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Director



AAPA Quality Conference

Thursday, January 3, 2019



Statewide Programs Update

Completed

46 Projects
 290 Miles
 \$1.00 Billion

Under Construction

6 Projects
 54 Miles
 \$314 Million

Scheduled

27 Projects
 159 Miles
 \$220 Million



Completed

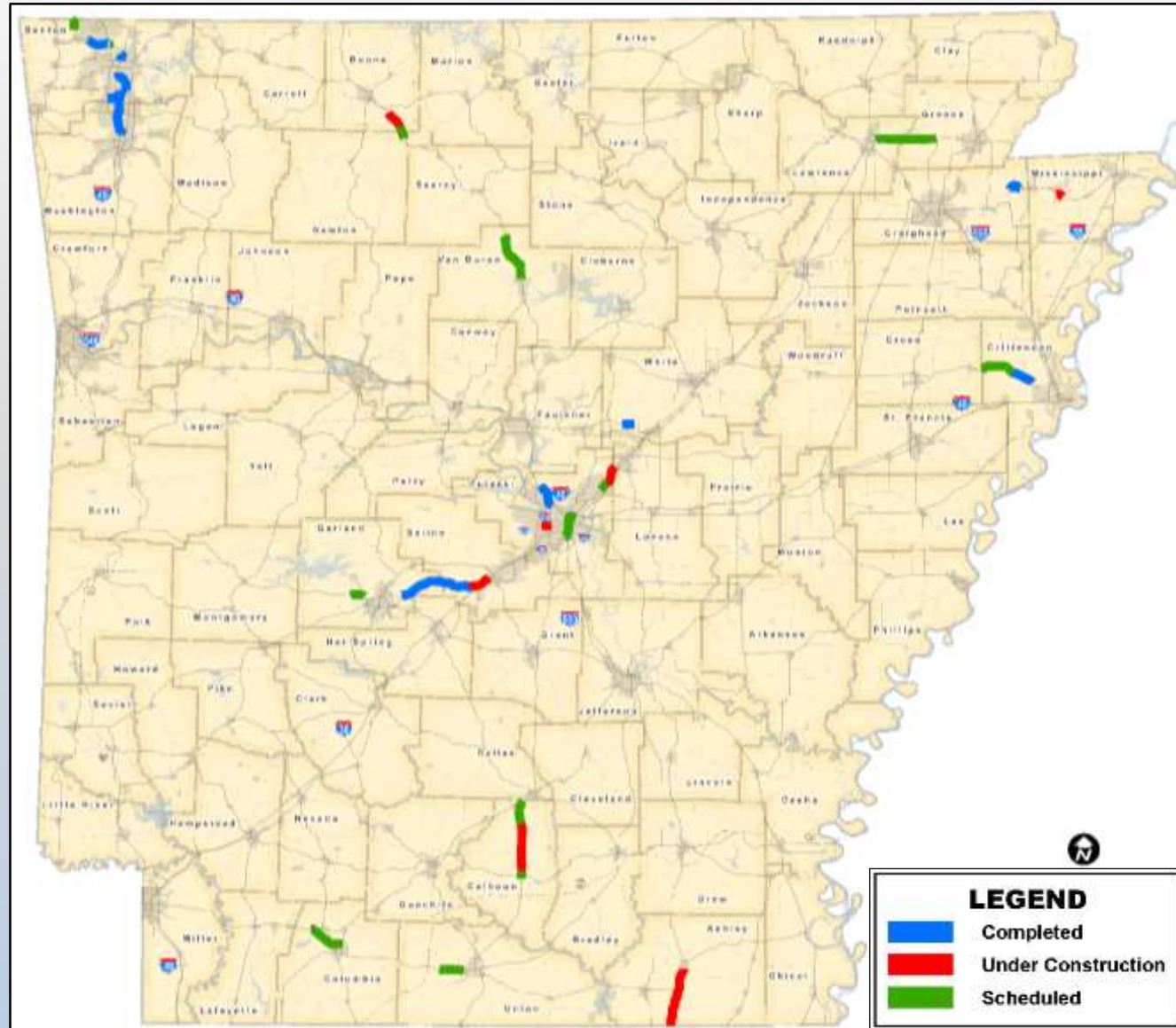
11 Projects
61 Miles
\$432 Million

Under Construction

9 Projects
46 Miles
\$534 Million

Scheduled

16 Projects
78 Miles
\$1.06 Billion





Department Initiatives



- Evaluation Began in 2015
- Transfers Risk to Department
- Current Guidelines
- Projects with Indexing



Change Orders

Critical Path Method Schedules

Supplemental Agreements

AASHTOWare Civil Rights & Labor Module

Enhanced Tracking of Documents





2019-2023 Program



2019 Scheduled

Type Work	Amount (x \$1 M)
Widening / New Location	\$ 606
Pavement Preservation	\$ 134
Bridges	\$ 365
Safety	\$ 55
Other	\$ 9
Total	\$1,168



2019 Pavement Preservation Projects

January – \$18 Million

February – \$14 Million

April – \$40 Million

May – \$62 Million



2020 Scheduled

Type Work	Amount (x \$1 M)
Widening / New Location	\$ 370
Pavement Preservation	\$ 161
Bridges	\$ 106
Safety	\$ 49
Other	\$ 0
Total	\$ 686



2021 Scheduled

Type Work	Amount (x \$1 M)
Widening / New Location	\$ 178
Pavement Preservation	\$ 264
Bridges	\$ 97
Safety	\$ 33
Other	\$ 0
Total	\$ 572



2022 Scheduled

Type Work	Amount (x \$1 M)
Widening / New Location	\$ 203
Pavement Preservation	\$ 253
Bridges	\$ 108
Safety	\$ 33
Other	\$ 0
Total	\$ 597



