Approved: January 30, 2001
Date

MINUTES OF THE HOUSE TRANSPORTATION.

The meeting was called to order by Chairperson Gary Hazylett at 1:40 p.m. on January 23, 2001 in Room 519-S of the Capitol.

All members were present except:
Representative John Ballou, excused

Committee staff present:
Bruce Kinzie, Revisor
Hank Avila, Research
Chris Courtright, Research
Ellie Luthye, Committee Secretary

Conferees appearing before the committee:
John Federico, Federico Consulting
Dean Carlson, Secretary, Department of Transportation

Others attending:
See attached sheet

Chairman Hayzlett opened the floor for bill introductions. Representative Hayzlett made a motion to introduce a bill which would allow a truck with a permanently mounted hydraulic concrete pump and placing boom to be moved on the highways from one job location to another, or to a place of storage, delivery or repair without being registered. This was seconded by Representative Vickery and the motion carried.

Representative Hayzlett made a motion to introduce a bill, similar to the one introduced during the 2000 session, with regard to cars and trucks driving with high intensity lights. This was seconded by Representative Humerickhouse and the motion carried.

John Federico requested the committee introduce a bill in which you would not have to have a special permit if an appurtenance on a motor home, such as an awning, exceeded the current 102" but not to exceed 108" Representative Osborne made a motion to introduce this bill, seconded by Representative Humerickhouse and the motion carried.

Representative McKinney made a motion to introduce a bill which would include motorized seat belts under the 10 year warranty law. This was seconded by Representative Long and the motion carried.

Representative McKinney made a motion to introduce a bill which would give incentives to retailers who offer ethanol blends to provide rebates on motor fuel taxes. This was seconded by Representative Levinson and the motion carried.

Chairman Hayzlett asked the committee if they would like to tour the Division of Vehicles at the invitation of Sheila Walker, Director. The committee accepted and this will be arranged.

Chairman Hayzlett called on Secretary Dean Carlson, Department of Transportation to give an update on the Comprehensive Transportation Program. He presented a detailed report showing the fund sources and uses, the estimated state revenues and the estimated ending cash balances. He then answered questions from the committee. (Attachment 1)

Chairman Hayzlett adjourned the meeting at 2:40 p.m. The next meeting of the House Transportation Committee will be Wednesday, January 24, 2001.

HOUSE TRANSPORTATION COMMITTEE GUEST LIST

DATE: January 23, 2001

NAME	REPRESENTING
Bill Watts	KDOT
Nancy Bogina	KDOT
E. Dean Carlson	KDOT
Woody Moses	KRMCA
Wendy Harms	KAPA
George Barbee	K C E
Pat Hubbell	Kansas Railroads
Bob Totten	Ks Contractors
Aaron Dunkel	Div. of the Budget
Tom Whitaker	Ks Motor Carriers Assn
Bill Henry	Economic Lifeline

