

2013 ANNUAL REPORT



A LETTER FROM ...

SECRETARY MIKE KING



I was honored in March when asked by Gov. Sam Brownback to become the state's Secretary of Transportation. It's both exciting and humbling to take control of this large, award-winning agency. And, it's a privilege to work alongside a talented staff that takes pride in building and maintaining a system that has served Kansans so well.

Now, my challenge, and that of this agency, is to help Kansas' economic recovery by building on KDOT's earlier success. With that in mind, I have established three priorities for this agency:

Safety. We will look at safety as it pertains to road design, such as roundabouts, median barriers, the width of right-of-way and more. We will educate the public through safety campaigns such as "Click It. Or Ticket." And we will continue to focus on how to best protect workers and travelers in work zones.

T-WORKS. KDOT is committed to completing the 2010 T-WORKS transportation program, which is also part of the Governor's Road Map for Kansas. Projects constructed under the \$7.8 billion program will play an important role in how we protect our families and how we facilitate the smooth, efficient flow of traffic.

Support economic development. We will work with businesses and other state agencies, such as the Department of Commerce, to help Kansas seize economic opportunities. Construction of the BNSF Intermodal Facility, the building of the Mars Chocolate plant in Topeka and the expansion of Rubbermaid in Winfield are all due in part to the infrastructure improvements KDOT committed to build. And we will work hard to make sure we're getting the most economic benefit we can from your tax dollars.

On the following pages, you will read about what KDOT did in 2012 to address those priorities. You also will learn about some of the steps we took to become a more efficient agency, with the goal of applying more resources to roads. And, it wouldn't be an annual report if we didn't also tell you about some of the achievements, accomplishments and awards of the past year.

Kansas faces many challenges in the next year as it continues economic recovery, and KDOT will be a major player in how those challenges are met. I am excited to be a part of this agency and look forward to helping the Governor steer Kansas on a road to growth.

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KDOT COMMITTED TO REDUCING FATALITIES

KDOT is committed to reducing fatalities and injuries on all public roads, and the Strategic Highway Safety Plan provides a data-based approach to meeting that commitment. The SHSP focuses on the 4E's of traffic safety: engineering, education, enforcement and emergency medical services.

The specific goal of SHSP is to reduce fatalities and serious injuries by half in 20 years, with the base period being 2005 – 2009. To reach that goal, seven safety categories were initially chosen for special attention:

- ♦ Roadway departure
- ♦ Intersections
- ♦ Teen drivers
- ♦ Large commercial vehicles
- ♦ Occupant protection
- ♦ Impaired driving
- ♦ Older drivers

Teams have been formed to focus on the first five categories. The other two will begin in 2013. Other teams will be

Annual fatality numbers		
Fatalities	5-yr avg	
2002	507	498
2003	469	493
2004	459	478
2005	428	471
2006	468	466
2007	416	448
2008	384	431
2009	386	416
2010	431	417
2011	386	401
2012*	402	398

*unofficial



Occupant protection is one of the safety categories.

developed as new crash trends are identified. One success story of this approach was achieved by the occupant protection team.

The team has expanded the Seatbelts Are For Everyone program from six schools in one county to 88 schools in 38 counties. Eighty-three percent of the participating schools have experienced an increase in student seat belt usage. As participation in S.A.F.E. has grown, unbelted fatalities among 14- to 19-year olds

in Kansas have dropped from 33 in 2008 to 12 in 2011. An example of the S.A.F.E. success story is in Marion County, which started the program this past school year with 60 percent seat belt use for 14 to 19 year olds. It ended the school year with 93 percent seat belt use for the same age group.

Rumble strips

KDOT builds many features into the state's modern highway system to enhance safety and reduce fatalities and injuries. One of those features is rumble strips, which are ground into the edge or center line of the road. When a tire goes over the strips, it alerts a driver that his or her vehicle is drifting to the right or across the center line. In 2011, KDOT installed 238 miles of center line rumble strips, along with 147 miles of shoulder rumble strips. By the end of 2011, Kansas roads had more than 8,737 miles of rumble strips, including 654 miles of centerline strips.



