

Mark Headley, P.E.
District Engineer



ASPE Meeting – Hot Springs Chapter
Tuesday, January 8, 2019



Statewide Programs



Interstate Rehabilitation Program

Completed

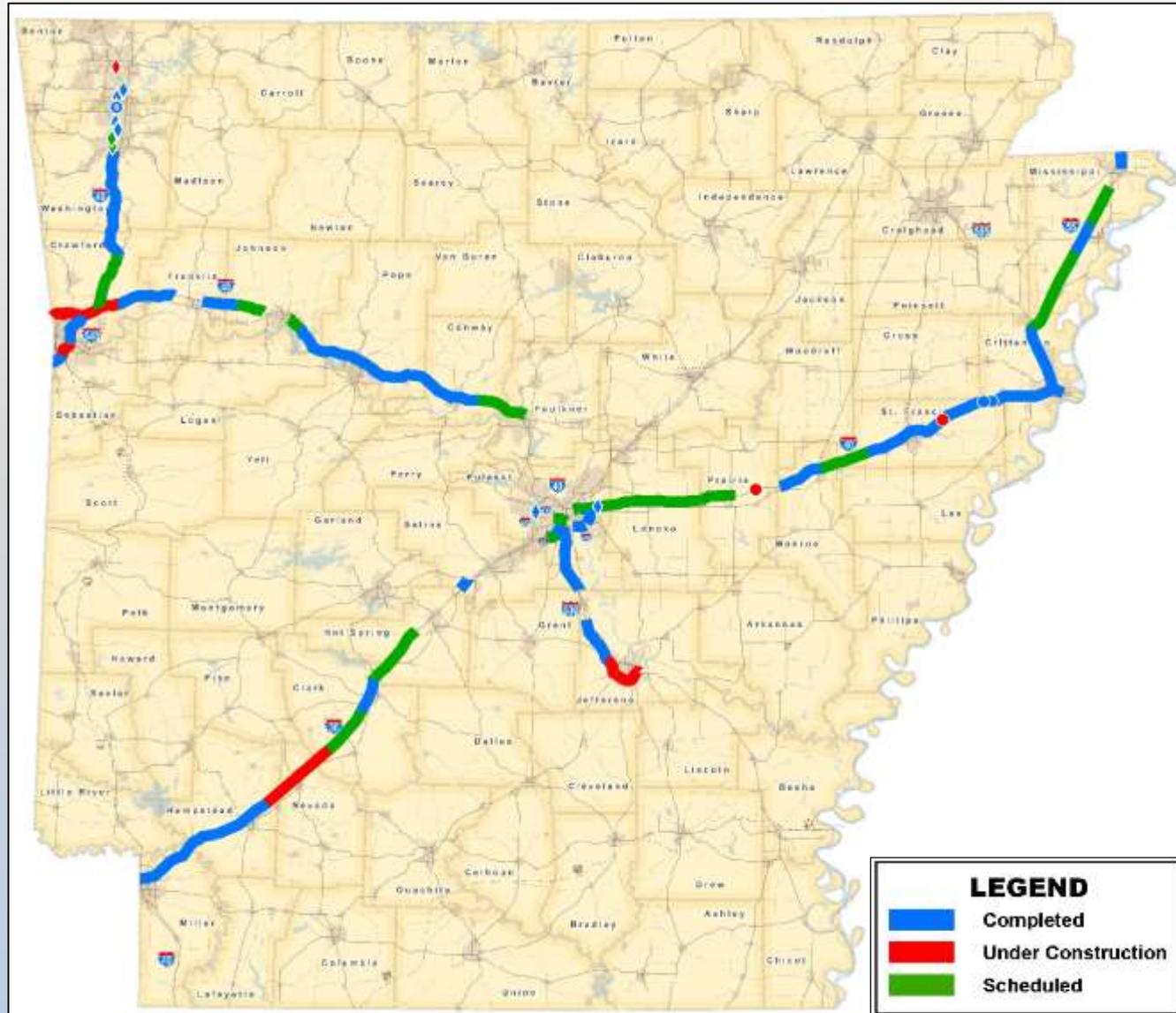
46 Projects
290 Miles
\$1.00 Billion

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





Local Projects



Completed

55 Projects

108 Miles

\$132 Million



Under Construction

12 Projects

25 Miles

\$26 Million



Scheduled

30 Projects

59 Miles

\$203 Million

