



BIENNIAL REPORT

Calendar Years 2016-2017

*Compiled by the Arkansas Waterways Commission
for the Citizens of Arkansas, the Governor of Arkansas,
and Members of the Arkansas General Assembly*





Arkansas Waterways Commission

Asa Hutchinson, Governor

Deidre Smith, Director

December 11, 2017

The Honorable Governor Asa Hutchinson
State Capitol Room 250
Little Rock, AR 72201

Dear Governor Hutchinson,

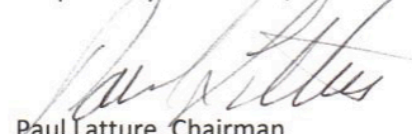
The Arkansas Waterways Commission is proud to present a review of activities and initiatives to show the progress that has been made over the past two years. The Commission has been vigilant and purposeful within its authority and resources to maximize the benefits of Arkansas' commercially navigable waterways.

The Commission recognizes and appreciates the ongoing support you have shown for these treasured natural resources and your acknowledgement of the benefits they provide to Arkansas' economy.

The Arkansas Waterways Commission is the sole state agency charged with developing, promoting, and protecting the commercially navigable waterways of Arkansas for waterborne transportation. The Commission coordinates and cooperates with various local, state, and federal agencies in ongoing efforts to develop our waterways as an important economic resource for Arkansas.

We welcome your comments and suggestions on how we can better utilize and develop these vital assets to benefit all of our current citizens and future generations.

Respectfully submitted,



Paul Latture, Chairman
Arkansas Waterways Commission

101 East Capitol Avenue, Suite 370 Little Rock, Arkansas 72201

Arkansas Waterways Commission

The mission of the Commission is to develop, promote, and protect the commercially navigable waterways of Arkansas for waterborne transportation and economic development to benefit the people of Arkansas.

Authorizing legislation, responsibilities, and duties

The Arkansas Waterways Commission was established by Act 242 of 1967, and its powers and duties were amended by Act 414 of 1973.

The Arkansas Waterways Commission's powers, duties and functions assigned by law are as follows:

1. Study and coordinate efforts designed to promote the development of the navigable stream areas in this State for water transportation purposes;
2. Encourage and coordinate the development of river port and harbor facilities;
3. To recommend to the proper officials, recreational restrictions in critical commercial navigation areas in order to promote public safety and expedite water transportation.
4. Intercede on behalf of and to represent the State of Arkansas in matters pertaining to the application of fees, tolls or user charges levied or contemplated to be levied against the water transportation industry engaged in either intrastate or interstate water commerce.
5. Receive and use any federal, state or private funds, donations and grants made available for the development, use and expansion of river transportation resources of this State, provided that nothing herein shall be deemed to deny or prohibit any city, county, port authority or other governmental or private agency or authority from accepting such donations and grants they are now authorized by law to receive.
6. Cooperate with and furnish assurances to the United States Government and any agencies thereof, for improvement of the waterways of this State for the purpose of commercial navigation and other project purposes, and to contract with the Secretary of the Army and the Chief of Engineers to provide the necessary lands, easements, and rights-of-way in connection therewith; to share if necessary in the costs of the projects in the event the Chief of Engineers determines that it is necessary under applicable federal laws and policy; and to otherwise furnish local cooperation requirements of the Acts authorizing projects.
7. Have and exercise the power and authority to acquire such real and personal property, in the name of the State of Arkansas, by gift, grant, purchase, negotiation or by condemnation, as the Commission deems necessary or desirable to carry out its functions and responsibilities under this Act.
8. Require all State agencies, boards or commissions, when such agencies, boards and commissions are planning industrial, residential or recreational zonings, operational

regulations or improvements involving channel alignments, bank stabilization, bank and adjacent land uses, which would directly or indirectly affect commercial navigation on any of the State's inland waterways, to coordinate such planning with the Commission.

9. Require all State agencies, boards and commissions having the power to give assurances over water resource projects to coordinate such activities with the Arkansas Waterways Commission prior to giving such assurances if such assurances are given in regard to projects and programs that are on the navigable waterways of the State or may affect these waterways.
10. Authorizes the assignment, transfer, lease, conveyance, grant or donation of any or all of its property to the United States of America or to any agency or department thereof, for use of the United States in connection with the purposes of this Act.
11. Represent this State in the promotion of the development of commercial water transportation in this State and to cooperate with other states, other agencies of this State or agencies of the United States Government, in any manner whatsoever, in an effort to develop the commercial use of the waterways in this State. The Commission is hereby empowered to study all executive orders and legislation, state and federal, which may affect the commercial development of interstate or intrastate water transportation and to make recommendations concerning any such executive orders or legislation.
12. United States Army Corps of Engineers - has responsibility for planning, improving and maintaining the inland river system to provide for flood control, navigation and recreation. It operates most locks and dams on the inland waterways system. It also administers the "Section 10" and "Section 404" federal permit programs.
13. United States Coast Guard - is responsible for the establishment of navigation regulations and the operation and maintenance of physical aids to navigation. Other responsibilities include search and rescue, and enforcement of the Federal Water Pollution Control Act. It administers a program for recreational boating safety which includes the establishment and enforcement of minimal safety and signal equipment standards, and inspection of certain classes of commercial vessels. The Coast Guard also administers the laws pertinent to the construction, operation and maintenance of bridges over navigable waterways.
14. United States Department of Transportation Maritime Administration (MARAD) - is charged with the responsibility within the government to promote a merchant marine services sufficient to carry the nations domestic waterborne commerce. MARAD administers a number of programs for the industry and undertakes research to support the industry.
15. Other Agencies - These include the Department of Homeland Security which works to secure all modes of transportation, land, air and water. Securing the global supply chain, while ensuring its smooth function, is essential to the USA's national security and economic prosperity; Environmental Protection Agency, which is involved in pollution control and noise control; the Department of Labor, which is the administrator of the occupational Health and Safety Act; the Federal Communications Commission; and the United State Fish and Wildlife Service, which administers various laws regarding the protection of fish and wildlife resources.

