

Arkansas Transportation Planning Conference



North Little Rock, Arkansas

May 16, 2013

The Facts:

- **12th** Largest System in USA
- **43rd** in Highway Revenue Per Mile



How We Compare

State	Mileage
Arkansas	16,430
Illinois	16,040
California	15,205
New York	14,969
Tennessee	13,881
Florida	12,084



How We Compare

State	Mileage	Revenue Per Mile
Arkansas	16,430	\$58,536
Illinois	16,040	\$252,000
California	15,205	\$682,000
New York	14,969	\$237,000
Tennessee	13,881	\$108,000
Florida	12,084	\$694,532

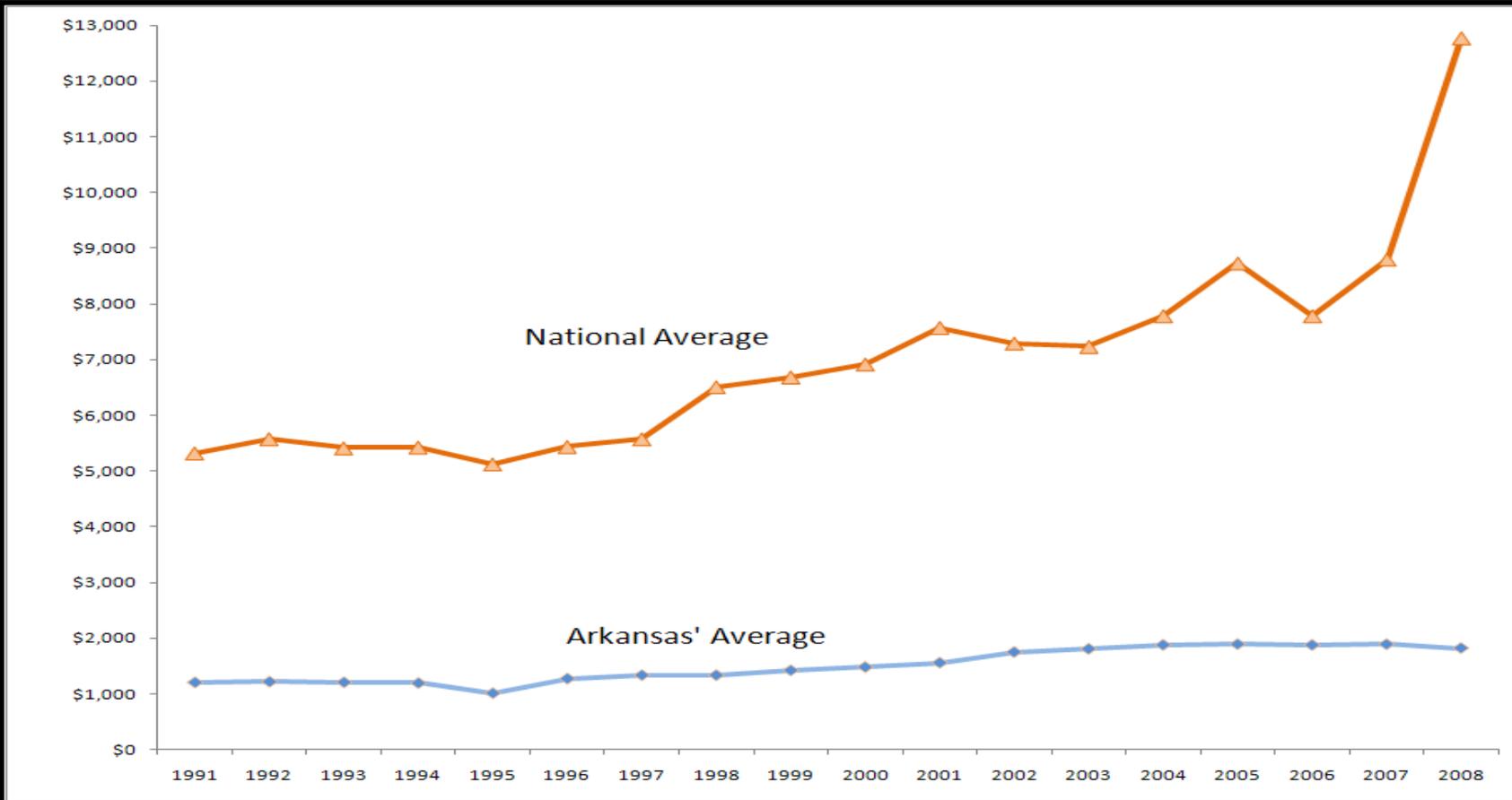


How We Compare

State	Mileage	Admin. Cost Per Mile
Arkansas	16,430	\$1,821
Illinois	16,040	\$8,830
California	15,205	\$109,417
New York	14,969	\$84,062
Tennessee	13,881	\$11,905
Florida	12,084	\$16,985



AHTD Administrative Costs Per Mile



National Average \$12,772/mile

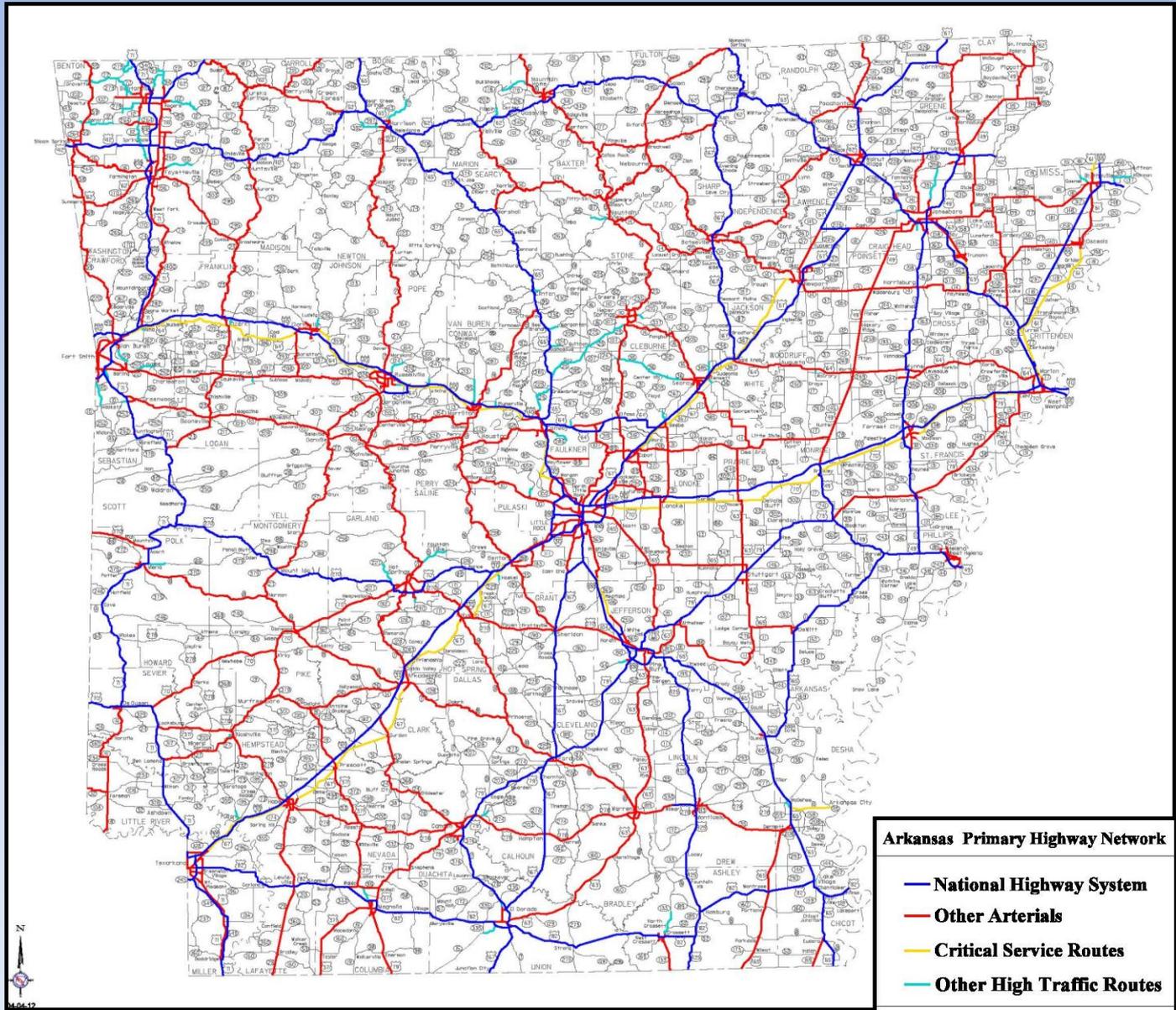
Arkansas \$1,821/mile

**Surrounding States' Average
\$5,342/mile**

Arkansas' Rank = 49th



Arkansas Primary Highway Network



Total Cost for Needs and Other Improvements

Congestion Relief.....	\$3.7 billion
Maintaining the System	\$10.8 billion
Congressionally-Designated High Priority Corridors....	\$7.5 billion
Economic Development Connectors.....	\$1.6 billion
Total Needs and Other Improvements.....	\$23.6 billion
Anticipated Funding (Including Half-Cent Revenue)..	\$5.6 billion
SHORTFALL.....	\$18.0 billion



Challenges

➤ **12th** largest system in the country

➤ **43rd** in highway revenue per mile.

