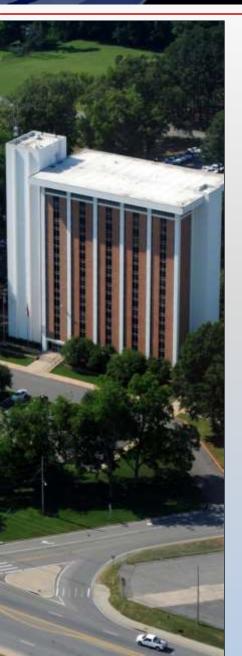
Randy Ort Assistant Chief - Administration





ARDOT Quick Facts



3rd Largest State Agency

(app. 3,700 Employees)

Maintains

16,418 miles of Highway 7,335 Bridges

Mission:

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

Central Offices in Little Rock

10 Districts Statewide



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

Adopted June 7, 2017



Strategic Plan

Core Values

Safety

- Safety first in all we do

Public Service

- Focus on the greater good

Teamwork

- One vision through collaboration and communication

Quality

Deliver reliable transportation solutions

Integrity

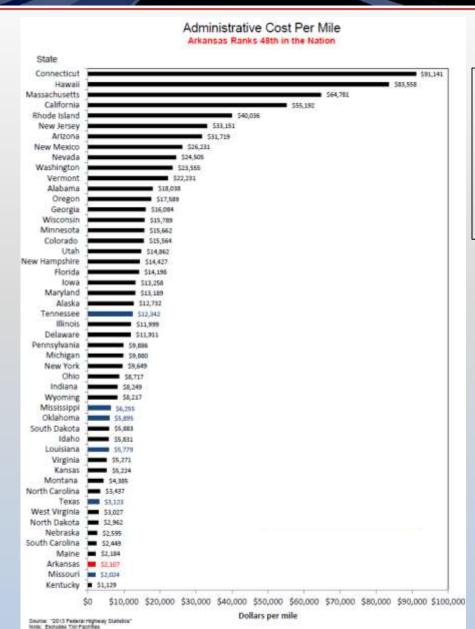
- Commitment to ethics and transparency

Efficiency

- Achieve maximum benefit through fiscal responsibility



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









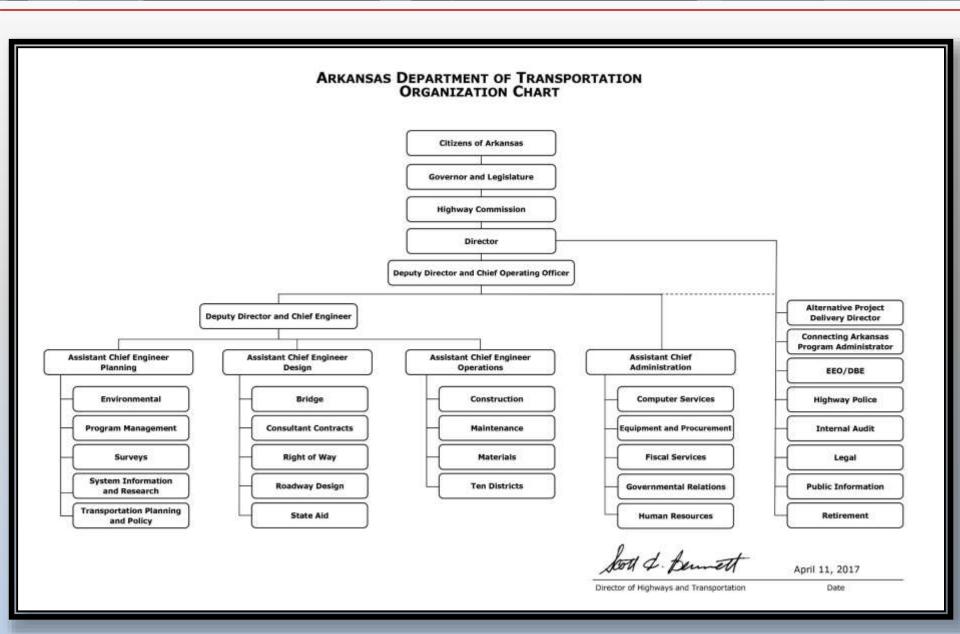






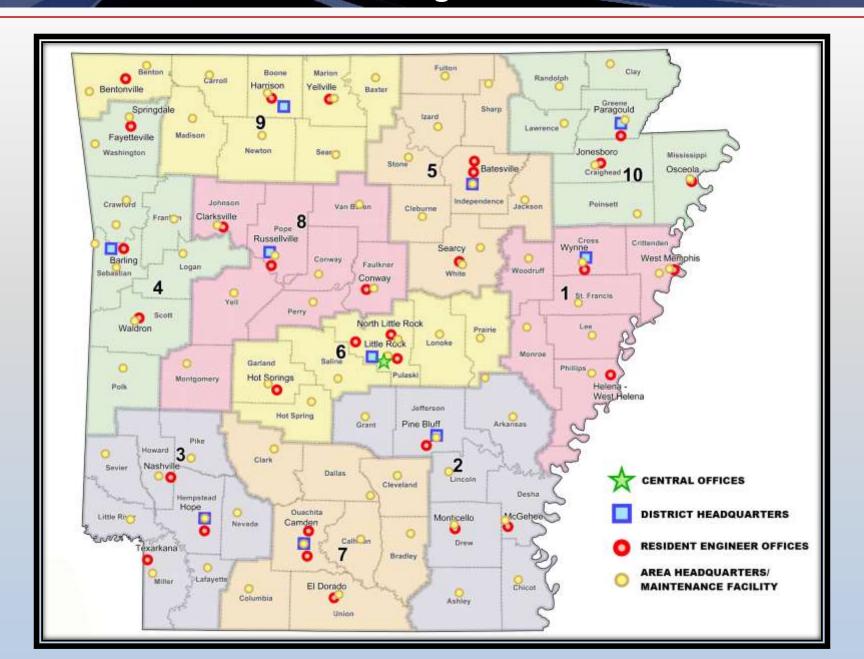


Organization Chart



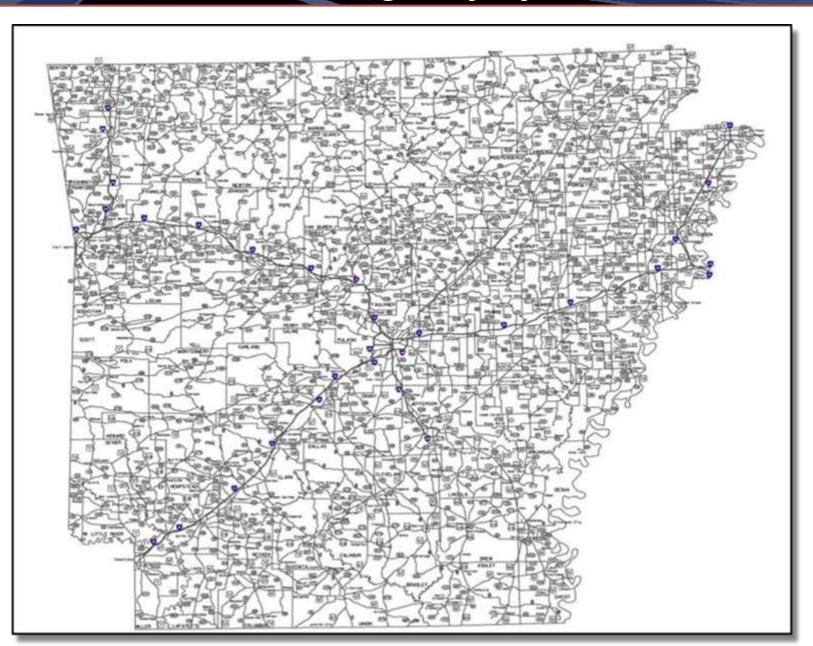


District Organization

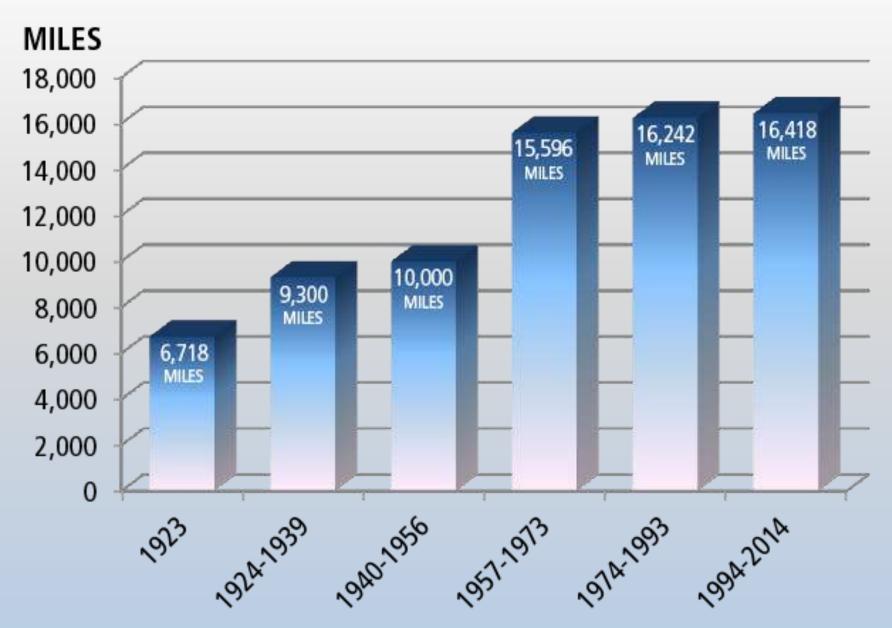




State Highway System



GROWTH OF THE HIGHWAY SYSTEM





Other Programs & Activities

- State Aid Programs for Cities and Counties
- Game & Fish Roads
- State Park Roads
- Institutional Roads
- Airport Access Roads

