



CONSTRUCTION MANAGEMENT

INFRASTRUCTURE AND GENERAL GOVERNMENT APPROPRIATIONS SUBCOMMITTEE
 STAFF: MARK BLEAZARD, GARY RICKS, AND RICH AMON

BUDGET BRIEF

SUMMARY

The Construction Management Program enables the Department to manage the projects from the design stage through their completion without switching back and forth between line items for accounting and tracking purposes. The functions of this line item are separated as programs within the line item as Rehabilitation / Preservation, Federal Construction-New, and State Construction-New.

ISSUES AND RECOMMENDATIONS

Base Budget

The Analyst recommends a base budget for the Construction Management Division line item for FY 2013 of \$211,665,800. This includes funding the Rehabilitation/Preservation and Federal Construction-New Programs.

Rehabilitation/Preservation

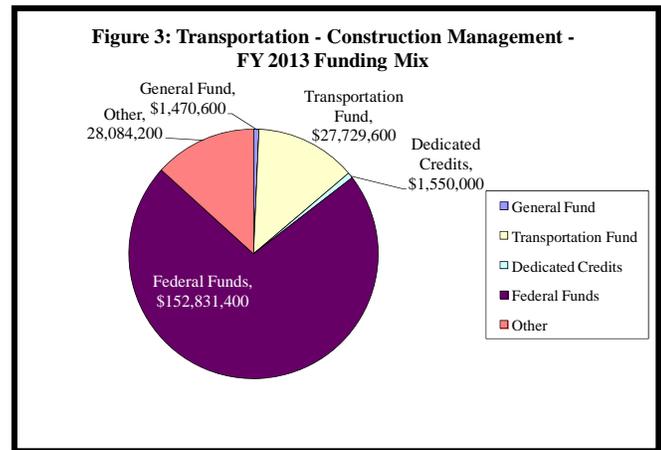
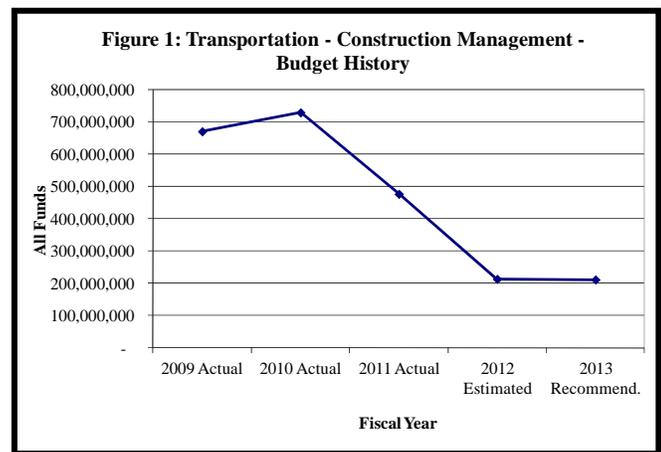
The Rehabilitation/Preservation program is one of the largest recommended appropriations of any program at the Department of Transportation.

Utah Code Section 72-2-106 UCA states that two/elevenths of the taxes collected from the motor fuel tax and the special fuel tax, exclusive of the formula amount appropriated to the Class B and C Road Account will be used for highway rehabilitation. The actual amount available will depend upon the total collection of motor fuel and special fuel taxes collected during the fiscal year.

To meet requirements of this statute it would require an appropriation of \$42.7 million from the Transportation Fund. The recommended Transportation Fund appropriation is \$22,409,600. That appropriation plus \$68,665,200 from Federal Funds easily meets the total revenue requirements of the statute.

The Legislature might want to either amend the statute or adjust Transportation Fund appropriations in other line items to meet Transportation Fund compliance with the statute.

Some of the major activities in the Rehabilitation/Preservation budget are the traffic control program, the betterment program, and the reconstruction program. Total program base budget funding for this program for FY 2013 is \$91,074,800.



Federal Construction-New

The Federal Construction-New portion of the Construction Management budget includes funds for the interstate system and other federally sponsored highways. The interstate highway network in Utah is part of the 42,500 mile National System of Interstate and Defense Highways.

During recent years, the Utah Department of Transportation has seen the reconstruction and capacity increasing projects on the federal system as a high priority use for this program. The base budget for FY 2013 for this program is \$120,591,000.

State Construction-New

The State Construction-New program is responsible for the construction of state highway projects that have prioritized importance as necessary highways but might not be eligible for federal funding.

No base budget funding for this program is recommended for FY 2013.

Transportation Investment Fund

The Transportation Investment Fund was created with enactment of House Bill 1008 from the First Special Session of 2005. The Department of Transportation programs projects from this fund that will add new transportation capacity to Utah highways. The FY 2013 revenue derived from this program will be used in the Transportation Investment Fund Capacity Construction Program. This program is recommended to be included as a separate line item in the FY 2013 appropriation.