FY 2000-2009 COMPREHENSIVE TRANSPORTATION PROGRAM (CTP) UPDATE

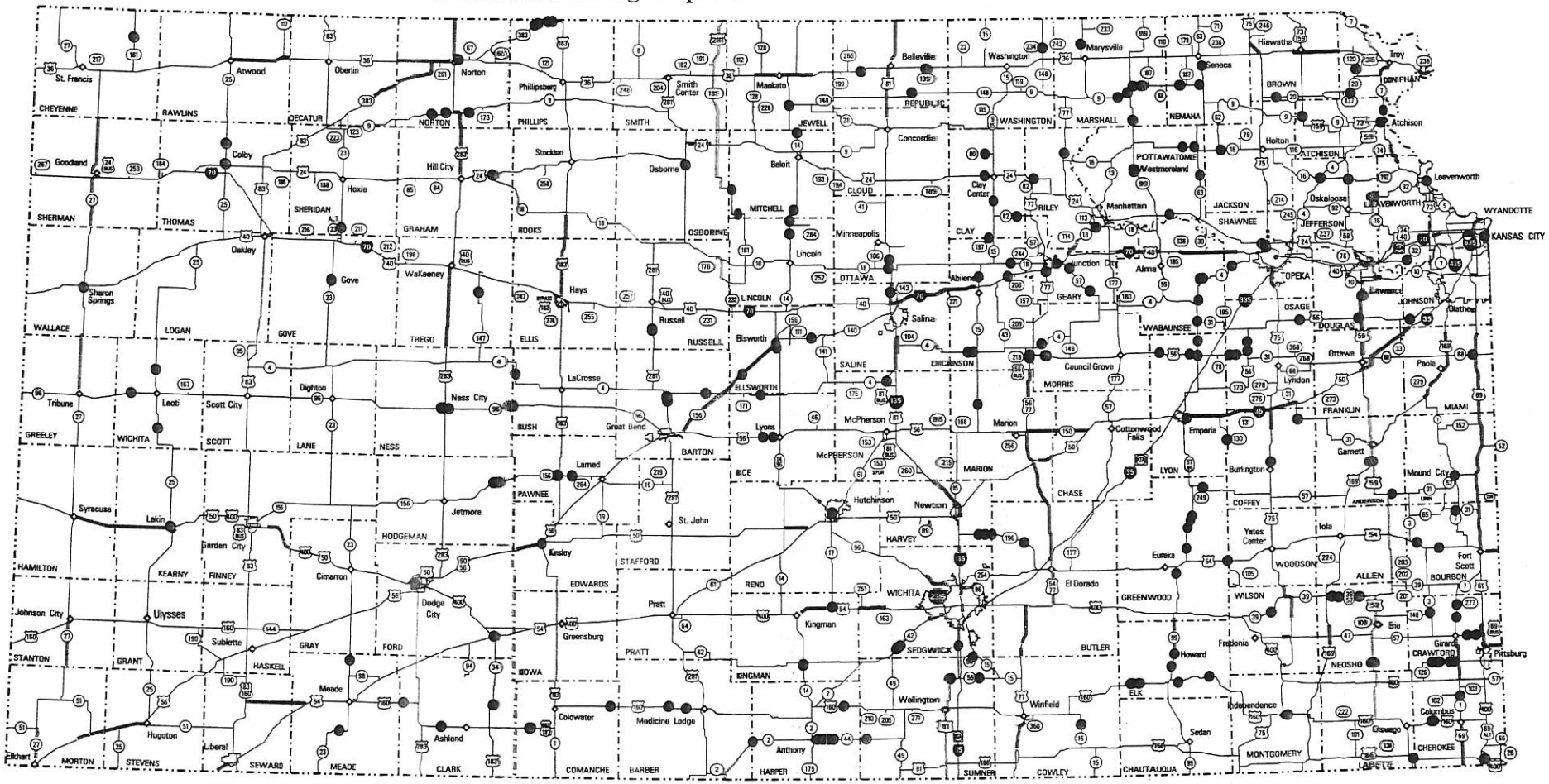
Presentation to
House Transportation Committee
January 23, 2001

E. Dean Carlson
Secretary
Kansas Department of Transportation

COMPREHENSIVE TRANSPORTATION PROGRAM FY 2000–2009

Major Modification Interstate and Non–Interstate and Priority Bridge Only

Assumes Funding as per HB2071 as Passed 4–30–99



See project list for more specific project information.

