

MINUTES

MONTANA HOUSE OF REPRESENTATIVES  
54th LEGISLATURE - REGULAR SESSION

JOINT SUBCOMMITTEE ON GENERAL GOVERNMENT & TRANSPORTATION

Call to Order: By CHAIRMAN ED GRADY, on February 10, 1995, at  
8:05 a.m.

ROLL CALL

Members Present:

Rep. Edward J. "Ed" Grady, Chairman (R)  
Sen. Thomas A. "Tom" Beck, Vice Chairman (R)  
Rep. Gary Feland (R)  
Sen. Eve Franklin (D)  
Rep. Joe Quilici (D)

Members Excused: None

Members Absent: None

Staff Present: Skip Culver, Legislative Fiscal Analyst  
Dan Gengler, Office of Budget & Program Planning  
Rosa Fields, Committee Secretary

Please Note: These are summary minutes. Testimony and  
discussion are paraphrased and condensed.

Committee Business Summary:

Hearing: Montana Department of Transportation  
Executive Action: None

*{Tape: 1; Side: A; Approx. Counter: 000; Comments: n/a.}*

HEARING ON MONTANA DEPARTMENT OF TRANSPORTATION  
CONSTRUCTION BUREAU

Tom Barnard, Construction Bureau, Montana Department of  
Transportation, continued from the previous day's breakdown and  
description of the issues in the LFA budget book.

He discussed Item #8, which is the environmental impact  
specialist, the person who writes environmental impact  
statements, which are necessary before the department purchases a  
right-of-way. The salary is \$36,000 annually.

Item #9 is the addition of 1.0 FTE to the research staff.  
Currently, they have one individual, but ISTEA mandates that a  
certain portion of the federal aid program be devoted to  
research. All research is done by consultants or the university

system; the MDT staff is necessary to process the paperwork (agreements and reports).

Item #10 is the safety management system. One FTE is necessary, due to ISTEA requirements, to staff this system which is currently being developed and will be in full operation by October 1996.

Item #11 is a bridge seismologist, necessary to do seismic evaluations of all bridges and retrofits on them, starting with areas in Montana most susceptible to earthquakes. This person would work with the bridge design crew.

Item #12 is a mandate under the clean water act and by presidential executive order to devote one staff member for the purpose of obtaining easements for wetlands mitigation (as discussed in detail at the meeting of 2/9/95).

**SEN. TOM BECK** commented that this mandate bothers him. **Mr. Barnard** said they are as frustrated as he is, but they don't have any choice and have to do the work. He described why the wetlands mitigation is happening now, even though the clean water act has been in effect for some time. The mitigation has to be done prior to the destruction of the original wetlands.

**CHAIRMAN GRADY** asked if this is acre-for-acre replacement. **Mr. Barnard** replied that the presidential executive order says one-for-one, but under some of the new criteria, the value of the acres of wetlands has to be considered. If a higher value wetland is replaced by a lower value wetland, they have to make up for it with more replacement acreage.

**REP. QUILICI** asked how they determine the value of a wetland. **Mr. Barnard** said there's a "long-winded" criteria followed to make such a determination.

**SEN. BECK** asked why they couldn't have their right-of-way staff handle this. **Mr. Barnard** said this individual would do regular right-of-way as time permits, but they've found that, in western Montana, for instance, they've tied up one agent almost fulltime trying to find sites for wetlands mitigation. This individual has been taken away from acquiring right-of-way for highway projects and the result is they don't can't get both jobs done.

**CHAIRMAN GRADY** asked if they're adding more right-of-way staff in the budget. **Mr. Barnard** said this was the only additional position they were asking for, because they've reorganized this function. They are halfway between a centralized and decentralized system to save on travel.

**SEN. BECK** asked if they didn't approve the funding for the wetlands mitigation position, would a portion of the ISTEA funds be withheld and what other repercussions would there be. **Mr. Barnard** said they would not be able to let the contract if they

didn't develop a plan to replace the wetlands. **SEN. BECK** asked who reviewed the plan. **Mr. Barnard** explained that the Federal Highway Administration (FHWA) has to approve their environmental documents, and are also mandated to make sure they are in compliance with federal regulations.

