

Kevin Thornton, P.E.
Assistant Chief Engineer - Planning



Hot Springs MPO
Thursday, October 26, 2017



1929
Arkansas
Highway and
Department of
Lands

1977
Arkansas State
Highway and
Transportation
Department

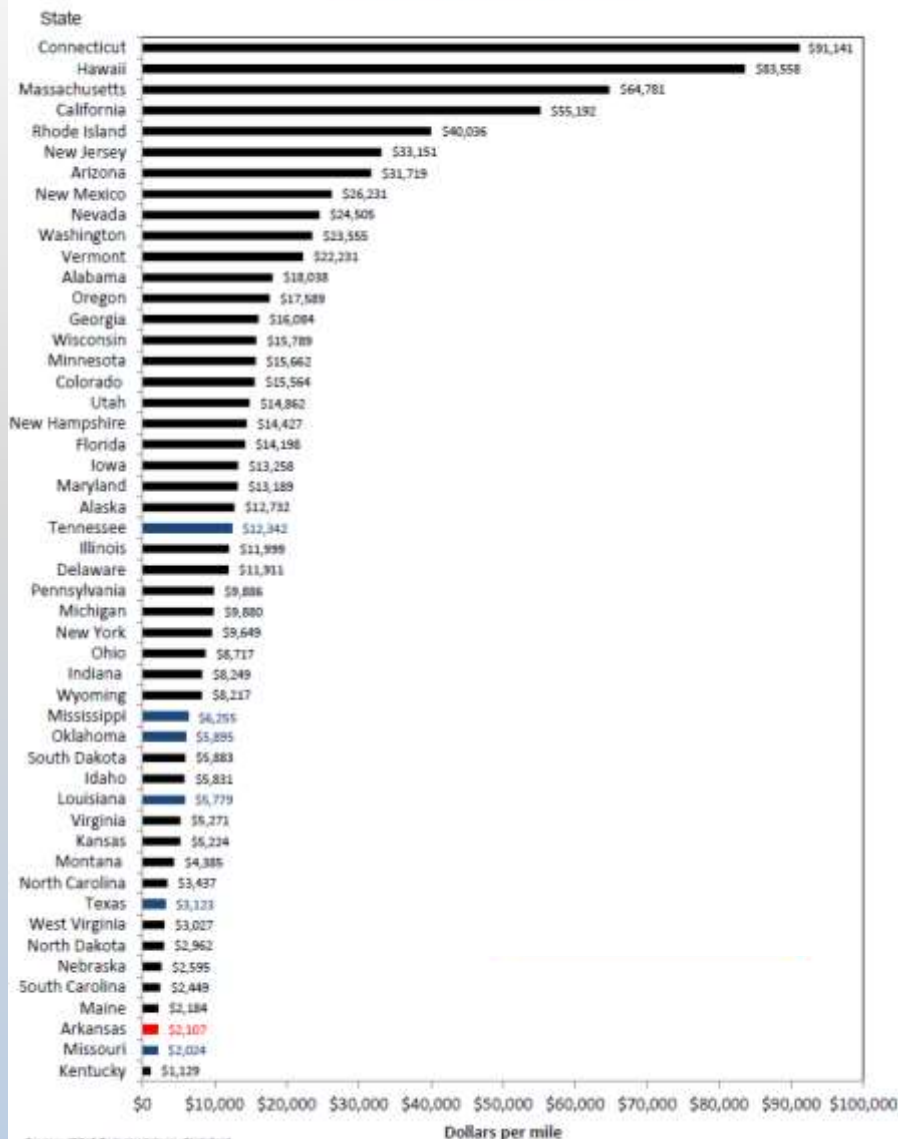
2017
Arkansas
Department of
Transportation

*Provide safe and **efficient** transportation solutions to support Arkansas' economy and enhance the quality of life for generations to come.*

