

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 51st LEGISLATURE - REGULAR SESSION

SUBCOMMITTEE ON GENERAL GOVERNMENT AND HIGHWAYS

Call to Order: By Chairman Quilici, on February 2, 1989, at 8:11 a.m.

ROLL CALL

Members Present: All members were present.

Members Excused: None.

Members Absent: None.

Staff Present: Clayton Schenck, LFA
Flo Smith, OBPP
Mary Liedle, secretary

Announcements/Discussion: Rep. Quilici announced the committee would begin the hearing on the Department of Highways.

HEARING ON DEPARTMENT OF HIGHWAYS

Tape No. 45A

Presentation and Opening Statement: Clayton Schenck gave an overview of the department. This department is responsible for planning, designing, constructing, maintaining and regulating Montana's highway and road system. To accomplish this, the agency is organized into a number of programs. These programs are: preconstruction, construction, maintenance, equipment, Gross Vehicle Weight, stores inventory, general operations and motor pool.

Current level provides for a 5.2% increase over the 1989 biennium. The increase in operating costs is due to an increase in contractor payments for scheduled highway construction projects in the 1991 biennium. The remainder of the increase is in non-operating costs and is due to a substantially smaller fund transfer for the reconstruction trust fund in FY88 than in subsequent years.

The Department of Highways is funded through a variety of sources. State special revenue funds include the highways state special revenue account which receives revenues from the gasoline tax, diesel tax, GVW tax, stores, coal tax and bond proceeds. Federal revenues are primarily from Federal Highway Surface Transportation Act funds. Federal fund authority is determined by a complex formula that includes consideration of type of highway system and state financial district laws. Proprietary funds include the state motor pool account, the equipment rental account and the internal services account.

Clayton Schenck presented the major issues within the department. (See exhibit 1)

Flo Smith said the executive budget does not include any increases in the gas or diesel fuel tax. The executive budget is recommending that \$84,000 of highway state special revenue funds go to Fish, Wildlife and Parks to do some road improvement.

List of Testifying Proponents and What Group They Represent:

Jesse Munro, Department of Highways

List of Testifying Opponents and What Group They Represent:

None.

Proponent Testimony: (45A 11.29) Jess Munro, acting director of the Department of Highways, said that because of the action taken by the 1987 legislature in raising the fuel taxes and the issuance of the highway bonds in the spring of 1987, the highway program is on schedule and is funded through 1993 with two qualifiers; any significant decrease in current state revenues will adversely affect the RTF program and any significant decrease in federal aid after 1991 will adversely impact the federal aid portion of the highway program.

On the expenditure side, the budget for 1990 and 1991, despite the significant overall difference of almost \$63 million between the executive and LFA budgets, the difference is actually quite small. The executive budget included transfers to local governments, bond debt service and some interfund transfers which the LFA budget does not. Those payments are statutorily appropriated and were shown primarily for informational purposes in the executive budget. Those differences account for almost \$52 million of the overall \$63

million difference.

HEARING ON DEPARTMENT OF HIGHWAYS: GENERAL OPERATIONS
PROGRAM

Tape No. 45A

Presentation and Opening Statement: Clayton Schenck gave an overview of the program. The current level provides for a 9.8% decrease in the 1991 biennium. The primary reason for that is the transfer of the communications center to the maintenance program and the elimination of service charges that were formerly paid to the internal services program for support services. Many of these are procedural and administrative changes that account for these differences.

Personal services decreased 6.3% and that is primarily the transfer of 10 FTE that were in the communications center that went to the maintenance program. There was also a difference due to vacancy savings. The vacancy savings was nearly 8% in FY88, the base year. Authorized FTE by the 1987 legislature for this program was 142.18 but with the elimination of the internal services program in the 1991 biennium, 36.75 FTE are transferred to the general operations program. Operating costs decrease over 15%, the primary reason being the reductions of user fees formerly paid to the internal services program. The equipment included in current level is \$67,500 per year for computers and another \$75,000 in FY90 only for a collator and the remainder is for road profiler equipment and office furniture and equipment.

The non-operating costs include \$230,000 in federal funds for grants to county planning boards for urban transportation planning and an addition \$46,000 per year for administrative expenses on the building and revenue bond issues that the department has issued.

There's \$14 million within this program in statutory appropriations for distribution to cities and counties annually. These are not included in the legislative process.

Clayton Schenck discussed the differences between the executive and LFA budgets. The totals are \$14.4 million. The executive includes an 82% increase over base level for contract map digitizing and skid trailer analysis. LFA current level is at the FY88 base level.

(See exhibit 2)

List of Testifying Proponents and What Group They Represent:

Jesse Munro, Department of Highways

List of Testifying Opponents and What Group They Represent:

None.

Proponent Testimony: (45A 20.46) Jesse Munro said he'd like to explain the \$198,000 difference between the two recommended budgets. The department now has a Computer Assisted Design and Development (CADD) system. They have 298 base maps used for projects to distribute state funds to the city and county. These maps need to be digitized to fit on the CADD system. The agency found that if they use their own people to do it, it would cost approximately \$1500 per sheet and would take about 10 years to do. They have determined that by going out to bid they can do 1/2 of the maps in each year and it would only cost \$570 per sheet and in two years it will be done. Once it's on the CADD system, the current staff will be able to maintain it.

The other item is a skid trailer. By federal requirement, the department has to check for safety on the pavement. So, the department runs a test for skidding and what kind of resistance there is to skidding on the pavement. If they test a section of road and the skid resistance is not up to federal standards, they have to start a project on that stretch of highway and resurface it to get the skid resistance up. The trailer the department has now is dilapidated and they have not used it for approximately five years. They need to get back to performing tests.

The rest of the account is made up of an increase in maps. The department pays for the state maps for the Department of Commerce. It also includes the increase in audit fee from the Legislative auditor and funds for the Rural Technical Assistance Program. There is also money for safety and training which is the OSHA requirements.

Questions From Subcommittee Members: (45A 23.27) Rep.

Quilici: How do you go out to bid for this?

Jesse Munro said it is done through an RFP.

(45B 23.36) Rep. Quilici: Who's doing it at this particular point in time?

Mr. Munro said the two people who are now there, however, they have not begun to put it on the CADD yet.

(45B 25.38) Rep. Swysgood: You say it's going to cost \$50,000 per year for the skid trailer. Is that going to be an ongoing expense or yearly?

Jesse Munro said it would be an ongoing expense.

(45B 25.56) Rep. Swysgood: What does one of these trailers cost new?

Mr. Munro said he believes it is somewhere around \$300,000 to \$400,000.

(45B 26.27) Rep. Swysgood: If you haven't been using it for five years how have you been getting the skid tests done?

Jesse Munro said they haven't been doing it.

(45B 28.19) Sen. Stimatz: On that skid trailer, if you bought one, would you face the likelihood that technology would make it obsolete in as little as a year or two?

Jesse Munro said that's exactly what's happened now and that is why the department hasn't been using theirs.

(45B 28.44) Rep. Swysgood: Would \$150,000 to repair the one you have now bring it up to what is in use now?

Jesse Munro said yes, it would bring it as close as they could possibly get without going to a new one.

HEARING ON DEPARTMENT OF HIGHWAYS: CONSTRUCTION PROGRAM
Tape No. 45A

Presentation and Opening Statement: Clayton Schenck gave an overview of the program. This program has 641 FTE and total funds in LFA current level of \$167 million in FY90 and \$137.5 million in FY91. This program is responsible for administering construction contracts. The reconstruction and construction work is done by private contractors on a bid basis and the personnel in this program are responsible for monitoring the construction work to make sure it meets contract specifications. The construction program current level

increases nearly 4% in the 1991 biennium and that's due to an increase in the contractor payments for scheduled highway construction projects in the 1991 biennium as compared to last biennium. Decreases in the overall personal services are partially offset by an increase of 10.4 FTE in FY89 as approved by the 1987 legislature.

Clayton presented the issue of FTE reductions resulting from the executive budget elimination of 2.01 FTE that had been vacant over one year. (See exhibit 3)

List of Testifying Proponents and What Group They Represent:

Jesse Munro, Department of Highways

List of Testifying Opponents and What Group They Represent:

None.

Proponent Testimony: (45A 35.24) Jesse Munro provided a handout that deals with FTE restoration. He met with the governor's office and Mr. Shackleford and it was agreed that they would recommend the Highway Department receive 6 FTE back. (See exhibit 4) 2 of these FTE are in this program. The 2 from this program would be transferred to the preconstruction program and be replaced as grade 12s and they would be used as plotters in the photogrammetry unit. The department is currently under reorganization in the engineering division where they are increasing the photogrammetry unit so that more surveys can be done by air rather than using people on the ground. This would allow the department to get up to speed on the surveys.

