

Office of the
Legislative Fiscal Analyst

FY 2003 Budget Recommendations

Joint Appropriations Subcommittee for
Transportation and Environmental Quality

Utah Department of Transportation
Construction

Contents:

- 1.0 Summary
- 2.0 Issues
- 3.0 Programs
- 4.0 Additional Information

1.0 Department of Transportation - Construction

Summary

The Construction Program enables the Department to manage the projects from the design stage through their completion without switching back and forth between line items for accounting and tracking purposes. The functions of this line item are separated as programs within the line item as Construction Management, I-15 Team, Field Crews, Civil Rights, Rehabilitation / Preservation, Federal Construction-New, and State Construction-New.

	Analyst FY 2003 Base	Analyst FY 2003 Changes	Analyst FY 2003 Total
Financing			
Transportation Fund	99,671,600	3,510,000	103,181,600
Federal Funds	128,689,600		128,689,600
Dedicated Credits Revenue	1,550,000		1,550,000
Designated Sales Tax	1,000,000		1,000,000
Total	<u>\$230,911,200</u>	<u>\$3,510,000</u>	<u>\$234,421,200</u>
Programs			
Construction Management	2,316,800		2,316,800
Field Crews	18,314,900	(490,000)	17,824,900
Federal Construction - New	59,821,100		59,821,100
Rehabilitation/Preservation	123,601,500		123,601,500
State Construction - New	25,391,900	4,000,000	29,391,900
Civil Rights	392,000		392,000
I-15 Team	1,073,000		1,073,000
Total	<u>\$230,911,200</u>	<u>\$3,510,000</u>	<u>\$234,421,200</u>
FTE/Other			
Total FTE	302	(5)	297

2.0 Issues: Construction

2.1 Highway Funding Initiative

The Analyst is recommending \$11,000,000 from the General Fund to increase the \$146,000,000 of ongoing General Fund to the Centennial Highway Fund as committed by Legislative action during the 2001 General Session. These expenditures are anticipated to be used to fund a portion of the \$2.8 billion highway initiative approved during the 1997 General Session of the Legislature. The appropriation is expected to be deposited into the Centennial Highway Fund. The Analyst anticipates that these funds will be considered as ongoing expenditures when the FY 2004 budget is being prepared.

3.1 Programs: Construction Management

Recommendation

It is recommended that the Legislature appropriate \$2,316,800 to Construction Management for FY 2003. Funding this recommendation includes \$2,112,500 from the Transportation Fund and \$204,300 from Federal Funds.

Personal Services of \$1,799,700 is projected to fund the 24 FTEs. Recommended travel is \$10,300. Current expense is recommended at \$408,200 with equipment expense and communication services making up major portions in this object of expenditure.

	2001	2002	2003	Est/Analyst
Financing	Actual	Estimated	Analyst	Difference
Transportation Fund	1,636,200	2,109,000	2,112,500	3,500
Federal Funds	163,300	204,300	204,300	
Transfers - Within Agency	20,400			
Total	\$1,819,900	\$2,313,300	\$2,316,800	\$3,500
Expenditures				
Personal Services	1,356,700	1,796,200	1,799,700	3,500
In-State Travel	2,100	1,900	1,900	
Out of State Travel	8,400	8,400	8,400	
Current Expense	365,000	408,200	408,200	
DP Current Expense	24,000	3,600	3,600	
Capital Outlay	63,700	95,000	95,000	
Total	\$1,819,900	\$2,313,300	\$2,316,800	\$3,500
FTE/Other				
Total FTE	20	24	24	

Purpose

The Construction Management Program exists at the Department of Transportation to take a highway project from the design stage to a completed roadway for the motoring public. Construction Management is the administrative arm of the construction process currently staffed with seventeen FTEs. They have the responsibility to schedule the work force and coordinate construction projects throughout the State. This office is responsible for developing statewide construction policies, procedures and standards, and insures uniform application in all region construction operations. It is noted that five FTEs in this budget area are dedicated to moving the Legacy Highway concept forward.

