

**Scott E. Bennett, P.E.**  
**Director**



**Association of General Contractors of Arkansas**

**Wednesday, January 23, 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

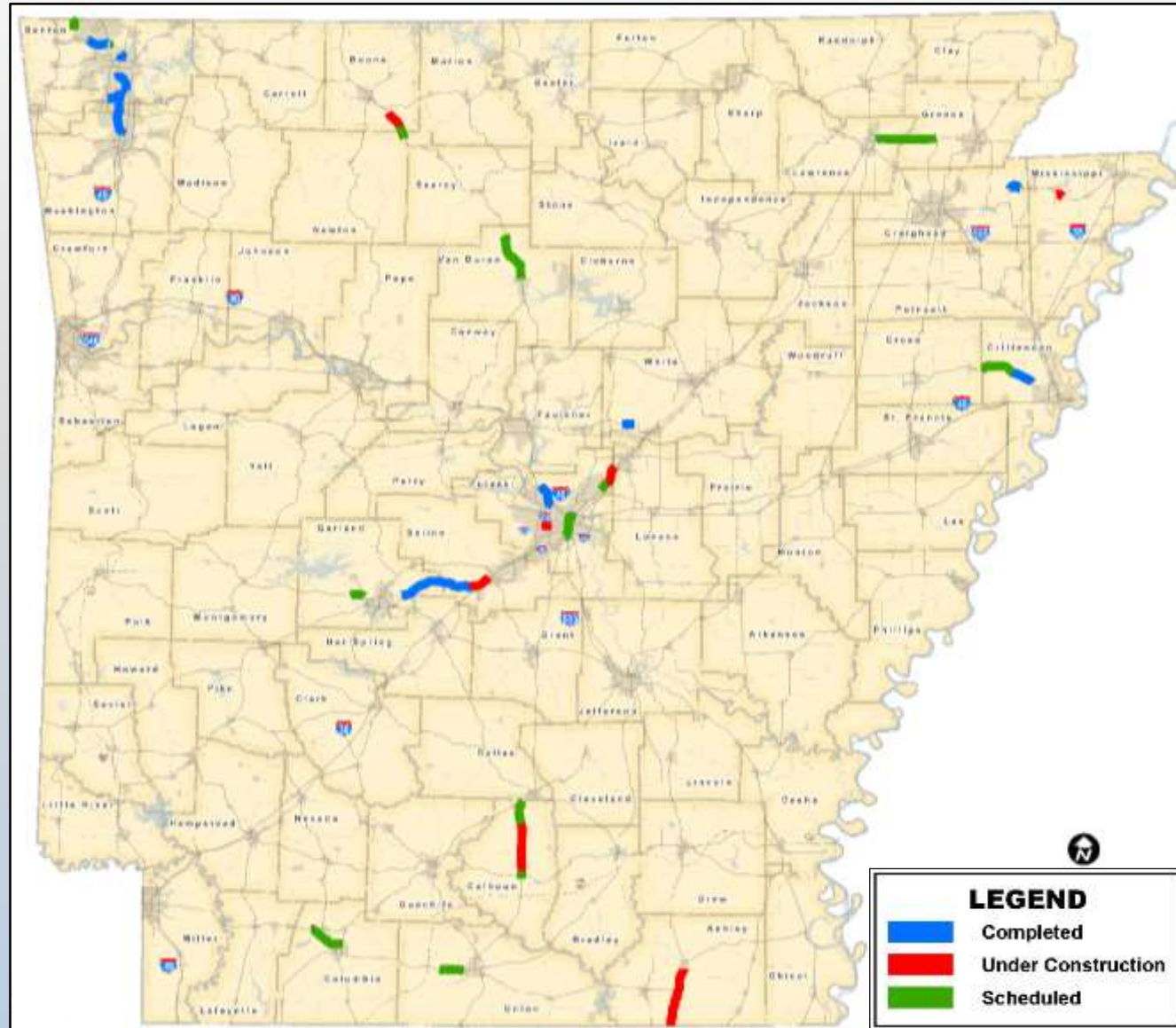
11 Projects  
61 Miles  
\$432 Million

## Under Construction

9 Projects  
46 Miles  
\$534 Million

## Scheduled

16 Projects  
78 Miles  
\$1.06 Billion







# E-Construction



Change Orders

Critical Path Method Schedules

Supplemental Agreements

AASHTOWare Civil Rights & Labor Module

Enhanced Tracking of Documents





# 2019-2023 Program





# 2019 Scheduled and Under Construction

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 – \$12 Million**

**February – \$19 Million**

**April – \$40 Million**

**May – \$63 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

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

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

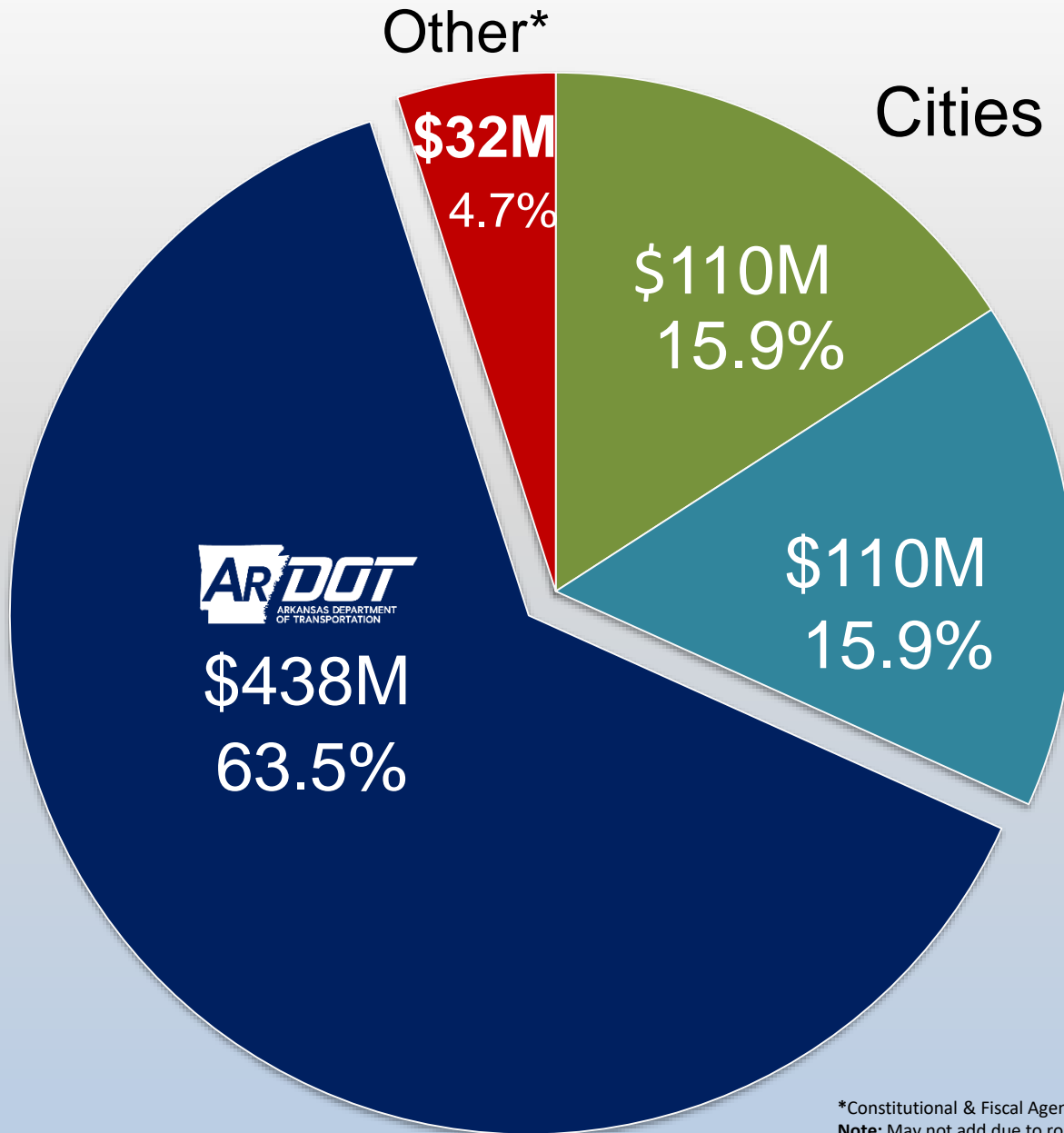
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➤ **\$9.3 billion** in needs

