Changes at the Department

Rex Vines
Asst. Chief Engineer - Operations

Cannon Callicott
District One Engineer
Funding Challenges
Challenges

- 12th largest system in the country
- 41st in highway revenue per mile.

- $9.3 billion in needs
- $4.5 billion in available revenue

“This is a problem that we can’t leave for our children or grandchildren to solve.”

~Arkansas Department of Transportation Director Scott Bennett
All State Highways – Including Interstates

<table>
<thead>
<tr>
<th>Condition</th>
<th>Current</th>
<th>2027</th>
</tr>
</thead>
<tbody>
<tr>
<td>Poor</td>
<td>24%</td>
<td>28%</td>
</tr>
<tr>
<td>Fair</td>
<td>58%</td>
<td>46%</td>
</tr>
<tr>
<td>Good</td>
<td>18%</td>
<td>26%</td>
</tr>
</tbody>
</table>
Pay a **Little Now**

**Overlay**

$100,000 per lane mile

Pay a **Whole Lot Later**

**Reconstruction**

$1,500,000 per lane mile
In 1995, **200 miles** of highway could be overlaid with $10 million.

Using $10 million today, only **54 miles** of highway can be overlaid.
Highway Revenue at 14.4% of General Revenue

Excludes County & City Aid funds | Excludes CAP funds
An efficient transportation system is critical for Arkansas’ economy and the quality of life of the state’s residents.
Funding Targets

- Immediate: $50 Million
- Short-term (0-3 years): $110 Million
- Mid-term (3-5 years): $250 Million
- Long-term (6-9 years): $400 Million

All figures are annual amounts for state highways.
Arkansas State Legislative Audit

### Exhibit III

Arkansas Department of Transportation (ArDOT)

**Summary of Annual State Funds Needed to Meet Proposed Highway Construction Plan Over a 10-Year Period**

<table>
<thead>
<tr>
<th>Description</th>
<th>Annual Funds Needed for Highway Construction Plan</th>
<th>Annual Funds Available for Highway Construction</th>
<th>Additional Annual State Revenues Needed for Highway Construction Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>System Preservation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pavement</td>
<td>$367,000,000</td>
<td>$137,000,000</td>
<td>$250,000,000</td>
</tr>
<tr>
<td>Bridges</td>
<td>117,000,000</td>
<td>90,000,000</td>
<td>27,000,000</td>
</tr>
<tr>
<td>Total System Preservation</td>
<td>504,000,000</td>
<td>227,000,000</td>
<td>277,000,000</td>
</tr>
<tr>
<td>Capacity Relief</td>
<td>305,000,000</td>
<td>157,000,000</td>
<td>148,000,000</td>
</tr>
<tr>
<td>Safety Improvements</td>
<td>86,000,000</td>
<td>44,000,000</td>
<td>42,000,000</td>
</tr>
<tr>
<td>Maintenance</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equipment upgrades</td>
<td>19,000,000</td>
<td>19,000,000</td>
<td></td>
</tr>
<tr>
<td>Facilities upgrades</td>
<td>8,000,000</td>
<td>8,000,000</td>
<td></td>
</tr>
<tr>
<td>Intelligent Transportation System (ITS)</td>
<td>3,000,000</td>
<td>3,000,000</td>
<td></td>
</tr>
<tr>
<td>Total Maintenance</td>
<td>30,000,000</td>
<td>19,000,000</td>
<td>11,000,000</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>$925,000,000</strong></td>
<td><strong>$447,000,000</strong></td>
<td><strong>$478,000,000</strong></td>
</tr>
</tbody>
</table>

*Note: Amounts shown are rounded.*

- **Total Annual Funds Needed for Highway Construction Plan:** $925,000,000
- **Annual Funds Available for Highway Construction:** $447,000,000
- **Additional Annual State Revenues Needed for Highway Construction Plan:** $478,000,000

