

MINUTES OF THE MEETING OF THE APPROPRIATIONS SUBCOMMITTEE ON
ELECTED OFFICIALS AND HIGHWAYS
February 17, 1983

(Tape 78, Tape 79 and
Tape 80, Tape 81, Side A)

The Appropriations Subcommittee on Elected Officials and Highways met at 7:00 a.m. on February 17, 1983 in Room 437 with Chairman Quilici presiding. The following members were present:

Chairman Quilici	Senator Dover
Rep. Connelly	Senator Keating
Rep. Lory	Senator Van Valkenburg
	Senator Stimatz

Also present: Doug Booker, OBPP and Cliff Roessner, LFA.

WORK SESSION

DEPARTMENT OF ADMINISTRATION

Insurance and Legal (Exhibit 1)

Contracted Services

Mr. Roessner reminded the committee that the only portion of this budget that has not been acted upon by the committee is in "Contracted Services." He said that the Executive Budget figures were correct for this category with the exception that we have to add \$9,400 in FY84 and \$6,464 in FY85 for the increase in the General Fund portions of the premiums which were approved yesterday. This is from the General Fund increase of \$10,000 in 1984 which the committee approved yesterday for the Fire and Liability Insurance for the Capitol Buildings. The total figure on "Contracted Services" would be \$1,205,647 in FY84 and \$600,162 in FY85. Item 5 on the sheet they handed out entitled "Budget Issues" (Page 2 of Exhibit 1) they have \$160,023 in FY84 and \$169,624 for FY85 included in there for private legal counsel. Mr. Roessner told the committee that these fees had been non-budgeted in prior years, and Mr. Mike Young would like to leave it this way and pay these out as he pays the claims. These fees are paid to the Attorney General as legal services in representing the Department of Administration in court.

Mr. Booker said it had been decided that budget claim payments would not be budgeted, even though it would be an expense to this program. The insurance claims and legal fees would have to go in as a budget amendment, if this item were budgeted.

In answer to a question from Rep. Lory, Mr. Roessner said that the \$2,500 for Westlaw is included in these figures.

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In answer to a question from Senator Van Valkenburg, Mr. Roessner said the proposed usage of Westlaw for this agency compared to other agencies was much greater. Senator Van Valkenburg said, in light of the discussions the committee has had previously about Westlaw, he felt this expense of \$2,500 in this budget is a little excessive.

Discussion by the committee regarding Westlaw usage and the non-budgeting of claims that are paid and the legal fees inherent to these claims. Senator Van Valkenburg questioned the legality of this procedure. After some discussion, Mr. Booker said that this procedure was still trackable and logical. Mr. Booker also said that this money comes out of the reserve.

Discussion.

Senator Van Valkenburg made a MOTION that the committee approve \$1,204,647 in FY84 and \$599,162 in FY85 which reflects \$1,000 for Westlaw in each year. Motion carried.

Senator Dover made a MOTION that the committee approve the Insurance and Legal budget as amended. Discussion. Motion carried.

Communications (161) (Exhibit 2)

John Naraas, Administrator of Communications Division, reviewed for the committee the 14.39 FTE's which includes the 8.14 listed on Exhibit 2, page 1, and also the 6.25 listed on page 2 of Exhibit 2.

In answer to a question from the Chairman, Mr. Shaw said that there were two people put on through House Bill 827 last session. These were converted from General Fund to revolving fund, and have picked up three vacancies from throughout the other divisions and added them to this budget.

In answer to a question from Senator Dover, Mr. Naraas said they contract the initial installation when they bid systems they bid turnkey installations. They don't act as a general contractor. He said the repair installation person would be a self-supporting position, as they would bill the user agencies for routine adds, moves and changes. The division averages 600 to 750 telephone service requests a year. They had a contract with Centel in Helena on the new system, and

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they will do that type of work. Their basic rate is \$38 an hour, plus materials. It is Mr. Naraas' feeling that they can accomplish about 75% of the work themselves with that position. They would bill the agencies on a time and materials basis. This would result in a lesser charge to the agencies.

Senator Dover made a MOTION that the committee approve the 14.39 FTE's.

In answer to a question from Senator Keating, Mr. Naraas again explained to the committee the organizational chart and the responsibilities of each bureau.

Question being called for, the motion carried.

The Chairman asked Mr. Roessner to give the committee an overview of the Operating Costs portion of the budget. Mr. Roessner said the LFA budget was built based on 8.14 FTE's. Mr. Naraas had his budget built based on 14.39, not really having any historical basis to build the budget. For two FTE that were general-funded through House Bill 827, they just transferred those expenses into the budget for the current year.

The Chairman asked Mr. Naraas to explain House Bill 827 to the committee.

Mr. Naraas said the 1981 Legislature approved general fund appropriations to the Department of Administration for the purposes of telecommunications planning which resulted in the study which was presented and reviewed with this committee in two special hearings. The basis of the work which was done was a letter from Senator Matt Hims1 who is Chairman of the Senate Finance and Claims Committee, to Mr. Brusett, Director of the Department of Administration on April 3, 1981, which read in part:

"The impact of ever-increasing communication costs was felt by all Appropriations Subcommittees this session. With no relief in sight, it is essential that the state develop a comprehensive communication plan which (1) identifies present weaknesses in the State Communications Systems, (2) addresses alternatives which more economically meet communication needs of state agencies, and (3) coordinates communication-related activities throughout the state agencies to ensure consistency."

Mr. Naraas said these are the three major areas of activity, and they are proposing to continue that activity.

Discussion.

Mr. Roessner said that the agency took the expenses for these two FTE's and just moved them over into current level. The LFA's office treated that as a modified request to add to current level since House Bill 827 was a one-time appropriation. They also requested the additional FTE's, and they took their expenses in 1982 that would vary with the FTE level, and added into current level those expenditures. The LFA office felt this should have been a modified request, and did not put it into current level. Mr. Roessner said that the two FTE's that were general-funded have approximately \$26,000 worth of contracted services that the LFA would consider one-time expenditures, and possibly a new base for "Contracted Services" for those two employees should be built.

Mr. Naraas said, in his review of the OBPP budget, that there was \$22,020 in FY84 and \$23,293 in FY85. In "Contracted Services", it reflects costs allocated to a maintenance fund. He was not sure this was a proper category for those expenditures. That would be a reduction in "Contracted Services" of those two figures. He said that the remaining "Contracted Services" would be for independent analysis, technical review of projects, and system replacement projects they currently have planned for the upcoming biennium.

Mr. Naraas said, to expand on the Communications Division, that they rely on the system replacement projects on independent technical assistance. This is more cost-effective, and it lends to a more credible procurement process since the vendor communities are assured that their proposals, as submitted, will be subjected to independent analysis. This is the majority of their "Contracted Services." In answer to a question from Senator Stimatz, Mr. Naraas said that the majority of the increases are the result of the state being put into the position of having to provide more services because of AT & T. He said that it is basically their judgment that if the state doesn't provide those services, they won't be provided. Mr. Naraas said that when he took this job, it was understood that they would move into the management of telecommunication systems across the state; that they wouldn't just be responsible for the Helena-based operation.

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Mr. Roessner said that there are some costs that are one-time costs, as far as he can tell, and unless there is some justification for continuing this level of "Contracted Services", they should be pulled out.

The Chairman asked Mr. Naraas if this \$26,000 for a study by the Associated Engineers was built into their base, or are they going to use them for something else? Mr. Naraas replied that the study done by the Associated Engineers was a preliminary study. It is not a final engineering design. They presented some alternatives to the Legislature in terms of communication networks. Part of their requirement for future contracted services will be dependent upon how those options are resolved. The level of support that they are asking for is to allow them to continue to do independent technical analysis of new technologies, of alternates to existing systems, and for system replacement projects that have been scheduled. He said that the major system replacement projects that they have scheduled for the next biennium include the Deer Lodge Valley, Northern Montana College and Pine Hills School in Miles City.

In answer to a question from Senator Keating, Mr. Naraas said these projects have been authorized. In answer to a further question from Senator Keating, Mr. Naraas said they have estimated that it would cost about \$4,000 in "Contracted Services" for each of those projects. In answer to a further question from Senator Keating, Mr. Naraas said this was plugged into their proposal. He said the remainder of this category would be considered development-type contracts, technical review of new technologies or alternatives to the existing systems.

In answer to a further question from Senator Keating, Mr. Naraas said that the balance of this request would be \$13,500 for development studies such as the Associated Engineers did. Other things that come under "Contracted Services" would be audit fees, education training and data processing costs. Senator Dover made a MOTION that the committee approve, under "Contracted Services", \$65,553 for FY84 and \$69,450 for FY85. Senator Dover said that what he has done is to back off the \$26,000 that was in the bill last time and come back with \$13,500 for development.

Senator Van Valkenburg said he thought they needed the "Contracted Services" more for the specific project changes than

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they needed the development costs which is the \$13,500. It was \$12,000 for the specific projects, and then there was \$13,500 for development costs.

(Tape 79, Side A)

After some discussion, Senator Dover AMENDED his MOTION to read \$64,053 in FY84 and \$67,950 in FY85.

Senator Dover explained his motion by saying that the agency didn't need the \$13,500; they needed \$12,000. Senator Van Valkenburg clarified that the purpose of that would be for those specific projects.

Senator Keating noted that this was \$12,000 for each year. Senator Dover said, if his figures aren't right, his intention is to back off the \$26,000 in the OBPP, and come back with \$12,000.

Question being called for, the motion carried.

Mr. Roessner told the committee that the rest of the differences are in the way the budgets were built. Since the committee has approved the 14.39 FTE, the balance of OBPP "Operating Expenses" would be correct.

Senator Dover made a MOTION that the committee accept the OBPP figure for "Equipment."

In answer to a concern by Senator Van Valkenburg that these were positions that are all on board at the present time, Mr. Naraas said that two of the people are existing, while three of them are new positions. The repairmen/installer is not an existing position, and they don't have the equipment necessary for him to accomplish the repairs and installations. This would be a one-time expense to equip the individual appropriately.

After some discussion, Mr. Naraas said the three positions were the repair/installer, the engineer and an accounting III in the Financial Facilities Management group.

Question being called for, motion carried.

Senator Dover made a MOTION that the committee approve the Communications Program as amended. Question being called for, the motion carried.

After some discussion of the longevity of particular portions of the equipment, Mr. Naraas told the committee that approximately 55% of their annual expenditures would be to Centel for equipment lease and warranty in the first year, maintenance in the second year. 45% would be paid to Mountain Bell for outside access charges, which is a variety of different types of interconnections and trunks that they would provide for access to their Telpak network, the local calling network, and the direct distance dial and WATS services. He said this would also include some dedicated data lines that they would pay to Mountain Bell.

