

Scott E. Bennett, PE

Director of Highways and Transportation



**Arkansas County
Judges Association**

Thursday, February 11, 2016

Federal



Update

Fixing America's Surface Transportation (FAST) Act

- Authorizes 5 Years of Funding
 - Federal Fiscal Years (FFYs) 2016-2020
- \$225.2 Billion for Highway Investment
- Over 5 Years:
 - \$20.2 Billion Increase from FFY 2015
 - \$250 Million Increase for Arkansas



Fixing America's Surface Transportation (FAST) Act

- Interstate System Reconstruction and Rehabilitation Pilot Program (Tolling)
 - ✓ Allows 3 states to test the feasibility of transitioning public roads to toll roads
 - ✓ FAST Act – limited reservation to 3 years





Federally Mandated Performance Measures

7 National Goals

Safety

Congestion Reduction

System Reliability

Freight Movement and
Economic Vitality

Environmental Sustainability

INFRASTRUCTURE CONDITION

Reduced Project Delivery Delays





Federally Mandated Performance Measures

National Goal Area:
Infrastructure Condition

Monitor – Evaluate – Report

Possible Impacts





Funding Challenges

- **Additional State Highway Funds Needed to Match Federal Highway Funds**
 - ✓ Typically 80% Federal 20% State Funds
 - ✓ Use or Lose

State



Update



STATE FISCAL YEARS 2016-2020

ESTIMATED STATE HIGHWAY REVENUE ANALYSIS

x \$1,000,000

	2016	2017	2018	2019	2020	AVG
Sources and Revenues:						
Motor Fuels and Registration Fees	\$ 356.4	\$ 358.2	\$ 360.0	\$ 361.8	\$ 363.6	
4¢ Diesel Tax - Committed to the Interstate Rehab. Program (IRP)	\$ 16.5	\$ 16.5	\$ 16.5	\$ 16.5	\$ 16.5	
Natural Gas Severance Tax	\$ 29.0	\$ 29.7	\$ 30.4	\$ 31.2	\$ 32.0	
TOTAL	\$ 401.9	\$ 404.4	\$ 406.9	\$ 409.5	\$ 412.1	\$ 407.0
Less Fixed Expenditures:						
Maintenance	\$ 221.8	\$ 222.9	\$ 224.0	\$ 225.1	\$ 226.3	
Administration	\$ 21.8	\$ 21.9	\$ 22.0	\$ 22.1	\$ 22.2	
Operations	\$ 26.2	\$ 26.4	\$ 26.5	\$ 26.6	\$ 26.8	
Budgeted Construction w/o Right of Way	\$ 44.9	\$ 45.1	\$ 45.4	\$ 45.6	\$ 45.8	
IRP Debt Service	\$ 16.5	\$ 16.5	\$ 16.5	\$ 16.5	\$ 16.5	
TOTAL	\$ 331.3	\$ 332.8	\$ 334.4	\$ 336.0	\$ 337.6	\$ 334.5
Total State Highway Funds Available for Highway Construction Program	\$ 70.6	\$ 71.6	\$ 72.5	\$ 73.5	\$ 74.5	\$ 72.5
Less Required State Highway Matching Funds for Federal Highway Funds	\$ 116.7	\$ 119.4	\$ 121.9	\$ 124.8	\$ 127.8	\$ 122.1
Shortfall in State Highway Matching Funds Needed for Federal Highway Funds	(\$ 46.1)	(\$ 47.8)	(\$ 49.4)	(\$ 51.3)	(\$ 53.3)	(\$49.6)



Funding Challenges

- **Additional State Highway Funds Needed to Match Federal Highway Funds**

- ✓ Typically 80% Federal Hwy. Funds are Matched by 20% State Hwy. Funds
- ✓ Use or Lose

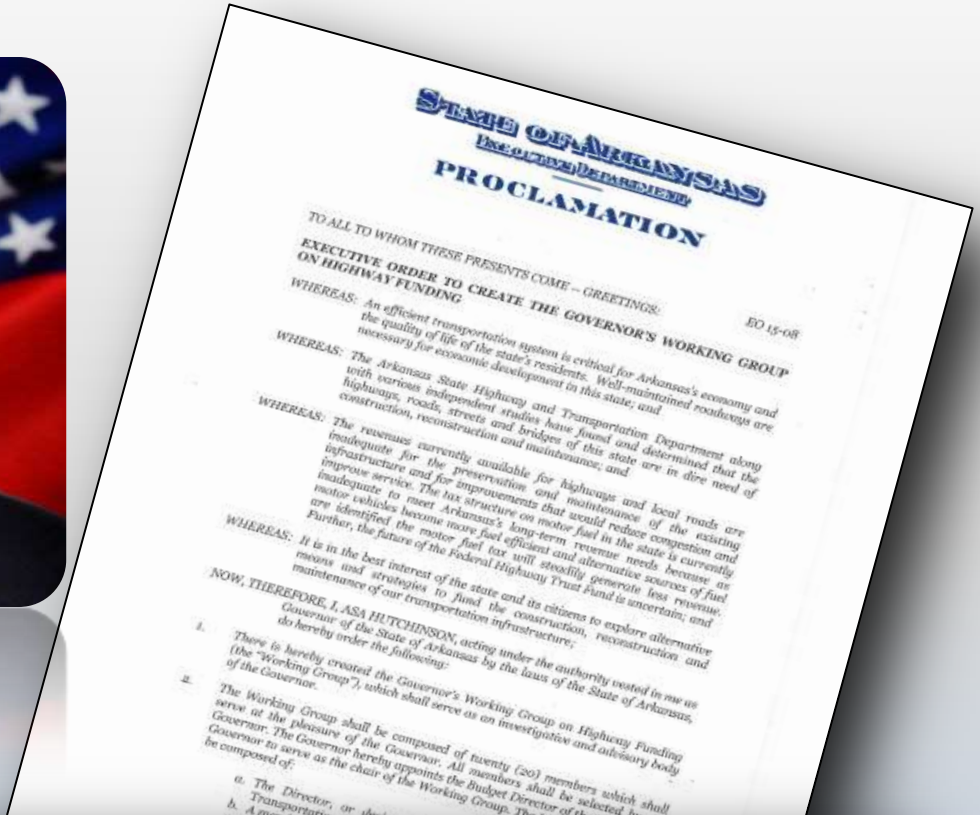
- **Reduction in Annual State Highway Revenue Available to Match Federal Highway Funds**

- ✓ Arkansas State Aid City Street Program - \$ 14 M
- ✓ Increased Maintenance Budget - \$ 18 M
- ✓ Declining Natural Gas Severance Tax Revenue - \$ 11 M

Total Annual Reduction - \$ 43 M



Governor's Working Group on Highway Funding



“An efficient transportation system is critical for Arkansas’ economy and the quality of life of the state’s residents.”



