

Scott E. Bennett, P.E.
Director



Monday, December 17, 2018



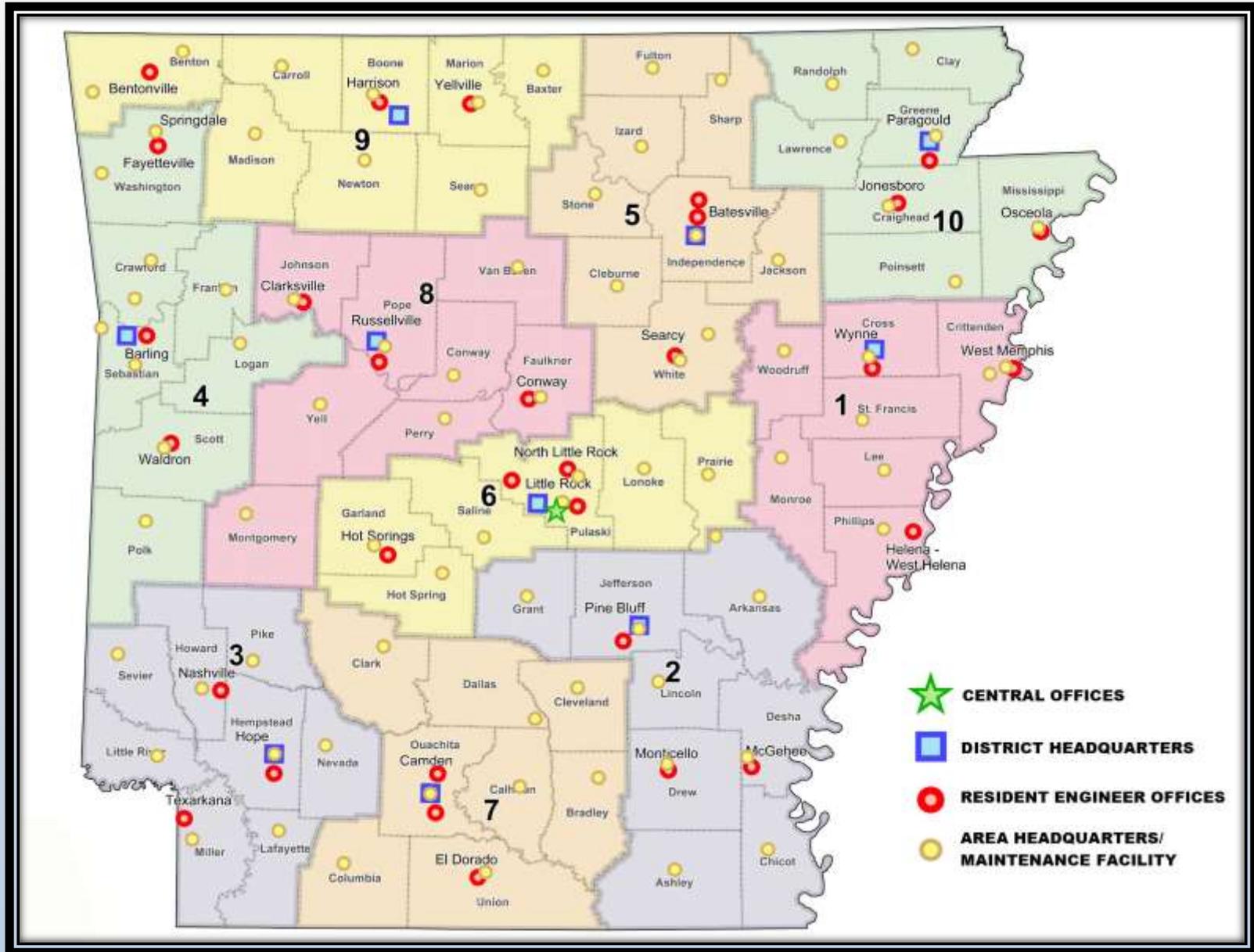
3rd Largest State Agency
(app. 3,700 Employees)

Maintains
16,418 miles of Highway
7,335 Bridges

Central Offices in Little Rock

10 Districts Statewide

District Organization

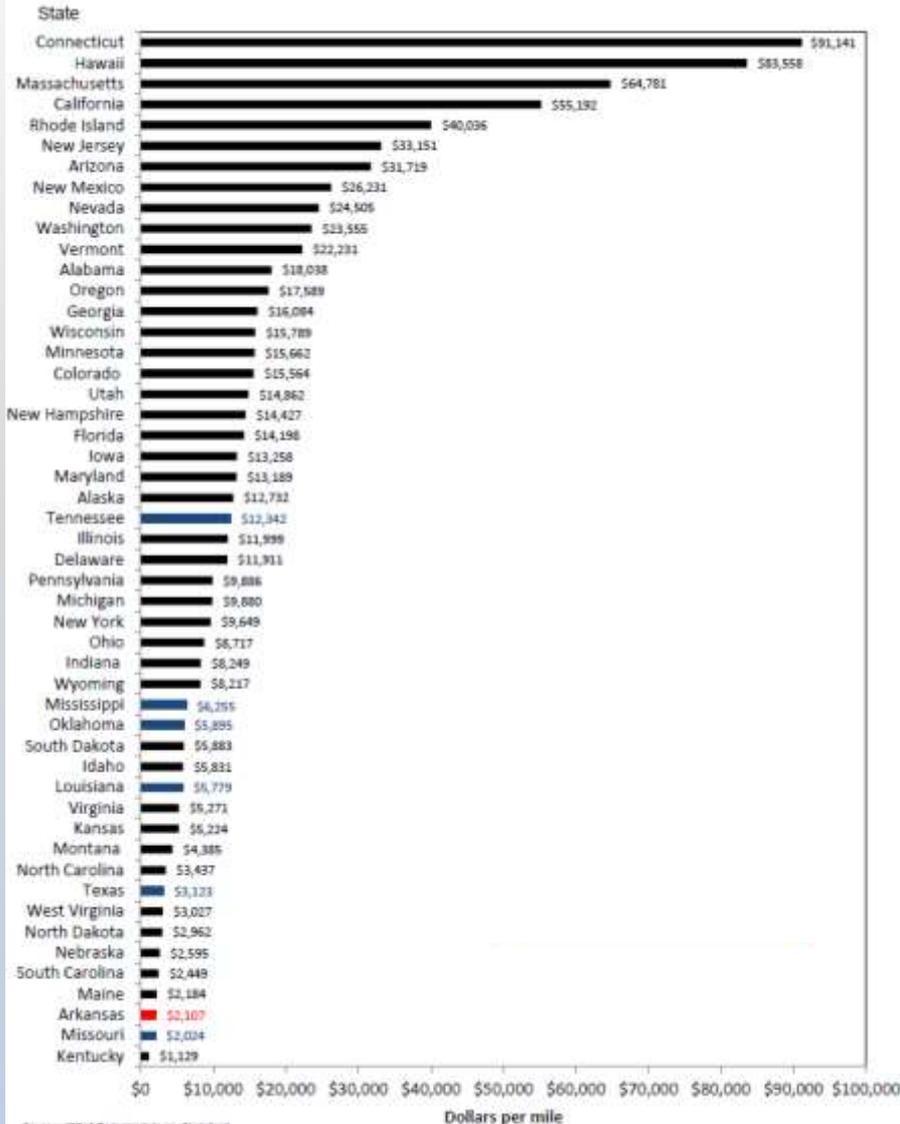


-  **CENTRAL OFFICES**
-  **DISTRICT HEADQUARTERS**
-  **RESIDENT ENGINEER OFFICES**
-  **AREA HEADQUARTERS/ MAINTENANCE FACILITY**

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

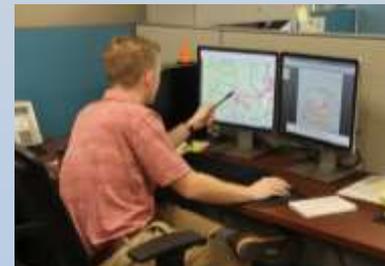
Arkansas has the
 3rd Lowest
 Administrative Cost Per
 Mile
 in the Nation