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



# Average Annual Highway User Revenue Distribution

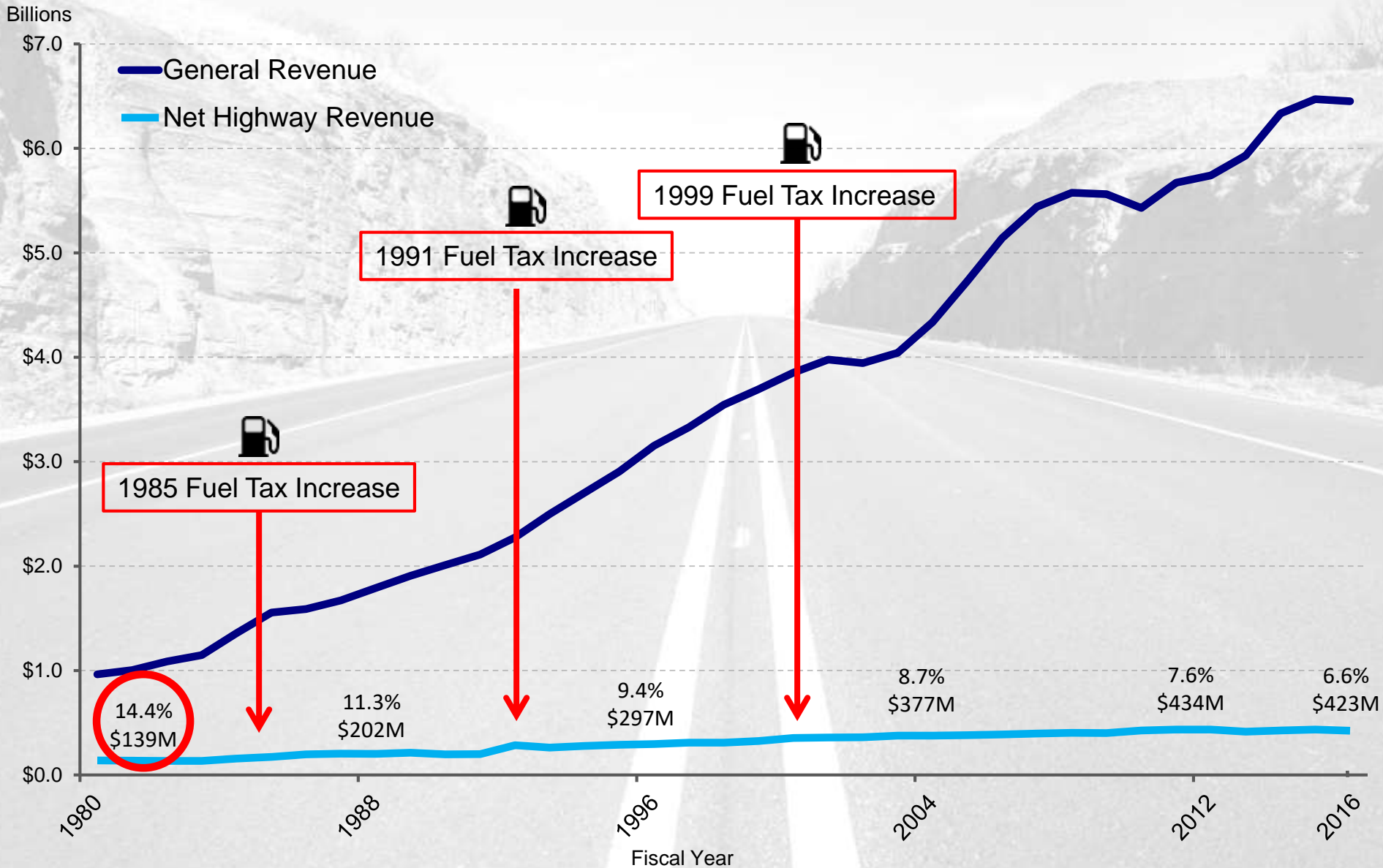


Counties



\*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

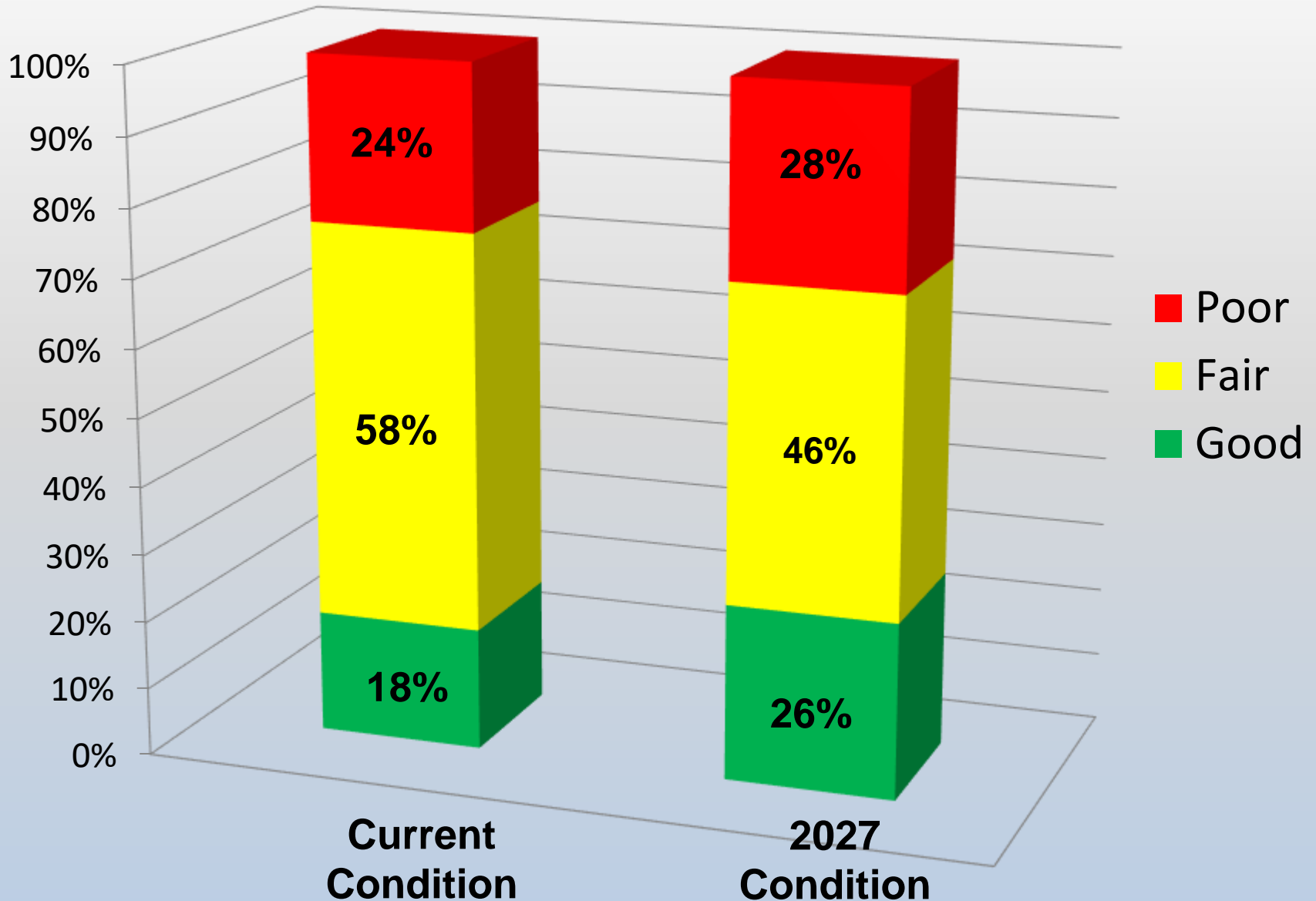
23 years ago, in 1995,  
**200 miles** of Highway  
could be overlaid.

