

MINUTES**HOUSE AND SENATE INTERIM COMMITTEES ON
AGRICULTURE, FORESTRY & ECONOMIC DEVELOPMENT**May 20, 2015

The House and Senate Interim Committees on Agriculture, Forestry & Economic Development met on Wednesday, May 20, 2015, at 11:00 a.m., in the Pope Room, Statehouse Convention Center, 100 East Markham, Little Rock, Arkansas.

Committee members present: Representatives Dan Douglas, Chair; David Hillman, Vice Chair; Senators Ronald Caldwell, Chair; Alan Clark, Vice Chair; Representatives Charles Armstrong, Rick Beck, Ken Bragg, David Branscum, Jon Eubanks, Douglas House, Lane Jean, Sheilla Lampkin, Mark McElroy, Ron McNair, Stephen Meeks, Mathew Pitsch, and James Ratliff; Senators John Cooper, Blake Johnson, Bruce Maloch, David Sanders, and Gary Stubblefield.

Other legislators present: Representatives John Baine, Scott Baltz, Mary Bentley, Jana Della Rosa, Jim Dotson, Charlotte Vining Douglas, Lance Eads, Lanny Fite, Bill Gossage, Michael John Gray, Ken Henderson, Joe Jett, Jack Ladyman, Micah Neal, Betty Overbey, Sue Scott, and James Sorvillo; Senators Linda Collins-Smith, Jim Hendren, and Bill Sample.

Representative Douglas called the meeting to order.

Welcoming Remarks by Chairs

Representative Douglas and Senator Caldwell welcomed committee members and guests to the meeting.

Overview of the Arkansas Department of Rural Services (Handout 1)

Alex Johnston, Director, provided an overview of the services offered by ADRS. The agency is now under the direction of the Arkansas Economic Development Commission and will continue to provide community grants and work with citizens and legislators on issues affecting rural areas.

Discussion on Current and Upcoming Agriculture Issues

Wes Ward, Secretary, Arkansas Agriculture Department (AAD), spoke on the agencies and divisions within the AAD. He said he has been traveling the state promoting agricultural programs and services such as Arkansas Grown, which has doubled in size over the past few years. Mr. Ward also provided a brief overview of his background, education, and military experience.

**Update on the Implementation of Act 601 "The Arkansas Grain Dealers Act"
(Exhibit E) (Handout 2)**

Darryl Little, Director, Arkansas State Plant Board (ASPB), spoke on the proposed regulations for grain dealers. ASPB has drafted regulations that mirror Act 601 and is also developing applications for grain dealers. Mr. Little stated the final rules will be submitted to the ALC-Administrative Rules & Regulations Committee as soon as they are finalized.

Discussion on Future Economic Development Projects (Amendment 82)

Danny Games, Deputy Director, Arkansas Economic Development Commission, provided a brief overview of the proposed \$87.1 million in general obligation bonds to finance a new Lockheed Martin (LM) facility in Camden. Mr. Games said while he could not fully disclose all the details, he could share that LM is one of three companies (LM, Oshkosh, and AM General) bidding on building a facility to manufacture the Joint Light Tactical Vehicle (JLTV), which will replace the Humvee. LM has 112,000 employees worldwide and has operated in Arkansas since the 1970's and currently has more than 556 employees at its missiles and fire control facility in Camden. If LM wins the JLTV contract, the company plans to invest more than \$125 million in the Camden facility and approximately 600 new jobs will be created at the facility and as many as 655 indirect jobs will be created in South Arkansas.

Introduction of the Agri Arkansas Series

Kevin Clark, Producer, and Stephanie Malone, Professional Relations Director, AETN, presented a short video on the new Agri Arkansas series, sponsored by AETN. Each episode features segments from around Arkansas and brings viewers into the daily lives of the people who make our farms and ranches some of the most productive in the nation. The show also illustrates how important agriculture is to the state's economy. Future episodes will include Farm Family of the Year, poultry and rice industries, alternative fuel, technology and innovation, urban farming, prison farms, minorities in agriculture, corporate agriculture, the independent farmer, aquaculture, and many others. All episodes are available online at aetn.org.

With no further business, the committee adjourned at 11:15 a.m.

MINUTES**SENATE COMMITTEE ON AGRICULTURE, FORESTRY AND ECONOMIC DEVELOPMENT
HOUSE COMMITTEE ON AGRICULTURE, FORESTRY AND ECONOMIC DEVELOPMENT
Meeting Jointly**

Tuesday, May 26, 2015

The Senate and House Committees on Agriculture, Forestry and Economic Development met at 1:00 p.m., May 26, 2015, in Room A, of the Multi-Agency Complex, Little Rock, Arkansas.

Committee members present: Senators Ronald Caldwell, Chair; Alan Clark, Vice Chair; Gary Stubblefield, John Cooper and Blake Johnson. Representatives Dan Douglas, Chair; David Hillman, Vice Chair; Stephen Meeks, Lane Jean, Matthew Shepherd, Jon Eubanks, David Branscum, Sheilla Lampkin, James Ratliff, Douglas House, Mark McElroy, Charles Armstrong, Andy Davis, Ken Bragg, John Payton, Kim Hendren, Ron McNair, Rick Beck and Mathew Pitsch.

Other legislators present: Senators Jim Hendren, Jimmy Hickey, Jeremy Hutchinson, Keith Ingram, Missy Irvin, Bobby Pierce, Jason Rapert, Terry Rice, Bill Sample, Linda Collins-Smith and Eddie Jo Williams. **Representatives** John Baine, Bob Ballinger, Scott Baltz, Donnie Copeland, Gary Deffenbaugh, Jana Della Rosa, Jim Dotson, Charlotte Douglas, Lance Eads, Joe Farrer, David Fielding, Charlene Fite, Scott Flippo, Stephen Magie, David Meeks, Betty Overbey, Laurie Rushing, Sue Scott, James Sorvillo, Nelda Speaks, Dan Sullivan, DeAnn Vault, Jeff Wardlaw and Marshall Wright.

Senator Caldwell called the meeting to order.

Remarks by Senator Caldwell and Representative Dan Douglas, Co-Chairs. Senator Caldwell recognized Senator Pierce and Representative Shepherd for comments; sponsors of House Bill 1003. Representative Shepherd stated that the Amendment 82 Project provides for the retention and additional jobs over the next 25 years.

Committee members received Handouts # 1 and #2, entitled, "Economic Analysis of Incentives to Attract a Joint Light Tactical Vehicle Plant to Arkansas" and "Economic Analysis of Incentives to Attract a Joint Light Tactical Vehicle Manufacturing Plant to Arkansas."

Mr. Mike Preston, Executive Director, Arkansas Economic Development Commission (AEDC), Mr. Aaron Burks, Arkansas Development Finance Authority; Director (ADFA), and Mr. Danny Games, Deputy Director, AEDC were recognized. Mr. Preston expressed that AEDC has worked with ADFA for many months on the Amendment 82 Project.

Mr. Preston gave a brief overview of the Amendment 82 Project focusing on key aspects that summarize the opportunity which includes the company, customers, end-users and benefits. In addition, detailed intricacies of the project included background information regarding Lockheed Martin (LM). According to Mr. Preston, LM employs 112,000 individuals worldwide and has 572 facilities in 70 different countries and territories. LM has operated in the Highland Industrial Park in Arkansas since the late 70s; and currently employs more than 556 individuals at its missiles and fire control facility in Camden.

Notably, LM is one of the largest Department of Defense (DOD) contractors in the country. DOD currently contracts with AM General which assembles the high mobility multipurpose world vehicle also known as the humvee. In 2007, DOD initiated a technology development phase of the joint light tactical vehicle (JLTV) program. In 2012, the U.S. Army announced that 3 companies; LM, Oshkosh, and AM General would undergo a 27 month engineering and manufacturing development program for a chance to compete for the next generation JLTV. In order to qualify to bid on the contract with DOD, the U.S. Army required all 3 companies to demonstrate technical aptitude and capabilities by assembling 22 vehicles in the presence of DOD officials. All 3 companies submitted bids on February 10, 2015, which provided best and final offers to DOD. DOD is expected to award the contract in late July or sometime in August. Formal protests are expected by the two companies that are not selected. However, no bonds will be issued until there are no outstanding protests.

