

2019 HOUSE APPROPRIATIONS

HB 1012

2019 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee
Roughrider Room, State Capitol

HB 1012
1/7/2019
30497

- Subcommittee
 Conference Committee

Committee Clerk: Risa Bergquist

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 to provide for transfers.

Minutes:

Attachments 1-6

Chairman Delzer: We'll call the meeting to order, DOT overview.

Thomas Sorel, Director of DOT: Began going through attachment 1

4:10 Representative J. Nelson: I have a question on the safety, you replaced some flashing light with some yard lights, I'm wondering why we did that and the cost per sight. (Will be answered at 36 minutes into the meeting)

6:50 Mr. Sorel: Continuing Page 7 of attachment 1

12:40 Representative Nathe: Why the issue of selling licenses and license plates at a loss, why that was addressed in the budget going into this session?

Mr. Sorel: We looked at submitting a bill and after having further discussions about it, it was decided we weren't going to submit a bill on that at this time.

Representative Kempenich: You are showing no state money for repairs, we got into some of these micro surface, or maintenance type programs that the feds were putting money into. Are we still involved? Where are we at in maintenance and preserving instead of just building new stuff?

Mr. Sorel: We are in a maintenance mode right now; we are trying to protect what we have. That's where we are today and where we are heading in future. He held a Transportation Symposium last year (**attachment 5**) and we included a handout on our 20 year prospective.

17:00 Ron Henke Deputy Director of Engineering: (Page 17 of attachment 1) (Continued on with Attachment 1 page 17)

18:40 Chairman Delzer: (Page 18 of attachment 1) How did you come up with the different classifications? State corridor vs. District Corridor?

Mr. Henke: It is based on how you would want travel through the state and the traffic that is on them. Some are set more to get through a state and some of the smaller one like the district corridors would be shorter distances. State corridor are for those longer distances.

20:50 Representative Vigesaa: How much visibility do you have on federal funding at this point?

Mr. Henke: We have a federal bill that goes through 2020, they have given us projected dollars and that's what we work off of. It's reality flat with maybe a small increase.

Representative Vigesaa: As you look beyond do you just make estimation and calculations of what you think federal funding will be or do they give some indication of what it might be maybe?

Mr. Henke: We generally will hold it flat or maybe put in a 1% increase in dollars, that's where we get our rough estimate of what it will be in the future.

22:40 Representative J. Nelson: I understand the maintenance crews have changed in the shops, I would like to see map of what maintenance shop had and the number of miles in their routes they had prior to the change and where they are today. I want to look at their ability to cover those areas. (Representative J. Nelson was called out of the room before further discussion)

24:20 Representative Monson: I was just made aware you are planning on closing the Adams one and Grafton and moving to Park River and also are they really driving the trucks all the way to Grand Forks for an oil change? Would you check on that?

Mr. Henke: (In attachment 2) there is a study that we were asked by this body to conduct and we finished that up to a certain point. We were looking for efficiencies and effectiveness while still trying to do snow and ice services, in that study we identified 10 potential location where we might be able to find some efficiency; Adams is one of those. It's not a closure it's an efficacy in a potential location. We are currently in the process of doing focus groups to try to get some input from the public. We want to understand what they are looking for service as far as length of time, how long they are willing to drive on compacted snow, or how soon they think we should have those roads completely cleaned off. We are also working with cycle times, so urban areas we identify a 2-hour cycle time, so if you start at point A by the time you get back to point A it'll be 2 hours. Those cycle times range from 2-4 hours. This isn't factoring in wind, this is just to cover every road way and the clear it off.

Chairman Delzer: Did you give the different classifications any consideration when you did that? Interstate versus highways?

Mr. Henke: The classification system was one of the things that we looked at. We also looked at closeness of section buildings, we did a 25-mile circle around just to see if there's a lot of

overlap. Some of those circles overlapped so much you really couldn't see the other ones; those are the places we are starting to look first. We tried to factor in lights, fueling all those things, we worked off a 14-hour day, so those roads should get passed over 7 times in a 24-hour period. We looked at schools, hospitals, we really used a lot of good tools for that study.

Representative J. Nelson: My request is for the maintenance shops and their service area before the change and afterwards. I want to see the amount of time that changed in those areas.

31:15 Representative Schatz: I would like to make that same request for New England, you have a main corridor that runs from Dickinson to highway 12 where there's nobody on their now. That shop cleared the largest area by almost twice as much and you closed that shop.

Representative J. Nelson: I want the existing route this calendar year.

Mr. Henke: The study we are doing is trying to "truth" those routes and to see if we can actually cover those miles within the cycle time.

34:25 Representative J. Nelson: Looks like you have a new liquid rather than salt, is that proving to be a long term solution? Are they more or less corrosive and what about the cost comparison?

Mr. Henke: We've always used brine that is a diluted salt, it's less abrasive than the salt pellets on the road. We also do pre-wetting, which is geo-melt and that is a beet byproduct, which isn't corrosive at all, we put that down before the storm hits. It's a way to break the bond between the pavement and ice that would accumulate so we can get it peeled off quicker.

**** Your other question about the overhead beacons;** We do a lot of studies and the overhead beacons are proving not to be as effective as once thought. So we changed things up, we put in some conflict warning systems. Might be on the side of the road instead of overhead, maybe pavement markings, they are supposed to be more effective and we do more upfront signage. We also lost a number of beacons by larger equipment, they got taken down and needed to be repaired and put back up.

37:10 Representative J. Nelson: I would be interested in the cost of those poles with the lights on them, as a layman I would think the flashing lights around a stop sign would be a fairly inexpensive solution to the same problem. Isn't it high cost with the poles and the availability in some areas of for electricity, some areas using solar electricity. There's also a lot of them that aren't working yet.

Mr. Henke: We call that a destination light, when there's just one light out there. Depending on the solar or the power source, I think we're in the 5-6-thousand-dollar range. The LED stop signs you mentioned, we do use those, we're careful about when, we have concerns that if every stop sign is LED it will lose its effectiveness.

Chairman Delzer: Was the 5-6 thousand, that's the initial cost? What about if you need power from rural electric? What do you pay?

Mr. Henke: I would think it's 40-50 dollars per lead point, that's just to have the meter, and then there's additional whatever those LED light costs us.

40:00 Mark Nelson, Deputy of Business Support, Driver & Vehicle Services: Starting on page 25 of attachment 1

Representative Mock: Do you scan the documents that people bring in for a Real ID, do you just look at them and then they keep the documents, and do you save that for a certain amount of time?

Mr. Nelson: We scan the documents and those records are kept at our location, they are there for infinity.

Chairman Delzer: So a commercial driver's license you have to have 2-3 documents, is it any different for the Real ID?

Mr. Nelson: What is required for the Real ID is online, basically verifying your address, birth certificate.

Chairman Delzer: But that's all required for the CDL, what's the difference?

Mr. Nelson: If you don't have that "Star" in the corner of your drivers license it will not work to get you onto plane. At this point we don't scan those documents.

44:00 Representative Howe: Are you planning any public service announcements? Are you working with any of the regional airports with this information?

Mr. Nelson: We are talking to our communication department, currently we are experiencing people coming into the DOT and requesting the Real ID and then they don't have the proper information and they are having to come back at a later date. We are trying to do another push so people know the correct documents.

Chairman Delzer: And a passport or a passport card would take the place of a Real ID.

Representative Meier: How long are they good for and what is the cost of a real ID?

Mr. Nelson: It would be the same as a driver's license, so it's a 6 year drivers license and the cost is the same.

Representative J. Nelson: If your license doesn't come up for renewal until after 2020, is that going to be a problem?

Mr. Nelson: If you want to get on an aircraft you have to have it by October 1st of 2020, you can come in early and get a duplicate license that we can turn into a Real ID. If it's within 10 months they can renew your license otherwise they can get a duplicate.

49:00 Mr. Nelson: Continuing page 27 of attachment 1

50:00 We've also included a renewal online card (**attachment 3**) It's another tool for us to try to get as many online options as we can. The one that is really important to point out is that license renewal appointment, you can schedule an appointment and you go to the front of the line when you come in.

53:40 Representative Nathe: There's a minimum of these kiosks? Are you looking to expand out to anymore cities other than what you have listed right now? What is the minimum, a certain amount of times per day?

Mr. Nelson: Not at this point, we really need to get this out into the media again, right now we are not even at a breakeven point. Those machines are leased by us, when you use them you will see on the screen that there is a 3-dollar fee. We do not get that fee, that goes directly to the company that we use and the credit card fee as well that we don't get. It's a thousand dollars a month minimum, anything after that is credited to the following month.

57:40 Shannon Sauer, Chief Finance Officer Dot; (Page 33 of attachment 1)

1:04:15 Representative J. Nelson: The increase in gas tax in this budget, we are told it's a declining revenue source. Can you either prove or disprove that theory?

Mr. Sauer: North Dakota has been fortunate in the last decade because we had a lot of gallons that were taxed because of the oil and good years in Ag. It is a fact that the fuel tax hasn't changed since 2005, it is a fact that the mile per gallon requirements have increased, vehicles are getting better gas mileage. From that stand point and looking into the future with more things going into electric vehicles, we do expect in the North Dakota and nationwide that the fuel taxes will have some decline.

Representative J. Nelson: Are we behind the ball when it comes to electric cars and the charging of electric cars?

Chairman Delzer: There's a bill in the Senate that will add a surcharge on electric cars. It's be an annual charge with registration.

Mr. Sauer: On thing to add to that, **attachment 5** will address a number of these concerns.

Representative Nathe: Federal highway act expires in 2020, how does that impact your predication for money in 2021?

Mr. Sauer: we are expecting very modest increases throughout the balance of the program, after that our projections will be basically a flat federal revenue unless we have some other indication it is going to be otherwise.

Representative Nathe: So you're still basing those predictions on the 2020 fundind?

Mr. Sauer: Right now that is all that we have.

1:09:00 Continuing page 40 of attachment 1

Chairman Delzer: Is there anything the budget request that is not restored?

Mr. Sauer: Yes, and I will go through that, continuing **with page 40 of attachment 1**

Chairman Delzer: For subcommittee make sure you have that information to answer those questions.

1:14:30 Continuing Mr. Sauer: (Page 42 of attachment 1)

Chairman Delzer: These where all out of the highway fund, you proposed them so where did the money go?

Mr. Sauer: The money went to funding cuts that we proposed that you restored.

Chairman Delzer: So if you were willing to make these cut, where did that money from these go, where in your budget?

Mr. Sauer: If we had incurred all of the cuts and not restored these we would have had an unspent balance. It is being used on the base budget and the restored cuts and additional requests.

1:20:15 Tom Sorel: If you look at where this is headed in the future with the federal funding, there's a lot of discussion about changing the match and provide more local or state share on federal funding, and that kind of the dialog that's occurring nationally. Midwest state depend on federal funding and we can't participate well because we don't have those resources to do that.

Electric vehicles and that Senate bill, right now we have about 140 vesical resisted and we are looking for that number to rise. We are looking at potential charging stations; we need to get in front of the infer structure to support that.

Chairman Delzer: On those charging station, are you aware of the fast charge that they could put a credit card in and then they would pay for that?

Mr. Sorel: They are possible but they are not as fast as you think, you are finding them in malls and areas where people would be spending some time not rest areas.

1:28:00 Mr. Sauer: You had asked about the figure on the highway tax distribution fund for this biennium, it was 524.4

Chairman Delzer: And what year is the 556?

Mr. Sauer: Yes, is 556.9 and 1921 is was 524.4 for the prior biennium.

Chairman Delzer: With that we will close the meeting.

2019 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee - Government Operations Division
Medora Room, State Capitol

HB1012
1/9/2019
Recording Job# 30574

- Subcommittee
 Conference Committee

Committee Clerk: Sheri Lewis

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 to provide for transfers.

Minutes:

Attachments A through C

Roll call taken.

Chairman Vigesaa: Opened the hearing on HB1012.

Tim Sorel, Director, ND Department of Transportation: See testimony attachment A.

Shannon Sauer, Chief Financial Officer, ND Department of Transportation: See testimony attachment A.

Representative Kempenich: Are we 100% matched with federal funds with this proposal?

Shannon Sauer: We are. In Monday's presentation there was a slide dealing with federal funds and the amount of match. The governor's recommendation does fully match the anticipated federal revenue.

Representative Kempenich: So the \$26 million; is that our share of the match? That would have been our share of the special funds right?

Shannon Sauer: That was a portion of the match that we would have had to provide. That number came about because after we had identified the cuts, we were still short of meeting the governor's directive. That is what would have been necessary to reach that directive.

Chairman Vigesaa: So the 90% budget wouldn't have allowed you to have the match available. Is that why this had to be restored so you could match it?

Shannon Sauer: That's correct. After all the other cuts we had identified, we would have been \$26.5 million short.

Representative Kempenich: The proposal is not funded. How much federal money is involved in these that were not federally funded? Is there more federal funding to fund these that are not funded? We know the rest areas get federal money into those don't they?

Shannon Sauer: No. Rest areas are typically funded with state funding. Those proposals that aren't funded are state dollars.

Representative Howe: Can you speak to the rest area upgrades versus maintenance and what both of those entail?

Shannon Sauer: We have a number of rest areas across the state and require routine maintenance for upkeep. The \$2.5 million is for the day to day operations of those rest areas. We have contracts with individuals to come and clean them. The \$20 million would be for very substantial upgrades like a new sewage lagoon or new roof.

Representative Howe: Where would the 2 new rest areas be located?

Shannon Sauer: One is on I-94 around the Dickinson area and one was South of Fargo.

Chairman Vigesaa: Last session we had talked about closing a rest area or two. The Jamestown and Crystal Springs locations are open again. What happened? Did some additional funds become available where we could maintain those going into the future?

Ron Henke, Deputy Director for Engineering, ND Department of Transportation: Last session we proposed closing the Jamestown ones. That was a long term plan to try get that 75-mile spacing. Jamestown just didn't fit with that 75-mile spacing. We did close 5 rest area last time; but they were not on the interstate system. The Crystal Springs one; we had a sewage issue. The lagoon system was flooded and we had to work through the environmental clearance to put in a new lagoon system.

Chairman Vigesaa: So the Jamestown ones are possibly going to be closed long term?

Ron Henke: It was something that we proposed to this committee as a possible long term solution. We have not made any movement to close them and they're in good shape.

Shannon Sauer continued with his testimony.

Chairman Vigesaa: Is it always the same percentage match or does it vary by project when you work with the county on issues like that?

Shannon Sauer: I believe that there could be some variations in that depending on the type of project and what's involved.

Representative Mock: Do you have a range on the common match is percentage wise?

Shannon Sauer: It is 80% to 90%.

Shannon Sauer continued with is testimony.

Representative Kempenich: In the current budget \$1.27 billion was what the appropriation was. But you have \$1.67 billion for the new budget; there must be some general fund carry over from some projects that are ongoing? You have a remaining appropriation of about \$624 million to be spent yet and the incumbents are showing about \$59 million. How is this all flowing through the different bienniums?

Shannon Sauer: I'm going to introduce some amendments that reflect the governor's proposal. One of those amendments addresses what you're referring to.

Shannon Sauer continued with his testimony.

Chairman Vigesaa: You mentioned earlier that these were projects that you had requested but hadn't identified a funding source. Is that correct?

Shannon Sauer: Yes. We had identified that there would be a certain amount of available state highway funds after these cuts occurred. We added things back to where we reached a balance point where we exhausted all of that money. We had more things that we either wanted to add back or wanted to request. We didn't have a funding source for those but we included them. The governor's package is \$39 million of being balanced. We're going to use SIIF funding on these 5 projects.

Representative Kempenich: Do you have these projects listed in priority order? If things don't work out is there a priority list on these projects?

Shannon Sauer: We can get a list for you. The 2025 Driver's License Project is by far the most important.

Chairman Vigesaa: Will someone be giving an overview of these projects this morning?

Shannon Sauer: I can talk to them.

Shannon Sauer continued with his testimony.

Chairman Vigesaa: Have we begun a pilot in that area where some of that data has started to show up on our websites?

Shannon Sauer: We don't actually have data on that system; it's just the location.

Shannon Sauer continued with his testimony.

Chairman Vigesaa: Would any of these enhancements result in being able to have fewer FTE's in those different departments? Does the technology get us to a point where fewer personnel would be needed?

Shannon Sauer: We'd have to get back to you with an answer.

Representative Kempenich: Do you have breakdowns of what projects are left and completion times? This would be a completely new system correct?

Shannon Sauer: That's correct.

Representative Bellew: Your website is awfully difficult to understand it. If you could design it for someone like me it would be great.

Shannon Sauer: Noted.

Vice Chairman Brandenburg: You're looking at a \$1.4 billion budget. Are we there with the federal match?

Shannon Sauer: The governor's recommendation fully matches the anticipated federal funds.

Vice Chairman Brandenburg: It's about \$200,000.00 more than last session. Where are you going with the \$200,000.00? You don't need to answer that now.

Representative Kempenich: One ongoing issue that we need to touch on is unfilled positions on the western side of the state and the condition of the roads.

Shannon Sauer: It is a fact that we struggle to attract and retain qualified folks in certain positions; particularly those requiring a cdl. The private industry and some government areas put out some very attractive compensation packages and we struggle to compete with that.

Pat Hansen, Executive Director, South Central Adult Services: See testimony attachment B.

Representative Bellew: I would like to know how that money is distributed.

Pat Hansen: It's a formula created by the legislature.

Vice Chairman Brandenburg: Am I reading that right?

Pat Hansen: I know what I get in federal dollars and I know our match is 50% for operating and 80% for capital and administration.

Vice Chairman Brandenburg: I'm trying to understand how it went from \$25 million federal and state. (Unintelligible question).

Pat Hansen: We are getting more in federal dollars than we ever have before. The problem is if we can't match we can't collect them. We're reimbursed after the fact. So we have to incur 3 months of expenses before submitting for payment.

Vice Chairman Brandenburg: That's what I'm trying to do is connect the dots between the federal and state dollars. If you could explain that part of it.

Shannon Sauer: The numbers that you are questioning are our latest estimates as to the federal piece reflects what we believe we're going to get and the other one is the state one which we discussed. They're 2 programs that benefit public transportation. The \$8.5 million is disbursed through the DOT via a formula that the legislature has prescribed. There's a number of grants, etc involved in that.

Vice Chairman Brandenburg: Are we leaving federal dollars on the table and not getting them out to the districts? What's the problem?

Pat Hansen: I'm not sure with other agencies; but like I said, I had to raise a lot of local money to get the rest of it.

Russ Hansen, Associated General Contractors: Testified in support of HB1012.

Chairman Vigesaa: Are North Dakota contractors getting the work that the DOT does throughout the state?

Russ Hansen: Yes and no. Particularly with the oil boom we have a lot of out of state contractors. That has created a very competitive market place and a number of them are still here.

Cal Coling, Executive Director, Theodore Roosevelt Expressway: Testified in support of HB1012.

Vice Chairman Brandenburg: Do you have a permit for the Long X bridge?

Cal Coling: We are getting really close.

Chairman Vigesaa: Is there some activity being done to complete this project?

Cal Coling: From Texas to North Dakota it's about 58% 4-lane.

Lance Goebe, Lobbyist, ND Ethanol Plants and ND Corn Grower Association: Testified in support of HB1012.

Vice Chairman Brandenburg: Have you spoken with the game and fish about this?

Lance Goebe: Very closely.

Larry Seversen, Lobbyist, ND Township Officer's Association: Testified in support of HB1012.

Vice Chairman Brandenburg: See testimony attachment C.

Chairman Vigesaa: Closed the hearing.

2019 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee - Government Operations Division
Medora Room, State Capitol

HB1012
1/15/2019
Recording Job# 30791

- Subcommittee
 Conference Committee

Committee Clerk: Sheri Lewis

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 to provide for transfers.

Minutes:

Attachments A and B

Chairman Vigesaa: Opened the hearing on HB1012.

Tom Sorel, Director, ND Department of Transportation: See testimony attachment A.

Russ Buchholz, Strategy and Innovation Director, ND Department of Transportation: See testimony attachment A.

Representative Kempenich: Is this system off the shelf or has it been tried in other states?

Russ Buchholz: You're correct with what Minnesota did. Right now Minnesota is working with Fast Enterprises in order to get the Real ID up and running. It is off the shelf. It would talk to motor vehicle and our tax department. Fast Enterprises has always been on budget, on time and has never gone above their quoted price.

Representative Kempenich: I've heard from the users on the tax side of it that when they do upgrade; they get errors. That's one of the concerns.

Russ Buchholz: A lot of it can be with the user system as well.

Representative Mock: For all the IT products, could you outline, if fully funded this biennium, the estimated timeline before these systems would be operational? Especially in the case of mainframe systems, when you anticipate when you would be fully able to leave the mainframe?

Russ Buchholz: Roughly the driver's license piece would be under 2 years. The other ones will take a lot longer.

Chairman Vigesaa: Would the citizens notice any difference on the change over to the driver's license system or would it be seamless?

Russ Buchholz: It should be seamless; the backside is where all the changes would occur.

Russ Buchholz continued with his testimony.

Representative Kempenich: Is this a unique program?

Russ Buchholz: This is a homegrown system that was created in house.

Representative Mock: I missed the timeline?

Russ Buchholz: It would be 4 to 6 years.

Representative Mock: That's full replacement of the system and off the mainframe?

Russ Buchholz: That's correct.

Representative Mock: Can you estimate for us how much the department is paying to maintain the legacy systems on the mainframe?

Russ Buchholz: I can include those costs.

Representative Mock: It's possible that you could be solely responsible at the end for maintaining the mainframe.

Russ Buchholz: That's right.

Representative Bellew: Number 10 is \$22.5 million for driver's license?

Russ Buchholz: That's for the driver's license and all the interfacing as well as integrating motor vehicle.

Representative Bellew: Number 9 is \$1.3 million. What's that for?

Russ Buchholz: I'm not sure what you're referring to.

Russ Buchholz continued with his testimony.

Chairman Vigesaa: The time frame on that implementation?

Russ Buchholz: That would be 2 years.

Ron Henke, Deputy Director of Engineering, ND Department of Transportation: See testimony attachment A.

Vice Chairman Brandenburg: What costs came in higher because it's going to cost you more than you anticipated?

Ron Henke: The numbers are always changing on us. We didn't have all these projects planned. We've added more projects than what we ever intended to do with those strategic infrastructure dollars.

Vice Chairman Brandenburg: The money that was put out there is still out west? Nothing's been moved?

Ron Henke: The dollars are still out west. We were able to do more roadways than what we thought we could do when the money was given to us.

Chairman Vigesaa: Is that primarily because the bids came in lower?

Ron Henke: Yes. The cost for asphalt came down because oil came down.

Representative Beadle: The Long X bridge came down \$35 million off of the estimate. We're still over \$11 million. What were the projects you ended up adding after you saw those savings?

Ron Henke: I don't have that list. There are quite a few projects that we added to the projects that we were doing out west. I can assure you that they've all stayed out west.

Representative Beadle: I understand that you're still doing it in the oil area. When you save \$35 million, why you didn't spend \$46 million?

Ron Henke: We will program more projects than we have money for. Because if we don't get a permit or environmental clearance then we have to slide a project off and move something else in because those dollars are given to us for a period of time.

Representative Kempenich: Do you have projects that you're looking at for the next 2 years? Do you have where you're going with some of that?

Ron Henke: Page 8 and attachment A is the draft plan for the next 2 years.

Chairman Vigesaa: What's the projected life span of a thin overlay?

Ron Henke: It depends on traffic; but most cases, it's 5 to 7 years.

Vice Chairman Brandenburg: Those rumble strips are just wrecking the roads. I understand the safety part in the center of the road.

Chairman Vigesaa: Is that a conversation that happens at the department? We've had bills introduced to look at that situation. Is it a discussion that's ongoing?

Ron Henke: I don't think we've had discussions on whether we're going to continue or not. I think we plan to continue. But there are some bills out there that ask us to do a further depth study as to what is the impact of that rumble strip on the life of the pavement.

Representative Mock: Does the department have any localized statistics or research that can provide some real life examples of what effect they've had in terms of crash prevention or additional safety statistics?

Ron Henke: I believe we did one with North Dakota data a few years back. We'll get a copy for this committee.

Ron Henke continued with his testimony.

Ron Beadle: Are there any federal funding dollars that we ended up getting for the roadway or transportation projects tied with those safety measures? Is there any funding that we get with some of the safety features such as the rumble strips?

Ron Henke: We do get specifically safety dollars to try to improve safety.

Ron Beadle: Do they leave that pretty broad for you to figure out what safety means to you?

Ron Henke: There are some proven measures that you can do; but, anything that you can tie to improving safety you can spend those dollars on. Turn lanes would be another safety improvement.

Representative Beadle: What do those safety grants translate to in terms of dollar amounts or percentages of funds? Do they come in specifically for that project?

Ron Henke: I think we have about \$11 million in safety dollars that have to be for safety each year.

Becky Hanson, Transit Program Manager, ND Department of Transportation: See testimony attachment A.

Vice Chairman Brandenburg: How much is capital grants and how much is operating?

Becky Hanson: I don't have that exact data. I can get that for you. There is a chart on page 6 that does outlay 5311 federal funds. For 2018 there was about \$5.5 million awarded in this grant; but it isn't broken down between capital, administrative and operating.

Vice Chairman Brandenburg: We're dealing with more money. With \$8 million more dollars they're saying that they don't have enough money to take care of transit. Somethings got to be happening between the capital, the operating, the 80/20 and the 50/50.

Becky Hanson: For the 5311 funds, the capital that can only be used for federal guidelines for that is small capital purchases in this fund. That would be for tires, some oil changes, transmission repairs. The 5310 and 5339 are for the actual vehicles and building improvements.

Vice Chairman Brandenburg: On the 5310 we have \$2.4 million and the 5311 we have \$21 million. Those are both 80/20?

Becky Hanson: Yes. When it's capital it's 80/20. When it's operating in 5311 it's 50/50.

Vice Chairman Brandenburg: Then the operating is \$23 million?

Becky Hanson: The \$23 million is the state public transportation fund that we contract out annually.

Vice Chairman Brandenburg: For both years?

Becky Hanson: There's \$4 million for this year.

Becky Hanson continued with her testimony.

Vice Chairman Brandenburg: If you have a rural area and you have less population, you're ending up with less of the funding.

Becky Hanson: It's based on the population and then the ridership numbers.

Vice Chairman Brandenburg: I have to deal with Pat Hansen. She takes care of a bunch of counties with a lot older people and a lot of miles; and it's not working.

Chairman Vigesaa: Any of these rural areas can apply for the federal grants?

Becky Hanson: Yes. They can apply for any of the grants. The urban can also apply for 5310 and 5339.

Chairman Vigesaa: What's the application process look like? Do you have a committee that looks like for these small rural counties?

Becky Hanson: Yes it's an application process. They can submit it electronically through us. We review it and a recommendation is given to team management.

Chairman Vigesaa: The decision does ride within the ND DOT as far as distribution of the grants?

Becky Hanson: We have a grant committee that's made up of DOT members and non DOT members.

Chairman Vigesaa: It's in state? Even if it's federal money it's still determined by the state folks?

Becky Hanson: Yes.

Chairman Vigesaa: Are you aware of any bills being introduced during the session to increase any of this funding for rural transit?

Becky Hanson: No.

Mark Nelson, Deputy Director Driver Vehicle Services, ND Department of Transportation: See testimony attachment A.

Chairman Vigesaa: Is the regional pay included in this salary budget to continue that?

Mark Nelson: As long as we have the funding, we can continue.

Chairman Vigesaa: What's a typical week like? Are they paid 40 hours and then it's time and a half if they go over that? Do you know how that compares to counties? Do they get overtime as well?

Mark Nelson: My response would be that I'm sure that the counties are at a 40 hour work week. Anything above that would be paid as overtime like our operators. Our operators during storm events are putting in upwards of 14 hours per day.

Chairman Vigesaa: I was just wondering overall if the DOT would overall provide more hours than a county would; so at the end of the year the salaries aren't so far out of line.

Mark Nelson: Ok.

Representative Mock: You mentioned that you had some challenges out east. Have you done a similar pay analysis of counties outside of western North Dakota? Where you've struggled to retain employees, how do those numbers look?

Mark Nelson: When you get to the eastern part of the state, we're closer to the salary line.

Representative Mock: Have you tried to relocate temporarily workers to cover some of the workload in western North Dakota? How have you managed the workload knowing that you have less than ideal quantity of personnel?

Mark Nelson: We have done that in the past. It depends in the case of a storm that Minot may be dealing with the same situation that Williston may be. There have been some of that sharing of resources. That does occur as it's available.

Representative Mock: These ones that you've highlighted, how are their retention rates?

Mark Nelson: I don't have that information.

Representative Mock: I would be curious if it's just a matter of dollars and cents; or if there are other variables.

Shannon Sauer, CFO, ND Department of transportation: See testimony attachment A.

Tom Sorel continued with his testimony.

Attachment B was given but not discussed.

Chairman Vigesaa: There's been a bill introduced to clarify the fact that expenses surrounding the governor's travel and security is a public record. I'm assuming that it's going to get very good support in both chambers. Could you provide some detail on the expense of the aircraft that the DOT owns? We would want detail of what the governor's expense himself has been with use of the aircraft.

Chairman Vigesaa: Closed the hearing.

2019 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee - Government Operations Division
Medora Room, State Capitol

HB1012
1/22/2019
Recording Job# 31168

- Subcommittee
 Conference Committee

Committee Clerk: Sheri Lewis

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 to provide for transfers.

Minutes:

Attachments A through D

Chairman Vigesaa: Opened the hearing on HB1012.

Roll call taken.

Tom Sorel, Director, ND Department of Transportation:

Patty Shook, Assistant Director of Financial Management, ND Department of Transportation: Explained the green sheet.

Representative Kempenich: Is the whole exercise in this to find a common language or denominator?

Becky Keller, Budget Analyst, ND Office of Management and Budget: I think that's pretty close to what it would be. We took the number of FTE that ITD said were IT related at DOT and we had to remove 41 FTE. You're correct, the net gain on this isn't going to be dollars, it's going to be the cohesiveness of all the IT functions throughout the state.

Representative Bellew: Could you explain the \$350,000.00 to me? You said it's for one person.

Becky Keller: When we were looking at the FTE that were coming out for this budget, we had a list of all the IT FTE. We had one FTE that was in question because one of their IT FTE decided to stay within DOT in a different function; so they had to give up an FTE position. That person was their deputy director of the agency; he's no longer there and they weren't going to use that FTE, so they gave it up to us. We used that money for that FTE; so it's roughly \$350,000.00 for salaries and benefits for the biennium.

Representative Bellew: But you said he's no longer there?

Becky Keller: Right. But they still had the funding and the FTE in their budget; so they gave up that FTE to ITD and the funding would go with it to ITD.

Chairman Vigesaa: Everyone has this at cost for those employees that moved over. We were explained that these were the salary increases; the amount of additional cost that would be incurred because their salaries were going to be a little bit higher. Is that correct?

Becky Keller: That's correct. Had I done this correctly in the first place, this \$350,000.00 would have been his salary plus his increase. This \$350,000.00 that we're adding in does include the increase that that position would have gotten as well. The \$81,212.00 is the increase for all the rest of those FTE that we moved.

Chairman Vigesaa: Because the \$350,000.00 had to be added somewhere, it's being added in this line.

Becky Keller: Right. It would have been initially had we included him in the first place; and it wouldn't have seemed so odd that it's such a huge increase. It's not all his salary increase; it's his salary plus his increase being added.

Representative Bellew: You're transferring a person over to ITD, the deputy director position; but when it gets to ITD are they going to get the same amount of money when a computer operator would get less?

Becky Keller: That's something you're going to want to look at for a lot of these positions that are going over; whether or not the dollar amount is going to be used the same. I don't know the answer to that.

