

**Randy Ort**  
**Assistant Chief - Administration**



**Sigma Alpha Epsilon Alumni**

**Thursday, October 26, 2017**



1929  
Arkansas  
Highway and  
Department of  
Lands

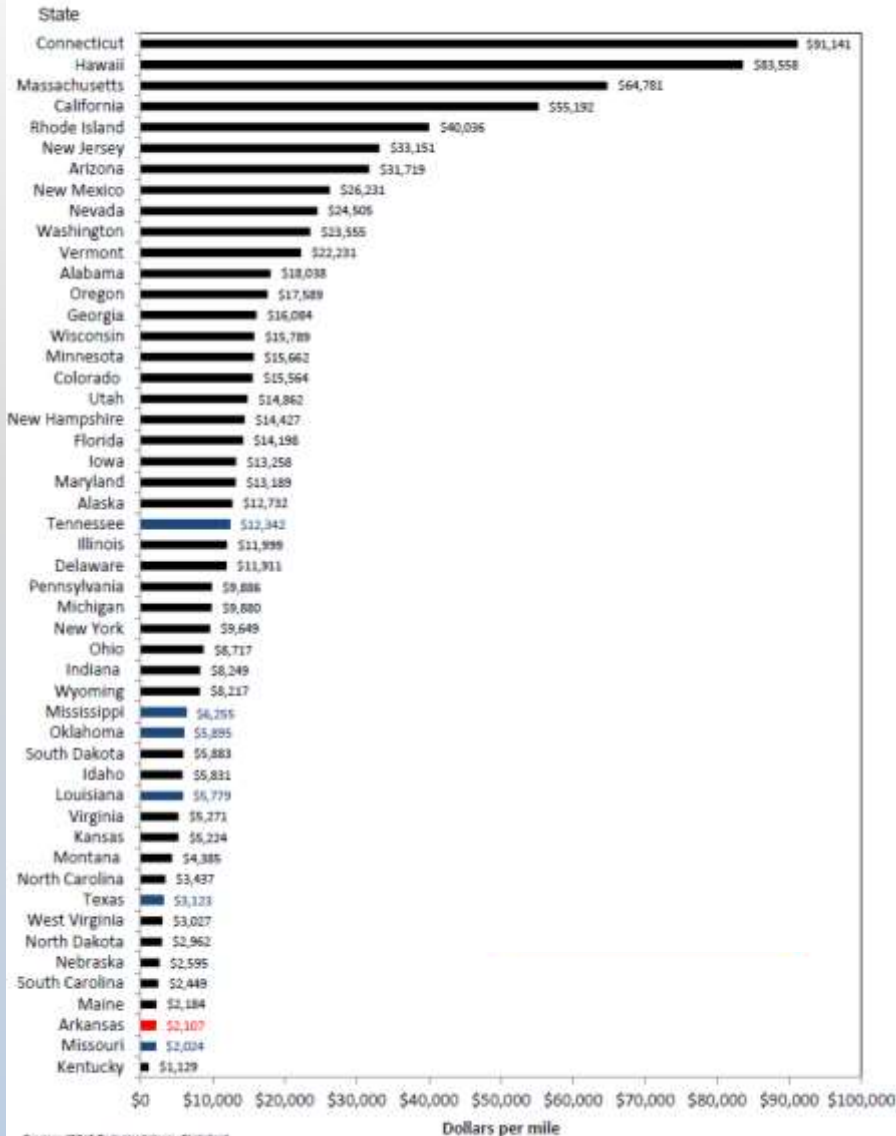
1977  
Arkansas State  
Highway and  
Transportation  
Department

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  
 3<sup>rd</sup> Lowest  
 Administrative Cost Per  
 Mile  
 in the Nation

