

Approved March 7, 1989
Date

MINUTES OF THE _____ COMMITTEE ON Transportation

The meeting was called to order by Rex Crowell at
Chairperson

1:08 ~~am~~/p.m. on August 20, 1987 in room 519-S of the Capitol.

All members were present ~~except~~

Committee staff present:

Bruce Kinzie, Revisor of Statutes
Hank Avila, Legislative Research Department
Robin Hunn, Legislative Research Department
Jackie Breymeyer, Committee Secretary

Conferees appearing before the committee:

Mr. Robert Haley, Kansas Department of Transportation

The meeting was called to order by Chairman Rex Crowell. He said he hoped when the Committee returns for the special session, the Governor's package can be introduced as a matter of courtesy.

Mr. Robert Haley, Kansas Department of Transportation spoke to the Committee for the purpose of a briefing on the Cost Allocation Study. He said the study addresses three questions: 1) What percentage of the cost can be attributed to each class of taxpayer; 2) What percentage of revenue over a period is contributed by each class of taxpayer; and 3) What is the relationship between the allocation of cost and the attribution of revenue, which is equity ratio.

Mr. Haley explained that the equity ratio is the revenue contributed divided by the cost allocated, and if it is 0 to .9, that class of taxpayer is underpaying according to the study. He added that if it is 1 even, you have equity, and if it is over 1 you have overpayment.

Mr. Haley said the Department's interpretation of the Kansas Motor Carrier Association's numbers which would have been based on allocation of certain administrative costs based on vehicle miles rather than the way the Department allocated it, is that they would show equity and passenger vehicles would be 1 and freight would be 1. He also told the Committee the methodology KDOT used as they thought appropriate, showed passenger vehicles as being 1.1, with a 10 percent overpayment on passenger vehicles and freight being .8, a 20 percent underpayment.

Mr. Haley reported that on the opposite side of the spectrum is the Kansas Railroad Association, who found passengers as being 1.3 and freight 1.7. He said these numbers are extremes and can very well be expected, whereas KDOT's numbers are in the middle and seem to be a reasonable compromise.

CONTINUATION SHEET

MINUTES OF THE House COMMITTEE ON Transportation,
room 519-S Statehouse, at 1:08 ~~xxx~~ p.m. on August 20, 19 87

Mr. Haley went on to say that there is a significant difference in where the revenue comes from and its allocation. He said 90 percent of gasoline is used by passenger vehicles and 96 percent of diesel fuel is used by freight. Therefore when both gasoline and diesel is considered in a fuel tax, approximately 70 percent is from the passenger vehicle and approximately 31 percent from freight.

Mr. Haley stated that if fuel taxes are increased more than vehicle registration, a burden is shifted onto the passenger vehicles. He emphasized that a balance between fuel prices and vehicle registrations is a critical point.

Mr. Haley was asked to explain the 1985 Summary of the Cost Allocation Study. He replied the first paragraph refers to the study; the second paragraph the history; the third relates to how cost is allocated. The next paragraph concerns the material he just went through. The general conclusions were that passenger vehicles subsidize trucks, pickups, vans, and standard autos subsidize smaller autos, light single unit trucks those with two axles and six tires subsidize heavier trucks. Heavy single axle trucks, three axles, underpay by 33 percent; heavy combination five axle trucks, single trailer subsidize five axle trucks with twin trailers.

Mr. Haley was asked if he had any thoughts on how to pass registration fees through to the consumer which would vary from vehicle weight to vehicle weight. He replied that he was not sure he could address this question.

The Chairman said that although it might be hard to believe the Committee could accomplish anything in two days, it will be given a try. He proceeded to the board and reviewed areas gone over by the task force.

The program is broken down into funding and expenditures. Such items as governance can be taken care of at a later time. As Senator Talkington's plan is seen, the funding is basically a 6¢ motor fuels tax, with 5¢ going to state and 1¢ to local. His proposals paralleled the task force's with ranges from 25% to 100% with registrations from 25% for the larger vehicles to 100% on the smaller vehicles without any indexing. The Senator has since changed this to 35% on the largest vehicles and 100% on the smallest vehicles - \$13 vehicles now. No plans are made for bonds to be issued, however, they might be needed for cash flow.

On the expenditure side, maintenance is at the \$350 million dollar level; Super Two corridors at \$550 million and 'Other' at \$163 million. Also included would be \$50 million for 250 additional Highway Patrol troopers. To continue state operations, maintenance and major modification programs over a 10-year period would be approximately 3 billion, 834 million. This is looking at the entire program in total. There was discussion on new construction and the real disagreement was on what level it would amount to. Funding and revenue pictures at some point have to mesh.

CONTINUATION SHEET

MINUTES OF THE House COMMITTEE ON Transportation,
room 519-S Statehouse, at 1:08 ~~xxx~~ p.m. on August 20, 19 87

The Chairman put a basic maintenance figure of \$483 million on the board. What this figure represents is the amount of money needed to meet the KDOT shortfall, plus \$133 million at the third highest level of maintenance with inflation costs built in. This is the figure the Committee could start with and cannot realistically be less if building a program from zero. In terms of a 10-year program, figure 39.2 million annually on registration fees without indexing and using the task force recommendation range of 25% to 100% on registration fees. The Chairman was using \$39 million as a conservative figure. On the motor fuel use \$14.6 million per penny now. At the end of the 10-year period it is estimated to be around 14. The Chairman used 14.2. From this point ideas need to be thrown out by the committee. The Chairman worked with a 5¢ motor fuel tax increase, with 1¢ going to local; the task force recommendation on the registration fees without indexing, effective January 1989 and no bonds. If this route is taken motor fuel tax of \$14.2 million at 4¢ comes to \$56.8 million = \$568 million dollars. This is the figure that has to cover the KDOT shortfall plus the level of maintenance adjusted for inflation at the third level of maintenance.

It was asked what was needed for a minimum ending balance. \$15 million is what the Department needs in any given year.

The Chairman directed the committee's attention to page 7 of the Secretary's report. (See Attachment 1)

The maintenance, major modifications and state operations would be all taken care of because the shortfall has been picked up. Added in is the higher level of maintenance adjusted for inflation and this gives the increased care for bridges in particular, both painting and maintenance. The figures on the board cover an 8-year period FY 1988 to FY 1997. Figured on an 8-year period 56.8×8 years = \$454.4 million plus registration fees $32.8 \times 8 =$ \$257.6 million. These added figures come to \$712.0 million. As the Chairman sees it, if a funding package of 5¢ motor fuel tax, with 4¢ to state, 1¢ to local; registration fees as contained in the task force report, 25% to 100%, without indexing on either were used, an ending revenue figure of \$712 million is reached. The immediate problem is the figures do not take into account any new construction.

The question was asked, what was level three? The Chairman replied that on the task force, basically four different levels of maintenance were discussed. The \$46 million was a better level. The third level was termed substantial or adequate. This level was the one chosen. There is also a higher or 'cadillac' level.

Addressing major modification, the Chairman explained this is the part the federal dollars will come from. KDOT will always want to optimize their federal dollars. KDOT expects to receive \$97 million in federal aid and the state provides \$20 million. The major modification programs are those that are going to be getting federal cost share dollars. The Chairman stated he had a chart if anyone would care to see it that outlines the major modification programs as indicated in the secretary's report. It would be reflective of the major modification programs for years 1989 through 1993 if the large funding package would be passed.

CONTINUATION SHEET

MINUTES OF THE House COMMITTEE ON Transportation,
room 519-S, Statehouse, at 1:08 ~~am~~/p.m. on August 20, 1987.

The question of federal funds and debottlenecks was asked. There appears to be several of these around the interstate system.

Mr. Haley replied that only interchanges that have already met federal criteria are ones that are eligible. The ones listed as debottleneck projects would not be eligible for interstate funding. The criteria was they had to be on the system as of a certain date. Mr. Haley was asked to check on Highway 169 & I-35. A member of the committee said this interchange has been on the system for many years and is listed as a debottleneck project as opposed to major modification.

Chairman Crowell said one point he wanted to make was the committee has to realize that as the size of a new construction program is cut down, a number of things in the major modification program, which came on because other things were consumed in the new construction, get bumped off.

The question of why the 5-year program with its priority rankings was scrapped and what factors were now put into the new ranking that were not in the old. Why wasn't the old 5-year plan started with.

Mr. Haley replied that basically the old 5-year plan was not scrapped. A new 5-year plan was not announced for a couple of reasons, one being that it is inconsistent to have a plan out and have a comprehensive proposal out at the same time. The second reason being that unless funding is provided, major adjustments cannot be made in the program. Therefore, the Department did not want to release a 5-year program that would not be fulfilled. The process used to develop the major modification program was consistent because the formula was the same with some adjustments made and some data changes, but basically the same basic procedure.

One of the committee members commented that economic development was another consideration that played a part in project selection. Areas that were greatly depressed that did need highways anyway.

The question was asked at what point in time did KDOT come to this committee or some other committee such as Ways and Means and say they were going to need funds. Trust in KDOT figures was questioned as to the Department needing \$500 million, when in fact the impression was given the Department was getting along just fine.

The Chairman asked the committee to let him respond. When he became aware this was at the start of last session when Secretary Kemp wrote a letter to Governor Hayden which said essentially we would run out of money, be in negative balances, in 1992 and would have to cut back in 1991. That was the gist of the letter. He would also like to know or have an explanation of why this was moved back two years; why the Department is now out of money in 1990 and will have to cut back in 1989. It is a fair question.

Mr. Haley said he would like to first respond to the question of did the Department tell anyone. Yes, the Department did. The Ways and Means Committee and Appropriations Committee were given cash flow projections. Legislative Research had been given cash flow projections. The data was available. The Department is an executive agency and if it is not a major recommendation for a tax increase, the Secretary of Transportation does not present it as a tax increase request. He serves and follows the lead of the Governor. It is not

CONTINUATION SHEET

MINUTES OF THE House COMMITTEE ON Transportation,

room 519-S, Statehouse, at 1:08 ~~am~~/p.m. on August 20, 1987.

accurate to say the Department did not address the issue when it did advise people and when it was presented in cash flow statements. The Department did not come over and say they wanted a major tax increase. The numbers were presented through normal channels and the budget analysts had them.

On the question as to why the change, Mr. Haley replied the figures presented are based on inflation factors and on the levels recommended by the task force. When talking in terms of 7.7% and in terms of maintenance, these are going to increase. The Department presented numbers that did not show the increase in maintenance, but those based on current estimates of inflation. Mr. Haley is not sure what the assumption was at the time; he will have to go back and check, but that is a factor which changes.

It was commented that it would seem there would have to be a tremendous change in order to drop to two years earlier than planned in January. Eight months later the Department is two years closer to doomsday.

Mr. Haley told the committee he would try to get them a better explanation. Robin Hunn, Legislative Service, said the sheet she passed out might help to explain a lot of questions. Basically, revenues to the state highway fund do not increase with inflation, they are constant revenues with the exception of the sales tax transfer from the state general fund. There is a straight revenue line at the same time expenditures for KDOT operations - the people across the street and throughout the state, as well as maintenance and the major modification program which was formally the 5-year plan are increasing with inflation. Other states have the same situation. Every few years when a fuel tax is passed as in 1983, balances are built up in the highway fund which are going down every year because expenditures are increasing more rapidly than the revenue. So it gets to the point that every several years once the fund balance is drawn down you run out of money. Last year when Senate Bill 384 was passed which reduced the sales tax transfer, that further cut into the state highway fund. Information was presented to both House Appropriations and Senate Ways and Means Committees that showed what effect the reduction of that transfer would have on the state highway fund and they did see data which showed the state highway fund would be essentially out of money to continue business as they are now by fiscal year 1989 or 1990. In replying to the question of what specific amount of money being talked about, she replied that up until now, a five year time frame had been looked at. She doesn't believe the data presented projected past that time frame or what that overall shortfall would be. She couldn't say if the committees were generally aware that there would have to be a fuels tax of at least several cents to at least keep funds rolling for another five-year period.

The comment was that it was hard to figure out what had happened up to this point in time. No red flags were raised to inform anyone that the Department funds are becoming rapidly depleted. It will be hard to tell constituents what happened. We are talking about raising the gas tax just for maintenance without mentioning all the other things. Several other programs need to be raised on top of this. If a package is voted on, it shouldn't be made on someone's guess. The Department should have known it was in trouble several years ago.

CONTINUATION SHEET

MINUTES OF THE House COMMITTEE ON Transportation

room 519, Statehouse, at 1:08 ~~xxx~~ p.m. on August 20, 19 87

Ms. Hunn replied that she thinks part of the reason is the Department has not looked beyond a five or seven year planning horizon. When it starts looking far into the future you are looking at a deficit situation. That would have been the case if these figures would have been projected out this session or the session before. Any time there is a constant revenue source and increases in expenditures that is the situation you have.

The Chairman interjected that if he was not mistaken, a tax package has to be passed every five years or so for highways. The last time it took three years to pass one. That hike got wrapped up in the severance tax fight and this may have delayed the legislature's ability to pass it. This has been the historic cycle - the legislature has to come back and raise the gas tax every five years or so. Some of that was thought to have been taken care of last time by passing the index feature, but the cost of motor fuel went down and the indexing never kicked in.

Ms. Hunn was asked what kind of annual inflation figure was used. She replied the KDOT basic operations cost will specifically go up by the amount of salary increase that is provided to state employees. The bulk of the Department's expenditures is for salaries and wages. Step plan movement for classified employees, as well as cost of living increases affect that. The Department figures about 2% to 3% in salaries and wage costs.

One of the members said that he had served on this committee for three years. They have had annual visits by the Secretary of Transportation. He has never heard any warnings or anyone crying wolf on this. He has never seen a cash flow projection in the three years he has served, suggesting they were going to be faced with this shortfall. He sees \$483 million dollars worth of blue sky and it will have to be documented what they are requesting here.

The Chairman said he did raise the question to some people of what to do on the transfers during the last legislative session; something he reluctantly voted for. He did raise the point with a letter he had and he does believe, brought to the committee's attention when he offered a discussion of his bill last spring.

It was asked if the Governor's recommendation and task force recommendation have been scrapped.

The Chairman replied that he is trying to lay some groundwork. He reiterated there are two ways to approach this; out of respect for the Governor, his program should be introduced when the legislators return for the special session. In talking with several people, there seems to be a general consensus that the program needs to be considerably pared down. The two ways would be to pare down the plan or to start from zero and try to build one.

The comment was made that it seems we are taking a five-year plan with two firm and three years flexible and exchanging it for an eight-year plan inflexible. How would this be better for the State of Kansas.

The Chairman replied there is nothing sacred about a five year, eight-year or any particular time frame. There is nothing written in the statutes about the Secretary developing a particular numbered year plan. By making it 8 years, it is made comparable with the

CONTINUATION SHEET

MINUTES OF THE House COMMITTEE ON Transportation,

room 519-S, Statehouse, at 1:08 ~~am~~/p.m. on August 20, 1987

Governor's plan. It is the Chairman's thinking that any plan developed should begin with a figure that consumes the \$348 million shortfall and the \$133 million dollar figure needed to carry on the substantial level of maintenance for eight years. He asked the committee if any of the members would like a detailed listing of what is in maintenance.

It was suggested that in order to avoid future surprises that each year when the Department presents their suggestions for the year, to have a cash flow analysis for whatever number of years, with five years suggested.

It was asked if there would be any value in dealing with separate bills for separate issues.

The reply was that it might be alright if the thinking was that it would make for less confusion.

Mr. Haley directed the committee's attention to the Task Force report on Page IV-1, entitled Program Description. The pie diagram shows State operations including regular Maintenance - this entails the things that you would see them doing such as snow removal, pothole patching, mowing, etc. The next part of the pie is Substantial Maintenance - this is to a large extent contract maintenance; overlays, bridge painting and bridge repair. Major Modifications is the next area. The old terminology is the five year program. The difference is that the number seen is a projected number for the full period of time. A list of projects included in Major Modifications would be for five years. The five-year concept is still the same. These are the same projects they have had before. The number has been expanded in the Task Force report to bring in line with the time frame and the planning horizon used on the entire system. These are five-year projects. The five-year program was simply not announced as the five-year program. New Construction initiatives includes three things; the corridors, 100% state funded debottleneck projects and the matching debottleneck projects. The difference between 100% and the 75%. The ones that are 75% state funded and 25% local are for the primary reason local interest in the project, not because of a pressing need from the state highway system. The 100% ones are the ones the Department is doing because there is a pressing need as far as management of the system goes. What is obviously not included in the diagram is local aid. That money from the task force recommendation is \$144 million and the Governor's recommendation is \$143 million. This is from another fund and not out of state highway funds; it is local aid and not shown on the diagram. Mr. Haley asked members to turn to the next page to the chart showing substantial maintenance so they could see where the difference occurs. The big difference is in PMS, pavement resurfacing. PMS is the pavement management system, which is part of the maintenance management system. This was mandated by the Legislature several years ago. It is a quantitative system of projecting the deterioration of pavement. It establishes individual deterioration curves for each segment of pavement. The Department is talking about mile length segments. It then calculates based on experience an appropriate treatment for each and every segment of the state. That appropriate treatment is based on the criteria of what condition we want the road to be in. Calculations will be made on what to be done on each one of them. On a first

CONTINUATION SHEET

MINUTES OF THE House COMMITTEE ON Transportation,
 room 519-S, Statehouse, at 1:08 ~~am~~ p.m. on August 20, 1987

year basis it goes up almost 8 million dollars. The figures presented of \$350 million dollar shortfall figure is based on the current shortfall level and is not based on the recommended level. The task force recommendation is the adequate level and it is higher.

Mr. Haley asked the committee to turn to the next page which showed bridge painting and bridge repair. He took the item of bridge repair, which he called an item of very little glamour, but an important item. The bridges have exposed steel members. When salt is used on the roads, they are exposed to corrosion; they are going to deteriorate. They have to be painted on a regular basis or there will be major problems. They have to be maintained just as any physical structure has to be looked after. The current system provides for a schedule where a bridge is painted every 96 years. This is in no way adequate coverage. The recommended level provides for approximately every 20 years. This is close what the Department thinks is an appropriate level.

The second area covered is bridge repair. Currently they are able to repair approximately four bridges a year. The task force recommendation and the Governor's recommendation increases that number to 45 bridges a year. The Department recognizes that Kansas has a significant bridge problem. This would not be major repair or replacement, but ongoing maintenance type of repair that would be engaged in. Culvert repair does not have much of an adjustment.

The Safety Set-Aside program covers items such as the deceleration lanes, left turn lanes, raised islands, signing, marking, etc. These are fairly low cost items but have a significant impact on safety. A tremendous cost benefit is derived from the expenditures in this area. This increases about \$100,000 a year. This is a summary of what is included in substantial maintenance. The figure the Department is talking about during this time period is \$639 million. The base year inflation figure is 9.

Mr. Haley replied to a question on resurfacing by saying that as the system deteriorates it will require more extensive rehabilitative work than it would have otherwise. If adequate maintenance is not provided, then per mile cost will be more. The legislature directed the Department to adopt the Pavement Management System. The quantitative factors of it run on the KU system.

The committee turned to Secretary Edwards report. The Chairman stated the \$143 million figure is based principally on the inflation value that causes the indexing in the total plan. The 1¢ which is firm, which would be \$14.2 million a year, is what takes up the \$143 million dollar figure. He turned to figures which showed \$105.715 million of that comes from the indexing that takes place over the life of the program on existing taxes. \$30.364 million of it comes from the percentage they get of the 5% increase, and 6.712 million of it comes from the indexing that occurs on the increase. These three figures - \$105.715, \$6.712 and \$122.27 come from the indexing that has to occur in future years. This is money that is not going to be realized until we have inflation which causes the indexing.

Mr. Haley said the \$348 million current operation shortfall, plus \$133 million maintenance, comes to \$481 million. Add \$5 million for city connecting links, which makes it \$486 million, then \$3 million for aid to elderly and handicapped makes \$489 million. Then, as he understands the proposal, \$121 million would be added for the 1¢ fuel tax to local units, bringing the total to \$610 million.

CONTINUATION SHEET

MINUTES OF THE House COMMITTEE ON Transportation,
room 519-S Statehouse, at 1:08 ~~xxx~~ p.m. on August 20, 19 87

The Chairman said that what these dollars represent to him is the \$348 million shortfall in a time frame of FY 1988 to FY 1996 which consists of current maintenance, major modifications and state operations. Also contained is the \$15 million dollar shortfall given current revenues and also adds in the number of dollars needed for the same time frame to bring this level of expenditure up to where if we decide to use the adequate level of maintenance, with the dollars adjusted for inflation, comes out to the amount of dollars needed. What he thinks Mr. Haley is saying is that this does not include money for the elderly and handicapped and the connecting link dollars. Highway Patrol money is also not included in these figures.

One of the committee members expressed his opinion by saying that there already is talked about 4.2¢ for maintenance and modification. Instead of trying to build a road program, we should try to understand what we as a group would be willing to go along with as far as a tax increase.

The Chairman replied that this was the same thing that had plagued the task force. When talking of funding and expenditures, somewhere the two have to be meshed. All the figures on the board were to show some idea of where to start. At some point in time the question will have to be answered of how much are we willing to fund.

Replying to a question about the sum for major modifications, the Chairman replied the thing that must be remembered is that the major modification program is the category where they are going to optimize federal dollars. They are going to keep money in this category to optimize those federal dollars.

A response was that it is still a fact that this amount affects the bottom line. Mr. Haley directed members to the list contained in the task force report on pages IV-5 through IV-12, plus the map following. This shows the projects for only a five year time period. Projects are not shown for the total time period because the Department does not believe it has the ability to pick these types of projects beyond five years. The rest of the time is based on estimated and based on anticipated federal funds that will be available. This is a category that is not escalated. What happens with major modifications is that as inflation goes up, the ability to do projects goes down, but with federal dollars as the Department understands them are fairly fixed at this time. In the foreseeable future the Department does not see any increases in federal dollars. If this program is to match federal funds, the Department is looking at an actual decrease in road work. The dollars will stay the same, but the road work will decrease.

KDOT staff told the committee that as of this time, all interstate completion projects are scheduled to be finished in 1989. Funds used for this purpose then become eligible to use on interstate rehabilitation. Federal funds do not have to be used only for completion, but can be used for rehabilitation. It is still limited to the interstate system and not eligible for use with other funds.

A member asked if they were talking about the system now in place or as the system acquires additional capacity or additional access points. The reply was the money can be spent for any of these.

CONTINUATION SHEET

MINUTES OF THE House COMMITTEE ON Transportation,

room 519-S, Statehouse, at 1:08 ~~xxx~~/p.m. on August 20, 1987

One member said a number of debottleneck projects talked about are on the interstate system and asked if after 1989 federal funds would be available for these projects. The reply was the way the program is put together, the expenditure of those funds are included in the major modification program and the rehabilitation fund. There is enough demand on modifying and maintaining the interstates that there would not be enough money to go elsewhere. Mr. Haley would have to check to see about adding new interchanges because he thought there was a restriction about adding new interchanges to the cost completion.

On a question of the inflation being added in, the Chairman replied the \$481 million includes the adequate level of maintenance through 1996 that the task force adopted plus the \$348 million shortfall. The adequate level is the third level. The adequate level will actually let them gain ground on maintenance as opposed to going behind as the Department is now.

Mr. Haley replied to a salary question by stating the Department knows there will be a change in maintenance workers and a cost increase in that area; the second item would be the cost of living adjustment. The Department has used two percent for the figure. The third element is the step increase; 1.5 has been used. It is his understanding that two percent of the 1.5 is consistent with what is used for state planning purposes. It comes to about 3.5 percent. This would be within anticipated numbers.

The cost of administering the program under the new construction initiatives include major modification and substantial maintenance. The new construction initiatives are handled on a percentage basis. Page 16 of the revised report shows 3% for preliminary engineering -- this is the design work; 7.5% of the contract price for construction engineering; field inspectors, material inspecting, etc.; 9% for contingencies, and 3% for other costs, since they did not know what this might entail and did not want to come in low.

Regarding maintenance and state operations, a breakdown figure for maintenance would be approximately \$770 million. A cost figure for per dollar mile on resurfacing is presently running at \$35,000.

The Talkington program figure was asked about. It was said to be a \$350 million program and uses the same level of maintenance.

Mr. Haley said what is being looked at in this program is state operations at the current level of maintenance plus what the task force recommended, plus \$50 million for the Highway Patrol, \$3 million as recommended by the Governor for the rural elderly and handicapped public transportation program. This is all of what is included in substantial maintenance. Substantial maintenance is as recommended by the task force, Governor and Chairman, major modifications is as recommended by task force, Governor and Chairman. New construction is \$400,000 and this would include zero debt.

The Chairman said that what had been talked about so far was the basic foundation. New construction has not been discussed. The committee will take a break and then revisit the question of whether it wants to take up at this point the Governor's proposal or build a program. It will be a committee effort.

