

The logo for the Arkansas Department of Transportation (AR DOT) is centered in the image. It features a red silhouette of the state of Arkansas on the left. Inside the outline of the state, the letters "AR" are written in a large, white, bold, sans-serif font. To the right of the state outline, the letters "DOT" are written in a large, white, bold, italicized sans-serif font. Below the "AR DOT" text, the words "ARKANSAS DEPARTMENT OF TRANSPORTATION" are written in a smaller, white, bold, sans-serif font. The word "ARKANSAS" is in red, while "DEPARTMENT OF TRANSPORTATION" is in white.

AR DOT
ARKANSAS DEPARTMENT
OF TRANSPORTATION





Funding Challenges



Challenges



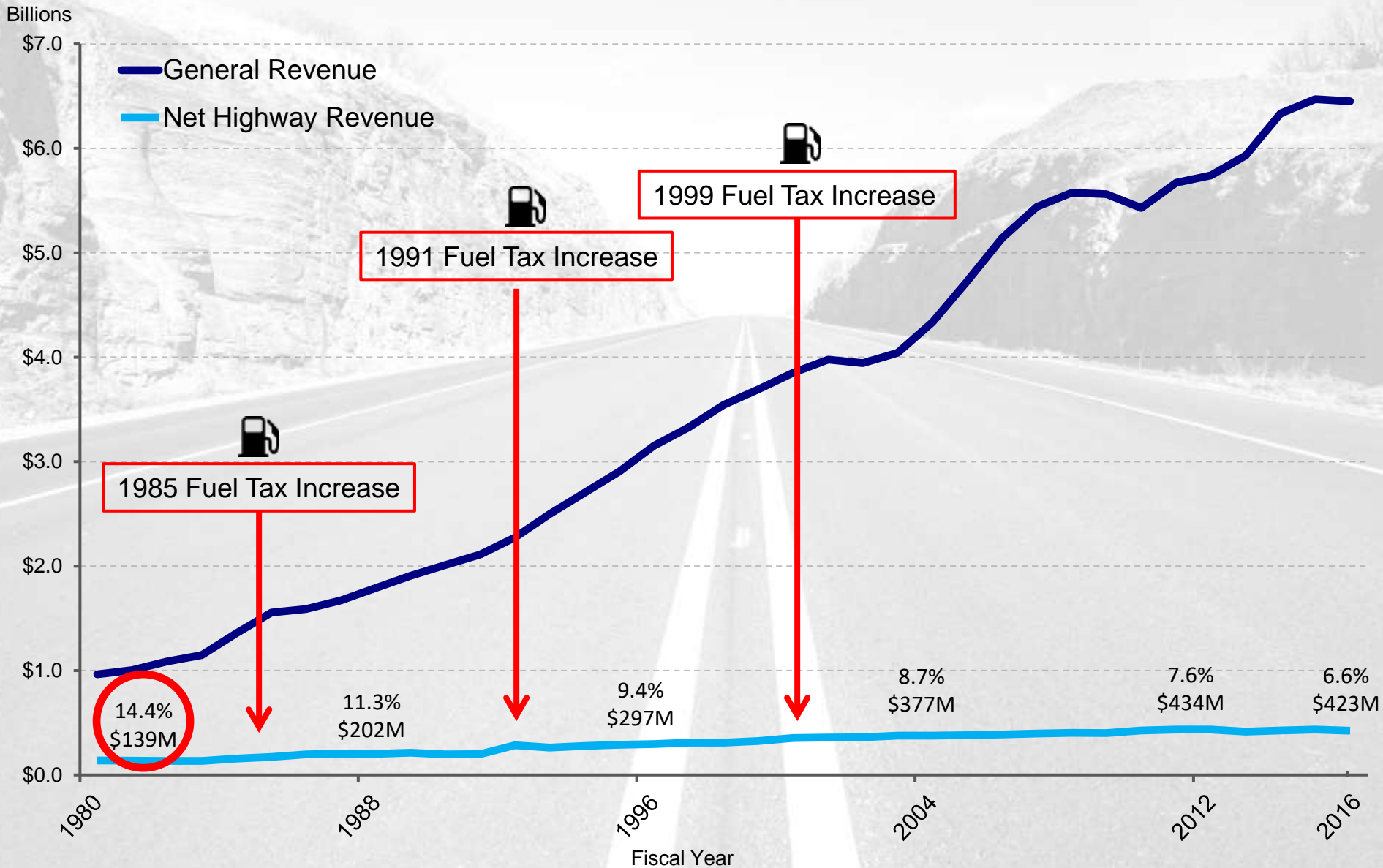
- **12th** largest system in the country
- **41st** in highway revenue per mile