➤ **\$23 billion** in needs

➤ **\$5.6 billion** in available revenue



Current Highway Funding Sources

Federal

Per-Gallon Motor Fuel Taxes

State

Per-Gallon Motor Fuel Taxes

Severance Taxes

Vehicle Registration Fees

License/Permit/Inspection Fees

1/2 % General Sales and Use Tax

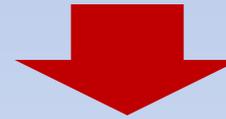


The Problem

Per-Gallon Tax is the **Primary Funding Source**
for Highways



Fuel Consumption is **Declining**

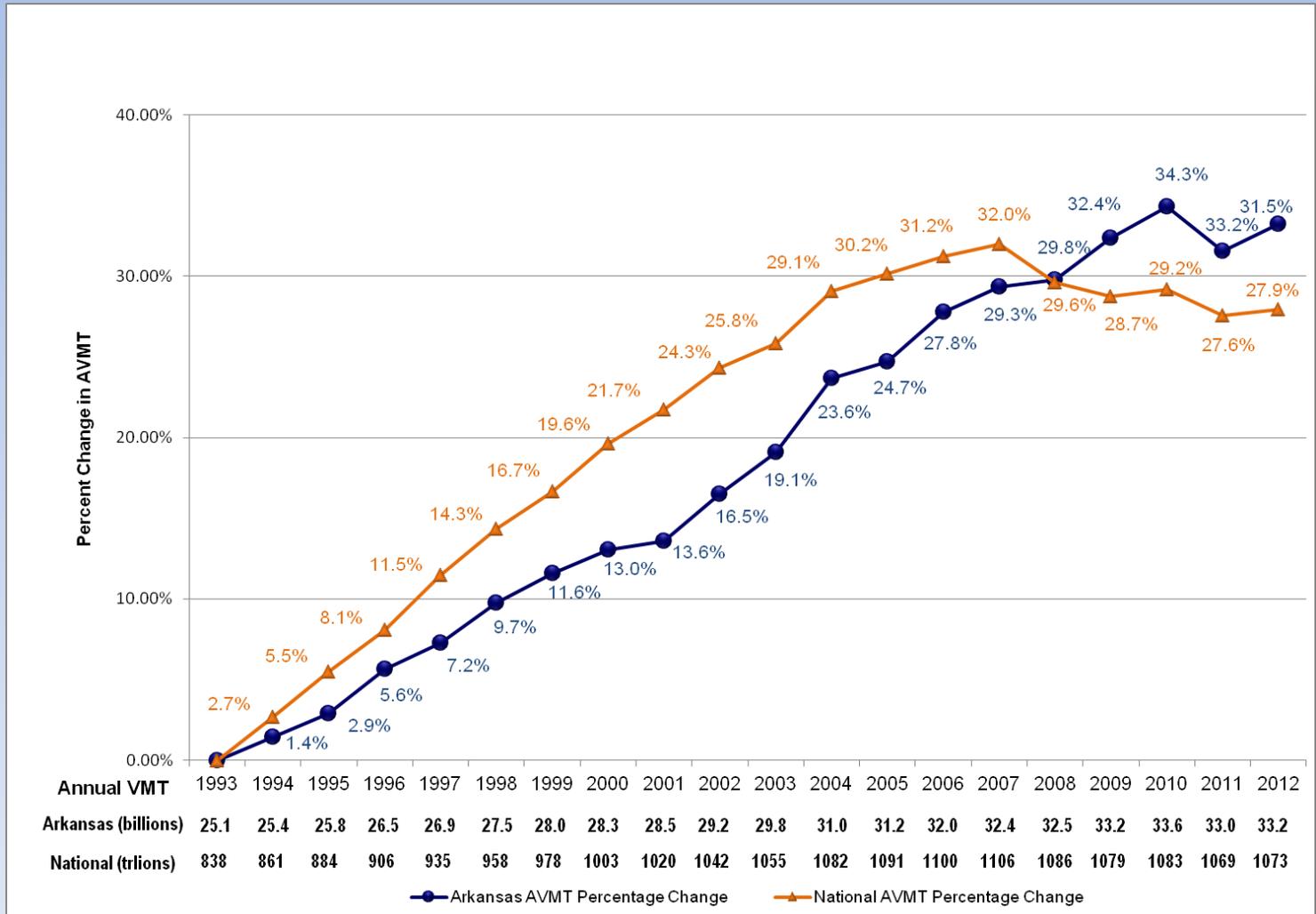


Highway Revenues From Fuel are **Declining**



Vehicle Miles Traveled

Percent Increase in Annual Vehicle Miles of Travel for All Public Roads in Arkansas and the Nation



Revenues and Consumption

March 2013

REVENUES

Comparison of AHTD State Revenues by Fiscal Year

	FY 2012	FY 2013	Variance	Percent
July - March	(Millions)	(Millions)	(Millions)	Change
Motor Fuel Taxes	\$214.8	\$202.4	(\$12.4)	-5.8%
Registration Fees	\$61.3	\$58.8	(\$2.5)	-4.1%
Permits & Penalties	\$15.0	\$13.6	(\$1.4)	-9.3%
Other	\$4.0	\$6.0	\$2.0	50.0%
Total User Revenues	\$295.1	\$280.8	(\$14.3)	-4.9%
Natural Gas Severance Tax	\$28.3	\$22.6	(\$5.7)	-20.1%
RRA Interest	\$2.4	\$2.4	\$0.0	0.0%
Less: Diesel Tax for Bonds	(\$12.5)	(\$12.2)	\$0.3	-2.4%
Total Revenues Available	\$313.3	\$293.6	(\$19.7)	-6.3%

Fiscal Year 2012 Budget vs. Actual

	Budget	Actual	Variance	Percent
July - March	(Millions)	(Millions)	(Millions)	Variance
Motor Fuel Taxes	\$207.3	\$202.4	(\$4.9)	-2.4%
Registration Fees	\$57.7	\$58.8	\$1.1	1.9%
Permits & Penalties	\$14.8	\$13.6	(\$1.2)	-8.1%
Other	\$4.1	\$6.0	\$1.9	46.3%
Total User Revenues	\$283.9	\$280.8	(\$3.1)	-1.1%
Natural Gas Severance Tax	\$19.0	\$22.6	\$3.6	19.0%
RRA Interest	\$1.8	\$2.4	\$0.6	33.3%
Less: Diesel Tax for Bonds	(\$12.8)	(\$12.2)	\$0.6	-4.7%
Total Revenues Available	\$291.9	\$293.6	\$1.7	0.6%

CONSUMPTION

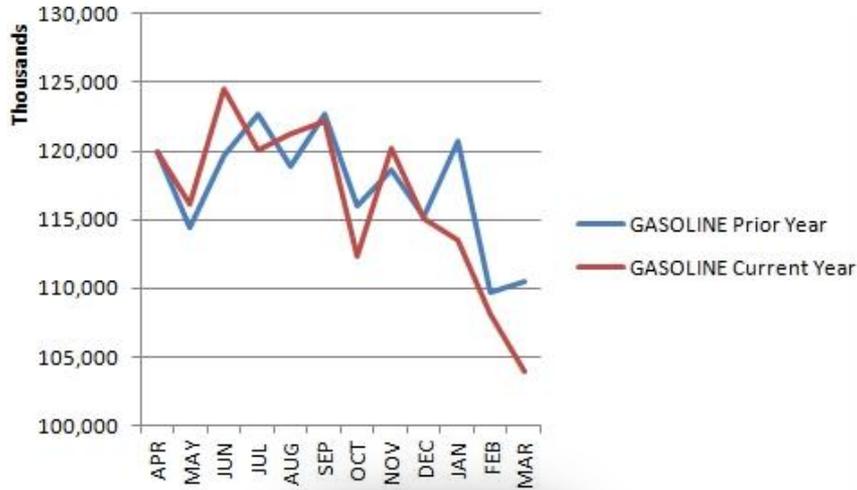
Taxable Motor Fuel Gallons Reported

	FY 2012	FY 2013	Difference	Percent
July - March	(Millions)	(Millions)	(Millions)	Change
Gasoline	1,055.4	1,036.6	-18.8	-1.8%
Diesel	459.4	448.6	-10.8	-2.4%
Total	1,514.8	1,485.2	-29.6	-2.0%

