

State Aid City Street Program Overview

The State Aid City Street Program was originally created by **Act 982 of 1975** and was funded with Federal Revenue Sharing funds until 1981, when the federal revenue sharing program was eliminated. The program was reestablished through **Act 1032 of 2011**, which amended Arkansas law to formally create the State Aid City Street Program and place its administration under the State Aid Street Committee. The Committee is responsible for determining which projects receive funding and the amount of funding awarded.

On November 6, 2012, Arkansas voters approved **Issue 1**, a constitutional amendment that temporarily increased the state sales tax to fund surface transportation improvements and permanently dedicated one cent per gallon of the existing motor fuel tax to the State Aid Street Fund.

State laws governing the State Aid City Street Program, including the requirements and responsibilities of the State Aid Street Committee, are codified in **Arkansas Code Title 27, Chapter 72, Subchapters 3 and 4, et seq.**

Because the State Aid Street Committee approves project requests, the program operates under the direction of the Committee. State law requires the Committee to meet at least twice each year. Committee members may serve a maximum of two four-year terms.

State law also requires the **Arkansas Department of Transportation (ArDOT)** to oversee construction contracts funded through the program. As a result, State Aid City Street funds may not be used to reimburse a city for work performed by city forces or under a city construction contract.

ArDOT's responsibilities under the program include:

- Providing technical assistance to cities and to the State Aid Street Committee regarding proposed projects.
- Maintaining accounting records of projected funds, committed funds, available funds, and funds expended.
- Advising mayors on policy matters, eligible use of funds, design standards, accounting methods, and related issues.
- Maintaining program information and content on the State Aid City Street Program website at www.citystreet.ar.gov.

State Aid Street Project Criteria

1. The applicant must be an incorporated city or town.
2. Two types of projects are eligible for funding: **Overlay Projects** and **Design Projects**.
3. Overlay projects include asphalt concrete hot-mix (ACHM) resurfacing, base and surfacing, and roadway rehabilitation. To qualify, roadway conditions must be rated as **fair, fair to poor, or poor**.
4. Design projects involve a significant level of engineering and design effort beginning with surveying. Examples include minor roadway widening, intersection improvements such as auxiliary lanes to improve traffic flow, or bridge replacement projects.
5. The State Aid Street Committee has adopted funding caps as follows:
 - Overlay projects: **\$400,000 maximum construction funding**
 - Design projects: **\$500,000 maximum construction funding**
 - For design projects only, total engineering costs (design and construction engineering) are capped at **\$160,000**, with the City responsible for any costs exceeding this amount.
6. If the construction costs exceed the applicable cap, the City must agree to fund the overage or reduce the project scope.
7. No local match is required for cities with populations under **25,000**. Cities with populations of **25,000 or greater** are required to provide a minimum **10% local match**.
8. State law requires cities to pay **100% of right-of-way acquisition and utility relocation costs**. Cities are responsible for coordinating utility relocations with affected utility companies and acquiring any necessary right-of-way.
9. If a project is approved for funding below the maximum cap and receives a low bid that exceeds the approved cost by **10% or more**, approval by the Committee Chair is required.
10. Cities may submit **one project request per calendar year**.

Typical Process for Development of State Aid City Street Construction Projects

1. The Mayor submits a written project request letter to the State Aid Street Committee. A sample request letter is available on the program website at www.citystreet.ar.gov/project-requests.
2. If no Committee member raises concerns within ten (10) days of the request, ArDOT may schedule an on-site meeting with the Mayor to determine project eligibility, define scope, and collect field data.
3. ArDOT prioritizes scheduling site visits based on prior Committee funding decisions, particularly the City's **Last Funding Year or if it is a request for design project**, and limits the number of site visits each year to align with available program funding.
4. Following the on-site visit, ArDOT prepares a project summary, including a preliminary cost estimate and location map.
5. For overlay projects, ArDOT submits project summaries and maps to the Committee for funding consideration at the Committee's Winter meeting.
6. For design projects, ArDOT submits the project summary and map at the next available Committee meeting to request authorization to begin design. Design projects are not considered for construction funding until design is complete per the Committee's directive.
7. For design projects, ArDOT requests a **2% design deposit (up to \$7,500)** from the City and provides a sample council resolution to pass. The resolution includes provisions addressing:
 - Maximum engineering costs (\$160,000)
 - Maximum construction funding (\$500,000)
 - City responsibility for maintenance
 - City responsibility for 100% of costs if the project does not advance to construction
8. After design is completed, ArDOT requests construction funding approval at the next available Committee meeting.
9. For design projects, ArDOT schedules the project for construction bids after the Mayor provides written certification that all right-of-way acquisition is complete and that utility adjustments have been arranged.

10. For overlay projects, ArDOT prepares construction plans and provides the Mayor with a sample council resolution for project approval.
11. ArDOT schedules overlay projects for a bid opening, with most projects typically included in the January bid letting.
12. After bids are received and a construction contract is awarded, ArDOT notifies the Committee Chair and copies the members to request concurrence on the bids and, when necessary, approval of City Street funding increases exceeding 10% (not to exceed the program caps).
13. Upon the Committee Chair's concurrence, ArDOT bills the City for any required local funds, including matching funds if applicable. ArDOT will not execute the construction contract until all city funds are received.
14. ArDOT oversees construction contract of the project.
15. Upon completion of construction, ArDOT obtains written approval from the Mayor.
16. ArDOT prepares final project accounting. Any additional city funds required will be billed, and any unused city funds will be returned.