- Arkansas Recreational Trails
- Public Transportation Programs
- Transportation Alternatives
 Program







Other Programs & Activities

- Arkansas Commercial Truck
 Safety and Education Program
- Adopt-A-Highway Program
- Litter Hotline
- Research Grants to State Universities

- Wildflower Program
- Historic Bridge Program
- Welcome Centers & Rest Areas





Statewide Programs

Promises Made Promises Kept



Promises











1999 Interstate Rehabilitation Program



50 Projects
356 Miles
\$973 Million

Prior to Program
63% Poor or
Mediocre

After Program 72% Good



ARDUI 2011 Interstate Rehabilitation Program

Completed

45 Projects 290 Miles \$997 Million

Under Construction

7 Projects 54 Miles \$317 Million

Scheduled

27 Projects 150 Miles \$218 Million





2012 Connecting Arkansas Program

Completed

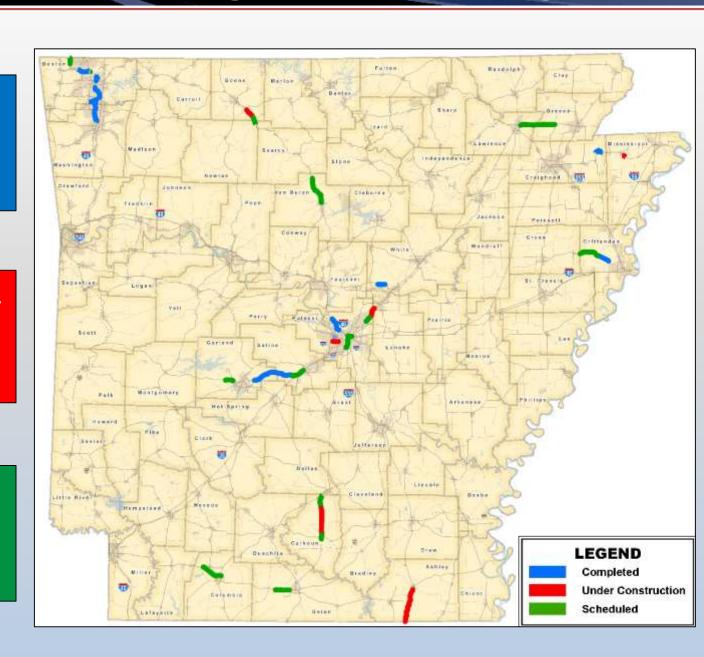
11 Projects 61 Miles \$432 Million

Under Construction

8 Projects 40 Miles \$347 Million

Scheduled

17 Projects 85 Miles \$1.23 Billion



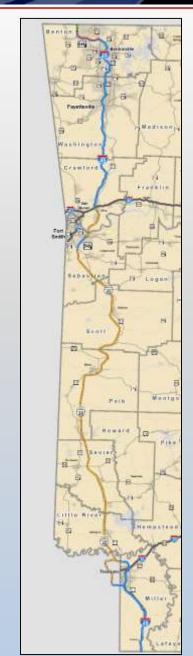


Future Interstate 49





Interstate 49 Progress in Arkansas







Interstate 49 Progress in Southwest Arkansas



Completed
29 Projects
84 Miles
\$449 Million

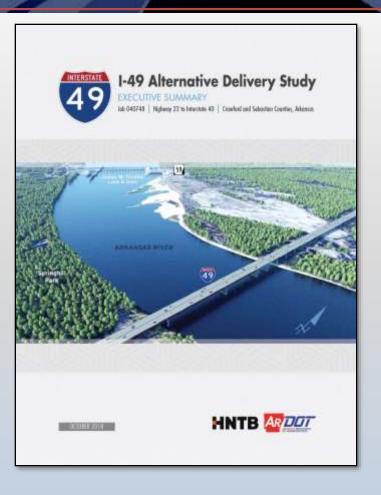
U.S. 71 – Hwy. 22



(LA Line to Red River)



Interstate 49 Alternative Delivery Study







- Hwy. 22 to I-40
- 13.7 miles
- \$787 million
- Funding Gap~\$700 M
- Not Feasible



