

MINUTES OF THE SENATE TRANSPORTATION & TOURISM COMMITTEE.

The meeting was called to order by Chairperson Senator Ben Vidricksen at 9:05 a.m. on January 26, 2000 in Room 245-N of the Capitol.

All members were present except:

Committee staff present: Hank Avila, Legislative Research Department  
Bruce Kinzie, Revisor of Statutes  
Marian F. Holeman, Committee Secretary

Conferees appearing before the committee: Dean Carlson, Secretary, KDOT

Others attending: See attached list

**Briefing**

Secretary Dean Carlson, Kansas Department of Transportation presented a "Review of the Comprehensive Transportation Program" and effects of changes in demand transfer (Attachment 1). This includes a review of changes incorporated in the FY 2000 Governor's Budget. Secretary Carlson pointed out that further reductions in funding to KDOT will necessitate, at least, cancelling systems enhancements throughout the state. They are already dangerously low on staff, especially in-house engineers. Reduced funding also means counties and local communities will receive less money to assist in care of non-federal and non-state roads and bridges.

Members asked for clarification and additional information on several points covered in Secretary Carlson's briefing.

The meeting adjourned at 10:25 a.m.

The next meeting is scheduled for Thursday, January 27, 2000



**Comprehensive Transportation Program**  
**Kansas Department of Transportation**  
**Presentation to Transportation and Tourism Committee**

**January 26, 2000**

SENATE TRANSPORTATION & TOURISM  
COMMITTEE -DATE: 1-26-00  
ATTACHMENT: 1

1-1

The Comprehensive Transportation Program (CTP) is a package of state revenue enhancements coupled with projected federal transportation funding for FY 2000 through FY 2009.

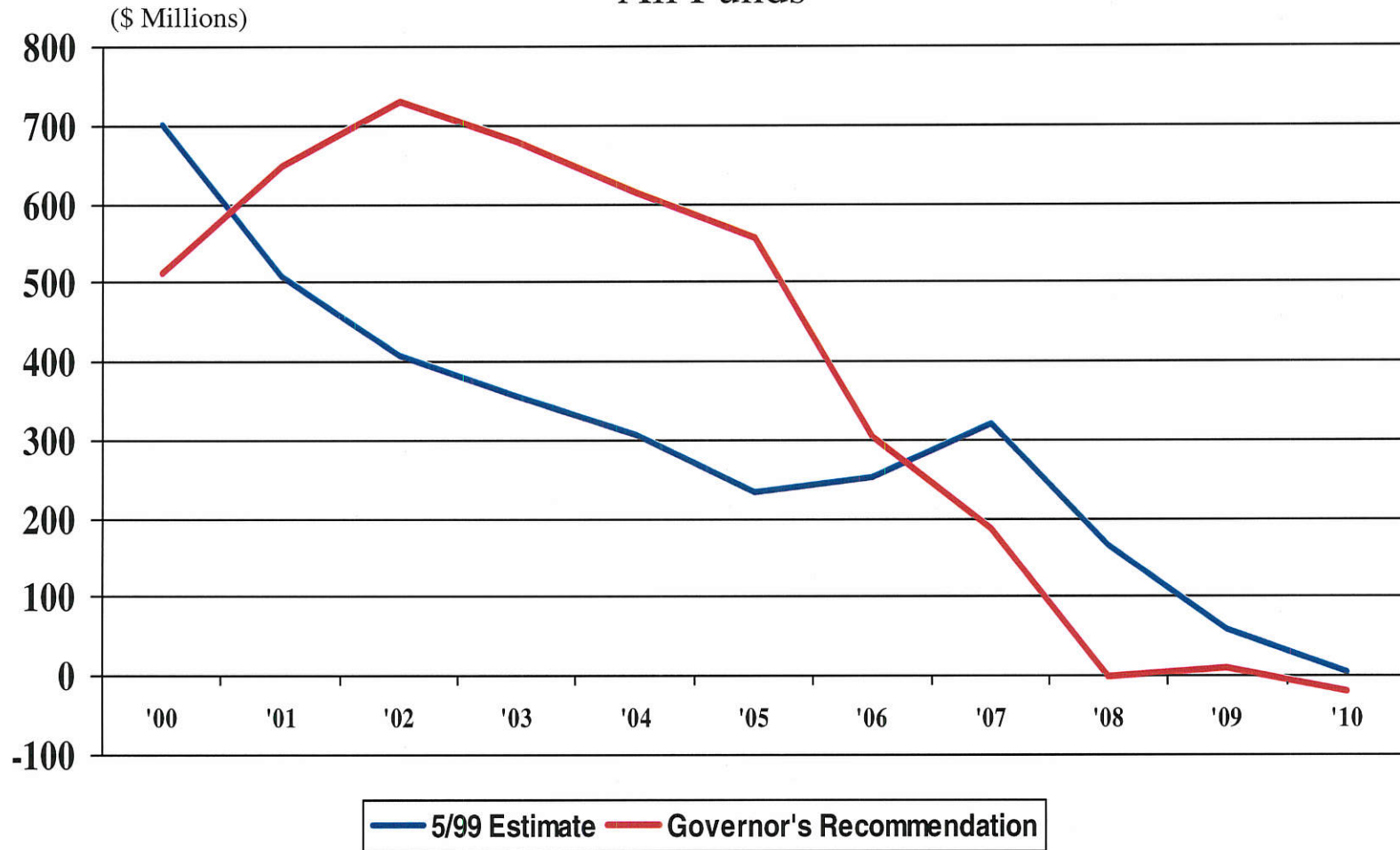
The Comprehensive Transportation Program is on track:

