

Metroplan Board Meeting

Wednesday, September 27, 2017



New Name – New Identity











1929
Arkansas
Highway and
Department of
Lands

1977
Arkansas State
Highway and
Transportation
Department

2017 Arkansas Department of Transportation



New Name – New Identity

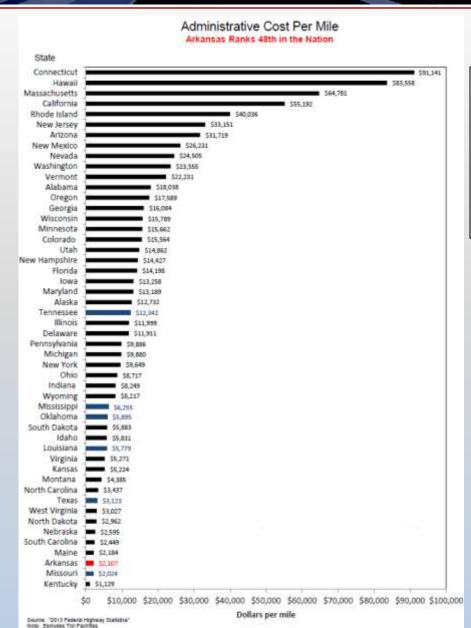


Provide safe and efficient transportation solutions to support Arkansas' economy and enhance the quality of life for generations to come.