HEARING ON DEPARTMENT OF HIGHWAYS: MAINTENANCE PROGRAM
Tape No. 45A

Presentation and Opening Statement: Clayton Schenck gave an overview of the program. LFA current level accounts for 152.68 FTE for the 1991 biennium and a budget averaging \$43 million per year. Current level provides for a 5.3% increase in the 1991 biennium primarily due to an increase in the equipment rental rates. Personal services decrease approximately 1.7%. The authorized FTE in FY88 were reduced by a transfer of .15 position to the equipment program and the increases in the 1991 biennium are a result of the transfers requested by the agency.

This program is funded entirely by the highway special revenue funds. The other revenue in FY91 was provided by oil overcharge funds and was appropriated by HB621 for the replacement of highway lights east of the Continental Divide with energy efficient vapor lights.

Clayton discussed the issues resulting from the differences between the executive and LFA budgets. These issues include FTE reductions, underground tank removal, weed spraying and a modified budget request to convert rest area maintenance from contract to state operated, requiring 9.6 FTE. (See exhibit 5)

List of Testifying Proponents and What Group They Represent:

Jesse Munro, Department of Highways

List of Testifying Opponents and What Group They Represent:

None.

Proponent Testimony: (45A 46.06) Jesse Munro discussed the issues resulting from the differences between the two proposed budgets. The FTE reduction is part of the issue presented on exhibit 4. The .8 FTE would be transferred to the GVW division to be used as an officer at the Haugen weigh station.

Rest areas are one of the biggest headaches of the department. It seems they can't do enough to keep them clean or do as good a job as other states. In 1970 the department moved away from maintaining rest areas and tried to handle it through contracts. In 1986 the Montana Department of Labor and Industry audit report found that MDOH rest areas circumvented state labor laws because there was undue control over the contractors. The department had to back off and had no real say on what the contractors were doing. As a result, the department did not get the service they wanted. With 6 of the rest areas they decided to request 9.6 FTE and \$250,000 per year. In the meantime, they tried a new proposal where they contracted the bid and the contractors had to provide a RFP that stated what services they would provide. The department currently has one of these in a rest area and it is working out very well. So the department is now asking for \$119,660 each year and no FTE would be needed. (See exhibit 6)

The department originally requested money to pressure test the fuel tanks but if they find a bad tank, it

would have to be replaced so rather than spend \$250,000 to test them, the department is asking for money to replace the tanks. Failure to do this could result in a \$25,000 per day, per location fine. The department is asking for \$221,200 in FY90 and \$202,860 in FY91. (See exhibit 7) There is a possibility the department will have to ask for a supplemental in the event that they find leaky tanks. They may have to do removal of some of the contaminated area around the tanks. At this point they are hoping to get the tanks replaced before that would become necessary.

The department does very little weed spraying. It is contracted out to the counties. The increase the department is requesting is due to chemicals and the increase in the liability insurance for the counties. The department does have signed contracts with all the counties.

The department has had maintenance contracts with the cities. Last year all the cities accepted contracts based on what the legislature had budgeted except Great Falls. Great Falls wanted more. The department figured they could do it for the same amount they would pay Great Falls. The department is requesting 3 FTE to recover the contract. They will move \$81,701 in FY90 and \$81,742 in FY91 to cover the 3 FTE to cover salaries and benefits and leave the rest in operating expenses to cover the materials. (See exhibit 8)

Questions From Subcommittee Members: (45A 43.19) Sen.

Stimatz: How are you doing on the communications set up?

Jesse Munro said they've finished the conversion from the lowband to the highband system. That's why there are FTE being transferred from the communications division to the maintenance division.

(45A 44.09) Sen. Stimatz: The highway department is sometimes accused of spreading knapweed on their trucks, is that true?

Jesse Munro said that everyone who is driving down the road is spreading knapweed. He doesn't know what can be done.

(45B .39) Rep. Quilici: Do you think that these contractors can handle these rest areas properly?

Jesse Munro deferred the question to John Prebil who is familiar with the one that is currently operating.

John said they tried this RFP in the Missoula area and it is working exceptionally well. The contractor tells the department what they will do and then the department is not instructing them. They will then give the service provided in the contract.

(45B 7.26) Sen. Stimatz: We just heard that the EPA estimated you are leaking 208 gallons a day. Where do they come up with those figures?

Jesse Munro responded that those are national statistics and he's not sure if they relate to Montana at all.

(45B 8.06) Rep. Swysgood: What's the average age of these tanks?

Jesse Munro said the ones the department is discussing are 20 to 25 years old.

(45B 11.49) How are your relations with the various counties?

John Prebil said the department tries to negotiate with the counties. There are some tough negotiations due to the fact that some counties believe they should have unlimited budgets but there are not unlimited funds available.

(45B 12.31) Sen. Stimatz: Would it be fair to say that you are satisfied with the work being done for you other than price? (This question is in reference to weed spraying)

John Prebil said the department gets many complaints and many Representatives and Senators say they don't think enough is done. The highway acreage throughout the state is great. If they took care of all the weed control that the farmers and citizens wanted the funds would be astronomical. He said they are satisfied to the point that they are getting the chemicals put on the weeds and taking care of it to a fair degree.

(45B 16.07) Sen. Stimatz: What does the maintenance refer to?

Jesse Munro said it includes pothole patching, snow removal, the whole gamut.

HEARING ON DEPARTMENT OF HIGHWAYS: PRECONSTRUCTION PROGRAM
Tape No. 45B

Presentation and Opening Statement: Clayton Schenck gave an overview of the program. Total FTE is 242. This program is responsible for construction project planning and development from the time it is included in the long-range work plan through the steps necessary prior to actual letting of the contract, including project design, public hearings, right-of-way acquisitions and the contract bid and letting process.

The program current level increases 3.9% from the 1989 biennium to the 1991 biennium even though total operating costs decrease nearly 23%. The increase is attributable to an increase for the purchase of land for highway right-of-way. Personal services decrease slightly due to step reductions from turnover. Operating expenses decrease 58.4% due to a reduction of \$460,000 per year for the elimination of user fees formerly paid to the Internal Services Program and a reduction of \$2.3 million each year below FY88 expenditures for consultant and professional services.

Equipment allowances in current level include \$154,000 in FY90 and \$124,000 in FY91 for CADD system upgrades and new equipment, with the remainder for other microcomputer equipment and furniture and office equipment.

Non-operating costs are for land purchases and are budgeted at FY88 appropriated levels for the 1991 biennium to secure right-of-way for projects scheduled to be let to contract. The agency had requested an additional \$1.2 million in FY91.

Clayton presented the issues resulting from differences in the LFA and executive budgets. These issues include FTE reductions, overtime, contract design services and right-of-way purchases. (See exhibit 9)

List of Testifying Proponents and What Group They Represent:

Jesse Munro, Department of Highways

List of Testifying Opponents and What Group They Represent:

None.

Proponent Testimony: (45B) Jesse Munro discussed the preconstruction program and the needs of this program for the coming biennium. Mr. Munro briefly discussed

budget issues pertaining to the program.

Questions From Subcommittee Members: (45B 23.43) Sen.

Stimatz: What's the problem with right-of-way purchases?

Jesse Munro said the department puts together lists of likely projects and estimated dollar amounts and the estimates are not always correct as they are estimating several years in advance.

(45B 25.43) Sen. Stimatz: Could you give us a thumbnail sketch of the construction plans and say whether they're firm or not for the coming year?

Bill Salisbury said they are spending 100% of what was estimated two years ago. The RDF program is going from \$20 million in 87 to \$35 million.

(45B 28.08) Rep. Swysgood: Last session when we increased the gasoline fuel tax, that money was to replace the money taken by the 86 special session from the reconstruction trust fund. Do you have a breakdown of what that increase brings in a year?

Bill Salisbury said it was a 3 cent gas and diesel tax both and each cent adds about \$5 million dollars worth of revenues.

(45B 33.01) Sen. Stimatz: Do you have any full time appraisers on staff for your right-of-way acquisitions?

Jesse Munro said they do but he's not sure how many.

HEARING ON DEPARTMENT OF HIGHWAYS: STATE MOTOR POOL PROGRAM
Tape No. 45B

Presentation and Opening Statement: Clayton Schenck gave an overview of the program. This program operates and maintains a fleet of rental vehicles available to all state offices and employees in the Helena area.

Current level provides for a 7.4% increase from the 1989 to the 1991 biennium due to inflation factors applied by the Office of Budget and Program Planning and to increased funding levels for vehicle purchases.

Equipment is for the purchase of replacement vehicles for the fleet and is budgeted at FY88 appropriated

levels. The agency had requested \$250,000 more per year to allow for maintenance and replacement of a fleet of 180 vehicles in the 1991 biennium.

Funding is from the motor pool proprietary account. Revenues in this account come from vehicle rentals.

The main issue with regard to this program is the motor pool fleet size. The executive budget includes increases in the cost of motor pool fleet replacement over 1989 biennium appropriated levels. LFA current level holds equipment costs at 1989 biennium appropriated levels. (See exhibit 10)

List of Testifying Proponents and What Group They Represent:

Jesse Munro, Department of Highways

List of Testifying Opponents and What Group They Represent:

None.

