

Scott E. Bennett, P.E.

Director



Arkansas Asphalt Pavement Association

Wednesday, January 3, 2018

Changes at the Department





Dick Trammel



Tom Schueck



Robert Moore



Alec Farmer



Philip Taldo



David Archer
District Seven Engineer

Department Initiatives





- Evaluation Completed
- Benefits
- Inconsistent Results
- Current Guidelines

Expanded Electronic Documentation

Electronic Payrolls

Increased Transparency

Pass-through Service





Supplemental Agreements

Civil Rights & Labor Management

CAP and IRP



Updates



INTERSTATE
REHABILITATION
PROGRAM

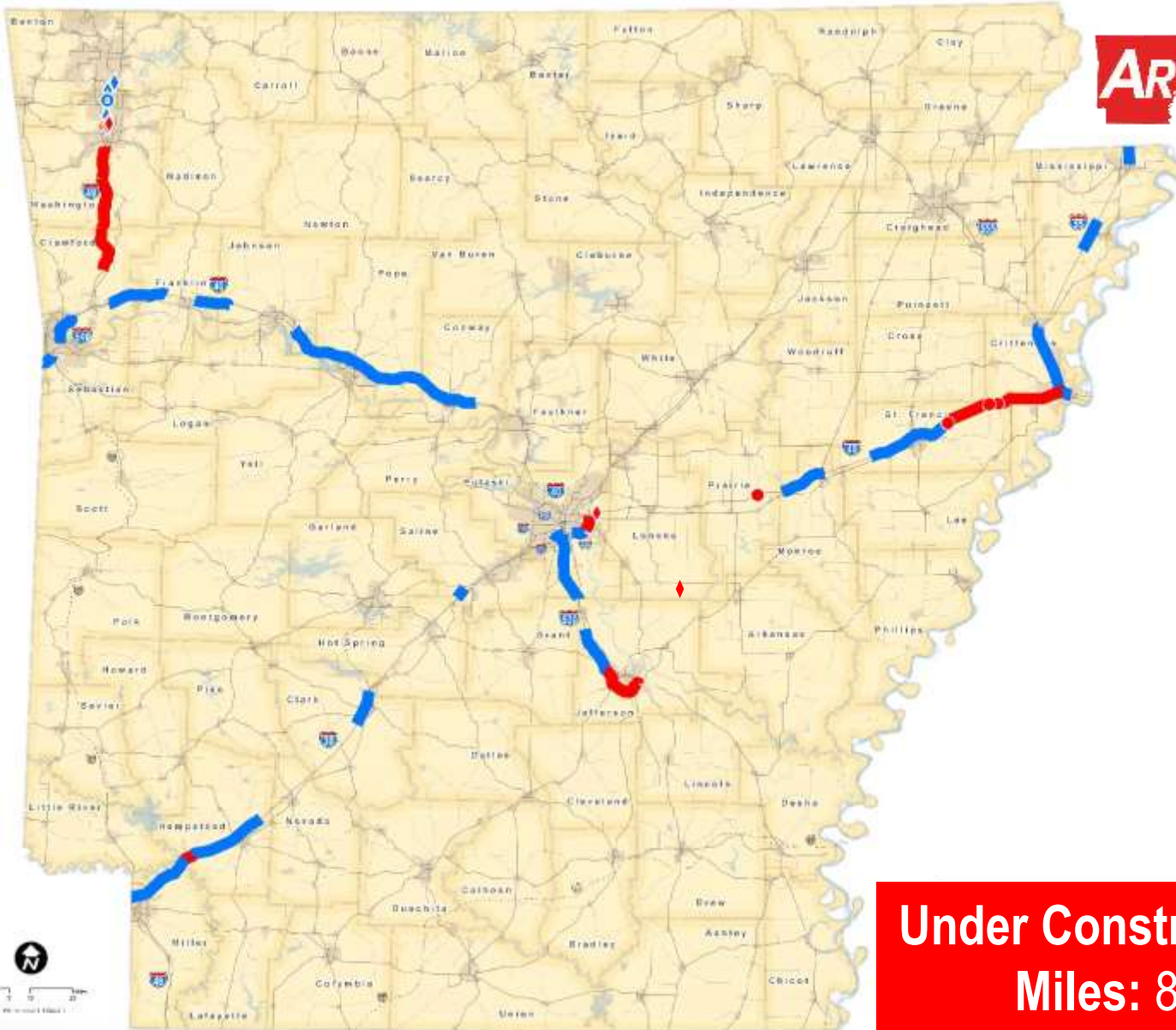
IRP





**Completed
Miles: 222
Amount: \$668 M**

Interstate Rehabilitation Program



Under Construction
Miles: 81
Amount: \$523 M

Interstate Rehabilitation Program



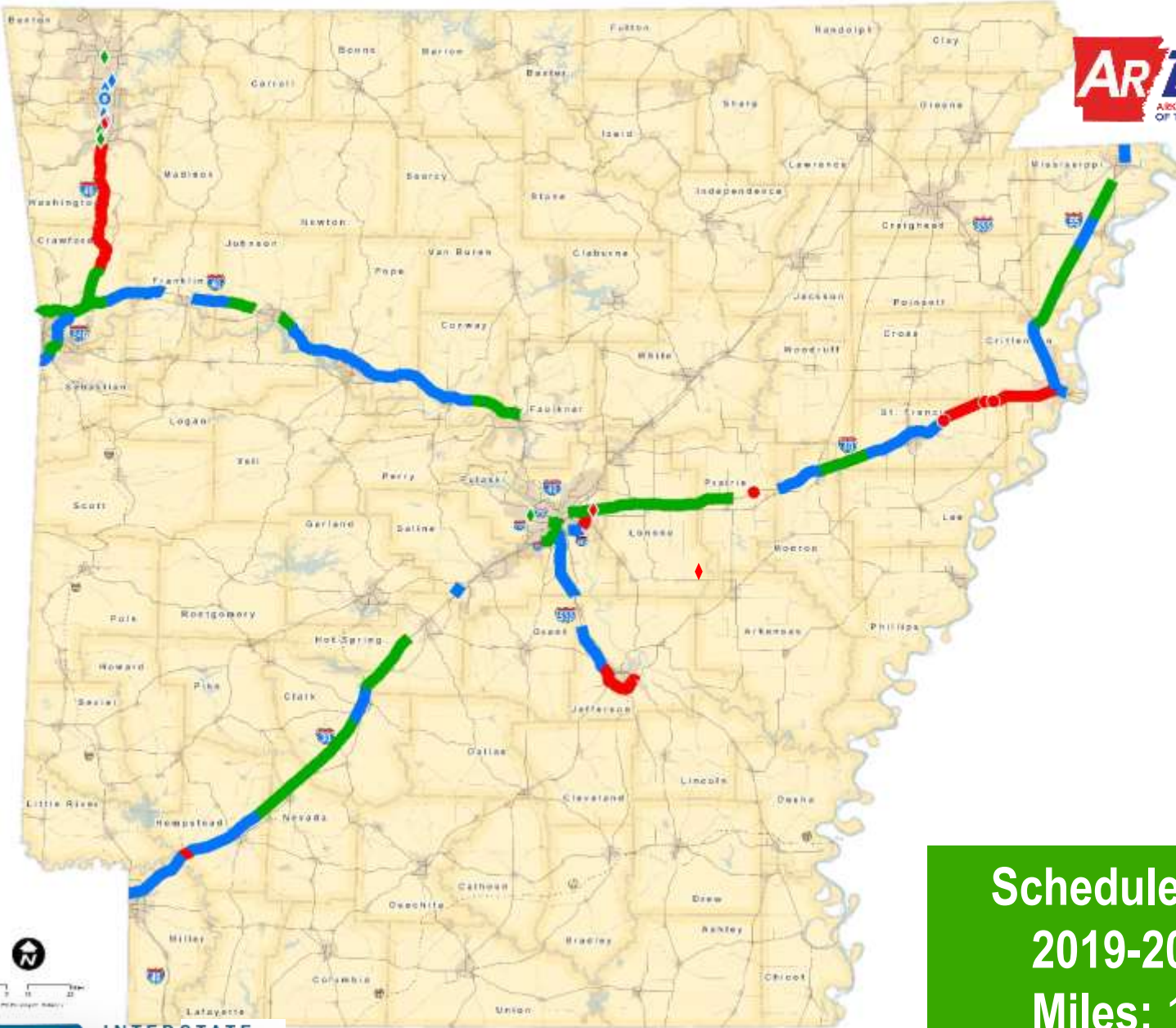


Interstate Rehabilitation Program



Scheduled for 2018
Miles: 21
Amount: \$44 M





Interstate Rehabilitation Program

**Scheduled for
2019-2023**

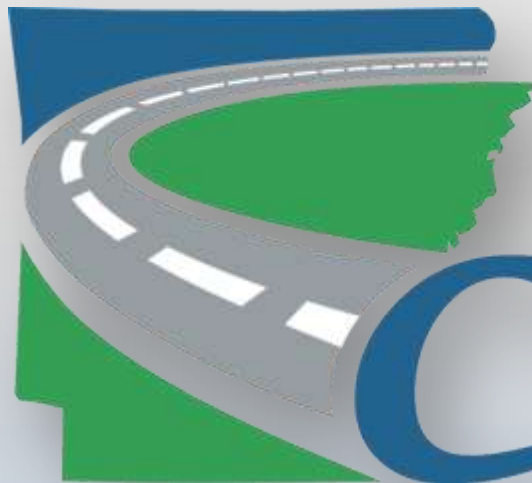
Miles: 170

Amount: \$290 M



**INTERSTATE
REHABILITATION
PROGRAM**

IRP



CONNECTING