Mr. Roessner told the committee that \$134,000 is the amount the agencies are going to be short to pay their telephone bills because the new system won't be switched over at the start of the fiscal year. It is going to take three or four months. Mr. Roessner asked if Mr. Naraas had identified particular amounts each agency is going to be required to have in their budgets.

Mr. Naraas said they have looked at what each agency has been budgeted. He said he didn't have the exact figure today. He said he would get this to the committee in very short order. The Chairman said the committee wouldn't act on this until they get this information from Mr. Naraas. He also noted that some of this money would be from the general fund. Mr. Booker said he felt it would be better if they put a lump sum into "Communications" rather than go back and put in a portion for each agency. The Chairman said he would like to have an idea of where it is coming from. Mr. Booker said they could furnish the committee with a list. Mr. Booker noted that they did put this extra money in the budget for "Disaster and Emergency", but that this was the only agency where they made that adjustment. Discussion by the committee. Mr. Naraas said he would have this information for the committee by Monday.

Local Government Services

George Pendergast told the committee that the three FTE's are in the local government services program which is comprised primarily of auditing staff. The three FTE's that were deleted by the LFA are auditors. He said that in 1981 there was a debate to determine whether or not the state should continue to be allowed to do local government auditing. A decision was made, and they continued on, except that they

were transferred from the general fund to a revolving fund, self-supporting, which they are today. During this interim, beginning July 1, 1981, this was their first experience with a revolving fund. Secondly, the fact that it was suggested that the program be done away with was demoralizing to staff, and they lost a lot of staff. To hire and train professional and to supervise professional staff. They think now that they are stabilizing, and the staff feels that the program will continue. They feel those three FTE's are needed to do the work they are required to do. He said there is no cost to the general fund; they cannot pay these people until they generate money. There is no vacancy savings in terms of dollars because, if these people aren't on board working, then there are no savings.

Discussion.

Senator Dover made a MOTION that the committee approve the 28.70 FTE's. Question being called for, the motion carried.

Under "Operating Expenses" Mr. Roessner said that approximately \$4,500 has to do with staff training. The agency has requested an additional amount above 1982 current level to train their auditors in GAAP. There is also approximately \$1,800 difference in data processing which the agency is requesting to update their automated system for audit variances. He said part of the difference is also some audit fees of approximately \$1,600 which the LFA deleted that OBPP did not delete.

Mr. Roessner explained that under "Travel" the LFA reduced the base by \$15,350. Their system did this automatically because these were costs that were added by budget modifications during FY82. Mr. Booker said there were no budget amendments. Mr. Booker explained that for the first fiscal year of the biennium they were given \$157,500 of general fund support to the revolving fund; a one-time. Mr. Roessner said those amounts should probably be built back in, as apparently their system falsely identified those costs as being a budget modification, when in fact they are not. Mr. Booker said that this budget was given a number to start up a revolving fund, which apparently flagged the system in the same manner as a budget amendment would be coded. Mr. Roessner said, in view of this they should take the OBPP budget.

After some discussion, Senator Dover made a MOTION that the committee approve the OBPP budget, including "Equipment."

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Question being called for, the motion was carried.

In answer to a question from Rep. Lory, Mr. Roessner said that the Governor's office has recommended \$1,650,000 for the support of District Courts in this budget under code 6100 on page 1 of Exhibit 3. Senator Dover asked the Chairman if they could consider the Accounting and Management budget at the same time.

Senator Dover made a MOTION that this budget be passed as amended.

Mr. Roessner pointed out to the committee that if this motion passes, you are increasing that local government support for the District Courts by \$1,275,000. He said that is all general fund. Senator Dover said that was not his intention. After some discussion, Senator Dover WITHDREW his MOTION.

Accounting and Management (Exhibit 4)

Senator Dover made a MOTION that the committee accept the 9.3 FTE's in this budget.

Mr. Roessner asked if this motion was for both years of the biennium. Senator Dover said he meant it for both years, and is there any reason he shouldn't?

Mr. Roessner said the LFA did not recommend continuing this program in 1985. The Chairman asked the reason for this. Mr. Roessner said it was their understanding that there was a representation made to the Legislature in 1981 that the BARS system would be completed, up and running by the end of the 1984 fiscal year. Therefore, they did not continue the program into 1985.

Senator Dover RESTATED his MOTION that the committee approve the 9.3 FTE's for both years of the biennium.

Discussion by the committee.

The Chairman asked Mr. Pendergast why they were not finished by 1984 and were asking for funding in FY85. Mr. Pendergast said that in all their representations they have indicated that they would be done with counties and cities. He said that in 1979 they submitted a letter to that effect to the subcommittee, and in 1981 as well. They also reminded the

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committee that there is maintenance on systems. In addition to '79 and '81, they indicated that the scope of the department's responsibility as it is today includes systems for school districts and other varieties of single purpose districts. They don't feel they mislead anybody; they indicated that they would complete BARS for counties and cities. The maintenance would be required, and there was yet another responsibility placed by law on the department. They are merely trying to fulfill them. The Chairman said if they fund them for 1984 and 1985, are we to assume that you will have this completed by the end of 1985? Mr. Pendergast said they have indicated that all counties and cities would be on BARS by July 1, 1984. We stick to that statement and that commitment. When it comes to schools, they have several hundred. No, we would not be done by 1985, it might be six or eight years to get done. Four years perhaps; it depends on the kind of approach we would use in terms of schools. He said they have found it difficult to prepare a manual and the other basic supports for the systems without having somebody there on site to assist them. It is not a program that is going to end if you are going to provide that kind of assistance. Maintenance to maintain that system will always be there as it is with the state system, if there is a commitment to maintain the systems.

The Chairman noted that they could either continue with state funds or they could delete it. Or they can have the local governments pick it up.

Senator Dover said this could not be deleted, because we have mandated that they look into this.

Chairman Quilici said you could mandate this, but if it isn't funded, I don't care what kind of mandate you've got; it doesn't work.

The Chairman said there was a MOTION before the committee to approve 9.3 FTE's in FY84 and FY85, and asked Senator Dover if he intended to include all personal expenses too. Senator Dover said "yes."

Senator Keating asked for a clarification of what the committee is deciding, because he is not all that familiar with the program. He said he would like to know how many school districts have been completed and what benefit has been or

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will be derived from this program that would compel us to expend this general fund money.

The Chairman asked Mr. Pendergast to explain this to the committee. Mr. Pendergast said that their commitment to the Legislature and to the workload was to look at counties and cities. That is what they are doing presently, and they hope to have it achieved by July 1, 1984 for all counties and cities. Insofar as schools are concerned, they have only worked in the area of trying to determine the needs. They put together a design for the system in a procedures manual for schools. But they have done nothing for schools because there has been no commitment or financial support there.

In answer to questions from Senator Keating, Mr. Pendergast explained that they had developed a skeleton manual for a school system which was available to the schools, and was adopted by the Department of Education. He said they have addressed the school issue, but only in a token way. As schools call them, they try to be responsive to them. They presently have a document out that is very modified, but has the very skeleton of a system which can be used for those people who have the expertise to put it in place.

Senator Keating asked what benefit this would be to the school districts if they adopt these accounting systems and implement this program that they are talking about.

Mr. Pendergast said there aren't three double entry systems with school districts in the whole state of Montana. There is very little good information developed at the school level today. So, first of all, the system, once in place, will give management (the Board of Trustees and the Superintendent) good information to make decisions which would give the constituency, the people who pay the bills, some accountability of their actions. Across the state there should be some uniformity, some data that could be compiled and looked at in terms of everyone's needs. Senator Dover asked if it would be in order to have Mike Stevens comment on this because he has been through this. The Chairman said they usually don't allow this in Executive Session, but he could make a short statement.

Mike Stevens said that as far as the county portion of this is concerned, what is vital to them is that they have a system

going, and they hope to make the end of the '84 year as far as completion. Their concerns are that this is just the beginning of the accountability in a system which brings them up-to-date, and is a usable system. Their concern is continued maintenance and something at the state level to keep 56 counties on the same pattern as far as the different categories. He said since this is a state-mandated program, the state has spent about \$1.5 million setting the thing up; that it is a good start, and they are willing to pay their share as far as any revolving fund, if it is necessary. However, he said, there should be some general fund commitment by the state. There should be some responsibility of the state to see this thing through. Senator Keating said they are saying they need continued management, upgrading, supervision, etc., so this will become a permanent bureau. The Chairman noted that it could go on for fifty years. Senator Keating asked if this will require as much staffing after the July 1, 1984 completion date. Will you have as much staffing to continue the management and supervision of the program?

Mr. Pendergast said they are looking at maintenance for the counties. If they respond to the responsibilities as set by law and go into schools on a larger scale, then they will need the same staff. If you are going to cut it back to maintenance of counties and cities, perhaps not.

Senator Keating said that he felt the committee had to make a decision at this point as to whether we want to continue it for FY85 at current level with the idea of entering into the program of helping the school districts as well. This is a decision point here. He said he would like to know more from the other committee members as to whether it is worth it to start on the school districts.

The Chairman noted that he felt it was something worth doing; going into the school districts. He said from what he has seen in his school districts, specifically in his area, they could utilize this kind of expertise. He felt there was no continuity between the school districts in the state, and he felt this might bring continuity to the different school districts. He said he felt it was something we could fund until 1985, and if they wanted to change it, they could always submit a bill in the next session to say they don't want to do it. Right now, he said, he felt we were mandated by law.

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In answer to a request from Senator Van Valkenburg as to the citation for this mandate, Mr. Pendergast said it is contained in 27 in the area of 505,506. This is one area; they also have citations for budgetary responsibilities as well.

Mr. Booker said, in the OBPP budget they went through FY84. They felt that the counties have got to start picking up their costs in FY85. He noted that there are a lot of school districts, and felt they needed a better plan. He suggested that perhaps the Legislative Auditor do a performance audit on this system, to go into this and report back to the Legislature next time to see where we are on this system and what needs to be done.

(Tape 79, Side B)

The Chairman felt this was a good idea for the committee to address.

Senator Van Valkenburg said that the citations referred to by Mr. Pendergast are statutes that require an audit of political subdivisions, including schools, fire districts, irrigation districts, and the like. He said he thought that was what Local Government Services program was about, was the audit, but that the Accounting and Management Services system was an assistance to local governments to provide them with some expertise that they may not have in establishing an accounting system. He said it may not be fair to come along and audit somebody if they don't have the expertise in establishing a system, but he said he didn't know that there is a mandate to go out and provide them with the expertise.

Mr. Pendergast said there is a section which deals with the state's responsibility to provide systems. The literature on systems states the development, the installation and the maintenance; one is no more important than the other. Our experience has found that in many studies that are done, manuals go on the shelf. Unless you implement that, you really haven't done a great deal. Our experience has been that with the level, in many cases, of expertise, high turnover in these smaller communities, that kind of approach is the most successful approach if you are going to install and maintain the system to generate the information that it is intended to generate.