Next 10 Years:

- **\$9.3 billion**
(\$930 million/year)
in Needs
- **\$4.5 billion**
in Revenue



Percent of Highway vs. General Revenue



Excludes County & City Aid funds | Excludes CAP funds



COVID ARDOT Revenue Impacts

| Month | Previous 12 Months | Current 12 Months | Percent Change | Previous 12 Months | Current 12 Months | Percent Change | Previous 12 Months | Current 12 Months | Percent Change |
|-------|--------------------|-------------------|----------------|--------------------|-------------------|----------------|--------------------|-------------------|----------------|
|-------|--------------------|-------------------|----------------|--------------------|-------------------|----------------|--------------------|-------------------|----------------|

State Highway Revenue - Without Act 416 Funds

| | Motor Fuel Tax | | | Registration Fees | | | Total | | |
|--------------|-----------------------|-----------------------|---------------|----------------------|----------------------|--------------|-----------------------|-----------------------|---------------|
| March | \$ 22,634,672 | \$ 24,339,660 | 7.53% | \$ 8,514,474 | \$ 8,705,848 | 2.25% | \$ 31,149,146 | \$ 33,045,508 | 6.09% |
| April | \$ 24,636,026 | \$ 23,101,291 | -6.23% | \$ 9,142,662 | \$ 9,609,977 | 5.11% | \$ 33,778,688 | \$ 32,711,268 | -3.16% |
| May | \$ 24,344,595 | \$ 19,437,241 | -20.16% | \$ 10,619,201 | \$ 9,619,852 | -9.41% | \$ 34,963,796 | \$ 29,057,093 | -16.89% |
| June | \$ 26,368,130 | \$ 23,354,265 | -11.43% | \$ 7,831,782 | \$ 8,205,066 | 4.77% | \$ 34,199,912 | \$ 31,559,331 | -7.72% |
| Total | \$ 295,691,684 | \$ 292,009,337 | -1.25% | \$ 95,546,014 | \$ 96,229,428 | 0.72% | \$ 391,237,698 | \$ 388,238,765 | -0.77% |

Consumption

| | Gasoline Gallons | | | Diesel Gallons | | | Total | | |
|--------------|----------------------|----------------------|---------------|--------------------|--------------------|---------------|----------------------|----------------------|---------------|
| March | 108,866,016 | 117,499,658 | 7.93% | 60,394,411 | 63,714,295 | 5.50% | 169,260,427 | 181,213,953 | 7.06% |
| April | 120,199,534 | 115,296,560 | -4.08% | 52,600,192 | 52,632,873 | 0.06% | 172,799,726 | 167,929,433 | -2.82% |
| May | 128,393,498 | 94,986,173 | -26.02% | 51,408,241 | 45,854,063 | -10.80% | 179,801,739 | 140,840,236 | -21.67% |
| June | 136,294,940 | 112,734,057 | -17.29% | 66,872,615 | 58,976,889 | -11.81% | 203,167,555 | 171,710,946 | -15.48% |
| Total | 1,504,426,656 | 1,458,731,480 | -3.04% | 679,257,718 | 662,260,765 | -2.50% | 2,183,684,374 | 2,120,992,245 | -2.87% |

Revenues Down \$10 M
from April through June

THEN

In 1998, **200 lane miles** of highway could be overlaid with \$10 million.

NOW

In 2018, **90 lane miles** of highway could be overlaid with \$10 million.



Arkansas Construction Cost Comparison

| Type Work | 1998 Cost Per Mile | 2018 Cost Per Mile | Percent Increase |
|---|--------------------|--------------------|------------------|
| New Location 4-Lane Interstate - Urban | \$ 6,500,000 | \$ 9,700,000 | 49% |
| New Location 4-Lane Arterial – Urban | \$ 4,000,000 | \$ 7,000,000 | 75% |
| Widening 2 to 5-lane – Urban | \$ 2,900,000 | \$ 5,200,000 | 79% |