Chris Kadrmas, Analyst, ND Legislative Council: Along with the adjustment to increase the operating funding provided to ITD, the reduction also needs to be increased to reflect the full position; because the full amount wasn't actually reduced from the agency's budget. The reduction of \$8,224,000.00; there needs to be an additional \$198,600.00 reduced off of it.

Representative Kempenich: It's becoming a contractual agreement between the agencies. We're committing this but it's assuming that this is what it's going to be.

Patty Shook continued with her explanation.

Representative Bellew: Is that because gas taxes are up or did we get more federal funds?

Patty Shook: A combination of both.

Representative Bellew: Could you break that out?

Patty Shook: I can give you a better list.

Representative Bellew: What is the Rail Loan Program?

Shannon Sauer, Chief Financial Officer, ND Department of Transportation: See testimony attachment B.

Representative Bellew: What is going to be the total funding?

Patty Shook: It increases the funding from the highway fund; but it would decrease a piece that we would have displayed from the federal.

Representative Bellew: So it's basically a wash?

Patty Shook: Exactly.

Patty Shook continued with her explanation.

Representative Bellew: What are you doing with those? There's about \$650,000.00 for each of them.

Mark Nelson, Deputy Director, Driver Vehicle Services, ND Department of Transportation: We're adding on to that facility in Fargo. The demand has outgrown the size of that building. We have situations where we have people outside trying to get in. We're adding on to the DOT building in Fargo.

Representative Bellew: Is this just for Fargo?

Mark Nelson: Fargo is coming out of this biennium; so that's already covered. In Minot we're adding on to the facility. We're going to attach it to the DOT building. We're also adding on to the Williston DOT.

Patty Shook continued with her explanation.

Patty Shook: See testimony attachment A.

Representative Kempenich: What does that consist of on fleet services? There's not as much usage?

Shannon Sauer: It's a combination of things; what we anticipate our usage will be and because of some of the budget cutbacks last biennium, there's a little bit less travel.

Representative Kempenich: Do you have a breakdown of what your different vehicles cost for what you're charging other agencies?

Shannon Sauer: We do. It's published quarterly and you can find it on our website.

Patty Shook continued with her testimony.

Representative Beadle: Is that a typo; where you have the reduction of \$11.3 million and you're only adding in \$11.1 million?

Patty Shook: Currently, we would have had \$11.3 million in there; then we restored it as a state fund. That's we anticipate for next biennium.

Patty Shook continued with her testimony.

Representative Kempenich: How long is that good for?

Patty Shook: It's the cost for one biennium.

Representative Kempenich: Is that for new software or is that just for the program and then it continues as long as we don't need an upgrade?

Becky Keller: The Microsoft Office 365 licensing is something new that the agencies have been going to use Microsoft Office 365. I imagine this will be to continue the use of that license.

Representative Mock: The agencies have been using Microsoft 365; they've been licensing it themselves. Now they're doing the unified license. They're not letting departments purchase or acquire their own licenses. Am I correct in that?

Becky Keller: I'm not sure of the exact specifics of this. I know some agencies started using the Office 365 this biennium; ITD funded it if they came in in the middle of the biennium without having the funding in their budget for it. To continue using it into the 2019-2021; and for the new agencies coming on in 2021, we added the funding.

Representative Mock: As we're adding those line items into every one of these budgets, is that reducing a line item somewhere else because they're not having to purchase that software from another category? Are we really getting the full picture of where Office 365 line item; how that's affecting their overall software purchases?

Shannon Sauer: Some agencies were doing some things with 365 earlier than others. In the case of the DOT, it wasn't until last summer that the DOT went to Office 365. Prior to that, we were using the suite of all Microsoft products but not the 365. The number that you see there is an increase above the way we were operating before; that is an increase to our costs as a result of going to 365.

Representative Mock: The \$708,498.00 is an increase in your Microsoft related products. In order to have the licensing on all of your computers, from what you were using in the past, for this biennium it's going to be a \$708,498.00 increase. Is that correct?

Shannon Sauer: Yes, that is our understanding.

Representative Mock: That's not the total cost. That's the increase to have 365 on all of your computers.

Shannon Sauer: That's correct.

Representative Beadle: My assumption is that you wouldn't be purchasing that device for a PC multiple times per biennium. While you don't have the large transaction for the individual software package purchase for those devices, now you have the ongoing subscription cost per user that's paid on an annual basis. Is that a summary for how the software for the Office suite is how it's being handled within your budget?

Shannon Sauer: I'm going to have to get one our IT people give you an answer.

Representative Mock: Shawn Riley had indicated that the reason that they were moving to Office 365 in all of these budgets was not adding an additional measure; it was the cyber security aspect, that they were saving money by using Office 365 and the security components that come with that.

Representative Kempenich: That's what we're going to have to have because the operating expense is just about 60% increase over this biennium. Is that on top of their operating?

Vice Chairman Brandenburg: I see a base payroll change of minus \$1 million. It would be interesting to know how that reflects onto the IT budget.

Patty Shook continued with her testimony.

Chairman Vigesaa: On the exemption for the enhanced state highway investments. That's just so we can spend the remaining funds that are in that pool of money?

Patty Shook: That's correct

Chairman Vigesaa: How much was in there?

Shannon Sauer: There was \$140 million. The answer to the licensing question is that this is not a one-time fee. We are now paying by individual instead of by machine. This is for a biennium.

Representative Beadle: What we need is the clarification of in the previous biennium what that licensing cost now is covering; and what is that replacing from the security and software acquisition standpoint in the previous biennium.

Representative Kempenich: Where's the breakdown in the professional services fee and IT? You're showing an increase of \$36.8 million on professional services and an increase of \$2.9 million on the supplies IT software.

Shannon Sauer: The majority of the professional services are related to those 5 projects. Those are budgeted in the operating expense line as a professional service.

Representative Kempenich: You're showing you're going up about \$3 million. What does all that entail?

Shannon Sauer: While it's true that our total appropriation has decreased substantially over a few biennium ago, the reason that that appropriation was so high was because of all the oil impact projects. That doesn't have a direct IT correlation. The majority of the IT costs are related to systems that we need to run and operate to support our operations.

Representative Kempenich: Would you have a breakdown of what you're looking at?

Shannon Sauer: We can get you that.

Tom Sorel: Attachments C and D were handed out but not discussed.

Ron Henke, Deputy Director for Engineering, ND Department of Transportation: Discussed HB1408.

Representative Howe: What are you offering for compensation for these seasonal employees?

Ron Henke: I think it's somewhere between \$19.50 and \$21.50 per hour; but as a seasonal, there are not benefits with that.

Representative Howe: What do you consider as seasonal?

Ron Henke: What we were look at is seasonal would be November 1 through the end of March. We could extend that if we're getting March and April storms. We've told everyone that we've talked to that we're flexible; it could be a 20 hour work week, 40 hours or someplace in between.

Representative Kempenich: I can't imagine that wouldn't be interested in something like this. You offer worker's compensation?

Chairman Vigesaa: With regard to Finley, is the thought of re-establishing Mayville they would help with that?

Ron Henke: It is.

Chairman Vigesaa: How about Litchville. Would somebody in Gackle be helpful to Litchville?

Ron Henke: We weren't looking at Litchville at this time. We're looking to let that one close.

Vice Chairman Brandenburg: It's been an exercise of frustration in Gackle.

Ron Henke: They do let us know they are concerned about their area.

Chairman Vigesaa: Have you heard from the Finley community?

Ron Henke: No, they're pretty quiet.

Chairman Vigesaa: Besides Finley and Litchville, does that take care of the ones that were closed before?

Ron Henke: There's also Fessenden; that's between Harvey and Cooperstown. We have an agreement with the county; similar to other ones. We've stationed someone there when we have a winter storm event.

Chairman Vigesaa: If this would be adopted and the bill passes, do you have to refigure how you're going to route these areas?

Ron Henke: Yes. We have experience in all of those locations; so we would know generally how to cover the area. In some of those locations, we only had one employee.

Chairman Vigesaa: Recessed the hearing.

2019 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee - Government Operations Division
Medora Room, State Capitol

HB1012
1/22/2019
Recording Job# 31176

- Subcommittee
 Conference Committee

Committee Clerk: Sheri Lewis

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 to provide for transfers.

Minutes:

Attachment A

Chairman Vigesaa: Brought the committee to order.

Dan Zink, Red River Valley and Western Railroad: See testimony attachment A.

Representative Kempenich: Where are you at on rails?

Dan Zink: For many years up to 1980 or 1990 the standard gross weight of a car was 263,000 lbs. In the 1980's and early 1990's that changed from 263,000 lbs to 286,000 lbs. That has been one of the biggest challenges we've faced.

Representative Kempenich: You don't do unit train operations?

Dan Zink: Yes, we do. We have 10 shuttle train shippers on our line that load 110 to 115 cars in as little as 7 or so hours. We do send our crews out to pick those trains up and we deliver those trains almost always at Casselton to the BNSF for their journey to the west coast.

Representative Kempenich: When you're talking about rail upgrade, what are you referring to?

Dan Zink: It's the rail itself; it's the steel part of the track structure.

Dan Zink continued with his testimony.

Chairman Vigesaa: What is the cost per mile for rail?

Dan Zink: It's about \$400,000.00 per mile to replace rail; that was in 2015. Currently, I'd say it's up to \$500,000.00 per mile.

Chairman Vigesaa: How much of this was track that either BN or CP abandoned and wasn't going to service anymore that a short line took over?

Dan Zink: That's the heart of the issue. There are many lines that were abandoned that are not on this map. Just about all the lines that were taken over by short lines were in service.

Dan Zink continued with his testimony.

Representative Bellow: Because this is a loan program, shouldn't this become self-sustaining in the future? Do you get charged interest?

Dan Zink: The program was initially set up as a revolving loan program with reduced interest rates and a term of about 8 years. Recently, the DOT made the terms more flexible for projects that are deemed strategic or a part of the core network for North Dakota. The term of the loan can be as long as 15 years with a zero percent interest rate. The program has grown from about \$5 million to over \$15 million because of the interest that has come back into the program.

Representative Bellow: The money that's in the DOT budget, that's a biennium appropriation? Does it keep growing?

Dan Zink: It does keep growing. This is a revolving program. The funds come back in.

Vice Chairman Brandenburg: There's 10,000 miles of short line railroad in the state. Is that correct?

Dan Zink: It's about 38% of the total miles of railroad.

Vice Chairman Brandenburg: There's about \$20 million in the fund right now. Did you do between Lisbon and Davenport?

Dan Zink: Yes. We did Lisbon to Davenport which is 37 miles and cost \$14 million in 2015.

Chairman Vigesaa: Closed the hearing.

2019 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee – Government Operations Division
Medora Room, State Capitol

HB1012
1/31/2019
Recording Job# 31950

- Subcommittee
 Conference Committee

Committee Clerk Signature Sheri Lewis

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 to provide for transfers.

Minutes:

Attachments A and B

Chairman Vigesaa: Opened the meeting on HB1012.

Roll call taken.

Chairman Vigesaa: See attachment A.

Chairman Vigesaa: The 42 FTE positions that were removed as part of the governor's recommendation for 90% budget?

Tom Sorel, Director, ND Department of Transportation: Yes.

Chairman Vigesaa: The 16 FTE's that were restored, are they for particular projects?

Tom Sorel: He gave us back 16 FTE's to grow and transform. It was activities such as that. We need to see what kind of additional reductions we need to look at.

Chairman Vigesaa: We just received the vacant FTE report yesterday. Do you know what you have vacant in those categories?

Tom Sorel: This could be right.

Chairman Vigesaa continued with attachment A.

Chairman Vigesaa: Can you explain the capital asset increase of \$87 million?

Ron Henke, Deputy Director for Engineering, ND Department of Transportation: That's the increase in anticipated federal funds in the match piece of it and the dollars we put in for maintenance activities as far as contract patches. That's the majority of the \$87 million.

Chairman Vigesaa continued with attachment A.

Chairman Vigesaa: Is some of that from SIIF?

Chris Kadrmas, Analyst, ND Legislative Council: Some of those adjustments are due to the way carry over is adjusted during the budgeting process.

Representative Kempenich: Do you have projects for 2021 also?

Ron Henke: That's for both 2019 and for 2020.

Representative Kempenich: You don't figure in to 2021?

Ron Henke: We don't.

Representative Kempenich: Is this all carry over money?

Ron Henke: That's the \$103 million projects you're talking about; that's SIIF money.

Representative Kempenich: The interstate projects are all federal money?

Ron Henke: That's correct.

Representative Kempenich: Do you have areas in mind for the thin overlay?

Tom Sorel: We've looked at different scenarios if we received additional funds. The map you have is for two years; we have this laid out for another two years. We would probably look at accelerating that. We have a lot of concern about bridges; we need to accelerate how to repair those.

Representative Kempenich: Are you still following Great Plains?

Tom Sorel: We work with them. That Upper Great Plains Study is behind; it's not current and we need to update that.

Russ Hanson, Associated General Contractors: Operation Prairie Dog does not have funding for those need studies nor does the Upper Great Plains base budget. That bill is over in the education environment and they're considering and taking a look at adding that in.

Tom Sorel: This is a critical study and that's on the local roadway system. We have our own asset management approaches to the statewide system.

Representative Kempenich: Especially out west because that was a zoo.

Chairman Vigesaa: On the Prairie Dog bill, with the projects identified there, is that using Great Plains or county road miles? What's the method where the political subdivisions would do the work?

Russ Hanson: I don't know.

Chairman Vigesaa: It's not identified.

Russ Hanson: No, just the dollar amount. I know there's a formula based on population.

Chairman Vigesaa: It's not dictated in there what method they would use?

Russ Hanson: Not yet.

Chairman Vigesaa continued with the worksheet.

Representative Kempenich: I know there are some bills that affect this. Are we right at the match on meeting federal funds? There's a \$4.5 million increase in IT data; IT software is increasing by \$2.9 million.

Mark Nelson, Deputy Director, Driver Vehicle Services, ND Department of Transportation: When we did our motor vehicle software, we had Fast Enterprises. They were on time and under budget. We're looking at another fast product from that companies. They've done this in other states and the product that they provide will integrate with the product that we currently have. The two systems will talk with each other.

Representative Bellew: Made a motion to move the driver's license project but not anything else and would be funded out of the highway fund.

Representative Beadle: Seconded the motion.

Chairman Vigesaa: Have we started with the facilities in Minot and Williston?

Mark Nelson: We have not started in Minot or Williston, we have started in Fargo. We'd like to add on to our current DOT site in Minot. It's a better location and eliminates the need for rent.

Representative Bellew: They just put in a wonderful turn lane with lights, etc.

Mark Nelson: What we have in Williston is a modular home; it's a building that's located on the DOT site. It needs a new roof and windows replaced. Those situations would be taken care of as we would add on to that building as well.

Voice Vote made.

Motion Carried.

Representative Bellew: Are the current employees your employees in Minot?

Mark Nelson: The driver license folks are our people, the motor vehicle folks in the branches are not our employees.

Representative Bellew: This is just driver's license?

Mark Nelson: Yes, driver's license only.

Representative Kempenich: It was indicated in the Minot facility that they would have enough room to do CDL testing.

Chairman Vigesaa: Was there CDL room in either one of these locations?

Mark Nelson: When we do this in Minot, it's going to make it very convenient for the semi drivers; it will be the same for Williston

Representative Kempenich: Made a motion to move the \$1.3 million to the House version for the DOT facilities in Minot and Williston.

Representative Howe: Seconded the motion.

Voice Vote made.

Motion Carried.

Chairman Vigesaa continued with attachment A.

Representative Bellew: I would like to amend section 3. I think there needs to be a report either to management or budget section along with OMB.

Chris Kadrmas: They are directed to report to legislative council; which we do document those.

Chairman Vigesaa: Discussed amendments proposed by the agency on January 9, 2019 testimony.

Chris Kadrmas: Explained page 6 of the green sheet.

Chairman Vigesaa: We would not add section 2 as the green sheet says.

Chris Kadrmas: Since the committee is looking at two of the one-time projects; our one-time section would reflect only the one-time projects that were just approved.

Representative Bellew: At the bottom of section 2 it says the highway patrol shall report. What shall they report?

Chris Kadrmas: That was included in the governor's bill.

Chairman Vigesaa continued with the green sheet.

Becky Keller, Analyst, ND Office of Management and Budget: For the professional fee increase \$19 million is for the driver's license rewrite and another \$15.6 million is for those other four IT projects.

Representative Kempenich: The operating budget adjustment.

Becky Keller: The operating budget adjustments are for the IT unification and the Office 365.

Representative Bellew: The operating expense increases are the salaries we're paying IT?

Chris Kadrmas: The salaries for the employees is being pulled out of the agency's budget. The salaries and wages are getting put into ITD budget. If we don't take into consideration any salary adjustments, it should match ITD's budget. It's not an exact swap because of salary adjustments that were recommended in the governor's recommendation; that's why you're seeing an increase; it's being allocated to the operating line because those are payments for ITD services.

Representative Bellew: Since we changed the governor's recommendation, that amount should change also. Correct?

Chris Kadrmas: None of the governor's recommendations exist in the bill currently. Any changes you're making are increasing or decreasing the base level.

Chairman Vigesaa continued with the green sheet.

Ron Henke: The reason for that is to extend the time to expend those \$503 million. This extends the Long X bridge to 2023.

Representative Bellew: This is the same language that was in last sessions bill.

Ron Henke: That's correct. The only difference is that the years changed. The last bill went to 2021 and this would take it to 2023.

Representative Bellew: You still have the \$500 million then?

Ron Henke: No. It's about \$104 million; plus there's some projects that we're finishing off.

Chairman Vigesaa continued with the green sheet.

Representative Beadle: Made a motion to move section 4.

Representative Bellew: Seconded the motion.

Voice Vote made.

Motion Carried.

Representative Kempenich: Made a motion to move Microsoft Office 365 to the House version.

Representative Beadle: Seconded the motion.

Voice Vote made.

Motion Carried.

Chairman Vigesaa: What's the \$750,000.00 for snow and ice control?

Ron Henke: That \$750,000.00 was to move forward with the snow and ice control study that you requested. It was to reduce our fleet of trucks by three. We have decided not to move forward with a piece of the study.

Representative Kempenich: Is that four?

Ron Henke: Yes.

Chairman Vigesaa: Do you still need the \$750,000.00?

Ron Henke: That would replace the three trucks. A truck costs us about \$250,000.00 by the time we outfit it.

Representative Kempenich: How long do you keep them?

Ron Henke: Seventeen years is how long we keep them.

Representative Beadle: Made a motion to move the snow and ice control to the House version.

Representative Kempenich: Seconded the motion.

Voice Vote made.

Motion Carried.

Chairman Vigesaa continued with the green sheet.

Chairman Vigesaa: The rail loan is moving from a federal program to the DOT?

Ron Henke: We just moved it to state dollars.

Representative Kempenich: Made a motion to move the rail loan program to the House version.

Representative Beadle: Seconded the motion.

Voice Vote made.

Motion Carried.

Chairman Vigesaa: What are the grants?

Ron Henke: We get federal dollars and we share those with the cities and counties. We give them money in a grant format and they pay us back. Those dollars are increases in federal transit dollars and federal dollars to the counties and cities that we share with them.

Representative Kempenich: Made a motion to move the grant funding to the House version.

Representative Bellew: Seconded the motion.

Voice Vote.

Motion Carried.

Attachment B was handed out but not discussed.

Chairman Vigesaa: Closed the meeting.

2019 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee – Government Operations Division
Medora Room, State Capitol

HB1012
2/1/2019
Recording Job# 31981

- Subcommittee
 Conference Committee

Committee Clerk Signature Sheri Lewis

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 to provide for transfers.

Minutes:

Attachments A and B

Chairman Vigesaa: Opened the work session on HB1012.

Roll call taken.

Chairman Vigesaa: See attachment A.

Shannon Sauer, Chief Financial Officer, ND Department of Transportation: Discussed the green sheet.

Chairman Vigesaa: Going back to that \$68.3 million. That was just additional funding that the governor put in?

Shannon Sauer: That is additional match required on the federal funds.

Representative Bellew: That's state matched to get federal dollars?

Shannon Sauer: That's correct.

Chairman Vigesaa: That would be money that's just in the highway fund?

Shannon Sauer: That's correct.

Chairman Vigesaa: Then the \$17.8 million is just a line item transfer?

Shannon Sauer: That's correct.

Chairman Vigesaa: Any idea of where that came from?

Patty Shook, Accounting Manager, Finance Division, ND Department of Transportation: Referenced testimony attachment A from January 22, 2019.

Chairman Vigesaa: You have them tracked so we can see where they came from?

Patty Shook: Correct.

Chairman Vigesaa: There would be a corresponding reduction in the other lines that are in operating; that's how we would explain it?

Patty Shook: Correct.

Chairman Vigesaa: The \$1.591 million. That's within the governor's recommendation?

Patty Shook: That would be a realignment or adjustment of resources we did in our base budget.

Chairman Vigesaa: It's sort of like a line item transfer but it's just allocating the funds you have in a different spot?

Patty Shook: Correct.

Representative Bellew: That snow and ice control, should we just put that in the capital assets so they can buy the trucks?

Chris Kadrmas, Analyst, ND Legislative Council: That is within their capital assets line.

Representative Bellew: It still says snow and ice control.

Chris Kadrmas: Correct. That's just describing the item.

Chairman Vigesaa continued with the worksheet.

Chairman Vigesaa: After you did all of your adjustments, that's what the net add would be for that?

Patty Shook: That's correct.

Chairman Vigesaa: The 16 positions that the governor added back in, can we have an explanation of the type of work they would be doing?

Ron Henke, Deputy Director, ND Department of Transportation: I think the intent of the department is to move us forward in the drone piece of the world, autonomous vehicles, technology, etc.

Chairman Vigesaa: Yesterday there was some talk of tractor trailers can go down the road and another vehicle can be following behind; it's controlled by the lead vehicle. Can you explain how that works?

Ron Henke: That's what's called platooning. You have one truck and they are electronically tethered together. The driver drives it but it does not control the brakes or the speed, the first truck does that through electronic means.

Chairman Vigesaa: There is a person in the second truck?

Ron Henke: Yes.

Chairman Vigesaa: But the technology is going to where there won't be?

Ron Henke: Yes.

Shannon Sauer: Discussed the green sheet.

Chairman Vigesaa: That was the amendment you provided.

Shannon Sauer: It says section 4 but it should be section 7.

Shannon Sauer: See attachment B.

Representative Bellew: Would that be something like Walmart building a new store and they'll help pay for the turn lanes?

Shannon Sauer: That could be an example of that. Yes.

Shannon Sauer continue with his explanation.

Chairman Vigesaa: The emergency clause is because you may have projects that start before the end of the biennium?

Shannon Sauer: Correct.

Representative Howe: The emergency clause is just for that section?

Shannon Sauer: The emergency clause in that document says section 4 but it's really section 7.

Representative Bellew: Made a motion to add attachment B to the House version.

Representative Beadle: Seconded the motion.

Voice Vote made.

Motion Carried.

Chairman Vigesaa: Closed the discussion.

2019 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee – Government Operations Division
Medora Room, State Capitol

HB1002
2/4/2019
Recording Job# 32102

- Subcommittee
 Conference Committee

Committee Clerk Signature Sheri Lewis

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 to provide for transfers.

Minutes:

Attachments A and B

Chairman Vigesaa: Opened the meeting on HB1012.

Vice Chairman Brandenburg: Explained attachments A and B.

Chairman Vigesaa: It doesn't say full time employee but it could be.

Vice Chairman Brandenburg: I think they would prefer them to be.

Tom Sorel, Director, ND Department of Transportation: We need to cover these areas but we may need to do it with another location or some other way. We would like to have some flexibility.

Representative Bellew: Made a motion to move the amendment to the House version.

Representative Howe: Seconded the motion.

Voice Vote made.

Motion Carried.

Chairman Vigesaa: Closed the discussion.

2019 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee – Government Operations Division
Medora Room, State Capitol

HB1012
2/4/2019
Recording Job# 32122

- Subcommittee
- Conference Committee

Committee Clerk Signature Sheri Lewis

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 to provide for transfers.

Minutes:

Chairman Vigesaa: Opened the meeting on HB1012.

Shannon Sauer, Chief Financial Officer, ND Department of Transportation: It was asked if we did this proposal would we be able to fund the \$22 million driver's license project out of the existing revenue. The answer to that is yes. In that \$87 million capital assets reduction, \$44 million of that is to match federal funds as well as to keep the rest areas open. If we do that, we feel that we probably could fund that \$22 million project; but, what it will do is just about exhaust any money that we had for additional maintenance projects on our roadway.

Chairman Vigesaa: There is some conversation of putting general fund dollars into the DOT budget. If that was the case, that would help with those things if it was specified for highway projects.

Shannon Sauer: Certainly. As long as it wasn't of a federal nature, we could use it on maintenance.

Chairman Vigesaa: It could be funded but it could limit you on some of the maintenance projects.

Shannon Sauer: That \$44 million was an integral piece of that \$87 million. We don't want to see that cut down by \$87 million.

Chairman Vigesaa: Closed the discussion.

2019 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee – Government Operations Division
Medora Room, State Capitol

HB1012
2/4/2019
Recording Job# 32123

- Subcommittee
 Conference Committee

Committee Clerk Signature Sheri Lewis

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 to provide for transfers.

Minutes:

09:34

Chairman Vigesaa: Opened the discussion on HB1012.

Representative Bellew: What would we address to put the general funds in there? Has there been an amount decided or talked about?

Representative Howe: Maybe instead of general fund money, we use SIF money.

Chairman Vigesaa: About the 16 positions that the governor restored. It's special funds; but it does affect our expenses with regard to salary increases, health insurance increases, health insurance provided and retirement contributions. They took them out as part of their 5% reduction; then the governor restored 16 positions.

Representative Bellew: What are the other purposes?

Chairman Vigesaa: Referenced the green sheet.

Representative Beadle: If it's like the smart license plate that they're enrolling in LA and looking at in Texas, they're just digital plates that act as little television screens or video boards.

Representative Bellew: I'd rather see it going to roads.

Becky Keller: If you're going to restore them, do you have to remove them first? You're going off the base.

Chairman Vigesaa: We have not moved over the 42 FTE removals; we have to do that first.

Chairman Vigesaa continued with the green sheet.

Chairman Vigesaa: Closed the discussion.

2019 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee – Government Operations Division
Medora Room, State Capitol

HB1012
2/5/2019
Recording Job# 32166

- Subcommittee
 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 to provide for transfers.

Minutes:

Attachment A.

Chairman Vigesaa: Opened the meeting on HB1012.

Vice Chairman Brandenburg: See attachment A.

Vice Chairman Brandenburg: Made a motion to move amendment 19.0200.01002.

Representative Howe: Seconded the motion.

Vice Chairman Brandenburg: The short lines take a lot of trucks off the highways and they serve the purpose to put together these 110 car trains. There's over 3,000 miles of track that needs to be fixed.

Chairman Vigesaa: This puts it into that revolving loan fund?

Vice Chairman Brandenburg: Yes. There's \$22 million in the fund and \$11 million borrowed out right now.

Representative Kempenich: You want to go to \$13.5 million?

Vice Chairman Brandenburg: The \$11 million is already there. We're increasing this \$2.5 million.

Representative Bellew: I'm not sure the general fund is the proper place to get this money. I'm not sure that the short line railroad is that needed or necessary of a program. If it is, I think it should be paid for with different funds. I'd rather see general funds go for highways.

Vice Chairman Brandenburg: I agree with you completely. This is the only place I can park it for now.

Voice Vote made.

Motion Carried.

Chairman Vigesaa: Closed the meeting.

2019 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee – Government Operations Division
Medora Room, State Capitol

HB1012
2/5/2019
Recording Job# 32184

- Subcommittee
- Conference Committee

Committee Clerk Signature Sheri Lewis

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 to provide for transfers.

Minutes:

Attachment A

Chairman Vigesaa: Opened the meeting on HB1012.

Vice Chairman Brandenburg: See attachment A.

Representative Bellew: The transit system serves seven counties in our area. If this goes through, the rural counties aren't going to get served.

Vice Chairman Brandenburg: This is true for some of the rural communities. Do you know how that breaks out?

Chris Kadrmas, Analyst, ND Legislative Council: If a public transit services several counties, the county uses their share of the public transit funding to support that. The way the formula works now, it goes to the counties and then the centers of population receive the lion's share of the additional funding. This spreads it out equally amongst the counties. So those rural counties that are supporting the public transits located within the city would have more funding available. The county which the city sits in would have less funding.

Vice Chairman Brandenburg continued with his explanation.

Representative Bellew: Maybe that should come from the county. Is there any way we could get a breakdown of how this is going to affect everybody dollar wise?

Vice Chairman Brandenburg continued with his explanation.

Chairman Vigesaa: There was a study done to determine if there was a possibility to get more money for rural?

Vice Chairman Brandenburg: Yes. Nothing came of it. Two sessions ago we put an extra \$1.2 million into public transit. Now the vehicles are getting worn out and they can't replace them.

Representative Bellew: Maybe they should distribute the funds based on ridership. Which you have to go to each individual transit system so that they could tell us how many riders they had in a year?

Chris Kadrmas: It was September 20, 2016 is when DOT testified to the interim transportation committee regarding a 2016 transit legislative study. I could provide that study to the committee.

Representative Bellew: If we can do it in a timely fashion, I'd like to see them.

Chairman Vigesaa: Closed the discussion.

2019 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee – Government Operations Division
Medora Room, State Capitol

HB1012
2/5/2019
Recording Job# 32220

- Subcommittee
 Conference Committee

Committee Clerk Signature Sheri Lewis

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 to provide for transfers.

Minutes:

Attachments A through C

Chairman Vigesaa: Opened the discussion on HB1012. See Attachment A.

Vice Chairman Brandenburg: Made a motion to move amendment 19.0200.01005.

Representative Beadle: Seconded the motion.

Voice Vote made.

Motion Carried.

Chairman Vigesaa: Discussed the worksheet. See attachment B.

Representative Howe: Would we just move over a minus 26 FTE's if we restore the 16 FTE's?

Adam Mathiak, Analyst, ND Legislative Council: It would be up to you with how you want to proceed with that. One thing to note about the 16 FTE positions; it's an even dollar amount which indicates it's more of a lump sum estimate as opposed to specific figures associated with specific positions.

Representative Beadle: There would be no way to get a break down of what they envision those 16 individuals to be doing or what their function is?

Adam Mathiak: That would be up to the department as to whether they have in mind.

Vice Chairman Brandenburg: We have \$3 million and we have 16 FTE's; where we're looking at \$187,000.00 for each FTE.

Chairman Vigesaa: They currently have 75 vacant FTE's.

Vice Chairman Brandenburg: I'm not sure that they need 16 FTE's.

Chairman Vigesaa: They came in with 42 FTE reductions.

Vice Chairman Brandenburg: Maybe we can do half of them.

Chairman Vigesaa: Looking through the vacant positions; there's a lot of engineers and engineering technicians.

Representative Howe: With all of the vacant positions, I would be ok with moving over the 42 FTE's and not moving over the 16 FTE's.

Representative Howe: Made a motion for the removal of the 42 FTE positions.

Representative Beadle: Seconded the motion.

Voice Vote made.

Motion Carried.

Chairman Vigesaa continued with the worksheet.

Representative Kempenich: Let's give them \$12 million.

Vice Chairman Brandenburg: You're saying put \$12 million of general fund money and take the \$22.5 million out of there?

Chris Kadrmas, Analyst, ND Legislative Council: Last session there were no general fund dollars going into DOT.

Chairman Vigesaa: The SURGE was in 2015?

Chris Kadrmas: In 2015 there was \$503,115.00.

Chairman Vigesaa: That's the enhanced dollars. That's one of the sections of the bill; where their allowed to continue to spend those dollars.

Chris Kadrmas: Correct.

Chairman Vigesaa: Before that was the SURGE funding?

Chris Kadrmas: In 2015 was SURGE funding. In 2013 there was additional funding provided; but it wasn't SURGE funding.