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Senator Dover said we are running into a real time problem here, and he said we are getting into a real question that Mr. Booker has brought up, because his thinking is that they should put some general fund money in this to keep the thing going. Yet, we have the issue of a revolving fund and hold where we are. Senator Dover asked if Mr. Pendergast could come up with some figures of a balance of general fund to just delve into this school bit and revolving fund, to maintain the cities and counties, and come back with that for FY85. Senator Van Valkenburg said he thought they should just get it done right now.

Rep. Lory said if they go into the schools at all, they are not going to be done in FY85.

Senator Dover said this was the issue: are we going to appropriate money in FY85 or not? Rep. Lory said if they are going into schools at all, they will be busy in 1985.

The Chairman noted that this was not just schools, and asked Mr. Pendergast if he felt they would be through with the cities and counties in '84. Mr. Pendergast said as far as the installations were concerned, they would be done in July of 1984. However, if the general fund is taken away for 1985, there will be a question of whether or not staff will be looking around for other jobs. At the present level of staff, we will be done July 1 of 1984 as far as all counties and cities.

Mr. Pendergast said, regarding Mr. Booker's suggestion of having the Legislative Auditor look at the system, that, for the committee's information, when the system was first designed, they had a committee which included the Montana Society of Certified Accountants. There were members of state and local government. They have had two people to run the program; both Certified Public Accountants. The system now in place is audited every day by Certified Public Accountants, which should certainly lend some credence to the system in terms of meeting the standards.

Mr. Booker said he was not saying that the system was not run well by the CPA's, but the state is kicking in \$1.5 million over the past few years. He felt they needed a better plan before more general fund is put into this program in 1985. That is why they went with a strict revolving fund in 1985, and thus have the counties participating so that we have some

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unified reporting. Maybe they would be doing a better job of using the system so the state can use it too. If the state, in the future, is going to be giving money out to the counties, they are going to need good information to base those judgments on.

Senator Keating said he thinks what Mr. Booker is asking for is some accountability from the counties who are benefiting from this system, and the best way to get accountability out of them is to have them pay a little bit.

Senator Dover said he had no problem with that, but he said he didn't want to do anything to disturb his staff. He said these people are trained, and if we don't work this right we are going to lay them off, and then we will have to put a whole bunch more money in to train them back up again, because we made a promise to the schools that we are going to do this. If you let the ball down, we are going to have to rehire, retrain and regroup, and that is expensive.

The Chairman noted that what Mr. Booker is also getting at is that we could fund this program as to the OBPP in 1984 and the OBPP in 1985, and what you will have is general fund money in FY84 and revolving fund in FY85.

Senator Dover asked what you are going to do with the schools. Are you going to put them on revolving fund to get them going? Rep. Lory made a SUBSTITUTE MOTION that the committee move to 40% revolving fund.....The Chairman noted that we have a motion already before the committee regarding the FTE's. Discussion by the committee.

The Chairman asked that the committee vote on the FTE's. The MOTION by Senator Dover was to approve the 9.3 FTE's for both years of the biennium, and also his intention to include Personal Expenses in this motion. Motion carried.

Rep. Lory said he felt the counties were pretty well strapped, and said he would MOVE that in FY85 the program be funded 50-50 general fund and revolving fund.

Senator Dover said, "Are you taking the OBPP budget and approve that for operating expenses and fund all general fund (this is your motion), and fund all general fund in '84 and 50-50 in '85?"

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Rep. Lory said, "Instead of the \$303,569 Other Funds, it would be half of that general fund and half of that Other Funds." Senator Keating said, with the nine FTE's, will you be able to work on the school districts as well? Mr. Pendergast said their plan would then be in 1985 to provide maintenance for counties and cities, and then start the schools.

Senator Keating asked how he would charge on a revolving account basis for those services to the schools. Will they be able to afford your price?

Mr. Pendergast said, "Again, this was something that was submitted to us, and, frankly, I don't know from my own experience. There is a feeling, at least, that is communicated to us, that there is a state responsibility here. Whether or not they are willing to participate in this, I don't really know."

Rep. Lory asked, "What would you estimate in 1985 would be the amount of time, approximately, that you would put in for maintenance on cities and counties?"

Mr. Pendergast said that roughly 30 to 35% would be for maintenance. Rep. Lory MODIFIED his MOTION to 25% revolving and 75% general fund.

Senator Dover called for the question.

Senator Van Valkenburg said he wanted an understanding here, and that is that a portion of that general fund money that is going in here will be devoted towards maintenance of those local government, city and county systems, so that they are not going to get stuck with all the revolving fund portion of that budget; then the schools come along and get all the general fund portion of the budget. It is going to have to be split in some equitable fashion.

Rep. Lory said his reason was that they would use general fund totally to develop it for cities and counties, so he would assume they would make up a charge against the cities and counties on maintenance to 25%. The schools would be general fund; the same as we did for cities and counties. When it come to maintenance, they would charge them.

The Chairman said that actually what his MOTION is, is that

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you are going to put another \$200,000 out of the general fund into here in '85, and \$100,000 and some . . .

Rep. Lory said it would be closer to \$75,000.

Senator Stimatz asked the Chairman if there wasn't a bill or a law that says that if we put a burden on local government and it is going to cost them, we don't know where the money is coming from. He said, obviously this is going to have to be a mill levy to the counties, or they are going to have to cut out some other service. They are going to have to pay for their accounting, which they haven't been doing.

Senator Van Valkenburg asked how many school districts there were. Mr. Pendergast said you would have to separate them. The school districts they are talking about are the school districts of the first, second class, and third class districts that maintain high schools. There are roughly about 184 high schools and about 170 odd elementary districts as well as about 170 what they might call student activity or extra-curricular funds. These are separate legal entities which would mean a duplicate system in each case with a system for the elementary, the high and the extra-curricular.

Mr. Booker told the committee that the Employee Benefits in the budget office figure was somehow deleted by the system. The total the committee should be looking at is \$332,811 for the first year. (This is the last figure in the OBPP, Total Program column on Exhibit 4.)

Rep. Lory asked what this figure would be for FY85 if it had gone on the same. Mr. Booker said that figure would be \$334,588.

Senator Dover called for the question.

In answer to a question from Rep. Lory as to whether or not he could live with this, Mr. Pendergast said they were willing to give it a go. Ideally they would like something other, but they will certainly work and see in the interim. We will have a year to prepare for this kind of thing to see how it will work. We will make an obvious effort to make it work. The Chairman RESTATED Rep. Lory's MOTION that the funding would be 75% general fund in FY85 and 25% revolving fund in FY85, and go with the OBPP in FY84 and FY85.

Senator Keating said that this MOTION IMPLIES that the revolving fund will come from the counties for their systems

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maintenance, but the school districts will not be charged. Rep. Lory said that was the intent. Senator Van Valkenburg disagreed with that. Senator Van Valkenburg said what that means, then, is that there is no continuing general fund support for the maintenance of those systems at all. Senator Keating said that was not right. In 1985 about 30% of the time will be spent starting on the school districts' development. The other 60% is the maintenance of the county programs. (Confusion by the committee!)

SEnator Dover said that 30% for schools will be 100 maintained. The 70% will be partly state and partly revolving.

Rep. Lory said that Mr. Pendergast said they were going to have to spend about 35% on maintenance.

Mr. Pendergast said the question was how much time in 1985 will be spent in maintenance. So we are saying about 35% of the time for maintenance for counties and cities, and the remainder of the time will be spent in development and installation for schools.

Rep. Lory asked Senator Van Valkenburg if he felt it should all be general fund. Senator Van Valkenburg replied that he thought that the 75-25 split is appropriate, and we should vote on that right now. He thought maybe Mr. Pendergast should propose to us how he would propose to use that general fund money that he gets. If he wants to dump it all in the schools, then he ought to say that. But Senator Van Valkenburg said he felt that they ought to put some of that general fund money towards the maintenance of the local government systems, just as Mr. Stephens says, so the state maintains some commitment to the maintenance of those systems. Otherwise those systems are just going to fall apart, I'm afraid.

Senator Keating said there are 56 counties, and we are talking about \$76,000 in that revolving fund; so that is about \$1,200 per county. They ought to be able to afford that. Rep. Lory noted that there are cities in there too.

Senator Dover again called for the question. Motion carried.

The Chairman asked Mr. Pendergast for a breakdown for the committee.

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Local Government Services (Exhibit 3)

Senator Dover said he would like to delete the District Courts from this budget and just put in the BARS. It's all going to the county, distributed in a little different manner.

Mr. Booker said their position on this, instead of coming out of District Courts, they would rather see it come out of the block grant passed by the Legislature. They would like to leave the District Court funding alone, because they think that is a pretty reasonable figure. If anything, it might even be a little low. They would not like to see the District Court funding touched.

Senator Van Valkenburg made a MOTION that the committee approve the OBPP figure for "State Aid to District Courts" of \$1.650 million in FY84 and \$1.850 in FY85.

Senator Dover asked how they were going to fund the block grant when there isn't any funding to fund it. Senator Van Valkenburg said we will cross that bridge when we come to it.

Rep. Lory noted that this would be all general fund. The Chairman said this has been a bone of contention for courts all over the state for years. They have been under-funded.

Senator Dover asked the Chairman, "If the committee passed this on the full budget on District Courts, could he get this through on BARS, what we just did, through the downstairs committee?" The Chairman replied that he felt the full committee would take a good, hard look at the whole works. He said, as hard as this committee has worked on various budgets, he said he thought there would be some deletions.

Discussion by the committee.

Senator Dover said that "if we put one million, six hundred and fifty thousand in for each year, then you would be pulling out \$200,000 and funding that one we just did and keeping your budget in line. Otherwise we have just spent whatever that was back here over the OBPP's request. \$200,000 would pay the BARS, and we would have kept it in line."

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The Chairman asked Senator Van Valkenburg if the District Courts were funded through the block grant program, couldn't we see that this was withdrawn out of this budget some way?

Senator Val Valkenburg said, "Sure. The question is: are you going to fund them?"

The Chairman said we didn't know if they were going to be funded in the block grant. Senator Van Valkenburg said they are not proposed to be. He said that is not one of the purposes of the block grant program.

Senator Dover made a SUBSTITUTE MOTION that we fund \$1,650,000 each year of the biennium. Senator Dover said this was so we could pay the BARS.

Motion carried. The Chairman, Senator Van Valkenburg and Rep. Lory voted "no."

Senator Dover made a MOTION that the committee accept the BARS and the Local Government Services budgets as amended.

Mr. Booker said that on the funding, there is some other general funding for three general fund positions which were left in to assist the counties and cities. This is in program 16. The Chairman and Rep. Lory agreed that the committee had already approved these positions for the auditors.