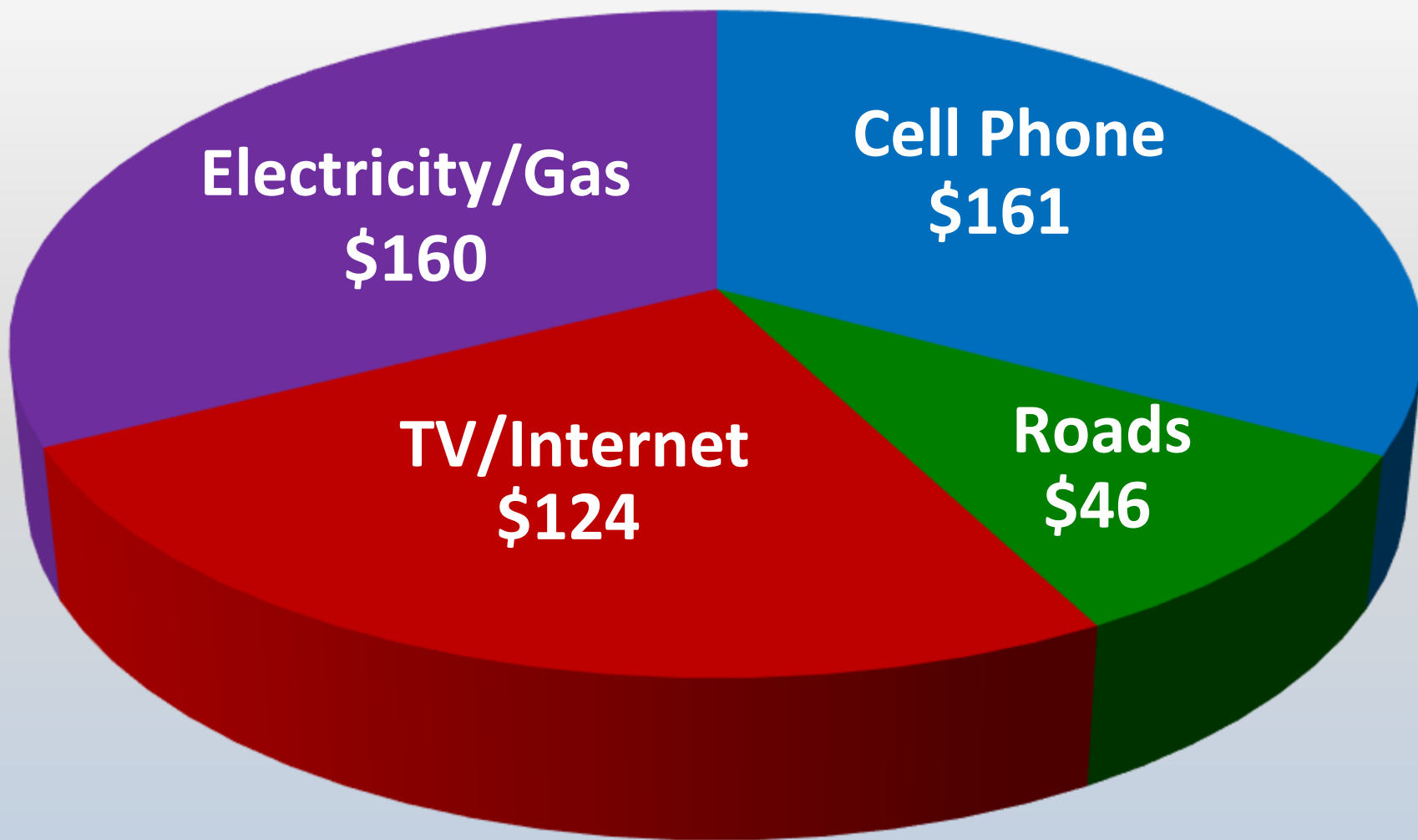
| Type Work | 1998 Cost Per Lane Mile | 2018 Cost Per Lane Mile | Percent Increase |
|---------------------------------------|-------------------------|-------------------------|------------------|
| Reconstruction Non-Freeway - Urban | \$ 450,000 | \$ 1,800,000 | 300% |