Governor's Working Group on Highway Funding

GOALS

Needs	Net to AHTD (x \$1 M)	Cumulative Amount (x \$1 M)	Benefits
Immediate/Short-Term (within 2 years)	\$110	\$110	<ul style="list-style-type: none"> Critical Needs Match Federal Highway Funds Overlays
Mid-Term (within 3-5 years)	\$140	\$250	<ul style="list-style-type: none"> Enhanced Maintenance Program <ul style="list-style-type: none"> ✓ Pavement Restoration of 50% of the State Highway System every 15-20 years
Long-Term (within 6-10 years)	\$150	\$400	<ul style="list-style-type: none"> Enhanced Economic Development Program
<ul style="list-style-type: none"> Ultimate (10+ Years) 	<ul style="list-style-type: none"> \$1.68 Billion 	<ul style="list-style-type: none"> Economic Development Projects Completed I-49, I-69 Four-lane Grid System State of Good Repair for Bridges and Pavement AHTD Equipment Fleet – Average Age 8 Years All AHTD Facilities Modernized 	



Governor's Working Group on Highway Funding





Governor's Working Group on Highway Funding

Proposals

#1 Increase Taxes Revenue Transfer

- Index Motor Fuel Tax
- Increase the Diesel Fuel Tax
- Phase-in Revenue Transfer Sales Tax on New and Used Vehicles
- Dedicate 3/8¢ of the Remaining 1/2¢ Sales Tax to Highways

#2 Revenue-Neutral Strategies

- Redirect General Revenue Diesel Tax
- Rebate 1/2 ¢ Sales Tax Revenue from Constitutional and Fiscal Agencies
- Rebate the Sales Taxes on Construction Materials
- Offset School Desegregation Tax Reduction with a User Fee Increase

#3 Increase Taxes Change User Fee Collection

- Inflation Adjustment and Indexing Motor Fuel Taxes
- Increase Motor Fuel Taxes
- 2017 – Consider Transition to Reportable Miles

#4 Increase Taxes

- Eliminate the Sales Tax Exemption for Gasoline and Diesel



Governor's Working Group on Highway Funding

January 19, 2016
Press Conference





Highway Funding Option Presented by Governor Hutchinson 2016 Special Session

Item	Source	2017 (x \$1M)	2018 (x \$1M)	2019 (x \$1M)	2020 (x \$1M)	2021 (x \$1M)
Transfer 2015 Unobligated Funds	Surplus	\$20.0				
Transfer from Governor	Rainy Day Fund	\$20.0				
Transfer Sales Tax New & Used Vehicles	General Revenue	\$ 1.5	\$ 8.0	\$15.0	\$20.0	\$25.0
Redirect Diesel Tax	General Revenue		\$ 2.7	\$ 2.7	\$ 2.7	\$ 2.7
Eliminate Deduction - Temporary ½ cent Sales Tax	State Central Services	\$ 5.4	\$ 5.4	\$ 5.4	\$ 5.4	\$ 5.4
Total		\$46.9	\$16.1	\$23.1	\$28.1	\$33.1

Estimate based on 10-Year Average

Allocate 25% of General Improvement Funding	Surplus		\$48.0	\$48.0	\$48.0	\$48.0
Total		\$46.9	\$64.1	\$71.1	\$76.1	\$81.1

