

MINUTES OF THE SENATE TRANSPORTATION COMMITTEE

The meeting was called to order by Chairman Les Donovan at 1:30 p.m. on January 21, 2004 in Memorial Hall.

All members were present.

Senator Adkins - excused
Senator Pugh - absent
Senator Schodorf - excused
Senator Goodwin - excused

Committee staff present:

Hank Avila, Legislative Research Department
Bruce Kinzie, Revisors of Statutes
Marian F. Holeman, Committee Secretary

Conferees appearing before the committee:

Deb Miller, Secretary, Kansas Department of Transportation

Others attending:

See Attached List.

Chairman Donovan introduced Deb Miller, Secretary, KDOT to summarize the current status of the Comprehensive Transportation Program (CPT). Today's meeting is the last of the scheduled KDOT "Special Legislative Information Presentations, 2004." Ms. Miller addressed the CPT projects programed for FY 2005-2009; sales tax transfers - actual or proposed; state highway fund debt service payments from CTP and CHP; CTP debt restructuring and refunding; CTP projects for FY 2000-2009; CTP major modification interstate & non-interstate and priority bridge projects; and CHP, Interim, and CTP projects (Attachment 1).

Question and answer period focused primarily on sales tax transfers; debt restructuring, and funding stream for completing the Comprehensive Transportation Program.

Meeting adjourned at 2:25 p.m.

The next Senate Transportation Committee meeting is scheduled for Thursday, January 22, 2004 at 8:30 a.m. in the new committee room - 527-S of the Capitol.

**SENATE TRANSPORTATION COMMITTEE
GUEST LIST**

DATE: January 21, 2004

NAME	REPRESENTING
Mike Bowen	Federal Highway Administration
Wendall Meyers	Federal Highway Administration
Natalie Budget	REAP
Scott Heidner	KS Consulting Engineers
Danielle Hoy	JAMESON COUNTY GOV
Michael D. Reporn	Sedgwick County
H. Jmila	KS Log Research Dept
Mary Galligan	legislative Research
Wendy Williams	KAPA - KRMCA
Wood Moses	Kansas Cement Council
Shirley Coulter	Kans. Good Roads Assn
Jane Vichy	6th District House
Mike Burgess	51st House District
TERRY HOLDREN	KANSAS FAIR BUREAU
Art Jordan	Commerce
Patrick Sheerkey	Economic Affairs
Jane Hill	State Rep
Jan Yondly	" "
Jeff Jack	" "
Mike Crow	Dir of the Budget
Robert Waller	Legislative Research
Mike Crow	KDOT

Sally Rowland KDOT
 RW McMurry KDOT
 ROB CHAPMAN KDOT
 David Jackson Senate Transportation Comm.

**SENATE TRANSPORTATION COMMITTEE
GUEST LIST**

DATE: January 21, 2004

NAME	REPRESENTING
Tom Whitaker	Ks Motor Carriers Assn.
Denise Petet	KDOT
Dave Kelly	KDOT
Julia Lumanz	KDOT
Rosie Ingraham	KDOT
Marty Matthews	Heavy Const Assn.
John Eichkorn	KHP
Erik Sartorius	City of Overland Park
Philip BRADLEY	KLBA
Mark Tomb	LKM
Trey Allen	Sen. Salmons office
Wawan Z Suk	KDOT
Terry Heidner	KDOT
Chris Wilkins	KDOT
Cat Hubbell	KS Railroads
Deann Williams	KMCA
Allen D. Gill	City of Pittsburg
Jerry Lindberg	City of Pittsburg
David Mauersberger	Pittsburg
JAMES F Mille	Rep
Bud Burke	Hiway 69 Assn
Mary Kaufman	St. Rep
Wes Ashton	Overland Park Chamber
Bob Lyon	Senate Transportation Comm
Barbara Barnard	State Representative
Roger Talbot	Rep Stephen Duhie

SENATE TRANSPORTATION COMMITTEE
GUEST LIST

DATE: January 21, 2004

NAME	REPRESENTING
REP CAROL BEGGS	
Rep Mary Compton	
Bill Watts	KDOT



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CTP Projects for FY 2000-2009

CTP Major Modification Interstate & Non-Interstate and Priority Bridge Projects

CHP, Interim, and CTP Projects


Legislative Information Sessions

Kansas Department of Transportation
January 2004




KDOT Information Sessions

- Transportation Spending Fuels the Economy
- State Highways: Kansas' Economic Lifeline
- Building More Than Roads
- Today: Status of the Comprehensive Transportation Program (CTP)



CTP Status

- Background
- Current Program
 - Construction Status
 - Financial Status
- Governor's Proposal




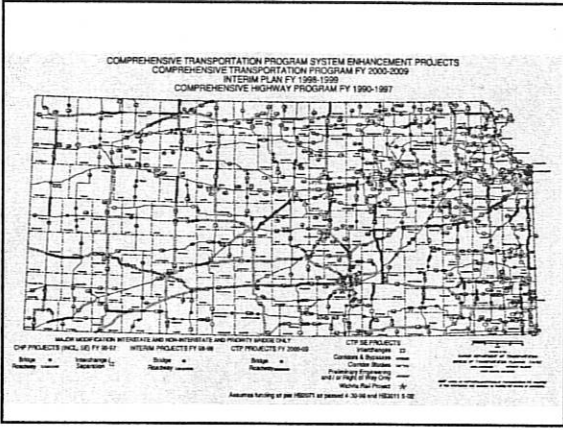
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Highway Program History