Chairman Vigesaa continued with the worksheet.

Vice Chairman Brandenburg: Two sessions ago, we were as high as \$2.8 billion and did a lot of road funding. So we went from \$2.8 billion to last session of \$1.2 billion; and this session we're looking at \$1.4 billion. Whenever they balance the budget in this state, it gets budgeted on this DOT budget. We still need to meet the federal match.

Representative Howe: Looking at the executive recommendation there are all those SIIF projects, we moved that \$22.5 million to the highway fund; but the rest adds up to about \$17 million. If we're going to put \$12 million back in, maybe that could just come out of the SIIF fund.

Vice Chairman Brandenburg: This is one of our big budgets. We're trying to figure out how much we're going to commit to bonding, to other projects that are out there; and we want to make sure that we don't over commit ourselves.

Chris Kadrmas: That \$87.8 million in the governor's recommendation; that was an adjustment to capital assets in order for them to meet their federal match. The reductions in payments to the state fleet services of that \$3.5 million; that's an adjustment that they anticipated. Regarding the \$22.5 million out of the highway fund, the committee could ask the department of transportation to explain what they planned to do with the \$151.9 million ending fund balance within the highway fund that they report on their special funds report. In no way do they note that it's encumbered in any way. Right now, it appears that they anticipate having \$151.9 million ending balance.

Vice Chairman Brandenburg: There was \$800 million that was committed out west to the oil patch and about \$300 million committed to the rest of the state. It might be some of the projects that didn't get done.

Chris Kadrmas: It's possible that \$151 million was carry over money; but since they didn't identify it as being encumbered in any way, which they could have on the trust fund analysis, that it leaves it as a question of it's really available.

Chairman Vigesaa continued with the worksheet.

Chairman Vigesaa: If we moved over the \$22.5 million, would we correspondingly reduce that \$87.874 million by \$22.5 million?

Chris Kadrmas: The \$22.5 million is completely separate from the \$87.8 million. The \$87.8 million was the increase to the capital assets line of the \$68.4 million; that was to provide federal matching. They had made a line item adjustment during the 2017-2019 budget which shifted \$17.8 million into there. They made a base budget adjustment of \$1.6 million; it's listed as base budget adjustment; to the capital assets. They total \$87.8 million and they're completely independent of the \$22.5 million.

Chairman Vigesaa continued to discuss the worksheet.

Chris Kadrmas: If the DOT anticipated expending that funding, they would have included it in the expenditures within that trust fund analysis; so that should reduce the ending fund balance.

Chairman Vigesaa: As far as you can tell, it's unencumbered.

Chris Kadrmas: That's correct. It's not identified for any use or purpose.

Vice Chairman Brandenburg: Is section 4 committed to Highway 85?

Representative Kempenich: There's \$111 million and they're \$11 million under those projects. They wanted an increase of the timeframe to 2023.

Vice Chairman Brandenburg: If we take the \$111 million off of the \$503 million; the rest is going to the non-oil sections of the state?

Representative Kempenich: That money isn't there anymore.

Chairman Vigesaa: That's been spent. There's \$111 million remaining to be spent.

Chris Kadrmas: The DOT is just referencing the \$503 million in total. If the committee were to adjust that amount to exactly what the carryover is; they could choose to do so.

Chairman Vigesaa: There's \$111 million remaining out of the \$503 million?

Chris Kadrmas: Correct.

Chairman Vigesaa: They've identified where those monies will be spent?

Vice Chairman Brandenburg: Yes.

Chris Kadrmas: The largest adjustment to the agency's budget is within their other capital payments line; that's where the agency ends up coding their budget for road construction. That would include the matching funds. Those adjustments are to provide the matching state dollars necessary for the federal dollars that are available to them.

Vice Chairman Brandenburg: Made a motion to move over the \$87 million to the House version.

Representative Beadle: Seconded the motion.

Voice Vote made.

Motion Carried.

Chairman Vigesaa continued with the worksheet.

Chris Kadrmas: That \$3.5 million is for DOT's use of state fleet services.

Representative Kempenich: I would like to have a report next biennium to show their savings.

Vice Chairman Brandenburg: Made a motion to move the \$3.5 million to the House version.

Representative Howe: Seconded the motion.

Voice Vote made.

Motion Carried.

Vice Chairman Brandenburg: See attachment C.

Representative Bellew: Shouldn't they report to someone?

Chairman Vigesaa: It does say report to legislative management in the heading.

Chris Kadrmas: I will have to add language to have them report.

Representative Mock: Will there be a fiscal note associated with this?

Chris Kadrmas: There's no fiscal note.

Vice Chairman Brandenburg: They have a problem and we need to do something.

Vice Chairman Brandenburg: Made a motion to move amendment 19.0200.01006.

Representative Howe: Seconded the motion.

Voice Vote made.

Motion Carried.

Chairman Vigesaa continued discussing the worksheet.

Chairman Vigesaa: Closed the meeting.

2019 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee – Government Operations Division
Medora Room, State Capitol

HB1012
2/8/2019
Recording Job# 32454

- Subcommittee
- Conference Committee

Committee Clerk Sheri Lewis

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 to provide for transfers.

Minutes:

Attachments A through D

Chairman Vigesaa: Opened the discussion on HB1012.

Roll Call taken.

Chairman Vigesaa: See attachment A.

Shannon Sauer, Chief Financial Officer, ND Department of Transportation: Discussed attachment A.

Vice Chairman Brandenburg: The \$213,000.00 ties in with the \$1.3 million?

Shannon Sauer: It's a combination of items that net to \$213,000.00.

Chairman Vigesaa: What's MTI?

Shannon Sauer: That's a company that we contract with for branch reviews, they operate a call center to take calls. If we were not able to do that service, we would need to employ 14 additional people.

Vice Chairman Brandenburg: It would be taking care of people who want some information from the DOT?

Mark Nelson, Deputy Director, ND Department of Transportation: We hired MTI to take the phone calls. When you're calling into motor vehicle, you're talking to MTI at the front end and they transfer calls that they can't answer to our staff. The number of calls they answer monthly is about 7,250.00; they have 14 total agents that work on the DOT side. Out of that number of monthly calls there are roughly 1,200 that are transferred over to us.

Vice Chairman Brandenburg: It's kind of a call center to take calls and filter out the calls that are important and the ones that aren't?

Mark Nelson: Yes. They're the screening device for us.

Chairman Vigesaa: Where are they located?

Mark Nelson: All over the state. They have agents in Rugby, Fargo and some of the smaller communities around the state.

Vice Chairman Brandenburg: Made a motion to move \$213,190.00 in operating expenses to the House version.

Representative Beadle: Seconded the motion.

Voice Vote made.

Motion Carried.

Representative Kempenich: Made a motion to add \$13 million of general funds to capital assets.

Representative Howe: Seconded the motion.

Voice Vote made.

Motion Carried.

Chairman Vigesaa continued with the worksheet.

Chairman Vigesaa: Has section 3 always been in their budget?

Chris Kadrmas, Analyst, ND Legislative Council: Yes, historically it has always been in their budget.

Chairman Vigesaa: See attachment B.

Representative Kempenich: That was those budget reductions from two years ago?

Shannon Sauer: Explained attachment B.

Representative Kempenich: So the \$11 million that's a negative on that sheet is the difference? You're short about \$11 million?

Shannon Sauer: That's sort of true. If we were going to fund this 100% out of the enhanced state highway funds, that would be true. We'll make it federally eligible and leverage some money that way.

Vice Chairman Brandenburg: Depending on how the bids come out, the bids could be less and that number could be zero; but when you leverage the federal dollars, you could have a positive number. But right now we don't know.

Shannon Sauer: We hope that the bids come in lower.

Representative Kempenich: Was there carry over from the 2013-2015 biennium? Was it easier to manage when you know the funds are there?

Vice Chairman Brandenburg: When we did that in the 2015 session, we gave the money up front so you could have the money available when you did the bids.

Tom Sorel, Director, ND Department of Transportation: It is important for us as plan for the future. Consistent sources of funds are critical for us; not only at the state level but at the federal level as well.

Vice Chairman Brandenburg: The bonding in the Senate dealing with state highways; it's \$100 million. That way you have a plan where you can bank on this to have those projects not pieced together.

Tom Sorel: Yes. It costs a lot of money for them to start and stop. It's very inefficient to stop and start.

Shannon Sauer: I've been working with the public finance authority on language; and I think the amendments were introduced yesterday. One feature that they put in there is that it's amended to have a continuing appropriation for that \$100 million.

Chairman Vigesaa: On that \$13 million general fund, we need to add the emergency clause.

Chairman Vigesaa continued with the worksheet.

Chairman Vigesaa: Section 5 on the executive budget, has that traditionally been in DOT's budget?

Chris Kadrmas: No.

Chairman Vigesaa: Section 3 gives them the authority to move things around?

Chris Kadrmas: Section 3 gives them the authority to transfer funding between line items within their budget. Any additional federal funds that become available to the agency, they'd have to go to the emergency commission.

Chairman Vigesaa: That's usual?

Chris Kadrmas: Correct.

Vice Chairman Brandenburg: If they do get any federal funds and they want to match them up with state dollars, it does cause a problem.

Chairman Vigesaa continued with the worksheet.

Vice Chairman Brandenburg: See attachment C.

Representative Beadle: When they do calculate the population and everything they use to split up this money, do they base it off of population of just broad people in the county or off of ridership?

Chairman Vigesaa: I think it's based on the elderly population.

Chris Kadrmas: The calculation for the public transit is currently calculated as each county shall receive a base amount of 4/10 of 1% of the appropriation for the program plus \$1.50 per capita of population in the county based upon the latest regular or special federal census. If you have a county with several transportation companies within it, for those counties that have multiple entities, that is where the calculation is divided equally among the providers and an additional per capita amount must be based upon the percentage of elderly and handicap ridership provided by each transportation provider.

Representative Beadle: I don't see anything that would be impacted based off of the miles that the providers or anyone receiving would have to travel during a given year. That doesn't factor in?

Chris Kadrmas: Correct. It's just based on ridership.

Representative Beadle: I would be willing to put forward a study to make sure that's a component on there.

Chairman Vigesaa: We're a community of 1,000 people. That's the issue we have, the expense of transporting a very few people.

Tom Sorel: This is an area where it's not well understood about the value of these services. If we go down this path of a study, I would encourage us to not just look at the criteria in which we could allocate these funds; but at the actual value of these services provided to these communities.

Chairman Vigesaa: When you have someone that needs to go to the Roger Maris Cancer Center for chemo treatment and the only way to get there is the southcentral senior service bus, it's pretty valuable.

Tom Sorel: We recognize that and understand that. We welcome that study.

Representative Beadle: It becomes a statewide transit impact study.

Representative Kempenich: Is that study going to look at all the funding sources?

Vice Chairman Brandenburg: If we can do that study within the DOT we're going to come up with something better.

Representative Kempenich: Maybe we should design this that we're going to have to look at what the local effort is and how to come into that conversation.

Chairman Vigesaa continued with the worksheet.

Representative Kempenich: Just cutting travel back doesn't save you any money. This is to report if there are actually any savings.

Chairman Vigesaa: See attachment D.

Representative Kempenich: Made a motion to adopt all of the House changes.

Representative Howe: Seconded the motion.

Voice Vote made.

Motion Carried.

Chairman Vigesaa: Closed the discussion.

2019 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee – Government Operations Division
Medora Room, State Capitol

HB1012
2/11/2019
Recording Job# 32514

- Subcommittee
 Conference Committee

Committee Clerk Sheri Lewis

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 to provide for transfers.

Minutes:

Attachments A and B

Chairman Vigesaa: Opened the discussion on HB1012.

Chairman Vigesaa: See attachments A and B.

Chris Kadrmas, Analyst, ND Legislative Council: Explained the amendment.

Chairman Vigesaa: This is the first one we looked at where a large number of FTE's did not transfer for unification. All of that has been factored back in to all of the other numbers?

Chris Kadrmas, Analyst, ND Legislative Council: That's correct. It was a little under \$500,000.00.

Vice Chairman Brandenburg: Made a motion to move amendment 19.0200.01007.

Representative Beadle: Seconded the motion. Motion carried.

Vice Chairman Brandenburg: Made a motion for a "Do Pass as Amended."

Representative Howe: Seconded the motion.

Roll Call Vote: 7 Yeas 0 Nays 0 Absent

Motion Carried.

Chairman Vigesaa: Closed the discussion.

2019 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee
Roughrider Room, State Capitol

HB 1012
2/12/2019
32600

- Subcommittee
 Conference Committee

Committee Clerk: Risa Bergquist and Parker Oswald

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 to provide for transfers.

Minutes:

Chairman Delzer: Opens hearing on HB 1012.

Representative Brandenburg: Reviewed the bill, it's budget and the amendment 19.0200.01008.

(2:15) Representative J. Nelson: Can you explain what these \$2.5M does?

Representative Brandenburg: The \$2.5M is for the short line railroad fund. They loan out the \$21M and pay it back into the fund. This is only for short line railroads and the money is used to fix crossings, loops for elevators and to upgrade stretches of tracks. Now, they need to do about 10-20 miles at a time to finish the work and stay under budget. There is only \$11M available, but that is mostly tied up right now.

Chairman Delzer: So this is used to buy down interest?

Representative Brandenburg: This is used for increasing the fund, it doesn't buy down the interest. The reason for it is it keep trucks off the roads. We need to upgrade these tracks.

(5:20) Representative J. Nelson: Do the short line railroads own the track?

Representative Brandenburg: When Red River Valley and Western signed an agreement in the 1980's they had a plan to eventually pay it off and own it, but they do not now.

Representative J. Nelson: This is general fund money that we are spending and are then technically subsidizing them.

Representative Brandenburg: It is going on the short line and not the main line.

Representative Monson: We had a bridge that burnt that was owned by BNSF (Burlington Northern Santa Fe) and leased by a short line and they didn't even bring this up as an option to rebuild.

Representative Brandenburg: Is that the Northern or DMV (Department of Motor Vehicles)?

Representative Monson: I am not even sure.

(7:40) Representative Brandenburg: That is probably the Northern. It could be used for that.

Chairman Delzer: What will be available to be borrowed after this \$2.5M is put in and how do they go about the competition of borrowing?

Representative Brandenburg: They take turns between the DMV, Red River Valley and Western and Northern.

(8:30) Representative Monson: The elevators that were cut off donated money to fix the bridge but there's more work that needs to be done so how much more is available?

Representative Brandenburg: There's \$11M that could be available.

Chairman Delzer: Did you ask how much is brought back in?

Representative Brandenburg: They set up a loan and pay that back.

Representative Nathe: Have we ever used general fund money for this before?

Chairman Delzer: We have before. We will need around \$700M of general fund money to balance the budget at the end. We could use a little of the SIIF (Strategic Investment and Improvement Fund) money for this because this is technically infrastructure.

Representative Vigesaa: Right now available to lend is \$2.9M, \$5M of funds committed, and loans outstanding of \$13.4M.

Representative J. Nelson: So it is a revolving fund, how much did you put in this last session?

Representative Brandenburg: Last session we didn't put any money into it, but the session before was around \$2M.

Representative J. Nelson: Wouldn't this be appropriate money from the highway department fund dollars that we generate with fees and gas tax?

Chairman Delzer: The idea of using the highway funds isn't really possible.

Representative J. Nelson: The short fall we have in traditional funding methods had me thinking of ways we can get things like this funded.

Chairman Delzer: We would not have that problem, but the Driver's License Update software will use up a lot of the money we could have used.

(13:45) Representative Brandenburg: Continuing section 6 of the amendment.

Chairman Delzer: We are doing this in 2 places. The forecast says there should be around \$339M going to the budget stabilization fund, but the Senate thinks around \$300M. We are taking the UAS (Unmanned Aircraft Systems) money and this \$13M out of the budget stabilization fund.

(15:15) Representative Brandenburg: Section 7 of amendment.

Chairman Delzer: Is that new?

Representative Brandenburg: That is new.

Representative Vigesaa: That's a co-operative agreement and it clarifies that the private entity has to pay before the project can start.

Chairman Delzer: If someone wants to ask for an extra turn lane it has to be paid for before it starts.

Representative Brandenburg: Section 8 of amendment.

(17:35) Representative J. Nelson: This isn't a long term solution?

Representative Brandenburg: We have a plan, these are going back in and someone local has to step up and take the job. We will probably have to deal with FTE (full time employee) in the Senate.

Representative J. Nelson: I asked for a map in overview so I could see what the changes will look like.

Representative Brandenburg: They had the study showing how a lot of these sections should be closed, but that will not happen. They will look at a few of the miles.

Chairman Delzer: I think one of the expectations in the future there will be a lot of public input.

Representative J. Nelson: I wanted to know what it looks like now and what it is going to look like in the future.

Representative Monson: At one point they talked about closing a few and moving them around?

Representative Brandenburg: That is off the table now.

(20:40) Representative Holman: Shortly after they moved the snow removal equipment back to Mayville, we already got comments on the improvements due to response time and efficiency.

Representative Brandenburg: The Department of Transportation is trying to make this work and a huge change of attitude since last session.

(22:10) Representative Brandenburg: Section 9 and 10 of amendment.

(25:00) Representative Brandenburg: Statement Purpose of the Amendment (SPA).

(28:40) Representative Vigesaa: The \$22.5M for the driver's license it doesn't include the funding, but it would get the system ready to do it.

Chairman Delzer: Why would it not be part of that? I cannot imagine why they could not add that in for the amount they have received.

Representative Brandenburg: I believe they have plans for it.

Representative Kempenich: Fast enterprise is the company contracting.

Chairman Delzer: Any further questions?

Representative Brandenburg: Make a motion to adopt amendment.

Representative Howe: Second.

(30:20) Chairman Delzer: Voice vote, All in favor.

Representative Brandenburg: Make a motion to Do Pass as Amended.

Representative Beadle: Second.

Chairman Delzer: Any further questions?

Representative J. Nelson: I do think the department has come a long way the last two years but the general fund spending should be adjusted.

Chairman Delzer: I think both chambers had a gas tax in front of them and it was 7% and I think that was too high.

Representative Kempenich: We started funding this with general fund back in 2007, it's a large budget but you can tell which states aren't spending money on their roads.

Chairman Delzer: This isn't the first time we used the general fund, hopefully we continue to get better returns.

(36:50) Representative Monson: Is there any money in here for the rest area north of Bismarck?

Representative Brandenburg: I do not think there is any.

Chairman Delzer: Two years ago we requested \$50,000 for that.

Representative J. Nelson: My point is the revenue that is raised from the gas tax is a declining revenue source. What are the projections for gas tax revenue?

Chairman Delzer: It's up from last time but it is down a little bit since the last time.

Representative Kempenich: I think it's a national discussion and I think there are some electric car taxes.

(40:00) Representative Boe: One of this things that I learned was never give general funds to the Department of Transportation and only give them funding authority.

Representative Nathe: I know I've been harping about this, but I am still upset about our licenses and plates for selling them at a loss, but I am still disappointed and that is general fund money we could use.

Chairman Delzer: We will take a roll call vote.

A Roll Call vote was taken and motion carries. Yea: 19 Nay: 2 Absent: 0

“SECTION 7. AMENDMENT. Section 24-02-45.1 of the North Dakota Century Code is amended and reenacted as follows:

24-02-45.1. Cooperative agreements with private entities for the construction of certain items on the state highway system.

Notwithstanding any other provision of law, the director may enter a cooperative agreement with a private entity for the construction of an item on the state highway system which will benefit the private entity and the traveling public, as determined by the director. The private entity's cost share of the items requested to be added to the state highway system must be paid for in advance of the construction by the private entity before the department can construct the project. Funds received by the department pursuant to this section must be deposited in the state highway fund as prescribed by section 24-02-41 and are appropriated to the department. If the department requires engineering or contracting services for a project under this section, it may provide the services or procure the services in accordance with section 24-02-07.3 and 24-02-17.

SECTION 8. EMERGENCY. Section 4 of this Act is declared to be an emergency measure.”

Renumber accordingly

AMENDMENT TO HOUSE BILL NO. 1408

Page 1, line 4 overstrike "Of the special funds appropriated in section 1 of House Bill No. 1012, as approved by the sixty-sixth legislative assembly, the department of transportation shall use \$1,300,000, or so much of the sum as may be necessary, to reinstate the operations of department maintenance section sites closed during the 2017-19 biennium which were located in New England, Starkweather, Fessenden, Courtenay, Gackle, Litchville, Finley, and Mayville."

Page 1, replace lines 4 through 9 with:

"The department of transportation shall establish the Mayville section side as a satellite section of the Hillsboro section. Seasonal winter services out the Courtney, Gackle and New England sections will be established if the department has or can hire an employee whose home residence is located within the vicinity of the maintenance section. If the department does not have or is unable to hire suitable employees within these vicinities by November 1 of the calendar year, seasonal winter services will not be required. ^{Nov 3)} Notwithstanding any other provisions of law, the department may discontinue operations of the department maintenance sections sites in Starkweather, Fessenden, Litchville, and Finley and may dispose of any property including the real property associated with the maintenance section sites."

Re-number accordingly

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1012

Page 2, after line 4, insert:

"SECTION 4. APPROPRIATION - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND. There is appropriated out of any moneys in the strategic investment and improvements fund in the state treasury, not otherwise appropriated, the sum of \$3,000,000, or so much of the sum as may be necessary, to the department of transportation for the purpose of one-time funding for the department of transportation's short line railroad program, for the biennium beginning July 1, 2019, and ending June 30, 2021."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

This amendment provides a \$3 million appropriation from the strategic investment and improvements fund to the Department of Transportation for one-time funding for the department's short line railroad program.

19.0200.01005
Title.

Prepared by the Legislative Council staff for
the House Appropriations - Government
Operations Division Committee
February 5, 2019

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1012

Page 1, line 2, replace "and" with a semicolon

Page 1, line 2, after "transfers" insert "; and to provide for the operation of maintenance section sites"

Page 2, after line 4, insert:

"SECTION 4. MAINTENANCE SECTION SITES - OPERATIONAL REQUIREMENTS. The department of transportation shall establish the Mayville section site as a satellite site of the Hillsboro section. Seasonal winter services in the Courtenay, Gackle, New England, and Finley sections must be established if the department has an employee whose home residence is located within the vicinity of the maintenance section site or the department hires an employee whose home residence is located within the vicinity of the maintenance section site. The department shall staff these sections no later than November first of each year through at least March thirty-first of the subsequent year when seasonal winter services are established. The department shall hold public hearings when the department proposes changes to highway maintenance section sites that affect snow and ice control operations."

Re-number accordingly

19.0200.01006
Title.

Prepared by the Legislative Council staff for
Representative Brandenburg
February 5, 2019

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1012

Page 1, line 2, replace "and" with a semicolon

Page 1, line 2, after "transfers" insert "; and to provide for a study"

Page 2, after line 4, insert:

**"SECTION 4. DEPARTMENT OF TRANSPORTATION STUDY - PUBLIC
TRANSPORTATION SERVICES - REPORT TO LEGISLATIVE MANAGEMENT.**

During the 2019-20 interim, the department of transportation shall study public transportation services within the state. The study must include the number of users of public transportation services, demographics of the users, other transportation options available to users of public transportation services, and the identification of areas of the state which have no public or private transportation services available."

Renumber accordingly

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1012

Page 1, line 2, replace "and" with "; to amend and reenact section 24-02-45.1 of the North Dakota Century Code, relating to cooperative agreements with private entities for the construction of certain items on the state highway system;"

Page 1, line 2, after "transfers" insert "; to provide for the operation of maintenance section sites; to provide an exemption; to provide for a study; to provide for a report; and to declare an emergency"

Page 1, replace lines 9 through 16 with:

	Base Level	Adjustments or Enhancements	Appropriation
Salaries and wages	\$201,478,341	\$460,582	\$201,938,923
Operating expenses	229,381,646	19,871,688	249,253,334
Capital assets	771,101,851	89,924,093	861,025,944
Grants	67,528,030	28,326,607	95,854,637
Total special funds	\$1,269,489,868	\$138,582,970	\$1,408,072,838
Full-time equivalent positions	1,047.00	(42.00)	1,005.00"

Page 1, line 18, after "biennium" insert "and the 2019-21 one-time funding items included in the appropriation in section 1 of this Act"

Page 1, replace lines 20 through 22 with:

"Pipeline protest law enforcement support	\$709,000	\$0
Electronic payment processing system	306,000	0
Driver's license system project	0	22,500,000
Minot and Williston driver's license facility maintenance	0	1,300,000
Total special funds	\$1,015,000	\$23,800,000

The 2019-21 one-time funding amounts are not a part of the entity's base budget for the 2021-23 biennium. The department of transportation shall report to the appropriations committees of the sixty-seventh legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2019, and ending June 30, 2021."

Page 2, after line 4, insert:

"SECTION 4. EXEMPTION - ENHANCED STATE HIGHWAY INVESTMENT FUNDING. Section 54-44.1-11 does not apply to funding of \$503,115,558 in the capital assets line item relating to enhanced state highway investments in section 1 of chapter 12 of the 2015 Session Laws. Any funds continued into the 2017-19 biennium but not spent by June 30, 2019, must be continued into the biennium beginning July 1, 2019, and ending June 30, 2021, and may be expended only for enhanced state highway investments.

SECTION 5. APPROPRIATION - GENERAL FUND - SHORT LINE RAILROAD PROGRAM. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$2,500,000, or so much of the sum as may be necessary, to the department of transportation for the purpose of enhancing the

department's short line railroad program, for the biennium beginning July 1, 2019, and ending June 30, 2021. The funding provided in this section is considered a one-time funding item.

SECTION 6. APPROPRIATION - GENERAL FUND - ENHANCED STATE HIGHWAY FUNDING. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$13,000,000, or so much of the sum as may be necessary, to the department of transportation for the purpose of enhanced state highway improvements, for the period beginning with the effective date of this Act and ending June 30, 2021. The funding provided in this section is considered a one-time funding item.

SECTION 7. AMENDMENT. Section 24-02-45.1 of the North Dakota Century Code is amended and reenacted as follows:

24-02-45.1. Cooperative agreements with private entities for the construction of certain items on the state highway system.

Notwithstanding any other provision of law, the director may enter a cooperative agreement with a private entity for the construction of an item on the state highway system which will benefit the private entity and the traveling public, as determined by the director. The private entity's cost-share of the items requested to be added to the state highway system must be paid for in advance of the construction by the private entity before the department can construct the project. Funds received by the department pursuant to this section must be deposited in the state highway fund as prescribed by section 24-02-41 and are appropriated to the department. If the department requires engineering or contracting services for a project under this section, it may provide the services or procure the services in accordance with section 24-02-07.3 and 24-02-17.

SECTION 8. MAINTENANCE SECTION SITES - OPERATIONAL REQUIREMENTS. The department of transportation shall establish the Mayville section site as a satellite site of the Hillsboro section. Seasonal winter services in the Courtenay, Gackle, New England, and Finley sections must be established if the department has an employee whose home residence is located within the vicinity of the maintenance section site or the department hires an employee whose home residence is located within the vicinity of the maintenance section site. The department shall staff these sections no later than November first of each year through at least March thirty-first of the subsequent year when seasonal winter services are established. The department shall hold public hearings when the department proposes changes to highway maintenance section sites that affect snow and ice control operations.

SECTION 9. DEPARTMENT OF TRANSPORTATION STUDY - PUBLIC TRANSPORTATION SERVICES - REPORT TO LEGISLATIVE MANAGEMENT.

During the 2019-20 interim, the department of transportation shall study public transportation services within the state. The study must include the number of users of public transportation services, demographics of the users, other transportation options available to users of public transportation services, and the identification of areas of the state which have no public or private transportation services available.

SECTION 10. DEPARTMENT OF TRANSPORTATION FLEET SERVICES - REPORT TO SIXTY-SEVENTH LEGISLATIVE ASSEMBLY. The department of transportation shall report to the sixty-seventh legislative assembly regarding the

department's state fleet expenditures compared to its 2019-21 biennium budgeted amounts.

SECTION 11. EMERGENCY. Sections 6 and 7 of this Act are declared to be an emergency measure."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

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

	Base Budget	House Changes	House Version
Salaries and wages	\$201,478,341	\$460,582	\$201,938,923
Operating expenses	229,381,646	19,871,688	249,253,334
Capital assets	771,101,851	89,924,093	861,025,944
Grants	67,528,030	28,326,607	95,854,637
Short line railroad program		2,500,000	2,500,000
Enhanced state highway funding		13,000,000	13,000,000
Total all funds	\$1,269,489,868	\$154,082,970	\$1,423,572,838
Less estimated income	1,269,489,868	138,582,970	1,408,072,838
General fund	\$0	\$15,500,000	\$15,500,000
FTE	1,047.00	(42.00)	1,005.00

Department 801 - Department of Transportation - Detail of House Changes

	Adjusts Funding for Base Payroll Changes ¹	Adds Funding for Salary and Benefit Increases ²	Removes 42 Unspecified FTE Positions ³	Adjusts Base Level Funding ⁴	Adds Funding for Snow and Ice Control ⁵	Adds Funding for Microsoft Office 365 Licensing ⁶
Salaries and wages	(\$1,019,746)	\$9,459,923	(\$7,979,595)			
Operating expenses				(\$3,336,810)		\$708,498
Capital assets				87,874,093	\$750,000	
Grants				28,326,607		
Short line railroad program						
Enhanced state highway funding						
Total all funds	(\$1,019,746)	\$9,459,923	(\$7,979,595)	\$112,863,890	\$750,000	\$708,498
Less estimated income	(1,019,746)	9,459,923	(7,979,595)	112,863,890	750,000	708,498
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	0.00	0.00	(42.00)	0.00	0.00	0.00

	Adds Funding for Driver's License System Project ⁷	Adds Funding for Driver's License Facility Maintenance ⁸	Adds Funding for Short Line Railroad Program ⁹	Adds Enhanced State Highway Funding ¹⁰	Total House Changes
Salaries and wages					\$460,582
Operating expenses	\$22,500,000				19,871,688
Capital assets		\$1,300,000			89,924,093
Grants					28,326,607
Short line railroad program			\$2,500,000		2,500,000
Enhanced state highway funding				\$13,000,000	13,000,000
Total all funds	\$22,500,000	\$1,300,000	\$2,500,000	\$13,000,000	\$154,082,970
Less estimated income	22,500,000	1,300,000	0	0	138,582,970
General fund	\$0	\$0	\$2,500,000	\$13,000,000	\$15,500,000
FTE	0.00	0.00	0.00	0.00	(42.00)

¹ Funding is adjusted for base payroll changes.

² The following funding is added for 2019-21 biennium salary adjustments of 2 percent per year and increases in health insurance premiums from \$1,241 to \$1,427 per month:

	Other Funds
Salary increase	\$4,774,660
Health insurance increase	4,685,263
Total	\$9,459,923

³ Forty-two unspecified FTE positions and related funding is removed.

⁴ Base level funding is adjusted as follows:

	Other Funds
Increases funding for capital assets	\$87,874,093
Increases funding for grants	17,226,607
Reclassifies funding for the rail loan program	11,100,000
Reduces payments to State Fleet Services	(3,550,000)
Adjusts operating expenses	213,190
Total	\$112,863,890

⁵ Funding is added for the purchase of three snow plows.

⁶ Funding is added for Microsoft Office 365 licensing.

⁷ One-time funding from the highway fund is added for the department's driver's license system project.

⁸ One-time funding from the highway fund is added for driver's license facility maintenance at Minot and Williston.

⁹ A section is added to provide one-time funding from the general fund for the Department of Transportation's short line railroad program.

¹⁰ A section is added to provide one-time funding from the general fund for enhanced state highway funding and the section is declared to be an emergency.