ARKANSAS
PROGRAM

CAP



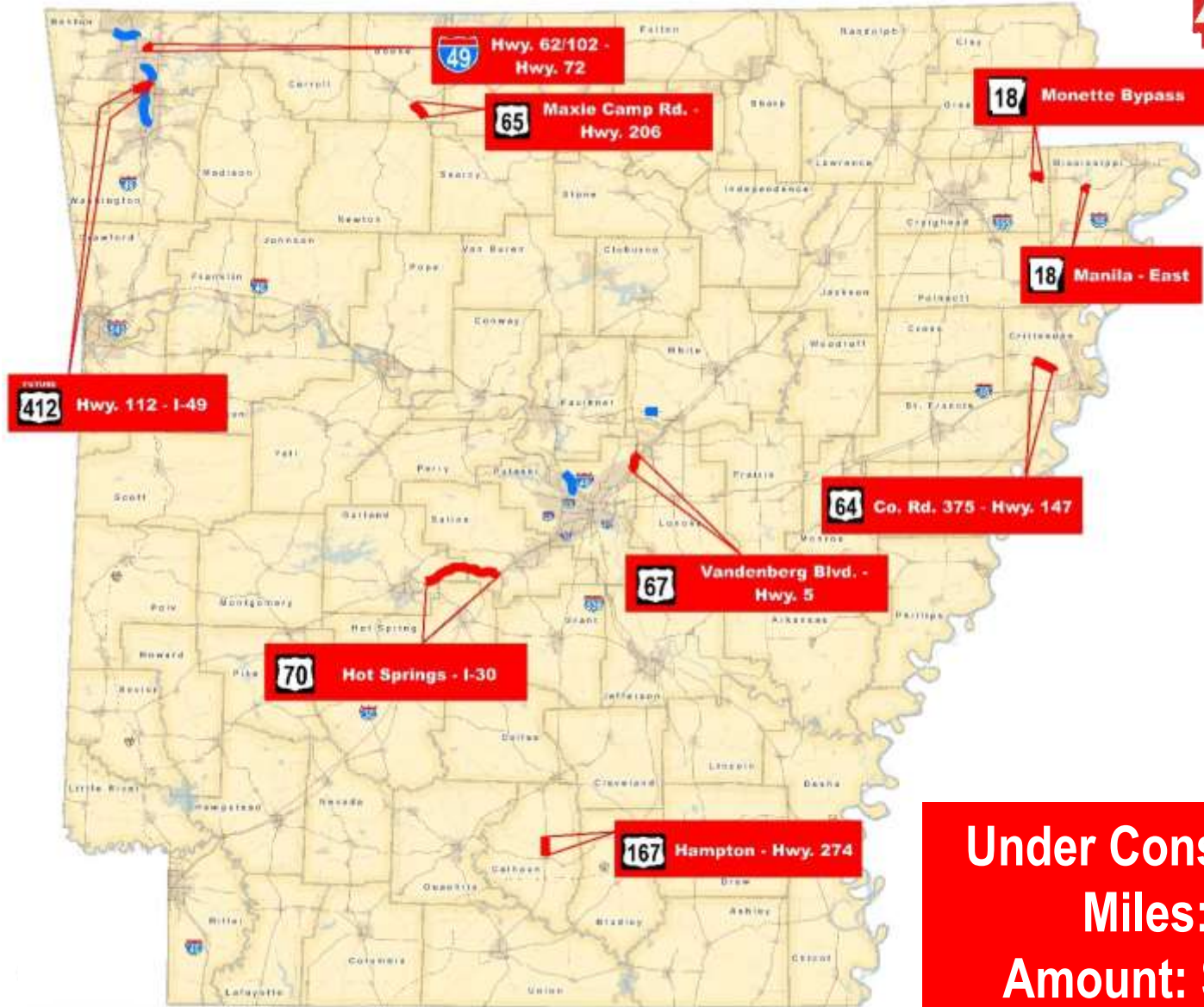


Connecting Arkansas Program



Completed
Miles: 27
Amount: \$188 M





Under Construction
Miles: 49
Amount: \$403 M

Connecting Arkansas Program



Scheduled for 2018
Miles: 80
Amount: \$1.09 B



Scheduled for 2019-2020
Miles: 29
Amount: \$245 M

2017-2020 Program



2017 Lettings

Type Work	Amount (x \$1 M)
Widening / New Location	\$ 354
Pavement Preservation	\$ 327
Bridges	\$ 181
Safety	\$ 3
Other	\$ 5
Total	\$ 870



2018 Scheduled

Type Work	Amount (x \$1 M)
Widening / New Location	\$ 630
Pavement Preservation	\$ 169
Bridges	\$ 431
Safety	\$ 65
Other	\$ 32
Total	\$1,327



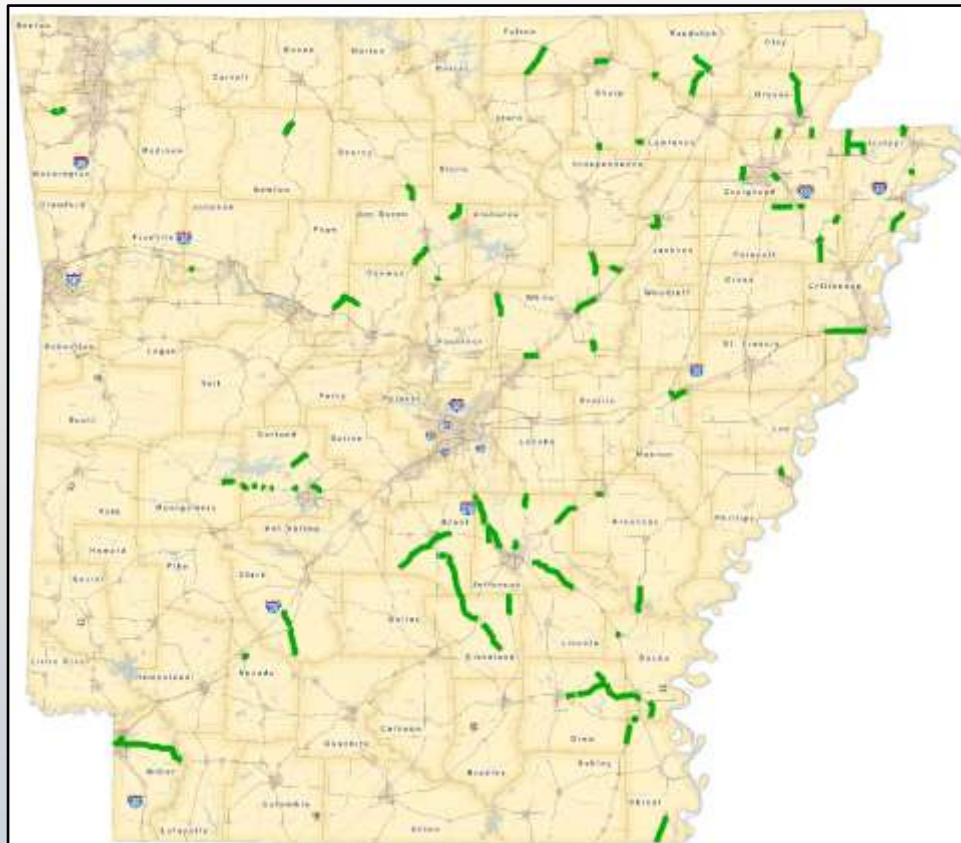
January – \$20 Million

February – \$52 Million

March – \$44 Million

May – \$25 Million

June – \$28 Million



2019 Scheduled

Type Work	Amount (x \$1 M)
Widening / New Location	\$ 297
Pavement Preservation	\$ 181
Bridges	\$ 191
Safety	\$ 37
Other	\$ 28
Total	\$ 734



2020 Scheduled

Type Work	Amount (x \$1 M)
Widening / New Location	\$ 387
Pavement Preservation	\$ 80
Bridges	\$ 135
Safety	\$ 12
Other	\$ 10
Total	\$ 624

