

2011 HOUSE APPROPRIATIONS

HB 1012

2011 HOUSE STANDING COMMITTEE MINUTES

House Appropriations Government Operations Division
Medora Room, State Capitol

HB 1012
January 11, 2011
12747

Conference Committee

Committee Clerk Signature

Meredith Tracholt

Explanation or reason for introduction of bill/resolution:

A Bill for an Act to provide an appropriation for defraying the expenses of the department of transportation and relating to the distribution of highway funds.

Minutes:

Chairman Thoreson: Opened the hearing on HB 1012.

Francis Ziegler, Director, Department of Transportation: See attachment 1.

Grant Levi, Deputy Director for Engineering, Department of Transportation: See attachment 1, beginning page 3.

Chairman Thoreson: Were the 660 miles in one specific part of the state, or is that throughout the entire state?

Levi: That pretty much covered the entire state. Presentation resumed.

Representative Klein: Where are you at right now with stuff you've got out ready to bid?

Levi: We have projects ready to bid that are outlined in the STIP. We're getting them ready and have bid openings lined up as early as October-November, and we'll have some in the spring. We're ready from an engineering perspective. The challenge we have is that the federal money isn't coming in. We're operating on a continuing resolution that goes through March. We need to make some difficult decisions in what we actually let out to contract. This happened last year as well, and we ended up letting a lot of projects very late. Even so, we got about 86% of the work done. Presentation resumed on page 7.

Chairman Thoreson: How far along in the design process is this, where you have to get ready to build these roads?

Levi: What our intent is, is to have some of those roadways' plans completed as early as May of this year. When the money becomes available we can go forward and let some projects yet this summer, probably after June/July. I need to share that the bill in front of

you does contain an emergency clause to make the money available to us. Presentation resumed on page 8.

Representative Klein: By using state funds, can you come back later and recapture some federal funds on that design?

Levi: The way we're proceeding with it is in a manner that would allow us to do that. The advantage we have with using state funds is we can start on the design and environmental process at the same time. When you use federal funds, you cannot start on the design until you have the environmental process completed.

Representative Kempenich : How far behind are you on federal funds showing up? Why are you needing to take state money, is it a timing thing?

Levi: We had already had in place a program using the federal funds that was in the STIP. To add additional projects, which are needed because of the rapid deterioration that's occurring in our pavement infrastructure, we use state funds so we can get it done quickly. Regarding federal money, Safety Lou expired fall 2009. They've been operating on continuing resolutions, so we don't have a clear picture about what the future holds. Usually in the past, when we started a federal fiscal year we had an indication by about September/October of how much money we would have for that upcoming season to bid. We don't have that anymore today. We have an indication we'll have about 100 million available through March, and we have a program ready for about 240 million dollars. We have some difficult decisions to make.

Representative Kempenich: So we're going to make up about 120 million in state money to go forward?

Levi: Maybe I didn't do a very good job at explaining that. The state funds that we're outlining to use, the 228.6, are for projects above and beyond our STIP. Those are special projects we're working up. With respect to the federal funding, given the fact that we're not sure we're going to get the 240 million, we'll probably just have to delay some of those federal jobs until we do have a better feel for how much money we're going to get. The other option we have is to let the projects using a provision called advanced construction. That's where we use state funds for a short period of time to let them and get paid back from the federal government once the federal money becomes available. We used to do more of that when we had a bill and greater certainty that the money was coming; we have more concerns about doing that today because we don't have any certainty because of the lack of an overall transportation bill.

Representative Dahl: You indicated that Congress has just been budgeting on a short term basis, but is there any long term road map or strategic plan for federal funding, that they are perhaps just not following?

Levi: The unfortunate part right now is that there is no long term plan. The way the federal government lays out a long term plan is through a comprehensive transportation bill. The last one was Safety Lou. That's one of the things Congress is working on, but there are

some challenges they are facing on the revenue side causing some delay in pulling all that together. Presentation resumed on page 9.

Chairman Thoreson: How often are you having to run out and do an emergency fix?

Levi: I don't know a direct number, but a considerable amount. Presentation resumed page 10.

Representative Glassheim: Just so I'm clear, you have the 228 million of state money, and there's an additional 240 million of federal money that you're hoping to program on the oil roads in the west? Or is that the total of your whole STIP throughout the state?

Levi: As you stated it the first time, the 240 million of federal and state match is what we hope to do in western ND. In addition to that, the bill contains 228.6 million for additional projects in western ND.

Representative Glassheim: Then there's additional money for all other roads in the state as well, federal-state match?

Levi: Yes. Presentation resumed on page 12.

Chairman Thoreson: How much longer do you expect it would take (following federal rules)?

Levi: That depends on the complexity of the projects. We're turning around a state system project designed with state funds in about nine months. If we were to do that same project with federal funds, it would probably take us at least two years, due to the environmental process and approvals.

Chairman Thoreson: When you say the counties will select projects using their allocated funds, have you already been receiving feedback as to what it is they are looking to do? Do you have any idea what those projects are going to be at this point, or will you wait to see if we approve this?

Levi: In order to get work occurring in 2011, we will have to have some conversations with the counties. Upper Great Plains Transportation Institute's study also did have some indication of where the roadways are. Presentation resumed page 12.

Representative Brandenburg: What level does Devils Lake run out of Stump Lake?

Levi: I think that it's about 1458.

Representative Brandenburg: So it's got about four feet to go. Won't that solve the problem?

Representative Kroeber: On the Devils Lake highway project, you had 4.6 million last time, and that was carried over, and now it's an additional 5.8, for a total of 10.4?

Levi: The actual project cost is about \$56 million. The funding for that project consists of different components that we've been able to work with the federal government on. A portion of the funding they allowed to be roadway funding, which we had and which is included in our STIP. A portion is special funds called 1937 Funds that came through Safety Lou that were dedicated for the roadways as dams in the Devils Lake Basin. That money has run out. It gets to be quite a complex funding situation. The 5.85 is the additional we need for the dam components of the project because we're out of 1937 Funds, there is no longer any of those available,

Representative Kroeber: But the total 5.85 is all general funds according to your testimony.

Levi: Yes. That's all general funds because that's the amount of the total increase that's needed just for the dam construction along ND 20 Acorn Ridge. There's other money that's coming into the project to help cover the overruns that are coming from the roadway portion.

Representative Klein: In addition to that, aren't you getting some Corps of Engineers funds in that same area?

Levi: There's Corps of Engineering funds involved in the tire levy protection dam construction in the Devils Lake Basin which ties into this project. Because there were some savings when we tied everything together, there is a portion of Corps funds through that project that's being used for a little bit of this, but not much of it. Presentation resumed page 13.

Chairman Thoreson: That money is here now, or has been approved?

Levi: That money has been approved. Presentation resumed page 13.

Representative Klein: What's the average you pay your equipment operators right now, and how does that compare with what they're being offered from the oil patch?

Levi: We have some of that later on in testimony and will cover it then. Presentation resumed page 14; call for questions when concluded.

Representative Brandenburg: Looking at all the construction projects being discussed in the western part of the state, you have that massive amount of traffic for a few years and then it backs off. Is there a plan designed with that in mind? You don't want to have those same roads torn up again two years from now.

Levi: One of the things that we do when we design a pavement, a new construction or reconstruction project, we work towards designing it for a 20 year life. To do that, we need to estimate the amount of traffic that's going to be travelling across it. Our people are working very closely with oil and gas, trying to pinpoint how much traffic is going to be generated as a result of the oil industry, and putting that traffic on top of the normal traffic. Having said that, we may reach a point where we can only afford to put so much down at this time and we'll have to consciously make that decision and communicate that. Instead

of designing a roadway for 20 years life, because of funding limitations, we may only design it for a 10 year life, and then come back in later and put another overlay on it, or some other type of improvement. In part of the state we have raised a number of roadways a number of times, because of funding limitations. When you deal with ER funds, they only make so much available at a time.

Representative Klein: Have you got the staff or summer student hires so when the work goes on you know it's being done according to your specifications?

Levi: In order to accomplish the work we accomplish we have a partnership with the consulting industry. We do consult out about design work and construction inspection. We came forward with the \$228 million because we know we can deliver that. We do not have the internal staff to deliver this whole program, this includes working with the consultants.

Representative Klein: Do you still have the access to where you used to hire school students and put them out in the field?

Levi: Yes, we do use that, all the time. It's good because it brings in people interested in our business, who are in the field of engineering. They work with us during the summer and many times we hire them in the future. Additionally, on campus at NDSU we have a program called DOTSI where students help us and Upper Great Plains with some design activities.

Linda Butts, Deputy Director for Driver and Vehicle Services, Department of Transportation: See attachment 1, beginning page 14.

Chairman Thoreson: This is a federal mandate (checking title of new vehicles coming into the state)?

Butts: This is a federal program.

Chairman Thoreson: Are any federal dollars attached to it?

Butts: Of course not. Presentation resumed page 15.

Chairman Thoreson: That six week time-table, how much is eaten up because of this federal program? Does that add to this time or is it just because of increased workload?

Butts: It would be more because of the general increased workload, the volume of duties. However, this national system adds one more step in the process of titling a vehicle.

Representative Klein: Is that why you see the temporary license stickers in the cars for six weeks before you get the title into them?

Butts: That is true. Presentation resumed page 15.

Representative Klein: That system that we initiated a few sessions ago, where the counties could issue license, how is that working out? Does it help or create additional problems?

Butts: Actually, both. It helps in the sense that it offers services at the local level to our constituents. This work is considered outsourced, however, and the workers in those offices are not state employees. We have to get out there and train continuously to make sure they're current and able to do the work properly, and it creates a lot of phone calls and inquiries that slow us down from production.

Representative Klein: The operation run out of Minot by the Chamber of Commerce, those are not state employees?

Butts: They are not.

Representative Klein: I occasionally go by there and see the line 5, 10, deep, trying to get both into the drivers license portion and the title portion.

Butts: We are aware of that. We have also noted that many of the branches that we outsource to are experiencing a lot of turnover to the oil patch, so it seems to compound itself. As a result we are asking for FTEs in the Drivers License Division also. Presentation resumed page 16.

Chairman Thoreson: Did we do anything with DL3 in the current biennium?

Butts: The DL3 was funded in the governor's budget in the last biennium, and then it was taken out in conference.

Representative Dahl: You asked for six FTEs for your division, how would you break that out between the commercial and the class D licenses?

Butts: We have asked for six FTE's for both of those divisions. We would put one additional examiner in Dickinson, Williston, and Minot. The fourth would be a 'circuit rider,' with the ability to be moved around to where the greatest need is. In the Motor Vehicle Division, we would put someone on the road just as a trainer. What our outsourced offices, i.e., the counties, tell us, is that it is a hardship to bring people into Bismarck to train. Lastly, we would put someone else in our consumer section within the central office. Presentation resumed page 16.

Chairman Thoreson: Is there software out there right now that other states are using for this purpose, that we could just take and tweak for ND? Or do we need something completely new to fit our system?

Butts: I would say that that varies from system to system. This November we went to SD to look at their dealer interface system. They had used an off-the-shelf system and it still took them three years to modify. Their experience said it might have been easier just to start from scratch. If at all possible, we certainly would build from another system, rather than reinvent the wheel. Presentation resumed page 16.

Representative Dahl: What do you find is the most effective (safety) message?

Butts: I would say that it is a combination. We have done studies on certain populations, such as men 18-34. What motivates them is law enforcement, thinking they're going to get caught. We have run a couple of very moving ads this fall. So we find it is both behavior modification and enforcement. Presentation resumed page 16 and concluded.

Dave Leftwich, Deputy Director for Business Support, Department of Transportation: See attachment 1, beginning page 17.

Representative Dahl: With regard to the snow plow operators, what does their overtime look like during the winter months? Is there a ceiling or limit to the hours they can work?

Leftwich: Our mission at the DOT is to plow snow. We have limits of fatigue. Our normal routine during a storm is to plow from 5 am to 7 pm. If we need to we do that seven days a week. After that, we have to give them some time off; they obviously have to go home and shovel their driveway out, have a life, and get some rest. We don't limit the overtime, other than for safety. Presentation resumed page 17.

Chairman Thoreson: How much of an adjustment will \$1.1 million provide?

Leftwich: I don't have an exact number here, we have calculated that out and I can get that to you.

Chairman Thoreson: I think we probably need to see that.

Leftwich: Our HR department is working on various scenarios we could do, and we will get that information to you. Presentation resumed page 17.

Chairman Thoreson: Have you settled on a technology for digital and will it provide coverage throughout the state without any drops?

Leftwich: There will still be some areas where we will have sparse coverage with our radios, but we have to convert them over to digital because the analog just isn't out there anymore.

Representative Klein: Going back to the asbestos, you referred to it as phase 2. During the project do you have to relocate people? Where is the special fund coming from?

Leftwich: The funding would be state funding, it was one-time funding in HB 1012. It is not in general fund dollars. It comes out of the highway trust fund. Presentation resumed page 18.

Shannon Sauer, Chief Financial Officer, Department of Transportation: See attachment 1, beginning page 18.

Representative Dahl: In the last biennium, the 25% motor vehicle excise tax went into the highway fund?

Sauer: That is correct.

Representative Dahl: And then you changed that, this biennium, to go into the highway fund tax distribution fund. Is there a difference?

Sauer: There is a difference, because if it goes into the highway fund, the DOT has 100% of that. If it goes into the distribution fund, the DOT receives 61.3% of it. This revenue structure, while it flows down to the bottom and that is the money available to fund transportation through the DOT, our partners also depend on this funding. That is the rationale for changing this.

Representative Brandenburg: I notice in your distribution fund in 09-11 it totaled 425.4 and now we're dealing with 473.3. What was the difference – more miles, more gas bought, higher fuel tax?

Sauer: Part of it is, of course, the motor vehicle excise tax is now a component of that 473, whereas earlier it was not. The revenue sources themselves, the fuel, the motor vehicle registrations, as our economy has taken off we are realizing improved revenues. Presentation resumed page 19.

Representative Klein: I'm looking at one of the figures, operating expense, from the previous biennium. You were running around 15, and now you're at 22. What's the major component there?

Sauer: The majority of it is IT.

Representative Klein: And that includes the programs you've got for licensing and so on?

Sauer: That's correct. Our IT program is budgeted in the administrative operating expenses, even though it covers all areas of the department.

Representative Klein: Those new programs you're hoping to get for licensing and so on?

Sauer: Yes. Presentation resumed page 19.

Representative Kempenich: On that radio, are you guys putting up antennas or are you working in concert with cell phone operators to put any more towers up?

Leftwich: The adjutant general has some towers in their bill to add additional towers out there. We cooperate with them, we usually own the tower and the land, and maintain the towers. In their bill they were going to do a study to work cooperatively with the cell phone companies, perhaps attach some of theirs to those to see if that a reasonable thing to do.

Sauer: With that, thank you, I'll turn the presentation back to Francis (Ziegler).

Ziegler: The DOT has three years that we deal with: the construction year, the federal fiscal year which starts October 1st, and the state's biennium. The uncertainty of federal aid has really complicated things. We anticipate, are hoping to get, \$447 million in federal aid. Some things have happened recently in Congress that cause us more concern. See attachment 1 page 20.

Representative Kroeber: As I look at Figure 7 where you have STIP 2011-14 of 1.1 billion, those are the dollars that in this budget are to be distributed to all those different areas across the state, correct? In the chart page 24, is that the capital asset of 931 and the grant of 206 together?

Ziegler: In answer to the first question, correct. You will want to note the footnote on figure 7, that is the STIP in its entirety, 2011 through 2014. What we have in the chart is just for the current biennium's numbers. The 1.1 million is to let you know what we're working on in the four year program.

Representative Kroeber: You said the 240 is in the STIP.

Ziegler: Yes I did. If you add the \$99.1 million in the Dickinson district, the \$96.8 million in the Williston district, and the \$44 million in the Minot district, you'll get \$240 million.

Representative Kroeber: How about the 228.6, is that included in the STIP? Or no, it's not, that is additional?

Ziegler: That is correct (that it's additional). Figure 7 is only the STIP, which is the federal aid component of our budget. The 228 million is on Figure 8 and thereafter.

Representative Glassheim: In regards to federal monies, you've gone from 603 in 09, to 657 in 11. Is there any likelihood that it would be under the 603? How much uncertainty is there, can you pretty well count on at least a minimum of what we had before?

Ziegler: That is uncertain. At this point we've been told up to March 4th we have just over 100 million for federal fiscal year 11.

Representative Glassheim: You said there were other possible uses of federal highway money?

Ziegler: If you take a look at the chart on page 23, there are the federal highway administration funds, up on top, the upper right. Then there are the emergency relief funds, that's the work we're doing at Devils Lake to repair all those roads and raise those grades. Then there's some railroad funding we get from federal government, for railroad safety, typically for the cross buck program, and cross arms and signals at crossings. Then we have the safety program, the NHTSA program Linda Butts told you about. Then there's the transit program of 13.7 million.

Representative Glassheim: But no new components.

Ziegler: Those have always been components. The only new component is the emergency relief, and it's not new, it's just a new situation each time.

Representative Glassheim: The oil counties get certain amounts of money from their own distributions. Do you have any sense of how much they will be putting into road construction in their areas?

Ziegler: I do not have that in front of me. I can get that information to you. In their planning process I am sure they have things they have to deal with other than just roads, like schools, water, sewers, etc. They have to figure out how much of their production tax they can use for roads. This particular component is not for production but for development. It's before those oil wells come in, and before that production tax comes to them, they need to have roads built out so that they can develop the oil fields, and that's where they were falling behind.

Representative Kempenich: What road are you going to work on first, the state system? They're all beat up. Once you start doing construction, traffic will be pushed onto secondary roads for a period.

Ziegler: I assume you're talking about the 228 million and the 142 million. The 228 million is just for state roads. Our job in administrating the 228 and the 142 is to make sure we work hard to get a seamless boundary and a transportation system that can serve all. Where the DOT will start is Hwy 22 north of Killdeer. We're also working on Hwy 23 to the west and east of New Town. We are going to make sure to have counties and DOT work together.

Chairman Thoreson: At this time I will open it up to anyone who would like to step forward with testimony in support of HB 1012.

Ward Koeser, President of the Board of City Commissioners, Williston: I am here to address Williston's support of the DOT budget, HB 1012. Yesterday I and representatives of our city spent 2 hours on a video conference with members of the DOT staff in Bismarck, discussing the critical changes needed to US 2 and 85 corridor that passes through our city, what we call the west bypass, even though it basically goes right through the city at this particular time. The increased oil activity this past year and the projected activity of 2011 and the years beyond that really are creating a near crisis situation. We are becoming gridlocked and have some huge safety concerns. Basically, we have tremendous increase in traffic, most of which is trucks. As they go through the city on the bypass, they go by the hospital, they pass by where schools are, and we need to address that. Our conversation with the DOT involved informing them of what needs to be done, and when the issues must be addressed. We appreciate their willingness to visit with us and try to understand and deal with the issues. We recognize that the DOT faces many challenges across the state of ND, with one of the greatest being how to make sure our state's great oil resources can be developed to the benefit of all of our citizens. Transportation infrastructure is expensive to maintain, we recognize that, we encourage your support of DOT's efforts to provide all of ND with a quality road system by voting for HB 1012. It truly is an investment in ND's future. With that, we would entertain any questions.

Representative Kempenich: On the bypass, what is your idea of what you would like to see to make it flow better?

Koeser: We are looking to the state for some counsel in that area. We know anytime you have a city that's divided or split with a bypass you have to have some ways to get through there, so we're trying to come up with the best ways to deal with this immediately. Tremendous changes occurred in the last year, and we anticipate even more of that in the year ahead. We are trying to come up with temporary solutions in the meantime. We are looking to start a process to get the right-of-way for a truck route around the west side of town and the east side of town. We have some ideas, but we're looking to DOT for the expertise on what they would recommend.

Jim Arthaud, Billings County Commissioner and Member, Executive Board of the Oil and Gas Producing Counties: We're here to unanimously support the DOT budget for our needs. We put a tremendous amount of time and effort into the study with the Upper Great Plains Transportation Institute. We started working with the Oil and Gas Commission to get a base model to know how many wells are going to be drilled, where the products are coming from, where the products are going to be delivered to, what rail sites are going to be used, what salt water disposal is going to be used, and put it all into a GIS model. Then we sit down with DOT and we figure out how we get these roads to be seamless with the state highways. The monies that we're talking about, the \$142 million that goes to the counties, are just incremental monies above and beyond what we have for regular maintenance right now. It's a one-time investment over a 20 year period of time, to get our roads up to and back to where they can handle the oil field traffic. I also own a trucking company. We cannot even hire a person that does not have a DOT license, a CDL, right now. The waiting time and investment to bring someone on that doesn't have one is four or five months and we can't do it. We're trying to hire an additional 500 people this year. Safety is huge for us, so when the guys are asking for more sand trucks, I wish they would ask for 10 times that many. The industry is a seven day a week, 24 hours a day, rain, snow, Christmas, we're going all the time, so safety is a real huge concern to us. The Oil and Gas Producing Counties unanimously support HB 1012, and very importantly, one of the key components in it is the emergency clause. We have work that we need to get done. We're already behind. We would love to be able to let the bids on that work and get after it so we can start this seamless system. If there are any questions I'll try to answer them.

Representative Glassheim: Just so I'm clear, the 142 million is a one-time this year, did you say something about needing 142 every biennium into the ongoing future?

Arthaud: No, the first four years for sure. It's set up for the first two bienniums. We actually need 233 million. We're going to get 142, that leaves a deficit of 90. The counties are going to get about 120, but we have other services and regular maintenance we need to do. We're going to be at a deficit of what we need right now. Then next biennium, we're going to need probably an equal amount, according to the study. We want to continue the UGPTI's study, we want to fund them. The counties funded the first study in conjunction with the Commerce Department. We want to do a continuous study to make sure we are doing and seeing what the study says. It's pretty easy to study, more of a mining project

versus oil and gas. Lynn Helms can tell you how many wells are going to be drilled with just about 100% certainty over the next five years, just from data we have, and we can project it out as an industry over the next 20 years. We know how much water needs to be hauled, we know how much sand, how many rigs will be drilling, what the cities are needing. It is fundamentally a pretty easy process to plan out. The dollar amount will scare you when you see it, though.

Chairman Thoreson: How many truckloads does it take to get to one well site to get it up and running?

Arthaud: Through the completion stage, before it comes on to production, it's approximately 2000 truckloads. Our company alone, which is just the fluid hauler end of the deal, went in one year's time from 14 million miles of truck traffic in 2009, in the western counties, to 20 million miles in 2010. The growth from 80 rigs to 200 is unbelievable, so there are unbelievable needs that go with that.

Donn Diederich, Executive Vice President, Industrial Builders Inc: See attachment 2.

Representative Klein: What portion of your work is road construction, percentage- and dollar-wise, over the last three years?

Diederich: It is well over 60% and we'll do \$30 million worth of highway work in the Midwest every year.

Representative Klein: Is most of that in ND?

Diederich: That would be correct.

Matt Christensen, Kiewit Companies, Tioga: We are in support of HB 1012. From the contracting community, rest assured that these issues are really not issues in our mind. They are challenges we have to face with some of the demands. We want to make sure, as a company that has local ties, and from a national level, we are ready to stand behind them and be a partnership with the AGC and the DOT and anything we can provide with oil and gas in support of 1012.

Lyn James, President, North Dakota League of Cities: I am here to present testimony on behalf of Connie Sprynczynatyk, our Executive Director, who prepared this and is not able to be here. See attachment 3.

Representative Klein: Has the League of Cities been actively involved in and pleased with what went on during those meeting throughout the state?

James: From what I have heard, the cities have been involved and have been pleased with the outcome of the study. When Secretary LaHood was here, there was a great contingent from the cities to visit with him. We are hopeful this partnership can continue and get better.

Terry Traynor, Association of Counties: On behalf of all the counties, I want to say we are in full support of HB 1012. The DOT is a strong partner of county government. They are providing tremendous leadership to counties in their road programs, as well as the technical resources we need to move ahead. We feel that the department has constructed a strong budget. We are very much in favor of the investment put in there for the west. We recognize both on the state highways and the local roads that there needs to be more money there. We are facing the same challenges the state system is facing, with construction inflation, water problems, and the traffic volume increases in the west as well as other areas of the state. The staffing challenges of the state trickle down to the counties as well, particularly in the west. We are struggling with the same issues of maintaining those people with the budgets that we have. Regarding the question of dedication of resources coming from the state to roads, the results of HB 1304 from last session and the reporting requirement compiled by the tax department show that 45% of all the oil and gas money going back to the counties is invested in the roadways for fiscal year 2009, \$43 million was dedicated there. And of course, all of the state highway distribution funds, because that is mandated by the constitution, that it all go into road construction. I am handing out a table and chart, see attachment 4.

Chairman Thoreson: What is this winter going to do to us, are we in a critical area again already?

Traynor: I would say we are on the verge of a critical area already. We've had record snowfall in a lot of areas, and we are already hearing from townships at the county level that their emergency funds are gone. Two years ago we were faced with the same sort of situation, counties were plowing roads for townships with no money, and it was creating a greater and greater problem. We hope you, as we, will keep an eye on that situation because there may be a vital need for some support there. I'll try to answer questions you have now, or later as well.

Representative Klein: Are you getting any feedback from some of the other non oil-producing counties that we're spending too much money in that area and not in theirs?

Traynor: Absolutely not. They recognize the needs out in the west, they are 100% in support of what the Governor has recommended for them. We see a need for money in other parts of the state, but we don't see taking it from one to move to the other.

Larry Syverson, President, North Dakota Township Officers Association: I wish to stand in support of this legislation and say that ND Township Officers are firmly committed to being a partner in transportation. We are looking at the coming spring with some trepidation. There's a lot of precipitation out there and we are worried about what will happen. We're wondering where funding might be available should we have that emergency become a reality. Any questions?

Representative Kempenich: When do you think you'll be able to make that call about there being a problem out there, that you'll need some assistance?

Syverson: I'm not a very good weather forecaster. If the weather turns dry, it may not be a huge problem, but is that likely? If it keeps on the way it's going, we're going to have a

large problem. It will be defined by February. We have a huge exposure out there, over 56,000 miles of roads spread over the state. To generalize it is really difficult.

Chairman Thoreson: Any additional questions? Anyone else here in support of HB 1012? Does anyone wish to testify in opposition to HB 1012? If not, we will close the hearing on this bill. We will get into committee work on this next week. We realize this is very important to our state and we're talking about a significant amount of money; we want to make sure the resources are put in the best place possible. The committee is in recess until 2 pm, at which time we will hear HB 1008.

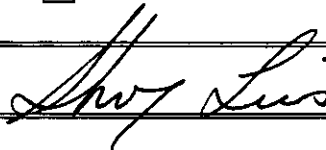
2011 HOUSE STANDING COMMITTEE MINUTES

House Appropriations Government Operations Division
Medora Room, State Capitol

HB1012
January 25, 2011
Recorder Job# 13340 & 13380

Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

A Bill for an Act to provide an appropriation for defraying the expenses of the department of transportation and relating to the distribution of highway funds.

Minutes:

Roll call was taken.

Chairman Thoreson opened the hearing on HB1012.

Francis Ziegler, Director, North Dakota Department of Transportation: See attached testimony 1012.1.25.11A.

Chairman Thoreson: What's the volume on that road today?

Francis Ziegler: Volume on that road is approximately on 22 from 73 to 23; is 2,600 to 3,000. Twenty-three is the highest volume road we have in that area. That is on an average of about 3,600. It's not just cars, there's a lot of trucks up there.

Testimony continued.

Chairman Thoreson: What's ER?

Francis Ziegler: It's emergency relief. Those are all the grade raises we had to do in the Devils Lake area.

Testimony continued.

Chairman Thoreson: What did you base those numbers for the feds on?

Francis Ziegler: What we did was for this next biennium, we went with \$240 million the first year; and \$247 million the second year. Thinking that they're not going to give us any less they had last year. That was last year's number and so we projected that forward. The second year we went with the \$247 million; which was a 3% increase.

Testimony continued.

Representative Klein: One of our concerns is that money going to the counties and townships; whether it's part of the overall plan that you feel comfortable with that we're not putting some of that out there that isn't going to be overall plan that will do the best good. Do you feel comfortable with that?

Francis Ziegler: I feel very comfortable with that. Our planning division and Grant was talking to them again yesterday; has started the GIS processes. Taking each one of those county maps; we're going to stitch them together and create a GIS model. What we've seen from the first maps that have come in, it looks like a very good, strategically planned process to where we'll have an integrated transportation system.

Representative Dahl: I think part of that question too is insuring that there are strings attached to this money to make sure that the counties are consistent with the strategic plan that you've talked about. That they will work and coordinate with your department; so that we don't have a patchwork that doesn't lead to an efficient system.

Francis Ziegler: That started out in the language of the bill itself; that the DOT will use the Upper Great Plains Transportation Institute Study. Before we grant the funding, we will look at the study. In addition to that, we need to look at the condition of the road and to make sure we have an integrated system when we're all done with it. That will be our job; we're the ones that are going to be held accountable to make sure it's an integrated system.

Testimony continued.

Representative Kempenich: Speaking of that time line, are the counties going to be able to get moving on this also? Are you talking from the state perspective or the local political subdivision?

Francis Ziegler: On December 23rd I was out talking to the oil producing counties; and shared with them that this was in the Governor's budget. They need to be prepared by getting engineering started on it. I believe that they will be ready.

Representative Klein: The designs are being done, not by your agency; but, by consultants in some of those counties?

Francis Ziegler: That is correct. All the counties have consulting engineering firms on board or have their own engineering firm. Ward county has their own engineer; but, many of the counties in the western part of the state hire a consulting firm to make sure things get done.

Representative Klein: Then going on to the inspection while the work is being done. Are the counties going to be doing that or are your people involved with it?

Francis Ziegler: The counties will be doing that; what we do is, we oversee that. When we provide federal aid to the counties, cities and townships, we have to make sure that they're properly using that federal aid.

Chairman Thoreson: What goes into that oversight then Mr. Ziegler?

Francis Ziegler: What goes in to the oversight, is that we have 1 person in a district. In some districts when the workload gets big, 2 people responsible to go out and inspect a project to make sure there are inspectors out there; and they're putting the work down properly.

Chairman Thoreson: Do they have the authority to put a stop to a project if they see something's not going right?

Francis Ziegler: There's a report back process and they do.

Representative Klein: You say you'll allow the counties the opportunity to leverage their federal funds. Would you explain that a little further?

Francis Ziegler: What happens is that each one of these counties on an annual basis gets an allocation of federal aid. That comes through us and we distribute that. With the federal aid, the numbers are \$200,000.00 to \$400,000.00 per county; what we do is, we give that out to the counties and there's years when a county won't do a project because they have a bigger project in mind so they save up their money. We play the banking role and we say we'll give your money to another county and you'll do your project the next year. It's a model we've had for a long time. As we're giving this federal aid, in this case, if they have state money coming, they can leverage the federal or state money. They can put the 2 together to build a bigger project.

Testimony continued.

Chairman Thoreson: How often do you use gang plowing? What do you do to determine how to do it that way; rather than just the single plow?

Francis Ziegler: Fundamentally, what they do is, if they're moving snow and it's creating a major drift or wind row, then you have to get that wind row from the beginning all the way across the road or you'll end up with crashes. That is left to the discretion of the operators. The tow plow is meant to help with that gang plowing operation; so you don't need another truck and an operator, you just hook the plow on. It has water tanks with chloride on it so we get a better ice melt.

Representative Klein: With the snow we've had this year, your overtime is running significantly above normal. Do you have any kind of a rough guess?

Francis Ziegler: The number is higher. It's not as high as it was 2 years ago; but, right now I think we're running ahead.

Grant Levi, Deputy Director for Engineering, North Dakota Department of Transportation: The last time I looked at it at the end of December. We're above average; if you go back to the previous biennium, we're not as high as those winters were. We are using quite a bit of overtime.

Representative Klein: I imagine this is statewide this time instead of in just some areas. All your districts are experiencing it?

Grant Levi: That is correct.

Representative Kempenich: I see you have about a 12% increase for the coming biennium. Are the drivers exempt from the CDL requirements?

Grant Levi: They operate under emergency basis, so they don't have to comply with the CDL requirements. We do try to limit them to 14 hour days; and keep them at that. We don't run them 20 days straight at 14 hour days. They are putting in another tough winter.

Chairman Thoreson: How do you determine they are on emergency status? Who makes that call, what goes into that; and how long can they stay on that status?

Grant Levi: During a snow and ice control event we consider that an emergency status. We need to get out there for the safety of the traveling public. Our district engineers make that call; and they decide when our people work and how long they work.

Representative Glassheim: When you get behind someone that's blowing snow, it seems to be extremely dangerous. Is there any research on other technologies to not blow snow up in the air where it creates a white out situation?

Grant Levi: There is research out there. Over the years we've changed the configuration of the snow plow to try to minimize the amount of snow that gets kicked back. Unfortunately, in some situations, when you get that light snow there's not much you can do. There's research that occurs to change the snow plow itself so it kicks more out; not as much up and that's changing the curve of it. So there's work that has been done.

Representative Dahl: I was looking at the FTE's and you chart that back all the way to 1985. It looks like in 1995, we were at its highest and then dropped off from there. If we add in your request of the 10 new FTE's for DOT, are we still below that 1995 level?

Francis Ziegler: Yes, we will be.

Representative Dahl: What was the reason for that drop from 1995 to 2000?

Francis Ziegler: There were some moves made at that time with motor vehicle and driver's license. That was when we brought in motor vehicle into the department. That's when it moved up. We'll get an exact answer to that question. When we became a DOT, there were folks that left. We used to have a truck regulatory division and they went to the highway. Those were the folks who weighed trucks, to make sure that they're not over loaded.

Testimony continued.

Representative Klein: The average time it takes to do a CDL license; what are you talking about roughly?

Francis Ziegler: About two hours. The first thing they do is go out and inspect the truck. The truck has to be fully inspected before they take off with it. From there, they do the driving and then the written test; there's really 3 components of the test.

Representative Klein: The average success rate; what is that about 70%?

Francis Ziegler: I think we had about a 20% failure rate.

Representative Dahl: Is there any kind of smart technology that can replace some of the process that your using humans for?

Francis Ziegler: Not that we know, in fact, it's going to get worse. Before we accepted the medical certification, we would give them the license and they would have to make sure that they had their medical certification up to date. Now we have to verify that; and that's going to take another step in the process. Taking that certificate, reviewing it, making sure it's a doctor of record and then giving the license. The CDL process is very intense; but it's got a serious purpose.

Chairman Thoreson: Do we have adequate training for these people in the state, in your opinion?

Francis Ziegler: Yes, there's better training coming out all the time. The college at Williston does an awesome job of training truck drivers for the oil country. They put out quite a few last year. It's a 6 week course.

Chairman Ziegler: Do you have any input into the curriculum which they teach there? Is there anything that DOT provides?

Francis Ziegler: I would make the assumption that they're using the CDL process and then taking them out and running them through that.

Linda Butts, Deputy Director for Driver and Vehicle Services, North Dakota Department of Transportation: We do not directly work with Williston, but they would be using the federal requirements manual for a CDL; then teaching to the manual.

Representative Klein: I understand our CDL license, if there's been a DUI, they have a problem getting into Canada. Do they have different guidelines; are you familiar with it?

Linda Butts: I'm familiar with it. Yes, Canada does have different rules and regulations that govern certain activities. When I first came three years ago, I was aware that was just going in. If any driver from the US has a DUI, they can't drive in Canada.

Representative Klein: There must be 80 or 100 trailers in Kenmare stacked up; some of them must be going to Canada then also.

Linda Butts: I'd say that's probably innovative.

Testimony continued.

Representative Kempenich: Are we charging enough to make it worth the while on those vanity plates?

Francis Ziegler: That's a very loaded question.

Chairman Thoreson: What do we charge right now?

Francis Ziegler: The charge now is \$25 for a vanity plate. We spend a tremendous amount of time on vanity plates. There are 6 employees who have to make sure that we're not giving a plate that has offensive language. Recently, since there is no God issue, now Linda and I get wrapped up in it also. We take a look at what staff has done. There are so many different ways and different languages to put out graffiti on vanity plates. It's more and more time. It's costing us more.

Chairman Thoreson: So we have 6 people that do just that?

Francis Ziegler: No, it's part of their job duty. When I see the trail of emails that we have to go through; we check various dictionaries. We now have 2 students from Century who have volunteered to help us. There's new texting language; the kids' are using different texting language than the generation a few years ago. So the new texting language has different ways of getting offensive language out there; so, we're using those students to help us sort through that. There are different dictionaries you can go to see what it means in different languages. It's appalling what people are trying to get onto their plates.

Representative Klein: You're saying 40% of your titling staff has retired in the past 2 years. What caused that?

Francis Ziegler: It's the demographics of our employees.

Chairman Thoreson: Those 40% that have retired; have they all now been filled?

Francis Ziegler: Yes, we do.

Testimony continued.

Chairman Thoreson: So, if it takes 6 months, are they doing it from day one on the job? You're saying it takes 6 months to get them full capacity?

Francis Ziegler: We bring them on; and we have a supervisor who has to be very close to them.

Representative Kempenich: Those CDL's; it's not just a normal examiner to take those on is it? How do they get their training?

Francis Ziegler: We do the training in house; we train them internally. We have looked for retired highway patrol, retired sheriff's; we couldn't find any, so we go out to the street and we hire somebody with the intellect to be able do it, then we train them.

Representative Kempenich: Do the federal motor carriers send out guidelines that you have to follow?

Francis Ziegler: As far as the success rate it's getting better because there are colleges that are out there providing training. When you get your 6 week course, your chances of passing that test are pretty good. The training comes from the federal motor carriers and from the federal component of the motor carrier safety program. That's what we follow; and that's what our CDL testers follow.

Representative Brandenburg: I think the problem with testing is, that there should be some middle ground on some of that so you don't tie up so much of your time and get the people through; and yet you want to be safe also.

Francis Ziegler: It's a very descriptive process; and for us to push someone through who has any sort of a failure on an air brake; it becomes a liability issue.

Testimony continued see attached testimony 1012.1.25.11B.

Representative Dahl: If I could just back up, the 2011 legislation that will create additional demand for temporary vehicle registration; could you talk about what that is?

Linda Butts: There was an interim safety and transportation committee that met the last 2 years. Every time we met with them, they asked about temporary registrations, the existing law; and how we could enhance it and get greater compliance. Last summer, we started a movement on this piece of legislation. We'll be hearing SB2207 this week; it's being authored Senator Lyson and others. We've been working with him very closely. The goal of that is to get substantially higher compliance with all of the oil workers that are coming in from out of state, the companies that are coming in from out of state; and mainly getting word to them this is the law. We're also trying to make it much easier to purchase one of these; it'll be an online process. We're anticipating a significant increase in that particular business activity.

Chairman Thoreson: What was the bill number on that?

Linda Butts: SB2207. See attached testimony 1012.1.25.11C, 1012.1.25.11D.

Chairman Thoreson: And it's being heard in Senate transportation committee?

Linda Butts: Yes.

Representative Dahl: Is there a fiscal note attached with that; and if so, what is that?

Linda Butts: There is a fiscal note attached to it; but, it's not extremely large. We asked for the raw materials. We think from an IT standpoint that will be modest; because, we've

been working using some of the existing platforms that we have to build on that technology; for the online portion of it. We have asked for significant dollars for advertising. We want to do posters, media and blitz campaign; it's about \$116,000.00 is the fiscal note on that.

Testimony continued

Chairman Thoreson: Last week when we heard the budget hearing for the highway patrol, this issue came up. They also brought up the fact that they're using hand held radios and some equipment that is still digital to analog. Do you have a similar situation where you're feeding digital signals into analog? If so, do we have to look at replacing those?

Francis Ziegler: I believe when we're finished here, even all our trucks will have digital.

Chairman Thoreson: That will provide coverage in all areas?

Francis Ziegler: That's why DES is adding some towers. We hoping with those new towers; and with this new system, that any dead spots will be very minimal.

Representative Kempenich: What's going to come first, the towers or the radios?

Francis Ziegler: We're going to be working as a DOT with DES. The towers have to come first and then we'll convert the radios simultaneously; so when the towers are up and running, that we're ready to go.

Representative Kempenich: Are they asking enough in DES to hit some of those dead spots?

Francis Ziegler: I'm not sure about that.

Dave Leftwich, Deputy Director for Business Support, North Dakota Department of Transportation: We're going to put all the radios in because analog is going away. We'll get that done right away. We're working with DES on the towers; DES, as part of their bill, it does have that they can either build their own towers or attach to a cell phone tower. Cell phone towers are problematic because they're short; our towers are 80 to 120 feet tall. In some locations it would help us to attach to a cell phone tower; but, in a lot of cases they're too short.

Chairman Thoreson: How many towers do you have throughout the state?

Dave Leftwich: Right now, we have 40 towers and state radio is on 36 of them.

Chairman Thoreson: Do either of you co-locate on each others towers?

Dave Leftwich: Basically, the DOT owns all the towers; and we co-locate with DES on them.

Representative Brandenburg: Are any of the Prairie Public towers around the state being used?

Dave Leftwich: No.

Representative Brandenburg: Could they be or are they separate?

Dave Leftwich: We haven't checked into those. We may already have coverage. If you attach to someone else's tower you have to have a separate building; and you have to maintain that separate building and access. Sometimes the access can be a little tough; also the coverage area depending on where they're at.

Chairman Thoreson: On the radios, highway patrol has a system where they're able to; along with their digital conversion, monitor where their fleet is. Is that something that you're going to also? Do you have that capability or foresee meeting that?

Francis Ziegler: We have AVL, Automatic Vehicle Locators, on some of our maintenance trucks. We started a pilot project in the Dickinson district.

Chairman Thoreson: It's something that you will be seeing somewhere down the line?

Francis Ziegler: Yes, we will.

Chairman Thoreson: When you do the road reporting now, how is that done now?

Francis Ziegler: That is done by each operator as they make their daily runs. When weather is bad, it's updated every hour and sometimes more often than that.

Chairman Thoreson: Concerning what happened last week at the capital complex, were your vehicles left with a communication power outage? Some state agencies had issues outside of the capital grounds where they were left short.

Francis Ziegler: I didn't get any message, no. Our communications were good.

Testimony continued

Representative Klein: You say from special funds; what funds are we referring to?

Francis Ziegler: I'm not sure why we put that in there; but, basically it's our regular highway fund.

Testimony continued.

Chairman Thoreson: Had these people given notice of leaving their job; and you went back to them we'd like to keep you?

Francis Ziegler: It took 1 or 2 to say I'm giving notice; and then that's when you decide you need to hang on to what you've got. They were ready to go.

Representative Klein: What are we talking about in terms of total dollars? What did that cost you?

Francis Ziegler: I believe we were in excess of \$700,000.00.

Representative Kempenich: The starting position; is it an equipment operator 1? What's the basic requirement on the starting level?

Francis Ziegler: We've been cutting back on what the requirements are. At one time we wanted you to come with a CDL; and now we're at the point that we'll train you to drive a truck. If you have any basic equipment experience, we'll train you. We prefer you to have some sort of equipment driving experience. It takes many months to train them to be out on a snow plow. If you haven't seen the inside of a snow plow lately, there are 4 joy sticks in each truck; and many of the new trucks have computers in them. They have to pull over and input data; and there's another screen that tells them air temperature, pavement temperature, so they know what to put out the back. It's a very sophisticated system. Trans techs, or equipment operator 1, has to just come to us with a willingness to work hard and learn.

Representative Kempenich: Then what's the step up?

Dave Leftwich: After you go to trans tech 2, you have to do several types of work. You have to not only plow snow; but, you have to have some vehicle maintenance skills, snow moving experience, and go through various tests to move up to that. Not only do you have to drive the truck, you have to be able to maintain it, run it, and go from there.

Representative Kempenich: You are requiring a CDL license on 2?

Dave Leftwich: Even the trans tech 1.

Representative Kempenich: You want to work them up to a CDL by the time they get through their probationary period?

Dave Leftwich: Yes.

Representative Kempenich: Do you have a probationary period?

Dave Leftwich: That is correct. We usually have about 6 months probationary period and in that time you should have your CDL.

Representative Kempenich: Your starting out at \$12.75; and a lot of its hours also. Your basing this on a 40 hour week?

Dave Leftwich: For a trans tech 2 they would start off at \$14.20 to \$16.30 an hour. If we do get anyone from oil country; we're finding we have to start them at a trans tech 1, even though they have their CDL. Because, they can drive a truck; but they haven't done anything.

Grant Levi: If I may, as we start to talk about our workforce, one of the challenges we're seeing; as our supervisor's that are there, they're watching and seeing that they're training new people. It's becoming a rotational basis; but, our concern is that some of them are

starting to have conversations that go like this: I can go to work for the oil industry, I don't have to supervise, I don't have to be out there when it's snowing driving with all those big trucks, and with all the challenges that are occurring. Our district engineer in the Williston district and Dickinson district, they're very concerned. It's the senior workforce that does the training that's starting to have those conversations.

Representative Brandenburg: I can see that they pay better in the oil field; but, their benefits in the state must be what's keeping them.

Francis Ziegler: Actually, they've caught up and gone well ahead of us now; the counties are even ahead of us when it comes to benefits. We're going to have a hard time keeping up and this \$1.1 million is a point where we need to begin.

Chairman Thoreson recessed the hearing.

Chairman Thoreson continued the hearing on HB1012.

Francis Ziegler: Continued with his testimony see attached 1012.1.25.11A.

Grant Levi: See attached testimony 1012.1.25.11A

Francis Ziegler: Referenced SB2250 and fiscal note. See attached testimony 1012.1.25.11E, 1012.1.25.11F.

Chairman Thoreson: Do you know a hearing date on that when it's been scheduled?

Francis Ziegler: It's on January 27 at 10:30; SB 2207 is at 9:30 on January 27th.

Francis Ziegler continued with testimony 1012.1.25.11A.

Chairman Thoreson: What other materials do you use besides just sand and salt? Do you lay the liquid down also?

Francis Ziegler: We have 4 components. We use the sand, pure salt, then we have a mixture of sand and salt; actually, a liquid brine, we do our own brine operation, then we use geomelt. It's a byproduct of the sugar beet industry; your normal salt in that mixture, works between 0 and 10 above. If you add geomelt you can get it to 10 below; and the geomelt is mixed in with the brine and at times we put it on to get coloration to the pure salt. It helps cut the ice. This year we've had a situation with a lot of high humidity and we're having a hard time cutting the ice in many cases so they're using more of the geomelt.

Chairman Thoreson: Are there other products available on the market that you do not use or that you've tried and don't work in North Dakota?

Francis Levi: Right now, I think we've taken the best of the products we have.

Grant Levi: Yes, we have over the years. We've tried magnesium chloride, and some other products. What we've found is the combination we're using today, is the most economical and most successful.

Representative Klein: Do you still use salt water from the oil wells? Is that completely shut off now environmentally?

Francis Ziegler: We've completely stopped using that. We were having a hard time trying to find wells that were giving us a product that we could control the other chemicals that were in it. So we had to quit from an environmental perspective.

Testimony continued.

Chairman Thoreson: Are you saying our polymers and coatings students at NDSU might have a future there in finding a new product?

Francis Ziegler: We have to work with them closer; I know we do.

Testimony continued.

Representative Klein: When was the last time you had upgraded that system?

Francis Ziegler: I can't recall it's been a long time ago. We've been estimating with the same software package for 10-15 years. Microstation and Geopack we have to update continuously; that's a Bentley product. Nationally, 37 states out of 50 use the Bentley products. Those are constantly updated. Some of our increase in our budget some of that.

Representative Klein: As far as the design work for state roads; do you do 100% of it, or do you contract some of it out?

Francis Ziegler: We do contract a lot of it out. We do 60% of the work and 40% is contracted out.

Testimony continued.

Chairman Thoreson: What's the elevation at now?

Francis Ziegler: The elevation now is at 1,455 and we need to get it to 1,465.

Representative Kroeber: Does that project go all the way to the casino?

Francis Ziegler: It does not. That's a separate contract. The contract that goes from highway 20; where it turns off and goes to the casino, that's another contract. That one was with Reilly.

Representative Kroeber: That's being done now at this time also?

Francis Ziegler: Both those contracts are active; they stopped for the winter, but they will be working this spring again.

Chairman Thoreson: Once the weather clears up enough, they'll get back in to the field and start on that. How long to get that taken of?

Francis Ziegler: I think it's going to take Aimes all summer long to finish with that dam component. I think it's going to take Reilly all summer to get to highway 57, that goes around the bend past the casino.

Testimony continued.

Chairman Thoreson: So the \$500,000.00 would just go to take a look at what it's going to need to come back with a number to buy the system or develop it next time?

Francis Ziegler: That's correct.

Chairman Thoreson: That would be during the next legislative assembly; I would expect you to have a picture for us to take a look at then?

Francis Ziegler: That's correct.

Chairman Thoreson: The DL3; how much more life do you legitimately get out of it?

Francis Ziegler: You can always get another drop out of it. The key point is, that it's an old mainframe program; and the mainframe is dropping off. I think that might be the last mainframe; as soon as human services gets done, there won't be anybody left on the mainframe; except for us.

Francis Ziegler: I have a philosophy, never point a finger because there are 3 pointing back. When it comes to IT work, I think we're all to blame. If you don't necessarily know what you want to buy; when the IT folks deliver it the price keeps growing.

Chairman Thoreson: Do you already have someone putting together a wish list of what you need for the next time around?

Francis Ziegler: We do not; this is the one.

Testimony continued

Chairman Thoreson: Did you provide that in written form to the committee?

Francis Ziegler: Page 16.

Representative Kempenich: Your IT costs are up 17%-18%; what's driving a lot of that cost?

Francis Ziegler: A lot of deals with inflation, the cost of the licenses go up.

Shannon Sauer: The inflation in the IT budget; some of that is ITD inflation. There's 2 other smaller pieces; one is our Bentley system, which is used for an engineering application and the other is Microstation.

Representative Kempenich: That Bentley product; that's an ongoing expense for you?

Grant Levi: We use the Bentley products to do the design work to deliver the program that we put into place. They're constantly upgrading that software to make it more efficient, easier to use and so it can do more work for us.

Representative Kempenich: So basically there using GPS instead of going out?

Grant Levi: That's correct. They call it stakeless construction. There using GPS models to run the equipment. It limits the amount of field survey that needs to occur.

Representative Klein: Going back to that asbestos thing, phase 1 you finished the 4th and 5th floor; phase 2 will take care of the 3rd floor?

Francis Ziegler: We have been advised by our architect that the 3rd floor is the logical next floor. When we do the 3rd floor, we have to go to the basement; because the 3rd floor has the blowers that move the air; are sitting in the basement. We'll do the basement first, then will take furniture; move it into the basement and shift the people from 3rd floor. We'll move people down and then clean out the 3rd floor.

Representative Klein: I thought you were looking at renting space while this was going on.

Francis Ziegler: We did for the 4th floor. All the designers were taken down to the old state paint building; and we used that. But with this concept of going into the basement and getting it finished, we believe we can keep the majority of the people in the building.

Representative Klein: That would leave one phase left?

Francis Ziegler: That would leave 2 more floors; the 1st and 2nd floor.

Representative Klein: That would be the last phase?

Francis Ziegler: That's correct.

Representative Brandenburg: I'm trying to get a breakdown for the money that's going out; the \$1.4 billion for the different districts. You've got \$708 million going to 3 districts and \$762 million the 5 other districts in the state. I was wondering if we can get a breakdown for the different districts?

Francis Ziegler: We have a chart. See testimony 1012.1.12.11A page 6.

Grant Levi: We have other work that's being designed right now for potential grade raises in the Valley City district, for example; we have other sites that we're working on. The construction costs are not included in these numbers. We're anticipating working with the

federal government if the roadways do go under water. Hopefully, we'll obtain additional ER funds and then we would come back through the proper process to get budget authority for that.

Representative Brandenburg: Where are we at with that; is it 50/50?

Grant Levi: The segment you referred to, highway 13, between Wishek and Lehr; is a segment we're already planning to construct. We do have funding for that to do a reconstruction project. We also have emergency relief funds tied to do some grade raises; where some of the water last year did overtake the roadway. That one is in the plans and is included in these project lifts. Some of the other segments, we're working on; we're doing the design work. The last briefing from our district engineer, John Thompson, he anticipates many of those sites going under. If they go under, given the present rules that exist for the ER program, we should get the approval to use federal money. Whether we receive the funds will depend on the status of the federal program. What happens is they'll approve the project for ER funding, which means you can go forward with and do something; and be reimbursed when the ER dollars become available.

Representative Brandenburg: You've got west of Ashley, over by Gackle, over by Kulm.

Grant Levi: That's correct. We've got sites near Ashley, on highway 30, highway 56; there were 22 sites in total that we were looking at. He referenced testimony 1.12.11A.

Representative Brandenburg: Is there going to be any funding for situations like Flood Lake?

Grant Levi: You're correct. With respect to improvements on the nonstate system, if the county road you're referring to is on the federal aid system, we do work with federal highway administration and the county; it should become eligible for ER funds if it was overtaken with water. When it becomes eligible for ER funds, we go through the process with them to obtain the funding. In 2010 there was no longer any ER money nationally for them to distribute to the states. So we didn't actually get the money; we got the approval to spend it, but, didn't actually receive it in the state. So, the county had to make a decision on whether or not they wanted to advance the funding to raise the roadway, pay for everything and get reimbursed; or wait until the ER funding becomes available. Hopefully, we will receive the funding this federal fiscal year for the areas that were eligible last year.

Representative Klein: How often do you replace your laptop computers within the department?

Francis Ziegler: I think the rotation is every 4 years; then what happens, then they go out to the sections. They'll probably be used 10-12 years.

Representative Klein: Some departments change every 2 years and we think that's a little too soon.

Francis Ziegler: We'd never do that; we have 72 sections and what they use them for is MDSS, Maintenance Decisions Support Services, what the weather is that's coming in, what they need to do for the next day or two.

Chairman Thoreson: What about the cost of fuel for you? Where's that taking you with the number of vehicles you have out there?

Francis Ziegler: We sent out a letter to all fleet users telling about the diesel prices. We'll get that answer back this afternoon.

Chairman Thoreson: We talked two years ago about, places like in Fargo, relocating. Has that been anything that's been looked at by the DOT?

Francis Ziegler: We did study that during the interim. The transportation and safety committee was in Fargo and we looked at land on the north end of Fargo, off highway 20; the land looked like a good price, but, we needed to raise it 4 feet in order to use it for buildings. Then it took us beyond the gates; so, getting our trucks back in to plow the urban areas would be difficult. Considering what we might get for the property is where we're at; we're still looking at \$10+ million dollars to take care of the facility; so, we're hoping to stay there. We can best serve the customers by sitting where we're at.

Chairman Thoreson: We're looking at possibilities of significant flooding in the eastern part of the state. What happens to you when that happens; do they call you out to provide additional support? What steps do you have to take in case we see significant flooding once again?

Francis Ziegler: We're on the disaster emergency services team. Last flood we had people headquartered in Fargo and in the basement of the DES headquarters; we have them there 24 hours a day. Our plows, trucks, and assets go wherever they want us to. What happens is they take over our operation.

Chairman Thoreson: What if the roads have to be shut down somewhere; do you have to go barricade or shut them off?

Francis Ziegler: We do that. We shut off the roads, go make sure the system is passable; if it's not we're the ones that go out and barricade them up.

Representative Klein: Have you got anything in the project to get those trucks inside in Fargo?

Francis Ziegler: Yes, we do; it's in this budget to build a facility.

Representative Thoreson: When would you start doing design and build on that project?

Francis Ziegler: We would immediately go to work and design it.

Chairman Thoreson: Has there ever been any discussion, when you get your plates and tabs; about moving it out of the building for Bismarck and putting it in something like a retail location?

Francis Ziegler: We decided to stay where we're at; there was no other facility that was convenient at a reasonable cost. What we are doing is, we will expand our parking lot; we had one of our designer's look at it and they came up with moving about 50 ft. We can gain 60 spots.

Chairman Thoreson: Where is it you're going to adding?

Francis Ziegler: Just to the east of the existing parking lot.

Representative Brandenburg: Is there a plan if we don't get this emergency funding that we're going to fix this high water?

Francis Ziegler: What we'll have to do from there is shift some priorities.

Chairman Thoreson recessed the hearing.

Chairman Thoreson continued the hearing on HB1012.

Francis Ziegler, Director, North Dakota Department of Transportation: Going back to Representative Dahl's question. Back in 1985, we had just under 1,000 employees; in 1990 we became a DOT; and we ended up with about 1,054 employees at that time. In 1995 we went up to 1,082; and the increase there for some professionals that were put on at the time. After that is when we got into technology and consulting out work. Between 1995 and 2000; in 2000 were at 1,040 employees.

Chairman Thoreson: Even though the computer lays that out; human hands have to verify that afterwards?

Francis Ziegler: Yes. It's the people put it into the computer. Rather than having rooms full of drafts people; an engineer and a technician can put out the same amount of work. We've been able to do the work we have been; with the staff that we've got.

Representative Dahl: What if we just gave you the dollars to manage the DOT instead approving FTE's each time; and would give you that flexibility to either retract the number of employees or at least not make you wait 2 years to come and approve those?

Francis Ziegler: What happens is that there are certain areas of the department that you have to have people out there to do that. The FTE world becomes the world that we deal with so we can fill positions. If you don't have FTE's and you just give them dollars; then how do you handle the dollars each time? I don't have a good answer for that question. If we were just given the money to manage it; we would be able to manage it.

Chairman Thoreson: It probably would be a idea to ponder that because I know there some discussion; whether we want to continue going the route of FTE's or if we're looking at dollars. If you have any thoughts, you can certainly provide those to us.

Dave Leftwich: You asked about the fuel costs for the next biennium; we put together our budget in June of this past summer. At that time, we felt the first year we would increase it about 15% and the second year 15% for both gas and diesel.

Representative Klein: Do you feel comfortable with that at this time; when they're projecting \$5.00 per gallon gas in the near future?

Dave Leftwich: We've been discussing that; for right now, we feel it probably will ramp up faster than we had guessed the first year. Other than North Dakota the economy is not that strong. When it gets too high people will quit driving; the surplus will be there, so the prices, we feel, are going to come back down.

Representative Kempenich: How are you working your state fleet purchases?

Dave Leftwich: Are you talking fuel?

Representative Kempenich: Yes.

Dave Leftwich: Our fuel, we do contract out to a national firm. The RFP is ready to come out again shortly. What that does is it gives us a cost, we have a formula; they provide all the fuel and we don't have to inventory any of that in our districts. We have credit cards in all the vehicles, so if you're not by one of the district offices or university system, you can go and buy fuel.

Representative Kempenich: How many places do you go looking when you send out an RFP?

Dave Leftwich: We've been under contract with this one and have a number of extensions for a number of years. They provide not only the fuel, but the billing. There are a number of firms that can bid on it.

Chairman Thoreson: Do you know other agencies that have to calculate this? Do they go through fleet or where are they getting their cost for fuel?

Dave Leftwich: Fleet gives us a rate for sedans, pickups, heavy trucks; we've given that to the other agencies. That's what they plug into their budget to calculate what their fleet costs will be.

Representative Kempenich: Are you doing the lease program on tractors?

Dave Leftwich: The tractors are part of fleet but we do lease them.

Francis Ziegler: Those tractors, that you see on our mowers, we're getting them for \$.01 an hour. The dealers argue whose going to get it; because, they use advertising dollars to

depreciate them. Then the farmers buy them at a decreased rate; we only use them for 400 hours, then we turn them back in again. We're leasing all those tractors and we also put loaders on them to load sand and salt for the winter months.

Representative Klein: By leasing, do you end up money ahead?

Francis Ziegler: We've looked at it many times; but, as soon as these prices started getting down as low as \$.01 an hour, there was no question about it.

Representative Brandenburg: I would like to see the breakdown for different districts; the federal and state money. Is that something you can get for me?

Francis Ziegler: We can certainly do that; as we get more information in addition to the information we have on those sheets.

Representative Brandenburg: What I'm looking for is to have it broke down for the 3 western oil districts and then the rest of the state.

Representative Glasheim: Do you know of any bills on the railway quiet zone? Is that going to be renewed?

Francis Ziegler: I'm not sure if it's going to be renewed; I did look before we came in here. We've used about \$750,000.00 on that program; and we had about \$2.5 million in the program. Some cities looked at; but, the way the bill was written it didn't take care of all of the needs.

Representative Glasheim: Are those monies going to be carried forward in that or are they going to be returned to the general fund?

Francis Ziegler: For any contracts that are in place that won't be completed; the money will be carried forward. The bill itself has a sunset clause; that ends July 1, 2011. The program will be open until July 1st.

Representative Glasheim: So one still could apply?

Francis Ziegler: Yes, you can.

Representative Glasheim: Wasn't there a limit on the amount per city?

Francis Ziegler: The amount per city is \$225,000.00 total for the city; and I believe, \$75,000.00 for each site.

Chairman Thoreson: It's open until what date again?

Francis Ziegler: It sunsets July 1st.

Chairman Thoreson: Does the application have to be in by that time or does everything have to be done by that time?

Francis Ziegler: The application would be in by that time; but the money will carry forward and we'll continue paying out the program.

Chairman Thoreson closed the hearing on HB1012.

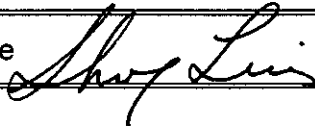
2011 HOUSE STANDING COMMITTEE MINUTES

House Appropriations Government Operations Division
Medora Room, State Capitol

HB1012
January 31, 2011
Recorder Job# 13733

Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

A Bill for an Act to provide an appropriation for defraying the expenses of the department of transportation and relating to the distribution of highway funds.

Minutes:

Chairman Thoreson opened the hearing on HB1012.

Roll call was taken.

Representative Klein: The study for your new driver's license program. We want to assure that you have the IT people on board with you; to help you discuss the parameters, when you go out for contract to have them on board to make sure that when they inherit the program they're familiar to help you with it.

Francis Ziegler, Director, North Dakota Department of Transportation: Two bienniums ago, we talked about doing driver's license 3. It's a 1984 product that was written in Cobalt. What we were going to do is put it in again. But, then we heard there had been a lot of issues with what the legislature had tried to put in place. At the same time, there was a concern that we weren't exactly sure what the costs were going to be. Last biennium, we had an estimate from \$7 million to \$20 million to do this job. As we were preparing for this session, we couldn't come up with a good handle on what the cost was going to be.

Chairman Thoreson: Where did those estimates come from, do you recall?

Francis Ziegler: Request for information; we went out to the industry and said here's what we want to do. We also asked ITD to give us an estimate.

Representative Klein: Would it be possible to look at another state that's going to do what you're going to do; like South Dakota or Wyoming?

Francis Ziegler: Yes, we have. What we do is always trying to learn from other states. Linda and staff went to South Dakota and took a look at what they do. So, it's our intent, as part of this process to look at what we can learn from others. One of the things we have learned about what other states do; the laws are so different. Every state has different

rules and different laws; and so, to just copy somebody's doesn't work very well. In the process of scoping, it's good to learn what other states have done, the pitfalls they found in getting into a program like this and we learn from them, then we move forward with that.

Representative Klein: We just want to assure ourselves that we don't fall into the problems that we have before.

Francis Ziegler: You're right. Fundamentally, what happens with all these ITD programs, is that people don't think enough about what the outcome should be. When the technology folks deliver something, they say that's not what I wanted.

Representative Kempenich: I see on your optional budget changes it's #9 on your ranking. Is that \$500,000.00 part of that \$9.5 million?

Linda Butts, Deputy Director For Driver and Vehicle Services, North Dakota Department of Transportation: What we're trying to do this time is a little bit different. We did send out an RFI. There was some money in the budget last time; and we sent out an RFI. This session, what we were trying to do, is to approach this in a methodical manner and try to obtain the best information before we came back to you. From my experience on the national board, Kansas is going through what they call an modernization; they just earmarked \$40 million. Minnesota has a RFD out there and they're ready to make a commitment to a vendor. There are other states that are going through the modernization. We think it would be wise to bring on a consultant that can't bid on the project.

Representative Kempenich: How many companies did you get responses from?

Linda Butts: Three companies responded.

Chairman Thoreson: Yet again, you were looking at someone that couldn't bid on it?

Linda Butts: To help us pull out from us what it is that we really need, look at what other states have done. There is a national company that did do this for Minnesota.

Chairman Thoreson: What we're trying to be assured of is that there is some buy in with ITD.

Francis Ziegler: The \$9.5 million was when we were working with OMB and the Governor's office for our budget. As you can see by narrative, we estimated the cost to be about \$17 million. When we talked to ITD, OMB; we better be sure; because, we'd be coming back for 2 bienniums. We felt by the time we scoped it out; by the time we knew exactly what we wanted, over half the biennium would be over.

Representative Kempenich: What is DOT's plan with Fargo and the maintenance shop and the land I-29?

Francis Ziegler: What we did was, in the interim, we looked at properties that were available to us. There was an offer to us for some property on highway 20 north; which is the north end of the airport. Several things, we needed about 4 ft of fill, if we were going go

there; then it adds tremendously to the cost. The other thing we saw, that it was going to take about \$11 million, above and beyond what we could likely get out of our property if we sold it. If we get out beyond the snow gates with our property, then we can't have our staff get out to the plows; because the inner city is kept open unless there's absolutely no visibility. The inner city is kept open as storms progress and it's always the first thing we have open if we have to shut down completely.

Representative Klein: The county shops are out to the west and there was some property that you might be able to do some sharing. Have you looked at that?

Francis Ziegler: We have not. But, when we searched around, that wasn't big enough to take care of our needs.

Chairman Thoreson: Has there been any thought; maybe leaving the equipment that you have there? For the driver's license you have to bring trucks in there for the CDL; is it convenient to get in and out of there?

Francis Ziegler: We just recently remodeled the driver's license part for security purposes. We looked at that before we did the remodeling. One of the things we're finding is they like us where we're at. We're going to have a fast lane for people who are not getting into writing the test; but, renewing their license.

Chairman Thoreson: Where did the highway patrol relocate to?

Francis Ziegler: They moved to the law enforcement center on the other side of I-29.

Representative Kempenich: What's the state rail fund; is that those quiet rails?

Francis Ziegler: It's a federal aid program for rail crossing.

Representative Kempenich: It's not a quiet rail; it to put more arms up?

Francis Ziegler: That's correct.

Chairman Thoreson: Do you know the status on HB1109? Has that come out of committee yet? That's the one that increases the fee and puts it from 4 to 6 years on the class D license.

Francis Ziegler: I do not know.

Chairman Thoreson: Has there ever been a discussion with doing away with renewals?

Francis Ziegler: I understand there is one state doing that. But, when we got ourselves prepared for that house bill, Linda and staff looked at what other states are doing. The greatest majority are between 4 and 8 years. Most of them are 4 years and quite a number of them are 8 years. In the end, we decided on the 6 year. As time goes on, there are more and more issues with CDL. We are now going to have to take the medical certificate, physically look at it and there's going to have to be a certification before you can take your

test. As time goes on there are more requirements to get the CDL's out; and there's going to be more staff issues in the future.

Linda Butts: That bill provides us to go out 6 years and it increases the fee to \$15.00. But it's \$2.50 a year, is the cost of the license now; and it would be \$2.50 a year in the future.

Chairman Thoreson: Where do those dollars go? Is that the cost of the physical license or does that money raised go to paying the people that are doing it? How do you look into that to see where that money goes?

Linda Butts: Up until last biennium, the fees that were generated in licensing covered the operating costs of the division. That turned into the red last biennium; currently, we're losing about \$3.00 for every license that we issue.

Chairman Thoreson: Was there any thought of raising the fee to cover that \$3.00?

Linda Butts: The philosophy that we've picked up, both from the executive and legislative branch, is that when the economy is booming as it is. The philosophy is no new fees on our citizens; and so, we have abided by that philosophy.

Representative Kempenich: Is that for new applicants or is that renewals? Are you extending CDL's out 6 years also?

Francis Ziegler: The CDL is going to have to stay at 4 years because of the federal rules. That's for any renewal.

Representative Kempenich: Are they going to change the medical then?

Francis Ziegler: We are going to have to make sure before we issue the new license; to make sure that your medical certificate is up to speed.

Chairman Thoreson: Where do those dollars come from; is that a grant we receive for safety or is that other monies within your agency?

Francis Ziegler: All our ads are paid for with NHTSA funds; National Highway Traffic Safety Administration.

Chairman Thoreson: And how much do you have going on right now? Where do you determine to put those advertisements?

Francis Ziegler: The adds are put to where we think we get the biggest bang for our buck. One of the things we're working on with driver's license is to change culture; and the best place to change culture is maybe at a theater where you have a younger crowd. We even go to schools and share with them what some of the concerns are with seatbelt use. We have learned that the advertising in the theaters does bring back many comments.

Linda Butts: It doesn't sound like one that North Dakota currently has on the air waves. So it might have been a Minnesota ad. We also get federal ads that come down from NHTSA;

and then we'll tag line them with our tag line. There are some where we will customize to our state; we produce some with our local media company who's in Minot.

Chairman Thoreson: That's a private advertising firm that you contract with for those things?

Linda Butts: Yes, it is.

Representative Klein: One of the items we looked at the other day is the number of vacancies you have now. I believe that number was around 29. Are you in the process of actively trying to fill these slots?

Francis Ziegler: We gave Brady an email showing where we're at. As soon as somebody leaves we start the process right away. When you have 1,000 people and have a 6%-8% turnover, it takes time.

Representative Klein: Typically, you've got a lot of people in the 20+ window that are going to go out the door pretty soon. Do you have any kind of statistics or figures that would look at?

Francis Ziegler: We watch the demographics of our employees very closely. Dave Leftwich and Mike Sandal, Director, Human Resources Division; has a program where we know how many retirements we're anticipating for next year. In whatever we do, we have a succession plan.

Representative Klein: With the snow problems this year, you're probably pushing your senior operators to put in lots of hours.

Francis Ziegler: Grant and I go out and talk to employees 2 times a year; in the spring and fall. This fall I had several come up to me and say this is my last year. There's tremendous pressure in dealing with the issues of snow and traffic. There's going to come a time when it's going to get more difficult to get operators. Number one: salaries and number two: the stresses that our operator's have to deal with.

Representative Kempenich: What have you been finding for people up there in Williston for the techs you've been advertising for?

Francis Ziegler: We're getting those who are totally inexperienced. We've picked up one person that had not even driven a truck. We've had more crashes than ever before; we're at 50. About half of those are with people running into us; others are where the operator's are new.

Representative Kempenich: I was just wondering what you were finding that were showing up.

Francis Ziegler: Our new trucks are about \$180,000.00.

Chairman Thoreson: That's fully equipped?

Francis Ziegler: That's fully equipped.

Representative Kempenich: You're requesting some more people and we're trying to figure out where to balance that; and we're trying to figure out with salaries. If didn't add quite as many people and put more money into the salaries; would that alleviate some of that problem?

Francis Ziegler: As I shared with some of you outside of this room. We're getting to a point where I've already shared the stress factor with operators. To think we've had 3 years in a row of high stress winters; we're wearing people out. We're saying we have to have more night people in the Fargo, Bismarck and Minot area. In the oil patch area, the local sheriffs and deputies are calling in the middle of the night. We had a meeting of the minds. We went with the highway patrol and sheriffs and said we can't be called out in the middle of the night; because, then the people aren't rested for the morning. Unless, there's such an emergency that you stay. If the sheriff doesn't stay, we don't want to go out there. If they don't stay there, we don't go out.

Representative Kempenich: You're moving one position and reclassifying the other. Is the problem with the wages?

Francis Ziegler: You cited some engineers in your list that you're looking at; I think you're looking at the list of replacement employees. We have a lot of retirements in the engineering world.

Representative Brandenburg: You brought up the \$228 million and \$142 million. I'm wondering how the \$142 million will work with the counties. How do you see that in your workforce?

Francis Ziegler: My point was that we did not ask for staff to take care of that work. We will absorb that. We have a local government division and we're going to work them harder.

Representative Kempenich: I'm trying to figure out where to find the balance so we aren't just being a training ground.

Francis Ziegler: We had asked for \$1.1 million in the budget to address some of those concerns. If you do the mathematics, that's about \$120.00 a month for every operator.

Representative Klein: What is GIS?

Francis Ziegler: That's Global Information System. We'll take all the maps that the counties gave to the Upper Great Plains Transportation Institute. We'll put all those counties together on a GIS model. We start with what the earth looks like, the roads; then how everything is going to connect together.

Representative Brandenburg: Will there be a section all fixed?

Francis Ziegler: That's exactly what we're doing with the GIS model; so, that that doesn't happen. We've heard that concern a lot.

Chairman Thoreson: Do you use the GIS now for your planning purposes?

Francis Ziegler: Yes, we do. The roadway information map that's all on a GIS base; and we pick those sections of road and that's how all that information gets put out there.

Chairman Thoreson: Do the counties use them now also?

Francis Ziegler: We are now flying all of the counties. We started last summer; we have about 30% of all the counties done. What we'll do is update the state's GIS map. We've contracted with DES to do that. The GIS model for the 17 oil producing counties is going to have to be looked at without the benefit of those pictures. We're going to have to take and stitch them together as best we can; and then develop the model.

Representative Brandenburg: Who's going to be in charge of this to make sure it's done right?

Francis Ziegler: The DOT will have the overall responsibility to the Governor's office to make sure it gets done right.

Representative Dahl: I did have a question on the detailing of the DOT map. Sometimes it tends to be overstated.

Francis Ziegler: If we have any blowing snow when temperatures are above 20 degrees, it sticks to the road. There's no sand and salt process that can get rid of it; because it keeps piling on very quickly. So, you end up with these short stretches icy patches where it blows across. The other thing is, things change very quickly. When conditions are really bad, and the operators are out there all day long, they keep reporting in. There's constant chatter on the radio and that chatter goes into the system and feeds it back out again. Maybe we are a little more conservative to make sure the driver doesn't get a false sense of security.

Representative Dahl: I've never looked at the map and then been surprised that a stretch of road has been worse than reported. You do a very good job of that.

Chairman Thoreson: Is that same information that's fed from the operators; is that what goes into 511 also?

Francis Ziegler: Yes, it is.

Chairman Thoreson: How many different cameras are you using on traffic? Is that operated by DOT?

Francis Ziegler: Yes it is. On I-29 and 94 it is; we have some cameras that we've hooked into some of the radio stations. We have about 20 or 25 cameras. We've worked with radio and television stations.

Representative Kroeber: It says that \$.01 of the motor fuel tax goes directly to the townships as not allocated through the highway distribution fund. How is that \$5.6 million distributed?

Francis Ziegler: We kept the old formula in there; the new formula has changed. What this says is the '07-'09; and in the '09 session that was changed. The \$.01; everything goes through highway distribution fund.

Representative Kroeber: So it does now go through.

Francis Ziegler: Yes, it does.

Representative Klein: You're going to be doing about \$300 million more in road construction from your previous year. Are you confident that you've got the people out there to assure that what is supposed to be done is being done? I'm talking about the inspector on the site.

Francis Ziegler: I can assure you that we take a huge responsibility to assure that the quality is there. Our contracts require that contractor do the quality control; and then we do the quality assurance. We have staff out there to monitor that. We're going to be contracting with the consulting industry to help us with that effort.

Representative Klein: And that's using some of the \$300 million that's over and above your previous budget. That you'd use some of that money to contract with qualified inspectors?

Francis Ziegler: That's correct.

Representative Kempenich: When you look at the \$240 million; that's for the 2011-2013 biennium is what I'm assuming; then the \$228 million is on top of that \$240 million?

Francis Ziegler: Yes, it is.

Representative Kempenich: Is the STIP part of the \$228 million running into the next biennium also?

Francis Ziegler: The green is the next biennium and the red is the total STIP.

Representative Kempenich: Neither one of those numbers include the \$228 million?

Francis Ziegler: No, they do not. We wanted to share our planning process with you. The STIP is a 4 year program. What you're trying to budget and fund for is just a 2 year program.

Representative Brandenburg: There's a lot of places in the state that need roads fixed. I'm more concerned with those areas that have to be fixed. Are we addressing those spots?

Grant Levi: We've got a process that we put into place to select projects. We work with all 8 of our districts; we go through the process with them. They indicate which projects they

think should be constructed, we take that information and look at our pavement management system, all of our data and ultimately end up with a document we call the STIP. That's the list of all the projects we have planned for the next 4 year period. What you're looking at are the dollar amounts for that. In addition, we work with the local government when there are roadways that are overtaken with water; that are eligible for ER funds.

Representative Brandenburg: I understand that and that's something that's important for the whole state.

Grant Levi: We have a process that we've been using for years; that we're quite confident that we spend the money in the right places. And we work with the local units of government when they have emergencies to attempt to get additional federal funds through the ER process.

Representative Brandenburg: We're getting those questions all the time about that.

Francis Ziegler: When we ask for ER money, we're not sure when we're going to get that. But we do know what you just said; that we have to take action. So, this morning I asked Dave Leftwich to look and make sure that we have appropriate borrowing authority; so that we can borrow not only the match for ER, but for the ER. We may have to pay the bill until we can get recovery from the feds. We're checking that out from our legal division to make sure we have the appropriate borrowing authority.

Chairman Thoreson: Have we ever run into that situation where we've had to do it this way?

Francis Ziegler: We've had it in statute before where we could borrow. We've never had to borrow.

Chairman Thoreson: You said you requested this today to get this information?

Francis Ziegler: That's correct.

Chairman Thoreson: Do you have any idea when you'll have it available?

Francis Ziegler: We'll have it tomorrow.

Chairman Thoreson: Would you be able to provide something to us for that for our background information?

Francis Ziegler: Sure.

Representative Kempenich: These aren't those Garvey Bonds that we did for some bridges a few years ago?

Francis Ziegler: The Garvey Bonds that we used were for highway 2. We still hold \$40+ million on highway 2.

Chairman Thoreson closed the hearing.

2011 HOUSE STANDING COMMITTEE MINUTES
House Appropriations Government Operations Division
Medora Room, State Capitol
HB1012
February 3, 2011
Recorder Job# 13975

Conference Committee

Committee Clerk Signature 

Explanation or reason for introduction of bill/resolution:

A Bill for an Act to provide an appropriation for defraying the expenses of the department of transportation and relating to the distribution of highway funds.

Minutes:

Chairman Thoreson opened the hearing on HB1012.

Chairman Thoreson: I know there's a bill in the senate dealing with additional funding due to the weather and related cost. Did you testify on that bill or have any discussion on that?

Francis Ziegler, Director, North Dakota Department of Transportation: I don't know that bill number. We did have someone monitor that; we're monitoring that very closely. The report I got back was that the concern is that counties and townships in 17 oil producing counties; their issues are going to be addressed to some extent with the \$142 million. We know that's a many year program. What we understand is that the testimony that was presented, presented the picture that; number one, we're back to where we were a couple of years ago, where there's a tremendous amount of snow, there's water rising, and then the ag community and the roads they have to deal with are also in need of additional funding. That is not in the Governor's budget; that was not addressed when we were addressing our budget from the executive branch. We addressed the oil producing counties; because, at that time, they were the ones with the greatest need that we were able to discern. This would be above and beyond; and we're just monitoring at this point.

Chairman Thoreson: You did not come out in favor or opposed to it; just kind of watching and seeing what's happening? I believe that was \$19 million in funding?

Francis Ziegler: Yes.

Chairman Thoreson: We're just trying to keep an eye on all the bills with them; even though they're on the other side. If we're going to be addressing these disasters and emergencies, there'll probably be some funds needed. We may have to look to disaster relief from the feds. I think the Governor has already contacted the President about that type of thing.

Francis Ziegler: Yes we are. Grant Levi already had a discussion with Representative Brandenburg and provided him with some information. To share with him that in that particular area, in the Jamestown area; we already have from the last event the eligibility for some of those county roads. We need emergency relief funding from the federal

government to take of it. We do have an effort there; we're going to need the ER money in order to make that happen.

Chairman Thoreson: Do you know the dollar amount on that?

Grant Levi, Deputy Director of Engineering, North Dakota Department of Transportation: We have just within our Valley City district, which covers Barnes, Dickey, LaMoure, Stutsman counties; we have about \$10.4 million worth of work that is being planned and coordinated with the counties. It's eligible for Emergency Relief funds.

Chairman Thoreson: \$10.4 million.

Grant Levi: Yes.

Chairman Thoreson: Any idea of when that might be coming?

Grant Levi: The figures that I shared with you; there's 2 parts to it. There's some that were eligible under 2009 funding; we believe that is available to the counties to proceed with theirs. That's about \$2.4 million. There's about \$8 million that became eligible in 2010; those funds have not been made available yet to DOT from the federal government. In conversations with the division administrator, he was hopeful that sometime before March 1st we would have some indication of how much ER money would be available to the state.

Chairman Thoreson: The money is there with the feds? It's not just authorized; but, actually is appropriated?

Grant Levi: We've had indication that it's eligible; but, we have not received any funds from them.

Representative Kroeber: Left over from the \$100 million we had last year in disaster relief funds, don't we still have about \$20 million of that left? That they say they didn't qualify for because we had the 200% mark?

Grant Levi: I don't want to intermix funding that we're talking about. The funding I was discussing was federal funds for federal activities and federal eligible routes within counties. There were some additional funds that were identified in SB2012; that were state monies that had criteria associated with them. I'm not exactly sure how much money is remaining from that. There's about \$16 million available from that.

Representative Brandenburg: This is real good information. I looked it over for Valley City district. I understand it, there's \$2.4 million for 2009 in the Valley City district and then there's \$8 million for 2010. The money's been committed on the federal side; but, is it going to come?

Grant Levi: We believe that the money will be available to us at some point in time. They have indicated that they're eligible projects. The challenge we have is that there hasn't been any long term extension of the previous transportation bill or no long continued

resolution to dedicate the funds; that expires on March 4th. It will come; it's just a matter of when it will come.

Representative Brandenburg: This covers most of my district; but, not Emmons, which is in Burleigh county. I wonder if we couldn't get the other 8 districts to get an idea of how many dollars are coming for emergency projects.

Grant Levi: We can supply the rest of the state. This past year, in the ER program with the counties, a lot of it was located in same area we shared with you where we had problems with the state system in 2010.

Representative Kempenich: You brought up the other day that this money is coming but isn't here. What's the process about going and borrowing against the perspective?

Grant Levi: We do available to us in state statute the ability to borrow the funds and to go forward as emergency relief projects; both the federal portion and state portion. It's my understanding that it's pretty much limited to state projects. For the counties or cities dealing with emergency projects, I'm not exactly sure what their provisions are and how they can deal with it. I do know they have other authority to obtain funds.

Representative Kempenich: I think there was \$24 million left in some of that. I think it's in the Adjutant General's budget; there was some emergency money.

Dave Leftwich: What the counties have done past is they've gone to a local banker, explained the money's coming, and they give a short term loan. That's how they handled that in the past. That's the only way I know that they can get some money to borrow against funds and have a relationship with the banker for a 6 month loan or 1 year loan.

Grant Levi: You did give us that authority.

Representative Brandenburg: I question about townships.

Grant Levi: As it relates to the township roadways; those roadways dealt with through FEMA and typically DES handles that. There were some provisions put in SB2012 for some activities; but, that is a challenging program.

Representative Brandenburg: We did check that out and there's an agency that you can borrow money from. In order to be able to borrow that money, you have to be FEMA approved. Once you're FEMA approved, the check comes in about 10 days to 2 weeks.

Chairman Thoreson: Are you aware of where you have the ability to borrow from?

Grant Levi: We have the ability to go to the Bank of North Dakota to borrow. I would caution that before you step into that, you do need FEMA approval. FEMA does operate a little bit differently than the federal government in the ER program; which is federal aid routes.

Representative Brandenburg: I'm just asking if there's a way we can figure out a solution for this. There are townships that need roads fixed and if we had a place to borrow it and knew the FEMA money was going to come in time.

Francis Ziegler: For the sake of clarity I want to share with you there is another bill SB2325. That's well beyond \$19 million; it's actually \$73.6 million. Where that money came from was from the Upper Great Plains Transportation Institute study; and that's the one we're monitoring.

Chairman Thoreson: We're focusing on HB1012; but if there's all these other bills in both chambers with millions of dollars, we have to keep a handle on that.

Representative Kroeber: The dollars we talked about for example in the Valley City district; the \$2.4 million from last year and the 2010 of this year. How much would that take and lower the impact that is in the studies on the agricultural roads? Would some of those dollars be going to fix those roads?

Grant Levi: The funds we were referring to were to restore roadways that were damaged as a result of water. It would bring them back into a condition so they're drivable. The Upper Great Plains Transportation Institute study didn't consider repairing those areas. What they considered was the need to take care of the system as a result of agricultural movements. No, those funds wouldn't be used specifically for that purpose. They're to repair specific areas.

Representative Kroeber: It's not all just state roads for the water; it's county and township roads also.

Grant Levi: The figures I shared with you were for county roadways that were on the federal aid county system. It's to specifically repair areas that were damaged.

Francis Ziegler: Grant did make a comment; and I want to reiterate his comment, when you're working with FEMA that is off the federal highway system. We don't have much control of that. What we do have is a manual that we've created and Grant worked, just today, with the Federal Highway Administration to redo that manual. One of the things that the manual does is give you some guidance as to how to deal with the ER program. So you're addressing environmental issues; and you're not building something where ultimately you're not going to get funded. If you go out there to build this ahead of time, you must have those inspection reports and have approval before you build.

Chairman Thoreson: Have there been situations where that's happened; where they refused to fund?

Francis Ziegler: Yes, it has.

Chairman Thoreson: Do you have a dollar amount?

Francis Ziegler: No, I don't have that with me today.

Representative Brandenburg: I can relate to what happened in Dickey county. They didn't get FEMA approval for their pit and some of those didn't get paid by FEMA. Some of them didn't get paid and they wanted their money back because there wasn't approval.

