

MINUTES

LEGISLATIVE TASK FORCE ON INTERMODAL TRANSPORTATION AND COMMERCE

March 14, 2016

The Legislative Task Force on Intermodal Transportation and Commerce met at 9:00 a.m., Monday, March 14, 2016, in Room 130, State Capitol, Little Rock, Arkansas.

Task Force members present: Senators Eddie Joe William, Co-Chair; Greg Standridge; Representatives Mike Holcomb, Co-Chair; Mathew Pitsch, and Marcus Richmond. Non-legislative members: Scott Bennett, Kenneth Burleson, Jerry Chism, David Choate, Craig Christiansen, Bob Freeman, Jeff Hawkins, Gene Higginbotham, John Lipton, and Butch Rice. Also present: Representative Mickey Gates.

Senator Williams called the meeting to order.

Senator Williams and Representative Holcomb welcomed members and guests in their opening comments.

Consideration to Approve Minutes of the February 10, 2016, Meeting (Exhibit C)

Mr. Chism stated he was not present at the February 10, 2016, meeting and asked that the Minutes reflect Ms. Lily Roberts, Assistant Director, attended as his designee.

Upon motion by Representative Pitsch, and second by Mr. Higginbotham, the Minutes of the February 10, 2016, meeting were approved, as corrected.

Mr. Higginbotham noted two corrections to the staff report on *Organizational Structure and Modal Responsibilities*: Oklahoma has a secretary of transportation; Alabama and Georgia have state-owned ports and are separate entities from their respective departments of transportation; Mr. Bennett noted the Arkansas Highway and Transportation Department has two deputy directors.

Overview of Transportation-Related Departments (Exhibit D.2) (Attachments 1 & 2)

Mr. Jerry Chism, Director, Arkansas Department of Aeronautics (ADA), gave a presentation on the ADA and provided the following information:

- ADA has 5 staff members; 7 commissioners appointed by the governor for 5-year terms--1 from each congressional district and 3 at-large; funding derived from sales tax on aircraft, aviation fuel, and aviation-related products, parts & labor; no general revenue funds; \$15 million annual appropriation; 92 airports eligible for funding on reimbursable, matching basis; all airports actively participating in grant program; 77 eligible for federal funding
- State Airport Aid Grant Classifications (SAAG) grants available:
 - 90-10% match (local communities) - Federal Airport Improvement Program (AIP) - capped at \$400,000
 - 50-50% match - \$400,000 (state only)
 - 80-20% match - \$400,000 (state only--most popular grant)
 - 90-10% - \$200,000 (state only)
 - 100% - requires disaster declaration by governor
- performs airport inspections (safety items)

Mr. Chism stated that ADA's income was reduced from \$14 million in 2014 to an estimated \$8 million in 2016 (45%) due to lower fuel prices; grants exceeded ADA's income in 2015 due to available cash in the treasury. Most of the state's population is within a 30 minute drive of some type of airport; 92% of the population is within a 90 minute drive of a commercial service airport.

Representative Pitsch asked how ADA would function under a Department of Transportation (DOT). Mr. Chism replied it would depend on how the interaction between airports, ADA, and FAA would be structured. He has no objection to being part of a DOT given that the funding stream is maintained as well as the authority and autonomy of the Commission.

After discussion by members regarding funding, coordination with agencies, location of facilities, etc., **Senator Williams asked members to envision the functionality of a DOT and requested they commit their ideas/plans to paper and submit to staff for deliberation at the next meeting.**

Mr. Gene Higginbotham, Executive Director, Arkansas Waterways Commission (AWC), provided an overview of AWC and included the following:

- AWC is responsible for developing, promoting and protecting waterborne transportation in Arkansas and promoting economic development for ports on the five commercially navigable rivers of the state: Arkansas, Mississippi, Ouachita, Red, and White Rivers
- 2 current staff members and 1 vacant position; 7 Commissioners appointed to 7-year terms by the governor; \$257,000 general revenue budget; \$40,000 operating budget; 80% of budget goes toward salaries
- coordinates with state and federal partners
- Arkansas is 3rd in the nation for navigable river miles (1,860); river system operating at only 30% capacity; each barge equals 60 tractor trailers; ports provide high-paying industrial jobs
- legislature approved funding for the Arkansas Port, Intermodal, and Waterway Development Grant in 2013; ad valorem tax collected from barge companies goes to 3 state agencies--legislature allowed any amount collected over \$2.5 million be directed to AWC, resulting in \$450,644.42 in awards to five ports: Crossett, Fort Smith, Helena-West Helena, Little Rock, and Osceola; approved \$1.5 million (50/50 federal match) for the Three Rivers Study in 2015; and the Red River Navigation Study funding in 2015; the McClellan-Kerr Arkansas River Navigation System (MKARNS) provides a \$1.5 billion economic impact to the state
- joint application with the Oklahoma Department of Transportation under MKARNS for funding to create/link marine highway(s)
- initiatives include working on marketing agreements with the Little Rock Port Authority and Southwest Arkansas Intermodal; federal legislation to ensure that every port in the state has access to rail
- Arkansas Water Plan will now include a navigation section
- challenges include a \$120 million critical maintenance backlog on locks and dams that could result in a 50% chance of failure within the next 5 years; no longer have navigation to Camden or north of Crossett on the Ouachita; White River has not been dredged or snagged since 2009 due to lack of earmarks, resulting in loss of area businesses; AWC working with the city of Newport to create a port authority and to solicit new businesses that use trucks, rail, and waterways
- recommendations: waterways tax credits, intermodal kick-start program--state contributes \$1 million annually for 5-10 years (if funds are available); establish a state infrastructure bank

Representative Pitsch asked Mr. Higginbotham to state his concerns about the possibility of being under the umbrella of a DOT. Mr. Higginbotham replied there is concern that AWC will lose its ability to work in a timely manner if decisions cannot be made quickly.

Senator Williams reiterated his suggestion to submit plans and ideas to staff for discussion at the next meeting. He stated this study is not about highways, rail, water, or aeronautics, it is about economic development.

Representative Pitsch asked which states are similar to Arkansas in regards to size, geographical data, and roads. Mr. Bennett said AHTD will gather information on the organizational structure of similar states and present the information at the next meeting. He said that Mississippi is neck and neck with Arkansas--the main difference being they have deep water ports as they are on the coast.

Senator Williams advised there will be no meeting in April due to the fiscal session.

With no further business, the meeting adjourned at 10:40 a.m.