



INFORMATION RELEASE

Office of the Director

ARKANSAS STATE HIGHWAY AND
P. O. Box 2261 – Little Rock, Arkansas
Telephone (501) 569-2227

TRANSPORTATION DEPARTMENT
ArkansasHighways.com
Twitter: @AHTD

Contact:
Danny Straessle

NR 15-313
September 1, 2015

MOVING FORWARD: FEDERAL HIGHWAY TRUST FUND BOLSTERED AHTD TO REINSTATE HIGHWAY CONSTRUCTION PROJECTS

Select projects previously withdrawn from 2015 bid openings to be reinstated beginning in October

LITTLE ROCK (9-1) – Almost 30 of the 87 projects withdrawn from bid openings in the 2015 schedule will be reinstated in the October bid opening, according to Arkansas State Highway and Transportation Department (AHTD) officials.

This is made possible by recent legislation enacted by Congress, which extends Moving Ahead for Progress in the 21st Century (MAP-21) until October 29, 2015 and also transfers \$8.1 billion from the General Fund to the Federal Highway Trust Fund (HTF). This short term infusion of funds is projected to keep the Federal Highway Administration (FHWA) from having to implement cash management procedures until the Spring of 2016.

“We would like to thank Arkansas’ Congressional Delegation who all voted in favor of extending MAP-21 and for providing the money needed to keep the HTF solvent for the next several months,” said AHTD Director Scott Bennett. “This will allow some of the delayed projects to be phased back into bid lettings scheduled for October, December, and possibly February 2016. This is great news for the State’s economy as we head into the fourth-quarter of the calendar year.”

Since December 2014, AHTD has been evaluating their cash flow to ensure they could continue to pay contractors for on-going federally funded highway construction projects in the event cash management procedures were implemented this fall. Contractor payments on federal projects are initially paid with state funds, and then the state seeks reimbursement from the HTF for the federal portion (80 percent) of those payments. “With the threat of reduced or delayed federal fund reimbursements looming this fall, we opted to take the more fiscally conservative approach and not let projects to contract that we might have to suspend or cancel in the future because of the inability to make contractor payments,” stated Director Bennett.

-more-

“Our priorities have been to ensure that we do not suspend any ongoing work, that we cover the bond payment for our Interstate Rehabilitation Program, and that we keep our employees working. In forecasting our cash balance with reduced federal reimbursements, we would reach a balance by the end of this year that would not be compatible for meeting these priorities.”

“Other state departments of transportation can tap into other sources of funds, including a line of credit from their general state revenue to keep projects going, but Arkansas cannot,” explained Bennett. “We have no way of raising revenue to offset the reduction, delay or loss of federal dollars that Arkansas depends upon for 70 percent of its highway construction program.”

However, Arkansas is not alone among states that have withdrawn projects from bid openings. The American Association of State Highway and Transportation Officials (AASHTO) reports five states (including Arkansas) have withdrawn \$1.5 billion in construction projects. AASHTO estimates the numbers may actually be larger due to some states not reporting the fact that they have withdrawn projects. In addition, some states have said the lack of federal certainty has prompted them to shift some of their use of funds into shorter-term projects or maintenance, which undermines capacity projects needed to keep up with commerce or population growth.

The short-term infusion of money in the HTF will provide some relief until the Spring of 2016. But, future uncertainty past that date is still a major cause for concern for federally funded projects scheduled for 2016. At risk in 2016 in Arkansas are 130 projects worth an estimated construction value of \$520 million. State Highway officials warn that without a long-term solution, the likelihood of resuming the task of withdrawing of projects from bid openings beginning in early 2016 is a grim possibility.

Although the last time the U.S. Department of Transportation shut down due to expired legislation was in March 2010, it has taken an infusion of over \$73 billion into the HTF since 2008 to avoid reduced or delayed federal fund reimbursements.

Absent from the list of reinstated federal projects are 49 resurfacing projects valued at more than \$50 million, that would have been AHTD’s 2015 Overlay Program. This is because the latest HTF fix comes at a time when the overlay season is winding down and weather is not conducive to completing the work. Director Bennett stated that, “We hope a long-term fix is in place by the Spring so these important projects to preserve our system can also be reinstated.”