If LM is awarded the contract, assembling could begin the first half of 2016 to meet the delivery schedules. Some benefits of the project will include:

- creating 589 new jobs in Calhoun County,
- \$125 million in capital and project costs,
- bonding commitment to retain existing 556 jobs,
- average annual salary of \$58,830,
- annual new payroll of \$31 million,
- combined total payroll of \$70 million, and
- States' entry into the vehicle assembly industry.

Mr. Preston explained that agreements reached with LM will include recaptured provisions referred to as "claw backs", which are based on three terms: new jobs, retainment of existing jobs, and wages associated with the jobs. According to Mr. Preston, permission is required from the legislature to approve \$87,145 million in general obligation bonds primarily for building, site and infrastructure costs, training equipment and issuance costs.

After a brief discussion, presenters provided the following answers to questions asked by legislators:

- state cannot redeem bonds early if better financing options are available,
- bond issuance estimates, 20-year bond w/10-year call provision—\$118 million/\$600,000; 20-year bond w/7-year call provision—\$118 million; 15-year bond w/ 7-year call provision—\$109 million, and
- annual cost estimates for state range from \$6.3 million to \$7.4 million.

Discussion of the Economic Analysis for the Amendment 82 Project

Mr. Phil Hopkins, Senior Consultant, Consulting Economic and Country Risk, Global Insight was recognized and discussed the economic analysis for the Amendment 82 Project and **Mr. Nelson Fisk** was recognized via teleconference. Mr. Hopkins noted that Mr. Fisk was an expert of military vehicle construction, costs and JLTV contracts.

Mr. Hopkins explained that BLR retained IHS services to perform an independent analysis of the proposed incentive package. Based on the testimony given by the earlier presenters, Mr. Hopkins stated that IHS concurs with the presenter's statement regarding the net positive economic benefits to the state.

Mr. Hopkins discussed different types of components that are available within the state; and how they guided the analysis. Specific assumptions and forecast that were used to forecast the production figure of 55,000 JLTVs is based on 49,100 for the Army and 5,500 for the Marines. However, the ultimate number of vehicles produced and the costs could be significantly higher, which would create more of an economic development opportunity. Mr. Hopkins reported, the project capital cost figure of \$98.3 million would be used in the first couple of years to expand an existing building in the Highland Industrial Park. However, between 2018-2040, LM will spend a total of \$49 million in two ways (1) construction for upgrades and repairs (2) \$14 million to replace equipment. Mr. Hopkins noted that the only incentive IHS considered and included in the analysis is the issuance of general obligation bonds of \$87 million. IHS used the 20-year obligation bond with a 10-year call provision. No other economic development incentives will be provided at the state level.

IHS considered three types of spending that include: ninety-eight million for capital investments for first 2 years, \$49 million will be spent over the 2018-2045—remaining years of the project and for inflation. Mr. Hopkins explained, economic impacts will be generated by purchases made by LM to build the JLTV vehicle and the demands needed for services from vendors throughout the country. JLTVs are specialized vehicles with specific requirements, therefore, the economic analysis depended heavily on how much of the vehicle's components over time could be purchased in Arkansas and how much would come from vendors located outside of the state. IHS took a conservative approach by not assuming that such components as the steel, drive train, and engines are not likely to be produced in Arkansas during the duration of the contract. This approach by IHS was conservative as to not overestimate the economic benefits that would flow from the project. However, other components are likely to be produced in the state given the size of the contract and its duration.

Mr. Fisk was recognized to address the following issues and questions:

- how IHS analyze the major components of JLTVs,
- where are they likely to come from,
- spending per vehicle budgetary analysis,
- number of vehicles likely to be produced,
- international sales, and
- refresh activities.

Regarding the economic benefit to the state, IHS focused primarily on the following taxes that will be affected by increases of the statewide economic activity: corporate net income tax, general sales and use tax, and personal income tax. The benefits will be back-end loaded during the first 20 years of the project while paying off the debt services on the bonds. Based on estimates, Arkansas will have a net benefit of \$16.3 million over the 25-year analysis period. The net economic benefit will be 19% of the annual bond debt service. Some factors that affect this conclusion include maximizing the opportunity for the project over the long term and making it a good deal for the taxpayers of Arkansas.

IHS has provided the following recommendations:

- educate Arkansas firms on how to sell to larger firms, and
- convince DOD of the skilled workforce in Arkansas to meet the needs of LM.

After a lengthy discussion, Mr. Preston and Mr. Fisk addressed issues and questions; and provided the following information:

- DOD initial contract of 9 years,
- contract provisions between LM and DOD as it relates to the JLTV program,
- contract is not a year-to-year—definite fixed term and amount,
- annual average of 2,100 vehicles will be produced beginning in 2016 through 2040,
- 15 year-bond with a 10-year call is available,
- explore other financing mechanisms, and
- ADFA Director will review other general obligation bonds with shorter terms and call provisions.

Senator Clark asked the following questions:

- (1) Assuming the contract is implemented for 9 years—what would be the loss to the state?
- (2) What would be the average number of jobs created over 9 years?
- (3) What are the claw back provisions?
- (4) If claw back prevents a loss—does claw back provide for reimbursements of all funds that would have been lost?
- (5) What amount of funds would be repaid to the state?

Senator Clark requested more specific information be provided regarding his aforementioned questions before moving forward. Mr. Games said the agreement that AEDC is representing does not take into account whether LM has the contract for 5 years or 40 years. LM is bound to the state for 25 years. There are specific stipulations to the claw backs and protections are in place. He noted that AEDC will have to run an actual scenario to provide hard numbers.

In response to questions by Representative Douglas regarding how the bond payments will be made and the source of funds for repayments, Mr. Burkes replied, one time General Improvement Funds will be used the first two years. After which, payments will be a part of the gross general revenue with other categories like college savings bonds.

Senator Caldwell asked how much annual interest payment obligation the state currently has. **Mr. Larry Walther, Chief Fiscal Officer, Department of Finance and Administration** was recognized, and said he did not have that information available today, however, he will provide this information to both Committees immediately. Mr. Burkes reported, based on ADFA's calculations, Arkansas' total debt service is 1.26% of its total annual expenditures.

With no further business, the meeting adjourned at 2:56 p.m.

DRAFT MINUTES

SENATE AND HOUSE INTERIM COMMITTEES ON INSURANCE AND COMMERCE and SENATE AND HOUSE INTERIM COMMITTEES ON AGRICULTURE, FORESTRY, AND ECONOMIC DEVELOPMENT

Meeting Jointly
Committee Room MAC A, Little Rock, Arkansas
Wednesday, June 24, 2015

The Senate and House Interim Committees on Insurance and Commerce met jointly with the Senate and House Interim Committees Agriculture, Forestry, and Economic Development Wednesday, June 24, 2015, at 9:30 a.m. in Committee Room MAC A in Little Rock, Arkansas.

Insurance and Commerce members present: Senators Jason Rapert, Chair; Terry Rice, Vice Chair; Jonathan Dismang and Larry Teague. Representatives Charlie Collins, Chair; Reginald Murdock, Vice Chair; John Baine, Scott Baltz, Deborah Ferguson, Bill Gossage, Joe Jett, Greg Leding, Fredrick Love, Mark Lowery, Robin Lundstrum, James Sorvillo, and Brent Talley.

Agriculture, Forestry and Economic Development members present: Senators Ronald Caldwell, Chair; John Cooper, Blake Johnson, and Bruce Maloch. Representatives David Hillman, Vice Chair; Charles Armstrong, Rick Beck, David Branscum, Andy Davis, Kim Hendren, Douglas House, Sheilla Lampkin, Mark McElroy, Ronald McNair, Stephen Meeks, James Ratliff and Mathew Pitsch.

