

MULTIMODAL FREIGHT TRANSPORTATION SYSTEM IMPROVEMENT TASK FORCE
Minutes of the Fourth Meeting of the 2023 Interim
November 1, 2023

Call to Order and Roll Call

The fourth meeting of the Multimodal Freight Transportation System Improvement Task Force was held on November 1, 2023, at 3:00 PM in Room 149 of the Capitol Annex. Senator Jason Howell, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Representative Suzanne Miles Co-Chair; Senator Jason Howell Co-Chair; Senators Brandon J. Storm, and Johnnie Turner; Representatives John Blanton, Tom Smith, and Ashley Tackett Laferty.

Guests: Frank Jemley III, Executive Director, Kentucky Association of Manufacturers (KAM); Todd Hammerstone, Supply Chain Manager, Logan Aluminum; Todd Erbe, Director of Transportation, T. Marzetti Company; Todd Mitchell, Vice President of Administration and Procurement, North American Stainless; Kim Menke, Regional Director of Government Affairs, Toyota; Rick Taylor, President/CEO, Kentucky Trucking Association; and Eric Thomas, Executive Director, Central Ohio River Business Association (CORBA).

LRC Staff: John Snyder, Ashley Nash, and Christina Williams.

Approval of October 17, 2023 minutes

The minutes from the October 17, 2023, meeting were approved.

Manufacturers' Needs and Perspectives on Multimodal Transportation

Frank Jemley III, Executive Director, Kentucky Association of Manufacturers (KAM), stated that manufacturers have announced over 900 facility location or expansion projects. These projects anticipate reporting a capital investment of over \$28 billion and nearly 39,000 new jobs. Mr. Jemley stated the multimodal needs of manufacturers are an integrated transportation system, adequate infrastructure, accessibility, and safety in order to maximize competitiveness in the global economy.

Todd Hammerstone, Supply Chain Manager, Logan Aluminum stated that its facility, located in Russellville, began manufacturing in 1983, and currently produces approximately 2.6 billion pounds of aluminum canned sheet annually, supplying approximately 45 percent of the North American beverage can market. Logan Aluminum

relies heavily on two primary modes of transportation, truck and rail. The company is experiencing a significant growth in rail shipment, and are working with RJ Corman Railroad to submit a Consolidated Rail Infrastructure and Safety Improvement (CRISI) Grant application in 2024.

In response to a question asked by Chairman Howell, Mr. Hammerstone spoke on the beneficial proximity of the Logan Aluminum plant to Interstate 65 and Interstate 24.

Todd Mitchell, Vice President of Administration and Procurement, North American Stainless, stated the company is the largest stainless-steel manufacturer in the United States, and utilizes all major modes of transportation for inbound and outbound shipments. The company primarily utilizes barge shipments for inbound products. They have submitted an application for the Port Infrastructure Development Project (PIDP) Grant (federal grant). If received, the funds will be used to expand the barge dock to increase inbound raw materials that ship via barge. Mr. Mitchell discussed heavy congestion on Interstate 71 and suggested improvements be made to alleviate challenges associated with that. He mentioned interest in the use of autonomous driverless trucks.

In response to a question asked by Representative Smith, Mr. Mitchell stated North American Stainless uses their own dock for transportation, which is leased to them by Carroll County.

In response to a question asked by Representative Smith, Mr. Mitchell stated, if received, the funds from the PIDP Grant will be used to expand the size of the dock, access to and from the dock, and the acquisition of additional equipment to handle different outbound products. He added scrap suppliers have expressed interest in shipping more barge freight to North American Stainless, but due to limitations, those materials must be delivered via truck. Representative Smith requested a summary of the PIDP Grant application be given to the task force.

Chairman Howell requested Mr. Mitchell provide to the task force anything that could have been done statutorily to ease the process of the grant application.

In response to a question asked by Chairman Howell, Mr. Mitchell stated North American Stainless and nearby companies work well together and try to help provide and accommodate each facility's needs.

In response to a question asked by Chairman Howell concerning ideas in expanding the usage of barges for output traffic, Mr. Mitchell stated they were one of the first

companies to load ocean-going containers at their facilities outside Kentucky and it was not a positive experience. He added he does think it is possible, but requires a lot of coordination.

Todd Erbe, Director of Transportation, T. Marzetti Company, stated last year approximately 15,000 shipments were trucked in and out of the facility. Due to the company's proximity to I-65, it utilizes truck transportation. Mr. Erbe referenced an article from the American Transportation Research Institute showing that since 2016, congestion increased 27 percent in Kentucky overall, and 36 percent in the Louisville-Metro area.

Kim Menke, Regional Director of Government Affairs, Toyota, stated Toyota Motor Manufacturing Kentucky (TMMK) is Toyota's largest and most complete vehicle manufacturing plant in the world. The plant in Georgetown has the capacity to build 550,000 vehicles per year, and over 600,000 engines. The engines are exported to other facilities. Since the start of production in 1988, TMMK has built more than 13 million vehicles in Kentucky. There are approximately 9,500 employees and three vehicle production lines at TMMK. In 2024, the company has plans to start the assembly of hydrogen fuel cell modules, that will be the power plants for class eight semi-tractor trailers.

TMMK uses several modes of transportation to operate their just-in-time part systems, primarily using roadways, rail, and air. They have over 425 suppliers across North America and 120 of those are located in Kentucky. TMMK averages approximately 965 inbound trucks per day, and just over 40 outbound trucks per day of finished engines and service parts. TMMK ships approximately 1,400 vehicles a day by rail to regional distribution centers, and then to seaports for export overseas. They also ship 350 to 400 vehicles per day via car carrier to dealerships within the Midwest multistate region.