CONTINUATION SHEET

MINUTES OF THE House COMMITTEE ON Transportation

room 519-S, Statehouse, at 1:08 ~~am~~/p.m. on August 20, 1987

The Chairman called for a short recess.

The Committee came to order at 3:45 p.m. The Chairman told the committee that it can come back next week. He would not like to see this happen. The committee should talk in terms of what it wants to do. He asked if members would like to continue as they were and discuss putting together a program or take the Governor's program and start working on it. The consensus was to continue as they had been. The Chairman started by going around the table and having the different members comment on the program and what they feel like in terms of funding. After each member gave his input, the Chairman asked them to copy down the vehicle registration fee revenues which Robin Hunn had worked up at their request. These were for an 8½ year period. Starting in January 1988, which would be the middle of FY1988, a 1% increase for a 1 year period gives an additional \$700,000; for the 8½ year period it would give \$6 million. The 25% increase for a one year period would give \$17½ million -- for the 8½ year period give \$151 million. A 50% across the board increase for one year is \$35½ million and for 8½ years is \$301 million. These figures have been rounded off. The Chairman told the committee to keep in mind that any scenarios they wanted run could be worked up on the computer. He said if there was no objection there were some questions he would like to ask and have the committee think about. The first -- how many members would support debt financing with 20 year bonds to come up with more money for construction. This would be for purposes of new construction. Over 50% of the committee was opposed. Another question dealt with how many could support the use of sales tax in a pay as you go new construction program. Again, 50% of the committee was opposed. Question: How many would support the concept of indexing motor fuel taxes. It was unanimously opposed. Question: How many would support indexing registration fees. Most were opposed. Income tax used for new construction was also opposed. The Chairman said what these answers told him and the committee was that the limitation as to the size of the program is very real. The Chairman asked the committee how many members would like to see the maintenance issue separated and in a separate bill and the funding mechanism and anything else the committee might do for new construction placed in a separate bill. The committee showed acceptance of this idea. One member commented that these are actually two separate programs. Some of the major maintenance is new construction. This is going to have to be identified to sell the program.

A comment was the issues need to be clarified for the people of Kansas. Taxes need to be raised for maintenance and for improvement in Southeast Kansas. There is so much confusion that the people do not understand maintenance is involved in the reason taxes are being raised.

The Chairman agreed and said that some people think that everything included in the previous five year plan will be built and this just isn't so.

A straw vote was taken on how many would support the idea of going to an adequate level of maintenance as recommended by the task force. This is level 3. The vote was nearly unanimous.

CONTINUATION SHEET

MINUTES OF THE House COMMITTEE ON Transportation,
room 519-S Statehouse, at 1:08 ~~a.m.~~/p.m. on August 20, 1987.

The Chairman commented the committee agreed that it should be basically a maintenance program in whatever is done. It should either be a separate bill or as a major component of the package. What is needed now is to establish a funding mechanism.

One member volunteered that a 3¢ gas tax over 8 years with a 25% registration fee would raise \$490 million.

The Chairman asked staff what across the board funding would be needed from registration if we wanted to hold the 3¢ increase, with 1¢ going back to local to accomplish the three major projects. He asked staff to work up several scenarios to present to the committee in the morning. The scenarios would range from a minimum of a 25% increase on the large trucks and variations that would give the committee something to work with; both the flat across the board levels of increases and ranges and operate from a 3¢ level of motor fuel tax increase. This would be to achieve the \$489 million figure.

Another member asked for figures on a 10 year program with a 2½¢ gas tax that would raise \$355 million and if going with a 50% across the board registration on all types of vehicles look at \$355 million. This would make a \$710 million figure. A 3¢ gas increase raises the \$355 million to \$426 million. With the 50% across the board registration increase that would generate \$781 million. Staff will work several different scenarios for tomorrow.

Mr. Haley asked the committee to take the long piece of paper he had distributed and follow along as he explained it. (See Attachment 2) The bond sales were shown on the first line with interest shown net from bond sales on the line following. The new debt service schedule goes out to the year 2014. This was presented for the committee's information.

On the question of substantial maintenance Mr. Haley directed the committee to the paper showing the Cash Flow Analysis 1988 through 1996 with the last column totaled. (See Attachment 3) It contains beginning balances, revenues, total before new revenue, then the revenue enhancements recommended by the Governor, total before bonding, bond sales interest, which was gone through on the long paper previously, and total revenues.

Turning to the second page it shows under Expenditures, State Operations and Misc., Substantial Maintenance. This grows each year and, as followed across the chart to the last column, escalates because of the inflation factor. He said that Major Modifications is not escalated across because the 1988 figure has additional federal money in it and is fairly constant all the way across. In the New Construction is the new construction pay out for the period. Additional options would be if the Highway Patrol troopers or anything else was added. The debt service for the period and total expenditures, annual fund balances and ending fund balance. The meeting was adjourned.


Rex Crowell, Chairman

NAME	ADDRESS	COMPANY/ORGANIZATION
Marge Turkington	Topeka	Kansas Motor Carriers Assn
Carl Hill	Topeka	Ks Motor Carriers Assn.
Paul E. Fleener	Manhattan	Kansas Farm Bureau
Richard Olson	Neodesha	City of Neodesha
Al Rusch	Top	Gov Office
HELBY Smitt	Wichita	Economic Lifelines
Shelley Sutton	Topeka	Ks. Engineering Society
Kathryn Farrell	Topeka	KDOT
Arland Hicks	Topeka	KDOA
Alan E. Sims	Overland Park	City of Overland Park
Jack Suriver	Aric City	166
Ken Baku	Topeka	Shawnee City Highway Coal. Assn
JOHN C. BOTTENBERG	TOPEKA	Economic Lifelines
GEORGE TEAGARDEN	LaCygne	The People
KEN GROTEWIEL	WICHITA	" "
Anthony Hensley	Topeka	State Rep., 58th District
Ed DeSoizic	Topeka	Kansas Dept. of Transportation
MARVIN Littlejohn	Phillipsburg	st. rep. - 119th Dist
Jess Harder	Buhler	State Rep. - 103rd Dist.

ATT #1
8-20-87 P.M.

Revised

August 20, 1987

August 17, 1987

TO: The Joint Committee on Transportation

FROM: Horace B. Edwards, Secretary of the Kansas Department of Transportation
and Chairman of the Governor's Highway Task Force

SUBJECT: Governor Hayden's Recommendations for a Comprehensive Highway
Program

Good morning, Chairman Morris and Chairman Crowell and members of the transportation committees. I am grateful for this opportunity to bring you greetings from Governor Hayden and an explanation of his highway program for Kansas. Thank you for your invitation.

Immediately following my presentation to you, I will be pleased to respond to your questions. On Wednesday, August 19, 1987, I will present to you drafts of proposed legislation and related documents upon which the Governor requests legislative action during the Special Session scheduled to begin August 31, 1987.

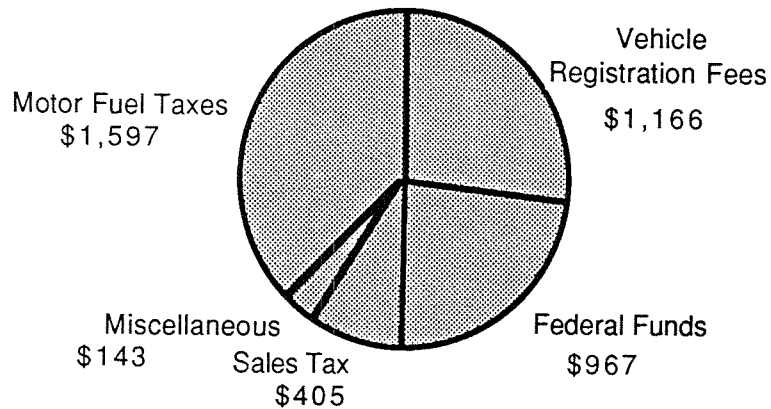
Between now and the conclusion of that session, my colleagues and I in the Department of Transportation, as well as other state agencies and members of the Governor's staff, are prepared to assist you and other legislative bodies as you require.

Attach. 6

Governor's Recommendations

The Governor concurs with most of the Task Force recommendations concerning the comprehensive highway program. However, there are some significant adjustments.

Recommended Revenue Sources FY 1988 - 1996 (\$ in Millions)



Funding Recommendation. Governor Hayden concurs with the recommendation of a five cent increase in motor fuel taxes and increases in vehicle registrations. However, the Governor recommends that all truck registrations be increased by 50 percent. All motor fuel taxes and vehicle registration fees will be adjusted for inflation. There is no special treatment of large trucks. Motor fuel taxes will be increased on October 1, 1987, and vehicle registrations will be increased on January 1, 1989.

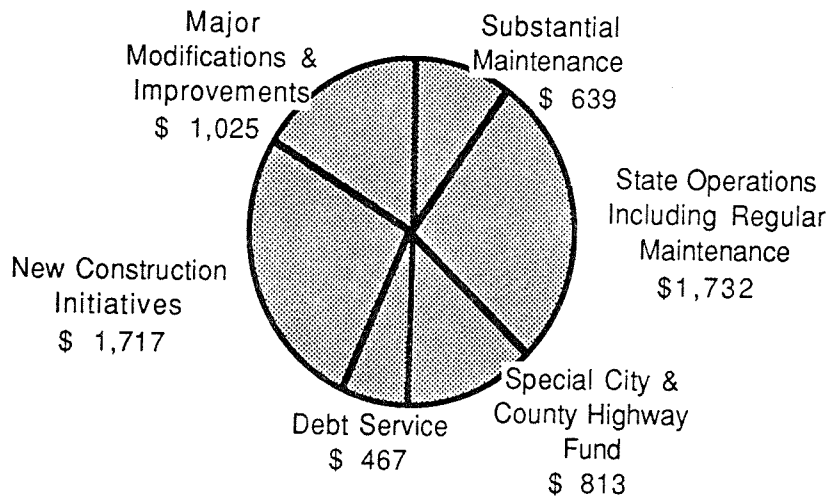
The motor fuel taxes would be adjusted either up or down for inflation on January 1, 1989, and vehicle registration fees on January 1, 1990. Each would be adjusted annually in January following the first adjustment.

Governor Hayden also recommends that the annual adjustments in motor fuel taxes be limited to and applied in one cent increments per year. Vehicle registration fee adjustments would be applied to the nearest quarter dollar.

The Governor does not recommend that the motor fuel taxes be adjusted for changes in fuel consumption. That is, there would be no application of a gallonage adjustment factor. The only adjustment factor would be for inflation as measured by the regional Consumer Price Index for all Urban Consumers (CPI-U).

The Governor recommends that the bond proceeds and the retirement of the principal and interest be administered from new separate funds.

**Recommended Expenditures
FY 1988 - 1996
(\$ in Millions)**



Program Recommendations. The Governor concurs with the Task Force recommendations concerning maintenance, major modifications, city-connecting links, local-aid, de-bottleneck projects and the new corridor construction except for the addition of funding for a four-lane expressway on U.S. 81 from Minneapolis to the Nebraska state line.

This project is estimated to cost \$131 million over the Task Force recommendation.

The Governor also recommends that the state provide incremental funds for local governments in addition to the Federal Mass Transit apportionments to the state for public transportation of the elderly and handicapped and rural public transportation. This will provide approximately \$3 million in additional aid to local governments during the program period.

Historical Perspective

Before I describe the Governor's proposal, some historic perspective is useful.

Extensive needs to improve the maintenance of existing state highways have been around for decades. Similarly, roads under city and county jurisdictions have not been sufficiently maintained. In addition, investment in a more modernized and improved highway network has not kept pace with Kansas' transportation needs.

The results have included increased downward pressure on the economy, reduced levels of safety and increased operating costs and aggravation to the motoring public . . . Kansans and visitors alike.

Legislative Concern and Commitment

The Kansas Legislature has demonstrated recognition and concern for this problem numerous times in the past. Several studies, appraisals, analyses and embryonic legislative initiatives render testimony to this aspect of Kansas highway history.

Regrettably, action to implement the findings and recommendations from these earlier efforts has been lacking. The result has been the continued worsening of Kansas highways.

The 1962 Kansas Highway Needs report by Roy Jorgensen and Associates to the Legislative Council and the State Highway Commission identified more than a billion dollars in needs.

In 1975, Kansas Highway Needs and Corridor Analyses by Wilbur Smith and Associates, prepared for the Governor and the Legislative Coordinating Council, reported somewhat similar findings. However, the Wilbur Smith analyses proclaimed needs in excess of four billion dollars.

Current estimates indicate that our highway needs still exceed four billion dollars in 1987 dollars.

So, unfortunately, many things about our highway system have not changed. Our needs invariably outstrip our resources.

The question really is not whether there should be a highway program. The record is clear that the Legislature views highway investments as necessary and proper.

The legislative appropriation of funds for the Southeast Kansas and Western Kansas corridor studies by Howard Needles clearly shows legislative recognition of the need for additional highway improvements beyond the preservation of the current system. These studies led to the introduction of S.B. 137 and H.B. 2378 by your respective Committee Chairmen last session.

Need for a Task Force

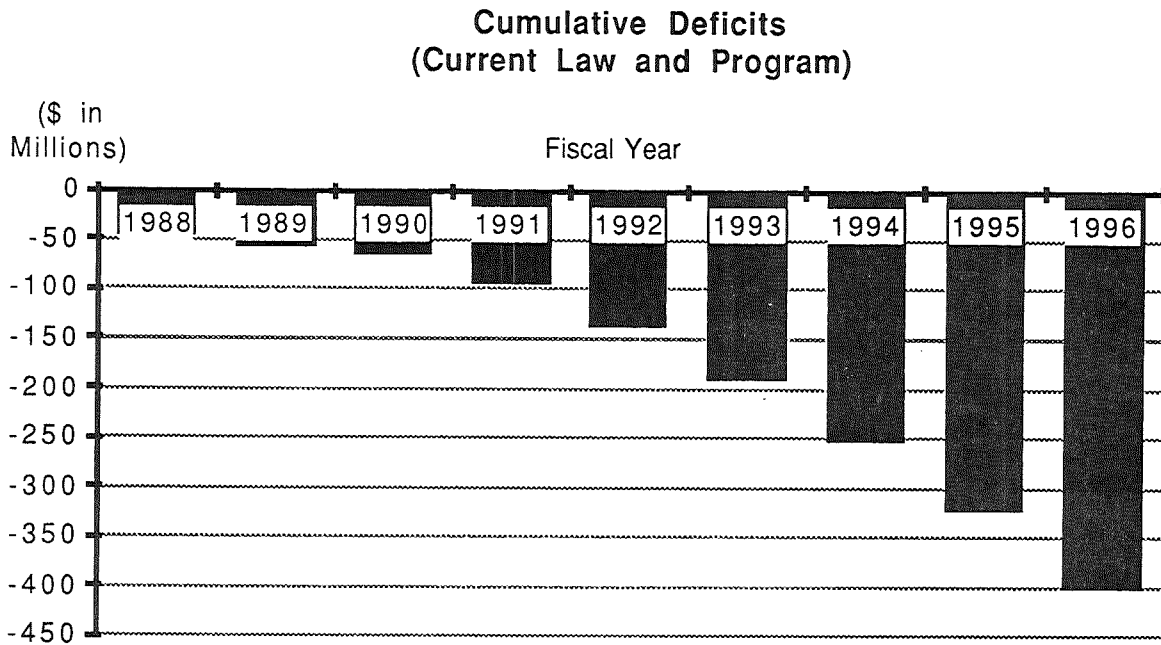
Governor Hayden shared similar concerns to those of the Legislature for a road program. However, he was aware of certain limitations in the earlier proposals. Although the proposals all addressed existing and crucial needs, they either inadvertently or by design were based on simplifying assumptions. That is, they left something out.

Current Operations Shortfall. Of particular concern was the assumption embedded in early proposals that there was adequate funding to continue current levels of programs. Secretary John Kemp, my predecessor, advised the Governor during transition to the current administration that the transportation agency would be unable to continue its current level of maintenance and continue matching federal-aid without a substantial increase in revenue.

Without additional funds the agency will have to make adjustments in the program by Fiscal Year 1989 . . . This is irrespective of any new projects. The shortfall facing the state during the planning period (FY 1988 through FY 1996) is approximately \$350 million just to continue current levels of operations.

Revenues from current sources including Motor Fuel Taxes, Vehicle Registration Fees, the Sales Tax Transfer, Federal-Aid, and numerous miscellaneous sources are estimated to be \$2.9 billion.

However, demands on the resources for the current level of maintenance, major modifications (which is based on matching Federal-Aid) and state operations are estimated to be \$3.3 billion.



The \$400 million difference can be partially financed by reducing the end-of-the-period fund balance, but it would not be practical to exhaust the fund completely. Thus, a partial reduction of the ending fund balance leaves a shortfall of approximately \$350 million.

State Highway Fund
Cash Flow Analysis
for the Period FY 1988 through FY 1996
Cash Basis (\$ in millions)

Beginning Balance:		\$ 73
Existing Revenue:		
Motor Fuel	\$ 696	
Vehicle Registration	638	
Sales Tax Transfer	405	
Miscellaneous	143	
Federal-Aid	967	2,849
		\$ 2,922
Uses:		
Maintenance - current	\$ 506	
Major Modifications	1,025	
State Operations	1,724	<u>3,255</u>
Partial Shortfall		\$ (333)
Required Ending Balance		(15)
Current Operations Shortfall		\$ (348)

This would require a 3 cent increase in Motor Fuel Taxes just to fund current operations through Fiscal Year 1996 based on the assumption that the State Highway Fund received 100 percent of the revenue. If the state received only 65 percent with the "traditional" 35 percent going to local units, the increase required in the motor fuel tax would be 4 1/2 cents.

In addition to maintaining current operations there also appears to be a consensus that the maintenance effort must be increased and that additional funding must be provided to cities, counties and other local governments.

This would increase the current operations shortfall. The minimum funding requirement would then be approximately \$630 million.

Cash Flow Analysis
FY 1988 - FY 1996
(Millions)

Current Operation Shortfall \$ (348)

Additional Uses:

Improved Maintenance	\$133	
Increased Payments for		
City Connecting Links	5	
Aid - Elderly/Handicapped	3	
Increased Spec. City-		
County Fund	143	
		<u>(284)</u>

Minimum New Funding Required \$ (632)

This would require a 5.2 cent increase in Motor Fuel Taxes to fund this level of program based on the assumption that the State Highway Fund would receive 100 percent of all the additional revenue except for the \$143 million.

Needs in Addition to Howard Needles Corridors. Legislative and other recent proposals were limited generally to the corridors studied by the Howard Needles consulting firm. The Governor, however, chose to adopt a statewide, total highway network approach. This would reduce both the likelihood of some requirement being left out and multiple legislative highway funding bills during the next few years.

Many delegations representing their communities made their needs known to the Governor. In addition, after the creation of an annual \$3 million set aside for economic development projects, the transportation department was besieged with requests for these funds. . . requests which totaled more than \$375 million. When one considers other projects that have been brought to the attention of the department, the figure grows to \$731 million. Clearly, the perceived need was present and concern on the part of numerous Kansas communities was great.

Establishment of Task Force. Based on this knowledge, the Governor decided to establish a Task Force that could develop and recommend a comprehensive program - a Task Force that could look at the needs of our highways and make recommendations that would carry the state vigorously into the 21st century.

At the first meeting of the Task Force, Governor Hayden assigned three tasks. They were: select highway projects, develop a financial plan to fund the projects, and help get a program enacted.

Key Assumptions and Considerations

In the development of a comprehensive highway program, certain key assumptions and decisions were made. Governor Hayden's proposal is based on a series of such assumptions and decisions; however, his program also reflects his philosophy concerning the role and responsibility of government.

The key philosophical commitments used to design this comprehensive highway program were:

1 - The program should preserve the physical integrity and usefulness of the highway system and the partnership with cities and counties,

2 - The program should provide for investment in new or dramatically improved highways, and

3 - The revenue for the program should be provided by the primary users of the highway system.

While non-user taxes were carefully considered and, at first, appear enticing, they are not recommended for two basic reasons. First, use of non-user taxes, such as a sales tax, would infringe on a source of revenue which traditionally has been dedicated to other public programs and would, in all likelihood, have a negative effect on the potential for improved levels of support of these other programs in the near future.

Second, although all people benefit from improved roads, motor fuel taxes and vehicle registration fees are revenues received from those who directly benefit from the expenditure of highway dollars.

The key assumptions were:

1 - A comprehensive highway program will be a significant stimulus to the state's economy,

2 - Inflation will continue to be a factor in the economy for the foreseeable future and will affect expenditures substantially, and

3 - Revenues from current sources will remain relatively constant and will result in reduction in real purchasing power.

Perhaps it would be instructive to explore each of these assumptions in more detail.

Economic Stimulus

The first assumption is that the comprehensive program will stimulate the state's economy. The exact effect cannot be estimated with precision.

According to The Road Information Program (TRIP), each \$100 million increase in highway construction activity in Kansas generates an estimated 2,985 jobs including 1,544 in the construction industry, 500 in retail trade, 372 in services, 169 in manufacturing, 88 in finance and real estate and 312 in other industries.

TRIP also found that each \$100 million increase in annual highway funding in Kansas would generate \$11.7 million in corporate taxes and fees to state and local governments, \$1 million in personal state income taxes and \$400,000 in state tax revenue.

Again, based on this information, the Governor's Comprehensive Highway program would generate approximately \$152 million in corporate taxes and fees to the State of Kansas, \$13 million in personal state income taxes, and \$5.2 million in state tax revenue.

These projections by TRIP are based on the total economic impact. The short-term impact can be seen from forecasts made by some of our state universities.

Based on the factors used in the Southeast Kansas Turnpike/Freeway Report which was jointly prepared by Emporia State University, University of Kansas, Pittsburg State University and Wichita State University, the short-term economic benefit to the State of Kansas would be a \$5.9 billion increase in personal income and more than 6,000 new jobs.

Inflation Assumptions

The second assumption was that inflation will continue to be a factor in the economy for the foreseeable future and will affect expenditures.

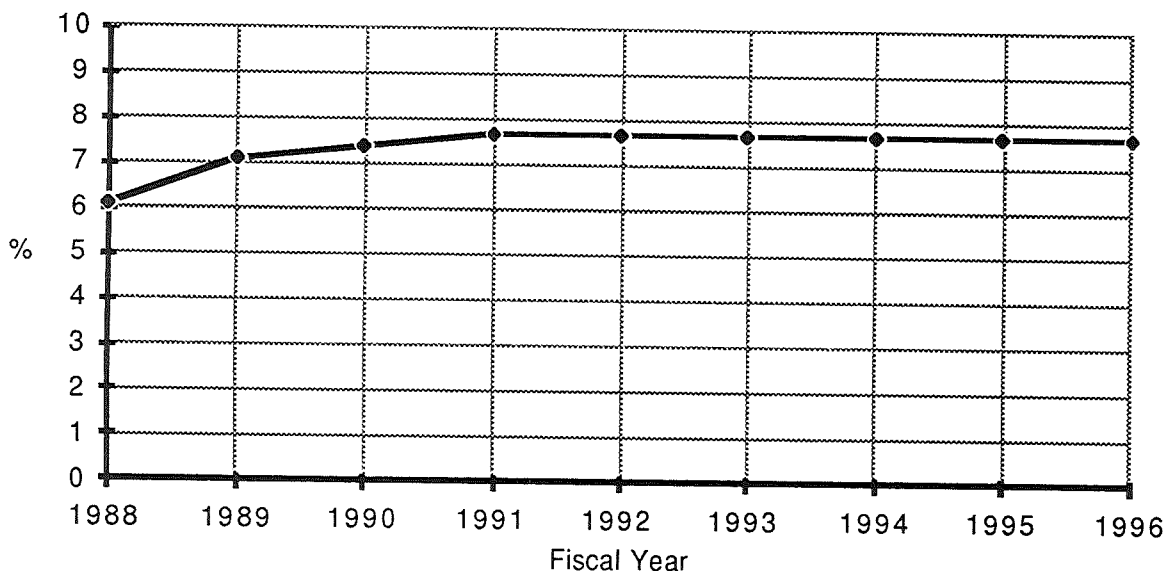
Inflation, generally defined as a reduction in the purchasing power of money, would have a substantial disruptive effect on any multi-year highway improvement program if it is ignored in the financial analysis. Expenditures must be considered in terms of potentially inflated prices.

New Construction and Substantial Maintenance. The Federal-Aid Highway Construction Composite Price Index was used as the appropriate measure of inflation for new construction and substantial maintenance.

The Federal Aid Highway Construction Composite Price Index is composed of six items. Common excavation is an indication of the price trend for all roadway excavation. Portland cement concrete pavement and bituminous concrete pavement are used to reflect the cost of surfacing. Reinforcing steel, structural steel, and structural concrete indicate price trends for structures. The index is developed from expenditure data received nationwide on Federal-aid highway construction projects.

