Arkansas State Highway Commission Meeting

Wednesday, September 11, 2013
Item 1
Minutes
July 24, 2013 Meeting
Item 2
Consideration of Minute Orders
Item 3
State Highway Revenue Update
### Revenues and Consumption

#### August 2013

<table>
<thead>
<tr>
<th>Comparison of AHTD State Revenues by Fiscal Year</th>
<th>FY 2013</th>
<th>FY 2014</th>
<th>Variance</th>
<th>Percent Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>July - August (Millions)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Motor Fuel Taxes</td>
<td>$45.8</td>
<td>$44.4</td>
<td>($1.4)</td>
<td>-3.1%</td>
</tr>
<tr>
<td>Registration Fees</td>
<td>$15.9</td>
<td>$15.2</td>
<td>($0.7)</td>
<td>-4.4%</td>
</tr>
<tr>
<td>Permits &amp; Penalties</td>
<td>$3.3</td>
<td>$3.0</td>
<td>($0.3)</td>
<td>-9.1%</td>
</tr>
<tr>
<td>Other</td>
<td>$1.4</td>
<td>$1.5</td>
<td>$0.1</td>
<td>7.1%</td>
</tr>
<tr>
<td><strong>Total User Revenues</strong></td>
<td><strong>$66.4</strong></td>
<td><strong>$64.1</strong></td>
<td><strong>($2.3)</strong></td>
<td><strong>-3.5%</strong></td>
</tr>
<tr>
<td>Natural Gas Severance Tax</td>
<td>$3.1</td>
<td>$7.8</td>
<td>$4.7</td>
<td>151.6%</td>
</tr>
<tr>
<td>RRA Interest</td>
<td>$0.4</td>
<td>$0.6</td>
<td>$0.2</td>
<td>50.0%</td>
</tr>
<tr>
<td>Less: Diesel Tax for Bonds</td>
<td>($2.7)</td>
<td>($2.6)</td>
<td>$0.1</td>
<td>-3.7%</td>
</tr>
<tr>
<td><strong>Total Revenues Available</strong></td>
<td><strong>$67.2</strong></td>
<td><strong>$69.9</strong></td>
<td><strong>$2.7</strong></td>
<td><strong>4.0%</strong></td>
</tr>
</tbody>
</table>

#### Fiscal Year 2014 Projected vs. Actual

<table>
<thead>
<tr>
<th>July - August (Millions)</th>
<th>Budget</th>
<th>Actual</th>
<th>Variance</th>
<th>Percent Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Motor Fuel Taxes</td>
<td>$43.6</td>
<td>$44.4</td>
<td>$0.8</td>
<td>1.8%</td>
</tr>
<tr>
<td>Registration Fees</td>
<td>$15.9</td>
<td>$15.2</td>
<td>($0.7)</td>
<td>-4.4%</td>
</tr>
<tr>
<td>Permits &amp; Penalties</td>
<td>$3.3</td>
<td>$3.0</td>
<td>($0.3)</td>
<td>-9.1%</td>
</tr>
<tr>
<td>Other</td>
<td>$0.8</td>
<td>$1.5</td>
<td>$0.7</td>
<td>87.5%</td>
</tr>
<tr>
<td><strong>Total User Revenues</strong></td>
<td>$63.6</td>
<td>$64.1</td>
<td>$0.5</td>
<td>0.8%</td>
</tr>
<tr>
<td>Natural Gas Severance Tax</td>
<td>$6.2</td>
<td>$7.8</td>
<td>$1.6</td>
<td>25.8%</td>
</tr>
<tr>
<td>RRA Interest</td>
<td>$0.4</td>
<td>$0.6</td>
<td>$0.2</td>
<td>50.0%</td>
</tr>
<tr>
<td>Less: Diesel Tax for Bonds</td>
<td>($2.8)</td>
<td>($2.6)</td>
<td>$0.2</td>
<td>-7.1%</td>
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<td><strong>$67.4</strong></td>
<td><strong>$69.9</strong></td>
<td><strong>$2.5</strong></td>
<td><strong>3.7%</strong></td>
</tr>
</tbody>
</table>

