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American Council of Engineering Companies of Arkansas



ARDOT Update, Challenges and Opportunities

Friday, December 8, 2017

Update

**2011 Interstate Rehabilitation Program
and Connecting Arkansas Program**

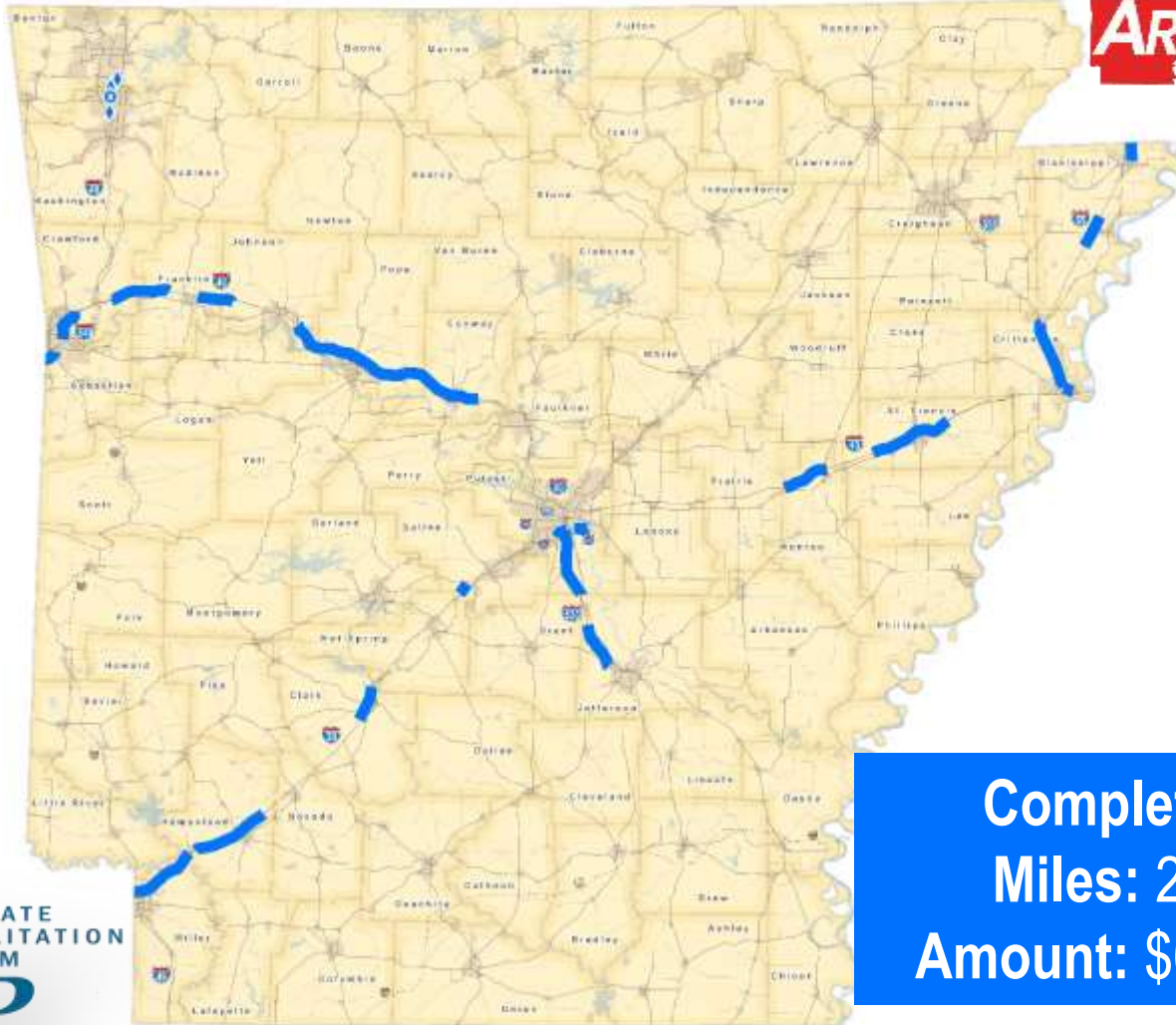




INTERSTATE
REHABILITATION
PROGRAM

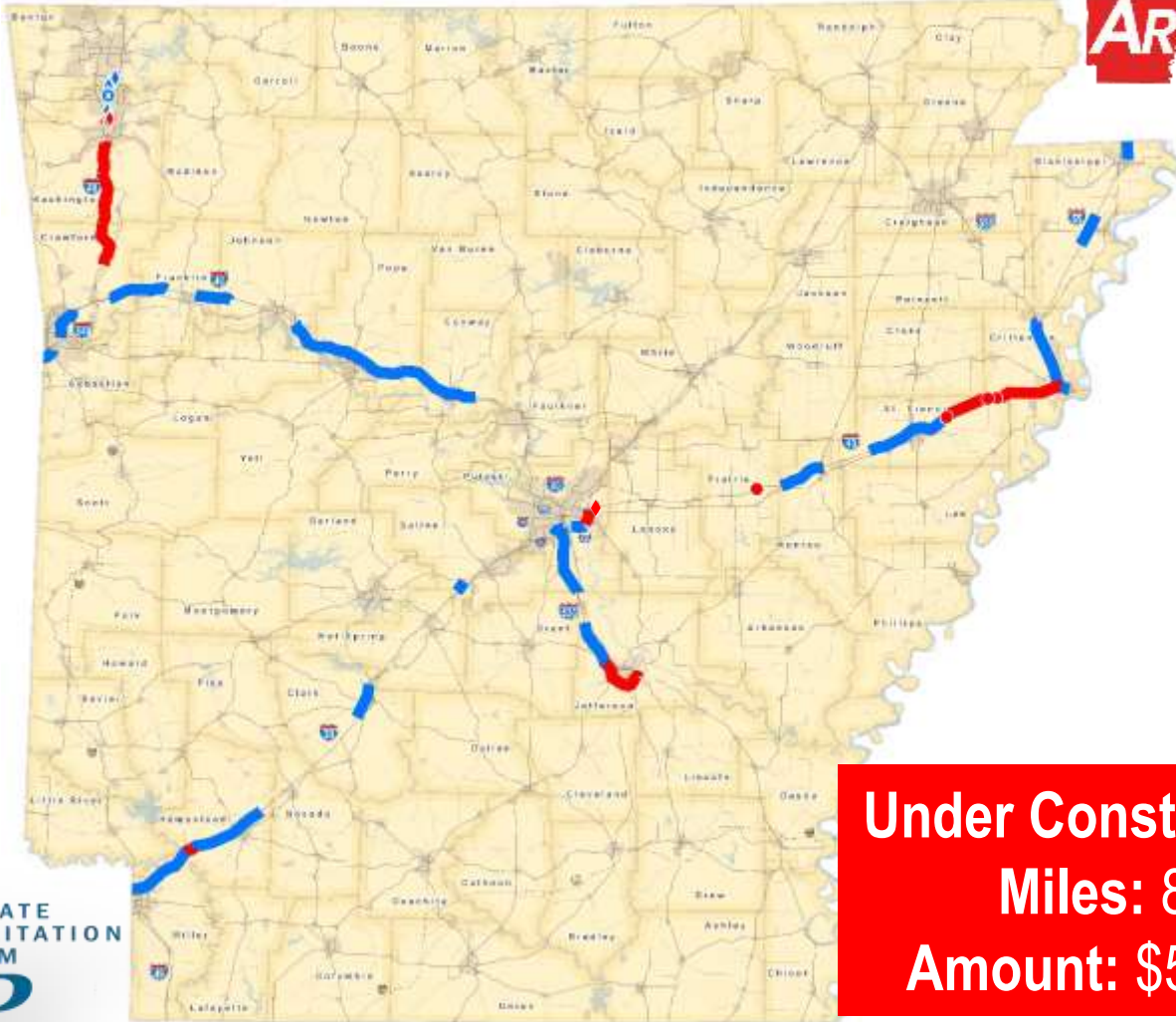
IRP





Completed
Miles: 222
Amount: \$668 M

Interstate Rehabilitation Program



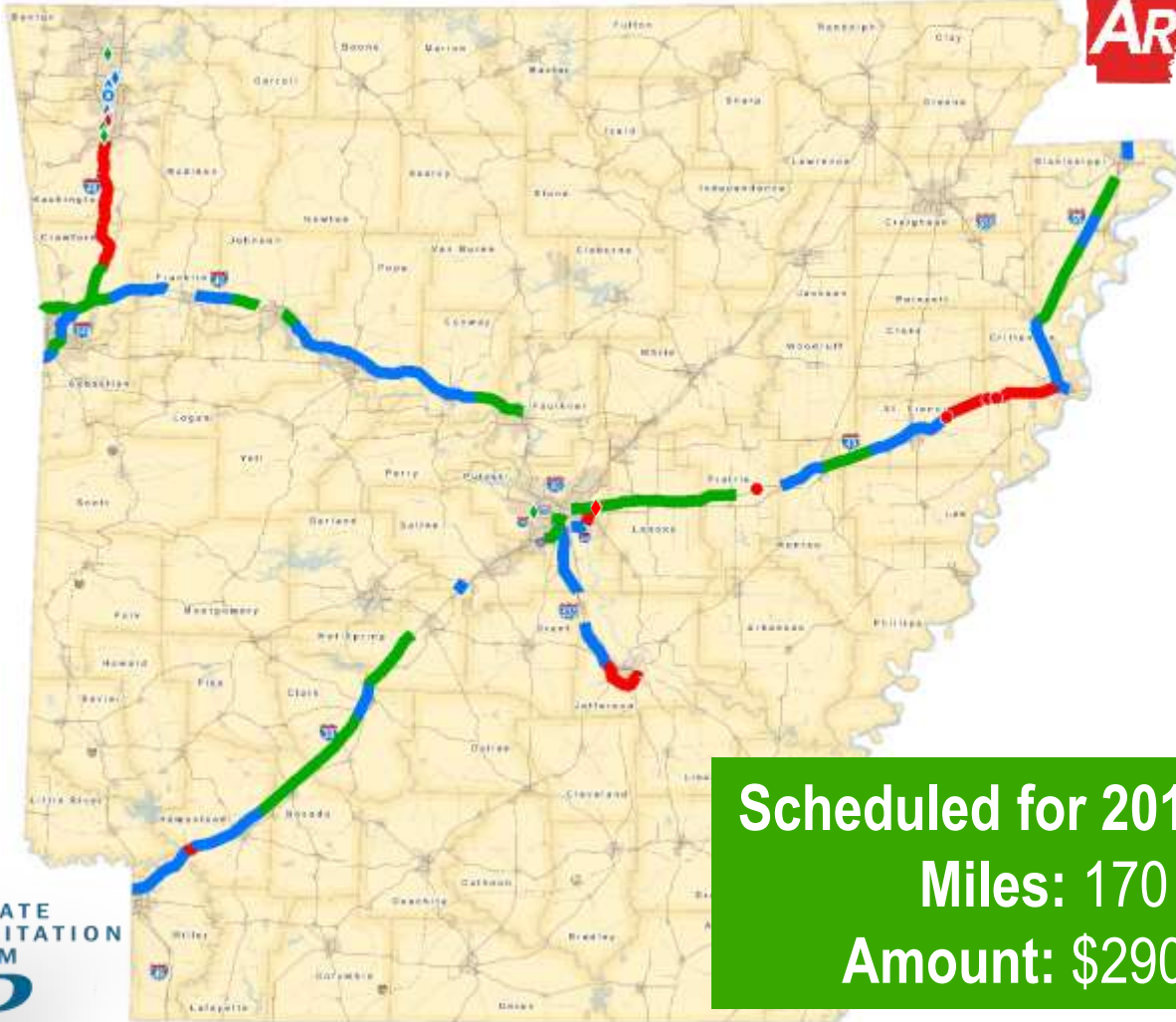
Under Construction
Miles: 81
Amount: \$523 M

