



2008 Special Committee on a New Comprehensive Transportation Plan

November 12, 2008

Overview

- History of the last 2 programs
- Looking Forward
 - What we've heard
 - Economic Impacts
 - System Update
 - New business models
- Revenue and Financing Approaches
- T-LINK Update

Managing Uncertainty

- Funding at the Federal level
- State revenue concerns
- National level
- Must know we can pay for projects when we let them

Federal Funds

- On-going crisis— emergency measures were taken
- Shortfall continues
- Adjusting estimates downward:
 - 45% (\$160M) for 2010
 - 20% (\$70 M) for 2011 and beyond
- Impacts to cities and counties
 - \$34 M in 2010
 - \$15 M in 2011

State Revenue--Then

- 2004 Legislature “reset” funding for transportation
- 2005– Katrina and inflation hit hard
- KDOT revised budgets and schedules—
very tightly balanced

State Revenue- Now

- Consensus Revenue Estimates

	2009	2010
Sales Tax	-\$8.2 M	-\$11.2 M
Reg. Fees	-\$8.5 M	-\$9.0 M
MFT	<u>-\$6.6 M</u>	<u>-\$6.9 M</u>
TOTAL	\$23.3M	\$27.1 M

State Funds- Uncertainty

	2009	2010
Loan Repayment	-\$31 M	-\$31 M
KHP		<u>-\$38 M</u>
TOTAL	\$31 M	\$69 M

Funding Summary: Potential Losses

	2009	2010
Federal Funds	---	-\$160 M
Consensus Revenue Estimates	-\$23.3 M	-\$27.1 M
Loan Repayment	-\$31 M	-\$31 M
KHP	---	<u>-\$38 M</u>
TOTALS	\$54.3 M	\$256.1 M

Managing Uncertainty

- KDOT operates on cash-flow basis
- Won't put the State, KDOT or contractors at risk
- Suspend lettings for 2 months

Managing Uncertainty

- Determine amount of new work we can afford
- Continue work underway
- Federal economic stimulus program for infrastructure? If so, CTP projects priority

On-going Communication

- News Release
- Community Calls
- Letters to Legislators
- Conference Call to Contractors

Previous Programs & Looking Forward

- Review past programs
- New approaches
- New business models

“I think it’s vitally important we have a plan. Without a plan, you don’t know where you’re going. The funding of that plan is an issue that may have to be addressed in phases, separately.”

-- Harland Priddle, former
Kansas Secretary of
Commerce

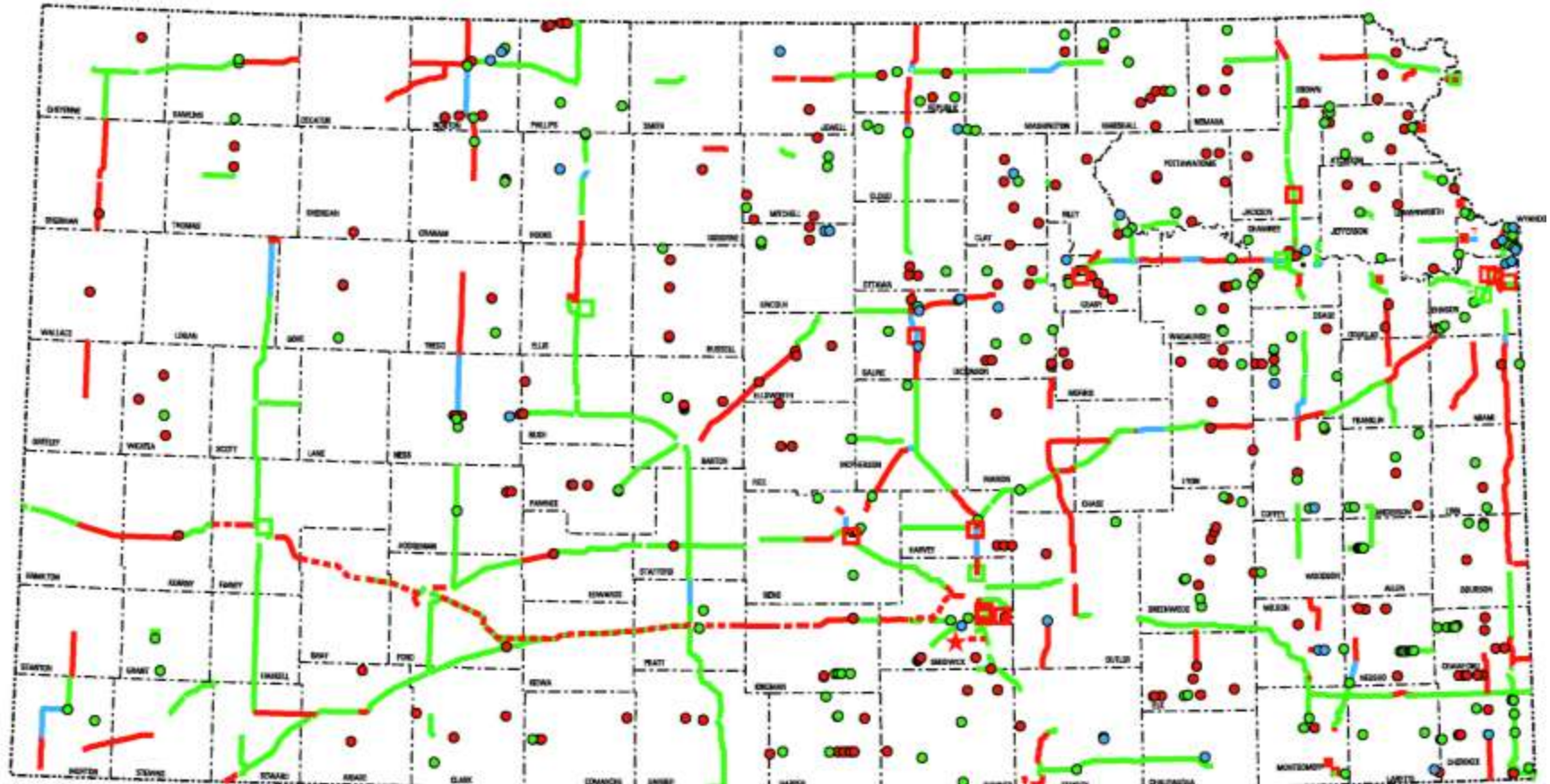
Different Programs for Different Goals

	CHP	CTP
Repair Highways	\$3.1 B	\$5.6 B
Expand System		
Transit	\$5.4 M	\$52.4 M
Aviation		\$30 M
Rail		\$30 M