# Employment Levels Efficiency

Year  
1979  **4,200**  
Employees

2000  **3,800**  
Employees

2017  **3,679**  
Employees





# Promises Made



# Promises Kept

## 1999 IRP

- 50 Projects
- 356 Miles
- \$1+ Billion



## 2011 IRP

- 83 Projects
- 494 Miles
- \$1.3 Billion



## 2012 CAP

- 36 Projects
- 185 Miles
- \$1.8 Billion



# Central Arkansas



# Updates





**Completed**  
1 Project  
2.8 Miles  
\$33.8 Million

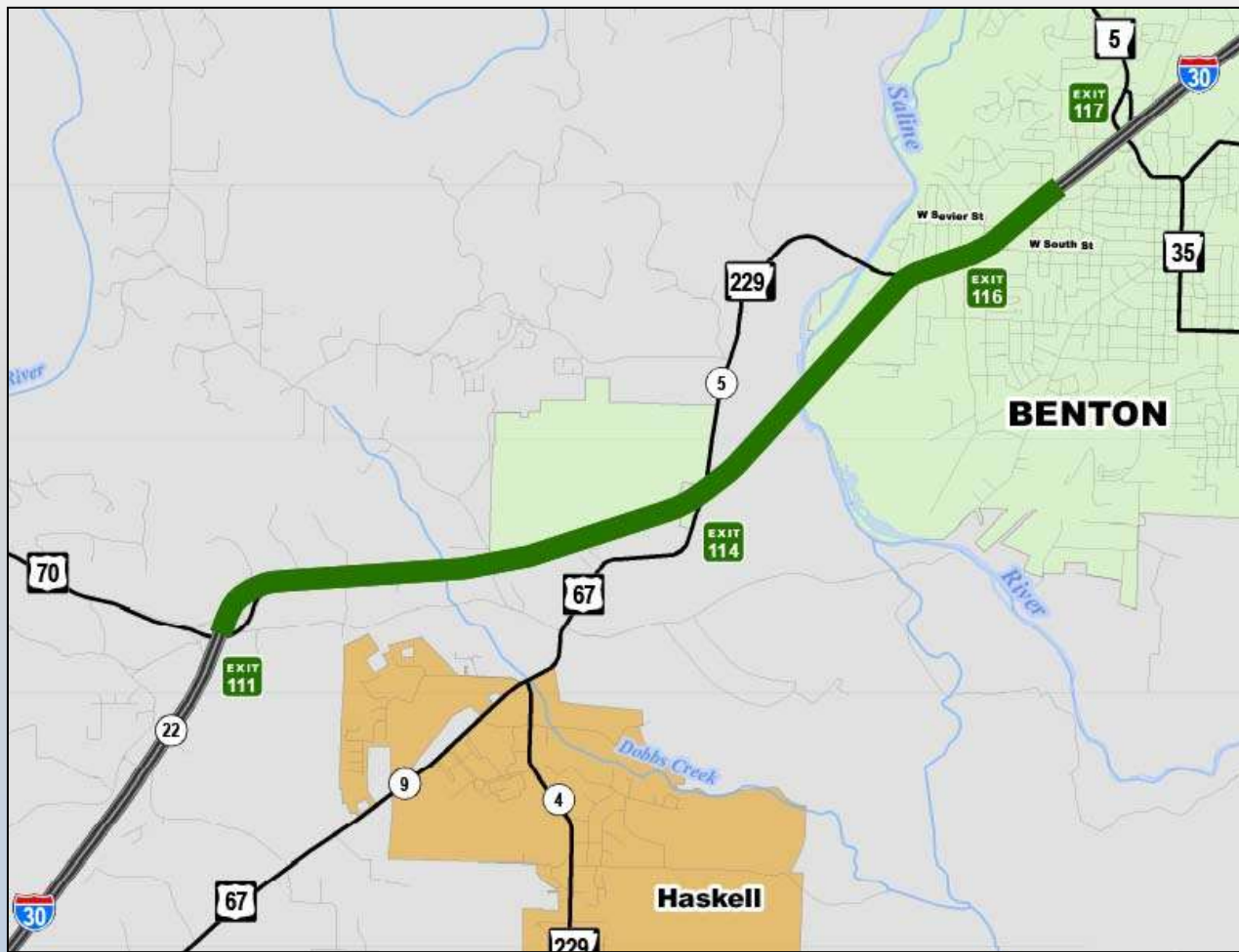
**Under Construction**  
1 Project  
3.2 Miles  
\$38.8 Million