Adopted June 7, 2017

Administrative Cost Per Mile

Arkansas Ranks 48th in the Nation



Source: "2013 Federal Highway Statistics"
Note: Excludes Toll Facilities

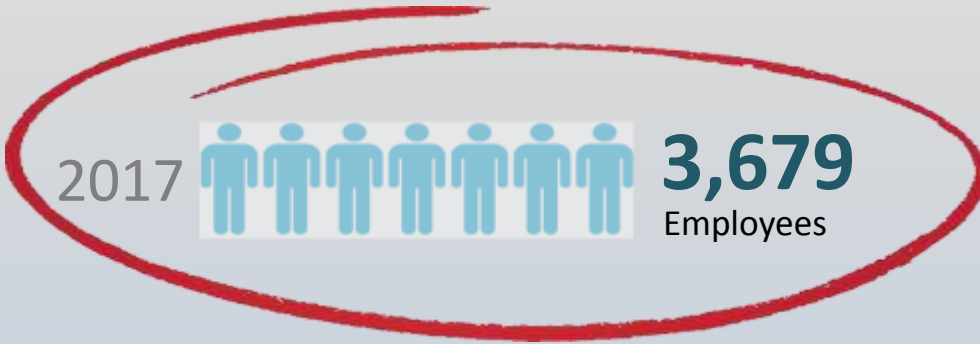
Arkansas = \$2,107

Surrounding States Average = \$4,334

National Average = \$9,224

Arkansas has the
3rd Lowest
Administrative Cost Per
Mile
in the Nation

Employment Levels Efficiency



Promises Made



Promises Kept



**Rebuilding Arkansas
Interstates**



IRP



CAP



1999 Interstate Rehabilitation Program



50 Projects
356 Miles
\$973 Million

Prior to Program

**63% Poor or
Mediocre**

After Program

72% Good

CAP and IRP



Updates

Completed

34 Projects
212 Miles
\$639 Million

Under Construction

14 Projects
90 Miles
\$553 Million

Scheduled

35 Projects
191 Miles
\$340 Million



Completed

