Legislative Briefing

Little Rock, Arkansas

January 8, 2013
Welcome
John Ed Regenold
Chairman,
Arkansas State Highway Commission

Overview of Department
Scott E. Bennett
Director of Highways
and Transportation

Questions

Closing Comments
Arkansas Highway Commission
Department Staff

Scott E. Bennett - Director of Highways and Transportation
Frank Vozel - Deputy Director and Chief Engineer
Ralph Hall - Assistant to the Director
Lorie H. Tudor - Assistant Chief Engineer-Planning
Michael Fugett - Assistant Chief Engineer-Design
Emanuel Banks - Assistant Chief Engineer-Operations
Rita Looney - Chief Legal Counsel
Larry Dickerson - Chief Fiscal Officer
Mike Sebren - State Construction Engineer
Tony Sullivan - State Maintenance Engineer
Crystal Woods - Division Head, Human Resources
Ron Burks - Chief, Highway Police
Randy Ort - Public Information Coordinator
AHTD Quick Facts

• 3rd Largest State Agency (3,574 Employees)

• 12th Largest Highway System in the Country (16,430 Miles)

• 10 Districts Statewide; Central Offices in Little Rock

• Mission: Provide a safe, efficient, aesthetically pleasing and environmentally sound intermodal transportation system for the user.
Highway District Map
Other Programs

Game & Fish Roads
State Park Roads
Institutional Roads
Airport Access Roads
Welcome Centers & Rest Areas
Other Programs

Adopt-A-Highway
Arkansas Recreational Trails
Transportation Alternatives Program
Historic Bridge Program
Litter Hotline
Public Transportation
Wildflower Program
Employment Levels

- 1992: 4,016
- 2012: 3,574
- 1965: 3,620
AHTD Administrative Costs Per Mile

- National Average = $12,772/mile
- Surrounding States’ Average = $5,342/mile
- Arkansas = $1,821/mile
- Arkansas’ Rank = 49th
**Workforce Management**

Projected Annual Savings: $1.2 Million
Fleet Management
State Highway System

• Arkansas        16,430 miles
• Illinois         16,040 miles
• California      15,205 miles
• New York         14,969 miles
• Tennessee       13,881 miles
• Florida          12,084 miles
Arkansas Primary Highway Network

[Map of Arkansas showing the primary highway network with different color codes for various types of highways.]
4-Lane Grid System

FOUR-LANE GRID SYSTEM
- Four-Lane Grid System - 2,210 Miles
- Other Regional Connections - 340 Miles
- Economic Development Connections - 73 Miles
TOTAL: 2,623 Miles

- 4+ Lane Existing - 2,024 Miles
- Additional 4+ Lane - 385 Miles
STIP and One Half Cent Sales Tax Program
TOTAL: 2,409 Miles

- City 15,000 to 20,000
  Not Connected by 4-Lane
- City/Community 10,000 to 15,000
  Not Connected by 4-Lane
- City 5,000 to 10,000
  Not Connected by 4-Lane
Highway Conditions in Arkansas
Interstate Highway System - 2012

Assumes spending will continue at same level as historical spending for system preservation (including the 2011 Interstate Rehabilitation Program).
Total Bridges in Arkansas

Total Bridges: 12,534

State: 7,263 (58%)
County: 4,297 (34%)
City: 974 (8%)
Bridge Conditions in Arkansas

Total State-Owned Bridges: 7,263
- Functionally Obsolete: 833 (11%)
- Structurally Deficient: 328 (5%)
- Non-Qualifying: 6,102 (84%)

Total County-Owned Bridges: 4,297
- Functionally Obsolete: 697 (16%)
- Structurally Deficient: 499 (12%)
- Non-Qualifying: 3,101 (72%)

Total City-Owned Bridges: 974
- Functionally Obsolete: 173 (18%)
- Structurally Deficient: 41 (4%)
- Non-Qualifying: 760 (78%)
Challenges

- 12th largest system in the country
- 43rd in highway revenue per mile.
- $23 billion in needs
- $4 billion in available revenue
Total Cost for Needs and Other Improvements