Employment Levels Efficiency

Year
1979  **4,200**
Employees

2000  **3,800**
Employees

2018  **3,698**
Employees





Statewide Programs



Completed

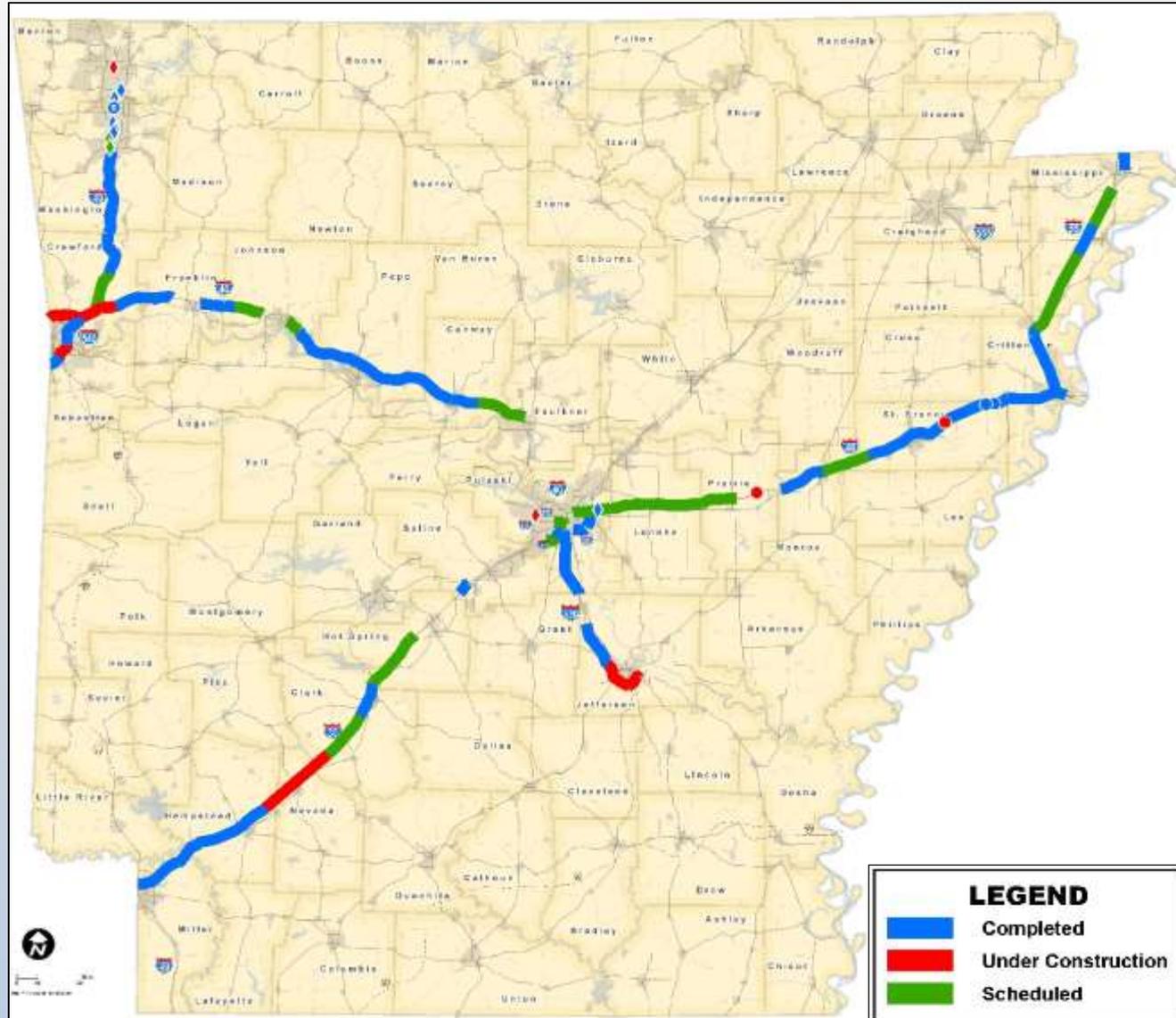
45 Projects
290 Miles
\$997 Million

Under Construction

7 Projects
54 Miles
\$317 Million

Scheduled

27 Projects
150 Miles
\$218 Million



Completed

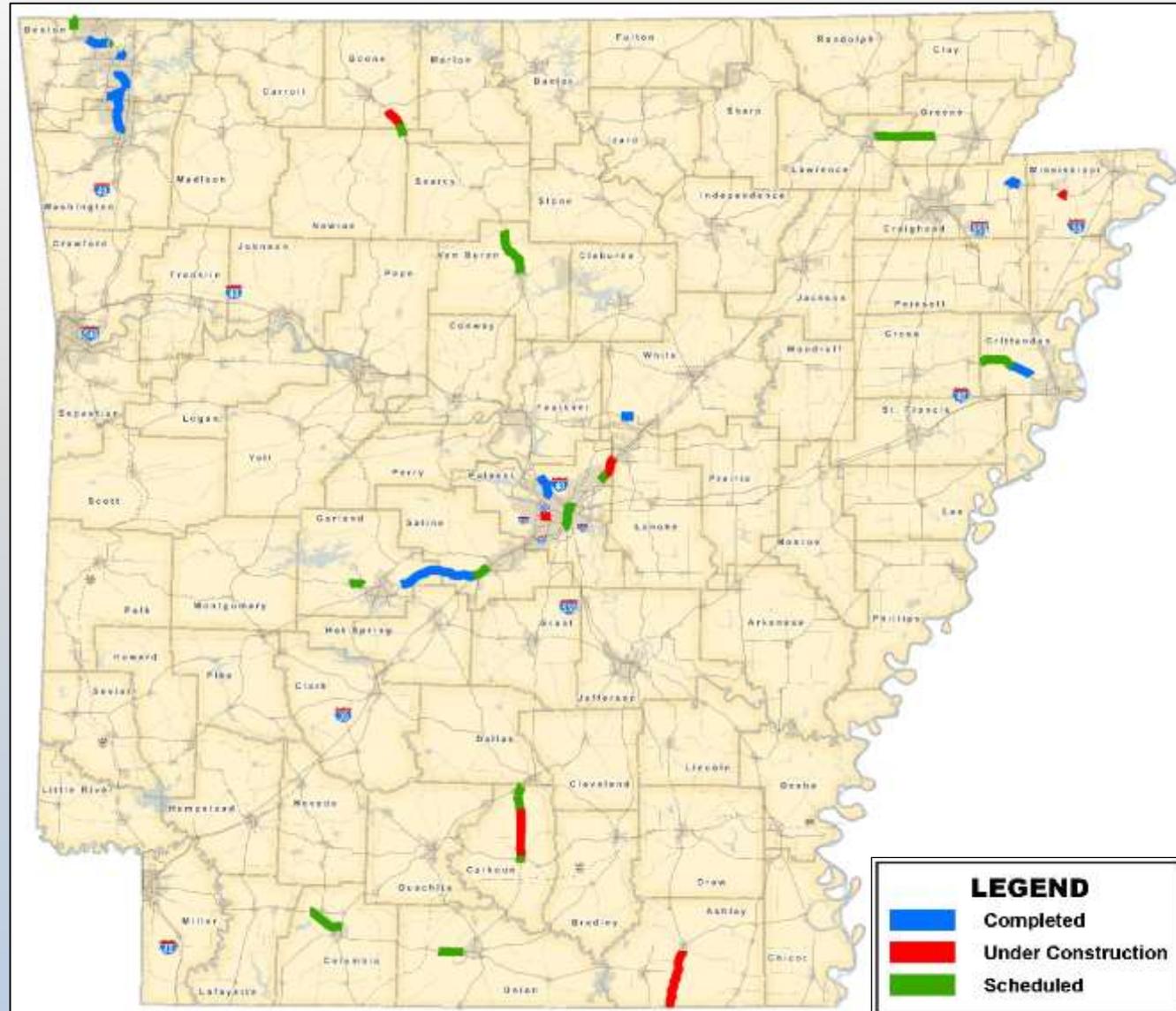
11 Projects
61 Miles
\$432 Million

Under Construction

8 Projects
40 Miles
\$347 Million

Scheduled

17 Projects
85 Miles
\$1.2 Billion



1/2 Cent Sales Tax Turnback Funds

County	Received to Date	Projected to Receive	Total Ending in 2023
Mississippi	\$2.7 Million	\$2.7 Million	\$5.4 Million
Poinsett	\$2.1 Million	\$2.1 Million	\$4.2 Million
Craighead	\$4.0 Million	\$4.0 Million	\$8.0 Million



1/2 Cent Sales Tax Turnback Funds

City	Received to Date	Projected to Receive	Total Ending in 2023
Blytheville	\$ 1,556,000	\$ 1,556,000	\$ 3,112,000
Osceola	\$ 773,000	\$ 773,000	\$ 1,546,000
Gosnell	\$ 353,000	\$ 354,000	\$ 707,000
Harrisburg	\$ 229,000	\$ 230,000	\$ 459,000
Marked Tree	\$ 256,000	\$ 256,000	\$ 511,000
Trumann	\$ 727,000	\$ 727,000	\$ 1,454,000
Bay	\$ 179,000	\$ 180,000	\$ 359,000
Jonesboro	\$ 6,701,000	\$ 6,701,000	\$ 13,401,000
Lake City	\$ 207,000	\$ 208,000	\$ 415,000
Monette	\$ 170,000	\$ 170,000	\$ 340,000
Manila	\$ 375,000	\$ 375,000	\$ 750,000