Funding for the CHP & CTP

	CHP	CTP
MFT	7¢ phased	6¢ phased
Sales Tax: -- Direct Deposit -- Transfer	.25 ¢ 10% → 6%	.25 ¢ → .65 ¢ 12% → 0%
Reg. Fees	50% rate ↑ cars 33% rate ↑ trucks	(eventually) \$5 cars \$2-10 trucks
Bonds	\$890 M	\$ 995 M <u>+\$ 277M</u> \$1.272 B

Transportation Projects 1990-2009



- Roadway
- Bridge
- Interchange

CHP Projects (1990-97)
Interim Projects (1998-99)
CTP Projects (2000-09)

Program Structure

	CHP	CTP
Program Length	8 years	10 years
Routine Maintenance	✓	✓
Substantial Maintenance	✓	✓
Major Mod	Rolling	Red Map
System Enhancement	✓	✓
ED Program	✓	✓

What We're Hearing



Value of Local Consult Meetings

- Morning break-out sessions, afternoon testimony
- Appetite for a new program
- No consensus on how to fund

Local Consult Meetings Highlights

860+ Attendees

North Central

95+ attendees

Key Issues: Widening lanes to accommodate wind turbine manufacturers, transition to 2-mile grid system

Northeast

100+ attendees

Key Issues: Increasing demand for transit, interest in creating incentives for locals to close roads

Olathe

150+ attendees

Key Issues: Support for local option taxes, strong interest in bike/ped, utilizing transit for workforce

Northwest

75+ attendees

Key Issues: Need for shoulders and passing lanes to improve safety, increasing truck traffic, loss of CARE Van transit service

Southwest

80+ attendees

Key issues: Loss of transit services, increasing truck traffic from dairies and ethanol plants

South Central

100+ attendees

Key Issues: Strong support of regional collaboration, support for multi-modal and flexible approach

Wichita

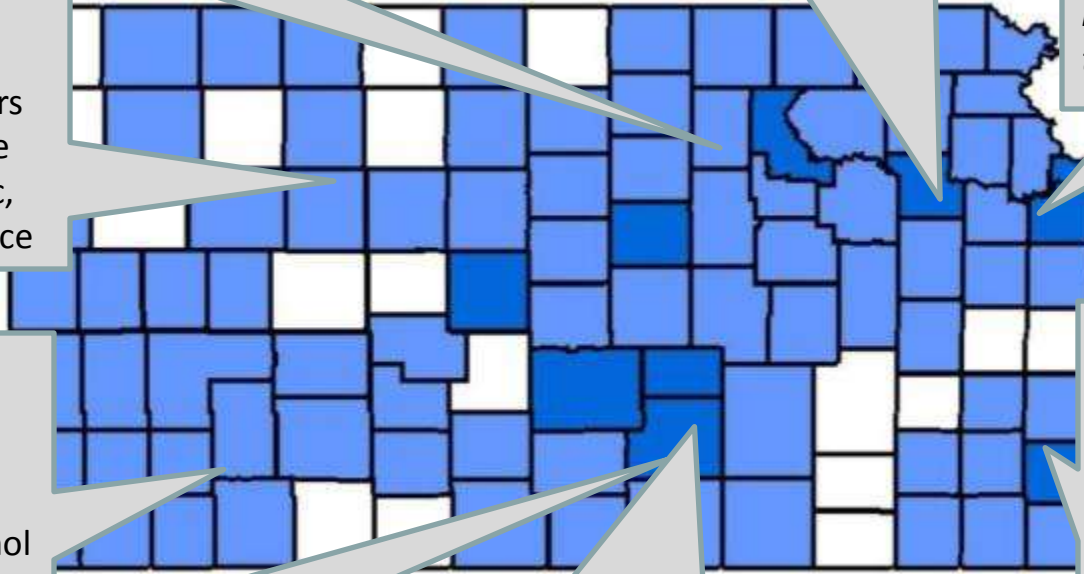
100+ attendees

Key Issues: Rail bottleneck, interest in passenger rail, REAP called for preservation

Southeast

95+ attendees

Key Issues: Utilizing transit to get people to work, balanced approach



*Blue counties indicated counties that were represented, dark blue means 20+ participants from that county

Local Consult Meeting Highlights

Projects/needs mentioned often:

- Shoulders on Highways 23 & 27
- Loss of Transit Service
- Air Ambulance access
- Widening Highway 281
- Need for short-line rail

Projects/needs mentioned often:

- Add shoulders or passing lanes to US-50/400, US-54, US-83
- Loss of transit service
- Completion of US-50/400 four-lane
- Increasing need for short-line rail

Projects/needs mentioned often:

- 4-laning US-50
- Interchange needed I-35/US-50
- Northwest Passage
- Widening US-400/US 54
- Continue KLINK program

Projects/needs mentioned often:

- Funding for local bridges
- K-18 improvements
- Widening of K-14, K-181
- Increase need for short-line rail funds
- All weather access for airports

Projects/needs mentioned often:

- Growing need for transit
- Interest in bike/ped
- Completion of South Lawrence traffic way (K-10)
- K-18 Improvements
- Intersection improvements US-24

Projects/needs mentioned often:

- Improving K-10, K-7
- Increase need for transit
- Completion of US-69 four-lane
- I-435, I-35, K-10 interchanges

Projects/needs mentioned often:

- US-400 expansion
- Completion of US-69 four lane
- Increase funding for local roads
- Improve US-75
- Increase funds for short-line rail

Projects/needs mentioned often:

- Airport runway preservation
- I-235 & US-54 interchange
- Need for passenger rail service
- Interest in bike/ped
- Increasing need for short-line
- Implementing projects cited in US-77 corridor study

Statewide trends regarding business models

- Business models— general support with cautions
 - Multimodal approach— support for approach with big projects but keep operating \$ separate
 - Flexibility and more frequent project selection is needed but also need to protect funding in out years— 10 year program cycle questioned
 - Input- 2 year cycle for local consult is about right

Statewide trends regarding business models

- Economic Impact Analysis
 - Should be done
 - Statewide concern about rural/urban comparisons
 - Don't forget safety (congestion);
 - Everyone thinks it will help them

Transportation Investments & the Kansas Economy

- Transportation investments and economic impact analysis— case studies
- Impact of preservation
- Economic impact working group recommendations
- Framework to analyze economic impacts as part of project selection— white paper

Transportation and the Economy

What drives the economy?

