

31st meeting of the
IOWA FREIGHT ADVISORY COUNCIL

December 18, 2020
10:00 AM to 11:00 AM
Online - Microsoft Teams

Meeting input objectives

1. Provide thoughts and recommendations on the inclusion of certain freight goals in the state freight plan update.
2. Provide thoughts and questions relating to numerous projects and initiatives being led by the Iowa Northern Railway.

10:00 AM Welcome & Roll Call

**Mike Steenhoek, Chair
Soy Transportation
Coalition**

10:05 AM Iowa DOT Update

A brief update of COVID-19 impacts on traffic, revenues, etc., as well as other updates from the agency.

**Stu Anderson
Iowa DOT**

10:15 AM State Freight Plan: Freight Goals

Input on National and Iowa freight goals to be included in the updated document.

**Sam Hiscocks
Iowa DOT**

10:30 AM Update from Iowa Northern Railway

An overview of current projects and initiatives.

**Dan Sabin
IANR**

11:00 AM Adjourn

2020 meetings:

- Friday, March 27 (*cancelled*)
- Friday, June 19 (*virtual*)
- Friday, September 18 (*virtual*)
- Friday, December 18 (*virtual*)

31st meeting of the
IOWA FREIGHT ADVISORY COUNCIL

December 18, 2020
 10:00 AM to 11:00 AM
 Online - Microsoft Teams

Members

	Andy Cernin	x	Delia Moon-Meier
	Tom Determann	x	James Niffenegger
x	Greg Dickinson		Kelli O'Brien
	Don Egli	x	Joe Parsons
		x	Dan Sabin
x	Calean Kokjohn	x	Mike Steenhoek
	Ron Lang	x	Reilly Vaughan
	Jody Sandy	x	Tony Miller for Ron White
x	Don McDowell	x	Tim Woods

Ex-Officio Members

x	Todd Ashby	x	Mike Norris
	Mike Hadley	x	Paul Ovrom
	Tim Marshall		Robert Palmer
x	Michael Kober	x	Joseph Rude
x	Sean Litteral		Col. Steven Sattinger
x	Scott Marler		Louis Vander Streek
x	Shirley McGuire	x	Jennifer Wright

Iowa DOT

x	Stu Anderson	x	Justin Meade
		x	Phil Meraz
	Mikel Derby	x	Tammy Nicholson
x	Sam Hiscocks	x	Garrett Pedersen
x	Laura Hutzell	x	Charlie Purcell
x	Alex Jansen		Angel Robinson
	Renee Jerman		John Selmer
x	David Lorenzen		Melissa Spiegel
x	Craig Markley	x	Jeff von Brown
			Andrea Henry
	Amanda Martin		Susan Fenton

Guests

x	Susan Wallace (Iowa DOT)	x	Andrea White (Iowa DOT)
	Zac Bitting (Iowa DOT)	x	Brenda Freshour-Johnston (Iowa DOT)
	David Miller (Iowa DOT)	x	Bob Rafferty (Truck Stops of Iowa)

Meeting input objectives

1. Provide thoughts and recommendations on the inclusion of certain freight goals in the state freight plan update.
2. Provide thoughts and questions relating to numerous projects and initiatives being led by the Iowa Northern Railway.

10:00 AM Welcome & Roll Call

**Mike Steenhoek, Chair
Soy Transportation
Coalition**

Chair Mike Steenhoek opened the meeting by thanking the group members for attending the third virtual meeting of the Freight Advisory Council and stressed the importance of continued engagement. Mr. Steenhoek then made announcements related to meeting logistics and completed roll call before introducing the first speaker.

10:05 AM Iowa DOT Update

A brief update of COVID-19 impacts on traffic, revenues, etc., as well as other updates from the agency.

**Stu Anderson
Iowa DOT**

Stu Anderson provided an update on COVID-19 impacts to transportation and funding. COVID-19 has had significant impacts on transportation. This includes declines in rail carloads, passenger air enplanements, and vehicle traffic. However, traffic has begun to increase again and are back to near pre-pandemic numbers in some areas. Iowa specifically has recovered better than other states. COVID-19 will most likely have an impact on transportation funding, but not as significant as originally feared. Figures were provided for the current status of modal appropriations.

Mr. Anderson also provided details of the federal reauthorization extending the FAST Act through September 30, 2021 and other details related to fiscal year 2021 appropriations and COVID-19 relief. Additionally, Troy Jerman was introduced to the group as the new Chief Operating Officer of Iowa DOT.

10:15 AM State Freight Plan: Freight Goals

Input on National and Iowa freight goals to be included in the updated document.

**Sam Hiscocks
Iowa DOT**

Sam Hiscocks led the FAC members and ex-officio members through an input exercise via a mentimeter online survey. Participants were asked to provide input on freight-specific goals to be used in the State Freight Plan. This included a background presentation on each of the three overarching goals (safety, infrastructure, innovation) and the associated objectives of each. Participants were then asked to comment on each item, sharing things related to how their industry would measure each goal, what performance measures would be attributed to each, and how important each is.