- Significant deterioration of Kansas highways in late 1980s
- 1990-1997 Comprehensive Highway Program (CHP)
 - Several Legislative attempts
 - Maintenance & repair
- 1998-1999 Interim Plan
- 2000-2009 Comprehensive Transportation Plan (CTP)





CTP and CHP Focused on Different Needs

- CTP: More reconstruction, less rehabilitation
- Better overall road conditions require lighter maintenance



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**Program Comparison of
Miles and Bridges**

	CHP FY 90-97 Annual Average	CTP FY 00-09 Annual Average
Substantial Maintenance Miles	1,276	1,330
Major Modification		
Interstate miles	17	15
Non-interstate miles	205	75
Priority Bridges (No. of Bridges)	24	27



**Key Differences Between
CHP & CTP**

- Reduced number of Major Modification miles planned for improvement
 - Improved pavement conditions on the State Highway System
 - More geometric and capacity improvements
 - Increased unit prices for surfacing due to quality improvements in pavement design
- Lighter actions required for the Substantial Maintenance Program



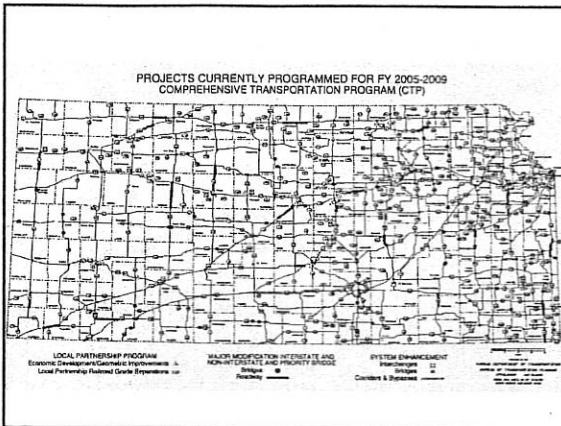
**Comprehensive Transportation
Program**

\$5.7 billion highway construction program

- More than \$2 billion let to construction
- About \$2 billion still to be let
- \$1.5 billion over next 6 years for additional highway maintenance



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Highway Construction Update

- Overall spending tracks with cash-flow projections
- Bid prices are holding steady
- Complex projects still remain
- No room for add-ons or cost increases

City & County Partnerships

- Special City & County Highway Fund
- Economic Development & Geometric Improvement Programs
- Local rail-grade separation projects
- City Connecting Link maintenance payments
- Transportation Revolving Loan Fund
- Greater than required federal-aid sharing
- KDOT Partnership Project

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CTP Other Modes Update

- Rail
- Aviation
- Public Transit



Financial Status of the CTP

- Core of the CTP – announced projects and maintenance – is not at risk
- Changes made last year to preserve program
- Governor's proposal creates a more realistic and secure program



My Goals in January 2003

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



What I said...

- At the end of the 2003 session...
\$350 million operating deficit in FY09
- Under consideration:
 - Looking for improved efficiency
 - Revisiting assumptions in cash flow projections
 - Extending the program by one or two years
 - Cutting funds not yet assigned to specific projects
 - Reducing project scopes
 - Implementing Transportation Revolving Fund with less collateralization



Changes Made Last Year to Preserve Program

- Remove construction reserve from ending balance
- Reduce Transportation Revolving Fund
- Adjust inflation and interest rates
- Adjust interest rate assumption on bonds

Result of action:

- Negative \$50 million ending cash balance in FY09



Governor's Proposal

- Repay \$95 million loan
- Restructure debt
- Savings from System Enhancement projects and Set-Aside adjustments
- Move KHP funding to Highway Fund
- Adjust sales tax transfer
- Issuance of General Fund-backed bonds



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Repay \$95 Million Loan

- \$95 million loaned to General Fund in FY 2001
- To be repaid in four equal installments in FY 2007, 2008, 2009, and 2010



Restructure Debt

- Net present value savings: \$3.9 million
- Debt service payments moved to FY 2010-2016
- \$161 million savings FY 2005-2009



Savings from System Enhancement Projects and Set-Aside Adjustments

\$253 million savings through FY 2009

- System Enhancement savings \$109
- Reduce future funds allocated for:
 - Set-aside projects \$ 64
 - Rail-grade separation projects on state system \$ 49
 - Pavement marking set-aside \$ 31



**System Enhancement
Project Savings**

\$109 million savings through FY 2009

- Projects already let with some cost savings
- Projects withdrawn by sponsors
- Scopes and estimates revised through project development
- No room for project add-ons or cost increases



**Reduce Future Funds Allocated
for Set-Aside Projects**

\$64 million savings through FY 2009

- Affects 13 of 22 set-asides
- Doesn't impact Local Partnership Program
- Reductions focused on unallocated future funds - no announced projects affected
- Generally proportional to size of fund



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Newton

**Reduce Future Funds Allocated
for Set-Aside Projects**

\$64 million savings through FY 2009

Pavement resurfacing	\$26
Contract maintenance	\$14
Interstate resurfacing	\$ 2
Intersection safety improvements	\$ 2
Emergency repair	\$ 1
Bridge repair	\$ 4
Signing	\$ 1
Highway lighting	\$ 3
Railroad crossing surfacing	\$ 1
ITS projects	\$ 3
Corridor Management	\$ 4
Bridge redeck	\$ 1
Culvert/Bridge	\$ 2



