

**SENATE TRANSPORTATION COMMITTEE
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COMPREHENSIVE TRANSPORTATION PROGRAM (CTP) UPDATE

**Presentation to
Senate Transportation Committee
January 31, 2002**

**E. Dean Carlson, Secretary
Kansas Department of Transportation**

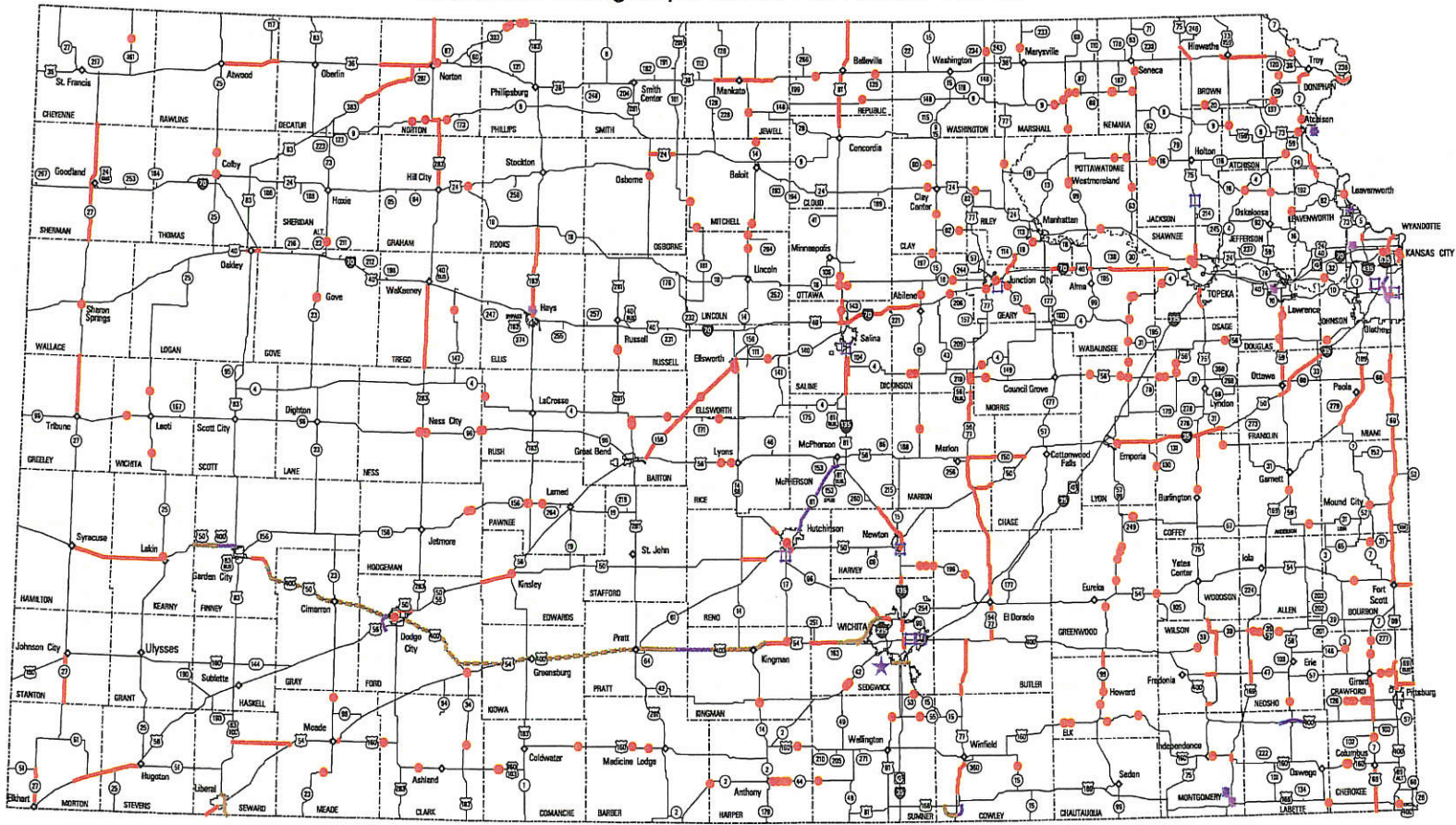
SENATE TRANSPORTATION
COMMITTEE - DATE: 02-05-02
ATTACHMENT: 1

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CTP Promise-- The "Red Map"

- Major Modification Interstate and Non-Interstate roadway projects and Priority Bridge projects were listed in the House Journal as a part of the Legislative record in the debate over House Bill 2071, often referred to as the "Red Map" (with an accompanying project list).
- Red Map projects were identified for inclusion in the CTP as a result of KDOT's prioritization process.
- At the time House Bill 2071 was passed, specific projects for other components of the highway program had not been identified. System Enhancement projects were announced in August 2000.

COMPREHENSIVE TRANSPORTATION PROGRAM SYSTEM ENHANCEMENT PROJECTS
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
 2001 annual report map.