Proponent Testimony: (45B 46.22) Jesse Munro said the agency is increasing the fleet size from 158 to 180 vehicles. They will be proposing a budget amendment for 22 vehicles.

Questions From Subcommittee Members: (45B 43.29) Sen. Stimatz: The state employees who are working in the counties as appraisers have cars and in their budget they were asking for gasoline. Are those leased to them or are they motor pool cars?

Jesse Munro said the Department of Revenue purchased their own cars.

HEARING ON DEPARTMENT OF HIGHWAYS: EQUIPMENT PROGRAM
Tape No. 45B

Presentation and Opening Statement: Clayton Schenck gave an overview of the program. This program is responsible for the purchase, distribution and maintenance of all highway construction equipment and vehicles. The equipment is rented to other programs within the Department of Highways. Current level provides for a 14.5% decrease from the 1989 biennium to the 1991 biennium.

Clayton presented the issues in this program resulting from the differences between the LFA and executive

budgets. These issues include FTE reductions, diesel fuel and equipment repair costs. (See exhibit 11)

List of Testifying Proponents and What Group They Represent:

Jesse Munro, Department of Highways

List of Testifying Opponents and What Group They Represent:

None.

Proponent Testimony: (46A 3.13) Jesse Munro said over the years the department has had a hard time budgeting for diesel fuel. They do know the number of gallons needed, but the hard part is determining a price. The department's estimates right now are based on 92 cents a gallon for gasoline and 70 cents a gallon for diesel. Jesse said the department would like to include language that says if they don't spend at that level, it reverts and if they go over that price, they have an opportunity of requesting additional money.

The department has used the equipment maintenance system to determine at what point on the fleet they need to change parts and take care of them and service them and that's what the request is based on.

HEARING ON DEPARTMENT OF HIGHWAYS: INTERFUND TRANSFERS

Tape No. 46A

Presentation and Opening Statement: Clayton Schenck gave an overview of the program. This program constitutes the sinking fund for the retirement of bonds. It is also used to provide appropriation authority for transfers of funds between accounting entities.

This program is entirely non-operating costs. There are no FTE.

Current level includes transfer authority in FY90 to transfer \$27,962,094 in revenue bond proceeds from the bond account to the reconstruction trust fund for primary system improvements. Also included in FY90 is \$163,653 for the transfer of the remaining balance in the Highway Department internal service proprietary account to the state special revenue fund due to the elimination of the Internal Services Program.

Clayton presented the issues involving this program

which include statutory appropriations, building bond payments and RTF transfer. The executive includes interfund transfers for bond debt service payments. These payments are excluded from LFA current level because they are statutorily appropriated and are excluded from the legislative process. The executive includes funding for the Highway Department building bond payment in the appropriation request. This payment is not included in the LFA budget as it is included under statutory appropriations. This should be deleted from the executive budget. The executive includes larger authority for the transfer of funds from the Reconstruction Trust Fund Account to fund 1991 biennium construction. LFA current level is lower due to higher revenue estimates from coal taxes. (See exhibit 12)

List of Testifying Proponents and What Group They Represent:

Bill Salisbury, Department of Highways

List of Testifying Opponents and What Group They Represent:

None.

Proponent Testimony: (46A 12.58) Bill Salisbury said SBAS requires an appropriation to transfer monies between accounting entities. The department transfers funds from earmarked revenue accounts to this Reconstruction Trust Fund. Coal tax revenues are deposited directly into the Reconstruction Trust Fund.

Questions From Subcommittee Members: (46A 11.37) Sen. Stimatz: Is that difference just strictly from the increased revenue from the coal tax fund?

Clayton Schenck said yes it is, in terms of the estimates he has.

HEARING ON DEPARTMENT OF HIGHWAYS: STORES INVENTORY PROGRAM
Tape No. 46A

Presentation and Opening Statement: Clayton Schenck gave an overview of the program. This program is used to purchase and store materials including office and construction supplies as well as bulk items such as sand, road oil and gasoline used by other highway department programs. Store operations are maintained in Helena and in each of the field districts. The Helena stores facility services the department

headquarters and shop facility and also acts as the central receiving and distribution center for all quantity stores purchases.

There are no FTE in this program. Funding for this program is from the highway special revenue account.

The major issue in this program is diesel fuel. The executive budget allows a larger amount for diesel fuel. The amount included in the executive budget is the same as the amount required for the Equipment Program, whereas LFA current level also ties to the amount allowed in the Equipment program. The level adopted by the subcommittee should be the same amount approved for the Equipment Program. (See exhibit 13)

List of Testifying Proponents and What Group They Represent:

Jesse Munro, Department of Highways

List of Testifying Opponents and What Group They Represent:

None.

Proponent Testimony: (46A 18.04) Jesse Munro said this diesel fuel price relates to that requested for the Equipment Program.

HEARING ON DEPARTMENT OF HIGHWAYS: GVW PROGRAM

Tape No. 46A

Presentation and Opening Statement: Clayton Schenck gave an overview of the program. This division is responsible for enforcement of the statutes and regulations relating to vehicle weights on the state's highways and collects gross vehicle weight fees. It consists of two bureaus. The Licensing and Collection Bureau registers interstate fleet vehicles, issues GVW fee licenses, issues oversize and overweight permits and collects fees and taxes. The Enforcement Bureau operates weigh stations across the state and assigns enforcement officers to inspect vehicles for compliance with registration, fuel, size and weight laws.

The FTE for this program is 110.03. There is a total cost of approximately \$3.2 million per year.

Clayton discussed the issues regarding this program. These issues include FTE reductions, equipment and GVW stations. (See exhibit 14)

List of Testifying Proponents and What Group They Represent:

Jesse Munro, Department of Highways

List of Testifying Opponents and What Group They Represent:

None.

Proponent Testimony: (46A 27.26) Jesse Munro explained the FTE issue. In 1985 the legislature gave the department positions to man the Haugen weigh station, which is a joint port built with Idaho. The department promised the legislature the positions would not be filled until the weigh station was in operating condition. In the last legislature the same promise was made. The station was officially opened in November of 1988. Those positions were hired at that time. The department is asking for the positions to be reinstated. They also need an addition FTE because during the last biennium the department lost additional people who were scheduled to be at Haugen. There are currently 10 people manning the Haugen station and it is not enough to keep up with the traffic.

The department is willing to let the equipment issue of \$17,500 stand as is.

Jesse explained that a reclassification process has been completed with regard to GVW officer. This reclassification will result in an increase of in personal services. (See exhibit 15)

Questions From Subcommittee Members: (46A 21.54) Rep. Swysgood: In the equipment budget you've requested radar guns, since when is the GVW becoming a police force?

Jesse Munro said the division has always had permit responsibilities in the State of Montana. Many permits require reduced speeds. In order to make sure they are complying with the provisions of the permit, the division has radar guns. They do not have speed authority but if there is violation of speed as set on the permit, they would be stopped and the permit would be confiscated.

(46A 26.26) Sen. Regan: We didn't give you guns this time, did we?

Jesse Munro said the department doesn't want guns.

(46A 29.08) Rep. Swysgood: Is Haugen the station that is manned by both Idaho and Montana?

Jesse Munro said originally Idaho was going to station officers there. They have elected not to do that. The Idaho department is paying 60% of the operational costs of the station.

(46A 29.37) Rep. Swysgood: Are we checking things for Idaho?

Jesse Munro indicated that was correct.

(46A 30.06) Rep. Swysgood: Why is Idaho not manning this too?

Jesse Munro said Idaho has gone through an upheaval. They used to have a separate division for their weigh station people. They were transferred under the Idaho Highway Patrol. Their whole program went to pieces and they are now just in the process of building it up. They do provide one person who drops over to the station several times a week to see if any of our people need help with the Idaho laws.

(46A 30.47) Rep. Swysgood: When this weigh station was constructed, did we foot the bill for it entirely or did Idaho help or was it a federal or what?

Jesse Munro said the project was paid for by Montana but with federal funds. The state got interstate funds to pay for it. Idaho is paying us back through picking up the costs, 60% of the operating costs.

(46A 32.02) Rep. Swysgood: For our GVV officers to check and issue permits for Idaho, are they having to take special training for Idaho's laws and regulations?

Jesse Munro said they were sent to a one week school in Idaho for the selling of permits and they have also been sworn in by the state of Idaho.

(46A 32.26) Rep. Swysgood: Who paid for their training and transportation?

Jesse Munro said the State of Montana paid for it.

(46A 34.02) Rep. Swysgood: Has the Idaho check station that was at the foot of 4th of July pass been eliminated now that the construction of this is complete?

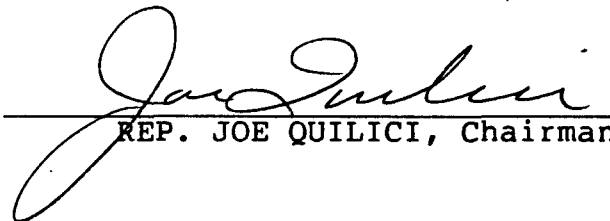
Jesse Munro said if that is the one that was called Cedar Rapid, it has been phased out.