Completed

3 Projects
25 Miles
\$12 Million

Scheduled

3 Projects
21 Miles
\$11 Million



Completed

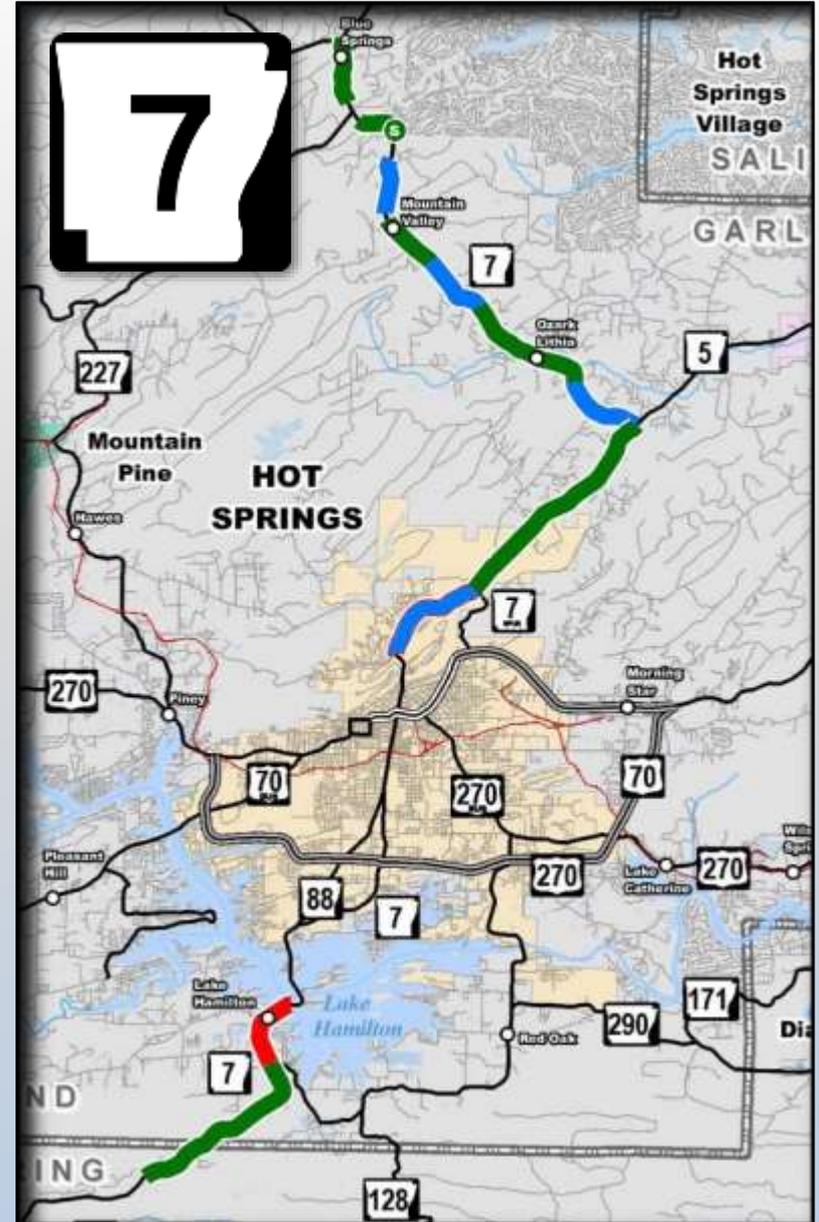
2 Projects
5.4 Miles
\$7 Million

Under Construction

1 Project
1.4 Miles
\$11 Million

Scheduled

3 Projects
15.3 Miles
\$25 Million



U.S. Highway 70 and Interstate 30



Completed

17.8 Miles

\$79 Million

Scheduled

5.4 Miles

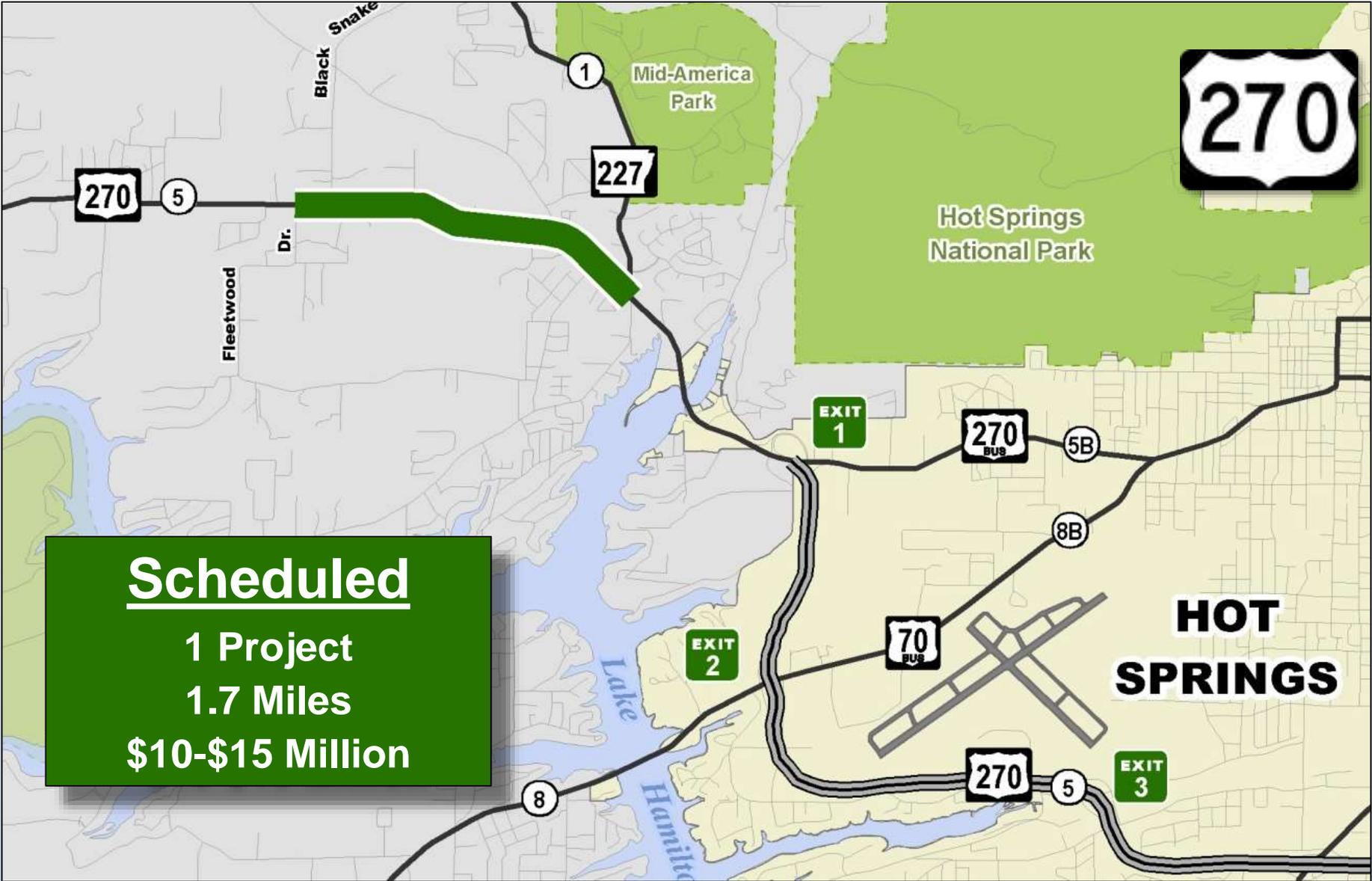
\$150-\$175 Million



U.S. Highway 70