Chairman Thoreson: If there's an approval process, do they notify the subdivision or county in advance that we need these specs and then they're to design it to that or is that what this manual does? I'm not clear if it's a project by project type thing or if it's just a general guideline that you're supposed to follow under all projects.

Grant Levi: The manual that we put out is for the federal aid system, the ER projects; but the criteria is somewhat similar to FEMA. It is good guidance for the local units of government as they go forward. There's a 2 part process to it and it gets to be a difficult situation sometimes for the locals in that they have to have approval before they can do more major repairs in emergency situations. So, in addition to the manual, they have a process they need to follow; they also need to have approval. The federal government does that through a reporting process where there's an inspection. That was the discussion this morning with them as it relates to how that process works. We've had some counties in the ER projects that the federal government is presently reviewing that didn't entirely follow the process; even though we had some guidance out last year. We're trying to work through that.

Chairman Thoreson: You give guidance now, when the process is in place, is it direct communication between them and the federal government? Is there a step where you're involved during that process also?

Grant Levi: We are the go between to obtain the federal funds.

Chairman Thoreson: So they go to you and you go to the feds and then back?

Grant Levi: We go to the counties and work with them. It's becoming more difficult and I found that out today, because there's always process and procedures that are being added to get the federal money. I would caution that whatever we do; if we anticipate getting federal funds, we adhere to their process, walk through it, and lay everything out. We'll work very closely with the locals to do that.

Chairman Thoreson: Are they being proactive in giving you those updates or is that something you find when you get to that point?

Grant Levi: It was a good discussion today. They will work with us and they'll help us put out this guidance and our goal was to have it out within the next month to month and a half.

Representative Brandenburg: What happened a couple years ago; was there some changes? Some people went ahead, just thinking it was going to be approved and they didn't check everything out. There must have been some changes in that time frame where they fixed things.

Grant Levi: There have been some changes in process and you eluded to a pit sit at one time. What's occurred in the environmental process is federal government has taken the

position FEMA had; at that point in time, that the pit had to have full environmental clearance before anybody took material out of it. If it didn't have full environmental clearance, the material you used for it wasn't eligible for reimbursement.

Representative Brandenburg: They're having their township meetings now; and I think they kind of got the message on some of that stuff last time. A lot of time these townships aren't looking at the papers that are coming at them; they're worried about getting their crops seeded.

Francis Ziegler: The process, you asked if the DOT was involved. We actually hire the people to go out and do inspections on some of this damage. We hire them, we do the inspection reports; but, it's this whole approval process before you do work.

Chairman Thoreson: If it's truly an emergency situation where something has to be done, is there any leeway in following the guidelines then?

Francis Ziegler: Yes, there is. You can make it passable but you can't improve it.

Chairman Thoreson: So it has to just as good as, you can't do anything more?

Francis Ziegler: That's correct.

Representative Klein: I'm looking at item 11 on the green sheet; which is basically your update for your estimating. You're dealing with the same company you presently have and it's just a new package or is this a whole new program for \$532,000.00? Is this an existing program and it's just the latest update or is this a complete new program?

Francis Ziegler: What we have, in doing our engineering, is called Micro Station and Geo Pack. Those are Bentley products and they've been here and testified on various occasions. We hire them and we have all our software packages from them. The hardware we buy ourselves. What this is, is a connection between the Microsoft pieces of software that we're going to have to design; it's not just being able to buy a package from Bentley. There are spreadsheets that we have to create to help create the engineer's estimate. We're trying to update the estimate; right now, it's all being done by hand. This package would create the estimating electronically.

Representative Klein: So the package you have now, this will upgrade or improve that package? You'll end up doing some design yourself of interfaces?

Francis Ziegler: I couldn't say it better than that.

Representative Klein: So this cost is just for the package; it's not for your additional design then?

Francis Ziegler: It will get us to the point where we have electronic engineering estimating. Any connections that we have to make to Microsoft and then the final product that will spit out the estimate.

Representative Klein: Have you had IT on board with you that they're familiar with what goes on? They have an interface or connection with you also.

Francis Ziegler: This program went through Cy Tech and ITD and Russ Buchholz have talked about that a lot.

Chairman Thoreson: When that did go through Cy Tech; was that ranked as part of the projects within the state?

Francis Ziegler: I believe it was ranked #4 out of ten.

Russ Buchholz, ITD Director, North Dakota Department of Transportation: As far as that project; the estimating program was rated 4th. They categorized them under general funds, special funds or federal funds. That was under special funds.

Representative Klein: So you're the IT director working for DOT?

Russ Buchholz: That is correct.

Representative Klein: You regularly touch base with your counterparts over in ITD?

Russ Buchholz: Aiding as far as dealing with the large projects, we work hand in hand with the state information technology advisory committee as well as ITD. As far as getting our estimates, as far as what the program or interface would cost; we work directly with ITD to get those estimates.

Representative Klein: You feel comfortable with this number that you're getting a complete working package?

Russ Buchholz: Yes, we do.

Chairman Thoreson: One other item is \$500,000.00 for the beginning planning for the replacement of the driver's license system. I'm looking for some verification or acknowledgement that is the case in this case also.

Mike Ressler, Deputy CIO, North Dakota Information Technology Department: We are going to be heavily involved with DOT as they go through this. I believe they got roughly \$500,000.00 to do planning for their driver's license system. If you remember, that's one of the applications that's still on the mainframe. At some point, we do need to get that system off the mainframe; hopefully, or they will be the last man standing. I believe that there's been \$500,000.00 appropriated; it's to do a study. I think it will primarily do 2 things; it will determine what the requirements are for a new system; then 2nd it also explore the environment for what exists out there. If we can buy something off the shelf, we'd like to do that versus build from scratch. ITD will assist in is we always will do an architectural view; and our architects will then evaluate those situations and give advice to Francis as to what he should select.

Representative Klein: Have you got some kind of timeline as to how long it would take to get this going; or at least get the study completed so you could move from there?

Mike Ressler: I would hope we could conduct that study in the next biennium. For the next upcoming session, they could come before you with a proposal as to what it's going to cost to get that removed. A lot will determine on what we've purchased to do it. If there's something off the shelf that we can buy, that will be a lot faster than if there's an actual build that we'll have to do.

Representative Klein: At that rate you'll have to keep the mainframe going for several years.

Mike Ressler: I think the mainframe will be there for 6 years; based on where human service is. Due to the fact that that eligibility system is a 44 month project.

Representative Klein: Can you still find some Cobalt guys around?

Mike Ressler: They're retired IBM people who are looking for a long time. Those rates we're paying are \$120.00 an hour.

Representative Kempenich: Are we going to see steadily IT increasing processing costs?

Mike Ressler: The estimate that we put together; we knew the Bank of North Dakota and legislative council would be coming off; and so human services and DOT now have to pick up that additional cost. The mainframe is a very expensive platform. We see the software costs on that box going up on average 5% per year. The estimate we gave DOT is there cost will go up approximately \$180,000.00 to run what they're running today.

Representative Kempenich: Just the increased costs?

Mike Ressler: At some point it may make sense that DOT doesn't have a mainframe; so we're exploring as well, where can we have a contract with IBM direct. Our concern there is that means the data is going to be shipped to Texas; and then that creates costs; because, the pipe we have to use to get the data back, those costs go up.

Chairman Thoreson: So you would still have a mainframe, it just wouldn't ours. It would be theirs and we would house our information on it' but, you would still have to have a secure connection between point A and point B.

Mike Ressler: Exactly.

Chairman Thoreson: Is it only IBM that's providing mainframe service at this time?

Mike Ressler: I believe there's others that do it as well. The mainframe is going to be around for a long time. There are businesses where the mainframe computer is right platform to operate on. The state of North Dakota is so small and our processing needs are such that it's just too expensive for us to run that.

Chairman Thoreson: At what size does it become cost effective? Are there other states that are still using mainframe as their main source of computer?

Mike Ressler: Absolutely. We've looked at the state of Minnesota and they have an eligibility system that we've explored. We're always looking if we can partner with another state. They have enough processing where their mainframe, I believe, will be around for as long as IBM makes them.

Chairman Thoreson: Do you know if they have their vehicle registration and driver's license on the mainframe?

Mike Ressler: I do not.

Representative Kempenich: Maybe we should look at other states until we get transitioned over.

Mike Ressler: Absolutely. States today are looking to partner with each other; so, it's an option we'll explore.

Chairman Thoreson: Would there be any opportunity for North Dakota to be the host of the mainframe and have them pay us to do it?

Mike Ressler: We were close at one time with South Dakota; because, we felt we had a pretty good environment.

Chairman Thoreson: I would be curious to find out if Minnesota or other states around us are using the mainframe for their driver's license system. If we're looking at replacing it, maybe, they have something on the mainframe that's worthwhile in exploring.

Francis Ziegler: What we have is Minnesota is in the selection process to get off the mainframe with their driver's license system. That wouldn't be a state that we could work with. Kansas is rolling out next year and South Dakota bought the Indiana system; had it retrofitted but had issues with it, Montana is retrofitting. Those who retrofit; and the retrofit means they're buying software package from someone and trying to fit their state with it.

Chairman Thoreson: I think that is what this legislature's just asking the 2 of you to do; just keep looking and see what's the best for the tax payers. Do you have any idea how many different versions of driver's applications there are out there on the market right now?

Francis Ziegler: I do not. That's one of the things we're going to learn through this scoping process; to see who fits us best and fits our scenario best. Then look to what they're doing and how they're doing it.

Representative Kempenich: Did you get any figures on those airplanes?

Francis Ziegler: There's no aircraft in the DOT's budget.

Representative Kempenich: What we're trying to do is we have airplanes scattered through different agencies and what we'd like to is planes and fleet service.

Francis Ziegler: See attached testimony 1012.2.3.11A.

Chairman Thoreson: How many hours on the engines then?

Francis Ziegler: 339.8.

Representative Kempenich: You can probably get your money out of the engines. I'm just trying to figure out where we're at.

Francis Ziegler: The one thing that everybody needs to be aware of; it costs a lot of money to train your pilots. It's \$5,000.00 a pop and we have to send them to Florida twice a year to get recertified on these planes. If you get some sort of a scheme where you have a plane available but it's not one you're certified for it doesn't do you any good.

Representative Kempenich: What Mr. Taborsky is looking at is a Caravan and he did mention a C90; where you'd have similar configurations.

Francis Ziegler: Testimony continued.

Representative Kempenich: How many pilots are you running through?

Francis Ziegler: We have 3 pilots.

Chairman Thoreson: Are those their full-time job with DOT?

Francis Ziegler: Yes, it is. We also have a lot of part-time pilots that fly for us. I believe we have about 9 total part-time.

Chairman Thoreson: Those are employees of yours or just people you contract with to fly?

Francis Ziegler: There's a contractor to fly. We have created a rule with the King Air; dual engine plane needs 2 pilots and the same with the Cheyenne. Even though the Skymaster is a 2 engine plane, there's only 1 pilot. There are a lot of pilots in the National Guard in Bismarck; and they're easy to get.

Chairman Thoreson: What do you pay for a pilot on a part-time basis?

Francis Ziegler: \$35.00 an hour. Those include flying hours and waiting hours; so, if you fly to Fargo and have a whole day there, they get paid for sitting and waiting.

Chairman Thoreson: They're sitting at the jet center?

Francis Ziegler: We use the jet center. We just lost our chief pilot and so we're in the process of hiring another chief pilot.

Chairman Thoreson: How long has that position been open?

Francis Ziegler: Two weeks. He went to work for an oil company.

Representative Kempenich: Other agencies when they do approach you; what do you usually charge them for flying?

Francis Ziegler: The King Air is at \$940.00 flying time; it takes an hour to get to Fargo, it's \$940.00 and \$940.00 back. The Cheyenne is about the same price as the King Air; because of all the costs we have into it, we have to amortize those maintenance costs out. The Skymaster is in the neighborhood of \$300.00 an hour; that's depreciation, new engines, maintenance, fuel and the pilot. When we carry anyone with us, we proportion it out; commerce flies a lot. When commerce flies with us, we'll proportion it out. We'll take the number of passengers that are DOT and commerce and we share the cost. If commerce flies alone, they pay for the entire flight.

Chairman Thoreson: If an agency is using the plane, do they at anytime have someone who are not employees of their department? If they're doing travel for business purposes, where they're working with someone, is that ever a case where they bring along passengers who are outside of government?

Francis Ziegler: What we have tried to do is we want to be state employees; but, I'm not so sure if commerce hasn't had some individuals along. I can't answer that question. We have had both US Senators, past and present, with us; and a Congressman with us, so, we fly them.

Chairman Thoreson: Are they charged?

Francis Ziegler: No, they aren't.

Representative Kempenich: It's what it's costing you to fly the plane. You're not making any money above that?

Francis Ziegler: The DOT has always been a team player; whether it's with cities, counties, townships or whether it's with other state agencies. We're here to serve the public and if someone has a reason to get on the airplane with us, we handle it.

Chairman Thoreson closed the meeting.

2011 HOUSE STANDING COMMITTEE MINUTES

House Appropriations Government Operations Division
Medora Room, State Capitol

HB1012
February 21, 2011
Recorder Job# 14783

Conference Committee

Committee Clerk Signature 

Explanation or reason for introduction of bill/resolution:

A Bill for an Act to provide an appropriation for defraying the expenses of the department of transportation and relating to the distribution of highway funds.

Minutes:

Chairman Thoreson: Opened the discussion on HB1012.

Representative Klein: I would ask Brady or Alan to go through the amendment for us.

Brady Larson, North Dakota Legislative Council: See attachment 1012.2.21.11A.

Chairman Thoreson: How many counties does that encompass do you know?

Brady Larson: There would be a total of 5 counties affected by that \$500,000.00 limitation. Those are Hettinger, McHenry, McLean, Mercer, and Ward Counties. They all received under \$500,000.00 oil and gas production tax allocations.

Brady Larson continued with attachment 1012.2.21.11A.

Representative Klein: So basically we're dividing that into 2; the \$25 million goes out immediately and then the second one follows the next biennium?

Brady Larson: That's correct. Section 3 would go out immediately and then section 4 provides that the funds are to be distributed on April 1, 2012.

Brady Larson continued with attachment 1012.2.21.11A.

Representative Klein: Let's go back where you removed the \$228.6 million. The reasoning there would be to take that and start over? This was carry over?

Brady Larson: The \$228.6 million is not removed. What is removed, is the authority that given in this bill to carry that funding over from the 2011-2013 biennium forward into the 2013-2015 biennium.

Chairman Thoreson: What we discussed is a situation where the money isn't all spent that way they could come back to the legislature and have the carry over authority into the next biennium.

Brady Larson: That's correct.

Representative Klein: Made a motion to move amendment 008.

Representative Kempenich: Seconded the motion.

Representative Glassheim: What is this removing section 3? There's \$771 million in there; is there any effect on that? What happens to that \$700 million?

Brady Larson: That section noted that in section 1 of the act there is that \$771 million included in the funding for DOT that comes from the state highway fund. By eliminating the section; that doesn't affect any of that funding that is included in section 1 of the act. What it does affect is the ability for DOT to spend any additional funding that is received in the state highway fund. If you look in section 3; the last sentence says any additional amount in the highway fund that becomes available is appropriated to the DOT for the 2011-2013 biennium. So that authority is being removed; however, the funding of \$771 million is not affected.

Representative Kroeber: Why would we not want them to have the authority to take and spend additional dollars if they receive it? Why do we want to remove that authority?

Representative Kempenich: That's the federal money that \$771 million isn't it?

Brady Larson: I would believe that would be from the state highway fund.

Alan Knudson, Legislative Budget Analysis and Auditor, North Dakota Legislative Council: This was a new section that was added this time in the Governor's budget. In the past, if the department did need to have additional appropriation authority; they would go to budget section of the emergency commission. They would be required if they need additional authority to through the emergency commission budget section.

Chairman Thoreson: So that would keep it where it is now.

Representative Kempenich: It isn't changing the amount; it's just the authority. It's taking their continuing appropriation away, basically.

Representative Glassheim: What does the second sentence mean? Any additional amount that becomes available is appropriated.

Representative Kempenich: If there's any more money that shows up, they'd have to come in front either the budget section or the emergency commission. It's taking away the continuing appropriation.

Chairman Thoreson: They would just need to get authority as it is now to be able to spend those funds. Is that correct?

Chairman Thoreson: Let's say they get an additional \$100 million from some source; they would have to be able to go to the emergency commission or budget section to get approval for that.

Representative Glassheim: That may mean what you're intending; but I read "is appropriated". Suppose they get \$100 million more in the highway fund; it is appropriated to DOT.

Representative Kempenich: That's the continuing appropriation language; removing the continuing appropriation authority.

Chairman Thoreson: Which is new language which is not currently in there.

Brady Larson: One additional item I wanted to highlight is the changes to the section that provides the \$142 million for the county and township road reconstruction program.

Chairman Thoreson: Looking at the original bill, this would be on page 3 is that correct?

Brady Larson: The changes would take place in subsection 4. If you look at subdivision A; the current bill said 100% of cost of approved paved roadway projects would be available. That is changed to 90%; then subdivision B, instead of 20% of the cost of approved unpaved roadway projects; that would be changed to 25%. Also to note on that section, subsection 8 is removed. What subsection 8 provides is that any funding that is not used in 2011-2013 biennium; would be able to be carried over to the 2013-2015 biennium. This would be the same situation as was just discussed with the state highway fund amount that was related to the \$228.6 million for state roadways and areas affected by oil and gas development.

Chairman Thoreson: There had been some discussion about with the 100% going to 90%; the counties would have some buy in. They would have to put some dollars in if I'm correct in that discussion?

Representative Kroeber: I thought these dollars were set up on the study that was done. So now we're going to take away the 100% and make it 90%; are we assuming that the counties have these dollars? Are we assuming that the townships have these dollars? I thought our big goal was to take and match roads up in the study so we didn't build a road and then it runs into the ditch some other place. Why are we doing this?

Representative Klein: I think the idea was to get some buy in from the townships and counties who aren't getting money through the other system.

Representative Kroeber: Do the counties and townships have the dollars to buy in the 10%? The original paved or original unpaved was what?

Chairman Thoreson: You're talking about the language in the bill as is?

Representative Kroeber: Correct.

Chairman Thoreson: Right now it's that 100% of the cost of approved paved roadway projects and for the unpaved it's 20%. So what it's doing is on the 100% it's bringing that to 90%; but it's also bringing up the 25% for non paved roads.

Representative Brandenburg: Just to explain, I think the thought process is that if you had a paved road it's going to cost \$200,000.00; where before we paid the whole \$200,000.00. Now if it's 10% this program would pickup \$180,000.00; and the county would pickup \$20,000.00. Probably so the roads are picked appropriately by the county and there's a little bit of buy in by that county. If they're getting 90%, the county should be able to come up with 10%. They're adding 5%, from 20% to 25%; so you're actually getting a better deal on the gravel.

Representative Klein: I think part of the philosophy there being we're trying to push the counties to do more gravel roads. The upkeep on paving with the way most of them are done; they're not heavy enough to carry many of those loads. Many counties have gone back and gone to gravel.

Representative Kroeber: Wasn't all this based on the study that was being done? So are we changing what is going to be done now; that the study recommended?

Representative Kempenich: The \$142 million; what the study basically showed was that there'd be \$118.2 million for paved roads and \$23.8 million for unpaved roads. You're changing this a little bit; that structure if I'm reading right. Basically, when the Governor put this together; this is half of what was identified in that study. There's more than what this money's going to cover.

Representative Kroeber: Is the total \$142 million still there within the Governor's budget?

Chairman Thoreson: Yes it is.

Representative Kempenich: The total money is still there but it's not enough for what that study indicated. I think they were indicating \$300 million for this.

Representative Kroeber: On the \$25 million on section 3; you said it was the oil producing counties of which you told us there were only 5 of those, correct? I always thought we talked about 17 oil producing counties.

Brady Larson: What the funding in section 3 is for is for the non oil and gas producing counties. It would apply to all counties except the ones that do not qualify under this section. The qualification in this section is that a county must either not receive an oil and gas production distribution or have an oil and gas production distribution of less than \$500,000.00 for the state fiscal year 2010. Out of those 17 counties, there would be 5 of them that would be eligible to receive funding under this section.

Representative Kroeber: So we add to the other counties in the state, we add these five also that will be eligible for this \$25 million?

Chairman Thoreson: That's correct.

Representative Dahl: It's \$50 million is that correct?

Chairman Thoreson: It's \$25 million in this current biennium and then there would be an addition \$25 million in 2011-2013.

Representative Glassheim: Both those \$25 million are from the general fund?

Chairman Thoreson: Those are from the general fund.

Representative Klein: If you look on the back page you'll notice that we took the 25% of the motor vehicle tax collection and put that to the general fund. That handles one of the \$25 million.

Representative Brandenburg: It also breaks it down 60% to the counties and 20% to the cities and 20% to the townships.

Chairman Thoreson: I'm going to ask council to walk through this again just so we're clear.

Brady Larson continued with attachment 1012.2.21.11A.

Chairman Thoreson: They're there in place of the township.

Brady Larson: Correct

Explanation continued.

Representative Klein: On top of page 2 I'd like to point out where you asked the question earlier, Representative Kroeber. Organized townships are not required to provide matching funds to receive distributions under this section.

Representative Kempenich: They're going to have to spend county money to make this work.

Representative Kroeber: On the 25% of the motor vehicle excise tax that was already in from the Governor's budget. We didn't increase that any; is that not correct?

Representative Klein: We took that out so it goes directly to the general fund now.

Representative Kempenich: Instead of the state roads; the state roads took a hit on the excise tax; but the counties, townships and cities.

Representative Kroeber: You indicated that there would be more dollars in the fund to cover this; because of the 25% motor vehicle excise tax. Is not the 25% motor vehicle excise tax that the Governor had in his budget still in the highway tax distribution fund?

Representative Kempenich: No.

Representative Kroeber: It's not? So we removed \$46 million on the highway tax distribution fund.

Representative Klein: If you look on the bottom of page 4 relating to deposits of the 25% motor vehicle excise tax collection.

Representative Kempenich: I think that's what that's referring to; there's 25% excise tax coming out of the highway distribution fund and is going into the general fund.

Representative Kroeber: I consider that quite a change when you remove that from the highway distribution fund. I would think that the cities and counties wouldn't be too pleased with the fact that it's not going through highway distribution fund.

Representative Dahl: It's my understanding that that was never the case. That's a new recommendation in the executive budget. So it's not like in past bienniums we've had 25% going to this fund to begin with. It was a new funding change to begin with; we're changing the executive recommendation but we're not fundamentally changing a policy that we've had for a number of years.

Representative Kroeber: We certainly are changing the 22% of that amount of \$46 million is not going to go to the counties; and 12.5% is not going to go to the cities; and 2.7% isn't going to go to the townships. Once you remove it from the highway distribution fund.

Representative Kempenich: That's not true. The only question we have is if there's enough money to match all the federal highway funds. It isn't going to change the formula of the highway distribution fund; this is going to increase the county and township.

Representative Kroeber: That's not the case at all. You're taking out \$50 million; you're putting in \$25 million and \$25 million that's going to be distributed in quite a number of ways and you're taking \$46 million off the top.

Representative Kempenich: No.

Representative Kroeber: Brady would you explain that to me please?

Brady Larson referred to attachment 2012.2.21.11A.

Representative Brandenburg: Actually you have \$50 million going to the counties, cities, and townships on a breakdown of 60% to the counties, 20% to the townships and 20% to the cities. So the winners are really those three areas; the counties receive more. Instead of getting only \$17.3 million in the old formula, they're going to get \$50 million.

Representative Kroeber: That's not true. Number one you better subtract the \$17.3 million that you took away from the \$50 million and be honest and say you added \$32.7 million.

Representative Brandenburg: I stand corrected but it's still \$32.3 million going to those townships, cities and counties that they wouldn't have got in the old way.

Chairman Thoreson: I guess the bottom line is we're looking for more ways to get more money to the cities, counties and townships. While it may not be exactly as it was coming to us in the recommendation; we've tried to find perhaps the best formula to get those dollars out. And in a timely manner to do what we need to do to get these roads repaired. This is something that has been hashed over quite a bit; I think this is something we're looking at as a vehicle to do so.

Representative Kroeber: If it was hashed over quite a bit; it wasn't hashed over quite a bit in this committee when we had people testifying. This is the first time I've seen any of this and Representative Glassheim is in exactly the same boat. So if we hashed it over quite a bit, I don't know when it was.

Chairman Thoreson: We've had a lot of discussion on this in committee; we've obviously been waiting on these bills for a long time. These amendments are something some of us have been working on; I've been waiting for them.

Representative Kempenich: We've had 2 bills and we had HB1043 which was about \$143 million; that wasn't going to go anywhere. We had that other bill for \$18 million; we're up to \$33 million.

Representative Glassheim: I wondered just for clarity Brady if we could get one of those flow sheets under the new plan?

Chairman Thoreson: You're referring to the flow sheet that was provided by DOT in their original testimony?

Representative Klein: Representative Glassheim part of the problem was we didn't know where to go with this thing until after today. Then all of a sudden try to come up with amendments to make this thing go.

Representative Kroeber: Removing the 3 FTE's from the transportation technician positions. In our discussion I thought we had talked about that; that we basically needed those 6 to take and help cover all of the projects that we hope to get going and hopefully we are going to get more money in for some of the non impact counties. What was the reasoning on all of a sudden we don't need 6?

Representative Kempenich: I think the 6 those technicians were plow operators and didn't have anything to do with money going out. I think one of the things is that they have a lot of openings right now; and we were questioning. I'd like to see bonuses or some work on that angle of what we have now. I'd like to look at the structure of retention. We did take out the \$1.1 million; but I think that number was going to need to be adjusted anyway if we're going to go in that direction.

Representative Kroeber: I think they had asked for 3 for the CDL license program; was it not? Where we're so far behind and we need CDL's? They had asked for 3 additional; and we're going to leave 1 apparently and remove 2. Is that correct?

Representative Klein: They had asked for 4 and we reduced it to 2 in that area. The other one they had asked 2 and we reduced it to 1.

Representative Kroeber: The last one was for the licensing where they're 6 weeks behind?

Representative Klein: Yes.

Representative Kempenich: It's not only the state government. I was talking to my brother and he works for the forest service; they're losing people to the oil patch on the federal side also.

Representative Klein: This moves over to the senate side; right now that was kind of the direction we got.

Representative Kroeber: Just so I'm sure the \$228.6 million that was out of the permanent oil trust fund; for the oil and gas counties we didn't touch that. Is that correct?

Chairman Thoreson: That's correct.

Representative Kroeber: And the \$142 million, that's ok?

Chairman Thoreson: That's correct.

Representative Kroeber: Also the \$100 million impact funding? Oh that's a different one. I don't know if anyone has mentioned this one; and that's removing the salary equity funding for \$1.1 million.

Representative Kempenich: That's one of the whole problems. The problem is that it's not going quite system wide but just about on this \$1.1 million. It isn't enough to do what it's intended do. We're going to have to work on this to get something together; because, \$120.00 a month isn't going to make anybody stay. That's one of the issues; how we're going to this.

Representative Kroeber: If \$1.1 million isn't enough; by taking out the \$1.1 million that doesn't really help the process much.

Chairman Thoreson: There's been a look at equity funding throughout budgets; we do have a salary study that's being worked on right now. I think there's been some comment that before we're done in April; we should have the results of that across state government. Some of the direction we've been getting is that we should step back from equity funding; see what the consultants are going to come forward and use our best judgment at that time. We will still have bills such as OMB for example that we can work to address any concerns before we adjourn and go home.

A voice vote was taken on amendment 11.8154.01008 and passed.

Representative Glassheim: See attached 1012.2.21.11B.

Representative Glassheim: Made a motion to move 1002.

Representative Kempenich: Seconded the motion.

Chairman Thoreson: On page 1 there is a repealer. Do you know what section 2 of chapter 573 of the 2009 session laws it pertains to.

Representative Glassheim: It appears that it repeals this going forward.

Brady Larson: This repealer affects section 2 of SB2338 that was passed in 2009. That was regarding the same issue. The reason that the repeal was added is because in that section it stated that any funding that remained in the highway rail grade crossing safety fund at the end of 2009-2011 biennium was to be transferred to the highway tax distribution fund. In order to keep the funding that is in that fund into the next biennium, we had to remove that provision from last time that would have transferred the funds.

Chairman Thoreson: By doing this that would not allow the transfer, is that correct?

Brady Larson: That's correct.

Representative Klein: And how much was in that fund yet?

Brady Larson: It's estimated to have \$230,000.00 at the end of the biennium.

Chairman Thoreson: \$230,000.00 would not be transferred; it would be used for this instead.

Brady Larson: That's correct.

Representative Klein: How many have we put in place; are you familiar Representative Glassheim of these quiet zone rail crossings? I've heard a lot of discussion but I don't know how many are actually in place.

Representative Glassheim: Brady gave me a print out but I don't have it with me. It seems to me there were about 8 of them.

Brady Larson: There are approximately 8 cities that either have received funding or are expected to receive funding under this program.

Chairman Thoreson: If we were to adopt this; would this money to go to those cities? Would they be able to go ask for additional money or would it just go to other cities looking for it?

Brady Larson: It would not restrict the existing recipients from seeking new funds.

Representative Klein: Was there a limit before?

Brady Larson: In the existing 2009-2011 guidelines, a city was not able to receive more than \$225,000.00 under this program.

Representative Brandenburg: I kind of remember of this from finance and tax; what was the cost for one of those crossings?

Brady Larson: The guidelines for the program stated that a grant for a single crossing could not exceed \$75,000.00. I'm not aware of what the average cost of one of the projects would be.

Representative Brandenburg: I think that was part of the problem. There's a portion the city had to pick up and that's why it didn't get used.

Representative Glassheim: They vary in what needs to be done. You can go up to almost \$500,000.00 if you need many arms coming down in a median. There are also things that can be done for \$20,000.00 to \$40,000.00; you could close a road and they wouldn't blow the whistle going by that. Some cities have some work already done. It's open now for any city to apply for it.

Representative Klein: Have you checked how much money is in that fund yet?

Representative Glassheim: Yes.

Chairman Thoreson: It's the amount in the fund basically.

A voice vote was taken on attachment 1012.2.21.11B and adopted.

Representative Kempenich: I could see if anyone is interested in upgrading aircraft.

Chairman Thoreson: Do you have any amendments?

Representative Kempenich: Explained how the amendment would work.

Representative Kempenich: Moved his verbal amendment.

Chairman Thoreson: If the Vice Chairman would like, I would step out of the role as the chair and second the motion for discussion purposes.

Representative Klein: I sort of agree with Representative Kempenich. Since we got held up with time, is that a problem?

Representative Glassheim: I'd feel a lot more comfortable if you turned it into a study so we could get the appropriate people; those who own it, those who are going to run it and figure out if you want to do it, how to do it so it makes sense.

Representative Kempenich: That's been one of the logistic things and I've been getting a lot of comments from people from the floor that have been suggesting this and suggesting that; it gets a little more complicated. I was trying to figure out how to keep it moving forward. We could turn it into a study if you wanted to.

Chairman Thoreson: If you'd like would you care to propose language to study the issue?

Representative Kempenich: Yes.

Representative Dahl: Seconded the motion.

Chairman Thoreson: There's been a second to introduce language of intent that we study it.

A voice vote was made that we add language and passed

Representative Klein: Made a motion for a "Do Pass as Amended".

Representative Dahl: Seconded the motion.

A roll call vote was made for a "Do Pass as Amended". 5 Yea's 2 Nay's 0 Absent.

Chairman Thoreson closed the discussion.

2011 HOUSE STANDING COMMITTEE MINUTES

House Appropriations Committee
Roughrider Room, State Capitol

HB 1012
2/22/11
Job # 14785

Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of the department of transportation; to amend and reenact section 57-40.3-10 of the North Dakota Century Code, relating to the distribution of highway funds; to provide for transfers; to provide an effective date; to provide an expiration date; and to declare an emergency.

Minutes:

Proposed amendment

Chairman Delzer: Opened the meeting. Roll was called and a quorum was declared. We heard the revenue forecast and OMB and we need to adopt the revised forecast and we need to adopt the revised forecast that was handed out. It amounts to \$42.561 million. In the current biennium it is \$422 thousand in the next biennium for adjustments.

Vice Chairman Kempenich: Move we adopt the general fund revenue revisions

Representative Thoreson: Second

Chairman Delzer: Discussion

Representative Glassheim: The projections for the general oil trust fund were low based on 85 instead of 75. The governor's projections are based on \$75 and Moody is pretty clear in saying more. They were at \$85 and \$90 and even 10% off that would be idea.

Chairman Delzer: Let's hope they're right, because if it's the other way around we have some real challenges. We are forecasting high oil production and prices the last two biennium's.

Representative Skarphol: We can't move the oil; there's \$2 million stranded and the fracking is not happening because of the weather and the snow so the production estimates are probably high as opposed to the price being low.

Vice Chairman Kempenich: I think they're four months behind on the fracking part of it.

Chairman Delzer: Voice vote carried. We'll go to HB 1012.

Representative Klein: On HB 1012, I move we adopt amendment .01009. Seconded by Rep. Thorson. Went over the amendment. 60% would be going to counties; 20% to cities and 20% to townships.

Chairman Delzer: You have section 4 and 5 both; each one adds \$25 million.

Representative Klein: Correct. There is \$25 million added for the 2009 and 2011 biennium the same way. We removed three transportation technician positions; there were six included in the recommended executive budget. We removed two driver license examiner positions; there were four included. Then we removed one motor vehicle licensing specialist. They had two in the executive recommendation. The salary equity funding of \$1.1 is removed. \$230,000 is added for highway rail grade projects leaving a balance in that system. There is an amendment; we removed a section relating to continuing appropriations for additional funding in the state highway fund and we removed a section that deposits 25% of the motor vehicle excess tax in the highway distribution fund. It adjusts the county and township road construction program changing from paved road share from 100% to 90% and the gravel road share from 20 to 25%. Removed the authority to carry unspent funds into the 2013-15 bienniums and removed the section that provides authority to carry unspent funds into the 2013-15 bienniums that relates to the permanent oil trust funds for state highways in areas affected by oil and gas development. Then we added a section to study state agency use of airplanes. There is another amendment that Rep. Glasheim has that he will talking about later.

Chairman Delzer: The construction can be done this construction season? And in the middle of page 3, you have a definition of what are the non oil-producing counties? Totally non oil, but this includes four or five counties that get a very small amount of the oil money.

Representative Klein: Correct.

Representative Thoreson: Legislative Council has that information. It was explained to us in our section if you would like to give us that.

Brady Larson, LC: In 2010 there were 18 counties that received an oil and gas production gas distribution. Of that amount five did not have enough allocations so they would be eligible to receive the funding under these sections? Those counties are Hettinger County, McHenry, McClain, Mercer and Ward Counties.

Chairman Delzer: Quiet rail is what is left of what is passed last biennium? Then there is a repealer in there because we have to repeal that section of the session laws.

Representative Klein: Correct

Representative Thoreson: The section in this amendment is in a previous amendment .01009 and that does refer the repealer deals with session laws from last session and one of the SB 2338 which dealt with this area.

Chairman Delzer: What that said was that the money reverted back to the highway distribution fund?

Representative Thoreson: That's correct.

Chairman Delzer: So .01002 is all incorporated into .01009, is it not?

Representative Thoreson: Correct.

Representative Bellew: Can you explain the how the general funds are absorbed in this budget? It looks like it's only an increase of 5.8 million.

Chairman Delzer: That comes from the excise tax, when we shifted that back to the general fund that was \$45 million so you have a cost to do the \$50 million and you have a cost of an additional \$5 million.

Representative Nelson: Why did you do that instead of having a stable funding source instead of having to look at it each session?

Chairman Delzer: Infrastructure is something we need to take care of, but we also have challenges of matching our federal money and whatever and the fact of the matter is we had our discussion before. Oil is precarious. This puts it out there as one time funding, plus this gives a lot more money to the non-oil producing counties, because otherwise most of that money went to the highway fund or was shared with all counties as where this does it strictly for the non oil counties and it was the view of government ops at that time that it was a better shift since we are putting in \$228 million plus \$142 million into the oil counties to try and get what we could to the non oil funds.

Representative Nelson: I wouldn't disagree with you on the basis of this biennium, but if you look into the future, that stable funding source is something many of us in the legislature have tried to bring forward. This was the first attempt at a stable funding source to the highway distribution fund. That concept I like, but from the biennium standpoint this puts more money into roads in non oil counties there is no question about that.

Chairman Delzer: That was a choice that had to be made because it is really hard to add the money on top without finding a way to fund a portion of it.

Representative Thoreson: I would agree, that was our goal, to get as much out there as quickly as possible to try and help out the situation because we have heard many times what our needs are. I understand we are looking for a stable funding source, but I guess we decided this was the best way to handle it at this time. I am sure we will see changes coming up after it crosses over and hopefully we can come up with some agreement with that.

Chairman Delzer: It's certainly not over in the first half.

Representative Nelson: I understand, and I'll support the bill, but I wanted to make the point. There are many on both sides of the aisle that have looked at this idea and honestly looked at it at a higher percentage rate and that would have accomplished the goal, but I know this is a little bit of a reach.

Representative Hawken: I know we hesitate to go beyond bienniums, but with the transportation and infrastructure needs in the state, what was the rationale behind not having carryover?

Rep. Kroeber: With the removal of this 25% excise tax from the highway distribution fund, are we still going to be able to match our federal dollars with the amounts that in this right now?

Rep. Klein: We have been assured there is enough money to provide the match so they feel comfortable with it.

Rep. Kempenich: We are backfilling in not only the \$176 million that we had last session plus when you take a look at the total package we are about \$200 million up from last biennium as far as going into the roads. The problem with oil is you usually don't spend that money until it is in the bank. All of this is perspective. Roads are a good place to put it because if it doesn't show up at least it isn't going to impact people.

Rep Skarphol: I look on page 2 section 4 it says there is appropriated out of any money in the general fund of the state treasury \$25 million. To me that say it is a general fund appropriation. I am wondering why it doesn't show up on the \$5 million; seconded, I am wondering if the five counties mentioned are eligible for both non oil producing money and oil producing money; if I look at the Upper Great Plains Transportation Institute and the studies they have done it would seem to me that the needs in the other 36 counties in this state are nearly as great of oil counties and I am not quite sure I believe this is enough money for those non oil producing counties.

Brady Larson, LC: On page 3 it is the beginning of the statement of purpose of the amendment and you will notice that \$25 million is going to the State Treasurer and that represents the 2011-13 biennium transportation and funding distributions. As you mentioned the 2009-11 transportation funding distributions are going out in this biennium so it will show up as a reduction and beginning balance of the general fund for the 2011-13 biennium.

Rep. Skarphol: That is fine but it is still general fund money coming out of this biennium. Are the five counties eligible for both?

Brady Larson, LC: Depending on what is included at the Great Plains Transportation Institute the DOT is suppose to use that as a guide for how the \$142 million is spent.

Chairman Delzer: I don't remember those five counties receiving any of it in this two years under the \$142.

Rep. Skarphol: Yes Ward County is included.

Chairman Delzer: It is up to this committee whether you want to leave them in there or pull them out.

Rep. Kroeber: On page 4 we should share some thoughts from the committee discussion we had. On removing of the transportation technician positions; there were six of those in the budget and they cut it down to three. The department came in and talked about the extreme need they have for these operators so cutting that to three was not what we should have done. Also on the removing of the drivers license examiner positions; those were for the CDL certifications and we were told they have a long wait list for people trying to get CDL licenses and those are greatly needed out in the west. We are going to have a difficult time taking care of that end of it. Removing the vehicle license specialist from two to one we all heard in here when the department talked about being behind six to nine weeks in taking and getting the new registrations out on that. If you look at the last one on removing salary equity of the \$1.1 million this is really necessarily in order to take and keep the operators we have and not have them take and leave and go out west. The committee should be aware of all these cutbacks.

Rep. Thorson: The committee looked at that perhaps there can be a case made that that needs to be adjusted one way or another before we are all done here. We thought this was a fair place to start in the discussions.

Voce vote carried for amendment .01009

Further discussion:

Rep. Skarphol: I am going to make a motion 1 mill in Hettinger county raises \$10,000 roughly. One mill in McClain County raises \$37,400; one mill in Mercer County raises \$21,000; one mill in McHenry County raises \$26,000 and one mill in Ward County raises \$185,000. I don't believe Ward County should be in the same poll and I would move that Ward County be removed from being eligible for money under this program. Seconded by Rep. Pollert. That could receive this non oil county money.

Discussion:

Rep. Skarphol: I find it extremely frustration that a community that has all of these needs. At the expense of other communities. There are a lot of small communities in Western ND that have a lot fewer resources to deal with than Ward County. They have a very diverse economy as you can see one mill raises four to six times as much as any other county out there of these five and I would hope that this committee would recognize that fact and allow the small communities out there to be the beneficiaries of this.

Rep. Kempenich: What was project on Great Plains that Ward County was going to receive?

Rep. Skarphol: I did not memorize the document. They can raise a tremendous amount of money in that community with simply changing their mill levy slightly and take care of themselves.

Rep. Klein: There is a lot of impact that involves Minot and Ward County that has to do with the oil industry. I don't think we should leave one county out because they can raise taxes? That seems totally unfair.

Chairman Delzer: This is something to think about. Depending of where we want this money to go. When you take a large city out it does spread a lot more money to the smaller rural areas. When you put it out through Subsection 4 of 57. I am going to go ahead and support this at this time. I think maybe it should be discussed further down the line.

Rep. Nelson: Obviously I serve a district that would be benefiting from this amendment but on the other hand it appears to me that Minot is caught in limbo in that equitation because they are the new kid on the block when it comes to the major city allocations from that fund and now they are the big kid on the block from this standpoint because of Minot and there are allot of needs that the city of Minot takes from Ward County.

Rep. Kempenich: I didn't think about this until Rep. Skarphol made this motion that Ward County fought like crazy to be part of the oil and gas producing counties, but when it comes into if we can take whatever then they need to decide if they want to be outside that issue or in the issue as far as oil and gas producing counties. That is more what the question is than it is whether they are eligible for this extra money.

Chairman Delzer: I don't think there is any question that Ward County is part of the oil producing counties. The amendment is written that it is anyone that receives less than \$500,000 of the share of the \$247 million that goes back out on the oil production side.

Rep. Skarphol: The other counties with a one mill increase can only raise half as much of Ward County combined.

Roll Call Vote: 10 Yes 11 No 0 Absent Failed

Do Pass As Amended Motion Made by Rep. Klein; Seconded by Rep. Thoreson

Vote: 18 Yes 3 No 0 Absent Carrier: Rep. Klein

Hearing closed.

11.8154.01008
Title.
Fiscal No. 5

Prepared by the Legislative Council staff for
House Appropriations - Government
Operations
February 21, 2011

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1012

Page 1, line 2, remove "to amend and reenact section 57-40.3-10 of the North Dakota Century Code,"

Page 1, line 3, replace "relating to the distribution of highway funds" with "to provide appropriations to the state treasurer for transportation funding distributions"

Page 1, line 3, remove "to provide an effective date;"

Page 1, line 4, remove "to provide an expiration date;"

Page 1, replace line 14 with:

"Salaries and wages	\$147,373,254	\$17,711,006	\$165,084,260"
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Page 1, replace lines 21 and 22 with:

"Total all funds	\$1,067,932,917	\$478,658,406	\$1,546,591,323
Less estimated income	<u>1,067,932,917</u>	<u>472,808,406</u>	<u>1,540,741,323"</u>

Page 1, replace line 24 with:

"Full-time equivalent positions	1,054.50	6.00	1,060.50"
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Page 2, replace lines 17 through 23 with:

"SECTION 3. APPROPRIATION - STATE TREASURER - 2009-11 BIENNIUM TRANSPORTATION FUNDING DISTRIBUTIONS. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$25,000,000, or so much of the sum as may be necessary, to the state treasurer for the purpose of providing transportation funding distributions, for the period beginning with the effective date of this Act and ending June 30, 2011. The funding provided in this section is considered a one-time funding item. The state treasurer shall distribute the funds provided under this section prior to June 30, 2011, as follows:

1. Sixty percent to non-oil-producing counties based on each county's share of funding received in state fiscal year 2010 from total funding distributions made to non-oil-producing counties pursuant to subsection 4 of section 54-27-19.
2. Twenty percent to cities in non-oil-producing counties based on each city's share of funding received in state fiscal year 2010 from total funding distributions made to cities in non-oil-producing counties pursuant to subsection 4 of section 54-27-19.
3. Twenty percent to counties and townships in non-oil-producing counties based on each county's or township's share of funding received in state fiscal year 2010 from total funding distributions made to counties and townships in non-oil-producing counties under section 54-27-19.1.

Organized townships are not required to provide matching funds to receive distributions under this section.

For purposes of this section, a "non-oil-producing county" means a county that did not receive an allocation of funding under section 57-51-15 during state fiscal year 2010 or a county that received a total allocation under section 57-51-15 of less than \$500,000 for state fiscal year 2010.

SECTION 4. APPROPRIATION - STATE TREASURER - 2011-13 BIENNIUM TRANSPORTATION FUNDING DISTRIBUTIONS. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$25,000,000, or so much of the sum as may be necessary, to the state treasurer for the purpose of providing transportation funding distributions, for the biennium beginning July 1, 2011, and ending June 30, 2013. The funding provided in this section is considered a one-time funding item. The state treasurer shall distribute the funds provided under this section on April 1, 2012, as follows:

1. Sixty percent to non-oil-producing counties based on each county's share of funding received in state fiscal year 2011 from total funding distributions made to non-oil-producing counties pursuant to subsection 4 of section 54-27-19.
2. Twenty percent to cities in non-oil-producing counties based on each city's share of funding received in state fiscal year 2011 from total funding distributions made to cities in non-oil-producing counties pursuant to subsection 4 of section 54-27-19.
3. Twenty percent to counties and townships in non-oil-producing counties based on each county's or township's share of funding received in state fiscal year 2011 from total funding distributions made to counties and townships in non-oil-producing counties under section 54-27-19.1.
Organized townships are not required to provide matching funds to receive distributions under this section.

For purposes of this section, a "non-oil-producing county" means a county that did not receive an allocation of funding under section 57-51-15 during state fiscal year 2011 or a county that received a total allocation under section 57-51-15 of less than \$500,000 for state fiscal year 2011."

Page 2, remove lines 29 and 30

Page 3, remove lines 1 through 10

Page 3, line 11, remove the boldfaced dash

Page 3, line 12, remove "CARRYOVER AUTHORITY"

Page 4, line 5, replace "One-hundred" with "Ninety"

Page 4, line 7, replace "Twenty" with "Twenty-five"

Page 4, remove lines 18 through 28

Page 4, line 31, after "Act" insert "and section 3 of this Act"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1012 - Summary of House Action

	Executive Budget	House Changes	House Version
State Treasurer			
Total all funds	\$0	\$25,000,000	\$25,000,000
Less estimated income	0	0	0
General fund	\$0	\$25,000,000	\$25,000,000
Department of Transportation			
Total all funds	\$1,548,283,665	(\$1,692,342)	\$1,546,591,323
Less estimated income	1,542,433,665	(1,692,342)	1,540,741,323
General fund	\$5,850,000	\$0	\$5,850,000
Bill total			
Total all funds	\$1,548,283,665	\$23,307,658	\$1,571,591,323
Less estimated income	1,542,433,665	(1,692,342)	1,540,741,323
General fund	\$5,850,000	\$25,000,000	\$30,850,000

House Bill No. 1012 - State Treasurer - House Action

	Executive Budget	House Changes	House Version
Transportation funding distributions		\$25,000,000	\$25,000,000
Total all funds	\$0	\$25,000,000	\$25,000,000
Less estimated income	0	0	0
General fund	\$0	\$25,000,000	\$25,000,000
FTE	0.00	0.00	0.00

Department No. 120 - State Treasurer - Detail of House Changes

	Adds Transportation Distribution Funding ¹	Total House Changes
Transportation funding distributions	\$25,000,000	\$25,000,000
Total all funds	\$25,000,000	\$25,000,000
Less estimated income	0	0
General fund	\$25,000,000	\$25,000,000
FTE	0.00	0.00

¹ This amendment appropriates \$25 million from the general fund to the State Treasurer to provide 2011-13 biennium transportation funding distributions to counties, cities, and townships in non-oil-producing areas.

A section is added to provide a \$25 million deficiency appropriation to the State Treasurer for 2009-11 biennium transportation funding distributions to counties, cities, and townships in non-oil-producing areas. This section is an emergency measure.

House Bill No. 1012 - Department of Transportation - House Action

	Executive Budget	House Changes	House Version
Salaries and wages	\$166,776,602	(\$1,692,342)	\$165,084,260
Operating expenses	204,090,250		204,090,250
Capital assets	943,529,831		943,529,831
Grants	67,767,407		67,767,407
County and township road program	142,000,000		142,000,000
Federal stimulus funds	24,119,575		24,119,575
Total all funds	\$1,548,283,665	(\$1,692,342)	\$1,546,591,323
Less estimated income	1,542,433,665	(1,692,342)	1,540,741,323
General fund	\$5,850,000	\$0	\$5,850,000
FTE	1066.50	(6.00)	1060.50

Department No. 801 - Department of Transportation - Detail of House Changes

	Removes Transportation Technician Positions ¹	Removes Driver's License Examiner Positions ²	Removes Motor Vehicle Licensing Specialist Position ³	Removes Salary Equity Funding ⁴	Total House Changes
Salaries and wages	(\$310,206)	(\$180,586)	(\$101,550)	(\$1,100,000)	(\$1,692,342)
Operating expenses					
Capital assets					
Grants					
County and township road program					
Federal stimulus funds					
Total all funds	(\$310,206)	(\$180,586)	(\$101,550)	(\$1,100,000)	(\$1,692,342)
Less estimated income	(310,206)	(180,586)	(101,550)	(1,100,000)	(1,692,342)
General fund	\$0	\$0	\$0	\$0	\$0
FTE	(3.00)	(2.00)	(1.00)	0.00	(6.00)

¹ Three FTE transportation technician positions added in the executive recommendation are removed. The executive recommendation added a total of 6 FTE transportation technician positions.

² Two FTE driver's license examiner positions added in the executive recommendation are removed. The executive recommendation added a total of 4 FTE driver's license examiner positions.

³ One FTE motor vehicle licensing specialist position added in the executive recommendation is removed. The executive recommendation added a total of 2 FTE motor vehicle licensing specialist positions.

⁴ Funding included in the executive budget for salary equity adjustments for heavy equipment operators is removed.

This amendment also:

- Adds a section relating to the distribution of transportation funding by the State Treasurer to counties, cities, and townships.
- Removes Section 3 relating to the appropriation of additional funding in the state highway fund.
- Removes Section 5 relating to deposits of 25 percent of motor vehicle excise tax collections in the highway tax distribution fund rather than 100 percent in the general fund.
- Adjusts Section 6 relating to the county and township road reconstruction program.
- Removes Section 7 that provides carryover authority for \$228.6 million of funding designated for extraordinary state roadway maintenance in areas affected by oil and gas development.

Date: 2-21-11
Roll Call Vote #: 1

2011 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1012

House Appropriations Government Operations Division Committee

Check here for Conference Committee

Legislative Council Amendment Number 11-8154.01008

Action Taken Do Pass as Amended

Motion Made By Representative Klein Seconded By Representative Dahl

Representatives	Yes	No	Representatives	Yes	No
Chairman Thoreson	✓		Representative Glassheim		✓
Vice Chairman Klein	✓		Representative Kroeber		✓
Representative Brandenburg	✓				
Representative Dahl	✓				
Representative Kempenich	✓				

Total (Yes) 5 No 2

Absent 0

Floor Assignment Representative Klein

If the vote is on an amendment, briefly indicate intent:

February 21, 2011

VK
2/22/11
106 6

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1012

Page 1, line 2, remove "to amend and reenact section 57-40.3-10 of the North Dakota Century Code,"

Page 1, line 3, replace "relating to the distribution of highway funds" with "to provide appropriations to the state treasurer for transportation funding distributions; to repeal section 2 of chapter 573 of the 2009 Session Laws, relating to highway-rail grade safety projects"

Page 1, line 3, remove "to provide an effective date;"

Page 1, line 4, replace "an expiration date" with "for a legislative management study"

Page 1, replace line 14 with:

"Salaries and wages	\$147,373,254	\$17,711,006	\$165,084,260"
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Page 1, replace lines 21 and 22 with:

"Total all funds	\$1,067,932,917	\$478,658,406	\$1,546,591,323
Less estimated income	<u>1,067,932,917</u>	<u>472,808,406</u>	<u>1,540,741,323"</u>

Page 1, replace line 24 with:

"Full-time equivalent positions	1,054.50	6.00	1,060.50"
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Page 2, replace lines 17 through 23 with:

"SECTION 3. APPROPRIATION - TRANSFER - HIGHWAY-RAIL GRADE CROSSING SAFETY PROJECTS. There is appropriated out of any moneys in the highway-rail grade crossing safety fund in the state treasury, not otherwise appropriated, the sum of \$230,000, or so much of the sum as may be necessary, to the department of transportation for the funding of grants for highway-rail grade crossing safety projects, including grants for the reduction of associated special assessments, for the biennium beginning July 1, 2011, and ending June 30, 2013. On June 30, 2013, the state treasurer shall transfer any unexpended and unobligated balance in the highway-rail grade safety projects fund to the highway tax distribution fund.

Grants provided under this section by the department of transportation for highway-rail grade crossing safety projects are subject to the following requirements:

1. A political subdivision seeking a grant shall file an application with the department of transportation.
2. A political subdivision grant applicant shall provide ten percent matching funds for the project costs but no local matching funds are required for a highway-rail grade crossing on a state highway.
3. Grant funds may be allocated for development of railroad quiet zones, installation or upgrading of active warning devices, resurfacing crossings,

building of grade separations, and other costs associated with these improvements.

- 4. An applicant for grant approval for development of a railroad quiet zone shall provide the department of transportation a copy of the notice of intent filed with the federal railroad administration regarding establishment of a proposed quiet zone and copies of any subsequent filings with or orders from the federal railroad administration relating to the notice of intent.
- 5. Grants provided to a city may not exceed a cumulative amount of \$80,000.

SECTION 4. APPROPRIATION - STATE TREASURER - 2009-11 BIENNIUM TRANSPORTATION FUNDING DISTRIBUTIONS. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$25,000,000, or so much of the sum as may be necessary, to the state treasurer for the purpose of providing transportation funding distributions, for the period beginning with the effective date of this Act and ending June 30, 2011. The funding provided in this section is considered a one-time funding item. The state treasurer shall distribute the funds provided under this section prior to June 30, 2011, as follows:

- 1. Sixty percent to non-oil-producing counties based on each county's share of funding received in state fiscal year 2010 from total funding distributions made to non-oil-producing counties pursuant to subsection 4 of section 54-27-19.
- 2. Twenty percent to cities in non-oil-producing counties based on each city's share of funding received in state fiscal year 2010 from total funding distributions made to cities in non-oil-producing counties pursuant to subsection 4 of section 54-27-19.
- 3. Twenty percent to counties and townships in non-oil-producing counties based on each county's or township's share of funding received in state fiscal year 2010 from total funding distributions made to counties and townships in non-oil-producing counties under section 54-27-19.1. Organized townships are not required to provide matching funds to receive distributions under this section.

For purposes of this section, a "non-oil-producing county" means a county that did not receive an allocation of funding under section 57-51-15 during state fiscal year 2010 or a county that received a total allocation under section 57-51-15 of less than \$500,000 for state fiscal year 2010.

SECTION 5. APPROPRIATION - STATE TREASURER - 2011-13 BIENNIUM TRANSPORTATION FUNDING DISTRIBUTIONS. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$25,000,000, or so much of the sum as may be necessary, to the state treasurer for the purpose of providing transportation funding distributions, for the biennium beginning July 1, 2011, and ending June 30, 2013. The funding provided in this section is considered a one-time funding item. The state treasurer shall distribute the funds provided under this section on April 1, 2012, as follows:

- 1. Sixty percent to non-oil-producing counties based on each county's share of funding received in state fiscal year 2011 from total funding distributions

made to non-oil-producing counties pursuant to subsection 4 of section 54-27-19.

- 2. Twenty percent to cities in non-oil-producing counties based on each city's share of funding received in state fiscal year 2011 from total funding distributions made to cities in non-oil-producing counties pursuant to subsection 4 of section 54-27-19.
- 3. Twenty percent to counties and townships in non-oil-producing counties based on each county's or township's share of funding received in state fiscal year 2011 from total funding distributions made to counties and townships in non-oil-producing counties under section 54-27-19.1. Organized townships are not required to provide matching funds to receive distributions under this section.

For purposes of this section, a "non-oil-producing county" means a county that did not receive an allocation of funding under section 57-51-15 during state fiscal year 2011 or a county that received a total allocation under section 57-51-15 of less than \$500,000 for state fiscal year 2011."

Page 2, remove lines 29 and 30

Page 3, replace lines 1 through 10 with:

"SECTION 7. REPEAL. Section 2 of chapter 573 of the 2009 Session Laws is repealed."

Page 3, line 11, remove the boldfaced dash

Page 3, line 12, remove "CARRYOVER AUTHORITY"

Page 4, line 5, replace "One-hundred" with "Ninety"

Page 4, line 7, replace "Twenty" with "Twenty-five"

Page 4, replace lines 18 through 28 with:

"SECTION 9. LEGISLATIVE MANAGEMENT STUDY - STATE AGENCY AIRPLANES. During the 2011-12 interim, the legislative management shall consider studying the use of state-owned airplanes. The study, if conducted, must include a review of airplanes owned by state agencies, the justification for each airplane, the frequency of use of each airplane, options for purchasing or leasing new airplanes, and the feasibility and desirability of requiring state airplanes to be managed by state fleet services. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-third legislative assembly."

Page 4, line 31, after "Act" insert "and section 4 of this Act"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1012 - Summary of House Action

	Executive Budget	House Changes	House Version
State Treasurer			
Total all funds	\$0	\$25,000,000	\$25,000,000

Less estimated income	0	0	0
General fund	\$0	\$25,000,000	\$25,000,000
Department of Transportation			
Total all funds	\$1,548,283,665	(\$1,462,342)	\$1,546,821,323
Less estimated income	1,542,433,665	(1,462,342)	1,540,971,323
General fund	\$5,850,000	\$0	\$5,850,000
Bill total			
Total all funds	\$1,548,283,665	\$23,537,658	\$1,571,821,323
Less estimated income	1,542,433,665	(1,462,342)	1,540,971,323
General fund	\$5,850,000	\$25,000,000	\$30,850,000

House Bill No. 1012 - State Treasurer - House Action

	Executive Budget	House Changes	House Version
Transportation funding distributions		\$25,000,000	\$25,000,000
Total all funds	\$0	\$25,000,000	\$25,000,000
Less estimated income	0	0	0
General fund	\$0	\$25,000,000	\$25,000,000
FTE	0.00	0.00	0.00

Department No. 120 - State Treasurer - Detail of House Changes

	Adds Transportation Distribution Funding ¹	Total House Changes
Transportation funding distributions	\$25,000,000	\$25,000,000
Total all funds	\$25,000,000	\$25,000,000
Less estimated income	0	0
General fund	\$25,000,000	\$25,000,000
FTE	0.00	0.00

¹ This amendment appropriates \$25 million from the general fund to the State Treasurer to provide 2011-13 biennium transportation funding distributions to counties, cities, and townships in non-oil-producing areas. Guidelines are also provided for the distribution of funds.

This amendment also adds a section to provide a \$25 million appropriation to the State Treasurer for 2009-11 biennium transportation funding distributions to counties, cities, and townships in non-oil-producing areas. Guidelines are provided for the distribution of these funds. The section is an emergency measure.

House Bill No. 1012 - Department of Transportation - House Action

	Executive Budget	House Changes	House Version
Salaries and wages	\$166,776,602	(\$1,692,342)	\$165,084,260
Operating expenses	204,090,250		204,090,250
Capital assets	943,529,831		943,529,831
Grants	67,767,407		67,767,407
County and township road	142,000,000		142,000,000

program			
Federal stimulus funds	24,119,575		24,119,575
Highway-rail grade crossing projects		230,000	230,000
Total all funds	\$1,548,283,665	(\$1,462,342)	\$1,546,821,323
Less estimated income	1,542,433,665	(1,462,342)	1,540,971,323
General fund	\$5,850,000	\$0	\$5,850,000
FTE	1066.50	(6.00)	1060.50

Department No. 801 - Department of Transportation - Detail of House Changes

	Removes Transportation Technician Positions ¹	Removes Driver's License Examiner Positions ²	Removes Motor Vehicle Licensing Specialist Position ³	Removes Salary Equity Funding ⁴	Adds Funding for Highway-Rail Grade Crossing Projects ⁵	Total House Changes
Salaries and wages	(\$310,206)	(\$180,586)	(\$101,550)	(\$1,100,000)		(\$1,692,342)
Operating expenses						
Capital assets						
Grants						
County and township road program						
Federal stimulus funds						
Highway-rail grade crossing projects					230,000	230,000
Total all funds	(\$310,206)	(\$180,586)	(\$101,550)	(\$1,100,000)	230,000	(\$1,462,342)
Less estimated income	(310,206)	(180,586)	(101,550)	(1,100,000)	230,000	(1,462,342)
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	(3.00)	(2.00)	(1.00)	0.00	0.00	(6.00)

¹ Three FTE transportation technician positions added in the executive recommendation are removed. The executive recommendation added a total of 6 FTE transportation technician positions.

² Two FTE driver's license examiner positions added in the executive recommendation are removed. The executive recommendation added a total of 4 FTE driver's license examiner positions.

³ One FTE motor vehicle licensing specialist position added in the executive recommendation is removed. The executive recommendation added a total of 2 FTE motor vehicle licensing specialist positions.

⁴ Funding included in the executive budget for salary equity adjustments for heavy equipment operators is removed.

⁵ Funding of \$230,000 from the highway-rail grade crossing safety fund is added for highway-rail grade crossing safety project grants. This amount represents the estimated funding in the highway-rail grade crossing safety projects fund on July 1, 2011. Guidelines are also provided for distribution of the highway-rail grade project grants.

This amendment also:

- Adds a section to repeal Section 2 of Chapter 573 of the 2009 Session Laws regarding highway-rail grade crossing safety project grants.
- Removes Section 3 relating to the appropriation of additional funding in the state highway fund.
- Removes Section 5 relating to deposits of 25 percent of motor vehicle excise tax collections in the highway tax distribution fund rather than 100 percent in the general fund.
- Adjusts Section 6 relating to the county and township road reconstruction program.

- Removes Section 7 that provides carryover authority for \$228.6 million of funding designated for extraordinary state roadway maintenance in areas affected by oil and gas development.
- Adds a section to provide for a Legislative Management study of airplanes owned by state agencies.

Date: 2/22
Roll Call Vote #: 1

2011 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1012

House Appropriations Committee

Legislative Council Amendment Number 01009

Action Taken: Do Pass Do Not Pass Amended Adopt Amendment
 Rerefer to Appropriations Reconsider

Motion Made By Rep. Klein Seconded By Rep. Thorsen

Representatives	Yes	No	Representatives	Yes	No
Chairman Delzer			Representative Nelson		
Vice Chairman Kempenich			Representative Wieland		
Representative Pollert					
Representative Skarphol					
Representative Thorsen			Representative Glassheim		
Representative Bellew			Representative Kaldor		
Representative Brandenburg			Representative Kroeber		
Representative Dahl			Representative Metcalf		
Representative Dosch			Representative Williams		
Representative Hawken					
Representative Klein					
Representative Kreidt					
Representative Martinson					
Representative Monson					

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:

01009

Voice vote carries

Date: 2/22
 Roll Call Vote #: 2

2011 HOUSE STANDING COMMITTEE ROLL CALL VOTES
 BILL/RESOLUTION NO. 1012

House Appropriations Committee

Legislative Council Amendment Number _____

Action Taken: Do Pass Do Not Pass Amended Adopt Amendment
 Rerefer to Appropriations Reconsider

Motion Made By Rep. Skarphol Seconded By Rep. Pollert

Representatives	Yes	No	Representatives	Yes	No
Chairman Delzer	X		Representative Nelson		X
Vice Chairman Kempenich	X		Representative Wieland	X	
Representative Pollert	X				
Representative Skarphol	X				
Representative Thoreson		X	Representative Glassheim		X
Representative Bellew		X	Representative Kaldor		X
Representative Brandenburg	X		Representative Kroeber		X
Representative Dahl		X	Representative Metcalf		X
Representative Dosch	X		Representative Williams	X	
Representative Hawken		X			
Representative Klein		X			
Representative Kreidt	X				
Representative Martinson		X			
Representative Monson	X				

Total (Yes) 10 No 11

Absent _____

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:

remove Ward City from eligibility for non-oil county money
 motion fails

Date: 2/22
 Roll Call Vote #: 3

2011 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1012

House Appropriations Committee

Legislative Council Amendment Number _____

Action Taken: Do Pass Do Not Pass Amended Adopt Amendment
 Rerefer to Appropriations Reconsider

Motion Made By Rep Klein Seconded By Rep Thoreson

Representatives	Yes	No	Representatives	Yes	No
Chairman Delzer	X		Representative Nelson	X	
Vice Chairman Kempenich	X		Representative Wieland		X
Representative Pollert	X				
Representative Skarphol		X			
Representative Thoreson	X		Representative Glasheim	X	
Representative Bellew	X		Representative Kaldor	X	
Representative Brandenburg	X		Representative Kroeber		X
Representative Dahl	X		Representative Metcalf	X	
Representative Dosch	X	✓	Representative Williams	X	
Representative Hawken	X				
Representative Klein	X				
Representative Kreidt	X				
Representative Martinson	X				
Representative Monson	X				

Total (Yes) 18 No 3

Absent 0

Floor Assignment Rep. Klein

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

HB 1012: Appropriations Committee (Rep. Delzer, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (18 YEAS, 3 NAYS, 0 ABSENT AND NOT VOTING). HB 1012 was placed on the Sixth order on the calendar.

Page 1, line 2, remove "to amend and reenact section 57-40.3-10 of the North Dakota Century Code,"

Page 1, line 3, replace "relating to the distribution of highway funds" with "to provide appropriations to the state treasurer for transportation funding distributions; to repeal section 2 of chapter 573 of the 2009 Session Laws, relating to highway-rail grade safety projects"

Page 1, line 3, remove "to provide an effective date;"

Page 1, line 4, replace "an expiration date" with "for a legislative management study"

Page 1, replace line 14 with:

"Salaries and wages	\$147,373,254	\$17,711,006	\$165,084,260"
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Page 1, replace lines 21 and 22 with:

"Total all funds	\$1,067,932,917	\$478,658,406	\$1,546,591,323
Less estimated income	<u>1,067,932,917</u>	<u>472,808,406</u>	<u>1,540,741,323"</u>

Page 1, replace line 24 with:

"Full-time equivalent positions	1,054.50	6.00	1,060.50"
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Page 2, replace lines 17 through 23 with:

"SECTION 3. APPROPRIATION - TRANSFER - HIGHWAY-RAIL GRADE CROSSING SAFETY PROJECTS. There is appropriated out of any moneys in the highway-rail grade crossing safety fund in the state treasury, not otherwise appropriated, the sum of \$230,000, or so much of the sum as may be necessary, to the department of transportation for the funding of grants for highway-rail grade crossing safety projects, including grants for the reduction of associated special assessments, for the biennium beginning July 1, 2011, and ending June 30, 2013. On June 30, 2013, the state treasurer shall transfer any unexpended and unobligated balance in the highway-rail grade safety projects fund to the highway tax distribution fund.

Grants provided under this section by the department of transportation for highway-rail grade crossing safety projects are subject to the following requirements:

1. A political subdivision seeking a grant shall file an application with the department of transportation.
2. A political subdivision grant applicant shall provide ten percent matching funds for the project costs but no local matching funds are required for a highway-rail grade crossing on a state highway.
3. Grant funds may be allocated for development of railroad quiet zones, installation or upgrading of active warning devices, resurfacing crossings, building of grade separations, and other costs associated with these improvements.

4. An applicant for grant approval for development of a railroad quiet zone shall provide the department of transportation a copy of the notice of intent filed with the federal railroad administration regarding establishment of a proposed quiet zone and copies of any subsequent filings with or orders from the federal railroad administration relating to the notice of intent.
5. Grants provided to a city may not exceed a cumulative amount of \$80,000.

SECTION 4. APPROPRIATION - STATE TREASURER - 2009-11 BIENNIUM TRANSPORTATION FUNDING DISTRIBUTIONS. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$25,000,000, or so much of the sum as may be necessary, to the state treasurer for the purpose of providing transportation funding distributions, for the period beginning with the effective date of this Act and ending June 30, 2011. The funding provided in this section is considered a one-time funding item. The state treasurer shall distribute the funds provided under this section prior to June 30, 2011, as follows:

1. Sixty percent to non-oil-producing counties based on each county's share of funding received in state fiscal year 2010 from total funding distributions made to non-oil-producing counties pursuant to subsection 4 of section 54-27-19.
2. Twenty percent to cities in non-oil-producing counties based on each city's share of funding received in state fiscal year 2010 from total funding distributions made to cities in non-oil-producing counties pursuant to subsection 4 of section 54-27-19.
3. Twenty percent to counties and townships in non-oil-producing counties based on each county's or township's share of funding received in state fiscal year 2010 from total funding distributions made to counties and townships in non-oil-producing counties under section 54-27-19.1. Organized townships are not required to provide matching funds to receive distributions under this section.

For purposes of this section, a "non-oil-producing county" means a county that did not receive an allocation of funding under section 57-51-15 during state fiscal year 2010 or a county that received a total allocation under section 57-51-15 of less than \$500,000 for state fiscal year 2010.

SECTION 5. APPROPRIATION - STATE TREASURER - 2011-13 BIENNIUM TRANSPORTATION FUNDING DISTRIBUTIONS. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$25,000,000, or so much of the sum as may be necessary, to the state treasurer for the purpose of providing transportation funding distributions, for the biennium beginning July 1, 2011, and ending June 30, 2013. The funding provided in this section is considered a one-time funding item. The state treasurer shall distribute the funds provided under this section on April 1, 2012, as follows:

1. Sixty percent to non-oil-producing counties based on each county's share of funding received in state fiscal year 2011 from total funding distributions made to non-oil-producing counties pursuant to subsection 4 of section 54-27-19.
2. Twenty percent to cities in non-oil-producing counties based on each city's share of funding received in state fiscal year 2011 from total funding distributions made to cities in non-oil-producing counties pursuant to subsection 4 of section 54-27-19.

3. Twenty percent to counties and townships in non-oil-producing counties based on each county's or township's share of funding received in state fiscal year 2011 from total funding distributions made to counties and townships in non-oil-producing counties under section 54-27-19.1. Organized townships are not required to provide matching funds to receive distributions under this section.

For purposes of this section, a "non-oil-producing county" means a county that did not receive an allocation of funding under section 57-51-15 during state fiscal year 2011 or a county that received a total allocation under section 57-51-15 of less than \$500,000 for state fiscal year 2011."

Page 2, remove lines 29 and 30

Page 3, replace lines 1 through 10 with:

"SECTION 7. REPEAL. Section 2 of chapter 573 of the 2009 Session Laws is repealed."

Page 3, line 11, remove the boldfaced dash

Page 3, line 12, remove "CARRYOVER AUTHORITY"

Page 4, line 5, replace "One-hundred" with "Ninety"

Page 4, line 7, replace "Twenty" with "Twenty-five"

Page 4, replace lines 18 through 28 with:

"SECTION 9. LEGISLATIVE MANAGEMENT STUDY - STATE AGENCY AIRPLANES. During the 2011-12 interim, the legislative management shall consider studying the use of state-owned airplanes. The study, if conducted, must include a review of airplanes owned by state agencies, the justification for each airplane, the frequency of use of each airplane, options for purchasing or leasing new airplanes, and the feasibility and desirability of requiring state airplanes to be managed by state fleet services. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-third legislative assembly."

Page 4, line 31, after "Act" insert "and section 4 of this Act"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1012 - Summary of House Action

	Executive Budget	House Changes	House Version
State Treasurer			
Total all funds	\$0	\$25,000,000	\$25,000,000
Less estimated income	0	0	0
General fund	\$0	\$25,000,000	\$25,000,000
Department of Transportation			
Total all funds	\$1,548,283,665	(\$1,462,342)	\$1,546,821,323
Less estimated income	1,542,433,665	(1,462,342)	1,540,971,323
General fund	\$5,850,000	\$0	\$5,850,000
Bill total			
Total all funds	\$1,548,283,665	\$23,537,658	\$1,571,821,323

	65		23
Less estimated income	1,542,433,665	(1,462,342)	1,540,971,323
General fund	<u>\$5,850,000</u>	<u>\$25,000,000</u>	<u>\$30,850,000</u>

House Bill No. 1012 - State Treasurer - House Action

	Executive Budget	House Changes	House Version
Transportation funding distributions		\$25,000,000	\$25,000,000
Total all funds	\$0	\$25,000,000	\$25,000,000
Less estimated income	0	0	0
General fund	\$0	\$25,000,000	\$25,000,000
FTE	0.00	0.00	0.00

Department No. 120 - State Treasurer - Detail of House Changes

	Adds Transportation Distribution Funding ¹	Total House Changes
Transportation funding distributions	\$25,000,000	\$25,000,000
Total all funds	\$25,000,000	\$25,000,000
Less estimated income	0	0
General fund	\$25,000,000	\$25,000,000
FTE	0.00	0.00

¹ This amendment appropriates \$25 million from the general fund to the State Treasurer to provide 2011-13 biennium transportation funding distributions to counties, cities, and townships in non-oil-producing areas. Guidelines are also provided for the distribution of funds.

This amendment also adds a section to provide a \$25 million appropriation to the State Treasurer for 2009-11 biennium transportation funding distributions to counties, cities, and townships in non-oil-producing areas. Guidelines are provided for the distribution of these funds. The section is an emergency measure.

House Bill No. 1012 - Department of Transportation - House Action

	Executive Budget	House Changes	House Version
Salaries and wages	\$166,776,602	(\$1,692,342)	\$165,084,260
Operating expenses	204,090,250		204,090,250
Capital assets	943,529,831		943,529,831
Grants	67,767,407		67,767,407
County and township road program	142,000,000		142,000,000
Federal stimulus funds	24,119,575		24,119,575
Highway-rail grade crossing projects		230,000	230,000
	<u>\$1,548,283,665</u>	<u>(\$1,462,342)</u>	<u>\$1,546,821,323</u>
Total all funds	65)	23
Less estimated income	1,542,433,665	(1,462,342)	1,540,971,323

General fund	\$5,850,000	\$0	\$5,850,000
FTE	1066.50	(6.00)	1060.50

Department No. 801 - Department of Transportation - Detail of House Changes

	Removes Transportation Technician Positions ¹	Removes Driver's License Examiner Positions ²	Removes Motor Vehicle Licensing Specialist Position ³	Removes Salary Equity Funding ⁴	Adds Funding for Highway-Rail Grade Crossing Projects ⁵	Total House Changes
Salaries and wages	(\$310,206)	(\$180,586)	(\$101,550)	(\$1,100,000)		(\$1,692,342)
Operating expenses						
Capital assets						
Grants						
County and township road program						
Federal stimulus funds						
Highway-rail grade crossing projects					230,000	230,000
Total all funds	(\$310,206)	(\$180,586)	(\$101,550)	(\$1,100,000)	\$230,000	(\$1,462,342)
Less estimated income	(310,206)	(180,586)	(101,550)	(1,100,000)	230,000	(1,462,342)
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	(3.00)	(2.00)	(1.00)	0.00	0.00	(6.00)

¹ Three FTE transportation technician positions added in the executive recommendation are removed. The executive recommendation added a total of 6 FTE transportation technician positions.

² Two FTE driver's license examiner positions added in the executive recommendation are removed. The executive recommendation added a total of 4 FTE driver's license examiner positions.

³ One FTE motor vehicle licensing specialist position added in the executive recommendation is removed. The executive recommendation added a total of 2 FTE motor vehicle licensing specialist positions.

⁴ Funding included in the executive budget for salary equity adjustments for heavy equipment operators is removed.

⁵ Funding of \$230,000 from the highway-rail grade crossing safety fund is added for highway-rail grade crossing safety project grants. This amount represents the estimated funding in the highway-rail grade crossing safety projects fund on July 1, 2011. Guidelines are also provided for distribution of the highway-rail grade project grants.

This amendment also:

- Adds a section to repeal Section 2 of Chapter 573 of the 2009 Session Laws regarding highway-rail grade crossing safety project grants.
- Removes Section 3 relating to the appropriation of additional funding in the state highway fund.
- Removes Section 5 relating to deposits of 25 percent of motor vehicle excise tax collections in the highway tax distribution fund rather than 100 percent in the general fund.
- Adjusts Section 6 relating to the county and township road reconstruction program.
- Removes Section 7 that provides carryover authority for \$228.6 million of funding designated for extraordinary state roadway maintenance in areas affected by oil and gas development.

- Adds a section to provide for a Legislative Management study of airplanes owned by state agencies.

2011 SENATE APPROPRIATIONS

HB 1012

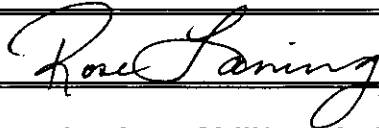
2011 SENATE STANDING COMMITTEE MINUTES

Senate Appropriations Committee
Harvest Room, State Capitol

HB 1012
March 16, 2011
Job # 15519

Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of the department of transportation

Minutes:

See attached testimony # 1-9.

Chairman Holmberg called the committee hearing to order on HB 1012. Roll call was taken. **Brady Larson**, Legislative Council, **Tad H. Torgerson**, OMB.

Francis G. Ziegler, Director of the North Dakota Department of Transportation: Testified in support of HB 1012. Handed out 2011 – 2013 Biennium Budget – Testimony before the Senate Appropriations Committee – see attached #1
Also included History of Highway Investments in NDDOT Districts – see attached # 2

Relayed to the committee how the Dept. of Transportation worked all weekend assisting motorists during this past weekend's storm and then continued speaking from testimony.

Senator Robinson – When you say grind out, then you put on overlay and how many inch overlay and then providing we don't have incessant beating on the roads how long will that last?

Francis Ziegler – What they did was ground out three inches and then put back in three inches and they are going back in this year to go over the top of all of it. The pavement life is designed on 20 year basis and with the loading we are seeing out there we are getting five to six years of life out of these pavements.

Senator Robinson - How much per mile to grind that off?

Francis Ziegler – He said this was about five miles we did in one lane and we spent about a million dollars so it was just under a quarter of a million dollars to do that one lane. He continues going over testimony.

Grant Levi, Deputy Director for Engineering, Dept. of Transportation: Testified in support of HB 1012. He begins on page 11 of the North Dakota Department of Transportation handout.

Senator Robinson – Given the challenges we have state wide and particularly in western North Dakota would you talk to us about the cost benefit analysis of using concrete in that part of the state given the tremendous beating those roads are taking. He said he knows it is more expensive but what is the cost benefit analysis.

Grant Levi – When we look at proceeding with a project we need to take a number of things into consideration. One of them is how much traffic is on the road and how much funding we have available. There are benefits with both products, depending on the situation you are in. Sometimes we use concrete when we need that longer term improvement and sometimes we go with a shorter term improvement in asphalt overlay. He continues going over handout.

Chairman Holmberg - Could you point out to the folks on the map where that is? About a year ago, there was a news article that there was a new product that they were going to experiment with. The folks who put this in, there was a short stretch of road that was experimental

Grant Levi – Gravel stabilization road project. We're searching for ways to stabilize the base. He continued to go over the handout.

Senator Robinson: On Highway 2 how many miles are included in that project?

Grant – I don't know it is spread out and I don't recall the number of miles.

Chairman Holmberg – Does DOT have any involvement in the issues regarding Amtrak and the track system in the Devils Lake area?

Grant – Were involved in the sense that we agreed to participate in the study looking at the cost to raise the railroad tracks. The report should come out soon and the costs are significant to raise the railroad tracks around \$77 million dollars.

Chairman Holmberg: What is the total cost or state share?

Grant – As you know highway funds aren't set aside for that project.

Senator Robinson - What is the status of that project for the upcoming biennium will we be looking at doing anything?

Grant – We'll have challenges maintaining services this upcoming biennium. As far as funding at this point and time there has not been any funding identified for that improvement.

Senator Robinson - Could it reach the point that there is no longer the ability to use not use the railroad in that area?

Grant - That is correct.

Chairman Holmberg – They do have some emergency things where you get off the train and get on a bus and go twenty miles and get back on the train.

Grant – Those things have been discussed I don't know if they have been formalized and put into place.

Senator O'Connell – Does the railroad or road have to be inundated before FEMA is involved?

Grant – With respect to just the Devils Lake area itself a number of years ago a group sat down and worked with Federal Highway Administration and because of the size of the lake and the impacts of the lake they agreed to give us 3 foot freeboard. Anytime in the lake that there is a fifty percent chance that the lake is going to go up we use the projection of 1454.7, any roadway at 1458 or less is eligible. That is how highway two became eligible.

Senator Bowman – When you are doing your study and you are going by past history, do you have somebody trace where the impact is going. There wasn't an oil rig south of interstate when I first came here. Now there are 7-8 wells in the last two months, are your planning stages inclusive of looking into the future and not just the past?

Grant – We've had difficulty predicting that future. The industry is moving in so fast. We've taken an area of land and working with oil & gas, we have determined how many wells will go in there and knowing how much truck traffic is needed to move into that area, we are basically distributing that truck traffic over our system in trying to predict how much increase of traffic will occur. He began going over the handout again.

Chairman Holmberg – When you use the words "some point in time", do you mean before the end of this session or before the end of the biennium?

Grant – Based on what we know today it will probably be the next upcoming biennium.

Senator Robinson - With those adjustments if they materialize, those dollars would be added to the 970.6?

Grant – Yes.

Senator Robinson – We have never been that close to those types of expenditures in a biennium.

Grant – Continues with handout.

Senator Wanzek – When you're raising these roads, are there environmental impact litigation as well?

Grant – The predominant impact is in wetlands areas. In Devils Lake those aren't considered wet lands because the water is so deep. There is litigation that occurs when you get into the slews or prairie pothole regions.

Senator Wanzek - Is there any consideration to the fact that that wetland has grown?

Grant – That is a conversation that we are having and continue to have in that area. He talked about needing three additional positions.

Senator Bob Stenehjem: Were those three positions in the Governor's original budget?

Grant – The original budget contained six positions and three of those positions were removed with the engrossed House bill.

Linda Butts, Deputy Director for Driver & Vehicle North Dakota Department of Transportation: Testified in support of HB 1012. She continues on page 24 of the handbook.

Senator Warner - Have you ever tried requiring full payment at time of the application and then no refund on a no-show?

Linda – The idea we talked about was let's charge a \$50 to set reserve that fee and then if they no show we keep the fifty dollars. We did not go forward because both on the legislative and executive branch increasing fees did not seem to be a course of action the body wanted to take. We had someone who thought they might try to attach to a bill but whether it has been done I couldn't tell you.

Senator Stenehjem - Why don't you put \$50 with their application, if they show up give them the fifty dollars back and have them pay for the fifteen dollar license and you have taken care of that by holding onto their check. You said that there is a thirty two percent increase in the number of people wanting CDL's, how many people is that? As I toured in the oil patch in McKensie County, they were very much in favor of taking care of vehicle registration. I'd like to have a letter from these other counties saying they don't want to have anything to do with it.

Linda – McKensie County is one of our county offices that do have a motor vehicle office.

Senator Stenehjem – I haven't heard of one them that are doing it that didn't want to do it.

Linda – I will be happy to do that research. I've talked with legislators who say they have talked to their treasures office and have said that they are inundated, but we will follow up on your suggestion. She continues going over the handbook.

Senator Fischer – What percentage of license renewals are on the internet?

Linda – Twenty seven percent and it is increasing. She continues with handbook.

Chairman Holmberg - The 3rd rail of DOT always seems to be the issuance of a new license plate?

Linda - Everyone asks us that. We recognize that reflectivity eventually will be a problem. We felt the need for roads this biennium will be top priority.

Senator Stenehjem – The problem is the colors, not the reflectivity.

Chairman Holmberg - What is the cost to do them all at one time?

Linda – To do a general issuance is about \$8M.

Dave Leftwich, Deputy Director for Business Support ND Dept of Transportation: Testified in support of HB 1012 from the handout.

Senator O'Connell – You're about ½ of what industry pays for equipment operators?

Dave – Are you talking about the oil industry, are average salary after you have been there a few years is about thirty five thousand a year and oil is closer to seventy thousand. He continued with handout.

Senator Wardner – If it was three and three that would be different for them? It is the same amount of money they are getting it all upfront rather than spread over two years.

Dave – The 3-3 gave them something each year and if we hire someone after July 1, they don't get a raise for two years.

Senator Wardner - If we were three and three that would help you as far as retaining workforce is that something we need to consider?

Dave – Yes for recruiting and retention because as we hire people as we go along we are looking at three percent each year.

Senator Warner - You understand why we did the 4-1?

Dave – Yes I do but that is what are rank and file are thinking right now.

Chairman Holmberg – Is that a bigger hindrance to hiring rather than salary adjustments?

Dave - Both factors are equal. The 1.1 million is a start to bringing them up to where we can retain them. This shows we are concerned about them and want to move ahead. That is a big thing that the people know that they are going to get something and that the legislature realizes this and know they want to help them out. He continues with the handout.

Chairman Holmberg - This remains or is no longer in the bill.

Dave – This is still in the bill.

Shannon Sauer, Financial Management Director North Dakota DOT: Testified in support of HB 1012 and goes over the colored pages at the end of the DOT handout and then continues on page 33.

