

MAIN STREET MONTANA PROJECT

A BUSINESS PLAN *For Montana by Montanans*

Action Plan

Transportation Key Industry Network (KIN)

July 15, 2016 KIN Meeting Results

Subject Areas Identified
for Work Group Discussion

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TRANSPORTATION KIN MEMBERS & ORGANIZATIONS

Co-Chairs

Jason Matheny, Davis Transport Inc.
Tom Walsh, Montana Rail Link

Facilitators and Staff

Mary Craigle, Governor's Office
Amanda Casey, Governor's Office
Lynn Zanto (Liaison), Dept. of Transportation

KIN Members

Carla Allen, Central Montana Railroad
Steven Baeth, Knife River
Larry Bonderud, City / Port of Shelby
Gary De France, Harrison Grain Elevator Co.
Kathy Fasso, Port of Montana
David Freeman, BNSF
Dave Gardner, Mergenthaler Transfer and Storage, MTS Freight
Ronald Hooper, Neptune Aviation
Matt Jones, BNSF
Jeremiah Lemons, Montana Companies / Oldcastle Materials
Jim Lewis, Montana Rail Link
Bill Lloyd, Great West Engineering, Inc.
Michael O'Hara, O'Hara Land & Cattle
John Pavsek, Morrison-Maierle, Inc.
Eric Phillips, Delta Airlines
John Shoff P.E., PTOE, DOWL H K M
Sten Sohlberg, Jones Brothers Trucking
Scott Weiss, DTS Logistics

Attending

Larry Simkins

- The results of the July 16, 2016 Transportation KIN meeting identified numerous topics for work group discussion
- Main Street Montana Project (MSMP) staff have condensed and shaped these topics into subject statements to be considered by 4 work groups: A-D, as set forth on the following slides
- This overview correlates the work group discussion subject areas and their corresponding subject statements with the Main Street Pillars
- Action on topics in some cases will be led by the transportation sector while others will be led largely by government with groundwork performed by the transportation sector

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Big Wishes of Transportation KIN Members

- Consistent public funding – especially federal. Construction and state funds are declining
- Recognize diminishing federal dollars and find state solutions especially urban area funding options
 - Explore gas tax increase directed to infrastructure and transportation related projects. As fuel efficiency increases the result is less revenues – changing to tax based on miles driven an option
 - Local option sales tax
- Need more local financing options beyond the Board of Investments and property tax revenue
- Need funds for rural highway repairs to facilitate farm to market
- Review tax treatment of transportation sector
- County and city governments need more options for funding streets, secondary routes construction and repairs beyond TSEP
- Continue funding for wood products and other industries in distress to keep economy strong and provide products for transportation sector to haul

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Big Wishes of Transportation KIN Members

- More product to haul due to economic development – attracting new and growing existing businesses
- Statewide comprehensive infrastructure and capital improvement plan that would be bases to support growth and result in a common voice east, west, north, south, urban, rural
- Work as part of regional groups (Western Governor's Association, transportation associations, government groups) to address issues affecting Montana's transportation industry including natural resource development particularly the 8 states which are part of the Greater Northern Corridor
- Pulse crops need better transportation options because smaller shipments and need to be timely
- MDT TranPlanMT has broad policy goals and is currently being updated. The Transportation KIN and others in the transportation sector could review and provide input to help shape the update
- For would-be truck drivers takes months for appointment to get a CDL license – process needs to be significantly shortened
- More offerings and locations for training on ready mix, big haul etc.
- More safety training beyond DOT regulations

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Big Wishes of Transportation KIN Members

- Find more efficient ways to coordinate business shipments
- Need more air service (intra / inter state) and air service needs to be more affordable.
- Have the state conduct a market studies to show the viability of air service options. It is too cost prohibitive for a single business to do this type of study.
- Increase container freight options for smaller companies
- Provide more locations and times for hazmat licensing – only in Billings currently
- Transportation workers can only get an ID card out-of-state – need in-state options
- Business environment needs to be the best it can be
 - Within the judicial system, railroads employment suits all overturned – out-of-state workers file in Montana because of this treatment by courts. NO other states allow out-of-state filings under the FELA law
 - Other MT employment laws discourage business

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SWOT Analysis of MT Transportation Sector

Strengths

- Workforce is educated and has a strong work ethic
- Transportation companies are nimble and have developed strong intra-industry networks and relationships within Montana
- Industry has access to elected officials
- Montana has a diverse economy which creates stability
- Montana has very diverse exports and attractions- products, commodities, tourism
- Montana is natural resource rich which is a strong area for transportation business
- Montana has good transportation systems
- Businesses and workers are innovative
- The Montana University System (MUS) allows access and provides many opportunities for training/education
- MUS is strengthening its partnering with MT industries
- DOT/MDT can fix issues quickly
- Montana is center for the Northern Corridor

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SWOT Analysis of MT Transportation Sector

Weaknesses

- Funding is not flexible enough for local governments – lack of options
- Distance from major markets and ports
- Need to be 21 years of age for truck license
- Hard to get truckers home within the time required by regulations due to distances and infrastructure limits
- Lack of access to capital particularly venture and gap financing
- Hard to do business for some due to environmental and employment laws and litigation
- Limited availability, density and skills of workforce
- Poor / no broadband coverage in many areas of the state
- Housing is expensive
- Wages are low
- Air service is limited and expensive
- Communities and companies can be competitive in business development and hiring – “turf-ish”

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SWOT Analysis of MT Transportation Sector

