

Approved: 1-31-95
Date

MINUTES OF THE HOUSE COMMITTEE ON TRANSPORTATION.

The meeting was called to order by Chairperson Kenneth King at 1:30 p.m. on January 24, 1995 in Room 519-S of the Capitol.

All members were present except:

Representative Vernon Correll, excused
Representative Don Myers, excused

Committee staff present: Hank Avila, Legislative Research Department
Tom Severn, Legislative Research Department
Bruce Kinzie, Revisor of Statutes
Ellie Luthye, Committee Secretary

Conferees appearing before the committee:

Michael Johnston, Pres./CEO, Kansas Turnpike Authority

Others attending: See attached list

Chairman King called the meeting to order at 1:30 p.m.

Minutes of the Transportation Committee for January 10, 18 and 19th were presented for corrections for additions. There were no corrections or additions and Chairman King stated the minutes would stand approved as presented.

The Chair recognized Michael Johnston, President and CEO of the Kansas Turnpike Authority who presented an overview of the Authority to the committee. He gave a brief history of the Turnpike, the original financing of the project and the decisions leading up to the bond refinancing in 1984. He concluded his presentation by listing the current operations of the Turnpike and some of the long term needs and improvements which would be needed to keep the level of service the customers have come to expect. (Attachment 1) Mr. Johnston then stood for questions from the committee.

Chairman King adjourned the meeting at 2:30 p.m.

The next meeting is scheduled for January 25, 1995.

HOUSE TRANSPORTATION COMMITTEE

January 24, 1995

Michael L. Johnston

President/CEO

Kansas Turnpike Authority

I am Michael Johnston, President and C. E. O. of the Kansas Turnpike Authority. I know many of you and have worked with you while I was Secretary of Transportation and before, during the 14 years I served in the Senate. I look forward to working with the new members of the Committee and I am always available to answer your questions about the Turnpike. I thought I would start out today with a review of Kansas Turnpike history; how KTA was started, organized, and funded. I would also like to tell you about some of the current activities and some of the Turnpike's long term needs.

STATISTICAL INFORMATION:

Project Size :

- 236 Miles of 4-lane highway
- Approximately 345 bridges
- Currently 20 Toll Plazas
- Six Service Areas
- 480 KTA employees - including 70 part-time employees

House Transportation Committee
January 24, 1995
Attachment 1

Construction Details:

- 22 months to build
- \$147 million + \$9 million Capitalized Interest
- Cost equivalent to \$660,000 per mile.

Traffic:

- Grown from 3.6 Million Vehicles in 1957 to 24.5 million vehicles in 1994
- Passenger cars - 21 Million
- Commercial vehicles - 3.5 Million
- Commercial vehicles amount to 42 percent of the revenue.
- Average Traffic Growth Rate about 5% per year.

We estimate out of state drivers provide 1/3 to 1/2 total revenue collected annually on the Kansas Turnpike.

Revenue:

- Grown from \$3.9 million in 1957 to \$47.5 million 1994.
- Average Revenue Growth Rate about 7% per year.
- Tolls provide 95% of turnpike revenue.
- Investment income provides 3% of turnpike revenue.
- Concessionaire rentals and miscellaneous income each provide 1% of turnpike revenue.
- Over \$20 million in fuel taxes are collected at the gas pumps each year.
That money goes to the state and federal governments to be spent on roads other than the turnpike.

Debt:

At the end of 1994 there was \$160,220,000 remaining in outstanding debt.

The final maturity of the outstanding debt is due September 2017.

Patrol:

The Authority contracts with the state of Kansas for highway patrol services which amounts to \$3 million annually. Under the terms of this agreement, the Authority pays for all operational costs associated with the patrol.

There are 42 highway patrol personnel

KTA HISTORY:

In 1953 the legislature was debating the relative merits of building a toll highway in Kansas.

The proposed four-lane divided highway would primarily serve three of the largest metropolitan areas, Kansas City, Topeka and Wichita.

It is important to keep in mind, in 1953, the best rural four-lane highway was old US 81 between Newton and Wichita. It had a four-foot median and has long since been replaced with the new I-135.

There was no interstate system then and there was considerable resistance to raising the price of gasoline any higher to pay for the construction of such a

four-lane highway that would not particularly benefit the people in western Kansas.

Ed Arn was Governor and Gale Moss was his Director of Highways. Apparently they and other legislative and civic leaders became convinced that the quickest way, and certainly the least expensive way for taxpayers, was to build and operate this particular facility as a toll highway.

By legislative act, the Kansas Turnpike Authority was created in 1953. The act named a Board of Directors composed of two Legislative transportation leaders, two Governor appointees, and the Director of Highways, now the Kansas Department of Transportation Secretary.

The Kansas Turnpike is a corporate public instrumentality. The Turnpike has no authority to tax. Our debt is backed exclusively by the revenue stream created by our customers. The state of Kansas provides no secondary or contingent guarantees for any debt associated with turnpike operations. Like any other business, KTA must survive strictly from its revenues from operations.

Ground breaking ceremonies took place on the last day of December 1954 and one year and ten months later on October 26, 1956, the Turnpike opened to traffic. 236.5 miles of grading, paving, fencing, including 345 bridges, six

service plazas and 14 interchanges, were all built in record time. A dramatic achievement for just two short years; however, all was not well.

- Traffic and revenues were substantially below what the traffic engineers predicted. Shortly after opening the total income was \$9,290 per day while the interest on outstanding debt was \$14,795 per day. Even before expenses, before any debt retirement, there was a shortage of \$5,505 per day.
- One reason revenue was less than predicted was because Oklahoma had promised to meet the KTA at the state line with a four-lane road and didn't do so for another seven years.
- Revenue did not match predictions until 1978.
- Traffic figures did not meet original predictions until 1992.
- Even though everyone wishes highways would last forever, the fact is, asphalt surfaces carrying interstate type loads need overlays about every seven years and concrete pavements subjected to salt need total replacement about every 25 years.

