

**MINUTES OF THE
JOINT INFRASTRUCTURE AND GENERAL GOVERNMENT
APPROPRIATIONS SUBCOMMITTEE MEETING
TUESDAY, JANUARY 11, 2011, 8:00 A.M.
Room 445, State Capitol**

Members Present: Sen. Stuart Adams, Co-Chair
Rep. Gage Froerer, Co-Chair
Rep. Carl Wimmer, House Vice-Chair
Sen. Lyle Hillyard
Sen. David Hinkins
Sen. Mark Madsen
Sen. Karen Mayne
Sen. Kevin Van Tassell
Rep. Derek Brown
Rep. David Butterfield
Rep. Fred Cox
Rep. Janice Fisher
Rep. Wayne Harper
Rep. Lynn Hemingway
Rep. Neal Hendrickson
Rep. Patrick Painter
Rep. Evan Vickers

Members Excused:

Members Absent: Rep. Brad Dee

Staff Present: Mark Bleazard, Legislative Fiscal Analyst
Gary Ricks, Legislative Fiscal Analyst
Richard Amon, Legislative Fiscal Analyst
Karen C. Allred, Secretary

Public Speakers Present: John Njord, Executive Director, Utah Department of Transportation
Carlos Braceras, Deputy Director, Utah Department of Transportation
Cory Pope, Planning & Program, Utah Department of Transportation
Ken Peterson, Deputy Director, Department of Technology Services
Kim Wood, Director, Department of Administrative Services
John Reidhead, Department of Administrative Services
Sam Lee, Fleet, Department of Administrative Services
Gregg Buxton, Division of Facilities Construction and Management
John Harrington, Energy Director, Division of Facilities Construction
and Management
Ken Peterson, Deputy Director, Department of Technology Services

A list of visitors and a copy of handouts are filed with the Subcommittee minutes.

Co-Chair Adams called the meeting to order at 8:25 A.M.

1. Minutes

MOTION: Sen. Hinkins moved to approve the minutes of the Transportation, Environmental Quality, National Guard and Veterans' Affairs Appropriation Subcommittee of February 8 and 11, 2010; and the minutes of the Capital Facilities and Government Operations Appropriations Subcommittee meetings of February 10 and 11, 2010.

The motion passed unanimously with Sens. Hillyard and Madsen, and Rep. Wimmer, Hendrickson and Vickers absent for the vote.

2. Budget Process Overview

Mark Bleazard, Analyst explained to the subcommittee a background of the FY2011 sources of revenue, categories of expenditures, revenue history, the challenges of ongoing commitments, which have been paid with one time money of rainy day funds, and non-lapsing balances.

Co-Chair Adams commented that the transportation revenue fund percentage of the overall budget, over time has been shrinking, and that the transportation fund is generated by the gas tax which is 24.5 cents with no inflation on the gas tax. Mr. Bleazard responded that the transportation fund over the last 10 years has grown at a rate of less than 3% a year. Prior to the slow down of the last three years, the state sales tax was increasing at a rate of approximately 6%. The transportation fund is not keeping up with inflation.

Rep. Hemingway asked if the transportation fund includes the money being spent on the project on I-15. Co-Chair Adams responded that project was funded through the general fund. The transportation fund mostly covers the maintenance of the highways.

Gary Ricks, Analyst, gave a presentation on the challenges of the growth in public and higher education which consume 38% of all resources and will be an ongoing issue, Medicaid, which will depend on the federal health care plan, and retirement. The education, Medicaid, and retirement spending is \$653 million, with a revenue of \$216, the difference makes a hole of \$437 million to fill and the reserves are not enough. The Rainy Day Reserves are one-time money and if used, the Legislators will have similar issues again.

Co-Chair Adams asked if it is estimated that Education will need over \$50 million of ongoing money to handle the growth. Mr. Ricks answered yes and that \$50 million is a conservative estimate.

Rep. Vickers commented that the growth in Higher Education is currently not being funded either.

Rep. Cox asked what percentage of money going for education is for buildings? Co-Chair Adams responded that the operation side of education is handled through state income tax, and the Capital Facilities portion of the budget takes care of the buildings and is handled on a local level through property tax, within the school district boundary.

Rich Amon, Analyst, said that the Executive Appropriation Committee made a motion to have the base budget address the structural deficit. A joint resolution stipulates that each Legislator receive a copy of the base budget bill on the first day of the annual general session. Staff will prepare a base budget with 7% across-the-board reductions ready the first day of the session.

3. Subcommittee Overview

This committee has been created by combining two committees, the Capital Facilities & Government Operations Appropriations Subcommittee and the Transportation, Environmental Quality, National Guard & Veterans' Affairs Appropriation Subcommittee. Mr. Ammon referred the subcommittee to the Legislative Website, www.le.utah.gov, with a link to Compendium of Budget Information on the home page. This contains the budget information of each of these two committees for FY11.

