

ARKANSAS WATERWAYS COMMISSION

Enabling Laws

Act 169 of 2016

A.C.A. §15-23-201 et seq.

A.C.A. §15-23-901 et seq.

History and Organization

The Arkansas Waterways Commission supports the development of the navigable waterways of Arkansas. The seven member, Governor-appointed Commission was created by Act 242 of 1967. The Commission, which is funded by general revenues, is supported by a three person staff and offers services and advice to the water transportation industry by means of correspondence, participation in seminars, serving on advisory committees and boards, and providing research on specialty subjects. The Commission also supports the efforts of the Red River Valley, Arkansas Basin Development and White River Valley Associations through its State's Contributions line item.



Agency Commentary

The Arkansas Waterways Commission is the sole state agency responsible for protecting, promoting, and developing the state's five commercially navigable rivers for transportation and economic development. The McClellan -Kerr Arkansas River Navigation System, the Mississippi River, the Ouachita - Black Navigation System, the Red River, and the White River are all under-developed and consequently, under-used, especially in comparison to the investments made by adjacent states with which we share waterways. Arkansas ranks third in the nation in inland navigation mileage, and it is a natural economic resource that we have not taken full advantage. Opportunities lost for lack of funding include local economic development, transportation savings, international trade, and a potential loss of federal construction and maintenance funding of navigable waterways. Competition for federal maintenance and construction funds is intense, putting at risk our rivers' annual contribution of \$2.5 billion dollars to the economy of Arkansas.

Three needs are within the state's ability to correct: 1) port infrastructure, 2) marketing of existing resources, and 3) a 12- foot navigation channel on the McClellan-Kerr Arkansas River Navigation System (MKARNS). Port infrastructure needs are now being met with the Arkansas Ports, Intermodal and Waterways Improvement Grant program approved by the legislature (Act 1483 of 2013, funded by Act 1427 of 2013). The Commission will continue to work with both the Arkansas Economic Development Commission and the Arkansas Highway and Transportation Department to market our existing port and waterway resources. We will also continue to educate government leaders at the municipal, county, state and federal levels. Additionally, the Commission is also looking at ways in which a partnership can be created with the U.S. Army Corp of Engineers to build the 12-foot channel on the MKARNS.

Although the Commission will have some new technology needs over the next biennium, we believe that we can address those needs by reallocations in our current operating budget. We will show additional savings to the state beginning in FY17 as we recently downgraded a Public Information Specialist (C116) to an Administrative Analyst Position (C115). Our Business Operations Specialist (C116) will be retiring in FY17 and the replacement hire should come in at a lower pay rate.

Our special language for memberships in the Mississippi Valley Flood Control Association, Ouachita River Valley Association, Red River Valley Association, the White River Coalition and the Arkansas Waterways Association will continue to show our support in local development of our waterways.

The Commission request that The Three Rivers Study Fund reflect a decrease of \$1,230,000 in FY18 and a decrease of \$1,500,000 in FY19 to match the actual amount of funding needed to complete The Three Rivers Study. The Commission will only need \$270,000 in FY18.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
ARKANSAS WATERWAYS COMMISSION
FOR THE YEAR ENDED JUNE 30, 2014

Findings

Recommendations

None

None

State Contracts Over \$50,000 Awarded To Minority Owned Businesses Fiscal Year 2016

None

Employment Summary

	Male	Female	Total	%
White Employees	1	1	2	67 %
Black Employees	0	1	1	33 %
Other Racial Minorities	0	0	0	0 %
Total Minorities			1	33 %
Total Employees			3	100 %

Publications

A.C.A. 25-1-201 et seq.