An educated and trained work force

Business-friendly regulations

Entrepreneurial initiative

An effective transportation system

Successful economic development needs

Strategic thinking

Strong public and private sector partnerships

Transportation Sustains a Diverse Kansas Economy

- 30 million vehicle miles and \$900 billion in freight utilize the Kansas transportation network annually
- Key economic sectors, like services, agriculture, and manufacturing, depend on transportation
- Stakeholders in 2007 KDOT's Long-Range Plan named support for economic development as one of the plan's three guiding principles
- K-State Study: CHP and CTP sustained 115,000 jobs and \$7 billion in output

Five Case Studies of Past Transportation Projects

Project	Project Cost	Jobs Added	Economic Value Added
Parsons - US-400 Bypass	\$27 M	1,400	\$56 M
Wichita - K-96 Bypass	\$103 M	24,000	\$1.6 B
WY County –110 th St Interchange	\$50 M	5,700	\$186 M
Overland Park – Nall Ave Interchange	\$48 M	17,500	\$4.1 B
Hays – Commerce Pkwy Interchange	\$3.5 M	2,200	\$111 M
TOTAL	\$231 M	50,800	\$6.1 B

Preservation has Economic Impacts

- **For illustrative purposes** - If maintenance funding reduced by 60% over 10 years
 - Highway miles in good condition drop by 30%
 - 100 more bridges would require weight restrictions or detours
- **Economic Impact** – Estimated impact by 2020:
 - 12,000 jobs lost per year, and
 - \$670 million lost per year in gross state product

New Project Selection Approach

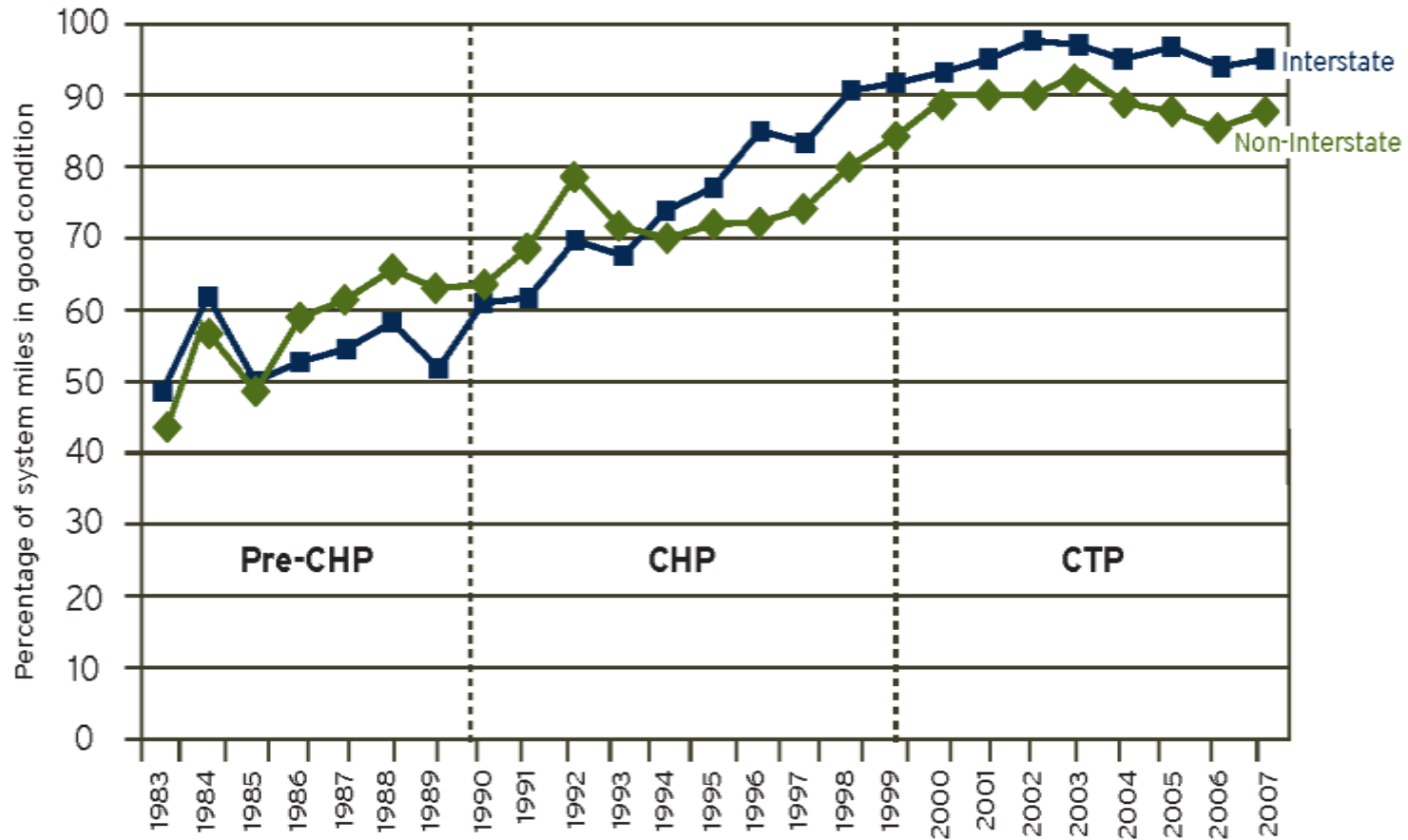
- Fast moving change is the norm
- Current selection process not sensitive to economics
- New economic analysis approach recommended

Multimodal Economic Development Program

- Go multi-modal
- Focus on immediate opportunities
- Employ a rigorous selection process
- Use a rolling application cycle
- Ensure local commitment

