years) carriers. New carrier fleets have also been declining in size since 2000.

Phares also studies trucking employment tied to demand-generating industries, meaning that the supply of truck drivers will follow demand for truck drivers. His research has found that trucking declines steepest in states with steepest post-COVID manufacturing declines. Phares also found that when freight rates were high, larger carriers delayed hiring drivers (and thus adding shipping capacity) to capitalize on the higher rates. Trucking rebounded the strongest in states with strong port activity and manufacturing that recovered to pre-pandemic levels.

Despite some states legalizing marijuana, the FMCSA still bars drivers from using. Over one year, 60,596 drivers were reported to the Drug and Alcohol Clearinghouse, and thus disqualifying them from driving. The tests detect marijuana usage over the last 2-4 weeks upon using and is not an indication of whether a driver is currently high. So, the FMCSA is incapable of distinguishing between someone operating a CMV while high and someone using marijuana on their downtime. There are some tests in development that would be able to tell if a driver is actively high versus a recreational user who is not under the influence of marijuana.

Additionally, marijuana use and operation of CMVs do not correlate behaviorally (marijuana use usually occurs at home and thus users are not likely to be behind the wheel), and when users drive, they tend to be safer (they are likely more alert out of paranoia). States that legalized marijuana use saw no increase or a slight decline in heavy vehicle crashes after the drug was made legal.

Wadle says that because driving is a secondary career and drivers can't travel across state lines until they are 21, it influences the elasticity of drivers because they may have better opportunities in other sectors until they are 21. Phares says that in addition to the lag between young people requiring employment at 18 and being able to drive interstate at 21, the trucking market also faces stigmatic issues.

Rosburg expands on Wadle's comments and says that the pool of truck drivers moving livestock has decreased as well. He also says that there isn't a good education system that does more than teach a driver how to pass their CDL test.

White asks where Phares thinks the trend of positive drug tests for marijuana would go if tests would be able to show if a driver is under the influence upon taking the test. Phares says that the trend will likely go down, but there are regulatory hurdles that prevent saliva tests from being adopted by the clearinghouse.

Whitehouse asks if in Phares research of truck driver elasticity showed any overlap in labor pools between trucking and agriculture. Phares said that because the research was conducted at a nationwide level, he didn't see anything in their research, but that might be the case in states with a larger agricultural base.

**11:15 AM Panama Canal: Enough to Make You Dangerous**  
Overview of the history of the Panama Canal, as well as the current conditions of the waterway and global trade.

**Mike Steenhoek, Chair  
Soy Transportation  
Coalition**

Steenhoek begins his presentation by giving an overview of the nation of Panama. The first discussion of building a passageway was in 1534. Panama was a territory of Columbia until 1903. Serious discussion of creating a canal didn't begin until 1849 during the California gold rush. The easiest path to California from the east coast was to sail to Panama and cross overland and sail to the west coast.

The Panama Canal railway was created in 1855 and became (technically) the first continental railway by the United States. The United States originally preferred a canal through Nicaragua, where the political climate was less volatile and the amount of construction was relatively similar.

Desire to build a canal by America began when Teddy Roosevelt was pushing to increase the size of the US Navy. After the Spanish-American war, the US needed to provide naval security for its

new Pacific territories. Roosevelt backed Panamanian separatists to break Panama away from Colombia.

US purchased French assets, concessions, and the railroad for \$40 million. The Panama Canal Zone was then established, which was a 10-mile wide, 40-mile-long territory of sovereign US land.

The Panama Canal was completed the August 15, 1914, the same day World War 1 started. After protests, the Panama Canal was returned to the people of Panama in 1999. This was after years of transition beginning in 1977. The Canal was then expanded to accommodate the new-Panamax size of ship.

Currently, drought conditions in Panama are inhibiting the access to freshwater, which is used to operate the locks. Every transit through the canal expels freshwater into the oceans equivalent to the daily usage of water by the city of Minneapolis. To preserve water, they are limiting transits per day from 36 to 24. Additionally, the types of freight who are choosing to divert depend on their reliability and the value of the freight.