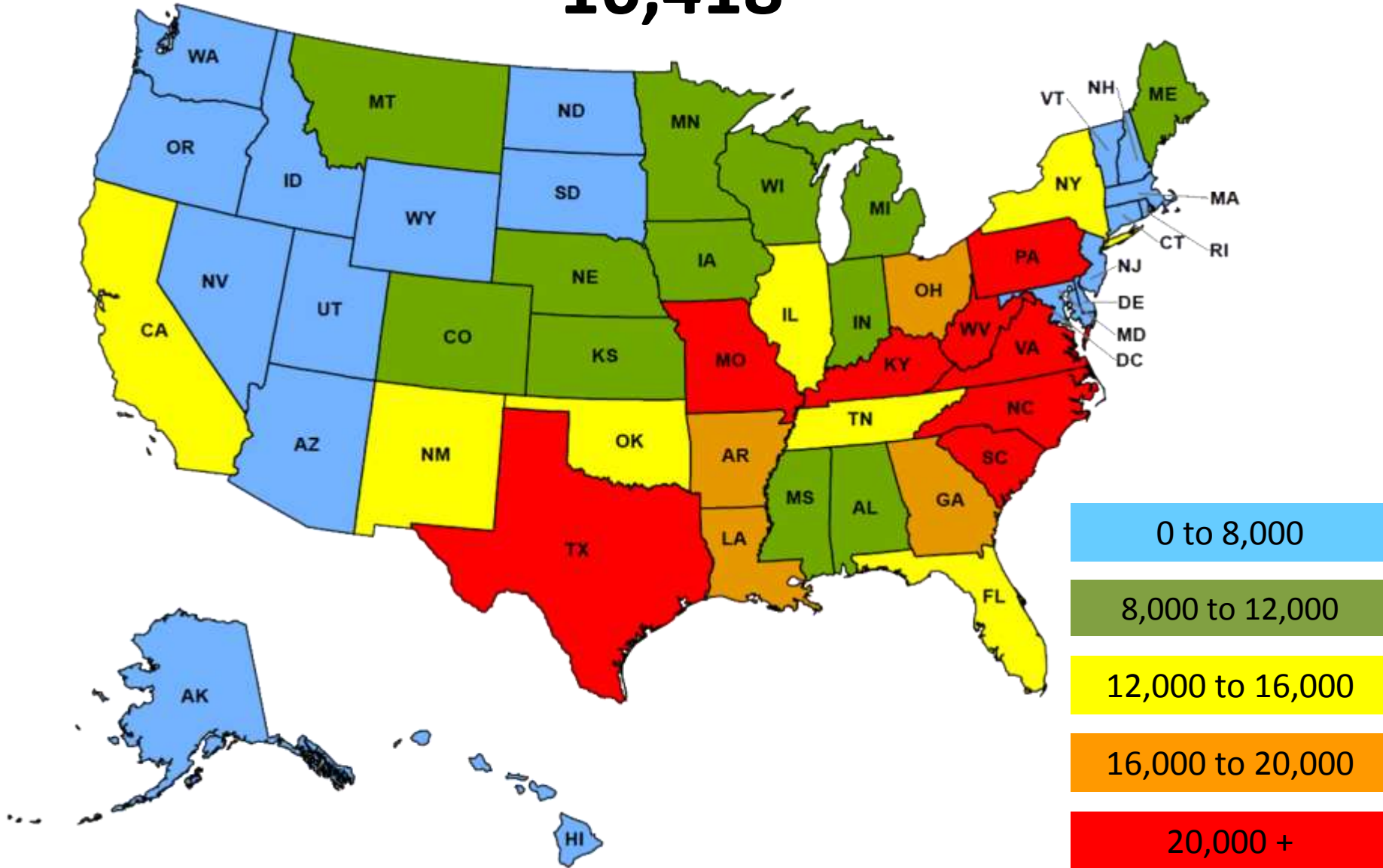


Highway System



12th in the Nation for Number of Highway Miles

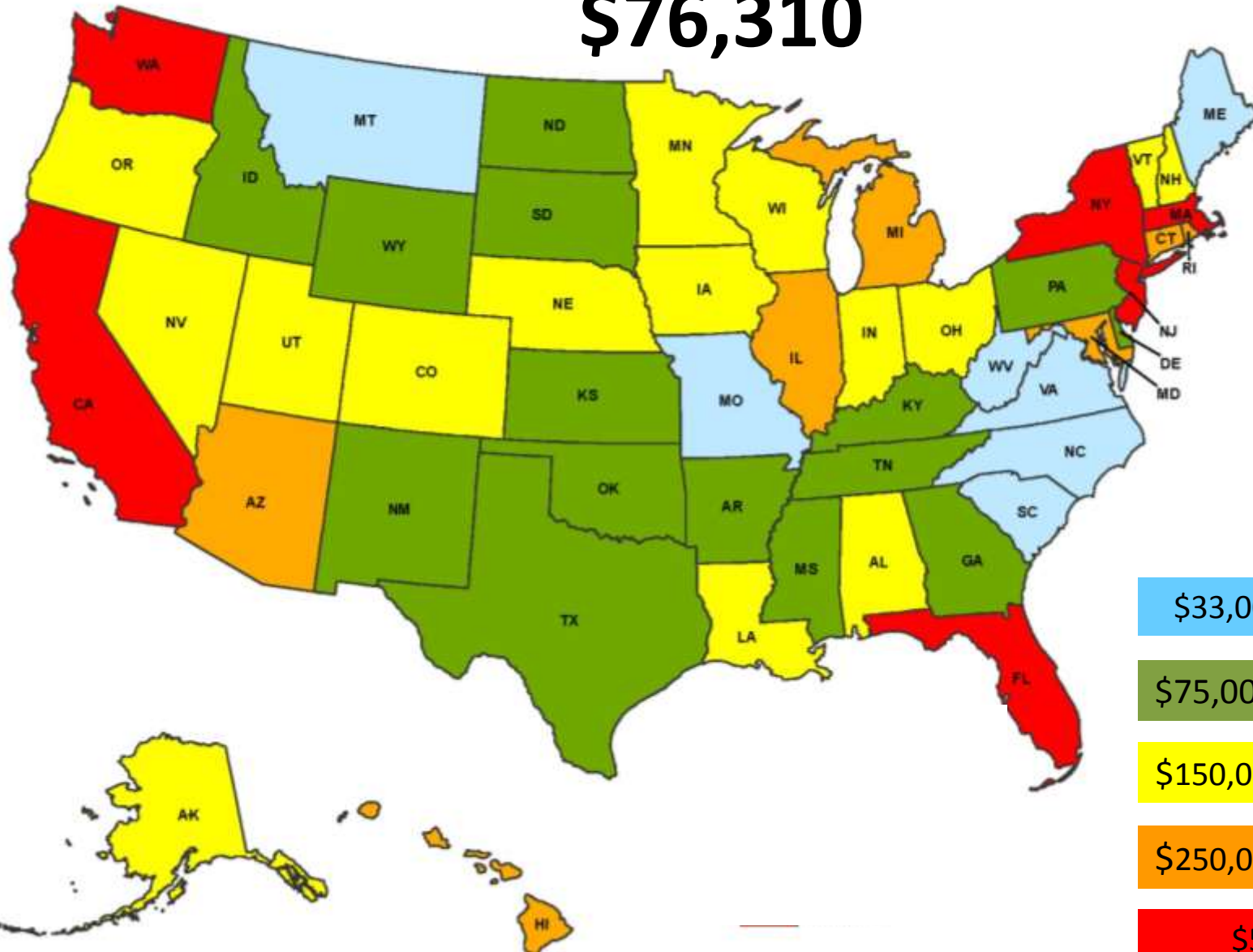
16,418





43rd in the Nation for Revenue per Mile

\$76,310



\$33,000 to \$75,000

\$75,000 to \$150,000

\$150,000 to \$250,000

