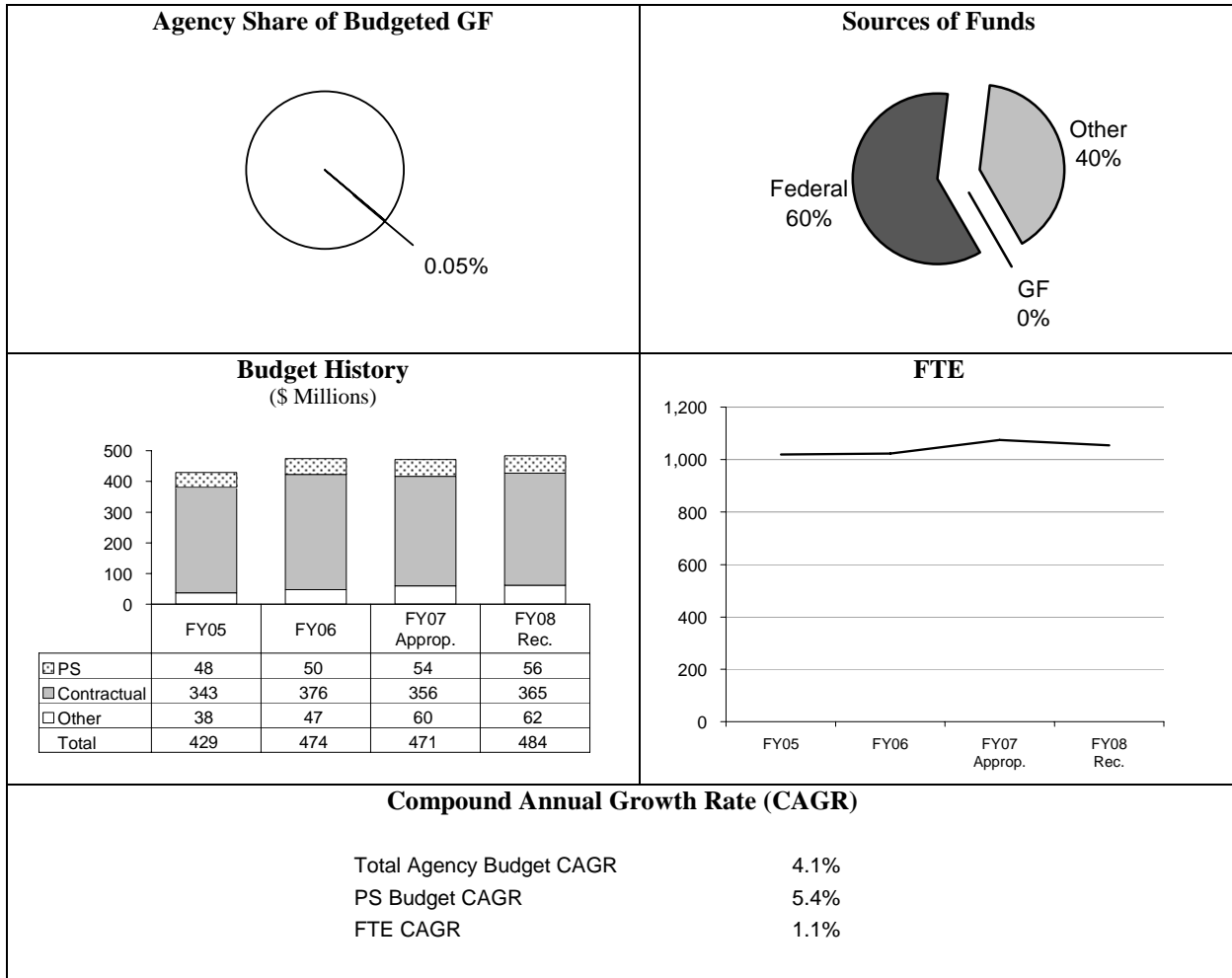


# FY08 Budget Briefing

## Department of Transportation



### Key Responsibilities

- To provide a transportation system to satisfy diverse mobility needs, while retaining concern for safety and the environment.

