



STATE OF MICHIGAN  
**DEPARTMENT OF TRANSPORTATION**  
LANSING

GRETCHEN WHITMER  
GOVERNOR

PAUL C. AJEGBA  
DIRECTOR

**Commission for Logistics & Supply Chain Collaboration**  
DRAFT MINUTES  
May 19, 2022

LSC Members Present

Peter Anastor for Paul C. Ajegba  
Les Brand  
Bob Metzger for Quintin L. Messer, Jr.  
Fred Schlemmer  
Jamie Zmitko-Somers for Gary McDowell

LSC Members Virtually Present

Dr. David Closs

Members Absent

Dr. Pasi Lautala  
Janie Walsh

The meeting was called to order at 9:00 a.m.

Peter Anastor, Office of Rail Director, Michigan Department of Transportation (MDOT), welcomed members of the Commission for Logistics & Supply Chain Collaboration (LSC) and MDOT support staff. Peter also thanked Steelcase for hosting the meeting and tour, as well as providing refreshments and lunch.

There was no quorum for this meeting so the November 4, 2021, meeting minutes were not approved.

**State Legislative Update**

Mark Polsdofer, Deputy State Transportation Commission and Policy Advisor for MDOT, shared that both chambers for the appropriations bills have passed out of their respective chambers. This has now been put in the Conference Committee where the points of difference will be ironed out. Infrastructure Investment and Jobs Act funds have been blended in with MDOT's traditional budget this cycle to the point where the department has additional projects. The Governor has asked for additional Full-Time Equivalents, primarily to help with the additional workload that comes with the influx of funding.

One of the significant proposals that may be of interest to those in the logistics world was to allocate \$66 million for pump stations and backup generators. This equipment will predominately be placed in the Metro Detroit area where there has been flooding on roadways in recent years due to power outages.

There was also the adoption of bridge bundling to consolidate projects in local areas rather than having separate RFPs for particular jobs. Bundling these similar projects has shown great saving

## **Federal Policy Update**

Eric Mullen, Division Administrator, Asset Management and Policy Division, MDOT, shared the department is heavily involved with competing for numerous discretionary grant opportunities within the Infrastructure Investment and Jobs Act such as Rebuilding American Infrastructure with Sustainability and Equity grants, National Infrastructure Project Assistance Program grants, Infrastructure for Rebuilding American grants, and Rural Surface Transportation grants.

MDOT is also working on Carbon Reduction Program Guidance. This program guidance requires states to develop a carbon reduction strategy by November of 2023. We believe Michigan's plan is close to being finalized.

The United States Department of Transportation plans to make core programs more equitable by ensuring 25 percent of transportation investments go to disadvantage businesses. MDOT continues to push our environmental justice requirement that 25 percent of transportation investments go to disadvantaged businesses.

## **Five-Year Program & MDOT Grand Region Update**

### *Five-Year Program*

Michael Case, Five-Year Transportation Program Specialist, Bureau of Transportation Planning, MDOT, shared the Five-Year Program is a process which combines numerous areas like finance, asset management, policy, and long-range planning.

To start the Five-Year Program there is a planning cycle:

- Vision
  - Goals, objectives, policies, preferred measures, targets
- State and Regional Priorities
  - Programs and mode-specific plans
- Call for Projects
  - Five-Year Program (annually); State Transportation Improvement Program (bi-annual)
- Program Delivery: Monitoring

The Five-Year Program is a state required document that is due to the Legislature by March 1 of each year. This project not only provides the project list for the next five years it provides MDOT the opportunity to review state and federal revenues, impacts of augmented programs, and financial performance gaps affecting the meeting of program goals. The document is typically prepared in a way that is understandable to the public and there is also an opportunity for public comment.

There are four main objectives when looking at the Five-Year Program:

- Review state and federal revenues available to support the trunkline program, as well as the aviation, transit, and rail programs.
- Report on conditions and needs of the trunkline system.
- Provide meaningful input opportunities to the public and other stakeholders on selected investment strategies and projects across all modes.
- Serve as a key internal and external resource supporting successful program delivery.