Budget Highlights

Challenges the Construction Management group face in the future include maintaining the quality of construction on smaller projects in areas outside the Salt Lake Valley as was experienced on the massive corridor project on I-15. Management has also expressed concerns that they often have areas with numerous projects with too few crews to handle requirements while some crews are located in areas with few or no construction projects to oversee.

The Department has been required to adjust to the reality that the bulk of the construction projects that can be funded in the foreseeable future are not as evenly distributed throughout the State as in the past. The Department has been transferring crews to areas where the contracts have been awarded.

3.2 I-15 Team

Recommendation

The Analyst recommends an appropriation of \$1,073,000 for the I-15 Team program for FY 2003. This appropriation funds ten FTE positions and all costs associated with this program for the next fiscal year. This program is funded exclusively in FY 2003 from the Transportation Fund.

	2001	2002	2003	Est/Analyst
Financing	Actual	Estimated	Analyst	Difference
Transportation Fund	1,678,000	1,195,900	1,073,000	(122,900)
Transfers - Within Agency	393,100			
Total	<u>\$2,071,100</u>	<u>\$1,195,900</u>	<u>\$1,073,000</u>	<u>(\$122,900)</u>
Expenditures				
Personal Services	1,090,600	925,900	894,000	(31,900)
In-State Travel	2,200	2,100	1,000	(1,100)
Out of State Travel	8,300	3,000	2,000	(1,000)
Current Expense	601,500	264,900	176,000	(88,900)
DP Current Expense	8,000			
DP Capital Outlay	16,400			
Other Charges/Pass Thru	344,100			
Total	<u>\$2,071,100</u>	<u>\$1,195,900</u>	<u>\$1,073,000</u>	<u>(\$122,900)</u>
FTE/Other				
Total FTE	17	10	10	

Purpose

The I-15 Team was created as the Department of Transportation's oversight team for the massive rebuild project of the I-15 corridor schedule that began in the spring of 1998. A major responsibility of this group is to interface with the Wasatch Contractor group that was the successful contractor awarded the bid. This team is seeing that the State's interests are being met during the construction process and also coordinate communications to the public to help minimize problems with traffic challenges associated with construction.

3.3 Programs: Field Crews

Recommendation

It is recommended that the Legislature appropriate \$17,824,900 to the Field Crews and Seasonal Pool for FY 2003. Funding this recommendation includes \$9,256,200 from the Transportation Fund and \$8,568,700 from Federal Funds.

Personal Services of \$16,105,500 is recommended to fund the 257 FTEs in the Field Crews area. Recommended travel for Field Crews is \$75,600. Most of these funds are for reimbursement of lodging and per diem expenses incurred by Field Crew personnel.

Current expense is recommended at \$1,632,400, with equipment expense, testing of materials and communication services making up major portions in this object of expenditure.

	2001	2002	2003	Est/Analyst
	Actual	Estimated	Analyst	Difference
Financing				
Transportation Fund	9,069,000	9,684,300	9,256,200	(428,100)
Federal Funds	7,817,500	8,605,500	8,568,700	(36,800)
Transfers - Within Agency	1,973,600			
Total	<u>\$18,860,100</u>	<u>\$18,289,800</u>	<u>\$17,824,900</u>	<u>(\$464,900)</u>
Expenditures				
Personal Services	16,252,000	16,570,400	16,105,500	(464,900)
In-State Travel	76,200	75,600	75,600	
Out of State Travel	1,300	1,200	1,200	
Current Expense	2,474,100	1,632,400	1,632,400	
DP Current Expense	10,800	10,200	10,200	
Capital Outlay	40,800			
Other Charges/Pass Thru	4,900			
Total	<u>\$18,860,100</u>	<u>\$18,289,800</u>	<u>\$17,824,900</u>	<u>(\$464,900)</u>
FTE/Other				
Total FTE	259	262	257	(5)

Purpose

The Field Crew program has two hundred and fifty-seven FTEs that are assigned throughout the State. The responsibility of field crews is to oversee the actual construction of highway projects. Their assignment includes all aspects of highway construction. The field crews also make sure maximum safety measures are considered for the motoring public in a given construction area.