Results will be combined, summarized, and shared with the FAC prior to the next meeting.

10:30 AM Update from Iowa Northern Railway
An overview of current projects and initiatives.

Dan Sabin
IANR

Dan Sabin of Iowa Northern Railway presented on current projects and initiatives the company is involved with. Iowa Northern is a shortline railroad in Iowa with multiple connections to other railroads. The company has been very involved in the ethanol revolution and continues to add new commodities/customers to their operations, including a new soybean crushing facility. In addition, Iowa Northern has two major industrial parks – Manly Logistics Park and Butler Logistical Park. The facilities are involved with double-stack container traffic, switching capabilities, transloading capabilities, wind component distribution, ethanol, etc. There are many moving parts to the operations of Iowa Northern including capacity, training employees, timing, and other things.

11:00 AM Adjourn

2020 meetings:

- Friday, March 27 (*cancelled*)
- Friday, June 19 (*virtual*)
- Friday, September 18 (*virtual*)
- Friday, December 18 (*virtual*)



Iowa DOT Update
Iowa Freight Advisory Council
December 18, 2020

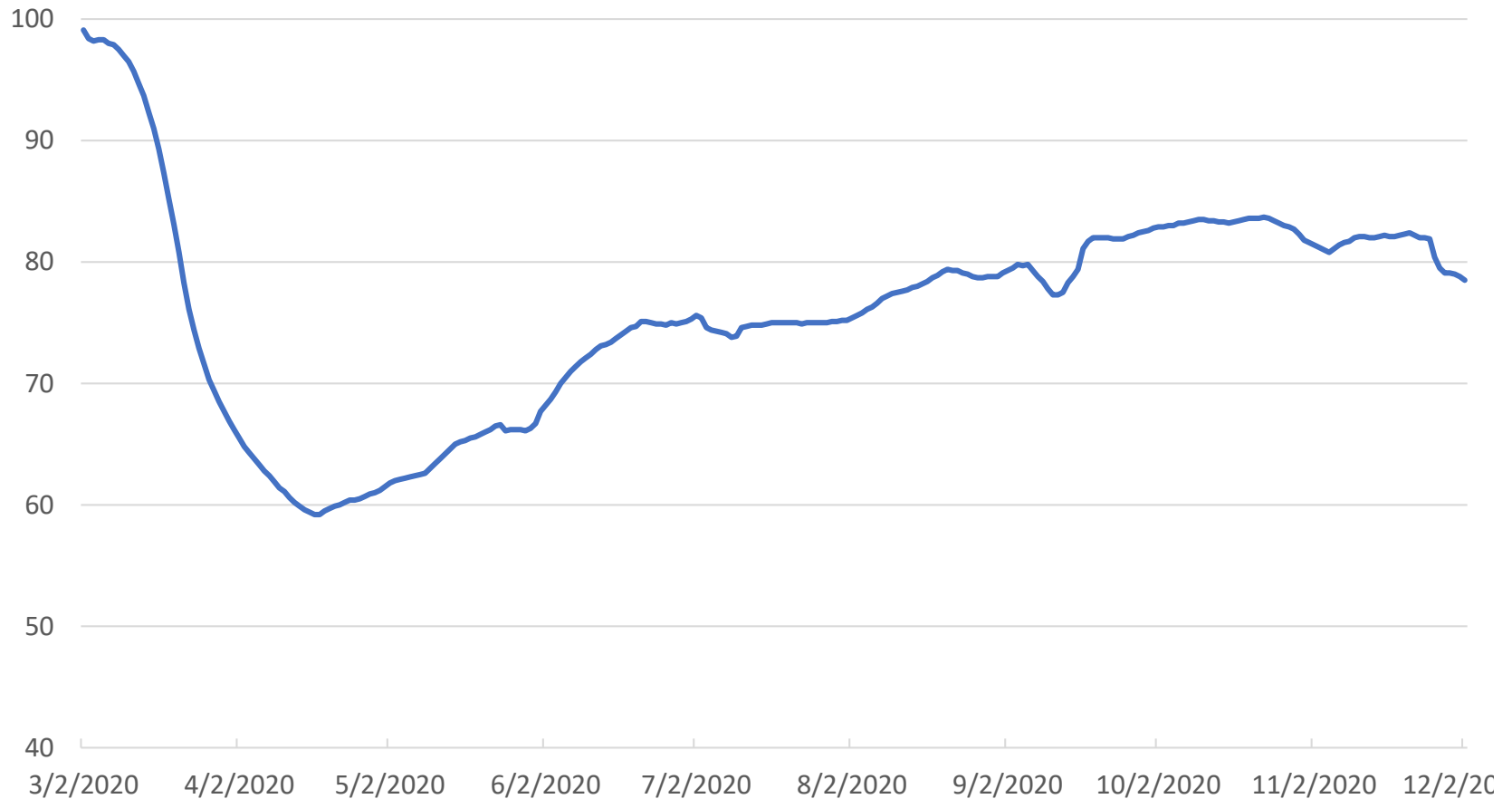


Overview

- **COVID-19 Impacts**
 - Economy
 - Travel
 - Funding
- **Federal funding update**
- **Iowa DOT update**