Mr. Roessner said that this is a separate issue. The three auditors were not general-funded; he thought they were revolving fund. He said these three positions that we are talking about here are positions that are in the central office here that provide telephone service and ad hoc consulting services to the counties and local governments. We have them in the general fund right now, but as a funding issue we would recommend or throw out for your consideration that these three positions possibly should be in the revolving fund, because they do provide services to the counties. The LFA has identified \$89,640 in FY84 and \$90,399 in FY85 as the salaries and operating expenses associated with these positions that provide this service to the local governments. Mr. Roessner said that, in discussing this with Mr. Pendergast, he says it is very hard to tie down who you are going to charge for this activity, because those positions are

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available for everybody who calls in. Mr. Roessner asked if BARS had a manual that could be used by local governments in running their systems. Mr. Pendergast said that they should make a distinction. Three FTE's we are talking about not only provide service to local government, but are service to the state. We do a variety of things for the Governor's office. The revenue sharing liaison for local government through the Governor's office, payments in lieu of taxes; we do these kinds of things. There are sixty sections of law dealing with pledged securities, with destruction of records that deal with just that kind of thing. Many of those services the laws mandate the state to perform. He didn't know how you could assess a fee for those kinds of things. The committee noted that these three FTE's are already in the budget. Senator Dover REITERATED his MOTION that the committee accept the budgets as amended.

Motion carried.

The committee recessed at 8:50 a.m. (365)

HEARINGS

DEPARTMENT OF HIGHWAYS

The committee reconvened.

Gary Wicks, Director of the Department of Highways, at the request of the Chairman, addressed the committee.

Mr. Wicks: When I took this job a couple of years ago I recognized that we had serious problems in management, problems that had existed for a long time, problems that should have been corrected a number of years ago. The problems weren't only with management; we also clearly had problems with the Legislature and the confidence of the Legislature in the ability to get the job done that they are statutorily responsible to do. I also recognized that those problems wouldn't be and couldn't be solved overnight. Some would take months to solve, some would take years, and some I doubt I'll ever be able to solve. But it was clear then that we needed to set some priorities; we needed to set some direction and start to work on some of these problems.

My priorities for the past two years have been four major ones. Mr. Wicks said that his first priority was that they

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not only wanted to respond to what the Legislature required, but they also wanted to respond to what the Legislative audits that have been done (four of them in the past two years). They also want to respond to the suggestions by the Legislative Fiscal Analyst, the Interim Study Committee headed by Chairman Harp, and also the Finance Committee which they reported to almost on a monthly basis during the time between sessions.

His second priority was to make the Highway Department more efficient and responsive to the public; to try to do more with less, to cut personnel and other operating costs.

The third priority was to improve the management and organization of the Highway Department. The fourth priority was to implement a personnel system that made performance and not politics the basis for personnel decisions.

Mr. Wicks said that those priorities don't take care of all of the problems they have in the Highway Department, but he felt this represented an important step forward. He said he felt they had made some progress.

As far as the first priority, dealing with the Legislature, Mr. Wicks said that the requirements of the Legislature as set forth in House Bill 500 have been developed. They have implemented management systems for a number of important programs: Construction Management System, Preconstruction, Cash Forecasting, Maintenance, Project Selection, Pavement Management and Equipment, to name most of them. They were required to do that by 1985. Mr. Wicks said that, in checking around with other states, there were no other states which had attempted to develop and implement so many management systems in so short a time. They did get started on it by using outside consultants in a lot of cases, and doing most of the work in-house. As they reported to the Finance Committee regularly, they have made pretty substantial progress. Mr. Wicks said they are ahead of the schedule they had set for themselves. Certainly in the Maintenance Management System and Preconstruction and the Construction Systems, they have been able, through some of the changes they have made, to use those systems justifying or not justifying the increases we have asked for. Most of the systems will be implemented by the end of this fiscal year. He expected all of them to be implemented within the next 18 months.

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The importance of these systems can't be denied. We are looking at better budgets, justification, better control of our resources, better use of those resources. We can stick to the schedules they have for projects better. We'll be in a better position to measure the performance of the people who carry out the programs that we are responsible for.

Mr. Wicks said that if the systems are properly developed and properly implemented, they serve as a tool; not as a panacea, but as an excellent tool.

Mr. Wicks said that the second major requirement of House Bill 500 they have done. They have developed a list of projects, ones that are under construction and ones that we plan to let to contract in 1984 and 1985 if the Legislature appropriates the funds requested. It is the first time in the history of the Department that this has been done. He felt that this will provide some useful details as to how they intend to spend the money. They have also put some projects on the shelf. With the recent money that we obtained from the federal government, that has been put to good use.

Mr. Wicks said that in dealing with the Legislature, they also set a high priority on implementing audits. They have had four audits: the performance audit last year with 45 recommendations, of which 12 required legislative action. Of the remaining, 25 have been done, three are being worked on, and five we did not agree with. In the Motor Pool audit there were 19 recommendations, of which 11 have been done, five are being worked on, two we did not agree with, and one required legislative action.

On the financial audit that was done last year, there were 29 recommendations, of which two no longer apply, two which we did not concur in, and 25 which we have completed.

On the recent audit they talked to the Legislative Audit Committee about a week or so ago, there were 17 recommendations. One required action by another agency, one we partially concurred in, and the 25 other recommendations we concurred in, implementing a good portion of those before the audit took place.

Mr. Wicks said this is what they have done to respond to the legislative concerns.

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In terms of efficiency and responsiveness in the Department, Mr. Wicks said this second priority had no specific mandate or direction from the Legislature. We certainly could have lived within the appropriations you granted us last session, but we didn't do that. We took it upon ourselves to cut costs. I think the record clearly shows that we have reduced the FTE level from what was authorized in 1981 of about 2,153 to our 1984 request before the federal funds arrived of 1,762---almost a 400 FTE reduction. That is the lowest level we have been since 1950.

Mr. Wicks said they reduced other costs, and the operating costs have been reduced by at least \$7 million during the biennium. He said the steps they have taken are reflected in the budget request. Not all these reductions are due to what they have done. Obviously, the reduction in federal funds certainly played a large role in that.

Mr. Wicks said they didn't just stop there in terms of personnel and operational costs. They have tried to reduce the costs of the projects. They have implemented value engineering, not only in the contracts they go to contractors with, but also in their design process. He said, for an example, they had a bridge that originally was going to cost \$3.8 million, and by going through a value engineering process, they estimate now that the bridge will cost \$1.5 million. He also told the committee about a reconstruction job south of Miles City on a primary system that was going to be full reconstruction. They went back and decided that they could straighten the curves and widen the shoulders, doing some minor reconstruction, and would end up saving a couple million dollars on the job. He said they have made significant progress in trying to take a harder look at projects, and determine that they can reduce the costs.

In terms of responsiveness, Mr. Wicks said that the biggest thing they have done is to stop automatically saying "no" to the public when they are requested to go out and look at the problems. He has tried to get the people into the field to look at the problem to see if they could solve the problem even with the limited funds they are operating with. An example of this would be some signal lights in Kalispell. They didn't have the money to do it, but they did scrap together from "Maintenance" some signal lights that had been used elsewhere. Harrison Avenue in Butte is another example of where they got people to look at it.

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The third thing they have done is to place far more emphasis on management. Mr. Wicks has made personnel changes necessary to get managers in management positions. He said they have been given the tools and the responsibility to supervise, to make personnel decisions, and ultimately that is what managers are responsible for. In looking at the organization, they saw everything being run out of Helena, and they didn't have any clear center of responsibility out in the field. The buck could be passed from the field office to the Helena office. They wanted to make more efficient use of their staff. They decided last year to reorganize the department from eleven field divisions to five districts. They set up the district engineer in the field, and these people are responsible for the Highway Department activities. The responsibility of the Helena staff shifted from a line responsibility to a responsibility for setting policy, budgets, project selection and design, and for evaluation of the activities out in the field. Mr. Wicks said he thinks the reorganization to date has been a significant improvement in the operations of the Highway Department.

Another example of what can be done with management is in terms of going after funds that are still scarce. There were a number of projects that had been let and had been completed. When they were let, they went to the federal government and got them to approve an obligation level of, say, \$5 million for a project. When it was completed, it ended up costing less than was originally thought, say \$4 million. They had \$1 million in that project and a total of about \$15 million of federal obligation authority that was not being used by the department because the projects had not been closed out and the money made available. They made this a priority, and as a consequence, they were able to let one major interstate project that they would otherwise not have been able to let, and thereby move the whole interstate schedule up a notch.

Mr. Wicks said the fourth thing they have done is to implement the performance appraisal system that has been in place for a year. This is really starting to make a difference. It requires that the supervisors, including Mr. Wicks, would have to sit down every year and evaluate the people that they supervise to set objectives, standards and to recognize outstanding performance where it exists, but also, where there is substandard performance, to take action to correct that.

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That system will serve as the basis for personnel actions in the Highway Department. He said he didn't think any other major agency in state government has taken that step forward.

They have made smaller steps, from putting a directory in the Highway Department Building, using diesel trucks to try to make operations in the field a little more efficient. They have followed suggestions from the LFA, the Legislative Auditor, the Governor's Council on Management, and everybody else, to try to make things work better. Mr. Wicks said that he thought they have made progress in the past two years in improving the operations of the Highway Department, and they were able to get those changes made because the people in the department, once given the opportunity to manage, make changes, make things work better, and save money, have proven more than willing to do so.

Mr. Wicks said that the point of all this is that the department has demonstrated an initiative and ability to solve problems and to meet commitments. He said he felt the budget reflects those priorities and commitments. It is substantially lower than it would be if they hadn't taken these steps. It is clear from the budget that if they didn't need the money, they didn't spend it. It is clear that if they didn't need the positions, they didn't fill them. And it is clear that if they didn't need them, they eliminated the positions. He said they have a realistic, better-justified budget than they had in 1981.

Mr. Wicks said they have a number of areas where they are looking for a modified program level. The major areas where they have asked for an increase in activities: Finish the conversion to the SBAS, requests for data processing to save FTE's by installing some equipment in the field. They want to continue to improve their communications system. They want to beef up the enforcement of the GVW laws on the highways. The last significant one is on bridge-painting. They have not painted any bridges in Montana for 12 years.

The two major increases in the department are to accelerate the completion of the Interstate through a bonding program, and also to do something about the primary system in Montana.

(Begin Tape 80, Side A)

Mr. Wicks explained that they have had to make a lot of adjustments in the budget process since September. One of the major problems has been to try to keep up with the federal dollars flowing in. In September they started out with an assumption that they could count on about \$80 million of federal highway aid. Later on that came out to \$66 million, so they had to adjust their budget. Then in January they finally got word about the increase in obligation authority from \$66 to \$100. They have tried to adjust the project list so it reflects the federal funds. The problem is that you cannot take out or add projects without adjusting the whole work plan. He explained that this has been a tough process for them as it doesn't only affect just Preconstruction and Construction and the actual contract amounts, it also affects equipment, gasoline, the amount of people in the field, the FTEs, etc. All have to be adjusted.

