

KENTUCKY

Transportation News

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Road Fund Revenue

Slight Recovery Predicted, But Not Enough for “New” Projects

After severe reductions in Road Fund revenue for FY 09 and FY 10, the Consensus Forecasting Group predicts a slight upturn for FY 11 and FY 12. However, the increase in revenue will not be adequate to undertake new projects, according to Tammy Branham, executive director of the KYTC Office of Budget and Fiscal Management, in comments last week to the General Assembly’s Interim Joint Budget Review Subcommittee on Transportation.

The Cabinet’s cash flow model, “using all of the positives we know,” said Branham, will allow “no new projects.”

CFG’s planning estimate for the Road Fund predicts revenue for FY 11 will be \$1.222 billion -- almost back to the FY 07 level. And, for FY 12, it will be \$1.303 billion. Actual revenue for FY 09 was \$1.192 billion, down from the estimated \$1.325 billion estimate at the time the FY 09-10 budget was adopted. The CFG estimate in August for FY 10 is \$1.141 billion, down from the original estimate of \$1.405 billion. The CFG will issue an official estimate for the next biennium in December.

The State Construction Account has been a major casualty of declining revenue. State Construction, budgeted at \$161.4 million for FY 09, was reduced to \$100 million earlier this year. For FY 10, to help meet the \$264 million budget reduction, debt service totaling \$106 million was postponed through restructuring and not issuing bonds. (Bonds are not sold until revenue is needed to pay for projects to be funded with bonds.) State Construction for FY 10 has been reduced to \$94.6 million from the original \$196.4 million.

Branham noted that the budget enacted in 2008 had authorized \$60 million in revenue bonds for aviation projects with debt service to be paid from the Road Fund. She said \$9 million in bonds had been sold to help fund the Bluegrass Field runway extension. The debt service on these bonds will be \$1 million annually. In view of the Cabinet’s financial situation, she said the Cabinet has no intent to sell the \$51 million authorized, which would cost the Road Fund \$6.4 million annually in debt service.

Welcome New Member

KBT welcomes to membership:

Thelen Associates, Inc., Lee J. Czor, P.E., Senior Geotechnical Engineer, recommended by Ben Fister.

**Road Fund -- Where It Goes
FY 08 - FY 10
(millions of dollars)**

	FY 08 Enacted	FY 09 Enacted	FY 10 Enacted	FY 09 Revised	FY 10 Revised
State Police and Other Non KTC Agencies	67.2 ¹	77.8 ²	77.8 ²	77.8 ²	77.8 ²
Aviation Admin. /Grants	4.0	11.4	11.3	8.7	6.6
General Admin. & Support	70.1	74.4	74.8	70.0	66.4
<i>Revenue Sharing</i>					
Rural Secondary	111.9	131.8	145.8	127.2	124.7
County Road Aid	92.3	108.6	120.2	104.8	102.9
Municipal Aid	38.8	45.7	50.6	44.1	43.4
Debt Service	181.1	148.5	136.6	129.0	54.3
Federal Aid Match	40.2 ³	40.2 ³	40.2 ³	40.2 ³	40.2 ³
Maintenance	285.8	311.6	338.0	311.6	328.0
State Construction	175.2 ⁴	161.4 ⁴	196.4 ⁴	100.7 ⁴	94.6 ⁴
Contingency Account	37.7 ⁴	31.0 ⁵	31.0 ⁵	31.0 ⁵	31.0 ⁵
Resurfacing	87.3	97.0	107.0	97.0	97.0
Vehicle Regulation	18.3	26.4	27.3	23.6	22.8
Highway Operations	24.9	21.5	22.1	21.2	24.8
Capital Construction	6.8	18.0 ⁶	4.2	18.0 ⁶	4.2
Judgments and Other	20.3	19.5 ⁷	20.9 ⁷	15.2 ⁷	22.3 ⁷
Total	1,261.9	1,324.8	1,405.1	1,220.1	1,141.0

¹Includes \$50 million for State Police; \$13.9 million for Vehicle Enforcement.

² Includes \$60 million for State Police; \$13.9 million for Vehicle Enforcement.

