

BUDGET REVIEW SUBCOMMITTEE ON TRANSPORTATION

Minutes of the 1st Meeting of the 2024 Interim

June 5, 2024

Call to Order and Roll Call

The first meeting of the Budget Review Subcommittee on Transportation of the Interim Joint Committee on Appropriations and Revenue was held on June 5, 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 Brandon J. Storm and Johnnie Turner; Representatives Adam Bowling, Josh Branscum, Stephanie Dietz, Thomas Huff, and Tom Smith.

Guests: Jim Gray, Cabinet Secretary; Kenny Bishop, Legislative Director; Mike Hancock, Deputy Secretary; Bobbi Jo Lewis, Commissioner, Rural and Municipal Aid; Jeremy Edgeworth, Freight, Rail, and Waterways Coordinator; Robin Brewer, Executive Director, Office of Budget and Fiscal Management; and, Amanda Spencer, Assistant State Highway Engineer.

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

2024 Legislation Update

Secretary Gray provided an overview of cabinet operations and Commissioner Lewis presented information on Rural and Municipal Aid.

In response to a question from Senator Turner, Ms. Lewis said phone numbers are posted on the website, and can be made available to anyone.

In response to questions from Chair Higdon regarding applications for Road Fund projects, Ms. Lewis said the forms to use are available in the Forms Library on the website.

Co-Chair Upchurch commented that there will be growing pains anytime something new is undertaken. He said the aid funds should not be considered as a revenue source, but rather a contingency.

Secretary Gray said new funding programs are being developed for Freight, Rail, Waterways, and Airports for the upcoming fiscal year.

Chair Higdon commented on the importance of work zone safety and the use of cautionary signage. Motorists need to know when there is an active work zone ahead. Secretary Gray said the major message for motorists is to slow down and avoid distracted driving.

In response to questions from Representative Smith regarding safety, Secretary Gray said they examine best practices in other areas, including those being used in other states. Representative Smith stressed the need for a solution. Secretary Gray said alternatives for appropriate processes are being examined.

Mr. Edgeworth presented an overview of Freight, Rail, and Waterways. In response to a question from Chair Higdon regarding grant funding, Mr. Edgeworth said there is \$7.5 million designated for the upcoming fiscal year, that is \$750,000 for each of the public riverports. Additionally, there were two separate appropriations which included \$3.5 million for the Paducah Riverport for the Riverport West Project, and \$1.3 million for the Owensboro Riverport for a Waterline Loop Project. There was \$7.5 million designated in each fiscal year for the two Rail Grant projects, which included Preservation of Existing Rail Infrastructure for Class II and Class III, and Industrial Access which is open to anyone owning a rail spur.

In response to questions from Chair Higdon regarding the Kentucky Automated Vehicle Information System (KAVIS), Secretary Gray said when there are millions of records involved in a large system changeover such as this, there will be some challenges.

Chair Higdon commented that Kentucky Transportation Cabinet (KYTC) staff are very responsive. He said the KAVIS had been discussed for a long time, and is finally coming to fruition. Representative Branscum expressed his hope that the original delay for the KAVIS is not exacerbated and causing more of a delay now.

Chair Higdon mentioned several improvements that were included in the current budget, including funding for three new Regional Offices; working with the Kentucky State Police (KSP) on skills testing; the new driver licensing system; and, additional locations for permit testing.

In response to a question from Chair Higdon regarding bids being received and current costs, Secretary Gray said costs have escalated, but not all projects are coming in over budget. Estimates and budgeting were adjusted for some of the projects.

In response to a question from Chair Higdon regarding grant applications for Mega Projects, Secretary Gray said the cabinet is doing the best they can to advocate for these grants, and will continue to do so. He said there has been a lot of competition for the

grants, and the matching amount is approximately fifty-three percent.

Cash Management System Overview

Ms. Brewer presented an overview of the Cash Management System. In response to a question from Chair Higdon regarding federal funding, Ms. Brewer said those funds are based on a reimbursement system. Weekly billings are typically sent out on Fridays, and usually the funds are received the following Tuesday or Wednesday.

In response to a question from Chair Higdon regarding dropped Road Plan projects, Ms. Brewer said that since costs are incurred before reimbursement is received, that affects the cash balance. The process of estimating future costs of current projects, as well as adding in new projects, is constantly ongoing and is evaluated every two years. The cash balance cannot go below \$100 million, and the current balance is slightly over \$500 million. Over the next several months, a lot of money will be spent. The cash balance must be built back up in order to withstand those outflows.

In response to a question from Chair Higdon regarding project lettings, Deputy Secretary Hancock said several years ago the target of \$1 billion was set, and that goal has not been adjusted even though lettings are currently hitting approximately \$1.2 billion.

Louisville Bridges Vendors Update

Ms. Spencer provided an update on new vendors for the Louisville-Southern Indiana Ohio River Bridges tolling project. This project has been ongoing for the past eight years under a fifty/fifty partnership with the state of Indiana.

In response to a question from Chair Higdon regarding collections, Ms. Spencer said as of yesterday, they were down about eleven percent on the year, which had been expected. They have collected \$62.3 million for the Kentucky portion through May 15, 2024, which was better than expected.

In response to a question from Senator Turner regarding flooded roads in Letcher County, Deputy Secretary Hancock said he would check into the issue and reply back.

Adjournment

Chair Higdon thanked Ms. Brewer for the great work she has done and congratulated her on her upcoming retirement.

There being no further business before the subcommittee, the meeting was adjourned at 11:45 AM.