Adopted June 7, 2017



Efficiency



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















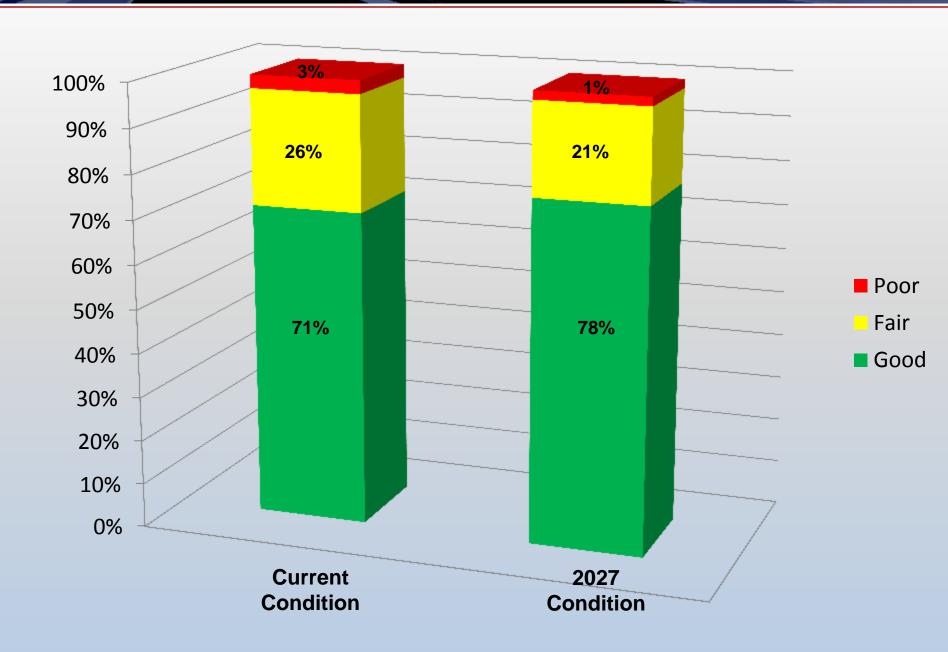




and Needs

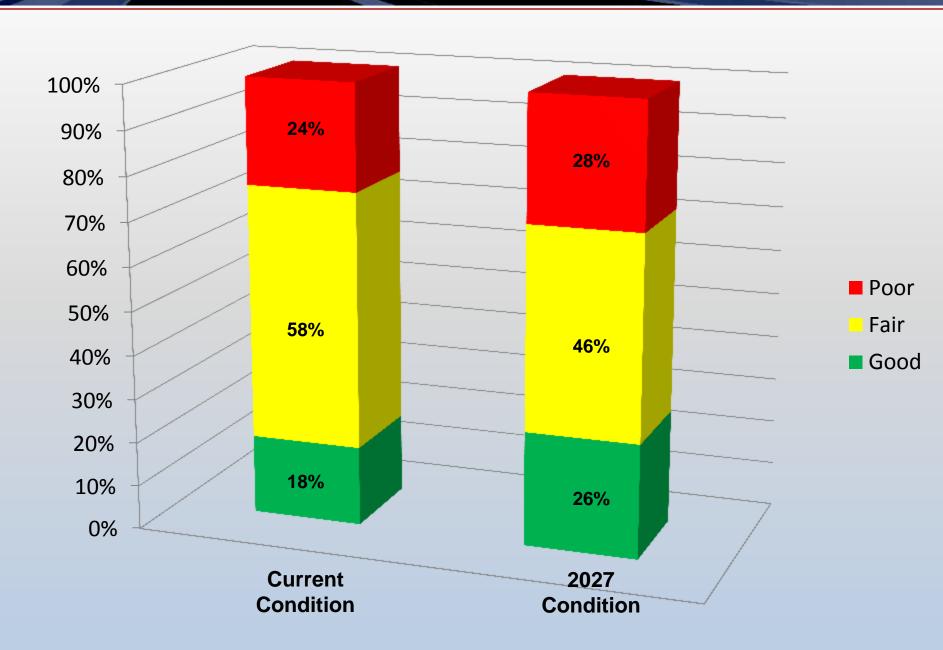


Interstates





All State Highways – Including Interstates





Pay a Little Now

Pay a Whole Lot Later



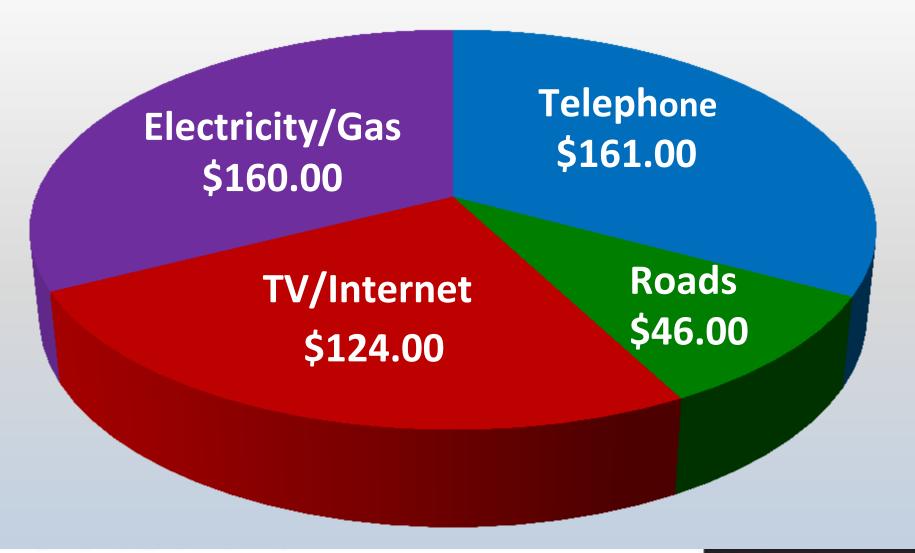
Overlay
\$100,000
per lane mile



Reconstruction \$1,500,000 per lane mile



Average Monthly Household Expenditures









Update