Senator Robinson - The oil fund adjustment is that in one of your slides?

Shannon – Yes it is and what it did was it originally transferred \$306M from POTF to the Highway fund and \$142,000 for the counties and townships.

Senator Stenehjem - The House in another bill did away with the money permanent oil tax trust fund and the land mineral tax trust fund and they have another fund emergency disaster relief fund that they are going to put money in. The money from those two accounts that are in existence would be general fund dollars. DOT is going to get their money but if it continues the way the House has it in the bill it will be out of the general fund.

Shannon – Continues with handout.

Senator Stenehjem - When you look at the way this is distributed, and look at your 2 sheets, it shows transit is losing money under the new budget because the \$25M has that emergency clause and has gone into the existing budget and it doesn't show up as money that is distributed and the other twenty five million is coming in the next biennium would probably reflect why that is lower.

Shannon – The reason for that is through the distribution formula the public transportation does get a small percentage and taking the 25% out will have about a seven hundred thousand dollar impact on public transportation.

Senator Stenehjem – It is still in the distribution of twenty five percent of the motor vehicle excise tax as the House put it into the bill.

Shannon - That accounts for that loss.

Senator Stenehjem - Part of that money that they are going to get now and that's not counted in that and is that why it will show that they get less?

Shannon – Twenty five percent of the motor vehicle excise tax going into the distribution fund would have provided about seven hundred thousand for the public transportation, so losing that 46.34 million from that original proposal would result about seven hundred thousand less being available in the 1113 biennium for public transportation.

Senator Stenehjem – The House put into the bill to take twenty five percent of the motor vehicle and distribute it through another formula or the existing formula, explain how that is distributed.

Shannon - They took 25% each biennium from general funds and put it into a fund for counties, cities and townships in non-oil producing areas. What the bill does is that the state treasure shall distribute the funds provided and sixty percent goes to non-oil producing counties and twenty percent goes to cities in non-oil producing counties and twenty percent goes to counties and townships based on their share of funding received in 2010.

Senator Wardner - Did you say 60% goes to the counties, cities and townships where does the rest go? Are you talking about twenty five percent that is supposed to come out for this biennium and twenty five million for next biennium?

Shannon - It is that twenty five and twenty five and currently the way it says is sixty percent goes to non-oil producing counties, twenty percent goes to cities in non-oil producing counties and twenty percent goes to counties and townships in non-oil producing counties.

Senator Wardner – You said counties twice and I wasn't sure I heard right.

Shannon – Paragraph three refers to counties again.

Senator Wanzek - They eliminated the twenty five percent of the excise tax going into the highway distribution fund and they're leaving it in general funds and then they turn around and re-appropriate twenty five million for this biennium and twenty five million for the next biennium with a new kind of distribution system that is spelled out in the bill.

Shannon – That is correct. Some of that funding does go to oil producing counties.

Grant Levi - If you look at what was passed from the House, the way they set it up and the way they define the oil producing counties they have a provision in that bill that says those counties that didn't receive over five hundred thousand dollars of revenue in 2010 can also get a portion of it.

Senator Wanzek - It bypasses the state's share of the highway distribution, of that money of the twenty five percent excise tax and it putting it directly into the counties and townships and cities.

Shannon – That is essentially be correct. He continues going over testimony.

Senator Wardner - When you take twenty five million and I know sixty two percent goes to the highway fund, approximately.

Shannon – Sixty one point three.

Senator Wardner - How does that affect leveraging federal dollars?

Francis Ziegler – As a summary this is a big budget but it is needed to keep our economy growing. The energy industry needs are help, the entire systems both east and west need our help and our employees need your help. He continues in closing with the handout and also made the point that Devils Lake and highway 2 are going to need more funding. He would like to work with the committee on how the distribution is handed out.

Chairman Holmberg – We have an able subcommittee that will be working on this bill. They are Senator Wardner, Krebsbach, Wanzek, and O'Connell.

Francis – What is going on in the oil industry is the tip of the iceberg, this is a least a ten biennium issue.

Senator Stenehjem – As is relates to drivers license there was a comment made that class D drivers license are going to go from 4 years to 6 years. What about motorcycle or CDL license

or someone who operates a school bus, are they still on a four year cycle? Why don't they go to a 6 year cycle?

Linda – The CDL, the federal law determines that. We thought we would start with class D and see how that affected work load.

Senator Stenehjem – Can you get the number s of people with CDL license and just those with Class B license? Have a breakdown on different drivers that aren't with the CDL.

Senator O'Connell – The situation in Fargo, was that proposed to the Governor's Executive Budget?

Francis – It's in the budget.

Jim Arthaud, Billings County Commissioner, Director for the Oil and Gas Association Board: Testified in support of HB 1012, Written Testimony, Attachment # 3.

Jim Gilmore, Director of Planning & Development for the City of Fargo: Testified in support of HB 1012, Written Testimony, Attachment #4

Senator Wardner - When the excise tax was run through the formula, were you okay with that?

Jim – I know the interim committee's proposed putting it all in the 25% would have helped us.

Senator Wardner – You're talking about all of the excise tax?

Jim -That bill died in the House. He also talked about the roadway needs in Fargo.

Senator Wardner - The way it came out of the Governor's Executive Budget is more than the transit got last biennium.

Jim - No it's three hundred thousand dollars less. The last biennium had one million dollars on top of a 1.5 percent.

Senator Fischer - What about ridership in the city of Fargo is it up?

Jim – It's grown and keeps going up with price of gasoline.

Chairman Holmberg - Do the students pay a regular fee or do they ride free?

Jim - The university pays a fixed amount about ninety thousand dollars a year for the students and in addition the university provides us around six hundred thousand dollars a year to pay for the routes so everyone can ride for free near the campus.

Senator Stenehjem – Curious about the one million dollars that was put in budget last biennium. Explain what the purpose was there.

Jim – It was put in the conference committee at the end of the session. So much was given to the cities and so much was given to counties and transit so there were single appropriations.

Senator Stenehjem – You said you were reduced by seven hundred thousand dollars this session is that including the million dollars you had last time?

Jim – We saw our funding go from this million dollars being taken out and this seven hundred added and now the seven hundred is gone.

Senator Stenehjem – You included the million dollars that was a one -time gift last biennium in your calculations for this one.

Jim – The two biennium's previous, there was million dollars from the general fund put into the transportation fund.

Senator Wanzek - Was the one million dollars a result of federal stimulus money?

Jim – No that was state general fund money, the stimulus money helped us with our capital needs.

Senator Wanzek - I thought the only general fund money was for Devils Lake.

Brady Larson – The 2009 legislative session provided 59.9 million from the general fund for emergency weather related distribution and the public transit fund received \$1million of that. It was in the DOT bill, but a separate section.

Darrell Francis, Director, Souris Basin Transportation: Testified in support of HB 1012
Written testimony – see attached # 5

Senator Robinson - Are all of your fees set? When is the last time you've had an adjustment upwards to offset the increases?

Darrell - Last October we did an increase in the city routes, a year before that we did the increase in the rural routes. For us to do a dramatic \$5 increase will price us out of business, we pick up people from farms or in their homes.

Terry Traynor, Assistant Director, ND Association of Counties: Testified in support of HB 1012. Written testimony – see attached # 6.

Rob Rebel, Senior Aggregate Engineer for Knife River Corporation: Testified in support of HB 1012. Written testimony – see attached # 7.

Senator Christmann – In late 2008 there was a road construction project by my place, there was a question about getting tar off the railroad.

Rob – That's when asphalt was in short supply. We've seen it get to \$800 ton because of shortage but haven't heard about a potential shortage since that time.

Connie Spryncynatyk, ND League of Cities: Testified in support of HB 1012.
Written testimony – see attached # 8.

Scott Rising, Soybean Growers Association: Testified in support of HB 1012.
No written testimony. He talked about the importance of the funding.

Sandy Clark, ND Farm Bureau: Testified in support of HB 1012.
Written testimony – see attached # 9.

Larry Syverson, Roosevelt and Trail Counties: Testified in support of HB 1012.
No written testimony. We are in favor of dedicating federal excise tax to transportation funding.

Chairman Holmberg - Subcommittee will take information or suggestions on the areas you want them to look at. One of the questions I would have is the question of the changes in the salaries for the temporary people that have been there for years.

Senator Grindberg – Legislative Council put together a history on the transit funding, over the last three or four biennium's.

Senator Christmann - At the state and local levels, do we have the ability to set regulations when a business that has enormous amounts of traffic are going to set up someplace, do they share some costs for building up the roads so it doesn't all fall on the tax payers. Are our state enforcement people and county people doing everything to enforce weight and speed restrictions?

Senator Stenehjem – If Legislative Council could look at state increasing funding in both ongoing expenditures and all this one time money it would be interesting to see a chart of the states increased expenditures and see what counties are putting into this and what there increases or is all the money coming from the state share?

Senator Wanzek – A breakdown of the fifty nine million.

Senator Robinson – The package we have before us is difficult to follow. If we can have a graphic of where we've been the last two biennium, the proposal from the Governor's Executive Budget and clarify the various changes. We need to spend more time on it. We have so many pieces here and I want to see where we will be on the next biennium.

Chairman Holmberg - We also need a complete understanding of 1451 which is the House bill that collapses these funds and puts together one additional fund.

Senator Stenehjem – I suggest going back more than 2 biennium's. we need to get putting this money into the infrastructure because we have the money but if start setting a base that this is what we are going to do in the future and something happens to our revenue source as it relates to what is happening out in the oil patch what will we do?

Chairman Holmberg – The subcommittee has an idea of what they need to do.

2011 SENATE STANDING COMMITTEE MINUTES

Senate Appropriations Committee Harvest Room, State Capitol

HB 1012
03-18-2011
Job 15671

Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

A SUBCOMMITTEE ON THE BUDGET FOR DOT

Minutes:

See "attached testimony."

Senator Wardner called the subcommittee to order HB 1012. Committee members **Senator Krebsbach**, **Senator Wanzek**, **Senator O'Connell** were present; **Tad H. Torgerson**, **OMB** and **Brady Larson**, **Legislative Council**, and **Senator Stenehjem** were also present.

Francis G. Ziegler, **Director**, **North Dakota Department of Transportation**: Looking at the document (#1 Attachment) says HB 1012 Senate Appropriations subcommittee, Chairman **Wardner**, March 18--what that document does is provide you with the changes that were made on House side; it also fundamentally provides what our input is on the priorities.

Senator Wardner: We'll take it a piece at a time and ask questions.

Francis G. Ziegler: They removed 25% of the motor vehicle excise tax from the highway tax distribution fund. That amount was \$46.34 million revenue reduction to the distribution fund. That is \$28.41million to the DOT, \$10.19 million to the counties, \$5.97 million to the cities, \$1.25 million to the townships, and \$700,000 to transit. That a fundamental change there. The amendments also took the 25% excise tax and moved that to the general fund.

Senator Wardner: Would like to talk about those together--taking the 25% and 25% and moving it, how it affects this.

Senator Stenehjem: What they actually did is said No, we are not taking 25% of the motor vehicle excise tax and putting it through that formula; we are taking \$50 million out of the general fund, giving 60% to the counties, 20% to the cities and 20% to the townships--his understanding of the amendment. **Francis G. Ziegler**: That is correct.

Senator Wardner: As you look at that--the counties are going to do better than going through the highway trust fund, the cities and townships are going to do better, the transit takes a small hit. What does it mean to the state highway fund and how does it affect you? The Appropriations chairman from the House didn't think it was a big concern. Wants to know the effects to the NDDOT.

Francis G. Ziegler: Look at the attached letter sent to Jeff Delzer (#2 Attachment); second page gets to the meat of it. The second page of the letter itself, shows all the changes and what we were funding with the \$28 million that was lost with the 25% excise tax, is this list of projects. Key to that, the biggest one is to match federal funds—that is \$15.2 million short to match. When I mentioned that to the Chairman Delzer, he made the point that what you can do is use some of the \$228.6 million that is there for state roads and match some federal aid on the western part of the state. That's doable, but it takes money out of that fund so you built less roads.

Senator Wardner: When you do that, you take that out that money that was dedicated to the oil counties and you bring that to match the feds, it has to be dedicated to projects outside the oil country, correct? **Francis G. Ziegler:** Yes, his message was take some of the \$28.6 and use it to match any federal aid you put into the oil counties. Have \$228 million, and here is the shortfall; in order to take care of the shortfall is to take some of the \$228 million and move it here to match federal aid. Do have \$240 million of federal aid out in the oil country. Take some of the \$228 million, move it over and match federal aid. What that does it takes \$28 million away from the roads in the oil country.

Senator Wardner: Could you move those projects that you matched money for too?

Francis G. Ziegler: We can and we have \$240 million in the oil country that is federal aid. Effectively what it does when you take out of the \$228 pot it leaves us short of that \$228 pot to take care of roads that you had planned. Basically what you are doing is cutting the \$228 million by \$28 million; that is the consequence of shifting that money.

Senator Stenehjem: Looking at second page, I see that \$15.2 million that you say is to match federal funds; I don't know where you are coming up with the \$28 million—don't see that total. Is that \$15.2 million for match on that ER stuff out of the Devils Lake area or not? **Francis G. Ziegler:** the Devils Lake area is complex; we have some match in our budget for the Devils Lake projects. When I came before you the other day, we are going to have more effort and will have to the state bank and the land dept. That match is not included in any of the budget. Hwy 2 is in trouble (12.8 miles) has to be raised this upcoming biennium. We will have to borrow money; we don't have enough money to raise that grade. **Senator Stenehjem:** That is a different; he's just trying to get to this \$15.2 million that we are talking about in the first part of this deal. Just want to make sure this wasn't part of the ER money. **Francis G. Ziegler:** When we have to match federal aid, we put it in the big pot and say this is what's needed to match federal aid. Believe we are at about \$108 (\$118 actually) million this biennium. This just takes \$15.2 away from matching federal aid. No matter how we mix and match, we are short. **Senator Stenehjem:** Of that \$118 million, you have not calculated any kind of match for the ER stuff in Devils Lake. (Correct)

Senator Wardner: That \$28.4 million that number comes about, they lose that because 25% of motor vehicle excise tax doesn't run through the highway trust fund (\$46.4 million), then the DOT state highway doesn't get \$28 million which is their share of that. (Correct)

Senator Wanzek: To clarify--if we don't run the excise tax through the distribution fund, it results in approximately \$28 million reduction in state highway fund, which would have included \$15.2 million for match money, so why do we have to go to this \$228 million for \$28

million for match? Wouldn't it be \$15.2 million for match—or you are also saying you would also go for the other needs and take \$228 million out as well? **Francis G. Ziegler:** It's just a shifting—you have \$228 million, prepare projects for that amount, and then you are short \$15.2 million because it's not coming through your fund anymore. The last thing we want to do is not match federal aid, so take \$15.2 million out of the \$228 for which there are projects and move it to the match program for which we no longer have the money. **Senator Wanzek:** I thought you said you need to take \$28 million out of the \$228? **Francis G. Ziegler:** The match is the \$15.2 component; there's more items in the \$28 million.

Senator O'Connell: What is the match percentage for federal? **Francis G. Ziegler:** That is 80/20. One thing need to share—the House did not make any expenditure changes; they left them all the same. The revenue is short; we are coming to you with an unbalanced budget. If you look at the green book we gave you the other day that shows that \$27+. **Senator Wardner:** That answers one of my questions; that is a critical point.

Senator Stenehjem: Kind of looking at all the charts and we can say that if there is \$28 million less in revenue because that 25% of the excise tax didn't get run through the formula. How many millions of dollars are coming in to the budget of DOT from all the sources: gas tax collections, motor vehicle registrations, general fund, permanent oil trust fund, land and minerals trust fund—how much is your total budget, outside of federal dollars. **Francis G. Ziegler:** Go to the booklet, blue attachment C—the left side has highway tax distribution fund and the right side the highway fund. The funding they get as the federal highway administration, emergency release and all. Then have other revenue sources; they are all listed there. The highway tax distribution fund—gasohol, gasoline, special fuels, etc. That shows the 25% motor vehicle excise tax shows it now being zeroed out—\$46.34 million. And one of the other comments that had been made after the House hearing was that your revenues are growing. What we do with these revenues, they have already been projected; left side motor vehicle fees and fuel taxes are projected forward. We estimate our revenue and then we are planning on those funds to take care of our business.

Senator Stenehjem: Trying to make this point—it appears to me there is \$909 million of revenue from the collections of gas tax, etc. (correct) and the point you make is because the 25% excise tax not in there you are short \$28 million and that is the money you use to match federal highway dollars, that's what I heard—right? **Francis G. Ziegler:** The point is there were no expenditures cut so there is a shortfall. I suppose we can go to operations. When we look at our operations to pluck some money to take care of this match, we have a 4% inflation the first year and 4% the second year; the last biennium budget we didn't match the inflation. One of the key points as I talked to Grant and his crew that are taking care of the roads, we are finding that oils are going up and everything is going up and up. We are trying to figure out how we can stay flat in operations and even steal from operations to do this match. We have no cushion on our budget, so when we come to you showing a 4 and 4 it is above the table. One of those items is our paint; the new paints without lead are not holding up and for safety we need to get those kinds of things; oils for crack sealing, patching.

Senator Stenehjem: The point I am trying to make that \$28 million doesn't totally have to be the only dollars you had for matching federal funds. Not suggesting any one of these—we are transferring \$228.6 million from the permanent oil tax trust fund; \$28 million could come out of that. Not suggesting but it could come out of the \$142 million—it's going out to the oil counties,

I am not suggesting that you take it out of administrative programs or out of highway programs or out of any of those other things we are spending it on. It just doesn't have to come out of our federal match dollars; we could transfer another \$28 million out of the general fund into the highway department's budget to cover that. Just trying to look at all the options that we have here, and I want these guys understand that \$28 million does pose a problem but it doesn't have to be at the cost of match for federal programs. **Francis G. Ziegler:** You are right. We can pull the \$28 million out of any one of these. The bill from the House does provide us with flexibility—don't deny that. We will just build fewer roads and we want you to know that. The last thing we want you to think is that you gave \$228.6 million to build roads in oil country and we only build \$200 million and you say why? We had to use the flexibility to match the federal aid. **Senator Stenehjem:** It's not just \$228.6 million; you'd have to add the \$142 million we are sending out there too, so it is over . . . **Francis G. Ziegler:** On that one he would like to share that, he believes it was the Governor intent (executive budget) that the townships and counties take all that money—we want to give—I don't want to take anything out of the \$142 from the counties and townships. But there is flexibility. **Senator Stenehjem:** Not what he is talking about—the big picture is that not only are we going to spend \$228 million out in oil country on state highways and those roads, we are also going to spend another \$142 million because we are giving it out to the counties to work in that part of the state. In grand total going to spend \$370 million on the roads in the oil patch—I am not suggesting we take one cent out of that because it needs to be done. We are not going to miss out on a nickel making the federal match; even some of what is being done with the \$228 could qualify for federal matching. With some of that money matched we'd get more road construction than we'd otherwise gotten. **Francis G. Ziegler:** You know me well enough to know that I will never lose a federal dollar; we have been doing that over the years. We'll take every flexibility that we can in this budget. All I am saying you need to know the big picture. One more comment that Grant is sharing—the key is we'll either have to take from the \$228.6 or cut services. **Senator Stenehjem:** Or transfer some more money from the permanent oil trust fund, or land and minerals fund or —all kinds of options. We could even put the 25% right back through there. And undo what the house did. **Francis G. Ziegler:** That is what the Governor asked for in the Executive Budget.

Senator Wardner: Would just like to make sure that our committee understands—when you were talking about the appropriations and the spending, you were referring to the back side of green and blue sheet, that if things were to stay as they are, we would have to make some amendments so the spending authority can match the appropriation. Is that correct? (Yes) Go to the green sheet, so you have an understanding, this is for Senator Wanzek as he did put a bill in for non-oil counties, townships and cities. You will notice the 25% of motor vehicle excise tax is in there, you can see what the counties (\$100.8 million), townships (\$12.3 million), cities (\$57.3 million) and transit (\$6.9 million). When you take that money out of there what the House did was take the \$46.4 million, add some more dollars and made it \$50 million. They said they were going to send \$25 out this biennium, get it out right away—that is what you need to look at. Big picture—taking \$28 million from the state highways and putting \$50 million more to counties, cities, and townships. The transit and state highways get less; counties, cities and townships are getting more. Have to talk about that and decide which way we think is the best to go. By the way, that \$50 million goes to non-oil counties, except there are five that are low producing and could get it. Question would be—what is the procedure for a city, county or township to get money out of this fund—is there a process? I am talking about the non-oil counties, because the oil counties have a process and rules that the county

has to levy 10 mils for roads. Are there standards in there for non-oils? **Francis G. Ziegler:** Hitting on the very point that the treasurer's offices made to him, they don't have a format or a process to make distribution. Every distribution they make they develop software packages, and they have everything set into motion so the normal process can be easily followed. This is different than the normal process, so they are going to have to write a program to make this happen. Has been told it will take more than this biennium. Do we have someone from the treasurer's office?

Senator Wardner: Identify yourself for the record and help us with this.

Carlee McLeod, Deputy State Treasurer: We do have some concerns the way that this money has been put into the bill. With the oil producing counties they have to meet a formula. In the section where you have designated \$50 million, you have referenced the highway tax distribution and the township road distribution; however, the percentages broken down by and the reflection back to past distributions don't all match up. You can't take 60% pull it out and make it work with the historical data. Each of those distributions is based on real time knowledge about why each of those political subdivisions should get that money—population, motor vehicle registration, township road maintenance agreements, those are constantly updated. To look back at the historical data and say you are going to meet their current needs based on that won't work. We can work with you to provide the most effective way to get those exact dollars out to the committee, but we don't want to reprogram something that could be very costly and take quite awhile. Rather just do what you want to do and get the money to the political subdivision.

Senator Wardner: The way the bill sets right now, would like you to come--we will try to meet Monday, and have you bring a proposal how to best handle the distribution of monies they way they are in this bill right now. It doesn't mean it won't change; we aren't locked in on anything, we are taking a look at all options. **Carlee McLeod:** The easiest way, when you have the \$25 million each year is to split it 80% going through the highway distribution and 20% going through the township. That should achieve what you want, and all they would have to do is make a minor tweak in the program—oh, may not achieve what you want!

Senator Stenehjem: Part of the problem is as the bill sets now, they are not running the dollars through the distribution formula; when you do currently the state and counties do not get a distribution under that. If you try to disburse this money back then try to give some to the states and transit . . . **Carlee McLeod:** I understand what you are saying and understand concerns. I think we can find a way to run it through without taking the state portion and running it jus to those political subdivisions. I'll come with that next week.

Senator Wanzek: What you are talking about—the concern is how you break it down individually to each county, but in a collective sense there would be 60% of those \$50 million going to counties and 20% to townships and 20% to cities? **Carlee McLeod:** What I am saying is that would be difficult to determine. Because each of those distributions that you refer back to for historical reference; the highway tax distribution goes to counties and cities, as well as the township distribution goes to counties and townships. To put an arbitrary 60% is going to go to the counties, and 20% each to cities and townships, that's not the way it breaks out. Can run some different options so you can look at it, but that's just the way those distributions have worked.

Senator Stenehjem: Thinks he understands what you are talking about; what you want to do is use an existing program for distributions to distribute this money so you don't have to write another program; basically they will get the same percentages of the money that they would get under the existing distributions. Little more confusing, based to those counties on what share they are getting of the regular distributions. Got it!

Senator Wardner: We'll be working with you; you can talk to Frances Ziegler about it. I think we will have to make sure this meshes. What about the \$25 million going out this biennium--if you could tweak something, you could do it but you wouldn't be able to do it right now. **Carlee McLeod:** Thinks they could tweak it and could get it out rather quickly. Just lost their main programmer to retirement, so it will take a little bit longer, but could get out this biennium if it's a minor tweak.

Senator Stenehjem: Not sure if we want to talk about this at this stage of the game, when you look at the \$50 million or the 25% of excise tax, and look at things realistically, even with an emergency clause, what are you really looking at? Looking at pouring \$25 million in two months of this biennium, and they really are not going to get out there and work on the roads, so is the clutter of doing all of this—getting \$25 million out this biennium or dumping all the \$50 in at the first of July--does it really make that much difference as long as the same number of dollars are there?

Terry Traynor, Association of Counties: I agree; as long there is assurance the money is there, they can start with the contracting process and making plans. Don't see where having the money a month earlier is that critical. The assurance is it going to be there is the important thing.

Senator Stenehjem: Thanks—committee needs to know it is the dollar amount not the day you get it.

Senator Wardner: Am I reading this right--what the tradeoffs are here, if we decided to go with what the House did or go to the Executive budget that it is really the state loses money, the counties and townships gain on this situation? **Francis G. Ziegler:** That is correct. It is a complex matter, take a look at the green sheet again. Up on top (one of the charts) see that projected unencumbered cash balance 2007-2009. Want to explain that.

What happens as we go through time, we are working with 3 different types of years—federal aid year which starts October 1 calendar year (construction year) and then the state's biennium. What happens when we get to the end of biennium on June 30th, there is always some cash in the bank. This time we had \$28M in it. I'll tell you why that number is so big, in the past it has been around \$10-12 million because we try to get the contracts paid up. In 2009, we had a bad construction year in the spring—hardly got any work done in June and just couldn't get the money spent. So there was somebody in the House that said you can use your unencumbered cash balance--you should know by now what you are going to have left over at the end of 2011 on June 30th. Nobody in this team can predict what the construction season is going to bring in the beginning of the year, or what the rest of the winter is going to bring. It has been the history of the department to, on June 30 the previous biennium, that money doesn't get spent but gets carried over. We move it forward, not spending it because

we can't predict what it will be so it is just "cash in fist". And the "cash in fist"—the federal government has been very good with us, and when we send a bill for our 80% we have the money in the bank in 3 days. What we don't have is that assurance in the future, especially for ER—emergency relief money has not been populated into the federal government's budget. We have to have some sort of cash flow, you need some cash to make sure you can pay the bills, but also you need assurance that when the big bills come, the ER relief, that you can pay the bill. To take out of a cash balance puts more strain on us.

Senator Stenehjem: Is that \$28 million where you are looking to make a match for the ER?
Francis G. Ziegler: That \$28 million was just plugged into the regular; we will use that wherever we need to take care of business. **Senator Stenehjem:** Was that in the Governor's budget (Yes) so he took into account that \$28 million? **Francis G. Ziegler:** That \$28 is a revenue source.

Senator Wardner: As you look at the blue sheet, did it end up in other state revenue sources? Does it end up in your budget anyway? **Francis G. Ziegler:** Yes it does, it shows right up in the \$965 using the green sheet and the blue sheet it is the last item on the right hand side under other revenue. It's always shown; cash that wasn't spent. **Senator Wardner:** Whether it is up on top as encumbered or down in other state revenue sources, what difference does it make for you? **Francis G. Ziegler:** It's cash to be used to take care of—we are okay with that. There was a comment made on the House side you can use that to match federal aid, we won't know between now and the end of June how much money we'll have in the bank. **Senator Wardner:** Understand now; why was it moved? Was there something wrong with it being listed as encumbered? **Shannon??:** What we did when we were building these charts (explaining the charts)—as we progressed through the process, it was getting a little bit busy, so we tried to move it out of the top, and hence it's down here. In terms of what it does, whether it shows up on top or bottom, the key is how much revenue is available on this bottom line and it factors into that either way.

Senator Stenehjem: (For Brady Larson) as we go through this process, pretty soon there is a \$300 million--(?? part of dialog missing from the tape) can you get us a copy of the bill that the senate . . .

Brady Larson: *the OMB, yes*

Senator Wanzek: *If I might comment that we passed in the Senate, I am somewhat in the educational; the way I understood, the intent we had in introducing that bill was to distribute that money in the same concept and in the same manner as the \$142 is going to the oil counties. And it was going to be left in the Department of Transportation and working in correlation with that study and the counties and identifying/prioritizing the agriculture roads that are impacted. When we drafted that, understood that the excise money was in there—this would have been additional money granted—more new dollars. What the House did might put some more dollars into the townships, counties and cities, but it creates some other problems. In my mind, can we ever solve some of the matching funds, and still help put a few more dollars in to address over and above extraordinary problems. Liked it in the sense that it incorporated the Department of Transportation and a strategy in prioritizing and identifying the rules rather than just throwing money out there. Although I know that study wasn't as*

extensive as the one done for the oil counties, but was somewhat the intent—to distribute it in the same manner and same concept as this \$142 million is going to be distributed.

Senator Stenehjem: We will need to come up with some kind of amendment and figure out how you are going to get this money out under Section 5 of the engrossed House bill. Not every county is going to get some money necessarily.

Senator Wardner: That is all important stuff to bring to the table; that is what our job is—to go through this stuff and your bill and see if it matches.

Senator Wanzek: I am not sure which way is right, Just trying to get an understanding of what the two differences are and how do we bring the two together or how do we address it.

Senator Wardner: We are getting towards the end; will try to find a time on Monday where we meet again. We will meet at 2:30 after floor session if no hearings.

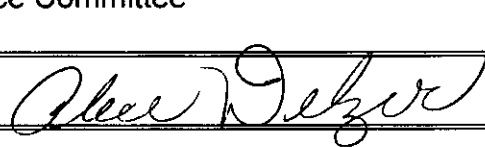
2011 SENATE STANDING COMMITTEE MINUTES

Senate Appropriations Committee
Harvest Room, State Capitol

HB 1012
03-21-2011
Job # 15737

Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

A SUBCOMMITTEE HEARING ON THE BUDGET FOR DOT

Minutes:

See "attached testimony."

Chairman Wardner called the subcommittee hearing together at 2:30 pm. Let the record show that the following members are present: **Senator Wanzek, Senator Krebsbach, Senator O'Connell; Senator Stenehjem, Tad H. Torgerson, OMB, and Brady Larson, Legislative Council** were also present.

Senator Wardner: If you have questions about discussion on Friday, and then will go through the FTE's, we'll have Linda (Butz) and Grant (Levi) talk about those and what it means to the department. (Testimony attached # --Transportation funding Report - county totals)

(part of the tape recording is missing) **Francis G. Ziegler, Director, North Dakota Department of Transportation:** question in the House. The Governor's budget had six operators and Grant Levi, Deputy Director for Engineering will talk about that—reduced to three. And then also had six in driver & motor vehicle services; four for driver's license and two for motor vehicle, so we'll have Linda talk to that. Our concern is that we want to continue to provide services we do. Will turn it over to Grant Levi who will talk about the three operators. **Senator Wardner:** Before you start, Grant, you asked for six, they gave you three in both cases? (correct)

Grant Levi, Deputy Director for Engineering: The strength of our economy depends on good roads—our ability to carry loads and move traffic. In addition to that, have to be able to keep the roadways open--free of snow and ice, for economic development and safety purposes. Turn to the green book we handed out, page 24, slide #47. Shared with you in testimony at hearing is that we're seeing a tremendous traffic growth and service demand. More and more businesses that are staying open 24/7, they are open in the evenings. We're tried in the past to try to provide service in the Fargo, Minot, and Bismarck areas with temporary employees. Tried to keep it going in the evenings so we had some presence. We don't have the ability to hire temporaries and not able to keep them. Also found we are better off having some permanent employee presence. Unfortunately, we need them during the day. During the last storm we had 340 people working during the day, 45 of them worked all night. Can only run them so long; tried 14 hours a day and that is pushing it. Some of those

employees ran all night long during those rescue operations. In the Fargo, Minot and Bismarck areas, they think it is important to have three more people put there on night time duty. It avoids some of the call backs in the evenings for regular daytime employees. We are called out all times in the evenings (counties as well), and that is what those three are for. The traffic load in western North Dakota; original staffing was put together many years ago based on traffic volumes and lane miles of travel. Out there people are covering anywhere from 60-70 lane miles. Because we put together our ice and snow plan based on traffic at that time, we are finding that doesn't work. We need to add some staff along the US 2 corridor; added staff before but as traffic volumes continue to grow, as the need for that corridor to stay open gets magnified with the oil industry and the energy movements occurring, we need to add some people there. Tioga, Stanley, Williston—asking for two employees, a third employee placed in Mohall. Challenged to deal with the energy industry and also to provide support for the air force. In total we are asking for six people. We asked for six, the House cut it back to three. We are having difficulty retaining employees out west in the oil producing counties. The Williston District Engineer just lost a few more people; he also didn't keep a few he had hired. Didn't allow them to get through probation because they didn't meet the standards we need to meet. We are down there; had asked for \$1.1 million for equity pay adjustments for that group of people; feel it is important that be reinstated in our budget as well.

Senator Wardner: Would you give the list where you would place the six? **Grant Levi:** Request would place one in Fargo, one in Minot, one in Bismarck, one in Tioga, one in Stanley and one in Mohall. **Senator Wardner:** When they are called back out does that constitute overtime? **Grant Levi:** Correct. Constitutes overtime; basically in the winter months the equipment operators (transportation techs) are on overtime over 8 hours. By that time in the evening they have put in well over 8 hours.

We were just briefed on the forecast for the next few days. What we do--there is 3 parts to our approach to a storm—the before planning where we bring district engineers together to talk about what type of even we anticipate coming based on the forecast. For this upcoming storm, if you look at the Southwest part of the state between 2-6 inches, Central anywhere from 6 -10 inches and the Northern part from 10 – 16 inches. As we are preparing for that, all our crews are available and are positioned appropriately. Once we get into the storm we work them as long as possible during the day unless we see that we just can't provide the service any longer. Then we put out a travel alert advising the public travel problems could be encountered, and then to no travel and road closures if necessary. Our people out on the field are calling those shots; they are telling what the road conditions are like and where things are at.

Senator Wardner: In the summertime when not in the winter storm season, what kind of activities do you have for these people to be involved in? **Grant Levi:** Our job in the summer is to maintain the transportation system from right away to right away post. That includes all things from drainage work; we do crack sealing, sealcoat projects, roadway patching, potholes, weak areas--the whole gamut. What we will do is put that group of people on that have maybe worked 20-25 days straight; we get to summer time we put them on 4/10 hour days. It is the most efficient way for us when they have to travel to and from an area to do work. But we also have to have some presence available for pavement blowups/breakups. We will put a crew on in the summer, and tell them they have to be available during weekends.

Senator Wardner: Just looking at where you are going to place them, four of them are deep into oil country, so sure your crews will have to be out more: Tioga, Minot, Stanley, Mohall—areas with a lot of traffic. I can understand where there would be more work conditions.

Senator O'Connell: Just a comment from experience—a 12 hour shift in the winter time is worse than a 16 hour shift in summer, because a lot of time you are running to the floorboard to have enough power to go where you want to go—running wide open in whatever gear. You have to be alert because there might be something you can't see; got the fog, winds in the wrong direction, a lot of times don't know if someone will run into you.

Senator Stenehjem: How many employees do you have in the Fargo, Minot and Bismarck district that relate to snow removal? That you use for sanding, plowing, those things. **Grant Levi:** I don't remember the numbers; typically the districts consist of from 70 to 90 employees. If you look at the number of people, we have there are 64 sections in the state; if you talk specifically Bismarck district itself and our headquarters here it would be about 16 to 20 people. (Whole Bismarck district is question) We can get that for you. **Senator Stenehjem:** You don't have a couple members on the night shift or especially out of the district office of Bismarck to cover that overtime, so someone is covered in there. **Grant Levi:** The challenge we have is to clean off the roadways and take care of our system during the day we need a full force to take care of it. That is set up for an operator to take care of anywhere from 50 to 70 lane miles. It becomes difficult to pull from resources during the day. What we have done in our Fargo district is that we are staggering some of our work hours. We'll get you that list.

Senator Stenehjem: Don't have to give me the number, was just curious if you have something going to help you. Like I do on my shifts, I need everyone I have when I am plowing; don't have any spares so have to borrow people from someplace.

Grant Levi: Used to hire some temporaries to work the late evening—contract employees; haven't been able to do that lately. Don't have a presence in late evening.

Senator Wardner: The Governor's added six FTE's for transportation techs, the House cut three.

Senator Wanzek: Did House indicate which three out of six locations they propose that you cut? **Grant Levi:** They did not identify which ones should be cut.

Senator Wanzek: Is there any federal labor laws that we have to adhere to, must be limits to how long—for liability for safety reasons—somebody can be out there working. **Grant Levi:** There are laws as relates to commercial drivers license use, hours of work and service hours. There is an exemption in law that allows people who are working on emergency situations for government entities for snow and ice control to run longer. A personal situation—managing the Fargo district, running people hard and a driver came in and forgot to drop his truck box. He hit an overhead structure, knocked the box off; he was tired and forgot to drop it. Sent a loader up to remove the box laying on the ground and the loader lost control and a fatality occurred. The first thing the lawyers asked was how many hours was that individual working. Have concerns, push people hard, sometimes a little longer than we'd like to. I can't emphasize enough the importance of additional staff.

Senator Wardner: Let's move to the licensing FTE's.

Francis G. Ziegler: In the Executive Budget--total of six employees; four for Drivers Licensing and two for Motor Vehicle. The house cut it down to two and one. I'll have Linda Butz describe her needs and share some of her concerns.

Linda Butz, Motor Vehicle division: in requesting the FTE's, in her mind, trying stay ahead of the curve, assuming the economy is going to continue to grow; this is a long term energy boom, also growth in the Fargo market. Have looked hard and long for inefficiency, looked at outsourcing--all our branch offices are outsourced. Outsourcing our scanning was not successful. The staff has been working overtime since last June; we can't keep up with the demand, 6 to 8 weeks for a title transfer; we need more staff. Back in the early 90s it was thought we could eliminate some staff, and I think that would have worked if the economy had not continued to grow. The MV was able to (with the BRTS) satisfy needs with that staffing configuration up until recently when there has been growth in the economy. They need to 2 FTE (in central office). The other place we need someone is training in the different branches, we did bring everyone in to Bismarck for training. Another model we are looking at sending someone out from Bismarck for 3-4 days to do training. But that is taking someone from the job.

In the Drivers License it is equally as difficult; last summer the wait time in Williston was 80 days for a CDL; people leaving, maternity leave, and a death in one of our areas, and then we were up to a 70 day wait in Fargo. She started getting phone calls from legislators asking what we could do and we made the difficult decision to cut back 12 sites. We then looked at two communities, where there were two to four people testing and decided to temporarily close those--Crosby and Stanley. Didn't believe those two were so low as in the heart of oil country. Had them check the numbers and no one showed up because we varied our hours, not the case, so made that decision that we would reinstate those two if we got the staff. With the cut backs for those 12 sites, the statewide average wait time is 27; but in Williston it's again 56 days. When they testified on the House side, a contractor that supported the bill said if he could he would like to place 500 CDL drivers in western North Dakota this summer. He supported getting us more staff. For the first time this division is experiencing tremendous turn over; we have one person in Dickinson (had three) and we are pulling from Fargo, Grand Forks, Bismarck to go out there for a week at a time. If we could get four FTE for Drivers License, they would put one in Dickinson, Minot, and Williston. The fourth in Fargo or Bismarck—where the greatest need is.

Jumping back to motor vehicle, we are experiencing a dramatic rise in the number of dealers, 28 new dealers came on board last year. My private sector experience tells me we need the resources to deliver services; stand willing and ready to do those FTE's reinstated.

Senator Wardner: In the MV you need just one; the House left one, and you need two?
Linda Butz: House left one, we'd like two. The House left two drivers license, we'd like four. The CDL's are in the DL division.

Senator O'Connell: I can't remember how long you said it takes to train somebody, and then how long they stayed before they are back in the oil field once qualified. **Linda Butz:** It takes two months for a driver license tester, then six months before you can be qualified to do the

CDL testing. It seems it takes six months to get people up to speed even in motor vehicle. It is very complex, it's a legal document. As far as turnover the best example is Dickinson, two new people hired in August, and they left us in February and went to oil field jobs.

Senator Wanzek: When you say 28 new dealers, auto and trucks? **Linda Butz:** Motor homes and trailers; (surprising!) **Senator Krebsbach:** Is there not a lot of used car dealers in the state? **Linda Butz:** About 100 new dealers (stable for many years) and 400 used car dealers--that moves up and down.

Senator Stenehjem: If I want my CDL license and want to get tested, how far out can I call to get a date--three months from now? (Yes) How far ahead do you take them? **Linda Butz:** I think it's about a 3 month window; just got a new system--NEMO. Within a few months, we are going to go online so if you wanted to schedule a test six months out you could put that in. The beauty is that if you had to cancel, you can check it every day and as soon as a slot opens up someone can take it immediately.

Senator O'Connell: What's your passing percentage the first time? Doesn't the federal government require 100 tests in the book and you pick 25. **Linda Butz:** That I am not sure about. A chart we prepared--in 2010, had 3,941 people that applied for a CDL; of that 15% (587) didn't show up, 8% (314) did not have a vehicle ready to test; of the 3,941 that called for an appointment, actually tested 3,040 or 77%. There were 34% that failed. So we issued 2,006 or 66% of the pass rate of all that scheduled slots. The whole process is very time consuming.

Senator Wardner: The six years for the regular driver's license--what bill is that? (HB1190).

Linda Butz: Senator Stenehjem asked quite a few questions when she testified; I do have these (Testimony attached # 2).

Francis G. Ziegler: For the record, that is HB 1109.

Senator Wardner: You feel that will help take some of the pressure off as far as driver's license testing people. **Linda Butz:** It will take four years before seeing any relief in that, but looked at a lot of different options before asking for the FTEs. This was the one that the staff felt could be done and the least compromising to safety.

Senator Wardner: The next time we meet we will go through the bill and take a look at the funding and take a look at the FTE's last. Next time we start with the funding. **Francis G. Ziegler:** We will prepare to walk through the funding with some charts and some options. Late last Friday did have good news--Tiger 2 funds (the port of North Dakota) project in Minot. We signed all the documents last Friday, all the signatures are in place, the bidding will be done in May. Staff has worked long and hard to put into place. A bridge on 55th Street in Minot crosses the railroad works on the northeast by-pass. All part of the Port of North Dakota. **Senator Krebsbach:** very happy! **Senator Wardner:** We'll recess til next time.

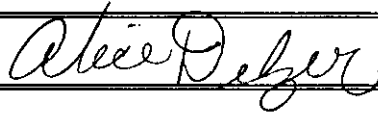
2011 SENATE STANDING COMMITTEE MINUTES

Senate Appropriations Committee Harvest Room, State Capitol

HB 1012
03-25-2011
Job 16011

Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

A SUBCOMMITTEE HEARING ON THE BUDGET FOR DOT

Minutes:

See "attached testimony."

Chairman Wardner called the subcommittee to order in reference to HB 1012. Let the record show that all subcommittee members were present: **Senators Krebsbach, Wanzek, O'Connell, Tad H. Torgerson, OMB and Brady Larson, Legislative Council** were also present. **Senator Stenehjem, Linda Butz, Francis Ziegler & Grant Levi** from DOT were also present.

Brady Larson: Handout regarding Transportation Funding report; there was a question at a previous meeting regarding transportation revenues and expenditures of counties, cities, and townships. During the last session there was a statutory reporting requirement enacted that requires each county, city and township to provide information to the tax commissioner regarding their transportation revenues and expenditures. These detail the totals for all counties, cities, and townships that reported to the tax commissioner. (Testimony # 1). Doesn't have a lot of information regarding specifics or categories, but could get that.

Senator Wardner: Questions? You have to study the sheet; what they are spending on roads in local governments—right? **Brady Larson:** Yes; it would detail where their revenues for transportation projects are coming from and how they are expending those.

Senator Krebsbach: You indicated that these are the figures from the counties that reported; do you have any idea what percentage that is or where we are at with numbers other than "not reported"? **Brady Larson:** The he heard back in August; believe most if not all of the counties have reported this information. Believe a majority of cities did; not all townships submitted reports to the tax commissioner.

Senator Wardner: Would now like to talk about the emergency dollars as far as the need and then--we kind of have an agreement will go with the BND. Go over those for the whole committee.

Senator Stenehjem: Can I get list of the counties, cities and townships that reported and that didn't make a report. If it gets to be substantial, maybe we need to tie an amendment on here

that says if you don't make your report, you won't get future disbursements. **Brady Larson:** I will work with the tax department and get the nonreporting entities.

Francis Ziegler, Director of Department of Transportation (DOT): You are looking for an explanation on the emergency relief project—Devils Lake is forecasted to go up to three more feet; now at 1451.7 and going to go up to 1454.7. What that does is makes about 12.8 miles of Hwy 2 in the Penn area (west of Devils Lake), eligible for ER funding. Water will be within 3 feet of the roadway and what happens now that the body of water has gotten SO big, on a windy day we are going to have some slope erosion so it is our intent as soon as it becomes eligible from a federal aid perspective to go ahead, design it, and raise that grade. What is happening in Congress is that they have not funded the ER program until sometime after the ER event. The 2009 ER event is now being funded and we're building those roads; that is what you are seeing now. The 2010 events have not been funded; estimate in excess of \$50 million dollars that between the state and the county roads is not funded. What happens when that is not funded and you have to raise the grade, the state or local governments is going to have to front the money for that program. The latest estimates were at \$118+ million dollars for ER that is predicted to be done, designed for and built in 2012. Needed to give that information and let you know that somehow it has to be built in 2012, and if the ER component (the 80%) of this construction doesn't come through, we will have to front the money. There wasn't enough in the budget, as big as it is--much of that is going out west. There is not enough money in it so we will end up borrowing from the state bank, to pay the 100%, 80% will be recovered, 20% will be addressed as a deficient appropriation some time later.

Senator Wardner: That is the plan on that issue--go ahead and borrow the money for these emergency relief projects up to \$120 million. His understanding is they probably will never borrow that much at any one time, but when they get the federal dollars they will pay it back. Make sure everyone understands that is going to be an amendment in the bill.

Senator O'Connell: What's the interest rate that we can borrow from BND? **Francis Ziegler:** They are getting us a rate of 1.67%; that may adjust. **Senator Wardner:** You will borrow the money only as you need it? (Correct)

Senator Krebsbach: Do we understand that the money you just received for 2009 goes to pay for those debts back then? (Yes) And the interest? **Francis Ziegler:** We have not had to borrow from the bank before. Have always had enough money coming in from the federal government to make it work. They are delaying payments more and more.

Senator O'Connell: Does the federal government allow you to take and when you design; to recover some of that cost too or do we eat all the design and whatever? **Francis Ziegler:** The design is part of the costs so get 80% of engineering back too.

Senator Wanzek: I vaguely recall in your initial testimony, you made reference to those dollars—where was that? **Francis Ziegler:** Page 22, slide 44, for the record asking Grant Levi to share information.

Grant Levi: When we testified, we took the information that was available at that time. Shown on page 22 in green book; had \$73.7 million. Shared earlier they had some work outside of Devils Lake in other areas of the state they were concerned about. The figures recently

shared with Francis included all the work outside of Devils Lake so that is how they arrived at the \$120 million.

Senator Wardner: Any question on emergency relief and how it will be handled? Move to dollars, the 25% of the excise tax right now it does not go through and he thinks it may stay the way the House sent it over with the motor vehicle excise tax. Not going to send that through--\$46+ million. What does it mean, that money then we would send \$50 million out to the non-oil counties if we do it that way. He wants the committee to know that it's going to have some things we have to deal with as far as amendments, and that is to make sure we'll start with the state highway department. Would have to have some language in there to make sure they can capture some money for; because they will have a shortfall.

Francis Ziegler: If you go to slide 66 in the testimony, we identified that issue. What the House did as indicated. Takes \$46.34 million from the Distribution Fund, of which \$28.41 million is a reduction to the DOT. In reviewing our entire operation and taking a look at what we can do, what we can't do is take it all out of operations. What we'll have to do is try to figure out a way between operations and program to remove it. We will and have committed to the western counties to keep that program intact. The rest of the \$28+ million may have to come from other areas of the construction program. When we looked at what we had to budget for, we were probably as frugal as ever given the diesel prices and asphalt prices; since last October asphalt prices have gone up \$70 ton to \$500-600 bracket. So in operations we have to move forward with that, but we will have to make a program adjustment. Willing to live with that.

Senator Wardner: We are looking at increased revenues from the gas tax; they will be given authority up to that amount to replace it with the additional revenue. There will be an amendment in here so they are covered; otherwise, if not they have to take it out of the \$228 million that goes into oil counties. We take it out of there but goes right back into their budget so somebody is going to be short. And it was suggested from the House we were using it to match dollars; that is not the case. If this is the way we go, the amendment will give them that authority so the committee knows.

Senator Wanzek: Thinking out loud--you are saying gas tax receipts would all go until the \$28 million is filled, then go back to the formula if there was \$28 million? **Senator Wardner:** They wouldn't have spending authority over that. We are giving them spending authority. **Senator Stenehjem:** Wouldn't it go through the formula? **Francis Ziegler:** This is the expenditure side and this is the revenue side (using hands). All the revenues go through the Highway Tax Distribution formula unless, like last session, you dedicate it to the highway fund. But in this case it would all go through the formula; the amendment in there would allow the Department to spend revenues that are above and beyond our projection. And use that to help pay for the \$28.14 million. The others in townships and counties would have their limitation as to what they get from a distribution formula. But ours come into the highway fund and we would be able to use up to an amount. As the chairman said, there is the expenditure side and we are maxed out what we can spend, so can't spend more than—even if more revenues come in we can't spend it because the expenditures is locked into a cap. **Senator Stenehjem:** You only mentioned the Gas Tax; it would also include motor vehicle registrations too because they are expected to probably increase over what was projected. Everyone will get their fair share of it;

just get it sooner than having to wait until the next biennium. **Francis Ziegler:** That is correct; in all revenues there's gas tax, gasohol, diesel, motor vehicle registration.

Senator Wardner: Any other questions on that issue. Point out that by not sending that motor vehicle excise tax through the highway distribution fund, the counties, cities and townships get a little less through the distribution; however they pick it up on the other side as it's distributed to the counties, cities and townships. The non-oil townships will pick up \$50 million; already, the oil counties will get the \$142 (townships & counties). The one that is going to increase on the formula but don't get any of these extra dollars outside the trust fund, and that is transit. Last biennium transit got \$5.7 million, they will get \$6.2 million but they are not in the \$50 million for the non-oil counties. We will have a chart showing that when we try to wrap this up. The third thing to talk about then is the FTE's and last talk about the equity dollars.

Francis Ziegler: The executive budget contained 12 FTEs, 6 operations, 4 drivers license, and 2 in motor vehicle. The six in operations were to go to Fargo, Bismarck, Mohall, Stanley, and Tioga. The idea is in the three major cities that was for night shift to help that whole operation do better; these cities are getting so big we need a night shift. Right now we are taking regular operators and putting them out at night, and then they are expected to work during the day again. Getting to the point we have to have a night shift.

Getting to drivers license—we are blessed with strong economy in the state, but what happens in drivers license is that CDL testing is very time consuming. It takes about two hours; there is quite a no show and they are trying to work on that to get pre-registration. The whole idea was to help with the CDL testing in the western part of the state. There was a gentlemen testified in the House that he is looking at adding 500 trucks, so we are seeing this growing more as the oil industry grows. Believe we need those four FTEs.

On the motor vehicle side, had a talk this a.m. about not only the registrations but in special situations that come up where we are having to title trailers, most of them don't even come to the State of North Dakota but just because they are being sold by a North Dakota auto dealer. Those are the kinds of things happening to us--from a strong economy, things happening. If I was to make a pitch for employees, we never come to you or the Governor and ask for things we don't firmly believe in that we need. Our economy is so strong, there are needs; the oil industry is 24/7. It is amazing the calls they get at night. And the bad storm a few days ago--it's amazing the pressure to open the interstate, we had 26 trucks between Grand Forks and Fargo; our people are working hard, make sure to keep economy rolling.

Senator Wardner: Transportation techs--the House left three in. The Department is asking for the other three. If we put them back in, we will have to defend that on conference committee.

Senator Wanzek: Just trying to understand; I know it was Fargo, Bismarck, Minot, Mohall, Tioga & Stanley. If the house took them out, did they provide any rationale for which one of those areas get by without a technician? **Francis Ziegler:** No they did not; took them out and left it to our choice where to put them. **Senator Wanzek:** If you were really forced to, is there certain areas that you? **Francis Ziegler:** Grant and he have talked about this, and what they would opt for is the night shifts in the major metropolitan areas. Thinks he has shared before, but between Fargo and Moorhead we have 65,000 cars a day right now. That is not just eight

hours a day. In Bismarck we are about 40,000; we have to keep that going. If you have one crash out there the chain reaction is phenomenal. Watching those very close.

Senator Stenehjem: How many openings do you have in the western half of the state--oil patch? **Francis Ziegler:** Five in the Williston district alone; Minot and Dickinson are now full. Williston had to let the last two go that they had hired because they couldn't handle the job. **Senator Stenehjem:** Think that was the thing the House was thinking about--the fact they have five openings already that they can't get people for. The other part is--there is going to have to be some compromise in here and pretty soon will start talking about the \$1.1 million, and when you look at working this thing out, the money part will be more important than those positions to keep everybody else out there working. Just so the committee understands what may have been the conversation in the House.

Senator Wardner: Good point; we'll have to weigh that in as we deliver it. Let's talk about the two driver's license examiners; doing this so if the committee has any questions about what we are doing this will probably be the last shot. On Monday we are going to get to amendments and get this thing out. Comments from Francis or Linda Butz.

Francis Ziegler: I'll start; Linda may add as needed. On the driver's license side, it is very imperative that we get the CDL, are looking at other options and trying to get them tested through colleges or private enterprise. The four FTEs came from the standpoint of the fact we have 60 to 80 days backlog. If you want to get a CDL in Williston, right now we are at 57 days; statewide we are at 20-30 days. We are trying to get this down to a 2 or 3 week delay; 57 days is a long time in oil country to not have a needed operator because there hasn't been a test given. With the oil field growth, and we keep being told about more things going on every day--new fields being opened up and new finds--we don't believe it's going to let up in the next two years. That is a critical area for us--those drivers tests.

Linda Butz: Went back to her notes from testimony; on that date 52 days was the wait in Williston, and 27 overall states.

Senator O'Connell: In the oil field do they have to carry the medical also, or are they exempt? **Linda Butz:** There is a new rule from the feds in regard to the medical. There is another bill that addressed that medical issue; if you are an intrastate there is a different rule for a medical than if you are an interstate trucker. Really depends on what category you fall into. **Senator O'Connell:** if they going to truck into Canada or Montana, they have to have the medical. If they stay in North Dakota they are okay? (Yes)

Senator Stenehjem: Are you talking all of the positions or the three shortages in the driver's license? They weren't all in there, some were in motor vehicle? Then, how many actual people are waiting (those 57 days) to take their actual driving part of the test?

(part of the audio file is missing) **Linda Butz:** I can make an assumption, let me get back to you, the capacity we have per day. We are testing every single day. No weekends. **Senator Wardner** whenever we find a time, when we meet again to get that information. **Francis Ziegler:** We can email that to you.

Senator Wardner: Drivers license people; and from where he comes from, the biggest issue is CDL. The last one is the motor vehicle person; comments on that.

Francis Ziegler: The growth in the number of dealers and the number of registrations and the sales of vehicles continue to grow due to good economy. So in that neighborhood of--they keep doing overtime, so it has dropped. Will let Linda speak to how far behind they are with titles. They are getting a lot of complaints that we are not getting our titles out in 45 days; closer to 50-60 days. Linda, other than the fact we are behind and working different issues to catch up, could you tell us how far behind we are, and what we are doing to catch up.

Linda Butz: Have been actually asking staff to put in overtime since last June; did give them a brief break from the week before Christmas until February 1st. Have started doing overtime Saturday mornings from 7 to 12:30. As a result of the most recent effort, they are down to about 3 to 4 weeks turnaround time for a title coming in from the mail. The branches can start the process for them and get the information to them. Have a different team of temporary workers work on those—about 10 days turn around on those, as of today.

Senator Wardner: Do you see that getting better staying with your current staff or is there a ramping up of new activity or do you think you could get it down to a week? **Linda Butz:** The goal in the olden days before all of this growth was to try and get them back in a 14 day turnaround. If we could get back to that point, we feel that would be acceptable service to our citizens. Have asked the staff if once we get caught up, can we stay caught up without overtime and they do not believe that is the case. Believe they are willing to do some overtime. Just this has been a prolonged period; additional resources would be appreciated.

Senator Stenehjem: What kind of impact have the FEMA trailers had on people getting their titles, etc? Is that type of thing dragging the process out? **Linda Butz:** It is; there were a number of unique things. What happened last summer was a new experience for them. The federal government released FEMA trailers to private sector and any dealer had access to purchase these trailers in 5,000 block units. Then there was a government title, but because the dealership was domiciled in North Dakota, then that particular state's motor vehicle had to convert it from a government "birth certificate"; convert to title in that state. The other unique that happened was that many of these trailers never came to ND. When we first heard about it, the government tried to put a lot of pressure on them, but told them that our first responsibility is the citizens. What they did was, have counter windows over there and used one counter person to work on these when slow periods. These don't come in 5,000 at one time but they come in batches of maybe 20+; sometimes get 2-3 packs a day. First did our work to our citizens, it did change the dynamics with all the other growth in the economy we're seeing.. Have processed 8,800 of what must have been 10,000 total. What we don't know is if all the trailers FEMA released has been worked through the system and are done.

Senator Wanzek: When you say these weren't trailers necessarily located in North Dakota, assume it was an ND dealer that went outside the state and purchased these—and that's why they are titling them? Owns them, or whether brings them here or not. Maybe explain the FEMA trailers. **Linda Butz:** They are a livable trailer; FEMA released these nationwide; apparently dealers could pick them up but many never arrived in North Dakota so it was a paper transaction. Because the dealership was domiciled in North Dakota, then became an asset of a ND firm, so hence the conversion to a North Dakota title, and in turn sold by large national auction houses that handled the sale. They are not necessarily located in ND.

Senator Wardner: The House left one in for that. What impact do you see at leaving it at one? **Linda Butz:** One is better than none. With the growth of economy the turnover in the motor vehicle offices is a problem. Watford City, one of our strongest sites, Linda Svihovec has been the county treasurer for years, she is done the end of April and become the auditor. She has had a woman that has done the motor vehicle work and with her for 15 years. She's been a strong person; she is going to retire in a couple of years. What we see is more demand for training, need to find someone on our staff and put them on the road go out and train on a regular basis. If we can around to all 20 offices, then would like to divide the state in half and on an annual basis thereafter. A school in the western half and one in the eastern part, to try and keep people current and as efficient as possible. Two people, one a trainer on the road.

Senator Stenehjem: They are going to go train the offices; isn't that the group of people you said you didn't want to do registrations out in the field? Or in this other list of which counties want to and didn't want to do it? Or am I confused? **Linda Butz:** Based on the question you asked me when I testified, we did a survey to find out a level of interest, surveyed the whole state to see if there were any additional counties that wanted to become treasurer offices. We know that the Williston office is really struggling. Part of the thought process in our office was if we could put more offices out there, we could take pressure off the Williston branch. I don't know if someone who would normally go to Williston would drive to Crosby—if that would be helpful. We need a trainer to help support the existing offices; as we move forward then look and see if it is appropriate to put new offices in county treasurer's offices that are willing to take it; another training opportunity or responsibility. **Senator Stenehjem:** Thought in the beginning when you testified that you kind of wanted to do away with those offices. (No)

Senator Wardner: Talk about the equity so everyone knows what the department is planning. It is \$1.1 million and . . .

Francis Ziegler: What we are trying to do with the \$1.1 million is to provide some increased salaries for trans techs or equipment operators. Trying to bring those salaries up, they are so low now; start them at \$12.75 and they do move up to that \$15-17 range rather quickly if they can meet their probation. But trying to get them up to where they will stay. Shared story--we did get an operator back from the oil fields, because he was working many hours so he came back. Hope to have success stories like that again. His wife said can we afford to lose that kind of income? We can't compete with the oil field, but I would like to compete with McDonalds; they are now at \$14.75. Rent for a two bedroom apartment now are around \$1200-1800 range. When you think about what our operators are making, and you take off \$1200-1800 a month there isn't a whole lot left to live on. All we are trying to do is bring up that salary within the classification to help retain those people and maybe get some more back into our crews. **Senator Wardner:** Would you do this statewide for these transtechs? You talked about just doing it in the west, but that creates problems. **Francis Ziegler:** last summer we were losing them fast, and we had to take quick action, so we gave them retention bonuses. We couldn't do it throughout the state, so we drew a line if you were within 30 miles of the oil field then eligible for the retention bonus. That created a major morale problem for those that were right outside the 30 miles, and even for those well beyond. I have asked the guys to come back with a program should the \$1.1 million become reality. we would obviously give the most to the oil country, but with a transitioning and prorating of that as we go to the east. When you have 350 operators and 50 shop people the worst thing you can have is a

moral issue; we need upbeat employees to do an upbeat job. The most in the oil and the least in the east.

Senator Wanzek: As far as heavy equipment operators, are there certain operations or equipment operations that are more vital than others? Do you kind of prioritize them; heavy equipment—are you talking snow plow or excavation or ? **Francis Ziegler:** They are all equipment operators; we have 350 trucks in round numbers and 50 shop people all in those classifications of trans techs. Would add that trans techs are very specialized people; we have now trained them so they can work construction during the summer and in the winter months they are plow operators.

(part of audio file missing) **Senator Wanzek:** to lose one and have to retain the crane operators. **Senator Stenehjem.** How many crane operators. None.

Senator Wardner: Any other questions? Anything else we should be thinking about?

Senator Stenehjem: Francis--I know it's going to be a battle between the Senate and House as it relates to equity dollars. In an effort to get information behind at least his side; don't have a problem putting equity money in but need to be more comfortable on who is going to get it and how to distribute it—what your plan is for that. Need to see something for that, like qualifications, category of employees, where they will fit in your pay system. Would suspect in some areas you may have to think about using that equity money to start a new employee out at a higher range. That creates problems with people that were just hired last week, last month, etc. Would feel more comfortable because he knows that will be . . . **Francis Ziegler:** We will get that to you. The House Bill 1012 was very specific that it is just for operators, so a matter of how we distribute it across the state and, there are three classifications.

Senator Krebsbach: Is there also a higher turnover in certain areas of the state within these workers, and if so that information would also be valuable. **Francis Ziegler:** We'll get that to you. There is one additional item; it's the quiet zone amendment that came over from the House. As we reread it the last couple of days, it would imply to them that the money that is already obligated and working on getting it put into place with some of the cities and quiet zones, might disappear. He'll work with Brady Larson on an amendment to make sure that any funding that is obligated by June 30, 2011 when the quiet zone was supposed to sunset out, that it carries in to the next biennium. What happens is the railroad has to do some of this work and they don't bill us right away; sometimes they are slow. Need to make sure that if we've made a commitment to a city on a quiet zone, that we have the opportunity to pay the bill in the next biennium. We'll work that out. **Senator Wardner:** You'd carry the money over to pay it.

Senator Wanzek: In the ER money, maybe Grant, said it's going to be \$118 million and your initial request was \$74, but you said that is for other emergency issues outside; do we have a breakdown of what some are? **Francis Ziegler:** We can get that to you. We did indicate in your book--Minot, Devils Lake (outside the basin), and the Valley City district.

Senator Wardner: Thank you very much committee members and DOT staff. Whenever I can get us scheduled, the next time we meet, have amends drafted, and get done.

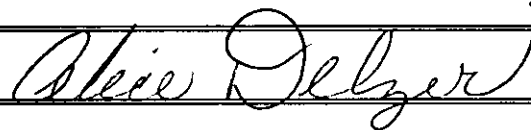
2011 SENATE STANDING COMMITTEE MINUTES

Senate Appropriations Committee Harvest Room, State Capitol

HB 1012
03-29-2011
Job # 16113

Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

A SUB COMMITTEE HEARING ON THE BUDGET FOR DOT

Minutes:

See "attached testimony."

Chairman Wardner called the subcommittee hearing on DOT to order. Let the record show all members are present: **Senators Krebsbach, Wanzek, and O'Connell. Senator Stenehjem, Francis Ziegler, Director, Department of Transportation (DOT), Tad H. Torgerson, OMB and Brady Larson, Legislative Council** were present.

Chairman Wardner: Need to get this finalized today; Francis—any comments?

Francis Ziegler: Director of DOT; Provided information on transit, the \$1 million, how it was used, and what is still left to be paid. We also have information requested by Senator Wardner last week; quite detailed as to what it would take to get the same amount of money (equivalents). Grant Levi is not here today, no further information or comments.

Senator O'Connell: Don't know if other senators are aware of what happened on the transit money last time (\$1 million), how it went out and if some of them got caught up or not.

Francis Ziegler: Assume you are talking about the handout just provided. Gave a breakdown and you see each county and how the money went out and there is some funding remaining (\$83,293 remains) paid out by June 30, 2011. The majority went out by formula, and talked to Bob Fode, Director of Office of Programming, whose area is responsible for this. Then what you will find in addition, by each county it's also split by transit agency. The first one is Bismarck/Mandan Transit—Burleigh, Morton county and how much they received. Go on down the list; inclusive list that matches what the counties got. All the information is there.

Chairman Wardner: We will come back and discuss it more if there are any more questions on it. Let's take care of the easy stuff first--the amendments so have the \$120 million federal dollars, so we can get the bank from North Dakota. **Brady, any questions on that; you understand that part?** **Brady Larson:** Not at this time.

Chairman Wardner: Give DOT the authority to borrow from the Bank of ND (BND) for that emergency relief dollars up to \$120 million; don't foresee that but take it as you need it.

Senator Wanzek: Question I would have—the difference between Devils Lake's needs and other projects identified in that. Grant said he'd provide information; just kind of curious to see that. **Francis Ziegler:** We do have that information; Grant compiled it and thought it was delivered yesterday. Letter to Senator Wardner with two attachments. Information is on the last page; total cost is \$118.4 million and that is where the \$120 million comes from. This has been on my mind, I know that this body has been working on Grahams Island with North Dakota Park and Rec; we believe that the funding will come through ultimately. Just so you know that when working with Parks & Rec.—Mark Zimmerman's budget has kind of the same issue we do. Been letting him know he needs to address it with this body. He is going to have 80% federal aid to make sure he can accomplish what he needs to accomplish. Ultimately when he gets the money back, has to pay it back. Don't want to speak for another agency, but just let you know that is out there. **Senator Krebsbach:** That is on the House side now. We had that bill the first half.

Chairman Wardner: We'll have to check on that during conference committee. The next thing is in our amendments--\$50 million out to the counties and cities have a concern that it was done the same as the treasurer's office so they didn't have to do a new system. **Brady Larson:** We do have the language. (Taken care of)

Chairman Wardner: The authority to spend the \$28.4 million; it's in an amendment. **Brady Larson:** There is one question about that; coming over the engrossed version of the bill did have about \$26.8 million of excess spending authority. Would this additional \$28.4 million be on top of the excess authority included in the engrossed bill? **Francis Ziegler:** No, the \$28.14 million was the shortfall, and the other shortfall in your chart is because they subtracted out the \$1.1 million and the six FTEs so the chart you saw was \$26.4 but the \$28.4 is not in addition to that. It is the same money. (Clarifies that)

Chairman Wardner: Next, take a look at the \$1.1 equity money. That would be \$1.1 million for the transportation techs. **Francis Ziegler:** They become transtechs when they pass the test to be both maintenance operators and construction employees. Otherwise they are maintenance operators. The greater part of them is now transtechs so we also use them during construction for quality assurance.

Chairman Wardner: Any questions about that? The plan when we left last time was that we are going to go along with that. The House didn't go with it.

Senator Stenehjem: Francis--You sent me a chart out the other day. **Francis Ziegler:** What he did is the Dickinson, Minot, Williston region; gave them their retention monies and then showed what it would mean to their salaries and put on 2 and 2, for each of the 4 regions in the state. The west would do better than; it is 3 and 3 but 1 goes to . . . **Senator Stenehjem:** When I look at the Dickinson, Williston, and the Minot one, then look at the TT one and it had that percentage in there—is it that number plus where you show the 2 and 2 or 3 and 3 or whatever it is?

Francis Ziegler: The 2 and 2 would be above this number. So it would be like the sheet you have is 9.9 and 2% in addition to that. What we did was when you asked the question here—we went back and asked Dave & Grant Levi for a plan, and we accelerated the plan. This is pretty close; one of the options we're looking at. We believe it is a good option we can

forward. As indicated, he doesn't want the employees to see this and think that this is what the dollars and cents will be, but it's one of the options.

Senator Stenehjem: What is the difference between a FTT1 and a 2?

Francis Ziegler: One is a new supervisor and one is a section supervisor. He goes into the lead worker; so many terms anymore. There are section supervisors and lead workers.

Senator Stenehjem: Would the lead worker be that TFF1 and the 2 would be the section supervisor? (Yes) You would do a whole section of people like out in the McKenzie section or whatever? (Yes) And the other guy just might be like the crew leader of the crew that gets sent out to crack seal or whatever they are doing? (Yes)

Francis Ziegler: We used to call *(part of audio missing)* them lead?

Chairman Wardner: If you wanted to bring them out from different parts of the state to bring out to the west to be a transportation tech or drive snow plows—stuff like that, I think this is right on because they are going to need more money just to find a place to live. Just the way it is; kind of embarrassing some of the rents being charged out there. Not going to get them out there unless they can live out there.

Senator Stenehjem: By doing what you are proposing to do here, you are going to leave them (must have grades or steps in pay raises) the same and just plug these salaries in there—not proposing to change those?

Francis Ziegler: We used to have a step system, but don't anymore, we changed all that. These are the ranges, the classifications and we take averages; we believe that is what we want to do with it. Don't think we'll be changing, for example, the TT2's on the first sheet. There are 54 of those in those three districts. We are not going to go to each individual one and say one gets \$230 and one gets \$240; we'll just stick with the \$235 and do that across the board for that group. **Senator Stenehjem:** But you are not going to change the minimum, the midpoint, and the maximum range of those grades? (No) Has to be within the grade.

Chairman Wardner: One more easy one; the quiet zone amendment. **Brady Larson:** We have that taken care of.

Francis Ziegler: The quiet zone bill started last biennium; there was money put into the program so that cities that have the train going through the heart of their city would have a quiet zone (don't blow the whistle). We have been working with the cities that are interested in the program but it takes a long time to get the railroad to agree with what they are going to do; for the citizenry to agree with what they are going to do. In the end, we believe that we have \$230,000 that would be left unspent so that is going to carry on. Needed to make sure we have an amendment in here that allowed us to pay our bills that the railroad hasn't charged us for yet; it's an obligation we have to pay that carries beyond June 30, 2011.

Chairman Wardner: Talk about the FTE's; the executive budget, the transtechs or operators. They asked for six in the executive budget, House took three out, we are proposing to put those three back in. Driver's license examiners—there were four in the executive budget, the

House took two out and we are proposing to put them back in. We discussed this we are going to need some room to negotiate when we deal with the House. Motor vehicle staff would be the other one. Brady, you got that? Are there any other things the committee wants to bring forward? Those are the things the DOT brought forward.

Senator Stenehjem: One other issue he would like to consider. It has to do with political subdivisions permitting oversize weight and loads within their jurisdiction. In other words a county would--because of an Attorney General opinions, the counties are not allowed to charge ton mile fees on their county roads or issue permits. He would have a proposed amendment that would allow them to issue a permit under the same requirements that the state has; the same permissible loads, the same fee structure the state has set up, same if they have a state permit to move the jurisdictions would honor the state permit. If it was a move within that jurisdiction in and of itself, they could issue the permit themselves at the same cost that the state would have. Collect the ton mile fees; do not mistake that for overload fees or overload fines. Those would still go through the court system as they normally do, and they eventually end up into the highway fund or somewhere. They don't go back to the county or jurisdiction that picked them up; go into the state fund system.

These counties, cities, and townships would be allowed to permit these loads and then would also give them the ability to route that load to get them on the roads they want them to be on—not just wandering around on roads or places that those jurisdictions really don't want them. May be a better route for them to take.

Senator O'Connell: Will the fines or fees have to be the same as state fees—they can't set their own? **Senator Stenehjem:** Correct. If the state has so many dollars per ton per mile that they travel, that's the maximum that the counties or townships could charge. They couldn't charge them for state highway system or any place else; just within their own jurisdiction. **Senator Wanzek:** So if somebody wants to get an oversize permit, now they are going to get it from each subdivision. Can that create some problems—how many different permits they might have to get? **Senator Stenehjem:** Under this proposal they would get the one permit. They would go to the top level. If they need a state permit, that is the only permit they need. They would have to go to those other jurisdictions and get their routing so they are going where that district wants them to drive. (Gave an example) **Senator Wanzek:** Still a bit confused on this issue (gave example as question). **Senator Stenehjem:** You would get one permit from the state, but even today if you are getting off the state highway system onto another jurisdictions roadway you are supposed to get routing from those people—TODAY. You would continue to have to do that, still only have one permit. Gave another example how it would work.

Chairman Wardner: Anyone else have any questions on the amendment (Attachment #1)? **Chair will entertain a motion to recommend to the full committee. Senator O'Connell moved to adopt the amendment; second by Senator Wanzek. Motion passes.**

Senator O'Connell: We need a little more wiggle room with the House, so would like to go back to the Governor's proposal for the \$1 million. Don't have an amendment; just want to run it by before having Council do the work. Gave a printout of where the payments went.

Chairman Wardner: Any further discussion?

Senator Wanzek: This isn't comfortable to bring up but feel some obligation to do it. Before the weekend I got the printout asked for from the Council. Have to be honest--I am struggling with this. I came here with the intent in supporting the efforts in the oil country; need to take some time this summer and get out there and personally visualize it or understand it, but when looking at the numbers and it's broken out from oil and non oil, from the previous session it is like an 851% increase just for counties and townships. I know our county got roughly \$2.8 million last biennium; when I figured that out it would be like coming home with \$23 million. I represent an area that has a lot of road issues as well, and am struggling with--the bill that we did pass in the Senate he understands has been changed to a study. I'd considered adding some money to what the House did but don't have the amendment ready. We are going to meet again this afternoon?

Chairman Wardner: I wasn't going to meet again; I would if you felt you needed more time. If you have a concept we can talk about it right now.

Senator Wanzek: The concept would be to add more funding the same as what the House did. Based on the study of agriculture roads, it's far from meeting that need, but it could help in initially addressing some of the priority issues. His concept would be to add a few more dollars, I don't know what that number is exactly. The bill he had in the Senate was \$73.6 million; the house added \$50, but they took the excise tax out of it. The net effect did benefit our counties; I was thinking \$25 million that would be added to that.

Chairman Wardner: You are looking at adding \$25M to \$50M that went to non oil counties? (Yes) Any more comments for Senator Wanzek?

Senator O'Connell: Total back to the \$75 million from what the House has done to now?

Chairman Wardner: That would be at \$75 million total. **Senator O'Connell:** That it would be a good place for me to get the \$1 million for transit. Give you \$24 and transit \$1 million.

Senator Wanzek: I hadn't thought that through.

Chairman Wardner: Do have some concerns here; when you open the door, pretty soon everybody jumps on board. Don't know how the committee feels, we have quite a package here. The west has benefited but as we move down the line that is where the revenue is coming from and we need to take care of those areas, otherwise the revenue will quit coming from there because we won't have the infrastructure. However, has feelings for other parts of the state. He thought the House did see that more money went back out to the non oil counties, at least the oil counties do not share that \$50 million. But there is any other feelings.

Senator Krebsbach: What is the dollar going into those areas versus what went the last time; know last time it was affected by the stimulus funds. Is there a lot less dollar going back into the county roads and so on in the eastern part this biennium then last--excluding the additional?

Senator Wanzek: What the council put together for me as he adds up--the non oil counties in 2009, he asked for state funding which included the \$59.9 emergency fund added into the

highway distribution and the non oil counties are \$90.1 million in 200 and 2011 it would be \$100.8 million. It is an 11.2% increase and well needed. Based on the agriculture study, it's far short from what the study says at a minimum that we need to maintain our roads and keep them up to the point necessary for agriculture. Just being honest--am struggling with the amount of money that are asked of him--the oil money--are we going to be able to sustain that, are we going to be able to take care of that the next go round? I am assuming it's one time funding.

Chairman Wardner: We do have to be a little bit careful, because one time monies are suddenly becoming on-going dollars. The money that goes to oil counties, he looks at it as one time dollars and they should not expect it next time unless there is a need out there, which is why we had that transportation study. When it's taken care of they should go back into the regular formula. Understands we need to look at the rest of state, so you don't need to apologize for advocating for your part of the state. We may disagree but you are in line. He did some calculating and the last time--weatherization was one time dollars, but everybody got used to it and would like to be back at that level again. We have to be very careful and almost have to have a hammer to say this one time money--don't expect it to come back, that is one of his main concerns. When you average the counties, the counties that are in the non-oil with the onetime dollars from weatherization from the last time and what they got through the highway distribution funds, it is pretty close to the same. The cities are not getting as much as they got with the onetime funding; that really gave them a bump and then there was stimulus dollars in there too. In the counties last time, he is including the stimulus dollars with the weatherization, and it's pretty comparable with stimulus and weatherization, compared to this time. Cities did better last time because they received those. Townships are doing better this time, and transit got \$1 million in weatherization, and they got money in the stimulus, however that was for building. They are actually doing as good or better overall.

Senator O'Connell: Agree with you; guess he looks at it that out in the oil field the roads would have held up until the industry came in that is putting all the money into the state. Basically all we are doing is fixing up what's been tore up because of that industry. Have to be with you on this one.

Senator Wanzek: Appreciate the opportunity to make a motion. He is trying to represent the people in his area; constantly hears from township officers, county people that they are broke, borrowing money, owe a lot of money to the county, at their maximum mil levies, they are doing all they can within their means to take care of their roads. The past few years you really can see how vital and important they are in certain areas; roads under water and farmers can't get to their fields, people south of Cleveland had to go all the way down to Grackle and to 46 and up (35 miles out of the way) to get to Jamestown. What about the safety and emergency services; it is a significant problem. This is one of those issues that he has really been pushed to represent my area. I appreciate the extra effort that has been done; feel he owes it to them to at least try to make a motion we add \$25 million to the funding line

Senator Wanzek moved Amendment # 11.8154.02004 (#2) Chairman Wardner: Is there a second? **Senator O'Connell:** What is in there right now is \$50 million and this would raise it to \$75 million? (Yes) **Senator O'Connell seconded.**

Chairman Wardner: Do have some other related funding and does affect some of the non-oil counties. When we talk about the \$22 million for flooding and disaster, can that be used for washed out roads due to flooding?

Francis Ziegler: I don't have that committed to memory, would have to go back and look at that bill. Believe the intent there was to try to help with the issues of flooding and help pay for some of the FEMA costs. There is appropriated any monies from the permanent oil tax trust fund, transfer to the state disaster relief fund, and will be used related to the flooding that occurs in the spring of 2011 subject to emergency commission approval. (read from that bill) And basically what it is, the DES will use that money for the purpose of defraying expenses associated with the state disasters for flood mitigation efforts. How they use that is not really specified in law that he can see, other than DES will deal with it.

Chairman Wardner: My question, when it comes to situations like that where roads are washed out due to spring flooding, I'd like to think they could use that to take care of things which would help these non-oil counties. Maybe has to be specific language on that.

Senator Stenehjem: Would think that it would be roads anywhere in the state of ND that are flooded in *this* season. His understanding would be any place in the state but you would have to apply for it.

Chairman Wardner: Don't know if all the political subs understand that, but it would be something that their associations need to let them know. If they are flooded and have washouts or roads that are wrecked because of spring flooding, they would be able to come to this fund and pick up some dollars to take care of it. There is \$22M in there. Any further discussion; we have a motion before us.

Senator Krebsbach: Is any of that \$22M dedicated at this time?

Senator Stenehjem: Think there is a limitation on some of that; think of the \$22 million it will be rolled over from what is left from (thinks) \$12.5 million that's in that fund already but \$9 million is coming out to fund the snow removal. Those dollars left will be added to the \$22 million, and there is one piece in there that has a dollar limitation, but would cover a community that is next to a lake that is flooding—Minnewauken. Believes the House has that bill, and believes they capped that amount in the bill so it isn't an unlimited amount—they couldn't get the whole \$22 million. Don't know what that number is; some of that would be for Minnewauken, and the rest would be available.

Senator Wanzek: One more thing—there are a number of areas within our county where farmers are putting money into a hat to fix their roads. Don't think that is the way we want to see it done; liability issues, etc. Do believe agriculture has to take a hard look at itself as to where we might a consistent source of revenue that we haven't identified yet so we can keep working on the road issue—not going away.

Chairman Wardner: Just a comment about that flood and disaster fund; the bill has \$9 million for snow removal; have to be a 200% of a five year average, etc. There is \$22 million put in the flood and disaster fund and they had taken the \$9 million out of the disaster relief fund. His

understanding there is still about \$3.4 million to add to the \$22 million, so over \$25 million in there for flood and disaster for roads and stuff like that.

A roll call vote was taken on amendment # .02004. YEA; 1; NAY 3; Motion failed.

Chairman Wardner: You may bring this before the whole committee if you would like to. Any other issues? If not, Brady do you have anything that we should tie up?

Brady Larson: The only other item was regarding some funding that was originally transferred from the permanent oil tax trust fund to the state highway fund for roadway projects in the west. It was discussed at a previous meeting that it is not even know if the permanent oil tax trust fund will exist anymore, but just wondering if you want the amendments to look at any sort of funding transfer to make up for that short fall.

Chairman Wardner: Yes, have to be ready. You are saying if the permanent oil trust fund isn't there anymore, we got to have something in place, correct? **Brady Larson:** Currently the highway fund will have a \$37.6 million shortfall because a transfer from the permanent oil tax trust fund to the highway fund was removed in the OMB appropriation bill. That funding level needs to be made up somewhere if the current appropriation levels are maintained.

Chairman Wardner: If we don't put it in this bill we have to have a plan to put it someplace.

Senator Stenehjem: Will research that; think it is going to have to come out of the general fund. Whatever is in the permanent oil tax trust fund, that negative balance will be transferred over to the general fund with HB 1451 which hasn't passed yet.

Chairman Wardner: Want you to put it in there, but plan for this bill and then hold off and we'll make sure, we'll let you know if we put it in here or not.

Senator Holmberg: HB 1451 is being heard on Thursday in Appropriations.

Chairman Wardner: We may have to wait to see what we do with that one. When you add the \$142 million and the \$228.6 together—that is the amount you get, \$370 million or so. We are adjourned.

2011 SENATE STANDING COMMITTEE MINUTES

Senate Appropriations Committee
Harvest Room, State Capitol

HB 1012
04-04-2011
Job # 16283

Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

A SUBCOMMITTEE HEARING ON DOT

Minutes:

See attached testimony #1)

Senator Wardner called the subcommittee to order on HB 1012, the DOT budget. Members present were Senator Krebsbach, Senator Wanzek, Senator O'Connell. Tad H. Torgerson, OMB and Brady Larson, Legislative Council.

Chairman Wardner: Before we officially open the subcommittee hearing on 1012 we will look at the changes we made. We are looking at amendment # **11.8154.02006**, Testimony attached # 1. I will give you the changes. Look on the bottom of page 1, it changes \$25M to 35M The way the bill was set up was that \$25M for the non-oil counties. \$25M went out this biennium and \$25M next biennium. We are changing that so that there is \$35M going out this biennium and \$25M next biennium so the total is \$60M instead of \$50M so the non oil counties, along with the cities and townships will share in another \$10M. For the Treasurers the same 20% will go to the townships, then after that the counties and cities will use the formula that is in place in the treasurer's office to separate it.

Go to the FTE's, page 4 of proposed amendment #11.8154.02006 . What is happening here is that the Driver's License Examiners, those 2 positions stay and by the way this is amending the House version, so we are adding 3, 2 of them in the Driver's License Examining position and one in the Motor Vehicle Licensing Specialist. The 3 trans techs are not in so when you look at what we had put on in our amendments, there is 3 less, and they are the Transportation techs so instead of a total of 12 FTE's there will 9, so DOT will get all of their people in licensing, they will get all 6 of them. That's from this past biennium and then they will add 3 as far as the trans techs.

The other thing is retention money, it doesn't say retention it's #3 on page 4, the name has been changed; adds funding for optional salary adjustments for the trans techs only instead of being \$1.1M it's \$600,000.

Those are the 3 major changes. There was one other thing we sparred about with the House and that was the monies that were obligated and the DOT agreed it's ok to take it and

massage it and stick it back in. If they were obligated that is kind of what we had in, if they are obligated they stay there; the DOT said that is fine, so that was taken out. The way it will work now, we meet before then, don't see any changes in it, the money will stay with the project, it's kind of like we have to take a look at the project to see if we agree with it, ok, that's the way I felt about it. Dot is willing to live with that. That was taken out of our amendments – that particular language. The way it will be if they have money that's not been spent it will be on the table for the legislature to look at. That's the changes from our set of amendments.

Senator Wanzek: One question, Senator Stenejhem had introduced an amendment. Was that a stand-alone amendment? That's the one about local permits and oversize loads.

Chairman Wardner: He had introduced an amendment that was put in another bill #2244, (actually it is 2044) It was taken out of this bill. He requested it taken out and Brady took it out.

Chairman Wardner: The way it is right now they are going to get 9 FTE's, all of their people in licensing and 3 in trans techs. They will get \$600,000 for retention dollars, The Highway Rail Grade Crossing money stays in. That's obligated. And then that Emergency Relief funding that allows the DOT to go to the Band of ND and borrow the money until they get it from the federal government. And they don't ever intend to have \$120M on the table at any time. I would point out on page 2, section 7, general fund to the highway fund, normally it would be the permanent oil trust fund, but at this point we don't know if that fund will be there, so to play it safe, at the advice of Council we put general fund there because the money can be transferred from the permanent oil trust fund to the general fund and then into this fund so that's taken care of. I wanted to discuss this informally before we opened the hearing. Any comments or questions? If we pass this bill here, it probably won't go to conference committee, it will go right to the governor's desk. I never want to say never.

