

Lorie Tudor, P.E.
Deputy Director & Chief Operations Officer

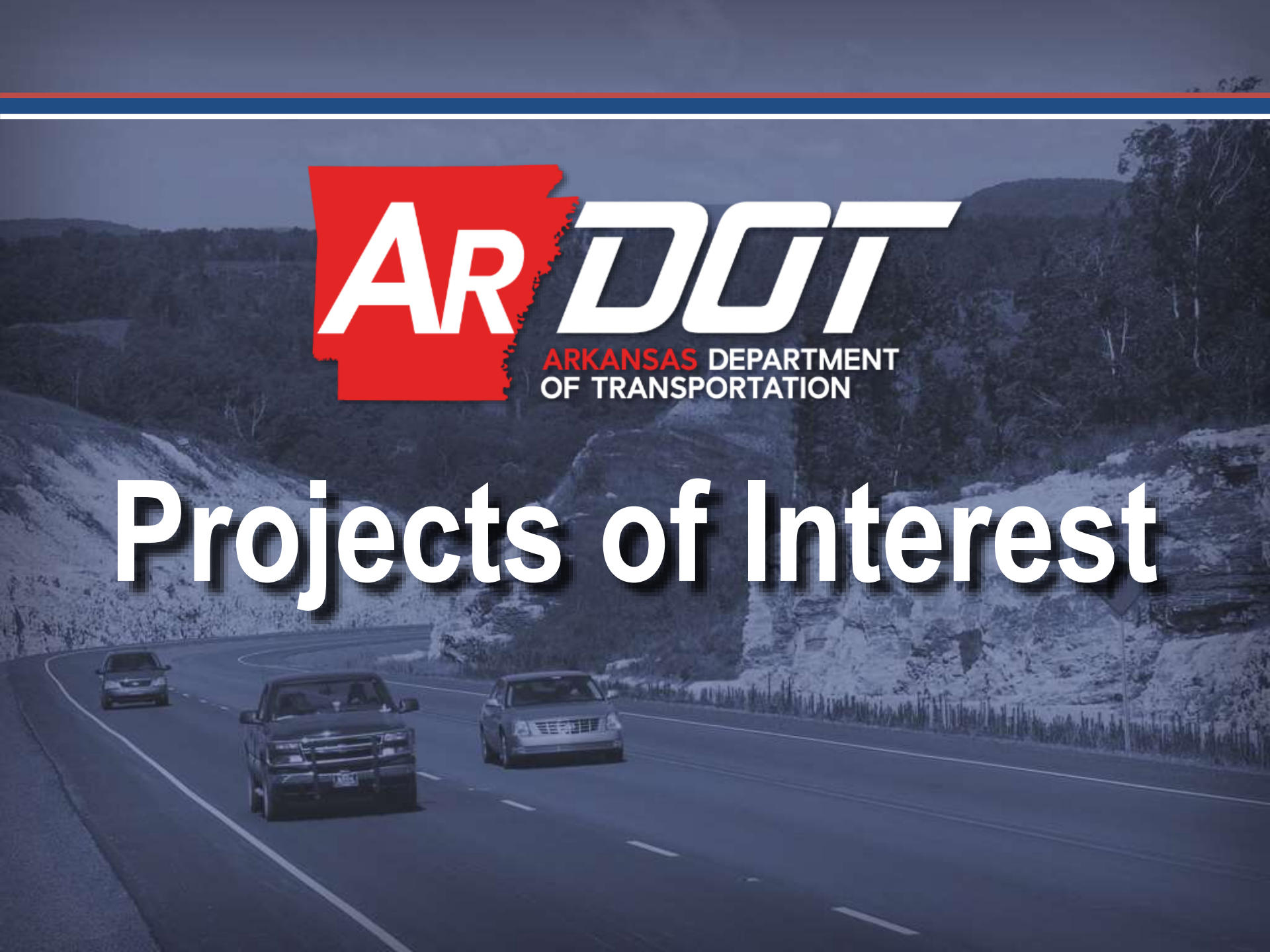


Texarkana Days

Wednesday, February 6, 2019



Projects of Interest



Summary of Work

Summary of Projects in Miller County

State Highway, County Roads, City Streets and Trails

Last 10 Years		
Status	Length (miles)	Amount (x \$1 M)
Completed	50.7	\$ 276.8
Under Construction	18.7	\$ 2.4
Programmed	43.6	\$ 24.4
Grand Total	113.0	\$ 303.6

Summary of Projects in the Texarkana Area

Last 10 Years		
Status	Length (miles)	Amount (x \$1 M)
Completed	55.2	\$ 184.9
Under Construction	18.7	\$ 2.4
Scheduled	33.7	\$ 21.2
Grand Total	107.6	\$ 208.5

Future Interstate 49



Interstate 49 Progress in Arkansas

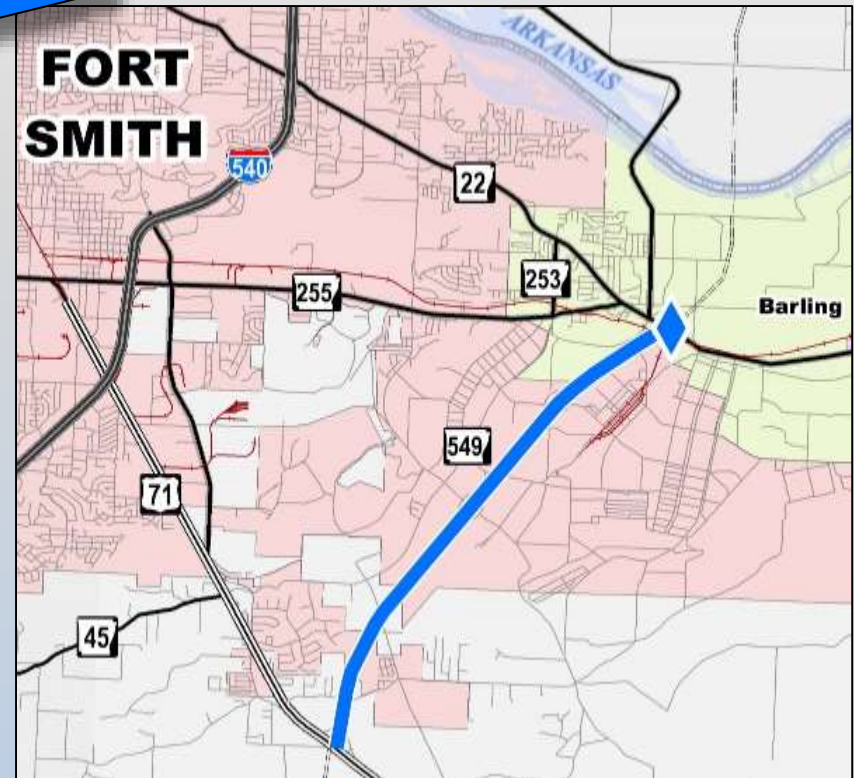


Interstate 49 Progress in South of Interstate 40

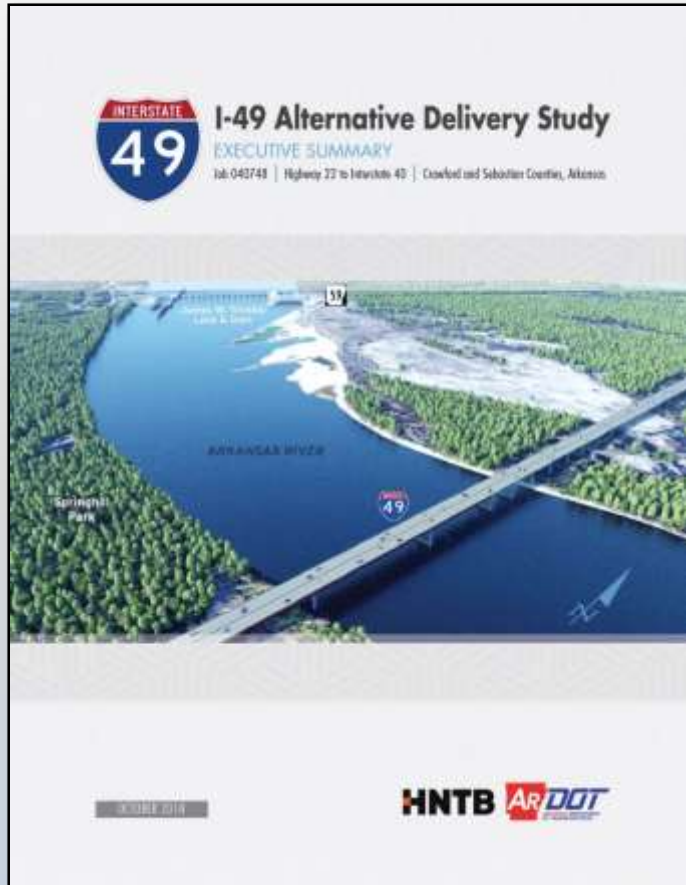


Completed
29 Projects
84 Miles
\$449 Million

U.S. 71 – Hwy. 22



(LA Line to Red River)