Projects of Interest



Highway 18

Completed

20 Projects
53 Miles
\$177 Million

Under Construction

1 Project
2 Miles
\$35 Million



Interstate 55

Completed

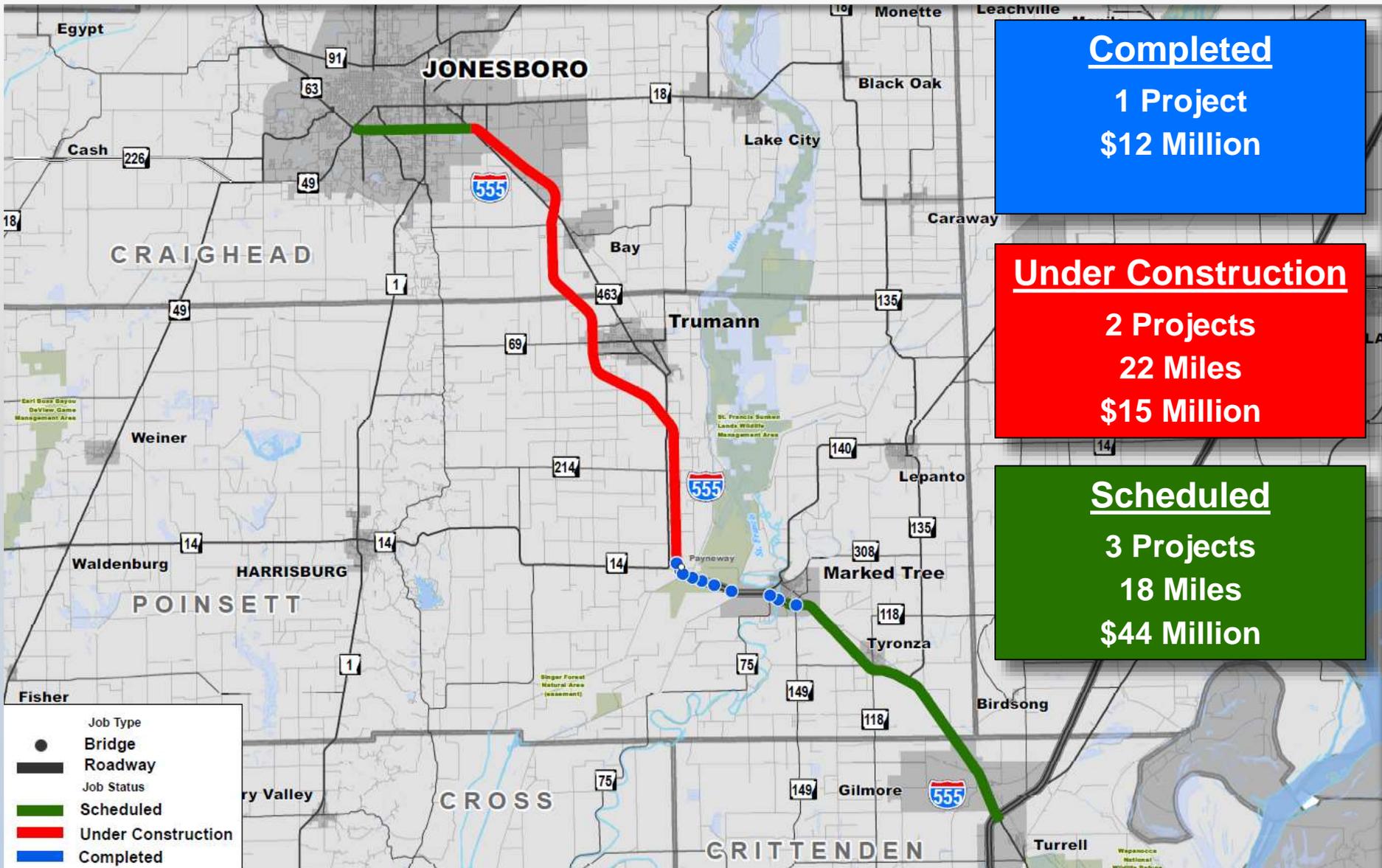
5 Projects
 32 Miles
 \$99 Million

Scheduled

5 Projects
 31 Miles
 \$22 Million



Interstate 555



Completed
 1 Project
 \$12 Million

Under Construction
 2 Projects
 22 Miles
 \$15 Million

Scheduled
 3 Projects
 18 Miles
 \$44 Million

Job Type
 ● Bridge
 — Roadway

Job Status
 — Scheduled
 — Under Construction
 — Completed

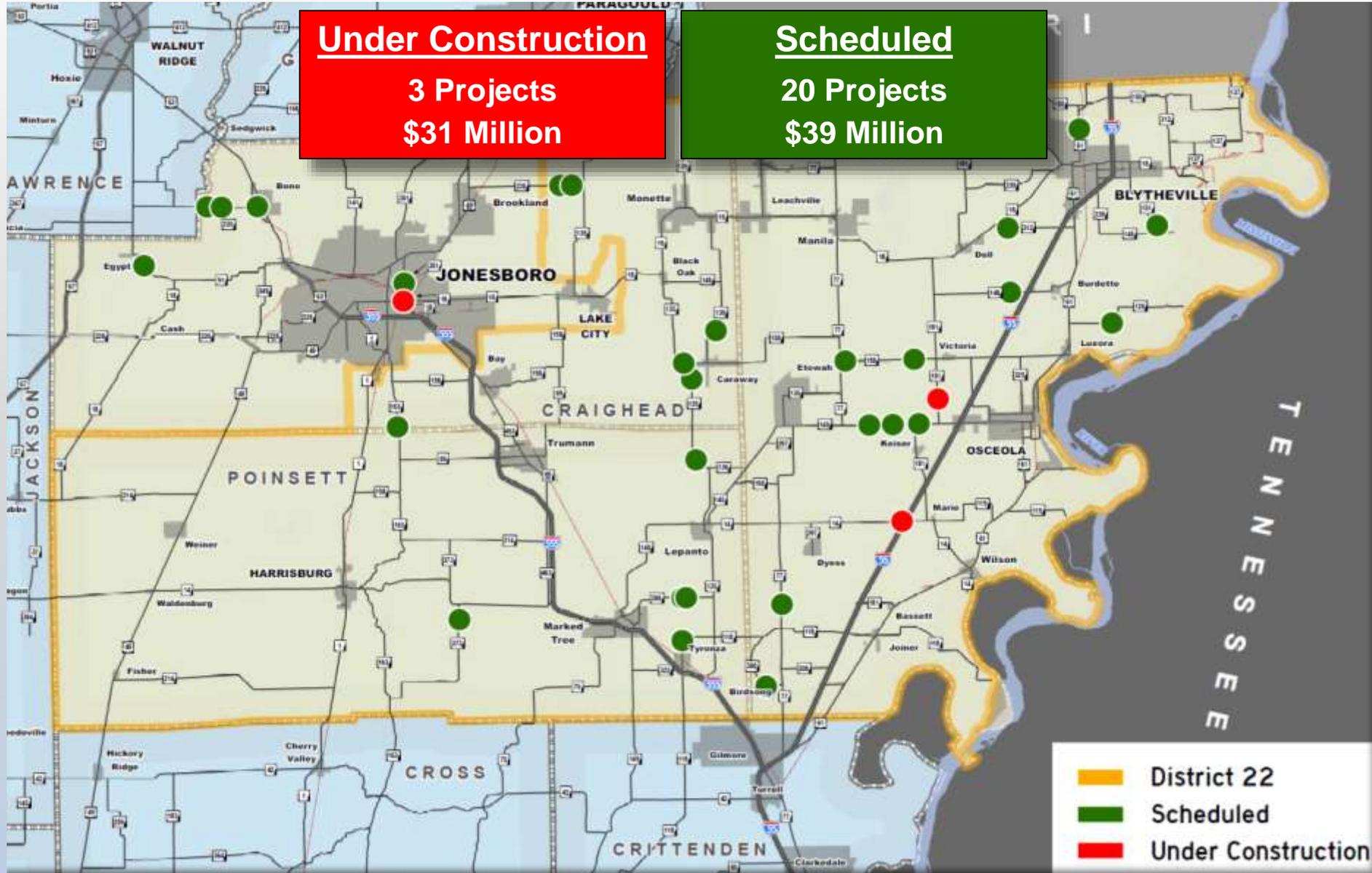
Bridge Projects

Under Construction

3 Projects
\$31 Million

Scheduled

20 Projects
\$39 Million



System Preservation Projects

Under Construction

3 Projects
14 Miles
\$3.4 Million

Scheduled

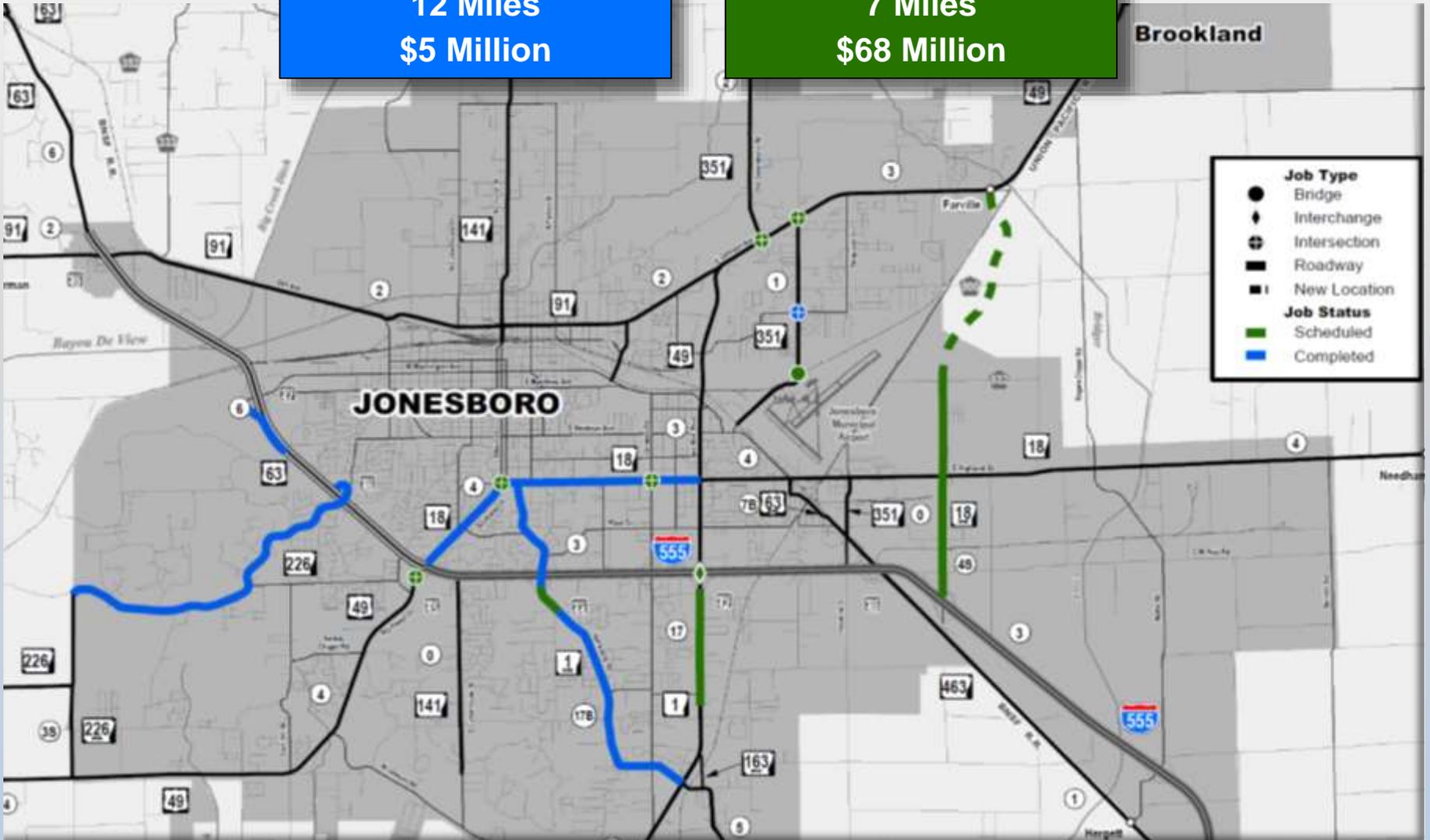
29 Projects
151 Miles
\$35 Million



Jonesboro Area Projects

Completed
 5 Projects
 12 Miles
 \$5 Million

Scheduled
 10 Projects
 7 Miles
 \$68 Million



Job Type	
●	Bridge
⬇	Interchange
⊕	Intersection
—	Roadway
■	New Location
Job Status	
—	Scheduled
—	Completed



Funding Challenges



Challenges

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

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

➤ **\$9.3 billion** in needs

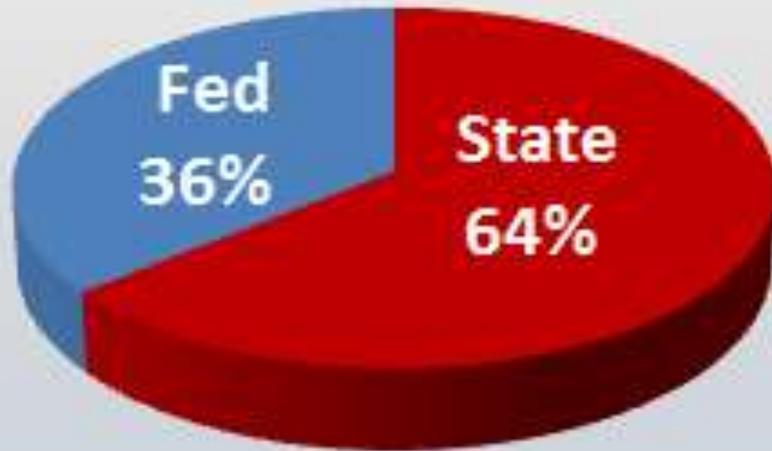
➤ **\$4.5 billion** in available revenue



Federal vs. State Funding

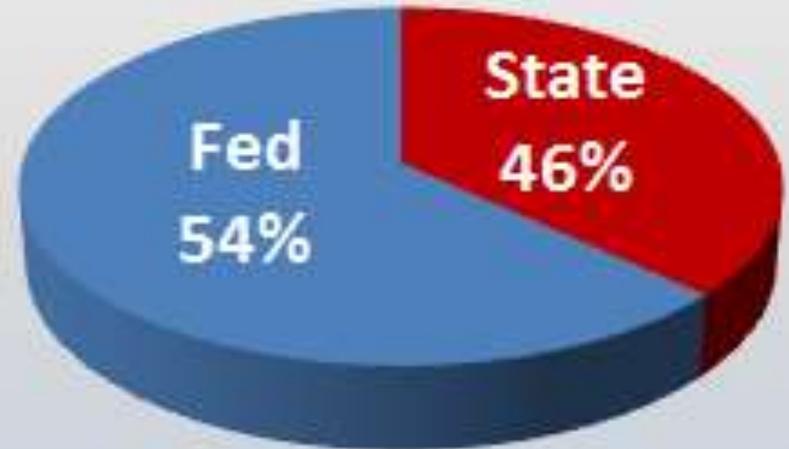
1993

Hwy. Funding Breakdown



2016

Hwy. Funding Breakdown



A vertical stack of US dollar bills, including \$100 and \$20 bills, is visible on the left side of the slide.