³Toll road credits will be used to match the bulk of federal funds, but Federal law does not allow their use in all situations.

⁴Includes \$2.5 million for Kentucky Pride. (Pride funds go to local government to clean up litter and dumps.)

⁵Includes \$2.5 million for Kentucky Pride and \$4 million for the Industrial Road Access Account.

⁶Includes \$10.3 million for Kentucky Horse Park roads and pedways; \$600,000 for Ryder Cup parking. The Blue Grass Airport runway is funded in the \$60 million Road Bond issue.

⁷Judgments will be paid out of State Construction.

Notes: Federal funds and bond funds are not included. Actual expenditures for FY 09 were unavailable at press time.

While Branham did not mention it, the authorization of Road Fund revenue for airports is patently unconstitutional. In addition to authorizing bonds for airports, the 2008 session continued diversion of the Aviation Economic Development Fund proceeds (usage tax on jet fuel) to the General Fund and funded the Department of Aviation from the Road Fund. The Fletcher Administration started the practice of using the Road Fund for the aviation program.

Section 230 of the Kentucky Constitution provides that highway user revenues are to be used for highway purposes. KBT supports a strong aviation program, but the Road Fund has no ability to fund the aviation program considering the unmet needs on the state's highways.

Road Fund -- Where It Comes From				
FY 07 - FY 10				
(millions of dollars)				
	FY 07 Actual	FY 08 Actual	FY 09 Actual	FY 10 Estimated*
Motor Fuels & MF Use/Surtax	563.2**	608.5**	622.5**	635.1**
Motor Vehicle Usage & Rental	411.2	405.8	336.3	289.4
Truck License (state share)	21.3	15.6	15.5	15.9
Truck Proportional Registration	42.7	30.6	38.0	37.4
Passenger Car License	26.6	44.6	42.5	33.0
Weight Distance Tax	85.4	84.4	75.4	71.2
Tolls	3.7	0	0	0
Investment	16.1	19.5	10.7	3.0
Other	55.7	53.8	51.1	56.0
Total Road Fund	1,225.9	1,262.8	1,192.0	1,141.0
<p>* FY 10 total is based on August 2009 Consensus Forecasting Group Estimate. Truck License, Proportional Registration and Passenger Car License is based on the May 2009 Consensus Forecasting Group Estimate. **Does not include \$44 million diverted to the Petroleum Storage Tank Assurance Fund.</p>				

Deficient Bridges Numbers Up -- Buying Power Down

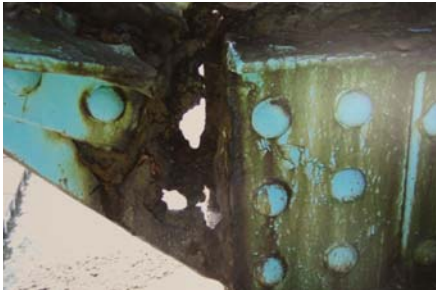
Kentucky's structurally deficient bridges are on the rise and buying power of bridge funds has declined precipitously, according to State Highway Engineer Steve Waddle and Deputy State Highway Engineer Chuck Knowles in a presentation this week to the General Assembly's Interim Joint Budget Review Subcommittee on Transportation.

Under SAFETEA-LU, Kentucky has been getting \$70-75 million in federal bridge funds (formula apportionment and equity bonus) in recent years. The costs of steel, asphalt, concrete and earthwork have risen by at least 50 percent in the past six years, forcing delays of bridge improvements and replacements. The cost of bridge painting has skyrocketed with environmental mandates. Kentucky, beginning in the early part of the decade, started using toll road credits rather than cash to match federal bridge funds, which has effectively cut the bridge program by 20 percent.

Federal bridge replacement funds can only be used on bridges with a sufficiency rating of 50 or less. Deficient bridges are a problem on both the state and local highway systems. Some 32 percent of Kentucky's 13,500 bridges are structurally deficient or functionally obsolete, according to FHWA. Nationally, 25 percent of bridges are deficient or obsolete.