- CTP SE PROJECTS**
- Bridge ●
 - Roadway —
 - Interchanges □
 - Corridors & Bypasses —
 - Corridor Studies —
 - Preliminary Engineering and / or Right of Way Only —
 - Wichita Rail Project ★

PREPARED BY THE
KANSAS DEPARTMENT OF TRANSPORTATION
 BUREAU OF TRANSPORTATION PLANNING
 MAP2_REDMAP.DGN NOVEMBER 13, 2001
 USING CANSYS DATABASE 3001 BPM CTP DATA 07010101
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Assumes funding as per HB2071 as passed 4-30-99

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Program Changes Already Made Due to Budget Cuts

- In April 2001, KDOT suspended development on 14 Preliminary Engineering-only projects. These were projects that had not been funded for construction in the CTP.**
- Development was also suspended on the planned I-70/K-7 interchange at Bonner Springs.**

Potential Program Changes

- **KDOT has also considered whether more project cuts are necessary. For now, the development of all projects currently in the CTP is proceeding, with the exception of any System Enhancement projects where work had not yet begun.**
- **If the current deficit projections hold, KDOT will not be able to complete the program as originally passed in 1999.**
- **KDOT will re-evaluate the entire CTP after 2002. Legislative actions are known and analyzed and will continue to re-evaluate the program in the future at key times such as when new consensus revenue estimates are made.**

Ten-Year Focus for CTP

- **KDOT is different from most other state agencies because a large part of the agency's business is capital improvements. These capital improvements often take years to develop, design, and construct and will be funded with money that is anticipated to be available a number of years out into the future.**
- **Highway construction cost estimates are dynamic as project development proceeds toward letting.**
- **Engineering factors, project issues, costs, and tradeoffs must be considered. Current and future project needs must be balanced against design life and cost before an improvement's plans can be completed and a commitment of construction dollars made.**

Impact of Project Cuts

- When a project is delayed, it not only impacts that particular road section, it also causes other projects to be delayed by pushing those other projects even further out into the future.
- This “ripple effect” leaves not only current highway needs unaddressed, but also delays addressing anticipated future needs.
- The result is an even larger “pool” of future unmet highway needs and increased costs.

Current CTP Deficit

- Based on December 2001 projected revenue and project cost estimates, the CTP will have a negative available ending fund balance of \$296 million at the end of FY 2009.
- Unless there is a significant currently unanticipated increase in revenues, KDOT will have to make decisions before FY 2009 regarding project cuts in order to pay contracts on projects let to construction, match federal-aid funds, and continue a Substantial Maintenance program and agency operations.
- Complicating the funding picture are debt service payments that will be required in future years. For example, in FY 2010, KDOT's estimated annual debt service will be \$155 million dollars. Debt service extends through 2025.

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Original House Bill 2071 **FY 2000-2009 CTP New Funding**

- **Motor Fuels Tax Increase**
 - Phased increase of 4 cents per gallon: 2 cents in 1999, 1 cent each in 2001 and 2003, “sunsets” in 2020
- **Sales Tax Transfer**
 - Capped at 1.75% increase for FY 2000 and FY 2001, stepped increases from 9.5% in FY 2002 to 12% in FY 2005 and thereafter
- **Bonding**
 - \$995 million in additional bonding authority with 20-year bonds

