

MINUTES OF THE  
LEGISLATIVE, JUDICIAL AND ADMINISTRATIVE SUBCOMMITTEE

February 28, 1979

7:30 a.m.

Room 132

State Capitol Building

Tape Data: 8:2-4:1002-end

Subject: Dept. of Highways

The meeting was called to order by Chairman Menahan at 8:10 a.m. All members of the committee were present with the exception of Senator Lockrem who arrived later. Fiscal Analyst JanDee May was also present.

The hearings for the day were Department of Highways: Construction, Preconstruction, Rail Planning, General Operations.

DEPARTMENT OF HIGHWAYS  
Construction Bureau

John Prebil, Administrator of the Centralized Services handed to the committee a worksheet on the Construction budget. They recommended that the Executive budget be approved. Mr. Prebil commented that both the FA and the Executive budget recommendations deleted sick and annual leave payments for terminated employees. He explained that whenever an employee terminates, whether by retirement or simple termination, he is entitled to be paid for a portion of his accrued unused sick leave and annual leave. Mr. Prebil felt this should be budgeted for as it is an actual expenditure.

The FA replied that these payments have never been included in the budgets and has therefore recommended to not include them.

Mr. Prebil stated that the FA has recommended a significant decrease in FTE. He commented that they try to run their department in an efficient manner and would recommend that this reduction not be made.

Apportionments for 1977 were \$72,282,000; for 1978 they were \$78,343,000 and for 1979 they were \$74,187,000. Mr. Prebil said that payments made to contractors last year amounted to \$83,000,000 and that they presently have \$75,000,000 in contracts outstanding. He commented that it takes about 30 months for them to have a payout from these apportionments. It is impossible for them to forecast work to be done by contractors in any given period. Mr. Prebil stated that they do not know how much will be paid out from now until June and they would like to be able to request budget modifications as they feel this is the best way to handle unexpected expenditures.

Les Simkins from the Budget Office explained that a budget amendment may be considered if the Legislature has not reviewed

and considered the budget of the department. They would have to turn down the budget modifications based upon this.

The FA deleted some items in travel, rent and utilities. She used 1978 actual expenditures as a base and added 6% inflation rates. The difference in the two philosophies amounted to a deletion in travel of \$155,613 in 1980 and \$210,925 in 1981; in utilities of \$5,814 in 1980 and \$6,824 in 1981 and in rent \$6,388 in 1980 and \$5,018 in 1981.

Mr. Prebil commented that they find in their travel budget that they are overrunning the 1979 figures already through January. If the 1979 figures continue, 1980 and 1981 will be increased. The program would like to come in for supplemental budget authority if the expenditures exceed the amount granted.

Mr. Mackey, Chief, explained that the travel shown here is comprised of travel for work in the field.

Mr. Prebil discussed the items in the travel budget.

Senator Thiessen asked about per diem. Discussion was held on this point and the Senator wondered if an increase in the per diem rates would help the situation.

Mr. Prebil responded that this would actually hurt the situation. He explained that if the budget is limited there will be more payouts. Travel would have to be curtailed which if done would hamper the contractor's progress.

There was further progress on this problem.

The FA's recommendation reduced 166.42 FTE from the program. The Executive budget suggested 41.56 FTE be deleted. Mr. Prebil stated they have considerable difficulty maintaining sufficient engineering aides and as a result have had many vacancies in these positions. Mr. Prebil stated that they would recommend, in order to give the best possible service to the public, that the Executive recommendation be given serious consideration in this area.

The FA responded that there were major vacancies in this program. There were 80 positions last year that remained vacant. There were 52 survey aids left vacant; 14 engineering aides remained vacant. The FA recommended the FTE be brought back to the 1977 level. The FA commented that there were significant transfers out of this program into other programs. There were 15 to 26 FTE transferred to other programs.

The figures the FA received from the Highway Department reflected a decrease in mileage constructed. In 1978, 343 miles were constructed, in 1979 there were 379 estimated to be constructed and in 1980, 308 miles. This is a significant drop. Again, this is another reason to bring the FTE level back down to the 1977 level.