Moody's/CNN Recovery Index

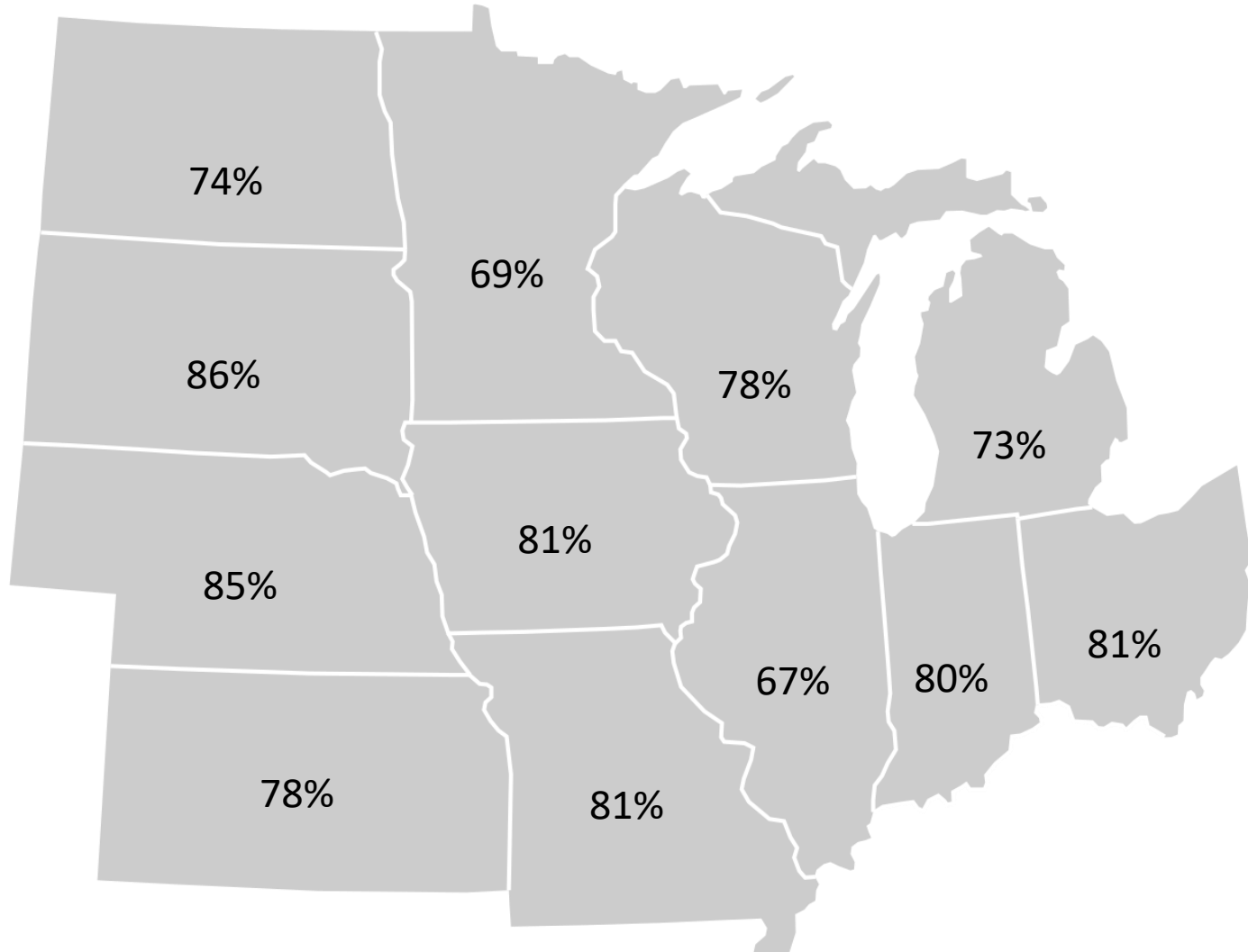
(Pre-Pandemic = 100)