Interstate Rehabilitation Program



Scheduled for 2018
Miles: 21
Amount: \$44 M

Interstate Rehabilitation Program



Scheduled for 2019-2023
Miles: 170
Amount: \$290 M

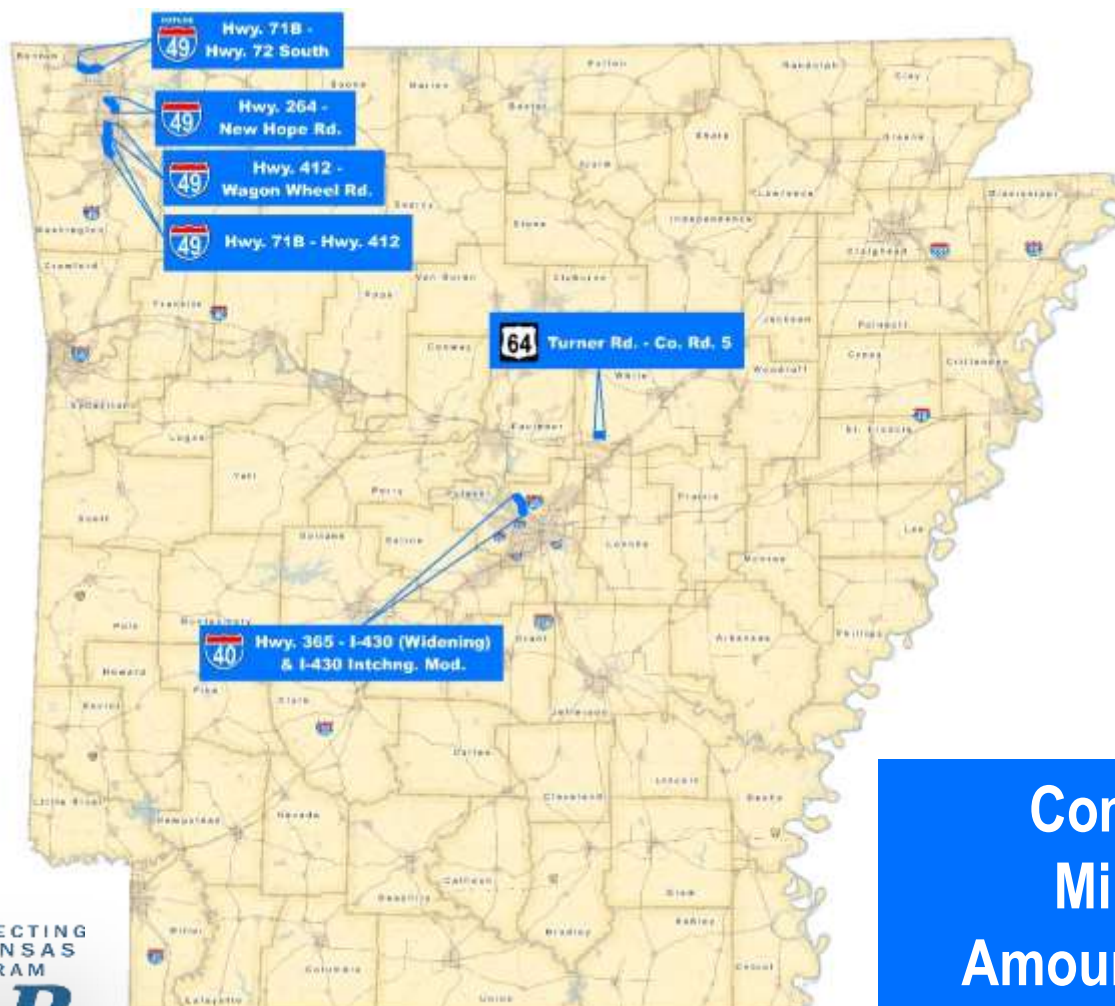
Interstate Rehabilitation Program



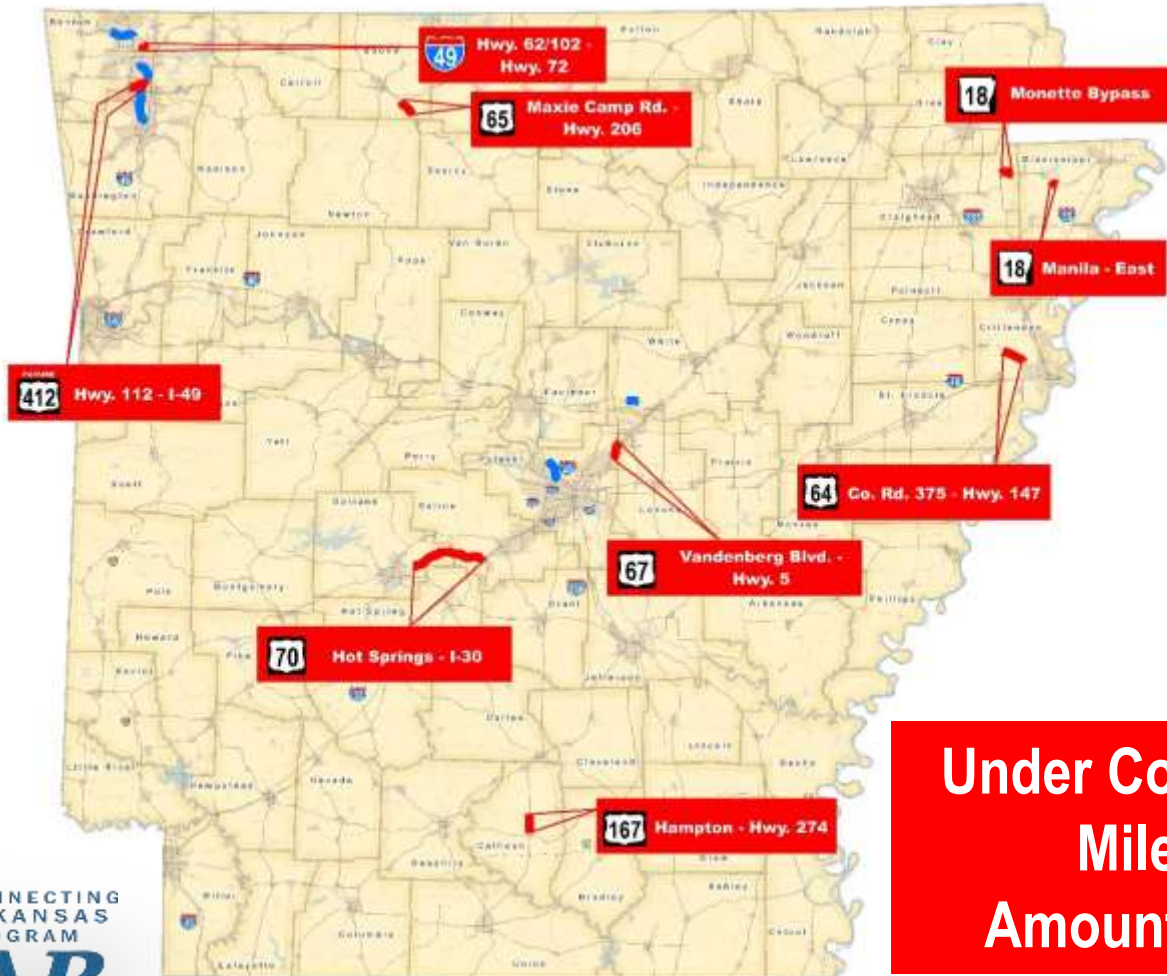
CONNECTING
ARKANSAS
PROGRAM

CAP





**Completed
Miles: 27
Amount: \$188 M**



Under Construction
Miles: 49
Amount: \$403 M



Scheduled for 2018
Miles: 80
Amount: \$1.09 B



Scheduled for 2019-2020
Miles: 29
Amount: \$245 M

Update

**Future Construction Engineering
and Inspection Opportunities**





Future Construction Engineering and Inspection Opportunities

Connecting Arkansas Program:

2018 - \$1.09 Billion Scheduled

13 Projects

- 6 Projects In-House
- 4 Projects by Consultant
- 3 Projects To Be Determined



Future Construction Engineering and Inspection Opportunities

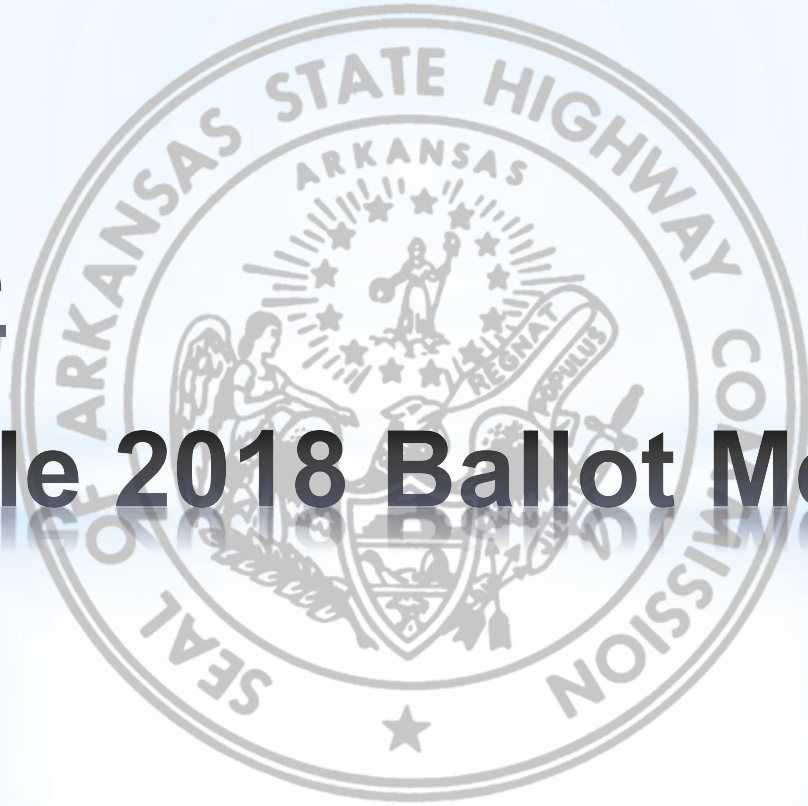
Other Projects:

2018 - \$450 Million Scheduled

- To Be Determined
 - ✓ Full Service CEI
 - ✓ Consultant Inspectors/Field Engineers