Current Hwy. Funding Sources

State

Per-Gallon Motor Fuel Taxes

Vehicle Registration Fees

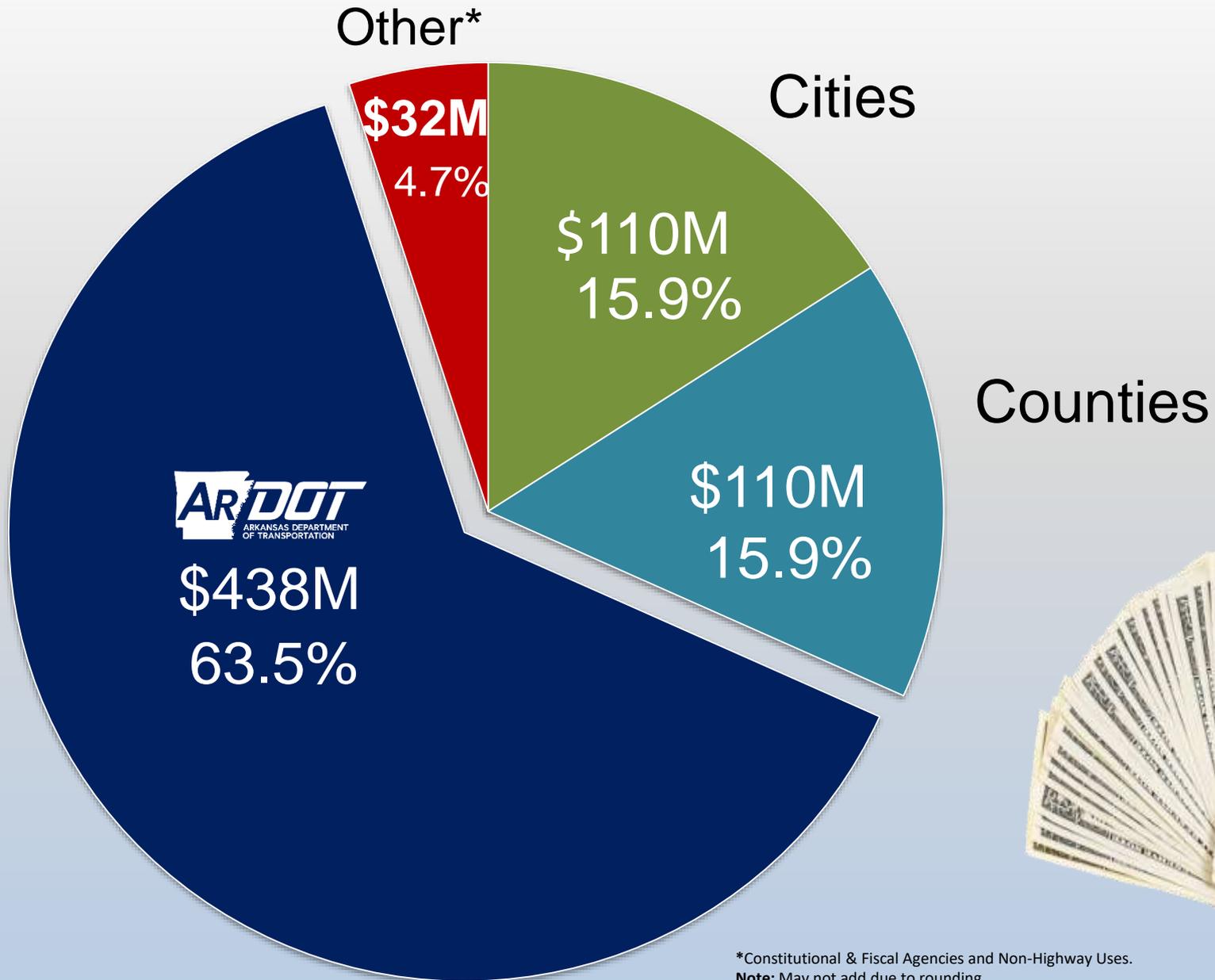
License/Permit/Inspection Fees

Severance Taxes

Temporary Sales Tax Increase

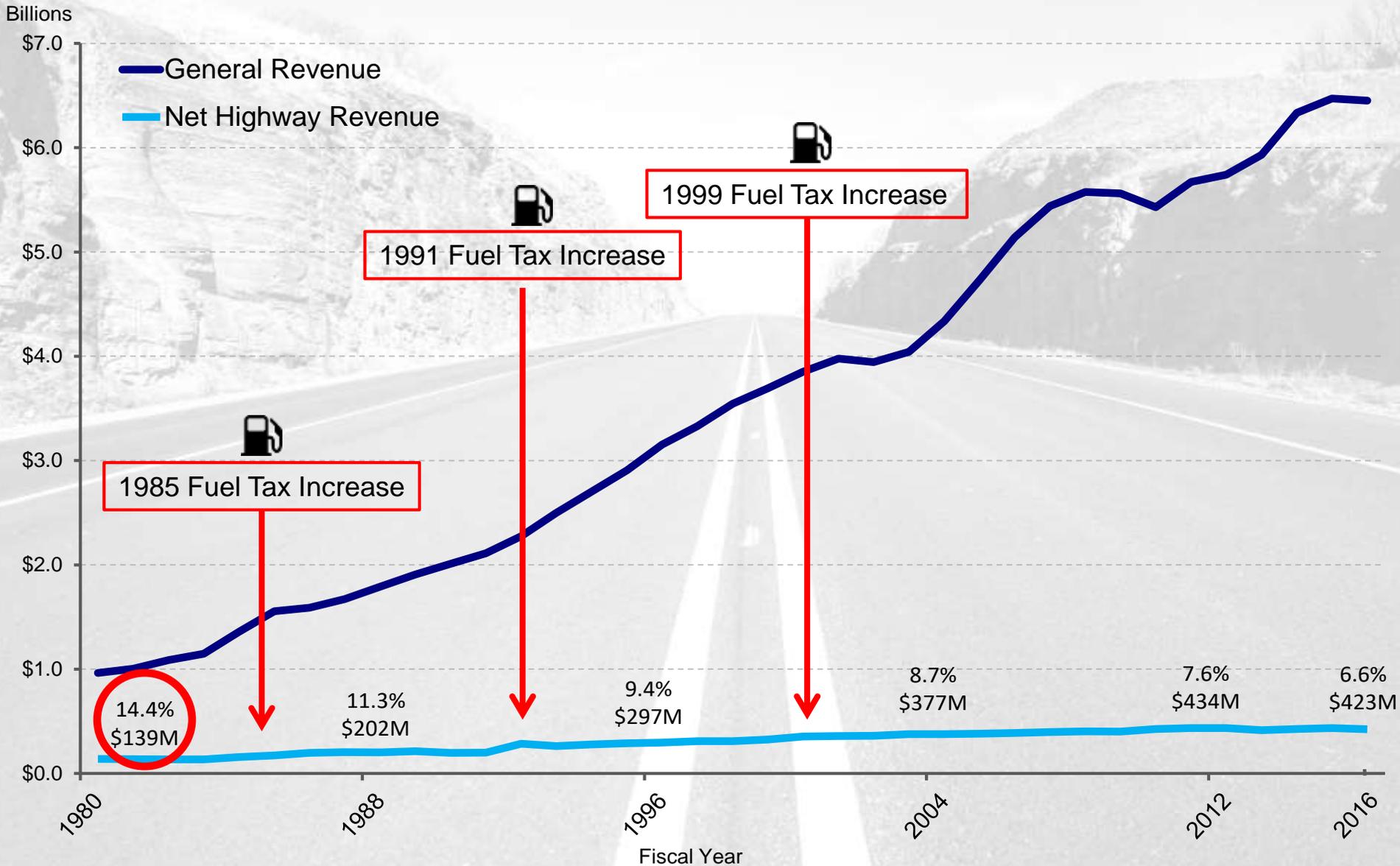


Average Annual Highway User Revenue Distribution



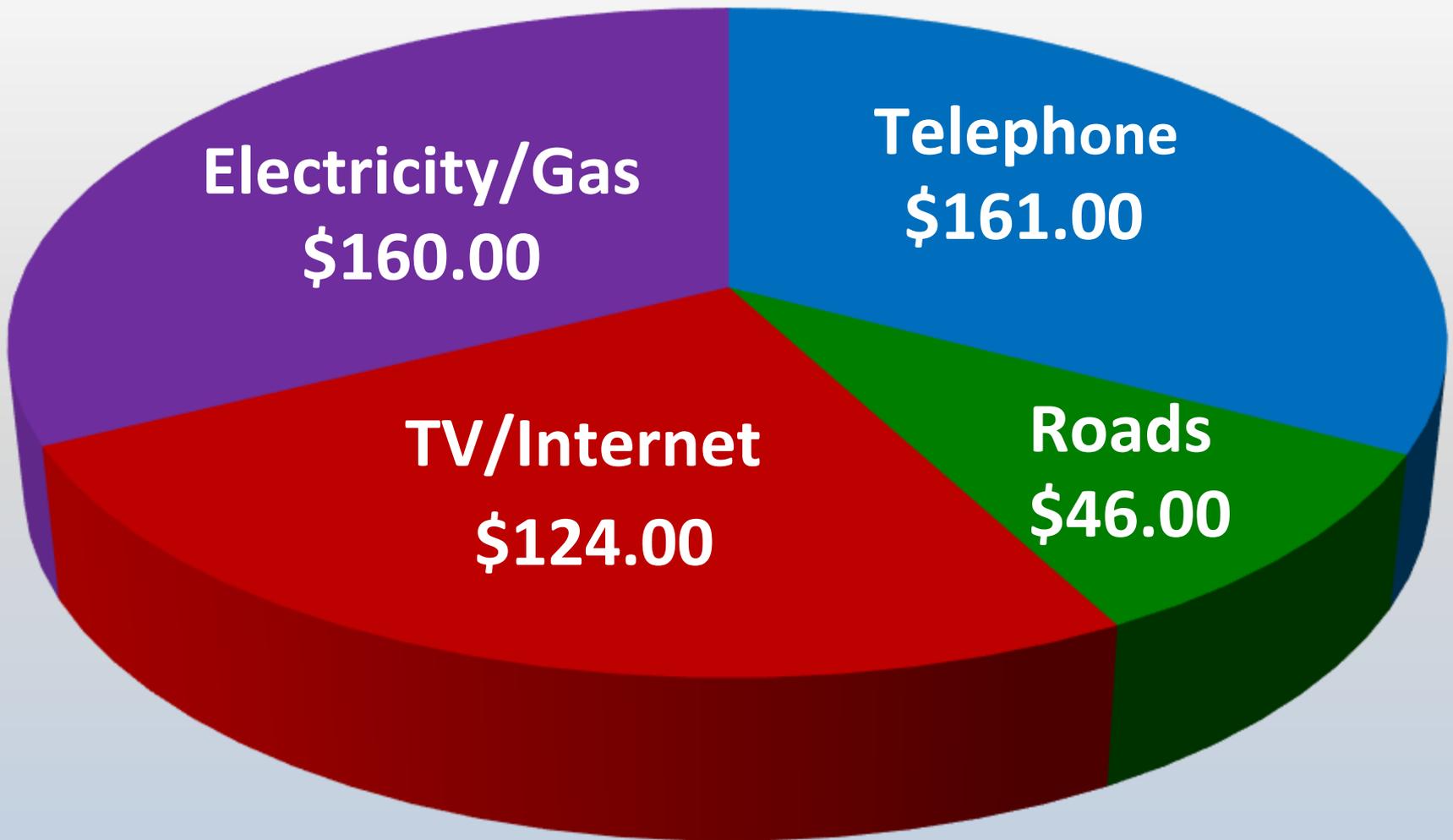
*Constitutional & Fiscal Agencies and Non-Highway Uses.
Note: May not add due to rounding