### Key Personnel

- Department Secretary, Judith Payne
- Fiscal, Roxanne Rice

## Department of Transportation

For FY08, the Governor recommends an increase of \$12,778,577 from all funds and a decrease of 21.0 FTEs from FY07. The FY08 recommended budget consists of \$510,798 from general funds, \$290,834,670 in federal fund expenditure authority, and \$192,265,370 in other fund expenditure authority; for a total budget of \$483,610,838 and 1,054.3 FTEs.

|                      | Actual<br>FY06     | Budgeted<br>FY07   | Agency Req.<br>FY08 | Gov Rec.<br>FY08   | Inc/Dec<br>FY08   | % Change<br>From FY07 |
|----------------------|--------------------|--------------------|---------------------|--------------------|-------------------|-----------------------|
| Personal Services    | 50,397,240         | 54,452,793         | 54,452,793          | 56,386,922         | 1,934,129         | 3.6%                  |
| Travel               | 1,935,126          | 2,530,368          | 2,530,368           | 2,530,368          | -                 | 0.0%                  |
| Contractual Services | 376,259,527        | 356,319,178        | 364,656,801         | 364,730,579        | 8,411,401         | 2.4%                  |
| Supplies & Materials | 16,587,840         | 19,399,734         | 20,123,607          | 20,123,607         | 723,873           | 3.7%                  |
| Grants And Subsidies | 9,620,580          | 14,191,346         | 15,900,520          | 15,900,520         | 1,709,174         | 12.0%                 |
| Capital Outlay       | 18,743,446         | 23,798,842         | 25,148,670          | 23,798,842         | -                 | 0.0%                  |
| Other                | 240,309            | 140,000            | 140,000             | 140,000            | -                 | 0.0%                  |
| <b>Total</b>         | <b>473,784,068</b> | <b>470,832,261</b> | <b>482,952,759</b>  | <b>483,610,838</b> | <b>12,778,577</b> | <b>2.7%</b>           |
| <b>Funding Types</b> |                    |                    |                     |                    |                   |                       |
| General              | 493,639            | 501,366            | 501,366             | 510,798            | 9,432             | 1.9%                  |
| Federal              | 249,480,826        | 280,098,341        | 290,521,611         | 290,834,670        | 10,736,329        | 3.8%                  |
| Other                | 223,809,603        | 190,232,554        | 191,929,782         | 192,265,370        | 2,032,816         | 1.1%                  |
| <b>Total</b>         | <b>473,784,068</b> | <b>470,832,261</b> | <b>482,952,759</b>  | <b>483,610,838</b> | <b>12,778,577</b> | <b>2.7%</b>           |
| FTE                  | 1,023.5            | 1,075.3            | 1,075.3             | 1,054.3            | (21.0)            | (2.0%)                |

The Governor's recommendation throughout this analysis also includes funding for Performance And Compensation Equity (PACE) movement of 2.5% for those employees who are paid under the job-worth of their pay range, a 3% across-the-board increase for all permanent employees, and an increase in the employer paid portion of the state health insurance plan.

|                     | General Funds | Federal Funds  | Other Funds      | Total            |
|---------------------|---------------|----------------|------------------|------------------|
| 2.5% PACE Movement  | 1,547         | 51,933         | 206,005          | 259,485          |
| 3% Across-the-Board | 7,737         | 256,468        | 1,196,814        | 1,461,019        |
| Health Insurance    | 148           | 4,658          | 208,819          | 213,625          |
| <b>Total</b>        | <b>9,432</b>  | <b>313,059</b> | <b>1,611,638</b> | <b>1,934,129</b> |

## Major Expansions and Reductions

| Budget Item                       | Agency Request     |            |     | Governor's Recommendation |            |        |
|-----------------------------------|--------------------|------------|-----|---------------------------|------------|--------|
|                                   | State General Fund | All Funds  | FTE | State General Fund        | All Funds  | FTE    |
| <b>Secretariat</b>                | -                  | -          | 0.0 | -                         | -          | (1.0)  |
| <b>Finance &amp; Management</b>   |                    |            |     |                           |            |        |
| Contractual Services              | -                  | (559,928)  | 0.0 | -                         | (546,155)  | 0.0    |
| Grants and Subsidies              | -                  | 1,709,174  | 0.0 | -                         | 1,709,174  | 0.0    |
| <b>Planning &amp; Engineering</b> |                    |            |     |                           |            |        |
| Personal Services                 | -                  | -          | 0.0 | -                         | -          | (4.0)  |
| Contractual Services              | -                  | -          | 0.0 | -                         | 51,686     | 0.0    |
| <b>Operations</b>                 |                    |            |     |                           |            |        |
| Personal Services                 | -                  | -          | 0.0 | -                         | -          | (16.0) |
| Contractual Services              | -                  | 6,111,727  | 0.0 | -                         | 6,115,663  | 0.0    |
| Supplies and Materials            | -                  | 723,873    | 0.0 | -                         | 723,873    | 0.0    |
| Capital Outlay                    | -                  | 1,349,828  | 0.0 | -                         | -          | 0.0    |
| <b>Construction Contracts</b>     | -                  | 2,785,824  | 0.0 | -                         | 2,785,824  | 0.0    |
| <b>Governor's Salary Policy</b>   | -                  | -          | 0.0 | 9,432                     | 1,934,129  | 0.0    |
| <b>Total</b>                      | -                  | 12,120,498 | 0.0 | 9,432                     | 12,774,194 | (21.0) |

### Secretariat:

- Personal Services- The agency requests no change to the Secretariat Division budget for FY08. The Governor recommends a decrease of 1.0 FTE to better align the division's FY08 FTE usage with the previous years FTE usage.