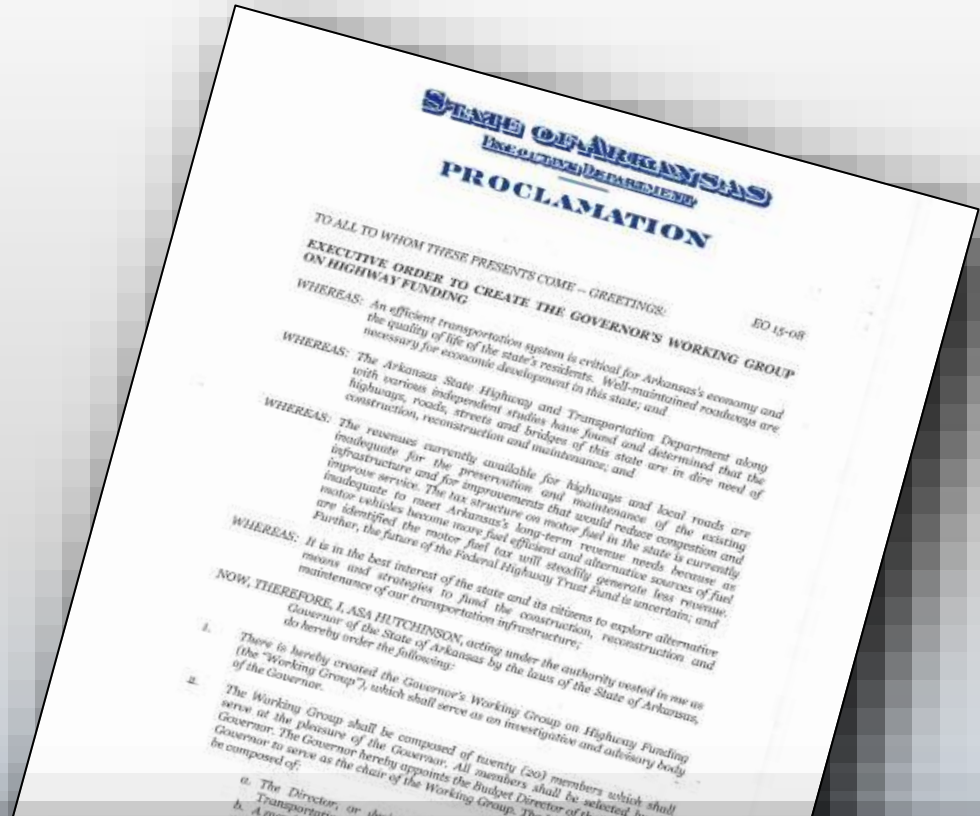
| Type Work | 1998 Cost Per Square Foot | 2018 Cost Per Square Foot | Percent Increase |
|------------|---------------------------|---------------------------|------------------|
| New Bridge | \$ 60 | \$ 147 | 145% |

Significant Loss of Purchasing Power

| Item | Description | 1993 | 2015 | Percent Change |
|-----------------|--|-----------|-----------|----------------|
| College Tuition | Average Tuition & Fees at Public 4-year Universities | \$1,908 | \$9,145 | 379% |
| Healthcare | National Expenditure Per Capita | \$3,402 | \$9,523 | 180% |
| House | Median New Home Price | \$118,000 | \$292,000 | 147% |
| Gas | Per Gallon | \$1.08 | \$2.56 | 137% |
| Beef | Per Pound of Ground Beef | \$1.97 | \$4.38 | 122% |
| Movie Ticket | Average Ticket Price | \$4.14 | \$8.43 | 104% |
| Bread | Per Pound of White Bread | \$0.75 | \$1.48 | 98% |
| Income | National Median Household | \$31,241 | \$56,516 | 81% |
| Stamp | One First-Class Stamp | \$0.29 | \$0.49 | 51% |
| Car | Average New Car | \$16,871 | \$25,487 | 51% |
| Federal Gas Tax | Per Gallon | \$0.18 | \$0.18 | 0% |

Average Monthly Household Expenditures





“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.

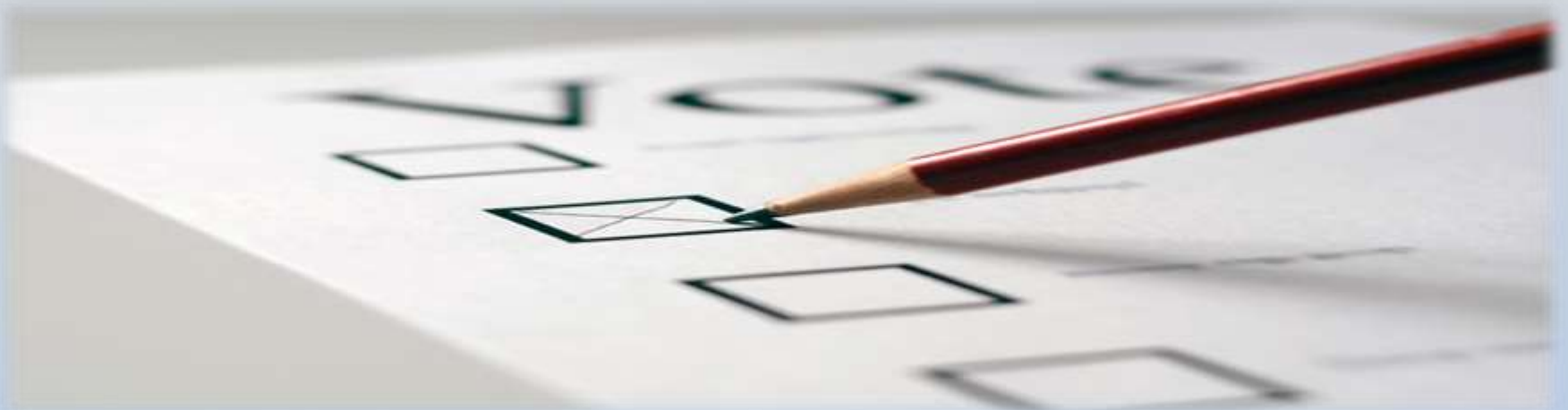
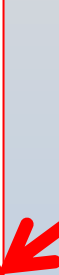