The most recent statistics available show there are 8,813 state-maintained bridges; 4,522 county-maintained; and 166 city-maintained. Of the state's total state and local bridges, 1,285 are structurally deficient and 3,070 are functionally obsolete. Bridges must be inspected at least every two years. Bridges found to be structurally deficient are either closed or have their weight limits lowered. Bridges found to require a reduced weight limit are inspected at least once annually.

Bridges that are closed or have reduced weight limits often cause severe economic consequences for businesses as they take long detours on other routes. Bridges with a posting of 10,000 pounds or less mean school buses must find new routes. Functionally obsolete bridges often restrict traffic and are a safety hazard.



The seriously deteriorated 84-year-old Kennedy Mill Bridge on KY 152 over Herrington Lake -- closed this month for repairs -- is illustrative of the serious bridge replacement-repair problem facing the state. (Top and center photos by Gerard Gerhard. Close-up photos by Transportation Cabinet.)

20 Counties Ineligible for Bridge Funds

Bridge replacement funds cannot be used for local bridges where the local jurisdiction is not in compliance with posting of weight limits. In response to a question from Subcommittee Co-Chair Bob Leeper, David Steele, in charge of the bridge management program, said 20 counties are not in compliance.

Having 20 counties refusing to post weight limits is “appalling,” said Rep. Fred Nesler. “Keeping the sign up” is another issue, he said. He said the state should not fund any project -- not just bridges -- in a county that doesn’t comply with posting.

According to FHWA, Kentucky, as of December of 2008, had 1,843 bridges on the 2,891-mile National Highway System. Of these, 97 were structurally deficient, resulting in their weight limits being lowered, and 418 were functionally obsolete.

Knowles said there are five major Ohio River bridges that need to be painted. Painting bridges is an expensive proposition. The contract to paint the John A. Roebling Suspension Bridge connecting Covington and Cincinnati was let earlier this month at a cost of \$16.2 million.

Knowles said the state’s bridge conditions and revenue situation further the reasoning the program “focus must be on preserving the existing system.”

ARRA Transit Funds Being Put to Work, But State Funds are Needed

Vickie Bourne, executive director of the KYTC Office of Transportation Delivery, told the Budget Review Subcommittee that \$7.5 million of the \$21.4 million flowing through the Cabinet from the American Recovery and Reinvestment Act for local transit capital assistance had been spent, mostly for new vehicles. Kentucky’s transit allocation was \$50.3 million.

Kentucky received a total of \$51.5 million in ARRA transit assistance and was the first in the nation to obligate all of its designated funds. Some \$30.1 million flows directly from the Federal Transit Administration to the individual agencies. She said \$2.2 million of this has been spent with most of the balance awaiting the arrival of purchased buses.

The breakout of ARRA funds awarded is: Statewide Rural, \$19.201 million; Bowling Green, \$1.140 million; Elizabethtown, \$1.076 million; Ashland, \$0.180 million; Owensboro, \$1.098 million; Ft. Campbell, \$0.410 million; Lexington, \$5.489 million; Louisville, \$18.129 million; Henderson, \$0.330 million; and Northern Kentucky, \$4.485 million.

Bourne also addressed the need for additional state funds for transit. While toll credits are allowing the state to “match” federal funds, not having the \$394,000 cash for the match in FY 10 meant the equivalent loss of 10 para-transit vehicles and loss of service to low income, elderly, and disabled and loss of income because 10 drivers are no longer needed. She said the total cashless transit match for FY 09 and FY 10 could be extrapolated into a \$4.8 million economic loss for the state.

Senate Looking at Six-Month Extension of Surface Program

With the one-month continuation of authority for federal highway and transit programs expiring Saturday, Senate Environment and Public Works Committee leaders, last week, were pushing for enactment of a six-month extension that would be substituted for the three-month extension (HR 3617) passed by the House in late September as the authorization was expiring. The procedure proposed to move the bill is only workable if there is unanimous consent.

The Senate bill would provide \$24.6 billion in contract authority for the highway program. The bill would reportedly restore the \$8.7 billion in contract authority that was rescinded when SAFETEA-LU expired Sept. 30. Because the bill does not increase obligation authority, it should not require any waiver of budget requirements or offsets.