"On a very hot Tuesday afternoon, right after lunch on a short trip from Hays to Plainville, a driver's life was spared when she fell asleep at the wheel and only woke up after crossing over U.S. 183's rumble strips. Instead of going to see her grandchildren, her grandchildren would have been coming to her funeral. I know it is a lot more expensive and a lot harder work to put the rumble strips on Kansas highways, but everyone in this Kansas family wants to say Thank you! to everyone at the DOT and many others involved in the business of helping Kansas prevent traffic fatalities."

**Thank you,
David B., Hays**

TAKING CARE OF STATE RESOURCES

KDOT leaders were diligent during the past year in finding ways to stretch the agency's precious dollars with the intent of putting as many resources as possible into road projects. From wise bond management to office reorganization to successful equipment auctions, KDOT trimmed expenses, gained important efficiencies and seized opportunities that the existing economic conditions provided. Below are a few areas in which KDOT showed good stewardship of state resources.

Bonding

Bonding is one of the key revenue sources of the T-WORKS program. When passed by the 2010 Legislature, KDOT's financial analysts anticipated \$1.7 billion in bonding would be needed during the program. But because of low bids, holding down spending and wise bond management, the amount of bonding now anticipated has dropped to \$1.1 billion. In October, the agency refinanced \$252 million in bonds and saved \$45 million. In December, KDOT sold \$200 million in bonds at an extremely favorable cost of 2.15 percent interest. Both actions will mean more money for the design and construction of the state's transportation infrastructure.

October 2012 bond refinancing

Before refinancing	After refinancing	Savings
\$252 million	\$207 million	\$45 million

Projects

The slow economic recovery has produced a few positive byproducts, including low inflation and a competitive construction market. Kansas transportation has benefitted from both by saving dollars on the biggest, most expensive projects and by allowing the agency to do more system maintenance. During FY '12, bids for "modernization" and "expansion" projects, which include work such as interchanges, additional driving lanes and passing lanes, came in \$32 million below estimates, which increased KDOT's cash flow balance. For the smaller preservation projects, the bids were \$21 million less than expected. That savings allowed KDOT to do more miles of resurfacing, more bridge repairs and more bridge replacements.

FY 2012 Modernization/Enhancement projects

Estimated cost	Actual cost	Savings
\$177 million	\$145 million	\$32 million

FY 2012 Preservation projects

Estimated cost	Actual cost
\$141 million	\$120 million

Operating budget

The FY 2013 operating budget, which had been approved for \$286 million, includes funds for salaries and wages, non-construction contracts, commodities such as sand and salt, utilities, rent and equipment ranging from office computers to vehicles. KDOT leaders were able to reduce the budget by 10 percent (nearly \$29 million) to \$257 million by taking a variety of measures. The workforce was reorganized, unfilled positions were kept open, travel budgets were held flat and contract costs were reduced. Agency leaders also decided to keep equipment beyond the normal replacement cycle. And, office consolidation at headquarters opened up an entire floor, which means KDOT will pay less rent in the future.

FY 2013 operating budget

Approved	Revised	% Change
\$286 million	\$257 million	10%



Various pieces of heavy equipment are auctioned off regularly to increase efficiency.

Auctions

KDOT evaluates its equipment inventory every year and auctions off outdated, heavily-used equipment on a semi-annual basis. This includes items ranging from heavy equipment to old computers and office equipment. In 2012, KDOT took an extra-hard look at its existing equipment inventory. Through the work of a special internal committee, the agency made a concerted effort to more efficiently align equipment inventories with a reorganized workforce and better-defined critical needs. These efforts led to a special, late-year efficiency auction of heavy road equipment from KDOT offices throughout the state. As a result, some \$5 million raised from the four auctions in 2012 was put back into the State Highway Fund.

Auction proceeds (for calendar 2012)

2010	2011	2012
\$605,000	\$505,000	\$5.2 million

FINANCIAL INFORMATION

FY 2012 FINANCIAL INFORMATION

The following schedule is a summary of revenues and expenditures for all funds for FY 2012. All amounts are in thousands.