This amendment also adds sections to:

- Provide that \$503,115,558 appropriated in the capital assets line item in House Bill No. 1012 (2015) relating to enhanced state highway investments is exempt from provisions of North Dakota Century Code Section 54-44.1-11 and may be continued into the 2019-21 biennium.
- Amend Section 24-02-45.1 to require that in cooperative agreements for highway construction items, only the private entity's cost-share is to be paid in advance of the construction and declares this section an emergency.
- Direct the department to establish the Mayville section site as a satellite site of the Hillsboro section and set requirements for seasonal winter services in the Courtenay, Gackle, New England, and Finley sections.
- Require a Department of Transportation study of public transportation services within the state.
- Require the Department of Transportation to report to the 2021 Legislative Assembly regarding the department's state fleet expenditures compared to its 2019-21 biennium budgeted amounts.

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PROPOSED AMENDMENTS TO HOUSE BILL NO. 1012

Page 1, line 2, replace "and" with "; to amend and reenact section 24-02-45.1 of the North Dakota Century Code, relating to cooperative agreements with private entities for the construction of certain items on the state highway system;"

Page 1, line 2, after "transfers" insert "; to provide for the operation of maintenance section sites; to provide an exemption; to provide for a study; to provide for a report; and to declare an emergency"

Page 1, replace lines 9 through 16 with:

	Base Level	Adjustments or Enhancements	Appropriation
Salaries and wages	\$201,478,341	\$460,582	\$201,938,923
Operating expenses	229,381,646	19,871,688	249,253,334
Capital assets	771,101,851	89,924,093	861,025,944
Grants	67,528,030	28,326,607	95,854,637
Total special funds	\$1,269,489,868	\$138,582,970	\$1,408,072,838
Full-time equivalent positions	1,047.00	(42.00)	1,005.00"

Page 1, line 18, after "biennium" insert "and the 2019-21 one-time funding items included in the appropriation in section 1 of this Act"

Page 1, replace lines 20 through 22 with:

"Pipeline protest law enforcement support	\$709,000	\$0
Electronic payment processing system	306,000	0
Driver's license system project	0	22,500,000
Minot and Williston driver's license facility maintenance	0	1,300,000
Total special funds	\$1,015,000	\$23,800,000

The 2019-21 one-time funding amounts are not a part of the entity's base budget for the 2021-23 biennium. The department of transportation shall report to the appropriations committees of the sixty-seventh legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2019, and ending June 30, 2021."

Page 2, after line 4, insert:

"SECTION 4. EXEMPTION - ENHANCED STATE HIGHWAY INVESTMENT FUNDING. Section 54-44.1-11 does not apply to funding of \$503,115,558 in the capital assets line item relating to enhanced state highway investments in section 1 of chapter 12 of the 2015 Session Laws. Any funds continued into the 2017-19 biennium but not spent by June 30, 2019, must be continued into the biennium beginning July 1, 2019, and ending June 30, 2021, and may be expended only for enhanced state highway investments.

SECTION 5. APPROPRIATION - GENERAL FUND - SHORT LINE RAILROAD PROGRAM. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$2,500,000, or so much of the sum as may be necessary, to the department of transportation for the purpose of enhancing the department's short line railroad program, for the biennium beginning July 1, 2019, and

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ending June 30, 2021. The funding provided in this section is considered a one-time funding item.

SECTION 6. APPROPRIATION - GENERAL FUND - ENHANCED STATE HIGHWAY FUNDING - EXEMPTION. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$13,000,000, or so much of the sum as may be necessary, to the department of transportation for the purpose of enhanced state highway improvements, for the period beginning with the effective date of this Act and ending June 30, 2019. The funding provided in this section is considered a one-time funding item. Section 54-44.1-11 does not apply to this funding and any funds not spent by June 30, 2019, must be continued into the biennium beginning July 1, 2019, and ending June 30, 2021, and may be expended only for enhanced state highway improvements.

SECTION 7. AMENDMENT. Section 24-02-45.1 of the North Dakota Century Code is amended and reenacted as follows:

24-02-45.1. Cooperative agreements with private entities for the construction of certain items on the state highway system.

Notwithstanding any other provision of law, the director may enter a cooperative agreement with a private entity for the construction of an item on the state highway system which will benefit the private entity and the traveling public, as determined by the director. The private entity's cost-share of the items requested to be added to the state highway system must be paid for in advance of the construction by the private entity before the department can construct the project. Funds received by the department pursuant to this section must be deposited in the state highway fund as prescribed by section 24-02-41 and are appropriated to the department. If the department requires engineering or contracting services for a project under this section, it may provide the services or procure the services in accordance with section 24-02-07.3 and 24-02-17.

SECTION 8. MAINTENANCE SECTION SITES - OPERATIONAL REQUIREMENTS. The department of transportation shall establish the Mayville section site as a satellite site of the Hillsboro section. Seasonal winter services in the Courtenay, Gackle, New England, and Finley sections must be established if the department has an employee whose home residence is located within the vicinity of the maintenance section site or the department hires an employee whose home residence is located within the vicinity of the maintenance section site. The department shall staff these sections no later than November first of each year through at least March thirty-first of the subsequent year when seasonal winter services are established. The department shall hold public hearings when the department proposes changes to highway maintenance section sites that affect snow and ice control operations.

SECTION 9. DEPARTMENT OF TRANSPORTATION STUDY - PUBLIC TRANSPORTATION SERVICES - REPORT TO LEGISLATIVE MANAGEMENT. During the 2019-20 interim, the department of transportation shall study public transportation services within the state. The study must include the number of users of public transportation services, demographics of the users, other transportation options available to users of public transportation services, and the identification of areas of the state which have no public or private transportation services available.

SECTION 10. DEPARTMENT OF TRANSPORTATION FLEET SERVICES - REPORT TO SIXTY-SEVENTH LEGISLATIVE ASSEMBLY. The department of

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transportation shall report to the sixty-seventh legislative assembly regarding the department's state fleet expenditures compared to its 2019-21 biennium budgeted amounts.

SECTION 11. EMERGENCY. Sections 6 and 7 of this Act are declared to be an emergency measure."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

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

	Base Budget	House Changes	House Version
Salaries and wages	\$201,478,341	\$460,582	\$201,938,923
Operating expenses	229,381,646	19,871,688	249,253,334
Capital assets	771,101,851	89,924,093	861,025,944
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Short line railroad program		2,500,000	2,500,000
Total all funds	\$1,269,489,868	\$141,082,970	\$1,410,572,838
Less estimated income	1,269,489,868	138,582,970	1,408,072,838
General fund	\$0	\$2,500,000	\$2,500,000
FTE	1,047.00	(42.00)	1,005.00

Department 801 - Department of Transportation - Detail of House Changes

	Adjusts Funding for Base Payroll Changes ¹	Adds Funding for Salary and Benefit Increases ²	Removes 42 Unspecified FTE Positions ³	Adjusts Base Level Funding ⁴	Adds Funding for Snow and Ice Control ⁵	Adds Funding for Microsoft Office 365 Licensing ⁶
Salaries and wages	(\$1,019,746)	\$9,459,923	(\$7,979,595)			
Operating expenses				(\$3,336,810)		\$708,498
Capital assets				87,874,093	\$750,000	
Grants				28,326,607		
Short line railroad program						
Total all funds	(\$1,019,746)	\$9,459,923	(\$7,979,595)	\$112,863,890	\$750,000	\$708,498
Less estimated income	(1,019,746)	9,459,923	(7,979,595)	112,863,890	750,000	708,498
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	0.00	0.00	(42.00)	0.00	0.00	0.00

	Adds Funding for Driver's License System Project ²	Adds Funding for Driver's License Facility Maintenance ³	Adds Funding for Short Line Railroad Program ⁴	Total House Changes
Salaries and wages				\$460,582
Operating expenses	\$22,500,000			19,871,688
Capital assets		\$1,300,000		89,924,093
Grants				28,326,607
Short line railroad program			\$2,500,000	2,500,000
Total all funds	\$22,500,000	\$1,300,000	\$2,500,000	\$141,082,970
Less estimated income	22,500,000	1,300,000	0	138,582,970
General fund	\$0	\$0	\$2,500,000	\$2,500,000
FTE	0.00	0.00	0.00	(42.00)

¹ Funding is adjusted for base payroll changes.

² The following funding is added for 2019-21 biennium salary adjustments of 2 percent per year and increases in health insurance premiums from \$1,241 to \$1,427 per month:

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1 of 4

	Other Funds
Salary increase	\$4,774,660
Health insurance increase	4,685,263
Total	\$9,459,923

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⁸ One-time funding from the highway fund is added for driver's license facility maintenance at Minot and Williston.

⁹ A section is added to provide one-time funding from the general fund for the Department of Transportation's short line railroad program.

This amendment also adds sections to:

- Provide that \$503,115,558 appropriated in the capital assets line item in House Bill No. 1012 (2015) relating to enhanced state highway investments is exempt from provisions of North Dakota Century Code Section 54-44.1-11 and may be continued into the 2019-21 biennium.
- Appropriate one-time funding from the general fund for enhanced state highway funding during the 2017-19 biennium, and provide an exemption from Section 54-11.1-11, authorizing the funding to be continued into the 2019-21 biennium.
- Amend Section 24-02-45.1 to require that in cooperative agreements for highway construction items, only the private entity's cost-share is to be paid in advance of the construction and declares this section an emergency.
- Direct the department to establish the Mayville section site as a satellite site of the Hillsboro section and set requirements for seasonal winter services in the Courtenay, Gackle, New England, and Finley sections.
- Require a Department of Transportation study of public transportation services within the state.
- Require the Department of Transportation to report to the 2021 Legislative Assembly regarding the department's state fleet expenditures compared to its 2019-21 biennium budgeted amounts.

**2019 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. HB1012**

House Appropriations - Government Operations Division Committee

Subcommittee

Amendment LC# or Description: _____

Recommendation: Adopt Amendment
 Do Pass Do Not Pass Without Committee Recommendation
 As Amended Rerefer to Appropriations
 Place on Consent Calendar

Other Actions: Reconsider _____

Motion Made By Representative Bellew Seconded By Representative Beadle

Representatives	Yes	No	Representatives	Yes	No
Chairman Vigesaa			Representative Mock		
Vice Chairman Brandenburg					
Representative Beadle					
Representative Bellew					
Representative Howe					
Representative Kempenich					

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:
 To move only the driver's license project over to the House version and would be funded out of the highway fund. Motion carried.

**2019 HOUSE STANDING COMMITTEE
 ROLL CALL VOTES
 BILL/RESOLUTION NO. HB1012**


House Appropriations - Government Operations Division Committee

Subcommittee

Amendment LC# or Description: _____

Recommendation: Adopt Amendment
 Do Pass Do Not Pass Without Committee Recommendation
 As Amended Rerefer to Appropriations
 Place on Consent Calendar
 Other Actions: Reconsider _____

Motion Made By Representative Kempenich Seconded By Representative Howe

Representatives	Yes	No	Representatives	Yes	No
Chairman Vigesaa			Representative Mock		
Vice Chairman Brandenburg					
Representative Beadle					
Representative Bellew					
Representative Howe					
Representative Kempenich					

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:
 To move \$1.3 million to the House version for DOT facilities in Minot and Williston. Motion carried.

**2019 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. HB1012**

House Appropriations - Government Operations Division Committee

Subcommittee

Amendment LC# or Description: _____

Recommendation: Adopt Amendment
 Do Pass Do Not Pass Without Committee Recommendation
 As Amended Rerefer to Appropriations
 Place on Consent Calendar

Other Actions: Reconsider _____

Motion Made By Representative Beadle Seconded By Representative Bellew

Representatives	Yes	No	Representatives	Yes	No
Chairman Vigesaa			Representative Mock		
Vice Chairman Brandenburg					
Representative Beadle					
Representative Bellew					
Representative Howe					
Representative Kempenich					

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:
To move section 4 to the House version. Motion Carried.

**2019 HOUSE STANDING COMMITTEE
 ROLL CALL VOTES
 BILL/RESOLUTION NO. HB1012**

House Appropriations - Government Operations Division Committee

Subcommittee

Amendment LC# or Description: _____

Recommendation: Adopt Amendment
 Do Pass Do Not Pass Without Committee Recommendation
 As Amended Rerefer to Appropriations
 Place on Consent Calendar

Other Actions: Reconsider _____

Motion Made By Representative Kempenich Seconded By Representative Beadle

Representatives	Yes	No	Representatives	Yes	No
Chairman Vigesaa			Representative Mock		
Vice Chairman Brandenburg					
Representative Beadle					
Representative Bellew	10 9 8 7 6 5 4 3 2 1				
Representative Howe					
Representative Kempenich					

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:
 To move Microsoft Office 365 to the House version. Motion Carried.

**2019 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. HB1012**

House Appropriations - Government Operations Division Committee

Subcommittee

Amendment LC# or Description: _____

Recommendation: Adopt Amendment
 Do Pass Do Not Pass Without Committee Recommendation
 As Amended Rerefer to Appropriations
 Place on Consent Calendar

Other Actions: Reconsider _____

Motion Made By Representative Beadle Seconded By Representative Kempenich

Representatives	Yes	No	Representatives	Yes	No
Chairman Vigesaa			Representative Mock		
Vice Chairman Brandenburg					
Representative Beadle					
Representative Bellew					
Representative Howe					
Representative Kempenich					

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:
To move the snow and ice control to the House version. Motion carried.

**2019 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. HB1012**

House Appropriations - Government Operations Division Committee

Subcommittee

Amendment LC# or Description: _____

Recommendation: Adopt Amendment
 Do Pass Do Not Pass Without Committee Recommendation
 As Amended Rerefer to Appropriations
 Place on Consent Calendar

Other Actions: Reconsider _____

Motion Made By Representative Kempenich Seconded By Representative Beadle

Representatives	Yes	No	Representatives	Yes	No
Chairman Vigesaa			Representative Mock		
Vice Chairman Brandenburg					
Representative Beadle					
Representative Bellew					
Representative Howe					
Representative Kempenich					

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:
To move the rail loan program to the House version. Motion Carried.

**2019 HOUSE STANDING COMMITTEE
 ROLL CALL VOTES
 BILL/RESOLUTION NO. HB1012**

House Appropriations - Government Operations Division Committee


Subcommittee

Amendment LC# or Description: _____

Recommendation: Adopt Amendment
 Do Pass Do Not Pass Without Committee Recommendation
 As Amended Rerefer to Appropriations
 Place on Consent Calendar

Other Actions: Reconsider _____

Motion Made By Representative Kempenich Seconded By Representative Bellew

Representatives	Yes	No	Representatives	Yes	No
Chairman Vigesaa			Representative Mock		
Vice Chairman Brandenburg					
Representative Beadle					
Representative Bellew					
Representative Howe					
Representative Kempenich					

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:
 To move the grant funding to the House version. Motion Carried.

**2019 HOUSE STANDING COMMITTEE
 ROLL CALL VOTES
 BILL/RESOLUTION NO. HB1012**

House Appropriations - Government Operations Division Committee

Subcommittee

Amendment LC# or Description: _____

Recommendation: Adopt Amendment
 Do Pass Do Not Pass Without Committee Recommendation
 As Amended Rerefer to Appropriations
 Place on Consent Calendar
 Other Actions: Reconsider _____

Motion Made By Representative Bellew Seconded By Representative Beadle

Representatives	Yes	No	Representatives	Yes	No
Chairman Vigasaa			Representative Mock		
Vice Chairman Brandenburg					
Representative Beadle					
Representative Bellew					
Representative Howe					
Representative Kempenich					

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:
 To add attachment B to the House version. Motion Carried.

**2019 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. HB1012**

House Appropriations - Government Operations Division Committee

Subcommittee

Amendment LC# or Description: _____

Recommendation: Adopt Amendment
 Do Pass Do Not Pass Without Committee Recommendation
 As Amended Rerefer to Appropriations
 Place on Consent Calendar
Other Actions: Reconsider _____

Motion Made By Representative Bellew Seconded By Representative Howe

Representatives	Yes	No	Representatives	Yes	No
Chairman Vigesaa			Representative Mock		
Vice Chairman Brandenburg					
Representative Beadle					
Representative Bellew					
Representative Howe					
Representative Kempenich					

Votes

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:
To move the amendment from attachment B to the House version.

**2019 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. HB1012**

House Appropriations - Government Operations Division Committee

Subcommittee

Amendment LC# or Description: 19.0200.01002

- Recommendation: Adopt Amendment
 Do Pass Do Not Pass Without Committee Recommendation
 As Amended Rerefer to Appropriations
 Place on Consent Calendar
Other Actions: Reconsider _____

Motion Made By Vice Chairman Brandenburg Seconded By Representative Howe

Representatives	Yes	No	Representatives	Yes	No
Chairman Vigesaa			Representative Mock		
Vice Chairman Brandenburg					
Representative Beadle					
Representative Bellew					
Representative Howe					
Representative Kempenich					

Voice Vote

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:
 One time funding for short-line railroads.
 Motion Carried.

**2019 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. HB1012**

House Appropriations - Government Operations Division Committee

Subcommittee

Amendment LC# or Description: 19.0200.01005

Recommendation: Adopt Amendment
 Do Pass Do Not Pass Without Committee Recommendation
 As Amended Rerefer to Appropriations
 Place on Consent Calendar
Other Actions: Reconsider _____

Motion Made By Brandenburg Vice Chairman Seconded By Representative Beadle

Representatives	Yes	No	Representatives	Yes	No
Chairman Vigesaa			Representative Mock		
Vice Chairman Brandenburg					
Representative Beadle					
Representative Bellew					
Representative Howe					
Representative Kempenich					

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:
 To reopen previously closed snow plow facilities.
 Motion Carried.

**2019 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. HB1012**

House Appropriations - Government Operations Division Committee

Subcommittee

Amendment LC# or Description: _____

Recommendation: Adopt Amendment
 Do Pass Do Not Pass Without Committee Recommendation
 As Amended Rerefer to Appropriations
 Place on Consent Calendar
Other Actions: Reconsider _____

Motion Made By Representative Howe Seconded By Representative Beadle

Representatives	Yes	No	Representatives	Yes	No
Chairman Vigesaa			Representative Mock		
Vice Chairman Brandenburg					
Representative Beadle					
Representative Bellew					
Representative Howe					
Representative Kempenich					

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:
To remove 42 FTE positions
Motion Carried

**2019 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. HB1012**

House Appropriations - Government Operations Division Committee

Subcommittee

Amendment LC# or Description: _____

Recommendation: Adopt Amendment
 Do Pass Do Not Pass Without Committee Recommendation
 As Amended Rerefer to Appropriations
 Place on Consent Calendar

Other Actions: Reconsider _____

Motion Made By Vice Chairman Brandenburg Seconded By Representative Beadle

Representatives	Yes	No	Representatives	Yes	No
Chairman Vigesaa			Representative Mock		
Vice Chairman Brandenburg					
Representative Beadle					
Representative Bellew					
Representative Howe					
Representative Kempenich					

Voice Vote

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:
To move the \$87 million to the House version.

**2019 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. HB1012**

House Appropriations - Government Operations Division Committee

Subcommittee

Amendment LC# or Description: _____

Recommendation: Adopt Amendment
 Do Pass Do Not Pass Without Committee Recommendation
 As Amended Rerefer to Appropriations
 Place on Consent Calendar
Other Actions: Reconsider _____

Motion Made By Vice Chairman Brandenburg Seconded By Representative Howe

Representatives	Yes	No	Representatives	Yes	No
Chairman Vigesaa			Representative Mock		
Vice Chairman Brandenburg					
Representative Beadle					
Representative Bellew					
Representative Howe					
Representative Kempenich					

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:
To move the \$3.5 million to the House version.
Motion Carried.

**2019 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. HB1012**

House Appropriations - Government Operations Division Committee

Subcommittee

Amendment LC# or Description: 19.0200.01006

Recommendation: Adopt Amendment
 Do Pass Do Not Pass Without Committee Recommendation
 As Amended Rerefer to Appropriations
 Place on Consent Calendar

Other Actions: Reconsider _____

Motion Made By Vice Chairman Brandenburg Seconded By Representative Howe

Representatives	Yes	No	Representatives	Yes	No
Chairman Vigesaa			Representative Mock		
Vice Chairman Brandenburg					
Representative Beadle					
Representative Bellew					
Representative Howe					
Representative Kempenich					

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:
Public Transportation Services Study
Motion Carried.

**2019 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. HB1012**

House Appropriations - Government Operations Division Committee

Subcommittee

Amendment LC# or Description: _____

Recommendation: Adopt Amendment
 Do Pass Do Not Pass Without Committee Recommendation
 As Amended Rerefer to Appropriations
 Place on Consent Calendar
Other Actions: Reconsider _____

Motion Made By Vice Chairman Brandenburg Seconded By Representative Beadle

Representatives	Yes	No	Representatives	Yes	No
Chairman Vigesaa			Representative Mock		
Vice Chairman Brandenburg					
Representative Beadle					
Representative Bellew					
Representative Howe					
Representative Kempenich					

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:
To move over the \$213,190.00 in operating expenses to the House version.
Motion Carried.

**2019 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. HB1012**

House Appropriations - Government Operations Division Committee

Subcommittee

Amendment LC# or Description: _____

Recommendation: Adopt Amendment
 Do Pass Do Not Pass Without Committee Recommendation
 As Amended Rerefer to Appropriations
 Place on Consent Calendar
Other Actions: Reconsider _____

Motion Made By Representative Kempenich Seconded By Representative Howe

Representatives	Yes	No	Representatives	Yes	No
Chairman Vigesaa			Representative Mock		
Vice Chairman Brandenburg					
Representative Beadle					
Representative Bellew					
Representative Howe					
Representative Kempenich					

Votes

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:
To add \$13 million of general funds to the budget.
Motion Carried.

**2019 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. HB1012**

House Appropriations - Government Operations Division Committee

Subcommittee

Amendment LC# or Description: _____

Recommendation: Adopt Amendment
 Do Pass Do Not Pass Without Committee Recommendation
 As Amended Rerefer to Appropriations
 Place on Consent Calendar

Other Actions: Reconsider _____

Motion Made By Representative Kempenich Seconded By Representative Howe

Representatives	Yes	No	Representatives	Yes	No
Chairman Vigesaa			Representative Mock		
Vice Chairman Brandenburg					
Representative Beadle					
Representative Bellew					
Representative Howe					
Representative Kempenich					

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:
 To adopt all of the discussed changes to the House version.
 Motion Carried.

**2019 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. HB1012**

House Appropriations - Government Operations Division Committee

Subcommittee

Amendment LC# or Description: 19.0200.01007

Recommendation: Adopt Amendment
 Do Pass Do Not Pass Without Committee Recommendation
 As Amended Rerefer to Appropriations
 Place on Consent Calendar
Other Actions: Reconsider _____

Motion Made By Brandenburg Vice Chairman Seconded By Representative Beadle

Representatives	Yes	No	Representatives	Yes	No
Chairman Vigesaa			Representative Mock		
Vice Chairman Brandenburg					
Representative Beadle					
Representative Bellew					
Representative Howe					
Representative Kempenich					

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

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

**2019 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. HB1012**

House Appropriations - Government Operations Division Committee

Subcommittee

Amendment LC# or Description: 19.0200.01007

Recommendation: Adopt Amendment
 Do Pass Do Not Pass Without Committee Recommendation
 As Amended Rerefer to Appropriations
 Place on Consent Calendar

Other Actions: Reconsider _____

Motion Made By Vice Chairman Brandenburg Seconded By Representative Howe

Representatives	Yes	No	Representatives	Yes	No
Chairman Vigesaa	X		Representative Mock	X	
Vice Chairman Brandenburg	X				
Representative Beadle	X				
Representative Bellew	X				
Representative Howe	X				
Representative Kempenich	X				

Total (Yes) 7 No 0

Absent 0

Floor Assignment Vice Chairman Brandenburg

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

Date: 2/12/2019
 Roll Call Vote #: 1

**2019 HOUSE STANDING COMMITTEE
 ROLL CALL VOTES
 BILL/RESOLUTION NO. 1012**

House Appropriations Committee

Subcommittee

Amendment LC# or Description: 19.02000.01008

Recommendation: Adopt Amendment
 Do Pass Do Not Pass Without Committee Recommendation
 As Amended Rerefer to Appropriations
 Place on Consent Calendar
 Other Actions: Reconsider _____

Motion Made By Representative Brandenburg Seconded By Representative Howe

Representatives	Yes	No	Representatives	Yes	No
Chairman Delzer					
Representative Kempenich					
Representative Anderson			Representative Schobinger		
Representative Beadle			Representative Vigesaa		
Representative Bellew					
Representative Brandenburg					
Representative Howe			Representative Boe		
Representative Kreidt			Representative Holman		
Representative Martinson			Representative Mock		
Representative Meier					
Representative Monson					
Representative Nathe					
Representative J. Nelson					
Representative Sanford					
Representative Schatz					
Representative Schmidt					

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

Voice Vote/Motion Carries

Date: 2/12/2019
 Roll Call Vote #: 2

**2019 HOUSE STANDING COMMITTEE
 ROLL CALL VOTES
 BILL/RESOLUTION NO. HB 1012**

House Appropriations Committee

Subcommittee

Amendment LC# or Description: _____

Recommendation: Adopt Amendment
 Do Pass Do Not Pass Without Committee Recommendation
 As Amended Rerefer to Appropriations
 Place on Consent Calendar
 Other Actions: Reconsider _____

Motion Made By Representative Brandenburg Seconded By Representative Beadle

Representatives	Yes	No	Representatives	Yes	No
Chairman Delzer	X				
Representative Kempenich	X				
Representative Anderson	X		Representative Schobinger	X	
Representative Beadle	X		Representative Vigesaa	X	
Representative Bellew	X				
Representative Brandenburg	X				
Representative Howe	X		Representative Boe		X
Representative Kreidt	X		Representative Holman	X	
Representative Martinson	X		Representative Mock	X	
Representative Meier	X				
Representative Monson	X				
Representative Nathe	X				
Representative J. Nelson		X			
Representative Sanford	X				
Representative Schatz	X				
Representative Schmidt	X				

Total (Yes) 19 No 2

Absent 0

Floor Assignment Representative Brandenburg

Motion Carries

REPORT OF STANDING COMMITTEE

HB 1012: Appropriations Committee (Rep. Delzer, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (19 YEAS, 2 NAYS, 0 ABSENT AND NOT VOTING). HB 1012 was placed on the Sixth order on the calendar.

Page 1, line 2, replace "and" with "; to amend and reenact section 24-02-45.1 of the North Dakota Century Code, relating to cooperative agreements with private entities for the construction of certain items on the state highway system;"

Page 1, line 2, after "transfers" insert "; to provide for the operation of maintenance section sites; to provide an exemption; to provide for a study; to provide for a report; and to declare an emergency"

Page 1, replace lines 9 through 16 with:

	Base Level	Adjustments or Enhancements	Appropriation
Salaries and wages	\$201,478,341	\$460,582	\$201,938,923
Operating expenses	229,381,646	19,871,688	249,253,334
Capital assets	771,101,851	89,924,093	861,025,944
Grants	67,528,030	28,326,607	95,854,637
Total special funds	\$1,269,489,868	\$138,582,970	\$1,408,072,838
Full-time equivalent positions	1,047.00	(42.00)	1,005.00"

Page 1, line 18, after "biennium" insert "and the 2019-21 one-time funding items included in the appropriation in section 1 of this Act"

Page 1, replace lines 20 through 22 with:

"Pipeline protest law enforcement support	\$709,000	\$0
Electronic payment processing system	306,000	0
Driver's license system project	0	22,500,000
Minot and Williston driver's license facility maintenance	0	1,300,000
Total special funds	\$1,015,000	\$23,800,000

The 2019-21 one-time funding amounts are not a part of the entity's base budget for the 2021-23 biennium. The department of transportation shall report to the appropriations committees of the sixty-seventh legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2019, and ending June 30, 2021."

Page 2, after line 4, insert:

"SECTION 4. EXEMPTION - ENHANCED STATE HIGHWAY INVESTMENT FUNDING. Section 54-44.1-11 does not apply to funding of \$503,115,558 in the capital assets line item relating to enhanced state highway investments in section 1 of chapter 12 of the 2015 Session Laws. Any funds continued into the 2017-19 biennium but not spent by June 30, 2019, must be continued into the biennium beginning July 1, 2019, and ending June 30, 2021, and may be expended only for enhanced state highway investments.

SECTION 5. APPROPRIATION - GENERAL FUND - SHORT LINE RAILROAD PROGRAM. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$2,500,000, or so much of the sum as may be necessary, to the department of transportation for the purpose of enhancing the department's short line railroad program, for the biennium beginning July 1, 2019, and ending June 30, 2021. The funding provided in this section is considered a one-time funding item.

SECTION 6. APPROPRIATION - GENERAL FUND - ENHANCED STATE HIGHWAY FUNDING - EXEMPTION. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$13,000,000, or so much of the sum as may be necessary, to the department of transportation for the purpose of enhanced state highway improvements, for the period beginning with the effective date of this Act and ending June 30, 2019. The funding provided in this section is considered a one-time funding item. Section 54-44.1-11 does not apply to this funding and any funds not spent by June 30, 2019, must be continued into the biennium beginning July 1, 2019, and ending June 30, 2021, and may be expended only for enhanced state highway improvements.

SECTION 7. AMENDMENT. Section 24-02-45.1 of the North Dakota Century Code is amended and reenacted as follows:

24-02-45.1. Cooperative agreements with private entities for the construction of certain items on the state highway system.

Notwithstanding any other provision of law, the director may enter a cooperative agreement with a private entity for the construction of an item on the state highway system which will benefit the private entity and the traveling public, as determined by the director. The private entity's cost-share of the items requested to be added to the state highway system must be paid for in advance of the construction by the private entity before the department can construct the project. Funds received by the department pursuant to this section must be deposited in the state highway fund as prescribed by section 24-02-41 and are appropriated to the department. If the department requires engineering or contracting services for a project under this section, it may provide the services or procure the services in accordance with section 24-02-07.3 and 24-02-17.

SECTION 8. MAINTENANCE SECTION SITES - OPERATIONAL REQUIREMENTS. The department of transportation shall establish the Mayville section site as a satellite site of the Hillsboro section. Seasonal winter services in the Courtenay, Gackle, New England, and Finley sections must be established if the department has an employee whose home residence is located within the vicinity of the maintenance section site or the department hires an employee whose home residence is located within the vicinity of the maintenance section site. The department shall staff these sections no later than November first of each year through at least March thirty-first of the subsequent year when seasonal winter services are established. The department shall hold public hearings when the department proposes changes to highway maintenance section sites that affect snow and ice control operations.

SECTION 9. DEPARTMENT OF TRANSPORTATION STUDY - PUBLIC TRANSPORTATION SERVICES - REPORT TO LEGISLATIVE MANAGEMENT. During the 2019-20 interim, the department of transportation shall study public transportation services within the state. The study must include the number of users of public transportation services, demographics of the users, other transportation options available to users of public transportation services, and the identification of areas of the state which have no public or private transportation services available.

SECTION 10. DEPARTMENT OF TRANSPORTATION FLEET SERVICES - REPORT TO SIXTY-SEVENTH LEGISLATIVE ASSEMBLY. The department of transportation shall report to the sixty-seventh legislative assembly regarding the department's state fleet expenditures compared to its 2019-21 biennium budgeted amounts.