**SEN. BECK** asked if FHWA is a reasonable agency to work with, and **Mr. Barnard** replied that they are pretty good. However, he mentioned that the Corps of Engineers is difficult to work with.

**CHAIRMAN GRADY** clarified that they are only asking for one more position to assist with this part of the construction work. They have a lot of catching up to do because of the new regulation that the plan be submitted prior to starting work on the project.

**Mr. Barnard** continued discussing the budget and said Item #13 is the community transportation enhancement program. ISTEA says 10% of the surface transportation program funds must be set aside for enhancement projects. These funds have been set aside for each city and county with a population of over 1,000. They can nominate projects to use their share of the enhancement projects, and over the next six years they anticipate over 600 projects will be submitted. They need a staff person to review the project proposals and make sure they meet all federal requirements.

**REP. FELAND** asked if each community knows what they want. **Mr. Barnard** said each community has been advised of their share, which is allotted each year.

**SEN. BECK** asked for a typical example of what an enhancement project is. **Mr. Barnard** said there are ten different things that can be done with enhancement funds; including the preservation of historic buildings, bicycle paths and walkways, beautification, landscaping. **SEN. BECK** asked how projects are prioritized, by population? **Mr. Barnard** replied that was correct.

*{Tape: 1; Side: A; Approx. Counter: 385; Comments: n/a}*

**Mr. Barnard** said Item #14 is the bridge management system for 1.0 FTE to run this system, which is mandated by ISTEA. He described the importance of this system.

Item #15 is the metric conversion system, which is necessary because they will be required, starting in October 1, 1996, all projects put out for contract, unless exempted by the FHWA, will have to be designed in metric. Converting the plans to metric is a small part of the task; they also have to purchase all the manuals, redo standard drawings, change all design libraries to metric manuals, and the circulars and maps they use have to be converted as well as the survey equipment. Most of the computer software is in inches, so they have to discard it and buy new software.

REP. QUILICI asked about the CAD system. Mr. Barnard said part of the software used for the CAD system, purchased in the last four years, is in metric, but the older software is not.

SEN. BECK asked if this would also change the dimensions of highways. Mr. Barnard said it will change the size of highways to a small degree but will not be noticeable.

SEN. BECK asked if contractors who are prepared to bid on these jobs are using the metric system, and would this be a requirement. Mr. Barnard said they are not prepared to meet the metric requirement and will have to work this out with the FHWA. It's a matter of education. Mr. Barnard said there was an attempt in the mid-1970s to change to the metric system and it was overwhelmingly defeated. He said they are required to do it and they have a good relationship with the FHWA who "are trying to make this task as simple and least costly as possible."

*{Tape: 1; Side: A; Approx. Counter: 577; Comments: n/a.}*

CHAIRMAN GRADY asked where Montana is in comparison with other states on this issue. Mr. Barnard said in the conversion process, Montana is ahead of most of them.

SEN. BECK asked if most of the new engineers graduating from universities are learning the metric system. Mr. Barnard said they are learning metric and are far ahead of the "oldtimers."

He described Item #16, the rest area program, which was not funded because the 1993 legislature deleted it, so they are requesting that the program be re-initiated for \$400,000 in fiscal 1996 and \$500,000 in fiscal 1997. The benefits are two-fold: many cities have a little park near the highway and it's difficult to pay for maintenance and upkeep. When MDT builds their own rest areas, they have to maintain them. The average cost of a newer rest area facility is approximately \$25,000 per year. Local governments, under agreement, are willing to assume this responsibility from time to time, which means a substantial savings to the department's budget. Some of the requests they had at the time of the 1993 session were from Wolf Point, Baker, Cut Bank, Eureka, Hamilton, Havre, Lincoln, Red Lodge, and Shelby. They have received additional requests in the interim.