(46A 34.24) Rep. Swysgood: I understood that the reimbursement we are getting from Idaho is their part of the cost for construction and personal services. Is that correct.

Jesse Munro said that is correct.

ADJOURNMENT

Adjournment At: 10:28 a.m.



REP. JOE QUILICI, Chairman

JQ/ml

2822.min

DAILY ROLL CALL

GENERAL GOVERNMENT AND HIGHWAYS

SUBCOMMITTEE

DATE 2/2/89

NAME	PRESENT	ABSENT	EXCUSED
Representative Joe Quilici, Chair	✓		
Representative Jerry Nisbet	✓		
Representative Chuck Swysgood	✓		
Senator Larry Tveit, Vice Chair	✓		
Senator Pat Regan	✓		
Senator Lawrence Stimatz	✓		

DEPARTMENT OF HIGHWAYS
COMPARISON/ISSUES
1991 BIENNIAL

EXHIBIT 1

DATE 2-2-89

HB

PROGRAM	-----EXECUTIVE----- FTE 91 BIENNIAL	-----LFA C/L----- FTE 91 BIENNIAL	-----EXEC OVER(UNDER) LFA----- FTE 91 BIENNIAL	ISSUES
General Operations	168.93 \$44,166,151	168.93 \$15,393,000	0.00 \$28,773,151	Statutory Appropriations Contract Services
Construction	638.99 \$305,594,418	641.00 \$304,382,412	-2.01 \$1,212,006	FTE Reduction
Maintenance	661.48 \$88,739,270	652.68 \$86,456,952	8.80 \$2,282,318	Modified, Rest Area Maint. Underground Tanks FTE Reduction Need Spraying
Pre-Construction	231.00 \$32,153,823	232.00 \$26,634,221	-1.00 \$5,519,602	Design Engineering Backlog
State Motor Pool	5.00 \$2,051,103	5.00 \$1,566,617	0.00 \$484,486	Motor Pool Vehicle Replace.
Equipment Program	121.00 \$26,144,050	121.50 \$25,290,592	-0.50 \$853,458	Diesel Fuel Equipment Repair Parts FTE Reduction
Interfund Transfers	0.00 \$77,203,664	0.00 \$53,781,394	0.00 \$23,422,280	Statutory Appropriations Reconstr. Trust Fund Trf
Stores Inventory	0.00 \$25,909,994	0.00 \$25,395,428	0.00 \$514,566	Diesel Fuel
G.V.M.	108.03 \$6,651,588	110.03 \$6,432,323	-2.00 \$219,265	FTE Reductions GVM Stations Retrofit
	1934.43 \$608,614,061	1931.14 \$545,332,919	3.29 \$63,281,142	

EXHIBIT 2
DATE 2-2-89
HB 2

5401 01 31-Jan-89

AGENCY: DEPARTMENT OF HIGHWAYS LEGISLATIVE ACTION PROGRAM: GENERAL OPERATIONS

BUDGET ITEM	FY 1988 Actual	Executive	Fiscal 1990 LFA Curr Lvl	Difference	Executive	Fiscal 1991 LFA Curr Lvl	Difference	FY 88-90 % Change
FTE	142.18	168.93	168.93	0.00	168.93	168.93	0.00	18.61%
Personal Services	\$4,552,110	\$4,534,654	\$4,349,253	\$185,401	\$4,545,797	\$4,359,940	\$185,857	-4.46%
Operating Expenses	3,307,318	3,105,111	2,900,410	204,701	3,038,924	2,841,732	197,192	-12.30%
Equipment	280,529	249,765	249,765	0	139,500	139,500	0	-10.97%
Non-Operating	14,261,556	14,276,200	276,200	14,000,000	14,276,200	276,200	14,000,000	-98.06%
TOTAL EXPENSES	\$22,401,513	\$22,165,730	\$7,775,628	\$14,390,102	\$22,000,421	\$7,617,372	\$14,383,049	-65.29%
FUNDING								
State Special Rev	\$19,109,268	\$20,229,730	\$5,839,628	\$14,390,102	\$20,104,954	\$5,721,905	\$14,383,049	-69.44%
Federal Revenue	1,591,987	1,936,000	1,936,000	0	1,895,467	1,895,467	0	21.61%
Other Revenue	1,700,258	0	0	0	0	0	0	-100.00%
TOTAL FUNDING	\$22,401,513	\$22,165,730	\$7,775,628	\$14,390,102	\$22,000,421	\$7,617,372	\$14,383,049	-65.29%

ISSUES:

1. VACANCY SAVINGS - Executive applied 2% vacancy savings as compared to 6% in LFA current level.

2. CONTRACT SERVICES - The Executive includes an 82% increase over base level for contract map digitizing and skid trailer analysis. LFA current level is at fiscal 1988 base level.

3. STATUTORY APPROPRIATIONS - The Executive includes funding authority for distributions to counties and cities. This authority is excluded from LFA current level because it is statutorily appropriated (15-70-101, MCA), and is exempt from the legislative approp. process.

TOTAL ISSUES

---	EXEC OVER (UNDER) LFA---
FY 90	FY 91
\$184,120	\$184,575
\$198,964	\$188,106
\$14,000,000	\$14,000,000
\$14,383,084	\$14,372,681
\$92,098	\$92,326
\$276,218	\$276,901

APPROPRIATIONS COMMITTEE POLICY ISSUES

A. The Committee approved a no vacancy savings policy, with personal services to be line-itemed. The budget increase for the Executive and LFA current level are shown at right.

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HB

30-Jan-89

5401 02 00000

AGENCY: DEPARTMENT OF HIGHWAYS

LEGISLATIVE ACTION

PROGRAM: CONSTRUCTION PROGRAM

BUDGET ITEM	FY 1988 Actual	Executive	Fiscal 1990 LFA Curr Lvl	Difference	Executive	Fiscal 1991 LFA Curr Lvl	Difference	FY 88-90 % Change
FTE	600.60	638.99	641.00	-2.01	638.99	641.00	-2.01	6.73%
Personal Services	\$16,452,499	\$17,232,625	\$16,628,703	\$603,922	\$17,281,865	\$16,676,033	\$605,832	1.07%
Operating Expenses	127,666,313	149,973,655	149,973,017	638	120,663,763	120,662,149	1,614	17.47%
Equipment	231,130	217,941	217,941	0	218,431	218,431	0	-5.71%
Non-Operating	0	3,069	3,069	0	3,069	3,069	0	0.00%
TOTAL EXPENSES	\$144,349,942	\$167,427,290	\$166,822,730	\$604,560	\$138,167,128	\$137,559,682	\$607,446	15.57%
FUNDING								
State Special Rev	\$46,739,129	\$63,697,989	\$63,093,429	\$604,560	\$55,325,023	\$54,717,577	\$607,446	34.99%
Federal Revenue	96,711,028	103,729,301	103,729,301	0	82,842,105	82,842,105	0	7.26%
Other Revenue	899,785	0	0	0	0	0	0	-100.00%
TOTAL FUNDING	\$144,349,942	\$167,427,290	\$166,822,730	\$604,560	\$138,167,128	\$137,559,682	\$607,446	15.57%

ISSUES:

1. VACANCY SAVINGS - Executive applied 2% vacancy savings as compared to 6% in LFA current level.

2. FTE REDUCTIONS - The Executive eliminated 2.01 FTE that had been vacant over one year.

TOTAL ISSUES

EXEC OVER (UNDER) LFA	FY 90	FY 91
	\$652,240	\$654,256
	(948,318)	(948,424)
	\$603,922	\$605,832

APPROPRIATIONS COMMITTEE POLICY ISSUES

A. The Committee approved a no vacancy savings policy, with personal services to be line-itemed. The budget increase for the Executive and LFA current level are shown at right.

	\$324,670	\$325,675
	\$976,910	\$979,931
		LFA C/L

EXHIBIT 4
 DATE 2-2-89
 HB _____

FTE RESTORED
 DEPARTMENT OF HIGHWAYS

	GRADE	\$	BENEFITS	GRADE	\$	BENEFITS
<u>Construction</u>						
FTE 1.00 *	16	25336	6334			
.01 *	13	195	49			
1.00 *	8	13554	3389			
<u>Maintenance</u>						
FTE .80	7	16024	4006			
<u>Preconstruction</u>						
FTE 1.00 *	15	23228	5807	* FTE 3.00	12	13585
<u>Equipment</u>						
FTE .50	14	10676	2669			
<u>GVW</u>						
FTE 2.00	11	33610	8403	FTE 3.00	12	13585
6.31		122623	30657	6.00		108678
						27170

ALL FUNDED FROM EARMARKED 02422 UNLESS * THEN THERE IS AN 20% EARMARKED AND 80% FEDERAL FUNDS \$PLIT.

