



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

PAUL C. AJEGBA
DIRECTOR

Commission for Logistics & Supply Collaboration

FINAL Meeting Minutes

May 7, 2020

Members Present:

Peter Anastor *for Gary McDowell*

Craig Newell *for Paul Ajegba*

Beth Colosimo *for Mark Burton*

Dr. David Closs

Roger Huff

Dr. Pasi Lautala

Fred Schlemmer

Janice Walsh

Robert Boehm

Les Brand

The meeting was called to order at 10:05 a.m.

Craig Newell, MDOT Bureau of Transportation Planning welcomed commission members and MDOT support staff.

Motion to approve draft minutes from February 7, 2010 brought forth by Bob Boehm and approved by Janice Walsh.

MM2045 Update

- Referenced Covid-19 impacts handout from Joe Bryan (MM2045 freight task lead with WSP) provided as attachment.
- Discussed changes to stakeholder engagement plans due to Covid-19. MDOT is planning for virtual freight stakeholder meetings in the coming months and looking to organize them by region of the state. Commissioners discussed organizing the virtual meetings by region vs. modal area.

- MM2045 objectives have been developed broadly for all the modes but will have freight-specific strategies that fall under each objective area. MDOT will share the objectives and freight strategies at a future meeting.
- Current schedule is to have a draft plan by next Spring, and a completed plan by summer of 2021.

Commissioner Updates

- Dr. David Closs
 - Involved in meetings of the U.S. Department of Commerce Supply Chain Advisory group, who has discussed Covid-19 trend impacts.
 - The percentage of volume for home deliveries is increasing.
 - There is great concern regarding the impact of Covid-19 on smaller trucking carriers who might not be as equipped to endure the financial hardship.
 - Need to maintain consistency of regulations across state and national boundaries.
 - Global and regional transportation systems are changing. Firms are having to be careful where they are sourcing materials from.
- Bob Boehm
 - Majority of Michigan Farm Bureau office staff are working remotely.
 - Bob announced his retirement in July 2019 and introduced Ernie Birchmeier who will continue to provide food and agriculture perspectives to the LSC on behalf of the organization.
 - Putting out advisories to 40,000 farmer members to provide them information on how to protect themselves and workers. Primary concern is finding sufficient amounts of personal protective equipment (PPE). Have had to locate new or non-traditional suppliers of these materials.
 - Ernie provided an update on supply chain disruptions and economic impacts.
 - Changes in commodity prices including pork prices down by 60%, beef cattle prices down 30-35%, dairy prices down 45%.
 - Processing challenges including 50% loss in slaughter capacity nationally for the pork industry and 30-35% loss in beef cattle processing.
 - Michigan dairy cooperatives have successfully found storage for milk at lower prices for farmers.
 - Ethanol industry is virtually shut down due to lack of demand.

- Most processing plants which are shutting down are doing so for two weeks to clean and ensure employee health. When they do come back online, it's at 40-50% at best.
- Les Brand
 - Portions of Supply Chain Solutions' business are on hold due to the stay at home orders.
 - The company has pivoting into helping provide PPE support, reshoring and nearshoring and bringing logistics operations back in-house.
 - Experienced impacts on logistics at the global perspective in China and Europe, but it is recovering.
 - Observing a lot more investor interest in logistics automation and technology.
 - Much activity around tariff exceptions, modifications and trying to get duty rates lowered.
- Roger Huff
 - Transportation consulting business is being challenged with the pandemic.
 - Provided perspectives from Transportation Research Board (TRB) regarding impacts of Covid-19.
 - Social Equity – Covid-19 impacting minority groups at a disproportionate rate, lack of access to safety equipment, reliance on public transit, essential staff and lack of healthcare.
 - Allocation of resources – states and federal government seeking supply of resources, influence of politics and need for clearer roles and responsibilities.
 - Impact on industries – automotive industry and dealerships undergoing changes and less ridesharing.
 - Lessons learned – Opportunity to apply lessons from the pandemic to future events and crises.
- Dr. Pasi Lautala
 - Changing supply chains and more interest in returning focus to carload traffic due to the pandemic.
 - Precision schedule railroading (PSR) has been a recent challenge for the railroads, but aims optimize operations so to provide timely transportation and achieve greater carload traffic.
 - Positive Train Control (PTC) has been a hot button item as well, which allows online monitoring of trains and loads and potential remote operations of the trains.

