

MINUTES OF THE
LEGISLATIVE, JUDICIAL AND ADMINISTRATIVE SUBCOMMITTEE

March 1, 1979
7:30 a.m.
Room 132
State Capitol Building
Tape Data: 9:1-1:0-471
Subject: Dept. of Highways

The meeting was called to order at 7:40 a.m. by Chairman Menahan. All members were present except Representative Hand who was excused. Fiscal Analyst JanDee May was also present.

The hearings for the day were Department of Highways: Maintenance Program, Motor Pool Division and Equipment Program.

DEPARTMENT OF HIGHWAYS

John Prebil, Administrator of the Centralized Services Division, commented on a couple of items questioned by the FA in the previous hearing.

In regard to the \$107,000 from the General Operations, Mr. Prebil presented to the committee documentation showing that they did reduce the \$107,000 from the General Operations.

The other item concerning the amount paid on the System 6 machines, Mr. Prebil brought the last bill they had received showing the monthly rental cost of 6 machines at \$800 and 2 at \$910.

In answer to the question of why they pay more than allowed by statute for per diem, Mr. Prebil commented that they do not pay more for their construction inspectors. They pay \$10 a day.

The FA stated in the area of data processing that the Department of Administration has been giving to the program \$8,900 in credit every month. The actual average payment with the credit every month has been \$15,000. Taking the \$15,000 per month, the FA came up with \$180,000 per year. Adding inflation, the amount for 1980 would be \$191,000 and 1981 would be \$202,000 for the computer costs. They are requesting \$318,000 for 1980 and \$344,000 for 1981.

Mr. Prebil responded that with being 3 1/2 months behind all costs are not included. He stated that all service charges would increase once they were current and up-to-date. They predicted the amount on the best information available.

Maintenance Program

Mr. Prebil commented that both the Budget Office and the FA deleted the sick and annual leave payments to terminated employees. They are requesting \$75,681 for 1980 and \$81,440 for 1981.

Mr. Prebil stated that the annual payout amounts to a significant amount in the Maintenance Program and feels the funding for this item should be appropriated.

The FA used 1978 actuals and applied a 6% inflationary factor. The program used 1979 expenditures and added 6% inflation for 1980 and then added 6% inflation on the 1980 estimated figures for 1981.

These inflation factors amounted to \$193,381 difference in 1980 in contracted services and \$212,405 in 1981; under utilities the difference is \$47,622 for 1980 and \$49,071 for 1981; for repair and maintenance the difference is \$775,658 in 1980 and \$785,607 in 1981.

Mr. Prebil commented that these amounts are significant and mean a tremendous amount to the program.

They have budgeted for \$305,250 for equipment manned and fueled under contracted services and the FA has recommended \$161,000.

The FA addressed the FTE which will be brought out in the program modification request. The last Legislature appropriated an increase of 20 FTE in 1978 and an additional 17 more for 1979. During Fiscal 1978, there were vacancies of 12.25. The FA did not recommend any deletions because of realizing the importance of the maintenance program. The Executive did reduce the positions but recommended 27 additional people under the modification.

The FA did not recommend the FTE for the modified level. She felt because of the vacancy savings of 12.25 the staffing pattern should be maintained at 100% for the next biennium and if maintained the job could be reasonably well done.

Under operating expenses, the FA commented that there is a major increase between 1978 and 1979 expenditures. In almost every instance, the increase from 1979 to 1980 and 1981 stays within the 6% inflation guidelines.

In equipment manned and fueled, looking back to 1978 they are requesting increases of 90% and 102% because the differences between 1978 and 1979 are so great. The same holds true for repair and maintenance and utilities.

Don Gruel, Administrator of the Maintenance Division, stated the winter of 1977-78 was so harsh that they were holding back in the spring on expenditures to cover for the large expenditures from the winter.

He stated the 20 they put on board were approved by the Legislature last session for the addition of 334 miles of roadway. Mr. Gruel stated that part of the 17 FTE mentioned, 9 positions were taken and used for janitorial service on the new highway building. They feel they can do in-house janitorial services at less cost and more efficiently.

Of the remaining 8, 4.25 FTE were used for the regular operation in the Maintenance Program.

Mr. Gruel also commented that all road oil products from their records show an inflation rate of 10-12% which is much higher than the 6% inflation rate applied. The striping line paint which is a \$700,000 item, should be increased in order to meet national standards. Overall, Mr. Gruel stated if they were to cut back on the 6% figure, they would be reducing the services that really are needed for the traveling public in Montana.

Russell Wrigg, Assistant Administrator, commented on the increase in prices on the road oil products. The increase of road oil and gravel together amount to approximately a 20% increase in oil mix material. The items in repair and maintenance alone are causing more than the 6% inflation increase.