Data Resources Incorporated (DRI) provided a special multi-year forecast of the Federal-Aid Highway Construction Composite Price Index to the State of Kansas.

Construction Inflation Rate



This forecast has been modified to reflect recent structural changes in the variables, revisions in the general inflation assumptions, and the current energy situation. Construction costs tend to vary directly with the price of energy and the amount of highway construction.

It must therefore be assumed that inflation associated with highway construction will be substantial. It is anticipated that construction inflation will be approximately 7.7 percent per year for the foreseeable future.

<u>FY</u>	<u>Inflation Rate</u>
1988	6.1 %
1989	7.1
1990	7.4
1991-1996	7.7

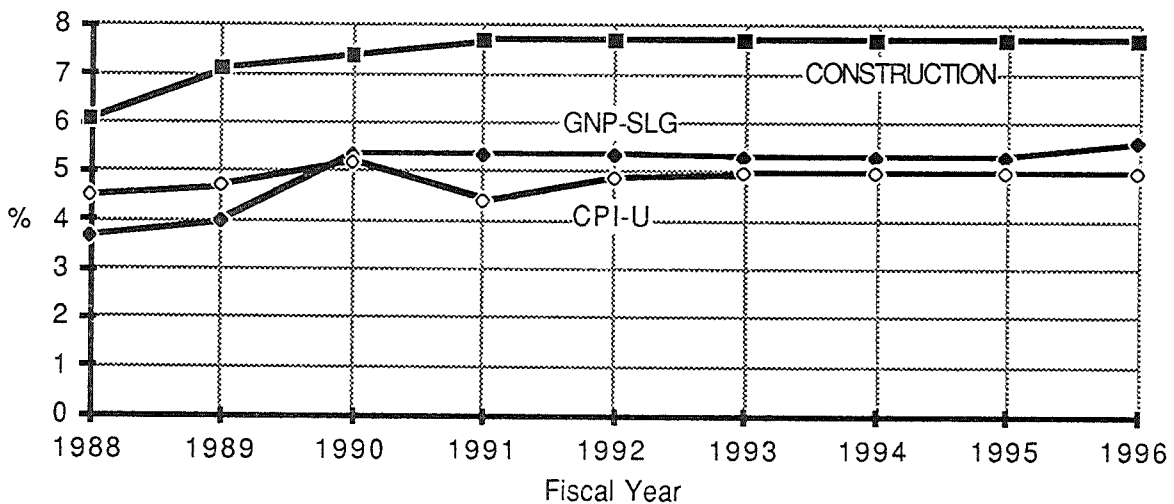
Other Expenditures. Basic agency expenditures (except for the allowances in the new construction initiatives) can be held to a rate of increase slightly less than the anticipated inflation for the general economy. Salary costs are assumed to increase an average of 3.5 percent per year.

Operating costs are assumed to increase an average of four percent per year and other uses of funds (transfers to the Department of Revenue, etc.) are assumed to increase an average of 5 percent per year.

There are many different measures of inflation. Although the Consumer Price Index is the best known and is sometimes referred to as a "cost-of-living" index, the Gross National Product Implicit Price Deflator for State and Local Government Purchases of Goods and Services is a "better" measure of inflation for government expenditures. It provides a measure of the constant dollar costs of purchases by state and local governments.

Such purchases cover the broad categories of compensation of employees, other services, durable and nondurable goods, and structures (i.e., capital improvements including roads and bridges.)

**Inflation
Estimated % Change**



While DRI does not directly provide projections of this measure, there is a close correlation (R squared = 0.999020) with the Gross National Product Implicit Price Deflator which is projected by DRI. Thus, a regression analysis can be used to project the required measure. Inflation for government purchases of goods and services is estimated to be slightly above five percent.

Estimated % Change

<u>FY</u>	<u>GNP-SLG</u>	<u>CPI-U</u>
1988	3.7 %	4.5
1989	4.0	4.7
1990	5.4	5.2
1991	5.4	4.4
1992	5.4	4.9
1993	5.3	5.0
1994	5.3	5.0
1995	5.3	5.0
1996	5.6	5.0

It is also necessary to provide reserves for events that can be reasonably anticipated. This includes certain salary adjustments, equipment replacements, and other similar requirements.

It is also necessary and customary to include in the cost of new construction certain standard percentages for the costs related to the construction.

Costs for the new construction initiatives are the estimated construction contract price, plus right of way costs, and 3.0 percent of the contract price for preliminary engineering, 7.5 percent of the contract price for construction engineering, 9.5 percent of the contract price for contingencies, and 3.0 percent for administrative and other costs.

Assumptions Concerning Current Revenue Sources

The third assumption is that revenues from current sources will remain relatively constant and will result in reduction in the real purchasing ability.

While the sales tax and the income tax may be productive sources of revenue, the commitment is to use only traditional user fees that have a clear relationship to road use.

While toll roads meet this criterion all recent studies by toll road experts have shown that it is not a viable source of revenue for any of the roads under consideration.

The major sources of funds for the state highway system are federal funds, motor fuel taxes, vehicle registration fees, and the transfer from the State General Fund of a portion of the sales tax revenue from the sale of new and used vehicles.

Federal Funds. Financial assistance is available to the state from the Federal Government for highway construction on a reimbursement basis. The available aid is restricted on the basis of various categories, i.e., interstates, primary roads, secondary roads, bridge replacements, and the like. The amount of aid is determined by complex formulas and procedures.

"Obligation limitations" are imposed to control the amount of obligation or expenditure in a given year. Current estimates are that Kansas will have an obligation limitation of approximately \$97 million for the Federal Fiscal Year (October to September) 1988 and annually thereafter. The proposed construction plan assumes that the available federal aid would be utilized entirely on major modification projects, although flexibility must be allowed to ensure maximum use of federal financial assistance.

In the past, some states have been very successful in obtaining additional federal funding for demonstration projects. While Kansas might be able to obtain additional funding for demonstration projects in the future, it is not likely.

The Governor's recommendations are based on the current estimates of federal aid with no expectation of additional demonstration funding.

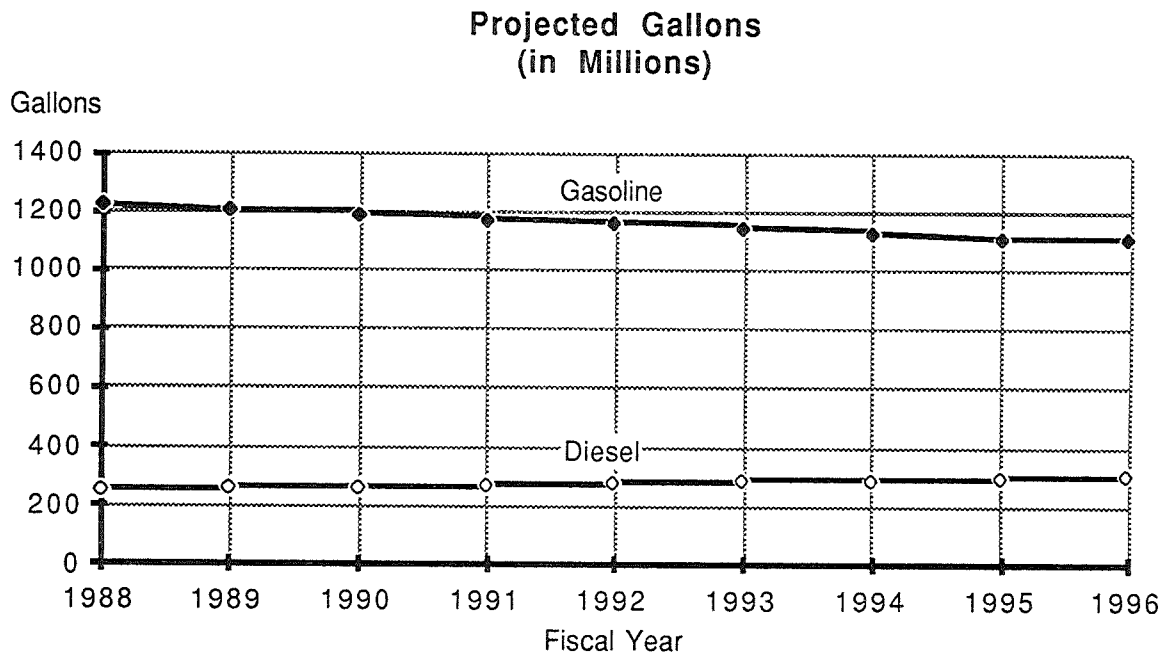
Motor Fuel Taxes. The State of Kansas imposes a tax expressed in terms of cents per gallon on all gasoline, gasohol, LP fuel, or diesel fuel purchased in the state. The Interstate Motor Fuel User Tax imposes an equivalent tax on all fuel used in Kansas by persons who operate commercial motor vehicles. Thus, commercial motor carriers are required to pay the Kansas tax whether or not the fuel is purchased in Kansas. The Interstate Motor Fuel User Tax authorizes the sale of "trip permits" as an alternative to normal reporting for those who make few trips through the state.

The 1983 Legislature established an automatic procedure for adjusting the various motor fuel tax rates based on the average retail price of gasoline. The rate cannot increase or decrease by more than one cent per year, and it cannot be less than the current 11 cents per gallon. Fuel prices have not reached the level sufficient to trigger the existing index and are not expected to reach that level in the near future.

The tax on special fuels (diesel) is set at two cents greater than the tax on gasoline, and the tax on LP fuel is set at one cent less than the tax on gasoline.

The taxable gallons for gasoline and gasohol were estimated by a group from the Kansas Division of the Budget, Kansas Department of Revenue, Kansas Legislative Research Department, and the Kansas Department of Transportation. An average of regression models involving real disposable income, prices of gasoline, and fleet efficiency was used for the forecast.

Diesel fuel and its related taxes (Interstate Motor Fuel User Tax and Trip Permits), were projected based on the average of regression models involving final sales, real gross national product, and real disposable income.



The projections anticipate a slight reduction in gasoline gallons and a slight increase in diesel gallons.

Projected Gallons
(In Millions)

<u>FY</u>	<u>Gasoline</u>	<u>Diesel</u>
1988	1,229.9	257.7
1989	1,206.2	262.3
1990	1,197.6	266.9
1991	1,182.0	273.1
1992	1,167.9	279.2
1993	1,152.7	286.9
1994	1,137.7	293.8
1995	1,115.9	301.5
1996	1,113.1	309.2

It is assumed that a one cent increase in motor fuel taxes not indexed would produce approximately \$118 million in the FY 1988 through FY 1996 period. A one cent motor fuel tax increase indexed to the CPI-U would produce approximately \$146 million in the period.

Projected Motor Fuel Tax Revenue
 Per One Cent Increase
 FY 1988 - FY 1996
 (\$ in Millions)

<u>Percent</u>	<u>Not Indexed</u>	<u>Indexed</u>
100 %	\$ 122	\$ 148
95	115	141
90	109	133
85	103	126
80	97	118
75	91	111
70	85	104
65	79	96

Vehicle Registration Fees. Kansas charges an annual license fee for the registration of vehicles. For most vehicles the fee is based on two factors. The first is type of vehicle, such as passenger vehicles, regular trucks and truck tractors, farm trucks, local trucks, etc.

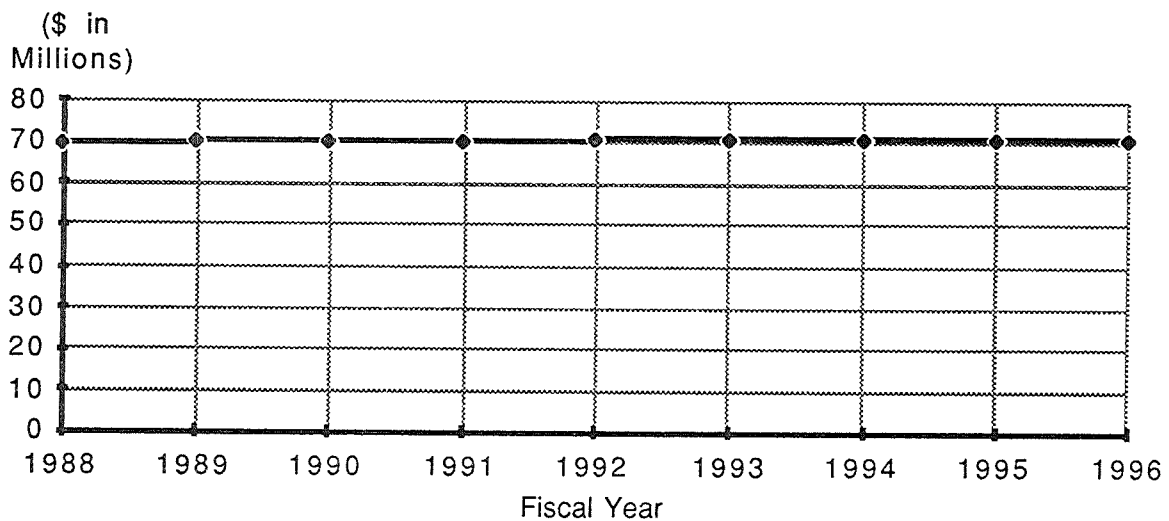
The second factor, within the categories, is gross weight of the vehicle, with fees lowest for the lightest weight class and ranging upward to the heaviest weight class.

It is rational to base registration fees on weight for trucks because heavy trucks cause relatively greater damage to roads; however, there is no highway basis for this scheme for cars. Most states have little difference between big and little cars. Therefore, the Governor recommends compression of the rates.

Provision is made for owners operating a fleet of vehicles engaged in interstate commerce to register their fleet in lieu of the normal registration of individual vehicles on the basis of miles traveled in the states in which they do business. Payments are determined by calculating the proportionate number of estimated miles traveled in each state as a percentage of all miles traveled, multiplied by the rate applicable to each vehicle's weight class.

Vehicle registrations are very stable and it is assumed that the number of registrations will increase very slightly. A 10 percent increase in vehicle registrations that is not indexed will produce approximately \$53 million dollars in the FY 1988 through FY 1996 period.

Projected Vehicle Registration Revenues (Current Law)

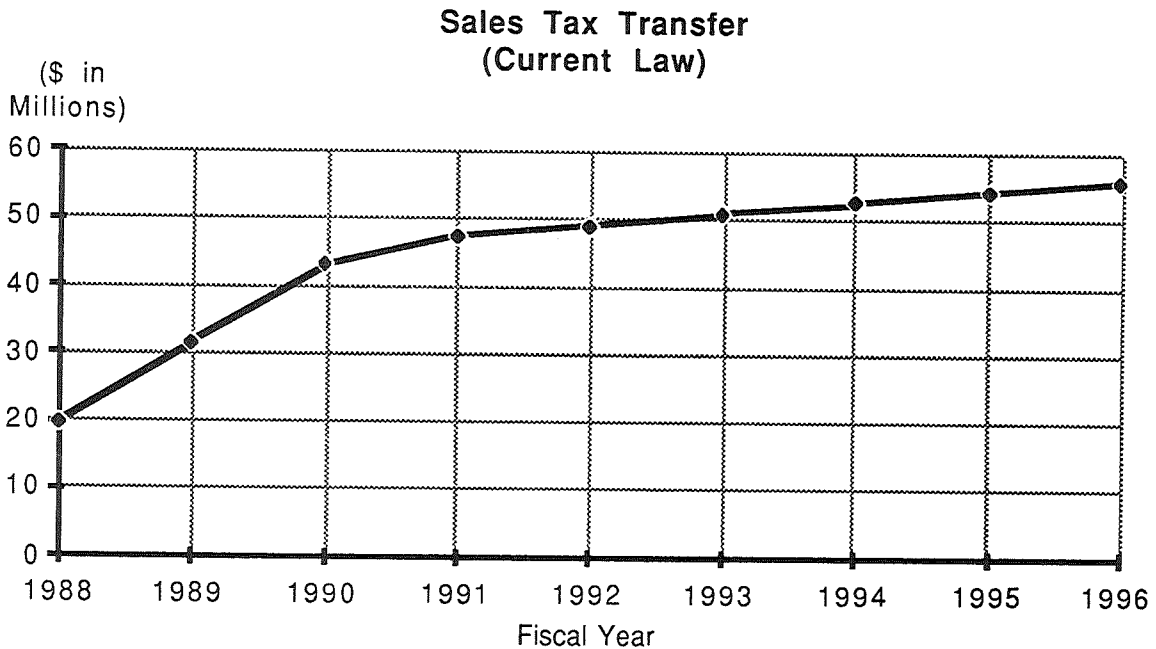


A 10 percent increase indexed for inflation is expected to produce approximately \$65 million in the period.

Projected Registration Revenue
 Per Ten Percent Increase
 FY 1988 - FY 1996
 (\$ in Millions)

	<u>Not Indexed</u>	<u>Indexed</u>
Passenger	\$28	\$34
Freight	25	31
Total	\$53	\$65

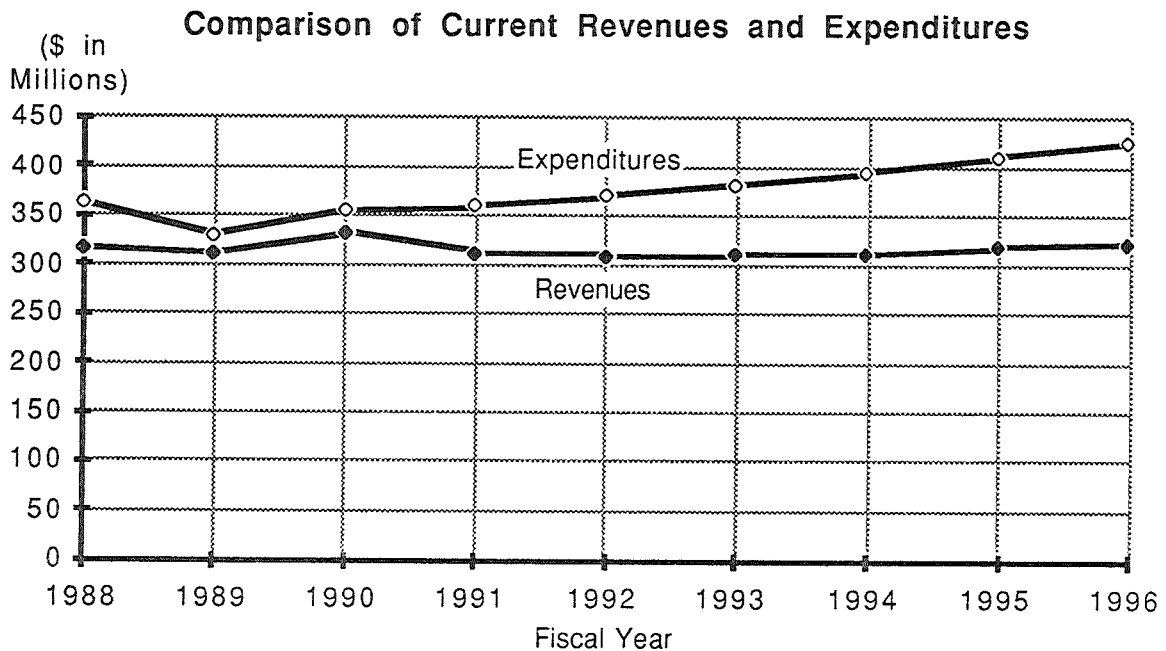
Sales Tax Transfer. The State Highway Fund receives transfers from the State General Fund for a portion of the sales tax revenue from new and used vehicles. It is anticipated that this source of revenue will produce approximately \$405 million in the period. It is the only source of revenue to the state highway system that responds to inflation.



Conclusion Concerning the Relationship of Expenditures and Revenue

The sales tax transfer is the only major source of revenue to the state highway system that is sensitive to price increases and therefore responds to inflation. Expenditures, on the other hand, are very sensitive to changes in prices.

The result is that with stable revenue sources, increasing costs, and continuity of substantial maintenance, major modifications, and state operations, the state will be faced periodically with the need for statutory rate adjustments just to maintain continuity. This fluctuation of revenue is not compatible with an efficient maintenance and modification program.



Based on the assumptions concerning inflation, expenditures, and the current revenue sources the Legislature will need to provide additional revenue before FY 1989 or accept a reduction in ongoing highway programs. The FY 1988 through FY 1996 shortfall will be approximately \$350 million.

If the agency were not to receive additional funds, the necessary tactic would be to maximize the use of federal funds and to prioritize the preservation of pavement.

Because the state would not have sufficient funds to finance the preservation program fully without using Federal-Aid, it would be necessary to use Federal-Aid for substantial maintenance. This is not desirable because of the excessive federal requirements for unnecessary work.

The net effect of this would be that during the five year period between FY 1989 and 1993, instead of preserving approximately 5,000 miles of road, the department would be able to preserve only 2,400 miles. Additionally, instead of reconstructing 264 miles of the primary system, the agency would be able to reconstruct only 59 miles. Beyond FY 1993, there would be no construction program.

The Governor's Response

The Governor recommends a comprehensive highway improvement program that not only maintains our current system and provides highways for the future, but also provides for the opportunity of a prosperous future for the State of Kansas.

The comprehensive highway improvement program is made up of three distinct construction improvement categories: refurbishment and substantial maintenance, major modification, and new construction initiatives.

Refurbishment and Substantial Maintenance

Refurbishment and substantial maintenance refers to those work items which are designed to preserve and protect the existing system. This category includes contract work programs. Generally, this work allows for thin asphalt overlays, bridge painting, and culvert and bridge repair.

Substantial Maintenance. Substantial Maintenance is an essential factor in preserving and protecting the investment in the existing 10,000-mile State Highway System. Funds budgeted for this program provide resurfacing of pavements and repair of bridges and culverts by private contractors which are not reconstructed or replaced in the other components of the comprehensive highway program. Coupled with the New Construction Initiatives and Major Modification programs, it is estimated that deferring maintenance will be slowed and the majority of the State Highway System will receive some form of preservation or improvement action during the period from FY 1989 to FY 1996.

Seven contract work programs comprising the Substantial Maintenance program are identified in the table below along with current and proposed funding levels.

Substantial Maintenance Program			
\$ in millions (annually)			
<u>Work Program</u>	<u>Current</u>	<u>Rec.</u>	<u>Increase</u>
PMS - Resurfacing	\$35.4	\$43.5	\$ 7.9
Interstate Set-Aside Resurfacing	4.0	4.0	0
Klink 1R Resurfacing	1.5	1.5	0
Bridge Painting	.3	1.6	1.3
Bridge Repair	.3	3.5	3.2
Culvert Repair	.3	.3	0
Safety Set-Aside	.2	.3	.1
Total	\$42.4	\$54.7	\$12.5

PMS (Pavement Management System) is a program that provides pavement resurfacing and crack repair. The purpose is to provide a smooth riding surface and to preserve structural quality against cracking and distress.

Interstate Set-Aside Resurfacing is a program providing for pavement resurfacing on the Interstate system to preserve the pavement in a cost effective manner.

KLINK 1R is a program designed to assist cities with pavement resurfacing on city connecting links or highways that are also city streets maintained by the city.

Bridge Painting provides for repainting the exposed steel members of bridges on the State Highway System. The increase allows for a needed reduction in the time between repainting.

Bridge Repair is a work program to repair bridge decks. This would include surface overlays as well as repair to deteriorated girders and abutments. The recommended level allows for an increase in these needed repairs.

Culvert Repair is a program to repair distressed drainage culverts damaged by soil settlement and stream erosion.

Safety Set-Aside is a program providing improvements at highway intersections that include the addition of turning lanes and improved signing and marking. The recommended level allows an increase in this type of improvement.

In addition to Substantial Maintenance, funds are budgeted in Operating Expenditures each year for routine maintenance, including salaries, equipment, and materials.

The Pavement Management System (PMS), mandated by the 1979 Legislature, was used to help develop the substantial maintenance program which was adopted by the Governor. The Pavement Management System is a comprehensive program to assist with maintaining pavements in a cost effective manner. The system analyzes existing pavements and recommends surface treatments such as milling and grinding, asphalt overlays, or both, which improve rideability and provide preservation of the pavement's structural integrity. The \$43.5 million recommended for preservation annually by the Governor is an increase of \$7.9 million above the current level of expenditure. The recommended level will allow pavements to be improved approximately seven percent compared to their present condition.

In combination with other construction categories nearly every section of state highway will receive some form of repair during the program period.

The Governor's recommendation also provides for additional funding for bridge painting and bridge repair. Highway bridges having exposed steel members need to be repainted on a 20-year cycle. Because of a lack of staff and insufficient funds, the current repainting cycle time for bridges on the State Highway System is 96 years.

Of the steel bridges on the system, only approximately 12 bridges each year have been repainted. The funding increase recommended by the Task Force for this contract maintenance program provides for a 20-year repainting cycle or average of 60 bridges per year.

The Governor also recommends increased funding for repair and rehabilitation of bridge decks as well as repair of deteriorated girders and abutments.

The aim of this contract maintenance work program is to prolong the life of the bridge by deck patching, milling and resurfacing, replacing a portion of the deck, or repairing support members. Resurfacing improves rideability of the surface as well. Currently, four bridges on average are repaired each year.

