

MINUTES OF THE SENATE TRANSPORTATION COMMITTEE

The meeting was called to order by Chairman Dwayne Umbarger at 6:15 p.m. on March 16, 2010, in Room 548-S of the Capitol.

All members were present except:

Senator Les Donovan- excused

Committee staff present:

Bruce Kinzie, Office of the Revisor of Statutes

Daniel Yoza, Office of the Revisor of Statutes

Jill Shelley, Kansas Legislative Research Department

Cindy Shepard, Committee Assistant

Conferees appearing before the Committee:

Rick Worrel, President, Affinis Corporation

Howard Partington, City Administrator, Great Bend, Kansas

Beth Felski, Olathe Chamber of Commerce

Jennifer Bruning, Vice President of Government Affairs, Overland Park Chamber of Commerce

Others attending:

See attached list.

The Chairman opened the continued hearings on **SB 498 - Transportation works for Kansas program, financing** and **SB 515 - Transportation works for Kansas, financing, sales tax on motor-vehicle fuels.**

Rick Worrel, President, Affinis Corporation, appeared in favor of a new comprehensive transportation plan. Mr. Worrel noted that he is the owner of a small, local engineering firm whose primary expertise is highway and roadway design for cities, counties and state departments of transportation. He stated that the current economic conditions and the lack of transportation funding have had a drastic effect on his 10-year-old company. Without a new transportation program now, the consequences to Affinis will be continued job loss including loss of valuable technical expertise (Attachment 1).

Howard Partington, City Administrator of Great Bend, Kansas spoke in support of a new transportation program, stating the need for a program that values local consultation and provides for a flexible project selection format. He provided the following thoughts on why a new program is vital to our state:

- Help the Kansas economy - Jobs in local communities
- Local consultation and regional approach
- Communities benefit from KDOT's different programs - air, public transit, rail, bike trails
- Funding to city and county programs besides the larger enhancements
- KDOT's planning for a new program has been impressive - T-LINK recommendations

Mr. Partington concluded that the impact on cities and counties will be immense if a new program is not funded and now is the time to act on a new transportation program. There is widespread support for a new program, and funding a program is vital to Kansas (Attachment 2).

Vice Chairman Marshall assumed Chair of the meeting.

Beth Felski, Olathe Chamber of Commerce, testified as a proponent of **SB 498** and **SB 515**. According to Ms. Felski, commercial investment and job creation in Kansas have been, and continue to be, directly linked to infrastructure investment in Kansas. Explosive growth is anticipated in the K-10 corridor, assuming that adequate infrastructure exists to serve it. Olathe is faced with pressing needs to build interchanges and overpasses along the K-10, I-435, and I-35 corridor. They will bring new construction and new jobs to the state and address traffic and safety issues. She concluded stating that the Olathe Chamber asks for support of the Transportation Works for Kansas program. It would provide for the construction, improvement, reconstruction, and maintenance of the State Highway System, which is vital to the future economic growth in Kansas. Continued investment in the state's transportation infrastructure is essential to the well-being of Kansas and its citizens (Attachment 3).

CONTINUATION SHEET

Minutes of the Senate Transportation Committee at 6:15 p.m. on March 16, 2010, in Room 548-S of the Capitol.

Jennifer Bruning, Vice President of Government Affairs with the Overland Park Chamber of Commerce, appeared in support of a new comprehensive transportation plan. She stated that Kansas' transportation systems are the foundation for the efficient movement of people and goods, and they are crucial for economic development, business retention and expansion, and job creation throughout the entire state. Overland Park's highest transportation priority is the completion of the improvement and widening of US-69 from I-435 to 167th Street and the improvement and widening of I-435 from I-35 to US-69. The Chamber supports many elements of the T-WORKS Program including the following:

- Flexibility to alter or adjust projects based on transportation needs, allowing communities to capture emerging economic opportunities
- Requiring economic analysis in addition to local consultation and engineering factors
- Bonding - added flexibility of "debt service to revenue" restriction as long as debt service expense does not to exceed 18% of the agency's annual revenues
- Build America Bonds - extend KDOT's 20 year debt issuance restriction to 25 years
- Tolling - adding a pilot project to assist the start-up of larger transportation projects

Ms. Bruning concluded her testimony stating that a high quality transportation system is of utmost importance to the Overland Park business community and they encourage passage of a new transportation program this year (Attachment 4).

Vice Chairman Marshall announced the hearings on **SB 498** and **SB 515** would continue at the next scheduled meeting.

