Kiwanis Club of Bentonville
Tuesday, June 30, 2020
Funding Challenges
Challenges

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

Next 10 Years:

• $9.3 billion ($930 million/year) in Needs
• $4.5 billion in Revenue
• $4.8 billion Shortfall
Percent of Highway vs. General Revenue

- Billions
- Fiscal Year
- General Revenue
- Net Highway Revenue

1985 Fuel Tax Increase
- 14.4% $139M

1991 Fuel Tax Increase
- 11.3% $202M

1999 Fuel Tax Increase
- 9.4% $297M

- Excludes County & City Aid funds | Excludes CAP funds
Highway Revenue at 14.4% of General Revenue

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>General Revenue</th>
<th>Net Highway Revenue</th>
<th>Highway Revenue at 14.4% of General Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>1980</td>
<td>$139M</td>
<td>$0</td>
<td>$19.4M</td>
</tr>
<tr>
<td>1988</td>
<td>$259M</td>
<td>$0</td>
<td>$37.4M</td>
</tr>
<tr>
<td>1996</td>
<td>$455M</td>
<td>$0</td>
<td>$65.4M</td>
</tr>
<tr>
<td>2004</td>
<td>$626M</td>
<td>$0</td>
<td>$89.4M</td>
</tr>
<tr>
<td>2012</td>
<td>$829M</td>
<td>$0</td>
<td>$117.4M</td>
</tr>
<tr>
<td>2016</td>
<td>$931M</td>
<td>$0</td>
<td>$135.4M</td>
</tr>
</tbody>
</table>

Excludes County & City Aid funds | Excludes CAP funds
In 1998, **200 lane miles** of highway could be overlaid with $10 million.

In 2018, **90 lane miles** of highway could be overlaid with $10 million.
## Arkansas Construction Cost Comparison

<table>
<thead>
<tr>
<th>Type Work</th>
<th>1998 Cost Per Mile</th>
<th>2018 Cost Per Mile</th>
<th>Percent Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Location 4-Lane Interstate - Urban</td>
<td>$6,500,000</td>
<td>$9,700,000</td>
<td>49%</td>
</tr>
<tr>
<td>New Location 4-Lane Arterial – Urban</td>
<td>$4,000,000</td>
<td>$7,000,000</td>
<td>75%</td>
</tr>
<tr>
<td>Widening 2 to 5-lane – Urban</td>
<td>$2,900,000</td>
<td>$5,200,000</td>
<td>79%</td>
</tr>
</tbody>
</table>

### Additional Cost Comparisons

<table>
<thead>
<tr>
<th>Type Work</th>
<th>1998 Cost Per Lane Mile</th>
<th>2018 Cost Per Lane Mile</th>
<th>Percent Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reconstruction Non-Freeway - Urban</td>
<td>$450,000</td>
<td>$1,800,000</td>
<td>300%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Type Work</th>
<th>1998 Cost Per Square Foot</th>
<th>2018 Cost Per Square Foot</th>
<th>Percent Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Bridge</td>
<td>$60</td>
<td>$147</td>
<td>145%</td>
</tr>
</tbody>
</table>
# Significant Loss of Purchasing Power

<table>
<thead>
<tr>
<th>Item</th>
<th>Description</th>
<th>1993</th>
<th>2015</th>
<th>Percent Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>College Tuition</td>
<td>Average Tuition &amp; Fees at Public 4-year Universities</td>
<td>$1,908</td>
<td>$9,145</td>
<td>379%</td>
</tr>
<tr>
<td>Healthcare</td>
<td>National Expenditure Per Capita</td>
<td>$3,402</td>
<td>$9,523</td>
<td>180%</td>
</tr>
<tr>
<td>House</td>
<td>Median New Home Price</td>
<td>$118,000</td>
<td>$292,000</td>
<td>147%</td>
</tr>
<tr>
<td>Gas</td>
<td>Per Gallon</td>
<td>$1.08</td>
<td>$2.56</td>
<td>137%</td>
</tr>
<tr>
<td>Beef</td>
<td>Per Pound of Ground Beef</td>
<td>$1.97</td>
<td>$4.38</td>
<td>122%</td>
</tr>
<tr>
<td>Movie Ticket</td>
<td>Average Ticket Price</td>
<td>$4.14</td>
<td>$8.43</td>
<td>104%</td>
</tr>
<tr>
<td>Bread</td>
<td>Per Pound of White Bread</td>
<td>$0.75</td>
<td>$1.48</td>
<td>98%</td>
</tr>
<tr>
<td>Income</td>
<td>National Median Household</td>
<td>$31,241</td>
<td>$56,516</td>
<td>81%</td>
</tr>
<tr>
<td>Stamp</td>
<td>One First-Class Stamp</td>
<td>$0.29</td>
<td>$0.49</td>
<td>51%</td>
</tr>
<tr>
<td>Car</td>
<td>Average New Car</td>
<td>$16,871</td>
<td>$25,487</td>
<td>51%</td>
</tr>
<tr>
<td>Federal Gas Tax</td>
<td>Per Gallon</td>
<td>$0.18</td>
<td>$0.18</td>
<td>0%</td>
</tr>
</tbody>
</table>

Pay a **Little Now**

Overlay
$110,000
per lane mile

Pay a **Whole Lot Later**

Reconstruction
$1,800,000
per lane mile
All State Highways – Including Interstates

![Bar Chart: Comparing the condition of all state highways in the current condition and the condition projected for 2027.]