Update

Possible 2018 Ballot Measure





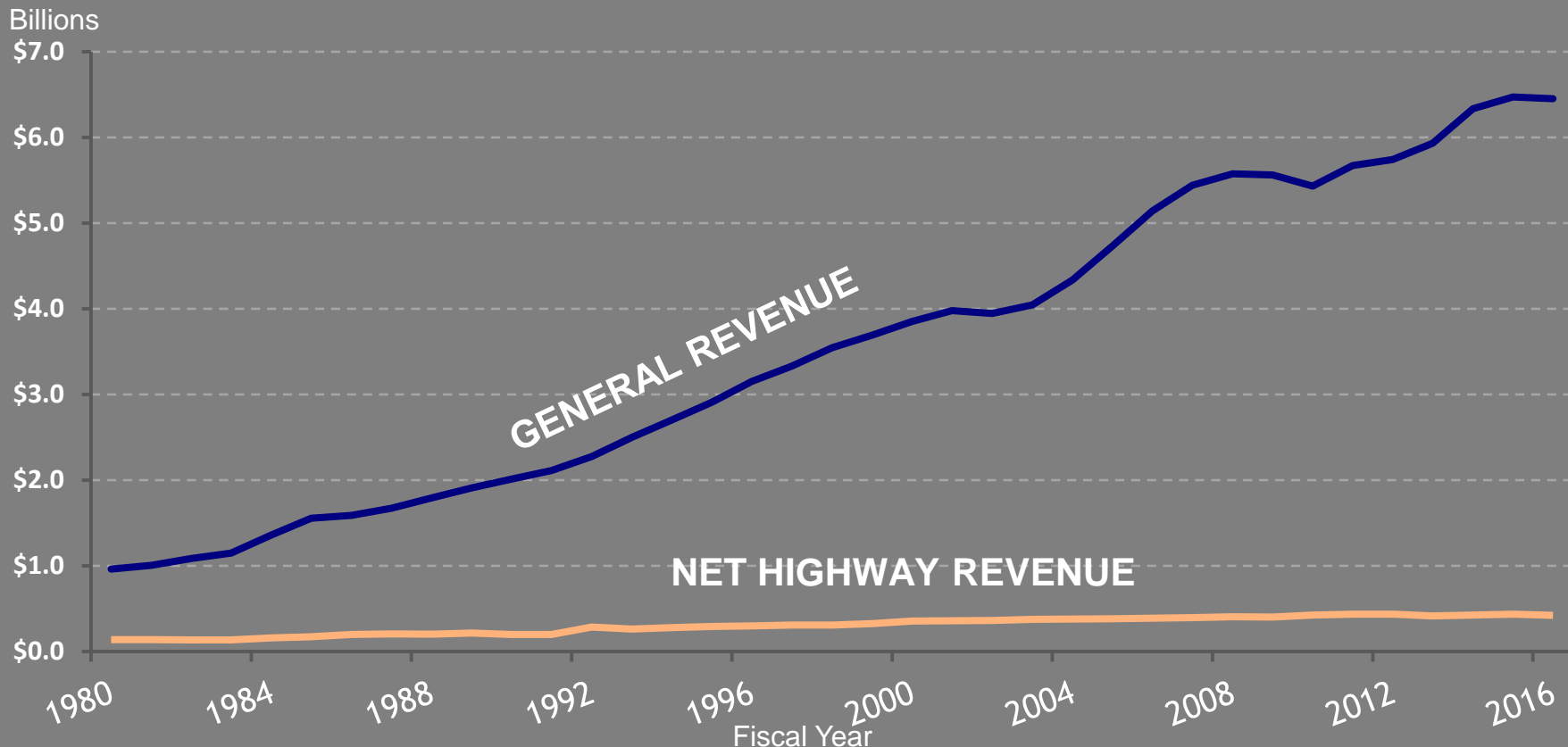
CHALLENGES

Challenges

- **12th** largest system in the country
- **42nd** in highway revenue per mile.
- **\$9.3 billion** in needs
- **\$4.5 billion** in available revenue

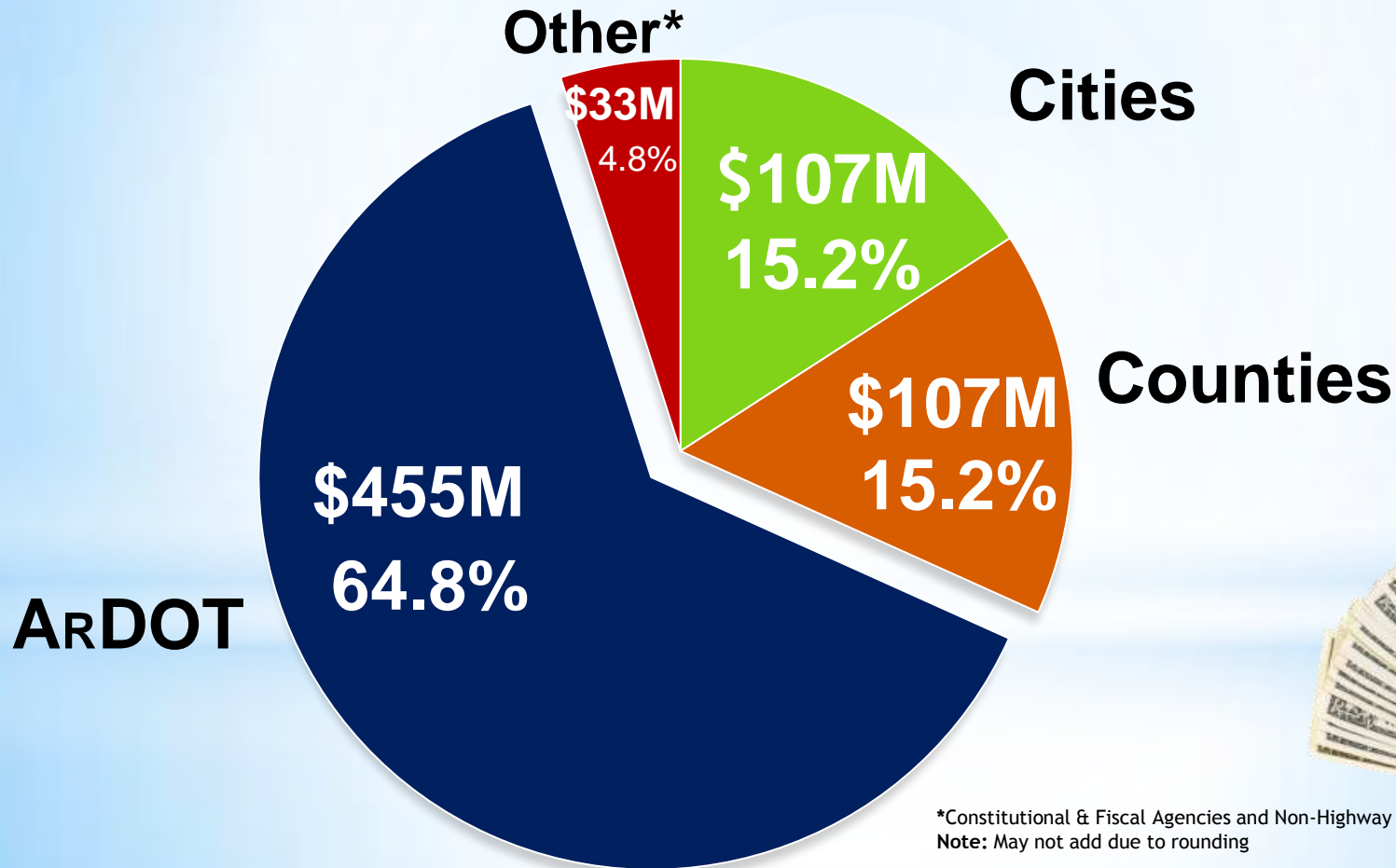


General Revenues vs ARDOT Net Highway Revenues



Excludes County & City Aid funds | Excludes CAP

Average Annual Highway User Revenue Distribution



*Constitutional & Fiscal Agencies and Non-Highway Uses.
Note: May not add due to rounding

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.