Because of this bottleneck, American freight moving to Asia must travel either around the Cape of Good Hope (15,637 miles) or through the Suez Canal and the Bab el-Mandeb Strait on the Arabian Peninsula. Attacks from the Houthi terrorist brigades have made traversing the straight much riskier, if not impossible.

Because of these issues, the usage of the inland waterways in the United States is likely to be diminished purely because of the railroads' ability to access Asian market via the west coast.

Rosburg asks if there is any concern with the use of the Cape of Good Hope because of South Africa's alignment with BRICS countries. Steenhoek says that is probably not likely because shipping traffic is not as constrained.

**12:00 PM Break**

Take a break, grab your boxed lunch, and return for a working lunch.

**12:15 PM Rail Plan Engagement Exercise**

**Maria Hobbs  
Caleb Whitehouse**

FAC members were asked to provide input for the State Rail Plan by placing dots on a map of Iowa according to prompts given by facilitators. Results of this exercise will be in the Appendix of the State Rail Plan.

**1:00 PM "Urban Logistics: Incorporating citizens into logistics strategy and operations."**

**Dr. William Rose  
Ivy College of Business**

Dr. Rose begins with an overview of urban logistics and consumer expectations. Delivery vehicles add to congestion and have their own needs for operations and infrastructure. Cities have tried to segregate freight movements to minimize disruptions to no avail. Rose has done research into crowdsourcing deliveries, light electric delivery vehicles, and parcel lockers.

There are a lot of benefits to parcel lockers. A driver can make many deliveries simultaneously instead of going door to door. Parcel lockers are more secure and less prone to theft or damage by weather. Concentrating the delivery point also reduces congestion.

Two big questions: who to target and where to put the lockers? How do you model a parcel locker network around what the consumer cares about? Some have tried adding a note to the checkout page informing the consumer about the benefits of parcel lockers (to the environment, congestion, etc.).

Rose found that focusing on environmental benefits was effective. People in rural areas were more likely to use parcel lockers if the item was related to work. Urban customers were more likely to use parcel lockers out of enjoyment. Suburban consumers were more likely to use parcel lockers than rural or urban.

Rose asks the group to comment on the interface between product delivery and consumers. PDI says that Hy-Vee has explored parcel lockers and they were most successful when working with businesses such as hospitals.

Wright asks how the CO2 emissions reduction figures are calculated. Wright also says that in their experience, people will tell you what they care about but might not be willing to change their behavior based on it. Rose says that the placement of the parcel lockers might help people change their behavior. If it is in a place that someone is already going, they are more likely to use it.

Nicholson asks if a \$1.00 or \$2.00 discount will help encourage use. Rose said that it isn't enough, and they are trying to find the right price point that still maximizes savings for the shipper/carrier.

Sadi asks if the timing of the delivery influences behavior. Whitehouse asks if delivery time can incentivize behavior changes. Rose says they haven't investigated it, but that is an element of what could drive usage.

Price asks if the size of packages can be a barrier to using parcel lockers. Rose says that barrier can be accommodated by the supplier/shipper.

Wadle mentions off peak deliveries and truck parking. Rose says that he and Dr. Phares have been looking into a truck parking study that would examine illegal parking behaviors.

Wright says that Iowa DNR have given a grant to Goodwill of Iowa to produce boxes onsite to fit the boxes to the item which would reduce the amount of material used.

Rosburg says that based on his experience, no matter the demographic, price is always the most important factor driving behavior. He also says that parcel lockers will not work in every location for every consumer. Rose says that part of his research is examining where to start with parcel lockers.

**1:30 PM Adjourn**

**Future meetings:**

- June 14, 2024 – Ankeny
- September 20, 2024 - TBD
- December 13, 2024 - Ankeny