The Five-Year Program is on a 14-month annual cycle (January to March) that includes revenue estimates, investment strategies, call for projects, document development, stakeholder engagement, and the delivery of the document to the Legislature by March 1.

### *Grand Region Update*

Erick Kind, Region Engineer, Dennis Kent, Region Transportation Planner, and Susan Rozema, Region Associate Engineer – Development, Grand Region, MDOT. The Grand Region is the local component for the call for projects process. Grand Region staff frequently interacts with road commission personnel and work very closely with metropolitan planning organizations.

One of the region's major focus areas is US-13, which is being referred to as the Planning and Environmental Linkages (PEL) Study, has been going on for a number of years.

- Limits: M-11 (28<sup>th</sup> Street) and Wealthy Street
- Highest volume (120,000 vehicles/day) corridor out of Southeast Michigan
- Preparing for when there is funding available to do major preservation work

Some of the needs identified along the US-131 corridor:

- Growing regional traffic volumes and metro area development
- Safety, operations, and congestion issues
- Aging infrastructure requiring rehabilitation and reconstruction
- Interchange operational issues resulting from changing travel and adjacent land use patterns
- Freight transportation bottlenecks and access limitations
- Mobility challenges for non-motorized connections across freeways
- A need for more local street grid connections
- Public transit circulation issues, particularly at Rapid Central Station
- Reliability for emergency vehicles and first responders

The PEL Study will also consider a broader area and the relationship of feasible alternatives to land use, regional connectivity, and other needs from adjacent communities.

Grand Region is adding a new ramp on Eastbound M-21 to Eastbound I-96. The new ramp and weave merge lane is added to the Cascade Road Interchange, finishing touches are to be completed between April and August. A new crossover on M-21 is also being put into place. This will construct a new westbound crossover with a truck turn around.

Other upcoming region construction projects include:

- I-296 Southbound & I-96
  - Bridge rehabilitation
  - Milling and resurfacing
  - May – August
- M-11 (28<sup>th</sup> Street)
  - Two course milling and resurfacing
  - Church Street east to US-131
  - July – October
- I-196 BS (Chicago Drive)
  - Two course mill and resurface
  - Burlingame Avenue east to Clyde Park Avenue
  - April – July
- I-96
  - Two course milling and resurfacing with joint repairs
  - Monroe Avenue to Leonard Street
  - September – October

- Westbound M-6 over Miller Drain
  - Barrier wall replacement and deck overlay
  - August – October
- I-196
  - Weave/merge lane and paver placed surface seal
  - M-11 (Chicago Drive) east to the Grand River/Market
  - April – October
- I-96
  - Reconstruction and bridge rehabilitation
  - Thornapple River Drive east to Whitneyville Avenue
  - April – November
- US-131 at M-179
  - Interchange upgrade to single point urban interchange
  - Resurfacing on US-131 and M-179
  - Lane Closures on US-131 and M-179
  - March 2021 – October 2022

Projects currently in design:

- I-196
  - Bridge replacement
  - I-196 over the Grand River and Market Avenue
  - Begin construction in Fall 2022
- I-96
  - Rebuilding 9 miles of freeway
  - WB/EB from Bliss Road to Sunfield Highway in Ionia County
  - Begin construction in 2024
- US-131
  - Rebuilding 9.6 miles of freeway
  - Northbound/Southbound from Allegan/Kent County line north to 76<sup>th</sup> Street
  - Begin construction in 2024

### **Steelcase Presentation**

David Radle, Manager, NA International Transportation Operations, Steelcase, Inc., indicated Steelcase has the greatest global market share, roughly a \$4 billion/year company with about 13,000 employees. Steelcase has a network of over 800 dealers worldwide and is recognized for its design, sustainability, leadership, and civic engagement.

Steelcase Global Capabilities:

- 22 WorkLife Centers
- 12 Manufacturing Facilities
- 6 Business Centers
- 2 Learning and Innovation Centers
- 6 Sales Offices
- 14 Distribution Centers
- 2 Innovation Centers

There are three main areas for the global logistics within Steelcase: import parts, global parts, and export finished goods.