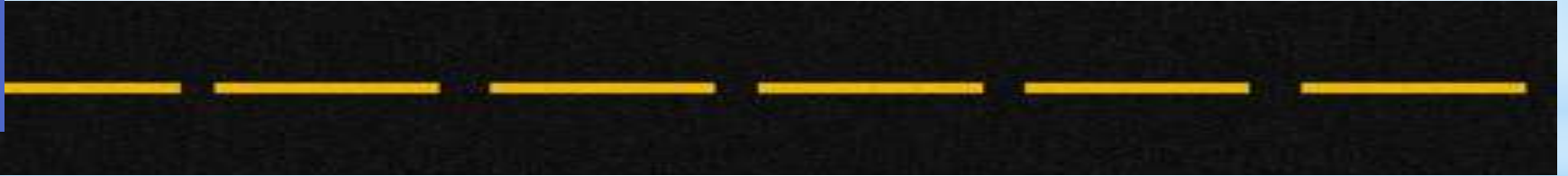


THEN

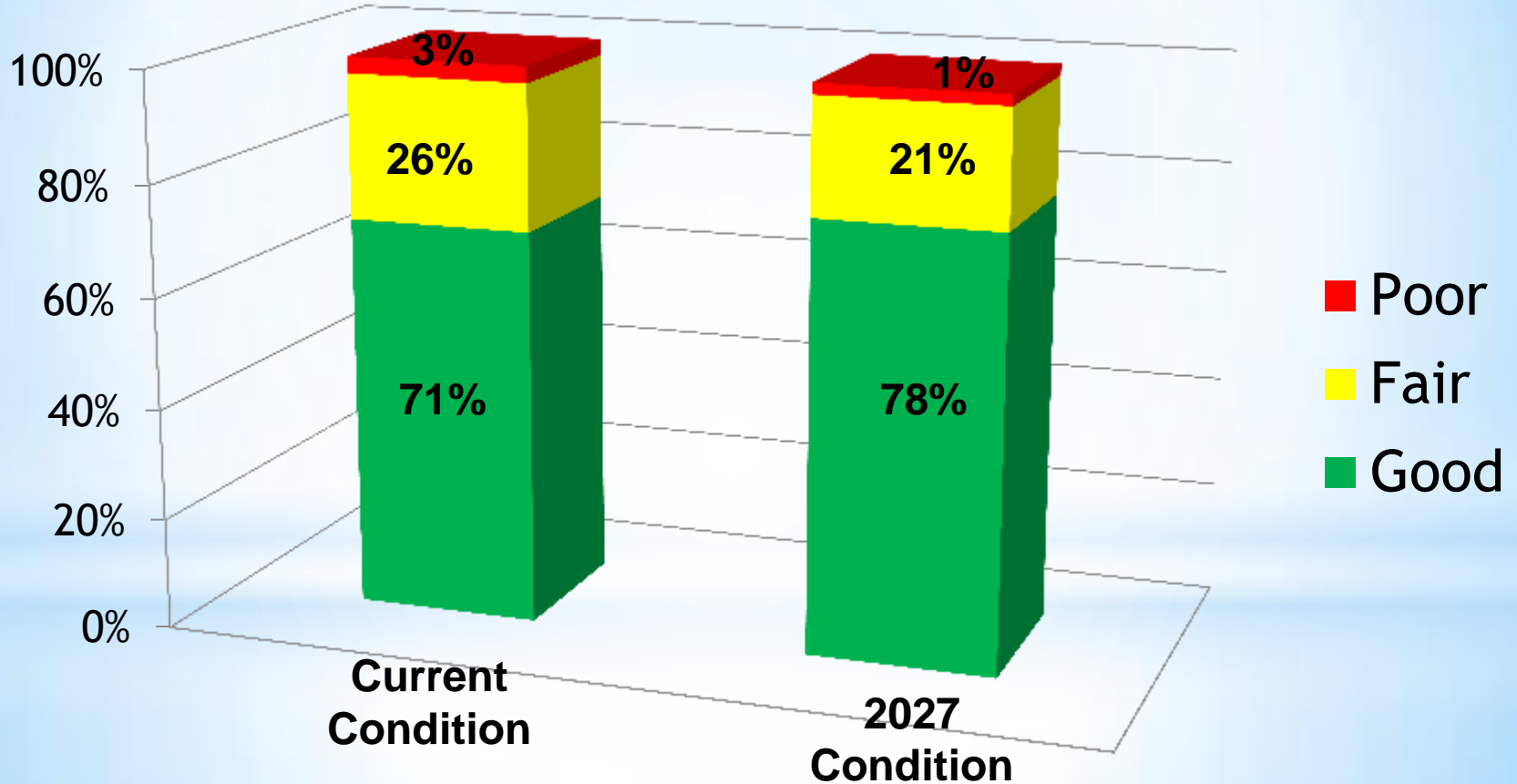
22 years ago, in 1995,
200 miles of Highway
could be overlaid.

NOW

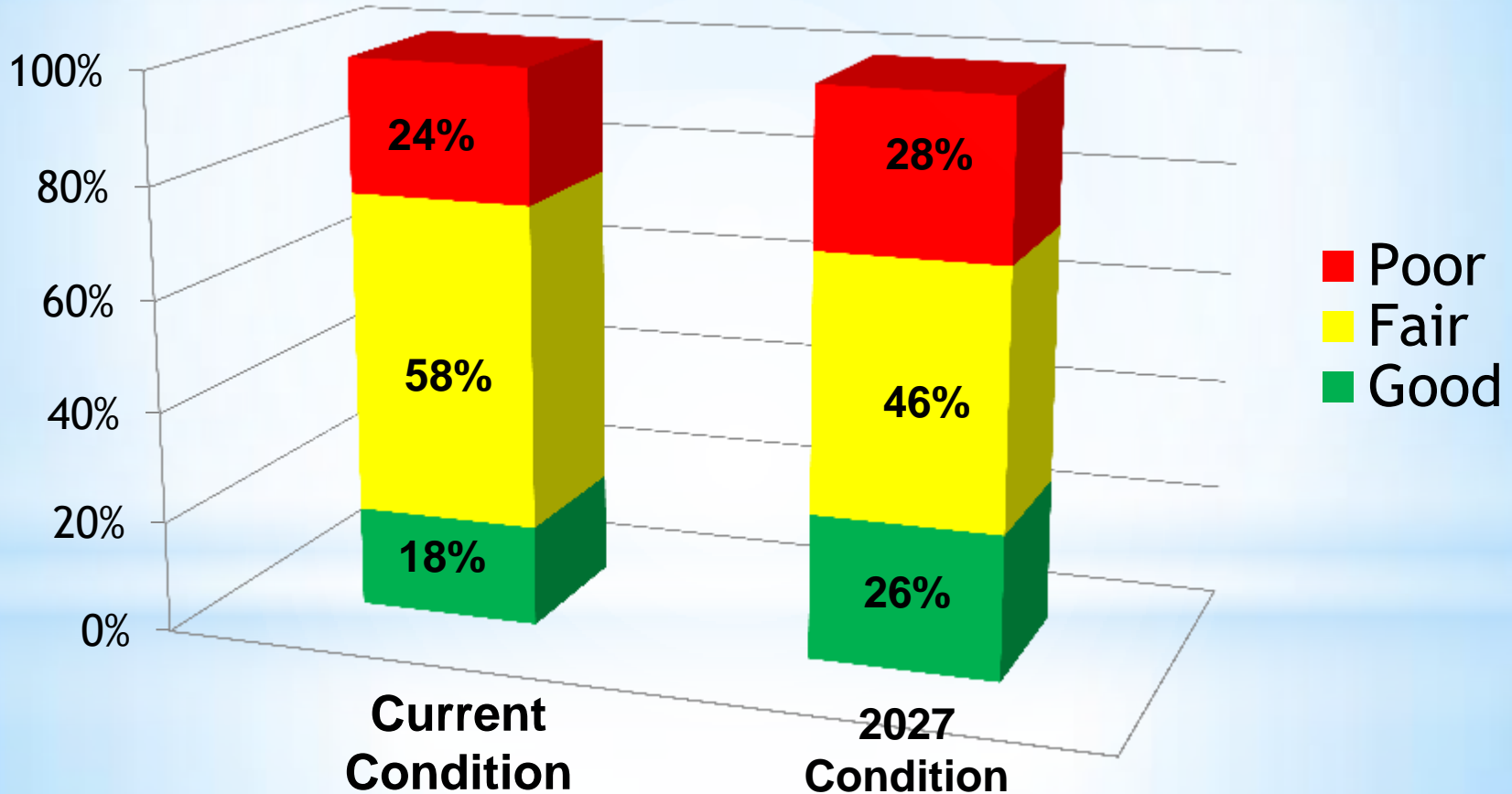
As of 2015, using the
same resources, only
54 miles of Highway
could be overlaid.