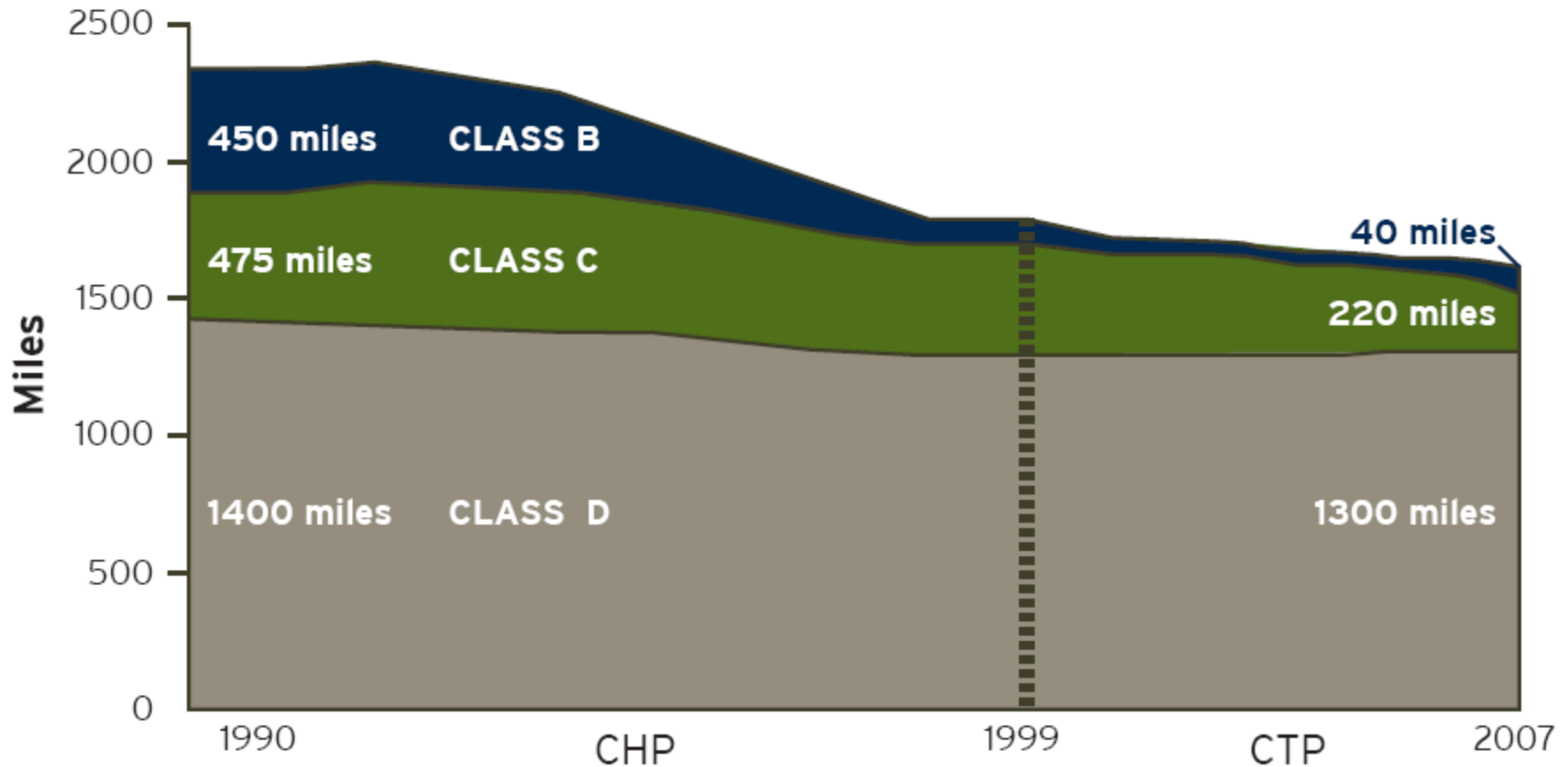
System Update & New Business Approaches

Preservation investment has been successful



- Preservation is top priority

Significant improvement in shoulders



- Important safety concern; less expensive approaches needed

Capacity needs growing



- Need to tie investments to economic priorities

Regional Project Discussions

- 305 projects identified
 - KDOT priority formula (**green on maps**)
 - Local Governments (**blue on maps**)

- 64 identified as regional priorities (**highlighted in red on maps**)
 - 15 modernization projects – \$600 million
 - 49 capacity projects - \$10.1 billion

Highways: New Business Models

- Collaborative decision-making
- More flexible and frequent project selection
- Economic impact analysis as part of project selection
- Practical improvement we can afford; updated business approaches