The increase would provide for the repair of an average of 45 bridges annually in addition to those rehabilitated or replaced under the Federal-Aid Bridge program.

Major Modifications

Eventually, though, it's no longer possible just to maintain a facility. It has to be modernized or the pavement reconstructed to preserve its economic usefulness. This is the purpose of the major modification program.

The Major Modifications and Improvements program -- the second of three distinct construction improvement categories -- improves the service, comfort, capacity, condition, economy or safety of the system based on changes in need and use over time.

A total of \$1.025 billion for geometric improvements, pavement reconstruction, and bridge improvements on the State Highway System is recommended by the Governor through 1996. This recommendation generally continues this program at its current level of activity through FY 1996.

The number of projects selected under this program is based on matching all available Federal-Aid. These projects were selected based on KDOT's quantitative procedure for selecting projects based on need, otherwise known as the KDOT priority formula. The KDOT priority formula was designed to take the known deficiencies on the existing state system and array the deficient roadway sections in priority order.

The formula comprises a series of attributes such as shoulder width, surface lane width, commercial traffic; and a series of adjustment factors such as divided or undivided highways, accident rate, stabilized shoulders, etc.

Priority/Optimization System
Attributes and Weighting Factors

Road Sections

<u>Attribute</u>	<u>Relative Weight</u>
Number of narrow structures per mile	.086
Shoulder width	.089
Number of substandard stopping sight distances per lane mile	.069
Lane width	.101
Substandard horizontal curves per mile	.099
Volume/capacity ratio	.091
Commercial traffic index	.065
Rideability	.088
Pavement structural evaluation	.208
Observed condition	.104

Bridge Sections

<u>Attribute</u>	<u>Relative Weight</u>
Horizontal clearance	.196
Bridge roadway restriction	.088
Deck condition	.232
Structural condition	.314
Operating rating	.170

The system prioritizes segments of roads called control sections. There are 5,800 control sections on our 10,000 mile system. Once prioritized, the control sections are grouped into actual projects. This selection/prioritization system has been in use since 1984.

The Governor's recommendation specifies the first five year's worth of major modification projects in this eight year period. This five year program provides for the reconstruction of 370 miles of roads and for the repair or replacement of 250 bridges.

New Construction Initiatives

The last of the three distinct construction improvement categories is the one which has generated the most interest and questions: the new construction initiatives.

While there are those who would argue that the proposed program is too large, the program is actually far short of meeting the highway needs in Kansas which are well in excess of \$4 billion. Past disparities and future projections with current revenues place us at a critical point where action must be taken if we are to avoid having our highway system become a deterrent to the growth and development of Kansas.

There appears to be some belief that the only new construction that the state needs is improving the Southeast Kansas corridor.

The Southeast Kansas corridor improvements recommended by the Task Force cost approximately \$336 million. When one considers the minimum new funding requirement of \$632 million previously discussed, the total shortfall would be \$968 million.

Cash Flow Analysis

FY 1988 - FY 1996

(Millions)

Minimum New Funding Requirement	\$(632)
Southeast Kansas Corridor	(336)
Total Shortfall	\$(968)

This would require a Motor Fuel Tax increase of approximately 8 cents per gallon to fund this level of program through the period based on the assumption that except for the \$143 million of local aid, the state would receive all the additional tax revenue.

The new construction initiatives recommended by the Governor include both corridor improvements and de-bottleneck projects. These two categories will cost a total of \$1.7 billion.

Projects at specific locations that decrease congestion, provide significant safety improvements, and promote economic development are commonly termed "debottleneckers." Many are interchanges and intersections that were never completed according to their original design and have the appearance of being incomplete or under construction.

Others, because of high traffic volumes and lack of accessibility, are candidates for contributing to economic development by constructing interchanges or intersections where none now exist.

It is also important to understand various types of highway. Each type -- here representing only rural design -- is described in terms of its physical characteristics as well as relative cost and anticipated service, convenience, and safety.

Two-lane highways are by far the most common type of rural highway. Lane width may be as narrow as 11 feet but generally is 12 feet. Shoulders vary in width from 2 to 10 feet and consist of turf, rock, or asphalt, or a combination of a 3-foot asphalt strip with turf or rock. This type of road is the least costly to construct.

"Super-Two" is also a two-lane facility with lanes 12 feet wide but is designed to a higher standard of service. A 10-foot paved shoulder is provided for maximum safety with new construction; however, the definition includes existing 8-foot shoulders of stabilized rock. Although vehicles must cross the centerline to pass, climbing lanes are provided on long grades to allow slower vehicles to be easily passed.

Hills are leveled to the extent possible to allow greater sight distance for stopping or passing. Safety, ease of driving, and capacity are increased substantially over most other two-lane highways, and so is the cost.

Two-lane or "Super-Two" on four-lane right of way are two-lane roads that have the potential for a large increase in traffic in the foreseeable future. Purchase of additional right of way at the beginning allows for future expansion of the roadway to four lanes. The final four-lane design could be according to expressway standards or freeway standards (see next two definitions).

If the ultimate design is to be freeway, all sideroad structures and interchanges crossing over the mainline are built as part of the initial construction, and the cost typically would be 65 to 75 percent as much as a four-lane freeway.

Four-lane expressway is a divided highway having intersections with other roads and highways "at grade," that is, at the same level of elevation. Usually there are intersections with all public roads, but access to adjacent property is partially controlled, either by control of access or through frontage roads with limited access points.

Medians separate the opposing movement of traffic. Problems of passing are eliminated, whereas problems with vehicles crossing the expressway or turning left on to or off of it seem to be compounded. This type of facility provides a considerable increase in capacity without the high cost of a freeway. However, in some locations, such as urban areas, it may cause safety problems.

Four-lane freeway is the safest but most costly type of highway construction. Outside shoulders are 10 feet and inside shoulders are 6 feet, both of which are either paved or stabilized with rock and calcium chloride. Vehicles are separated from the opposing traffic by a median, just as in expressway construction, but crossing and turning vehicles are separated by interchanges, that is, not on the same grade or elevation.

Vehicles can enter or leave the traffic stream only by way of acceleration and deceleration lanes and ramps. There is a modest increase in capacity over expressways, but a large increase in safety and cost.

It was obvious to the Task Force and the Governor that a new construction initiative must address corridors linking major cities and providing not only safe and efficient transportation, but also economic opportunity.

The selection of the corridors for improvement was based upon a quantitative selection process which relied on such factors as current use of the facility, need for improvement and potential for economic benefit.

The formula which was used was designed specifically for the purpose of assisting the Governor's Task Force in selecting highway corridors. It is based on four factors: Annual Average Daily Traffic, commercial traffic, per capita income in counties (where per capita income is low, the need was considered high), and the KDOT need number.

The KDOT need number is taken from the current KDOT priority formula (used to select the major modification projects), which has ranked every control section in the state based on known deficiencies. Where the need number is high, the need for improvement is considered high.

The formula used is the following:

$$\text{Priority} = .30 \text{ AADT} + .20 \text{ heavy commercial} + .30 \text{ per capita income} + .20 \text{ need}$$

Average values for each factor were determined by weighting values within subsections of the corridor by the length of each subsection as a percentage of the corridor length. These values are, therefore, a measure of each attribute over the length of the corridor. They do not represent the values at any one point within a corridor.

Annual Average Daily Traffic is a measure of the traffic on a road and therefore represents the use of the facility. The formula has been designed to give increasingly more emphasis to roads which have higher levels of traffic.

Heavy commercial traffic is used in the formula to measure both the use of the facility and its potential for economic development. As was done with the Annual Average Daily Traffic, the factor for heavy commercial traffic was designed to give increasingly more emphasis to roads which carry larger numbers of commercial vehicles.

Per capita income is another factor in the formula which is designed to measure economic development. The formula gives more weight to roads which are in areas with lower per capita incomes. Building roads in these areas of lower per capita income will help the local economy during the time of construction. It is also hoped the improved transportation system will spur economic activity along the corridor.

Finally, the need number from KDOT's priority formula is used to give more weight to those roads that have the most serious geometric deficiencies.

The ranking of projects that resulted was reviewed, along with other information, and the Task Force used its judgment in selecting the new construction initiatives for the major corridors. The Governor's recommendation provides for \$1.7 billion of new construction initiatives for 14 major corridors. His recommendation provides for the construction or reconstruction of 1,042 miles of Super-Two and for 277 miles of four-lane facilities.

The Governor's recommendation for major corridor improvements deviates from the Task Force only in that he recommends that U.S. 81 be a four-lane expressway, from the end of the current four-lane at Minneapolis to the Nebraska border.

The corridors recommended for improvement comprise 14 percent of the state system mileage, but carry 29 percent of the total vehicle miles of travel and 32 percent of the heavy commercial miles of travel. If you add this to the percent of total vehicle miles of travel and percent of heavy commercial miles of travel on the interstate and turnpike, the total percentage would come to 49 percent of total vehicle miles of travel and 53 percent of heavy commercial miles of travel.

These highways which we are reviewing at the Governor's request truly do carry a large share of our traffic and consequently are the routes most important to our economic development.

I think it is also important to clarify that of these 1,319 miles of highway which are recommended for corridor improvement under the new construction initiative, only 84.4 rural miles are actually new construction. These comprise 42 miles between Great Bend and Hutchinson, approximately 24 miles around Fredonia, 4.8 miles for the K-96 bypass in Wichita and 13.4 miles for the Lawrence bypass.

State law limits the state system to 10,000 rural miles. The current system is 9,639 rural miles, so these new initiatives will not take us above the statutory limit.

The new construction initiatives also include de-bottleneck projects which are in two categories.

The first category are those which are to be completely funded by the state. In general, these were never completed as originally designed. The reasons for this vary, but the result is an ongoing traffic control problem, false driver expectations and a failure to obtain the full benefit of the project constructed.

The governor recommends \$76 million to construct 15 of these projects.

The second category of debottleneck projects are those in which the state pays 75 percent of the cost. The governor also provides more than \$170 million for the state's share of 13 de-bottleneck projects which have currently been identified. These de-bottleneck projects are primarily to benefit the local economy. Many, though certainly not all, are the construction or reconstruction of interchanges.

Local Assistance

The Governor's recommendation provides assistance to local communities through four significant mechanisms. As previously discussed, the first mechanism is the \$170 million recommended for the debottleneck projects of concern to the communities.

The second mechanism is the increase in the distribution to the Special City and County Highway Fund of approximately \$143 million through Fiscal Year 1996. This is more money than a 1 cent increase in the Motor Fuel Tax would provide.

Currently cities and counties could expect to receive approximately \$580 million in Motor Fuel Tax money through the Special City and County Highway Fund. Thus, the additional \$143 million means the money available to local units from the fuel tax increases by more than 25 percent.

The third mechanism is to increase City Connecting Link payments from \$1,250 per lane mile to \$1,750 per lane mile. This results in a \$5 million increase to local governments during the period.

The fourth mechanism is the authorization for the state either to provide a portion of the match for Federal-Aid for Public Transportation for the Elderly and Handicapped and Rural Public Transportation or for enrichment of these programs. This will provide approximately \$3 million in aid to local governments during the period.

Governor's Finance Recommendation

Funding Perspective. There has been considerable discussion as to whether the program should be viewed as a \$1.7 billion dollar program, a \$3.6 billion program, or even a \$5.6 billion program.

It is difficult actually to comprehend any of these views of the program. It is more useful to consider the additional burden on a Kansas taxpayer. Assuming the average motorist operating a motor vehicle in Kansas travels 12,500 miles per year and the average number of vehicle miles per gallon is 26, the estimated increase in the average cost per vehicle per month would be \$3.59.

Calendar Year 1989
Average Passenger Vehicle Costs

	<u>Current</u> <u>Law</u>	<u>Task Force</u> <u>Proposal</u>	<u>Increase</u>
Average Registration	\$ 18.38	\$ 32.03	\$ 13.65
Average Fuel Tax	54.01	83.47	29.46
Annual Cost	\$72.39	\$115.50	\$43.11
Monthly Cost	6.03	9.62	3.59
Daily Cost	.20	.32	.12

Source: Miles traveled and miles per gallon are based on the soon to be published report Road User and Property Taxes on Selected Motor Vehicles, 1987, by the U.S. Department of Transportation Federal Highway Administration.

The additional cost per year of \$43.11 should be viewed in relation to the cost of not having adequate roads. The United States Army Corps of Engineers (Special Report 81-21, p. 4) states that driver costs of driving on poor rather than fair roads can be up to \$1,000 per year per driver.

The Road Information Program (TRIP) has estimated that the cost to Kansas motorists for driving on rough, uneven road surfaces was \$480 million in 1986 alone. This comes to approximately \$289 a year in added driving costs for each of our 1.7 million registered drivers in Kansas. And these costs are minor when compared to the cost that poor highways will cause our citizens in human damage.

Another perspective is the relationship of Kansas taxes to the other states and particularly our immediate neighbors. A study (State Tax Guide, Commerce Clearing House, rates as of June 1, 1987) recently showed that only seven states have a lower gasoline tax rate than Kansas and only 14 states have a lower diesel fuel tax. Even with the tax increase Kansas will be in the middle 56 percent of states with the gasoline tax and the middle 80 percent of states with the diesel fuel tax.

Of the surrounding states, only Missouri will have a lower gasoline tax rate and only Missouri and Oklahoma will have a lower diesel fuel tax rate.

	<u>Gasoline</u>	<u>Diesel</u>
Kansas		
Current	11 cents	13 cents
Proposed	16	18
Nebraska	17.6	17.6
Colorado	18	20.5
Oklahoma	16	13
Missouri	11	11

Source: State Tax Guide, op. cit.

Decision Concerning Continuity after FY 1996

Legislative History. Because of the time to prepare plans and construct projects, multi-year forecasts are necessary. Projected ending fund balances indicate the ability to meet ongoing financial commitments.

The ending fund balance strategy is a consideration only for ongoing funds such as the State Highway Fund. It is not relevant to temporary funds such as the State Freeway Construction Fund or pass-through funds such as the Special City and County Highway Fund.

While the Legislature has never established a policy, previous programs presented to the Legislature have assumed that resources would be exhausted at the end of the five year program.

Strategies. A first strategy could be to exhaust the fund after a given number of years. The rationale is to use all available resources quickly with the expectation that at the end of the period the Legislature would provide appropriate funding for the future. If revenues do not increase with inflation and expenditures do increase with inflation, then this may be the only possibility. As previously noted, this is the strategy followed since 1984.

The result is that the Legislature before FY 1989 must provide additional revenue just to continue the current program or be willing to accept a major reduction in maintenance or in the state's ability to match federal funds, or both. The estimated shortfall between current revenues and current expenditures in the FY 1988 through FY 1996 period is estimated to be \$350 million.

A second strategy is to exhaust the fund but only to the extent that it is still adequate for on-going physical maintenance and preservation activities. The rationale for this approach is the recognition of a commitment to maintain the as-built system. It is assumed that the Legislature will provide appropriate funding at the end of the program to maintain the usefulness of the investment of any additional initiatives.

A third strategy is to exhaust the fund but only to the extent that it is still able to fund a limited major modification program that would help preserve the usefulness of the highway investment.

A fourth strategy is to stabilize the fund so that it is able to continue the same level of construction as included in the comprehensive program developed by the Task Force. This would represent a major commitment to a program not envisioned by the Governor.

Governor's Decision. Governor Hayden's decision is that the state has a commitment to assure continuity of maintenance, major modifications and agency operations-- not only in the FY 1988 through FY 1996 time period but also after 1996.

If the state is to invest in its highways, it must be prepared to maintain the physical structures and the usefulness of that investment.

This does not mean that the state should commit to a tax program for the next century without periodic legislative review. Therefore, Governor Hayden recommends that the proposed tax adjustments for inflation be subject to on-going review and reappraisal, especially after the end of the new construction projects scheduled before the end of this century.

Decision Concerning Indexation

Legislative History. The 1983 Legislature concurred with then Governor Carlin that a major source of revenue to the state highway system should be adjusted for inflation. The policy decision has been made; the questions are whether to correct the flaw in the current law that prevents it from functioning and whether to expand the adjustment for inflation to vehicle registration fees.

Strategies. A first approach is to index the revenue sources to the price of some commodity. This is the approach that was tried in the past and it did not work.

A second approach is to index the revenue sources to a measure of inflation as it affects KDOT. There are several such measures. These include the construction cost index previously discussed, a maintenance cost index, and the Gross National Product Implicit Price Deflator for State and Local Government Purchases of Goods and Services.

While these would help assure a stable program, it is possible that the tax burden on the citizens of Kansas could be increased annually because these measures increase faster than the general economy. It should also be noted that there may be technical problems resulting from the frequent revision of the deflator.

A third alternative would be to use a general measure such as the Consumer Price Index for all urban consumers, which covers about 80 percent of the non-institutional population. This is a commonly understood and widely used measure. It has the advantage of maintaining a stable tax burden on the population of the state.

Governor's Decision. Governor Hayden's decision is that the regional Consumer Price Index for all urban consumers should be used to provide a reasonably stable highway program without increasing the real tax burden on Kansas citizens. Governor Hayden also recommends that the annual adjustment in the motor fuel tax rates not be allowed to exceed one cent per year and that the adjustment be rounded to the nearest cent.

Decision Concerning the Use of Bonds

Legislative History. The Kansas Legislature established the precedent of issuing bonds for highway improvements with the bond authorization of \$320 million for the Freeway System. Otherwise, Kansas has been reluctant to issue bonds. The publication 1987 Medians by Moody's Municipal Department shows that Kansas is very low in their three measures concerning the use of bonds or any other tax-supported debt, but relatively high in our ability to afford reasonable levels of debt.

Strategies. A possible strategy is to delay highway improvements and assume that they can be funded in the future. Just as a business cannot afford to delay needed plant and equipment investments, the state cannot afford such a delay. With construction costs increasing at 7.7 percent per year, it's unlikely that Kansas would ever be able to fund an ever increasing backlog of projects. This would also create opportunity cost losses from not having needed projects in service.

A second strategy is to increase taxes to a level sufficient to fund the projects on a pay-as-we-go basis. Kansas Policy Choices: The Report of the Special Commission on a Public Agenda for Kansas notes that a pay-as-you-go philosophy conflicts with the concept that the user should bear the burden of the cost of the capital improvement, and on a pay-as-we-use basis.

There is also another practical consideration relating to debt. If debt is not included, the amount of the tax increase must be substantially greater. For example, if one used the Governor's vehicle registration increases with no indexing and no debt, motor fuel taxes would need to increase by almost 19.5 cents on October 1, 1987.

A decision must be made between this type of tax increase and the \$1.4 billion in interest cost associated with the required \$1.3 billion in debt.

The third strategy is to issue bonds as necessary for the new construction initiatives. This allows a relatively stable revenue requirement to be established. This prevents the need for radical changes in the tax rates. The inflation during the period may result in repayment in deflated dollars.

Governor's Decision. The Governor recommends that bonds be issued as necessary. It is assumed that the bonds will be 20 year bonds at 8.25 percent interest; however, it is possible that the term of the bonds as well as the rates will be determined by external factors, particularly market conditions and federal tax law.

Implementation

The success of this program will be determined, first, by the action taken by the Legislature later this month and, second, by the ability of the Department to meet the fast-track schedules that this plan requires.

Many of you will remember the problems of the freeway program. There were three major reasons for what some consider its failure.

The first problem was that the Legislature specified a program but did not provide adequate funding to build it. In 1969, when that program was passed by the Legislature, \$320 million in bonds were provided to pay for the four-lane construction costs of 1,312 miles. At that time, the actual estimates to do that amount of work exceeded one billion dollars. Adequate funds had not been appropriated to build the miles promised to the public.

The second problem was the extended nature of the program. Time is the enemy of almost any major construction program. With construction inflation at 7.7 percent a year, any delay jeopardizes the program by increasing the probable cost.

The third problem was the unforeseeable 1973 oil embargo and rampant inflation. Again, time is the enemy. The longer a major construction program is exposed to uncertainty, the greater the probability that an unforeseen catastrophe will occur.

The Governor's program intends to avoid these problems. We have paid close attention to the cost estimates for this program to insure that funds appropriated today will indeed be adequate for construction.

We have set for ourselves a very aggressive schedule to have all of the new construction initiatives under contract within about six years.

There has been a great deal of talk about the speed with which the Kansas Turnpike was built. It truly was an excellent job. However, times have changed, and some of the advantages available at the time the turnpike was constructed are no longer available.

One of the notable differences is that the legal environment in which we all live is much different in the 1980s than it was in the 1950s. Our society is much more litigious. Securing rights of way in this environment will be far more complicated, time-consuming and costly than it was when the turnpike was built. Moreover, environmental awareness is far keener today than at that time. Consequently, while concerns for maintaining environmental standards are appropriate, they create considerable demands.

In addition, the improvement concept for the Kansas Turnpike effort was vastly different from that which is being proposed under the new construction portion of this program.

The Kansas Turnpike, in concept, was basically a new facility, on new location, with much of the right of way diagonally traversing areas free from development of any kind. The majority of the corridor improvements within the Governor's proposed program are developed to utilize as much available right of way as possible.

This concept, although prudent from an economic standpoint, results in a number of additional complexities. There will be a far greater conflict with existing utilities paralleling our present rights of way as well as with a greater number of homes and businesses. Greater effort will also be required to provide for traffic on the present facilities while improvements are underway. All of these difficulties will require additional effort and time.

Therefore, it is the Governor's view, that the ability of the Department to meet a fast track construction schedule will require an expedited management approach and the elimination of impediments to complete the program within schedule and cost constraints.

To this end, Governor Hayden makes the following recommendations:

1) Eliminate the delays which presently exist in acquiring engineering services by amending the statutory procedures which must be followed. This change, scheduled to sunset July 1, 1997, will allow the Secretary of Transportation to fast track new construction initiatives and will provide accountability through reports to the Governor and the Legislature;

2) Exempt the acquisition of right of way from the debt-set-off provisions of K.S.A. 75-6201 et seq. until July 1, 1997. Timely acquisition of right of way on highway projects is an absolute necessity if schedules are to be met. The present debt-set-off provisions will work against the ability of the Department to deliver on its construction goals by delaying acquisition of title to needed properties;

3) Amend the statutes to acquire fee title by eminent domain. This will allow the state to reduce its losses of public monies when disposing of properties no longer needed;

4) Allow the Department to acquire utility easements and provide authority to the Department to pay the expenses of relocation when appropriate. Utility relocations, when expedited, avoid delays of six to eight months;

5) Exempt the Department of Transportation until July 1, 1997, from certain restrictions in the general statutes for purchasing when necessary for management of the expedited highway program. This will reduce the delays in acquisition of supplies and materials;

6) Enable the Department to hold hearings to resolve contractor disputes. The enabling language conforms to the Administrative Procedures Act and will provide for efficiently addressing disputes and will reduce legal costs;

7) Provide for the establishment of advisory boards and the abolition of the current Highway Advisory Commission. While the State Highway Commission has functioned as intended through the dedication of its members, the course which we are charting will require new approaches to meet future demands.

In line with this direction, the Secretary of Transportation should be afforded greater flexibility in establishing boards to provide counsel on the management and engineering issues which will be faced. The Governor's proposal will allow the Department to secure the qualified individuals which will be crucial to the expedited highway program; and

8) The Governor makes a number of recommendations concerning personnel:

- a) Loosen the restrictions on out-of-state recruitment to allow the Department the ability to hire the most qualified people;
- b) Increase the poundage restrictions in the law for moving expenses from the current 12,000-pound limit to 19,999 pounds. Current law imposes an unfair financial burden on our employees when they are required to move for the benefit of the state; and
- c) Provide the Secretary of Transportation with the authority to transfer employees across county lines. The fast track highway program will require a concentration of employees where they will be needed to meet production schedules. The Governor further recommends that all three employee provisions sunset July 1, 1997.

A key objective will be to establish a balance between expediting the program and maximizing the economic benefits to the state. It is desirable for Kansas contractors to participate fully in the program work. However, it is also desirable that the work be done as quickly as possible and for the lowest cost. It is our intent to provide an equitable bidding environment so that Kansas contractors can be fully involved.

Another issue is the need to balance our social responsibility to disadvantaged business enterprises and our concern for effective management. The two can and should fit smoothly. It is our intent to provide opportunity for the disadvantaged business enterprises in the state to participate fully in this program to the benefit of both.

Legislation

I will present to the committees a draft bill that implements the Governor's recommendations. A single bill will be presented because the program is a single issue.

A concurrent resolution will be presented which identifies all of the new construction initiatives. We believe that the Legislature should provide a clear indication of its intent concerning which projects it is funding.

The use of separate funds and annual reporting to the Legislature will help assure that there is unmistakable commitment to implement the program as approved by the Legislature.

Conclusion

In conclusion, let me emphasize again that improved highway transportation in Kansas is vital to our well being. The Governor's recommended program will accomplish that and warrants your sympathetic consideration. The decisions you make will be difficult, but they will affect the lives of Kansans for decades to come.