<https://www.cnn.com/business/us-economic-recovery-coronavirus>

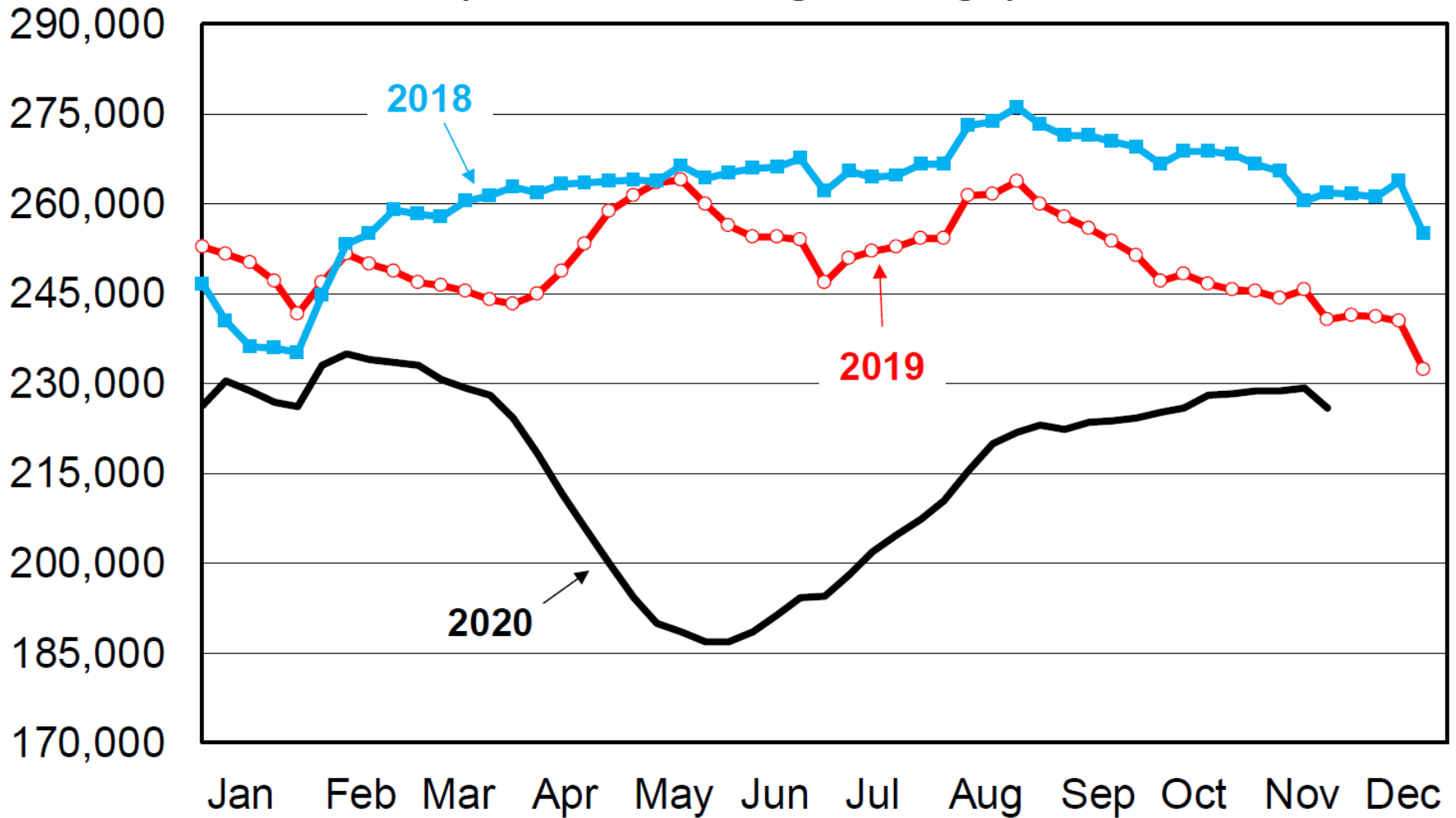
Moody's/CNN Recovery Index - Midwest

(Pre-Pandemic = 100) As of 12/2/2020



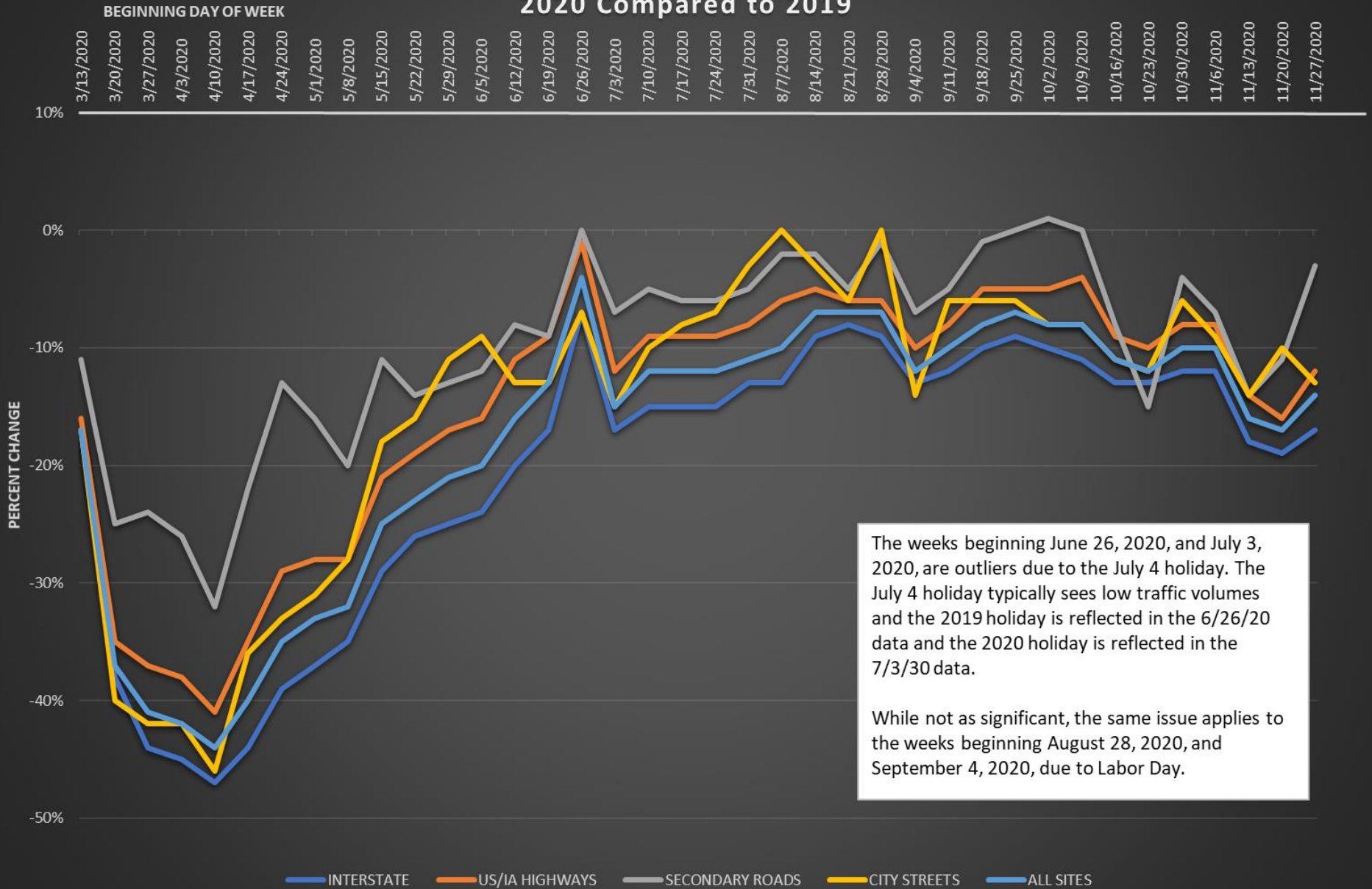
Nation is at 79%

Total U.S. Rail Carloads (6-week moving average)



Data are 6-week moving average originations, do not include intermodal, and do not include the U.S. operations of CN, CP, and GMXT. Source: AAR *Rail Time Indicators*