Safety Enhancements

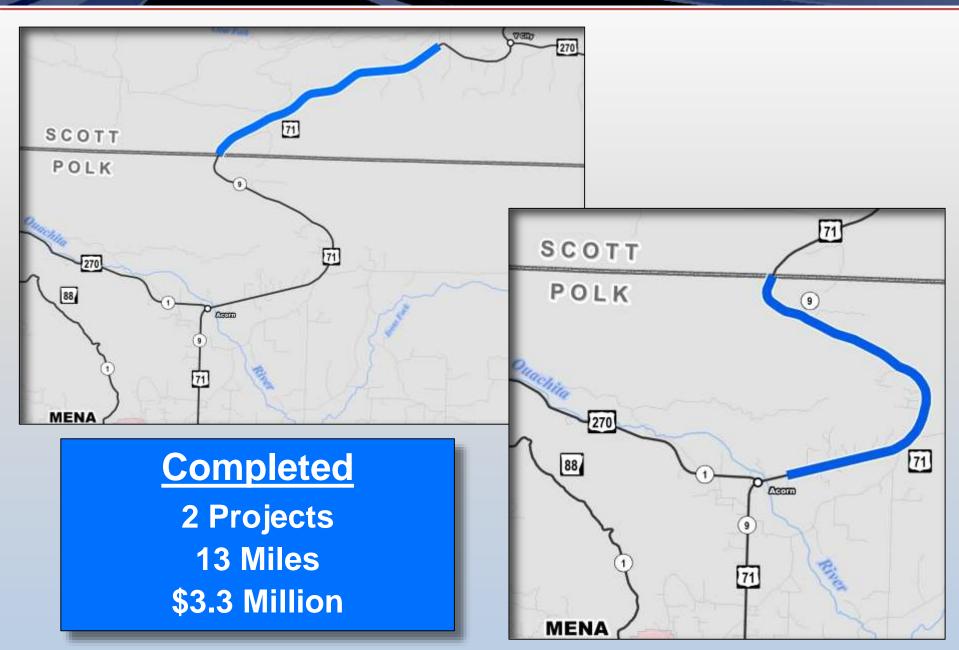
Completed

Rumble Strips/Stripes with Pavement Markings in Various Locations

\$12 Million



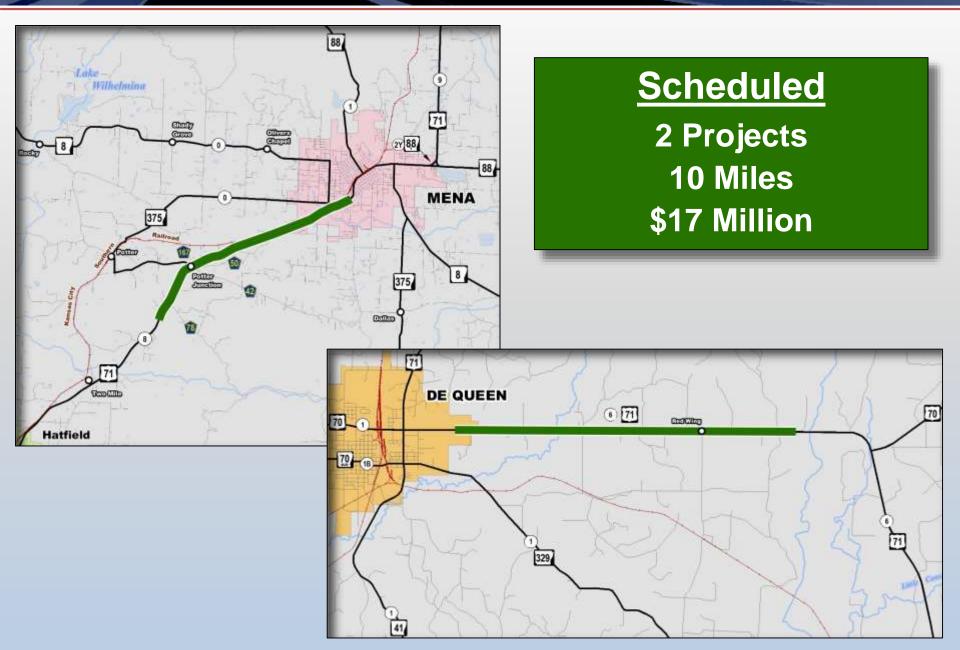








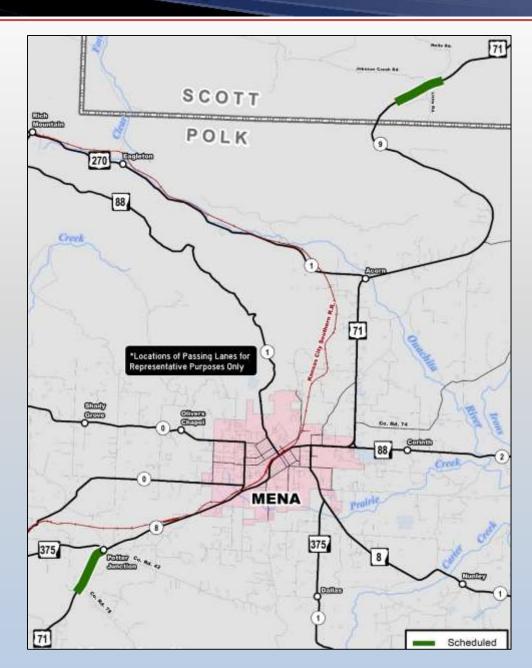






Scheduled

1 Project 2.4 Miles \$1-5 Million

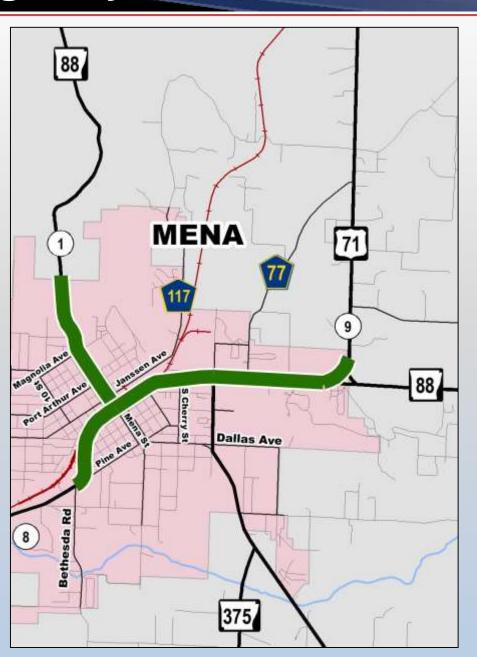




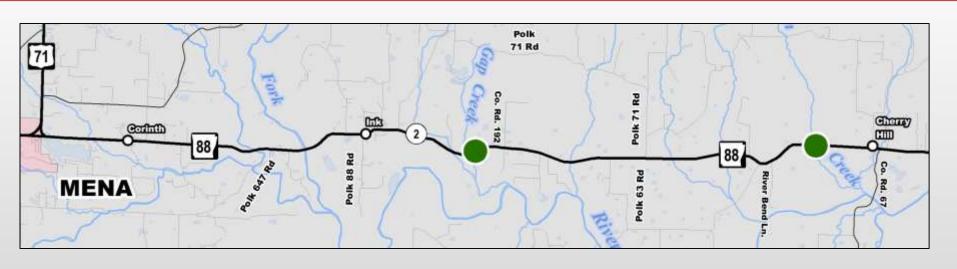
U.S. Highways 71 & 88

Scheduled

1 Project
4 Miles
Less Than \$1 Million







Scheduled

1 Project

2 Bridges

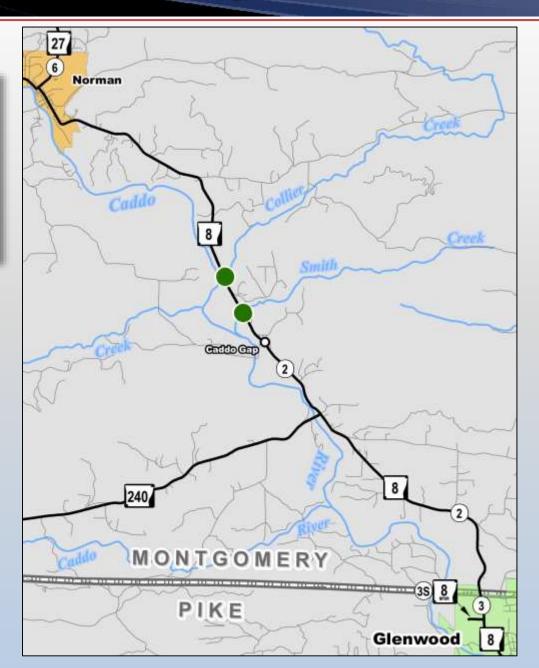
\$<1 Million



State Highway 8

Scheduled

1 Project 2 Bridges \$1-5 Million

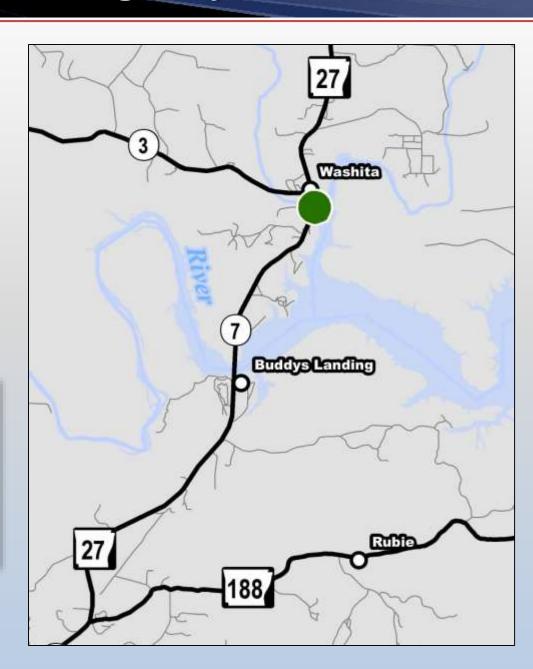




State Highway 27

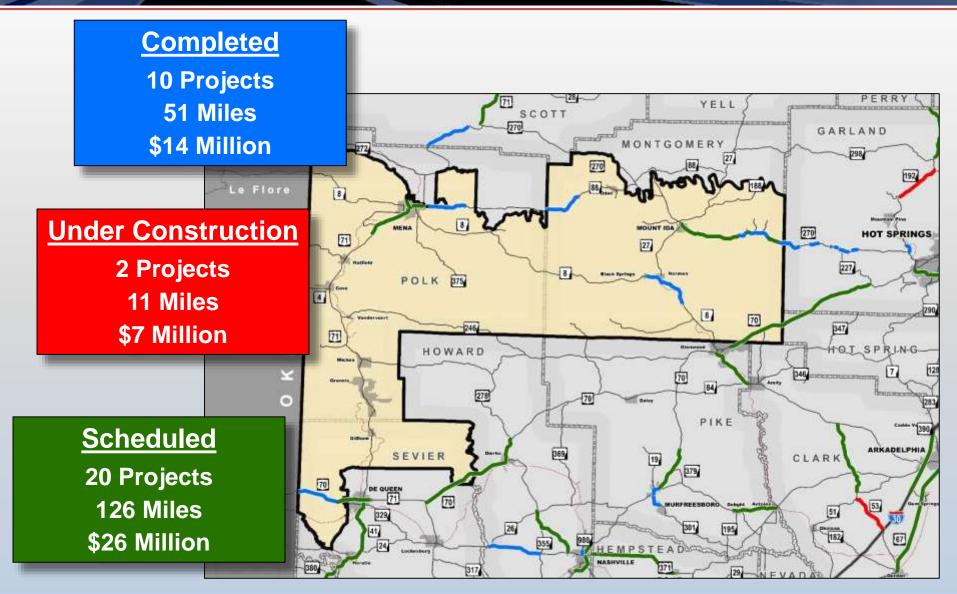
Scheduled

1 Project 1 Bridge \$1-5 Million

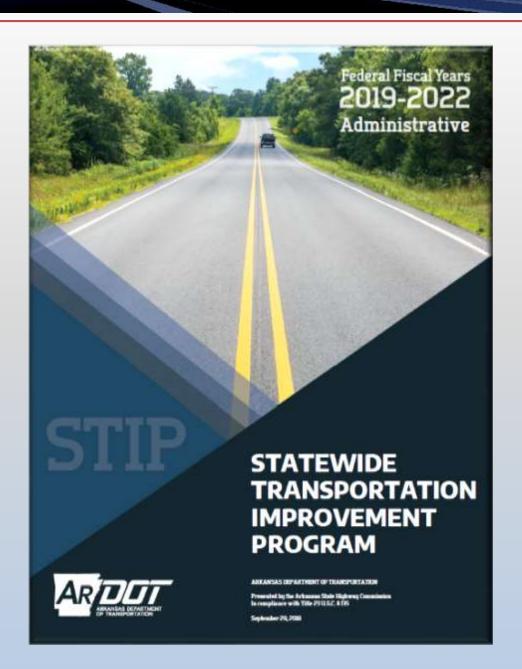




Pavement Preservation



STIP







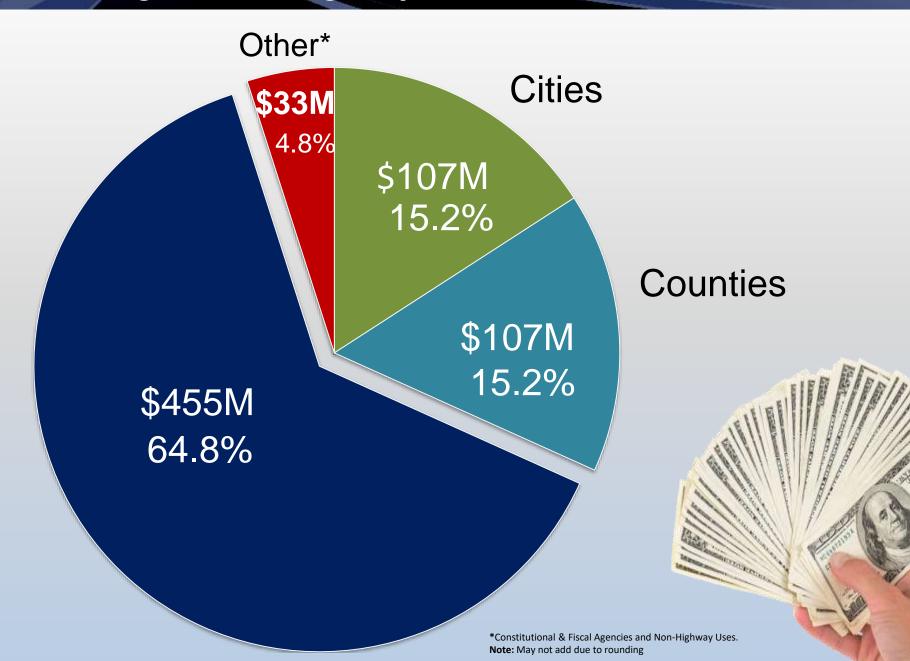
Current Hwy. Funding Sources

State

Per-Gallon Motor Fuel Taxes
Vehicle Registration Fees
License/Permit/Inspection Fees
Severance Taxes
Temporary Sales Tax Increase



