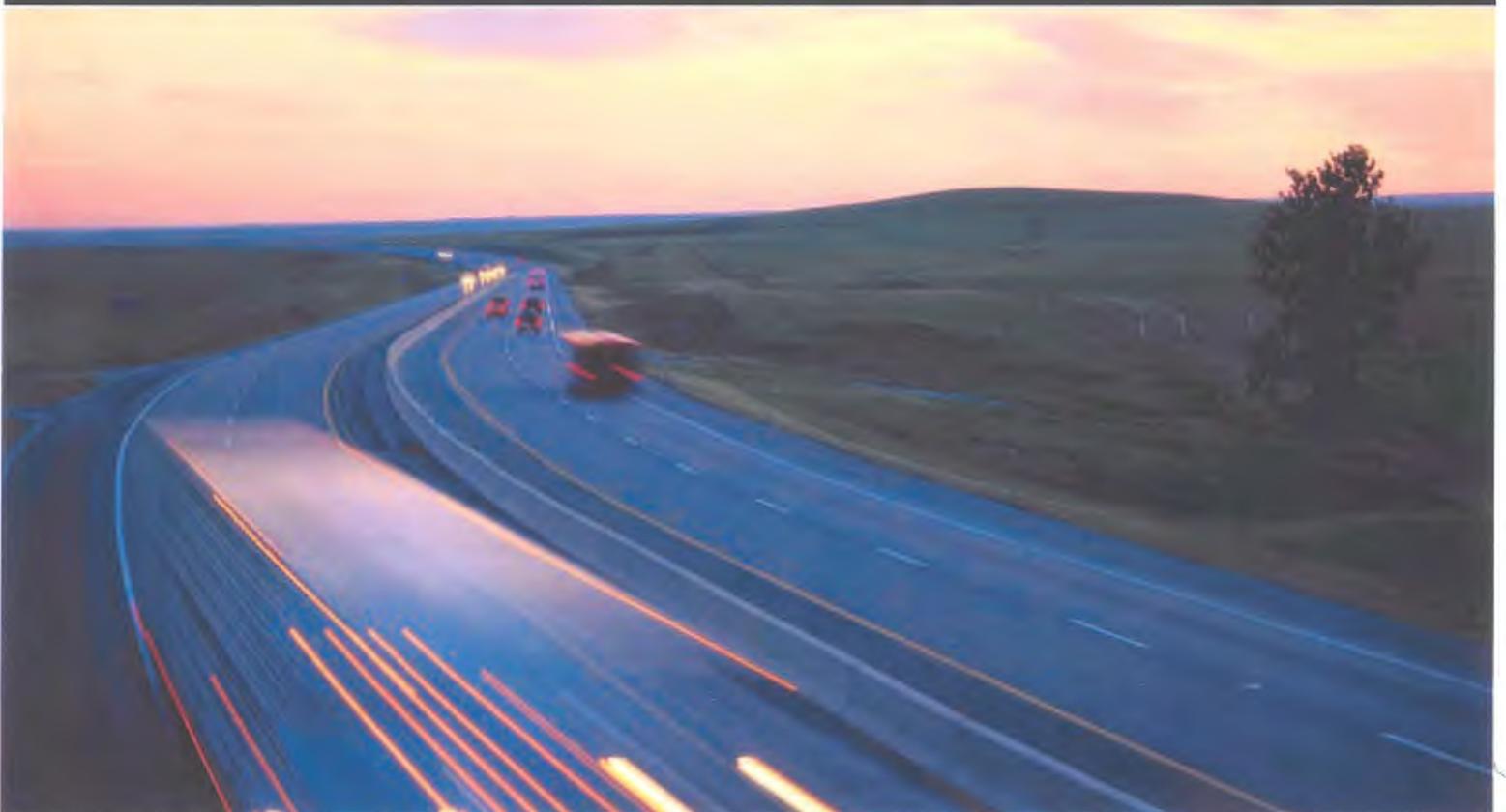


# NEW APPROACHES FOR TRANSPORTATION

FINAL RECOMMENDATIONS OF THE T-LINK TASK FORCE  
JANUARY 2009

EXECUTIVE SUMMARY

K A N S A S  
**T**★**LINK**  
TRANSPORTATION  
LEVERAGING INVESTMENTS IN KANSAS



## T-LINK Task Force Members

### Co-Chairs

**Tim Rogers**, Executive Director, Salina Airport Authority, Salina  
**Secretary Deb Miller**, Kansas Department of Transportation, Topeka