## 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



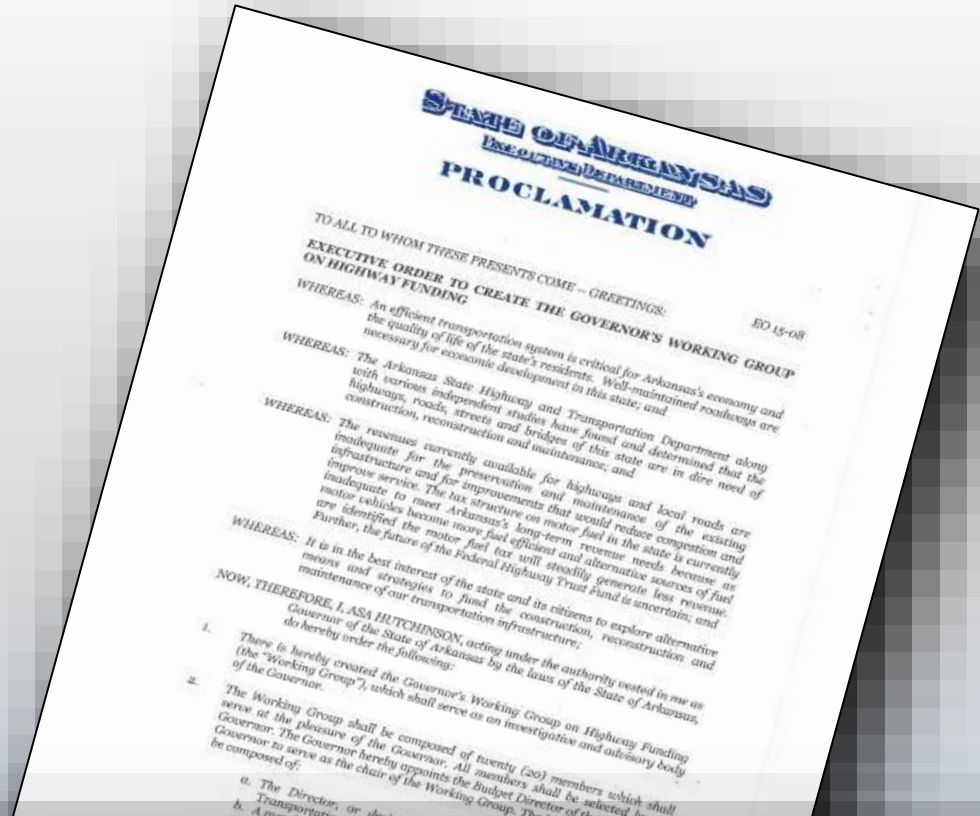
Overlay  
**\$100,000**  
per lane mile

## Pay a **Whole Lot** Later



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



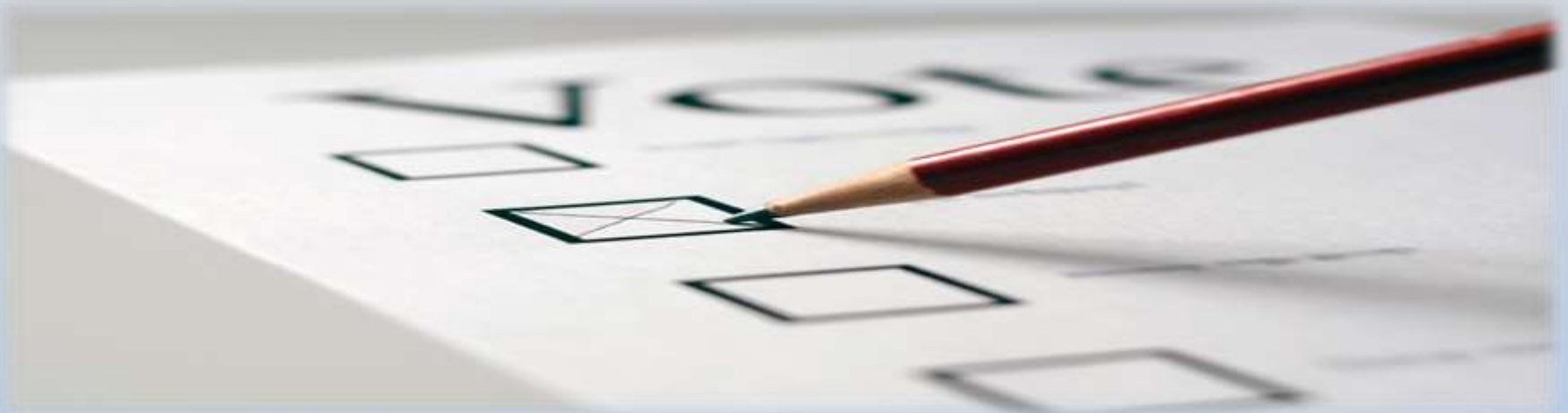


**“An efficient transportation system is critical for Arkansas’ economy and the quality of life of the state’s residents.”**

