



Georgia General Assembly

House Budget and Research Office

This report is submitted pursuant the following resolution,

HR 37

which created the Georgia Commission on Freight and Logistics to which members were appointed by the Speaker of the House of Representatives and the President of the Senate.

Representative Kevin Tanner, Co-Chairman

Senator Brandon Beach, Co-Chairman



Georgia Commission on Freight & Logistics

Recommendations Overview

Co-chairman Kevin Tanner

Representative Calvin Smyre
Representative Dale Rutledge
Brad Skinner
Rick Toole
Derrick Johnson
Eddie DeLoach
Steve Taylor

Co-chairman Brandon Beach

Senator Steve Gooch
Senator Burt Jones
Rebecca Brewster
George Powers
Stephanie Smith
Felicia Moore
Mark Wisenbaker, Jr.

INTRODUCTION

The Georgia Commission on Freight and Logistics was established by House Resolution 37 during the 2019 Session. The General Assembly created this commission to study the freight and logistics network in the state, find ways to move freight more efficiently, and to spur economic growth and job creation.

The state of Georgia is seeing major growth in population due to a boom in business growth. Growth is also due to being home to the world's busiest airport and the fastest growing container port in the nation. As the population climbs, traffic and congestion increases throughout the state. With all of these factors in play, the commission must consider ways to deliver transportation efficiency for both industry and citizen travelers.

The commission is made up of three members of the House of Representatives and three members of the Senate; six logistics professionals, four local government officials, and several leaders of organizations and state agencies. Speaker Ralston appointed Representatives Kevin Tanner, Calvin Smyre, and Dale Rutledge; logistics professionals Brad Skinner, member of the board of directors at OmniTRAX; Rick Toole, Vice President and Georgia Division Manager at Alfred Benesch & Company; and Derrick Johnson, President of the South Atlantic Division for UPS. Local government officials appointed by Speaker Ralston were Mayor of Savannah, Eddie DeLoach and Bartow County Commissioner Steve Taylor.

Lieutenant governor appointments included Senators Brandon Beach, Steve Gooch, and Bert Jones; logistics professionals Rebecca Brewster, President and COO of the American Transportation Research Institute; George Powers, President and CEO of TradePort Logistics LLC.; and Stephanie Smith, Vice President of Supply Chain Development for the Home Depot. The lieutenant governor's local government appointments were Atlanta City Council President Felicia Moore and Lowndes County Commissioner Mark Wisenbaker, Jr.

Members specified within the resolution included the Executive Director of the Georgia Municipal Association (or designee), Executive Director of the Association County Commissioners of Georgia (or designee), President or Chairperson of the Georgia Chamber of Commerce, President of the Metro Atlanta Chamber of Commerce, the Commissioner of the Department of Transportation (ex-officio), and the Executive Director of the Georgia Ports Authority (ex-officio).

Through the course of its meetings the commission heard from state and industry leaders and professionals about growth trends and projections as well as the challenges and opportunities for change facing Georgia's freight movement and mobility.

MEETINGS:

August 14, 2019, Georgia Department of Transportation Headquarters

September 25-26, 2019, The Savannah Convention Center

October 16, 2019, Dalton State University

November 19-20, 2019, Waycross Convention and Visitors Bureau

FINDINGS:

The commission was presented with growth trends for both the state's population and freight movement. National population projections done by Virginia State University predict that by the year 2040 Georgia will have the fifth highest population in the nation with over 12 million people. As a huge distribution hub, with 84% of freight moving on trucks, and an ever-growing population, mobility of people and freight faces increasing challenges. Having a plan in place to address the concerns facing the number one state in which to do business is paramount.

The Georgia Department of Transportation (GDOT) adopted its freight and logistics plan in 2012 and updated it to be FAST-Act (Fixing America's Surface Transportation) compliant in 2018. Early in that year, the American Trucking Research Institute (ATRI) selected Georgia as having the second best plan in the country. This plan is evolving as new challenges arise - with an update due to be complete in late 2022 - but the vision remains the same: That Georgia will be the global gateway of choice; providing reduced time to market, superior supply-chain efficiency, and reliability from destination to end customer. Because a growing population also means more cars on the road, the department must also consider this in its planning to accomplish the vision and keep everyday motorists safely moving throughout the state.

In 2018 the logistics industry logged 181,000 direct industry jobs; \$60.7 billion in economic output; \$33.5 billion in state gross domestic product; and more than \$2.7 billion in state and local tax revenue. Our state exceeds the national average in most industry categories for employment; the industry employment as a whole grew by 30 percent between 2010 and 2017. With more than 800 million square feet of warehousing across the state and a predicted freight increase of 30 percent by 2045, the future of mobility is now. Leaders in the state and the industry must focus on more efficient movement of goods, the use of data to optimize operations and movement, the use of autonomous and connected vehicles, and an emphasis on last-mile delivery.