Other legislators present: Senators Jimmy Hickey, Bill Sample, Linda Collins-Smith and Jim Hendren. Representatives Nate Bell, Jim Dotson, Trevor Drown, Kenneth Ferguson, Mary "Prissy" Hickerson, Betty Overbey, Chris Richey, Marcus Richmond, Sue Scott, Nelda Speaks, DeAnn Vaught and Dave Wallace.

Senator Rapert called the meeting to order.

CONSIDERATION TO APPROVE AUGUST 12, 2014, SENATE AND HOUSE INSURANCE AND COMMERCE COMMITTEES MEETING MINUTES [Exhibit C1]

Senator Rice made a motion to approve the August 12, 2014, meeting minutes. The motion was seconded by Senator Cooper, and without objection, the motion carried.

CONSIDERATION TO APPROVE OCTOBER 3, 2014, SENATE INSURANCE AND COMMERCE COMMITTEE MEETING MINUTES [Exhibit C2]

Senator Rice made a motion to approve the October 3, 2014, meeting minutes. The motion was seconded by Senator Cooper, and without objection, the motion carried.

Without objection there is a change in agenda order. Commissioner Kerr will be first to speak.

FLOOD INSURANCE

Mr. Allen Kerr, Commissioner, Arkansas Insurance Department (AID), was recognized and [EXHIBIT E1] noted according to the National Flood Insurance Program (NFIP), 90% of all natural disasters involve flooding. There are 100-year and 500-year flood plains which are determined by how often an area is likely to flood. There are two major disaster insurance coverages: earthquake and flood. Flood coverage is not automatically included in a homeowner's policy; it is purchased separately through an agent.

The NFIP was created as a result of the passage of the Flood Insurance Act of 1968 and is a federal program managed by the Federal Emergency Management Administration (FEMA). Flood hazard mapping is part of NFIP as it is the basis of the program in regulations and flood insurance requirements. FEMA maintains and updates data through flood insurance rate maps and risk assessment. Individuals outside of the mapped high-risk areas file over 20% of all NFIP flood insurance claims and receive 1/3 of the federal disaster assistance. Those not in the 100-year flood plain can still purchase flood insurance.

Commissioner Kerr illustrated the advantage of flood insurance, noting federal disaster assistance is usually a loan that must be paid back with interest; a \$50,000 loan with 4% interest, would be approximately \$240 monthly or \$2880 a year for 30 years, compared to \$100,000 flood insurance coverage which is approximately \$33 monthly, \$400 a year.

From 2005-2014 total flood insurance claims averaged \$3.5 billion per year. Since 1978 the NFIP has paid nearly \$50 billion for flood insurance claims and related costs through February of this year. There are currently over 5.3 million flood policies in force across the 22,000 communities in the U.S., and AID will provide the number of Arkansas policies at a later date.

FLOODING AND LEVEE INTEGRITY IN ARKANSAS

Mr. David Maxwell, Director, Arkansas Department of Emergency Management (ADEM), was recognized and stated Arkansas' topography lends itself to flooding, noting major floods in 2008, 2009, 2011, and again in 2015. Since becoming director, ADEM has had 17 presidentially declared disasters, and the governor has requested the most recent flooding event be declared a disaster.

He stated levees are designed to leak; they have "sand boils". Water tries to reach an equilibrium and as rivers rise on the levee, pressure is added to the levee and water will eventually penetrate the levee. Sand boils cannot be prevented, but should be slowed down so they are not eroding the levees. FEMA will do repairs on non-United States Army Corps of Engineers (USACE) or non-Arkansas Natural Resources Commission (ANRC) levees, but only emergency repairs, and only if those levees have been maintained. Those that are not maintained are the problem areas.

Mr. Randy Young, Executive Director, Arkansas Natural Resources Commission (ANRC), [Handouts A-E] was recognized and noted the 2009 Legislative Audit report was comprehensive, and one of the results from the report was authorizing a general obligation bond financing program, which included the ability for the ANRC to provide financing to levee and drainage districts to address deficiencies. Unfortunately, most of them are not able to afford to borrow the funds. Also, as a result of the 2009 Legislative Audit Report, ANRC was successful in getting legislation requiring improvement districts to file with county clerks information such as the district's name, when created, under whose authority, and board members' names.

ANRC has made attempts to survey the counties to assess registration program compliance. ANRC determined there are 244 different tax assessments being collected by improvement districts statewide. The functioning districts with active tax assessments are reporting. ANRC does not know the number of the non-reporting districts or where they are located. The biggest problem is non-functioning levee and drainage districts. For example, in Perry County most of the original board members are no longer living and those that are living are well into their 80s and 90s.

Mr. Young stated the USACE has a levee program with three categories of levees:

1. USACE Maintained. Nationwide there are 2800 miles.
2. USACE Constructed / Locally Maintained. Nationwide there are 9500 miles.
3. Non-Federally Constructed /Locally Maintained and in the USACE Rehabilitation Program. There are 2200 miles nationwide.

The Corps also maintains a nationwide levee database.

Mr. Young stated FEMA provides accreditation after the levee has met all certification requirements. Certification is by the responsible party, such as the improvement district, and is an involved process. It may cost a levee district as much as \$500,000 to get their levee certified and accredited.

Mr. Young offered the following recommendations:

1. Identify all the non-functioning levee districts as well as other improvement districts and boundaries. It will probably need to be done at the county level and by contracting with the local abstractor.
2. Have legislation to address the lack of oversight of levee boards and districts (as recommended in the 2009 Legislative Audit Report).

Mr. Young stated oversight is a serious issue; it is one of the 20 issues addressed by the National Levee Safety Committee which was formed by the USACE. **[Handout A]**

Senator Maloch made a motion that the Senate and House Agriculture, Forestry and Economic Development Committee in conjunction with the Senate and House Insurance and Commerce Committee send a resolution to the Mr. Tom Vilsack, Secretary of Agriculture, supporting the disaster declaration request of the governor and that the resolution would include the addition of any other counties that may be added as a result of this particular event or continued rains that add to this event.

The motion was seconded by Senator Caldwell, and without objection the motion carried.

Mr. Maxwell clarified there are two disaster declarations. The presidential declaration would include public assistance, roads, bridges, emergency levee repair work, and individual assistance for families affected by the floods. The second disaster declaration request is a letter the governor has sent to the Secretary of Agriculture asking for a declaration under the United States Department of Agriculture (USDA).

Senator Maloch requested staff work with Mr. Maxwell to draft the resolution to cover both declarations.

Representative Talley asked how levee heights were determined.

Mr. Tony Batey, Chief, Engineering & Construction Division, U.S. Army Corps of Engineers, Little Rock District, was recognized and stated the heights are variable and in the past were determined by high water marks.

Senator Rapert asked if there was a problem with the integrity of the levees in the latest flooding event.

Mr. Batey stated as a general rule the levees performed quite well and the protection level on the Arkansas River is pretty high for most of the levees, but there are exceptions. There are two risk factors concerning levees; the condition of the levee and the protection level they provide.

Senator Rapert asked if there is a record of what caused the flood event in the areas where individuals were evacuated.

Mr. Batey stated they are aware of a couple of instances, for example in Perry County where a levee in the federal program was over-topped. This was a privately-built levee that entered the federal program (Public Law 8499) many years ago. In the 60s and 70s that levee fell into a state of disrepair and was declared inactive due to lack of maintenance.

He stated Public Law 8499 is a voluntary program which provides a levee district an opportunity to receive federal assistance after the levee meets eligibility inspection requirements. The levee must be kept up to standards, and if the levee is a federally-constructed levee, then the government will pay 100% of the repair cost. If it is a privately constructed levee then it is an 80/20 cost share. Once a levee district ceases to maintain a levee, through our inspection process we communicate to them they are going to be declared inactive. In some cases when a levee has been declared inactive, the USACE ceases inspections. When there is an inactive levee board, information concerning deactivated or inactive levees is sent to the county judge in that area. In 2010, a comprehensive report of all the federally constructed levees and the inspection results was sent to the Attorney General's office.

Senator Rapert asked Mr. Batey to provide information to him concerning when the levee district was notified they were going to be deactivated or declared inactive.