SECTION 11. EMERGENCY. Sections 6 and 7 of this Act are declared to be an emergency measure."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

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

	Base Budget	House Changes	House Version
Salaries and wages	\$201,478,341	\$460,582	\$201,938,923
Operating expenses	229,381,646	19,871,688	249,253,334
Capital assets	771,101,851	89,924,093	861,025,944
Grants	67,528,030	28,326,607	95,854,637
Short line railroad program		2,500,000	2,500,000
Total all funds	\$1,269,489,868	\$141,082,970	\$1,410,572,838
Less estimated income	1,269,489,868	138,582,970	1,408,072,838
General fund	\$0	\$2,500,000	\$2,500,000
FTE	1,047.00	(42.00)	1,005.00

Department 801 - Department of Transportation - Detail of House Changes

	Adjusts Funding for Base Payroll Changes ¹	Adds Funding for Salary and Benefit Increases ²	Removes 42 Unspecified FTE Positions ³	Adjusts Base Level Funding ⁴	Adds Funding for Snow and Ice Control ⁵	Adds Funding for Microsoft Office 365 Licensing ⁶
Salaries and wages	(\$1,019,746)	\$9,459,923	(\$7,979,595)			
Operating expenses				(\$3,336,810)		\$708,498
Capital assets				87,874,093	\$750,000	
Grants				28,326,607		
Short line railroad program						
Total all funds	(\$1,019,746)	\$9,459,923	(\$7,979,595)	\$112,863,890	\$750,000	\$708,498
Less estimated income	(1,019,746)	9,459,923	(7,979,595)	112,863,890	750,000	708,498
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	0.00	0.00	(42.00)	0.00	0.00	0.00

	Adds Funding for Driver's License System Project ²	Adds Funding for Driver's License Facility Maintenance ⁸	Adds Funding for Short Line Railroad Program ²	Total House Changes
Salaries and wages				\$460,582
Operating expenses	\$22,500,000			19,871,688
Capital assets		\$1,300,000		89,924,093
Grants				28,326,607
Short line railroad program			\$2,500,000	2,500,000
Total all funds	\$22,500,000	\$1,300,000	\$2,500,000	\$141,082,970
Less estimated income	22,500,000	1,300,000	0	138,582,970
General fund	\$0	\$0	\$2,500,000	\$2,500,000
FTE	0.00	0.00	0.00	(42.00)

¹ Funding is adjusted for base payroll changes.

² The following funding is added for 2019-21 biennium salary adjustments of 2 percent per year and increases in health insurance premiums from \$1,241 to \$1,427 per month:

Other Funds	
Salary increase	\$4,774,660
Health insurance increase	4,685,263
Total	\$9,459,923

³ Forty-two unspecified FTE positions and related funding is removed.

⁴ Base level funding is adjusted as follows:

Other Funds	
Increases funding for capital assets	\$87,874,093
Increases funding for grants	17,226,607
Reclassifies funding for the rail loan program	11,100,000
Reduces payments to State Fleet Services	(3,550,000)
Adjusts operating expenses	213,190
Total	\$112,863,890

⁵ Funding is added for the purchase of three snow plows.

⁶ Funding is added for Microsoft Office 365 licensing.

⁷ One-time funding from the highway fund is added for the department's driver's license system project.

⁸ One-time funding from the highway fund is added for driver's license facility maintenance at Minot and Williston.

⁹ A section is added to provide one-time funding from the general fund for the Department of Transportation's short line railroad program.

This amendment also adds sections to:

- Provide that \$503,115,558 appropriated in the capital assets line item in House Bill No. 1012 (2015) relating to enhanced state highway investments is exempt from provisions of North Dakota Century Code Section 54-44.1-11 and may be continued into the 2019-21 biennium.
- Appropriate one-time funding from the general fund for enhanced state highway funding during the 2017-19 biennium, and provide an exemption from Section 54-11.1-11, authorizing the funding to be continued into the 2019-21 biennium.
- Amend Section 24-02-45.1 to require that in cooperative agreements for highway construction items, only the private entity's cost-share is to be paid in advance of the construction and declares this section an emergency.
- Direct the department to establish the Mayville section site as a satellite site of the Hillsboro section and set requirements for seasonal winter services in the Courtenay, Gackle, New England, and Finley sections.
- Require a Department of Transportation study of public transportation services within the state.
- Require the Department of Transportation to report to the 2021 Legislative Assembly regarding the department's state fleet expenditures compared to its 2019-21 biennium budgeted amounts.

2019 SENATE APPROPRIATIONS

HB 1012

2019 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee
Harvest Room, State Capitol

HB 1012
3/6/2019
JOB # 33269 & Job # 33287

- Subcommittee
 Conference Committee

Committee Clerk: Alice Delzer / Rose Laning / Florence Mayer
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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:

Testimony Attached # 1 - 11

Chairman Holmberg: Called the Committee to order on HB 1012. Roll call was taken. All committee members were present. Chris Kadrmas, Legislative Council and Becky J. Keller, OMB and Renae Bloms, OMB were also present.

Tom Sorel, Director of ND DOT: Testified in favor of HB 1012 and provided Attachment #1, the NDDOT Budget Testimony. See page 6, Park River we designated as our first Vision Zero community. ND ranks 1st in the nation in highway performance and cost-effectiveness in the National 2018 Highway Report by Reason Foundation.

(9:16) Chairman Holmberg: Are you are talking about the state bridge system?

Tom Sorel: Those are all of our bridges. He continued with testimony starting on page 12. See chart page 15 for State Funded Sources of Transportation Revenue.

(13:28) Senator Gary Lee: Back to the federal funding, 81%, isn't part of that the way ND is demographically? We have 2 interstate highways and 2 airbases. Those things being federal dollars into our state as opposed to what other states may have. Just coming 42% to the 81%.

Tom Sorel: Federal funds are distributed by formula. There are many factors that go into those formulas. We support that. It is important to us to get formula funding. 81% of our program is only federally funded. Other states are similar; however, other states have other sources of funds in their programs to build non-funded federal projects.

Chairman Holmberg: The subcommittee for this bill is Senator Gary Lee, Chair, Senator Oehlke and Senator Grabinger. We have some seasoned folks that will be working on this budget.

(15:04) Ron Henke, Deputy Director for Engineering, ND DOT: Testified in favor of HB 1012 and his testimony starts on page 18 of Attachment #1. His part of the testimony relates to construction programs and maintenance operations.

Chairman Holmberg: In some communities there was quite a bit of an uproar on those down town projects.

Ron Henke: Continued on page 20, 2017-2019 Major Highway Projects.

(19:15) Senator Robinson: On page 21 chart, how will the 2019-21 biennium compare to 2017-18?

Ron Henke: It will be very similar. We are at about that \$300M for each of those 2 years.

Senator Grabinger: Is there flexibility to change any of these in the 2020 season?

Ron Henke: We always have changes. Sometime we do not get environmental clearance. The ones in 2019 are pretty much set in stone; we are currently bidding those projects. In 2020 there is a little more flexibility. 2021 even more flexibility. We do a 4-year plan. 2022 is an even more flexible yet. There is always opportunity, if we have to shove something in; we have ways to insert that into our program.

Chairman Holmberg: Philosophically, the ND legislature has resisted attempts that mandate that you are going to fix a certain bridge on certain road. Is that similar in other states or does the legislature allow the department to make those changes? Alternatively, perhaps even more involved then ND?

Ron Henke: In ND we have stayed away from earmarking and picking projects. We leave that up to the DOT. We drive those roadways every year and score then on condition. We select the projects with the greatest need. In some other states they a committee. Maybe Tom could answer that.

Tom Sorel: It is common practice in most states to let the DOT pick the projects. We have the 4-year plan requirements. Some of this is federally mandated. At that level, when we get federal highway funds, they really look at our asset management approach. For the most part, in most states, the legislature depends on the DOT to drive the program. That does not mean we can't amend the program. Is that true everywhere? Things come up critical to a state. For the most part, the programs are driven by the state DOT.

Chairman Holmberg: I get many requests projects. I always tell people, at the end of the day if the legislature weighs in, the 6 people on the conference committee will get to pick where the roads are. In addition, I get to pick at least 3 of those people, that isn't the right way to go.

Tom Sorel: There are states that have a transportation commission. They designate certain pieces of the program to fund and let the DOT do the rest of it. The model we use here is the most common across the country.

Ron Henke: Continued testimony on slide 23, 2019-2020 Projects.

(24:14) Senator Gary Lee: Looking at the work you are doing in Fargo, those are on local roads. Is that because you are co-mingling funds? Why are you listing those budgets here as major projects for you?

Ron Henke: We are one of the states that give our local cities federal funds. The city gets a pot of federal dollars; the counties get a pot of federal dollars. We co-mingle those federal dollars, which we are responsible for. Some of those corridors might include an interchange, some might be an old state highway, we do agreements with the city on that. Usually it is state dollars, local dollars and then the federal that we co-mingle together.

(25:35) He continued on page 24, the NDDOT Maintenance Program.

(27:26) Senator Bekkedahl: How are you doing on snowplow operators? I know they were short out West. Is that stabilized?

Ron Henke: We have a few new operators. We are still short out West. Our business support director will cover those openings. Our biggest need is out West right now. He continued regarding last sessions' section shop closures (see page 25 of testimony). We did a study; see **Attachment #2, Snow and Ice Control Route Optimization Study Results**. We are going to take that study and optimize the routes. We are no longer looking at closing or discontinuing services at those shops we have out there. Continued on page 25 of testimony.

(31:38) Senator Gary Lee: What is your feedback regarding closing the shops and how well you are doing on the roads out there?

Ron Henke: The survey was more statewide. In general, they say they liked what we were doing before. We got feedback from Napoleon, Gackle, Litchville, Ashley areas about concerns with services. That is why we have taken more steps to provide services. Ashley and Napoleon were identified in the study as potential closures. They were not in favor of that.

Senator Gary Lee: I have gotten calls from some of those areas. Someone calls me and says no one has been down here all day; you look at your data and say you have been through 2 times already. Is that the conflicting data with what is actually happening?

Ron Henke: We put a new system in place; we added that to our traveler information map so you can see the plow trucks, you could see a crumb trail with what direction they are going. That is our way of making sure we are providing services. We have the data that says we have been through once or twice; we still get comments that they liked it the old way.

Senator Robinson: It is a dilemma and it is compounded by the winter we are having. In our area 2-3 years ago, you cleared those roads regularly. In the Litchfield area, the trucks have been transferred to other places. Because the weather has been so severe, they are called in interstate often. There is an expectation nowadays that the roads need to be open.

V. Chairman Wanzek: I got an email from the Courtney area; there are some positive and some negative comments in there. On the Track-A-Plow, can anyone see where the snowplows are running?

Ron Henke: Yes, if you go to our traveler information app where we give road conditions, on the left hand side you will see a box you can click for Track-A-Plow. We only have 350-truck fleet equipped with them. We are in the process of adding another 60 throughout the state. You will not see the entire fleet, but you will see more, we are implementing this slowly.

V. Chairman Wanzek: If some of these folks can see that, it would indicate that the plow has been there, with this kind of weather a plow could go by and it can block up again in an hour.

Senator Robinson: We have had reports of a number of accidents involving snowplows. Is that a direct relation to the winter we have had? Is this an all-time high with accidents?

Ron Henke: I do not think so. We get plow trucks hit all the time. When we are plowing we create that snow fog, they try to pass us and clip our wing or the edge of the truck. When the visibility is low, our risk increases. We are higher than normal, but it is not an all-time high.

Chairman Holmberg: Does a little square means something, then the round circle with the arrow, what is the difference?

Ron Henke: The circle with arrow points in the direction the truck is going. The little dotted line behind it shows the crumb trail as far as where it came from. The squares represent the truck not moving. When it lights up, the truck is moving. See slide 26, Track-A-Plow, explaining what that means on the iPad.

Senator Bekkedahl: Many times, I will look at this when I'm on the road. On my phone, I get a screen with nothing on it. Is that an updating period, or my reception or have you had any trouble with the system?

(0.39.00) Ron Henke: We have had some issues on the map going down. In general, you will always see colored lines. We only had one day that it malfunctioned. Continued testimony on page 26, updates and NDDOT accomplishments.

Senator Oehlke: I typically go through Fessenden and the 14-mile stretch to Highway 14. There are a couple of bridges on that route that are narrow. One of them on the westbound lane lost its marker showing where the edge is. It has been that way for over a month. Did you know about that or do you wait to summer to put those back up?

Ron Henke: We have staff that will go and do that maintenance. We will follow up on that.

Senator Oehlke: I could see how it could cause problems. You are involved with the in-town work and the Governor's effort to create better downtowns. Do you have any input on engineering and design?

Ron Henke: If it is off the state highway, the local governments take control. We review and make comments.

Senator Oehlke: Do you ever sit in those meetings and wonder why they are doing these things?

Ron Henke: We look at it from a federal guideline standpoint. As long as they are meeting the federal guidelines, we don't interfere.

Senator Oehlke: You don't tell them if you went from 4 colors of concrete to 2, you could save millions of dollars. You don't get involved like that? (No.) If someone asks you a question do you give input or just clam up?

Ron Henke: We usually let them spend the money the way they want to. They are smart engineers with good consultants. They are aware of the costs.

Senator Oehlke: On your bid specs with Disadvantaged Businesses Enterprise, DBE for short. Projects have to have a certain number of disadvantaged businesses involved with them for the state? You have a requirement for federal dollars?

(0.43.59) Ron Henke: There is a DBE goal the state sets for all federal dollars. We have to work with FHWA to identify that goal. It's called a triannual goal; it gets set for 3-years. We are extremely strongly encouraged to reach that goal. We put race conscious and race neutral goals on every federal project. Race conscious is, is you don't get to the goal there is a lengthy process to show you did the best you could. We have a committee that reviews each of those. If they don't reach the goal, there is a chance we won't be able to award the project to the contractor. On race neutral we identify that we are asking you to bring DBEs to the program. There is no goal set. We ask them to bring participation. At the end of the day we are trying to get to the triannual goal for the year. If we don't, we have to give reasons and reports. If the federal government doesn't agree with us, we have other challenges then.

Senator Oehlke: Do you meet the goal before your season is over?

Ron Henke: There are sometimes we do. There are contractors for DBEs, they are a prime contractor, then the percentage goes up greatly. We have to always by DBE on federal aid projects. If we had a state funded project, there is no DBE goal for those.

Senator Oehlke: Do contractors ever get frustrated that once you've met your DBE goal for federal projects, then you don't care?

Ron Henke: DBE is a challenge for the contractors. It can get contentious.

(0.46:45) Mark Nelson, Deputy Director & Business Support, Driver and Vehicle Services: Testified in favor of HB 1012 and his testimony begins on page 27 of Attachment #1. Real ID Update, page 28.

V. Chairman Wanzek: So if you are up for renewal, are you automatically renewed with a Real ID?

Mark Nelson: Yes. There are certain documents required to get that, they will tell you. For those who expire after October 1, 2020 you can come in 10 months early.

Chairman Holmberg: The passport works of course. Does the Global Entry I.D. card work for airports after 2020? It is federally issued. (He didn't know.)

Senator Gary Lee: Your example is 2018 and it renews in 2024. If your expiration date is 2021, you don't automatically get moved forward another 6 years with the expiration of the Real I.D.?

Mark Nelson: You are able to come in anytime and get the Real I.D. If you come within the 10-month window, you wouldn't be charged the extra fee.

(50:55) Senator Gary Lee: You don't need to get the real I.D., you can opt out. But if you want it you have to bring your documentation in?

Mark Nelson: That is correct. We are having issues with that.

Senator Grabinger: Will you still need the passport to get into Canada or the real I.D. enough?

Mark Nelson: The Real I.D. will get you through the border. If you have a passport, you should carry it with you either way.

Chairman Holmberg: 2 years ago in Mexico, my friend forgot his passport, but they let him in. Only took an extra minute of questions.

Senator Erbele: The little star in the corner, is that the identifier of a Real I.D.?

Mark Nelson: Correct. Continued with testimony on page 29, "Driver's License Online".

Senator Sorvaag: I've heard complaints that even people who had reservations, had to wait for hours. What is your solution to what is happening in Fargo? Increase staffing?

Mark Nelson: I will get to that, especially in the Fargo area. You are able to change your address online as well. I will do some checking in Fargo.

(55:50) Chairman Holmberg: The global entry card is a trusted source accepted by TSA.

Senator Hogue: Do you have issues that people who do not have a street address that could not vote? IT affected people on and off our reservations. The Indian Affairs Commission thought the tribes were okay with it. What is your perspective?

Mark Nelson: I believe we have that issue taken care of. When I visited with the director of driver's license. If they can't vote because they don't have a physical mailing address, call

in and we will help you get that. Especially with college students. We try to work with anybody to get that. The issue isn't as large as it is thought to be.

He continued on page 31, Driver's License Customer Service Improvements. **See Attachment # 3, Study to consolidate facilities with Williams County and Williston District.**

(01:00:46) Senator Mathern: I've seen this frustration in Fargo. For example, the greeters though positive, don't get through to the diverse population. There are so many incomes and nationalities. It almost appears that white people have a privilege. The optics appear as if discrimination going on. I think it is just a cultural difference. Some people understand what an appointment is and making it in advance. Some understand that and some don't. Might have to do something else in addition.

Mark Nelson: Continued on page 32, Motor Vehicle Registrations Increase. Page 33, regarding Kiosks.

Senator Bekkedahl: We still have frustrations in Williston with the out of state license plates. In you do business in Montana and you buy a plate the day of. ND we seem to have the permit system. Is it less costly to the companies to do permits versus full registration with plates? Seems to be a community frustration. Can we make permits more costly then registering a vehicle?

Mark Nelson: The permit fees are set by statute. We deal with individuals coming in from other parts of the country, they may or may not of bought their temporary licenses. I guess the legislature would have to consider increasing fees.

Senator Bekkedahl: The frustrations, people in the area look and see they aren't paying their fair share. How do we make sure they pay their fair share?

Mark Nelson: They put the sticker in the window; People don't always look to see that they have that. At face value it looks like they don't have it, when they actually could.

Senator Robinson: Was there a bill in the House to increase fees?

Mark Nelson: There is a driver's license fee bill. It was not on registration.

Chairman Holmberg: 4 years ago, we had the issue of license plates, the legislature decided to pass on the design. But after that you changed the license plate. Did you go through budget section to do that?

Chris Kadrmas, Legislative Council: The design was approved by the budget section or Transportation committee at the time.

Chairman Holmberg: How about the font change?

Chris Kadrmas, Legislative Council: Any adjustments brought forward after that did not come back to the legislature.

Mark Nelson: When we did the font change, we did not use the budget section. We did that through DOT.

Continued on page 35, Recruiting and Retention Issues.

(1:10:22) Senator Robinson: Are there any provisions in the funding bill from the House to help you address that issue or not?

Mark Nelson: Not specifically. We contacted leadership and discussed the bonus pay. We got the green light, if we have the funds for it.

Senator Bekkedahl: I know it is an issue we all deal with as well, going from public sector back to private sector. Immediate household income is \$92,000 a year in Williston and then the low \$60,000s in Bismarck. The state pay grade will be the same statewide. I don't know how you compete with that. It would be nice to have a long-term plan.

Mark Nelson: It is a challenge. Thank you for the comments you have. The last slide is staffing levels, page 36.

Chairman Holmberg: We will take a recess at this time to trade out clerks.

START Job # 33287

Shannon Sauer, CFO, Department of Transportation:
North Dakota Symposium on Transportation Funding – **Attachment # 4.**
DOT HB 1012 Executive Budget Recommendation 2019-21 – **Attachment # 5.**

Continuing on page 37 of Attachment # 1.

(0.4:46) Senator Bekkedahl: In terms of truck regulatory, most states I travel in have fully staffed ports of entry at major highways. We have had that in ND in the past, but have gone away from that. We have the facilities, but do not have the staff. Is that because of employee reduction, cost savings, etc.? On the other hand, are we doing a better job by eliminating that and going to temporary inspection locations? At one point out west, we had statistics above 30% that were in violation. Is this a revenue issue, staffing issue or better practice issue that we have forgone ports of entry and gone to temporary systems?

Mark Nelson: My previous career in Highway Patrol was in 2003. It was a staff reduction for budgetary reasons. The patrol was comfortable that with the weight enforcement units, we could still provide the weight enforcement we wanted on our highways.

Senator Bekkedahl: Are we leaving money on the table? Are we having unsafe vehicles out there now?

Mark Nelson: I would ask that question of Highway Patrol.

Shannon Sauer: Continued with testimony.

(0.11:05) Senator G. Lee: In terms of IT unification, does DOT support that as well?

Shannon Sauer: The DOT supports the governor's budget and IT unification is part of that. Continued with slideshow testimony.

Tom Sorel: To wrap up, we just want to highlight a couple things. We are transportation people; we believe that is critical to our state and global economy and for us to be competitive with that. We also believe transportation is critical to the quality of life of our citizens. If transportation stops, it has a severe impact on our economy and quality of life. We are passionate about this. For us to be successful in this, we have to have sound partnerships. At the DOT, we are committed to working with our cities, counties, townships, tribal governments, businesses, contractors and consultants. If one wins we all win, if one loses we all lose. As we look to the future, we are in a transformational moment in the transportation industry. There are many disruptive technologies out there. This is happening today, in our future and we need to acknowledge in our industry. We have a lot of discussion on electric vehicles; we formed a coalition to address that. Drone applications were discussed early. All these things are a key part of our future. Many of these technologies come from unique places. In the past, new ideas came from our internal industry. A lot of these now are coming from entrepreneurs. Things like Uber and Lyft really have an impact on our industry. We are aware of that. There is a lot of technology that connects vehicles to infrastructure and really disrupts the way we look at things. I think we are doing a good job with that. You have info packets we provided. The transportation symposium has a lot of good information, we deliberated did that to put info out there.

(0.17:00) Chairman Holmberg: Could you expand on the general fund dollars in this budget?

Tom Sorel: There is none, just SIF dollars.

Chris Kadrmas: There is the \$2.5M for the Short Line Railroad Program in section 5. In addition, an efficiency appropriation of \$13M, that funding was provided for the 2017-19 biennium.

Chairman Holmberg: So there is general fund money?

Chris Kadrmas: Correct, there is \$15.5M in total. \$13M appropriated by the house the 2017-19 biennium and \$2.5M for the Short Line Railroad Program.

Shannon Sauer: As we are talking today, we are talking primarily about the executive recommendation. There were no general funds in that budget. As Chris indicated concerning the House version of the budget, there are those 2 items.

(0.18:32) Senator Robinson: Your industry has long been in a planning mode to keep pace with our transportation system. You referenced that we are looking at a \$350M investment in our system each year of the upcoming biennium. When compared to realistic needs, how short are we? If we look at normal maintenance and what shortfall do you anticipate beyond the \$350M?

Tom Sorel: We are in a maintenance mode. We try to invest and maintain everything we have today. There is a payment deterioration curve. At a certain point in the curve, you have

a different strategy. You are building a new road and it is more costly, you have to keep above that point on the curve. As we look to the future, our investments are trying to keep us above that curve. We did a study on our 20-year needs and the income coming in. To maintain what we have today is \$24B. However, the income coming in was only \$10B. There is a \$14B gap over 20 years to maintain. That is based on our asset management approaches we use today. We need to start chunking that out to figure out what kind of levels of investment are going to have a positive impact on keeping up our system. In other states, roads and bridges are not as they are here. They are falling behind on the curve and cannot keep up. If it gets to low, it falls apart quickly.

Senator Robinson: We have been hearing that story for a number of years and we will be hitting that tipping point soon. There is no appetite for a gas tax, yet prices are up and down 4-6 cents all the time. We know what the answer is, at some point we will have to face the situation here and in Washington. We do not want a bridge collapse like the one Minnesota had. This is serious. It is key to everything we do, including our school buses.

(0.22:42) Senator Mathern: In relation to that and your slide about partnership concerns, we had an item on our desk recently, signed by a number of organizations about the need for the gas tax. Are you able to work with that coalition to bring it forward or is it constrained by the governor's budget? How do you maintain a partnership and the roll of staying in the budget?

Tom Sorel: The Governor's budget does not propose any increase in fees. We work with those folks every day and give them information. When they ask the condition of the system, or the needs, that is very factual info. We collaborate with them by giving information.

Senator Dever: How do autonomous vehicles navigate? With cameras, GPS, sensors in the road? Are there considerations that need to be made in our future and the development of those roads? I can understand staying between the lines, but there is only one line down the middle. Are there considerations we should be factoring now?

Tom Sorel: These vehicles use various types of technology. The autonomous bus was used in the Super Bowl in MN. They tested it at the track and had issues with weather with that vehicle. We need to figure out how those vehicles will work in our conditions. Some are dependent upon pavement markings. There are ways around that and to use technology to communicate with those vehicles. We need to provide the right tools and infrastructure and make sure the investments we make in our system supports those technologies. We need to start thinking like that all across the country.

Senator Dever: There is \$27M in the Commerce bill for UAV to install towers that would provide beyond the line of sight. Is that something that we could at the same time, incorporate some of the necessary items for autonomous so we don't come back later and duplicate?

Tom Sorel: That is creating a specific traffic management system for drones. That is creating another level of transportation. It is a certain airspace and pot of money dedicated to drones.

Senator Krebsbach: My concern is we can add a dollar to tax for gas, but if we are pushing electric vehicles, we need to look elsewhere. I know someone wants to put it on the license fee, but would that be sufficient to make up the difference?

Tom Sorel: That is where this discussion started, on the registration fees. There needs to be more discussion about how that fleet will pay their fair share for our roadways. That is how most states have done it. They attach a fee to vehicle registration fee. We have formed an electric vehicle coalition, knowing that all vehicle fleets are changing to this. We need to develop those strategies.

Chairman Holmberg: Anyone else to testify on HB 1012?

(0.30:54) Pat Hansen, Executive Director, South Central Adult Services, Valley City, ND:

Testimony in support of HB 1012 - **Attachment # 6.**

We need at least \$10M in either state aid or subsidy to that aid to maintain the services we are providing now. I have 7 counties with 35 vehicles that run in those areas for primarily medical purposes.

(0.41:46) Senator Dever: When you say to take it back to \$10M, where is it now?

Pat Hansen: \$8.4M. If you look at the DOT's breakdown of the state distribution, ours is the \$8.4M. It would be \$1.6M more.

Senator Dever: Does that also mean an increase in federal dollars?

Pat Hansen: We have been able to get enough private donations to keep our federal dollars. The federal dollars have increased over the years. I do not know that we will be able to maintain that. Last year I had \$80,000 in private donations from individuals in the community. They cannot do that on a regular basis, but they were afraid we were going to lose what we already had so they helped.

Senator Robinson: How everything is interrelated, we had the housing and finance program a couple days ago. If these folks do not have these services, they move into town. We take these folks out of rural communities that are already struggling to maintain basic services like a grocery store. The impact on medical facilities is already challenged. These are important programs. A greater cost is not supporting those programs. We need to capture this quality of life issue. It is a challenge. However, not funding the program creates a whole host of other issues that we cannot ignore.

(0.44:30) Amy Lunde, Lobbyist for GA Group: Introduce Erin Kramarich

Erin Kramarich, Director of Business Rental Sales, Enterprise Holdings, Inc.

Testimony in support of HB 1012 - **Attachment # 7.**

(0.50:18) Senator G. Lee: In terms of the employee satisfaction survey, when reducing vans from 113 to 34; does the survey include those looking for a vehicle and not able to get one?

Erin Kramarich: We did not do a survey of your employees, but we could consider it. We have made plans to move an additional fleet into the area as well as hire additional staff to support the pilot program. The state of ND will be our primary customer. I don't believe availability will be an issue.

Senator G. Lee: Section 10 of the bill talks about fleet services, that is the way the legislature would be kept informed on this process. Maybe that is a question for the DOT?

Senator Wanzek: When you refer to the sedan car class, I am assuming you do not provide vehicles like trucks or pickups? This is mostly for travel cars?

Erin Kramarich: Yes, we do have all of those car classes. We provide sedans, SUVs, trucks, cargo vans, mini vans, pickups, etc. With the pilot program, we are just targeting the sedan class at the request of the DOT so those will be the reservations we will be taking.

Cal Klewin, Executive Director, Theodore Roosevelt Expressway Association (Highway 85): Testimony in support of HB 1012 - **Attachment #8.**

Senator Grabinger: I am surprised by the testimony for Enterprise. We did discuss that in the interim committee. I did not know we were moving ahead with anything there. The pilot project is somewhat surprising me. When was that decision made and by who?

Mark Nelson: We have had discussion occurring. DOT made the decision to move forward and do the pilot project to see if there is a cost saving that can be determined.

Senator Sorvaag: I chaired the government and finance, we did that. We had that discussion, we encouraged the DOT to talk to Enterprise and see if this will work. We did not make a decision, but left it with DOT to come with their request.

Senator Wanzek: I was member of that committee also. It was being presented as a way of finding savings. I do not recall if we took any action or not. We more or less suggested that DOT look into it.

Mark Nelson: Correct. We took that study information and have been communicating with Enterprise. We felt we should move forward with the pilot and see what happens.

Senator G. Lee: There was a competitive process in terms of selecting a vendor to do this pilot?

Mark Nelson: Enterprise is the only company we are aware of to provide this to us. We have a contract with them already.

Senator Wanzek: Closed the hearing on HB 1012.

Also handed out to committee:

Senate Appropriations Committee

HB 1012

03-06-19

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Memo to Legislative Management from DOT and ITD (regarding wireless telecommunication infrastructure within state highway rights of way) – Attachment # 9.

North Dakota Transportation Handbook 2019 – Attachment #10.

North Dakota Official Highway Map – Attachment # 11.

2019 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee
Harvest Room, State Capitol

HB 1012
3/14/2019
Job # 33693

Subcommittee
 Conference Committee

Committee Clerk: Rose Laning

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:

Testimony # 1 – 2.

Legislative Council: Chris Kadrmaz
OMB: Becky Keller

Senator G. Lee called the sub-committee to order on HB 1012. **Senator Oehlke and Senator Grabinger** were also present.

Senator G. Lee: We're taking a first look at the bill, going to run through the bill a section at a time. There are 3-4 things that we won't be able to deal with yet: the salary, healthcare issues, the unification of IT and the line item transfers. The line item transfers are not part of the DOT budget. Those will be picked up later.

Section one – the salaries and healthcare costs – in terms of appropriation, those numbers will vary and will be decided later. We can take a look at the FTEs, but it's a bit confusing in terms of what the FTEs are, but it looks like the executive budget had 980 FTEs. The House had 1005 but 41 of those FTEs were IT unification, so they took out an additional 16 FTEs. Chris comes up with 25 on the worksheet (attached #1) but he works the numbers a little different, but I think that difference is the 41 unification piece and then the 16 that they seem to have taken out, for some reason. Tom, can you talk about the 16 that the House took out?

Tom Sorel, Director, DOT: What we had proposed in the executive budget was a reduction of 26 employees, and in that budget, we put back 16 employees. In the House budget, they removed those 16 employees.

Senator G. Lee: What was the rationale for that or where did it come from?

Tom Sorel: When we put those back in the budget, they asked the purpose of those 16 FTEs. In the governor's budget proposal, we categorize FTEs in three different areas – "run, grow, and transform". These 16 FTEs that were put back were in the grow and transform area. That's all they asked us about that and they just put them back.

Senator G. Lee: Are they related to the IT projects that they didn't include? They included the driver's license system, but they didn't include some 3 or 4 other IT projects. Were they related to those? (Answer – No.)

Senator Grabinger: Were these filled FTE positions? We're not eliminating any employees? Were they unfilled FTEs?

Tom Sorel: No. The strategy we've used with these FTE reductions is that we've looked at our positions that we've had on hold and we've held them.

Senator Grabinger: They weren't filled FTE positions?

Tom Sorel: Correct. But what could happen, depending on how this all plays out, we could end up repurposing people or doing different things but the idea behind this is not eliminating people's jobs, but they could potentially be repurposed somewhere.

Senator G. Lee: So through the budgeting process with governor, you reduced 42 FTEs and then put back 16?

Tom Sorel: There were actually 52. This is a confusing number here. The green sheet shows 42. It all amounts to the same. It's the way it's depicted in the green sheet.

Chris Kadrmas: On the budget request, the total reduction was 42 in IBAR, and then the governor added back 16 which was the "grow, transform" that Tom was talking about. Then there was the IT unification which was 41 – in total.

Shannon Sauer, CFO, DOT: We submitted a reduction of 52, not 42 and what was replaced was the 16 in the governor's proposal. He gave us 26 back and then we were dealing with another 26 reduction. We got another 16 back which took us to 42. The number we submitted originally was 52.

Senator G. Lee: So if we start from the 1047 that was the 2017-19 budget, you're saying you reduced that by 52?

Becky Keller: Yes, and then we added back 26. You get to the same number.