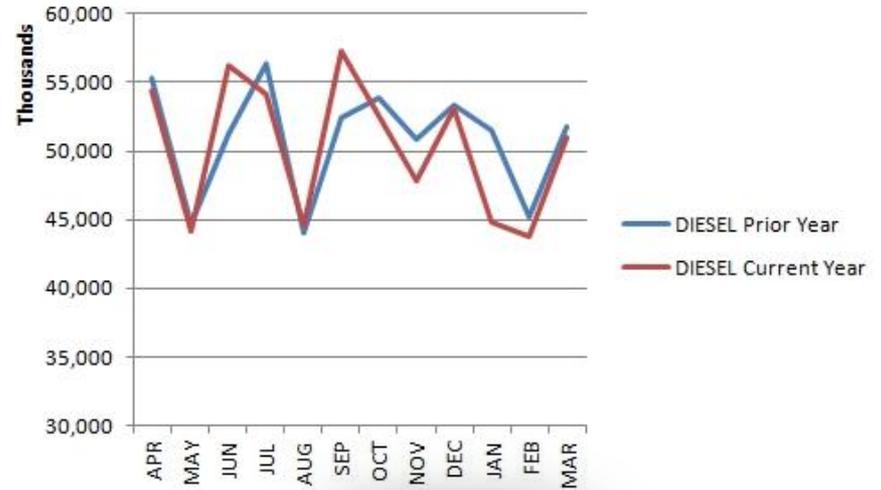


Fuel Consumption

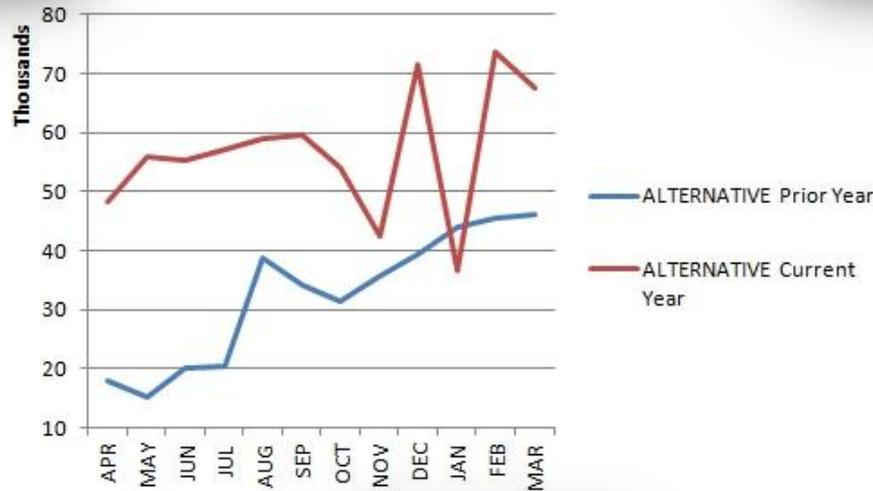
April-March 2013



Gasoline



Diesel

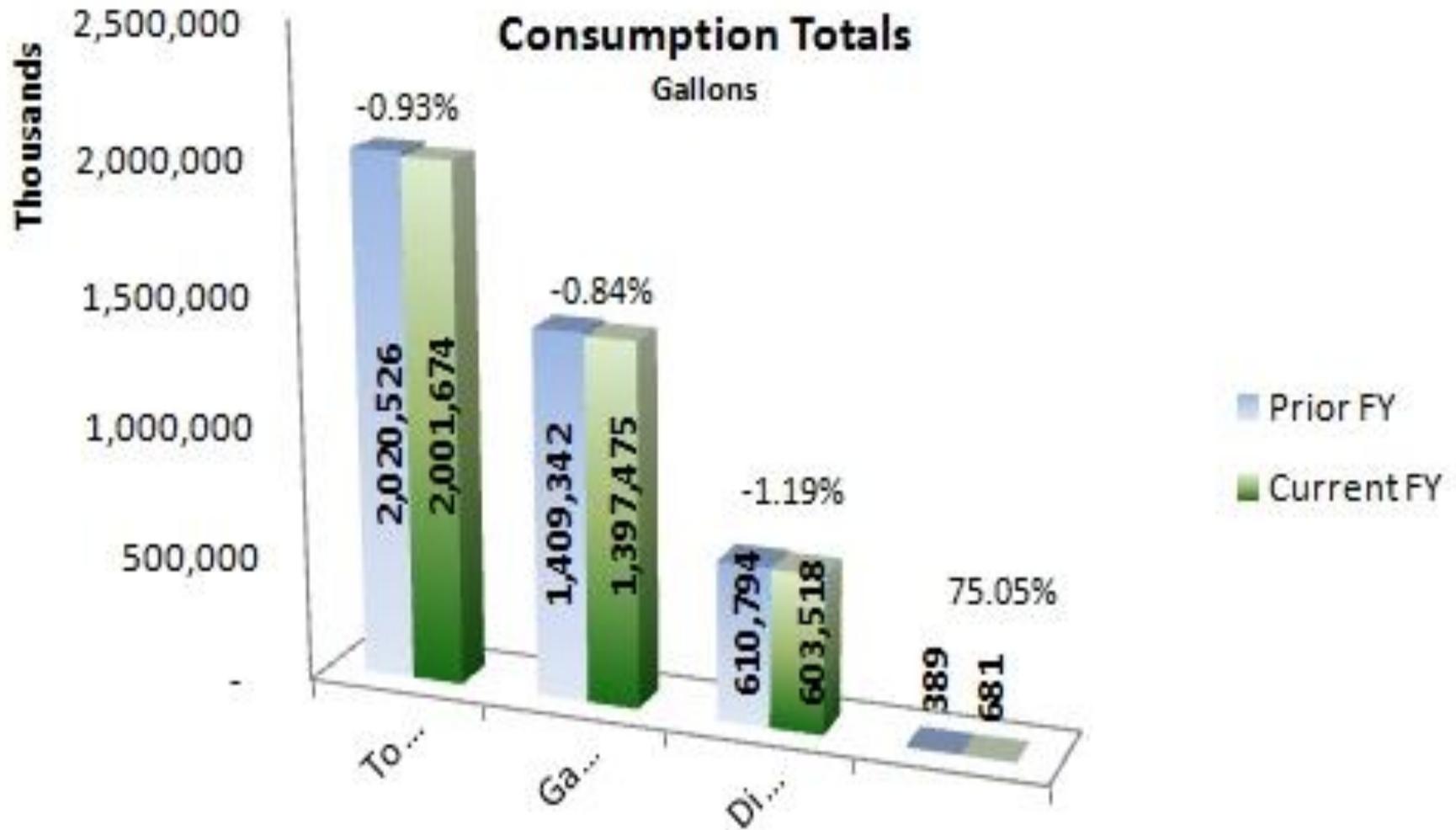


Alternative



Fuel Consumption

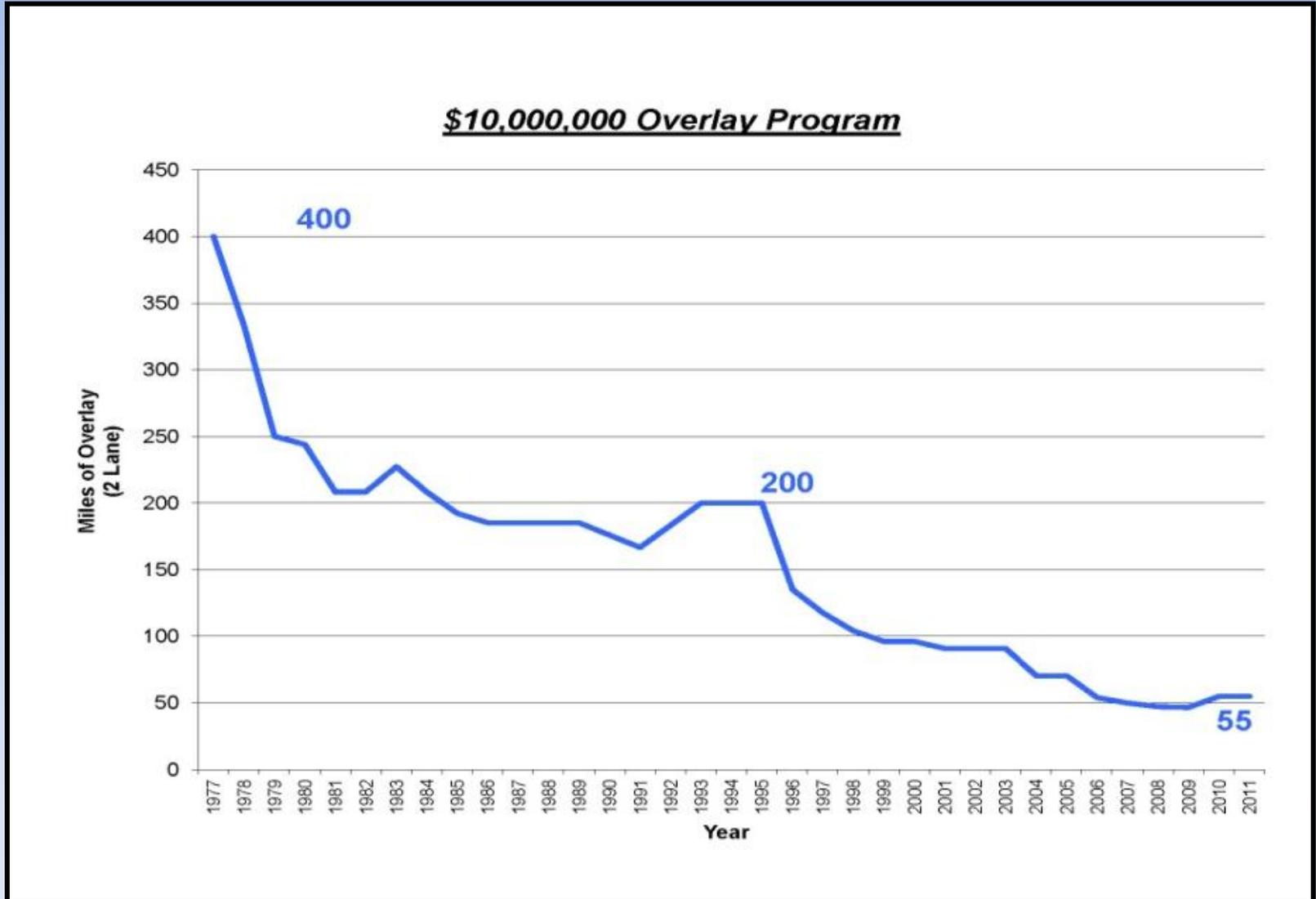
Gallons



Challenges

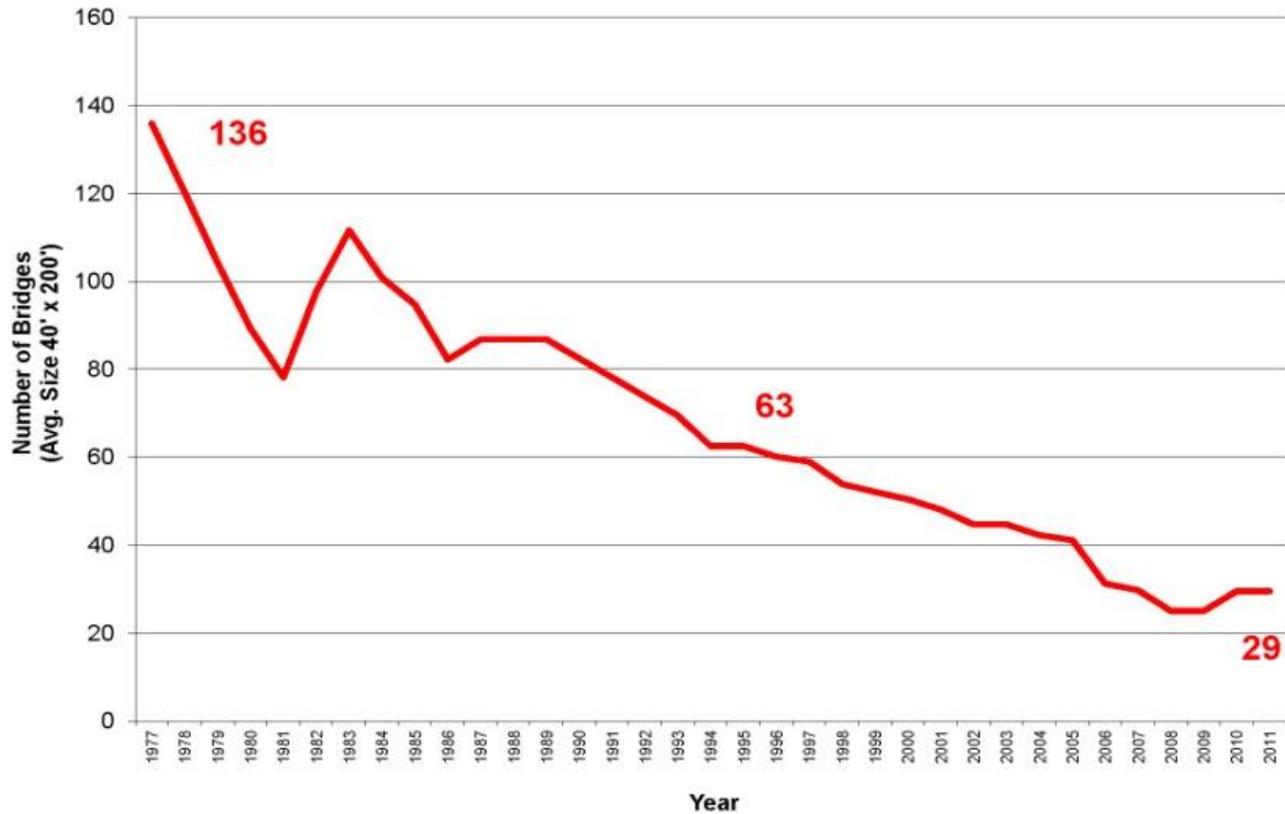


Challenges



Challenges

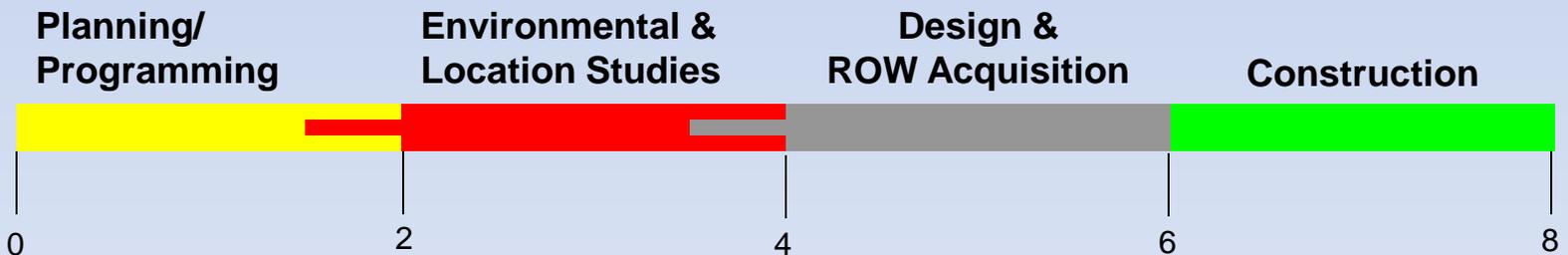
\$25,000,000 Bridge Program



Challenges

- Planning / Programming – 24 Months
- Environmental & Location Studies – 30 Months
- Final Design & Right-of-Way Acquisition – 24 Months
- Construction – 24 Months

Timeline



Average Time (Years)



Moving Ahead for Progress in the 21st Century

- Signed by President Obama July 6, 2012
- Federal-aid Highway and Transit Programs
- Authorized Through September 30, 2014
- Federal Funding Continued at 2012 Levels



Moving Ahead for Progress in the 21st Century

Four Main Core Programs

- National Highway Performance Program
- Surface Transportation Program
- Highway Safety Improvement Program
- Congestion Mitigation and Air Quality Program

Two New Formula Programs

- Transportation Alternatives
- Construction of Ferry Boats and Ferry Terminal Facilities



Moving Ahead for Progress in the 21st Century (MAP-21)

Transportation Asset Management Plan

Risk-Based Asset Management

Performance Management

Performance Measures



Moving Ahead for Progress in the 21st Century