2023 Pavement Preservation

2023 - \$200 Million





Funding Challenges

Challenges

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

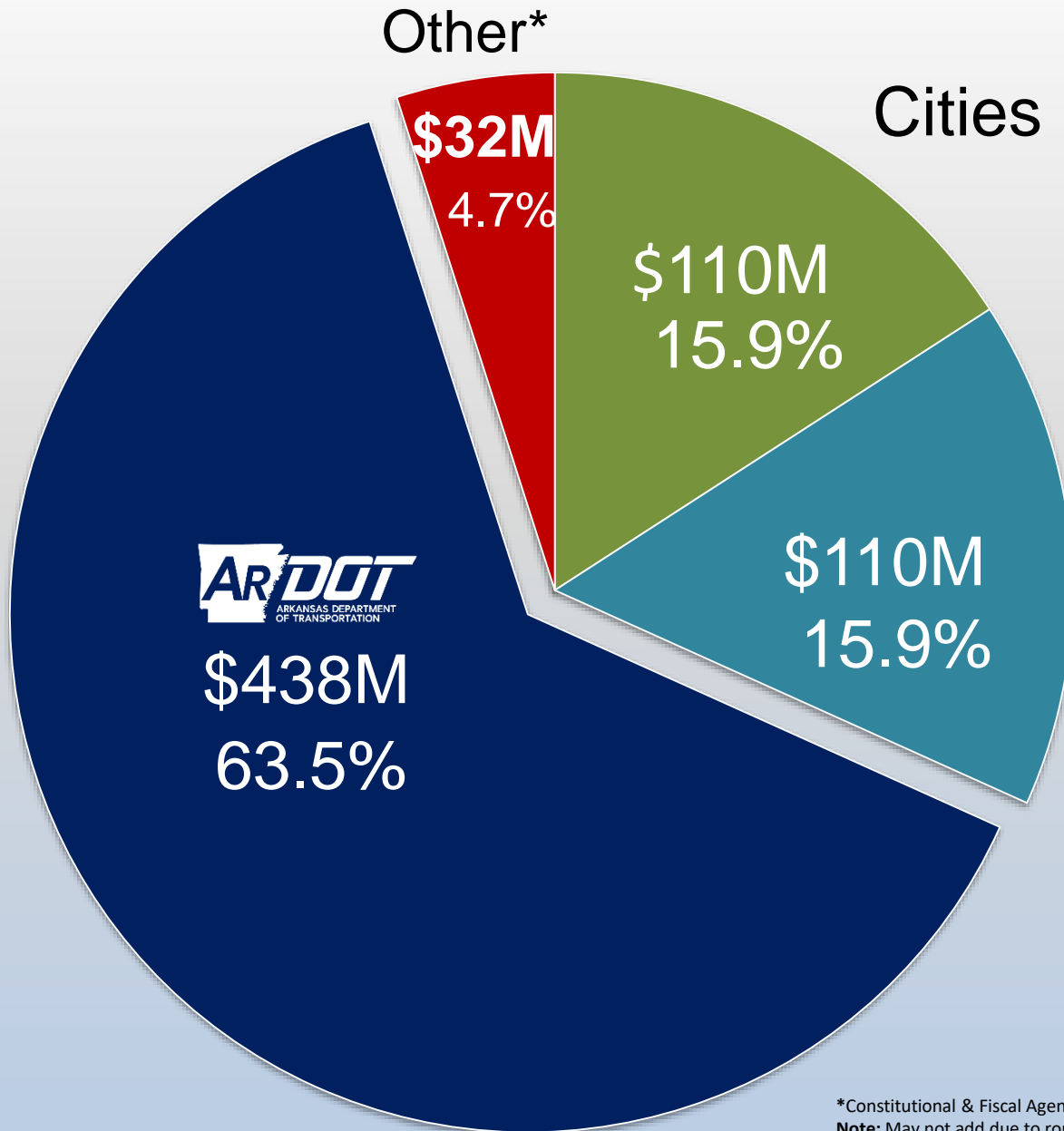
➤ **42nd** in highway revenue per mile.