Senator Oehlke: But why does it say 42 in the bill then?

Chris Kadrmas: Looking back at the IBAR report, it was originally the 52 and I just netted the two numbers since we're going from the base level which was the 1047. I essentially netted their reduction of 52 and then the restore run of 10 FTEs. The only reason that I included the 16 FTEs separately was because of the description in the manner so it appeared that they were going to repurpose those positions. That's the only reason I separated out those 16 FTES.

Senator Oehlke: So it's like 52 minus 25 plus 16? Is that how this all plays out?

Senator G. Lee: 1005 FTE for House, and 980 for the executive budget. We're still at those two numbers.

Shannon Sauer: I can run you through a very simplified equation showing how we arrive at those numbers. The executive proposal: we are at 1047 today. There were 41 positions included in the unification equation. You subtract those off and then the net of 26 which was the 52 that we originally proposed less the 26 that he gave back. You net those three numbers and you get 90. On House side: If you start with 1047 and take off the 26 from the governor's proposal, and then take off the additional 16, that gets you to the 1005.

Senator G. Lee: Those 16 FTEs, are you good with that? Can you work with what you have there? Is the 1005 a good number for you – or problematic?

Tom Sorel: We would go back to what we submitted in the executive budget. With the 26 reduction, these are areas we looked at that we could potentially reduce – from executive staff, legal counsel, state fleet, motor vehicle and engineering. We do have trouble with the additional 16. We feel with the additional 16, we're on the cusp of losing our abilities to do the things we have to do, particularly from federal funding standpoint. There are requirements with the federal government that if you receive federal funds which is what we depend on to have an adequately equipped and organized state transportation department. There are a number of activities that the feds dictate that we have to make sure we are adequately staffed for. We're concerned that if we start to go below the 26 and into the 16, it will impact our abilities to do that as well as impact our service levels whether it be snow and ice control or driver's license or motor vehicle operations.

Senator G. Lee: So the 16 that were taken out of the executive budget, you're ok with that. It's the additional 16 that are problematic. (Answer – yes) Is there a number that you need all those back?

Tom Sorel: We've taken a hard look at that and it all those are ones that we look to get back.

Senator G. Lee: Section 8 – when it talks about the shops that were put back in or seasonally used. Is that included in the 16 – or do you need more people to accommodate that?

Tom Sorel: That particular section was not included in the executive budget. Because it was not included in the executive budget and there was no budget associated with it, that is a section we don't support at this time.

Senator G. Lee: When they were removed last session, 5 FTEs went with it, right? (Correct)

Senator Oehlke: Sorry to belabor these numbers, but we had a starting point of 1047? If I subtract 52 from that, that goes down to 995. Then if I added 16 back into it, that comes up to a total of 1011, so are we looking for 5 more people? Or weren't you starting from 1047?

Chris Kadrmas: The 52 was the total request as part of the reduction. The governor re-instated 10 of them as they fell under the "run" category. So the 42 that I represent is the net of the reduction of 52 plus 10 being added back in the budget request. I didn't show the 10

separate because they're part of their normal operations, it's part of their normal base budget. The only reason I separated out the governor adding back the additional 16 FTE was because it appeared that they were going to be repurposed for what their duties were. The 42 I show is the net of the reduction of 52 plus the governor adding back 10.

Senator Grabinger: He said that he didn't support section 8 and therefore we lost 5 employees last time because of that – that was the discussion right here. I'm wondering if there is any consideration of putting a couple spots back for these section shops. What's the plan?

Senator G. Lee: If they go back as in section 8, they would need 5 more people, right?

Tom Sorel: That was not in our executive budget, nor was there resource allocation or budget for it so we have to oppose that amendment.

Senator G. Lee: We'll come back to that later. It seems like 16 difference is more than they feel they can accommodate. If you're going to pick a number, you want all of them or is there something in between there that you can be satisfied with?

Tom Sorel: Because last session we took 33.5 employees, and taking an additional 26 – we've looked at that number and feel we can accommodate that, but to go down to the additional 16 could be threatening to our ability to deliver services to the public and to our partners. There have been issues in the Fargo driver's license area. We're remodeling that facility and adding some additional windows to that facility so one thing we have included is an additional 2 FTEs. We can't open up the facility and have windows with no people there so we've included in our proposal to add 2 additional FTEs for the Fargo driver's license facility.

Senator G. Lee: And that's not part of the 16? (Answer – no.)
Section 2 – one-time funding. There are two items in there the House included. The \$22.5M for a driver's license system project, and \$1.3M for the Minot/Williston driver's license facility maintenance. The \$22.5M - the executive budget had that in SIIF dollars and they changed that to come from the highway fund dollars.

Shannon Sauer: With regards to one-time funding, in both of those instances, how it came out of House, we don't feel that either of those items are one-time funding. They are one-time expenditures, but both of them now are coming out of the state highway fund which is not a one-time funding situation. As an analogy – we are always building salt sheds and replacing section buildings. Those come out of the state highway fund. Those have never been shown as one-time funding.

Senator G. Lee: As SIIF funds, you would think they were one-time? (Answer – Yes)

Chris Kadrmas: No. I would be willing to bet that I could look back in history and find that there have been onetime projects identified from the highway tax distribution fund.

Senator G. Lee: Why would they take it out of there? It seems like you're taking away from road money there to put in a driver's license.....

Chris Kadrmas: The decision was made to use the highway fund because there was provided by the department a special funds report that shows there is an estimated ending balance of \$151,934,482 after their budget had been submitted. The idea was instead of utilizing the SIIF fund, it was just to use some of that unspent ending fund balance that the agency was leaving.

Senator G. Lee: That funding wasn't committed to enhanced highway dollars?

Chris Kadrmas: Not according to the special fund report provided by the DOT.

Shannon Sauer: That funding is committed. It is not necessarily enhanced state highway funding, but that is a very integral part of our operating funds. It's not uncommon during the height of the construction season for us to spend in excess of \$6M/day. We need a large cash balance so that is committed.

Senator G. Lee: For construction or is it operating costs – overhead costs that you have to use it. Is it intended for construction, or overhead?

Shannon Sauer: All of it. The way federal funding works - we have to upfront the federal expenditures. We have to have cash balance to do that. We get reimbursed. That reimbursement can come anywhere from a couple of weeks to a year or more depending on the circumstances. We have to have cash to make that equation work.

Senator G. Lee: The driver's license project is a big one in \$22.5M. The Minot and Williston driver's license facility, the \$1.3M, is that a more appropriate use of the highway fund dollars in terms of that as opposed to SIIF? Where did that come from in the first place? (Answer – the highway fund)

Becky Keller: We moved it to SIIF. The two items listed here were initially requested through the highway fund from the DOT. We switched everything to SIIF because we thought onetime funding from SIIF would be a better way to spend the SIIF and then they could free up the highway fund for their road projects. The House saw it differently.

Senator G. Lee: The executive budget had it from the highway fund?

Becky Keller: The DOT requested it through the highway fund. We switched it to SIIF so that they could free up their highway fund for additional projects. Then the House saw it differently and switched it back to the highway fund.

Senator G. Lee: The \$1.3M is doing the salt buildings. Is this similar to that?

Shannon Sauer: The \$1.3M - while it's not road projects, it's certainly a very integral part of transportation in North Dakota. That would be a comparable use for that money as opposed to road project. It is providing a direct service to the citizens to build and accomplish their business.

Senator G. Lee: So SIIF is where it should be or where you'd prefer it to be --- or not?

Shannon Sauer: The \$1.3M was never proposed out of the SIIF, but that certainly would be an option.

Senator Grabinger: On the facilities up there – what are you looking at doing? Are you renting, leasing? What is this \$1.3M for?

Mark Nelson, Deputy Director for Driver and Vehicle Services/Business Support: We have a project in Fargo that is out of this biennium. For the Minot and Williston locations, we're looking to rebuild a new facility at our location in Williston which is on DOT property. That will be a building that we own. The facility in Minot is currently located in a mall – a shopping center up there. We're looking at building a facility at the DOT site off the highway 2 by-pass. So it's a new facility that will be owned by us instead of renting.

Senator Grabinger: We rent a facility in Jamestown in the mall too. Looking at \$1.3M, what is your lease in that mall? What's cost effective here and what isn't?

Mark Nelson: I don't have those numbers with me. I know the issue we have in Minot is the fact that there are individuals that can't even get into the facility. It's so small that they're standing out in the hallways waiting to be waited on. Part of it is the service side of it that we're trying to get a better service to the customer. With Minot, the truck location for the driver's test are located on the bypass so for us to have our facility out there to have the semis be able to pull in at the DOT site, drive roughly a half a mile down the bypass and be at the location where we do the driver's test is a strong positive for us on the CDL side. If you do want the numbers for the lease, I can get them for you.

Senator G. Lee: So it's two new buildings at \$1.3M? (Answer – yes) Seems like pretty good money – could build a house for \$500,000. What kind of buildings are these?

Mark Nelson: They're not exorbitant.

Senator G. Lee: You own the land? (Answer - Yes.) So it's just the building? (Yes.)

Senator Grabinger: Wouldn't a modular home provide you enough room to do what you're talking about? How big a fancy building?

Mark Nelson: I'm not aware that we've actually bid the facilities at this point. That is our estimate. I'm not sure what the total cost is going to be coming back in. I know the facility in Williston is basically the same square footage as the one we currently have. Just to facilitate that wait that people have in the lobby. The Minot facility, we have not even drafted up at this point.

Senator G. Lee: Anything more on section 2 – the onetime funding. Section 3 – the transfer. They've been able to do that before.

Chris Kadrmas: Three has historically been there.

Senator G. Lee: Section 4 – enhance state highway investment funding. That's carryover – the same as in past?

Shannon Sauer: Section 4 – that gives us the ability to carry the \$503M. There is a problem in that. All of those dates need to be advanced one biennium. We already have the ability to carry it into the next biennium. It's the subsequent one so all the dates need to be advanced two years.

Chris Kadrmas: Yes. It had been brought up to the House and they said the next session they would be able to address it. They built in carryover language in the next session was their stance.

Shannon Sauer: One of the reasons we need that is so that we know that we have that ability as we proceed into the next biennium because we bid projects out that will extend out into the subsequent biennium.

Senator G. Lee: So it should be 2021-23? (Correct.) What we did in this biennium, does it have that kind of a date in there so it says 19-21? We'd want to do the same as we've done before. So we need to change those numbers in section 4.

Section 5 - \$2.5M to the short line railroad. That was added in by House. I know the short lines are looking for additional money. We can come back to that.
Section 6 – enhance state highway funds - \$13M.

Shannon Sauer: That was not in the governor's proposal.

Senator G. Lee: And that's for this biennium? (Yes – can carryover.)

Shannon Sauer: If that clause is going to stay in there – it says “enhance state highway funding”. Historically that term has been reserved for the oil impact projects. When the legislature has passed parts of that \$503M, they used that terminology. When we were dealing with the House, they were looking at these monies as being additional monies basically for highway maintenance type projects. So we would request that if that were to remain in there, that the phrase “enhanced state highway funding” be changed to “road maintenance funding” simply to avoid confusion later on and not get that mixed in with the 503.

Senator G. Lee: And the \$13M is intended to match some dollars? What is it intended for?

Shannon Sauer: Not necessarily match, but it was additional state funding to enable us to do some road maintenance type work. It has an emergency clause, but in reality, it would probably be more spent in the next biennium – those type of projects simply because we're getting so late in the biennium now.

Senator G. Lee: It would be added out of this biennium's dollars? (Yes) They thought it was \$13M they thought you could use from this biennium but you'll carryover to the next biennium.

Shannon Sauer: When the House did their action with the IT projects and they removed all the IT projects and then replaced the one which was the driver's license project of \$22.5M and they switched the funding source from the SIIF to the state highway fund. At that point,

that caused us to be somewhere in the neighborhood of \$24.3M unbalanced in total. We brought that up and this was brought up as a way to somewhat close that gap.

Senator Oehlke: At this point, it was originally designed to come out of the SIIF, and now it's just from regular funds. That's still a problem, right? Wouldn't those funds be better off if they came directly from the SIIF?

Shannon Sauer: I assume you're referring to the \$22.5M ? (Yes) In our narrative , there's a little discussion about the \$24.3M dollars that we are underfunded in the House proposal. If the \$22.5M were to come out of a funding source other than the state highway fund, that would pretty much balance that budget.

Senator G. Lee: Section 6 – the \$13M.
Section 7 – cooperative agreements with private entities. The new language is that the private concern must bring their money upfront. The private money needs to come in first?

Shannon Sauer: Yes, that is language that we requested to clarify that arrangement and specify that the private money needs to come up front.

Senator Oehlke: Private money – that's like a private person that needs an entryway into their implement dealership and you're providing that construction and they need to pay that upfront.

Shannon Sauer: That would be one example.

Senator G. Lee: Any information that you want from Chris Kadrmas or DOT people?

Senator Grabinger: Is there a way to detail what positions were given up – those section shops, the changes made to accommodate what you did and now what you're changing back to if we propose this. Give us kind of a detail on what this is.

Tom Sorel: Yes.

Senator G. Lee: adjourned the hearing.

2019 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee Harvest Room, State Capitol

HB 1012
3/19/2019
Job # 33906

- Subcommittee
 Conference Committee

Committee Clerk: Rose Laning / Florence Mayer

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:

Attachment # 1.

Legislative Council: Alex Cronquist
OMB: Becky Deichert

Senator G. Lee: Called the sub-committee to order on HB 1012. Senator Oehlke and Senator Grabinger were also present.

Last time we were here, we went through the first seven sections. Next, we have section 8, regarding maintenance sections and operational requirements. It also looks to establish Mayville as a satellite to Hillsboro. Providing winter services in Gackle, New England, and Finley.

Tom Sorel, Director of ND DOT: Handed out Attachment #1. Last time you had asked for information on the maintenance shop closures. That is included in the attachment as well as information on the sections you referred to. Introduced Ron Henke to discuss these.

Ron Henke, Deputy Director for Engineering, DOT: Went over attachment, including closures, savings, costs, and staff.

Senator G. Lee: Cando is not listed in the bill?

Ron Henke: No, it is not.
Continued with explanation of Attachment #1.

(4:45) Senator Grabinger: We talked about this being a seasonal position in Gackle?

Ron Henke: Right now, we have a posting for a seasonal or temporary employee for the winter months. That would operate out of Gackle.

Senator Grabinger: We haven't been able to find anyone to fill that seasonal position in Gackle. I heard there might be interest if we opened it up to a full-time position. In the winter, they can work from Gackle, then the summer they'd work with the Jamestown section. You're probably not going to find someone in a small town, with a CDL, in a temporary position. Can we change that to an FTE to make it work?

Ron Henke: At the end of this attachment, we will explain what we would like to do. Continued with explanation of testimony, beginning with the Litchville section.

(11:47) Senator Grabinger: We did used to operate with two people in Gackle, we had one, right?

Ron Henke: We actually did have 2 people. 4-years ago we went down to one because we couldn't hire anyone.

Senator Grabinger: The intent is to have the plow there and someone to operate it. If they're going to operate a plow, it would be seasonal. If they needed help, they could call Wishek or Napoleon for help. I hope we could cut that back and put that 1 person down there.

Ron Henke: I think we identified more of an ideal condition that we'd like to see. If we only had 1 employee, we'd have to restrict them to do maintenance by scheduling. They would still be satellites.

Senator Grabinger: I get it, in the ideal world. However, the numbers are crunched. I'm trying to be conservative, while still recognizing we need to provide service to these areas. We can't do it all, but want to provide services at a reasonable rate.

Ron Henke: I think with the existing building we could get a truck in there with the plow on. I know 2 wouldn't fit.

Senator G. Lee: I thought there were only 5 trucks last year?

Ron Henke: I thought it was 4 we returned. However, we gave a couple to the counties based on legislation. We identified trucks based off the number of employees we would like to have. If there were only 5 employees granted, we would only need 5 trucks.

Senator G. Lee: Your numbers here reflect if we were to open all these sections back up, as opposed to closing them like we intended?

Ron Henke: Correct. The building investments are something we need to get to. If we don't get the money, we will have to prioritize the capital dollars that you give to us.

Senator G. Lee: We've had a tough winter here. How has process worked to cover these areas with snow routes? I know I got a couple complaints and then didn't hear anything at all.

Ron Henke: We still get calls from Gackle-Litchville area. They have concerns of us not cleaning the roads fast enough. We get there when we said, the 30-45 minutes. One of the

challenges is that we're coming from Medina. We're plowing in the wrong direction for people's travel plans. Same with Litchville, 2 employees come from Valley City. It has been a bit of a struggle but delayed from what they're used to.

Senator Grabinger: The buildings are down the road. That cost could be next biennium and metered out.

Ron Henke: We tried to lay it out ideally of course. Just want to make you aware of the investments we need to make eventually.

Senator Grabinger: But, if we need to make exceptions and cut it down, you'll make-do? (That was confirmed.)

When the Governor responded to section shop closings, did he give any ideas what he wanted opened up?

Tom Sorel: The Governor's response was that this was not in our original bill. He just said that overall. It wasn't part of the original budget.

Senator Grabinger: I agree. But he said publicly he was going to open up section shops. What directive did he give the DOT in doing so?

Tom Sorel: He didn't give us direction.

Senator G. Lee: What you do in terms of providing a service if they think they need it? What would you do if this section wasn't here?

Tom Sorel: We have additional data; we did a lot public outreach. That indicates they would like same level of service as has always been. Therefore, we have to look at how we can do that.

Senator G. Lee: My problem with this is the legislature telling you guys how to run your business. We may be right, but we may also be wrong in putting this stuff in code that shouldn't be here.

Let's look at section 9, the DOT study. I know we had a study on in 2015-17. There was to be a report from the DOT. Can you give us more info?

Tom Sorel: That section the House put in there. They asked us to look at the formula in which funds are distributed. They proposed a different scenario for distribution. Their proposal created a category of winners and losers. At the end of the day, they asked for a study.

Senator G. Lee: Do you recall what the 2015-17 interim report from the DOT was? I couldn't find anything. (They don't have it with them.) Chris do you recall anything?

Chris Kadrmas: I don't recall specifics of study. I'm sure we received it, so I could find a copy.

Senator G. Lee: I looked through the minutes and couldn't find anything. Is that the right information for a study to do that?

Tom Sorel: There's a lot of discussion in the House about this study and what should be included. A lot of sentiment to look at transit, particularly rural areas, to meet needs. They wanted to make sure that whatever programs are decided, that they are also provided to rural. They talked about looking at the demographics and the needs of the rural areas. I think they identified those well.

Senator G. Lee: Section 10, Fleet Services Report. We got some information from Enterprise during the initial hearing.

Senator Grabinger: Yes, we got testimony from them.

Senator G. Lee: Where do you feel you're at in relation to the information they got? They thought we were already moving forward with a pilot project. And, from our conversation, it sounded like you are not that far down the road from a study?

Tom Sorel: At the interim committee, we reported on study. Right now we're still exploring options. We're looking at bring perhaps the private sector in to manage a portion of that fleet. I wouldn't say we're there yet. We need to explore the appropriateness of how we solicit people who can do this for us. There may be opportunity to open this up for bid. We're not there yet.

Senator G. Lee: So is the information they have, appropriate to where you feel you're at, at this time.

Shannon Sauer, CFO, DOT: Section 10's intent had nothing to do with Enterprise at all. It was more the relationship between state fleet and DOT. In looking this section over, I don't think it's worthwhile. My recommendation would be to not include that in there. It has nothing to do with Enterprise.

Senator G. Lee: It seems like it just compares the expenditures currently to the 2019-21 biennium. If you haven't made any changes, I don't know what they're trying to accomplish.

Shannon Sauer: Representative Kempenich is concerned that all of our big snow removal trucks are a part of the fleet. We pay the fleet just like anyone else. Shortly thereafter, this amendment showed up. I don't think it does anything. Simply reporting on the Highway Department use of state fleet.

Senator Grabinger: I agree. If it has to do with plows, it's very different from regular vehicles.

Senator G. Lee: Let's go back to beginning and see what we want to leave in.

Senator Oehlke: That discussion about fleets. Do other state agencies have a relationship with DOT? I know Game and Fish gets their maintenance done by DOT.

(28:56) Shannon Sauer: Every licensed vehicle that is operated by the state is part of the state fleet. State fleet covers all cost of that vehicle; fuel, repairs, insurance, everything. There's a rate developed for each group of vehicles, and that is billed to the agency based on their usage.

Senator Oehlke: Everybody participants?

Shannon Sauer: Yes, with a few minor exceptions.

Senator Oehlke: That's been seamless for a long time?

Shannon Sauer: Our fleet has been nationally recognized, for providing efficient services at a reasonable rate.

Senator Oehlke: I think it has worked well. It has benefitted the state in many ways. You look at the vehicles, 100,000 miles, and time to trade. Is DOT a main decider of getting rid of a vehicle and getting a new one?

Shannon Sauer: That is driven by the fleet, but also including the agencies. For every type of vehicle, there is a target replacement scheduled. They manage the fleet with rotation to balance the usage. They move around to other agencies and move vehicles for appropriate miles. It's very well managed.

Senator Oehlke: I'm not sure why we need to mess around with the interstate thing. I think the fleet is working well the way it is.

Senator G. Lee: Enterprise, you mean?

Senator Grabinger: DOT has the ability to go through with the pilot project anyway if they think it's in the best interest. We did an interim study on this. I'm ok with leaving that out.

Senator G. Lee: Section 1, regarding salary changes - leave it in the bill.

Section 2, regarding onetime funding for driver's license - has to stay.

Section 3, the House included the authority to transfer between lines- leave in.

Section 4, regarding enhanced highway funds. Changing the date. It should be 21-23. If we made that change, we could move over.

Section 5, regarding short line railroads –We should hang onto that for a while.

Section 6, regarding the House moved over appropriation of \$13M–hang on to that for a while.

Section 7, cooperative agreement with private entities. Just language clarification-leave that.

Section 8, maintenance shops – let's talk about that again.

Senator Grabinger: Back up to section 8. If we leave it in the ideal way suggested by the DOT and put in that funding. In conference-committee we can hammer that out and next biennium do the maintenance building? Possible suggestion to moving forward.

Senator G. Lee:

Section 9, a study of public transit. They've been up to \$10M in the past. Chris, look back 4-5 bienniums and see what they've gotten?

Section 10 – that could come out? (Committee agreed.)

Committee, anything you want info on?

Senator Grabinger: The only thing is, I've asked for a proposal for passing lanes on 281. That's something different, not included in this bill.

Senator G. Lee: Anything from department?

Tom Sorel: Attachment B (page 5 of attachment #1) tried to define the numbers better. We ask to restore 16 FTEs. Last, is attachment C (page 6 of attachment #1) you asked about the facilities in Williston and Minot. We prepared a summary and provided a picture.

Senator G. Lee: I asked Senator Bekkedahl and Senator Hogue of their thoughts of the \$1.3M. They said that maybe we're not too far off with how expensive building are out there. Next time we'll look at the sections we held out. Let's bring ideas back of how we want to work with those.

Adjourned the subcommittee on HB 1012.

2019 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee
Harvest Room, State Capitol

HB 1012
3/27/2019
Job #34247

Subcommittee
 Conference Committee

Committee Clerk: Rose Laning and Alicia Larsgaard

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:

Testimony # 1 – 3.

Legislative Council: Chris Kadrmas
OMB: Becky Keller

Chris Kadrmas handed out the long sheet - Base Level Funding Changes – Attached # 1.

Senator G. Lee: Called the sub-committee to order on HB 1012.
Senator Oehlke and Senator Grabinger were also present.

Tom Sorel, Director, Department of Transportation
Handed out Senate Sub-Committee (March 27, 2019) – Attached # 2.
NDDOT Additional Federal Grants Applications – Attached # 3.

Senator G. Lee: Today I would like to look at section 5 and section 2. We still do not know for sure about certain things with section 1. That leaves section 8 and section 11 of the original bill.

Tom Sorel: We have prepared an update on section 8. That is based on information you asked for last time. We have an updated chart on FTEs and grant applications.

Senator G. Lee: Under section 5, the House put in \$2.5 M from the General Fund to the D.O.T. for the short line railroad program. I know they are in need and they have been asking for funds to use for some of the projects they have. Shannon, is there anything you can add in terms of the Revolving Loan Fund? This money would go in there.

Shannon Sauer, CFO, DOT: It is my understanding that it will go into that fund and increase our ability to put more funds out there at once.

Senator G. Lee: I know they have used that program to improve the rails in terms of the capacity and speed in which they can haul. It is a vital service to get things to the main rail. Is there any conversation on that section 5 with the \$2.5 M to the short line?

Senator Oehlke: The short lines are not quite as heavy duty of a rail. Were they making an effort to replace those rails with heavier duty so they could load up more rail cars? Is that what is happening with these extra dollars?

Shannon Sauer: Yes.

Tom Sorel: That's what they're doing. We are very supportive of this program. It's critical to the short lines. It's an expensive part of their operation. If they do not have the ability to do it through this program, they will not be able to do it. That is their focus on this program.

Senator Oehlke: Can we use some of the excess rail to build bridges?

Senator G. Lee: Some of that rail is 100 years old.

Senator Grabinger: I am not familiar with the history on this. It's state money and is it all privately owned and are we subsidizing the short lines by doing this? How much have we given in the past?

Shannon Sauer: It started out as federal program with funding provided from the federal rail administration. We had a couple choices of how we could administer that program - grants or revolving loan program. ND chose to do it as a revolving loan program which has served us very well. That money has been cycled thru a number of times. As far as subsidizing the railroads in as much as it's a loan program that they do repay, no, we are not subsidizing them with the program.

Senator Grabinger: Thanks for the info.

Senator G. Lee: I also want to look at section 2 of the bill. It is the one-time funding. The House included the \$22.5 M for the driver's license. They changed it from funding out of the SIF to the state highway fund dollars. That is the only one they had left in there. There are four other projects I guess. They did not fund the law enforcement support, the electronic payment processing system, but they did fund the driver's license and the Minot/Williston buildings. That is \$22.5 M out of the highway fund as well as the \$1.3 M for the Minot/Williston driver's license station. Any thoughts of those section 2 items that are included or not included?

Senator Oehlke: I would be curious to know on the law enforcement side, if those were expenditures you made or repairs to bridges that need to be made related to the pipeline protest. Is that accurate? (Answer – Yes.) Would we be able to expend that over and make the wording so it happened in this biennium rather than in 19-21?

Chris Kadrmas: The two items are historical items. They are onetime funding that was provided in the 17-19 session. I would turn your attention to the long sheet. (Attached 1)

There are 4 items of one-time funding that the House did not provide from the executive recommendation.

Senator G. Lee: The ones in the middle weren't added. I was looking at the bill instead of the sheet. In terms of those items, the \$22.5M, was that your priority item? Is that why it was selected over the others? Why is that one getting funded and not the others?

Tom Sorel: The House asked us where our priorities in that were, those were all submitted as part of the executive budget for SIIF funding. As we went through the IT projects, that was that was the #1 project and our priority.

Senator G. Lee: What about your thought of funding that out of highway fund?

Shannon Sauer: Funding that out of highway fund will create a shortfall that we will have to manage somehow. If it were funded out of the SIIF Fund, it would make us close to having a balanced budget to the point of being manageable. But as it sits, it's problematic.

Senator G. Lee: How much carryover do you have?

Shannon Sauer: The carryover that we estimate to be available to use this biennium was used in our proposal. It was used to fund our budget for the 19-21.

Senator G. Lee: There is no excess in that carryover that hasn't been identified for a particular project or use.

Shannon Sauer: For 19-21, it's our best estimate.

Senator G. Lee: Do you have any other money coming in that is not identified? Such as any money coming in on periodic basis?

Shannon Sauer: No. The projections are the same as those that we built at start of session.

Senator Oehlke: Shannon had the bill to increase driver's license fees passed instead of being killed across the hall. Would that have made that workable?

Shannon Sauer: That would have put \$5.5 M more into the equation. It would have helped to some degree.

Senator Grabinger: I am trying to find the info on the driver's license system project with the \$22.5 M in your testimony.

Ron Henke, Deputy Director for Engineering, DOT: It's in the March 14 testimony – 2nd page.

Senator Grabinger: When we get into IT and these costs just continue year after year, we in appropriations, have seen millions of dollars go to IT updates. It is constant. That is a substantial amount of money. We could build one nice building for \$22.5 M. That is a lot of money. Is the value there?

Shannon Sauer: History on that - \$22.5M is a lot of money. The project isn't so much a matter of want as we truly do need it. The day will come when that is an absolute necessity. We are very close to that point. We've been talking to legislature about this system for at least a decade. That project at first was \$7.5M. A lot of water has flown under the bridge since then and things are more expensive. The day is coming very fast where we will not have a choice on this. This is a system with old technology. We are having a hard time finding people who can work on it. It is written in Cobalt. It is a main frame system. The mainframe went down on a Friday afternoon. We had rooms full of people who were waiting to process their license transactions. They were out of commission. We wouldn't do anything. The main frame was down and so being our system. This is a system that desperately needs replacing.

Senator Grabinger: Are there ways we can do this in stages? I'm looking for ways to do part of it now. Can we use some of main system we have in place like what we have now plus the cloud? Have we worked with IT? We have those sources as well.

Shannon Sauer: The idea is that the system would fully integrate with our other system which is the motor vehicle or STAR system. That would provide a seamless interface between those two. In terms of staging it in pieces, I can't answer it.

Mark Nelson, Deputy Director for Driver and Vehicle Services: I don't think there's a way to piece it. If you recall, in 2016, we did the system in motor vehicle. That was done through Fast Enterprises. That system is incredible today. It was an off the shelf product. The two systems will talk together – if you go in on one side – it will update on the other. I don't think you could do it in pieces. If it is an off the shelf product, I don't know if there is a way that you can do it in increments. I echo what Shannon says. Our current system is at a point where there are risks if we continue to go forward with it.

(19:04) Senator Grabinger: Isn't it crazy how everything else gets cheaper as technology gets more simple. This year, it gets more money every time. This is going in the wrong direction.

Tom Sorel: You are right. The reason that is, is because it is like roads. You let them go and let them go, then you HAVE to repair. That is what happened here. With all these IT projects in our budget, you look at the other projects that we critically evaluated. The reason this was our #1 priority is because it is absolutely needed. The others help to push us into the current world. We can survive. That is why this landed as number one and we will continue to tweak the others. We can even seek federal funding to help us with those. The driver's license landed on top. We looked at those others as be able to survive without. We have to keep adding and improving those systems. That is why this was our #1 critical project.

Senator Grabinger: I'd like to hold on this and do some checking and come back on our next meeting.

Senator Oehlke: I'm fine with that – but I have a feeling that we will find that one of the reasons is that it's expensive as opposed to your iPhone. Millions of people are using iPhone and it gets more all the time. With IT, doing something like this, there's a max of 50 states

and it makes the cost higher. We are probably a little different than the other states in our approach. There isn't the quantity.

Senator G. Lee: Have you worked with IT on this? If the unification goes through, would that change the picture of what this program would look like? Would they agree that this is the thing we need and that they would also support if the unification process went through.

Shannon Sauer: This has been vetted through IT. It's a large project and they are fully aware of it. I don't think the unification going or not, makes a difference. This is a sister to the existing motor vehicle system. They are off the shelf systems that would be customized by a consultant in conjunction with state staff.

Senator Grabinger: If the appropriations committee appropriated \$7.5M – what could you do with that? I get that you want the whole thing. If we were to do that, what would be your options?

Shannon Sauer: With all due respect – we would not get the solution we're looking for. It wouldn't tie into the existing system. It wouldn't be the solution that is best for ND. I'm not sure what we could do with \$7.5 M.

Senator Grabinger: Would you put in a system of any kind – or just not do it?

Tom Sorel: This is the cost of this system. I don't think you could go halfway.

Senator G. Lee: Is this the bid price? Did you look at 6 different systems and this is the best price?