A Special Session provided the financing of our basic highway system and now this Special Session, called by Governor Hayden, is asked to determine the future of that system and the future of Kansas.

Thank you.

STATE HIGHWAY FUND
 PROJECTED STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE
 FOR THE PERIOD FY 1988 THROUGH FY 1996
 CASH BASIS
 (\$ in Millions)

Existing Revenue Sources		\$ 2,849
Motor Fuel Tax Adjustments ¹		
Indexation of Current Rates	\$196	
5-Cent Increase in Rates	577	
Indexation of 5-Cent Increase	<u>128</u>	
Motor Fuel Tax Adjustment		\$ 901
Vehicle Registration Adjustments		
Indexation of Current Rates	\$117	
Increase in Rates	337	
Indexation of Rate Increases	<u>74</u>	
Vehicle Registration Adjustments		<u>528</u>
Total Revenue Adjustments		<u>1,429</u>
Total Revenues		\$ 4,278
Less Expenditures and Other Uses		
State Operations (Including Regular Maintenance)	\$1,732	
Substantial Maintenance	639	
Major Modifications	1,025	
New Construction	1,717	
Debt Service ²	<u>467</u>	
Total Expenditures and Uses		<u>5,580</u>
Excess of Revenues Over Expenditures		\$ <1,302>
Other Financing Sources/Bond Proceeds (Net)		<u>1,312</u>
Excess of Revenues and Other Sources Over Expenditures		\$ 10
Fund Balance, Beginning of Period		72
Fund Balance, End of Period		<u><u>82</u></u>

NOTE: Estimates are subject to revision.

1. The amounts shown are the deposits to the State Highway Fund only. The \$143 million increase to the Special City and County Highway Fund is not shown.
2. Total interest on the \$1,299 million of debt is estimated to be \$1,396 million over the 20-year life of the bonds. The interest rate is assumed to be 8.25 percent.

August 17, 1987

ANTICIPATED MOTOR FUEL RATES
GOVERNOR'S HIGHWAY PROGRAM

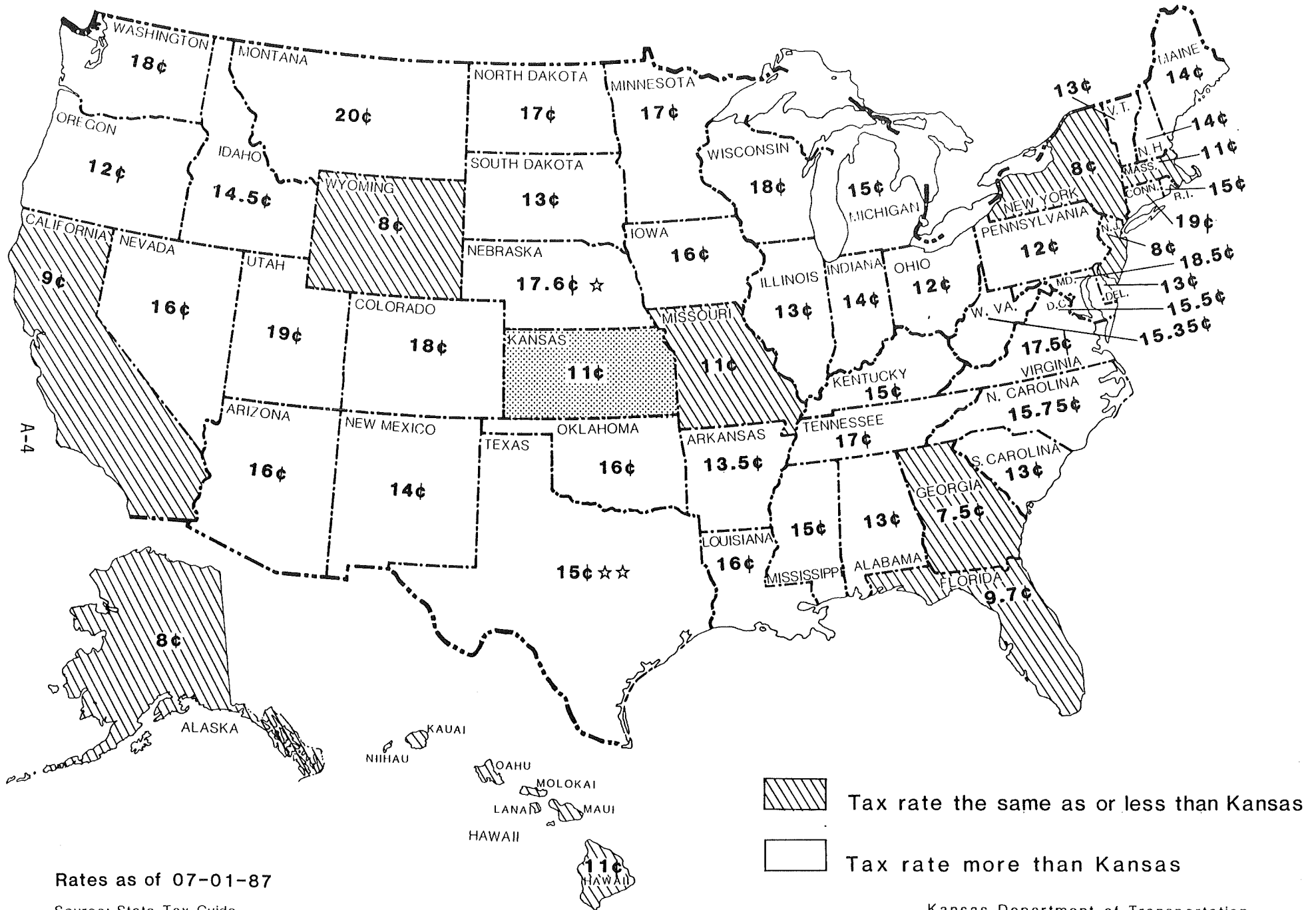
<u>YEAR</u>	<u>GASOLINE/GASOHOL RATES</u>	<u>DIESEL RATES</u>	<u>LP GAS RATES</u>
1988	\$0.16	\$0.18	\$0.15
1989	0.17	0.19	0.16
1990	0.18	0.20	0.17
1991	0.19	0.21	0.18
1992	0.20	0.22	0.19
1993	0.21	0.23	0.20
1994	0.22	0.24	0.21
1995	0.23	0.25	0.22
1996	0.24	0.26	0.23

**ANTICIPATED VEHICLE REGISTRATION FEES
GOVERNOR'S HIGHWAY PROGRAM**

	Net Rates 1987	Net Rates 1988	Estimated 1989 Rate	Estimated 1990 Rate	Estimated 1991 Rate	Estimated 1992 Rate	Estimated 1993 Rate	Estimated 1994 Rate	Estimated 1995 Rate	Estimated 1996 Rate
Passenger Cars										
3,000 lbs. or under	\$ 13.00	\$ 13.00	\$ 26.00	\$ 28.50	\$ 29.75	\$ 31.25	\$ 32.75	\$ 34.50	\$ 36.25	\$ 37.75
3,000 lbs. to 3,999 lbs.	16.25	16.25	30.75	33.75	35.50	36.75	38.75	40.75	42.75	44.75
4,000 lbs. to 4,500 lbs.	19.50	19.50	35.00	38.25	40.25	42.00	44.25	46.25	48.75	51.00
4,501 lbs. and over	26.00	26.00	39.00	42.75	44.75	46.75	49.25	51.75	54.25	56.75
12,000 lbs. or less	25.00	25.00	37.50	41.00	43.25	45.00	47.25	49.75	52.25	54.75
Trucks - Regular										
12,001 lbs. to 16,000 lbs.	75.00	75.00	112.50	123.00	129.50	135.25	141.75	148.75	156.50	164.25
16,001 lbs. to 20,000 lbs.	100.00	100.00	150.00	164.00	172.75	180.25	189.25	198.50	208.50	218.75
20,001 lbs. to 24,000 lbs.	150.00	150.00	225.00	246.25	258.75	270.50	283.75	297.75	312.75	328.25
24,001 lbs. to 30,000 lbs.	235.00	235.00	352.50	385.75	405.75	423.75	444.50	466.75	489.75	514.25
30,001 lbs. to 36,000 lbs.	285.00	285.00	427.50	467.75	492.00	513.75	539.00	566.00	594.25	623.75
36,001 lbs. to 42,000 lbs.	360.00	360.00	540.00	590.75	621.50	649.00	680.75	714.75	750.50	787.75
42,001 lbs. to 48,000 lbs.	460.00	460.00	690.00	754.75	794.25	829.50	870.00	913.50	959.00	1,006.75
48,001 lbs. to 54,000 lbs.	615.00	615.00	922.50	1,009.25	1,061.75	1,108.75	1,163.25	1,221.50	1,282.25	1,345.75
54,001 lbs. to 60,000 lbs.	765.00	765.00	1,147.50	1,255.25	1,320.75	1,379.25	1,447.00	1,519.25	1,595.00	1,674.25
60,001 lbs. to 66,000 lbs.	915.00	915.00	1,372.50	1,501.50	1,579.75	1,649.75	1,730.75	1,817.25	1,907.75	2,002.50
66,001 lbs. to 74,000 lbs.	1,175.00	1,175.00	1,762.50	1,928.25	2,028.75	2,118.50	2,222.50	2,335.50	2,449.75	2,571.50
74,001 lbs. to 80,000 lbs.	1,325.00	1,325.00	1,987.50	2,174.25	2,287.50	2,388.75	2,506.25	2,631.50	2,763.00	2,899.75
80,001 lbs. to 85,500 lbs.	1,475.00	1,475.00	2,212.50	2,420.50	2,546.50	2,659.50	2,789.75	2,929.25	3,075.50	3,228.00
Trucks - Local & 6000 mile										
12,000 lbs. or less										
12,001 lbs. to 16,000 lbs.	47.00	47.00	70.50	77.25	81.25	84.75	88.75	93.25	98.00	102.75
16,001 lbs. to 20,000 lbs.	75.00	75.00	112.50	123.00	129.50	135.25	141.75	148.75	156.50	164.25
20,001 lbs. to 24,000 lbs.	100.00	100.00	150.00	164.00	172.75	180.25	189.25	198.50	208.50	218.75
24,001 lbs. to 30,000 lbs.	135.00	135.00	202.50	221.50	233.00	243.50	255.25	268.00	281.50	295.50
30,001 lbs. to 36,000 lbs.	160.00	160.00	240.00	262.50	276.25	288.50	302.75	317.75	333.50	350.25
36,001 lbs. to 42,000 lbs.	185.00	185.00	277.50	303.50	319.50	333.50	349.75	367.50	385.75	404.75
42,001 lbs. to 48,000 lbs.	235.00	235.00	352.50	385.75	405.75	423.75	444.50	466.75	489.75	514.25
48,001 lbs. to 54,000 lbs.	315.00	315.00	472.50	516.75	543.75	567.75	595.75	625.50	656.75	689.50
54,001 lbs. to 60,000 lbs.	360.00	360.00	540.00	590.75	621.50	649.00	680.75	714.75	750.50	787.75
60,001 lbs. to 66,000 lbs.	440.00	440.00	660.00	722.00	759.75	793.25	832.25	873.75	917.50	962.75
66,001 lbs. to 74,000 lbs.	575.00	575.00	862.50	943.50	992.75	1,036.75	1,087.50	1,141.75	1,198.75	1,258.50
74,001 lbs. to 80,000 lbs.	675.00	675.00	1,012.50	1,107.75	1,165.50	1,217.00	1,276.75	1,340.50	1,407.50	1,477.25
80,001 lbs. to 85,500 lbs.	775.00	775.00	1,162.50	1,271.75	1,338.00	1,397.25	1,465.75	1,539.25	1,615.75	1,696.00
Trucks - Farm										
12,001 lbs. to 16,000 lbs.	25.00	25.00	37.50	41.00	43.25	45.00	47.25	49.75	52.25	54.75
16,001 lbs. to 20,000 lbs.	30.00	30.00	45.00	49.25	51.75	54.00	56.75	59.50	62.50	65.75
20,001 lbs. to 24,000 lbs.	42.00	42.00	63.00	68.75	72.50	75.75	79.50	83.50	87.50	91.75
24,001 lbs. to 30,000 lbs.	62.00	62.00	93.00	101.75	107.00	111.75	117.25	123.25	129.25	135.75
30,001 lbs. to 36,000 lbs.	150.00	150.00	225.00	246.25	258.75	270.50	283.75	297.75	312.75	328.25
36,001 lbs. to 42,000 lbs.	300.00	300.00	450.00	492.25	517.75	540.75	567.50	595.75	625.50	656.50
42,001 lbs. to 48,000 lbs.	500.00	500.00	750.00	820.50	863.25	901.50	945.75	993.00	1,042.50	1,094.25

A-3

STATE GASOLINE TAX RATE COMPARISON



Rates as of 07-01-87

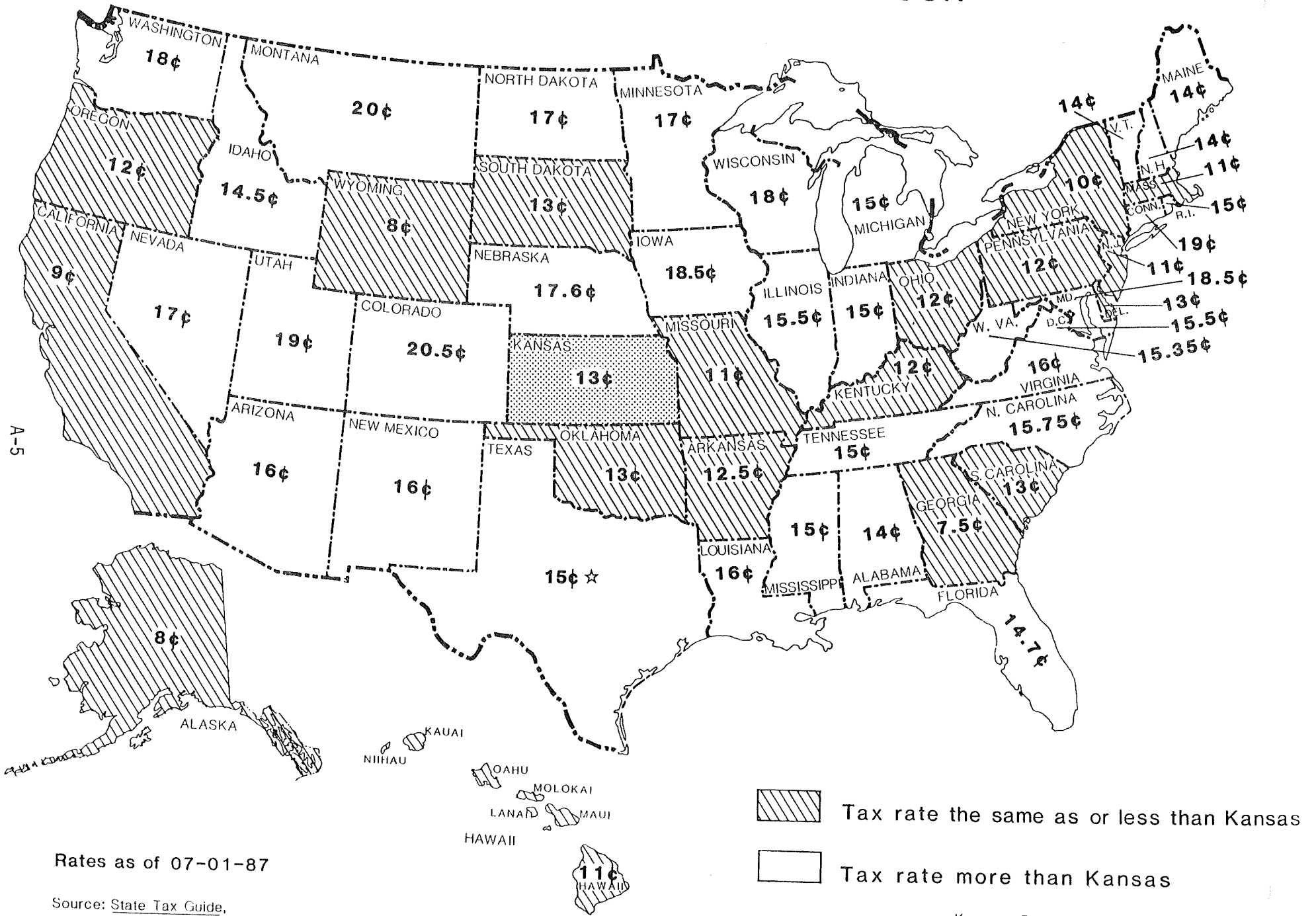
Source: State Tax Guide,
Commerce Clearing House

☆ Changes each quarter

☆☆ Temporary-1/1/87-9/1/87

Kansas Department of Transportation
Bureau of Management & Budget

STATE DIESEL TAX RATE COMPARISON



A-5

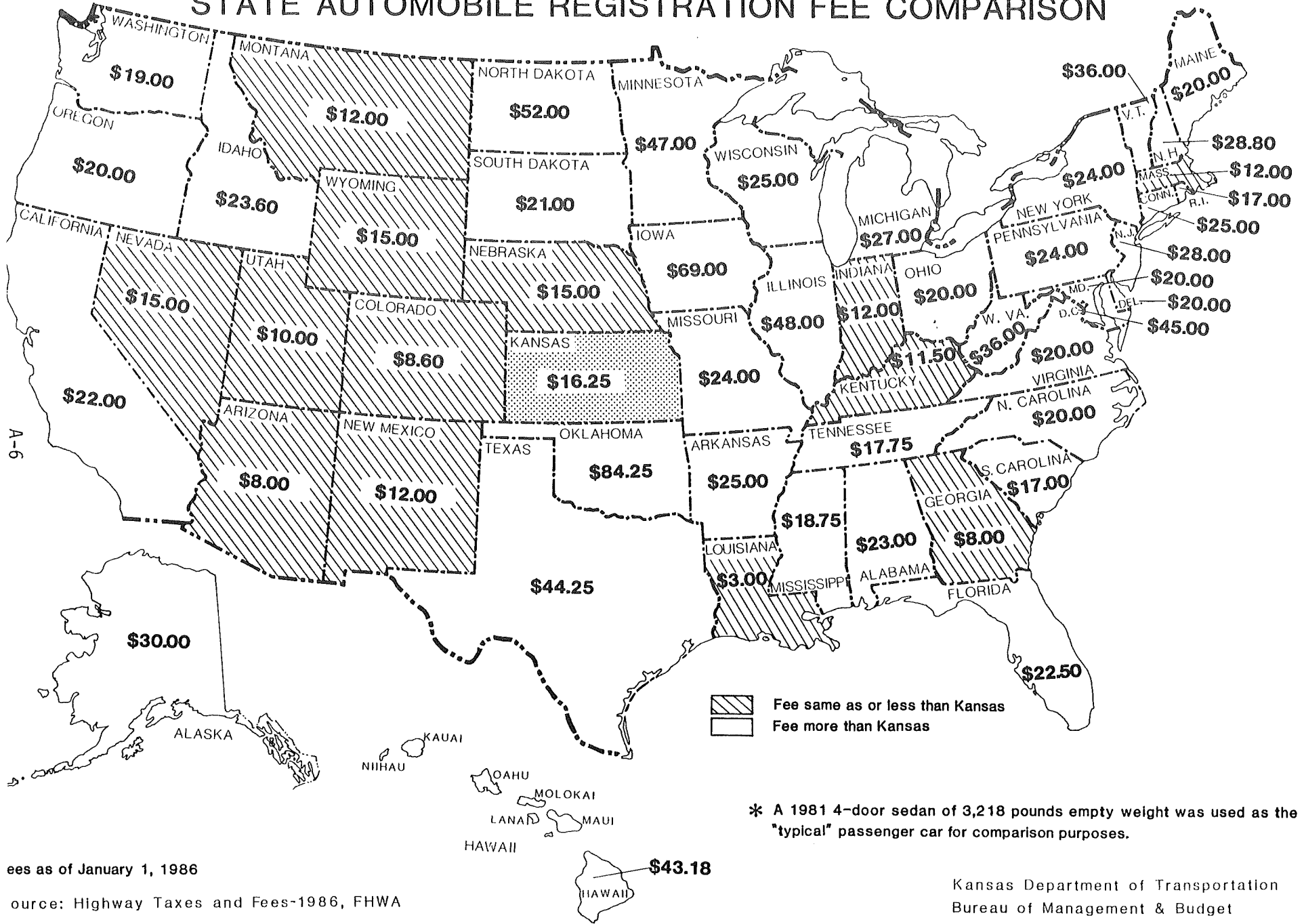
Rates as of 07-01-87

Source: State Tax Guide,
Commerce Clearing House

☆ Temporary-1/1/87-9/1/87

Kansas Department of Transportation
Bureau of Management & Budget

STATE AUTOMOBILE* REGISTRATION FEE COMPARISON



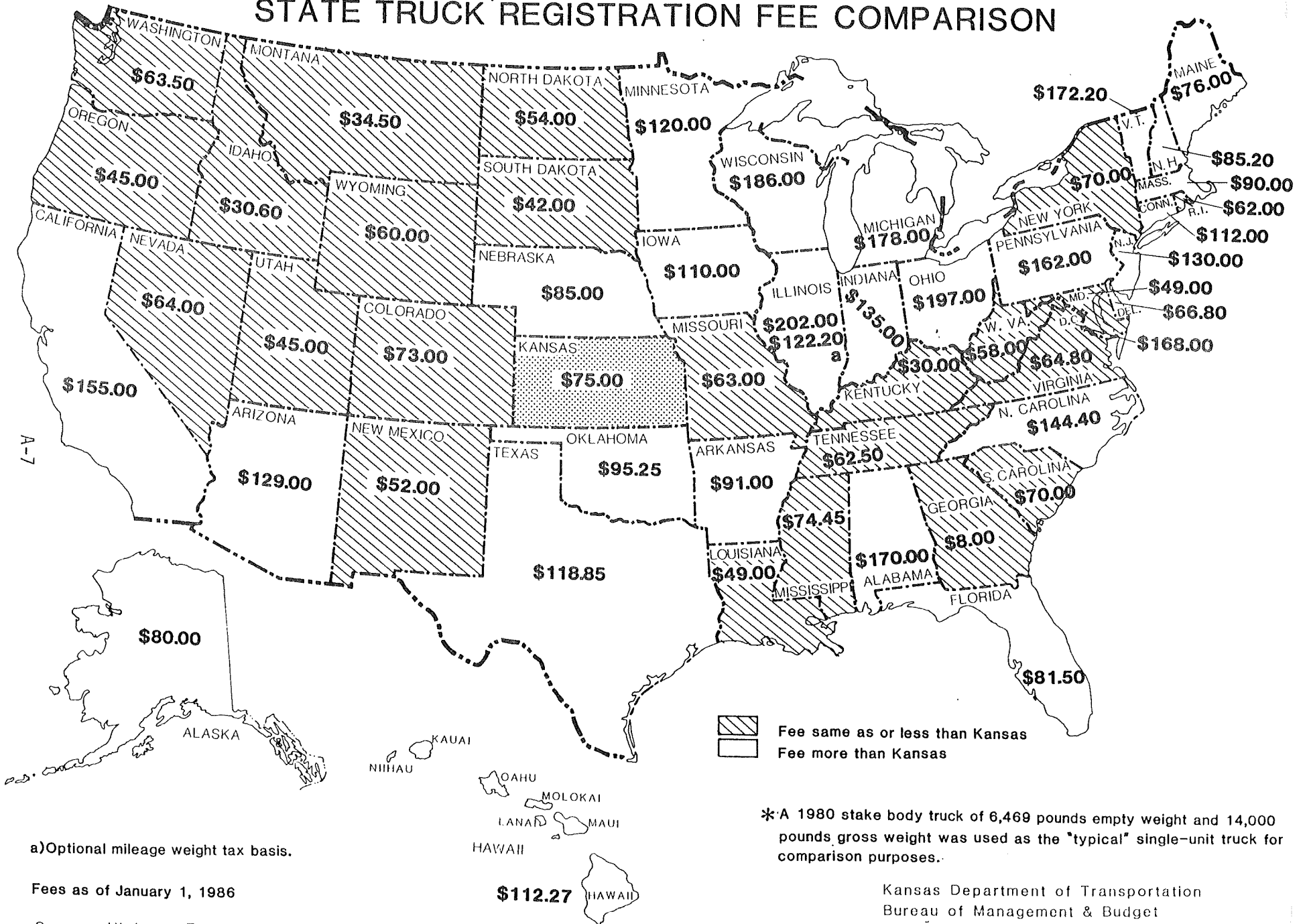
ees as of January 1, 1986



ource: Highway Taxes and Fees-1986, FHWA

* A 1981 4-door sedan of 3,218 pounds empty weight was used as the "typical" passenger car for comparison purposes.