## □ 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)				
<b>2016 Special Session</b>					
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	?	?
<b>Total Received</b>	<b>41.5</b>	<b>31.3</b>	<b>50.4</b>	<b>17.1</b>	<b>?</b>
<b>Total Projected</b>	<b>41.5</b>	<b>76.1</b>	<b>76.1</b>	<b>76.1</b>	<b>76.1</b>
<b>Difference</b>	<b>0</b>	<b>(44.8)</b>	<b>(25.7)</b>	<b>(59.0)</b>	<b>?</b>



## 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>
<b>Totals</b>	<b><u>\$ 925,000,000</u></b>	<b><u>\$ 447,000,000</u></b>	<b><u>\$ 478,000,000</u></b>

**\$ 478,000,000**

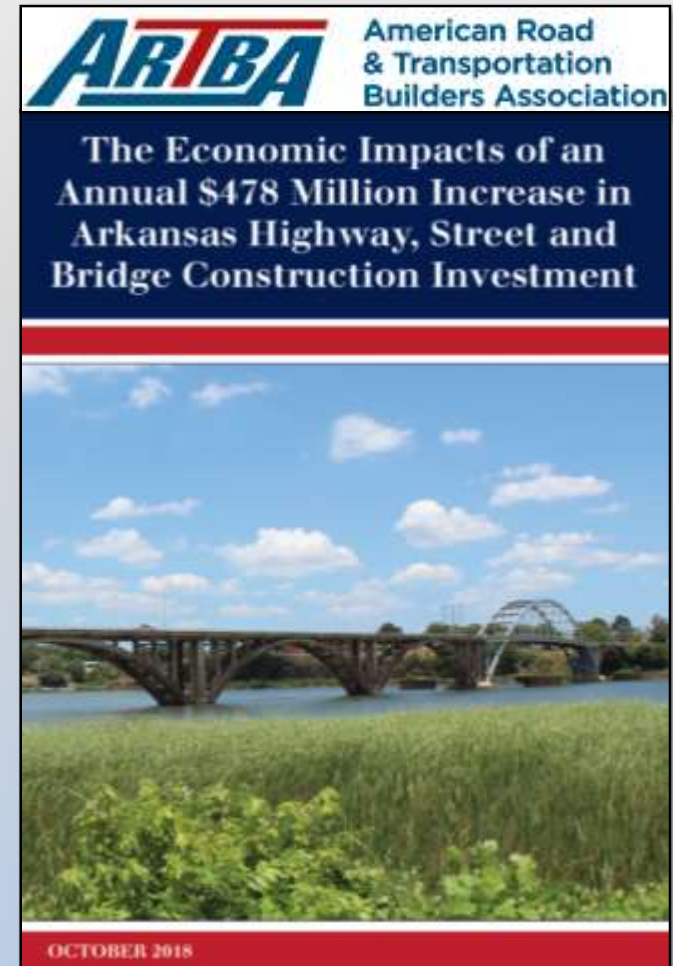
Note: Amounts shown are rounded.