The Seasonal Pool is used during the peak construction season to augment the permanent staff of the field crews. These seasonal employees are often college students who only seek seasonal employment. Because of efficiencies gained through the technician training program the Analyst is recommending a \$200,000 reduction in the Seasonal Pools Program for FY 2003.

This line item also includes the Career Development Group that was previously located in the Human Resources Program in Support Services. Action of the Legislature moved this group during the 1995 General Session to the Construction line item. The group consists of upper-division engineering students and junior engineers that the Department is training in the various areas of the Department. With the tightening of revenues in the Transportation Fund and the weak revenue growth forecast the Analyst is recommending reducing the Career Development Group by five FTE. This reduction will save the Department \$290,000 and all that much more revenue to go to repair and construction of Utah roads. The Analyst has reduced the Field Crews budget by \$290,000 to reflect this recommendation.

Because the expenditure on federal highway construction projects will be controlled by the actual amount of funds the highway construction contractors submit for reimbursement, the following language has been inserted in the Appropriations Act for Construction:

It is the intent of the Legislature that there is appropriated to the Department of Transportation from the Transportation Fund, not otherwise appropriated, a sum sufficient, but not more than the surplus of the Transportation Fund, to be used by the Department for the construction, rehabilitation, and preservation of State highways in Utah.

It is the intent of the Legislature that the appropriation fund first, a maximum participation with the federal government for the construction of federally designated highways, as provided by law; next the rehabilitation and preservation of State highways, as provided by law, and last, the construction of State highways, as funding permits.

It is also the intent of the Legislature that the FTEs for field crews may be adjusted to accommodate the increase or decrease in the Federal Construction Program. No portion of the money appropriated by this item shall be used either directly or indirectly to enhance or increase the appropriations otherwise made by this act to the Department of Transportation for other purposes.

It is the opinion of the Analyst that the Department has adhered to the requirements of these intent statements in the past year. It is further recommended that this intent statement be included in the FY 2002 appropriations bill.

3.4 Civil Rights

Recommendation

The Analyst recommends an appropriation of \$392,200 for the Civil Rights program for FY 2003. This appropriation funds six FTE positions and all costs associated with this program for the next fiscal year. About 57 percent of this program comes from federal sources.

	2001	2002	2003	Est/Analyst
Financing	Actual	Estimated	Analyst	Difference
Transportation Fund	157,900	169,300	169,300	
Federal Funds	119,400	221,500	222,700	1,200
Transfers - Within Agency	97,600			
Total	\$374,900	\$390,800	\$392,000	\$1,200
Expenditures				
Personal Services	347,100	353,700	354,900	1,200
In-State Travel	2,100	2,300	2,300	
Out of State Travel	2,600	2,800	2,800	
Current Expense	23,100	32,000	32,000	
Total	\$374,900	\$390,800	\$392,000	\$1,200
FTE/Other				
Total FTE	6	6	6	

Purpose

The Civil Rights Office is responsible for the Department's Equal Employment Opportunity program and the Department of Transportation minority business enterprise program. The objective of the minority business enterprise program is to encourage minority firms to bid on State and federal highway construction projects.

Performance Indicator

Twelve in-depth Equal Employment Opportunity compliance review audits were conducted on individual Federal-Aid project contractors. These in-depth audits also include audits of each subcontractor performing work for the prime contractors.

3.5 Programs: Rehabilitation / Preservation

Recommendation The Analyst is recommending an appropriation of \$123,601,500 for Highway Rehabilitation / Preservation for FY 2003.