*{Tape: 1; Side: A; Approx. Counter: 770; Comments: n/a.}*

Mr. Barnard described Item #17, miscellaneous new equipment, which is necessary, in large part, for computer operators' ergonomic work station retrofits.

CHAIRMAN GRADY asked if they can shuffle equipment expenses from one place to another. Mr. Barnard said there are a couple ways to do that--they can transfer funds from one division to another or wherever the budget authority is, they can purchase the

equipment out of that budget, and then transfer the equipment and keep track of it in inventory.

Item #18 is for global positioning system (GPS) survey equipment. **Mr. Barnard** said GPS is a way to use satellites to locate specific points on the earth. Now, most survey work is done phototelemetrically. After the photos are taken of various landmarks, crews must go out to the area to identify specific points on the photos, document the elevations, and the distance between two or more points and they have to do that in order to level and adjust the photos in the stereo plotters, which is very time consuming. With the GPS, a global receiver would be placed at each of these points, and in a few minutes, it would record the exact location of the point and the elevation. This would save a great deal of time and speed up the process.

*{Tape: 1; Side: B; Approx. Counter: 000; Comments: n/a.}*

**Mr. Barnard** continued describing the GPS and eventual uses of this system. He said it is extremely expensive.

Item #19 is the pavement binder system. A few years ago at the federal level, a \$50,000 research program was established to improve technology for things such as asphalt and concrete pavements. This was called SHRP, the Strategic Highway Research Program. This research project resulted in a new way to design asphalt pavements. The binder is the asphalt itself, it binds the aggregate together. The result of this procedure is a longer-lasting pavement. It takes more work in the laboratory, so they have requested 1.0 FTE for the lab position in fiscal 1997. They expect the benefits to be many times the cost of the additional employee.

Item #20 is the increased RTF program in the amount of \$10 million in fiscal 1996 and \$15 million in 1997. In those first two years, those projects will primarily be pavement preservation.

**CHAIRMAN GRADY** clarified that the RTF program is not tied to federal funds and **Mr. Barnard** said that was correct. It's all state dollars.

**SEN. BECK** said this is a spendable trust account from which funds can be expended. **Mr. Barnard** said he was correct and that it isn't really a trust account, but just language they carried over from 1983 and should call it a state-funded construction program instead. Under this program, counties receive three-quarters or \$15 million. In addition, a federal aid secondary program is in the amount of \$15 million.

**Skip Culver, Legislative Fiscal Analyst**, said there is approximately \$17 million in fuel tax revenue that is re-allocated to cities and counties. He said the state and federal funds, not counting maintenance or construction on secondary and

primary roads, amount to approximately \$64 million per year. If they added what they spend on the primary systems in cities, that's also substantial.

**SEN. BECK** said, for instance, Harrison Avenue in Butte is a primary route that is maintained by MDT. **Mr. Barnard** said the fuel tax rebate program amounts to about \$18 million yearly.

**Mr. Barnard** described Item #21 as relating to a moratorium on the metric system conversion mandated by the federal government. They could take that item out and they could live with that. They should recognize that in the event they lift the moratorium, they'd have no choice but to comply.

Item #22 is vacancy savings.

**CHAIRMAN GRADY** asked what the timeframe of the moratorium is and if it has been set. **Mr. Barnard** said it had not, and when the law was originally passed, it had an October 1, 1996 deadline. If they wait until the middle of 1996, they would have to extend the deadline. He expects them to allow two years for the completion of metric conversion.

*{Tape: 1; Side: B; Approx. Counter: 263; Comments: n/a.}*

**Mr. Dye** said language in an administrative budget amendment might be necessary to address the timing issue. If they have to stop what they're doing before they can approach the legislature again, they might need something to help them out.

**Mr. Barnard** said, as requested the day before, they have information on the consultant and professional services costs. **EXHIBIT 1** He explained the information shown on this handout.