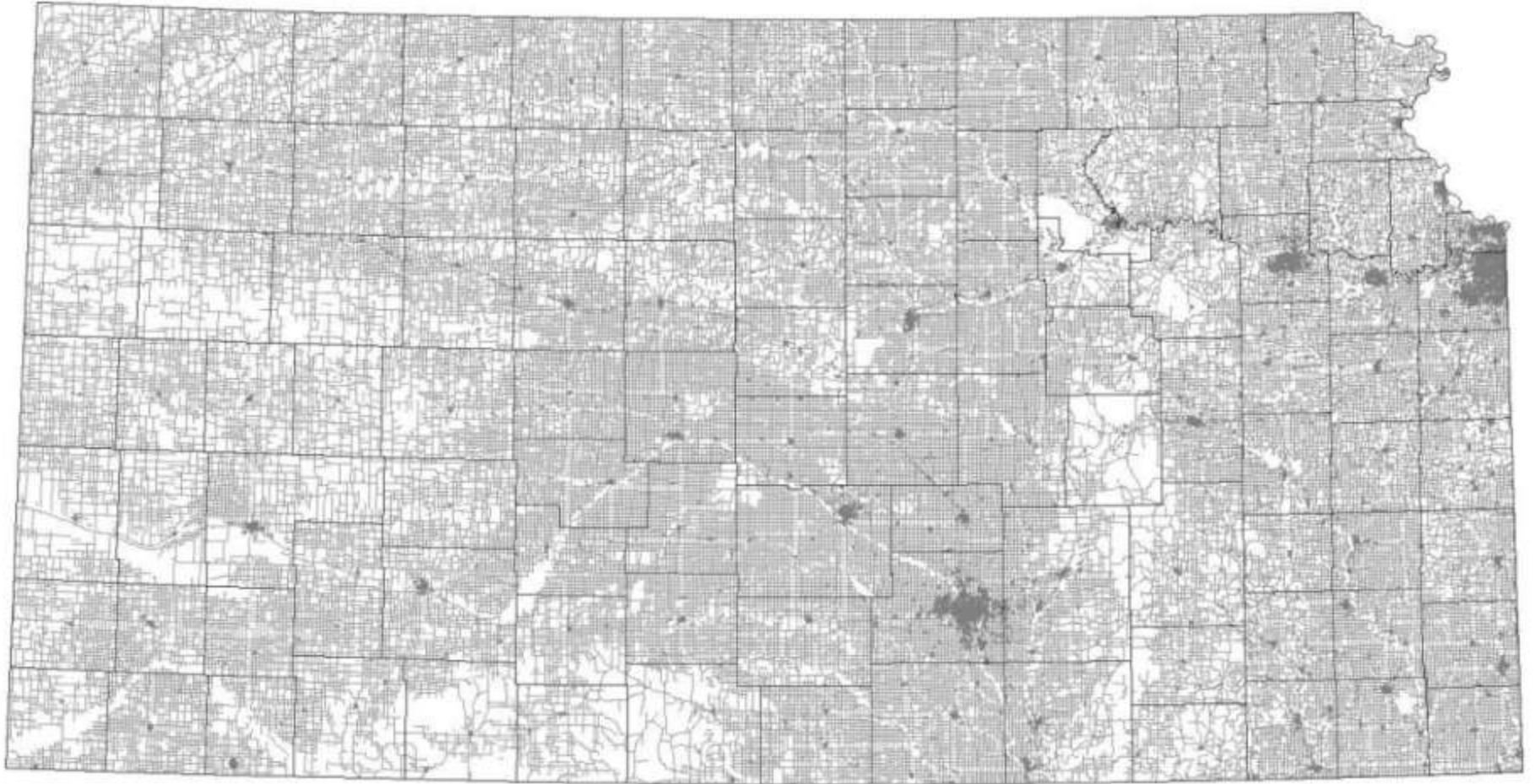
Simplifying Terms

Current	Proposed
Routine Maintenance	
Substantial Maintenance	Preservation
Major Mod. (some)	
Priority Bridge (some)	
Major Mod. (some)	
Priority Bridge (some)	Modernization
System Enhancement (some)	

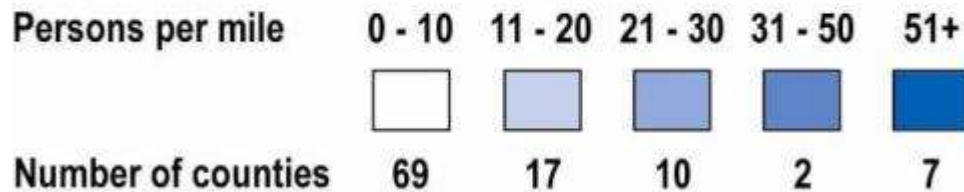
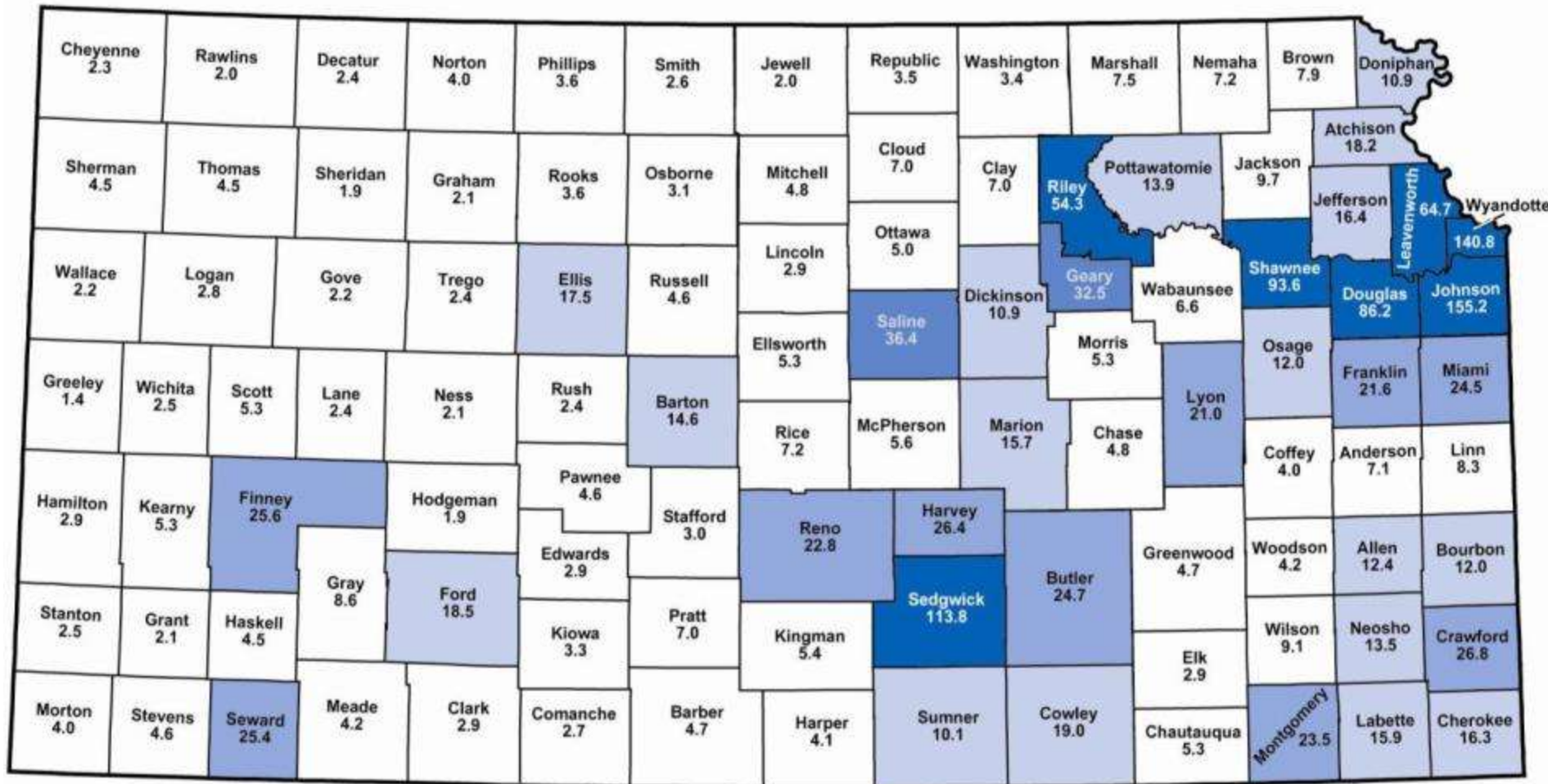
Simplifying Terms