Sales Tax Transfer

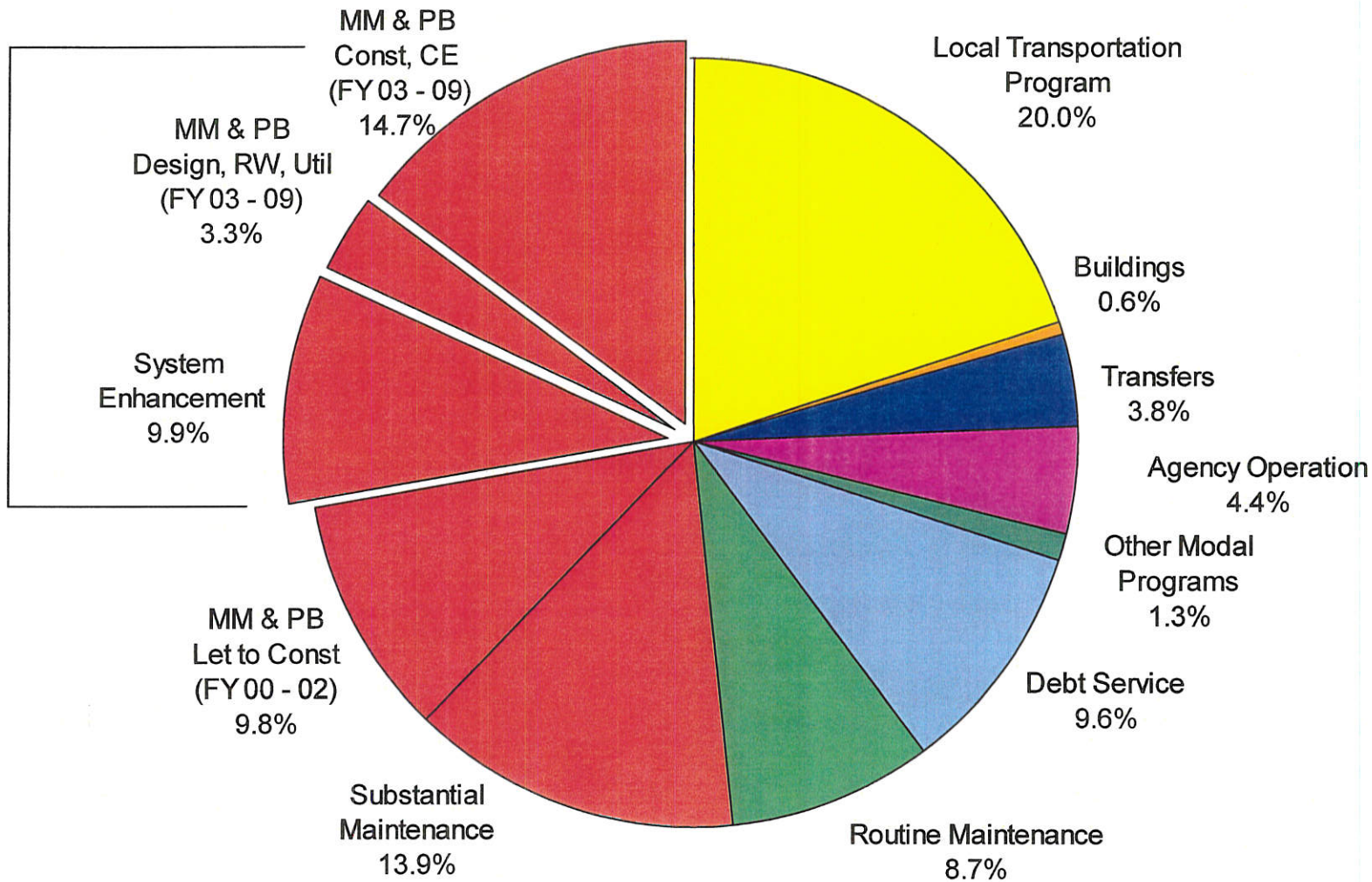
- **KDOT has not received the statutory amount of Sales Tax Transfer since FY 1990.**
- **The historical reductions in the statutory Sales Tax Transfer amounts make the current CTP and any future highway programs vulnerable to project cuts.**

Reductions to Statutory Sales Tax Transfer

- FY 1991: 10.00% but reduced by 1.75%
- FY 1992: 10.00% but reduced by 1.00% plus \$3.796 million
- FY 1993 (1st Qtr.) 10.00% but reduced by 3.00%
- FY 1993 (Final 3 Qtrs.) 7.60% but reduced by 3.00%
- FY 1994 7.628% but reduced by 4.00%
- FY 1995 7.628% but capped at 103% of FY 1994 actual
- FY 1996 7.628% but capped at 103.7% of FY 1995 actual
- FY 1997 7.628% but capped at 101.4% of FY 1996 actual
- FY 1998 7.628% but capped at 101.75% of FY 1997 actual
- FY 1999 7.628% but capped at 102.40% of FY 1998 actual
- FY 2000 7.628% but reduced by \$27.2 million
- FY 2001 7.628% but reduced by \$39.2 million
- FY 2002 9.500% but reduced by \$44.5 million

FY 2000-2009 CTP Expenditures

Any project cuts must come from this 27.9%



Why Should the Legislature Maintain Its Commitment to the CTP?

- The CTP stabilizes and stimulates the state's economy during all times but especially during difficult economic times.
- The CTP supports statewide economic development.
- The CTP protects the state's investment in its infrastructure.
 - It is necessary to address the state's current transportation needs.
 - Highway conditions do not remain static and gains from the CHP could be lost without an ongoing commitment to highway improvements.
 - Safety concerns must be addressed.
- The CTP responds to the concerns of Kansas citizens.

Highway Program Economic Impact

- From an October 12, 1992 *U.S. News and World Report* article discussing states faced with a downturn in their economic fortunes...
 - “As the nation slid into recession during the second half of 1990, highway money began to course through the Kansas economy. Road expenditures leapt from 293 million dollars in 1989 to 429 million in 1991, sending a torrent of dollars through checkbooks and cash registers. In what economists call the multiplier effect, construction workers started buying tools, contractors leased new equipment, and engineering firms started placing help-wanted ads. As highway money worked its way through Kansas’s economic bloodstream, personal income climbed at 2.4 percent, more than twice the national average (in 1991).”