---

$478,000,000
Recent Legislation
State Highway Funding

Governor Hutchinson’s Four T’s:

- Tax Cuts
- Teacher Pay
- Transformation
- Transportation
Governor Hutchinson’s Highway Package

Two Bills

Four Revenue Sources

$300 Million Per Year
Motor Fuel Taxes

1.6% Tax On Wholesale Price of Gas
  (equals 3 cents per gallon)

2.9% Tax On Wholesale Price of Diesel
  (equals 6 cents per gallon)
Results in **$86 Million** in Additional Annual Revenue

**$58 Million** to ARDOT

**$14 Million** to Cities and Counties Each

“And we feel like we would like to invest and spend money to make the roads better so that they are safer, so that they are easier on the equipment, so that the volume of traffic can move more freely. The benefit of those things outweighs any increased costs.”

– Shannon Newton, Arkansas Trucking Association President
Electric and Hybrid Vehicle Registration Fees

Electric Vehicles - $200 Registration Fee

Hybrid Vehicles - $100 Registration Fee

$2 Million to ARDOT
Casino Revenue

All New Casino Revenue

$35 Million Annually to ARDOT
Act 416

Act 416 Summary

Motor Fuel Tax $ 58 Million
Electric and Hybrid Vehicle Registration Fees $ 2 Million
Casino Revenue $ 35 Million

Total to ARDOT $ 95 Million
# Act 416

## Act 416 Summary

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Motor Fuel Tax</td>
<td>$58 Million</td>
</tr>
<tr>
<td>Electric and Hybrid Vehicle Registration Fees</td>
<td>$2 Million</td>
</tr>
<tr>
<td>Casino Revenue</td>
<td>$35 Million</td>
</tr>
<tr>
<td><strong>Total to ARDOT</strong></td>
<td><strong>$95 Million</strong></td>
</tr>
</tbody>
</table>

*All for System Preservation, Pavements, Bridges, etc.*
Proposed Constitutional Amendment

- To Be Voted On In General Election – November 2020
- ½-Cent Sales Tax Permanent After 2023
- Continues To Provide $205 Million To ARDOT Annually
- Continues To Provide $43 Million To Cities Annually
- Continues To Provide $43 Million To Counties Annually
Governor’s Highway Funding Package

Summary

Act 416
$ 95 Million

House Joint Resolution 1018
$205 Million

Total To ARDOT
$300 Million
## 2019 Scheduled

<table>
<thead>
<tr>
<th>Type Work</th>
<th>Amount (x $1 M)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Widening / New Location</td>
<td>$ 606</td>
</tr>
<tr>
<td>Pavement Preservation</td>
<td>$ 183</td>
</tr>
<tr>
<td>Bridges</td>
<td>$ 365</td>
</tr>
<tr>
<td>Safety</td>
<td>$ 55</td>
</tr>
<tr>
<td>Other</td>
<td>$ 9</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$1,218</strong></td>
</tr>
</tbody>
</table>
2019 Pavement Preservation Projects

January – $12 Million
February – $15 Million
April – $36 Million
May – $94 Million
July – $26 Million
## 2020 Scheduled

<table>
<thead>
<tr>
<th>Type Work</th>
<th>Amount (x $1 M)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Widening / New Location</td>
<td>$ 370</td>
</tr>
<tr>
<td>Pavement Preservation</td>
<td>$ 214</td>
</tr>
<tr>
<td>Bridges</td>
<td>$ 111</td>
</tr>
<tr>
<td>Safety</td>
<td>$ 49</td>
</tr>
<tr>
<td>Other</td>
<td>$ 0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 744</strong></td>
</tr>
</tbody>
</table>
### 2021 Scheduled

<table>
<thead>
<tr>
<th>Type Work</th>
<th>Amount (x $1 M)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Widening / New Location</td>
<td>$178</td>
</tr>
<tr>
<td>Pavement Preservation</td>
<td>$274</td>
</tr>
<tr>
<td>Bridges</td>
<td>$102</td>
</tr>
<tr>
<td>Safety</td>
<td>$33</td>
</tr>
<tr>
<td>Other</td>
<td>$0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$587</strong></td>
</tr>
</tbody>
</table>
### 2022 Scheduled