Current	Proposed
Major Mod. (some)	Expansion/Economic Impacts
System Enhancement	
	-- Congestion
	-- Accessibility
	-- Special Initiatives
	-- Mega Projects

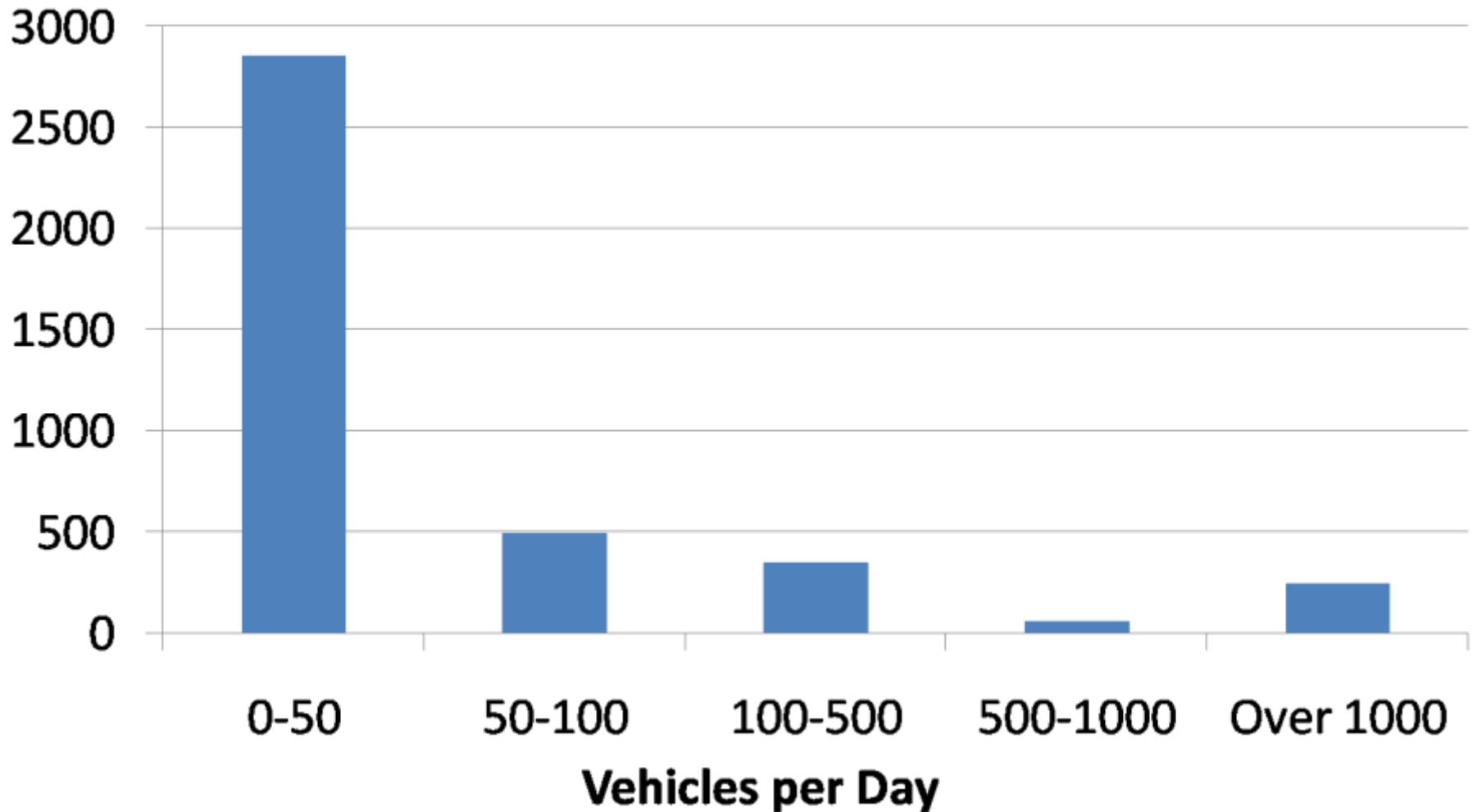
The Kansas Local Road System: 130,000 miles of local roads & 20,500 bridges