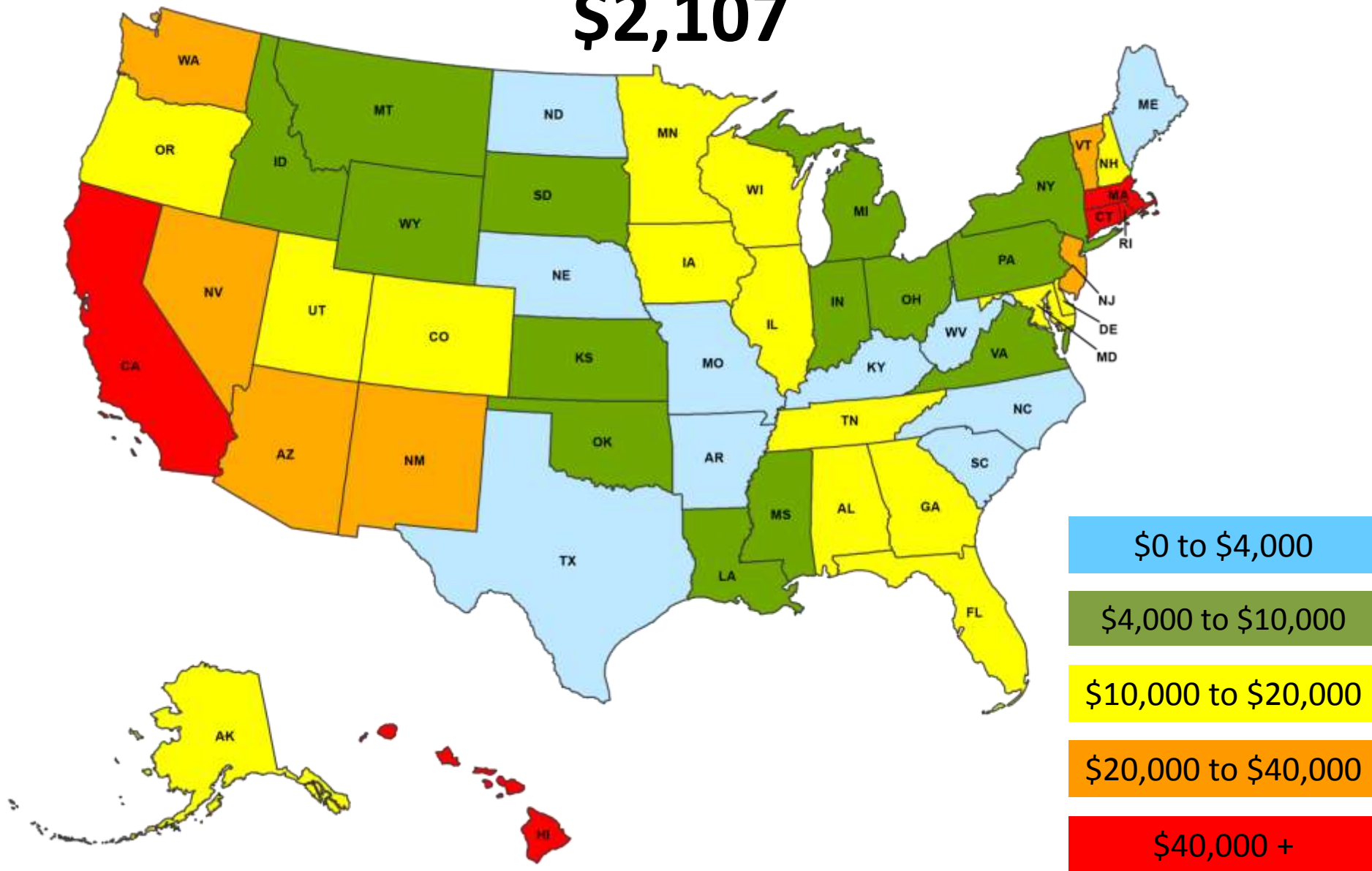
\$250,000 to \$500,000

\$500,000 +



48th in the Nation for Administrative Cost per Mile

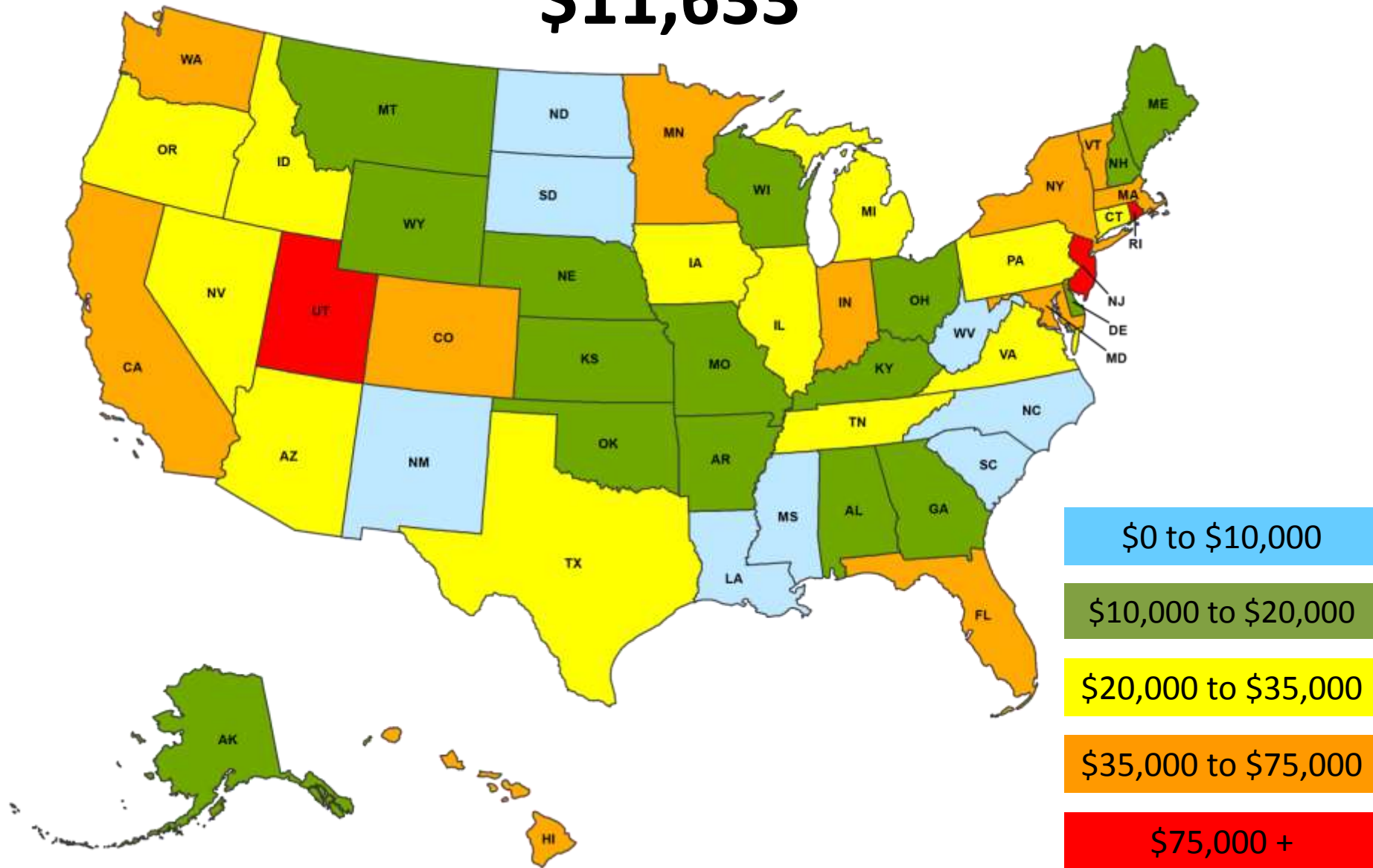
\$2,107





39th in the Nation for Maintenance per Mile

\$11,633

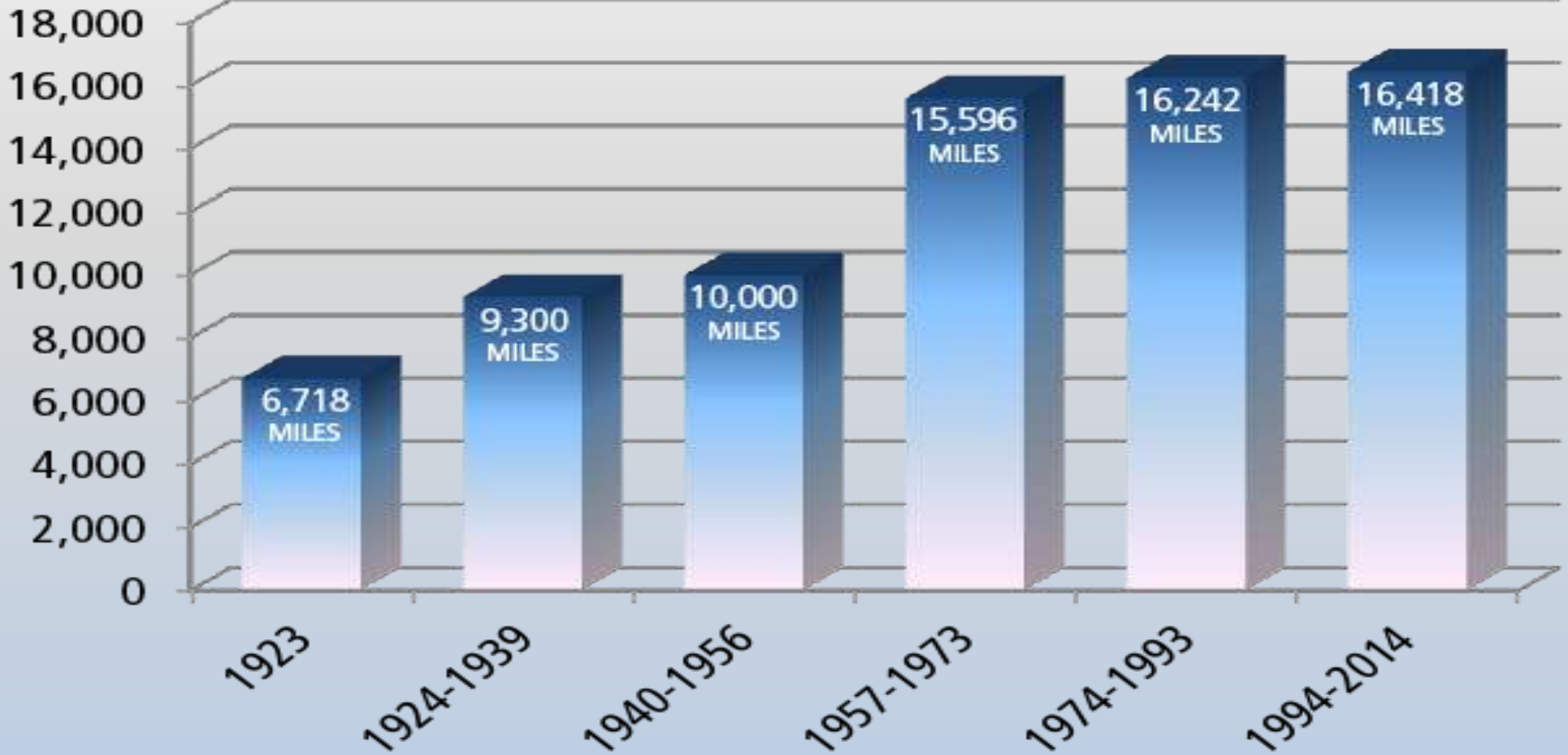




Growth of the State Highway System