Mr. Wrigg commented on the FTE that the 8 out of the 17 were positions that amounted to 4.6 positions which were added in different divisions to man telephone and radio after hours during the winter months.

Mr. Gruel responded to having part-time employees with the vacancy of 12.5 that they have a program, the storm emergency employee which they call upon in the case of severe storms. They also have part-time employees on mountain passes for a period of 2-3 months during the winter and during the summer temporary positions for flag persons on construction.

Chairman Menahan stated they had 6 FTE who were vacant 100% of the time. Mr. Wrigg responded that some of these people were on disability or industrial accident and the positions could not be filled. He said they have not control over these situations.

Mr. Wrigg stated that as of the end of February with 62% of the time elapsed, 64% of their funds are expended. Overtime for the year is expended 123%. He mentioned with additional FTE they could eliminate some of the cost of overtime. For differential pay 172% is expended. Mr. Wrigg commented because of running 64% expended, they will have to cut back on activities after the winter is over.

Under the modified level, their request amounts to \$2,601,010 in 1980 and \$2,612,685 in 1981.

They request 27 FTE in temporary personnel which they feel is necessary to perform maintenance in summer and duties in winter.

They request \$400,000 per year in replacement costs for 104,000 traffic signs every 7 years instead of 12 years and also for applying additional traffic lane paint on 19,000 miles of roadway.

The program requests additional purchase of gravel road oil and other mix materials which amount to \$1 1/4 million per year.

They request \$20,000 per fiscal year for an increase in rest area maintenance.

Mr. Prebil stated a doubling in shifting as well as additional supplies will be needed to maintain these rest areas.

Finally, they request additional purchase of \$500,000 per year for salt and sand for adequate service during the winter.

House Bill 380 has been introduced and intends to reimburse the cities for maintenance of signals and traffic control devices. The cost for this reimbursement will be \$220,000 if the bill passes.

Mr. Gruel commented that if the 220 traffic signals maintained on the state system are increased it will cost more than the \$220,000 estimated. He said it depends on the interpretation of the bill.

The FA addressed the additional materials requested. Last session, the subcommittee recommended this program receive an additional \$628,000 and \$715,000 for an increase in their supplies as well as repair and maintenance. House Bill 769 allowed \$1.76 million for maintenance of the 334 miles.

The FA stated that the cost to maintain a mile at present is approximately \$2,300 in direct charges. The 334 miles compared to the \$1.76 million allowed \$5,200 per mile. The FA stated if the request is allowed by the subcommittee the increase would be 55% and 62% from the 1978 base.

Mr. Prebil stated they could not stress enough the need for the additional funds. He commented that the amount of the FA reductions amount to approximately \$8,000,000 from what they have requested.

Mr. Wrigg mentioned the Maintenance Program is running on such a restrictive budget that anytime a natural disaster comes along they have to expend manpower and money on this and it curtails the rest of the operation. Mr. Wrigg said they need to have money in the budget to take care of instances besides regular maintenance work.

Mr. Prebil stated a last item was asking to deduct \$38,117 for 1980 and \$37,100 for 1981 from the General personal services budget for services rendered to the motor pool and equipment programs and put the like amount into the motor pool budget.

Motor Pool

Mr. Prebil stated that the Motor Pool consists of a fleet of cars based in Helena for state employees. The program operates on a revolving fund. They charge at present, 12.3¢ per mile for rental of the cars.

March 1, 1979

Page 5

Mr. Prebil commented that they operate a very good and efficient program. The reductions in their budget are as follows: contracted services - \$10,298 in 1980 and \$15,162 in 1981; supplies and materials - \$51,080 in 1980 and \$56,345 in 1981; repairs and maintenance - \$10,942 in 1980 and \$11,897 in 1981; equipment - \$19,785 in 1980 and \$30,299 in 1981 and utilities - \$1,176 in 1980 and \$1,121 in 1981. They feel these amounts should be reinstated in their budget because the costs have gone in excess of the 6%.

One of the items in contracted services involves payment for liability insurance. This amounted to \$7,097 in 1980 and \$11,420 in 1981. The insurance is provided by an outside carrier. Mr. Prebil stated they have no control over what they set as their bid. The program feels this amount should be added back into the budget.

The FA addressed the supplies and materials category. She stated the increase from 1978 to 1979 was a 30% increase. The increase from 1978 to 1980 and 1981 is a 49% and a 52% increase.

In equipment, the FA went back to what was spent for cars in 1978 and applied a 6% inflationary increase. She stated although she recommended all the cars requested she recommended a lower sum than requested.

The FA questioned what was done with the funds made on the cars through auctions. Mr. Prebil responded that it goes back into the budget. Last year, they had \$200,000 in auction costs.