Shannon Sauer: The IT guys sat down with Fast Enterprise – and this is the product used by the tax dept. as well. If there were applications, they could be tied in as well.

Senator G. Lee: We'll come back and honor Senator Grabinger's request. The other thing on the list that was funded was the Minot and Williston driver's license facilities for \$1.3M. What is your thought on that?

Senator Grabinger: After discussions with senators from those areas, I'll go along with that.

Senator G. Lee: Senator Oehlke, do you agree? (Yes.) The guys from Williston agreed. The price is high, but that is building costs in Williston.

(27:00) Senator G. Lee: In terms of the funding source, both are coming out of the highway tax fund. In talking to leader and the chair of appropriations, the SIIF money is tapped out. If we are going to buy this, that is probably the place it will come from. At this point, that's where the money is.

Senator G. Lee: We will come back tomorrow at the same time. If there are amendments, Chris is available to get those together. I do have one that is related to transit that I will offer tomorrow.

Senator Grabinger: I will offer my thoughts on section 8 tomorrow and see if we can get that nailed down to a point of moving forward. If we need to do amendments, I'll wait until after that to see. Is there anything in these papers today that you want to go over with us?

Tom Sorel: For the section 8 discussion, we added information that supplements what we provided in the past. We have the optimal funding scenario. We put the minimal operation approach. There was some discussion about putting Litchville in there. All the staffing and costs were added as well. You should have everything you need to make a decision.

Senator G. Lee: Did the governor come out and say we're re-opening these?

Tom Sorel: I am not aware of that.

Senator Grabinger: I have had contact with the Governor's office. They said they would get back to me. I am expecting to have a visit with them today.

Senator G. Lee: Is there anything else in here to review?

Tom Sorel: No. We've included the FTE history and we request information with one addition to reflect the potential for Section 8. It's the same.

Senator G. Lee: I think everyone has the updated one in terms of the long sheets. The additions would be just the Minot Williston thing and section 5 for the \$2.5 M for the short line.

Hearing adjourned.

2019 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee Harvest Room, State Capitol

HB 1012
3/28/2019
Job # 34305

- Subcommittee
 Conference Committee

Committee Clerk: Rose Laning / Amy Crane

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:

None.

Legislative Council: Chris Kadrmas
OMB: Becky Keller

Senator G. Lee called the sub-committee to order on HB 1012. **Senator Oehlke and Senator Grabinger** were also present.

Senator G. Lee: Let's take a look at the onetime funding of the license system project of the \$22.5M. we'd like to see that get funded by Senator Grabinger was going to do a little research into how that gets funded.

Senator Grabinger: I had a visit with IT and I want to know on mobile driver's license project they're talking about permission to use the mobile licenses wasn't approved in the House. So moving ahead – could we hold off for 2 years and reconsider that in the next session when we have that permission granted?

Russ Buchholz, Strategic & Innovation Director, DOT; former IT Director at DOT: The information stuff is pretty much everything I supplied to ITD for the SITAC (State Information Technology Advisory Committee). As far as the mobile side, there's a lot of things that other states are doing with certain vendors. There still is a possibility of doing a pilot. But there would still be procurement side on the back end. We'd be helping out that company with information and whatever else, and working with that company. We were in that process prior to the session but we put it on hold because there wasn't a bill out there. Right now we can't do anything with them.

Senator Grabinger: We're roughly \$6.5M that could be removed from that \$22.5M at this point?

Russ Buchholz: That's not correct. The mobile side of the house, was including certain portions of it, but there's also other things, for example the motor vehicle side two biennium

ago, we looked at the packages that Fast Enterprise did for us— they are a software development company out of Denver and Canada. They are on the forefront for doing motor vehicle and driver's license programming. Also they do Gentax which was the first thing they did on the government side a few years ago. When we did that project there was three levels of support, bronze, silver and gold; we didn't have the funds to go at the gold level because it was substantial so we stayed at the bronze level. After that first year, we stayed at the bronze version that we were at. So all the other versions they went up to, we don't have that. so in order for the driver's license program it will be at a Windows 10 version. And this is like Windows 7 and this needs to be brought up to the Windows 10 in order for them to talk. The goal is to create a single citizen record. So if you want to go into the record system, you'll have all your motor vehicle stuff, all your driver's license stuff. Same email and they would all talk. Currently those systems do not talk. The other thing is called API, so its application programming interface, it's all about people that have fingers into our system, secretary of state, federal, state, all those programs out, they are point to one and their programming was done, they'll grab this information off the data base on the mainframe now it's going to have to be changed. And all that has to be done to be able to grab it out on in different areas.

Senator Grabinger: A lot of this is going over my head cause I'm not a big IT guy. From the research I've done, is there are some things we can get by without right now. I know you're hoping that you get the \$22.5, that's just an incredible amount to lay out at one time. I'm struggling with that. From my standpoint I would like to study this more, I think we are jumping the gun on a couple things and are getting the cart before the horse. I think it would behoove all of us to know, and get the best information we can. I've gone to IT guy, I didn't quite understand everything either, but we should talk to him too. It brings a problem because he doesn't want to go against you guys and your department and he wants to make the best recommendation to us.

Senator G. Lee: You don't think any of this can be pieced? Any of the parts could be bought at a later time?

Russ Buchholz: Yes, it's a commercial off the shelf program so they call it a COS. The program is already developed. They come in, and we have to adapt our ways to work with the program. They come in and are on a timeline and within 16-18 months, they're done and the program is operational. We have one years within the contract to make any changes or tweaks but we have to adapt to the programs that are already in place. Most states are using it. And other ones are leaning toward it. They don't want to go to the Minnesota system, they spend over \$180M and now they're looking at another \$100M just to get that program up and running. What they did now is they hired Fast Enterprises and it was an emergency allocation to get that bid up and running again.

Senator G. Lee: Is this a bid price or just an estimate?

Russ Buchholz: It's a fairly decent estimate. We requested this last biennium from Fast. We asked for the increase and they gave us roughly what it would cost.

Senator Oehlke: Would you compare this to something like block chain technology?

Russ Buchholz: No it's not considered block chain whatsoever. Block chain is custody levels from beginning where it started to all other levels.

Senator Oehlke: But these areas talk to each other, basically? So if the SOS (secretary of state) wanted to change an address on a corporation or something like that, you would get that at DOT too?

Russ Buchholz: Yes, our database is basically a record. They grab our information; we don't grab theirs. We are the primary.

Senator Oehlke: So if someone with a driver's license going through the state of North Dakota, and are stopped in North Dakota, and law enforcement puts their driver's license number into the system, things will pop up from all over the place. Any other state that's participating, they'll be able to verify or see information on that person, right?

Russ Buchholz: Correct, we were the second state. We're one of the leading states. They call it state to state address. They compare us to say Wisconsin, if you have a license in both places, the one with the most current date is the valid one the other ones are basically eliminated from the other system. We do that with other states so they are all verified. In the past a person could have five to six licenses. As far as the information, it goes through SIGIS, and it's all tracked, IT strokes and everything else. CJIS is the criminal justice information system and that's where FBI and secret service all go through, the federal marshals go through that system. They are allowed to get information, a picture, driving record, address, those types of things.

Senator Oehlke: If we're trying to figure out if this is worth it. So to satisfy that curiosity, is there a way to divide either the number of people, or money, or transactions into the amount of money we're looking at to see what is the real cost and what makes sense?

Russ Buchholz: It's like buying a new vehicle, it's all or nothing on that software. It's a whole brand new system. I don't see how by piece meal – it's pretty tough.

Senator G. Lee: I was thinking we'd have one more meeting after today. I assume this will be in conference committee. If we pass with total amount is there and we find out as we look for more information, House is always interested in going lower, if it was lower I'm sure we can make an agreement there if you'd want to go in that direction.

Russ Buchholz: You could do the program without doing the interfaces, but the systems won't talk. The only thing you're getting is off of an ADA base which is a Cobalt type system of 1984. That's the difference between the \$16.5M and the \$22.5M.

Tom Sorel, Director, North Dakota DOT: Explain that again.

Russ Buchholz: You can still do the COS program and we still can do the driver's license system where you wouldn't do the motor vehicle system. You can get that portion off the mainframe. We still have our roadway systems on the mainframe but you could get the 1984 program off and at some time you could raise this up to whatever level, so long as they are

keeping up then they'd be brought up and so then they would talk. The downside is it wouldn't create that one citizen record but you could do the program itself.

Tim Sorel: So in two years we could come back and do that? And that's essentially \$5.5M?

Russ Buchholz: Correct with all the APIs and bringing up the motor vehicle side to that level.

Tom Sorel: The danger in doing that is these are the costs to date, if you package and put them in one shot, you're likely to get some efficiencies and get to that one citizen record. If you wait, you are probably adding \$2M. quite a bit of money to it cause you're not packaging.

Senator G. Lee: Wishes?

Senator Oehlke: I suggest we move it the way it is and deal with it in conference committee.

Senator Grabinger: I can go along with that and it gives a bargaining chip.

Chris Kadrmas: Since it exists in the bill, no action is needed. The committee can just agree with the Houses version.

Senator G. Lee: It seems the census is we agree and we'll keep it at the \$22.5 Section 6 – has a \$13M one time funding for this current biennium that we're in right now. I still don't know why it's there. I think maybe that could be taken out. Can one of you describe what that's there for? The House put it in.

Shannon Sauer: As the House moved forward with our budget, they changed the funding source on the driver's license project from the SIIF fund to the state highway fund. That created a shortfall in state highway funds. They decided to come forward with \$13M out of the general fund for maintenance type projects. That is why that amount is in there as a onetime item to provides us with funding that we would otherwise be short, as a result of funding the IT project out of the state highway fund.

Senator G. Lee: It's money that's listed for this current biennium and we wouldn't spend this money til at the earliest, next biennium. til next

Shannon Sauer: That's correct although I thought there was a provision to carry it over into the next biennium?

Senator G. Lee: That's true. The cash is coming through this biennium but we would be able to spend it next biennium. Any discussion on \$13M?

Senator Grabinger: How did they come up with \$13M number?

Shannon Sauer: I don't know.

Senator Grabinger: Is it looking at a certain project or a couple projects or what?

Tom Sorel: We don't know for sure. It's part of this discussion. There is a lot of talk about the types of projects that they would like us to do. Like low cost projects that could help the condition of the pavements. That was the premise behind the \$13M, but where the number came from was never clear.

Senator G. Lee: Section 6 – in or out?

Senator Grabinger: Did you guys ask for that?

Tom Sorel: No when they moved the funding for the driver's license project into the highway fund, they put that in to help offset the costs that we would incur over there.

Senator G. Lee: It probably doesn't hurt to leave it in – we can get it out later.

Senator Grabinger: I'm not a fan in it. If we're going to put that kind of money in it we should have some idea what we're laying it out for. We could use that general fund money elsewhere, but I don't know a better number.

Senator Oehlke: When looking back at green sheet, section 6 had money out of SIIF and was reduced to the \$13M and I'm guessing that's because the \$22.5 came out of it or something.

Chris Kadrmas: The House opted to provide no funding out of the SIIF for one time projects as recommended in the executive recommendation. Based on the ending balance that was provided by the DOT of \$150M, after the 19-20 biennium of \$150M, they opted to leave the \$22.5M to be funded through the highway fund. The \$13M was provided just to provide additional funding for various maintenance overlays, so it is not directly related with the \$22.5M it was just additional money that was being provided at the same time that the \$2.5M for short line railroads came up.

Shannon Sauer: I want to address the \$100M balance again – I've got a schedule that shows that the balance is necessary because during the construction season, we are spending an average of \$77M/month out of the state highway fund. Obviously \$100M does not provide much cash balance. We are forwarding, we are up fronting about \$44M/month in federal project. We have to pay them up front and we get reimbursed from the federal government in a couple of weeks to a couple of years, depending on the circumstances, therefore we do need a large cash balance. So to say that that is an uncommitted amount of money is just absolutely incorrect.

Tom Sorel: That \$150M is not just money sitting there. It's part of our cash flow equation.

Senator G. Lee: There is a purpose for the money in terms of it being for a particular project or?

Tom Sorel: It's for our payments that we have to give to our contractors and other people. It's just a cash flow that we need to operate.

Shannon Sauer: In an 18-month period, there were 22 days where our daily cash out flow exceeded \$10M. There were 66 days where the cash out flow exceeded \$5M. We have very significant cash flows happening in a very short time and we need a lot of cash to accommodate that.

Senator Oehlke: I'm guessing some of that out flow is for unfinished projects that will ramp up and will probably get done between May, June and will go through the end of the biennium, am I right on that?

Shannon Sauer: Yes you're basically right, but you need to look at it more in terms of a construction season situation. It doesn't respect biennium boundaries. We're dependent on the weather. If you have a dryer spring, you get started earlier, wrap things up earlier, we have a bigger cash flow need earlier than later. Some years it goes quite late. Another thing that happens is there's inevitably a lag after the contractors have gone home and the ground is frozen. We're still paying bills that resulted from months preceding that.

Senator G. Lee: leave it?
(all agreed)

Senator Grabinger: If we did leave that \$13M, and you wanted to build one of those section shop buildings, you could utilize it for that couldn't you?

Chris Kadrmas: No, it's currently designated as enhanced state highway funding, which was similar to previous bienniums. DOT wanted to change the name of it. That indicates that it is for road projects and not for capital projects such as buildings.

Senator G. Lee: Enhanced, that was related to oil money?

Chris Kadrmas: The idea was that it was for additional state highway funding but I understand DOT's position that the enhanced terminology identifies that the \$503M specifically provided so they would appreciate the name change.

Senator G. Lee: What was the different name?

Shannon Sauer: It was Road Maintenance Funding. I'm in agreement that the word change to road maintenance funding refers to road projects.

Senator G. Lee: So with our bringing it over, we'll change the language to road maintenance funding? In terms of section 8, did you have a different proposal or one that you wanted to offer us in terms of what is currently there.

Senator Grabinger: I've been talking to elected officials and finding out what we have for buildings and everything and now with this change, with buildings (inaudible). I'd like to have minimal plus Litchville staff. We already have trucks is my understanding, they're not new trucks and they're only going to provide the services that we've provided in the past in those particular areas. As the chairman and I talked yesterday, we're talking about the increase of the 16 FTEs and we were talking about using them to fill these three FTEs. We're looking at in the minimal plus Litchville. If we eliminate the three trucks and don't do any of the buildings,

we're talking the staff, and we could utilize the staff beyond their snow removal purposes in the winter. You can have them at the section shops and whatever if you can fill those positions. I'm suggesting that we simply do that and I don't want to micromanage you department, Tom. But I want us to provide the service that we've provided in the past and that's something that falls on us when we're appropriating the funds. If you can use that, I'd like to make it workable.

Tom Sorel: I'm going to ask Ron Henke to talk about the truck situation but going back to the FTEs. Those 16 FTEs are absolutely critical for us to continue functioning in a way we need to sustain our federal position and take federal funds. We have responsibilities to provide oversight to our contractors and consultants, bridge inspections, civil rights. If we take an additional three out of those 16, we're threatening those. So I'm going to respectfully ask the committee to think hard about that. Those 16 are absolute minimum. We lost 33 last time, we put forward 26, and to continue to reduce that will threaten to reduce our viability as an agency.

Ron Henke, Deputy Director of Engineering, DOT: Last session, when we had to cut some staff in the maintenance areas, we returned 3 trucks to fleet and never replaced them. So those three trucks are to replace those we never replaced last session.

Senator Grabinger: I thought we put trucks in them this winter and had them ready to go, so I thought we already had the trucks.

Ron Henke: If we had a staff member in that area like in Courtney, they still had their truck in Cooperstown where. So when we asked them to move back, they took that truck with them. So in that case yes, but in Litchville, where we have no staff there and now there is no truck to go with them. So these are three additional people not just the relocation of existing staff.

Senator Grabinger: I know Litchville already has someone willing to go back to work. If we did the three staff and the three trucks, we're talking \$1.2 essentially. Could those trucks be considered maintenance?

Ron Henke: Are you talking the \$13M? I believe we could use those dollars to buy trucks.

Shannon Sauer: Correct, but a technicality in that the trucks are a piece of the state fleet. So to buy three new trucks we'd have to have the appropriation in the state fleet. We can work around that.

Senator G. Lee: We need meet again next week.

2019 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee
Harvest Room, State Capitol

HB 1012
4/3/2019
Job # 34466

Subcommittee
 Conference Committee

Committee Clerk: Rose Laning / Lynn Wolf

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:

Testimony # 1 - 3

Legislative Council: Chris Kadrmas
OMB: Becky Keller

Senator G. Lee Called the sub-committee to order on HB 1012. **Senator Oehlke and Senator Grabinger** were also present. What we hope to do today is finish up and Chris has laid out on his long sheet where we are at and what we talked to him about and what we intend to do. Would you run through that sheet for us – what you put together?

Chris Kadrmas: (handed out Base Level Funding Changes – **See Att. # 1**) Starting at the top, we will start with the changes. The salary increase reflects the 2% first year - \$120 minimum, \$200 maximum and 2.5% second year as agreed to by both chambers. The next change is down under the restores sixteen FTEs after discussions with the chairman, that number – we restored the sixteen FTE and added an additional four FTE. The additional four FTE were added – I kind of looked at salaries similar to what other motor vehicle divisions were and I picked one that was a little more on the higher end because I wasn't sure what the position would be, so it is at about \$167,000 a biennium for – and I took that times four to get the salaries for those four positions. They show up under the 20 – it went from 16 to 20. DOT is anticipating to be in the IT unification pilot project, so we brought in the 41 reduction per the governor's recommendation. Outside of that, we will move down to the sections if there aren't any question up in the dollar area.

Senator Oehlke: Is the health insurance in there?

Chris Kadrmas: Yes, it is in there. It is the same as the House was. The next change is going to be on the exemption – it is going to be the second section there – section four. We changed from 2019-21 to 2021-23 biennium for allowing carryover. If you flip it over to the backside, under section six with the \$13 million dollars, the language was changed from enhanced state highway funding to road maintenance funding. There was no change to section seven. Section eight was removed from the bill. And then, the only new section will

be section nine was added – to provide an exclusion from motor vehicle taxes for public transportation providers under the contract with the ND Department of Transportation (DOT) under the contract with the ND DOT to provide public transportation services for the purpose of motor vehicles for those entities.

Senator G. Lee: (Handed out amendment 19.0200.02001 – **See Att. # 2.**) The amendment is under Senator Wardner’s name. The public transit people in buying vehicles have always been exempt from excise taxes – we understood it from them in this past October when they went to buy a couple vans, they were told they needed to pay the excise tax. Something apparently changed in the Tax Department where they said, no, you have to pay it now. So, this just clarifies that they are exempt from that excise tax on vehicles they buy for public use and that transit. The Tax Department is okay with this. It is just putting it more clearly to them that they are an exempt entity when it comes to that tax because they have not paid it before other than starting in October when bought a couple of vans.

Senator Oehlke: Does this apply to municipal public transit or DOT related?

Senator G. Lee: Do those public transit vehicles like – get money out of the highway tax distribution fund?

Senator Oehlke: Well, “provided under contract with the ND DOT, so, let’s say there is a public transit facility in Devils Lake, ND. Are they – does that mean they are under contract because they are a public transit company and they can buy vehicles without paying the tax, too?

Senator G. Lee: I don’t know.

Senator Oehlke: I am just asking.

Senator G. Lee: It is like the South East - Do you know Mark (Nelson) contract wise in terms of -

Mark Nelson, Deputy Director for Driver and Vehicle Services: I am assuming that they want the transit agencies that are part of the Highway tax distribution fund – that would be the ones that would be exempted. That is what I would think the intent would be, but I am not certain. The way it is worded, I don’t know that it would be called a contract.

Senator G. Lee: any problems, Chris.

Chris Kadrmas: Mr. Chairman, I guess the question would be, is there any agreement between DOT and public transit providers?

Shannon Sauer, CFO, DOT: I will address Chris’ question then, that will answer part of this. Is there any agreement – there would be agreements for providing assistance – both federal and state. Of course state – the state funding that they receive – is a formula that is in ND Century Code. Perhaps, the way to do this – if I may – would be to slightly amend that and take “under contract” and say that receives public transportation assistance through the ND

DOT. I think that would focus it on those firms that get the state and federal assistance coming through us. I am kind of reading into it that that is the intent.

Senator G. Lee: I believe it is just those that get money from the Highway Tax Distribution Fund – in there, and that is what you are trying to say.

Shannon Sauer: Yes.

Senator Grabinger: Shannon, I get what you are saying, I am just questioning because there is a grant program that is run through – I believe through the DOT – for our taxi cabs. If they are receiving funding for public transportation in the grant program under what you just said, they would probably be able to use this as well and I don't think that is the intent because they are a private company that operates with a grant from the state I believe through the city of Jamestown. You might want to check that out.

Shannon Sauer: I'm not aware of that program -

Ron Henke: Mr. Chairman, that is correct. There is a taxi company out of Jamestown that provides public service and they get money from us for a transit provider.

(9:57) (Inaudible) I think every city should get those – You can apply for it – your taxi service can -

Shannon Sauer: Ron, is that that they have to provide public transportation services – in other words, sort of in lieu of a bus?

Ron Henke: Mr. Chairman, that is correct. There is no other provider in that area, so the taxi company is the one that gets the money from us.

Senator Grabinger: Actually, we have two taxi services in Jamestown and one is given a subsidy, the other one isn't. It has been a question in the community for a long time, but that being said, I am said I am just talking about this. It brings up a situation here.

Senator G. Lee: Again, I think the ones we are trying to deal with are the ones that get money through the Highway Tax distribution fund. That is the ones that were intended to be exempt from this excise tax. Who wrote this Chris?

Shannon Sauer: (Inaudible) Mister Chairman, we just want to get it right. Patty just suggested something that – she said “why don't we just reference that they receive transit funding through the formula in Century Code and that would -

Senator G. Lee: do we need to redo this or can you just put it on a sheet?

Chris Kadrmas: You could approve the amendment as further amended.

Patty Schock, Finance, DOT: Just reference the NDCC that contains how they distribute those highway tax distribution funds by the formula and say those providers could receive exemption from this tax.

Senator G. Lee: Does that make sense, Chris? Does someone want to make that motion – we need to further amend?

Senator Oehlke: moved amendment 19.0200.02001 as amended.

Senator Grabinger: seconded.

Voice vote – motion carries.

(13:11) **Senator Grabinger:** Section 8 as removed because there was the thought that we were somewhat micromanaging in saying that. What we have done is – the expectations are on our part that we can provide those same snow removal services in all of those areas including Litchville. We can put three new – three of the sixteen FTEs – you could utilize them – our hope is that you could utilize them to provide the manpower you need in snow removal season – the rest of the year they could work out of your district offices or whatever you want to do. They are your employees. We are not going to tell you how to do this, we also changed the language so that you could use part of that \$13 million to buy the plows you need so that you can provide these services and we are giving you legislative intent that we want the services provided that were provided before so that we don't run into this anymore. OK? That is why we took it out of there. We don't want to micromanage; we just want those services provided to those people that they received before. On board with that?

Senator G. Lee: Yes, we see your responsibility as maintaining the roads and that includes snow removal and it – we should try to make it as similar as we can to all of the people that you are serving and I know you want to do that as well. We were just trying to find a way for that to happen for you by adding some additional people and some equipment to make that happen.

Senator Grabinger: I think we understand and that is fine. We will work with that.

(15:09) **Senator Oehlke:** When you said 3 of the 16, did you mean 3 of the 20?

Senator Grabinger: Yes.

Senator Oehlke: Ok, I just wanted to make sure that we didn't lose some more people in the mix here.

Senator G. Lee: We recognize that you asked for more people for Fargo shop. There is one extra one there and so, we hope you can make it work with that addition of number of people.

(15:45) **Tom Sorel, Director, Department of Transportation:** Did we get it all Chris – that that we were going to do – other than this thing?

Chris Kadrmas: I think that is everything.

Senator G. Lee: Any questions from the Department in terms of – if we are missing anything that we were expecting to get or not get? The IT unification – you are one of the seven lucky ones. You will be a part of that.

(16:19) **Tom Sorel:** Can you share who the seven are?

Senator G. Lee: Speaking off of my head here - DHS, DOT, National Guard and Adj.General, Financial Institutions, Trust Lands, Parks and Rec.

(17:11) **Senator G. Lee:** Shannon brought down a proposed amendment yesterday (as explained in SB 2268 Corridors of Commerce Program – **See Att. #3**) regarding using SIIF money to deal with the Kempenich amendment which was for Highway 85. This amendment takes the highway 85 language out and usesthe SIIF money more in line with the Corridors of Commerce idea that was presented and then you can use matching federal money to leverage that into substantially more money the way it looks. But, in terms of what was there, the problem with the language was “close of 2017” legislature – that presented problems for leadership in terms of how they wanted to see this biennium that we are working on’s SIIF money go. They suggested moving it out to 2019. But, you think that may present problems for federal money.

Tom Sorel: Right, the idea behind this was to provide a linkage for what we are trying to accomplish from both sides with the Corridors of Commerce and just kind of – even though the Corridors of Commerce bill went through both sides with no money attached to it, we felt this was good approach to link those together. The way we defined that is it is an open competitive process, it is not dedicated to any one project. Naturally, 85 may come in the mix on that, but it wasn’t for just hwy 85 per se. We thought that a good way to move forward.

Senator G. Lee: These roads on here – these green ones, those are the corridors you are talking about?

Tom Sorel: Those are the Corridors of Commerce and there are some of the roads have spring load restrictions on them that we would try to accommodate in this approach. There are some of those roads on there that. lend themselves not to 4-laning, but to super two ideas and different things. We think this core as a commerce program could really accomplish a lot – far more than just Highway 85. We are trying to link that \$100 million to that without having it in statute. I think where we are at is we can live with that, the thing we need to figure out is this INFRA grant that we applied for for \$85 million. We are trying to leverage our contribution to that grant and our initial idea and thoughts was to take \$50 million from this to leverage to essentially what is \$104.5 million project. The timing of that is what we have to work through. That grant application is in there today. If it were to come out soon, we have to figure out a way to provide that match. We would hate to lose that, so, that is kind of the issue we are going to deal with and maybe we can think of some work around with it – working with the BND – I don’t know.

Senator G. Lee: You have borrowing authority you could use for – And, Chris made a good point - we can’t bind future legislatures. We might be able to use legislative intent language.

Tom Sorel: For the purpose of grant application, I don’t know timing.

(21:05) **Senator Grabinger:** I think you came up with something that is something that is probably a workable – the use of BND and the ability to borrow if that came up and then we could address that at a later time if we did get the grant.

Senator Oehlke: Are we talking about just going to the BND and getting a loan? Or, are we talking about reinstating the \$100 million bonding authority for the Corridors of Commerce as back in SB 2268 that doesn't really do that anymore?

Senator G. Lee: Where are you seeing that?

Senator Oehlke: The history of the bill – SB 2268.

Senator G. Lee: The House removed the \$100 million bonding authority for the Corridors of Commerce. That is what you intended to do anyway – was bond for that?

Tom Sorel: When the bill first emerged, that is what the approach was. Again, what we would be primarily concerned about is the immediacy of the INFRA grant if we get it and then we would have to maybe approach the BND to provide the match to move that forward.

Shannon Sauer: Perhaps, we could have a clause in there – I think this has been used before – Chris maybe recollects this – where we would have some specific language that would give us the ability to borrow \$50 million from the BND for the purposes of matching this INFRA grant and then it would be addressed in the next session via a deficiency appropriation. We used a provision like that earlier – several biennia back in regards to emergency funding to handle floods and we went to the BND, borrowed the money and then it was addressed with a deficiency appropriation.

Tom Sorel: The legislature would have to approve the deficiency appropriation in the next session

Senator G. Lee: What do you think Chris, any thoughts?

Chris Kadrmas: We couldn't direct the next session to provide the deficiency appropriation, that was the choice that they made at the time. We could provide borrowing authority if the grant were to be awarded with the intent that the loan be repaid by the next legislative assembly. That portion of it would just be an intent section, but there would be no guarantees that they would decide to pay it all.

Shannon Sauer: Piggy backing on Chris' comment, I think what the language did earlier is – I agree with Chris – it did not direct the legislature to address it through deficiency appropriation, it addressed – it directed the DOT to approach the legislature with a deficiency appropriation request.

Senator G. Lee: You know, an option until we get something figured out we might be able to deal with, we can meet again, or we could try to with it in conference committee, too – talk to those guys over there and see what their thoughts are on this idea, because I don't know

that they have been presented with it. We can see if the conference committee would consider doing it.

Senator Grabinger: We should have some – we can present the idea to them and see – should we include this language in the bill? And then take it up in conference committee if they don't like that idea, let's figure out a way to do it.

Chris Kadrmas: I don't want to put it in this way because the leadership said -

Senator G. Lee: No, what you were suggesting. That is what I am taking about. Put in what Chris suggested?

Senator Grabinger: My understanding is they had a problem with bonding. So, here if we just give them the borrowing ability to match that grant and then -

Senator Oehlke: Would we be able to word it such that it was an either or? Give that option to the DOT to either borrow or bond for this Corridors of Commerce?

Chris Kadrmas: Bonding is going to be more expensive. That is going to be the least likely that they will want to do that because of the cost of bonding as opposed to doing a short term loan through BND.

Senator Oehlke: The short term loan through the BND doesn't mean they'll get it.

Chris Kadrmas: No, they will get it from the bank, but they won't get the deficiency appropriation the following session. If it was either or, they could maybe get a loan and then if that didn't work out, they could change it to a bond or something.

Senator Grabinger: We would just give them the authority to receive a loan – the terms of the loan are going to be up to the agency. That way, if they feel they need to do a longer term loan, they could – it would be the discretion of the agency.

Senator G. Lee: Because you don't know if you 'll get the SIIF loan either – because it is contingent on whether its – there is more there than beyond the forecast.

Chris Kadrmas: So then the other part about that is we could include direction and we won't necessarily maybe reference deficiency appropriations. It could be the agency's choice to request a deficiency appropriation for it. We will bring that up during the next session, but at least we would direct them to request for an appropriation to repay the balance of the loan or the principle and interest of the loan. That way it is at least documented that it needs to be recognized that they have to request a – pay for the loan.

Senator Grabinger: The bonding was already in the proposal to begin with, the House rejected that. My thinking is we come with a new language, we do this, and work this direction to see if they are interested in doing that and if not in conference committee we finish that up. If you need a motion to do this, I will make that motion. proposal.

Chris Kadrmas: Mr. Chairman, we would provide contingent borrowing authority and a contingent appropriation for that amount to the DOT for the 2019-21 biennium. In that language, we would also include or direct the DOT to request an appropriation to pay the balance of the loan during the 2021-23 biennium.

Senator Grabinger: moved Chris' wording.

Senator Oehlke: seconded the motion.

Senator G. Lee: if Chris Kadrmas writes it up, can I send it around and say does this look okay rather than getting together again.

Senator Oehlke: I think that is fine if you want to send it to us.

Voice vote – carried.

Senator Oehlke: moved the long sheet (Base level funding)

Senator Grabinger: seconded the motion.

A Roll Call Vote Was Taken: 3 yeas, 0 nays, 0 absent.

Motion Carried.

Senator G. Lee: With that, we will adjourn the meeting.

2019 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee
Harvest Room, State Capitol

HB 1012
4/5/2019
Job # 34552

- Subcommittee
 Conference Committee

Committee Clerk: Alice Delzer

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:

Amendment 19.0200.02005

Legislative Council: Adam Mathiak
OMB: Renae Bloms

Chairman Holmberg opened discussion on HB 1012.

Senator Gary Lee: submitted amendment 19.0200.02005 and explained them.

Senator Gary Lee: Moved amendment 19.0200.02005.

Senator Oehlke: Seconded the motion.

Senator Robinson: Where did we end up with public transit compared to their request in this package?

Senator Gary Lee: We didn't add additional funds to what is expected for them to get through the highway tax distribution fund which I believe is \$8.4M.

