

# Programs Administered by the Arkansas Highway & Transportation Department

## Introduction

Where does the money come from to build, repair and maintain the local road system? This publication provides information on funding sources available to Arkansas' cities and counties for constructing and maintaining our public road systems.

The Arkansas State Highway and Transportation Department (AHTD) may assist with certain project phases – i.e., preliminary engineering, environmental handling, right of way acquisition, utility relocation, and construction engineering – on a cost reimbursable basis. Expenses incurred by AHTD are part of the total project costs. Project costs are paid for by program funds matched by the local sponsor (city or county) of the project.

Most projects eligible for Federal-aid or State Aid funds from programs available through the Department require a 5% deposit from the local government. This deposit is deducted from the balance due from the local government on the project before a contract is awarded for construction.

Improvements must meet American Association of State Highway and Transportation Officials (AASHTO) standards and certain Federal Highway Administration (FHWA) regulations if Federal funds are used, and State Aid standards if funded with State Aid money.

## Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU)

SAFETEA-LU of 2005 is the current Federal highway law. It continues several programs from previous transportation legislation which provide Federal assistance to improve city and county roads and bridges. These programs are primarily the Surface Transportation Program (STP) and the Bridge Replacement and Rehabilitation Program. Federal assistance is also available for Safety, Transportation Enhancement, Recreational Trails, Safe Routes to School, and High Priority Projects programs.

## Surface Transportation Program (STP)

This program provides funds for projects in unincorporated areas and cities with less than 200,000 population. (Cities with urbanized area population greater than 200,000 receive specific amounts of STP funds.)

Roadway projects may be undertaken on any public road functionally classified other than a rural minor collector or local road. Bridge projects on any public road may be funded under this category.

Eligible projects include new construction; reconstruction, rehabilitation, resurfacing, and restoration; operational improvements, including intersection signalization; bridge projects; bicycle routes and pedestrian walkways; etc. Improvements must conform to AASHTO's design standards.

Funding distribution is normally 80% Federal-aid and 20% local. The funding distribution for a State Aid project is 80% Federal-aid funds, 18% State Aid funds, and 2% local funds. To initiate a city project, the Mayor should contact the AHTD's Programs and Contracts Division. The County Judge should contact the AHTD's State Aid Division to initiate a county project.

## Bridge Replacement and Rehabilitation Program

SAFETEA-LU provides assistance for eligible bridges on any public road. The AHTD inspects and evaluates each bridge over 20' in length. These bridges are inventoried and assigned a sufficiency rating based on structural and functional adequacy. Ratings range from 0 to 100.

For a bridge structure to be eligible for replacement, it must be at least 20' in length, have a sufficiency rating of 50.0 or less and must be classified as functionally obsolete or structurally deficient. The replacement structure must be constructed in the same general area and comply with current structural standards for the type and volume of traffic the facility will carry over its design life. A limited amount of approach work to connect the bridge with the existing roadway is eligible. Certain preventative maintenance activities are also eligible.

Bridge rehabilitation consists of work necessary to restore structural integrity or correct major safety concerns. To be eligible, a bridge is required to be at least 20' in length have a sufficiency rating of 80.0 or less, and be classified as functionally obsolete or structurally deficient.

Federal participation is 80% of the project's cost with the local agency providing the remaining 20%. The funding distribution for a State Aid project is 80% Federal-aid funds, 18% State Aid funds, and 2% local funds. Improvements to bridges under this program must conform to AASHTO's design standards. Projects are initiated in the same manner as those under the STP Program described previously.

## Railway-Highway Crossings Program

Federal-aid funds are available for safety projects related to railroad crossings anywhere within the State. Eligible projects under this program for local roads and streets include:

- Railroad crossings protection, and
- Railroad grade separations and relocations.

Federal assistance for these projects ranges from 90% - 100% Federal-aid. For more information, contact the AHTD's Planning and Research Division.

## Transportation Enhancement Program

Ten percent of STP funds are allocated for transportation enhancement activities, i.e., educational activities and facilities for pedestrians and bicyclists; acquisition of scenic easements and scenic historical sites; landscaping and other scenic beautification; historic preservation, rehabilitation and operation of historic transportation buildings, structures, or facilities; preservation of abandoned railway corridors; control and removal of outdoor advertising; archaeological planning and research; environmental mitigation for highway runoff pollution or reduction of vehicle-caused wildlife mortality; and establishment of transportation museums. Funding distribution is generally 80% Federal-aid and 20% local. Projects are solicited through an application process. For more information or an application, contact the AHTD's Programs and Contracts Division.

## Recreational Trails Program

SAFETEA-LU also provides funds for the construction and maintenance of motorized, non-motorized, and multiple-use recreational trails. Projects are solicited through an application process. Local, state, and federal government agencies, as well as private, non-profit organizations are eligible to submit project applications. Federal participation is generally 80% of the project costs but may be more depending on the location of the project. The local agency must provide the remaining 20%; however, other Federal agency (non-USDOT) funds may be used as local match. The Federal share may not exceed 95% of project costs. For more information or an application, contact the AHTD's Planning and Research Division.

## Safe Routes to School Program

This SAFETEA-LU program is designed to enable and encourage children to walk and bicycle to school. Eligible projects include the planning, design, and construction of sidewalks, crossings, bicycle facilities, traffic diversion improvements, and traffic calming and speed reduction improvements. Public awareness, traffic education and enforcement, and outreach activities are also eligible. Federal

participation is 100% of project costs. Projects are solicited through an application process. For more information, contact the AHTD's Planning and Research Division.