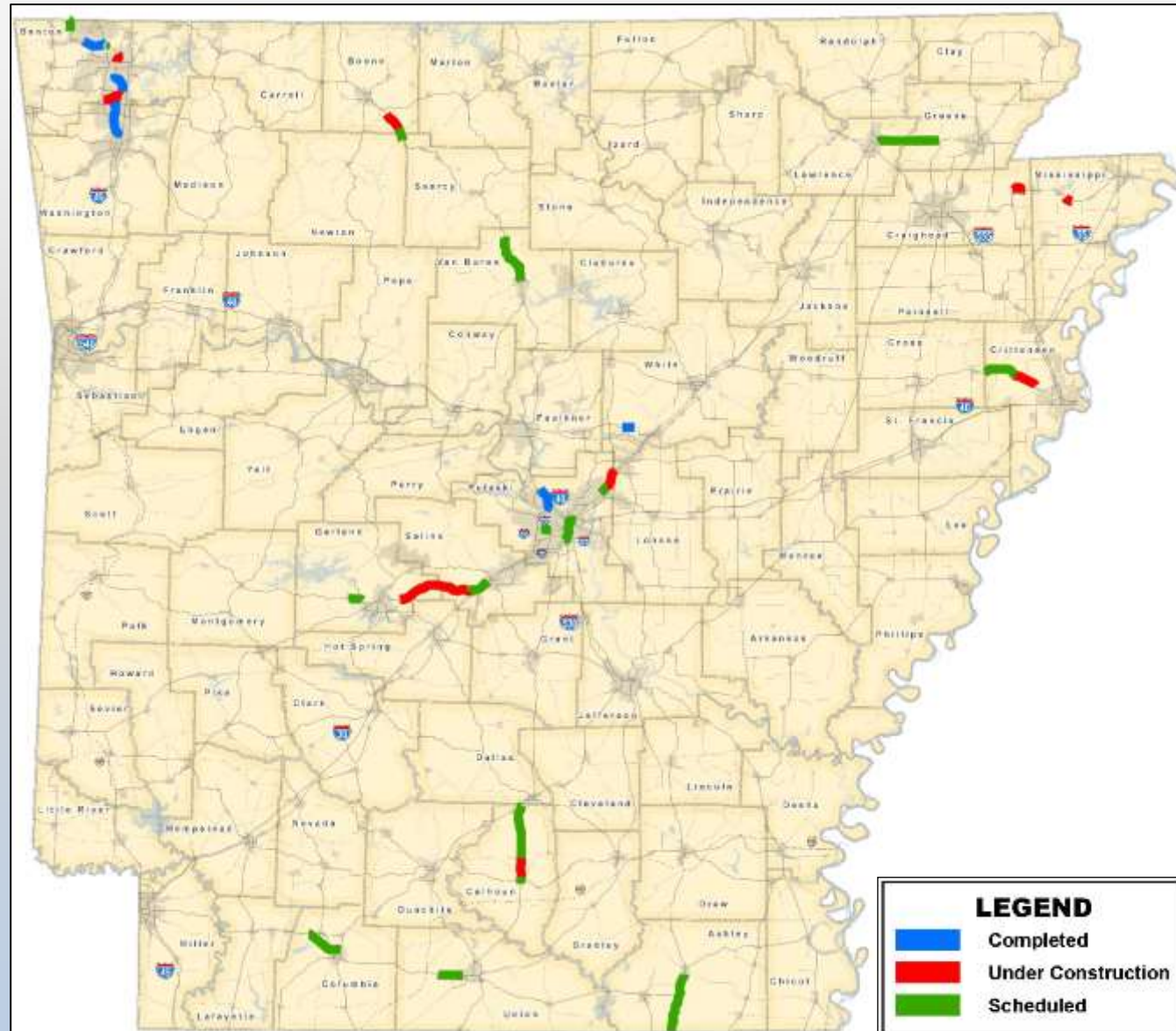
6 Projects
27 Miles
\$188 Million

Under Construction

9 Projects
49 Miles
\$403 Million

Scheduled

21 Projects
108 Miles
\$1.29 Billion



Local Project



Updates

Completed

3 Projects
25 Miles
\$12 Million

Scheduled

3 Projects
23 Miles
\$22 Million



Completed

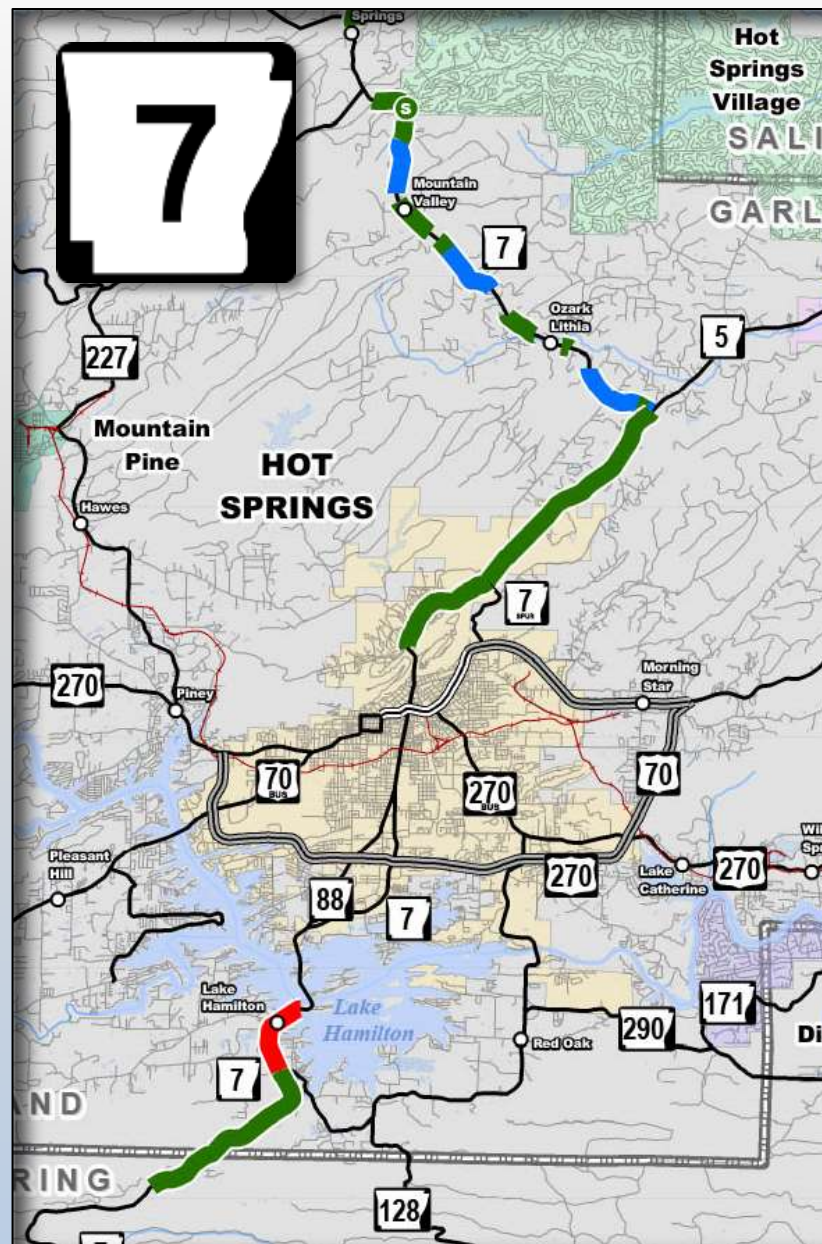
3.5 Miles
\$6 Million

Under Construction

1.4 Miles
\$10.7 Million

Scheduled

4 Projects
16.3 Miles
\$24.9 Million





Under Construction

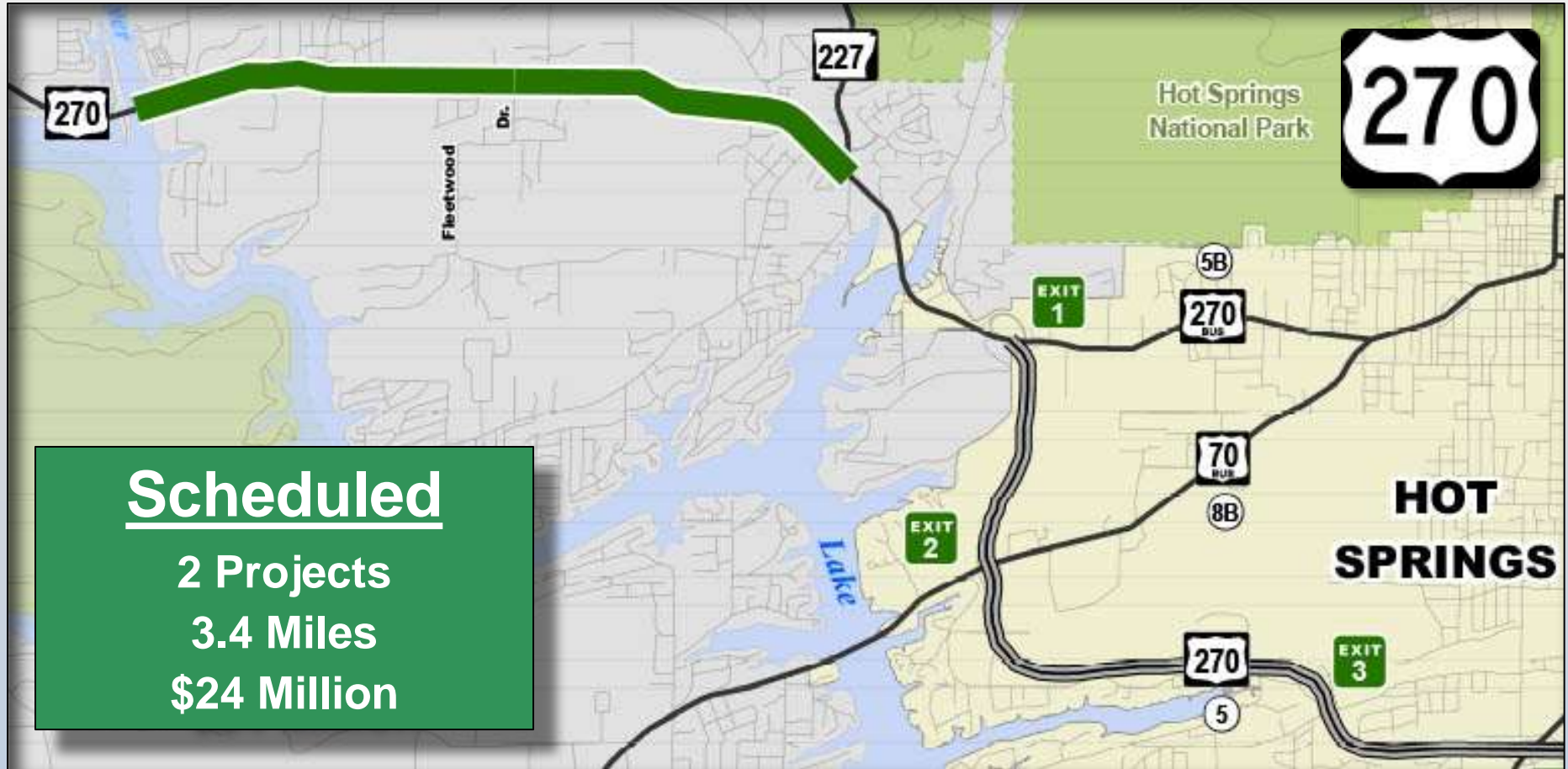
17.6 Miles
\$78.5 Million

Scheduled

5.4 Miles
\$125-150 Million



U.S. Highway 270



Scheduled

6 Projects

23 Miles

\$11 Million



- **Project Update**
 - ✓ Environmental
 - ✓ Design
- **Next Steps**



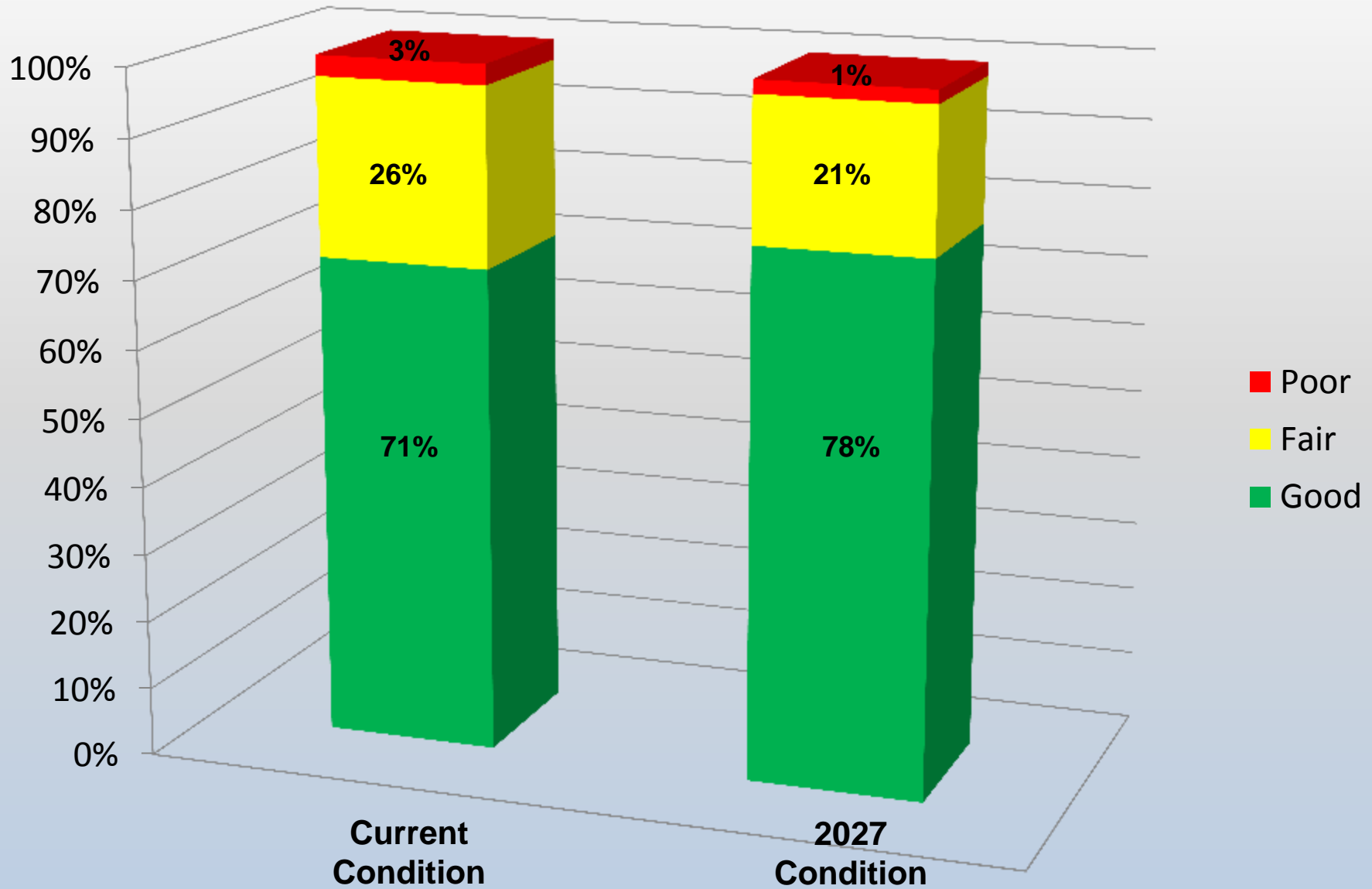
Scheduled
5.5 Miles
Estimated \$60 Million