GROWTH OF THE HIGHWAY SYSTEM

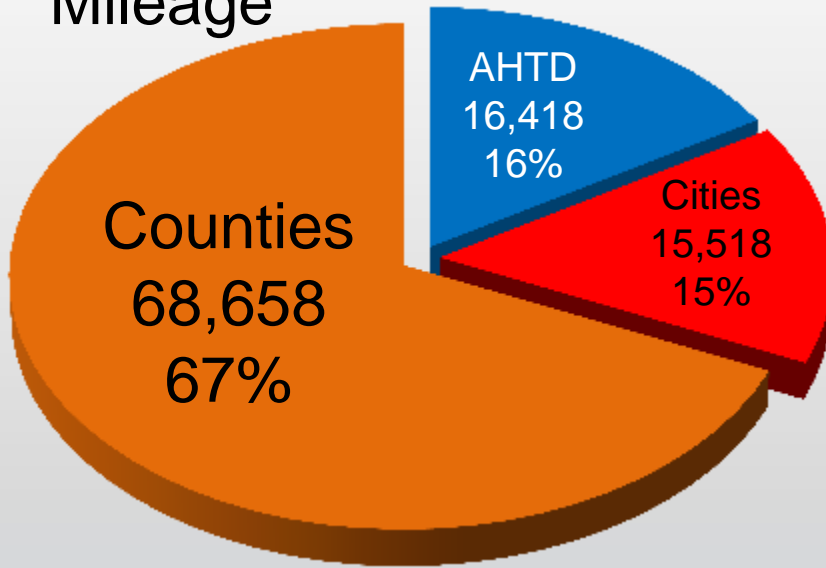
MILES



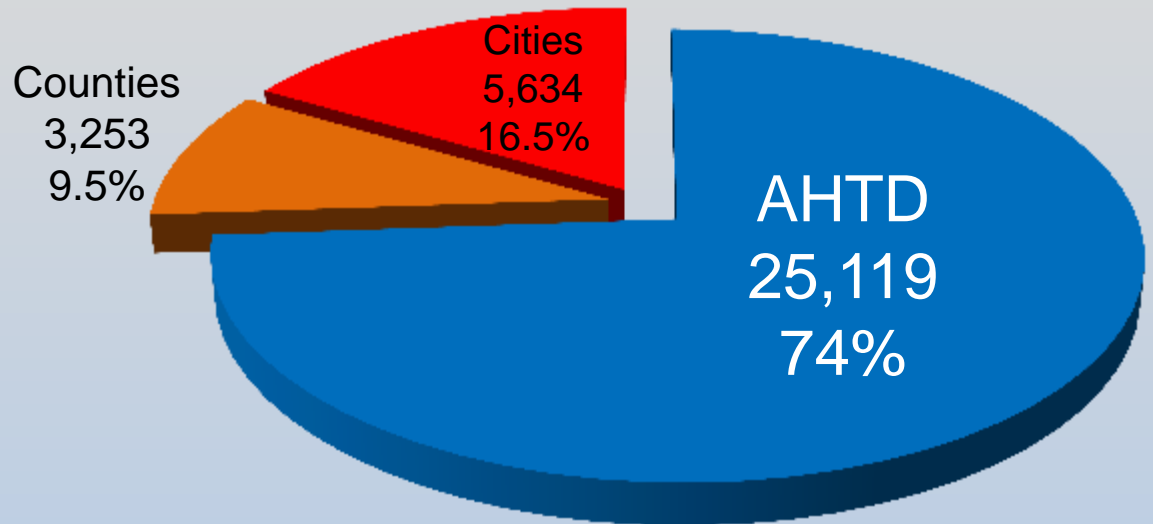


Distribution of Arkansas Roads & Traffic

Mileage

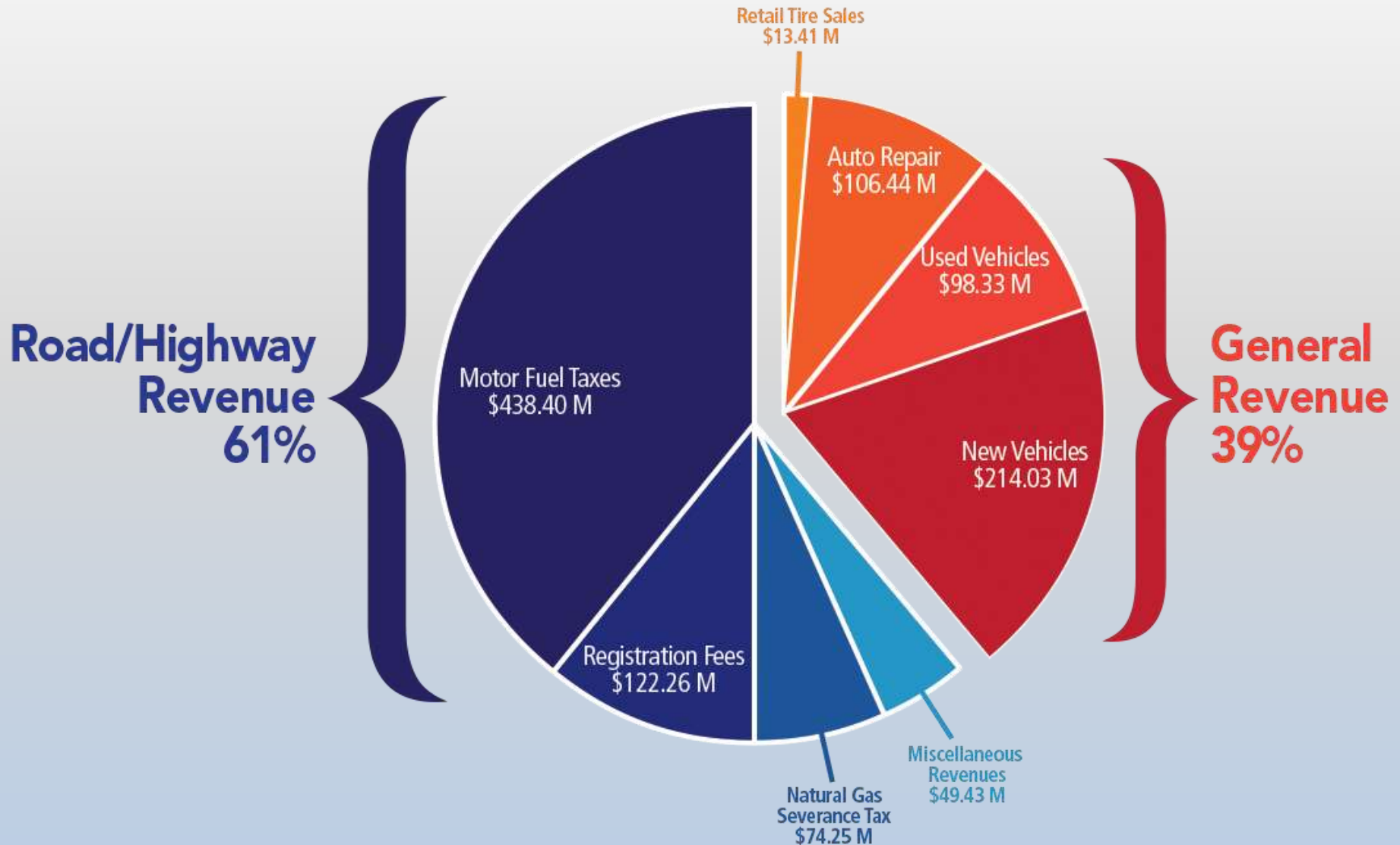


Vehicle Miles Traveled



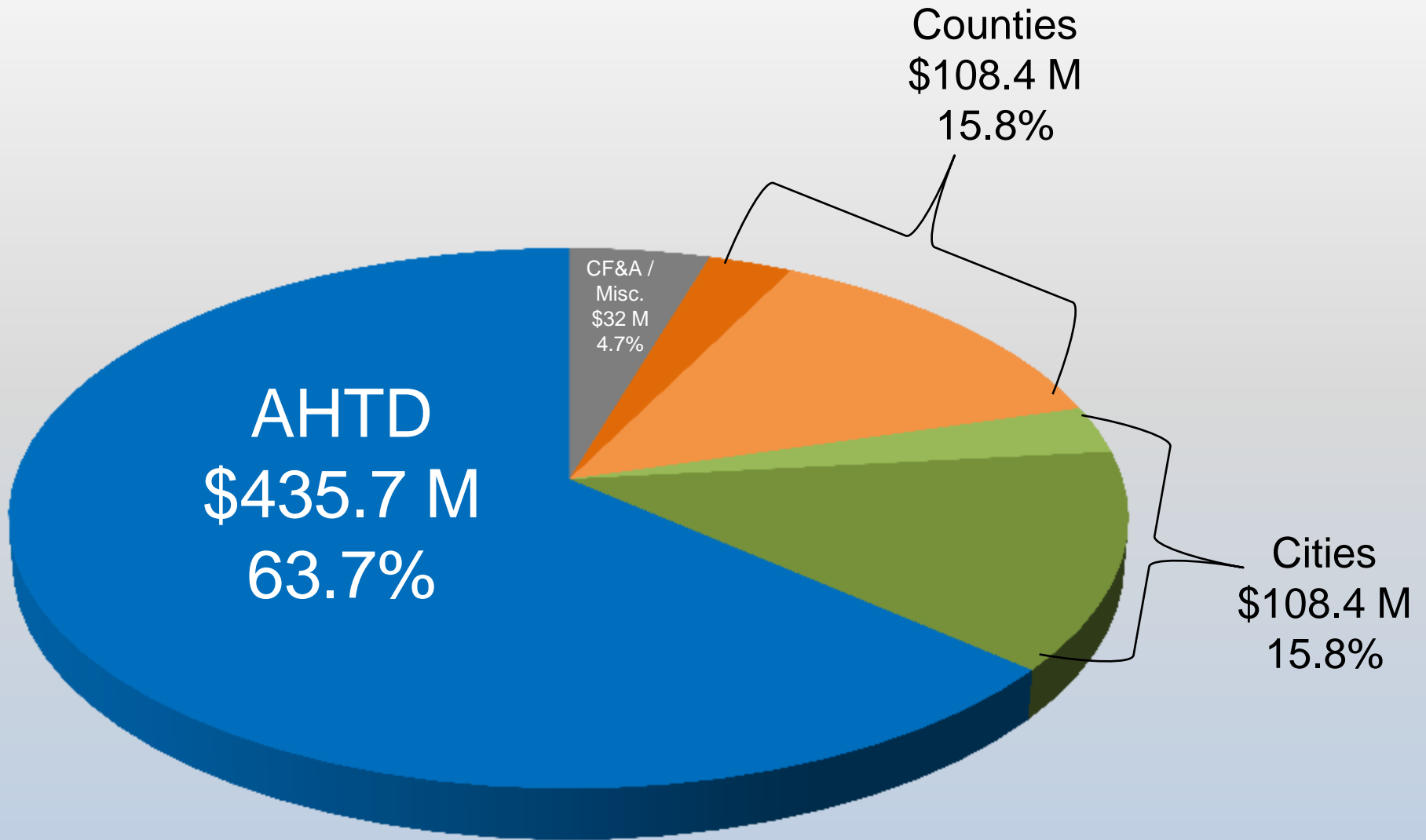