- ◆ A railroad loan program has been initiated;
- ◆ The public transportation distribution formulas have been revised, and grants are being processed;
- ◆ Cash receipts to the State Highway Fund are essentially as anticipated;
- ◆ Major modification and priority bridge projects are on schedule;
- ◆ An aviation grant program has been initiated; and
- ◆ System enhancement project applications have been received and a process established for final determination of funding from the following project applications:

	Corridors	Bypasses	Interchange	Total
Rural	73	20	7	100
Urban	<u>11</u>	<u>3</u>	<u>29</u>	<u>43</u>
Total	84	23	36	143

# Available Ending Balance

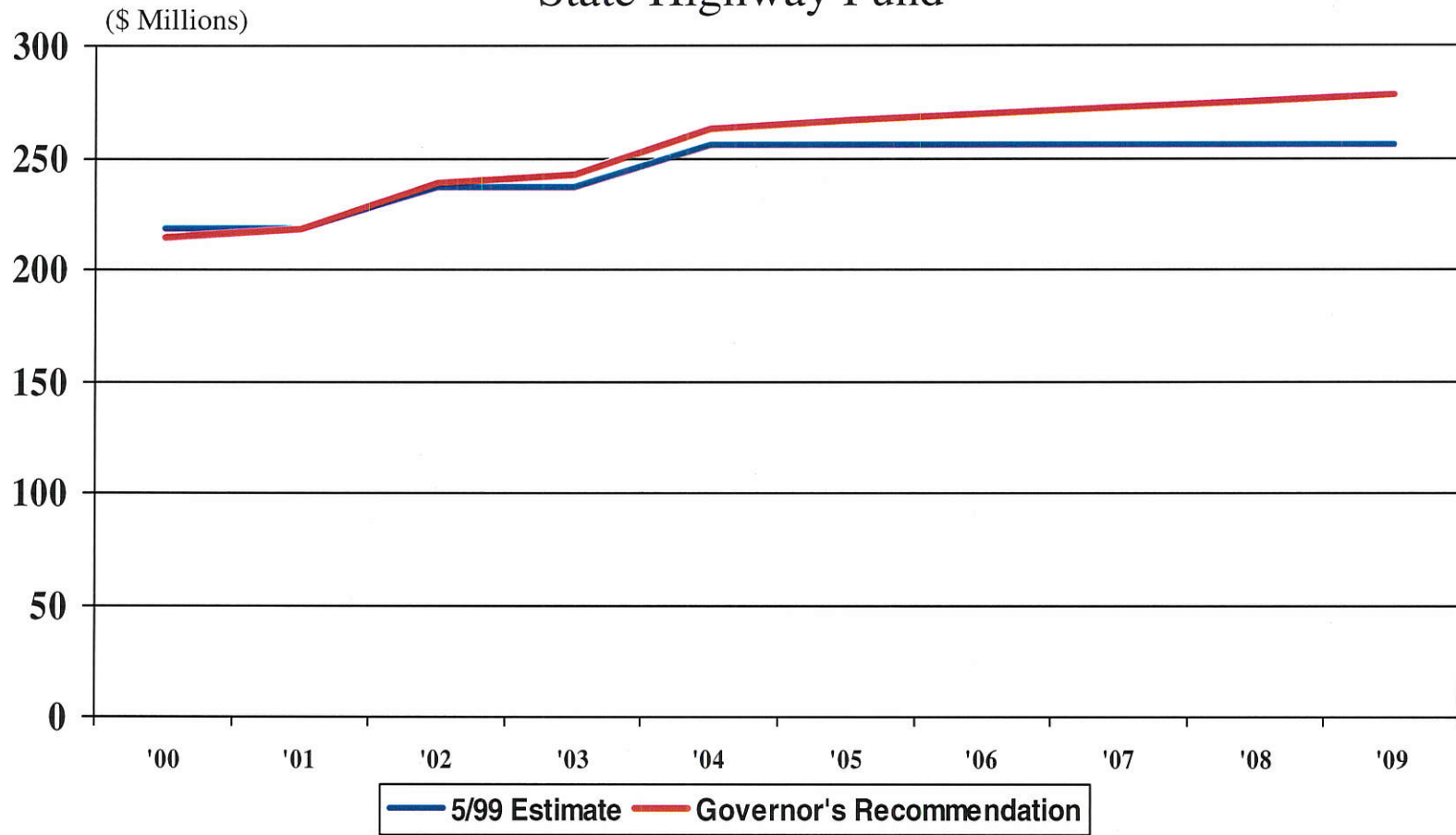
All Funds



Available ending balance reflects amounts required to satisfy bond debt service requirements, funds allocated by statute for distribution to specific programs, a calculation of a necessary reserve to complete CTP projects, and an amount necessary to provide for orderly payment of agency bills.