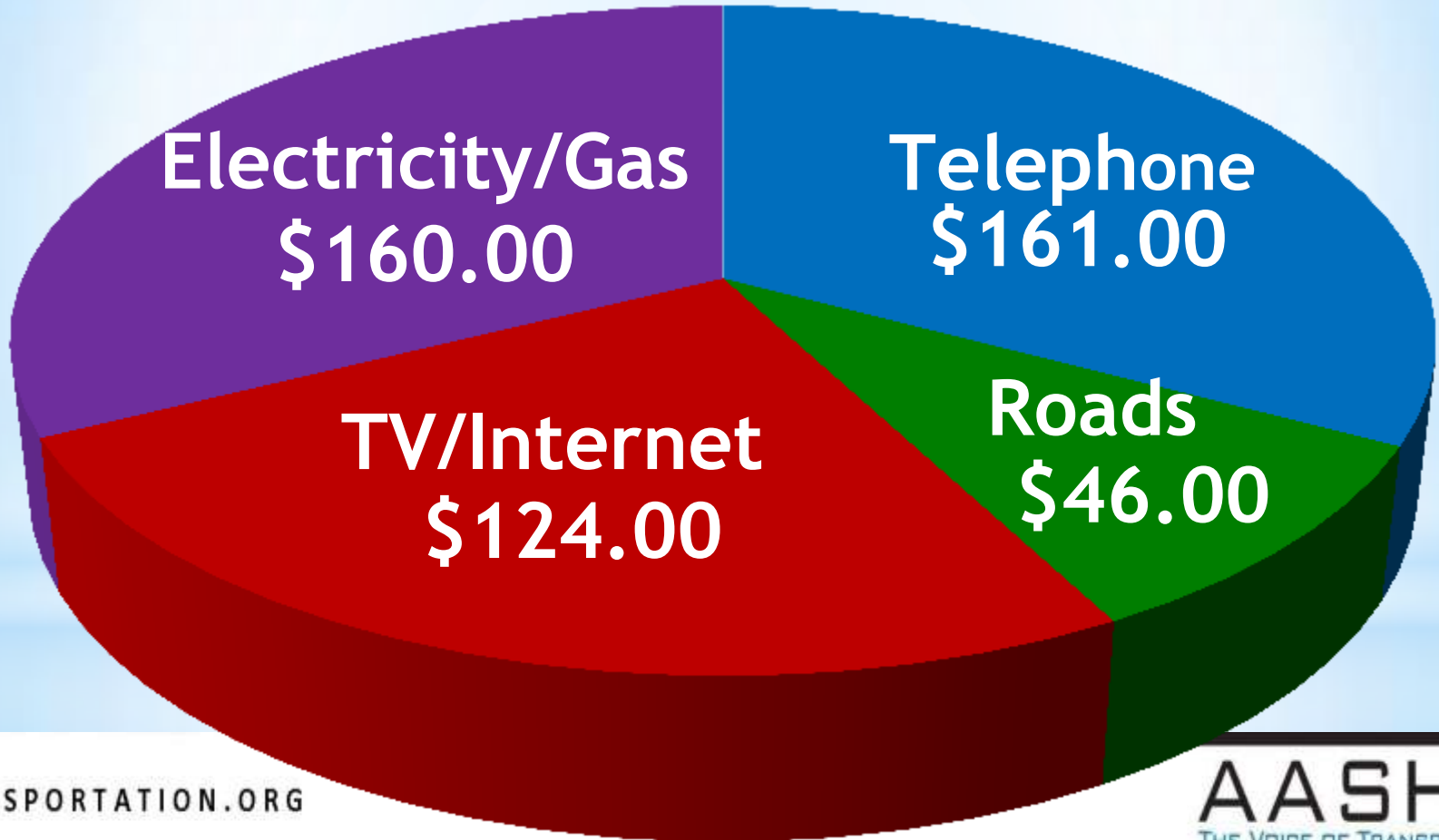
Interstates



All State Highways – Including Interstates



Average Monthly Household Expenditures



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!



Political Realities



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





“ . . . 70% of our highway, road and street funding comes from a consumption-based tax, while it is a national goal to reduce consumption. The trend. . . is simply a losing proposition. We’re moving backwards.”



- Reissue GARVEE Bonds for Interstate Rehabilitation Program
- State Aid Program for Cities
- Temporary One-Half Cent General Sales Tax to Fund a Multi-Year Construction Program
- Transfer Sales Tax on New and Used Vehicles, Auto Repair Parts and Services, Tires and Batteries

APPROVED

APPROVED

APPROVED

Road User Related Tax Revenue (SFY 2016)