	<u>2012</u>	<u>Percent of Total</u>
REVENUES		
Motor Fuel Taxes	\$ 431,280	31 %
Vehicle Registrations and Permits	177,649	12
Intergovernmental	492,615	34
Sales and Use Taxes	312,934	22
Investment Earnings	4,656	0
Motor Carrier Property Taxes	0	0
Other	13,415	1
Transfers from Other State Funds	3,665	0
Total revenues	1,436,214	100 %

	<u>2012</u>	<u>Percent of Total</u>
EXPENDITURES		
Current Operating		
Maintenance	130,123	7 %
Preservation	365,988	22
Modernization	115,293	7
Expansion and enhancement	258,498	15
Communications system	11,307	1
Local Support	258,038	15
Rail, Air and Public Trans.	43,050	3
Management	64,021	4
Debt Service		
Principal	65,145	4
Interest and fees	74,008	4
Transfers to Other		
State Funds	313,402	18
Total expenditures	1,698,873	100 %
OTHER SOURCES (uses)		
Revenue Bond Proceeds	0	0
Total other	0	0 %

Excess (Deficiency) of

Revenues and Other Sources Over Expenditures	(262,659)	100 %

TRANSPORTATION WORKS FOR KANSAS

In 2010, the Kansas Legislature passed Transportation Works for Kansas (T-WORKS), a \$7.8 billion transportation program designed to generate jobs, improve safety and create economic development opportunities across the state. Gov. Sam Brownback has made the completion of T-WORKS one of his priorities and included it in his Road Map for Kansas. In his Road Map, the Governor called for state agencies to be accountable, create economic opportunities and take responsibility. By delivering T-WORKS, KDOT can accomplish all of those goals.

Accountable: One of the ways KDOT can be accountable to Kansans is by letting them know how it's performing. Just as a business releases a quarterly report to its shareholders to show how it's doing, KDOT will provide Kansans that same level of accountability. After all, taxpayers are KDOT's shareholders. These reports will be a transparent account of how KDOT performs for each quarter of the fiscal year. In addition, Kansans can go to www.ksdot.org/tworks to view all of the T-WORKS projects scheduled in their area. T-WORKS legislation promises that at least \$8 million will be invested in every Kansas county, and citizens can track how much has been invested in their counties on this site.

Economic Opportunities: Transportation projects create short-term and long-term jobs. As described by Jim Jones about the K-61 expansion project, highway projects can have a tremendous benefit for local businesses and the traveling public. But, T-WORKS is not just about highways. T-WORKS also provides funding for aviation, transit and rail projects, which can also help grow the economy. And KDOT's new economic development program will allow it to capture multimodal opportunities as well. The agency will keep Kansans informed on how these projects are contributing to the economy.

Responsibility. Finally, KDOT leaders understand that it is their responsibility to deliver T-WORKS projects on-time and on-budget and will work hard to make sure that happens.

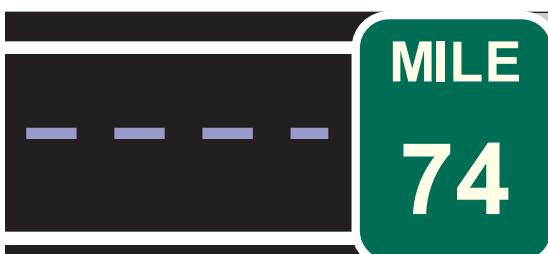
"The four-lane project on K-61 opens up the area to increased commerce, which helps Siemens transport our nacelles more safely and efficiently to their destinations and also gives our suppliers an improved route to make deliveries."

Jim Jones, Director of Manufacturing for Siemens Wind Power Americas Region & Interim Plant Manager at Siemens' Hutchinson Nacelle Assembly Facility



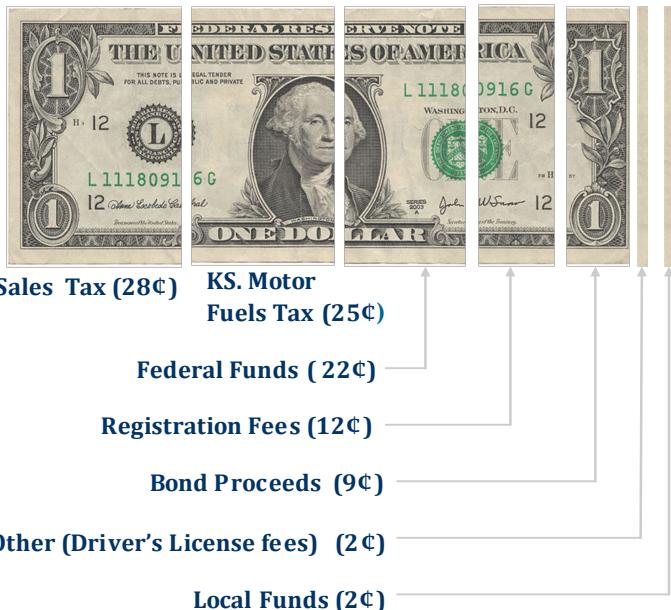
Work Type	Total to be Invested	Amount Spent to Date
Highway Preservation	\$4.2B	\$820M
Hwy Modernization/Expansion	\$1.8B	\$354M
Transit	\$100M	\$98K*
Aviation	\$46M	0*
Rail	\$40M	0*
Special City County Highway Fund	\$1.6B	\$69M
Total Program	\$7.8 Billion	\$1.2B