➤ **\$9.3 billion** in needs

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



Average Annual Highway User Revenue Distribution

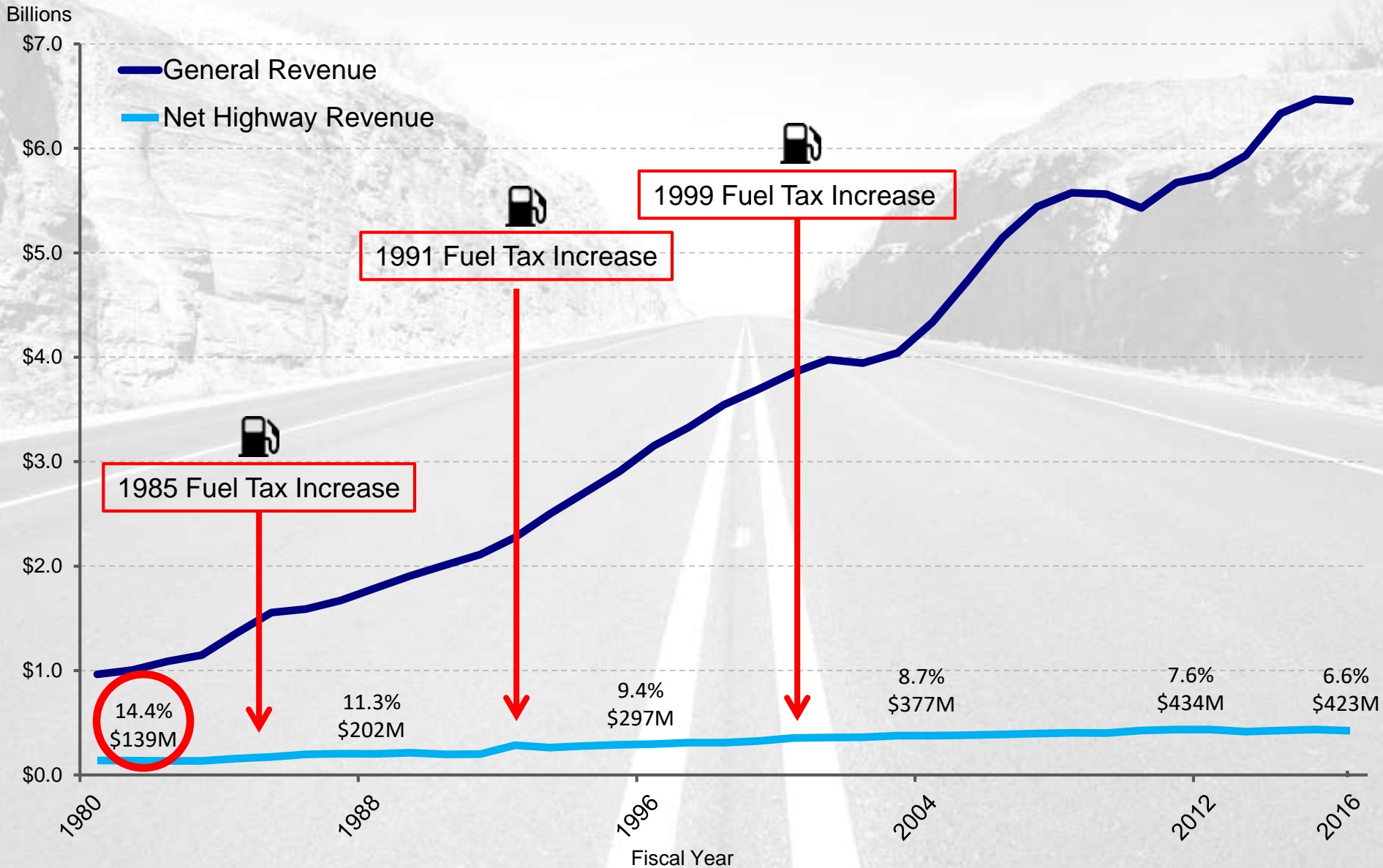


Counties



*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

THEN

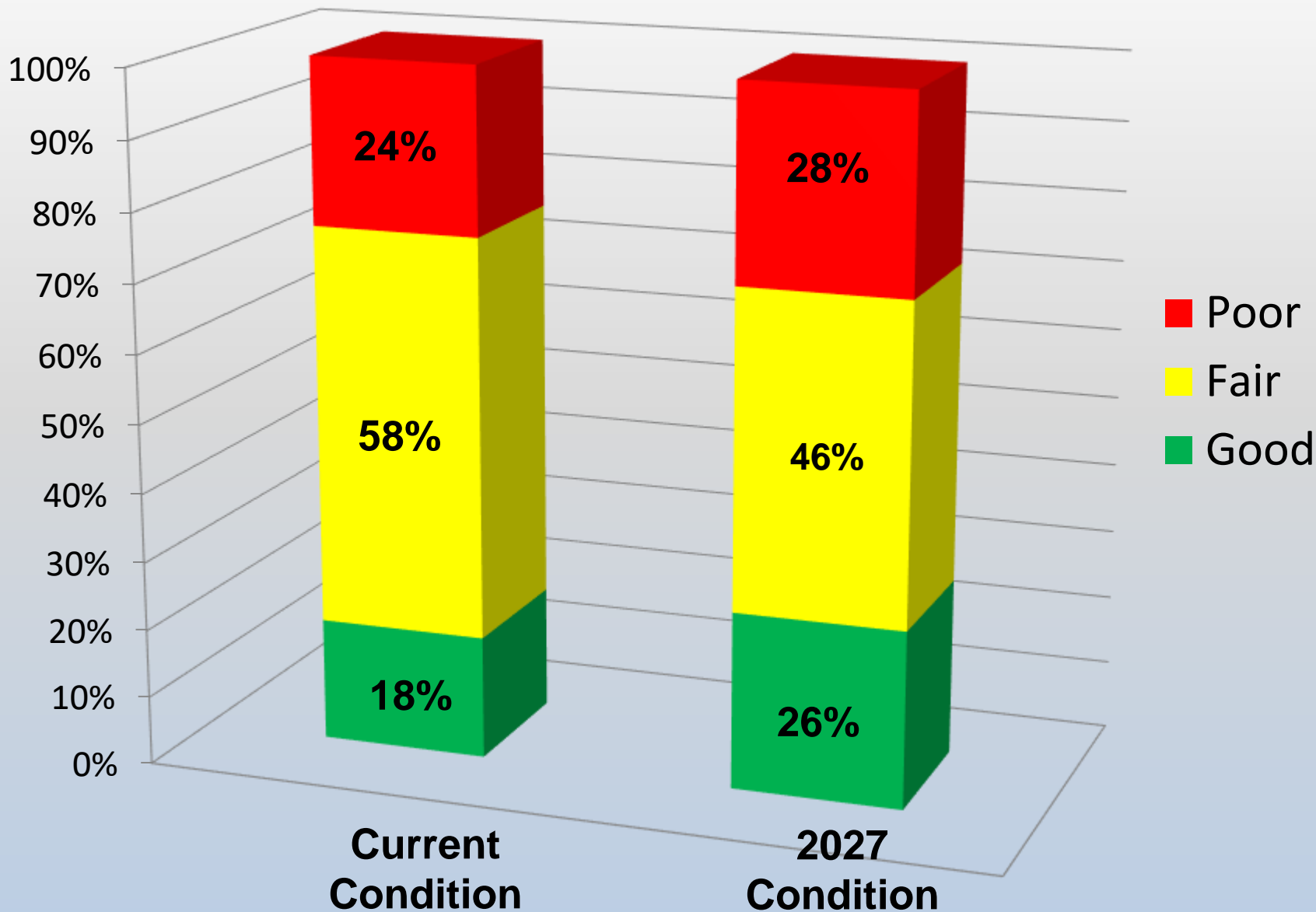
23 years ago, in 1995,
200 miles of Highway
could be overlaid.