5401 03 00000

01-Feb-89

AGENCY: DEPARTMENT OF HIGHWAYS

LEGISLATIVE ACTION

PROGRAM: MAINTENANCE PROGRAM

BUDGET ITEM	FY 1988 Actual	Executive	Fiscal 1990 LFA Curr Lvl	Difference	Executive	Fiscal 1991 LFA Curr Lvl	Difference	FY 88-90 % Change
FTE	642.33	661.48	652.68	8.80	661.48	652.68	8.80	1.61%
Personal Services	\$18,519,385	\$19,374,329	\$18,444,890	\$929,439	\$19,402,109	\$18,471,436	\$930,673	-0.40%
Operating Expenses	22,359,671	24,387,863	24,207,394	180,479	25,035,055	24,793,328	241,727	8.26%
Equipment	99,438	209,720	209,720	0	187,214	187,214	0	110.91%
Non-Operating	16,430	71,490	71,490	0	71,490	71,490	0	335.12%
TOTAL EXPENSES	\$40,994,924	\$44,043,402	\$42,933,484	\$1,109,918	\$44,695,868	\$43,523,468	\$1,172,400	4.73%
FUNDING								
State Special Rev	\$40,994,924	\$44,043,402	\$42,933,484	\$1,109,918	\$44,695,868	\$43,523,468	\$1,172,400	4.73%
TOTAL FUNDING	\$40,994,924	\$44,043,402	\$42,933,484	\$1,109,918	\$44,695,868	\$43,523,468	\$1,172,400	4.73%

ISSUES:

1. VACANCY SAVINGS - Executive applied 2% vacancy savings as compared to 6% in LFA current level.

2. FTE REDUCTIONS - The Executive eliminated 0.8 FTE that had been vacant over one year.

3. MODIFIED - The Executive includes a modified budget recommendation to convert rest area maintenance from contract to state operated, requiring 9.6 additional FTE.

4. UNDERGROUND TANKS - The Executive includes funds in fiscal 1990 for the pressure testing of 257 underground fuel tanks to identify and repair leaking tanks. The Executive also includes funds in fiscal 1991 to contract with a consulting engineering firm to develop an underground tank system Integrity Assurance Program. These costs are not included in LFA current level.

5. NEED SPRAYING - The Executive includes increases over base levels for contracts with counties for spraying noxious weeds. LFA current level is at fiscal 1988 base level, which was at 1988 appropriated levels.

TOTAL ISSUES

EXEC OVER (UNDER) LFA	FY 90	FY 91
	\$727,502	\$728,631
	(\$20,481)	(\$20,491)
	\$245,966	\$245,964
	\$96,950	\$147,000
	\$62,440	\$73,822
	\$1,112,377	\$1,174,926

APPROPRIATIONS COMMITTEE POLICY ISSUES

A. The Committee approved a no vacancy savings policy, with personal services to be line-itemed. The budget increase for the Executive and LFA current level are shown at right.

\$367,675	\$368,242 Executive
\$1,090,638	\$1,092,332 LFA C/L

REST AREAS

Rest area custodial services have been contracted for several years, with moderate success. But in 1986, a Montana Department of Labor and Industry audit report found that MDOH rest area contracts circumvented state labor laws. Because of the high degree of control exercised by MDOH over contractors, labor auditors found that contractors were, in reality, state employees and, as such, were entitled to wages and benefits as other state employees.

Subsequent to the labor audit findings, the MDOH Rest Area contract was revised and MDOH direct control of contractor's work was severely restricted. The only control allowed over rest area contractors by the revised contract is cancellation because of non-performance. As a result, rest area maintenance in recent years has been the subject of much criticism.

MDOH is attempting to improve rest area maintenance, but little can be done under the current contract because the state has little or no control over the daily work of contractors. Contracts are awarded to low bidders and, consequently minimal effort is expended by contractors to meet the contract requirements.

This fall MDOH prepared an EPP proposal to perform rest area custodial services with MDOH employees at six, high-use, dual rest area locations on I90 and I94. The EPP requested 9.6 additional FTE and \$250,505 to provide personnel at each rest area seven days a week and for extended hours during the summer. The EPP proposal would put rest area maintenance at these rest areas under total control of the State. But it is very expensive.

This year MDOH also tried a different approach to contracting custodial services. Under the new contracting method potential contractors are asked to submit a detailed proposal explaining exactly what they would do to provide the custodial services at MDOH rest areas and the cost to the state for these services. Contract award is then based on the proposal which best provides the needed service for the best cost. This process is called the RFP (Request for Proposal) process and allows selection of a contractor on a basis other than low-bid. The process also allows detailed work performance requirements that are not allowed under our normal contracting methods. The RFP method is an accepted method of contracting professional services.

On a trial basis, three RFP contracts were awarded for custodial services during the past year. The trial contracts indicate that the RFP process will cost more, but that it allows sufficient contract details to ensure improved custodial services. And the RFP process shouldn't be as expensive as performing custodial services with full-time MDOH employees. A cost comparison between RFP contracts and previous year contracts follows.

<u>REST AREA NAME</u>	<u>PREVIOUS CONTRACT</u>	<u>RFP CONTRACT</u>
Quartz Flat	\$7,168	\$20,000
Teton River	\$11,988	\$14,088
Dell-Red Rock	\$5,356	\$12,748

The average increase in contract costs for the three trial contracts was 91 percent.

Another frequent complaint regarding rest areas is the number of them that are closed during the winter months. Winter closures are purely a cost cutting effort which we have taken in recognition of decreased usage during the winter. Winter rest area closures save winter operating costs including heating and custodial services. So if more rest areas are kept open year-round, rest area costs will increase in proportion to the additional time they are open.

Estimated cost for RFP contract on 47 of 55 rest areas.

Average Contract Cost Increase = 90%
FY88 Contract Cost = \$172,763
Increase = $0.9 \times \$172,763$ = \$155,487
Total RFP Contract Cost = \$328,250

Comparison between RFP contract and maintenance by state personnel for the six rest area locations in the EPP proposal.

<u>REST AREA LOCATION</u>	<u>RFP CONTRACT</u>	<u>STATE PERSONNEL</u>
Quartz Flats	\$20,000*	\$41,750
Bearmouth	\$15,000	\$41,750
Homestake	\$25,000	\$41,750
Greycliff	\$22,000	\$41,750
Columbus	\$15,000	\$41,750
Hysham	\$22,660**	\$41,750
TOTAL	\$119,660	TOTAL \$250,505

* Actual FY89 RFP Contract Amount

** Average based on 1/6 of Total EPP Cost

WSS:by:lrk:lu

REST AREA MAINTENANCE ESTIMATE

<u>Rest Area Name</u>	<u>Section/One-Way Name/Mileage</u>	<u>Open Dates</u>
Quartz Flats	Superior/11 miles	All Year
Bearmouth	Drummond/11 miles	All Year
Homestake	Butte/12 miles	All Year
Greycliff	Big Timber/13 miles	All Year
Columbus	Columbus/12 miles	All Year
Hysham	Hysham/3 miles	All Year

Assumptions

Operating Days - rest areas open 7 days per week
- Open all year 365 days

Custodian Hours

- Memorial Day Weekend through Labor Day Weekend (100 days) - Custodian on duty 12 hours per day.
- Remainder of year (265 days) - Custodian on duty 8 hours per day.

FTE Requirements

6 rest areas open all year

100 days @ 12 hours =	1200 hours
265 days @ 8 hours =	<u>2120 hours</u>
	3320 hours = 1.6 FTE

TOTAL = 6 x 1.6 FTE = 9.6 FTE

Personnel Costs

FTE required	9.6 FTE
Hourly wage	\$9.09 (Blue Collar Grade 5, FY 1989)

Annual cost @ 2080 hours per FTE
 $9.6 \text{ FTE} \times 2080 \text{ hr/FTE} \times \$9.09/\text{hr} = \$181,509$

Assume 25% payroll additive (statewide average)
 $\$181,509 \times 1.25 = \$226,886$

Transportation Costs

Rental rates for 1/2-ton pickup (from current EMS data)

- Assigned time \$0.625 per hour
- Mileage rate \$0.10 per mile

Annual Assigned Time Cost:

- Annual Assigned Time = 19,920 hours
19,920 hours x \$0.625/hr = \$12,450

Annual Mileage Cost:

- Annual Operating Days = 2190 days
- Average Daily mileage per rest area based on 3 times one-way mileage = 31 miles

$$2190 \text{ days} \times 31 \text{ miles/day} \times \$0.10/\text{mile} = \$6,789$$

Transportation Total = \$19,239

Caretaker Supplies, Equipment and Tool Costs

Assume \$2.00 per day for supplies, small equip. and tools

$$\$2.00/\text{day} \times 2190 \text{ days} = \$4,380$$

Total Estimated Cost

Personnel cost	\$226,886
Transportation cost	\$ 19,239
Supplies, equipment & tools	\$ 4,380
	<u>\$250,505</u>

WSS: kw:2cc

EXECUTIVE PLANNING PROCESS

Department of Highways - 5401

EPP No.	Proposal	Division/Program Funding Source	Fiscal 1990		Fiscal 1991		FTE	Description/Explanation
			Est. Amt.	FTE	Est. Amt.	FTE		
	Program Change	Maintenance & Equip. Division State Special Revenue	\$250,505	9.6	\$250,505	9.6		Highway rest area custodial services are currently performed under contracts with independent caretakers. Custodial services need to be improved, but labor laws limit the state's control over the daily work of contract caretakers. Direct control of rest area maintenance is possible only if the work is done by state employees. This program change is to improve custodial services at six critical rest area locations on I-90 and I-94. All six locations are dual rest areas.