Scheduled  
Early 2018  
2.5 Miles  
\$50 – 60 Million

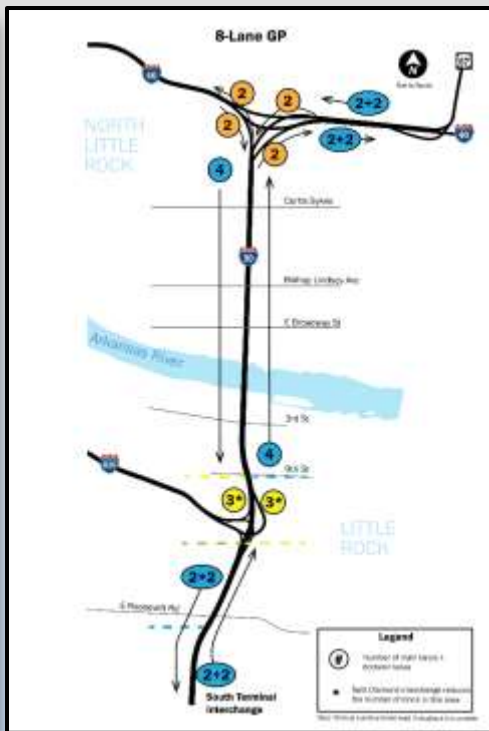




**Scheduled**  
1 Project  
5.4 Miles  
\$150 Million



**Scheduled**  
7.4 Miles  
\$550-600 Million





**Under Construction**  
1 Project  
\$22.9 Million



**Scheduled**  
1 Project  
1.1 Miles  
\$40-50 Million

## Under Construction

1 Project

17.6 Miles

\$78.5 Million







**Completed**  
4 Projects  
8.5 Miles  
\$78.9 Million

**Scheduled**  
3 Projects  
2.3 Miles  
\$105 Million

**Under Construction**  
3 Projects  
5.9 Miles  
\$146.7 Million