### Consumption

Taxable Motor Fuel Gallons Reported

<table>
<thead>
<tr>
<th>July - August (Millions)</th>
<th>FY 2013</th>
<th>FY 2014</th>
<th>Difference</th>
<th>Percent Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gasoline</td>
<td>241.4</td>
<td>244.0</td>
<td>2.6</td>
<td>1.1%</td>
</tr>
<tr>
<td>Diesel</td>
<td>98.6</td>
<td>97.8</td>
<td>-0.8</td>
<td>-0.8%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>340.0</strong></td>
<td><strong>341.8</strong></td>
<td><strong>1.8</strong></td>
<td><strong>0.5%</strong></td>
</tr>
</tbody>
</table>
Fuel Consumption
September 2012 – August 2013

Gasoline

Diesel

Alternative
Fuel Consumption
Gallons

Thousands

-2,028,650
-2,003,223
1,415,710
1,398,049
612,388
604,454
552
720

Prior FY
Current FY

-1.25%
-1.25%
-1.30%
30.41%
## Projected Sales Tax vs. Actual

<table>
<thead>
<tr>
<th>Month</th>
<th>Projected net to Highway Dept</th>
<th>Actual Receipts</th>
<th>Variance</th>
<th>Monthly % Variance</th>
<th>Annual % Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>July</td>
<td>$5,950,000.00</td>
<td>$6,205,659.77</td>
<td>$255,659.77</td>
<td>4.30%</td>
<td>4.30%</td>
</tr>
<tr>
<td>August</td>
<td>$13,930,000.00</td>
<td>$12,923,708.99</td>
<td>$(1,006,291.01)</td>
<td>-7.22%</td>
<td>-3.78%</td>
</tr>
<tr>
<td>September</td>
<td>$13,860,000.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>October</td>
<td>$13,300,000.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>November</td>
<td>$13,160,000.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>December</td>
<td>$13,860,000.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>January</td>
<td>$13,860,000.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>February</td>
<td>$13,230,000.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>March</td>
<td>$13,300,000.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>April</td>
<td>$13,650,000.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>May</td>
<td>$13,790,000.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>June</td>
<td>$13,930,000.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$155,820,000.00</strong></td>
<td><strong>$19,129,368.76</strong></td>
<td><strong>$(750,631.24)</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Item 4
Status of Federal Highway and Transit Funding Issues
Legislation

- Appropriations
  - Federal-aid Obligation Authority
    Federal Fiscal Year 2014 (October 1, 2013 – September 30, 2014)

- Reauthorization
  - MAP-21 Expires September 30, 2014

- Highway Trust Fund
  - No New Obligations in Federal Fiscal Year 2015
HIGHPWAY TRUST FUND
ESTIMATED FEDERAL HIGHWAY AND TRANSIT PROGRAM FUNDING LEVELS
WITH NO NET NEW REVENUES