**SEN. BECK** asked who the contractors are. **Mr. Barnard** said there are many things covered in the consultant services budget. They have engineering firms who do design work, but there are many others. He described the kind of work consultants are hired to do: hazardous waste investigations, air quality studies, land surveying, skid testing (which he described as testing the skid resistance of the pavement every other year to determine if they are safe under certain conditions), appraising, cultural resource studies, biological studies, underground exploration to locate utilities, traffic signal design, revising manuals, hydrology studies in conjunction with USGS, environmental impact statements, etc.

*{Tape: 1; Side: B; Approx. Counter: 410; Comments: n/a.}*

**Mr. Culver** said when the MDT submitted their budget to OBPP in September, they used the project scheduling model. These numbers are not finalized, but are only those that were projected back in September. They were aware of that, but had to put something in the executive budget book as well as the LFA book. They agreed

with the department and the budget office that when more current numbers were available, they would present them to the subcommittee for inclusion of the more recent numbers. The projected numbers on page A-84 are revised. Copies were distributed to the committee (see Exhibit 1). He said Item #4 is the most significant. \$47 million was originally submitted for construction payments; the revised amount is a reduction of \$5.9 million for a new total of \$41 million. In fiscal 1997, the submitted budget was \$25.8 million, the second submission has increased that to \$48.3 million. He said they constitute the present law based on the schedule of payments for contracts on construction projects. These are the present law adjustment figures they will be considering.

**SEN. BECK** asked for a reason for the \$22 million difference for the fiscal 1997 biennium. **Mr. Barnard** said this is due to the fact that the payouts vary considerably, depending on when the contract was let. He explained that there was a lot of federal aid money tied up in preliminary engineering with the idea that they would have a bigger program needing more project design, but it's gone down, so they can now free up some of that money for contracts. The total amount is about \$30 million. Other significant items are the 18.8 FTE necessary for the contract administration of the increased state funded programs. On line 6, consultant engineering fees are necessary to design the projects for the increased stated funded program.

**SEN. BECK** asked if there are contractors available to do the increased work. **Mr. Barnard** said they have never had a lack of contractors yet and there's no doubt they'd get the work done.

**SEN. BECK** asked what would happen if they approved the programs, but not the FTEs. **Mr. Barnard** said they'd have to hire more contractors. He said the net result would be that they would have to curtail much of the construction work because of the cost of hiring consultants.

**SEN. BECK** asked if they can line-item FTEs. **Mr. Culver** said they could not, especially with the MDT, because they've always had the permission to adjust present law based on their construction model. Their intent can be put in, but the legislature doesn't ordinarily set FTE. They could be put in as a "one-time only" expense.

**SEN. BECK** said it seemed they needed the FTE now, but not four years from now.

**REP. QUILICI** said they discussed this numerous times, and if MDT doesn't need FTE, they won't keep them. He said he battled with them in the past over laying off some people that he didn't think should have been laid off.

{Tape: 1; Side: B; Approx. Counter: 703; Comments: n/a.}

**Mr. Barnard** said the law is called the little Brooks bill, a Montana law that governs the selection of architects, engineers and land surveyors. He said there was quite a debate over whether they can ask a consultant how much the work is going to cost when they put out a Request for Proposal (RFP). For many years they did ask for costs in proposals, then about 2½ years ago, an opinion was issued that said when they ask for proposals they cannot ask for cost. However, after they select the consultant, then they can negotiate costs.

**CHAIRMAN GRADY** asked if there was currently a bill addressing that issue. **Mr. Barnard** said there was, and he was notified that a hearing for SB 468 was scheduled for a hearing the following Monday.

**CHAIRMAN GRADY** asked if they were supporting this bill. **Mr. Barnard** said they were, but with one understanding--while they are considering cost, they do not want to be in the position of having to accept least cost when they bid for consultant services. He said "you get what you pay for."

**CHAIRMAN GRADY** said past performance is part of the criteria. **Mr. Barnard** said that was correct. **CHAIRMAN GRADY** said the bill doesn't require low bids now. **Mr. Barnard** said he supported it as it was, but if it is amended, he'd be concerned.

**Mr. Culver** said in Item #21, the question about whether they'd have to do it or not, he asked if that money could be used for construction instead of just cutting the budget. **CHAIRMAN GRADY** said there are no federal funds. **Mr. Culver** said \$3.5 million is federal funding for metric conversion.