2015 Road User Related Tax Revenue





2015 Highway Revenue Distribution





Programs



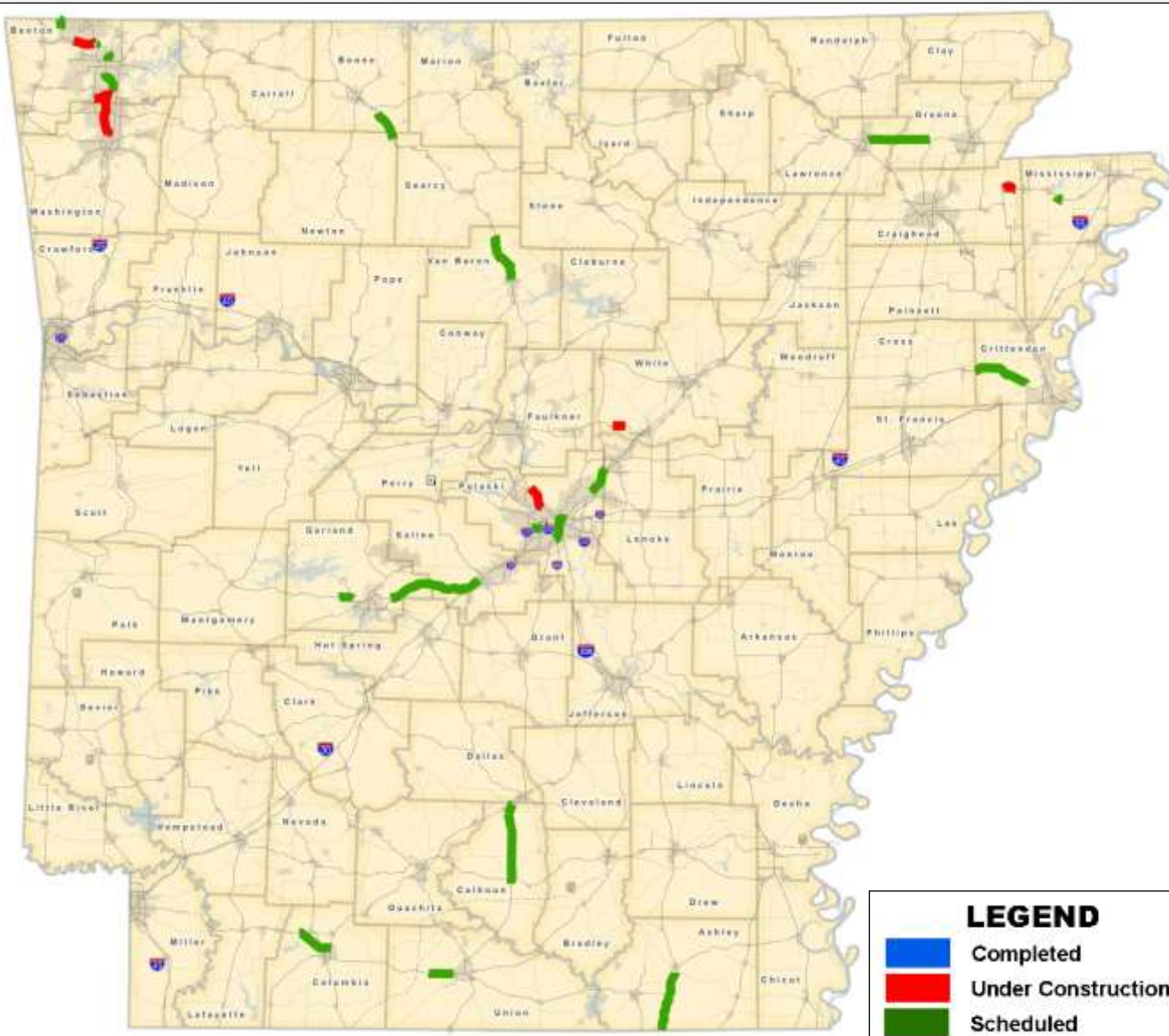
Half Cent Sales Tax Program

AHTD	Counties	Cities
\$417,996,646	\$89,666,338	\$89,666,338





Connecting Arkansas Program Update



Under Construction:
7 Projects
29 miles