National Goal Areas for Performance Management

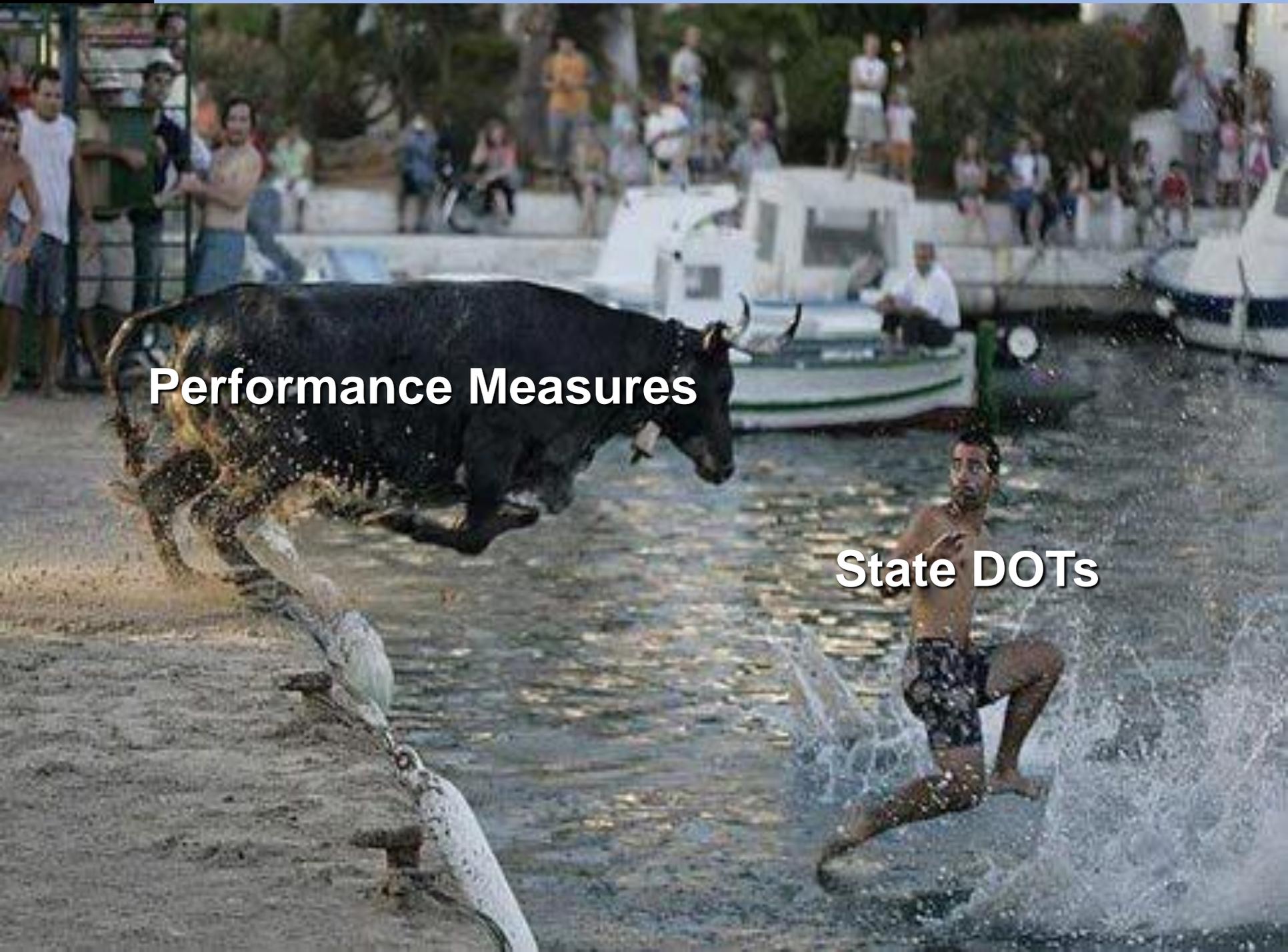
- ❑ Safety
- ❑ Infrastructure Condition
- ❑ Congestion Reduction
- ❑ System Reliability
- ❑ Freight Movement and Economic Vitality
- ❑ Environmental Sustainability
- ❑ Reduced Project Delivery Delays



Performance Measures Funding Impact

- **Success** in meeting targets **will affect the distribution of federal funds** between funding categories.
- **Failure to meet targets** requires reserving a specified portion of NHPP **funding for Interstate pavement and NHS bridge projects.**
- In some cases, transfer of some STP funding to NHPP may be required.
- If **rural fatality rates increase** over two year period, some Highway Safety Improvement Program **funds must be dedicated to high risk rural road safety projects.**
- **Failure** to achieve or make significant progress toward **achieving HSIP performance target** within two years of establishment could lead to required **dedication** of specified portion **of obligation authority to HSIP projects.**



A black bull is running through shallow water, splashing water as it moves. In the foreground, a man in dark shorts is running away from the bull, splashing water. The background shows a crowd of people on a pier or dock, with several white boats moored nearby. The scene is outdoors and appears to be a public event.