Funding

Activities of the Commission are funded from general revenue appropriated by the General Assembly. The Commission has the authority to receive and use any federal, state or private funds, donations or grants made available for the development, use and expansion of river transportation resources of the State.

Through its contribution line item, the AWC supports the efforts of:

- “ Arkansas Waterways Association
- “ Mississippi Valley Food Control Association
- “ Red River Valley Association
- “ Ouachita River Valley Association
- “ White River Valley Association

The Commission also promotes economic development for ports on the commercially navigable rivers of the state.

River News

Arkansas River

The McClellan-Kerr Arkansas River Navigation System (MKARNS) is a 445-mile channel that begins at the confluence of the Mississippi, White, and Arkansas Rivers in Arkansas and then merges with the Verdigris River at the confluence of the Arkansas, Grand, and Verdigris Rivers at Muskogee, Oklahoma, and ends at the head of navigation in Catoosa, Oklahoma. An average of 11.4 million tons of cargo has moved annually on this system for the past 10 years. The Regional Economic Impact Study revealed 34 thousand jobs; \$64 million in business taxes; \$4.5 billion in sales nationally; and \$1.6 billion in transportation savings can be attributed to the State of Arkansas' segment of the MKARNS.

The Three Rivers Feasibility Study will be completed in June, 2018, wherein a permanent fix will be determined to remove the threat of a potential breach during high water events at the base of navigation. The Arkansas-Oklahoma Port Operators Association has deemed this fix to be top priority, followed closely behind by the approximate \$150 million in backlog of critical maintenance, and the dredging of a 12' channel.

White River

A new Port Authority has been created in Newport, Arkansas, with hopes of bringing additional commercial interests into the region. However, navigation cannot commence until the channel is maintained and tows can move confidently to and from the Mississippi River. The Memphis District USACE is responsible for the navigation, recreation, flood control, and operation-maintenance of this navigation system,

Ouchita-Black River Navigation System

The Ouachita River Valley Association (ORVA) sponsored an economic impact study of the Ouachita-Black Rivers navigation project. The study will assess the economic impact of the Ouachita-Black River system from north Central Louisiana to Central Arkansas. All beneficiaries of the system will be addressed such as recreation, water supply, fish and wildlife, flood control, and other quality of life benefits of the project. While the Corps currently quantifies a navigation project by the tonnage moved for funding purposes, there are other values to the region and nation that inland river systems provide. One example is that the Ouachita River is a source of potable water for the region. The study will provide a great resource, revealing the true value of the Ouachita-Black River Navigation System. The Vicksburg District USACE oversees the channel's operation-maintenance activities, as well as flood control, recreation, and most importantly navigation on the Ouachita River.