Average Annual Highway User Revenue Distribution

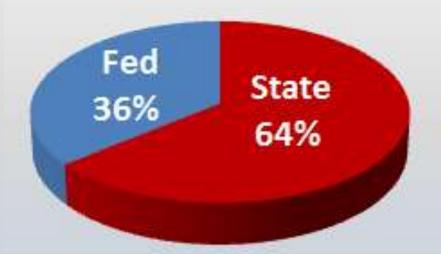


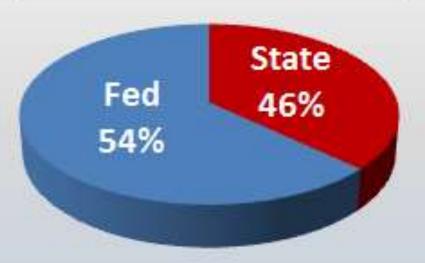


Federal vs. State Funding

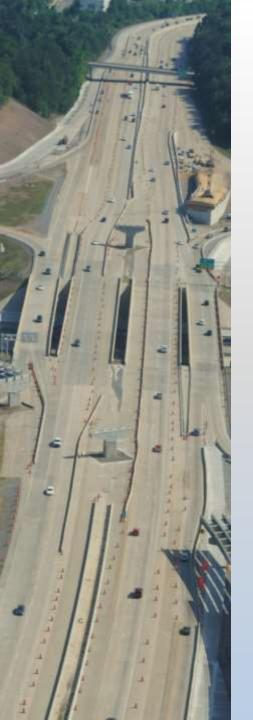












Challenges

≥12th largest system in the country

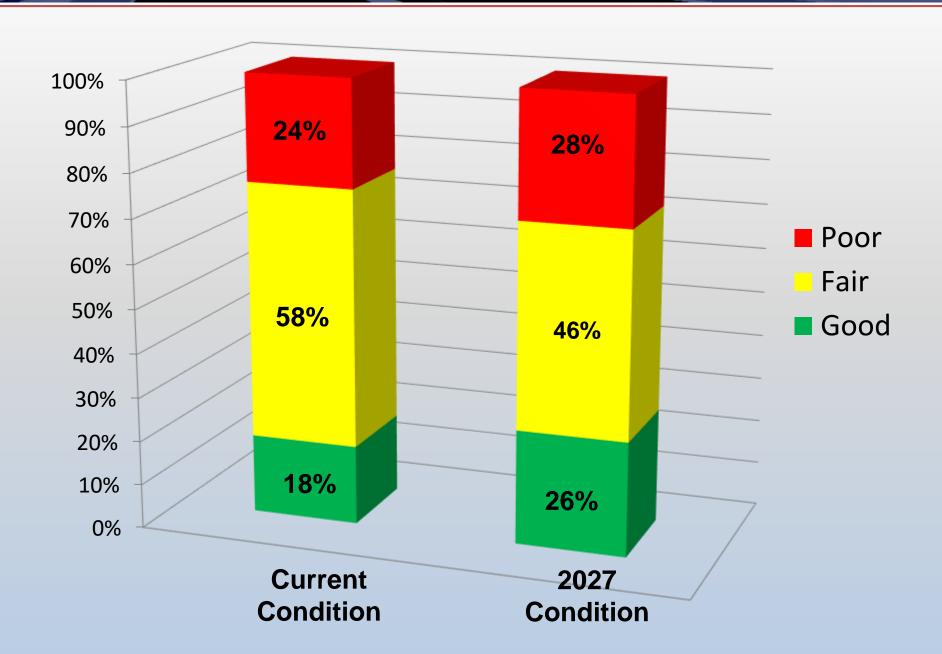
>42nd in highway revenue per mile.

>\$9.2 billion in needs

>\$4.4 billion in available revenue

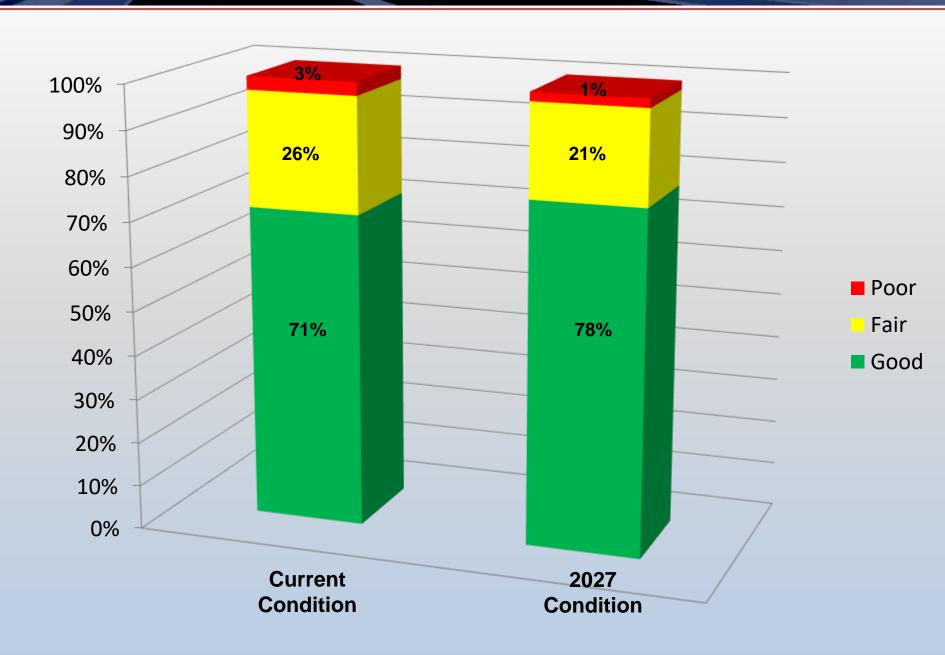


All State Highways – Including Interstates



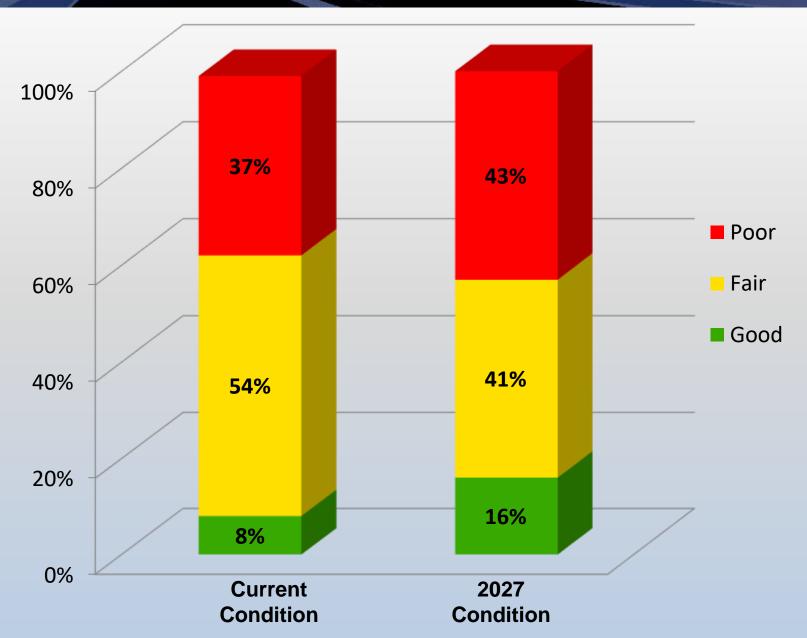


Interstates





Other State Highways – Excluding Interstates



Pay a Little Now

Pay a Whole Lot Later



Overlay
\$100,000
per lane mile



Reconstruction \$1,500,000 per lane mile

Other Considerations

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.



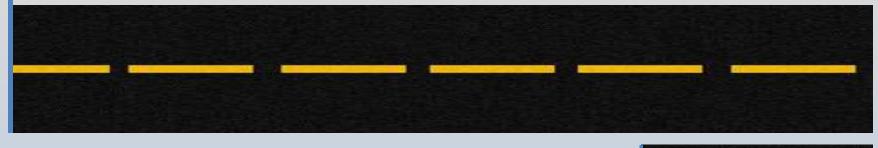
\$10,000,000 Overlay Program

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.







"... 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."

-Final Report, Dec 2010



Blue Ribbon Committee Recommendations



- Reissue GARION Londs for Interstate Rehabilitation Programmer
- State Aid Distants for Cities
- Temporary Charles Tax to Funda Multi-Year Construction Program
- Transfer Sales Tax on New and Used Vehicles,
 Auto Repair Parts and Services, Tires and Batteries



2013 Proposed Legislation

нв 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



2015 Proposed Legislation

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.