People per public road mile



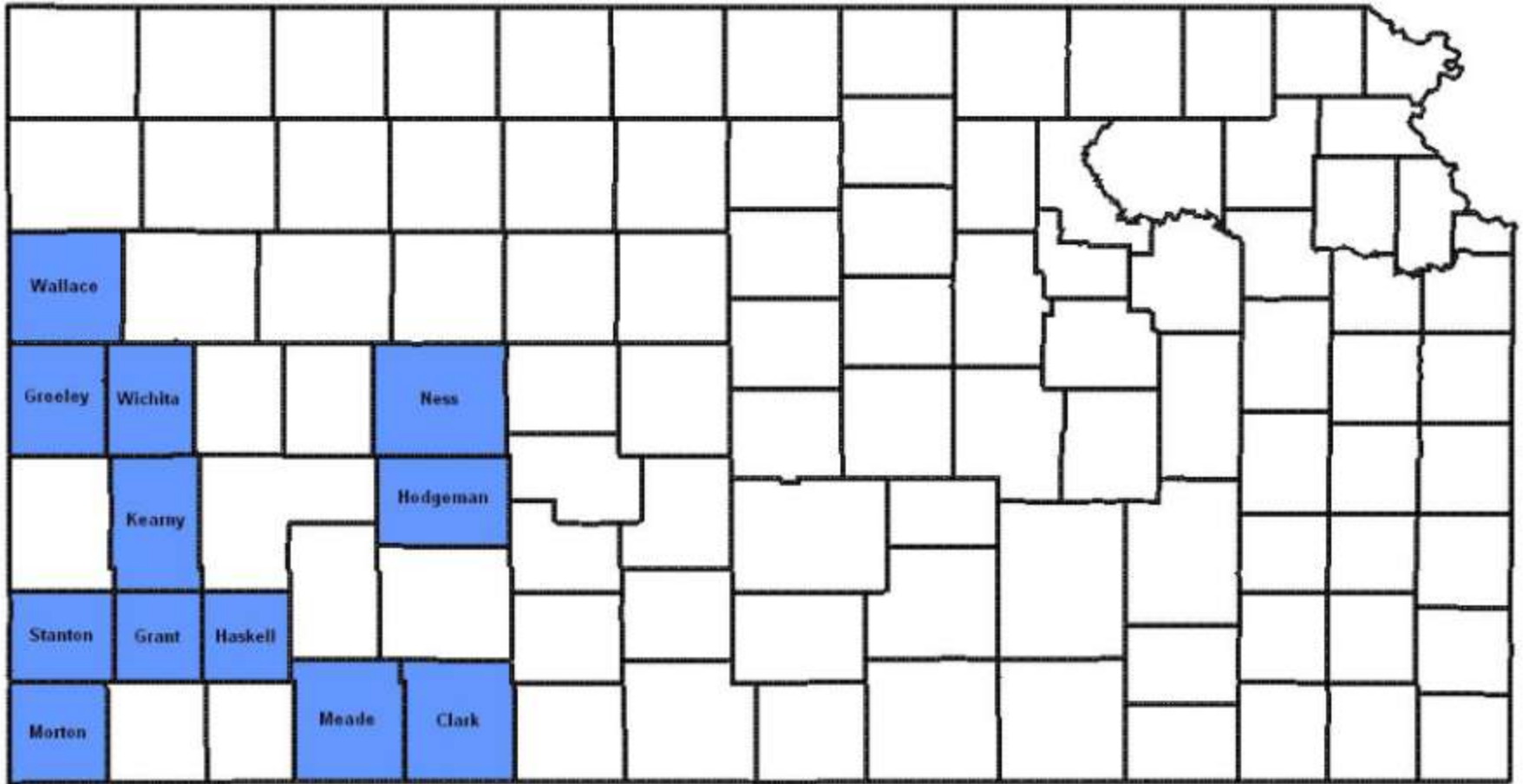
Most deficient bridges are lightly traveled



New Local Roads Business Models

- Continue Special City County Highway Fund
- Collaboratively identify local roads network then use some state/federal funds for that network
- Incentivize local road closures
- More local funding options desired
- Swap state funds for federal funds

Aging population and workforce need transit



- 200+ providers, increased efficiency needed

New Business Models

- Transition to Mobility Management Districts defined by travel
- 10-12 districts required to meet level of service; subcontract with other providers
- Increased efficiency and coverage
- Pilot projects underway

New Business Approaches

- Strategically identify where are upgrades are needed
- Remove jet fuel/aviation gas tax exemptions?

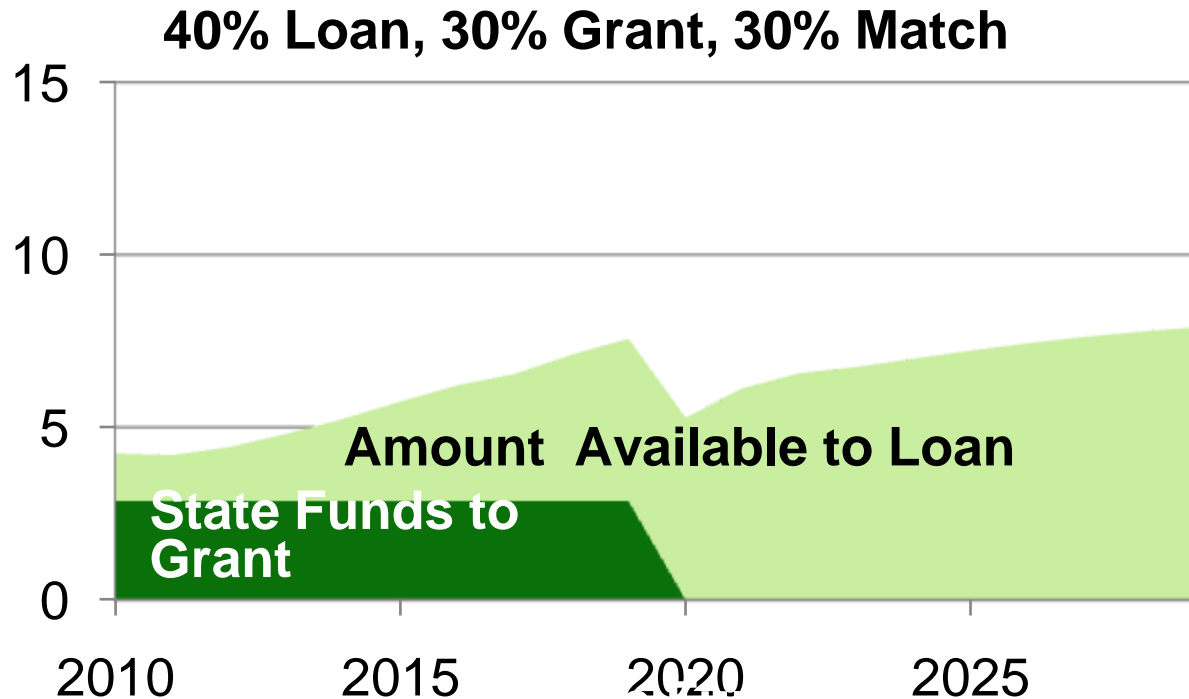


Short-line Rail

- Program is vital to Kansas economy
- PB study conclusions:
 - \$30 million state investment yielded:
 - \$ 1 billion value in business earnings
 - \$ 425 million value in wage income



New Business Models



\$3 million in state funds for loans
\$2 million in state funds for grants

- Allow shippers and industrial parks to be eligible for short-line rail loans

Bike/Pedestrian

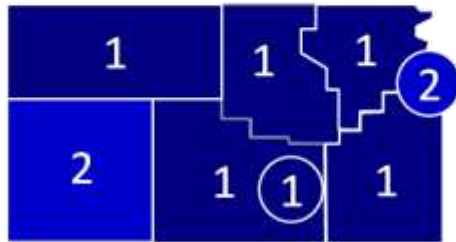
- What's the State's Role?