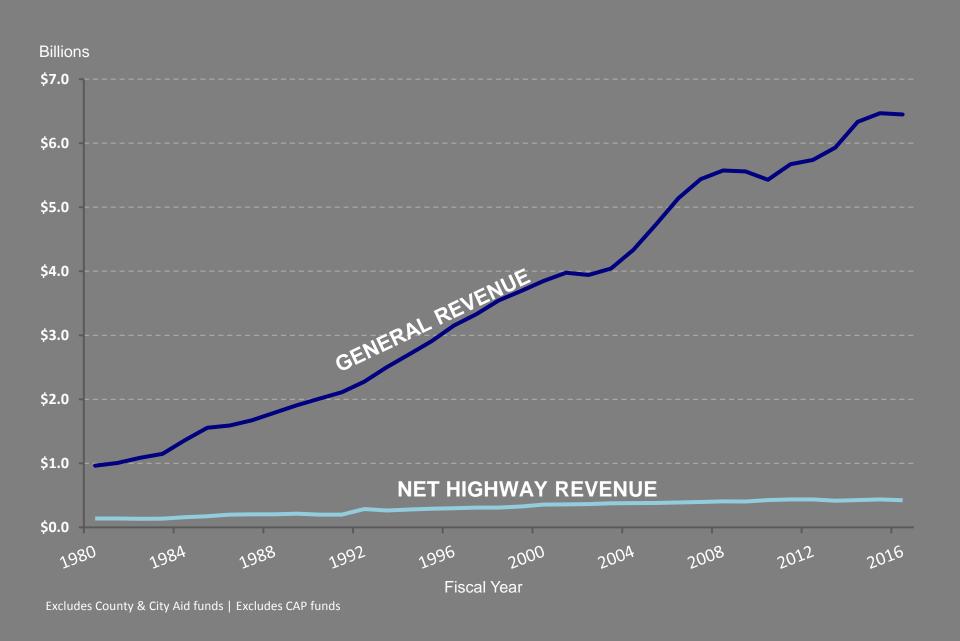


Great amount of uncertainty at the federal level State funds stagnant at best



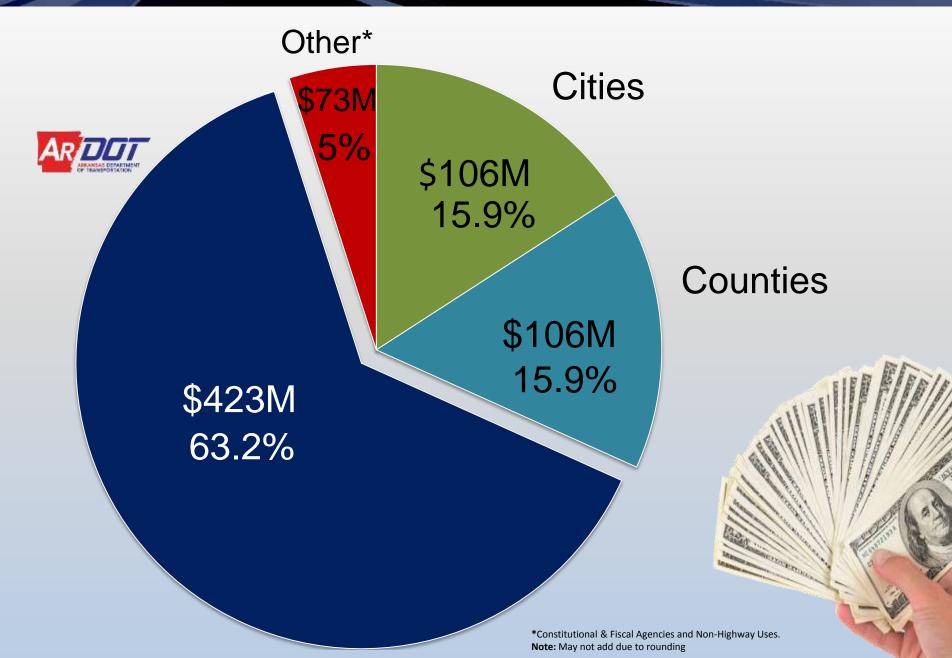


General Revenues vs ARDOT Net Highway Revenues





Annual Highway User Revenue Distribution

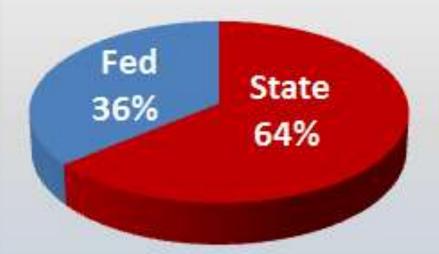




Federal vs. State Funding













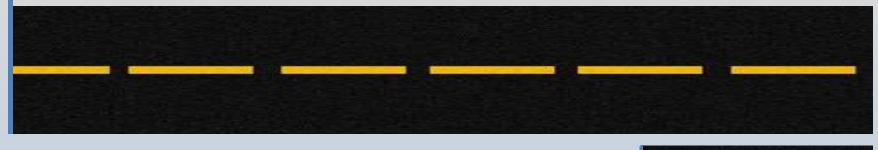
\$10,000,000 Overlay Program

THEN

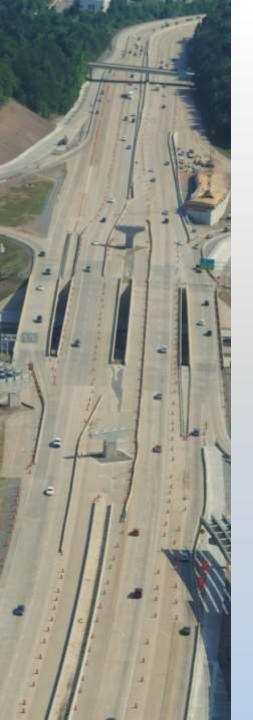
22 years ago, in 1995, 200 miles of Highway could be overlaid.