# Motor Fuel Taxes

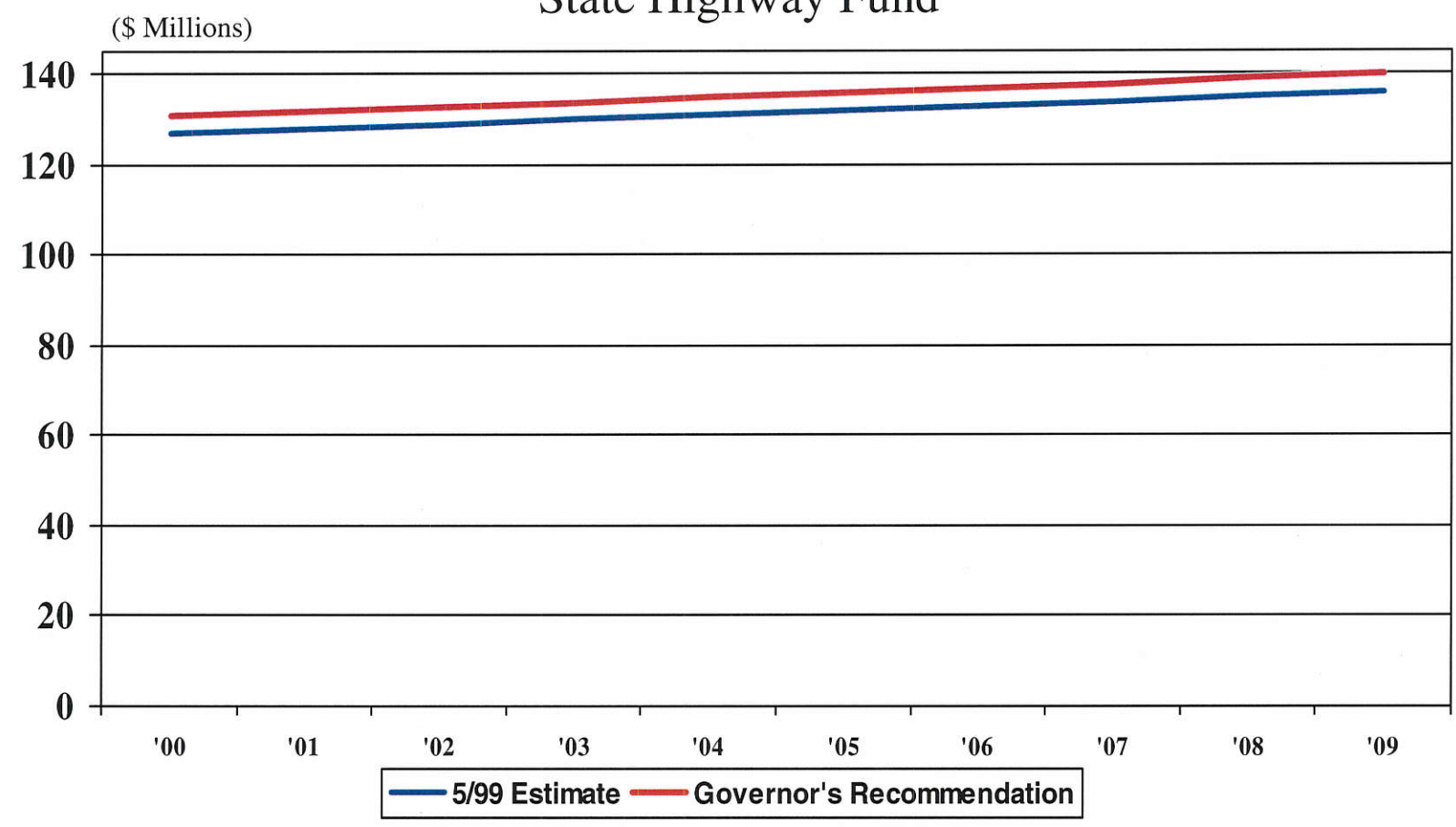
## State Highway Fund



Motor Fuel Collections for the first 6 months of FY 2000 are \$788 thousand or 0.37% behind estimate. Expected range is between a + \$3 million and a - \$8 million

