PARTNERING AGREEMENT
AHTD and AGC

Whereas, the Arkansas State Highway and Transportation Department (AHTD) and the Associated General Contractors of America, Arkansas Chapter (AGC), recognize the importance of providing quality surface transportation facilities in a safe, timely and cost-effective manner.

Therefore, we agree to continue our partnering efforts and to formalize the agreement through the following:

- Promote harmonious relationships throughout the industry, fostered in the concept of mutual trust and respect.
- Foster an inclusive industry that ensures full and open opportunity for all to participate and for responsible businesses to compete in an open, competitive bid environment.
- Promote quality through continuous improvement at all stages of the design and construction process.
- Cooperatively promote and encourage the use of new products, technology and processes that provide a demonstrated level of improved quality.
- Promote prompt and fair dispute resolution by opening communications through the use of partnering.
- Deliver surface transportation facilities in a manner that is environmentally responsible in both design and construction; and
- Ensure that the safety of the public and our employees will be a prime concern in delivering transportation facilities.

By following these principles, we can build customer satisfaction, enhance the growth of our businesses and deliver a top quality product in which we can take pride.

Signed this 18th day of October 2011

Arkansas State Highway and Transportation Department

Madison Murphy
Commission Chairman

Scott E. Bennett
Director of Highways and Transportation

Associated General Contractors of America, Arkansas Chapter

Brad Fryar
President

Mark Windle
Highway Division Director
Best Wishes to Richard Hedgecock
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
• Additional State Highway Funds Needed to Match Federal Highway Funds

✓ Typically 80% Federal 20% State Funds
✓ Use or Lose
### Estimated State Highway Revenue Analysis

**Sources and Revenues:**

<table>
<thead>
<tr>
<th>Source</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 Program</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:**

<table>
<thead>
<tr>
<th>Expenditure</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>AVG</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maintenance</td>
<td>$221.8</td>
<td>$222.9</td>
<td>$224.0</td>
<td>$225.1</td>
<td>$226.3</td>
<td></td>
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<tr>
<td>Administration</td>
<td>$21.8</td>
<td>$21.9</td>
<td>$22.0</td>
<td>$22.1</td>
<td>$22.2</td>
<td></td>
</tr>
<tr>
<td>Operations</td>
<td>$26.2</td>
<td>$26.4</td>
<td>$26.5</td>
<td>$26.6</td>
<td>$26.8</td>
<td></td>
</tr>
<tr>
<td>Budgeted Construction w/o Right of Way</td>
<td>$44.9</td>
<td>$45.1</td>
<td>$45.4</td>
<td>$45.6</td>
<td>$45.8</td>
<td></td>
</tr>
<tr>
<td>IRP Debt Service</td>
<td>$16.5</td>
<td>$16.5</td>
<td>$16.5</td>
<td>$16.5</td>
<td>$16.5</td>
<td></td>
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<tr>
<td><strong>TOTAL</strong></td>
<td>$331.3</td>
<td>$332.8</td>
<td>$334.4</td>
<td>$336.0</td>
<td>$337.6</td>
<td>$334.5</td>
</tr>
</tbody>
</table>

**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
An efficient transportation system is critical for Arkansas’ economy and the quality of life of the state’s residents.
## GOALS

<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</td>
<td>$110</td>
<td>$110</td>
<td>• Critical Needs</td>
</tr>
<tr>
<td>(within 2 years)</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</td>
<td>$140</td>
<td>$250</td>
<td>• Enhanced Maintenance Program</td>
</tr>
<tr>
<td>(within 3-5 years)</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</td>
<td>$150</td>
<td>$400</td>
<td>• Enhanced Economic Development Program</td>
</tr>
</tbody>
</table>

### Ultimate (10+ Years)

$1.68 Billion

• Economic Development Projects Completed
  ✓ I-49, I-69
  ✓ Four-lane Grid System
  ✓ State of Good Repair for Bridges and Pavement
  ✓ AHTD Equipment Fleet – Average Age 8 Years
  ✓ All AHTD Facilities Modernized
Governor’s Working Group on Highway Funding

January 19, 2016
Press Conference
## Highway Funding Option Presented by Governor Hutchinson
### 2016 Special Session