Exhibit III

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.



Recent Legislation

Governor Hutchinson's Highway Plan

Act 416 and Proposed Constitutional Amendment (Issue 1)

Four Revenue Sources

\$300 Million Per Year



Funding Recap

Highway Funding Working Group \$400 Million

Arkansas State Legislative Audit \$478 Million

Governor's Highway Funding Plan ***\$300 Million***



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

– Governor Asa Hutchinson

Act 416 Summary

| | |
|---|----------------------|
| Motor Fuel Tax | \$ 58 Million |
| Electric and Hybrid Vehicle Registration Fees | \$ 2 Million |
| Casino Revenue | <u>\$ 35 Million</u> |
| Total to ARDOT | \$ 95 Million |

Dedicated to System Preservation (Pavement and Bridges)



Proposed Constitutional Amendment

Issue 1

- Vote in General Election – November 2020
- ½-Cent Sales Tax Permanent after June 2023
- Continues to Provide **\$205 Million** to ARDOT Annually
- Continues to Provide **\$44 Million** to Cities Annually
- Continues to Provide **\$44 Million** to Counties Annually

Summary

Act 416

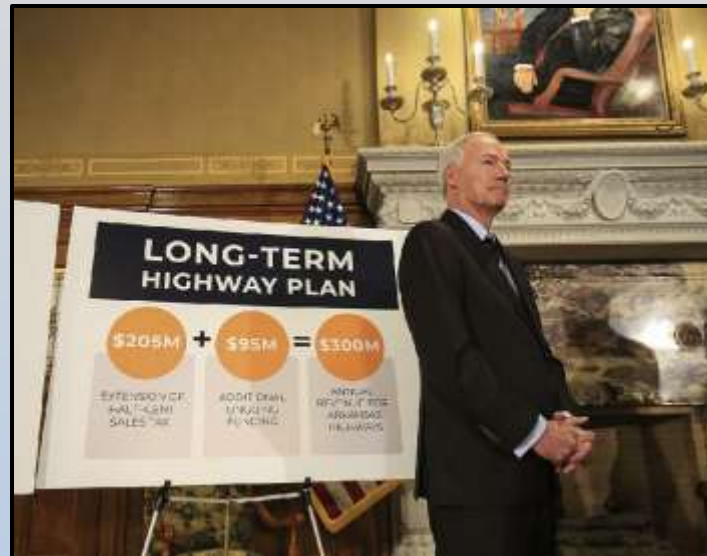
\$ 95 Million

Issue 1

\$205 Million

Total to ARDOT

\$300 Million





Issue 1

Proposed

Constitutional Amendment



November 3, 2020

The Ballot Question: Issue 1

YES



Funding from current sales tax continues after June 2023

NO



Funding from current sales tax terminates after June 2023

If Issue 1 Passes

Annual Revenue in SFY 2024

| | |
|------------------------------|-----------------------|
| Act 416 of 2019 | \$ 95 Million |
| Issue 1 | \$ 205 Million |
| Current Construction Program | \$ 440 Million |
| Total | \$ 740 Million |

