

**MINUTES OF THE
INFRASTRUCTURE AND GENERAL GOVERNMENT
APPROPRIATIONS SUBCOMMITTEE MEETING
Room 445, State Capitol
JANUARY 31, 2012**

Members Present: Sen. Stuart Adams, Co-Chair
Rep. Gage Froerer, Co-Chair
Rep. Derek Brown, House Vice-Chair
Sen. Lyle W. Hillyard
Sen. David Hinkins
Sen. Karen Mayne
Sen. Aaron Osmond
Sen. Kevin T. Van Tassell
Rep. David Butterfield
Rep. Fred C. Cox
Rep. Craig Frank
Rep. Lynn N. Hemingway
Rep. Neal B. Hendrickson

Members Excused: Rep. Brad L. Dee
Rep. Janice M. Fisher
Rep. Wayne A. Harper

Members Absent: Sen. Mark B. Madsen
Rep. Johnny Anderson
Rep. Patrick L. Painter

Staff Present: Mark Bleazard, Legislative Fiscal Analyst
Gary Ricks, Legislative Fiscal Analyst
Richard Amon, Legislative Fiscal Analyst
Cami Deavila, Secretary

A list of visitors and a copy of handouts are filed with the Subcommittee minutes.

Co-Chair Adams called the meeting to order at 8:05 A.M.

1. Minutes

There were no minutes to approve.

2. State Funded Capital Development Requests (from last meeting)

a. DNR Wasatch Park Renovation

State Parks and Recreation, Facilities and Construction Manager, Dan Clark, stated that they are asking for \$2.1 million for the renovation of the Wasatch Mountain State Park Campground, specifically the Cottonwood Campground. This funding would replace the 50-year-old infrastructure. The entrance station has a failing foundation, water and sewer lines have breaks, larger RV pads are needed for larger campers, amp boxes with greater power are needed,

crumbling roads need replacing and the campsites need updating. The Department of Natural Resources (DNR) is not looking for anything new, but would like to repair the existing, well-used facility that was built in the 1960's.

Co-chair Adams asked where the water source comes from, and if it is from a city water tank. Mr. Clark responded that they have a water right from a flowing spring.

Sen. Mayne asked where the park is located. Mr. Clark replied that it is near the golf course.

Co-chair Froerer asked what the usage has been and if there has been a decrease in usage because of the needed improvements. Mr. Clark replied that it is still a well-used facility; the Cottonwood Campground is the most used campground, but people do "balk" a little if they can't hook up their power. Co-chair Adams added that maintaining infrastructure is the biggest challenge as a state.

3. Comparison of Base Budget (S.B.6) with FY 2012 Estimated

Analyst Mark Bleazard gave an overview of the base budget. The Transportation line item 4 is a reduction of \$1.6 million from the general fund for a special project in the Taylorsville area that was a one-time issue. He called attention to page 3 and the comparison to other funding sources in Transportation. Most of the adjustments in Transportation are issues related to non-lapsing authority the committee gave to the department. Line item one had \$200,000 and gave authority to non-lapse the funds to purchase computer equipment, software and engineering. The maintenance line item, item three, has \$2 million set aside for a maintenance. It is anticipated that the money will be expended prior to the FY13 start date. Region management is a non-lapsing item that was given to spend the funds if there were savings. Construction Program is a lag time in non-lapsing funds to get projects completed. The Centennial Highway program of \$32 million was a transfer to the Transportation Investment Fund (TIF) line item. The Critical Highway Needs is an line item of interest earned, \$5 million in interest earnings.

Analyst Rich Amon stated that the base bill would be the same as last year's appropriation, minus some of the one-time changes or adjustments to Federal funds and dedicated credits. The Administrative Services line item 15 has a \$2 million difference due to operation and maintenance (O&M) funding. The O&M couldn't be put in the place it should go so it was lumped into administration in the Department of Facilities and Construction Management (DFCM). It was backed out of one-time money and netted to a zero in FY2012. It needs to be moved to the right place in FY2013. The Energy Program in the same line item, has \$340,000, that is a reduction in the energy program in the ongoing funding and was given the authority to collect funds and make them self sustaining. There are two other significant differences. The Capital Improvement estimate is \$53 million and the base budget is \$42 million because the sub-committee appropriated one-time money from the Project Reserve Fund last year. The Debt Services changes are changes to funding sources. The Build America Bonds require appropriating a gross debt service of \$15 million and \$7 million of restricted funds so that if the Federal Government didn't give the rebate they would have enough to pay the bonds. Once they get the rebate they transfer it back to the general fund.

Analyst Gary Ricks directed the sub-committee to the Department of Technology Services line items. There was no adjustment to the general fund. On page 6, line items 28-29, there was a

slight adjustment to the Chief Information Officer (CIO) line item of \$5,600 due to non state funding issues. Item 29 deals with the Automated Geographic Reference Center (AGRC), which receives more than general funds for its funding. It had funding from the general fund restricted account, which also funds an activity in the Department of Public Safety. In the last session this account was over appropriated and AGRC had to lapse back \$104,900. There is an arrangement to have an interdepartmental transfer in FY12 of \$104,900.