# 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

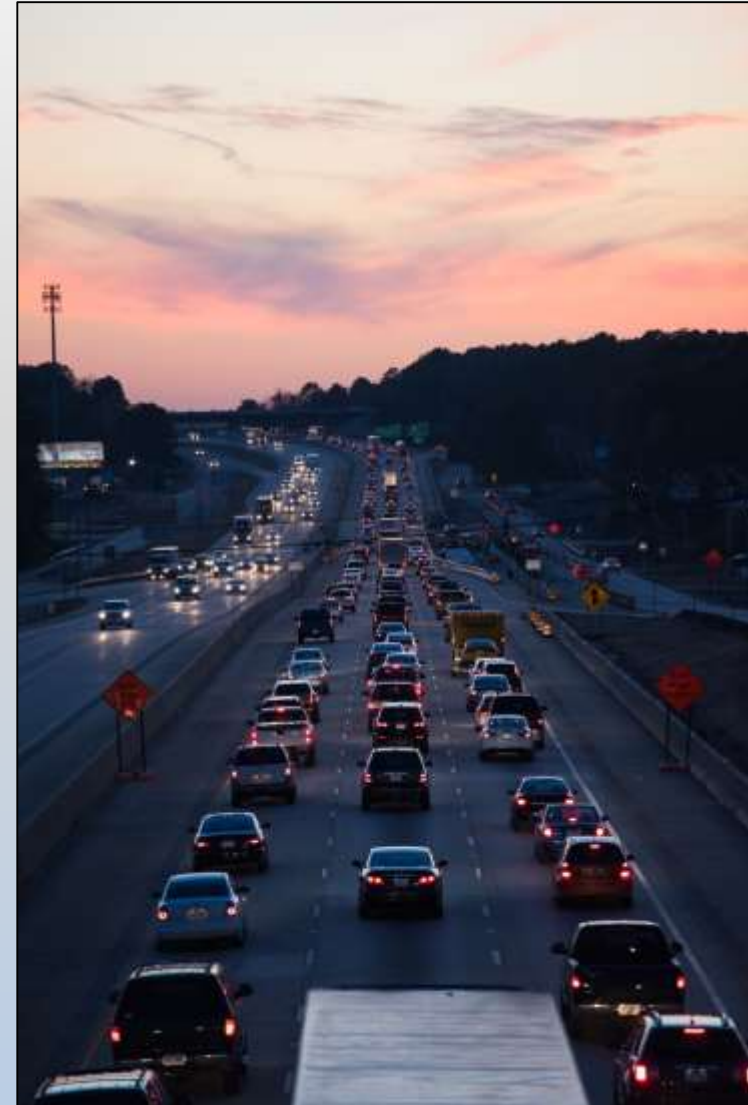




Randolph County  
Highway 34 North of Highway 90

# 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





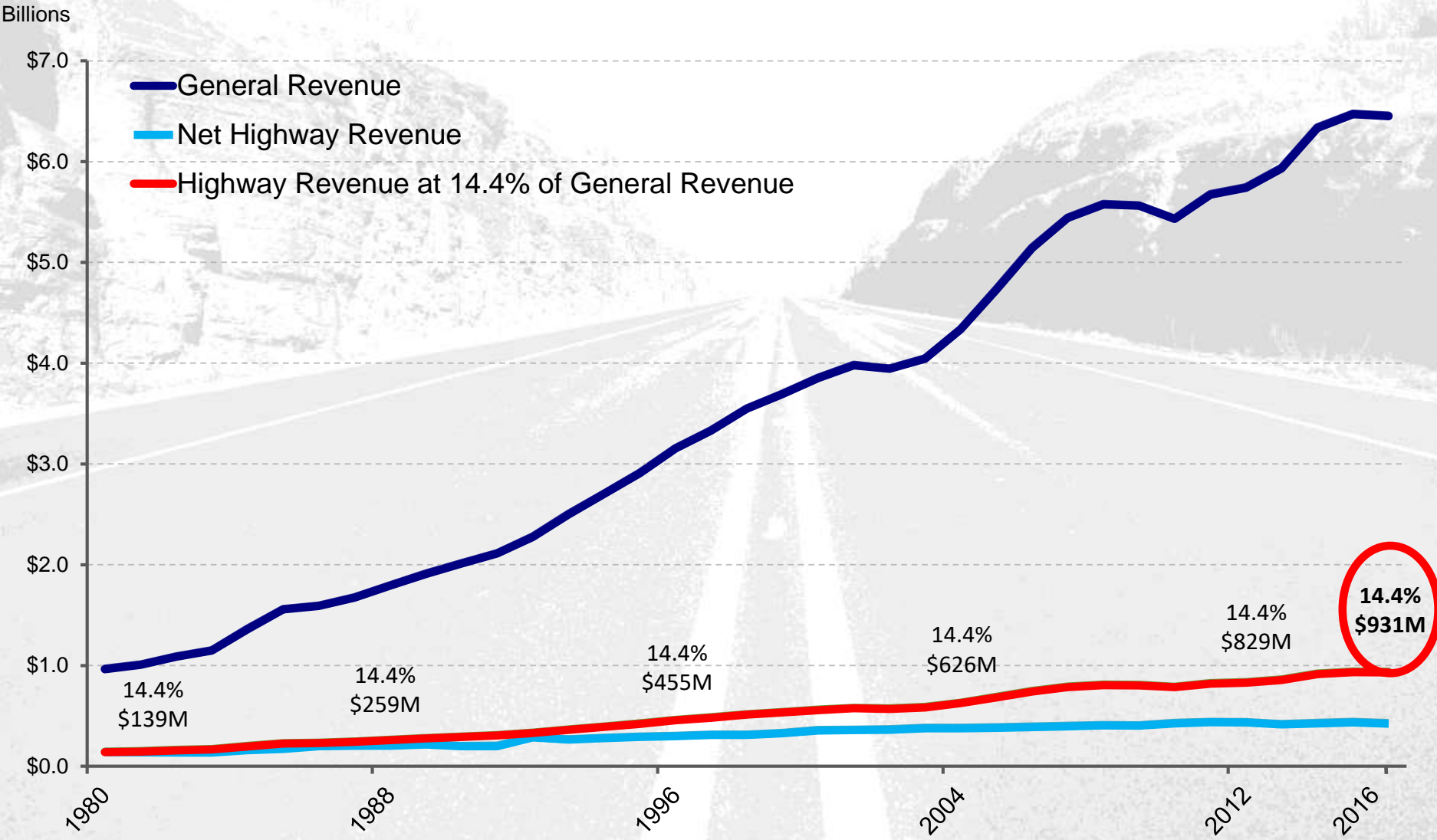
# Infrastructure Investment and Quality of Life