4. Agency Review

A. Transportation

John Njord, Executive Director introduced, Carlos Braceras, Deputy Director, Cory Pope, Linda Hull, Becky Bradshaw, and Janet Steadman. Handouts were distributed to the subcommittee, and Mr. Njord gave a presentation. The Utah Department of Transportation (UDOT) has statutory responsibility for operating, maintaining, and constructing the highway systems and bridges, the federal funds from federal gas tax, the division of aeronautics, distributing funds to airports around the state for maintenance and operation, and the motor carrier division which the run the ports of entry. Keeping up with population growth is a challenge to UDOT.

UDOT has four goals which are part of everything everyone in the department does. The first goal is to take care of the system Utah has, through maintenance and mapping of facilities.

Co-Chair Adams commented that the we rely on highway expansion that have been planned for in the past with for-sight and vision and especially for events like the Olympics, and asked what percent of roads are Level II roads (a road that only gets 200 or less vehicles traveled in a day). Mr. Njord responded that because the state planned ahead, businesses come here instead of moving elsewhere, and that close to 50% of roads are Level II roads. Mr. Braceras, commented that road maintenance mapping is the same method used for other areas of responsibility as well.

Sen. Madsen asked when a bridge comes to the end of its life and needs to be replaced, how often do you have a concomitant capacity need. Njord replied that it often happens concurrent and needs to be replaced as well as expanded. Njord on major roads and freeways it happens often, other bridges not as much.

Rep. Cox asked when the funding is not available, what would have happened if Legacy Highway had been built as a simple collector system, and if there is any way that analogy can be used to decrease future costs. If there is not money to build as is hoped, is there a practical method that can be used. Mr. Njord gave an example of the Mountain View Corridor which was planned as an interstate, but is being built up over time, and today it is a two lane highway with bridges that have been built wider for expansion, because the funding is not there to build as preferred.

Co-Chair Adams commented that the UDOT challenge is not only to try to stage the capacity, but corridor preservation is also a critical issue and is another reason to build in phases.

Rep. Fisher gave kudos to UDOT because of the new inventive way of building bridges, which saves commuters hassles as well as financial savings to Utah.

Rep. Brown asked if the same methods used to extend the life span of roads can also be used with bridges. Mr. Braceras responded that the bridges are made with similar preservation treatments used on highways that can extend the life of the bridge.

Sen. Van Tassell commented that some of the bridges built long ago are still in working shape. Mr. Njord responded that there are still some working bridges that are made out of wood.

The second goal is to make the system work better. Mr. Braceras talked about the express lane system, traffic signal synchronization, traveler information, the TravelWise program (a travel demand management program).

Co-Chair Froerer asked what UDOT is doing to inform the public, and how to buy a transponder. Mr. Braceras responded that the web is being used to spread the word, and also, through free media. UDOT does not have an active Public Relations System and has found the best way spread information on the road is on the variable message signs which show the time savings between the express lane and regular lanes. A transponder can be purchased on the website, utah.udot.gov.

Rep. Cox made a comment that the traveler information system works well through radio but would like to see better twitter updates. Mr. Braceras said there is a new method, where a person can dial 511, which is voice interactive, and get information. Rep. Cox asked if there are bonus options for employees to find innovative solutions that save money is still in place and commented that he would not mind budgeting bonus money for cost saving ideas.

Mr. Braceras responded that employees have not received bonuses, but continue to have good ideas.

Co-Chair Adams commented that the American Fork interchange was bid out to a contractor who came up with a new concept, the diverging diamond, which was less money to build and more efficient. The private sector was allowed to come in and help find cost saving ideas.

The third goal is to improve safety, which is so important to UDOT and over time the State is experiencing a downward trend in fatalities in the last 10 years. UDOT is looking at ways to engineer safety, educate public, improve relations with emergency services, and work with Public Safety to enforce laws. SNAP (School Neighborhood Action Plan) is a plan for the safety of children walking to school. A short film was shown to the committee about an accident causing 2 fatalities because of texting while driving, which is being shown in the high schools throughout the state.

Co-Chair Adams commented that Utah has one of the lowest fatalities per mile, but Utah has about 20 fatalities per month. He expressed appreciation of UDOT's efforts in safety.

Mr. Braceras discussed the 4th goal of Increasing Capacity by implementing strategic projects along the Wasatch Front to save people time in heavily traveled areas. A copy of a summary of how the four current capacity projects were funded was distributed to the committee.

Co-Chair Adams commented that most of these projects have been funded with general fund money.

