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**CITY MANAGERS OFFICE
LAWRENCE, KS**

Dear Transportation Partner:

As you may know, I announced on Wednesday that KDOT will suspend most construction lettings for the next two months due to funding uncertainties at both the state and federal levels.

In a time of such extreme financial uncertainty, it would be irresponsible to begin work on projects, without knowing whether we can afford to pay for them. Thus, KDOT will suspend all lettings except for the most critical preservation projects and the continuation of projects already under way. In addition, all local projects will be let in December and January. The revised December and January project list can be viewed at www.ksdot.org.

This decision to suspend lettings is a result of the recent announcement that state revenues would be \$211 million less than expected for 2009 and are expected to be even worse in 2010. In light of these estimates, KDOT budget planners think it is unlikely the state will be able to make the expected loan repayments to the State Highway Fund of \$31 million in both FY 2009 and FY 2010. Planners are also concerned that the funding of the Kansas Highway Patrol at \$36 million, which was expected to be removed from KDOT's budget in 2009, will remain in our budget for the coming years.

These revenue losses are compounded by the uncertainty of federal funds. While Congress passed an \$8 billion transfer to the Highway Trust Fund in September, the shortfall for fiscal year 2010 remains unresolved. Unless Congress addresses this shortfall, we estimate that Kansas will receive about a 45 percent (approximately \$160 million) reduction in federal funds for 2010. This would result in an approximate \$34 million cut to local governments in 2010.


The combined net loss of state and federal funds to KDOT could be as much as \$250 million in 2010. While federal funds should improve some in subsequent years, the expectation is that the state could receive far less than has been anticipated in 2011 and 2012.

In the mean time, KDOT will continue to assess our financial situation to determine which projects can be let with the dollars we can anticipate being available. If there is a ray of hope, it would be the possibility of the federal government creating an economic stimulus package for infrastructure investment. If such a package is developed (and states have discretion on how to spend it), KDOT's first priority would be to complete the announced CTP projects.

We can appreciate how difficult it is for local governments to plan for their transportation projects when there is so much uncertainty. And thus, we will do our part to keep you informed of this situation and any developments that could impact you.

These are challenging times for our state. And it is my hope that by being fiscally responsible and working together, we can protect the investment Kansans have made in our transportation infrastructure.

Thank you for your support.

A handwritten signature in black ink that reads "Deb Miller". The signature is fluid and cursive, with the first name "Deb" and last name "Miller" clearly distinguishable.

Deb Miller
Secretary of Transportation