

**TESTIMONY BEFORE THE
HOUSE APPROPRIATIONS COMMITTEE**

**REGARDING HOUSE BILL 2588
RELATING TO THE FORWARD TRANSPORTATION PROGRAM**

February 18, 2020

Mr. Chairman and Committee Members:

I am Julie Lorenz, Secretary of the Kansas Department of Transportation. I'm honored to be here today in support of HB 2588.

This new transportation plan, named FORWARD Kansas, was built by Kansans – for Kansans and works for Kansans.

It's the result of nearly two years of work – starting with the Legislative Task Force which reminded Kansans why transportation is the lifeblood of our state. You changed, you elevated the tone and tenor of the discussion. Across 11 meetings in all parts of the State, we heard about deteriorating highways and more than \$18 billion of transportation project needs. Your recommendations set the foundation for FORWARD.

In 2019, KDOT convened 16 local consult meetings and heard from 2,000 Kansans who talked about project needs – and the future of Kansas communities, better supported by transportation moving people, freight and technology.

We've worked with industry, community and business leaders, the Kansas Association of Counties and the League of Municipalities – and the list goes on and on. We heard time and again KDOT needs to be more flexible and work with communities to solve problems, from the ground up. I'm pleased to be here today to explain how implementing FORWARD – this plan that melds so many viewpoints – helps future-proof transportation investments.

My testimony focuses on the three essential aspects this bill:

- 1. How it keeps the best elements of T-WORKS (the state's previous 10-year transportation program).**
- 2. How it moves beyond the status quo to provide Kansans greater flexibility to address challenges – and seize opportunities – faster.**
- 3. What this bill's passage means for Kansans immediately.**

BUILDS ON T-WORKS

Let's start with what we're building upon.

1. The bill requires that we **complete promised T-WORKS projects**. That means from now through fiscal year 2023 those 17 projects will be delivered to communities, as recommended by the legislative task force and directed by the Governor. We keep the **\$8 million promise** that assures every county benefits from transportation investment over the next 10 years. This promise means the entire state highway system is maintained and other important investments in transit, rail and aviation are also made.
2. KDOT continues to use engineering, economic analysis and local input to **score highway modernization and expansion projects on a statewide basis** – so that we can select the best “team” of projects to serve urban AND rural areas. The statewide evaluation process is the best way to ensure that occurs. However, I want to note that urban and rural projects are evaluated separately and do not compete directly against each other.
3. This program is built upon current **authorized T-WORKS funding**. Originally planned as a \$8.2 billion program, it was delivered as a \$6.2 billion program. T-WORKS was designed to have stable revenue sources like motor fuel tax, registration fees and sales tax to preserve, modernize and expand our system with bonding (set at an 18% cap) to fund some expansion and opportunity projects. The concept is still solid. Sales tax is a stable revenue source – it grows incrementally over time. By ensuring these dollars designated for transportation remain committed to transportation investments, we can restore the health of system, deliver new projects and remain fiscally responsible.

Therefore, FORWARD is proposed as a \$9.9 billion program, with no increase in taxes.

WHAT'S NEW: GREATER FLEXIBILITY AND SPEED

Faced with the accelerating rate of economic and technological change – we have two choices, invest nearly \$10 billion using dated, cumbersome processes OR get more out of our money and build the right-sized transportation improvements people need faster so they travel safer, drive down the cost of our Kansas-made products, access the internet faster, and create communities that Kansans never want to leave.

To do that, FORWARD moves us past the status quo by giving communities more flexibility and tools to access transportation resources. I'll focus on seven key features of this legislation:

1. **Rolling program.** Rather than selecting major projects once every 10 years, KDOT and communities will work together every two years to select projects that will address the State's most pressing needs. Community leaders, legislators, advisory group members are enormously supportive of this approach which moves us beyond that inflexible once-a-decade make-it-or-break-it moment.

2. To support the rolling program, KDOT is required by this legislation to host **local consult meetings every to two years** to ensure collaboration and transparency in the selection process and accountability for statewide decision-making.
3. **Development and construction pipeline** – While delivering a modern transportation system demands flexibility, we recognize the importance of providing assurance that all regions of the state will benefit from FORWARD. Every region of the state will have at least three projects in the development pipeline through the life of FORWARD. While modernization and expansion projects tend to garner the most attention, it's important to acknowledge they only account for about 25 percent of FORWARD. Highway preservation accounts for slightly more than 50 percent of this program.
4. **Local match and practical improvements** – Local contribution percentage has steadily declined across the transportation programs. Local contribution accounted for 29 percent of CHP modernization and expansion projects, 10 percent of CTP and only six percent of T-WORKS. FORWARD incentivizes local contribution by giving additional consideration for accelerating the construction schedule of projects where communities provide a local match. Recognizing that not all communities have the same financial resources, FORWARD also offers additional consideration to projects where communities are willing to use practical improvements or phase a project to reduce cost.
5. **Speeding up project delivery** – Rather than selecting a firm to design a project and then bid the construction to another firm as the traditional design-bid-build process does, the **alternative delivery contracting process** requires designers and contractors to work together to develop better solutions and build projects faster by overlapping the design and construction phases of project. This practice is utilized by 44 states and communities large (Lenexa) and small (Harper) in Kansas. T-WORKS authorized one alternative delivery project, the Johnson County Gateway project. Using this widely accepted business practice, the Gateway was completed a year sooner and an additional 12% of work was gained thanks to designers and contractors working together. That equates to about \$30 million in free work.

