

April 18, 2011 - University of Arkansas Community College at Morrilton

Introductory comments were made by Randy Ort, Public Affairs Officer, AHTD.

His comments included a review of the funds received, and Arkansas Highway Commission commitments for expenditures in the Fayetteville Shale Play Area.

The following oral comments were made by members of the audience:

ALLEN FARLEY: Thank you sir. I am Allen Farley. I work with Green Bay Packaging in their landowner assistance department. And my main concern right now is the number of landowners that I have quickly identified on these weight restricted roads, Adversely, they would be affected by this cuz most of the people in this room would know that the timber industry and most industries in general right now are on a razors edge with their profit and loss margin. And anything that happens with any type of business eventually will filter down to the lowest common denominator and that's the private landowner who will end up paying for this. And this is where – the easiest example, I didn't work the numbers exactly out, but if one of our logging contractors has to have a weight permit every single load, and the weight restriction permit is \$250 and there's 100 loads of logs coming off this person's property, then this quickly adds up to all the profit for the company and all the profit of the landowner that now gets reduced to zero very quickly. So that is the main concern of mine right there because they are very close already. And we've already got money, or we are getting money in tax revenue from this and it doesn't sound like gas hauling trucks, logging trucks, chicken trucks, county dump trucks with gravel. You know a pound of feathers equals a pound of wood – the road is the problem, not what's on it. So I say we need to fix the roads more than we need to keep something off them. Thank you.

RANDY ORT: Thank you Mr. Farley. We agree with your assessment. But let me clarify one thing you said about carrying logs, overweight and needing a permit. You can only get a permit for a non- divisible load. OK? Logs, sand, rock, if you can reduce your load, then if you're not going to be able to get a permit, then you're going to have to stick by the legal limit. A lot of you in this room know that, but I want to clarify that. Oh, I'm sorry. I thought you had a follow-up question?

ALLEN FARLEY: No, if reason for doing that is to keep them at 64,000, the truck by itself almost weighs that, you've just pretty much killed the industry if you stick with that.

RANDY ORT: Again, it's not an easy decision for us to make, what we've assessed in north central Arkansas, just to bring the roads back up to what they were in 2007. It's not to eliminate all weight restrictions, just to bring them back to the level they were at in 2007 is slightly over \$450 million. What I told you earlier is what these roads need is a reconstruction. What I'm talking about now in most cases is an overlay. It costs about 7 times more to reconstruct a road than it does to overlay a road. That's the ultimate solution. And we will get to that some day, but we have to talk about the here and now, and what we need to do to extend the life of these roads, and even keep 73,280 or 64,000. I agree with you there. Yes, sir?

JACK DUVALL: My name is Jack Duvall and I own Lazy J's Dozer, and I have represent dozer over here also. What I'm concerned with is every time we move a dozer, it's conceived as load restricted roads, I'm going to use a, let's use Wilburn over here for an example, we have jobs on the side in preparation. And you know you can't even bring a dozer in or out up there legally. Cuz that 110 is a load restricted road. And what I'm wondering is what would happen if we have a job in the middle of a restricted road and we can't permit in to it. I think there needs to be a provision for people with loggers, and also the dozer people and what have you like that on the construction end of it, on the side of preparation. That's what concerns us. An average load for us will weigh about 130,000 pounds – 132,000 pounds gross. If we have to permit the thing, I mean if we're just going across the road. So there needs to be a provision in there for us. That's all I've got on it. Thank you.

RANDY ORT: Alright, good news, bad news there. You just did a good job explaining the bad news. The good news is, prior to 2007 we had no mechanism whatsoever to get that dozer in on a weight restricted road. At least now we do have a permitting process that can allow that. Now let's go ahead with the next person. Another person from Green Bay Packaging, David Cauvein. (It is mispronounced, and Mr. Ort said, "I apologize")

DAVID CAUVEIN: I am David Cauvein, I'm with Green Bay Packaging. My question, we had previously on weight restricted roads, a couple years we had an exemption for unfinished forest products. Is that still in effect and is that in effect for the proposed as well?

RANDY ORT: Ok, thank you for bringing that up. The answer to your question is, yes. On a weight restricted road, timber products, products of soil, coming out of the field, have an exemption, by law up to 85,000 pounds. The reason that was enacted is because whether it's the farmer bringing his crops in out of the field or a logger bringing timber in out of the woods, they don't have a mechanism to weigh in those places. So, that exemption is in place to the first point of processing. In other words, out of the woods until it is first addressed by humans to become something different. That exemption is still in place as long as the signs are still up on that weight restricted road saying "this road is posted for 73,280 or 64,000", but your timber product or farm product, agricultural, you have up to 85,000 pounds. Somebody correct me if I did that wrong, but does that address your question?

DAVID CAUVEIN: Yes, but let me follow up with why would the signs not be in place?

RANDY ORT: Well, some of the roads in question have not been posted yet. Some of you in this room have probably utilized that very exemption on weight restricted roads in the past. So, assuming that the District Engineer concurs that that can happen, it is state law that we allow that exemption. OK, so keep in mind, the key to that is your point of origin or your point of destination has to be on that weight restricted road. If you come out of the woods on an 80,000 pound road and where you're going is on an 80,000

pound road, you can't travel a weight restricted road in between the two. Ok? Origin and destination to the point of processing, that's the key. Alright? Jimmy Hart, you'll be next, followed by I believe is Jay Crow.

JIMMY HART: First off, I would like to welcome you to Conway County and to everybody, Frank, Emmanuel, Alan, Mr. Burkhalter, Dan, Mr. Murphy, I appreciate all of you being here. I can't say enough of this Commission, and I'm going to say this, I think the first good, you know at the end of our commission meeting, and I've gotta say this, I really appreciate the consideration the Commission you know they've seen what was going on up here, and I think appreciate the \$33 million, \$32.9 million, I believe it started out, Dan, I don't know if it's changed or not, but something that I want to make the public aware of though that we all deal with, and I hope we talk about how much money is available to state highway department to collect. Something, and I don't mind telling you, everybody agrees with this. It's always been done a long traditional 70/15/15 split. It's always been in place. But year to date if you look at this thing, and it really got earnest cause I pulled the numbers the other day in 2009 as far as serious revenues, what I thought 2009, 2010, 2011, the best my calculations on it altogether on it these counties, and the state, and the you know the 5% money that's on top, basically that's the extra piece that the impacted counties get? Well, year to date, we've collected \$18 million altogether as far as these numbers right here. And you know, I always, I appreciate what yawl've done. We've all got a serious issue here, and I've told the Commission I understand this better than anybody. We've all got to find balance. We've got to find that real fine line to strike that balance cause there's a tremendous amount of economics, and there's a tremendous amount of jobs at stake here. If we all completely shut industry down at the same time. We've got to sit down and try to form those partnerships where everybody can work together, everybody understands what the rules are, and we all work together. You know, not only this, and I'm going to say this, not only is this enough, and I'm going to say, and I know this is irrelevant what I'm fixing to say, but there's a tremendous amount, not only cause it doesn't do any good for the highway system, but we look this year what the natural oil tax is going to collect. I'll give you an example, 2009 is about \$26,000 million collected in natural oil tax and the main recipient for that is libraries, schools. And you know county roads, they get their share of it, too. But we've got to remember this, \$29,000 million collected in 2009, it would take around \$60 million in 2010. Following projections in 2011 they're going to collect somewhere north of \$80 million. And when they collect that, you've got to understand the system quite well, and that's collected as oil, that's that much more local money that's being raised. That's that much more money that's basically that the state can, and I know it doesn't do us any good, Dan, but that's that much more money the state's got to work with to cover everything that needs to be covered. You know, I commend yawl. I appreciate you being here. I appreciate you listening to these folks cause you know economic development, I'm just a poor old country judge, but economic development is very important to me, and I still say there's got to be that fine line where we can all work together. We've got to be able to walk a real tight rope, and it really is a very tight rope. But the revenue is tremendous. The point I want to make though, and nobody's talked about this a whole lot, but the projection I've got here from I think this next year, counties and cities together are going to collect I think about \$13.5 million off the

severance tax. And you know, honestly, when you put the numbers together, when you look at these sheets, you know, I think cause the numbers are there, and I'm going to say this, this is a fairly new industry and it's really coming in here gang-busters, and the other thing it really creates, and this is what, the devil's in the details, and you know what I'm fixing to say. The perfect storm was in 2008 and 2009 were two of the wettest years we've ever had in this state, back to back, nearly 80" of rainfall up here, two years running and we all know what that does to our subgrade. And I don't mind telling you, we sued about half of them. Delivering for hours to our subgrade! You know, the sign I had you showed Hwy. 124, you're exactly right. It's become extremely dangerous. I'm not going to argue that with anyone. To me you say the light destructs and that destruction to me is not, is not as evident as it was because seems like what's going in this industry right now, they're going back and extending some of these pads. The bulk of the damage being done to these roads are really being done by the construction process, of basically the pad being built. You know the maximum amount of loads, we sat there and watched it and you could track them like a herd of cows. You could track tri-axles and quad-axles and you know I'm not going to knock anybody, but I think everybody in this room knows what I'm saying. The main culprits were the tri-axles and the quad-axles over a really wet subgrade. On a subgrade, you know what we've learned with our county roads, the bulk of the problems that we've experienced, if we've had any subgrade issues, we found them in 2008 and 2009. I would hope that, I appreciate, I'd like to say it again to the Commission because I think that it's very small that we've got a very small economic engine, and that's what really creates the problem because everybody says how do you really describe this industry and truly folks this is a mobile manufacturing industry whether we will admit to it or not. And they create a tremendous amount of revenue and there's about 10,000 jobs being created. And I myself for one, sure we've got to protect our infrastructure and the Highway Commission wouldn't be doing their job just like I do as County Judge if I wasn't looking out for roads and infrastructure, but I hope we take and look at and some of the variables that cause us to be where we are today. And it's created us a tremendous amount of jobs and yes, there's been, what's the price to pay for impact, and I said this early on, it's been road related and I will say this though, the industry has been very good to work with us. Jamie, is that you I see out there? Matter of fact, we've got Bill Bixby right now and those guys have been good to work with us on those county roads cause we said, hey, you want to travel out, we expect you to keep the gravel on the roads. And I know what you're saying, this isn't gravel roads, judge, we're talking about hard surface roads and I couldn't agree more, but the other thing that I think we've got to have some consideration on is, you know, just how long we've been tracking this with ARAN. I mean, I don't know how long that's been in place far as tracking roads and far as wear and tear...

ALAN MEADORS: „95

JIMMY HART: '95, Ok. You know, the other thing I feel, I live along one of these double coat chip seal roads, they don't, you know what I'm talking about, don't you. And I'm going to say this, the real issue, those roads have done a tremendous job. Folks, they're rural roads, and maybe they weren't as traveled as some are now, but they still

are what they are. And a tremendous amount of these roads, and Hwy 124 is one of them that have 1960 something miles of double coat chip and seal. You know we've got to face, you know we've got to face up to reality, too. I mean yes this industry has done extreme damage but at the same time, you know, we've done the best we can do what we can do. You know, I've got one last statement. I want to say this, you know, I've got to! I commend our speaker, I commend the program they put out on 5 cent initiative. But folks here's the real problem, construction costs have gone through the roof. The revenue these folks right here are getting is not there anymore. When you look at the price of diesel, they're not getting a percentage of the sales tax, right, Dan? They're getting a flat gallonage tax. And I commend our Legislature. I commend our Commission. And I think we got a size the people of the state of Arkansas. Nobody likes taxes and I sure don't like them either. But there's one thing about it. If we want good roads, we're going to have to put our money where our mouths at and we when we decide they're bad enough, then we'll spare ? is a 5 cent diesel tax cause that way everybody's that using the road, right down to my F250 diesel driving truck is going to pay their share. Cause I'm going to say this, the problem we get in to is we keep saying money needs to follow the cars. Well, I think a possible lesson we've learned out of this – money doesn't need – we've got to take and put another variable into this. Money doesn't need – money needs to follow the cars to a point. But the wear and tear factor on our roads is not being caused by pickup trucks or cars. It's being caused by weighted vehicles. Thank you.

RANDY ORT: Thank you, Judge Hart. Is it just me or anybody else ever heard a politician get up and say, what I've got to say is irrelevant? (Laughter) Thank you, Judge, for those comments. Let me add to a couple of things you said. You talked about a very large amount of money there, 80 some odd million dollars. OK, that's the gross amount that's being collected. Five percent comes out off the top will goes to general revenue, doesn't go to roadways at all. That's a replacement. Alright, 3% then comes off of what's left and goes to simple services fund. Then we get into 70/15/15. And by the time it all gets whittled down, that's where I'm talking about. You've got a big gross number, but be careful there because it gets divided up just like you said. Down in ? county you went from 80 some odd to about 13 million?

UNIDENTIFIED SPEAKER: And basically what you've got to realize is every city and every county in this state ? in that. And we agreed to it.

RANDY ORT: That's not going to help. That's just the ? to get from up here to down here. Sometimes people always look at these big numbers and think we actually have more money to deal with than we do. But we don't. I echo the concerns about the wet conditions over the last two years. I cannot begin to tell you how many slope failures we've had around the state. We've had landslides. We've lost numerous highways around the state. And we've had to spend a lot of money just to put traffic back on highways. Highway 7, a major tourist drive in north central Arkansas, completely shut down two years ago. Could not get up there because of the landslide. So, we've had to address those things and I agree with you completely on that. I say, we have to do, when I say we, I'm talking about the highway and transportation department, we have to

make decisions what's best for the overall public good. Overall public good becomes the highways ? safely mobility. But that doesn't mean everybody in this room doesn't have a personal story and a personal impact. We're not insensitive to that. These people, they came up from Little Rock from other places along with the highway department. It's important that we hear these things. We're not oblivious to that fact. We don't take pride in having to place a weight restriction on one of our own highways. But that's the fact of where we're at and I appreciate you all letting us know how to do those. Alright. Next I'm going to ask for Jay Crow to be followed by R.D. Wallace.

JAY CROW: My name is Jay Crow. I'm with Crow Paving, Inc. and now Gassville division. It's a local owned and operated business right here in Morrilton and has been for 25 years. I've lived here all my life in Conway County. We employ a little over 70 people that are all local folks. And what we're proposing is not good for this industry, for Gassville industry, and it's not good for the economy altogether. One of the things that we do in Gassville besides construction is we haul water, which has been mentioned quite a bit. Ah, that is a divisible load, you could say. The Arkansas Department of Environmental Quality has pressured the gas producers to recycle water. In order to recycle water, you have to move water from one location to another. And so if we reduce the weight limit, it's going to cause more trips on these roads. It's going to cause longer trips if we have to go all the way around the state to get right where we could have gotten in a few miles. Ah, that burns more fuel. You know, that's all we hear on TV now is how we need to be more efficient with everything we do and you're asking us to burn more and more fuel, and I wonder if that has anything to do with the 5 cent a gallon tax. (laughter) Which is, by the way, that is as Mr. Hart pointed out, that is the fairest way, ah, because it doesn't matter if I make one trip down the road, I pay for my damage. If I make a hundred trips down the road, I pay for my damage. That is the fairest way to pay for the damage on the road. Ah, I also heard you mention about public safety with these roads, and I agree with that 100 percent. We have several of our trucks running up and down these roads, and the potholes and the shoulders that are caving off, that's true. But I want to ask you another thing about safety is when you double the traffic on these roads by making us haul a half a load everywhere we go. We're still going to move the same amount of water or equipment or whatever. It's just going to take twice as many loads. What would that do for public safety? The other thing is we're folks along with the gas industry, and we're talking about dollars that come from the gas industry to pay for the roads being fixed or repaired. And my question is, if the gas industry wasn't here would our repair bills for the roads be "0"? We heard a comment awhile ago about the weight restriction and an exemption on that. Ah, I have a picture here. We talked about the signs being posted. It's on 124 in Center Ridge and it says the weight limit is 64,000 pounds. Unfinished farm or forest products, loads in excess of posted weight limits are allowed on this route for origin and destination travel only. So, again, we might ask the question that was already been asked, is a pound of water any heavier than a pound of trees or a pound of chickens or feed or whatever? Ah, we ought to be fair with this. I know there's several people from the timber industry and I'm glad you didn't get and leave when you found out you were exempt from all this cause we want your support. Bottom line, is ah, you guys should have the foresight to know that when you hurt this industry you're going to hurt this community, and the

economy, and eventually it will end up taking tax revenue out of your pocket. Thank you.

RANDY ORT: Thank you, Mr. Crow. I want to point out that the exemption for those products that you mentioned is not up to public policy. It's the state law.

UNIDENTIFIED SPEAKER: That targets one industry.

RANDY ORT: Again, I want to make sure we all have the same information here.

DAN FLOWERS: Would you be advocating doing away with that exemption for forest products?

JAY CROW: I think it should be the same for everybody.

RANDY ORT: Ah, ok, R.D. Wallace and he'll be followed by Marvin Henderson

MARVIN HENDERSON: I'm going to try not to yell at anybody, ok? I live on 124 in between Springfield and 285. I use to grow chickens for Pilgrim's Pride and I got that close to going bankrupt. And you bout to tell me I'm fixing to go bankrupt again?

RANDY ORT: I hope I'm not telling you that.

R.D. WALLACE: How do I get chicken food anymore?

RANDY ORT: If it's closed, if you're on a weight restricted road, (?)

R.D. WALLACE: I'm on a little dirt road off that road. So are they going to be able to bring it, or are they going to have to bring 65,000 pounds to me each time?

RANDY ORT: (?)

R.D. WALLACE: and there's no way they're going to do that. Cause there's no other way into that road. I live down this road. (?) There's like a 150' patch in Faulkner County that's got problems. The rest of the roads, that's the way it's always been.

RANDY ORT: I'm taking notes, I'm not (?).

R.D. WALLACE: And there's no other way I can get any feed in and the company is not going to pay hauling 20,000 pounds of feed each time.

RANDY ORT: (?) adhere to the load limit?

R.D. WALLACE: They can't! They'd have to make 12 trips for what they make now.

RANDY ORT: I understand what you're saying. (?) I'm not going to tell you a lie. I mean that's the way it is. I understand. My brother-in-law is a chicken farmer that's on a public road, not in this part of the state, and has nothing to do with gas tax, ok? I understand (?).

R.D. WALLACE: You get in the car with me and we'll drive down 124 and we'll see if is any different now than it was 20 years ago.

RANDY ORT: You would probably want someone more knowledgeable than I (?).

R.D. WALLACE: I don't know about the Faulkner County side, but to my house, it's the same as it's always been.

RANDY ORT: Well, again, that's part of why it is so important for us to get your input about it and not make subjective decisions. We've got to (?) back up as posted. If I went by only what's visual, (?) physically look at things, it would be really different. That's why we've got to have these load testing equipment to make these decisions.

UNIDENTIFIED SPEAKER: It completely cuts off part of Faulkner, ah, (?) County. You can't get to it from Faulkner County any more.

RANDY ORT: I can assure you that's not our intent. It may be, I understand as far as this road stands, it may be the impact, but it's not the intent.

R.D. WALLACE: That ain't right. (?)

RANDY ORT: I understand.

R.D. WALLACE: I think yawl just need to (?)

RANDY ORT: Alright, Marvin Henderson. He'll be followed by Jo Spinks.

MARVIN HENDERSON: I'm Marvin Henderson, Henderson Specialties and also Catfish Dozer Works. We work with (?) and timber industry. Ah, my question is consideration that instead of lowering the weight restrictions, lower maybe the axle, individual axle weight limits. In other words spreading out adding axles. Ah, also, training axles. Training axles will spread the weight out over a lot bigger area so's ways you're not running four wheels, you're running eight.

RANDY ORT: What type of vehicle are you referring to?

MARVIN HENDERSON: Now, this is mainly heavy haul. 75% of ours is permitted heavy haul.

RANDY ORT: So a tractor trailer type?

MARVIN HENDERSON: Yeah, yeah. We do mainly heavy haul. And I know we don't recognize trainings at all. And training axles will spread the weight out over the road, but where you're running 8 foot, you're running 8 foot wide 4 tires, you run 12 foot wide, 8 tires. Spread the weight out. I'd like to have a little consideration for (?). This is for heavy haul. 75% of all our work is heavy haul. (?)

RANDY ORT: (?) a maximum weight limit. It's already broken down by axle. (?)

MARVIN HENDERSON: Yeah, what I was asking is if we could (?). Like Jack was saying earlier, we've got some areas where we're land prepped and we're going to be in trouble with, but if we could put more axles, spread it out.

RANDY ORT: (?) (to Commissioners) Do you have anything to add to this that we could look in to?

COMMISSIONER: (?)

DAN: We'll look into it. That's a good one.

RANDY ORT: Alright, thank you.

JO SPINKS: I'm Jo Spinks with Ridgewood Timber. And I live in Batesville, have a timber company. I spoke on the phone with Mr. Ort this morning for awhile. I sat out there and practiced for tonight. And I have lots of questions for him.