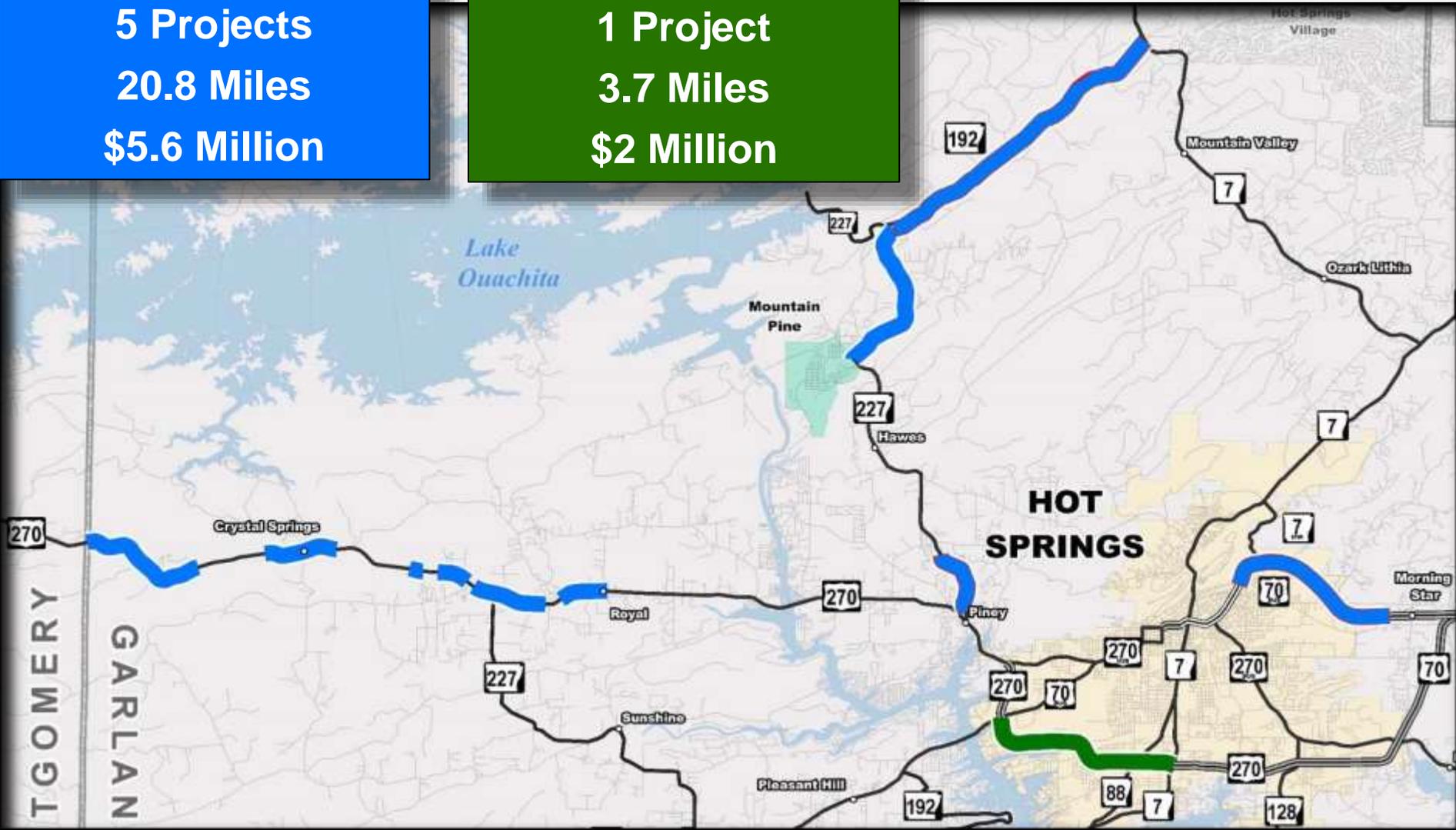
U.S. Highway 270



Other Pavement Preservation

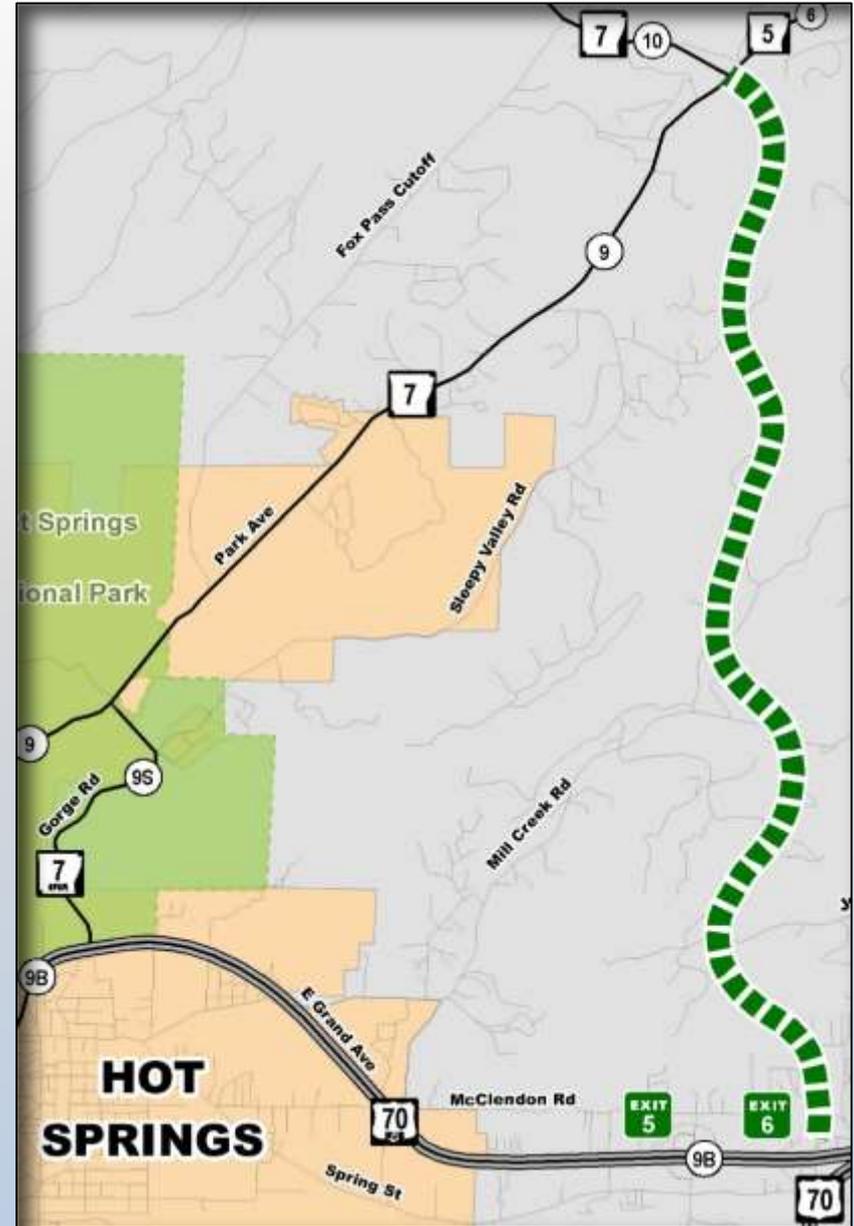
Completed
5 Projects
20.8 Miles
\$5.6 Million

Scheduled
1 Project
3.7 Miles
\$2 Million



- **Project Update**
 - ✓ Environmental
 - ✓ Design
- **Next Steps**

Scheduled
5.5 Miles
Estimated \$60 Million





Funding Challenges

Challenges

➤ **12th** largest system in the country

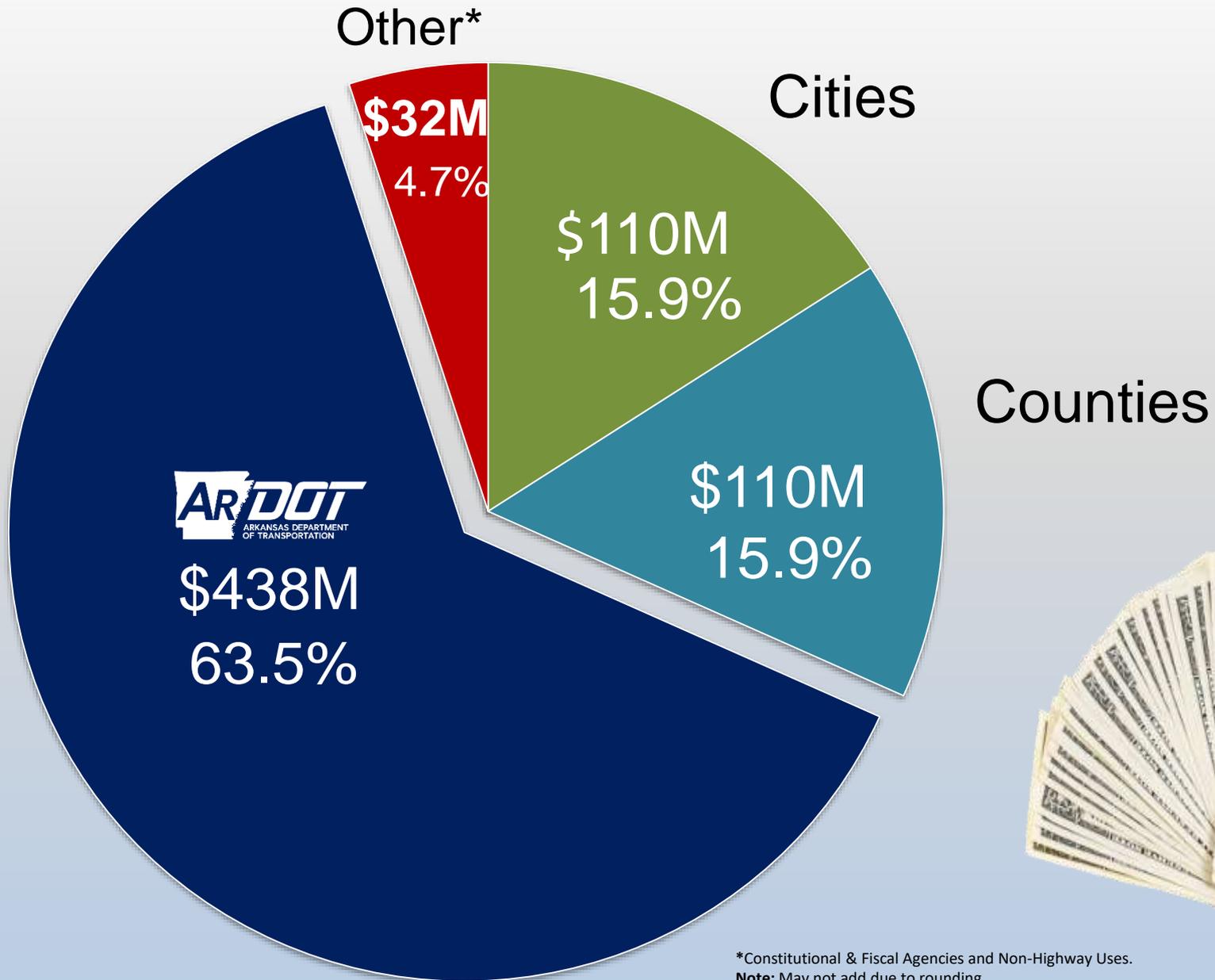
➤ **42nd** in highway revenue per mile.