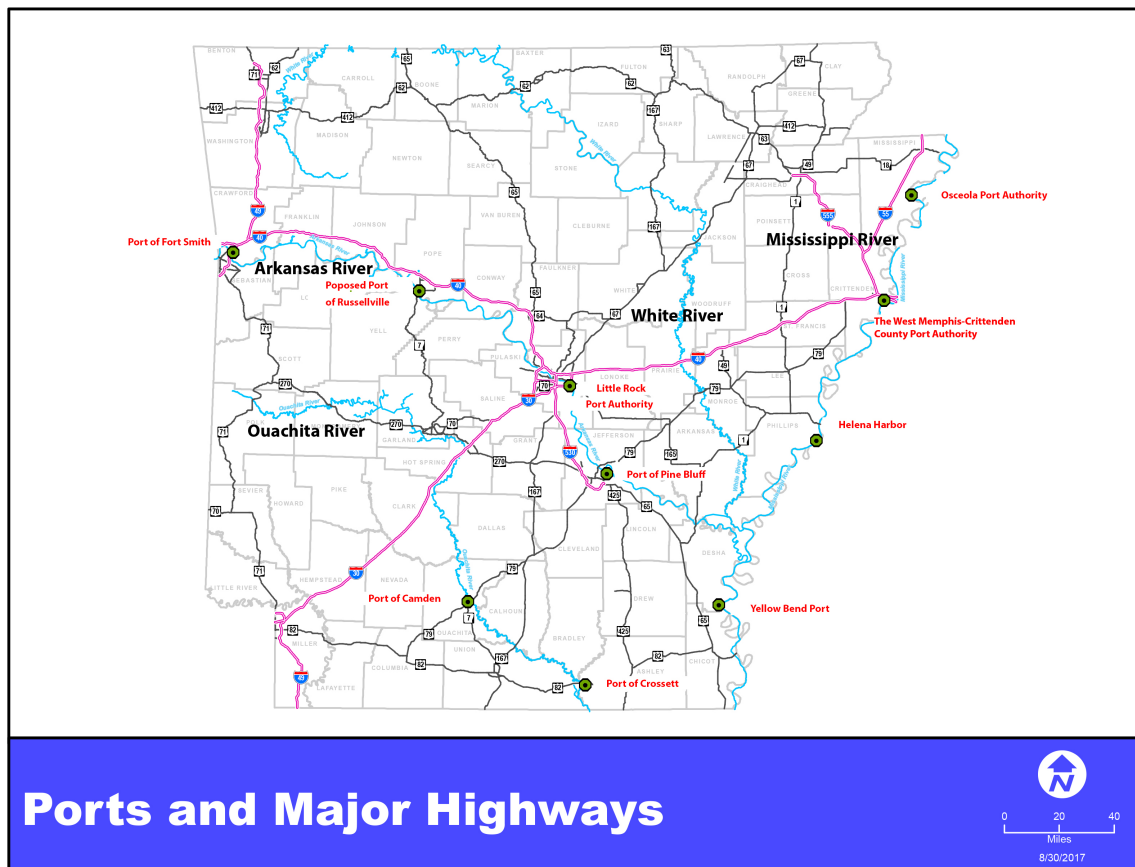
Red River Navigation System

The U.S. Army Corps of Engineers, Vicksburg District, is conducting a study that will investigate the feasibility for navigation from Shreveport-Bossier City to Index, Arkansas (US Hwy 71/59 Bridge). The Index Reach, 142 RMs, is located about nine land miles north of downtown Texarkana, Arkansas/Texas. The current Administration, in Washington D.C., has not provided funding for this study in three years and the 'no earmark' policy has prevented congressional adds. The State of Arkansas has appropriated \$1 million to the local sponsor, Arkansas Red River Commission (ARRC). The Commission has provided funding to the Corps of Engineers to continue with the feasibility study. This study will determine if the benefits justify a project and will be completed by the end of CY 2017.

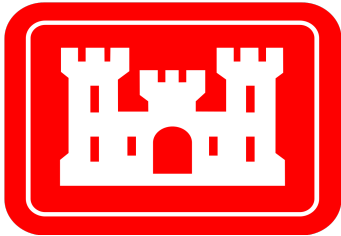
Mississippi River

The Mississippi River forms the 320-mile eastern border of the state. This mighty river is the main trade corridor for goods produced in the northern part of the U.S. traveling to gateway ports near the Gulf of Mexico. Approximately 200 million tons of commodities pass by the state on the waterway each year. Public ports in Arkansas are located at Osceola, West Memphis, Helena, West Helena, and Yellow Bend. The Vicksburg District USACE oversees the channel's operation-maintenance activities, as well as flood control, recreation, and most importantly navigation on the Mississippi River.

Ports and Major Highways



Federal Agency Partners



United States Army Corps of Engineers (USACE)

Plans, improves, and maintains the inland river system to provide for flood control, navigation, and recreation. It operates most locks and dams on the inland waterways system. It also administers Section 10 and Section 404 federal permit programs.



United States Coast Guard (USCG)

Responsible for establishing navigation regulations, and operating and maintaining physical aids to navigation. Other responsibilities include search and rescue and enforcement of the Federal Water Pollution Control Act. The USCG also administers the laws pertinent to the construction, operation and maintenance of bridges over navigable waterways.



United States Department of Transportation Maritime Administration (MARAD)

Promotes merchant marine services to carry the nation's domestic waterborne commerce. The United States Department of Transportation Maritime Administration administers a number of programs for the industry and undertakes research to support the industry.



United States Department of Homeland Security

Working to secure all modes of transportation, land, air and water. Securing the global supply chain, while ensuring its smooth functioning, is essential to the USA's national security and economic prosperity.

Other Agencies: Environmental Protection Agency, controlling pollution and noise; the Department of Labor, administrator of the Occupational Health and Safety Act; and the United States Fish and Wildlife Service, which administers various laws regarding the protection of fish and wildlife resources.

The Commission

The Governor appoints each of the seven Commissioners to serve seven-year terms. These appointments are staggered to maintain consistency so that optimally only one is appointed annually.

Paul Latture



Paul Latture, of Little Rock, represents the Arkansas River and his term expires in 2018. Mr. Latture retired as Executive Director of the Little Rock Port Authority in 2014 after serving since 1999. He has an extensive background in economic development and chamber of commerce service. Mr. Latture is a former member of the Board of Directors of the National Waterways Conference, which supports wise management of the nation's waterways.

Harvey Joe Sanner



Harvey Joe Sanner, of Des Arc, serves at-large; his term expires 2019. Mr. Sanner is a third generation farmer who has been involved in farm policy since 1977. He is passionate about issues that affect rural economies. Mr. Sanner is the former president of the Arkansas Waterways Association, former Board Member of the National Waterways Conference, and currently serves on the White River Coalition.