Mr. Menke shared his appreciation to Mike Hancock, Deputy Secretary of KYTC, for bringing the Kentucky Freight Advisory Committee members together for discussion on issues and provide insights on freight management plans, improvement strategies, external grant opportunities, and the investigation and implementation of countermeasures to problems in Kentucky.

In response to a question asked by Chairman Howell, Mr. Menke stated in order for TMMK to successfully expand, several things were implemented such as the acquisition of additional trucks and team members, and the addition of another exit on Interstate 75. Those changes allowed for TMMK to produce the Lexus model vehicles.

Mr. Jemley stated KAM supports fully funding infrastructure needs to remain competitive, looking to transportation needs of the future, and utilizing long-term sustainable funding mechanisms.

Trucking Industry's Role in the Multimodal Transportation System

Rick Taylor, President/CEO, Kentucky Trucking Association and William Hill, Owner, Hill Transportation and HT Logistics, discussed the trucking role in the multimodal transportation system and the Kentucky Trucking Association (KTA).

Mr. Hill stated Hill Transportation has just over 225 employees and services several manufacturers in the heavy haul market including Logan Aluminum. The KTA was established in 1962 and has approximately 300 members. There are about 113,000 Kentuckians that work in the trucking industry, including approximately 27,000 drivers. In Kentucky, trucks transport 86.5 percent of manufactured tonnage, and 89.2 percent of Kentucky communities depend solely on trucks to move their goods.

Mr. Taylor stated KTA supports the manufacturing industry and gave a summary of where the trucking industry is in comparison to surrounding states. There are 5,200 interstate trucking companies based in Kentucky that register 24,000 vehicles. These numbers lag far behind those in surrounding states. KTA's goal is to have companies locate in Kentucky and more vehicles registered here as well. One major reason companies are choosing not to register their trucks in Kentucky is due to the annual county clerk registration fee for vehicles 44,001 pounds or greater, which renders moot the state online commercial registration system by requiring in person trips to clerk's offices where each transaction is handled individually.

In response to a question asked by Chairman Howell, Mr. Hill reiterated the benefits of Kentucky's central location and the demands for transportation and truck needs, stating there are small road blocks that could be alleviated to help push the trucking industry in Kentucky forward.

Mr. Taylor stated the highway system is vital to trucking operations and expressed congestion concerns citing a study showing congestion costs the trucking industry in Kentucky about \$2.4 billion every year. Mr. Taylor expressed that KTA is in favor of expanding and maintaining the highway system and they are willing to pay their fair share to accomplish this goal. However, they want to ensure the money needed is collected efficiently and fairly, and that there is an equal playing field on the collection front, which is not always happening with the collection of the weight distance tax. Mr. Taylor advocated for the elimination of the weight distance tax and to collect the funding through the diesel fuel tax rate.

Mr. Taylor discussed the shortage of truck parking in Kentucky. On an average night, 9,000 trucks compete for 7,196 marked, designated trucking spots in Kentucky. Truckers are faced with parking illegally on the on or exit ramps or side of the road or violating federal hours of service. Either option is unsafe for the motoring public and the truck driver. Law enforcement also faces a difficult decision to make a fatigued driver move, violating their hours of service, or to remain parked illegally.

Representative Blanton advocated for evaluating the process of truck registration and making that process less cumbersome. He also spoke about the necessity of fixing the truck parking issue as well.

Co-Chair Miles expressed her appreciation and support for the trucking industry, and requested suggestions to be given to the task force to remedy these trucking issues.

Private Sector Business Interests in Multimodal Transportation

Eric Thomas, Executive Director, Central Ohio River Business Association (CORBA), discussed private sector business interests in multimodal transportation. CORBA is a 501 (c) (3) non-for-profit trade association, an alliance of business and industry engaged in river commerce on and along the Ohio River and its tributaries from Greenup, Kentucky to Carrollton, Kentucky. The mission of CORBA is to unite the river businesses and industry into a common voice in order to promote commerce, safety and security, environmental stewardship, and public relations concerning the Ohio River and its tributaries throughout the central Ohio River region. A founding objective was to re-designate the USACE Port statistical boundary and redefine the port as a regional port, which was achieved in 2015. CORBA currently represents more than 60 members of the maritime industry and supports companies throughout the ports of Cincinnati and Northern Kentucky.

In 2021, there were 35.9 million tons of cargo that came through the port which equates to 1.5 million truck loads. Mr. Thomas stated CORBA is rich in port assets as it is near the CVG airport, two class I railroads, and multiple short line railroads. CORBA is located near intersections of Interstates 71,75, and 74, and is within a day's drive of 55 percent of manufacturing in the United States.

Mr. Thomas stated Kentucky is the seventh busiest tonnage state in the United States for maritime freight, with 79 million in waterborne tonnage moved. A chart was shown to illustrate that about 71 percent of Kentucky's waterborne tonnage is not moved at public ports. He highlighted challenges and opportunities and questioned if port

development is a transportation issue or economic development issue or both, adding that in his opinion it is both, but it tends to fall towards transportation.

Mr. Thomas stated public port tenants are generally private companies that are leasing space within that public port, however, private ports lack the public capabilities such as soliciting public funds. He also added that state investments can and do support private ports as well through road and highway connectivity, utility and equipment investments, and through state benefits from private investments by jobs and tax generations. Mr. Thomas stated private ports should not have to compete with public financing and investment.

Adjournment

With no further business to come before the task force, Chairman Howell adjourned the committee at 4:45 P.M.