### Members

**Fred Bailey**, Bailey Truck Line, Abilene  
**Gary Beachner**, Beachner Grain, St. Paul  
**Mary Birch**, Lathrop and Gage, Overland Park  
**Joan Brabec**, Twin Valley Developmental Services, Inc., Greenleaf  
**Commissioner Shelly Buhler**, Shawnee County, Topeka  
**Ed DeSoignie**, Heavy Constructors Association, Kansas City  
**Allie Devine**, Kansas Livestock Association, Topeka  
**Commissioner Pat Hageman**, Rooks County, Natoma  
**Bernie Hayen**, City of Manhattan  
**Brenda Herrman**, City of Hays  
**Bart Hildreth**, Wichita State University, Wichita  
**Jan Huston**, Highway Advisory Commission, Americus  
**Roger Kaminska**, Operating Engineers Local 101, Kansas City  
**Mike Kelley**, YRC Worldwide, Kansas City  
**Don Linville**, Garden City Area Chamber of Commerce, Garden City  
**Richard Lopez**, SER-Jobs for Progress, Wichita  
**Dean Mann**, Citizens Bank, Fort Scott  
**Scott Moore**, City of Wichita  
**Bill Pickert**, BKD, Wichita  
**Mayor Joe Reardon**, Unified Government of Wyandotte County and Kansas City, Kansas  
**Randall Riggs**, City of Newton  
**Bob Totten**, Kansas Contractors Association, Topeka  
**Pat Weaver**, KU Transportation Center, Lawrence  
**Jane Westerman**, Cargill, Dodge City  
**Councilmember Marge Vogt**, Olathe

### Legislative Members

**Senator Les Donovan**, Wichita  
**Senator Greta Goodwin**, Winfield  
**Representative Margaret Long**, Kansas City  
**Representative Don Schroeder**, Inman

### Ex-Officio Members

**Secretary David Kerr**, Kansas Department of Commerce, Topeka  
**Secretary Joan Wagnon**, Kansas Department of Revenue, Topeka  
**Michael Johnston**, Kansas Turnpike Authority, Wichita  
**Steve Weatherford**, Kansas Development Finance Authority, Topeka

# EXECUTIVE SUMMARY

The \$13.2 billion, ten-year Comprehensive Transportation Program (CTP) will end in 2009. Recognizing that conditions have changed markedly since the CTP was enacted, Governor Kathleen Sebelius created the Transportation-Leveraging Investments in Kansas (T-LINK) Task Force in August 2008 to examine the state of transportation in Kansas and to develop a set of recommendations that “frame a new strategic approach to our future transportation needs.”

T-LINK was co-chaired by Tim Rogers, Executive Director of the Salina Airport Authority, and Deb Miller, Secretary of Transportation. Its 35 members were business, government and community leaders from across Kansas. Governor Sebelius charged T-LINK to focus on three concepts as they formulated their recommendations:

- A commitment to keeping roads and bridges safe and in good repair.
- Forward thinking without relying on old business models.
- A new approach that reflects today’s fiscal realities and creates a framework to prepare Kansas for its transportation future.

T-LINK concluded that considerable needs exist throughout the state for road, bridge and other transportation improvements and the traditional ways of choosing, funding and delivering transportation projects appear obsolete in the face of growing and changing transportation needs statewide.

T-LINK members met on January 26, 2009 to review and finalize their recommendations. They unanimously approved these recommendations for a new transportation approach that recognizes the crucial relationship

between transportation improvements and economic development. Members believe it is critical to recommend a new, more flexible plan to replace the CTP.

T-LINK urges that the new business approaches be adopted in 2009. Because of the state’s serious budget situation and the uncertainty of the timing and amount of funding of a federal transportation reauthorization, T-LINK defers to the Governor and the Legislature as to the timing of a new funding program. T-LINK emphasized, though, that there are serious needs for transportation improvements and funding should be increased as expeditiously as possible.

This report presents T-LINK’s unanimous recommendations to Governor Sebelius. Implementing these recommendations will position the state to better meet the transportation needs of Kansas businesses and citizens and give Kansas the ability to leverage future economic opportunities through strategic transportation improvements.