Sen. Hinkins asked if on, line item 18 dropping from \$11 million to \$8 million, was one-time money. Mr. Amon answered that it was. There is a base of \$8 million and \$3 million of one-time money.

4. Department of Transportation Overview

Mr. Bleazard presented an overview of the Department Of Transportation (DOP) budget. The transportation revenue estimate for the current year is \$440 million. The revenue funds are made up from motor fuel taxes, special fuel taxes, overweight fines, and overweight permits. The estimated FY2013 budget has increased to \$447 million, which reflects a 1.6 percent increase. Inflationary costs outstrip the growth and revenue. A study showed that there is an estimated \$50-60 million shortfall in maintenance on an annual basis. Another source of funding is Federal funding, which is currently \$200 million for state highways. It comes from Federal taxes the state sends to the Federal Government, which returns to the state through the Federal Highway Bill. There is a \$12 billion shortfall in the trust fund and if it is not fixed states will receive less money than they do currently.

Code citations currently state that 1/16th of a cent sales tax goes to the construction line item. Currently, 8.3 percent of revenue collected from sales tax goes to Centennial Highway Program, which is estimated at \$165 million in FY2013. Ninety million dollars is allocated to the Critical Highway Fund. Item seven requires 30 percent of the new growth of revenues in sales tax be deposited into the Transportation Investment Fund (TIF). The sales tax portion that is dedicated to transportation is \$300 million for FY2012 and estimated at \$372 million for FY2013. The increase is the new piece going to the Transportation Fund of \$60 million. The original Centennial Highway Program increased gas tax .05 cents, motor vehicle registration fees went up \$12.50 and department efficiencies of \$6 million, totaling \$101 million for FY2012 and \$108 million for FY2013. With sales tax added, there is a revenue stream of \$265 million in FY2012 and \$280 million in FY2013. The 41 original projects are complete and the funding source now rolls into the TIF. There is the debt service left on the bonds issued, currently there is \$700 million left of \$900 million original bonding.

The Critical Highway Needs has 31 projects identified through this funding. Sales tax totals \$99 million in FY2012, \$100 million in FY2013 and projects are almost complete. There is an authorization of \$1.2 billion in bonding for this revenue source and roughly \$1 billion left in outstanding bonds. The Highway Capacity Project was originally at \$35 million and is now down to \$1 million. It had 32 smaller capacity projects built throughout the state, and the program is complete. The TIF fund program has a funding source of .25% of the sales tax and a \$20 increase in motor vehicle fees. Revenue is at \$61 million in FY2012 and \$120 million in FY2013. The program originally had 17 projects with 3 more added, which are portions of the Mountain View Corridor, Southern Parkway in St. George and the Core Project on I-15 in Utah County. Bonding was authorized for \$2.2 billion and the projects are almost finished. One

concern of this sub-committee is what to do with the revenue of \$60 million. Governor Herbert is recommending a portion of that for Capital Facilities and maintenance of highways. The law states that it be in the TIF and if no action is taken that is where it will be required to be spent.

Rep. Cox asked how much the state is giving for the Federal gas tax and how much we are getting back. Mr. Bleazard answered that we are getting back what we send them and maybe a little more. Mr. Braceras added that 18.4 cents of every gallon goes to Washington, the total is \$300 million. Co-chair Adams stated that it has been consistent and hasn't grown.

Sen. Hinkins asked why there is a difference in the tax on diesel and regular fuel, diesel is at 24 cents and regular at 18.4 cents. Mr. Braceras said he is not sure.

5. Department of Transportation Budget Discussion

Executive Director of Utah Department Of Transportation (UDOT), John Njord presented the status of the transportation system. The growth trends are that the state will continue to grow every year even if no one moves here. Growth will bring increased travel and travel always grows faster than population. The challenge is the amount of capacity added since 1990, which is not growing nearly as fast as the population, and vehicles traveled in miles. The department has modified goals set in 2003, the new goals are: Preserve Infrastructure, Optimize Mobility, Improve Safety and Strengthen the Economy. There is a plan for every section of every road to extend their life into the future.

Co-chair Adams stated that funding has generally been through a gas tax, which has allowed them to maintain the system, now it is through General Fund money. The debate is that a user fee may be a funding source and how to fund this type of a system.

Sen. Hinkins asked if it would be possible to change the 18.4 cent federal tax on regular gasoline to match the 24 cent tax on diesel, but keep the revenue in Utah. Co-chair Adams stated that it is an idea that could be included in discussions, and there will need to be another source.

Mr. Braceras continued with the current conditions of state roads. Most of them are in good condition, and a very small number of miles that are poor. The interstate is being taken care of at a higher level. An additional \$40 million per year needs to be added to maintain level 2 roads. Governor Herbert purposes adding that money into maintenance of roads.