Percent of Highway vs. General Revenue



Excludes County & City Aid funds | Excludes CAP funds

Average Monthly Household Expenditures



SIGNIFICANT LOSS OF PURCHASING POWER

Sample of Nominal Prices Relative to Federal Gas Tax, 1993 and 2010

ITEM	UNIT/DESCRIPTION	1993	2010	PERCENT CHANGE
College Tuition	Average Tuition and Required Fees	\$ 3,517	\$ 9,136	160%
Gas	Per Gallon	\$ 1.12	\$ 2.73	144%
Movie Ticket	Average Ticket Price	\$ 4.14	\$ 7.89	91%
House	Median Price	\$ 126,500	\$ 221,800	75%
Bread	Per Pound	\$ 1.08	\$ 1.76	62%
Income	Median Household	\$ 31,272	\$ 49,167	57%
Stamp	One First-class Stamp	\$ 0.29	\$ 0.44	52%
Beef	Per Pound of Ground Beef	\$ 1.57	\$ 2.28	46%
Car	Average New Car	\$ 19,200	\$ 26,850	40%
Federal Gas Tax	Per Gallon	\$ 0.184	\$ 0.184	0%

Sources: U.S. Census Bureau, U.S. Department of Transportation, U.S. Postal Service, U.S. Department of Commerce, U.S. Department of Education, National Association of Theater Owners



THEN

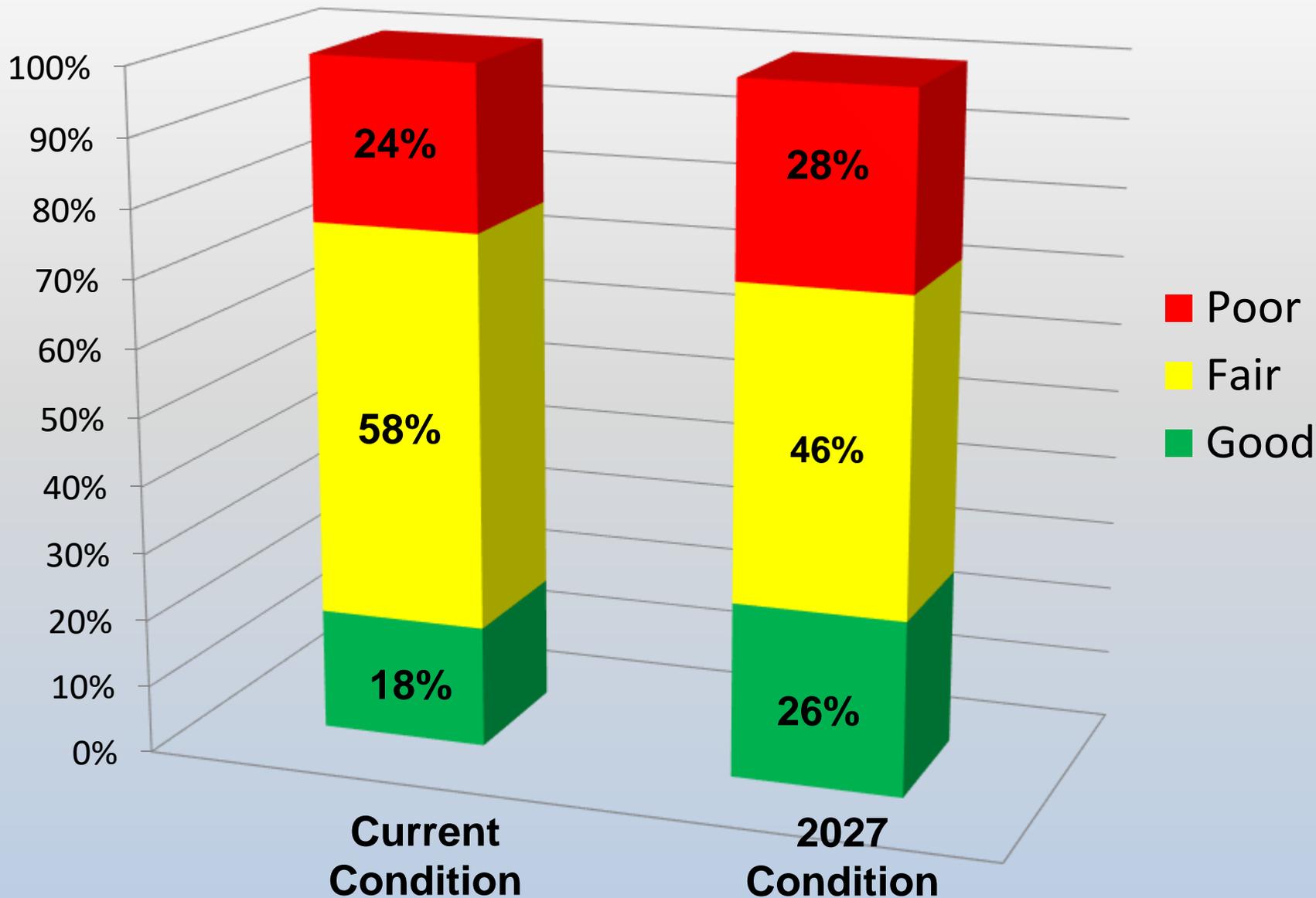
23 years ago, in 1995,
200 miles of Highway
could be overlaid.

NOW

As of 2017, using the
same resources, only
54 miles of Highway
could be overlaid.



All State Highways – Including Interstates



Pay a **Little** Now



Overlay
\$100,000
per lane mile

Pay a **Whole Lot** Later



Reconstruction
\$1,500,000
per lane mile



“... 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.”

-Final Report, Dec 2010



Blue Ribbon
Committee
on Highway Finance
BlueRibbonHighways.com

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

HB 1418 Revenue Transfer

Transferred sales tax on
new and used vehicles to
the Highway Department fund phased in
over 10 years.



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

90 SPONSORS

HB 1346 REVENUE TRANSFER

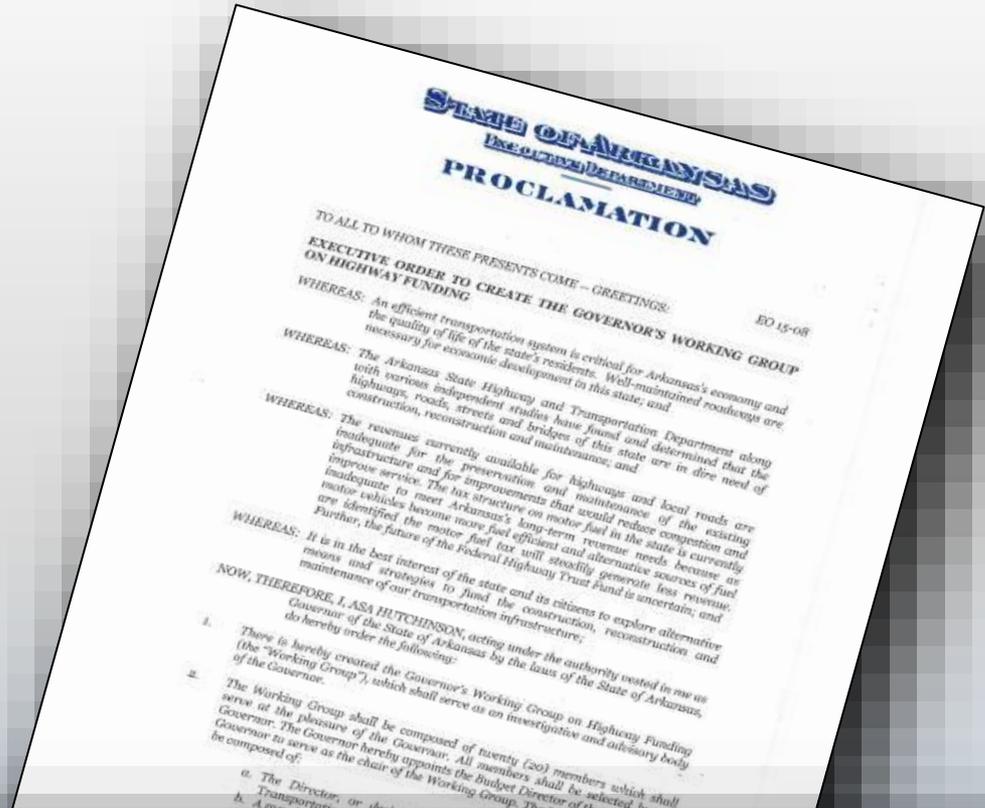
Transferred sales tax on new and used vehicles

to the Highway Department fund phased in over 10 years AND transferred the natural gas severance tax revenue from the Highway Department fund into a newly created higher education workforce development fund.



**PASSED THE
HOUSE
COMMITTEE**

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

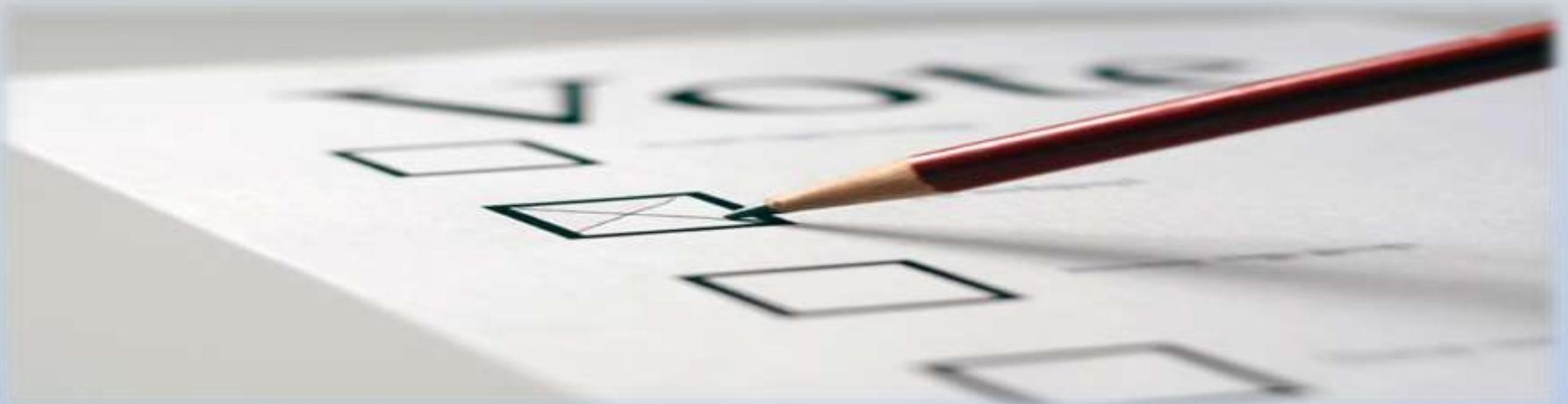


“An efficient transportation system is critical for Arkansas’ economy and the quality of life of the state’s residents.”

□ 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.