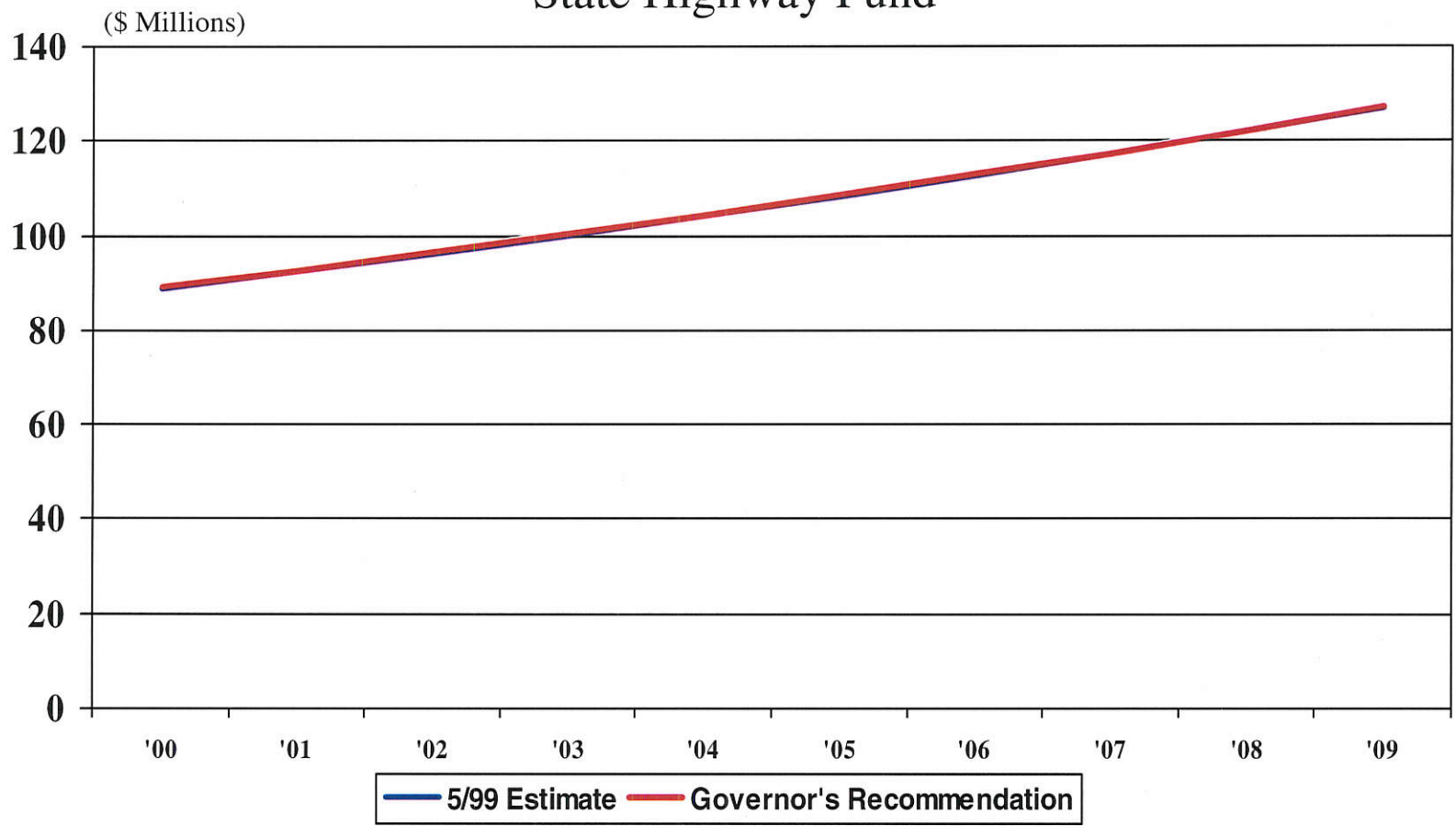
# Registration Fees

## State Highway Fund



Registration Fee Collections for the first 6 months of FY 2000 are \$7.8 million or 5.93% behind estimate. Expected range is between a + \$1.3 million and a - \$0.9 million