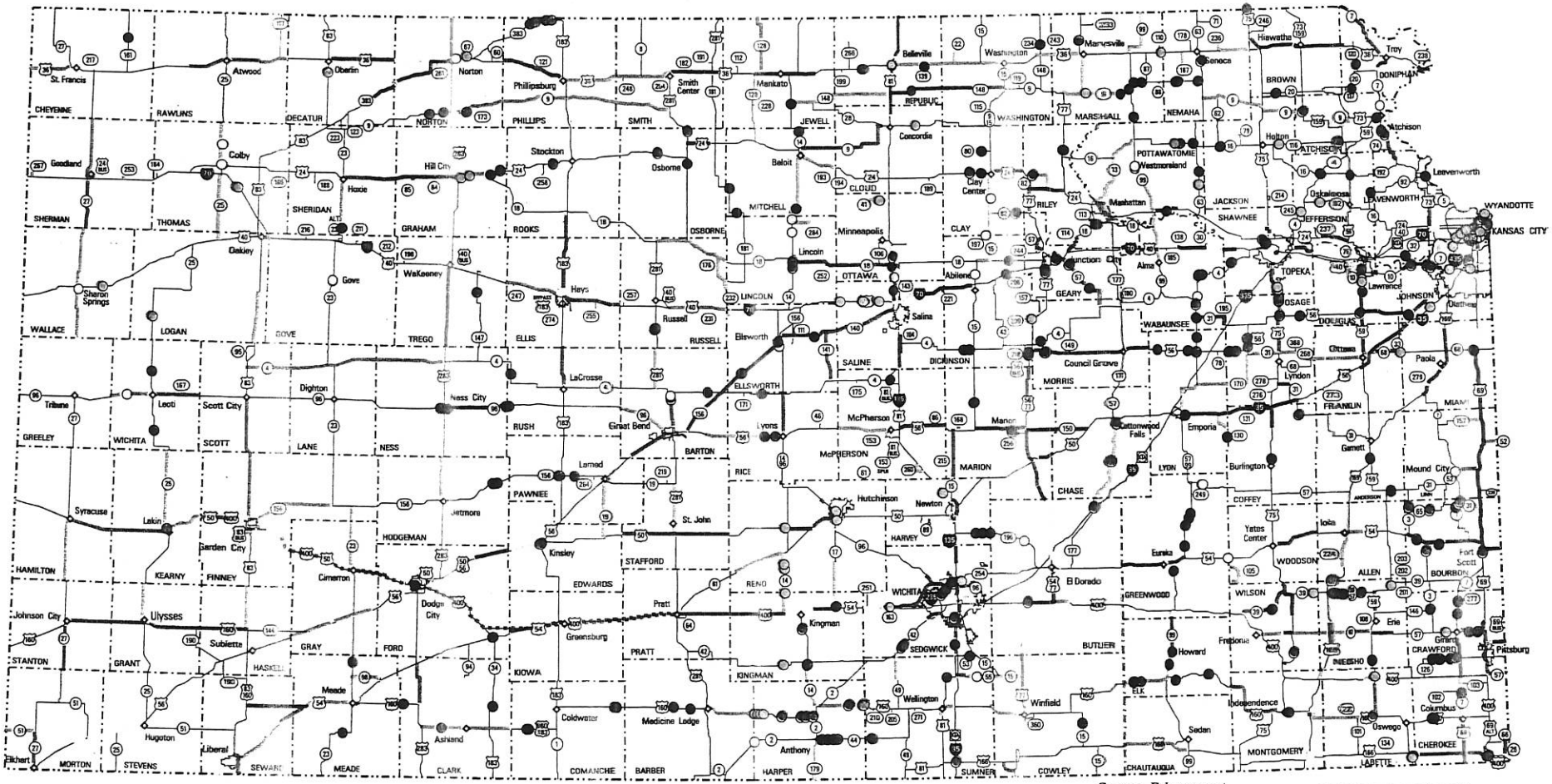
See separate list for explanation of changes from 2000 annual report map.