**Reduce Future Funds Allocated
for Rail-Grade Separation
Projects on State System**

\$49 million savings through FY 2009

- Two rail programs (state system & local). Reduction in program for state highway system needs.
- Marysville rail project under construction
- No projects had to be cancelled



**Reduce Future Funds Allocated
for Pavement Marking Set-Aside**

\$31 million savings through FY 2009

- Carry over balance \$11
- Reduction of \$4 million/year \$20
for remainder of CTP



KHP Funding

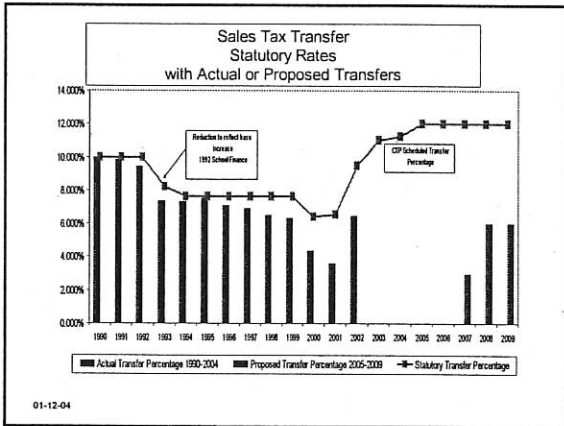
- \$32 million per year plus inflation
- From FY 2005 through life of the program (FY 2009)
- In addition to historical funding of motor carrier inspection



Adjust Sales Tax Transfer

- 0% in FY 2005 and 2006
- 3% in FY 2007
- 6% thereafter – more realistic and achievable





Replacement Revenue

- \$465 million in General Fund-backed bonds
 - \$100 million in bond proceeds in FY 2006
 - \$150 million in bond proceeds in FY 2007
 - \$215 million in bond proceeds in FY 2008

- No tax increase

Estimated General Fund Debt Service Payments	
FY 2006	\$-
FY 2007	\$ 8
FY 2008	\$23
FY 2009	\$35



* In line of Sales Tax 10-2006

Replacement Revenue

Governor's proposal:

- Net positive to Highway Fund	
• Savings from SE and set-asides	\$250 M
• Bonds from General Fund	\$485 M
• Debt restructure	\$161 M
	<u>\$876 M</u>
- Net loss to Highway Fund	
• Loss of sales tax transfer	-\$665 M
• KHP funding	-\$160 M
• Includes projected negative balance June 2003	-\$ 50 M
	<u>-\$875 M</u>