# 1/4 Cent Sales Tax State Highway Fund

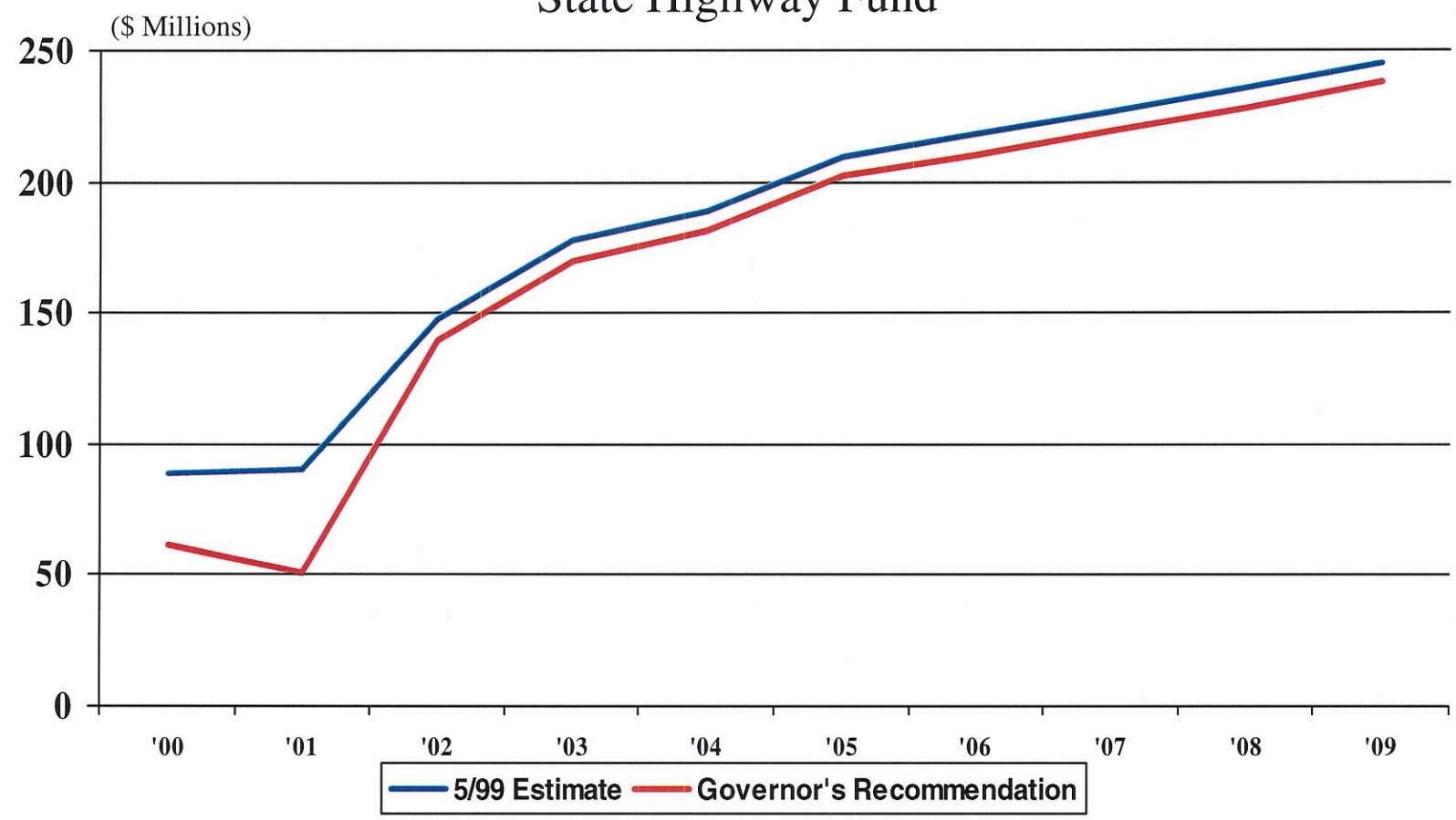


1/4 cent Sales Tax Collections for the first 6 months of FY 2000 per State Consensus Estimating Group are \$575 thousand or 0.64% behind estimate. Expected range is between a + \$0.7 million and a - \$4.9 million



# Sales Tax Transfer

## State Highway Fund



Reflects Governor's proposed reductions for 2000 and 2001 and the \$7.5 million per year for the balance of the program.

# Bond Sales

- ◆ The CTP legislation gives the Secretary the authority to establish the schedule of bond sales
  
- ◆ Anticipated bond sales as projected during the session were influenced by the economic assumptions made as to
  - Bond interest rates
  - Agency interest earning rates
  - Agency cash flow needs
  
- ◆ Current projections reflect
  - Change in bond interest rates
  - Increase in agency interest earnings rates
  - Economic conditions
  - Agency cash flow needs
  
- ◆ Earlier sales
  - Lock in favorable interest rates
  - Shorten the time after the program that bonds continue to be paid
  - Reduce available funds during the program from increased debt service
  - Permit increased interest earnings to offset increased debt service