# Future Interstate 57 / U.S. Highway 67

FUTURE  
I-57



THIS PORTION OF  
U.S. HIGHWAY 67, SECTIONS 10-18  
TO BE DUAL DESIGNATED AS  
FUTURE INTERSTATE 57

Walnut  
Ridge

North  
Little  
Rock



High Priority  
Corridor 89

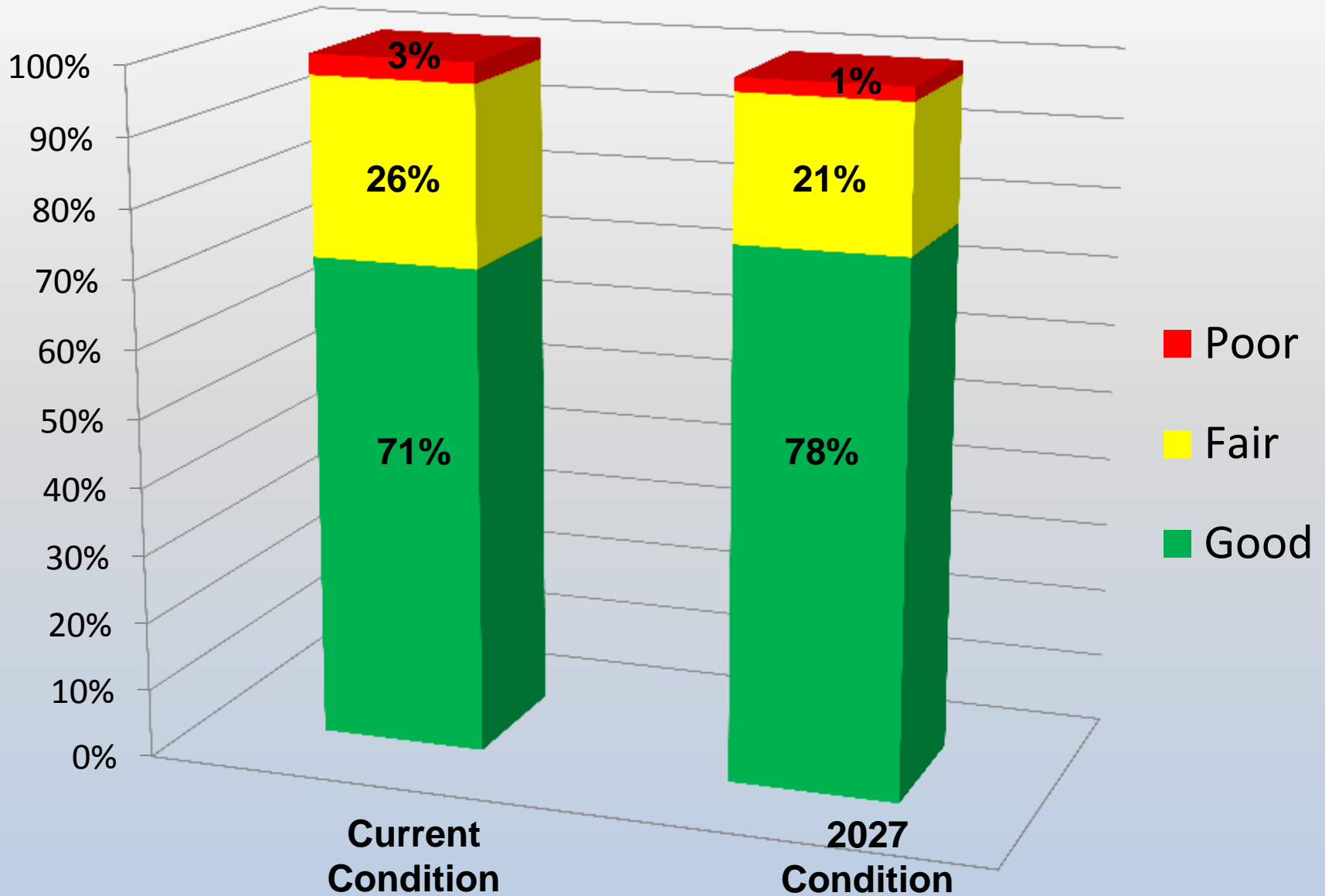


# Highway Condition

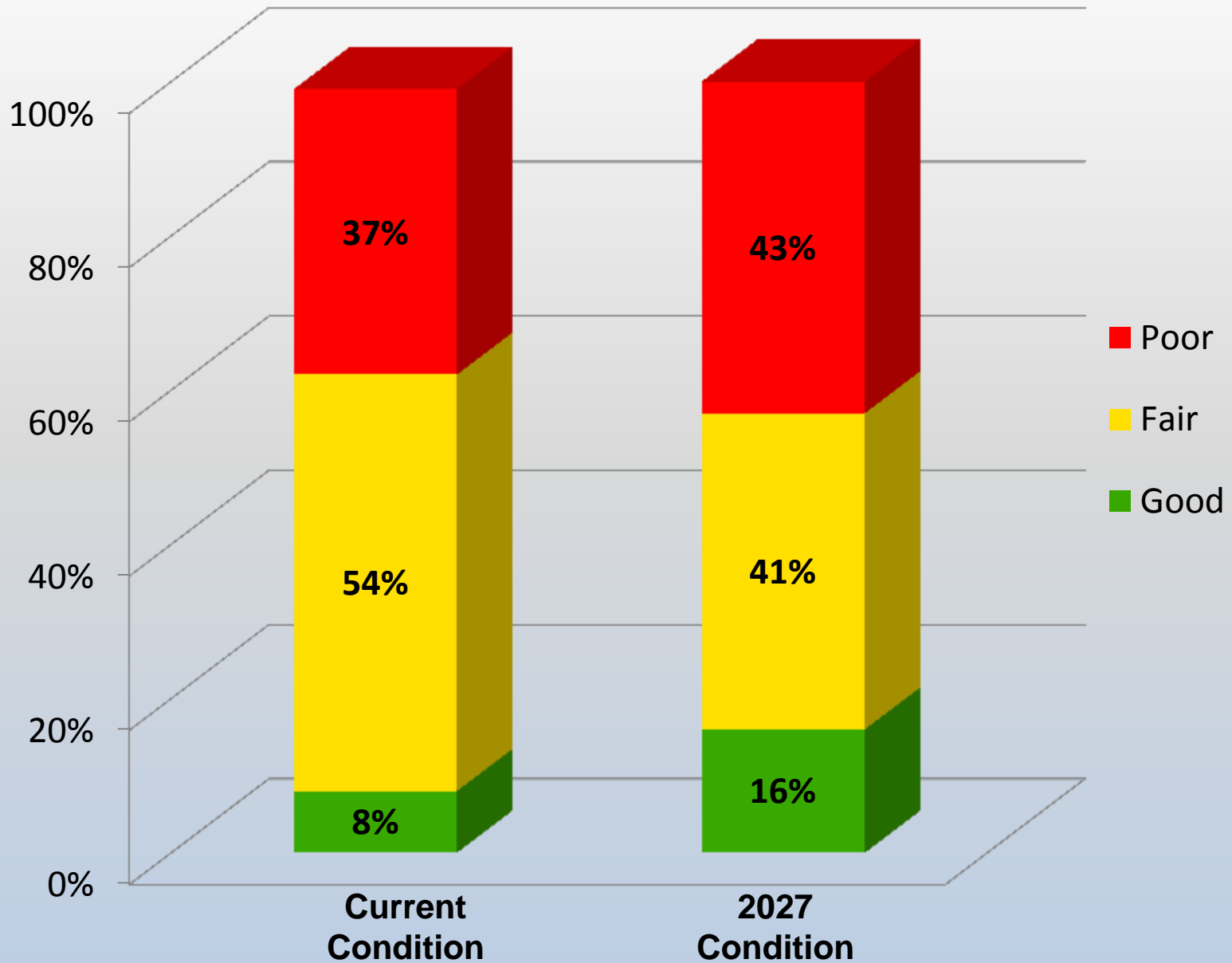


# and Needs

# Interstates



# Other State Highways – Excluding Interstates



## Pay a **Little** Now



Overlay  
**\$100,000**  
per lane mile

## Pay a **Whole Lot** Later



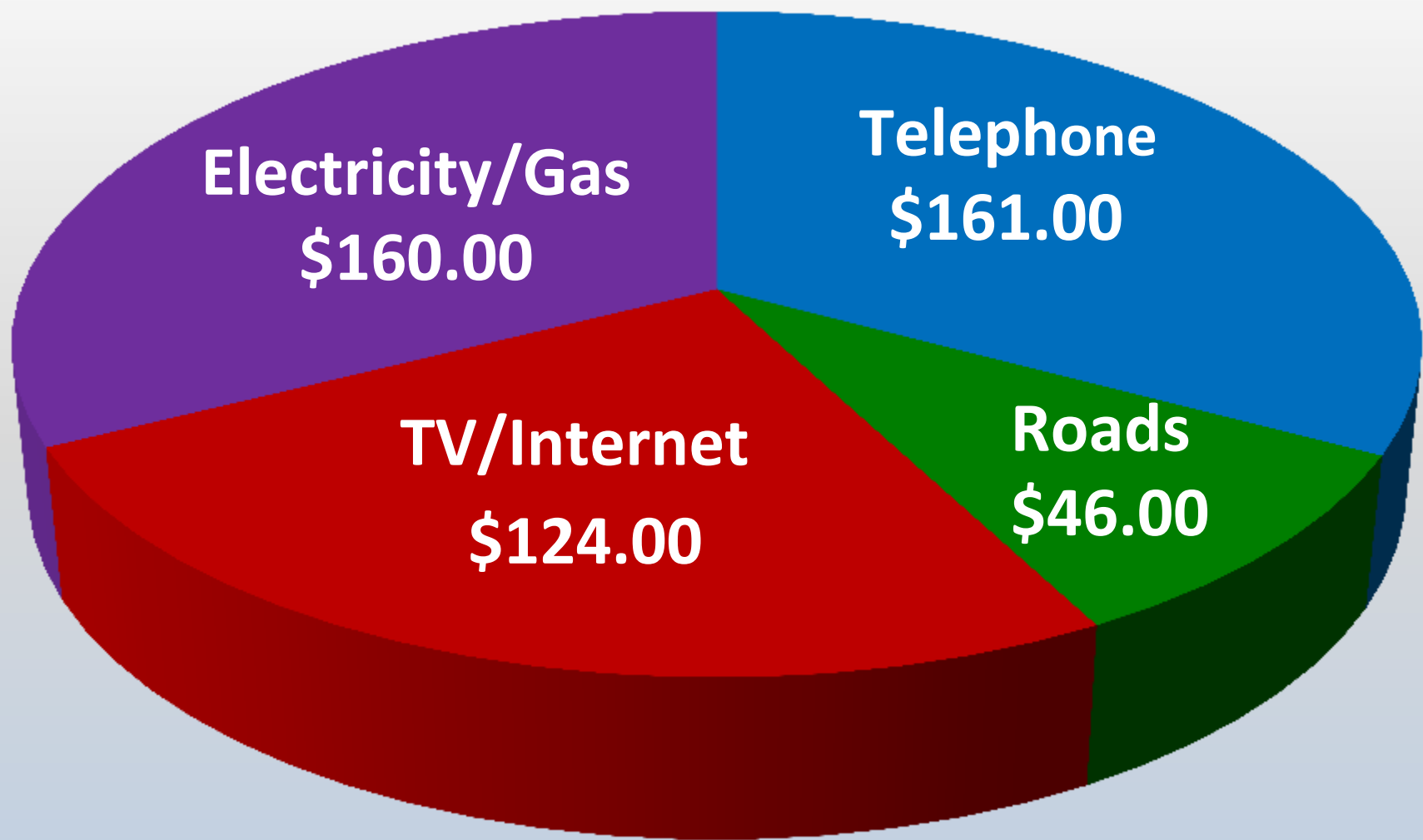
Reconstruction  
**\$1,500,000**  
per lane mile