Problems

1. Communications: There are some budget differences where different inflation figures were used by the LFA and the OBPP. This is a problem that is common throughout the budgets.
2. Data Processing: The same kind of thing is true. The LFA used some figures that the department later updated and adjusted, based on a more accurate assessment of what the costs and needs are. In the Department of Administration, the amount of money they got back from the computer had run out, and they now have to start paying completely for those services.
3. Payroll Service Fees: They understand there is going to be an increase, but they don't know exactly what that will be.
4. Salaries: There is quite a difference in the LFA and the OBPP, which they are trying to work out.

Maintenance (Exhibit 5)

Mr. Wicks said the first issue they would like to address is the one the LFA raised in terms of savings in the Maintenance budget. He said it was clear that the savings are there; they didn't save them one year and put them back in the next year. He said he could show the committee by walking through some figures that the savings are there. When they first looked at this program they saw that there were two things they weren't doing that needed to be done. One, they didn't have

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any preventive maintenance in Montana, so the Primary System and the Interstate System pavement, which they were responsible for maintaining, was not being preserved the way it should have been. The absence of a seal coat program was critical, not only to preserve the pavement, but also forestalling increased expenditures in out years as it became more and more expensive to come back in and repair those pavements. They looked for some money in this budget to put into the Pavement Preservation Program to do some seal-coating and also to begin the painting of bridges. The bridges in the Highway System in Montana hadn't been painted for 12 years. Mr. Wicks said that in 1982 we had an appropriation, absent the accounts receivable, of about \$36.5 million. They expended \$35 million in 1982. The committee's records will show \$34.4 million, but there is an accrual there, that if you took the record forward, you would see that \$35 million was spent. They actually saved \$1.5 million. They spent \$1.8 million on seal coating. They intended to spend more, but it was a bad spring and this limited their ability to get the contracts out. If you take the \$1.5 million that they didn't spend, and add to it the \$1.8 that they did spend on sealcoating, not on the regular maintenance program, you have \$3.3 million that was not spent by the regular maintenance program. They budgeted \$34 million in 1982 for the regular maintenance program. They actually spent, on that program, \$33.2 million. The reason they didn't spend the full \$34 million is basically due to the fact that it was a bad spring which cut down on maintenance activities, but also substantially cut down construction activities. If you assume that they would have spent the \$8.8 million if the weather had not been as it was, and take it off the \$3.3 million that they didn't spend on the maintenance program, that would leave a savings of \$2.5 million.

Mr. Wicks said they start out with the idea that the budget was \$34 million, and if the weather hadn't been bad they would have spent that \$34 million, their current level adjusted budget for 1984, before we talk about inflation and other factors, is \$35.3 million. The difference between the \$34 million and the \$35.3 million can be explained basically by \$1 million difference in the equipment costs, and the program changes they made in 1983. The \$.3 million they can detail as to where they have changed it. The savings were recognized, and the savings have been carried over in the budget.

Mr. Wicks said that another way of looking at it is that their budget for 1983 is \$40 million. If you take a 5% increase

in that budget due to inflation, and (because they are holding the line on salaries that may have to be reduced), they are still looking at a 1984 adjusted budget, if you are operating from the 1983, of \$42 million. Their budget request is \$39 million. So that is a difference of \$3 million, less the bridge program, which they have as a modified request, and that leaves a savings in the neighborhood of \$2 million to \$2.5 million.

Mr. Wicks said the savings are there. They have been recognized and carried forward in the budget process.

Salaries: The LFA and OBPP are working on this so there is no point in discussing this at this point.

Contracted Services: The LFA's request is \$637,000 more than what has been proposed by the OBPP. These are basically for rest areas, insurance bonds, some consulting contracts for the Maintenance Management System. The basic difference is that the LFA has used the base year and adjusted it. What the agency has done is to take a look at specific figures and tried to base the budget on that. Therefore, the agency doesn't feel they need the \$1.6 million that the LFA has in the budget. They believe that the \$1 million in contracted services is sufficient. Mr. O'Brien said that part of these costs have been data-processing, and that the majority of this was due to revisions the department had made after the budget request. Mr. Wicks said this was correct.

Supplies and Materials: There is a difference here of about \$10,000, which is basically due to a problem with the diesel fuel. They think there should be an increase in the base due to the problem they had last spring.

Mr. Wicks introduced Bill Salisbury, Central Services Administrator; John Prebil, the Deputy Director; Don Gruel, head of the Maintenance Division; Art Braut, also in the Maintenance Division; and Rusty Rygg, who is now the Maintenance Supervisor in the District Office in Missoula, previously the head of the Equipment Bureau which is now part of the Maintenance Division. They can help answer some of the committee's specific questions.

Bill Salisbury said that in this category this is basically the increase in diesel fuel used to fire some asphalt drying

plants that was not used because of the wet spring and the decreased maintenance activities.

In answer to a question from Senator Keating, Ms. Cohea explained the fuel they are talking about under 2200 is to power vehicles and do the drying of the kiln. When they are talking "utilities", that is actually to heat the maintenance shops. Ms. Cohea said that Exhibit 5, which the Senator is referencing, is blank on "Utilities" because that is so they would take the LFA budget on that item. The other figures are the base adjustments requested by the agency which differ from the LFA's recommendations.

Communications: Mr. Wicks said they are still under AT&T, but they will be moving to the Centel. Some of these changes reflect that movement. Ms. Cohea said this was basically the Centel problem. She said there were basically two sets of inflation factors. There was a deflation factor for the Helena-based operations, but in the field they will still be with Mountain Bell, so they will have inflation factors. She said in her budget she broke out field phones from the Helena phones and inflated them separately. Mr. O'Brien did not do that. He applied the Helena rates to everything. They are in the process of working this out now.

Rep. Lory noted that there is a first quarter of FY84 where additional costs will have to be added for the telephones as the conversion will not take place until the second quarter of the year. The committee was advised that the OBPP figures should be taken here, \$119,270 for FY84 and \$140,502 for FY85. Mr. O'Brien concurred.

Travel: Mr. Wicks said the OBPP and LFA agree on this, so there is no problem with this category.

Rent: Mr. Wicks said this was a significant issue. There is a difference of \$1.1 million. He said in 1983, which they didn't have in 1982, was a rate adjustment for the vehicle equipment they rented. This rate adjustment was required for a number of factors.

Mr. Salisbury said this is primarily due to a rental increase they have in "Equipment" which is a revolving account that provides equipment for this program. They had a loss in FY82 in the base year. In the prior year they had an auction sale,

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the proceeds of which the Legislature had allowed to go to the revolving account. Prior to that it went to the earmarked account. The Department had used the figure of approximately \$440,000 in its rental calculation. They subsequently found out that the legislation did not take effect until October 1. This put the department in a position of not being able to use those auction proceeds for rental calculations for that year. They did end up losing money in that year, and that is the major reason for the rate increase.

Mr. Wicks said they ended up with an adjusted base of about \$991,000, which accounts for the bulk of the difference between the OBPP and the LFA. He said they are prepared to go into more detail on the rate increase when they get into the budget for "Equipment."

Senator Van Valkenburg asked Mr. O'Brien if he agreed with this. Mr. O'Brien said that they are attempting to not just identify specific differences in the budget. They would like to identify differences in the various types of service that would be provided with the additional monies that might be appropriated; for example, how different maintenance districts would be impacted with the additional money. He would concur with the fact that the rate structure needs to be changed, but they haven't seen any specifics on this. He said it is important that the committee have information on the impact or level of service that would be provided if additional money would be appropriated. This would establish some kind of accountability, and it would allow for continued analysis of the "Maintenance" budget.

In answer to a question from Senator Van Valkenburg, Mr. Wicks said they are not talking about different levels of service; they are talking about an adjustment in the equipment rental rate that has already taken place.

The Chairman asked Mr. Wicks to explain how the equipment is rented. Mr. Wicks said the programs that rent the equipment pay this program for the equipment they use. This is a self-sustaining program. If the cost of renting equipment goes up, the rates charged to the other department programs go up. If the rates go down, the charges go down. This is something that has to be balanced out.

In answer to a question from Senator Stimatz, Mr. Wicks explained that the Equipment Rental Bureau rents it to the

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Maintenance Program, the Construction Program and to General Operations. Any equipment in the Highway Department that they own, they have 3,300 pieces of equipment worth about \$55 million that is operated under the Equipment Program. So every piece of equipment is in this budget. The costs of operating that equipment are charged to the various other programs that use it.

Discussion of revolving account money, and the procedures of checking out equipment from this division.

In answer to a question from Mr. O'Brien, Mr. Salisbury said that the rental rate is structured by class. Within each one of the classes they do have the number of vehicles. The Equipment Bureau budget itself does reflect the equipment usage recommended by the Equipment Needs Analysis that has recently been done.

Mr. Wicks pointed out that the rental rate is also based on the cost of fuel, the cost of gasoline, and the cost of maintenance.

Mr. Wicks pointed out that 1982 was an abnormal spring for the highway department, with critical weather and flood problems in the maintenance division. Not only did they have the critical weather, but also a strike in the construction division. So when you reach the construction budget, you can see that what they anticipated was spending something like \$80 million. But, since the contractors weren't out there, the expenditures were only about \$66 million.

Mr. O'Brien stated that the people from the highway department had stated that the request for road oil is based upon the fact of bad weather conditions and the fact that they didn't expend that money in FY82. He wondered if they were not just simply talking about bad weather, but about additional service as well.

The department replied that they always have some machine patching, and also a certain amount of blade patching. What they are talking about in pavement preservation overlays for the reconstruction trust fund is something beyond that of preserving the pavements down the road 10 or 15 years.

Mr. O'Brien wanted a clarification as to what the request is based on, and was told the asphalt budget is based on prior

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use and the averages that have been used for the past five years, for the normal maintenance that they have been doing for the last five years, blade patching, machine patching and hand patching, etc. They do the short seal costs, the short blade patches, and the contractors can come in and do the long jobs and do the preservation act. The increase of \$184,000 is based on what the department believes is the necessity of getting back to the quantity that they had over the average five-year period.

The department stated they didn't address the problem of the 8100 transfers. The LFA is currently \$29,400 higher than the OBPP budget. There is a problem in this program. The last HB 400 did not allow them the authority to charge the payroll costs in the "stores" program itself. The maintenance people do work for the stores program, for example, crushing gravel. They have kept the base for that particular account, the \$237,781, approximate payroll costs for doing that work, and kept the funding at a total of \$556,000. He feels the LFA inflated this amount and came up with \$267,000.

Mr. O'Brien stated that he was under the impression that these expenses were all in "operating expenses." He was told they were not, because you can see the \$237,000 in payroll costs.

Mr. Wicks then stated that they are requesting a modified program at a \$500,000 level, and this is for painting bridges. They started some of this last year, and hope to do it again. This would be under contracted services.