Kansas Department of Transportation
Bureau of Management & Budget

STATE TRUCK* REGISTRATION FEE COMPARISON



 Fee same as or less than Kansas
 Fee more than Kansas

*A 1980 stake body truck of 6,469 pounds empty weight and 14,000 pounds gross weight was used as the "typical" single-unit truck for comparison purposes.

Kansas Department of Transportation
Bureau of Management & Budget

a)Optional mileage weight tax basis.

Fees as of January 1, 1986

Source: Highway Taxes and Fees-1986, FHWA

* STATE SEMITRAILER REGISTRATION FEE COMPARISON



A-8

Fee same as or less than Kansas
 Fee more than Kansas

* A 1980 diesel-powered truck tractor of 15,752 pounds empty weight and a semitrailer of 11,310 pounds empty weight, registered for 72,000 pounds gross combination weight, in private operation, were used as the "typical" vehicles for comparison purposes.

a) Optional mileage weight tax basis.
 b) Optional basis.

Fees as of January 1, 1986
 Source: Highway Taxes and Fees-1986, FHWA

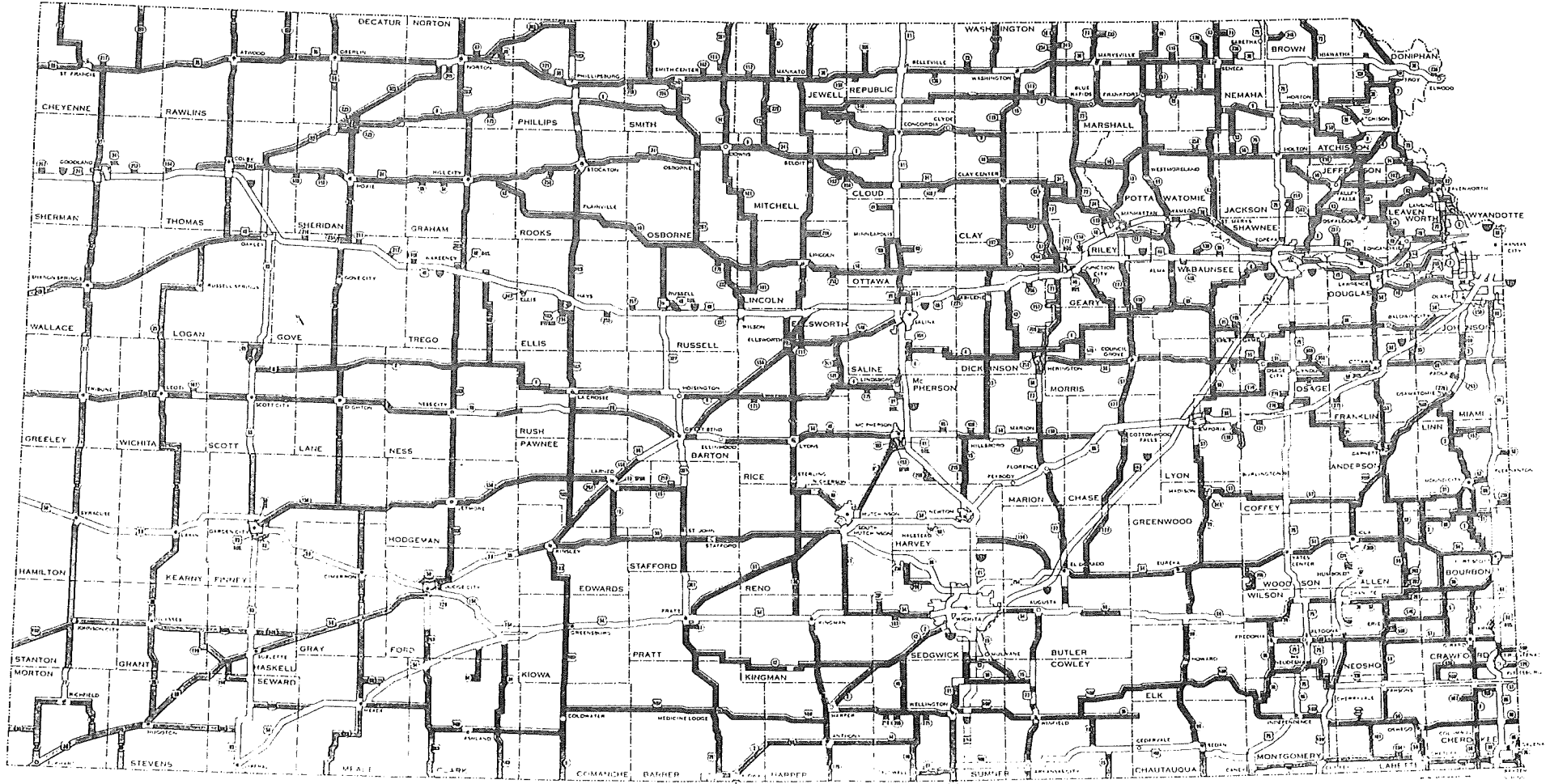
Kansas Department of Transportation
 Bureau of Management & Budget

**Proposed Major Modifications and Improvements
Fiscal Years 1989-1993**

Major Modifications and Improvements enhance the service, comfort, capacity, condition, economy or safety of the existing highway system by reconstructing pavements, widening lanes or shoulders, and replacing bridges. These projects are based on matching federal-aid.

Map Ref.	County	Route	Location	Miles	Cost (\$1,000)
1.	Allen	US-169	1.08 miles north on K-269 to south city limits of Iola	1.7	\$ 2,529
Widen to 24-foot surface and overlay; widen shoulders to 10 feet and pave.					
2.	Allen	US-54	1.1 miles east of Woodson/Allen County line to west city limits of Iola	4.8	7,604
Reconstruct vertical alignment; 24-foot surface; 8-foot shoulders (3-foot paved, 5-foot rock).					
3.	Barber	US-281	Oklahoma/Kansas State line to K-2 (Exclude Hardtner)	5.3	4,733
Reconstruct vertical alignment; 24-foot surface; 8-foot turf shoulders.					
4.	Barton	US-56	East city limits of Pawnee Rock to south city limits of Great Bend	11.5	6,202
Widen shoulders to 10 feet and pave; overlay surface.					
5.	Barton	US-281	Stafford/Barton County line to south city limits of Great Bend	6.4	3,449
Widen shoulders to 10 feet and pave; overlay surface.					
6.	Decatur	US-83	Sheridan/Decatur County line north 9 miles	9.0	7,772
Reconstruct vertical alignment; 24-foot surface; 8-foot turf shoulders.					

Maintenance Resurfacing



A-9

— Miles anticipated to receive resurfacing action FY 1989 to FY 1996

Map Ref.	County	Route	Location	Miles	Cost (\$1,000)
7.	Dickinson	I-70	2.3 miles east of K-43 east to Dickinson/Geary County line	6.2	13,824
Reconstruct surface and shoulders.					
8.	Finney	US-83	Haskell/Finney County line to Junction of US-83 (Business)	13.9	7,460
10-foot bituminous shoulders; rehabilitate surface.					
9.	Ford	US-50	East Junction of US-50/US-283 to Edwards/Ford County line	20.2	8,999
10-foot paved shoulders; overlay surface.					
10.	Ford	US-283	3 miles north of FAS 1433 to Junction of US-56	9.1	4,957
Reconstruct 10-foot shoulders and rehabilitate shoulders.					
11.	Geary	I-70	Dickinson/Geary County line to east city limits of Grandview Plaza	11.3	34,630
Reconstruct surface and shoulders.					
12.	Greeley	K-27	North City limits of Tribune to Greeley/Wallace County line	15.9	13,146
Reconstruct vertical alignment; 24-foot surface; 6-foot turf shoulders.					
13.	Haskell	US-83	Seward/Haskell County line north to Haskell/Finney County line	24.1	10,708
Widen shoulders to 10 feet and pave (3-foot bituminous, 7-foot turf); overlay surface.					

Map Ref.	County	Route	Location	Miles	Cost (\$1,000)
14.	Johnson	K-7	North city limits of Olathe to 2-lane/4-lane divided	2.1	1,116
			Pave shoulders, patch and overlay surface.		
15.	Johnson	I-35	Miami/Johnson County line northeast 6.7 miles to near Gardner	6.7	17,795
			Reconstruct surface and shoulders.		
16.	Johnson	I-35	Junction of US-56 north to I-635 (exclude 75th Street)	12.3	73,120
			Reconstruct surface and shoulders; add 2 lanes.		
17.	Logan	US-40	2-lane/4-lane divided to I-70	2.3	1,615
			Reconstruct 10-foot shoulders (3-foot bituminous, 7-foot turf); overlay surface.		
18.	Logan	US-83	Logan/Scott County line to 8 miles north of FAS 1067	14.1	11,894
			Reconstruct vertical alignment; 24-foot surface; 8-foot turf shoulders.		
19.	Lyon	I-35	Kansas Turnpike east to east Junction of US-50	5.8	16,854
			Reconstruct surface and shoulders.		
20.	Marion	US-56	North city limits of Lincolnville to Marion/Dickinson County line	7.9	8,458
			Reconstruct vertical alignment; 24-foot surface; 6-foot shoulders (3-foot paved, 3-foot rock).		

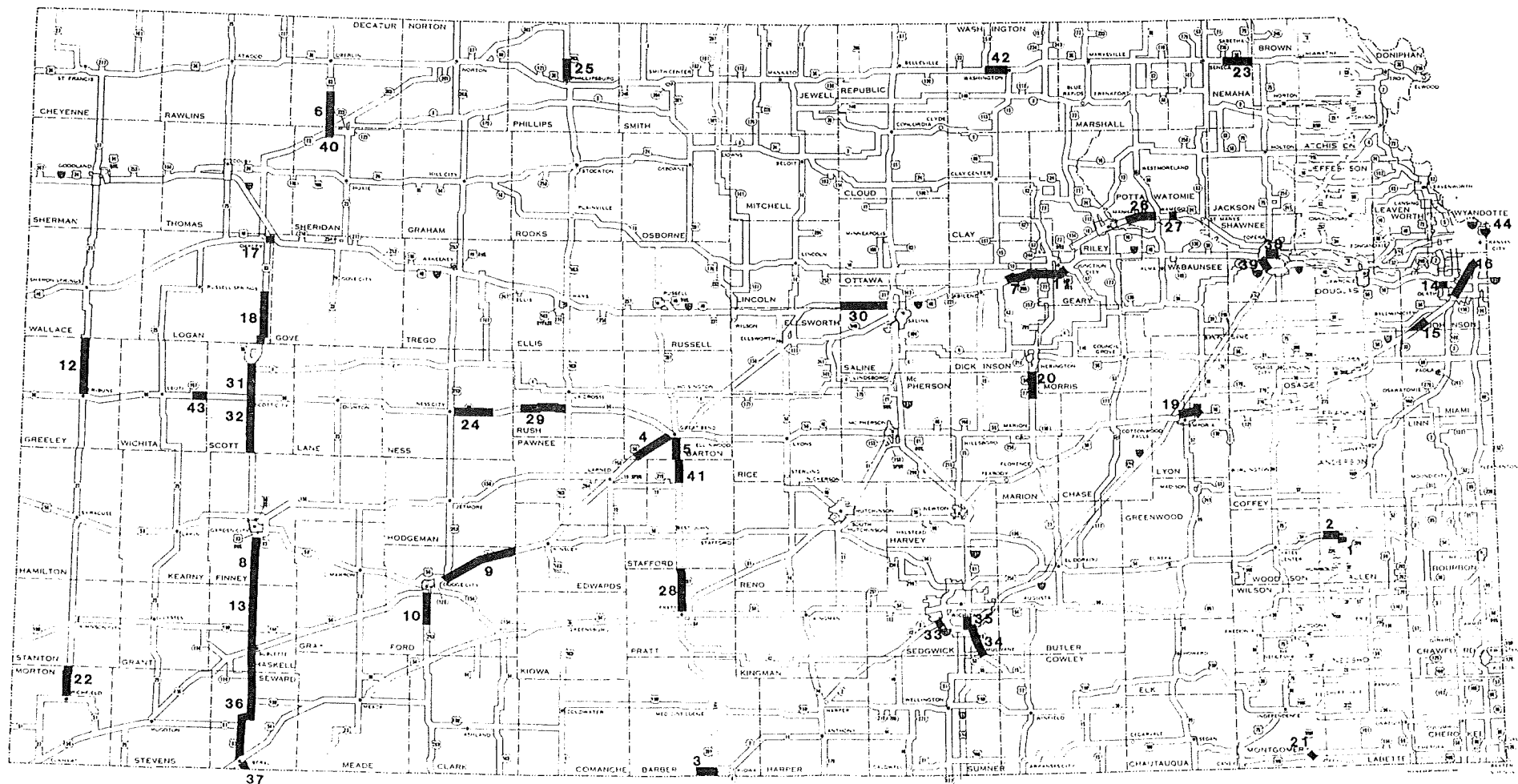
Map Ref.	County	Route	Location	Miles	Cost (\$1,000)
21.	Montgomery	US-166	8th Street in Coffeyville to east Junction of US-169	1.0	6,242
			Widen to 4-12 foot lanes; widen shoulders to 10 feet and pave, overlay surface.		
22.	Morton	K-27	North city limits of Richfield to Morton/ Stanton County line	8.3	6,342
			Reconstruct vertical alignment; 24-foot surface; 6-foot turf shoulders.		
23.	Nemaha	US-36	Junction of K-236 to west Junction of US-75	8.0	8,147
			Reconstruct vertical alignment; 24-foot surface; 10-foot shoulders (3-foot paved, 7-foot rock).		
24.	Ness	K-96	East city limits of Ness City to west city limits of Bazine	10.7	8,988
			Reconstruct vertical alignment; 24-foot surface; 6-foot shoulders (3-foot bituminous, 3-foot turf).		
25.	Phillips	US-183	.1 mile north of Phillipsburg to 7.7 miles north of Phillipsburg	7.7	5,769
			Reconstruct vertical alignment; 24-foot surface; 8-foot shoulders (3-foot bituminous, 5-foot turf).		
26.	Pottawatomie	US-24	2-lane/4-lane divided to west city limits of Wamego	9.6	10,038
			Reconstruct vertical alignment; 24-foot surface; 10-foot paved shoulders.		
27.	Pottawatomie	US-24	Union Pacific Railroad Bridge #010 5.93 miles east of K-99	1.7	6,717
			Construct new approach; 24-foot surface; 10-foot paved shoulders for new railroad overpass.		

Map Ref.	County	Route	Location	Miles	Cost (\$1,000)
28.	Pratt	US-281	North city limits of Pratt to Pratt/ Stafford County line (exclude Iuka)	11.2	11,068
Reconstruct vertical alignment; 24-foot surface; 10-foot shoulders (3-foot bituminous, 7-foot turf).					
29.	Rush	K-96	East city limits of Alexander to west city limits of Rush Center	12.4	10,575
Reconstruct vertical alignment; 24-foot surface; 6-foot shoulders (3-foot bituminous, 3-foot turf).					
30.	Saline	I-70	Lincoln/Saline County line to US-81	15.3	34,298
Reconstruct surface and shoulders.					
31.	Scott	US-83	North city limits of Scott City to south Junction of K-95	9.0	5,653
Widen shoulders to 10 feet and pave; rehabilitate surface.					
32.	Scott	US-83	Finney/Scott County line to south city limits of Scott City	14.3	7,935
Reconstruct 10-foot shoulders (10-foot bituminous); rehabilitate surface.					
33.	Sedgwick	K-2	1.2 miles east of FAS 2061 to west city limits of Wichita	2.0	2,867
Widen shoulders to 10 feet and pave; overlay surface.					
34.	Sedgwick	K-15	Sumner/Sedgwick County line to south city limits of Wichita (exclude cities)	7.6	6,921
Widen shoulders to 10 feet and pave; patch and overlay surface.					

Map Ref.	County	Route	Location	Miles	Cost (\$1,000)
35.	Sedgwick	I-135	South Junction of I-235 north to Pawnee Street in Wichita	3.1	14,904
			Reconstruct surface and shoulders.		
36.	Seward	US-83	North city limits of Liberal to Seward/Haskell County line	24.0	15,396
			16 miles 10-foot bituminous and 10 miles 3-foot bituminous; 7-foot turf shoulders; rehabilitate surface.		
37.	Seward	US-83	Kansas/Oklahoma State line to south city limits of Liberal	2.4	1,305
			Reconstruct 10-foot shoulders (10-foot bituminous); rehabilitate surface.		
38.	Shawnee	I-70	West Junction of US-75 east to viaduct	4.3	21,001
			Reconstruct surface and shoulders.		
39.	Shawnee	I-470	Junction of I-70 southeast to Kansas Turnpike	6.7	20,207
			Reconstruct surface and shoulders.		
40.	Sheridan	US-83	Junction of K-23 north to Sheridan/Decatur County line	1.0	1,634
			Reconstruct railroad crossing; 24-foot surface; 8-foot turf shoulders.		
41.	Stafford	US-281	K-19 to Stafford/Barton County line	7.1	3,814
			Widen and reconstruct shoulders to 10 feet (3-foot bituminous, 7-foot turf); overlay surface.		

Map Ref.	County	Route	Location	Miles	Cost (\$1,000)
42.	Washington	US-36	West Junction of K-15 to west city limits of Washington	5.8	5,358
Reconstruct vertical alignment; 24-foot surface; 10-foot shoulders (3-foot paved, 7-foot rock).					
43.	Wichita	K-96	Junction K-167 east to Wichita/Scott County line	4.6	1,626
Reconstruct shoulders (3-foot bituminous, 6-foot turf); rehabilitate surface.					
44.	Wyandotte	I-70	7th Street (US-69) northeast to US-24	1.5	9,805
Reconstruct surface and shoulders.					
				Subtotal	<u>369.9</u>
102 Priority Bridge Projects					<u>483,475</u>
				Total	<u>103,679</u>
					587,154

Recommended Major Modifications and Improvements



A-17

Major modification projects FY 1989 to FY 1993

New Construction Initiatives Corridor Improvements

The New Construction Initiatives totaling \$1.7 billion include both "corridor improvements" and "de-bottleneck" projects identified by the Task Force. This would include \$744 million for the construction or reconstruction of 1,042 miles of "Super-Two" highways, \$725 million for the construction of 277 miles of four-lane facilities, \$77 million for 15 de-bottleneck projects funded 100 percent by the state, and \$171 million for 13 de-bottleneck projects funded 75 percent by the state.

Map Ref.	Corridor Location	Miles	Cost (\$Millions)
1.	"Super-Two" US-75 from the Oklahoma border north to I-35.	104	74.4
2.	"Super-Two" US-75 from I-35 north to existing four-lane at US-56, then north to Topeka on existing four-lane, then four-lane expressway from Topeka north to Holton, then "Super-Two" north to the Nebraska border.	100	117.4
3.	"Super-Two" US-36 from US-75 east to the Missouri border.	50	4.5
4.	Four-lane freeway K-96 from I-135 (Northeast Wichita Bypass) southeast to existing four-lane on US-54, then four-lane expressway from existing four-lane to Neodesha, then two-lane expressway on four-lane right-of-way US-160 through Parsons to the Missouri border (Southeast Kansas Corridor).	174	407.7
5.	"Super-Two" US-69 Alternate from the Oklahoma border north to Crestline, then US-69 north to existing four-lane near Louisburg, then north to the Kansas City area on existing four-lane.	130	78.0
6.	"Super-Two" US-281 and K-96 from Russell south and east to Hutchinson via Great Bend, then four-lane expressway K-96 from Hutchinson to Wichita.	131	198.6

Map Ref.	Corridor Location	Miles	Cost (\$Millions)
7.	"Super-Two" US-54 from the Oklahoma border near Liberal east to existing four-lane at Kingman, then east to Wichita on existing four-lane.	192	112.1
8.	"Super-Two" US-50/K-154 from the Colorado border east via Garden City and Dodge City to US-54 near Mullinville.	149	67.0
9.	"Super-Two" K-177 from I-70 north to the K-18 river bridge at Manhattan.	9	9.2
10.	Four-lane expressway US-81 from I-70 north on existing four-lane, then north via Concordia to the Nebraska border.	77	155.0
11.	"Super-Two" US-50 from Hutchinson east via Newton to Emporia.	96	69.2
12.	"Super-Two" US-169 from Coffeyville north to the Southeast Kansas Corridor.	21	23.8
13.	"Super-Two" US-166 from I-35 (Kansas Turnpike) east to US-75.	65	91.4
14.	Four-lane expressway K-254 from Kechi to El Dorado.	21	60.6

**Proposed Debottleneck Projects
Full State Participation**

Map Ref.	County	City	Interchange/ Location	Cost (\$1,000)
15.	Butler	El Dorado	K-196/K-254/Kansas Turnpike	\$ 683
<p>This intersection is confusing for drivers. Improvements would be made in channelization and signing to remove some islands and signing that now exist.</p>				
16.	Cloud		US-24/US-81	3,745
<p>Safety would be improved at this intersection by construction of an interchange to separate opposing traffic.</p>				
17.	Harvey	Newton	I-135/US-50	6,807
<p>A full interchange would be provided by adding ramps. The ability to make certain movements is currently missing, causing heavy trucks to use city streets instead of the interstate.</p>				
18.	Johnson	Gardner	I-35/US-56/ 175th Street	2,379
<p>Improve ramps and widen bridge to correct inadequate geometrics to handle traffic volumes associated with tying US-56 highway into this interchange. US-56 will now provide better access to the Johnson County Industrial Airport.</p>				
19.	Johnson	Olathe	I-35/US-169 South Junction	2,038
<p>Interchange ramps would be reconstructed to improve safety. Currently there are deficient geometrics resulting in inadequate capacity and poor driver expectation.</p>				
20.	Marion	Peabody	US-50/Railroad Underpass	4,086
<p>This railroad underpass is narrow and has very low vertical clearance. US-50 would be realigned slightly to the north and take US-50 over the railroad instead of under it. There is also a serious flooding problem in the underpass during rainstorms.</p>				

Map Ref.	County	City	Interchange/ Location	Cost (\$1,000)
21.	McPherson	McPherson	I-135/K-61/US-81 Alt.	2,721
			Adding ramps and realigning connections would correct problems on state highway K-61, which currently dead ends at this interchange, causing poor driver expectations and resulting in numerous fender bender accidents from running through dead ends and striking orange barrels.	
22.	Riley	Manhattan	K-18 Bridge over Kansas River	10,475
			This project would provide a needed four-lane bridge replacement over the Kansas River. The current bridge is two-lane and in poor condition. It would improve capacity and safety and should also enhance economic development for Manhattan.	
23.	Sedgwick		I-135/85th Street	683
			Traffic demand, particularly during events at the Coliseum, dictates a need for longer acceleration and deceleration lanes as well as a double lane off-ramp and on-ramp, all in the south half of the interchange.	
24.	Sedgwick	Wichita	K-254/Oliver	6,807
			Widen bridge to four lane. Currently there are poor geometrics and poor driver expectation. The eastbound lane drop is poorly marked and occurs just before this bridge.	
25.	Sedgwick	Wichita	I-135/I-235/K-254	6,807
			Improve ramps and lane continuity to correct inadequate geometrics and poor driver expectation. There are numerous truck accidents on the ramps. Construction of the Northeast Expressway will increase ramp volumes.	
26.	Shawnee		US-75/Old US-75	6,124
			Upgrading the intersection would improve safety and capacity. Poor geometrics and driver expectation are a problem. This intersection was built as a temporary connection 14 years ago and still requires orange barrels for guidance.	