# Pay a Little Now or a Lot Later!

# Average Monthly Household Expenditures



# Funding



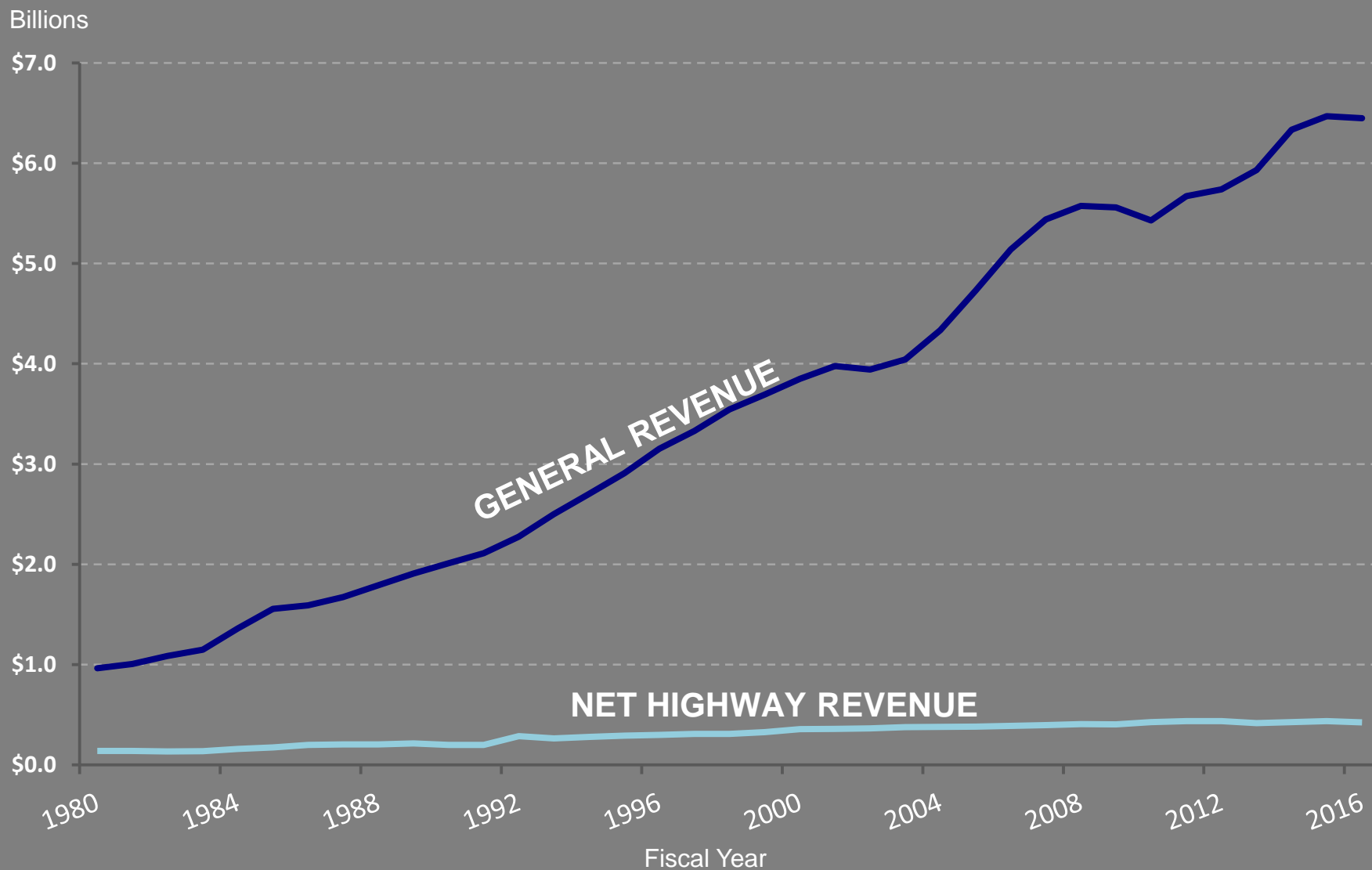
# Update

**Great amount of uncertainty at the federal level**

**State funds stagnant at best**



# General Revenues vs ARDOT Net Highway Revenues



Excludes County & City Aid funds | Excludes CAP funds



# Federal vs. State Funding

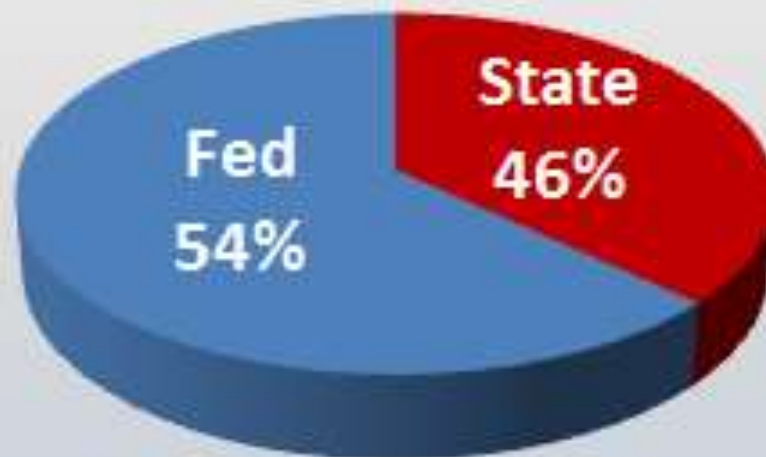
## 1993

### Hwy. Funding Breakdown



## 2016

### Hwy. Funding Breakdown



## THEN

22 years ago, in 1995,  
**33 miles** of Highway  
could be widened.

## NOW

As of 2015, using the  
same resources, only  
**15 miles** of Highway  
could be widened.



## 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.





# Challenges

➤ **12<sup>th</sup>** largest system in the country

➤ **42<sup>nd</sup>** in highway revenue per mile.

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➤ **\$9.3 billion** in needs

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



# Where



# Are We Going?

"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





# 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.

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www.arklegaudit.gov

Report ID: SP5A02516 Report Date: August 31, 2017