**Mr. Dye** stated that the \$4 million is part of the overall program and if it's cut, do they want to turn it back to the federal government or do they want to put it into the construction program and allow them to use the spending authority.

**REP. QUILICI** said rather than turn it back, at least give them the authority to spend it on road construction. **CHAIRMAN GRADY** asked if the federal money was earmarked for a specific purpose. **Mr. Barnard** said this money comes in "pots" and is limited, but has some flexibility. He described the various funds and how programs are paid for from the different funds. If money isn't spent for one purpose, it can be applied to another.

*{Tape: 2; Side: A; Approx. Counter: 000; Comments: n/a.}*

**Mr. Barnard** said they don't know how much the federal government will provide, but they've estimated \$160 million.

**REP. QUILICI** said in 1987 the sections pertaining to the hiring of engineering and surveying consultants were very specific about what they could and couldn't do.

Dave Stahly, local consulting engineering, said he discussed the highway construction budget with **CHAIRMAN GRADY** and others in the private engineering community, and said he wished to convey their thoughts on privatization and the proposed budget. Each of the approximately ten firms he is representing has provided engineering services to MDT. There are actually 15 firms that provide such services. Privatization is an important issue and he quoted the American Consulting Engineering Council (ACEC) newsletter that stated that the organization's president and FHWA administrator Rodney Slater, pledged ACEC's support for a MDT plan that directs the FHWA to establish a private sector involvement program. The object is to encourage state highway agencies, when using federal aid highway funds, to increase their use of private sector consulting for engineering and design services.

Mr. Stahly described their goals and said one is to assist in building quality highways by being part of the overall team consisting of the FHWA, MDT, and the contractors and consultants. The second goal is to attain and preserve highway funds. The third goal is to achieve a solid balance between the in-house staff and the use of consultants.

*{Tape: 2; Side: A; Approx. Counter: 120; Comments: n/a.}*

Mr. Stahly described the department's use of consultants, the highest use being in the design of contract-ready plans. Presently, 15 firms have assisted MDT in this area and they have invested in computer facilities and survey equipment to be compatible with the department's equipment. It helps their cost of doing business if the workload from MDT is on a level playing field.

The second use is total involvement on selective projects such as county secondary roads or off-system bridges. The consultant would handle the project from start to finish, which is a concept that has been tried by MDT and coordination between all involved parties is essential. This concept is currently in place on a couple of pass-through projects.

The third area is total construction survey--presently, MDT specifies that the contractor complete the finished a certain phase of the construction (he offered an explanation of subcontracting that sometimes occurs)--and stated that several projects have been accomplished where the total project survey is completed by private firms. This allows the firm to be on the project for a longer period of time and allows for a more efficient operation. Direct FHWA projects do this effectively as well.

The last area that they discussed with MDT was in the construction, engineering and inspection. This type of assistance has not be provided in a consistent manner. When FTEs

were lost recently by MDT, their consultants offered this service.

**Mr. Stahly** said **Director, Marvin Dye**, and his staff have listened to these suggestions and provided their feedback. He had a reservation about the cost comparison of consultants to department FTEs that is being used. He said they don't know how the comparisons were made or what constitutes overhead factors in the department, any argument they would make would be speculative. He said MDT has agreed to fund a private study on this matter and they are committed to accepting the results of the future study. In the meantime, MDT is working with current information, and have acknowledged that consultants are a part of the program, and is reflected by the proposed increase in the consultant budget from \$4 million to \$8 million in the next biennium each year. More FTEs in some areas are also reflected in the budget, which is thought by both sides to be a balancing between adding staff and increasing the privatization budget.

*{Tape: 2; Side: A; Approx. Counter: 297; Comments: n/a.}*

**Mr. Stahly** said their group supports MDT's proposed budget. **CHAIRMAN GRADY** asked if MDT had a right-of-way and put out a bid to get a mile of distance and gave the consultant all the specifications of the project, would they have the qualifications and equipment to put together a bid. **Mr. Stahly** said yes, but they have been working with the department to address the situations when MDT is better prepared to do a project or believes they are better prepared. They will accept that until another study comes out with a different conclusion.