T-LINK's recommendations were guided by the following principles:

## T-LINK GUIDING PRINCIPLES

- **Preserve the existing transportation system.**  
This is T-LINK's overriding principle. Kansans have spent billions of dollars on their highway system and fully funding preservation of that system is the top priority.
- **Support the economic priorities of Kansas.**  
While previous investments in transportation have provided significant benefits, more attention must be paid to the interaction between transportation investments, jobs retention and growth of the Kansas economy.
- **Implement new transportation business models.**  
The state could leverage the benefits of investing in transportation infrastructure regardless of funding levels by implementing new business models. The business model recommendations were developed with the understanding that requests for greater flexibility or additional funding should be met with increased accountability. While T-LINK supports these new business models at a conceptual level, KDOT will need to work closely with stakeholders across the state to flesh out the details.
- **Increase funding for all modes of transportation.** T-LINK identified increasing needs across all modes and recommends targeted funding increases when revenues allow. The following chart shows recommended funding levels.
- **Fund a new transportation program with a broad range of funding sources.** In the long-term, meeting the state's growing transportation needs will require more funding. T-LINK urges consideration of a multi-pronged strategy that includes

increased funding from existing sources and using new funding sources.

## PROCESS

T-LINK developed the recommendations after a significant amount of public input. It hosted a series of local consultation meetings, one each in Ulysses, Hays, Abilene, Topeka, Olathe, Hutchinson, Pittsburg and Wichita from September 11 through September 30, 2008. Participants represented a broad diversity of interests. The interactive meetings included discussion groups with modal themes and an opportunity for the public to offer formal testimony. More than 850 people attended the meetings to discuss local transportation needs and regional transportation priorities and to share their ideas about funding the next transportation program. From breakout group discussions to formal testimony, T-LINK gathered and documented information from participants about their transportation needs. Summaries of the local consultation testimonies and meeting attendance lists are in Appendix II.

**Comparing the T-LINK Recommendations with the CTP and anticipated future needs**

State Highway Construction	Average actual CTP spending	CTP spending if inflated to 2010 dollars	T-LINK Rec	Annual future need	Percent of need met by T-LINK
Preservation	\$275	\$425	\$415	\$415	100%
Modernization	85	130	35	80	44%
Capacity/Eco Impacts	170	235	340	700	49%
<b>State Highway Total</b>	<b>\$530</b>	<b>\$790</b>	<b>\$790</b>	<b>\$1,195</b>	<b>66%</b>

Modes	Average actual CTP spending				State spend. if inflated to 2010 dollars	T-LINK Rec	Annual future need	Percent of need met by T-LINK + Fed + Local	
	Total	Fed	Local	State					
Local Roads	\$735	\$65	\$500	\$170	\$255	\$235	* see note		
Aviation	30	25	2	3	5	6	64	58%	
Transit	52	19	27	6	11	16	115	48%	
Shortline Rail	4	0	1	3	5	7	20	40%	
Bike/Ped	6	5	1	0	0	0	15	40%	
EcoDevo Set-Aside	9	0	2	7	11	20	35	69%	
<b>Modes Total</b>	<b>\$836</b>	<b>\$114</b>	<b>\$533</b>	<b>\$189</b>	<b>\$287</b>	<b>\$284</b>	After factoring inflation, average annual payout over 10 years is: <b>\$1,266</b>		
<b>TOTAL PROGRAM</b>					<b>\$719</b>	<b>\$1,077</b>	<b>\$1,074</b>	→	

**GAP ANALYSIS (millions)**

	<u>10-Year Average</u>
T-LINK Recommended Program - Average Annual Payout Obligations Over 10 Years	\$1,336
Average Annual Operations, Maintenance and Other Costs:	
Management, Buildings, Maintenance, Engineering, CTP Final Payouts	\$366
Debt Service	\$151
Transfers to Other Agencies	\$127
<b>Total Average Annual Expenditure Obligation</b>	<b>\$1,980</b>
<b>Anticipated Average Annual Agency Revenue</b>	<b>\$1,340</b>
<b>10-YEAR AVERAGE ANNUAL GAP</b>	<b>\$640</b>

\* Due to the size (130,000 miles) of the local road system and its many jurisdictions, it is inherently difficult to calculate the level of need. Informal studies and surveys have indicated that the needs could range from \$1 billion to as much as \$3 billion.

With T-LINK recommended funding levels, the average annual funding gap would be \$640 million over a period of ten years. The gap does not necessarily have to be funded entirely with state dollars; however, the timing and size of a federal reauthorization is uncertain.