Sen. Dover asked if the money they had received from the federal government would come into this, and they replied it would not. Discussion on the painting of bridges across the state ensued. Chairman Quilici added that in the maintenance area they might like to discuss the stores inventory. This would be discussed in tomorrow's meeting, he was told.

Equipment (Exhibit 7-849)

Mr. Wicks stated on FTE's there was no basic difference. In contracted services it was the same thing that they had in the maintenance program, and that is that the OBPP recommends \$166,000, and the LFA is at \$177,000. The basic difference is that they have gone back and made some adjustments. They are recommending that the committee go with the OBPP figure.

Appropriations Subcommittee on Elected Officials and Highways
Minutes

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On "supplies, there is a significant difference in terms of a request. They are asking for approximately \$80,000 more than the LFA is recommending. Basically, the differences here are made up in the quantity of gasoline and diesel fuel that they feel should be in the base years.

Mr. O'Brien stated the primary difference in supplies is due to a request for an adjustment for diesel and gasoline fuel. The Dept. of Highways has requested an adjustment of \$30,634 for gasoline, and an additional request for diesel fuel in like manner. Sen. Van Valkenburg stated they don't have any narrative of what the differences are. You need something in writing to say what the differences are.

(Begin Tape 81, Side A)

Chairman Quilici wanted a better breakdown of the discrepancy between the budgets before the executive session.

He noted the \$4 million discrepancy in equipment as an example. Mr. Wicks explained the LFA did not recommend any equipment budget at all, and they said they ought to take a look at what they expect to purchase with the amount of money they are requesting.

Sen. Keating asked what the purpose of the equipment bureau is, and Mr. Wicks explained that it is to manage and maintain the 3300 pieces of equipment that the highway department has, and this includes things from doing major repairs to rebuilding an engine, oil changes, and other types of maintenance to keep this equipment up. Gary Wicks went on to explain on utilities, it is the same problem they identified in the maintenance program, and that is a large part of the work that goes on in the shop is charged to the equipment budget. They would like to see it annualized and adjusted for inflation.

In repairs they have a \$71,000 difference, and the two major reasons for the differences are that the OBPP allows them to increase their agency request, to increase the purchase of carbide blades. The other differences come from purchases of equipment such as spark plugs, antifreeze, oil filters, etc. They believe they need \$38,000 more of equipment than the LFA allowed in the budget. The total of both of these comes to \$64,999, adjusted for inflation of \$6,804, with the difference of what they are requesting of \$71,803.

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The major difference on the whole budget is the fact that the LFA made no recommendation on equipment purchase.

As the committee will recall in HB 500, they were asked to do an analysis of their equipment, and this was a recommendation made by the general consultant that they do this. They hired Bird, Tellamy out of Virginia to do the equipment study. This was completed in December. They made a list of where they ought to cut and in what categories. This list was made available to the budget office on January 13. They have made their recommendations based on the "Bird" study.

Just in generalities, the only things they are asking for in equipment are things that are worn out beyond their life expectancy, and is just current level except for the additional 100 ton per hour hot mix. To offset the cost of this they are not buying any motor patrol units. They are reducing the number of motor patrol units by 10 the first year, and they will take the old ones out of service and not buy anymore. After they get the new hot plants in service, they expect to be able to reduce approximately 20 more just by attrition.

Other things they are doing beyond replacement are buying some tilt-top trailers and a transport trailer as the study recommended. They are reducing the number of oilers that they have in the fleet, and the number of brooms. They will end up with less trucks in the fleet also.

Discussion.

The hearing was closed on equipment for highways.

The meeting was adjourned at 11:20 a.m.

Joe Quilici, Chairman

dm

AGENCY : 6101 DEPARTMENT OF ADMINISTRATION
 PROGRAM : 24 STATE INSURANCE
 CONTROL : 00000

AF/OE	DESCRIPTION	FY 83	OBPP FY 84	LFA FY 84	DIFF. FY 84	SUB-CMT. FY 84	OBPP FY 85	LFA FY 85	DIFF. FY 85	SUB-CMT. FY 85	CURRENT LEVEL SERVICES ONLY	
0000	FULL TIME EQUIVALENT (FTE)	7.00	7.00	9.00	2.00		7.00	9.00	2.00			
1100	SALARIES	188,291	171,196	222,810	51,614		170,506	221,962	51,416			
1200	HOURLY WAGES		155		-155		155		-155			
1400	EMPLOYEE BENEFITS	5,491	24,794	31,124	6,330		24,991	31,428	6,437			
1500	HEALTH INSURANCE		6,720	8,640	1,920		6,720	8,640	1,920			
	TOTAL LEVEL	193,782	202,865	262,574	59,709		202,412	262,030	59,618			
2100	CONTRACTED SERVICES	2,090,888	1,353,402	420,138	-933,264	1,204,647	760,601	208,755	-551,846		599,162	
2200	SUPPLIES & MATERIALS	3,827	11,246	8,372	-2,874		8,784	5,735	-3,049			
2300	COMMUNICATIONS	3,911	4,251	4,242	-9		4,929	4,916	-13			
2400	TRAVEL	2,946	4,764	4,758	-6		4,981	4,972	-9			
2500	RENT	4,605	6,366	5,316	-1,050		7,006	5,634	-1,412			
2700	REPAIR & MAINTENANCE	3,411	294	292	-2		312	309	-3			
2800	OTHER EXPENSES	657	50,812	811	-50,001		50,861	859	-50,002			
	TOTAL LEVEL	2,110,745	1,431,135	443,929	-987,206		837,114	231,180	-606,334			
	TOTAL PROGRAM	2,304,527	1,634,000	706,503	-927,497		1,039,926	493,210	-546,716			
01100	GENERAL FUND	192,500	215,600	196,630	-18,970		228,536	208,427	-20,109			
06524	INSURANCE PREMIUM	2,112,027	1,418,400	509,873	-908,527		811,390	284,783	-526,607			
	TOTAL PROGRAM	2,304,527	1,634,000	706,503	-927,497		1,039,926	493,210	-546,716			

Exhibit 1
 2-17-83

DEPARTMENT OF ADMINISTRATION
Insurance & Legal Division

Budget Issues

- 1) \$7,865 in FY84 and \$8,337 in FY85 should be considered for consulting and professional services.
- 2) Development and maintenance costs on an accident/incident computer program come to \$11,420 in FY84 and \$4,049 in FY85.
- 3) We are unable to determine why the LFA budget figure is so different than the Executive Budget for insurance and bond premiums. However, an additional \$752,154 in FY84 and \$367,930 in FY85 is needed to cover this category.
- 4) No training or education funds are in the LFA budget. \$1,798 in FY84 and \$1,906 in FY85 is needed to cover training and education for 4 attorneys.
- 5) \$160,023 in FY84 and \$169,624 in FY85 is required for private legal counsel.
- 6) Fees for the use of the computerized reference source at the State Law Library not included in the LFA budget total \$2,874 in FY84 and \$3,049 in FY85.
- 7) \$50,000 in FY84 and FY85 respectively is necessary to implement the Council on Management's recommendation for training seminars.

Y.P.
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has to be part

REPORT EBSR100
 DATE : 01/08/83
 TIME : 16/25/25

OFFICE OF BUDGET & PROGRAM PLANNING
 EXECUTIVE BUDGET SYSTEM
 AGENCY/PROGRAM/CONTROL --- BUDGET WORKSHEET

AGENCY : 6101 DEPARTMENT OF ADMINISTRATION
 PROGRAM : 20 COMMUNICATIONS PROGRAM
 CONTROL : 00000

AF/OE	DESCRIPTION	FY 83	ORPP FY 84	IFA FY 84	DIFF. FY 84	SUB-CMT. FY 84	ORPP FY 85	IFA FY 85	DIFF. FY 85	SUB-CMT. FY 85
0000	FULL TIME EQUIVALENT (FTE)	9.39	14.39	8.14	-6.25		14.39	8.14	-6.25	
1100	SALARIES	240,733	303,285	188,093	-115,192		302,127	187,371	-114,756	
1400	EMPLOYEE BENEFITS	45,952	44,401	26,674	-17,727		44,715	27,060	-17,715	
1500	HEALTH INSURANCE		13,814	9,014	-4,800		13,814	9,014	-4,800	
	TOTAL LEVEL	286,685	361,500	223,781	-137,719		360,716	223,445	-137,271	
2000	OPERATING EXPENSES			14	14			21	21	
2100	CONTRACTED SERVICES	41,237	41,237 64,253	24,650	-53,603		67,950	26,123	-55,827	
2200	SUPPLIES & MATERIALS	7,260	12,959	2,198	-10,761		8,377	2,328	-6,049	
2300	COMMUNICATIONS	2,866,879	3,334,584	3,333,827	-757		3,911,739	3,910,935	-804	
2400	TRAVEL	11,845	14,034	5,731	-8,303		14,737	5,995	-8,742	
2500	RENT	9,844	11,841	10,725	-1,116		12,766	11,368	-1,598	
2700	REPAIR & MAINTENANCE	150	508	505	-3		539	535	-4	
2800	OTHER EXPENSES	2,150	1,319		-1,319		1,308		-1,398	
	TOTAL LEVEL	2,939,365	3,453,493	3,377,650	-75,843		4,031,706	3,957,305	-74,401	
3100	EQUIPMENT	--	3,539		-3,539					
	TOTAL LEVEL	--	3,539		-3,539					
06526	COMMUNICATIONS	3,226,050	3,818,537	3,601,431	-217,106		4,392,422	4,180,750	-211,672	
	TOTAL PROGRAM	3,226,050	3,818,537	3,601,431	-217,106		4,392,422	4,180,750	-211,672	
	TOTAL PROGRAM	3,226,050	3,818,537	3,601,431	-217,106		4,392,422	4,180,750	-211,672	

DEPARTMENT OF ADMINISTRATION

Communications Division

Budget Issues

1) The executive budget request includes 6.25 FTE to implement and maintain the new telephone system. The positions are for two implementors, intern (.25), installer, engineer, accountant, and bureau chief.

2) The executive budget reflects operating costs to maintain the new telephone system:

	<u>'84</u>	<u>'85</u>
Contracted services	\$22,026	\$23,293
Supplies & materials	7,723	2,827
Travel	6,007	6,367
Rent	2,822	2,991
Total	<u>\$38,578</u>	<u>\$35,478</u>

3) The executive budget reflects operating costs for the planning and implementation effort of the long range telecommunications plan:

	<u>'84</u>	<u>'85</u>
Contracted services	\$29,263	\$31,019
Supplies & materials	2,152	2,281
Communications	299	317
Travel	1,898	2,013
Total	<u>\$33,612</u>	<u>\$35,630</u>

4) Both the executive and fiscal analyst budgets omit rent costs for 1,000 sq. feet for a switch room for the new telephone system (\$3,280 in '84 and \$3,630 in '85).