### Finance and Management:

- Contractual Services- The agency requests a decrease of \$559,928 in other fund expenditure authority for FY08. The major increases and decreases are:
  - Computer Consultant- \$704,000 decrease due to a reduction in two consultant contracts (\$320,000) and two consultants being released (\$384,000). BIT is adding two additional FTEs and authority to provide the services to the department.
  - Computer Services State- \$144,072 increase for increased BIT billings to the department.

The Governor recommends this request and an increase of \$13,773 in other fund expenditure authority to account for a recalculation in the method of recovering maintenance and repair funding for the capital complex.

- Grants and Subsidies- The agency requests an increase of \$1,709,174 in federal fund expenditure authority for FY08 due to additional federal authority being passed through the state for transit and metropolitan planning organizations. The Governor recommends this request.

### Planning and Engineering:

- Personal Services- The agency requests no change to the Planning and Engineering Division budget for FY08. The Governor recommends a decrease of 4.0 FTEs to better align the division's FY08 FTE usage with the previous years FTE usage.

- Contractual Services- The Governor's recommended appropriation includes an increase of \$51,686 in other fund expenditure authority to account for a recalculation in the method of recovering maintenance and repair funding for the Capitol Complex.

### **Operations:**

- Personal Services- The agency requests no change to the Operations Division budget for FY08. The Governor recommends a decrease of 16.0 FTEs to better align the division's FY08 FTE usage with the previous years FTE usage.
- Contractual Services- The agency requests an increase of \$6,111,727 in other fund expenditure authority for FY08. Due to increases in inflation and a reduction in revenues, the department is moving into more of a maintenance mode. As a result, money is being moved from road construction to road maintenance for contract maintenance. The Governor recommends this request and an increase of \$3,936 in other fund expenditure authority to account for a recalculation in the method of recovering maintenance and repair funding for the Capitol Complex.
- Supplies and Materials- The agency requests an increase of \$723,873 in other fund expenditure authority for inflation costs due to the increase cost of calcium chloride/salt (\$90,179) and the increased usage of road oil and asphalt and calcium chloride/salt for keeping ice off the roadways (\$633,694). The Governor recommends this request.
- Capital Outlay- The agency requests an increase of \$1,349,828 in other fund expenditure authority for FY08. The SDDOT conducted a study of our heavy fleet and as a result found that we need to optimize our replacement schedules to get the most out of the life of the equipment and the most out of the resale value. This request reflects an increase of \$349,828 for replacement of equipment, and \$1,000,000 for inflation factored at 10% due to increased prices. The Governor does not recommend this request.

### **Construction Contracts:**

- Contractual Services- The agency requests a net increase of \$2,785,824 in federal fund expenditure authority for the construction of roads, airports, and bridges. An increase of \$8,897,551 reflects federal funding and discretionary grants within the airport construction budget. A decrease of \$6,111, 727 reflects a move of budget to maintenance contracts within the Division of Operations. Because construction costs have risen due to inflation, and revenues are down the department is moving into more of a maintenance mode. The Governor recommends this request.

## General Operations

To provide and continually improve technical advice and plan, design, and develop safe, efficient, and environmentally-sensitive alternatives that promote a cost-effective transportation system; to enhance the economy of the state of the traveling public through timely letting to contract of construction projects; to provide financial and technical services and oversight to the public, contractors, local government, and the department to facilitate the expenditure of state and federal money in the most cost-effective way in accordance with laws and regulations; to ensure and promote public safety; to provide aviation services to agencies of state government; and, to economically and effectively utilize personnel and other resources to accomplish maintenance activities and manage construction projects on roads, bridges, and airports across South Dakota in a manner that is considerate of the safety and convenience of the traveling public.

