

MAIN STREET MONTANA PROJECT

A BUSINESS PLAN *For Montana by Montanans*

Transportation KIN Meeting Minutes **May 26th, 2017** **9:30 a.m. -2:00 p.m.**

Attendees:

Jason Matheny (Co-chair) - Davis Transport Inc.
Tom Walsh (Co-chair) - Montana Rail Link
Jeremiah Lemons - Montana Companies / Oldcastle Materials
Matt Jones – BNSF (phone)

Staff:

Lieutenant Governor Mike Cooney
Mary Craige, Department of Labor and Industry
Lynn Zanto, Department of Transportation
Amanda Casey, Governor's Office
Michaela Wolfinger, Department of Commerce
Michelle Snowburger, Motor Vehicle Division
Pam Haxby Cote, Director, Montana Department of Commerce
Ken Fichtler, Governor's Office of Economic Development

9:30 AM

Introductions and greetings

9:40 AM

Governor's Office of Economic Development (GOED) provided a Main Street Montana Project (MSMP). This meeting is last KIN meeting - over 90 meetings in total - of Phase 1 which was to convene the network and solicit recommendations. GOED will start Phase Two and continue to move recommendations along with a focus on the communication piece. GOED will be the hub for the MSMP moving forward.

Mary Craige provided some MSMP updates noting final recommendation are being conveyed to the Governor at this time. She also discussed the SWIB College Outlook Report and how it will be a useful tool, and can help educate employers. The report provides info on how many grads graduated in what degrees programs and where they got jobs. An initial report was prepared for Missoula College graduates. This new Outlook Report is university system wide and includes tribal colleges and several private colleges as well; a big project not likely to be an annual report due to extent of work required.

Update on Commercial Drivers Licenses from Michelle Snowburger (Motor Vehicle Division, Montana Department of Justice (MDV DOJ))

- Currently it is difficult to get CDL testing done because of limited resources. Statewide, there are 63 licensing employees, all are trained to process CDL's but only 6-9 slots are for CDL's which requires a written test and a skill test at separate locations.
- In the 2017 Session, two bills address motor vehicle laws. HB 144 revises licensing requirements including a \$10 decal fee for certain out-of-state vehicles registered in Montana. SB 241 revises third party commercial driver testing to allow DOJ to contract for services. DOJ worked with motor carrier association and Senator Buttrey to develop the statutory language for SB 241.
The goal of the legislation is to alleviate some of the stress with third party testing
- MDV will be standing up third party process gathering info on administrative rules and processes from other states which hopefully will start summer 2017.
- The low unemployment rate is making it challenging to find commercial drivers
- There has been a reduction in some federal mandates related to commercial drivers. For example, a proposal that would have required additional schooling has been withdrawn.

The KIN had a number of questions on CDLs and transportation issues. Matt Jones mentioned that there has been a lot of communication on issues between the state and the federal levels and things are softening in terms of federal regulations. Overall, KIN members who deal with CDL indicated progress is being made and the situation is better than it appeared at the time of the first Transportation KIN meeting.

Director Cote mentioned getting more involved with Montana's youth to look at commercial driving as a career option. She felt we needed to get to them by their sophomore year in high school. Currently, there are three CDL schools in Montana. Director Cote noted that in Butte, high school counselors are looking for ways to promote training other than college. Jeremiah Lemons noted that annually there are 1,000 jobs that need a CDL. Tom Walsh questioned how many jobs Montana companies lose due to slow CDL processing. Mary Craige indicated the State Workforce Innovation Board (SWIB) oversees occupational licensing and could review recent trends in the trucking industry. She also mentioned the new MT Department of Labor & Industry Career Lab website that provides career information and promotes the higher wages that can be made in the transportation sector. Siri Smillie with the Governor's Office is involved in outreach to high schools and will discuss the CDL situation with her contacts. Michelle indicated it is a really resource problem, there needs to be more people at DMV.

Ken mentioned that driverless trucks are coming and asked if that meant less need for CDL's. KIN members responded that driverless vehicles are coming but it is still a ways off. Michelle noted that the conversation is just beginning in Montana for driverless transportation; but noted that California will be allowing driverless soon – possibly within the year. Ken mentioned Montana needs to be planning for long-term success by preparing for this technology.

Michelle said the minimum age to get a CDL for in-state driving is 18 and to drive interstate the age is 21; in total, there are 55,000 registered CDL's in Montana.

Tom Walsh asked why it took his daughter 3 months to process an address change for her license. Michelle said that again, it is a resource issue. There is a need for more funding for more examiners. Since this requires legislative approval and appropriations this process is slow and not guaranteed. MVD is continually looking at ways to improve the Department's processes. Jeremiah noted obtaining a medical fitness to drive card is also a slow difficult process.

Tom Kaiserski reported on Hazmat licensing certification. The KIN had previously identified this area as a bottleneck due to the lack of certifying locations. Currently, facilities exist in Billings and Sidney. The Transportation Security Administration (TSA), regulates the hazmat endorsement process. TSA is currently working with Saffron, a private company, to establish another Hazmat licensing facility in Great Falls by June 2017. There are several economic reasons for the lack of these facilities. First, there are costs to operate the facility and conduct the licensing process however there is insufficient volume to justify the costs. There is also a lack of available staff to perform the work. Tom Walsh noted the KIN and the state need to explore ways to utilize existing government entities to increase the locations that can provide Hazmat certification. Fingerprinting is required for Hazmat certification and KIN members asked if those could be obtained from local Sheriff's Offices to satisfy the Hazmat requirements. Staff will research current finger printing locations (DOJ and local sheriff offices). Director Cote will contact her counterpart at Department of Corrections as well to see if Probation and Parole options could provide fingerprinting services. (Note: Staff at DOJ indicate that TSA currently does not accept fingerprints from local law enforcement offices to meet Hazmat certification requirements).