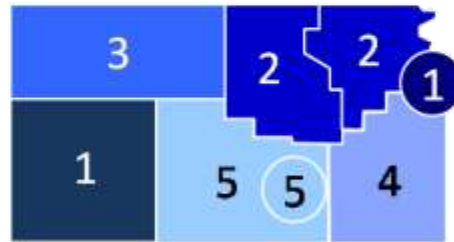
Funding & Finance

2008 Funding Preferences

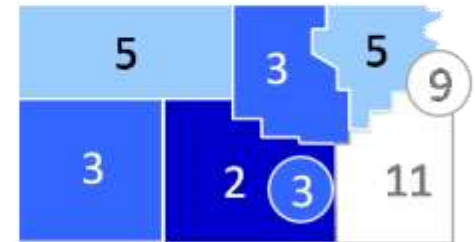
1. Gaming



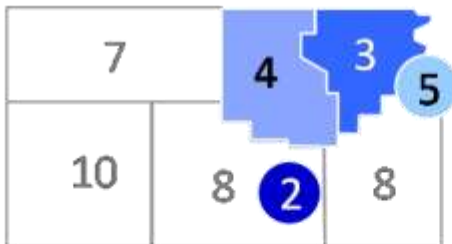
2. Registration



3. Motor Fuel Tax



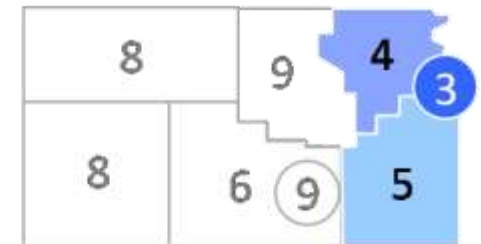
4. Developer Fees



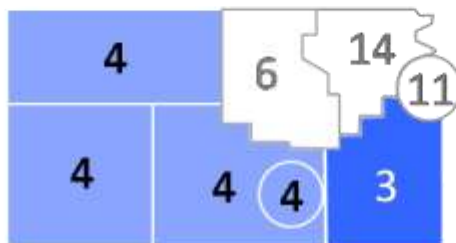
5. Sales Tax on Gas



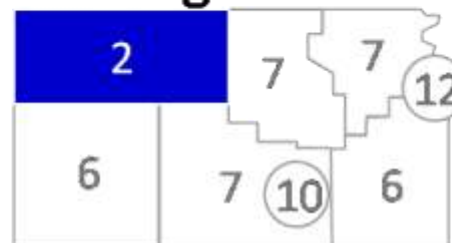
6. Toll Roads



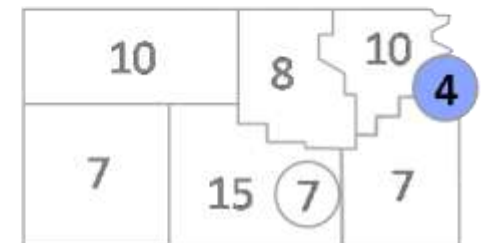
7. Sales Tax - General



8. Vehicle Weight Tax



9. Development Districts



Match funding sources to kinds of work?

Multimodal

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graph TD; A[Multimodal] --> B[Preservation/Modernization]; A --> C[Expansion/Economic Impacts]
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Preservation/ Modernization

- Commit more stable/traditional sources

Expansion/ Economic Impacts

- Innovative/creative sources
- State/local partnerships
- Manage debt ratio or ceiling for financing

Toll Study Findings

- Tolls remain a viable option for financing as they are user-financed, expedient, and on-going
- New applications for tolls have added benefit of managing demand (HOT lanes, congestion pricing)
- States vary in policy for considering tolls viable, but most want tolls to cover O&M costs
- The Kansas Turnpike (4¢/mi) is the **4th lowest** in avg toll per mile out of 43 toll facilities (newer facilities have ranged from 10¢ up to \$1 depending purpose of toll). The only facilities with lower rates are even older than the 52-year-old KTA.

Estimated Range of Toll-paying Vehicles Necessary

Percent of Toll Facility Costs Funded by Toll Revenues	Estimated Range of Toll-paying Vehicles Necessary per day, given	
	Toll Rate similar to KTA (Approx. 4¢/mi)	Toll Rate similar to newer facilities (Approx. 15¢/mi)
100%	150,000 – 250,000	45,000 – 75,000
50%	80,000 – 125,000	25,000 – 35,000
25%	45,000 – 60,000	10,000 – 20,000

T-LINK Calculator

Revenues
Bonding
Expenditure Assumptions
Local Roads
Modes
Construction Inflation
Highways

Preservation
Modernization
Capacity
Switch to ADVANCED Mode

PREVIOUS

Highway Capacity [LEARN MORE](#) [Reset](#)

Basic

How many capacity improvements, such as adding lanes and interchanges would you like to include in your program?

NoneMany

Base Program: None
 Your Program: Some capacity improvements, but not as many as the last program
 Your annual capacity spending: \$116 million

Advanced

Add Passing Lanes (miles)

[LEARN MORE](#) Cost per mile: \$1.50
 Your program: 1 miles
 Your annual capacity spending: \$2 million

Rural 2-lane improved to 4-lane (miles)

[LEARN MORE](#) Cost per mile: \$5.70
 Your Program: 11 miles
 Your annual spending on improving to rural highways to 4-lanes: \$70 million

[LEARN MORE](#)

The Long Term View: 2010 - 2020

Year	Existing Sources	Bonding	Your Program
2010	750	50	0
2011	750	50	0
2012	750	50	0
2013	750	50	0
2014	750	50	0
2015	750	50	50
2016	750	50	100
2017	750	50	150
2018	750	50	200
2019	750	50	250
2020	750	50	300

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Your Remaining Balance

\$206	\$182	\$147
2010	Avg	2014

T-LINK

- Nov. 19 Highways, Economic Impact
- Dec 8-9 Recommendations



www.kansastlink.com