

MINUTES

SENATE INTERIM COMMITTEE ON TRANSPORTATION, TECHNOLOGY AND LEGISLATIVE AFFAIRS HOUSE INTERIM COMMITTEE ON PUBLIC TRANSPORTATION JOINT PERFORMANCE REVIEW COMMITTEE

MARCH 17, 2010

The Senate Interim Committee on Transportation, Technology and Legislative Affairs; House Interim Committee on Public Transportation; and Joint Performance Review Committee met jointly Wednesday, March 17, 2010, at 12:30 p.m., at the University of Arkansas Fort Smith, Fort Smith, Arkansas.

Committee members in attendance: Senators Denny Altes, JPR Co-Chair, Cecile Bledsoe, Michael Lamoureux, Bill Pritchard; Representatives Jonathan Barnett, John Burris, Jane English, Debra Hobbs, Bryan King, Stephanie Malone, James McLean and Tracy Pennartz

Also attending: Representatives Duncan Baird, Frank Glidewell, Andrea Lea, Mary Lou Slinkard, Terry Rice and John Paul Wells

Senator Altes called the meeting to order.

Senator Altes thanked Representative Stephanie Malone for her hard work in planning and organizing the two-day meetings in Fort Smith. He then turned the meeting over to Representative Malone.

Representative Malone welcomed legislators and thanked them for traveling to northwest Arkansas. Representative Malone asked legislators to introduce themselves.

Introductions and welcome

Senator Altes introduced members of the Western Arkansas Regional Intermodal Transportation Authority (RITA): Van Buren Mayor Bob Freeman; Sebastian County Judge David Hudson; Crawford County Judge John Hall; Mr. Mat Pitsch, Executive Director (RITA); Mr. Vince Losole, Chairman (RITA) and Materials Manager, Rheem Air Conditioning of Fort Smith; Mr. George Moschner, Baldor Corporation; Mr. Keith Hefner, Citizens Bank; Mr. Russell Owen, Hiram Walker; Mr. Bob Null, Arkansas Lamp; Mr. Ivy Owen, Executive Director, Fort Chaffee Redevelopment Authority; Mr. Dennis Kelly, Fort Smith City Administrator; Mr. Gary Harshbarger, Bekaert Steel & Wire; and Mr. Jay White, Pepper Source.

Senator Altes introduced local officials in the audience: Fort Smith Mayor Ray Baker, Jr.; Deputy City Administrator Ray Gosack; City Directors: Mr. Joe Hutchings, Mr. Kevin Settle, and Mr. Steve Tyler; Mr. Joe Shipman, District Engineer, Arkansas Highway and Transportation Department (AHTD); Mr. Rusty Myers and Mr. John Guthrie, Western Arkansas Planning and Development; former legislator Mr. B.G. Hendrix; Greenwood Mayor Ken Edwards; Ms. Kathy Watson with Congressman John Boozman's office; and Mr. Johnnie Bolin, Executive Director, Arkansas Good Roads Transportation Council.

Consideration to approve Transportation Committee Minutes of February 23, 2010 (Exhibit C)

Without objection, the Minutes were approved.

Presentation by the Regional Intermodal Transportation Authority (RITA)

Representative Malone introduced Mr. Mat Pitsch, Executive Director, Western Arkansas Regional Intermodal Transportation Authority (RITA). Mr. Pitsch thanked the legislature for passage of Act 690 that created RITA. He said Crawford and Sebastian counties, and the two major cities all had to trust one another to be able to function efficiently and work for the economic development of the entire region. He stated that RITA voted to support construction of the Interstate 49 bypass around Bella Vista in Benton County. RITA believes completion of the bypass will allow work to quickly commence on completing the interstate through western Arkansas. He described three short-term projects identified by RITA: a railroad to Chaffee Crossing to aid growth, improvement of port operations and capabilities, and economic development sites. Mr. Pitsch advised that about 60% of the raw materials used by businesses in the region are brought in by truck and 30% arrive by rail. Of the finished products leaving the region, 97% are moved by truck. RITA has identified that the immediate need for the area is a better-developed rail service. Mr. Pitsch stated that about \$8 million worth of improvements to rail service is needed at the growing industrial zone at Chaffee Crossing and to private ports on the Arkansas River in the Van Buren and Fort Smith areas. Some levee work is also needed, as well as development of 34 acres of RITA land on the river in Crawford County.

Mr. Ivy Owen, Executive Director, Fort Chaffee Redevelopment Authority, stated the companies that have moved into the Chaffee Crossing industrial area have all said they want rail service. Mr. Owen explained that Fort Chafee has an obsolete rail system that was built in the early 1940s. Completing the rail circuit at Chaffee Crossing would cost \$6 million. The rail system outside Chaffee would also require a large amount of money to bring it up to the weight-bearing requirements needed by the industries at Chaffee Crossing. Mr. Pitsch advised that RITA applied for \$5 million in federal funding that must be matched with \$3 million in local funds.

Mr. Vince Losole, RITA's chairman and materials manager for Rheem Air Conditioning Division in Fort Smith, stated Rheem does most of its shipping by truck. It often receives shipping containers by truck that have been unloaded from barges in St. Louis. The company could lower its shipping costs if it could send containers by river from Fort Smith to Houston and bring back raw materials from overseas. Mr. Russell Owen of Hiram Walker stated their shipping containers are unloaded in Los Angeles and trucked to Fort Smith. Keeping them on the water all the way to Fort Smith would give the company a more secure supply chain. Large manufacturers who have operations or are building at Chaffee Crossing are anticipating that the completion of Interstate 49 will provide them a major shipping artery. Groundwork has been completed and \$25 million worth of I-49 overpass work is under way. Graphic Packaging International and Mars Petcare already have large plants operating at Chaffee Crossing. Umarex USA is completing construction of a new plant. Mitsubishi Power Systems and Pradco, Inc., plan to build plants at Chaffee Crossing. Representative Barnett said that extending I-49 from Interstate 40 to U.S. 71 south of Fort Smith is estimated to cost \$320 million with \$200 million or more needed for a bridge over the Arkansas River.

Legislators then boarded a bus for a tour of the area, including the ports and Chaffee Crossing.

The meeting and tour finished at 3:30 p.m.