Highway Condition

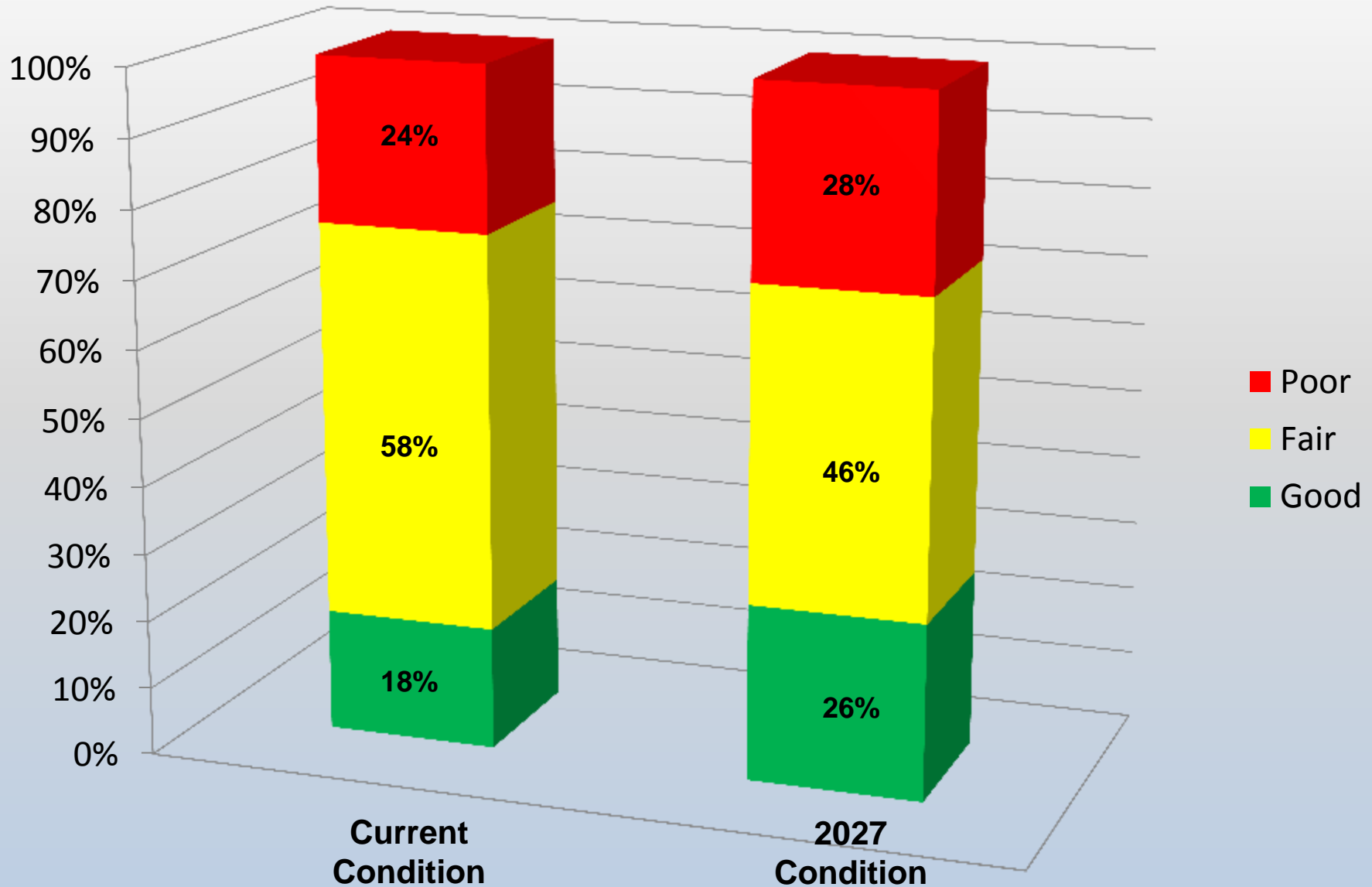


and Needs

Interstates



All State Highways – Including Interstates



**Garland County
Highway 270, Section 6
Log mile 0.0 - 2.0
just east of Highway 7
on MLK Expressway**



**Perry County
Highway 7, Section 11
Log mile 0.0 – 10.02
Garland County line to
Hollis**



Pay a **Little** Now



Overlay
\$100,000
per lane mile

Pay a **Whole Lot** Later



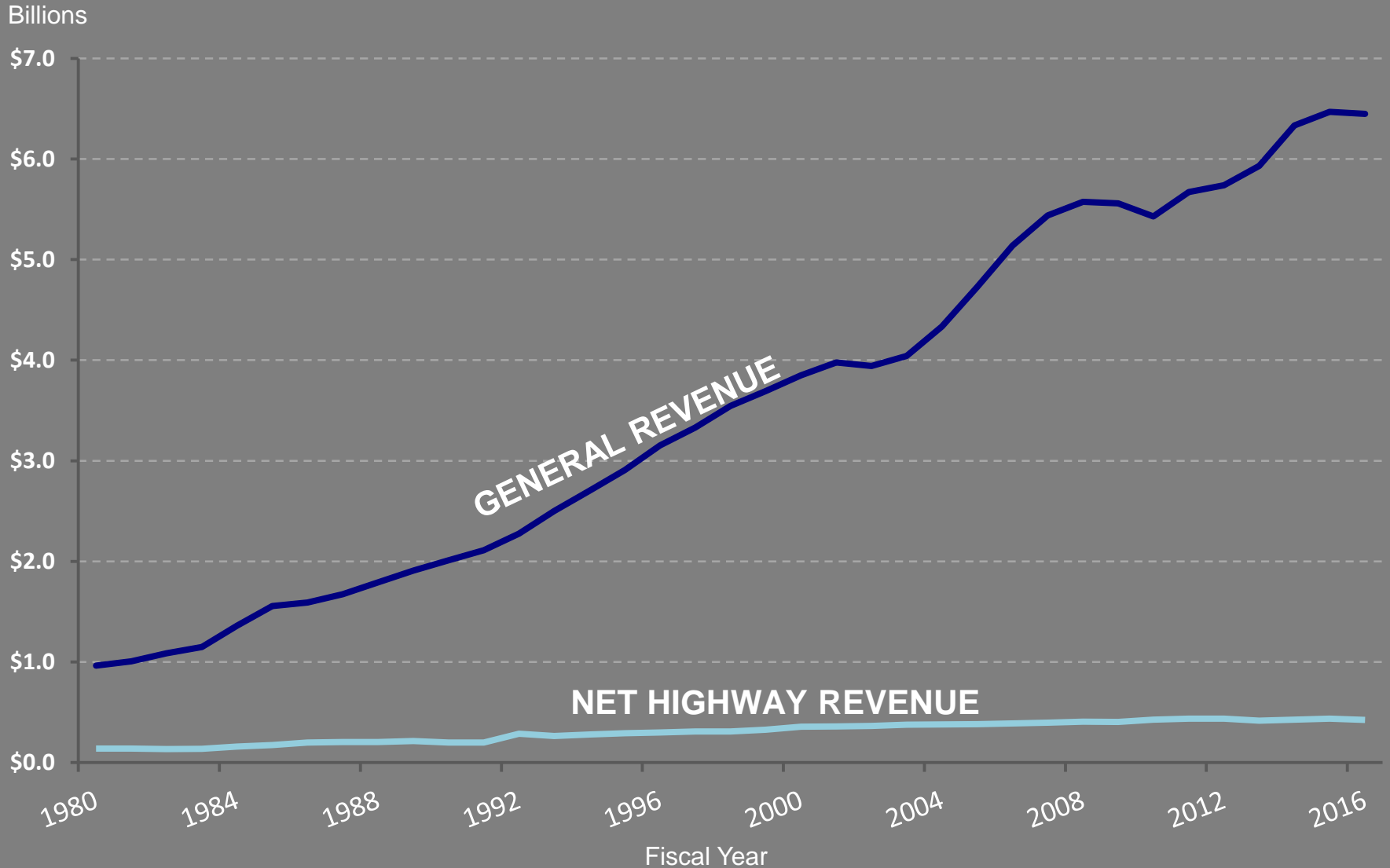
Reconstruction
\$1,500,000
per lane mile

Funding



Update

General Revenues vs ARDOT Net Highway Revenues