5) The executive budget includes requests for dues, subscriptions, registration fees for training conferences, etc. These costs are necessary for the operation of the division. All these costs were omitted from the '82 base by the fiscal analyst (\$1,319 in '84 and \$1,398 in '85).

6) The executive budget includes requests for office equipment for the additional employees and engineering equipment for the telephone installer (\$3,539 in '84).

7) Vacancy savings of 3.5% has been recommended by the fiscal analyst. The total cost based on our executive budget request would be \$12,653 in '84 and \$12,625 in '85. This translates into .50 FTE reduction during each year of the biennium.

OFFICE OF BUDGET & PROGRAM PLANNING
 EXECUTIVE BUDGET SYSTEM
 AGENCY/PROGRAM/CONTROL --- BUDGET WORKSHEET

REPORT EBSR100
 DATE : 01/08/83
 TIME : 16/25/25

AGENCY : 6101 DEPARTMENT OF ADMINISTRATION
 PROGRAM : 16 LOCAL GOVERNMENT SERVICES
 CONTROL : 00000

AE/OE	DESCRIPTION	FY 83	ORPP FY 84	LFA FY 84	DIFF. FY 84	SUB-CMT. FY 84	ORPP FY 85	LFA FY 85	DIFF. FY 85	SUB-CMT. FY 85
0000	FULL TIME EQUIVALENT (FTE)	28.70	28.70	25.70	-3.00		28.70	25.70	-3.00	
1100	SALARIES	596,111	632,861	577,585	-55,276		630,460	575,392	-55,068	
1400	EMPLOYEE BENEFITS	119,222	94,486	84,081	-10,405		95,263	85,396	-9,867	
1500	HEALTH INSURANCE		27,552	24,672	-2,880		27,552	24,672	-2,880	
	TOTAL LEVEL	715,333	754,899	686,338	-68,561		753,275	685,460	-67,815	
2100	CONTRACTED SERVICES	28,012	14,363	6,732	-7,631		15,094	7,021	-8,073	
2200	SUPPLIES & MATERIALS	16,589	16,977	14,318	-2,659		18,160	15,174	-2,986	
2300	COMMUNICATIONS	18,464	16,411	15,521	-890		19,165	18,138	-1,027	
2400	TRAVEL	81,625	107,444	63,005	-44,439		110,168	64,729	-45,439	
2500	RENT	20,240	15,718	15,717	-1		16,661	16,659	-2	
2600	Utilities	3,060								
2700	REPAIR & MAINTENANCE	10,516	6,447	6,315	-132		6,834	6,692	-142	
2800	OTHER EXPENSES	366	4,040	1,788	-2,252		4,282	1,893	-2,389	
	TOTAL LEVEL	178,872	181,400	123,396	-58,004		190,364	130,306	-60,058	
3100	EQUIPMENT	6,097	1,000	500	-500		1,000	500	-500	
	TOTAL LEVEL	6,097	1,000	500	-500		1,000	500	-500	
6100	FROM STATE SOURCES		1,650,000	375,000	-1,275,000		1,850,000	375,000	-1,475,000	
	TOTAL LEVEL		1,650,000	375,000	-1,275,000		1,850,000	375,000	-1,475,000	
	TOTAL PROGRAM	900,302	2,587,299	1,185,234	-1,402,065		2,794,639	1,191,266	-1,603,373	
01100	GENERAL FUND	200,260	1,730,000	464,640	-1,265,360		1,930,360	465,399	-1,464,961	
06521	LOCAL GOVERNMENT AUDIT SERVICE	700,042	857,299	720,594	-136,705		864,279	725,867	-138,412	
	TOTAL PROGRAM	900,302	2,587,299	1,185,234	-1,402,065		2,794,639	1,191,266	-1,603,373	

Exhibit 3
 2-17-83

1,850

1,650,000
 800
 6,550,000

DEPARTMENT OF ADMINISTRATION

Local Government Services

Budget Issues

- 1) The executive budget request retains 3.00 FTE and applicable operating expenses for the municipal auditor positions. These positions are funded by proprietary funds and are necessary to handle the audit workload.
- 2) The executive budget request includes funds for staff training in order to meet generally accepted auditing standards. Also, additional management reports are needed to monitor variables which impact audit costs (\$6,822 in '84 and \$7,231 in '85).
- 3) The executive budget includes funds for professional publications on accounting standards (\$337 in '84 and \$357 in '85).
The budget also includes \$301 in '84 and \$319 in '85 for the cost of paper stock necessary for the operation of the division.
- 4) Executive budget includes costs for telephone (local and STS), postage and mailing. A portion of these costs were reduced by the Fiscal Analyst (\$861 in '84 and \$913 in '85).
- 5) The executive budget includes travel costs for authorized auditor positions to be filled during FY '83 (\$28,670 in '84 and \$29,436 in '85). Also, the Fiscal Analyst reduced the '82 base by \$15,356. These travel cuts should be restored.
- 6) The executive budget request includes costs for professional training to assure staff awareness of generally accepted accounting principles (\$2,252 in '84 and \$2,389 in '85).
- 7) The executive budget request includes equipment expenses of \$1,000 to replace four calculators (both '84 and '85). The Fiscal Analyst only approved the purchase of two calculators. The additional two calculators are necessary for the operation of the division.
- 8) The executive budget request includes the general fund support for the district court system (\$1,650,000 in '84 and \$1,850,000 in '85).
- 9) Vacancy savings of 3.5% has been recommended by the Fiscal Analyst. The total cost based on our executive budget submission would be \$26,421 in '84 and \$26,365 in '85. This translates into a reduction of one FTE during each year of the biennium.

BARS

OFFICE OF BUDGET & PROGRAM PLANNING
 EXECUTIVE BUDGET SYSTEM
 AGENCY/PROGRAM/CONTROL --- BUDGET WORKSHEET

REPORT EBSR100
 DATE : 01/08/83
 TIME : 16/25/25

AGENCY : 6101 DEPARTMENT OF ADMINISTRATION
 PROGRAM : 15 ACCOUNTING & MANAGEMENT SYSTEM
 CONTROL : 00000

CURRENT LEVEL SERVICES ONLY

AE/OE	DESCRIPTION	FY 83	OBPP FY 84	LFA FY 84	DIFF. FY 84	SUB-CMT. FY 84	OBPP FY 85	LFA FY 85	DIFF. FY 85	SUB-CMT. FY 85
0000	FULL TIME EQUIVALENT (FTE)	9.30	9.30	9.30			9.30	9.30		
1100	SALARIES	199,204	209,466	209,938	472		207,017	209,138	2,121	
1400	EMPLOYEE BENEFITS	39,841	249	30,595	30,346		8,928	31,019	31,019	
1500	HEALTH INSURANCE		8,928	8,928				8,928		
1800	TOTAL LEVEL	239,045	218,643	249,461	30,818		215,945	-249,085	-215,945	
2100	CONTRACTED SERVICES	1,898	2,391	1,267	-1,124		2,484		-2,484	
2200	SUPPLIES & MATERIALS	4,387	7,635	10,118	2,483		8,185		-8,185	
2300	COMMUNICATIONS	6,263	6,214	6,211	-3		7,159		-7,159	
2400	TRAVEL	45,462	46,080	29,705	-16,375		47,269		-47,269	
2500	RENT	12,812	17,005	16,997	-8		18,025		-18,025	
2600	Utilities	1,935	1,872	3,194	1,322		1,984		-1,984	
2700	REPAIR & MAINTENANCE	2,028					2,518		-2,518	
2800	OTHER EXPENSES	1,575	2,376	1,002	-1,374		87,624		-87,624	
	TOTAL LEVEL	76,360	83,573	68,494	-15,079		303,569		-303,569	
	TOTAL PROGRAM	315,405	302,216	317,955	15,739		334,528		-303,569	
01100	GENERAL FUND	315,405	302,216	317,955	15,739		303,569		-303,569	
06999	TOTAL PROGRAM	315,405	302,216	317,955	15,739		303,569		-303,569	

Exhibit 4
 2-17-83

MAINTENANCE

	FY82 Actual	FY83 Budgeted	FY84 OBPP	FY84 LFA	Difference	FY85 OBPP	FY85 LFA	Difference
00								
1100	673,83	673,83	662,83	662,83		662,83	662,83	
1300	\$12,616,135	\$16,846,706	\$14,303,537	\$	\$	\$14,297,156	\$	
1400	808,661	584,751	2,373			2,373		
1500	2,418,664		2,699,077			2,722,179		
Total Level	\$15,843,460	\$17,431,457	\$17,641,304	636,316	-1	\$17,636,317	636,316	-1
2100								
2200	2,313,730	956,482	1,024,781	1,661,784	637,003	1,086,266	1,761,481	675,215
2300	481,811	773,988	547,736	537,291	-10,445	584,217	573,758	-10,459
2400	88,174	113,314	119,270	94,209	-25,061	140,502	109,818	-30,684
2500	193,763	311,404	207,847	207,847	0	215,527	215,527	0
2600	6,493,223	8,229,802	8,412,780	7,295,779	-1,117,001	8,917,547	7,733,523	-1,184,024
2700	969,860	1,018,445	1,293,158	1,234,559	-58,599	1,577,391	1,507,790	-69,601
2800								
Ma Intenance	8,585,165	11,933,769	10,472,733	9,642,314	-830,419	11,099,559	10,220,837	-878,722
Other Expen	33,506	9,000	38,906	37,567	-1,339	41,240	39,817	-1,423
Total Level	\$19,159,232	\$23,346,204	\$22,117,211	\$20,711,350	\$-1,405,861	\$23,662,249	\$22,162,551	\$-1,499,698
3100								
4100	146,912	35,000	44,398	0	-44,398	26,854	0	-26,854
8100	1,013	47,737	0	0		0	0	
Total Pgm	\$34,912,838	\$40,860,398	\$39,565,132	\$26,167	29,386	\$41,109,347	\$-283,197	45,416
02422								
Highway								
02459	34,912,838	39,860,398	38,999,035	40,521,684		587,663		
Earmarked	0	1,000,000	566,097					
Stores Inv								

Exhibit 5
2-17-83

Department of Highways
Maintenance Program (03)
84-85 Additions

<u>I.D.</u>	<u>Description</u>	<u>Base Adjustment Required</u>
2507	Equipment Rental	\$991,566
2600	Utilities	
	Electricity and Natural Gas	\$ 5,583
	Fuel Oil	\$ 17,419
2700	Maintenance & Repairs	
	Rest Areas	\$ 3,601
	Paint - Guardrail, Bridge Rail, etc.	\$ 1,209
	Paint - Traffic Line	\$101,785
	Culverts	\$ 3,115
	Fence Materials	\$ 2,647
	Guardrail & Posts	\$ 11,349
	Sign Materials	\$ 76,074
	Road Oil	\$183,938
	Sand	\$184,044
	Oil Mixed Materials	\$ 42,474
	Maintenance Contracts <u>Missoula</u>	\$227,750