Bridge ●

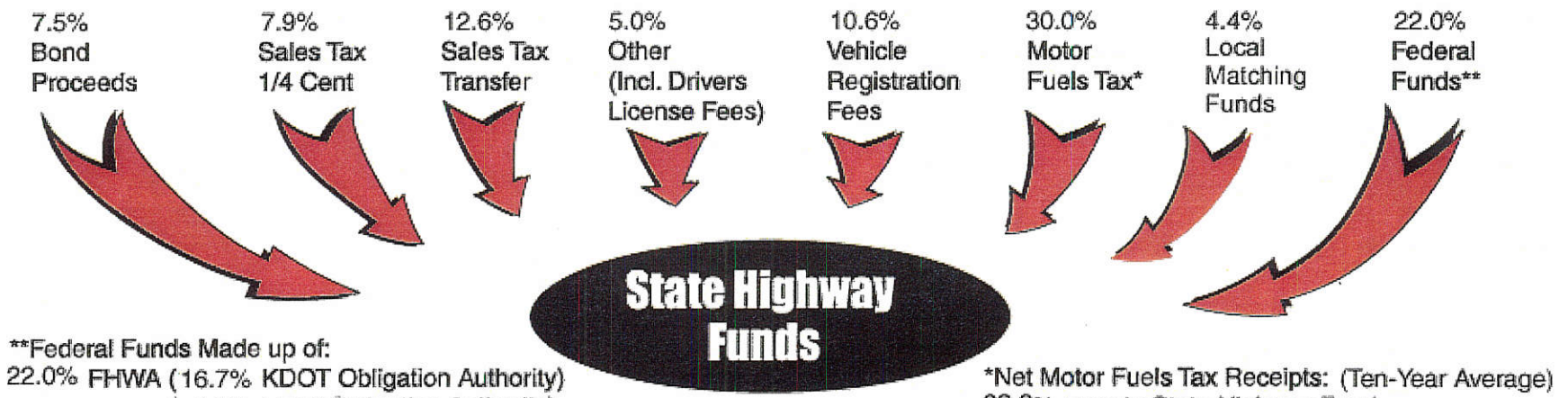
Roadway —

PREPARED BY THE
KANSAS DEPARTMENT OF TRANSPORTATION
BUREAU OF TRANSPORTATION PLANNING
CTP0S2800A.DGN OCTOBER 3, 2000
USING CARSYS DATABASE 06/00
BPW CTP DATA 07/01/00

FY 2000–2009 COMPREHENSIVE TRANSPORTATION PROGRAM

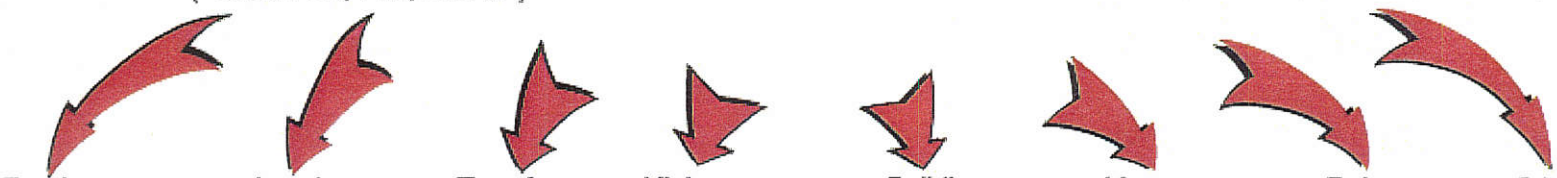


Kansas Department of Transportation Fund Sources and Uses FY 2000-2009



**Federal Funds Made up of:
22.0% FHWA (16.7% KDOT Obligation Authority)
(4.5% Local Obligation Authority)
(0.8% FRA, FTA, NHTSA)

*Net Motor Fuels Tax Receipts: (Ten-Year Average)
62.3% goes to State Highway Fund
37.7% goes to Special City & County Highway Fund



Routine Maintenance (Incl. Snow Removal & Mowing) 8.7%

Local Transportation Programs (Special City & County Highway Local Federal Aid Programs, Local Partnership Program, City Connecting Link Payments, Transportation Enhancement) 20.1%

Transfers (Incl. KHP, Revenue) 3.6%

Highway Construction (Right-Of-Way, Design, Engineering, & Utility Adjustments for: Substantial Maintenance, Major Modification, Priority Bridge & System Enhancement) 51.3%

Buildings .7%

Management (Incl. Administration, Support Services, Technical & Planning Assistance) 4.3%