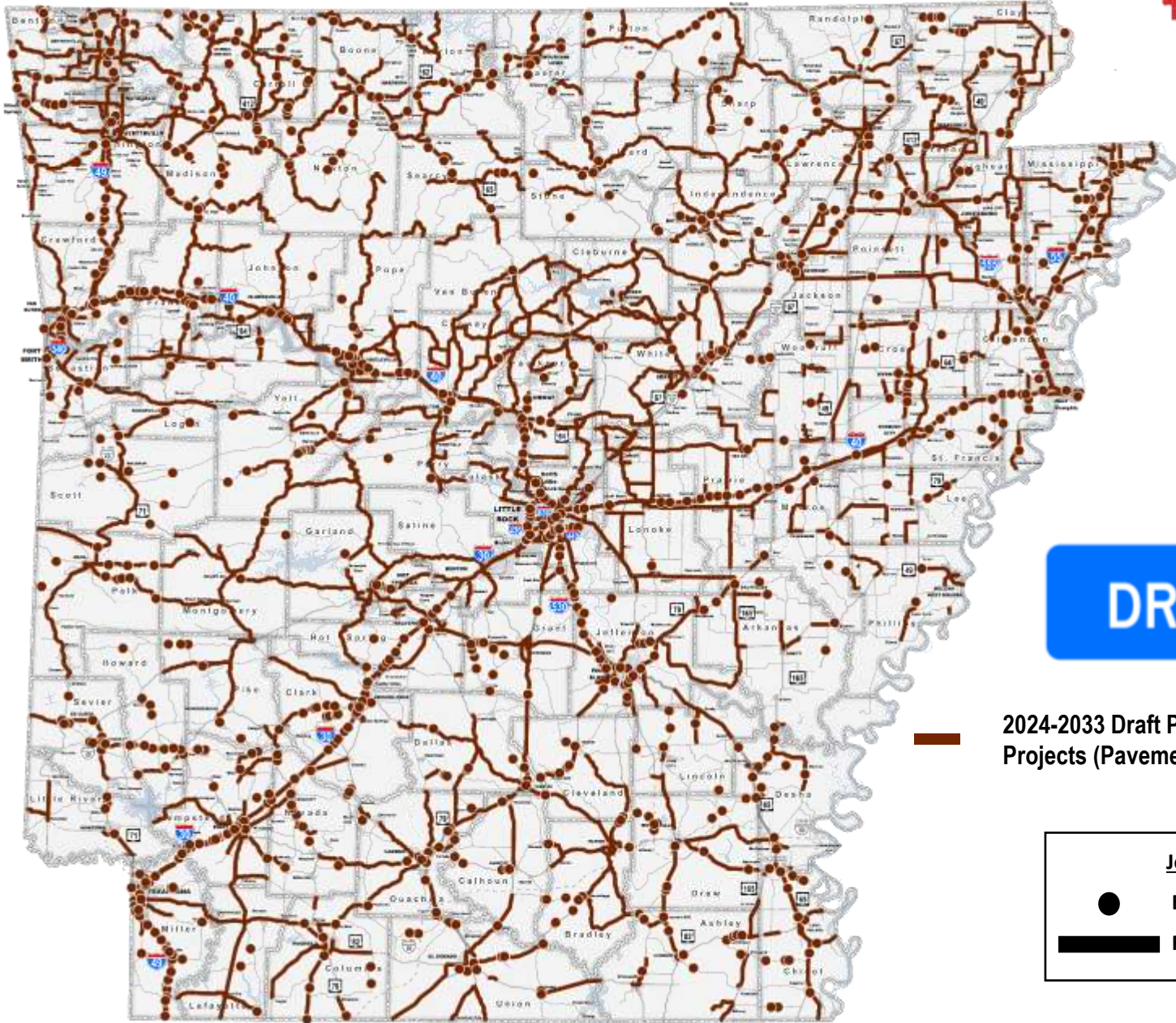


If Issue 1 Passes

10-Year *Renew Arkansas Highways* Program

| | |
|---------------------------------------|----------------------|
| Pavement Preservation | \$3.0 Billion |
| Bridge Improvements and Preservation | \$1.1 Billion |
| Interstate Maintenance | \$1.0 Billion |
| Safety Improvements | \$0.5 Billion |
| Capital and Congestion Relief (CAP-2) | \$1.8 Billion |
| Total | \$7.4 Billion |





DRAFT

— 2024-2033 Draft Program of Preservation Projects (Pavement & Bridges)