The total recommended budget for general operations consists of \$510,798 from general funds, \$25,677,887 in federal fund expenditure authority, and \$134,015,329 in other fund expenditure authority; for a total budget of \$160,204,014 and 1,054.3 FTEs.

|                      | Actual<br>FY06     | Budgeted<br>FY07   | Agency Req.<br>FY08 | Gov Rec.<br>FY08   | Inc/Dec<br>FY08  | % Change<br>From FY07 |
|----------------------|--------------------|--------------------|---------------------|--------------------|------------------|-----------------------|
| Personal Services    | 50,397,240         | 54,452,793         | 54,452,793          | 56,386,922         | 1,934,129        | 3.6%                  |
| Travel               | 1,934,575          | 2,530,368          | 2,530,368           | 2,530,368          | -                | 0.0%                  |
| Contractual Services | 35,536,402         | 35,698,178         | 41,249,977          | 41,323,755         | 5,625,577        | 15.8%                 |
| Supplies & Materials | 16,587,840         | 19,399,734         | 20,123,607          | 20,123,607         | 723,873          | 3.7%                  |
| Grants And Subsidies | 9,620,580          | 14,191,346         | 15,900,520          | 15,900,520         | 1,709,174        | 12.0%                 |
| Capital Outlay       | 18,743,446         | 23,798,842         | 25,148,670          | 23,798,842         | -                | 0.0%                  |
| Other                | 152,599            | 140,000            | 140,000             | 140,000            | -                | 0.0%                  |
| <b>Total</b>         | <b>132,972,682</b> | <b>150,211,261</b> | <b>159,545,935</b>  | <b>160,204,014</b> | <b>9,992,753</b> | <b>6.7%</b>           |
| <b>Funding Types</b> |                    |                    |                     |                    |                  |                       |
| General              | 493,639            | 501,366            | 501,366             | 510,798            | 9,432            | 1.9%                  |
| Federal              | 18,712,575         | 23,655,654         | 25,364,828          | 25,677,887         | 2,022,233        | 8.5%                  |
| Other                | 113,766,468        | 126,054,241        | 133,679,741         | 134,015,329        | 7,961,088        | 6.3%                  |
| <b>Total</b>         | <b>132,972,682</b> | <b>150,211,261</b> | <b>159,545,935</b>  | <b>160,204,014</b> | <b>9,992,753</b> | <b>6.7%</b>           |
| FTE                  | 1,023.5            | 1,075.3            | 1,075.3             | 1,054.3            | (21.0)           | (2.0%)                |

## Revenues

|                                     | FY06                 |                    | Difference<br>Over<br>(Under)<br>Estm. | FY07                 |                     |                       | FY08<br>Estimate   |
|-------------------------------------|----------------------|--------------------|--|----------------------|---------------------|-----------------------|--------------------|
|                                     | Original<br>Estimate | Actual             |  | Original<br>Estimate | Current<br>Estimate | Change in<br>Estimate |                    |
| State Highway Funds                 | 204,695,000          | 194,176,700        | (10,518,300)                           | 202,252,899          | 202,252,899         | -                     | 198,333,981        |
| Federal Funds--Highway              | 213,416,756          | 227,012,056        | 13,595,300                             | 229,133,000          | 229,133,000         | -                     | 251,006,752        |
| Federal Funds--Air                  | 29,413,108           | 17,050,692         | (12,362,416)                           | 21,552,577           | 21,552,577          | -                     | 30,266,673         |
| Public & Special Transport. Assist. |                      |                    |  |                      |                     |                       |                    |
| Aeronautics Funds                   | 1,409,139            | 1,625,919          | 216,780                                | 1,600,907            | 1,600,907           | -                     | 1,644,301          |
| Aircraft Clearing Funds             | 825,250              | 840,934            | 15,684                                 | 1,096,659            | 1,096,659           | -                     | 1,036,530          |
| RR - Operations                     | 399,626              | 184,044            | (215,582)                              | 426,728              | 426,728             | -                     | 347,433            |
| <b>Total</b>                        | <b>450,158,879</b>   | <b>440,890,345</b> | <b>(9,268,534)</b>                     | <b>456,062,770</b>   | <b>456,062,770</b>  | <b>-</b>              | <b>482,635,670</b> |

- The General Operations budget includes four divisions: Secretariat, Fiscal and Public Assistance, Planning and Engineering, and Operations. Budget detail for these divisions can be found on the subsequent pages.

**Selected Performance Indicators**

|   | FY06              |        |                               | FY07              |                  |                    | FY08     |
|---|-------------------|--------|-------------------------------|-------------------|------------------|--------------------|----------|
|   | Original Estimate | Actual | Difference Over (Under) Estm. | Original Estimate | Current Estimate | Change in Estimate | Estimate |
| % of Deficient Bridges- State System  | 5.8               | 5.9    | 0.1                           | 6.4               | 5.7              | (0.7)              | 5.5      |
| % of Noninterstate State Highway System Mainlane Pavement Mileage Rated Good or Better Based on Condition Index | 82.2              | 77.8   | (4.4)                         | 80.5              | 82.5             | 2.0                | 80.1     |
| % of Interstate Pavement in Excellent Condition Based on Condition Index  | 42.2              | 35.2   | (7.0)                         | 21.5              | 39.1             | 17.6               | 35.7     |

## Secretariat

The Secretariat Division includes the Administration Office, the Transportation Commission, and the Office of Legal Counsel.

