

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS.

The meeting was called to order by Chairman Melvin Neufeld at 9:00 a.m. on January 31, 2003, in Room 514-S of the Capitol.

All members were present except:

Representative Dean Newton
Representative JoAnn Pottorff

Committee staff present:

Alan Conroy, Legislative Research Department
J. G. Scott, Legislative Research Department
Becky Krahl, Legislative Research Department
Amy Deckard, Legislative Research Department
Jim Wilson, Revisor of Statutes
Mike Corrigan, Revisor of Statutes
Nikki Feuerborn, Administrative Analyst
Sue Fowler, Committee Secretary

Conferees appearing before the committee:

Deb Miller, Secretary, Department of Transportation

Others attending: See Attached

Deb Miller, Secretary, Department of Transportation (KDOT), presented an overview of the KDOT Organization, KDOT Responsibilities, the Comprehensive Transportation Program (CTP), and the CTP Fund Sources and Uses (Attachment 1), (Attachment 2), (Attachment 3) and (Attachment 4).

HB 2058 was referred to Education Budget Committee; **HB 2124** and **HB 2127** were referred to Taxation, Transportation, Judicial and Retirement; **HB 2126** and **HB 2128** were referred to General Government and Commerce; **HB 2125** was referred to Social and Rehabilitation Services.

The meeting was adjourned at 10:15 a.m. The next meeting is scheduled for February 4, 2003.



Melvin Neufeld, Chair

**THE KANSAS DEPARTMENT OF
TRANSPORTATION (KDOT)
and the
COMPREHENSIVE
TRANSPORTATION PROGRAM
(CTP)**

**Presentation to the
House Appropriations Committee**

January 31, 2003

**Deb Miller,
Secretary of Transportation**

HOUSE APPROPRIATIONS *27.*
DATE 1-31-03
ATTACHMENT 1

Overview

- KDOT Organization
- KDOT Responsibilities
- Comprehensive Transportation Program (CTP)
- CTP Fund Sources and Uses

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KDOT Organization

KDOT History

1917 to 1975

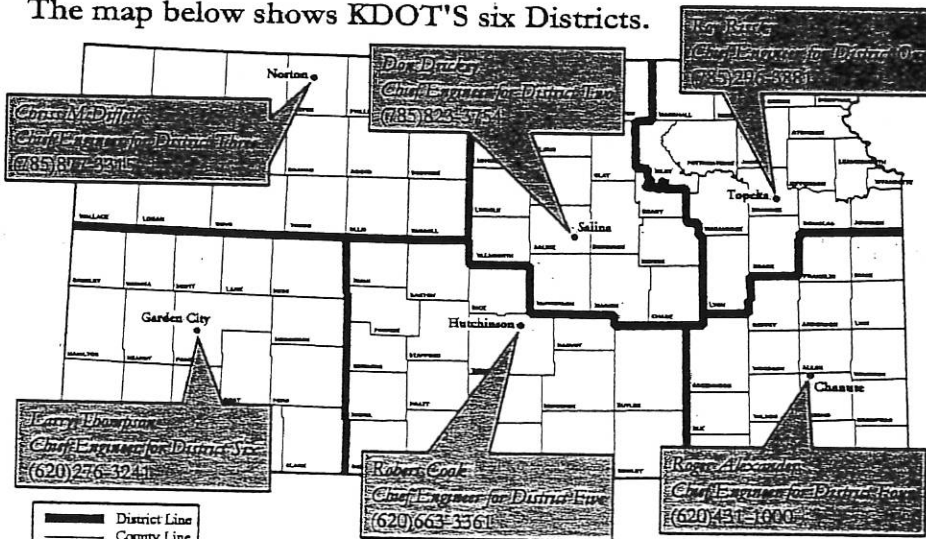
Kansas Highway Commission directed by six Commissioners and a Director

1975 to today

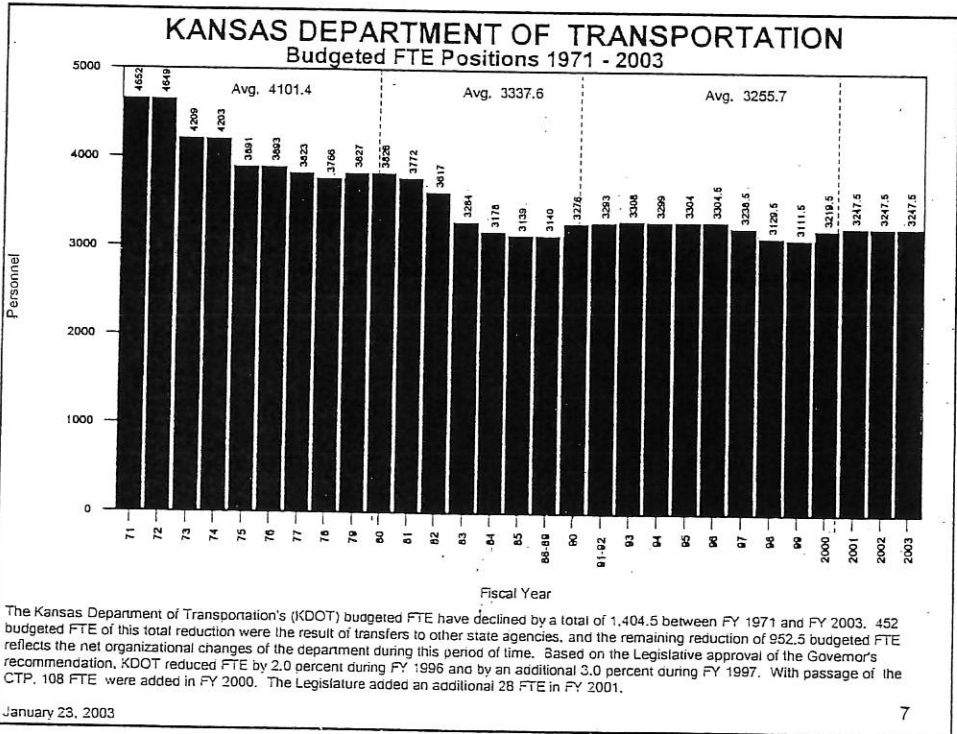
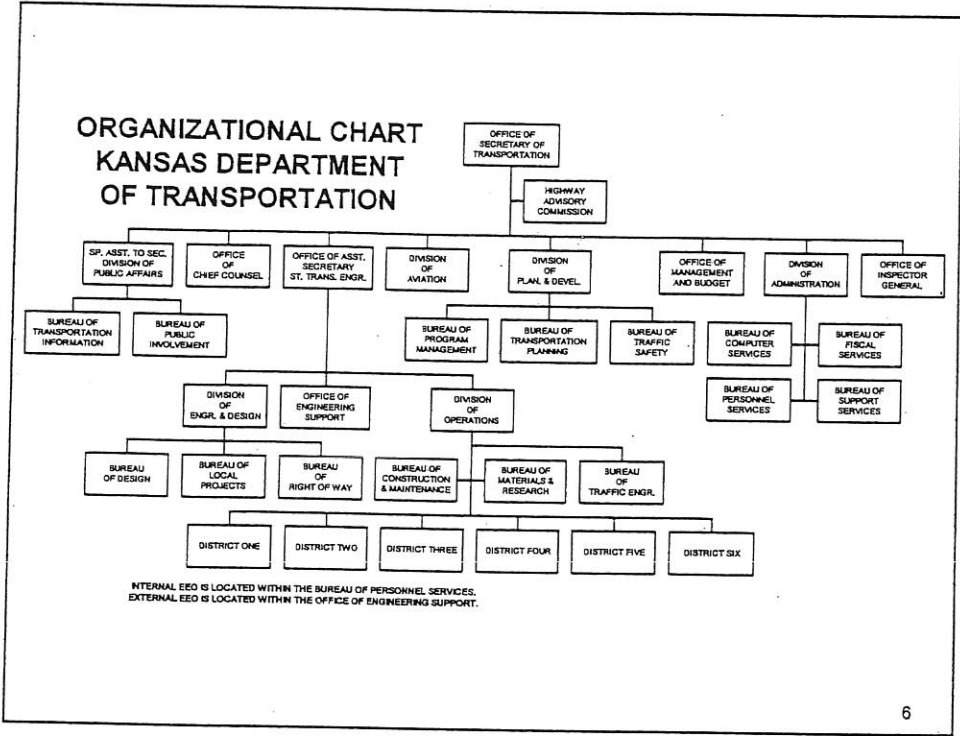
Kansas Department of Transportation (KDOT) directed by a Secretary of Transportation

