

MINUTES
JOINT FINANCE-APPROPRIATIONS COMMITTEE

DATE: Thursday, February 08, 2024

TIME: 8:00 A.M.

PLACE: Room C310

MEMBERS PRESENT: Senators Co-chairman Grow, Bjerke, Burtenshaw, Lent, Cook, VanOrden, Herndon, Ward-Engelking, and Just

Representatives Co-chairman Horman, Miller, Bundy, Raybould, Furniss, Handy, Lambert, Petzke, Tanner, and Green

ABSENT/ EXCUSED: Senator Adams

CONVENED: **Co-Chairman Grow** called the meeting of the Joint Finance-Appropriations Committee (Committee) to order at 8:01 a.m.

LSO STAFF PRESENTATION: **IDAHO DEPARTMENT OF TRANSPORTATION (ITD) - TRANSPORTATION SERVICES, LBB 5-125 Christine Otto, Principal Analyst, LSO, Budget & Policy Analysis**

Ms. Otto provided a Base Review for the Idaho Transportation Department including organizational structure and budget detail (see, attachment 1). The Idaho Transportation Department has 1,592 budgeted FTP, a five-year average Personnel Cost appropriated of \$137,565,740 and is organized into four divisions including: Transportation Services, Motor Vehicles, Highway Operations, and Contract Construction and Right-of-Way Acquisition. She provided the Consolidated Fund Analysis for FY 21 – FY 25, Five-Year Appropriations and Expenditures FY 20 – FY 24.

Transportation Services is the first division within the Department and is separated into three budgeted programs including: Administration, Capital Facilities, and Aeronautics. She provided Five-Year Appropriations and Expenditures for Transportation Services for FY 20 – FY 24, a Five-Year Base Snapshot for FY 20 –FY 24, and Budget Enhancements for FY 23 and FY 24. The FY 25 budget enhancements totaled \$86,178,600.

DISCUSSION: **Scott Stokes, ITD Director** stood to answer questions from the Committee. In response to a question from **Senator Cook**, Director Stokes stated there are difficulties in recruiting engineers both because of wage limitations and the difficulty in getting people to commute to the Shoshone building. In response to a request from **Representative Handy** for an update on the progress of relocating the State Street ITD Headquarters, Director Stokes stated that the functions of sale were not conducted at ITD. In regards to the ITD Chinden campus, he was involved in discussions on design, planning, and construction but not on transactions. In response to a question from **Representative Green**, Director Stokes stated the service ITD delivers is much different than five years ago as the demands of Idaho growth have grown significantly. Accordingly, more FTP are needed. Over the past 15 years ITD has reduced positions by 10% to improve efficiencies. With that effort and then the increase in population and demands for safety, ITD now needs to increase maintenance FTP amounts.

In response to a question from **Senator Cook** about the \$600,000 maintenance cost at the District 4 Headquarters in Shoshone, Director Stokes said he could provide a report. The ITD Board and the department are looking at needed repairs and upgrades.

In response to a question from **Representative Tanner**, Director Stokes will provide a final number for how much has been spent in relocating to the Chinden campus. The majority of the costs related to design, with minimal construction funds expended.

In response to a question from **Representative Tanner** about whether ITD obtained an estimate on the cost to repair the State Street location after it flooded, Director Stokes stated he believed there was an estimate performed by risk management and he will follow-up with that.

In response to a question from **Representative Furniss** about cash management, Director Stokes asked for further detail from Mr. Tolman. **David Tolman, ITD Chief Administrative Officer** stated the budget is determined based on forecasted revenue; as moneys come into the department, the moneys are deposited into various funds, and those funds are reinvested by treasurer.

In response to a question from **Chairman Grow** about the reason for moving ITD headquarters, Director Stokes stated there has been an interest to move headquarters for the past ten years. In December 2017, the state purchased the Chinden property, and in 2018 the legislature conducted a study group asking about moving locations. The State Street property flooded two years ago, which increased the interest to move.

In response to a question from **Representative Tanner**, Director Stokes stated the Department could pursue an estimate of remodel costs for the State Street building.

LSO STAFF PRESENTATION: **DIVISION OF MOTOR VEHICLES, LBB 5-133, Christine Otto, Principal Analyst, LSO, Budget & Policy Analysis**

Ms. Otto provided budget detail for the Motor Vehicle Division (see, attachment 1, pages 6–9). She outlined Five-Year Appropriations and Expenditures for FY 20 – FY 24 showing 71 – 79% of appropriations expended, a Five-Year base Snapshot for Motor Vehicles for FY 20 – FY24 showing an ongoing base change from .8% in FY 22 to 3.4% in FY 23 FY 23. There wear no ongoing enhancements in FY 23 and one budget enhancement of \$202,300 for DHR Consolidation in, FY 24. The FY 25 Budget requests included total enhancements of \$1,432,700.

