ARKANSAS STATE HIGHWAY AND TRANSPORTATION DEPARTMENT

AAPA Quality Asphalt Conference
Tuesday, January 5, 2016

Scott E. Bennett, P.E.
Director of Highways and Transportation
An efficient transportation system is critical for Arkansas’ economy and the quality of life of the state’s residents.
<table>
<thead>
<tr>
<th>Needs</th>
<th>Net to AHTD (x $1 M)</th>
<th>Cumulative Amount (x $1 M)</th>
<th>Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Immediate/Short-Term (within 2 years)</td>
<td>$110</td>
<td>$110</td>
<td>• Critical Needs</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Match Federal Highway Funds</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Overlays</td>
</tr>
<tr>
<td>Mid-Term (within 3-5 years)</td>
<td>$140</td>
<td>$250</td>
<td>• Enhanced Maintenance Program</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>✓ Pavement Restoration of 50% of the State Highway System every 15-20 years</td>
</tr>
<tr>
<td>Long-Term (within 6-10 years)</td>
<td>$150</td>
<td>$400</td>
<td>• Enhanced Economic Development Program</td>
</tr>
<tr>
<td>Ultimate (10+ Years)</td>
<td>$1.68 Billion</td>
<td></td>
<td>• Economic Development Projects Completed</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>✓ I-49, I-69</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>✓ Four-lane Grid System</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>✓ State of Good Repair for Bridges and Pavement</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>✓ AHTD Equipment Fleet – Average Age 8 Years</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>✓ All AHTD Facilities Modernized</td>
</tr>
</tbody>
</table>
GOVERNOR’S WORKING GROUP ON HIGHWAY FUNDING

Short-Term Recommendation

December 15, 2015

Presented to:
The Honorable Asa Hutchinson, Governor
Fixing America’s Surface Transportation (FAST) Act

• Authorizes 5 Years of Funding
  – Federal Fiscal Years (FFYs) 2016-2020

• $225.2 Billion for Highway Investment

• Over 5 Years:
  – $20.2 Billion Increase from FFY 2015
  – $250 Million Increase for Arkansas
Funding Challenges

• Additional State Highway Funds Needed to Match Federal Highway Funds

✓ Typically 80% Federal 20% State Funds
✓ Use or Lose
STATE FISCAL YEARS 2016-2020
ESTIMATED STATE HIGHWAY REVENUE ANALYSIS
x $1,000,000

<table>
<thead>
<tr>
<th>Sources and Revenues:</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>AVG</th>
</tr>
</thead>
<tbody>
<tr>
<td>Motor Fuels and Registration Fees</td>
<td>$356.4</td>
<td>$358.2</td>
<td>$360.0</td>
<td>$361.8</td>
<td>$363.6</td>
<td></td>
</tr>
<tr>
<td>4¢ Diesel Tax - Committed to the IRP</td>
<td>$16.5</td>
<td>$16.5</td>
<td>$16.5</td>
<td>$16.5</td>
<td>$16.5</td>
<td></td>
</tr>
<tr>
<td>Natural Gas Severance Tax</td>
<td>$29.0</td>
<td>$29.7</td>
<td>$30.4</td>
<td>$31.2</td>
<td>$32.0</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>$401.9</td>
<td>$404.4</td>
<td>$406.9</td>
<td>$409.5</td>
<td>$412.1</td>
<td>$407.0</td>
</tr>
</tbody>
</table>

| Less Fixed Expenditures:                   |       |       |       |       |       |       |
| Maintenance                                | $221.8 | $222.9 | $224.0 | $225.1 | $226.3 |       |
| Administration                             | $21.8  | $21.9  | $22.0  | $22.1  | $22.2  |       |
| Operations                                 | $26.2  | $26.4  | $26.5  | $26.6  | $26.8  |       |
| Budgeted Construction w/o Right of Way     | $44.9  | $45.1  | $45.4  | $45.6  | $45.8  |       |
| IRP Debt Service                           | $16.5  | $16.5  | $16.5  | $16.5  | $16.5  |       |
| **TOTAL**                                  | $331.3 | $332.8 | $334.4 | $336.0 | $337.6 | $334.5|

| Total State Highway Funds Available for    |       |       |       |       |       |       |
| Highway Construction Program               | $70.6  | $71.6  | $72.5  | $73.5  | $74.5  | $72.5 |

| Less Required State Highway Matching Funds for Federal Highway Funds |       |       |       |       |       |       |
|                                                                     | $116.7 | $119.4 | $121.9 | $124.8 | $127.8 | $122.1|

| Shortfall in State Highway Matching Funds Needed for Federal Highway Funds | ($46.1) | ($47.8) | ($49.4) | ($51.3) | ($53.3) | ($49.6) |
Funding Challenges

• Additional State Highway Funds Needed to Match Federal Highway Funds
  ✓ Typically 80% Federal Hwy. Funds are Matched by 20% State Hwy. Funds
  ✓ Use or Lose

• Reduction in Annual State Highway Revenue Available to Match Federal Highway Funds
  ✓ Arkansas State Aid City Street Program - $14 M
  ✓ Increased Maintenance Budget - $18 M
  ✓ Declining Natural Gas Severance Tax Revenue - $11 M

Total Annual Reduction - $43 M
Federal Mandated Performance Measures

7 National Goals

- Safety
- Congestion Reduction
- System Reliability
- Freight Movement and Economic Vitality
- Environmental Sustainability
- INFRASTRUCTURE CONDITION
- Reduced Project Delivery Delays
Federally Mandated Performance Measures