➤ **\$9.3 billion** in needs

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



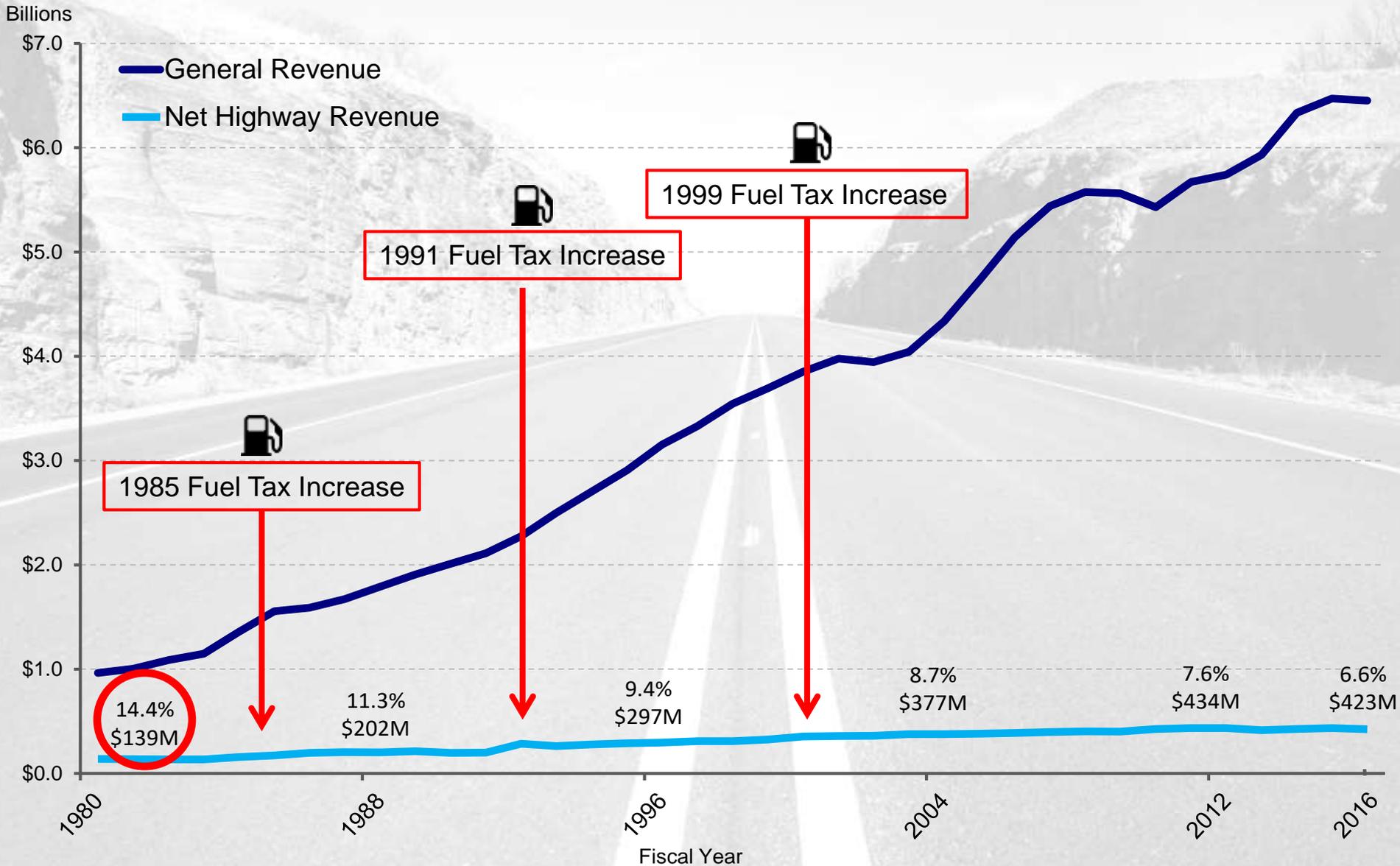
Average Annual Highway User Revenue Distribution



*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

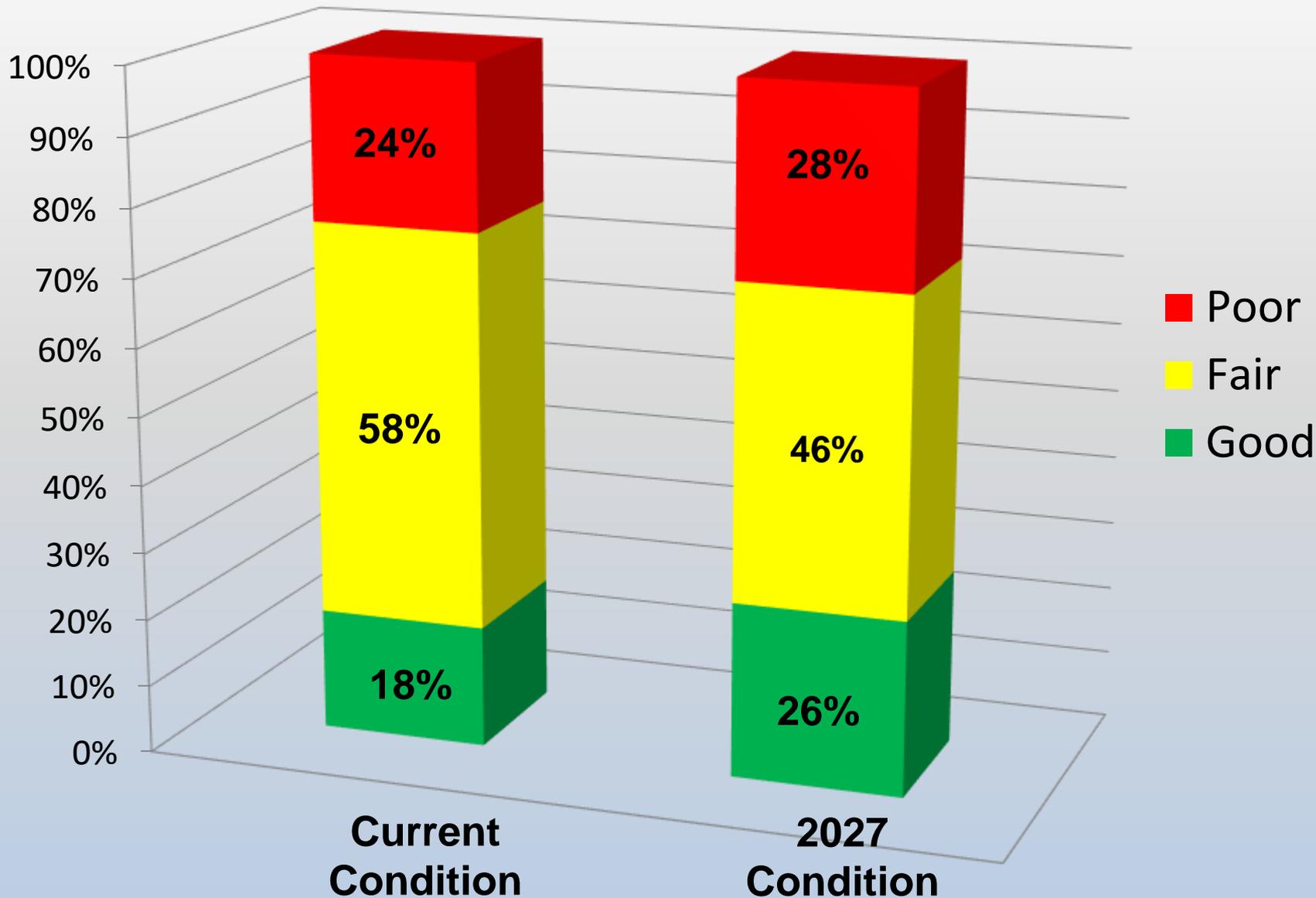
23 years ago, in 1995,
200 miles of Highway
could be overlaid.