RANDY ORT: You need to work on that (?). (laughter)

JO SPINKS: First thing I want to say is I see the little ARAN truck thing that done the analyzing. Uh, I don't get over this way very often, and tonight we come down 92 and I have to say that it doesn't really matter, but I was really expecting it to really be a lot worse than it really was. It did not seem to be that bad. And truly there were a couple spots (?), but as far as it being the entire highway it did not seem that bad for what this is going to do to some of these people in industry. I heard some of the people from the industry talking tonight, (?) timber industry. I just don't think I can see the correlation for that being proposed. And for us, Hwy 92 is the major thing that would impact us. When we haul, we haul down 92 to Morrilton. And as I told you on the phone today, if we leave out our trucks coming to Batesville, what they will do is travel down 167, cross 64 right down here in the middle of Conway. And I don't know if any of you have been through Conway lately, but it's a nightmare for all big trucks. So that's the way all of our trucks will have to go. If they take a different route to be able to carry the weight. So far as safety, I think there's going to be a lot more people walking down the sidewalks in Conway. I didn't see too many people walking down the road on Hwy. 92. So I think that's a major safety issue right there. And I didn't know about the roadway maintenance assessment when you were talking about the money. I didn't really understand when you were talking. That 6 million, is that, when you collect that money, does that money go directly back to that area on the road?

RANDY ORT: We try to put it back on the exact road that it was collected on, but there are cases where the maintenance assessment (?) and we do use it on other weight restricted roads. It can't be used just anywhere. It has to be used on weight restricted roads.

JO SPINKS: Ok, uh, another question, I'm just going to throw this out there because (?) decisions and all that. For the highway department, I'm sure they intend to (?) to cut costs and find ways to save money cause the highway department does is cut costs and save money. I mean what are you guys trying to do?

RANDY ORT: That's a valid question, a valid question. I think if you look at state government, if you look at increase in state government over the last 20 to 25 years, you will find an increase in the number of employees in every agency except one. We have fewer employees now than we had 30 years ago. One thing with that concept (?). Arkansas was ranked 49th and 50th, but we ranked 49th and 50th and we're very proud of it because administrative costs are high. We spend less on administration in this state than virtually any other state in the country. That's one ranking that we don't mind being on the bottom of. And over the last 20 to 22 years, we've consistently ranked on the bottom five of that category. I think that shows that we are trying to do the best we can with the money we have available. I think the Highway Commission made the decision to actually spend the money generated by the severance tax. They could legally, legitimately go to any other need in the state. I could bore you to death with the amount of needs we have statewide. But they made the decision to spend that money here. I think it was a wise decision and it shows our sincere effort to recognize what's going on out here. And we recognize that it has critical impacts, but it's a very difficult thing for us to address. So, those are some of the things I can think of right off the top of my head, what we are trying to do.

JO SPINKS: Uh, I guess I'll bring up one more point, and I probably should have brought this up at the very beginning. Uh, as far as the timber industry and I know here in this area, we come down here because we haul down here. Uh, for us in north Arkansas in the timber industry, this is devastating to them. Now, I can promise you landowners right now in Independence County aren't worried about these potholes because it has no affect on them. But you know in six months when they call us and want their timber cut cause they've got 200 acres of timber and you know grandma's sick and someone's wanting paid and they need money. We're going to have to tell them, it's not worth anything anymore. To cut and haul would cost us more than what we would get. It's truly detrimental and I just want to make sure you guys understand how it's really going to affect the timber industry. And I'm not saying any of the other industries aren't equally important because they are important. But like I said, oil and gas, as I told you on the phone today, they've done a lot of good and have brought a lot of money in this state. And you know damaged the roads, true, but I mean they've brought a lot! So, I mean, you know, we've got to figure out some happy medium here without killing all these industries and these jobs. Thank you very much.

RANDY ORT: Thank you, Ms. Spinks. (?) It's a great example of the tough decisions all of you in this room have to make. If you continue to haul down roads that you've been hauling on, as in your case has a lower weight limit. You select an alternate route, whether it be Hwy 25, which in your case is the obvious option Hwy 167, Hwy 64 takes you right through the center of Conway. Which, I mean, these are tough decisions. But yawl deserve to have the right facts and right information to make those decisions. Alright, Danny, with D & K Farms. I'm sorry. I can't make out your last name. I've heard that name before.

DANNY MALLET: You know the reason I come today, I've farmed all my life and my grandpa did and my daddy did, and I've got two sons carrying that's tradition on, on their farms. And we're cutting timber right now. And if we take out these roads that you're talking about, we got to go, we got to go to Beebe, cross 64, through Conway. It ain't very good, it's just not a good scenario. We had a timber job on a farm that we got on (?) road. Ain't no way to get there without (?) road. And the reason that I come tonight, just like Mr. Wallace, and Crow Paving, and the gas industry. When the Nazi's showed up they were after the Jews and nobody said nothing because they wasn't a Jew. But I thought I would come to support because yes, they're all friends of mine, and a lot more of these guys in here, and I depend on them and what they offer me for my livelihood as they do me. Jimmy Hart is a good personal friend of mine, a good guy, and he's telling you like it is. And if you, and we don't need more fines and more weight restrictions. We need less government. You know, we don't need more, you know. That's the worst thing you can hear from a guy from Washington D.C. is I come and I'm from the federal government and I come to help you. You know, you as well take a gun out and give it to him and say use this! This will be easier! I just can't imagine with \$4 diesel fuel and you want me to drive 75 miles more per trip, a 150 mile trip to get my wood over here! It don't make no sense, none! It's just like Crow was talking about, you want to make twice as many loads? Or 47 more times as many loads? It don't make no sense. It sounds like Washington! Thank you.

RANDY ORT: I started to open up by saying that I'm from the government and I'm here to help, but I do appreciate your comments. Thank you. Those are the kinds of things we need to hear. Our next is Roger Alabach?

ROGER ALABACH: I just kind of want to speak for myself as a taxpayer and a homeowner and just a general Arkansan. And you know, you watch the news a lot of states are in trouble and they're having a hard time making their budgets and they're cutting back everywhere. And I noticed Arkansas' not 49th in the state anymore in education and I'm real proud of that. We've kind of moved up and I don't know that we've improved our schools as much as a bunch of other states have had to cut their funding or whatever, but anyway, we need to find a way to support industry in this state. Ah, we're not in trouble like the other states are, and I'm not a brilliant guy. I don't know, but it sure looks to me like the gas companies have put a lot of money here and they, and they, you know, we've just got to find a way to support them. It's industry that keeps this state afloat. And it's not just the gas company. It's the timber industry. It's the farm

industry. And you put these guys out of business. Where you going to get your money from? McDonald's? The Hilton in Hot Springs? That's pretty much all I've got to say.

RANDY ORT: So what do you do for a living?

ROGER ALABACH: I work for Green Bay Packaging. But I'm not here representing them. We've got smarter guys than me doing that. I'm just here as a taxpayer, because what's at risk for me is, you know, I've got a house, and that's my biggest investment. Ah, if my property value goes down because this is a sorry place to live, you know. And I've lost out. And I think my property values are holding and maybe it's improved some because, you know, things are better here in Arkansas than they are in a lot of other states. Ah, you know, we talk about the timber industry, the landowner he puts a tree in the ground. He has to wait 14 years before he can get any money out of it. He's risking, you know, farmers risk bad weather every year. The forest, you know, the timber grower has to wait 14 years. He's risking 14 years of bad weather, and we've had tornadoes and fire, and you know, bugs, other things but, and anyway I was just here to say, you know, that we need to support industry.

RANDY ORT: That's a very good point and I appreciate you coming out as a taxpayer and point that out to us. We've had two periods of downturns in our economy in this last decade or so, and Arkansas has weathered both of those downturns, significant downturns, better than most other states in the country. The first time we had the interstate rehabilitation program which was voted in by the public back in the early part, it was passed by the legislature in 1999. Over a billion dollars worth of highway work on the interstate highways which helped this state weather that downturn. And there's no doubt about that the gas exploration industry has done the same thing in the last few years for the state of Arkansas. This latest economic downturn has not affected us, Arkansas, nearly as bad as it has affected other states. And we're very fortunate to have that. The intent is not to pick on any industry or make it difficult. Our intent is we have a duty to consider the taxpayer's dollars and to provide a safe and efficient transportation system. We're facing a dilemma now where we don't have the money, and we don't have the billions of dollars available to get from one place to another. We don't have the cash reserve sitting around that we can simply tap into. It would be taking money from one project to put on another. That's another difficult decision for us to make. So, understand, we are a cash flow agency. We operate on a fiscally constrained program. So the revenue issues we're having to address up here, requires moving money from somewhere else. We made the decision to implement the weight restrictions to extend the life of these roads. We lose the roads, it's going to be worse. The roads go back to gravel. I tell you what, that's the last thing we want to happen. We've got to extend the life of these roads to be able to fix them sufficiently, to totally repair them. I understand that explanation doesn't help a lot of people in this room, but that's what we're faced with. The last person who signed up to speak to you is Mayor McCoy from Oppelo.

MAYOR MCCOY: Thank you a lot Commissioner, Mr. Flowers, (?). I'm Cletus McCoy. I'm the mayor for the city of Oppelo. I am also a lifetime resident of Conway County,

Arkansas. I'm proud to be here and recognize all the people I know. Hard working people. In 1978 I moved from Center Ridge, Arkansas to Oppelo. I do not have no gas wells, neither will I ever have any evidentially. The gas company just went to the Arkansas river to just north of Oppelo here to (?). But I've been here all my life, and in 1984 I seen Compton Mills close down. I seen devastation on people's faces and eyes. It was the root of their livelihood. In 1986 I seen (?) close down. A few years later I seen Levi Strauss and (?) motors close down. And I saw devastation on people's faces. Not knowing what they're going to do. They done that their whole life. In 1983 I went to work at Green Bay Packaging. I'm not here representing them tonight. I'm here representing myself. In 1983 I went to work for Green Bay Packaging and I think I'm lucky I've got a job, a good paying job. (?) that goes with that, but anyway. In 1997 the people of Oppelo voted me in as mayor. We're a small 770 population city. We're not big. We're a bedroom committee, community. We've got 2 service stations, convenience stores, that's just about it. A little spot on the highway near the bottom of Petit Jean Mountain. In 1997 I went in, in 2004 or 2005, me and the county judge and some more went to the University of Central Arkansas. Because the University of Arkansas at Fayetteville was putting on a presentation down there about the Fayetteville Shale. I went down there and I heard them talk about how much revenue it was going to bring here, how many jobs. Got back in the vehicle and told the county judge coming back that it's too good to be true. We talked about one of the neighbors, Conway county, one you call Rockefeller, we call Winnie Paul, and he's a home boy, you know. He went overseas to try and get car manufacturing. And we had heard about car manufacturing. Man, states was fighting over that – \$500 million for the local economy. And I told the judge, I said this Fayetteville Shale is two car manufacturers coming into our area. Now there's problems with this, I know it. I did a little research and in 2005, our city sales tax for the city of Oppelo, with a 770 population for 2005 through 2010 has went up about \$7,000 a year. We get a portion back from the county to the city of Oppelo by population. Since 2005 through 2010 our county part of the sales tax has went up \$20,000 plus. Now, I believe the Commissioners are gonna have a decision to make and I hope and pray that we don't put one more feather on the cap of taxes and it breaks the county's back as these people move out. Since 2005, I worked at the paper mill, since 2005 in the United States, there has been 25 paper mills shut down - 25. Folks, I'm here to tell you, them's good paying jobs. There's 25. When I went to work for Green Bay Packaging in the paper industry, our competition was International Paper, Georgia Pacific. It's not that anymore. Our competition now is 3rd world countries that's paying a dollar an hour. They do not worry about the EPA. It legal for them to do whatever they want to. They do not worry. There's one, there's one in a third world country. We had a salesman come in and told us this. Talking about your Department of Labor. They have a sign posted on that wall, if a person is killed in that factory, they've got a little office they go downtown and they pay that fine. We're competing against that! Twenty-five mills since 2005 has shut down. I know a lot of people up in the Center Ridge area, good hard-working, honest, man, it's people that told you it's raining, you better go get your umbrella. You know what I'm talking about? Work, just dug out a living their whole life. I'm not talking down about them, but they was good, hard-working people. I've seen this gas go in. They remodeled homes. They built new homes. They drove new vehicles. They'd be 70 years old and never drove a new vehicle in their lives. Let's, I'm asking, let's don't, I

know we've got a problem. I don't want yawl's job, believe me. Yawl have a problem. But let's don't kill everything. I've seen people come into my office, good people, lost their jobs, they're neighbors. I can't pay my water bill cause their factory shut down. I don't see that no more. We've got something good going on here. In about a seven county area. Let's don't put these gas people out of business. I don't work for them. I'm here to retire from the paper mill. About 70 more years if I can. I'm probably not never going to work for them. I'm not going to have a gas well. Let's don't cut their wheels down. Let's don't put more on them. You know. Let's try to work through this. OK? Thank you.

RANDY ORT: Thank you, mayor. (?)

UNIDENTIFIED SPEAKER: Thank you, Randy. You've done a good job with the meeting tonight. Director Flower, good to see you, all of you. We've had some tough meetings back during the session with all of you, and I appreciate you for working with us. I want to ask a couple of questions for clarification. Ah, my name is Senator Rapert. I represent about 80% of the counties that are affected in the Fayetteville Shale, and you mentioned something awhile ago as they were discussing the timber industry. You mentioned that this was state law that that wasn't a decision on the behalf of the Commission. Now, I recall when this first came out that you didn't have that exemption on the timber industry at that time because the timber industry came to me and I went to the Governor's office and we got in touch with you guys to make sure that was there. And I believe there's some folks here that can corroborate that situation. So, I just want to have clarification. You're saying that this wasn't your decision. You're putting this on state law about the exemption. So what is the clarification on that?

DAN FLOWERS: What Randy is referring to is a state law, is a law that was passed in 1991 that gave the unfinished forest products and agricultural products a weight limit of 85,000 pounds for the same purpose that he explained. And those scales in the rice fields and the woods, and so that varies. So 5,000 pounds from a maximum of 80,000 pounds was given by the legislature. It's a state law of 85,000 pounds. Now, the accommodation that this is extended on weight restricted routes is a decision that the Highway Commission made within the last few years in order to give some consideration for that characteristic of forestry and agricultural products. It's a state law for 85,000 and then the allowance on weight restricted roads was that of the Highway Commission.

SENATOR RAPERT: Ok, I appreciate you for making that clarification. Because the impact there, especially for some of them that were involved and they came and said what about us. It was a very important extension. And I know that this is a difficult situation and I believe all of you know my feelings about the protection of the people that live and work in Senate District 18. And I understand, I think that the focus and energy ought to be on figuring out a way to make these roads better, than just keeping these people off the roads and interrupting their daily lives and their ability to take care of their families. Now, Mr. Flowers, you and I have some very good conversations. And you said, where's the line. You know, we need to think about that. Now, I don't want you

to shut down everything that you're doing on these projects, but when we've got areas that are in need, you don't need to be going and making more mileage out here that you're just going to have to take care of when you can't take care of what you've got. And so, I would like to see us, I'll help you. I mean I'll help you. I mean you know when I believe in something I'm willing to stand there and go to bat for you and I'll go to bat with you on those issues, if we can get it clarified. I'll make a pledge to you, and you know I won't break my word. And I know that you won't break your word either. We'll work together on this, but timing is everything. I don't know what you have in the back of your mind, if I missed that when I came in, but when do you think after these public meetings that you'll plan to make a decision, because I'm afraid I know what your decision already is.

RANDY ORT: I hope we haven't misled anybody. Our purpose of this meeting is to answer questions, and clarify some miscommunication that came out. I don't want to mislead anybody to think that these weight restrictions are not going to be in place. I don't think I made that statement tonight.

SENATOR RAPERT: So when?

RANDY ORT: That, I can't tell you right now. We'll have to make a decision once we (?).

DAN FLOWERS: One subject that I'd like to get back to is that you have pledged to promote a funding increase for the highway department.

SENATOR RAPERT: Yes, sir, we'll do it.

DAN FLOWERS: Alright. Now, we can't rebuild these roads. And what we're trying to do is preserve them as best we can. Now, traffic has increased, it's doubled since the gas play has come about. In order to keep these roads (?) and I can assure you, if we didn't need anything, you would be more riled up about those roads going to gravel. And if anybody has gone on some of these roads, what can I say, it has just about gone to gravel before we're able to do something about it. So we're going to have to do a combination of things. And I know that some things don't go over well, but there's just some things that's got to be done. Now, here's an example if it's done this way. It's just as serious an impact as you guys have here. The Black River Bridge up at White Rock, that's between Hardy and Mountain View (?). That's a major route, Hwy 63, from Memphis to northern Arkansas. We had to put a 66,000 pound weight limit on that bridge. It's on there right now, and we had to do that for the safety of the people traveling that road. Now, what we have found out, the people ignore that, and we have measured with some devices that you can't tell out there what it is, but we have many, many loads in excess of 80,000 pounds that come through. 110,000 pounds going over a bridge that is seriously needing (?). Now that's the kind of stuff you get into. Chief Burks over here can give you some data, and I'll try to remember all of it, but since this has all been going on, there has been over 15 million pounds of over-weights that we have caught within the Fayetteville Shale area. 15 million pounds. Now, we have

problems. Now, we haven't caught near all of them. Some 1,200 citations in the last couple of years (?). There are a lot more problems out there than just resurfacing a road. And those are safety issues also. So, we have a lot of things we are having to deal with in order to try to maintain the highway system and keep the highway system as safe as possible. We don't want to reduce any weight limits on any roads. I can assure you that. And if it weren't for the fact that these roads were going back to gravel, we wouldn't be doing this. Now, someone mentioned about the road somewhere being just fine. And a lot of times they hold up better than others do. But these roads were originally county roads, probably, over the years taken into the highway system are going to have seven to eight inches of gravel seal coat on them. In some cases some of them have (?) here and there. But these roads weren't designed or intended or every envisioned to have the traffic and the load that we're getting on these roads. And we have tried to accommodate the industry, not only the gas industry but all other industries in this area. We've tried to accommodate everyone as best we can. As was mentioned earlier before this all took place and got to be such a big issue, we went and issued permits on weight restricted roads. I probably (?) anyway. But if we have accommodated the ability to get at almost every area of the state. This is not, what we're doing here doesn't apply to just here. It applies to all over the state. Everything we've done was intended to be applicable to every hauler all over the state. So, we understand the frustration, but we have an obligation to try to keep the roads in good shape. Now, there are a lot of people that have no interest in the gas business or ag business or forestry business that have to travel these roads. And we get a lot of complaints from those people about heavy hauling, tearing the shoulders off the roads. And causing people to have to drive towards the middle (?). And we understand that. And that's some of the things we're trying to fix now with these (?) projects that Randy mentioned. We don't know that we're not going to post these roads. We're not going to mislead you. We're going to take all the comments that we get, and we're going to look them over. I've heard some things to night that we probably need to look into a little further, but these roads have had a lot of looking at, and we wouldn't be posting them if we didn't think that we needed to, and I hope you understand that. And we're very serious about it, and we're concerned about the funding, and we're not up here to just give you lip service. We're here to listen to you, and we'll take all the comments that we've heard, and try to do the best we can to make a good decision for the state.

SENATOR RAPERT: Thank you, Mr. Flowers, and I'll take you at your word that you will do that. And I want to conclude my remarks. It is a very difficult issue. And I know that, I want to tell you, you made good on a promise to defer and to have these meetings and so I know that you're sincere to try to come to a resolution. And I'll be in Quitman tomorrow night with you, when you get up there. And there'll be a whole new crew there. And I just want to leave you with one last thing. I think you counted off maybe more than 10 employees or so that are here tonight from the Arkansas Highway & Transportation Department. These people that are sitting here have got nearly a million dollar investment in all of you guys when you start thinking about what your salaries are. I work for these people. You work for these people, and these people have industries, they have farms. It's all I can do to sit back there and listen to Mr. Wallace. And I know you couldn't go very far with (?), but It's all I could do and you tell that boy that he has

no answer. I can't help but remember Barney Fife talking to Sheriff Taylor and he's trying to book some lady for walking across the street to go to a drug store, and he said, Barney, you've got to remember that you're dealing with people. And you're dealing with people when you've got someone like Mr. Wallace. You talk about empirical data? Won't you ask that boy about his empirical data, if he's not able to continue to sustain himself all because you guys won't let them bring feed in there to him. Now, that's wrong. We're here to serve these people and help them accomplish the things that they need to do to survive and take care of their families. And I wish that I knew where the money was today to say hey, we found the revenue. And I believe that since I've been down there, we can find some areas where we should be shifting. In fact, there's some revenue that's being collected automobile related in this state that don't go into your budget. Every dime of that stuff ought to go into your budget for these roads. Everything that's being collected that pertains to people driving up and down these highways ought to be going to it, in your budget. And I'll work with you, and you probably help me find some areas that I haven't heard about yet. But that should be going into the highway budget. So, all I'm asking you to do is to think about the timing of this. These folks didn't ask them, you didn't ask what was to happen when food costs are high and when fuel costs were high. But this industry that's being touted is every answer to our consumption problems in this country right now, good clean natural gas. And so, I'm asking you to think hard about it. I'll work with you and, Mr. Flowers, I'll go to bat just as hard to find what we need to help in this situation and as I did to try to fight this off and give these folks some time. And I make that pledge to you. And we'll sit down and we'll come out this thing, and if we're together, we can find it. We've still got some things to come through. But all I'm asking you on this thing is that you think about some of these folks, and I would ask, and you know what my opinion was, and I'm done, and that is the people that have homes or businesses on these roads, they should be grandfathered. Just like that guy right back there. Someway, somehow, we surely can make exception for somebody in a situation like him. So, I ask that you do your due diligence on that. And I appreciate your comments, and I appreciate you speaking to these folks about these questions. Thank you very much.