The total recommended budget for the Secretariat Division consists of \$510,798 from general funds, \$432,700 in federal fund expenditure authority, and \$2,948,079 in other fund expenditure authority and 18.0 FTEs.

|                      | Actual<br>FY06   | Budgeted<br>FY07 | Agency Req.<br>FY08 | Gov Rec.<br>FY08 | Inc/Dec<br>FY08 | % Change<br>From FY07 |
|----------------------|------------------|------------------|---------------------|------------------|-----------------|-----------------------|
| Personal Services    | 1,165,081        | 1,545,180        | 1,545,180           | 1,600,379        | 55,199          | 3.6%                  |
| Travel               | 83,295           | 108,536          | 108,536             | 108,536          | -               | 0.0%                  |
| Contractual Services | 500,729          | 567,102          | 567,102             | 571,485          | 4,383           | 0.8%                  |
| Supplies & Materials | 490,467          | 827,027          | 827,027             | 827,027          | -               | 0.0%                  |
| Grants And Subsidies | -                | 432,700          | 432,700             | 432,700          | -               | 0.0%                  |
| Capital Outlay       | 143,138          | 211,450          | 211,450             | 211,450          | -               | 0.0%                  |
| Other                | 152,249          | 140,000          | 140,000             | 140,000          | -               | 0.0%                  |
| <b>Total</b>         | <b>2,534,959</b> | <b>3,831,995</b> | <b>3,831,995</b>    | <b>3,891,577</b> | <b>59,582</b>   | <b>1.6%</b>           |
| <b>Funding Types</b> |                  |                  |                     |                  |                 |                       |
| General              | 493,638          | 501,366          | 501,366             | 510,798          | 9,432           | 1.9%                  |
| Federal              | -                | 432,700          | 432,700             | 432,700          | -               | 0.0%                  |
| Other                | 2,041,321        | 2,897,929        | 2,897,929           | 2,948,079        | 50,150          | 1.7%                  |
| <b>Total</b>         | <b>2,534,959</b> | <b>3,831,995</b> | <b>3,831,995</b>    | <b>3,891,577</b> | <b>59,582</b>   | <b>1.6%</b>           |
| FTE                  | 16.8             | 19.0             | 19.0                | 18.0             | (1.0)           | (5.3%)                |

- **Personal Services-** The agency requests no change to the Secretariat Division budget for FY08. The Governor recommends a decrease of 1.0 FTE to better align the division's FY08 FTE usage with the previous years FTE usage. The Governor's recommended appropriation includes an increase of \$55,199 (\$9,432 general, \$45,767 other) for FY08 salary policy.
- The general funds in this budget are used for state aviation services (i.e., pilot training, physicals, and down time that is not billed to federal or other funds, hanger utilities and lease payments, and loan payments to the Aeronautics Fund for the "King Air" airplane).
- The Transportation Commission is made up of nine members. The members include:

### Current Transportation Commission Members

| First Name | Last Name  | Position | Political Party | City        | Appointment Date | Expiration Date |
|------------|------------|----------|-----------------|-------------|------------------|-----------------|
| Rodney     | Fouberg    | Area 1   | R               | Aberdeen    | 04/18/1997       | 04/18/2009      |
| James      | Spies      | Area 1   |                 | Watertown   | 04/13/2005       | 04/18/2009      |
| Richard    | Gregerson  | Area 2   | R               | Sioux Falls | 06/07/2004       | 04/18/2008      |
| John       | Kranz      | Area 2   | R               | Mitchell    | 04/07/2005       | 04/18/2006      |
| Ralph      | Marquarett | Area 2   |                 | Yankton     | 09/10/2003       | 04/18/2007      |
| Robert     | Benson     | Area 3   |                 | Clearfield  | 03/21/2003       | 04/18/2007      |
| Sam        | Tidball    | Area 3   | R               | Ft. Pierre  | 08/02/1994       | 04/18/1998      |
| Jerry      | Shoener    | Area 4   | R               | Rapid City  | 04/04/2003       | 04/18/2007      |
| Michael    | Trucano    | Area 4   | R               | Sturgis     | 06/07/2004       | 04/18/2008      |

## Finance and Management

The Division of Fiscal and Public Assistance includes the Aeronautics Office, Internal Services Office, Internal Audit, Office of Local Government Assistance, Public Transit, and Office of Railroads.