Overall View

FY 2009 Ending Cash Balance

End of 2003 Session:
Negative \$350 million

June 2003:
Negative \$50 million

January 2004 projected:
Positive \$5 million

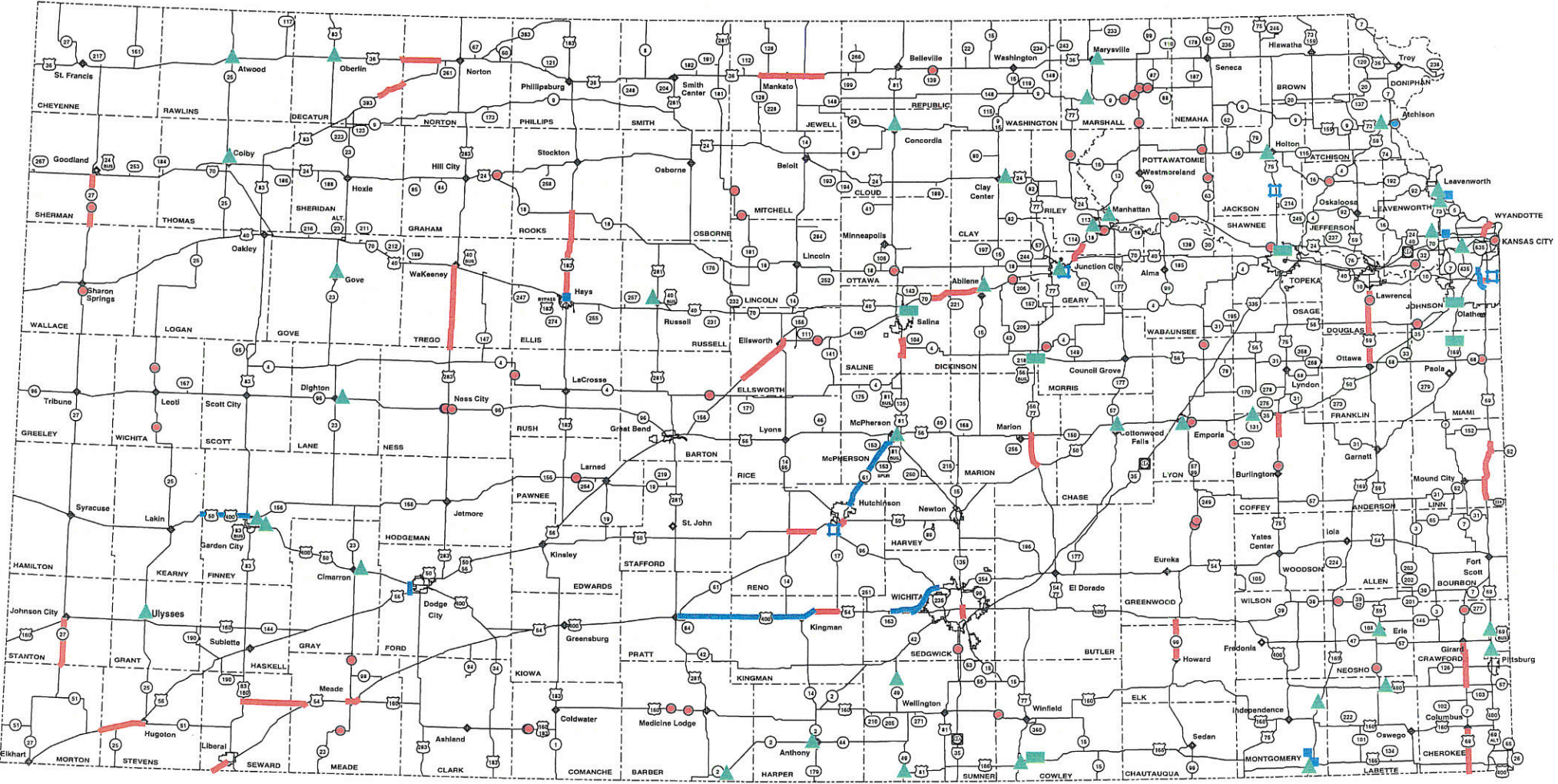
Governor's Proposal

- Protects the core of the CTP
 - No announced projects impacted
 - Commitment to maintaining the system remains
 - No room for add-ons or cost increases
- Realistic, sustainable sales tax transfer
- General Fund-backed bonds provide certainty for program

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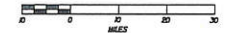
PROJECTS CURRENTLY PROGRAMMED FOR FY 2005-2009 COMPREHENSIVE TRANSPORTATION PROGRAM (CTP)



LOCAL PARTNERSHIP PROGRAM
 Economic Development/Geometric Improvements ▲
 Local Partnership Railroad Grade Separations ■

**MAJOR MODIFICATION INTERSTATE AND
NON-INTERSTATE AND PRIORITY BRIDGE**
 Bridges ●
 Roadway —

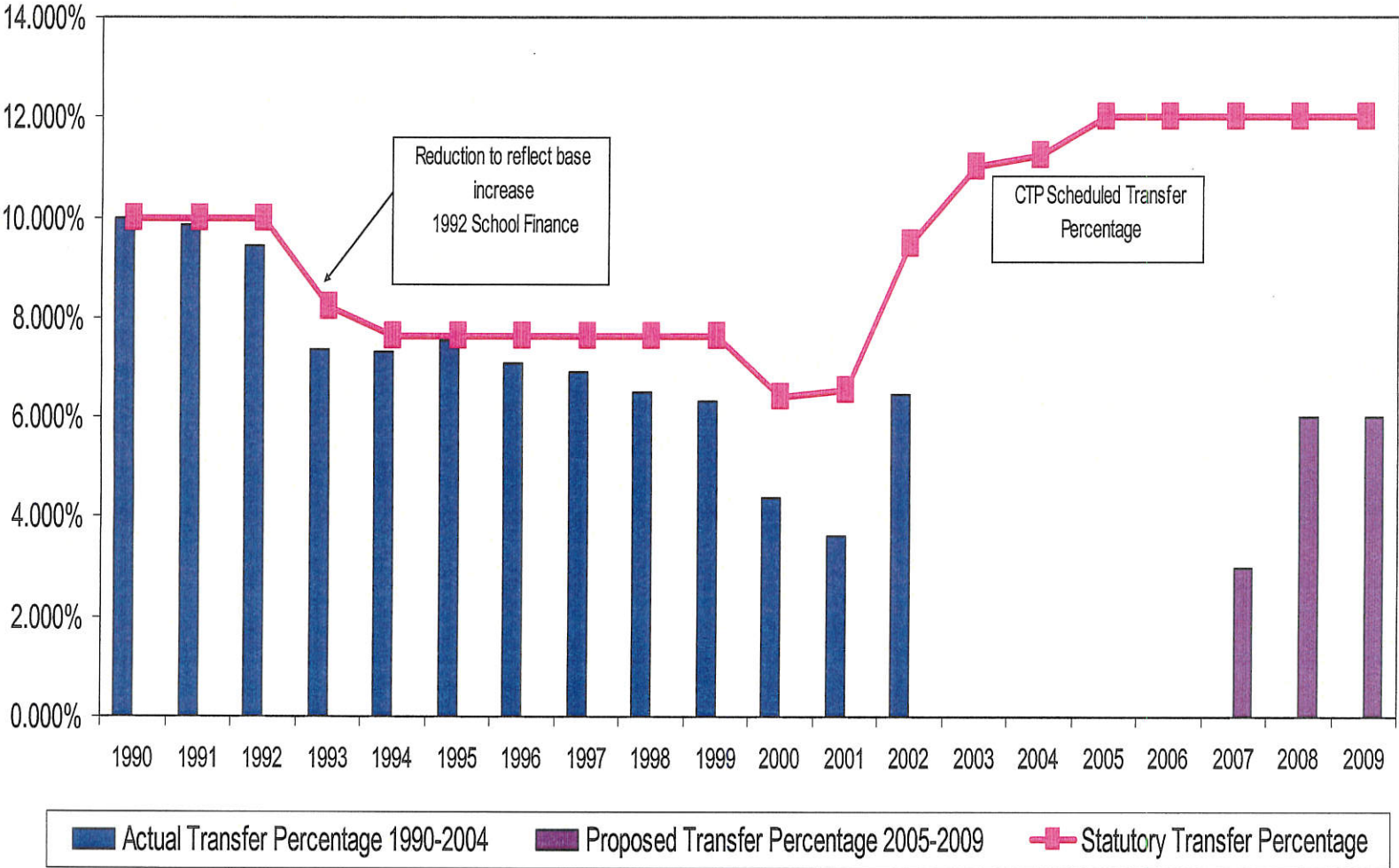
SYSTEM ENHANCEMENT
 Interchanges ■
 Bridges ●
 Corridors & Bypasses —



