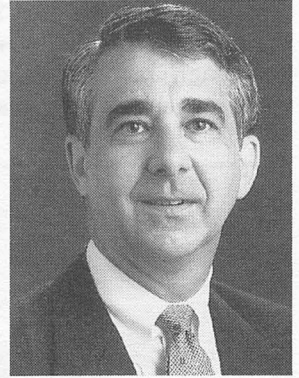


*Transportation Secretary Don C. Kelly was appointed to that post in December 1991 by Governor Brereton Jones. Prior to that, he was Programs Manager at UK's Transportation Center. Before that, he was Vice President of Schimpeler-Corradion Associates in Los Angeles, California, from 1988 to 1991.*

*Secretary Kelly also served the Commonwealth as Deputy Secretary of Commerce from 1986-1988 and from 1967-1980 in the Department of Highways. He was employed at Murray State University 1980-1986 in various professional positions.*



**AWARDS LUNCHEON**  
Monday, October 2, 1995

**Don C. Kelly**  
Secretary of Transportation  
Commonwealth of Kentucky

**STATUS OF KENTUCKY'S TRANSPORTATION PROGRAM**

It is a pleasure to be here and to see so many friends. The Civil Engineering Department at the University of Kentucky is home to many of us—we have approximately 419 graduate engineers and EITs (Engineers in Training) currently employed at the Cabinet.

Not many of us realize that the Transportation Cabinet is the largest employer of engineers in the Commonwealth of Kentucky. The only other agency that is even close to us was the Naval Ordnance Station in Louisville, and you saw what happened to them. There is nobody close to us now. We hire more University of Kentucky graduates every year than any other firm or business or agency in Kentucky, so there has been and is a tremendous relationship between the University and the Commonwealth over the years.

I will divide my talk into two phases: (1) where we are and where we have been, and (2) where I think we are headed. In response to where we are, I'm reminded of something that famous philosopher, Pogo (Walt Kelly's creation of a few years ago), said, "We are surrounded by insurmountable opportunity." I think everyday when I go to work how true that really is. We are surrounded by insurmountable opportunity.

When I took this job in December 1991, there were 6,270 employees in the Kentucky Transportation Cabinet. We now have 5,764; we are

down 506 in a little less than four years. To give you an idea of what that means, I'll talk about some of the things we are doing in just a minute.

There are some things that you need to be aware of and that we share everyday—the public perception of what we are and where we are, and what the public thinks we are. Those things sometimes are different.

Our perception is that we do a tremendous job. We go to work everyday, we work hard, we have a great road system, and we are trying to develop the best transportation system we possibly can for our citizens. The perception of the average person is affected by whether or not he gets to work on time each morning, whether or not the fog keeps him from making good time, whether or not the newspaper is on the doorstep, whether or not there is orange juice in the refrigerator, and whether or not the lights come on when the switch is hit. Those are the things people really care about. This gets into the service aspect of transportation and is something we too often take for granted, but that the public understands even when we really don't. They don't understand how hard we work, so I want to tell you some of the things we have done and bring you up to date as to where we are going in the next few years.

First of all, in a little less than four years, we have awarded well over 5,000 new construction contracts for road improvements totalling over \$1.5 billion. The Transportation Cabinet has awarded 1,853 paving contracts for a total of \$400.8 million. We have paved approximately 9,100 miles of roadway. I am proud to tell you that September 1995 was the best month for construction in the history of the Commonwealth. We exceeded \$120 million in contracts in that month. That is a tribute to a lot of people working very hard. We are able to put that together with fewer employees than we have had in over thirty years.

Under the Cooperative Bridge Replacement Program, we have replaced about 800 bridges, and we are initiating the Phase Two program on the longer-span bridges. We are going to see more of that in the next few years.

The rural secondary program has done extremely well. We have financed almost \$320 million worth in four years. And, the Legislature was kind enough to let us use \$50 million in monies that were going to be carried forward if we didn't use it. We used that in the rural secondary program as well. That has helped us bid more contracts and also is helping the citizens of Kentucky get their products to market, or commute to schools, or whatever it might be. That is a tremendous program for us.

We also are concerned about equal rights, minority affairs, and the work that needs to be done in minority employment. Under this Administration over the past four years, 13.5 percent of our federally funded highway work has gone to minority and women contractors. This is about two percent higher than our goal. Also in 1994, the Office of Minority Affairs and its executive director, Maurice Sweeney, put

together a program called the Minority Contractor Bond Insurance Fund. There were a lot of small contractors, especially minorities and women, who could not get bonded so that they could get work. We worked with the city of Louisville, other state agencies, and the Federal Highway Administration to establish a program to bond them so they could get work. That has been a tremendous asset to the Commonwealth.