Debt Service 10.0%

Other Modal Programs (Aviation, Public Transit, Railroads) 1.3%

1/12/2001

Fund Sources

- **Estimated total funds for the ten-year CTP have increased from the original House Bill 2071 (May 1999) estimate.**
  - **$12.7 billion HB2071 estimate**
  - **$13.1 billion 12/99 estimate**
  - **$13.4 billion 1/01 estimate (FY 00 actual)**

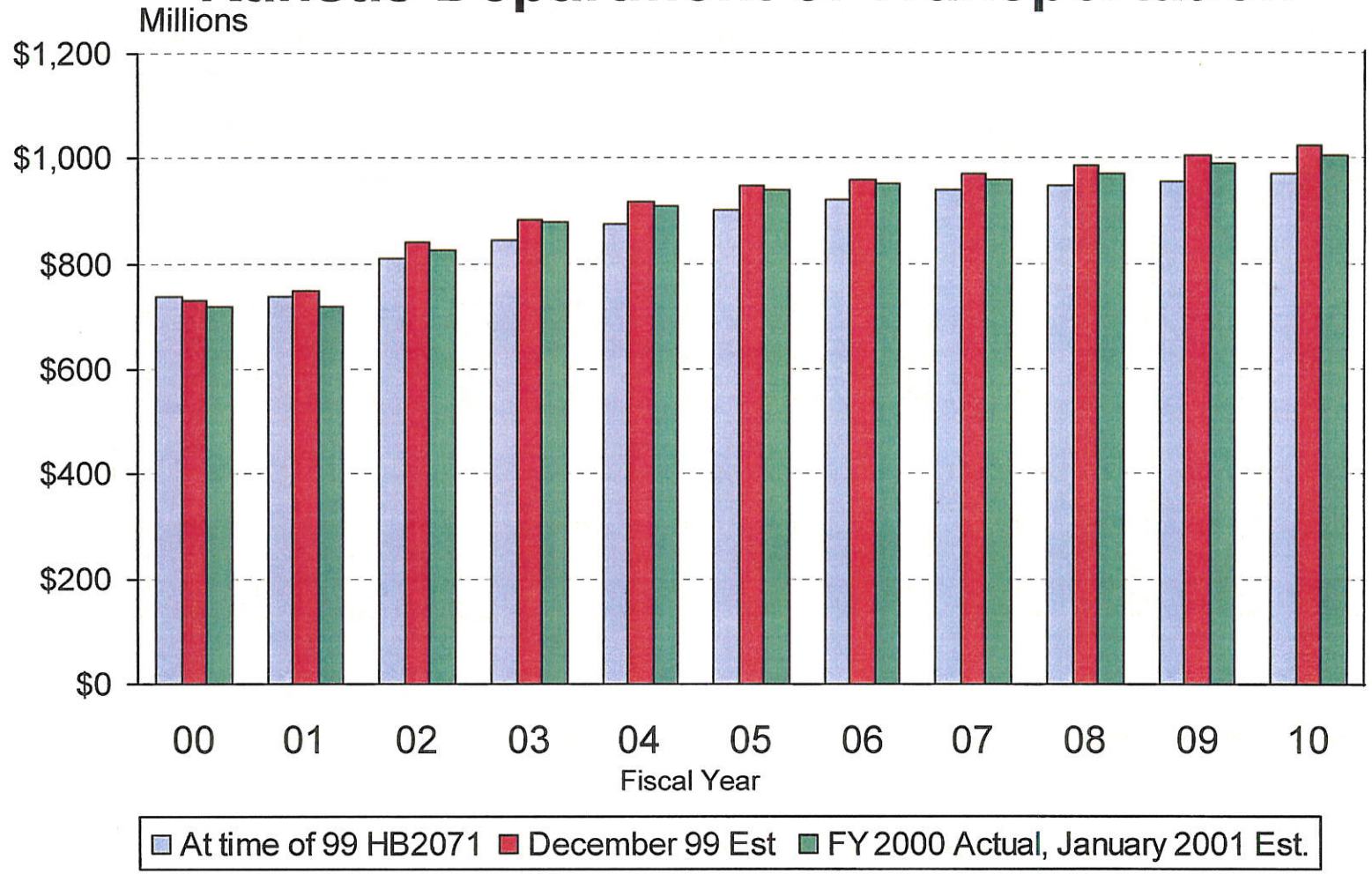
Fund Sources (continued)

- Changes are due to:
  - Addition of federal demonstration funds earmarked for specific projects.
  - Addition of local matching funds for the System Enhancement Program.
  - Interest earnings are higher in part because favorable market conditions have resulted in the bond sales occurring earlier in the program than originally anticipated.