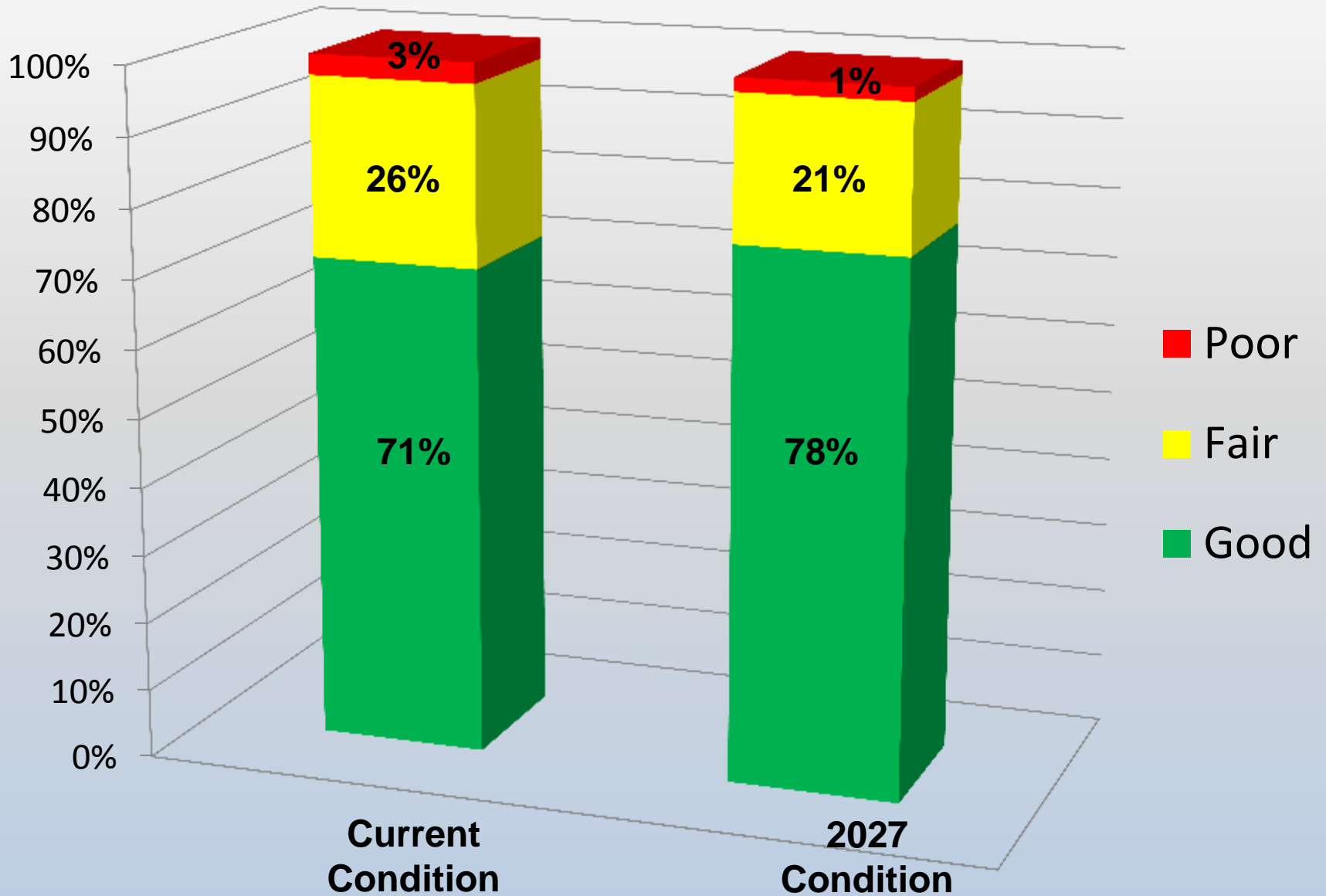


Highway Condition

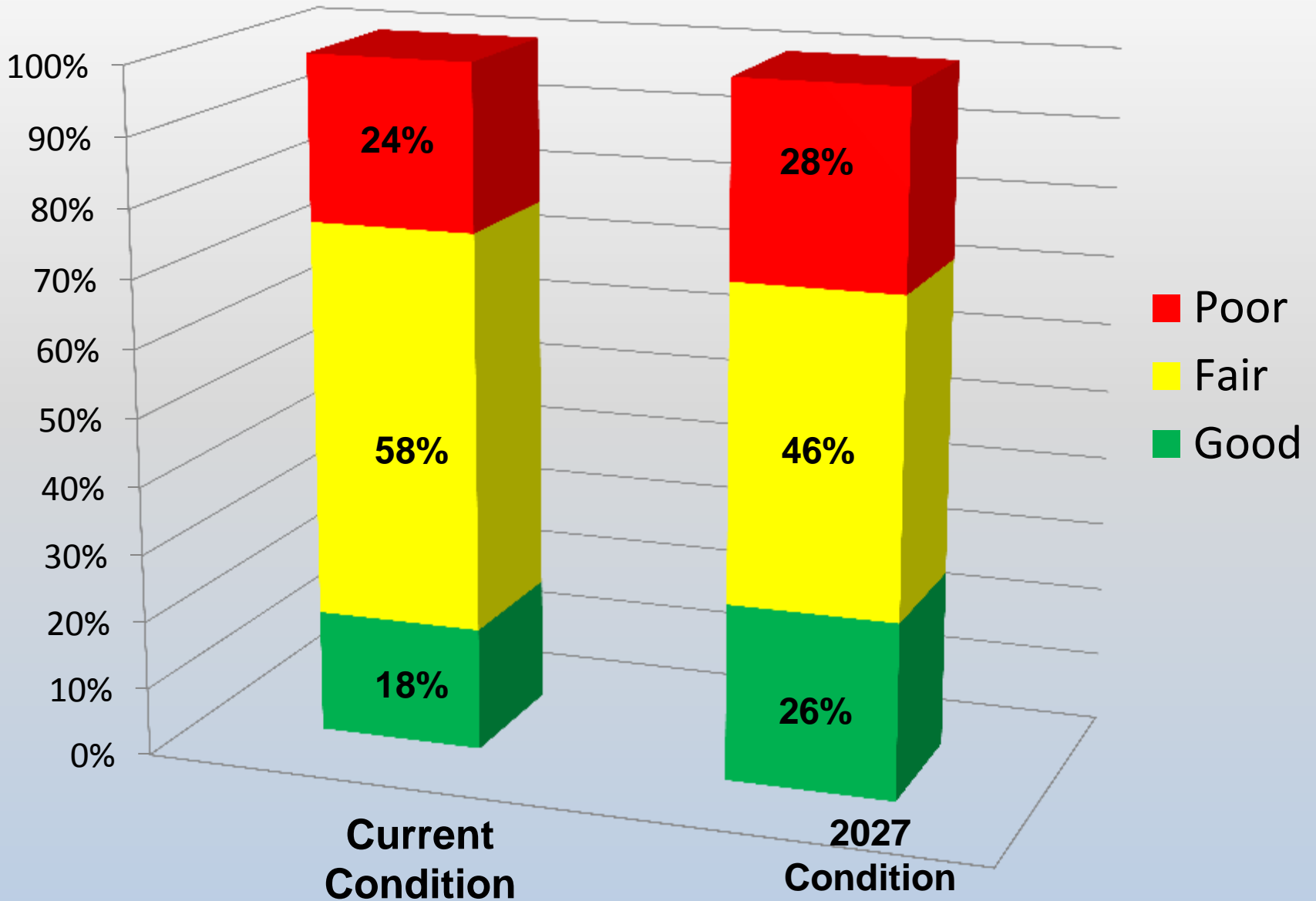


and Needs

Interstates



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



Pay a Little Now or a Lot Later!

Status of Federal Funding



Federal Highway Funding Issues

- Congress Passes 3rd Continuing Resolution
- Government Funded Until January 19th
- Potential Impacts



Federal Highway Funding Issues

President Signs Tax Bills

No Increase in Long-Term Transportation Funding

Washington Now Looking to States for New Funding

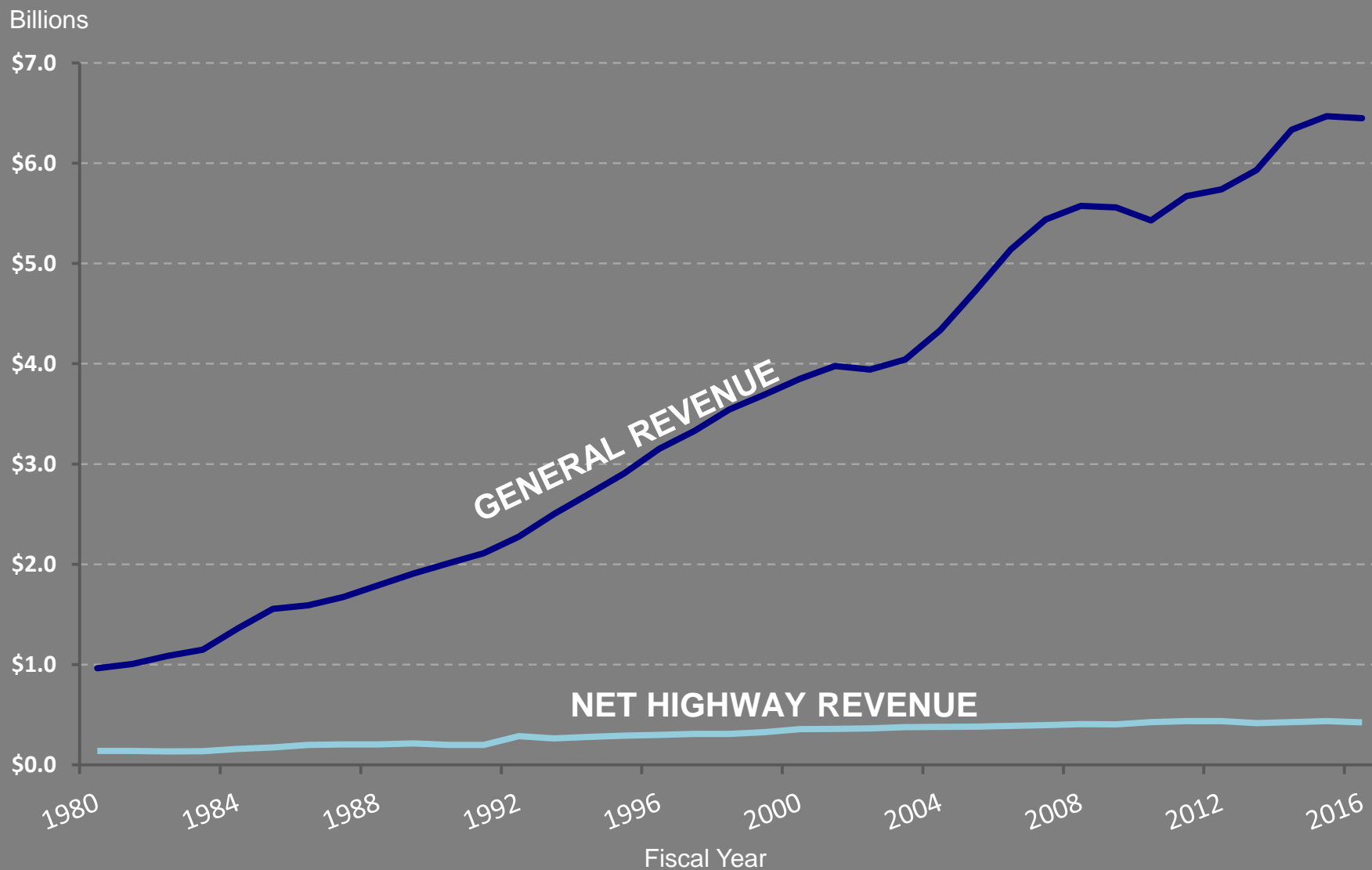
New Program Must Have Democrats Support



Status of State Funding



General Revenues vs ARDOT Net Highway Revenues



Excludes County & City Aid funds | Excludes CAP funds



Blue Ribbon
Committee
on Highway Finance
BlueRibbonHighways.com

FINAL REPORT

December 1, 2010

Presented to:

The Honorable Mike Beebe, Governor
House Interim Committee on Public Transportation
Senate Interim Committee on Transportation, Technology and Legislative Affairs
House Interim Committee on Revenue and Taxation
Senate Interim Committee on Revenue and Taxation
Arkansas Legislative Council
Arkansas State Highway Commission
Association of Arkansas Counties
Arkansas Municipal League





“... 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.”



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 a Multi-Year Construction Program
- Transfer Sales Tax on New and Used Vehicles, Auto Repair Parts and Services, Tires and Batteries

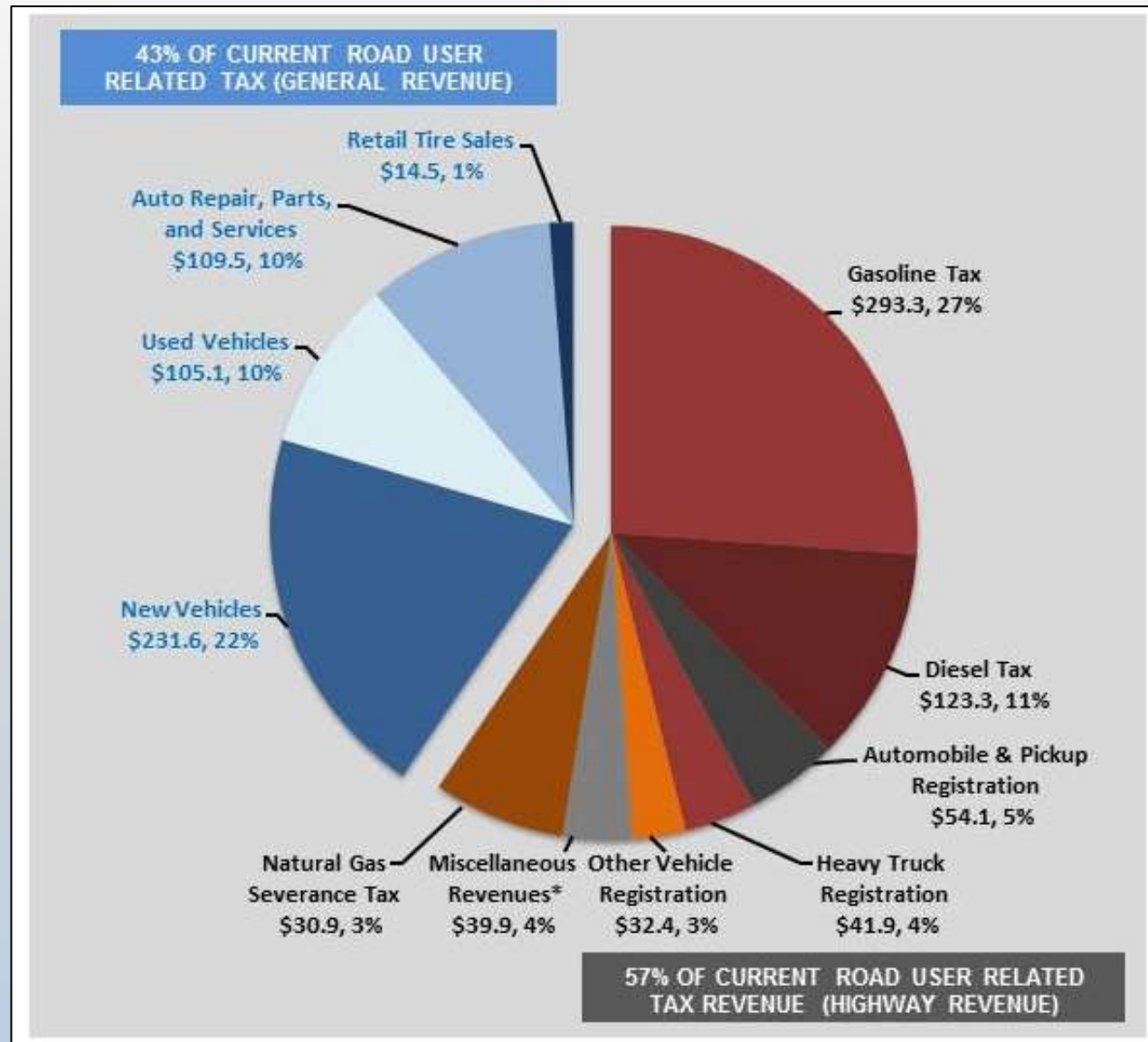
Road User Related Tax Revenue (SFY 2016)

Total Road User Revenue
\$1,076.5 Million

Distribution:

General Revenue
\$460.7 Million (43%)

Highway Revenue
\$615.9 Million (57%)



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.