Mr. Njord discussed project updates on the I-15 CORE project, the Mountain View project, the Southern Parkway project, and State Road 92 in Northern Utah County. He discussed how UDOT is funded, budgeted and how funds are expended. A UDOT fiscal summary was distributed to the subcommittee.

Rep. Cox asked how soon the next section will done on 5400 S. Ngord responded that there will not be funding available at this time to extend beyond 5400 S.

Sen. Mayne asked that UDOT's director of planning have some time at the end to discuss the construction on 5400 S.

Rep. Fisher asked if the county contributed to the road by the St. George Airport. Mr. Braceras responded that the county and city built River Road, and the city of St. George contributed some money and assisted in protecting the corridor.

Sen. Madsen asked what is the right of way needed to build a facility such as State Road 92. Ngord responded about 200 feet.

Sen. Van Tassel asked if funds federal funds from general gas tax are steady, and what percent of budget are federal funds. Mr. Ngord responded that the funds are currently steady, but are being appropriated at a greater rate than funds are being received, so long term, a decline will most likely be seen. It represents about 17% of the entire budget. Sen. Van Tassel commented that the sub-committee be cautious in budgeting and consider funding operating and maintaining of highways. He plans to bring forth a bill to fund maintenance on an ongoing basis with an increase in the gasoline tax.

Sen. Mayne asked UDOT director, Cory Pope, new director of Planning and Programing, what the environmental impact on the roads that are being widened in Kearns, along 5400 S which affects homes and business will be. UDOT has been to town counsels and she wants to make sure all of her constituents are treated fairly. The environmental study document will be finished out this fall and put in to construction in 2012.

Rep. Wimmer asked if Utah is getting back more funds from gas tax than we are paying. Mr. Ngord responded that 18.4 cents per gallon is paid in federal tax and are given back in highway funds and discretionary funds for transit. He will give Rep. Wimmer a copy of the amount spent to give back.

Rep. Brown asked if there is any measurable impact of the four day work week on the roads conditions and traffic. Njord responded that UDOT has not been able to measure the impact, but state employees are a small percentage of those traveling. A large percentage of travelers during peak travel hours, are not necessarily commuters. Braceras commented that Friday mornings tend to have lighter traffic, but Friday afternoons are a heavy traffic time.

Sen. Madsen asked about privatization for contractors for snow plows, and aeronautics. Mr. Braceras responded that the department is always looking for opportunities to privatize in hiring workers, and ways to out source maintenance. Most of the design is done by the private sector, but often privatization and out sourcing costs more. Sen. Madsen asked if there is way for the public to know how the process projects are decided upon. He commented that transportation jobs are Utah's "seed corn" and expressed appreciation.

B. Department of Administrative Services

A handout was distributed to the subcommittee. Kim Hood, Executive Director, Department of Administrative Services (DAS) introduced John Reidhead, Chief Financial Officer, DAS and other DAS members. She explained the mission, strategic plan, and some quick facts of the DAS. The department has three funding models, Internal Service Funds (fee for service funds), Appropriated Funds and Combination Funds (a combination of both). These funding models were explained by Mr. Reidhead. Ms. Hood said that the DAS has reorganized the department and moved divisions for efficiency and effectiveness. Mr. Reidhead discussed the use of the P-card (payment card), and partnered with Department of Technology Services make sure all of the rules in using credit cards within the State are followed.

Co-Chair Adams asked if fee for services is funding from another department's budget and paying DAS for services and the if appropriated funds are money appropriated directly to DAS. Mr. Reidhead responded yes, that is correct.

Sen. Van Tassell asked if the vehicles are assigned to individual departments or if the departments request them, so if an agency has a special need for a certain vehicle they are able to make that request. Sam Lee, fleet operations, responded that an agency requests them.

Co-Chair Adams asked Mr. Lee if there is a rental car company that is used. Mr. Lee responded that DAS uses Enterprise Rental if there is a need for a special vehicle.

Rep. Wimmer asked if DAS moves more toward an Internal Service Fund model, where a fee is charged for a service, is it a safe assumption that DAS would ask for less appropriation, but other state agencies will ask for more, because of the fees paid to DAS, and if the state agencies have an alternative. Ms. Hood responded yes, and that there are several mandates for the services provided but DAS needs to be comparable to the private market. The customer base goes beyond State Agencies.

Rep. Hemingway asked for examples of what is purchased with P-card and who has the P-card. Mr. Reidhead responded that the P-card is like a corporate card assigned to an employee for a purchase, or used for internet or phone purchases. Precautions are taken to make sure the card is used appropriately.