PREPARED BY THE
 KANSAS DEPARTMENT OF TRANSPORTATION
 BUREAU OF TRANSPORTATION PLANNING
 CTP05_09JGN JULY 29, 2003
 USING BPM DATA AS OF 5/31/03
 USING CANYS DATABASE 6/02

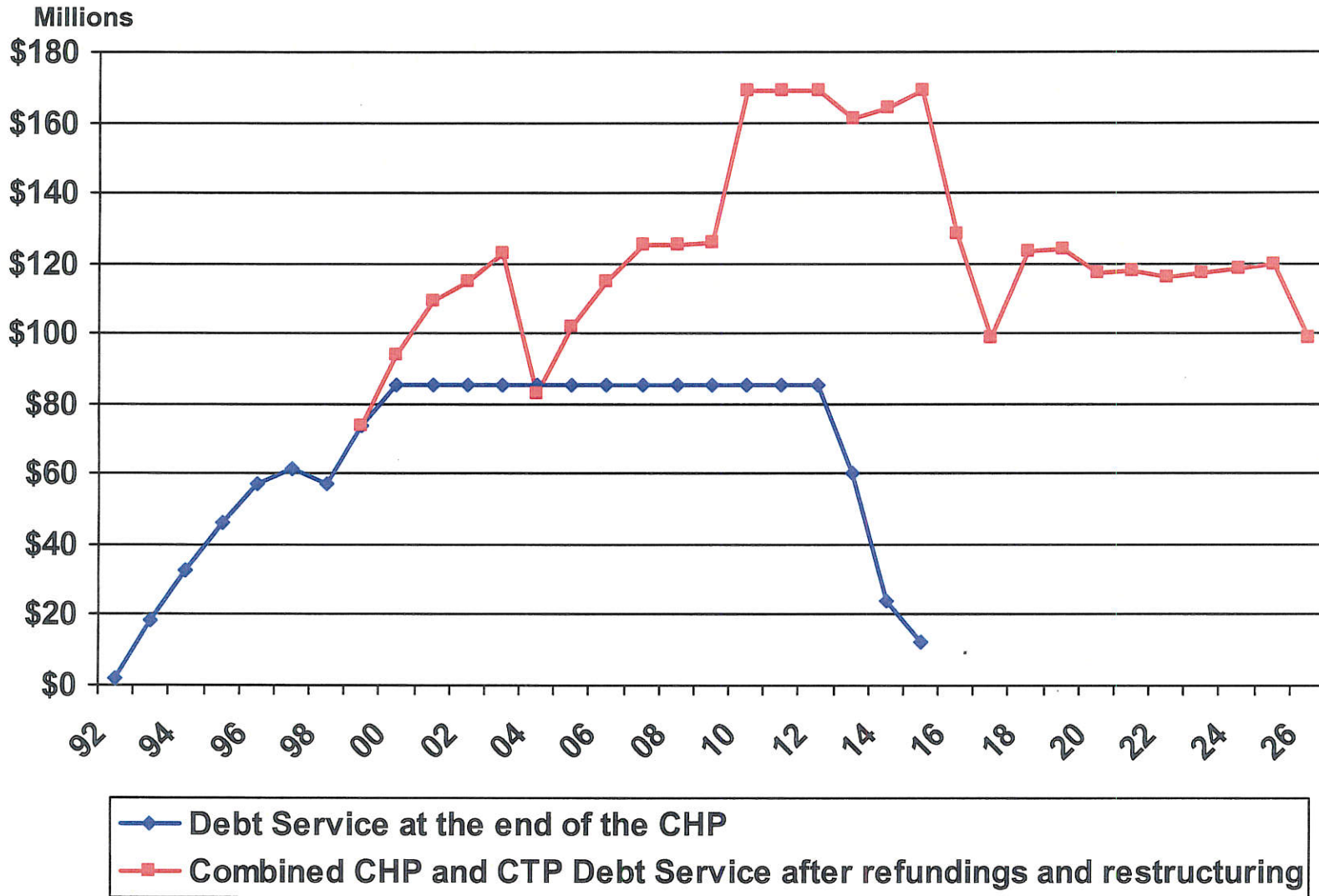
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Sales Tax Transfer Statutory Rates with Actual or Proposed Transfers



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State Highway Fund Debt Service Payments from CHP and CTP



Includes Fall 2003 Debt restructure. State General Fund-backed bond debt service payments come from the State General Fund and as such are not included here.

