



STATE OF MICHIGAN  
DEPARTMENT OF TRANSPORTATION  
LANSING

GRETCHEN WHITMER  
GOVERNOR

PAUL C. AJEGBA  
DIRECTOR

Commission for Logistics & Supply Chain Collaboration

DRAFT MINUTES  
November 4, 2021

LSC Members Present

Peter Anastor for Paul Ajegba  
Jamie Zmitko-Somers for Gary McDowell  
Les Brand  
Beth Colosimo for Quentin L. Messer, Jr.  
Dr. David Closs  
Dr. Pasi Lautala  
Fred Schlemmer  
Janice 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.

A discussion took place about quorum and a consideration to amend the bylaws to reflect current quorum issues of members joining online and in-person for future meetings.

A quorum was established. Motion to approve minutes from August 12 and May 6, 2021, was brought forth by Peter Anastor; the motion was moved by Beth Colosimo, seconded by Dr. David Closs, and approved by all present members of LSC.

**Approval of 2022 Meeting Schedule**

A 2022 meeting schedule was proposed and involves meeting twice per year instead of quarterly (May 5, 2022, and November 3, 2022), with one meeting being combined with the Governor's Port Advisory Committee. Locations for the meeting TBD. Motion to approve the schedule was brought forth by Peter Anastor, moved by Dr. Closs, seconded by Beth Colosimo, and approved by all members of LSC.

**State Legislative Update**

Mark Polsdofer, Deputy State Transportation Commission and Policy Advisor for MDOT, shared in October the Chair of the House Transportation Committee, Representative Jack O'Malley, introduced legislation that would create a maritime and port facility improvement office within MDOT. He also discussed an automated vehicle roadway bill that was introduced by Senator

Ken Horn. Mark stated there is also a long list of Fiscal Year (FY) 2022 projects being looked at and talked about.

### **Federal Policy Update**

Zach Rable, AICP, Federal Transportation Policy Specialist, MDOT-Asset Management and Policy Division, provided an update on the following federal initiatives: the bipartisan Infrastructure Investment and Jobs Act (IIJA) and budget reconciliation.

- The bipartisan IIJA passed the U.S. Senate on August 11, 2021. This package includes both reauthorization for surface transportation programs and additional supplemental authorizations for transportation programs as well.
- MDOT anticipates Michigan would receive roughly \$2.4 billion in “new” federal highway funding over five years of the bill.
- IIJA is linked to the Budget Reconciliation plan.

### **Labor & Economic Growth Update**

Stephen Gillotte, LEO, was unable to attend the meeting and there was no labor and economic growth update.

### **FHWA Primary Highway Freight System Re-Designation**

Elisha Wulff, Freight Policy Specialist, MDOT-Asset Management and Policy Division provided an update on the following: re-designation of the Primary Highway Freight System (PHFS).

- The 2015 FAST Act designated the PHFS and provided for an update every 5 years.
- Each re-designation may increase the mileage on the PHFS by not more than 3 percent of the total system mileage.
- The current PHFS is 41,518 centerline miles and a component of National Highway Freight Network (NHFN).
- Re-designation may add up to 1,246 miles
  - A 286-centerline-mile increase due to an assessment of changes in HPMS data.
  - With 960 miles available for consideration.

Elisha Wulff stated the NHFN is made up of four components: PHFS, Critical Rural Freight Corridors, Critical Urban Freight Corridors, and Portions of Interstate System not part of PHFS. In Michigan’s case, because the critical rural and urban freight corridor mileage cap is limited, Michigan would develop a rolling list of designations. The benefit of having a designation is mainly for Metropolitan Planning Organizations (MPOs). If MPOs want to apply for a federal grant for a route that is ineligible, they can make the designation and then be eligible to submit a grant application for the route. Elisha also mentioned that Michigan has the flexibility to spend our freight formula dollars we received from FHWA on the entire national freight network.

FHWA is proposing three options for re-designating the very limited number of miles:

1. Equal allocation of 960 miles to each state.
  - 18 miles of potential new PHFS for each state, DC, PR.
2. Accommodate states that have greater restrictions on the use of Interstate Highway System routes to gain eligibility for funding under the NHFP and INFRA.
  - 53 miles of new PFHS, for AK, AZ, CA, FL, GA, IL, IN, MO, MT, NM, NC, OH, PA, TN, TX, UT, and VA.
3. Add to the PFHS any routes newly flagged as Interstate Highway System since the development of the Comprehensive PFN.

- However, 1,500 miles of new interstate have been designated between 201-2018.

With those three options, Michigan decided option number 2 would be the greatest benefit to the National Freight Network.

### **MM2045 Update**

Elisha Wulff, Freight Policy Specialist, MDOT-Asset Management and Policy Division indicated the plan is being adopted by the Michigan State Transportation Commission. The final plan will be online at [www.michiganmobility.org](http://www.michiganmobility.org).

### **Michigan Tolling Study**

Kari Martin, MDOT University Region Planner, relayed there was a tolling study mandated by the legislature in July of 2020. Although MDOT is not advocating for tolling, the study will help the legislature make decisions about future revenue. HNTB is the consultant selected to complete the tolling feasibility and implementation plan.

Eric Morris, Project Manager, HNTB, stated this study was born out of Public Act 140 of 2020 and passed in July and requires consideration of the economic impact and feasibility of tolling. The legislation also requires HNTB to look at all 31 limited access corridors in Michigan. The study was divided into two steps: feasibility study and implementation plan.

Barbara Arens, Cincar Consulting Group, touched on the tolling study's economic analysis, which is divided into four parts: geography, the cost of doing business, policy, and future considerations. The economic consideration within the geography is really dependent on the perspective. There is the urban and rural passenger versus freight perspectives.