Opportunities

- Diversify and be innovative with local community and government funding
- Make a case for infrastructure due to aging and state of disrepair
- Find ways to make markets closer using technology
- Educate Montanans on the benefits and contribution to the state of transportation and other industries
- Educate potential employees on career benefits
- Better prepare workforce with creative training offerings
- Stay on cutting edge of technology advancements to keep transportation competitive
- Provide education to companies on how to access capital

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SWOT Analysis of MT Transportation Sector

Threats/Challenges to Overcome

- Access to markets at times
- Vocal minority persuades others based on un/half truths
- Currency exchange rates especially with Canada
- Availability of workforce (especially truckers) due to retirements outpacing entrants, low wages, changing competitive landscape for employees, demands and expectations of younger workers
- Quality of available workers and those the state can attract
- Declines in natural resource development
- Regulations, especially federal, that impact innovation and funding
- Technological changes that makes it hard to keep up and have security risks
- Transportation routes can be quickly limited – e.g. natural disaster

Prioritizing Issue Areas and Actions for KIN Across the MSMP 5 Pillars

1. Train and Educate Tomorrow's Workforce Today
2. Create a Climate that Attracts, Retains and Grows Businesses
3. Build upon Montana's Economic Foundation
4. Market Montana
5. Nurture Emerging Industries and Encourage Innovation

Each discussion group should answer the following questions:

- How important is the issue(s), to our industry and should it be a priority for our KIN?
- For those that are important, what actions should be taken to yield positive change and results?
- Who needs to be involved?
- How should this actions be accomplished?
- What is the timeline for accomplish the actions?

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Action Plan: Group A Topic Areas

Relates to MSMP Pillar 5 (Nurture and Encourage Innovation)

Access to Private and Public Capital and Tax Policy

Subjects for Discussion:

- Better Access and Awareness of Capital including:
 - Enhanced , Flexible and Stable State & Federal Funding
 - Funding beyond existing levels and requirements of state programs for local communities, industries in distress
 - Educate businesses on capital options
- Tax Policy
 - Review tax treatment of transportation
 - Employer Tax Incentives
 - Local Option / City & County Funding
 - Gas Tax – innovative ideas as fuel efficiency lowering returns (JP, JHL)

KIN Members who indicated willingness to work on Group A Topics: Jason Matheny, John Shoff, Bill Lloyd, Sten Sohlberg, Ron Hooper

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Action Plan: Group B Topic Areas

Relates to MSMP Pillar: 1 Train and Educate Tomorrow's Workforce Today

Workforce, Education, and Training

Subjects for Discussion:

Workforce Development

- Attracting and retaining employees
- Partnership among Private, Public, Unions

Trainings

- Safety Training needed (ready mix, big haul, etc.) (JHL)
- Frequency and Availability of Licensing Trainings Needs Improvements (Hazmat, Trucking Licensing) (possibly through MUS locations) (SW, CA)

KIN Members who indicated willingness to work on Group B Topics: Scott Weiss, Sten Sohlberg, Jason Matheny, Kathy Fasso, Tom Walsh, Jeremiah Lemons, Carla Allen

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Action Plan: Group C Topic Area

Relates to MSMP Pillar 5 (Nurture and Encourage Innovation)

(Suggest combining with Group D Cross-Kin Topics)

INNOVATION

Subjects for Discussion:

- Technological opportunities within Transportation Sector
 - Strengthen networks
 - Increase exports types and amounts
 - Teaming opportunities ideas for improving infrastructure
 - Public communication on the benefits of transportation developments to combat vocal minority / misinformation (CA, DG, JP)

KIN Members who indicated willingness to work on Group C Topics: Dave Gardner, John Pavsek, Carla Allen

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Action Plan: Group D Topic Area

Relates to MSMP Pillar 5 (Nurture and Encourage Innovation)

(Suggest combining with Group C Innovation Topics)

Cross-Kin Working Group with Natural Resources, Energy, Manufacturing, and Agriculture

Subjects for Discussion:

- Keep sectors strong and growing as markets change
- Increase community cooperation on attracting business and workforce
- Provide a common forum for information and resources

KIN Members who indicated willingness to work on Group D Topics: Jeremiah Lemons, Ron Hooper, Jason Matheny, John Lewis, Bill Lloyd, Tom Walsh

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Action Plan: Group E Topic Area

Relates to MSMP Pillar 5 (Nurture and Encourage Innovation)

Business Climate Improvements

Subjects for Discussion:

- Regional outreach to other states to build coalitions especially northern corridor
- Coordination of transportation in shipping especially for smaller companies and pulse crops (DG, CA, KF, JHL)
- Air service research leading to more viable intra/interstate flights (RH)
- Research into what industries are growth areas to increase product shipping that drive transportation
- Develop a Statewide capital improvement plan. (TranPlanMT provides broad goals)(BL)
- Identify and mitigate legal barriers /disincentives that hamper transportation growth including employment laws, Railroad compensation Law (FELA) (CA, DG)

KIN Members who indicated willingness to work on Group E Topics: John Lewis, Bill Lloyd, Matt Jones, John Shoff, Scott Weiss, Bill Lloyd, Carla Allen, Ron Hooper, Kathy Fasso, Dave Gardner, Jeremiah Lemons

OUTCOME OF DISCUSSION GROUPS:

- Based on your discussion and analysis, **what** do you want to recommend that the KIN focus on moving forward? With respect to your recommendation:
 - **What** is one specific action, or set of actions, that should be taken to yield positive change and results?
 - **Who** needs to be involved?
 - **How** should this action or set of actions be accomplished?
 - **When** is it feasible to expect that the action or set of actions will be completed?