## High Priority Projects Program

The U.S. Congress included special funding for local projects in SAFETEA-LU. Project location, type of work, and costs are specified in the law. Federal participation is normally 80% of the project costs with the local jurisdiction or sponsor providing the remaining 20%. Project funds may be limited each year based on Federal guidelines. For more information, contact the AHTD's Programs and Contracts Division.

## State Aid Program

This program consists of projects on major and minor collector routes not on the State Highway System that connect with local trade areas or state highways. Program funds are used to construct, improve, widen, straighten, surface or reconstruct State Aid roads. Counties are allocated funds based on the following distribution formula:

- 50% divided equally among the 75 counties;
- 25% divided in proportion that the area of the county bears to the area of the State; and
- 25% divided in the proportion that rural population of the county bears to the rural population of the State.

To initiate an eligible project, the County Judge makes a request to the AHTD's State Aid Division. Following an on-site inspection and cost estimate, a 5% deposit is submitted by the county so that plans may be developed. Funding of a project is 90% State Aid and 10% county. The AHTD provides necessary engineering services.

Cities and counties can utilize a number of other funding sources to pay for road improvement and maintenance programs. Some of these funds come directly to local governments while others require voter authorization or filing of an application for assistance.

Specifically, these sources are revenue turnback and special taxing options granted by state law and community development grants from the Arkansas Department of Economic Development (ADED).

# Other Funding Sources (not administered by AHTD)

## Regional Mobility Authorities

State legislation allows a county or counties to create Regional Mobility Authorities (RMA) to plan, construct, operate, fund, or purchase improvements to a surface transportation system. The RMA may issue bonds and impose and collect tolls, charges, and rates on transportation systems with voter approval. The RMA may, with voter approval, use revenues from county sales tax or motor vehicle tax for certain transportation projects.

## Highway-User Revenue Turnback

This revenue is obtained through designated road user taxes, state motor fuel taxes, motor vehicle registration fees, title transfer fees, driver search fees, and interest income. Revenue is to be used for maintenance, construction, and reconstruction of city and county roads and bridges, and parking for specified county facilities. Cities and counties may also use a specified amount for transit.

These funds are administered by the State Treasurer. Allocations to each municipality are based on a population apportionment from the most recent federal census. The allocation formula for counties is based on county area (31%), license fees collected (17.5%), total population (17.5%), rural population (13.5%) and an equal distribution of total revenues collected (20.5%).

Contact:

- Mayor or City Manager
- County Judge
- Arkansas Municipal League
- Association of Arkansas Counties
- State Treasurer
- AHTD—Planning and Research Division

## Three Mill Road Tax

The County Quorum Court may annually levy a county road tax not to exceed three (3) mills. Road taxes on property inside a city are distributed 50% to the city and 50% to the county. Road taxes on property outside a city are for use by the county.

Contact:

- County Judge
- County Treasurer
- Association of Arkansas Counties

## Local Option Sales Tax

This tax may be initiated by a county or city subject to voter approval. Separate taxes can be levied by a county or city(s) within that county.

Use of these funds is not limited to streets, but can support almost any development need. However, many local governments have found this funding source a welcome addition to their street improvement and maintenance programs.

Contact:

- Arkansas Department of Finance and Administration—Tax Division
- Mayor or City Manager
- County Judge
- Arkansas Municipal League
- Association of Arkansas Counties

## Arkansas Community and Economic Development Program (ACEDP)

This funding source through the Arkansas Department of Economic Development can be used for street, bridge and drainage projects within cities and counties. Competition for these funds is strong. Certain eligibility requirements restrict their use for meeting street improvement needs citywide or countywide. However, ACEDP is one source which can provide additional revenues for street improvements in small communities.

Contact:

- Arkansas Department of Economic Development—Grants Management Unit
- Planning and Economic Development Districts

## Revenue Bonds

These bonds can be issued by cities and counties to finance improvements on the local road system. A dedicated revenue source is required to retire these bonds. The sale of bonds must be approved by a majority of those voting at an election for that purpose.

Contact:

- Mayor or City Manager
- County Judge
- Arkansas Municipal League
- Association of Arkansas Counties

## PROGRAMS ADMINISTERED BY THE ARKANSAS HIGHWAY AND TRANSPORTATION DEPARTMENT

### Federal

- Surface Transportation Program
- Bridge Replacement and Rehabilitation Program
- Railway-Highway Crossings Program
- Transportation Enhancement Program
- Recreational Trails Program
- Safe Routes to School Program
- High Priority Projects Program

### State

- State Aid Program

## OTHER FUNDING SOURCES (not administered by AHTD)

- Regional Mobility Authorities
- Highway User Revenue Turnback
- Three Mill Road Tax
- Local Option Tax
- Arkansas Community and Economic Development Program (ACEDP)
- Revenue Bonds

## For More Information Contact:

Arkansas State Highway & Transportation Department

**Surface Transportation Program**  
**Bridge Replacement & Rehabilitation Program**  
**Transportation Enhancement Program**  
**High Priority Projects Program**  
**City Projects**

Programs & Contracts Division  
501-569-2261

**County Projects**  
State Aid Division  
501-569-2346

**Railway-Highway Crossings Program**  
**Recreational Trails Program**  
**Safe Routes to School Program**  
Planning & Research Division  
501-569-2201

Arkansas State Highway  
and Transportation  
Department

# Financing Local Roads & Streets



August 2006

P.O. Box 2261  
Little Rock, Arkansas 72203-2261

Phone: 501-569-2000  
Website: [www.arkansashighways.com](http://www.arkansashighways.com)