# LINK TRANSPORTATION INVESTMENTS TO THE STATE'S ECONOMIC PRIORITIES

While preserving the existing transportation system is the top priority, T-LINK emphasized the importance of using transportation investments to expand the Kansas economy. KDOT should establish processes that better link transportation investments to the economic priorities of the state by working collaboratively with local governments and stakeholders. Those processes should be multi-modal and include the following concepts:

## Recommendations – New Business Models

- 1. For all modes, emphasize the “capacity and economic opportunities” element of the transportation program to address quickly emerging, time-sensitive needs.** Economic opportunities can emerge quickly and may be time-sensitive. These are sometimes high-cost and often complex congestion relief, accessibility needs, special initiatives, and mega projects. To provide desired responsiveness, KDOT should work with local officials to develop a process to select economic opportunity projects.
- 2. Use economic impact analysis as a part of project selection for all modes.** Currently, KDOT does not consider information about potential economic impacts of transportation projects. So that funds are spent in a way that creates a high-quality investment for the state, projects in all modes, except preservation, should meet certain economic criteria as measured with an economic analysis process.
- 3. Expand and reform the Economic Development Set-aside program and fund it at \$20 million annually.** Currently, the local Economic Development Program is funded at \$7 million annually to support highway and bridge construction projects

that enhance area economic development. The program is popular and applications for funding often exceed available resources.

- 4. Promote multi-modal solutions first.** The most beneficial solution to a transportation problem may not be a highway improvement. The state should take a multi-modal approach and consider what solution fits the problem – it could be one mode or a combination of modes.

- 5. Simplify transportation project funding categories.** KDOT should develop a multimodal transportation program that has a core “preservation and modernization” element and a “capacity and economic opportunities” element.

T-LINK recommends a new multi-modal business model to better link transportation investments to economic priorities. Kansas needs a transportation decision-making process that is clearer, more responsive and more flexible to address changing economic opportunities.

- 6. Use a rolling program for core projects that address preservation, modernization, and some congestion relief needs.** T-LINK recommends that KDOT implement a rolling program with the core projects selected primarily based on results from KDOT’s priority formula and staff recommendations. The projects would be selected annually and

programmed on a three-to-five year basis. For example, in year one, projects for years two through five would be announced; in year two, projects for years three through six would be announced. Programmed projects could be revised, however, to address rapidly developing needs, such as a bridge deteriorating faster than expected. As a result, the list of core projects would be adjusted and announced annually to address changing conditions on the system.

Preservation means keeping the existing system in good condition and includes activities like pavement resurfacing or short-line rail track repair. Modernization means to improve the system to more current criteria and includes efforts such as widening shoulders or narrow roadways or improving airport navigation aids. Congestion relief includes such activities as new turn lanes or commuter transit service on crowded corridors.

# HIGHWAYS

## \$790 MILLION/YEAR RECOMMENDED

Over the last 10 years, Kansas made significant investments in preserving and modernizing its roads and bridges and in adding new capacity. Average annual spending on capacity, preservation and modernization during the CTP was \$530 million per year (2008 dollars).

### Preservation Needs

Keeping approximately 10,000 miles of roads and bridges on the state highway system in good condition requires a large program of on-going maintenance. Like maintaining a home or car, preventative maintenance of roads is less costly than rebuilding them. Keeping Kansas roads in good shape is expensive, but not doing so carries an even higher price.

### Modernization Needs

Many older highways in Kansas were designed when traffic volumes were lower and the types of vehicles were different than today. They often have narrow shoulders, steep hills or sharp curves. Modernizing a stretch of highway can include widening shoulders, flattening hills or removing curves. Modernization can also include improvements such as upgrading antiquated interchanges and building highway/rail grade separations.

### Capacity and Economic Opportunity Needs

Congestion causes delays and reduces the predictability of travel times on a growing portion of Kansas highways. It is not limited to urban areas; some rural corridors with heavy truck volumes also experience periodic congestion. Some of the state's largest capacity needs ("mega projects") must be addressed with solutions that cost hundreds of millions of dollars. A mix of federal,

state, local and private funds will be necessary to build these and some large expansion projects. Not all capacity problems, however, require mega project solutions.

T-LINK recommends new business models and funding that emphasizes preservation and capacity and economic opportunity improvements over modernization projects.