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

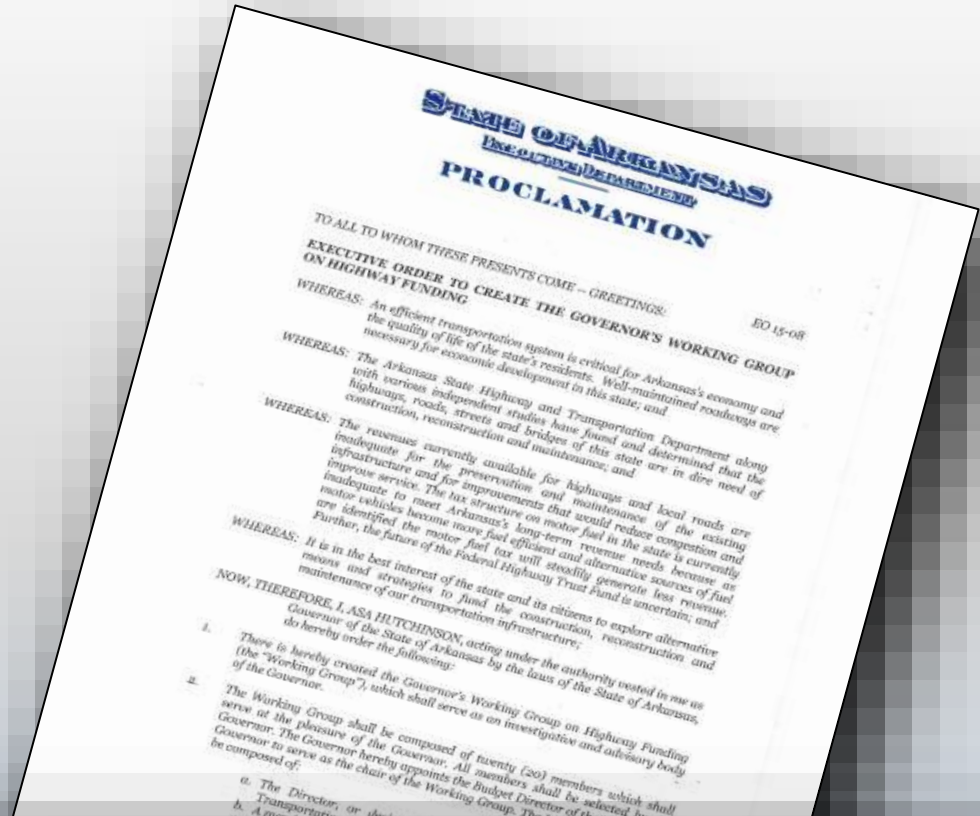


Overlay
\$100,000
per lane mile

Pay a **Whole Lot** Later



Reconstruction
\$1,500,000
per lane mile

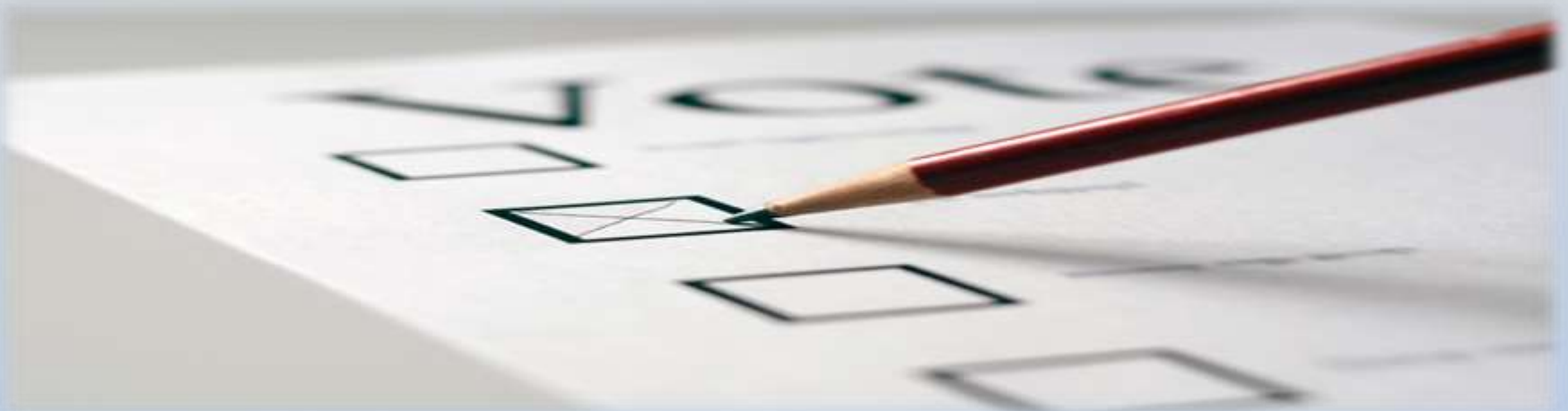


“An efficient transportation system is critical for Arkansas’ economy and the quality of life of the state’s residents.”

□ 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	12.7	20.0
Redirect the \$4 Million of the Diesel Tax that goes to General Revenue to Highways (70/30 split)		0	2.7	1.4	2.7
Eliminate the State Central Services Deduction from 1/2 Cent Sales Tax (70/30 split)		5.4	5.8	3.0	5.4
Allocate up to 25% of Future GR Surplus to Highways		3.9	0	?	?
Total Received	41.5	31.3	50.4	17.1	?
Total Projected	41.5	76.1	76.1	76.1	76.1
Difference	0	(44.8)	(25.7)	(59.0)	?

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

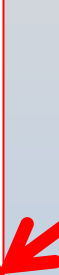


Exhibit III

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

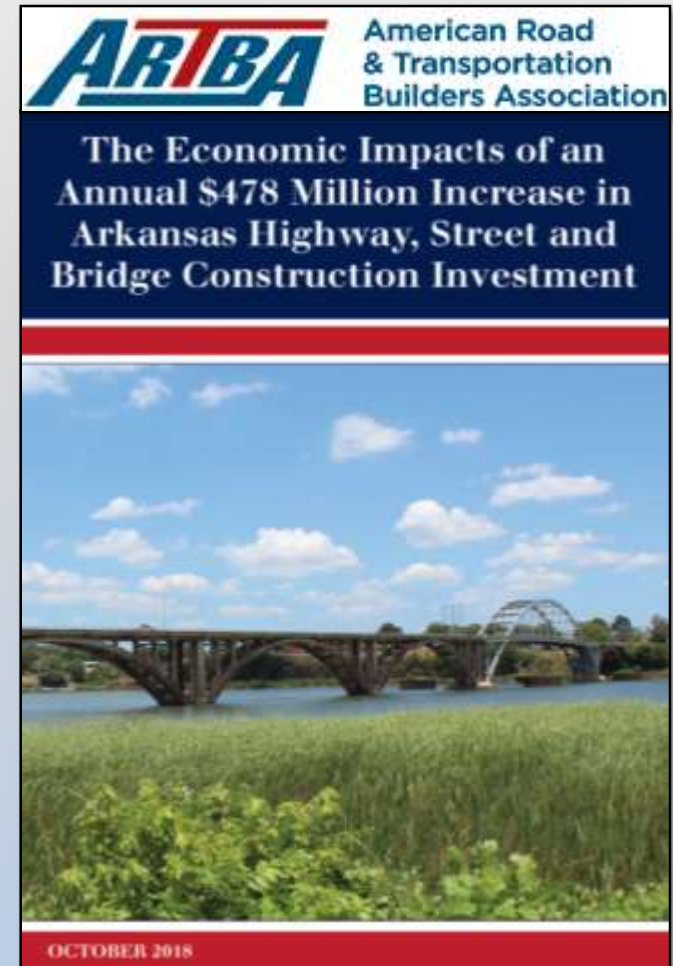


Note: Amounts shown are rounded.

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



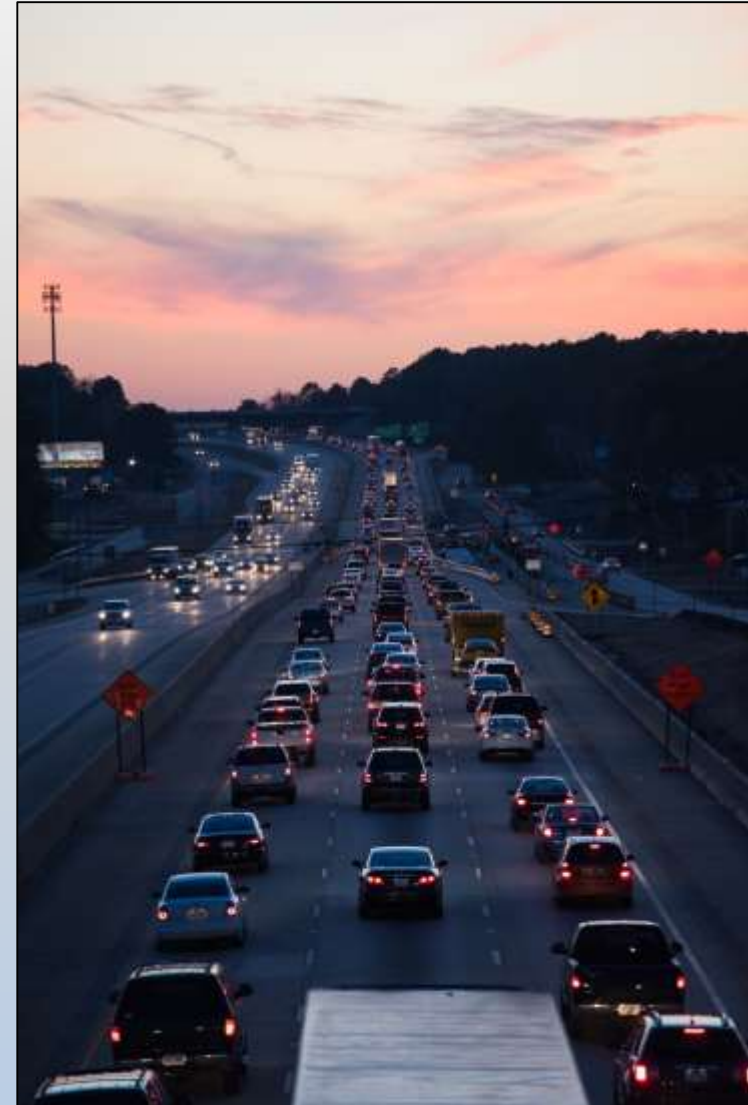
Mississippi County
Highway 34 East of Highway 77