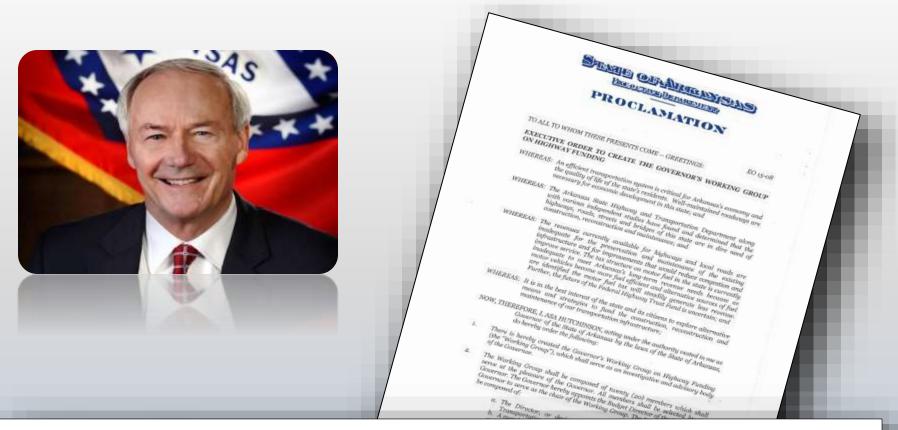


PASSED THE HOUSE COMMITTEE

PULLED BEFORE A VOTE ON THE HOUSE FLOOR



Governor's Working Group on Highway Funding



"An efficient transportation system is critical for Arkansas' economy and the quality of life of the state's residents."



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.



2016 Special Session







Actual Compared to Projected

Act 1 - Arkansas Highway Improvement Plan of 2016

	FFY16	FFY17	FFY18	FFY19	FFY20
2016 Special Session			(x \$1 M)		
Long Term Reserve Fund or Arkansas Rainy Day Fund	40.0	20.0	21.9		
Securities Reserve Fund	1.5	1.7	20.0	? 20.0	? 20.0
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	5.8	5.4	5.4
Allocate up to 25% of Future GR Surplus to Highways		3.9	0	?	?
Total Received	41.5	31.3	50.4	?	?
Total Projected	41.5	76.1	76.1	76.1	76.1
Difference	0	(44.8)	(25.7)	?	?



2017 Proposed 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 auch

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



Arkansas Legislative Audit



INTRODUCTION

This report is presented in response to a request for Arkansas Legislative Audit (ALA) to review information, estimates, and calculations provided by the Arkansas Department of Transportation (ARDOT), formerly known as the Arkansas State Highway and Transportation Department, related to highway funding. ARDOT has indicated that additional state funding is needed to fully maximize available federal funds and to expand non-federal construction and maintenance 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 federal aid available.
- Determine the amount of additional state revenues needed to fund ARDOT'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 fiscal years ended June 30, 2010 through 2016, and projections and estimates for federal fiscal years ending September 30, 2011 through 2020. ALA staff reviewed audit reports from prior years, particularly revenues 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 ARDOT and tested for accuracy and reasonableness 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 Government Auditing Standards issued by the Comptroller General of the United States.

BACKGROUND

ARDOT recognizes revenues from both federal and state sources. State revenues include motor fuel taxes, registration fees, natural gas severance fees, and overload 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

500 Woodlane Street, Suite 172, Little Rock, AR 72201 Phone: 501-683-8600 • Fax: 501-683-8605 www.arklegaudit.gov

Report ID: SPSA02516

Report Date: August 31, 2017

Report Released August 31, 2017

Presented to
Legislative Joint
Audit Committee in
September 2017



Arkansas Legislative Audit

Exhibit III

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

Annual Funds Needed for Highway Construction Plan	Annual Funds Available for Highway Construction	Additional Annual State Revenues Needed for Highway Construction Plan
\$ 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
305,000,000	157,000,000	148,000,000
86,000,000	44,000,000	42,000,000
19,000,000 8,000,000 3,000,000	19,000,000	8,000,000 3,000,000
\$ 925,000,000	19,250,000	11,000,000
	Needed for Highway Construction Plan \$ 387,000,000	Needed for Highway Annual Funds Available for Highway Construction Plan Highway Construction \$ 387,000,000 \$ 137,000,000 \$ 137,000,000 90,000,000 504,000,000 227,000,000 305,000,000 157,000,000 44,000,000 44,000,000 19,000,000 19,000,000 3,000,000 19,000,000



Does Not Include
Capital Improvement
Projects



Note: Amounts shown are rounded.

Arkansas State Legislative Audit

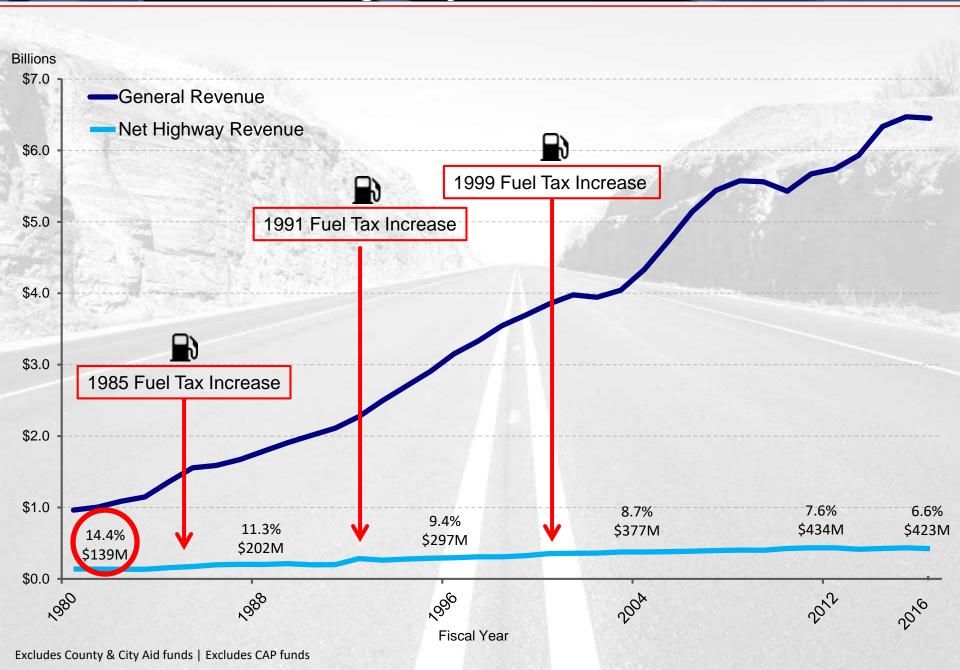
Exhibit III

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

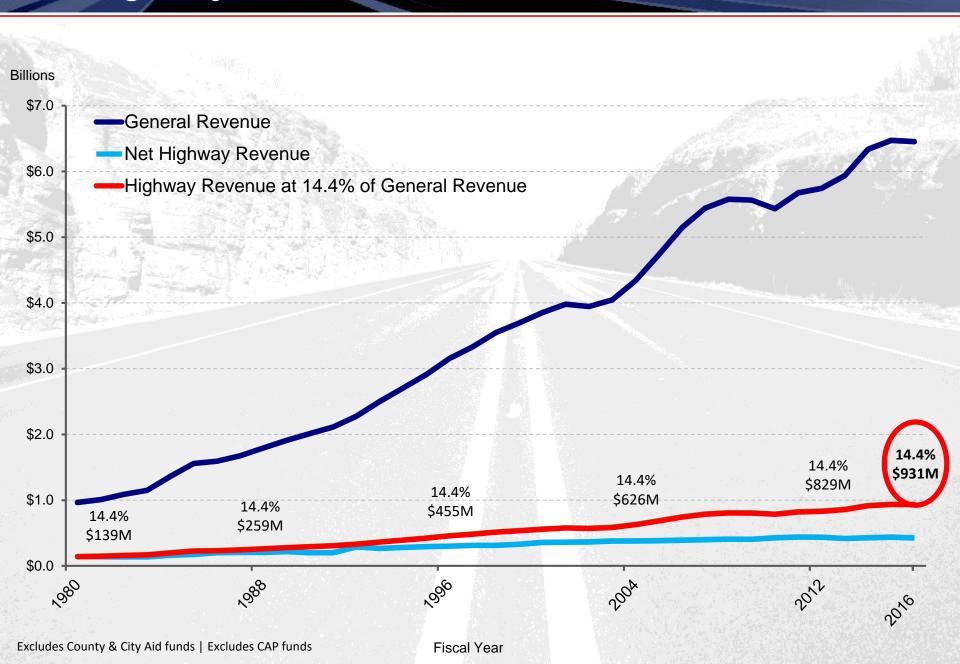
Description	Annual Funds Needed for Highway Construction Plan	Annual Funds Available for Highway Construction	Additional Annual State Revenues Needed for Highway Construction Plan
System Preservation Pavement Bridges Total System Preservation	\$ 387,000,000 117,000,000 504,000,000	\$ 137,000,000 90,000,000 227,000,000	\$ 250,000,000 27,000,000 277,000,000
Capacity Relief Safety Improvements	305,000,000	157,000,000 44,000,000	148,000,000
Maintenance Equipment upgrades	19,000,000	19,000,000	
Facilities upgrades Intelligent Transportation System (ITS) Total Maintenance	8,000,000 3,000,000 30,000,000	19,000,000	8,000,000 3,000,000 11,000,000
Totals	\$ 925,000,000	\$ 447,000,000	\$ 478,000,000