## Recommendations – New Business Models

- 1. Emphasize preservation of the state's road and bridge infrastructure.** This is the highest priority. In 2008, 96 percent of interstates, 83 percent of non-interstates, and 93 percent of all bridges on the state highway system were in good condition. Failure to fully fund preservation needs will result in a decrease in road and bridge conditions.
- 2. Increase funding for capacity and economic opportunity projects and decrease investments for modernization needs.** It will be important to select major investments that support local, regional or state economic opportunities and that the economic impact analysis shows the project is an important investment to make. The state's capacity needs far exceed its ability to meet those needs. The remaining modernization needs are largely on the state's less traveled roads. Through local consultation, T-LINK heard that those remaining roads are important to address but we also have to balance modernization with pressing capacity needs.

**3. Incorporate “practical improvements” into project design, as appropriate, to help control project costs.** For modernization, practical improvements include more flexibility for matching shoulder width and type to traffic volume, using lower cost techniques for construction detours and improving bridges and their approaches so their widths match the existing roadway. For capacity projects, opportunities include adding passing lanes on a two-lane highway instead of rebuilding it into a four-lane highway.

**4. Recognize that many capacity and economic opportunity mega projects will require individual financing packages if they are to be constructed.** Mega projects are massive infrastructure improvements of regional or statewide significance. Each project could cost more than an entire year’s budget for capacity expansions. Specific financing packages including a mix of federal, state, local, and private funds will likely have to be developed to support them.

**5. Work with stakeholders to develop a descriptive route class terminology to replace the letter-based route class terminology used today.** The State Highway System is divided into five classification levels – A through E – terms the public has difficulty understanding and relating to. KDOT should work with stakeholders to rename the categories and confirm that routes are placed in the appropriate category.

## Recommendations – Funding

**6. Fund system preservation at \$415 million annually.** This is necessary to maintain current performance targets for pavement and bridges.

**7. Fund capacity needs at \$340 million annually.** This investment would add about 100 miles of passing lanes in rural areas, upgrade 50 miles of two-lane road to four lanes, fund some priority urban projects, and provide state “seed” money for mega projects.

**8. Fund modernization needs at \$35 million annually.** This investment over a 10-year period would address many of the remaining modernization needs on heavily traveled routes. There are 1,300 miles of less traveled roads that will still need shoulders and other improvements.

# LOCAL ROADS

## \$235 MILLION/YEAR RECOMMENDED

Local roads account for 90 percent of all roads in the state. The local road network in Kansas is comprised of 130,000 miles of local roads and 20,500 bridges that range from lightly-traveled, graveled farm routes to busy, urban arterials. It was laid out in the 19th century on a one-mile grid pattern. It likely wouldn't be built today in the same size or way in which it was originally designed. The state needs to invest in a 21st century local road system.

Kansas counties, townships and cities are responsible for their roads. Two-thirds of Kansas counties have fewer than 10 people per mile of public roads. For many counties, the cost of maintaining their roads outweighs the revenues to pay for it and the system is not sustainable in its current configuration. In urban areas, where high traffic volumes wear roads out faster and economic activity brings new development and demand for more local road capacity, the cost of meeting local roads needs also outweighs the funding. As a consequence of funding shortfalls, many local roads and bridges are past their intended life-spans.

Under the CTP, the state invested about \$170 million per year in local roads (2008 dollars). This was complemented by an estimated \$500 million in local funds and \$65 million in federal funds. T-LINK recognizes the importance of local roads and recommends that local governments share in the additional revenue raised for the next transportation program.

### Recommendations – New Business Models

**1. In collaboration with local officials, move toward a sustainable local roads network.** The state should work with local officials to create a process

to identify a prioritized local road network. Any new state and all federal dollars should be targeted for roads and bridges on that network.

T-LINK recommends a local road program that supports a sustainable local road system, increases funding for local road improvements and improves the flexibility of local governments to fund their projects.

**2. Create a fund exchange program so that local governments could “sell” or “swap” their federal funds for state funds that carry fewer prescriptive requirements.** Federal dollars, which require a 20 percent local match, would be exchanged for 80 cents in state monies to be paid to the local agency per federal dollar they exchange, which require no match. Federal dollars make up nine percent of local roads funding in Kansas. Local governments sometimes struggle to use federal dollars because the engineering standards that apply to projects funded with federal dollars are not practical for small local roads projects. T-LINK heard strong support for a fund exchange program.