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

INTERSTATE 30

Texarkana to Central Arkansas

Last 10 Years		
Status	Length (miles)	Amount (x \$1 M)
Completed	48.4	\$ 148.0
Under Construction	25.6	\$ 226.4
Scheduled	36.4	\$ 18.4
Grand Total	110.4	\$ 392.8

Interstate 30

Completed

7 Projects

45 Miles

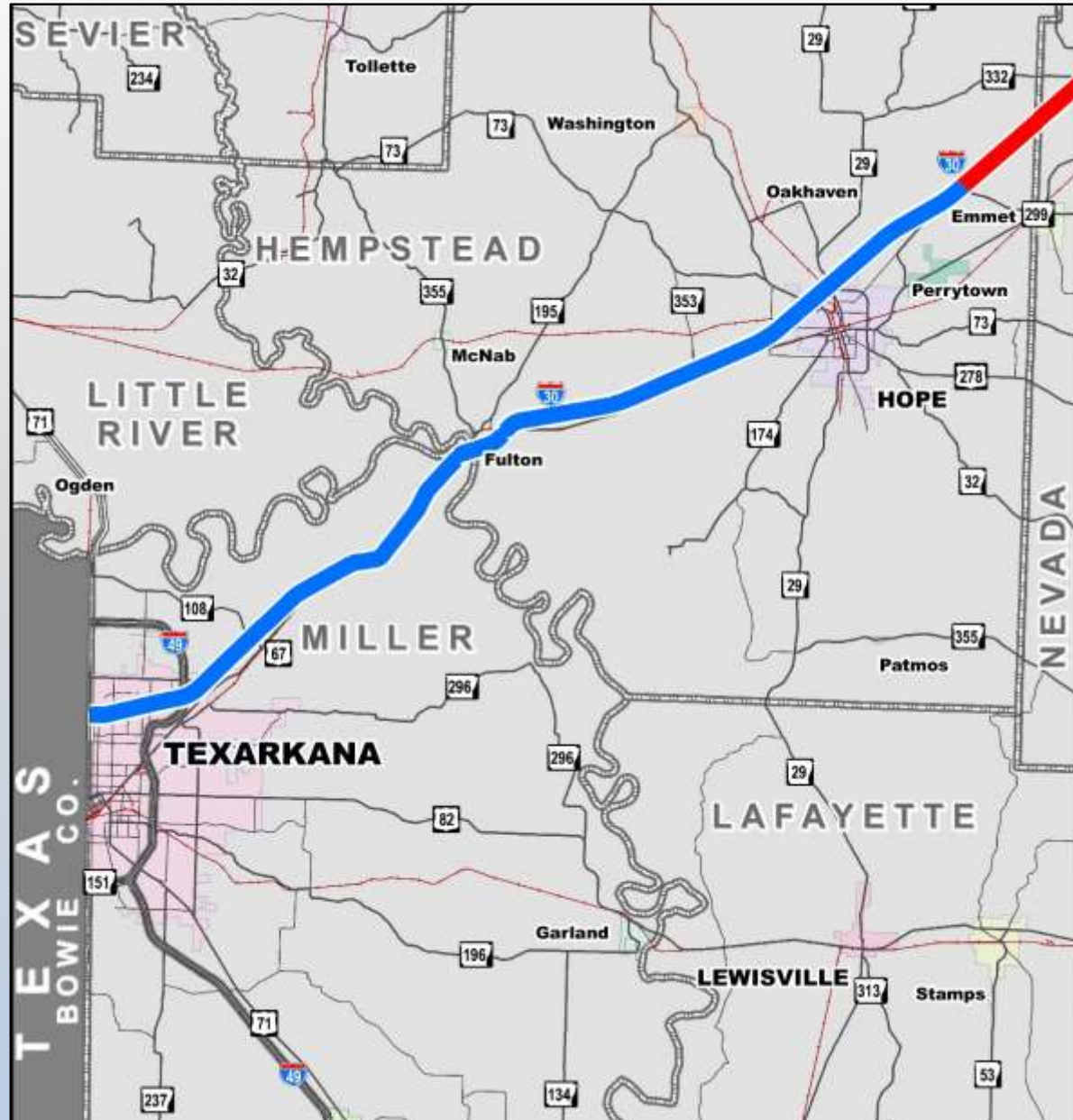
\$131 Million

Under Construction

1 Project

19 Miles

\$39 Million



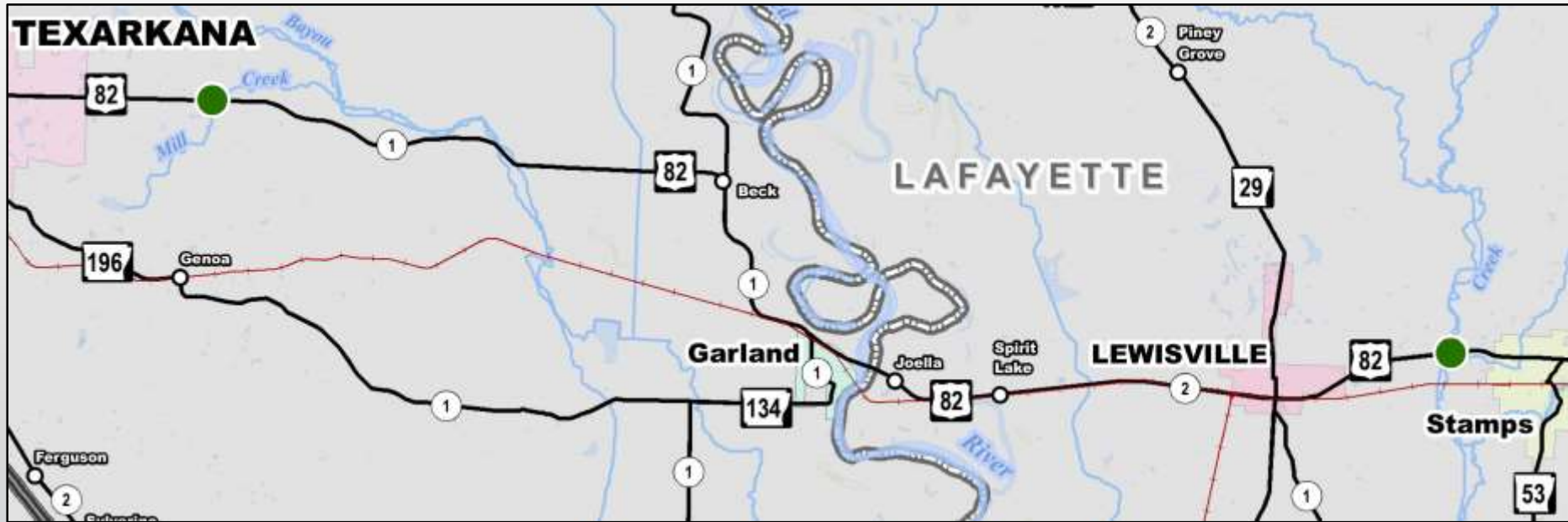
Scheduled

3 Miles

\$5 - \$10 Million



U.S. Highway 82



Scheduled

2 Bridges

\$1 - \$5 Million

Pavement Preservation

Completed

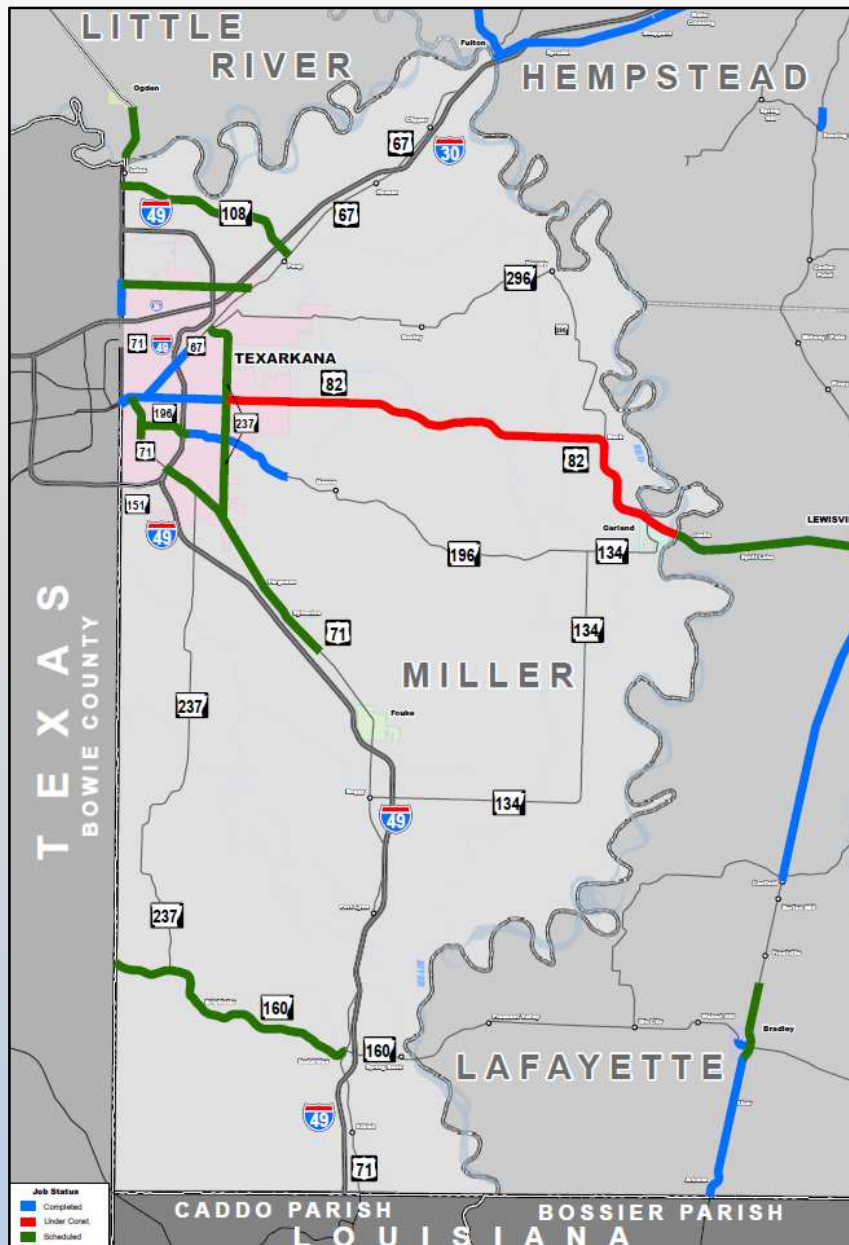
13 Projects
56 Miles
\$22 Million

Under Construction

1 Project
19 Miles
\$2 Million

Scheduled

7 Projects
63 Miles
\$21 Million





Statewide Programs

Promises Made

Promises Kept



Rebuilding Arkansas
Interstates



INTERSTATE
REHABILITATION
PROGRAM

IRP



CONNECTING
ARKANSAS
PROGRAM

CAP



1999 Interstate Rehabilitation Program



50 Projects

356 Miles

\$973 Million

Prior to
Program

63% Poor or
Mediocre

After Program

72% Good

Completed

45 Projects