RANDY ORT: Representative Johnston, comments?

UNIDENTIFIED SPEAKER: Thank you, Randy, Director. When I was elected and went to Little Rock to serve in the Legislature, that man sitting right over there, that's Jimmy Hart, he told me, he said, Doc, that's what he calls me, it's about working together and working as a team. So, when the issue of roads about our weight limits on these roads, I really didn't know a whole lot about that. I'd worked all those years as an agriculture agent, but I'd been up and down those roads. And I knew my friend, Mike Zinger worked in that industry. And I knew a lot of farmers who worked in that industry. And Gary Sims with the Green Bay Packaging. And they all got in touch with me and they said, we've got issues. Less than a week ago, right here in this very room we had a public meeting with the Arkansas Game and Fish Commission. And it was over a public issue. The Director of the Game and Fish Commission was here. And that Director made the comment that "we are willing to work with you on an individual basis to make sure that we meet the needs that you have." So, tonight, my request is the issues like the man

that you're fixing to put out of business because he can't get poultry feed, and a good friend of mine standing right over there is in the turkey business, and his feed comes from up in the very northern part of the state, just twice a week those trucks go over those roads to bring feed to those people. Work with them on an individual basis so that they can continue to exist. Don't take them out. People like Mike and his company that built a new business over on 124 and invested a ton of money. Give them access to their facilities. Work with them on an individual basis because if we work together we can make these kind of things happen. Yes, we've got an issue with these roads, and yawl have got one heck of a job to deal with it, but I think that as long as we go back to what Judge Hart said, if we'll work together on it, we can get through it. Thank you.

RANDY ORT: Other comments and questions before we wrap up?

UNIDENTIFIED SPEAKER: I just want to be sure on this. Am I correct that the decision has already been made to put these weight restrictions in place. It's just a matter of when?

RANDY ORT: No, sir, that hasn't been done.

UNIDENTIFIED SPEAKER: I was one of the voices that spoke up during the legislative session (?). The men that work and women at the highway department are engineers and smart people. They are up there tonight, and they're spending their time and they've done their studies. I'm an engineer. I'm a special engineer myself. And I'm more confused tonight and I'm so glad we've had this public meeting. I'm not going to be at Quitman, but I am going to be where we're gonna be Thursday, I'm going to be in Searcy. I've got a prior appointment tomorrow evening. And one thing I'd like to do is, we've got some roads we feel we need to put weight limits on. Are there any ways we can get to Sipes, I believe I mentioned in Batesville, Spinks, I met you guys in Batesville. Yawl had some good points then? You know, we don't want to put anybody out of business. I'm a small business man. I've got tri-axles. I know the propane and gas, I do a little bit, the same kind of business that they do. We don't want to put anybody out of business. We don't want to put the gas people out of business. I don't think we would put them out of business. I think the most people would be impacted are the (?), farm people, poultry people. Green Bay Packaging you guys have been here. But we didn't come here, we've gonna have some good ideas to talk about on the way home and we hope we more and more. We don't know what the solution is and I wish it was easy, and it is a touchy situation, a real touchy situation. I believe you said yawl traveled on the highways up here tonight and you didn't see that much damage. I want some ideas on where you think you can get your timber at, you can get your feed in and maybe doesn't impact (?), but I definitely couldn't stand here and tell you that we've not going to put weight limits on some of them. We've got a lot of damage that we don't have the money (?). If we had the money, we could overlay it, dig out the base, replace it. There's more, I mean, you summed it up best. We had a very wet, I remember '08. I remember all the subgrading. But we want your opinion, we want your ideas. We don't have them all. I've learned a lot from everybody. I've learned something from Senator Rapert. Dan Flowers, was it '95 you say the legislation was passed? '91? And that the

commissioners did have a say on which roads (?) carry the timber over them. We'll look into that. But keep coming with your ideas and I hope to see many of you and if you come tomorrow night and I'll definitely be there Thursday night, and if anybody would like to talk with me personally after this meeting or on Thursday, I would appreciate talking to you. Thank you.

RANDY ORT: Thank you. Yes, sir.

UNIDENTIFIED SPEAKER: I think I can sum most of this up by saying that it doesn't do us any good to have pretty roads if we if no industry is there to use it. If it doesn't create business, there's no need to have a pretty road.

RANDY ORT: We will stick around if any of you have any questions. Yes, sir.

UNIDENTIFIED SPEAKER: I'd like to say a couple of things. We've heard from timber industry and we've heard from farmers, and we've heard from gas people. I'd like to say something as a truck driver on these damn roads. Lower the weight limits on these roads, then you are going to cut out loads in half, increase the danger factor, you are going to increase the overall accidents, you are going to increase the stopping distance that it takes to stop these trucks. These trucks are not contrary to what a lot of people are saying, cause they are not flying up and down these roads. Most of them can't fly up and down the road because it's got potholes. This gentleman over here said he did not think they was going to put gas wells out here. You've made the comment that you're a small businessman yourself. If it costs you more to do business in the state of Arkansas, if it costs you more than what you're making, are you going to continue in business? Thank you.

RANDY ORT: Thank you, sir.

DERRICK SPINKS: Derrick Spinks with Ridgewood Timber out of Batesville. I've got a couple of questions. First, I want to say that I appreciate the allowance for the timber industry and farming that's allowed for using the lower weight roads the exemption. I feel like we got that because timber and farming is a big industry in Arkansas. We travel so many different parts. Gas now has come in and that's become a big player here in Arkansas. Those exemptions have got to be worked out. You've can work with them. They use a lot more trucks than we do. I understand that. And I'm all for oil and gas. We deal with them every day. I'm thankful that they're here. We've done some looking, we had some questions, when exactly was the commission, when did you decide to – I know it was supposed to be in February, but when was the board meeting or when did everybody sit down and actually decide to – cause yawl were planning on imposing in February until everybody got to talking about it. So, when was the board meeting, what month was the board meeting did everyone sit down and say alright, this is what we're going to do? Do you know?

DAN FLOWERS: The Highway Commission approved, and I don't have this off the top of my head, several months ago a process for the staff to be able to evaluate roads and

to be able to post roads on a systematic basis and make public notice of it. And so we got to the public notice part of this thing after all this calculating and figuring and they'll tell you that there are probably 300 something miles of roads that the Districts recommended that we give certain attention to. And through the process of trying to understand the limitations that this would put on travel, it was pared down to 130 something miles that needed work done on them. There was not a meeting of the commission that said to post those roads. It was a process that was approved by the commission. The staff developed it. There was a public notice required, we give public notice. And then we had all this problems that came up, and we deferred it until we could have these open meetings.

UNIDENTIFIED SPEAKER: The other question the senator brought up awhile ago about, I do my work in south Arkansas and I've been around the I-530 connector which is right now it's kind of like the Alaska road that goes to nowhere. It's went through our timberland. It's went through people we work for and you've got miles of roads from Pine Bluff going towards Monticello that's grass. And seems to be grass for quite awhile. I would think more of the stimulus money that Arkansas got should have went more toward repairing up here. If you knew in 2008 that the damage was going to occur, that money that funneled in 2008, 2009, and 2010 should have been spent in areas you knew were going to have problems.

RANDY ORT: Stimulus money had to be spent on ready to go projects in the first place, but...

DAN FLOWERS: That's a very good question that you asked about the I-530 connectors in Pine Bluff that supposedly to an area near Monticello. There was not any stimulus money spent on that project. All that money that was spent on that project was earmarked by the United States Congress. Most of it 100% federal money couldn't be spent anywhere else. They said you could spend it from Pine Bluff to near Monticello on the 530 connector. The Highway Commission had no choice or the Department had no choice. It had to be spent on that project. And we did fund that here and there, and so it wasn't a project that we planned and used our normal revenue for. It was earmarked money by the United States government.

UNIDENTIFIED SPEAKER: I'd like a little clarification on a point of origin. Is there a simple formula that you go by with that? I will give you an example. I've got a piece of property I'm fixing to retire to up in Cleburne County, and my direct route out is Highway 92 on northern part of the county on a chip and seal road when that other county road will take me 15 miles further when it's 10 miles out by highway 92. Can I go by 92, or do I have to go all the way around (?) ?

DAN FLOWERS: I don't know that I understood all that county road stuff, but if you have to get to your track of timber or your field off of Highway 92, you can use Highway 92.

UNIDENTIFIED SPEAKER: Well, I don't have to, but it's the best route for me to go because it's 15 miles closer to get to 92 than to go all the way around the county gravel road and then go through downtown Heber Springs.

DAN FLOWERS: Well, if it's a reasonable, if that's a reasonable way you go, that's about as good and I can get.

UNIDENTIFIED SPEAKER: Reasonable, now who's going to make that determination what's reasonable now? (Laughter) I'm serious. I'd like to know what do I do? Just start hauling and then (?) ?

RANDY ORT: Is reasonable access to come straight out on Highway 92? Then I think (?)

GARY KAUFMAN: I'm Gary Kaufman with Kaufman Farms and I'm the individual with a comment or two about our turkey population that's stuck getting feed from Green Forest to our farm in northwest Arkansas. Well, we were shut out of the turkey business in 1992 because of a compact consolidation. We lost 2 million birds every day in this area. We worked in '93 to put birds back and we felt like we were unsuccessful in '94. In Green Forest to go at that time because we were so far we paid a surcharge on feed haul. And after 3 or 4 years (?) to drop that surcharge, put us on an equal playing field with the rest of the growers. And I'm asking yawl not to end our dream. It's been a (?) on turkey growers with a three hour delivery trip and they're picking and choosing the safest route to enter our farming operation. Not necessarily the only route, but it would be just like a curve and (?) on the north end of highway 95 coming out from Clinton. It's more conducive for them to come down highway 9 and also to cut across to like going to 24 and (?). Please be considerate and I thank all of yawl for your time and your wonderful listening ability. Have a good one.

RANDY ORT: Thank you, Mr. Kaufman. Any other comments anyone wants to make before the group?

UNIDENTIFIED SPEAKER: Randy, one more comment, man, I want to say this. We all know what we're dealing with. We're dealing with a huge need for our roads. And we determined that it was about 19 million dollars, correct? About 7 million of that is basically for bridges, bridge replacement? Somewhere thereabouts? The only point I would like to make is that leaves about 12 million needs on state highways. State highways, I guess in the big picture of things . I can't say this enough, and I think, I hope that there's been a directional change. I mean, we can't afford to continue to add on, you know what I mean, I hate to say that, because I don't mind telling you the strip between Conway and Little Rock, they all need to add a lane down through there, you all know that, but the issue we're dealing with, we've got to take care of what we've got. What you've already said. You bring up a good point, we don't want to lose it. But the point I'd like to make, you know, this thing was done on in (?) counties, as far as \$450 million in damage (talk over voices). How many counties are we talking about? Twelve to 13? \$450 million is a lot of damage folks (?) a half a million dollars! (unable to hear

speaker because of talk over voices). And I see roads up here, don't get me wrong, but (?). I guess what the point I'm trying to make is you can't (?) the roads in Arkansas, Dan. I mean, see folks, we've got to have, our money is very limited right now, but we've got to come up with a different revenue stream, they try to figure out how to plan new things, probably it's going to be very limited, but I think we need to take care of what we've got.

DAN FLOWERS: Thank you, sir. Let me just add something here. The Fayetteville Shale Play is not the only one that's relatively new and going on all the time. You've got the Hanesville Shale down in Louisiana, Marcellus in Pennsylvania. And we found an interesting part today. The Pennsylvania Highway Department, we have tried very, very hard to work with the industry in gas drilling, and we have a good relationship with them. And we have tried very hard to make what we did, the procedures that we developed in working through them apply to everybody else in order to not to be affected. And we have found a way to get them everywhere they needed to go. (?) But yawl excuse me, but in the scheme of things, what we've charged business is making assessments and the severance tax, as someone who knows a whole lot about this whole industry has told us, it doesn't even move the needle on the financial situation with the gas business. They've got a ton of money. And they can do more than what they're doing now. Case in point, this article that we ran across today, in Pennsylvania, the Pennsylvania Department of Transportation shut down the gas industry from hauling over a route, several routes in Pennsylvania because they tore them apart. Now, we have a process here where we try to collect on the front end and then to take care of it is our responsibility. Do we get enough? I don't know. Well, I do know (?), but up there they said that Chesapeake Energy in Pennsylvania had put \$92 million into the roads in Pennsylvania over the last few years. We're not putting near that here. So, food for thought. There's still some room out there. If we want those roads to be beefed up a little bit more, to where we don't have to reduce the weight limits on them, then maybe we can do more.

RANDY ORT: If any of you have questions you want to (?) try to figure out. We'll do the best we can. But I really want to thank you all for coming out tonight. Senator Rapert and Representative Johnston will be available and have worked with us through the years, and I want to thank you all for being here. We've got a lot to (?).

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RANDY ORT: So, I hope, even though we all may not all leave happy tonight, I hope we all leave with a pretty good understanding of the fact that (?). Here in just a minute I'll be making a brief power point presentation to explain some of the things we've done, to give you the background of why we're doing that. At that point I'll open up the floor for your comments and your questions. We have quite a few people here from the Highway and Transportation Department. Hopefully we can address everything that you bring up tonight. Before I get started, let me go ahead and introduce some folks who are here from the Highway and Transportation Department. We have our Deputy Director and Chief Engineer, Frank Vozel, from Little Rock. We have our Assistant to the Director, Ralph Hall, also from Little Rock. We have our Assistant Chief Engineer for Design, Phil McConnell, from our Little Rock office. We have the head of our Planning and Research Division, Alan Meadors, from Little Rock. We have chief of our Arkansas Highway Police division, Ronnie Burks, also here from Little Rock. We have the District Engineer from District Five in Batesville, Lyndal Waits, is here this evening, and I think Barry Clark is also with you somewhere who's back in the back. Many of you probably know him, Area Maintenance Supervisor around here. Anybody here from District 8 that I've missed? You wanted to remain incognito. I'm sorry, but we all know Ed Rivers who (?) from District 8 that is based out of Russellville. This part of the state for us is kind of divided into two different highway districts. We do have people from both of those districts here this evening. We also have two highway police officers with us: Captain Ronnie Anderson - there he is, sitting down, and Sergeant Doug Honey is also here this evening. Hopefully, between all of us here, you've got a lot of ears certainly to listen to what you have to say. Hopefully, we'll be able to address some of your questions as well. Also, I want to point out Jim Senate. Jim is Arkansas division of the Federal Highway Administration out of Little Rock is here also. I want to thank all of you for attending. I want to thank Mayor Kirk. She didn't want to speak, I don't think, but I want to thank her for making the arrangements tonight to allow us to use the facility and come up here and have this very important meeting. As I said, I'm going to go ahead and start the presentation.

As I said, the goal tonight is to provide accurate information and to receive accurate information. I hope everybody, like I said, can leave with the facts that you need to make decisions. I hope we can leave with facts we need to make decisions. You all have lingering important decisions in your businesses. You have to make very important personal decisions, but we need help making the decisions that we need to make with the limited funding that we have left. Having said all that, we'll go ahead and get started.

What you see here is kind of difficult to see. This shows the current weight-restricted roads that we have all around the state of Arkansas. This is going to be pretty much

identical to the two display maps we have in the back. The difference is, the display maps that we have over there also show what we were proposing to implement back in February. This simply shows the approximately twelve hundred miles of weight-restricted roadway we currently have in the state of Arkansas. Here is the map that shows the (?) of this area of the state, right here in central northwest Arkansas. Again, this map simply shows what is out there right now, the current weight-restricted roads. Here's the same map showing the roads that we proposed back in January (?) to implement weight restrictions on that would have gone into effect February 14. Okay, that's about 133 miles of roadway. That said, we've got about twelve hundred miles of weight-restricted roadway in the state. This would have increased that by about eleven percent. Eleven percent statewide doesn't sound like a whole lot, but all that eleven percent was in this part of the state. You understand all that. Eight of those sections of highway we were proposing to reduce from 80,000 pounds down to 73,280. Five of those sections of roadway we were proposing to reduce all the way from 80,000 pounds down to 64,000 pounds. So, you can see what it looks like right now. Had we implemented those restrictions back in February, that's what it would look like. We proposed to do that, and we sent out notices, saying that we were going to do that on February 14. Your legislators got our attention, because you got their attention. Senator Rapert (?) is here again tonight. (?) state senator. We had numerous meetings with Senator Rapert and some of his counterparts, and there were questions. There was confusion about what impact those weight restrictions would have, and we felt like the proper thing to do before imposing any more weight restrictions was to come up here and have a public meeting. So that's why we were in Morrilton last night. That's why we're in Quitman tonight. That's why we're going to be in Searcy tomorrow night. That's a little bit of background on why we're here.

This is a blow-up of this area that should match what you have in your hand. That's the handout that we passed out tonight. Anything we refer to here on the screen you should have in your hand as well. Representative Jim (?) Tyler is up here too. I'm sorry I didn't realize you were here. Thank you for coming. Let's talk about how we made this determination, how we made this recommendation to impose additional weight restrictions. These are not subjective decisions. These are not emotional decisions (?). We begin by asking our engineers who are in this area of the state to tell us what they think, to suggest to us roadways that they're having problems with that we might need to consider for further weight restrictions, weight reductions. Okay? So, our two district engineers that cover this area of the state identified over three hundred miles of state highways that they felt either needed to be weight-restricted or needed to be further evaluated for those restrictions. So we started out with over three hundred miles of potential new restrictions. So how did we from three hundred some-odd miles down to one hundred thirty-three from what was proposed in February? We began our engineering analysis. These are the pieces of equipment you may have seen around

the state. These are the two primary things that we use when analyzing roads. The top one is what we call ARAM, which stands for Automatic Road Analyzer. It travels all around the state. We try to cover the whole state in a two-year period. It covers about 8400 miles, 8200 miles every year. This piece of equipment is able to videotape the roadway as it goes down. It's able to take measurements of roughness, of rutting and cracking, pavement serviceability rating - all these things over a period of time. So we're able to track the roadway. It's not a single snapshot in time, but, as you put those snapshots together, you're able to see what is happening to that roadway over time. The other piece of equipment is Falling Weight Deflectometer. This is a piece of equipment that gives you a weight on that truck that, if it strikes the pavement, we take a measurement. It tells us the condition, not only of the driving surface, but also of the base underneath it, even the subgrade - very important information for the life of the road, because it goes down much deeper and tells us what's happening well below the surface of that roadway. We try to take those measurements at least every half a mile. The thing about the Falling Weight Deflectometer is that it has to be on a fairly decent piece of pavement to get accurate readings. As you can imagine, in this part of the state sometimes we have trouble getting accurate readings every half-mile, but those are the two main pieces of equipment that we use when we go out to gather data. Obviously, we also take traffic counts. You've probably seen the hoses across the road. Not only are we counting the total number of vehicles that are using that road, but we are doing what we call classification counts as well, looking at the types of vehicles that are using those roads. So, if it's heavy trucks on there, weight trucks as well, we have a good idea of how that road is being used, not just volume-wise, but also what type of vehicles are utilizing that road. We also go out and take core samples, where we actually dig out a part of the road and take it back to Little Rock and analyze it, have our engineers analyze the core samples to see what's going on over a period time. Again, all these things are done periodically. We don't just go out once every five years. These are done over a period of time where we're able to track the trends of what is happening to the roadways. So all of that information is evaluated from an engineering aspect, and we went from over 300 miles of road that was suggested to be restricted down to 133 that we feel like should have further restrictions on the highway. That's the map you see in front of you tonight. Okay? So that's what we're here to talk about, but, hopefully, we want to hear from you all first.

Let's just go through some snapshots. They're going to be all-too familiar to the people in this room, conditions of some of the highways in this area. I'm not going to dwell on them a lot, but, as you can see, this happens to be highway 124 down in the neck of the woods, Conway County. You can see back to 2006, a fairly decent roadway that traffic was utilizing at that time. This is two years later. You can see the condition of it then. We had to go in and make some remedial repairs in September of 2010. That's not normal wear and tear over a two-to-four-year period. Highway 107 going south from

here toward Enola. I'll tell you what that's like. We've had a lot of problems on highway 107.

Highway 124 in Faulkner County, a stretch of road that we actually are doing some work on right now, you'll notice on the map that we show it as being lowered down from 80,000 pounds to 64,000 pounds. Once we finish the overlay work that's going on, we will reanalyze that. We might be able to do something more then. So that's a road that we're going to look at again to see if we might be able to do something different with the restrictions there. The other part of Highway 124, you can see, this is a section of road that already had weight restriction on it: 73,280 pounds. You see the type of damage we're experiencing there.

Highway 31 in White County no weight restrictions. This is an area that we actually had to go out and take out the driving surface, a good part of the base, and even down into the sub-(?). That's the type of work that we need to be doing on a much more extensive basis. The problem is - that's about seven times more expensive than an overlay. A reconstruction is what we need to be doing in most of the state.