The FA gave percentages of contractors in previous years and the number of employees in the Department. In 1975, they awarded \$95 million with 620 employees. In 1978, awards were \$69 million with the FTE level up to 810. The awards apparently have been higher and the employees have been lower.

Mr. Mackey stated the awards do not affect the personnel that much because the awards are made in one season and the construction is in the next season. He gave an example: in 1975, they awarded \$95 million yet, contractor payments were only \$43 million. There is a time lapse from one to two years and the larger jobs take up to three years.

The FA asked what the contractor payments will be in 1980 and 1981 and what they were in 1978 and 1979.

Mr. Mackey responded that in 1978 the contractor payments were \$83,700,000 and in 1979 they project them to be \$71 million.

Discussion followed on this portion of the budget request.

Mr. Beckert, Administrator of the Engineering Division, stated the mileage in the program is a very poor yardstick as to how many people are needed to watch the inspection. The dollars involved per mile mean a lot more than the mileage figures.

Senator Thiessen inquired about the number of miles of primary highway in total reconstruction a year.

Mr. Beckert stated that right now they have a mandate that they have to spend at least 20% for resurfacing jobs. In 1979, they estimate being on primary system resurfacing 44.4 miles and reconstructing 35.5. Total reconstruction: 35.5 on the primary, secondary 15.1, urban 5.5 and interstate 61 miles.

In overlays and surfacing, they are contemplating 99.8 on the interstate, 44.4 on the primary system, 12.6 on the secondary and 4. miles for the Coalstrip Economic Growth Center for 1979.

Mr. Prebil addressed the grade rating on the engineering aides. They have a tremendous turnover on this particular level because of the low grade.

The FA deleted \$54,000 for 1980 and \$47,000 for 1981 in overtime payments. Mr. Prebil commented that the amount of overtime will actually increase because of the increase in salaries for the employees. The Department of Highways had budgeted \$371,000 and \$393,000 for 1971. An explanation was made of the overtime budget and Mr. Prebil stated if the employees are going to work overtime, they need to be paid.

The FA responded that the overtime was reduced in relation to the recommendation to reduce the FTE.

### Preconstruction

Under sick and annual leave to terminated employees, Mr. Prebil explained this difference between the request and the FA recommendation is the same reasoning as in the Construction Bureau. The FA has deleted figures of \$18,038 in 1980 and \$10,436 in 1981.

A question was raised as to the issue of forced retirements and Mr. Prebil explained that the forced retirement age was disregarded two years ago.

He went on to explain the requested deletions in the inflation amounts in Contracted Services of \$55,858 in 1980 and \$60,145 in 1981 and \$8,438 in 1980 and \$4,157 for 1981 for supplies and materials. For travel, \$29,319 for 1980 and \$36,823 for 1981. Again, Mr. Prebil indicated that the FA and they had used different bases to figure their inflation rate on.

The FA had recommended deletion of a microfilm reader and jacket loader for the reason that they felt the Department could use the reader owned by the Department of Administration. Mr. Prebil justified his request for the microfilm reader by stating that the reader of the Department of Administration is simply not large enough to handle the large highway maps that the Department of Highways uses. They also are asking for the jacket loader because the jacket they now utilize will no longer be produced as they are going to a different size microfilm slide.

Mr. Prebil stated the FA had deleted \$1,250,000 in 1980 for land, fence and damage payments. The requested budget on the current level is \$3,216,000. They do not feel that it is sufficient to purchase land and pay damages.

The FA replied that she had asked for information to compile her figures and was not given complete enough information from the Department to make proper recommendations on this.

Again, the program requests to be allowed to come in on a budget modification if this amount proves to not be enough.

The FA commented on the FTE vacancy and deletions. The FA office reduced the FTE by 16. The Executive reduced the FTE by 25. Justification for part of the deletion by the FA is that some System 6 typewriters are now being used in part in the Department and some clerical positions can now be reduced. The FA is recommending that some additional clerical positions be deleted from the Preconstruction Department.

The FA stated that last year there were additional people approved for this program. She pointed out some of the approvals versus the vacancies, saying there were 7 civil engineers approved and 4 were vacant in 1978. Also, 2 designers were approved and 1 was vacant in 1978.