	2001	2002	2003	Est/Analyst
	Actual	Estimated	Analyst	Difference
Financing				
Transportation Fund	57,667,400	57,667,400	57,667,400	
Federal Funds	31,886,400	65,934,100	65,934,100	
Transfers - Within Agency	(17,548,800)			
Total	<u>\$72,005,000</u>	<u>\$123,601,500</u>	<u>\$123,601,500</u>	<u>\$0</u>
Expenditures				
Current Expense	33,627,200	32,000,000	32,000,000	
Capital Outlay	38,377,800	91,601,500	91,601,500	
Total	<u>\$72,005,000</u>	<u>\$123,601,500</u>	<u>\$123,601,500</u>	<u>\$0</u>
FTE/Other				

Purpose

The Rehabilitation/Preservation program is one of the largest recommended appropriation of any program at the Department of Transportation. Approximately \$57 million will be available for highway rehabilitation projects based on Utah Code Section 72-2-106 UCA, which states that two/elevenths of the taxes collected from the motor fuel tax and the special fuel tax, exclusive of the formula amount appropriated to the Class B and C Road Account will be used for highway rehabilitation. The actual amount available will depend upon the total collection of motor fuel and special fuel taxes collected during the fiscal year. The balance of funding for the Rehabilitation / Preservation Program is \$65,934,100 from Federal Funds.

Some of the major activities in the Rehabilitation / Preservation budget are the traffic control program, the betterment program, and the reconstruction program.

The Traffic Control program involves traffic signal lighting and other traffic control devices which are not within the scope of another state or federal aid construction project.

The Betterment Program involves highway improvements which more than restore the highway to its former good condition without major changes in its original structure. Betterments, for the most part, are relatively small projects needed to take care of surface or drainage problems which are beyond normal maintenance activities.

The Reconstruction program, in general, involves widening, changing alignments, increasing the structural capacity, or improving the safety of existing highways. The program supplements the federal aid program in providing the funds needed to support rehabilitation needs which either ineligible for federal are funding or are beyond the scope of projected federal aid.

3.6 Programs: Federal Construction - New

Recommendation

It is recommended by the Legislative Fiscal Analyst that \$59,821,100 be appropriated by the Legislature for the Federal Highway Construction-New Program in FY 2003. This appropriation is to pay the estimated expenditures incurred by contractors on federal highway projects.

The plan of financing includes: \$4,911,300 from the Transportation Fund, \$53,759,800 from federal funds, and \$1,150,000 from dedicated credits (revenues as matching funds for federal construction projects from local government which reduces the State match requirement from the Transportation Fund).

It is noted that the recommended appropriation is an estimate only. The Federal Construction program for FY 2003 may increase or decrease depending on the amounts passed by Congress for funding Federal Highway Construction.

	2001	2002	2003	Est/Analyst
	Actual	Estimated	Analyst	Difference
Financing				
Transportation Fund	4,911,300	4,911,300	4,911,300	
Federal Funds	71,709,300	59,893,700	53,759,800	(6,133,900)
Dedicated Credits Revenue	5,442,100	1,150,000	1,150,000	
Transfers - Within Agency	10,548,800			
Total	<u>\$92,611,500</u>	<u>\$65,955,000</u>	<u>\$59,821,100</u>	<u>(\$6,133,900)</u>
Expenditures				
Current Expense	4,596,200	240,000	240,000	
DP Current Expense	244,200			
DP Capital Outlay	76,500			
Capital Outlay	86,341,100	65,715,000	59,581,100	(6,133,900)
Other Charges/Pass Thru	1,353,500			
Total	<u>\$92,611,500</u>	<u>\$65,955,000</u>	<u>\$59,821,100</u>	<u>(\$6,133,900)</u>
FTE/Other				

Purpose

The Federal Construction-New portion of the Construction budget includes funds for the interstate system and other federally sponsored highways. The interstate highway network in Utah is part of the 42,500 mile National System of Interstate and Defense Highways.

During recent years, the Utah Department of Transportation has seen the originally planned interstate highway system completed. That construction brought to an end more than thirty years of new interstate construction in Utah. The spring of 1998 began a new era in which the original interstate highway system in the Salt Lake Valley is being reconstructed to replace a worn and outdated system.

3.7 Programs: State Construction - New

Recommendation The Analyst recommends that \$1,000,000 from General Funds - Designated Sales Tax, \$24,000,000 from the Transportation Fund, and \$400,000 from Dedicated Credits be appropriated for FY 2003 for funding the State Construction - New Program of the Department of Transportation.