Senate leaders have apparently abandoned an 18-month extension bill supported by the Obama Administration and approved by three committees that would extend highway and transit programs near pre-rescission FY 09 levels through March 2011. The legislation includes some \$27 billion in revenue identified by the Senate Finance Committee that would be transferred from the U.S. Treasury's General Fund to reimburse the Highway Trust Fund for lost interest and emergency payments during past years.

The 18-month approach has been opposed by House transportation leaders, who want to continue to press for action on a multiyear authorization. The six-month extension is seen as a compromise between the two chambers.

It remains unclear if the House would be willing to agree to anything beyond an extension until year's end. House Transportation and Infrastructure Committee leaders have said a shorter extension would allow Congress to complete a six-year bill before the new year. Financing remains a major stumbling block to enactment of a six-year bill.

KBT has urged the Kentucky Congressional Delegation to work for an adequately funded program and timely authorization. With the program in such a questionable state, it is impossible for DOTs and construction businesses to plan for efficient expenditures. The net result of not acting in a timely manner means the positive effects of the stimulus program will be voided and a struggling economy further handicapped.

Healthcare Debate Means Omnibus Appropriations Bill Likely

Congress is expected to adopt a second continuing resolution this week to temporarily extend funding for many government departments, including the USDOT, for the fiscal year that started Oct. 1.

With only four of the 12 annual appropriations bills completed, and the Congress mired in healthcare debate, discussion has started on the need for an "omnibus" bill that would bundle the remaining spending bills into one package.

The next continuing resolution is expected to fund the government until Dec. 15, with an omnibus measure following to fund agencies until Sept. 30, 2010, the end of the fiscal year.

The appropriations bill funding USDOT (HR 3288) has been passed in different form by both chambers. The Senate requested a conference committee Sept. 17, but the House has so far not appointed its conferees.

Kentucky's Continuation Apportionment \$35 Million

Kentucky's highway apportionment under the 31-day continuation of authority for federal highway and transit programs that expires Saturday is \$35.093 million, which is based on Kentucky's share of the total funds apportioned to all states in FY 09 less the two rescissions of unobligated balances of apportioned contract authority during the year totaling \$11.9 billion. As a result of the rescissions, the \$35 million apportionment on an annualized basis is about 70 percent of the state's FY 09 apportionment.

The apportionment is categorical: Interstate Maintenance, \$5.442 million; NHS, \$6.199 million; STP, \$5.845 million; Bridge Replacement, \$3.412 million; CMAQ, \$0.569 million; ADHS, \$2.220 million; Equity Bonus, \$9.875 million; and other, \$1.531 million. The total apportionment for all states is \$2.033 billion.

State Authority OKs Creation of Bi-State Louisville Bridges Authority

The Kentucky Public Transportation Infrastructure Authority meeting last Thursday voted to accept a recommendation from a special Kentucky-Indiana workgroup for creation of a bi-state authority to oversee the bridges project between Louisville and southern Indiana. The first order of business for the bi-state authority will be to develop a plan for financing the bridges project.

The project's financial plan, issued in January 2008, estimated a cost of \$4.1 billion, with Kentucky's share being \$2.9 billion.

The recommendation to create a bi-state authority for the Ohio River Bridges project will require corresponding action by Indiana. Each state will have seven members on the panel. Gov. Beshear will appoint three of Kentucky's members and Louisville Mayor Jerry Abramson will appoint four. The appointees will require confirmation by the Louisville Metro Council and the Kentucky Senate.

Gov. Beshear, earlier this month, appointed the 11 members of the state authority, saying, "This is an essential step toward financing new bridges across the Ohio River, as well as other projects that are critically important but simply too large for our traditional system of transportation funding." The law provides the appointments include representatives of the Kentucky Transportation Cabinet, the Finance and Administration Cabinet and specified organizations.