Co-Chair Adams asked how many miles of interstate and level 1 roads there are, and if it is 50-50 with level 2 roads. Mr. Njord replied that it is a little less than half in level 2 roads.

Rep. Butterfield asked what the funding projections are based on. Mr. Braceras responded that they are assuming that the federal funding and the state funding are staying flat. Mr. Njord added that the federal government is spending more than they are taking in. The trust fund is currently at -\$12 billion. The state could see a 35% decrease in federal funds, which would significantly change the projections.

Mr. Njord continued his discussion with the condition of bridges. A failed bridge is catastrophic. The worst are being dealt with first and then long-term maintenance. There are very few bridges in the poor category. Most bridges were built in the 1960's and 70's and made

to last for 40 years, which have now exceeded their life span. They are attempting every resource to hold them together. Resources allow them to rebuild about 15 bridges a year, but they should be replacing 40-50 bridges.

Rep. Hemmingway asked if the bridges shown on the graph are bridges being built to replace the bridges built in the 1960's-70's. Mr. Njord replied yes.

Rep. Frank asked if the learning curve has been expended and if they are using the same technology across the state for replacing other bridges. Mr. Njord replied that they have replaced more bridges using Accelerated Bridge Construction (ABC) across the state than the rest of the country combined. Mr. Braceras added that with technology, bridges should have a life span of 70-75 years.

Mr. Njord continued that they have a request for a Feature Increase Request of \$1.9 million of TIF funds to maintain 257.9 added lane miles. In addition there are 77.81 added lane miles in non-TIF projects, which need \$575,800 for maintenance. The request is not for additional money, it is a request for a transfer from the construction line item to the maintenance line item. There is a request for an increase in the equipment budget to replace a fleet of 499 snow plows; it is for \$3.5 million. It is more cost effective to keep the fleet as new as possible. The cost per hour to operate the vehicle goes up with the age of the vehicle. This is not an increase request, but a transfer request from the construction line item to the equipment line item. Mr. Braceras presented the second strategic goal of Optimize Mobility.

Sen. Mayne stated that the broad spectrum is economic development; companies won't come unless they have roads compatible with business. Rural areas have to have transportation. It is the lifeblood of bringing companies here.

Co-Chair Adams added that accessibility and mobility is the key to economic development. If we still had three lanes on I-15 through downtown Salt Lake, we wouldn't have companies like Frito Lay or others.

Mr. Braceras continued with the progress on several projects. The I-15 core project is a \$1.725 billion job of building 24 miles, 10 interchanges and 63 bridges in 35 months. It is on schedule and is 70 percent complete.

Sen. Hinkins asked if they are going to make it to the Payson exit. Mr. Braceras replied that the job will take it to the Spanish Fork interchange. Sen. Hinkins also asked how the SR14 project is going and were they able to work over the winter. Mr. Braceras replied that they have a contractor on board and \$10 million allocated to the project and are working on requesting rights of permission to work on private property.

Mr. Braceras continued, that the Southern Parkway project has had some challenges. There is \$50 million in the project and two segments have been completed. The challenge has been the wetlands.

Co-Chair Adams clarified that the project is on partial state and partial local roads and they can complete the state roads as the need arises. Mr. Braceras replied as the need arises and the money is available.

Mr. Braceras continued with an environmental impact study that is taking place in the West Davis area. Federal Highway Administration will make the final decision. Another way to address mobility is with traveler information. UDOT now has an iphone app to look up traffic information and weather information. The department uses them to dispatch trucks. It has been well received.

Mr. Njord presented the third strategic goal which is to Improve Safety. Traffic fatalities are down 37 percent. There are a number of strategies being used to reduce that number, which are engineering solutions, cable barriers and education. It has been determined that the express lane is the safest lane on the highway. There have been 1percent of crashes in the express lane, which is 20 times safer. The fourth Strategic goal is Strengthen the Economy. Transportation facilitates and enables economies to thrive. There are 602 contracts with individual companies, with 13,000 private sector employees. There is a long history of transportation and Gross Domestic Product (GDP), going back to the 1960's Vehicles Miles Traveled (VMT) and GDP follow along simultaneously for over 50 years. Travel is directly connected to our Gross Domestic Product. The accelerated techniques lessen the impact on the economy and the footprint on people's lives. They will complete 28 projects worth more than \$3 billion for 2012, which is the largest completion of projects in the state's history.

Co-Chair Froerer asked how to purchase an express pass is. Mr. Njord responded that a person should go to udot.utah.gov and set up an account.

MOTION: Representative Cox moved to adjourn, motion passed unanimously.

Co-Chair Adams adjourned the meeting at 10:05 A.M.

Minutes were reported by Cami Deavila, Senate Secretary

Sen. Stuart Adams, Co-Chair

Rep. Gage Froerer, Co-Chair