290 Miles
\$997 Million

Under Construction

7 Projects
54 Miles
\$317 Million

Scheduled

27 Projects
150 Miles
\$218 Million



Completed

11 Projects
61 Miles
\$432 Million

Under Construction

8 Projects
40 Miles
\$347 Million

Scheduled

17 Projects
85 Miles
\$1.2 Billion



Half Cent Sales Tax Program

Miller County	Texarkana
\$5,500,000	\$6,600,000

These numbers represent the turnback funds expected to be generated by the half-cent sales tax program that will expire in 2023.





Funding Challenges

A vertical stack of US dollar bills, including \$100 and \$20 bills, is visible on the left side of the slide.

Current Hwy. Funding Sources

State

Per-Gallon Motor Fuel Taxes

Vehicle Registration Fees

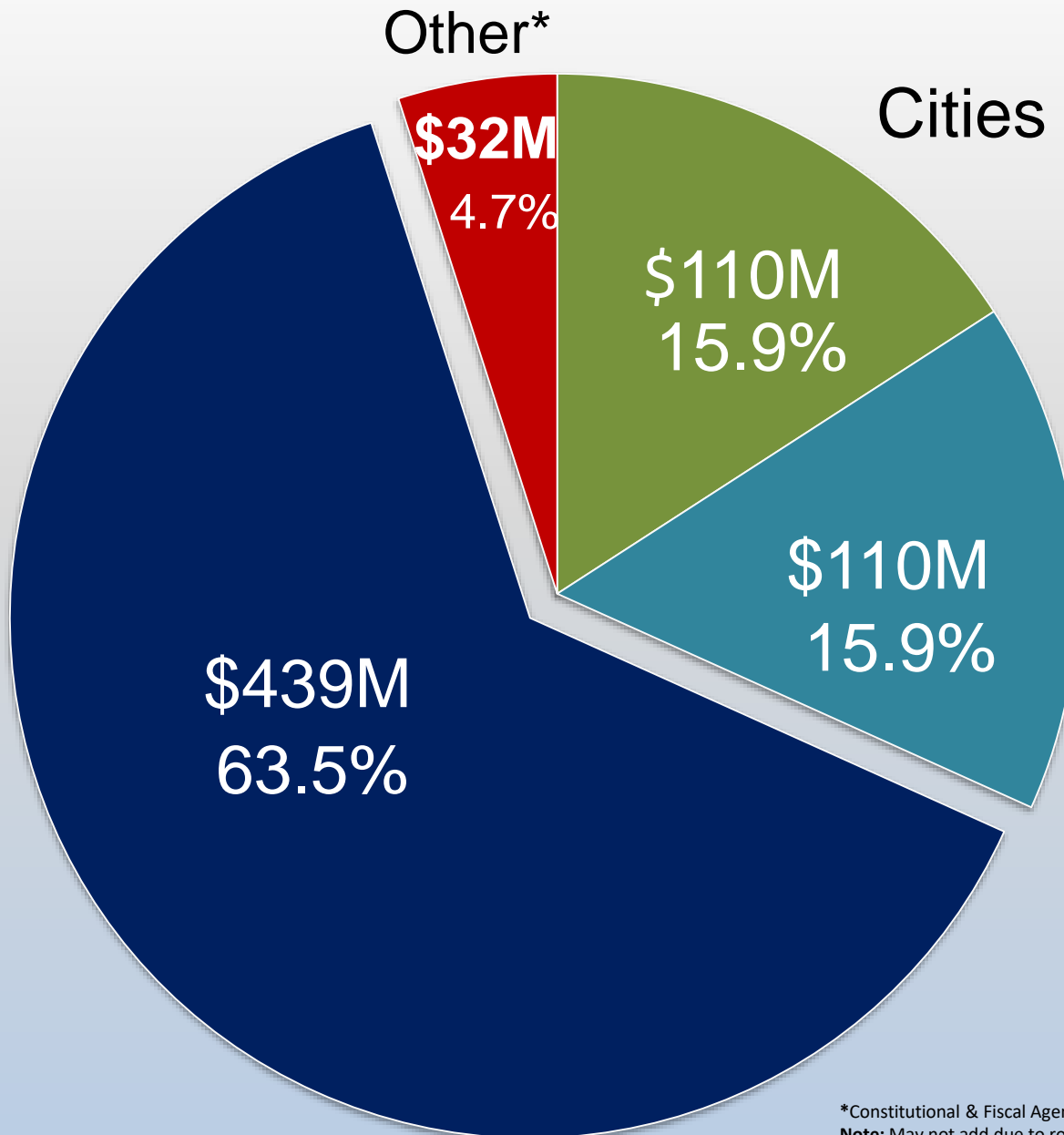
License/Permit/Inspection Fees

Severance Taxes

Temporary Sales Tax Increase



Average Annual Highway User Revenue Distribution



Counties

Cities

Other*



*Constitutional & Fiscal Agencies and Non-Highway Uses.
Note: May not add due to rounding

Challenges

- **12th** largest system in the country
 - **42nd** in highway revenue per mile.
-