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



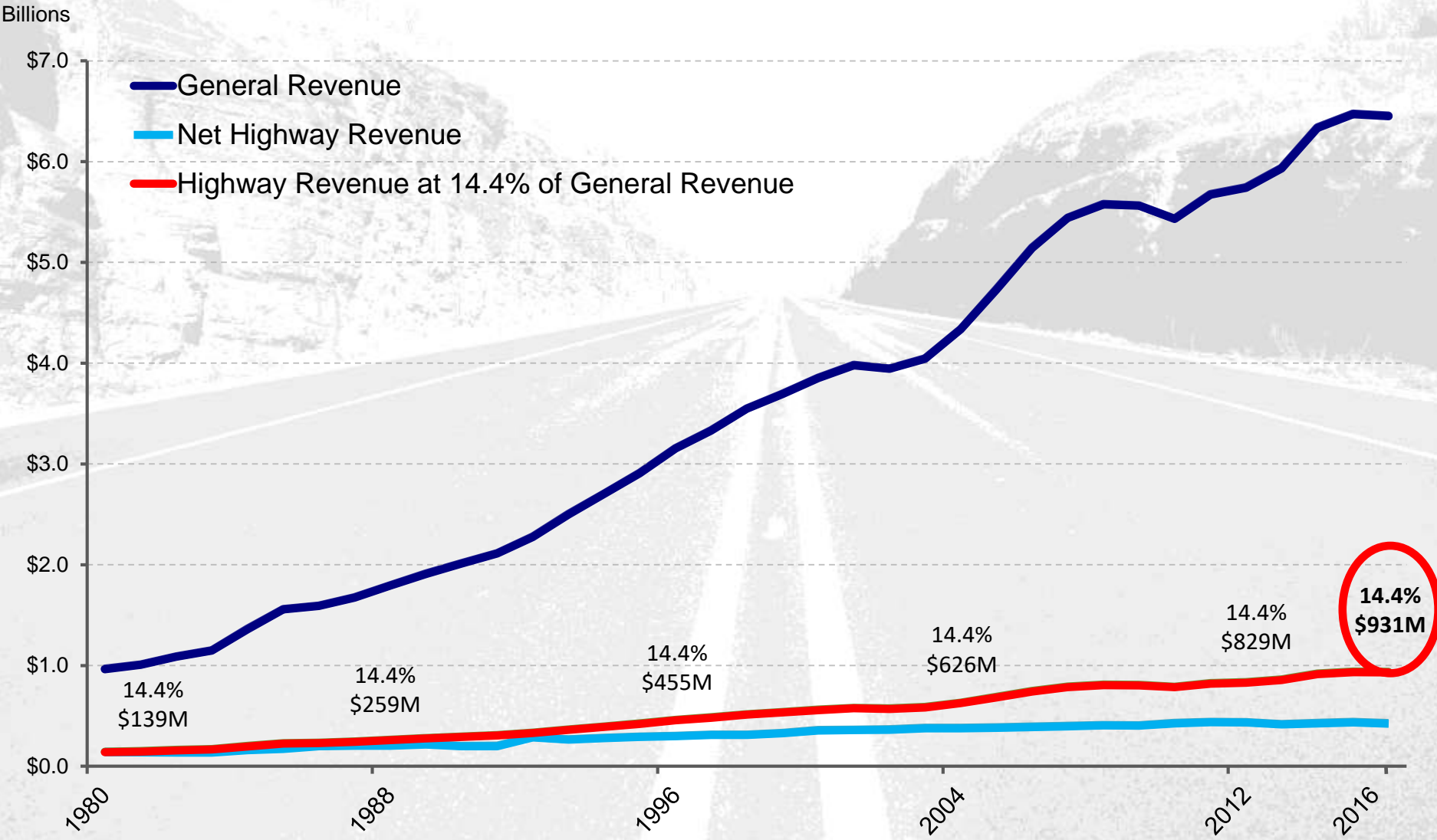
Infrastructure Investment and Quality of Life

Quality of Life is Directly Linked to:

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



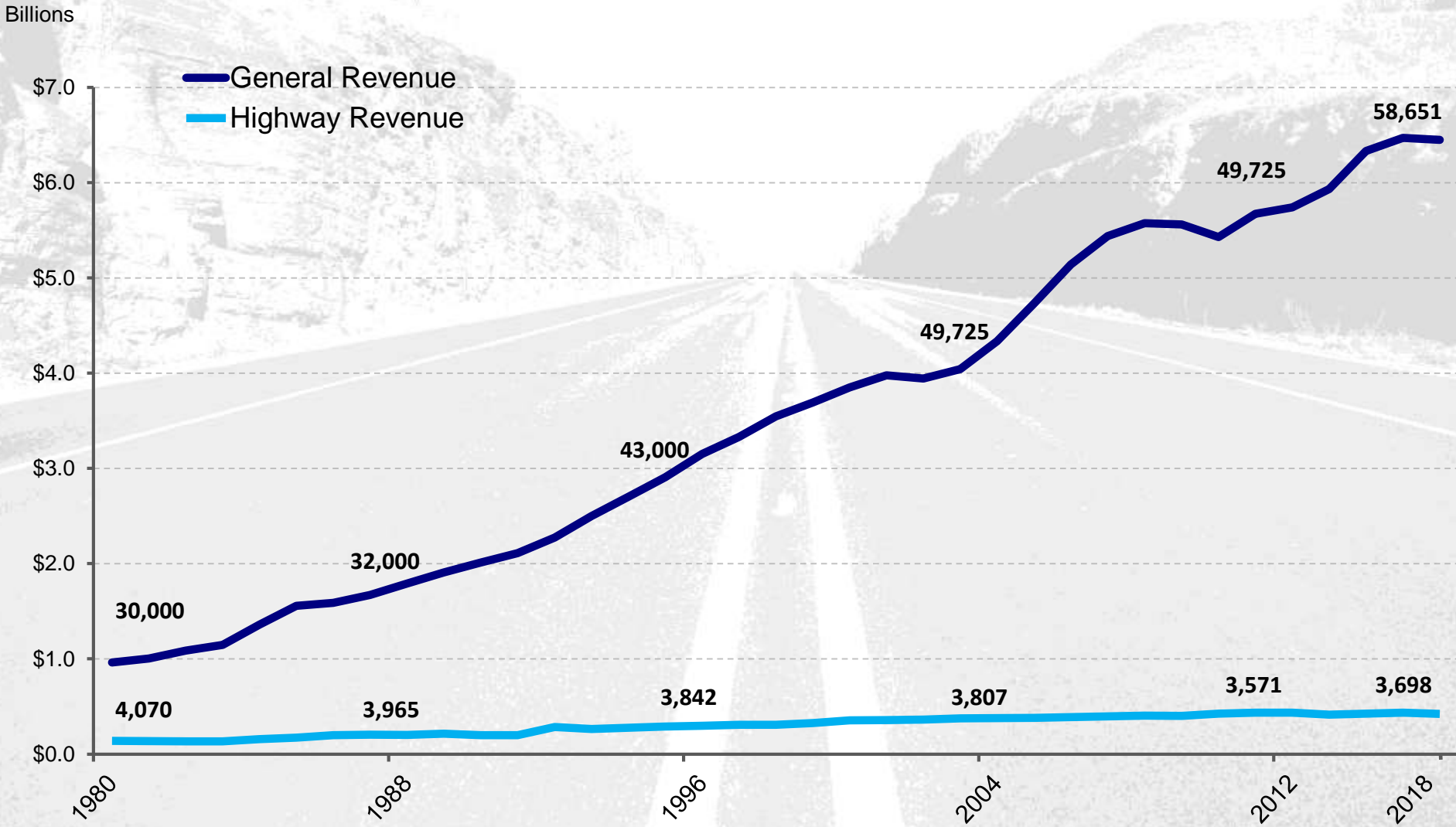
Highway Revenue at 14.4% of General Revenue