Mr. Batey stated the USACE has records of the inspection dates of all levees and he would provide that information to Senator Rapert.

In response to Representative Hillman, Mr. Batey stated this is a problem in other states also regarding local control and no oversight. He will check on some best practices in states and share that information.

Representative Vaught asked how levee boards and districts are created.

Mr. Young stated there are a number of ways under state law that improvement districts are created. In the late 1800s and 1900s some of them were created by acts of the general assembly. In about 1949 there was legislation to create a comprehensive way to create levee, drainage, watershed improvement districts and a number of them were created under this law. If no improvement district exists in a county, there is no requirement for the county judge to do anything. Improvement districts are basically a group of people with a common problem who come together and form an entity to implement a solution to the problem.

Mr. Batey echoed the previous recommendations: knowing where the levees are, their condition and protection level, and identifying the responsible parties.

Mr. Walter Delp, P.E., Arkansas State Conservation Engineer, Natural Resources Conservation Service (NRCS), U.S. Department of Agriculture, was recognized and gave the following statistics concerning watershed improvement districts:

- There are 208 small dams protecting 38,000 Arkansans from \$51 million of damage every year.
- The Soil Conservation Service (currently NRCS) in partnership with 30 local watershed improvement districts built most of the 208 dams between 1955 and 1985. They are earthen dams between 30 and 100 feet tall with concrete and earthen auxiliary spillways. They are made to store the run-off of storms producing 7-11 inches of rainfall before the auxiliary flows. The lakes created by these dams are 5-600 acres.
- The dams not only provide flood erosion benefits but also reduce erosion along stream banks, provide water quality benefits as they trap and store nutrients, provide drinking water and municipal water for small communities and provide recreational opportunities. These benefits are in addition to the \$51 million in annual benefits in flood reduction. The 30 watershed districts are responsible for the maintenance of these dams. NRCS does not own these dams, but assists with the operation, maintenance and inspection. Common

maintenance issues are controlling brush and trees, fixing and preventing erosion from cattle, and replacing rusty gates.

- In addition to watershed improvement districts, there are 50 drainage districts NRCS works with through the PL566 Program to assist with drainage. One thing in common with all these districts is that the original board members are no longer part of the board or have passed away. Many have forgotten the purpose of these dams, or even that they exist.
- Many of the 208 dams are nearing the end of their design life. By 2020, 125 of these dams will be more than 50 years old. NRCS will continue to help with the inspections, but will no longer have any responsibility or ability to enforce the maintenance. One of the big concerns is what has happened downstream of these dams. There were 30 dams that were originally built as low risk dams, which means there was nothing below besides crop lands and bridges, now there are homes. NRCS agreed to build the dams as long as the watershed improvement district agreed to maintain them for 50 years. NRCS has the ability to go back, for example, the dam has not been maintained for the last 10 years and recover some of the cost to build the dam.
- Currently, there are 30 dams that need to be upgraded to a high hazard with an approximate cost of \$500,000 to \$1 million. Maintenance cost is approximately \$1500-\$3000 per dam.

Mr. Delp stated there are yearly inspections on the dams and NRCS invites districts to attend. Rarely does a district attend. In 2009 there was a conference for watershed dam maintenance and invited every district in the state, and only one district participated.

Mr. Doug Spencer, Supervisor, Arkansas Division of Legislative Audit, was recognized, [Exhibit D4] to summarize the report, "Levee District Oversight – Arkansas Natural Resources Commission, Performance Audit by Legislative Joint Auditing Committee, 2/13/2009." He highlighted objectives as:

- To determine the number and location of levee districts around the state. There is not a complete centralized registry of levees or their districts. A central inventory is not maintained in part because Ark. Code Ann. 15-24-102 prohibits the ANRC from requiring any information from the districts. The report recommended the code be revised to require ANRC to create and maintain a complete listing of all levees in the state, develop procedures to approve the construction of new ones and to register levees over a determined size. There have been no changes to the code and the ANRC continues not to have oversight regulatory authority over levees.
- Determine oversight and maintenance responsibilities. City and county officials have no authority over levees if they are in the levee district, because the districts are political subdivisions of the state. ANRC is prohibited by Ark. Code An. 15-24-102 from taking oversight of unmaintained levees. Levees not participating in a federal levee program are not required to receive any reviews of their structure. USACE which provided physical inspections for those in a federal program have no authority to force the maintenance repairs on the levees if they are controlled by a local district. Ark. Code Ann. 14-207-04 authorizes the USACE to notify the Attorney General to force action if the levees are failing. However, a state statute cannot compel a federal agency to act.

It is recommended the General Assembly consider legislation designating a standard structure for how each district board is constructed, how members are appointed, and the process for electing

the members. We also recommended ANRC be directed to develop standards for levee maintenance and inspections and that levees report to ANRC indicating the maintenance and inspection status of their levees, and whether or not they are in a federal program. Also recommends revising the code to authorize ANRC to notify the Attorney General when a levee was not properly maintained, rather than USACE. There have been no changes to these codes and ANRC has not been authorized to notify the Attorney General. ANRC also has no authority to require levees report their maintenance and inspection to them.

- Address funding and financial accountability. Levee districts are generally funded through taxes on properties within the boundaries of their protected area. There is no uniform requirement for financial accountability through audit or publication of financial records. It was concluded that proper stewardship of district funds affects the ability of the district to finance necessary operations and maintenance activity. Legislation should be considered authorizing ANRC to develop regulations specifying uniform financial reporting and audit requirements. Currently no changes have been made, and ANRC has no oversight authority in that matter.
- In order to protect the citizens from becoming disqualified from the NFIP and its benefits, it was recommended the General Assembly consider authorizing ANRC to develop rules and procedures prompting the annexation or merging of districts that were found to be in non-compliance.

Mr. Spencer stated the only recommendation receiving action from the 2009 Legislative Audit report was Act 386 of 2009 which requires levees to report certain information to county clerks, however these reports are not required to be sent to the ANRC.

Mr. Chris Villines, Executive Director, Association of Arkansas Counties, was recognized and stated when levees fail, it is county government that finds itself in the role of cleaning up and mitigating disaster.

Miller County Judge Larry Burgess, Perry County Judge Baylor House, and Randolph County Judge David Jansen addressed the committees.

Tommy Bond, PE, PLS, Civil Engineer, Plum Bayou Levee District, suggested the General Assembly create laws that would give levee boards some authority.

There being no further business, the meeting adjourned at 12:06 p.m.

[Note: Interim Resolution 2015-003 resulted from today's meeting.]

HOUSE INTERIM COMMITTEE ON CITY, COUNTY, & LOCAL AFFAIRS
AND
SENATE AND HOUSE INTERIM COMMITTEES ON
AGRICULTURE, FORESTRY & ECONOMIC DEVELOPMENT

MEETING JOINTLY

WEDNESDAY, JULY 15, 2015

MINUTES

The House Interim Committee on City, County, and Local Affairs, and the Senate and House Committees on Agriculture, Forestry and Economic Development, met Wednesday, July 15, 2015 at the University of Arkansas Fruit Research Station, Clarksville, Arkansas.

Committee members present were Senators Eddie Cheatham and Scott Flippo, and Representatives Betty Overbey, Chair, Dan Douglas, Chair, Charles Armstrong, Rick Beck, Charles Blake, Jana Della Rosa, Lance Eads, Kenneth Ferguson, David Hillman, Monte Hodges, Douglas House, Mark McElroy, Ron McNair, Stephen Meeks, Milton Nicks, Jr., James Ratliff, Nelda Speaks, and David Whitaker.

Call to Order

Representative Douglas called the meeting to order.

Welcome and Remarks by Committee Chairs

Representative Douglas reviewed the agenda and asked legislators, attendees, and presenters to introduce themselves. Representative Overbey encouraged legislators to participate in tomorrow's meeting to tour the newly constructed Clarksville Police Station and the HanesBrand Manufacturing plant.