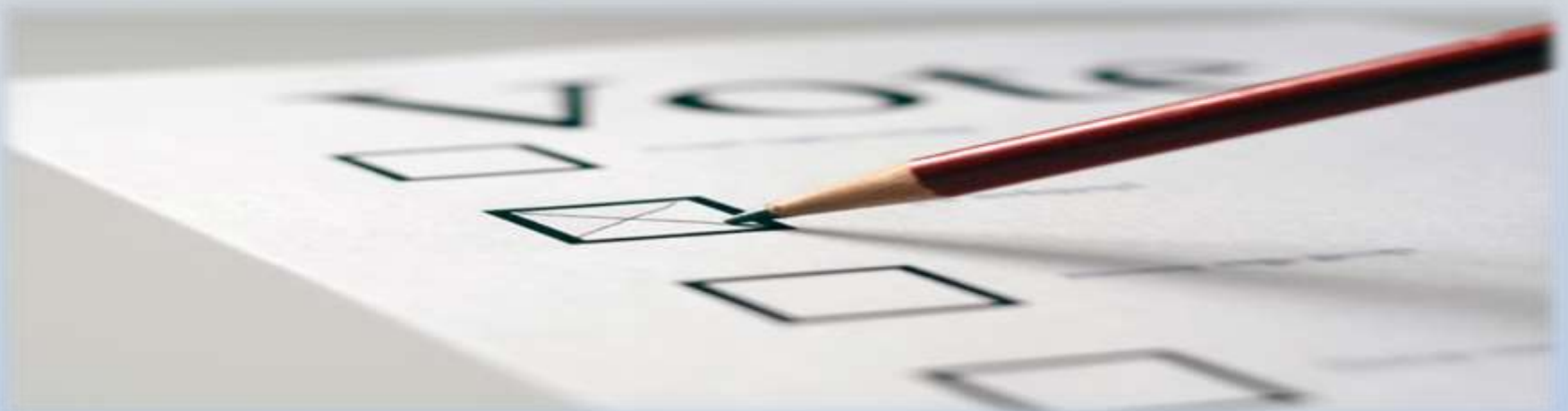
**PASSED THE
HOUSE
COMMITTEE**

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

□ 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.



Projected

Act 1 - Arkansas Highway Improvement Plan of 2016

	FFY16	FFY17	FFY18	FFY19	FFY20
	(x \$1 M)				
2016 Special Session					
Long Term Reserve Fund (formerly named Arkansas Rainy Day Fund)	40.0				
Securities Reserve Fund	1.5	20.0	20.0	20.0	20.0
Redirect the \$4 Million of the Diesel Tax that goes to General Revenue to Highways (70/30 split)		2.7	2.7	2.7	2.7
Eliminate the State Central Services Deduction from 1/2 Cent Sales Tax (70/30 split)		5.4	5.4	5.4	5.4
Sub-Totals 2016 Special Session	41.5	28.1	28.1	28.1	28.1
Potential in Future Years					
Allocate up to 25% of Future GIF to Highways (Estimate Based on 10 Year Average)		48.0	48.0	48.0	48.0
Total Projected	41.5	76.1	76.1	76.1	76.1

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 (formerly named Arkansas Rainy Day Fund)	40.0	20.0			
Securities Reserve Fund	1.5	1.7	Partially Requested but not Received		
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	5.4	5.4	5.4
Allocate up to 25% of Future GIF to Highways (Estimate Based on 10 Year Average)		3.9		?	?
Total Received To Date	41.5	31.3	?	?	?
Total Projected	41.5	76.1	76.1	76.1	76.1
Difference	0	(44.8)	?	?	?

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.



**PASSED THE
HOUSE
COMMITTEE**

**FAILED ON THE
HOUSE FLOOR**



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.

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.



**HOUSE
FOR – 38
AGAINST – 35
NOT VOTING - 27**



"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
- 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	Additional Annual Revenues	Additional Annual Expenditures	Additional Annual Net
System Preservation			
Pavement			
Bridges			
Total System Preservation			
Capacity Relief			1,000,000
Safety Improvements			12,000,000
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	30,000,000	19,000,000	11,000,000
Totals	\$ 925,000,000	\$ 447,000,000	\$ 478,000,000

\$ 447,000,000

Note: Amounts shown are rounded.

ALA staff reviewed projected revenues and expenditures for fiscal years 2017 through 2020 ...for 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			Additional Annual Revenues
System Preservation			
Pavement			
Bridges			
Total System Preservation			
Capacity Relief			2,000,000
Safety Improvements			12,000,000
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	30,000,000	19,000,000	11,000,000
Totals	\$ 925,000,000	\$ 447,000,000	\$ 478,000,000

\$ 478,000,000

Note: 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.

Possible New Program





Your
TRANSPORTATION SYSTEM

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:

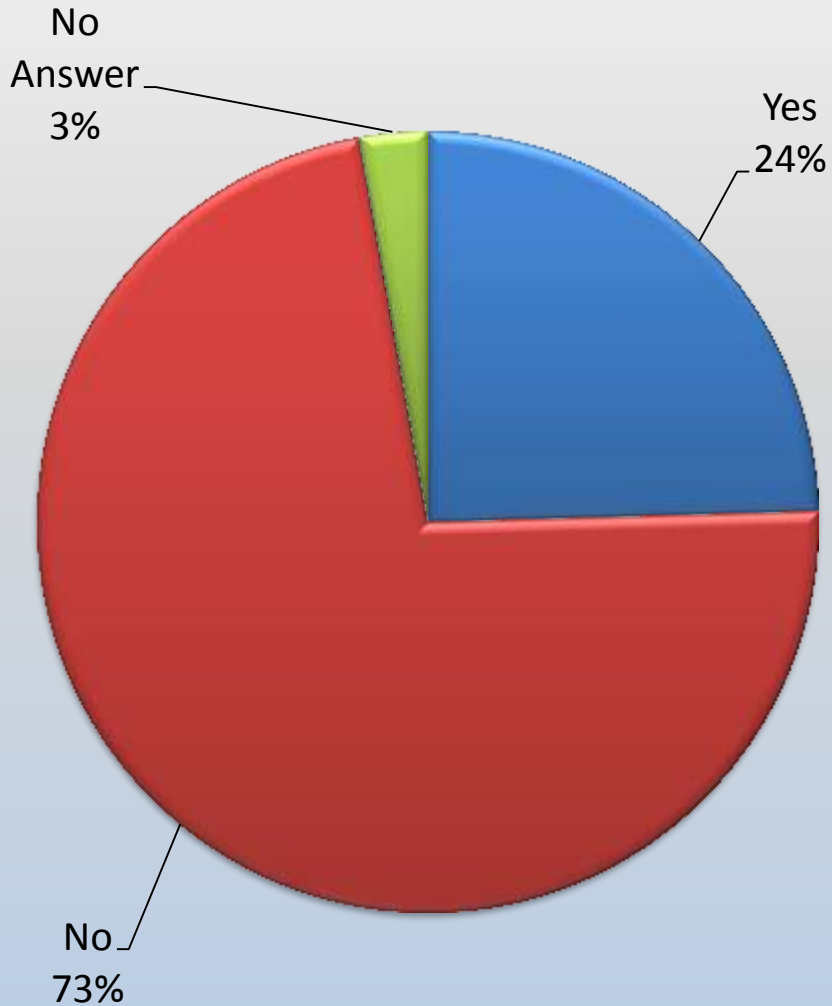
Name: _____
Address: _____
City, State, Zip: _____

Online Form Available Here:



Survey Results

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

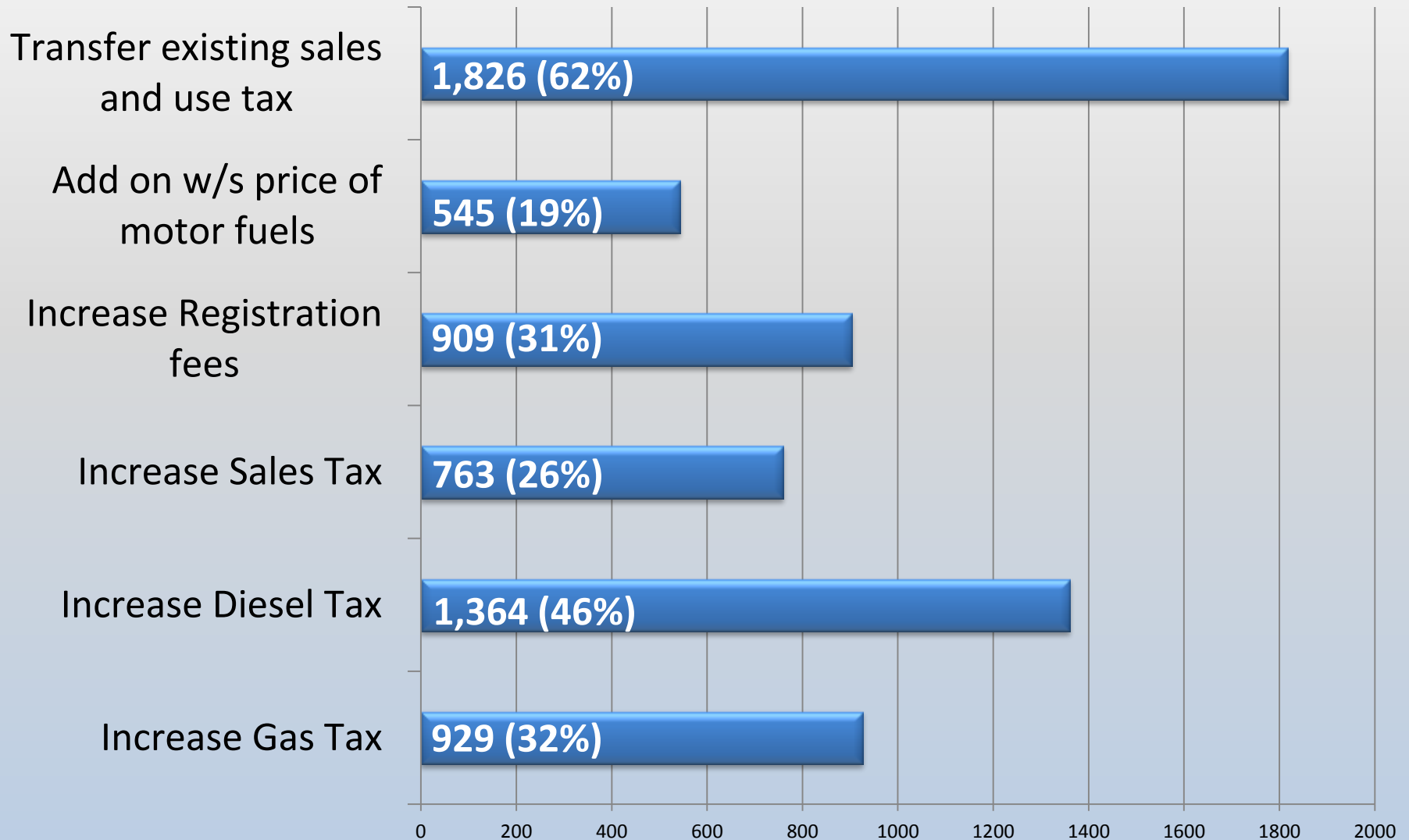


Would you support a new highway program that would generate additional revenue?