Intent Language

The following intent language was included with the appropriations bills during the 2011 General Session of the Legislature. The Analyst is in the opinion that these intent statements are being followed by the Department. This intent language will also be recommended for FY 2013 and will be included in a subsequent appropriations bill:

There is appropriated to the Department of Transportation from the Transportation Fund, not otherwise appropriated, a sum sufficient, but not more than the surplus of the Transportation Fund, to be used by the Department for the construction, rehabilitation, and preservation of State highways in Utah. It is the intent of the Legislature that the appropriation fund first, a maximum participation with the federal government for the construction of federally designated highways, as provided by law, and last the construction of State highways, as funding permits. No portion of the money appropriated by this item shall be used either directly or indirectly to enhance or increase the appropriations otherwise made by this act to the Department of Transportation for other purposes.

It is the intent of the Legislature that any net savings that might be realized upon substantial completion of the I-15 CORE Project be used by the Department of Transportation to add highway capacity on I-15 south of the Spanish Fork Main Street interchange to Payson.

The Legislature further intends that the balance of the savings realized from substantial completion of the I-15 CORE Project, and after funding the I-15 south of Spanish Fork Main Street to Payson project, be used to design, construct, or reconstruct projects in Utah County. Priority should be given to projects prioritized by the Transportation Commission pursuant to section 72-2-125 of the Utah Code, Critical Highway Needs Fund, that were cut or delayed due to budgetary constraints subsequent to the Transportation Commission's prioritization.

BUDGET DETAIL

The base budget for the Construction Management line item is in the amount of \$211,665,800. Of this amount \$1,470,600 is from the General Fund, \$27,729,200 is from the Transportation Fund, \$152,831,400 from Federal Funds, \$1,550,000 is from Dedicated Credits, and \$28,084,200 from Designated Sales Tax. This appropriation covers the budgets of Rehabilitation / Preservation, Federal Construction-New.

Transportation - Construction Management						
Sources of Finance	FY 2011 Actual	FY 2012 Appropriated	Changes	FY 2012 Revised	Changes	FY 2013* Recommended
General Fund	1,634,000	1,470,600	0	1,470,600	0	1,470,600
General Fund, One-time	0	1,600,000	0	1,600,000	(1,600,000)	0
Transportation Fund	20,579,600	27,729,600	163,400	27,893,000	(163,400)	27,729,600
Transportation Investment Fund of	60,227,400	58,908,000	(58,908,000)	0	0	0
Transp Inv Fund of 2005, One-time	0	(58,908,000)	58,908,000	0	0	0
Federal Funds	266,180,500	152,831,400	0	152,831,400	0	152,831,400
Dedicated Credits Revenue	76,868,400	1,550,000	0	1,550,000	0	1,550,000
Designated Sales Tax	25,395,600	28,084,200	0	28,084,200	0	28,084,200
Transfers - Within Agency	0	163,400	(163,400)	0	0	0
Beginning Nonlapsing	27,735,300	0	0	0	0	0
Closing Nonlapsing	(1,441,000)	0	0	0	0	0
Total	\$477,179,800	\$213,429,200	\$0	\$213,429,200	(\$1,763,400)	\$211,665,800
Programs						
Federal Construction - New	207,065,300	91,523,000	29,231,400	120,754,400	(163,400)	120,591,000
Rehabilitation/Preservation	208,762,500	120,306,200	(29,231,400)	91,074,800	0	91,074,800
State Construction - New	1,124,600	1,600,000	0	1,600,000	(1,600,000)	0
Transportation Investment Fund of	60,227,400	0	0	0	0	0
Total	\$477,179,800	\$213,429,200	\$0	\$213,429,200	(\$1,763,400)	\$211,665,800
Categories of Expenditure						
Personnel Services	722,600	0	0	0	0	0
In-state Travel	1,000	0	0	0	0	0
Out-of-state Travel	200	0	0	0	0	0
Current Expense	36,579,500	19,806,800	71,268,000	91,074,800	(91,074,800)	0
DP Current Expense	132,700	0	0	0	0	0
DP Capital Outlay	145,100	0	0	0	0	0
Capital Outlay	429,920,000	192,022,400	(71,268,000)	120,754,400	90,911,400	211,665,800
Other Charges/Pass Thru	9,678,700	1,600,000	0	1,600,000	(1,600,000)	0
Total	\$477,179,800	\$213,429,200	\$0	\$213,429,200	(\$1,763,400)	\$211,665,800

LEGISLATIVE ACTION

The Analyst recommends the Legislature:

1. Adopt the base budget of \$211,665,800 as shown in the budget detail table
2. Approve the intent language on page 2.