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1989 CHP Economic Impacts

- Economic multiplier of 2.6 for every dollar spent
- An increase of nearly 118,000 private sector jobs statewide
- \$1.4 billion increase in statewide income
- Other benefits
 - Increased economic development
 - Highway user benefits

Source: Babcock, Michael W., et al. Economic Impacts of the Kansas Comprehensive Highway Program.
Kansas State University, 1997.

1989 CHP Benefit-Cost

- The Benefit-Cost ratio was conservatively estimated to be at least 3, meaning the program returned at least three dollars' worth of value to Kansans for every dollars' worth of cost to Kansans.
- This "...finding means that, in aggregate terms, the KCHP has been at least three times as valuable to taxpayers as returning their tax dollars would be. We believe the same would be true of a new highway program..."

Source: Burress, David, et al. Benefits and Costs of the Kansas Comprehensive Highway Program. University of Kansas, 1999.

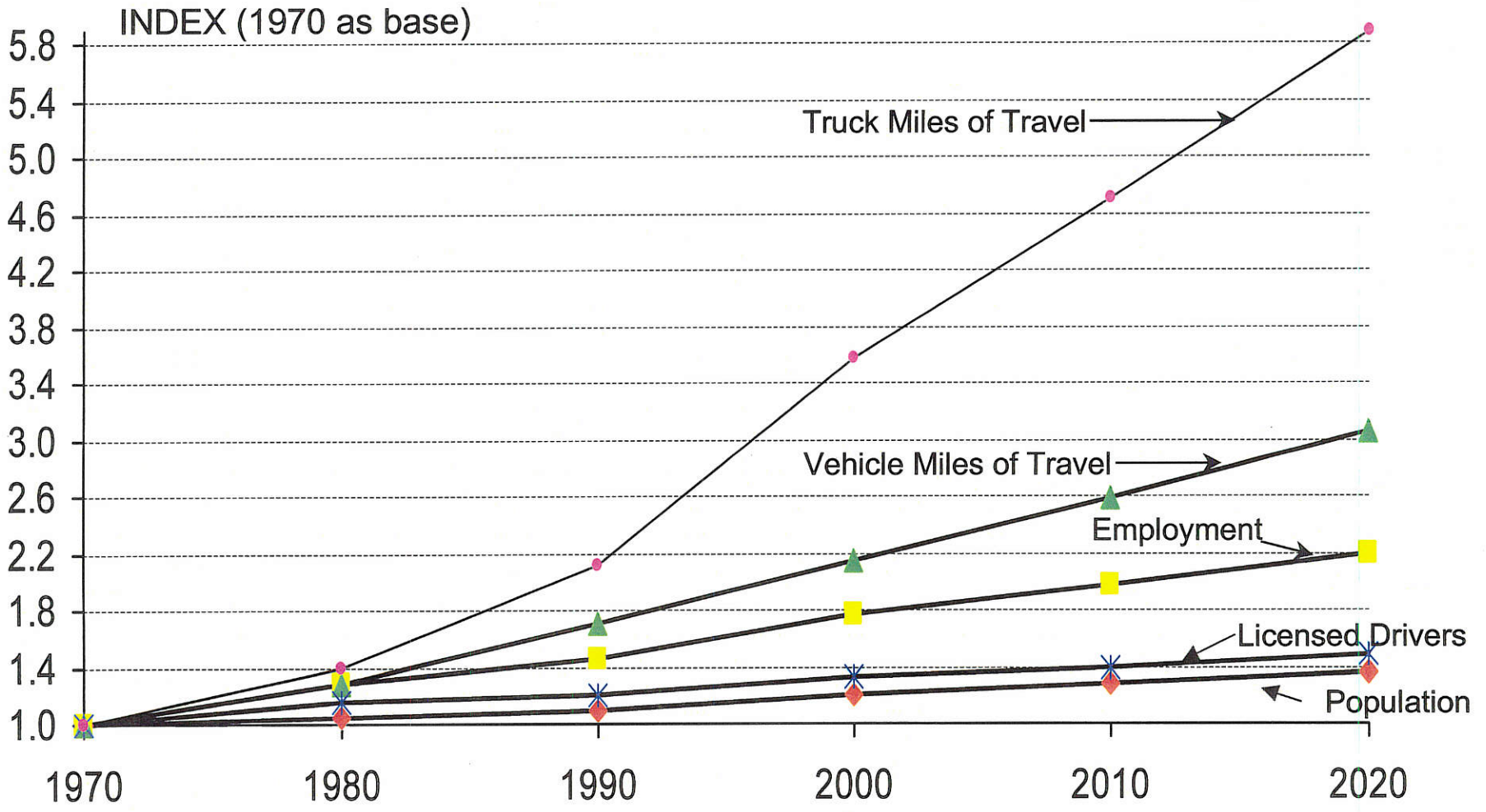
Future Economic Impacts

- A recent report from the United States Department of Transportation (USDOT) showed that, in 2001, every dollar spent on highway improvements yielded an average benefit of \$5.70.
- Add to these economic facts that the cost of construction only increases over time, and it is clear that maintaining an adequate and consistent investment in the transportation infrastructure is a strategy that pays high returns over a long period.