\$ 478,000,000

Percent of Highway vs. General Revenue



Highway Revenue at 14.4% of General Revenue





Arkansas Legislative Audit

Exhibit III

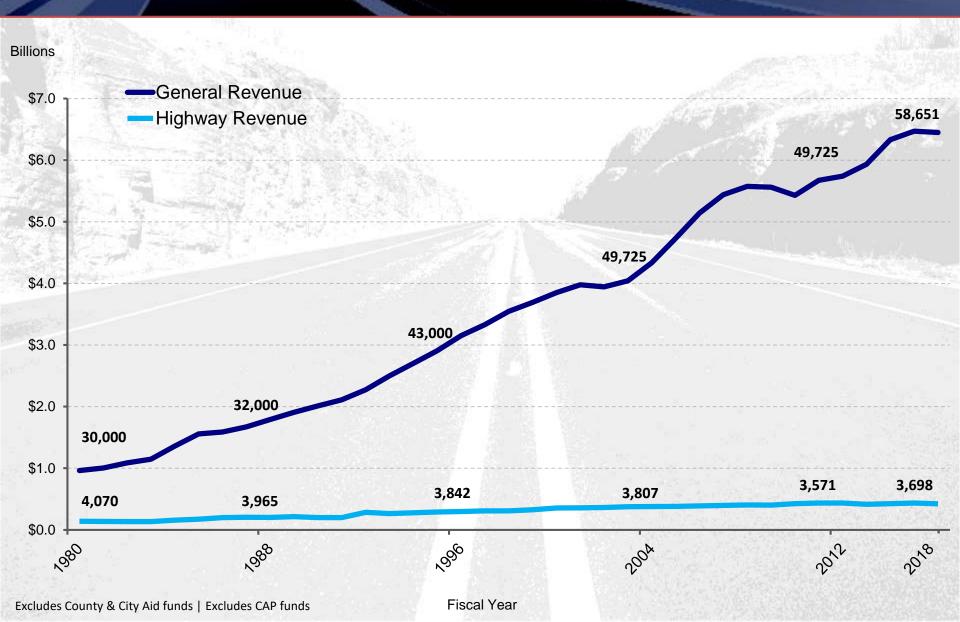
Arkansas Department of Transportation (ARDOT) Summary of Annual State Funds Needed to Meet Proposed Highway Construction Plan Over a 10-Year Period

Annual Funds Needed for Highway Construction Plan	Annual Funds Available for Highway Construction	Additional Annual State Revenues Needed for Highway Construction Plan
\$ 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
305,000,000	157,000,000	148,000,000
86,000,000	44,000,000	42,000,000
19,000,000 8,000,000 3,000,000	19,000,000	8,000,000 3,000,000
\$ 925,000,000	19,250,000	11,000,000
	Needed for Highway Construction Plan \$ 387,000,000	Needed for Highway Annual Funds Available for Highway Construction Plan Highway Construction \$ 387,000,000 \$ 137,000,000 \$ 137,000,000 90,000,000 504,000,000 227,000,000 305,000,000 157,000,000 44,000,000 44,000,000 19,000,000 19,000,000 3,000,000 19,000,000



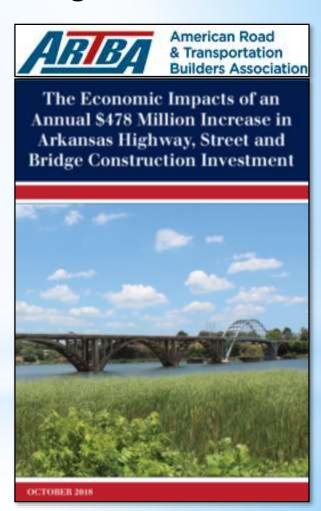
Does Not Include
Capital Improvement
Projects

Highway vs. General Revenue Compared to Employment Levels



State Highway Funding Issues

- Immediate Economic Benefits of Increasing Investment
 - ✓ Supports **\$1.3 Billion** in Economic Activity
 - ✓ Supports <u>5,729 Jobs</u>
- 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





1/2 Cent Sales Tax Turnback Funds

Hempstead County

Received \$2.2 Million to date Projected to Receive \$2.0 Million Total \$4.2 Million (Ending in 2023)



Nevada County

Received \$1.6 Million to date Projected to Receive \$1.4 Million Total \$3.0 Million (Ending in 2023)



1/2 Cent Sales Tax Turnback Funds

City	Received	Projected thru 2022	Total
Норе	\$ 1,074,232	\$ 959,989	\$ 2,034,221
Prescott	\$ 350,735	\$ 313,435	\$ 664,170
McCaskill	\$ 10,216	\$ 9,129	\$ 19,345
Blevins	\$ 33,520	\$ 29,955	\$ 63,475
Ozan	\$ 9,045	\$ 8,083	\$ 17,128
Washington	\$ 19,154	\$ 17,117	\$ 36,272
McNab	\$ 7,236	\$ 6,466	\$ 13,702
Fulton	\$ 21,389	\$ 19,114	\$ 40,503
Emmet	\$ 55,122	\$ 49,259	\$104,381
Patmos	\$ 6,810	\$ 6,086	\$ 12,897





2023 vs. 2024 If No Action

City	Received	Projected thru 2022	Total
Норе	\$ 1,074,232	\$ 959,989	\$ 2,034,221
Prescott	\$ 350,735	\$ 313,435	\$ 664,170
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Nevada County

Received \$1.6 Million to date Projected to Receive \$1.4 Million Total \$3.0 Million (Ending in 2023)



Possible Potential New Program Discussion



Possible Hwy. Funding Sources State

Increase Motor Fuel Taxes
Increase Registration Fees
Sales Tax on Motor Fuels
Road User Revenue Transfer
Permanent Sales Tax Increase
Other???





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%

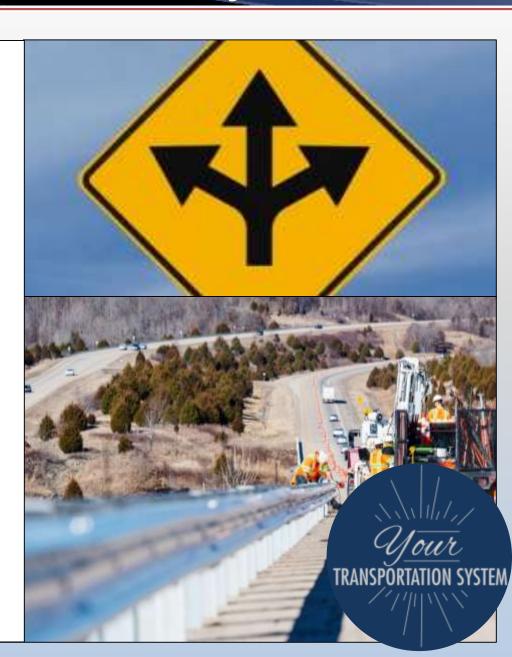
¹ Amount shown is annual net to highways – after deduction for CFA/CSF and 30% to cities and counties.

² Transfer of 4.5% ("general" portion of statewide sales tax)



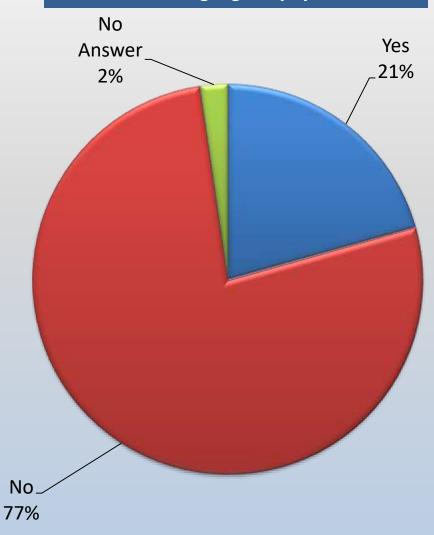
Citizens Opinion Survey

CITIZENS OPINION MAIL OR EMAIL RESPONSES TO ANDOT Public Information P.O. Box 2261 Little Rock, AR 72203 ON HIGHWAYS IN ARKANSAS infe@ardot.ar.gov Are you satisfied with the condition of the existing state highway system? OYes ONd 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? OYes Which of the following sources do you recommend be utilized in obtaining additional funds (check all that apply): O Increase in gas tax O Increase in diesel tax O Increase in sales tax (dedicated to highways) O Increase in registration fees O Add sales tax on wholesale price of motor fuels O Transfer existing sales and use tax on motor vehicles and related parts and service (currently collected but not paid to highways) O Other: Would you be willing to sign a petition to put a highway revenue proposal on the 2018 general election ballot? O Yes How did you hear about this survey OTV/Radio/Print OWebsite/Search Engine O Presentation O Social Media OFamily or Friend OOther: Optional: Name: Address: City, State, Zip:

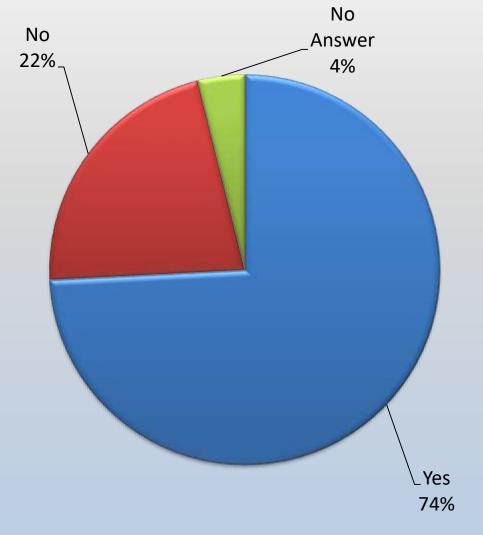


Survey Results

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



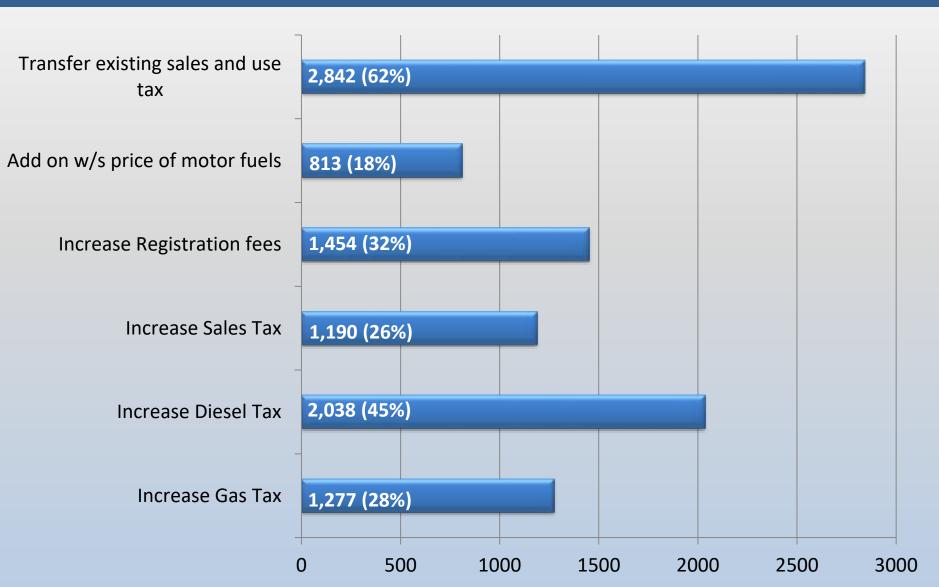
Would you support a new highway program that would generate additional revenue?