National Goal Area: Infrastructure Condition

Monitor – Evaluate – Report

Possible Impacts
Percent Within Limits (PWL)

Special Provision

Interstate Mill & Inlay
15,000+ tons and >4”

Incentives / Disincentives:
17 projects, $1.8M incentives
2 projects, $133,000 disincentives
Efforts to Expedite Construction

Get In
Get Done
Get Out

Incentives/Disincentives:
568 projects last 2 years
26 w/incentives - $8M
22 w/disincentives - $9M

Flexible
Beginning of Work
Reduce Projects in Overtime

- 568 projects (last 2 years)
- 83 (15%) in overtime
- 85% on time or ahead of schedule
Asphalt Indexing Pilot Initiative

- New Specification
- Benefits
- Monthly Adjustments
Asphalt Indexing Pilot Initiative
e-Construction
It is agreed and understood between the parties hereto that the Contractor agrees to accept and the Commission agrees to pay for the work at the prices stipulated in the Contract Schedule of Prices, such payment to be in lawful money of the United States, and the payment shall be made at the time and in the manner set forth in the Specifications.

WITNESS OUR HANDS, this date FEB 22 2012

CONTRACTOR

CRANFORD CONSTRUCTION CO.

BY: [Signature]

PRINTED NAME: [Signature] (Must Be Legible)

ARKANSAS STATE HIGHWAY COMMISSION

BY: [Signature] Director of Highways and Transportation

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Doc Express Document Signing History

Contract: 061440 Document: 061440 CONTRACT

<table>
<thead>
<tr>
<th>Date</th>
<th>Electronically Signed By</th>
</tr>
</thead>
<tbody>
<tr>
<td>09/17/2015</td>
<td>Robert Jones M &amp; T PAVING &amp; CONSTRUCTION CO. INC. (SIGNED BY CONTRACTOR)</td>
</tr>
<tr>
<td>09/17/2015</td>
<td>Twandria Campbell Arkansas State Highway and Transportation Department (REVIEWED BY PROGRAM MANAGEMENT)</td>
</tr>
<tr>
<td>09/17/2015</td>
<td>Emanuel Banks Arkansas State Highway and Transportation Department (SIGNED BY DEPUTY DIRECTOR AND CHIEF ENGINEER)</td>
</tr>
<tr>
<td>09/18/2015</td>
<td>Lorie H. Tudor Arkansas State Highway and Transportation Department (SIGNED BY DEPUTY DIRECTOR AND CHIEF OPERATING OFFICER)</td>
</tr>
<tr>
<td>09/18/2015</td>
<td>Scott Bennett Arkansas State Highway and Transportation Department (SIGNED BY DIRECTOR)</td>
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</table>
C Change Order Generation System
e-Construction

Doc Express™

Contracts / 090347

090347

OSAGE CREEK STR. APPRS. (S) FEDERAL AID PROJECT STPF-BRN-0004(53)


1-DISADVANTAGED BUSINESS ENTERPRISE (DBE) PARTICIPATION
2-CONTRACTOR'S CERTIFICATION STATEMENT (SWPPP) STORM WATER
3-CERTIFICATE OF LIABILITY
4-STATUTORY PERFORMANCE AND PAYMENT BOND
CONTRACT EXECUTION
Next Area of Change

- Estimate Vouchers
- Change Orders
e-Construction

The Future
NEXT EXIT
Connecting Arkansas Program Update

Under Construction:
- 6 Projects
- 267 miles
- $255 million

Scheduled:
- 29 Projects
- 152 miles
- $1.5 billion

LEGEND
- Blue: Completed
- Red: Under Construction
- Green: Scheduled
Completed:
23 Projects
170 miles
$449 million

Under Construction:
12 Projects
71 miles
$295 million

Scheduled:
47 Projects
250 miles
$688 million
2016 Overlay Program
2016 Overlay Program

FEB: 16 JOBS - $21.3 MILLION
MAR: 31 JOBS - $28.3 MILLION
### 2016 Lettings Summary

<table>
<thead>
<tr>
<th>Date</th>
<th>Number of Jobs</th>
<th>Amount (in Millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>13 Jan</td>
<td>21</td>
<td>$241.3</td>
</tr>
<tr>
<td>10 Feb</td>
<td>29</td>
<td>$97.1</td>
</tr>
<tr>
<td>23 Mar</td>
<td>38</td>
<td>$81.9</td>
</tr>
<tr>
<td>11 May</td>
<td>12</td>
<td>$130.1</td>
</tr>
<tr>
<td>22 Jun</td>
<td>9</td>
<td>$169.1</td>
</tr>
<tr>
<td>10 Aug</td>
<td>4</td>
<td>$45.6</td>
</tr>
<tr>
<td>21 Sep</td>
<td>12</td>
<td>$98.5</td>
</tr>
<tr>
<td>2 Nov</td>
<td>5</td>
<td>$77.4</td>
</tr>
<tr>
<td>7 Dec</td>
<td>7</td>
<td>$72.3</td>
</tr>
</tbody>
</table>

**Totals for 2016**  
137 $1,013.3
“When you realize the value of all life, you dwell less on what is past and concentrate more on the preservation of the future.”

-Dian Fossey

System Preservation – 80%
Capital Improvements – 20%
Commission Discretionary Funds
• ArkansasHighways.com
• ConnectingArkansasProgram.com
• Vimeo.com/AHTD
• IDriveArkansas.com
• Twitter.com @AHTD