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution	Unbound Black & White Copies Produced During the Last Two Years	Cost of Unbound Copies Produced During the Last Two Years
		Governor	General Assembly				
Biennial Report	A.C.A §15-23-204	Y	Y	10	To inform state elected officials, colleagues and other interested parties on activities, goals and accomplishments of the Arkansas Waterways Commission. The Commission will also make the report available in PDF format on its website waterways.arkansas.gov .	0	0.00

Department Appropriation Summary

Historical Data

Agency Request and Executive Recommendation

Appropriation	2015-2016		2016-2017		2016-2017		2017-2018					2018-2019						
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
085 Arkansas Waterways Commission	238,099	3	245,689	3	255,791	3	246,508	3	246,508	3	246,508	3	246,508	3	246,508	3	246,508	3
M63 Waterway Development Grants	450,644	0	1,000,000	0	1,000,000	0	1,000,000	0	1,000,000	0	1,000,000	0	1,000,000	0	1,000,000	0	1,000,000	0
N49 Three Rivers Study	430,000	0	1,500,000	0	1,500,000	0	1,500,000	0	270,000	0	270,000	0	1,500,000	0	0	0	0	0
Total	1,118,743	3	2,745,689	3	2,755,791	3	2,746,508	3	1,516,508	3	1,516,508	3	2,746,508	3	1,246,508	3	1,246,508	3

Funding Sources		%		%		%		%		%		%		%		%
Fund Balance 4000005	0	0.0	275,062	10.0			0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
General Revenue 4000010	238,099	17.1	245,689	8.9			246,508	16.3	246,508	16.3	246,508	16.3	246,508	19.8	246,508	19.8
Cash Fund 4000045	705,062	50.6	1,224,938	44.6			270,000	17.8	270,000	17.8	270,000	17.8	0	0.0	0	0.0
Ad Valorem Tax 4000060	450,644	32.3	1,000,000	36.4			1,000,000	65.9	1,000,000	65.9	1,000,000	65.9	1,000,000	80.2	1,000,000	80.2
Total Funds	1,393,805	100.0	2,745,689	100.0			1,516,508	100.0	1,516,508	100.0	1,516,508	100.0	1,246,508	100.0	1,246,508	100.0
Excess Appropriation/(Funding)	(275,062)		0				1,230,000		0		0		1,500,000		0	
Grand Total	1,118,743		2,745,689				2,746,508		1,516,508		1,516,508		2,746,508		1,246,508	

Agency Position Usage Report

FY2014 - 2015						FY2015 - 2016						FY2016 - 2017					
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
3	3	0	3	0	0.00 %	3	3	0	3	0	0.00 %	3	2	1	3	0	33.33 %

Analysis of Budget Request

Appropriation: 085 - Arkansas Waterways Commission

Funding Sources: HUA - Miscellaneous Agencies Fund

The Arkansas Waterways Commission supports the development of the navigable waterways of Arkansas. The seven (7) member, Governor-appointed Commission was created by Act 242 of 1967. The Commission, which is funded by general revenues, is supported by a three (3) member staff and offers services and advice to the water transportation industry by means of correspondence, participation in seminars, serving on advisory committee and boards, and providing research on specialty subjects. The Commission also supports the efforts of the Red River Valley, Arkansas Basin and White River Valley Associations through the State's Contributions line item.

This appropriation is funded by General Revenue.

Base Level Regular Salaries and Personal Services Matching include the continuation of the previously authorized 2017 Salaries and Career Service Payments for eligible employees. Personal Services Matching includes the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases. The Base Level request for Regular Salaries includes board member stipend payments.

The Commission is requesting Base Level appropriation of \$246,508 each year of the 2017-2019 Biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 085 - Arkansas Waterways Commission

Funding Sources: HUA - Miscellaneous Agencies Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
	2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	146,545	148,422	156,289	148,422	148,422	148,422	148,422	148,422	148,422
#Positions	3	3	3	3	3	3	3	3	3
Personal Services Matching 5010003	47,300	47,682	49,917	48,501	48,501	48,501	48,501	48,501	48,501
Operating Expenses 5020002	38,636	43,879	43,879	43,879	43,879	43,879	43,879	43,879	43,879
Conference & Travel Expenses 5050009	3,118	3,151	3,151	3,151	3,151	3,151	3,151	3,151	3,151
Professional Fees 5060010	0	0	0	0	0	0	0	0	0
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
State's Contributions 5900021	2,500	2,555	2,555	2,555	2,555	2,555	2,555	2,555	2,555
Total	238,099	245,689	255,791	246,508	246,508	246,508	246,508	246,508	246,508
Funding Sources									
General Revenue 4000010	238,099	245,689		246,508	246,508	246,508	246,508	246,508	246,508
Total Funding	238,099	245,689		246,508	246,508	246,508	246,508	246,508	246,508
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	238,099	245,689		246,508	246,508	246,508	246,508	246,508	246,508