Total Road User Revenue

\$1,076.5 Million

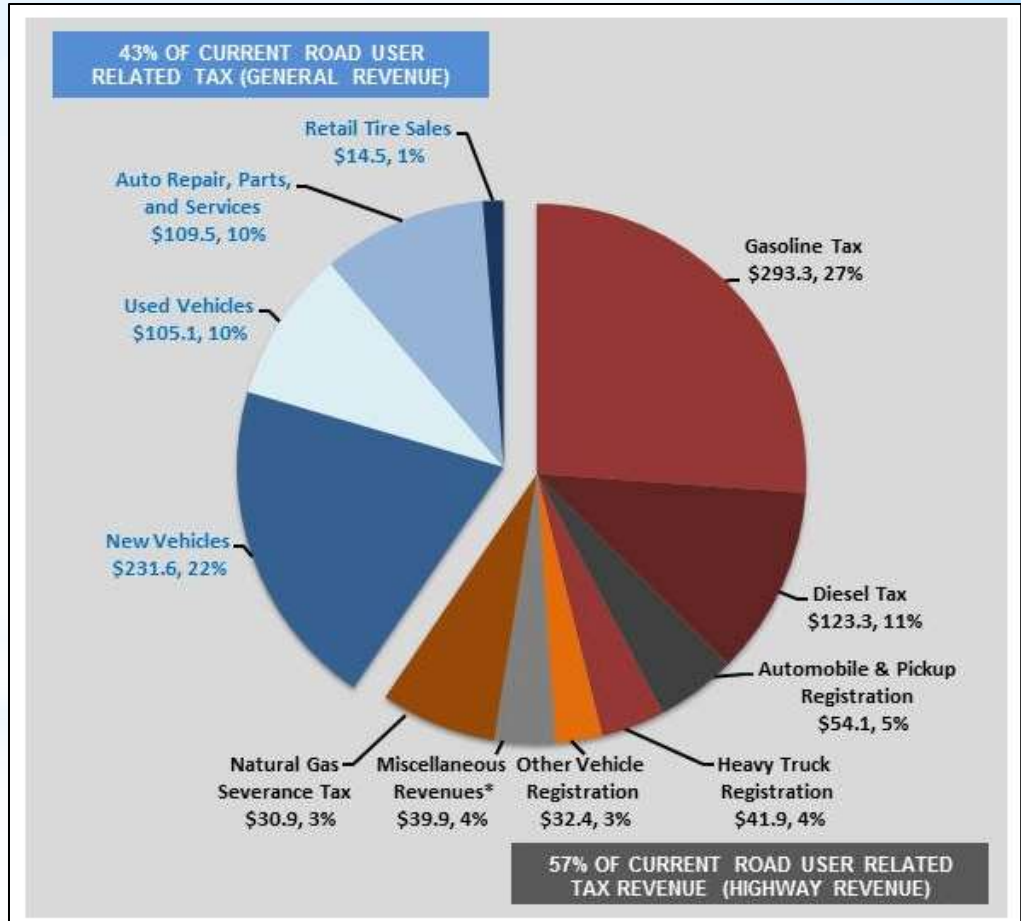
Distribution:

General Revenue

\$460.7 Million (43%)

Highway Revenue

\$615.9 Million (57%)



HB 1418 Revenue

Transferred sales tax
on new and used
vehicles

Highway
Department in over 10
years.



**FAILED TO
GET OUT OF
THE HOUSE
COMMITTEE**

**90
SPONSORS!!**

HB 1346 REVENUE

Transferred sales tax on new and used vehicles to the Highway Department fund phased in over 10 years AND transferred the natural gas severance tax revenue from the Highway Department fund to a newly created higher education work-study fund.



**PASSED THE
HOUSE
COMMITTEE**

**PULLED
BEFORE A
VOTE ON THE
HOUSE FLOOR**

□ Funding Targets

- ✓ Immediate: \$ 50 Million
- ✓ Short-term (0-3 years): \$110 Million
- ✓ Mid-term (3-5 years): \$250 Million
- ✓ Long-term (6-9 years): \$400 Million

All figures are annual amounts for state highways.



HB 1726 BOND ISSUE

Authorizes the State Highway Commission to issue bonds for

highway maintenance improvements upon approval by statewide election



HB 1727 GAS TAX

Establishes **additional fuel sales tax** at the

to be levied, Highway authorized by a to issue finance and bonds.



PASSED THE HOUSE COMMITTEE

FAILED ON THE HOUSE FLOOR

HB 1726 BOND ISSUE

Authorizes the State Highway Commission to issue bonds for

highway maintenance and improvements,

upon approval by voters in a statewide election.



HB 1727 GAS TAX

Establishes **additional fuel sales tax** at the wholesale level to be levied, only if the State Highway Commission is authorized by a statewide vote to issue

and maintenance and bonds.



**HOUSE
FOR – 38
AGAINST – 35
NOT VOTING - 27**

"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, 2016 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 overhead 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
590 Woodlane Street, Suite 170, Little Rock, AR 72201
Phone: 501-681-8600 • Fax: 501-681-8605
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	2017	2018	Additional Annual Revenues
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
Totals	\$ 925,000,000	\$ 447,000,000	\$ 478,000,000

\$ 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

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\$ 478,000,000

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



What's Next?



Your
TRANSPORTATION SYSTEM

CITIZENS OPINION SURVEY

ON HIGHWAYS IN ARKANSAS

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

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 State Highway and Transportation Department 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 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: _____

Would you be willing to sign a petition to put a highway revenue proposal on the 2016 general election ballot?


Yes No

How did you hear about this survey?

Presentation TV/Radio/Print Website/Search Engine
 Social Media Family or Friend
 Other: _____

Optional: Online Form Available Here:

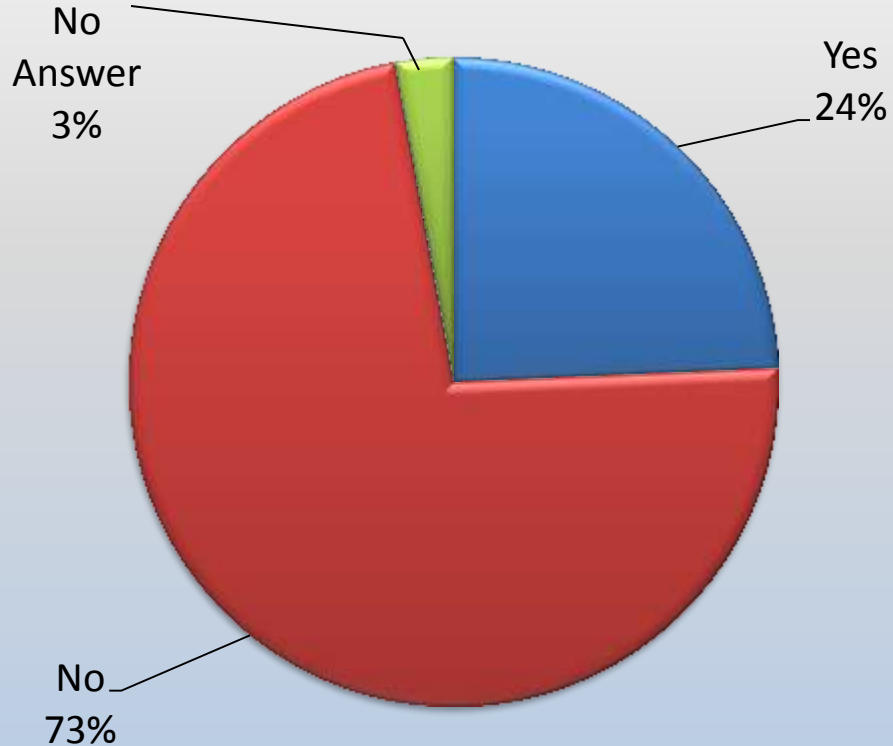
Name: _____
 Address: _____
 City, State, Zip: _____