### Recommendations – Funding

**3. Increase funding for the Special City and County Highway Fund (SCCHF) and then increase the amount shared with local governments to \$183 million annually and distribute funds using the current formula.** Because the SCCHF is funded primarily through motor fuels taxes, the growth of this revenue source has significantly underperformed

with respect to the rate of inflation and the state's population growth. Restoring the buying power of the SCCHF is vital to maintain transportation funding at the local level.

**4. Increase funding for City Connecting Link payments to \$5 million annually.** This program helps cities maintain their city connecting links, which are city streets that connect two rural portions of state highway.

**5. Increase annual funding for the KLINK Resurfacing Program to \$7 million and for the Geometric Improvement program to \$10 million.** The KLINK Resurfacing Program funds the resurfacing of city connecting links. These projects are funded under a matching arrangement with cities based on population. The maximum state share for a project is \$200,000.

The Geometric Improvement (GI) Program helps modernize city connecting links with about \$8 million per year, currently. Requests for GI projects are typically about five times the amount KDOT can fund.

**6. Provide \$30 million in new funding for the prioritized local road network.** To accomplish this, additional state funding is needed to make progress on the backlog of local road and bridge needs but additional state resources should only be devoted to supporting a prioritized local road network.

# TRANSIT

## \$16 MILLION/YEAR RECOMMENDED

Public transit in Kansas provided approximately 10 million rides for residents across the state in 2007. In rural Kansas, about 180 small transit operators provide a fragmented patchwork of mostly public on-demand and client-specific transit service spread over a wide geographic area. In more densely populated urban areas of the state, five large transit operators offer scheduled bus service along fixed routes. Transit in Kansas provides important economic, health, and social benefits by giving citizens without regular access to a personal vehicle a way to get to work or to make important personal trips and to maintain their independence.

Local transit is funded with a combination of federal (Federal Transit Authority), state and local sources. Under the CTP, the state provides \$3.5 million per year for urban transit and \$2.5 million per year for rural transit. Additional funding for transit comes from fare-box revenue, and federal and local funding sources. Most rural and urban transit agencies in Kansas are struggling to manage rapidly increasing costs.

### Recommendations – New Business Models

**1. Create a regional transit approach to expand and improve delivery of rural transit service funded at \$2 million annually to support technology and administration.** There are 15 Coordinated Transit Districts (CTD) in Kansas, most covering more than one county. While many transit providers are doing the best they can to serve their communities within the CTD business model, services statewide could improve by altering the current business model to work on a regional level. The CTD system sometimes hinders efficient regional service because providers' service boundaries and policies are based

on constraints from their local funding sources. This limits travel outside of the providers' borders, even if that is where riders need to go. An expanded, regional transit approach would bring greater efficiency by leveraging rural transit funding to offer a more strategic way to provide service.

To begin the process, T-LINK recommends creating one or more pilot projects in rural areas with the help of providers, local governments and their stakeholders. Aspects of a regional approach could include:

- Eventually, 10 to 12 transit jurisdictions defined by travel demand patterns.
- Each jurisdiction would have a lead agency, funded by the state, which would be required to meet a specific level of service or could use subcontractors.
- Lead agencies would be required to use advanced technologies and "One-Call" dispatching to enhance scheduling efficiency and help users find service more easily.

### Recommendations – Funding

**1. Fund urban transit at \$8.3 million annually and rural transit at \$4.4 million annually.** KDOT should review the current urban funding formula and additional factors such as ridership, extent of service, amount of local match and efficiency of service be considered in addition to population. Currently, there is no formula for distributing rural transit funds, so a new formula should be created. Some state-level urban and rural funds should be distributed on a discretionary basis to help meet one-time capital needs that might not be affordable with an area's formula-based funds.

**2. Create a special, stand-alone, discretionary “commuter corridor” transit funding program that is funded at \$1.2 million annually.** The program would support commuter service, van pools, or park and ride facilities, and allow the state to support the capital and operating costs of some special transit projects that serve emerging transit needs associated with economic opportunities of regional significance.

## PASSENGER RAIL NO FUNDING RECOMMENDATION

KDOT and Amtrak are working on an Amtrak Expansion Feasibility Study to identify capital requirements and operating costs needed to provide a state-supported service. The study is needed to provide current information on which to base decisions about the service. T-LINK supports the goals of passenger rail service, but cannot make a recommendation because estimated funding needs are not known.