Ms. Hood discussed a shared services model (this type of model eliminates layers of management) and that the department is looking to implement this model in budget and accounting, marketing and communications, performance measurement and support services. An IT council was created and the IT support was lost in any program that wasn't application intensive. Mr. Reidhead discussed the Transparency website, which is transparency.utah.gov, and are asking for funds for maintenance of this website. He also discussed the Governor's recommendations for the DAS, which includes the Archives, (which is expiring), the Public Notice website (which is managed by the Archives), jail reimbursement, post conviction, and general services . He commented that part of the Capital Preservation Board is being considered to transfer a piece of its budget to DAS. Gary Ricks, Analyst, responded that this funding is ongoing general fund money and is pass through funding, and this is a policy decision for the Legislature to move this funding into DFCM.

Co-Chair Froerer expressed appreciation for the Transparency website.

Rep. Fisher asked for an update on Ms. Chambers. Mr. Lee commented that Margaret Chambers was in an accident last year which paralyzed her. She is doing well and trying to adjust to her new life.

Rep. Cox asked if there are incentives for individuals to receive bonuses for great ideas. A lot of money can be saved by changing specifications so that the savings to the taxpayer comes, as well as a benefit to the employee. Ms. Hood responded there is a program where employees are recognized for their innovations and efficiency, she would love that incentive.

Co-Chair Adams requested that the agenda order be changed to have the Capital Budget report next.

D. Capital Budget

Gregg Buxton, Director, Division of Facilities Construction and Management (DFCM), introduced John Harrington, Energy Director, Curt Baxter, Development of Capital Improvement Projects, DFCM.

Rich Amon, Analyst, explained to the subcommittee what was considered a capital improvement and how capital improvements are budgeted. Statute requires the Legislature to fund capital improvements at a level equal to 1.1% of the replacement value of existing state buildings before new capital development building projects occur.

Rep. Butterfield asked for clarification on the statute. Mr. Amon and Co-Chair Adams responded that the State is required to maintain capital improvement money for ongoing improvements and maintenance before new buildings can go forward. The purpose is that it is better to keep the buildings maintained than build new facilities.

Mr. Gregg Buxton explained the current trends in funding, capital improvement funding, agency requests versus funding, an assessment audit that is done annually, and how much the budget cuts have hurt maintenance and repairs of the many in the DFCM budget.

Mr. Harrington explained to the subcommittee the State Building Energy Employment Program (SBEEP) costs, benefits, accomplishments, and current activities. The SBEEP program has 30 energy efficiency projects, 16 revolving loan fund projects, 5 ESCO projects, 16 renewable energy projects and 25 high performance buildings/design assists.

Co-Chair Adams asked if all of those projects are rated on a return on investment. Mr. Harrington responded that there is a target rate, and a project is not done if it doesn't meet the target.

Rep. Hemingway asked if SBEEP managed its own natural gas and power portfolio. Mr. Harrington responded that the purchasing of utilities is mostly done by the entities through Rocky Mountain Power and Questar, and advised by SBEEP.

Rep. Cox asked if any ground based heat pump systems are being used along with the solar, and other energy sources. He also asked if there is a priority for what funding is given and if there are any proposals for bonding, or a means for covering the gap needed. Mr. Buxton responded that all sources of energy are being used. He said that each agency is asked which

are their most important two priorities and that is what would be funded, and that there are no other funding proposals at this time.

C. Department of Technology Services

Ken Peterson, Deputy Director introduced Dan Fry, Chief Financial Officer and Stephanie Weiss, Public Information Officer, and explained that the Executive Director, Mr. Fletcher is out of town. Mr. Peterson explained to the subcommittee that Department of Technology Services (DTS), was established in 2005 to provide services on a contract basis for the State of Utah Executive Branch Agencies. He discussed the many services that are provided and said that last year 35 data centers across the state were consolidated to 2 for a State ongoing savings of \$4 million annually. Accomplishments include: online services increased from 200 in 2005 to over 900 in 2010; Voice Over Internet Protocol has been deployed at new buildings; and an increase in coordination of resources between agencies. DTS is changing an aging email, simplifying desktop optimization, using Unified Communications as a solution to an aging telecommunications system, has a Public Service Commission Broadband Mapping federal grant, has a new Medicaid Management Information System, and will enhance VISTA Elections Management.

Co-Chair Adams asked in behalf of Rep. Wimmer, as services are provided for other agencies how the performance is measured. Mr. Peterson responded that a third party rate analysis is funded and the agency is compared by the private sector and state governments, as well as selective sourcing, which is sourcing to the private sector.

5. Co-Chair Adams said that the last agenda items will be heard at the next meeting.

MOTION: Sen. Van Tassel moved to adjourn. The motion passed unanimously with Sens. Hillyard and Hinkins, and Reps. Wimmer, Harper, Hemingway and Vickers absent for the vote.

Co-Chair Adams adjourned the meeting at 12:00 Noon.

Minutes were reported by Karen C. Allred, Senate Secretary

Sen. Stuart Adams, Co-Chair

Rep. Gage Froerer, Co-Chair