Excludes County & City Aid funds | Excludes CAP funds

THEN

22 years ago, in 1995,
200 miles of Highway
could be overlaid.

NOW

As of 2015, using the
same resources, only
54 miles of Highway
could be overlaid.



Great amount of uncertainty at the federal level

State funds stagnant at best



Federal vs. State Funding

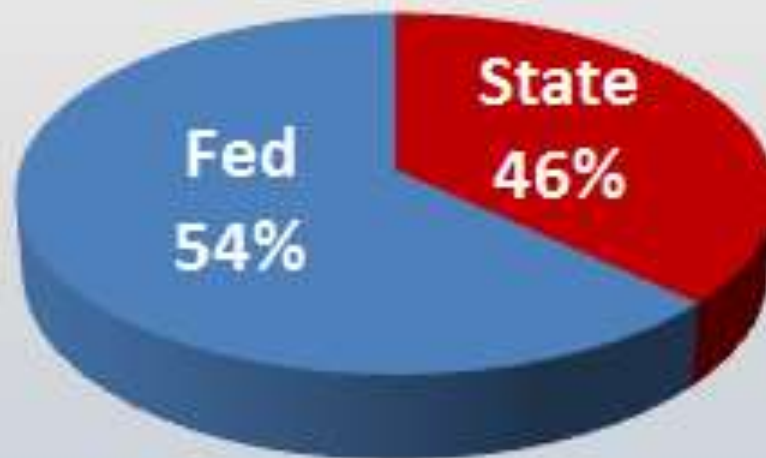
1993

Hwy. Funding Breakdown

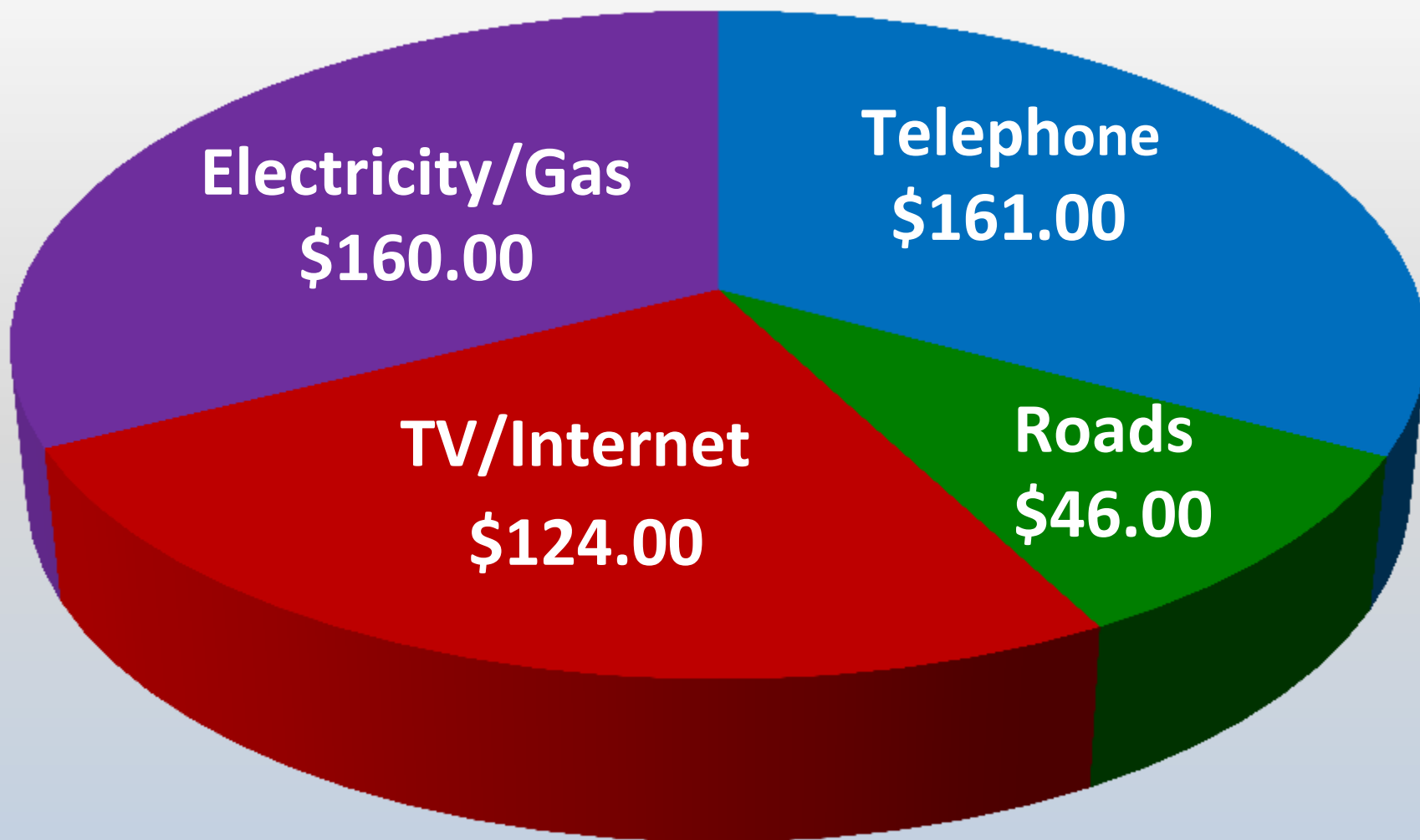


2016

Hwy. Funding Breakdown



Average Monthly Household Expenditures



Challenges

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

➤ **42nd** in highway revenue per mile.

