

BUDGET REVIEW SUBCOMMITTEE ON TRANSPORTATION

Minutes of the 3rd Meeting of the 2024 Interim

September 18, 2024

Call to Order and Roll Call

The third meeting of the Budget Review Subcommittee on Transportation of the Interim Joint Committee on Appropriations and Revenue was held on September 18, 2024, at 10:30 AM in Room 131 of the Capitol Annex. Representative Ken Upchurch, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Representative Ken Upchurch Co-Chair; Senator Jimmy Higdon Co-Chair; Representatives John Blanton, Josh Branscum, Stephanie Dietz, Thomas Huff, Shawn McPherson, Tom Smith, and Ashley Tackett Laferty.

Guests: Chad LaRue, Executive Director, KY Association of Highway Contractors; John Moore, Assistant State Highway Engineer, KYTC; Bobbi Jo Lewis, Commissioner, Rural and Municipal Aid, KYTC; Jason Siwula, Deputy State Highway Engineer and Executive Director, Office of Project Development, KYTC, Jim Gray, Cabinet Secretary, KYTC; and, Shaun McKiernan, Executive Director, Office of Budget and Fiscal Management, KYTC.

LRC Staff: Justin Perry and Spring Emerson.

Highway Contracts

Mr. LaRue presented information regarding Highway Contracts and reported on Highway Construction Industry Capacity.

In response to a question from Representative Smith regarding no bid contracts and privatization of the process, Mr. LaRue said the project letting process is done directly through the county and city governments. He added that his association is comfortable with the general process.

Mr. Moore presented an update of the contracting process being utilized by the KYTC.

In response to questions from Chair Upchurch, Mr. Moore said a significant letting will happen before the end of the year. Depending on the weather, some of that may go into the backlog for next year. The biggest impediment would be determining how to increase utility relocations. Transitioning from one Highway Plan to another takes time.

In response to a question from Co-Chair Higdon regarding single-bid contracts versus engineering estimates, Mr. Moore said an updated report will be provided next month.

In response to questions from Representative McPherson regarding utility rights-of-way and the effects of inflation on the industry, Mr. Moore said right-of-way easements are obtained for utilities in urban areas, and land is purchased in rural areas. He said he has not yet seen a decrease in inflation across the industry. He suggested this could be a topic for the next subcommittee meeting.

County Priority Projects Program Update and County and City Bridge Improvement Program Update

Ms. Lewis provided updates on the County Priority Projects Program and the City Bridge Improvement Program.

In response to a question from Representative Blanton regarding replacing bridges with large culverts, Mr. Siwula said structures that span twenty feet or more are considered to be bridges according to federal regulations.

Representative Smith requested a list of the twenty-eight County Priority Projects broken down by Cities and Counties.

Road Fund Update

Mr. McKiernan presented information on the Road Fund Closeout for Fiscal Year 2024.

In response to questions from Co-Chair Higdon regarding the reason for weight distance declining and categories of fees on electric vehicles (EVs), Mr. McKiernan replied that information will be provided at a later date.

Secretary Gray commented that there are currently approximately three thousand EVs operating in Kentucky.

In response to a question from Co-Chair Higdon regarding user fees on commercial EVs and the processes in place in other states, Secretary Gray said they will do some research and respond to the subcommittee with that information at a later date.

In response to questions from Co-Chair Higdon regarding General Fund flow and surpluses, Secretary Gray said the new projects were absorbed into the work flow and put into the plan, but were not fully funded. Sustainability of fund sources should be considered. With the improved Federal formula, there is approximately \$1 billion per year available in Federal funding for the Transportation budget, which includes twenty-eight thousand miles of roads and nine thousand bridges.

In response to a question from Representative Blanton regarding when to expect updates on applications for Federal Funds for the final phase of the Mountain Parkway, Secretary Gray replied the end of October.

Co-Chair Higdon commented that the matching amount for Federal funding has increased from twenty percent to fifty percent.

Adjournment

There being no further business before the subcommittee, the meeting was adjourned at 11:44 AM.