Survey Results

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





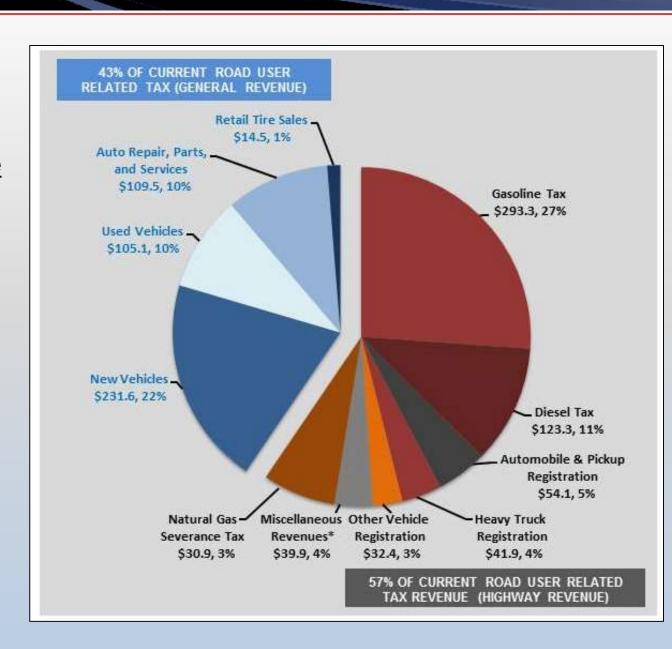
Road User Related Tax Revenue (SFY 2016)

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







Arkansas Department of Transportation

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



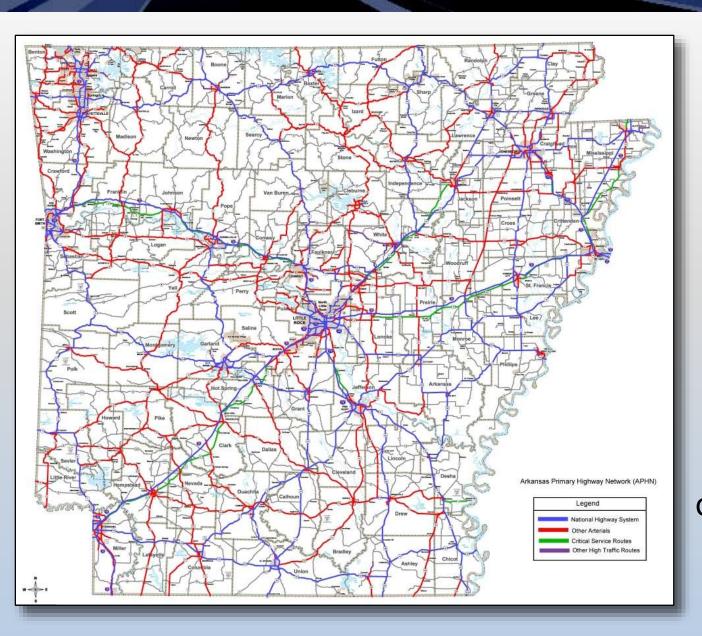








Arkansas Primary Highway Network



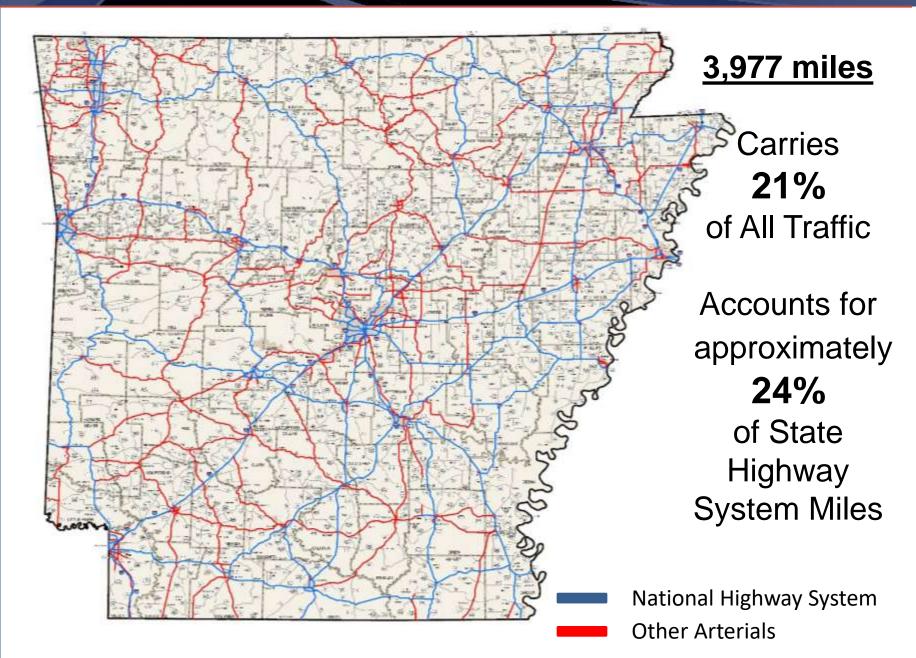
7,927 miles

Carries
90%
of All Traffic

Accounts for approximately 48% of State Highway System Miles

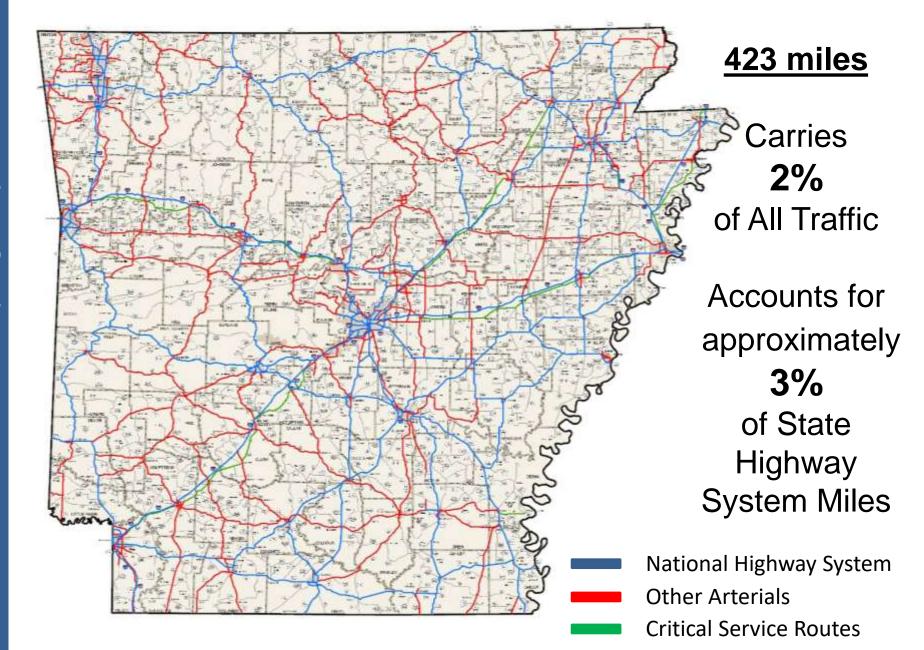


Other Arterials



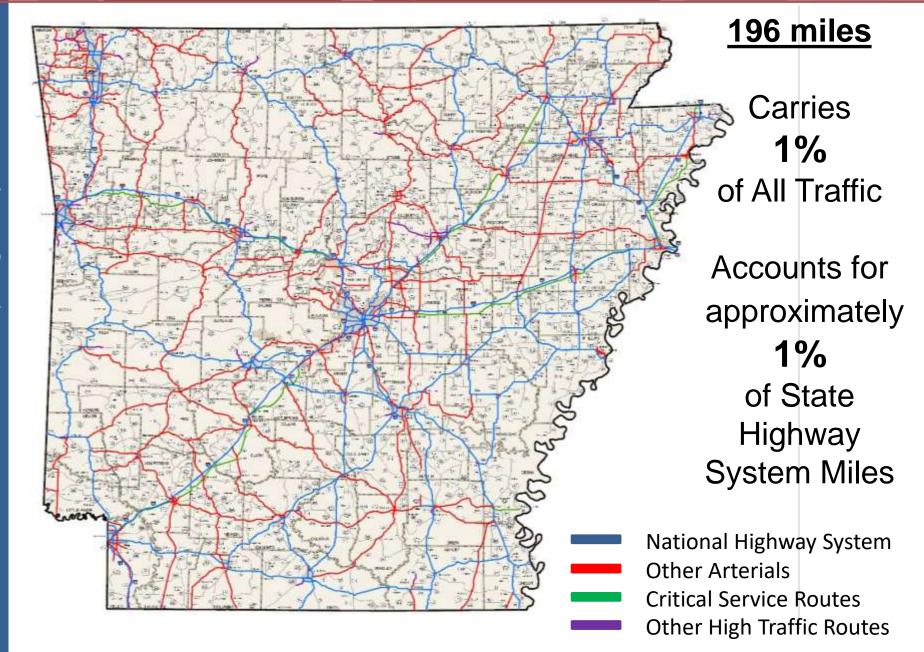


Critical Service Routes





Other High Traffic Routes





Arkansas Primary Highway Network

Level	Miles	Traffic
National Highway System	20%	66%
Other Arterials	24%	21%
Critical Service Routes	3%	2%
Other High Traffic Routes	1%	1%
Totals	48%	90%