**CHAIRMAN GRADY** asked how much other federal agencies spend on private consultants. **Mr. Stahly** said the U.S. Forest Service contracts all their road building projects to private firms.

*{Tape: 2; Side: A; Approx. Counter: 413; Comments: n/a.}*

**REP. QUILICI** said the committee needs to look at cost and revenue, but he was glad **Mr. Stahly** looked favorably on the independent study. He stressed the need to look at the best system for the people of Montana. He asked **Mr. Stahly** if his organization would be willing to contribute toward the study, so it can truly be independent, and they can arrive at the most cost effective method and can best do the job. **Mr. Stahly** said he thought the study is being proposed, and the department will put out an RFP for the study. He said **REP. HANSON** will direct how the RFP is done. They would welcome the opportunity to have input in the study.

**Mr. Curry** said the way he understands the proposal that was approved by the highway commission is that the legislative auditor will contract with a private audit firm that will gather information from MDT and from the private sector, so they compare the actual costs of doing the work. He assumed that will involve

all private firms doing work for MDT in order to get an accurate comparison.

Mr. Dye stated that they are also going to try to have a group of interested parties help in the selection process, so the private auditing firm is agreeable to everyone.

REP. QUILICI said he would like to get this study finalized, so they can get back to the business of building roads. Mr. Stahly said this is why they support the proposal because this new study may show that the current study they are working under is in error and this new study may show that consultants are more cost effective, and it would provide a compromise.

REP. QUILICI asked if private consultants have to "jump through the same hoops" and satisfy the same demands of the federal government. Mr. Stahly said yes, and he described situations when they have to follow certain regulations.

Mr. Stahly was asked a question by REP. FELAND regarding a dollar figure of \$700,000 he mentioned and explained that the information he's seen doesn't show a privatization on the construction work itself, other than the contractors. In 1978, the department put a bid item in the construction contract, blue stop staking. The contractors use the engineering firms for that work. He said that service, in the last two years, totalled \$700,000. In answer to another inquiry about this figure, he said it is not included in the \$8 million, but would be over and above that amount.

*{Tape: 2; Side: A; Approx. Counter: 664; Comments: n/a.}*

Mr. Barnard added that the actual amount is more than \$700,000. Some staking has been totally turned over to the contractor. The figures they are looking at are contracts that MDT has with consultants.

Mr. Dye said the proposed budget is still well below the needed FTE by the department. He said the number of projects determined the need for personnel, and the figures are not permanently in the base, because as projects get done, the number of FTE is decreased, and when they get fewer funds from the federal government, that number is driven downward.

*{Tape: 2; Side: A; Approx. Counter: 753; Comments: The subcommittee took a break before moving on to the next agenda item.}*

HEARING ON MDT  
TRANSPORTATION PLANNING DIVISION

Ms. Patricia Saindon, Administrator, MDT Planning Division, provided an overview of her program. She referred to page A-107, Present Law Adjustment issues. A reduction of 4.0 FTE were put in by the 1995 legislature as a one-time appropriation for a statewide transportation improvement program. She said the \$482,000 reduction in funds were actually federal taxable funds for transit programs.

*{Tape: 2; Side: B; Approx. Counter: 000; Comments: n/a.}*

Ms. Saindon said on page A-108, New Budget Proposals, the 4.0 FTE requested are the same that were reduced on the previous page. She said this was a one-time authorization in the last session because they had interim planning regulations for ISTEA, which at that time proposed the development of a state implementation program and did not think at that time that it was going to be included in the final regulations, but it is there now, and she needs the FTE to do the necessary work.

The \$650,000 request for a highway information system was discussed. She said the narrative in the budget book is incorrect; they currently have an information system, but it exists on a mainframe, and they have to upgrade it to Oracle database software and update the information from the new management systems. She presented files for the committee to see and described their contents. She said this information is provided to counties, cities, consultants and planning organizations. They keep records of accidents, safety data, etc.