The meeting was adjourned at 6:45 p.m. The next meeting is scheduled for March 17, 2010.

SENATE TRANSPORTATION COMMITTEE

GUEST LIST - on adjournment

DATE: 3-16-10

NAME	REPRESENTING
Christy Caldwell	Topeka Chamber of Commerce
Jennifer Bruning	DD Overland Park Chamber
Beth Kelski	Olathe Chamber
Denise Ensley	Topeka Transit
Bernie Koch	KEPC
Howard Partington	City of Great Bend
KEVIN GREGG	KMCA
Mike Crow	Ks Asphalt Pavement Assoc.
Terry Heidner	KDOT
Lindsey Douglas	"
Joe Mosimann	PMEA - A KS
Whitney Jan	City of Topeka
Wendy Wiles	KMPA
Cathy Skelley	Economic Profilers



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Testimony regarding Senate Bills 498 & 515, T-WORKS

Submitted by Rick Worrel, PE
President, Affinis Corp

Senate Transportation Committee
Tuesday, March 16, 2010

Chairman Umbarger and Committee Members:

My name is Rick Worrel. I am president of Affinis Corp, a 30-person consulting engineering firm in Overland Park, Kansas. I am also chairman of the Overland Park Chamber of Commerce's Government Affairs Committee and a member of the American Council of Engineering Companies (ACEC) of Kansas; both whom you will hear or have heard testimony from. Today I am offering testimony as an owner of a small, local engineering firm whose primary expertise is in highway and roadway design for cities, counties and state departments of transportation. I strongly support the passage of a new comprehensive transportation plan (CTP).

The current economic conditions and the lack of transportation funding have had a drastic effect on my 10-year old company. We are forecasting revenues to decline nearly 60 percent from our historic average of \$4.35 million to \$1.8 million in 2010. Subsequently, we have done what many others are doing in private business – frozen salaries and reduced workforce by 20 percent. At the start of April, we will take additional measures by reducing our payroll costs by 25 percent through a combination of shortened work week and salary reductions. From our analysis, these measures push our cliff out until the end of August 2010 when perhaps more difficult decisions must be made. My story is not any different from the other 200-plus engineering companies across the state. When visiting with my colleagues, their companies are in similar situations.

Without a new transportation program now, it appears it could be several years before the stars are aligned to tackle legislation for a new program. The consequences to Affinis will be continued job loss including loss of valuable technical expertise. Frankly I believe without a new CTP, we'll be in a battle for survival.

I share this not as another story of another private business struggling today, but instead I share it to give you a picture of what a new CTP can do for Affinis as well as many other businesses – engineering and non-engineering - across Kansas. From a historic perspective the last CTP was the impetus to Affinis growth. KDOT's investment in major interchange and highway improvements throughout Johnson County and Overland Park led to their investment

in adjacent roadways and streets, many that we designed. In fact, roughly \$8 million of Affinis' revenue can be directly attributed to the last CTP.

Additionally, the last CTP improved the condition of our highway system and added needed capacity in high growth areas. In turn, such state investment led to local and private investment from which Affinis derived revenue providing engineering services for local streets, school districts and commercial developments. I'm sure others will testify supporting the emphasis placed on economic development in the proposed TWORKS legislation. Needless to say, directly and indirectly my company's success as well as many other businesses was partially due to the state's commitment to invest in its transportation system.

I have no doubt a new CTP would have at the least the same impact if not more of a greater benefit to my company and other businesses in the state. A new CTP would:

- Enable us to retain employees
- Enable us to create jobs
- Enable investment in equipment and design software, and
- Improve co-worker morale

Obviously jobs and capital investment directly lead to improving state revenues, yet as a business owner: I see that positive employee morale creates great energy in the office and outside of the office. And though I do not have any facts to support this, my belief is that happy employees spend money. You've already heard the economic benefit of the last two transportation programs. However I don't think those studies took into account the indirect benefit of happy employees i.e. consumers getting out and spending money.

I'm tired of the dire news and continued cuts. It is time for positive news. It is time for real, long-term stimulus. The last two programs provided such stimulus. I believe the TWORKS legislation will be the catalyst for Kansas' economic recovery. Likewise, it will reverse my company's current trends. Therefore I strongly urge you to adopt a new comprehensive transportation program.

Thank you for your time today, for your service to our state and your willingness to lead.