# SHORT-LINE FREIGHT RAIL \$7 MILLION/YEAR RECOMMENDED

Most rail freight shipments that begin or end their journey in Kansas depend on local “short-line” railroads that connect individual shippers and manufacturers to the nationwide Class I rail network. About 14.5 million tons of freight are transported on Kansas short-line railroads each year. Short-line rail accounts for about 41 percent (about 1,930 miles) of the nearly 4,780 miles of rail across the state. It fills a gap created when the Class I railroads abandoned tracks that are critical for moving Kansas products but were no longer profitable or were too expensive to maintain or improve from a national perspective.

The state’s freight rail program under the CTP expires in 2009 and has provided \$3 million yearly for a loan and grant program to support capital improvements on short-line railroads.

## Recommendations – New Business Models

**1. Amend the statute for the short-line railroad program so shippers, local governments and industrial parks would be eligible to apply for funding if the project meets strict criteria.** Currently, only short-line railroads and port authorities can apply for loans or grants to improve rail infrastructure. As the volume of freight traveling by rail grows, some shippers, local governments and industrial parks are experiencing costly delays in accessing short-line capacity due to local bottlenecks. They need modest improvements such as a new rail spur or added siding capacity that could alleviate freight congestion or promote economic development, but they often lack the capital to build these types of improvements.

## **2. Establish a Statewide Freight Rail Advisory**

**Committee.** The Advisory Committee should work with stakeholders to address long-term planning, safety and economic issues related to freight rail. T-LINK also recommends using the Advisory Committee as an additional accountability measure so public funds are well spent.

## Recommendations – Funding

### **3. Fund short-line loan and grant program at \$7**

**million annually.** This increase is needed, in part, to serve the expanded eligibility list. The full cost of implementing all practical short-line improvements is estimated at \$20 million per year over the next 20 years. Once the \$7 million funding level is reached it could support rehabilitation of 1,400 miles of track over a ten-year period.

# AVIATION

## \$6 MILLION/YEAR RECOMMENDED

Kansas has more than 142 public-use basic, community, business, regional and commercial airports that help link the state's communities. Under the CTP's Kansas Airport Improvement Program (KAIP), the state has invested \$3 million per year in airports, primarily for preservation projects that helped improve the condition of many of the state's runways.

Airport modernization, especially all-weather access, is a high priority. The goal is to have an all-weather airport within a thirty minute drive of anyone in Kansas. Improvements needed to enhance all-weather airport coverage range from developing instrument approaches to building major runway and taxiway improvements.

### Recommendations – New Business Models

**1. In a collaborative process with stakeholders, create a strategic aviation projects plan and establish project priorities to develop a network of airports that accommodate air ambulance service and promote economic development.** The strategic plan should play a strong role in subsequent Kansas Airport Improvement Program funding decisions. Stakeholders support the plan so that aviation funds are invested wisely in preserving and modernizing airports across the state.

One important goal would be to have an all-weather airport within a thirty minute drive of anyone in Kansas. About 93 percent of the population could be served with an investment of \$35 million over 10 years. In addition to all-weather modernization needs, general airport needs include runway lengthening and widening, lighting, approaches, communications, and weather stations.

### Recommendations – Funding

**2. Consider reducing or removing the aviation fuel sales tax exemption to provide additional transportation funding.** Aviation fuels (aviation gas and jet fuel) sold for commercial purposes are exempt from sales tax. Sales tax revenue on aviation gas is currently estimated between \$1 and \$2 million annually based upon a gallon price between \$2 and \$4. The assessment of sales tax on aviation gas is currently thought to be underreported. If the exemption was lifted entirely, like many states have done, an estimated additional \$11 million in revenue could be raised.

**3. Deposit the sales tax revenue in a transportation fund that allows revenue to be used for all modes.** The revenue currently raised from aviation fuel sales is deposited in the State General Fund.

# BICYCLE AND PEDESTRIAN LOCAL FUNDING RECOMMENDED

Bicycle and pedestrian facilities help make Kansas communities safer and more attractive places to live and do business. About 120 miles of multi-use trails in Kansas communities have been built with federal Transportation Enhancement (TE) funds, but nearly 1,000 miles of proposed trails have not been built. Under the last two transportation programs, state funds have not been dedicated to non-motorized transportation needs.