Update on the Arkansas Agriculture Department's Specialty Crop Block Grant Program

Representative Douglas recognized Wes Ward, Secretary of Agriculture, Arkansas Department of Agriculture, to give an overview of the Specialty Crop Program in Arkansas. Mr. Ward summarized several aspects of the Specialty Crop Program, a United States Department of Agriculture (USDA) program, which is administered through the Arkansas Department of Agriculture:

- The United States (U.S.) Specialty Crop Competitiveness Act of 2004 created the program
- Current program implementation was authorized by The U.S. Agricultural Act of 2014 to be used by state departments of agriculture solely to enhance the competitiveness of specialty crops
- Participating states receive \$210,000 in federal funding on an annual basis
- Additional federal funds are based on the value of a state's specialty crop cash receipts and specialty crop production, which are reported to the USDA National Agricultural Statistics Service
- Arkansas received a total of \$357,000 in federal funds in 2014
- Arkansas is projected to receive \$307,000 in federal funds in 2015

Mr. Ward said the reduced funding is the direct result of the state's decline in specialty crop reports to the USDA. He asked legislators to work with specialty crop farmers within their districts to encourage farmers to report their crops.

Mr. Ward discussed a Specialty Crop Block Grant program the Department administers as the authorized agency for specialty crop production:

- Specialty crops are defined as vegetables, dried fruit, tree nuts, horticulture, and nursery crops
- Grant requests are sent to the Arkansas Department of Agriculture and must identify a minimum of one expected measurable outcome that will enhance the competitiveness of the specialty crop
- Criteria for competitiveness ranges from food safety to the development of good agriculture practices
- Specialty crop research includes conservation and environmental aspects, seed production and approved seed varieties, pest and disease control, increased adult and child nutrition knowledge, and the development of local and regional food systems

Mr. Ward said the state has received to date a total of \$2.3 million in federal funds through the Specialty Crop program.

Overview of the Programs and Services offered by the University of Arkansas Division of Agriculture

Dr. Mark Cochran, Vice President for Agriculture, University of Arkansas Division of Agriculture gave an overview of his division's programs. Dr. Cochran said that agricultural programs in the past focused on helping farmers produce an affordable food supply. Agricultural programs of today focus on the development of new food products that can be a cost effective method to help deal with chronic diseases. Health statistics reflect the need to invest in good nutrition and exercise, particularly in the areas of obesity and wellness.

An overview of the County Extension Programs was given by Hank Chaney, Faulkner County Staff Chair, Arkansas Extension Service. Mr. Chaney reviewed a new program scheduled to begin August, 2015. A County Extension Council will be established to start identifying key leaders and citizens. Subcommittees will then be formed to develop and prioritize a plan of work for agriculture, 4-H, and community development issues. Mr. Chaney said the major emphasis at the county level is agriculture, natural resources, community development, and family and consumer science. The primary commodities in Arkansas are rice, soybeans, beef, and forest crops. County Extension offices provide free soil sampling, assist in water conservation efforts, and also nutrient management for the poultry industry. Mr. Chaney said the county consumer science program emphasizes family, healthy living, and food safety issues.

The Market Maker Grants Program was presented by Dr. Ron Rainey, Center for Agricultural and Rural Sustainability, Division of Agriculture, U of A. Mr. Rainey reviewed the Market Maker Grants Program, which is a network of public partners, universities, and state agencies, who use technology to register farmers and food businesses into an online system. The goal of the program is the creation of a national network for a virtual food chain connecting quality sources of food to willing markets. This multi-state network

leverages agricultural and private resources to educate users, consumers, and farmers to better understand and use market and business data in the food sector. The program focuses on local and regional food systems and highlights three areas:

- Farmers Markets – data from the USDA reports large increases from 2007 to today in the number of farmers markets across the U.S.
- Food Hubs - regional food hubs defined as food models, is a collection of value added processes providing local foods directly to restaurants or institutions. Food hubs have increased by 300% since 2007 utilizing small farms and farm cooperatives
- Farm to School – encourages farmers to sell their products directly to schools. Schools activities provide marketing opportunities for farmers. In addition to increasing sales for farmers over the past several years, awareness and understanding of where food comes from has increased

The overview of the Food Innovation Center Program was presented by Dr. Jean-Francois Meullenet, Food Science Department Head, U of A. Dr. Meullenet summarized the work being done through the Food Innovation Center, which started in 2013 with a mission to assist entrepreneurs. Because there are so few food processing facilities open to the public, the Center provides a facility for people to participate in producing products, developing products, and provide technical services. Dr. Meullenet said that in 2014, the Center received a grant from the Southern Extension Risk Management Education Program to teach a series of workshops encouraging people to start food businesses. Additionally, a grant from the Arkansas Agriculture Department enabled the Center to provide additional workshops. Workshops have been held in Fayetteville and online. Projected for the fall of 2015, workshops will also be held in Little Rock, Pine Bluff, and Forest City. The Center plans to identify and expand network collaborators statewide with the goal of establishing facilities across the state.

The overview of the Fruit Breeding Program was presented by Dr. John Clark, University Professor in Horticulture, U of A. Dr. Clark gave a brief history of the Fruit Research Station, which was established in 1948 in two locations, Lamar and Nashville. The stations began as peach research stations, providing information to peach growers on methods for spraying, pruning, and developing new varieties. Dr. Clark said that Johnson County is a large peach growing area with several thousand acres in production. In 1959, the research station moved to its current location. Dr. Clark said the station focuses on fruit breeding experiments to develop improved crop species. They also help provide opportunities for farmers to develop pick-your-own operations, farmers markets, and farmer-owned sales. He said the program works to expand opportunities and create diverse products. Dr. Clark said there are 61 fruit crops, but the Ouachita Blackberry species grown at the research station, has been the most successful product in the state, across the U.S. and around the world.

There being no further business, the meeting adjourned at 3:25 p.m.

Following adjournment of the meeting, legislators toured the research fields.

HOUSE INTERIM COMMITTEE ON CITY, COUNTY, & LOCAL AFFAIRS
AND
SENATE AND HOUSE INTERIM COMMITTEES ON
AGRICULTURE, FORESTRY & ECONOMIC DEVELOPMENT

MEETING JOINTLY

THURSDAY, JULY 16, 2015

MINUTES

The House Interim Committee on City, County, and Local Affairs, and the Senate and House Committees on Agriculture, Forestry and Economic Development met Thursday, July 16, 2015 at the Clarksville Police Station, Clarksville, Arkansas.

Committee members present were Senator Eddie Cheatham, and Representatives Betty Overbey, Chair, Dan Douglas, Chair, Charles Armstrong, Rick Beck, Charles Blake, Lance Eads, Kenneth Ferguson, David Hillman, Lane Jean, Mark McElroy, Ron McNair, Stephen Meeks, Milton Nicks, Jr., James Ratliff, and Nelda Speaks.

Representative Jack Ladyman was also present.

Call to Order

Representative Overbey called the meeting to order.

Welcome and Remarks by Committee Chairs

Representative Overbey welcomed legislators to the Clarksville Police Station. She asked the legislators to introduce themselves.

Overview of the new State-of-the-Art Clarksville Police Station and Satellite Services.

Representative Overbey recognized Kevin Weathers, Chief of Police. Chief Weathers told legislators he became Chief of Police in February, 2015 after 23 years of service with the Clarksville Police Department. During his years of service, he has served as patrol officer, an investigator in the Crime Investigation Department (CID), and a SWAT team leader. He described the new police station as a 10,000 square foot facility, funded by a one cent sales tax, passed by the City of Clarksville. Tax revenues generate \$10,000 to \$12,000 per month, which are divided between the police department, the fire department, and the aquatic center. The police station houses offices for law enforcement personnel, conference rooms, interview rooms, and a large workroom for patrol officers. There are a total of 28 law enforcement personnel working three shifts. Four officers are assigned to each shift, including one supervisor. Chief Weathers said the department has problems keeping each shift fully staffed, primarily due to the necessity of transporting inmates. Legislators discussed

the problems smaller city police departments face regarding inmate transportation. It was suggested that consideration be given to developing a statewide inmate transportation system. Chief Weathers said he receives additional help from the State Police who provide additional manpower and equipment when major crimes occur outside the city limits.