Weekly Percentage Change in Traffic 2020 Compared to 2019

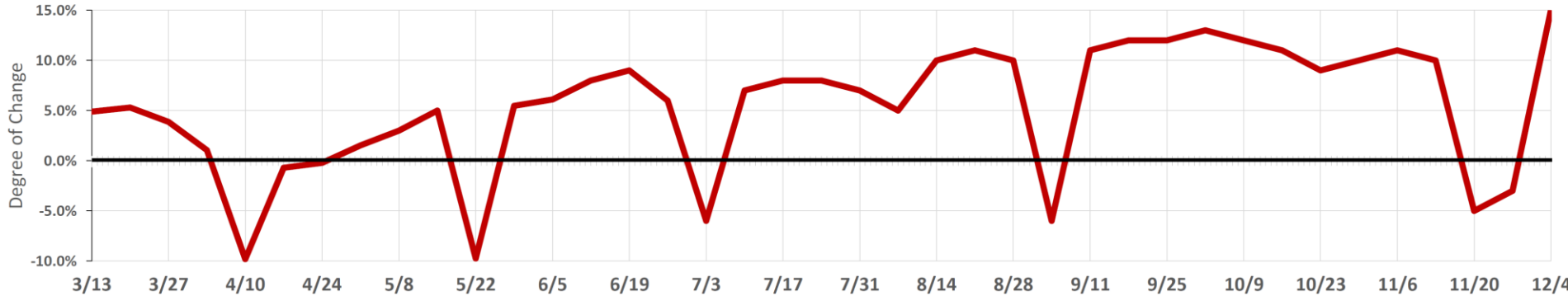


The weeks beginning June 26, 2020, and July 3, 2020, are outliers due to the July 4 holiday. The July 4 holiday typically sees low traffic volumes and the 2019 holiday is reflected in the 6/26/20 data and the 2020 holiday is reflected in the 7/3/30 data.