Congestion Relief................................................................. $3.7 billion
Maintaining the System .......................................................... $10.8 billion
Congressionally-Designated High Priority Corridors... $7.5 billion
Economic Development Connectors................................. $1.6 billion

Total Needs and Other Improvements................................. $23.6 billion

Anticipated Funding (Including Half-Cent Revenue).. $5.6 billion

SHORTFALL........................................................................... $18.0 billion
Vehicle Miles Traveled

Percent Increase in Annual Vehicle Miles of Travel for All Public Roads in Arkansas and the Nation
Challenges
Current Highway Funding Sources

**Federal**
Per-Gallon Motor Fuel Taxes

**State**
Per-Gallon Motor Fuel Taxes
Severance Taxes
Vehicle Registration Fees
License/Permit/Inspection Fees
Moving Ahead for Progress in the 21st Century (MAP-21)

- Signed by President Obama July 6, 2012
- Federal-aid Highway and Transit Programs
- Authorized Through September 30, 2014
- Federal Funding Continued at 2012 Levels
Moving Ahead for Progress in the 21st Century (MAP-21)

Four Main Core Programs
- National Highway Performance Program
- Surface Transportation Program
- Highway Safety Improvement Program
- Congestion Mitigation and Air Quality Program

Two New Formula Programs
- Transportation Alternatives
- Construction of Ferry Boats and Ferry Terminal Facilities
Federal Highway and Transit Needs and Obligations Through 2022
Assumes a minimum balance of $2 billion for the Highway Account and $.25 billion for the Mass Transit Account

Federal-aid Highway Obligations
Highway Safety Obligations
Total Transit Obligations

(Year of Expenditure Dollars in Billions)
State and Federal Gasoline Taxes

[Map showing state and federal gasoline taxes with different color codes indicating tax rates.]
State and Federal Diesel Taxes

[Map of the United States showing state diesel taxes with various color codes for different tax levels.]

- Greater than 54.5 cents per gallon
- 47.0 – 54.5 cents per gallon
- Less than 47.0 cents per gallon

U.S. AVERAGE: 54.5
## Estimated Average Annual Construction Funds Available for Commission Discretion
(Fiscal Years 2013-2014)

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td>Federal Funds (Est. Average Annual Revenue from MAP-21)</td>
<td>$501 Million</td>
</tr>
<tr>
<td>State Highway Funds (Est. Average Annual Revenue 2013-2014)</td>
<td>$394 Million</td>
</tr>
<tr>
<td>Total Federal &amp; State Highway Funds</td>
<td>$895 Million</td>
</tr>
<tr>
<td>Less Non-AHTD Federal Funds, Non-Construction Programs and Federal Obligation Limitations</td>
<td>$105 Million</td>
</tr>
<tr>
<td>Less State Funds for Fixed Budgeted Expenditures and Match for Non-Construction Federal Aid</td>
<td>$292 Million</td>
</tr>
<tr>
<td>Less State and Federal Fund Commitment for IRP</td>
<td>$85 Million</td>
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<tr>
<td>Federal and State Funds Highway Construction</td>
<td>$414 Million</td>
</tr>
<tr>
<td>Funds Specific to Categories (No Commission Discretion)</td>
<td>$138 Million</td>
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<tr>
<td>Highway Construction Funds Available for Commission Discretion</td>
<td>$276 Million</td>
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</table>
State General Revenues vs. AHTD Net Highway Revenues

Excludes County & City aid funds
Prepared by: Planning and Research 9/27/2012
What is a STIP?

- Four-Year Improvement Program
- Lists Federally-Funded Transportation Projects Located Outside Metropolitan Planning Organization (MPO) Boundaries
- Financially Constrained
What is a STIP?