➤ **\$9.3 billion** in needs

➤ **\$4.5 billion** in available revenue



Where



Are We Going?

Arkansas Legislative Audit

- May 16, 2017 – Arkansas Legislative Audit - Review of Highway Funding
- Purpose:
 - ✓ To review and verify ARDOT information, estimates and calculations related to highway funding
- Report Objectives:
 - ✓ History of funding sources
 - ✓ History of construction and maintenance costs
 - ✓ State match needed for Federal funds
 - ✓ Additional State revenue to meet system preservation needs
- August 31, 2017 – Report Released



Special Report
Arkansas Legislative Audit

Review of Sources and Uses of Funds
Arkansas Department of Transportation
For the Period July 1, 2009 through June 30, 2010 and
Projected for Fiscal Years 2017 through 2020

INTRODUCTION

This report is presented in response to a request for Arkansas Legislative Audit (ALA) to review information, estimates, and calculations provided by the Arkansas Department of Transportation (ARDOT), formerly known as the Arkansas State Highway and Transportation Department, related to highway funding. ARDOT has indicated that additional state funding is needed to fully maximize available federal funds and to expand non-federal construction and maintenance projects.

OBJECTIVES

The objectives of this report were to:

1. Provide information regarding state funding sources and uses for highways, with associated construction and maintenance costs, for prior years.
2. Determine the amount of matching funds needed annually in order for ARDOT to receive the maximum federal aid available.
3. Determine the amount of additional state revenues needed to fund ARDOT's proposed construction and maintenance program for roads and facilities.
4. Provide a history of bond issuances, including balances and associated costs.

SCOPE AND METHODOLOGY

This report was prepared by reviewing activities for state fiscal years ended June 30, 2010 through 2016, and projections and estimates for federal fiscal years ending September 30, 2017 through 2020. ALA staff reviewed audit reports from prior years, particularly revenues and expenditures related to construction, and determined future federal funding from reports obtained from the Federal Highway Administration. All information for additional construction and maintenance projects was provided by ARDOT and tested for accuracy and reasonableness by ALA staff.

The methodology used in preparing this report was developed uniquely to address the stated objectives; therefore, this report is more limited in scope than an audit or attestation engagement performed in accordance with Government Auditing Standards issued by the Comptroller General of the United States.

BACKGROUND

ARDOT recognizes revenues from both federal and state sources. State revenues include motor fuel taxes, registration fees, natural gas severance fees, and overload permits and penalties. Many highway construction projects are funded with both federal and state monies. The percentage of state participation in these projects varies depending on the federal program involved, but most programs require a 20% match.

ARKANSAS LEGISLATIVE AUDIT
900 Woodlane Street, Suite 172, Little Rock, AR 72204
Phone: 501-683-8600 • Fax: 501-683-8605
www.arklegaudit.gov

Report ID: SP5A02516 Report Date: August 31, 2017



Arkansas Legislative Audit

Exhibit III

Arkansas Department of Transportation (ARDOT) Summary of Annual State Funds Needed to Meet Proposed Highway Construction Plan Over a 10-Year Period

Description	Additional Annual Revenues	Additional Annual Expenditures	Net Additional Annual Requirement
System Preservation			
Pavement			
Bridges			
Total System Preservation			
Capacity Relief			12,000,000
Safety Improvements			12,000,000
Maintenance			
Equipment upgrades	19,000,000	19,000,000	
Facilities upgrades	8,000,000		8,000,000
Intelligent Transportation System (ITS)	3,000,000		3,000,000
Total Maintenance	30,000,000	19,000,000	11,000,000
Totals	\$ 925,000,000	\$ 447,000,000	\$ 478,000,000

\$ 447,000,000

ALA staff reviewed projected revenues and expenditures for fiscal years 2017 through 2020 ...for consistency and reasonableness when compared with prior years.

Note: Amounts shown are rounded.

Arkansas Legislative Audit

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Bridges			
Total System Preservation			
Capacity Relief			2,000,000
Safety Improvements			2,000,000
Maintenance			
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Totals	\$ 925,000,000	\$ 447,000,000	\$ 478,000,000

\$ 478,000,000

ALA staff reviewed supporting documentation obtained from ARDOT to verify that costs for the projects were reasonable, based on historical information.

Note: Amounts shown are rounded.

Options for Generating Additional Revenue for Highways

Source	\$400 Million for Highways ⁽¹⁾
Fuel Tax	28.4¢
Sales Tax on Fuel (wholesale)	16.67%
Registration Fee	\$208
General Sales Tax ⁽²⁾	1.16%

¹ Amount shown is annual net to highways – after deduction for CFA/CSF and 30% to cities and counties.

² Transfer of 4.5% (“general” portion of statewide sales tax)

"As to the long-term solutions, it emphasizes that it is difficult to get a referral of this General Assembly out to the voters, and that I hope the leadership of our state and the business community and others **will look at an initiated act that might go on the ballot for a highway program,**" he said. "Otherwise, we'll continue to debate the long-term solution in future sessions."

Governor Asa Hutchinson



Possible Initiated Act

CITIZENS OPINION SURVEY ON HIGHWAYS IN ARKANSAS

MAIL OR EMAIL RESPONSES TO:
 ARDOT
 Public Information
 P.O. Box 2261
 Little Rock, AR 72203
info@arkansashighways.com

Are you satisfied with the condition of the existing state highway system?

Yes No

What highways in your area need improvements, and what type of improvements do they need?

Priority 1: _____
 Priority 2: _____
 Priority 3: _____
 Priority 4: _____

If you want better highway conditions, the Arkansas Department of Transportation will need additional funds. Would you support a new highway program that would generate additional revenue?

Yes No

Which of the following sources do you recommend be utilized in obtaining additional funds (check all that apply):

- Increase in gas tax
- Increase in diesel tax
- Increase in sales tax (dedicated to highways)
- Increase in vehicle registration fees
- Add sales tax on wholesale price of motor fuels
- Transfer existing sales and use tax on motor vehicles and related parts and service (currently collected but not paid to highways)
- Other (please specify):

Would you be willing to sign a petition to put a highway revenue proposal on the 2018 general election ballot?