# Arkansas State Highway Needs

## 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	Additional Annual Net
System Preservation			
Pavement			
Bridges			
Total System Preservation			
Capacity Relief			1,000,000
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
<b>Totals</b>	<b>\$ 925,000,000</b>	<b>\$ 447,000,000</b>	<b>\$ 478,000,000</b>

**\$ 447,000,000**

Note: Amounts shown are rounded.

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

# Arkansas State Highway Needs

## 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
System Preservation			
Pavement			
Bridges			
Total System Preservation			
Capacity Relief			2,000,000
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
<b>Totals</b>	<b>\$ 925,000,000</b>	<b>\$ 447,000,000</b>	<b>\$ 478,000,000</b>

**\$ 478,000,000**

Note: Amounts shown are rounded.

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



# Options for Generating Additional Revenue for Highways

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

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

<sup>2</sup> Transfer of 4.5% (“general” portion of statewide sales tax)

# 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](mailto: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

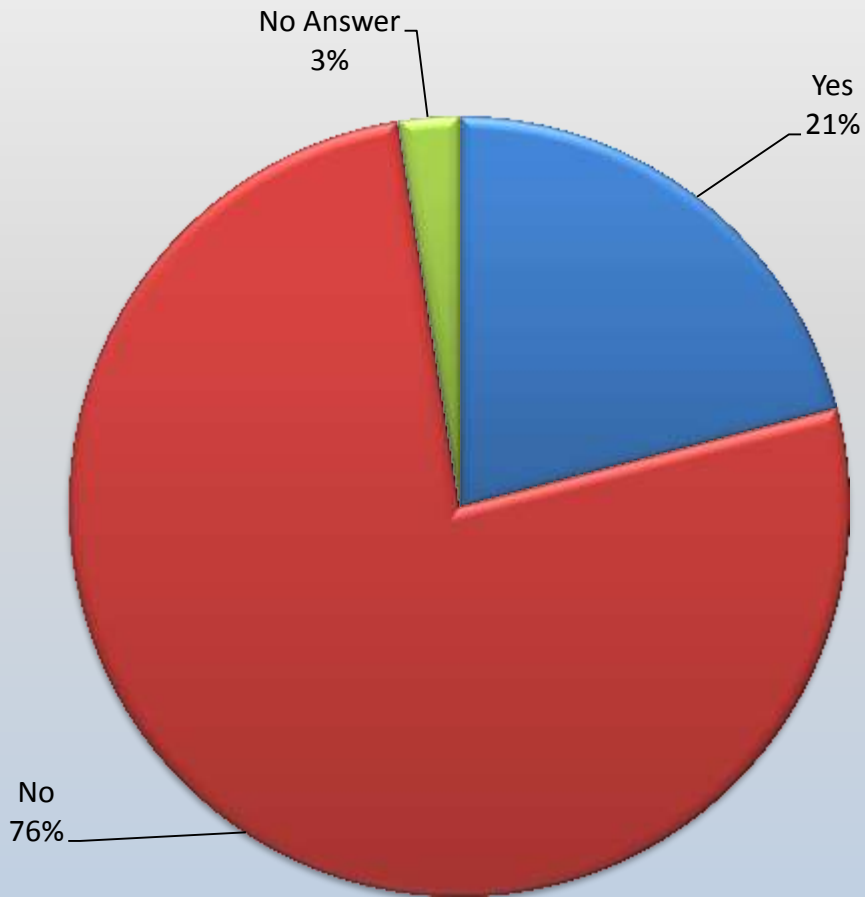
Online Form Available Here:

[www.Arkansashighways.com](http://www.Arkansashighways.com)