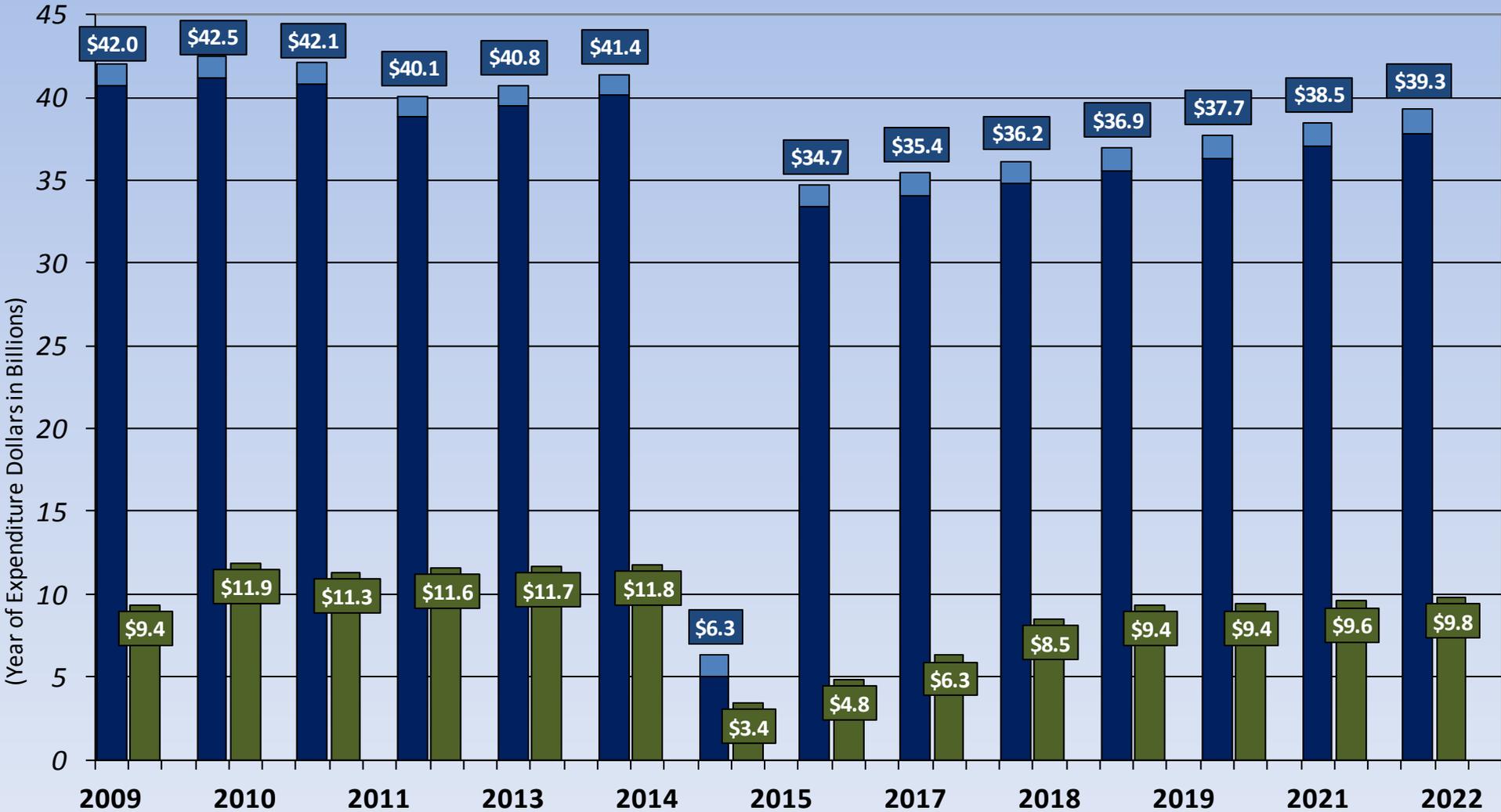
Performance Measures

State DOTs

Federal Highway and Transit Needs and Obligations Through 2022

Assumes a minimum balance of \$2 billion for the Highway Account and \$.25 billion for the Mass Transit Account

Federal-aid Highway Obligations Highway Safety Obligations Total Transit Obligations



Status of Federal Highway Trust Fund



REAUTHORIZATION - WHAT'S NEXT?

MAP-21 Expires

September 30, 2014

(502 days)

REMEMBER 3 – 2 – 5



Reauthorization?



AASHTO Core Principles for Reauthorization

- Continue a **strong federal role** in national surface transportation system.
- **Respect** the fundamental **roles and responsibilities** of States, transit agencies and local government.
- **Maintain the core principle** of a federally assisted, state administered highway program.
- Continue to distribute **at least 90% of the Highway Program funds to** the States through the **core highway programs**.
- **Preserve** the fundamental **program and policy reforms** in MAP-21.
- Coalesce around practical, **user-fee based revenue options**.
- Protect and further expand policies that support **flexible use of** conventional and innovative **funding and financing tools**.
- Provide **dedicated funding, funding guarantees and budgetary firewalls for all modes**.



“In the middle of difficulty lies opportunity.”

-Albert Einstein
Theoretical Physicist





Blue Ribbon
Committee
on Highway Finance
BlueRibbonHighways.com

FINAL REPORT

December 1, 2010

Presented to:

The Honorable Mike Beebe, Governor
House Interim Committee on Public Transportation
Senate Interim Committee on Transportation, Technology and Legislative Affairs
House Interim Committee on Revenue and Taxation
Senate Interim Committee on Revenue and Taxation
Arkansas Legislative Council
Arkansas State Highway Commission
Association of Arkansas Counties
Arkansas Municipal League



Revenue Proposals



- **Reissue Bonds for Interstate Rehabilitation Program**
 - ✓ Need vote of the people
 - ✓ \$575 million in bonds – could do \$1 billion+ program
 - ✓ No new taxes
- **Temporary 1/2¢ General Sales Tax**
 - ✓ Sunset in 10 years
 - ✓ Used for 5-year bond program
 - ✓ Would generate \$1.8 billion for AHTD program
 - ✓ Recommended to refer to a vote of the people
- **State Aid for Cities Program**



Revenue Proposals



Reissue GARVEE Bonds for Interstate Rehabilitation Program

- Approved by Vote of the People
- \$575 Million in Bonds
- No New Taxes



Interstate Rehabilitation Program

1999

50 Projects | 360 Total Miles | \$1.0 Billion

Interstate Condition Improved From 21% 'Good' to 72%

2011

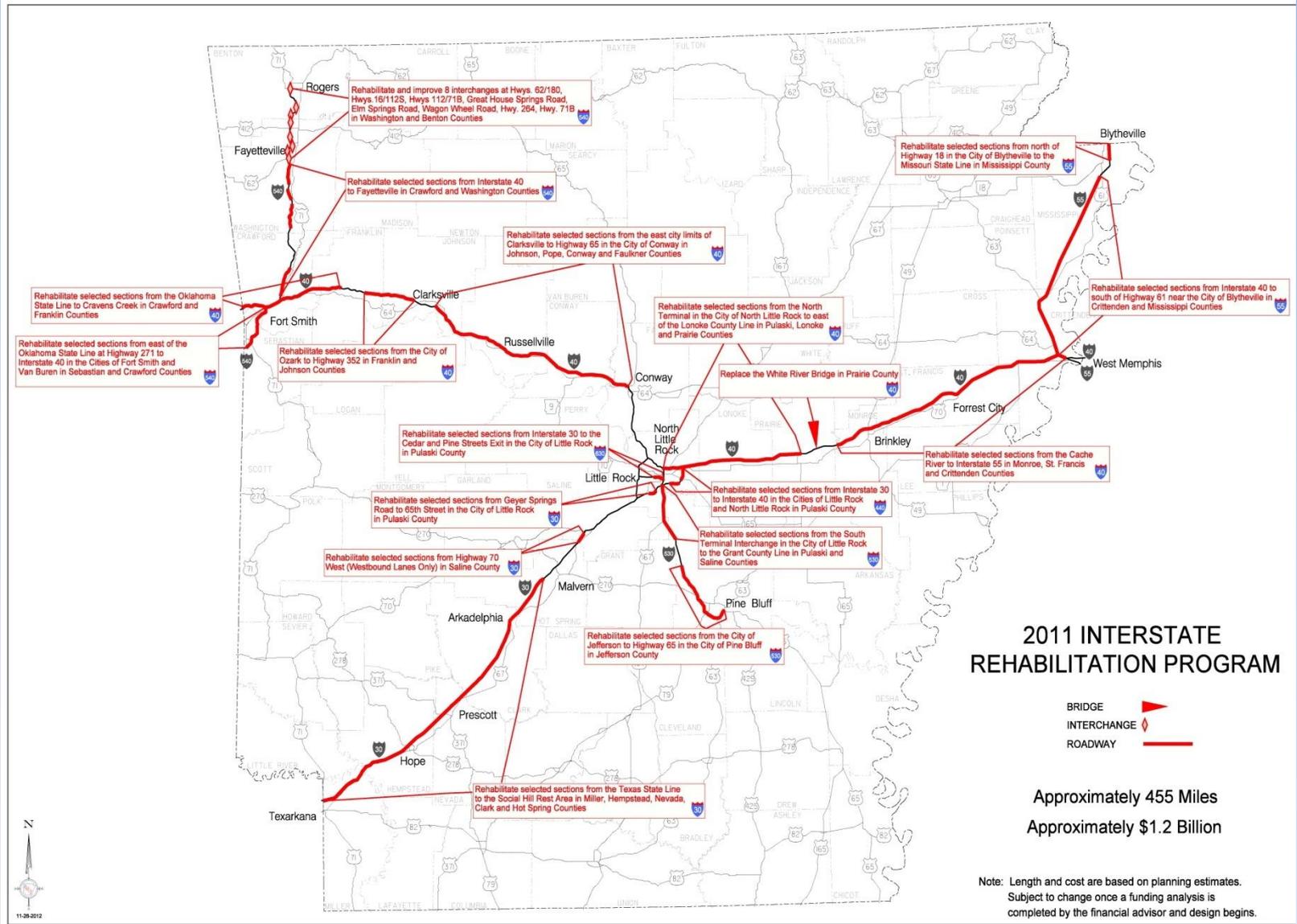
Passed With 81% of Vote

75 +/- Projects | 455 Total Miles | \$1.2 Billion

First Contracts Awarded in November 2012



Interstate Rehabilitation Program



Interstate Rehabilitation Program

Projects Let to Contract

Job #	Route	Location	County	Est. Comp.	Miles	Amount
BB0105		Forrest City - East	St. Francis	Mid 14	7.8	\$51,946,709
BB0109		I-40-Jericho	Crittenden	Late 13	7.8	\$7,705,443
BB0403		Dyer-Cravens Creek	Crawford/Franklin	Mid 13	13.9	\$9,122,895
BB0407		Hwy. 22 - I-40	Sebast./Crawford	Mid 14	7.5	\$78,829,029
BB0614		Bingham Rd. – Grant Co.	Pulaski-Saline	Mid 14	7.5	\$13,525,135
BB0804		Mill Creek – Hwy. 331	Pope	Early 15	4.4	\$42,378,010
BB0806		Atkins - Plumerville	Pope/Conway	Late 13	18.5	\$12,350,633



