



COMMONWEALTH OF KENTUCKY

Matthew G. Bevin
Governor

Greg Thomas
Secretary

August 6, 2018

TO: Recipients of the Kentucky Transportation Cabinet's
2018 Highway Plan

On behalf of Governor Matt Bevin, the Kentucky Transportation Cabinet (KYTC) is pleased to present the *2018 Highway Plan*. As required by the *Kentucky Revised Statutes, Chapter 176*, this plan is the result of the process by which major highway improvement project phases scheduled for the next six fiscal years were submitted to, and enacted by the 2018 Kentucky General Assembly. The *2018 Highway Plan* outlines scheduled project phases for Fiscal Year (FY) 2018 through FY 2024.

The Kentucky Transportation Cabinet's (KYTC) mission is to provide a safe, efficient, environmentally sound, and fiscally responsible transportation system that delivers economic opportunity and enhances the quality of life in Kentucky. With transportation needs in excess of available resources, the Plan reflects KYTC's "Safety First" approach, which prioritizes spending on the repairs of more than 1,000 deficient bridges and re-paves more than 5,000 miles of roads throughout the Commonwealth over the next six years.

The Plan addresses the mounting backlog of deficient bridges by increasing funding from \$122 million annually to \$179 million annually, a nearly 50 percent increase in combined state and federal funding. The Plan also addresses critical pavement needs, increasing funding from \$175 million to \$324 million annually, an 85 percent increase in combined state and federal funding. In addition, the General Assembly approved \$125 million each year within the Cabinet's operations and maintenance budget for the statewide pavement resurfacing program.

Governor Bevin set the stage nearly two years ago for the data-driven approach in formulating the Highway Plan by directing the Cabinet to develop an objective and collaborative process to prioritize limited federal and state funding for critical infrastructure projects. The new, collaborative prioritization process, known as the Strategic Highway Investment Formula for Tomorrow (SHIFT), is aptly named given the shift in approach to transportation budgeting.



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More than 18 months of work went into evaluating more than 1,200 projects through SHIFT using quantitative measures such as crash rates, congestion, economic growth and cost-benefit ratios. Working collaboratively with legislators, Area Development Districts (ADD), and Metropolitan Planning Organizations (MPO), KYTC developed a prioritization process that is based on data, but informed by local priority setting.

The implementation of the SHIFT prioritization process was a great success and a necessary step to identify the true need for additional transportation funding. KYTC and the 2018 General Assembly worked together to reduce over-programming of road projects, which exceeded 200 percent in the 2016 Highway Plan. The 2018 Highway Plan reduced over-programming to 8 percent in the FY 2018 – FY 2020 biennium, and 28 percent for FY 2018 through FY 2024.

The SHIFT process also developed a list of prioritized but unfunded projects that exceeds \$5.9 billion (see Appendix A). With the addition of \$1.8 billion of projects added by the General Assembly, the unfunded list exceeds \$7.7 billion.

Unfortunately, Kentucky will soon face another financial challenge in transportation. Starting in FY 2020, KYTC will lose about \$120 million annually in purchasing power for state-funded projects due to the expiration of “toll credits.” For many years, Kentucky used these credits – granted for using state-generated tolls to pay for the Commonwealth’s Parkway System in the 1960s and 1970s, as well as the recent Louisville Bridges project - to meet matching requirements for federally funded projects. Now, state-generated dollars will be needed to make this required match, reducing the amount available for state funded projects by approximately \$120 million annually.

Two upcoming mega projects, the I-69 Ohio River Bridge project at Henderson, Kentucky and the I-75/71 Ohio River Brent Spence Bridge project in Northern Kentucky, will require over \$680 million in funding over the next six years that is currently not included in the Plan. This needed commitment, combined with the expiring toll credits, \$6 billion of unfunded priorities, and \$1.8 billion of projects added by the General Assembly, clearly justifies the critical need for additional transportation funding if we are to continue to move Kentucky forward.

KYTC continues to work closely with the U.S. Department of Transportation (U.S. DOT) in seeking opportunities for federal discretionary grants for projects identified within the Plan. Our federal partners have made it clear that state funds are critical to leverage federal grant funds. *“States with a sustainable revenue plan will be the winners going forward,” according to the U.S. DOT. “Leverage is the key.”*

KYTC is committed to working cooperatively with legislative leaders to identify and implement additional transportation funding to meet the data-driven, safety-first priorities that are critical to the Commonwealth’s future success.

Sincerely,



Greg Thomas
Secretary