Project Prioritization & Selection



Pavement Preservation

- ✓ Pavement Condition Rating
 - Roughness
 - Rutting
 - Cracking
- ✓ Average Daily Traffic
- ✓ Arkansas Primary Highway Network
- ✓ Truck Percent

Pavement Preservation Goals					
System	Current Grade	Goal Grade			
Interstate System	В	А			
National Highway System	C+	В			
Other Arkansas Primary Highway Network	C-	C+			
Non Arkansas Primary Highway Network	D-	C-			

Bridge Preservation Project Selection Criteria

- ✓ Substandard Structural Condition Rating
- ✓ Weight Restricted
- ✓ Average Daily Traffic
- ✓ Arkansas Primary Highway Network
- ✓ Safety
- ✓ Connectivity
- ✓ Truck Percent

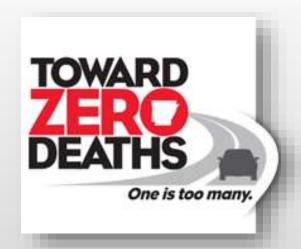
Capacity (Congestion Relief) Project Selection Criteria

- ✓ Level of Service E or F
 - Definition: Extremely Congested with Poor System Reliability
- ✓ Safety
- ✓ Partnering with Local Agencies



Safety Improvements

- ✓ Systemic
- ✓ Location Specific



Capital Improvements

- ✓ Arkansas Primary Highway Network
- ✓ Local Agencies
- ✓ Legislators
- ✓ Public
- ✓ Economic Development
- ✓ Partnering with Local Agencies



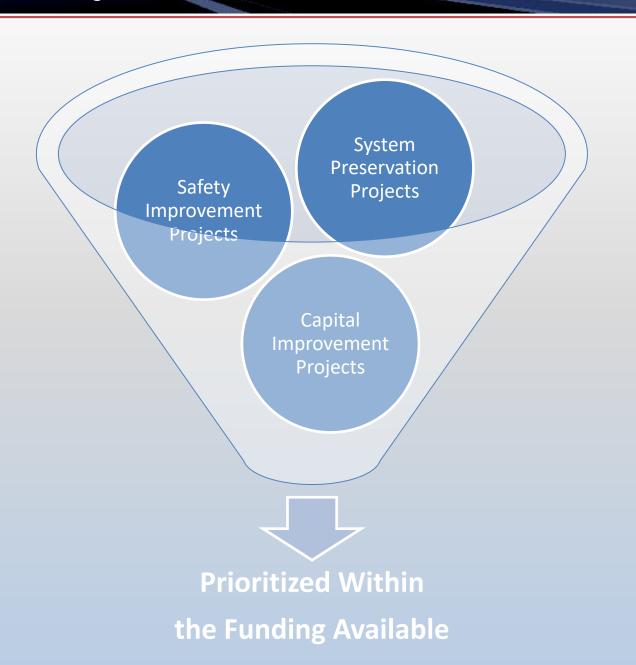




Exhibit III

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	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	19,000,000 8,000,000	19,000,000	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.			

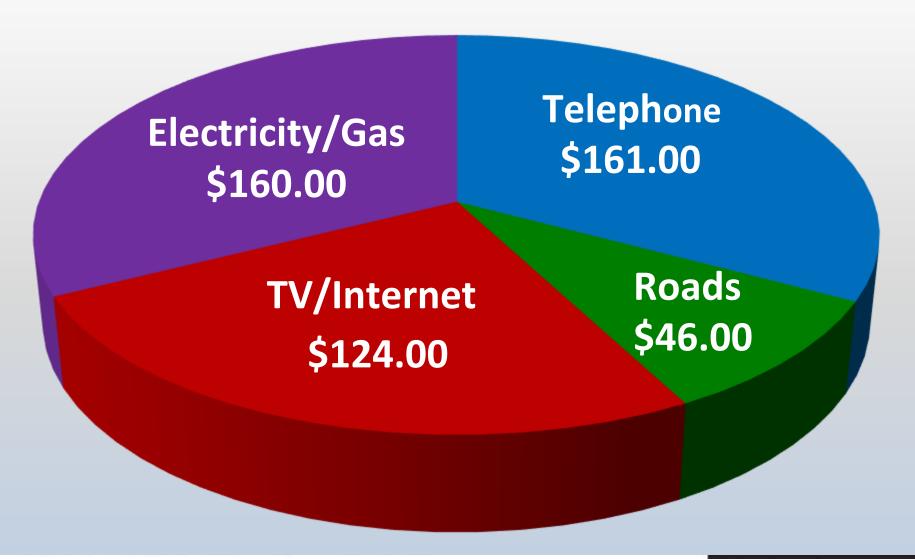








Average Monthly Household Expenditures





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





Southwest Arkansas Worst Roads and Bridges



Miller County
Highway 134, Section 1
Highway 71 near Fouke to Garland City



Southwest Arkansas Worst Roads and Bridges



Hempstead County
Highway 195, Section 1
Approx. 1 mile east of Fulton to Crossroads

Clark County
Highway 67, Section 6
Approx. 0.4 miles south of Highway 7
over the Caddo River in Caddo Valley



Southwest Arkansas Worst Roads and Bridges



Sevier County
Highway 71, Section 5
Approx. 1.5 miles south of Lockesburg

Miller County
Highway 237, Section 1
Approx. 10 miles south of Texarkana





Arkansas State Legislative Audit

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 Maintenance	86,000,000	44,000,000	42,000,000
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 11,000,000
Totals	\$ 925,000,000	\$ 447,000,000	\$ 478,000,000
Note: Amounts shown are rounded.			



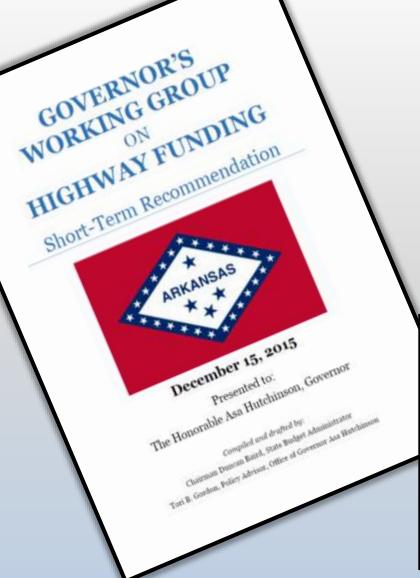


Arkansas Legislative Audit

- 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
 - ✓ History of bond activities



ARDDI Governor's Working Group on Highway Funding









Governor's Plan – As Originally Proposed

	FY16	FY17	FY18	FY19	FY20
			(x \$1 M)		
2016 Special Session					
Transfer Funds from the FY15 Unobligated Surplus	20.0				
Provide Governor's Rainy Day Funds	20.0				
Special Revenue from Sales Tax on New and Used Vehicles	1.5	8.0	15.0	20.0	25.0
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	5.4
Sub-Totals 2016 Special Session	46.9	16.1	23.1	28.1	33.1
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

Totals 2016 Special Session and Potential in Future Years 46.9 64.1 71.1

As Passed and Projected

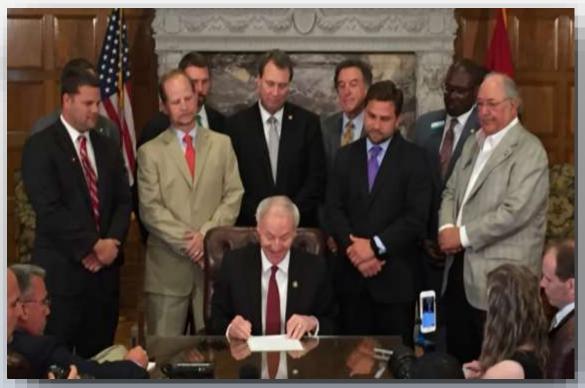
Act 1 - Arkansas Highway Improvement Plan of 2016

	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





- Rule Review
- Reporting



Structured Communication

Other Considerations

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

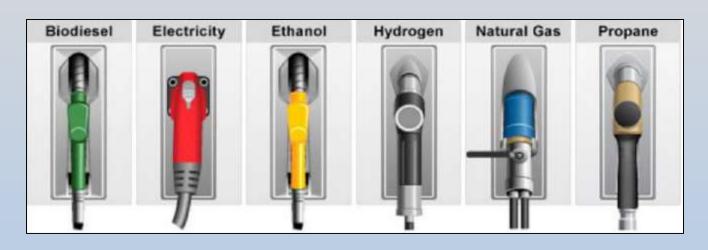
Complex

Annual Flat Fee?

Energy-Based Consumption?

Vehicle Miles Traveled?

Tolls?



Other Considerations

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			
	<u>Total Spent</u>	<u>Principal</u>	<u>Interest</u>	
CAP	\$ 620.2 million	\$ 468.9 million	\$ 151.3 million	
	Interest as a percentag	24.39%		