\$263 million

Scheduled:
28 Projects
158 miles
\$1.5 billion



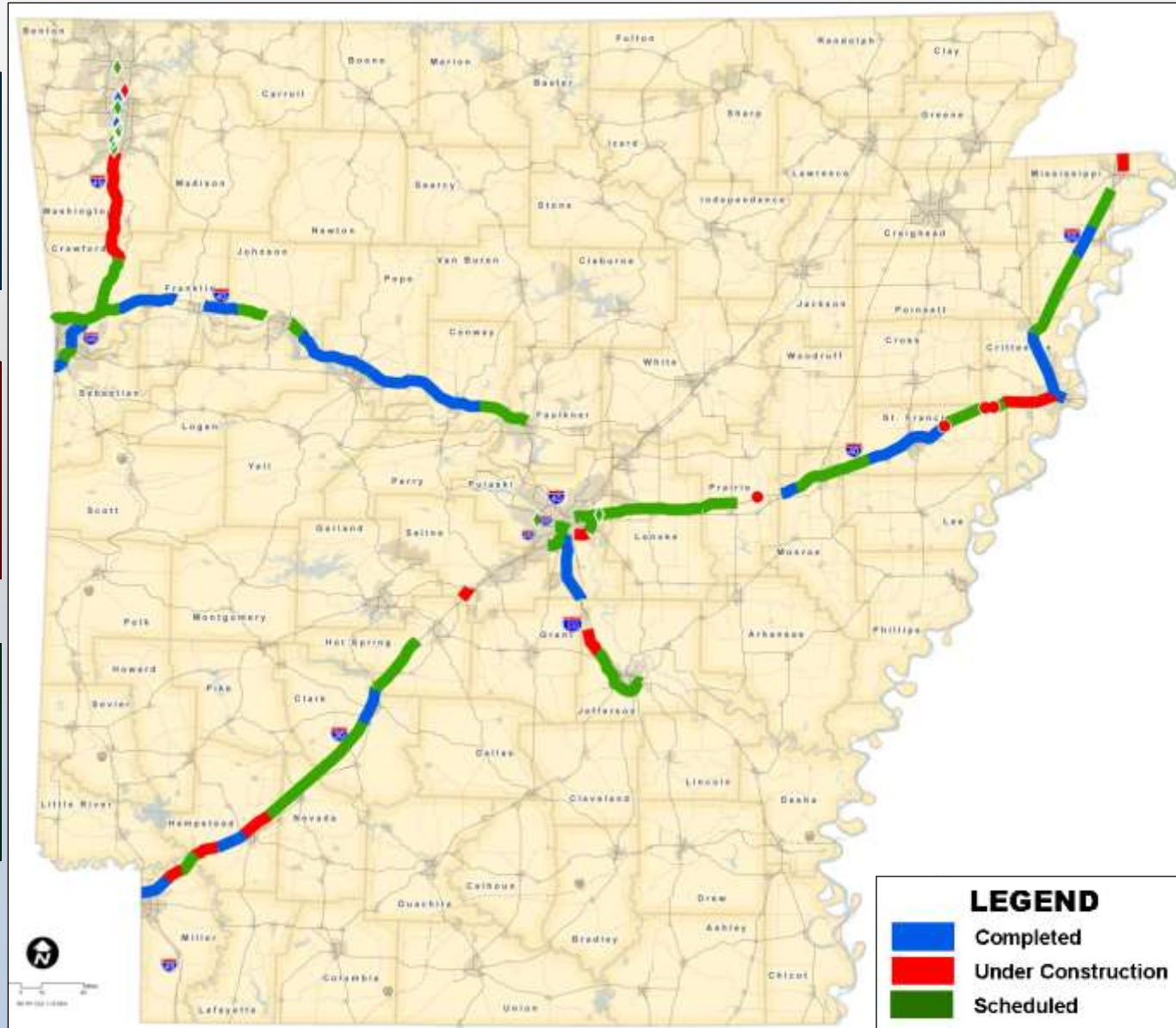


Interstate Rehabilitation Program Update

Completed:
23 Projects
170 miles
\$449 million

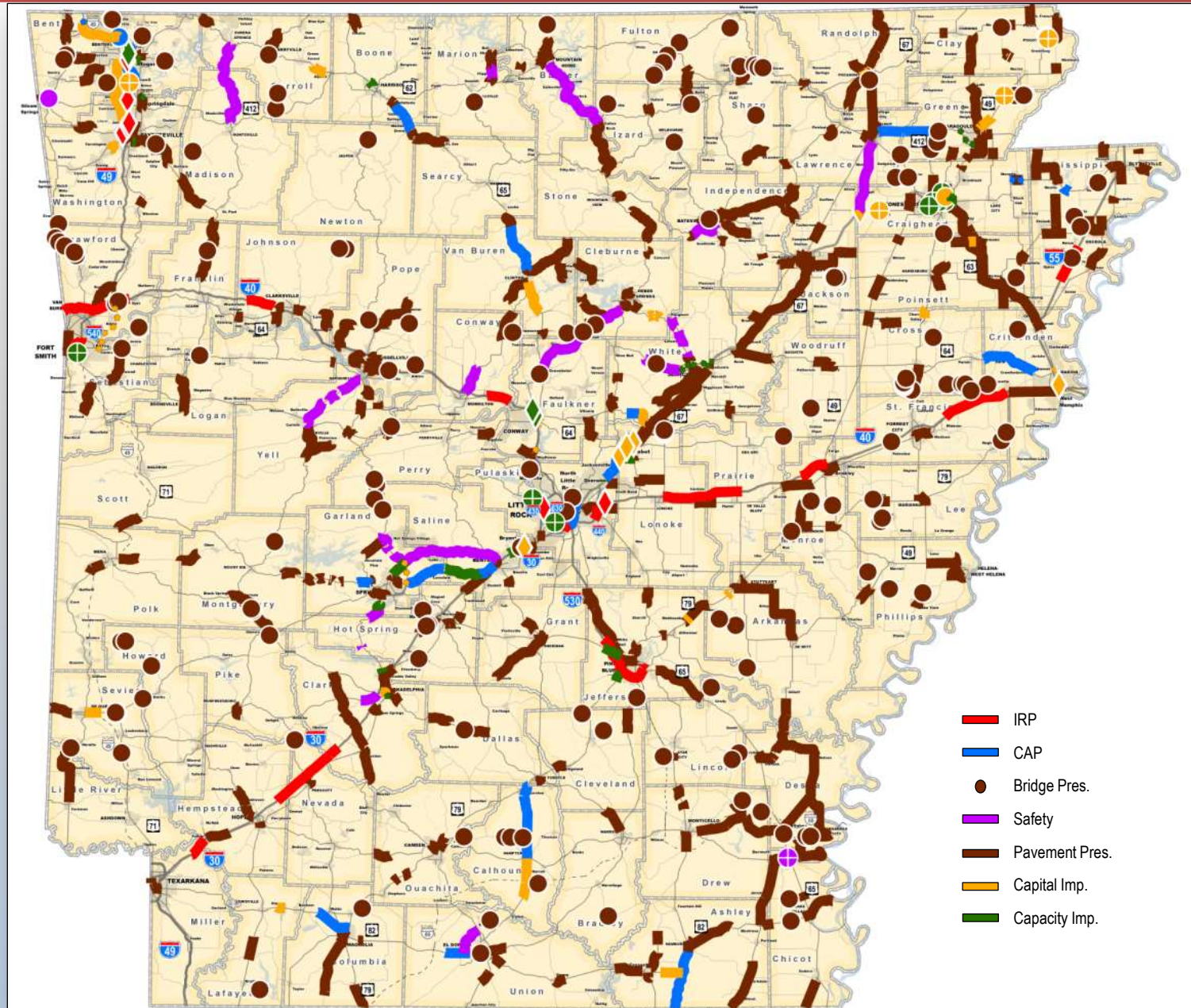
Under Construction:
15 Projects
80 miles
\$424 million