<table>
<thead>
<tr>
<th>Type Work</th>
<th>Amount (x $1 M)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Widening / New Location</td>
<td>$ 203</td>
</tr>
<tr>
<td>Pavement Preservation</td>
<td>$ 282</td>
</tr>
<tr>
<td>Bridges</td>
<td>$ 113</td>
</tr>
<tr>
<td>Safety</td>
<td>$ 33</td>
</tr>
<tr>
<td>Other</td>
<td>$ 0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 631</strong></td>
</tr>
</tbody>
</table>
2023 - $290 Million
Promises Made
Promises Kept
2011 Interstate Rehabilitation Program

**Completed**
- 46 Projects
- 290 Miles
- $1.0 Billion

**Under Construction**
- 6 Projects
- 54 Miles
- $314 Million

**Scheduled**
- 27 Projects
- 159 Miles
- $219 Million
2012 Connecting Arkansas Program

Completed
11 Projects
61 Miles
$432 Million

Under Construction
11 Projects
68 Miles
$627 Million

Scheduled
14 Projects
56 Miles
$974 Million
Limitations Placed on Contractors with Uncompleted Contracts

A+C Bidding

Requirement of Critical Path Method Schedules
Limitations Due To Uncompleted Contracts

Number of Uncompleted Contracts

**Before** Implementation of Limitation on Bidding
July 1987 – June 1996

**After** Implementation of Limitation on Bidding
June 1996 – June 2005
“A” and “C” Components

Road User Cost

Bid Amount For Award Consideration
## Use of A+C Bidding

### Example Project – Road User Cost $192,000

<table>
<thead>
<tr>
<th>Contractor</th>
<th>Amount Bid “A”</th>
<th>Days Bid</th>
<th>Bid Amount for Award Consideration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bidder #1</td>
<td>$ 94,824,908</td>
<td>450</td>
<td>$ 181,224,908</td>
</tr>
<tr>
<td>Bidder #2</td>
<td>$ 91,928,841</td>
<td>652</td>
<td>$ 217,112,841</td>
</tr>
</tbody>
</table>
## Example Project – Road User Cost $19,000

<table>
<thead>
<tr>
<th>Contractor</th>
<th>Amount Bid “A”</th>
<th>Days Bid</th>
<th>Bid Amount for Award Consideration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bidder #1</td>
<td>$ 11,347,361</td>
<td>203</td>
<td>$ 15,204,361</td>
</tr>
<tr>
<td>Bidder #2</td>
<td>$ 10,757,903</td>
<td>393</td>
<td>$ 18,224,903</td>
</tr>
</tbody>
</table>
Difference of Contract Days Bid

Cumulative Number of Days Saved

- 2014: 725
- 2015: 2,041
- 2016: 4,307
- 2017: 5,702
- 2018: 6,909
Critical Path Method Schedule

- Required On A+C Contracts
- Generalized Scheduled Approved **Before** Contract Execution
- Detailed Scheduled Approved **Before** Work Begins
- Identifies Possible Delays
- Provides Method to Determine Time Adjustments
Benefits

Reduces Number of Projects In Overtime

Significant Reduction in Contract Time

Positive Public Imagine
General Election
November 2020
House Joint Resolution 1018

Turnback to Cities
2023 - $156 million
2024 - $113 million

Nearly a 30% Reduction

Turnback to Counties
2023 - $156 million
2024 - $113 million

Nearly a 30% Reduction
House Joint Resolution 1018

Funding to ARDOT

Act 416
$95 Million

House Joint Resolution 1018
$205 Million

Total to ARDOT
$300 Million
Arkansans Need to Decide How to Fund

Your Transportation System
Questions?