Johnson County Sheriff Larry Jones was recognized. He was asked to discuss his experience with jail overcrowding and the large backlog of state prisoners, and delayed reimbursement by the state. Sheriff Jones said that in the past two to three months the county was able to transport 20 inmates to the state prison, leaving 15 state inmates still housed at the county jail. He said that the major issue beyond the ongoing overcrowding is multiple inmates with serious health problems. One state inmate that has been housed for a long period of time in the county jail is dying of cancer. Sheriff Jones said the county does not have the resources or funds to meet the needs of this inmate, who should be receiving treatment on daily basis. A better level of care would be if the inmate were housed in the state prison system. Sheriff Jones was asked how inmate health care costs affect the county's budget. He explained the reimbursement process. The state requires counties to transmit documentation of state inmates held in county facilities within 21 days of incarceration to be eligible for reimbursement. If a county doesn't transmit the documents within that time period, counties forfeit the reimbursement. Sheriff Jones told legislators the state refuses to pay reimbursement if errors are found on the submitted paperwork. Sheriff Jones believes this penalizes counties unduly. He suggested the state allow counties to correct errors found in the documents submitted for reimbursement, agree to accept the documents as having met the 21 day deadline. At the conclusion of the meeting, legislators were given a tour of the facility. Following the police department visit, legislators traveled to the HanesBrand plant in Clarksville.

Overview of the Expansion of the HanesBrands, Inc. Clarksville Manufacturing Facility. The Plant is one of the Largest Hosiery Knitting Facilities in the World.

Representative Overbey recognized Cathy Stalcup, Plant Manager, Clarksville Manufacturing Facility. Ms. Stalcup summarized the history of the plant, which dates back to the early 1980s. Prior to its shutdown in 1985, the plant manufactured power tools. The plant then sat empty for several years before being purchased by the Sara Lee Hosiery Company. The plant began production in 1988 utilizing approximately one-fourth of the plant's capacity. At that time, there were ten hosiery manufacturing plants and twelve distribution centers in the United States. Once the plant's hosiery production began in 1988, automation of the process for making knee high hosiery was added. With the success of the automated process, the addition of making full-length pantyhose, and packaging and dyeing were incorporated. Today, the Clarksville plant is the only manufacturing plant in the U.S., and one of three distribution centers.

Over the years, as hosiery sales began to decline and much of the work became even more automated, the Sara Lee company began downsizing its operations.

Downsizing plants in New Mexico and South Carolina meant that that work was transferred to the Clarksville plant. Ms. Stalcup said the last operation downsized was the original HanesBrand plant in North Carolina, which was then closed a few years later. Work from the North Carolina plant was then divided between the Clarksville plant and a contracted facility in Honduras. During the period of downsizing and plant closures by the Sara Lee Company, the Clarksville plant did not add employees. Subsequently, the Clarksville plant was given the contract and equipment from the operation in Honduras. The additional work is allowing the Clarksville plant to add 120 new employees. Currently, the plant employs a total of 502 full-time employees and 200 temporary employees. Ms. Stalcup said that currently the Clarksville plant is the most automated hosiery plant in the world.

There being no other business, the meeting adjourned at 11:45 a.m. Members were then given a tour of the facility.

MINUTES

SENATE COMMITTEE ON AGRICULTURE, FORESTRY AND ECONOMIC DEVELOPMENT HOUSE COMMITTEE ON AGRICULTURE, FORESTRY AND ECONOMIC DEVELOPMENT Meeting Jointly

Thursday, August 6, 2015

The Senate and House Committees on Agriculture, Forestry and Economic Development met at 2:30 p.m., August 6, 2015, at the Rice Research and Extension Center, 2900 Highway 130 East in Stuttgart, Arkansas.

Committee members present: Senators Ronald Caldwell, Chair; and Blake Johnson. Representatives David Hillman, Vice Chair; Rick Beck, Douglas House, Stephen Meeks, Ron McNair, and David Whitaker.

Other legislators present: Representatives Jim Dotson, Joe Jett, and Micah Neal, and Marshall Wright.

Representative Hillman called the meeting to order.

Overview of the U of A Division of Agriculture

Mark Cochran, Vice President for Agriculture, provided an overview of the Division, which is part of the U of A System. In 2014, agriculture added \$20 billion to Arkansas's economy, was responsible for 1 in every 6 jobs, and contributed 16-18% of the gross state product of the economy. The Division has three (3) headquarters statewide and an office in every county and focuses on the following areas:

- Agricultural Production & Processing
- Environment & Energy
- Safe & Nutritious Food
- Families & Youth
- Economic & Community Development

Overview of the Rice Research and Extension Center

Chuck Wilson, Director, Rice Research and Extension Center, said the Center was established in 1925 by a group of farmers who saw the need for locally conducted rice research. They partnered with the U of A and now have 1,022 acres devoted to research and rotation crops. Mr. Wilson stated that breeding is the Center's cornerstone project and they have developed over 25 varieties of rice. Currently, there are three breeders and nine scientists on staff specializing in areas such as agronomy, plant pathology, entomology, hydrology, and agricultural economics.

Soil Health and N*STAR Fertility Program

Trent Roberts, Assistant Professor, Crop Soil and Environmental Sciences, spoke on the diversity of soils in Arkansas. He said that without healthy soils, you cannot have a healthy society. The Center won an award by the Rice Technical Working Group for developing one of the first soil-based nitrogen tests: Nitrogen Soil Test for Rice (N-ST*R) for rice production. The test offers field-specific recommendations for a producer and determines the exact nitrogen fertilizer rate needed for that particular farm and has the potential to significantly increase profitability.

Updates on Rice Programs

Jarrold Hardke, Rice Extension Agronomist, presented a report on rice programs. Arkansas ranks first in the nation in rice production, growing 1.5 million acres of rice annually and producing 50% of the rice grown in the nation; one-half is used domestically and one-half is exported. Most rice produced in Arkansas is grown within a five-county area: Arkansas, Poinsett, Cross, Lawrence and Lonoke. Mr. Hardke also spoke on breeding programs, yields/milling processes, and efforts to control disease.

With no further business, the meeting adjourned at 4:00 p.m. and the committees toured the experimental fields.

MINUTES**SENATE COMMITTEE ON AGRICULTURE, FORESTRY AND ECONOMIC DEVELOPMENT
HOUSE COMMITTEE ON AGRICULTURE, FORESTRY AND ECONOMIC
DEVELOPMENT
Meeting Jointly**

Friday, August 7, 2015

The Senate and House Committees on Agriculture, Forestry and Economic Development met at 8:30 a.m., August 7, 2015, at Phillips Community College of the University of Arkansas (PCCUA), 2709 US 165, in Stuttgart, Arkansas.

Committee members present: Senators Ronald Caldwell, Chair; and Blake Johnson. Representatives David Hillman, Vice Chair; Rick Beck, Douglas House, Sheilla Lampkin, Mark McElroy, Ron McNair, Stephen Meeks, and David Whitaker.

Other legislators present: Senators Jonathan Dismang and Eddie Joe Williams; Representatives Bob Ballinger, Jim Dotson, Joe Jett, and Chris Ritchey.

Senator Caldwell called the meeting to order.

Discussion on Economic and Community Development (Handout 1)

Stacey McCullough, Director, Public Policy Center, U of A Division of Agriculture, presented a report on the programs offered by the Division of Agriculture's Cooperative Extension Service. The mission of the Community and Economic Development (CED) Program is to strengthen Arkansas communities and businesses through research-based education. CED programs support local efforts by providing workshops and leadership training tools to help communities develop:

- informed and engaged citizens
- strong leaders
- forward thinking communities and regions
- innovative and opportunistic business

Overview of U of A Phillips Community College and Workforce Training/Economic Development

Tiffany Rogers, Director, Development & Continuing Ed/Business & Industry Training, said PCCUA has applied for a grant through the Arkansas Delta Training and Education Consortium (ADTEC) to implement programs for manufacturing, commercial drivers licensing, and transportation distribution logistics. The U of A System has also formed a consortium, the UA Workforce Alliance, and applied for a grant through the Workforce Investment Act to implement a welding program. She stated there is a huge need for welders and PCCUA will offer a five-week program at their facility and provide transportation for those in surrounding areas. Ms. Rogers also spoke on the Entergy Solar power plant that will be built near Stuttgart, pending approval by the Public Service Commission. The plant will be built on 500 acres of farmland and produce enough solar energy to power 13,000 homes. She noted that 200-300 workers will be hired during the construction phase and 10-12 employees to maintain the facility upon completion.