* T-WORKS funding for modes does not begin until 2013

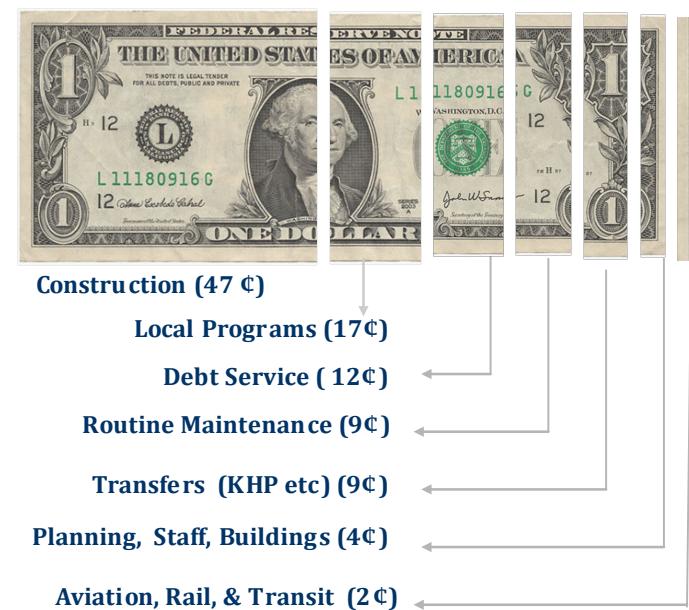


To date, 74 miles of highway modernization and expansion work have been completed. Modernization and expansion projects are considered major projects. These involve things like adding lanes or shoulders to the roadway.

Where Each T-WORKS Dollar Comes From



Where Each T-WORKS Dollar Goes



2012 Local Consult meetings take place across state

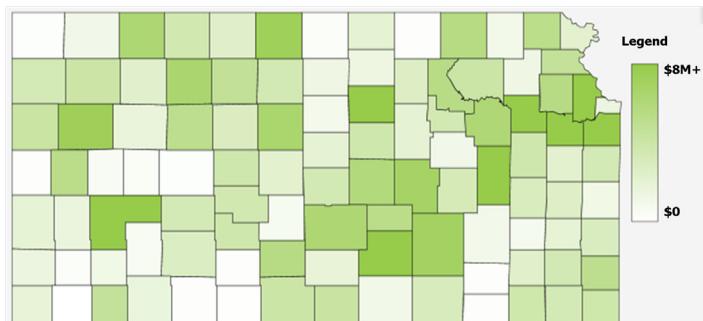
T-WORKS differs from previous transportation programs in that it requires that local input be a part of the highway selection process. Every two years, KDOT conducts local consultation meetings across the state to gain feedback from citizens about what their transportation priorities are going forward. This year KDOT hosted eight meetings across the state in which more than 450 Kansans participated. While no additional dollars are available for the construction of highway projects, it's important to have projects in the pipeline in case more funding should become available. Participants were asked to weigh in on what projects from their area they would like to see KDOT begin preliminary engineering work (PE). PE work includes such things as studies, identification and purchase of right of way and design work. At each meeting participants prioritized their top projects and informed KDOT staff of emerging needs in the area. KDOT staff will complete further analysis on the projects that were identified as priorities during these meetings and then will announce which projects have been selected for PE work at a later date.

Participants at these meetings were also given the opportunity to weigh in on what future revenue sources could be utilized to fund transportation. The Kansas Legislature

requested that KDOT gather input from citizens to see what revenue sources they are supportive of and report back.

KDOT's modal programs (aviation, rail, and transit) were also discussed and participants were given the opportunity to provide feedback about the programs. Some changes have occurred to these programs under T-WORKS and those were identified. A complete summary of the these meetings is on the KDOT website: www.ksdot.org.