Global logistics impacts from the pandemic:

- Severe port congestion globally
- Reliability at all time low
- Cascading disruptions
- Lead times have doubled
- Skyrocketing rates
- Shift in network fundamentals
  - Design
  - Calendar
  - Capabilities

Looking ahead at global logistics:

- Managing uncertainty
  - Shanghai has a current zero Coronavirus Disease Policies
  - International Longshore Warehouse Union/Pacific Maritime Association Negotiations
- New capabilities
- Reshoring
- Inflation/recession
- War/unrest
- Future of supply chain and logistics
- Sustainability

### **Grand Rapids Logistics Overview & Gas Price Increase Impacts**

Les Brand, CEO Supply Chain Solutions, Inc., stated Grand Rapids is the economic and cultural hub of West Michigan. Grand Rapids is considered a historic furniture manufacturing center and is home to five of the world's leading office furniture companies.

The pandemic has exposed the vulnerability of global supply chains but what was learned from the pandemic?

- Do pandemics cause economic growth?
  - With shutdowns in place most of the population sat home and ordered/bought things online.
- Pandemics cause global congestion
- Do pandemics cause PPE challenges?
- Are tariffs bad?
  - Companies paying 25 percent more in tariffs.
- Is talent scarce? What about our immigration policies?
- What about the environment?
  - On May 18, 2022, there was the highest carbon output on the planet ever recorded.
- What will happen to globalization?
- Does Free Trade prevent war?
- What about Friendly Trade through trusted partners?
- Near or re-shoring – challenges in moving your supply chain?

In the next three years there are predicted challenges within supply chain and logistics; tariff policies, the pandemic, consumers, stuck in China, weather obstacles, freight difficulties, export dilemmas, and the war in Ukraine.

Things to look for in the future:

- Rethinking Lean
- Reshoring and near-shoring
- Redundancy
- Sustainability
- Technology
- Digital supply chain

## **Commissioner Updates**

**Les Brand**, no other updates

**Fred Schlemmer**, said on the transportation side there is the rising cost of insurance, with a double digit increase in our insurance both in the US and Canadian side. The American Trucking Association does a survey and insurance costs came up within the top five issues for transportation companies last year. The cost of trucking equipment has also increased as well as orders for the equipment. An order placed in February is estimated to arrive in September. A lack of drivers is still an issue and fuel prices have become a greater issue this year.

**Bob Metzger**, no updates.

**Jamie Zmitko-Somers**, stated there have been challenges with fertilizer, input costs are high, and supply chain issues. Exports for food and agriculture products have seen record numbers in the last two years, 2020 and 2021. The numbers for 2022 are looking phenomenal and another record year is anticipated.

There is a new Deputy Director for the Office of Rural Development, Sarah Lucas.

**Dr. David Closs**, commented that talent was touched on earlier and the lack of talent is getting worse. There is an inability to get talent, both for management of supply chains and unloading containers, driving trucks, and working in warehouses.

**Peter Anastor**, said MDOT has started the process of returning to the office, doing a hybrid schedule. One of the executives, Tony Krafotil, who is the Chief Operating Officer and Chief Engineer is retiring from MDOT on July 8, 2022.

The Michigan Mobility 2045 rail plan piece was accepted by the Federal Railroad Administration in March of this year. The freight plan was approved by the Federal Highway Administration in March of this year.

MDOT is launching a new study to identify and outline the potential economic, social, and environmental benefits that could result from increased collaboration between Michigan and Ontario around technology solutions and innovation, and the automotive and mobility sector. This study will be completed in December of 2022.

There have been issues with the Port of Muskegon in relation to depths. There were schooling issues preventing the port from being used at its authorized depth. The port is working with the Army Corps of Engineers to conduct some emergency dredging to prevent further issues.

The Michigan Rail Conference is scheduled for August 1-3, 2022.

There is a proposed Buy American six-month suspension for construction materials. With the IIJA there is a lot of new federal spending and some strict Buy American requirements.

Lastly, the Surface Transportation Board recently announced it will require all seven of the Class 1 railroads to send regular progress reports on service operations and employment.

**No public comment.**

Next LSC meeting will be held November 3, 2022, location TBD.

Meeting was adjourned at 11:39 a.m.