With no further business, the meeting adjourned at 9:30 a.m.

MINUTES**HOUSE AND SENATE COMMITTEES ON AGRICULTURE, FORESTRY AND ECONOMIC DEVELOPMENT
LEGISLATIVE ARKANSAS BLUE RIBBON COMMITTEE ON LOCAL 911 SYSTEMS
Meeting Jointly**

Wednesday, August 26, 2015

The Senate and House Committees on Agriculture, Forestry and Economic Development and the Legislative Arkansas Blue Ribbon Committee on Local 911 Systems met jointly at 1:30 p.m., August 26, 2015, at Arkansas Northeast College, 2501 Division Street, Governor's Ball Room-Statehouse Hall Building, in Blytheville, Arkansas.

Committee members present: Senators Ronald Caldwell, Chair (Agri); Linda Chesterfield, Chair (Local 911); John Cooper, and Blake Johnson; Representatives Dan Douglas, Chair (Agri); David Hillman, Vice Chair (Agri); Scott Baltz, Vice Chair (Local 911); Charles Armstrong, Rick Beck, David Branscum, Andy Davis, Douglas House, Lane Jean, Mark McElroy, Ron McNair, Stephen Meeks, Mathew Pitsch, James Ratliff, and David Whitaker.

Other legislators present: Senators David Burnett and Keith Ingram; Representatives Nate Bell, Charlotte Vining Douglas, Deborah Ferguson, Monte Hodges, Frederick Love, Milton Nicks, and Sue Scott.

Senator Chesterfield called the meeting to order.

Remarks by Chairs

Senator Caldwell, Representative Douglas, Senator Chesterfield, and Representative Baltz welcomed committee members and guests to the meeting.

Consideration of a Motion to Authorize Chairs to Approve Special Expenses Incurred by the Committees

Without objection, a motion was made authorizing the Chairs to approve Special Expenses incurred by the House and Senate Agriculture, Forestry and Economic Development Committees.

Welcome to Blytheville

Mayor James Sanders was unable to attend the meeting.

Remarks by Area Legislators

Representative Monte Hodges and Senator David Burnett welcomed everyone to Blytheville and provided a brief overview of the agricultural and industrial development in Mississippi County:

- Mississippi County is the largest row crop producer in the country
- Produces 50% of the nation's soybeans and corn
- County will be the largest steel producer in the country upon completion of Big River Steel (BRS)
- Currently, BRS has invested \$400 million with a projected cost of \$1.3 billion to complete

Overview of Local 911 Systems

David Lendennie, 911 Coordinator, presented an update on the local E911 system and provided the following information:

- E911 Coordinator's position was created in 1989; system went online in 1990 - received 6,000 calls
- Received 62,000 calls in 2014 - 55,000 wireless and 7,000 landlines
- Two Public Safety Answering Points (PSAP) for E911 system: Mississippi County Sheriff's Department and the Blytheville Police Department; operates on analog and digital
- E911 Office is responsible for the budget/salaries, equipment, planning, organizing and operation of the system; GIS digital map updates; 911 address grid-map preparation and verification of addresses.
- Equipment is leased from AT&T on a five-year cycle

Senator Chesterfield noted each area of the state has unique needs and the Local 911 Committee will continue to meet and review PSAP services across the state to ensure that in the event of a natural or manmade disaster, the state will be able to respond in a timely manner.

Update on the Big River Steel Project

Dave Stickler, Chief Administrative Officer, and Lenore Trammell, Chief Compliance Officer, Big River Steel, presented a progress report on BRS. Mr. Stickler assured committee members that the project will continue to move forward as envisioned by Mr. John Correnti, CEO, who passed away on August 19, 2015. The report included the following information:

- 650 construction workers currently onsite (58% are minorities); 2,000 construction workers by end of year
- Only one lost-time accident
- Upon completion, BRS will be largest steel producer in the country
- Invested \$400 million so far with a projected cost of \$1.3 billion to complete
- Will produce 1.6 million short tons of steel each year; has pre-sold 25% of the steel expected to be produced over the next seven years to three different customers at market price; vast majority will be domestic sales
- Anticipates a \$3 billion impact on the region's economy
- Suppliers are investing \$100 million and will employ at least 250 people (45% are Arkansas companies)
- Arkansas Steel Processing: \$35 million investment to create 50 jobs
- SMS Millcraft: \$30 million and plans to hire 70 employees
- Mid-River Terminal: \$40 million investment and hired 130 employees
- Sales tax revenue up 17% in Mississippi county
- BRS and Arkansas Northeastern College working together to train workers and host job fairs
- Hiring will begin in first quarter of 2016 and BRS will begin moving steel in third quarter
- Committed \$60 million for employee salaries; \$55,00 per year starting salary for specific employees

Job Training Programs Offered by Arkansas Northeastern College

Dr. Jim Shemwell, President, Arkansas Northeastern College (ANC), spoke on the programs offered by ANC:

- ANC staff is dedicated to customized training - delivered on client's schedule; bills by hour, not per person no minimum class sizes and college credit awarded when appropriate
- 97% of graduates are minorities (96% African American and 1% Hispanic)
- Over 70 different clients; 1.5 million trainee contact hours logged; \$6 million of customized training provided
- Grant funding to support new Certificate of Proficiency in construction technology related to BRS and other new companies
- Launched Arkansas' only steel industry technology degree in 2000 - internship programs with Nucor-Yamato Steel and Tenaris-Hickman; partnered with SMS group of Germany to deliver training for BRS
- Provides machine and process specific training; basic workplace skills training – 60 clock hours over 8 weeks

Mr. Shemwell stated that ANC has partnered with the Arkansas Delta Training and Education Consortium (ADTEC) and from 2005-2013 acquired approximately three dozen grants totaling over \$65 million.

Update on Agriculture in Northeast Arkansas

Mr. Brandon Veach, a fourth generation farmer, was recently elected President of the Mississippi County Farm Bureau. Mr. Veach welcomed committee members and provided a brief overview of the impact of agriculture in the county. In 2014, the following crops were planted and valued at \$315 million:

soybeans: 292,000 acres
cotton: 82,000 acres
rice: 54,000 acres
wheat: 52,000 acres
corn: 24,000 acres
sorghum: 4,000 acres

With no further business, the meeting adjourned at 3:15 p.m.

MINUTES**HOUSE AND SENATE INTERIM COMMITTEES ON
AGRICULTURE, FORESTRY AND ECONOMIC DEVELOPMENT****LEGISLATIVE ARKANSAS BLUE RIBBON COMMITTEE ON LOCAL 911 SYSTEMS****Meeting Jointly**

Thursday, August 27, 2015

The Senate and House Committees on Agriculture, Forestry and Economic Development and the Legislative Arkansas Blue Ribbon Committee on Local 911 Systems, met jointly at 8:00 a.m., September 27, 2015, at the Holiday Inn, in Blytheville, Arkansas.

Committee members present: Senators Ronald Caldwell, Chair (Agri); Linda Chesterfield, Chair (Local 911); and John Cooper; Representatives Dan Douglas, Chair (Agri); David Hillman, Vice Chair (Agri); Charles Armstrong, Rick Beck, David Branscum, Andy Davis, Douglas House, Lane Jean, Mark McElroy, Ron McNair, Stephen Meeks, Mathew Pitsch, and James Ratliff.

Other legislators present: Senator David Burnett; Representatives Nate Bell, Jim Dotson, Charlotte Vining Douglas, Deborah Ferguson, Monte Hodges, Frederick Love, Milton Nicks, Jr., Sue Scott, and Brandt Smith.