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The map below shows KDOT'S six Districts.



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KDOT Responsibilities

Comparison of Public Road Miles and Population

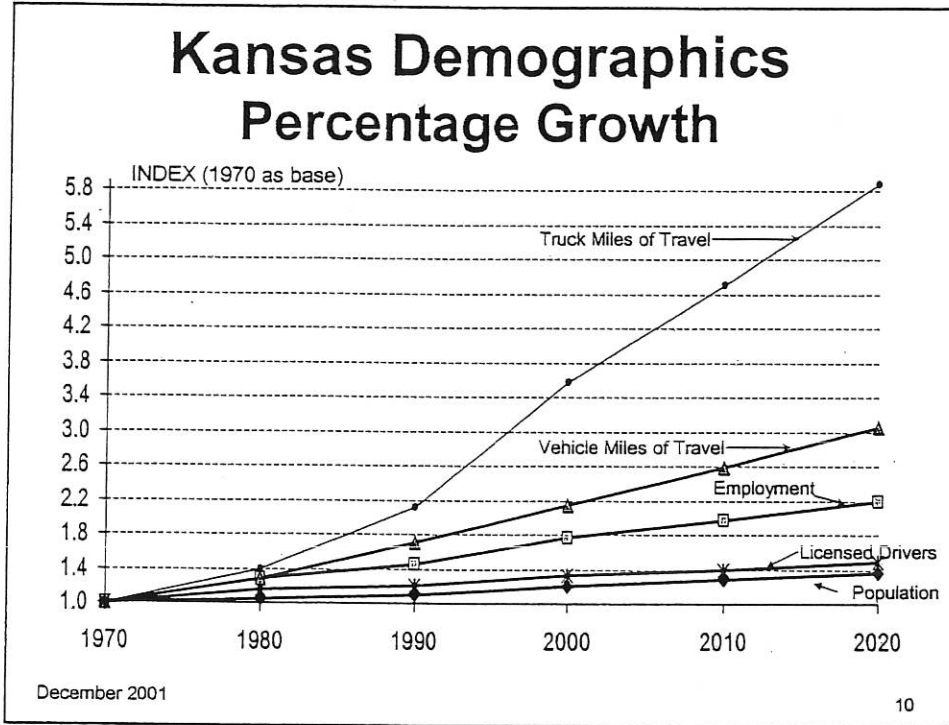
State	<u>Public Road Miles</u> Ranking	Miles	Population	People Per Mile
Texas	1	300,766	21,325,018	71
California	2	168,770	34,501,130	204
Illinois	3	138,357	12,482,301	90
Kansas	4	134,724	2,694,641	20

2001 Highway Statistics

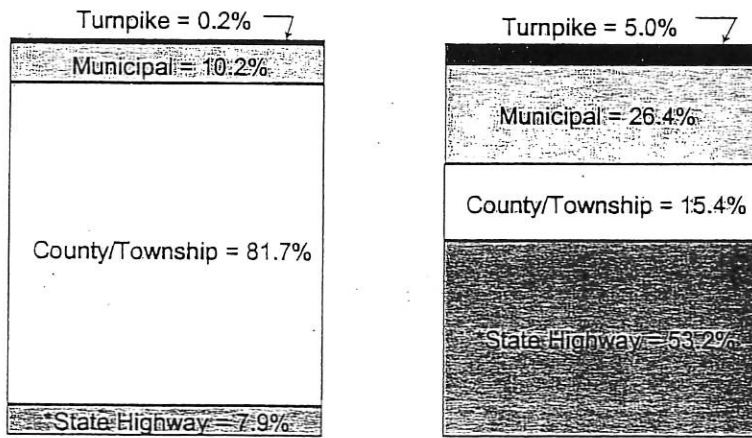
Census 2001 Estimate

9

Kansas Demographics Percentage Growth



Kansas Public Road Miles Percent by Jurisdiction



134,724 Total
Centerline Miles**

78,754,540 Total Daily
Vehicle Miles Traveled

2001 * Includes City Connecting Links and State Park Roads
** Length of route without regard to number of lanes

KDOT Responsibilities

State Highway System

- **The State Highway System**
 - 9,600 miles
 - Includes Interstate (I), US-numbered routes (US), and Kansas route-numbered (K) highways.
 - KDOT has jurisdictional responsibility over all these miles.