**CHAIRMAN GRADY** asked about the state share. **Ms. Saindon** said \$650,000 is the total amount they are requesting, of which 20% is the state share. She continued with the budget and said McCarty Farms shows payments made out of the general fund, which is incorrect. The requested funds will come from the highway earmarked revenue account. She said the final item on her proposal is a reduction of 2.3 FTE which is the division's share for funding the pay plan. She is then asking for an increase of 1.7 FTE to offset this reduction.

**CHAIRMAN GRADY** asked about the increase in FTE requested. **Mr. Culver** clarified this issue and said in the one-time positions were removed from the base and not as a present law adjustment. By so doing the present law budget is overstated by 4.0 FTE. He said the positions would no longer be authorized after June 30, unless this committee reauthorizes them.

**Dan Gengler**, Office of Budget and Program Planning, wished to clarify the McCarty Farms issue and said the LFA report accurately reflects the request in the executive budget, and the change to the highway special revenue account was made by the executive budget subsequent to the LFA appropriations report.

They are changing that from general fund to highway special revenue.

*{Tape: 2; Side: B; Approx. Counter: 218; Comments: n/a.}*

CHAIRMAN GRADY said that would be a savings to the general fund. Mr. Gengler said that was correct, but the LFA appropriations report does accurately reflect what was in the original executive budget.

CHAIRMAN GRADY asked if the McCarty Farms issue has been paid for by pieces of the highway budget. Mr. Gengler said the funding for the litigation has been coming from the general fund, but when the case is settled, the general fund will be paid back with interest. The highway account will also be reimbursed.

*{Tape: 2; Side: B; Approx. Counter: 285; Comments: n/a.}*

#### HEARING ON MDT - AERONAUTICS DIVISION

Mr. Mike Ferguson, Administrator, Aeronautics Division, said this program is very old and is the result of legislation passed by the Montana Pilots Association in 1945. Since that time, it has been funded by a one-cent-per-gallon aviation fuel tax. In 1993, the same group requested the legislature to increase that tax to two cents per gallon, exempting airlines and military jet fuel. Only the general aviation population would pay that tax. It is set aside in two accounts: one for airport loans and the other for grants. No administrative fees can be used from that revenue, so they continue to operate on the one-cents per gallon. He described the nine-member advisory board and said they have two bureaus: the airport and airway bureau, and the safety and education bureau. He described the functions of these bureaus.

*{Tape: 2; Side: B; Approx. Counter: 497; Comments: n/a.}*

CHAIRMAN GRADY asked about the proposed loss of the beacons to which Mr. Ferguson replied that there has been an attempt to shut them down in the past, but since that has been protested by pilots, they have continue to operate them. They are old and an antiquated navigation system, but do serve a safety purpose.

*{Tape: 2; Side: B; Approx. Counter: 580; Comments: The presentation from the aeronautics program ended.}*

CHAIRMAN GRADY said he asked Mr. Culver to gather more information on privatization in other states. EXHIBIT 2 In North Dakota, there is a small portion of design and engineering is contracted out; no maintenance, motor pool is not privatized. Rest area maintenance is contracted out. In Wyoming, they have privatized a good deal of their design and engineering, and during peak workloads, and up to one third of the maintenance is contracted out. Motor pool is not privatized. Rest area

construction and maintenance is largely privatized. Idaho contracts 3% of their total design costs, all construction, some road maintenance is privatized.

*{Tape: 2; Side: B; Approx. Counter: 742; Comments: Meeting adjourned.}*

ADJOURNMENT

Adjournment: 10:45 a.m.