Senator Wanzek: I am pleased trying to put more funds for roads for other counties and they are appreciative of that. It is going to be distributed the same way as the House had originally, or the way it came over to us; 80% to counties and cities, 20% to the townships.

Chairman Wardner: When it came over it had it split out 60 to the counties, 20 to the cities and 20 to the townships. However, the treasurer's office had a problem with the 60/20 for cities and counties so the way it will be set up now is it will be the townships get their 20%, but then 80% goes to cities and counties and it is distributed by the formula, the percentages in the highway distribution fund, which actually benefits the cities.

Chairman Wardner: We will go official here and reconsider our action. We are officially in order now. All committee members are here so it's called to order.

Senator Krebsbach: I move that we reconsider our previous action on HB 1012.
Seconded by Senator Wanzek

Chairman Wardner: The motion to reconsider our actions on HB 1012, motion made by Senator Krebsbach, second by Senator Wanzek. All in favor say aye. Motion passes.
We have the amendment before us.

Senator Wanzek moved the amendment #11.8154.02006. Seconded by Senator O'Connell .

Chairman Wardner: Any discussion?

Senator Wanzek: I am prepared to support what we are doing here and move forward and commend the chairman of the subcommittee and all his hard work.

Senator O'Connell: Mr. Chairman, I think you did an excellent job of keeping everybody together. It isn't what everybody wants but it's middle of the road, any time you get to the middle of the road, as long as you don't cross over that center line, I think you are ok.

Chairman Wardner: any further discussion? If not, let's take the roll on this vote.

A Roll call was taken on Amendment # 11.8154.02006 on HB 1012. Yea: 4. Nay: 0.

Chairman Wardner: The motion passes. Thank you, committee members. We are adjourned and with any luck we will not be meeting again on this bill. We will put it through full committee this afternoon.

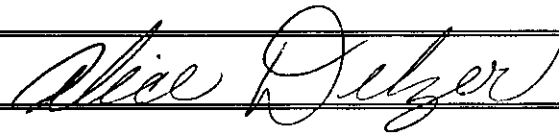
2011 SENATE STANDING COMMITTEE MINUTES

Senate Appropriations Committee
Harvest Room, State Capitol

HB 1012
04-06-2011
Job # 16383

Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

A ROLL CALL VOTE FOR A DO PASS AS AMENDED ON DOT

Minutes:

Attachment: #1, #2 #3

Chairman Holmberg called the committee to order in reference to HB 1012. Tad H. Torgerson, OMB and Brady Larson, Legislative Council present. We are doing Department of Transportation. I know that the subcommittee met a number of times, do you want to tell us about it.

Senator Wardner: I sent around some comparison sheets on the Highway Distribution money, Testimony (**Attached # 1**). **Highway Tax Distribution Comparison**. If there's any left, Mr. Ziegler should get one so he can follow along. When the bill came over from the House, first of all go back to the executive budget. The executive budget had put 25% of the motor vehicle excise tax into the Highway distribution fund. That's the what the executive budget did. The House took it out and allocated it different. When it came over from the House it had \$50M instead of, by the way, the 25% of the motor vehicle tax amounted to \$46.3M. The House rounded it off to \$50M and sent it to non-oil counties to be shared with townships and cities. They had it divvied up this way: 20% of the \$50M went to the cities; 20% went to the townships; 60% went to the counties. That's the way it came over. In our deliberations the Treasurer's office came down and said we don't have the software to send it out that way. The townships are ok but we want to be able to send it out in the same ratio and proportion as we do in the Highway Distribution Fund for the cities and counties. So we did that. And when you do that the cities get a little extra bump. Just so you know that. Well then, in our deliberations, by the way, of the \$50M, \$25M was to go out this biennium, the 09-11, and the other 25 would go out next biennium. In our deliberations and working with this bill a little bird came along and said let's put another \$10M in that, so now in this bill there is \$60M going out to non-oil counties. \$35M will go this biennium, \$25M next biennium. It's right on the bottom of the page 1, it says \$25M replaced with \$35M so that was the change there. What I would like you to do now is go to the top where it is non-oil counties. Go to the comparison sheet that I handed out Testimony (**Attachment # 1**). **Highway Tax Distribution Comparison:** For those 5 counties, you can see how the money was distributed. The county gets 90.6M, townships 11.1M, cities 51.5, transits 6.2M. There is the 60M that gets distributed to the counties 30.6M, townships 12M, cities 17.4.comparison to last biennium regarding the stimulus last session. Remember the weather related dollars that was shy of 60M sent out. They did quite well.....60 M one

time money. He continued explaining the comparison sheet. **Also Testimony attached # 2, TRANSPORTATION FUNDING DISTRIBUTIONS INCLUDED IN ENGROSSED HOUSE BILL NO. 1012 was distributed to the committee along with a copy of Testimony attached # 3, A MARKED UP COPY OF SENATE BILL NO. 2015.**

V. Chair Bowman: When you are distributing this new money to non-oil producing counties, do they have the same type of requirement in order to receive that money. Or is it pro-rated out? When we receive money, we have specific which roads have to work on when applying for grants. Not just giving county monies for whatever roads they think is necessary....which roads need repair first.

Senator Wardner: It will be pro-rated out under Highway distribution formula. We had a bill in oil country where the roads are identified, we know where the money goes, but for the non-oil counties, it is through the Highway distribution fund and all 41 would share as that formula.

Senator Christmann: The \$60M to non-oil counties...is that split 25M and 35M. Is that one biennium the first year of one sum, 2nd year is the second sum, but 60M for this biennium?

Senator Wardner: It's a total of \$60M this biennium. 35M this current biennium 2009-2011 the other 25M goes out in 11-13. I know how it comes out in the highway distribution fund is what people are interested in. He continued to explain the amendment.

Page 2, section 7, the appropriation of 370.6M of amendment # .02008.

Page 4 of amendments. Changes made regarding FTE's and borrowing authority (footnotes)

Senator Robinson: Where we left the issue of railroad water inundated west of Devils Lake, a serious issue. I don't know where that is at, what have we done to prepare for that difficult situation?

Senator Wardner: This budget is \$1.5B; 1.1B of it is special funds, comes from the gas taxes, licensing fees, federal dollars, they do not come from any tax break. In this from the perm oil trust fund, the 370.6M is brought in; there is 5.85M general fund dollars; that money is dedicated to Devils Lake.

Francis Ziegler, Director of DOT: The 5.85M from the general fund, used at next to Camp Grafton, a roadway acting as a dam. We cannot use highway funding because it is for building a dam and we are forbidden to build dams. The answer, there is a railroad track between Churches Fairy and Devils Lake that will be under water if the projection of the lake elevation comes true, it will rise about 3 feet. BNSF has already abandoned that road. However, AMTRAK is still using it. BNSF brings freight in to Grand Forks, to Devils Lake and Minot. They do not use that mileage of track. The DOT and BNSF to study the issue of raising that track. Cost is 77.1M to raise that track. BNSF is not interested in doing that. Amtrak is renting the line...will have to abandon it if the water comes up. They will take the other line diagonally to Minot. HB 1012 has no money in it to raise that grade. We will work with FRA to get some federal aid. We have no appropriation or authority to spend any money. In addition to raise that grade from Churches Fairy to Devils Lake, it is segmental rail. They need continuous welded rail so AMTRAK can run on that at 70 miles per hour. The number is not

exact yet, but will need about another 40M. Nothing is finalized. Discussion about busing people to catch AMTRAK was held.

Senator Krebsbach: Highway 2, is that coming through federal funding to raise that?

Francis: Highway 2....If the water gets to 14.55 feet this summer, we will have the eligibility to raise that and that will be federal aid ER2011 event. We will have to deal with the match another time.

V. Chair Grindberg 12M to match?

Francis: What we do have in this bill is borrowing authority; The DOT can borrow up to 120M to take care of the ER projects and then come back another time and get a deficiency appropriation to get that match.

V. Chair Grindberg: Don't we have a line in emergency with disaster fund?

Senator Wardner: Left with the Emergency relief money and it hasn't come in yet from the federal government. The projects are ready to go, so they have the ability to borrow the money from the Bank of ND. They will pay it back when it comes in.

Senator Wardner: Moved the amendment # .02008. Seconded by Senator O'Connell.

Chairman Holmberg: Further discussion?

Senator Wanzek: I would like to comment..... I appreciate the effort made for the non-oil counties. County by county, just so people understand the magnitude of the investment we are making; I am supportive of that. A good effort was done, plus we had a study for more detail in the rest of the state, I appreciate the work the chair did.

Senator Fischer: Do you have? (not using the microphone so inaudible)

Francis: That is in your testimony booklet, foldout.

Chairman Holmberg: We have a motion and second. Would you call the roll on #.02008?

A roll call vote was taken on amendment #.02008 on HB 1012. Yea: 13. Motion carried.

Senator Wardner: We have another issue, the building in Fargo for the DOT. A compromise was reached; this amendment takes care of it. When the DOT sites are built, they are built out of town....they have grown around them. That is what happened in Fargo. Instead of being out along the interstate by themselves they are surrounded and people want to use that property for commercial reasons. The DOT is reluctant and has no place to go...sitting along I 29 and access to it/ access to I 94 you don't want to move several miles away. They need to get the vehicles out on the road to be effective. It takes a long time to get them where they need to go. This is the issue....wanting it for commercialthe DOT said "no" but then came to a compromise. So, now the DOT is ok with this new amendment. There is no number on this amendment.

Senator Wardner: Moved un-numbered amendment. Seconded by Senator Krebsbach.

Brady Larson: Just to clarify: This amendment would also include the \$800,000 for the building in Fargo which was removed in the previously adopted amendment?

Chairman Holmberg: Yes. DOT is present to answer questions

A roll call vote was taken on the un-numbered amendment regarding Funding of Fargo District Building for DOT. Yea: 12; Nay: 1; Absent: 0. Motion carried.

Senator Wardner: Moved a Do pass as amended on HB 1012. Seconded by Senator Krebsbach.

Chairman Holmberg: Discussion? Would you take the roll on a DO PASS AS AMENDED ON HB 1012?

A ROLL CALL VOTE WAS TAKEN ON A DO PASS AS AMENDED ON HB 1012. YEA: 12; NAY: 1; ABSENT:0. MOTION CARRIED. Senator Wardner will carry the bill.

The hearing was closed on HB 1012.

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1012

Page 1, line 4, after "transfers" insert "; to provide for borrowing authority"

Page 1, replace line 15 with:

"Salaries and wages	\$147,373,254	\$18,593,142	\$165,966,396"
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Page 1, replace lines 22 and 23 with:

"Total all funds	\$1,067,932,917	\$479,540,542	\$1,547,473,459
Less estimated income	<u>1,067,932,917</u>	<u>473,690,542</u>	<u>1,541,623,459"</u>

Page 2, replace line 1 with:

"Full-time equivalent positions	1,054.50	9.00	1,063.50"
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Page 2, line 20, replace "\$230,000" with "\$1,431,000"

Page 2, after line 25, insert:

"Up to \$1,201,000 of funds provided under this section may be used by the department of transportation for highway-rail grade crossing safety projects approved by the department and for which funding was obligated during the biennium beginning July 1, 2009, and ending June 30, 2011."

Page 2, line 26, replace "Grants" with "Up to \$230,000 of funds"

Page 2, line 26, after "section" insert "may be used"

Page 2, line 26, after "for" insert "additional"

Page 2, line 27, replace "projects are" with "project grants"

Page 3, after line 12, insert:

"SECTION 4. APPROPRIATION - BORROWING AUTHORITY - ADDITIONAL EMERGENCY RELIEF PROGRAM. The department of transportation may borrow the sum of \$120,000,000, or so much of the sum as may be necessary, from the Bank of North Dakota for the purpose of providing funding for emergency relief projects on the state highway system, for the period beginning with the effective date of this Act and ending June 30, 2013. Any funding borrowed from the Bank of North Dakota under this section is appropriated to the department of transportation for emergency relief projects on the state highway system. Funding appropriated under this section is considered one-time funding and is not to be considered a part of the department's 2013-15 base budget request.

Any federal funding received for projects receiving funding under this section must be used to repay the loan from the Bank of North Dakota. The department may request a deficiency appropriation from the sixty-third legislative assembly to repay any remaining balance of the loan from the general fund."

Page 3, line 15, replace "\$25,000,000" with "\$35,000,000"

Total all funds	\$1,548,283,665	\$1,546,821,323	\$122,083,136	\$1,668,904,459
Less estimated income	<u>1,542,433,665</u>	<u>1,540,971,323</u>	<u>122,083,136</u>	<u>1,663,054,459</u>
General fund	\$5,850,000	\$5,850,000	\$0	\$5,850,000
Bill total				
Total all funds	\$1,548,283,665	\$1,571,821,323	\$492,683,136	\$2,064,504,459
Less estimated income	<u>1,542,433,665</u>	<u>1,540,971,323</u>	<u>122,083,136</u>	<u>1,663,054,459</u>
General fund	\$5,850,000	\$30,850,000	\$370,600,000	\$401,450,000

House Bill No. 1012 - Office of Management and Budget - Senate Action

	Executive Budget	House Version	Senate Changes	Senate Version
Transfer to highway fund			\$370,600,000	\$370,600,000
Total all funds	\$0	\$0	\$370,600,000	\$370,600,000
Less estimated income	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
General fund	\$0	\$0	\$370,600,000	\$370,600,000
FTE	0.00	0.00	0.00	0.00

Department No. 110 - Office of Management and Budget - Detail of Senate Changes

	Adds Transfer From General Fund to Highway Fund ¹	Total Senate Changes
Transfer to highway fund	\$370,600,000	\$370,600,000
Total all funds	\$370,600,000	\$370,600,000
Less estimated income	<u>0</u>	<u>0</u>
General fund	\$370,600,000	\$370,600,000
FTE	0.00	0.00

¹ A section is added providing that the Office of Management and Budget transfer \$370.6 million from the general fund to the highway fund for roadway projects in areas affected by oil and gas development. The executive recommendation included a \$370.6 million transfer from the permanent oil tax trust fund to the highway fund for these projects in Senate Bill No. 2015 which was removed by the Senate.

House Bill No. 1012 - Department of Transportation - Senate Action

	Executive Budget	House Version	Senate Changes	Senate Version
Salaries and wages	\$166,776,602	\$165,084,260	\$882,136	\$165,966,396
Operating expenses	204,090,250	204,090,250		204,090,250
Capital assets	943,529,831	943,529,831		943,529,831
Grants	67,767,407	67,767,407		67,767,407
County and township road program	142,000,000	142,000,000		142,000,000
Federal stimulus funds	24,119,575	24,119,575		24,119,575
Highway-rail grade crossing projects		230,000	1,201,000	1,431,000
Emergency relief projects			120,000,000	120,000,000
Total all funds	\$1,548,283,665	\$1,546,821,323	\$122,083,136	\$1,668,904,459
Less estimated income	<u>1,542,433,665</u>	<u>1,540,971,323</u>	<u>122,083,136</u>	<u>1,663,054,459</u>
General fund	\$5,850,000	\$5,850,000	\$0	\$5,850,000
FTE	1066.50	1060.50	3.00	1063.50

Date: 4-4-1
 Roll Call Vote # 1

2011 SENATE STANDING COMMITTEE ROLL CALL VOTES

BILL/RESOLUTION NO. 1012

Senate APPROPRIATIONS Committee

Check here for Conference Committee

Legislative Council Amendment Number 11.8154. 02006
Subcommittee Amendment

Action Taken: Do Pass Do Not Pass Amended Adopt Amendment
 Rerefer to Appropriations Reconsider

Motion Made By Wanzek Seconded By O'Connell

Senators	Yes	No	Senators	Yes	No
Chairman Holmberg			Senator Warner		
Senator Bowman			Senator O'Connell		
Senator Grindberg			Senator Robinson		
Senator Christmann					
Senator Wardner					
Senator Kilzer			<u>Wardner</u>	<input checked="" type="checkbox"/>	
Senator Fischer			<u>Wanzek</u>	<input checked="" type="checkbox"/>	
Senator Krebsbach			<u>Krebsbach</u>	<input checked="" type="checkbox"/>	
Senator Erbele			<u>O'Connell</u>	<input checked="" type="checkbox"/>	
Senator Wanzek					

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1012

Page 1, line 4, after "transfers" insert "; to provide for borrowing authority"

Page 1, replace line 15 with:

"Salaries and wages	\$147,373,254	\$18,593,142	\$165,966,396"
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Page 1, replace line 17 with:

"Capital assets	661,988,548	280,741,283	942,729,831
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Page 1, replace lines 22 and 23 with:

"Total all funds	\$1,067,932,917	\$478,740,542	\$1,546,673,459
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Less estimated income	<u>1,067,932,917</u>	<u>472,890,542</u>	<u>1,540,823,459"</u>
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Page 2, replace line 1 with:

"Full-time equivalent positions	1,054.50	9.00	1,063.50"
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Page 2, line 20, replace "\$230,000" with "\$1,431,000"

Page 2, after line 25, insert:

"Up to \$1,201,000 of funds provided under this section may be used by the department of transportation for highway-rail grade crossing safety projects approved by the department and for which funding was obligated during the biennium beginning July 1, 2009, and ending June 30, 2011."

Page 2, line 26, replace "Grants" with "Up to \$230,000 of funds"

Page 2, line 26, after "section" insert "may be used"

Page 2, line 26, after "for" insert "additional"

Page 2, line 27, replace "projects are" with "project grants"

Page 3, after line 12, insert:

"SECTION 4. APPROPRIATION - BORROWING AUTHORITY - ADDITIONAL EMERGENCY RELIEF PROGRAM. The department of transportation may borrow the sum of \$120,000,000, or so much of the sum as may be necessary, from the Bank of North Dakota for the purpose of providing funding for emergency relief projects on the state highway system, for the period beginning with the effective date of this Act and ending June 30, 2013. Any funding borrowed from the Bank of North Dakota under this section is appropriated to the department of transportation for emergency relief projects on the state highway system. Funding appropriated under this section is considered one-time funding and is not to be considered a part of the department's 2013-15 base budget request. Any federal funding received for projects receiving funding under this section must be used to repay the loan from the Bank of North Dakota."

Page 3, line 15, replace "\$25,000,000" with "\$35,000,000"

Page 3, replace lines 21 through 31 with:

- "1. Eighty percent to non-oil-producing counties and cities pursuant to subsection 4 of section 54-27-19.
2. Twenty percent to counties and townships in non-oil-producing counties pursuant to section 54-27-19.1. Organized townships are not required to provide matching funds to receive distributions under this section."

Page 4, replace lines 12 through 22 with:

- "1. Eighty percent to non-oil-producing counties and cities pursuant to subsection 4 of section 54-27-19.
2. Twenty percent to counties and townships in non-oil-producing counties pursuant to section 54-27-19.1. Organized townships are not required to provide matching funds to receive distributions under this section."

Page 4, after line 26, insert:

"SECTION 7. APPROPRIATION - TRANSFER - GENERAL FUND TO HIGHWAY FUND. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$370,600,000, which the office of management and budget shall transfer to the highway fund during the biennium beginning July 1, 2011, and ending June 30, 2013."

Page 6, after line 8, insert:

- "8. The funding included in the county and township road reconstruction line item in section 1 of this Act may be applied to engineering and design costs incurred on related projects as of January 1, 2011.

SECTION 11. EXTRAORDINARY STATE HIGHWAY MAINTENANCE. The funding included in the capital assets line item in section 1 of this Act relating to extraordinary state highway maintenance may be applied to engineering and design costs incurred on related projects as of January 1, 2011."

Page 6, line 19, replace the second "section" with "sections"

Page 6, line 19, after "4" insert ", 5, and 10"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1012 - Summary of Senate Action

	Executive Budget	House Version	Senate Changes	Senate Version
Office of Management and Budget				
Total all funds	\$0	\$0	\$370,600,000	\$370,600,000
Less estimated income	0	0	0	0
General fund	\$0	\$0	\$370,600,000	\$370,600,000
State Treasurer				
Total all funds	\$0	\$25,000,000	\$0	\$25,000,000
Less estimated income	0	0	0	0
General fund	\$0	\$25,000,000	\$0	\$25,000,000
Department of Transportation				

Total all funds	\$1,548,283,665	\$1,546,821,323	\$121,283,136	\$1,668,104,459
Less estimated income	1,542,433,665	1,540,971,323	121,283,136	1,662,254,459
General fund	\$5,850,000	\$5,850,000	\$0	\$5,850,000
Bill total				
Total all funds	\$1,548,283,665	\$1,571,821,323	\$491,883,136	\$2,063,704,459
Less estimated income	1,542,433,665	1,540,971,323	121,283,136	1,662,254,459
General fund	\$5,850,000	\$30,850,000	\$370,600,000	\$401,450,000

House Bill No. 1012 - Office of Management and Budget - Senate Action

	Executive Budget	House Version	Senate Changes	Senate Version
Transfer to highway fund			\$370,600,000	\$370,600,000
Total all funds	\$0	\$0	\$370,600,000	\$370,600,000
Less estimated income	0	0	0	0
General fund	\$0	\$0	\$370,600,000	\$370,600,000
FTE	0.00	0.00	0.00	0.00

Department No. 110 - Office of Management and Budget - Detail of Senate Changes

	Adds Transfer From General Fund to Highway Fund ¹	Total Senate Changes
Transfer to highway fund	\$370,600,000	\$370,600,000
Total all funds	\$370,600,000	\$370,600,000
Less estimated income	0	0
General fund	\$370,600,000	\$370,600,000
FTE	0.00	0.00

¹ A section is added providing that the Office of Management and Budget transfer \$370.6 million from the general fund to the highway fund for roadway projects in areas affected by oil and gas development. The executive recommendation included a \$370.6 million transfer from the permanent oil tax trust fund to the highway fund for these projects in Senate Bill No. 2015 which was removed by the Senate.

House Bill No. 1012 - Department of Transportation - Senate Action

	Executive Budget	House Version	Senate Changes	Senate Version
Salaries and wages	\$166,776,602	\$165,084,260	\$882,136	\$165,966,396
Operating expenses	204,090,250	204,090,250		204,090,250
Capital assets	943,529,831	943,529,831	(800,000)	942,729,831
Grants	67,767,407	67,767,407		67,767,407
County and township road program	142,000,000	142,000,000		142,000,000
Federal stimulus funds	24,119,575	24,119,575		24,119,575
Highway-rail grade crossing projects		230,000	1,201,000	1,431,000
Emergency relief projects			120,000,000	120,000,000
Total all funds	\$1,548,283,665	\$1,546,821,323	\$121,283,136	\$1,668,104,459
Less estimated income	1,542,433,665	1,540,971,323	121,283,136	1,662,254,459
General fund	\$5,850,000	\$5,850,000	\$0	\$5,850,000
FTE	1066.50	1060.50	3.00	1063.50

Department No. 801 - Department of Transportation - Detail of Senate Changes

	Restores Driver's License Examiner Positions ¹	Restores Motor Vehicle Licensing Specialist Position ²	Adds Funding for Optional Market Salary Adjustments ³	Removes Funding for Fargo District Building ⁴	Adjusts Highway-Rail Grade Crossing Projects Funding ⁵	Adds Emergency Relief Funding ⁶
Salaries and wages	\$180,586	\$101,550	\$600,000			
Operating expenses						
Capital assets				(800,000)		
Grants						
County and township road program						
Federal stimulus funds						
Highway-rail grade crossing projects					1,201,000	
Emergency relief projects						120,000,000
Total all funds	\$180,586	\$101,550	\$600,000	(\$800,000)	\$1,201,000	\$120,000,000
Less estimated income	180,586	101,550	600,000	(800,000)	1,201,000	120,000,000
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	2.00	1.00	0.00	0.00	0.00	0.00

	Total Senate Changes
Salaries and wages	\$882,136
Operating expenses	
Capital assets	(800,000)
Grants	
County and township road program	
Federal stimulus funds	
Highway-rail grade crossing projects	1,201,000
Emergency relief projects	120,000,000
Total all funds	\$121,283,136
Less estimated income	121,283,136
General fund	\$0
FTE	3.00

¹ Two new FTE driver's license positions removed by the House are restored. The executive recommendation added a total of 4 new FTE driver's license positions.

² One new FTE motor vehicle licensing specialist position removed by the House is restored. The executive recommendation added 2 new FTE motor vehicle licensing specialist positions.

³ Funding of \$600,000 is added for optional market salary adjustments for department equipment operators and highway maintenance personnel. The executive budget included \$1.1 million for salary equity adjustments for equipment operators which the House removed.

⁴ Funding included in the executive budget recommendation for an equipment storage building at the Fargo district office location is removed.

⁵ Section 3 is adjusted to provide additional funding authority of \$1,201,000 from the highway-rail grade crossing safety fund for projects approved during the 2009-11 biennium but for which funding has not yet been distributed.

⁶ A section is added to authorize the Department of Transportation to borrow and spend up to \$120 million from the Bank of North Dakota for state highway emergency relief projects. Any federal reimbursements received for the emergency relief projects are to be used to repay the loan from the Bank of North Dakota. The section is declared to be an emergency measure.

House Bill No. 1012 - Other Changes - Senate Action

This amendment also:

- Amends Section 4 to provide for \$35 million to be distributed to non-oil-producing counties, cities, and townships during the 2009-11 biennium. The House included funding of \$25 million for 2009-11 biennium transportation funding distributions.
- Adjusts Sections 4 and 5 relating to the method of distributing funds to non-oil and gas-producing counties for 2009-11 and 2011-13 biennium transportation funding distributions.
- Adjusts Section 8 to allow funding for a county and township road program in areas affected by oil and gas development to be used for engineering and design costs incurred on related projects as of January 1, 2011.
- Adds a section to allow funding for extraordinary state highway maintenance to be used for engineering and design costs incurred on related projects as of January 1, 2011.

Date: 4-6-11
 Roll Call Vote # 1

2011 SENATE STANDING COMMITTEE ROLL CALL VOTES

BILL/RESOLUTION NO. 1012

Senate APPROPRIATIONS Committee

Check here for Conference Committee

Legislative Council Amendment Number # 11-8154. 02008

Action Taken: Do Pass Do Not Pass Amended Adopt Amendment
 Rerefer to Appropriations Reconsider

Motion Made By Wardner Seconded By O'Connell

Senators	Yes	No	Senators	Yes	No
Chairman Holmberg	/		Senator Warner	/	
Senator Bowman	/		Senator O'Connell	/	
Senator Grindberg	/		Senator Robinson	/	
Senator Christmann	/				
Senator Wardner	/				
Senator Kilzer	/				
Senator Fischer	/				
Senator Krebsbach	/				
Senator Erbele	/				
Senator Wanzek	/				

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1012

Page 1, line 5, after the semicolon, insert "to address Fargo district facilities;"

Page 4, line 28, after "the" insert "salaries and wages,"

Page 6, after line 16, insert:

SECTION 10. SPECIAL PROVISION FOR FUNDING OF FARGO

DISTRICT BUILDING. Funds are appropriated in section one of this Act for the purpose of constructing a building on the grounds at the Fargo district office of the department of transportation, which is located at 503 38th Street South, Fargo, North Dakota 58103-1198. The provisions in this section must be satisfied before monies may be expended for this purpose.

The department of transportation shall offer for sale the entire parcel of land, and all buildings thereon, owned by the department of transportation at the Fargo district office location. In consideration for the property, the buyer must provide the department of transportation with an alternative parcel of land in fee simple to be used as a new location for the Fargo district office. The parcel of land must be within the interstate storm gates of the cities of Fargo and West Fargo, be of suitable size and condition for operations of the Fargo district office, and be readily accessible to the interstate system. In consideration for the department of transportation property, the buyer shall construct or otherwise provide the buildings necessary for the operations of the Fargo district office. If requested, the director of the department of transportation will provide potential buyers with general land and building requirements necessary for the operation of the Fargo district office. The director of the department of transportation shall have authority to determine whether the location and buildings adequately address the operational needs of the Fargo district office.

The property shall remain open to buyers until May 1, 2012. The department of transportation may proceed with construction of a building at the current Fargo district office location if an offer is not accepted by the department of transportation by May 1, 2012.

Page 6, line 19, replace the second "section" with "sections" and after "4" insert "and 10"

Renumber accordingly

Senator -

I worked with Rep Carlson to get this Fargo Building provision. Basically any developer that wants our current facility has to build us a new one within the storm gates of Fargo and accessible to the interstate. They'd have to put up or let us build the truck storage. This works for us. Lik. 4/11/12 Ziegler

*Rich
TAKE A LOOK
BOB
②*

Date: 4-6-11

Roll Call Vote # 21

2011 SENATE STANDING COMMITTEE ROLL CALL VOTES

BILL/RESOLUTION NO. 1012

Senate APPROPRIATIONS Committee

Check here for Conference Committee

Legislative Council Amendment Number un-numbered Amendments

Action Taken: Do Pass Do Not Pass Amended Adopt Amendment

Rerefer to Appropriations Reconsider

Motion Made By Wardner Seconded By Krebsbach

Senators	Yes	No	Senators	Yes	No
Chairman Holmberg	✓		Senator Warner		✓
Senator Bowman	✓		Senator O'Connell	✓	
Senator Grindberg	✓		Senator Robinson	✓	
Senator Christmann	✓				
Senator Wardner	✓				
Senator Kilzer	✓				
Senator Fischer	✓				
Senator Krebsbach	✓				
Senator Erbele	✓				
Senator Wanzek	✓				

Total (Yes) 12 No 1

Absent 0

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:

Regarding Funding of Fargo District Building

Date: 4-6-11

Roll Call Vote # 3

2011 SENATE STANDING COMMITTEE ROLL CALL VOTES

BILL/RESOLUTION NO. 1012

Senate APPROPRIATIONS Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken: Do Pass Do Not Pass Amended Adopt Amendment

Rerefer to Appropriations Reconsider

Motion Made By Wardner Seconded By Krebsbach

Senators	Yes	No	Senators	Yes	No
Chairman Holmberg	✓		Senator Warner	✓	
Senator Bowman	✓	✓	Senator O'Connell	✓	
Senator Grindberg	✓		Senator Robinson	✓	
Senator Christmann	✓				
Senator Wardner	✓				
Senator Kilzer	✓				
Senator Fischer	✓				
Senator Krebsbach	✓				
Senator Erbele	✓				
Senator Wanzek	✓				

Total (Yes) 12 No 1

Absent _____

Floor Assignment Wardner

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

HB 1012, as engrossed: Appropriations Committee (Sen. Holmberg, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends DO PASS (12 YEAS, 1 NAYS, 0 ABSENT AND NOT VOTING). Engrossed HB 1012 was placed on the Sixth order on the calendar.

Page 1, line 4, after "transfers" insert "; to provide for borrowing authority; to provide an exemption"

Page 1, replace line 15 with:

"Salaries and wages	\$147,373,254	\$18,593,142	\$165,966,396"
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Page 1, replace lines 22 and 23 with:

"Total all funds	\$1,067,932,917	\$479,540,542	\$1,547,473,459
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Less estimated income	<u>1,067,932,917</u>	<u>473,690,542</u>	<u>1,541,623,459"</u>
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Page 2, replace line 1 with:

"Full-time equivalent positions	1,054.50	9.00	1,063.50"
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Page 2, line 20, replace "\$230,000" with "\$1,431,000"

Page 2, after line 25, insert:

"Up to \$1,201,000 of funds provided under this section may be used by the department of transportation for highway-rail grade crossing safety projects approved by the department and for which funding was obligated during the biennium beginning July 1, 2009, and ending June 30, 2011."

Page 2, line 26, replace "Grants" with "Up to \$230,000 of funds"

Page 2, line 26, after "section" insert "may be used"

Page 2, line 26, after "for" insert "additional"

Page 2, line 27, replace "projects are" with "project grants"

Page 3, after line 12, insert:

"SECTION 4. APPROPRIATION - BORROWING AUTHORITY - ADDITIONAL EMERGENCY RELIEF PROGRAM. The department of transportation may borrow the sum of \$120,000,000, or so much of the sum as may be necessary, from the Bank of North Dakota for the purpose of providing funding for emergency relief projects on the state highway system, for the period beginning with the effective date of this Act and ending June 30, 2013. Any funding borrowed from the Bank of North Dakota under this section is appropriated to the department of transportation for emergency relief projects on the state highway system. Funding appropriated under this section is considered one-time funding and is not to be considered a part of the department's 2013-15 base budget request. Any federal funding received for projects receiving funding under this section must be used to repay the loan from the Bank of North Dakota."

Page 3, line 15, replace "\$25,000,000" with "\$35,000,000"

Page 3, replace lines 21 through 31 with:

"1. Eighty percent to non-oil-producing counties and cities pursuant to subsection 4 of section 54-27-19.

2. Twenty percent to counties and townships in non-oil-producing counties pursuant to section 54-27-19.1. Organized townships are not required to provide matching funds to receive distributions under this section."

Page 4, replace lines 12 through 22 with:

- "1. Eighty percent to non-oil-producing counties and cities pursuant to subsection 4 of section 54-27-19.
2. Twenty percent to counties and townships in non-oil-producing counties pursuant to section 54-27-19.1. Organized townships are not required to provide matching funds to receive distributions under this section."

Page 4, after line 26, insert:

"SECTION 7. APPROPRIATION - TRANSFER - GENERAL FUND TO HIGHWAY FUND. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$370,600,000, which the office of management and budget shall transfer to the highway fund during the biennium beginning July 1, 2011, and ending June 30, 2013."

Page 4, line 28, after "the" insert "salaries and wages,"

Page 4, line 28, after "operating" insert "expenses"

Page 6, after line 8, insert:

- "8. The funding included in the county and township road reconstruction line item in section 1 of this Act may be applied to engineering and design costs incurred on related projects as of January 1, 2011.

SECTION 11. EXTRAORDINARY STATE HIGHWAY MAINTENANCE. The funding included in the capital assets line item in section 1 of this Act relating to extraordinary state highway maintenance may be applied to engineering and design costs incurred on related projects as of January 1, 2011.

SECTION 12. FARGO DISTRICT OFFICE LOCATION - EXEMPTION. The sum of \$800,000 included in the capital assets line item of section 1 of this Act is for the construction of an equipment storage facility at the Fargo district office location which may only be used pursuant to the provisions of this section.

Notwithstanding sections 54-01-05.2 and 54-01-05.5, the department of transportation shall offer for sale the entire parcel of land, including buildings, owned by the department of transportation at the Fargo district office location which is at 503 38th street south in the city of Fargo. In consideration for the property, the buyer must provide the department of transportation with an alternative parcel of land in fee simple to be used as a new location for the Fargo district office. The parcel of land must be located within the interstate storm gates of the cities of Fargo and West Fargo, be of suitable size and condition for operations of the Fargo district office, and be readily accessible to the interstate system. In consideration for the department of transportation property, the buyer shall construct or otherwise provide the buildings necessary for the operations of the Fargo district office. If requested, the director of the department of transportation shall provide potential buyers with general land and building requirements necessary for the operations of the Fargo district office. The director of the department of transportation shall have the authority to determine whether the location and buildings adequately address the operations needs of the Fargo district office. The property shall remain open to buyers until May 1, 2012. The department of transportation may proceed with the construction of the equipment storage building at the current Fargo district office location if an offer is not accepted by the department of transportation by May 1, 2012."

Page 6, line 19, replace the second "section" with "sections"

Page 6, line 19, after "4" insert ", 5, 10, and 12"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1012 - Summary of Senate Action

	Executive Budget	House Version	Senate Changes	Senate Version
Office of Management and Budget				
Total all funds	\$0	\$0	\$370,600,000	\$370,600,000
Less estimated income	0	0	0	0
General fund	\$0	\$0	\$370,600,000	\$370,600,000
State Treasurer				
Total all funds	\$0	\$25,000,000	\$0	\$25,000,000
Less estimated income	0	0	0	0
General fund	\$0	\$25,000,000	\$0	\$25,000,000
Department of Transportation				
Total all funds	\$1,548,283,665	\$1,546,821,323	\$122,083,136	\$1,668,904,459
Less estimated income	1,542,433,665	1,540,971,323	122,083,136	1,663,054,459
General fund	\$5,850,000	\$5,850,000	\$0	\$5,850,000
Bill total				
Total all funds	\$1,548,283,665	\$1,571,821,323	\$492,683,136	\$2,064,504,459
Less estimated income	1,542,433,665	1,540,971,323	122,083,136	1,663,054,459
General fund	\$5,850,000	\$30,850,000	\$370,600,000	\$401,450,000

House Bill No. 1012 - Office of Management and Budget - Senate Action

	Executive Budget	House Version	Senate Changes	Senate Version
Transfer to highway fund			\$370,600,000	\$370,600,000
Total all funds	\$0	\$0	\$370,600,000	\$370,600,000
Less estimated income	0	0	0	0
General fund	\$0	\$0	\$370,600,000	\$370,600,000
FTE	0.00	0.00	0.00	0.00

Department No. 110 - Office of Management and Budget - Detail of Senate Changes

	Adds Transfer From General Fund to Highway Fund ¹	Total Senate Changes
Transfer to highway fund	\$370,600,000	\$370,600,000
Total all funds	\$370,600,000	\$370,600,000
Less estimated income	0	0
General fund	\$370,600,000	\$370,600,000
FTE	0.00	0.00

¹ A section is added providing that the Office of Management and Budget transfer \$370.6 million from the general fund to the highway fund for roadway projects in areas affected by oil and gas development. The executive recommendation included a \$370.6 million transfer from the permanent oil tax trust fund to the highway fund for these projects in Senate Bill No. 2015 which was removed by the Senate.

House Bill No. 1012 - Department of Transportation - Senate Action

	Executive Budget	House Version	Senate Changes	Senate Version
Salaries and wages	\$166,776,602	\$165,084,260	\$882,136	\$165,966,396
Operating expenses	204,090,250	204,090,250		204,090,250
Capital assets	943,529,831	943,529,831		943,529,831
Grants	67,767,407	67,767,407		67,767,407
County and township road program	142,000,000	142,000,000		142,000,000
Federal stimulus funds	24,119,575	24,119,575		24,119,575
Highway-rail grade crossing projects		230,000	1,201,000	1,431,000
Emergency relief projects			120,000,000	120,000,000
Total all funds	\$1,548,283,665	\$1,546,821,323	\$122,083,136	\$1,668,904,459
Less estimated income	1,542,433,665	1,540,971,323	122,083,136	1,663,054,459
General fund	\$5,850,000	\$5,850,000	\$0	\$5,850,000
FTE	1066.50	1060.50	3.00	1063.50

Department No. 801 - Department of Transportation - Detail of Senate Changes

	Restores Driver's License Examiner Positions ¹	Restores Motor Vehicle Licensing Specialist Position ²	Adds Funding for Optional Market Salary Adjustments ³	Adjusts Highway-Rail Grade Crossing Projects Funding ⁴	Adds Emergency Relief Funding ⁵	Total Senate Changes
Salaries and wages	\$180,586	\$101,550	\$600,000			\$882,136
Operating expenses						
Capital assets						
Grants						
County and township road program						
Federal stimulus funds						
Highway-rail grade crossing projects				1,201,000		1,201,000
Emergency relief projects					120,000,000	120,000,000
Total all funds	\$180,586	\$101,550	\$600,000	\$1,201,000	\$120,000,000	\$122,083,136
Less estimated income	180,586	101,550	600,000	1,201,000	120,000,000	122,083,136
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	2.00	1.00	0.00	0.00	0.00	3.00

¹ Two new FTE driver's license positions removed by the House are restored. The executive recommendation added a total of 4 new FTE driver's license positions.

² One new FTE motor vehicle licensing specialist position removed by the House is restored. The executive recommendation added 2 new FTE motor vehicle licensing specialist positions.

³ Funding of \$600,000 is added for optional market salary adjustments for department equipment operators and highway maintenance personnel. The executive budget included \$1.1 million for salary equity adjustments for equipment operators which the House removed.

⁴ Section 3 is adjusted to provide additional funding authority of \$1,201,000 from the highway-rail grade crossing safety fund for projects approved during the 2009-11 biennium but for which funding has not yet been distributed.

⁵ A section is added to authorize the Department of Transportation to borrow and spend up to

\$120 million from the Bank of North Dakota for state highway emergency relief projects. Any federal reimbursements received for the emergency relief projects are to be used to repay the loan from the Bank of North Dakota. The section is declared to be an emergency measure.

House Bill No. 1012 - Other Changes - Senate Action

This amendment also:

- Amends Section 4 to provide for \$35 million to be distributed to non-oil-producing counties, cities, and townships during the 2009-11 biennium. The House included funding of \$25 million for 2009-11 biennium transportation funding distributions.
- Adjusts Sections 4 and 5 relating to the method of distributing funds to non-oil and gas-producing counties for 2009-11 and 2011-13 biennium transportation funding distributions.
- Adjusts Section 6 to allow for transfers between the salaries and wages line item and the operating expenses, capital assets, and grants line items when it is cost-effective for the construction and maintenance of roadways.
- Adjusts Section 8 to allow funding for a county and township road program in areas affected by oil and gas development to be used for engineering and design costs incurred on related projects as of January 1, 2011.
- Adds a section to allow funding for extraordinary state highway maintenance to be used for engineering and design costs incurred on related projects as of January 1, 2011.
- Adds a section to require the Department of Transportation to offer the Fargo district office location for sale. The section also provides that \$800,000 of funding for an equipment storage building at the Fargo district office location may only be used if the department does not accept an agreement to purchase the district office location by May 1, 2012.

2011 TESTIMONY

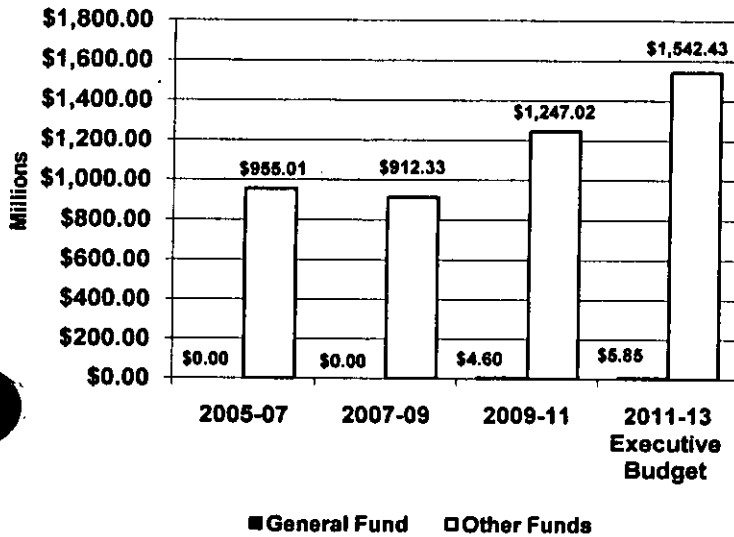
HB 1012

Department 801 - Department of Transportation
 House Bill No. 1012

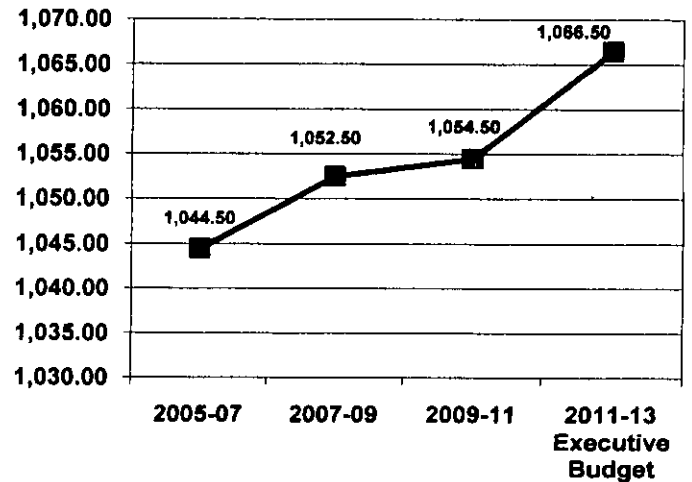
	FTE Positions	General Fund	Other Funds	Total
2011-13 Executive Budget	1,066.50	\$5,850,000	\$1,542,433,665	\$1,548,283,665
2009-11 Legislative Appropriations	1,054.50	4,600,000	1,247,015,588	1,251,615,588 ¹
Increase (Decrease)	12.00	\$1,250,000	\$295,418,077	\$296,668,077

¹The 2009-11 appropriation amounts include \$3 million of special funds for the agency's share of the \$16 million funding pool appropriated to the Office of Management and Budget for special market equity adjustment for executive branch employees. The 2009-11 appropriation amounts do not include \$16,016,589 of project carryover authority or \$82,740,600 of additional special funds authority resulting from Emergency Commission action during the 2009-11 biennium.

Agency Funding



FTE Positions



Ongoing and One-Time General Fund Appropriations

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2011-13 Executive Budget	\$0	\$5,850,000	\$5,850,000
2009-11 Legislative Appropriations	0	4,600,000	4,600,000
Increase (Decrease)	\$0	\$1,250,000	\$1,250,000

Executive Budget Highlights

	General Fund	Other Funds	Total
1. Provides one-time funding from the permanent oil tax trust fund for roadway projects on state highways in areas affected by oil and gas development		\$228,600,000	\$228,600,000
2. Provides one-time funding from the permanent oil tax trust fund for county and township roadway projects in areas affected by oil and gas development		\$142,000,000	\$142,000,000
3. Adds 6 FTE transportation technician positions		\$620,412	\$620,412
4. Adds 4 FTE driver's license examiner positions		\$361,172	\$361,172
5. Adds 2 FTE motor vehicle licensing specialist positions		\$203,100	\$203,100
6. Provides one-time funding for asbestos abatement in the Highway Building		\$2,465,544	\$2,465,544
7. Provides one-time funding to convert department radios from analog to digital		\$530,886	\$530,886
8. Provides funding from special funds for salary equity adjustments for the recruitment and retention of heavy equipment operators		\$1,100,000	\$1,100,000

9. Provides additional funding for roadway maintenance safety items due to increased material costs		\$15,605,992	\$15,605,992
10. Provides for the following anticipated changes in federal highway aid:			
Federal Highway Administration formula funds (from \$500.9 million to \$569.5 million)		\$68,600,000	\$68,600,000
Emergency relief (from \$33.7 million to \$56.2 million)		22,500,000	22,500,000
Federal rail funds (from \$2.3 million to \$6.1 million)		3,800,000	3,800,000
National Highway Traffic Safety Administration (from \$10 million to \$11.4 million)		1,400,000	1,400,000
Federal transit funds (from \$12.8 million to \$13.7 million)		900,000	900,000
2009-11 federal funds for Devils Lake area projects (from \$43.8 million to \$0)		(43,800,000)	(43,800,000)
Total		\$53,400,000	\$53,400,000
11. Provides funding for an information technology program to improve the department's method of estimating project costs		\$532,055	\$532,055
12. Removes one-time funding from the general fund provided in the 2009-11 biennium for Devils Lake area roadway projects	(\$4,600,000)		(\$4,600,000)
13. Provides one-time funding from the general fund to match federal funds for roadway projects in the Devils Lake area	\$5,850,000		\$5,850,000
14. Provides one-time funding to begin planning for the replacement of the department's driver's license computer system		\$500,000	\$500,000
15. Removes federal fiscal stimulus funding provided in the 2009-11 biennium relating to highway infrastructure projects		(\$170,978,876)	(\$170,978,876)
16. Authorizes spending authority for federal fiscal stimulus funding not spent during the 2009-11 biennium for transportation infrastructure projects (\$5,189,575), grants for rural transit programs (\$4,800,000), and a federal fiscal stimulus grant received to construct the North Central Regional Economic Growth Intermodal Port Connector project in Minot (\$14,130,000)		\$24,119,575	\$24,119,575

Other Sections in Bill

State highway fund continuing appropriation - Section 3 provides the Department of Transportation with a continuing appropriation for any additional funding deposited in the state highway fund during the 2011-13 biennium.

Line item transfers - Section 4 authorizes the Department of Transportation to transfer funds between the operating expenses, capital assets, and grants budget line items when it is cost-effective for the construction and maintenance of highways. The department must report transfers to the Office of Management and Budget.

Motor vehicle excise tax allocations - Section 5 allocates 25 percent of motor vehicle excise tax collections, after distributions to the state aid distribution fund, to the highway tax distribution fund rather than the general fund. The allocation is effective for the 2011-13 biennium only. Based on the executive revenue forecast, \$46.3 million of motor vehicle excise taxes will be deposited in the highway tax distribution fund.

County and township road reconstruction program - Section 6 establishes a program to allocate \$142 million to county and township road projects in areas affected by oil and gas development. The section provides that any funding not spent during the 2011-13 biennium may be continued and used during the 2013-15 biennium.

State highway maintenance carryover authority - Section 7 provides that any funding not spent of the \$228.6 million included in the capital assets line item for extraordinary state highway maintenance may be continued and used during the 2013-15 biennium.

Continuing Appropriations

There are no continuing appropriations for this agency.

Significant Audit Findings

The operational audit for the Department of Transportation conducted by the State Auditor's office during the 2009-10 interim included the following significant audit findings:

- The Department of Transportation has a lack of controls over computer system access.

- The Department of Transportation is not properly reconciling the motor vehicle clearing account to the report of amounts processed and pending each month.

Major Related Legislation

House Bill No. 1042 - Extraordinary road use fee allocations - This bill requires extraordinary road use fee collections to be deposited in the general fund of the county where the overweight vehicle violation occurred if the violation did not occur on a state or federal highway.

House Bill No. 1043 - Motor vehicle excise tax allocation - This bill provides that after June 30, 2011, motor vehicle excise tax collections, after distributions to the state aid distribution fund, are to be deposited in the highway tax distribution fund rather than the general fund. Based on the executive revenue forecast, \$185.4 million of motor vehicle excise tax collections would be deposited in the highway tax distribution fund.

House Bill No. 1109 - Driver's license renewal dates and fees - This bill increases the fee for driver's license renewals from \$10 to \$15 and extends the driver's license renewal period from four years to six years for Class D operator's licenses.

Senate Bill No. 2045 - Oil impact-related infrastructure development grants - This bill creates an infrastructure grant program for taxing districts affected by oil and gas development and provides a \$100 million appropriation from the permanent oil tax trust fund for grant distributions during the 2011-13, 2013-15, and 2015-17 bienniums.

Senate Bill No. 2061 - Nonresident motor vehicle registration - This bill provides for the Department of Transportation to register a passenger motor vehicle that is titled and registered in another state if the owner or operator of the motor vehicle is gainfully employed in this state but is not a resident of the state.

1012.1.11.11A

HB 1012

TESTIMONY BEFORE THE HOUSE APPROPRIATIONS COMMITTEE

2011-2013 Biennium Budget

Prepared by
**NORTH DAKOTA DEPARTMENT OF TRANSPORTATION
BISMARCK, NORTH DAKOTA**

**DIRECTOR
Francis G. Ziegler, P.E.**

JANUARY 2011

HOUSE APPROPRIATIONS COMMITTEE

January 11, 2011

8:30 a.m. – Medora Room

North Dakota Department of Transportation

Francis G. Ziegler, P.E., Director

HB 1012

Mr. Chairman and members of the committee, I'm Francis Ziegler, Director of the North Dakota Department of Transportation (NDDOT). Thank you for giving me the opportunity to present information to you today. We will discuss important elements of the department. I will present an overall view followed by more detailed information presented by Deputy Director for Engineering Grant Levi, Deputy Director for Driver and Vehicle Services Linda Butts, Deputy Director for Business Support Dave Leftwich and Chief Financial Officer (CFO), Shannon Sauer.

Accomplishments

The Department has had numerous successes this past biennium, thanks to the investment the Executive and Legislative branches made in transportation during the last session.

I. Roadway Improvements:

The NDDOT had record construction seasons in 2009 and 2010. We have just completed two of the largest seasons in state history as 449 contracts were bid out for approximately \$823 million transportation projects across North Dakota.

- o Major construction projects on the State Highway System include:
 - Construction of the Drayton Bridge
 - Major grade raises on ND 20 & 57 in the Devils Lake area
 - West Fargo 9th Street Interchange
 - Grading, surfacing, and numerous safety improvements on US 85 between Grassy Butte and Williston
 - I-94 from the west of ND 1806 to the west Mandan Interchange
 - Reconstruction of US 12 from county line to Rhame
 - Major intersection improvements on US 2 in Minot

II. Motor Vehicle and Drivers License:

It has also been a record biennium for Motor Vehicle Registrations and Driver Licenses renewals.

- A. In 2009, there were 952,000 registrations, compared to 863,000 in 2005
- B. In 2010, we licensed 489,402 drivers.
 - 1. Increase of 32% Commercial Drivers Licenses (CDL) in the last 12 months.

III. Safety continues to be number one priority

- A. Number of traffic related deaths in state declined from 140 in 2009 to 104 in 2010.
- B. Safety Improvements
 - 1. Adding turning & passing lanes, plus intersection improvements
 - 2. Rumble strips have been installed on some state highways, and we plan to have them installed on all 2-lane state highways within next four years.

3. Law enforcement collaboration based on multi-agency agreements

C. Safety messages to the public.

1. We will continue to address issues surrounding the primary contributing factors to fatal crashes including: Alcohol, Not using seatbelts, Speed, and Lane departure

IV. Performance Measures

NDDOT supports accountability that focuses on agency outcomes and customer service. The department's performance measurement focuses on our five major goals: customer satisfaction, employee satisfaction, safety (of workers and of motorists), highway system condition, and development and delivery of highway construction projects. As we measure improvement in these key areas, the people of North Dakota will be increasingly better served.

A. Making progress on improving ride quality as you can see on Page 9 of the Transportation Handbook.

V. **Customer Satisfaction Survey** - In 2010 over 91 percent of customers surveyed said they were satisfied or very satisfied with how the department is doing.

Challenges

Along with accomplishments we have seen many challenges over the past biennium. Six areas of concern include:

1. System Condition
2. Traffic Growth
3. Rising Water Levels
4. Increased Public Expectations for Service
5. Staffing
6. Uncertainty of federal funding

The department's Deputy Directors will now go into more detail about our services, challenges and budget. I will conclude with information about the future of federal funding.

Deputy Director for Engineering Grant Levi

System Condition:

Figures 1 and 2 show that we have made progress in the past two years. The progress is a result of a significant investment of ARRA and state funds in thin lift overlays. About 660 miles on the state system were improved with ARRA funds. The funds were used for thin lift overlays which improve ride quality reduce distress and provide some increase in load carrying capacity for 7-10 years. However, thin lift overlays cannot be used to provide a load restriction free system. While this data shows improvements in the distress and ride of our system, it should be noted that the data is from 2009 and doesn't reflect what is currently occurring in energy areas and parts of the state dealing with rising water levels.

Figure 1

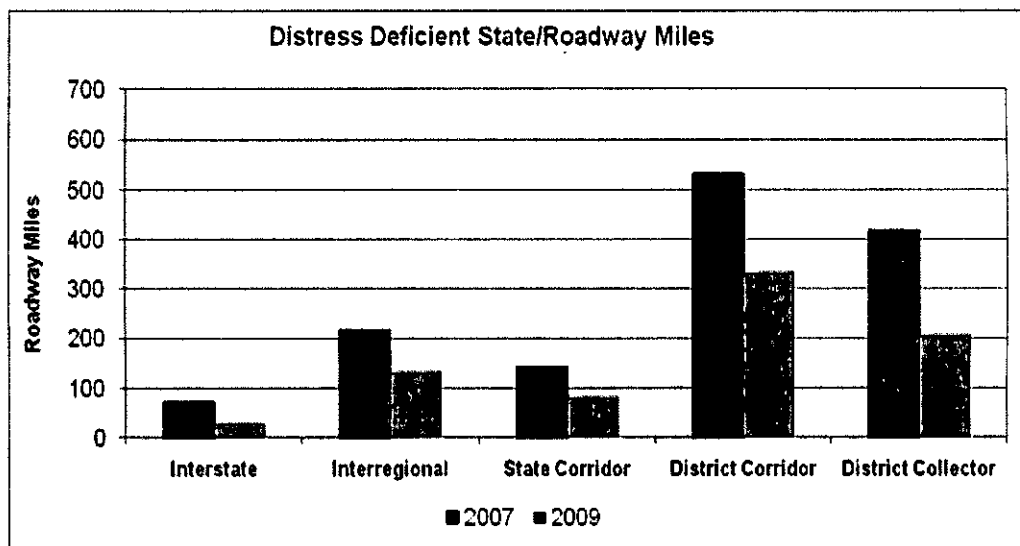
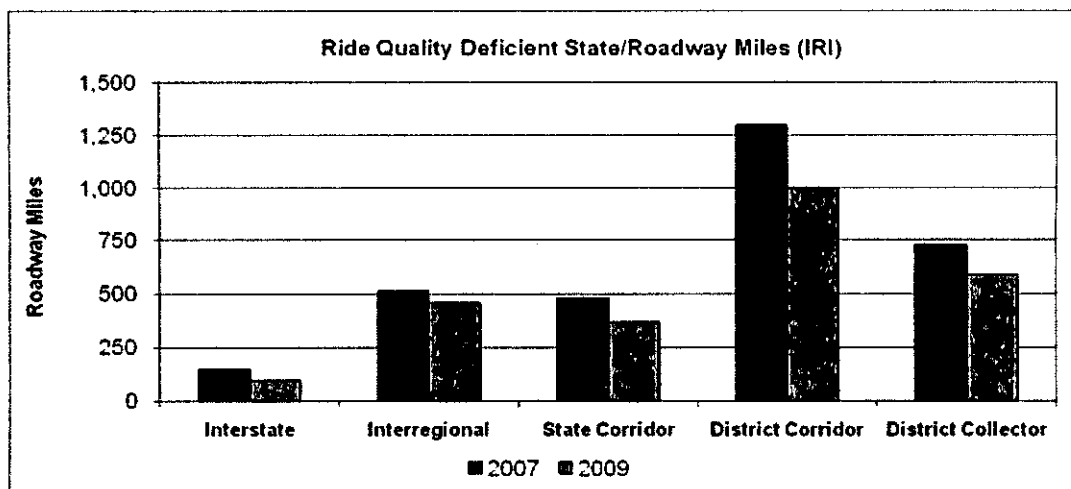
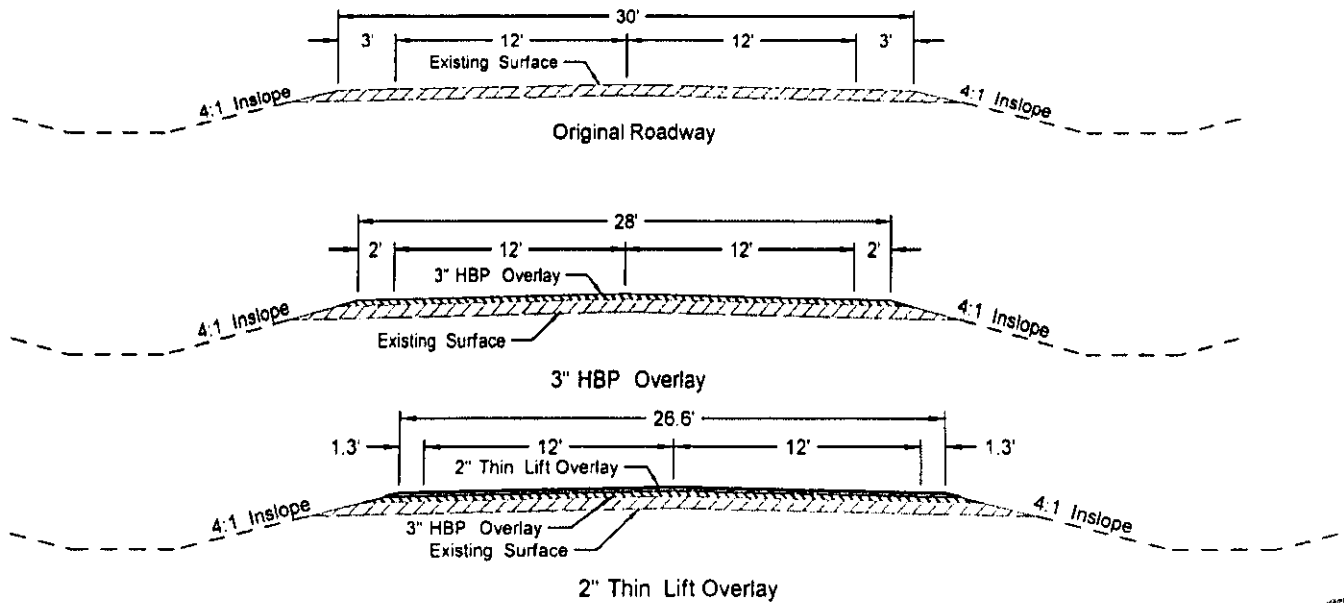


Figure 2



As a result of the numerous thin lift overlays we have constructed, we are at the point where many of the state roadways can no longer be overlaid without shoulder width being reduced or the driving surface becoming too narrow. Figure 3 illustrates how the roadway width is reduced when a roadway is overlaid.

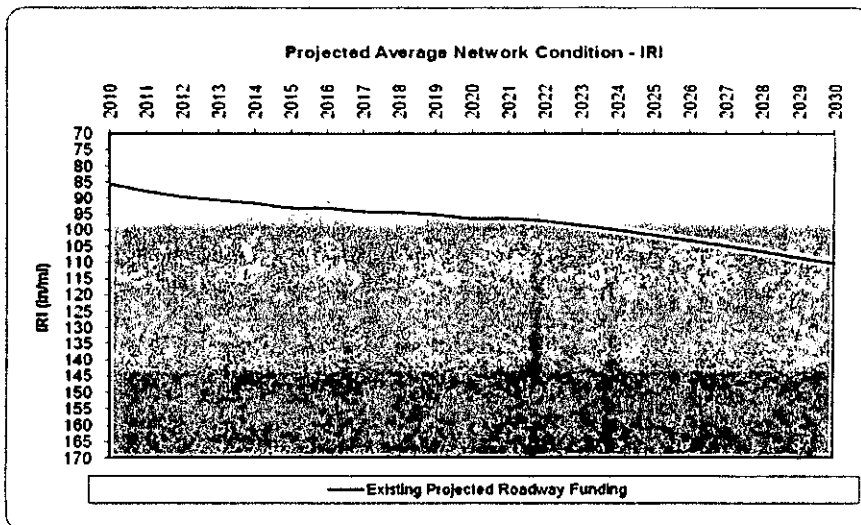
Figure 3 - Roadway width changes that occur with thin lift overlays



If roadways can no longer be overlaid the surface will have to be removed and in some cases the roadway will have to be widened or reconstructed before a new surface is put down. These improvements are extremely expensive and will reduce the number of miles that can be improved annually.

Figure 4 shows that the overall performance of the highway system will gradually decline over time if investments in the system are not increased.

Figure 4



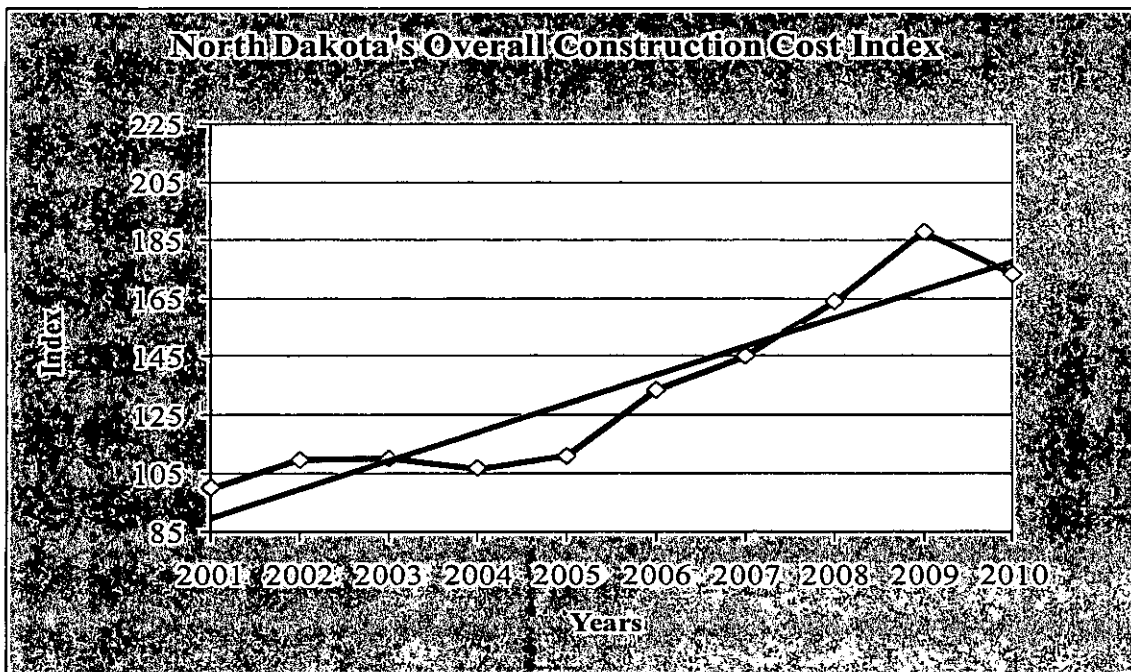
Cost of doing business

One of the major challenges facing city, state, county and township levels of government as they try to provide transportation infrastructure is the rising cost of doing business. Between 2001 and 2009 North Dakota's overall construction cost index rose 88 percent. Much of this increase is attributable to the rising cost of petroleum-based building materials.

For example, in 2004, a three inch asphalt overlay cost \$150,000 and a seal coat cost \$16,000 per mile. In 2010, the same three inch overlay cost \$300,000 per mile, a 100% increase, and a seal coat cost \$35,000 per mile, a 119% increase.

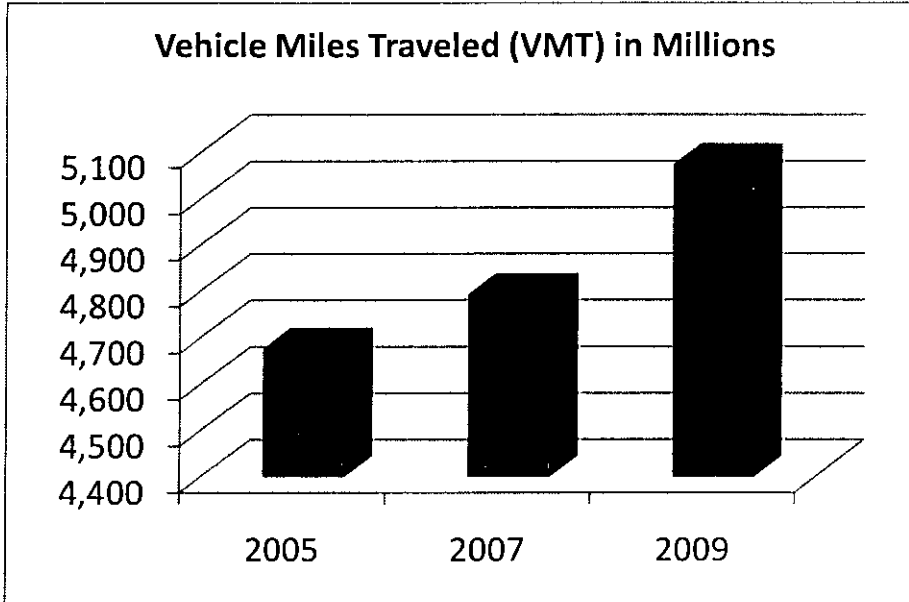
Between 2009 and 2010, the Construction Cost Index (Figure 5) dropped due to the decrease in asphalt prices. Given the current projected increase in crude, diesel and gasoline prices, the cost of construction may raise significantly.

Figure 5



As shown in Figure 6, the Vehicle Miles Traveled (VMT), North Dakota has seen an increase in vehicle miles traveled on the state highway system from 2005 to 2009. VMT's grew from 4.6 million in 2005 to 5.07 in 2009.

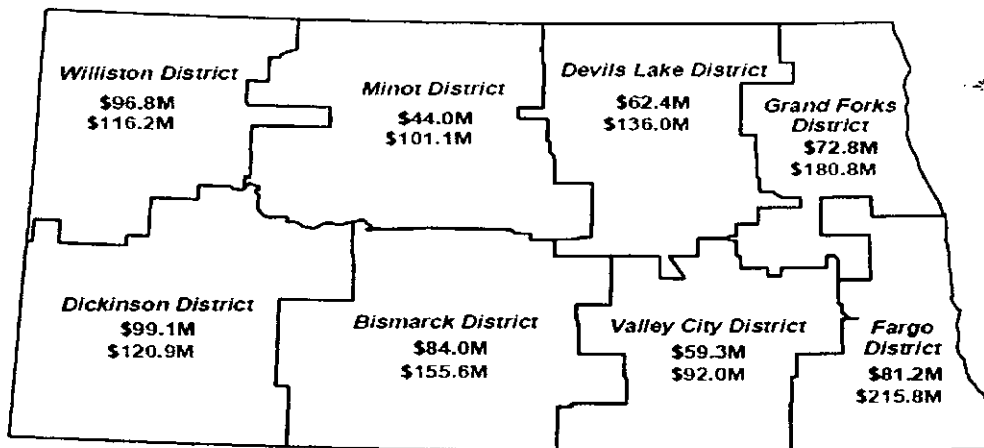
Figure 6



As a result of system condition, construction inflation and increasing traffic, we need to maintain our investment in the infrastructure as requested in the Executive Budget. The funds requested will be used to fund the Statewide Transportation Improvement Program (STIP) and roadway maintenance and operation activities.

Figure 7 shows that we planned about \$600 million worth of projects that will be undertaken in the 2011 – 2013 biennium. The STIP includes just over \$1.1 billion in projects that are planned to be undertaken by 2014.

Figure 7



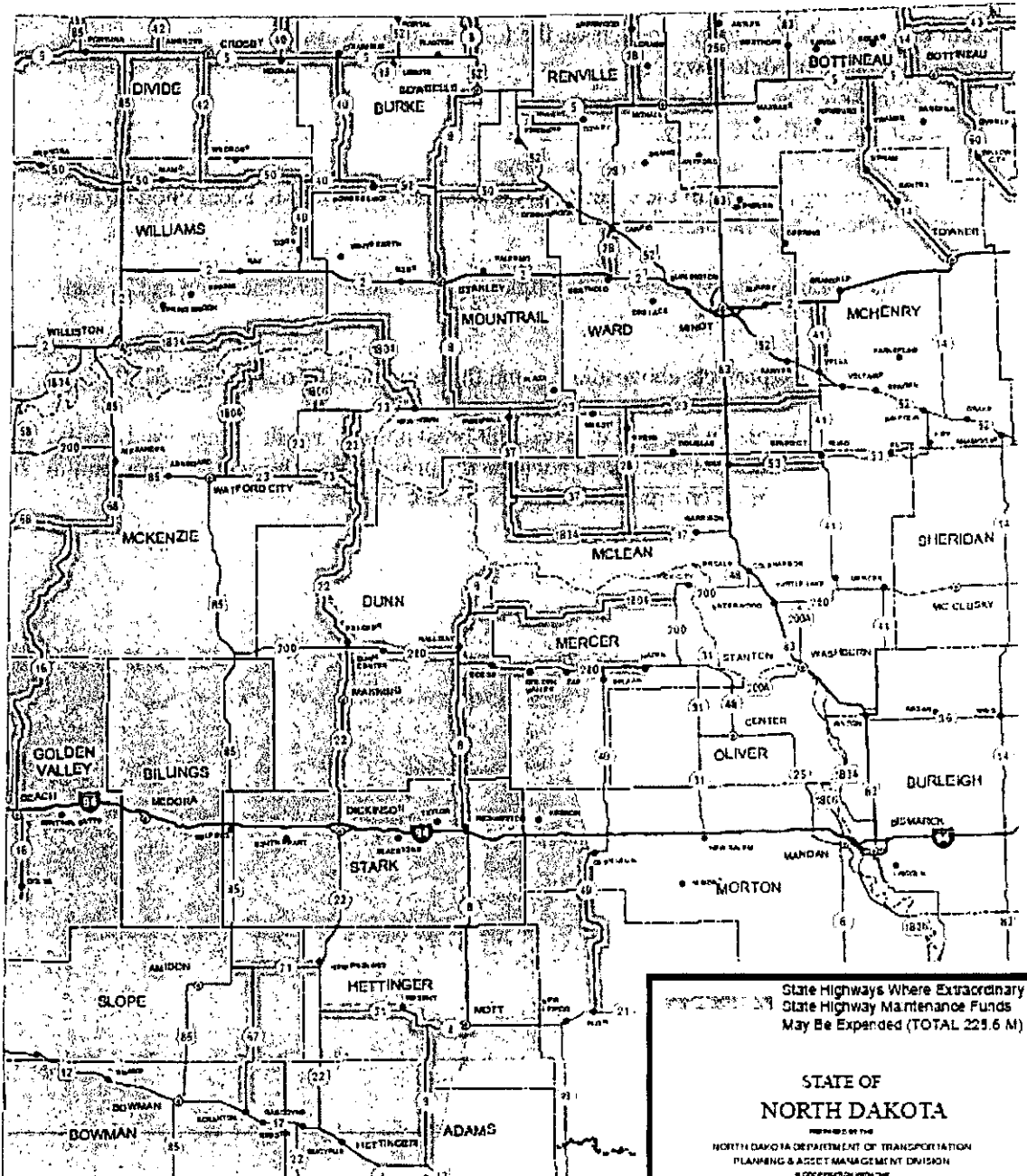
STIP 2011-2013 Biennium
STIP 2011-2014

HB 1012 One Time Spending:

Extraordinary State Highway Maintenance - \$228.6 million

In addition to the projects included in the STIP, the Executive Budget includes \$228.6 million of oil impact funds dedicated to the Department for projects on state highways within the oil and gas producing counties in western North Dakota. Figure 8 is a map illustrating where funds may be expended on roads experiencing increased oil industry traffic.

Figure 8



The proposed \$228.6 million of oil impact funds dedicated to the NDDOT for projects on the state highway system within the oil and gas producing counties will be used to accomplish the following:

- Patch and repair roadways that have pavement breakups.
- Complete preventive maintenance projects in order to maintain the roadway system.
- Overlay roadways to enhance the load carrying capacity.
- Widen roadways to allow the placement of additional pavement structure to enhance the load carrying capacity and roadway safety.
- Reconstruct roadways to improve the load carrying capacity and roadway width, in slopes, drainage, etc.

The Department is and will be designing projects on the following roadways:

- ND 22 – Dickinson north to Hwy 23
- ND 23 – from New Town east and west
- ND 8 – north and south of Stanley
- Other overlays on various highways will be designed.
- We are also planning projects in the cities of Williston and Alexander to accommodate increased traffic and surface deterioration.

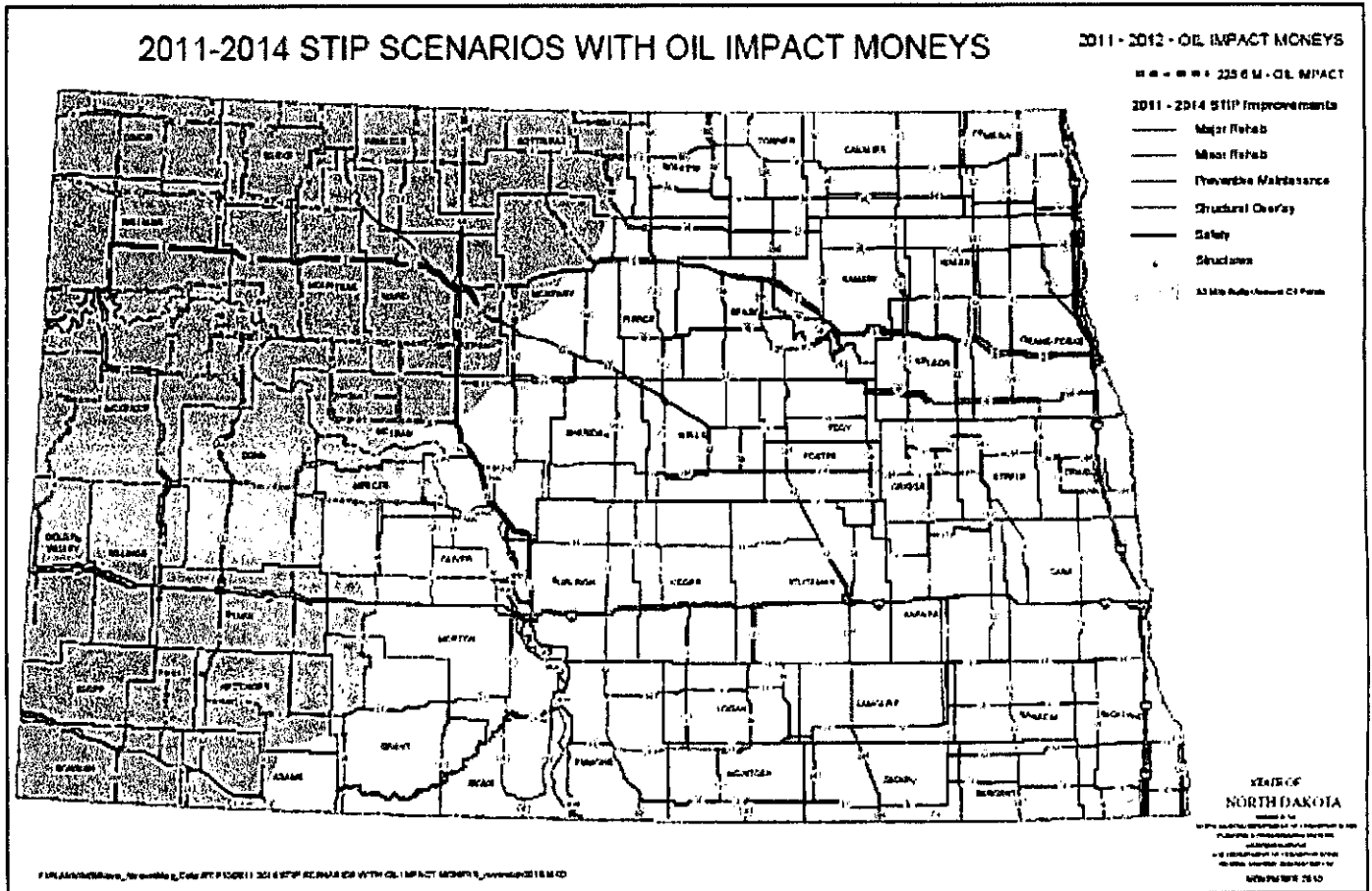
While the design plans are being prepared, where the funds will be spent will depend on traffic and roadway conditions.

The projects being designed are projects above and beyond those included in our present STIP.

It was necessary to advance the design because of pavement breakups as a result of increased traffic. If federal funds were used it would not be possible to advance the projects into the upcoming biennium. It should be noted HB 1012 contains an emergency clause for \$228.6 million.

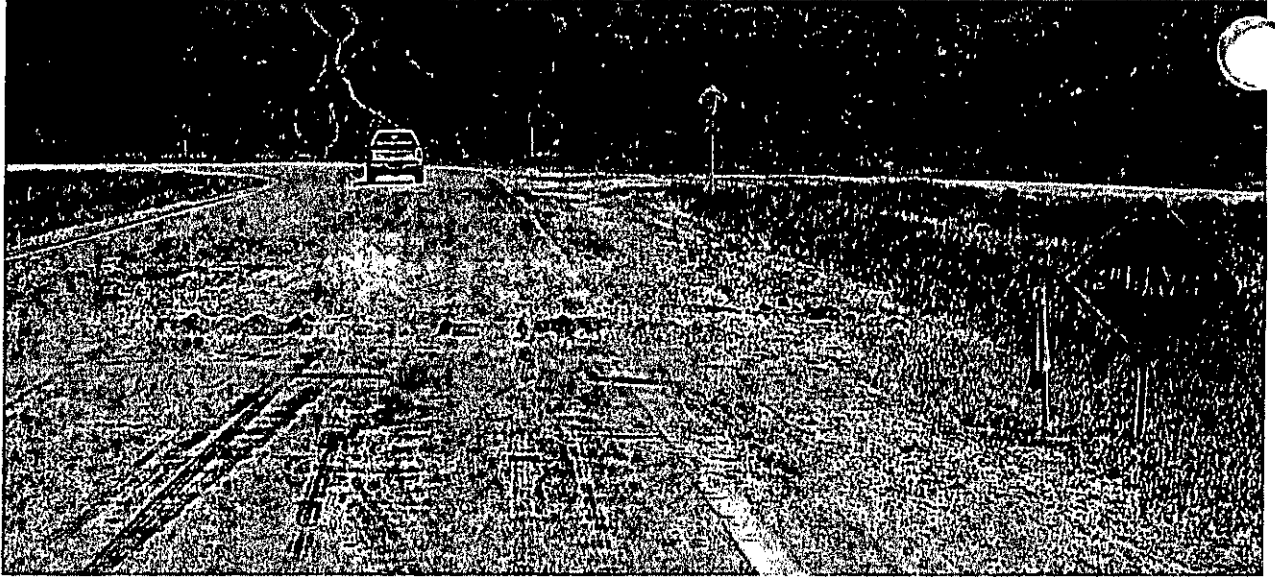
In addition to the \$228.6 million requested, the Executive Budget contains \$240 million of federal aid which will be spent in the oil impact areas (including projects on US 85), as shown in Figure 9.

Figure 9

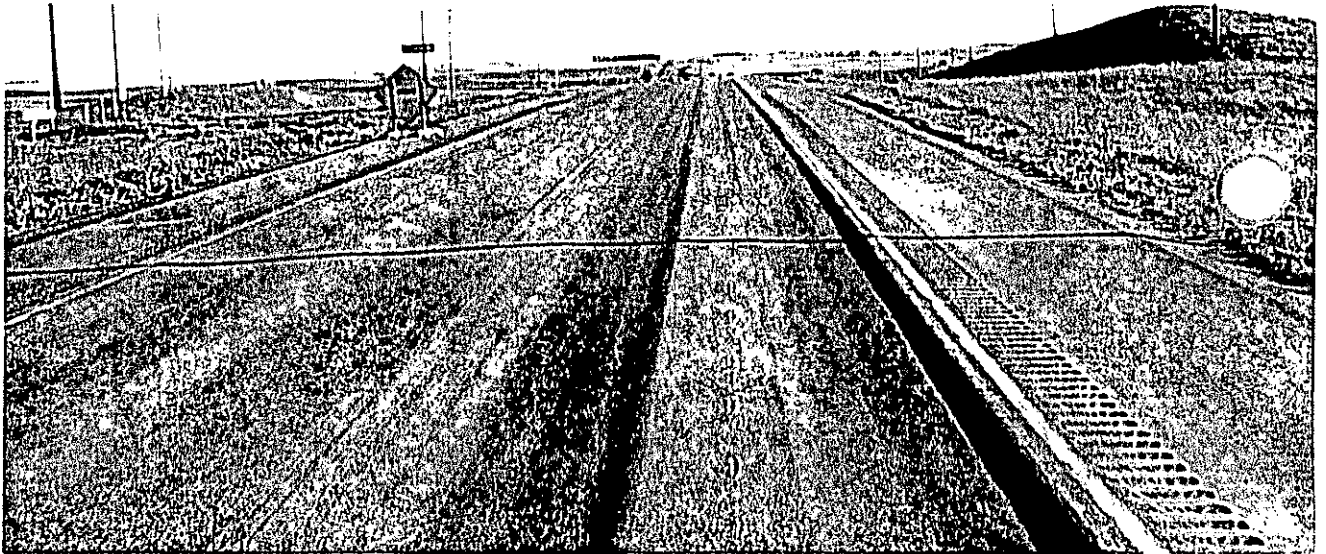


This significant investment in roadways in western ND is necessary because increased traffic volumes, (particularly heavy trucks), have accelerated the deterioration of state highways in the oil impacted areas. Many state highways in this part of the state were designed and built in the 1950's and 60's. Roadways in the western part of the state were originally built to handle agriculture traffic (small grains and ranching) and were not built to carry the heavy loads associated with oil development. For your information, over the years many of the roads in the eastern part of the state have been built to carry heavier loads associated with more intense agricultural development (sugar beets, potatoes, corn etc.)

The following pictures illustrate the damage that has occurred on ND 22 and US 85 due to increased heavy truck traffic.



ND Highway 22



US Highway 85

The photos show pavement cracking and breakup, rutting and spot patching that is occurring on these highways.

This pavement breakup is a result of increased traffic volumes, (particularly heavy trucks), that is accelerating the deterioration of city, county, township roads and state highways in the oil impact areas in western North Dakota.

Table 1 shows the average daily traffic on various segments of state highways in the oil impact areas. The AADT in and around communities located along these highways may be substantially higher. For example, the AADT on ND 23 around New Town in 2010 is approaching 9,000 vehicles per day. 2009 counts show the AADT on US 85 around Watford City is about 3,900 vehicles per day.

Table 1 - Average Annual Daily Traffic (AADT) all types of vehicles

Highway	Location	Average AADT 2006	Average AADT 2009/2010	% Growth 2006-2009/2010
ND 8	ND 23 N. to Stanley	611	2,454	301%
ND 22	Dickinson N. to ND 23	1,078	2,573*	139%
ND 23	Watford City to New Town	1,353	3,356*	148%
ND 23	New Town to US 83	1,597	2,616*	64%
US 85	West of Watford City to Jct. of US 85 & US 2	2,322	2,828	22%
US 2	US 85 to Stanley-EB &WB	2,003	3,654	82%
US 2	Stanley to US 52-EB &WB	2,442	2,914	19%

*Traffic Counts on ND 23 and ND 22 are 2010

Even more dramatic has been the increases in average daily truck traffic on some of the county, township roads and state highways in the oil impact areas. Truck traffic on ND 8 increased 629 percent, over 640 trucks per day, from 2006 to 2009.