Pam Cote provided comments on ways Butte is supporting transportation efforts noting that the community is finding ways to support financing for big rig independent truckers. She said that shipping companies are looking at Butte; and, that there is a project to develop a training center underway that will use simulators for truck, heavy equipment, and pilot training. Pam also noted that there is a concerted effort at the Montana Department of Commerce (DOC) to look at value added products which will create transportation opportunities. Pam Cote thought that perhaps Coal Board funding could be a possible source of funds.

Tom Kaiserski gave an update on recent energy missions. There is a market for clean energy exports as long as existing infrastructure can be leveraged. Carbon capture is another area with potential.

11:00 AM

Lyn Zanto provided a Montana Department of Transportation (MDT) update:

During the 2017, Legislative Session HB 473 passed increasing the gas tax. The funding will be used to deliver construction, reconstruction, maintenance, and repair of rural roads, city or town streets and alleys, and bridge projects. MDT is under a quick implementation timeline as the increase goes in effect July 1st with funds to go out March 1m 2018. MDT will be developing an accountability website that shows where the funding is going and also drafting administrative rules. House Bill 92 passed related to contracting alternatives. HB 408 which would have placed a tax on rental cars to enhance airline did not pass.

SB 182 passed requiring MDT to provide information and involve the public in highway construction project. MDT is trying to improve public involvement processes for all projects. Mary Craigle suggested website information coordination among different state agencies.

Michelle noted that SB 366 passed providing for a new driver's license or identification card to comply with the Federal Real ID Act of 2005.

The infrastructure bill, SB367, did not pass; Montana has not passed an infrastructure bill the last two sessions and the state is falling behind. For example, there are currently 300 structurally deficient bridges in Montana.

Federal transportation funding under the Fixing America's Surface Transportation Act (FAST Act) goes through 2020. The new federal administration is looking at revenues and options.

MDT conducted a freight stakeholder meeting to discuss funding, CDL's, weight restrictions, variable speed limits, and more. In August, the stakeholder group will meet again and prepare a draft report.

MDT is close to having a draft released for the State Transportation Plan. This is a broad policy based document.

Lynn noted that the biennial MDT stakeholder survey went out and will solicit responses through the end of June. The link will be sent out to KIN members.

Ken Fichtler noted that MDT needs to prepare for medical marijuana similar to the restrictions currently in effect for alcohol usage.

11:30AM

Ken Fichtler provided an update on GOED efforts which include improving access to capital. Ken noted that traditional bank financing suits most Montana businesses well. However, for young companies, conventional debt is not an option and there is currently not enough venture capital sources are available in Montana. As a comparison, per capita venture funding in Colorado is \$286, Utah \$278, while in Montana it's just \$2.86. Montana has just one \$500k angel fund and two venture capital firms. The funds for the two venture firms are fully allocated. New fundraising in the next 2 years is needed.

Ken noted that creative financing solutions are available and said that the apprenticeship tax credit HB 308 and HB 226 which increased the property tax abatement option for new and expanding industry both passed this session. These are both bills intended to help grow the economy. GOED is working to attract more funds from all sources and encouraging banks to collateralize intellectual property. Public sector funds include tax increment financing (TIF) and local revolving loan funds (LDO RLF). TIF's are typically used for infrastructure but can be used for building facade, fiber-optics, etc. TIF'S came under attack this last session but the Governor's office worked to defeat the bills. The legislature passed an interim study bill (HJ18) to examine TIF funding.

Ken cited the repurposing of the former GE Capital building in Billings as an economic development success in the state. Mary added that the state needs to continue to build on these successful public/private partnerships.

12:00 PM

Lunch. Lieutenant Governor Mike Cooney thanks the KIN members for their time and participation.

12:30 PM – 2PM

Finalize Recommendation for the Governor

- A) Have the Governor’s Office lead efforts to increase licensing, certifications, training, and supporting resources to provide for transportation sector needs. These resources include:
- Finger printing sites
 - 3rd party trainers
 - Private contracting to increase #/speed
 - More staffing
 - Info tech options
 - Medical exam support
- B) Continue to look for infrastructure funding, options, innovations to address gaps now and leading up to 2019 session. These include:
- “Publicizing the need” for transportation infrastructure. Awareness of MT citizenry
 - Expand public financing
 - Tax treatment of the sector
 - Increase in availability and affordability of air service - especially business and freight
 - Dollars to address 1 – standing problems (such as overpass for rail road at Montana Ave in Helena) eg. Coal fund since rail road paying into in substantial way
 - Private-public partnership models – e.g. tax abatement for rail road corridor use for bikes, (public / private) co-funded transportation enhancements
- C) Continue to expand workforce development efforts to provide sufficient skilled workers for the transportation sector:
- Reach out to high schools students and earlier grades
 - Increase training schools
 - Develop videos, site visits, simulators, job shadowing, etc. opportunities to showcase careers
- D) The Governor’s office should take the lead on cross-sector transportation conversations to identify the issues and start planning for the future of the transportation industry. Issues include topics such as:
- Driverless transportation
 - Using technology to increase efficiencies (max weight, shared roads, etc.)
 - Import/export enhancements, combining current products into new offers, finding more markets
 - Regulation and statutory changes such as:
 - Workers injured out-of-state filing lawsuits in Montana
 - Federal CDL driver requirements

2PM

Adjourn

Next Steps

Prepare minutes and recommendations

Tom Kaiserski and Mary Craigle will start write up on report for the Governor

Schedule meeting on recommendations with Governor Bullock

Mary Craigle look at CDL/truck driver numbers in the state

Send out transportation stakeholder survey to KIN members

Lynn Zanto will send out Road Separation Railroad Study from Transportation Department

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