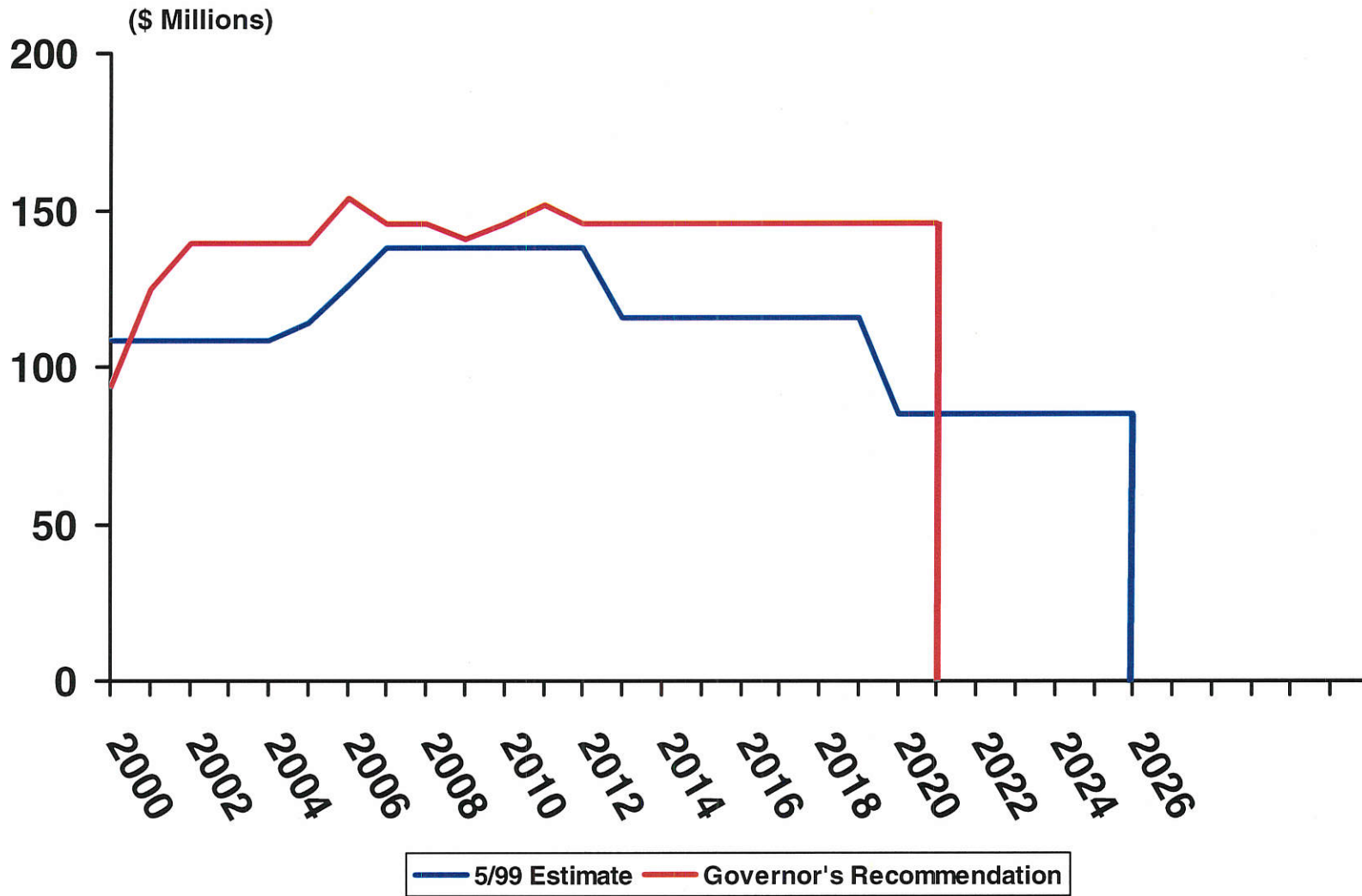
# Bond Issues

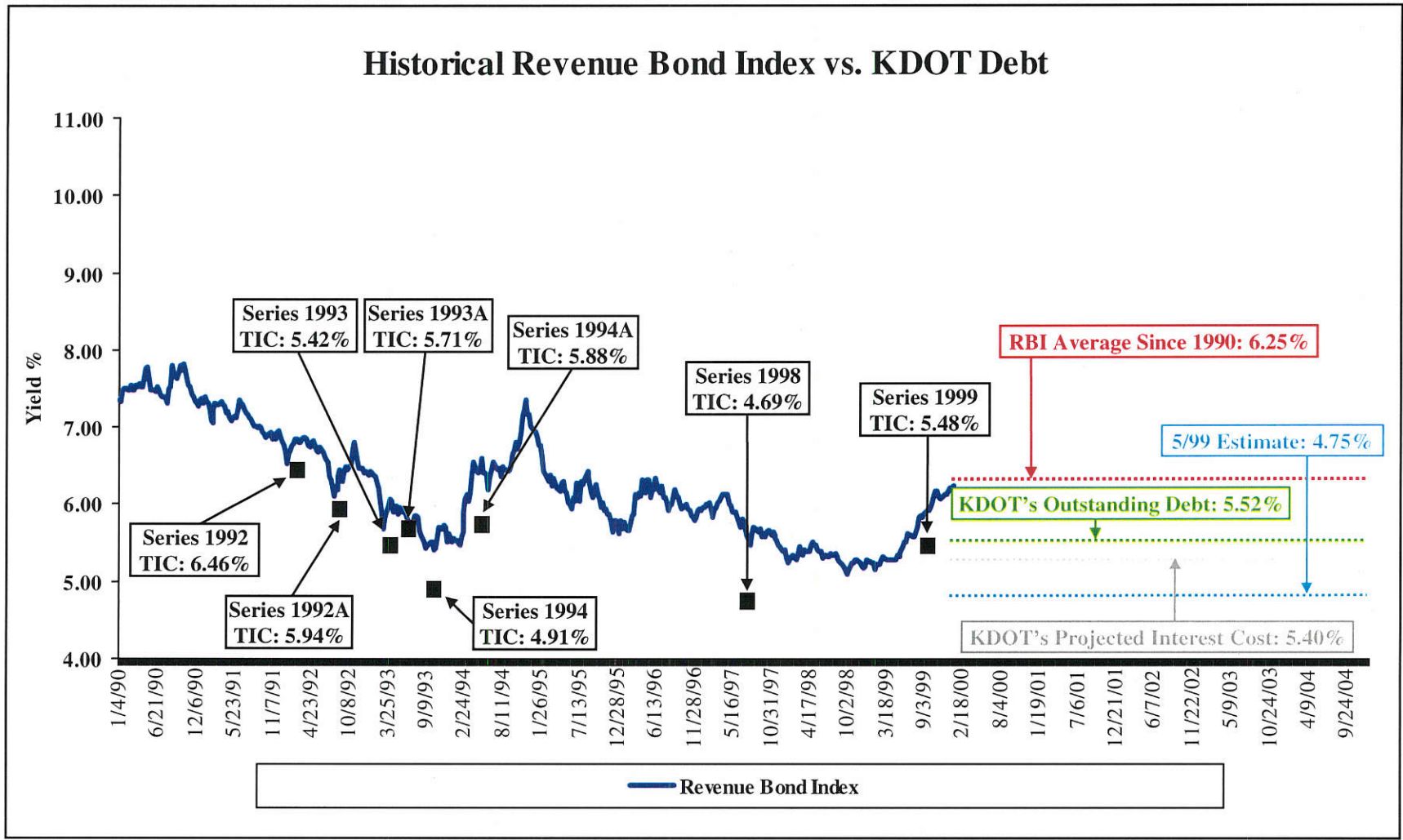
(\$ Millions)

<u>Fiscal Year</u>	<u>5/99 Estimate</u>	<u>Governor's Recommendation</u>
2000	500	325
2001		400
2002		270
2003		
2004		
2005		
2006	245	
2007	250	
2008		
2009		
Total	<u>995</u>	<u>995</u>

The Secretary of Transportation is authorized by statute to determine the size and timing of individual bond issues. Actual bond sales are subject to economic conditions and the cashflow needs of the agency.