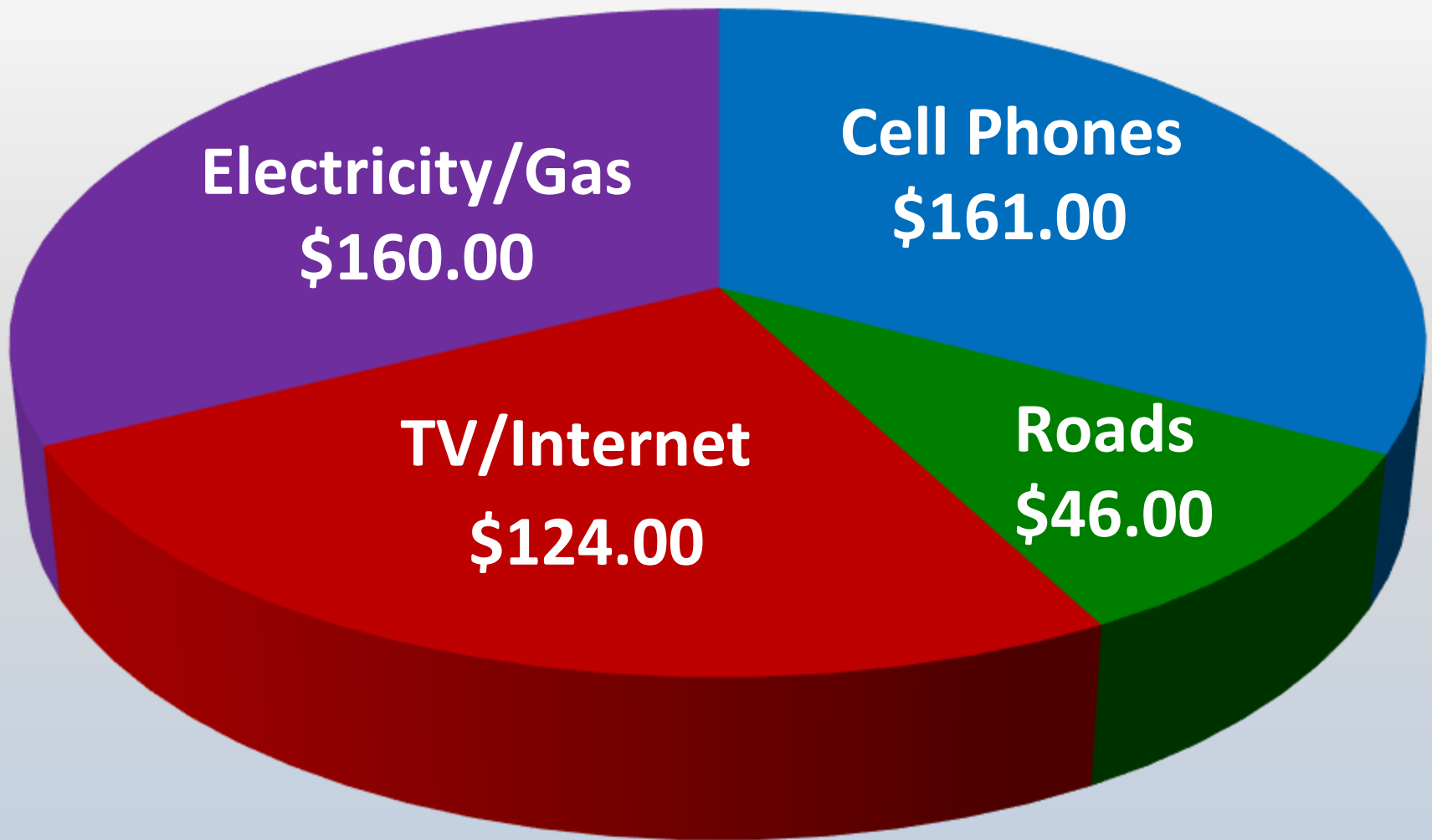
- **\$9.3 billion** in needs
- **\$4.5 billion** in available revenue

“This is a problem that we can’t leave for our children or grandchildren to solve.”

*~Arkansas Department of Transportation Director
Scott Bennett*



Average Monthly Household Expenditures



FEDERAL GAS TAX HEADWIND: SIGNIFICANT LOSS OF PURCHASING POWER

Sample of Nominal Price Changes Relative to Federal Gas Tax

Item	Description	1993	2015	Percent Change
College Tuition	Average Tution & Fees at Public 4-year Universities	\$ 1,908	\$ 9,145	379%
Healthcare	National Expenediture 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	69%
Car	Average New Car	\$ 16,871	\$ 25,487	51%
Federal Gas Tax	Per Gallon	\$ 0.18	\$ 0.18	0%

Sources: Bureau of Labor Statistics, Centers for Medicare & Medicaid Services, College Board, Federal Reserve Bank of St. Louis, Oak Ridge National Laboratory, U.S. Census Bureau, U.S. Energy Information Agency, U.S. Postal Service

THEN

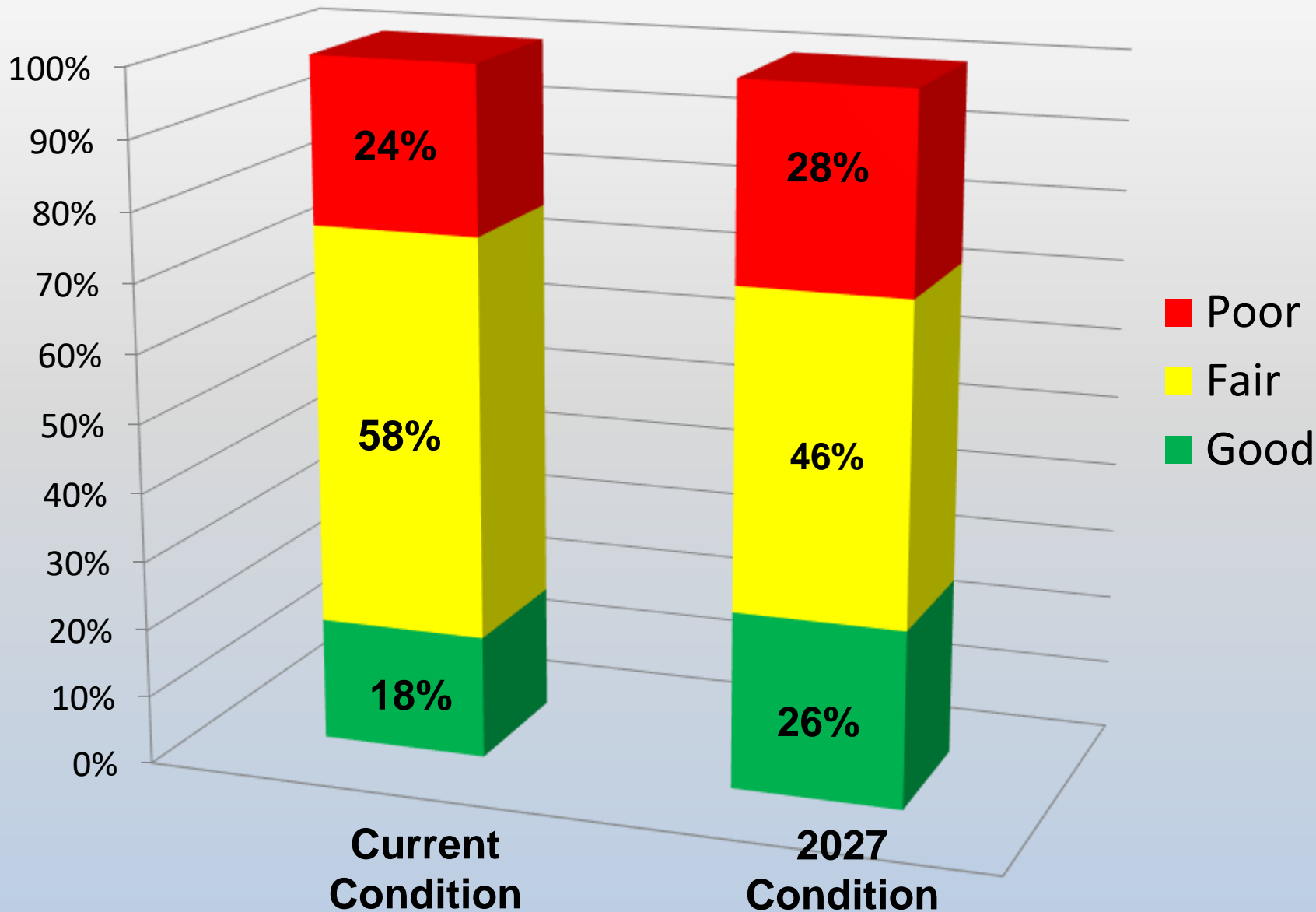
23 years ago, in 1995,
200 miles of Highway
could be overlaid.

NOW

As of 2017, using the
same resources, only
54 miles of Highway
could be overlaid.