Let me try to anticipate a few of your questions before I open it up to you. As most of you know, the legislature, back in 2008 increased the severance tax in this state. The increase in severance tax was designed to be a new source of revenue for the State Highway and Transportation Department and cities and counties. Raising the severance tax, dedicating the special revenue to us is expected to bring us, as you can see, up to about \$60 million a year. Unfortunately, that is based on the price of natural gas. There are also some reductions for low-producing wells, marginal wells, start-up wells, things of that nature. We've actually seen the revenue come in at about half of what was expected. Now, let me tell you something: I'm not complaining about that. From the Highway and Transportation Department's point of view we appreciate what the legislature did and what the Governor did in providing a new source of revenue for us. I was talking with some folks in the back here earlier, and they asked, "Where does your revenue come from?" This is something I didn't really touch on last night, but it's something I guess a lot of people don't understand. Every time you go fill up at the pump, you pay a per gallon tax on gasoline and diesel. It has nothing to do with the price of gasoline and diesel. It's based on consumption. You pay it based on consumption. The irony there is your goal is to reduce consumption; our goal is to reduce consumption; the national goal is to reduce consumption. However, our revenue stream is based on consumption. It's rather backwards. About seventy percent of our revenue comes from per gallon taxes that you pay at the pump. A little over twenty percent comes from registration fees, our portion of registration fees. The rest of it comes from severance taxes which we now get, obviously, and, then, permit fees, and things of that nature. That's where our revenue comes from. A lot of people think we get sales tax, we get income tax, we get all this other stuff. We get road user fees and

the severance tax. That's our source of revenue. If you don't mind, can I finish, and then we'll come back to questions?

Okay, the bottom line is: this was supposed to be a new revenue source for the State Highway and Transportation Department that we could use statewide anywhere we saw the need to use it, but we said early on people ask, "Where are you going to use this money?" We said, "We're not sure. We'll track it as it comes in, and we'll let you know where we're going to spend it." So we did that from day one when we started receiving this revenue in the early part of 2009. To this date we've received somewhere in the neighborhood of \$45-50 million. The Highway Commission made a decision in June of last year to dedicate all of those funds to this area of the state, the Fayetteville shale area of the state. All of those dollars that could be spent anywhere in the state, the Highway Commission made the decision to send them here, because that's where we're seeing the accelerated damage. This shows a little bit of (?) shot of where we've already spent the money. Everything that is in kind of a blue color there (it doesn't show up too good on that map) are projects we have completed. Everything that's red is currently under construction. Everything that's in purple is what we plan to let to contract in June. You can see that totals up to be about \$37-38 million. So we still have about \$8 million available to spend on other projects we're developing for later this summer. That gives you an idea of what the (?) to this point and what (?) in the future. Many of you are familiar with the roadway maintenance (?) or at least have heard that (?) or where that money comes from and where it goes. When the industry first came to Arkansas, as I was telling you, we had about 1100-1200 miles of weight-restricted road. We had no mechanism in place to allow an overweight, non-divisible load on a weight-restricted road. It simply wasn't possible; it wasn't permit\able; it wasn't legal. I'm not going to say it wasn't done, but there was no way to do that, and it was a big concern to the industry, because they could not get to many of the areas they needed to get to without utilizing weight-restricted roads. So we worked with the industry and came up with what we a Roadway Maintenance (?). What that is, actually, is a formula that we can now determine, if you have an overweight, non-divisible load, (a divisible load you cannot get a permit for it at all), but an overweight, non-divisible load, then you can come to us and request a permit. I'm not talking about if you're in the gas industry. I'm talking about an individual, if you need to get (?) or something like that. We take the information: how far you're going to travel, the weight, what roadway you're going to be on, and put that information into a formula to make an exception that will allow us to give you a permit to utilize that road, whether it's one trip in and out, or whether it's 2000 trips to drill a well. So we came up with that formula for (?) to allow overweight loads on weight-restricted roads. It wasn't very practical for the oil and gas industry to come to us every trip for the permit. So we negotiated with the industry and came up with a fee per well. As you can see, it started out in 2008 and we're charging about \$18,000 per well, which is not for all of the thousands of wells that you have in north central

Arkansas. It's only wells that you can only get to by way of a weight-restricted road. We renegotiate this fee every year. The fee went down in 2009 to \$16,500. By 2010, based on the information we had from the industry, it went way up, \$41,200, and the newest one for 2011 (?) is over \$50,000 per well, weight-restricted roads, and this is the maximum amount. There is a scale here. This is for the original well on the pad. There are also reduced amounts for additional wells on the same pad. This is for a horizontal well with piped-in water. I'm sorry this is for trucked-in water. It's a lower amount for piped-in water. But that's what we've been able to do. That's something that wasn't even possible until the industry came to us a few years ago. As you can see, we've collected about \$2.6 million to date. That is money that can only be used on weight-restricted roads. It cannot be used anywhere else. It has to be used on weight-restricted roads. We reevaluate that every year. We sit down with the industry and go over what they plan to do in coming years and compare that with what's been done in years past, and that's how we sit down and come up with that (?). So, that's the end of my presentation, and now, the more important part of the presentation, and that's to hear from each of you. I haven't forgotten about you, okay?

What I'm first going to do, though, is call on some of you who, when you got here tonight, knew you wanted to speak and have prepared remarks. I'm first going to call on the individuals who signed up and indicated a desire to speak when they got here. Once I go through these half-dozen or so names, I will open it up to the rest of the crowd for your questions and your comments. I would ask, so that everybody can hear what everybody else is saying, we have a microphone set up here. I would ask that you come to the microphone to ask your question or comment, just for the sake of everybody else. The first person who indicated a desire to speak is Rhett Costner. Mr. Costner, you'll be followed by Vickie Edwards.

RHETT COSTNER: I have some comments I'd like to make on this. For one thing, one reason I don't understand your (?) is the fact that we move a lot of the large equipment in our community. We build the locations for the oil companies in the area, and when we need to move a machine five miles on a (?) road, we get told we can't do that. We call down there, and they route us around, and we (?) the same place, load 125 miles, how is that doing anything to benefit the state?

RANDY ORT: It's not benefitting the state; it's helping the road with weight restrictions that's already in distress. It's moving that weight off that road.

RHETT COSTNER: Yes, but it's also damaging that road for 125 miles, because, obviously, the road is just as heavy on those miles as it is the other.

RANDY ORT: We understand that, but the impact may be different, if it's a more substantial road.

RHETT COSTNER: All right. The other thing, (?) highway 92 has been a main thoroughfare for years, not only for me, but for all the logging industry, and everybody else. If you drop that there, it's going to have a big bearing on a lot of people. As far as I'm concerned, it's going to have a lot of bearing on me because the way you guys are proposing it, I'll have to drive all the way to Beebe from across 64 over to Conway or Morrilton and come back up to get to the job site, and, at \$4 a gallon diesel fuel, that's going to be a huge cost.

RANDY ORT: Absolutely, and that's one thing that was brought up last night in the meeting. I can't give you a good answer other than to say that's why we're here.

RHETT COSTNER: The big point I'd like to make is that it's really upsetting – we send a lots and lots of money down there, and it's really upsetting when we get told we can't use roads that we pay taxes on, and, you know, I've been in a lot of other states, and I feel like our taxes are plenty high here, and some effort needs to be made to fix the roads with the amount of money that you're bringing in. Thank you, sir.

RANDY ORT: Absolutely. Thank you, sir. I appreciate that. Vickie Edwards. Ms. Edwards will be followed by Brent Foust.

VICKIE EDWARDS: I feel like you guys, talking about the taxes and the money that is generated for the roads. I know some of these (?) are probably going to be (?) I know at lot of people are probably going to lose their jobs. (?) a lot of people that can't even afford food stamps (?). That's all I'm going to say.

RANDY ORT: Thank you Ms Edwards. I can assure you the last thing we want to do is restrict use of a road. It's not fun for me to stand up here and look you all in the eye and tell you that we're going to have to cut back the use of that road. We don't want to do that. That's not (?). That's not our job. Our job is to keep the roads safe condition and fully utilized, and we're having trouble doing that. Yes, sir, Mr. Foust.

BRENT FOUST: Thank you. A couple of points (?). (?)explained the state's formula for allocating money to the five counties of the money received for fixing the roads and maintaining the roads. (?) Obviously, it appears there are five counties up in the area taking the brunt of this that ought to be given a higher percentage, it seems like to me, of the tax funds that are being generated by these five counties. Number two, it seems like, if we lower some of these weight limits, it's going to increase the volume of trucks at lower rates, there's going to be a higher occurrence of maintenance and safety concerns and more accidents (?) I doubt that it would slow down the total weight going over the road. It's just going to be more volume (?) and a higher probability that somebody's going to get hurt. (?)

RANDY ORT: You bring up a valid point about safety. (?) talk about the safety of the roadway. If we're losing the edge of the roadway, if we're losing the shoulder of the roadway, that forces traffic towards the middle of the roadway, and that creates an unsafe situation. So, when I'm talking about safety, I'm talking about things like that. I'm talking about (?) and I'm talking about the condition of a roadway. Any of you know it's more difficult and dangerous to drive on a roadway that's in bad condition. So when I talk about safety, I'm talking about that aspect of it. You raise a very valid point. If you reduce the weight that can be carried on a vehicle, then you potentially increase the traffic. In other words, you increase the opportunity for an accident. You increase the possibility of an occurrence. We understand that. We understand that, but we also have to consider – you talk about it being the same weight over the roadway – it is the same cumulative weight, but it is spread out over a lot bigger period of time, and it is less weight on each pass by that vehicle and less weight on the axle of each vehicle, and that's what causes the damage. The faster the vehicle goes, the more damage (?) incurred on the roadway as well. So, again, there are multiple facets to this whole issue. We're aware that safety is the number one concern. We acknowledge that increasing the number of trips increases the potential for accidents.

Oh, allocation of funds – I'm not sure where to start. I explained to you where the revenue comes from, basically from motor fuel taxes per gallon, severance tax, and registration fees. Those are about 98% of our revenue. The Highway Department does not get all that money. That's the "gross amount" that gets sent from Little Rock. From that amount three percent comes off the top. It's what is called simple services fund, constitutional fiscal agencies fund. That three percent is used to run government, basically. It's a hard thing to explain. What's left is then divided: seventy, fifteen, fifteen. Seventy percent comes to the Highway and Transportation Department; fifteen goes to the cities, fifteen percent goes to the counties. The fifteen percent that goes to the cities and counties is what is commonly referred to as turn-back funds. You may be familiar with that term, turn-back funds. Fifteen percent goes back to the city is simply divided by population, the population of that city to the ratio to the population of the state. County turn-back is a little more complicated formula. It's more than just population. It has to do with the size of the county in relation to the size of the state. It has to do with the number of miles in that county in the relation to the number of miles in the state. It's a little bit more complicated formula, but that's how the money goes back to the cities and counties. The highway department has no jurisdiction over the use of those funds. The city's funds are up to the mayor; the county's funds are the county judge to use on city streets and county roads. The distribution formula by the Highway and Transportation Department is decided by the public commission. There is no magical formula that way. It's not divided up by the counties. If we divided money up by where it is generated, we would not have interstate highways, because interstate highways connect population centers with population centers and generally go through

a very unpopulated area on the way. You would not have the money. We typically use interstate 540 in northwest Arkansas – a subject that gets brought up quite a bit. Had we relied on the revenues generated in those counties to build that highway, it would have taken us 42 years to get across Crawford County, because it simply did not generate much money. So, we don't allocate it out by county. The difference there is, the decision of the Highway and Transportation Department made to utilize the severance tax money that is being collected in this part of the state to meet the need that you are seeing in this part of the state. Is it fulfilling those needs; is it solving those problems? No, it's not. Let me point out that the severance tax was designed to be a new source of revenue for the Highway and Transportation Department. It was never intended to take care of the damage that was going to be done. To be perfectly honest, I don't know if anybody envisioned the kind of damage that has occurred in this part of the state. The last thing I want to do is point my finger at the industry. It's been a tremendous economic boon to this state, as every one of you will tell, or you wouldn't be here tonight. (?) It's been a tremendous economic boon to the state, but the flip side is the damage. We've done an assessment. We estimate it will cost about \$450 million just to bring the roads back to the condition they were in in 2007 – not to remove all the weight restrictions that were out there to begin with, not to fix all the bridges, or anything like that – just to bring the conditions back up to where they were in 2007, \$450 million. As I've stated, we've brought in less than \$50 million so far. That's not a complaint. I'm just here to give you facts. I hope I addressed the allocation question satisfactorily. The next person is Mr. Don Ware. Mr. Ware will be followed by Connie Wilson.

DON WARE: I'm just wondering, back in February when you were talking about lowering the weight limits, (?) was not notified, and it was not in the newspaper, and (?) phone calls. If you restrict the weight limit on 92, that's going to kill our ability to (?) a load comes in on 16, is the weight officer going to write him a ticket on 92?

RANDY ORT: Potentially, if he violated the law.

DON WARE: But here he is legal, coming through the state, and he gets right there and (?).

RANDY ORT: Oh, I see what you're saying. I wasn't (?) to the proximity of (?). I see what you're saying. Again, those are the things. An officer has to use some sort of common sense there. I mean, we're not going to expect you to drop your load down here.

DON WARE: (?) builders' supply (?) the way the economy is right now (?) restricting 92 is going to kill the restriction. We've got a lot of log haulers (?) heavy equipment. You start taking and making them all less weight and more loads, you're going to increase the safety (?). The fire department works (?) wrecks anyway. The fire department is

going to be out working a lot more. So, that's my concern. You know, in February (?). Now, I'm glad you having these meetings, but I think it should have been done before February. Thank you.

RANDY ORT: Its' a long-term process to come to that determination. We set a date (?), we sent out the press releases January 25, I believe, to give people notice. Of course, that's when we started hearing from people and hearing from legislators, and, consequently, we decided not to implement (?). Ms Wilson, thank you.

CONNIE WILSON: Thank you. I noticed that the highway that comes off of 124 at Bee Branch (?) your map (?) completely rebuilt and paved (?) and highway 24, the bridge has been (?) about three months ago, the whole highway needs to be paved. (?) has been pulverized and 25's not on your map as being weight-limited. What about the side roads – how are you going to monitor these tankers that are running between midnight and six a.m.? There's like twenty a night on New Home. I counted five a night coming in and out of the little road that turns off of 25 out here to go to the Arnold well, and there's major pumping stations on New Home, and there's a large church and a lot of people that live back there, and, yet, they went back there and graveled about three miles of it and (?). When are we going to do something about these roads, and how are you going to monitor the weight when these tankers are running after midnight and violating the law?

RANDY ORT: You know, we don't run around the block. (?) Chief, you want to come up? New Home Road – is that a county road?

CHIEF BURKS: This road (?) the Highway Police (?) we regulate commercial vehicles in the Fayetteville shale as well as across the state. We do shift work: day shift, evening shift, and at night we get out towards midnight shift, if we need to. Well, I can assure you we're out there. One of the things I do want to point out, maybe one of the reasons the roads are in the shape that they are, is that since we started working and concentrating in the Fayetteville shale area, since mid-2007 up through the end of 2010, we have detected over 15 million pounds of overweight. That's above and beyond the legal weight, and I'm telling you that is a lot of weight. That does a lot of damage to the roadway. (?) I can assure you the engineers will tell you that, and that is a small portion that we're catching out there. So we are out there working; we are out there (?) in addition to the other things as well as unsafe driving and such as that. We're a small force compared to the state police, but we do have some hard-working men and women up here that realize the problem. We realize we've had some serious accidents up here, and that's what we want to (?). So we are out there working, and we are out there catching a lot of (?).

RANDY ORT: You know, the intent of this meeting is not to point fingers at the industry. You may want to point fingers at us. (?) We had a meeting similar to this up at Walnut Ridge a few weeks ago. We've got a bridge up there on Highway 63 that we've had posts (?) goes over the Black River. It's always been an 80,000-pound bridge, but it posted at 66,000 pounds, and we went up there and held a meeting similar to this. Had about 250 people there; these are mainly rock haulers. This bridge is right in the middle of three quarries. They have no choice but to utilize this bridge, and here we were restricting them down to 66,000 pounds. Just this past week, we got the results back. Since we posted that bridge at 66,000 pounds, we've been monitoring the traffic that is going over that roadway, and we've detected – forget about 66,000 pounds. The majority of the loads are over 80,000 pounds. We had loads that were over 110,000 pounds still utilizing the bridge that we had posted and gone up there and had a meeting similar to this one and (?). You know, the intent's not to point fingers, but we try to do the best we can to monitor the traffic. It's difficult – I don't care if it's the speed limit or weight limit, or whatever the case may be – enforcement's difficult. The next person I have is Bobby Kennedy.

BOBBY KENNEDY: I've got a couple of questions here. Have you done any studies on where, if you cut those roads off and you put more traffic on those main roads, it's going to make it more unsafe, because you're going to double the traffic on those roads?

RANDY ORT: We're fully aware that, if we restrict traffic on one road, it will have to go somewhere else. We're fully aware of that. Yes, sir.

BOBBY KENNEDY: If you've got a farmer who needs a dozer, and you put a 64,000-pound weight limit on this road, how does he get a permit to get that dozer out there?

RANDY ORT: Again, prior to 2007 we did not have that process in place. We now have a process where you can come to us with the weight of that dozer, the length of his trip, whether it's one trip in and one trip out or multiple trips, the length that he's traveling, the weight, the condition of that roadway – we can do an analysis of the condition of that roadway to determine how much of an overlay would be needed to accommodate that load, and we know how much an overlay of asphalt would cost. If we determine it would take an extra inch, we plug all that into the formula, and that's what you would be charged for a permit to do that. Prior to 2007 you couldn't do that legally, period.

BOBBY KENNEDY: Okay. On that, looks like you've got that \$50,000 – how many permits is that per \$50,000 of \$575?

RANDY ORT: Let's not mix the two; \$50,000 and \$545 has nothing to do with your farmers and dozers. That is the amount assessed to the drilling, to the gas companies

on a per-well basis to access a weight-restricted road. The farmer you're talking about will get a one-time permit that will not be near \$50,000.

BOBBY KENNEDY: That's going to be \$500?

RANDY ORT: I couldn't tell you. It's based on (?)

BOBBY KENNEDY: Okay. (?) We're going to penalize farmers who have lived there all their lives (?) to drive on those roads?

RANDY ORT: If it's an overweight load and a non-divisible load, we're going to protect the road.

BOBBY KENNEDY: I've got a shop out here on 124. Been there since 1985. I hauled my equipment in and out of there. You're going to (?) 50,000 pounds, and I'm going to have to buy an extra permit to get to my shop that I've been going to for twenty-five years.

RANDY ORT: That's the kind of stuff we need to hear tonight. I'm not going to say we've got the perfect (?). Right now there might not be (?).

BOBBY KENNEDY: That's just (?).

RANDY ORT: Thank you, Mr. Kennedy. That's all the individuals who indicated a desire to speak when they got her tonight. I'm going to open the floor up for anyone who has comments or questions. I already have my first volunteer up front here. (?) Senator Rapert, did any of you want to make any comments? Okay. M,am, if you wouldn't mind coming to the microphone so everyone can hear, and, if you would, give us your name and (?).

CHARLOTTE POUND: My name is Charlotte Pound. I'm a resident and land owner. I think you answered my first question: where does the severance taxes go to the state and county (?) I believe you said they did.

RANDY ORT: Yes, m'am. We're in the process of. We haven't expended everything we've collected yet. We continue to collect it, but that's where the Highway Commission dedicated those funds (?).

CHARLOTTE POUND: The other question I'd like to ask is how much does it cost to build a (?) -paved road overlay, and how much does it cost to build a (?) and then pave the road?

RANDY ORT: Correct me if I'm wrong here, but a (?) overlay, two-inch overlay per mile, is about \$200,000. Okay?

CLEBURN COUNTY JUDGE: (?) (followed by laughter) I'm the Cleburne County Judge, and I can get it done for \$100,000.

RANDY ORT: I wouldn't bet on it. We'd love to have your bid. Anyway, an overlay will be roughly \$200,000 per mile for a two-inch overlay. To reconstruct your road is going to be about seven times that amount. It's about \$1.4 million for reconstruction per mile on a two-lane road.

CHARLOTTE POUND: \$1.4 million per mile?

RANDY ORT: Yes, m'am, for a two-lane road.

CHARLOTTE POUND: Two-lane road, and you're getting \$6 million?

RANDY ORT: \$6 million was just the maintenance assessment that we've collected on those weight-restricted roads. (?), but we've received about \$45-50 million so far (?).

CHARLOTTE POUND: Thank you.

RANDY ORT: All right. Yes, sir, judge. I think everyone here knows (?) identify yourself.

CLEBURNE COUNTY JUDGE: I'm (?) and I've been the county judge for the last eighteen-and-a-half years. I've got a few questions here, and I had to write them down, because I have so many. You know, did y'all do a study prior to the gas industry coming to Cleburne County and all these other counties (?) shape the roads were in prior to (?)?

RANDY ORT: Since we do have the ARAM, the vehicle I showed you earlier that we've been utilizing since 1995, I think, we have information dating back to then.

CLEBURNE COUNTY JUDGE: I don't think our roads were in real good condition prior to the industry.

RANDY ORT: That's why I said (?) what it would take to simply bring them back up to 2007 conditions, not make them perfect.