Revenue Proposals



State Aid Program for Cities

- Dedicates 1¢ Per Gallon of Existing Motor Fuel Tax
- Similar to County Aid Program
- Funds Distributed by 9-Member Panel
- Passed in 2011; Triggered by Issue #1 Vote



Revenue Proposals

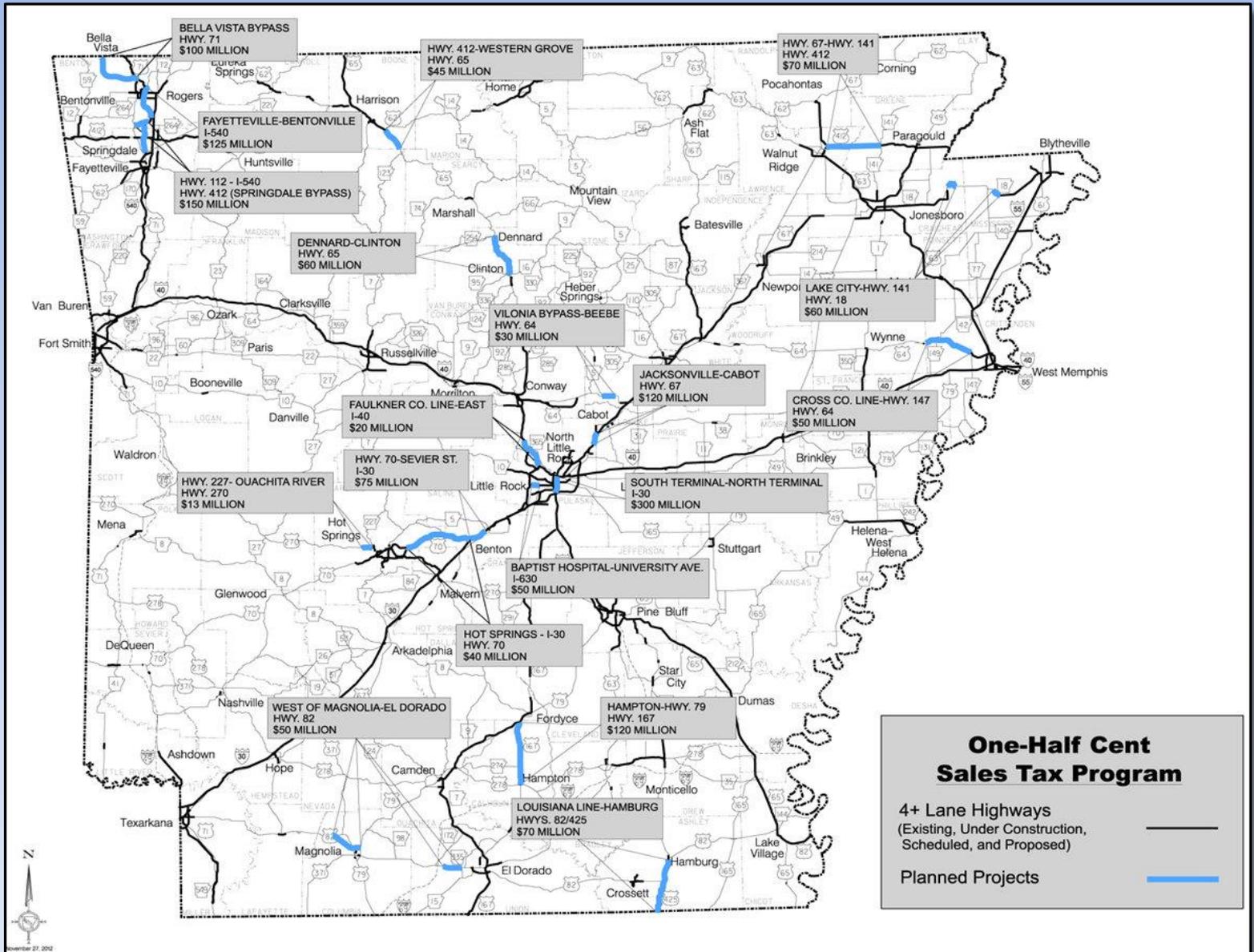


Temporary One-Half Cent General Sales Tax to Fund a Multi-Year Construction Program

- Sunset in 10 Years
- Used for Multi-Year Bond Program
- Will Generate \$1.8 Billion Total Program
- Passed in November 2012



Connecting Arkansas Program



Revenue Proposals



- **New Excise Tax on the Wholesale Price of Motor Fuels**
 - ✓ Phased in over 6 years at 1% per year
 - ✓ \$41 million to AHTD in first year
 - ✓ \$2.0 billion to AHTD over 10 years
- **Index Motor Fuel Taxes**
 - ✓ Use Arkansas's Highway Construction Cost Index
 - ✓ 2¢/gallon/year cap
 - ✓ "Hard" floor
 - ✓ Each 1¢/ gallon generates \$14 million for AHTD