Throughout the commission's meetings, it was reiterated again and again that ecommerce and the efficient movement of goods are paramount. Today's consumer shops online as much, if not more often, than they do in brick and mortar stores; they want their goods quickly! But in 2019 some of the top issues facing the trucking industry include a driver shortage, the hours of service rules, the electronic logs mandate, driver detention, and infrastructure and congestion.

Drivers lose time and money when detained at a location waiting to either drop off or pick up a load. Between 2014 and 2018, drivers reported a 27.4 percent increase in delays of six hours or more. Nearly 40 percent of drivers reported that the majority of delayed appointments were due to customer actions. These detentions affected a driver's eligible hours of service. If a driver loses more than six hours due to a delayed appointment, they have less time to drive or make other appointments when back on the road; this causes their later appointments to be delayed.

Parking is another problem facing our truck drivers. Because of the electronic logging device mandate, there is no longer a grace period to find proper parking to rest. Drivers are now being forced to improvise and this is the reason we have seen an increase in trucks pulled over on the side of on/off ramps and in vacant parking lots. A majority of drivers reported that the frequency they used unauthorized or undesignated parking was up to four times per week. This poses safety issues for both the drivers and other motorists.

The Atlanta Regional Commission is currently studying the truck parking issue as well as freight clusters. Freight clusters are logistic zones that are grouping distribution centers, transportation, and supporting services within a defined and often planned area. These clusters, often in industrial areas, take into consideration the connectivity of roadways and traffic, safety and crash data, access to jobs, the evolving freight and logistics industry, technology impacts, growth potential, land use conflicts, truck parking, bridges, rail, signage, alternative fuels, and lighting. The South Fulton CID completed its multi-modal plan in 2018 and four other plans have begun to roll out in 2019, with even more planned to begin in 2020. This model is one way to improve efficiency and congestion as well as the parking dilemma facing drivers. Solutions like this are attractive because while accidents with trucks parked on the side of the road are rare, the threat to a driver's safety when parking in an empty or otherwise deserted area is great. In 2012, Jason's Law was passed as a section of MAP-21 to emphasize the need for improved driver safety after a driver, Jason Rivenburg, parked in an abandoned lot to comply with his hours of service and was robbed and killed while he stayed there. In Georgia, there is an inventory of 3,556 parking spaces. With freight expected to grow by 30 percent by 2045 and by 56 percent in Metro Atlanta by 2040, the lack of parking is an issue in need of a solution as soon as possible.

Freight moves by various modes, but in Georgia once commodities are brought into the port, they typically move out by truck or on rail. While many of our airports are equipped to handle air cargo, and Hartsfield Jackson is planning for more capacity for air cargo operations, it only accounts for one percent of total cargo but the value of the cargo is about 35%. Because Georgia is home to the largest airport in the world with more than 900,000 flights per year, it is understandable that shippers hoping to move items rapidly, would choose air cargo. The Atlanta airport is handling 700,000 tons of cargo a year and has plans to increase this number through changes being implemented.

Rail moves freight efficiently and saves the shipper money. By putting tonnage on rail there is also the added benefit of less congestion, reduced emissions, and reduced wear and tear on the

pavement. In Georgia there are 4,607 miles of active rail lines and 28 freight railroads. There are two Class I railroads and 26 Class III short line railroads which carried 171.8 million tons of freight in 2017. Of these 171.8 million tons of freight, 85.1 million tons moved through the state while 11.1 million tons moved within Georgia. Outbound freight is growing at an annual rate of 2.2% with inbound freight having an annual growth rate of 1.1%. Between 2017 and 2045 it is anticipated that freight rail tonnage, inbound and outbound, in our state will grow by 39 million tons.

Because of its location, Georgia has direct rail access to the Mid-Atlantic, Northeast, and Midwest regions of the nation. The state is home to CSX and Norfolk Southern who operate an estimated 3,631 miles of track in the state, the majority of which is single track. Testimony from CSX highlighted that single track lines are an obstacle in keeping up with the increase in freight volume. Double tracks and higher clearances for double stacked trains would greatly increase the movement and capacity for these railroads. The companies spend approximately \$200 million a year to maintain a state of good repair on their rail lines. They do not receive state funding due to Georgia's gratuity clause which prevents the state from funding private, for profit operations.

The benefit of using public-private partnerships was highlighted for the commission as a way to reach goals for rail lines where traditional appropriations may fall short. Also, charging fees to companies using certain lines or raising alternative revenue were outlined as ways to fund rail improvements or even new capacity.

The state also owns 490 short line miles of rail. These lines serve to move freight in and through rural parts of the state, provide connection to the longer lines, and bring economic benefits to the counties through which they run. Jobs associated with the businesses using three of the busiest lines total approximately 5,775. While bonds have been issued in 9 of the last 10 fiscal year budgets, in the fiscal year 2020 budget, the General Assembly approved a \$35 million bond package for rail rehabilitation and improvements. This was the largest bond package issued any of those years and the investment is much needed and right on time. Over the next 25 years, rail needs in Georgia total \$877.8 million, or about \$42 million annually; this appropriation would be in addition to maintaining a state of good repair. Meeting the Class II standards would support economic competitiveness of GDOT short lines and their customer industries.