# Comparison of Debt Service





*Note: Revenue Bond Index is a compilation of 25 select revenue bonds maturing in 30 years. Ratings on these bonds range from Baa1 to Aa1.*

**REVIEW OF CHANGES IN FORECASTED REVENUES AND EXPENDITURES  
 FOLLOWING THE 1999 LEGISLATIVE SESSION FOR THE CTP PERIOD  
 (000)**

	<u>SOURCES OF FUNDS</u>	<u>USES OF FUNDS</u>	<u>NET IMPACT</u>
<b>• <u>Changes in the September 1999 Budget Request</u></b>			
<b>Beginning Balance</b> – Beginning balance was higher primarily from lag in FY 99 construction payouts			
Beginning Balance	\$ 84,175		
Shift in State Projects		\$ 83,882	
Subtotal – Net Change	<u>84,175</u>	<u>83,882</u>	\$ 293
 <b>Bonds &amp; Investments</b> – The economy changed resulting in increased investment earnings, higher interest payments on the bonds, and a change in the timing and structure of the bonds.			
Interest	79,365		
Bond Structure -- Premium	16,375		
Debt Service		<u>178,872</u>	
Subtotal – Treasury Adjustments	<u>95,740</u>	<u>178,872</u>	(83,132)

• **Revenue Adjustments**

<b>Motor Fuel Taxes</b> – Increase based on Highway Revenue Estimating Group	153,300		
Increase in Special City & County HF		53,002	
<b>Registration Fees</b> – Increase based on Highway Revenue Estimating Group	40,000		
<b>Sales Tax</b> – Increase based on State Consensus Estimates	4,645		
<b>Sales Tax</b> – Reduction in the Sales Tax Transfer – Governor’s Recommendation			
FY 2000	(27,153)		
FY 2001	(39,595)		
FY 2002-2009	(60,000)		
<b>Driver’s Licenses</b> – Increase based on FY 99 actual collections	10,330		
<b>Local Funds</b> – project enhancements	27,627		
<b>Miscellaneous Revenue Changes</b>	<u>(853)</u>		
Subtotal – Revenue Adjustments	<u>108,301</u>	<u>53,002</u>	<u>55,299</u>

**Federal Revenue Adjustments**

**Federal Demonstration Projects** – Federal demonstration projects and some local participation was not included in Legislative Session projections; however, KDOT is now able to use the federal and local money for those projects but only those projects.

	131,982	131,982	
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**Receipts Timing** – Federal reimbursement can now be claimed earlier. This pulls money into the period and reduces resource in the post period. This requires an increase in ending balance.

Shift in Local Projects

113,604	76,482
	20,903

**Federal Limitation** -- Reduction in federal Obligation authority

State System

(83,383)
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Local Federal Aid Projects

(43,260)	(43,260)
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Local Share of Federal Aid Projects

(10,815)	(10,815)
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<u>108,128</u>	<u>175,292</u>	(67,164)
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• **KDOT Expenditure Adjustments**

Agency Operations Reduction

(17,677)
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Substantial Maintenance Reduction

(3,272)
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Transfers to Other Agencies Increase

3,640
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Rail Loan Program Increase

1,910
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SCCHF Timing Estimate Refinement

<u>(2,312)</u>
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<u>(17,711)</u>	<u>17,711</u>
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• **Governor's Recommended Expenditure Reductions**

Deferral – RR Grade Separations

(3,000)
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Deferral – Guard Fence Upgrades

(5,000)
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Deferral – LP RR Grade Separations

(9,224)
---------

Engineering Contracts

(12,000)
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Buildings

(6,182)
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Agency Operations

<u>(16,342)</u>
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<u>(51,748)</u>	<u>51,748</u>
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**Decrease in Available Resources from Governor's Recommendations**

<u>(25,245)</u>
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## REVIEW OF CHANGES IN FY 2000 AND FY 2001 BUDGETS

### FY 2000 Governor's budget changes incorporate:

- ◆ A reduction in the sales tax transfer of \$27.2 million;
- ◆ A net reduction of \$8.3 million in other receipt sources for the State Highway Fund: reductions of \$4.1 million in motor fuels receipts, \$ .5 million in interest earnings, \$6.9 million in federal funds, and \$1.1 million in local matching funds and increases of \$4.0 million in vehicle registration fees and \$ .3 in the ¼ cent sales tax receipts;
- ◆ A reduction of \$5.4 million in agency operations;
- ◆ A recognition of \$14.2 million in savings from three miscellaneous construction program categories, railroad grade separations (\$3 million), guard fence updates (\$5 million), and local partnership railroad grade separations (\$6.2 million); and
- ◆ A reduction of \$2.1 million in SCCHF motor fuels distribution resulting from the revised Consensus Revenue Estimates.