Actual Compared to Projected

Act 1 - Arkansas Highway Improvement Plan of 2016

	FFY16	FFY17	FFY18	FFY19	FFY20
	(x \$1 M)				
2016 Special Session					
Long Term Reserve Fund or Arkansas Rainy Day Fund	40.0	20.0	21.9		
Securities Reserve Fund	1.5	1.7	20.0	? 20.0	? 20.0
Redirect the \$4 Million of the Diesel Tax that goes to General Revenue to Highways (70/30 split)		0	2.7	2.7	2.7
Eliminate the State Central Services Deduction from 1/2 Cent Sales Tax (70/30 split)		5.4	5.8	5.4	5.4
Allocate up to 25% of Future GR Surplus to Highways		3.9	0	?	?
Total Received	41.5	31.3	50.4	?	?
Total Projected	41.5	76.1	76.1	76.1	76.1
Difference	0	(44.8)	(25.7)	?	?

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 highway maintenance and improvement bonds.



- 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
 - ✓ History of bond activities

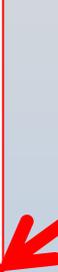


Exhibit III

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

Description	Annual Funds Needed for Highway Construction Plan	Annual Funds Available for Highway Construction	Additional Annual State Revenues Needed for Highway Construction Plan
System Preservation			
Pavement	\$ 387,000,000	\$ 137,000,000	\$ 250,000,000
Bridges	117,000,000	90,000,000	27,000,000
Total System Preservation	<u>504,000,000</u>	<u>227,000,000</u>	<u>277,000,000</u>
Capacity Relief	305,000,000	157,000,000	148,000,000
Safety Improvements	86,000,000	44,000,000	42,000,000
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	<u>30,000,000</u>	<u>19,000,000</u>	<u>11,000,000</u>
Totals	<u>\$ 925,000,000</u>	<u>\$ 447,000,000</u>	<u>\$ 478,000,000</u>

\$ 478,000,000

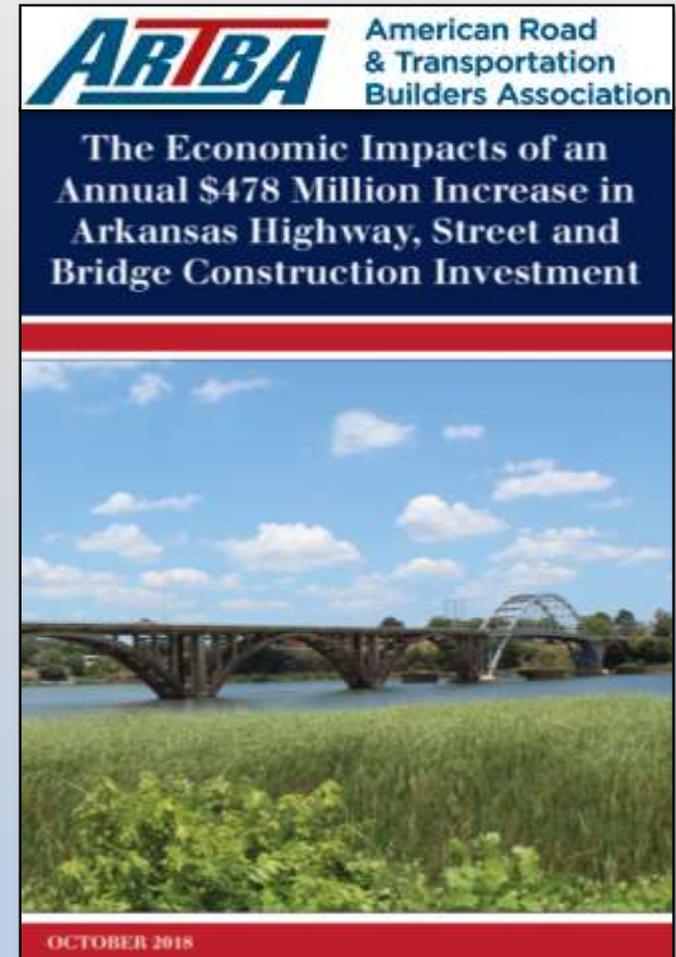


Note: Amounts shown are rounded.

American Road & Transportation Builders Association

\$478 Annual Investment Results

- **Immediate Economic Benefits of Increasing Investment**
 - ✓ Supports **\$1.3 Billion** in Economic Activity
 - ✓ Supports **5,729 Jobs**
- **Neighbors Are Not Waiting**
 - ✓ Seven Have Raised State Gas Tax
 - ✓ Six Have Variable Gas Tax
 - ✓ Eight Have Electric Vehicle Registration Fees
- **Significant Transportation Challenges**
 - ✓ Safety Needs
 - ✓ Increasing Freight Demands
 - ✓ Impacts From Congestion



Arkansans Major Public Asset Transportation Infrastructure

State Highway System	Gross Replacement Value	Average Annual Investment to Maintain State of Good Repair
Roads	\$58.1 Billion	\$387 Million (0.67%)
Bridges	\$11.0 Billion	\$117 Million (1.06%)
Total	\$69.1 Billion	\$504 Million (0.73%)

Based on Arkansas DOT Transportation Asset Management Plan and Legislative Audit Report



Crittenden County
Highway 42 Near Heafer



Hempstead County
Highway 195 East of Fulton



Miller County
Highway 134 Near Fouke



Jefferson County
Highway 199 East of Moscow



Sebastian County
Highway 71 South of Greenwood



Boone County
Highway 62 Near Alpena



Perry County
Highway 7 Near the Garland County Line



Sebastian County
Highway 255 in Fort Smith





Lawrence County
Highway 34 Near Okean



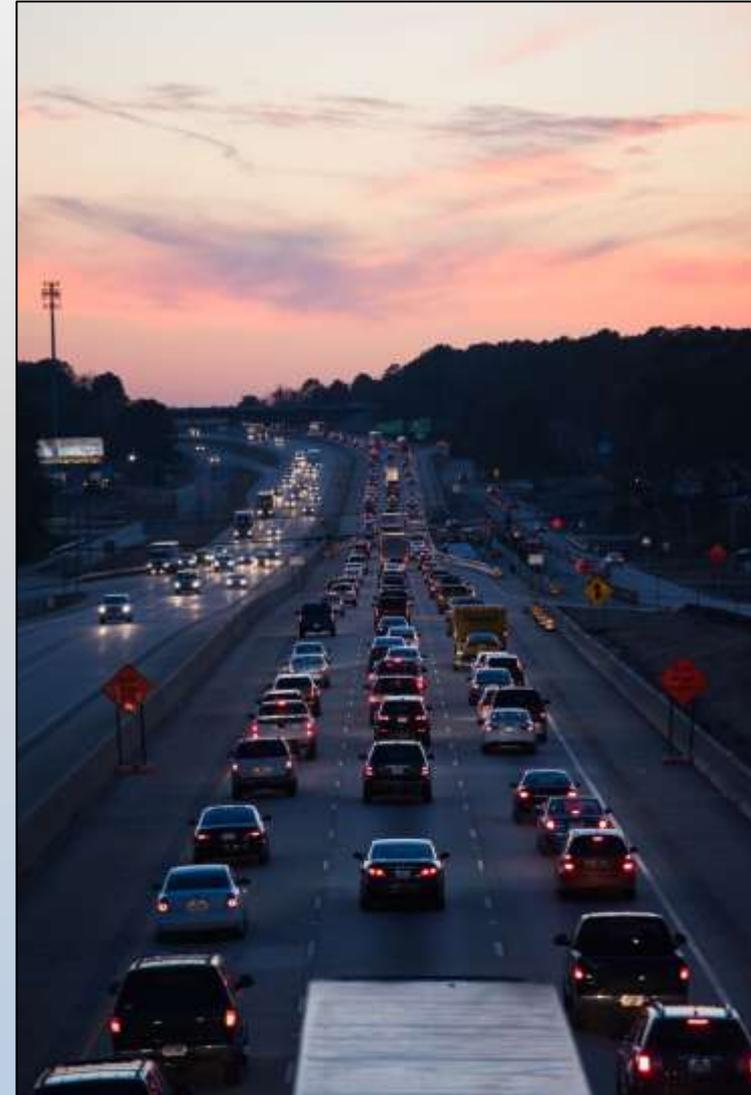
Mississippi County
Highway 34 East of Highway 77



Randolph County
Highway 34 North of Highway 90

Economic Impact of Infrastructure Investment

- Increased Property Values
- Attraction to Businesses
 - ✓ Higher Wages
 - ✓ More Job Opportunities
- Less Expense on Vehicle Wear and Tear = Greater Expendable Income
- Safety Benefits
 - ✓ Reduced Fatalities
 - ✓ Reduced Property Damage



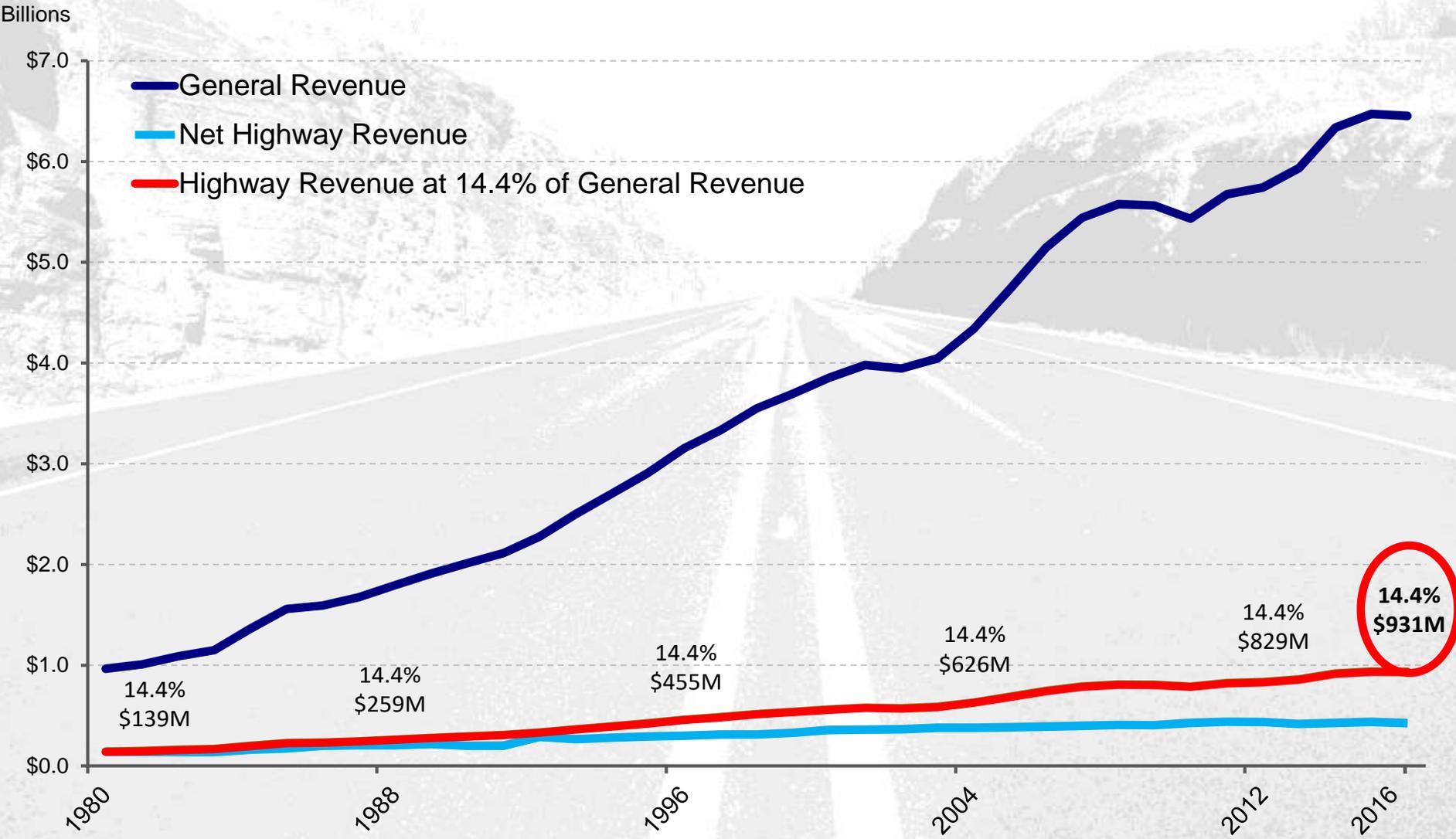
Infrastructure Investment and Quality of Life

