

MINUTES**LEGISLATIVE TASK FORCE ON INTERMODAL TRANSPORTATION AND COMMERCE**June 8, 2016

The Legislative Task Force on Intermodal Transportation and Commerce met at 9:00 a.m., Wednesday, June 8, 2016, in Room B, MAC, Little Rock, Arkansas.

Task Force members present: Senator Eddie Joe Williams, Co-Chair; Representative Marcus Richmond. Non-legislative members: Scott Bennett, Craig Christiansen, Bryan Day, Jeff Hawkins, Gene Higginbotham, Butch Rice, Kevin Sexton, and Lily Roberts (Jerry Chism). Also present: Senators Bobby Pierce and Terry Rice; Representative Mary P. "Prissy" Hickerson.

Senator Williams called the meeting to order and welcomed Representative Richmond as acting Co-Chair. He also welcomed members and guests.

Senator Williams asked members if there is a need to meet every month and, after several responded no, advised he will confer with Co-Chair Holcomb on a revised meeting schedule. He also questioned if there is a compelling argument to be made that the task force can come up with a single transportation product that will make everyone happy. Senator Williams noted the final report is due no later than December 1, 2016.

Consideration to Approve Minutes of the March 14, 2016, Meeting (Exhibit C)

Upon motion by Mr. Higginbotham, and second by Mr. Sexton, the Minutes of the March 14, 2016, meeting were approved.

Discussion on the Need for Increased Transportation Capacity (Attachment 1)

Representative Richmond spoke on the need for high speed transportation and the possibility and intent of a Department of Transportation (DOT). He then recognized his guests, Mayor Larry Austin and Mr. Karl Yoder. Mayor Austin of Mansfield, Arkansas (population 1139), introduced Mr. Denny Stone, Justice of the Peace, District 8, Logan County; Mr. Phillip Blankenship, South Logan County Chamber of Commerce; and Mr. Steve Ewing, Tyson Foods in Waldron. Mayor Austin stated that multiple forums were held to discuss the possibility of increasing economic development for local coal mines and, after much discussion, it was determined that transportation was the key issue, not only for the coal mines, but for the local lumber company and many other regional businesses. Area representatives attending the meetings discussed the possibility of extending the rail line and getting the railroads back online to increase job opportunities and economic development.

Mr. Karl Yoder, Director, Business Development, Mississippi Minerals, Inc. (MMI), said parts of Arkansas are deficient of high speed, efficient transportation and noted that regional leaders have worked diligently for years to find a way to rejuvenate the old abandoned Rock Island rail line infrastructure. He spoke of the extra costs incurred by businesses in the Fort Smith area when selling products and bringing in raw products for manufacturing. Much of the area remains available for development; however, without an efficient rail line, there is not enough infrastructure to bring in new business. Arkansas has over 2,700 miles of rail lines, including three Class 1 railroads and 23 short lines that move more than 170 million tons of freight across the state (of which 70% does not destine here). Mr. Yoder stated there are coal resources under the entire area and that 2 billion tons of coal remains in the state. MMI's transportation is currently limited to trucks, barges, or single car loadouts and the company cannot grow without a high speed infrastructure. He said accessible unit train loading is essential to expanding markets and, if a unit train loadout was available, his trucking costs could decrease by one-third (possibly one-half). Constructing a rail line along the abandoned Rock Island Railroad is an infrastructure alternative that needs to be considered. An operational rail line will connect the region with Class 1 rail lines and nationwide market access.

Mr. Yoder provided the following information in response to questions by several members:

- he does not have the numbers on investment return – feels it will be positive over time
- a study is needed to determine if the state will own the 80 miles of rail requested in his presentation
- high demand for coal in international markets; competing with Australia; trying to sell to specialty markets
- end dump tractor trailers used that carry 80,000 pounds; Oklahoma can carry up to 88,000 pounds
- will check on other rail models such as the one used by Southeast Arkansas Economic Development District
- MMI has an estimated supply of 35 million tons of coal; 250 million tons under permit between company location and Oklahoma border

Review of Organizational Structures of Various State Departments of Transportation

(Attachments 2 & 3)

Mr. Scott Bennett, Director, Arkansas Highway and Transportation Department (AHTD), presented the following information regarding the organizational structures of state DOT's. He said all states have highway responsibilities and noted that only Arkansas and Nebraska highway departments are not called DOT's.

State Transportation Department Modal Responsibility includes:

Highways	52	Air	42	All modes	21
Transit	49	Water	25	All modes except water	18
Rail	48				

Mr. Bennett provided the following information in response to questions by members:

- less than one-half of DOT's have a commission structure; Arkansas is the only state with non-elected commissioners with 10-year terms; no one state is a model for implementing a DOT in Arkansas
- unaware of any state regretting changing model after implementation; no changes to any type of mode in the last few years; DOT's are required to coordinate with other modes; federal law requires a long-range intermodal transportation plan (no funding)
- since the latter part of last decade, AHTD is required to submit an economic development plan under the American Recovery and Reinvestment Act (**Senator Williams requested a copy be sent to staff for inclusion in final report**)
- rail is handled by planning division; planning only -- no authority or funds; needs dedicated source of revenue or private investors
- first step (from a perception standpoint) could be a name change from AHTD to Department of Transportation and enhance coordination with other modes; highways would still be largest share of needs; probably would help economic development

Discussion on the Functionality of a Potential Arkansas Department of Transportation

Mr. Higginbotham stated his concerns are maintaining legislative oversight, having a voice within the governor's office, effectiveness of the office and budget, and retaining the commission. His proposal shows an umbrella organization where the Waterways Commission remains independent but still works with AHTD as required by state law. (**Attachment 4**)

Ms. Lily Roberts (for Jerry Chism) would like to see a list of specific goals, as far as efficiencies to be gained by creating a DOT, as well as a list of items to be avoided. As shown on the proposed organizational chart, the Aeronautics Department would like for the commission to remain autonomous. One main goal of the agency is to make sure funding is available for airports to be/remain self-sufficient. (**Attachment 5**)

Other Business

Senator Williams reminded members that he and Co-Chair Holcomb will set revised meetings dates. He also mentioned inviting the original authors of the bill that created the task force to a future meeting.

With no further business, the meeting adjourned at 10:45 a.m.