- **Current Condition**
  - Poor: 24%
  - Fair: 58%
  - Good: 18%

- **2027 Condition**
  - Poor: 28%
  - Fair: 46%
  - Good: 26%

Legend:
- Poor
- Fair
- Good
Average Monthly Household Expenditures

- Electricity/Gas: $160
- Cell Phone: $161
- TV/Internet: $124
- Roads: $46
Arkansans Major Public Asset
Transportation Infrastructure

<table>
<thead>
<tr>
<th>State Highway System</th>
<th>Gross Replacement Value</th>
<th>Average Annual Investment to Maintain State of Good Repair</th>
</tr>
</thead>
<tbody>
<tr>
<td>Roads</td>
<td>$58.1 Billion</td>
<td>$387 Million (0.67%)</td>
</tr>
<tr>
<td>Bridges</td>
<td>$11.0 Billion</td>
<td>$117 Million (1.06%)</td>
</tr>
<tr>
<td>Total</td>
<td>$69.1 Billion</td>
<td>$504 Million (0.73%)</td>
</tr>
</tbody>
</table>

Based on Arkansas DOT Transportation Asset Management Plan and Legislative Audit Report
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.
## 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>$387,000,000</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>Totals</td>
<td>$925,000,000</td>
<td>$447,000,000</td>
<td>$478,000,000</td>
</tr>
</tbody>
</table>

Note: Amounts shown are rounded.

$478,000,000
Recent Legislation
Governor Hutchinson’s Highway Plan
Act 416 and Proposed Constitutional Amendment (Issue #1)

Four Revenue Sources

$300 Million Per Year
### Funding Recap

<table>
<thead>
<tr>
<th>Highway Funding Working Group</th>
<th>$400 Million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arkansas State Legislative Audit</td>
<td>$478 Million</td>
</tr>
<tr>
<td><strong>Governor’s Highway Funding Plan</strong></td>
<td><strong>$300 Million</strong></td>
</tr>
</tbody>
</table>

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

– Governor Asa Hutchinson
<table>
<thead>
<tr>
<th>Description</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>

Dedicated to System Preservation (Pavement and Bridges)
Proposed Constitutional Amendment

Issue #1

• Vote in General Election – November 2020

• ½-Cent Sales Tax Permanent after June 2023

• Continues to Provide $205 Million to ARDOT Annually

• Continues to Provide $44 Million to Cities Annually

• Continues to Provide $44 Million to Counties Annually
Governor’s Highway Funding Plan

Summary

Act 416

Issue #1

Total to ArDOT

$ 95 Million

$205 Million

$300 Million
Governor’s Long Term Highway Funding Plan

Benefits from Additional $300 Million Per Year

- Provide $8.2 Billion in Economic Activity over 10 Years
- Support 3,596 Jobs Each Year*
- Maintain Interstates in a State of Good Repair
- Increase Safety Improvements
- Implement a Second Connecting Arkansas Program (CAP-2)
- Repair or Replace Poor Condition and Posted Bridges over 10 Years
- Improve Approximately 7,000 Miles of Non-Interstate Highways over 10 Years

*Source: “The Economic Impacts of an Annual $478 Million Increase in Arkansas Highway, Street and Bridge Construction Investment,” prepared by the American Road & Transportation Builders Association (ARTBA), October 2018; data prorated for $300 million in additional annual revenue.
Recipe for Success

• Consensus
• Unity
• Bipartisanship
  ✓ Governor
  ✓ Legislature
  ✓ Stakeholders
  ✓ ARDOT
Issue 1
Proposed Constitutional Amendment
The Ballot Question: Issue 1

YES
- Funding from current sales tax continues after June 2023

NO
- Funding from current sales tax terminates after June 2023
If Issue 1 Passes

Annual Revenue in SFY 2024

Act 416 of 2019: $95 Million
Issue 1: $205 Million
Current Construction Program: $440 Million

Total: $740 Million
If Issue 1 Passes

10-Year **Renew Arkansas Highways** Program

<table>
<thead>
<tr>
<th>Project</th>
<th>Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pavement Preservation</td>
<td>$3.0 Billion</td>
</tr>
<tr>
<td>Bridge Improvements and Preservation</td>
<td>$1.1 Billion</td>
</tr>
<tr>
<td>Interstate Maintenance</td>
<td>$1.0 Billion</td>
</tr>
<tr>
<td>Safety Improvements</td>
<td>$0.5 Billion</td>
</tr>
<tr>
<td>Capital and Congestion Relief (CAP-2)</td>
<td>$1.8 Billion</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$7.4 Billion</strong></td>
</tr>
</tbody>
</table>
2024-2033 Draft Program of Preservation Projects (Pavement & Bridges)