<table>
<thead>
<tr>
<th>Year of Expenditure</th>
<th>Highway Safety</th>
<th>Federal-aid Highway</th>
<th>Transit</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>$9.4</td>
<td>$40.7</td>
<td>$1.3</td>
</tr>
<tr>
<td>2010</td>
<td>$1.3</td>
<td>$41.2</td>
<td>$1.3</td>
</tr>
<tr>
<td>2011</td>
<td>$11.9</td>
<td>$40.8</td>
<td>$40.7</td>
</tr>
<tr>
<td>2012</td>
<td>$11.3</td>
<td>$38.9</td>
<td>$41.2</td>
</tr>
<tr>
<td>2013</td>
<td>$11.6</td>
<td>$39.4</td>
<td>$40.8</td>
</tr>
<tr>
<td>2014</td>
<td>$11.7</td>
<td>$40.0</td>
<td>$38.9</td>
</tr>
<tr>
<td>2015</td>
<td>$11.8</td>
<td>$31.4</td>
<td>$39.4</td>
</tr>
<tr>
<td>2016</td>
<td>$3.7</td>
<td>$32.4</td>
<td>$30.7</td>
</tr>
<tr>
<td>2017</td>
<td>$7.7</td>
<td>$33.4</td>
<td>$32.4</td>
</tr>
<tr>
<td>2018</td>
<td>$7.8</td>
<td>$34.3</td>
<td>$33.4</td>
</tr>
<tr>
<td>2019</td>
<td>$8.0</td>
<td>$35.0</td>
<td>$34.3</td>
</tr>
<tr>
<td>2020</td>
<td>$8.1</td>
<td>$35.7</td>
<td>$35.0</td>
</tr>
<tr>
<td>2021</td>
<td>$8.2</td>
<td>$36.2</td>
<td>$35.7</td>
</tr>
<tr>
<td>2022</td>
<td>$8.3</td>
<td>$36.6</td>
<td>$36.2</td>
</tr>
<tr>
<td>2023</td>
<td>$8.4</td>
<td>$37.7</td>
<td>$36.6</td>
</tr>
</tbody>
</table>

(Year of Expenditure Dollars in Billions)
“We can’t have a big league economy with little league infrastructure.”

Transportation Investment Generating Economic Recovery
TIGER V

- Call for Applications – April 26, 2013
- Deadline to Submit – June 3, 2013
- Awards Announced – September 5, 2013
- Funds Obligated – September 30, 2014
$474 Million

52 Transportation Projects

13 DOT Projects
HIGHWAY 92 ROADWAY IMPROVEMENT AND BRIDGE REPLACEMENTS

APPLICANT/SPONSOR: Arkansas Department of Transportation

TOTAL PROJECT COST: $6,200,000

GRANT FUNDING: $4,960,000

PROJECT DESCRIPTION

TIGER funds will be used to resurface a section of Highway 92 and replace two weight-restricted bridges along a section in north central Arkansas covering Conway, Van Buren, and Cleburne Counties. Traffic along the project corridor has increased significantly over the last few years. Improving this corridor and removing the restrictions for use will increase future economic efficiency, growth, and stability in the region.

PROJECT HIGHLIGHTS

- Removes commercial vehicle traffic from congested urban roads that currently have to detour into town to avoid the current weight restrictions on Highway 92.

- Improves the transportation network and provides increased employment opportunities for rural residents.

- Enhances safety by upgrading each bridges’ foundation to meet current and future travel needs.

PROJECT BENEFITS

Resurfacing the roadway and replacing two weight-restricted bridges will return this route to its original condition and will reduce associated long-term operations and maintenance costs. The improvements will provide a reliable and efficient transportation system for the natural gas, timber, and agricultural industries in the region.
Highway 92
Roadway Improvement and Bridge Replacements

Conway, Van Buren & Cleburne Counties
Highway 92 Sections 2, 3 & 4

VAN BUREN
CLEBURNE
CONWAY
FAULKNER
Sulpher Springs Relief Bridge

Evansville Creek Bridge
Item 5
Finalize Sale of Bonds
Item 6
Bella Vista Bypass Update
Highway 71 - Bella Vista Bypass
Two-Lane Facility

• Under Construction
  – Hwy. 72 South to County Road 34

• Scheduled
  – Hwy. 71 Interchange
  – Hwy. 71-Hwy. 72 South
  – Co. Rd. 34-Missouri State Line
Highway 71 - Bella Vista Bypass

- Missouri’s Portion
  - Full Funding Currently Not Available

- CAP Project Placed On Hold
  - Co. Rd. 34-Missouri State Line

- CAP Project Modified
  - Hwy. 71 Interchange
    - Interim connection included in next job
Bella Vista Bypass
Toll Feasibility Study Update


• Recent Toll Study Update - 2013
  – Preliminary Feasibility Study
  – Not Investment Grade
ASSUMPTIONS