We have moved all of the motor vehicles into a fleet centralized under the Transportation Cabinet. Over time, we think this is going to be very efficient as we get the program on a pay-as-you-go basis. We have eliminated well over a thousand vehicles in the fleet. We also have upgraded the fleet tremendously, but still have a ways to go to complete that task.

We also are eliminating underground fuel tanks. The first month I was in office, December 1991, we had a leaking fuel tank at a state garage in Frankfort. By the time we got that tank removed and cleaned, it had cost several hundred thousand dollars. We found out that the only operation in Kentucky that had more fuel tanks than the Cabinet was SuperAmerica. We conducted tests and found out about a third of our tanks were leaking. That doesn't sound too bad except for the fact that virtually all of those tanks were in the same holes as the tanks that were not leaking. So, in effect, we were contaminating the ground where all the tanks were located, not just a third of them. We are getting out of the fuel business as quickly as we can. We are going into the gas card business and we are discovering that it is much more efficient. We are saving four to seven cents a gallon on fuel. Plus, we have eliminated a lot of overhead costs in the process.

The Advantage I-75 project is another accomplishment with many public/private partners. When I returned to Kentucky from California in 1991, Cal Grayson assigned me to work full time on Advantage I-75, so I have seen it develop from an embryo. Shortly, we are going to announce a full-blown operational program on I-75, from Canada down to the state of Florida. The success of this project is due to a lot of people at UK's Transportation Center, many of my staff, and a lot of other states working together to make something happen that many people didn't think was possible.

In addition, we have a high-tech project in Northern Kentucky called ARTIMIS (Advanced Regional Traffic Interactive Management Information System). We worked with the private sector, the state of Ohio, and the city of Cincinnati to put together a program for traffic management. As you approach Cincinnati, you can dial a number on your cellular phone and find out traffic conditions on the interstate and freeway system in the Northern Kentucky-Cincinnati area. You can then determine the best route to your destination. If you are going to that area for business during the week, you can find out what the peak traffic conditions are in real time—it is within a minute from when you call. It is



almost unbelievable. It is something we could not have done by ourselves, but working together with the private sector and other governments, we were able to put this project together. I see it as a matter of pride because Ohio has about three times as much in that project as we do, and yet we were chosen the lead state because we were able to put the contract together and get it operational in less than 120 days, whereas Ohio was looking at a year's time to do the same thing.

Every time we evaluate how we are doing, we look at the process or the ways we can do it better, quicker, and cheaper. We have many innovative and creative people in the state of Kentucky. It is nice to have so many of them working in transportation. When I first took this job four years ago, Dave Smith told me, "Kelly, we're going to have to make you look good for four years so you'll stay the whole time and we won't have to train another person." They have done a heck of a good job of making me look good for four years, and I appreciate those efforts.

One thing we did early on, outside the highway industry, is with CDL (Commercial Drivers' License). We had to implement a complete CDL program in the state as part of a federal mandate, and our folks were able to put that together in a very short period of time. We think it will make the trucking industry much more effective and safer. The trucking industry worked hard on getting those things done, and we appreciate their efforts as well.

Another thing we were required to do was implement a drug intervention program. Through the use of federal grants, we were able to get some dogs to help search for drugs since a police officer cannot enter a vehicle, truck, house, or whatever it might be without just cause. But, if a dog sniffs something and gets excited, that is enough cause for officers to enter and check for drugs. With only seven drug intervention dogs, we have obtained 2,400 illegal possessions of drugs or paraphernalia. We also have confiscated over \$571,000 in currency and other properties since 1992. The program has been recognized for the last two years as the very best in the United States. It is a program we are very proud of and that makes the roadway safer for you, and it pays for itself as well.

We have a great deal of interest in high technology and the Cabinet's Division of Information Technology. Some years ago, there was only a handful of personal computers in the Cabinet. Les Dawson and some of the folks who preceded me decided it was important that we stay on top of technology, so they created this Division. I am pleased to be able to tell you that currently we have approximately 2,600 personal computers in the Transportation Cabinet that are all hooked together through area networks. All of the districts are tied into the central office, and we can move data back and forth. We had to do this in order to be more efficient and more effective since we are doing more than we were able to do years ago, and with fewer people. We are still doing about half our design in-house and about half outside. But we are doing it in a much

more efficient and effective manner, and I think we are doing a better job of it.