Under FORWARD, the use of alternative delivery is capped at no more than five percent of total program's dollars and cannot be used on preservation. I recognize there is concern among some contractors about updating our business practices, thus these restrictions limit us to 1.75 (not even two) projects that are similar sized to the Gateway. We also know it's important to bring new non-state revenue sources into the system and we need to incentivize new revenues where we can find them. Thus, if communities are willing and able to bring new non-state revenues to the table through tolling or federal grants, those projects are excluded from the cap. We owe it to Kansans to use business practices that can bring new money into the system, deliver projects faster and free people from wasting time in traffic.

6. **New and reinstated programs** – A modern transportation system moves people, freight and information. Through FORWARD, Kansas establishes the **broadband infrastructure grant** fund. Co-administered with the

Department of Commerce, this allows us to cost-effectively increase broadband access across our state and expand economic opportunities of Kansans. We also enhance our traditional work by creating **Preservation Plus** which allows us to cost-effectively make practical safety improvements and facilitate broadband expansion along priority corridors. We heard how important increasing broadband accessibility in our rural communities is to their long-term vitality. This is a critical step toward improving telemedicine capabilities and offering more job opportunities to retain our young people. We also establish an **Innovative Technology** fund to keep Kansas leading on the new frontier of drone aviation and to prepare for future infrastructure/vehicle technology.

We have the flexibility to continue the newly reinstated **Local Bridge** program, which helps communities improve their local infrastructure. Perhaps, the best demonstration of the value of partnerships and in our ability to operate quickly is the recently launched **Cost-Share** program. We crafted the program, called for projects and announced selections in 92 working days. The 22 projects were made possible thanks to a nearly 50-50 partnership between state and local governments. With the passage of FORWARD, we can deliver even more of these projects across Kansas and we can do it soon.

7. This bill is about more than highways. In every region, we heard about the value of **multimodal investments**: transit, aviation, rail and bicycle-pedestrian projects. While all communities have transportation needs, the type of improvements they may need differ. Through FORWARD, we **solve more transportation problems** by providing flexible spending among our modal and set-aside programs annually. We retain the annual minimum funding commitments for each of these programs, but by eliminating our internal silos and utilizing all our resources, we can work with communities to solve more problems each year.

Taken together – this is more like a business plan than a government plan. However, with more flexibility, more transparency and accountability should be required.

1. **Prioritize preservation** – Our highway system is valued at more than \$32 billion, and we have an urgent need to improve the health of our state highway system. Due to budget cuts, we have relied on short-term fixes which will lead to long-term costs for Kansans. This legislation prioritizes highway preservation work for the first time in Kansas history, which not only improves our system health but protects it across the life of this program to ensure that we are not in this position again. The state of good repair requires an estimated investment of \$500 million annually, and this bill requires KDOT to report on the condition and performance of the state highway system annually.
2. **Increase reporting and distribution** – KDOT is required to publicly post the annual report, including a summary of financial information and system condition, and provide it to stakeholders.

3. **The intent of the legislature** is clarified by stating that about 16% of sales tax is levied for transportation purposes. We understand that actions cannot be taken to bind a future legislature, but this clarifies the legislative intent to use sales tax along with other sources to fund an estimated \$9.9 billion construction program over the next 10 years.

4. **Develop the 2030 long-range transportation plan.** Kansans – including the driving public and businesses – have long benefitted from our legacy of 10-year transportation plans. This legislation recognizes its good business to have a plan that directs KDOT’s work AND provides a roadmap that communities can use to plan their futures, and thus requires a new plan ten years from now.

HOW FORWARD WORKS IMMEDIATELY FOR KANSANS

This legislation is not only focused on addressing today’s needs, it also better positions Kansans to seize future opportunities. Our project development and construction pipelines are empty. It has been a decade since any new projects were added to these pipelines. We don’t have shovel-ready projects, and that is an irresponsible position for our state. We need to pass this program so we can put the next \$1-\$1.2 B of the state’s top priorities in the development pipeline.

Kansans want a program that works for both rural and urban areas – and FORWARD does that. They recognize our success is tethered together and our responsibility to make good decisions stretches beyond our own futures.

Or as one of our most famous Kansans, Amelia Earhart, once said, *“Some of us have great runways already built for us. If you have one, take off! But if you don’t have one, realize it is your responsibility to grab a shovel and build one for yourself and for those who will follow after you.”*

Kansans are ready to build a better transportation for themselves and future generations. With FORWARD, we can provide them the shovels. And we owe to them and future Amelias to do it now.

Thank you. I would be happy to stand for questions at the appropriate time.