### FY 2001 Governor's changes:

- ◆ A reduction in the sales tax transfer of \$39.6 million;
- ◆ A net increase of \$6.6 million in other receipt sources to the State Highway Fund: reductions of \$1.0 million in interest earnings and \$1.1 million in local matching funds and increases of \$4.0 million in vehicle registration receipts, \$ .1 million in motor fuels receipts, \$ .2 million in the ¼ cent sales tax receipts and \$4.4 million in federal funds;
- ◆ A reduction of \$10.9 million in agency operations;

- ◆ A reduction of \$12.0 million in design contracts and \$3.0 million in RR grade separation projects;
- ◆ A reduction of \$6.2 million in building projects; and
- ◆ A reduction of \$1.5 million in SCCHF distribution (\$630,246 in motor fuels receipts and \$838,637 in the motor carrier property tax transfer).

KDOT can still complete the intended Comprehensive Transportation if:

- ◆ No further adjustments are made to the sales tax transfer;
- ◆ Future year actual state sources receipts as projected in the revised consensus estimates materialize;
- ◆ Federal obligation authority after TEA-21 materializes as projected; and
- ◆ Inflation rates on construction projects stay within estimates.

KANSAS DEPARTMENT OF TRANSPORTATION

1-17

	FY 2000 Gov. Rec.	Gov. Adj.	FY 2000 Net Adj.	Reportable Increase	FY 2001 Gov. Rec. **	FY 2001 Gov. Adj.
	\$	\$			\$	\$
Agency Operations						
Salaries						
Base	116,779,606	(267,174)	(1,891,193)		118,142,839	(2,811,769)
Overtime	5,245,683	0	817,905		5,317,577	0
Part-time	2,707,736	0	214,784		2,693,007	0
Subtotal	<u>124,733,025</u>	<u>(267,174)</u>	<u>(858,504)</u>		<u>126,153,423</u>	<u>(2,811,769)</u>
OOE						
Data Systems Op.	4,274,083	0	0		5,424,266	0
Data Systems Dev.	6,016,729	0	1,000,000		3,545,299	(2,104,000)
Maint.(200 & 300's)*	37,308,904	(2,000,000)	(2,564,982)		38,983,234	0
Travel	3,069,157	(341,018)	(353,986)		3,212,511	(353,404)
Capital Outlay	20,857,873	(2,317,541)	2,213,113		22,864,257	(5,644,402)
Other	10,687,131	0	(445,160)		10,692,802	1
Subtotal	<u>82,213,877</u>	<u>(4,658,559)</u>	<u>(151,015)</u>		<u>84,722,369</u>	<u>(8,101,805)</u>
Subtotal Limited						
Agency Operating	<u>206,946,902</u>	<u>(4,925,733)</u>	<u>(1,009,519)</u>		<u>210,875,792</u>	<u>(10,913,574)</u>
KSIP	<u>4,530,654</u>	<u>(503,406)</u>				
Total Agency Operating	<u>211,477,556</u>	<u>(5,429,139)</u>	<u>(1,009,519)</u>		<u>210,875,792</u>	<u>(10,913,574)</u>
Aid to Locals						
Special City/County	152,692,577	(2,100,960)	(3,320,075)		158,417,943	(1,468,883)
Other	18,864,000	0	(3,685,039)		20,276,000	0
Subtotal	<u>171,556,577</u>	<u>(2,100,960)</u>	<u>(7,005,114)</u>		<u>178,693,943</u>	<u>(1,468,883)</u>
Claims	<u>400,000</u>	<u>0</u>	<u>200,000</u>		<u>400,000</u>	<u>0</u>
Project Cost						
Design/Appr. Contracts	43,750,000	0	0	0	34,000,000	(12,000,000)
Inspection Contracts	8,000,000	0	(7,000,000)**	0	9,000,000	0
State Projects	347,768,000	(14,224,000)	(15,407,567)	(15,407,567)	479,047,000	(3,000,000)
Local Projects	98,371,000	0	(10,221,000)**	0	102,681,700	0
Buildings	10,884,012	0	5,496,210	0	3,124,395	(6,181,762)
Debt Service	96,192,717	0	(13,002,147)	0	139,035,928	0
Substantial Maintenance	162,928,000	0	(381,000)	0	166,416,000	0
Subtotal	<u>767,893,729</u>	<u>(14,224,000)</u>	<u>(40,515,504)</u>	<u>(15,407,567)</u>	<u>933,305,023</u>	<u>(21,181,762)</u>
Subtotal	<u>1,151,327,862</u>	<u>(21,754,099)</u>	<u>(48,330,137)</u>	<u>(15,407,567)</u>	<u>1,323,274,758</u>	<u>(33,564,219)</u>
Less Bonds	<u>325,032,129</u>	<u>0</u>	<u>(82,967,871)</u>	<u>(82,967,871)</u>	<u>400,000,000</u>	<u>0</u>
Total	<u>\$826,295,733</u>	<u>(21,754,099)</u>	<u>\$34,637,734</u>	<u>\$67,560,304</u>	<u>\$923,274,758</u>	<u>(33,564,219)</u>

\* Less Travel

\*\* These adjustments plus \$1,181,507 reduction by KDOT in State Projects less the \$82,967,871 increase in reportable expenditures equals an increase of \$64,563,304 reflected by DOB as an intermediate construction total increase.