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

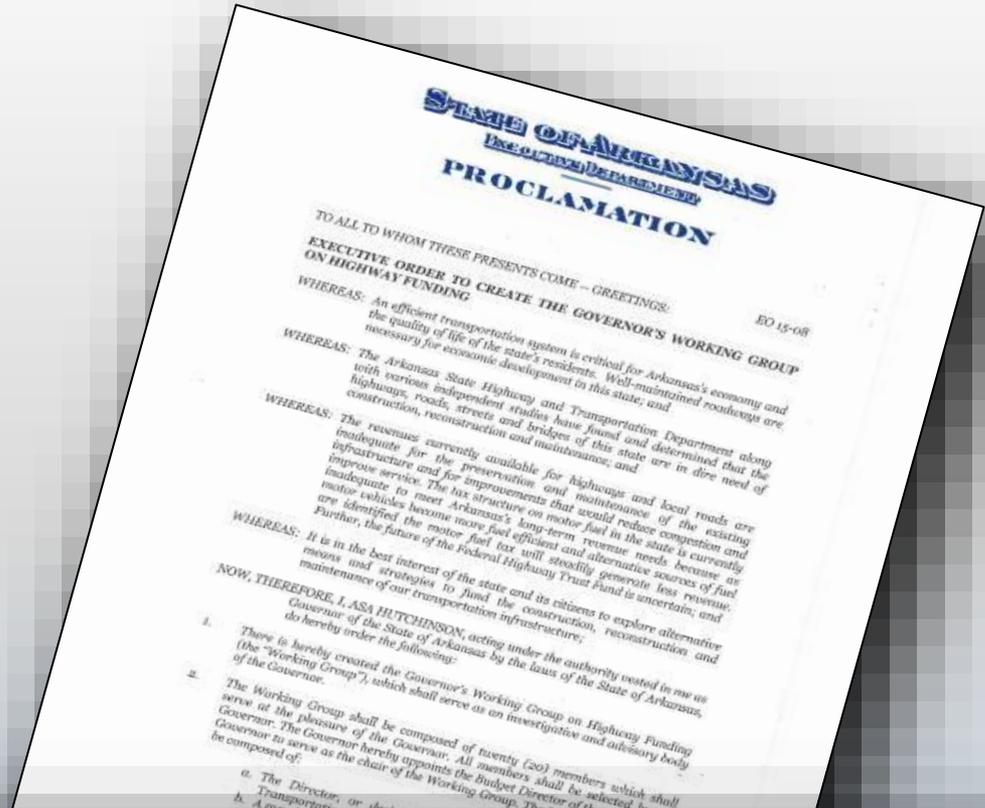


Overlay
\$100,000
per lane mile

Pay a **Whole Lot** Later



Reconstruction
\$1,500,000
per lane mile

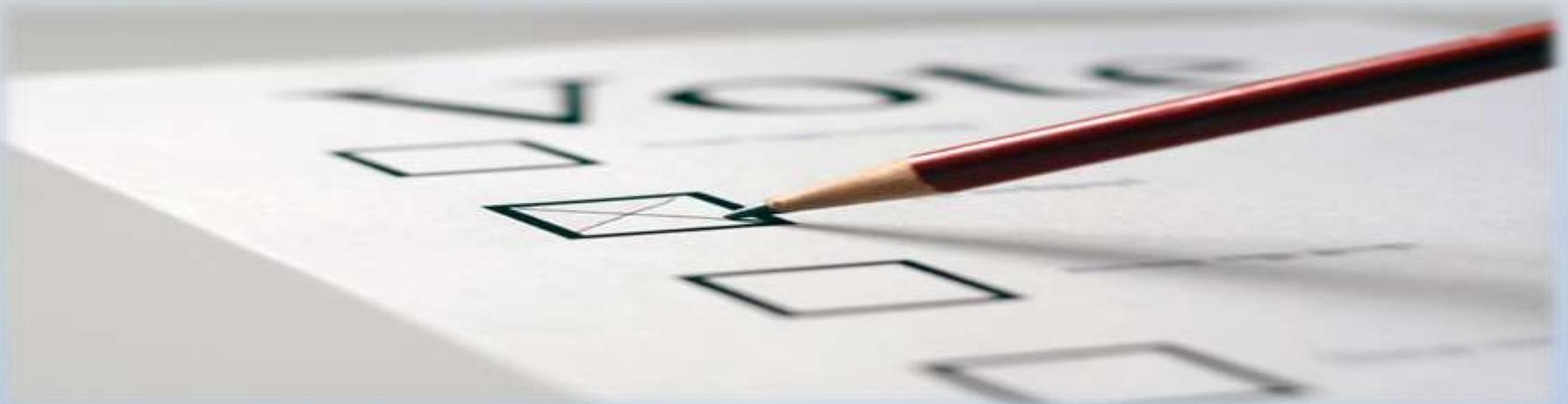


“An efficient transportation system is critical for Arkansas’ economy and the quality of life of the state’s residents.”

□ 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) | | | | |
| 2016 Special Session | | | | | |
| 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 | ? | ? |
| | | | | | |
| Total Received | 41.5 | 31.3 | 50.4 | 17.1 | ? |
| Total Projected | 41.5 | 76.1 | 76.1 | 76.1 | 76.1 |
| Difference | 0 | (44.8) | (25.7) | (59.0) | ? |

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

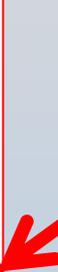


Exhibit III

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

\$ 478,000,000

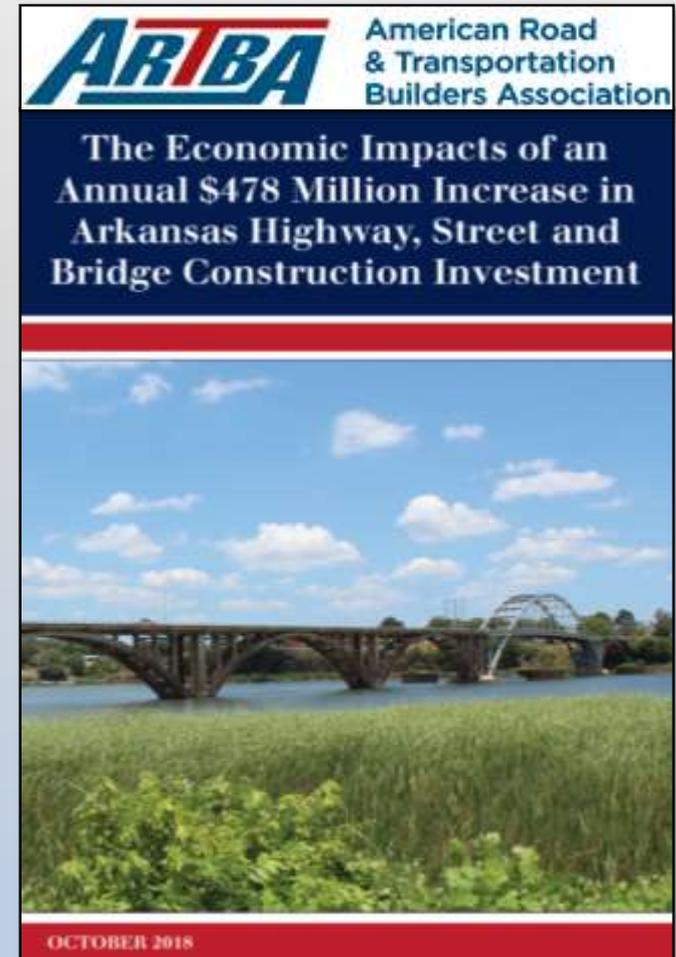


Note: Amounts shown are rounded.

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

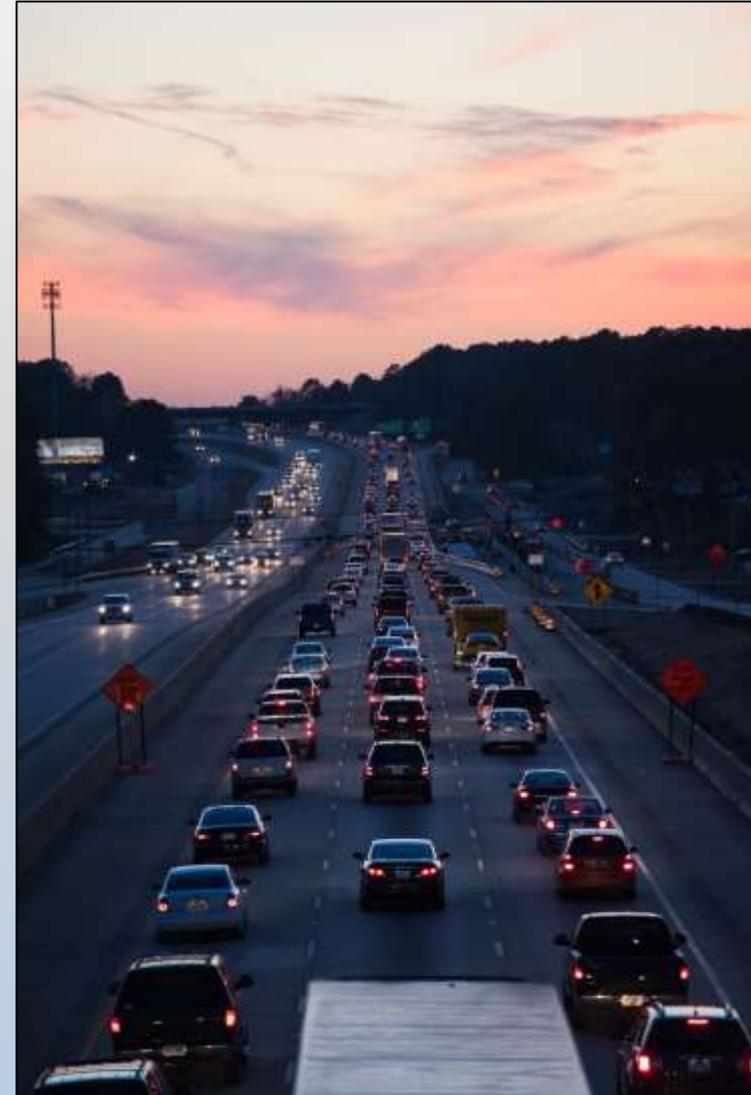
| State Highway System | Gross Replacement Value | Average Annual Investment to Maintain State of Good Repair |
|----------------------|-------------------------|--|
| Roads | \$58.1 Billion | \$387 Million (0.67%) |
| Bridges | \$11.0 Billion | \$117 Million (1.06%) |
| Total | \$69.1 Billion | \$504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