- Opening Date – July 2017
- Tolls:
  - Passenger Vehicles $1.50
  - Light Trucks $3.00
  - Heavy Trucks $6.00
- 2.5% Inflation Rate
- Ramp-up Period - Five Years
- Peak Hours - Time Saved – 6 to 14 Minutes
- Bonds Issued and Repaid over 40 Years
Bella Vista Bypass
Toll Feasibility Study Update

Scenarios

1. Three Cash Lanes (3CL)
2. Two Cash Lanes (2CL)
3. Two Unattended Cash Lanes (UCL)
4. All Electronic Tolling (AET)
Bella Vista Bypass
Toll Feasibility Study Update

Scenario 1 – Three Cash Lanes (3CL)
<table>
<thead>
<tr>
<th></th>
<th>Scenario 1 (3CL)</th>
<th>Scenario 2 (2CL)</th>
<th>Scenario 3 (2UCL)</th>
<th>Scenario 4 (AET)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Unfunded Construction Cost to Build 4-Lane Freeway</strong></td>
<td>$51,000,000</td>
<td>$51,000,000</td>
<td>$51,000,000</td>
<td>$51,000,000</td>
</tr>
<tr>
<td><strong>Plus Capital Tolling Costs</strong></td>
<td>$28,000,000</td>
<td>$25,000,000</td>
<td>$23,000,000</td>
<td>$9,000,000</td>
</tr>
<tr>
<td><strong>Net Amount to be Financed</strong></td>
<td>$79,000,000</td>
<td>$76,000,000</td>
<td>$74,000,000</td>
<td>$60,000,000</td>
</tr>
<tr>
<td><strong>Bond Proceeds Available</strong></td>
<td>$79,000,000</td>
<td>$76,000,000</td>
<td>$74,000,000</td>
<td>$60,000,000</td>
</tr>
<tr>
<td><strong>Shortfall in Funding</strong></td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td><strong>Estimated Debt Service</strong></td>
<td>$300,000,000</td>
<td>$300,000,000</td>
<td>$300,000,000</td>
<td>$270,000,000</td>
</tr>
<tr>
<td><strong>Total Cost</strong></td>
<td>$379,000,000</td>
<td>$376,000,000</td>
<td>$374,000,000</td>
<td>$330,000,000</td>
</tr>
</tbody>
</table>
Bella Vista Bypass
Toll Feasibility Study Update

Other Considerations

• Legislation to Allow Video Data Collection

• Agency Agreements with DF&A and Other States

• Signage of the Bella Vista Bypass as a Toll Facility

• Not Designated as Interstate
Bella Vista Bypass
Next Steps

- Coordinate with Missouri
- Decision on “Free” Road vs. Tolling
- For Tolling, Need:
  - ✓ Investment Grade Study
  - ✓ Update Environmental Documentation to Include Tolling
  - ✓ Sell Bonds
  - ✓ Open to Traffic / Collect Tolls
  - ✓ Retire Bonds
Item 7
Finalize Sale of Bonds
• November 2011
  ✓ Approved By Arkansas Voters
  ✓ Authority to Issue $575 M in Bonds
  ✓ Must be Issued by December 31, 2015

• September 2012
  ✓ 1st Series of Bonds Sold
    • Par Value of $197 M
    • Premium of $33 M
    • Total Amount of Bond Proceeds Available for Construction - $230 M

• October 2013
  ✓ Recommend Issuing 2nd Series of Bonds
  ✓ Amount - $200 M
  ✓ Based on Future Cash Flow Needs
2011 IRP 2nd Bond Sale

• If Approved, Future Activities Include:

✓ October 15  – Receive Credit Ratings
✓ October 17  – Bid Documents Mailed to Potential Investors
✓ October 29  – Acceptance of Bids on Bonds
✓ October 30  – Final Approval – Execute Closing Documents
✓ November 14 – Closing and Transfer of Funds
Item 8
Selection of Auctioneer Services
Item 9
Other Business & Discussion