



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

RICK SNYDER
GOVERNOR

KIRK T. STEUDLE
DIRECTOR

Commission for Logistics & Supply Collaboration
FINAL Meeting Minutes
February 8, 2018

Members Present:

Tim Hoeffner *for Kirk Steudle*
Peter Anastor *for Gordon Wenk*
Robert Boehm (*Andrew Vermeesch filled in as rep for Michigan Farm Bureau*)
Les Brand, *via phone*
Matthew Chasnis *for Jeff Mason*
Roger Huff *via phone*
Dr. Pasi Lautala
Fred Schlemmer
Janice Walsh *via phone*

Members Absent:

Dr. David Closs

The meeting was called to order at around 9:15 a.m.

Tim Hoeffner, Michigan Department of Transportation (MDOT) Office of Rail Director welcomed Commissioners for the Logistics & Supply Chain Collaboration (LSC), the Eastern Upper Peninsula Regional Planning & Development Commission (EUPRDC), guests, and staff. He noted there would be a Public Comment period at the end of the meeting. Draft minutes from November 2, 2017 were approved with no changes.

Major Project Updates

Matthew Chasnis of Michigan Economic Development Corporation (MEDC) mentioned that his workforce development responsibilities have been moved outside of his work area. Matt provided the LSC commission with updates on other MEDC projects.

- Detroit and Grand Rapids did not make the short list for AMAZON investment in Michigan. The headquarters was to house 50,000 employees and involved \$5B of investment. Talent was a major consideration.
- Michigan was not chosen for Toyota-Mazda that would have employed 4,000 employees and involved \$1.6B of investments. The site that was chosen is in Huntsville, Alabama.

Decision to choose Alabama was based on proximity to the facility's supply chain and existing Toyota and Mazda plants.

Governor's Port Advisory Committee

Matt also provided updates on Governor's Port Advisory Committee. Customs continues to be a large hurdle when containers come into Michigan. Ports are looking for additional funding sources to support general operations and maintenance and one topic of discussion was the gas tax. The Port Advisory Committee would like ballast water legislation to mirror federal requirements instead of a separate state legislation. Any forward progress on the work regarding the Poe Lock hinges on updated costs to benefit ratio from the Corps of Engineers. The Port Advisory Committee is also raising political awareness for current and future issues. Icebreaker funds were approved for engineering.

State Long Range Transportation Plan

Brad Sharlow, MDOT's Project Manager for the State Long Range Transportation Plan provided the LSC commission with an overview of next steps for the plan update. Brad mentioned that MDOT recently closed the Request for Proposal (RFP) for the update of this plan, and for the first time ever will integrate the State Long Range Plan, the State Freight Plan, and the State Rail Plan. Michigan will be the first state in the nation to achieve this level of integration in a Long-Range Transportation Plan. More involvement from the commission will occur throughout the plan development process. Fred Schlemmer volunteered to serve on the high level "stakeholder group" for the Long-Range Plan.

EUPRPDC Logistics Study

EUPRPDC are in the midst of developing a Regional Transportation Logistics Strategy and have hired Robert Gollnik, Cambridge Systematics and Lois Yates, Global Logistics Development to assist them in this regard. Both provided an overview of the study, discussed the project and the strategic directions being explored. The Logistics Study will soon kick off with its RFP posting.

Upper Peninsula Logging Study

Dr. Lautala, Associate Professor, Department of Civil and Environmental Engineering and Director of Michigan Tech Transportation Institute provided a presentation to the LSC commission on the Upper Peninsula (UP) Logging Study. Highlights are:

- Concern on the sustainability of the current transportation model for log movements (especially for pulp logs) in the region.
- Preserve the potential of using rail transportation as an alternative for log trucks.
 - Challenges: Rates, equipment age, availability, and service.
 - Limited tangible benefits from a decade of discussions.

- Most discussions based on anecdotal evidence, or “spot” analysis of specific lanes.
- Develop spatial model for the modal splits of log movements for existing infrastructure.
- Identify “non-log” movements into/out of the region by forest products/other industries.

I-95 Corridor Study: Analyzing Performance of Supply Chains

Elisha DeFrain, Transportation Planner, Asset Management and Policy Division provided an overview of a study being conducted by the Federal Highway Administration, the I-95 Corridor Coalition and a consultant team to measure the performance of supply chains serving major industries across the nation. The project team is seeking the perspectives of private industry on the end-to-end performance of an individual freight trip or shipment moving across multiple modes and jurisdictions. Elisha is collecting names of individuals on the LSC commission willing to share their contact information with this team for purpose of providing input on supply chain performance.

State Legislative Updates

Troy Hagon, Government Affairs Liaison at MDOT reported that on February 7, 2018, Governor Snyder along with Lt. Governor Calley and incoming State Budget Director John Walsh, outlined Fiscal Year 2019 executive budget to a joint session of the House and Senate Appropriations Committees. The total budget includes \$56.8 billion, which is an increase of 0.6 percent from the previous year. In 2015, the Governor signed a \$1.2 billion road funding package to address the state’s crumbling infrastructure and provide a long-term solution for the state. This budget recommendation supports the road funding and further invests in the repair of Michigan roads.

- A total of \$150 million to support the required deposit to the road funding package.
- An accelerated commitment to the road funding package of \$175 million from the state’s general fund for a total of \$325 million. This matches the investment required for 2020.
- Combined with over \$600 million in new revenue generated by the 2015 package, the required deposit of \$150 million, and the accelerated commitment of \$175 million, increased resources approach nearly \$1 billion for maintaining and improving Michigan’s transportation infrastructure.
- Up to a \$50 investment per high school student enrolled in a career technical training program also is included.
- University funding will see a 2-percent increase in the FY 2019 budget recommendation to provide students with more access to higher education opportunities.

- To address the extensive water infrastructure needs across the state, a Water Infrastructure Investment of \$110 million will fund integrated asset management, grant and loan funds for water and sewer infrastructure, and start a fund for water and sewer emergencies. The phased in maximum cost is just \$5 per person each year for water systems of 1,000 users or more.
- A \$20 million investment in statewide broadband access will help Michiganders in all corners of the state access fast and reliable internet services. This will strengthen the state's position in the 21st century and beyond.

Federal Policy Updates

Polly Kent, Administrator, Asset Management and Policy Division provided the LSC commission with federal policy updates including the Trump administration's infrastructure proposal which would provide \$200 billion in direct federal investment. It is anticipated that investment would generate at least \$1.5 trillion in total infrastructure investment over the next decade.

- Half of the new infrastructure funds, \$100 billion, would go towards incentivizing new state and local investments in infrastructure, providing 20% federal funding to be matched by 80% from non-federal sources.
- The President's plan would address the infrastructure needs of rural America by dedicating \$50 billion, most of which would be distributed by formula to state governors.
- Remaining funds would be used to expand infrastructure financing options and address other infrastructure needs.

Open Discussion Topics

- Next LSC meeting will be an on-site tour at the Meijer Distribution Center here in Lansing on Thursday, May 10, 2018. Tim thanked Dr. Closs for working with our team in getting this meeting scheduled.
- The August 9 meeting will be a joint meeting with the Governor's Port of Advisory Committee. Suggestions on where to host this meeting are as follows:
 - Stone Container (Saginaw)
 - American Center for Mobility (Willow Run)
 - Detroit Air Cargo, Aerotropolis (Detroit Metro)
 - Port of Monroe
 - Medical Supply Chain Logistics
 - Frederick Schlemmer discussed the possibility of having the August 9 meeting at ACM in Ypsilanti followed by a tour of his facility.

No public comments were made.

Meeting was adjourned at 11:00 a.m.