Yes No If Yes, what County do you live in? _____

(Optional) Contact Information: name, email, etc.

meeting name - date

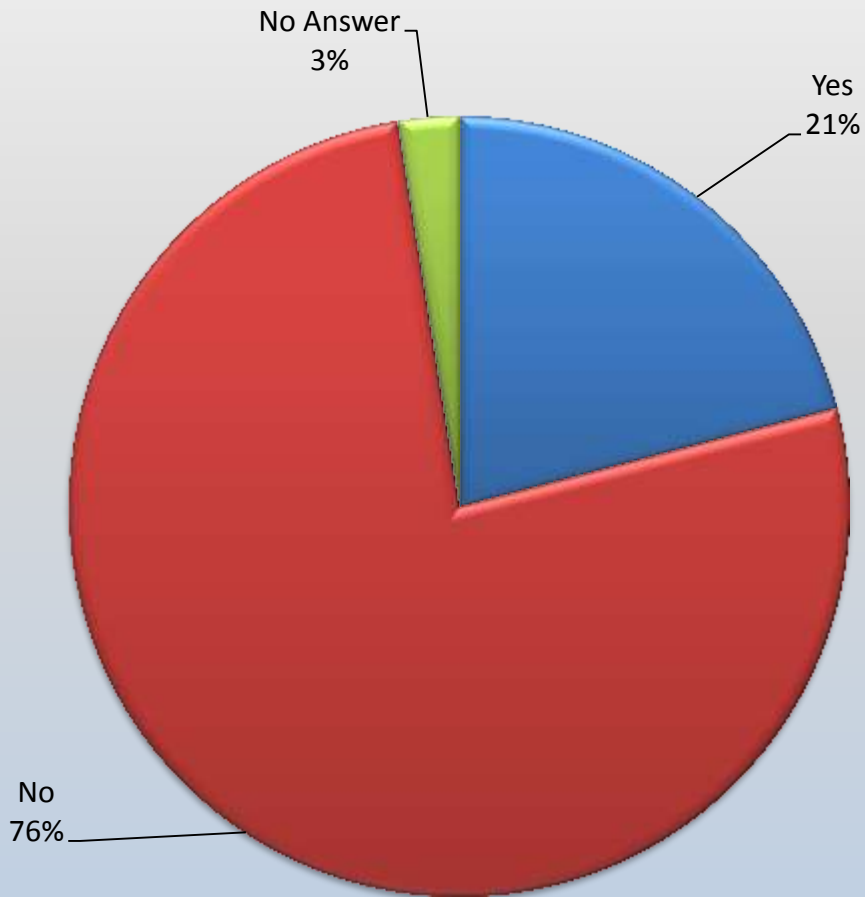
Online Form Available Here:

www.Arkansashighways.com

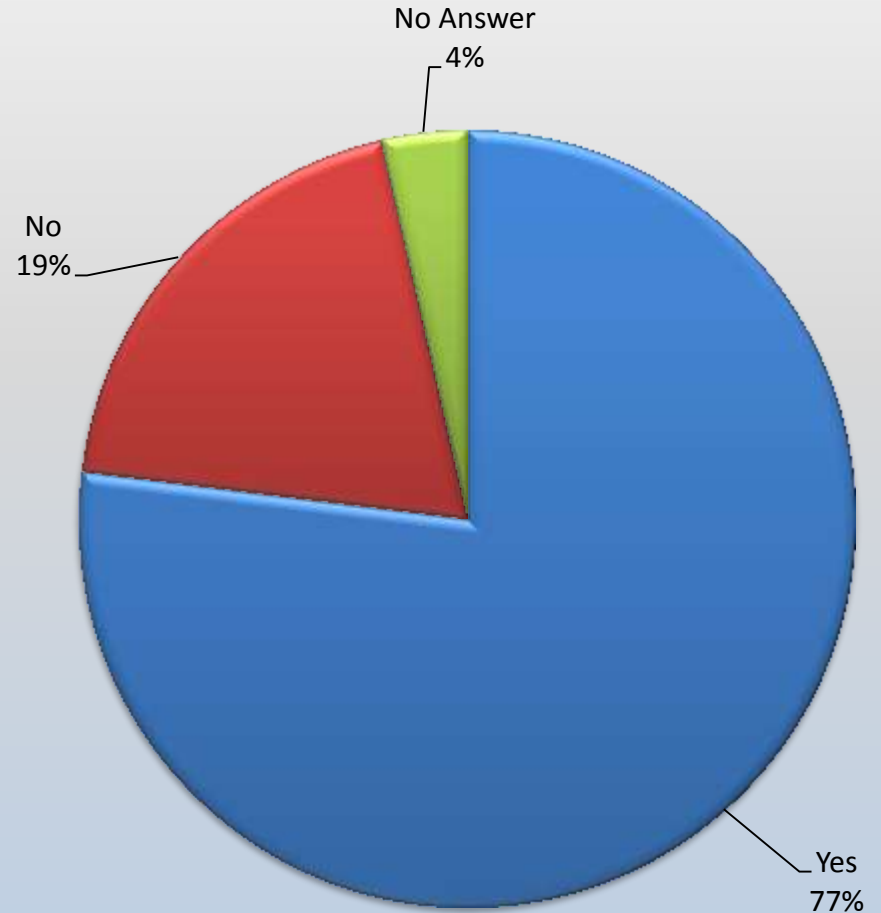


Survey Results

Are you satisfied with the condition of the existing highway system?