MSS:kw:JA

		No. of Rest Areas	Rest Area Status
I 15	Dell - Red Rock	2	Open entire year
	Barratt's	1	Closed Nov. 15 thru April 15
	Divide	2	Closed Nov. 15 thru April 15
	Jefferson City	2	Closed Nov. 15 thru April 15
	Lyons Creek	2	Closed Nov. 15 thru April 15
	Dearborn	2	Open entire year
	Dutton	2	Open entire year
	Sweetgrass	1	Closed Nov. 15 thru April 15
I 90	Saltese	2	Closed Nov. 15 thru April 15
	Quartz Flats	2	Open entire year
	Alberton	2	Closed Nov. 15 thru April 15
	Clinton	2	Closed Nov. 15 thru April 15
	Bearmouth	2	Open entire year
	Gold Creek	2	Closed Nov. 15 thru April 15
	Homestake	2	Open entire year
	Greycliff	2	Open entire year
	Columbus	2	Open entire year
	Hardin	2	Closed Nov. 15 thru April 15
I 94	Custer	2	Closed Nov. 15 thru April 15
	Hysham	2	Open entire year
	Forsyth	2	Closed Nov. 15 thru April 15
	Glendive West	1	Open entire year
US 2	Glasgow	1	Closed Nov. 15 thru April 15
US 12	Locate	1	Closed Nov. 15 thru April 15
	Avon	1	Closed Nov. 15 thru April 15
US 89	Dupuyer	1	Closed Nov. 15 thru April 15
	Emigrant	1	Closed Nov. 15 thru April 15
MT 200	Angevine	1	Closed Nov. 15 thru April 15
	Copenhaver	1	Closed Nov. 15 thru April 15
	Geyser	1	Closed Nov. 15 thru April 15
	Flowing Wells	1	Closed Nov. 15 thru April 15
US 212	Broadus	1	Open entire year
	Roberts	1	Closed Nov. 15 thru April 15
US 287	Ennis South	1	Closed Nov. 15 thru April 15
US 310	Bridger	1	Closed Nov. 15 thru April 15

SUMMARY

Montana Department of Highways proposes to install approximately 148 of 350 underground storage tanks during the next biennium. This project will bring the Department into compliance with U.S. Environmental Protection Agency regulations governing underground storage systems installed before 1970. This is a ten-year effort by EPA to upgrade and safeguard the nation's underground storage systems and water supply.

A number of alternatives were considered as outlined by EPA regulations. The no-action alternative would put in opposition the Highway Department and the EPA with the result being the department's non-compliance of regulations and possible subsequent financial penalty of up to \$25,000 a day. Other alternatives considered include: dealing with all 350 tanks at this time, excavating and not replacing all tanks installed before 1970 with alternative methods of fleet fueling and combining tank excavation with tank replacement based on age and specific site locations.

The enormity of the task at hand precludes consideration of all 350 tanks at one time. Excavation of all tanks installed before 1970 and finding alternative fueling sources would place the department in a position of uncertainty as concerns activities which require quick responses e.g. late night snow plow refueling. Therefore, the proposed action involves a combination of excavation and replacement based on age and number of tanks needed at specific site locations.

The specific issues of this project include preventing the leakage of department underground storage systems into the local ground water, minimizing the cost of the project, designing a program which will carry out the intent of the EPA regulations effectively, efficiently and in a timely manner, protecting the current department capacity to respond to situations quickly and minimizing the overall fiscal impact to the State over the next decade and into the next century.

The proposed project will result in some adverse impacts; however, none is expected to be significant. Construction methods and scheduling will minimize impacts on departmental budget considerations. Other affected parties e.g. Department of Health and Environmental Sciences will be consulted as appropriate to review progress. Most residual impacts are expected to be minor. Long-term impacts will include extended monitoring and record keeping of all sites and the possibility of even stricter regulations being adopted by regulating agencies and local governments.

The project will have a beneficial impact on affected counties from protection of ground water from contamination and a slightly beneficial regional/national effect on the overall ground water condition.

PURPOSE AND NEED FOR ACTION

Federal authorities have decreed the aging underground storage tank system to be a hazard to the nation's water supply. To advance that objective, EPA has adopted regulations that every owner of an UST system must adhere to by 1998. Montana Department of Highways is currently planning and scheduling a

statewide system of fully protected and monitored underground storage facilities that will eventually provide secure storage systems to the people of the state in all areas.

Protected and monitored underground storage tank systems use cathodic protection of steel tanks and piping to prevent corrosion and monitoring wells to insure that neither vapors nor hydrocarbon products contaminate the soil or ground water supply. The technology is stipulated under federal law but moreover it is advantageous because it insures that local ground water will be contaminate free into the next century. The proposed project will complete the first phase of leak detection (which must be completed for all tanks by December 1993) and corrosion protection (which must be completed for all tanks by December 1998).

EPA REQUIREMENTS

Leak detection requirements are being phased in for existing UST's depending on their age:

If the tank was installed:	If must have leak detection by December of:
Before 1965 or unknown	1989
1965-1969	1990
1970-1974	1991
1975-1979	1992
1980-Dec. 1988	1993

This schedule will make sure that the older UST's, which are more likely to leak, have leak detection first.

For new tanks and piping, leak detection must be provided at installation. EPA-approved methods for detecting leaks from new tanks are:

- 1) Automatic tank gauging
- 2) Monitoring for vapors in the soil
- 3) Interstitial monitoring
- 4) Monitoring for liquids on the ground water
- 5) Instead of using one of the monthly monitoring methods, the MDOH can check for leaks by combining monthly inventory control with tank tightness testing every five years. After ten years, MDOH must use one of the monthly monitoring methods listed above.

ALTERNATIVES INCLUDING THE PROPOSED ACTION

Montana Department of Highways is considering several alternatives within the context of EPA regulations.

No Action Alternative

If no action is taken, MDOH would not comply with federal EPA regulations. While the no action alternative would preclude any construction cost to the

state, it would present the department with severe financial and social penalties.

Alternatives Eliminated from Detailed Evaluation

MDOH considered a program that would address all 350 tanks it controls.

This alternative is not feasible because of budget and scheduling considerations.

MDOH also considered excavating and not replacing all tanks installed before 1970.

This alternative is not feasible due to the uncertainty of local fuel supplies and the ability of the department to react to activities effectively.

Proposed Action

Montana Department of Highways is proposing to combine tank excavation and replacement based on age and specific site location.

The federal EPA has instituted a schedule whereby tanks and piping must be either eliminated, replaced or upgrade. MDOH proposes to use this schedule and in conjunction with a review of each site to eliminate redundancy and duplication of storage needs. This process of review and scheduling will simplify the total number of tanks addressed and minimize the cost to the state and department.

Leak detection methods which have to be fully implemented for all tanks by 1993, are of various types and costs. Efforts are underway by the department to determine both the most effective and cost beneficial method of leak detection monitoring.

Another consideration is the useful tank life of underground storage systems. In addressing those tanks in this first phase (those installed before 1970) it is felt that all should be replaced. The age of the newest tanks under consideration are at least 15-20 years old; statistically these tanks have a useful life of only ten more years. Therefore, the MDOH will in all probability have to replace a portion of these tanks as soon as 1994. However by replacing all 148 tanks of this initial phase, the state can defer replacement until 2015.

Montana Department of Highways proposes to begin excavation/replacement in July 1989 and to complete the first phase of this project by December 1991.