I want to mention our progress with intermodalism. The Intermodal Surface Transportation Efficiency Act (ISTEA) of 1991 included a provision for what they called transportation enhancement. This is for projects that are not transportation projects per se—you could not add lanes or build a road, you could not do things that would increase capacity—projects had to be related to transportation. About that same time, we were doing final design and acquiring right-of-way on a section of US-150 in Boyle County that involved the Perryville Battlefield. That battlefield had just been declared as one of the 25 most endangered significant Civil War battlefields in the United States by the Department of the Interior. So, we were able to use \$2.5 million of enhancement funds to give to the Perryville Battlefield Commission to help acquire significant properties around the battlefield. Incidentally, there are a lot of buildings and houses still there that were there during the Civil War. We think in the next few years that is going to be one of the most beautiful Civil War battlefields in the United States. It is nice to say that we had a part in being able to do that.

During this Administration, we have seen mandatory seat belt usage come into effect. There is a great deal of discussion pro and con about it, but I think the numbers will continue to show that many lives will be saved and many serious injuries will be reduced as a result of seat belt usage. We are proud to have been part of and to have supported and worked with the Legislature to see that come about.

Also, we were able to work with the Federal Highway Administration and AASHTO to enable Kentucky, along with two other states, to conduct a demonstration program using "a fifth-legend logo" along the interstates as an alternative to billboards. It is working very, very well. Indiana and New York also are using them. We think that probably next year the Federal Highway Administration will support legislation to let every state in the United States use it. This is a way we can support the tourism industry without the use of billboards. We think it is a very positive asset to us as well.

We have seen a scenic byways and highways program come about in the last couple of years. It is a good program for central Kentucky that has so many beautiful areas and some historic districts—but it is not just limited to this area. It goes all the way from extreme western Kentucky to extreme eastern Kentucky. There are many scenic highways and byways that are part of this system.

In 1993, the Cabinet was awarded the professional development award by the National Society of Professional Engineers for being the best government agency in the United States for the development of its engineering staff. Of the 419 engineers and EITs, we have only four engineers who are eligible to be registered who are not already. That is

tremendous, there are no others that can come close to that in the United States.

Two years ago while standing at this microphone at the Forum, a note was handed to me that the injunction for the Paris Pike project had been lifted and that we would be able to proceed with that project. We are very, very pleased to see this project come about. We have every intention in the next two months of breaking ground on the northern end of that project. It is not the kind of project that you would want to design every day because it is being designed a foot at a time. It is going to be a fabulous drive—it will be one of the most beautiful roads in the United States when it is finished. Simply because there is a great demand by the environmental community that in order to make that road work and make it safer, we had to comply with some design provisions that will make it a beautiful facility.

One thing we are seeing is that our highways are providing for “mobile warehouses” or “rolling warehouses” for the United States with just-in-time delivery. The major industries no longer maintain warehouse space, they expect whatever products they need to be delivered just as they are used up. As a result, there are a lot more trucks on the interstates. It is unbelievable how many trucks there are and how much material they are moving on our highways. This is a real asset to us, but it is also a challenge because of the different demand factors that trucks place on the highway system.

Let me talk about where I think we are going. Most of us as children read *Alice in Wonderland*. The following is an exchange between Alice and the Cheshire cat. “Would you tell me please which way I ought to go from here,” asks Alice. “That depends a great deal on where you want to go,” answered the cat. “I don’t much care where,” Alice replied. “Then it doesn’t matter which way you go,” said the cat. About two years ago, we took that as a challenge when we began defining the mission and direction of the Transportation Cabinet. Should we just continue to maintain and build highways not worrying about the future? We had a good planning program in place in the Cabinet and, too often, didn’t give proper credit to the transportation needs and plans. As a result, we put together a mission and a values statement of where we wanted to be and the things we really felt strongly about as a Transportation Cabinet, and how we are going to make those things happen. We assigned specific tasks to different individuals and we knew that we would have a lot to accomplish. There is still lots left to be done. Every day we wake up, we face a new challenge.

This is a time when technology is evolving at a faster rate than anyone even imagined just a few years ago. The latest computer is out of date within six months. We see so many changes in technology, with vehicles and with the way things operate, and the way we do business every day. Then we turn around and are faced with funding changes at the federal and state levels. It goes back to what I mentioned earlier, so



much of what we do is taken for granted. People just assume that these facilities are going to be there, that everything is going to continue, that we really do not have that much input into it, and that money doesn't make any difference. Money does make a big difference. We have seen the best times in transportation, particularly in the highway industry over the last several years, from the beginning of the Interstate System until now when it is being completed. We are beginning to rehabilitate and rebuild many sections of it and trying to build new technology such as fiber-optic communications and other technologies, into Advantage I-75 type projects.

We are in an era in which there are so many different requirements. Calvin used to say that every time he learned to balance three balls, someone added a fourth one. If we could handle that, then they added a fifth one, and so forth. I think that we are up to about a dozen now, and they keep throwing in a new ball about every year.