The members are KYTC Secretary Mike Hancock, chairman of the authority; Lori Flanery, Louisville, deputy secretary of the Finance and Administration Cabinet; Marion County Attorney Joe Mattingly, Lebanon, representing the Kentucky Association of Counties; Letcher County Judge-Executive Jim Ward, Whitesburg, representing the Kentucky County Judge-Executives Association; Mayor Elaine Walker, Bowling Green, representing the Kentucky League of Cities; Don Kelly, Lexington, civil engineer and a former secretary of KYTC; Glenn B. Mitchell, Frankfort, former commissioner of fiscal management for KYTC and former deputy secretary, Finance and Administration Cabinet; Laura Douglas, Louisville, vice president of E.ON US; Charlie Johnson, Louisville, trucking industry executive; Nelda Barton-Collings, Corbin, retired business executive and former chair, Kentucky Chamber of Commerce; and Larry Sanderson, Paducah, Plumbers and Steamfitters Union Local 184.

The state authority can create bi-state authorities with Indiana to manage specific Kentucky-Indiana projects. It also can create local authorities for projects entirely within Kentucky.

FHWA Awards \$41 Million for Scenic Byways -- \$541,000 to Kentucky

Communities in 43 states will receive \$40.7 million for 160 projects to improve and promote highways designated as scenic byways. Kentucky will get \$541,000 for three projects: Discover the Uncommon Wealth of Kentucky's Scenic Byways: Promotion and Interpretation to Enhance the Visitor Experience, \$337,000; Mary Ingles Scenic Highway -- Development of a Corridor Management Plan, \$60,000; and, Lincoln Heritage Scenic Highway -- Wayfinding and Interpretation Assessment and Plan, \$114,000.

The grants are part of the FHWA's National Scenic Byways Program, which recognizes and provides funding for roads designated either locally or nationally as having outstanding scenic, historic, cultural, natural, recreational and archaeological qualities.

Since 1992, the National Scenic Byways Program has awarded almost \$388 million in funding for more than 2,832 state, tribal and nationally designated byway projects in 50 states, Puerto Rico and the District of Columbia.

Kentucky Transportation Hall of Fame Seeks Nominations

The Kentucky Transportation Center is soliciting nominations for the Kentucky Transportation Hall of Fame Award which will be presented at the Kentucky Transportation Conference luncheon January 22, 2010.

The first recipient of the award was Henry Ward. Other inductees include: Buckner Hinkle, Sr., Cyrus S. Layson, Dwight H. Bray, C. M. "Hank" Hancock, Otto Ingram, Calvin G. Grayson, Harold C. Watts, E. B. "Bas" Gaither, Paul A. Faulkner, Leonard Lawson, Arthur Walker, Sr., Richard D. Crist, Marvin "Pete" Worthington, Joseph E. Kearnes, Dr. David K. Blythe, Buddy Smith, R. C. Durr, Bert T. Combs, Louie Nunn, Jack Fish, Hal Rogers, James C. Codell, III, Mac Yowell, James Carigan, and Wendell Ford.

Your nomination for 2010 is requested, keeping in mind the following criteria:

"Kentucky Transportation Hall of Fame inductees shall be persons who by their foresight, dedication, leadership, perseverance, and integrity have significantly enhanced transportation systems in the Commonwealth. They shall be or shall have been residents of the Commonwealth."

An individual nominated in the past, but not selected, will be reconsidered during the selection process. They should be sent to:

Kentucky Transportation Center
Attn: Carla Crossfield
ccrossfi@engr.uky.edu
University of Kentucky
176 Oliver Raymond Building
Lexington, KY 40506-0281

NOMINATION DEADLINE: December 5, 2009

Zawacki Named Commissioner of Vehicle Regulation

Thomas O. Zawacki, who compiled a record of managerial accomplishment during a lengthy career in the automotive industry, has been appointed commissioner of the Department of Vehicle Regulation by Gov. Beshear.

As commissioner, Zawacki will oversee a department with three divisions: Driver Licensing, Motor Carriers and Motor Vehicle Licensing.

Zawacki recently retired after 22-years as an executive for Toyota Motor Engineering & Manufacturing North America. Prior to joining Toyota, he was purchasing section manager for Nissan Motor Manufacturing USA. He began his career in the industry as a buyer for Ford Motor Co.

Mark your calendar and save the date!

32nd Annual Kentucky Transportation Conference

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