EQUIPMENT

AE/OE	FY82 Actual	FY83 Budgeted	FY84 OBPP	FY84 LFA	Difference	FY85 OBPP	FY85 LFA	Difference
0000			120.35	120.35		120.35	120.35	
1100	119.85	119.85						
1300	2,354,300	\$ 2,407,300	\$ 2,542,391			\$ 2,535,395		
1400								
1500	433,921	610,755	491,444			494,402		
	Health In		115,536			115,536		
	Total Level	\$ 3,018,055	\$ 3,149,371			\$ 3,145,333		
2100								
2200	167,765	284,792	166,845	177,736	10,891	168,102	188,396	20,294
2300	3,158,216	3,561,029	3,461,941	3,382,289	-79,652	3,834,875	3,746,536	-88,339
2400	30,621	21,204	41,457	35,566	-5,891	48,945	41,715	-7,230
2500	20,588	33,107	24,261	21,528	-2,733	24,818	22,041	-2,777
2600	2,389	1,506	2,630	2,535	-95	2,787	2,685	-102
2700	113,902	106,955	162,705	152,787	-9,918	198,395	186,341	-12,054
2800	1,280,429	1,645,058	1,511,728	1,439,925	-71,803	1,602,432	1,526,308	-76,124
	Other Expen	7,000	23,852	28,211	4,359	25,283	29,899	4,616
	Total Level	\$ 5,660,651	\$ 5,395,419	\$ 5,240,577	\$ -154,842	\$ 5,905,637	\$ 5,743,921	\$ -161,716
3100								
4100	4,140,930	3,977,000	4,704,000	4,000	-4,700,000	4,170,000	2,000	-4,168,000
	Capital out							
	Total Pgm	\$11,735,982	\$12,655,706	\$13,248,790		3,220,970		
02422								
	Highway							
06508	2,500,992	2,513,000	3,100,000			3,100,000		
03407	8,919,983	10,142,706	10,148,790			10,120,970		
	Highway Tr							
	Total Pgm	\$11,735,982	\$12,655,706	\$13,248,790		\$13,220,970		

EQUIPMENT BUREAU PROGRAM

1984-85 Budget

Current Level

	<u>ITEM</u>		<u>LFA</u> <u>84</u>		<u>LFA</u> <u>85</u>
1.	2200	Supplies & Mat.	+ 79,652		+ 88,339
2.	2300	Communications	+ 5,891		+ 7,230
3.	2600	Utilities	+ 9,918		+ 12,054
4.	2700	Repair & Maint.	+ 71,803		+ 76,124
5.	3100	Equipment	+ 4,696,000		+ 4,166,000

NOTE: All other items are acceptable at the lowest of the two recommendations. 2100, 2400, 2500 and 2800

REVISED ATTACHMENT TO B22
3100 EQUIPMENT FY 84 & 85

Equip. Class	Description	Number		Extension	Justification
		Proposed Purpose	Est. Cost		
00	Gross Vehicle Weights Div. Enforcement Bureau Pursuit Vehicles (full sized cars)	3	\$9,000	\$27,000	Average annual miles have been 300,000, 3 units each year will be over the 75,000 mile replacement level.
01	Station Wagon	0	-----	-----	Will replace with other types of vehicles crew cab pickups, etc.
01-1	4x4 Utility	1	9,500	9,500	Replace one in FY 84 over 75,000 miles.
02-2	4x2 Utility	5	8,500	42,500	Replace 5-class 03 Suburbans in FY 84 6-class 03 Suburbans in FY 85 Presently have 31 units over 10 years old or over 90,000 miles.
06	Passenger Cars	11	8,000	88,000	Eleven units per FY will be over 75,000 mile replacement. Average mileage per year = 12,000 +; age will be 5-6 years old.
07	1/2 ton 2 wheel drive Pickups	46	7,500	345,000	46 units per FY will be over 100,000 miles and 8 years old. Average miles per year 14,000+.
08	3/4 ton 2 wheel drive pickup	3	7,900	23,700	3 units per FY will be over 100,000 and 8 years old. Average miles per year 13,000+.
09	1 ton 2 wheel drive Stake bed	1	9,500	9,500	1 unit per FY will be over 100,000 or 19 years old.
10	3/4 ton 2 wheel drive 6 passenger crewcab pickup	4	11,000	44,000	Purchase 4 per each FY to replace station wagons and other passenger cars used for maintenance crew transportation; goal 1 per Division.

Equip. Class	Description	Number Proposed	Est. Cost	Extension	Justification
11	1/2 ton van	0	-----	-----	Will replace the 3 remaining with 3/4 ton Class 12.
12	3/4 ton passenger van	8	9,500	76,000	Replace 8 units per year over 100,000 miles or 8 years in age. Average 14,000± per year.
13	1/2 ton 4x4 W/Van	0	-----	-----	Deleting from fleet replacing with Class 19-2.
14	Swept Line 1-Ton Pickup	0	-----	-----	
16	1 Ton 4x4 W/Van	0	-----	-----	
18	Gas 2.5 Ton Dump	0	-----	-----	
19-2	Diesel 3 Ton Dump	30	30,000	900,000	30 units per each FY will be over 175,000 and 10 years of age. Units average 12,000 per year. Basic plow and sanding units.
21	3 Ton Trucks with Stakebody or 5th wheel	4	25,000	100,000	Replace 4 units each FY; which will be over 15 years of age.
24	Various types 4x4 Plow Trucks	0	-----	-----	Replace with 6x4 Tandem 10 yd. dump trucks Class 29-4
25					
26					
27	Over 30,000 GVW 4x2 Diesel Dump	0	-----	-----	Replace with 6x4 Tandem.
28	4x2 Cab/Chassis				
29-4	6x4 38,000 16 GVW Tandem Dump	10	60,000	600,000	Replace 10 units per year of classes 24 thru 28; units will all be 20 years old with high mileage.
30	Motor Patrol (Grader)	0	-----	-----	Propose to reduce fleet size by 10 units in FY 84 and possibly 20 more in FY 85 depending on timing of operation of planned 100 ton per hour drum mixers.

Equip. Class	Description	Number Proposed	Est. Cost	Extension	Justification
31	Rollers (Rubber tired and Tandem Steel)	5	25,000	125,000	10 rollers will be over 20 years of age in FY 84 propose to replace 5 per year, will still have 14 over 20 years old in FY 85.
32	Loaders (all sizes include backhoes)	16	38,000	608,000	32 loaders will be over 20 years old in FY 84 propose to replace 16 per year, will still have 14 over 20 years old in FY 85.
33	Mowers/Tractors	5	25,000	125,000	27 tractor/mowers will be over 20 years of age in FY 84. Faced with a possible reduction in mowers we propose to replace only 5/year.
34	Specialty Trucks	0	-----	-----	No new replacements proposed.
35	Crawler Tractors	0	-----	-----	No new replacements proposed.
36	Athey Loaders	0	-----	-----	No new replacements proposed
37	Pulverizers	2	30,000	60,000	5 machines will be over 30 years of age in FY 84 propose to replace 2/year.
38	Chip Spreaders	2	50,000	100,000	4 machines will be over 20 years of age in FY 84. Replace 2/year.
39	Core Drills/Hole Diggers	0	-----	-----	No anticipated replacement.
40	Traffic Line Strippers	2	85,000	170,000	4 machines will be over 20 years of age in FY 84. Replace 2/year.
41	Special Equipment	0	-----	-----	No anticipated replacement.
42-3	Self-Propelled Brooms	4	18,000	72,000	16 units will be over 20 years of age in FY 84 propose to replace 4 per year, 2 pull type brooms per 1 self-propelled.

Equip. Class	Description	Number Proposed	Est. Purpose Cost	Extension	Justification
43	Misc. Equipment	0	-----	-----	No new replacements proposed.
44	Misc. Equipment	0	-----	-----	No new replacements proposed.
50	Plows-One-Way	31	3,000	93,000	62 One-way plows will be over 20 years of age in FY 84. Replace 31 per year, 24 will still remain in use over 20 years after FY 85 (1965 models).
51	Plows-Reversible	5	3,200	16,000	10 reversible plows will be over 20 years of age in FY 84. Propose to replace 5/year.
52	Wing Plows	0	-----	-----	Any replacements will be included with appropriate trucks.
53	V-Plows	0	-----	-----	
54	Rotary Blowers	0	-----	-----	No new replacements proposed.
57	Sanders (all types)	15	3,000	45,000	22 units will be over 20 years of age in FY 84. Replace 15/year. 23 units will still be over 20 years old in FY 85.
61-3	Trailers 15-20 Ton Tilt-Top	10	10,000	100,000	Results of Equipment Utilization Study show a need for increase in hauling capabilities propose increase of 8/year, plus replace 2/year over 20 years of age.
61-4	Trailer Over 25 Ton Low-Boy	1	32,000	32,000	Buy 1-35 + ton easy load low-boy for use with state-wide transport. Will give us the capability to load and unload on the spot at emergency locations. FY 84 only.
61-5	5 Yard Pup Trailers	6	13,000	78,000	Additional equipment but would increase hauling capabilities of tandem trucks, as per Equipment Study recommendations.

Equip. Class	Description	Number Proposed	Est. Cost	Extension	Justification
62-3	600 Gal Distributor	14	9,500	133,000	28 Units will be over 20 years of age in FY 84. Replace 14/year.
62-2	2500 Gal Distributor	2	25,000	50,000	Replace over 20 years of age units, 2 per FY.
63-6	100 Ton/Hour Drum Mixer Asphalt Plants	2	250,000	500,000	As per recent equipment Utilization Study in conjunction with Motor Patrol reduction. FY 84 only. After the two 100 ton per hour mixers are in operation and the smaller 30 ton per hour plants are re-assigned, another 20 Motor Patrols reduction is planned.
63-9	Small Asphalt Recycler	4	9,200	36,800	Propose to replace obsolete Heat-A-Mix with small recyclers, 2 for 1. Purchase 4 per year.
64	Office & Test Trailers	0	----	----	No new replacements proposed.
	Shop Tool Replacement All Division shops	12	7,583	91,000	New or replacement shop tools for each shop 11 Divisions + Headquarters.
	FY 84				
	Equipment Total			\$4,700,000.00	
	Less Depreciation			\$1,300,000.00	
	Less Auction Receipts			300,000.00	
	Earmarked Funding			\$3,100,000.00	
	FY 85				
	Equipment Total			\$4,168,000.00	
	Less Depreciation			\$1,300,000.00	
	Less Auction Receipts			300,000.00	
				\$2,568,000.00	

Note: One year only purchases in classes 61-4 (\$32,000) and 63-6 (\$500,000). Result in a \$532,000 reduction in funding FY 85.



**Montana
Highway
Program**

**Report to the 48th
Legislature**