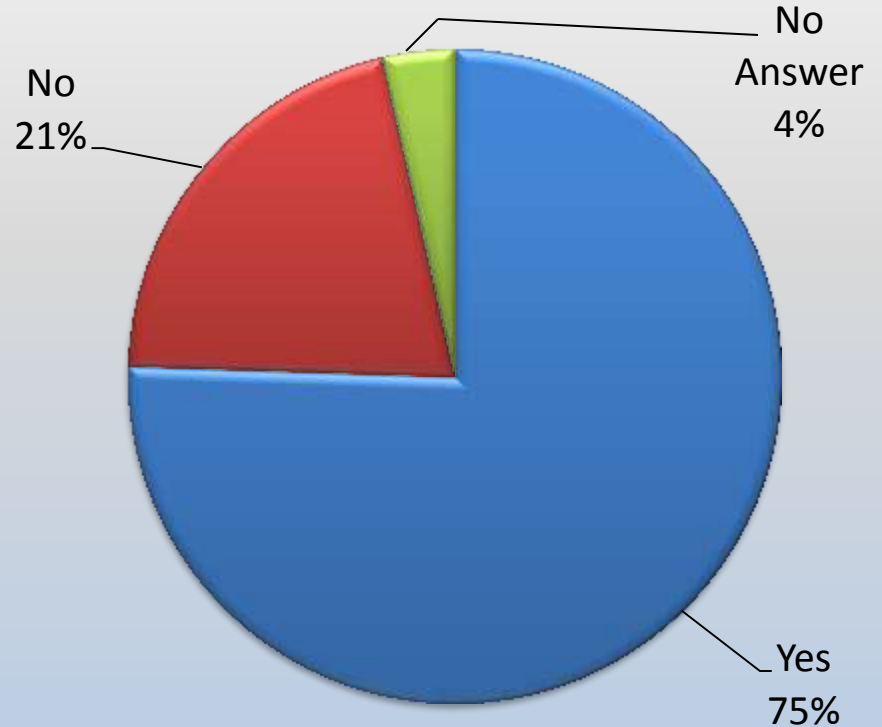


Survey Results

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

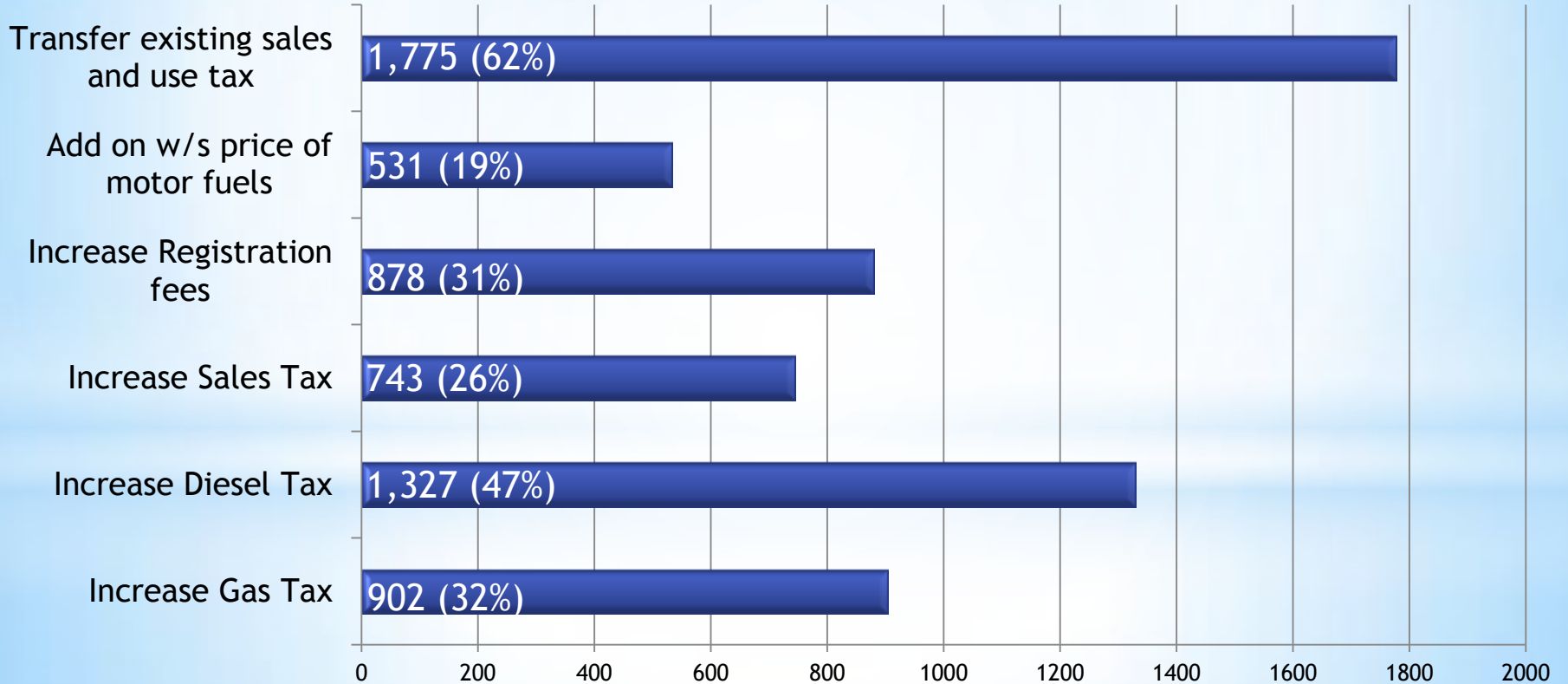


Would you support a new highway program that would generate additional revenue?



Survey Results

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



Update

Design Build Project Delivery Method

Future Projects?

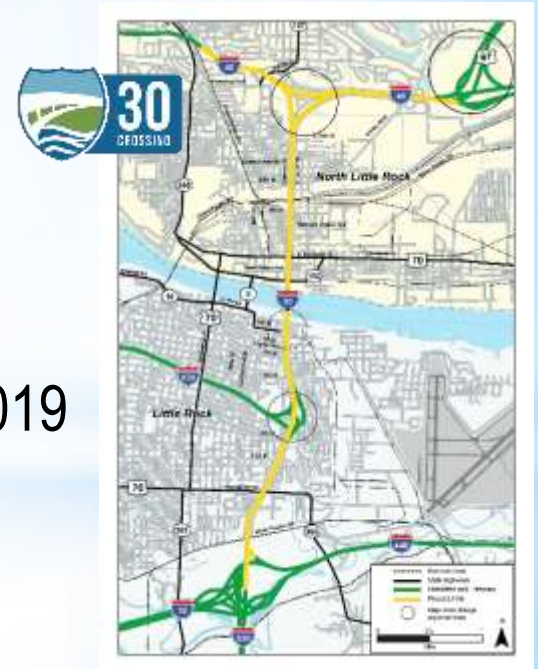


Current Activities (30 Crossing)

Meeting with Short-listed Proposers

Finalizing Request for Proposal documents

Anticipated DB selection in late 2018/early 2019



Design-Build

Future Activities

No additional projects currently identified for DB delivery

Developing a Design-Build project screening process

Update

Construction Manager / General

Contractor Project Delivery Method



Background

Act 809 of 2017 established the CMGC Pilot Program:

- 5-year pilot program

- Up to 3 projects can be delivered

- Total combined value of projects not to exceed \$200 million

What is CMGC?

CMGC is a qualifications based selection of a construction contractor to provide:

- Constructability and innovation reviews during design

- Opinions of Probable Construction Costs (OPCC) during design

- Identification of risk and methods of risk mitigation during design

- Bid to construct the project within the context of the contractor's preconstruction involvement

Independent Cost Estimator (ICE)

What is the ICE?

Independent Cost Estimator is used to validate the CMGC OPCCs:

- The ICE is procured separate from the CMGC

- Provides an independent cost estimate for each CMGC OPCC

- Cost estimate is developed to simulate a “second bid”

Current Activities

CMGC and ICE are currently being procured:

Proposals have been received

Selection anticipated in February 2018

ARDOT Project No. 061331 -
Pleasant Ridge Rd. - Pleasant Valley
Dr. (L.R.) (F)



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



@myARDOT



Questions?