Scheduled:
44 Projects
240 miles
\$556 million





Draft 2016-2020 STIP



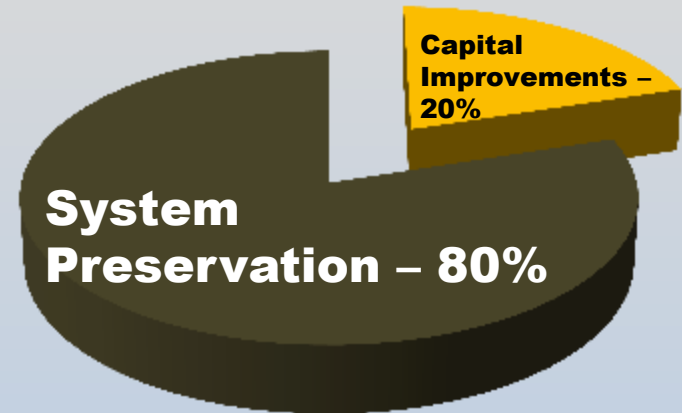
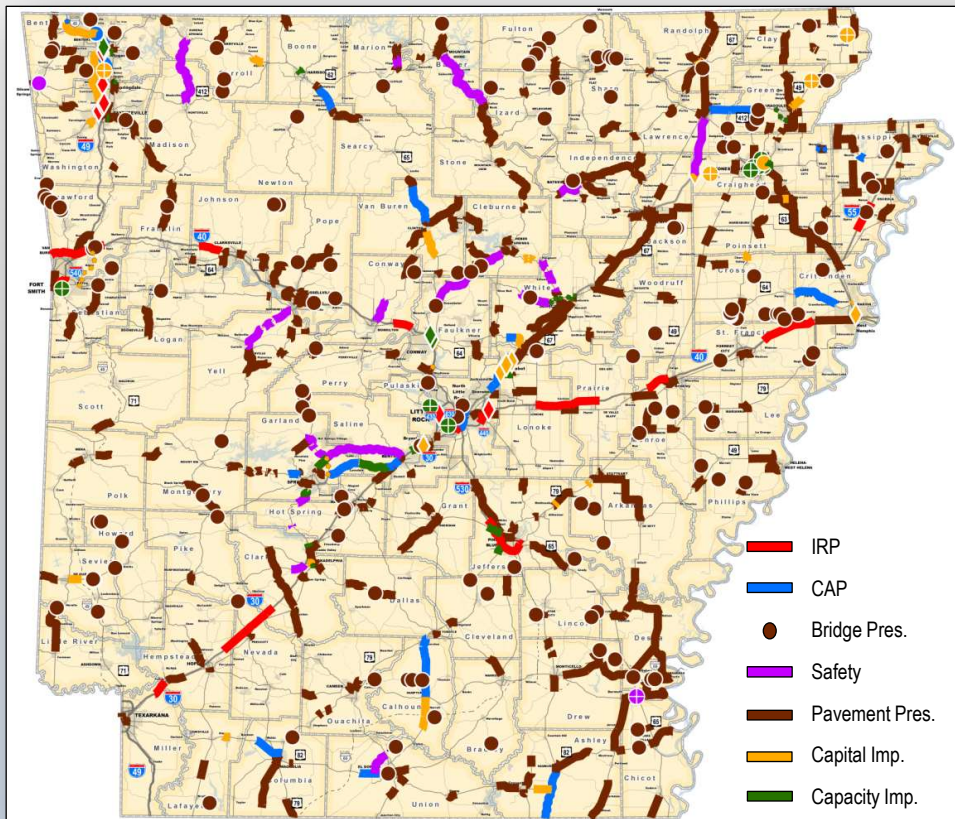
- IRP
- CAP
- Bridge Pres.
- Safety
- Pavement Pres.
- Capital Imp.
- Capacity Imp.



Draft 2016-2020 STIP

“When you realize the value of all life, you dwell less on what is past and concentrate more on the preservation of the future.”

-Dian Fossey



Flexible Funds



Partnering Program

Northwest		Let to Contract	Scheduled	Total
	Projects	21	8	29
	Total Cost	\$200,167,529	\$186,231,802	\$386,399,332
	Local Contribution	\$88,254,455	\$77,184,526	\$165,438,981
	Contribution %			43%
Central		Let to Contract	Scheduled	Total
	Projects	13	3	16
	Total Cost	\$142,101,902	\$39,999,934	\$182,101,836
	Local Contribution	\$43,268,054	\$13,500,000	\$56,768,054
	Contribution %			31%
Other		Let to Contract	Scheduled	Total
	Projects	12	3	15
	Total Cost	\$100,449,334	\$37,450,000	\$137,899,334
	Local Contribution	\$21,459,432	\$11,730,000	\$33,189,432
	Contribution %			24%



Partnering Program

Partner	Number of Projects	Total Project Cost	Total Local Contribution	Contribution Percent
Bentonville	5	71,576,630	43,318,545	61%
Springdale	3	55,352,750	36,349,925	66%
Rogers	3	40,048,462	27,944,078	70%
Conway	3	42,499,628	19,888,057	47%
Fayetteville	5	110,706,449	17,079,133	15%
Cabot	2	22,932,315	9,858,723	43%
Hot Springs	4	25,748,021	8,231,531	32%
Fort Smith	2	14,608,989	7,329,901	50%
Lonoke	1	9,837,889	6,349,999	65%
Searcy/White Co.	1	34,040,000	6,000,000	18%
Faulkner Co./ Conway	1	15,597,000	4,500,000	29%
Russellville	1	22,567,900	3,000,000	13%
Siloam Springs	2	14,054,223	2,694,000	19%
Alma	1	11,632,000	2,397,000	21%
Pulaski County	1	3,870,313	2,320,000	60%
Centerton	1	11,508,645	2,000,000	17%
Mt. Home	1	7,155,000	1,431,000	20%
Carlisle	1	5,753,850	1,073,769	19%



Other Types of Partnering

- Small, Rural Water Associations
- Small City Utilities
- Utilities Located in Department Right-of-Way
- Financially Unable to Relocate Utilities
 - ✓ County or City Partnership
 - Transfer Maintenance Ownership of State Highways to County or City
 - ✓ Department Loan – No Interest





- ArkansasHighways.com
- ConnectingArkansasProgram.com
- Vimeo.com/AHTD
- IDriveArkansas.com
- [Twitter.com @AHTD](https://twitter.com/AHTD)



@AHTD



Questions?