\$8 Million Promise



T-WORKS requires at least \$8 million be invested in every Kansas county by 2020. Here is the progress to date.

KDOT has 592 miles of modernization and expansion work currently scheduled to be completed by the end of T-WORKS. Approximately 518 miles of modernization and expansion work remains to be done.

MILE
592

PROGRAM FOCUSES ON JOBS, GROWTH

It is a simple premise, but the T-WORKS Economic Program is delivering big results.

This program focuses on supporting capital investment (and, thus, job creation) statewide by funding transportation improvements. That makes it possible for existing businesses to grow and helps attract new business to the state. In 2012, the program helped generate more than 4,000 jobs in Kansas. Because businesses often need to make decisions

quickly, the Economic Development program makes funding decisions in 45 business days or less.

All modes of transportation are eligible, including roads (on and off of the state system), rail, aviation and public transit. The improvements must address a transportation issue such as safety, access, congestion and rail spurs. The projects also must have the support of local leaders and a 25 percent minimum local match is preferred.

BY THE NUMBERS -

2012 Economic Development Program

Improvement	Project	County	Total Jobs	KDOT Share	Capital Investment
TBA*	Caterpillar Worktools	Pottawatomie	386	\$750,000	\$37,000,000
Road/Rail	Project Yonkers	Shawnee	1,394	\$1,100,000	\$10,463,835
Road	McCarty Family Dairy	Thomas	112	\$328,000	\$10,000,000
Road/Rail	Newton Logistics Park	Harvey	2,064	\$1,724,000	\$25,000,000
Road/Rail	Rubbermaid	Cowley	417	\$2,000,000	\$16,000,000
Rail	U.S. Minerals	Linn	32	\$120,000	\$2,000,000
Rail	JACAM	Rice	46	\$315,000	\$4,000,000

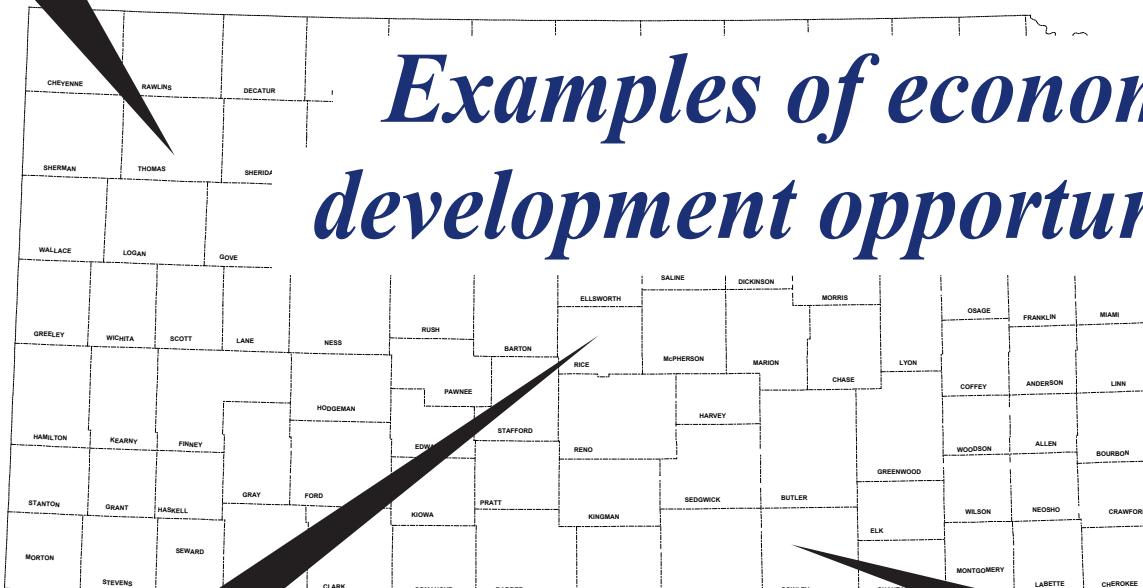
2012 Program Totals

5,311 total jobs, \$6,337,000 KDOT Share, \$104,463,835 Capital Investment

The McCarty Family Dairy needed \$328,000 to connect their milk processing plant to U.S. 83. McCarty had a \$10 million capital investment and created 112 jobs with the expansion.