**Kansas Department of Transportation
Restructuring and Refunding**

(Millions)

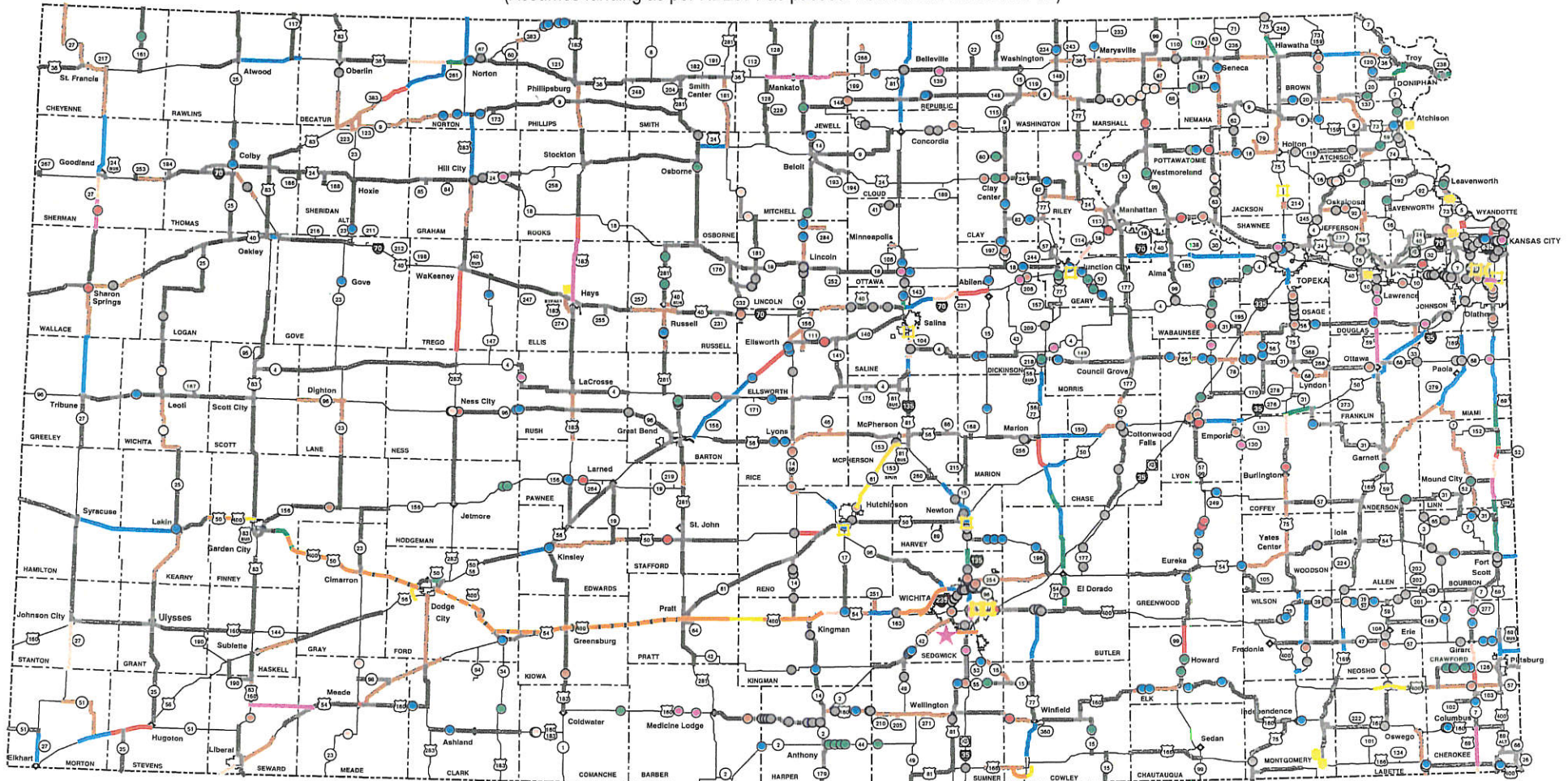
Date	Prior Debt Service	Net Refunding Debt Service	Savings	Present Value to 12/04/2003 @ 3.51484%
6/30/2004	\$ 39.6	\$ 4.2	\$ 35.4	\$ 35.1
6/20/2005	\$ 42.5	\$ 16.9	\$ 25.7	\$ 24.7
6/30/2006	\$ 49.8	\$ 16.9	\$ 32.9	\$ 30.7
6/30/2007	\$ 38.0	\$ 16.9	\$ 21.2	\$ 19.2
6/30/2008	\$ 43.1	\$ 16.9	\$ 26.2	\$ 22.8
6/30/2009	\$ 36.9	\$ 16.9	\$ 20.0	\$ 17.0
6/30/2010	\$ 36.2	\$ 56.9	\$ (20.7)	\$ (17.0)
6/30/2011	\$ 35.8	\$ 55.0	\$ (19.2)	\$ (15.1)
6/30/2012	\$ 42.7	\$ 65.8	\$ (23.1)	\$ (17.6)
6/30/2013	\$ 50.5	\$ 76.5	\$ (25.9)	\$ (19.1)
6/30/2014	\$ 34.8	\$ 75.4	\$ (40.5)	\$ (28.9)
6/30/2015	\$ 46.5	\$ 92.1	\$ (45.6)	\$ (31.4)
6/30/2016	\$ 33.8	\$ 38.8	\$ (5.0)	\$ (3.3)
6/30/2017	\$ 24.3	\$	\$ 24.3	\$ 15.6
	<u>\$ 554.4</u>	<u>\$ 548.9</u>	<u>\$ 5.5</u>	<u>\$ 32.6</u>
			Less: Prior Funds on Hand	\$ (28.7)
			Net Present Value Savings	<u><u>\$ 3.9</u></u>
			Nominal Savings FY 2005-2009	<u><u>\$ 161.3</u></u>