CLEBURNE COUNTY JUDGE: And, you know, I guess one of the things I'd like to say is, in my view as Cleburne County Judge, I put in my (?) miles (?) roads in the eighteen years I've been here. Probably didn't have about 50 miles prior me getting here, but in the last two or three years, I've had to back off of some of the things I do (?) to maintain what I got. The first survey come out about \$450 million in (?); on the same page of the newspaper that I read there was \$450 million worth of damages done in these counties, and on the very same page, we're going to build a by-pass around Bella Vista for \$450

million. Now, when is it time to quit constructing more stuff and take care of what we've got? That's my question.

RANDY ORT: Valid question; very valid question. (Applause) It takes anywhere in the neighborhood of six to nine years to develop a highway freeway project, typically, from conception to (?), and, that said, the Bella Vista by-pass project has been around about twenty years. There's been a lot of time and effort devoted to that. It's utilizing a great amount of federal funds, which we're not utilizing on these roads up here doing these overlays. Okay, so, it's two different pots of money. This is a pretty new problem that we're discussing here tonight. So, I understand your point, and it's a valid point, but it's somewhat mixing two pots.

CLEBURNE COUNTY JUDGE: But we do use (?), the diesel tax, and the gasoline tax.

RANDY ORT: Absolutely.

CLEBURNE COUNTY JUDGE: And that's another question I have. I've asked at several of these meetings how much money the gas industry and all these new vehicles (?), since they got here? How much diesel gasoline tax has been collected in this industry since they got here? We'd have much less money to work with if they weren't here.

RANDY ORT: Nobody denies the economic impact the industry has had on this state, not just for the jobs for the people in this room, but, as you say, the taxes that they pay.

CLEBURNE COUNTY JUDGE: If we're going to put weight restrictions up, let's put it all over the state. Let's not just do it in this area and this industry.

RANDY ORT: Well, we analyze roads, as you say, we've got about twelve hundred miles all over the state. We're not trying to pick on anybody. We don't want to do it.

CLEBURNE COUNTY JUDGE: One other question I have is, you mentioned \$6,640,000 had been collected in permits?

RANDY ORT: No, sir. That's in the maintenance assessment by the oil companies to access a well on a weight-restricted road, only those wells that have to get on weight-restricted roads.

CLEBURNE COUNTY JUDGE: Is this used strictly here in this area where-?

RANDY ORT: It can only be used on weight-restricted roads in this area. It can't even be used –

CLEBURNE COUNTY JUDGE: Not even (?)?

RANDY ORT: It's dedicated to here.

CLEBURNE COUNTY JUDGE: Thank you.

RANDY ORT: Yes, sir, Judge. Thank you. We're going to mention –

UNIDENTIFIED SPEAKER: (?) seventy more days, still here (?) (Applause)

RANDY ORT: Who wants to follow the judge? Yes, m'am. Hold on.

PATSY (?): I said I would try not to say anything, but I'm going to have to. My name is Patsy (?). I live in Heber Springs, and I have nothing to do with the gas, shale, oil industry. We seem to be forgetting people like me who have to travel the roads. I'm scared one of these trucks is going to hit me when it's not stopping for a red light, because it's coming down the hill, and it might have even been going the speed limit, but you can't stop. You cannot stop one of these great big rigs, and I've got a green turn light, but I'm not going to go. This is at 5:40 in the morning going to the hospital in Heber Springs where I work on the weekends. You see eight to ten trucks in a pack, going out the bypass, coming down the bypass. We have to travel these roads. There's no shoulder anymore. The edge is gone. I just want you to think about the safety. Thank you.

RANDY ORT: Thank you m'am. I appreciate you coming up and making those comments. You know, the roadways are for everyone. I know it seems like we're picking on certain counties by restricting loads, but we have to try to make them safe for everyone. So, we have to find the balance. (?), do you want to go now, or do you want to see if someone else wants to?

BILL: I'm Bill (?) with (?) Farm and Equipment. My concern is, are we going to be able to get these permits whenever we need them, instead of just – the way we work, since January, on the weekends, we average 22 jobs a weekend, and they're all hours of the day and night. So, we have a cement company; we cement for all the companies around here, and I'm just wondering if that's going to be possible?

RANDY ORT: Chief, hours of the permit office?

BILL: Right now, you can get them from 8:00-5:00 and (?) on weekends.

CHIEF RON BURKS: Yes, permits are available during normal business hours during the week, and, then, after hours you can apply online. We have a computerized, automated permitting system, and we are doing some testing right now, and what we're going to do is open that up for 24-hour, seven-day-a-week permitting for a certain size (?) vehicle. It can't exceed a particular height, a particular weight. If you do not exceed that, then you will be able to get a permit 24 hours a day, seven days a week.

BILL: (?) If we couldn't get a permit, that would be rough on us.

CHIEF RON BURKS: I would point out, too, to everyone that permits are good for 72 hours. There are certain circumstances where, if you have the same piece of equipment traveling on the same truck, you can get a six-day county-wide permit that's for traveling two contiguous counties on (?) trip.

BILL ? : Yeah, right now if we know a job's coming up, we can buy one for every truck we've got (?). That was my question. Thank you.

RANDY ORT: Thank you. Others?

UNIDENTIFIED SPEAKER: First of all, I want to say that I am not involved in any of the industries that are here trying to prevent this from happening, but I am someone that drives 3,000 miles a month on these Arkansas highways. So it is important to me that these highways are up kept, but what is more important to me is the local industry that has been represented here and continues to talk to you about how it's going to affect our local industry. You stated earlier that you have information back to 1995 based on the scientific research that you've done – have you analyzed that information that was prior to the Fayetteville shale information. That's what I'm wondering about. If you have it available, have you analyzed the damage done since that point and before and after that? Because, if anybody should be charged more, I feel like it should be that industry rather than our local businesses that have been around much longer than that particular industry.

RANDY ORT: To answer your question, yes. That's how we arrived at some of the conclusions we arrived at. Again, we're continually monitoring. Monitoring the roads is nothing new that we've just started. That's how we were able to make the determination that it's going to cost \$460 million just to get the roads back to what they were in 2007. That's the year we selected, because that's when the industry ramped up. In 2007 I think there were fewer than 200 wells in the state of Arkansas, and, now, how many thousand are there? So, that's what we're focusing on now, but we continually analyze the (?). That's our responsibility, the state highways. That's why we have to close bridges from time to time. That's why we have to close roadways from time to time. That's how we determine the condition of the road to determine what kind of improvement or repairs we need to make to that road. That's what dictates a lot of what we do. I hope I addressed that.

UNIDENTIFIED SPEAKER: Thank you.

RANDY ORT: Yes, sir. You guys always want to know what a District Engineer does. This is what this one does with a microphone. (Laughter)

UNIDENTIFIED SPEAKER: A couple of things I did research on for these meetings that would answer a couple of questions. Someone asked about diesel fuel tax. I looked at it from the Arkansas Department of Finance and Revenue in the motor fuel tax section. I'm assuming this is tax revenue (?). As an example, 2001-02 and 02-03, it covered right around \$130-134 million.

RANDY ORT: I'm sorry, diesel tax?

UNIDENTIFIED SPEAKER: Motor fuel tax, and then we see in 04, \$136 [million] and in 05-06 \$146 [million]; 06-07 \$151 [million]; 07-08 \$149 [million]. In the years that the area was really active up here, it went up about \$15 million a year. I would assume at lot of that (?) this area. Last year it did go down to \$135 [million] or something (?) economic slowdown.

RANDY ORT: The trend over the last six years has declined (?).

UNIDENTIFIED SPEAKER: The other thing I looked at was the revenue office's report on the severance tax. Over two years, it was \$5.5 million. So that was at 95.5, y'all are only getting what, \$40-50 million or something, you say?

RANDY ORT: Yeah, the numbers I've given you are (?). The severance tax is a little bit different from the motor fuel. There's an automatic five percent that comes off the top first. The severance tax used to be a general revenue. So to make (?) revenue neutral (?) five percent off the top goes to general revenue. Then, the three percent comes off (?). Then it's divided (?).

UNIDENTIFIED SPEAKER: The point out of that I'd like to make(?) understand how much the industry should be paying. \$95.5 million in severance tax over the last few years, \$145 million in extra diesel tax, \$156 million for three years(?). I do want to say, if someone's driving down these roads every day (?) these big trucks is scary.(?)

RANDY ORT: If it's worth anything, I'm scared too.

UNIDENTIFIED SPEAKER: (?) passing somebody on a bridge and also in a big truck and looked in the mirror (?). It's not fun. So, I'm tickled that we're finally getting something done on these roads around here (?). I do have one request, and I know some of y'all (?). Buy some reflectors. Buy some stinking reflectors and put them on the stinking roadside so we can see the curves at night when turning. We cannot see the curves on the road at night, let alone when it's foggy or rainy (?). Get some Wal-Mart specials or something. (Laughter) But I do appreciate the wider roads.

RANDY ORT: Thank you, Mr. Lee. I didn't have any volunteers until (?). Now, I've got two.

ROD CREWMAN: My name is Rod Crewman. I represent Triple Transport. How long does a layover, like the one you just did on 124, how long do you anticipate that lasting?

RANDY ORT: I'll look to one of the engineer dudes we have here. What would be the expected life? I know it depends on the traffic on that road.

UNIDENTIFIED ENGINEER: Depending on the traffic, we would hope that it would last six or seven years, maybe even longer. If you don't have the weight restrictions, it's not going to last.

RANDY ORT: For those of you who couldn't hear, he said it's expected to last six or seven years with the weight restriction.

ROD CREWMAN: Okay. Something else I wanted to say, (?) thank you for putting the extra shoulders. It just makes a tremendous difference, and we see a reduction in accidents. One of the questions that Mr. Kennedy asked about, and I didn't really understand the answer for: what kind of tests have been done, because, obviously, we (?). If you reduce how much they're going to be able to haul, then we're going to have to make more trips. What tests have been done to see how that weighs out versus the heavier loads?

RANDY ORT: Well, I'm not an engineer, and I'll be careful how I explain it, but we measure impact to a road, I know we do it by axel. We (?) ESAL, Equivalent Single Axle Load. So, you're spreading it out is what you're doing. I understand the point you are making. So, the impact to a particular roadway is reduced, particularly a roadway that's already weak and unstable to begin with. Are you transferring that to somewhere else? There's no doubt (?). Absolutely, but still, in diesel loads is probably not going to have as great an impact as it would allowing that heavier load.

ROD CREWMAN: But has there been any (?) to verify that? I mean, I know it makes sense, but I also see how many loads we have to haul, and we're going to have to haul a lot more loads on that same road.

RANDY ORT: I'm going to call on another engineer dude.

RALPH HALL: My name's Ralph Hall, and I'm Assistant to the Director, and this fall we actually did exactly the study that you're asking for. We took a model of 100 trucks loaded with 100,000 pounds and modeled them on a highway. We cut those loads in half, which means we had to have 200 loads to haul that same volume of material. The 100 loads at 100,000 pounds did so much more damage than the 200 loads of 50,000 pounds. So, we did those kinds of extreme measures just so we could get an extreme range on the damage.

ROD CREWMAN: I assumed that you guys did, but I didn't actually hear it.

UNIDENTIFIED SPEAKER: For the young lady over there about the safety. We stress every single day on safety, but I hadn't heard it mentioned anything: all of the tankers we have are designed to carry more than what we're carrying right now. But when we reduce that amount, we have the water moving in those trucks, and when we come to an intersection, that driver has no control over that (?). I know he should slow down, and he probably will, but there's certain things (?) if he's driving too fast. But, even with that slosh, it's a hassle.

RANDY ORT: So, are you making a point that you feel like a lower volume, a lower weight on your trucks is more dangerous?

UNIDENTIFIED SPEAKER: Absolutely. Absolutely.

RANDY ORT: Do you have apples in your tank?

UNIDENTIFIED SPEAKER: Yes.

RANDY ORT: And it still sloshes that much?

UNIDENTIFIED SPEAKER: Very much, very much. That's something that you guys should really look into, and I know you could come back and say that you need to reduce your trucks down to seventy barrels instead of 120 barrels, but who said (??)?

UNIDENTIFIED SPEAKER: (inaudible)

ROB CREWMAN: Okay, since (?) the production company, what's the production company's feedback on it?

RANDY ORT: Well, I think we have a good working relationship with them. When you say, "on this," what do you mean? We work with them on establishing the maintenance assessment and lowering the weight restrictions.

ROB CREWMAN: I guess I'm talking about reducing the weight limits on the road, because, and here's where I'm going with this – their cost per load is going to go up, and at what point are they going to say, "We can go to Oklahoma; we can go to North Dakota?" and the bottom line, they have to make a profit, just like everybody else (?). What happens when they say it's not economically feasible for us to stay in Arkansas, and they go somewhere else, and, then, we're left with all these bad roads that already have the damage – what's their reaction?

RANDY ORT: Ralph or Frank, do either one of you have a response to the working relationship with them and their reaction to this?

RALPH HALL: Well, we have met with the oil and gas companies and these drilling companies pretty well on a regular basis, about every six months, to keep them

informed of what we're doing and to also get feedback from them. They understand our problems, and they try to work with us on monitoring the loads that they receive at these well sites. They are as upset as the Highway Department and the Chief are about the number of overweight loads that are traveling our highways, and we know that they are working with their vendors trying to make sure that y'all haul at the posted weights, even if it's a weight-restricted road. So, we have a good working relationship with them on that.

ROB CREWMAN: I guess I'm talking about the economic part of it, and they do – they insist we travel legally and make us do the right thing, but this is obviously going to cost them a lot more.

RALPH HALL: It will, and, in fact, the modeling that I told you about a while ago was made at their request. They were asking us, knowing that it's going to cost them more if we lower the weight limits, they were asking us if the damage will be more with the larger number of trucks, and our figures came back, no, that the greatest damage is with the heavier trucks. So, we're constantly working, they're constantly looking for ways to reduce the weights on the roads, to reduce the road damage by piping water to the sites instead of trucking it, which cuts into your business, but they're looking at ways to reduce the traffic on the roads, the weights, and things like that.

ROB CREWMAN: And I'm all for better roads. There's no doubt, everybody in here wants better roads. I just hope we don't get to a point where stop the progress of what's going on in Arkansas.

RANDY ORT: We have another hand.

UNIDENTIFIED SPEAKER: There's one more issue I wanted to address, and that's the difficulty of getting the overweight permits. My drivers all have a permit book in their truck. We get to Jerusalem, and, all of a sudden, we get a job (?) an overweight load. The way the rule is right now, we have to call in. They fax it to our office. My office is in Batesville. I don't have any way to get that permit to that truck driver in Jerusalem. Something needs to be done there. There's just got one lady down there handling that, and bless her heart, she's really a nice lady. She does her best job, but she's just swamped, and sometimes we're look at two and three days, and, if we're not dealing with the gas company, I asked her, "What if I need to move a dozer to go do a job for a farmer – how long are we looking at?" She goes, "Oh, probably ten days to fourteen days." Well, obviously, that really cuts into my way of being able to make a living, and it's really a hindrance for everybody that's involved, because that land owner, if he wants me to do a \$1000 job for him, and I tell him it's going to take \$1000 for me to get my machine there, he's going to say, "I can't afford that." You've got to really look into all the stuff you're doing here and not just throw up your hands and say, "Hey, we're

going to do this,” because you’re not really getting the money from the big guys. You’re getting it out of the little guys who are just barely making a living as it is. Some people may think I’m a big contractor. I have about 100 people who work for me. I had two when the gas company got here. The gas company has been a blessing for this area here, and, like I say, I feel like the state has kind of shunned this area, and we really need to get (?) and treat us like we’re all a bunch of outlaws up here, because we’re not. We’re doing the best that we can and, the guys that work for me, about ninety percent of them are local people, and they’re all substantially better off than they were three years ago. So, I think that really needs to be looked at. Thank you, sir.

RANDY ORT: I appreciate those comments. Yes, sir? (pause) You scare me; you’ve done so much research.

UNIDENTIFIED SPEAKER: That’s because I don’t know anything. I’ll be quick. I just wanted to ask – you were talking about your 200 loads at 50,000 pounds versus 100 loads of 100,000 pounds – what about adding extra axel (?)? Does that help anything? Eight thousand-pound loads (?) six axels instead of five – does that change, make it better or worse?

RALPH HALL: Sure. Anytime you can spread the load out on different contact points, you’re going to reduce the weight.

UNIDENTIFIED SPEAKER: Would you be willing to look at it, instead of saying 73,280 weight, how about X amount per axel. I know you’ve got 73,280 (?), but instead of saying that’s the limit, how about X per (?) and X per axel, you know, load-bearing axel.

RALPH HALL: Well, typically these trucks – aren’t they five-axel trucks?

UNIDENTIFIED SPEAKER: Yes, but you could add more axels.

RALPH HALL: If so, if someone is wanting to add more axels, sure, we’ll take a look at it. In fact, as an individual, it would tend to reduce your individual maintenance assessment on a weight-restricted road.

UNIDENTIFIED SPEAKER: Right. So that’s a possibility. Who do we need to, like (?) organization (?) fluid transporters’ association, who do we need to talk to find out?

RALPH HALL: They could just call anyone at the Highway Department, the Director or anybody, if, in fact, that is something they are truly thinking about doing.

UNIDENTIFIED SPEAKER: I think it would be a relatively good compromise.

RALPH HALL: Yeah, I’m not sure where that sixth axel could go on those trucks.

UNIDENTIFIED SPEAKER: On the tractor or trailer.

RANDY ORT: Another factor to consider (?) is the spacing between the axels too. If you've got a truck this long and you just put another axel in the middle, but you've still got that weight (?). It's how you stretch it. It's not just that you can add another axel; it's the space in between those axels.

DIFFERENT UNIDENTIFIED SPEAKER: If I'm not mistaken, I think all of our load runs are broken down by axel. (?)

UNIDENTIFIED SPEAKER: But what I'm getting at is, if we add more axels, (?).

RANDY ORT: Are you talking about (?) on restricted roads?

UNIDENTIFIED SPEAKER: Something to take a look at it, just a thought.

RANDY ORT: Sure. Yes, sir?

MR. SHARP: My name is (?) Sharp, and I'm a truck driver from (?). What I'm concerned about is how long would it take to get under construction on 92, and how long would it take to get it fixed?

RANDY ORT: That's a good question I cannot answer right now. I don't know that we have anything – I'm looking at some of the guys to see if we've got anything programmed on 92 right now. I didn't get that information. Is that in your district, Lyndal? You know that's another thing, I mentioned earlier, generally speaking, it takes 6, 8, 10, 12 years to develop a project. If we're able to do overlays, we're able to develop those projects much quicker. It doesn't take that length of time. So, right now (?).

UNIDENTIFIED SPEAKER: (?) Do you have any other roads out here under construction (?)

RANDY ORT: Under construction? This is a snapshot the already completed, currently underway, and just what we have programmed, coming up in June, which is our next bid letting. Again, this is a snapshot of the very short-term, but we will be developing more jobs for this summer and this fall that we don't have shown on here yet. I couldn't tell you, and I don't think anyone here could tell you off the top of our heads what they are. Let me also caution you, though, that most of what we're talking about doing are not reconstruction. In other words, we're not going to be able to guarantee anybody that, because we go out and overlay a road, that we're going to be able to lift the weight restriction, whether it's an old one or a new one or anything. An overlay generally helps prolong the life, extend the life of the roadway. So you don't lose the road all together or lose the use of it. You're asking a perfectly valid question that I cannot answer. Thank you, sir. Yes, m'am?

SHERRY BREWER: My name is Sherry Brewer. I just have a real problem with your little study you did: 100,000 versus 50,000. That is not real world. I mean, we don't haul 100,000 pounds, you know, 80,000. Of course, I mean, we're in the logging industry. So, 85 [thousand] coming out of the woods sometimes. And second of all, we certainly don't want to go down to 50,000. So, realistically, we're going from 80,000 down to 73,280. Has there been a study done on how much that's going to save you as far as your road extension, you know, lasting longer versus how much it's going to cost the business owners because of those changes? I mean, are we really talking apples to apples here or are we totally off base with your study? That's what I'd like to know.
(applause)

RALPH HALL: I explained that we used those extremes just so that we could actually show the extreme cumulative damage that will occur. If we lowered it from 80,000 to 70,000, it would go from something like 100 loads to 115 loads, but still the 100 loads at 80,000 pounds does more damage than the 115 loads at 70,000 pounds.

SHERRY BREWER: Did you look at (?)? How much more is it going to cost us for that 115 versus 100?

RALPH HALL: Well, individually, I know it does cost more, and it does hurt you more individually, but –

SHERRY BREWER: How much are you extending the life of the road by making us do 115 loads instead of 100?

RALPH HALL: Well, consider also how much it costs the state to repair these roads. We're talking about millions of dollars, and I know, individually –

SHERRY BREWER: It's millions of dollars for us too.

RALPH HALL: – \$5000 is a lot for an individual, but still, yet, maintaining these roads at the higher weight limit of 10,000 pounds or 20,000 pounds higher does so much damage to the roadways that it just takes all the resources of the Highway Department just to maintain these roads, and I'm talking about – Randy has told you – in the millions of dollars. So, you know, we're hired to provide roadways for everyone, and we have to do the best we can at maintaining those roadways in a safe, viable condition. So, we have a limited amount of resources that we can spend, and we have to spread that out all over the state. We can't be taking money from other parts of the state, other highways that also need maintenance and concentrate all of our resources right here on these damaged roads. So, we've got to protect these roads. These are investments to the citizens. We've got to protect these investments so they can be long-term serviceable roads.