The total recommended budget for general operations consists of \$15,061,813 in federal fund expenditure authority, and \$18,697,112 in other fund expenditure authority; for a total budget of \$33,758,925 and 61.5 FTEs.

|                      | Actual<br>FY06    | Budgeted<br>FY07  | Agency Req.<br>FY08 | Gov Rec.<br>FY08  | Inc/Dec<br>FY08  | % Change<br>From FY07 |
|----------------------|-------------------|-------------------|---------------------|-------------------|------------------|-----------------------|
| Personal Services    | 3,053,690         | 3,455,720         | 3,455,720           | 3,579,384         | 123,664          | 3.6%                  |
| Travel               | 176,189           | 185,060           | 185,060             | 185,060           | -                | 0.0%                  |
| Contractual Services | 8,054,604         | 7,753,333         | 7,193,405           | 7,207,178         | (546,155)        | (7.0%)                |
| Supplies & Materials | 604,246           | 567,030           | 567,030             | 567,030           | -                | 0.0%                  |
| Grants And Subsidies | 8,486,093         | 12,286,012        | 13,995,186          | 13,995,186        | 1,709,174        | 13.9%                 |
| Capital Outlay       | 6,997,243         | 8,225,087         | 8,225,087           | 8,225,087         | -                | 0.0%                  |
| Other                | -                 | -                 | -                   | -                 | -                | 0.0%                  |
| <b>Total</b>         | <b>27,372,065</b> | <b>32,472,242</b> | <b>33,621,488</b>   | <b>33,758,925</b> | <b>1,286,683</b> | <b>4.0%</b>           |
| <b>Funding Types</b> |                   |                   |                     |                   |                  |                       |
| General              | -                 | -                 | -                   | -                 | -                | 0.0%                  |
| Federal              | 9,099,516         | 13,341,729        | 15,050,903          | 15,061,813        | 1,720,084        | 12.9%                 |
| Other                | 18,272,549        | 19,130,513        | 18,570,585          | 18,697,112        | (433,401)        | (2.3%)                |
| <b>Total</b>         | <b>27,372,065</b> | <b>32,472,242</b> | <b>33,621,488</b>   | <b>33,758,925</b> | <b>1,286,683</b> | <b>4.0%</b>           |
| FTE                  | 59.3              | 61.5              | 61.5                | 61.5              | -                | 0.0%                  |

➤ Personal Services- The Governor's recommended appropriation includes an increase of \$123,664 (\$10,910 federal, \$112,754 other) for FY08 salary policy.

➤ Contractual Services- The agency requests a decrease of \$559,928 in other fund expenditure authority for FY08. The major increases and decreases are:

- Computer Consultant- \$704,000 decrease due to a reduction in two consultant contracts (\$320,000) and two consultants being released (\$384,000). BIT is adding two additional FTE's and authority to provide the services to the department.
- Computer Services State- \$144,072 increase for increased BIT billings to the department.

The Governor recommends this request and an increase of \$13,773 in other fund expenditure authority to account for a recalculation in the method of recovering maintenance and repair funding for the capital complex.

➤ Grants and Subsidies- The agency requests an increase of \$1,709,174 in federal fund expenditure authority for FY08 due to additional federal authority being passed through the state for transit and metropolitan planning organizations. The Governor recommends this request.

## Planning and Engineering

The Division of Planning and Engineering includes the Office of Bridge Design, Office of Transportation Inventory Management, Materials and Surfacing Program, Development Office, Right of Way Program, and Road Design Office.

The total recommended budget for the Planning and Engineering Division consists of \$3,513,159 in federal fund expenditure authority and \$16,026,196 in other fund expenditure authority for a total budget of \$19,539,355 and 215.1 FTEs.

|                      | Actual<br>FY06    | Budgeted<br>FY07  | Agency Req.<br>FY08 | Gov Rec.<br>FY08  | Inc/Dec<br>FY08 | % Change<br>From FY07 |
|----------------------|-------------------|-------------------|---------------------|-------------------|-----------------|-----------------------|
| Personal Services    | 11,664,869        | 13,080,354        | 13,080,354          | 13,556,818        | 476,464         | 3.6%                  |
| Travel               | 466,059           | 490,016           | 490,016             | 490,016           | -               | 0.0%                  |
| Contractual Services | 2,153,091         | 2,150,300         | 2,150,300           | 2,201,986         | 51,686          | 2.4%                  |
| Supplies & Materials | 450,994           | 616,381           | 616,381             | 616,381           | -               | 0.0%                  |
| Grants And Subsidies | 1,095,208         | 1,472,634         | 1,472,634           | 1,472,634         | -               | 0.0%                  |
| Capital Outlay       | 318,194           | 1,201,520         | 1,201,520           | 1,201,520         | -               | 0.0%                  |
| Other                | -                 | -                 | -                   | -                 | -               | 0.0%                  |
| <b>Total</b>         | <b>16,148,415</b> | <b>19,011,205</b> | <b>19,011,205</b>   | <b>19,539,355</b> | <b>528,150</b>  | <b>2.8%</b>           |
| <b>Funding Types</b> |                   |                   |                     |                   |                 |                       |
| General              | -                 | -                 | -                   | -                 | -               | 0.0%                  |
| Federal              | 3,307,023         | 3,442,054         | 3,442,054           | 3,513,159         | 71,105          | 2.1%                  |
| Other                | 12,841,392        | 15,569,151        | 15,569,151          | 16,026,196        | 457,045         | 2.9%                  |
| <b>Total</b>         | <b>16,148,415</b> | <b>19,011,205</b> | <b>19,011,205</b>   | <b>19,539,355</b> | <b>528,150</b>  | <b>2.8%</b>           |
| FTE                  | 213.9             | 219.1             | 219.1               | 215.1             | (4.0)           | (1.8%)                |