Table 2 - Truck Annual Average Daily Traffic (TAADT)

Highway	Location	Average TAADT 2006	Average TAADT 2009/2010	% Growth 2006 2009/2010
ND 8	ND 23 N. to Stanley	102	744	629%
ND 22	Dickinson N. to ND 23	108	696*	544%
ND 23	Watford City to New Town	167	1,114*	567%
ND 23	New Town to US 83	138	464*	236%
US 85	West of Watford City to Jct. of US 85 & US 2	509	713	40%
US 2	US 85 to Stanley-EB &WB	450	1,385	208%
US 2	Stanley to US 52-EB &WB	640	838	31%

*Traffic Counts on ND 23 and ND 22 are 2010

County and township road reconstruction program = \$142 M

The state system is not the only system experiencing significant traffic increases. Traffic increases on the township and county roadways have accelerated the deterioration of their gravel and paved roadways.

The Upper Great Plains Transportation Institute (UGPTI) worked with local officials to conduct a study identifying the impacts of oil development on county and township roads. This report was shared with the House Appropriations Committee last week.

As a result the Executive Budget includes an additional \$142 million in state funds for the next biennium to address the greatest local roadway needs in the 17 oil impact counties.

The \$142 million will be available for paved and gravel roadways.

- \$118.2 million for paved roads.
- \$23.8 million for unpaved roads.

The Department's goals in administering the funds will be:

- To ensure the funds are spent in a manner that is consistent with UGPTI Study
- Work with the counties to begin construction in 2011, as a result the Bill contains an emergency clause.
- Efficient and effective delivery of projects.
- Provide a connected and seamless transportation system.

To accomplish these goals:

- Counties will select the projects using their allocated funds.
- Coordination will occur between state, county, township system projects planned.
- GIS model will be used to ensure a seamless system.
- Allow counties the opportunity to leverage their county federal funds.

The \$142 million is above and beyond the formula funding received by local governments from the oil extraction tax distribution. The basic production formula is not changed. The \$142 million funding will help address the transportation needs for oil development rather than for production.

Funding for Devils Lake – Roadway Acting as Dams – \$5.85 M

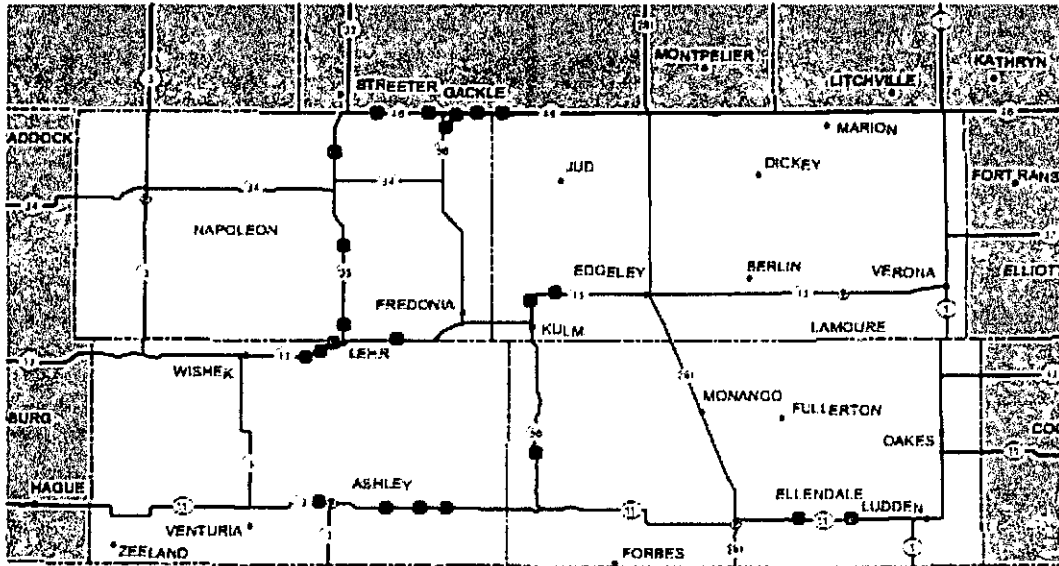
As Devils Lake continued to rise a number of state roadways began to function as dams. Unfortunately those roadways were not designed to meet dam criteria. Because state highway funds cannot be used to construct a dam the 2009-11 legislative appropriations made \$4.6 million dollars of general fund money available to the DOT for roadway as dam construction. We recently bid ND 20 Acorn Ridge project, which is one of the roadways acting as a dam that protects Camp Grafton and the city of Devils Lake, and that project came in over the estimate. In addition, the US Corps of Engineers informed us that the north tie back which is needed to complete the project is estimated to cost more. As a result we need an additional \$5.85 million in general funds for the Devils Lake roadway as dam project.

NDDOT also has projects planned to raise the grades on roadways in areas experiencing rising water. There are about \$90 million worth of projects that were carried over from last year to complete grade raises on ND 57, ND 20, ND 19, and US 281 in the Devils Lake area.

Upon completion of these projects the roadways will be raised to an elevation of 1460 feet. On December 23, 2010, the water level was 1,451.5 feet. At that time, the National Weather Service predicted there is a 50% chance the lake could rise to 1,454.6 feet. If the lake level continues to rise we will seek additional Emergency Relief funding to raise the grades on impacted highways as needed.

As a result of heavy rains this past summer, 22 sites on state highways in the Prairie Pothole Region south of Valley City and Jamestown were, or are close to being inundated with water, as shown in Figure 10. The Department may need Emergency Relief funding for some of these sites in the future.

Figure 10



American Reinvestment and Recovery Act (ARRA) Funding

- Federal Stimulus (ARRA) = \$24.1 Million
 - Includes \$14.1 Million for Intermodal Port – Tiger II Grant and some carryover funds.

HB 1012 additional information:

Additional Equipment Operators (Transportation Techs) – 6 FTE's

- As the state's urban areas continue to grow they are requiring 24 hour snow and ice control services. In the past we have used part-time employees to work the night time hours, but we have found it impossible to hire or retain them lately. To provide the needed service it has become apparent that we need a full time employee to work and supervise the evening shifts. Our existing full time employees are needed to provide the service during the daytime hours that is expected. As a result, HB 1012 provides transportation tech positions for Fargo, Minot and Bismarck Districts. (3 positions).

- We are also experiencing significant growth in traffic in western North Dakota that requires additional snow and ice control services. HB 1012 provides a position for the Minot District Mohall Section to assist with Air Force and energy movements in that area, and two positions in the Williston District to assist with energy movements. The Tioga and Stanley Sections of the Williston District will each receive a position. (3 positions)

Deputy Director for Driver and Vehicle Services Linda Butts

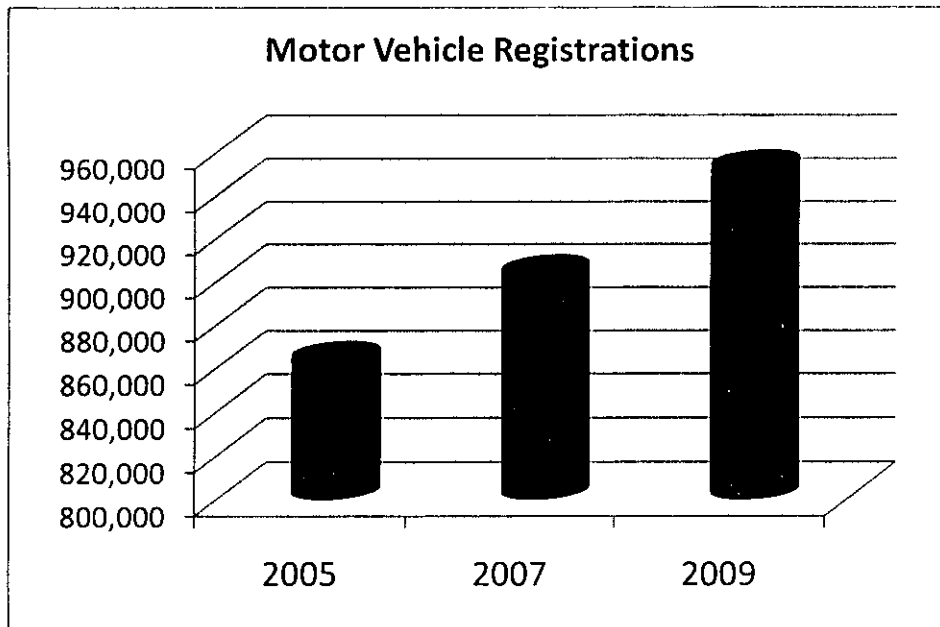
The Motor Vehicle and Drivers License Divisions continue to see increased demand for their services. First we will look at challenges in the Motor Vehicle area.

Motor Vehicle

a. Increased Demand

- The NDDOT motor vehicle titling and registration operations have experienced continuous growth in the demand for services. We have reached the point where we are unable to provide timely service with the current staffing solutions.
- In 2009, there were 952,000 registrations, compared to 863,000 in 2005, as shown in Figure 11.
- Vehicle dealers have increased from 977 in 2009 to 1005 in 2010.

Figure 11



b. Fixed Resources

- While we are examining all operations with an eye to improving efficiencies, in the end the division simply needs more resources. The paperwork volume continues to grow, but so does the number of organizations that want special plates and the type of

vehicles we now title. Motor Vehicle now titles 18 types of vehicles such as collector snowmobiles, military antique vehicles, unconventional vehicles, manufactured homes, off-highway, & low speed vehicles in addition to the normal truck, motor cycles, cars and pickups. Currently, over 345 combinations of license plates types are offered through VRTS, and it grows with each new organizational plate listed.

- We have attempted to fill the need with temporary employees. Unfortunately, conducting permanent operations with temporary staff is not a good long term solution as a fairly high learning curve is involved and most temporary employees don't remain with the department long enough to enable us to effectively keep up with the service demands. In the last 18 months, 21 temporary staff positions have turned over. As a result, we are using valuable time training employees when we need to focus on production.
- An average of 3,000 pieces of mail come into the Central Office daily.
- Bismarck Central Office staff takes 500 calls/day.
- 40% title processing staff has retired in the past two years.
- Title turnaround times up to 6 weeks.
- Because of current economic times there is a need for more temporary vehicle registrations.

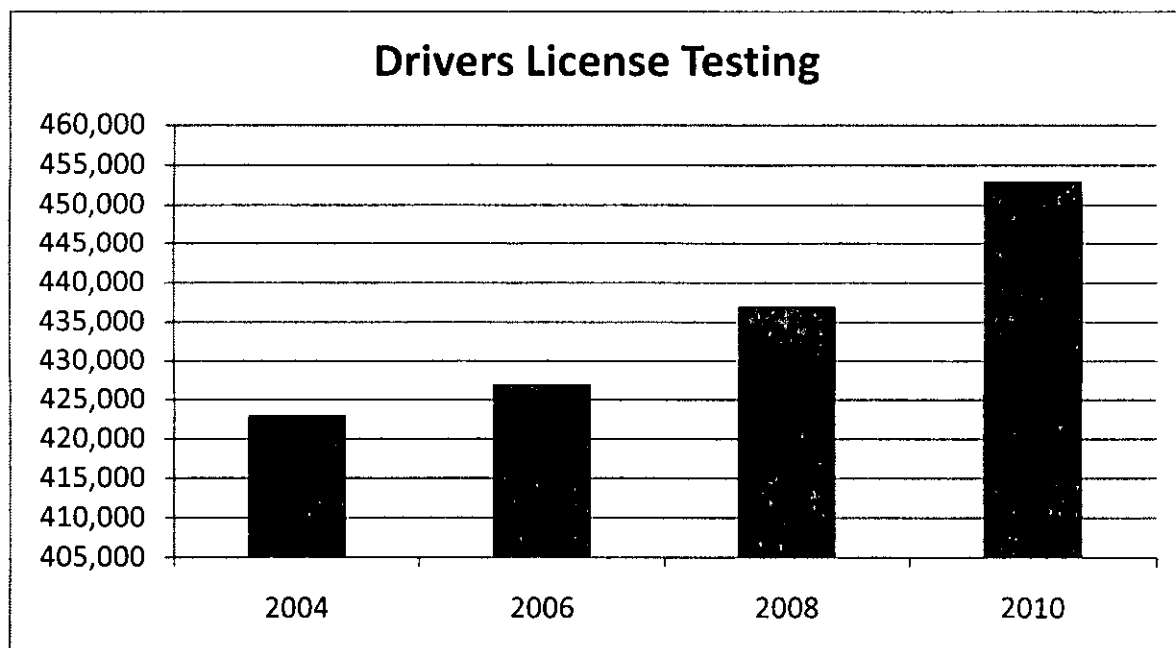
Therefore, HB 1012 provides for additional FTE's in Motor Vehicle.

Drivers License

I. Increased Demand

- Driver's License continues to see increased demand for their services also.

Figure 12



II. Fixed Resources and increased Federal Requirements

- The Drivers License Division has experienced significant time delays in processing Commercial Drivers License (CDL) requests, which in turn creates a creeping time lag for all license processing. This area of our operations is especially impacted by the growth in oil field activity.
- CDL testing wait times has been up to 80 days
- CDL testing increased by 32% in the past 12 months
- Loss of experience employees to companies in the oil patch
- Federal Motor Carrier Safety Administration (FMCSA) rules will require a change from *current medical certification of drivers to a process where driver examiners must review* the certification prior to conducting CDL testing, and documenting/scanning the certificates into the system – additional processing time.
- Oil field activity is anticipated to sustain the increasing workload for CDL testing resulting in additional processing time.

HB 1012 provides six FTE's in Drivers License and Motor Vehicle.

Technology

1. Technology is an ever changing business tool that needs to be upgraded and implemented to work efficiently in today's world. The Drivers License database is stored on a mainframe and written in Cobol, which is causing errors and inaccurate reports due to programming issues. HB 1012 contains \$500,000 in funding for the redesign of Drivers License Information Technology System or as we know it DL3.
2. We are concerned with scope and cost creep and as a result we will use this \$500,000 to:
 - hire a consultant that could not bid on the project but could lead us through a planning and scoping process,
 - identify states that have the features we would like to incorporate.
 - visit selected states to identify features of these new systems.

Our goal would be to create a disciplined approach that would help us write an RFP that would be both broad enough to attract a variety of bidders and yet specific enough to prevent scope and price creep.

3. Motor Vehicle's system needs upgrades added to enhance productivity, including a dealer interface and financial reconciliation features.

Safety is a top priority at NDDOT

The Department has spearheaded an effort to develop a new statewide multi-agency DUI law enforcement program to deter impaired driving.

- Over 90% of the city and tribal police, county sheriff's and HP are participating

To enhance safety the DOT provides:

1. Grants to law enforcement for the purchase of equipment including radar and in-car digital surveillance units.
2. Continued funding for the Traffic Safety Resource Prosecutor program to provide training, resources, and technical assistance to law enforcement and court officials.
3. Enhanced and increased media messages for sustained traffic safety messages to the public.

4. Continued deployment of the electronic crash reporting software, TraCS (Traffic and Criminal Software), to law enforcement agencies statewide.
5. Intensified effort to reach young drivers by:
 - Implementing a teen driving website and peer led traffic safety competition,
 - Creating a standardized driver's education curriculum for education of new drivers across the state.
6. Adding turning & passing lanes and intersection improvements
7. Will install rumble strips on all 2-lane state highways within the next four years

Deputy Director for Business Support Dave Leftwich

Our employees work hard as they carry out the Department's mission. Their work load increases daily as demand continues to grow for more service on the roads and fast customer service at the counter for registrations or licenses.

The NDDOT is experiencing significant staffing difficulties in the western part of the state.

- Due to the energy production in the area, we have lost transportation technicians and have experienced challenges in hiring new employees to replace them.
- We are concerned about keeping experienced staff due to higher salaries offered by other companies and increased costs in housing in western North Dakota.
 - Our pay lags the oil industry and local units of government in western North Dakota.
 - Lost 29 transportation technicians/snow plow operators and shop personnel to western ND jobs. DOT's starting salary is \$12.75 an hour or about \$22,000 per year.
 - They leave for oil field jobs where pay is 2-3 times higher, plus full medical, dental, vision insurance and other benefits.
 - NDDOT has recently implemented a market based pay plan. While this plan has brought many NDDOT staff closer to appropriate market pay for their positions, we still have a considerable distance to go before many positions will be reasonably close to their market. This is especially critical for positions where we have difficulty attracting and retaining employees, particularly Transportation Technicians. Accordingly we are requesting a market based salary equity adjustment of \$1.1 million.
 - This is not only true with transportation technicians, but it has also affected Drivers License and Motor Vehicle offices. This has placed severe pressure on staff that are already spread thin.
- To start to meet the public demand for increased services, we are asking for 12 positions
 - Six transportation technicians
 - Six Motor Vehicle and Drivers License

Central Office Building:

- A significant portion of the Central Office building contains asbestos. HB 1012 contains \$2.5 million in one-time special fund dollars for asbestos abatement for phase two of a multi-phase project in the central office building. Asbestos was sprayed on the steel beams for each floor, with overspray on the heating and electrical ducts and the forms for the floor. The area between the suspended ceiling and the floor above is used as the cold air return plenum and is the area

with the sprayed on asbestos. The air duct that provides the heated or cooled air is lined with asbestos inside the duct.

Digital Radios:

- The entire NDDOT radio network must be converted to digital by 2013. We have included \$530,886 in one-time special funds to convert the department's entire radio network to digital.

Construction Estimating System:

- HB 1012 contains \$532,055 for developing a new construction estimation system. The State Information Technology Advisory Committee (SITAC) ranked the department's estimating system rewrite as a prioritized project. Detailed project cost estimates are needed for every transportation project. Presently, estimate information is extracted out of MicroStation and GEOPAK (Engineering Software) and re-keyed into a RIMS Engineers Estimate. Estimate information is then passed to the Preliminary and Contract Estimate Reporting (PACER) application for the actual estimate. Lastly, these estimates are used for electronic bidding and passed to the Construction Automated Records System (CARS) application for project payments to contractors. Presently evaluations of multiple estimates are done by paper.

Now we will have the Department's Chief Financial Officer (CFO), Shannon Sauer, review details of the DOT budget.

Budget

Enrolled SB 2012, 2009-2011 Biennium Revenue (see Chart 1 – Page 21):

- The 2009-2011 session provided the following revenues:
 - A one-time allocation of 25% of the motor vehicle excise tax, after state aid distribution, \$30.5 million to the state highway fund.
 - A one-time general fund transfer for ND 20 roads acting as dams project, \$4.6 million.
 - Federal Stimulus Aid (ARRA) of \$176.1 million.
 - \$603.5 million in Federal Aid.
 - A change to the highway tax distribution fund allocations for the DOT, counties, cities, townships, and the state public transportation program.
 - Prior bienniums
 - NDDOT 63%
 - Counties 23%
 - Cities 14%
 - New formula
 - NDDOT 61.3%
 - Counties 21.5%
 - Cities 13%
 - Townships 2.7%
 - Transit 1.5%

Enrolled SB 2012, 2009-2011 Biennium Expenditures (see Chart 1 – Page 22):

- The 2009-2011 session provided the following budget:
 - A \$1.2 billion dollar budget.
 - \$633 million of capital improvements funds for roads
 - \$176 million of ARRA capital improvement funds for roads
 - Absorbed the inflationary increases for the biennium.
- In addition, the 2009 legislature provided \$59.9 million for weather-related cost-sharing and \$43 million for disaster relief funding; this brings the total provided for transportation for the 2009-2011 biennium to \$1.35 billion.

HB 1012 Executive Budget Recommendation, 2011-2013 Biennium Revenue (see Chart 2 –Page 23):

- The 2011-2013 Executive Budget Recommendation provides the following revenues:
 - A one-time allocation of 25% of the motor vehicle excise tax, after state aid distribution, \$46.34 million to the highway tax distribution fund.
 - NDDOT - \$28.4 million
 - Counties - \$10 million
 - Cities - \$6 million
 - Townships – \$1.24 million
 - Transit – \$0.7 million
 - \$656.9 million in Federal Aid.
 - Federal Stimulus Aid of \$24.1 million.
 - \$14.1 Tiger II Intermodal Port Project in Minot
 - \$10.0 American Reinvestment Recover Act (ARRA) carryover from 09-11 projects
 - Provides \$228.6 million in one-time funding from the permanent oil tax trust fund for extraordinary state highway maintenance needs.
 - Provides \$142.0 million in one-time funding from the permanent oil tax trust fund for county and township road reconstruction needs to support oil and gas production and distribution in North Dakota.
- A one-time general fund transfer to complete the ND 20 roads acting as dams project, \$5.85 million.

HB 1012 Executive Budget Recommendation, 2011-2013 Biennium Expenditures (see Chart 2– Page 24):

- The 2011-2013 Executive Budget Recommendation provides the following budget:
- A \$1.5 billion dollar budget, to include \$370.6 million for extraordinary maintenance and road reconstruction.
 - \$228.6 million for state roads
 - \$142.0 million for county and township roads
- Includes \$2.5 million in one-time special fund dollars for the second phase of asbestos abatement in the central office headquarters building.
- Authorizes 12 FTE's in special fund authority for motor vehicle licensing specialists, driver's license examiners, and heavy equipment operators to address customer service needs, roadway safety, and increased demand for commercial driver's license testing.
- Authorizes \$1.1 million in special fund authority for salary equity adjustments targeted primarily for recruitment and retention of heavy equipment operators.
- Provides \$500,000 in one-time special fund authority to conduct a planning and scoping study for redesign of the department's driver's license information technology system.

- Provides \$530,886 in one-time special fund authority to convert the agency's entire radio network to digital.
- Includes \$532,055 of special funds to rewrite the department's road construction estimating program.

Conclusion – Director Francis Ziegler

Uncertainty of future federal funding

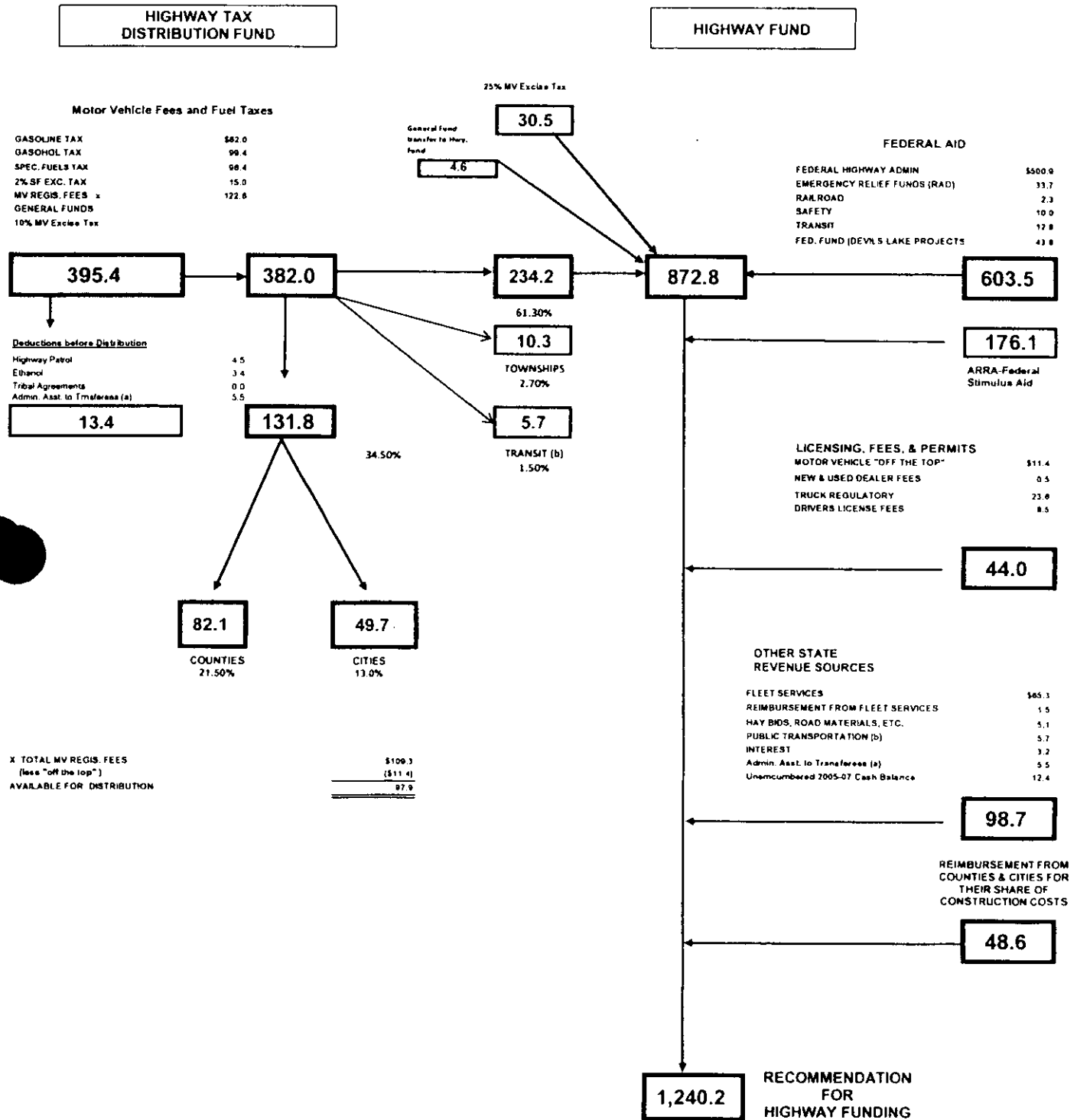
- A. Federal Aid is vital to our system. Historically, North Dakota received about \$2 for every \$1 contributed to the Federal Highway Trust Fund.
- B. Current federal highway bill expired September 30, 2009.
- C. Have been operating under a series of continuing resolutions based on 2009 funding levels.
 1. Difficult to do long range planning
 2. Current extension expires on March 4, 2011.
- D. The old House rule (Rule XXI, clause 3) ensures that all of the revenues that taxpayers pay into the Highway Trust Fund are used for highway and transit improvements on an annual basis. Under the New House rules passed on January 5, 2011 they can reduce the Highway Trust Fund spending to current revenue projections or even allow the spending elsewhere. The issue, the new rules allows HTF dollars to be spent on other things than roadways or transit.
- E. We may not be able to depend on federal funding to take care of transportation in the future.
- F. Continue working with our Congressional delegation and Five-State Coalition

We appreciate the legislative efforts to help us continue to be leaders in providing a quality transportation system that safely moves people and goods. A solid transportation system is essential to creating continued economic growth for the future of our state.

Thank you again for the opportunity to address you today.

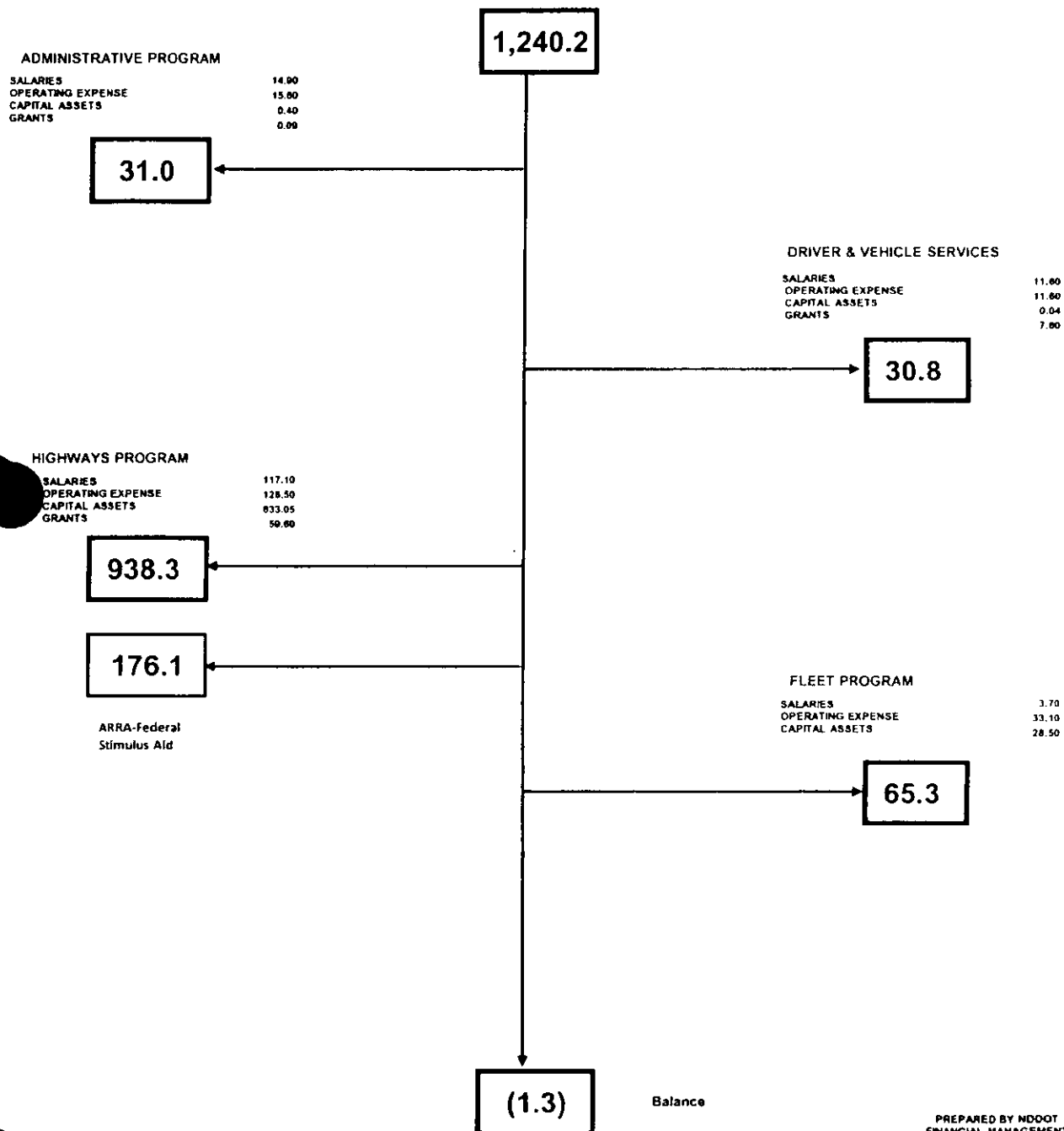
DEPARTMENT OF TRANSPORTATION ENROLLED SB 2012 2009 - 2011 BIENNIUM REVENUE

(MILLIONS)



DEPARTMENT OF TRANSPORTATION ENROLLED SB 2012 2009 - 2011 BIENNIUM EXPENDITURES

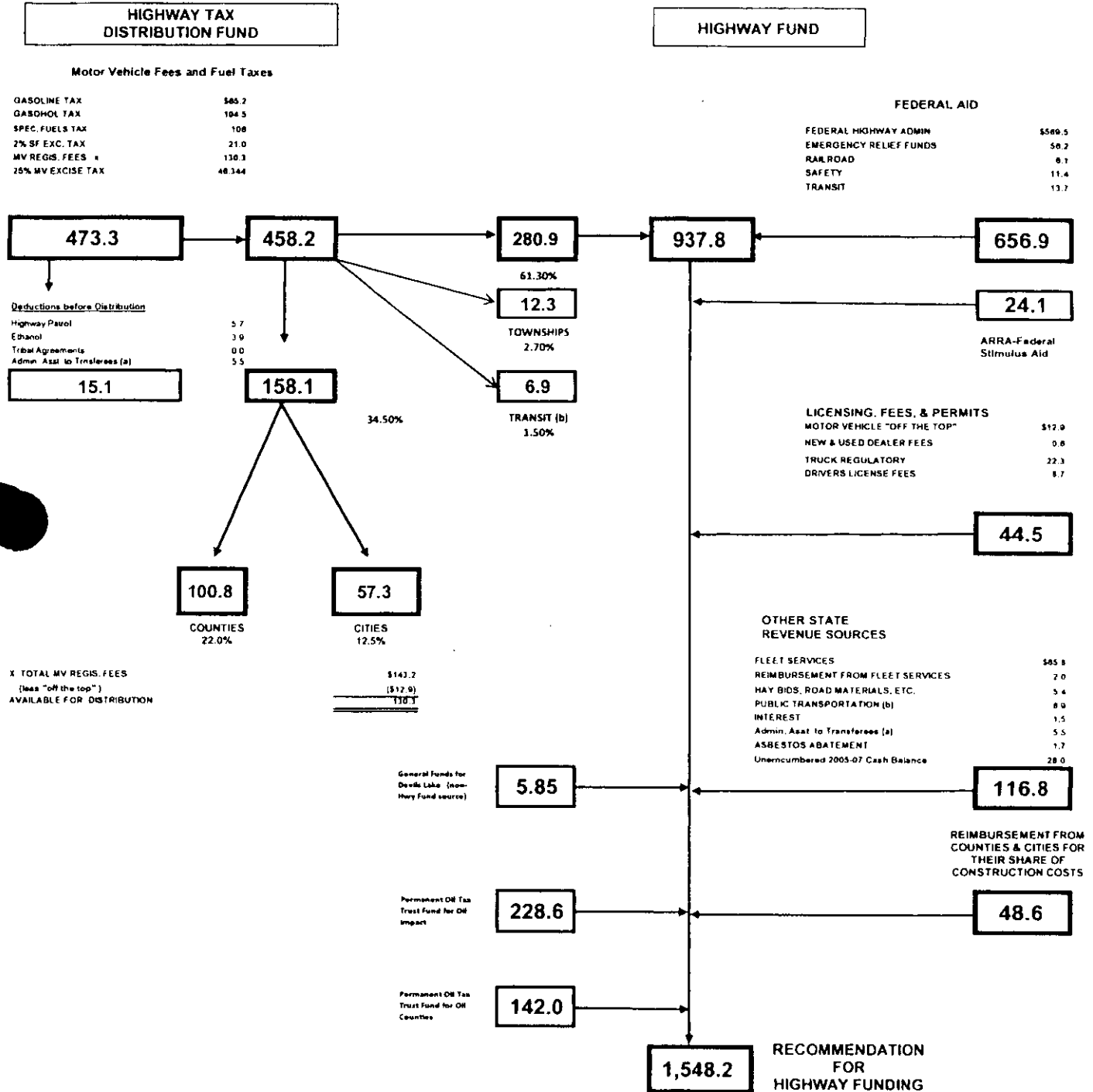
(MILLIONS)



PREPARED BY NDDOT
FINANCIAL MANAGEMENT
DIVISION
MAY 19, 2009

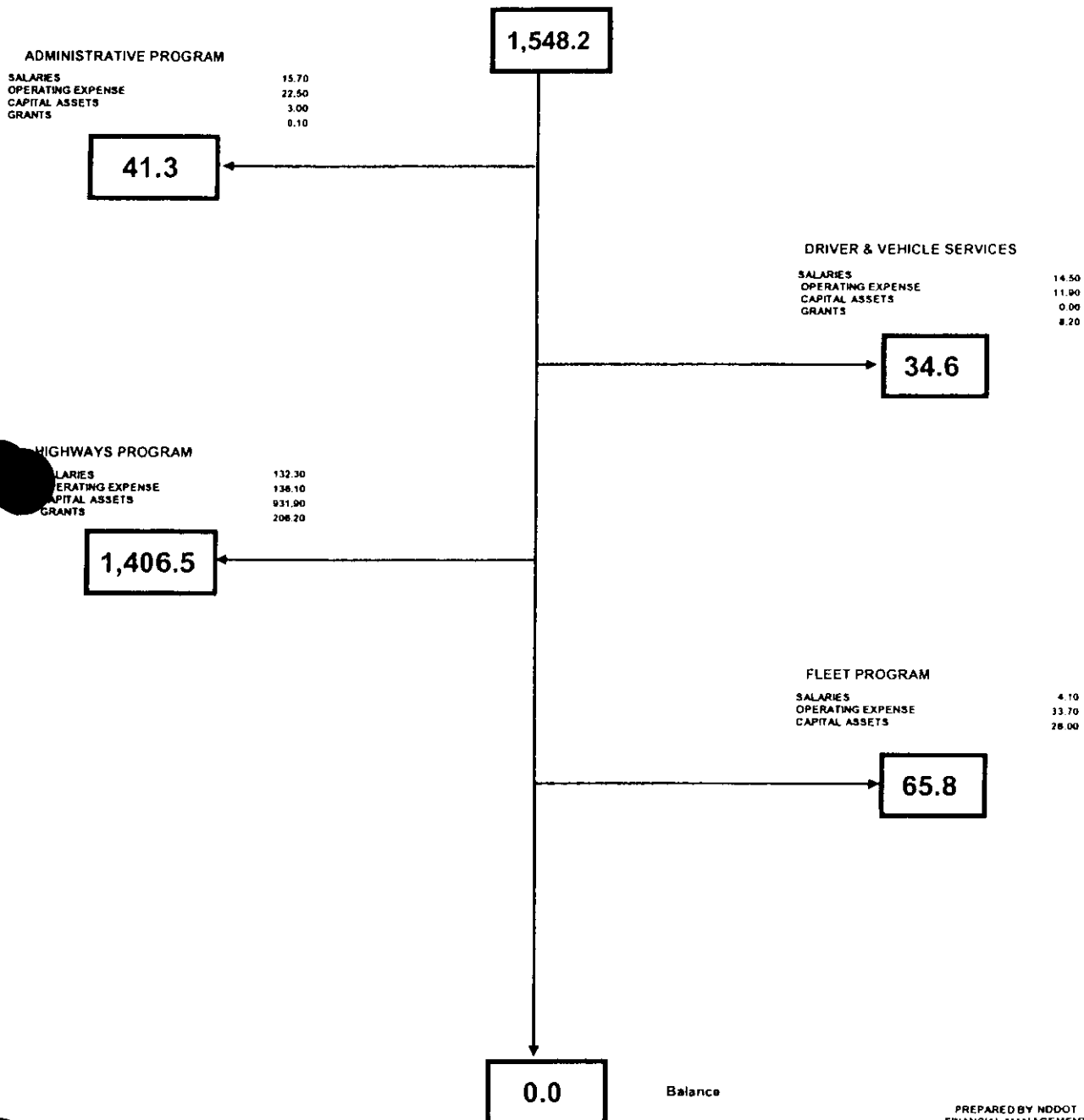
DEPARTMENT OF TRANSPORTATION HB 1012 - EXECUTIVE RECOMMENDATION 2011 - 2013 BIENNIUM REVENUE

(MILLIONS)



DEPARTMENT OF TRANSPORTATION HB 1012 - EXECUTIVE RECOMMENDATION 2011 - 2013 BIENNIUM EXPENDITURES

(MILLIONS)



PREPARED BY NDDOT
FINANCIAL MANAGEMENT
DIVISION
DECEMBER 20, 2010

HB 1012
Jan. 11, 2011
Attachment 2

Testimony HB 1012 -- January 11, 2011

House Appropriations - Government Operations Division

Good morning! My name is Donn Diederich and I am the Executive Vice President of Industrial Builders Inc. (IBI), a general contracting firm from Fargo ND and I'm here to support HB 1012. IBI employs 250 individuals that perform construction-related work in the Midwest. Most of the work IBI acquires is through the low bid process. In recent bids submitted 5 or more bidders are competing for the same project. A Cass County Court House addition bid had 18 firms submitting a proposal to do the work. Current backlogs of work are low for most contractors and the concern in the industry is lack of work to build.

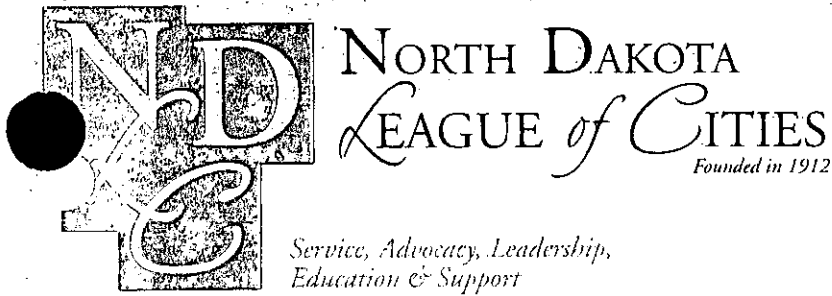
In the Governor's proposed budget there is a large investment in infrastructure in the oil producing counties. I would like to assure the legislature that there is capacity in the construction industry to expedite the projects anticipated to maintain North Dakota's quality of life, and to provide the citizens of North Dakota a safe, reliable transportation system. The State's robust 2010 construction season has left many contractors with very little backlog and they are positioned to complete projects that may be offered by the budget that is being considered.

Federal legislation for highway funding is set to expire March 4th 2011. In the first week of the 112th Congress, The US House of Representatives changed rules to repeal the guaranteed funding requirement for annual federal highway investment and the House point of order that protects and enforces that guarantee. The guaranteed funding levels are established by the

multiyear surface transportation authorization and have been protected since 1998 from any legislation that would fund below the authorized levels. There have been two cash infusions from the general fund into the highway trust fund during this economic down turn to maintain the funding requirement this rule change eliminates. With this rule change and the short term extension of the federal highway bill it will be difficult for you and the NDDOT director and staff to determine what the federal funding authority for North Dakota will be. A transportation program funded with North Dakota dollars will provide the DOT with some certainty that may not be known for some time on the federal level .

The demands that are being placed on North Dakota's infrastructure require investments to assure the cost of transportation does not diminish the value of the products produced in the state and quality of life of its residents.

I thank you for this opportunity to speak to you today and I'd be happy to address any questions.



HB 1012
Jan. 11, 2011
Attachment 3

House Appropriations Committee
Government Operations
House Bill 1012
January 11, 2011

For decades, the cities and counties in North Dakota have worked with the state's Department of Transportation to address transportation needs. North Dakota's 357 incorporated cities use state, federal and local funds to maintain and improve streets, and transportation funds have become the largest per capita payment to cities.

During the 2009-11 interim, the League participated with representatives of local government, the private sector, the Upper Great Plains Transportation Institute and the state in determining the public's view of our transportation system as a key component in growing North Dakota's economy.

The results of eight meetings around the state did not surprise anyone. There is widespread recognition across the private and public sector that transportation needs have outstripped available funding, but Governor Dalrymple's executive budget goes a long way toward closing the gap between needs and an excellent transportation system.

Together, using all available sources of funds, we have made substantial investments in transportation and this state-local partnership has served us well over the decades. City leaders recognize the value of maintaining a high-level of transportation services at the local level, as well as the crucial need for a well-maintained network of highways that connect communities and indeed the United States.

The League supports the North Dakota Department of Transportation's 2011-2013 budget as it includes continuation of our longstanding state-local partnership. We also support the movement of motor vehicle excise tax into the State Highway Distribution Fund.

We applaud HB 10212's investment in this critical component of economic development, and we will continue to be partners in funding state and local transportation needs.

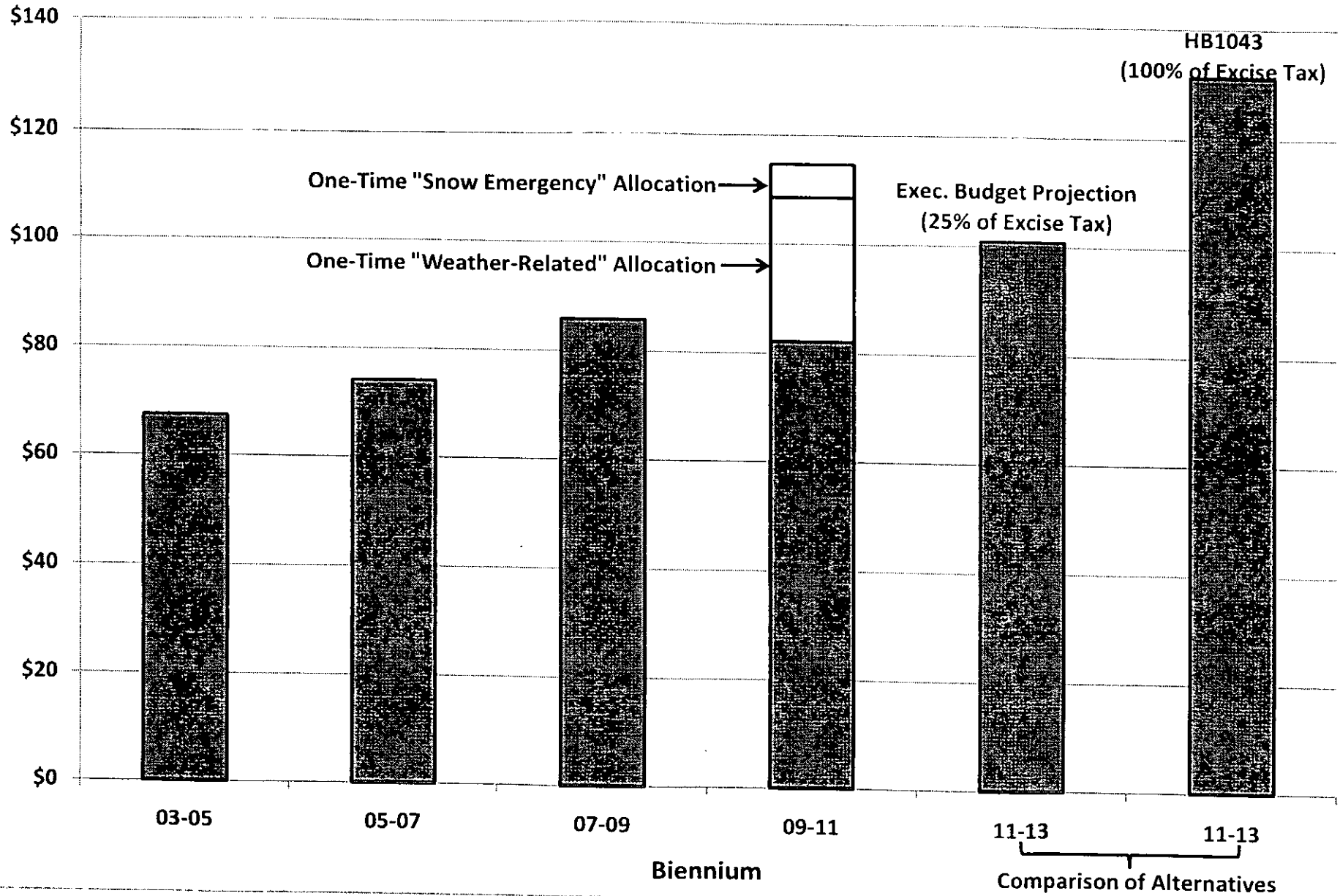
Connie Sprynczynatyk
Executive Director

HB 1012
 Jan. 11, 2011
 Attachment 4

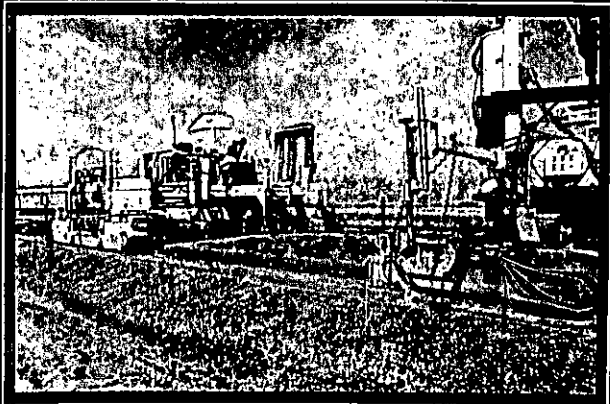
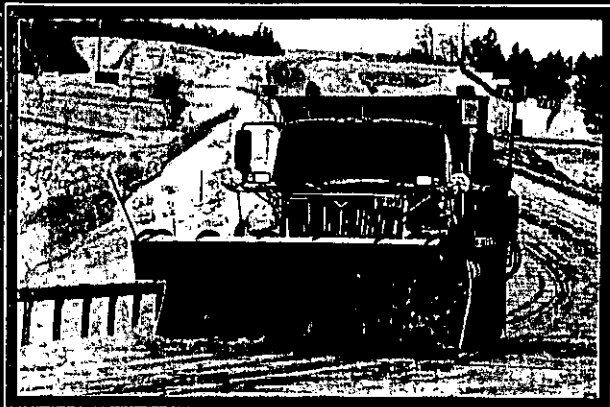
STATE HIGHWAY DISTRIBUTION FUND		
Estimates Based on 2011-2013 Executive Budget		
COUNTY	Biennial	Biennial
	INCREASE Based on Projected Growth	INCREASE Based on 25% Excise Tax
ADAMS	36,793	53,204
BARNES	158,986	229,898
BENSON	63,255	91,469
BILLINGS	16,778	24,262
BOTTINEAU	111,943	161,873
BOWMAN	57,215	82,735
BURKE	41,537	60,064
BURLEIGH	775,904	1,121,976
CASS	957,850	1,385,073
CAVALIER	77,604	112,216
DICKEY	80,848	116,908
DIVIDE	41,414	59,885
DUNN	58,940	85,229
EDDY	38,147	55,162
EMMONS	59,846	86,539
FOSTER	55,413	80,128
GOLDEN VALLEY	28,343	40,985
GRAND FORKS	397,334	574,554
GRANT	46,207	66,817
GRIGGS	42,279	61,136
HETTINGER	50,039	72,358
KIDDER	45,473	65,754
LaMOURE	82,759	119,671
LOGAN	35,832	51,814
MCHENRY	94,777	137,050
McINTOSH	49,651	71,796
McKENZIE	81,866	118,380
McLEAN	153,547	222,032
MERCER	131,905	190,737
MORTON	313,045	452,670
MOUNTRAIL	99,236	143,498
NELSON	54,175	78,339
OLIVER	33,942	49,081
PEMBINA	122,588	177,265
PIERCE	64,541	93,328
RAMSEY	139,978	202,412
RANSOM	86,114	124,523
RENVILLE	45,228	65,400
RICHLAND	221,882	320,847
ROLETTE	117,861	170,430
SARGENT	71,334	103,151
SHERIDAN	29,358	42,452
SIoux	24,715	35,739
SLOPE	15,533	22,461
STARK	268,629	388,444
STEELE	37,119	53,675
STUTSMAN	226,257	327,174
TOWNER	42,207	61,032
TRAILL	111,100	160,654
WALSH	165,507	239,327
WARD	533,390	771,294
WELLS	76,858	111,139
WILLIAMS	277,754	401,639
COUNTY TOTAL	7,050,841	10,195,680
CITY TOTAL	4,006,159	5,793,000
STATE TOTAL	19,646,206	28,408,872
TOWNSHIP	865,330	1,251,288
TRANSIT TOTAL	480,739	695,160
TOTAL	32,049,275	46,344,000

State Highway Distribution Fund

County Share Only - Dollars in Millions



Transportation Handbook



North Dakota
Department of Transportation

December 2010

NDDOT
North Dakota
Department of Transportation

North Dakota Transportation Handbook

December 2010

Prepared by

**NORTH DAKOTA
DEPARTMENT OF TRANSPORTATION
BISMARCK, NORTH DAKOTA**

www.dot.nd.gov

DIRECTOR

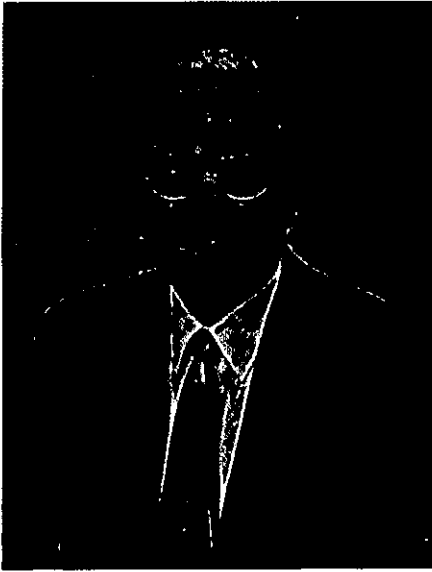
Francis G. Ziegler, P.E.

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Message from Director Francis Ziegler

Welcome to the *2010 North Dakota Transportation Handbook*. This publication will give you an overview of the transportation industry in North Dakota and explain how the North Dakota Department of Transportation (NDDOT) continues to fulfill its mission by providing a transportation system that safely moves people and goods.

This handbook offers important facts about our state highways, bridges, drivers license, motor vehicle, transit programs, funding, rail, air transportation and much more. NDDOT employees work hard to meet those challenges as we maintain and build roads and bridges across North Dakota.

To learn more about any of the topics in the *Transportation Handbook* or other areas, please visit our Web site at www.dot.nd.gov or call us at (701) 328-2500.

A handwritten signature in cursive script that reads "Francis G. Ziegler".

Francis G. Ziegler, P.E., Director
North Dakota Department of Transportation

Statewide Transportation Plan TransAction II

The statewide strategic transportation plan, called TransAction, is the umbrella strategic plan for all modes of transportation in North Dakota. The Department of Transportation is one element of the state plan which was developed in 2002 under the direction of Governor Hoeven. TransAction encompassed all government jurisdictions, modes of transportation and various transportation interests, businesses and the general public.

In 2007, NDDOT updated the plan to TransAction II. The updated plan covers a 20-year planning horizon. TransAction II provides broad strategic direction for collaborative transportation efforts across all modes, the public and private sectors, and governmental jurisdictions. The plan identifies the state's mission, vision, goals and initiatives and strategies for achieving a statewide transportation system.

Mission

North Dakota will provide a safe and secure transportation system that offers personal choices, enhances business opportunities, economic competitiveness and promotes the wise use of all resources.

Vision

North Dakota's transportation system is an important part of regional, national, and global transportation systems, developed strategically to help grow and diversify the economy and enhance our quality of life.

Goals

- Safe and secure transportation for residents, visitors, and freight.
- A transportation system that allows for optimum personal mobility.
- A transportation system that allows the efficient and effective movement of freight.
- A transportation system that enhances economic diversity, growth, and competitiveness with consideration of environmental and social impacts.
- Funding sufficient to protect and enhance North Dakota's transportation infrastructure and address future transportation needs.
- A transportation environment where communication, cooperation, and collaboration exists.

For more information go to NDDOT Web site:
www.dot.nd.gov.

DOT Strategic Plan

The North Dakota Department of Transportation's Strategic Plan was initially developed in 2002 and is in its fourth iteration with the 2008 - 2013 Strategic Plan. The plan guides the department through an improvement process that positively affects our employees, customers, and stakeholders by developing innovative programs, processes, and products. The Plan also sends a clear message to employees on the vision, mission, goals, and values the department has adopted.

Vision

*A Transportation Organization Promoting
Safe Ways
Superior Service
Economic Growth*

Mission

*Providing a transportation system that safely moves
people and goods.*

Goals

- Improve the quality and efficiency of transportation systems and services.
- Enhance customer satisfaction.
- Improve traveler and workforce safety.
- Enhance employee recruitment, development, and well-being.
- Strengthen stakeholder relationships.

Values

Professionalism - Our employees strive to improve themselves and the products and services they deliver.

Respect - Our employees treat others courteously and are treated with courtesy by the department.

Integrity - Our employees deal honestly with coworkers and with contacts outside the department.

Dedication - Our employees assume responsibility for their work and do the job right the first time.

Excellence - Our employees continually exceed and raise the high standards they set for themselves.

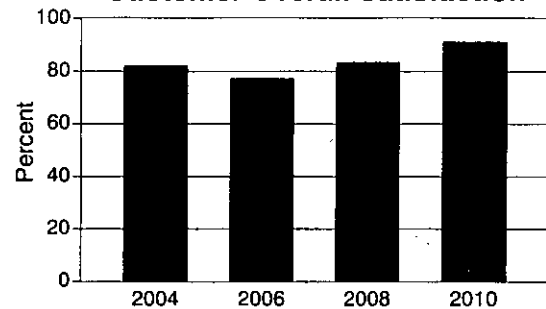
Performance Measures

In 2004, the North Dakota Department of Transportation (NDDOT) identified five significant Performance Measure outcome areas that were directly tied to our strategic goals and customer satisfaction areas. The 2010 report expands on these measures and helps the department revise its strategies to better enhance our products and services.

Customer Satisfaction

In 2010, over 91 percent of customers surveyed were satisfied or very satisfied with how the department was doing overall. Five categories were in the 90 percentile rating: overall safety, highway signing, rest area cleanliness, and the Drivers License and Motor Vehicle division's customer service.

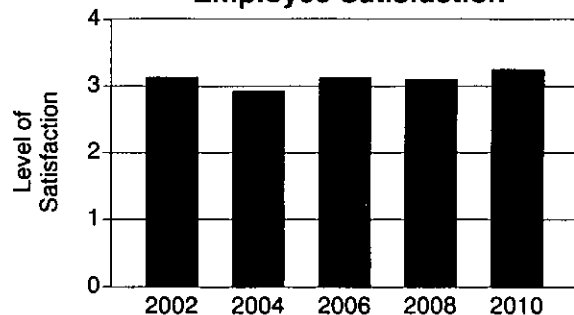
Customer Overall Satisfaction



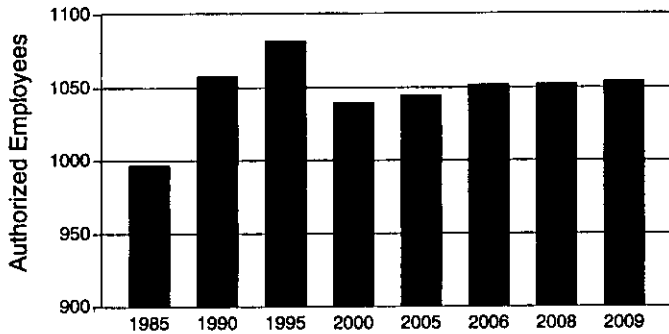
Employee Satisfaction

In 2002, NDDOT started conducting biennial employee satisfaction surveys. Overall satisfaction saw a noteworthy improvement over previous surveys at 3.26.

Employee Satisfaction



NDDOT Employee Facts 1985 to 2009

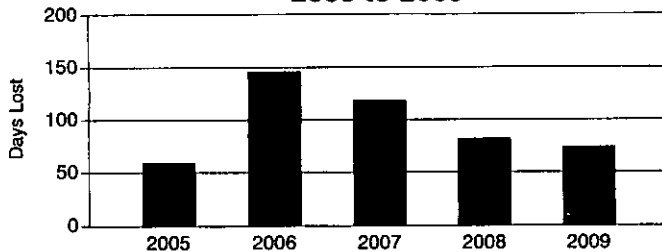


- NDDOT has 1,054.5 authorized budgeted positions as of July 1, 2009.
- At the peak of the construction season, NDDOT employed 136 temporary workers in 2010.

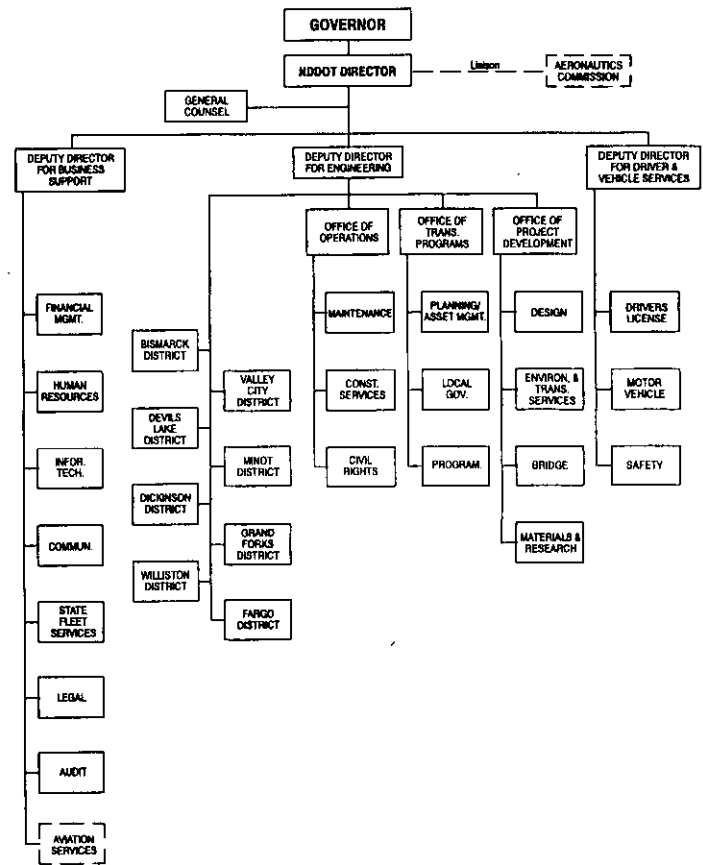
Worker Safety

In 2006, NDDOT saw a number of workplace accidents that resulted in 146 days lost per million hours worked by employees. In 2009, there were 74 lost days per million hours worked. In 2009, NDDOT employees worked an average of 1.96 million hours.

Days Lost per Million Hours Worked 2005 to 2009



Organizational Chart



Organization

- The ND State Highway Department was created in March 1917 and became the ND Department of Transportation (NDDOT) on January 1, 1990.
- NDDOT is led by a director appointed by the governor. The department also has three deputy directors: business support, engineering, and driver and vehicle services.
- The central office is in Bismarck, with eight district offices: Bismarck, Devils Lake, Dickinson, Fargo, Grand Forks, Minot, Valley City, and Williston.
- NDDOT oversees the development of surface transportation (highways, bridges, rail, transit, pedestrian and bicycle paths, and safe routes to schools) in the state. The ND Aeronautics Commission is responsible for the state's air transportation.

Contact Information

Francis G. Ziegler, P.E. (701) 328-2581
 Director

Dave Leftwich, P.E. (701) 328-2581
 Deputy Director for Business Support

Grant Levi, P.E. (701) 328-2584
 Deputy Director for Engineering

Linda Butts (701) 328-2581
 Deputy Director for Driver and Vehicle Services

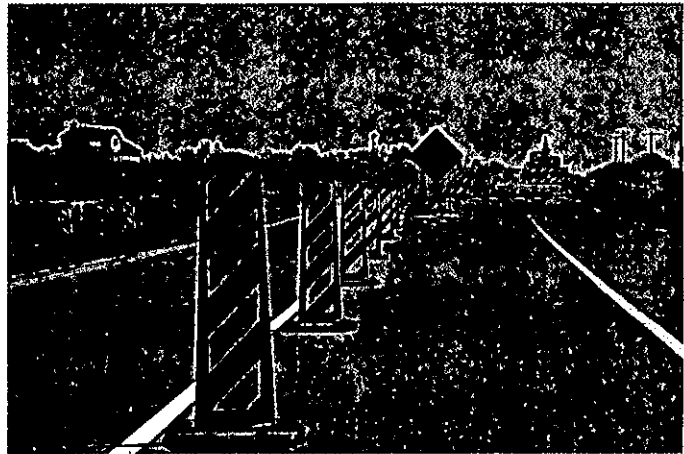
Motor Vehicle Registration
 and Titling (701) 328-2725

Drivers License (701) 328-2600

Central Office Information Desk (701) 328-2500

For District offices see page 8.

ND 511 Travel Information



Motorists can access work zone information by dialing 511 from any telephone.

Statewide Road Conditions	511
Seasonal Load Limits	511
Weather Information	511
Internet Web site	www.dot.nd.gov
Emergency Road Assistance	911

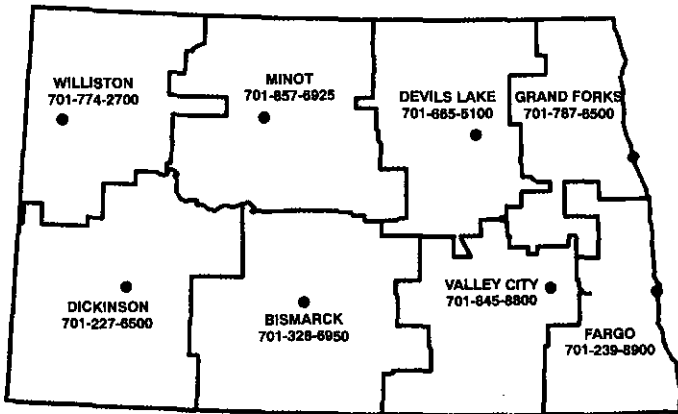
History

- 1889 Creation of a North Dakota state office dedicated to roads.
- 1911 First ND motor vehicle licenses issued.
- 1913 First highway commission created.
- Creation of North Dakota State Highway Department.
- ND has 20 miles of gravel roads, 1,000+ miles of dirt trails.
- 1933 Highway commission abolished. F.A. Vogel becomes first independent highway commissioner.
- 1935 First driver's license issued.
- 1956 First ND Interstate contracts let (US-10 between Valley City and Jamestown).
- 1977 ND is first state in union to let contracts for final Interstate highway (I-29 between Drayton and Pembina).
- 1990 Highway Department becomes Department of Transportation.
- 2002 NDDOT is lead agency for creation of first statewide strategic transportation plan for all jurisdictions and modes of transportation.
- 2006 The Four Bears Bridge spanning Lake Sakakawea near New Town was completed.
- 2008 NDDOT completed the four-laning of US Highway 2 between Williston and Minot with a total of 97 miles of four-lane highway added to the system. In addition, the new Liberty Memorial Bridge in Bismarck/Mandan was completed.
- 2009 NDDOT launched the NDteendrivers.com Web site aimed to inform teens about safe driving habits.
- 2010 The Drayton-Robbin Bridge, crossing the Red River near Drayton, was completed. Final project elements, including removing the old bridge, will be completed in 2011.



North Dakota 511 Travel Information went online on February 10, 2003, and is the only number to call to get official weather and road information from the North Dakota Department of Transportation. Callers may access weather reports, information on road conditions, work zones, and seasonal load limits from anywhere in the state by calling 511 on their home, office, or cellular telephone. From July 2007 to June 2008, 208,477 calls were placed to 511. From July 2008 to June 2009, 657,535 calls were placed and from July 2009 to June 2010, there were 359,545 calls placed to 511.

ND State Highway Districts



ND Road Mileage - 2008

State Highway System*	7,385
County System	18,835
Other Rural Roads	56,753
City Streets	3,871
Trails	19,826
Total	106,670

NDDOT maintains approximately 8,518 roadway miles of highway, which includes miles in each direction on four-lane highways.

- North Dakota has 2,727 miles of road on the National Highway System (NHS)—including 571 miles of Interstate roads—that are part of the state highway network.
- North Dakota has more miles of road per capita than any state in the nation. There are approximately 166 miles of road for every 1,000 people.

ND Bridge System Condition - August 2010

System	Number of Bridges	Number of S.D. or F.O.*	Percent S.D. or F.O.*
State	1,714	85	5.0%
Urban	107	12	11.2%
County	3,065	813	26.5%
Total	4,886	910	18.6%

* A bridge designated "structurally deficient (S.D.*)" does not mean that the bridge is unsafe; it means that either the deck, the superstructure, or the substructure has a condition that warrants attention. This can be as simple as a concrete bridge deck needing work or requiring a bridge deck overlay.

A bridge designated "functionally obsolete (F.O.*)" means that some part of the bridge does not meet a design standard such as vertical clearance, deck width, etc. It has nothing to do with the structural integrity of the bridge.

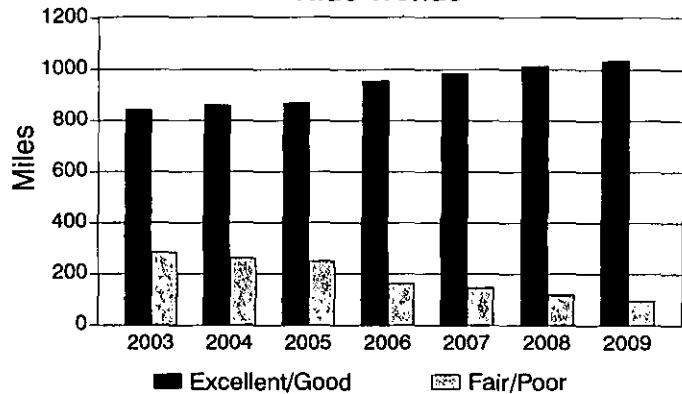
Commitment to a Smooth Ride

The North Dakota Department of Transportation is committed to providing motorists with as smooth a ride as possible on state roadways. A smooth roadway creates a more pleasant driving experience and a safer ride. Smooth pavement has less distress and lasts longer, keeping maintenance costs down.

The department is working with both the asphalt and concrete industries to use the best materials, equipment, and technology available to meet stringent quality standards. The department uses both ride quality and condition to determine which roadways receive a higher priority when it comes to maintenance, overlays, or reconstruction.

Ride Index - 2009

North Dakota Interstate System Ride Trends



SOURCE: NDDOT condition data, International Roughness Index (IRI)

Due to NDDOT's commitment to a smooth ride, ride quality on the Interstate has steadily improved since 2003. The department has moved to defining ride quality using the International Roughness Index (IRI). The IRI is a worldwide standard for measuring pavement smoothness. The IRI is a numerical value calculated from the measured longitudinal profile of the roadway surface. NDDOT has developed IRI ranges that relate to a perception of excellent, good, fair, and poor ride quality. The IRI data is collected in the fall of each year. The years in the chart above reflect the year the data was collected.

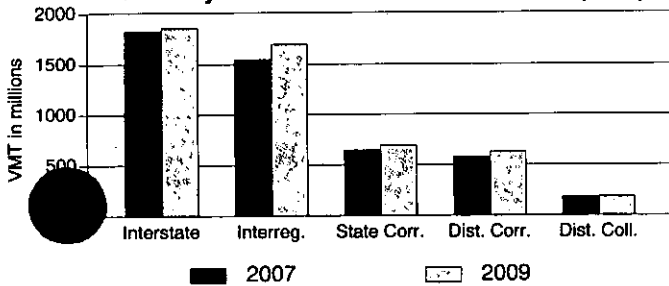
State Highway System Pavement Conditions

North Dakota has 7,385 centerline* miles (8,518 current roadway miles) on its state highway system. These miles fall into five categories of the Highway Performance Classification System (HPCS). The department puts an emphasis on the roadways that accumulate the most Vehicle Miles Traveled (VMT). The following charts show the number of miles and the respective travel on each system as well as the percent of the system that meet performance guidelines. In 2007, 5,245 roadway miles met guidelines compared to 5,921 roadway miles in 2009.

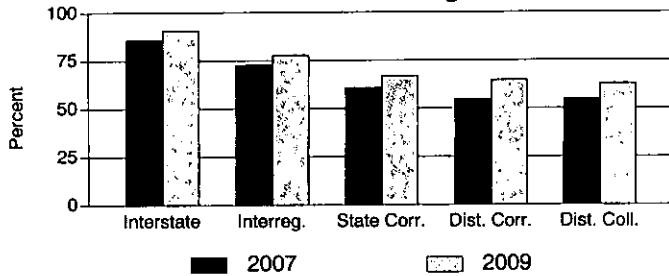
NOTE: As of 2007, the calculation of ride quality will be using International Roughness Index (IRI) instead of Public Ride Perception Index (PRPI).

* Centerline measures miles down the center line of a roadway or median of a divided highway.

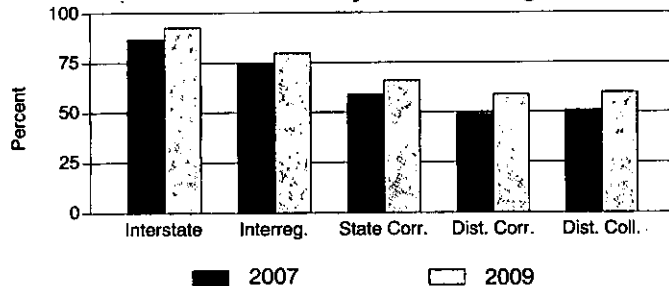
State System - Vehicle Miles Traveled (VMT)



Percent of VMT Meeting Guidelines

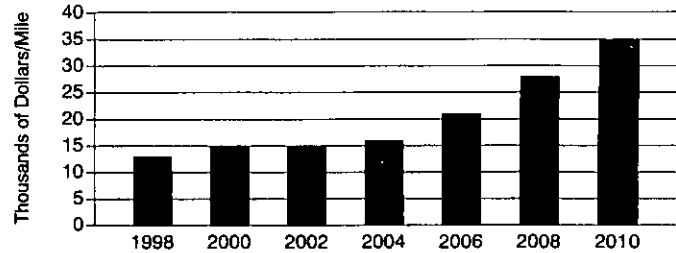


Percent of State/Rdwy Miles Meeting Guidelines

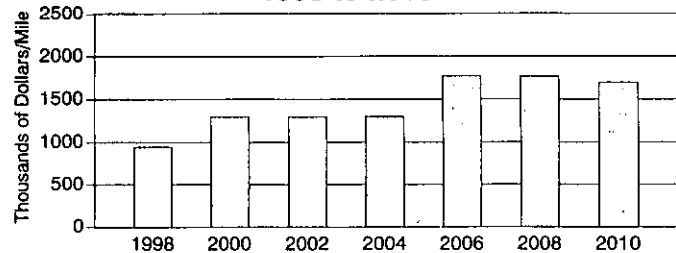


Construction Expenditures

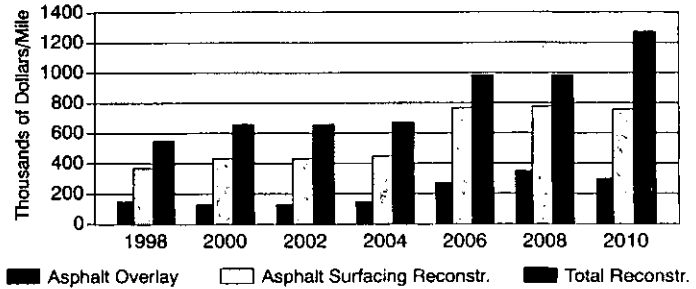
Non-Interstate Seal Coat Costs Per Mile 1998 to 2010



Interstate Concrete Recycling Per Mile 1998 to 2010



Asphalt Improvements Per Mile 1998 to 2010

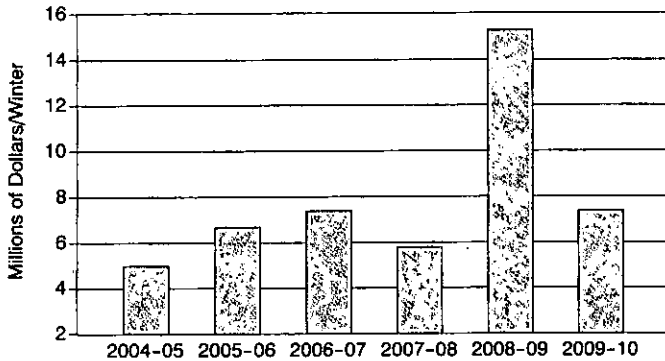


Average Construction Costs - 2010

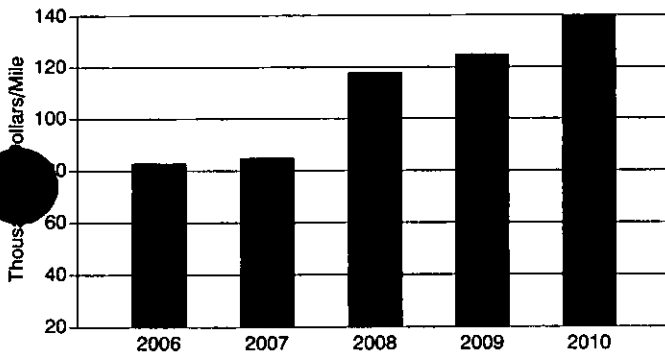
Improvement	Dollars/Mile
Non-Interstate seal coat (by contract)	\$ 35,000
Interstate seal coat (by contract)	\$ 50,000
Thin lift overlay	\$ 140,000
3" asphalt overlay	\$ 300,000
Asphalt surfacing reconstruction (includes subgrade repair and resurfacing)	\$ 760,000
Total reconstruction (includes grading and asphalt surfacing)	\$1,275,000
Interstate concrete paving (two lanes in one direction)	\$1,700,000

Maintenance Expenditures

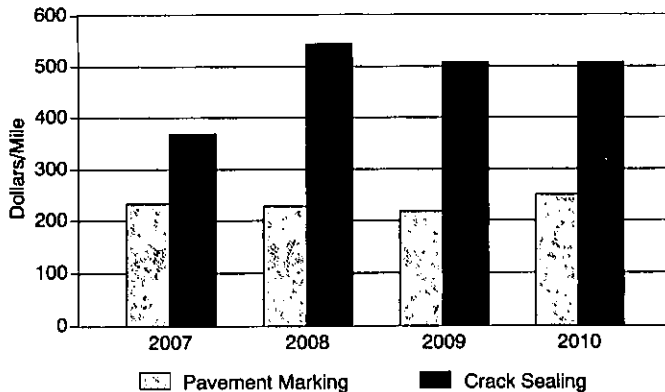
Equipment and Salt Costs Per Winter for Snow and Ice Control - 2004 to 2010



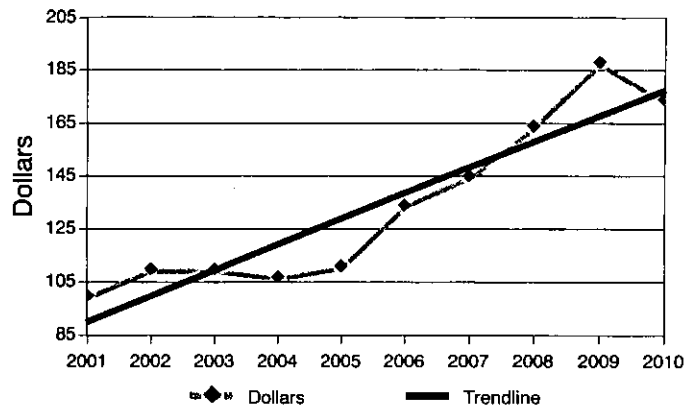
Contract Patching Costs Per Mile 2006 to 2010



Pavement Marking and Crack Sealing Costs Per Mile - 2006 to 2010



Construction Cost Index



Increased Costs – As the price of oil has increased and become more volatile, the cost for highway construction and maintenance bid items has increased dramatically. In North Dakota, the overall highway/bridge construction inflation totaled approximately 63 percent from 2004 to 2010 and was approximately 6 percent from 2008 to 2010 (through the July 2010 bid opening). This contrasts strongly with the inflation from 2001 to 2004, averaging just 2.4 percent per year, according to NDDOT's Construction Cost Index (NDCCI). Combining these effects means that average items costing \$100 in 2001 cost the NDDOT \$174 in 2010 (as shown in the above chart).

Est. Roadway and Bridge Funding Needs (Millions) - 2010

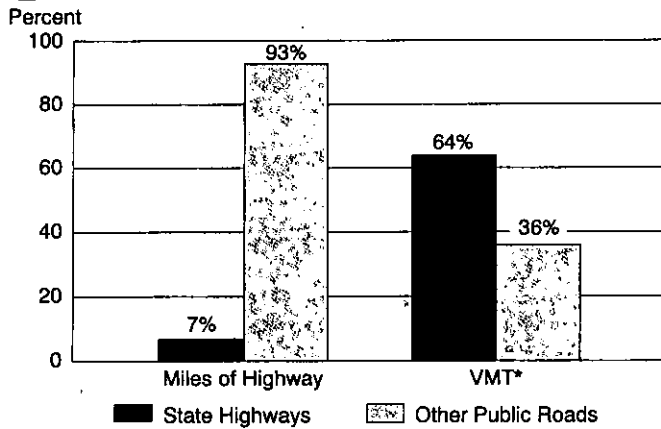
Jurisdiction	Highways	Bridges
State	\$216.6	\$ 26.3
County	140.0	19.8
Small Cities	29.7	*
Townships	36.3	*
Urban Centers	70.7	*
Total	\$493.3	\$ 46.1
Total Highways and Bridges		\$539.4

* Not estimated.

SOURCE: Upper Great Plains Transportation Institute

Upper Great Plains Transportation Institute developed the above funding needs (in 2008 dollars) based on the annualized 20-year program necessary to maintain the indicated roadway authorities' existing systems. These values do *not* include capacity improvements, snow/ice control, mowing or other right-of-way maintenance items. They account strictly for maintenance of the existing physical infrastructure.

System Size vs. Use



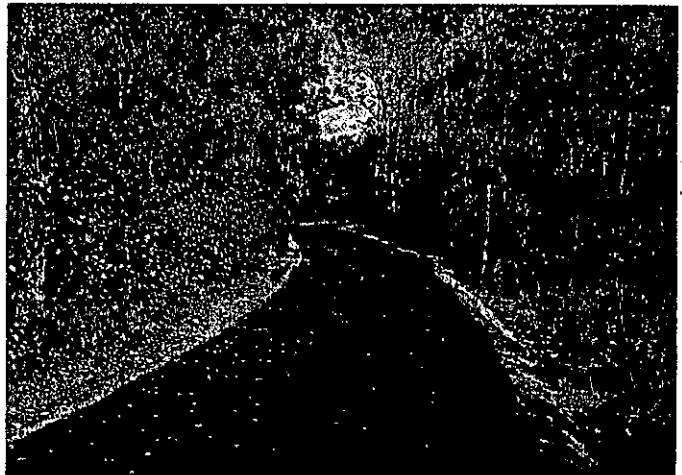
* VMT - Vehicle Miles of Travel

- The ND state highway system consists of 7 percent of the total public road mileage in the state, but carries 64 percent of the total vehicle miles traveled.
- Total vehicle miles traveled (VMT) on North Dakota roads in 2009 was 7.9 billion.
- Truck traffic accounts for 17 percent of the total traffic on the state system and 20 percent of the total traffic on North Dakota's Interstate system.



- The highest rural traffic volumes on state highways, including truck traffic, are on I-29 between Fargo and Grand Forks and I-94 between Fargo and Bismarck.
- The Interstate system makes up about 13.5 percent of the total roadway miles on the state highway system but carries about 37 percent of the annual vehicle miles of travel (VMT) and 42 percent of the annual truck VMT.

Transportation Enhancement Projects



Oak Shore Path, Lake Metigoshe State Park.

Transportation Enhancement (TE) projects are federally funded and designed to strengthen the cultural, aesthetic, and environmental attributes of the state. TE projects must have a connection to the surface transportation system. They are divided into three categories: 1) bicycle and pedestrian, 2) scenic and environmental, and 3) historic.

NDDOT has placed its TE funds into four programs: 1) NDDOT-initiated projects, 2) Tourism Plan projects, 3) urban projects, and 4) county projects.

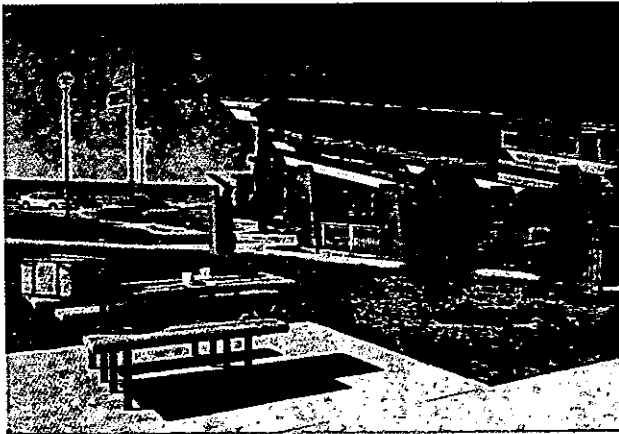
NDDOT spends about \$4 million per year on TE projects. A recently completed project is the restoration of the Viking Bridge. The Viking Bridge is the oldest motor vehicle bridge in North Dakota. It was originally built in 1885 between Mayville and Portland. In 1915 it was moved to its present location on the Goose River about 1.5 miles northwest of Portland. Other projects recently completed are the Liberty Memorial Bridge parks in Bismarck and Mandan, and the shared use path system around Lake Metigoshe.

Registration, Driver, and Safety Information

- In 2009, North Dakota processed a total of 952,616 vehicle registrations.
- In January 2009, North Dakota had 479,921 licensed drivers; 243,077 were male and 236,844 were female.
- In 2009, North Dakota had a fatality rate of 1.76 deaths per 100 million vehicle miles traveled, compared to the national rate of 1.16.
- There were 140 people killed on North Dakota roadways in 2009.
- The total number of crashes increased in 2009 to 17,673, compared to 16,387 crashes in 2008.

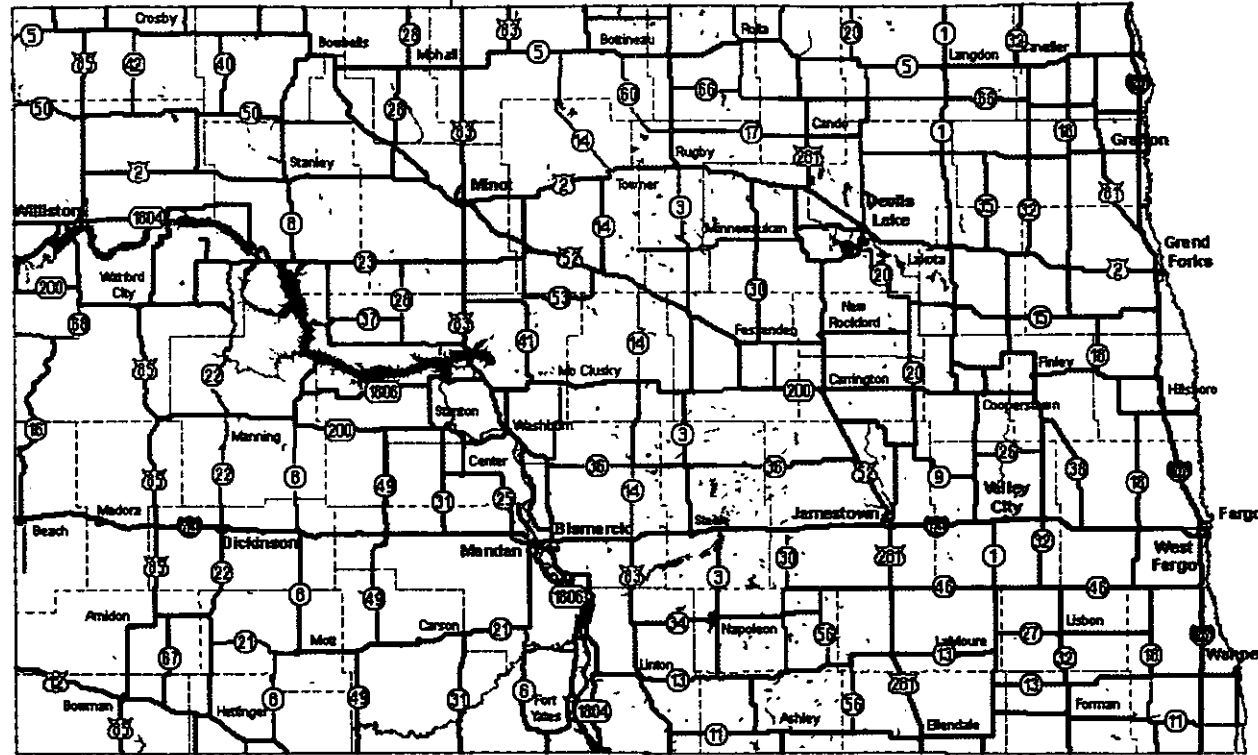
Rest Areas

The North Dakota Department of Transportation maintains 28 rest areas and visitor centers conveniently located across the state. Visitor centers are modern and decorated in themes with historical information specific to the site where they are located. Many of the rest areas have wireless Internet services, in addition to picnic shelters, phones, vending machines, and ADA-approved restroom facilities.



