



Why is legislation needed to build large transportation projects?

New revenue sources are urgently needed in Kentucky for projects critical for job growth and economic prosperity, public safety improvements and congestion relief.

The Ohio River Bridges Project, a Brent Spence Bridge replacement in Northern Kentucky and the I-69 project in Western Kentucky will not be built unless the Kentucky General Assembly authorizes new revenue sources, according to Kentucky Transportation Cabinet Secretary Joe Prather. The state's road plan, which relies primarily on gas tax revenues, is currently about \$3 billion short in meeting needs.

Why can't the federal government provide the money?

Federal funding will continue to help pay for the Ohio River Bridges Project, and aggressive efforts are underway to secure additional federal funding. But there is not nearly enough federal money to meet transportation needs in Kentucky or throughout the country. New sources of funding are increasingly being used around the country including high-speed electronic tolls. In the past decade, 40 percent of all major roads have relied on toll revenue, according to a Congressional study.

What is the proposed solution for Kentucky?

The 2009 Kentucky General Assembly will consider legislation (Senate Bill 15 and House Bill 102) that would authorize a statewide public authority as a new option to help pay for large transportation projects.

Projects under an authority's oversight would remain in public hands with accountability and transparency in decision making.

The authority would have ownership of the projects and could issue bonds that do not count against the state's debt capacity. The authority could also tap new revenue sources such as high-speed all-electronic tolls. New revenue would be used to supplement available federal and state transportation funds.

The authority would include public officials and citizen representatives and would operate under a contract with the Kentucky Transportation Cabinet covering financing, construction and revenue plans for large projects, starting with the Ohio River Bridges Project.

Why is a local or bi-state authority the best option?

Build the Bridges Coalition supports the concept and many provisions of SB15 and HB102, but favors an amendment that would also allow local and bi-state authorities over specific projects.

A local or bi-state authority would be comprised of local residents and elected officials from the communities where projects are located and would be motivated and accountable to ensure projects are built as quickly and as cost effectively as possible.

Representatives of the local communities, instead of a statewide authority, would be responsible for addressing construction and project financing including determining whether to use high-speed tolls and toll rates.



How would a local authority be formed?

The state authority would authorize the local or bi-state authority to oversee a specific project at the request of the chief local elected official of the jurisdiction where the project is located. If the Federal Highway Administration has issued a Record of Decision for a project, the statewide authority will automatically approve the request.

Who would serve on a local authority?

Members of a local authority would include the mayor or county judge-executive from the Kentucky jurisdiction. A bi-state authority would also include the chief elected official from the partner state jurisdiction. Area residents would also serve.

If an authority is approved, how would it impact the Bridges Project schedule and costs?

By tapping new revenue sources, the authority could accelerate the project, saving hundreds of millions of dollars in inflation costs and allowing the project's benefits - job creation, public safety improvements and reduced congestion – to be realized sooner.

Build the Bridges Coalition believes the authority should have the option of a design-build construction plan that could also help accelerate project completion and reduce costs. A development plan by the authority would need to determine specifics, but the project's completion could be several years sooner than the current scheduled date of 2024.

Are public authorities a new approach to funding projects?

No. Kentucky's statewide parkway system relied on toll revenue and was operated by the Kentucky Turnpike Authority.

In recent years, public authorities have increasingly been used around the country to help build and accelerate projects and reduce costs. At least 19 regional toll authorities operate in 12 states.

How can we be assured that toll rates would be reasonable?

Before construction, the authority would be required to enter into a development agreement with the Kentucky Transportation Cabinet addressing financing, construction and revenue including whether tolls would be used and, if so, the specific toll rates.

The authority would base rates on a detailed financing plan and toll-revenue study. A preliminary study by the state analyzed a variety of toll rates, starting at 50 cents, for the Ohio River Bridges Project. The study showed tolls would be a viable revenue source for the project. With all-electronic toll systems, rates can be structured so that commuters and frequent users pay reduced amounts.

The Coalition supports legislation stipulating that toll revenues for one project could not be used for other projects. Once a project is paid for, if tolls continue they could be used only to cover maintenance costs and would be reduced.