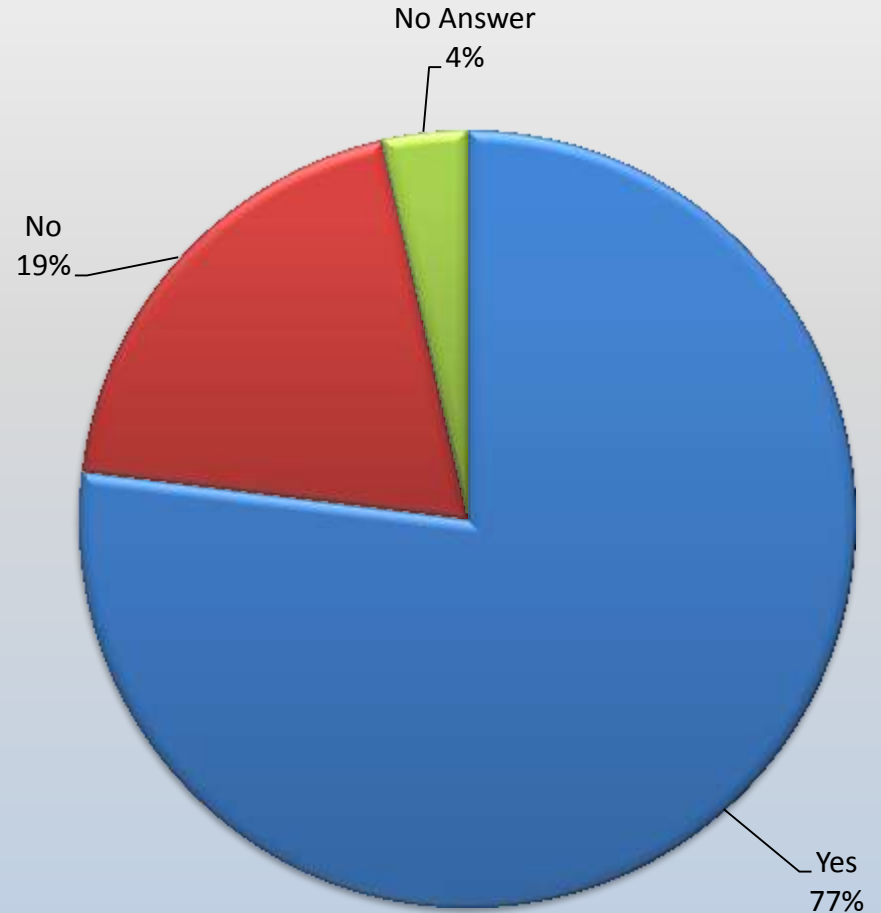


# Survey Results

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

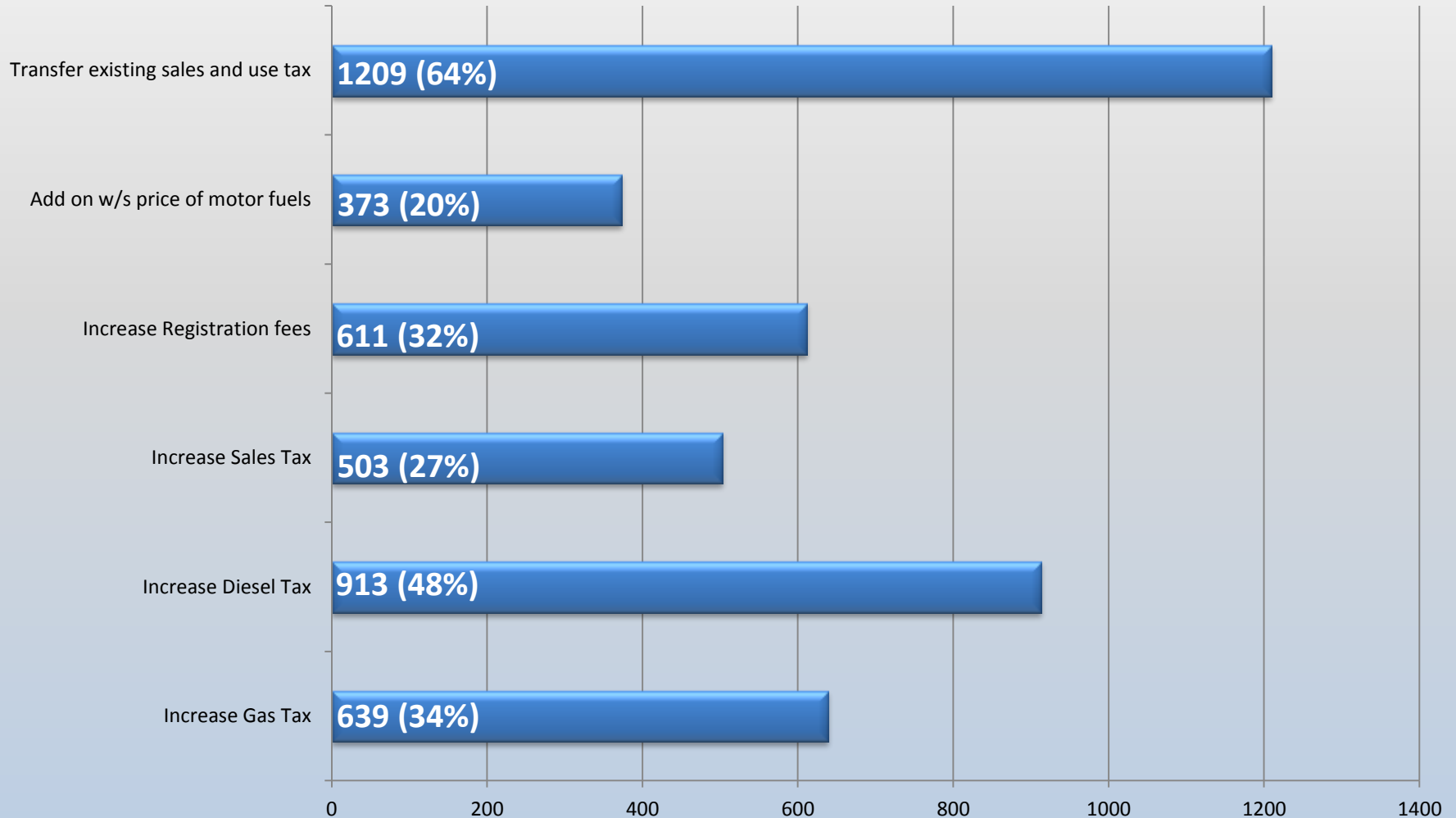


Would you support a new highway program that would generate additional revenue?



# 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**