Quality of Life is Directly Linked to:

- Reliable Access to:
 - ✓ Housing
 - ✓ Family, Friends, Spirituality
 - ✓ Employment
 - ✓ School
 - ✓ Health Care
 - ✓ Recreation/Entertainment
 - ✓ Consumer Goods
 - ✓ Consumer Services



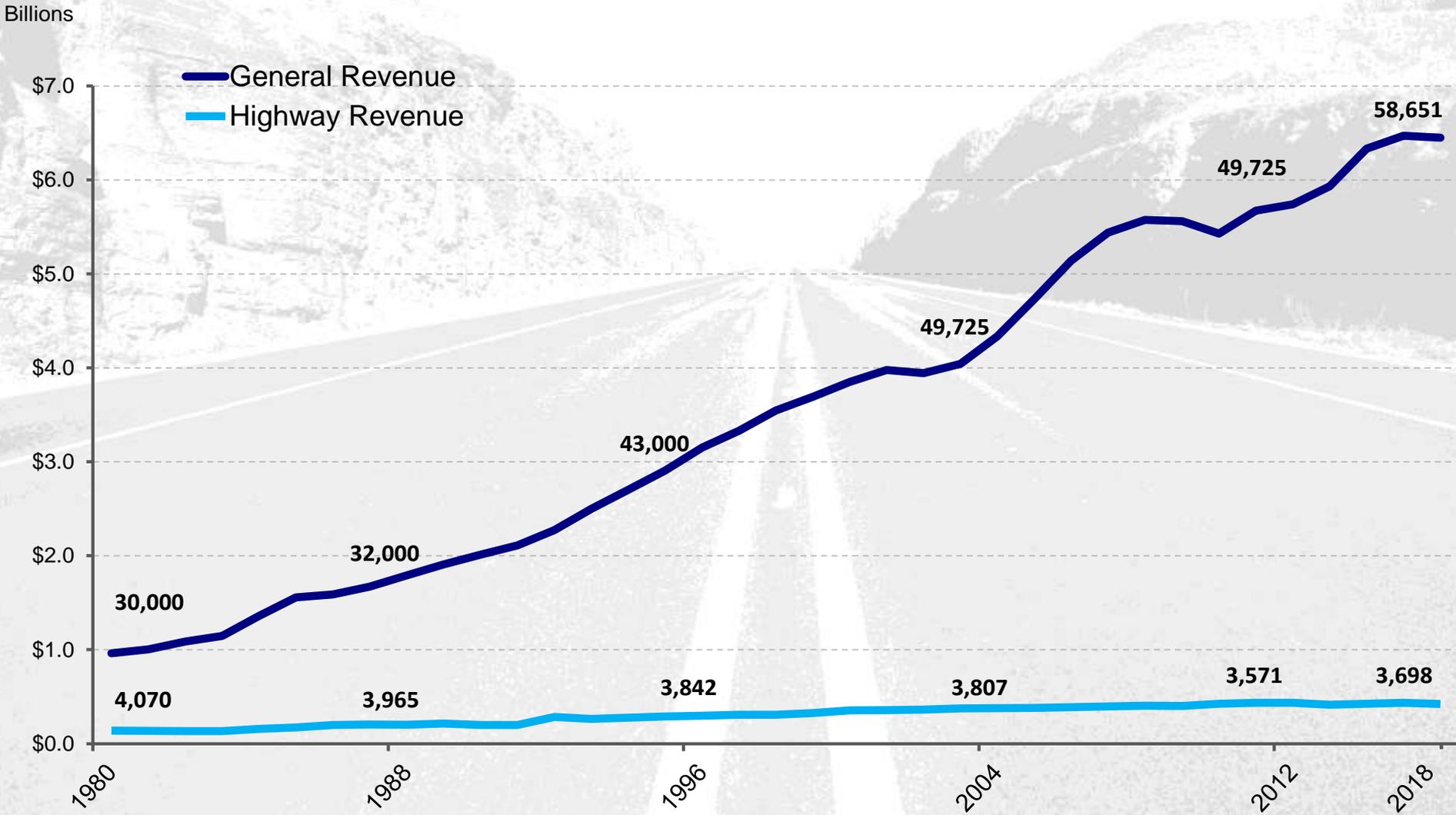
Highway Revenue at 14.4% of General Revenue



Excludes County & City Aid funds | Excludes CAP funds

Fiscal Year

Highway vs. General Revenue Compared to Employment Levels



Excludes County & City Aid funds | Excludes CAP funds

Fiscal Year



Possible Potential New Program Discussion





Possible Hwy. Funding Sources

State

Increase Motor Fuel Taxes

Increase Registration Fees

Sales Tax on Motor Fuels

Road User Revenue Transfer

Permanent Sales Tax Increase

Other???



2023 vs. 2024 Turnback Funds

County	2023 Turnback with CAP	2024 Turnback w/o CAP	Difference
Mississippi	\$2,100,000	\$1,450,000	\$650,000
Poinsett	\$1,600,000	\$1,100,000	\$500,000
Craighead	\$3,000,000	\$2,100,000	\$900,000

These numbers are for all sources of highway turnback.

2023 vs. 2024 If No Action Taken

City	2023 Turnback with CAP	2024 Turnback w/o CAP	Difference
Blytheville	\$ 1,180,000	\$ 830,000	\$ 350,000
Osceola	\$ 585,000	\$ 410,000	\$ 175,000
Gosnell	\$ 268,000	\$ 188,000	\$ 80,000
Harrisburg	\$ 174,000	\$ 123,000	\$ 51,000
Marked Tree	\$ 194,000	\$ 136,000	\$ 58,000
Trumann	\$ 550,000	\$ 387,000	\$ 163,000
Bay	\$ 136,000	\$ 96,000	\$ 40,000
Jonesboro	\$ 5,100,000	\$ 3,570,000	\$ 1,530,000
Lake City	\$ 157,000	\$ 110,000	\$ 47,000
Monette	\$ 113,000	\$ 80,000	\$ 33,000
Manila	\$ 252,000	\$ 177,000	\$ 75,000

These numbers are for all sources of highway turnback.

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)

Other Considerations

Alternative Fuels

Definition

Methanol, Ethanol and other Alcohols

Blends of Alcohol with Gasoline

Compressed Natural Gas and Liquefied Petroleum Gas

Liquefied Natural Gas

Hydrogen

Electricity

Pure Biodiesel

Promotion Versus Equity Issue

Competition

Annual Flat Fee

Energy-Consumption?

Vehicle Miles Traveled?

Tolls?

FAIRNESS



Bond Financing Pros

- Funds immediately available

Bond Financing Cons

- Interest costs erode your buying power

	<u>Total Spent</u>	<u>Principal</u>	<u>Interest</u>
IRP	\$ 762.5 million	\$ 575.0 million	\$ 187.5 million
	Interest as a percentage of total cost		24.60%
	<u>Total Spent</u>	<u>Principal</u>	<u>Interest</u>
CAP	\$ 620.2 million	\$ 468.9 million	\$ 151.3 million
	Interest as a percentage of total cost		24.39%

Citizens Opinion Survey

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 2018 general election ballot?

Yes No

How did you hear about this survey?

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

Optional:

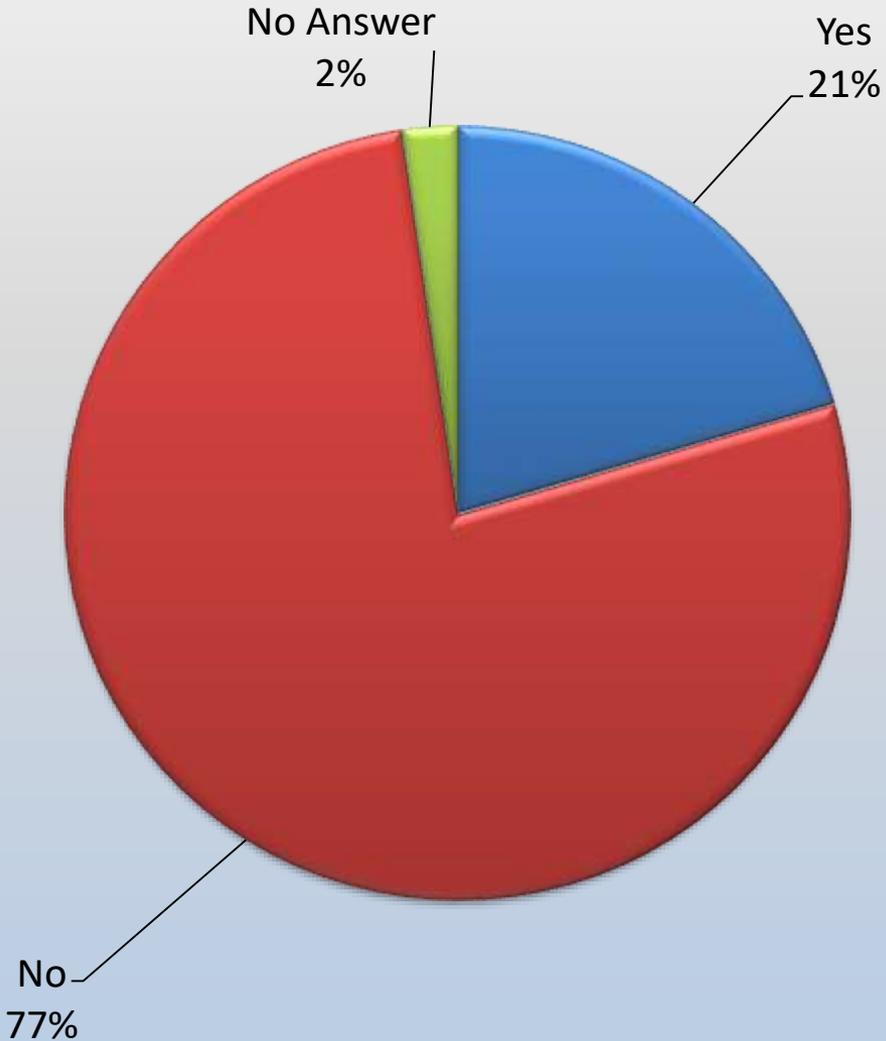
Name: _____
 Address: _____
 City, State, Zip: _____