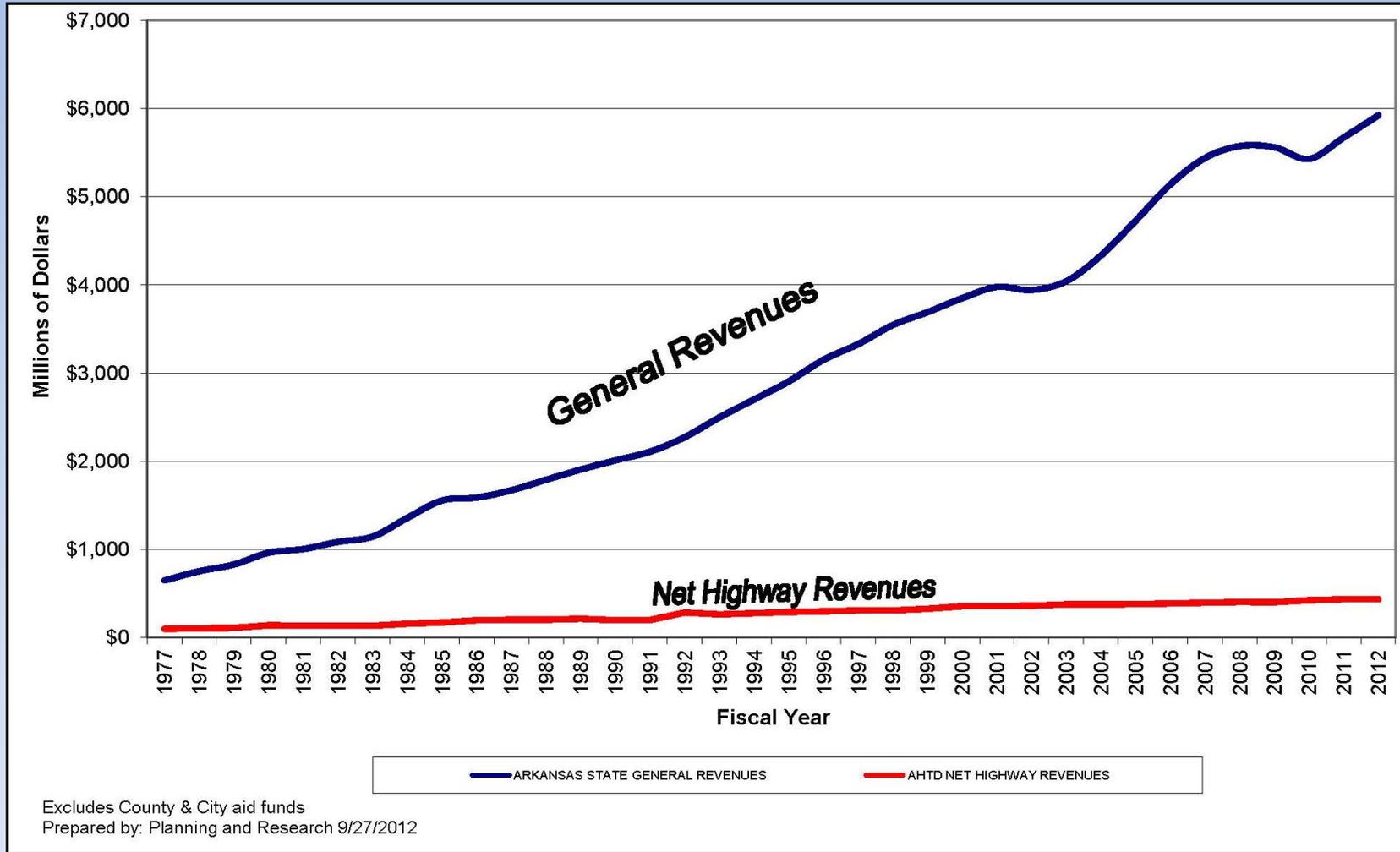
Revenue Proposals



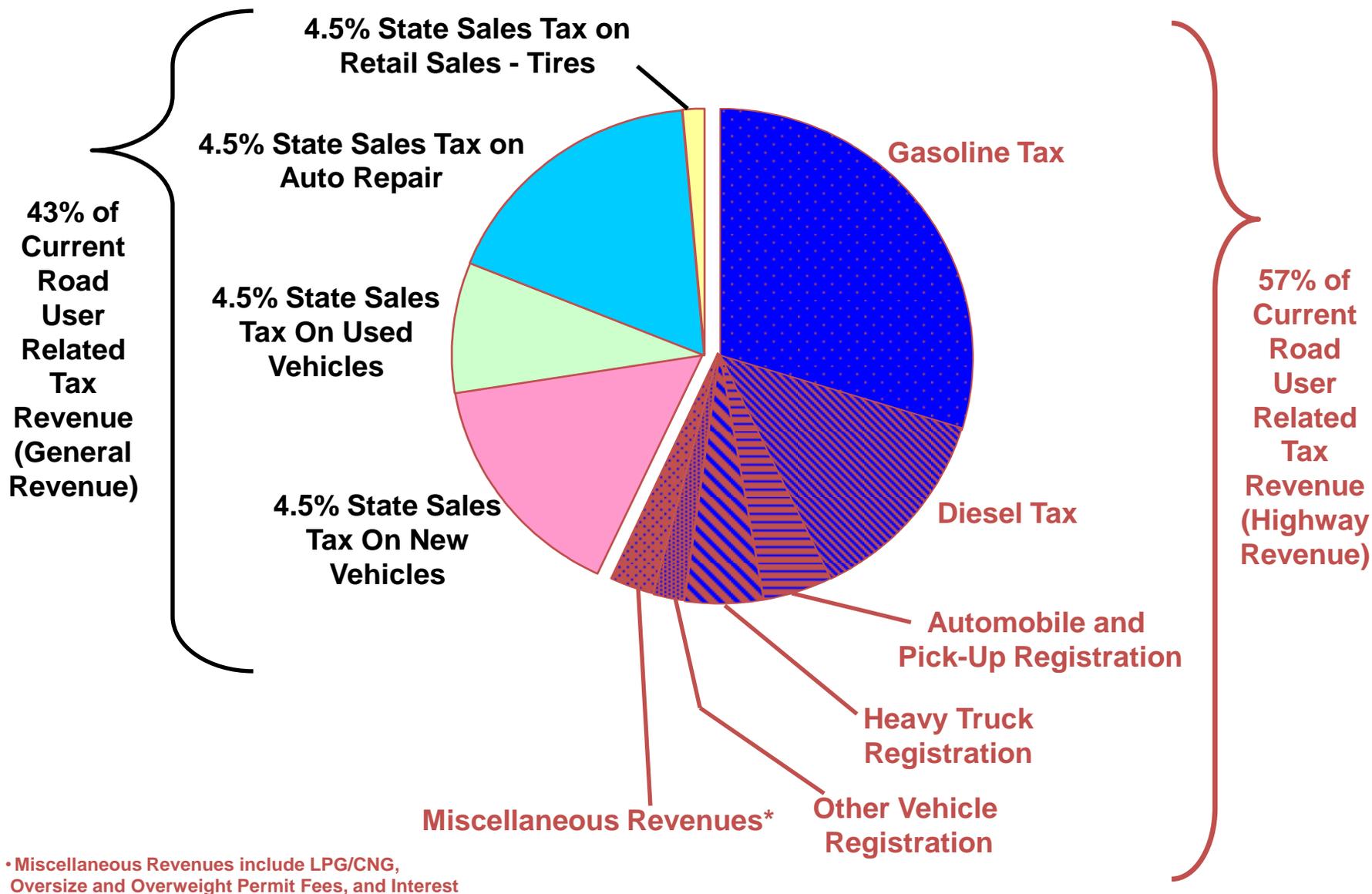
- **Transfer Sales Tax on New and Used Vehicles, Auto Repair Parts and Services, Tires and Batteries**
 - ✓ **Phased in over 10 years**
 - ✓ **\$23 million to AHTD in first year (estimated to be 2014)**
 - ✓ **\$1.5 billion to AHTD over 10 years**



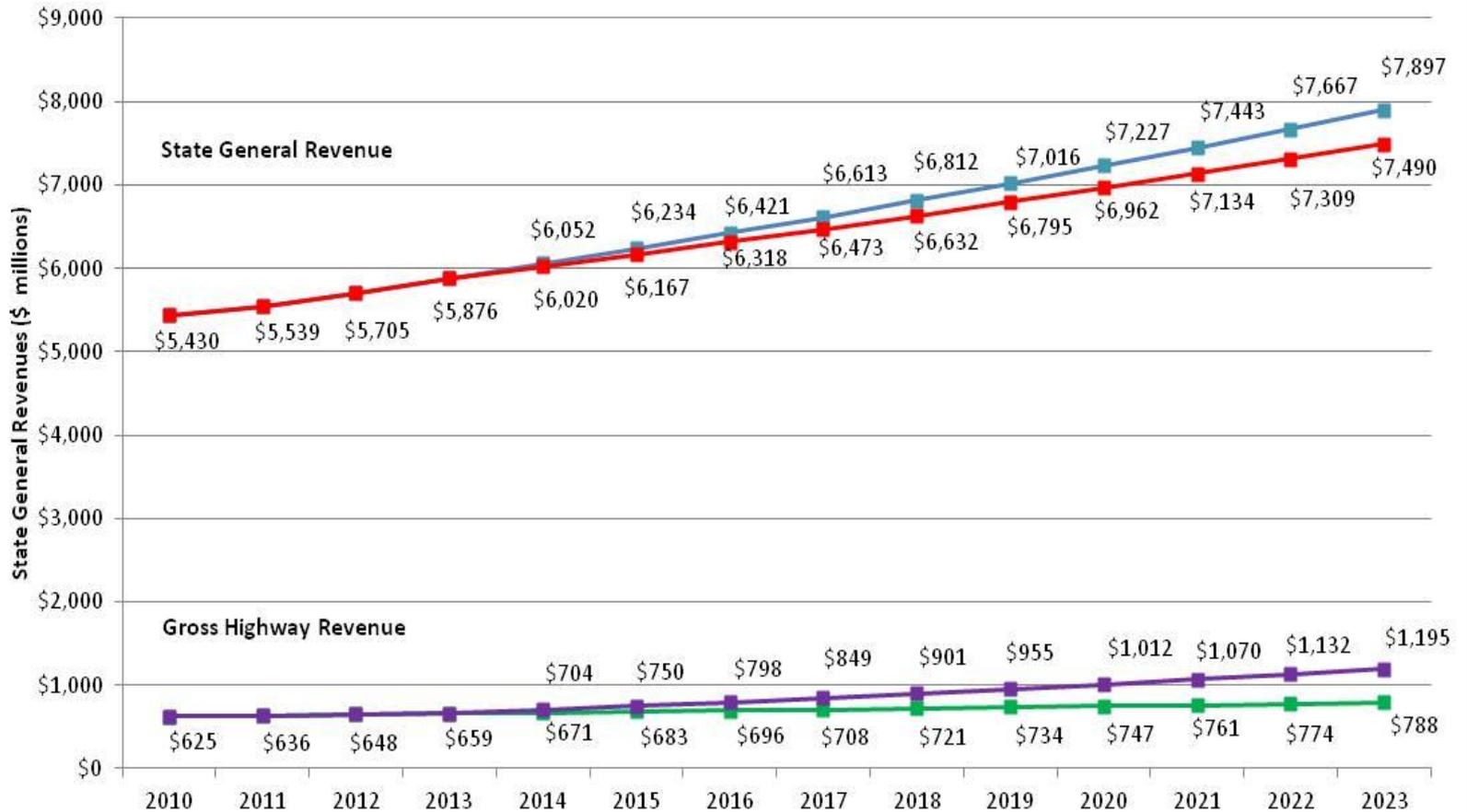
State General Revenues vs. AHTD Net Highway Revenues



Road User Related State Tax Revenue



**Revenue from Transferring 6% of the Gross State Sales and Use Tax (Representing Road-User Related Sales and Use Tax)
and the 4.5% Sales and Use Tax on the Sale of New and Used Vehicles
In millions -- Phased in Over Ten Years -- Beginning in 2014**



- Projected Existing General Revenue
- Projected General Revenue with Transfer in Place (see details above)
- Projected Gross Highway Revenue
- Projected Gross Highway Revenue with Transfer in Place (see details above)



**Revenue from Transferring 6% of the Gross State Sales and Use Tax (Representing
Road-User Related Sales and Use Tax) and
the 4.5% Sales and Use Tax on the Sale of New and Used Vehicles
(in millions)**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenue to AHTD	\$23	\$47	\$72	\$98	\$126	\$155	\$185	\$217	\$250	\$285
Revenue to Counties	\$5	\$10	\$15	\$21	\$27	\$33	\$40	\$47	\$54	\$61
Revenue to Cities	\$5	\$10	\$15	\$21	\$27	\$33	\$40	\$47	\$54	\$61
Total	\$33	\$67	\$102	\$140	\$180	\$221	\$265	\$311	\$358	\$407



*“Nothing is more expensive than
a missed opportunity.”*

-H. Jackson Brown, Jr.
Author



**An additional \$200 million
annually is needed over the
next 10 years**

for highway congestion,
pavement and bridge
conditions, maintenance,
administration and operations
to remain at current levels.



**We have to do
more with less. . .**



Without Additional Funds. . .



Local Partnerships on Highways

- Goal is to “Fast-Forward” Projects
- Guidelines Adopted January 2005
- Projects must be:
 - ✓ On the State Highway System
 - ✓ Sponsored by a City, County, and/or other State Agency
 - ✓ Eligible for State and Federal Funding



Local Partnerships on Highways

➤ Examples of Partnering:

- ✓ Design, Right-of-Way Acquisition and/or Utility Relocation
- ✓ Funding for Project Costs
- ✓ Assume Maintenance Responsibility upon Project Completion