We are seeing some odd revenue changes and the stream has become very unpredictable. The only way to maintain an adequate six-year road plan is to have some idea of how many dollars are going to be there six years from now. That is getting harder and harder to do all the time, especially at the federal level. Kentucky is a "donor state." I don't think I have made a speech in the last four years without mentioning that. We send a lot more dollars to Washington than we get back, and they come back with a lot of strings attached and limitations on what we can do with them. As a result, we have to work very hard to balance and maintain our highway program. The funding stream is extremely critical. In the last five and a half years, the Commonwealth of Kentucky has sold \$600 million in bonds for construction of some very important areas of the highway system. In this next biennium, there is not going to be that additional bond money available unless more bonds are sold. I don't see that happening.

Also, vehicles are getting much better gas mileage so the revenues from the gas fund are fairly stable. Even with additional vehicles, they are getting much better mileage, so they are not really adding that many dollars in taxes. That makes up a huge chunk of the money that goes to the road fund.

We need for federal funds coming to Kentucky to increase to the point where we at least get back what we send to Washington.

I anticipate that the construction program will level off at a much lower level than it is right now. We were well over \$400 million last year and we expect to end up at about \$500 million this year. In retrospect, history will show that the last four years have been the best four years of construction in the history of the Commonwealth. This has mostly been due to state bond funds, road funds, regular federal aid, and demonstration monies that we received.

If you are a pessimist, you have to be a little bit concerned about the situation. I like to think that I am an optimist and that we are going to

find some creative and innovative ways to accomplish our goals. I really believe we will. Probably the next session of the General Assembly is going to be the most critical that we have seen as an industry in many, many years. There are a lot of demands out there for different types of funds. There are a lot of needs out there and, as an industry, we are going to have to stick together to support the fact that the road program has to be maintained, has to be sustained in the future.

We are looking forward to evolving technologies, especially new materials, that we are seeing. We are depending on people like UK's Civil Engineering chairman, Donn Hancher, and institutions like the University of Kentucky to study how these technologies can be adapted and used more effectively and cheaper and be more durable in the long run, especially some of the synthetics that have come along in the last few years. They are stronger than steel, but they haven't been tested in the right ways yet.

We hear talk about construction warranties that are used in Europe. I think we are going to have to evaluate them here in the next few years as far as maintenance goes. The infrastructure of the Commonwealth is tremendous. It is well developed, but there are certain areas within the state that are still unable to share in all the good economic growth that has occurred. We are going to have to continue to build and work to develop those areas. This goes back to something that we have talked about several times—reinventing government, looking at different ways of doing things. It is a tremendous challenge to us.

I think we have to reinvent government. If you look at the demands of the voters—they are not going to stand for more growth, they are not going to stand for more taxes unless you can prove that the needs are there and that it will benefit them individually and personally.

This past December, I had the good fortune of traveling with a group to Europe and spending approximately two weeks looking at some of the technologies there. I had always assumed that we in the United States are so far ahead of everybody else, that we are doing such great things that everybody ought to be coming here to see us. I am here to tell you that some of the research going on in Europe is amazing. The amount of money they are putting into research is unbelievable. We are lucky to put one or two percent into research in this country, and they are putting in as much as five and ten percent in some of their research projects.

I will give you a classic example. While in Germany, I rode in a Mercedes 500 that literally drove itself. The driver got in, adjusted the controls, pulled onto the Autobahn and, when we got past a construction zone, turned on the switch. I looked at him and his hands were folded, his feet were off the pedal. This car has what they call "smart cruise control"—it will pull up behind a vehicle and drive the speed of that vehicle; when the driver wants to pass, he uses the turn indicator. The



Mercedes 500 has dual cameras on front and sensors on each side, so it determines if there is anything around it. If nothing is there, it will pull out and pass, then pull back in the line of traffic and automatically continue at the speed it was going before. Just phenomenal. There is no wire in the roadway and no guides that navigate the car. The dual cameras use the edge line and the centerline as guides.

That could be done here on I-75. You could get in such a vehicle and drive from here to Atlanta and, other than making a few changes in Chattanooga and Knoxville, the car could drive itself. You could talk on the phone, you could read, you could literally take a nap. Unbelievable! They say it is going to be on the road in three years; that is their goal. I am confident that there are enough lawyers in the United States, that it would never make it on the road in the United States in three years. The technology is out there and it is staggering.

This summarizes where we have been, and where we are, and where we are going. I think the next administration will have a tremendous challenge facing it. But you in the transportation industry have a tremendous challenge in front of you as well. We can't rest on our laurels, we have to look at new ways of doing things, creative ways of doing things. The ultimate beneficiaries are the Commonwealth of Kentucky and its citizens. Almost four years ago, I set a personal goal that the most important thing we could do is improve the quality of life for all Kentuckians. I think we have made major contributions to that, but we still have a long ways to go.