Online Form Available Here:

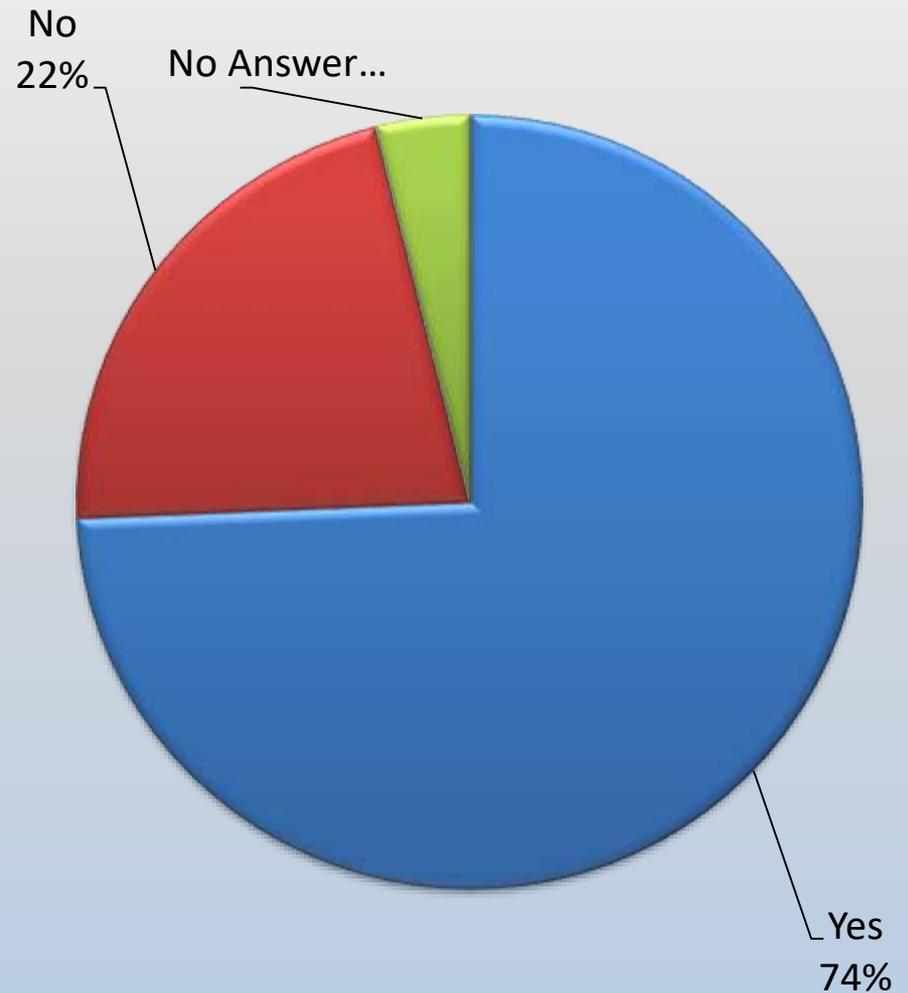


Survey Results

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

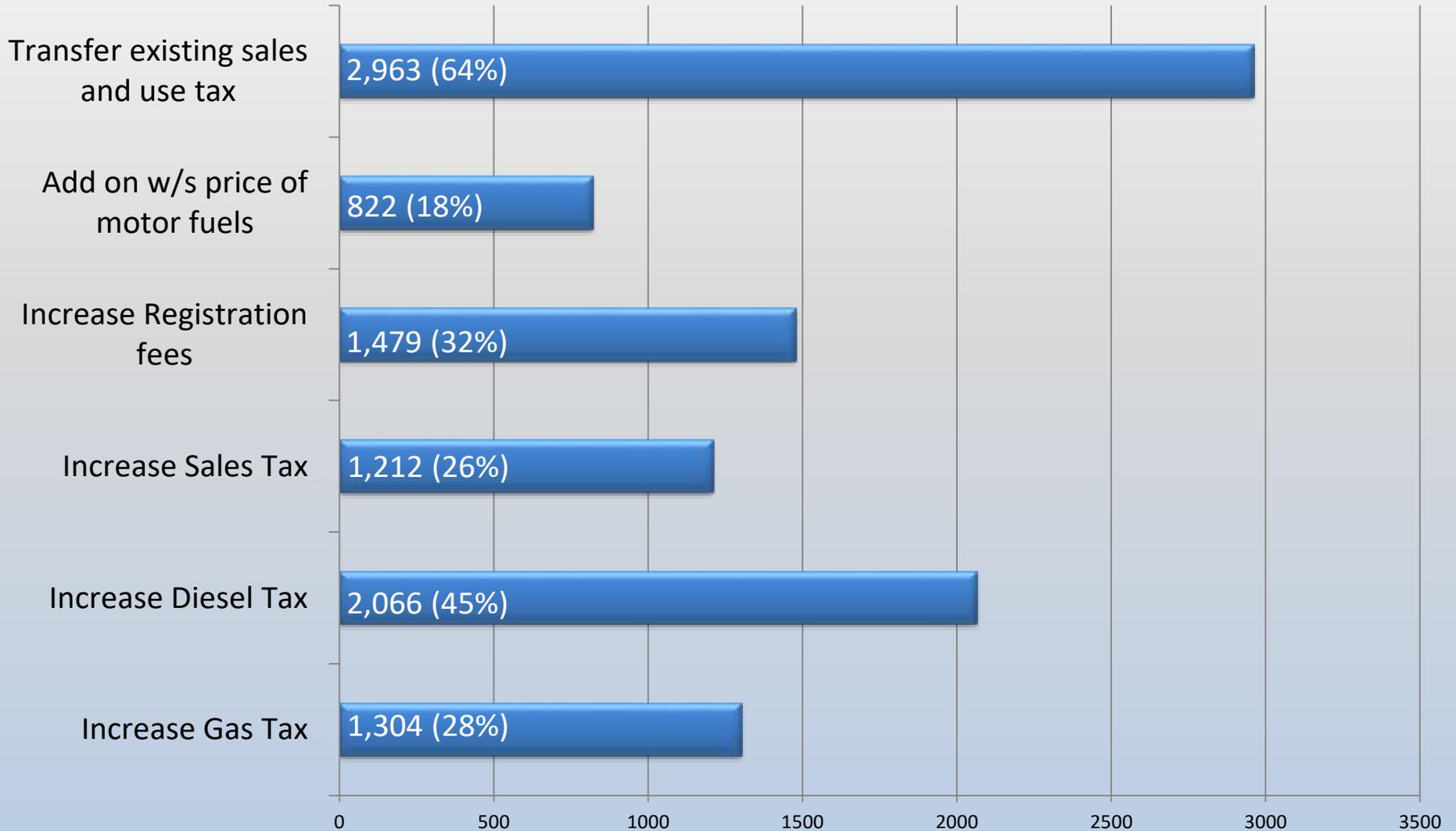


Would you support a new highway program that would generate additional revenue?



Survey Results

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



Total Road User Revenue

\$1.219 Billion

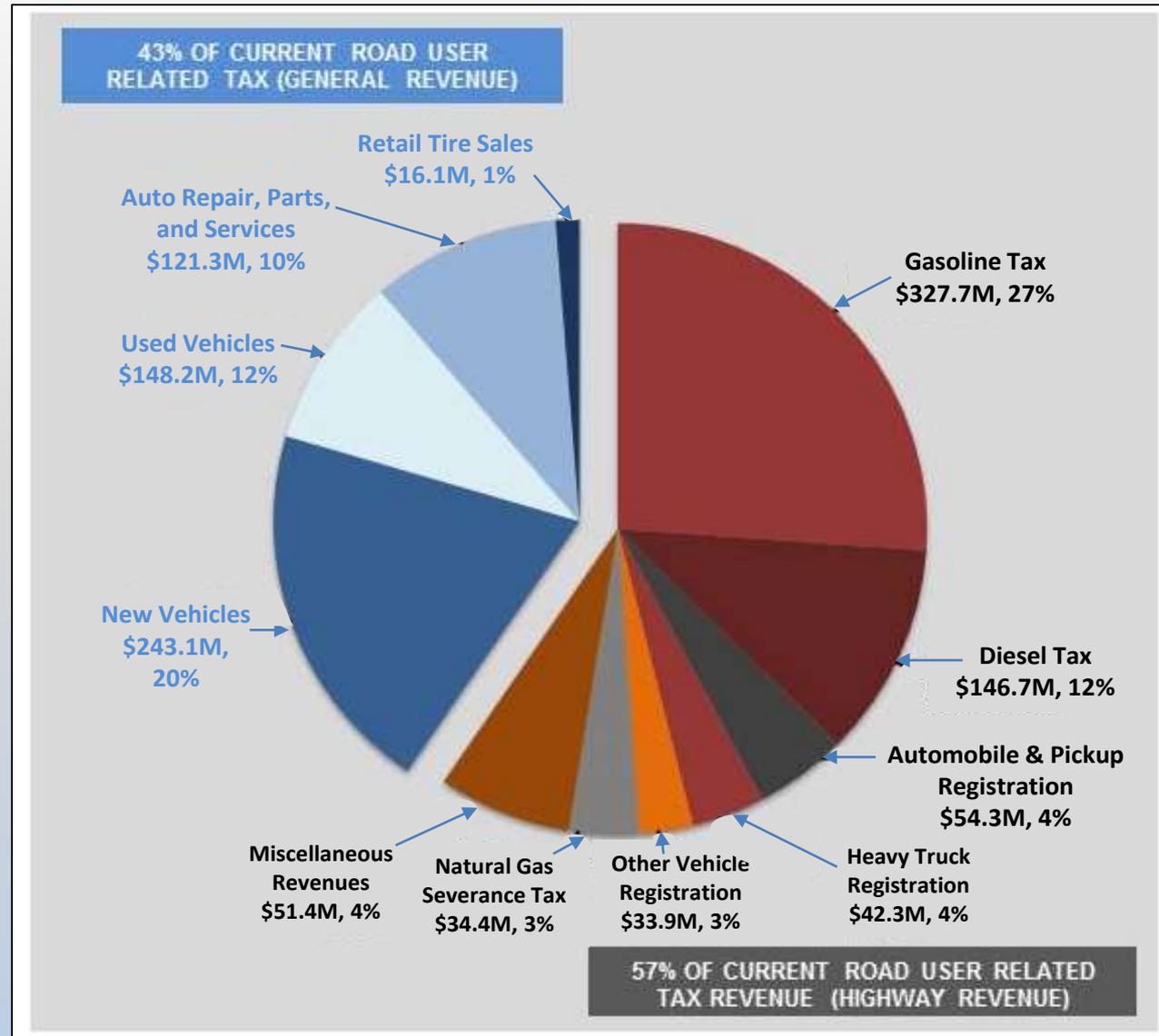
Distribution:

General Revenue

\$528.7 Million (43%)

Highway Revenue

\$690.7 Million (57%)





Your
TRANSPORTATION SYSTEM



Questions?



Arkansas Department of Transportation

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



@myARDOT