The FA questions paying consultants when there are vacancies. The FA did reduce some of the consultant fees but did not reduce the FTE. She feels the people could do the work that the consultants do for less money.

The FA kept the operating expenses and legal fees at the 1978 level. The request was for 110% and 122% increases. In supplies and materials, inflation rates were applied. From 1978, they are requesting 59% and 68% increases for 1980 and 1981. The problem is that their 1978 expenditures are far less than what they are estimating for 1979.

The total amount of legal fees in 1978 was \$26,700. They are requesting \$56,000 and \$59,000. Their estimation for 1979 is \$53,000 which is a 100% increase over 1978.

Discussion was held on the legal fees.

The total for contracted services is \$821,000. Of this amount, \$120,000 was a budget amendment. They have dropped from \$701,000 to a requested \$590,000. Of that portion, \$26,700 was legal services. Last year, \$682,000 was spent for consultant fees.

Discussion was held on consultant fees.

Steve Kologi, the Preconstruction Bureau Chief, addressed the problem of vacancy savings in the Engineering Division. He stated they try to fill vacancies but people just are not interested in coming to work at their pay scale. Discussion was held at this point on upgrading of employees within the Department. Mr. Kologi said they are still not competitive on the job market for the engineers.

The FA responded to the purchase of land and the payment of damage figures. She stated she had contacted the Department earlier this year and requested information. She received a letter stating it was difficult to supply information for such a request. The FA wanted more justification on the purchase of land and payment for damages.

Robert Champion addressed this problem by stating they could not provide data for future years because they do not have right of way plans on the land to be purchased in the future. Appraisals have not been made as yet and they cannot know at this time what the damages will be. Mr. Champion commented that they have to rely on the past and the history of previous purchases in order to come up with the figures for the purchase of property and the damages.

A short question and answer period followed regarding this aspect of the budget.

#### Additional Program

The Department then presented the additional program from the receipt of additional funds for interstate construction.

The Preconstruction and Construction programs were addressed together for the additional funding.

They estimate having additional payments for consultants in 1980 of \$955,294 and \$1,100,944 in 1981. Fee appraisers for 1980 and 1981 of \$160,000. The amount to purchase right of way in 1980 is \$2,024,222 and \$2,494,647 for 1981. Along with this, the Construction Program will need an additional 175.50 FTE in 1980 and 235.50 in 1981. They will have personal services of \$2,455,542 in 1980 and \$3,092,366 in 1981. Contractor payments will be \$42,000,000 in 1980 and \$52,000,000 in 1981. These are the additional monies made available by the federal government and this program will be taken care of through the increased tax on gas.

The program estimates federal funds of \$72,968,000 and state matching funds of \$7,032,000 for a total of \$80,000,000 in contract awards. They intend to receive for construction, preliminary engineering of right of way for incidental construction and for modifications an additional \$22,438,000 in federal funds. Matching the federal funds with state funds of \$2,162,000 would mean out of the total discretionary fund program there would be \$104,600,000 for 1979.

In 1980, their total federal apportionment is anticipated to be \$27,849,000. With a match of \$2,684,000, the total for normal interstate program would be \$33,533,000. In addition, out of the discretionary fund for contract awards, they would see \$51,663,200 requiring state matching funds of \$4,978,800 for a total discretionary funds for contracts of \$56,642,000.

In addition, they would have to get out of the same discretionary funds for same nonconstruction items: \$15,870,500 which would require a match of \$1,529,500 for a total discretionary funds miscellaneous of \$17,400,000. These same figures would apply for 1981.

They intend to have contract awards in 1979 and 1980 and 1981 of \$130 million per year. These are normal apportionments plus discretionary allocations.

The FA stated that her office is very concerned with the problem of one time costs being imbedded in programs. The FA would like to make the recommendation that the subcommittee not include spending authority for this additional money within the budget but allow this money to come in on budget amendments. This will allow them to keep the two programs separate.

This concluded their presentation of the additional funding.

Discussion was held on the increased gas tax.

#### Rail Planning

Mr. Prebil stated that they have a supplemental budget in before the Legislature for the remaining part of this year and the figure

they are presenting here today is for the planning part of the program for the biennium.