- Personal Services- The agency requests no change to the Planning and Engineering Division budget for FY08. The Governor recommends a decrease of 4.0 FTEs to better align the division's FY08 FTE usage with the previous years FTE usage. The Governor's recommended appropriation includes an increase of \$476,464 (\$71,105 federal, \$405,359 other) for FY08 salary policy.
- Contractual Services- The Governor's recommended appropriation includes an increase of \$51,686 in other fund expenditure authority to account for a recalculation in the method of recovering maintenance and repair funding for the Capitol Complex.

## Operations

The Division of Operations includes the Operations Support Office, Compliance Office, and the Aberdeen, Mitchell, Pierre, and Rapid City Regions.

The total recommended budget for general operations consists of \$6,670,215 in federal fund expenditure authority and \$96,343,942 in other fund expenditure authority for a total budget of \$103,014,157 and 759.7 FTEs.

|                      | Actual<br>FY06    | Budgeted<br>FY07  | Agency Req.<br>FY08 | Gov Rec.<br>FY08   | Inc/Dec<br>FY08  | % Change<br>From FY07 |
|----------------------|-------------------|-------------------|---------------------|--------------------|------------------|-----------------------|
| Personal Services    | 34,513,601        | 36,371,539        | 36,371,539          | 37,650,341         | 1,278,802        | 3.5%                  |
| Travel               | 1,209,033         | 1,746,756         | 1,746,756           | 1,746,756          | -                | 0.0%                  |
| Contractual Services | 24,827,979        | 25,227,443        | 31,339,170          | 31,343,106         | 6,115,663        | 24.2%                 |
| Supplies & Materials | 15,042,133        | 17,389,296        | 18,113,169          | 18,113,169         | 723,873          | 4.2%                  |
| Grants And Subsidies | 39,279            | -                 | -                   | -                  | -                | 0.0%                  |
| Capital Outlay       | 11,284,871        | 14,160,785        | 15,510,613          | 14,160,785         | -                | 0.0%                  |
| Other                | 347               | -                 | -                   | -                  | -                | 0.0%                  |
| <b>Total</b>         | <b>86,917,243</b> | <b>94,895,819</b> | <b>103,081,247</b>  | <b>103,014,157</b> | <b>8,118,338</b> | <b>8.6%</b>           |
| <b>Funding Types</b> |                   |                   |                     |                    |                  |                       |
| General              | -                 | -                 | -                   | -                  | -                | 0.0%                  |
| Federal              | 6,306,036         | 6,439,171         | 6,439,171           | 6,670,215          | 231,044          | 3.6%                  |
| Other                | 80,611,207        | 88,456,648        | 96,642,076          | 96,343,942         | 7,887,294        | 8.9%                  |
| <b>Total</b>         | <b>86,917,243</b> | <b>94,895,819</b> | <b>103,081,247</b>  | <b>103,014,157</b> | <b>8,118,338</b> | <b>8.6%</b>           |
| FTE                  | 733.6             | 775.7             | 775.7               | 759.7              | (16.0)           | (2.1%)                |

- Personal Services- The agency requests no change to the Operations Division budget for FY08. The Governor recommends a decrease of 16.0 FTEs to better align the division's FY08 FTE usage with the previous years FTE usage. The Governor's recommended appropriation includes an increase of \$1,278,802 (\$231,044 federal, \$1,047,745 other) for FY08 salary policy.
- Contractual Services- The agency requests an increase of \$6,111,727 in other fund expenditure authority for FY08. Due to increases in inflation and a reduction in revenues, the department is moving into more of a maintenance mode. As a result, money is being moved from road construction to road maintenance for contract maintenance. The Governor recommends this request and an increase of \$3,936 in other fund expenditure authority to account for a recalculation in the method of recovering maintenance and repair funding for the Capitol Complex.
- Supplies and Materials- The agency requests an increase of \$723,873 in other fund expenditure authority for inflation costs due to the increase cost of calcium chloride/salt (\$90,179) and the increased usage of road oil and asphalt and calcium chloride/salt for keeping ice off the roadways (\$633,694). The Governor recommends this request.
- Capital Outlay- The agency requests an increase of \$1,349,828 in other fund expenditure authority for FY08. The SDDOT conducted a study of our heavy fleet and as a result found that we need to optimize our replacement schedules to get the most out of the life of the equipment and the most out of the resale value. This request reflects an increase of \$349,828 for replacement of equipment, and \$1,000,000 for inflation factored at 10% due to increased prices. The Governor does not recommend this request.