- Economic Considerations - Geography
  - Passengers
    - Commuters, mode choice for transit/shared rides, low-income population, travel time reliability/value of time, and diversion impacts (negative/positive)
  - Freight
    - Long haul versus local, mode choice for raw materials transport, travel time reliability/value of time, and diversion impacts (negative/positive)
  - Other
    - Tourism sector and land development patterns

Eric McClellan, CDM Smith, indicated in addition to geography some of the other factors that were looked at are similarly important and interrelated regarding the toll facility user costs.

- Economic Considerations – Business Costs
  - Toll Facility User Costs
    - Supply chain/logistics impacts and labor impacts
  - User Benefits
    - Quantify time and distance changes and monetize
  - Economic Impacts
    - Manufacturing, professional services, and tourism and discretionary spending
- Economic Considerations – Policy
  - Road Funding

- Future transportation investments, sustainable funding streams, revenue distribution (state versus local), and investment and life cycle decisions/asset management
  - Tolling Operations
    - Discount programs and interoperability and enforcement
  - Tolling Concerns
    - Double taxation considerations and fair and equitable solutions
- Economic Considerations – Future
  - Realities
    - Fuel tax revenue decline, proliferation of EVs into U.S. market, road user charges and linked opportunities
  - Tools to address gaps
    - Toll technology advancement, consumer acceptance and demand, financial markets/cost of money, and political will

### Commissioner Updates

**Janice Walsh**, Director, Supply Chain Management Finance, Trinity Health, stated that with the impact of COVID-19 keeping steady in their hospitals, Trinity Health continues to have challenges in the supplies area, both related to transportation as well as typical drug shortages. Trinity is also seeing shortages of certain key supplies because of manufacturing challenges.

**Pasi Lautala**, Assistant Professor and Director of the Rail Transportation Program, Michigan Technological University, said there have been a lot of discussions on freight rail related issues. There is also ongoing discussion on the propane facility side.

**Jamie Zmitko-Somers**, MDARD Agriculture Development Division Director, shared that they have continued to hear a lot of challenges around the supply chain and labor shortages and are anticipating costs to skyrocket.

MDARD's rural development grants are out right now and focus on a variety of areas for rural counties. An item to note is due to the new census data, the commission decided that any county with a population of 70,000 or less is now eligible, which allowed two more counties to become eligible. MDARD had funding in their budget for one FTE in the Office of Rural Development and is waiting for legislation to be able to utilize that funding.

**Fred Schlemmer**, Chief Financial Officer, SteelPro, stated one of the factors they have seen with the supply chain challenges is the shortage of drivers. They have since done a couple of things to help get additional drivers such as starting a plate program where SteelPro pays for license plates for owner operators, which is approximately \$4,000.00 per truck, per year.

Another issue the industry is facing are insurance rates, which are still expected to go up by double digits. This would be the third year in a row they have seen double digit increases in insurance costs.

**Dr. David Closs**, Chaired Professor of Business Administration and Chairperson of the Department of Supply Chain Management, Michigan State University, commented about the supply chain challenges and the first thing to note is the Chinese labor force. The Chinese labor force is made up of the Millennial type of generation and that generation has decided they do not want to work that hard, so they are staying home, which is slowing down production in China.

The second item is a whole list of capacity issues; manufacturing capacity because of a shortage of labor or because of COVID-19. There is a lot of border congestion because of increased international transportation. The biggest contributor to the supply chain shortage is labor, the combination of the vaccine requirements, and age of drivers. There are two age demographics which are Baby Boomers and the Millennials (Baby Boomers are retiring and Millennials do not want to get into this arena). With all this being said, top executives from all over the country expect to be back to some normalcy by 2023.

**Beth Colosimo**, Senior Project Manager, MEDC, relayed the City of Monroe has applied for federal money for a new Customs and Border Protection (CBP) building so they can have clearances done to have full time staff to clear the cargo that is coming in.

The Detroit-Wayne County Port Authority has been talking with the automotive industry to increase the amount of cargo they could potentially load onto barges or ships to transport finished vehicles from Michigan to other Great Lakes ports and stay within the system itself. By doing this they would be able to have up to 125 vehicles in a single vessel, take a lot of trucks off the road and, hopefully, bring costs down per vehicle for transporting them.

**Tom Rayburn**, Vice President, Lake Carriers Association, said the Soo Locks project has been moving along really well and there is \$480 million in President Biden's budget for the project for this fiscal year. Not only should this keep the project going, allow for earlier completion, and save taxpayer a little money.

The Lake Carriers Association has also been working on a new ice breaker for the Great Lakes, which would be the twin to the Mackinaw, and there is \$350 million included in the infrastructure bill for this. In addition, the Great Lakes is guaranteed a minimum of 13 percent of all funds collected from the Gulf, East, and West coasts, which will help with a lot of outstanding projects, including 10.3 million cubic yards of dredging.

**Peter Anastor**, MDOT's Office of Rail Director, is working closely with legislation on the creation of the port office and developing a program around funding ports.

The Lake State Railway, which is one of the short lines in Michigan, was selected as 2021 regional railroad of the year in Railroad Age Magazine.

MDOT's freight economic development program had a record number of projects that we funded in FY21.

The federal rail administration has a grant opportunity called Consolidated Rail Infrastructure and Safety Improvement (CRISI) Grants and MDOT is working on several proposals.

**No public comment.**

Next LSC meeting will be held May 5, 2022, location TBD.

Meeting was adjourned at 11:43 a.m.