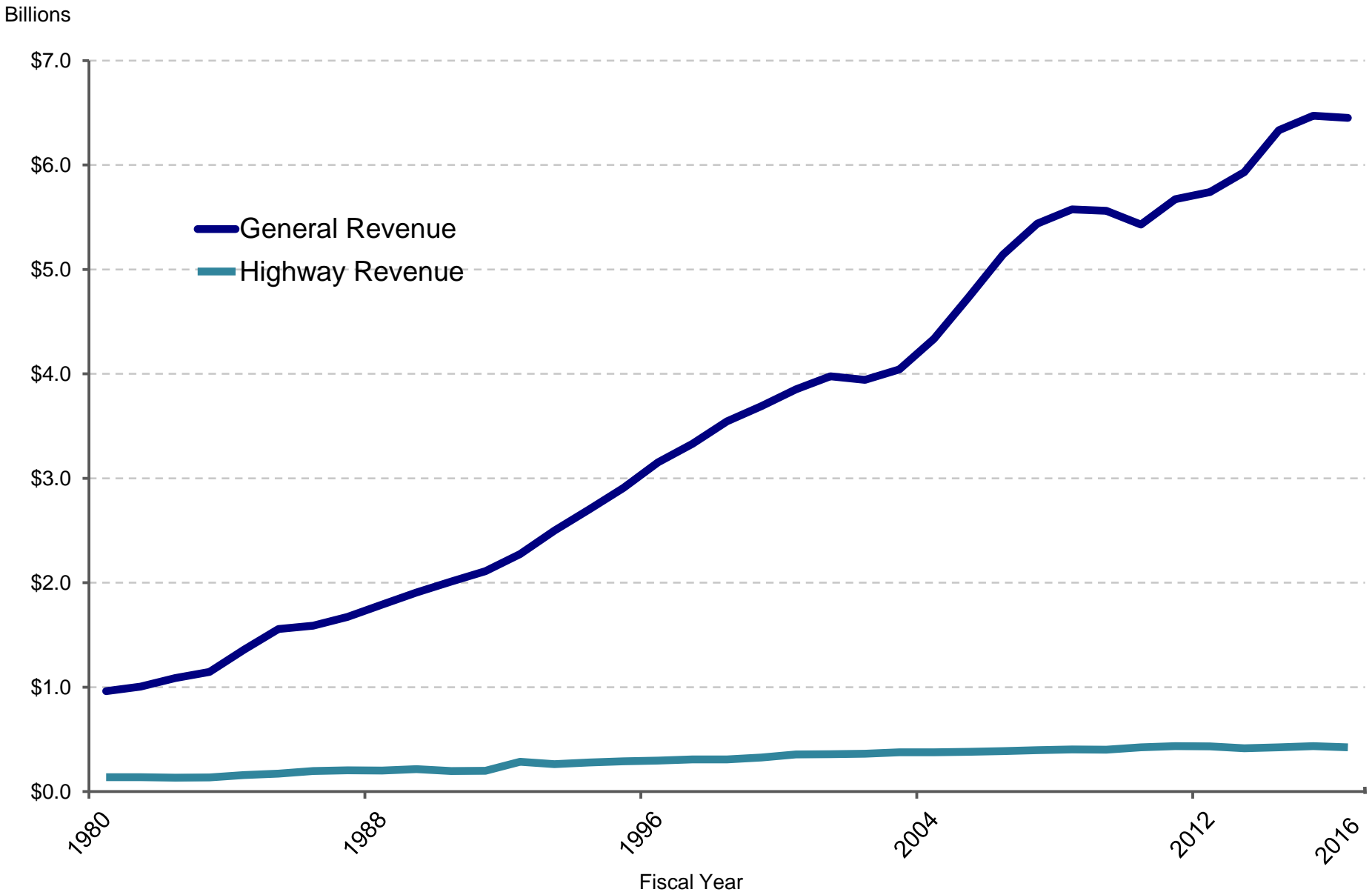


Survey Results

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

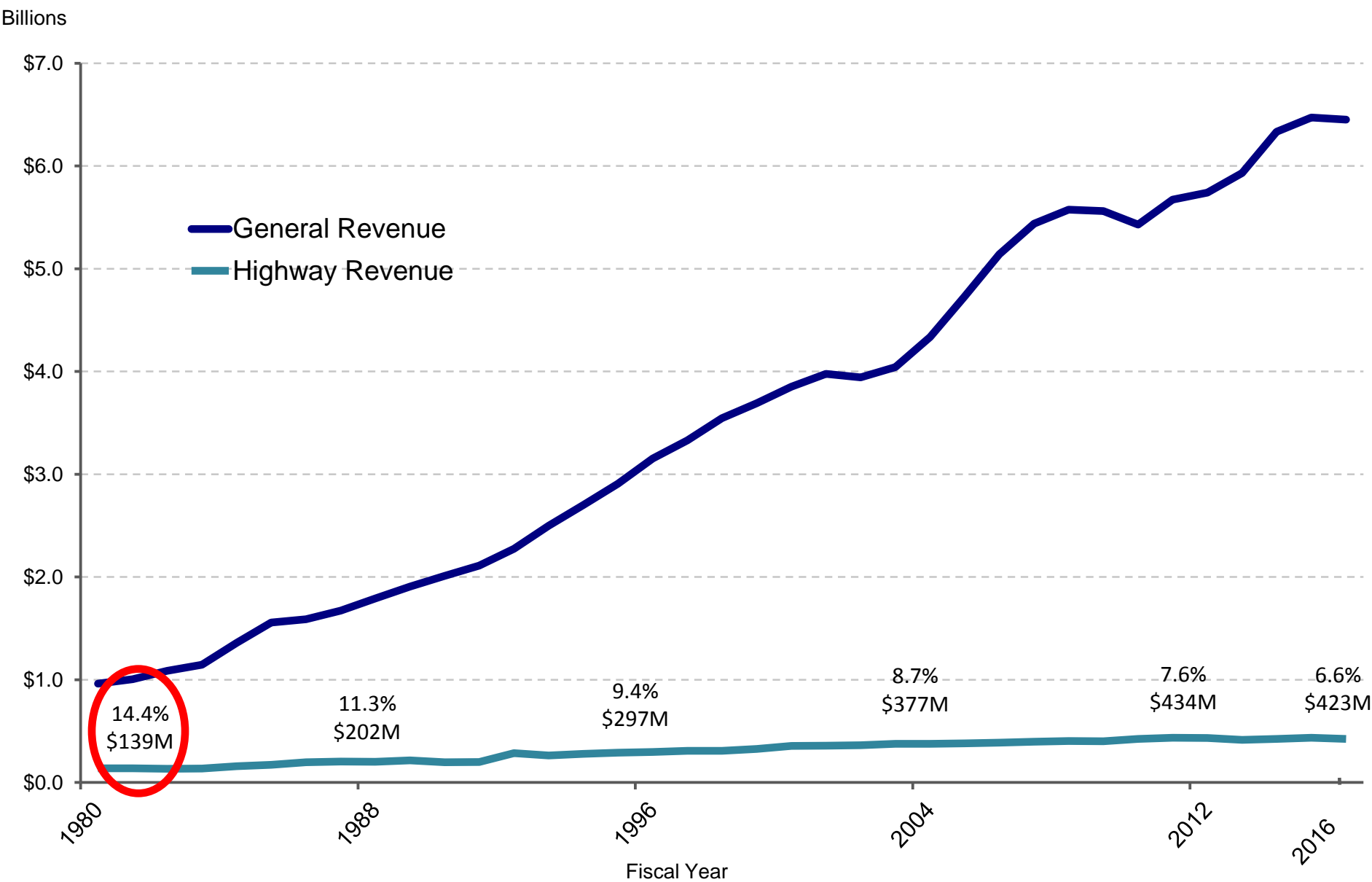


Highway vs. General Revenue



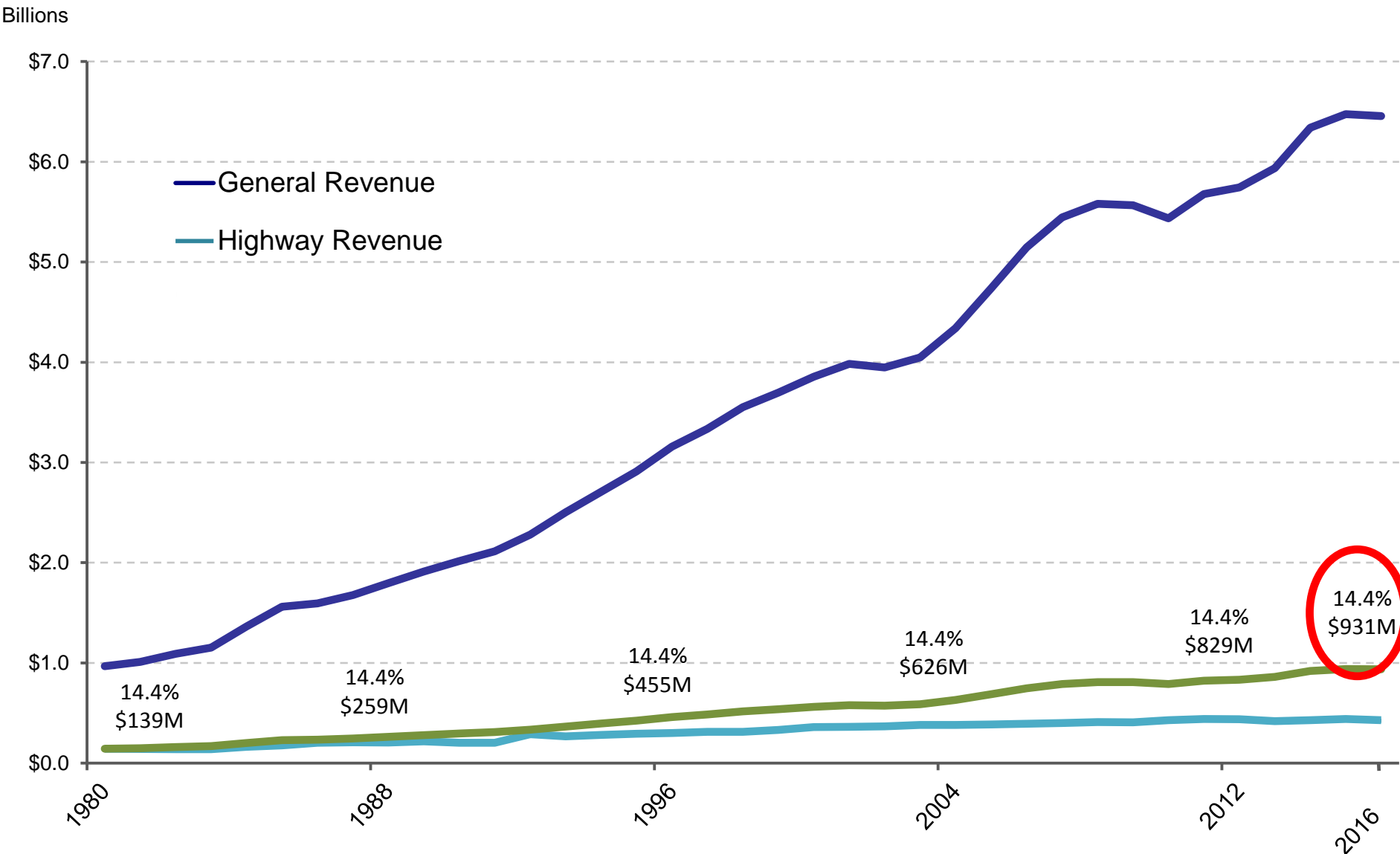
Excludes County & City Aid funds | Excludes CAP funds