## Construction Contracts- Informational

To provide for construction and reconstruction of highways and related structures, airports, railroads, and enhancement projects.

The total recommended budget for Construction Contracts consists of \$265,156,783 of federal fund expenditure authority and \$58,250,041 of other fund expenditure authority for a total budget of \$323,406,824 and 0.0 FTEs.

|                      | Actual<br>FY06     | Budgeted<br>FY07   | Agency Req.<br>FY08 | Gov Rec.<br>FY08   | Inc/Dec<br>FY08  | % Change<br>From FY07 |
|----------------------|--------------------|--------------------|---------------------|--------------------|------------------|-----------------------|
| Personal Services    | -                  | -                  | -                   | -                  | -                | 0.0%                  |
| Travel               | 550                | -                  | -                   | -                  | -                | 0.0%                  |
| Contractual Services | 340,723,124        | 320,621,000        | 323,406,824         | 323,406,824        | 2,785,824        | 0.9%                  |
| Supplies & Materials | -                  | -                  | -                   | -                  | -                | 0.0%                  |
| Grants And Subsidies | -                  | -                  | -                   | -                  | -                | 0.0%                  |
| Capital Outlay       | -                  | -                  | -                   | -                  | -                | 0.0%                  |
| Other                | 87,712             | -                  | -                   | -                  | -                | 0.0%                  |
| <b>Total</b>         | <b>340,811,386</b> | <b>320,621,000</b> | <b>323,406,824</b>  | <b>323,406,824</b> | <b>2,785,824</b> | <b>0.9%</b>           |
| <b>Funding Types</b> |                    |                    |                     |                    |                  |                       |
| General              | -                  | -                  | -                   | -                  | -                | 0.0%                  |
| Federal              | 230,768,251        | 256,442,687        | 265,156,783         | 265,156,783        | 8,714,096        | 3.4%                  |
| Other                | 110,043,135        | 64,178,313         | 58,250,041          | 58,250,041         | (5,928,272)      | (9.2%)                |
| <b>Total</b>         | <b>340,811,386</b> | <b>320,621,000</b> | <b>323,406,824</b>  | <b>323,406,824</b> | <b>2,785,824</b> | <b>0.9%</b>           |
| FTE                  | -                  | -                  | -                   | -                  | -                | 0.0%                  |

- **Contractual Services-** The agency requests a net increase of \$2,785,824 in federal fund expenditure authority for the construction of roads, airports, and bridges. An increase of \$8,897,551 reflects federal funding and discretionary grants within the airport construction budget. A decrease of \$6,111, 727 reflects a move of budget to maintenance contracts within the Division of Operations. Because construction costs have risen due to inflation, and revenues are down the department is moving into more of a maintenance mode. The Governor recommends this request.
- The money in this budget is continuously appropriated in statute (SDCL 31-2-14) and the Transportation Commission has authority over the expenditures of this budget.

### **Selected Performance Indicators**

|                                       | FY06                 |         | Difference<br>Over<br>(Under)<br>Estm. | FY07                 |                     |                       | FY08<br>Estimate |
|---------------------------------------|----------------------|---------|--|----------------------|---------------------|-----------------------|------------------|
|                                       | Original<br>Estimate | Actual  |  | Original<br>Estimate | Current<br>Estimate | Change in<br>Estimate |                  |
| Dollars Obligated (Millions)          | \$320.0              | \$340.0 | \$20.0                                 | \$350.0              | \$373.0             | \$23.0                | \$387.9          |
| Projects Let                          | 250                  | 244     | (6)                                    | 250                  | 235                 | (15)                  | 250              |
| Dollar Value Low Bid Price (Millions) | \$260.0              | \$270.0 | \$10.0                                 | \$280.0              | \$298.4             | \$18.4                | \$310.3          |

## **Other Departmental Issues**

### **A. Interim Appropriation Actions**

No interim appropriation actions were taken.

### **B. Letters of Intent- FY07**

No Letters of Intent items for FY07.

### **C. Department of Transportation**

General Fund Reversions FY02-FY06

FY2002- \$0

FY2003- \$36

FY2004- \$1

FY2005- \$0

FY2006- \$0