Investment in State Infrastructure Must Be Protected

- **Highways are affected by age, deterioration from environmental effects, and travel demand.**
- **State revenues do not keep up with need.**
 - **Traditional user fees (gas taxes, registration, etc.) do not keep pace due to: the increased cost of construction because of inflation; and the ever-increasing need for more road repairs and new roads due to increasing vehicle miles of travel (VMT) and truck traffic.**
- **Deferring highway projects only adds to pool of future unmet needs and increases costs.**

Kansas Demographics Percentage Growth



Kansas Citizens' Concerns

- **A KDOT “external customer” survey was administered (Fall 2000) by phone to a random sample of 1,848 Kansas residents with a 95% level of confidence with a precision of at least +/- 2.2%.**
- **92% of the residents surveyed thought that funding for transportation in Kansas should stay at least the same over the next five years, 6% had no opinion, and 2% thought funding should be reduced.**
- **The improvements that residents think are most important to fund include: repairs to existing highways, expanded transportation services for the elderly and disabled, additional shoulders along state highways, and additional lanes on heavily congested highways.**

Source: January 2001 KDOT External Customer Survey Report by ETC Institute, Olathe Kansas

Safety Trends

- **According to The Road Information Project (TRIP):**
 - More than 41,000 people are killed in highway crashes each year in the U.S. and 3.5 million are injured.
 - Highway crashes are the leading cause of death of people six to 28 years of age and are the cause of more permanent impairments than any other type of accident.
 - Every \$100 million invested in highway safety improvements will result in approximately 145 fewer traffic fatalities over a ten-year period (nationwide).
- **In Kansas:**
 - Approximately 500 people are killed annually on Kansas public roadways and 30,000 are injured.

Safety Concerns

- **Roads become increasingly “unforgiving” in response to driver error as traffic increases on older highways.**
- **With traffic volumes continuing to rise on some of the State’s most heavily traveled two-lane highways, fatality rates will increase until additional capacity can be built.**
- **Highway improvement projects become necessary not just due to deteriorated physical condition, but also outdated “geometrics” like hills, curves, and narrow shoulders. Some examples of this situation include US-59 in Douglas and Franklin Counties and the US-69 corridor.**
- **If the CTP is “downscoped” to primarily Substantial Maintenance projects, these issues will not be addressed.**