Mike Amason
Mayor

Howard D. Partington
City Administrator

Nick Gregory
Assistant City Administrator

Robert G. Suelter
City Attorney




Liz Hoff
Human Resources Director

Wayne E. Henneke
City Clerk / Finance Director

Judy Manning
Deputy Clerk

Good afternoon, I am Howard Partington, City Administrator of Great Bend. I am here today to support a new transportation program for our state. I testified before you a year ago and stressed the need to come up with a program that values local consultation and provides for a flexible project selection format. Today, I want to just provide some thoughts as to why a new program is vital to our state.

- A new program would **help the Kansas economy**. Others have provided statistics on the numbers of jobs that have been created and saved during the last two transportation programs. It is a true opportunity. Jobs, Jobs, Jobs.
- **Local consultation** has provided many opportunities for cities and counties to provide input into the discussion of transportation needs. I have attended and testified many times over the past three years about the needs of the region around Great Bend and in general about out statewide needs. In Garden City in December of 2008 many of you were there to hear the large crowd of representative of various communities expressing their many transportation needs.
- The **regional approach** has evolved through local consultation and it is an approach that would serve us well as we enter into a new program. The staffs throughout the various district offices know what the needs are in their districts. When they are given the opportunity to select projects as they did with the ARRA funding, they make well informed decisions. A regional approach is one of the most important elements.
- Cities throughout the state are able to take advantage of **many different KDOT programs**. Air, public transit, rail, and hike and bike trails are a few in addition to the highway and road projects. Our community has benefited from almost all of these modes.
- **Jobs** in our community. We have local contractors that provide hundreds of jobs for our residents. Without a new program they will be faced with additional layoffs or trying to find work in other states. I believe two of them provided written testimony yesterday.
- KDOT provides funding to many city and county programs **besides the larger enhancements** that were a hallmark of the past programs. We get money from KLINK's, STP's, Geometric Improvements, Economic Development Improvements, and so forth.
- **The impact on cities and counties will be immense if a new program is not funded.**
- KDOT's **planning** for a new program has been impressive, with the capstone being the T-LINK's recommendations. They have sought public participation throughout the state.
- **Now** is the time to act on a new transportation program. Past programs have helped Kansas weather the economic downturns with the economic development created by the programs.
- There really is **widespread support** for a new transportation program. **Your support for funding a program is vital to Kansas.**

Thank you for your time and commitment to Kansas. Your support is appreciated.



To: Senate Transportation Committee
From: Beth Felski, Olathe Chamber of Commerce
Re: Transportation Works for Kansas Program
SB 498 and SB 515
Date: March 16, 2010

Commercial investment and job creation in Kansas have been, and continue to be, directly linked to infrastructure investment in Kansas. To quantify the economic impact of recent Olathe infrastructure projects, please consider the following:

- Prior to the most recent highway plan, Olathe constructed the I-35/119th interchange at a cost of less than \$20 million. That investment led to a thriving commercial area with a mix of office and retail that have generated well over \$1 billion in private economic investment, millions of dollars in state and local sales and property tax revenue annually and thousands of new jobs for Kansas.
- The I-35/127th Street overpass was built at a cost of \$27 million and resulted in more than tens of millions of dollars in private investment in the surrounding area.
- The I-35/Lone Elm/I59th interchange (which will cost over \$67 million) attracted more than \$200 million of private investment in the immediate area.
- In each instance, thousands of Kansas jobs have been, and continue to be created.

Explosive growth is anticipated in the K-10 corridor, assuming that adequate infrastructure exists to serve it. In the last six years, Olathe has already constructed 588,000 sq. ft. of office development with an investment of \$176 million and added 1,219 new jobs. We anticipate more than doubling those figures in the next five years as the K-10 corridor continues to attract growth, especially as a bioscience corridor. The Kansas State Olathe Innovation Campus is on the verge of taking off as one leg of the Kansas City Research Triangle. At K-10 and Ridgeview, John Deere will soon begin construction of a marketing and sales center. This project will result in: 126,000 sq. ft. of space, more than \$40 million in capital investment, and 425 new jobs. This is just the beginning of growth in this corridor in Olathe. K-10 and associated interchanges are already strained and must be improved to handle almost immediate, already-announced growth as well as anticipated future growth.

Olathe is faced with pressing needs to build interchanges and overpasses along the K-10, I-435, and I-35 corridor—not only for the new construction and new jobs they will bring into the state, but also to address traffic and safety issues. In the K-10 corridor alone, in just the last six years, growth has come to Kansas in the form of more than 1,200 new jobs and more than \$100 million in private investment. If future improvements are not made to this corridor, economic growth will stall in that area as traffic grows more and more congested and safety is compromised.