Joe Harris



Joe Harris, of Osceola, represents the Mississippi River; his term expires 2021. Mr. Harris is a consultant/lobbyist on national, state and local levels for counties, cities and organizations. He serves on The Arkansas Delta Commission. He has served three terms as a member of the Arkansas House of Representatives. He served as Chairman of Public Transportation and was a member of House Rules, House Management Committee, and The Tobacco Settlement Task Force.

William Varner



William Varner, of Texarkana, represents the Red River and his term expires 2022. Mr. Varner has been heavily involved in efforts to expand navigation along the Red River from Shreveport, LA to near Texarkana, AR. The Vicksburg District of the US Army Corps of Engineers is currently studying extending navigation along the Red River. Mr. Varner is co-owner of Fulton Farms. He has served as Chairman of the Miller County Levee Board #2.

Matthew King



Matthew King, of Little Rock, serves at-large and his term expires 2023. Mr. King is the Director of Market Information and Economics with the Arkansas Farm Bureau Federation. He has a degree in agribusiness from Arkansas State University and a Masters in Agricultural Economics from the University of Arkansas. Mr. King is a member of the University of Arkansas College of Agriculture Deans Advisory Board and serves as Administrator for the Arkansas Soybean Promotion Board.

Jeff Rutledge



Jeff Rutledge, of Newport, represents the White River and his term expires in 2024. Mr. Rutledge, a native of Newport, graduated from Newport High School and earned a B.S. in Plant Science from Arkansas State University in Jonesboro and a Masters in Agronomy (Weed Science) from the University of Arkansas at Fayetteville. Mr. Rutledge has been farming full time since 1999 in Newport along the White River producing rice, wheat, corn, soybeans and milo.

COMMISSIONER
VACANCY

OUACHITA RIVER REPRESENTATIVE



FINANCIAL OVERVIEW

As Engrossed: H2/1/17

HB1090

1 Agencies Fund Account, for personal services and operating expenses of the
2 Arkansas Waterways Commission for the fiscal year ending June 30, 2018, the
3 following:

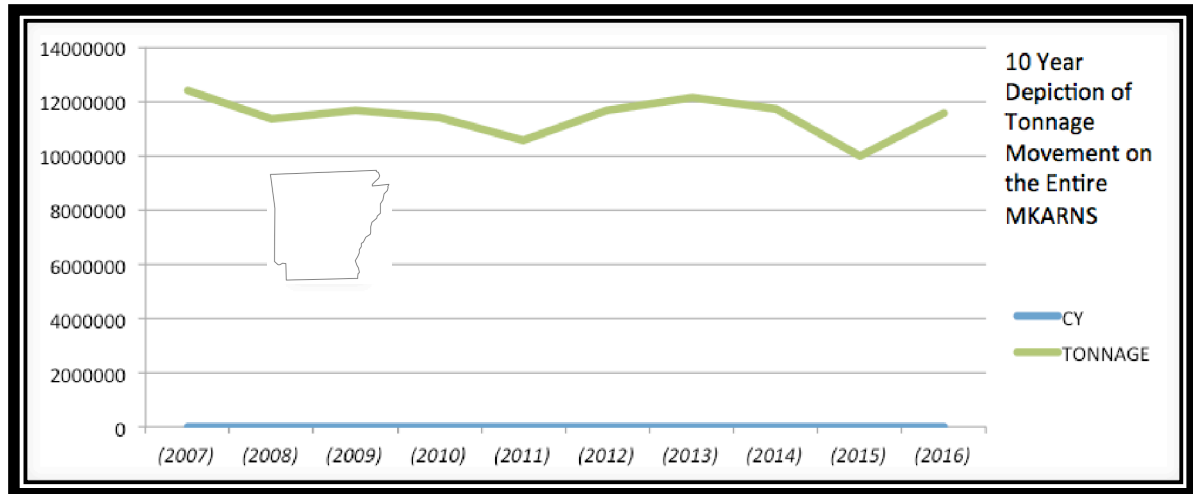
4	5 ITEM	6 FISCAL YEAR
7	8 NO.	9 2017-2018
10	11 (01) REGULAR SALARIES	12 \$148,422
13	14 (02) PERSONAL SERVICES MATCHING	15 48,501
16	17 (03) MAINT. & GEN. OPERATION	
18	19 (A) OPER. EXPENSE	20 43,879
21	22 (B) CONF. & TRAVEL	23 3,151
24	25 (C) PROF. FEES	26 0
27	28 (D) CAP. OUTLAY	29 0
30	31 (E) DATA PROC.	32 0
33	34 (04) STATE'S CONTRIBUTIONS	35 2,555
36	36 TOTAL AMOUNT APPROPRIATED	37 <u>\$246,508</u>

18 SECTION 3. APPROPRIATION - WATERWAY DEVELOPMENT GRANT PROGRAM. There
19 is hereby appropriated, to the Arkansas Waterways Commission, to be payable
20 from the Arkansas Port, Intermodal, and Waterway Development Grant Program
21 Fund, for grants to port authorities and intermodal authorities under the
22 Arkansas Port, Intermodal, and Waterway Development Grant Program for port
23 development projects as defined by Arkansas Code § 15-23-205 for the fiscal
24 year ending June 30, 2018, the following:

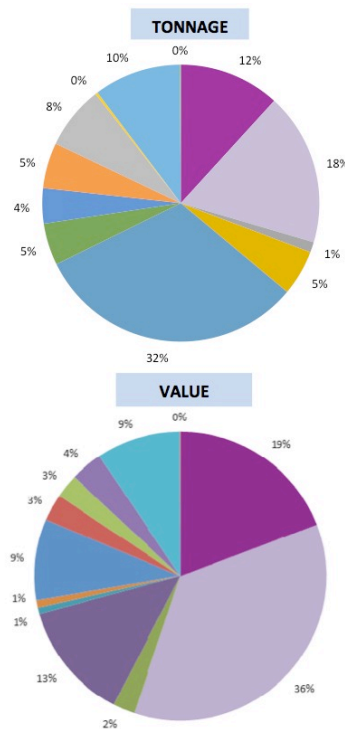
25	26 ITEM	27 FISCAL YEAR
28	29 NO.	30 2017-2018
31	32 (01) WATERWAY DEVELOPMENT GRANTS	33 <u>\$5,000,000</u>

34 SECTION 4. APPROPRIATION - THREE RIVERS STUDY. There is hereby
35 appropriated, to the Arkansas Waterways Commission, to be payable from the
36 cash fund deposited in the State Treasury as determined by the Chief Fiscal
Officer of the State, for personal services, operating expenses,
construction, and project expenses for the "Three Rivers Study" of the area
at the confluence of the Arkansas, Mississippi, and White Rivers for the
fiscal year ending June 30, 2018, the sum of.....\$270,000.

ARKANSAS WATERWAYS: *Feeding the World from Mid-America*



Cargo can be shipped to and from Arkansas' ports to and from anywhere in the world via the Mississippi River through the Gulf of Mexico. Of America's 12,000 miles of inland waterways, Arkansas has more than 1,000 miles of commercially navigable waterways.



CY07 - CY16 TEN (10) YEAR COMMODITY COMPARISON ON THE ENTIRE McCLELLAN-KERR ARKANSAS RIVER NAVIGATION SYSTEM (MKARNS) 114,423,075 (TONS) / \$42,683,498,262 (VALUE)

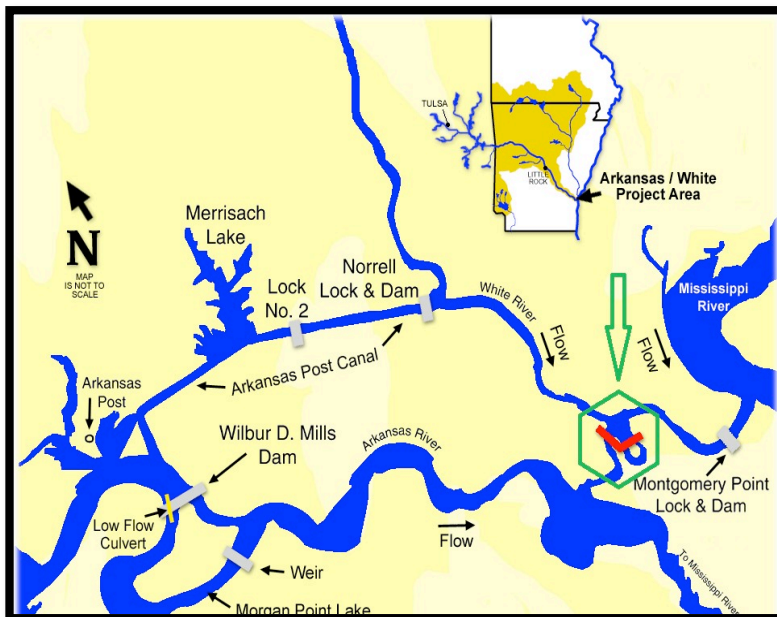
	TONNAGE	VALUE
IRON/STEEL	13,467,798	\$8,201,888,982
CHEM FERT	20,352,084	15,318,199,543
OTHER CHEM	1,379,558	1,038,338,124
PETRO PROD	6,087,727	5,654,341,715
SAND/GRAVEL/ROCK	36,215,725	300,228,360
COKE & COAL	5,603,487	353,131,751
MINERALS/BLDG MAT'S	4,708,627	3,872,610,276
FOOD/FARM PROD	6,103,594	1,291,581,526
WHEAT	8,440,647	1,126,066,716
EQUIP/MACH	307,383	1,536,915,000
SOYBEANS	11,630,399	3,963,523,675
MISC	126,046	26,672,594
TOTALS:	114,423,075	\$42,683,498,262

Arkansas ranks 3rd in the nation for inland river miles, but ranks 31st in cargo that is shipped.

Our ability to move freight on Arkansas' navigable rivers is only at 33% of the available capacity. We can handle much, much more.