Mr. Prebil said they will need 3 FTE with personal services of \$50,885 for 1980 and \$52,043 for 1981; operations of \$15,300 for 1980 and 1981 and consultant contracts of \$149,274 for 1980 and \$57,657 for 1981.

Jim Hahn, Chief of the Planning Bureau, further explained the program. He stated the purpose of the program is to develop through the use of a consultant a rail program for the State of Montana between now and the next allocation of these funds. \$700,000 will be available if there is an operational rail plan by the first of October.

Jack Beckert stated this is just a planning program. There is no construction money involved. Once the planning is completed, construction funds would have to be made available.

A lengthy discussion followed on this program.

#### General Operations

Mr. Prebil explained what departments constitute the General Operations budget.

The FA recommended a reduction of 30.5 FTE and the Executive recommended 15.3 FTE. The Department feels the Executive budget recommendation is more realistic. The FA deleted 10 FTE from this program as a result of their instituting the word processing system. There should have been a reduction of 5 FTE. Mr. Prebil stated that they did not budget any money for paying for the machines. He discussed this problem at length and commented that they are attempting to hire additional help to make the workload easier for the operators.

Due to installing mini computers in the field offices, 9 1/2 positions were deleted. The Department intends to utilize these mini computers for various operations such as payrolls, the equipment rental program and also their stores inventory. They feel this program should be operational and workable within a few months.

Mr. Prebil stated that 7 positions are more appropriate than the 9 1/2. If they can eliminate 9 1/2 they will, otherwise, they feel 7 positions will be the amount they can delete.

The FA recommended transferring the Civil Defense Coordinator to the Civil Defense Office. She feels they should keep this employee in the Department because of various reasons that deal with highway emergencies, etc. The FA also reduced 2.5 GVW employees. Mr. Prebil explained that the pay on these positions is the lowest grade and the turnover is horrible.

The FA recommended that an administrative aide position in the

Personnel Department be deleted because it was vacant for a full year. Mr. Prebil addressed the deletion and explained the problem. He recommended these positions be put back and the Governor's recommendation be approved.

The FA replied that it was her impression that within personal services, for every System 6, two positions were to be deleted.

Discussion followed between Mr. Prebil and the FA on this point.

The FA commented on the Civil Defense Coordinator that the reduction was recommended because 50% of the salary is paid for by the Emergency and Disaster program. The FA feels there is duplication here and feels that civil defense matters should be handled in the Civil Defense Office.

As far as the administrative aide in the Personnel Department, this position was vacant 100% of the time in 1978.

A brief discussion was held on the use of the Highway Department airplane.

Mr. Prebil commented that the item under Planning and Research for contracted services payments of \$152,950 for each year has been reinstated in the budget. This was merely a misunderstanding between Mr. Prebil and the FA.

The FA has reduced the purchase of GVW uniforms by \$12,000 each year. Shirley Farley explained that it is a requirement for the scalemen to be attired in uniform approved by the Department. She stated they have completely outfitted 11 new men since November at a cost of \$323 per man. Mrs. Farley commented that next year they anticipate replacing coats for the men.

The FA recommended reducing the mobile radio budget from \$54,400 for 1980 and by \$57,664 for 1981. He stated they have 719 mobile radio units on hand at the present. They have found the radios are too expensive to repair and replace about 75 a year. Mr. Prebil explained about 75% of the mobile radios are in maintenance vehicles. They have approximately 136 maintenance sections around the state and have 1 to 2 radios in each vehicles.

The question of whether these should be budgeted for under communications which is part of General Operations was discussed. Mr. Prebil feels it is better to have them budgeted for under General Operations.

Mr. Prebil stated that they are also requesting an additional appropriation of \$60,395 annually from General Operations for reclassifying 54 GVW enforcement officers. The explanation is that the reclassifications took place after the budget was submitted and therefore, the amounts necessary to pay for the reclassifications were not included in the budget.

The General Operations portion of the Department of Highways



budget being concluded, general discussion was held on a credit that the Department will receive on the movement of data processing equipment to the Department of Administration.

There being no further business, the meeting was adjourned at 10:55 a.m.

Respectively submitted.

  

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William Menahan, Chairman

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