New Salem Rest Area along I-94.

Spring Load Restriction Map - 2009



Restrictions in Effect

Interstate System

	By Legal Weight	8 - Ton	7 - Ton	6 - Ton	5 - Ton
Single Axle	20,000 lbs	18,000 lbs	14,000 lbs	12,000 lbs	10,000 lbs
Tandem Axle	34,000 lbs	32,000 lbs	28,000 lbs	24,000 lbs	20,000 lbs
3 Axle Group or more per Axle	17,000 lbs	14,000 lbs	12,000 lbs	10,000 lbs	10,000 lbs
Max. Axle Group	48,000 lbs	42,000 lbs	36,000 lbs	30,000 lbs	30,000 lbs
Gross Weight	105,500 lbs	105,500 lbs	105,500 lbs	80,000 lbs	80,000 lbs

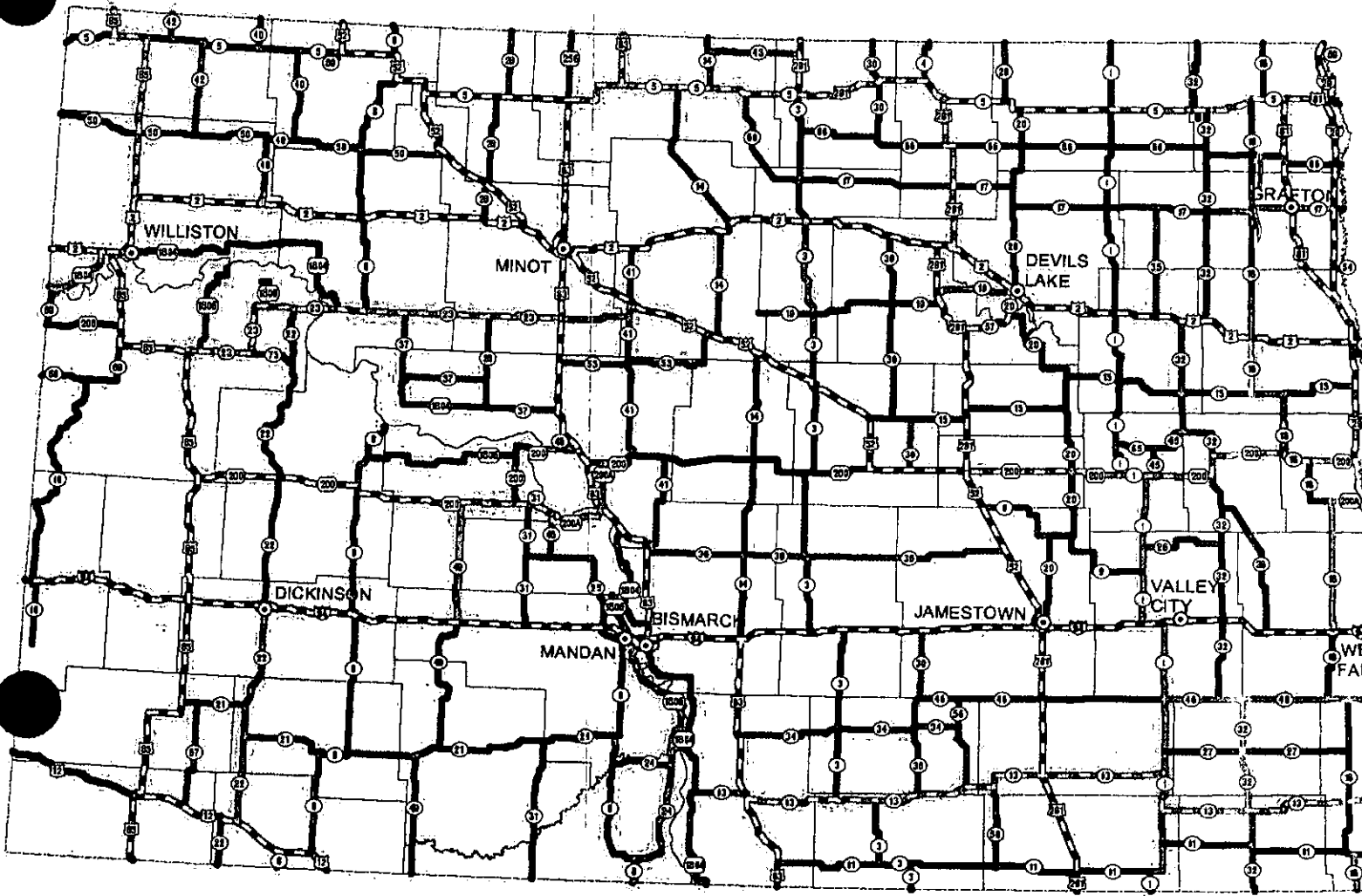
Phone number (701)

HP Permit Office	328-2621	Minot	857-6921
NDDOT Office	328-2545	Dickinson	227-6501
Bismarck	328-6950	Grand Forks	787-6501
Valley City	845-8800	Williston	774-2701
Devils Lake	865-5100	Fargo	239-8901

Call Highway Patrol for vehicle size/weight and permits. Call 511 for enroute information.

Spring load restrictions are established on an annual basis from about the end of February to May 1.

State Highway Performance Class



— Indicates highways that are part of the National Highway System.

RURAL INTERSTATE SYSTEM

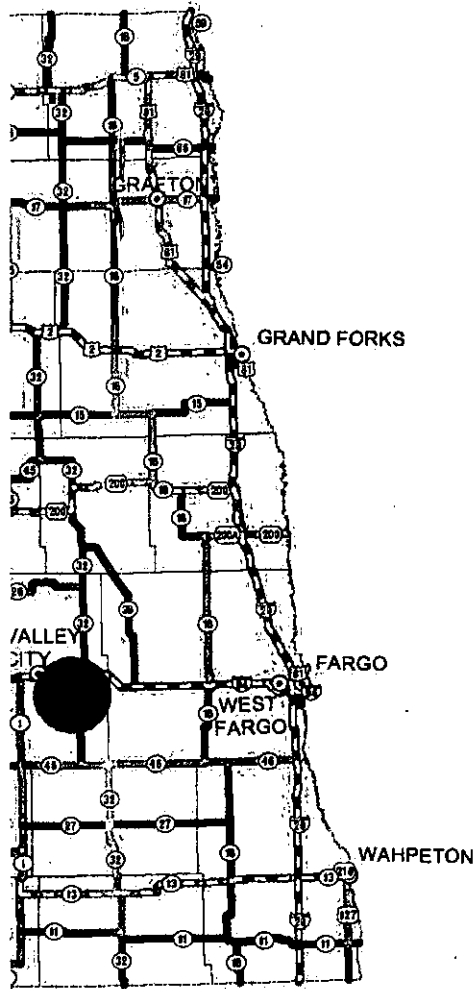
Maintaining a high degree of reliability and mobility on these highways is critical to support and promote international, national, regional and statewide trade and economic activity. Movements are primarily long-distance, interstate and intrastate traffic. Rural Interstates are multiple-lane (usually four) facilities and have full access control. The goal is to be free of height restrictions and load limits restricted by legal weights. Ride and distress scores are generally in the good to excellent categories. High volumes of traffic, as well as a high percentage of trucks, are relatively consistent year round. Travel speeds average 65 to 70 miles per hour. Rural Interstates demonstrate a high degree of safety with crash rates below the statewide average.

INTERREGIONAL SYSTEM

Maintaining a high degree of reliability and mobility on these highways is critical since they support and promote international, national, regional and state trade and economic activity. Movements on these highways are primarily

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Classification System - 2009



long-distance, interstate and intrastate traffic. Interregional System highways are either two-lane or multiple lane facilities. Segments or specific locations may have partially controlled access. The goal is to be free of height restrictions, have load limits restricted by legal weights, and have limited passing restrictions. Accommodating truck traffic is a priority. Ride and distress scores are generally in the good to excellent categories. Moderate to high volumes of traffic, as well as a high percentage of trucks, are relatively consistent year round. Daytime travel speeds average 60 to 65 miles per hour. The Interregional System demonstrates a high degree of safety with crash rates below the statewide average.

STATE CORRIDOR

Maintaining a moderately high degree of reliability and mobility on these highways is critical since they support the movement of agricultural commodities, freight, and manufactured products within the state. State Corridors provide connectivity between lower and higher level roadways. Movements on these highways are primarily medium-distance intrastate traffic. State Corridors are typically 2-lane facilities and have segments or locations with partially controlled access. These highways have either paved or aggregate shoulders, some segments may have limited passing zone restrictions, and may be restricted to legal weights. Bridges and overhead structures provide for the unrestricted movement of legal loads. Ride and distress scores are generally in the good category. Moderately high volumes of traffic are relatively consistent year round. Daytime travel speeds average 60 to 65 miles per hour. State Corridors demonstrate a moderately high degree of safety with crash rates less than the statewide average.

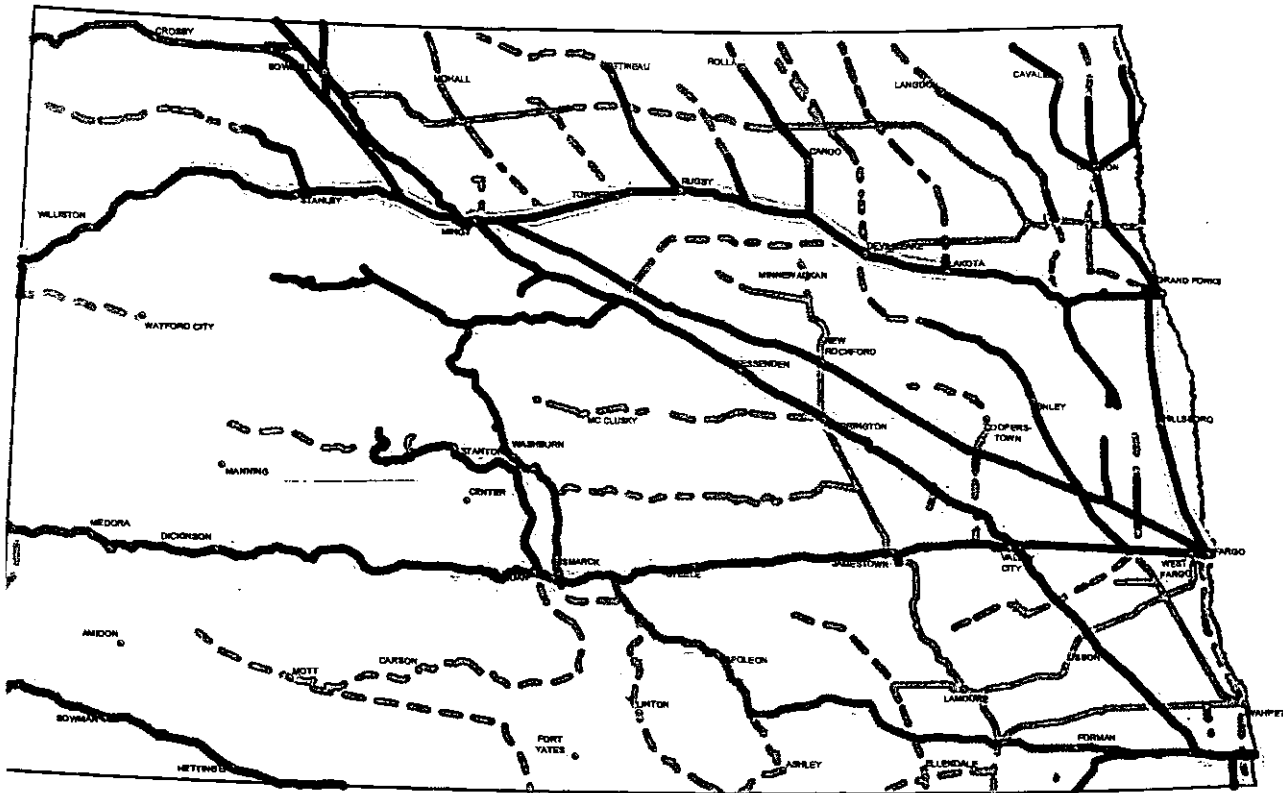
DISTRICT CORRIDOR

Maintaining a moderate degree of reliability and mobility on these highways is desirable. Movements on these highways are primarily short to medium distance intrastate traffic. District Corridors are two lane facilities. Generally, access control is not purchased. These highways have narrow paved or gravel shoulders, segments with restricted passing zones, and may be restricted to 8- or 7-ton seasonal load limits. Bridge structures provide for the unrestricted movement of legal loads. Ride and distress scores are generally in the fair and good categories. Moderate volumes of traffic are relatively consistent year round. Occasional increases in seasonal traffic volumes and truck movements occur. Daytime travel speeds average 55 to 65 miles per hour. District Corridors are safe highways with crash rates at or near the statewide average.

DISTRICT COLLECTOR

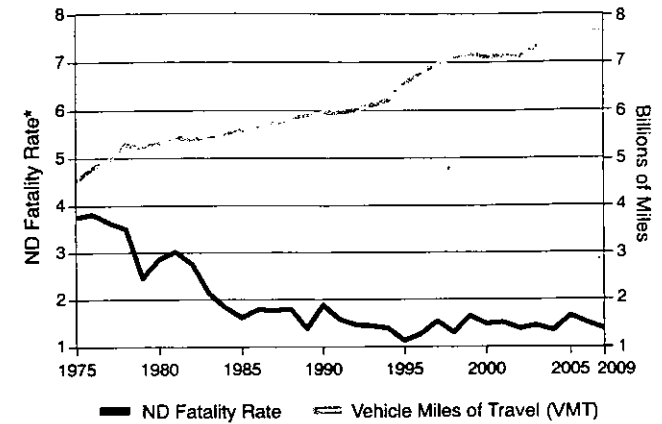
Maintaining reliability and mobility on these highways is a lower priority. These highways are generally short routes that provide connectivity to the higher road level systems. Movements on these highways are primarily short distance, local, farm to market traffic. District Collectors are two lane facilities. Generally, access control is not purchased. These highways generally have no shoulders. Segments with restricted passing zones exist. Seasonal load limits of 7 or 6 tons are normal, although some segments may have year round load restrictions. Bridge structures provide for the movement of typical legal loads. Some structures have load, height, and width restrictions. Ride and distress scores are generally in the fair category. Low volumes of traffic are normal year round. Small increases in truck movements may occur during spring planting and fall harvest periods. Daytime travel speeds average 50 to 55 miles per hour. District Collectors are moderately safe highways with crash rates near the statewide average.

Railroads In North Dakota



	AMTRACK		NORTHERN PLAINS
	ARCHER DANIELS MIDLAND		RED RIVER VALLEY & WESTERN
	BNSF RAILWAY		MOHALL CENTRAL RAILROAD
	CANADIAN PACIFIC RAILWAY		DAKOTA NORTHERN RAILROAD
	DAKOTA MISSOURI VALLEY & WESTERN		YELLOWSTONE VALLEY RAILROAD
	MOHALL RAILROAD INC		ABANDONED (1960-2009)

Highway Safety - 1975 to 2009



DEATHS AND DEATH RATES - How Do We Compare?

	2009	2009
	Fatalities	Fatality Rate*
North Dakota	140	1.76
Nation	33,963	1.16

* Deaths per 100 million VMT

- In 2009, 66 percent of all North Dakota motor vehicle fatalities were not wearing seat belts at the time of the crash. In 2008, 72 percent of motor vehicle fatalities were unbelted.
- In 2009, alcohol-related vehicle fatalities comprised 40.5 percent of all vehicle fatalities in North Dakota.

Animal vs. Non-Animal Crashes - 2005 to 2009

Year	2005	2006	2007	2008	2009
Deer	3,821	3,957	4,118	3,656	3,519
Small Animal	44	52	76	99	92
Other Large Game	29	32	33	21	43
Farm Animals	103	115	113	91	134
Animal	3,997	4,156	4,340	3,867	3,788
Non-Animal	11,846	10,938	11,889	12,520	13,885
Total Crashes	15,843	15,094	16,229	16,387	17,673

Of the 17,673 total crashes in 2009, nearly 22 percent were animal-related. Of the 8,070 rural crashes, 45 percent involved animals.

ND Rail Freight and Passenger Service

- NDDOT administers a rail loan program with two revolving loan funds, Local Rail Freight Assistance (LRFA) and Freight Rail Improvement Program (FRIP). These funds are used for loans to support projects that improve the North Dakota rail system.
- The LRFA and FRIP loan funds have provided \$33.7 million for 46 projects that have rehabilitated approximately 677 miles of branch line track, constructed nine facility access spurs, and supported three major flood disaster recovery projects.
- There are 3,458 at-grade public highway rail crossings in the state, 16.8 percent of which have active warning devices. NDDOT normally funds 12 to 15 crossing improvements annually, as resources permit.
- Since 1980, 1,630 miles of rail line in North Dakota have been abandoned. This loss of rail service has put an additional strain on our state and local road network.¹
- North Dakota ranks 18th among the states in rail tons (29.7 million) originated in the state.²
- North Dakota ranks 35th among the states in rail tons (14 million) terminated in the state.³

ND Rail System Mileage - 2009⁴

Railroads	Main-line	Branch-line	Trackage Rights	Total Miles Operated
BNSF ⁵	1,107	609	16	1,732
CPR	353	121	8	482
DMVW	-	424	51	475
DNRR	-	68	-	68
NPR	-	361	-	361
RRVW	-	453	87	540
YSVR	-	9	-	9
Total	1,460	2,045	162	3,667

¹ NDDOT Public Service Commission (NDPSC) and NDDOT Rail Plan.

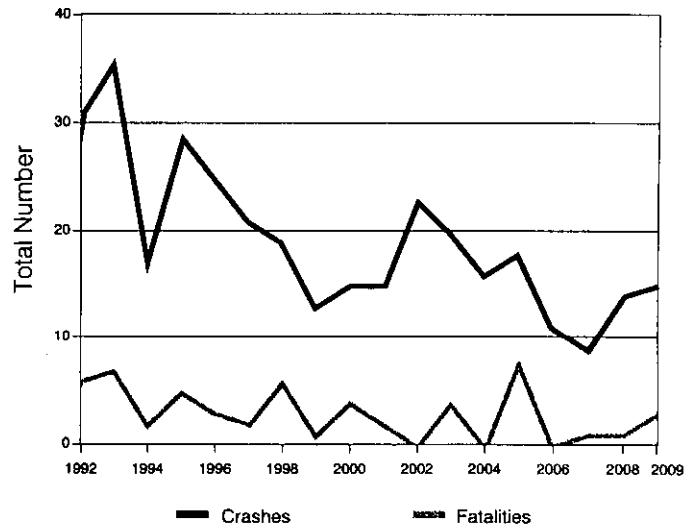
² Association of American Railroads (AAR), from the Surface Transportation Board's 2008 *Carload Waybill Sample*, the most recent available.

³ Ibid

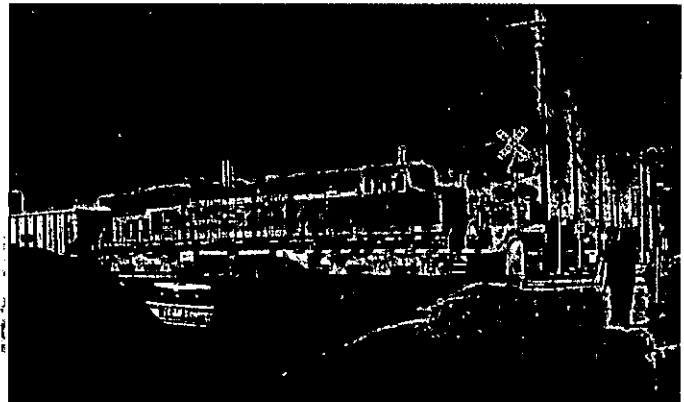
⁴ Total miles and Trackage Rights miles are from the NDPSC, from annual reports filed by the railroads for calendar year 2009, except for BNSF (see note 5). The number of mainline and branchline miles for BNSF and CPR came from the railroads.

⁵ BNSF numbers were obtained directly from BNSF. BNSF did not include miles operated in North Dakota in its 2009 annual report to the NDPSC.

Motor Vehicle Crashes and Fatalities at North Dakota Railroad Crossings - 1992 to 2009



SOURCE: Federal Railroad Administration safety data.



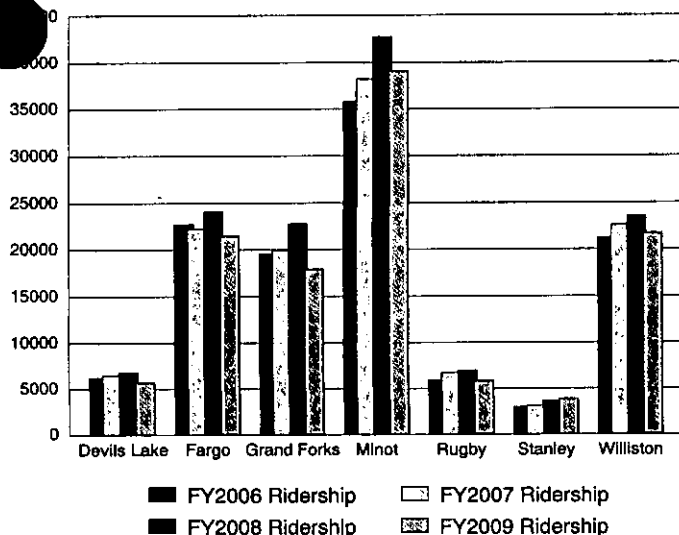
Third Street railroad crossing in Bismarck.

Amtrak Ridership - 2006 to 2009

Amtrak serves North Dakota with one long-distance east/west daily train called the Empire Builder. It follows a route from Chicago-Minneapolis/St. Paul through North Dakota to Seattle/Portland.

Amtrak Ridership for North Dakota

City	FY2006	FY2007	FY2008	FY2009
Devils Lake	6,272	6,536	6,860	5,740
Fargo	22,771	22,259	24,142	21,514
Grand Forks	19,574	19,916	22,842	17,928
Minot	35,829	38,254	42,801	39,136
Rugby	5,975	6,783	7,048	5,906
Stanley	3,018	3,190	3,694	3,921
Williston	21,300	22,648	23,619	21,793
Total	114,739	119,586	131,006	115,938



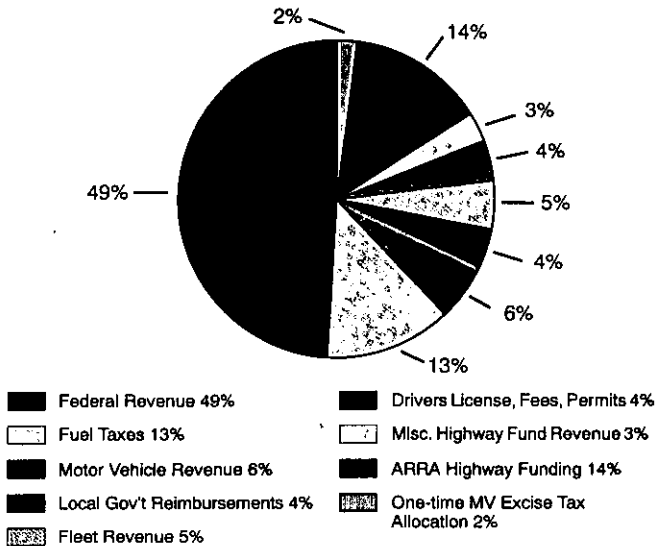
SOURCE: National Railroad Passenger Corporation

Revenue and Expenditures

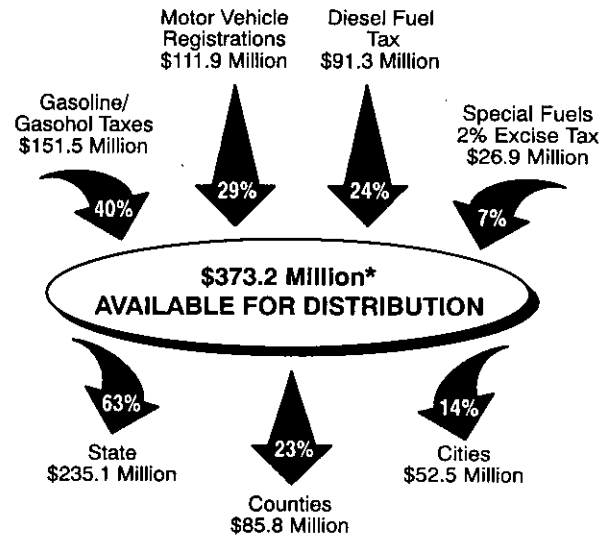
- Historically, North Dakota has received about \$2 of Federal Highway funds for every \$1 North Dakota drivers paid into the Federal Highway Trust Fund.
- To fund highway improvement projects, North Dakota must match federal-aid highway funds at a ratio of about 4:1, or 80 percent federal and 20 percent state.
- The major sources of revenue going into the state highway tax distribution fund include gasoline, gasohol and diesel fuel taxes; motor vehicle registration fees; and the special fuels excise tax. The \$13 and \$3 motor vehicle registration fee allocations that were previously dedicated to the State Highway Fund and public transportation will now be deposited in the Highway Tax Distribution Fund and distributed by way of new allocation percentages, as will the one cent of fuel tax currently allotted to the townships. The 2009 legislative session provided a \$5.5 million per biennium transfer from the highway tax distribution fund to the state highway fund for the purpose of providing administrative assistance to other transferees. After the first \$5.5 million transfer, the remaining highway tax distribution fund is allocated in the following manner: 61.3 percent to the state, 21.5 percent to the counties, 13 percent to the cities, 2.7 percent to townships, and 1.5 percent to public transportation.
- Under TEA-21 (1998-2003), North Dakota's annual average obligational authority approached \$160 million. Under SAFETEA-LU (2005-2009) NDDOT's annual average obligation authority was \$234 million.
- From 1994 through 2010, North Dakota received about \$283.1 million in federal emergency relief funds to repair roads damaged by flooding.
- In 2010, the total tax on a gallon of gasoline in North Dakota was 41.4 cents. Of that, 23 cents is state tax and 18.4 cents is federal tax.
- The NDDOT maintenance program is funded by state funds.
- The Federal Highway Administration estimates that about 30 jobs in the private sector are directly associated with every \$1 million the federal government spends in transportation projects.
- A recent study conducted by the Upper Great Plains Transportation Institute in Fargo revealed that investing in our transportation system returns \$4.90 for every \$1 spent. The study shows that an investment in transportation is an investment in North Dakota's economic future.

Budgeted Biennial Funding Sources - 2009 to 2011

Total of All Sources: \$1,240.2 Million



ND Highway Tax Distribution Fund Revenue and Distribution - 2007 to 2009

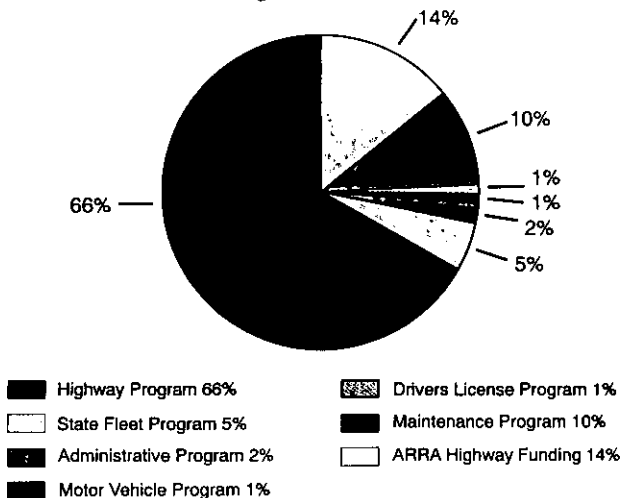


NOTE: One cent (equaling about \$5.6 million annually) of the state motor fuel tax goes directly to the townships and is not allocated through the Highway Distribution Fund.

* A total of \$8.4 million was withheld prior to distribution for allocation of \$4.2 million to the Highway Patrol Fund, \$3.8 million to the Ethanol Subsidy Fund and approximately \$400,000 to the Motorboat Safety/Snowmobile Fund.

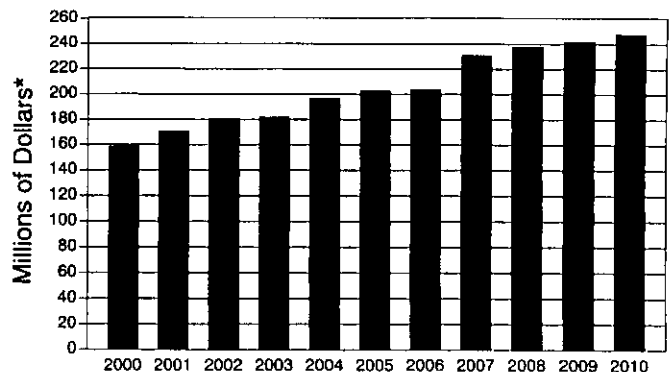
Budgeted Biennial Expenditures - 2009 to 2011

Total Budget: \$1,241.5 Million



NOTE: NDDOT funding sources, as passed by the 2009 Legislature, are slightly less than the related budget (approximately \$1.3 million). NDDOT can spend its budget only to the extent of available revenues. In the event that the revenues do not come in ahead of the projections, NDDOT will leave at least \$1.3 million of the budget unexpended.

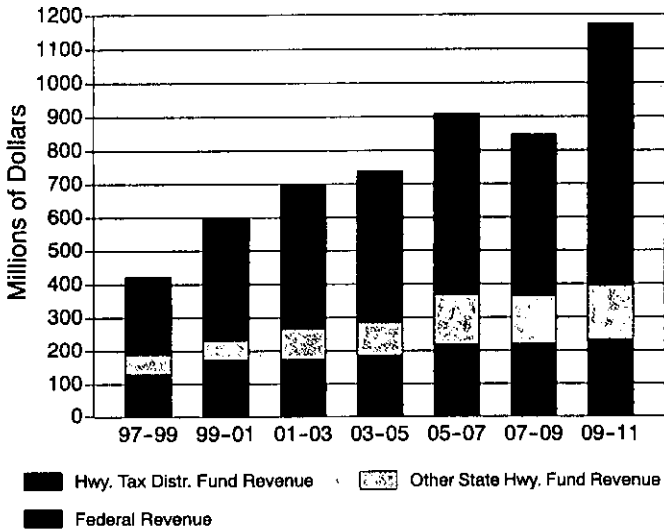
Congressional Appropriated Highway Funds for Core Programs



NOTE: In 2005, Congress passed the Safe Accountable Flexible Efficient Transportation Equity Act—a legacy for users (SAFETEA-LU) for federal highway and transit funding.

* Demonstration Project Funds, American Recovery and Reinvestment Act Funds, and end-of-year Redistributions of Spending Authority are not included.

Gross NDDOT Biennial Revenue Sources (excluding Fleet)



Motor Fuel Tax Rates Cents Per Gallon - 2010

Tax Rates	Gasoline	Diesel	Gasohol
Montana	27.0	27.8	27.0
Nebraska	28.0	27.4	28.0
South Dakota	22.0	22.0	20.0
Minnesota*	27.5	27.5	27.5
North Dakota	23.0	23.0	23.0
National Average	22.3	23.1	22.2
Federal	18.4	24.4	13.1
Highest:			
Washington	37.5		37.5
Pennsylvania		38.1	
Lowest:			
Alaska	8.0	8.0	8.0

* Approximately four months of the year, Minnesota adds a two-cent tax for environment cleanup, making its tax a total of 22 cents per gallon.



2008 Motor Fuel Tax Revenue - Annual Yield of 1 Cent of Motor Fuel Tax*

Regional Tax Yield	Millions
Minnesota	\$ 31.5
Nebraska	12.1
Montana	7.1
South Dakota	6.0
North Dakota	5.3
National Tax Yield	
Highest: California	\$177.4
Lowest: Dist. of Columbia	1.3
Average	33.5

* Motor fuel includes gasoline, gasohol, and diesel fuel.

SOURCE: FHWA Highway Statistics

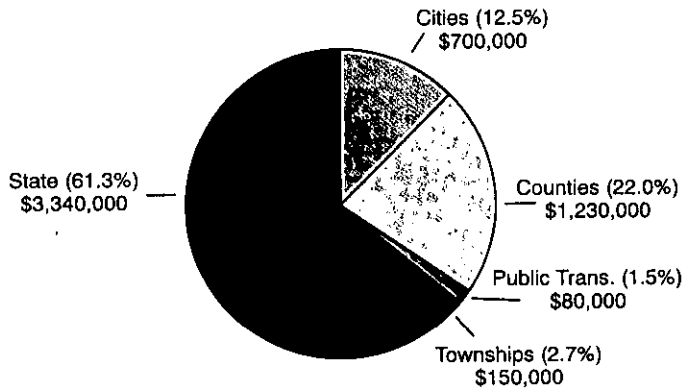
ND Motor Fuel Tax History

Year	Cents/Gal.
1919	1/4
1926	2
1929	3
1939	4
1951	5
1955	6
1970	7
1978	8
1983*	13
1987	17
1993	18
1996	20
1999	21
2005	23

* Beginning in 1983 the state legislature dedicated 1 cent of the state motor fuel tax to townships for road purposes. This was repealed July 2009. Townships now receive 27 percent of the Highway Tax Distribution Fund.

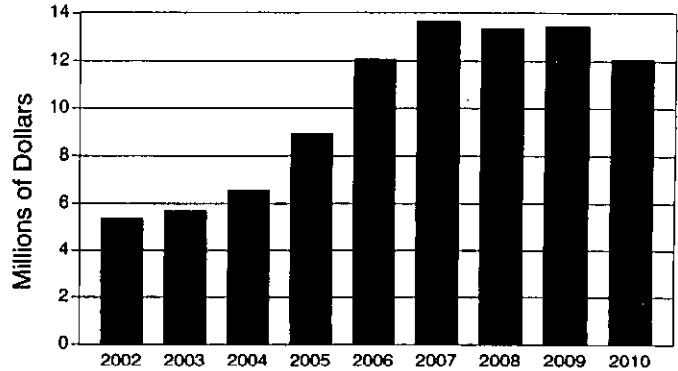
Motor Fuel Tax Annual Revenue - FY2010

Statewide Impact of 1 Cent Motor Fuel Tax



Based on FY2010 revenue, 1 cent of the state motor fuel tax will generate about \$5.6 million annually.

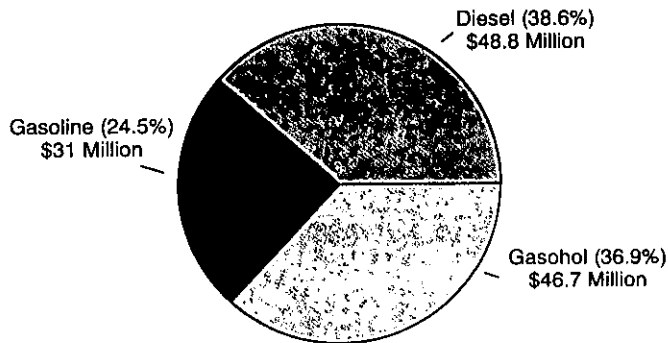
Special Fuels Excise Tax - FY2002 to FY2010



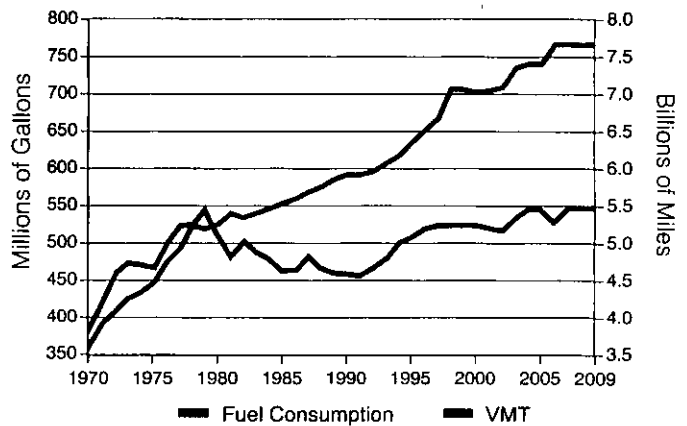
The 2009 legislative session allowed for a transfer from special fuel excise tax on diesel fuel sold to railroads. The transfer, of up to \$1.6 million per biennium, goes to the highway rail grade crossing safety projects fund.

Net Tax Annual Receipts

Total Receipts: \$126.5 Million

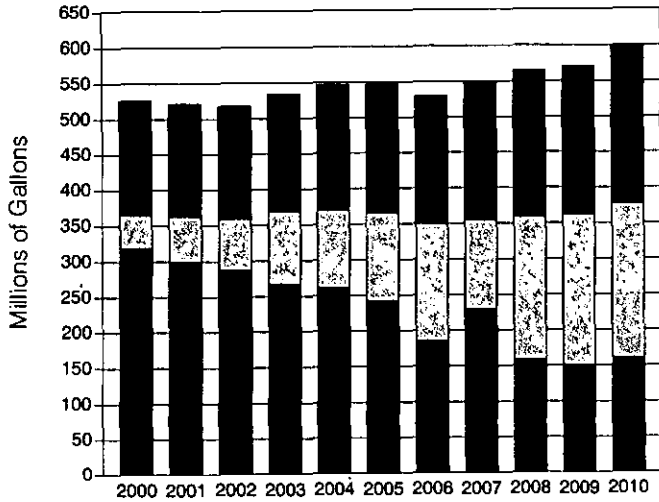


Fuel Consumption vs. Vehicle Miles Traveled - 1970 to 2009



- Vehicle miles of travel (VMT) on North Dakota's system increased steadily from 1970 to 1999, then leveled off from 1999 to 2003, increased again in 2004 to 2005, leveled off in 2007, and increased slightly in 2009.
- As a result of the increased fuel efficiency of vehicles, and the fluctuating price of motor fuel, revenue generated from motor fuel taxes has not kept pace with increased transportation system demands.

ND Fuel Consumption - FY2000 to FY2010

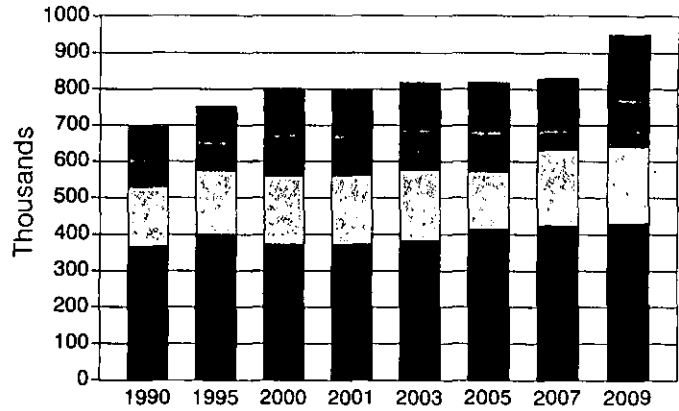


Millions of Gallons

	2007	2008	2009	2010
Gas*	230.6	158.9	150.9	160.9
Gasohol	124.4	200.0	210.9	216.3
Diesel*	194.8	206.2	209.1	221.5

* Gross gallons taxed.

Vehicle Registrations - 1990 to 2009



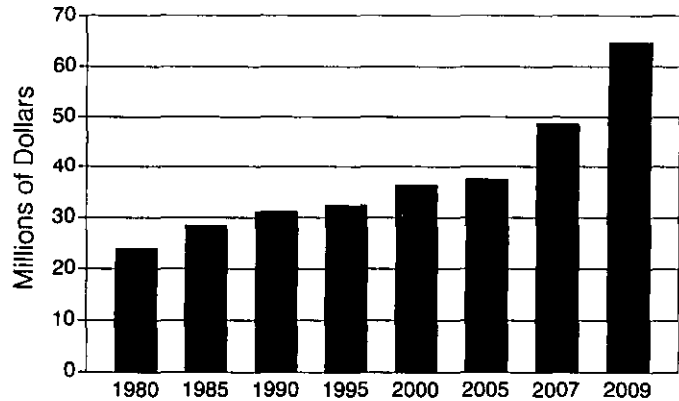
	2007	2009
Cars	423,891	431,104
Pickups	208,740	212,792
Trucks	55,073	131,913
Others*	142,119	176,807
Total	829,823	952,616

* Includes low speed, motorcycles, snowmobile, trailers, off-highway, unconventional.

NOTE: Historically, data did not always track pickups separately from trucks.

ND Vehicle Registration Fees

Available for use in the Highway Tax Distribution Fund and State Highway Fund



Vehicle Registration Fee Comparison

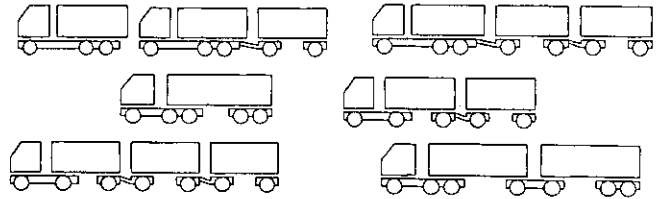
State	Fee ¹	2009 Ford Taurus 3,739 lbs	2009 3/4 Ton Pickup 12,000 GVW	2009 KW Tractor 80,000 lbs	2002 Farm Truck 44,000 lbs	2007 Farm Truck 44,000 lbs
MN	Flat Fee	287	411	1,056	161	268
	Other Fee	-	-	-	-	-
	Total	\$287	\$411	\$1,056	\$161	\$268
MT ²	Flat Fee	217	217	300	100	220
	Other Fee	-	-	-	-	-
	Total	\$217	\$217	\$300	\$100	\$220
ND	Flat Fee	93	142	1,059	149	219
	Other Fee	-	-	-	-	-
	Total	\$93	\$142	\$1,059	\$149	\$219
SD	Flat Fee	42	55 ⁴	1,457	89	127
	Other Fee	-	-	-	-	-
	Total	\$42	\$55	\$1,457	\$89	\$127
WY ³	Flat Fee	-	-	-	-	-
	County Fee	447	506	6	6	6
	Total	\$447	\$506	6	6	6

- ¹ Fees can include vehicle valuation, property, or other taxes and fees.
² Additional fees may be assessed by the county in which the vehicle is registered.
³ Additional fees may be assessed by the county in which the vehicle is registered.
⁴ Fee shown is for a 4-ton truck.
⁵ Registration fees are computed on vehicles registered in Laramie County.
⁶ Registration fees are based on factory price, vehicle weight and annual mileage.

Compiled by: North Dakota Motor Vehicle Division, 2010.

ND Truck Size and Weight

Basic Truck Configurations



General Information

Legal Width: 8 ft. 6 in.

Legal Height: 14 ft.

Legal Length: The length of a vehicle may vary depending on the configuration and on the jurisdiction of the highway. Maximum length may not exceed 110 feet.

Legal Axle Weights:

Single axle: 20,000 lbs. 3 axles or more: 48,000 lbs.
 Tandem axle: 34,000 lbs. Gross Veh. Wt. 105,500 lbs.
 (unless posted)

NOTE: The above weights apply to state highways other than Interstate highways.

Call Highway Patrol, Permit Section, at (701) 328-2621 for more information, www.nd.gov/ndhp.

Vehicle Registration Fee Increase History

- 1977:** Passenger vehicle fees were increased \$5; pickups and small truck increases ranged from \$4 to \$7; farm trucks were increased \$10; large non-farm truck increases ranged from \$14 to \$20.
- 1981:** Passenger vehicles and pickups were increased \$5; small trucks were increased \$10; farm and non-farm truck increases ranged from \$10 to \$25.
- 1983:** Passenger vehicle increases ranged from \$1 to \$20; pickup increases ranged from \$1 to \$11; small truck increases ranged from \$2 to \$5; farm truck fees were not changed; large truck fee reductions ranged from \$17 to \$258.
- 1987:** Most vehicle registrations were increased by \$6.
- 1999:** Most vehicle registrations, except farm trucks, were increased by \$1 per vehicle. In addition a \$1 increase went into the Public Transportation Fund.
- 2001:** Most vehicle registrations were increased by \$7 per vehicle.
- 2003:** Most vehicle registrations were increased by \$3 per vehicle.
- 2005:** Most vehicle registrations were increased by \$10, plus a \$1 increase for the Public Transportation Fund. Pickup fees were aligned with passenger registrations. The first half of the fee increase for pickups occurred in July 2005.
- 2007:** Implemented second half of 2005 pickup fee increase.

State Fleet Services

NDDOT is responsible for all state-owned licensed motor vehicles which make up the state fleet. The number of vehicles in the state fleet varies throughout the year from a low of approximately 3,000 to a peak of approximately 3,290 which is based on need, summer programs, and purchasing/disposal patterns. These vehicles are used by all state agencies, including NDDOT, the university system, and agricultural research centers. State Fleet Services purchases and maintains the vehicles. When the vehicles are due for replacement or no longer needed, they are sold at public auction.

The total active state fleet vehicle count as of July 1, 2010, was 3,259. This fleet is comprised of 2,686 light vehicles and 573 heavy trucks.

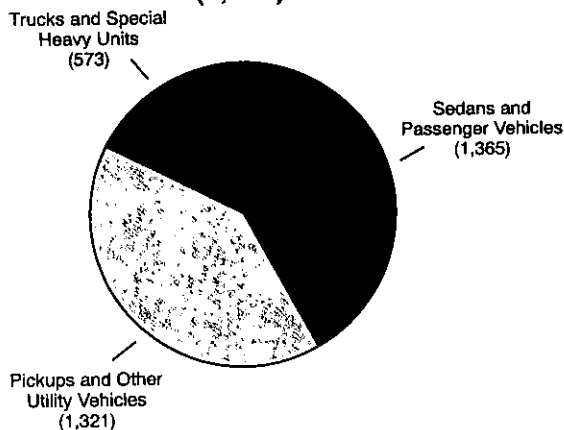
State Fleet Services (continued)

Approximately 420 vehicles are located in 10 motor pool locations throughout the state for daily check out. The balance of the vehicles are assigned directly to agencies and institutions based on their employee-specific needs. All vehicle usage is charged to the agency or institution on a per-mile basis for light vehicles or per-operating hour fee for trucks.

State Fleet is budgeted as an intergovernmental service fund. Rental rates are established based on fleet expenses so that all revenue from rental rates must balance with the fleet's total expenses.

- State Fleet purchases and disposes of approximately 450 light vehicles and 35 heavy trucks each year.
- State vehicles traveled 39.6 million miles in FY2010.
- State Fleet used 3 million gallons of fuel in FY2010, at a cost of \$7.7 million.
- State Fleet has used E10 fuel at its fueling sites since 2003 and expanded bio-diesel to all of its sites in 2006.
- There are 14 state-owned refueling sites state-wide.
- State Fleet coordinates the defensive driving and vehicle safety courses for all state employees.

Active ND State Fleet Vehicles - July 2010 (3,259)



Transit Program - 2009

Federal Transit Programs

Rural Public Transportation

1. Provides federal funds to rural areas (populations of less than 50,000) for the purchase and operational costs of transit buses and vans. Under this program, operating costs are subsidized at 50 percent and purchases of buses and vans are subsidized at 80 percent. There are presently 23 organizations funded through the program, receiving a combined total of more than \$4.5 million per year.
2. Provides funds to rural areas for training and technical assistance to improve rural public transportation services. About \$90,000 (100 percent federal) is allocated annually for this training and technical program.

Transportation for the Elderly and Disabled

Provides funding to private nonprofit organizations to purchase buses and vans to transport the elderly and disabled. About \$400,000 is provided annually to local projects. A 20 percent local match is required to purchase the vehicles. Since the program's implementation in 1975, more than 200 buses and vans have been purchased to use in North Dakota. The department is working with the Department of Human Services to streamline transportation of Medicaid recipients.

Urban Public Transportation

These funds are used to support and improve public transportation in urbanized areas that have a population between 50,000 and 200,000 (Bismarck, Fargo, and Grand Forks). The \$4.5 million in this program is used to purchase buses and for operation and administrative expenditures.

Urban Transit Planning

More than \$350,000 is distributed annually to Bismarck, Fargo, and Grand Forks for planning purposes.

State Transit Program

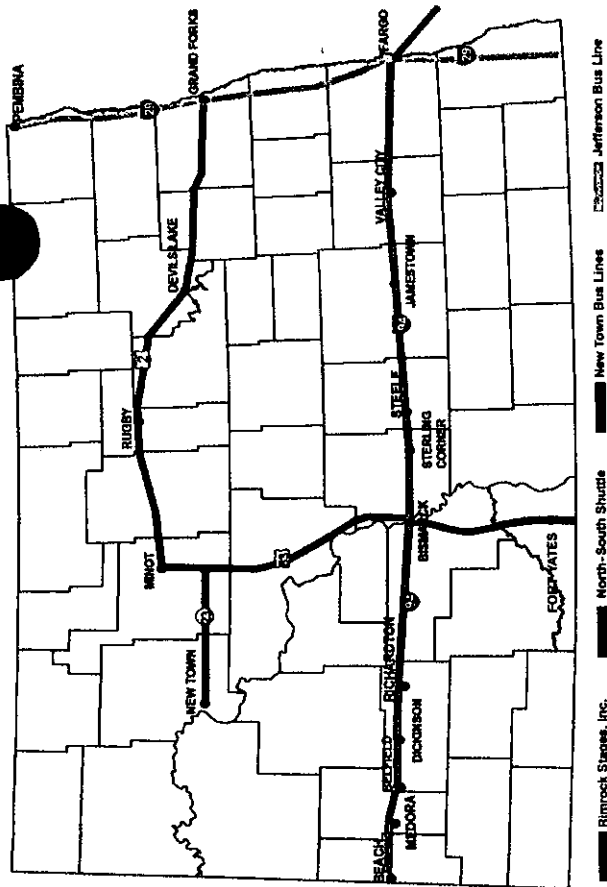
State Aid For Public Transportation

Provides about \$2.75 million per year to support public transit services throughout North Dakota. No local match funding is required. Currently, 29 local transit projects are funded through this program. Funds for this program come from the State Highway Fund.

Transit Facts - 2009

1. The cities of Bismarck, Fargo, Grand Forks, and Minot have city-wide bus services.
2. North Dakota has four intercity bus lines.
3. There are 38 public transit systems located throughout the state.
4. State and federal funds support nearly all the urban and rural transit systems cited above. Collectively, these systems operate approximately 245 buses, vans, and cars, that provide more than 2.8 million rides per year.

North Dakota Intercity Bus Service



Aeronautics Commission - Aviation Transportation

Aeronautics Vision

To encourage an unencumbered business climate and to foster a positive evolution of the industry.

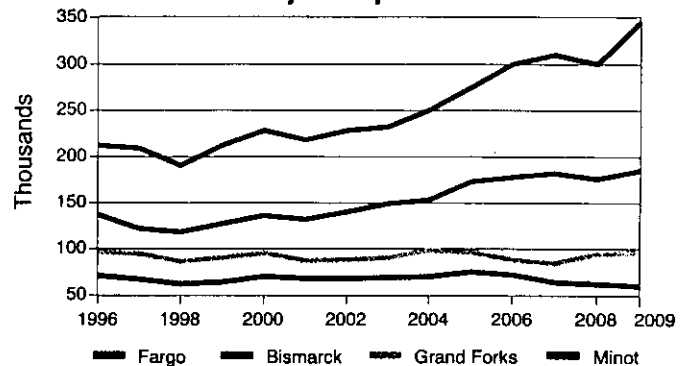
Aeronautics Mission

To provide at the highest priority, economic and technical assistance to insure an orderly and cost effective support system that enables the advancement of the state's aviation system.

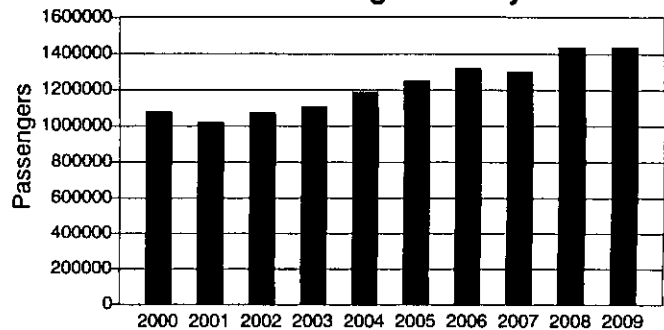
Aviation Facts About North Dakota

- 89 public-use airports provide service.
- 5 airline services in North Dakota: American, Delta, Great Lakes, United, and Allegiant offer 120 daily flights.

Annual Airline Boarding Trend by Major Airports



Airline Passenger History



SOURCE: ND Aeronautics Commission
(701) 328-9650
www.nd.gov/ndaero

Disadvantaged Business Enterprises (DBE)

The Disadvantaged Business Enterprise (DBE) Program, administered by the Civil Rights Division, encourages the development and use of companies owned and controlled by minorities, women, and socially and economically disadvantaged individuals on federal-aided highway construction projects. The companies can be contractors, suppliers, or manufacturers with capabilities in the transportation industry. In order to participate in the program, the companies must be annually certified by NDDOT. Under the program, select contracts are assigned percentage goals, based on the total dollar amount of the contract, for participation by certified DBE firms. The prime contractor must meet the assigned DBE goal or prove that sufficient good faith efforts were made in an attempt to meet the goal.

Contact the Civil Rights Division at (701) 328-2576.

Number of DBE's Certified

FY2009	73
FY2008	82
FY2007	76
FY2006	80
FY2005	85
FY2004	83

DBE Annual Participation Goal

FY2009	7.00%
FY2008	7.38%
FY2007	7.68%
FY2006	8.12%
FY2005	7.40%
FY2004	7.38%

FY	DBE \$ Achieved	Non-DBE
2009	\$12,123,451	\$322,338,804
2008	17,110,241	244,037,380
2007	18,569,117	200,913,830
2006	21,111,370	263,151,133
2005	16,931,067	225,008,990
2004	13,150,084	167,755,961

FY	Total	% Achieved
2009	\$334,462,255	3.67
2008	261,147,621	6.62
2007	219,482,944	8.42
2006	284,262,503	7.43
2005	241,400,057	6.78
2004	180,906,045	7.29
2003	190,587,912	7.11

HOUSE APPROPRIATIONS GOVERNMENT OPERATIONS COMMITTEE
January 25, 2011
8:30 a.m. – Medora Room

North Dakota Department of Transportation
Francis G. Ziegler, P.E., Director

HB 1012

Mr. Chairman and members of the committee, I'm Francis Ziegler, Director of the North Dakota Department of Transportation (NDDOT). Thank you for giving me the opportunity to present information to you today. I will present an overall view followed by more detailed information presented by Deputy Director for Engineering Grant Levi, Deputy Director for Driver and Vehicle Services Linda Butts, and Deputy Director for Business Support Dave Leftwich.

1. Provides \$228.6 million one-time funding from the permanent oil tax trust fund for roadway projects on state highways in areas affected by oil and gas development.

The \$228.6 million of oil impact funds dedicated to the NDDOT will accomplish the following:

- Patch and repair roadways that have pavement breakups.
- Complete preventive maintenance projects in order to maintain the roadway system.
- Overlay roadways to enhance the load carrying capacity.
- Widen roadways to allow the placement of additional pavement structure to enhance the load carrying capacity and roadway safety.
- Reconstruct roadways to improve the load carrying capacity and roadway width, in slopes, drainage, etc.

The following table shows that HB 1012 provides \$228.6 million for extraordinary state highway maintenance and \$142 million for county and township road reconstruction during the upcoming biennium in the oil impact areas. In addition, to the \$228.6 million provided for state highways in HB 1012, the NDDOT plans on investing \$240 million in federal and state/local matching funds in the Minot, Williston, and Dickinson Districts in western North Dakota.

**Oil Impact and STIP Funding for Roadways
(\$ Millions)**

Funding	Oil Impact Area (Minot, Williston & Dickinson Districts)	Bismarck, Valley City, Devils Lake, Grand Forks, & Fargo Districts	Total
Oil Impact Funds for State Highways (HB 1012)	\$228.6 M	---	\$228.6 M
Oil Impact Funds for County Roads (HB 1012)	\$142.0 M	---	\$142.0 M
STIP (2011 – 2013)* (Fed, state & local match)	\$240.0 M**	\$360.0 M**	\$600.0 M
2011- 2013 Biennium	\$610.6 M	\$360.0 M	\$970.6 M
STIP (2013 -2014)* (Fed, state & local match)	\$98.0 M**	\$402.0 M**	\$500.0 M
Grand Total 2011 - 2014	\$708.6 M	\$762.0 M	\$1,470.6 M

*Includes some county and city projects. **Is dependent on availability of Federal funding.

The table below provides a breakdown of the dollars spent on state highways from 1995 - 2010 in the oil impact areas compared to the rest of the state. The table shows that from 1995 – 2010 just over \$4 billion was invested in state highways. This includes about \$1.2 billion in the oil impact areas (Minot, Williston, and Dickinson Districts) and about \$2.9 billion in the rest of the state. This shows that about 29 percent of the funds were invested in the three districts in the oil impact areas and 71 percent of the funds were invested in the rest of the state.

History of Highway Investments in NDDOT Districts (1995 – 2010)
(\$ Billions)

Years	Oil Impact Area (Minot, Williston, & Dickinson Districts)	Bismarck, Valley City, Devils Lake, Grand Forks & Fargo Districts	Total Investments
1995 – 2010**	\$1.2 B	\$2.9 B*	\$4.1 B

*Includes \$273,428,000 in E.R. funding in the Devils Lake District. ** Some of the 2010 projects were not completed and will be carried over into 2011.

The following table provides potential additional needs for state and local roads that may need to be addressed beyond the upcoming biennium.

Additional Needs for State & County Roads (2013 – 2015 Biennium)
(\$ Millions)

Funding	Oil Impact Area (Minot, Williston, & Dickinson Districts)	Bismarck, Valley City, Devils Lake, Grand Forks, & Fargo Districts	Total
Oil Impact Funds for State Highways	\$201.5 M	----	\$201.5 M
Oil Impact Funds for County Roads	\$264.8 M	----	\$264.8 M
STIP (2013 – 2015) Fed funds, state & local match)	\$98.0 M*	\$402.0 M*	\$500.0 M
Total	\$564.3 M	\$402.0 M	\$966.3 M

*Dependent on availability of Federal funds.

This past year, the NDDOT met with representatives from the oil producing counties to discuss challenges of meeting increased demands being placed on the state highway system by the oil industry and potential improvements needed on the state system. As a result of these meetings, and with input from our district engineers, it is estimated that there were about \$430 million worth of improvements needed on state highways in the oil impact area. It was determined that the NDDOT could not carry out a program of this magnitude in western North Dakota during the next biennium. The NDDOT determined that they could carry out a program of about \$228.6 million during the upcoming biennium. This is the amount that is included in HB 1012 for extraordinary state highway maintenance. While this provides \$228.6 million, there will be continuous needs to upgrade and maintain the transportation system in the future, costing approximately \$201 million.

The needs identified in the previous table do not include future projected needs as oil development continues to expand. The NDDOT will continue to monitor the expansion of the oil industry to determine future needs. In addition, cost estimates provided above were based on 2010 costs and do not take into consideration future inflation.

The UGPTI Study identifies \$264.8 million of projected funding needs for county and township roads in 2014 -2015. This includes \$114.9 million for unpaved roads, and \$149.9 million for paved roads. HB 1012 provides \$142 million for county and township road reconstruction for the next biennium. This includes \$118.2 million for paved roads and \$23.8 million for unpaved roads. HB 1012 provides funding for 100 percent of the paved roads needs and about 21 percent of the unpaved road needs identified in the UGPTI Study. This is not a budget request for additional funding, but does identify future local road needs that may have to be addressed.

2. Provides \$142 million one-time funding from the permanent oil tax trust fund for county and township roadway projects in areas affected by oil and gas development.

The state system is not the only system experiencing significant traffic increases. Traffic increases on the township and county roadways have accelerated the deterioration of their gravel and paved roadways.

The Upper Great Plains Transportation Institute (UGPTI) worked with local officials to conduct a study identifying the impacts of oil development on county and township roads. This report was shared with the House Appropriations Committee earlier.

As a result the Executive Budget includes an additional \$142 million in state funds in HB 1012 for the next biennium to address the greatest local roadway needs in the 17 oil impact counties. The \$142 million will be available for paved and gravel roadways.

- \$118.2 million for paved roads.
- \$23.8 million for unpaved roads.

The Department's goals in administering the funds will be:

- To ensure the funds are spent in a manner that is consistent with UGPTI Study.
- Work with the counties to begin construction in 2011, as a result the Bill contains an emergency clause.
- Efficient and effective delivery of projects.
- Provide a connected and seamless transportation system.

To accomplish these goals:

- Counties will select the projects using their allocated funds.
- Coordination will occur between state, county, township system projects planned.
- GIS model will be used to ensure a seamless system.
- Allow counties the opportunity to leverage their county federal funds.

The \$142 million is above and beyond the formula funding received by local governments from the oil extraction tax distribution. The basic production formula is not changed. The \$142 million funding will help address the transportation needs for oil development rather than for production.

The NDDOT is working with UGPTI to obtain all data and incorporate it into a GIS platform.

3. Add 6 FTE transportation technician positions

As the state's urban areas continue to grow the public is requiring 24 hour snow and ice control services. In the past, we have used part-time employees to work the night time hours, but we have found it extremely difficult to hire or retain them. To provide the needed service it has become apparent that we need a full time employee to work and supervise the evening shifts. Our existing full time employees are needed to provide the services required during daytime hours. As a result, HB 1012 provides three full time transportation tech positions. They will be allocated to the Fargo, Minot, and Bismarck Districts.

We are also experiencing significant growth in traffic in western North Dakota that requires additional snow and ice control. HB 1012 provides three full time transportation tech positions to address these needs. One position is for the Mohall Section in the Minot District to assist with Air Force and energy movements. The other two positions will be allocated to the Tioga and Stanley Sections in the Williston District to assist with energy movements.

At a previous hearing on HB 1012 a representative from the oil industry commented that there is a need for additional positions at the NDDOT and the DOT should be asking for even more positions.

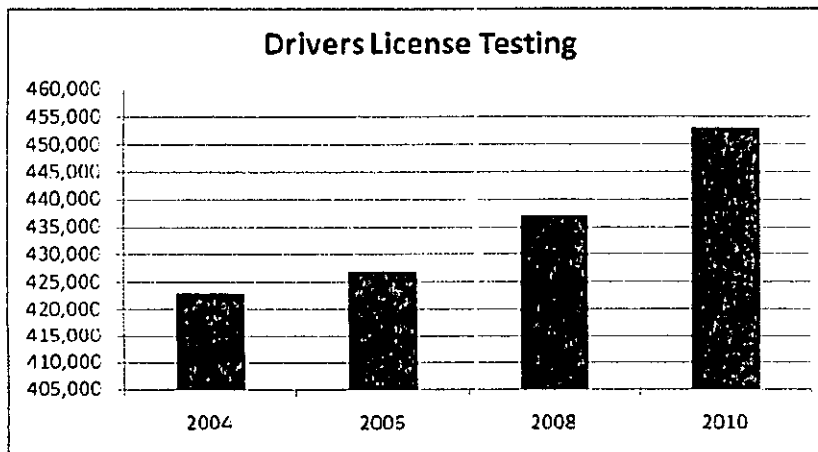
4. Add 4 FTE drivers license examiner positions

The reason HB 1012 is requesting four additional Drivers License Examiners:

Increased Demand

Driver's License continues to see increased demand for their services.

Figure 1



The Drivers License Division has experienced significant time delays in processing Commercial Drivers License (CDL) requests, which in turn creates a creeping time lag for all license processing. This area of our operations is especially impacted by the growth in oil field activity.

- CDL testing wait times has been up to 80 days.
- CDL testing increased by 32% in the past 12 months.
- Loss of experience employees to companies in the oil patch.

- Federal Motor Carrier Safety Administration (FMCSA) rules will require a change from *current medical certification of drivers to a process where driver examiners must review the certification prior to conducting CDL testing, and documenting/scanning the certificates into the system* –additional processing time.
- Oil field activity is anticipated to sustain the increasing workload for CDL testing resulting in additional processing time.
- To become more efficient at the eight largest sites, Drivers License has:
 1. Tried to hire temporary staff to do paperwork only, but no one has responded
 2. Inquired if any retired highway patrol personnel might be interested, no one responded
 3. Called CDL appointments to confirm attendance the week before testing, 22.8% of all CDL appointments are no shows or their vehicle fails the safety walk around
 4. Implemented a standby list that live close by that could come in if we have a no show. We are having limited success with this.
 5. Reduced services in five communities
 6. Temporarily closed service in two communities
 7. Will soon be implementing an on-line scheduling process so applicants see time slots if there are cancellations and can move up their appointment
 8. Have introduced a separate piece of legislation to extend Class D license renewals from four years to six years.

The drivers license resources are stretched very thin and at times it is difficult to provide the expected level of service. It appears that the present expansion of our economy will continue to impact public demand for drivers license services. We have exhausted all of our options and simply need all the additional resources requested.

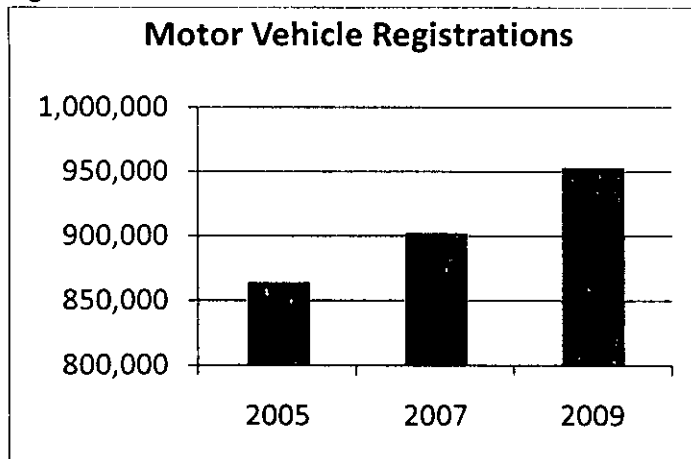
5. Add 2 FTE motor vehicle licensing specialist positions

HB 1012 is requesting Motor Vehicle Licensing Specialists for the following reasons:

a. Increased Demand

- The NDDOT motor vehicle titling and registration operations have experienced continuous growth in the demand for services. We have reached the point where we are unable to provide timely service with the current staffing solutions.
- In 2009, there were 952,000 registrations, compared to 863,000 in 2005, Figure 2.
- Vehicle dealers have increased from 977 in 2009 to 1005 in 2010.

Figure 2



b. Fixed Resources

While we are examining all operations with an eye to improving efficiencies, in the end the division simply needs more resources. The type of vehicles titled continues to grow as does the number of plates:

Motor Vehicle now titles 18 different types of vehicles:

Vehicles titled keeps growing

1. Antique vehicles
2. Antique military vehicles
3. Antique motorcycle
4. Collector snowmobiles
5. Collector vehicles
6. House Car (Motor homes)
7. Low speed vehicles
8. Manufactured homes – vehicle record only – no title issued
9. Mobile homes
10. Motorcycles
11. Off Highway Vehicles
12. Passenger
13. Pickups
14. Snowmobile
15. Trailers
16. Travel trailers
17. Trucks
18. Unconventional vehicles

- Currently, over 360 combinations of license plates types are offered through the Vehicle Titling and Registration System (VRTS), and it grows with each new organizational plate listed.
- We have attempted to fill the need with temporary employees. Unfortunately, conducting permanent operations with temporary staff is not a good long term solution as a fairly high learning curve is involved and most temporary employees don't remain with the department long enough to enable us to effectively keep up with the service demands. In the last 18 months, 21 temporary staff positions have turned over. As a result, we are using valuable time training employees when we need to focus on production.
- 3,000 pieces of mail on average come into Central Office daily
- Central Office staff takes 500 calls/day
- 40% of title processing staff has retired in the past two years
- Title turnaround time is up to six weeks
- 2011 legislation will create additional demand for temporary vehicle registrations and added work for the central office.

6. One-time funding for asbestos abatement in the Highway Building

The reason HB 1012 is requesting \$2,465,544 for asbestos abatement is described and shown in the following:

- A significant portion of the Central Office building contains asbestos. HB 1012 contains \$2.5 million in one-time special fund dollars for asbestos abatement for phase two of a multi-phase project in the central office building. Asbestos was sprayed on the steel beams for each floor, with overspray on the heating and electrical ducts and the forms for the floor. The area between the suspended ceiling and the floor above is used as the cold

air return plenum and is the area with the sprayed on asbestos. The air duct that provides the heated or cooled air is lined with asbestos inside the duct.

7. One-time funding to convert department radios from analog to digital

HB 1012 contains \$530,886 to convert the entire NDDOT radio network to digital because all radio networks must be digital by 2013.

8. Funding from special funds for salary equity adjustments for the recruitment and retention of heavy equipment operators

HB 1012 contains \$1.1 million for salary equity adjustments for the recruitment and retention of heavy equipment operators (transportation technicians).

The NDDOT is experiencing significant staffing difficulties in the western part of the state:

- Due to the energy production in the area, we have lost transportation technicians and have experienced challenges in hiring new employees to replace them.
- We are concerned about keeping experienced staff due to higher salaries offered by other companies and increased costs of housing in western North Dakota.
 - Our pay lags the oil industry and local units of government in western North Dakota.
 - Lost 29 transportation technicians/snow plow operators and shop personnel to western ND jobs. DOT's starting salary is \$12.75 an hour or about \$26,000 per year.
 - They leave for oil field jobs where pay is 2-3 times higher, plus full medical, dental, vision insurance and other benefits.
 - NDDOT has recently implemented a market based pay plan. While this plan has brought many NDDOT staff closer to appropriate market pay for their positions, we still have a considerable distance to go before many positions will be reasonably close to their market based pay. This is especially critical for positions where we have difficulty attracting and retaining employees, particularly Transportation Technicians.
 - Accordingly we are requesting a market based salary equity adjustment of \$1.1 million. However, we will continue to monitor the market conditions, and employee retention and recruitment challenges to ensure these funds are distributed appropriately.

9. Provides \$15.6 million in additional funding for roadway maintenance safety items due to increased material costs.

The \$15.6 million is necessary for the following reasons:

- The department is faced with increasing demands for expanded snow and ice control, especially in oil impact and urban areas. This, coupled with the increasing cost of salt and other materials for snow and ice control, necessitates additional funding for snow and ice control materials. (\$3.4 million)
- NDDOT is faced with increasingly difficult environmental regulations regarding materials used to paint center and edge lines on the roadways. As a result, we have had to resort to more environmentally friendly products which do not hold up as well as their predecessors. To provide for safe and visible driving lanes, we must resort to a pavement marking program that requires all center and edge lines to be painted every year. (\$12.2 million)

10. Provides for the following anticipated changes in Federal Highway Aid:

**Changes in Federal Highway Aid
(all numbers are in millions)**

	09-11 Enrolled	11-13 Request	Increase (Decrease)
FHWA formula funds	500.9	569.5	68.6
Emergency relief	33.7	56.2	22.5
Federal Rail	2.3	6.1	3.8
National Highway Traffic Safety Administration	10.0	11.4	1.4
Federal Transit Funds	12.8	13.7	0.9
Federal Funds for Devils Lake area	43.8	0	(43.8)
Total Federal Funding (non ARRA)	\$ 603.5	\$ 656.9	53.4

11. Provides approximately \$532,000 in funding for an information technology program to improve the department's method of estimating project costs.

- Accurate cost estimates are the foundation for a consistent and predictable state-wide transportation improvement plan. Estimates would be more accurate if more external real-world factors were used such as inflation, state of economy, labor, oil and other external material prices. The program needs to account for tangible mobilization costs. NDDOT needs tools to evaluate trends in cost between related projects. Inflation items need to be considered such as how the increased cost of fuel affects an estimate.
- Detailed project cost estimates are needed for every transportation project. Presently, estimate information is extracted out of MicroStation and GEOPAK (Engineering Software) and re-keyed into a RIMS Engineers Estimate. Estimate information is then passed to the Preliminary and Contract Estimate Reporting (PACER) application for the actual estimate. Lastly, these estimates are used for electronic bidding and passed to the Construction Automated Records System (CARS) application for project payments to contractors. Presently evaluations of multiple estimates are done manually.
- **Benefits**
 - Minimized or eliminated re-keying in project information.
 - Improve program interface.
 - Allow for Individual historic project comparisons on multiple bid items.
 - Integrate tools with GEOPAK D&C Manager and or other quantity calculating programs.
 - Promotes consistency.

12. Remove one-time funding from the general fund provided in the 2009-11 biennium for Devils Lake area roadway project. = (-\$4.6 million)

13. Provides one-time funding from the general fund to match federal funds for roadway projects in the Devils Lake area. = \$5.85 million

As Devils Lake continued to rise a number of state roadways began to function as dams. Unfortunately those roadways were not designed to meet dam criteria. Because state highway funds cannot be used to construct a dam the 2009-11 legislative appropriations made \$4.6 million dollars of general fund money available to the DOT for roadway as dam construction. We recently bid ND 20 Acorn Ridge project, which is one of the roadways acting as a dam that protects Camp Grafton and the city of Devils Lake, and that project came in over the estimate. In addition, the US Corps of Engineers informed us that the north tie back which is needed to complete the project is estimated to cost more. As a result we need an additional \$5.85 million in general funds for the Devils Lake roadway as dam project.

NDDOT also has projects planned to raise the grades on roadways in areas experiencing rising water. There are about \$90 million worth of projects that were carried over from last year to complete grade raises on ND 57, ND 20, ND 19, and US 281 in the Devils Lake area.

Upon completion of these projects the roadways will be raised to an elevation of 1460 feet. On December 23, 2010, the water level was 1,451.5 feet. At that time, the National Weather Service predicted there is a 50% chance the lake could rise to 1,454.6 feet. If the lake level continues to rise we will seek additional Emergency Relief funding to raise the grades on impacted highways as needed.

14. Provides one-time funding to begin planning for the replacement of the department's drivers license computer system.

The reason HB 1012 contains \$500,000 to plan for the replacement of the department's drivers license's computer system.

1. Technology is an ever changing business tool that needs to be upgraded and implemented to work efficiently in today's world. The Drivers License database is stored on a mainframe and written in Cobol, which is causing errors and inaccurate reports due to programming issues. HB 1012 contains \$500,000 in funding for the redesign of Drivers License Information Technology System or as we know it DL3.
2. We are concerned with scope and cost creep and as a result we will use this \$500,000 to:
 - Hire a consultant that could not bid on the project but could lead us through a planning and scoping process.
 - Identify states that have the features we would like to incorporate.
 - Visit selected states to identify features of these new systems and how expectations were or were not met.

Our goal would be to create a disciplined approach that would help us write an RFP which would be both broad enough to attract a variety of bidders and yet specific enough to prevent scope and price creep.

3. Motor Vehicle's system needs upgrades added to enhance productivity, including a dealer interface and financial reconciliation features. In order to be proactive in the planning process, and hopefully hold down costs, we would investigate successful vehicle systems at the same time as the two systems are merged into one software in many states.

15. Removes federal fiscal stimulus funding provided in the 2009-11 biennium relating to highway infrastructure projects. (-\$170,978,876)

16. Authorizes spending authority for federal fiscal stimulus funding not spent during the 2009-11 biennium for transportation infrastructure projects (\$5,189,575), grants for rural transit programs (\$4.8 million), and a federal fiscal stimulus grant received to construct the North Central Regional Economic Growth Intermodal Port Connector project in Minot (\$14,130,000).

NDDOT Central Office Asbestos Abatement

January 2011



Asbestos Definition

- ▶ Asbestos – “a fire retardant, fibrous mineral used in the production of many different products ranging from electrical insulation to roof tiling.
- ▶ Resistant to heat and chemicals
- ▶ Non conductor of electricity
- ▶ Strong, flexible, and cheap



Asbestos Exposure

What are the dangers of asbestos exposure?

- The inhalation of asbestos fibers by workers can cause serious diseases of the lungs and other organs that may not appear until years after the exposure has occurred.
- For instance, asbestos can cause a buildup of scar-like tissue in the lungs and result in loss of lung function that often progresses to disability and death.
- Asbestos fibers associated with these health risks are too small to be seen with the naked eye, and smokers are at higher risk of developing some asbestos-related diseases.

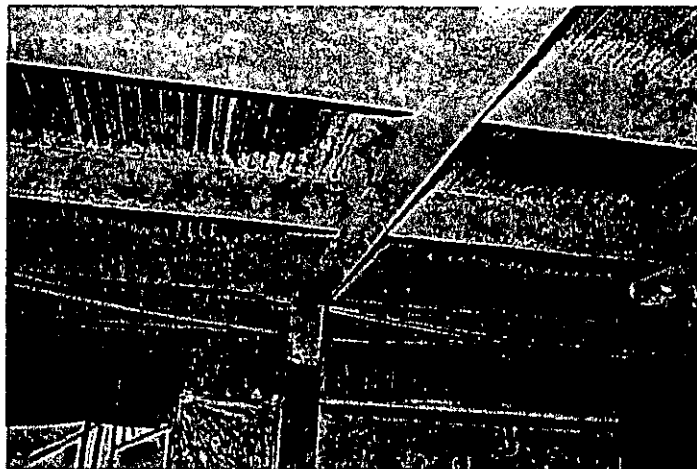


Asbestos Removal

- › Enclosed work area – Under negative pressure.
- › Wet removal techniques.
- › Control fibers at source: specially-designed vacuuming equipment.
- › Air sampling to confirm fibers are not being released.



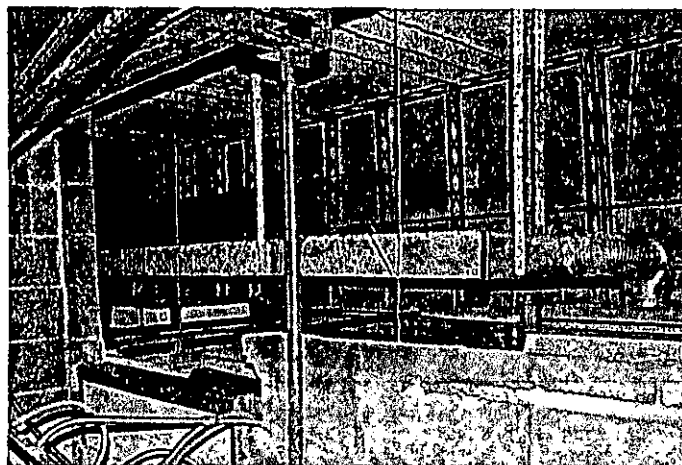
Central Office Photos



Fourth floor ceiling before asbestos removal



Central Office Photos



Asbestos on ceiling and furnace ducts



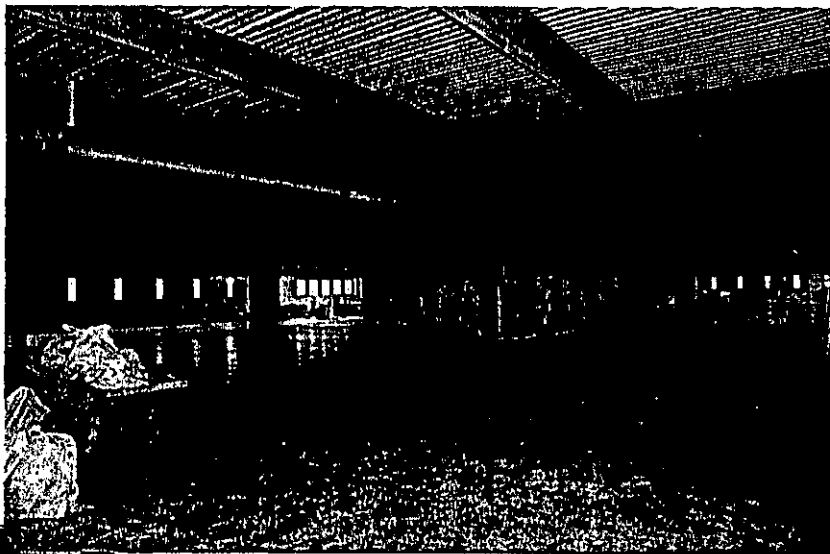
Asbestos Removal

- › Certified asbestos workers use specially designed vacuum cleaners and other procedures to remove asbestos.

- › Wet removal techniques:
 - Unfortunately cost projected to remove asbestos is only 25% of actual total cost to completely eradicate the building.
 - The wet removal process involves removing all walls, ceiling panels, flooring, etc.

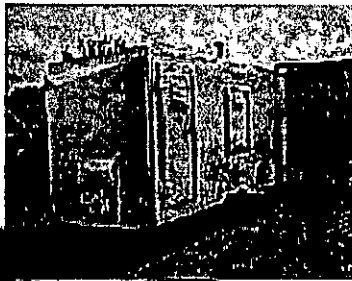
NDDOT
North Dakota
Department of Transportation

Fourth floor of NDDOT building



Asbestos Removal

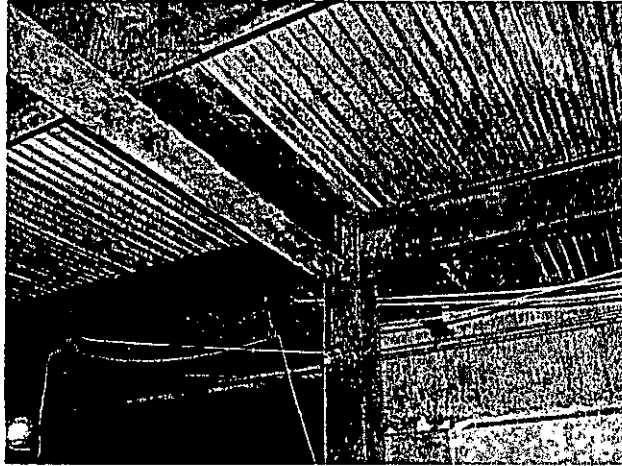
Fourth floor and fifth floor utility area were totally enclosed and sealed off. Asbestos was disposed of in air tight containers.



Multi-Phase Project

- ▶ Asbestos removal involves a multi-phase process.
- ▶ Completed Phase 1 in 2007-2009 biennium.
 - Approximately \$2.4 million covered the cost to remove asbestos and replace walls, mechanical items, lights, wiring, flooring and ceiling panels from 1 and ½ floors.
 - 4th floor and 5th floor (mechanical penthouse).

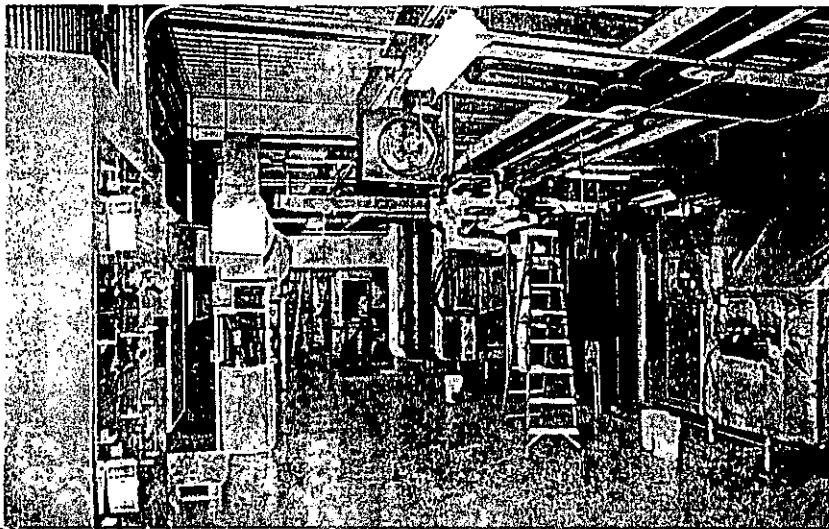
Central Office Photos



Fourth floor ceiling after asbestos removal.

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North Dakota
Department of Transportation

Central Office Photos



Mechanical area on 5th floor after asbestos removal


Multi-Phase Project

Incremental approach is required.

- Department needs to continue to function as a business on a daily basis.
- Difficult to find a place to move employees during removal process.
- Can only complete one or two floors during a biennium.

Questions ?

1012. 1.25.11G

MEMO TO: Francis G. Ziegler, P.E.
Director
FROM: 
Dave Leftwich
Deputy Director for Business Support
DATE: February 1, 2011
SUBJECT: Follow up Questions for HB 1012

The following are the questions the committee asked us to follow up on yesterday:

Number of Cameras for Road Conditions:

On the North Dakota Travel Information Map, there are 18 cameras that the public can click on. Thirteen of them are NDDOT's. The five in Grand Forks, Devils Lake, Minot, Williston, and Dickinson belong to TV stations in those towns.

NDCC That Allows NDDOT to Borrow Money:

§ 24-02-40. Short-term financing

The department is hereby authorized, whenever needed, to arrange, with any state-owned or private financing agency, including the Bank of North Dakota, short-term loans in the event that construction funds on hand are insufficient to meet current obligations. Short-term financing as provided herein must be in amounts no larger than can be repaid within four years from moneys known to be due and forthcoming. In no event may such short-term financing be used in anticipation of increased federal-aid highway grants or increased state highway user revenue funds, nor may such loans be obligated for road construction that cannot be financed from a known source of income.