Fund Sources (continued)

- Changes (continued):
  - State Consensus and Highway Revenue Estimate Groups last year adjusted state revenue estimates upward, but have since revised estimates back down.
  - Sales Tax Transfers for FY 2000 and FY 2001 were reduced $66 million from statutory amounts by the 2000 Legislature, reducing state revenues for the program. An additional $25 million reduction for FY 2002 has been proposed by the Governor.

Estimated CTP State Revenues
Kansas Department of Transportation



Excludes Federal Aid, Local Funds, and Bonding

Includes State Highway Fund, Special City and County Highway Fund,
Bond Proceeds Fund, Debt Service Fund, and others

Fund Use

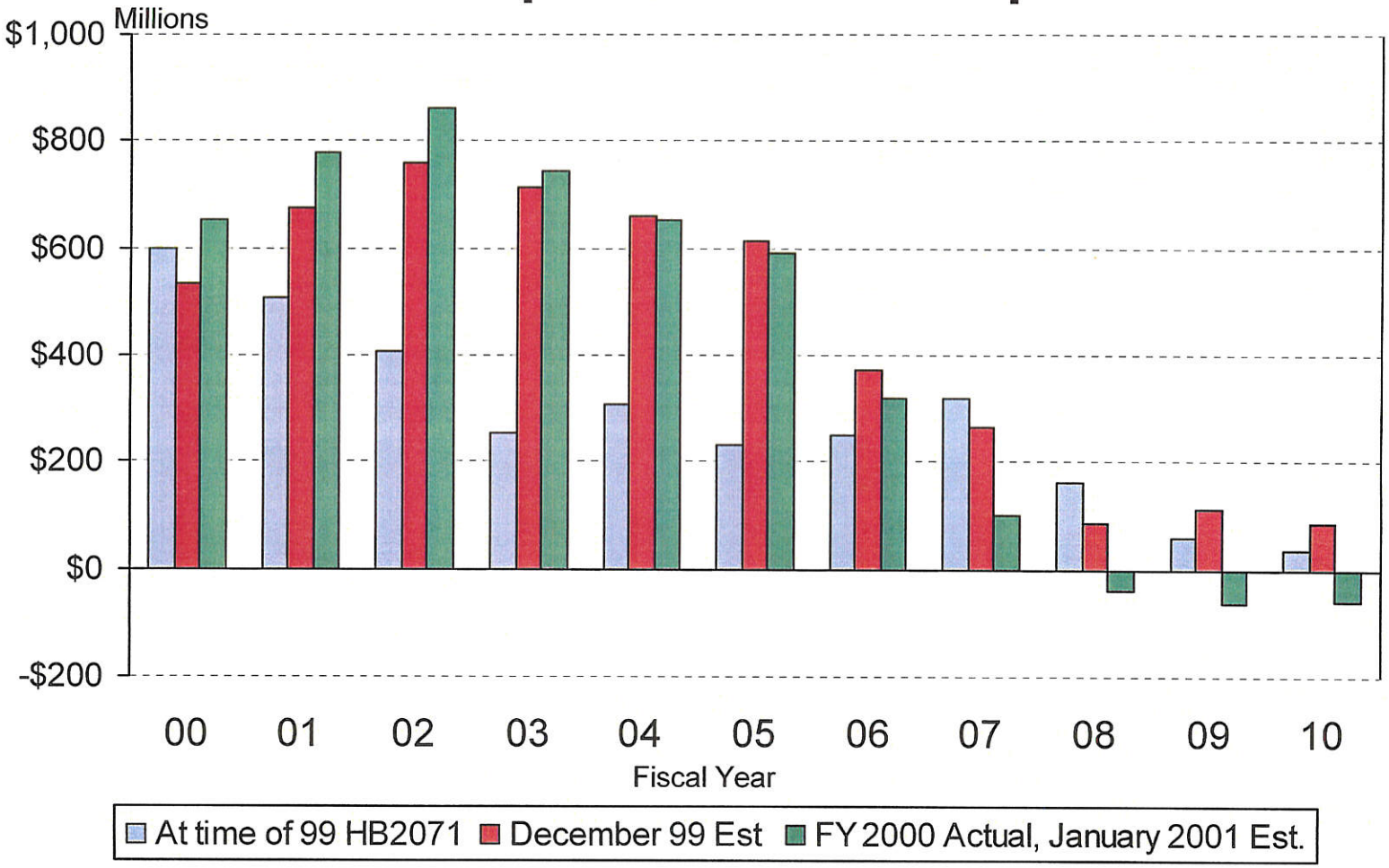
- **The estimated ten-year CTP total program cost has increased from the original House Bill 2071 (May 1999) estimate.**
  - **$12.9 billion HB2071 estimate**
  - **$13.3 billion 12/99 estimate**
  - **$13.6 billion 1/01 estimate (FY 00 actual)**