Analysis of Budget Request

Appropriation: M63 - Waterway Development Grants

Funding Sources: MPW - Ad Valorem Tax Fund

Through the Arkansas Port, Intermodal, and Waterway Development Grant Program, the Arkansas Waterways Commission can provide financial assistance to port authorities and intermodal authorities for port development projects. These projects include without limitation, construction, improvement, facility rehabilitation, expansion of a public port facility, and a maritime-related industrial park infrastructure development.

Taxes and penalties collected from water transportation companies under §26-26-1614 in excess of two million five hundred thousand dollars (\$2,500,000) provides funding for the grant program.

The Commission is requesting Base Level appropriation of \$1,000,000 each year of the 2017-2019 Biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: M63 - Waterway Development Grants

Funding Sources: MPW - Ad Valorem Tax Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid 5100004	450,644	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Total	450,644	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Funding Sources									
Ad Valorem Tax 4000060	450,644	1,000,000		1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Total Funding	450,644	1,000,000		1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	450,644	1,000,000		1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000

Analysis of Budget Request

Appropriation: N49 - Three Rivers Study

Funding Sources: NSF- Three Rivers Study Fund

The Three Rivers Study has been the top priority issue of the Arkansas Waterways Commission for the last three years. The area is where White River is in close proximity to the lower Arkansas River and the Mississippi River. The White River during high water events moves across Big Island to the lower Arkansas River. A back cut has formed as the White River creates a new path to the lower Arkansas. If this were to occur the navigation pool would be lost on the White River and navigation would not be possible to the Mississippi River. The result of a failure would be loss of navigation on the system for close to one year and have a serious economic impact on the state. The US Army Corp of Engineers has spent 20 million dollars in the last five years to prevent this from happening and estimates that there is a seven to ten percent chance of failure each year. The Three Rivers Study would seek a permanent fix for a flood-prone area of the lower Arkansas River and protect the navigation on the McClellan-Kerr Arkansas River Navigation System by making it more reliable.

The Commission is requesting that the Three Rivers Study appropriation reflect the actual funding needed to conclude the Three Rivers Study at the end of FY18. The Commission Change Level Request provides for a decrease of \$1,230,000 in FY18 and a decrease of \$1,500,000 in FY19.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: N49 - Three Rivers Study

Funding Sources: NSF- Three Rivers Study Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Three Rivers Study 5900046	430,000	1,500,000	1,500,000	1,500,000	270,000	270,000	1,500,000	0	0
Total	430,000	1,500,000	1,500,000	1,500,000	270,000	270,000	1,500,000	0	0
Funding Sources									
Fund Balance 4000005	0	275,062		0	0	0	0	0	0
Cash Fund 4000045	705,062	1,224,938		270,000	270,000	270,000	0	0	0
Total Funding	705,062	1,500,000		270,000	270,000	270,000	0	0	0
Excess Appropriation/(Funding)	(275,062)	0		1,230,000	0	0	1,500,000	0	0
Grand Total	430,000	1,500,000		1,500,000	270,000	270,000	1,500,000	0	0

Change Level by Appropriation

Appropriation: N49 - Three Rivers Study
Funding Sources: NSF- Three Rivers Study Fund

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	1,500,000	0	1,500,000	100.0	1,500,000	0	1,500,000	100.0
C03	Discontinue Program	(1,230,000)	0	270,000	18.0	(1,500,000)	0	0	0.0

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	1,500,000	0	1,500,000	100.0	1,500,000	0	1,500,000	100.0
C03	Discontinue Program	(1,230,000)	0	270,000	18.0	(1,500,000)	0	0	0.0

Justification

C03	The Commission request that The Three Rivers Study Fund reflect a change level decrease of \$1,230,000 in FY18 and a decrease of \$1,500,000 in FY19 to match the actual amount of funding needed to complete the Three Rivers Study. The Commission will only need \$270,000 in FY18.
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