

# **BUDGET REVIEW SUBCOMMITTEE ON TRANSPORTATION**

## **Minutes of the 4th Meeting of the 2024 Interim**

**October 16, 2024**

### **Call to Order and Roll Call**

The fourth meeting of the Budget Review Subcommittee on Transportation of the Interim Joint Committee on Appropriations and Revenue was held on October 16, 2024, at 10:30 AM in Room 131 of the Capitol Annex. Senator Jimmy Higdon, Chair, called the meeting to order, and the secretary called the roll.

### **Present were:**

Members: Senator Jimmy Higdon Co-Chair; Representative Ken Upchurch Co-Chair; Senators Amanda Mays Bledsoe and Christian McDaniel; Representatives John Blanton, Adam Bowling, Josh Bray, Josh Branscum, Stephanie Dietz, Thomas Huff, Shawn McPherson, and Tom Smith.

Guests: Jim Gray, Cabinet Secretary, Kentucky Transportation Cabinet (KYTC); Ron Rigney, Transportation Engineer and Director of Program Management, Department of Highways; Shaun McKeirnan, Executive Director, Office of Budget and Fiscal Management; Tracy Hyatt, Executive Director, Office of Human Resource Management; and, Amanda Spencer, Assistant State Highway Engineer.

LRC Staff: Justin Perry, Savannah Wiley, and Spring Emerson.

### **Approval of Minutes**

The minutes for the June 5, 2024; July 17, 2024; and, September 18, 2024 meetings were approved by voice vote with no objections.

### **Cash Management System**

Secretary Gray provided an update on the activities of the KYTC to assist the state of North Carolina with recovery efforts following the recent flooding disaster.

Mr. Rigney presented information on the funding cycle, and Mr. McKeirnan presented information on the overall cash management system.

In response to a question from Chair Higdon, Mr. McKeirnan said the current cash balance is approximately \$200 million. Due to the fluctuation of the flow of funds, the low point of the cycle occurs during the month of August.

In response to questions from Chair Higdon, Secretary Gray explained that the challenge is working within the \$100 million threshold, which has reached over \$400 million in the past. The goal is to have an annual payout of around \$1 billion, and it is currently at approximately \$1.1 billion. Chair Higdon suggested that the goal should be increased.

In response to a question from Representative Smith regarding built-in protections within the cash management system, Secretary Gray said he is comfortable with the process that is currently being used for every project. KYTC has had a check system in use for many years through the estimating process, and contracts will be awarded only after the internal estimates have been executed, and only if they meet the estimate criteria. He added that robust competition is encouraged.

In response to a question from Representative McPherson regarding the cash balance bearing interest, Mr. McKiernan said the Road Fund is invested through the Office of Financial Management and it does receive interest.

Chair Higdon recognized and welcomed guests Rocky Adkins, Rachel Byers, and her son Sam.

### **Personnel Review**

Ms. Hyatt presented a Personnel Review of the KYTC.

Chair Higdon commented that changing the work week to forty hours in order to become more competitive had been discussed during the last budget cycle.

In response to a question from Chair Higdon regarding Vehicle Regulation, Ms. Hyatt said that it includes drivers licensing offices, motor vehicle licensing, and motor carriers.

In response to a question from Representative Blanton regarding the issue of hiring at mid-point levels, Secretary Gray said that was mostly within the Department of Highways and is being addressed. Ms. Hyatt added that the job review project helped by adjusting the salaries of some existing employees. Chair Higdon commended the KYTC for improving their processes of recruiting, hiring, and retaining their employees.

In response to a question from Representative Bowling regarding regional drivers licensing offices not having local telephone numbers and their website redirecting inquiries to Frankfort, Secretary Gray said it could be a local response, and suggested patience and persistence as new systems are being integrated.

In response to a question from Chair Higdon regarding hiring temporary staff, Ms. Hyatt said the temporary workers interested in full-time positions should go through the same

application process as others.

Representative McPherson commented that the Bowling Green area is experiencing an overwhelming amount of population growth and suggested a good idea would be to open a drivers licensing office in the Barren County area. Secretary Gray responded that it would be looked into. Chair Higdon said Barren County is currently part of a pilot project for expansion.

### **Riverlink Bridges**

Ms. Spencer presented an update on the Louisville Bridges operating costs, debt service, and toll rates.

In response to a question from Chair Higdon regarding toll revenue usage, Ms. Spencer said it is available for major infrastructure improvements as determined by the trust indenture. She will provide more information regarding any possibility of an early payoff. Senator McDaniel requested information on expenditures to also be included.

In response to a question from Chair Higdon regarding the Second Street bridge, Ms. Spencer said there is an environmental commitment for that bridge to remain toll-free. Chair Higdon expressed concern that it causes traffic backups in the area. Secretary Gray added that any adjustments must be agreed upon with the state of Indiana before being implemented.

### **Mega Projects Grant Update**

Secretary Gray presented an update on the Mega Projects grant. The projects include the Brent Spence Bridge Corridor, the Mountain Parkway, and the I-69 Ohio River Crossing from Henderson, Kentucky to Evansville, Indiana. Upon completion, the I-69 will connect Canada and Mexico.

Representative Blanton commented that the KYTC has done an excellent job while working on the Mountain Parkway. Secretary Gray responded that the General Assembly is greatly appreciated.

In response to a question from Representative Bray regarding the acceptance of matching funds for federal grants, Secretary Gray said there is no specific date to expect an answer, but hopefully it will be very soon.

In response to questions from Chair Higdon, Secretary Gray said they would prefer not having tolls on the I-69 bridge. Regarding the Mountain Parkway, engineering can begin, depending on funding levels.

**Adjournment**

There being no further business before the subcommittee, the meeting was adjourned at 12:00 PM.