"This adds luster to the jewel in our business environment crown."

**-Thomas County Commissioner
Paul M. Steele**



Examples of economic development opportunities

A rail spur needed to be created for JACAM Chemicals in Rice County, and \$315,000 was needed from KDOT to go with JACAM's capital investment of \$4 million. A total of 46 jobs were created.

"JACAM is very pleased with the level of interest and support we have received from KDOT in our business and its continued success."

-Steve Rivas of JACAM



Winfield secured \$2 million from KDOT's Economic Development program for the Newell Rubbermaid plant. The funds were used for roadway access and railway improvements. Rubbermaid spent \$16 million for the plant expansion, and it is estimated that 417 jobs will be created as a result.

"We're thrilled Rubbermaid will receive economic development funding, which will help stabilize our city's workforce and allow it to grow. These funds will target both roadway and rail needs assisting Rubbermaid to expand its operation with the construction of a new 500,000 square-foot distribution center."

- Winfield City Manager Warren Porter

MODES HELP MEET TRANSPORTATION NEEDS

Kansas' transportation system is more than highways, it includes aviation, rail and transit programs to serve all of the transportation needs of Kansas.

Aviation

KDOT has adopted a strategic aviation plan that identifies the level of service every airport should have in order to develop a statewide aviation network that covers Kansas with air ambulance service. In the past year, progress was made when plans were developed to build an airport in the Gove County community of Quinter. Gove County, located in northwest Kansas, is one of five Kansas counties without a public airport; the hospital in Quinter



A plane taxis along the runway at the Captain Wilbur Jackson Thomas Memorial Airport in El Dorado.

serves patients within a 100-mile radius. The project brings Kansas one step closer to its goal of statewide air ambulance coverage.



A Reno County Area Transit (R-CAT) worker helps a client board a bus in Hutchinson.

Transit

Under T-WORKS, KDOT is focusing on a regional approach to rural transit service that will improve the efficiency and delivery of services for riders. In the past nine years, transit ridership has grown by 48 percent. There are 180 rural public transit providers in the state, but 28 counties don't have access to the services. This new approach uses a one-call dispatch that will increase the coordination of the providers. One of the early success stories of regionalization is the Flint Hills Area Transportation Agency in Manhattan, which grew ten-fold in the past two years. In 2012, Flint Hills provided 150,000 rides.

Rail

Construction of the BNSF Intermodal Facility is more than halfway done at its new facility in Edgerton. KDOT helped get the project started with a \$35 million grant from the Rail Assistance Program, which will be repaid from state utilities generated on the facility. When the project is complete, more than 17,000 vehicle trips will be made in and out of the facility and the adjacent Logistics Park Kansas City daily, including 7,000 commercial trucks.

KDOT is also committed to a Rail Rehabilitation Program. The program started in 1999 and since then has rehabilitated more than 1,000 miles of track across Kansas. By allowing more freight to travel by rail, KDOT's Rail Program saves the state more than \$40 million annually in highway damage and maintenance costs to roads.



This aerial shows the progress at the BNSF Intermodal Facility in Edgerton.

PERFORMANCE MEASURES

To help KDOT leaders provide a statewide transportation system to meet the needs of Kansas, the agency has a well-defined set of performance measures in six critical areas: safety, system condition, economic development, operations, program delivery and modes. And because the agency is committed to delivering a transportation program in an accountable, collaborative and transparent manner, it has a performance measures website. Kansans can see how their state is performing in these key areas.

Launched in 2011, the performance measures website provides the basis for citizens to tell the agency how it can improve performance as well as the way performance is communicated.

To learn more about the program, view goals and performance, visit the Performance Measures website at <http://kdotapp.ksdot.org/perfmeasures/>.