## Recommendations – New Business Models

**1. Establish clear evaluation criteria and a screening process for accommodating bicycle and pedestrian facilities when developing highway projects.** When KDOT builds or replaces roads, accommodations for bicycles and pedestrians, such as sidewalks, crosswalks, wide shoulders, marked

bicycle lanes, or dedicated-use trails, are incorporated a part of the project where it is appropriate and affordable. These improvements may involve a mix of local, state and federal funding. T-LINK believes that considering bicycle and pedestrian facilities when developing road projects is a worthwhile effort, as is using state funds to build the bicycle/pedestrian improvement, if appropriate.

**2. Support bike and pedestrian education campaigns within existing resources, including sponsorship of state or regional conferences for stakeholders.** Education and outreach can help reduce the annual average of 836 accidents and 26 deaths among bicyclists and pedestrians that occur in Kansas.

# FUNDING AND FINANCE

The average annual funding gap to maintain the existing system is about \$54 million over the next 10 years with no increase of revenues for modernization or capacity projects, or for any increase of revenues to local communities or modes. To meet the demands for preservation, capacity, local communities, and modes, the average annual funding gap reaches approximately \$640 million. T-LINK recommends funding a new transportation program with a broad range of sources using a multi-pronged strategy over the next 10 years that includes some or all of these elements:

## Recommendations – State Funding

- 1. Increase traditional state revenue sources such as motor fuel taxes, car and truck registration fees. In addition, the state should explore tolling options and should use debt financing to augment revenues as appropriate.** The state's traditional revenue resources are relatively stable, easy to administer, reasonably equitable and provide significant revenue sources. T-LINK recommends using a mix of those sources to address revenue shortfalls for system preservation, capacity improvements, modal support and local support. When economic opportunities arise and appropriate economic conditions exist, the state should supplement traditional revenue sources with debt financing. T-LINK also recommends that Kansas continue to look for opportunities to improve the system with some use of toll financing where practical.
- 2. Consider motor fuels sales taxes and consider analyzing the viability of a tax on vehicle-miles traveled as a new revenue source in the long term.**

There are significant funding gaps over the next five and 10-year periods that T-LINK recommends filling with a mix of sources. T-LINK also recommends changes in local financing and debt financing approaches.

In the near term, the state should consider adding a sales tax on motor fuels. A sales tax on motor fuels would be affected by the volume of sales and the unit price so revenues may fluctuate. With a sales tax on motor fuels, as fuel prices rise, construction costs also rise, so tax revenues would tend to increase. For the long term the state should continue to analyze the viability of alternative methods of funding transportation, i.e. Vehicle Miles Traveled (VMT).

- 3. If gaming revenues become available, dedicate a portion of the revenues to the SHF.**

## Recommendations – Local Funding

- 4. To open financing options for local communities, allow the Secretary of Transportation to review transportation-related economic development opportunities and authorize the use of debt financing with repayment streams flowing from the development revenue.** T-LINK recognized that communities – even growing communities – struggle to fund improvements to serve new development. Current financing options are difficult and cumbersome for communities to use. Therefore, T-LINK recommends combining into a single piece of legislation approaches similar to the economic

development and transportation specific elements found in STAR Bonds, Transportation Development Districts (TDD's) and Tax Increment Financing (TIF).

#### **5. Replenish the Transportation Revolving Loan**

**Fund.** The Transportation Revolving Fund (TRF) is a low-cost loan program to help local governments in Kansas finance road and bridge improvements. It is funded with \$25 million in state funds and \$100 million in bonds. More than 50 borrowers have participated in this highly popular program since it was started in 2004. The TRF is the lender of choice for many smaller governmental units. Local officials want to keep this financial tool viable, which requires a further infusion of equity.

### **Recommendations – Debt Financing**

#### **6. Give KDOT the flexibility to manage its debt**

**within a statutory parameter that caps the bonded debt service ceiling at 18 percent of Adjusted Total Agency Revenues.** T-LINK recommends a new business model for the issuance and reissuance of State Highway Fund (SHF) debt in which SHF debt

service is limited to eighteen percent (18%) of Adjusted Total Agency Revenues. This would replace the current model in which a specific dollar limit on new debt is authorized. Such a statutory parameter should be balanced with consideration of the state's overall debt load.

#### **7. Reserve a portion of the debt ceiling to build fast emerging economic developments whose worth has been demonstrated through an economic impact analysis.**

T-LINK recommends that a small percentage (i.e., 2-3 percent) of the 18 percent debt service cap be reserved to allow the issuance of bonds to build fast emerging projects with significant economic impact based on economic impact analysis. Legislation should allow a specific revenue stream to be identified and set aside to service the debt obligations.