All State Highways – Including Interstates



Consequences of Delayed Maintenance of Highway Assets

Pay a **Little** Now



Overlay
\$100,000
per lane mile

Pay a **Whole Lot** Later



Reconstruction
\$1,500,000
per lane mile

Crittenden County
Highway 42 Near Heafer



Miller County
Highway 134 Near Fouke



Jefferson County
Highway 199 East of Moscow



Randolph County
Highway 34 North of Highway 90

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

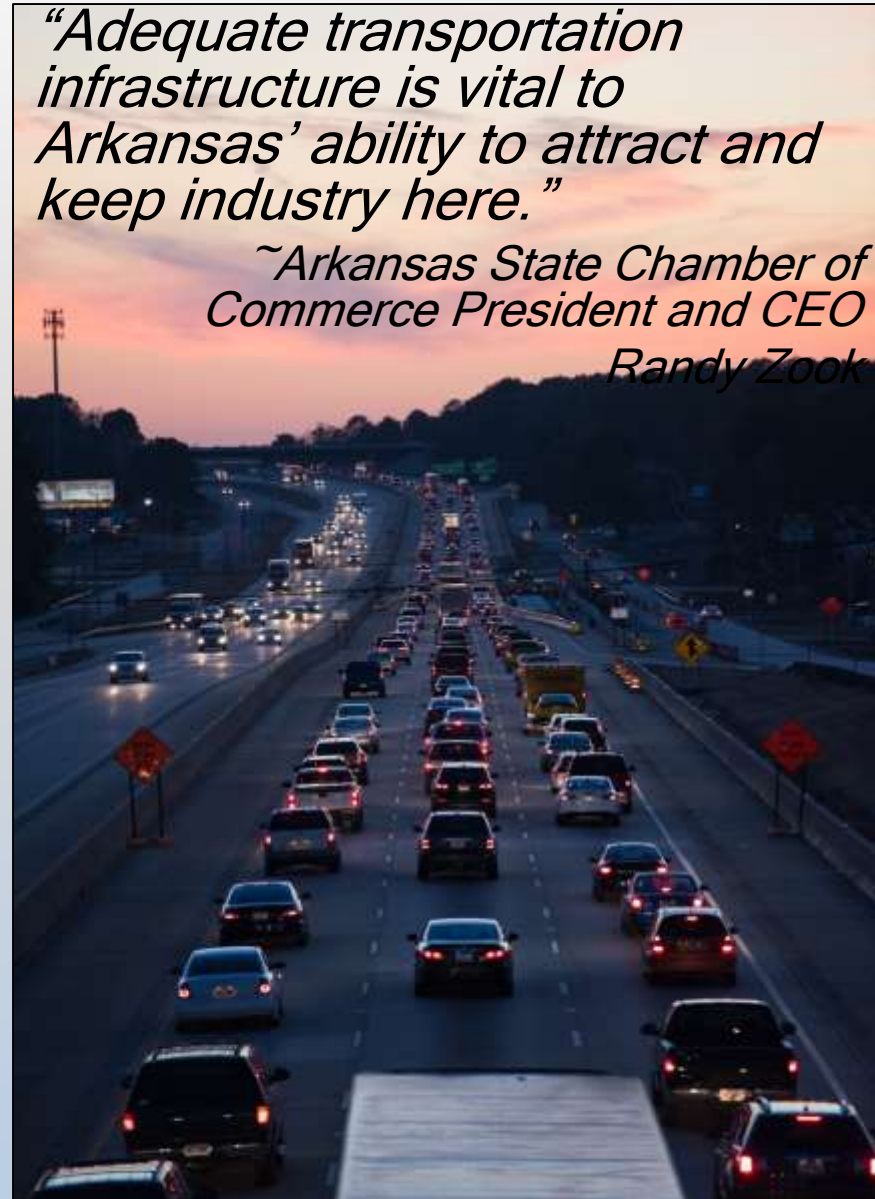


Economic Impact of Infrastructure Investment

- 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

“Adequate transportation infrastructure is vital to Arkansas’ ability to attract and keep industry here.”

*~Arkansas State Chamber of Commerce President and CEO
Randy Zook*



Economic Impact of Infrastructure Investment

Consequences of Delayed Maintenance

Apartment Complex Analogy

- **Construction Funding - Investment**
 - ✓ Income Generator
 - ✓ Monthly Rent
- **Maintenance Funding – Unavailable**
 - ✓ Roof Leaks
 - ✓ Roof Deck is Damaged
 - ✓ Mold Develops
 - Monthly Rent Income Decreases
 - Resale Value Decreases
- **Final Result**
 - ✓ Health Department Shuts Down
 - Monthly Rent Income Completely Lost
 - High Cost to Replace/Renovate

*“Assets become a liability
without adequate funding.”*

~ Commissioner Tom Schueck





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

- 2013 – Revenue Transfer New and Used Vehicles Tax **FAILED**
- 2015 – Revenue Transfer New and Used Vehicles Tax **FAILED**
- 2015 - Governor's Working Group on Hwy. Funding
- 2016 - Arkansas Highway Improvement Plan of 2016
- 2017 – Bond Issue and Wholesale Fuel Tax **FAILED**
- 2017 – Legislative Audit Review of Highway Funding

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

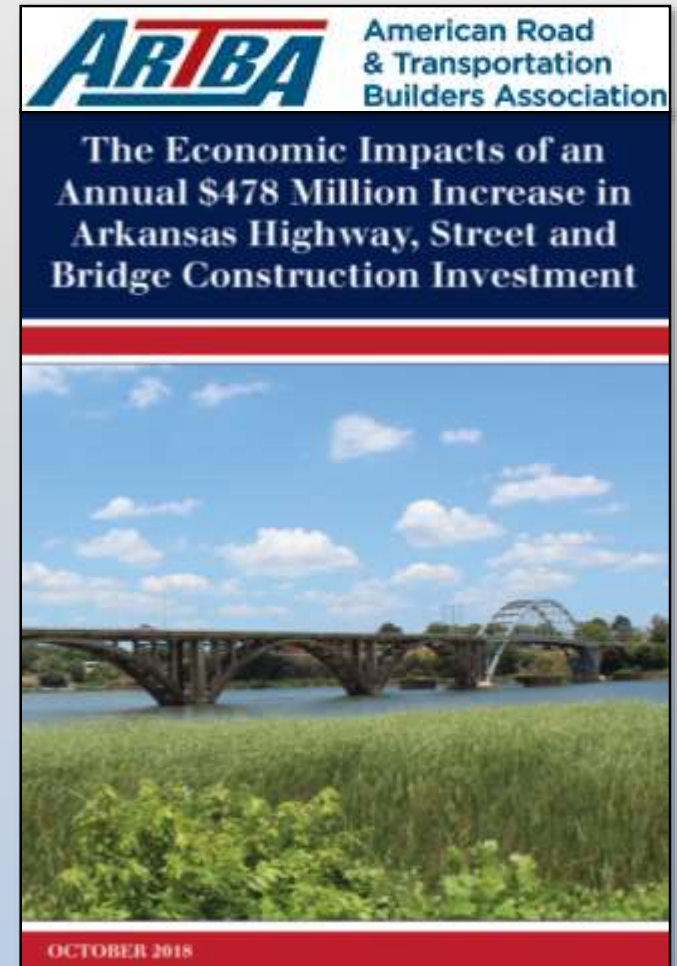


Note: Amounts shown are rounded.

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



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





Legislative Session



Winter 2018

GOOD ROADS

The Magazine of the Arkansas Good Roads Foundation

Governor At Annual Meeting

Hutchinson Reiterates
Support for Highways

Quinn: Quality Roads
Should Matter to All

Member Profile:
AAC's Chris Villines

2019?

**“We have to forge
our own future...”**

~Governor Asa Hutchinson



Good Roads Foundation
For Better Roads

State Legislature



- Highway Funding
- Enhanced Distracted Driving
- School Site Selection Traffic Analysis
- Railroad and Utility Cooperation



Possible New Highway Program Discussion

But ...
Arkansas'
Motor Fuel Taxes
are Higher
than Surrounding States
and
What about Tolling?



Rural State Challenges

Surrounding State Comparisons

Statistic	Arkansas	Mississippi	Oklahoma	Louisiana	Missouri	Tennessee	Texas
Highway Mileage	16,432	10,888	12,254	16,677	33,856	13,888	80,483
Gas/Diesel Tax (cents)	21.8 / 22.8	18.8 / 18.4	20.0 / 20.0	20.0 / 20.0	17.4 / 17.3	26.4 / 25.4	20.0 / 20.0
Annual Motor Fuel Consumption (x 1,000)	2,032,189	2,424,218	2,867,823	2,982,032	4,241,867	4,332,195	19,573,859
Annual Revenue Generated (x 1,000)	\$ 449,431	\$ 452,827	\$ 573,565	\$ 596,705	\$ 735,442	\$ 1,134,007	\$3,914,772
Revenue Per Mile	\$ 27,351	\$ 41,590	\$ 46,806	\$ 35,780	\$ 21,723	\$ 81,654	\$ 48,641
Registered Vehicles (x 1,000)	2,808	2,067	3,737	3,905	5,685	5,710	21,766

Arkansas' Motor Fuel Tax Highest?

Arkansas' Gas Tax Highest?

- Arkansas Motor Fuel Tax Revenue \$ 449 M
- How much Revenue for Arkansas Roads would be generated if Arkansas' Consumption equaled:



- Mississippi's? \$ 535 M
- Oklahoma's? \$ 634 M
- Louisiana's? \$ 657 M
- Missouri's? \$ 935 M
- Tennessee's? \$ 954 M
- Texas'? \$4,320 M

Tolling in Arkansas?