APPENDIX INFORMATION

This appendix contains additional transportation information including:

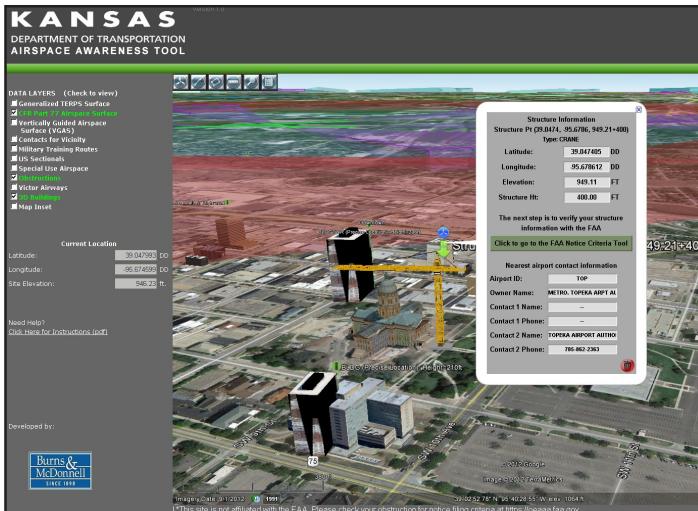
- Financial Compliance
- Project Selection Criteria
- Project list detailing projects scheduled for improvement during FY 2013-2020, projects completed in FY 2012 and projects under construction as of November 2012.
Also list of aviation, rail and public transit projects.
- Transportation Revolving Fund
- Modal Information
- Federal Fund Exchange Program

The 2013 Annual Report and the appendix are available at www.ksdot.org/publications.asp under Reports and Studies.

NOTE: This information is available in alternative accessible formats. To obtain an alternative format, contact the Office of Public Affairs, Eisenhower Building, 700 SW Harrison, 2nd Floor West, Topeka, Kan., 66603-3754, or (785) 296-3585 (Voice)/Hearing Impaired - 711.

AWARDS/ACHIEVEMENTS

- **Three national awards** from the American Concrete Paving Association in November 2012 – a gold award in the Overlays category for the I-70 project in Ellsworth and Lincoln counties, a gold award in the Divided Highways (rural) category for the U.S. 54 project in Kingman and Pratt counties and a gold award in the State Roads category for the K-61 project in McPherson County.

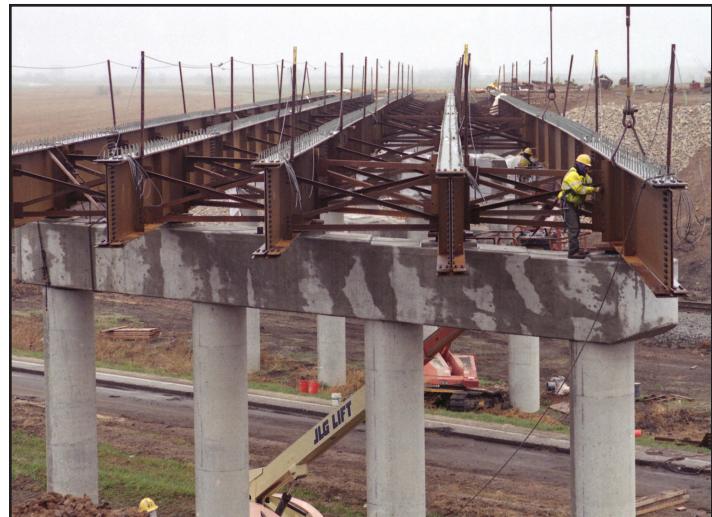


• **KDOT Division of Aviation** receives the American Council of Engineering Companies (ACEC) Honor Award; the National Association of State Aviation Officials (NASAO) Most Innovative State Program Award, the NASAO Center for Aviation Education Program Award; two NASAO Center for Aviation Research and Education/AIR Best Practices and Innovation in Aviation Awards; and the American Association of State Highway and Transportation Officials President's Award in Aviation.



• **The Amelia Earhart Bridge**, the final project of the 1999 Comprehensive Transportation Program, opens to traffic on Dec. 4.

- **MOVITE 2012 Outstanding Achievement Award** for Facilities to the WICHway Traffic Management System from The Missouri Valley Section of the Institute of Transportation Engineers.



• **K-61 dedicated Aug. 10.**

- **U.S. 59 opens to traffic** between Lawrence and Ottawa Sept. 18.

**Put down the phone.
JUST DRIVE.**



• **National award** in AASHTO's TransComm skills contest for KDOT's anti-texting billboard campaign "Just Drive."

- **National Recognition Award** for the K-7 and Johnson Drive interchange from the American Council of Engineering Companies (ACEC). The project was cited for its outstanding solution to a difficult challenge and proactive engagement of local partners.

- **A Certificate of Achievement** for excellence in financial reporting for the 2012 Comprehensive Annual Financial Report. The award marks the 24th consecutive year the agency has received the award.