SHERRY BREWER: And have you thought about opening up bidding, you know, if people can build the road cheaper than what the county or the state can build?

RALPH HALL: All of these jobs are contracted out. They are given to the low bidder, and we certainly welcome any contractors that have the resources to do this type of work. We welcome all these bids. We normally get 5-10 bids on every contract we let, and we take the lowest bid on all of these jobs.

RANDY ORT: Ms. Brewer, your question hit the nail on the head. (?) faith by you and by us that we have to do the overall public good, but you all have a personal tie to it. You're exactly right. It's a difficult balance to maintain. Other comments?

UNIDENTIFIED SPEAKER: Can I ask one more? They say no question you ask is a dumb question. This may be a dumb question, but how much per cubic feet are you collecting service taxes per well, or is it per lien-holder and how (?)?

RANDY ORT: Are you talking about the severance tax?

UNIDENTIFIED SPEAKER: Yes, the severance tax.

RANDY ORT: The severance tax imposed by the state house is five percent of the price per million cubic feet, by the state, five percent per million cubic feet. So, then, there is a lower rate for start-up wells; there's a lower rate for marginal wells; there's a lower rate for lower-producing wells, but it's not based on volume; it's based on the price. So that's one aspect that we've learned, as it's gone up and increased, all the estimates I showed you earlier were based on eight dollars per million cubic feet. I think that it's been running about four dollars. That's a very complicated answer. Thank you.

UNIDENTIFIED SPEAKER: Is this the well-owners paying this or are the land-owners also paying?

RANDY ORT: I think it comes from royalty of owners of the wells.

UNIDENTIFIED SPEAKER: Also, the land owners that own land on the low weight roads, they (?) that \$50,000 (?). Is that not correct?

UNIDENTIFIED SPEAKER: If a farmer owns land on a low-weight road, they have to buy that \$50,525 permit. The land owner pays a portion of that, because that is the cost in that well, and it gets charged to that well, and, then, the farmer gets penalized, because he's on a low-weight road.

RANDY ORT: You're probably correct. I'm not a royalty-owner, and I can't tell you how it works.

UNIDENTIFIED SPEAKER: I just want everybody to understand that.

RANDY ORT: Good point. (?) Mr. (?)?

UNIDENTIFIED SPEAKER: One more comment, what he's saying is property owners get 12.5% of that royalty, they're going to be paying 12.5% of any of the expense that goes into that well, plus, the severance tax of 12.5% they're paying on too. If they're getting 20, they're paying twenty. That's all I have to say.

RANDY ORT: Lyndal?

UNIDENTIFIED SPEAKER: I'm really not here to criticize, but apparently the state was not ready when this happened.

RANDY ORT: I think that's a fair assessment. I don't think anyone foresaw the damage we've had really in this state for years (?) we've not had this technology of fracking.

UNIDENTIFIED SPEAKER: I don't think anybody really that's in the area expected the damages we've got now in the five counties to be what it is. This new company that bought Chesapeake out, some way I acquired a (?) of what they anticipate, 40 years of being here, and by 2020 their graph is way up there on producing wells. So, what's y'all's plan for taking care of all this. I mean there's (?) waiting in Texas and Oklahoma and, right now, Louisiana ready to come into Van Buren County where I live and Cleburne, all of them, and there's a bunch of them. These people are really going to come in here, and they're going to work, and we need them. In Van Buren County the only industry we've got right now is the gas industry. We have no chicken plants; we have no (?) plant any more. You can work at the hospital or for the city or for the gas company, and that's it. And that's what I'd kind of like to know is what's your plan for this increased volume of traffic?

RANDY ORT: That's a good question. That's a valid, good point that you're bringing up. Sometimes we get put at odds with the industry; sometimes we get put at odds with the trucking industry. You know, we have to work hand in hand with industry. They need us; we need them. The last thing we want to do is run any industry out of this state, and the last thing they want to do is tear up the roads so they can't operate. So, I think we get portrayed as foes, and that's a little bit unfair to them and to us.

UNIDENTIFIED SPEAKER: I don't know exactly how the gas wells are; I just know about what I've seen, and I understand that people that deal with the wood have something to do with the gas wells coming in, because most places I've been (I haul logs) I have to go in there and clean out places for them to put their gas wells in their (?), and gravel haulers that put the gravel down for the trucks to come in and out on, they have something to do with it too. On these low-weight roads I want to know if it hurts the little man as much as (?) subject to do, where maybe some of them can't even

afford to run their trucks, because they're not making enough money to pay for their fuel, because they have to run a lower weight, and log-haulers get paid by the weight, and, if they have to haul less weight, they don't make enough to pay for their fuel to make that trip. They don't want to make twice as many, because they can't afford to make that first one. If all these people who had to make it accessible for these gas wells to come in and be here, if they get where they can't work, and that cuts down on the production of the gas flow, (?).

RANDY ORT: That's a good question. Again, we're talking about the industry that seems like, I think the impact –

RANDY ORT: It may take 6, 8, 10, or 12 years to develop. I'm talking about along with Federal funds. Now I'm not trying to be negative about it because we do have to reconstruct these roads using Federal Funds, but that is where you get into the NEPA Process, which is the environmental process. It takes more time, so we are...

DON WARE, MAYOR OF GREERS FERRY: Listen if I can't on everything I wouldn't run for office? We can do some things.

RANDY ORT: You may not like it once we are doing it.

DON WARE, MAYOR OF GREERS FERRY: I know it may you are doing the best you can with what you got to work with. Now let me ask you this question. Maybe it's behind you here. How much money do you have in your budget for new construction in Fiscal Year 2011?

RANDY ORT: I don't know how to break it down in terms of new construction.

FRANK VOZEL: I can tell you this.. that we average about \$400,000,000 a year in construction. At the Commission's discretion we have about \$250,000,000 and like Randy said right now at the Fayetteville Shell we are spending all the severance taxes that was given to this State and that's probably going to be now right now about \$35,000,000.

DON WARE: Mr. ? you said \$400,000,000, then \$250,000,000 discretion

FRANK VOZEL: Of that \$400,000,000, \$250,000,000 is at the Commission's discretion.

DON WARE: So it is at your discretion for construction? It can be new, that can also be repair and maintenance. Alright, Paul Billingsly made one of the best statements here and that is....there is a point in time where you take care of what you've got. And that is what I wanted to get to, that there is money over here in addition to severance tax money that can be utilized. Paul made a great statement, maybe Paul needs to retire and come back as something else after this but seriously this situation is one...and again I know we talked about and put it off for years and years. You can't bring this commerce to a standstill. People just cannot survive... you just really can't. Judge Hart made some great statements the other night. You are forgetting the ad valorem taxes these people pay. I guarantee these people paid income taxes here a few days ago. They pay sales taxes. We've got schools ..? in Conway County in Center Ridge over there that was about to go under, now they are going to be giving money back to the State to spread around to other schools because of why...The gas industry's impact in Conway County. So I'm just telling you that you need to take the bureaucracy here and turn it towards fixing for the future rather than shoving everything down in ? right now, and that is the emphasis. So every time you turn back to these folks and tell them we're putting off we're putting. These people have a gut feeling they know what's happening. So what we need to do is turn that energy, Randy, and try and get a resolution for them long term, and I think that is growth. Just shutting everybody down is dying but if we

ask you to build something that will last for the long term, that is a fix and the people can understand why you are spending the money there. I think in a situation like this any money is on the table. You can't take your money out of here and spread it around before you've decided. By the way the County Judge's have the credit for that money coming back here because they've had to go fight for it and you know that.

RANDY ORT: I'm sorry if I came across as I can't, I can't, I can't. Long term is what we are shooting for. I just wanted you to be aware that it is a totally different issue when we are talking about using Federal funds as opposed to what we can do with our State funds immediately. We have the same goal in mind, we do. It is just going to be a process to get there and this meeting is part of that process. I appreciate everyone coming out. It lets someone have something ?? to say. Like this gentleman right here coming forward to say. As he's coming forward to speak, anyone else that wants to speak feel free to but if some of you want to meet with us on an individual basis we'll stick around and talk with you and not as a group.

MICHAEL MONTGOMERY: I don't work in the State of Arkansas and have never worked in the State of Arkansas. I'm a quality control quality insurer specialist. I'm a consultant. I build highways, big highways, all over the United States and foreign countries. The weight restriction limits that you are looking at in some aspects ugh they are not enough. They are not extensive, you have them taking too many miles away from this. If you don't put the weight restrictions in now, how much is it going to cost for you to put new shocks and springs on your log truck if you hit a hole out here? Our cars are going to be in disrepair and our highways are just completely going to disappear. An overweight situation now will help but until you can get into a reconstruction phase you've got to have weight limits. What's it going to cost for people that have the weight restrictions? To maybe they'll have to double up on loads to haul 115 instead of 100. I think you are going to find that is a small price to pay when you can cover some road. Your truck repairs and the added taxes you are going to have to pay for the additional road repairs because the roads were beaten apart by the added weight. Our roads were not designed for this kind of stuff. A lot of this goes back to the State when they made the contracts with the petroleum companies. You don't make contracts with a construction company rather it be the petroleum or anybody else, and not put a probation in there that they pay for all the damages done to your roads until their construction is complete. We are in this situation and you said more than once that you didn't want to point fingers at any of the industries, but it's because of the gas and oil industries that we are in this situation now because the State didn't put the adequate formulas in the contracts so that the funds were there to make the repairs that were needed. Now we find that we are 50-100% over what we anticipated. Where does that money come from? The gas and oil companies don't have to pay that now because the State already made a deal with them you just pay this much and we'll take care of the rest. You can't take care of the rest. I am the rest, I am the taxpayer. All of you are the taxpayer, rather you are an individual like me that doesn't own a business in Arkansas, or you are from Batesville and you have a 100 people working for you. We are all taxpayers and it's all coming it out of our pockets because the State didn't make the right decision in the first place. You have an opportunity now to at least try and rectify

some of this. Protect the roads that are left and come up with a solution to make the roads better, but you have to protect what we have. You can't let that deteriorate any worse than what it already is or you are going to have people running off the roads. You get a night like tonight and it's real easy to slide over a little bit and drop a few axles off and you are going to slide in a ditch. Then pay \$500-\$600 for a big wrecker come pull you out..been there done that before. Thank you for your time.

RANDY ORT: Thank you sir. Yes sir

UNIDENTIFIED SPEAKER: Real quick I want to make one comment.

RANDY ORT: You real quick (insert laughter) ok go ahead

UNIDENTIFIED SPEAKER: I just want to say everyone has done a good job. It's a start. The problems we've got I think we all know this, the gentleman is right, we started late. I don't disagree with that but some point in time you got your damage up here and you got your industry here, if we'd started out younger they are going to cross down the road, and sooner or later, probably soon because Lowell is 3,000 and is producing wells now, sooner than later that is going to cross, and you are going to see the revenue again and get closer to that damage area. You've done a great job guys. I'm sitting here and looking 225 miles you've done and done it in a pretty short order. Right Randy?

RANDY ORT: Yes sir.

Unidentified speaker: 37.7 million dollars. I believe that is what I figured. Part of the problem we've got and Alan I'm going to say you agree. Some of the roads we are dealing with are old late 50's or early 60's model that never had a shoulder. Right or wrong?

ALAN MEADORS: Absolutely Right

UNKNOWN SPEAKER: Ok you've got to work together and safety is a big issue because we've got increased traffic up here that we never had before. We've made a great start and we applaud you. I'll be happy to help you get that to 100,000 miles. 2.4 miles cost \$241,000 it is a 2 inch overlay asphalt with a 4 foot shoulder at each driveway. I know you guys have gotten a good start. Revenue is coming up (end of tape)

UNKNOWN SPEAKER: It would be different if these folks were paying \$2 a gallon for their fuel but the timing right now is now appropriate. So I'm going to urge you again. Nobody could give me a straight answer on when you thought you were going to post these letters last night. I'm taking that as you are going to wait a long time. What I would like to see happen is..I want you all to know that Representative Tyler is one of the many legislatures that is for the Fayetteville Shell Caucus. Let me clear something up for you. The Fayetteville Shell Caucus of Legislators is not hired by the gas industry. People voted by us and our companies. So we are out here trying to strike the balance about the..... ? we are trying to balance the needs of people to have a nice place to live and raise their family also with the industry that is here. So I think the fuel costs are definitely too high for this to happen right now. Jobs may be lost as a result of this and I think that is true. I am going to say this again. I talked to this gentleman back here and I talked to Mr. Wallis over there in Conway County. That man got up last night and you were not authorized to give him an answer on this but he asked about the feed (?) liberties. He's got one way in and out of his place and there are probably a lot of people like this. If you have a situation like that I want you to call my office, email my office. Get my card now because I want every one of your stories to come before this Commission because they make these decisions. I told ya back months ago Highway 124. A guy with a 1.2 million dollar facility located on that road just can't pick it up and move it somewhere and ya'll were saying he can't even get in and out of his own driveway; so that just doesn't make sense guys. We should have a Grandfather Provision for people who have existing business there because you are interrupting too much of their lives. Safety risks they talk about; this Greers Ferry deal with the Mayor up in Greers Ferry. I've been up to that builder supply place. That's what happens...I commented to Judge Hart back there, I said "you know what if you go out and visit all these communities and get off the roads a little bit and looked at all the restaurants and the convenience stores and fuel stations and other places. You are going to hurt a lot of commerce by doing this." Non-trucking related businesses that I mentioned will be affected. And I want to close my comments by saying this because it will be redundant from what I said last night. Here is where I'm seeing my way real quick. I think your time and effort is misguided. The effort should be and the emphasis should be on figuring out a way to reconstruct these roads and make them better to be expected 30 or 40 years at this length of an operation. (insert applause) There is a tremendous amount of time going on here getting comments to keep ya'll from reducing these weight limits when you know that's probably what you are planning to do anyway. And what should be happening is figuring out how you are going to make it better. I just asked this gentlemen here and getting clarity on these federal dollars. You said no federal dollars are used for overlays here in Fayetteville Shell. He told me that you don't use federal dollars for overlays anyway because of some of the restrictions, but you do use it to reconstruct. There are no other roads in this state except for maybe Northwest Arkansas that is expecting the volume that you are going to have right here where we are standing. By the way these folks pay federal taxes just like they pay state taxes and so I think we should give it a hard look on how we can reconstruct roads in this area those roads that need reconstructing. If you are looking at overlay here in 6 or 7 years you are going be doing this one again before long here anyway. Then you'll still have

the same crappy... because guys I hope you are not going to be the one responsible for shutting down business in this area. These people can't...you know another thing, the gas companies, last night there was a lot of comments about how much money those gas companies have and how much they have spent in Pennsylvania for instance. These folks are not individually the gas companies. These people are truckers, some of these are farmers, some of these are contractors etc. I think that what we need to do is get to a point where we said we are going to hold off for a bit and start looking. I made a pledge last night Linda and this is something two things me and you can work on together and this is that: There is money being collected related to automobiles that is not being put into the Highway Department funds it's going to the General Funds. In fact, if I'm not mistaken, someone correct it's nearly \$350,000,000. Wouldn't it be good to put that \$350,000,000 annually into the Highway Department Budget and let you guys spend it to do what you need to do up here. That is something Rep. Tyler we really need to look at and I pledge I talked to Danny Edwards last night, and I will go to the mat on that and I will do everything in my power to help get that done. That should be something that we are looking at. The last word, the key is I think we are focusing energy on short term situations. This is not a fix. You guys lower these weight limits and you give them no idea that you are going to raise them back we are going to catch hell from here to eternity. So what we need to do and what these citizens want us to do is find a fix. We don't want to shut them down and they can't wait ten years for a fix. They need to do business now, so what I am going to urge you to do is think about retooling your efforts here. Let's find a fix. Hey, I guarantee you that the folks that are together in this Fayetteville Shell Caucus these people are Democrats and Republicans. You got a whole a group of people here, this is not a bi-partisan issue here this is a survival issue for people up here. Van Buren County, that guy told you there is nothing happening up there except for this. Highway 92, and you can take this back to Mr. Burkhalter. Highway 92 the entire ? agrees it's a terrible road. And 124 we need to look at that but I urge you strongly to think about the situation as it is now is focusing on the wrong resolutions. We need to be finding a resolution to make this better for the long term. I appreciate all of you people for coming out and I do appreciate the Highway Department, it is a tough issue and I'd like to add that we can put the legislative effort behind you to make sure that happens. Thank you

RANDY ORT: Let me touch on one thing that you just brought up that we need to be thinking about the long term...(end of tape)

April 21, 2011 - Public Hearing; Searcy, Arkansas

RANDY ORT: We appreciate you putting up with the weather and coming to this meeting. This is a very important meeting. My name is Randy Ort with the Public Affairs office of the Arkansas State Highway and Transportation Department. I'll be moderating this meeting tonight. Some of you this is your third trip out here. I made the comment earlier to someone that....I said you can probably give this presentation and he said "Yeah but I'd change it". (insert laughter) Anyway we do appreciate you coming out this evening. As most of you know that have been, those of you that have not the purpose of this meeting is to discuss the deteriorating road condition that we are experiencing here in this part of the state. To talk a little bit about the actions we have taken, the Arkansas State Highway and Transportation Department has taken at this point and some other decisions that we are having to contemplate. Many of you know we've proposed some new weight restrictions back in January that were go into effect February 14. We were going to add new restrictions to about 133 miles of roadway in north central Arkansas. Because of the questions we got about that proposal, because of some miss information that was out there, your legislators, Senator Wyatt is here I know. Several of them got our attention during the Legislative Session and we agreed; Commissioner Burkhalter came up with the idea he said lets hold off on those postings until we can go out and have some public meetings, discuss with people exactly how we came to this decision; but most importantly make these listening sessions that you all can talk to us. Maybe we need to adjust some things we need to be doing. That's the purpose of these meeting this week and like I said, this is the third one we've had, many of you are well aware of that. Tonight I am going to give you a brief PowerPoint presentation. Again, it will talk a little bit about what we've done, and then we'll get to the main part of the program tonight and ask to hear from each of you about each of your own individual concerns you have any questions you have. I tell people all the time we have to do what is the best overall public good for the state. We are in charge of 16,440 miles of state highway. We have to do what's in the best overall public good. That doesn't mean each of you all here doesn't have a personal story to tell and you deserve the opportunity to tell that story and that is why we are here. I don't know if we can make any changes or not, but we can't make them if we don't know about them. So, before I get started tonight let me briefly introduce people who are here from the State Highway and Transportation Department. Coming from Little Rock tonight we have our Director, Dan Flowers; our Commissioner, one of the newer members of the Highway Commission, John Burkhalter from Little Rock; also, we have our Assistant Chief Engineer for Planning, Scott Bennett, and we have our head of Planning and Research Division, Alan Meadors. Representing Highway Police tonight we have Major Paul Claunch, Captain Jay Thompson, Captain Ronnie Anderson, and Sergeant Doug Honey also. So we appreciate all of them being here. From our District office in Batesville our District 5 office, we have our District Engineer Lyndal Waits. We also have Bruce Street somewhere. Alright I'll go ahead and begin the presentation. I don't think I said this the other night in Quitman but I did the other night in Morrilton; what we want to accomplish tonight. Many of you came to this meeting not happy but unfortunately many of you probably are going to leave not happy, but we all deserve to have the facts and we all deserve to have a level playing field. I think there is a lot of misinformation out there. So

hopefully when you leave tonight you'll have a better understanding of exactly the situation that exists out there and will have a better understanding as well. But if you have the facts then you can make the personal and business decisions you need to make but we will also have the information that we need make to best utilize the level of funding that we have available. So that is our goal tonight. What you see on the screen is going to be almost identical to what we have in the back on the easel and some of you looked at those when you came in this evening. (end of tape)

As you can see we have collected about 6.6 million to date on the roadway maintenance assessment. The big scheme of things, it's not a huge amount of money. That is money that has to be spent on the weight restricted roads. It's not money that can be spent anywhere else; it has to be spent on the weight restricted roads. And again we relook, revisit that every year to see if it needs to be remodified in any way. So now we are in the main part of the meeting, the important part of the meeting. Now you don't have to listen to me talk about these slides anymore. How I am going to proceed from here, I am first going to call on the individuals who first indicated a desire to speak when you got here this evening. I've got 5 or 6 names here. I'm going to call on those individuals first and ask that you please come to the microphone so that everyone can hear your comments and questions. Once we get through these then I'll open the floor up anybody else that has comments or questions we'll do our best to definitely listen to you. We've got a lot of sets of ears here tonight, and we'll do our best to address your questions. The first person I want to call on is Larry Boccarossa. He'll be followed by David Milliken.