<table>
<thead>
<tr>
<th>Item</th>
<th>Source</th>
<th>2016 (x $1M)</th>
<th>2017 (x $1M)</th>
<th>2018 (x $1M)</th>
<th>2019 (x $1M)</th>
<th>2020 (x $1M)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transfer 2015 Unobligated Funds</td>
<td>Surplus</td>
<td>$20.0</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Transfer from Governor</td>
<td>Rainy Day Fund</td>
<td>$20.0</td>
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<td></td>
<td></td>
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</tr>
<tr>
<td>Transfer Sales Tax New &amp; Used Vehicles</td>
<td>General Revenue</td>
<td>$ 1.5</td>
<td>$ 8.0</td>
<td>$15.0</td>
<td>$20.0</td>
<td>$25.0</td>
</tr>
<tr>
<td>Redirect Diesel Tax</td>
<td>General Revenue</td>
<td>$ 2.7</td>
<td>$ 2.7</td>
<td>$ 2.7</td>
<td>$ 2.7</td>
<td>$ 2.7</td>
</tr>
<tr>
<td>Eliminate Deduction - Temporary ½ cent Sales Tax</td>
<td>State Central Services</td>
<td>$ 5.4</td>
<td>$ 5.4</td>
<td>$ 5.4</td>
<td>$ 5.4</td>
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</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>$46.9</strong></td>
<td><strong>$16.1</strong></td>
<td><strong>$23.1</strong></td>
<td><strong>$28.1</strong></td>
<td><strong>$33.1</strong></td>
</tr>
</tbody>
</table>

Estimate based on 10-Year Average

| Allocate 25% of General Improvement Funding | Surplus | $48.0 | $48.0 | $48.0 | $48.0 |
| **Total**                                   |         | **$46.9** | **$64.1** | **$71.1** | **$76.1** | **$81.1** |
Federally 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
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
Innovation

EDC-3 (2015-2016)

☑ E-Construction

☑ 3D Modeling
e-Construction

Bid Express
Secure Internet Bidding
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 Prizes, 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 2 2 2012

CONTRACTOR
CRANFORD CONSTRUCTION CO.

PRINTED NAME: Steve E. Ford
(Must Be Legible)

ARKANSAS STATE HIGHWAY COMMISSION
BY: Joe A. Bennett
Director of Highways and Transportation

---

Doc Express Document Signing History
Contract: 061440 Document: 061440 CONTRACT

<table>
<thead>
<tr>
<th>Date</th>
<th>Electronically Signed By</th>
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<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>
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<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>
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<tr>
<td>09/18/2015</td>
<td>Scott Bennett Arkansas State Highway and Transportation Department (SIGNED BY DIRECTOR)</td>
</tr>
</tbody>
</table>
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
e-Construction

Next Area of Change

Estimate Vouchers

Change Orders
3D Modeling

• I-40 / I-430 Interchange Improvements via 3D Modeling

• Realistic renderings based on 3D Modeling
e-Construction

The Future

NEXT EXIT
Connecting Arkansas Program Update

Under Construction:
- 7 Projects
- 29 miles
- $263 million

Scheduled:
- 28 Projects
- 149 miles
- $1.5 billion
Interstate Rehabilitation Program Update

Completed:
23 Projects
170 miles
$449 million

Under Construction:
15 Projects
80 miles
$424 million

Scheduled:
44 Projects
240 miles
$556 million
2016 Overlay Program
2016 Overlay Program

FEB: 16 JOBS - $21.3 MILLION

MAR: 32 JOBS - $29.9 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>20</td>
<td>$239.6</td>
</tr>
<tr>
<td>10 Feb</td>
<td>29</td>
<td>$90.9</td>
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<tr>
<td>23 Mar</td>
<td>41</td>
<td>$87.9</td>
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<tr>
<td>11 May</td>
<td>11</td>
<td>$127.3</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>
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<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**

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>137</td>
<td>$1,014.7</td>
</tr>
</tbody>
</table>
“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
• Current STIP Schedule
  ✓ January 2016 – Proposed Projects to MPOs
  ✓ Spring 2016 – Receive MPOs Transportation Improvement Programs (TIPs)
  ✓ Spring 2016 – Release STIP for Public Comment Period
  ✓ Mid-2016 – Submit to Federal Highway Administration (FHWA) and Federal Transit Administration (FTA)
  ✓ Summer 2016 – Approval from FHWA and FTA
ArkansasHighways.com
ConnectingArkansasProgram.com
Vimeo.com/AHTD
IDriveArkansas.com
Twitter.com @AHTD
Questions?