Fund Use (continued)

- Increases are due to:
  - Changes in Major Modification and Priority Bridge project cost estimates including the addition of federal demonstration funds earmarked for specific projects.
  - Addition of local matching funds for the System Enhancement Program.
  - Increased disbursements from the Special City and County Highway Funds due to estimated increases in motor fuel tax collections.
  - Debt service costs have increased due to early bond sales.

Estimated CTP Ending Cash Balances

Kansas Department of Transportation



Numbers include dollars necessary to pay construction contracts let during the CTP but will be completed after June 30, 2009 and to meet the debt service and operating cash flow requirements.

Assumes continued Federal Aid matching, Substantial Maintenance, and Agency Operations beyond FY 2009

Includes State Highway Fund, Special City and County Highway Fund, Bond Proceeds Fund, Debt Service Fund, and others

Questions

- How can revenue estimates be higher than originally anticipated, yet the estimated ending cash balance estimate has decreased?
  - Local contributions to the System Enhancement Program increase KDOT's revenues but also increase expenditures by a like amount.
  - Federal demonstration funds can only be spent on specific projects.
  - Increased interest revenue from early bond sales is offset by increased debt service during the CTP.

Questions (continued)

- **Why are ending cash balances so high in the early years of the program, and why can't that money be diverted for other purposes?**
  - **The CTP is a ten-year plan. The revenue needs of the program were spread over the full ten years, and the interest earnings on those revenues was considered when calculating the amount of revenues needed.**
  - **While KDOT constructs projects as quickly as possible many expenditures can't be made until the end of the program.**
  - **Diversion of revenues early in the program has a negative impact larger than the diversion itself because of the reduced interest earnings.**

Questions (continued)

- What is the status of CTP bond sales?
  - Bond Sales
    - September 1999 $325 million
    - October 2000 $150 million
    - November 2000 $200 million
  - Future Sales
    - Balance remaining $325 million
    - Sales subject to market conditions

Questions (continued)

- **Why is it beneficial to sell bonds early when it results in increased debt service through FY 2009?**
  - **By selling the bonds early, KDOT is able to use the proceeds to pay for construction costs which would otherwise have been paid for by state revenues. Those state revenues are then invested until needed to pay for projects later in the program.**
  - **Under current market conditions, KDOT is able to earn more money on invested state revenues than it pays on the bonds.**
  - **The total interest paid on the bonds is not increased. The amount paid out of future revenues after the end of the CTP is decreased.**
  - **Under current market conditions, selling the bonds early reduces the risk of higher interest rates in the future.**

Questions (continued)