- **City Connecting Links**
 - 823 miles
 - Portions of a state route that pass through a city.
 - KDOT is not generally responsible for these links but does have some oversight responsibility.
 - KDOT maintains all City Connecting Links that have full access control such as the Interstate.

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KDOT Responsibilities

State Highway System

- **Routine Maintenance**
- **Construction Projects**
 - Preliminary Engineering
 - Right-of-Way
 - Utilities
 - Construction
 - Construction Engineering

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KDOT Responsibilities

Other Modes

- **Aviation**
 - Kansas Airport Improvement Program
- **Public Transit**
 - Administer state funding for capital and operating subsidies.
 - Administer Federal funds
- **Rail**
 - Administer State Rail Service Improvement Fund
 - Administer Federal rail funds

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KDOT Responsibilities

Additional

- **Data Collection**
- **Education Programs**
- **Programs for Local Governments**

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The Comprehensive Transportation Program (CTP)

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Highway Program History

- Significant deterioration of Kansas highways in late 1980s
- Several legislative attempts culminating in 1989 House Bill 2014, which enacted the FY 1990-1997 Comprehensive Highway Program (CHP)
- FY 1998-1999 Interim Plan with limited funding focusing on preservation without new or enhanced programs

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Comprehensive Transportation Program

- FY 2000-2009 Comprehensive Transportation Program (CTP) authorized by House Bill 2071
- State highway system construction project cost of \$5.7 billion

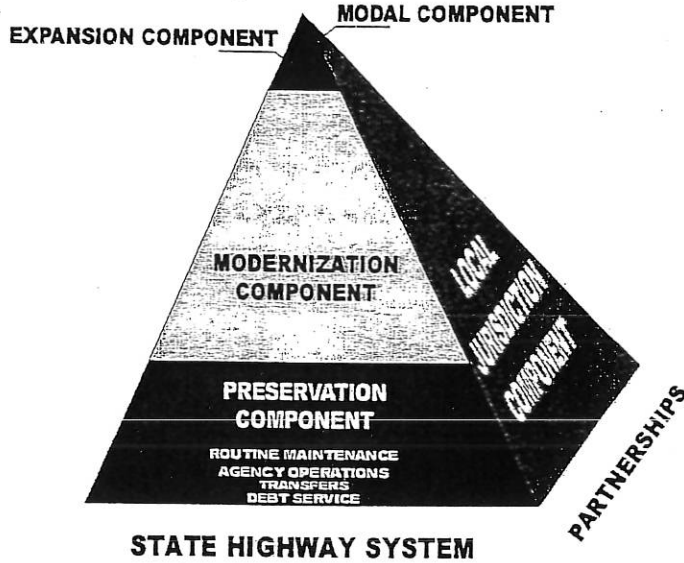
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Comprehensive Transportation Program

- House Bill 2071 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

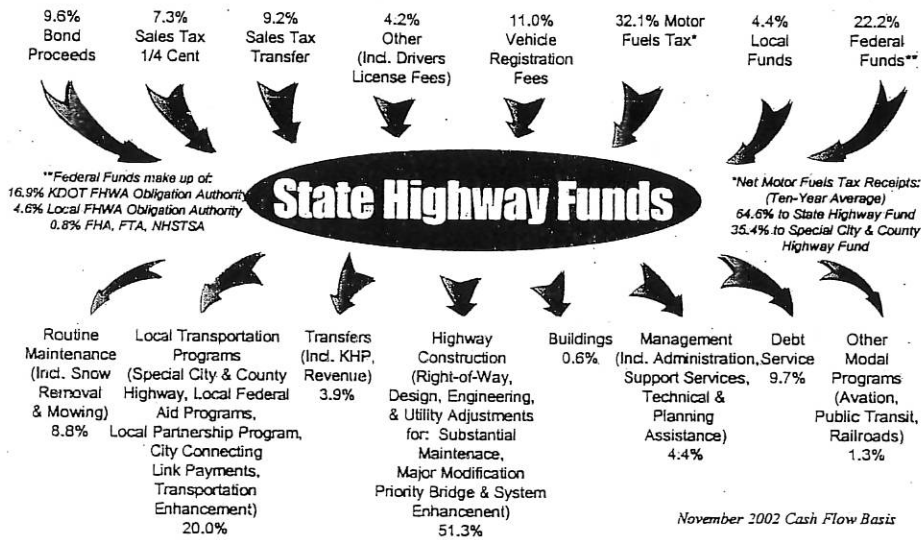
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COMPREHENSIVE TRANSPORTATION PROGRAM "BUILDING BLOCKS"



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



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CTP Funding

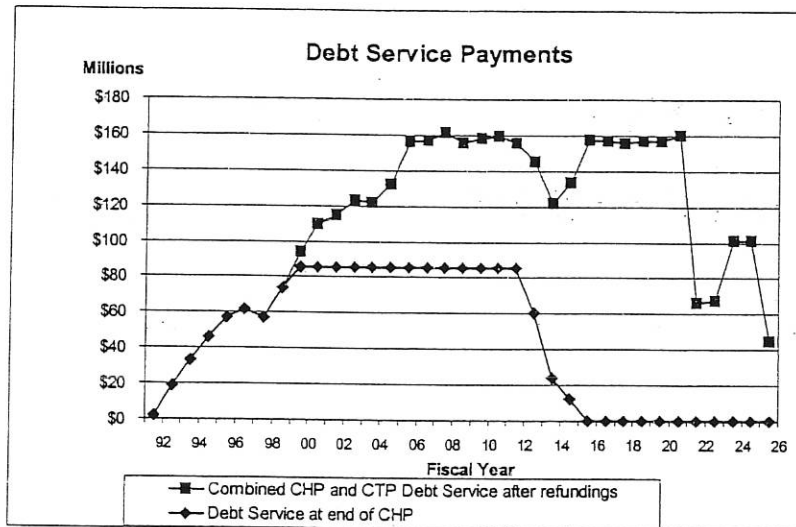
Where the money comes from...