- Includes MPO’s TIPs
- Submitted for Public Comment
- Approved by Highway Commission
- Identifies Federal Funding Categories for Planned Projects
The Problem

Per-Gallon Tax is the Primary Funding Source for Highways

Fuel Consumption is Declining

Highway Revenues From Fuel are Declining
Revenue Proposals

- Reissue GARVEE Bonds for a New Interstate Rehabilitation Program
- State Aid Program for Cities
- Temporary One-Half Cent General Sales Tax to Fund a Multi-Year Construction Program
- Transfer Sales Tax on New and Used Vehicles, Auto Repair Parts and Services, Tires and Batteries
Reissue GARVEE Bonds for Interstate Rehabilitation Program

- Needed Vote of the People
- $575 Million in Bonds
- No New Taxes
Interstate Rehabilitation Program

1999

50 Projects | 360 Total Miles | $1.0 Billion
Interstate Condition Improved From 21% ‘Good’ to 72%

2011

Passed With 81% of Vote
75 +/- Projects | 455 Total Miles | $1.2 Billion
First Contracts Awarded in November 2012
Interstate Rehabilitation Program

PROPOSED 2011 INTERSTATE REHABILITATION PROGRAM

Approximately 455 Miles
Approximately $1.2 Billion

Note: Length and cost are based on planning estimates. Subject to change once a funding analysis is completed by the financial advisor and design begins.
Interstate Rehabilitation Program
Projects Let to Contract

** I-540 **
7.1 Miles | Hwy. 22 – I-40 | $78.8 Million

** I-530 **
7.4 Miles | Bingham Rd. – Grant Co. Line | $13.5 Million

** I-40 **
7.2 Miles | Mill Creek Rd. – Hwy. 331 | $42.3 Million

** IRP Projects Included in Largest Letting in AHTD History! **
State Aid Program for Cities

- Dedicate 1¢ Per Gallon of Existing Motor Fuel Tax
- Similar to County Aid Program
- Funds Distributed by 9-Member Panel
- Passed in 2011; Triggered by Issue #1 Vote
Temporary One-Half Cent General Sales Tax to Fund a Multi-Year Construction Program

- Sunset in 10 Years
- Used for Multi-Year Bond Program
- Would Generate $1.8 Billion Total Program
- Recommended to Refer to a Vote of the People
One-Half Cent Sales Tax Program

4+ Lane Highways
(Existing, Under Construction, Scheduled, and Proposed)

Planned Projects
Revenue Proposals

- Reissue GARVEE Bonds for Interstate Rehabilitation Program
- State Aid Programs for Cities
- Temporary One-half Cent General Sales Tax to Fund a Multi-Year Construction Program
- Transfer Sales Tax on New and Used Vehicles, Auto Repair Parts and Services, Tires and Batteries
Revenue from Transferring 6% of the Gross State Sales and Use Tax (Representing Road-User Related Sales and Use Tax) and the 4.5% Sales and Use Tax on the Sale of New and Used Vehicles 
In millions -- Phased in Over Ten Years -- Beginning in 2014

State General Revenue

Gross Highway Revenue

- Projected Existing General Revenue
- Projected General Revenue with Transfer in Place (see details above)
- Projected Gross Highway Revenue
- Projected Gross Highway Revenue with Transfer in Place (see details above)
### Revenue from Transferring 6% of the Gross State Sales and Use Tax (Representing Road-User Related Sales and Use Tax) and the 4.5% Sales and Use Tax on the Sale of New and Used Vehicles

(in millions)

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<td>Revenue to AHTD</td>
<td>$23</td>
<td>$47</td>
<td>$72</td>
<td>$98</td>
<td>$126</td>
<td>$155</td>
<td>$185</td>
<td>$217</td>
<td>$250</td>
<td>$285</td>
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<td>Revenue to Counties</td>
<td>$5</td>
<td>$10</td>
<td>$15</td>
<td>$21</td>
<td>$27</td>
<td>$33</td>
<td>$40</td>
<td>$47</td>
<td>$54</td>
<td>$61</td>
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<td>Total</td>
<td>$33</td>
<td>$67</td>
<td>$102</td>
<td>$140</td>
<td>$180</td>
<td>$221</td>
<td>$265</td>
<td>$311</td>
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If you have any questions please contact us through our website or by e-mail at:

www.ArkansasHighways.com

or

info@arkansashighways.com