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



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



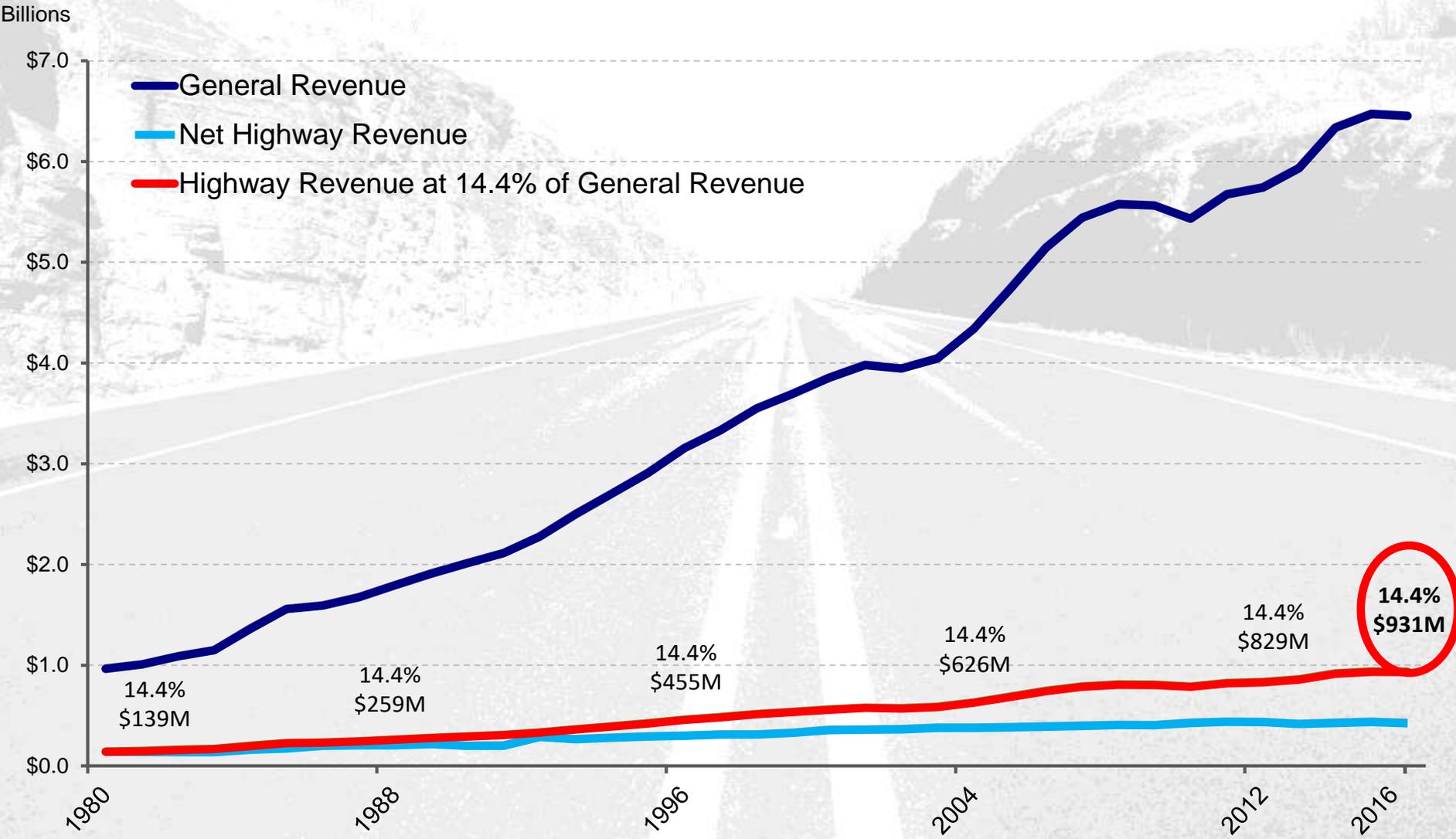
Infrastructure Investment and Quality of Life

Quality of Life is Directly Linked to:

- Reliable Access to:
 - ✓ Housing
 - ✓ Family, Friends, Spirituality
 - ✓ Employment
 - ✓ School
 - ✓ Health Care
 - ✓ Recreation/Entertainment
 - ✓ Consumer Goods
 - ✓ Consumer Services



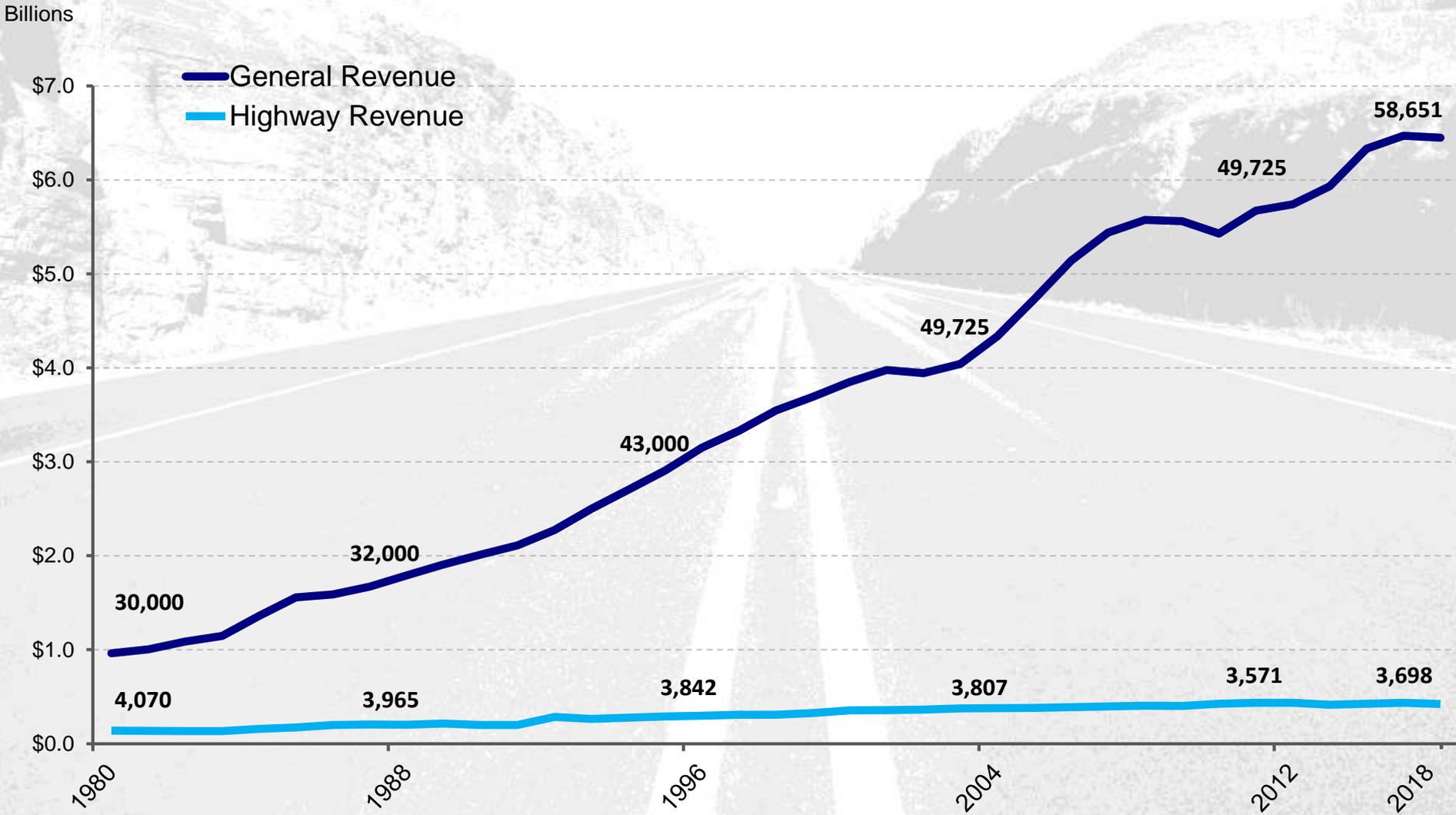
Highway Revenue at 14.4% of General Revenue