Three Rivers Feasibility Study

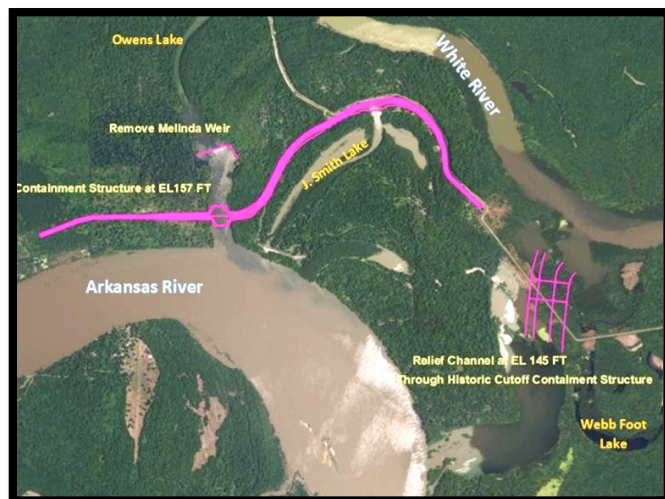
This study area is at the confluence of the Arkansas, White and Mississippi Rivers where a post canal was dug when the navigation channel was developed. Approximately \$1 million has been spent annually on Band-Aid fixes over the past 20 years and a feasibility study is currently being to find a permanent fix. The State of Arkansas matched federal funding in the amount of \$1.5 million for the 3 year study.



The tentatively selected plan consists of a containment structure at elevation 157 feet with a relief channel through the historic cutoff at elevation 145 feet. This plan provides continued safe, and reliable navigation; reduces risk of catastrophic breach; reduces cost of repairs; does not change the hydrology of the surrounding bottomland hardwoods or ecosystem; reduces cross currents; and provides increased spawning and nursery habitat for the fish.

The Melinda structure weir will be removed and pushed into the sinkhole in front of the current structure reducing scouring and reconnecting both halves of the oxbow lake.

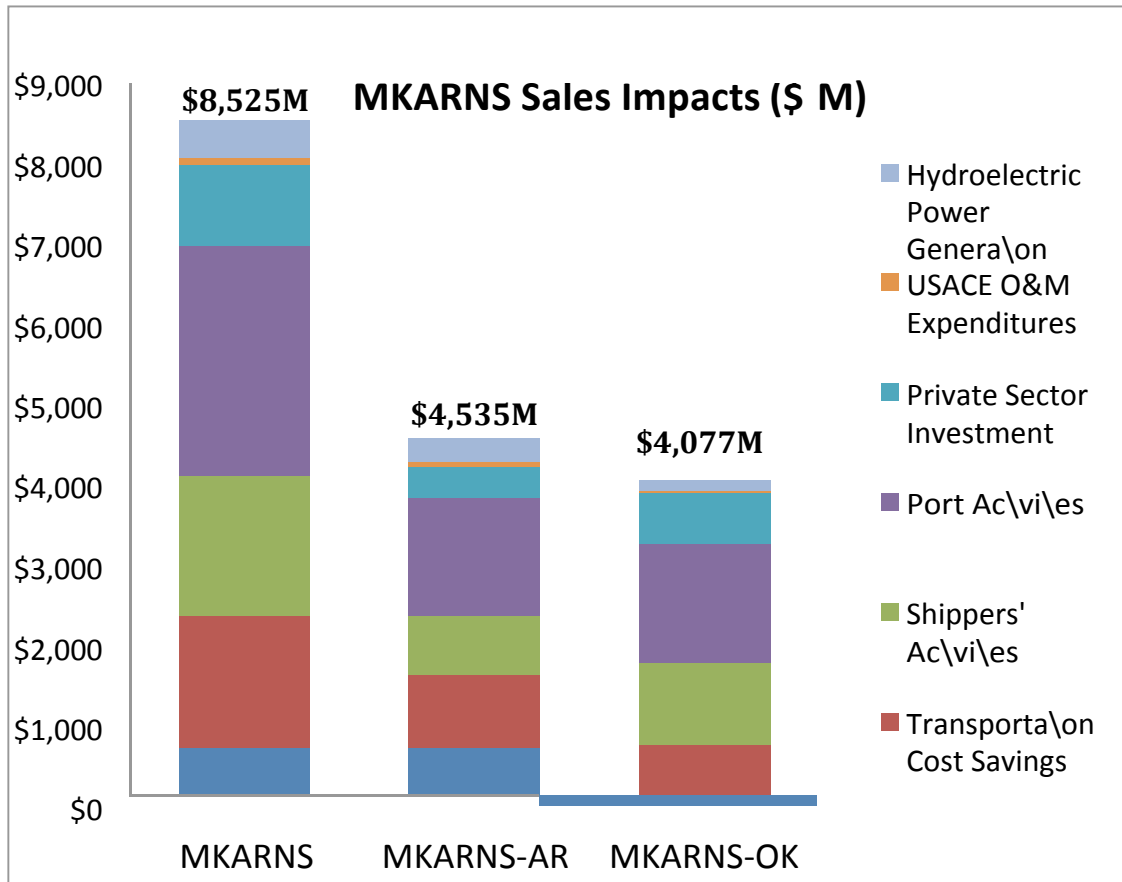
The approximate cost of the project is estimated at \$134 million with a BCR of 2.8. This project is eligible for a cost share of 50% with the Inland Waterways Trust Fund and 50% Federal funding. The Chief's Report is scheduled to be signed the end of June, 2018.