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

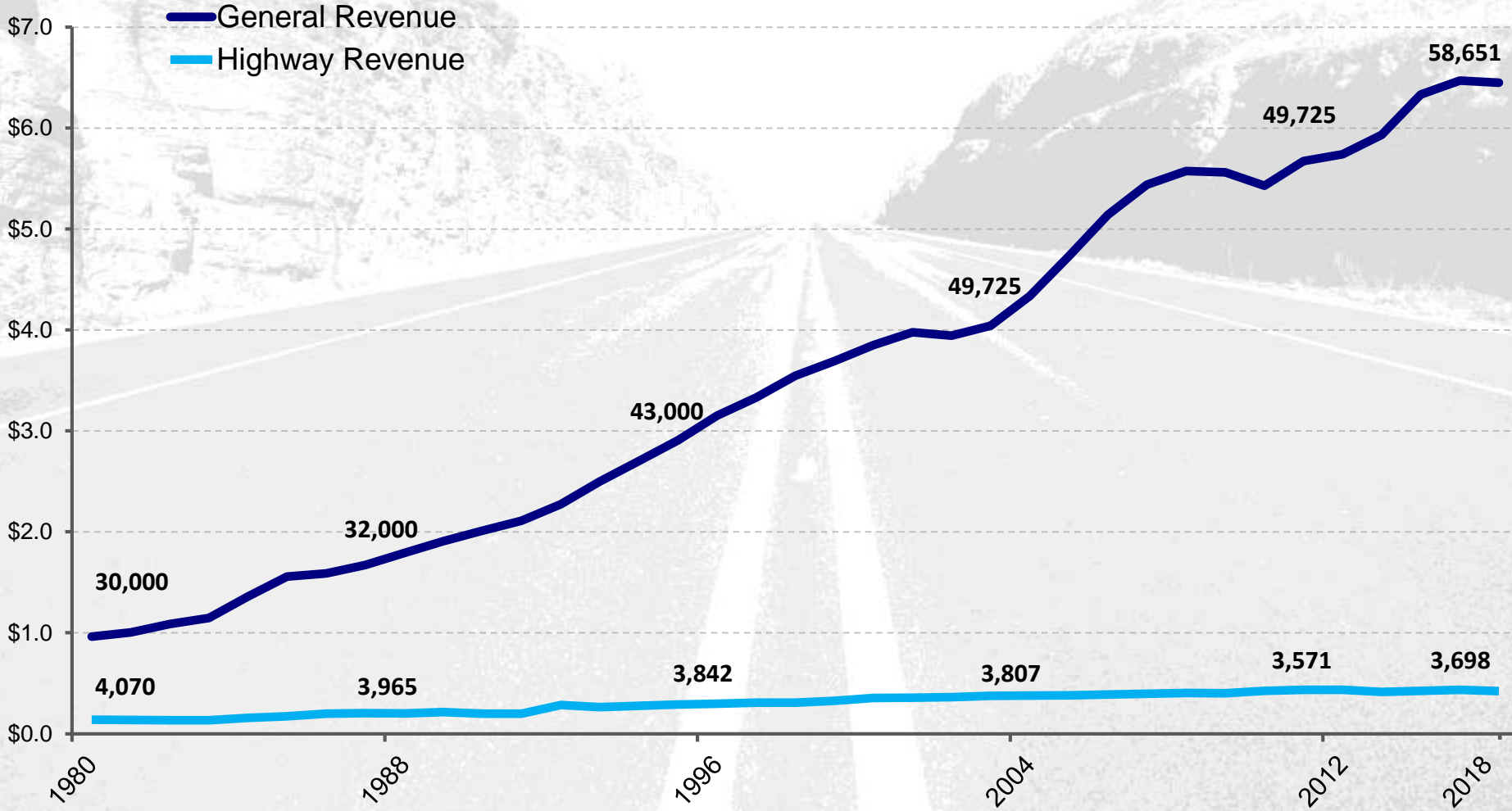


Excludes County & City Aid funds | Excludes CAP funds

Fiscal Year

# Highway vs. General Revenue Compared to Employment Levels

Billions



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 <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)

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

## Possible New Highway Program Funding Options

Option	State Fiscal Year 2026 Gross Revenue	State Fiscal Year 2026 Additional Revenue to Department
<ul style="list-style-type: none"> <li>• 3 – 6 ¢ Gasoline</li> <li>• 6 ¢ Diesel</li> <li>• \$10 Registration Fee</li> <li>• \$184 Electric / \$90 Hybrid Registration Fee</li> <li>• 0.5% Sales Tax</li> </ul>	<b>\$ 429 – 476 Million</b>	<b>\$ 300 - 333 Million</b>
<ul style="list-style-type: none"> <li>• 4.5% Motor Fuel Tax</li> <li>• \$10 Registration Fee</li> <li>• \$184 Electric / \$90 Hybrid Registration Fee</li> <li>• 0.5% Sales Tax</li> </ul>	<b>\$ 524 Million</b>	<b>\$ 367 Million</b>
<ul style="list-style-type: none"> <li>• 6.5% Motor Fuel Tax</li> <li>• \$10 Registration Fee</li> <li>• \$184 Electric / \$90 Hybrid Registration Fee</li> <li>• 0.5% Sales Tax</li> </ul>	<b>\$ 606 Million</b>	<b>\$ 424 Million</b>



# 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](mailto: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

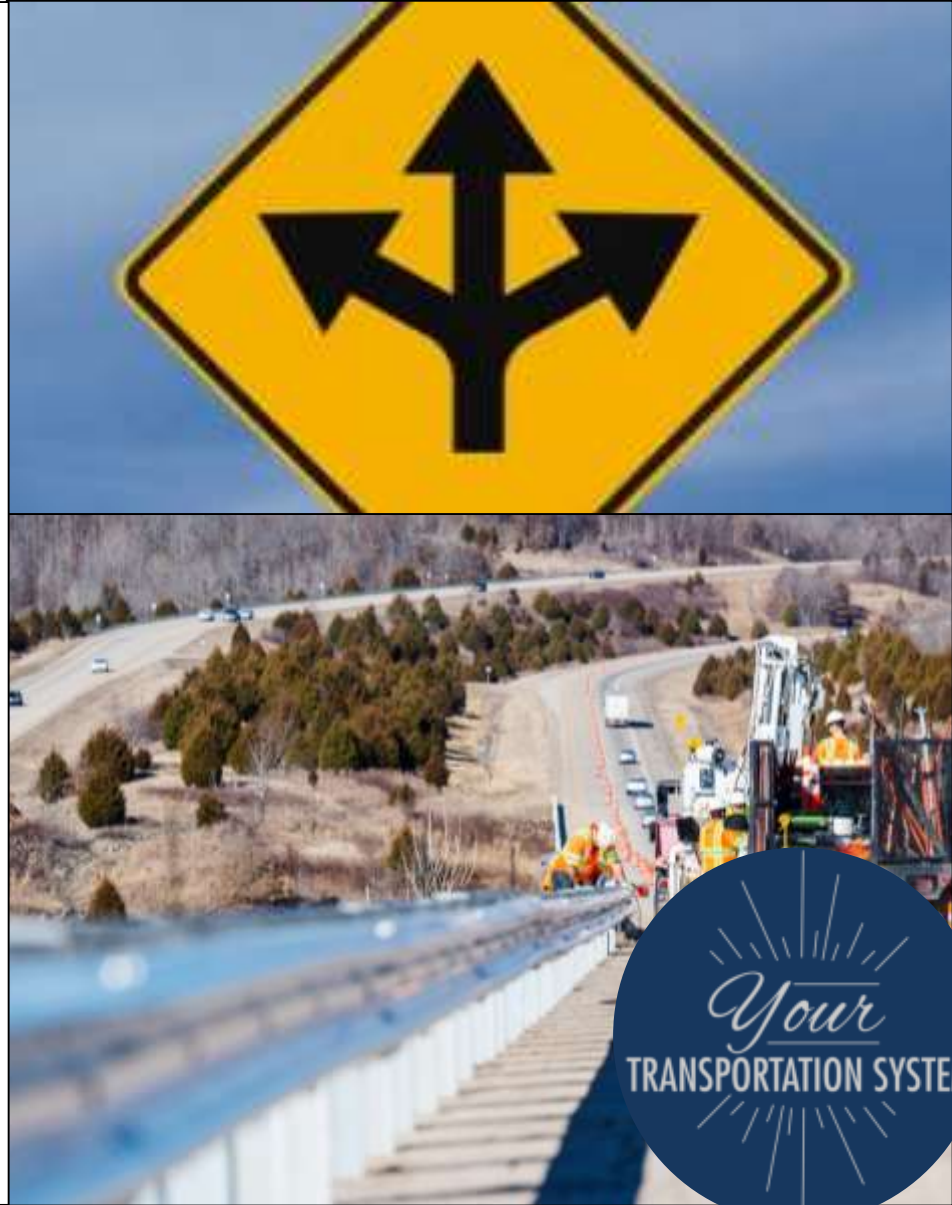
How did you hear about this survey?