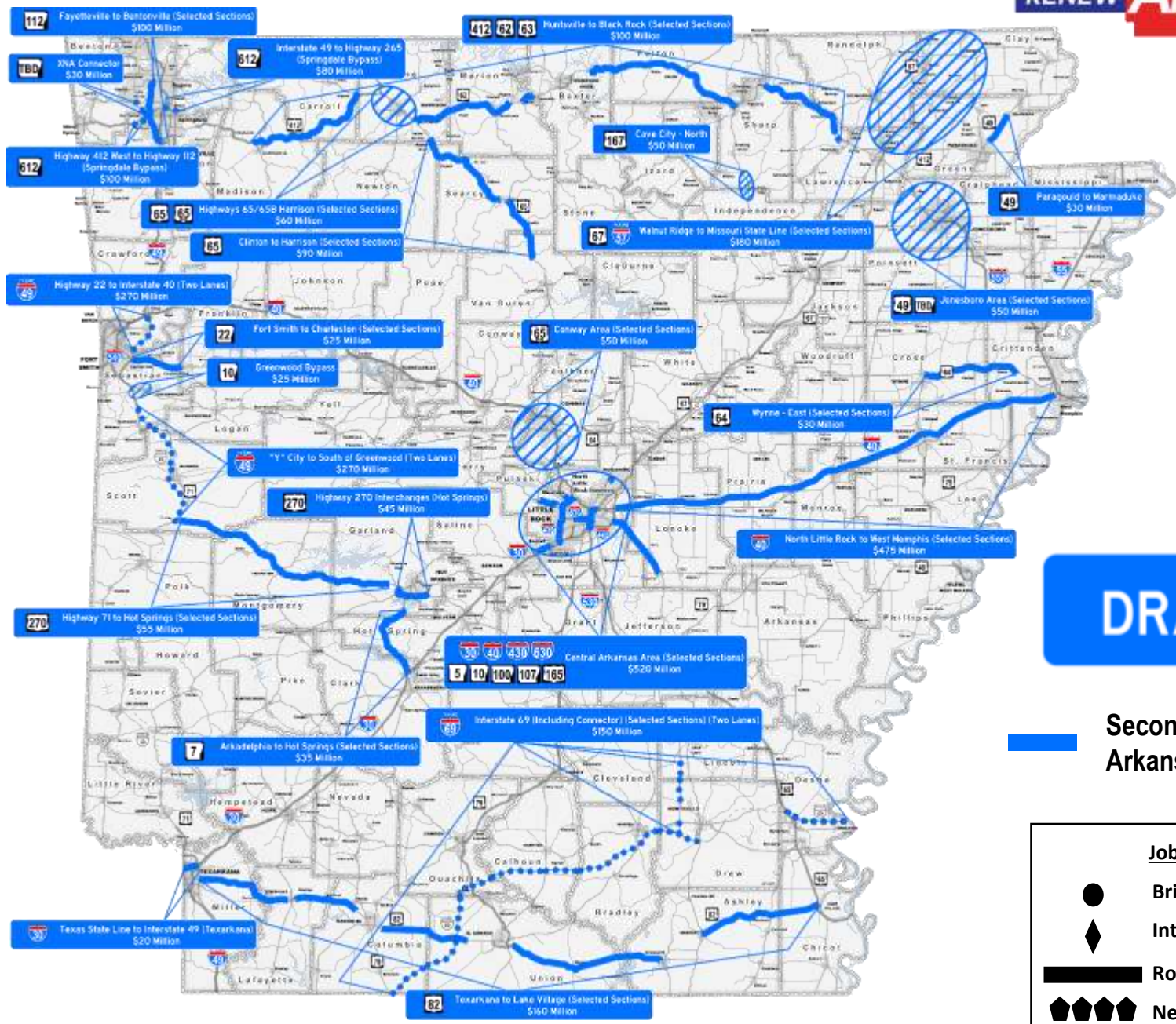
| Job Type | |
|----------|---------|
| ● | Bridge |
| — | Roadway |

Potential Projects

- | | |
|--|-----------------------|
| • Second Connecting Arkansas Program | \$ 3.0 Billion |
| • Economic Development, Partnering & Local Congestion Relief | \$ 0.5 Billion |
| • ROW Acquisition & Utility Relocation | \$ 0.1 Billion |
| | <hr/> |
| 20-Year Total | \$ 3.6 Billion |