- Trending had been towards bigger trains, longer trains and heavier loads with fewer trains. With PTC, there is discussion that the trend should be reversed with shorter trains with more locations and more direct connections. Shifting to remote operations would make this possible.
- Intermodal transportation has been fastest growing area of rail transportation. With a reduction in global transportation flows, it's a question if intermodal will take a hit or if the challenges smaller trucking companies are facing will require shifting more intermodal containers to rail because they have the capacity.
- Michigan Technological University (MTU) has transitioned from in-person to online teaching. Technology has been working well and providing additional capabilities for both higher education and transportation business meetings.
- 2020 Virtual Midwest Rail Conference 2020 will take place in mid-August.
- Fred Schlemmer
 - Company is weathering the financial impact of the pandemic. SteelPro has applied for and received Paycheck Protection loans.
 - Expect to see smaller trucking carriers being immensely impacted by Covid-19.
 - Truck load counts have dropped significantly, by about 80% in April. Not forecasting much of an increase through the remainder of the year, or even up to pre-Covid-19 levels through 2021.
 - Many drivers and staff are furloughed or working remotely. The company has signed agreements with larger companies to provide transportation of food products.
 - The steel, coil and aluminum warehousing side of the business is performing well since steel companies are continuing to produce.
- Janice Walsh
 - Trinity Health has done work in their supply chain areas that have made them more equipped to combat the Covid-19 challenges.
 - Self-distribution framework has been successful. PPE and medical equipment is purchased at larger quantities to leverage the scale. Material is then funneled through a warehouse and tracked. As hot spots developed, there was visibility if the hospitals inventory and can move products to areas in need.
 - Have had to furlough some medical professionals due to non-elective surgeries or procedures being postponed. Taking advantage of the ability to move the resources to the challenge areas.
 - Using non-traditional agreements and sources to obtain sufficient PPE.

- Have taken steps to reduce spending, including freezing capital spending, less reliance on retooling hospitals and technology/software efficiency.
- Peter Anastor
 - Majority of MDARD employees are teleworking. Operations are continuing as normal with a focus on Covid-19 response.
 - Efforts to maintain supply chains and observing food and agriculture impacts.
 - Sustainable food supply work group has been established, focusing on safety of essential workers, getting PPE and testing.
 - Food and agriculture employees are looking for workers. Working with the Department of Labor and Economic Opportunity (LEO) on ways that the industry can find workers.
 - Balancing food supply chain – Before the pandemic, 50% of food was being supplied to restaurants and institutions. Existing packaging of food was not meeting the current supply chain need.
 - There is a greater impact to small and medium-sized food suppliers and processors.
 - Weather is currently looking positive for planting.
- Beth Colosimo
 - MEDC strategic plan focus is on rural, small/medium sized businesses. Looking into what their capital needs are and ways the Department can help them.
 - \$26M in small business grant and loan programs. One award was to a business looking to do retooling in order to produce PPE equipment.
 - Small business relief grants have gone out to over 2,700 companies.
 - MEDC has a small call center available for business clients to help direct them to recourses. On average, the group would receive 400 calls a week. Since the start of the pandemic, they have received over 14,000 calls from businesses and others.
 - Discussions on how companies will enter back into the economy and recover from supply chain impacts. Need to explore remote working needs throughout the workforce
- Craig Newell
 - Safety and PPE; guidance documents; moving forward on letting schedule; some projects delayed to contractor issues; large budget concerns - \$7 billion reduction in revenue over next 1 ½ years.

- MDOT waived seasonal weight restrictions for trucks supporting COVID-19 relief efforts.
 - This doesn't allow trucks beyond legal loads. It allows what would be legal loads all year to travel during this spring weight restriction period. MDOT has not received any Oversize/Overweight permit requests for hauling COVID-19 supplies.
 - Michigan will not be changing its regulations regarding food trucks at rest areas for commercial vehicle operators at this time, regardless of FHWA allowing states to issue permits for this activity.
- In recent weeks, the US railroad industry is reporting record-level lows for freight movement. Supply-chain disruptions are expected to continue, impacting all modes of freight movement. However, the Governor's executive orders have not adversely impacted freight rail operations. Similarly, freight rail operations continue across the US-Canadian border.
- Governor Whitmer signed an EO which waives International Fuel Tax Association (IFTA) credentialing requirements, stating that Motor carriers delivering Covid-19 related products will not face fines or penalties if their license or decals lapse.
- Hiring Freeze – A State of Michigan hiring freeze has been put into effect with exceptions for positions deemed essential to Department operations.

No Public Comment

Open Discussion

- Members thanked Bob Boehm for his service and congratulated him on his retirement. Bob mentioned he really enjoyed working with LSC members, and particularly appreciated visiting facilities to get a better idea of what's happening and how it impacts transportation.

Meeting was adjourned at 12:06 p.m