- **Why were the System Enhancement (SE) project cost estimates submitted by project sponsors increased?**
  - **Estimates were submitted in FY 2000 dollars and had to be adjusted for inflation to reflect the actual estimated letting year. Most projects will be let to construction in the latter years of the CTP because of size and complexity. In addition, projects had to be modified to include appropriate design criteria and all required project components and to ensure that cost estimates were appropriate. Highest potential costs had to be estimated so that adequate funds are available to construct projects as promised. Specific alignments, project scopes, new bridge locations, and right of way requirements are not known at this time, all of which have a substantial impact on cost.**

Questions (continued)

- **Why were "freeway standards" used for some SE projects when project sponsors requested "expressway standards"?**
  - **Freeway standards were used for initial SE estimated costs so that adequate funds would be available to construct the projects should the freeway option be recommended as a result of the project development and design process. For major corridors such as US-54 and K-61, freeway standards must be considered to ensure that traffic and safety issues are addressed both at the time the facility is built and in the future as traffic and development along the corridor increases. Input from SE project sponsors and the public will be an important part of the design process along with engineering and safety considerations.**

Questions (continued)

- **What is the difference between a freeway and an expressway?**
  - **Both are multilane divided highways; the difference is the degree of "access control." Freeways allow access only at grade separated interchanges; expressways allow access at public roads via at-grade intersections. The tradeoffs are safety, capacity, and function (freeways) versus cost (expressways). Some expressways may warrant a freeway in the future based on anticipated traffic and growth, and in those cases additional access control and right-of-way considerations may be a part of initial construction. For expressways that are built without future access control considerations, conversion to a freeway in the future may be cost prohibitive.**

Questions (continued)

- What are some other factors that affect project costs in addition to freeway versus expressway standards?
  - Whether the roadway is constructed along the existing highway alignment or a new alignment has an impact on project cost. Several factors affect this decision including existing highway condition and geometrics, detour availability and cost, tradeoffs between right of way acquisition along the existing alignment versus new alignment, environmental and socio-economic issues, local road jurisdiction considerations, and engineering factors such as topography, water drainage, railroad crossings, and cross roads. All of these issues, costs, and tradeoffs must be examined during the project development and design process.

Questions (continued)

- **Will additional SE projects be funded?**
  - **Funding projects beyond the original 29 SE projects depends on the status of the already selected projects and the amount of money available. It will be several years before it is known whether additional SE funds will be available due to cost savings. KDOT's estimates are just that- estimates. If money becomes available over the life of the program because of cost savings on the 29 SE projects, careful consideration will be given as to where those additional dollars should be allocated. The first priority would be to make sure that the originally selected projects are fully funded. Several projects were only partially funded, and those projects would need to be reviewed to see if there would be other work that could or should be done.**

Questions (continued)

- **What is the status of the SE program?**
  - **KDOT met with all project sponsors during the month of August and met internally on all projects during August and September. Staff has continued to meet with project sponsors and discuss project details as city/county/state agreements are developed and project development and design begins. Design consultant selection has begun on many of the projects. It is critical to the success of the SE program that KDOT work hand-in-hand with the local governments that sponsored the projects and, in many cases, are providing local matching funds.**

Questions (continued)

- **Why have Major Modification and Priority Bridge project cost estimates increased?**
  - **In late 1998 when KDOT made its initial projections for the CTP, the expenditure estimates were based on what was known about the anticipated projects at the time. Projects had been identified but development had only just begun on the majority of projects, and neither scopes nor schedules had been finalized. Since then, KDOT has been able to further investigate and research many of the projects as detailed project design has progressed. Two years later, based on this improved information, KDOT has refined its project cost estimates, and in many cases these estimates are higher than the initial estimates. KDOT must balance current and future project needs against design life and cost.**

CTP Update Summary

- There are no excess revenues.
- The margin between success and failure is getting thinner. Revenue changes will impact the program.
- KDOT is committed to the CTP as envisioned by House Bill 2071 and will carefully manage the available funds.