LARRY BOCCAROSSA: Good evening everybody. First I want to say thank you to Commission and Director Flowers for conducting these meeting to get information from those affected by the permits and restrictions rather and allow us to make these turn outs. First of all I want to say I am the Executive Director of the Arkansas Timber Producers Association; which is an association that represents the logging and timber producing industry in the State of Arkansas. Now all that I am going to ask of y'all tonight is to first of all give a brief summary of where that industry is. It's been in the tank for several years now before this recession hit. Dr. Matthew Pelkey is a financial economist at the University of Monticello predicted in a study that he conducted last year that if the economic conditions didn't improve by the end of 2010 that there would be another 30% loss in the logging force in Arkansas and that follows a pretty significant decrease in the logging force prior to that. I say that to say that particular industry made up of small operators there are some that have 30 or 40 operators very few, most are small 5 to 6 man operations, family operations. Now I say this mainly to help you understand that anything that can be done to save on costs for that industry would be a big help to them. Where they are pledged on quotas where they have other restrictions on what they can haul and produce on a weekly basis. That cuts down on what their economic flow is. When fuel costs increase, like is the case now that is another damaging impact on the industry. So what I am asking of you tonight, if you look at the road restrictions that you have that you look at possible alternatives or options. That these folks can look at as possibility as road use that they don't have drop their productions, where they can maintain what they are doing and still not suffer those consequences because I get bankruptcy filings that come to me as creditor because their association never quite often the numbers have gone out of business. So we all understand and we've all worked close together, my association and the Department have worked close together over years on legislative issues, and you know that we appreciate what you all do. Please understand that we as an industry need those roads as well as anybody else does. I just ask that you take into consideration what I've mentioned as far as the economic status of the industry as it stands now, and please keep that in mind as you proceed and listen to the comments that these folks might

have here tonight. I understand that other affected industries in this area but please keep in mind that. That's the major point I want to make to you is to please understand....we understand that you got to have the good roads but if there is any way that they can use roads or other accesses to get to the mark, if they can do that without having to cut back on what they are hauling. Because when they do that you'll be talking safety issues but you'll be causing fuel price issues and other things of that nature. So with that I'll applaud on what y'all are doing on accepting the input of the audience here. Thank you very much.

RANDY ORT: Thank you Larry. I appreciate you saying that. We have had a good working relationship with your organization. I think I pointed out the other night that sometimes we get put wrongly at odds with industry, other organizations, trucking and things of that nature. The fact is, and you said it, we have to work hand in hand, and what is important to you is important to us. We all have to remember that. David Milliken. Mr. Milliken will be followed by Michael Hipp

DAVID MILLIKEN: Good afternoon. My name is Davis Milliken and I'm up here to say that my most concern is for people's lives and people's health. I adjudicate Hwy. 92 and you want to raise..lower the weight restriction on that, but if I go through a lot of these towns, which I see is really congested with people and cars. Like Conway, you have the college there, you have kids. It really concerns me going through there because one of them kids or a car pulls out in front of you. You know a life ain't worth a whole lot but its worth a lot to their families and the people to safety. Safety is the most important thing to me. 92 is the simplest way and shortest route for me to get down south and with that I thank you.

RANDY ORT: Thank you Mr. Milliken. What you are saying when you say safety is you feel it is important to avoid the congested areas.

DAVID MILLIKEN: Yes sir

RANDY ORT: Ok thank you sir. Alright next is Mr. Michael Hipp. Mr. Hipp will be followed by Jo Spinks.

MICHAEL HIPPI: Hi, I'm Michael Hipp from over in the Heber Springs area and I'm mostly interested in a lot of those involved mostly in the poultry industry out of Batesville for example. A lot of those cases if you remember a few years ago when there was a shut down in of a plant in Morrilton a lot of people lost their lively hood because of that. We could be risking the same thing happening with this one simple change. In a way seems a small thing because it is only a few roads but yet those roads are a very big deal to a lot of people. That industry with corn setting new price records every day with diesel being higher than it has ever been or heading that way. I'm sure there are people that know more about that than I do. We are looking at a situation where a lot of locations that today are providing people a lively hood might not be able to once those trucks can no longer travel those roads or have to go with short loads or more trips more drivers hired. There may be a lot of people whose lively hood will simply be taken

away because it will no longer be economically liable to do that. I don't want to be the one to go tell them they can no longer make a living simply because we had to lower a weight limit on a road. That won't seem like a very good explanation. I'd like to give you a way of thinking about what we are talking about here tonight that may be a little different than the way they are use to looking at it. When we build a highway, and a lot of these highways have been there longer than most of us have been alive or been around, we put an 80,000 pound weight limit on it and what happens is companies invest in the trucks and trailers and loading equipment and those sorts of things with the expectations of being able to haul 80,000 pounds on a road that is ready for 80,000 pounds. When we come back later and change that we are in effect changing the contract after the fact. Then most of us don't like doing business that way, and we don't want to see that. I mean to reduce it to a silly example, when you go to the store and buy a jar of peanut butter that says is 16 oz and when you get home and find out it's only 12 oz you are not very happy. And that in affect is what is happening. A lot of industries have been built around the ability to haul certain things around to certain places with a certain cost structure behind it. Number of drivers, number of trailers, loads, whatever, and now we are changing that and making what before was a profitable business into now something that simply may not happen anymore. The problem isn't that the trucks are too heavy. The problem is the roads are not up to carrying it. I think we are working on the wrong end of this. We need to work on the roads and not on the trucks. Let's look at this and get back to building roads that will haul the loads that we said they would haul because we as the Citizens of Arkansas want to put the 80,000 pound weight limit on there. And let's keep those and keep the contract and it was; the implied contract that we made when we rated those roads at 80,000 pounds and not go back and change the deal after the fact. Thank you very much.

RANDY ORT: You made a fantastic point there and I want to agree with you 100%. Let me also point out that unfortunately that goes both ways. You are exactly right many of these roads were designed and built to carry 54,000 maybe 64,000 pounds. Depends on when they were built. So we've got those roads in those conditions and something else comes along and raises the legal limit that has to be placed on those roads. So we started out with something that was never designed or built to carry the loads it is carrying. So we are playing catch up to try and catch up to 80,000 pound....? So we are both feeling the effects of starting out with something and then it gets changed. Jo Spinks. Ms. Spinks has been up with us all 3 nights.

JO SPINKS: I am one of those that can do Randy's little speech too.

RANDY ORT: But you would change it I'm sure.

Jo Spinks: Oh, definitely I would change it a lot. I didn't speak at the meeting Tuesday night because I told Randy "You knew what I had to say". I'm going to bring out our points again. For us we are a timber business and 92 is a major thoroughfare for us. It has been for many, many years. As the gentleman awhile ago said; for us, if we are not going down 92 to get to Morrilton and Cadron Creek and those other mills then that puts

us going down 167 off of Hwy. 64 right through the middle of Conway. Like he said that is a major public safety issue right there. We have looked this week at trying to find alternative routes. We've talked about Hwy. 16 and 25 going to Conway then of course you are going up Fryar Mountain. Trying to pull out of Quitman from 225 to 25 is another hard area. Pulling out from 25 onto 65 from Greenbrier, I mean that is dangerous. It is very hard for these trucks to do that. Like I said let alone the fact they are going through Greenbrier and Conway which are high traffic volume areas and just urban areas with lots of people about. So the bottom line is putting...and I'm saying this from being selfish talking about the timber industry at this point. Being selfish the thing is we are putting log trucks in high traffic areas and college schools. We don't want to do that and our drivers don't want to do that. We try to stay in areas that are not highly populated, and that is another reason Hwy. 92 is good, because it is not that highly populated. Another huge issue for us; and people in North Arkansas especially, when you increase the cost of transportation, you are decreasing the value of someone's timber. I use Primm as my example. If we try and cut someone's timber in Primm and we can't haul down Hwy. 92 because of the weight restrictions then it is very feasible that we are just going to have to tell them no that we can't do it and that your timber is not worth anything. It's going to be hard for people to understand when we say it is because we can't haul down Hwy. 92. There again we are looking at alternate routes; trucks are not going to want to travel through Shirley. There are dangerous hairpin curves up there and log trucks just do need to be on those roads because of safety issues. Like I said we are not trying to bash any other industries, but we all know what happened to the road, what the problem is, and the oil and gas companies. I know at a lot of these meeting we've seen a lot of people who are contractors with the oil and gas companies hauling different products and different things, but I haven't seen the oil and gas companies at these meetings. Which, has been quite upsetting to me because the timber industry and the poultry industry has been here a lot longer. We've been here. Again, we appreciate the oil and gas companies and what they've done for our state, and the economy in our state. At the same time, we're cutting the throats to industries that have been here a lot longer. I don't think that is really fair to be honest about it, but that's just how I feel about it. The more I think about it one of the things; I hate to say it, but I'm going to say it, when you have the roadway maintenance assessment fee, why are we not saying that is something we need to be collecting on every well. A guy pointed out at Tuesday night's meeting that maybe the State of Arkansas didn't do the right thing when the oil and gas companies came here in the first place. We didn't realize the damage that they were going to do and all that. We do know the damage they are going to cause now. So instead of cutting off other industries, you know, and as Randy knows I am a royalty owner. I'm not trying to push the oil and gas company out of here for no amount of money, but at the same time we can't hurt so many other industries and private land owners that are not in this Fayetteville Shell area but they are the ones that are being affected too. Is that a viable proposition what so ever?

RANDY ORT: I don't know if we would have a mechanism that would impose additional fee on any single industry. The roadway maintenance assessments would be paid by any of you in here that wanted to take on a visible load on a weight restricted road. That's what the maintenance assessments are for. I don't think we have the authority to

levy an additional fee or tax. The legislature may. They are the ones that set the severance tax rate. I don't think we would have the authority to arbitrarily impose. I understand where you are coming from.

JO SPINKS: Right, right, I understand what you are trying to say we can't pick on just one industry. Like I said when it comes down to it we all know that is where the problem is. We want to get some of that money they put in Pennsylvania too. I think this is something that I think we need to go up to our legislators and say that we are all being affected by this. We've got to figure out some way to do this. Like I said, I know the severance tax there again, and the royalty owner when the severance tax came about...you know I was like wow that didn't come from the oil and gas company's check that came out of my check first. That comes from my check. I'm sure anybody else in here knows that and they agree with that. Like I said in 2008 when that got pushed through I knew then wait a minute they are tearing roads up here. That money needs to stay here. I appreciate you guys doing that with the severance tax and putting it where it needs to be in these counties. We applaud you for doing that.

DAN FLOWERS: Thank you for your comments. You make very good points, everyone, who has spoken tonight. This whole thing is about accommodation of various aspects of the industry. Now we have talked about how we've tried to work...that a system where people, not only just the oil and gas industry can get to these various places where they need to go with the maintenance assessment. They are not the only people who have been the initiative for this accommodation. If you look at timber and you look at agriculture, this is big timber and agriculture state. In 1991 the General Assembly passed an accommodation for agriculture and timber. So you can haul 85,000 pounds on an 80,000 pound road where these other folks can't. Then in addition to that in September of 2008, the Highway Commission made another accommodation for unfinished agriculture and timber products that were harvested and the only way to get to them was through a weight restricted route. So those products unfinished agriculture and timber products accessed off a weight restricted road get to go ahead and haul 85,000. So there has been some accommodation in all the industries that are represented here tonight. We want to try and find a way to deal with this whole problem. We don't want to close roads to lower weight limits. We just don't like to do that. Randy made a point, the gentleman made point about changing the rules in the middle of the game. Well the highways have been here a long, long time. Back in the early days, let's say the 50's and 60's your weight limit was only 54,000 or 56,000 pounds. It has ratcheted it up over the years and the United States Congress has imposed the latest maximum weight limit on our roads at 80,000 pounds and the General Assembly of Arkansas adopted that back in the early 80's. So there is really not an intended effort by the Highway Commission to change the rules in the middle of the game. There is another accommodation, raising the weight limits is another accommodation for all industries. Now the roads were built back in the 50's and 60's and they were built for farmer's market type activities. You all know before the gas exploration came here you didn't have these high traffic volumes. They've doubled and some more than that. The weight that is being hauled on them is being changed. These roads were built back in the 60's to just handle low traffic volumes and a low percentage

of traffic made up of trucks. It is a complex situation and we agree with a lot of the things being said and want to find a way to handle all of this. Where everyone can be and do well. There are a lot more of people in Arkansas who have no interest in the oil and gas exploration, and have no mineral interest and are not associated with a business that do business with the industry. They are out there and they travel the road, and we hear a lot from people and they just have to put up with the road damage.

JO SPINKS: We appreciate you guys holding off and giving us the chance to show and tell you our concerns. Not just the timber industry, but the poultry industry and all the other industries. Give us the chance to tell you our side of it.

DAN FLOWERS: And Larry Boccarossa has been involved with us and he and I have worked together for many, many years. We know the concerns that you have and we know the cooperation you guys can give.

JO SPINKS: We try. Our trucks have scales on them. I know you talked about stuff weighing 80-85,000 pounds, well stuff from our wood yards is being weighed anyway. So we are not overweight. We have scales on our trucks to try and make sure we are not damaging the roads. I guess the other concerns is for us the timber and the poultry, and the other industries. We are not going to be able to buy permits and still haul overweight on those roads. We are just totally being shut off from them. Where the oil and gas and other people they get to pay a permit and still get to haul.

DAN FLOWERS: The visible loads like timber, or frack water or pipe stem, anything you can divide up you can't get a permit to haul. It's only those big pieces of equipment that you cannot break down within a reasonable length of time.

JOE SPINKS: So it's only those big heavy oil and rig equipment, those?

DAN FLOWERS: It can be anything. It can be someone here who has a big heavy dozer. They would get one or a big air conditioner going somewhere. It applies to everyone. The Commission wanted it done that way to not single out anyone in one single industry and make it specific to them and not to others. There is one other thing that I brought this up at Morrilton. It has to do with bridges. A lot of our bridges are very old. Now we inspect them and rate them and put up weight limits on them for public safety. We have gone back and looked at some routes on 92 and there are posted bridges now less than the weight limits on them and you are hauling on them. We got a really bad situation with a bridge in Black Rock and it sure isn't anything we want to do because it's one of the major routes in Arkansas on Hwy. 63. But when you get a bridge that has structural problems that has developed on it and you get an engineer that tells you to post one you better post it and you better comply with it. We posted that bridge over the Black River at Black Rock and have gone out with some equipment that you can't tell we are out there doing it. You find that we have loads several of them up to 110,000 pounds still going over that bridge that is posted for 33 tons. It is a big problem to have to deal with all of this. It's a problem for us and for all of you and we want to find a reasonable solution to it. In all of that, there is probably

going to have to be some routes with restrictions on them. We plan to reevaluating these routes that we put resurfacing on to check and make sure our calculations and all are good. And if it turns out that we can raise that, then we certainly will do that. You made a good point about trucks being able to navigate certain roads. You pointed out intersections at Greenbrier. Maybe we can do some low costs things to modify that intersection to allow more trucks accessible. Y'all know these places because you drive the trucks and that is something that we'd like to hear from you about.

JO SPINKS: As I told Randy on Monday and we talked about the interstate, well for us with log trucks we can't get on the interstate. That would help us tremendously. I know you guys can't..well you can't. That is something for us that is a major thing.

DAN FLOWERS: You can get on the interstate.

JO SPINKS: Not in a log truck and do it probably legally because of the axles and the weight, so we don't. They may when they come back empty but not loaded.

DAN FLOWERS: You'd have to haul like all the rest of the world hauls and that's 80,000 pounds. You have to mind the federal government. They won't let you.

JO SPINKS: The federal government. You need to go to them and say look we are using more fuel, the costs.. the Citizens of the State of Arkansas use more fuel. Give us some of that federal money to fix these roads.

DAN FLOWERS: I just spent the morning with Congressman Ross preaching that same thing.

JO SPINKS: We really do appreciate all you guys have done for us. Coming out, having these meeting the last three nights. I know you guys have had some late nights and getting back and the storm the other night. We really do appreciate it. Thank you

RANDY ORT: I sit here and listen and I come up with flaws in my own presentation. The roadway maintenance assessment, when I say they are charged \$50,000 per well. That's to give them access to a well on a weight restricted highway. That doesn't give them unlimited access to that. If it's a 64,000 pound road they are having to utilize to get to their well site. Any load they take in, nondivisible loads in excess of that weight, they have to buy individual passes for. They still have to get oversize overweight permits. The roadway maintenance assessment basically covers the damage by the body of traffic going over that road. The next person who has indicated a desire to speak is Jack Reaper.

JACK REAPER: I appreciate the opportunity to speak to you tonight and I appreciate you coming out and holding these hearings. My family started farming business in 1949 agriculture. We raise livestock, poultry and robust. My main concern is the restriction on Hwy. 157 from Sunnydale to Pleasant Plains. We live off Hwy. 16 just 8 miles North of Searcy and we grow poultry for Pecco out of Batesville. If they are restricted on their

weights on hauling us feed to our farm, then that is probably going to cut our lively hood because they are probably not going to want to do that. And they are probably not going to want to come around through Searcy down 167, come down Race Street, where all the heavy traffic is hauling feed, hitting Hwy. 16 to our farm. Likewise, whenever they haul live chickens to poultry back to Batesville because they would have to come through downtown Searcy up 167 into Batesville. This is our concern and also, because we raise crops, grain, corn and we have sold and can sell to these poultry companies. We live on a road that was chip sealed in 1971 and every since that time in 1988 we started raising broilers. We've been in the poultry business before that on our own as independent growers. They've hauled 25 ton over that chip sealed road since 1988. I'd guess to say there were no more than 4 or 5 pot holes on that road prior to the oil and gas company. We are royalty owners, we receive royalty checks, but we all know what is happening to our roads since the oil and gas industry has been here. They've torn the roads up. Is there not any way we can have an agriculture exemption for these highways to where poultry industry, now I speak for the poultry industry and for the farmers. We've been here a lot longer than the oil and gas industry. Another question I'd like to know is.. is this a done deal? Is this already going to take place? Are these meeting are they gonna be? Is anything going to change because of these meetings? What I mean is.. are we wasting our time?

RANDY ORT: No I hope no one feels you have wasted you time in these last few meetings. I know it has been a good thing for us. I think there will be some restrictions imposed. I don't think we can get around that because we have measured the impact of the road. We've assessed the damage. Everything we say and you say is not going to change what is on the roads out there, but will there be a good possibility there will be some changes to what we've originally proposed...yes. I think that is fare to say. One thing we've agreed to do is... some of these roads are in the process of being overlayed some more we have work planned for this Summer. We are going to go back and do a reassessment right after they are overlayed and see if it is something that has extended the life of that road to a point we are comfortable maybe going back to 80,000 pounds if it was 73-80 or going back 73-80 if it was 64,000 pounds. Anything we can do to make it better for you and for us. I think I'd be a pulling anyone's leg if I said we are not going to impose additional restrictions because I don't know if we can get around that totally, but I think you might see some changes to what we originally proposed.

JACK REAPER: Ok thank you

RANDY ORT: Thank you. I appreciate your comments. Can I ask you one question before you sit down? Can you be more specific when you say you want to see more exemptions to the poultry industry.

JACK REAPER: I'm not just talking about just the poultry industry. I may have said that but I'm talking about agricultural in general. Timber, poultry, row crops, farm to market, food and fiber; which would include hauling grain. All agricultural exemptions; which would include the timber industry.

RANDY ORT: Some of that gets it now but I wanted to clarify food and fiber, I guess would cover poultry. I think it's important that I clarify that we do have some legislators in the room. They can grant those exemptions, not us. Alright, that's all the individuals that have signed up to speak here this evening. Those of you that have been here know the drill. I'm going to ask that if you would like to speak to please come up to the microphone so everyone can hear your comments.

JIMMY MCDANIELS: My name is Jimmy McDaniels and I actually work for one of the service companies that does work for the oil and gas industry. You are correct on what you said earlier even when we are having to take one of these big pieces of equipment out to one of these wells that is on one of these weight restricted roads you have to buy a permit to take it in. The rig sits there. Think about it this way, there are 30 pieces of equipment so that 30 permits somewhere between \$25 and \$50 a piece going down that road. It sits there for one to two weeks and then you have to buy another permit to bring it back out. Also, your sand trucks you see coming through on a daily basis sometimes two times a day, they also have to buy their permit. So you are talking about many, many, many permits being bought to travel that road. My question in general is, why isn't that money being spent to fix and maintain that road. That is what it is being bought for is that specific road. By the time you get through collecting that money right there and another \$50,000 you got right there, you probably have enough money to resurface the road that road there, but not every road in the State of Arkansas. Some of the things with you deal here and that man that stood up earlier on the safety end of it. On the safety side of it is just because you lower weight on that road you are still going to have the same trucks traveling that road, they are just going to buy a permit to do it. So you are not eliminating your traffic through there. Just like you were talking about as far as chemicals or whatever else is being hauled they are going to lower the weight of their chemicals instead be the same truck coming through there it'll just be a lighter truck. Instead of weighing 80,000 pounds it'll weigh 64,000 pound. Therefore, you are not eliminating the traffic flowing through that road so you are not eliminating the safety. The only way to eliminate the safety in that road is to make that road capable of hauling an 80,000 pound rig. Period point blank. Another thing that ARAN machine, what did it cost y'all?

ALAN MEADORS: About \$1.4 million

RANDY ORT: \$1.4 million and what is the life of that?

ALAN MEADORS: Well the last one lasted about 15 years.

JIMMY MCDANIELS: What does it cost for the people to actually operate that during the year?

ALAN MEADORS: Well one is a minimum wage driver and the other is just above it.

DAN FLOWERS: It costs a lot of money to run the highway department and we've got to do it so that is not the issue.

JIMMY MCDANIELS: No sir it is an issue, just like I have to run a shop and I have a budget that I have to go through. Just like all these farmers here, these loggers here, if they wanted to go out and buy a \$50,000 pickup today just because they've got the money today and then they lose an engine in a big truck or an engine in a dozer or anything else out there; they just went bankrupt. Same way with the Highway Department you've got to budget. So now we are going to have to work with that budget and make it work and fix this equipment so we can work with it.