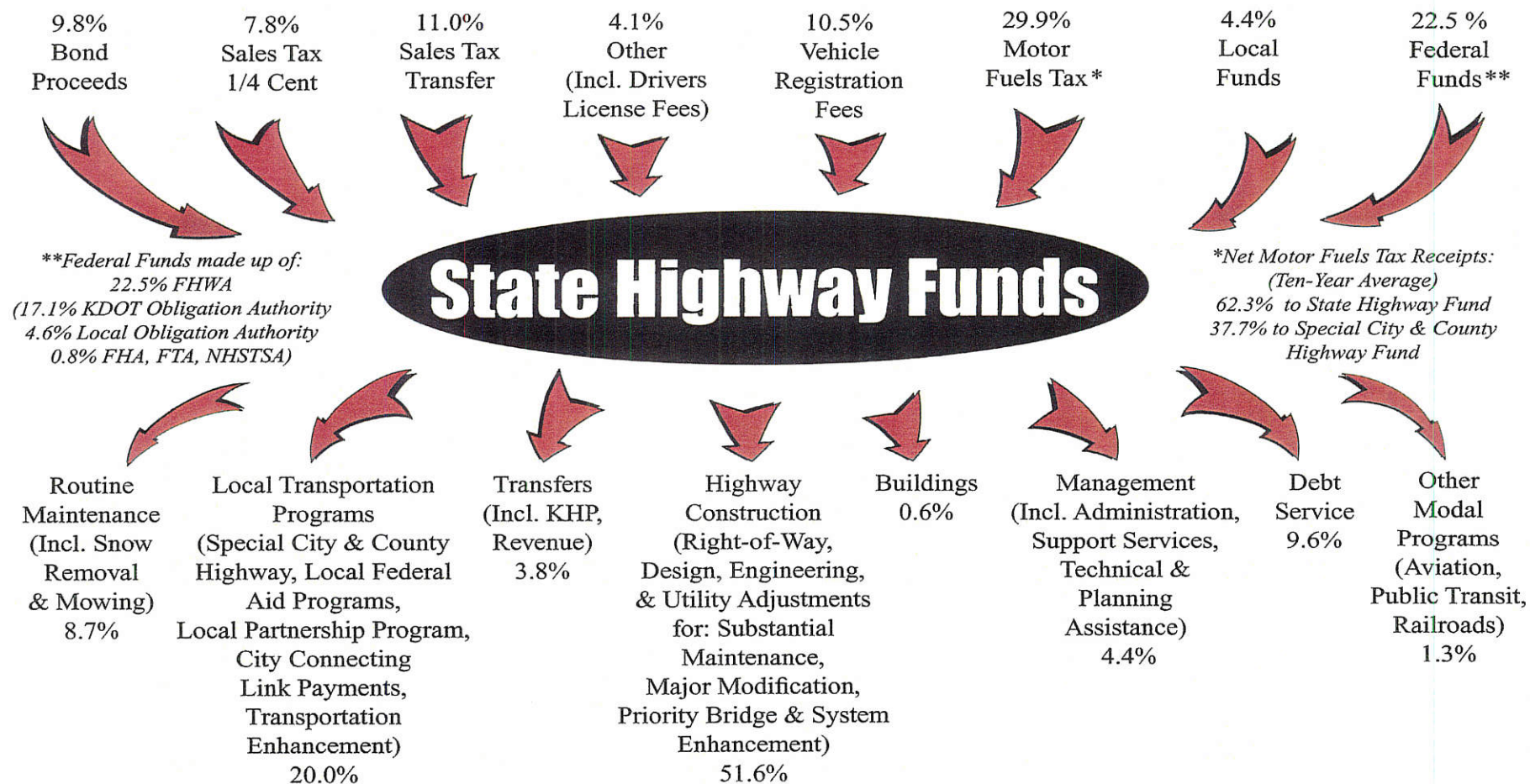
House Bill 2071 Commitment

- **Passage of House Bill 2071 was a recognition of Kansas citizens' support for a continued transportation program.**
- **The ten-year CTP that passed the Senate by 30-9 and House by 89-35 envisioned a commitment to the transportation system. This is reflected in the major highway projects that were listed "for the record" -- the Red Map.**
- **Without a continued legislative commitment to funding, the promise of the CTP cannot be fulfilled.**

- **Conclusion of today's presentation**
- **Additional background information has been included for further details and future reference**
 - **CTP Revenues and Expenditures**
 - **CTP Summary**

