

BUDGET REVIEW SUBCOMMITTEE ON TRANSPORTATION

Minutes of the 3rd Meeting of the 2025 Interim

August 20, 2025

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 August 20, 2025, at 10:30 AM in Room 131 of the Capitol Annex. Senator Donald Douglas, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Donald Douglas Co-Chair; Representative Ken Upchurch Co-Chair; Senator Jimmy Higdon; Representatives Josh Branscum, Randy Bridges, Thomas Huff, Mary Beth Imes, Tom Smith, and Ashley Tackett Laferty.

Guests: Mike Hancock, Deputy Secretary, Kentucky Transportation Cabinet (KYTC); Shaun McKiernan, Executive Director, Office of Budget and Fiscal Management, KYTC; Ron Rigney, Director of Program Management, Department of Highways, KYTC; Jason Siwula, Deputy State Highway Engineer, Project Development, Department of Highways, KYTC; and, Eric Pelfrey, Director of Professional Services, Project Development, Department of Highways, KYTC.

LRC Staff: Justin Perry, Jeremy Simpson, and Spring Emerson.

Road Fund Report

Mr. McKiernan presented a report on the Road Fund.

Senator Higdon commented that motor vehicle usage tax revenue has increased by 7.2 percent. The rate was 27.8 cents per gallon and is 26.4 cents per gallon now. There was a loss of over four cents per gallon since the end of June last year, which equates to \$125 million that is no longer going into the Road Fund. The biggest losers in this scenario are the City and County Rural and Secondary Roads. There are roads worth \$350 million that have not been paved for fifteen years or longer, which is quite a backlog. The Formula of Fifths does not work as well with fuel prices as high as they are now.

Chair Douglas commented that we are here for information and to be educated in order to do the best job that we can for the citizens of our Commonwealth, and expressed his appreciation for Senator Higdon's comments.

Approval of Minutes

Co-Chair Upchurch moved to approve the minutes of the July 15, 2025 meeting. The motion was seconded by Representative Smith, and the minutes were approved by voice vote.

High Growth Counties Projects

Mr. Siwula presented information on projects in High Growth Counties.

Senator Higdon commented that never before had the General Assembly appropriated General Fund dollars to catch up on construction, especially in the High Growth areas. Mr. Siwula expressed his appreciation for the opportunity to implement those needed projects. The KYTC, its project development process, as well as their industry partners, are working to get those projects out.

In response to a question from Chair Douglas, Mr. Siwula said when looking at development and implementation or construction of a Road Plan project in general, there are phases ranging from planning to design to the acquisition of property that are required to be able to build the project, the relocation of utilities, and other things that are necessary before construction occurs. Each of those processes are complex and have specific requirements. There is a range of alternatives and ways to solve some of these problems, and all avenues are considered.

Chair Douglas thanked Mr. Siwula and his team for the information and expressed his appreciation for all they do.

Personal Service Contracts

Mr. Pelfrey and Mr. Siwula presented information on Personal Service Contracts.

In response to questions from Representative Smith, Mr. Siwula said using that process does not eliminate steps, adding that the KYTC is continuously looking at different processes and methods to improve delivery. He explained that resurfacing does not utilize the Design/Build process. They are increasing the use of tools to deliver projects as quickly as possible.

In response to questions from Representative Bridges, Mr. Pelfry explained that some projects take longer and that would affect the average. More information will be provided at a later date.

In response to a question from Representative Branscum, Mr. Siwula said it would depend on the project whether it would be beneficial to have construction engineering input with that process. They try to identify where the Design/Build process would be a good fit so the

utilization of that process could be increased. Representative Branscum commented that the District 8 Engineers do an exceptional job.

In response to a question from Senator Higdon, Mr. Pelfry said the average was based on a ten-year cycle, rather than the biennial budget numbers. Every project that is authorized has been appropriated in the Highway Plan. Mr. Siwula said independent estimates are calculated in-house to insure that dollars are not being over-committed. This process is subject to regular audits.

In response to a question from Senator Higdon regarding the bidding process, Mr. Pelfrey said federal statute requires that contractors be chosen based on qualifications, rather than low bids. Senator Higdon commented that the state process is more stringent. He requested that a list of the Personal Service Contracts, including amounts, be provided to the subcommittee.

Chair Douglas commented that completing contracts safely and in a timely manner is a goal. The thanked the KYTC representatives for the information and their presence today.

Adjournment

The next meeting is scheduled for September 17, 2025. There being no further business before the subcommittee, the meeting was adjourned at 11:33 AM.