While not as significant, the same issue applies to the weeks beginning August 28, 2020, and September 4, 2020, due to Labor Day.

Purpose: This report contains Single Trailer 5-Axle Truck data collected from over ten Weigh-in-Motion sites to report how truck traffic trends have changed since Friday March 13, 2020.

Average Weekly Single Trailer 5-Axle Truck Counts



WEEKLY Single Trailer 5-Axle Truck COUNT Changes*

Week	Ave: 03/13 to 08/27	08/28 to 09/03	09/04 to 09/10**	09/11 to 09/17	09/18 to 09/24	09/25 to 10/01	10/02 to 10/08	10/09 to 10/15
% Change	4%	10%	-6%	11%	12%	12%	13%	12%
Week	10/16 to 10/22	10/23 to 10/29	10/30 to 11/05	11/06 to 11/12	11/13 to 11/19	11/20 to 11/26**	11/27 to 12/03**	12/04 to 12/10
% Change	11%	9%	10%	11%	10%	-5%	-3%	15%

Report Notes:

*Due to the limited Weigh-in-Motion Sites in the sample, a comparison to the average weekly count of the 4 weeks prior to March 13th was done rather than a 2019 to 2020 comparison, as was done for the total traffic data noted above.

**The Single Trailer 5-Axle Truck traffic decrease is likely impacted by the occurrence of holidays.

- Report example, Single Trailer 5-Axle Trucks increased 5 percent over the previous month during the first week of COVID-19.

Road Use Tax Fund: COVID-19 Impacts

- Funding sources
 - Fuel tax revenue
 - Traffic down over 40 percent in mid-April but has grown since then.
 - Traffic was at about 10 percent below 2019 levels for an extended period but now down around 15 percent during latest surge
 - Freight traffic has remained equivalent to 2019 or higher
 - Fee for New Registration revenue
 - Vehicle sales down over 50 percent in April but growing since then.
 - Vehicle prices have been increasing leading to generally no reduction in revenue from 2019 levels at this point.
 - Annual vehicle registration revenue down slightly
 - Was down very slightly early on – (Governor forgave late payment penalties)
 - Basically no COVID-19 impact at this time

Road Use Tax Fund: COVID-19 Impacts

- Funding impacts
 - Overall, COVID-19 impacts have been significantly less than originally feared.
 - June 2020 through October 2020 (actual): -\$40 million
 - November 2020 through June 2021 (estimated): - \$10 million (this number would show a larger negative impact due to COVID-19; however, is partially offset due to a RUTF deposit timing issue in October)
 - Long-term – estimate revenue will be down 3.5 percent from our FY 21 forecast, primarily due to reduced travel for an extended time period

Modal Appropriations from Rebuild Iowa's Infrastructure Fund (RIFF)

(\$ 000 omitted)

Program	FY 2020 Appropriation	FY 2021 Appropriation	FY 2022/23 DOT Request
Commercial Service Vertical Infrastructure	\$1,900	\$1,000	\$1,900
General Aviation Vertical Infrastructure	\$1,000	\$650	\$1,000
State Recreational Trails	\$1,500	\$1,000	\$2,500
Public Transit Infrastructure	\$1,500	\$500	\$1,500
Railroad Revolving Loan and Grant Program	\$1,000	\$500	\$2,000
Total	\$6,900	\$3,650	\$8,900

Federal Funding Update

- Reauthorization
 - FAST Act extended one year through Sept. 30, 2021
 - \$13.6 b transferred into Highway Trust Fund to ensure solvency through FFY 2021
- FFY 2021 Appropriation
 - Continuing resolution through December 18.
 - Another very short continuing resolution may be necessary.
 - Hopeful for an increase over FY 2020 levels

Federal Funding Update – COVID-19 Relief

- Bipartisan bill under consideration (\$908 billion)
- Could be attached to the full year appropriation
- Funding for transportation - \$45 billion
 - Airlines: \$17 b
 - Airports: \$4 b
 - Private bus: \$8 b
 - Amtrak: \$1 b
 - Public Transit: \$15 b
- Dedicated state/local aid is unlikely
- Funding for highways/bridges??

Iowa DOT Update

- New Chief Operating Officer – Troy Jerman



Questions?