Percent of Highway vs. General Revenue



Excludes County & City Aid funds | Excludes CAP funds

Highway Revenue at 14.4% of General Revenue



Excludes County & City Aid funds | Excludes CAP funds

Fiscal Year

Arkansas State Highway Needs

Exhibit III

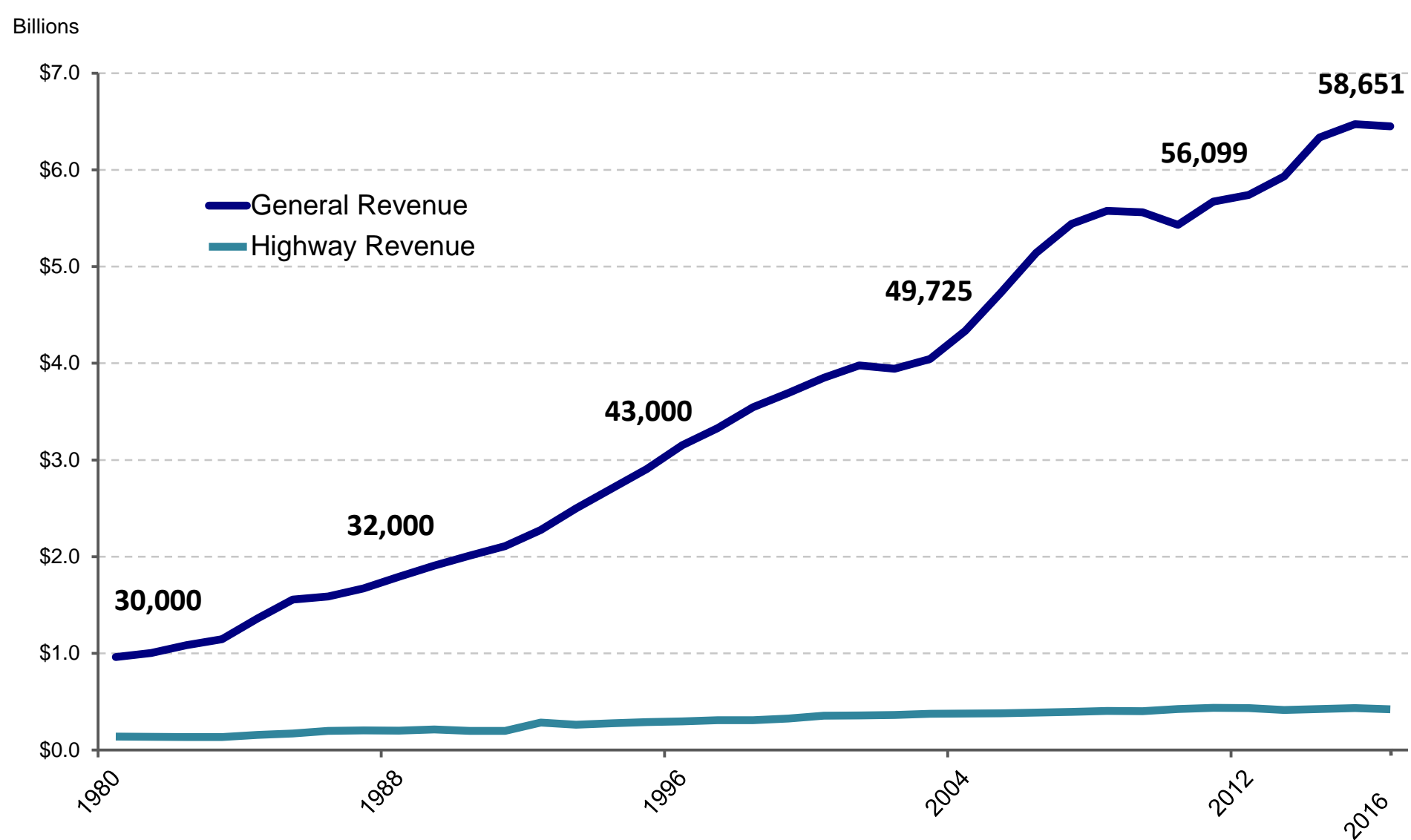
Arkansas Department of Transportation (ARDOT) Summary of Annual State Funds Needed to Meet Proposed Highway Construction Plan Over a 10-Year Period

\$ 925,000,000

	Annual Funds Needed for	Annual Funds Available for Highway Construction	Additional Annual State Revenues Needed for Highway Construction Plan
	137,000,000	137,000,000	\$ 250,000,000
	90,000,000	90,000,000	27,000,000
	227,000,000	227,000,000	277,000,000
	157,000,000	157,000,000	148,000,000
	44,000,000	44,000,000	42,000,000
	19,000,000	19,000,000	
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	30,000,000	19,000,000	11,000,000
Totals	\$ 925,000,000	\$ 447,000,000	\$ 478,000,000

Note: Amounts shown are rounded.

Highway vs. General Revenue Compared to Employment Levels

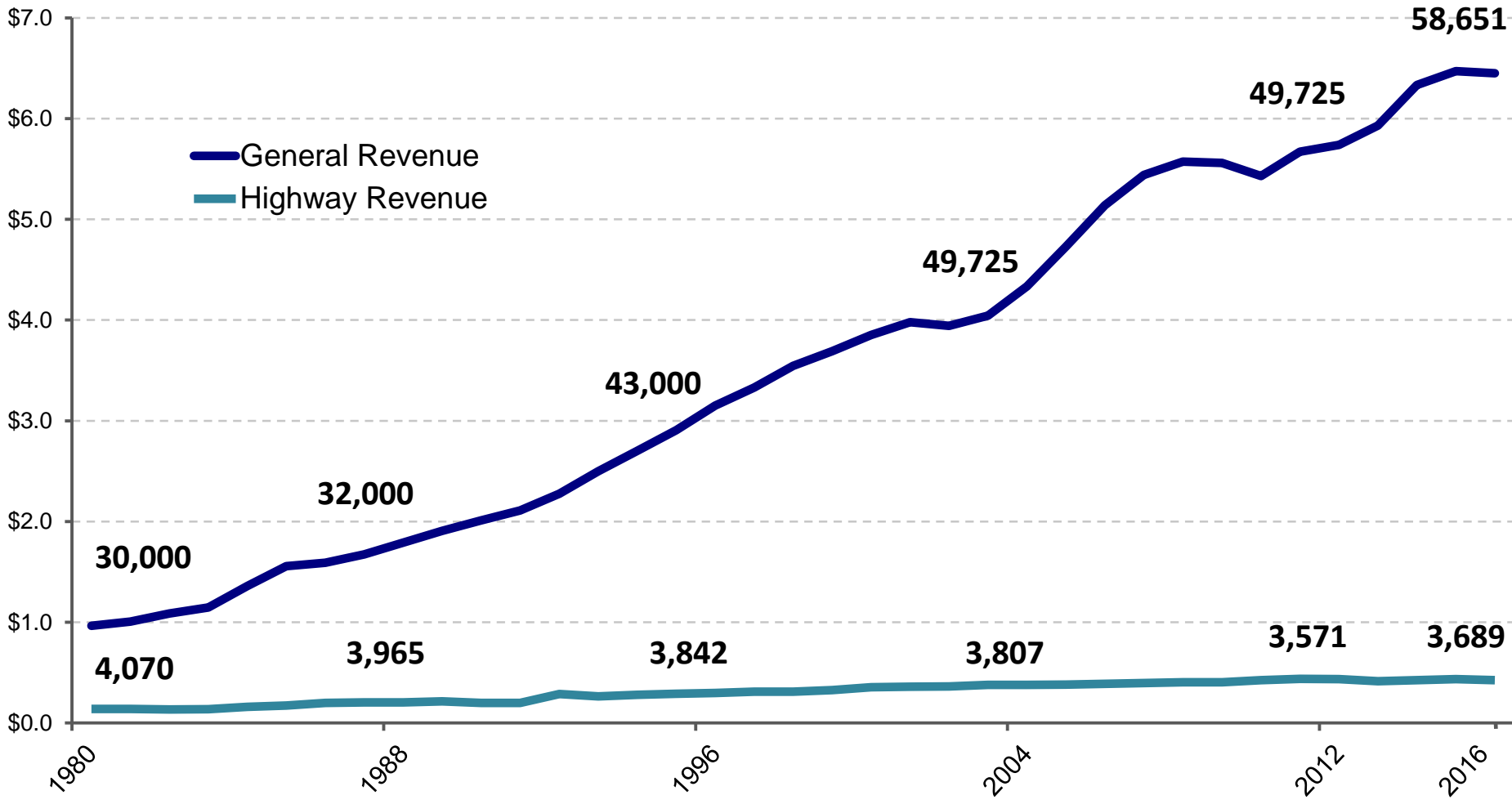


Excludes County & City Aid funds | Excludes CAP funds

Fiscal Year

Highway vs. General Revenue Compared to Employment Levels

Billions



Excludes County & City Aid funds | Excludes CAP funds

Fiscal Year

Possible New Program

Year	New and Used Vehicles Retail Tire Sales Revenue	\$15 Registration Fee Increase	Sales Tax 1/4 cent	Total Additional to Highway Revenue (70/15/15)	Additional to Department *
	5-Year Phase-In	2-Year Phase-In			
(x \$1 Million)					
2020	\$ 73.5	\$ 21.4		\$ 94.9	\$ 66.5
2021	\$ 150.0	\$ 43.3		\$ 193.3	\$ 135.3
2022	\$ 229.4	\$ 43.7		\$ 273.2	\$ 191.2
2023	\$ 312.0	\$ 44.2		\$ 356.2	\$ 249.4
2024	\$ 397.8	\$ 44.6	\$ 144.1	\$ 586.6	\$ 410.6
TOTAL TO THE HIGHWAY FUND IN YEAR 2024				\$ 586.6	\$ 410.6

Possible New Program

Year	Add 6.5% Exise Tax to Motor Fuels 3-Year Phase-In	Sales Tax 1/2 cent	Total Additional to Highway Revenue (70/15/15)	Additional to Department *
	(x \$1 Million)			
2020	\$ 111.3		\$ 111.3	\$ 77.9
2021	\$ 189.3		\$ 189.3	\$ 132.5
2022	\$ 251.0		\$ 251.0	\$ 175.7
2023	\$ 256.0		\$ 256.0	\$ 179.2
2024	\$ 261.1	\$ 288.3	\$ 549.4	\$ 384.6
TOTAL TO THE HIGHWAY FUND IN YEAR 2024			\$ 549.4	\$ 384.6

Possible New Program

Alternative Fuels

Definition

Methanol, Ethanol and other Alcohols

Blends of Alcohol with Gasoline

Compressed Natural Gas and Liquefied Natural Gas

Liquefied Petroleum Gas (Propane)

Hydrogen

Electricity

Pure Biodiesel

Promotion Versus Parity Issue

Complex

Annual Flat Fee?

Energy-Based Consumption?

Vehicle Miles Traveled ?

Toll s?



Possible New Program

The Shrinking Highway Dollar

Category	1997-2016 Percent Increase
Construction Cost Index	146%
Overlays – Cost Per Lane Mile	145 %
Bridges Replacement – Cost Per Square Foot of Deck Area	131 %
Widening from 2 to 5 Lanes – Cost Per Mile	139%

Indexing?