BOND REFINANCING:

By 1984, the turnpike needed to replace the original bridge decks due to salt deterioration. To replace the deck costs more than the cost of the original

bridge. All of KTA bridges were the same age, so they all began to deteriorate at the same time.

The Authority had several critical decisions to make. Major improvements were needed on the KC Expressway or it would have to be closed. KTA also needed to rebuild nearly 100 KTA twin bridges, place median barrier from Kansas City to Topeka, and to upgrade the safety standards on both projects.

It became obvious the only solution for KTA was to refinance all of the KTA's outstanding bonds and acquire the necessary funds for urgent and important needs. This plan increased KTA debt to over \$100 million.

CURRENT OPERATIONS:

Median Barrier:

Nothing has been more dramatic than the installation of the median barrier. Federal guidelines do not require a barrier on the turnpike even today. KTA voluntarily started installing barrier between Topeka and KC in 1985. Between 1985 and 1990 that project was completed. No fatalities involving vehicles crossing the median occurred on that segment after the barrier was installed.

After seeing those reduced fatality statistics, the Authority borrowed \$28 million in late 1990 to install barrier on the rest of the roadway. By December 1993 the entire length of the Turnpike had median barrier. We estimate the barrier will save ten lives each year from now on.

Safety Record:

Fatalities have been reduced from a high in 1972 of 43 to nine in 1994. While there are many factors which are safety-related, the majority of recent improvements is the direct result of the median barrier installation for the entire road length.

Weather Stations:

There are weather stations located at about 30 mile intervals along the pike. At each site there are sensors located in the pavement which relay information about the condition of the pavement to each of our ten maintenance areas and to the patrol dispatcher. Each foreman knows what the air temperature, pavement temperature, whether the pavement is wet or dry, the saline content of the surface, and other information. We use this data to tell our crews when to start treating the pavement. With this information the crews are not sent out before they are needed. Once the crews are out

working, KTA policy is to continue treating the road until it is dry and the job is complete.

Service Areas:

New convenience stores were recently built at the six service plazas with a wider assortment of products to better serve our customers needs.

Fuel prices are competitive at the service areas with off-Pike stations because of the type of contractual agreement with the current vendor, Coastal Mart, Inc. Instead of making a decision based on which company will pay the highest royalty, as in previous arrangements, the contract is now awarded to the company that will charge customers the least for fuel after paying KTA a fixed rent.

Funny thing, KTA fuel sales dramatically increased 75%. Between 1984 and 1987, strictly on this pricing plan.

1984 - 7.1 million gallons

1987 - 12.5 million gallons

Travel Advisory Radio System:

A Travel Advisory Radio system has been installed at East Topeka, Emporia, and East Wichita Interchanges. Travelers can get current weather and traffic advisories along the Turnpike.

Emergency Assistance Cellular Phone System:

An emergency assistance cellular phone number system is in use and Turnpike customers can use their mobile telephones to contact Turnpike dispatchers by dialing *KTA. (582)

ELECTRONIC TOLL COLLECTION:

The Kansas Turnpike Authority is in the process of designing new electronic toll (ETC) equipment scheduled to be ready in mid-1995. The system, called K-TAG, will allow vehicles to pass through both entry and exit toll lanes without stopping.

When a vehicle with this device approaches the toll booth, ETC equipment installed above the lanes will record the entry point information into the tag. The same information currently on the toll ticket will be read by the transponder. When the vehicle later approaches an exit lane the tag will be electronically read again and the customer's account will be debited the charge for the Turnpike trip.

The larger plazas will have dedicated K-TAG lanes; however, at the small plazas K-TAG traffic will intermingle with cash customers. The speed limit through the dedicated lanes will be posted at 20 mph for the safety of the toll

collector walking through the plazas to other lanes. There will be gates on the exit lanes to stop any violators or customers unfamiliar with the system.

K-TAG customers will not have to stop to pick up a ticket or pay cash at exit. The system will be especially advantageous for commuters and commercial accounts who will encounter fewer delays at the plaza.

LONG TERM NEEDS STUDY:

The Authority is focusing attention on a 1994 Long Term Needs Study conducted by Howard Needles Tammen & Bergendoff to assess the needs of the Turnpike system over the next 10-year period.

Long-term capital improvements anticipated within the next ten years include:

Turnpike Widening:

According to the study, based on traffic growth and safety considerations, widening of the Turnpike roadway between East Topeka and Eastern Terminal to six lanes will be necessary in the future at a cost of nearly \$165 million in 1994 dollars. This section of the roadway is beginning to show evidence of some capacity restraints, including inability to conveniently change lanes, pass slower vehicles, or maintain a desired travel speed.

Interchange Reconstruction:

Current operational deficiencies at both East Topeka and South Topeka Toll Plazas justify major improvements. Depending on the solutions agreed on by KTA, KDOT, the City of Topeka and Shawnee County, the cost of reconstruction is estimated between:

\$7.4 million to \$36 million for East Topeka

\$5 million to \$18.4 million for South Topeka

Kansas River Bridge:

Repairs to the Kansas River Bridge at milepost 202 near Lawrence, are estimated between \$800,000 to \$1.5 million, which does not include bridge widening.

After a shaky start in the early years, the Kansas Turnpike is now in sound financial condition; however, the Authority must soon face some major financial decisions like roadway widening, interchange reconstruction, service area remodeling and electronic toll collection if the level of service our customers have come to expect is to continue.