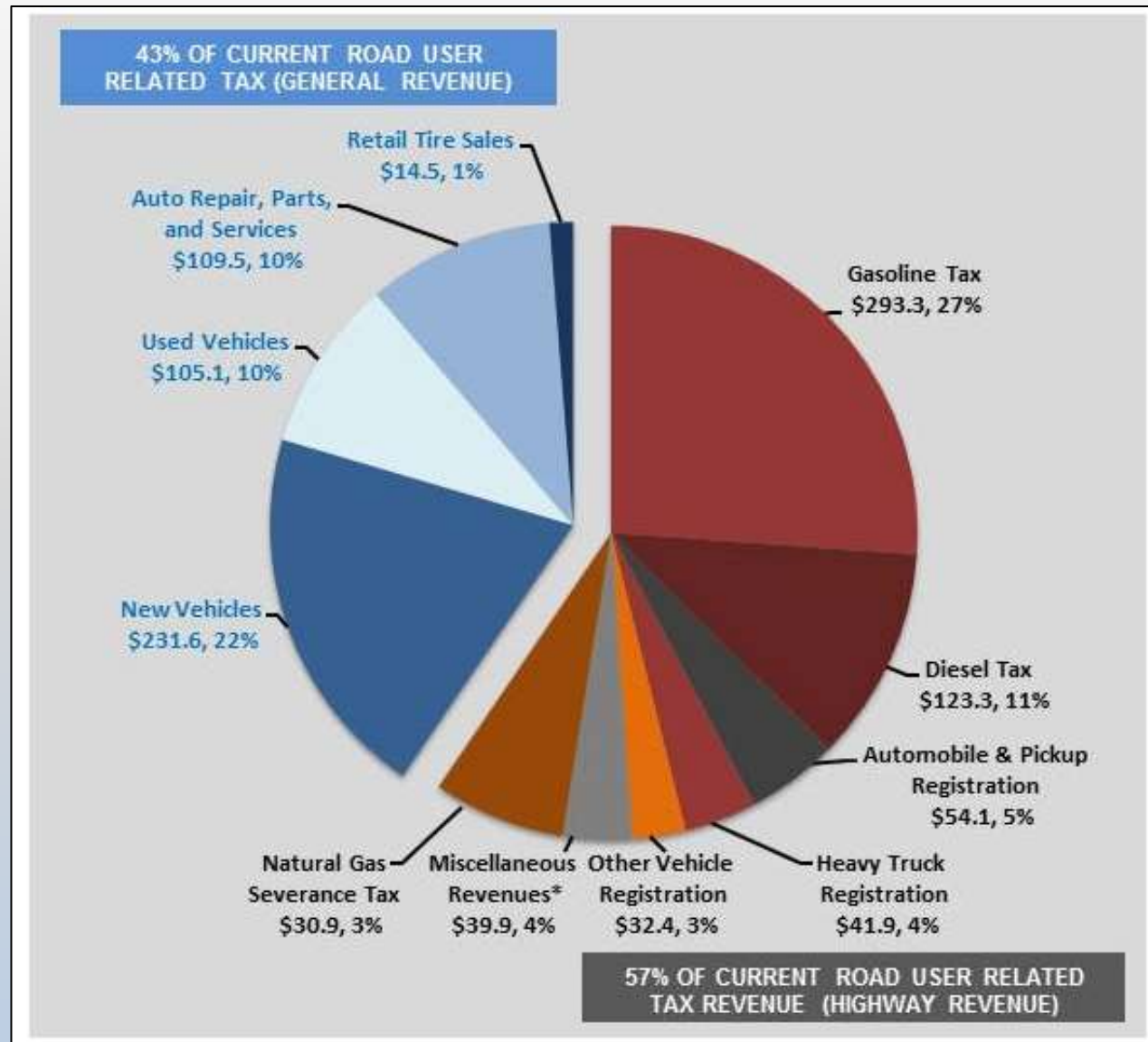
## Distribution:

### General Revenue

**\$460.7 Million (43%)**

### Highway Revenue

**\$615.9 Million (57%)**





*Your*  
**TRANSPORTATION SYSTEM**

# Questions?





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



@myARDOT