§ 24-02-44. Authority to borrow funds for a disaster--Appropriation

The department of transportation, subject to the approval of the emergency commission, may borrow moneys from the Bank of North Dakota to advance and match federal emergency relief funds. Any moneys borrowed from the Bank of North Dakota pursuant to this section are appropriated.

01/jam

c: Grant Levi, Deputy Director for Engineering
Linda Butts, Deputy Director for Driver and Vehicle Services

Department of Transportation Employee Demographics

December 31, 2010

This Document is Based on Regular Employees Only.

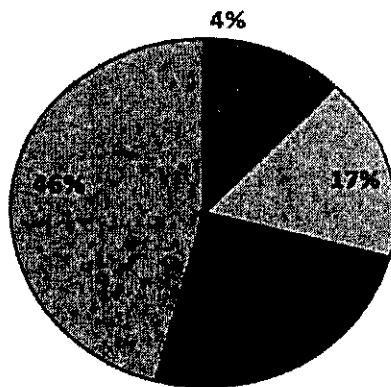
Number of Employees					
DOT is authorized 1054.5 budgeted positions					
Actual Employees	Total	Male		Female	
		Total	%	Total	%
# Regular Full time Employees	1021	772	75.1%	249	24.2%
# Regular Part Time Employees	7	2	0.2%	5	0.5%
Totals	1028	774	75.3%	254	24.7%

Age Distribution of Employees			
	Male	Female	Total
18-25	29	7	36
26-30	74	13	87
31-40	136	41	177
41-50	194	63	257
50+	341	130	471
Totals	774	254	1028

Ethnic Groups		
	#	%
Caucasian	1001	97.4%
African American	5	0.5%
Spanish Surnamed	5	0.5%
Asian/Pacific Islander	4	0.4%
American Indian/Alaskan Native	13	1.3%

Age Distribution

■ 18-25 ■ 26-30 ■ 31-40 ■ 41-50 ■ 50+

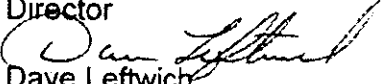


Education Level		
	#	%
Some High School	9	0.9%
High School/GED	262	25.5%
Some College	153	14.9%
Trade School	97	9.4%
Associates Degree	178	17.3%
Bachelor Degree	293	28.5%
Masters Degree	27	2.6%
Doctorate Degree	9	0.9%

Average Age of Employees: 47

Average Years of NDDOT Service: 15.4

Retirement Eligibility									
Criteria	Officials-Administrators	Professionals	Technicians	Para-professionals	Admin Support	Skilled Craft	Service Males	Total	%
Meet rule of 85 now	17	27	38	1	22	66	4	175	17.0%
Rule of 85 between now and 3 years	12	13	14	1	5	40	1	86	8.4%
Rule of 85 between now and 5 years	5	6	13	0	3	29	2	58	5.6%
Total	34	46	65	2	30	135	7	319	31.0%

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Dave Leftwich
Deputy Director for Business Support
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01/jam

c: Grant Levi, Deputy Director for Engineering
Linda Butts, Deputy Director for Driver and Vehicle Services

1012.2.3.11A

**2010
NDDOT AIRCRAFT FLIGHTS**

AIRCRAFT	NUMBER	DAYS FLOWN	TRIPS	HOURS
1998 King Air	N200ND	138	157	241.9
1977 Cheyenne	N112BL	74	82	132.8
1975 Skymaster (Photo)	N133ND	81	81	403.4
1980 Skymaster (NDAC)	N333SS	31	31	224.2
TOTAL		324	351	1002.3

AIRCRAFT	AIRFRAME TIME	ENGINE TIME	NEXT OVERHAUL TIME
1998 King Air	3,389.7	268.2	3,600
1977 Cheyenne	11,620.6	339.8	3,600
1975 Skymaster (Photo)	10,477.5	628.5 Front 32.7 Rear	1,500
1980 Skymaster (NDAC)	4,466.2	229.3	1,400

1012.2.21.11B

11.8154.01002
Title.
Fiscal No. 1

Prepared by the Legislative Council staff for
Representative Glassheim
February 4, 2011

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1012

Page 1, line 3, after "funds" insert "; to repeal section 2 of chapter 573 of the 2009 Session Laws, relating to highway-rail grade safety projects"

Page 2, after line 16, insert:

"SECTION 3. APPROPRIATION - TRANSFER - HIGHWAY-RAIL GRADE CROSSING SAFETY PROJECTS. There is appropriated out of any moneys in the highway-rail grade crossing safety fund in the state treasury, not otherwise appropriated, the sum of \$230,000, or so much of the sum as may be necessary, to the department of transportation for the funding of grants for highway-rail grade crossing safety projects, including grants for the reduction of associated special assessments, for the biennium beginning July 1, 2011, and ending June 30, 2013. On June 30, 2013, the state treasurer shall transfer any unexpended and unobligated balance in the highway-rail grade safety projects fund to the highway tax distribution fund.

Grants provided under this section by the department of transportation for highway-rail grade crossing safety projects are subject to the following requirements:

1. A political subdivision must file an application with the department of transportation for a grant.
2. A political subdivision grant applicant must provide ten percent matching funds for the project costs but no local matching funds are required for a highway-rail grade crossing on a state highway.
3. Grant funds may be allocated for development of railroad quiet zones, installation or upgrading of active warning devices, resurfacing crossings, building of grade separations, and other costs associated with these improvements.
4. An applicant for grant approval for development of a railroad quiet zone shall provide the department of transportation a copy of the notice of intent filed with the federal railroad administration regarding establishment of a proposed quiet zone and copies of any subsequent filings with or orders from the federal railroad administration relating to the notice of intent.
5. Grants provided to a city may not exceed a cumulative amount of \$80,000."

Page 3, after line 10, insert:

"SECTION 7 REPEAL. Section 2 of chapter 573 of the 2009 Session Laws is repealed."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1012 - Department of Transportation - House Action

	Executive Budget	House Changes	House Version
Salaries and wages	\$166,776,602		\$166,776,602
Operating expenses	204,090,250		204,090,250
Capital assets	943,529,831		943,529,831
Grants	67,767,407		67,767,407
County and township road program	142,000,000		142,000,000
Federal stimulus funds	24,119,575		24,119,575
Highway-rail grade crossing projects		230,000	230,000
Total all funds	\$1,548,283,665	\$230,000	\$1,548,513,665
Less estimated income	1,542,433,665	230,000	1,542,663,665
General fund	\$5,850,000	\$0	\$5,850,000
FTE	1066.50	0.00	1066.50

Department No. 801 - Department of Transportation - Detail of House Changes

	Adds Funding for Highway - Rail Grade Crossing Projects ¹	Total House Changes
Salaries and wages		
Operating expenses		
Capital assets		
Grants		
County and township road program		
Federal stimulus funds		
Highway-rail grade crossing projects	230,000	230,000
Total all funds	\$230,000	\$230,000
Less estimated income	230,000	230,000
General fund	\$0	\$0
FTE	0.00	0.00

¹ This amendment provides \$230,000 from the highway-rail grade crossing safety projects fund for highway-rail grade crossing safety project grants. This amount represents the estimated funding in the highway-rail grade crossing safety projects fund on July 1, 2011. Guidelines are also provided for grant distribution.

A section is also added to repeal 2009 Session Laws Chapter 573, Section 2, regarding highway-rail grade crossing safety project grants.

HB 1012
 Feb. 22, 2011
 Attachment 1

GENERAL FUND REVENUE REVISIONS - FEBRUARY 14, 2011, FORECAST

GENERAL FUND REVENUE CHANGES - SUMMARY

Total July 1, 2011, general fund balance change	\$42,561,000
2011-13 biennium changes	4,222,000
Total adjustments to 2011-13 biennium revenues	\$46,783,000

GENERAL FUND REVENUE REVISIONS - CURRENT LAW

The following is a summary of revised general fund revenue estimates for the 2009-11 and 2011-13 bienniums as contained in the February 2011 revenue forecast that are a reforecast of amounts anticipated to be available under current law except as otherwise noted:

2009-11 Biennium Revenue Forecast			
General Fund Revenue Source	Executive Forecast December 2010	Revised Forecast February 2011	Adjustments to Budget Status
Sales and use tax	\$1,193,004,326	\$1,221,824,326	\$28,820,000
Motor vehicle excise tax	119,549,899	121,435,899	1,886,000
Individual income tax	608,717,335	618,774,335	10,057,000
Corporate income tax	179,074,592	183,256,592	4,182,000
Financial institutions tax	6,330,665	6,330,665	0
Oil and gas gross production tax	32,718,333	32,718,333	0
Oil extraction tax	38,281,667	38,281,667	0
Cigarette and tobacco tax	44,881,315	44,881,315	0
Coal conversion tax	42,687,869	38,774,869	(3,913,000)
Insurance premium tax	64,152,315	64,152,315	0
Wholesale liquor tax	14,700,872	14,884,872	184,000
Gaming	16,165,195	16,165,195	0
Lottery	11,155,000	11,000,000	(155,000)
Departmental collections	63,991,948	66,991,948	3,000,000
Interest income	42,200,448	42,200,448	0
Mineral leasing fees	18,033,905	16,533,905	(1,500,000)
Transfers - Other	482,993,135	482,993,135	0
Total adjustments to revenues and transfers			\$42,561,000
Anticipated end of biennium general fund turnback	\$5,000,000	\$5,000,000	0
Estimated transfer to budget stabilization fund based on the 2011-13 executive budget	\$4,620,406	\$4,620,406	0
Total budget status adjustments to July 1, 2011, beginning of biennium balance			\$42,561,000

2011-13 Biennium Revenue Forecast			
General Fund Revenue Source	Executive Forecast December 2010	Revised Forecast February 2011	Adjustments to Budget Status
Sales and use tax	\$1,388,405,000	\$1,388,148,000	(\$257,000)
Motor vehicle excise tax	139,031,000	137,303,000 ¹	(1,728,000)
Individual income tax	610,048,000	616,999,000 ²	6,951,000
Corporate income tax	192,205,000	198,577,000	6,372,000
Financial institutions tax	8,500,000	8,500,000	0
Oil and gas gross production tax	31,700,000	31,700,000 ³	0
Oil extraction tax	39,300,000	39,300,000 ³	0
Cigarette and tobacco tax	43,902,000	43,902,000	0
Coal conversion tax	40,038,000	35,764,000	(4,274,000)
Insurance premium tax	70,900,000	70,900,000	0
Wholesale liquor tax	14,776,000	14,934,000	158,000
Gaming	16,038,675	16,038,675	0
Lottery	11,000,000	11,000,000	0
Departmental collections	64,000,000	64,000,000	0
Interest income	42,700,000	42,700,000	0
Mineral leasing fees	20,000,000	17,000,000	(3,000,000)
Total budget status revenue changes - Current law			\$4,222,000

2011-13 Biennium Revenue Forecast			
General Fund Revenue Source	Executive Forecast December 2010	Revised Forecast February 2011	Adjustments to Budget Status
Transfers			
Lands and minerals trust fund	\$239,000,000	\$239,000,000	\$0
Permanent oil tax trust fund	232,000,000	232,000,000	0
Bank of North Dakota	60,000,000	60,000,000	0
Other	8,135,000	8,135,000	0
Total budget status adjustments to 2011-13 biennium revenues relating to forecast revisions			\$4,222,000
¹ Reflects the Governor's recommendation that 25 percent of motor vehicle excise tax collections be deposited in the highway tax distribution fund rather than the general fund.			
² Reflects the Governor's recommended individual income tax rate reductions estimated to reduce individual income tax collections by \$50 million for the 2011-13 biennium.			
³ Reflects the current law limit of \$71 million of oil revenues that are deposited in the general fund before any additional revenues are deposited in the permanent oil tax trust fund.			

BUDGET STATUS ADJUSTMENT

The following is a motion for consideration by the Appropriations Committees affecting projected general fund revenues that include adjustments resulting from the February 2011 revenue forecast:

It was moved by Rep. Kempenich and seconded by Rep. Thoreson that the House (Senate) Appropriations Committee of the 62nd Legislative Assembly adopt, for Legislative Council budget status reporting purposes, the following adjustments that include the Office of Management and Budget revised general fund revenue estimates reflected in the February 14, 2011, revenue forecast for the 2009-11 and 2011-13 bienniums:

Revisions	
Adjustment to July 1, 2011, beginning balance	\$42,561,000
Adjustment to 2011-13 biennium general fund revenues	4,222,000
Total adjustments to December 2010 forecast	\$46,783,000

NOTE: These amounts will be reflected in the budget status when adopted by both Appropriations Committees.

HB 1012

**TESTIMONY BEFORE THE
SENATE APPROPRIATIONS
COMMITTEE**

2011-2013 Biennium Budget

Prepared by
**NORTH DAKOTA DEPARTMENT OF TRANSPORTATION
BISMARCK, NORTH DAKOTA**

**DIRECTOR
Francis G. Ziegler, P.E.**

March 16, 2011

HB 1012 Testimony

*Senate Appropriations
Committee*

March 16, 2011

NDDOT
North Dakota
Department of Transportation

Introduction

NDDOT Director Francis Ziegler

- Today we will discuss important elements of the department and HB 1012.
- First - an overall view, followed by more detailed information presented by Deputy Director for Engineering Grant Levi, Deputy Director for Driver and Vehicle Services Linda Butts, Deputy Director for Business Support Dave Leftwich and Chief Financial Officer (CFO) Shannon Sauer.
- The Department has had numerous successes this past biennium, thanks to the investment the Executive and Legislative branches made in transportation during the last session.

NDDOT
North Dakota
Department of Transportation

Mission: To provide a transportation system that safely moves people and goods

Vision - A Transportation Organization Promoting: Safe Ways, Superior Service and Economic Growth

• March 11 storm facts:

- 800 people were rescued/500+ vehicles stranded
- 340 NDDOT employees worked during the event (Friday & Saturday)
- 45 employees worked all night on Friday night
- Secured three 15 passenger vans and three SUV's to transport vehicle owners.



NDDOT Mission continued...

March 11 storm facts continued:

- There was zero loss of life during storm event. Numerous medical runs including a pregnant woman & diabetics without medication.
- 700 miles of 4 lane road were closed.
- Approx. 67,000 phone calls to 511 system on Saturday.
- Over 366,000 visits to NDDOT web site on Saturday.



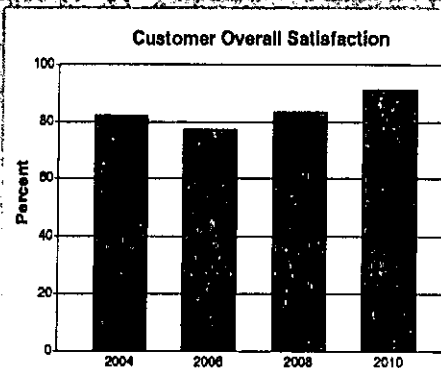
Accomplishments

Performance Measures:

NDDOT supports accountability that focuses on agency outcomes and customer service. As the department's performance measurement focuses on improvement in key areas, the people of North Dakota will be better served.

Customer Satisfaction:

In 2010 over 91 percent of customers surveyed said they were satisfied or very satisfied with how the department is doing.

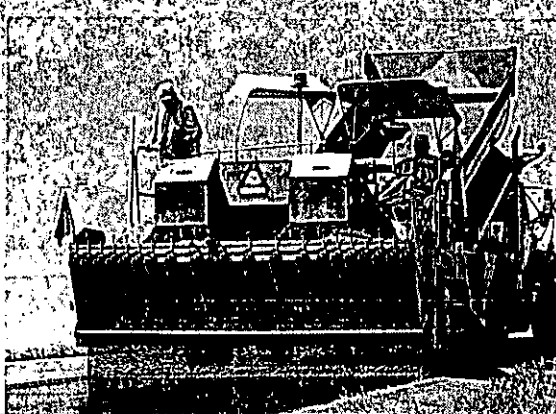


Accomplishments continued...

Transportation Projects:

The NDDOT had record construction seasons in 2009 and 2010. We have just completed two of the largest seasons in state history.

- Executed 449 contracts on approximately \$823 million of transportation projects across North Dakota.



Accomplishments continued...

Motor Vehicle Registrations:

In 2009, there were 952,000 registrations, a 20% increase since 1999.



Drivers License:

- 2010 Total Licensed Drivers = 489,402
- Overall increase of 36% in driving tests since 2003



Accomplishments continued...

Safety continues to be number one priority:

- Number of traffic related deaths in state declined from 140 in 2009 to 105 in 2010. State fatality rate is at 1.26 fatalities per 100 million vehicle miles traveled. Significant decrease from 1.76 in 2009. Lowest rate since 2000 when it was 1.22.

- Primary contributing factors to fatal crashes:
 - Alcohol, Not using seatbelts, Speed, and Lane departure



Safety Improvements –
Adding turning & passing lanes,
intersection improvements

Adding rumble strips on two-lane
state highways

Safety messages

Challenges continued...

Rising water levels:

From 1994 to 2010 we have spent about \$241 million on roadways in the Devils Lake Basin. (Includes state highways, county roadways, and BIA roads.)

- Approximately \$90 million of state highway projects will be carried over into 2011 for projects not completed in 2010.
- This does not include any carry over for county and BIA projects.

On March 3, 2011 the water level was 1,451.7 feet. The National Weather Service has predicted there is a 50% chance the lake could rise to 1,454.7 feet.

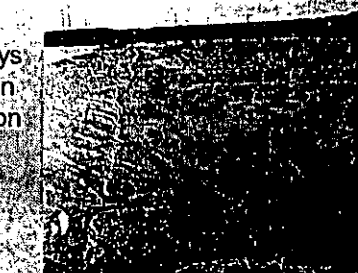
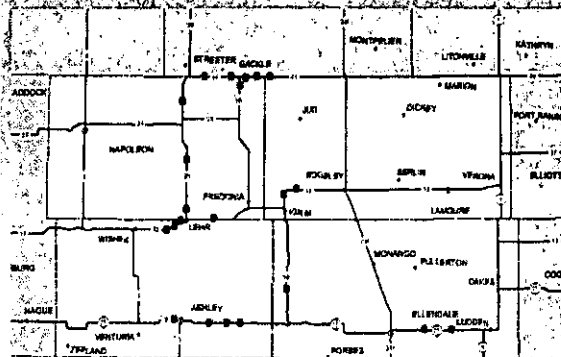


ND Highway 57 near Devils Lake – October 2010

Challenges continued...

Rising water levels

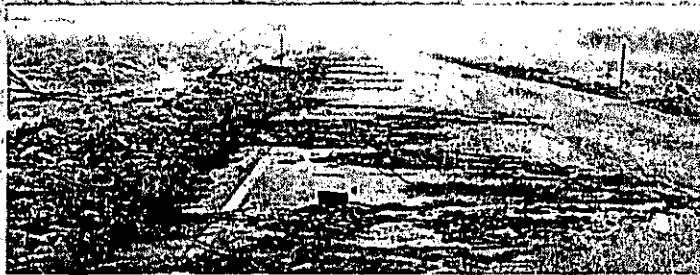
- Numerous townships and county roadways as well as 22 sites have been identified on state highways in the prairie pothole region in the Valley City District that could potentially be inundated with water next spring.



ND Highway 11, east of Ashley – June 2010

Challenges continued...

- Devils Lake District- 15 sites
- Minot District- 6 sites

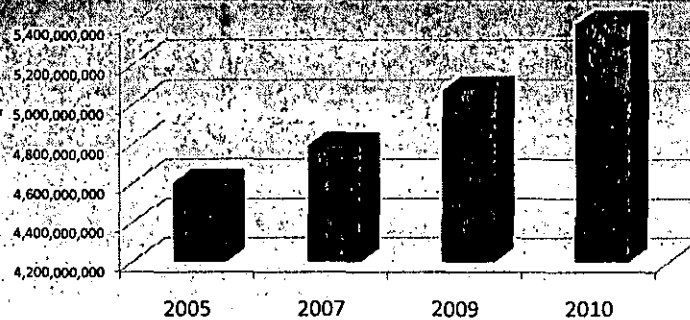


Highway 281 near Grahams Island

Challenges continued...

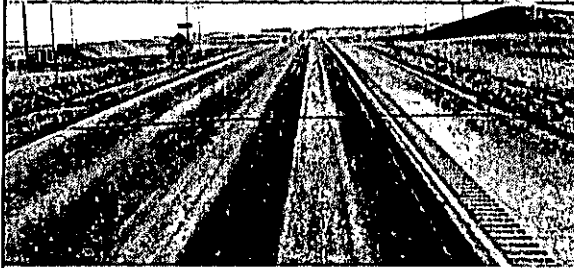
North Dakota has seen an increase in vehicle miles traveled on the state highway system from 2005 to 2010. Growing from 4.6 billion VMT's in 2005 to 5.4 billion VMT's in 2010.

Vehicle Miles Traveled (VMT) in Billions



Challenges continued...

The increase in vehicle miles traveled statewide and energy industry traffic dramatically affects our state's roadway infrastructure.



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Department of Transportation

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Challenges continued...

Fargo traffic congestion continues to grow:

- 2009 traffic count averaged 65,000 vehicles a day. This includes the combined east and west traffic on I-94 in the Fargo area.



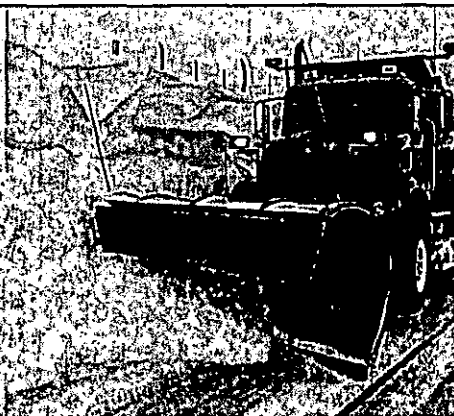
Interstate 94 traffic congestion in Fargo area

14

Challenges

Service Level Expectations:

- **Snow and Ice Control**
 - 24 Hour emergency service
 - Energy area requests for additional service
- **Motor Vehicle & Drivers License**
 - CDL testing increased by 32%
 - CDL testing wait times up to 80 days
 - Title turnaround time up to 6 weeks
 - 40% title processing staff retired
 - Staff turnover at non-state employee motor vehicle branches
- **Road Expansion/Improvement**
 - Adding miles to system
 - Paved roadways/wider roads
 - Load carrying capacity
- **Balance expected level of service with available resources**
 - Several public comments received about the need for more people



* As Indicated by the public during NDDOT/UGPTI Spring 2010 Outreach Meetings

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Department of Transportation

Recruitment and Retention Challenges

- The Department is experiencing significant staff retention and recruitment challenges in the western part of the state.
- Energy production in the area has increased employee turnover due to
 - Lower salary levels at DOT
 - Increased cost of housing
 - Increased cost of services
- The Department has lost several transportation technicians and drivers license staff members; in addition to experiencing challenges in hiring new employees to replace them.
- In 2010, the DOT lost 22 transportation technicians, of which 13 were in the western part of the state. So far this year, the DOT has lost 8 transportation technicians, 7 of which were in the western part of North Dakota.

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North Dakota
Department of Transportation

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2009-11 Appropriation Spending

80100 - Transportation, Department of ND 8431AAA_2011R
 Oper. Unit: 801 - DOT Biennium 08-11
Appropriation Status Report
 For the Month Ending 01/31/11
 Percent of Biennium Remaining 21%

	Original Appropriation	Current Appropriation	Expenditures	Remaining Appropriation	Encumbrances	Percent Remaining
Expenditures by Line Item						
80110 Salaries and Wages	147,373,254.00	153,373,254.00	116,635,335.42	36,737,918.58	0.00	24%
80130 Operating Expenses	188,805,014.00	214,972,514.00	145,412,700.93	69,559,813.07	21,275,997.59	32%
80150 Capital Improvements	666,588,548.00	718,401,648.00	520,392,323.46	198,009,324.54	9,638,436.96	29%
80161 Construction Carryover	0.00	11,244,166.00	10,723,930.80	620,235.20	0.00	5%
80160 Grants	69,766,101.00	75,266,101.00	36,665,007.06	38,601,093.94	12,622,036.34	51%
80175 Federal Stimulus Funds - 2009	176,082,671.00	186,645,094.00	150,352,152.32	36,292,941.68	1,949,730.98	19%
80178 General Fund Transfer	0.00	4,600,000.00	4,600,000.00	0.00	0.00	0%
Total Expenditures	1,248,615,588.00	1,364,502,777.00	984,781,449.99	379,721,327.01	45,486,201.87	28%
Expenditures by Funding Source						
General Fund	4,600,000.00	4,600,000.00	4,600,000.00	0.00	0.00	0%
Federal Funds	780,465,695.00	867,901,718.00	594,654,098.49	273,247,619.51	29,287,241.90	31%
Special Funds	463,549,893.00	492,001,059.00	385,527,351.50	106,473,707.50	16,198,959.97	22%
Total Expenditures by Source	1,248,615,588.00	1,364,502,777.00	984,781,449.99	379,721,327.01	45,486,201.87	28%

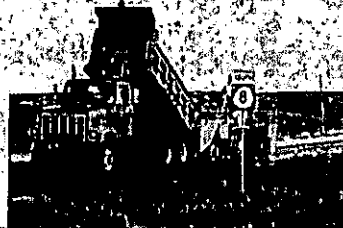
Attachment A

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Status of Federal Aid

Uncertainty of future federal funding:

- ND very dependent on federal highway funding
- Current federal highway bill expired Sept. 30, 2009
- Have been operating under a series of continuing resolutions based on 2009 funding levels
 - Difficult to do long range planning.
 - Congressional action extended SAFETEA-LU to Sept. 30, 2011.
 - Current federal appropriations expire on March 18, 2011.
- Continue working with our Congressional delegation and Five-State Coalition.



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Federal Funding Changes

- Anticipated changes in Federal Highway Aid:

Changes in Federal Highway Aid (all numbers are in millions)			
	08-11 Enrolled	11-13 Request	Increase (Decrease)
FHWA formula funds	500.9	569.5	68.6
Emergency relief	33.7	56.2	22.5
Federal Rail	2.3	6.1	3.8
National Highway Traffic Safety Administration	10.0	11.4	1.4
Federal Transit Funds	12.8	13.7	0.9
Federal Funds for Devils Lake area	43.8	0	(43.8)
Total Federal Funding (non ARRA)	\$ 603.5	\$ 656.9	\$ 53.4

Transportation is key

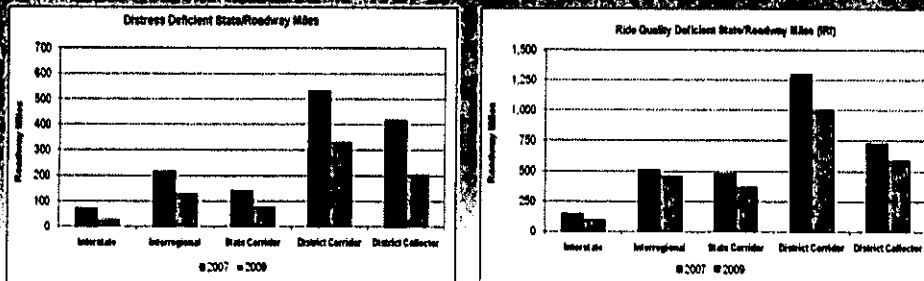
- Legislative efforts to help DOT continue to provide a quality transportation system is appreciated.
- A solid transportation system is essential to creating continued economic growth for the future of our state.
- The department's Deputy Directors will now go into more detail about our services, challenges and budget.
- We will conclude with more detail about House changes to HB 1012 and the future of federal funding.

Transportation System Condition

Deputy Director for Engineering Grant Levy

The charts illustrate that we have made progress in the past two years. The progress is a result of a significant investment of ARRA and state funds in thin lift overlays.

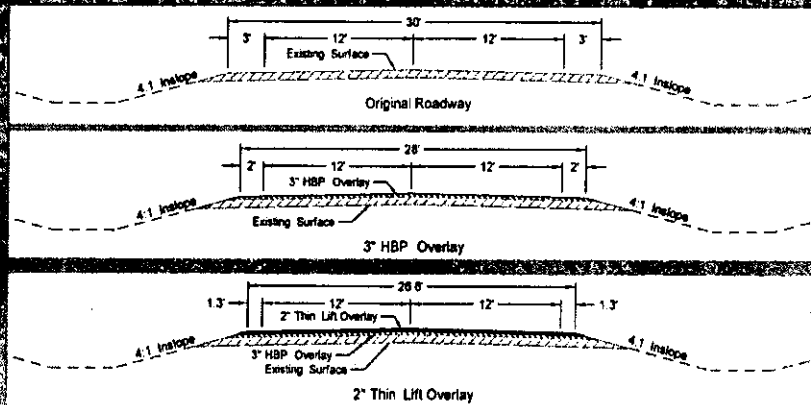
About 660 miles of the state system were improved with ARRA funds. The funds were used for thin lift overlays which improve ride quality, reduce distress, and provide some increase in load carrying capacity for 7-10 years.



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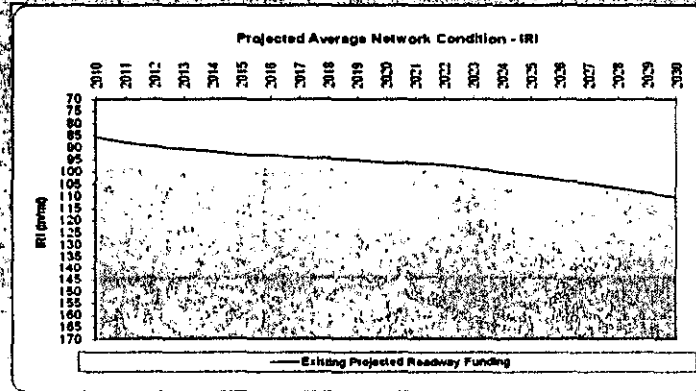
Transportation System Condition

As a result of the numerous thin lift overlays, we are at the point where many of the state roadways can no longer be overlaid without shoulder width being reduced or the driving surface becoming too narrow. This illustrates how the roadway width is reduced when a roadway is overlaid.



Transportation System Condition

- The overall performance of the highway system will gradually decline over time if investments in the system are not increased.



*Network condition is projected without oil impacts being considered.



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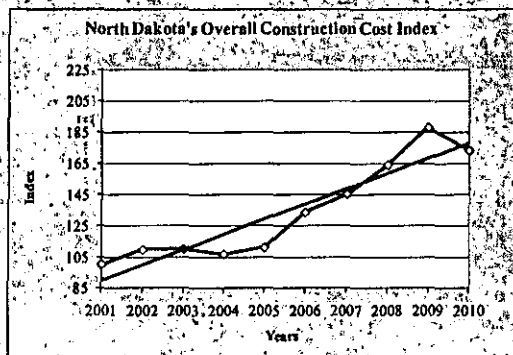
Cost of doing business

One of the major challenges facing city, state, county and township levels of government as they try to provide transportation infrastructure is the rising cost of doing business. Between 2001 and 2009 North Dakota's overall construction cost index rose 88 percent. Much of this increase is attributable to the rising cost of petroleum-based building materials.

For example, in 2004, a three inch asphalt overlay cost \$150,000 and a seal coat cost \$16,000 per mile. In 2010, the same three inch overlay cost \$300,000 per mile, a 100% increase, and a seal coat cost \$35,000 per mile, a 119% increase.

Between 2009 and 2010, the Construction Cost Index dropped due to the decrease in asphalt prices.

Given the current projected increase in crude, diesel and gasoline prices, the cost of construction may raise significantly.

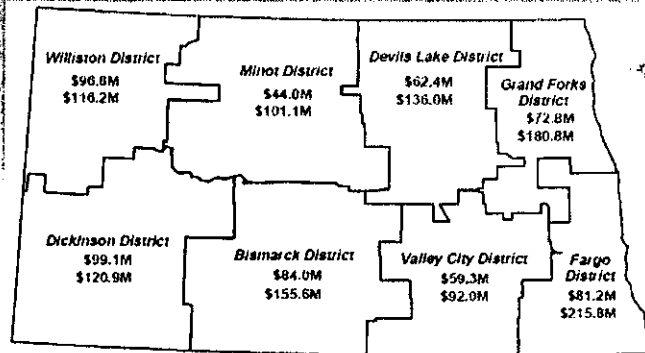


Statewide Transportation Improvement Program (STIP)

As a result of system condition, construction inflation and increasing traffic, we need to maintain our investment in the infrastructure as requested in the Executive Budget.

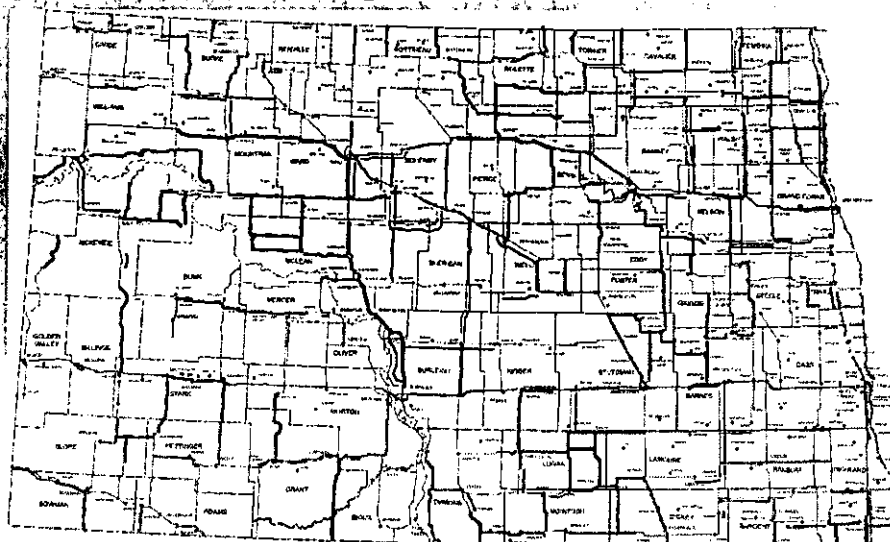
This map shows the dollar amount the NDDOT plans on investing in projects on state highways in each of the eight districts using regular federal funds and state match. The locations and type of projects are identified in the STIP that is updated annually.

About \$600 million worth of projects that will be undertaken in the 2011 – 2013 biennium. The STIP includes just over \$1.1 billion in projects that are planned to be undertaken by 2014.



STIP 2011-2013 Biennium
STIP 2011-2014

STIP Projects 2011-2014



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Energy Impact on Roadways

- The increased traffic volumes, (particularly heavy trucks), has accelerated the deterioration of county, township roads and state highways in the oil impact areas in western North Dakota.

Average Annual Daily Traffic (AADT) all types of Vehicles

Highway	Location	Average AADT 2006	Average AADT 2009/2010	% Growth 2006-2009/2010
ND 8	ND 23 N. to Stanley	611	2,454	301%
ND 22	Dickinson N. to ND 23	1,078	2,573*	139%
ND 23	Watford City to New Town	1,353	3,356*	148%
ND 23	New Town to US 83	1,597	2,616*	64%
US 85	West of Watford City to Jct. of US 85 & US 2	2,322	2,828	22%
US 2	US 85 to Stanley-EB &WB	2,003	3,654	82%
US 2	Stanley to US 52-EB &WB	2,442	2,914	19%

*Traffic Counts on ND 23 and ND 22 are 2010

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Truck Traffic

- Even more dramatic has been the increases in average daily truck traffic on some of the county, township roads and state highways in the oil impact areas. Truck traffic on ND 8 increased 629 percent, over 640 trucks per day, from 2006 to 2009.

Truck Annual Average Daily Traffic (TAADT)

Highway	Location	Average TAADT 2006	Average TAADT 2009/2010	% Growth 2006-2009/2010
ND 8	ND 23 N. to Stanley	102	744	629%
ND 22	Dickinson N. to ND 23	108	696*	544%
ND 23	Watford City to New Town	167	1,114*	567%
ND 23	New Town to US 83	138	464*	236%
US 85	West of Watford City to Jct. of US 85 & US 2	509	713	40%
US 2	US 85 to Stanley-EB &WB	450	1,385	208%
US 2	Stanley to US 52-EB &WB	640	838	31%

*Traffic Counts on ND 23 and ND 22 are 2010

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Design of System

- Many state highways in this part of the state were designed and built in the 1950's and 60's. Roadways in the western part of the state were originally built to handle agriculture traffic (small grains and ranching) and were not built to carry the heavy loads associated with oil development.
- Over the years many of the roads in the eastern part of the state have been built to carry heavier loads associated with more intense agricultural development (sugar beets, potatoes, corn etc.)



History of Highway Investments

- This table provides a breakdown of the dollars spent on state highways from 1995 - 2010 in the oil impact areas compared to the rest of the state. It shows that from 1995 - 2010 just over \$4 billion was invested in state highways.

Years	Oil Impact Area (Minot, Williston, & Dickinson Districts)	Other State District Areas** (Bismarck, Valley City, Devils Lake, Grand Forks & Fargo Districts)	Total Investments
1995 - 2010**	\$1.2 B	\$2.9 B*	\$4.1 B

*Includes \$273,428,000 in E.R. funding in the Devils Lake District. ** Some of the 2010 projects were not completed and will be carried over into 2011.

This shows that about 29 percent of the funds were invested in the three districts in the oil impact areas and 71 percent of the funds were invested in the rest of the state.

Additional needs for state and county roads

- This past year, the NDDOT met with representatives from the oil producing counties to discuss challenges of meeting increased demands being placed on the state highway system by the oil industry and potential improvements needed on the state system.
- As a result of these meetings, and with input from our district engineers, it is estimated that there were over \$500 million worth of improvements needed on state highways in the oil impact area.
- It was determined that the NDDOT could not carry out a program of this magnitude in western North Dakota during the next biennium.
- The NDDOT determined that they could carry out a program of about \$228.6 million during the upcoming biennium. This is the amount that is included in HB 1012 for extraordinary state highway maintenance.
- While this provides \$228.6 million, there will be continuous needs to upgrade and maintain the transportation system in the future.



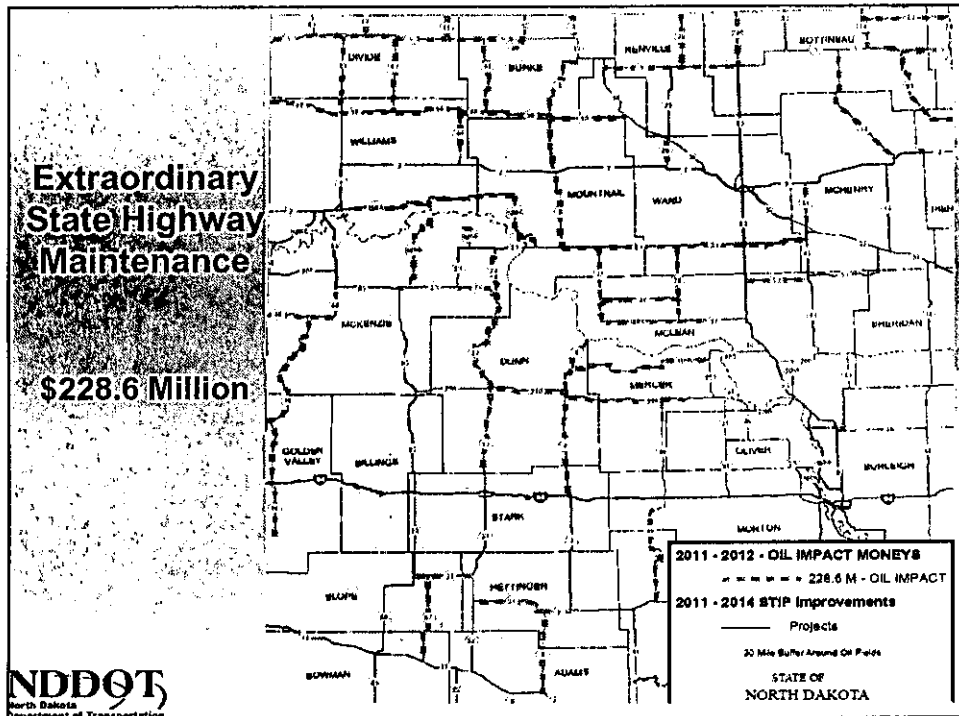
21

Extraordinary State Highway Maintenance

The proposed \$228.6 million of oil impact funds dedicated to the NDDOT for projects on the state highway system within the oil and gas producing counties will be used to accomplish the following:

- Patch and repair roadways that have pavement breakups.
- Complete preventive maintenance projects in order to maintain the roadway system.
- Overlay roadways to enhance the load carrying capacity.
- Widen roadways to allow the placement of additional pavement structure to enhance the load carrying capacity and roadway safety.
- Reconstruct roadways to improve the load carrying capacity and roadway width, in slopes, drainage, etc.

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Extraordinary State Highway Maintenance

- The Department is and will be designing projects on the following roadways:
 - ND 22 – Dickinson north to Hwy 23
 - ND 23 – from New Town east and west
 - ND 8 – north and south of Stanley
 - Other overlays on various highways will be designed.

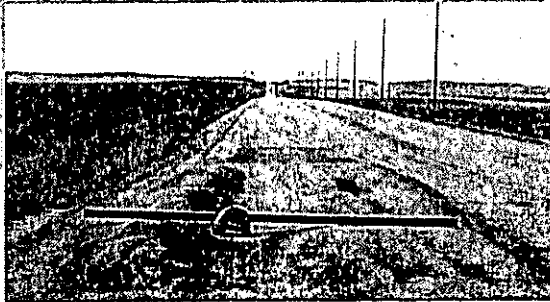
- While the design plans are being prepared, where the funds will be spent will depend on traffic and roadway conditions.



ND Highway 22

Extraordinary State Highway Maintenance

- The projects being designed are projects above and beyond those included in our present STIP which covers the years 2011-2014
- It was necessary to advance the design because of pavement breakups as a result of increased traffic. If federal funds were used it would not be possible to advance the projects into the upcoming biennium.



ND Highway 1806

The \$240 million of regular federal aid in the oil impact areas addresses projects that are already in the STIP and are part of the regular federal aid process (includes projects on US 85).

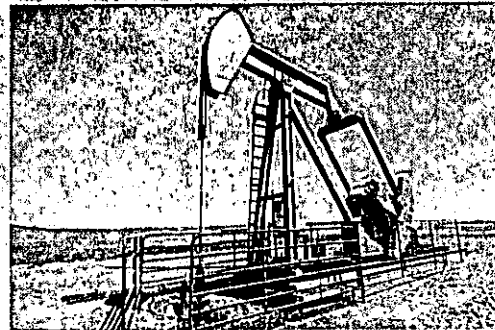
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County and township road reconstruction program = \$142 M

- The Executive Budget includes an additional \$142 million in state funds in HB 1012 for the next biennium to address the greatest local roadway needs in the 17 oil impact counties.

- The \$142 million will be for paved and gravel roadways.
 - \$118.2 million for paved roads.
 - \$23.8 million for unpaved roads.



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County and township road reconstruction program = \$142 M

- The \$142 million is to address the greatest local road needs in 17 oil producing counties.
 - The funding is intended to focus on critical needs identified by the counties in the UGPTI study, therefore it is not distributed evenly.
 - The \$142 million is above and beyond the formula funding received by local governments from the oil extraction tax distribution.
 - The basic production formula is not changed. This funding will address the transportation needs for oil development rather than for production.

County and township road reconstruction program = \$142 M

- **Goals in Administering Funds**
 - Consistent with UGPTI Study
 - Begin construction in 2011
 - Efficient and effective delivery of projects
 - Provide a seamless transportation system
- **DOT will administer program (using UGPTI study)**
 - Counties select projects
 - Coordinate state, county, township system projects plan
 - Seamless system using GIS model
 - Allocate funds for county projects
 - Opportunity to leverage county federal funds

County officials begin process

- County officials met March 8, 2011- discussed process for project selection
 - keep approval process simple
 - provide connectivity to other county road systems
 - provide connectivity to state highways

Oil Impact and STIP Funding for Roadways

- The table shows that HB 1012 provides \$228.6 million for extraordinary state highway maintenance and \$142 million for county and township road reconstruction during the upcoming biennium in the oil impact areas.
- In addition, to the \$228.6 million provided for state highways in HB 1012, the NDDOT plans on investing \$240 million in federal and state/local matching funds in the Minot, Williston, and Dickinson Districts in western North Dakota.

Funding	Oil Impact Area (Minot, Williston & Dickinson Districts)	Bismarck, Valley City, Devils Lake, Grand Forks & Fargo Districts	Total
Oil Impact Funds for State Highways (HB 1012)	\$228.6 M		\$228.6 M
Oil Impact Funds for County Roads (HB 1012)	\$142.0 M		\$142.0 M
STIP (2011 - 2013)* (Fed, state & local match)	\$240.0 M**	\$360.0 M**	\$600.0 M
2011-2013 Biennium	\$610.6 M	\$360.0 M	\$970.6 M
STIP (2013-2014)* (Fed, state & local match)	\$98.0 M**	\$402.0 M**	\$500.0 M
Grand Total 2011 - 2014	\$708.6 M	\$762.0 M	\$1,470.6 M

*Includes some county and city projects. **Is dependent on availability of Federal funding.

Devils Lake Funding – \$5.85 M

Roadway Acting as Dams – \$5.85 M

- As Devils Lake continued to rise a number of state roadways began to function as dams. Unfortunately, those roadways were not designed to meet dam criteria. Because state highway funds cannot be used to construct a dam, the 2009-11 legislative appropriations made \$4.6 million dollars of general fund money available to the DOT for roadway as dam construction.



Devils Lake Emergency Relief Funding

- On March 3, 2011, the National Weather Service predicted there is a 50% chance that Devils Lake will reach 1454.7 feet this summer.
- As a result, various segments of US Highway 2 will become eligible for Emergency Relief (ER) funding. These segments need to be raised to an elevation of 1,465 to ensure safe travel on US 2.

HIGHWAY	TOTAL	FEDERAL	STATE
US Hwy 2 (various segments)	\$67.3 M	\$53.84 M	\$13.46 M

US Hwy 2 segments would be constructed in 2012

Emergency Relief Funding

- In addition, the road segments listed here will need to be raised to an elevation of 1465'. The segments are eligible for ER funds due to a previous event.
- Many of these segments were under construction last summer.

HIGHWAY	TOTAL	FEDERAL	STATE
US 2	\$1.4M	\$1.12M	\$.28M
ND 19	\$1.6M	\$1.28M	\$.32M
ND 20	\$.6M	\$.48M	\$.12M
ND 57	\$1.5M	\$1.2M	\$.3 M
US 281	\$1.3M	\$1.04M	\$.26M
Total \$\$\$	\$6.4M	\$5.12M	\$1.28M

Emergency Relief Funding continued...

As a result, HB 1012 should be adjusted as follows:

- Budget authority needed = \$73.7M
- Additional match needed = \$14.7M

Emergency Relief Funding continued...

- Due to uncertainty of when ER funding will be available:
 - Discussions with representatives of BND and Land Department to address the need for paying for ER until we get ER federal aid.
 - This includes possible ER projects in the Devils Lake, Minot and Valley City Districts.

Roadway Maintenance

Provides \$15.6 million in additional funding for roadway maintenance safety items due to increased material costs.

- The department is faced with increasing demands for expanded snow and ice control, especially in oil impact and urban areas. This, coupled with the increasing cost of salt and other materials for snow and ice control, necessitates additional funding for snow and ice control materials. (\$3.4 million)



- Increased environmental regulations regarding materials used to paint center and edge lines on the roadways. As a result, we have had to resort to more environmentally friendly products which do not hold up as well as their predecessors. To provide for safe and visible driving lanes, we must resort to a pavement marking program that requires all lines to be painted annually. (\$12.2 million)

Additional Equipment Operators

The Executive Budget requested 6 Additional Equipment Operators

As the state's urban areas continue to grow they are requiring 24 hour snow and ice control services. In the past we have used part-time employees to work the night time hours, but we have found it impossible to hire or retain them lately.

To provide the needed service it has become apparent that we need a full-time employee to work and supervise the evening shifts. Our existing full-time employees are needed to provide the service during the daytime hours that is expected. As a result, HB 1012 provides transportation tech positions for Fargo, Minot and Bismarck Districts (3 positions).

We are also experiencing significant growth in traffic in western North Dakota that requires additional snow and ice control services. HB 1012 provides a position for the Minot District Mohall Section to assist with Air Force and energy movements in that area, and two positions in the Williston District to assist with energy movements. The Tioga and Stanley Sections of the Williston District will each receive a position. (3 positions)



- The Engrossed House Bill removed 3 FTE positions.

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Motor Vehicle and Drivers Services

Deputy Director for Driver & Vehicle Services Linda Butts

The Motor Vehicle and Drivers License Divisions continue to see increased demand for services. First, we will look at challenges in the Motor Vehicle area.

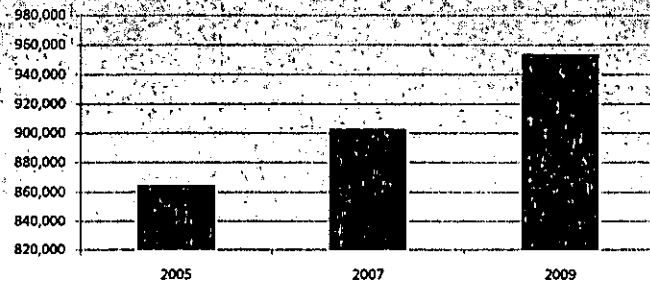
- The NDDOT motor vehicle titling and registration operations have experienced continuous growth in the demand for services.
- We have reached the point where we are unable to provide timely service with the current staffing solutions, even with assistance of contracted branch offices.



Increase Demand in Motor Vehicle Registrations & Titling

- 952,000 registrations in 2009
- 863,000 in 2005
- 28 more dealers in one year
 - ❖ 977 in 2009
 - ❖ 1,005 in 2010

Motor Vehicle Registrations



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Enhancing Motor Vehicle Efficiencies

Examining all operations with an eye to improving efficiencies:

- All MV branch operations are outsourced
- Encouraging more online renewals
- Reallocating staff where greatest need exists
- Conducting constant training due to high turnover
- Additional training at branches also due to turnover
- Working overtime from June 2010 to present



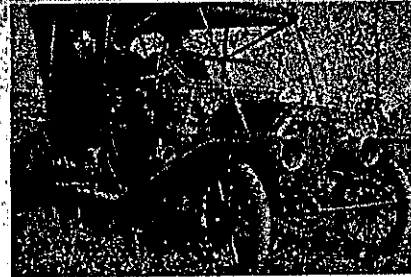
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Vehicle Titles Continue to Grow

Types of vehicles titled continues to grow.
In 2005 there were 12 types of titles, 2010 = 18 types.

For example:

- Collector snowmobiles
- Military/antique vehicles
- Unconventional vehicles
- Manufactured homes
- Off-highway vehicles
- Low speed vehicles
- In addition to the normal trucks, motorcycles, cars, pickups & others
- Over 345 combinations of license plates types are available
- Grows with each new organizational plate requested



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Central Issue State

Motor vehicle branches start paper work, and Central Office then reviews and issues titles. All MV Branch documents sent to Bismarck for verification.

Central Office in Bismarck:

- Processes 40% of all transactions in the state
- Takes 11,000 phone calls/month
- 40% title processing staff has retired in the past two years.
- Title turnaround time 6-8 weeks
- Current economic climate creating more demand for services.

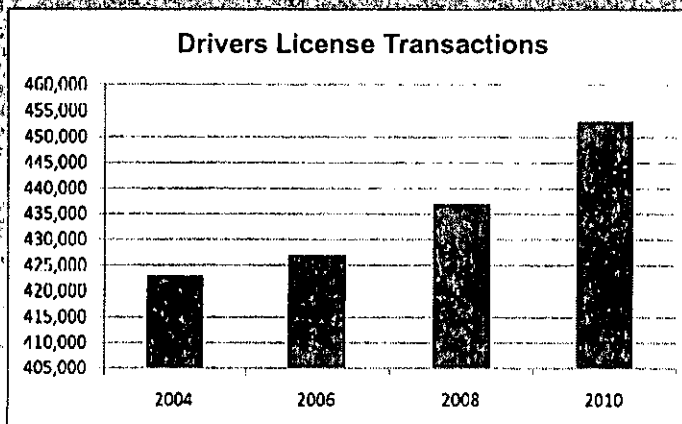


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Increased Demand in Drivers License

Drivers License continues to see increased demand for services.



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Commercial Drivers License Processing

- Commercial Drivers License (CDL) testing increased by 32% from fourth quarter 2009 to fourth quarter 2010
- Lost 30% of examining staff since February of 2010
- Significant backlog for CDL tests (80 days last summer)
- After adjustments current wait time is 52 days in Williston and statewide average wait time is 27 days for a CDL test



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Enhancing Drivers License Efficiencies

To become more efficient at the eight largest sites, Drivers License has:

- Tried to hire temporary staff to do paperwork only, but no one has responded
- Inquired if any retired highway patrol personnel might be interested, no response
- Called CDL appointments to confirm attendance the week before testing; 23% of all CDL appointments are no shows or their vehicle fails the safety walk around
- Reduced services in ten communities
- Temporarily closed service in two communities
- Will soon be implementing an on-line scheduling calendar so applicants see time slots if there are cancellations and can move up their appointment
- Have introduced a separate piece of legislation to extend Class D license renewals from four years to six years, but will take 4 years to see benefit.

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Motor Vehicle & Drivers License Staffing

- The Executive Budget proposal requested 2 FTE's for Motor Vehicle
- Engrossed House Bill removed 1 FTE.
- The Executive Budget proposal requested 4 FTE drivers license examiner positions.
- Engrossed House Bill removed 2 FTE's.

MV and DL Information Technology Projects

Technology is an ever changing business tool that needs to be upgraded and implemented to work efficiently in today's world.

- The Drivers License database is stored on the state's mainframe and written in Cobol (1984) which is causing errors and inaccurate reports due to continuous modifications and programming issues. HB 1012 contains \$500,000 in funding for the redesign of Drivers License Information Technology System or as we know it DL3.

- Concerned with scope creep and cost and as a result we will use this \$500,000 to:

- hire a consultant that could not bid on the project but could lead us through a planning and scoping process,
- identify features to incorporate
- identify states that have similar systems
- help write RFP

- Our goal would be to create a disciplined approach that would help us write an RFP that would be both broad enough to attract a variety of bidders and yet specific enough to prevent cost overrun.

- Motor Vehicle's system needs upgrades added to enhance productivity, including a dealer interface and financial reconciliation features.

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Safety Programs

- The Department has spearheaded an effort to develop a new statewide multi-agency DUI law enforcement program to deter impaired driving.

- Over 90% of the city and tribal police, county sheriff's and HP are participating

- To enhance safety the DOT provides:

- Grants to law enforcement for the purchase of equipment including radar and in-car digital surveillance units.

- Continued funding for the Traffic Safety Resource Prosecutor program to provide training resources, and technical assistance to law enforcement and court officials.

- Enhanced and increased media messages for sustained traffic safety messages to the public.

- Continued deployment of the electronic crash reporting software, TraCS (Traffic and Criminal Software), to law enforcement agencies statewide.

- Intensified effort to reach young drivers by:
– implementing a teen driving website
– and peer led traffic safety competition.

Creating a standardized driver's education curriculum for education of new drivers across the state.



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NDDOT Business

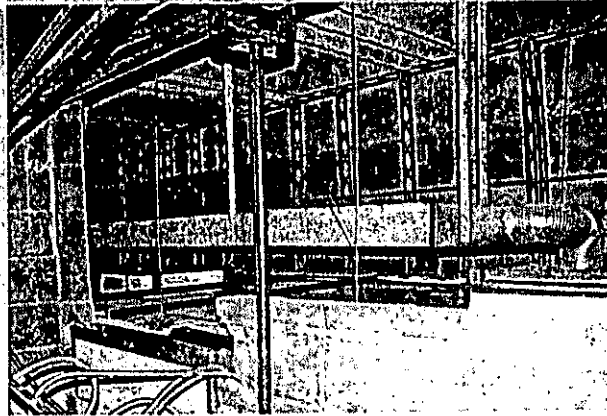
Deputy Director for Business Support Dave Leftwich

Asbestos Abatement

A significant portion of the Central Office building contains asbestos.

HB 1012 contains \$2.5 million in one-time special fund dollars for asbestos abatement for phase two of a multi-phase project in the central office building.

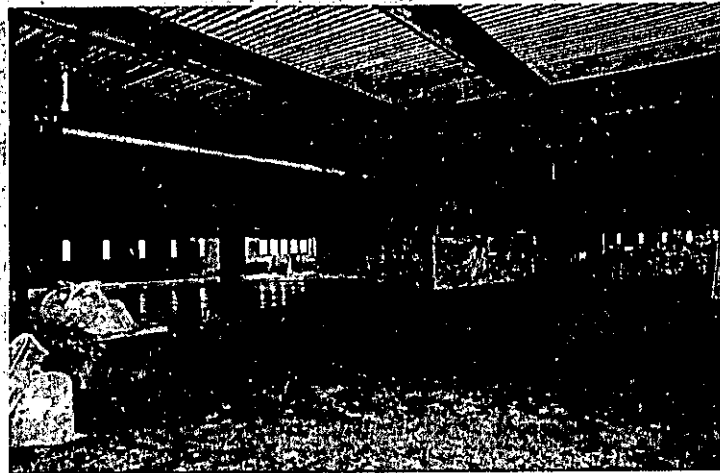
- Asbestos was sprayed on the steel beams and decking for each floor, with overspray on the heating and electrical ducts and the forms for the floor.



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Fourth floor of NDDOT building



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Salary Equity

Funding from special funds for salary equity adjustments for the recruitment and retention of heavy equipment operators

The Executive Budget contained \$1.1 million for salary equity adjustments for the recruitment and retention of heavy equipment operators (transportation technicians). The House removed this from HB 1012.

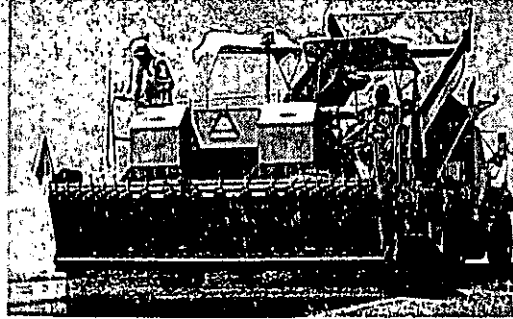
The NDDOT is experiencing significant staffing difficulties in the western part of the state.

Due to the energy production in the area, we have lost transportation technicians and have experienced challenges in hiring new employees to replace them.

Our pay lags behind the oil industry and local units of government in western North Dakota.

Lost 30 transportation technicians/ snow plow operators and shop personnel to western ND jobs. DOT's starting salary is \$12.75 an hour.

They leave for oil field jobs where pay is 2-3 times higher, plus full medical, dental, vision insurance and other benefits.



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Road Project IT Needs

Provides approximately \$532,000 in funding for an information technology program to improve the department's method of estimating project costs.

Accurate cost estimates are the foundation for a consistent and predictable state-wide transportation improvement plan. Estimates would be more accurate if more external real-world factors were used such as inflation, state of economy, labor, oil and other external material prices. The program needs to account for tangible mobilization costs. NDDOT needs tools to evaluate trends in cost between related projects. Inflation items need to be considered such as how the increased cost of fuel affects an estimate.

Detailed project cost estimates are needed for every transportation project.

Benefits

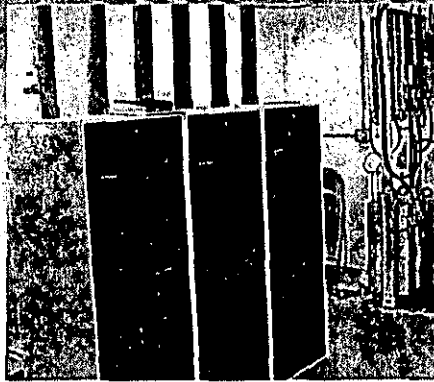
- Minimized or eliminated re-keying project information.
- Improve program interface.
- Allow for individual historic project comparisons on multiple bid items.
- Integrate tools with GEOPAK D&C Manager and or other quantity calculating programs.
- Promotes consistency.

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Digital Radio Equipment

- One-time funding to convert department radios from analog to digital



Radio equipment at DOT site.

HB 1012 contains \$530,886 to convert the entire NDDOT radio network to digital because all radio networks must be digital by January 2013.



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HB 1012 Budget Overview

Line Item	2009-2011 Appropriated Budget	2011-2013 Executive Budget Recommendation	2011-2013 Engrossed House Bill No. 1012
Salaries and Wages	\$147.4	\$166.8	\$165.1
Operating Expenses	188.8	204.1	204.1
Capital Assets	662.0	714.9	714.9
Extraordinary State Highway Maintenance	0.0	228.6	228.6
County and township road reconstruction program	0.0	142.0	142.0
Grants	69.8	67.8	68.03
Federal Stimulus Funds	176.0	24.1	24.1
TOTAL	\$1,244.0	\$1,548.3	\$1,546.83
Other Transportation Funds			
Weather-Related Cost-Sharing	\$59.9	\$0.0	
Disaster Relief Funds	\$43.0	\$0.0	
GRAND TOTAL	\$1,346.9	\$1,548.3	\$1,546.83



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Budget Revenue Sources

Comparison of Revenue Sources (Millions)					
Funding Source	2009-2011 Appropriated Budget	2011-2013 Executive Budget Recommendation	Change from Present Budget	Engrossed House Bill 1012	Change from Executive Budget
General Fund	\$4.6	\$5.85	\$1.25	\$5.85	\$0.0
Federal Aid					
Regular Federal Aid	604.4	656.9	\$2.5	656.9	0.0
Federal Stimulus	176.1	24.1	-152.0	24.1	0.0
Special Funds					
Permanent Oil/Tax fund	0.0	228.6	228.6	0.0	-228.6
-Extraordinary State Highway Maintenance	0.0	142.0	-142.0	0.0	-142.0
-County and township road program					
Other SF Revenue	458.9	490.8	31.9	462.0	-28.8
TOTAL	\$1,244.0	\$1,548.3	\$304.3	\$1,148.9	\$-399.4
Other Transportation Revenue					
Weather-Related Cost- Sharing	\$59.9	0.0	\$-59.9	0.0	0.0
Disaster Relief Funding	\$43.0	0.0	\$-43.0	0.0	0.0
GRAND TOTAL	\$1,346.9	\$1,548.3	\$201.4	\$1,148.9	\$-399.4

Engrossed HB 1012

Impact on Highway Tax Distribution Fund Revenues

Removes 25% Motor Vehicle Excise Tax

- \$46.34 million revenue reduction to proposed Highway Tax Distribution Fund level
 - \$28.41 million revenue reduction to NDDOT (61.3%)
 - \$10.19 million revenue reduction to counties (22%)
 - \$5.79 million revenue reduction to cities (12.5%)
 - \$1.25 million revenue reduction to townships (2.7%)
 - \$0.7 million revenue reduction to public transportation (1.5%)

Engrossed HB 1012

Impact on Dedicated County, City, and Township Revenues

- Provides \$25 million of general funds to counties, cities, and townships in non-oil producing areas for the 2009-2011 biennium, and another \$25 million for the 2011-2013 biennium.

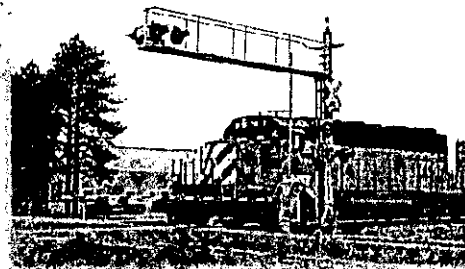
NDDOT
North Dakota
Department of Transportation

67

Engrossed HB 1012

Impact to NDDOT appropriation Highway/Rail Grade Crossing Safety Grants

- The amendments provide \$230,000 continuation of program funded and authorized for 09-11 biennium for Highway/Rail grade crossing (quiet zone) safety grants.



NDDOT
North Dakota
Department of Transportation

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Engrossed HB 1012

Impact to NDDOT appropriation - FTEs & Salary Equity Funds

- Removes 3 requested Transportation Technician positions (\$310,206 – Highways program)
- Removes 2 requested Drivers License Examiner positions (\$180,586 – Driver and Vehicle Services program)
- Removes 1 requested Motor Vehicle Licensing Specialist position (\$101,550 – Driver and Vehicles Services program)
- Removes \$1.1 million salary equity adjustment for heavy equipment operators (Highways Program)



68

Engrossed HB 1012

Impact to NDDOT appropriation Carryover of unspent extraordinary state highway maintenance program funds

- Removes Section 7 of the bill which originally provided that any unspent portion of the \$228.6 million of capital assets relating extraordinary state highway maintenance be carried over into the following biennium.



70

Engrossed HB 1012

Impact on County & Township Road Reconstruction Program Funding percentages and Carryover of Unspent Funds

- Modifies Section 6 of the bill, as follows:
 - Removes the provisions in Section 6, paragraph 8 which originally provided for carryover of unspent County and Township Road Reconstruction Program funds to the subsequent biennium.
 - Changes the percentage of paved roadway projects that can be funded from the County and Township Road Reconstruction Program to 90% from the original 100%.
 - Changes the percentage of an unpaved roadway project that can be funded from the County and Township Road Reconstruction Program to 25% from the original 20%.

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North Dakota
Department of Transportation

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Engrossed HB 1012

Impact of 25% MV Excise Tax Revenue Reduction on the total level of appropriation which is funded

- The amendments reduce the amount shown, as estimated income of the original bill, to \$1,540,741,323 from \$1,542,433,665.
- This is a reduction of \$1,692,342 which matches the reduction in the appropriation.
- This amendment does not accurately reflect the total reduction in income available to NDDOT:
 - The Highway Tax Distribution fund will lose the proposed revenue source consisting of 25% of the Motor Vehicle Excise Tax.
 - The NDDOT revenue loss resulting from this will be \$28.41 million, not \$1.69 million as indicated by the amendments of the original bill.
 - As a result, the NDDOT appropriation proposal as amended will be underfunded by \$27.4 million.

NDDOT
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Department of Transportation

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Engrossed HB 1012

Impact of 25% MV Excise Tax Revenue Reduction on the appropriation for public transportation

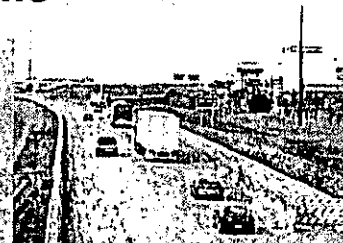
- The reduction of funds for public transportation (\$0.7 million) will result in the inability to fund a like amount of planned public transportation expenditures.
- The House amendments did not reduce the NDDOT appropriation accordingly.
- To properly reflect NDDOT's ability to fund public transportation programs under the revenue proposal as amended by the House, the grants line item in the Highways Program should have been reduced by \$700,000.
- Had this action been included in the amendments, the NDDOT appropriation would be underfunded by **\$26.7 million**.

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Highway Fund Revenue Impacts from other Bills

The OMB appropriation bill (SB 2015) originally transferred \$370,600,000 from the Permanent Oil Tax Trust Fund to the Highway Fund to fund \$228,600,000 for extraordinary state highway maintenance and \$142,000,000 for county and township road reconstruction.



- This provision was removed in the engrossed version of SB 2015 but the engrossed NDDOT appropriation bill (HB 1012) is written as if this revenue source will be available to the Highway Fund.
- Unless this revenue source is reinstated or replaced, NDDOT will experience an additional revenue shortage of \$370,600,000.
- Engrossed HB 1451 effectively eliminates the Permanent Oil Tax Trust Fund and places the proceeds of that fund into the State General Fund. Future reinstatement of the provisions from section 6 of the original version of SB 2015 will have to be written to accommodate this change.

NDDOT
North Dakota
Department of Transportation

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Revenue/Expenditure Charts

Financial Chart Attachments

- Chart B (green) Executive Recommended = Balanced
- Chart C (blue) Engrossed = Shortfall \$26.7 million
- Chart D (yellow) Engrossed with removal of Permanent Oil Tax Trust Fund Revenue = Shortfall \$397.3 million

Summary

Transportation infrastructure investment results in many benefits:

- Creates jobs and strengthens the economy.
- Improves safety.
- Improves mobility for our citizens and businesses.

With these and other benefits in view, NDDOT is working hard to "provide a transportation system that safely moves people and goods."

Run Date: 01/11/11

80100 - Transportation, Department of

Oper. Unit: 801 - DOT

Appropriation Status Report

For the Month Ending 01/31/11

Percent of Biennium Remaining 21%

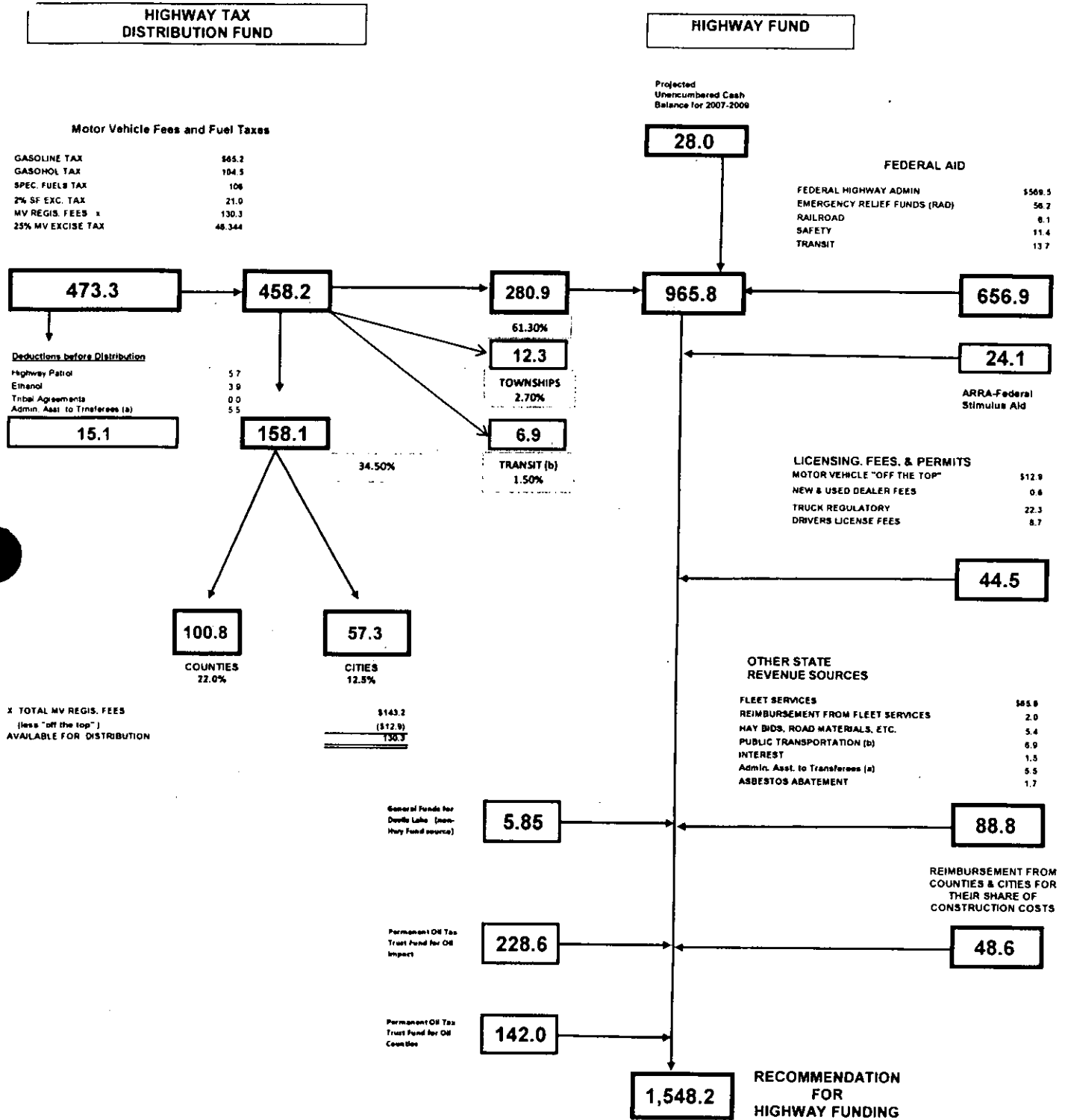
NDS4310AA_2011B

Biennium 09-11

	<u>Original</u>	<u>Current</u>	<u>Expenditures</u>	<u>Remaining</u>	<u>Encumbrances</u>	<u>Percent</u>
	<u>Appropriation</u>	<u>Appropriation</u>		<u>Appropriation</u>		<u>Remaining</u>
Expenditures by Line Item						
80110	Salaries and Wages	147,373,254.00	153,373,254.00	116,635,335.42	36,737,918.58	0.00 24%
80130	Operating Expenses	188,805,014.00	214,972,514.00	145,412,700.93	69,559,813.07	21,275,997.59 32%
80150	Capital Improvements	666,588,548.00	718,401,648.00	520,392,323.46	198,009,324.54	9,638,436.96 28%
80151	Construction Carryover	0.00	11,244,166.00	10,723,930.80	520,235.20	0.00 5%
80160	Grants	69,766,101.00	75,266,101.00	36,665,007.06	38,601,093.94	12,622,036.34 51%
80175	Federal Stimulus Funds - 2009	176,082,671.00	186,645,094.00	150,352,152.32	36,292,941.68	1,949,730.98 19%
80178	General Fund Transfer	0.00	4,600,000.00	4,600,000.00	0.00	0.00 0%
Total Expenditures		1,248,615,588.00	1,364,502,777.00	984,781,449.99	379,721,327.01	45,486,201.87 28%
Expenditures by Funding Source						
	General Fund	4,600,000.00	4,600,000.00	4,600,000.00	0.00	0.00 0%
	Federal Funds	780,465,695.00	867,901,718.00	594,654,098.49	273,247,619.51	29,287,241.90 31%
	Special Funds	463,549,893.00	492,001,059.00	385,527,351.50	106,473,707.50	16,198,959.97 22%
Total Expenditures by Source		1,248,615,588.00	1,364,502,777.00	984,781,449.99	379,721,327.01	45,486,201.87 28%

DEPARTMENT OF TRANSPORTATION HB 1012 - EXECUTIVE RECOMMENDATION 2011 - 2013 BIENNIUM REVENUE

(MILLIONS)

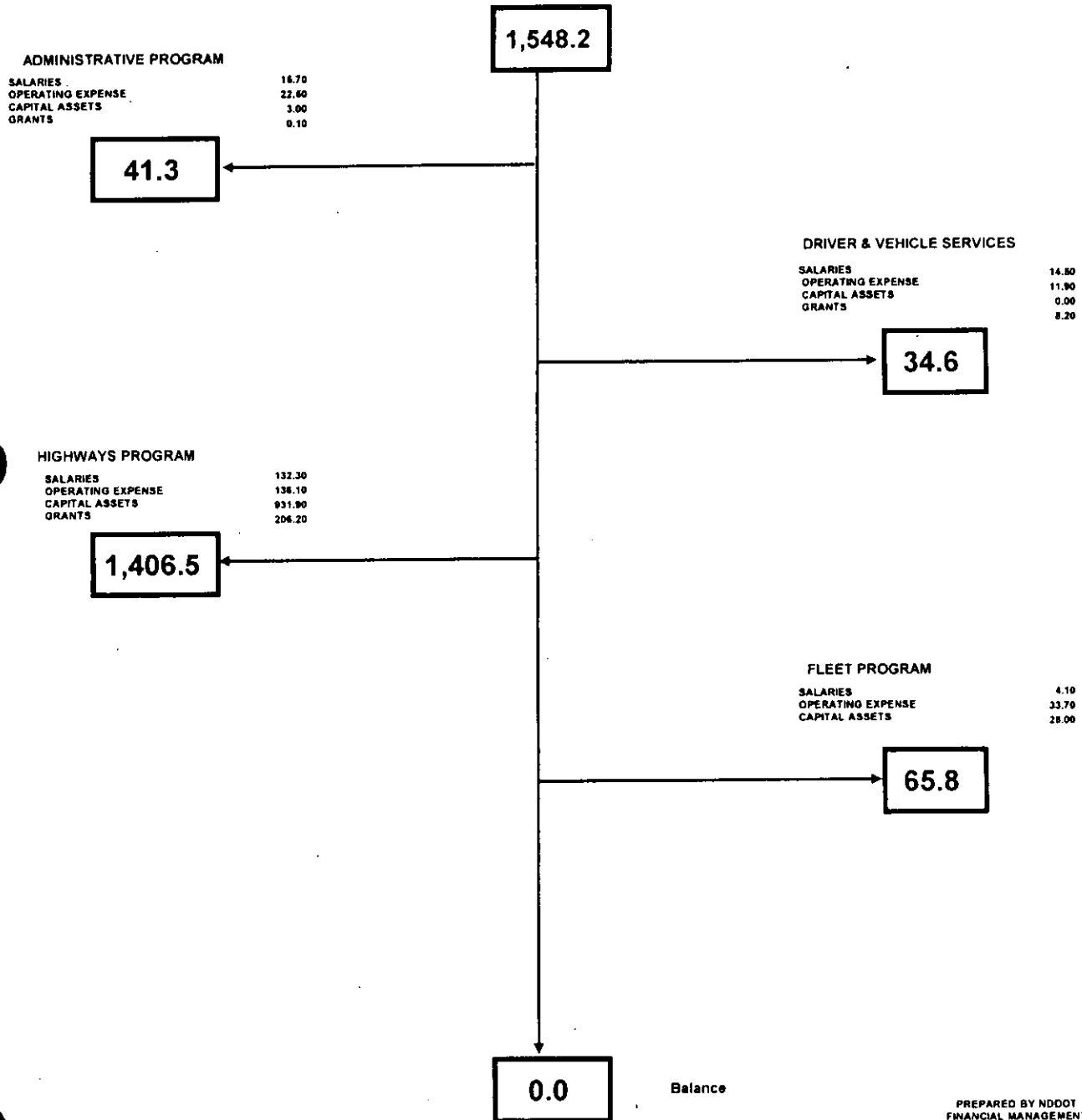


* TOTAL MV REGIS. FEES
(less "off the top")
AVAILABLE FOR DISTRIBUTION

\$143.2
(\$12.9)
130.3

DEPARTMENT OF TRANSPORTATION HB 1012 - EXECUTIVE RECOMMENDATION 2011 - 2013 BIENNIUM EXPENDITURES

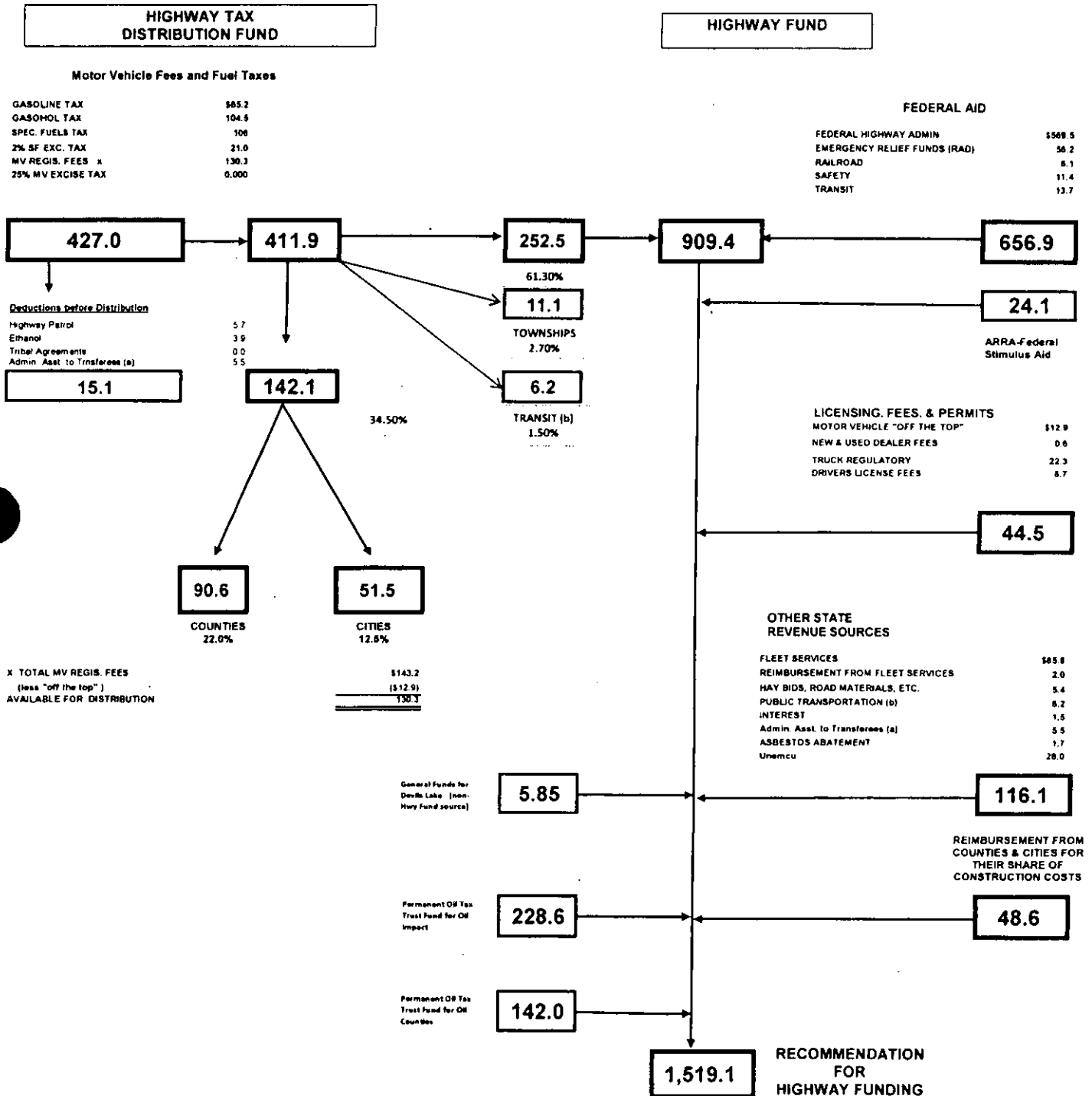
(MILLIONS)



PREPARED BY NDDOT
FINANCIAL MANAGEMENT
DIVISION
DECEMBER 20, 2010

DEPARTMENT OF TRANSPORTATION HB 1012 - EXECUTIVE RECOMMENDATION - WITH HOUSE AMENDMENTS 2011 - 2013 BIENNIUM REVENUE

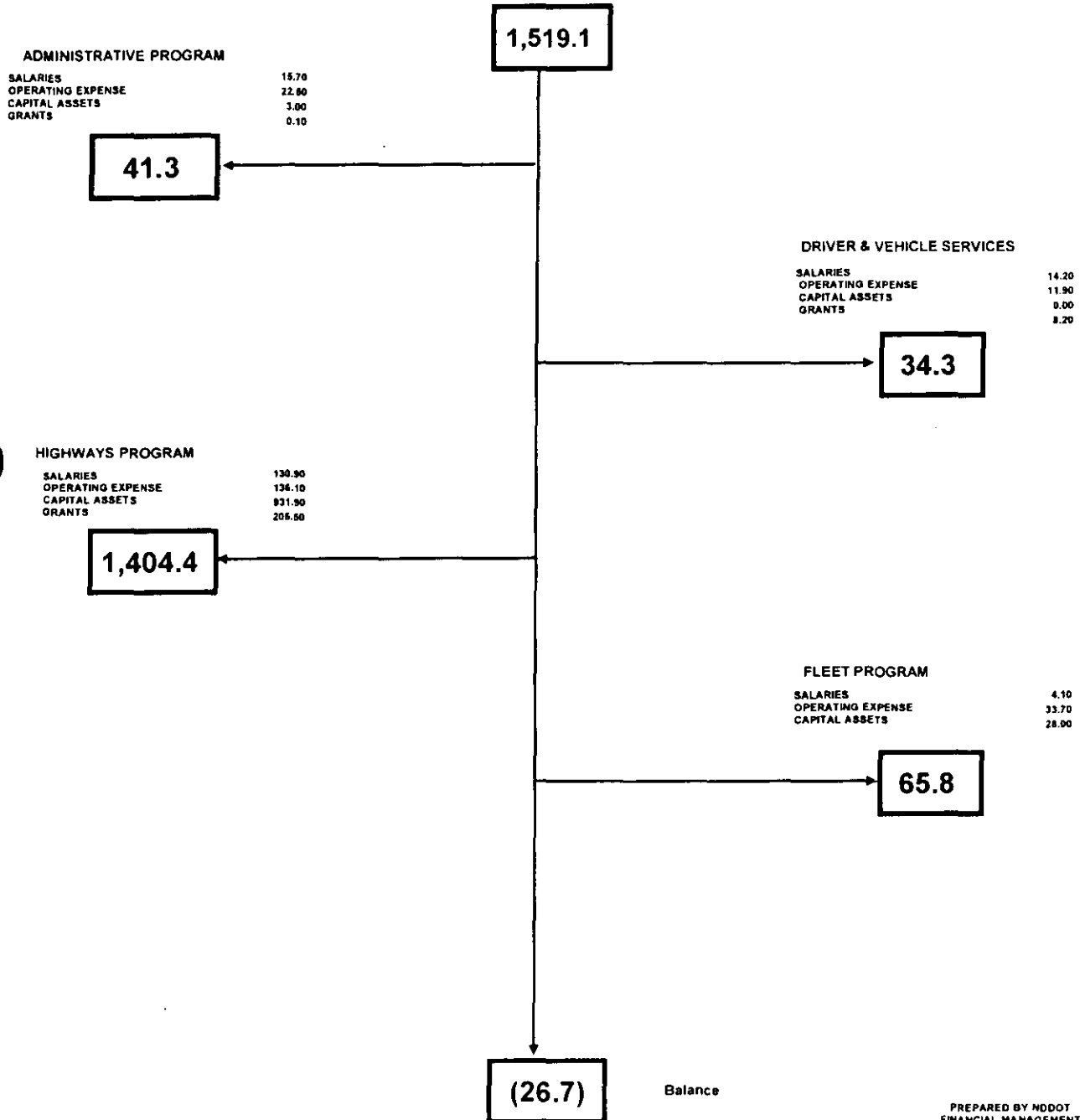
(MILLIONS)



PREPARED BY NDDOT
FINANCIAL MANAGEMENT DIVISION
FEBRUARY 22, 2011

DEPARTMENT OF TRANSPORTATION HB 1012 - EXECUTIVE RECOMMENDATION 2011 - 2013 BIENNIUM EXPENDITURES

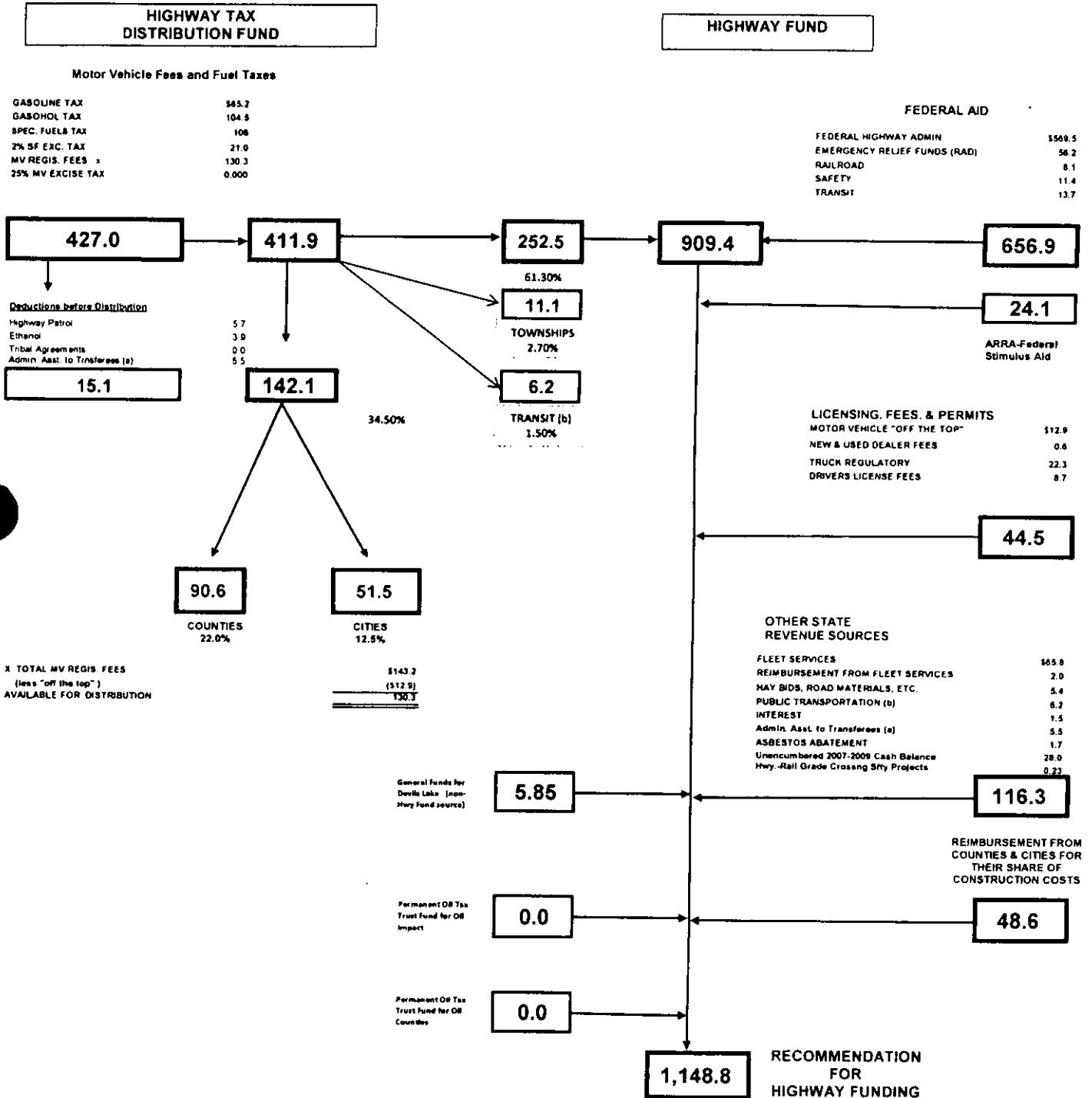
(MILLIONS)



PREPARED BY MDDOT
FINANCIAL MANAGEMENT
DIVISION
FEBRUARY 22, 2011

**DEPARTMENT OF TRANSPORTATION
ENGROSSED HB 1012 - WITH REVENUE LOSS FROM SB 2015
2011 - 2013 BIENNIUM REVENUE**

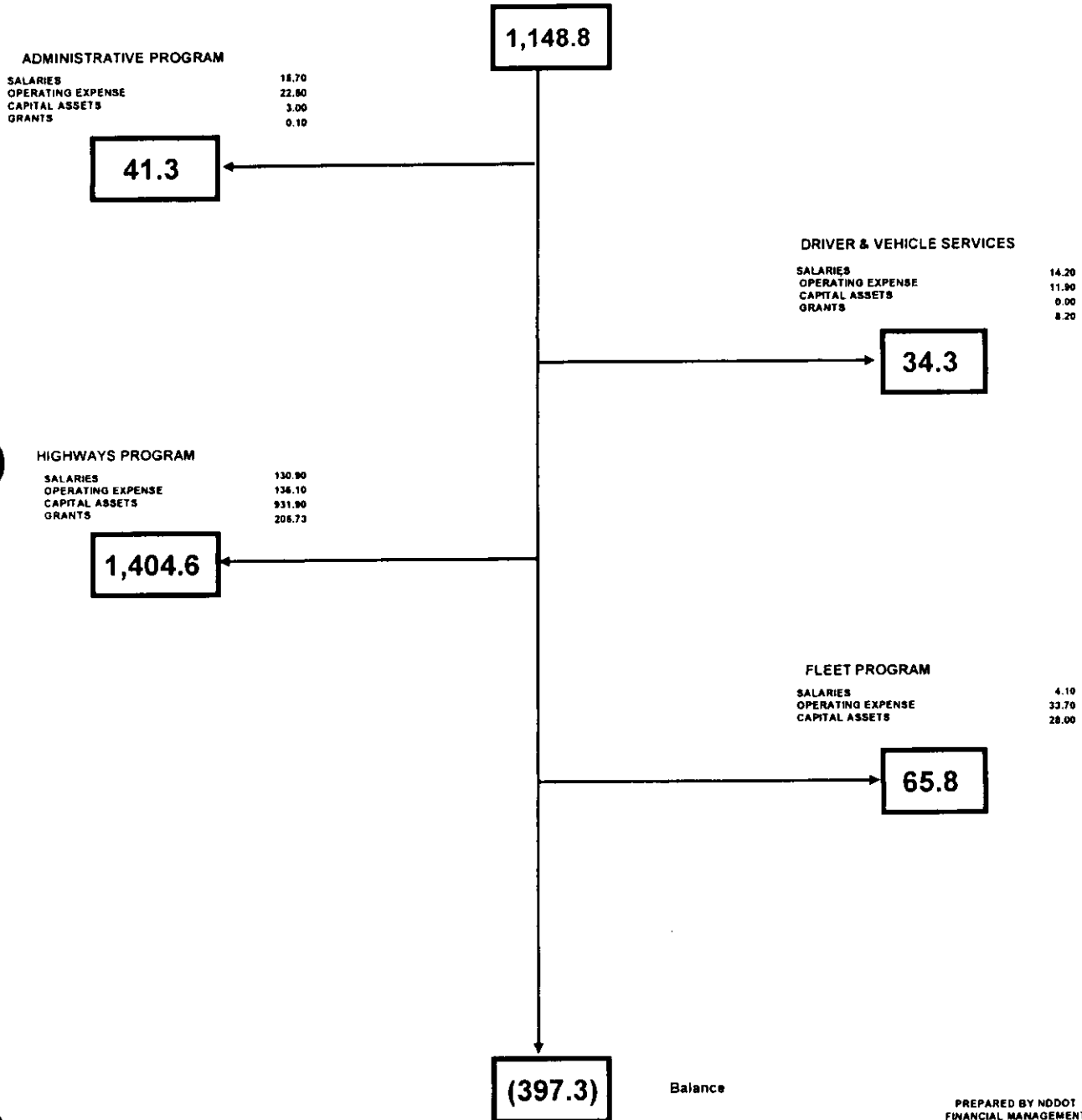
(MILLIONS)



PREPARED BY NDDOT
FINANCIAL MANAGEMENT DIVISION
MARCH 1, 2011

DEPARTMENT OF TRANSPORTATION ENGROSSED HB 1012 - WITH REVENUE LOSS FROM SB 2015 2011 - 2013 BIENNIUM EXPENDITURES

(MILLIONS)



PREPARED BY NDDOT
FINANCIAL MANAGEMENT
DIVISION
MARCH 1, 2011

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History of Highway Investments in NDDOT Districts
 (1995 - 2010)
 (\$ 000's)

Year	District 1 Bismarck	District 2 Valley City	District 3 Devils Lake	District 4 Minot	District 5 Dickinson	District 6 Grand Forks	District 7 Williston	District 8 Fargo
1995	\$34,318	\$14,503	\$15,510	\$9,186	\$16,069	\$21,583	\$12,099	\$22,506
1996	\$30,075	\$5,641	\$20,892	\$9,149	\$7,095	\$21,419	\$15,860	\$26,036
1997	\$16,702	\$30,004	\$46,506	\$20,798	\$14,024	\$28,764	\$15,219	\$40,952
1998	\$40,484	\$17,171	\$26,579	\$9,692	\$29,156	\$17,053	\$15,826	\$41,738
1999	\$33,510	\$24,975	\$38,762	\$14,606	\$15,759	\$22,876	\$13,815	\$41,707
2000	\$8,005	\$29,963	\$11,135	\$14,185	\$28,373	\$24,375	\$12,462	\$53,389
2001	\$32,703	\$39,235	\$44,114	\$18,155	\$26,196	\$9,080	\$13,040	\$57,758
2002	\$41,255	\$29,880	\$26,775	\$29,978	\$24,373	\$13,202	\$4,989	\$62,828
2003	\$27,020	\$19,366	\$20,080	\$24,047	\$17,225	\$14,880	\$71,107	\$30,882
2004	\$35,829	\$27,932	\$25,839	\$23,935	\$11,901	\$23,055	\$12,591	\$65,488
2005	\$38,490	\$30,849	\$54,783	\$18,881	\$22,377	\$18,462	\$29,130	\$34,659
2006	\$71,534	\$30,086	\$21,083	\$28,321	\$34,557	\$20,858	\$51,723	\$64,926
2007	\$41,391	\$41,666	\$11,154	\$34,540	\$39,895	\$29,438	\$36,012	\$34,872
2008	\$27,033	\$15,465	\$34,413	\$25,949	\$40,905	\$37,334	\$32,106	\$81,984
2009	\$37,082	\$20,358	\$26,308	\$39,998	\$44,879	\$70,501	\$29,748	\$100,627
2010**	\$60,851	\$33,665	\$186,510	\$51,333	\$33,893	\$54,471	\$36,771	\$77,370
TOTAL	\$576,282	\$410,759	\$610,443 *	\$372,753	\$406,677	\$427,351	\$402,498	\$837,722

*Includes \$273,428,000 in E.R. Funding.