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



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 (LPG)

Liquefied Natural Gas (LNG)

Hydrogen

Electricity

Pure Biodiesel

Promotion Versus Equity Issue

Competition

Annual Flat Fee

Energy-Related 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%

Arkansas Transportation Stakeholder Group

Possible Funding Scenario 1

Year	3/8 cent General Sales Use Tax	Additional 3/8 cent General sales and Use Tax	Increase Gasoline Fuel Tax 3 cents	Increase Diesel Fuel Tax 5 cents	Increase Registration Fees Auto& Pickups \$10	Alternative Fuel Vehicles Registration \$184 Electric / \$90 Hybrid	Total	Additional To Department
	(x \$1 Million)							
2022	\$ 208.0		\$ 46.1	\$ 33.2	\$ 30.7	\$ 2.6	\$ 320.6	\$ 224.4
2023	\$ 212.2		\$ 46.5	\$ 33.5	\$ 31.3	\$ 3.4	\$ 326.9	\$ 228.8
2024	\$ 216.4	\$ 216.4	\$ 47.0	\$ 33.8	\$ 32.0	\$ 4.4	\$ 550.0	\$ 385.0
2025	\$ 220.7	\$ 220.7	\$ 47.5	\$ 34.2	\$ 32.6	\$ 5.7	\$ 561.4	\$ 393.0
2026	\$ 225.2	\$ 225.2	\$ 47.9	\$ 34.5	\$ 33.2	\$ 7.4	\$ 573.4	\$ 401.4
TOTAL TO THE HIGHWAY FUND IN YEAR 2026							\$ 573.4	\$ 401.4

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

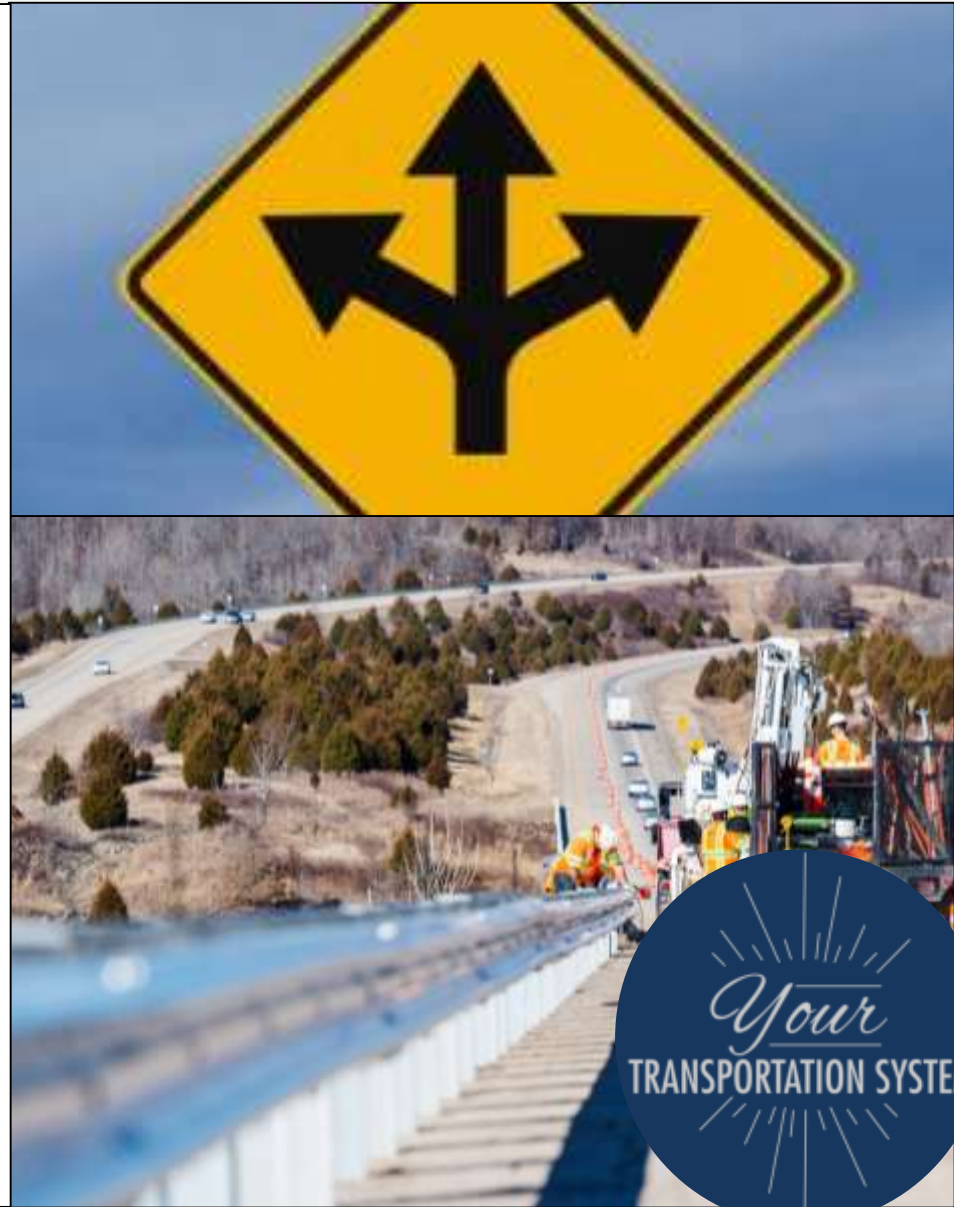
How did you hear about this survey?