DC:by:5K

UNDERGROUND STORAGE TANK SYSTEM 1990-91

Assumptions

- 1) Labor:
 - A) Private contractor
 - B) Cost: approximately \$.50/gal. to excavate and replace.
- 2) Materials:
 - A) Tanks - STI-P3 Steel; 2000 gallons
 - B) All tanks to be removed and replaced due to age and tank life.
 - C) Cost: \$1.00/gal. for single tank; \$.50/gal. for 6 or more.
- 3) Leak Detection
 - A) Manual Monthly Monitoring System; 1 per tank.
 - B) Cost: \$800 (Contractor Quote)
- 4) Inflation: 5% per year

	<u>1990</u>	<u>1991</u>	<u>90-91</u>
Number of Tanks	79	69	148
Labor Cost	\$ 1,000	\$ 1,050	
Tank Cost	1,000	1,050	
Leak Detection Cost	<u>800</u>	<u>840</u>	
Total	<u>\$221,200</u>	<u>\$202,860</u>	<u>\$424,060</u>

EXHIBIT 8
 DATE 2-2-89
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City of Great Falls - Maintenance Contract

	Budget Submitted		FTE to cover loss of city contract		Revised Budget	
	<u>90</u>	<u>91</u>	<u>90</u>	<u>91</u>	<u>90</u>	<u>91</u>
FTE	661.48	661.48	3.00	3.00	664.48	664.48
Personal Services	\$19,374,329	\$19,402,109	\$81,701	\$81,742	\$19,456,030	\$19,483,851
Operating Expenses	24,387,863	25,035,055	(81,701)	(81,742)	24,306,162	24,953,313
Equipment	209,720	187,214			209,720	187,214
Non-operating	71,490	71,490			71,490	71,490
	<u>\$44,043,402</u>	<u>\$44,695,868</u>	<u>-0-</u>	<u>-0-</u>	<u>\$44,043,402</u>	<u>\$44,695,868</u>

DATE 2-2-89
HB

01-Feb-89

5401 05 00000

AGENCY: DEPARTMENT OF HIGHWAYS

LEGISLATIVE ACTION

PROGRAM: PRE-CONSTRUCTION

BUDGET ITEM	FY 1988 Actual	Executive	Fiscal 1990 LFA Curr Lvl	Difference	Executive	Fiscal 1991 LFA Curr Lvl	Difference	FY 88-90 % Change
FTE	232.00	231.00	232.00	-1.00	231.00	232.00	-1.00	0.00%
Personal Services	\$6,491,910	\$7,018,184	\$6,477,609	\$540,575	\$7,036,782	\$6,495,466	\$541,316	-0.22%
Operating Expenses	4,237,104	3,037,889	1,442,533	1,595,356	3,138,277	1,495,922	1,642,355	-65.95%
Equipment	351,031	189,998	189,998	0	176,203	176,203	0	-45.87%
Non-Operating	2,343,965	4,451,390	4,451,390	0	7,105,100	5,905,100	1,200,000	89.91%
TOTAL EXPENSES	\$13,424,010	\$14,697,461	\$12,561,530	\$2,135,931	\$17,456,362	\$14,072,691	\$3,383,671	-6.42%
FUNDING								
State Special Rev	\$4,108,356	\$5,138,414	\$3,002,483	\$2,135,931	\$6,058,287	\$2,674,616	\$3,383,671	-26.92%
Federal Revenue	9,315,654	9,559,047	9,559,047	0	11,398,075	11,398,075	0	2.61%
TOTAL FUNDING	\$13,424,010	\$14,697,461	\$12,561,530	\$2,135,931	\$17,456,362	\$14,072,691	\$3,383,671	-6.42%

ISSUES:

1. VACANCY SAVINGS - Executive applied 2% vacancy savings as compared to 6% in LFA current level.

2. FTE REDUCTION - The Executive eliminated 1.0 FTE which had been vacant over one year.

3. OVERTIME - The Executive includes an increase in overtime from \$55,000 to \$350,000 per year, to meet future letting schedules. LFA current level is at fiscal 1988 base levels, which exceeded the fiscal 1988 appropriation by \$22,000.

4. CONTRACT DESIGN SERVICES - The Executive includes increases of 200% over 1989 biennium appropriated levels for contract design engineering. The agency was appropriated \$800,000 per year in the 1989 biennium for these services, but expended \$3.1 million in fiscal 1988, by transferring funds appropriated for right-of-way purchases. LFA current level is at 1989 biennium appropriated levels.

5. RIGHT-OF-WAY PURCHASES - The Executive includes increases over 1989 biennium appropriated levels for the purchase of right-of-way property. Right-of-way purchases were reduced in fiscal 1988, with funds diverted for contract design engineering. LFA current level is at 1989 biennium appropriated levels.

TOTAL ISSUES

APPROPRIATIONS COMMITTEE POLICY ISSUES

A. The Committee approved a no vacancy savings policy, with personal services to be line-itemed. The budget increase for the Executive and LFA current level are shown at right.

---	EXEC OVER (UNDER)	LFA---
FY 90	FY 91	
\$275,645	\$274,405	
(\$28,070)	(\$28,089)	
145,000	145,000	
\$295,660	-\$295,000	
\$1,595,500	\$1,642,500	
\$0	\$1,200,000	
\$2,136,075	\$3,383,816	
\$135,980	\$136,360	Executive
\$409,625	\$410,765	LFA C/L

5401 07 00000

01-Feb-89

AGENCY: DEPARTMENT OF HIGHWAYS

LEGISLATIVE ACTION

PROGRAM: STATE MOTOR POOL

BUDGET ITEM	FY 1988 Actual	Executive 5.00	Fiscal 1990 LFA Curr Lvl 5.00	Difference	Executive 5.00	Fiscal 1991 LFA Curr Lvl 5.00	Difference	FY 88-90 % Change
FTE	6.00			0.00			0.00	-16.67%
Personal Services	\$118,945	\$122,096	\$119,620	\$2,476	\$122,250	\$119,772	\$2,478	0.57%
Operating Expenses	229,598	243,257	243,492	(235)	243,500	243,733	(233)	6.05%
Equipment	408,376	670,000	420,000	250,000	650,000	420,000	230,000	2.85%
TOTAL EXPENSES	\$756,919	\$1,035,353	\$783,112	\$252,241	\$1,015,750	\$783,505	\$232,245	3.46%
FUNDING								
Other Revenue	\$756,919	\$1,035,353	\$783,112	\$252,241	\$1,015,750	\$783,505	\$232,245	3.46%
TOTAL FUNDING	\$756,919	\$1,035,353	\$783,112	\$252,241	\$1,015,750	\$783,505	\$232,245	3.46%

ISSUES:

1. VACANCY SAVINGS - Executive applied 2% vacancy savings as compared to 4% in LFA current level.

2. MOTOR POOL FLEET SIZE - The Executive includes increases in the cost of motor pool fleet replacement over 1989 biennium appropriated levels. LFA current level holds equipment costs at 1989 biennium appropriated levels.

TOTAL ISSUES

---	EXEC OVER (UNDER)	LFA	---
FY 90		FY 91	
\$2,476		\$2,478	
\$250,000		\$230,000	
\$252,476		\$232,478	

APPROPRIATIONS COMMITTEE POLICY ISSUES

A. The Committee approved a no vacancy savings policy, with personal services to be line-itemed. The budget increase for the Executive and LFA current level are shown at right.

\$2,475	\$2,479
\$4,951	\$4,957

5401 08 00000

AGENCY: DEPARTMENT OF HIGHWAYS

LEGISLATIVE ACTION

PROGRAM: EQUIPMENT PROGRAM

31-Jan-89

DATE 2-2-89

HB

BUDGET ITEM	FY 1988 Actual	Executive	Fiscal 1990 LFA Curr Lvl	Difference	Executive	Fiscal 1991 LFA Curr Lvl	Difference	FY 88-90 % Change
FTE	119.85	121.00	121.50	-0.50	121.00	121.50	-0.50	1.38%
Personal Services	\$3,451,366	\$3,456,852	\$3,400,959	\$55,893	\$3,463,302	\$3,407,300	\$56,002	-1.46%
Operating Expenses	3,963,738	4,704,396	4,321,552	382,844	4,708,182	4,349,453	358,729	9.03%
Equipment	5,542,342	4,905,659	4,905,659	0	4,905,659	4,905,659	0	-11.49%
Non-Operating	1,930,659	0	0	0	0	0	0	-100.00%
TOTAL EXPENSES	\$14,888,105	\$13,066,907	\$12,628,170	\$438,737	\$13,077,143	\$12,662,412	\$414,731	-15.18%
FUNDING								
State Special Rev	\$1,930,659	\$0	\$0	\$0	\$0	\$0	\$0	-100.00%
Other Revenue	12,957,446	13,066,907	12,628,170	438,737	13,077,143	12,662,412	414,731	-2.54%
TOTAL FUNDING	\$14,888,105	\$13,066,907	\$12,628,170	\$438,737	\$13,077,143	\$12,662,412	\$414,731	-15.18%

ISSUES:

1. VACANCY SAVINGS - Executive applied 2% vacancy savings as compared to 4% in LFA current level.

2. FTE REDUCTIONS - The Executive eliminated a 0.5 FTE administrative officer position that had been vacant over one year.

3. DIESEL FUEL - The Executive includes funds for a 47% increase in diesel fuel over base level. LFA current level allows a 6% increase over base, to fund it at the fiscal 1988 appropriated level. That level of funding anticipates an average construction/winter season.

3a. INFLATION

4. EQUIPMENT REPAIR PARTS - The Executive allows a 16% increase over base levels for equipment repair parts, due to a mild winter in the base year. LFA current level allows base plus increases for program transfers only. Base level expenditures were \$37,000 over appropriated levels, and are well above average yearly expenditures.