**Some of the 2010 projects were not completed and will be carried over into 2011.

Includes some County and City projects.

Testimony to the Senate Appropriations Committee

Prepared March 16, 2011

Regarding HB 1012

Chairman Holmberg and members of the Appropriations Committee. My name is Jim Arthaud and I am a Billings County Commissioner. I also sit on the Oil and Gas Association's Board of directors. We are here today to express our strong support for HB 1012. Before I begin, I would like to thank the legislature for their efforts in the past and today for focusing on the unique needs facing the western part of our State. I know that this will sound a bit familiar since we were just here supporting HB 1013 but as you know HB 1012 and HB 1013 are both intertwined with the plan laid out to help address the western part of our state. HB 1013 provides grant funding for political subdivisions which is certainly critical but HB 1012 is another critical part of the equation and we ask that you not only give it a do pass but also address a couple of concerns.

First HB 1012 provides an appropriation to the Department of Transportation to help provide resources to the western part of our State. As you know, our State has seen an unprecedented explosion of growth due to increased oil and gas production. This growth has been exceedingly beneficial for all North Dakotans. We are now approaching nearly 400,000 barrels of oil being produced a day but all of that production comes with a price. Our infrastructure is broke and we need your help.

HB 1012 provides some much needed infrastructure support. After last session the legislature was clear with the political subdivisions receiving the Gross Production Tax. Political subdivisions were expected to spend the money in a strategic way. Under this understanding, the political subdivisions in the energy impacted areas sought direction and input from all sources including the legislative branch, the executive branch, local political subdivisions, industry and ordinary citizens impacted by the oil boom. It was quickly recognized this development had such a fast paced movement and long term potential that it was important to not simply put dollars into infrastructure in a haphazard manner but a long term plan was required.

With that as our goal, we engaged the Upper Great Plains Transportation Institute to develop a strategic plan to ensure road infrastructure met this long range planning. UGPTI conducted a road by road analysis of the entire region overlying well locations, pipeline corridors, rail locations and other distribution points. The purpose was not to determine what percentage of dollars the state, county, city or township roads needed. The purpose was to drill down and decide the exact roads and infrastructure that were needed to continue this remarkable industrial revolution that was happening in the west.

The ultimate result of this effort was to go back to the legislature in 2011 and seek funding based on the strategic plan laid out by the UGPTI study. Currently, two agency

bills, HB 1013 and this bill, HB 1012, embrace the strategic concepts created during the interim.

What HB 1012 does is to provide an appropriation of \$142 million dollars to the local road network. This funding is for county and township roads which helps support the oil industry in their quest to develop the Bakken and other oil plays. This funding will be distributed by the DOT in accordance with the UGPTI study which will ensure compatibility and accountability of the local road networks.

We certainly appreciate the legislature's attention and support to HB 1012. The House overwhelmingly passed HB 1012 - 89 to 4. However, we do ask that this committee consider revisiting section 8(4). As originally proposed, HB 1012 did not require a local match for road infrastructure improvement for paved roads. As passed by the House HB 1012 now requires a 10 % match for local paved roads. We believe this provision is unnecessary and is contrary to the intended purpose of HB 1012 which was to provide extra resources for road improvements. Quite frankly, our local budgets are already stretched thin just trying to keep pace with our own current improvements.

We also cannot stress enough the importance of the current emergency clause. Our needs are now. We cannot afford to lose even one construction season. We ask that you continue to support this immediate funding so we can begin carrying out our strategic plans so this important industry can continue to flourish and benefit us all.

Thank you for your attention to this matter and we respectfully ask this committee to give a unanimous do pass recommendation to HB 1012.

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Testimony Presented on HB 1012 to the

Senate Appropriations Committee
Ray Holmberg, Chairman

by

Jim Gilmour, Director of Planning and Development
City of Fargo

March 16, 2011

Mr. Chairman and Members of the Committee:

I am here to speak on behalf of the Fargo City Commission to request an increase in the appropriation for public transportation rather than the decrease that would occur under the current version of HB 1012.

Public Transportation Need

Public transportation is very important to many residents of Fargo. According to the US Census, over 3,000 households in Fargo do not have access to an automobile. Households without automobiles need public transportation for transportation to work, to access health care, for shopping, and for basic services. There are a wide range of household types that do not have access to an automobile. A third of those without cars are elderly. Others include people with disabilities, students, and lower income households.

The Fargo-West Fargo public transportation system includes 11 fixed route buses that operate six days a week from 6:15/7:15 in the morning to 10:15 in the evening. Paratransit service is provided for persons who have a mental or physical disability that limits their ability to use the fixed route bus system. Seven or eight buses operate each day to provide transportation for these persons. In addition to the public transportation system provided by the City of Fargo, Valley Senior Services provides rides to senior citizens, in

partnership with the City of Fargo which provides access to federal funding for their vehicles. There is a growing need for public transportation in Fargo. Fixed route buses provide over a million rides a year. Paratransit provides over 35,000 rides to Fargo-West Fargo residents. The Senior Ride program operates at capacity and has to decline many ride requests.

Public Transportation Financing

The City of Fargo already provides significant local property tax resources for public transportation. In 2011, the City budgeted \$914,000 to match federal grants, which is about a property tax levy of 3 mills. West Fargo also provides over \$100,000 a year in local funds for public transportation. Fixed route bus riders contribute \$550,000 a year in farebox revenue. State funding, as proposed by the current version of this bill, would be about \$270,000 a year -- which is less than the amount received over the past two years.

Increased Public Transportation Needs

There are several reasons that public transportation costs are increasing in Fargo. First, diesel prices are much higher, and Fargo will spend over \$400,000 a year on fuel for public transportation vehicles. A 10% change in fuel prices has a significant effect on the transit budget. Second, there is a growing demand for paratransit service, and the city is required to provide the amount of service that is requested. Third, there is an increasing number of elderly persons in the community, and a growing need for public transportation for senior citizens. Fourth, there is a need for additional bus routes to serve the south side of Fargo where growth has occurred over the past 20 years.

Long Term Funding

The City of Fargo needs a significant increase in long term state funding for public transportation. The most significant cost of providing public transportation is the long term operating costs, which are much greater than the capital costs. The Federal Transit Administration provides funds for 80% of capital costs, and 50% of operating costs. The one year operating cost of a bus is about as much as the full "one time" capital cost of a bus. This makes the local cost of providing the service much more of a financial cost than the 20% local share of a cost of a bus. Cities and rural transportation providers need to plan years ahead in deciding if a new bus route should be started or if additional vehicles should be acquired. Long term state funding is needed to meet the public transportation of our residents. Local public transportation providers cannot expand public transportation services to meet today's needs if the future funding is not sustainable.

Summary

I request that the Legislature provide increased long term funding for public transportation (along with other infrastructure needs) so that local governments can provide for the public transportation needs. Public Transportation is important to our economy as it provides people with access to jobs. It is important to the quality of life for elderly persons and people with disabilities as it provides access to basic services. It is important to provide access to areas of Fargo where parking is in short supply such as the downtown and NDSU. As gas prices increase, it is also important to the environment and national security that we encourage energy conservation in every way, including public transportation.

Testimony in Support of HB 1012, Senate Appropriation Committee

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March 16, 2011

Good Morning Chairman Holmberg and members of the committee. I am Darrell Francis, Director of Souris Basin Transportation - a rural public transit provider in North Central North Dakota counties.

Transit providers are strongly in support of HB 1012. During the last three sessions, transit has been fortunate enough to receive increases in funding. With this additional money, statewide rides have increased by 25%, and increases have been seen in routes, hours, and rides per vehicle (see attached page). This is a good start in improving public transit opportunities in North Dakota, but we know there are many more transit needs not being met.

In our 7 counties of Burke, Mountrail, Renville, Ward, Bottineau, McHenry and Pierce, we have increased routes and hours that allow individuals to get to dialysis units and medical facilities in Minot, Williston and the Minot Air Force Base. We have also expanded local services to provide rides to senior centers, daycare facilities, shopping, local clinics, schools and employment seven days a week. Our ridership has increased 163% from June/08 to July/10, from 31,135 rides to 81,922 rides. At the present rate we will approach 90,000 rides this year. One of our main goals in rural transit is to help people access the services they need so they may stay in their homes, farms and communities longer. We could only have provided this improved service with the increases we have received in State Transit funds.

Because of one time funding for the transit this biennium, under the current version of HB 1012, transit would see a \$1,000,000 cut (15%) in 2011-2013. We are asking the Excise Tax be put back into HB1012 in the Highway Tax Distribution Fund. The 25% Excise Tax the Governor's Budget recommended would still put Transit \$300,000 short of equal funding to the current biennium. For Transit to not take a cut in funding, there would need to be at least 40% of the excise tax put into the highway tax distribution fund. This steady source of revenue would also help townships, cities and counties with their funding needs instead of all of us having to rely on one-time appropriations each biennium.

Another immediate concern for Transit Providers, are the projections for fuel costs to soar over the \$4.00/gallon mark this year. Transit drives more than 6 million miles a year in North Dakota. A \$0.75 or more increase in fuel would be detrimental to current transit operations throughout the state. Our organization is already seeing an increase of nearly \$20,000 at the present prices for \$3.35/gallon of fuel for our present budget. We estimate at least a \$45,000 shortfall for the fuel budget. Labor costs for our oil communities and counties have increased our costs by 15%: estimates for the fiscal year of \$75,000. Combinations of just the two items alone, will make it extremely difficult to provide additional transit services to those in need.

Federal dollars are still available at 50/50 match for operations, vehicle grants at 80/20. The State Aid Transit dollars help make the necessary match to operate and purchase transit handicapped accessible vehicles. We ask for your support of the very much needed transit funding increase.

If you have any questions, I would be happy to answer them. Thank you for your consideration of this testimony.

Compilation of Data from Agencies that Receive State Aid
for Public Transportation Funds

		July 1, 2005 - June 30, 2006 State Aid Statistics	July 1, 2009 - June 30, 2010 State Aid Statistics	Percent Change
1	State Aid Funds Spent for Capital or Capital Match	\$15,107	\$259,953	1720.75%
2	State Aid Funds Spent for Operating Expenses	\$1,948,613	\$3,191,725	163.79%
3	Total Operating Costs	\$10,806,810	\$17,925,246	165.87%
4	Miles Driven	4,611,248	6,120,798	132.74%
5	Rides Given	2,407,359	3,011,180	125.08%
6	Vehicles	272	284	104.41%
7	Cost Per Mile	\$2.34	\$2.93	125.21%
8	Cost Per Ride	\$4.49	\$5.95	132.52%
9	Cost Per Vehicle	\$39,731	\$63,117	158.86%
10	Miles Driven Per Vehicle	16,953	21,552	127.13%
11	Rides Per Vehicle	8,851	10,603	119.79%

		July 1, 2008 - June 30, 2009 State Aid Statistics	July 1, 2009 - June 30, 2010 State Aid Statistics	
12	Hours Vehicles in Service *	425,084	458,326	107.82%
13	Hours Per Vehicle *	1,476	1,614	109.35%

* Note: Hours/vehicle comparisons are for a one year time frame. This data was not tracked in the 2005-06 period that is used for the rest of the comparisons.

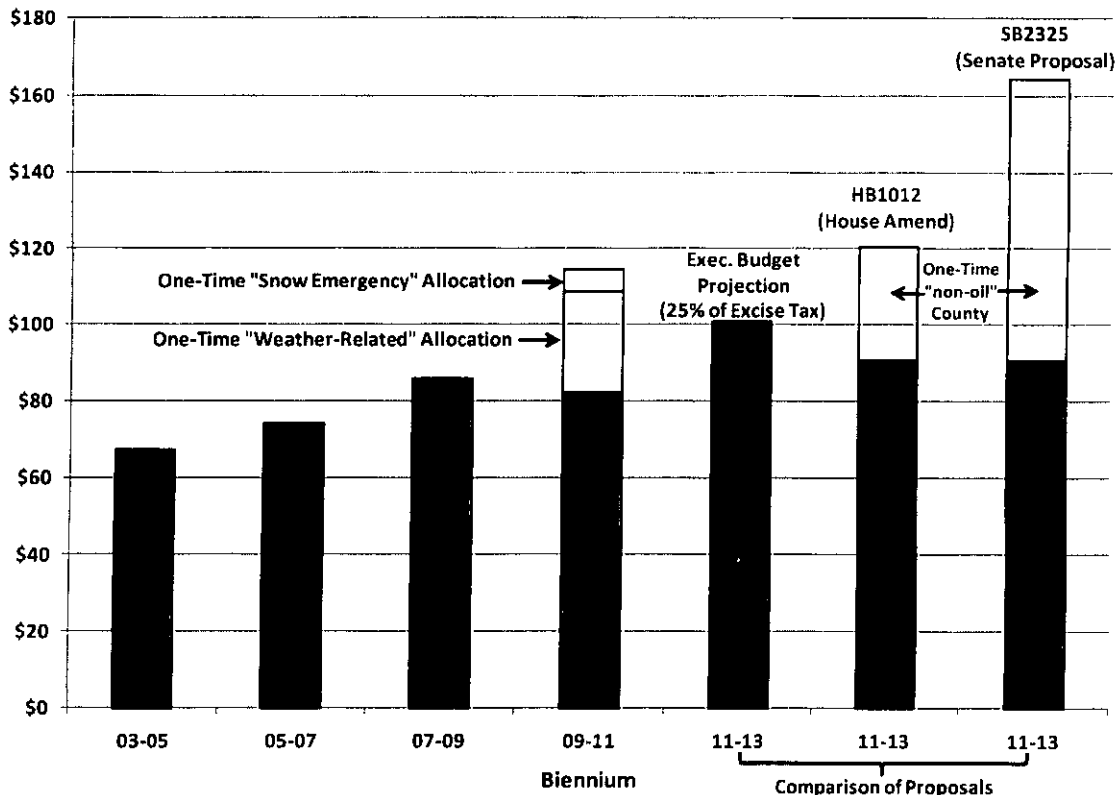
**Testimony To The
SENATE APPROPRIATIONS COMMITTEE
Prepared March 16, 2011 by
Terry Traynor, Assistant Director
North Dakota Association of Counties**

REGARDING ENGROSSED HOUSE BILL No. 1012

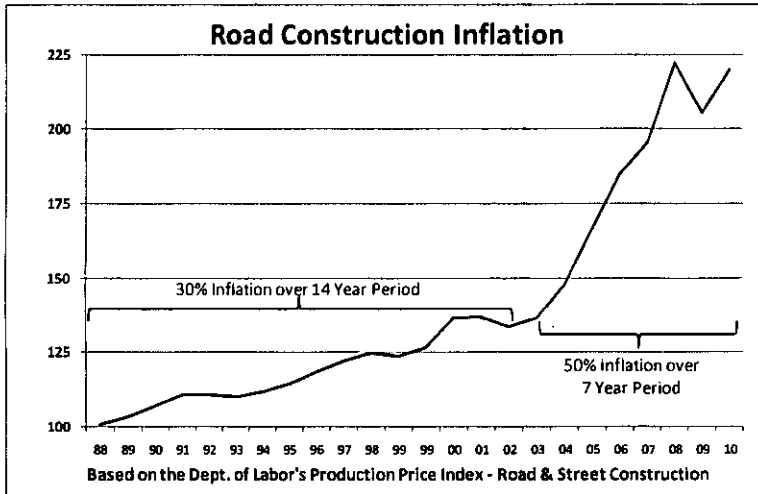
Chairman Holmberg and members of the Committee, county officials are obviously very supportive of the funding proposed for local roads in Engrossed House Bill 1012, but the trend in this funding also prompts some concerns.

As the chart below illustrates, although a slight increase in base funding, the revenue proposed in the House-amended NDDOT Budget (HB1012) for county roads statewide provides very modest growth in comparison to the escalating costs of road construction and maintenance – and like last Session, it proposes one-time funding rather than a mechanism for longer term growth.

**State Highway Distribution Fund
County Share Only - Dollars in Millions**



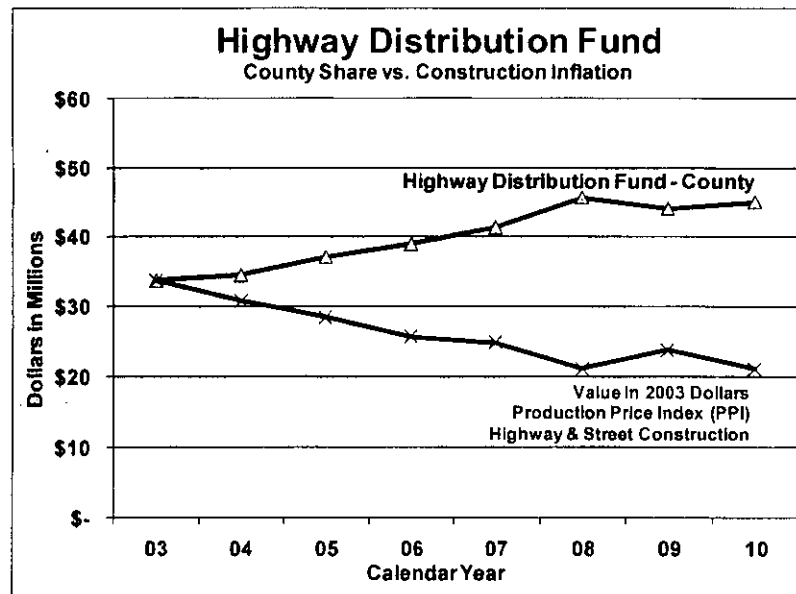
The UGPTI study presented to this Committee earlier this Session clearly demonstrated that a combination of changing patterns of use, relatively flat federal and state funding, and rapidly increasing costs; aggravated by extraordinary weather conditions, have together impacted local roads to an unprecedented degree.



Rightly, or wrongly, counties have been criticized that some lack long-term, coordinated planning for regional transportation needs. A funding "plan" that relies on uncertain, one-time, appropriations does little to improve local planning efforts.

The diagram above charts the inflation (nationally) that those responsible for road construction are facing. Some suggest that the small dip in 2009 was not realized in North Dakota.

When this inflation rate is coupled with the long-term trend in state support of local roads, we see that county support is not only going backwards, but backwards quite rapidly. It would be the hope of county officials from across the State that as you begin to construct your funding recommendations for rural



roads, the long-term needs of our entire state's secondary road infrastructure is addressed.

Testimony – HB 1012
Senate Appropriations Committee
March 16, 2011

Mr. Chairman and committee members: first, I would like to thank all of you for your time and commitment to the great state of North Dakota.

My name is Rob Rebel. I am the Senior Aggregate Engineer for Knife River Corporation. Our corporation does business in seventeen states, our corporate office is located here in Bismarck and we are proud to call North Dakota our home. Knife River Corporation is a materials construction company that produces aggregate, asphalt, ready mix, and liquid asphalt, in addition to providing general highway construction services. I sincerely appreciate the opportunity to testify today in support of HB 1012.

As you know, we are once again in a period of extensions to the federal highway bill. The current extension takes us through September 30 of this year. Without the passage of a full 6-year program, state DOT's find it difficult to plan and release construction projects. Historically, we have seen that this funding uncertainty results in a reduced volume of projects released for construction. Basically, the DOT's are hesitant to plan for and release projects

while funding is uncertain. This is just one reason it is crucial to our industry, and our state's infrastructure, that you approve HB 1012.

I think it goes without saying that all of us in this room understand that thriving economies are dependent on quality infrastructure. Study after study indicates that economies simply cannot thrive in the face of crumbling infrastructure. We would probably all agree that North Dakota has not experienced the economic difficulties other states have in recent years. Certainly, we all agree that the oil activity has some affect on this. At the same time the oil activity is bringing money to our state budgets, it is severely impacting the infrastructure in that area, and there is no doubt whatsoever that we are not keeping up with, much less staying ahead of the maintenance or improvement of the infrastructure to support this crucial industry. In addition to the impact in this particular area of the state, the last few winters have yielded high amounts of precipitation which has helped to advance the deterioration of roadways throughout the state. With the federal government's inability to pass a long term highway bill it is critical for the state to provide funding to ensure the quality of our infrastructure.

Two years ago, I had the opportunity to testify before the North Dakota House Appropriations Committee in favor of SB 2012 which

allocated approximately \$150M from our general fund to the highway fund. The bill was approved at the very same time the federal stimulus program funds started to roll in. The amount of stimulus funds dedicated to our highways and bridges was about \$170M. Together, these two programs brought approximately \$320M (or about \$160M per year) of additional funds to our program. One of the concerns voiced at the time was “Does industry have the capacity to do the work?” The projects were awarded, the work was completed... so the answer to that question is **YES, we have the capacity to complete the work.** This year, we are hearing the same concern, so I would like you to consider these facts:

First, over the years, many of our contractors have sought work outside North Dakota’s borders in our neighboring states of South Dakota, Montana, Wyoming, and Minnesota in order to keep their people employed and their equipment working. Second, consider also the fact that a relatively flat DOT budget in a world of rising costs means our contractors have been adjusting to smaller amounts of work each year. Third, it is a fact that many of our contractors have reduced their workforces over the years as the volume of work continued to decrease. Finally, North Dakota has been advertised as having a healthy economy amidst the national recession. This has helped draw the attention of contractors from outside North Dakota

adding additional capacity. **We have the capacity and we would enjoy the opportunity to prove it.**

Mr. Chairman and committee members, on behalf of the North Dakota highway industry, thank you for the opportunity to testify in support of HB 1012, and again, thank you for your service to our state.



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Senate Appropriations Committee
House Bill 1012
March 16, 2011

For decades, the cities and counties in North Dakota have worked with the state's Department of Transportation to address transportation needs. North Dakota's 357 incorporated cities use state, federal and local funds to maintain and improve streets, and transportation funds have become the largest per capita payment to cities.

During the 2009-11 interim, the League participated with representatives of local government, the private sector, the Upper Great Plains Transportation Institute and the state in determining the public's view of our transportation system as a key component in growing North Dakota's economy.

The results of eight meetings around the state did not surprise anyone. There is widespread recognition across the private and public sector that transportation needs have outstripped available funding, but Governor Dalrymple's executive budget goes a long way toward closing the gap between needs and an excellent transportation system.

Together, using all available sources of funds, we have made substantial investments in transportation and this state-local partnership has served us well over the decades. City leaders recognize the value of maintaining a high level of transportation services at the local level, as well as the crucial need for a well-maintained network of highways that connect communities and indeed the United States.

The League supports the North Dakota Department of Transportation's 2011-2013 budget in its original form, as it includes continuation of our longstanding state-local partnership. *We also support restoration of the movement of motor vehicle excise tax into the State Highway Distribution Fund.*

Provided the Senate restores what was amended by the House, we applaud HB 10212's investment in this critical component of economic development, and we will continue to be partners in funding state and local transportation needs.

Connie Sprynczynatyk
Executive Director



North Dakota Farm Bureau

Bringing ag home

1101 1st Ave. N., Fargo, ND 58102
P.O. Box 2064, Fargo, ND 58107-2064
Phone: 701-298-2200 • 1-800-367-9668 • Fax: 701-298-2210

9

4023 State St., Bismarck, ND 58503
P.O. Box 2793, Bismarck, ND 58502-2793
Phone: 701-224-0330 • 1-800-932-8869 • Fax: 701-224-9485

Senate Appropriations Committee

March 16, 2011

HB 1012 Testimony by North Dakota Farm Bureau

presented by Sandy Clark, public policy director

Good morning, Mr. Chairman and members of the committee. For the record, my name is Sandy Clark and I represent North Dakota Farm Bureau.

North Dakota Farm Bureau supports HB 1012. We appreciate the efforts of the 2009 Legislature in adding one-time money to the DOT budget for state, county, city and township roads. We hope with the budget surplus that you can follow through with HB 1012 to make another commitment to infrastructure this Session.

We continue to hear reports from our members who have severe road problems on county and township roads. Often, they cannot travel on some roads, so they have to go the long way around, miles out of the way, to reach fields for planting and harvest or to haul products to the elevator.

Because of rapidly increasing road maintenance and repair costs, counties and townships are strapped for funds to fix these roads.

Transportation infrastructure is important to agriculture. If we want to remain a leader in agricultural production in this country, it is critical that we have a transportation system that allows us to plant, harvest and then haul our commodities to market in the fastest, most efficient method possible.

Agriculture has changed. Today, we are moving larger farm equipment and semi-trucks on these roads. Our roads were not built for this large equipment and these heavy loads.

At the same time, yields have increased, so we are moving a heavier volume and more diversified species of crops. We also have fewer elevators in the state, so we have to move our products longer distances.

We certainly understand the need for transportation infrastructure in the western oil producing counties and we support their request for road funding, also. We have lots of Farm Bureau members in western North Dakota that need help with their road situations. We simply ask that you consider the road concerns for all areas of the state and come up with a balanced, fiscally responsible transportation infrastructure bill that represents the transportation needs of the entire state.

Thank you for your attention and I would try to answer any questions you might have.

*DOT
Sub
3-18-11*

TRANSPORTATION FUNDING INFORMATION

This memorandum provides information regarding the distribution of highway-related funding to the state highway fund and political subdivisions.

HIGHWAY TAX DISTRIBUTION FUND REVENUE SOURCES AND DISTRIBUTION RATES

The majority of funds received from motor fuels taxes and motor vehicle registration fees are deposited in the highway tax distribution fund for allocation to the state highway fund and political subdivisions. Prior to the 2009-11 biennium, one cent per gallon of motor fuels taxes was deposited in the township highway aid fund, and \$3 of each motor vehicle registration fee was deposited in the public transportation fund. The 2009 Legislative Assembly approved changes that provide for the funds to be deposited in the highway tax distribution fund and that the township highway aid fund and public transportation fund receive a distribution from the highway tax distribution fund.

The following table details the changes in the distribution rates approved by the 2009 Legislative Assembly:

Highway Tax Distribution Fund - Distribution Rates		
	2007-09 Biennium	2009-11 and 2011-13 Bienniums
State highway fund	63.0%	61.3%
Counties ¹	23.0%	21.5%
Cities ¹	14.0%	13.0%
Township highway aid fund	0.0%	2.7%
Public transportation fund	0.0%	1.5%
Total	100.0%	100.0%

¹Counties and cities receive a combined total distribution of 34.5 percent which is allocated to counties and cities based on motor vehicle registrations and population levels. The estimated distribution rates are shown.

Funding for selected other state agencies and programs is provided from the highway tax distribution fund. This funding is allocated prior to any distributions being made using the distribution funding formula.

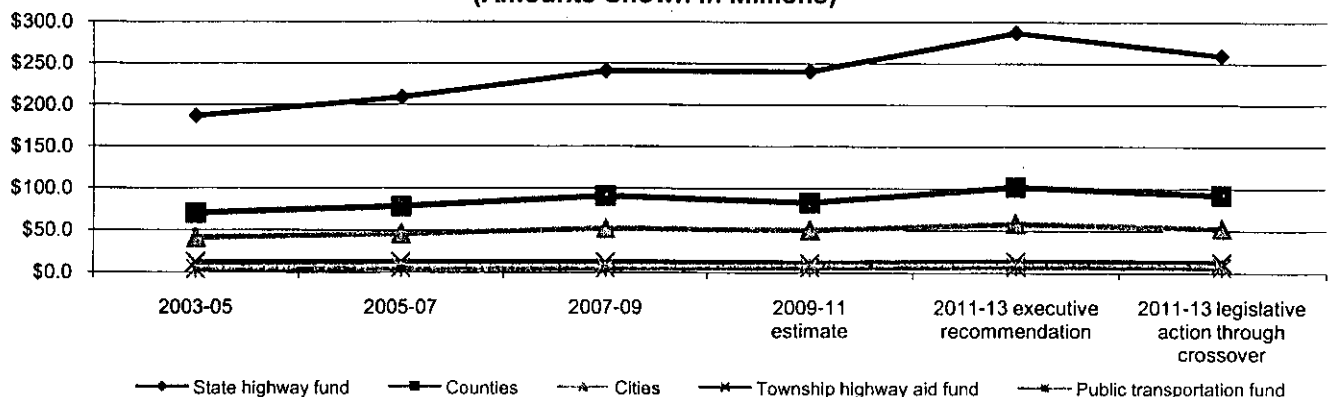
The table below summarizes the other state agencies and programs that receive funding from the highway tax distribution fund.

	2009-11 Biennium Estimate	2011-13 Biennium Executive Recommendation	2011-13 Biennium - Legislative Action as of Crossover
Highway Patrol	\$4,500,000	\$5,600,000	\$4,800,000
Ethanol production incentive fund	3,400,000	3,900,000	3,900,000
Motorboat program and safety account	200,000	200,000	200,000
State snowmobile fund	200,000	200,000	200,000
Total	\$8,300,000	\$9,900,000	\$9,100,000

FUNDING DISTRIBUTIONS FROM THE HIGHWAY TAX DISTRIBUTION FUND, TOWNSHIP HIGHWAY AID FUND, AND PUBLIC TRANSPORTATION FUND

The graph below details funding provided to the state highway fund and political subdivisions from the highway tax distribution fund, township highway aid fund, and public transportation fund.

Highway Funding Distributions
(Amounts Shown in Millions)



Distributions From the Highway Tax Distribution Fund, Township Highway Aid Fund, and Public Transportation Fund (Amounts Shown in Millions)						
	2003-05 Actual	2005-07 Actual	2007-09 Actual	2009-11 Estimate	2011-13 Executive Recommendation¹	2011-13 Legislative Action Through Crossover
State highway fund	\$185.7	\$208.2	\$240.3	\$239.7 ²	\$286.7 ²	\$258.8 ²
Counties	69.0	77.0	89.9	82.1	100.9	90.9
Cities	40.0	44.6	51.3	49.7	57.4	51.7
Township highway aid fund ³	10.8	10.8	11.3	10.3	12.4	11.2
Public transportation fund ⁴	3.1	4.6	4.6	5.7	6.9	6.2
Total	\$308.6	\$345.2	\$397.4	\$387.5	\$464.3	\$418.8

¹The 2011-13 executive recommendation includes a provision to deposit 25 percent of motor vehicle excise tax collections, after distributions to the state aid distribution fund, in the highway tax distribution fund for the 2011-13 biennium only.

²Includes \$5.5 million allocated from the highway tax distribution fund to the state highway fund for administrative costs.

³Prior to the 2009-11 biennium, the township highway aid fund received one cent per gallon from motor fuels taxes. Beginning with the 2009-11 biennium, the fund receives an allocation from the highway tax distribution fund.

⁴Prior to the 2009-11 biennium, the public transportation fund received an additional fee from motor vehicle registration fees. Beginning with the 2009-11 biennium, the fund receives an allocation from the highway tax distribution fund.

ONE-TIME FUNDING FOR TRANSPORTATION

2007-09 Biennium

Section 13 of 2007 House Bill No. 1012 provided that 10 percent of motor vehicle excise tax collections be deposited in the state highway fund rather than the general fund. This provision was effective for the 2007-09 biennium only and was estimated to result in \$14.1 million of deposits in the state highway fund.

Section 3 of 2009 Senate Bill No. 2012 provided a 2007-09 appropriation of \$59.9 million from the general fund to the State Treasurer for weather-related cost-sharing distributions. Of the total appropriation, \$7.5 million was to be distributed to the state highway fund, \$41.4 million to counties (\$26.4 million) and cities (\$15 million) in accordance with the formula used to distribute funds to counties and cities under North Dakota Century Code Section 54-27-19(2), \$10 million to townships in accordance with provisions used to distribute funds to townships under Section 54-27-19.1, and \$1 million to the public transportation fund to be distributed to public transit programs in accordance with Section 39-04.2-04.

2009-11 Biennium

Senate Bill No. 2012 (2009) provided that 25 percent of motor vehicle excise tax collections be deposited in the state highway fund rather than the general fund. This provision was effective for the 2009-11 biennium only and is estimated to result in \$30.5 million of deposits in the state highway fund. One-time funding of \$4.6 million was also provided by the 2009 Legislative Assembly for Devils Lake area road projects.

The engrossed version of 2011 House Bill No. 1012 includes funding of \$25 million from the general fund for 2009-11 biennium transportation funding distributions to non-oil-producing counties. Of this amount, \$15 million would be distributed to counties, \$5 million would be distributed to cities, and \$5 million would be distributed to counties and townships for township road purposes.

2011-13 Biennium

The 2011-13 executive recommendation provided that 25 percent of motor vehicle excise taxes be deposited in the highway tax distribution fund for the 2011-13 biennium only. This would result in \$46.4 million of deposits in the highway tax distribution fund being distributed to the state highway fund (\$28.4 million), counties (\$10.2 million), cities (\$5.8 million), the township highway aid fund (\$1.3 million), and the public transportation fund (\$0.7 million). The executive recommendation provides for \$370.6 million from the permanent oil tax trust fund to be used for state roadway projects (\$228.6 million) and county and township road projects (\$142 million) in areas affected by oil and gas development. The executive recommendation also includes \$5.9 million of one-time funding from the general fund for Devils Lake area road projects.

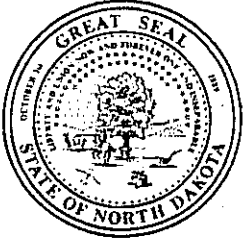
The engrossed version of 2011 House Bill No. 1012 removes the provision to deposit 25 percent of motor vehicle excise taxes in the highway tax distribution fund. One-time funding for roadway projects in areas affected by oil and gas development of \$370.6 million and for Devils Lake area road projects of \$5.9 million is included in Engrossed House Bill No. 1012. In addition, Engrossed House Bill No. 1012 includes funding of \$25 million from the general fund for 2011-13 biennium transportation funding distributions to non-oil-producing counties. Of this amount, \$15 million would be distributed to counties, \$5 million would be distributed to cities, and \$5 million would be distributed to counties and townships for township road purposes.

TOTAL STATE TRANSPORTATION FUNDING

The table below details total regular and one-time state funding provided for transportation:

State Transportation Funding Distributions (Amounts Shown in Millions)					
	2007-09 Biennium Actual	2009-11 Biennium Original Estimate	2009-11 Biennium Reflecting 2011 Legislative Action Through Crossover	2011-13 Biennium Executive Recommendation	2011-13 Biennium Legislative Action Through Crossover
State highway fund					
Ongoing	\$260.2 ¹	\$239.7	\$239.7	\$258.8	\$258.8
One-time	21.6	35.1	35.1	34.3	5.9
Total	\$281.8	\$274.8	\$274.8	\$293.1	\$264.7
Counties					
Ongoing	\$89.9	\$82.1	\$82.1	\$90.9	\$90.9
One-time	26.4	0.0	15.0	10.2	15.0
Total	\$116.3	\$82.1	\$97.1	\$101.1	\$105.9
Cities					
Ongoing	\$51.3	\$49.7	\$49.7	\$51.7	\$51.7
One-time	15.0	0.0	5.0	5.8	5.0
Total	\$66.3	\$49.7	\$54.7	\$57.5	\$56.7
Township highway aid fund					
Ongoing	\$11.3	\$10.3	\$10.3	\$11.2	\$11.2
One-time	10.0	0.0	5.0	1.3	5.0
Total	\$21.3	\$10.3	\$15.3	\$12.5	\$16.2
Public transit fund					
Ongoing	\$4.6	\$5.7	\$5.7	\$6.2	\$6.2
One-time	1.0	0.0	0.0	0.7	0.0
Total	\$5.6	\$5.7	\$5.7	\$6.9	\$6.2
Total ongoing funding	\$417.3	\$387.5	\$387.5	\$418.8	\$418.8
Total one-time funding	74.0	35.1	60.1	52.3	30.9
Total funding	\$491.3	\$422.6	\$447.6	\$471.1	\$449.7
Oil impact area roadways - One-time funding					
State roads				\$228.6	\$228.6
County and township roads				142.0	142.0
Total				\$370.6	\$370.6
Total transportation funding, including oil impact area roadway funding	\$491.3	\$422.6	\$447.6	\$841.7	\$820.3

¹Includes \$19.9 million of motor vehicle registration fees deposited in the state highway fund.



North Dakota Department of Transportation

Francis G. Ziegler, P.E.
Director

Jack Dalrymple
Governor

March 18, 2011

The Honorable Rich Wardner
ND State Senator
Chairman, Senate Appropriations Committee
Senate Chambers
600 East Boulevard Avenue
Bismarck, ND 58505

Dear Senator Wardner:

Subject: House Bill 1012

The North Dakota Department of Transportation appreciated the opportunity to testify before the Appropriations Committee this week on our budget HB 1012. We would like to address some questions that were asked this week and provide information requested in this document.

How many miles of US 2 may require ER funding in the Devils Lake area?

The total number of miles which may be under construction in 2011-2012 is approximately 12.8 miles.

What is your policy on replacement of bridges?

Please see attached document (Attachment A) that provides detailed information on the Federal Highway Administration's Highway Bridge and Rehabilitation Program.

What is the breakdown of transportation funding for state, city, and county levels over the past few bienniums?

The Department is currently working on the development of revenue charts.

Present evidence that county treasurer's are reluctant to take on the added responsibilities of a Motor Vehicle office with the demands being placed on them by the oil industry.

Linda Svihovic, former President of the Association of Counties, is polling all county treasurer offices to determine which offices would be willing to add motor vehicle services as demand increases for these services.

Please let us know if you need any additional information.

Sincerely,

Francis G. Ziegler, P.E.
Director

58/jam
Attachment

UNITED STATES GOVERNMENT

*Memorandum*DEPARTMENT OF TRANSPORTATION
FEDERAL HIGHWAY ADMINISTRATION

DATE: DEC 14 1978

In reply
refer to: HNG-33SUBJECT: Highway Bridge Replacement and
Rehabilitation ProgramFROM: Chief, Bridge Division
Office of Engineering
Washington, D.C. 20590TO: Regional Federal Highway Administrators
Regions 1 - 10

Initial guidelines for the bridge program included in the Surface Transportation Assistance Act of 1978 were transmitted by memorandum dated November 21. Revised regulations will be published soon in the Federal Register. This memorandum will supplement the regulatory material and provide further guidance in the management of the bridge program.

The National Bridge Inventory will be used in the immediate future for preparing the selection list of bridges both on and off the Federal-aid system. Therefore, data for any bridge not currently in the National Bridge Inventory file which the State believes is eligible for the program, should be submitted to Washington Headquarters at the earliest possible time in order that it can be classified and assigned a sufficiency rating. The format for submittal is given in Attachment B of the National Bridge Inventory Edit/Update Program - 1977 distributed by Mr. Lindberg's memorandum of May 10, 1977. The 5-card format is discontinued as of the date of this memorandum.

Bridges considered structurally deficient (SD) or functionally obsolete (FO) will be used for the selection list. (See attachment for revised classification.) Those bridges appearing on the list with a sufficiency rating of less than 50.0 will be eligible for replacement or rehabilitation while those with a sufficiency rating of 80.0 or less will be eligible for rehabilitation. Bridges that are to be rehabilitated must have the potential for an extended service life. Bridges currently being advanced through any of the program stages from previous selection lists are still eligible.

Data items 75 and 84 through 88 must be completed for all bridges on the selection list. This is applicable to those bridges entered in the file with only the data listed in the Abridged (Short Form) Structure Inventory and Appraisal sheet for off-system bridges, even though these items were not included on the original short form. Since Item 52 is used to compute area, it also will be added to the Short Form and must be completed for all bridges. The revised Short Form, containing these new entries, will be issued by January 1, 1979.

The structure number shall be entered as the first item in the Project Location Field on all program documents for bridge projects. If the structure number entered on the program documents is not identical with the structure number in the inventory file, then the corresponding numbers shall be submitted to this office for correlation purposes.

Bridge program funds used for bridge inventory, inspection and classification work shall be identified by the prefix "BR" and the code "NBIS" (in lieu of the route number) followed by an agreement number.

The new appropriation codes for the new programs are:

- 114 - Bridge Replacement (Apportioned - Optional 20 percent Off-System), Section 124.
- 116 - Acceleration of Bridge Projects, Section 147.
- 117 - Bridge Replacement (Apportioned - Mandatory 15 percent Off-System), Section 124.
- 118 - Bridge Replacement (Apportioned - Mandatory 65 Percent On-System), Section 124.
- 119 - Bridge Replacement (\$200 million discretionary fund) Section 124.

The basic material available to the Washington Headquarters for monitoring and reporting purposes are the National Bridge Inventory as submitted by the States and the information contained on the PR-37. The importance of providing complete and accurate data cannot be overemphasized.

Lester A. Herr
Lester A. Herr

Attachment

Copies to:
File 3107
Reader File 3113
Reader File 3208
Chron. File 3107
Book File 3107

HNG-33:LEGifford/SGordon:smm:472-7697:11/27/78

December 1978

Classification of Deficient Bridges (Revised)

General Qualifications:

In order to be considered for either the structurally deficient or functionally obsolete classification, the first digit of Item 5 must be coded "1" and Item 49 must be coded numeric and ≥ 000020 .

Structurally Deficient -

1. A condition rating of 4 or less for
Item 58 - Deck; or
Item 59 - Superstructures; or
Item 60 - Substructures; or
Item 62 - Culvert and Retaining Walls.¹
- or 2. An appraisal rating of 2 or less for
Item 67 - Structural Condition; or
Item 71 - Waterway Adequacy.²

Functionally Obsolete -

1. An appraisal rating of 3 or less for
Item 68 - Deck Geometry; or
Item 69 - Underclearances;³ or
Item 72 - Approach Roadway Alignment.
- or 2. An appraisal rating of 3 for
Item 67 - Structural Condition; or
Item 71 - Waterway Adequacy.²

Any bridge classified as structurally deficient is excluded from the functionally obsolete category.

¹ Item 62 applies only if the last two digits of Item 43 are coded 07 or 19.

² Item 71 applies only if the last digit of Item 42 is coded 0, 5, 6, 7, 8 or 9.

³ Item 69 applies only if the last digit of Item 42 is coded 0, 1, 2, 4, 6, 7 or 8.

Mr. Chairman and members of the senate appropriations committee. It is an honor to appear before you today. For the record I am Rep. Jeff Delzer from district 8 which is the parts of Mclean co and Burleigh co.

I am here to explain why the house introduced 1350 and what we are trying to accomplish. 1350 as amended is the same as 1011 the highway patrol budget bill. 1350 was introduced the same as we passed the highway patrol bill last session (2009). Then we had the council put together the governor's proposal as an amendment to the bill. This then allowed the house to see the request of the highway patrol to OMB and the governor's executive recommendation. Attachment A.

The government operations section then worked the bills 1011 and 1350 and had amendments made which makes the bills the same for the Senate. Attachment B is the amendment for 1011 and attachment c is the amendment for 1350. What we are trying to see is what difference it makes to take an amendment to the floor which shows the actual changes (usually increases) in the budget for the current session compared to the last session. As you can see with even allowing the reduction in staff which the agency has asked for in the past two sessions as well as not allowing the increase in staff that the governor requested it still shows an increase compared to last session. It seemed much easier for the whole house to see what we are actually doing to the budget instead of always talking about reducing the increase which is what attachment b shows.

Maybe in the senate where you can amend on the floor it will be different, but in the house under 1350 if someone wanted to kill the amendment then we would be back to last session's bill as where if they oppose the amendment on 1011 and succeed then the bill would be the governor's recommendation. Also in committee it takes a different vote to remove language than to add language or dollars. The feedback I have received from members is that there may well be a good reason to look at this way of budgeting for more bills next session. I believe it makes more transparency and better understanding especially with non appropriation members of the legislature.

That is why we put 1350 in, we passed both bills to give the senate the chance to see what we did and we understand that only one bill needs to be passed in the end. I hope this is helpful and would try to answer any questions.

3-18-2011
Attachment

#2

TRANSPORTATION FUNDING REPORT - COUNTY TOTALS

Section 1: Summary of Transportation Revenues and Expenditures for Local Government				
Item	Private Contributions & Local Government	State Government	Federal Government	Total
A. Beginning Balance				\$64,401,095.87
B. Receipts:	\$60,555,538.93	\$85,839,393.13	\$47,590,493.15	\$193,985,425.21
1). Less amount used for collection expenses	\$40,000.00	\$0.00	\$0.00	
2). Less amount used for non-highway purposes	\$96,251.06	\$0.00	\$1,203,534.00	
3). Less amount used for mass transit	\$0.00	\$0.00	\$0.00	
4). Total receipts used for highway purposes	\$60,419,287.87	\$85,839,393.13	\$46,386,959.15	\$192,645,640.15
C. Expenditures				\$147,349,650.98
D. Ending Balance				\$109,697,085.04

Section 2: All Transportation Revenues			
Receipts from Local Government		Receipts from State Government	
1. General Fund Appropriations	\$9,650,012.46	12. Highway Taxes	\$58,503,776.38
2. Property Tax and Assessments	\$27,010,066.62	13. State General Funds	\$7,272,727.71
3. Sales Tax	\$279,903.02	14. Other State Funds	\$10,040,245.09
4. Other	\$2,124,601.09	15. Misc. State Receipts	\$3,154,300.35
5. Misc. Local Receipts	\$10,010,909.23	16. (Specify)	\$6,868,343.60
6. Bonds - Original Issues	\$4,092,500.00	Total	\$85,839,393.13
7. Bonds - Refunding Issues	\$0.00	Receipts from Federal Government	
8. Notes/Loans (Specify)	\$95,000.00	17. Federal Highway Administration	\$5,887,317.10
Total	\$58,756,232.87	18. Other Federal Agencies:	
Private Contributions		a). Forest Service	\$10,815,468.96
10. Contributions	\$1,112,349.03	b). FEMA	\$16,746,180.55
11 (Specify)	\$686,957.03	c). HUD	\$0.00
Total	\$1,799,306.06	19. (Specify)	\$14,141,526.54
		Total	\$47,590,493.15

Section 3: Transportation Expenditures			
Road and Street Transportation Need Expenditures			
20. Capital Outlay - Right of Way	\$401,338.39	26. Other Road and Street Services	\$4,132,988.51
21. Capital Outlay - Engineering	\$4,981,074.71	27. General Administration and Engineering	\$12,911,865.81
22. Capital Outlay - Construction:		28. Highway Law Enforcement and Safety	\$988,631.45
a). New Facilities	\$6,423,252.62	29. Debt Service - Bond Interest	\$79,345.00
b). Capacity Improvements	\$3,520,958.25	30. Debt Service - Bond Redemption	\$545,000.00
c). System Preservation	\$29,930,646.86	31. Debt Service - Note/Loan Interest	\$382,121.77
d). System Enhancement and Operation	\$5,042,890.71	32. Debt Service - Note/Loan Redemption	\$605,082.41
23. Maintenance	\$55,477,876.80	33. Transfer Payment to State	\$1,306,010.04
24. Traffic Control Operations	\$730,706.15	34. (Specify)	\$9,763,924.34
25. Snow and Ice Removal	\$10,125,937.16	Total	\$147,349,650.98

Section 4: Local Highway Debt Status				
Item	Opening Debt	Amount Issued	Redemptions	Closing Debt
35. Bonds	\$2,359,778.00	\$4,100,000.00	\$675,633.00	\$5,784,145.00
Notes/Loans (Specify)	\$2,057,402.91	\$1,342,821.06	\$906,099.92	\$2,494,124.05
Total	\$680,642.00	\$0.00	\$150,703.00	\$529,939.00
	\$5,097,822.91	\$5,442,821.06	\$1,732,435.92	\$8,808,208.05

TRANSPORTATION FUNDING REPORT - CITY TOTALS

Section 1: Summary of Transportation Revenues and Expenditures for Local Government				
Item	Private Contributions & Local Government	State Government	Federal Government	Total
A. Beginning Balance				\$14,779,812.42
B. Receipts:	\$134,959,145.77	\$38,658,230.59	\$9,943,848.43	\$183,561,224.79
1). Less amount used for collection expenses	\$54,539.40	\$2,141.00	\$0.00	
2). Less amount used for non-highway purposes	\$1,296,486.21	\$311,884.08	\$0.00	
3). Less amount used for mass transit	\$575,851.46	\$0.00	\$0.00	
4). Total receipts used for highway purposes	\$133,032,268.70	\$38,344,205.51	\$9,943,848.43	\$181,320,322.64
C. Expenditures				\$186,116,803.24
D. Ending Balance				\$9,983,331.82

Section 2: Transportation Revenues			
Receipts from Local Government		Receipts from State Government	
1. General Fund Appropriations	\$12,805,139.58	12. Highway Taxes	\$29,159,668.37
2. Property Tax and Assessments	\$17,447,664.13	13. State General Funds	\$3,106,412.55
3. Sales Tax	\$13,914,096.03	14. Other State Funds	\$4,281,161.03
4. Other	\$5,083,675.75	15. Misc. State Receipts	\$865,825.04
5. Misc. Local Receipts	\$2,534,302.02	16. (Specify)	\$1,245,163.60
6. Bonds - Original Issues	\$62,134,835.73	Total	\$38,658,230.59
7. Bonds - Refunding Issues	\$15,942,508.28	Receipts from Federal Government	
8. Notes/Loans (Specify)	\$2,628,964.00	17. Federal Highway Administration	\$6,524,313.94
Total	\$134,914,571.32	18. Other Federal Agencies:	
Private Contributions		a). Forest Service	\$685.00
10. Contributions	\$15,509.44	b). FEMA	\$996,055.40
11 (Specify)	\$29,065.01	c). HUD	\$141,000.00
Total	\$44,574.45	19. (Specify)	\$2,281,794.09
		Total	\$9,943,848.43

Section 3: Transportation Expenditures			
Road and Street Transportation Need Expenditures			
20. Capital Outlay - Right of Way	\$1,257,082.08	26. Other Road and Street Services	\$3,104,394.97
21. Capital Outlay - Engineering	\$5,899,310.02	27. General Administration and Engineering	\$2,603,902.90
22. Capital Outlay - Construction:		28. Highway Law Enforcement and Safety	\$2,391,413.07
a). New Facilities	\$14,301,213.16	29. Debt Service - Bond Interest	\$4,731,913.98
b). Capacity Improvements	\$34,317,845.83	30. Debt Service - Bond Redemption	\$54,417,456.51
c). System Preservation	\$22,466,247.89	31. Debt Service - Note/Loan Interest	\$157,070.55
d). System Enhancement and Operation	\$719,447.00	32. Debt Service - Note/Loan Redemption	\$303,169.10
23. Maintenance	\$26,001,048.36	33. Transfer Payment to State	\$433,739.34
24. Traffic Control Operations	\$4,137,926.27	34. (Specify)	\$4,486,937.61
25. Snow and Ice Removal	\$4,386,684.60	Total	\$186,116,803.24

Section 4: Local Highway Debt Status				
Item	Opening Debt	Amount Issued	Redemptions	Closing Debt
35. Bonds	\$353,669,190.63	\$76,057,086.37	\$52,879,609.11	\$376,846,667.89
36. Notes/Loans	\$3,681,294.18	\$3,173,964.00	\$268,786.95	\$6,586,471.23
(Specify)	\$8,769.96	\$0.00	\$3,095.28	\$5,674.68
Total	\$357,359,254.77	\$79,231,050.37	\$53,151,491.34	\$383,438,813.80

TRANSPORTATION FUNDING REPORT - TOWNSHIP TOTALS

Section 1: Summary of Transportation Revenues and Expenditures for Local Governments				
Item	Private Contributions & Local Government	State Government	Federal Government	Total
A. Beginning Balance				\$26,148,945.42
B. Receipts:	\$19,161,188.31	\$13,402,194.18	\$7,022,153.94	\$39,585,536.43
1). Less amount used for collection expenses	\$223,621.29	\$48,086.15	\$299.00	
2). Less amount used for non-highway purposes	\$487,082.44	\$83,447.42	\$1,055.94	
3). Less amount used for mass transit	\$17,962.93	\$0.00	\$0.00	
4). Total receipts used for highway purposes	\$18,432,521.65	\$13,270,660.61	\$7,020,799.00	\$38,723,981.26
C. Expenditures				\$34,781,274.83
D. Ending Balance				\$30,091,651.85

Section 2: Transportation Revenues			
Receipts from Local Government		Receipts from State Government	
1. General Fund Appropriations	\$2,278,290.13	12. Highway Taxes	\$4,904,844.53
2. Property Tax and Assessments	\$9,833,355.53	13. State General Funds	\$2,485,589.05
3. Sales Tax	\$16,117.53	14. Other State Funds	\$1,823,770.48
4. Other	\$1,088,039.68	15. Misc. State Receipts	\$2,214,094.13
5. Misc. Local Receipts	\$606,097.81	16. (Specify)	\$1,973,895.99
6. Bonds - Original Issues	\$60,521.72	Total	\$13,402,194.18
7. Bonds - Refunding Issues	\$0.00	Receipts from Federal Government	
8. Notes/Loans	\$1,078,758.00	17. Federal Highway Administration	\$0.00
(Specify)	\$1,178,616.37	18. Other Federal Agencies:	
Total	\$16,139,796.77	a). Forest Service	\$21,228.80
Private Contributions		b). FEMA	\$6,728,814.14
10. Contributions	\$147,078.81	c). HUD	\$5,548.00
11 (Specify)	\$2,874,312.73	19. (Specify)	\$266,563.00
Total	\$3,021,391.54	Total	\$7,022,153.94

Section 3: Transportation Expenditures			
Road and Street Transportation Need Expenditures			
20. Capital Outlay - Right of Way	\$205,193.03	26. Other Road and Street Services	\$1,306,574.10
21. Capital Outlay - Engineering	\$54,612.78	27. General Administration and Engineering	\$1,566,130.50
22. Capital Outlay - Construction:		28. Highway Law Enforcement and Safety	\$5,644.06
a). New Facilities	\$20,192.84	29. Debt Service - Bond Interest	\$8,142.03
b). Capacity Improvements	\$255,358.71	30. Debt Service - Bond Redemption	\$69.00
c). System Preservation	\$4,520,938.51	31. Debt Service - Note/Loan Interest	\$26,717.12
d). System Enhancement and Operation	\$68,174.44	32. Debt Service - Note/Loan Redemption	\$462,386.50
23. Maintenance	\$18,996,562.04	33. Transfer Payment to State	\$0.00
24. Traffic Control Operations	\$76,141.93	34. (Specify)	\$3,541,843.74
25. Snow and Ice Removal	\$3,716,425.32	Total	\$34,781,274.83

Section 4: Local Highway Debt Status				
Item	Opening Debt	Amount Issued	Redemptions	Closing Debt
35. Bonds	\$111,227.00	\$30,000.00	\$10,935.00	\$130,292.00
36. Notes/Loans	\$398,401.59	\$778,502.70	\$413,466.46	\$763,437.83
(Specify)	\$260,688.84	\$258,612.05	\$84,328.11	\$434,972.78
Total	\$770,317.43	\$1,067,114.75	\$508,729.57	\$1,328,702.61

**Questions from Senator Stenehjem on Motor Vehicle and
Driver's License Issues
March 16, 2011**

1. What is the total number of license by class?

CDL (A) semi and trucks pulling trailers	33,138
CDL (B) large trucks (i.e. gravel)	11,944
CDL (C) small bus such as a people mover	1,927
Class D passenger cars and pickup	442,393
Class M motorcycles (endorsement or stand alone license)	56,765
Total	489,402

CDL Drivers with an H endorsement (hazardous material)	8,198
CDL Drivers with an N endorsement (tank vehicle i.e. gas truck)	22,148
CDL Drivers with a T endorsement (double or triple trailers)	16,769
CDL Drivers with a P endorsement (passenger bus)	11,707
CDL Drivers with a S endorsement (school bus)	6,320

2. With 1109 passing, what is the renewal date for a motorcycle license?

- If someone has a class M license only (one person in the state), it would be renewed as a "noncommercial" license under HB 1109 and the renewal would be a six year cycle.
- If someone has a class D license and then passes the test for motorcycles, they receive a class M endorsement to the class D license and are renewed based on the date of the class D license, not the class M endorsement date, which would be a six year renewal.
- If one held a CDL license with a motorcycle endorsement, again the renewal date of the underlying license would rule and it would be a four year renewal.
- The renewal dates for commercial licenses do not change under HB 1109 as these renewal dates are set by the federal government.

3. Why don't you charge a \$50 "reservation fee" for CDL testing and refund when they appear or keep it when they fail to appear? DOT has always taken the conservative approach and asked the legislature for guidance before increasing fees.

Why don't you hold the \$50 check and if they show up give it back to them and charge them \$15? Holding a check for 20-80 days would result in an audit finding by the state auditor's office as poor cash management.

4. Would like evidence that county treasurer's are reluctant to take on the added responsibilities of a Motor Vehicle office with the demands being placed on them by the oil industry. Linda Svihovic, former President of the Association of Counties, is polling all county treasurer offices to determine which offices would be willing to add motor vehicles services as demand increase for these services. (See next page)

Name	County Office	Location	Position	Y/N	Comments
1 LeAnn Fisher	Renville	Mohall	Auditor/Treasurer	Y	
2 Les Korgel	McLean	Washburn	County Auditor	Y	2012 or 2013
3 Shelby Cain	Rolette	Rolla, ND	County Treasurer	Y	
4 Kari Evenson	Williams	Williston, ND	Treasurer/Recorder	N	
5 Reinhard Hauck	Dunn	Manning		N	25 miles north of Dickinson.
6 Gina Hillestad	Sargent	Forman	Treasurer/Recorder/Clerk of Court	N	
7 Noreen Barton	Foster	Carrington	Treasurer	Y	
8 Stephanie A Pappa	Mountrail	Stanley	County Treasurer	N	Mountrail County the Sheriff's office handles all issues with the motor vehicle questions.
9 Linda Schlittenhard	Pembina	Cavalier	Auditor/Treasurer	maybe	detailed listing of what types of services would be offered at the Branch office
10 Devra Smestad	Ward	Minot	Auditor/Treasurer	N	Minot already has a branch
11 Vickie Murray	Kidder	Steele	Treasurer	N	only one person in the office
12 Stacey Miller	Slope	Amidon	County Treasurer	Y	
13 Donna Heupel	McIntosh	Ashley	County Treasurer	Y	
14 Cynthia L. Doll	Logan			Y	
15 Kathy Anderson	Eddy	New Rockford	County Treasurer	maybe	detailed listing of what types of services would be offered at the Branch office

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Highway Tax Distribution Comparison HB 1012

Non Oil

	Highway Tax Distribution Fund 2009-11 Biennium	25% MV Tax <u>IN</u> Highway Tax Distribution Fund 2011-13 Executive Biennium	25% MV Tax <u>OUT</u> Highway Tax Distribution Fund Current HB 1012	60M Non-Oil 41 Counties	Total
Counties	81.1M	100.8M	90.6M +	30.6M =	121.2M
Township	10.3M	12.3M	11.1M +	12.0M =	23.1M
Cities	49.7M	57.3M	51.5M +	17.4M =	68.9M
Transit	5.7M	6.9M	6.2M +	-0- =	6.2M

Oil

				Oil 142M Counties 12	
Counties	81.1M	100.8M	90.6M +	130.0M =	220.6M
Townships	10.3M	12.3M	11.1M +	12.0M =	23.1M
Cities	49.7M	57.3M	51.5M +	-0- =	51.5M
Transit	5.7M	6.9M	6.2M +	-0- =	6.2M

Note: Cities in oil country can apply for grants from the 100.0M in Energy Impact Fund

TRANSPORTATION FUNDING DISTRIBUTIONS INCLUDED IN ENGROSSED HOUSE BILL NO. 1012

Engrossed House Bill No. 1012 provides the State Treasurer with \$50 million for transportation funding distributions to eligible counties, cities, and townships in non-oil and gas-producing areas. Of this amount, \$25 million is to be distributed prior to June 30, 2011, and \$25 million is to be distributed on April 1, 2012. The distributions are to be based on each county's, city's, or township's share of funding received from the highway tax distribution fund compared to total highway tax distribution fund allocations to all non-oil and gas-producing counties, cities, or townships in fiscal year 2010. For the purpose of the distributions, an eligible entity is one that is located in a county that did not receive an allocation of oil and gas gross production taxes under North Dakota Century Code Section 57-51-15 or that received an allocation of less than \$500,000 during the most recently ended state fiscal year.

DISTRIBUTIONS TO COUNTIES

The table below details fiscal year 2010 highway tax distribution fund distributions to counties and the estimated funding distributions that will be made to eligible counties each year for the additional transportation funding distributions.

County	Fiscal Year 2010 Highway Tax Distribution Fund Distributions	Estimated Transportation Funding Distributions Included in Engrossed House Bill No. 1012 (Fiscal Year 2011 Distribution Only)
Adams	\$251,980	\$99,577
Barnes	1,003,322	396,493
Benson	401,893	158,820
Billings	84,285	0
Bottineau	729,294	0
Bowman	382,940	0
Burke	266,002	0
Burleigh	4,782,438	1,889,922
Cass	6,381,121	2,521,690
Cavalier	492,224	194,517
Dickey	510,642	201,795
Divide	251,094	0
Dunn	362,959	0
Eddy	231,565	91,510
Emmons	404,133	159,705
Foster	355,277	140,398
Golden Valley	187,082	0
Grand Forks	2,502,509	988,941
Grant	281,079	111,077
Griggs	255,658	101,031
Hettinger	334,977	132,376
Kidder	277,532	109,675
LaMoure	548,535	216,770
Logan	232,642	91,935
McHenry	620,808	245,331
McIntosh	298,504	117,963

County	Fiscal Year 2010 Highway Tax Distribution Fund Distributions	Estimated Transportation Funding Distributions Included in Engrossed House Bill No. 1012 (Fiscal Year 2011 Distribution Only)
McKenzie	565,427	0
McLean	994,380	392,959
Mercer	837,684	331,036
Morton	2,050,218	810,205
Mountrail	696,315	0
Nelson	357,301	141,198
Oliver	177,176	70,016
Pembina	777,516	307,259
Pierce	404,073	159,682
Ramsey	912,595	360,639
Ransom	538,280	212,718
Renville	282,248	0
Richland	1,366,891	540,168
Rolette	800,499	316,341
Sargent	448,298	177,158
Sheridan	175,237	69,250
Sioux	170,379	67,330
Slope	79,678	0
Stark	1,871,758	0
Steele	226,808	89,630
Stutsman	1,450,288	573,124
Towner	259,457	102,532
Traill	714,866	282,501
Walsh	1,062,887	420,031
Ward	3,571,017	1,411,192
Wells	494,725	195,505
Williams	1,959,135	0
Total all counties	\$45,675,631	\$15,000,000
Total 2010 distributions for eligible counties based on Engrossed House Bill No. 1012	\$37,957,414	

DISTRIBUTIONS TO CITIES

During fiscal year 2010, cities received total highway tax distribution fund distributions of \$25,928,865. Of this amount, cities eligible to receive a transportation funding distribution in Engrossed House Bill No. 1012 received total highway tax distribution fund distributions of \$22,707,746. The table below details fiscal year 2010 highway tax distribution fund distributions made to eligible cities and the estimated funding distributions that will be made to eligible cities for the fiscal year 2011 transportation funding distributions.

Eligible City	Fiscal Year 2010 Highway Tax Distribution Fund Distributions	Estimated Transportation Funding Distributions Included in Engrossed House Bill No. 1012 (Fiscal Year 2011 Distribution Only)
Abercrombie	\$11,889	\$2,618
Adams	9,688	2,133
Alice	3,472	764
Almont	5,517	1,215
Alsen	4,284	943
Amenia	5,517	1,215
Anamoose	21,448	4,723
Aneta	15,923	3,506
Ardoch	2,911	641
Argusville	9,113	2,007
Arthur	24,922	5,487
Ashley	43,145	9,500
Ayr	1,426	314
Balfour	1,521	335
Balta	3,563	785
Bantry	1,445	318
Barney	2,771	610
Bathgate	3,442	758
Benedict	3,507	772
Bergen	837	184
Berlin	2,928	645
Berthold	28,889	6,361
Beulah	149,461	32,910
Binford	13,245	2,916
Bisbee	9,024	1,987
Bismarck	2,971,413	654,274
Bowdon	8,255	1,818
Braddock	2,868	632
Brianwood	4,836	1,065
Brinsmade	2,522	555
Brocket	2,733	602
Buchanan	4,774	1,051
Buffalo	12,957	2,853
Burlington	56,621	12,467
Butte	6,088	1,340
Buxton	16,499	3,633
Bucyrus	1,581	348
Calio	1,512	333
Calvin	1,638	361
Cando	72,513	15,967
Canton	2,190	482
Carpio	9,175	2,020
Carrington	117,148	25,795
Carson	25,909	5,705
Casselton	95,832	21,101
Cathay	3,326	732
Cavalier	80,160	17,650
Cayuga	4,088	900
Center	65,531	14,429
Christine	6,145	1,353
Churchs Ferry	3,237	713
Cleveland	6,943	1,529
Clifford	2,404	529
Cogswell	11,058	2,435
Coleharbor	7,014	1,544
Colfax	3,655	805
Conway	1,098	242
Cooperstown	69,387	15,278

Eligible City	Fiscal Year 2010 Highway Tax Distribution Fund Distributions	Estimated Transportation Funding Distributions Included in Engrossed House Bill No. 1012 (Fiscal Year 2011 Distribution Only)
Courtenay	3,286	723
Crary	6,265	1,379
Crystal	8,710	1,918
Davenport	16,180	3,563
Dawson	5,872	1,293
Dazey	4,169	918
Deering	8,975	1,976
Des Lacs	12,957	2,853
Devils Lake	303,647	66,860
Dickey	4,769	1,050
Donnybrook	5,579	1,229
Douglas	3,968	874
Drake	24,490	5,392
Drayton	47,616	10,485
Dunseith	71,247	15,688
Dwight	3,012	663
Edgeley	53,293	11,735
Edinburg	12,027	2,648
Edmore	10,763	2,370
Egeland	2,648	583
Elgin	53,524	11,785
Ellendale	78,644	17,317
Elliott	2,515	554
Emerado	31,617	6,962
Enderlin	54,155	11,924
Esmond	13,829	3,045
Fairdale	2,434	536
Fairmount	16,307	3,591
Fargo	4,847,782	1,067,430
Fessenden	37,119	8,173
Fingal	6,093	1,342
Finley	44,493	9,797
Flasher	17,668	3,890
Forbes	3,229	711
Fordville	12,695	2,795
Forest River	7,350	1,618
Forman	33,912	7,467
Fort Ransom	4,001	881
Fort Yates	26,756	5,891
Foster County	3,667	808
Fredonia	3,461	762
Frontier	16,924	3,727
Fullerton	4,288	944
Gackle	22,733	5,006
Galesburg	7,401	1,630
Gardner	4,960	1,092
Garrison	87,215	19,204
Gilby	15,065	3,317
Glen Ullin	53,625	11,808
Glenfield	6,921	1,524
Golden Valley	8,677	1,911
Goodrich	15,675	3,451
Grace City	3,667	808
Grafton	215,533	47,458
Grand Forks	2,639,074	581,097
Grandin	11,221	2,471
Granville	21,752	4,790
Great Bend	4,740	1,044

Eligible City	Fiscal Year 2010 Highway Tax Distribution Fund Distributions	Estimated Transportation Funding Distributions Included in Engrossed House Bill No. 1012 (Fiscal Year 2011 Distribution Only)
Gwinner	48,054	10,581
Hague	6,070	1,336
Hamberg	1,663	366
Hamilton	3,807	838
Hampden	2,523	555
Hankinson	42,495	9,357
Hannaford	11,927	2,626
Hannah	1,260	277
Hansboro	432	95
Harvey	118,127	26,010
Harwood	37,630	8,286
Hatton	33,327	7,338
Havana	6,300	1,387
Haynes	1,155	254
Hazelton	15,808	3,481
Hazen	116,506	25,653
Hebron	49,781	10,961
Hettinger	79,459	17,496
Hillsboro	73,678	16,223
Hoople	13,936	3,069
Hope	26,177	5,764
Horace	56,724	12,490
Hunter	20,210	4,450
Hurdsfield	5,405	1,190
Inkster	6,323	1,392
Jamestown	830,821	182,938
Jud	6,358	1,400
Karlsruhe	9,051	1,993
Kathryn	2,886	636
Kenmare	55,846	12,297
Kensal	9,981	2,198
Kief	989	218
Kindred	38,064	8,381
Knox	5,132	1,130
Kulm	35,306	7,774
Lakota	43,789	9,642
LaMoure	78,978	17,390
Langdon	132,352	29,143
Lankin	6,252	1,377
Larimore	74,031	16,301
Lawton	1,766	389
Leal	1,649	363
Leeds	40,358	8,886
Lehr	6,050	1,332
Leith	2,274	501
Leonard	15,808	3,481
Lidgerwood	29,642	6,527
Lincoln	89,375	19,679
Linton	88,110	19,401
Lisbon	131,012	28,847
Litchville	8,750	1,927
Loma	1,323	291
Ludden	1,463	322
Luverne	3,801	837
Maddock	43,315	9,537
Makoti	8,989	1,979
Mandan	894,549	196,970
Mantador	2,852	628

Eligible City	Fiscal Year 2010 Highway Tax Distribution Fund Distributions	Estimated Transportation Funding Distributions Included in Engrossed House Bill No. 1012 (Fiscal Year 2011 Distribution Only)
Manvel	22,938	5,051
Mapleton	37,568	8,272
Marion	12,215	2,690
Martin	9,232	2,033
Max	18,396	4,051
Mayville	92,062	20,271
McClusky	39,908	8,787
McVille	26,352	5,802
Medina	20,768	4,573
Mercer	5,691	1,253
Michigan	19,344	4,259
Milnor	47,652	10,492
Milton	5,355	1,179
Minnewauken	27,659	6,090
Minot	1,956,632	430,829
Minto	31,356	6,904
Monango	1,412	311
Montpelier	6,385	1,406
Mooreton	8,194	1,804
Mott	63,601	14,004
Mountain	6,936	1,527
Munich	16,883	3,717
Mylo	1,832	403
Napoleon	58,155	12,805
Neché	22,791	5,018
Nekoma	3,213	707
New England	43,686	9,619
New Leipzig	22,254	4,900
New Rockford	70,355	15,491
New Salem	58,150	12,804
Niagara	3,534	778
Nome	3,207	706
North River	4,030	887
Northwood	59,452	13,091
Oakes	99,831	21,982
Oberon	7,045	1,551
Oriska	5,864	1,291
Osnabrock	10,961	2,414
Oxbow	15,374	3,385
Page	13,949	3,071
Park River	73,260	16,131
Pekin	4,485	988
Pembina	33,483	7,372
Perth	702	155
Petersburg	10,933	2,407
Pettibone	6,890	1,517
Pick City	7,871	1,733
Pillsbury	1,100	242
Pingree	4,092	901
Pisek	4,582	1,009
Portland	28,472	6,269
Prairie Rose	4,216	928
Reeder	11,004	2,423
Regan	2,666	587
Regent	16,609	3,657
Reile's Acres	15,746	3,467
Reynolds	18,370	4,045
Riverdale	18,065	3,978

Eligible City	Fiscal Year 2010 Highway Tax Distribution Fund Distributions	Estimated Transportation Funding Distributions Included in Engrossed House Bill No. 1012 (Fiscal Year 2011 Distribution Only)
Robinson	5,559	1,224
Rock Lake	10,482	2,308
Rogers	2,795	615
Rolette	51,869	11,421
Rolla	136,613	30,081
Rugby	143,448	31,586
Ruso	397	87
Rutland	14,744	3,247
Ryder	5,703	1,256
Sanborn	8,888	1,957
Sarles	1,548	341
Sawyer	23,372	5,146
Selfridge	26,169	5,762
Sharon	9,417	2,073
Sheldon	7,717	1,699
Sheyenne	15,292	3,367
Sibley	2,107	464
Solen	10,092	2,222
Spiritwood Lake	4,464	983
St. John	34,515	7,600
St. Thomas	23,313	5,133
Stanton	16,359	3,602
Starkweather	6,601	1,453
Steele	59,585	13,120
Strasburg	36,618	8,063
Streeter	10,663	2,348
Surrey	56,848	12,517
Sykeston	9,087	2,001
Tappen	16,443	3,620
Thompson	51,972	11,444
Tolna	11,326	2,494
Tower City	15,622	3,440
Towner	43,656	9,613
Turtle Lake	38,380	8,451
Tuttle	8,300	1,827
Underwood	53,732	11,831
Upham	11,789	2,596
Valley City	312,725	68,859
Velva	79,783	17,567
Venturia	1,125	248
Verona	9,036	1,990
Voltaire	3,879	854
Wahpeton	344,861	75,935
Walcott	7,591	1,672
Wales	1,890	416
Walhalla	55,126	12,138
Warwick	6,523	1,436
Washburn	91,913	20,238
West Fargo	799,411	176,022
Wilton	52,390	11,536
Wimbledon	10,858	2,391
Wing	7,687	1,693
Wishek	54,885	12,085
Wolford	2,440	537
Woodworth	4,960	1,092
Wyndmere	21,408	4,714
York	2,261	498
Zap	10,954	2,412

Eligible City	Fiscal Year 2010 Highway Tax Distribution Fund Distributions	Estimated Transportation Funding Distributions Included in Engrossed House Bill No. 1012 (Fiscal Year 2011 Distribution Only)
Zeeland	6,897	1,519
Total	\$22,707,746	\$5,000,000

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2044

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Downd*

Page 1, line 1, after "Act" insert "to create and enact a new subsection to section 39-12-02 of the North Dakota Century Code, relating to fees for issuing overweight permits by political subdivisions; and"

Page 1, after line 4, insert:

SECTION 1. AMENDMENT. A new subsection of section 39-12-02 of the North Dakota Century Code is created and enacted as follows:

Political subdivisions must honor any permit under this section issued by the state. An additional ton-mile fee may be imposed by cities and counties under home rule charter or ordinance on roads within their jurisdictions to be deposited in the local authorities' general fund for support of the local road system."

Page 2, after line 8, insert:

"Permit fees generated by political subdivisions may not exceed those provided by this section."

Renumber accordingly.

1 (3-29-11)
Subcommittee
HLB 1012 -

11.8154.02004
Title.

Prepared by the Legislative Council staff for
Senator Wanzek

March 29, 2011

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1012

Page 3, line 15, replace "\$25,000,000" with "\$50,000,000"

Re-number accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

This amendment increases the 2009-11 biennium transportation funding distribution from the general fund to non-oil-producing counties, cities, and townships from \$25 million to \$50 million. The amendment does not change the 2011-13 biennium transportation funding distribution of \$25 million from the general fund to non-oil-producing counties, cities, and townships included in the House version.