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FY 2000-2009 COMPREHENSIVE TRANSPORTATION PROGRAM

(Assumes funding as per HB2071 as passed 4-30-99 and HB 3011 5-02)

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Major Modification Interstate and Non-Interstate and Priority Bridge					Substantial Maintenance		CTP SE PROJECTS				
2000 - 2003	2004	2005	2006	2007 - 2009	2000 - 2003	2004	Interchanges	Corridors & Bypasses	Corridor Studies	Preliminary Engineering and / or Right of Way Only	Wichita Rail Project
Bridge	●	●	●	○	●	●	□	—	—	—	★
Roadway	—	—	—	—	—	—					

Substantial Maintenance Projects are selected one year at a time, and the remainder of the CTP Substantial Maintenance projects have not been selected.

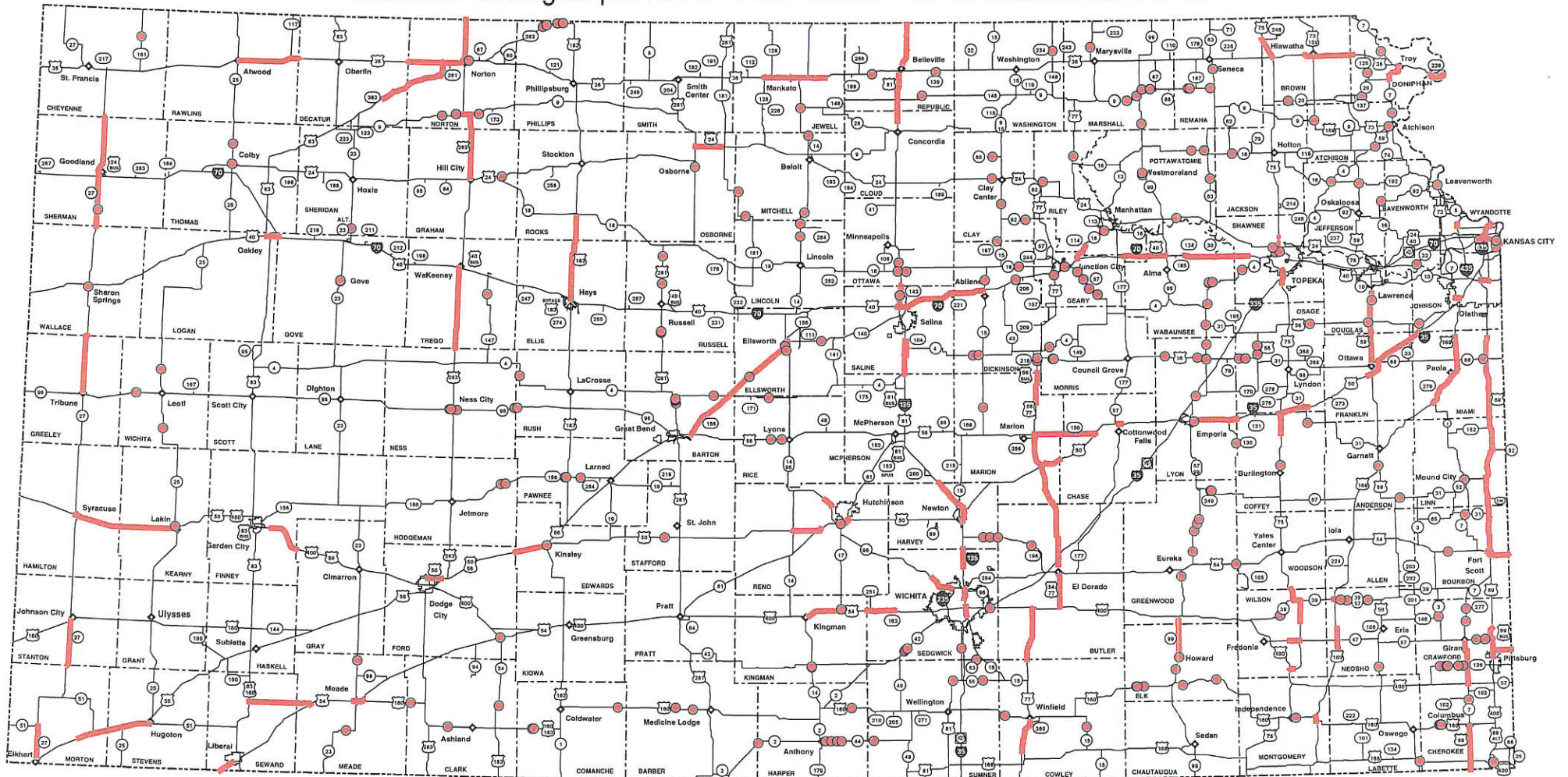
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 MAP3.J02703.DGN OCTOBER 27, 2003
 USING CANYS DATABASE BPM CTP DATA 7/01/03
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COMPREHENSIVE TRANSPORTATION PROGRAM FY 2000-2009

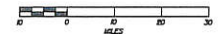
Major Modification Interstate and Non-Interstate and Priority Bridge Only

Assumes Funding as per HB2071 as Passed 4-30-99 and HB 3011 5-02



See project list for more specific project information.
 See separate list for explanation of changes from
 2003 annual report map.