Map Ref.	County	City	Interchange/ Location	Cost (\$1,000)
27.	Shawnee	Topeka	I-70/I-470/Wanamaker	17,690
<p>Add ramps for I-70/I-470 connection; improve I-70/Wanamaker/10th; I-470/Huntoon/Wanamaker Interchanges. Highways in this area have inadequate geometrics and capacity. This project would provide a full interchange, instead of a partial at I-70/I-470. A new shopping center and other commercial development will increase traffic volume in this area.</p>				
28.	Shawnee	Topeka	I-70/East Kansas Turnpike Interchange	4,086
<p>Reconstruct interchange to correct inadequate geometrics and poor driver expectation. Orange barrels and other traffic controls are currently in use as if they were only temporary.</p>				
29.	Sheridan		US-83/K-383	1,365
<p>Realign intersection and eliminate deficient bridges. This location currently includes a railroad underpass with extremely low vertical clearance and narrow width. It also includes a narrow overpass on K-383 over US-83. By realigning the intersection, this structure would be eliminated as would 0.7 mile of roadway. A new intersection would cross the railroad and K-383 at grade.</p>				

**Proposed Debottleneck Projects
State and Local Participation**

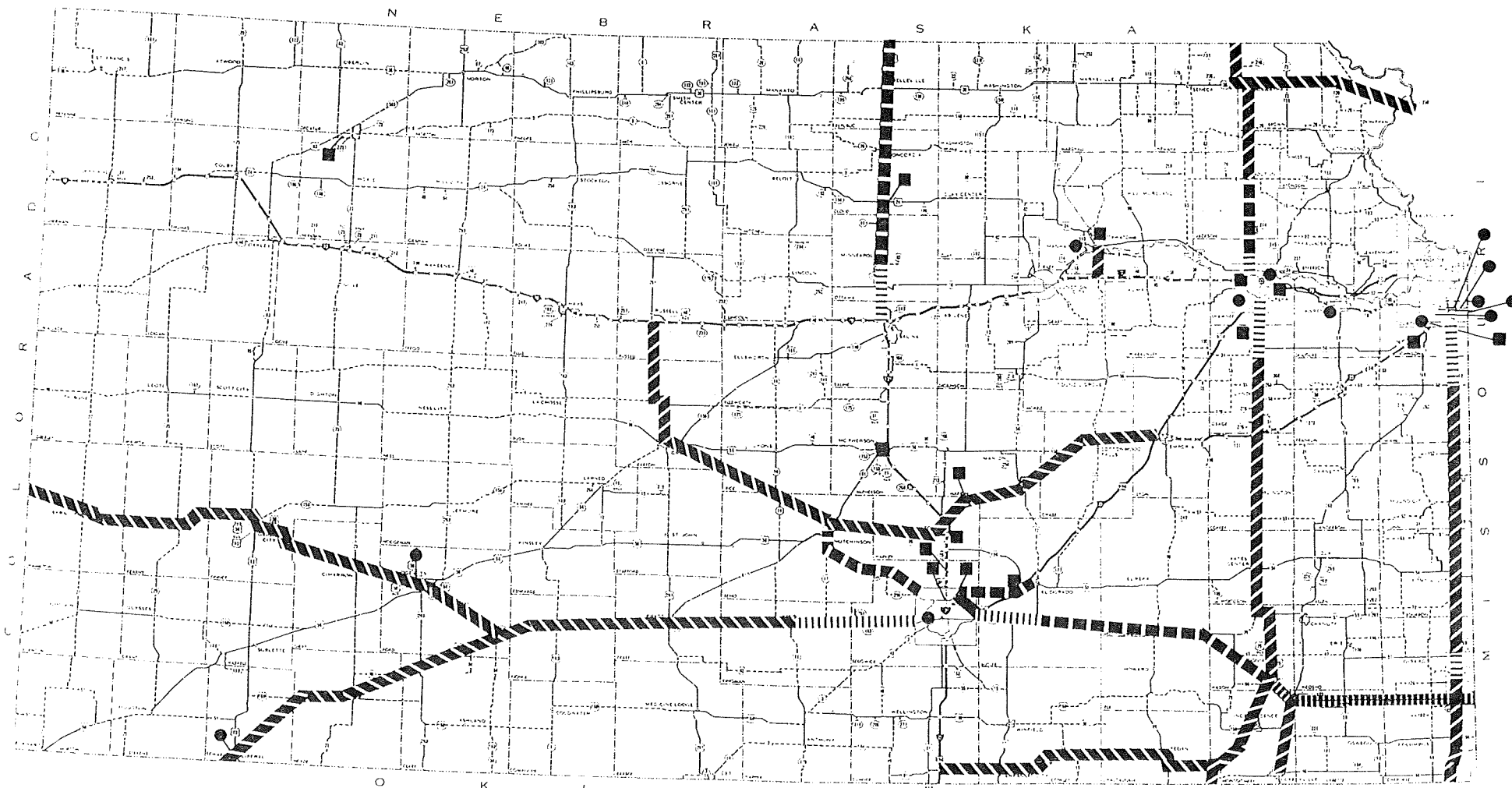
Map Ref.	County	City	Interchange/ Location	State Cost (\$1,000)
30.	Douglas	Lawrence	Bypass around Southwest Lawrence	\$ 20,406
<p>This new expressway bypass would serve through traffic from Johnson County to locations west of Lawrence. It would also serve to open up west Lawrence to even more rapid economic development and relieve some traffic congestion on 23rd Street.</p>				
31.	Ford	Dodge City	SE Dodge City Bypass	8,674
<p>This new "Super-Two" bypass would serve through traffic on US-56 and US-283 and would relieve traffic congestion in Dodge City.</p>				
32.	Johnson	Lenexa	I-35/111th Street (College Boulevard)	5,609
<p>A four-lane viaduct over I-35 would be constructed to increase the capacity of College Boulevard, improve safety, and relieve some congestion on I-35. The current viaduct is two-lane with poor horizontal alignment.</p>				
33.	Johnson	Lenexa	Quivira Road at I-35	9,797
<p>Quivira Road currently dead ends at I-35. Construction of a viaduct would allow Quivira to function as a north-south arterial, relieving congestion on I-35, particularly the I-35/87th Street interchange.</p>				
34.	Johnson	Olathe	I-35/127th Street	6,634
<p>This improvement would add a diamond interchange. It would relieve congestion at the I-35/K-150 interchange and on I-35 by allowing more traffic to utilize north-south city arterial streets. It would also provide another east-west route across I-35 for local traffic.</p>				
35.	Johnson	Olathe	Old US-56/K-7 (West Junction)	3,370
<p>Reconstruct interchange to replace old interchange with substandard geometrics and a bridge in poor condition. This results in low capacity and poor safety.</p>				

Map Ref.	County	City	Interchange/ Location	State Cost (\$1,000)
36.	Johnson	Overland Park	I-435/Nall	5,609
			Construct interchange to relieve congestion at I-435/Roe Boulevard and I-435/Metcalf Avenue Interchanges.	
37.	Johnson	Overland Park	I-435/Antioch	6,122
			Construct interchange to relieve congestion on US-69 and Metcalf Avenue (US-169) interchanges with I-435.	
38.	Riley	Manhattan	K-113 from K-18 to Kimball	6,122
			New four-lane expressway would increase capacity, thereby relieving a severe congestion problem and improving safety.	
39.	Sedgwick	Wichita	US-54, Sycamore to Topeka	29,580
			Construction of freeway that would increase capacity, relieve congestion and improve safety by eliminating at-grade street crossings.	
40.	Seward	Liberal	US-83 Bypass	9,186
			This new bypass would serve through traffic on US-83 and relieve traffic congestion in Liberal.	
41.	Shawnee	Topeka	US-75 South Bypass	34,689
			Construct new freeway bypass, which would serve through traffic on US-75 and relieve some congestion in Topeka.	
42.	Shawnee	Topeka	East Bypass around Topeka (Oakland Expressway)	25,511
			Construction of this new freeway bypass would give Topeka another river crossing and would cut approximately 15 minutes from travel time for travelers from northeast Topeka to southeast Topeka. It could open up northeast Topeka to greater industrial development.	

NOTE: Costs shown are State share (75%) of total.

PROPOSED NEW CONSTRUCTION INITIATIVES

A-25



● STATE/LOCAL FUNDED DE-BOTTLENECKERS

||||| EXPRESSWAY-2 LANE ON 4 LANE R/W

▬ 4 LANE FREEWAY

■ STATE FUNDED DE-BOTTLENECKERS

▨ 2 LANE SUPER TWO

||||| 4 LANE EXISTING

■ 4 LANE EXPRESSWAY

PROJECT DESCRIPTIONS AND JUSTIFICATIONS FOR CORRIDOR IMPROVEMENTS

Listed below are the project descriptions and justifications for the corridors on a segment by segment basis. The priority rankings are based upon a selection process which was developed by the Kansas Department of Transportation to assist the Governor's Task Force in establishing a comprehensive highway program. The selection process was designed to identify corridors ranking high in factors which measure the present use of the facility, the need for improvement, and the potential for economic benefit to the state and local economy.

US-54: Oklahoma State Line to K-154 Junction at Mullinville (92 Miles)

Project Description: This segment currently has shoulder widths of eight to ten feet, some of which are paved and some are turf. There are currently four hilltops that have inadequate stopping sight distance. Six bridges must be widened or replaced to provide adequate width. A 12.2 mile section west of Meade contains numerous drainage structures of inadequate width and very steep shoulder slopes resulting in extensive guardrail.

This segment will receive paved shoulders where they are now turf. Hilltops will be cut down where needed. Bridges will be replaced or widened to 44 feet if they are now less than 40 feet. The section west of Meade will be widened to a 44 foot roadway width. All surfaces will receive an appropriate treatment to provide a ten-year life at the time of construction.

There are no bypasses planned on this segment.

Cost: \$70.4 Million

Project Justification: This section has heavy truck traffic and has a need for surface and shoulder improvement. This segment ranked 16 in priority.

US-54: Mullinville to Pratt (36 Miles)

Project Description: This segment currently has shoulder width of eight to ten feet, some of which are paved and some are turf. Stopping sight distance is adequate throughout. One bridge is less than 40 feet wide.

This segment will receive paved shoulders where they are now turf. One bridge will be replaced because of inadequate width and condition. All surfaces will receive an appropriate treatment to provide a ten-year life at the time of construction.

There are no bypasses planned on this segment.

Cost: \$26.7 Million

Project Justification: This section of US-54 has both high truck and total traffic. Of the roadway sections studied by the Task Force, this section has the highest truck traffic and has a high need for surface and shoulder improvement. This segment ranked number one in priority.

US-54: Pratt to Wichita (64 Miles)

Project Description: The portion of this segment from the Pratt-Kingman County Line east to Kingman is not evaluated here because a "Super-Two" project is ready for letting. The Pratt County portion currently has six foot shoulders, adequate stopping sight distance and adequate bridge widths. The section from Kingman east to the four-lane divided highway is adequate in all respects except for having rock shoulders, instead of paved.

This segment will receive shoulder widening and paving to ten feet in Pratt County and shoulder paving from Kingman east to the four-lane divided highway. All surfaces will receive an appropriate treatment to provide a ten-year life at the time of construction.

There are no bypasses planned on this segment.

Cost: \$15.0 Million

Project Justification: This section of roadway has moderately high total traffic with even greater truck traffic. This segment ranked number 15 in priority.

US-50: Colorado State Line to Garden City (63 Miles)

Project Description: The Hamilton County portion is adequate with the exception of 11 miles of turf shoulder. The Finney County portion is adequate in all respects. The Kearny County portion west of Lakin is geometrically inadequate in all respects. The portion east of Lakin lacks proper shoulder width and has steep shoulder slopes and narrow drainage structures.

This segment will receive 11 miles of paved shoulders in Hamilton County, total regrading in Kearny County west of Lakin and minor widening and shoulder paving east of Lakin. Three hilltops will be cut down in Kearny County to provide adequate stopping sight distance. Eight bridges will also be widened or replaced in Kearny County.

There are no bypasses planned on this segment.

Cost: \$35.0 Million

Project Justification: This segment is included because the roadway is very geometrically inadequate in Kearny County. This segment completes the connection to Colorado. It ranked number 25 in priority.

US-50: Garden City to US-54 at Mullinville (86 Miles)

Project Description: This segment currently has shoulder widths of eight to ten feet between Garden City and Dodge City, some of which are paved, while others have composite shoulders of three foot pavement and the remainder turf. The shoulders are all turf east of Dodge City. There are nine hills east of Garden City in Finney County (Sand Dunes) and six more on K-154 between Dodge City and Mullinville that are substandard. There are also 16 narrow structures along the segment.

The existing composite shoulders were built in 1985 and 1986 and will remain as-is. The hills just east of Garden City will not be regraded. East of Dodge City, the shoulder will be widened to near Ford and paved the entire distance from Dodge City to Mullinville. Spot grading will be done to remove the hills causing substandard sight distance. Sixteen bridges will be widened to 44 feet or replaced if necessary. All surfaces being improved will receive an appropriate treatment to provide a ten-year life at the time of construction.

There are no bypasses planned on this segment.

Cost: \$34.8 Million

Project Justification: This section has moderately high truck traffic and numerous narrow bridges. This segment ranked number 18 in priority.

US-50: Hutchinson to Newton (30 Miles)

Project Description: This segment currently has ten foot paved shoulders and a 24 foot driving surface. However, there are seven narrow bridges and two substandard horizontal curves at the southeast edge of Hutchinson.

This segment will receive bridge widening or replacement at seven locations and grading for improvement of two horizontal curves. Pavement will be maintained through the normal surfacing program.

There are no bypasses planned on this segment.

Cost: \$9.2 Million

Project Justification: This section has had the second highest truck traffic of those studied, and the overall traffic is above average. This segment ranked number four in priority.

US-50: Newton to Emporia (66 Miles)

Project Description: This roadway segment currently has shoulder widths of four to six feet over a majority of the length. Approximately nine miles have ten foot unpaved shoulders and 14 miles have ten foot paved shoulders. There are approximately 32 bridges on this segment that are deficient in width and/or condition. There are ten hilltops that have inadequate stopping sight distance.

Shoulders will be widened to ten feet and paved. Bridges will be widened to 44 feet or replaced. Hilltops will be cut down where needed. Ten foot unpaved shoulders will be paved. The eastern four miles of Marion County are currently under construction and eight miles east of Strong City have recently been reconstructed. These sections will not be improved further. All surfaces being improved will receive an appropriate treatment to provide a ten-year life at the time of construction.

There are no bypasses planned on this segment.

Cost: \$60.0 Million

Project Justification: The roadway section has heavy truck traffic. It lacks adequate shoulders and has many narrow bridges. This segment ranked number six in priority.

US-81: Salina to Belleville (US-36) (64 Miles)

Project Description: This segment currently has 16 miles of four-lane freeway from I-70 north to K-93. From K-93 north 12 miles to K-41, the geometrics are adequate but the shoulders are not paved and there are two narrow bridges. From K-41 north to Concordia, the roadway is adequate and the shoulders are paved. From Concordia north 1.5 miles, the roadway is adequate except for unpaved shoulders. From 1.5 miles north of Concordia to Belleville, the roadway is adequate except for two narrow bridges.

This section will be upgraded to four-lane expressway using the existing two lanes for one pair of lanes for the four-lane facility. Improvements will be made to the pavement and bridges on the existing facility as necessary.

There are no bypasses planned on this segment.

Cost: \$126.5 Million

Project Justification: This roadway section has overall traffic which is high and has heavy truck traffic. This segment ranked number seven in priority.

US-81: Belleville north to the Nebraska State Line (13 Miles)

Project Description: This segment currently has adequate geometrics throughout with the exception of two narrow bridges. Shoulders are currently paved.

This segment will be upgraded to four-lane expressway using the existing two lanes for one pair of lanes for the four-lane facility. Improvements will be made to the pavement and bridges on the existing facility as necessary.

There are no bypasses planned on this segment.

Cost: \$28.5 Million

Project Justification: This roadway section has overall traffic which is high and has heavy truck traffic. This segment ranked number ten in priority.

US-75: Oklahoma State Line to K-96 near Neodesha (34 Miles)

Project Description: The shoulders are predominately turf, nine or ten feet in width, south of Independence and rock, three to four feet in width, north of Independence. There are also numerous hills producing inadequate passing and stopping sight distances between Independence and Neodesha. There are nine structures that are narrow or badly deteriorated.

South of Independence, the only needed improvements are paving the shoulders and bridge replacements or widenings. North of Independence, extensive grading will be necessary to remove hills and widen the roadway. Nine bridges will be widened or replaced as necessary. All surfaces will receive an appropriate treatment at the time of construction.

There are no bypasses planned on this segment.

Cost: \$23.4 Million

Project Justification: This segment is part of a corridor which runs through Omaha, Topeka and Tulsa. It carries moderately high traffic and has sections that are substandard. This segment ranked number 20 in priority.

US-75: Neodesha to I-35 (70 Miles)

Project Description: This segment has nine and ten foot shoulders from Neodesha to the Wilson/Woodson County Line that are intermittent rock and turf, and one bridge that is narrow and deteriorated. A 5.8 mile section just south of the East Junction of K-39 was regraded in 1982 to provide adequate shoulders, but six substandard hills were left in place because correction would have required relocation of the highway at a considerable increase in cost. From the Wilson/Woodson County Line to Yates Center, the shoulders are two and three feet in width and there are numerous substandard hills. From Yates Center north to I-35, the roadway has ten foot rock shoulders, good geometrics, but five narrow and deteriorated bridges.

In the south portion of the segment between Neodesha and the Wilson/Woodson County Line, the turf shoulders will be upgraded to composite asphalt and rock, one bridge replaced or widened and the surface maintained with the normal surfacing program. Between the Wilson/Woodson County Line and Yates Center, the roadway will be regraded to improve sight distance and provide ten foot composite shoulders, and four bridges replaced. North of Yates Center, five narrow bridges will be widened or replaced and the surface will be maintained through the normal surfacing program. The shoulders will receive appropriate treatment at the time resurfacing is done.

There are no bypasses on the segment.

Cost: \$51.0 Million

Project Justification: This segment is part of a corridor which runs through Omaha, Topeka and Tulsa. It carries moderately high traffic and has sections that are substandard. This segment ranked number 24 in priority.

US-75: I-35 to Topeka (38 Miles)

Project Description: Starting at the south end of the segment, there are approximately eight miles of modern two-lane highway with interchanges on four-lane right-of-way. Next, there are 6.6 miles of road with two to four foot turf shoulders with numerous no-passing zones followed by approximately ten miles of two-lane with good geometrics and ten foot shoulders. The northern portion of the segment contains an eight mile section of four-lane freeway which ties into a four-lane section of expressway south of Topeka. There are three narrow structures within the segment.

The only improvement on the southern portion of the segment is paving the shoulders. Extensive grading and shoulder widening is needed on either side of Lyndon. Joint repair and surface treatment will be made to the pavement on the four-lane section. All other surfaces will receive an appropriate treatment to provide a ten-year life at the time of construction. Two of the three narrow structures will be widened or replaced, but the Dragoon Bridge over an arm of Pomona Reservoir is over 500 feet long and will remain as-is.

There are no bypasses planned on this segment.

Cost: \$21.2 Million

Project Justification: This segment is part of a corridor which runs through Omaha, Topeka and Tulsa. It carries very high traffic volumes. The segment ranked number five in priority.

US-75: Topeka to East Junction of US-36 at Fairview (52 Miles)

Project Description: The southern portion of this segment is a four-lane expressway with badly deteriorated concrete pavement. Between the end of the four-lane and Holton is 20 miles of two-lane, with badly deteriorated concrete pavement, ten foot rock shoulders carrying 5,000-6,000 vehicles per day. Between Holton and US-36, there are no hills that have substandard stopping sight distance. The traffic drops north of Holton to between 2,000 and 3,700 vehicles per day.

Because of the high traffic volumes, the four-lane expressway section will be extended to Holton with maximum use being made of the existing roadway and right-of-way. Existing pavement will be overlaid or reconstructed and shoulders paved. North of Holton, shoulders will receive appropriate treatment at the time resurfacing is done. Eight bridges will be replaced or widened to 44 feet as necessary. All surfaces will receive an appropriate treatment to provide a ten-year life at the time of construction.

There are no bypasses planned on this segment.

Cost: \$86.7 Million

Project Justification: This segment is part of a corridor which runs through Omaha, Topeka, and Tulsa. It carries very high traffic volumes. This segment ranked number three in priority.

US-75: West Junction US-36 to Nebraska State Line (10 Miles)

Project Description: This segment begins at the south end at the intersection with US-36. South of Sabetha, the shoulders are seven feet wide with rock surface and there are three substandard vertical curves. Between Sabetha and the state line, the shoulders are nine feet wide with rock surface. There are two narrow structures in this segment.

The section between US-36 and Sabetha will be widened to include ten foot paved shoulders. The bridge will be widened to 44 feet and two of the three hills will be graded to remove substandard vertical curves. From Sabetha to the state line, the shoulders will receive a composite shoulder with a three foot strip of asphalt and the remainder rock. The narrow bridge will be widened. All surfaces will receive an appropriate treatment to provide a ten-year life at the time of construction.

There are no bypasses planned on this segment.

Cost: \$9.4 Million

Project Justification: This segment was included for continuity and to complete the US-75 connection to the Nebraska border. This segment ranked number 22 in priority.

US-36: West Junction US-36 and 75 to Missouri State Line (50 Miles)

Project Description: There is a three mile portion of this segment between the east and west junctions of US-75 that has eight foot rock shoulders and extremely deteriorated pavement. Between the east junction of US-75 at Fairview and Hiawatha, the shoulders are ten feet wide with rock surface and there is one hill with inadequate sight distance. Three bridges are narrow and deteriorated. From Hiawatha to Troy, the highway is either recently completed or let to contract on new location to modern standards with ten foot composite shoulders. Between Troy and the Missouri State Line, a modernization project was completed west of Wathena in 1985 to widen and replace bridges, widen shoulders to eight feet with a composite surface and grade several hills to remove substandard vertical curves. East of Wathena, a four-lane highway on new location was completed in 1984.

An improvement is currently underway to reconstruct the pavement between the west and east junctions of US-75. Between Fairview and Hiawatha, the one hill will be graded to remove the substandard vertical curve, major pavement rehabilitation will be undertaken, and the existing shoulders will be paved. There will be no improvement made between Hiawatha and the Missouri State Line except for that which is currently under contract. The composite shoulders east of Hiawatha and Troy will remain as-is. Three bridges will be reconstructed or widened. All surfaces will receive an appropriate treatment to provide a ten-year life at the time of construction.

A bypass is included around Troy in the project that is currently under construction on this route.

Cost: \$4.5 Million

Project Justification: This segment is part of the US-36 corridor across the northern portion of Kansas on which traffic increases steadily from west to east. This segment ranked number 17 in priority.

US-69 and US-69 Alternate: Oklahoma State Line to US-160 (Southeast Kansas Corridor) (28 Miles)

Project Description: This segment begins at the Oklahoma State Line south of Baxter Springs and is a different starting point than previously considered. Previous analysis was made to the extreme southeast corner of the state on K-26/US-166 which tied into I-44 just into Missouri. Existing shoulders are ten feet wide with rock or bituminous surface. There are seven hills that have inadequate stopping sight distance. Seven bridges are narrow or deteriorated.

This segment will receive paved shoulders where they are now rock. Spot grading will be done to remove the hills causing inadequate stopping sight distance. The bridges will be widened to 44 feet or replaced as necessary. All surfaces and bituminous shoulders will receive a treatment to provide a ten-year life at the time of construction.

There are no bypasses planned on this segment.

Cost: \$23.0 Million

Project Justification: This segment serves both as a portion of the Kansas City to Oklahoma Corridor and an alternative connection to eastern Oklahoma and western Missouri for the Southeast Kansas Corridor. The total traffic on this segment is relatively high. This segment ranked number eight in priority.

US-69: US-160 (Southeast Kansas Corridor) to I-435 in Johnson County (102 Miles)

Project Description: This segment contains a variety of roadway characteristics. With the exception of an 18 mile section just south of Fort Scott and a 1.5 mile section at Pleasanton, the entire segment has ten foot shoulders and good geometrics. All of the ten foot shoulders have either rock or bituminous surfaces. The sections with narrow shoulders also have numerous hills that have inadequate stopping sight distance. There are also 11 structures on the segment that are narrow or deteriorated. The section between K-68 and I-435 is a four-lane freeway.

Each of the two sections that have narrow shoulders and hills will be regraded to provide adequate stopping sight distance and ten foot paved shoulders. The section at Pleasanton will be let as a modernization project in FY 1988 and is not included in the new construction initiatives. The existing ten foot rock and bituminous stabilized shoulders will remain as-is unless major rehabilitation of pavement is undertaken. There will be 11 bridges that will be widened or replaced if necessary to obtain a 44 foot roadway. All surfaces will receive an appropriate treatment to provide a ten-year life at the time of construction.

A bypass is planned at Pleasanton (as a modernization project) on this segment.

Cost: \$55.0 Million

Project Justification: This segment serves both as a connection between Kansas City and Southeast Kansas and as a through route between Kansas City and Oklahoma and Texas. Only a small portion south of Fort Scott remains sub-standard. This segment ranked number 11 in priority.

K-96: Wichita to Hutchinson (39 Miles)

Project Description: This segment is currently a modern two-lane highway with good geometrics over a majority of its length. There are three miles of existing four-lane divided highway on the north end of the segment and 6.5 miles of freeway on the south end.

This segment will be constructed as a four-lane expressway to the north and west of the existing four-lane freeway. Maximum use will be made of the existing two-lanes.

There are no bypasses planned on this segment.

Cost: \$84.9 Million

Project Justification: This roadway section has the third highest overall traffic of any of the sections reviewed by the Task Force. Forecasts of continued increases in traffic justify four-lane construction on this section. This segment ranked number 12 in priority.

K-96: Hutchinson to Great Bend (54 Miles)

Project Description: This segment does not currently exist. The current traveled way includes sections of K-96, K-14 and US-56.

This segment will be constructed on new alignment to "Super-Two" standards.

All cities on this new two-lane alignment will be bypassed except Great Bend and Ellinwood.

Cost: \$81.5 Million

Project Justification: This segment was included to provide a diagonal to Great Bend from Wichita. This segment ranked number 23 in priority.