Stuart Anderson

stuart.anderson@iowadot.us

515-239-1661



State Freight Plan **Freight Goals**

Iowa Freight Advisory Council | December 18, 2020

FAST Act requires inclusion of freight goals

2017 State Freight Plan

- **National Multimodal Freight Policy** goals
- **National Highway Freight Program** goals
- combined NMFP and NHFP goals into single list
- Iowa-specific goals were not identified following an input exercise with the FAC

2022 State Freight Plan

- **National Freight Strategic Plan** goals



National Freight Strategic Plan

Includes a new list of strategic **goals and objectives** in the following areas:

SAFETY

INFRASTRUCTURE

INNOVATION

SAFETY

Improve the **safety, security, and resilience** of the national freight system.

- Support the development and adoption of automation, connectivity, and other freight safety **technologies**
- Modernize safety oversight and security **procedures**
- Minimize the effects of **fatigue and human error** on freight safety
- Reduce **conflicts** between passenger and freight traffic
- Protect the freight system from natural and human-caused disasters and improve **recovery speed**

INFRASTRUCTURE

Modernize **freight infrastructure and operations** to grow the economy, increase competitiveness, and improve quality of life.

- Fund targeted investments in **freight capacity**
- Improve consideration of freight in transportation **planning**
- Prioritize projects that improve freight **intermodal connectivity**, and enhance freight flows on first- and last-mile connectors and at major trade gateways
- Advance freight system **management and operation** practices
- Improve job growth and **economic competitiveness** in rural and urban communities
- Mitigate the impacts of freight movement on **communities**

INNOVATION

*Prepare for the future by supporting the development of **data, technologies, and workforce capabilities** that improve freight system performance.*

- Support the development and adoption of **automation** and **V2X**
- Support the safe deployment of **UAS technology**
- Streamline **regulations** to improve governance, efficiency, and economic competitiveness
- Improve freight **data, modeling, and analysis tools** and resources
- Strengthen **workforce** professional capacity
- Invest in freight **research**
- Support regulatory **frameworks** that foster freight innovation

Input opportunity

- FAC members and ex-officio members only
- Review 3 items - **safety, infrastructure, innovation**
 - How would you/your industry measure each **item**?
 - What is the performance measure or attribute you/your industry would use to show progress on each **item** specifically?
 - What does each **item** mean to you/your industry?
- Go to www.menti.com and use the code



THANK YOU FOR YOUR TIME AND ATTENTION



Sam Hiscocks

Freight Planning Coordinator

515-239-1004

samuel.hiscocks@iowadot.com

2022 IOWA FREIGHT PLAN

Freight Goals Input Exercise

The National Freight Strategic Plan (2020) includes a list of three strategic goals with corresponding objectives in the areas of safety, infrastructure, and innovation. Please review the list of goals and objectives and be prepared to give feedback on each of the three goal areas. This feedback will be used to establish freight goals, performance measures, and strategies in the state freight plan.

Things to consider:

- What does each item mean to you/your industry?
- How would you/your industry measure each item? What is the performance measure or attribute you/your industry would use to show progress on each item specifically?
- Are there any areas missing that these national freight goals don't cover?

SAFETY

Improve the safety, security, and resilience of the national freight system.

- Support the development and adoption of automation, connectivity, and other freight safety technologies
- Modernize safety oversight and security procedures
- Minimize the effects of fatigue and human error on freight safety
- Reduce conflicts between passenger and freight traffic
- Protect the freight system from natural and human-caused disasters and improve recovery speed

INFRASTRUCTURE

Modernize freight infrastructure and operations to grow the economy, increase competitiveness, and improve quality of life.

- Fund targeted investments in freight capacity
- Improve consideration of freight in transportation planning
- Prioritize projects that improve freight intermodal connectivity, and enhance freight flows on first- and last-mile connectors and at major trade gateways
- Advance freight system management and operation practices
- Improve job growth and economic competitiveness in rural and urban communities
- Mitigate the impacts of freight movement on communities

INNOVATION

Prepare for the future by supporting the development of data, technologies, and workforce capabilities that improve freight system performance.

- Support the development and adoption of automation and V2X
- Support the safe deployment of UAS technology
- Streamline regulations to improve governance, efficiency, and economic competitiveness
- Improve freight data, modeling, and analysis tools and resources
- Strengthen workforce professional capacity
- Invest in freight research
- Support regulatory frameworks that foster freight innovation



Economic Development along Iowa Northern Railway

Iowa DOT Freight Advisory Council Meeting December 18, 2020

Overview of IANR's Economic Development Initiatives



- **Emphasis has been made on identifying specific locations for industrial development and identifying the overall logistical needs of the region**
 - IANR maintains constant discussion with potential industries and market leaders toward bringing a diversity of new commodities for IANR to originate and support; most of the projects are quite large with equally large capital investment requirements
 - The Company is breaking ground on all projects, highlighted herein
 - Several new industries are completing the construction stage and moving on to training, followed by production
 - Two additional major projects will be completed by Q4 2021 and one by Q3 2022