Excludes County & City Aid funds | Excludes CAP funds

Fiscal Year

Highway vs. General Revenue Compared to Employment Levels



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 ⁽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)

Other Considerations

Alternative Fuels

Definition

Methanol, Ethanol and other Alcohols

Blends of Alcohol with Gasoline

Compressed Natural Gas and Liquefied Petroleum Gas

Liquefied Natural Gas

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

Arkansas Transportation Stakeholder Group

Possible Funding Scenario 1

| Year | 3/8 cent General Sales Use Tax | Additional 3/8 cent General sales and Use Tax | Increase Gasoline Fuel Tax 3 cents | Increase Diesel Fuel Tax 5 cents | Increase Registration Fees Auto& Pickups \$10 | Alternative Fuel Vehicles Registration \$184 Electric / \$90 Hybrid | Total | Additional To Department |
|---|--------------------------------|---|------------------------------------|----------------------------------|---|---|-----------------|--------------------------|
| | (x \$1 Million) | | | | | | | |
| 2022 | \$ 208.0 | | \$ 46.1 | \$ 33.2 | \$ 30.7 | \$ 2.6 | \$ 320.6 | \$ 224.4 |
| 2023 | \$ 212.2 | | \$ 46.5 | \$ 33.5 | \$ 31.3 | \$ 3.4 | \$ 326.9 | \$ 228.8 |
| 2024 | \$ 216.4 | \$ 216.4 | \$ 47.0 | \$ 33.8 | \$ 32.0 | \$ 4.4 | \$ 550.0 | \$ 385.0 |
| 2025 | \$ 220.7 | \$ 220.7 | \$ 47.5 | \$ 34.2 | \$ 32.6 | \$ 5.7 | \$ 561.4 | \$ 393.0 |
| 2026 | \$ 225.2 | \$ 225.2 | \$ 47.9 | \$ 34.5 | \$ 33.2 | \$ 7.4 | \$ 573.4 | \$ 401.4 |
| TOTAL TO THE HIGHWAY FUND IN YEAR 2026 | | | | | | | \$ 573.4 | \$ 401.4 |

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:

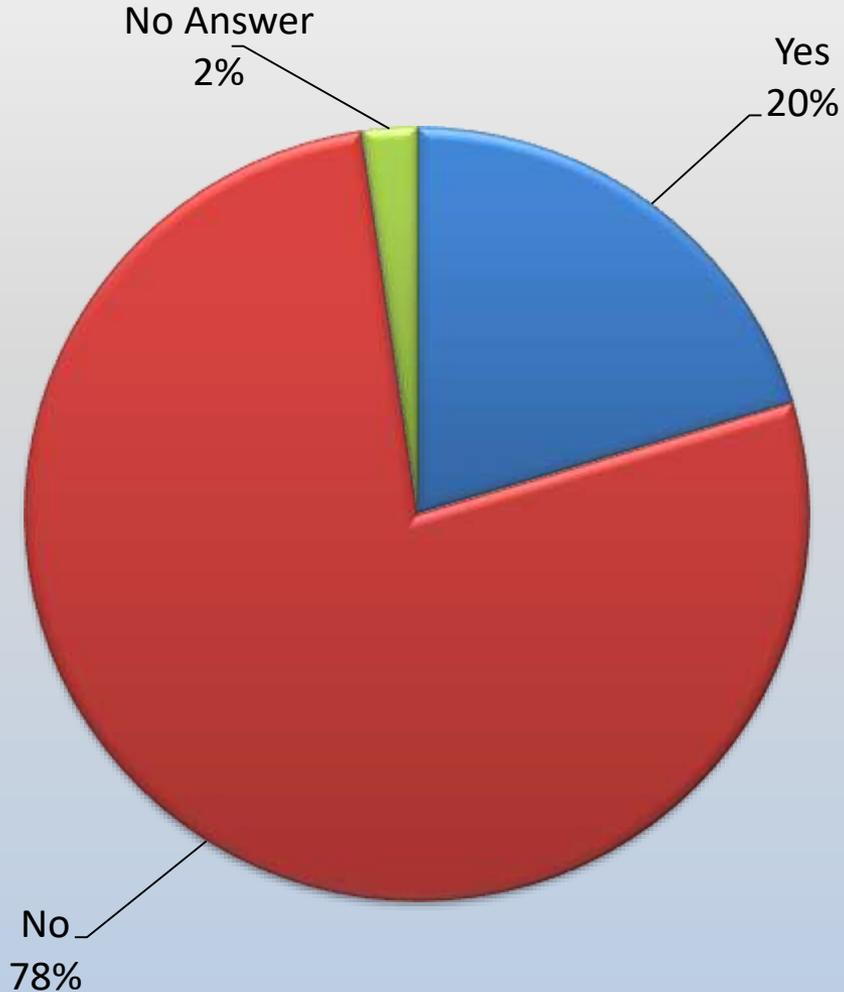
Name: _____
 Address: _____
 City, State, Zip: _____

Online Form Available Here:

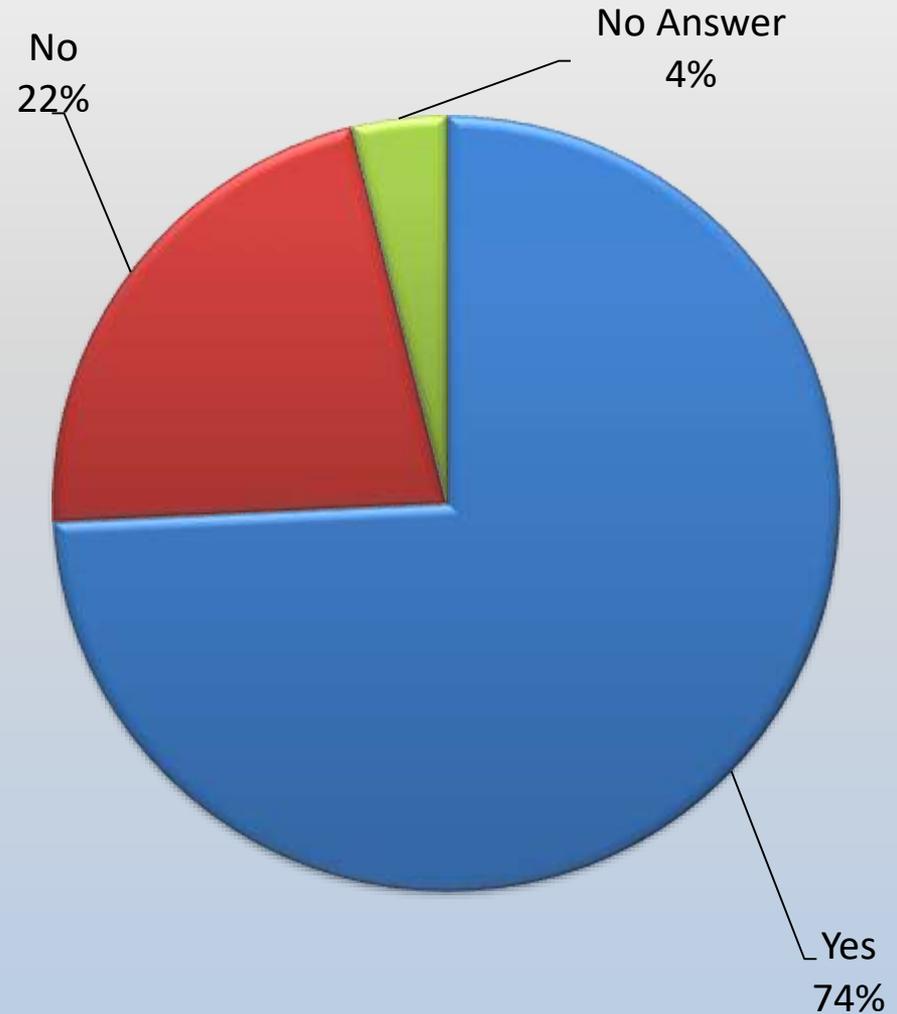


Survey Results

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

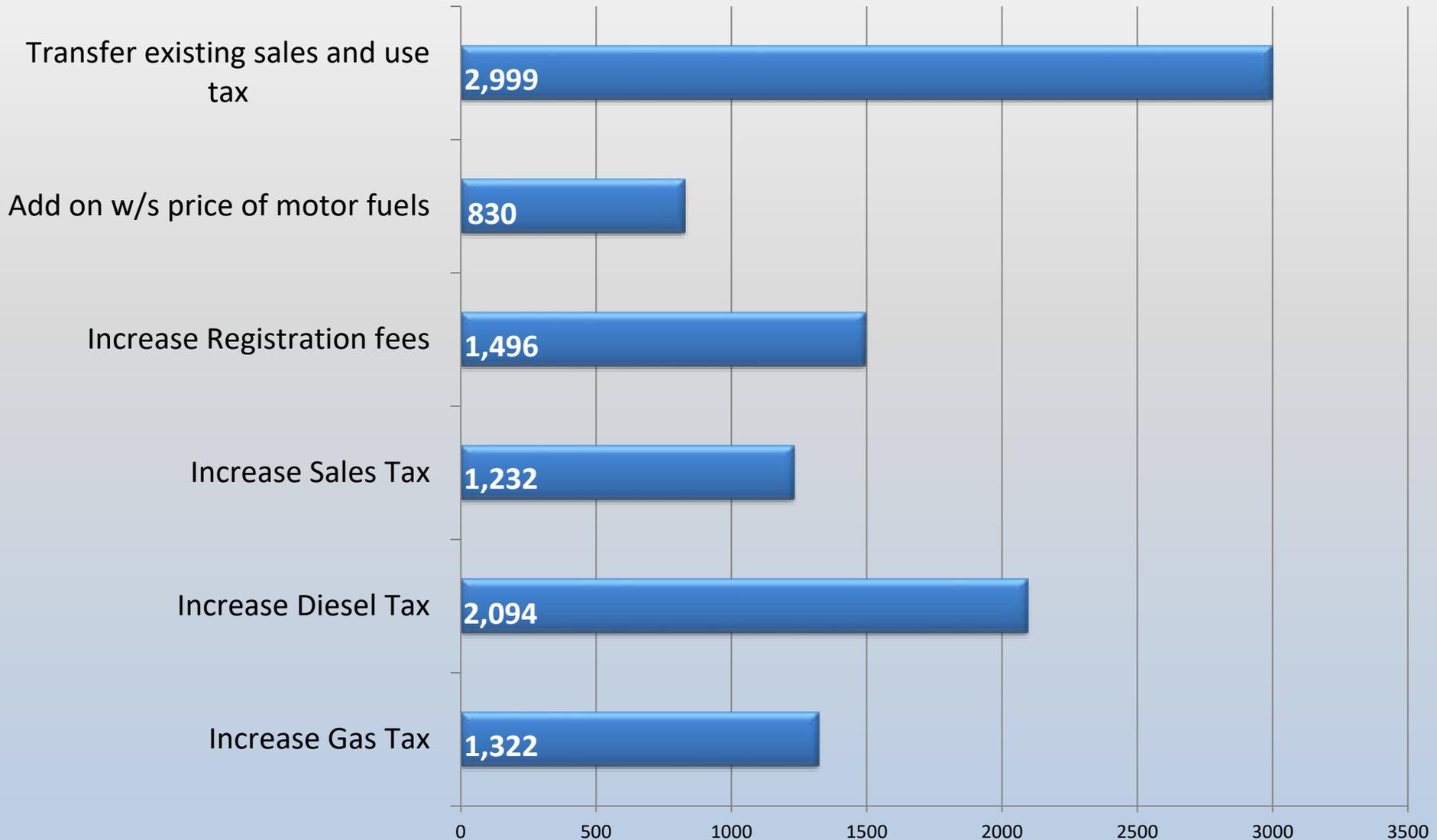


Would you support a new highway program that would generate additional revenue?



Survey Results

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



Total Road User Revenue

\$1.219 Billion

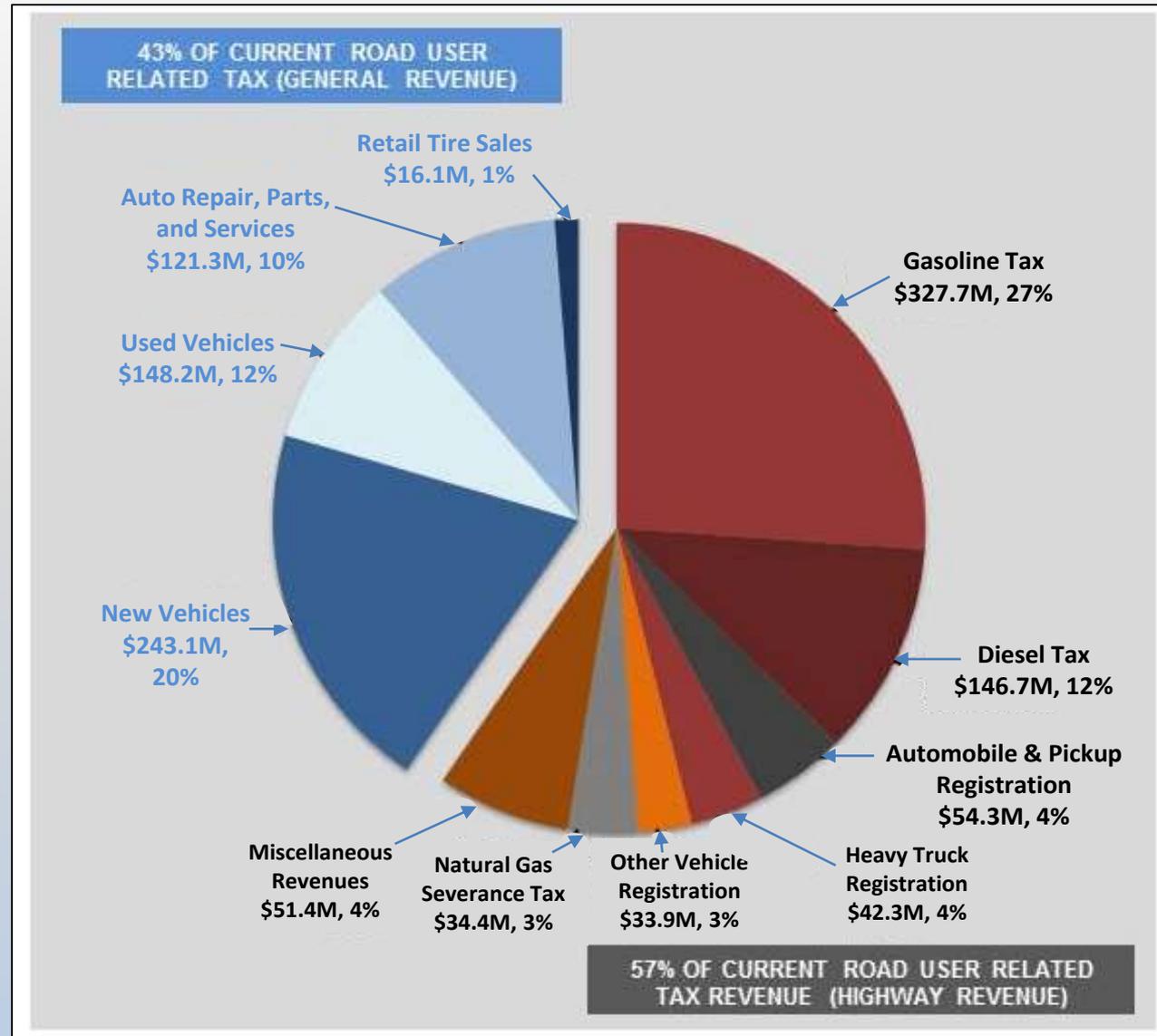
Distribution:

General Revenue

\$528.7 Million (43%)

Highway Revenue

\$690.7 Million (57%)





Your
TRANSPORTATION SYSTEM

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



@myARDOT