The need for additional funding is not exclusively a federal issue. Additional state funds will be necessary to address the transportation needs in our state.

AHTD's Annual Overlay Program is traditionally funded with 100% state funds and has typically ranged between \$30 million and \$50 million. However, because of a shortfall in state highway revenue, this year's Overlay Program had to be financed with federal funds and was subsequently cancelled. It should be noted that the Department has had a 100% State Funded Overlay Program every year since 1980, with the exception of 1981 and 1990, and now 2015. Also, it should be noted that overlays using federal funds require different, and higher, standards, so not every highway in the State qualifies for an overlay using federal funds.

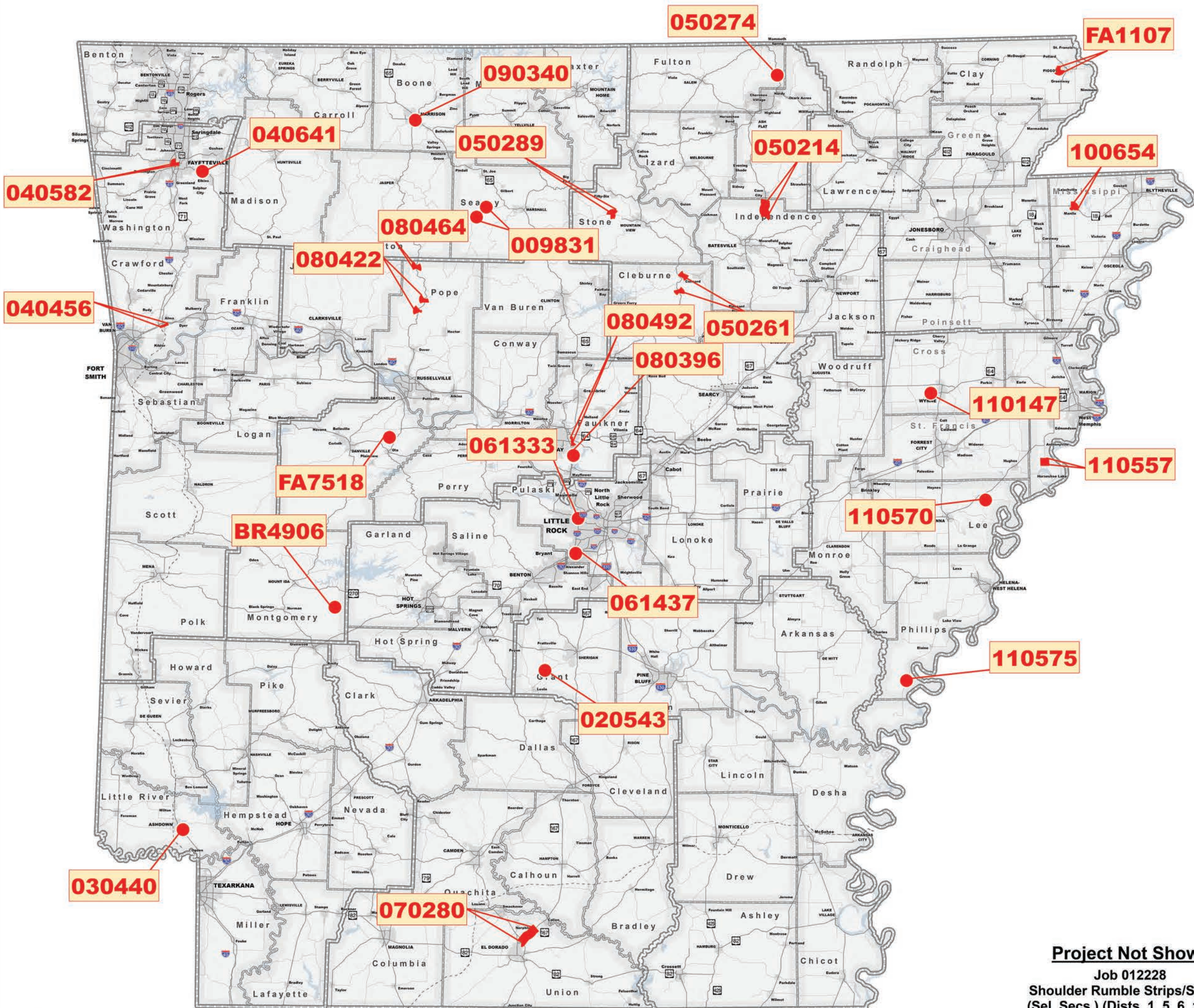
"We hope to have an overlay program next spring," added Bennett. "We have asked Governor Hutchinson for \$35 million of state surplus money to help support and guarantee the program for 2016. Otherwise, at this time we still aren't sure there will be an overlay program next year."