- **CTP Revenues and Expenditures**

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

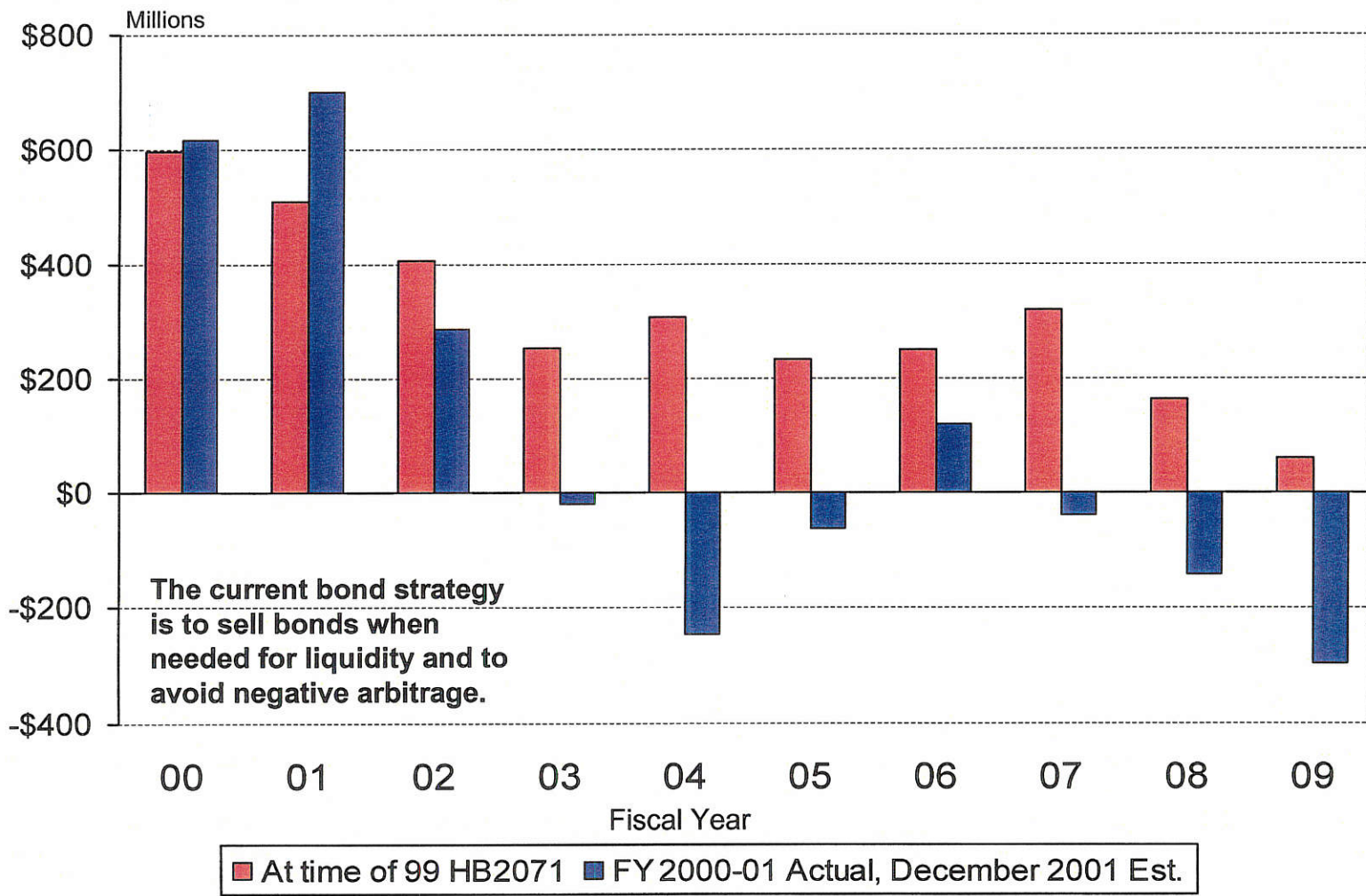


****Federal Funds made up of:**
22.5% FHWA
(17.1% KDOT Obligation Authority
4.6% Local Obligation Authority
0.8% FHA, FTA, NHSTSA)

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

Substantial Maintenance = 13.9% or \$1.9 billion
Major Modification and Priority Bridge = 27.8% or \$3.8 Billion
System Enhancement = 9.9% or \$1.3 Billion

Estimated CTP Ending Cash Balances Kansas Department of Transportation



Assumes continued Federal Aid matching, Substantial Maintenance, and Agency Operations beyond FY 2009.
A reserve has been established to pay construction contracts which will be completed after June 30, 2009 and to meet the debt service and operating cash flow requirements.

Notes for Ending Cash Balance Chart

- **Includes State Highway Fund, Special City and County Highway Fund, Bond Proceeds Fund, Debt Service Fund, and others.**
- **Numbers include dollars necessary to pay construction contracts let during the CTP but that 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.**
- **Reflects an amount necessary to provide for orderly payment of agency bills.**
- **Assumes a \$26.5 (20.0 + 6.5) million additional Sales Tax Transfer reduction in FY 2002 and \$20 million reduction annually for FY 2003-2009 with bonding off-set.**

Legislative Actions To Date

- Sales Tax Transfer
 - FY 2000-2002 statutory amounts were reduced by a total of \$85 million.
 - An additional \$42.9 million reduction for FY 2002 was vetoed by the Governor in 2001. These cuts included:
 - \$20 million per year deducted from FY 2002-2009 statutory amounts (bonding off-set)
 - \$6.5 million deducted from FY 2002 for adjustment in State Consensus Revenue Estimate
 - \$16.4 million associated with the “Motor Fuel Tax Acceleration” legislation which did not pass
 - This \$16.4 million is the only money KDOT will receive because the other \$26.5 (20+6.5) million in cuts that were vetoed are shown in the Governor’s current budget recommendations for FY 2002.

Legislative Actions (continued)