The Olathe Chamber asks for your support of the Transportation Works for Kansas program that would provide for the construction, improvement, reconstruction, and maintenance of the state highway system, which is vital to future economic growth in Kansas. Continued investment in the state's transportation infrastructure is essential to the well-being of Kansas and its citizens.

Senate Transportation
3-16-10 p.m.
Attachment 3



Testimony regarding Senate Bills 498 & 515, T-WORKS

Submitted by Jennifer Bruning
On behalf of the Overland Park Chamber of Commerce

Senate Transportation Committee
Tuesday, March 16, 2010

Chairman Umbarger and Committee Members:

My name is Jennifer Bruning, and I am Vice President of Government Affairs with the Overland Park Chamber of Commerce. I am submitting testimony today on behalf of our board of directors and our nearly 1,000 member companies in support of passage of a new statewide comprehensive transportation plan (CTP).

Kansas' transportation systems are the foundation for the efficient movement of people and goods, and they are crucial for economic development, business retention and expansion, and job creation throughout the entire State. In short, sufficient transportation funding is key to seizing economic opportunities.

Today, four out of five highways in Kansas are in good condition. However, without continued investment to maintain and modernize our highways, the progress we have made over the last twenty years will be lost. Our State's current level of transportation funding is inadequate to even maintain existing systems in the good condition that we now enjoy, especially as the State Highway Fund is continually raided to fill ever increasing budget holes. According to Secretary of Transportation Deb Miller, over \$1 billion has been diverted from the current CTP to other parts of the state budget, with \$179 million being diverted in 2010 alone. Quoting Miller, "This is not enough money to keep the Kansas road system in working order." This statement is extremely troubling to the Overland Park business community.

T-WORKS should be viewed as an economic stimulus tool. One of our larger members, HNTB, grew from 65 to 105 employees over the last 10 years, and they attributed the passage of the 1999 CTP, and the work it provided, as the major reason for their exponential company growth. Their story is not unique. With the high level of engineering and construction companies in our region, we are confident this program will act as a desperately needed economic stimulant.

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Senate Transportation
3-16-10 p.m.
Attachment 4

More specific project level, the Overland Park Chamber supports the City of Overland Park's highest transportation priority, which is completing the improvement and widening of US-69 from I-435 to 167th Street and the improvement and widening of I-435 from I-35 to US-69.

We urge these projects to be identified as priorities in recognition of their economic impact on the entire state's economy; they promote safety, ease congestion, and support economic growth.

We are extremely encouraged that many of the elements of the T-WORKS Program fall directly in line with the OP Chamber's list of priority items our members wish to see in a new CTP. First and foremost, we highly support the flexibility this program offers to alter or adjust projects based on transportation needs that may not have been known or even contemplated at the program's start. Overland Park's business community is rapidly growing – in just the last three months, we have announced 4,500 new jobs being created in our city boundaries. T-WORKS offers an expanded project selection process to allow communities such as Overland Park to capture these emerging economic opportunities.

We also support the T-WORKS provision which requires an economic analysis, in addition to local consultation and engineering factors, when prioritizing and selecting expansion projects. Economic development, job creation, and local financial support should always be included as factors in establishing project priorities.

The OP Chamber does recognize that while a new CTP is extremely worthwhile and important to our region's continued economic prosperity, it is also costly. In that vein, we fully support the KDOT proposal to continue utilizing bonding as a funding option, but with the added flexibility of implementing a "debt service to revenue" restriction which would allow KDOT to issue debt as long as the State Highway Fund's debt service expense does not exceed 18% of the agency's annual revenues (less extraordinary cash inflows and Special City and County Highway Funds).

We also urge the Legislature to take advantage of the newly available federal Build America Bonds, which assist both state and local governments in financing capital projects at lower borrowing costs. Current market conditions mandate a bond life of at least 25 years for the bonds to be most advantageous, but KDOT is now statutorily restricted to issuing debt for only 20 years or less. We ask the Legislature to take action on extending KDOT's 20 year debt issuance restriction to 25 years. Utilizing this bonding source would allow KDOT to fully fund all preservation projects, under current revenues, through FY2014 and allow the agency to remain below the proposed 18% debt service cap.

Furthermore, we are open to the consideration of adding a pilot project to the CTP allowing KDOT to utilize tolling as one of the financing mechanisms to possibly assist the start-up of the larger proposed transportation projects.

In summary, a high quality transportation system is of utmost importance to the OP business community. Having well-maintained roads enhances our quality of life, and a comprehensive transportation plan provides jobs for our citizens. We urge you to adopt a new transportation program this year.