Concerning the shortfall in state revenues, during the 90th Arkansas General Assembly, Governor Hutchinson formed the Governor's Working Group on Highway Funding. This group is exploring the transportation funding problem and will hopefully identify a long term solution that will provide a sustainable source of state revenue for Arkansas' transportation system. "We appreciate the leadership and support of Governor Hutchinson in establishing this working group, and we look forward to the results leading to a long-term, sustainable way to increase our investment in Arkansas' highway system," added Director Bennett.

Projects Reinstated into the October Bid Opening

County	Route	Project Name	Job Number
Boone	-	Main St./Rush Ave. Signal Rehab. (Harrison) (S)	090340
Clay	CR 53	Piggott-West Drainage Strs. Replacement (S)	FA1107
Cleburne	25	Hwy. 25 Spur-Locust Grove (Passing Lanes) (S)	050261
Crawford	162	Hwy. 162 Improvements (Alma) (S)	040456
Crittenden	147	Hwy. 131-North (S)	110557
Cross	284	Branch of Caney Creek Str. & Apprs. (S)	110147
Faulkner	40	Conway South Interchange-Hwy. 365 (Base & Surf.) (S)	080396
Faulkner	65B & 286	I-40-Thomas G. Wilson Dr. (Conway) (S)	080492
Fulton	63	Gut Creek Str. & Apprs. (S)	050274
Grant	291	Moore's Slough Tributary Str. & Apprs. (S)	020543
Independence	167	CR 80 (Antioch Road)-South City Limits Cave City (F)	050214
Lee	131	Ditch at L.M. 1.85 Str. & Apprs. (S)	110570
Little River	32 & 32Y	Hwy. 32/Hwy. 32Y Signal (Ashdown) (S)	030440
Mississippi	18	Hwy. 18 Improvements (Manila) (S)	100654
Montgomery	CR 34	Mazarn Creek Str. & Apprs. (S)	BR4906
Phillips	44	Bee Bayou Str. & Apprs. (S)	110575
Pope	7	Dover-North (Passing Lanes) (S)	080422
Pope	7	Newton Co. Line-South (Passing Lane) (Ph. II) (S)	080464
Pulaski	10 & 430	I-430/Hwy. 10 Interchange Impvt. (L.R.) (S)	061333
Pulaski	30 & 430	I-30/I-430 Interchange Impvt. (L.R.) (Ph. II) (S)	061437
Searcy	74 & 377	Gourd & Granny Creek Strs. & Apprs. (S)	009831
Stone	66	South Sylamore Creek-East (Passing Lane) (S)	050289
Union	167	El Dorado-Hwy. 335 (S)	070280
Washington	16	Middle Fork White River Str. & Apprs. (Fayetteville) (S)	040641
Washington	112	Razorback Rd.-Garland Ave. (Hwy. 112) (Fayetteville) (S)	040582
Yell	Various	Hwy. 7-West (S)	FA7518
Various	Various	Shoulder Rumble Strips/Stripes (Sel. Secs.) (Dists. 1, 5, 6, 10) (S)	012228

**Projects Previously Removed from 2015 Bid Lettings
Currently Scheduled for October 13, 2015**



Project Not Shown
Job 012228
Shoulder Rumble Strips/Stripes
(Sel. Secs.) (Dists. 1, 5, 6, 10) (S)