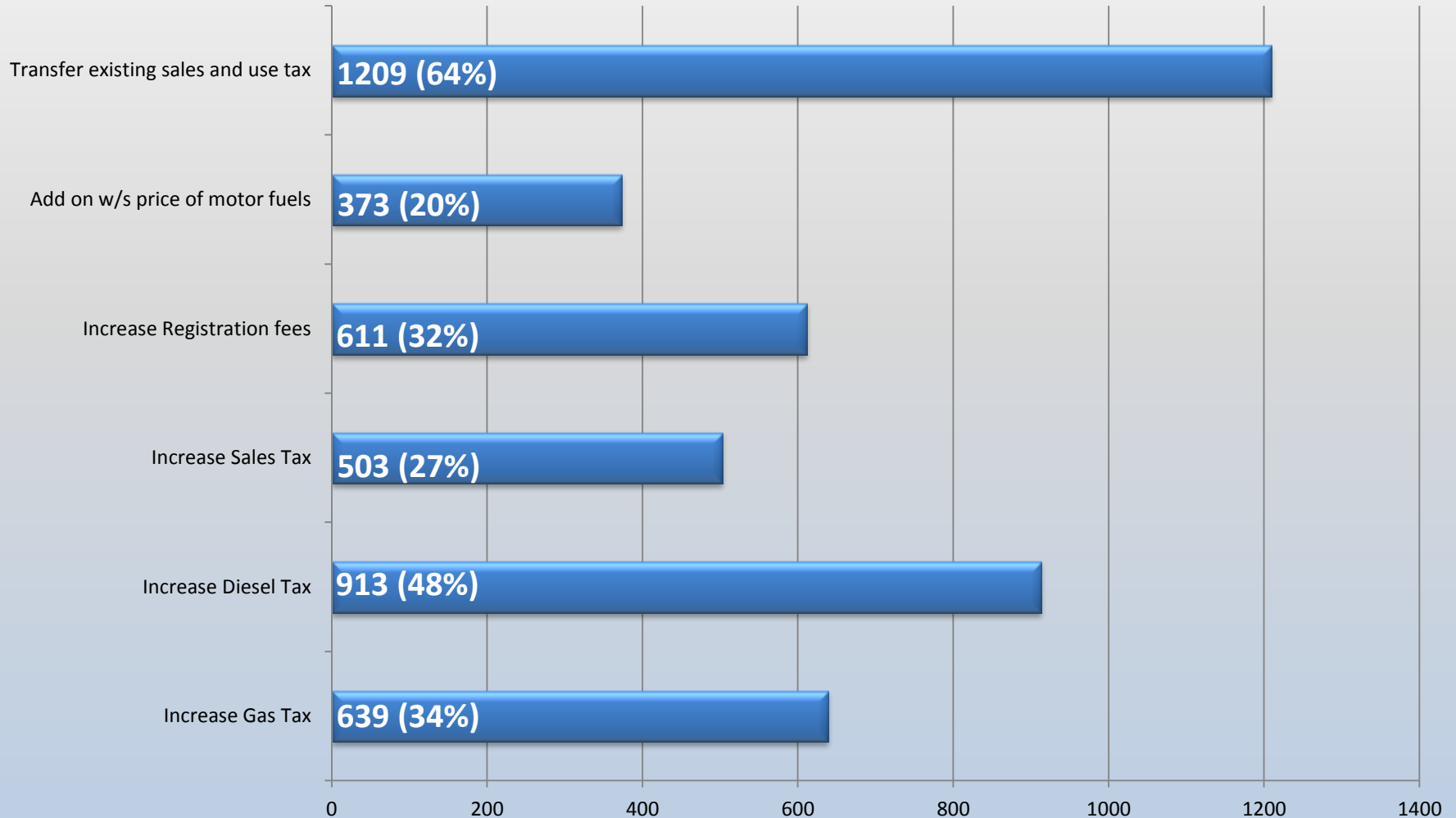


Would you support a new highway program that would generate additional revenue?



Survey Results

Which of the following sources do you recommend be utilized in obtaining additional funds?



Road User Related Tax Revenue (SFY 2016)

Total Road User Revenue

\$1,076.5 Million

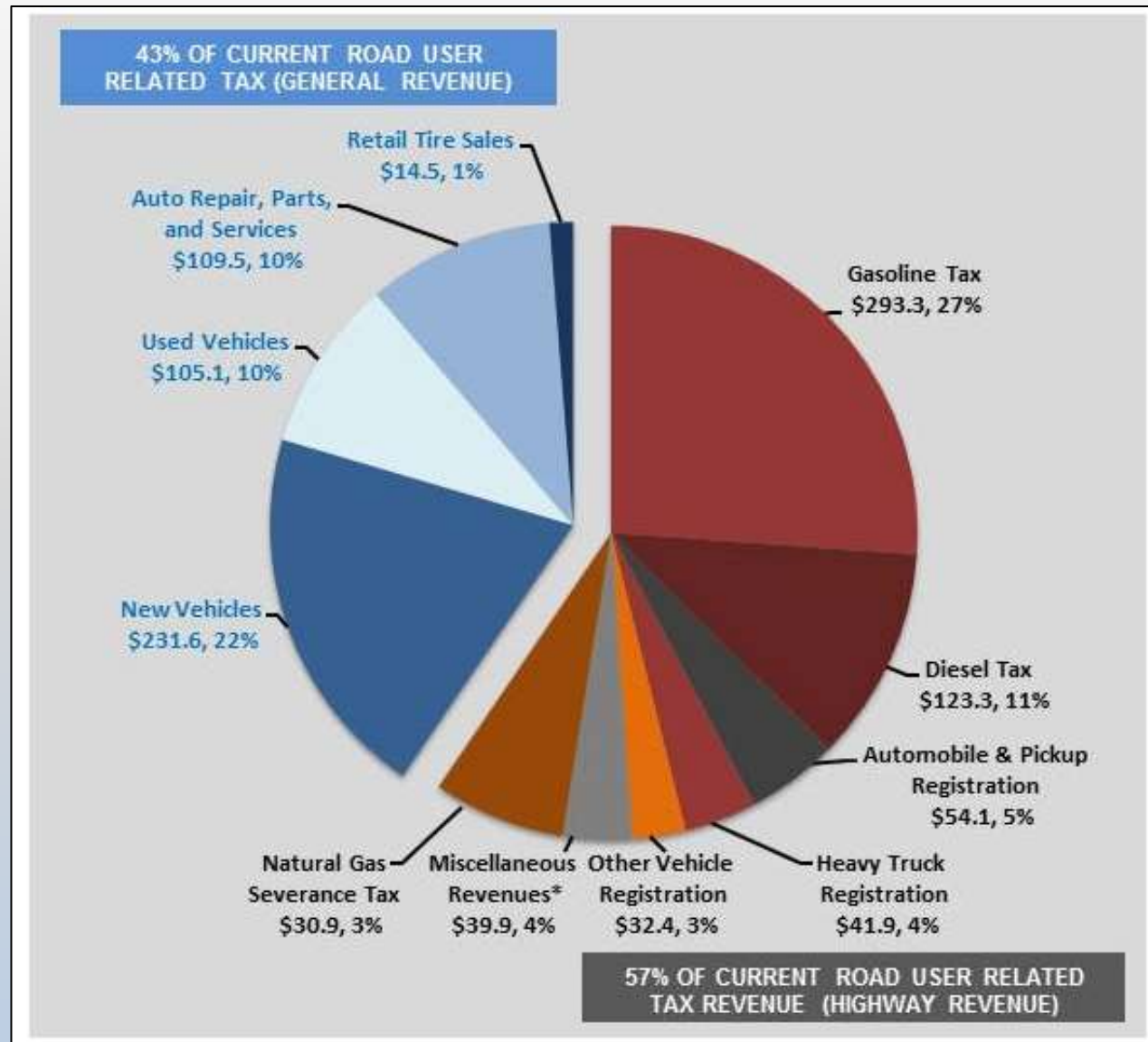
Distribution:

General Revenue

\$460.7 Million (43%)

Highway Revenue

\$615.9 Million (57%)





Your
TRANSPORTATION SYSTEM

Possible Initiated Act

CITIZENS OPINION SURVEY ON HIGHWAYS IN ARKANSAS

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Online Form Available Here:

www.Arkansashighways.com



- ARDOT.gov
- ConnectingArkansasProgram.com
- Vimeo.com/myARDOT
- IDriveArkansas.com
- Twitter.com @myARDOT



@myARDOT



Questions?





Pay a Little Now or a Lot Later!