NOW

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







Challenges

≥12th largest system in the country

>42nd in highway revenue per mile.

>\$9.3 billion in needs

>\$4.5 billion in available revenue





Are We Going?



Governor's Highway Funding Working Group

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.



Legislation

HB 1726 BOND ISSUE

Authorizes the State Highway Commission to issue boards for

highway

maint lance and

mp vements,

u on approval by voters in a tatewide election.

нв 1727 **GAS TAX**

Establishes additional

fuel sales tax atth

wholesale level to be levied, only if the State Highway Commission is authorized by a statewide vote to issue highway maintenance and in provement bonds.

OBSTACLE



Looking Forward

"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



INTRODUCTION

This report is presented in response to a request for Arisansas Legislative Audi (ALP) to review intermetion, estimates, and calculations provided by the Arisansas Department of Transportation (AnDOT), foreign values as the Arisansas State Highway and Transportation Department, related to highway funding. AMDOT has indicated that additional state funding is needed to fully maximize available federal funds and to expend non-federal construction and mainteraprice projects.

OBJECTIVES

The objectives of this report were to

- Provide information regarding state funding sources and uses for highways, with associated construction and maintenance costs, for prior years.
- Determine the amount of matching funds needed annually in order for ARDOT to receive the maximum telepral aid available.
- Determine the amount of additional state revenues needed to fund AADOT'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 flocal years ended June 30, 2010 through 2016, and projections and estimates for foderal fiscal years ending September 30, 2017 through 2020. ALA staff reviewed audit reports from prior years, periodually reviewes 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 AnDOT and tested for accuracy and reassnablemess 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 Edwarmment Auditing Standards Issued by the Comptteilor General of the United States.

BACKGROUN

sport ID: SPSAnagan

AHOOT recognizes revenues from both federal and state sources. State revenues include motor fuel taxes, registration fees, instrust gas severance fees, and evertical 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 700 Woodane Stoot, Suite 179, Little Bock, Ali 72201 Phone: 501-083-8000 • Fax: 501-083-8005 www.arklegnode.go

Report Date: August 31, 2017



August 31, 2017 – Report Released

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 | Annual Funds Needed for Highway Construction Plan | Annual Funds Available for Highway Construction | ole for Needed for way Highway | |
|--|---|--|-----------------------------------|--|
| 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 | 504,000,000 | 227,000,000 | 277,000,000 | |
| 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 Facilities upgrades Intelligent Transportation System (ITS) | 19,000,000 8,000,000 3,000,000 | 19,000,000 | 8,000,000 3,000,000 | |
| Total Maintenance | 30,000,000 | 19,000,880 | 11,000,000 | |
| Totals | \$ 925,000,000 | \$ 447,000,000 | \$ 478,000,000 | |

ALA staff reviewed projected revenues and expenditures for fiscal years 2017 through 2020for consistency and reasonableness when compared with prior years.

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 | 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 Bridges Total System Preservation | \$ 387,000,000 117,000,000 504,000,000 | \$ 137,000,000 90,000,000 227,000,000 | \$ 250,000,000 27,000,000 277,000,000 |
| 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 Facilities upgrades Intelligent Transportation System (ITS) Total Maintenance | 19,000,000 8,000,000 3,000,000 30,000,000 | 19,000,000 | 8,000,000 3,000,000 11,000,680 |
| Totals | \$ 925,000,000 | \$ 447,000,000 | \$ 478,000,000 |

ote: Amounts shown are rounded

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



Revenue Sources

| Source | Highway Revenue ¹ |
|---|---------------------------------|
| 1 Cent Motor Fuel Tax Increase | \$ 14 M |
| Remove Sales Tax Exemption (Wholesale \$1.70 per Gallon) ² | \$ 108 M |
| 6.5% Sales Tax (Wholesale \$1.70 per Gallon) | \$ 156 M |
| \$10 Registration Fee Increase (Cars and Pickups) | \$ 19 M |
| Transfer Sales Tax on New and Used Vehicles ² | \$ 228 M |
| Transfer Sales Tax on Auto Repair Parts, Services, etc. ² | \$ 74 M |
| 1% General Sales Tax | \$ 344 M |

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)