DAN FLOWERS: We haven't had an increased budget at the Highway Department in 4 or 5 years. They've all been flat and we are doing what we can do. Now the reason we have the ARAN is because we have to provide certain information to the Federal Highway Administration and that is how you collect it.

JIMMY MCDANIELS: Now that is where the federal government is messing up too. Most of us here didn't go to college or nothing but we can see a pothole here and know it needs to be fixed. I mean that is pretty easy, we don't need a million dollar piece of equipment to tell us there is a pothole in the road.

DAN FLOWERS: That is not what it is for. It is to project needs that we have to present to the Federal Highway Administration. So there is no use in arguing about that. We've got to do it and we use funds that can't be used on the highway. They are called State Planning and Research Funds. We cannot even use them on a highway because of the federal law. We have to do these things.

JIMMY MCDANIELS: Back to the point. Is on the roads that you are working with, you are talking about \$50,000 per wheel for 14 wheels on that pad. You are talking about \$700,000 there plus all the permits and stuff. That money is going across Arkansas; whenever, it should be staying on that road, not on all the roads around it.

DAN FLOWERS: There is a reduced amount of money for a permit for subsequent wells on the same pad, or if you pipe water, or if you haul it. We have worked with the industry...the industry knows this. They have been supportive of the way we are doing this. It gives them good access and they don't mind paying that.

JIMMY MCDANIELS: Yes sir, I'm not griping about that at all because I'm just like you on that. I think they are paying enough, but I think the money is being allocated in the wrong place. I mean if the money is being generated for that road it needs to be spent on that road. The way you are explaining it, or the way I am understanding it, it is just being spent in this area.

DAN FLOWERS: That is where we are spending it. We spend it on that road and the industry has agreed that if you have enough for this particular road to do what you need to do at the time, they have no objection to spending it on other weight restricted roads in the area. Let's talk about severance tax. The Fayetteville Shell area is not the only

place that pays severance tax. You realize that? There is a lot of severance tax that is paid down there and it's all coming up here.

JIMMY MCDANIELS: I'm not even talking about that tax sir. What I'm honestly talking about is the \$50,000 per well plus the permit money that it costs to take one pump in and take one pump out.

DAN FLOWERS: All that money goes into running the Highway Police. You can't spend it on the road.

JIMMY MCDANIELS: Why is it being purchased for that road?

DAN FLOWERS: That's the maintenance assessment.

JIMMY MCDANIELS: Again, it is being paid for the road. It's being paid so we can travel that road, and it's specified on that permit.

DAN FLOWERS: Years ago state law says all permit fees goes to run the Highway Police because they are the ones that enforce and monitor the commercial vehicle activity for the state. That is how that is paid for.

JIMMY MCDANIELS: Sounds like that is where government needs to turn around and look at it and say we need to remonitor what we are doing because it is being paid to fix that road when that truck actually travels down that road.

DAN FLOWERS: No that is being paid to run Highway Police.

JIMMY MCDANIELS: I'm not going to sit here and argue. These people here know what I am talking about.

RANDY ORT: Again, I don't think I've done a good job explaining the Maintenance Assessments because it is very complicated. The Maintenance Assessments is totally different from the permit fees. Permit fees do go to operate the Highway Police by law. The Maintenance Assessment that is paid..I can and will be glad to show you afterwards. Each weight restricted stretch of a highway that is here.

UNKNOWN SPEAKER: Now you are starting to sound like a politician.

RANDY ORT: No, I'm just trying to clarify the point for this gentleman. I can show you what has been collected on the weight restricted highways for the maintenance fees. The maintenance fees do go to the roads that are weight restricted. Some roads we've collected some fees on and spent very little and some we've collected fees on and have spent more on that road than we have collected on that road, but it is spent on weight restricted roads. I don't know if that clarifies it anymore or not, but it is two separate things. I don't know if that helped or not, but I can show you actually what has been collected on each road. Other comments and questions? Yes sir.

JEFF VANDERBURG: My name is Jeff Vanderburg. I'm in the poultry industry myself with Pilgrim's. I can't say anything better than what Mr. Hipp said about it. What I would share with you is our business has been in this area for years. We've fallen on some hard times. We are a fragile industry with \$7 corn. We've seen some sister complexes shut down. We've seen some people lose their lively hoods. We've been on the edge ourselves. Something like this when you are talking about a business like ours that counts profits in \$0.001 per pound to our hauling cost to our delivery costs. That is enough to make then say well is this something we can afford to stay in or do we need to look at something different; for Batesville, you know. I just don't want to speak for the poultry industry. I know this applies to the loggers and all the agriculture. We budget, we plan, our business. We built \$1,000,000 farms based on 80,000 pounds. We inspect our trucks, we inspect our farms, the whole industry that is what we planned on. Well now 7 years ago 8 years ago, Larry Griffis and his family built \$200,000 houses for us with the intention of us being there a long time. We intend to do that but for us to be able to do that it is going to cost us more money when something like this is put into place. We never budgeted for it and we never planned on it. We are not going to walk out on these people, we are going to stay with them unless we go down because of things like this. I'm not saying this one thing can do it but with \$7 corn and all the issues we are dealing with and then we run into stuff like this. A major part of our expense is in this. \$4 fuel and you know we can take some of the weight off the road at any one time, but we are just going to have to go more times. I can some quick numbers in my office today not really prepared for this, but my part of the business, I'm looking at a quarter of a million dollars next year if this goes into place. It doesn't sound like a whole lot in the industry, but an industry like ours with very low profit margin it is really serious. So I urge you to take that into consideration because the chicken business has been here a long time. It's been an economic engine for Arkansas for years and years. So keep that into consideration please. Thank you.

RANDY ORT: I mentioned the other night at one of the other meetings that I'm not a poultry farmer, but it is in my family. My family's houses are on a road, not in this part of the state but are in south Arkansas, and the roads have been lowered to 64,000. My family doesn't like me. I don't know how they do it, but it's tough.

DAN FLOWERS: We have Captain Jay Thompson here. He is head over the Permits Section at the Highway Department. The do all the monitoring and all the permit issuing. He is very familiar with what agri and the timber industry can haul. I think maybe there is some misconception about the poultry and the livestock industry. So you may be in better shape than you think you are.

CAPT. JAY THOMPSON: As with Mr. Flowers said earlier. Arkansas hauls 365 days a year. We are an agriculture state. I've got cows myself; of course, they'd go up if I sold them. I don't have any chickens for sale, but I've got chickens my kids collect eggs from. You've got Federal Highway, the federal government, has weight laws. Tandem axle weight, everybody in the trucking industry knows is 34,000 pounds legal on a tandem axle and 24,000 pounds on a single axle, 50,000 pounds legal on a tri-axle.

You can't exceed 80,000 pounds on a federal interstate system. Everybody following me, everybody understanding me? Alright, through our Legislative Session our Senators, our Representatives our Highway Commissioners recognized the State of Arkansas as an agriculture state 365 days a year. So as the Director mentioned earlier, there have been some exemptions from that weight law in Arkansas. Where you have 5 axles on a state highway, we are going to allow you a weight variance of up 36,500 pounds per tandem axle. Providing you total gross weight does not exceed 85,000 pounds. Is everybody familiar with that? So the timber industry and the poultry industry, everybody in here keeps talking about 80,000 pounds; the State, has allowed you to haul 85,000. Now if I'm hauling a Wal-Mart truck down that same highway, I can only have 80,000. You following what I'm saying? Ok, now there are some highways in our state, due to deterioration or damage, we've had to restrict the legal weight on the road. In 2008, Director Flowers and the Commission passed a Minute Order that gave our District Engineers the opportunity; after they go out and analyze these weight restricted highways, they gave them the opportunity to say this...they can erect a sign, let's say that we've got a highway that is restricted to 73,280 and one of our District Engineers goes out we say you know we've got two farms that is affected by this highway. Only two and that farmer needs to get his unfinished, unprocessed products out of his farm. The District Engineer will come and discuss this with Director Flowers and his staff and they will make a decision rather or not it is beneficial to erect a sign that says this weight restriction does not apply to unfinished, unprocessed farm products. Now here's the deal, no one in this room has seen that yet because we don't have many of those signs put up. There are a couple signs across our state that we have erected in other parts of our state. So I just want you to know that I am not just sitting here telling you that the highway you live on is going to have that sign erected on it because it is not my decision, but there is obviously a possibility that weight restriction is not going to apply to a farmer. The Highway Commission has taken that into consideration during all these things going on, it is difficult. I can sit up here and tell you some of our challenges on the enforcement side, but I certainly don't want to sound like I am being negative towards the transportation industry. The gentleman that kept talking about permit fees. We've only brought in a little over \$2,000,000 million dollars in permit fees. That's not a lot of money, but the assessment fees Randy was trying to talk about, now they come to me. Every one of those checks comes to me and I take them to our Fiscal Services Section after I record them in our ARPARS permitting system; our online automated system. I put that well name in our system so we know that well has been paid for; then, we deposit the money in the Fiscal Services Section. Once that money is deposited, they actually keep track of where that well is and that money actually goes to that route. It doesn't go anywhere else. So those assessment fees that come in are being used on that route. They are not being spent on my highway where I live in Glen Rose. Does that help you?

UNKNOWN SPEAKER: I've got a question on the poultry coming off a farm? What about feed?

CAPTAIN JAY THOMPSON: Here's the deal, if it's your just feed that you're feeding, there is a weight exemption for feed going to your farm. Now if I'm hauling feed; if I'm a

co-op store out here, and I'm hauling feed to these farmers then it's not your feed. We are not going to give them the weight exemption. Our legislators said..if you are a farmer hauling on our highway..see Mr. Flowers and the Commission can't say they are going to exempt you from hauling on our bridge formula on our interstate system. He's my boss but he doesn't have that power. The federal government says you are going to apply the federal bridge formula on our interstates. What we can do we did, being we are an agriculture state running 365 days a year. We realize that and we did as much as we can do. Does that help a little bit? So don't panic just yet. Is there any other questions about the permits?

UNKNOWN SPEAKER: You wouldn't have had to hold these meetings had it not been for some Legislators being influenced by the oil and gas commission. So I appreciate you doing this and we want to let you know that there are other people out here besides truckers, poultry, farmers, and everybody else. We are the ones who pay the taxes to drive on those roads. You've done some intelligent analysis to come to your conclusion about the roads. I know you didn't just dream this up. So I want to take my hat off to you and I think you are going in the right direction because something has to be done about these roads. You are trying to do your part. Now I have not always had a lot of kind feelings about Highway Engineers because I've always thought some of the things they did was dumb, but some of the things you are doing now is smart. This oil and gas exploration came in here and all of a sudden it's almost over with. Now these legislators are going and holding meetings and doing studies. There was 10 bills produced down in the Legislatures this year and they tabled them all for discussion and Ladies and Gentlemen by the time they get through studying that, the gas companies are going to be long gone. Then we are going to be left holding the bag just like we are with the roads. So I would encourage you to hurry and implement your plan and get our roads fixed. Thank you

DAN FLOWERS: I appreciate your comments but I wish you hadn't made reference to Highway Engineers being dumb because I am one of them. I saw a lot of heads in the crowd nodding yes they are dumb.

RANDY ORT: I am not an Engineer. Any other questions or comments?

UNKNOWN SPEAKER: If a road goes from 80,000 to 73,280 and you talk about.. you mentioned that you can get agriculture permits for unfinished agriculture products. What is that do you go all the way back up to 85,000?

CAPT. JAY THOMPSON: Yeah, It's not a permit we are going to ask for the farmer. OK? If that decision is made to erect that sign then it will be like any other state highway that is not in the federal interstate system. It will be like Highway 425 to Star City that's not posted until you hit 85 (?). Again let me say, everyone of these roads aren't going to have that sign (noise). OK, you understand. I'm not saying that all these roads that are posted are going to have that sign. I'm just saying that that is a possibility. The Commission has already passed that minute order. And they will look at the amount of traffic and volume, and if they have to (?).

UNKNOWN SPEAKER: How would you go about getting there? That's the same question. What steps can we take?

CAPT. JAY THOMPSON: The first step would be that we would contact the District Engineer of that District.

DAN FLOWERS: The District Engineers have been assigned the responsibility of making the assessment of whether or not to put the sign up that gives (cough) unfinished tag and forest products the (?). And on most all these roads we put them up, unless it's a very, very road, unless there's justification for not putting them up. You'll probably see them up.

UNKNOWN SPEAKER: Does the sign have to be up before agriculture can take that road now?

DAN FLOWERS: Yes, sir, for 85.000.

UNKNOWN SPEAKER: For 85,000 the sign has to be up.

RANDY ORT: Only on weight restricted roads. Has that answered questions that the group might be interested in? Yes, sir!

UNKNOWN SPEAKER: (?) I'm from a little community called Prim, Arkansas. Mr. Jeff and chicken companies knows that's our livelihood and you put this tax on their trucks and they have to pull out of our country, then it kills us. And we've got to go here and there. And my big question is, and I'm not against anybody's gas company. We get by, that's all. I mean, we just pay our bills, we just get by. Now, we're going to the gas pumps and we're paying nearly \$4 a gallon and maybe even more for – now, I don't know who has come up with this price and where this money's going, but why not find out and let's tax this gas money and fix our roads instead of putting it on everybody that's just barely making a living. Somebody's making a lot of money somewhere, and it's not us in the chicken business, but if they put us out then we're hurting! Prim's dead! And I know we're just a little spot that don't mean nothing but to a few people at Prim, and Mr. Jeff and them has tried to keep us going and we appreciate them, and thank you for acknowledging my comments. Thank you.

RANDY ORT: Thank you, sir. We appreciate that. If no one else has any comments, we'll be able to answer – I think that's a comment. (laughter)

UNKNOWN SPEAKER: From what you're saying, you're talking about restricting anywhere from 15 to 20 or 30 percent of a payload of these trucks on some of these roads, they vary. What causes more damage, running five trucks at 80,000 pounds or six trucks at 73,280 or any variation based on weight. And I also have a hard time believing there has not been a significant amount of revenue from fuel taxes from the

astronomical amount of traffic from the gas business, cause they get 5 miles a gallon on those trucks? How many gallons of diesel fuel have they burned?

RANDY ORT: I'm sure they've burned quite a bit because we've tracked some shipments, both gas and diesel, because again the bulk of our revenue comes from, and even though there's been a great amount of activity in this part of the state, consumption has been down I know three of the last six years. I believe two or three years in a row, if I'm not mistaken. But I agree with you that maybe there's a tremendous amount of activity here, but overall it's been down.

UNKNOWN SPEAKER: But the activity in this area, the tax revenue, generated by gallon in Cleburne County, White County, Faulkner, all these counties, where's that going?

RANDY ORT: Well, I get your point. It goes into our state-wide pot to build things.

DAN FLOWERS: Where is all the gas tax going that's collected in Little Rock and northwest Arkansas? Some of it is coming here! So, you just can't put the money back where it came from, or you wouldn't be able to build a lot a rural roads because there's not that much money collected in rural areas as compared to urban areas. You just have to take what you have and then put the money where you think it has to go. Now, there's a lot of money coming into this area, in fact coming from our gas tax from all over the state. Now, we've got a Searcy plant that gets traffic out of Searcy cause of the truck traffic out of Searcy. We've got probably \$10 million that's regular overlay money that comes from gas tax collected everywhere, coming up here. You can't split all that up. You can't figure out how much gas the oil and gas people are burning in these trucks. There's no way to calculate that. You can't do it. Five 80,000 pound trucks will do a lot more damage than six 73,280 pound trucks. The damage occurs on highways is exponential to what that would weigh. I see somebody shaking their head like they know, but that's right.

KENNY STAGGS: That's because he's a dumb engineer. My name's Kenny Staggs and several of the guys in here, Lyndal Waits from Batesville and David White. I'll tell you right now that I'm not a highway educated man. I'm just an old country boy and I've got a business and trying to make living at it. I do supply gravel to, for the state of Arkansas and for the counties and I supply a bunch of it for the gas companies. And if this goes through, the timber companies use 92, and I use highway 157. That is my livelihood. I've done figured it up. If this is enacted and goes in, the business that I do, and I have a form for White County and the gas company, it will affect me to the tune of \$6,000 a week that I will lose. All of that said, I know that don't mean anything to anybody in Little Rock, but that's me, that's my problem, so I'll deal with it. But I'm looking at White County and some of the other counties – there's a few of these roads I'd like to at least, I'm mean, you guys are going to weigh, I mean there's nothing I'm going to do or say here to be able to change that, but yawl have got north central White County cut off, like that one guy was saying. They've got to come down highway 157 now to Searcy and come across to get back up to Pangburn with an 80,000 pound load.

I don't know if you realize that 157 is a pretty major thoroughfare for north central White County through there for lots of stuff. That's what I'm asking, you know, look at these roads and see where it's really going to hurt. If overlaying that with new blacktop (cough) 80,000 pounds, then let's do that and let's keep that thing alive. If 92, if you guys can overlay that, I take me as a businessman, I go to paying you guys some kind of extra fee to keep this thing alive instead of me just losing everything. I ain't saying it's right. We already pay taxes that are unreal, but we're trying to stay alive. I haul about 40 loads per day, 80,000 pound loads. If this goes into act, I will have to increase to 60 loads a day to get the same volume. Now, if that don't hurt the roads no worse, then it's my problem, but to me, I kinda disagree. That looks like 20 more rounds is a lot of fuel and a lot of wear and tear. Anyway, my deal is, you guys really look at this when you go back to Little Rock and say, well, here's what we're going to do and we're doing it and that's tough. I mean really look at that for us. Thank you.

RANDY ORT: Thank you, sir. Appreciate that. Alright if no one else has any other comments, we'll be glad... yes, sir.

COTTON FULLER: I'm Cotton Fuller, and the highways, and I run all across White County the different ones here and so much here in the oil business. Some of it we're hauling stuff to the state highway. When they see a place in the highway out there. Don't go out there and overlay it. Dig it out and make the base solid and then put it back. They're going out there to a lot of those places, just lift out, then they just go out there and they just put the asphalt and they've just wasted our tax money and the state's by just patching that. They need to dig it out and fix it right. And you may notice that there may be one spot in several miles down through there that's doing that! So, that means that the rest of your roadbed is holding up and in good shape.

RANDY ORT: Yes, sir, you're right. One of the pictures we showed tonight was highway 31 in White County and that's a good example of what you were saying because occasionally we have to tear out the base and all...

COTTON FULLER: Unless you tear it out, you're just wasting money!

RANDY ORT: That's right, it's going to go away again. Alright, if there are no other comments, we can take individual questions, but this is our third and final meeting, and it's definitely the last one I'm conducting anyway and it would be anyway because I was supposed to call on my boss, Commissioner Burkhalter, to start the meeting, and I didn't. So I would like to ask Mr. Burkhalter to come up and make some comments now to close us out.

JOHN BURKHALTER: Thank you, Randy. I'm John Burkhalter. I'm from north Pulaski County. I do live in Little Rock now, but I'm a north Pulaski County boy. And I'm probably the only engineer that really doesn't take offense to being a dummy engineer because I took an extra year to get out of Fayetteville and my dad would probably appreciate the comment. There were some more engineers and one of them was Alan Meadors here, and I went to college with him, and he's one of our gurus and

understands how these machines work. And as far as jobs, I'm a small business owner. I own a dump truck, trackhoe, bulldozer, and some of the fuel bills I've gotten lately, I've thought there's got to be a mistake in this fuel bill! I understand what everyone that's in this type of business in this room is up against. And the gentleman in the back that made a reference to a small town and jobs, and jobs are extremely important to me. It's difficult, very difficult out there. I was the commissioner right, wrong, or indifferent that said we need to come take a look and come talk to everyone about these issues. I am the highway commissioner that represents you in this area. I've learned a lot this way, and I'm not saying it's one-sided, but in engineer school we took a lot of courses that taught us what we need to build a sub-base, a base and a surface that will make a road hold up. Now, some of this is science. There's no doubt that some of it is not, and the comment about you need to dig down, and you need to dig the sub-base out. We don't disagree with you on that. There is a cost to do that, and we only have so much money. Of course we don't feel like we have enough money and we really don't have enough money to fix all roads in the state of Arkansas. But I plan to go back home. I'm real concerned about what's real critical to you. What are your critical routes. And I've learned a lot about some of the, I'm a new guy to the highway department, but our mind is not made up. I've still not made up. We'll be discussing this on the way home and we'll be discussing this daily. But if you do have some ideas and we've learned a lot of ideas this week, please tell us. It is critical for us to report, and if you have any questions for me, and if you'd like to talk to me, I'd be glad to you, but everyone of your jobs are important. I don't want to put anybody out of business. I know what it's like to own a small business. I know what it's like to struggle. You're the last one to get paid. You know, you're going to make that payroll somehow, someday on Friday. And I know how to clean the commode and fill the tax forms out and I'm glad to give up every year more and more. A lot of us wear out equipment out. We're really burning up equipment, what equity we have in our equipment to keep our business going, but we do have a business now. But if there is anything I can do or other commissioners or anyone at the highway department, we'd love to hear more questions or answers if you've got them. But we are listening, and we've learned a lot, and appreciate everyone's comments. And a lot of them hit home because I'm a business man too. Thank you so much.