Job Type
- Bridge
- Roadway
Potential Projects

• Second Connecting Arkansas Program $ 3.0 Billion
• Economic Development, Partnering & Local Congestion Relief $ 0.5 Billion
• ROW Acquisition & Utility Relocation $ 0.1 Billion

20-Year Total $ 3.6 Billion
Second Connecting Arkansas Program

- Highway 22 to Interstate 40 (Two Lanes) - $270 Million
- Hwy 412 West to Hwy 112 (Springdale Bypass) - $100 Million
- Fort Smith to Charleston (Selected Sections) - $25 Million
- Interchange 49 to Highw ay 265 (Springdale Bypass) - $80 Million
- XNA Connector - $30 Million
- “Y” City to South of Greenwood (Two Lanes) - $270 Million
- Greenwood Bypass - $25 Million

**DRAFT**

Second Connecting Arkansas Program

Job Type
- Bridge
- Interchange
- Roadway
- New Location
New Highway Program

Projects Let Last 10 Years
Remaining STIP
Act 416 & State Surplus Revenue
2024-2033 Draft Program of Preservation Projects
Second Connecting Arkansas Program

Job Type
- Bridge
- Interchange
- Roadway
- New Location

DRAFT
<table>
<thead>
<tr>
<th>Scenario</th>
<th>Revenue Available SFY 2024</th>
</tr>
</thead>
<tbody>
<tr>
<td>Act 416 of 2019</td>
<td>$ 95 Million</td>
</tr>
<tr>
<td>Proposed Amendment</td>
<td>$205 Million</td>
</tr>
<tr>
<td>Current Construction Program</td>
<td>$440 Million</td>
</tr>
<tr>
<td><strong>Total Available SFY 2024</strong></td>
<td><strong>$530 Million</strong></td>
</tr>
</tbody>
</table>

Nearly 30% Less
### If Issue 1 Fails

#### 10-Year Plan

<table>
<thead>
<tr>
<th>Category</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pavement Preservation</td>
<td>$3.0 Billion</td>
</tr>
<tr>
<td>Bridge Improvements and Preservation</td>
<td>$1.1 Billion</td>
</tr>
<tr>
<td>Interstate Maintenance</td>
<td>$1.0 Billion</td>
</tr>
<tr>
<td>Safety Improvements</td>
<td>$0.5 Billion</td>
</tr>
<tr>
<td>Capital and Congestion Relief (CAP-2)</td>
<td>$1.8 Billion</td>
</tr>
</tbody>
</table>

**Total**: $7.35 Billion
If Issue 1 Fails

**Turnback to Cities**
2023 - $150 Million
2024 - $106 Million
Nearly a 30% Reduction

**Turnback to Counties**
2023 - $150 Million
2024 - $106 Million
Nearly a 30% Reduction
If Issue 1 Fails

**Benton County**
2023 – $6.1 Million
2024 – $4.3 Million
Loss of Funding – $1,800,000 Per Year

**City of Bentonville**
2023 – $2.8 Million
2024 – $2.0 Million
Loss of Funding – $800,000 Per Year
Promises Made
Promises Kept
Promises Made – Promises Kept!

1999

 Connecting Arkansas Program

2011

 Interstate Rehabilitation Program

2012

 VOTER APPROVED

Pave the Way

Rebuilding Arkansas Interstates
2011 Interstate Rehabilitation Program

Total Program
Number of Projects: 54
Miles: 358
Amount (Millions): $1,331
2012 Connecting Arkansas Program

Scheduled
Number of Projects: 3
Miles: 10
Amount (Millions): $119

Total Program
Number of Projects: 31
Miles: 165
Amount (Millions): $1,985
Local Updates
Interstate 49 Corridor

Completed
21 Projects
69 Miles
$425 Million

Under Construction
4 Projects
14 Miles
$158 Million

Scheduled
2 Projects
Estimated $44 Million
Highway 112 Widening

Scheduled
2 Projects
6 Miles
Estimated $45 Million

Programmed
4 Projects
13 Miles
Estimated $92 Million
Highway 71B Interchange

Under Construction

1 Mile
$27 Million
Tri-Party Partnering
Highway 102

Scheduled
1 Mile
Estimated $5-10 Million
Pavement Preservation

Completed
18 Projects
75 Miles
$20 Million

Under Construction
3 Projects
28 Miles
$8 Million

Scheduled
4 Projects
27 Miles
Estimated $7 Million
Looking Forward
What is the road to good roads?

Governor Asa Hutchinson paves the way for a highway plan to be presented to voters in 2020. But the politics ahead could be bumpy.

- The cost of the current 1/2 cent sales tax for the average family with a median income is about $8/month.
- This tax does not apply to groceries or medicine.
- If Issue #1 passes, the cost to the taxpayers will remain the same as it is now:
  - No Increase
  - No Decrease
Issue 1 – Educate Voters

Economy / Jobs / Safety / State of Good Repair

November 3, 2020
Arkansans Need to Decide How to Fund Your Transportation System
QUESTIONS?

Kiwanis Club of Bentonville
Tuesday, June 30, 2020