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Bonds

- FY 1990-1997 CHP enacted in 1989
 - \$890 million authorization for 20-year bonds
- FY 2000-2009 CTP enacted in 1999
 - Original authorization of \$995 million 20-year bonds
 - \$277 million additional bonding authorized in 2001 to offset some of the sales tax reductions.
- The agency has \$3.1 billion in debt service left to pay

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1/2003

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Sales Tax

- **Sales Tax Demand Transfer**
 - Percentage of sales tax going to State General Fund is transferred to State Highway Fund
 - FY 2000 and FY 2001: demand transfer capped at a 1.75% increase based on the prior year transfer
 - FY 2002 through FY 2005: stepped increases in the transfer from 9.5% to 12% of the net State General Fund sales tax collections
 - FY2005 and thereafter: 12% of net State General Fund sales tax collections
- **1/4 Cent Sales Tax**
 - Enacted in 1989 with CHP legislation
 - Dedicated to State Highway Fund



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Motor Fuels Tax

Gas: 23 cents

Diesel: 25 cents

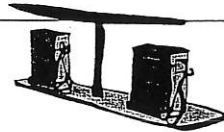
(per gallon as of July 1, 2002)

64.6% : State Highway Fund

35.4%: Special City and County Highway Fund

On July 1, 2003, motor fuels tax for both gas and diesel will increase one cent

• This is the final penny of the 1999 legislation



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Motor Fuels Tax

Surrounding states

As of January 2001

– Oklahoma:

• 16 cents gas/ 13 cents diesel

– Missouri:

• 17 cents gas/ 17 cents diesel

– Colorado:

• 22 cents gas/ 20.5 cents diesel

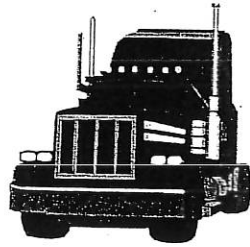
– Nebraska:

• 24.5 cents gas/ 24.5 cents diesel

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Registration Fees (as of July 1, 2002)

- For FHWA-defined "typical"
car: \$35.25



- For FHWA-defined "typical"
truck: \$1,774.50

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Registration Fees Surrounding States

(as of December 2001)

Oklahoma:

\$100.25 car / \$999.00 truck

Missouri:

\$24.00 car / \$1,727.00 truck

Colorado:

\$26.60 car / \$2,115.50 truck

Nebraska:

\$19.50 car / \$936.00 truck

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Federal Funds



- Make up about 20% of all KDOT revenues
- Distributed in various categories with fund use requirements and limitations
- Reimbursement program generally requiring local match (most programs 20%)
- Current federal transportation act "TEA-21" expires September 30, 2003

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Other

- Driver's license fees and other miscellaneous revenues
- Local funds
 - Matching funds for local federal-aid projects
 - Some State Highway System projects such as Local Partnership Program and System Enhancement Program

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CTP Expenditures

Where the money goes...

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Base Activities

- **Debt Service**
 - 1989 CHP bonds plus 2000 and 2001 CTP bonds
- **Transfers**
 - Funding provided to other agencies
- **Agency Operations**
 - Building upkeep, administrative costs, etc.

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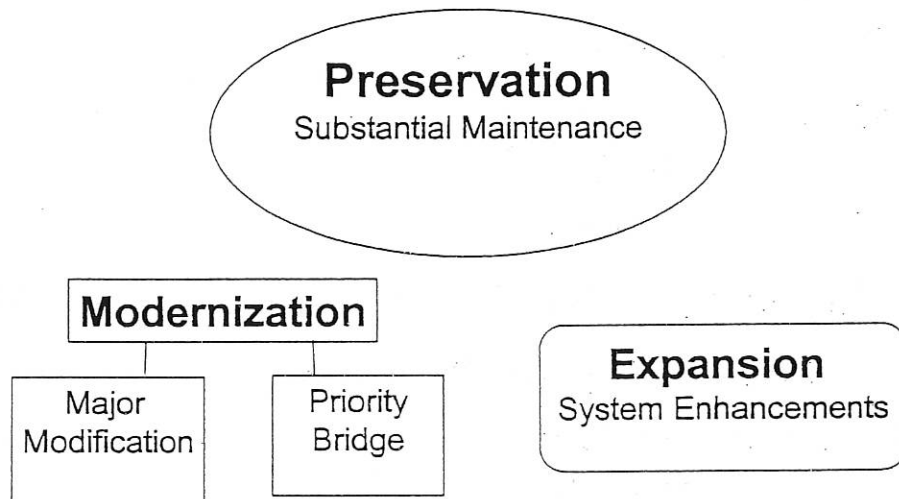
Base Activities

(continued)

- Routine Maintenance
 - Snow removal, mowing, etc.
- Minimum Expenditure per County
 - \$3 million (highway construction) over life of CTP

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Highway Program Components



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Modal Components

Aviation Component

Kansas Airport Improvement Program
funded at \$3 million per year.



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.

Public Transit Component

Increased from \$1 million (prior program) to \$6 million per year state funding for capital and operating subsidies.



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Local Jurisdiction Component

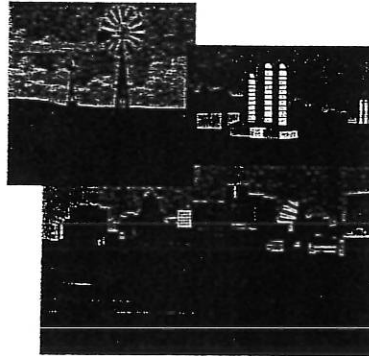
Special City and County Highway Fund (SCCHF)

- Receives 37.9% of net motor fuel tax receipts
 - Approximately \$160 million per year
- Funds are distributed quarterly directly to cities and counties
 - Cities' share is based on population
 - Counties' share based on vehicle registration fees, Average Daily Vehicle Miles traveled, and total road miles
- Revenue from Motor Carrier Property Tax is also transferred to SCCHF semi-annually for distribution to cities and counties