- **Growth has also been supported through the use of local and regional efforts, often teaming up with local Economic Development and Rural Electric Cooperatives**
 - Identification of local and regional needs, including employment opportunities, plus exceptional levels of effort to identify and convince various industries that could be located along IANR has produced very positive results
 - These efforts have paid off with new industries making the decision to build and grow along IANR; the historical five-year increments of IANR efforts can be demonstrated with committed volume growth from on-line and new customers (see chart at right)

- **Several examples of specific industrial development initiatives, including high volume organic growth on IANR**

Five - Year Increments	Total Cars	Avg. Year C/L	Change
1994 - 1998	105,446	21,089	
1999 - 2003	120,441	24,088	14.2%
2004 - 2009	176,647	35,329	46.7%
2010 - 2014	286,179	57,236	62.0%
2015 - 2019	267,353	53,471	(6.6%)
2020 - 2024	465,303	93,061	74.0%

Selected Initiatives and High-Volume Growth on Selected IANR Projects



Renewable Ethanol Plants

- In 2007 and 2008, IANR captured two large Hawkeye Renewable ethanol plants at Butler and Fairbank, now owned by Flint Hills Resources
- IANR also developed a joint venture, Manly Terminal (MT), with a regional liquid trucking company to build an ethanol terminal on IANR's property at Manly
 - This has grown over time to include a wide variety of chemicals and ethanol co-products
- The ethanol and related new traffic has provided a major boost to IANR's car loadings and revenue while demonstrating the ability of IANR's fixed-cost business to grow revenues without corresponding growth in expenses
- Through this same period, IANR weathered serious flooding that bifurcated our railroad in two strategic locations for over 18 months
- This experience has directed IANR's efforts toward diversification of Ag related products, beyond just corn and soybeans; IANR is no longer as vulnerable to floods and droughts

Oelwein Line

- The 25-mile line between Waterloo and Oelwein was up for abandonment by CNW and later UP for several years, with only a car repair facility at Oelwein left as the only source of limited revenue
- Transco Industries, the car repair facility owner, purchased the line from Dewar to Oelwein from UP in October 2002 and leased the operations to IANR at closing
- Today the line is owned by IANR and generates nearly 12,000 carloads of business annually, with additional industrial development planned
- In 2019, IANR leased the remaining UP industrial trackage running from Waterloo to Dewar from UP
 - In one year, IANR representing UP as the operator and marketer of the line, has more than doubled the traffic, which includes John Deere Tractor works, Tyson Foods, Kinder-Morgan Terminals and the Dewar Elevator
- IANR also developed two major industrial parks as greenfield sites over the past ten years
 - Subsidiaries of IANR, jointly or solely own two large industrial parks adjacent to the IANR yard in Manly, Iowa known as Manly Terminal (MT) and Manly Logistics Park (MLP); IANR also owns another industrial park in Butler County, Iowa called Butler Logistical Park (BLP)
 - Every industry on both facilities began with a cold call from IANR with substantial cooperative support from Iowa Economic Development, local REC's, Iowa DOT, and Butler and Worth Counties

Selected Initiatives and High-Volume Growth on Selected IANR Projects (cont'd)



Manly Yard, Terminal and Logistics Park

- Traffic growth at Manly has been significant and will continue to grow for the next decade
- The property at Manly has grown considerably from a former derelict 60-acre railyard in 2005 and adjacent cornfields to now over 500 acres in play for development, extending three miles long – it will all be filled with industry by Second Half, 2021
- Besides the large grain elevator at Manly, IANR has built:
 - Manly Terminal, a joint effort to establish a trading and staging facility for ethanol, chemicals, fuel, corn oil, organic grain, lumber, and rail car repair
 - Sukup Manufacturing Steel Distribution Center
 - Union Pacific's largest wind component distribution center
 - Two soon-to-be-announced new industries that will generate the equivalent of 60,000 additional truck-loads per year with annual growth estimates of 10% or greater

▪ By 2024, Manly will, by itself, generate more traffic than the entire IANR system does today; rural Worth County will have added 600+ new jobs due to IANR's development efforts

Butler Logistics Park

- IANR and / or its subsidiaries own an extensively growing industrial park in Butler County between Shell Rock and Clarksville along Highway 3 and close to I-35 and the "Avenue of the Saints," Highway 218
- This economic development has nearly 1,000 acres in play and includes:
 - An international intermodal terminal
 - Flint Hills Resources ethanol plant
 - Zin-Pro
 - American Colloid
 - A chemical trans-load operation
 - Trinity Industries largest railcar repair facility in North America
- Just last month, Mid-Iowa Coop broke ground on a major soybean processing facility that will generate nearly 20,000 carloads of new rail business



Butler Logistics Park

▪ From a series of corn fields adjacent to IANR's main line in 2007, BLP will bring nearly 750 jobs to rural Butler County by 2022; BLP will, by end of 2023, generate nearly 50,000 carloads of rail business to IANR



Comments or Questions?