ARKANSAS WATERWAYS:

An Economic Asset

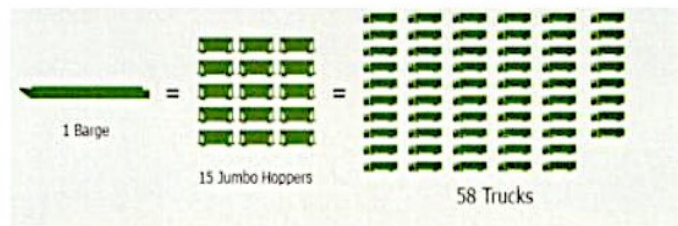
Arkansas' waterways are underutilized and could help our state reach its full economic potential. Our state's waterways provide cost effective, efficient, and environmentally friendly transportation of farm products, rock and sand, bulk metals, chemicals, petroleum products, project cargo, and other commodities.



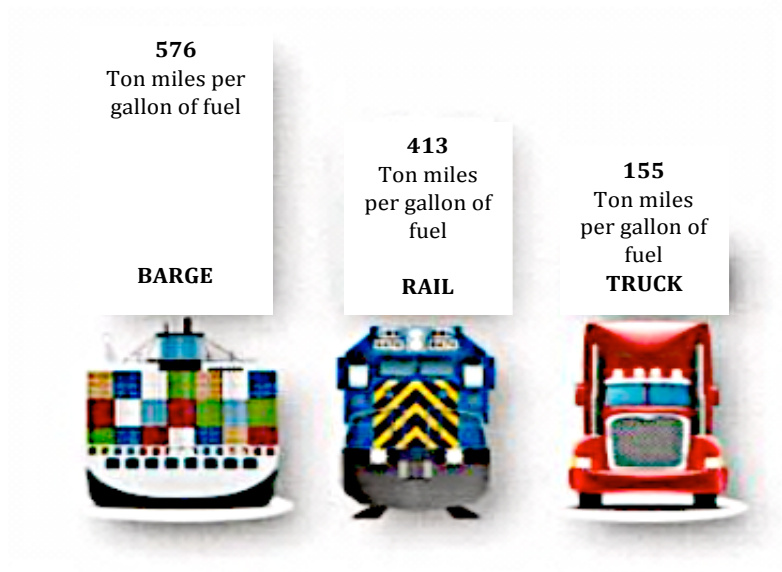
Barge transportation is the “greenest” form of transportation.

- Consumes less fuel
- Creates less pollution
- Maximizes economics of scale

Rail and truck costs are lower in areas where waterborne transportation is available

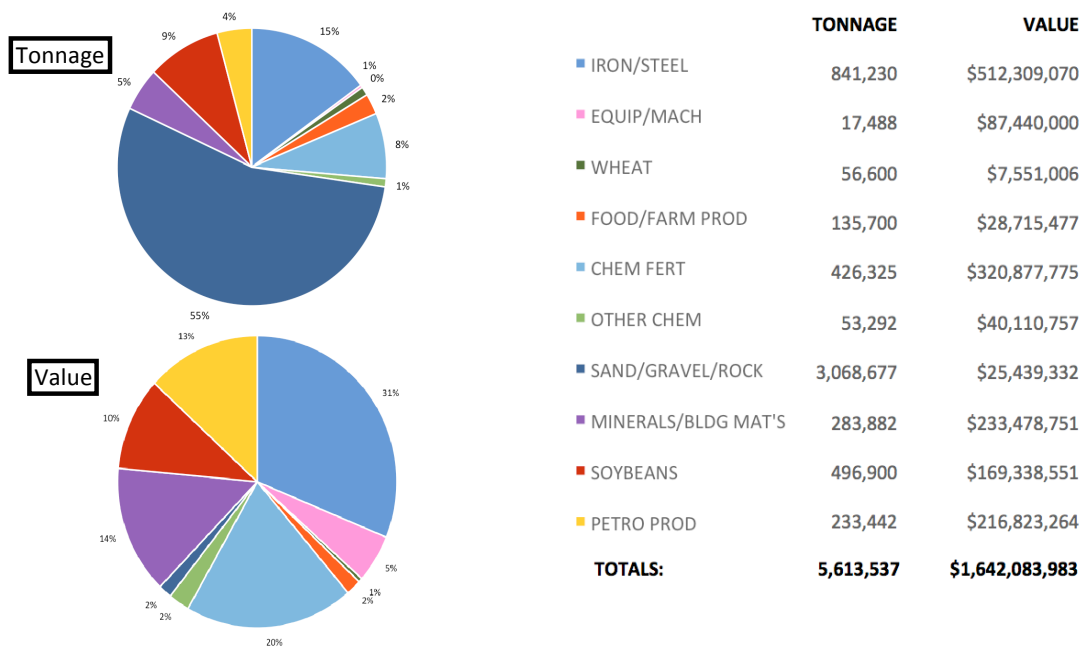


The U.S. Department of Transportation estimates that freight volume is expected to more than triple in the U.S. from 2003 to 2020; waterborne transportation offers a way to meet shipping needs without further stressing our nation's highway system.



Waterways has a clear advantage over rail and trucking.

2016 ARKANSAS SEGMENT TONNAGE & VALUE ON THE MKARNS



MKARNS USERS:

Improving the Economy

The McClellan-Kerr Arkansas River Navigation System (MKARNS) is an economic driver for the State of Arkansas with the various manufacturing and agricultural industries utilizing waterborne commerce and the thousands of jobs created in the region.