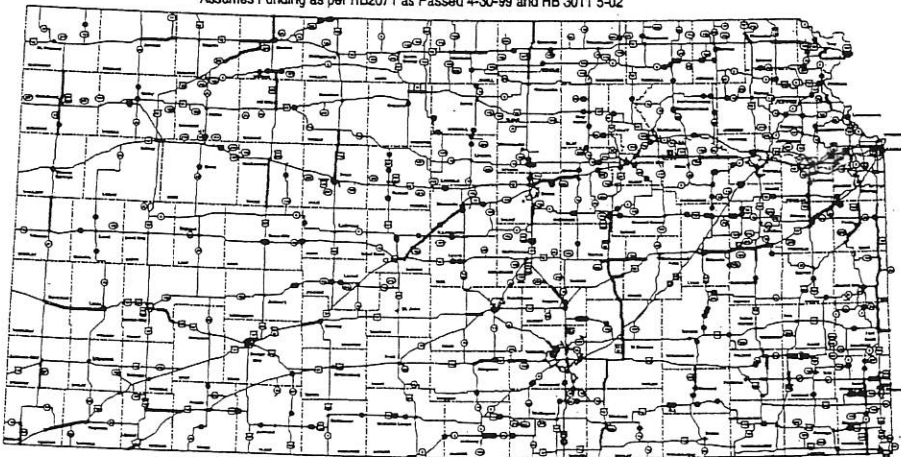
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Local Jurisdiction Component

- City Connecting Links payments of \$3,000 per year per lane-mile (CTP increased this amount from \$2000)
- Local Partnership Program
- Local Partnership Railroad Grade Separations Program
- Shared federal aid



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 and HB 3011 5-02



See project list for more specific project information.
See separate list for explanation of changes from
2002 annual report map.

Bridge *
Roadway —

MISSISSIPPI
LEGISLATIVE DEPARTMENT OF TRANSPORTATION
BUREAU OF TRANSPORTATION PLANNING
1000 BUREAU DRIVE
MEMPHIS, TENNESSEE 38119
www.mtdot.com

System Enhancement Projects

(in route order)

- **US-24/40 State Avenue Corridor** - US-24/40 (State Avenue) from K-7 to 118th Street
- **87th Street Interchange** - I-35 and US-69 with 87th Street in Johnson County
- **Lawrence Corridor** - US-40 (6th Street) from K-10 (SLT) through Wakarusa Drive
- **Garden City West** - US-50 from Kearny/Finney County line east to US-83 junction
- **Newton Interchange** - West junction of US-50 & K-15
- **South Hutchinson Interchange** - East junction of US-50 & K-96
- **Woodlawn Interchange** - US-54 (Kellogg) & Woodlawn Road in Wichita
- **Rock Road Interchange** - US-54 (Kellogg) & Rock Road in Wichita

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System Enhancement Projects

(in route order)

- **Goddard Bypass** - US-54 bypass north of Goddard
- **US-54 Corridor** - US-54/400 from Mullinville to east of Kingman
- **Atchison River Bridge** - US-59 at the Amelia Earhart Bridge over the Missouri River
- **K-61 Corridor** - K-61 from Hutchinson to McPherson
- **US-69 Corridor** - US-69 from 119th Street north to 75th Street in Johnson County
- **Junction City Interchange** - I-70 & Exit 298 (East Street)
- **Lansing Corridor** - US-73/K-7 (Main Street) from Gilman Road to Connie Street
- **Jackson County Interchange** - US-75 & County Road 150
- **Arkansas City Bypass** - US-77 and US-166 bypasses

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System Enhancement Projects

(in route order)

- **47th Street Study** - US-81 (47th Street) from Broadway Avenue to I-135 in Wichita
- **Salina Interchange** - I-135 & Waterwell Road
- **Coffeyville Corridor** - US-169 from US-166 junction north to County Road 2800
- **Hays Corridor** - US-183 from I-70 north to 55th Street
- **Northwest Bypass** - K-254 from US-54 to K-96 west and north of Wichita
- **Dodge City Bypass** - US-400 bypass southwest of town
- **Parsons Bypass** - US-400 bypass north of town
- **US-400 Study** - US-400 from Garden City east to Mullinville
- **Antioch Interchange** - I-435 & Antioch in Overland Park

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CTP Funding Status

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CTP Funding Reduction Summary

- Summary of FY 2000-2003 Reductions
 - \$238.3 million from Sales Tax Demand Transfer
 - \$0.5 million transferred from the Coordinated Public Transportation Assistance Fund
 - \$5.8 million unanticipated transfers to other agencies
 - \$37.5 million in actual Motor Fuels Tax collections
 - \$9.0 million actual Quarter-Cent Sales Tax collections
- \$291.1 Million Reduction in CTP Funding

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CTP Revenue Replacement

2002 House Bill 3011

- \$338 million package (total FY 2003-2009)
 - Motor Fuels Tax increase
 - 2 cents per gallon
 - Effective July 1, 2002
 - Registration Fee increase
 - \$5 for cars and pickups
 - \$2 to \$10 for trucks
 - Effective July 1, 2002

State General Fund Loan

- \$95 million was borrowed from the State Highway Fund for the State General Fund in FY 2002 and was scheduled to be repaid in FY 2003

45

CTP Funding Outlook

- **At the end of the 2002 session**
 - Funding was adequate to complete the CTP as originally envisioned by HB2071.
 - This assumed all statutory revenue and repayment of the loan to the SGF

The Kansas Department of Transportation (KDOT)

COMPREHENSIVE TRANSPORTATION PROGRAM (CTP)

Program and Funding Issues

**Presentation to the
House Appropriations Committee
January 31, 2003**

**Deb Miller, Secretary of
Transportation**

HOUSE APPROPRIATIONS

DATE 1-31-03
ATTACHMENT 2

CTP Funding Reduction Summary Through 2002 Session

- **\$291.1 Million Reduction in CTP Funding**
 - **\$238.3 million from FY 2000-2003 Sales Tax Demand Transfer**
 - **\$0.5 million transferred from the Coordinated Public Transportation Assistance Fund in FY 2003**
 - **\$5.8 million unanticipated transfers to other agencies in FY 2000-2003**
 - **\$37.5 million in actual Motor Fuels Tax collections for FY 2000-2002**
 - **\$9.0 million actual Quarter-Cent Sales Tax collections for FY 2000-2002**

2

2002 Actions

2002 House Bill 3011

- **\$338 million package (total FY 2003-2009)**
 - **Motor Fuels Tax increase**
 - **2 cents per gallon**
 - **Effective July 1, 2002**
 - **Registration Fee increase**
 - **\$5 for cars and pickups**
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CTP Funding Outlook

FY 2004 Budget and November 2002 Consensus Revenue Estimate

- **September 2002 Budget Submittal**
 - **FY 2004 Sales Tax Demand Transfer estimate**
 - \$128 million used per budget instructions
 - \$156 million had been used by KDOT during 2002 Legislative debate
- **November 2002 Consensus Revenue Estimate**
 - Revenue projections were adjusted downward to reflect deteriorating economy