Senator Caldwell called the meeting to order.

Remarks by Chairs

Senator Caldwell, Representative Douglas, Senator Chesterfield, and Representative Baltz welcomed committee members and guests to the meeting.

Panic Button Alert for K12 Schools

Ted Mullenix, President, and Julie Mullenix, Attorney, Mullenix & Associates LLC, presented an update on the Panic Button Alert for K-12 Schools, which is a part of the Smart911 system by Rave Mobile Safety. Act 950 of 2015 (the School Safety Act) required the state to have an emergency alert system in place by September 1, 2015, however, due to the delay in funding, efforts are still underway to ensure that all 257 school districts in the state are operational. The school superintendent is the sole authority to assign designated personnel to initiate the system. Once the school official pushes the panic button, an instant alert is sent to all on-site personnel and first responders will then be able to pinpoint the location and initiate emergency protocol. Mr. Mullenix also provided the following information relating to the implementation of the alert system:

- funding was secured through the Arkansas Department of Education first year cost is \$950,000; second year will be \$850,000
- Rave Mobile has contacted local 911 centers as well as state and local law enforcement agencies to ensure that all local 911 centers are updated and ready for implementation.
- a webinar was held for all K-12 school administrators and other school personnel; over 600 participated
- 60% of schools have begun steps to make sure that training is underway and all pertinent information is submitted to Rave
- working with local school districts and local 911 centers to ensure successful implementation
- planning additional webinars and a website for schools to obtain information 24x7
- updating contact information for each local 911 PSAP
- conducting panic button test runs across the state
- making on-site visits to schools and PSAPs to provide required assistance

Upon questioning by Senator Chesterfield regarding steps to increase the safety of state agencies as well as members of the General Assembly, Mr. Mullenix stated that Rave Mobile Safety has graciously agreed to provide the State Capitol, Big Mac, and Capitol Hill with panic buttons at no charge. He asked that she help facilitate implementation of the program in the near future.

Brianna Fields, Deputy Director, Benton County Office of Emergency Communications, provided an update from the Arkansas Law Enforcement Training Academy on the training courses offered by the academy. She stated that the academy may also offer online classes in the future.

With no further business, the meeting adjourned at 9:15 a.m and committee members were invited to tour the Big River Steel construction site.

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MINUTES**HOUSE AND SENATE INTERIM COMMITTEES ON
AGRICULTURE, FORESTRY AND ECONOMIC DEVELOPMENT
MEETING JOINTLY**

Wednesday, September 16, 2015

The Senate and House Committees on Agriculture, Forestry and Economic Development met jointly at 1:00 p.m., September 16, 2015, in Fayetteville, Arkansas.

Committee members present: Representatives Dan Douglas, Chair; David Hillman, Vice Chair; Charles Armstrong, Rick Beck, Ron McNair, Stephen Meeks, and David Whitaker.

Other legislators present: Representative James Sorvillo.

Representative Douglas called the meeting to order and welcomed committee members and guests.

Overview by the Arkansas Conservation Partnership

Mr. Randy Young, Executive Director, Arkansas Natural Resources Commission and Dr. Mark Cochran, Vice President, University of Arkansas Division of Agriculture, thanked everyone for attending and provided a brief description of the Arkansas Conservation Partnership and an overview of the upcoming listening tour.

With no further business, the meeting adjourned at 1:10 p.m. and committee members boarded the bus to tour the following locations:

Bus Presentation

Grazing Management, Jeremy Huff, NRCS Grazing Specialist

Poultry Discovery Farm – Elkins

Discovery Farm Experience – Jeff Marley, Poultry Producer

Dr. Mike Daniels, Water Quality & Nutrient Management, UA Division of Agriculture

Rainfall Simulator Demonstration – Jeremy Huff, NRCS

U of A Division of Agriculture Poultry Research Center – Savoy

Dr. Mark Cochran, Moderator

Avian Influenza Update, Dr. Dustan Clark, UA Division of Agriculture

Biosecurity between USDA Partners, Walt Delp, NRCS State Engineer

Bus Presentation - Stormwater Management Education in NW Arkansas

Katie Teague, U of A Division of Agriculture

Drive-By Bus Presentation – Cave Springs Sewer Project

Mark Bennett, Water Development Division, ANRC

Illinois River Watershed Partnership Headquarters, Cave Springs

Arkansas – Oklahoma River Compact Update, Dr. Delia Haak, Chairman

Urban Forestry, Mark Cutrer, Deputy State Forester & Patti Irwin, Arkansas Forestry Commission

**MINUTES
HOUSE AND SENATE INTERIM COMMITTEES ON
AGRICULTURE, FORESTRY AND ECONOMIC DEVELOPMENT
MEETING JOINTLY**

Thursday, September 17, 2015

The Senate and House Committees on Agriculture, Forestry and Economic Development met jointly at 8:30 a.m., September 17, 2015, at the Hilton Garden Inn Conference Center, 1325 North Palak Drive, Fayetteville, Arkansas.

Committee members present: Representatives Dan Douglas, Chair; David Hillman, Vice Chair; Charles Armstrong, Rick Beck, Andy Davis, Ron McNair, Stephen Meeks, Mathew Pitsch, and David Whitaker; Non-committee members present: Representatives Nate Bell, Jim Dotson, and James Sorvillo.

Representative Douglas called the meeting to order and welcomed committee members and guests.

Review of the Feral Swine Initiative and Management Program

Randy Childress, Natural Resources Conservation Service (NRCS) Assistant State Conservationist, Moderator; Michael Hoy, United States Department of Agriculture Animal and Plant Health Inspection Service, Wildlife Biologist; and James Baker, NRCS Wildlife Specialist; presented a report on feral hog management:

- feral hogs run in sounders of a dozen or more and one sow can have two litters a year with an average of six to eight piglets in each; there are approximately 200,00 feral hogs in Arkansas; the state would need to trap 140,000 feral hogs annually to keep the population from growing; an estimated 5 million feral hogs are in the country
- feral hogs cause an estimated \$30 million in damage annually in the state and \$1.5 billion in damage annually in the country
- illegal transporting of feral hogs has increased throughout the state
- Wildlife Services-Arkansas and the Arkansas Game and Fish Commission are working together to reduce the feral hog population

Mr. Hoy gave an on-site presentation of a pen/trap that uses a motion detector, a digital camera and an application on his cell phone that sends an alert when an animal enters the pen. He then watches until all the animals are in the pen and releases the trap remotely.

Overview of the Nutrient Management Program/Nutrient Management Planning (see Handout 2 for complete report)

Dr. Mike Daniels, U of A Division of Agriculture; Heath Ward, Springdale Water Utilities; and Billy Ammons, CH2MHill, City of Fayetteville, presented a report on nutrient management. The report stated that nutrient trading permits dischargers to form voluntary associations within a watershed or other designated area. The group is asking for support for this voluntary effort in an attempt to be proactive, provide common sense choices at a local level, and put resources where they can have the most impact. They are requesting that legislators help remove any possible roadblocks, bureaucratic or otherwise, that may hamper common sense and beneficial projects.

Update on the Arkansas State Water Plan

Edward Swaim, Water Resources Division, ANRC, provided an update on the Arkansas Water Plan, which is the state's comprehensive planning process for the conservation, development, and protection of the state's water resources. The plan has been completed and is now in the final state of rulemaking which requires executive and legislative branch review, in addition to public hearings/comments. Mr. Swaim said the rulemaking process included hundreds of presentations, as well as workgroup and public meetings, which resulted in the Commission endorsing ten statewide priority issues listed in the draft rules.

Arkansas Conservation Partnership Wrap-up

Randy Young, Executive Director, Arkansas Natural Resources Commission, thanked everyone for attending the water conference and meetings. He said ANRC will hold a special meeting on November 9, 2015, to review the proposed rules and hopefully will get approval by the Commission to present to the rules to the Administrative Rules and Regulations Committee in December.

With no further business, the meeting adjourned at 11:40 a.m.