  
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ED GRADY, Chairman

  
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PATTI BORNEMAN, Recording Secretary

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EG/pb

PRESENT LAW ADJUSTMENTS/ISSUES

	Adjustments Fiscal 1996	2nd Submission	1996 Totals	Adjustments Fiscal 1997	2nd Submission	1997 Totals	Biennium Totals
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Statewide Present Law Adjustments

FTE	10.15	18.8	28.95	10.15	18.8	28.95	57.9
1 Personal Services	(224,159)	424,918	200,759	(89,289)	426,078	336,789	537,548
2 Inflated/Deflation	45,202		45,202	45,202		45,202	90,404
3 Fixed costs	58,872		58,872	58,872		58,872	117,744

Other Executive Present Law Adjustments

4 Construction Payments	47,836,976	(5,998,240)	41,838,736	25,832,026	22,505,711	48,337,737	90,176,473
5 Utility Relocation Payments	(4,807,425)		(4,807,425)	(4,807,425)		(4,807,425)	(9,614,850)
6 Consulting Engineers	6,166,102	2,455,702	8,621,804	6,205,023	2,581,977	8,787,000	17,408,804
7 Other operating Expense	470,777	(20,727)	450,050	516,023	(59,162)	456,861	906,911
8 Rgupment Rent	485,369	(25,332)	460,037	311,044	(72,309)	238,735	698,772
9 Equipment	(972,277)		(972,277)	(722,413)		(722,413)	(1,694,690)
10 Right of way Acquisitions	(341,034)		(341,034)	(341,034)		(341,034)	(682,068)
11 Grants	(657,724)	6,000	(651,724)	(657,724)	6,000	(651,724)	(1,303,448)
12 Miscellaneous	194,755		194,755	244,329		244,329	439,084

Total Executive Present Law Adjustments	48,255,434	(3,157,679)	45,097,755	26,594,634	25,388,295	51,982,929	97,080,684
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FUNDING

State/Other Special	8,432,847	472,823	8,905,670	8,174,322	2,065,505	10,239,827	19,145,497
Federal Special	39,822,587	(3,630,502)	36,192,085	18,420,312	23,322,790	41,743,102	77,935,187
	48,255,434	(3,157,679)	45,097,755	26,594,634	25,388,295	51,982,929	97,080,684

EXHIBIT 1  
 DATE 2/10/95  
 SB MDT

EXHIBIT 2  
DATE 2/10/95  
SB MDT

Survey of Western State's Departments of Transportation  
Privatization of Services

Telephone Survey conducted on February 9, 1995

by Skip Culver  
Associate Fiscal Analyst  
Office of the Legislative Fiscal Analyst

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**North Dakota**

North Dakota Highway Department (701-328-2500)  
Finance Division

Engineering Work: Small portion of design and engineering

Maintenance: Not privatized

Motor Pool: Not Privatized

Rest Area Maintenance: Large Portion is privatized

**Wyoming**

Transportation Department (307-777-4026)

Engineering & Design Work: Small Amounts, use private  
engineering for peaks

Maintenance: Approximately 1\3 (fencing, sealing, etc.)

Motor Pool: Not Privatized

Rest Area Maintenance: Large Portion is privatized for  
care taker services. Some is done by state.

**Idaho**

Dept of Transportation (208-334-8000)

Engineering & Design Work: About 30 percent of total  
design cost is contracted out to private firms.

Construction: All

Road Maintenance: Seal coating & stockpile materials is  
privatized. Road plowing is done by department.

Motor Pool: Not privatized.

Rest Area Maintenance: Contract caretaker services

## **Nevada**

Department of Transportation (702-687-5624)

Design & Engineering: Small portion, mainly for peak work periods.

Maintenance: Not Privatized

Rest Area Maintenance: Not privatized

Motor Pool: Not Privatized

## **South Dakota**

Department of Transportation (605-773-3284)

Contact: Design & Engineering: Small portion is contracted, mainly for peak times or unusual projects.

Road Maintenance: Not Privatized

Rest Area Maintenance: Contracts for caretaker services

Motor Pool: Not Privatized

## **New Mexico**

Department of Transportation (505-827-3284)

Highway Design & Engineering: 30 percent, used for unique and/or urban highway projects.

Road Maintenance: Not Privatized

Rest Areas Maintenance: Not Privatized

Motor Pool: Not Privatized