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**Future Statutory Sales Tax
Demand Transfer for CTP**

1999 Legislation (HB 2071)

- **FY 2004**
 - 11.25% of the net State General Fund sales tax collections
- **FY 2005 and thereafter**
 - 12.0% of the net State General Fund sales tax collections

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Governor's Budget Recommendations

- Assumes \$95 million loan is not repaid in FY 2003
- Zeroes out FY 2004 Sales Tax Demand Transfer
- Additional transfers to KHP above regularly budgeted transfers
- 1.5% base salary adjustment
- \$5 million transfer from SHF to SGF
- Eliminate Motor Carrier Property Tax Transfer to Special City County Highway Fund in FY03 & FY04

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Governor's Recommended Budget Reductions Impact

- The CTP is more than a construction program.
- It reflects all of KDOT's revenue and expenditures.
- This means any reduction in funding (revenues) must be reflected in a reduction in activities (expenditures).
- The question is not whether to cut, but what to cut.

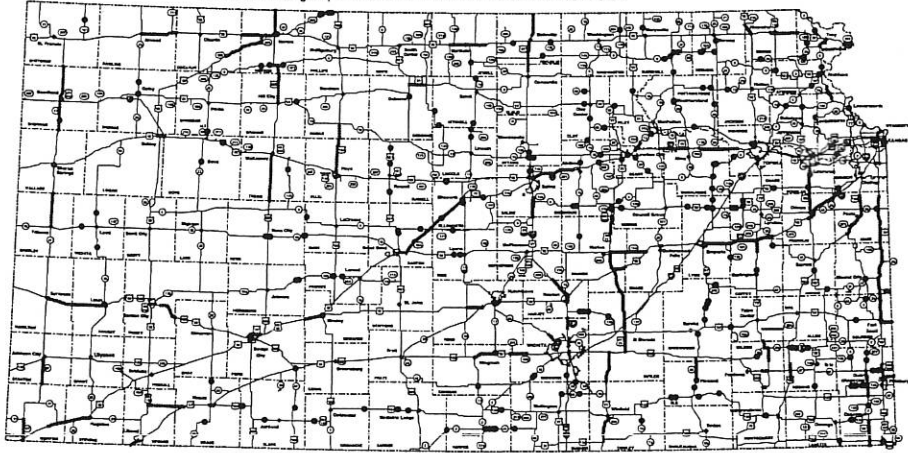
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Program Perspective

- Maintain commitment to the core of the CTP
- Core of the CTP:
 - “Red Map”
 - System Enhancement projects
- Also maintain system

9

COMPREHENSIVE TRANSPORTATION PROGRAM FY 2000-2009
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Bridge •
 Roadway —

ISSUED BY THE
 KANSAS DEPARTMENT OF TRANSPORTATION
 BUREAU OF TRANSPORTATION PLANNING
 1000 EAST 10TH AVENUE, SUITE 1000
 WICHITA, KANSAS 67202-1000
 PHONE: 316/261-2000 FAX: 316/261-2001
 WWW: WWW.KANSASDOT.ORG

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Why Maintain Core Program?

- **Safety**
- **Credibility**
 - **KDOT and State**
- **Preserve investments made**
- **Economic impact**

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CHP Economic Impact

- **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.**
 - Source: Burress, David, et al. Benefits and Costs of the Kansas Comprehensive Highway Program. University of Kansas, 1999.
- **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**
 - Source: Babcock, Michael W., et al. Economic Impacts of the Kansas Comprehensive Highway Program. Kansas State University, 1997.

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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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How to Maintain Core?

- Consider:
 - Looking at all of the agency’s activities for improved efficiency
 - Revisiting assumptions we use in our cash-flow projections
 - Extending the program by one or two years
 - Cutting funds not yet assigned to specific projects
 - Reducing project scopes
 - Implementing the Transportation Revolving Fund with less capitalization

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Improve Agency Efficiency

- Ongoing effort
- Will continue to look for ways to improve
- Agency operations are relatively small percentage of total CTP
- Even remarkable results would have minor impact

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Review Assumptions

- Cash flow contains many assumptions
 - Bond issues
 - Federal funds
 - Inflation
- We will review all of these to assure they accurately reflect current conditions

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Extend the Program?

- Extend the CTP for an additional two years to FY 2011
- Projects currently scheduled for contract letting in the remaining six years (FY 2004 through FY 2009) would instead be spread over eight years (FY 2004-FY2011)
- No new projects would be added to the highway improvement program in FY 2010 or FY 2011
- Assumes all future statutory funding

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Extend the Program **Caution!**

- Deferring highway projects :
 - Means current highway needs are not addressed when needed and delays addressing future needs
 - Results in an even larger “pool” of future unmet highway needs and increased costs
 - Means deferred projects cost more due to inflation
 - Means deferred projects would use FY 2010 and FY 2011 project funds, which reduces funds available to meet future transportation project demands

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Cut Funds Not Yet Assigned to Specific Projects

- Funds are set aside each year for specific needs
- Projects are determined based on objective selection criteria
- Generally have a one-to-three-year planning horizon
- Many of the projects are selected based on applications and priorities submitted by local units of government

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Reduce Project Scopes

- Project scopes define the work to be done
 - Based on existing condition and what is required to upgrade to modern standards
- KDOT must balance current and future project needs against design life and cost
- Initial cost of some projects may be decreased by reducing project scopes (“downscoping”), but:
 - Results in shorter design life
 - Increases costs later when additional work is required

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“Downscoping” Risks

- Overall costs increase when needed work is deferred
 - Inflation
 - Duplication of effort
 - Inconvenience to the traveling public.
- May not address reason project was identified as a priority

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Transportation Revolving Fund

- CTP legislation authorized creation of a Transportation Revolving Fund
- Local governments able to borrow from fund for transportation projects
- We will review possibility of implementing the TRF with less capitalization

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Overall Considerations

- **Safety of the traveling public**
- **Preserve and protect the state's multi-billion dollar investment in its infrastructure**
- **Economic impact of projects and the economic stimulus they provide**