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

Optional:

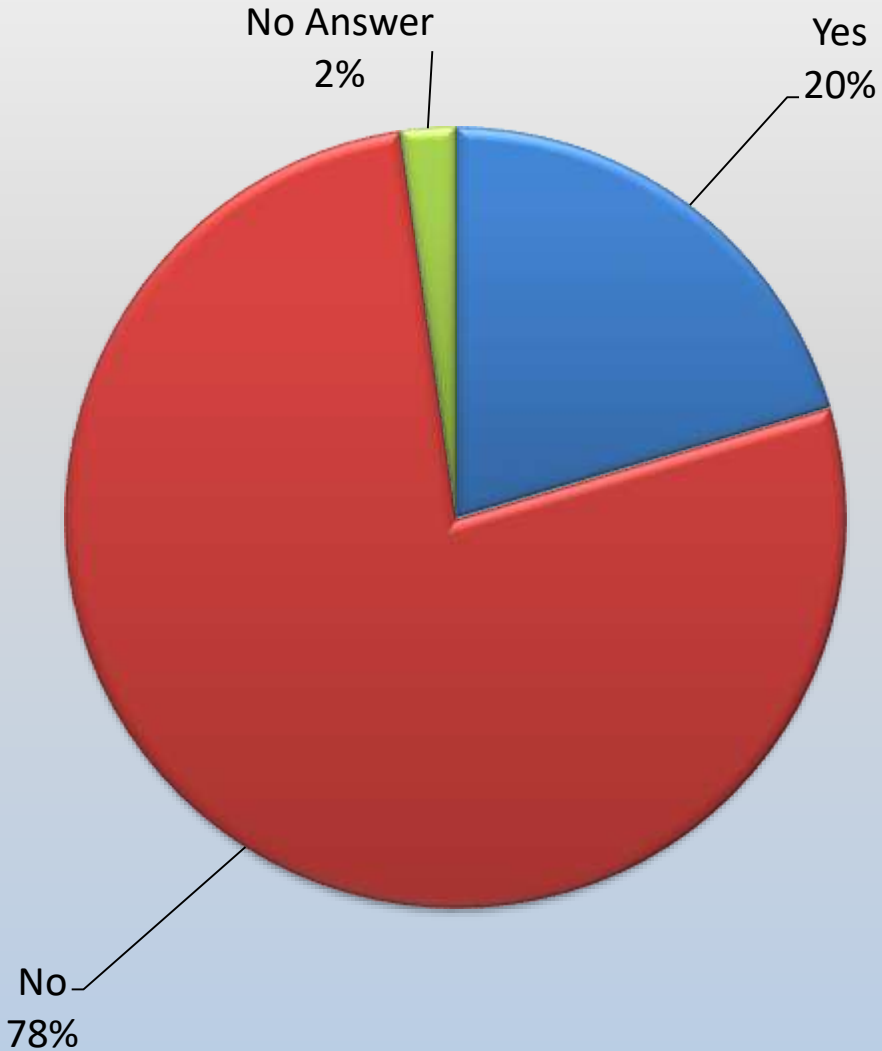
Name: _____
 Address: _____
 City, State, Zip: _____

Online Form Available Here:

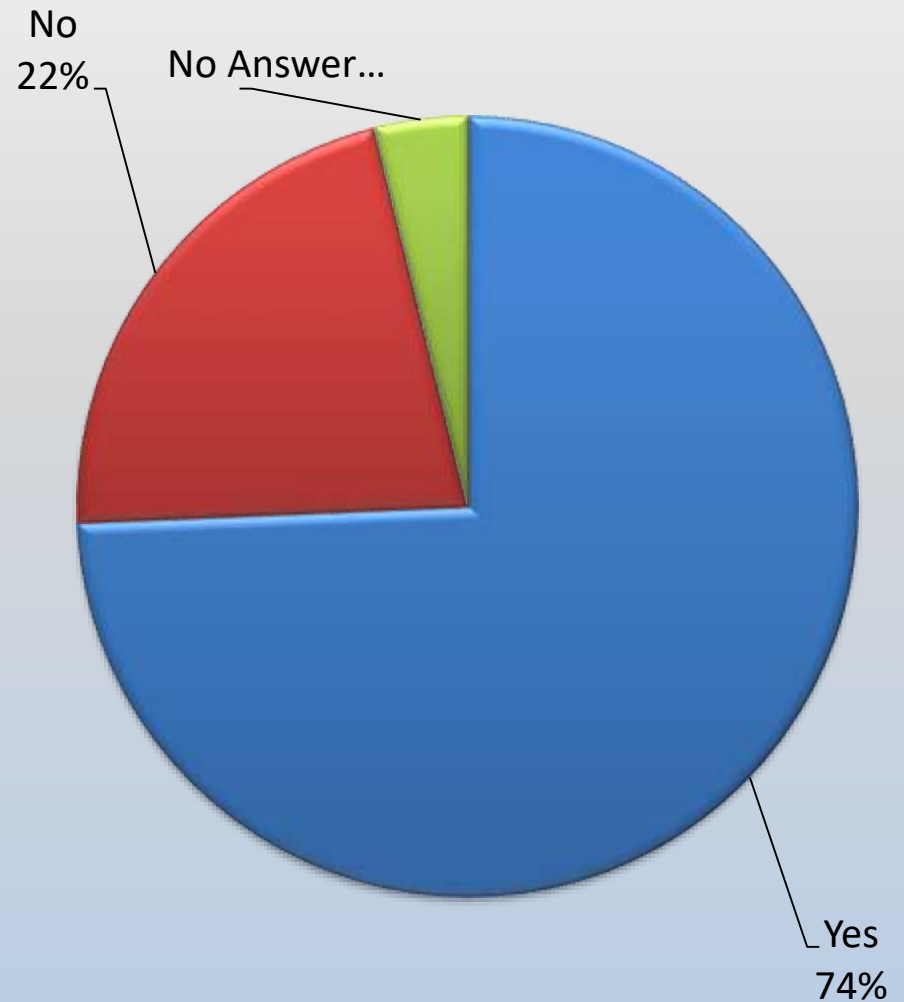


Survey Results

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

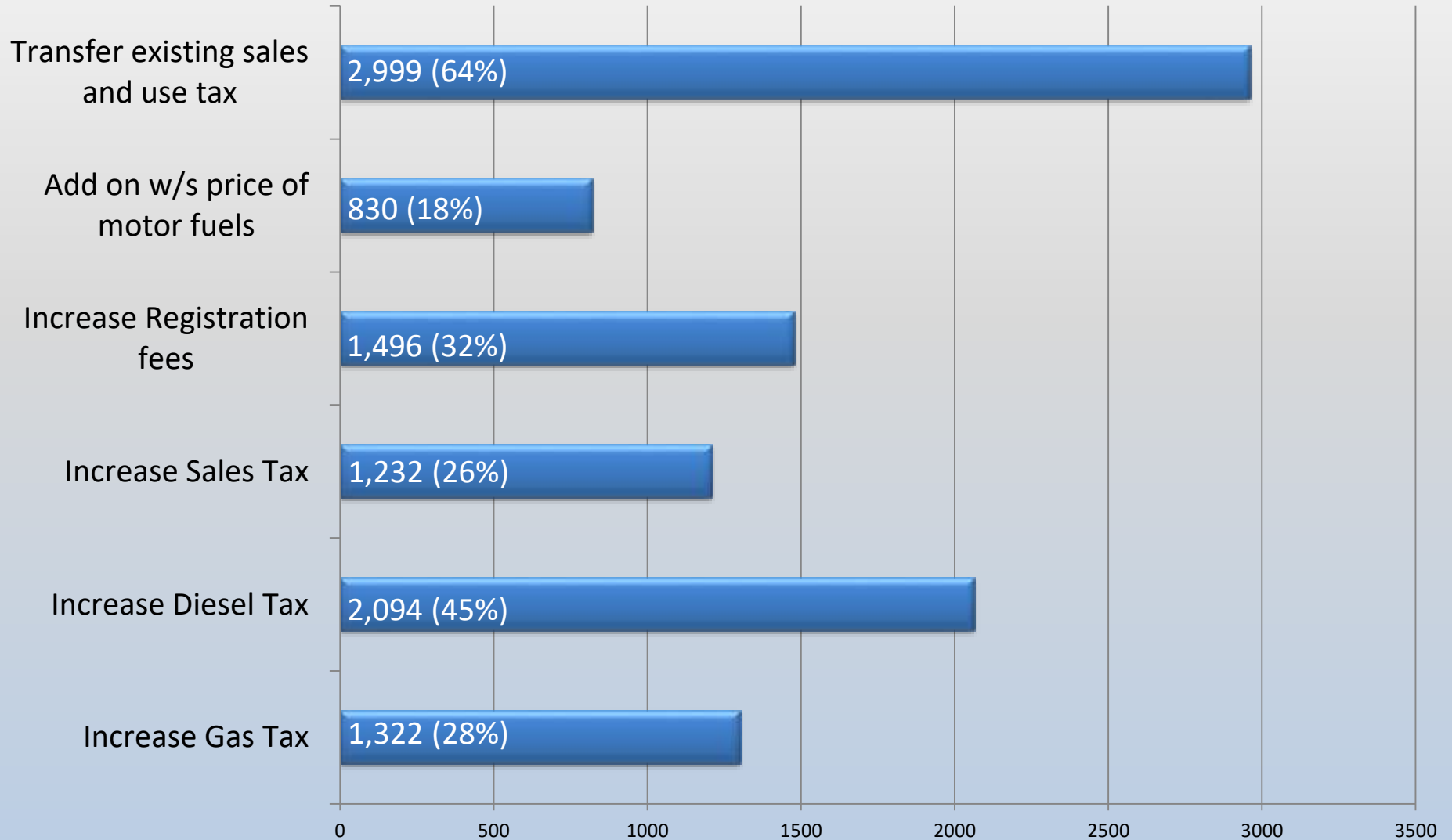


Would you support a new highway program that would generate additional revenue?



Survey Results

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



Total Road User Revenue

\$1.219 Billion

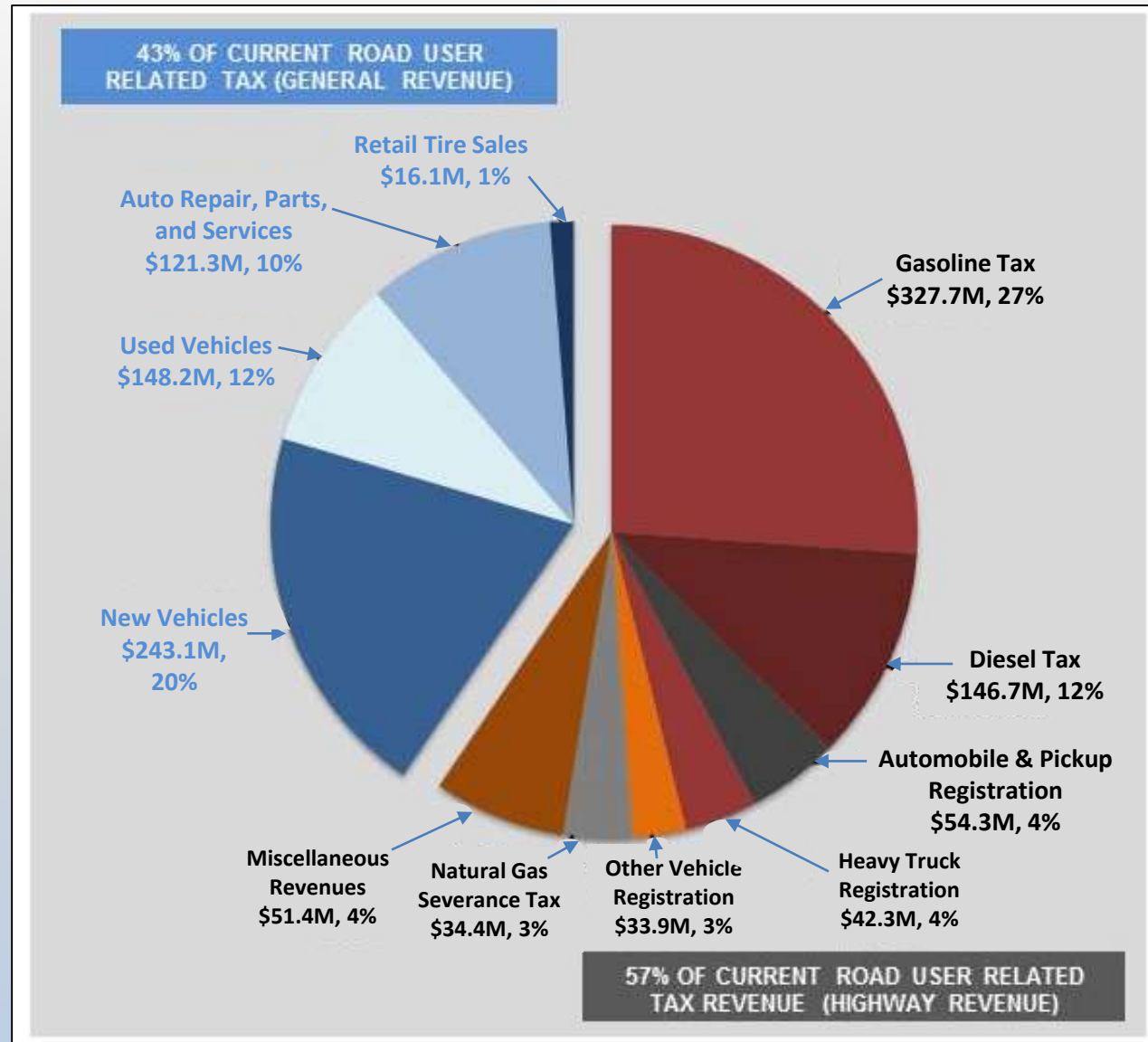
Distribution:

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