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

Optional:

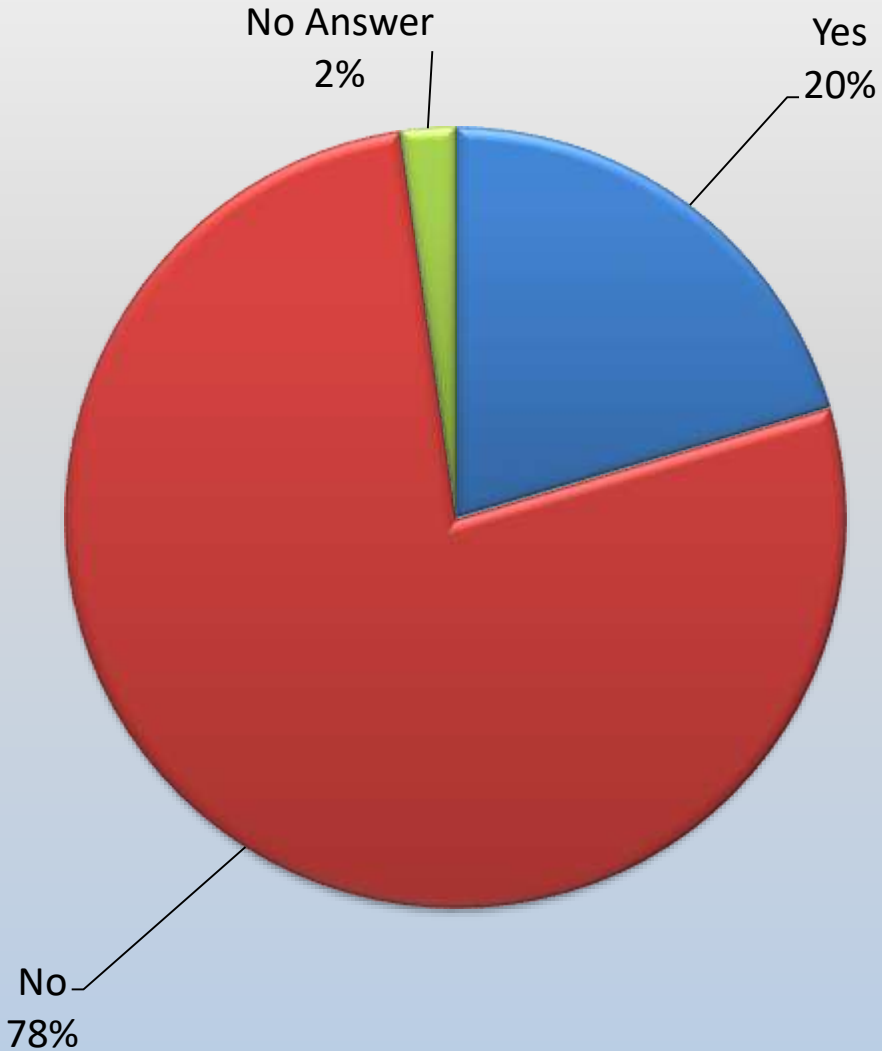
Name: \_\_\_\_\_  
 Address: \_\_\_\_\_  
 City, State, Zip: \_\_\_\_\_

Online Form Available Here:

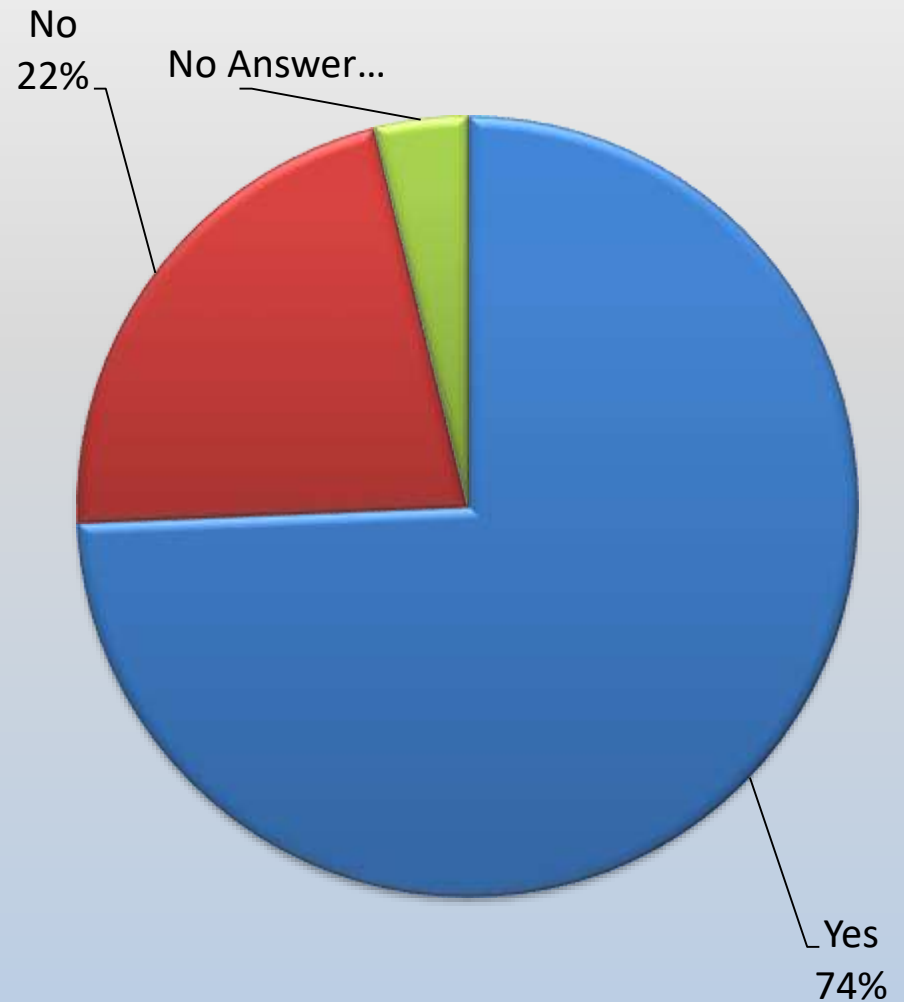


# Survey Results

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

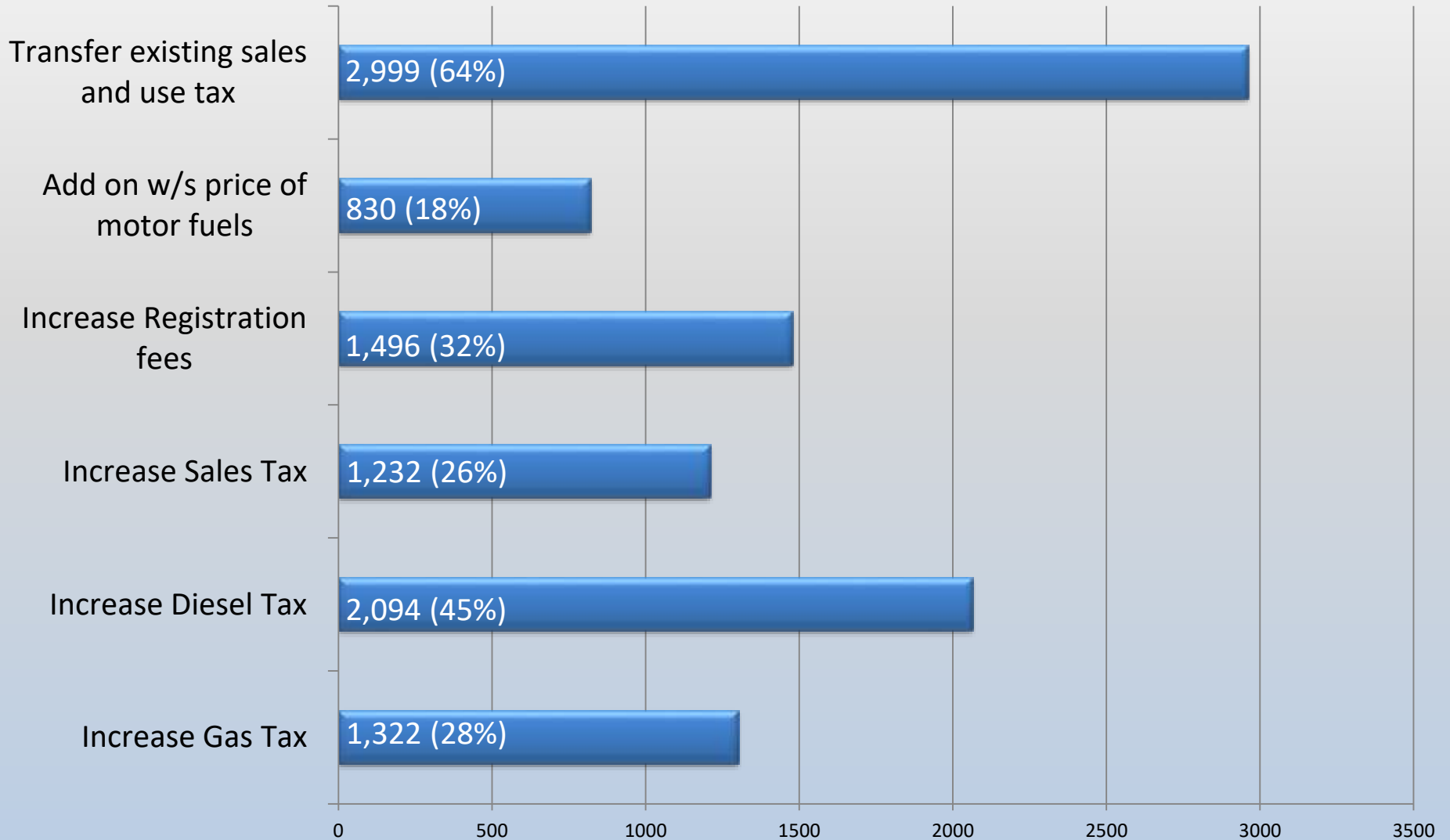


Would you support a new highway program that would generate additional revenue?



# Survey Results

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



## Total Road User Revenue

**\$1.219 Billion**

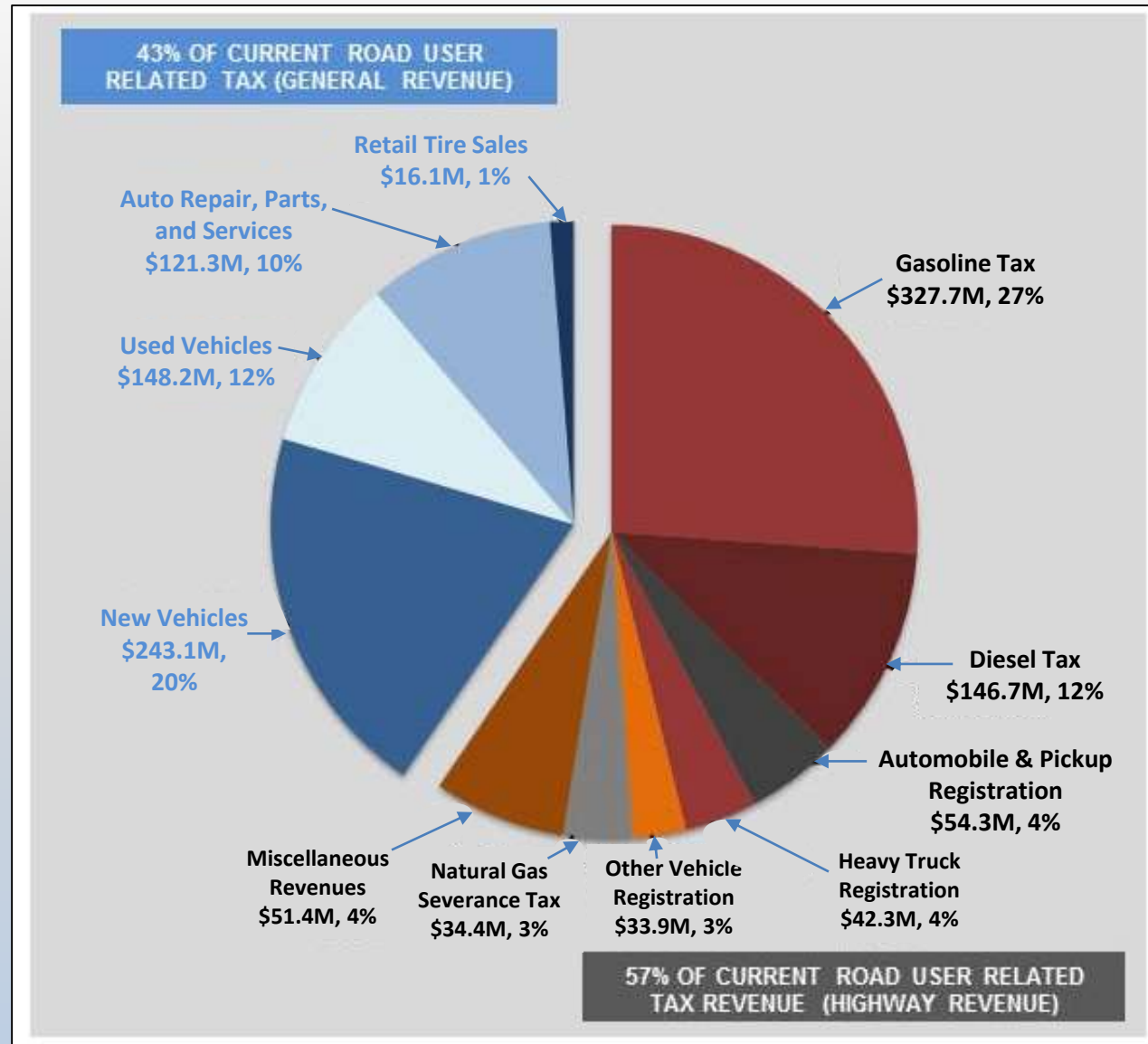
### Distribution:

#### 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