Bridge ●
 Roadway —

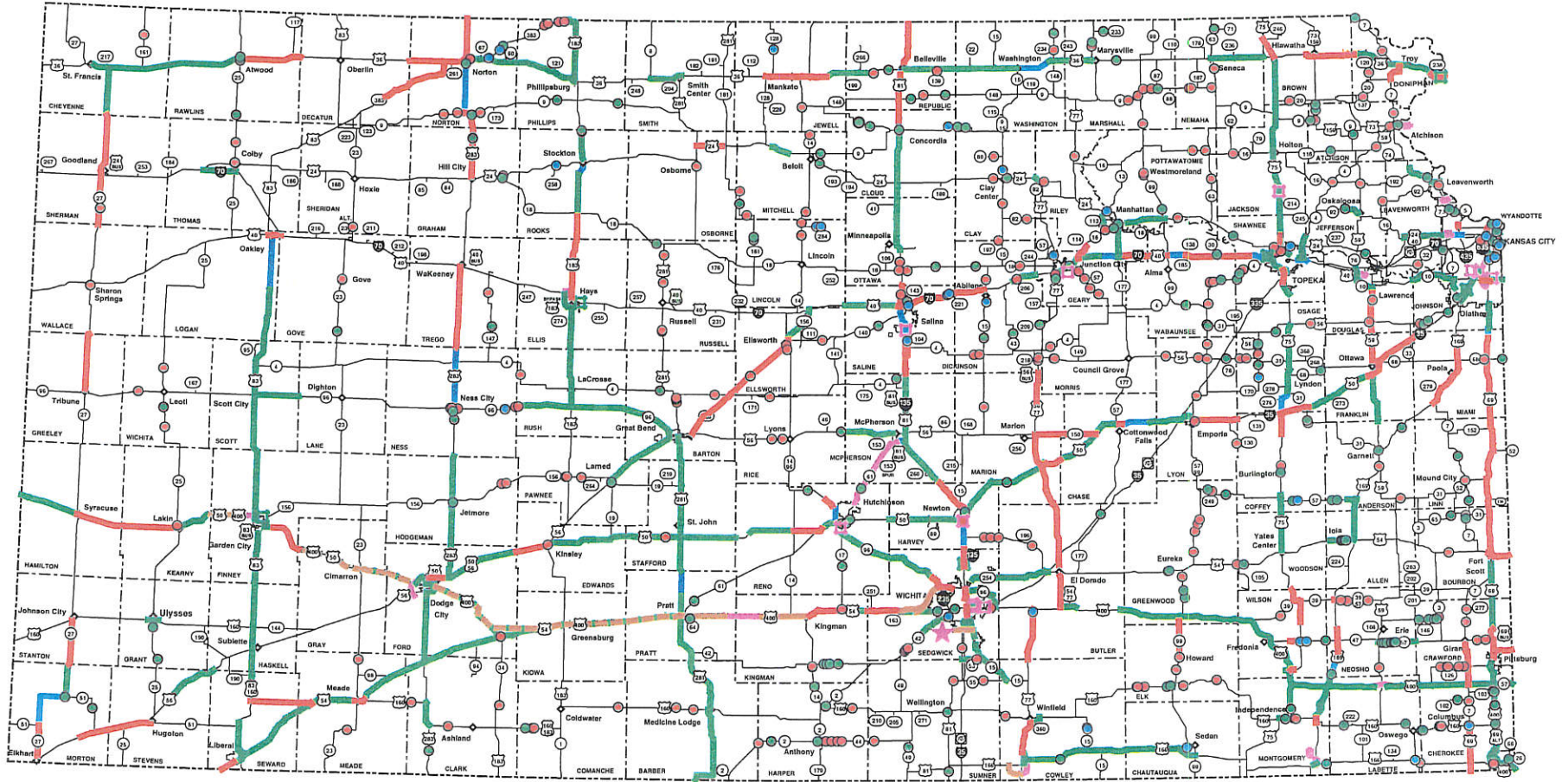


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COMPREHENSIVE TRANSPORTATION PROGRAM SYSTEM ENHANCEMENT PROJECTS COMPREHENSIVE TRANSPORTATION PROGRAM FY 2000-2009 INTERIM PLAN FY 1998-1999 COMPREHENSIVE HIGHWAY PROGRAM FY 1990-1997



MAJOR MODIFICATION INTERSTATE AND NON-INTERSTATE AND PRIORITY BRIDGE ONLY

CHP PROJECTS (INCL. SE) FY 90-97	INTERIM PROJECTS FY 98-99	CTP PROJECTS FY 2000-09
Bridge Roadway	Bridge Roadway	Bridge Roadway
Interchange / Separation		

CTP SE PROJECTS

Interchanges
Corridors & Bypasses
Corridor Studies
Preliminary Engineering and / or Right of Way Only
Wichita Rail Project

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MAP4-102803.DGN OCTOBER 28, 2003
USING CANIST'S DATABASE

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