BI-STATE INITIATIVES



Marine Highway M40 Signage

Deidre Smith and Gene Higginbotham unveiled the Marine Highway M40 Sign with the help of then MARAD Administrator, Chip Jaenichen with the USDOT, at the Tulsa Port of Catoosa dock dedication ceremony in May 2016. This marine highway sign was the first in the nation to be erected in the states of Arkansas and Oklahoma on the bridges over the McClellan-Kerr Arkansas River Navigation System (MKARNS) on the I-40 corridor.

Grant Awards FY 2016 & 2017

The Arkansas Waterways Commission's Arkansas Port, Intermodal, and Waterway Development Grant Program benefits the public ports by reinvesting the ad valorem tax paid by industries on the value of the commodities shipped utilizing Arkansas' navigable waterways. This grant provides funds for public ports and intermodal authorities to make capital improvements and facilitates much needed dredging projects.

“This grant program increases Arkansas’ competitive advantage on the nation’s inland river system to entice increased waterborne commerce for the navigable rivers in Arkansas,” says Deidre Smith, Director. “The waterways are an economic driver for the state and water transportation is the most cost- effective, safe, and environmentally friendly mode of shipping bulk and oversized cargo.”

Grant Awards FY2016

Six projects were awarded grant funding as follows:

- **Helena-West Helena/Phillips County Port Authority** to replace crossties from the existing Helena Harbor track - *\$50,000.00*
- **Crossett Port Authority** to remove and replace bumpers around the pier to protect the concrete wharf, and the replacement of timber piling dolphins - *\$50,000.00*
- **Fort Smith Public Port Authority** to construct a new 30,000 sq. foot warehouse for handling bulk storage products - *\$125,644.42*
- **Little Rock Port Authority** to install enhanced perimeter fencing and CCTV surveillance at the Arkansas River Terminal and Transit Warehouse - *\$100,000.00*
- **Osceola Port Authority** to patch and resurface the port access road (718 Port Rd) and all paved area within the port - *\$125,000.00*

Grant Awards FY2017

Six projects were awarded grant funding as follows:

- **Osceola Port Authority** to patch and resurface the Port access road and all paved areas within port – *\$163,833.00*
- **Fort Smith Public Port Authority/Fort Smith Chamber of Commerce** to construct a 30,000 sq. foot warehouse storage facility – *\$163,833.00*
- **Pine Bluff-Jefferson County Port Authority** to refurbish 3,350 ft. worth of rail track that serves the public barge/rail/truck terminal at the Port – *\$163,833.00*
- **Little Rock Port Authority** to upgrade a portion of the main river dock - *\$155,000.00*
- **Chicot-Desha Metropolitan Port Authority** to create concrete parking lot south of the Port warehouse, install hard board insulation in the roof of the warehouse, repaint signage on the warehouse, and install port sign with directions – *103,500.00*

Helena-West Helena/Phillips County Port Authority to increase safety and stability of the Helena Harbor track, place steel crossties every 6-10 ties on the curves of the tract and add wooden crosstie replacement on straight track and ballast work and tamping as needed - *\$125,000.00*

NEWSWORTHY:

Pictured below is Paul Latture - Chairman, Deidre Smith – Director, and Gene Higginbotham - former Executive Director, for the Arkansas Waterways Commission, at the Arkansas River Historical Society Hall of Fame Awards. Gene Higginbotham was nominated by Deidre Smith who presented him the award at a ceremony held in Russellville in 2017.

NEW ARKANSAS WATERWAYS COMMISSION STAFF

DEIDRE L. SMITH, DIRECTOR



Deidre Smith assumed the duties as Director for the Arkansas Waterways Commission in July, 2017. Before moving to Arkansas, Deidre served as the Waterways Manager for the Oklahoma Department of Transportation for over six of her 32 years with ODOT before retiring the end of August, 2017.

From 1996 to 2000, Deidre served on the Executive Committee of the Board of Directors for the Oklahoma State School Board Association where she headed the Technology Committee for the State's School Board

Association. In September 2006, Deidre completed the Certified Public Manager's Program. She currently serves on the American Association of State Highway Transportation Official's Standing Committee on Water Transportation, the Board of Directors for the Mack-Blackwell Transportation Center, Board of Directors for the Arkansas River Historical Society, and the Executive Committee for the National Waterways Conference.

**J.W. MISENHEIMER,
ADMINISTRATIVE ANALYST**

J. W. started working for the Arkansas Waterways Commission in October 2017. J.W. acquired a Bachelor of Arts Degree in film and mass communications from Southern Arkansas University.

After college, he started his own company, Misenheimer Media, a freelance production business that creates videos and graphic designs. J.W. will be helping with research, education, marketing and web development for the AWC.



**LAWANDA CAMPBELL,
BUSINESS OPERATIONS**



First employed with Arkansas Waterways Commission as an Administrative Assistant in 2002, LaWanda retired after 35 years of service with the State of Arkansas In January 2016 as a Budget Operations Specialist.

In October 2017, LaWanda returned to the Arkansas Waterways Commission to her former position.

LaWanda is a graduate of Alabama A & M University and Pulaski Technical College. She enjoys spending time with family and traveling.