TOTAL ISSUES

APPROPRIATIONS COMMITTEE POLICY ISSUES

A. The Committee approved a no vacancy savings policy, with personal services to be line-itemed. The budget increase for the Executive and LFA current level are shown at right.

---EXEC OVER (UNDER) LFA---

FY 90

FY 91

\$69,540

\$69,658

(\$13,647)

(\$13,656)

\$246,988

\$217,238

\$21,735

\$27,372

\$114,364

\$114,364

\$438,980

\$414,976

\$68,994

\$69,113

\$138,534

\$138,771

EXHIBIT

12

12

DATE 2-2-89

HB

5401 11 00000

AGENCY: DEPARTMENT OF HIGHWAYS

LEGISLATIVE ACTION

11:22 AM 31-Jan-89

PROGRAM: INTERFUND TRANSFERS

BUDGET ITEM	FY 1988 Actual	Executive	Fiscal 1990 LFA Curr Lvl	Difference	Executive	Fiscal 1991 LFA Curr Lvl	Difference	FY 88-90 % Change
FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%
Non-Operating	\$0	\$39,738,724	\$28,125,747	\$11,612,977	\$37,464,940	\$25,655,637	\$11,809,303	0.00%
TOTAL EXPENSES	\$0	\$39,738,724	\$28,125,747	\$11,612,977	\$37,464,940	\$25,655,637	\$11,809,303	0.00%
FUNDING								
State Special Rev	\$0	\$39,575,071	\$27,962,094	\$11,612,977	\$37,464,940	\$25,655,637	\$11,809,303	0.00%
Other Revenue	0	163,653	163,653	0	0	0	0	0.00%
TOTAL FUNDING	\$0	\$39,738,724	\$28,125,747	\$11,612,977	\$37,464,940	\$25,655,637	\$11,809,303	0.00%

ISSUES:

1. STATUTORY APPROPRIATIONS - The Executive includes interfund transfers for bond debt service payments. These payments are excluded from LFA current level because they are statutorily appropriated (17-7-502, MCA), and are excluded from the legislative approp. process.

2. BUILDING BOND PAYMENTS - The Executive includes funding for the Highway Dept. building bond payment in the appropriation request. This payment is not included in LFA current level as it is included under statutory appropriations. This should be deleted from the Executive budget.

3. RTF TRANSFER - The Executive includes larger authority for the transfer of funds from the Reconstruction Trust Fund Account to fund 1991 biennium construction. LFA current level is lower due to higher revenue estimates from coal taxes.

TOTAL ISSUES

---EXEC OVER (UNDER) LFA---

FY 90 FY 91

\$10,643,928 \$10,643,928

\$692,000 \$685,125

\$277,049 \$480,250

\$11,612,977 \$11,809,303

5401 12 00000

AGENCY: DEPARTMENT OF HIGHWAYS

LEGISLATIVE ACTION

PROGRAM: STORES INVENTORY

BUDGET ITEM	FY 1988 Actual	Fiscal 1990			Fiscal 1991			FY 88-90 % Change
		Executive	LFA Curr Lvl	Difference	Executive	LFA Curr Lvl	Difference	
FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%
Operating Expenses	\$12,244,376	\$12,920,457	\$12,651,128	\$269,329	\$12,989,537	\$12,744,300	\$245,237	3.32%
TOTAL EXPENSES	\$12,244,376	\$12,920,457	\$12,651,128	\$269,329	\$12,989,537	\$12,744,300	\$245,237	3.32%
FUNDING								
State Special Rev	\$12,244,376	\$12,920,457	\$12,651,128	\$269,329	\$12,989,537	\$12,744,300	\$245,237	3.32%
TOTAL FUNDING	\$12,244,376	\$12,920,457	\$12,651,128	\$269,329	\$12,989,537	\$12,744,300	\$245,237	3.32%

ISSUES:

1. DIESEL FUEL - The Executive allows a larger amount for diesel fuel. The amount included in the Executive budget is the same as the amount required for the Equipment Program (Issue 3), whereas LFA current level also ties to the amount allowed in the Eqpt. Program. The level adopted by the subcommittee should be the same amount approved for the Equipment Program.

1a. INFLATION

TOTAL ISSUES

---EXEC OVER (UNDER) LFA---		
FY 90	FY 91	
\$247,545	\$217,795	
\$21,784	\$27,442	
\$269,329	\$245,237	

5401 22 00000

31-Jan-89

AGENCY: DEPARTMENT OF HIGHWAYS

LEGISLATIVE ACTION

PROGRAM: G.V.M.

BUDGET ITEM	FY 1988 Actual	Executive	Fiscal 1990 LFA Curr Lvl	Difference	Executive	Fiscal 1991 LFA Curr Lvl	Difference	FY 88-90 % Change
FTE	110.03	108.03	110.03	-2.00	108.03	110.03	-2.00	0.00%
Personal Services	\$2,521,042	\$2,555,780	\$2,546,075	\$9,705	\$2,562,348	\$2,552,597	\$9,751	0.4%
Operating Expenses	717,988	620,428	623,025	(2,597)	634,532	637,126	(2,594)	-13.23%
Equipment	53,504	19,000	36,500	(17,500)	19,500	37,000	(17,500)	-31.78%
Non-Operating	99,990	120,000	0	120,000	120,000	0	120,000	-100.00%
TOTAL EXPENSES	\$3,392,524	\$3,315,208	\$3,205,600	\$109,608	\$3,336,380	\$3,226,723	\$109,657	-5.51%
FUNDING								
State Special Rev	\$3,392,524	\$3,315,208	\$3,205,600	\$109,608	\$3,336,380	\$3,226,723	\$109,657	-5.51%
TOTAL FUNDING	\$3,392,524	\$3,315,208	\$3,205,600	\$109,608	\$3,336,380	\$3,226,723	\$109,657	-5.51%

ISSUES:

- VACANCY SAVINGS - Executive applied 2% vacancy savings as compared to 4% in LFA current level.
- FTE REDUCTIONS - The Executive deleted 2.0 FTE GVM enforcement officer positions that had been vacant for more than a year. LFA current level retained the positions as they were intended to staff new weigh stations that did not open in fiscal 1988 as expected, but opened in fiscal 1989.
- EQUIPMENT - The Executive allows less for equipment than LFA current level. The Executive reduced the allowance for low band radios and radar guns by over 50% below LFA current level (5 radios, \$6,000; 11 radar guns, \$27,500).
- GVM STATIONS - The Executive includes funds for the retrofit of GVM stations. The project began in the 1989 biennium and would be completed in the 1991 biennium. LFA current level does not include funding for this project, as it was not appropriated by the 1987 legislature.

TOTAL ISSUES

APPROPRIATIONS COMMITTEE POLICY ISSUES

- The Committee approved a no vacancy savings policy, with personal services to be line-itemed. The budget increase for the Executive and LFA current level are shown at right.

---	EXEC OVER (UNDER) LFA---
FY 90	FY 91
\$52,375	\$52,513
(442,670)	(942,762)
(617,500)	(617,500)
\$120,000	\$120,000
\$112,205	\$112,251
\$50,668	\$50,802
\$103,315	\$103,315

GVW OFFICER RECLASSIFICATION

<u>BUDGET SUBMITTED</u>		<u>RECLASSIFICATION OF GVW OFFICER</u>	
<u>FY90</u>	<u>FY91</u>	<u>FY90</u>	<u>FY91</u>
Personal Services	2,555,780	2,555,780	2,562,348
		Reclassification Salary Needed	130,000
		Benefits on Reclassification	22,100
			130,000
			22,100
			2,714,448
<u>EMPLOYEES AT OLD CLASSIFICATION</u>		<u>NEW CLASSIFICATION OF GVW OFFICERS</u>	
	2,555,780		2,714,448

TO: Russell G. McDonald
Administrator
Personnel Division
Department of Highways

FROM: Donald L. Coburn
Personnel Specialist
Classification Bureau

DATE: January 5, 1989

SUBJECT: Review of GVW Enforcement Officer I Class

The Classification Bureau has completed the review of the GVW Enforcement Officer I Class as you requested via a Position Detail Form submitted on January 27, 1988.

On-site and phone audits were conducted at GVW scale houses and with several levels of the supervisory staff. As result of our review the GVW Enforcement Officer series will be reallocated as follows:

379050, GVW Enforcement Officer I from Grade 11 to Grade 12
379051, GVW Enforcement Officer II from Grade 12 to Grade 13
379052, GVW Enforcement Officer Supervisor from Grade 13 to Grade 14

It will not be necessary for your agency to submit PDF's for each position as we will generate the necessary forms to change the grades of each class. You will receive a copy of the Class Adjustment Forms (old CR Form) for your records.

Please call if you have questions regarding these actions.

DLC/jk

cc: Jess Monroe, Administrator
GVW Division
Department of Highways

D18/class4