Mr. Prebil stated they had no objection to the amount the FA had recommended providing they can have the authority to come in for a budget amendment should the actuals exceed the estimated amounts.

Henry Dahl, Administrator of the Motor Pool and Equipment Division, stated that overall through purchases, the yearly increase averaged approximately 10%.

Mr. Prebil commented that they still have profit from previous years to use before they increase rates to agency users.

The FA reduced the FTE by one. They have 6.75 FTE who work on a year round basis. One FTE is made up of half a dozen people from the equipment program who are charged in the Motor Pool Program. A .75 FTE was transferred from the equipment program into the Motor Pool Program.

The actual number of people needed are 6.75 fulltime and 1.00 from other programs.

The FA commented in all cases there was no money charges against the salaries of the .10 or .2 FTE positions last year. The position control shows these positions were 100% vacant even though they were only 10% of a FTE.

Mr. Prebil responded that the people were working in both programs.

The FA recommended no overtime be allowed. The program expended \$2,425 in 1978. Mr. Prebil stated they pay overtime when necessary by union contract. He said it is an expenditure and felt it should be budgeted for.

The FA stated in relation to overtime, it has been stated "give us more employees and we will reduce overtime." She questioned with the amount of vacancies why the positions were not filled and kept on and overtime reduced.

The FA pointed out that there was a Motor Pool manager position vacant over 80% of the time. Mr. Dahl commented that they had a manager in the position on a temporary basis until a permanent manager could be found.

Equipment Division

The Equipment Division consists of a fleet of vehicles which the Department of Highways operates throughout the state.

The reductions in "general" personal services are \$31,117 in 1980 and \$30,100 in 1981 which they request be reinstated in this program to offset the personal services operations in the other two programs.

Overtime reductions are \$47,260 and \$51,974. Mr. Prebil commented that they have to pay the overtime when the employees work.

The program expended \$51,000 in 1978 for overtime.

The FA deleted 2.65 FTE as a result of vacancies. Mr. Prebil stated they would like to have 1.65 FTE back into the program. This involves two positions, the chief of the Motor Vehicle Bureau was vacant from 9/1/77 to 11/20/78. Mr. Dahl performed these duties plus his own duties as administrator. He requested that the position be filled so he could do his work more efficiently. The other position was a service attendant position which was transferred from the Havre Division to the Butte Division and is presently filled in the Butte Division.

The FA recommended 2.65 be reduced. The Executive recommended 5.00 FTE. The FA asked the program what their response was to the Executive recommendation.

Mr. Dahl commented that they went through to see what FTE they could do without and are asking for the 2.65 positions back because they reduced the FTE too far.

Chairman Menahan suggested that the FA and Mr. Simkins from the Budget Office get together and go over the positions deleted.

Mr. Prebil stated the FA reduced \$59,912 and \$60,486 from the

requested amount for liability insurance. He said this is also a private carrier they purchase insurance from and the inflation will be the amount set by the carrier.

The FA commented this amount for the insurance increase over the 1978 level would be taken care of through the Department of Administration.

The FA also deleted \$412,503 for 1980 and \$439,359 for equipment purchases. Also deleted was the authority to buy equipment from the earmarked revenue fund.

Mr. Prebil commented that the Equipment Division collects \$800,000 as its sole source of revenue from depreciation plus any profit made if a vehicle is sold. Any other amount comes from the earmarked revenue fund. At present the program needs over \$2 1/2 million in equipment. Mr. Prebil stated they budgeted \$1,561,000 for 1980 and \$1,627,304 in 1981. He felt this is not enough to take care of the needs for equipment.

The FA made an error of \$400,000 for each year in equipment. Her adjusted recommendation is approximately \$1,400,000 in 1980 which would account for the difference between the FA and the agency request.

William Blake, Deputy Director, reviewed the increase percentages of equipment purchases. The equipment has increased in excess of the 6%.

The FA wanted the committee to be aware that the Equipment Division has received \$606,000 of budget amended funds in Fiscal 1979 for additional equipment for winter and snow removal equipment above and beyond what they are requesting or had received for the last biennium.

Mr. Prebil stated they budgeted \$6,199 in 1980 and \$6,637 in 1980 for differential pay. The FA deleted these amounts. Mr. Prebil commented that by union contract they must pay the amount to the employees for working in a higher classification than what they are assigned.

The last item was the termination sick leave and annual leave payments. They have been reduced \$11,024 in 1980 and \$11,210 in 1981 for this program. Mr. Prebil stated it is a payment that must be paid when an employee terminates and feels it should be budgeted for.

The meeting was adjourned at 9:20 a.m.

Respectfully submitted.

William Menahan
William Menahan, Chairman