The method of transport that citizens see and feel impact from most is trucks. Thirty percent of the truck tonnage in Georgia is "through" trucks. This means that our highways are clogged with freight fleets moving goods out of our state and into others. The concern with this volume is that when cars and trucks are negotiating each other, there are safety implications. There is also the obvious concern about congestion in heavily-traveled metropolitan areas. Cost of congestion is also a growing concern facing the trucking industry. According to ATRI, the cost of congestion in the United States was \$74.5 billion in 2016 and the loss in productivity equated to 1.2 billion hours; the equivalent of 425,533 commercial drivers sitting idle for an entire year! Georgia was

included in the ATRI's list of states with the most bottlenecks, six of which are in the state, with three of those in Atlanta listed in the Institute's 2019 top ten truck bottlenecks.

Mobility investment continues to remain at the forefront at GDOT as well. There are currently eleven locations making up the Major Mobility Improvement Plan (MMIP). The MMIP includes three major interchange projects, four major express lanes projects, three major interstate widening projects, and one commercial vehicle lanes project. These major investments will yield benefits for trucks and everyday motorists alike. Trucks will have the benefit of less time in traffic and less financial loss due to congestion as well as the safety benefit of separation of trucks and cars. Express lanes will lessen the amount of passenger vehicles in general purpose lanes giving more room for trucks to move through the state and commercial vehicle lanes will provide express access for movement of goods through congested corridors.

There are 24 recommendations for projects on the freight and logistics plan developed by GDOT ranging from interchange improvements to deepening the Savannah Harbor to increasing weight limits and vertical clearances on our rail lines to air cargo improvements. Eight of these are currently open or under construction. The projects in this plan currently have completion dates out to 2050 but the majority are slated for completion by 2030. Only six have a timeline ranging to 2040 or 2050 for completion.

Along with strategic investment in major improvements and enhancements to Georgia's freight network, the GDOT is working to improve structurally-deficient bridges. Data released in April 2019 showed Georgia ranking 45 in the nation for structurally-deficient bridges. At just 3.3%, Georgia trails the leader, Rhode Island, which was found to have 23.1% of its bridges classified as structurally-deficient. Georgia currently has an inventory of poor condition and weight restricted bridges totaling 1,551 statewide. These bridges must be avoided by heavy vehicles and therefore pose an efficiency problem for producers and shippers who must reroute goods and vehicles due to the posted bridges.

GDOT presented a range of investments that would be necessary to keep our infrastructure in good repair, as well as move major projects forward to enhance freight movement and commuter mobility. The total 30-year future need ranges from \$135.7 billion to \$153.3 billion. Georgia's expected investment, based on historical state funding, extrapolated over 30 years, is \$31.8 billion dollars, leaving an unmet, annualized investment of state and federal funds in the amount of \$3.4 to \$4 billion in infrastructure improvements and expansion.

The consensus from industry leaders was that improved technology to better inform and better connect shippers and carriers is vital to providing efficient supply chains. In being better connected, shippers, carriers, and dispatchers would benefit from improved relationships which include schedule clarification and clear customer service expectations. Also noted is the need to continue improvements upon intermodal innovations to improve trucking and driver risks,

expand dedicated lanes for drivers to move freight, and reduce traffic impacts in and out of the ports as well as around key metropolitan areas.

The commission heard hours of testimony outlining what Georgia is facing as it relates to the freight and logistics industry and how it affects everyone in the state. With all of these challenges and opportunities to continue steady growth while managing impact on industry and citizens, the commission formed recommendations to be considered by the legislature during its next legislative session.

RECOMMENDATIONS:

1. Workforce Development

- Driver shortage is a great obstacle for companies like Kia and Shaw Industries. The commission heard from industry leaders as well as the American Trucking Research Institute that driver shortage is an obstacle that the freight industry is facing. The commission recommends that the General Assembly continue to explore ways to develop the trucking workforce in the state.

2. Truck Parking

- In Georgia, there are approximately 3,556 truck parking spaces available for drivers to stop and rest when the federally-mandated electronic driver log tells them it is time to do so. The amount of freight moving through the state leads to more trucks than spaces so there is a large increase in trucks parked in unauthorized lots or on interstate on and off ramps.

3. Freight Rail Investment

- The commission urges the legislature to consider the passage of a bill that provides for budget line items specifically for freight rail appropriations. The commission also asks the General Assembly to continue working to find ways to increase investment in the freight rail network in order to diminish truck congestion on our highways.

4. Bridge the Funding Gap

- The commission found that there is a 30-year unmet need of investments between \$103.9 billion and \$121.5 billion; this equates to an unmet annualized investment of \$3.4 to \$4 billion. The commission recommends that the General Assembly explore different ways to lessen this gap including, but not limited to, the use of public private partnerships.

5. Extend the Commission

- The commission found that there would be great benefit from continuing its work in 2020 with the sole purpose of identifying and recommending solutions for each issue identified herein.