DISCUSSION: **Scott Stokes, ITD Director** stood to answer questions from the Committee. In response to a question from **Representative Handy**, Director Stokes stated his department also provides support to county offices and provided more detail on replacement items. In his closing remarks, Director Stokes stated ITD has saved taxpayers over \$5 million a year and 60% of registrations were completed online or by mail.

LSO STAFF PRESENTATION: HIGHWAY OPERATIONS, LBB 5–139, Christine Otto, Principal Analyst, LSO, Budget & Policy Analysis

Ms. Otto provided budget detail for Highway Operations division (see, attachment 1 pages 9–12), This division has the largest FTP count within ITD of 1,191. She provided Five-year Appropriations and Expenditures for FY 20 – FY 24, a Five-Year Base Snapshot for FY 20 — FY 24, and Enhancements for FY 23 and FY 24. The FY 25 Budget Request totaled \$64,545,100 and included \$45,929,800 for Replacement Items, \$5,771,900 for Workforce Planning, \$6,600,300 for New Equipment, \$5,697,000 for Federal Spending, \$46,100 to Align Budget with Anticipated Expenses, and \$500,000 for Construction Planning Software.

DISCUSSION: In response to a question from **Senator Bjerke**, Ms. Otto stated replacement items refer to replacing items already owned.

Scott Stokes, ITD Director stood to answer questions from the Committee.

In response to a question from **Senator Cook**, Director Stokes stated that over the past ten years, the department has reduced 185 FTPs and have not reduced personnel compensation. In eliminating positions, one innovations the Department employed was to consolidate the leadership structure and create a program to incentivize workers called Horizontal Career Path. By providing appropriation at a higher amount, the Department will money needed to pay at a higher rate as employees graduate through the program.

In response to a question from **Senator Burtenshaw**, Director stokes provided more information on the way the department asset management system was no longer required.

In response to a request from **Representative Miller** to provide more detail on line item 6, Director Stokes stated the new equipment request amount it high as new equipment, including snow plows, is needed when building new highways or expanding lanes. The request includes funds for four new snowplows and one new striping truck.

In response to a request from **Representative Horman** for a breakout of the \$45.9 million for replacement items and new items, Director Stokes stated he would provide a list with breakouts.

In response to a question from **Co-Chairman Grow**, Director Stokes summarized the relationship with LHTAC. Director Stokes stated ITD works closely with planning units in local jurisdictions and provides them with federal funds, and conducts outreach to rural areas. **Justin Collins, ITD Financial Planning Manager** clarified the request to increase spending authority of federal funds.

LSO STAFF PRESENTATION: CONTRACT CONSTRUCTION AND RIGHT-OF-WAY ACQUISITION, LBB 5–147, Christine Otto, Principal Analyst, LSO, Budget & Policy Analysis

Ms. Otto provided budget detail for the Contract Construction and Right of Way Acquisition Division (see, attachment 1 pages 12–15). This division has no allocated FTP but has the largest budget of the divisions within ITD. She outlined the Five-Year Appropriations and Expenditures for FY 20 – FY 24. She emphasized that the legislature has made large investments in transportation, and she provided General Fund cash transfer amounts into different funds. She provided additional information on GARVEE, and TECM (Transportation Expansion and Congestion Mitigation).

DISCUSSION: **Scott Stokes, ITD Director** stood to answer questions from the Committee. In response to a question from **Representative Furniss**, Director Stokes stated that GARVEE bonds have a term of 18 years and TECM bonds have a term of 25 years. In response to a question from **Senator Lent**, Director Stokes provided further detail on the Horizontal Career Path program and how innovation is rewarded. In response to a question from **Senator Bjerke** regarding GARVEE and TECM bonds, **David Tolman, ITD Chief Administrative Officer** stated that refinancing has saved \$42 million. In response to a question from **Representative Miller**, Director Stokes will provide list of highway district projects. Director Stokes stated that the ITD annual report shows over 50% of bridges in Idaho are over 50 years old and an increase in pavement investment is necessary. TECM bonding has been helpful in funding safety and capacity projects. In response to a question from **Co-Chairman Grow, David Hahn, DFM Financial Analyst** stated that in managing construction projects, cash transfers go into dedicated funds. In the past, spending authority was associated with cash authority; however moving forward, it is requested as a continuously appropriated fund.

ADJOURNED: There being no further business before the Committee, **Co-Chairman Grow** adjourned the meeting at 9:38 a.m.

Senator Grow
Chair

Linsy Heiner
Secretary