US-281: Great Bend to Russell (38 Miles)

Project Description: The portion of this segment between Great Bend and Hoisington currently has seven foot paved shoulders and carries over 4,600 vehicles per day. There are six bridges in this portion that are narrow. From the K-4 Junction west of Hoisington, north to Russell, the shoulders are ten foot turf. There are also two narrow bridges and two sharp curves.

This segment will include the upgrading of the existing section between Great Bend and Hoisington to "Super-Two" standards with ten foot paved shoulders and channelization for turnbays where heavy turning movements occur.

The shoulders will be paved between the K-4 Junction and Russell and the two substandard bridges will be widened or replaced. The two curves will be lengthened to allow use at the normal speed limit. All surfaces will receive an appropriate treatment to provide a ten-year life at the time of construction.

There are no bypasses planned on this segment.

Cost: \$32.3 Million

Project Justification: This segment completes the Northwest passage. It ranked number 26 in priority.

K-96 Bypass (Wichita) I-135 to US-54 (10 Miles)

Project Description: This segment does not currently exist. The current routing for K-96 through Wichita is on I-135 to its junction with Kellogg/US-54 near the center of the city, then east along US-54.

This segment will be constructed as a four-lane freeway from near the 29th Street Interchange on I-135, north of the downtown area, to near the intersection of Kellogg/US-54 and East 127th Street. A portion of the right-of-way has already been purchased by the city and county.

Cost: \$95.3 Million

Project Justification: This route will provide a diagonal route between the north and east section of the city of Wichita and will support considerable economic development in this corridor and throughout the Wichita area. This segment was not ranked.

K-96: (Southeast Kansas Corridor) From Wichita east and south to Neodesha (104 Miles)

Project Description: This segment will be constructed to four-lane expressway standards from the east junction of US-54 to Neodesha. The existing four-lane expressway from Wichita to Augusta will remain in place as will the existing four-lane freeway from Augusta to the east junction of US-54. From the junction of US-54, a portion will be built adjacent to a new two-lane section currently under construction; a portion of the existing two-lane will be totally reconstructed; and a portion will be built on new location.

All cities will be bypassed.

Cost: \$242.6 Million

Project Justification: This roadway section receives its priority from its potential for economic benefit and because of its poor geometrics. This segment ranked number nine in priority.

US-160/K-57 (Southeast Kansas Corridor): Neodesha east to Missouri State Line (60 Miles)

Project Description: The Labette County portion has narrow shoulders, narrow drainage structures, two narrow bridges and ten hilltops that have inadequate stopping sight distance. The eastern most 4.5 miles is geometrically adequate. The Cherokee County portion has adequate shoulder widths. However, drainage structures and bridges are narrow, shoulder slopes are steep and two hilltops have inadequate stopping sight distance. The eastern most five miles on K-57 are geometrically adequate.

This segment will be improved to "Super-Two" standards on four-lane right-of-way. The Montgomery County portion of this segment will be constructed on new alignment to a 44 foot roadway width. The Labette County portion will receive major widening, shoulder paving, grading of hilltops at ten locations, and two bridge replacements or widenings. The Cherokee County portion will receive minor widening, shoulder paving, grading of hilltops at two locations and 11 bridge replacements or widenings. All surfaces will receive an appropriate treatment to provide a ten-year life at the time of construction.

There are no bypasses planned on this segment.

Cost: \$70.2 Million

Project Justification: This roadway section receives its priority from its potential for economic benefit and because of its poor geometrics. This segment ranked number 18 in priority.

US-166: Junction I-35 (KTA) east to US-75 (65 Miles)

Project Description: The Sumner County portion of this segment is geometrically adequate except for 5.5 miles which needs improved shoulders. The first five miles in Cowley County, Arkansas City west, are geometrically adequate. From Arkansas City east to the south junction of K-99 this road is geometrically inadequate in all respects. The segment from K-99 to the east city limits of Niotaze is currently under contract for construction to AASHTO two-lane standards. From Niotaze east to the junction of US-75, the existing roadway is geometrically adequate, but needs improved shoulders.

This segment will receive a composite asphalt and rock shoulder on 5.5 miles in Sumner County and from Niotaze east to US-75 in Chautauqua and Montgomery Counties. In Sumner and Chautauqua Counties from Arkansas City east to the junction of K-99, this roadway will be totally reconstructed to "Super-Two" standards either on new alignment or alongside the existing roadway.

Bypasses are planned at Cedar Vale and Sedan.

Cost: \$91.4 Million

Project Justification: While traffic is below average, this segment is very substandard geometrically. This corridor serves regional traffic across the southern portion of the state. This segment ranked number 15 in priority.

US-169: Coffeyville north to the Southeast Kansas Corridor (21 Miles)

Project Description: This segment currently has six foot shoulders, narrow drainage structures and four bridges that are narrow and in poor condition.

This segment will receive shoulder widening and paving, four bridge replacements or widenings and an appropriate surface treatment to provide a ten-year life at the time of construction.

There are no bypasses planned on this segment.

Cost: \$23.8 Million

Project Justification: This segment provides a connection for Coffeyville to the Southeast Kansas Corridor. The segment ranked number 14 in priority.

K-177: I-70 north to Junction K-18 at Manhattan (9 Miles)

Project Description: This segment currently has six foot shoulders and four hilltops that have inadequate stopping sight distance.

This segment will receive shoulder widening and paving. Hilltops will be cut down where needed. A southbound climbing lane will be constructed for a distance of 1.3 miles. All surfaces will receive an appropriate treatment to provide a ten-year life at the time of construction.

Cost: \$9.2 Million

Project Justification: This segment was included to provide an improved connection to I-70. This segment ranked number 19 in priority.

K-254: Wichita to El Dorado (21 Miles)

Project Description: This segment is a two-lane road with ten foot paved or rock shoulders, and carries over 6,000 vehicles per day. It begins at the end of a four-lane freeway section. There are no substandard hills or curves, but it passes through the city of Towanda and has a four-way stop near the center of town.

This section will be upgraded to a four-lane expressway using the existing two lanes both east and west of Towanda as part of the completed four-lane facility. A pair of bridges will be constructed on new location over the Whitewater River.

A bypass will be constructed around Towanda.

Cost: \$60.6 Million

Project Justification: This segment is one of the highest volume rural two-lane routes in the State. It ranked number two in priority.

**PROPOSED DE-BOTTLENECK PROJECTS
FULL STATE PARTICIPATION**

El Dorado, Butler County: K-196/K-254 and Turnpike access road intersection at the west edge of El Dorado

Cost: \$0.7 Million

Current Condition: This intersection is very confusing to drivers. It has numerous medians, islands, signs and markings. Drivers must cross opposing traffic twice within a few hundred feet when making the eastbound K-196 to northbound access road movement. The opportunity for driving in the wrong direction is high. The accident rate at this location is significantly above the statewide average.

Improvement Description: This intersection would be upgraded by removing some of the signing and channelization, allowing more storage space for vehicles making left turn movements and, in general, providing a more open, less cluttered and less confusing intersection.

Cloud County: Intersection of US-24 and US-81

Cost: \$3.7 Million

Current Condition: This intersection historically has experienced an inordinate number of fatal accidents. Many solutions have been tried through the years including two-way stops, four-way stops, flashing beacons and additional signing with only minimal results. The intersection is signed and signalized as well as it can be.

Improvement Description: The proposed improvement is to separate opposing traffic by construction of an interchange at this location.

Newton, Harvey County: I-135 and US-50 interchange at the northeast edge of Newton

Cost: \$6.8 Million

Current Condition: This is an incomplete interchange. The southbound to eastbound and westbound to northbound movements were never constructed at this location. The lack of these movements causes traffic, particularly heavy trucks, to use city streets as a substitute. These streets were not built to handle interstate traffic; consequently, this poses a severe safety, congestion and road maintenance problem.

Improvement Description: A full interchange would be provided at this location by adding ramps for the missing movements.

Gardner, Johnson County: I-35 and new US-56/175th Street

Cost: \$2.4 Million

Current Condition: This interchange currently has a two-lane bridge over I-35 and was constructed as a rural county road interchange. With the realignment of US-56 through Gardner to I-35 at this location, this interchange must now handle four-lanes of state highway traffic plus I-35 traffic.

Improvement Description: Reconstruction of this interchange, including a four-lane bridge over I-35 and realigning the ramps would reduce congestion, improve safety and improve access to the Johnson County Industrial Airport.

Olathe, Johnson County: I-35 and US-169 south interchange

Cost: \$2.0 Million

Current Condition: This interchange was designed as a rural interchange and currently has very poor ramp geometrics leading to driver confusion and safety problems. Also, with the rapid development and traffic growth in this area, the capacity of the interchange is inadequate.

Improvement Description: The ramps at this location would be realigned and reconstructed to improve safety and increase capacity.

Peabody, Marion County: US-50 railroad underpass

Cost: \$4.1 Million

Current Condition: This railroad underpass is very narrow and has a very low vertical clearance (13 feet, 9 inches). There is also a serious flooding problem in the underpass during rainstorms. With the large number of trucks on this route, the horizontal and vertical clearance problems pose a severe safety problem as does the flooding.

Improvement Description: US-50 would be realigned slightly to the north and would go over the railroad on a new viaduct.

McPherson, McPherson County: I-135 and K-61/US-81 Alternate interchange at the southeast edge of McPherson

Cost: \$2.7 Million

Current Condition: K-61 currently dead ends at this location but the appearance of the interchange would lead the driver to think that the mainline roadway continues eastward. Consequently, the dead end must be marked with barricades and orange barrels and numerous fender-bender accidents still occur as drivers hit the barrels and barricades.

Improvement Description: The eastbound K-61 lanes would be realigned such that the eastbound to northbound movement is a continuous ramp with no 90 degree left turn required.

Manhattan, Riley County: K-18 bridge over the Kansas River

Cost: \$10.5 Million

Current Condition: This bridge was constructed in 1937. It is 23.8 feet wide and 2,039 feet long. The bridge is in poor condition and lacks adequate capacity to carry the traffic volumes at this location.

Improvement Description: The old two-lane bridge would be replaced with a new four-lane bridge providing increased safety, relieving congestion and providing better connections with streets at the west end.

Sedgwick County: I-135 and 85th Street interchange north of Wichita

Cost: \$0.7 Million

Current Condition: Traffic, during events at the Kansas Coliseum, backs up on the mainline interstate causing a serious safety hazard and creating congestion.

Improvement Description: The south half of this interchange would receive longer acceleration and deceleration lanes and two-lane off and on ramps.

Wichita, Sedgwick County: K-254 and Oliver Street Interchange

Cost: \$6.8 Million

Current Condition: The eastbound lanes of K-254 drop from two to one at this location funneling traffic into a narrow bridge. The lane drop is also poorly marked and confusing, causing some drivers to use the off-ramp instead of the mainline where they want to be. The accident rate at this location is significantly above the statewide average.

Improvement Description: This location would be improved such that the two lanes would continue through the interchange. This would require widening the Oliver Street bridge and the adjacent bridge over the railroad and widening the eastbound roadway. This improvement would enhance the safety at this location.

Wichita, Sedgwick County: I-135/I-235/K-254 interchange at the north edge of Wichita

Cost: \$6.8 Million

Current Condition: There is an inordinate amount of truck accidents at this location on the ramps because of poor ramp geometrics and poor lane continuity, causing driver confusion resulting in accidents.

Improvement Description: The project would realign ramps and improve signing and marking to provide better lane continuity and reduce driver confusion resulting in enhanced safety.

Shawnee County: Intersection of US-75 and old US-75 south of Topeka

Cost: \$6.1 Million

Current Condition: This intersection was constructed as a temporary intersection 14 years ago and still requires orange barrels for guidance as if it were under construction. The current intersection has poor geometrics leading to driver confusion and is inadequate from a safety and capacity standpoint.

Improvement Description: This location would be improved by adding ramps such that the US-75 mainline traffic would be free flowing and the use of orange barrels would be eliminated.

Topeka, Shawnee County: I-70/I-470/Wanamaker Road interchanges at the west edge of Topeka

Cost: \$17.7 Million

Current Condition: Traffic must currently use Wanamaker Road between I-470 and I-70 to complete the loop for a west bypass of Topeka. Complicating the situation are intersections with Huntoon Street and 10th Street and heavy commercial development all within this very short stretch of Wanamaker Road. A further complication will be the traffic growth on all streets involved because of the large commercial development currently underway immediately south of I-470 on Wanamaker Road. All of this leads to a growing safety and congestion problem.

Improvement Description: The project would add ramps for an I-70/I-470 connection, thereby removing bypass traffic from Wanamaker Road and would improve the I-70/Wanamaker/10th interchange and the I-470/Wanamaker/Huntoon interchange. This would add the missing movements to a previously incomplete I-70/I-470 interchange. These improvements would enhance safety, reduce congestion and enhance and respond to economic development already occurring.

Topeka, Shawnee County: I-70/East Kansas Turnpike interchange

Cost: \$4.1 Million

Current Condition: This location still requires orange barrels after more than 20 years in existence. The location is very confusing for mainline I-70 drivers because of poor geometrics. The accident rate at this location is significantly above the statewide average.

Improvement Description: The geometrics of this interchange would be improved such that better driver guidance would be provided and the need for orange barrels would be eliminated. I-70 would have a direct connection to the turnpike and exit ramps would extend east to a connection with Croco Road.

Sheridan County: US-83/K-383 interchange

Cost: \$1.4 Million

Current Condition: This location currently includes a railroad underpass with very low vertical clearance and narrow width. It also includes a very narrow underpass under K-383. These structures were built in 1938 and 1939 respectively. Oversized vehicles have been observed to bypass the underpasses and cross the railroad at-grade to the east by driving through the KDOT mixing strip. The point of crossing is not authorized and no signs or markings exist to permit such a crossing.

Improvement Description: This location would be improved by realigning US-83 in the northeast quadrant of the interchange. US-83 would intersect K-383 at-grade east of the current interchange. This improvement would eliminate two structures with restricted horizontal and vertical clearances, would eliminate 0.7 mile of roadway and would provide one intersection rather than the two existing intersections.

PROPOSED DE-BOTTLENECK PROJECTS
STATE AND LOCAL PARTICIPATION

Lawrence, Douglas County: S.W. Bypass

State Cost: \$20.4 Million

Current Condition: This corridor is on new location but would carry a portion of the traffic now on 23rd Street (K-10). The portion of 23rd Street east of Iowa Street (US-59) is totally developed with strip commercial development, which causes serious congestion and safety problems. This route serves heavy commuter traffic between Lawrence and Johnson Counties on weekdays and recreational traffic between Johnson County and Clinton Reservoir on weekends.

Improvement Description: A four-lane urban expressway would be constructed around the south and west side of the city connecting to K-10 on the east and to the Kansas Turnpike on the northwest.

Dodge City, Ford County: SE Dodge City bypass

State Cost: \$8.7 Million

Current Condition: Through traffic, particularly truck traffic causes traffic congestion in Dodge City.

Improvement Description: A "Super-Two" bypass would be constructed to serve through traffic on US-56 and US-283.

Lenexa, Johnson County: I-35/111th Street (College Boulevard)

State Cost: \$5.6 Million

Current Condition: The current viaduct is two-lane with poor horizontal alignment. This is an area of tremendous growth and the two-lane viaduct will be inadequate to handle traffic.

Improvement Description: A four-lane viaduct would be constructed over I-35.

Lenexa, Johnson County: I-35/Quivira Road

State Cost: \$9.8 Million

Current Condition: There is currently no access across I-35 at this location. Quivira Road dead ends on either side of I-35. I-35 is extremely congested in the area.

Improvement Description: A four-lane viaduct would be built across I-35. This would provide continuity for a north-south arterial and provide relief to I-35.

Olathe, Johnson County: I-35/127th Street Interchange

State Cost: \$8.8 Million

Current Condition: There is no access to I-35 at this location currently. The interchange to the south at K-150 is extremely congested and surrounded by development, making any improvement extremely costly.

Improvement Description: A diamond interchange would be constructed. This would provide relief to the congestion at the K-150 interchange and provide better utilization of adjacent city streets.

Olathe, Johnson County: Old US-56/K-7

State Cost: \$3.4 Million

Current Condition: This is an old, inadequate interchange. The geometrics are substandard and the bridge is in poor condition.

Improvement Description: The interchange will be reconstructed to improve its safety and its ability to handle higher levels of traffic.

Overland Park, Johnson County: I-435/Nall

State Cost: \$5.6 Million

Current Condition: There is no interchange at this location currently. This places stress on the I-435/Roe Boulevard and I-435/Metcalf Avenue interchanges.

Improvement Description: Construction of a new interchange at I-435 and Nall.

Overland Park, Johnson County: I-435/Antioch

State Cost: \$6.1 Million

Current Condition: Currently there is no interchange at this intersection. There is tremendous congestion at the US-69 and Metcalf Interchanges on I-435.

Improvement Description: An interchange will be constructed at I-435 and Antioch.

Manhattan, Riley County: K-113 from K-18 to Kimball

State Cost: \$6.1 Million

Current Condition: K-113 is currently a two-lane facility which suffers from serious congestion problems.

Improvement Description: A four-lane expressway would be constructed.

Wichita, Sedgwick County: US-54/Sycamore to Topeka

State Cost: \$29.6 Million

Current Condition: Kellogg in Wichita is severely congested and has at-grade street crossings which add to the congestion.

Improvement Description: This portion of Kellogg would be constructed to a freeway design relieving congestion and improving safety by eliminating the at-grade street crossings.

Liberal, Seward County: US-83 Bypass

State Cost: \$9.2 Million

Current Condition: US-83 runs through the Main Street of Liberal. The truck traffic which US-83 carries causes a problem for downtown Liberal.

Improvement Description: A "Super-Two" bypass would be constructed around Liberal to carry the US-83 through traffic.

Topeka, Shawnee County: US-75 South Bypass

Current Condition: US-75 is a four-lane expressway as it enters Topeka. Traffic is slowed by numerous entrances and intersections. This section also has a high incidence of accidents.

Improvement Description: A new four-lane freeway would be constructed to connect with I-470 to reduce traffic on Topeka Boulevard and to promote economic development.

Topeka, Shawnee County: East Bypass (Oakland Expressway)

State Cost: \$25.5 Million

Current Condition: There is no roadway facility in this corridor and little access between North Topeka and East Topeka. There are four river crossings within the Topeka area but all are significantly west of this area.

Improvement Description: A new four-lane freeway would be constructed with a new river crossing. It would connect on the south end to I-70 near the east Turnpike Interchange and on the northeast to US-24 and K-4. It will improve accessibility to the area northeast of Topeka, including Lake Perry and cities in Jefferson County and open up a new area to industrial development.

GOVERNOR'S COMPREHENSIVE
HIGHWAY PROGRAM

BOND ISSUES AND DEBT SERVICE

DRAFT
14-Aug-87
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Aug 20
Mr. Haley
#2
P.M.

Attach. 2

(#000)	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Bond Sales	98.5%	0	0	0	63,040	361,495	467,875	297,470	75,845	13,790	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest	5.00%	0	0	0	1,376	9,037	11,697	7,437	1,896	345	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Net from Bond Sales:		0	0	0	64,616	370,532	479,572	304,907	77,741	14,135	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
New Debt Service		0	0	0	(3,294)	(25,476)	(68,812)	(108,802)	(128,308)	(132,991)	(133,712)	(133,712)	(133,712)	(133,712)	(133,712)	(133,712)	(133,712)	(133,712)	(133,712)	(133,712)	(133,712)	(133,712)	(133,712)	(130,418)	(108,235)	(64,900)	(24,910)

Aug. 20
Ms. Daley # 3
P.M.

Att. 3

GOVERNOR'S COMPREHENSIVE HIGHWAY PROGRAM		PRELIMINARY CASH FLOW ANALYSIS									DRAFT 20-Aug-87 12:32 PM
	(\$000)	1988	1989	1990	1991	1992	1993	1994	1995	1996	TOTAL
BEGINNING BALANCE		72,473	71,794	128,076	121,409	18,825	36,797	61,183	77,117	80,882	72,473
REVENUES:											
State Highway Fund:											
Motor Fuel		78,500	77,300	77,200	78,000	77,600	77,300	77,000	76,400	76,700	896,000
Registration Fees		70,000	70,500	70,500	70,500	71,000	71,000	71,000	71,500	71,500	837,500
SGF (Sales Tax) Transfer		20,000	31,800	43,000	47,600	49,300	51,100	52,600	54,200	55,800	405,400
Miscellaneous Revenue		9,243	10,526	11,736	7,820	5,700	5,700	5,700	10,787	12,565	79,577
Transfers		12,103	13,973	12,550	6,252	3,861	3,861	3,861	3,861	3,861	64,183
Subtotal		189,846	204,099	214,986	209,972	207,461	208,961	210,161	216,748	220,426	1,882,660
Federal Aid Reimbursements		128,183	107,582	117,054	101,911	102,422	102,422	102,422	102,422	102,422	966,740
Total before New Revenue		318,009	311,601	332,040	311,883	309,883	311,383	312,583	319,170	322,848	2,849,400
Revenue Enhancements											
Index Motor Fuel Taxes		0	2,887	9,139	15,165	21,325	28,119	34,315	39,988	45,591	196,329
INC - Motor Fuel Tax		45,511	67,314	67,375	66,959	66,616	66,294	65,949	65,324	65,688	576,909
Index Increase in MFT		0	1,683	5,725	10,286	14,473	17,613	21,494	26,825	30,426	127,536
Index Registration Fees		0	0	3,318	8,641	12,482	16,408	20,735	25,420	30,351	117,353
INC - Registration Fees		0	22,287	44,595	44,595	44,911	44,911	44,911	45,227	45,227	336,675
Index Increase in Reg Fees		0	0	2,099	5,466	7,895	10,379	13,116	16,079	19,198	74,232
ADD - Retail Sales Tax		0	0	0	0	0	0	0	0	0	0
ADD - Other		0	0	0	0	0	0	0	0	0	0
Total Revenue Enhancement		45,511	93,981	132,250	151,121	167,703	183,724	200,520	217,863	236,361	1,429,033
Total before Bonding		363,519	405,582	464,290	463,004	477,586	495,107	513,103	537,033	559,209	4,278,433
Bond Sales	98.5%	0	0	0	63,040	361,495	467,875	287,470	76,845	13,790	1,279,515
Interest	5.00%	0	0	0	1,576	9,037	11,697	7,437	1,898	345	31,988
Net from Bond Sales:		0	0	0	64,616	370,532	479,572	304,907	77,741	14,135	1,311,503
TOTAL REVENUES		363,519	405,582	464,290	527,620	848,118	974,679	818,009	614,774	573,344	5,589,936

	1988	1989	1990	1991	1992	1993	1994	1995	1996	TOTAL
EXPENDITURES:										
State Ops. & Misc.	(168,746)	(177,519)	(178,659)	(185,551)	(189,324)	(196,475)	(203,952)	(211,721)	(219,809)	(1,731,756)
Substantial Maintenance	(33,343)	(43,689)	(63,691)	(68,470)	(73,743)	(79,421)	(85,536)	(92,122)	(99,216)	(639,231)
Major Modification	(162,109)	(108,634)	(113,305)	(107,000)	(107,078)	(106,864)	(106,797)	(106,757)	(106,737)	(1,025,301)
	(364,198)	(329,842)	(355,655)	(361,021)	(370,145)	(382,780)	(396,285)	(410,600)	(425,762)	(3,396,288)
New Construction	0	(21,459)	(113,302)	(266,089)	(434,325)	(498,701)	(296,989)	(72,101)	(13,734)	(1,716,700)
Additional State Ops.	0	0	0	0	0	0	0	0	0	0
New Debt Service @ 8.25% Term = 20	0	0	0	(3,294)	(25,476)	(68,812)	(108,802)	(128,388)	(132,991)	(467,682)
	0	(21,459)	(113,302)	(269,382)	(459,801)	(567,513)	(405,791)	(200,409)	(146,725)	(2,184,382)
TOTAL EXPENDITURES	(364,198)	(351,301)	(468,957)	(630,404)	(829,946)	(950,293)	(802,076)	(611,009)	(572,487)	(5,580,670)
ANNUAL SURPLUS (DEFICIT)	(679)	54,281	(4,667)	(102,784)	18,172	24,386	15,934	3,765	858	9,286
ENDING FUND BALANCE:	71,794	126,076	121,409	18,625	36,797	61,183	77,117	80,882	81,739	81,739
BOND SALES (GROSS):	\$0	\$0	\$0	\$64,000	\$367,000	\$475,000	\$302,000	\$77,000	\$14,000	1,299,000
DEBT SERVICE COVERAGE (HIGHWAY):	NA	NA	NA	6.65	2.44	1.89	1.71	1.63	1.61	
GROSS COVERAGE (HIGHWAY):	NA	NA	NA	109.62	14.73	5.71	3.77	3.39	3.43	

Inflation factors
I'd would to add Hwy Patrol Troopers or something else.