

Components of an Attractive Minnesota Freight Market

CTS Annual Conference

November 2, 2017

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White Paper Objective

- To identify key aspects of an optimally competitive and attractive Minnesota freight market
- Over 30 interviews with shippers, carriers, 3PLs, planners, regulators, researchers & experts
- Accessible for policymakers and non-experts

Players

- **Shippers**
 - long-haul trips
 - seek balance between cost and capacity – specifically, low rates with as little as same-day notice
 - flexibility and responsiveness are incredibly important to supply chain management and just-in-time delivery
- **Carriers**
 - short-haul trips
 - value predictability and an even flow of freight over respective modes
 - planning routes and optimizing trips allows for efficiency and economies of scale
- **Retailers**
 - need affordable, reliable, and timely delivery to compete within increasingly attractive and popular online alternatives

Players

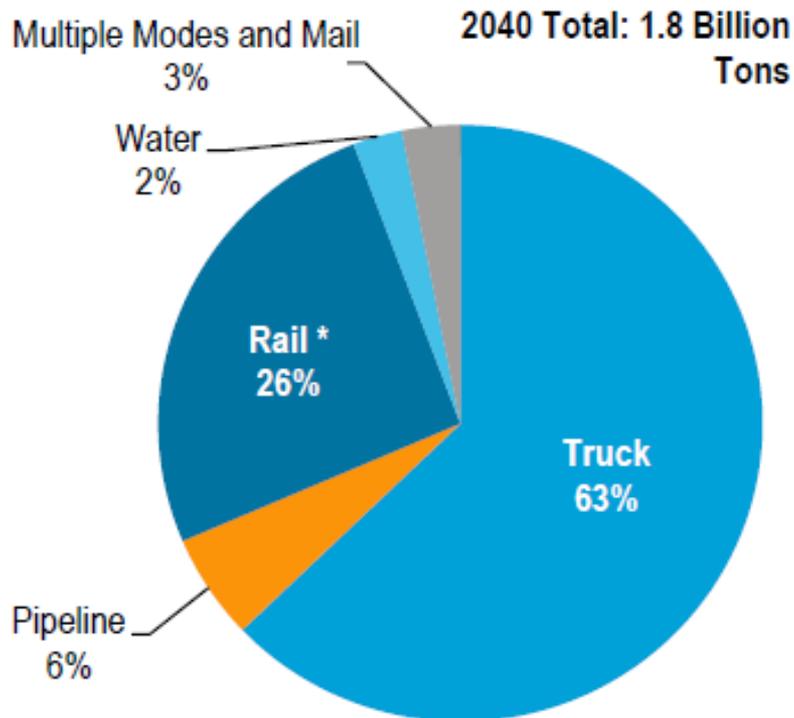
- Consumers
 - seek wide selection, affordability, and convenience as they weigh traditional in-store purchases against online alternatives
 - tend to be indifferent to freight transportation and can view trucking and rail as a nuisance or safety hazard
- Regulators
 - safe modes of travel
 - well-maintained transportation infrastructure
 - proper load securement for perishable food and hazardous freight
 - responsible use of resources such as land, water, and air

Stakeholder Groups

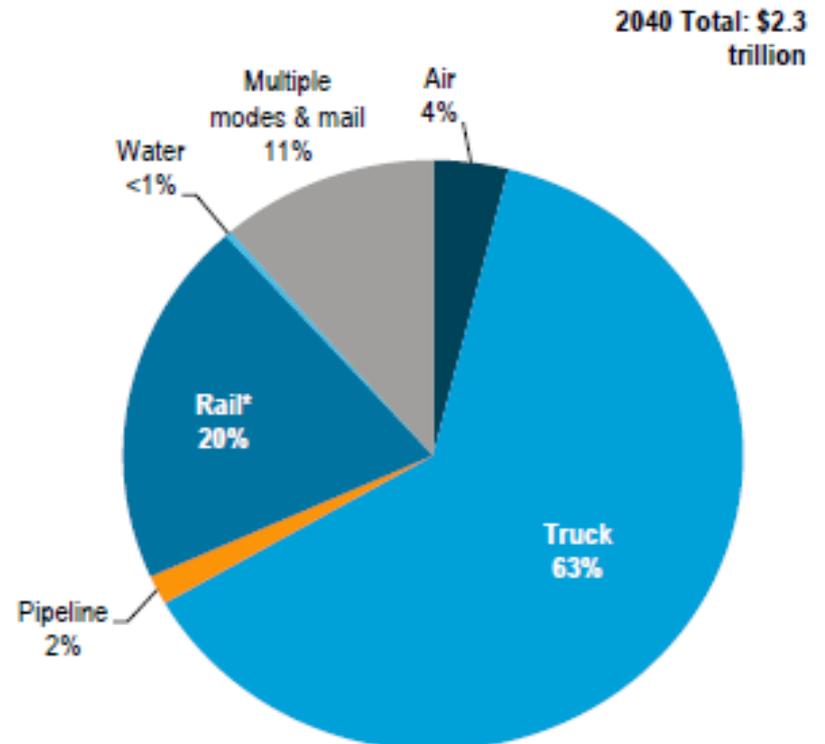
- Midwest Shippers Association
- Minnesota Trucking Association
- Minnesota Grain and Feed Association
- Transportation Club of Mpls and St Paul
- Minneapolis-Saint Paul Council of Supply Chain Management Professionals

Making Sense of Modes

Freight Mode Share by Weight (2040)



Freight Mode Share by Value (2040)



Source: Minnesota Statewide Freight System Plan (2016)

Profile of Truck Freight



Profile of Rail Freight



Profile of Air Freight



Profile of Water-Based Freight



Economic Drivers in Freight

Freight decisions typically are not made at the local level. Due to consolidation of operations, globalization, and a push for greater efficiency, freight decision making is increasingly centralized and automated, with computer systems in logistics operations making bids to the nearest nanosecond on an open market. Terms of sale and other factors can vary depending upon the country of origin, destination, and bid.

- Supply chain management
- Technology
- Changing automobile use
- Demographics
- Infrastructure Investment

Role of Regulation

- Federal standardization & “regulatory harmonization”
- Differences among states
- Local control over zoning and land use

Who Needs What and Why

Trucking	More drivers, more rest stops and parking options, more reliable travel times – particularly through the metro area, and smoother road conditions, more river crossings
Rail	Class 1: Longer sidings and more attention to the economic benefits of rail in policy discussions. Short line carriers: funding for maintaining critical corridors and incorporating technology; state assistance (loans, competitive grants, or capital investment bonding)
Water	Maintenance & investment for ports, locks and docks
Air	Maintenance & investment at regional and international airports
Producers	Efficient transportation systems allow Minnesota producers to survive in an increasingly competitive global economy

An Attractive Freight Market

- Increasingly efficient supply chain management
- Stronger balance between inbound and outbound freight movement
- Additional options for shippers, including improved access to rail and water modes through new or improved intermodal terminals
- Sufficient investment in transpo infrastructure and congestion mitigation
- Improved career pathways and geographically-balanced labor supply
- Consistent regulation and policies that promote technology adoption, public-private partnerships, and private investment

Additional Considerations

- Concerns over containers
- Intermodal options
- New opening to Asia?
- Test bed for self-driving trucks?

Questions?

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