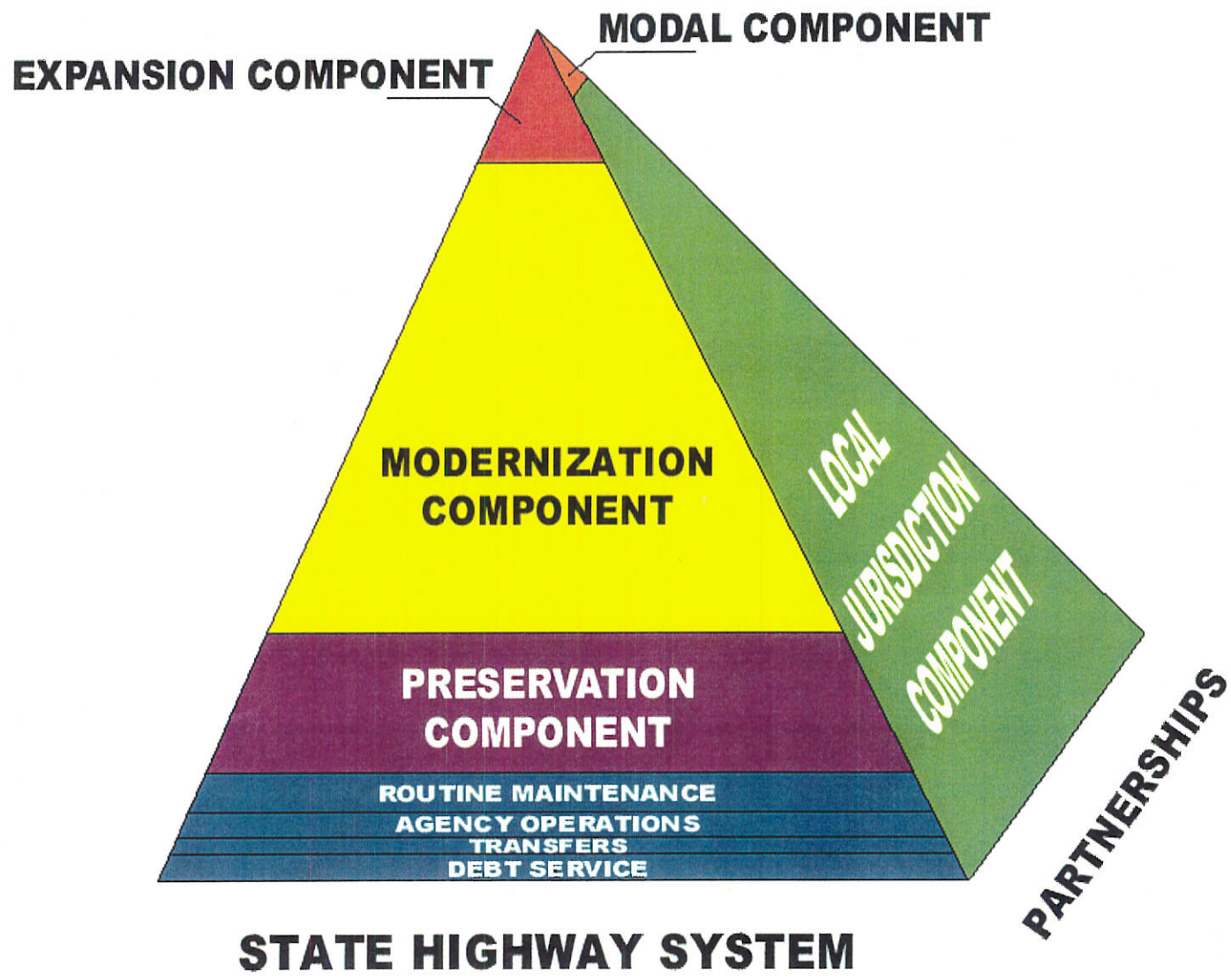
- **Bonding**
 - **Original CTP legislation authorized \$995 million in additional bonding authority with 20-year bonds.**
 - **The 2001 Legislature reduced the Sales Tax Transfer by \$20 million per year for FY 2002-2009 but increased KDOT's bonding authority by \$277 million.**

CTP Bond Sale Status

- **Bond Sales**
 - **September 1999 \$325 million**
 - **November 2000 \$350 million**
- **Future Sales**
 - **\$320 million remaining from original balance**
 - **\$277 million additional bonding authority**
 - **Sales subject to market conditions**

- **CTP Summary**

COMPREHENSIVE TRANSPORTATION PROGRAM "BUILDING BLOCKS"



“Must-Do” Activities

- **Debt Service**
 - 1989 CHP bonds plus 2000 CTP bonds
- **Transfers**
 - Funding provided to other agencies
- **Agency Operations**
 - Building upkeep, administrative costs, etc.
- **Routine Maintenance**
 - Snow removal, mowing, etc.

Highway Program Components

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- **Preservation**
 - **Substantial Maintenance** projects protect the state's investment by preserving "as-built" conditions as long as possible.
- **Modernization**
 - **Major Modification** road projects go beyond preservation to improve capacity and enhance safety.
 - **Priority Bridge** projects target the most deficient bridges for replacement or modernization.
- **Expansion**
 - **System Enhancement** projects "substantially improve safety, relieve congestion, improve access, or enhance economic development."

Modal Components

- **Aviation Component**
 - Kansas Airport Improvement Program funded at \$3 million per year
- **Public Transit Component**
 - Increase from \$1 million to \$6 million per year state funding for capital and operating subsidies
- **Rail Component**
 - \$3 million state loan/grant funds annually for eight years to assist Kansas shortline railroads with track rehabilitation. Funds may also be used for financing and acquisition activities.

Local Jurisdiction Component

- **37% increase in funding for Special City and County Highway Fund (SCCHF) compared to CHP annual average**
- **Increase payments for maintenance of City Connecting Links from \$2,000 per year per lane-mile to \$3,000 per year per lane-mile**
- **Increase annual state set-aside amounts for Local Partnership Program**
- **Continue KDOT's policy of sharing federal aid increases-- TEA-21 provided for a 45% increase to cities and counties resulting in approximately \$17 million per year additional funding for FFY 1998 - 2003 for cities and counties**

Other CTP Initiatives

- **Minimum Expenditure per County**
 - **\$3 million (highway construction) over life of CTP**
- **Railroad Crossings**
 - **Allows assistance for crossings not on the state system**

Additional Reference Material

- **Annual Report**
 - **KDOT prepares an annual report each year detailing the agency's activities and summarizing the CTP.**
 - **The first report was issued in January 2000 and contained a list and maps of all of the CTP highway construction projects. The third report was issued in January 2002 and updated the prior year's list and maps.**

- **Selected Statistics**
 - **KDOT's *2000 Selected Statistics* provides a summary of recent transportation-related data collected and reported by KDOT. The report detailing 2001 data will be issued in early 2002.**