Options for Generating Additional Revenue

| Source | \$200 Million for Highways ⁽¹⁾ | \$300 Million for Highways ⁽¹⁾ | \$400 Million for Highways(1) |
|-------------------------------------|--|--|-------------------------------|
| Fuel Tax | 14.2¢ | 21.3¢ | 28.4¢ |
| Sales Tax on Fuel (wholesale) | 8.33% | 12.5% | 16.67% |
| Registration Fee | \$104 | \$156 | \$208 |
| General Sales Tax ⁽²⁾ | 0.58% | 0.87% | 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)



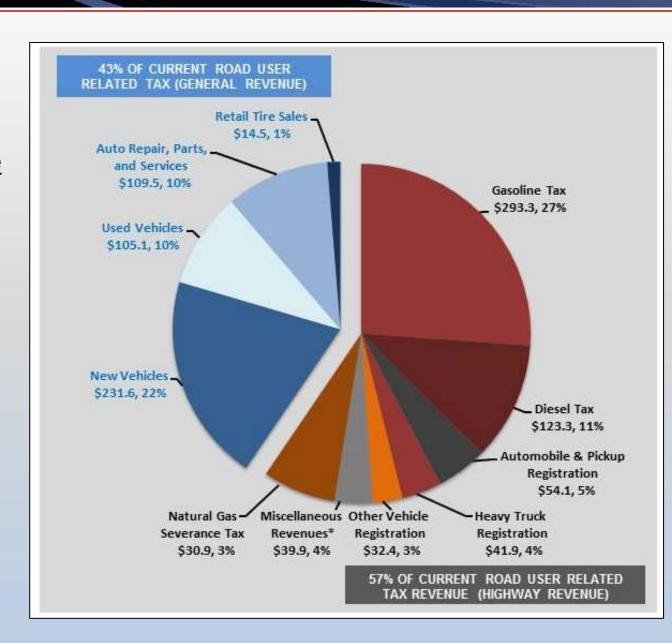
Road User Related Tax Revenue (SFY 2016)

Total Road User Revenue \$1,076.5 Million

Distribution:

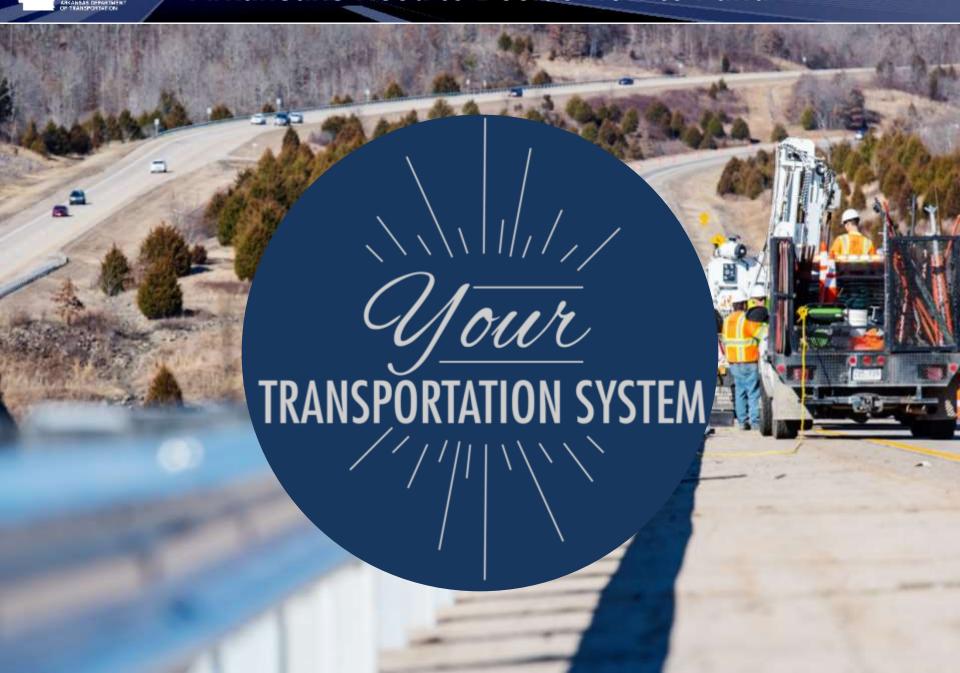
General Revenue \$460.7 Million (43%)

Highway Revenue \$615.9 Million (57%)