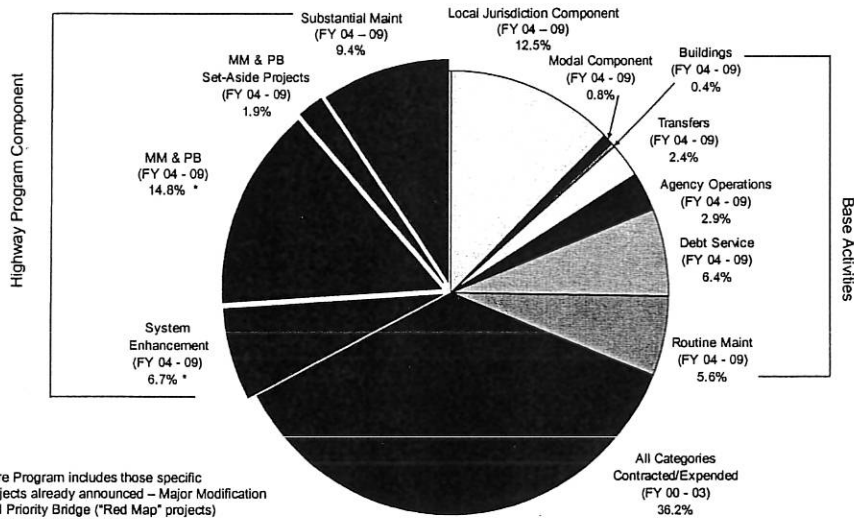
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Overall Considerations

- **No "painless" solutions**
- **Every option means a cut that will affect somebody**
- **Every dollar deducted diminishes the number and type of safety and economic improvements that can be made**

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FY 2000-2009 CTP Expenditures \$13.5 Billion Total - Cash Flow



* Core Program includes those specific projects already announced – Major Modification and Priority Bridge ("Red Map" projects) and System Enhancement

January 2003
(Cashflow as of December 2002)
(Reflects 7/1/02 Program Update) 28

Ten-Year Focus for CTP

- **A large part of the agency's business is capital improvements.**
 - They take years to develop, design, and construct.
 - They are funded with money anticipated to be available a number of years out into the future.
- **Highway construction cost estimates are dynamic**
 - Engineering factors, project issues, costs, and tradeoffs must be considered.
 - Current and future project needs must be balanced against design life and cost.

Governor's Budget Recommendations

Recap

- Assumes \$95 million loan is not repaid in FY 2003
- Zeroes out FY 2004 Sales Tax Demand Transfer
- Additional transfers to KHP above regularly budgeted transfers
- 1.5% base salary adjustment
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30

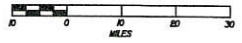
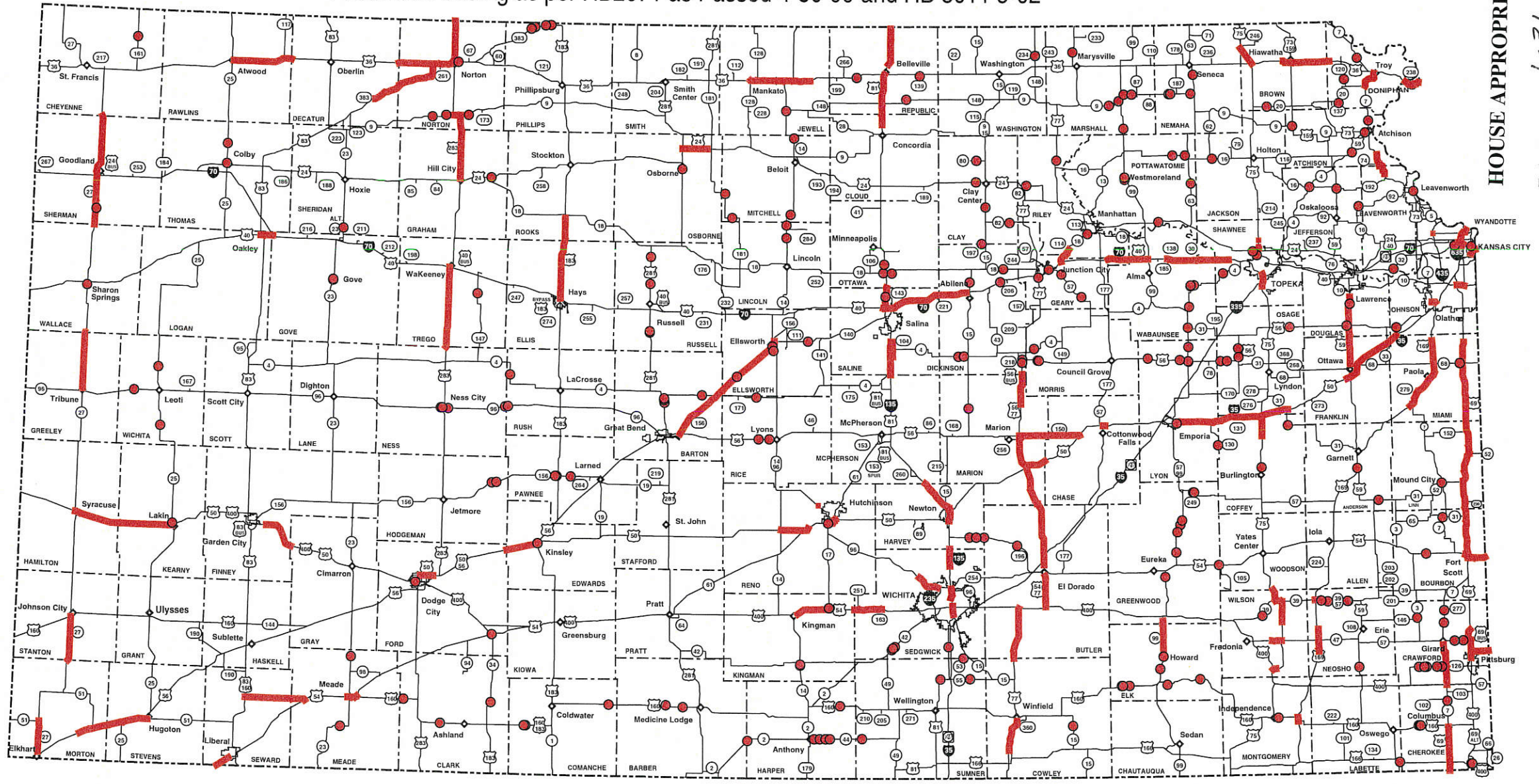
Summary

- Recommended budget reduces funds to the CTP
- However, preliminary analysis leads us to believe we can maintain commitment to announced projects
- Not "painless." Every funding reduction has an effect
- Future revenue reductions may require reduction in announced projects
- Economic uncertainty is also a factor

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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 and HB 3011 5-02

HOUSE APPROPRIATIONS
 DATE 1-31-03
 ATTACHMENT 3



See project list for more specific project information.
 See separate list for explanation of changes from
 2002 annual report map.