The Analyst points out that this line item will increase with increased revenues or decrease with increased appropriations within the Transportation Fund expenditures.

	2001	2002	2003	Est/Analyst
Financing	Actual	Estimated	Analyst	Difference
Transportation Fund	20,510,900	15,691,600	27,991,900	12,300,300
Dedicated Credits Revenue	(5,026,100)	400,000	400,000	
Designated Sales Tax	1,000,000	1,000,000	1,000,000	
Transfers - Within Agency	4,515,200			
Lapsing Balance	(8,828,100)			
Total	<u>\$12,171,900</u>	<u>\$17,091,600</u>	<u>\$29,391,900</u>	<u>\$12,300,300</u>
Expenditures				
Personal Services	180,200			
In-State Travel	400			
Out of State Travel	3,600			
Current Expense	5,128,500	1,400,000		(1,400,000)
DP Current Expense	125,700		1,400,000	1,400,000
Capital Outlay	5,415,100	14,991,600	27,991,900	13,000,300
Other Charges/Pass Thru	1,318,400	700,000		(700,000)
Total	<u>\$12,171,900</u>	<u>\$17,091,600</u>	<u>\$29,391,900</u>	<u>\$12,300,300</u>
FTE/Other				

Purpose The State Construction-New program is responsible for the construction of state highway projects that have prioritized importance as necessary highways but might not be eligible for federal funding. An example of projects that are considered in the State Construction-New budget is the Bangerter Highway.

The \$1,000,000 from the General Fund Designated is the required funding from provisions of House Bill 393 enacted by 1996 legislation that appropriates \$500,000 each year to State Park access roads and \$500,000 to corridor preservation.

4.0 Additional Information: Construction

4.1 Funding History

	1999	2000	2001	2002	2003
Financing	Actual	Actual	Actual	Estimated	Analyst
Transportation Fund	82,665,500	79,786,200	95,630,700	91,428,800	103,181,600
Federal Funds	152,121,800	151,967,600	111,695,900	134,859,100	128,689,600
Dedicated Credits Revenue	15,349,300	8,918,800	416,000	1,550,000	1,550,000
Trust and Agency Funds		140,900			
Designated Sales Tax			1,000,000	1,000,000	1,000,000
Transfers - Within Agency	(278,300)	(100)	(100)		
Lapsing Balance	(19,591,300)	(23,342,900)	(8,828,100)		
Total	\$230,267,000	\$217,470,500	\$199,914,400	\$228,837,900	\$234,421,200
Programs					
Construction Management	1,703,700	1,633,000	1,819,900	2,313,300	2,316,800
Field Crews	18,112,600	19,960,300	18,860,100	18,289,800	17,824,900
Federal Construction - New	103,369,600	114,471,800	92,611,500	65,955,000	59,821,100
Rehabilitation/Preservation	87,066,900	107,648,000	72,005,000	123,601,500	123,601,500
State Construction - New	16,232,500	(28,938,500)	12,171,900	17,091,600	29,391,900
Civil Rights	300,100	323,500	374,900	390,800	392,000
I-15 Team	3,481,600	2,372,400	2,071,100	1,195,900	1,073,000
Total	\$230,267,000	\$217,470,500	\$199,914,400	\$228,837,900	\$234,421,200
Expenditures					
Personal Services	20,150,400	20,412,200	19,226,600	19,646,200	19,154,100
In-State Travel	133,800	107,100	83,000	81,900	80,800
Out of State Travel	21,000	26,300	24,200	15,400	14,400
Current Expense	28,323,600	26,783,500	46,815,600	35,977,500	34,488,600
DP Current Expense	1,588,900	277,600	412,700	13,800	1,413,800
DP Capital Outlay	920,700	533,300	92,900		
Capital Outlay	178,286,300	167,112,800	130,238,500	172,403,100	179,269,500
Other Charges/Pass Thru	842,300	2,217,700	3,020,900	700,000	
Cost Accounts					
Total	\$230,267,000	\$217,470,500	\$199,914,400	\$228,837,900	\$234,421,200
FTE/Other					
Total FTE	328	283	302	302	297