Arkansans Need to Decide How to Fund



Citizens Opinion Survey

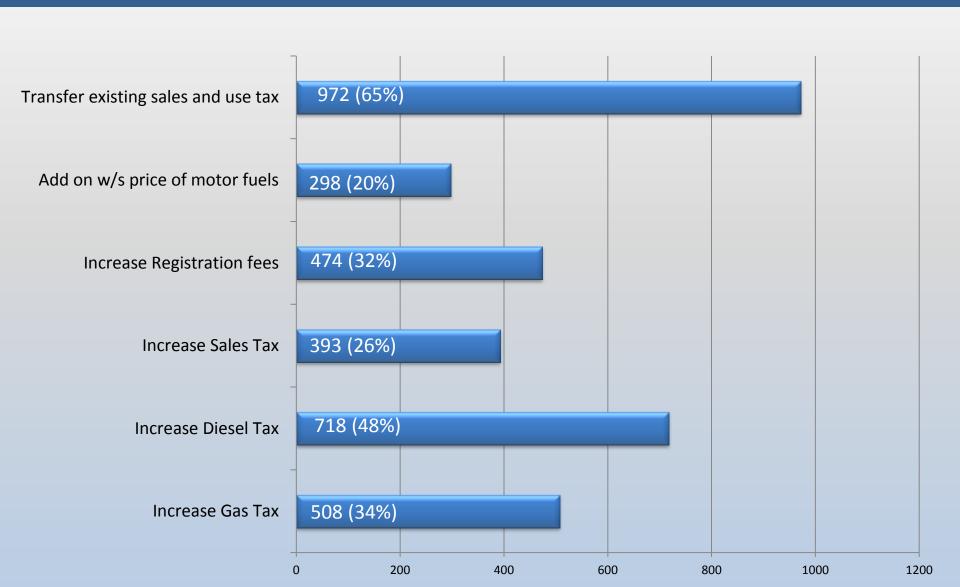
Address: City, State, Zip:

| SUF | RVEY YS IN ARKANSAS | ARDOT Public Information PO Box 2261 Little Rock, AR 72203 info@ardot.ar.gov |
|--|---|--|
| Are you satisfied | with the condition of the exist | ting state highway system? |
| OYes ON |) | |
| What highways improvements d | in your area need improvemen o they need? | ts, and what type of |
| STATE OF THE PARTY | | |
| Transportation E | r highway conditions, the Arki lepartment will need additiona ogram that would generate add | I funds. Would you support a |
| OYes ON | 3 | |
| | owing sources do you recomn (check all that apply): | nend be utilized in obtaining |
| O Increase in reg O Add sales tax o O Transfer existin | sel tax es tax (dedicated to highways) | hicles and related parts and |
| the 2018 general | election ballot? | highway revenue proposal on |
| OYes ON | | |
| THE REAL PROPERTY. | r about this survey | |
| O Presentation O Social Media OOther: | OTV/Radio/Print OFamily or Friend | OWebsite/Search Engine |
| Optional: | | Online Form Available Here: |
| Name: | | |



Survey Results

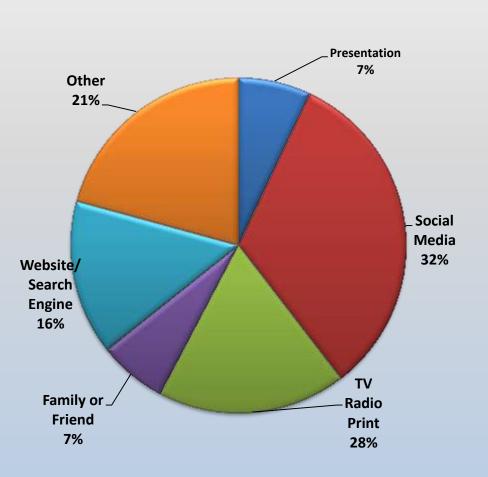
Which of the following sources do you recommend be utilized in obtaining additional funds?

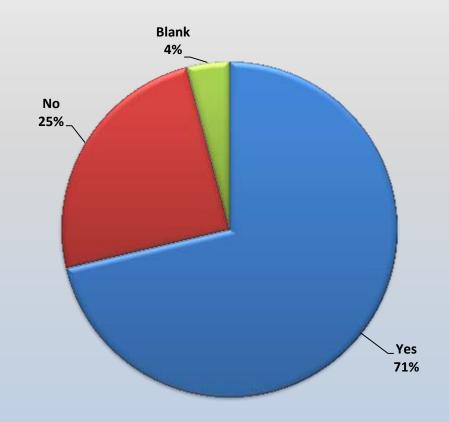


Survey Results

How did you hear about us?

Would you be willing to sign a petition?







Arkansas Department of Transportation

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