- First explored by the Commission beginning in 1953
- Since that time over 50 toll studies have been conducted
- Only 2 scenarios in all of those have been economically feasible
 - ✓ **Bella Vista Bypass**
From Highway 71 in Bentonville to the Missouri State Line
 - ✓ **Interstate 40**
From North Little Rock to Memphis [not allowed under existing law]



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%

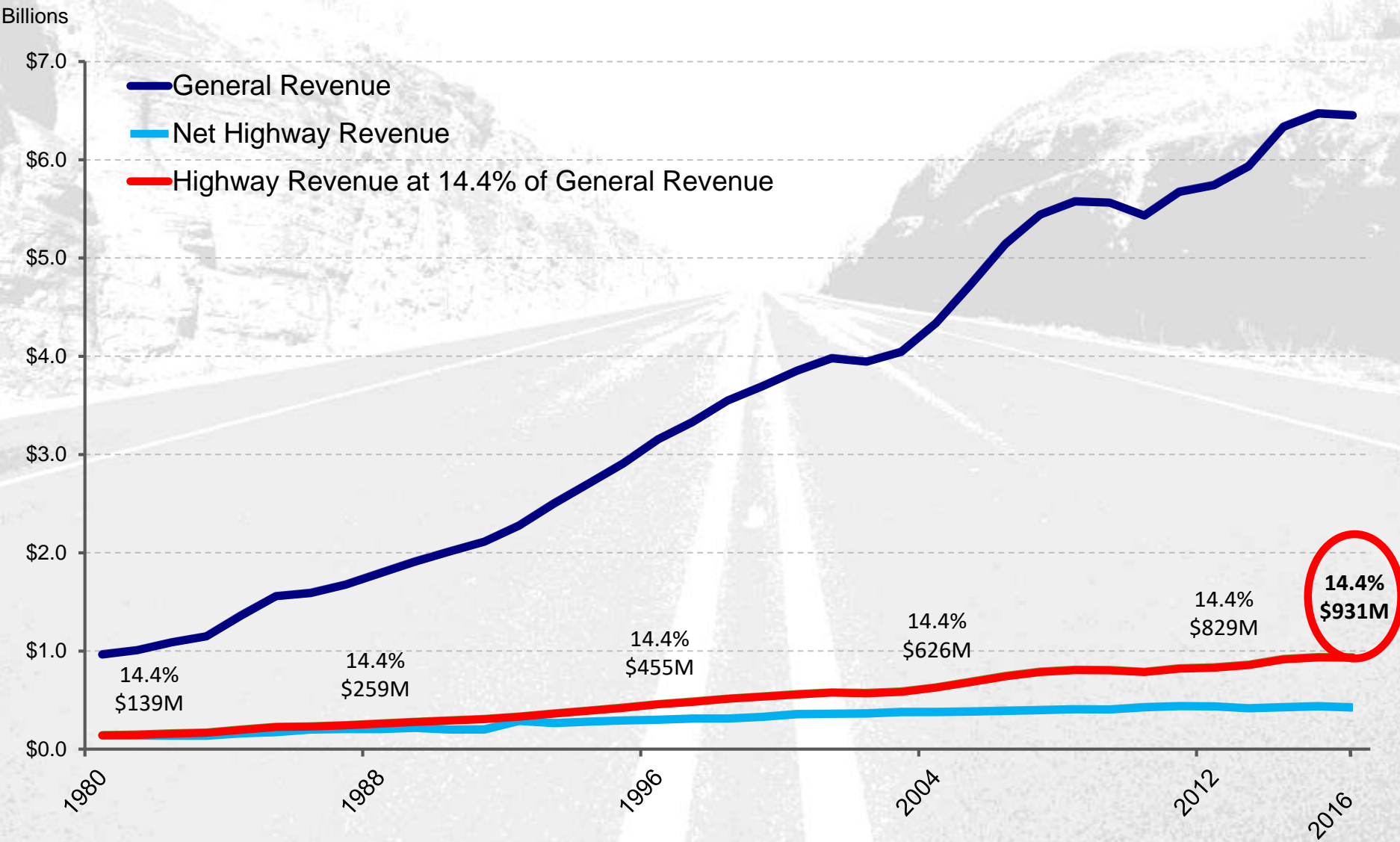
¹ Amount shown is annual net to highways – after deduction for CFA/CSF and 30% to cities and counties.

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

Possible New Highway Program Funding Options

Option	State Fiscal Year 2026 Gross Revenue	State Fiscal Year 2026 Additional Revenue to Department
<ul style="list-style-type: none"> • 3 – 6 ¢ Gasoline • 6 ¢ Diesel • \$10 Registration Fee • \$184 Electric / \$90 Hybrid Registration Fee • 0.5% Sales Tax 	\$ 429 – 476 Million	\$ 300 - 333 Million
<ul style="list-style-type: none"> • 4.5% Motor Fuel Tax • \$10 Registration Fee • \$184 Electric / \$90 Hybrid Registration Fee • 0.5% Sales Tax 	\$ 524 Million	\$ 367 Million
<ul style="list-style-type: none"> • 6.5% Motor Fuel Tax • \$10 Registration Fee • \$184 Electric / \$90 Hybrid Registration Fee • 0.5% Sales Tax 	\$ 606 Million	\$ 424 Million

Highway Revenue at 14.4% of General Revenue



Excludes County & City Aid funds | Excludes CAP funds

Fiscal Year

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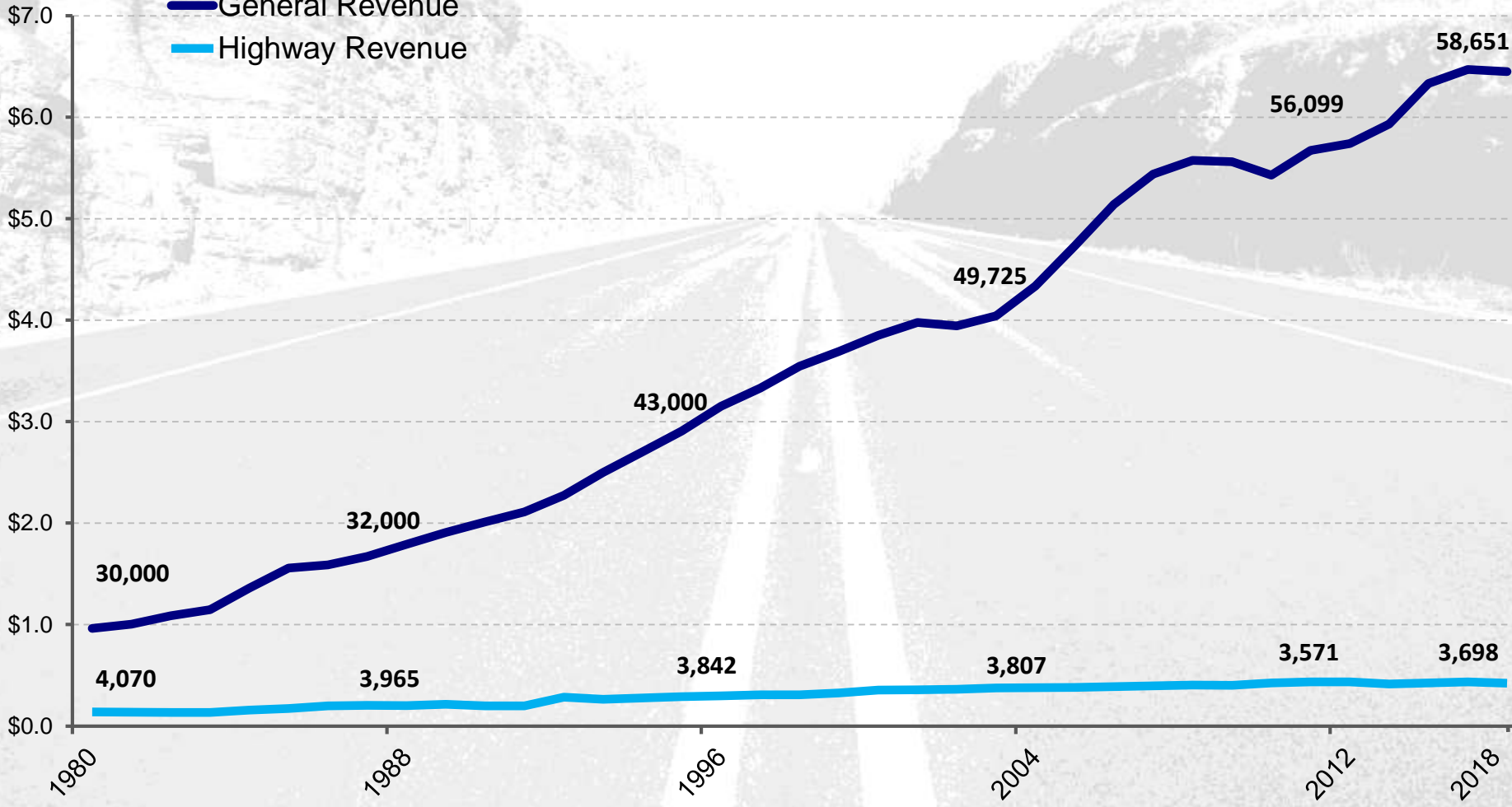
Note: Amounts shown are rounded.