Blue Ribbon Committee Recommendation:

Indexing Current Per-Gallon Tax on Motor Fuels to Arkansas' Highway Construction Cost Index

Governor's Working Group on Highway Funding Recommendation:

Proposal #1 – Going forward, index the motor fuel tax. Limit any increase to 2 cents per gallon.

Proposal #3 – Adjust the existing motor fuel taxes to recoup the amount lost in recent years due to inflation and index to inflation in the future.

SIGNIFICANT LOSS OF PURCHASING POWER

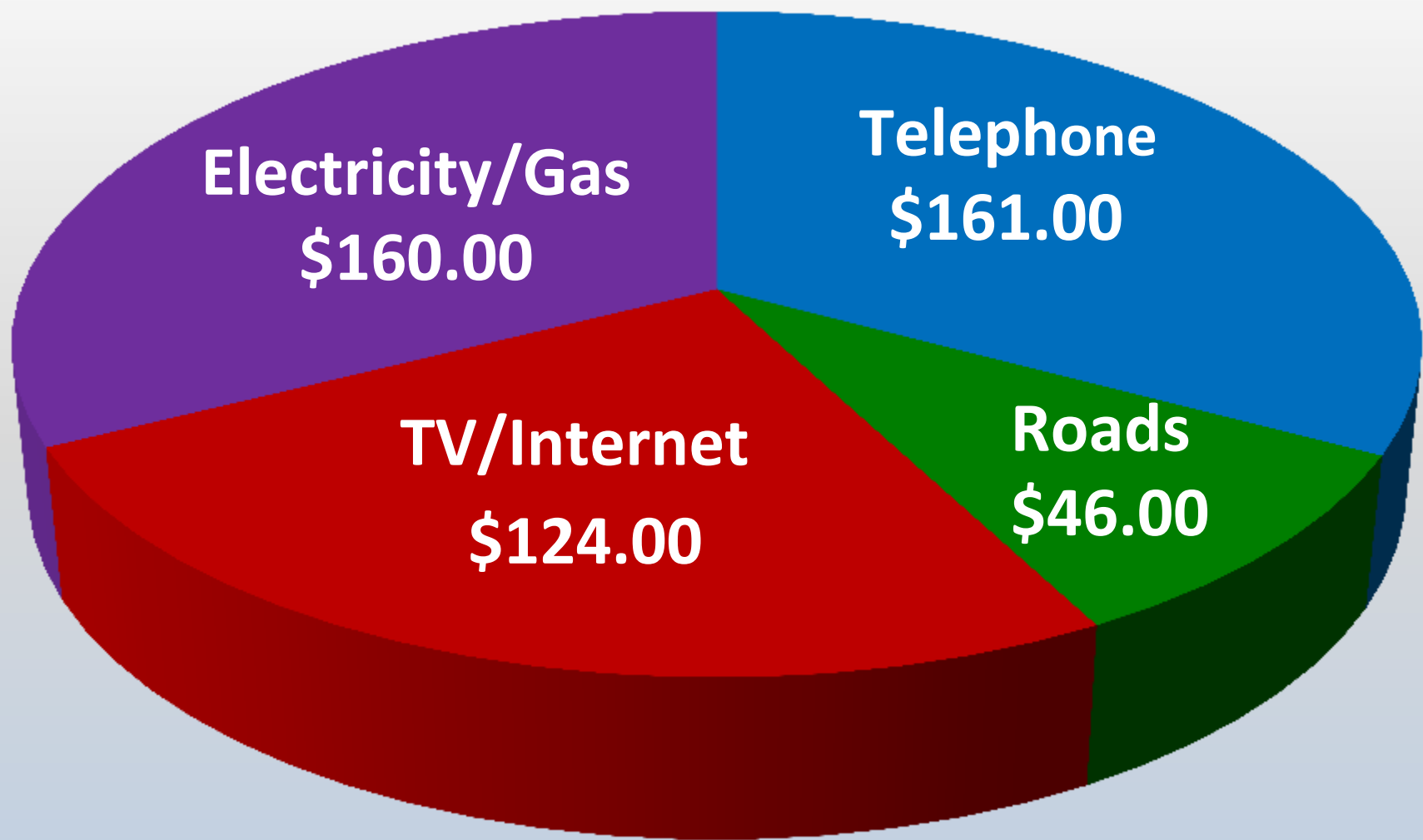
Sample of Nominal Prices Relative to Federal Gas Tax, 1993 and 2010

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



Average Monthly Household Expenditures



Possible New Program

- Projecting 10 Years of Projects
- Annual Existing Funding Available for Highway Construction is \$447 Million
- Combined With Projected New Funding Totals \$8.37 Billion Over 10 Years



Possible New Program

Less Funding for:

Bridges	\$ 90 Million Per Year
Interstates	\$100 Million Per Year
Federal-Aid Safety	\$ 47 Million Per Year

Totals \$2.37 Billion Over 10 Years

Possible New Program

Remaining \$6 Billion Over 10 Years

80% System Preservation \$4.8 Billion

20% Capital Improvements \$1.2 Billion

Possible New Program

\$4.8 Billion of System Preservation

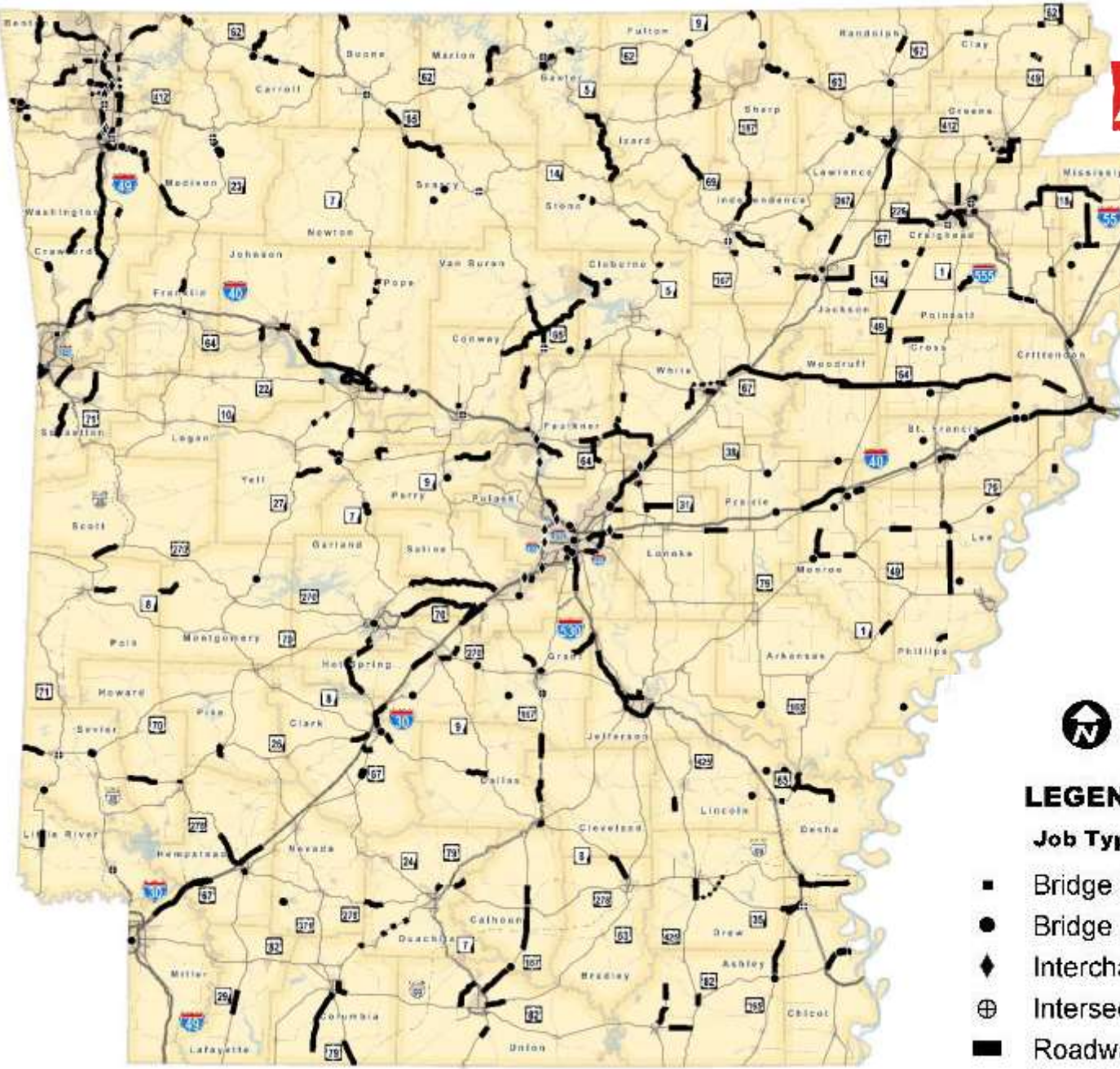
80% for Pavements	\$3.84 Billion
15% for Capacity Improvements	\$0.72 Billion
5% for Bridges	\$0.24 Billion

Possible New Program

Summary

Interstate Improvements	\$1.00 Billion
Pavement Preservation	\$3.84 Billion
Bridge Replacement and Preservation	\$1.14 Billion
Capital Improvements	\$1.20 Billion
Capacity Improvements	\$0.72 Billion
Safety Improvements	\$0.47 Billion