Local Partnerships on Highways

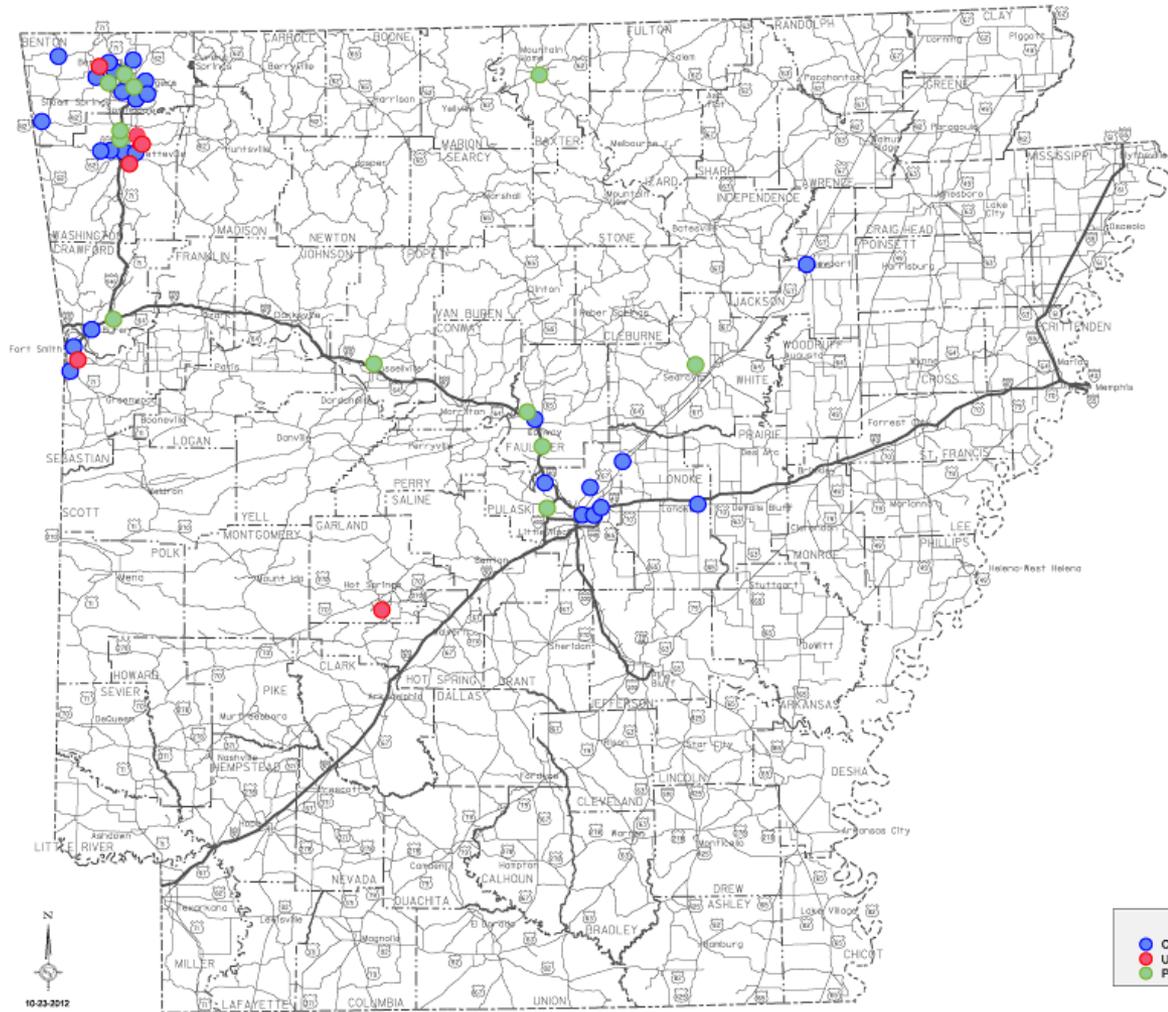
- **Let to Contract – 34 projects**
 - ✓ Total Cost - \$265 million
 - ✓ Local Contribution - \$88 million

- **Scheduled - 14 projects**
 - ✓ Total Estimated Cost - \$334 million
 - ✓ Local Contribution - \$100 million

- **Grand Total - 48 projects**
 - ✓ Total Estimated Cost - \$599 million
 - ✓ Local Contribution - \$188 million



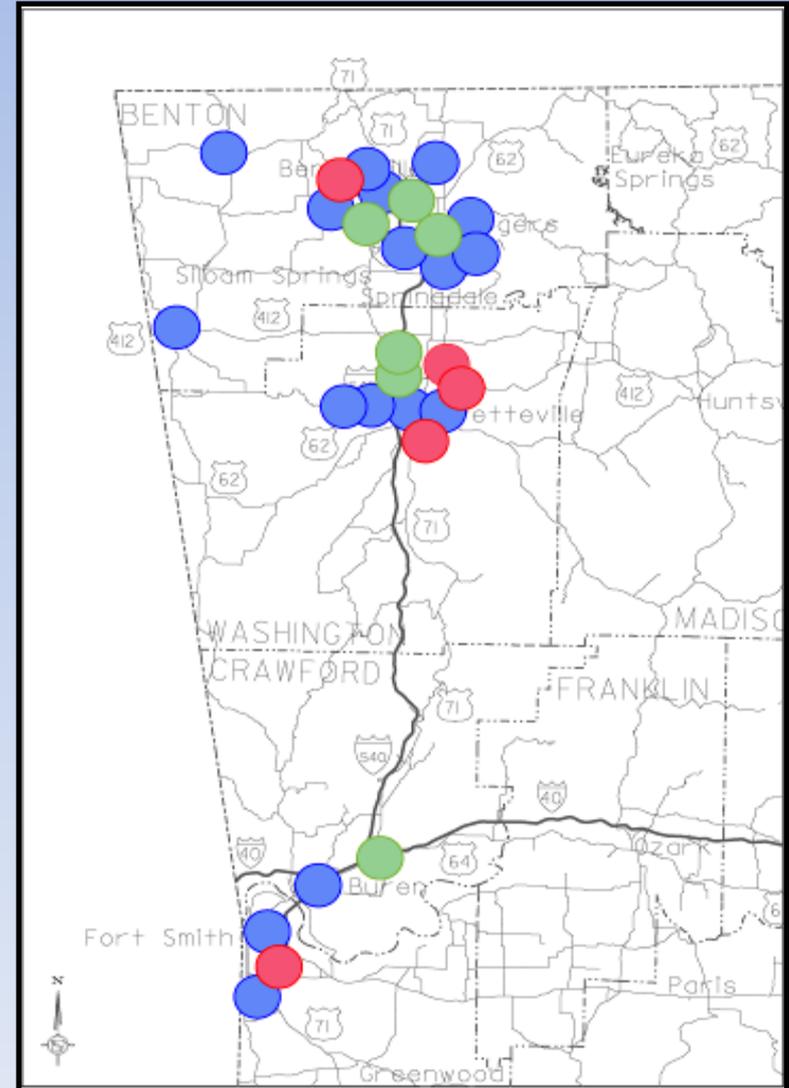
Local Partnerships on Highways



LOCAL PARTNERSHIPS

Northwest Arkansas

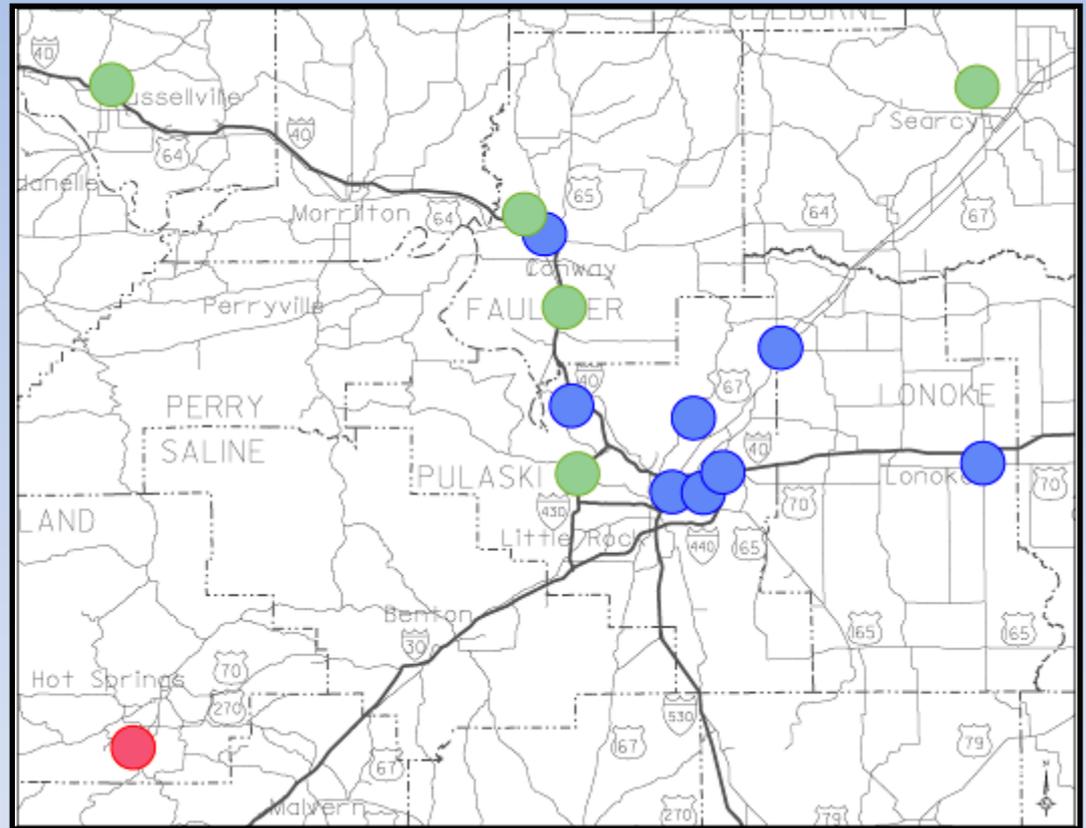
- 28 Projects Involve Partnering
- Total Cost \$400 Million
- Local Contribution \$136 Million



LOCAL PARTNERSHIPS

Central Arkansas

- 18 Projects Involve Partnering
- Total Cost \$176 Million
- Local Contribution \$47 Million





THE **I-Plan**

Investing in **I**nfrastructure **I**mprovements

A COMMUNICATIONS AND MARKETING PLAN

for the



prepared by

THE AHTD PUBLIC INFORMATION OFFICE

April 2013

THE **I-Plan**

Purpose



THE **I-Plan**

Purpose

➤ **Traveler Information**



THE I-Plan

Purpose

- **Traveler Information**
- **Accountability**



THE **I-Plan**

Components



THE **I-Plan**

Components

➤ **IdriveArkansas.com**



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THE **I-Plan**

Components

- **IdriveArkansas.com**
- **Signage**



THE **I-Plan**

Components



**IMPROVEMENTS
UNDERWAY
NEXT 5.8 MILES
EST. COMPL. SEPT 2014**

THE I-Plan

Components



THE **I-Plan**

Components

- **IdriveArkansas.com**
- **Signage**



THE **I-Plan**

Components

- **IdriveArkansas.com**
- **Signage**
- **Local Marketing**



THE **I-P**lan

Investing in **I**nfrastructure **I**mprovements





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10



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or

info@arkansashighways.com