Bridge ●
 Roadway —

PREPARED BY THE
 KANSAS DEPARTMENT OF TRANSPORTATION
 BUREAU OF TRANSPORTATION PLANNING
 MAP2.IT02.DGN NOVEMBER 7, 2002
 USING CANYS DATABASE BPM CTP DATA 7/01/02
 KDOT MAKES NO WARRANTIES, GUARANTEES, OR REPRESENTATIONS FOR ACCURACY
 OF THIS INFORMATION AND ASSUMES NO LIABILITY FOR ERRORS OR OMISSIONS.

KDOT
All Agency Funds

PRELIMINARY
KDOT Cash Flow reflecting Governor's Budget Submission for FY 2004
and the Nov 2002 State Consensus Estimates and Highway Revenue Estimates
Includes debt refundings for Fall 2002

HOUSE APPROPRIATIONS
DATE 1-31-03
ATTACHMENT 4

See the notes at the bottom of the sheet

(\$ millions)	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	TOTAL FY 00-2009
BEGINNING BALANCE	560	782	996	827	483	342	312	282	200	128	560
Resources											
Motor Fuel Taxes	356	356	371	419	446	453	457	462	467	472	4,259
SGF (Sales Tax) Transfer	62	52	94	-	-	164	170	176	183	190	1,090
Sales & Compensating Tax	89	89	92	91	93	96	100	103	106	110	968
Registration Fees	134	132	133	145	147	149	151	154	156	158	1,460
Other State Revenues including Interest	79	78	85	48	35	41	40	36	33	33	508
Loan to State General Fund	-	-	(95)	-	-	-	95	-	-	-	-
Subtotal	720	708	680	702	722	903	1,013	930	945	962	8,285
Federal and Local Construction Reimbursement	326	305	371	329	358	334	366	345	424	362	3,520
Net from Bond Sales	325	355	-	-	350	247	-	-	-	-	1,277
TOTAL RECEIPTS	1,372	1,368	1,052	1,031	1,430	1,484	1,379	1,275	1,369	1,324	13,082
AVAILABLE RESOURCES	1,932	2,150	2,048	1,857	1,913	1,826	1,691	1,556	1,569	1,452	13,642
EXPENDITURES:	2,000	2,001	2,002	2,003	2,004	2,005	2,006	2,007	2,008	2,009	FY 00-2009
Routine Maintenance	102	106	108	111	121	121	124	128	132	135	1,188
Substantial Maintenance	172	146	150	153	210	197	201	209	218	228	1,885
Construction including Major Modification, Priority Bridge and System Enhancement	409	440	473	571	675	633	495	428	489	440	5,053
Modes	11	12	19	19	16	19	19	19	21	21	177
Local Support	259	244	255	257	272	267	277	284	286	287	2,688
Management & Buildings	52	53	54	64	60	78	77	79	79	79	675
Transfers Out	50	43	49	76	87	53	54	56	57	59	583
Debt Service (CHP & CTP)	94	110	114	124	129	146	160	154	159	153	1,344
TOTAL EXPENDITURES	1,150	1,154	1,221	1,374	1,571	1,514	1,409	1,356	1,440	1,401	13,591
ENDING BALANCE	782	996	827	483	342	312	282	200	128	51	51
Minimum Ending Balance Requirement	245	346	369	425	491	466	356	414	441	468	468
AVAILABLE ENDING FUND BALANCE:	537	650	458	57	(149)	(154)	(75)	(214)	(312)	(417)	(417)

Sales Tax Transfer estimates are calculated with the following assumptions:

The transfer is reduced FY 2002 to FY 2009 by \$20 million per year to reflect the agreement with the 2001 Legislature on additional bonding.
Changes in the Sales Tax laws by the 2002 Legislature are assumed to not provide any additional revenue through the sales tax transfer.
Adjustment in FY 2008 & FY 2009 for \$40 million reduction in set aside.
Revenue Reduction from the November 2002 consensus estimates including interest loss reduced available funds by approximately \$43 million.
Updated construction program expenditures as of 7/1/2002 update.
Bond sales advanced from FY 2005 & FY 2006 to FY 2004 and FY 2005.

Required Ending Balances reflect:

1. Amounts required to satisfy bond debt service requirements.
2. Funds allocated by statute for distribution to specific programs.
3. A calculation of a necessary reserve to complete CTP projects.
4. An amount necessary to provide for orderly payment of agency bills.

Governor's recommendations:

\$94.6 million loan is not repaid in FY 2003, FY 2004 Sales Tax Transfer is zero.
Motor Carrier Property Taxes transfers to SC&CHF suspended for balance of FY 03 and FY 04. KDOT pays an additional \$11.1 million in FY 2003 and \$30.8 million in FY 2004 to the Highway Patrol.
\$5 million is transferred to General Fund in FY 2004.
Maintenance purchases of trucks have been reduced in FY 2004 and restored in FY 2005.
Buildings have been reduced in FY 2004 and restored in FY 2005.
Salaries have been reduced for shrinkage in FY 2004, shrinkage has been reduced to agency expected in FY 2005

Assumptions:

\$94.6 million loan is repaid in FY 2006.

Numbers may not add due to rounding

As of January 30, 2003

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Notes
Revised Cash Flow
Reflecting Governor's Budget Submission for FY 2004

Revised cash flow does not reflect KDOT's proposed strategy to deal with recommended cuts, which may include such items as:

1. Looking at agency activities for improved efficiency
2. Revisiting assumptions used in cash flow projections
3. Extending the program by one or two years
4. Cutting funds not yet assigned to specific projects
5. Reducing project scopes
6. Implementing Transportation Revolving Fund with less capitalization

Summary of Impacts of the recommendations:

- Recommended budget reduces funds to the CTP
- However, preliminary analysis leads us to believe we can maintain commitment to announced projects
- Not "painless." Every funding reduction has an effect
- Future revenue reductions may require reduction in announced projects
- Economic uncertainty is also a factor

* The core of the CTP is considered to be the projects on the "red map," and the System Enhancement Projects.