Totals \$8.37 Billion Over 10 Years



LEGEND

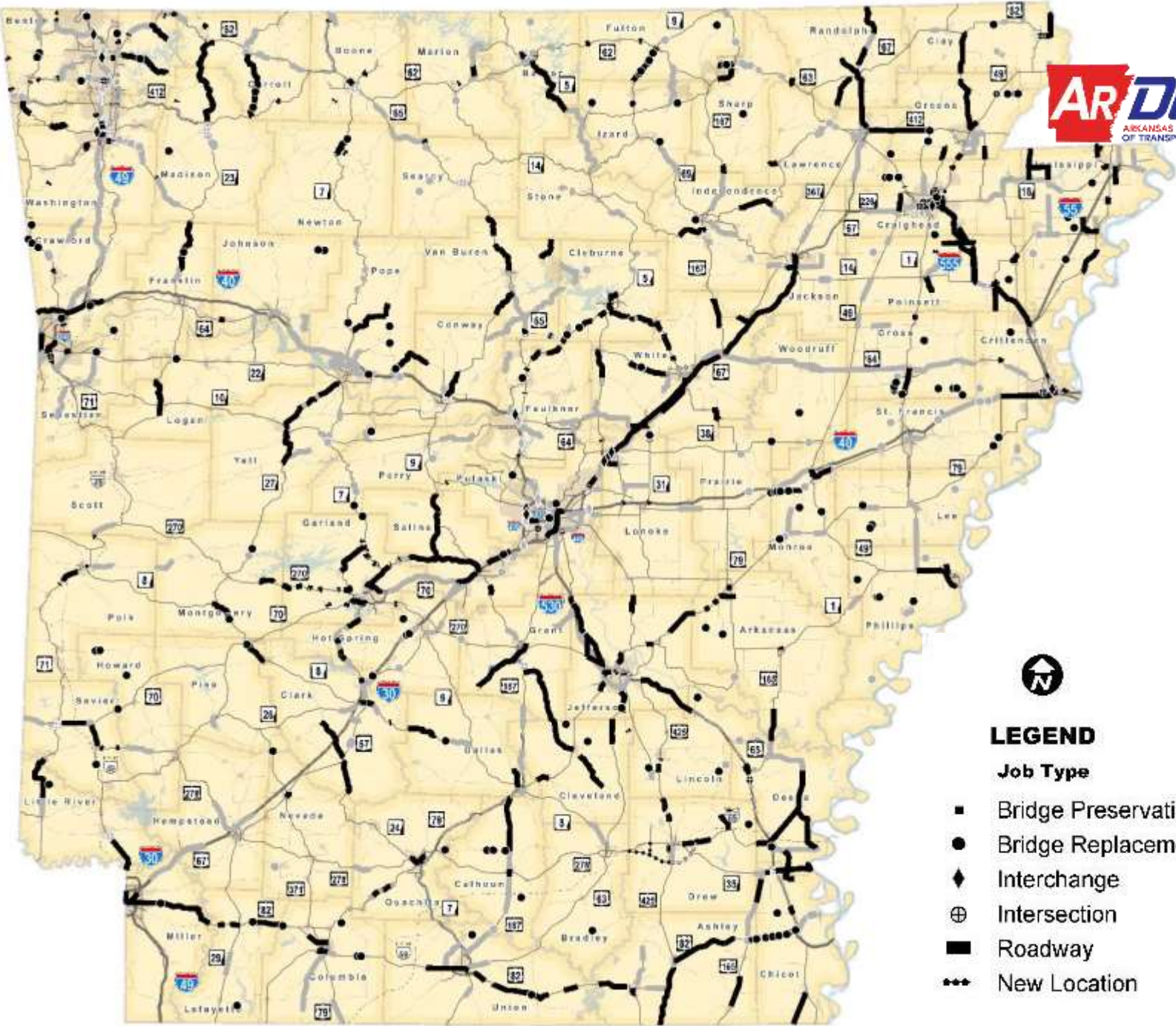
Job Type

- Bridge Preservation
- Bridge Replacement
- ◆ Interchange
- ⊕ Intersection
- Roadway
- ◆◆◆ New Location

Recently Completed & Under Construction



Remaining 2016-2020 STIP Projects



LEGEND

- Job Type**
- Bridge Preservation
 - Bridge Replacement
 - ◆ Interchange
 - ⊕ Intersection
 - ▬ Roadway
 - ◆-◆- New Location



LEGEND

Job Type

- Bridge Preservation
- Bridge Replacement
- ◆ Interchange
- ⊕ Intersection
- ▬ Roadway
- ◆◆◆ New Location

Project Type

- Bridge Preservation
- Bridge Replacement

Draft Possible Program of Projects (Version 1)
 Bridges
 2020-2029



LEGEND

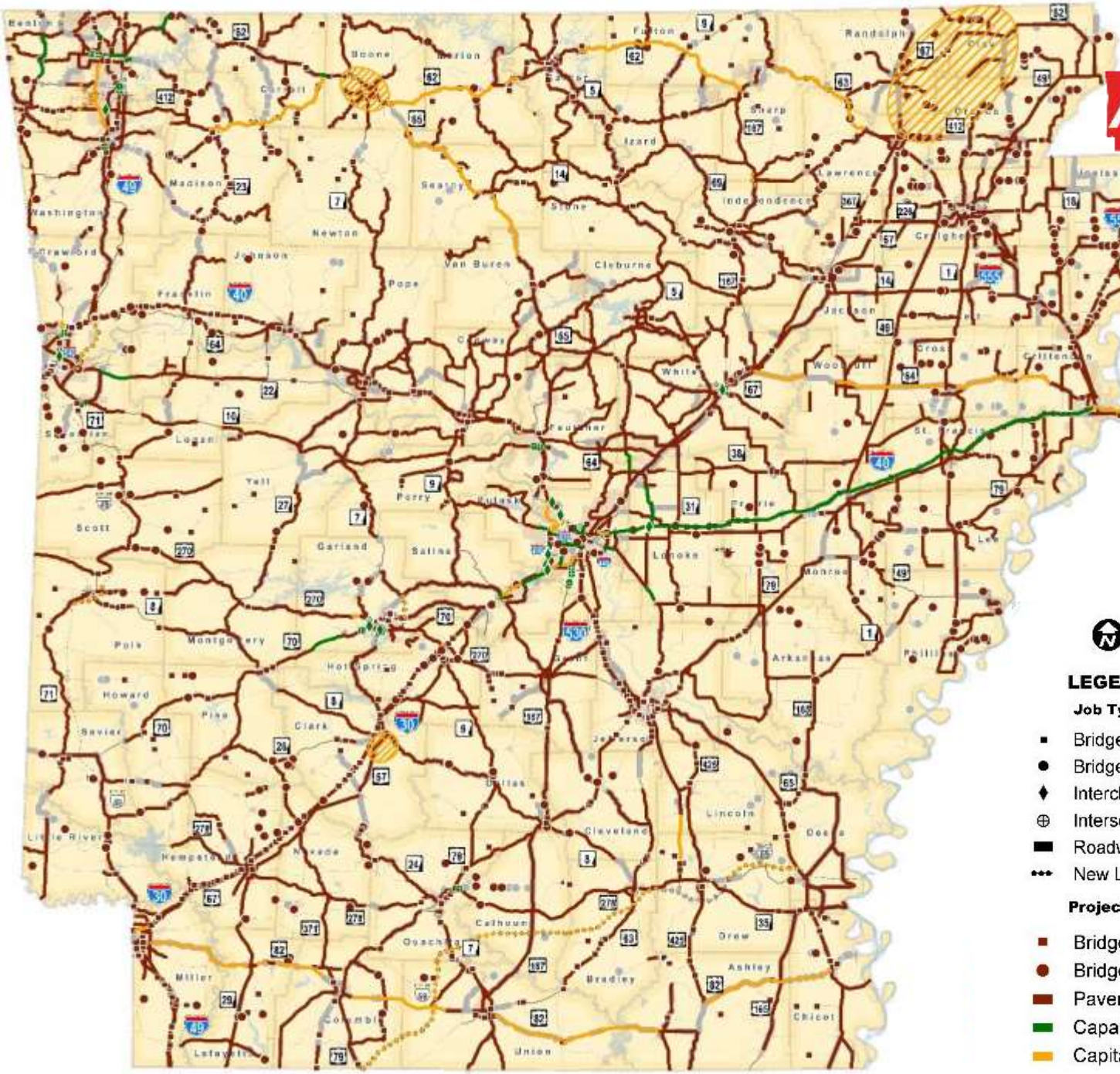
Job Type

- Bridge Preservation
- Bridge Replacement
- ◆ Interchange
- ⊕ Intersection
- Roadway
- ◆◆◆ New Location

Project Type

- Bridge Preservation
- Bridge Replacement
- Pavement Preservation

Draft Possible Program of Projects (Version 1)
Bridges and Pavement
2020-2029



LEGEND

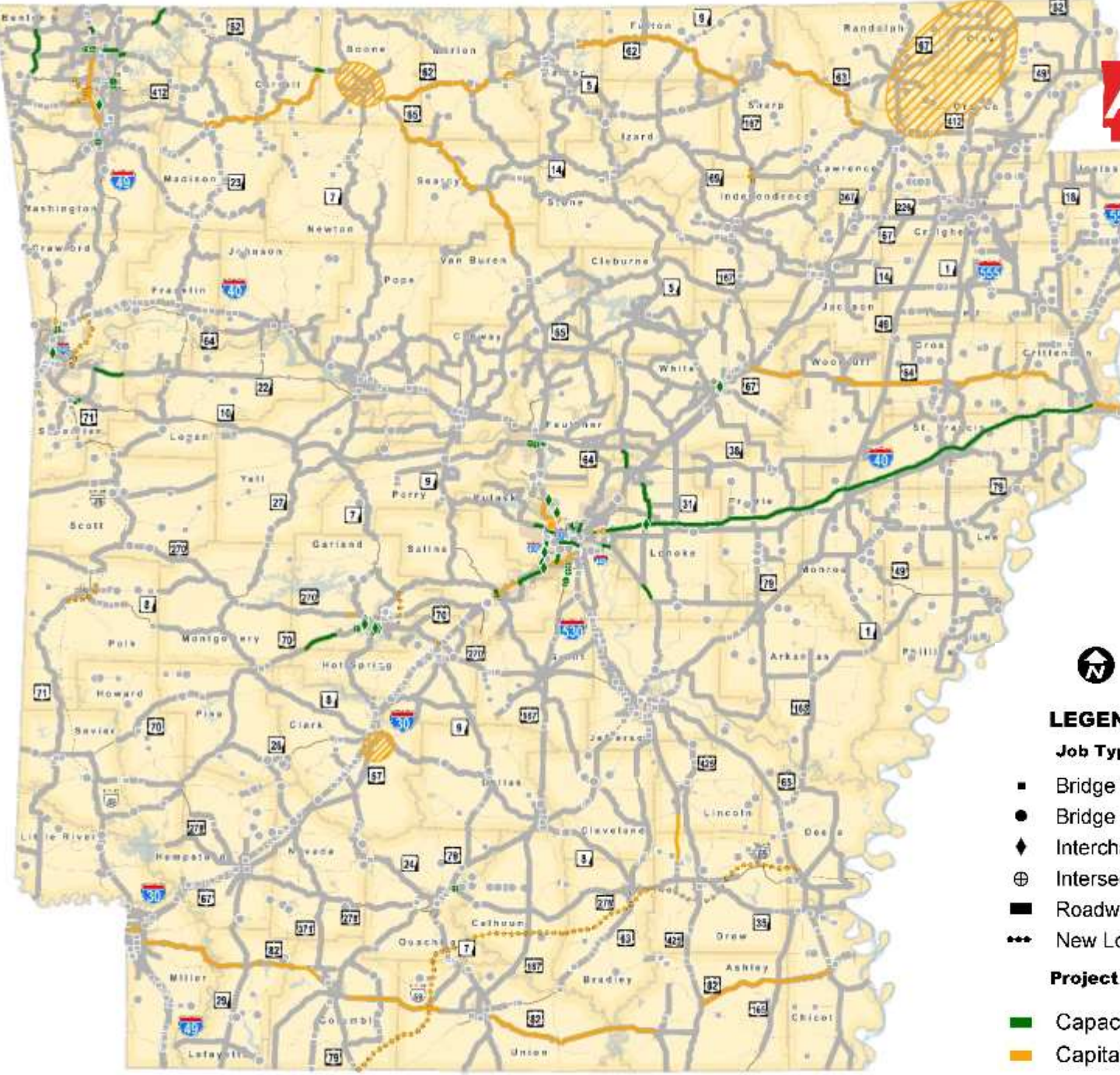
Job Type

- Bridge Preservation
- Bridge Replacement
- ◆ Interchange
- ⊕ Intersection
- Roadway
- ⋯ New Location

Project Type

- Bridge Preservation
- Bridge Replacement
- Pavement Preservation
- Capacity Improvements
- Capital Improvements

Draft Possible Program of Projects (Version 1)
Bridges, Pavement, Capacity & Capital
2020-2029



LEGEND

Job Type

- Bridge Preservation
- Bridge Replacement
- ◆ Interchange
- ⊕ Intersection
- Roadway
- ◆◆◆ New Location

Project Type

- Capacity Improvements
- Capital Improvements

Draft Possible Program of Projects (Version 1)
Capacity and Capital
2020-2029

Questions?



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



@myARDOT



AR DOT

ARKANSAS DEPARTMENT
OF TRANSPORTATION