Second Connecting Arkansas Program



DRAFT

Second Connecting Arkansas Program

Job Type

- Bridge
- ◆ Interchange
- ▬ Roadway
- ◆◆◆◆ New Location

Arkansans Major Public Asset Transportation Infrastructure

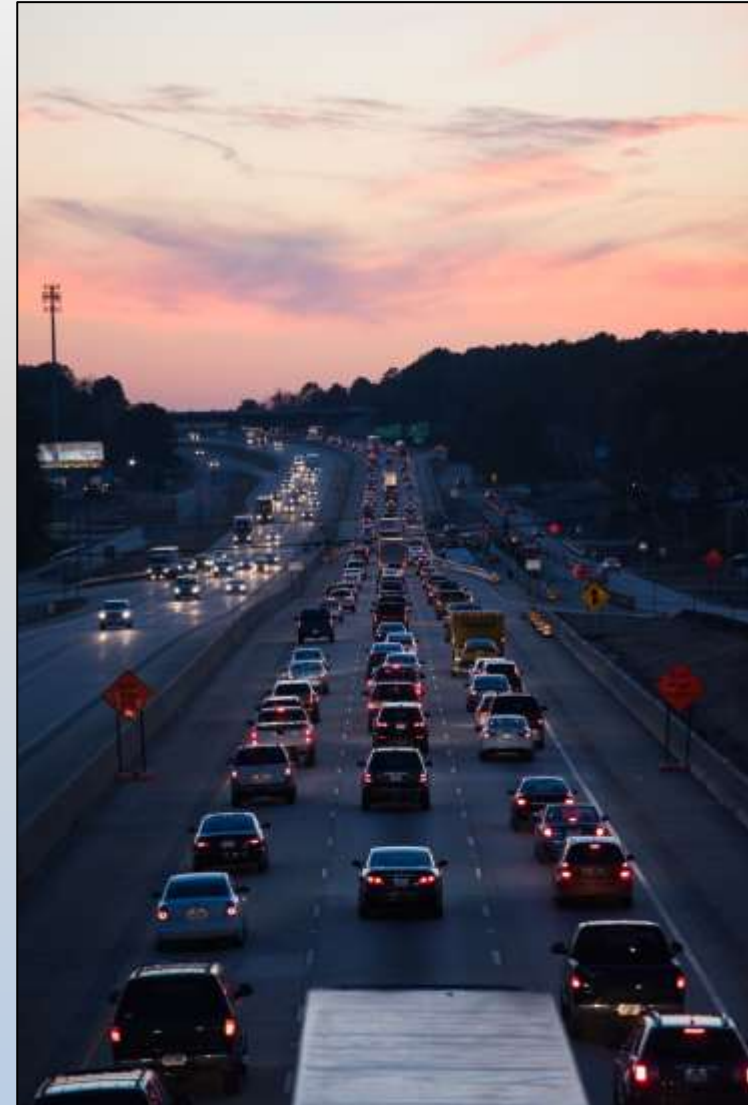
| State Highway System | Gross Replacement Value | Average Annual Investment to Maintain State of Good Repair |
|----------------------|-------------------------|--|
| Roads | \$58.1 Billion | \$387 Million (0.67%) |
| Bridges | \$11.0 Billion | \$117 Million (1.06%) |
| Total | \$69.1 Billion | \$504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

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



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



If Issue 1 Fails

Annual Revenue Expected to be Available in SFY 2024

Act 416 of 2019 \$ 95 Million

~~Proposed Amendment \$205 Million~~

Current Construction Program \$440 Million

Total Available SFY 2024 ~~\$735 Million~~

Nearly 30% Less

If Issue 1 Fails

10-Year Plan

| | |
|---------------------------------------|---------------|
| Pavement Preservation | \$3.0 Billion |
| Bridge Improvements and Preservation | \$1.1 Billion |
| Interstate Maintenance | \$1.0 Billion |
| Safety Improvements | \$0.5 Billion |
| Capital and Congestion Relief (CAP-2) | \$1.8 Billion |

Total

~~\$7.4~~ Billion

If Issue 1 Fails



Turnback to Cities

2023 - \$150 Million

2024 - \$106 Million

Nearly a 30% Reduction

Turnback to Counties

2023 - \$150 Million

2024 - \$106 Million

Nearly a 30% Reduction



Looking Forward





ARDOT – Educate Voters
 Cities and Counties – Educate Voters
 Roads and Bridges Coalition – Campaign

- The cost of the current 1/2 cent sales tax for the average family with a median income is about \$8/month
- This tax does not apply to groceries and it can only be used for road improvements
- If Issue 1 passes, the cost to the taxpayers will remain the same as it is now.
 - No Increase
 - No Decrease

Economy / Jobs / Safety / State of Good Repair



ROAD to a
BETTER FUTURE

November 3, 2020



Your
TRANSPORTATION SYSTEM



QUESTIONS?