\$ 925,000,000

Highway vs. General Revenue Compared to Employment Levels

Billions

General Revenue
Highway Revenue



Excludes County & City Aid funds | Excludes CAP funds

Fiscal Year

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

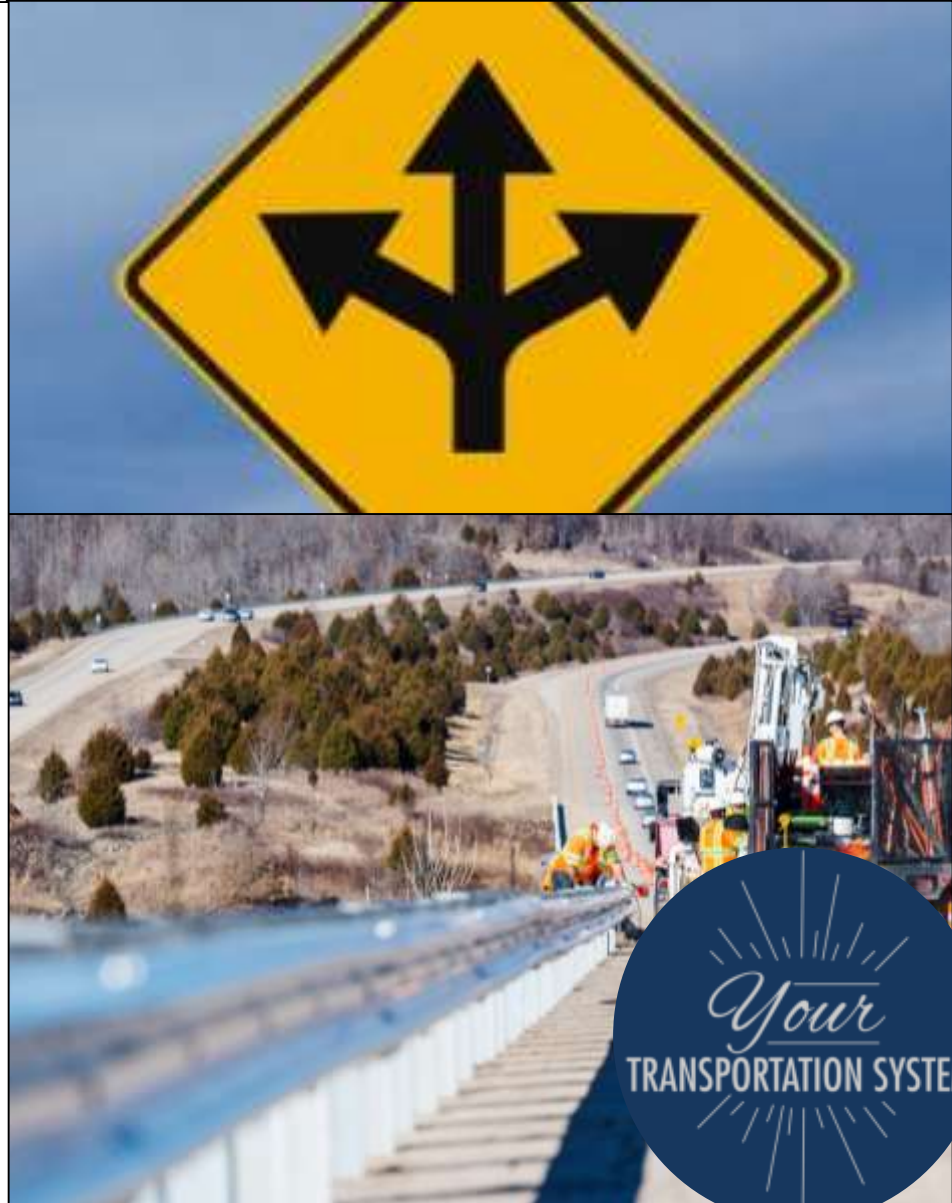
How did you hear about this survey?

- Presentation
- Social Media
- Other: _____
- TV/Radio/Print
- Family or Friend
- Website/Search Engine

Optional:

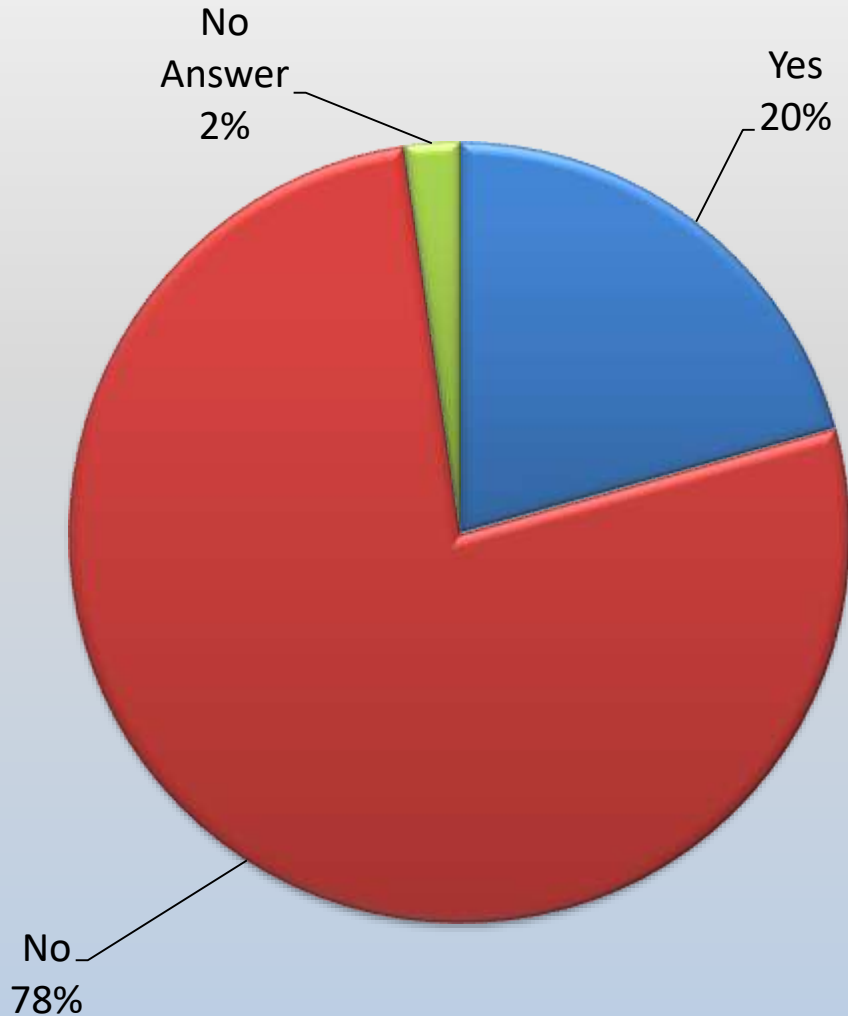
Name: _____
 Address: _____
 City, State, Zip: _____

Online Form Available Here:

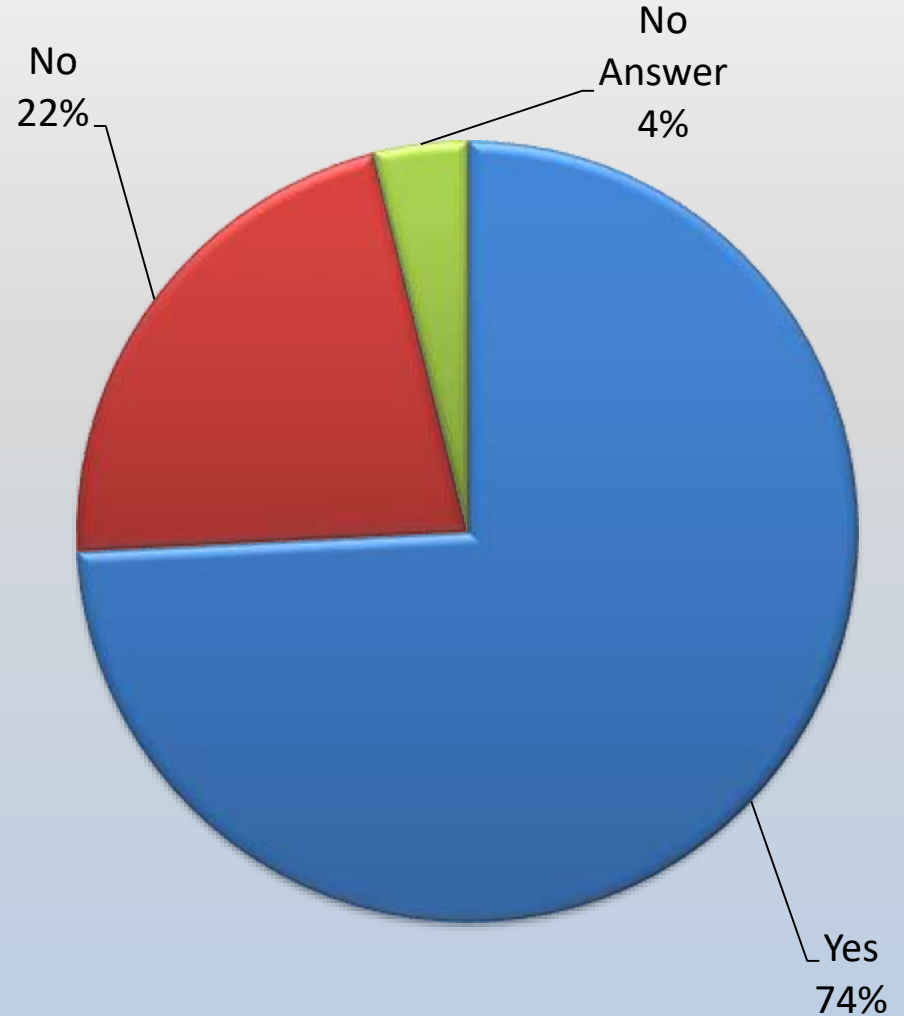


Survey Results

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

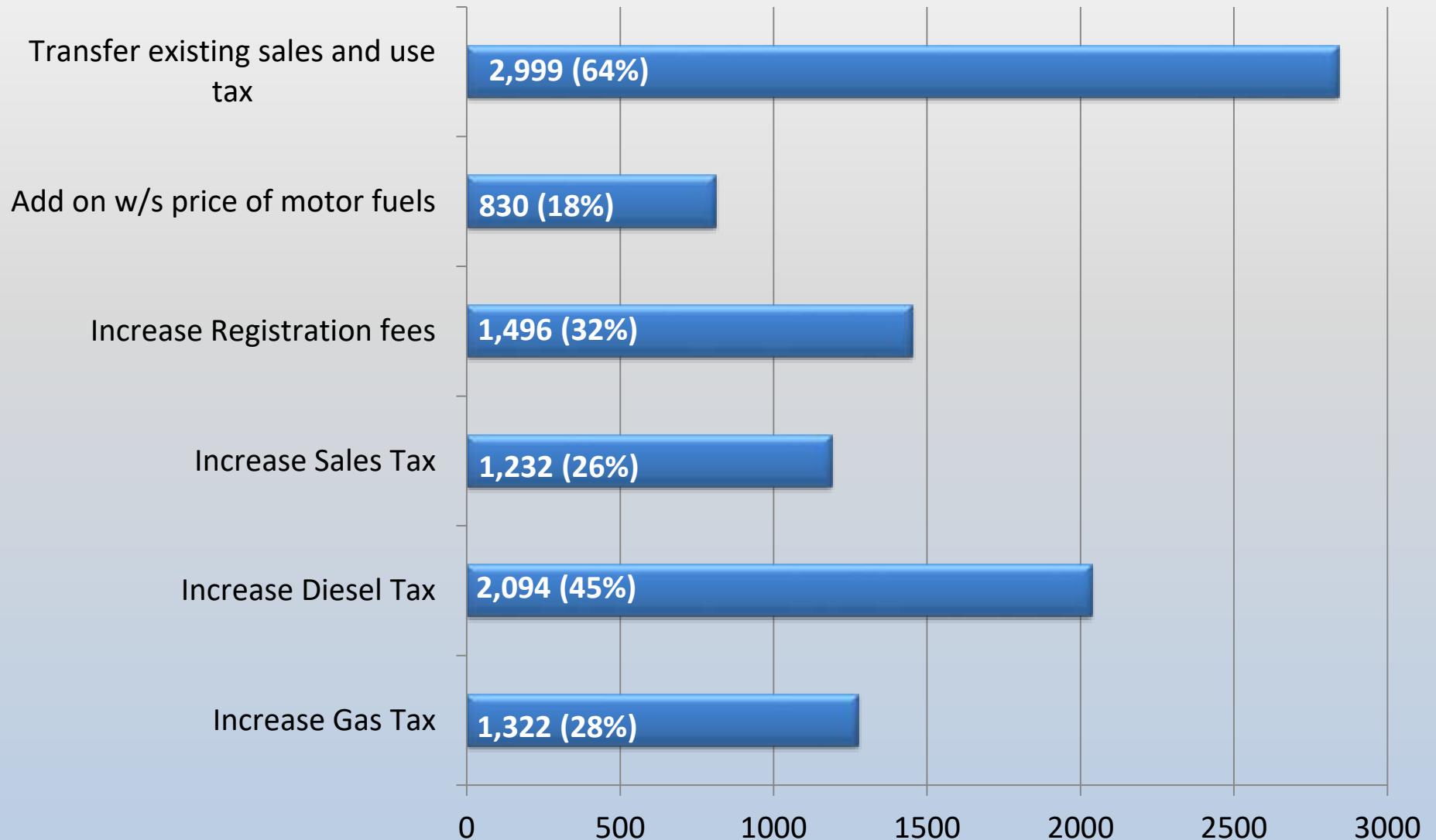


Would you support a new highway program that would generate additional revenue?



Survey Results

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



Total Road User Revenue

\$1.219 Billion

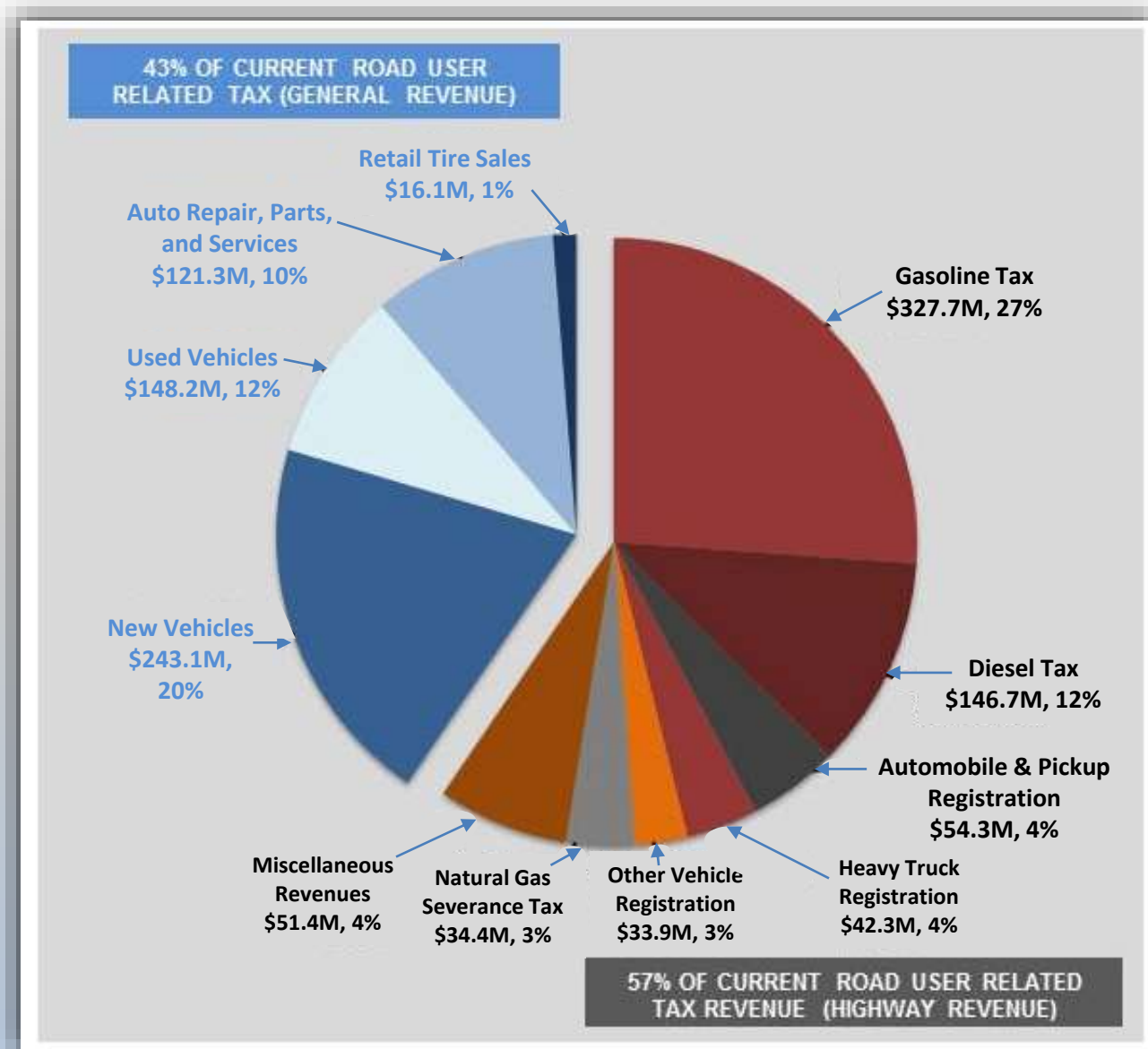
Distribution:

General Revenue

\$528.7 Million (43%)

Highway Revenue

\$690.7 Million (57%)





Your
TRANSPORTATION SYSTEM



Questions?



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



@myARDOT