Amendment voice vote carried.

Senator Gary Lee: Moved Do Pass as Amended on HB 1012.

Senator Bekkedahl: Seconded the motion.

A Roll Call Vote Was Taken: 14 yeas, 0 nays, 0 absent.
Motion carried.

Senator Gary Lee will carry the bill.

March 19, 2019

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1012

Page 1, line 2, after the semicolon insert "to create and enact a new subsection to section 57-40.3-04 of the North Dakota Century Code, relating to exemptions from motor vehicle excise tax;"

Page 1, line 5, after the fourth semicolon insert "to provide an effective date;"

Page 3, after line 20, insert:

"SECTION 8. A new subsection to section 57-40.3-04 of the North Dakota Century Code is created and enacted as follows:

Any motor vehicle in the possession of and used exclusively by a public transportation provider under contract with the North Dakota department of transportation to provide public transportation services."

Page 4, after line 11, insert:

"SECTION 12. EFFECTIVE DATE. Section 8 of this Act is effective for taxable events occurring after June 30, 2019."

Renumber accordingly

**Department of Transportation - Budget No. 801
House Bill No. 1012
Base Level Funding Changes**

	House Version				Senate Version				Senate Changes to House Version Increase (Decrease) - House Version			
	FTE Position	General Fund	Other Funds	Total	FTE Position	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2019-21 Biennium Base Level	1,047.00	\$0	\$1,269,489,868	\$1,269,489,868	1,047.00	\$0	\$1,269,489,868	\$1,269,489,868	0.00	\$0	\$0	\$0
2019-21 Ongoing Funding Changes												
Base payroll changes			(\$1,019,746)	(\$1,019,746)			(\$1,019,746)	(\$1,019,746)				\$0
Salary increase			4,774,660	4,774,660			5,552,787	5,552,787			778,127	778,127
Health insurance increase			4,685,263	4,685,263			4,685,263	4,685,263				0
Retirement contribution increase				0				0				0
Removes 42 FTE positions	(42.00)		(7,979,595)	(7,979,595)	(42.00)		(7,979,595)	(7,979,595)				0
Restores 16 FTE positions for research, development, and other purposes				0	20.00		3,668,000	3,668,000	20.00		3,668,000	3,668,000
Transfers 41 FTE positions for information technology unification				0	(41.00)		60,439	60,439	(41.00)		60,439	60,439
Reduces payments to State Fleet Services			(3,550,000)	(3,550,000)			(3,550,000)	(3,550,000)				0
Increases capital assets			87,874,093	87,874,093			87,874,093	87,874,093				0
Adjusts operating expenses			213,190	213,190			213,190	213,190				0
Increases grants			17,226,607	17,226,607			17,226,607	17,226,607				0
Reclassifies funding for the rail loan program			11,100,000	11,100,000			11,100,000	11,100,000				0
Increases funding for snow and ice control			750,000	750,000			750,000	750,000				0
Adds Microsoft Office 365 licensing			708,498	708,498			708,498	708,498				0
Total ongoing funding changes	(42.00)	\$0	\$114,782,970	\$114,782,970	(63.00)	\$0	\$119,289,536	\$119,289,536	(21.00)	\$0	\$4,506,566	\$4,506,566
One-time funding items												
Driver's license system project			\$22,500,000	\$22,500,000			\$22,500,000	\$22,500,000				\$0
Traffic data editing and analysis program				0				0				0
Automatic vehicle location				0				0				0
Road construction software				0				0				0
Maintenance management system				0				0				0
Minot and Williston driver's license facility maintenance			1,300,000	1,300,000			1,300,000	1,300,000				0
Short line railroad program		\$2,500,000		2,500,000		2,500,000		2,500,000				0
2017-19 Biennium Enhanced state highway funding		13,000,000		13,000,000		13,000,000		13,000,000				0
Total one-time funding changes	0.00	\$15,500,000	\$23,800,000	\$39,300,000	0.00	\$15,500,000	\$23,800,000	\$39,300,000	0.00	\$0	\$0	\$0
Total Changes to Base Level Funding	(42.00)	\$15,500,000	\$138,582,970	\$154,082,970	(63.00)	\$15,500,000	\$143,089,536	\$158,589,536	(21.00)	\$0	\$4,506,566	\$4,506,566
2019-21 Total Funding	1,005.00	\$15,500,000	\$1,408,072,838	\$1,423,572,838	984.00	\$15,500,000	\$1,412,579,404	\$1,428,079,404	(21.00)	\$0	\$4,506,566	\$4,506,566

Other Sections for Department of Transportation - Budget No. 801

	House Version	Senate Version
Line item transfers	Section 3 authorizes the Department of Transportation to transfer funds between the salaries and wages, operating, capital assets, and grants 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 and the Legislative Council.	Section 3 authorizes the Department of Transportation to transfer funds between the salaries and wages, operating, capital assets, and grants 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 and the Legislative Council.
Exemption - Enhanced state highway investments	Section 4 provides that \$503,115,558 appropriated in the capital assets line item in House Bill No. 1012 (2015) relating to enhanced state highway investments is exempt from North Dakota Century Code Section 54-44.1-11 and is continued into the 2019-21 biennium.	Section 4 provides that \$503,115,558 appropriated in the capital assets line item in House Bill No. 1012 (2015) relating to enhanced state highway investments is exempt from North Dakota Century Code Section 54-44.1-11 and is continued into the 2021-23 biennium.
2019-21 Appropriation - General fund - Short line railroad program	Section 5 provides a one-time appropriation of \$2.5 million from the general fund to the Department of Transportation for its short line railroad program during the 2019-21 biennium.	Section 5 provides a one-time appropriation of \$2.5 million from the general fund to the Department of Transportation for its short line railroad program during the 2019-21 biennium.

Other Sections for Department of Transportation - Budget No. 801

	House Version	Senate Version
2017-19 Appropriation - General fund - Enhanced state highway investment	Section 6 provides a one-time appropriation of \$13 million from the general fund to the Department of Transportation for enhanced state highway funding during the 2017-19 biennium and provides that this appropriation is exempt from Section 54-44.1-11 and is continued into the 2019-21 biennium.	Section 6 provides a one-time appropriation of \$13 million from the general fund to the Department of Transportation for road maintenance funding during the 2017-19 biennium and provides that this appropriation is exempt from Section 54-44.1-11 and is continued into the 2019-21 biennium.
Cooperative agreements with private entities	Section 7 amends Section 24-02-45.1 to require that only the private entity's cost-share is to be paid in advance of the construction.	Section 7 amends Section 24-02-45.1 to require that only the private entity's cost-share is to be paid in advance of the construction.
Maintenance section sites - Operational requirements	Section 8 directs the department to establish the Mayville section site as a satellite site of the Hillsboro section and sets requirements for seasonal winter services in the Courtenay, Gackle, New England, and Finley sections.	
Department of Transportation study - Public transportation services	Section 9 provides for a Department of Transportation study of public transportation services within the state. The study must include the number of users of public transportation services, demographics of users, other transportation options available to users of public transportation services, and the identification of areas of the state which have no public or private transportation services available.	Section 8 provides for a Department of Transportation study of public transportation services within the state. The study must include the number of users of public transportation services, demographics of users, other transportation options available to users of public transportation services, and the identification of areas of the state which have no public or private transportation services available.
Exemptions from motor vehicle excise tax		Section 9 adds a new subsection to Section 57-40.3-04, to provide that any motor vehicle in the possession of and used exclusively by a public transportation provider under contract with the North Dakota Department of Transportation to provide public transportation services.
Report to the 67th Legislative Assembly	Section 10 requires the Department of Transportation to report to the 67th Legislative Assembly regarding the department's state fleet expenditures compared to its 2019-21 biennium budgeted amounts.	
Emergency	Section 11 declares Sections 6 and 7 to be an emergency measure.	Section 10 declares Sections 6 and 7 to be an emergency measure.

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PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1012

Page 1, line 2, after the semicolon insert "to create and enact a new subsection to section 57-40.3-04 of the North Dakota Century Code, relating to exemptions from motor vehicle excise tax;"

Page 1, line 4, after the first semicolon insert "to provide for a contingent loan authorization; provide a contingent appropriation;"

Page 1, line 4, remove "to provide for the operation of maintenance"

Page 1, line 5, remove "section sites;"

Page 1, line 5, after the fourth semicolon insert "to provide an effective date;"

Page 1, replace lines 15 through 20 with:

"Salaries and wages	\$201,478,341	(\$3,317,303)	\$198,161,038
Operating expenses	229,381,646	28,156,139	257,537,785
Capital assets	771,101,851	89,924,093	861,025,944
Grants	67,528,030	28,326,607	95,854,637
Total special funds	\$1,269,489,868	\$143,089,536	\$1,412,579,404
Full-time equivalent positions	1,047.00	(63.00)	984.00"

Page 2, line 20, replace "2017-19" with "2019-21"

Page 2, line 20, replace "2019" with "2021"

Page 2, line 21, replace "2019" with "2021"

Page 2, line 21, replace "2021" with "2023"

Page 2, line 29, after "**APPROPRIATION**" insert "- **2017-19 BIENNIUM**"

Page 2, line 29, replace "**ENHANCED STATE HIGHWAY**" with "**ROAD MAINTENANCE**"

Page 3, line 1, remove "enhanced state"

Page 3, line 2, replace "highway improvements" with "road maintenance"

Page 3, line 6, replace "enhanced state highway improvements" with "road maintenance"

Page 3, after line 6, insert:

"SECTION 7. CONTINGENT LOAN AUTHORIZATION - CONTINGENT APPROPRIATION - HIGHWAY IMPROVEMENT PROJECTS. The department of transportation may borrow from the Bank of North Dakota, \$50,000,000, or so much of the sum as may be necessary, which is appropriated to the department of transportation for matching federal funds that may become available, for the biennium beginning July 1, 2019, and ending June 30, 2021. The funds authorized in this section may be borrowed and spent only upon certification by the director of the department of transportation to the director of the office of management and budget that the department has been awarded additional federal grants, which were applied for after March 1, 2019, during the biennium beginning July 1, 2019, and ending June 30, 2021.

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The department of transportation shall request from the sixty-seventh legislative assembly an appropriation to repay any outstanding loans authorized in this section."

Page 3, remove lines 21 through 30

Page 4, replace lines 8 through 11 with:

"SECTION 10. A new subsection to section 57-40.3-04 of the North Dakota Century Code is created and enacted as follows:

Any motor vehicle in the possession of and used exclusively by a public transportation provider that receives a distribution of funds under section 39-04.2-04 to provide public transportation services.

SECTION 11. EFFECTIVE DATE. Section 10 of this Act is effective for taxable events occurring after June 30, 2019."

Page 4, line 12, replace "7" with "8"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

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

	Base Budget	House Version	Senate Changes	Senate Version
Salaries and wages	\$201,478,341	\$201,938,923	(\$3,777,885)	\$198,161,038
Operating expenses	229,381,646	249,253,334	8,284,451	257,537,785
Capital assets	771,101,851	861,025,944		861,025,944
Grants	67,528,030	95,854,637		95,854,637
Short line railroad program		2,500,000		2,500,000
Total all funds	\$1,269,489,868	\$1,410,572,838	\$4,506,566	\$1,415,079,404
Less estimated income	1,269,489,868	1,408,072,838	4,506,566	1,412,579,404
General fund	\$0	\$2,500,000	\$0	\$2,500,000
FTE	1,047.00	1,005.00	(21.00)	984.00

Department 801 - Department of Transportation - Detail of Senate Changes

	Adjusts Funding for Salary Increases ¹	Restores and Adds FTE Positions ²	Transfers 41 FTE for IT Unification ³	Total Senate Changes
Salaries and wages	\$778,127	\$3,668,000	(\$8,224,012)	(\$3,777,885)
Operating expenses			8,284,451	8,284,451
Capital assets				
Grants				
Short line railroad program				
Total all funds	\$778,127	\$3,668,000	\$60,439	\$4,506,566
Less estimated income	778,127	3,668,000	60,439	4,506,566
General fund	\$0	\$0	\$0	\$0
FTE	0.00	20.00	(41.00)	(21.00)

¹ Funding is added to provide for employee salary increases of 2 percent on July 1, 2019, with a minimum monthly increase of \$120 and a maximum monthly increase of \$200, and an increase of 2.5 percent on July 1, 2020. The House provided funding for salary increases of 2 percent per year.

² The Senate restored 16 FTE positions (\$3,000,000) of the 42 FTE positions removed by the House and added 4 FTE positions (\$668,000) of which 2 relate to Fargo driver's license operations.

³ Forty-one FTE positions are transferred to the Information Technology Department for the IT unification project,

303
4/6

resulting in reduced salaries and wages of \$8,224,012 and increased operating expenses of \$8,284,451. The House version did not include the IT unification project.

This amendment also:

- Provides that \$503,115,558 appropriated in the capital assets line item in House Bill No. 1012 (2015) relating to enhanced state highway investments is exempt from provisions of North Dakota Century Code Section 54-44.1-11 and may be continued into the 2021-23 biennium. The House authorized these funds to be continued into the 2019-21 biennium only.
- Changes the purpose of the \$13 million from the general fund by the House for the 2017-19 biennium from enhanced state highway funding to road maintenance funding.
- Authorizes the Department of Transportation to obtain a contingent loan from the Bank of North Dakota and provides a contingent appropriation of those funds to the Department of Transportation for the purpose of matching federal grants that the department applies for after March 1, 2019. The House did not include this section.
- Removes a section added by the House directing the department to establish the Mayville section site as a satellite site of the Hillsboro section and set requirements for seasonal winter services in the Courtenay, Gackle, New England, and Finley sections.
- Creates a new subsection to Section 57-40.3-04 to provide an exemption from the motor vehicle excise tax for vehicles purchased by public transportation providers that receive state funding through the highway tax distribution formula and provide public transportation services and Section 11 provides for an effective date. The House version did not include these sections.
- Removes a section requiring the Department of Transportation to report to the 2021 Legislative Assembly regarding the department's state fleet expenditures compared to its 2019-21 biennium budgeted amounts.

Date: 4-3-19

Roll Call Vote #: 1

2019 SENATE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 1012

Senate Appropriations Committee

Subcommittee

Amendment LC# or Description: 19.0200.02001 as amended.

- Recommendation:
- Adopt Amendment
 - Do Pass Do Not Pass Without Committee Recommendation
 - As Amended Rerefer to Appropriations
 - Place on Consent Calendar
- Other Actions:
- Reconsider _____

Motion Made By Oehlke Seconded By Grabinger

Senators	Yes	No	Senators	Yes	No
Senator Holmberg			Senator Mathern		
Senator Krebsbach			Senator Grabinger		
Senator Wanzek			Senator Robinson		
Senator Erbele					
Senator Poolman					
Senator Bekkedahl					
Senator G. Lee					
Senator Dever					
Senator Sorvaag					
Senator Oehlke					
Senator Hogue					

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

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

*Voice Vote
Carries*

Date: 4-3-19

Roll Call Vote #: 2

2019 SENATE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 1012

Senate Appropriations Committee

Subcommittee

Amendment LC# or Description: _____

- Recommendation:
- Adopt Amendment
 - Do Pass Do Not Pass Without Committee Recommendation
 - As Amended Rerefer to Appropriations
 - Place on Consent Calendar

Other Actions:

Reconsider

to adopt Chris' wording ↓

Motion Made By Grabinger Seconded By Oehlke

Senators	Yes	No	Senators	Yes	No
Senator Holmberg			Senator Mathern		
Senator Krebsbach			Senator Grabinger		
Senator Wanzek			Senator Robinson		
Senator Erbele					
Senator Poolman					
Senator Bekkedahl					
Senator G. Lee					
Senator Dever					
Senator Sorvaag					
Senator Oehlke					
Senator Hogue					

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

Voice Vote Carried

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

" We would provide contingent borrowing authority and a contingent appropriation for that amount to the DOT for the 2019-21 biennium. In that language, we would also include or direct the DOT to request an appropriation to pay the balance of the loan during the 2021-23 biennium."

Date: 4-3-19

Roll Call Vote #: 3

**2019 SENATE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 1012**

Senate Appropriations Committee

Subcommittee

Amendment LC# or Description: _____

- Recommendation:
- Adopt Amendment
 - Do Pass Do Not Pass Without Committee Recommendation
 - As Amended Rerefer to Appropriations
 - Place on Consent Calendar

Other Actions:

- Reconsider

To approve the long sheet (Base level funding)

Motion Made By Oehlke Seconded By Grabinger

Senators	Yes	No	Senators	Yes	No
Senator Holmberg			Senator Mathern		
Senator Krebsbach			Senator Grabinger	X	
Senator Wanzek			Senator Robinson		
Senator Erbele					
Senator Poolman					
Senator Bekkedahl					
Senator G. Lee	X				
Senator Dever					
Senator Sorvaag					
Senator Oehlke	X				
Senator Hogue					

Total (Yes) 3 No 0

Absent 0

Floor Assignment _____

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

Date: 4-5-19

Roll Call Vote #: 1

2019 SENATE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 1012

Senate Appropriations Committee

Subcommittee

Amendment LC# or Description: 19.0200.02005

Recommendation: Adopt Amendment
 Do Pass Do Not Pass Without Committee Recommendation
 As Amended Rerefer to Appropriations
 Place on Consent Calendar
Other Actions: Reconsider _____

Motion Made By Lee Seconded By Oehlke

Senators	Yes	No	Senators	Yes	No
Senator Holmberg			Senator Mathern		
Senator Krebsbach			Senator Grabinger		
Senator Wanzek			Senator Robinson		
Senator Erbele					
Senator Poolman					
Senator Bekkedahl					
Senator G. Lee					
Senator Dever					
Senator Sorvaag					
Senator Oehlke					
Senator Hogue					

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

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

*Voice Vote
Carried*

Date: 4-5-19

Roll Call Vote #: 2

2019 SENATE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 1012

Senate Appropriations Committee

Subcommittee

Amendment LC# or Description: _____

Recommendation: Adopt Amendment
 Do Pass Do Not Pass Without Committee Recommendation
 As Amended Rerefer to Appropriations
 Place on Consent Calendar
Other Actions: Reconsider _____

Motion Made By Lee Seconded By Bekkedahl

Senators	Yes	No	Senators	Yes	No
Senator Holmberg	✓		Senator Mathern	✓	
Senator Krebsbach	✓		Senator Grabinger	✓	
Senator Wanzek	✓		Senator Robinson	✓	
Senator Erbele	✓				
Senator Poelman	✓				
Senator Bekkedahl	✓				
Senator G. Lee	✓				
Senator Dever	✓				
Senator Sorvaag	✓				
Senator Oehlke	✓				
Senator Hogue	✓				

Total (Yes) 14 No 0

Absent 0

Floor Assignment Lee

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** (14 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). Engrossed HB 1012 was placed on the Sixth order on the calendar.

Page 1, line 2, after the semicolon insert "to create and enact a new subsection to section 57-40.3-04 of the North Dakota Century Code, relating to exemptions from motor vehicle excise tax;"

Page 1, line 4, after the first semicolon insert "to provide for a contingent loan authorization; provide a contingent appropriation;"

Page 1, line 4, remove "to provide for the operation of maintenance"

Page 1, line 5, remove "section sites;"

Page 1, line 5, after the fourth semicolon insert "to provide an effective date;"

Page 1, replace lines 15 through 20 with:

"Salaries and wages	\$201,478,341	(\$3,317,303)	\$198,161,038
Operating expenses	229,381,646	28,156,139	257,537,785
Capital assets	771,101,851	89,924,093	861,025,944
Grants	67,528,030	28,326,607	95,854,637
Total special funds	\$1,269,489,868	\$143,089,536	\$1,412,579,404
Full-time equivalent positions	1,047.00	(63.00)	984.00"

Page 2, line 20, replace "2017-19" with "2019-21"

Page 2, line 20, replace "2019" with "2021"

Page 2, line 21, replace "2019" with "2021"

Page 2, line 21, replace "2021" with "2023"

Page 2, line 29, after "**APPROPRIATION**" insert "- **2017-19 BIENNIUM**"

Page 2, line 29, replace "**ENHANCED STATE HIGHWAY**" with "**ROAD MAINTENANCE**"

Page 3, line 1, remove "enhanced state"

Page 3, line 2, replace "highway improvements" with "road maintenance"

Page 3, line 6, replace "enhanced state highway improvements" with "road maintenance"

Page 3, after line 6, insert:

"SECTION 7. CONTINGENT LOAN AUTHORIZATION - CONTINGENT APPROPRIATION - HIGHWAY IMPROVEMENT PROJECTS. The department of transportation may borrow from the Bank of North Dakota, \$50,000,000, or so much of the sum as may be necessary, which is appropriated to the department of transportation for matching federal funds that may become available, for the biennium beginning July 1, 2019, and ending June 30, 2021. The funds authorized in this section may be borrowed and spent only upon certification by the director of the department of transportation to the director of the office of management and budget that the department has been awarded additional federal grants, which were applied for after March 1, 2019, during the biennium beginning July 1, 2019, and ending June 30, 2021. The department of transportation shall request from the sixty-seventh legislative assembly an appropriation to repay any outstanding loans authorized in this section."

Page 3, remove lines 21 through 30

Page 4, replace lines 8 through 11 with:

"SECTION 10. A new subsection to section 57-40.3-04 of the North Dakota Century Code is created and enacted as follows:

Any motor vehicle in the possession of and used exclusively by a public transportation provider that receives a distribution of funds under section 39-04.2-04 to provide public transportation services.

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Page 4, line 12, replace "7" with "8"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

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

	Base Budget	House Version	Senate Changes	Senate Version
Salaries and wages	\$201,478,341	\$201,938,923	(\$3,777,885)	\$198,161,038
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Less estimated income	1,269,489,868	1,408,072,838	4,506,566	1,412,579,404
General fund	\$0	\$2,500,000	\$0	\$2,500,000
FTE	1,047.00	1,005.00	(21.00)	984.00

Department 801 - Department of Transportation - Detail of Senate Changes

	Adjusts Funding for Salary Increases ¹	Restores and Adds FTE Positions ²	Transfers 41 FTE for IT Unification ³	Total Senate Changes
Salaries and wages	\$778,127	\$3,668,000	(\$8,224,012)	(\$3,777,885)
Operating expenses			8,284,451	8,284,451
Capital assets				
Grants				
Short line railroad program				
Total all funds	\$778,127	\$3,668,000	\$60,439	\$4,506,566
Less estimated income	778,127	3,668,000	60,439	4,506,566
General fund	\$0	\$0	\$0	\$0
FTE	0.00	20.00	(41.00)	(21.00)

¹ Funding is added to provide for employee salary increases of 2 percent on July 1, 2019, with a minimum monthly increase of \$120 and a maximum monthly increase of \$200, and an increase of 2.5 percent on July 1, 2020. The House provided funding for salary increases of 2 percent per year.

² The Senate restored 16 FTE positions (\$3,000,000) of the 42 FTE positions removed by the House and added 4 FTE positions (\$668,000) of which 2 relate to Fargo driver's license operations.

³ Forty-one FTE positions are transferred to the Information Technology Department for the IT unification project, resulting in reduced salaries and wages of \$8,224,012 and increased operating expenses of \$8,284,451. The House version did not include the IT unification project.

This amendment also:

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- Changes the purpose of the \$13 million from the general fund by the House for the 2017-19 biennium from enhanced state highway funding to road maintenance funding.
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- Creates a new subsection to Section 57-40.3-04 to provide an exemption from the motor vehicle excise tax for vehicles purchased by public transportation providers that receive state funding through the highway tax distribution formula and provide public transportation services and Section 11 provides for an effective date. The House version did not include these sections.
- Removes a section requiring the Department of Transportation to report to the 2021 Legislative Assembly regarding the department's state fleet expenditures compared to its 2019-21 biennium budgeted amounts.

2019 CONFERENCE COMMITTEE

HB 1012

2019 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee – Government Operations Division
Medora Room, State Capitol

HB1012
4/15/2019
Recording Job# 34754

Subcommittee
 Conference Committee

Committee Clerk: Sheri Lewis

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 to provide for transfers.

Minutes:

Attachment A

Chairman Brandenburg: Opened the conference committee on HB1012.

Roll Call taken.

Senator Lee: Explained the Senate changes. See attachment A.

Representative Vigesaa: I think on the first half we removed 26 FTE's for the unification and 16 FTE's that you referenced for a total reduction of 42 FTE's; and now I see it's 63 FTE's and there appears to be 41 FTE's removed for the IT unification.

Senator Lee: When the governor asked them to reduce that 5% number they reduced 52 FTE's; the governor restored 26 FTE's. You agreed with the 26 FTE's; but then took away 16 FTE's. We added 4 FTE's.

Chris Kadrmas, Fiscal Analyst, ND Legislative Council: The governor's recommendation was to reduce a total of 26 FTE's outside of the IT unification. The IT unification was a further reduction of 41 FTE's. The House reduced 42 FTE's; but did not do IT unification. The House looked at the governor's recommendation, but then increased the FTE's by 4 for a total reduction of 22 FTE's along with the IT unification for a total of 41 FTE's. The executive recommendation authorized 980 FTE's, the House version 1,005 FTE's and the Senate's version is for 984 FTE's; which also transfers 41 FTE's to ITD. So it's 4 FTE's more than the executive recommendation; but it is 24 FTE's less than the House's version.

Chairman Brandenburg: The difference between the House and Senate is 24 FTE's?

Chris Kadrmas: It's 21 FTE's.

Chairman Brandenburg: The Senate has 21 FTE's more than the House?

Chris Kadrmas: It would be 21 FTE's less; because of the IT unification.

Chairman Brandenburg: What's the difference between the House and the Senate without considering the IT FTE's?

Chris Kadrmas: Not taking IT unification into consideration, the House's version is 20 less FTE's than the Senate's version.

Representative Vigesaa: The IT unification was 41 FTE's? The 41 FTE's are the same number for the IT unification as it was when we saw it the first time?

Chris Kadrmas: Correct.

Chairman Brandenburg: Discussed attachment A.

Senator Grabinger: We did have a healthy debate on this. We took the language that the House had in there out; but we have an understanding with the department that they're going to provide the service for snow removal that they did prior to the closing of the shops. This would allow them the ability to have a person there, if they can find someone to work in that area.

Chairman Brandenburg: I told the people in Gackle that we're going to have a meeting at the DOT and it's going to be up to them to find an employee.

Representative Vigesaa: My only concern is there isn't anything in here with regard to independent legislative intent; just being able to use the language of road maintenance is terribly broad. There's nothing in here that will prevent them from completely ignoring our thoughts. How are we going to be assured that they're going to man these sites during the winter seasonal time?

Senator Grabinger: You're correct. There's nothing in here that does that; it's essentially a handshake and an understanding. We would expect that to be followed; if not, in two years we'll revisit it again.

Senator Lee: I agree with Senator Grabinger and we had a lot of discussion with this and I'm confident that this is going to happen.

Representative Vigesaa: Sometimes we will put a section in there that is legislative intent and it's not code; but it does lend a little more credibility to state what we would like.

Senator Grabinger: One of the problems that we have run into is, for example, having a meeting somewhere and finding someone that's going to be there to do this. To put those demands might not be appropriate. This way they know what we want done and if they can, I'm sure they're going to try to do so.

Representative Vigesaa: I have faith in the department. In the section we had in the bill, it said if the department has an employee or is able to hire somebody; so it wasn't like we were mandating it. I was hoping that could have stayed.

Senator Lee: Explained sections 9 and 10 of the bill.

Representative Vigesaa: We had a bill that went through the system that did this already. I'm wondering if this is duplicative or if it includes more transit providers?

Chairman Brandenburg: You have the transportation study in here also?

Chris Kadrmas: That did provide an exemption for that; but public transits would be considered commercial activities. This language would allow the public transits that receive state funding through the highway tax distribution fund to receive this exemption.

Chairman Brandenburg: Closed the conference committee.

2019 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee – Government Operations Division
Medora Room, State Capitol

HB1012
4/23/2019
Recording Job# 34920

Subcommittee
 Conference Committee

Committee Clerk: Sheri Lewis

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 to provide for transfers.

Minutes:

Chairman Brandenburg: Opened the conference committee on HB1012.

Roll Call taken.

Chairman Brandenburg: Right now we're ready to offer 16 FTE's and we'd like to have some language in there about the sections. The director is retiring and we don't know who the new director is; that person might have a different attitude about snow plows.

Senator Lee: My concern with the FTE's is that we heard from the department that taking out the 16 FTE's that you did really limited them in performing some of the functions that they were expected to do if they were going to accept federal money. We'd be willing to add some intent language to the section with the snow plows if we could get back to the 18 FTE's.

Representative Vigesaa: I appreciate the opportunity to keep the intent language in. Having the ability to have it as intent is all we can expect. Is this the exact language you're looking at?

Chairman Brandenburg: That's the draft. You want to get to 18 FTE's is what you're saying.

Senator Lee: Yes.

Representative Vigesaa: In section 6, could you explain that?

Senator Lee: My understanding is that the enhanced highway definition is typically that which is used in oil country for oil money. This rural maintenance fund language would allow it to be used where they saw fit to use the money.

Representative Vigesaa: With regard to the grant being applied for; is that for a particular area of the state or can it be used anywhere in North Dakota?

Shannon Sauer, Chief Financial Officer, ND Department of Transportation: The grant that was applied for was specified that it would be used on certain activities on Highway 85.

Representative Vigesaa: Would we need to put something like that in section 7 with regard to that so it is designated for that area of the state?

Shannon Sauer: I don't think that would be necessary because of the way we submitted the grant. The proposal that we submitted with the grant is embedded in that.

Representative Vigesaa: Would we need another time to look at that intent language at all?

Chris Kadrmas, Fiscal Analyst, ND Legislative Council: I could get the bill drafted and get the intent language drafted based on what is written here.

Representative Vigesaa: Would you take the section we had in our version and incorporate the language so that the intent is proper?

Chris Kadrmas: I don't know if I would meld the two together; it would probably be a new section. It would be similar to this.

Representative Vigesaa: It would specifically mention seasonal snow services?

Chris Kadrmas: Yes.

Senator Grabinger: Made a motion to have the "Senate recede from the Senate amendments and further amend" amendment 19.0200.02005 to include the FTE's of 18 and the intent language in section 8.

Representative Vigesaa: Seconded the motion.

Roll Call Vote: 6 Yeas 0 Nays 0 Absent

Motion Carried.

Chairman Brandenburg: Closed the conference committee.

2019 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee – Government Operations Division
Medora Room, State Capitol

HB1012
4/24/2019
Recording Job# 34985

- Subcommittee
 Conference Committee

Committee Clerk: Sheri Lewis

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 to provide for transfers.

Minutes:

Chairman Brandenburg: Opened the conference committee on HB1012.

Roll Call taken.

Senator Oehlke: Made a motion to correct the date in section 7 of the amendment.

Representative Vigesaa: Seconded the motion.

Roll Call Vote: 5 Yeas 0 Nays 1 Absent.

Motion Carried.

Chairman Brandenburg: Closed the conference committee.

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4/24

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1012

That the Senate recede from its amendments as printed on pages 1569-1571 of the House Journal and pages 1322-1324 of the Senate Journal and that Engrossed House Bill No. 1012 be amended as follows:

Page 1, line 2, after the semicolon insert "to create and enact a new subsection to section 57-40.3-04 of the North Dakota Century Code, relating to exemptions from motor vehicle excise tax;"

Page 1, line 4, after the first semicolon insert "to provide for a contingent loan authorization; provide a contingent appropriation;"

Page 1, line 4, remove "to provide for the operation of maintenance"

Page 1, line 5, replace "section sites" with "to provide legislative intent"

Page 1, line 5, after the fourth semicolon insert "to provide an effective date;"

Page 1, replace lines 15 through 20 with:

"Salaries and wages	\$201,478,341	(\$3,651,303)	\$197,827,038
Operating expenses	229,381,646	28,156,139	257,537,785
Capital assets	771,101,851	89,924,093	861,025,944
Grants	67,528,030	28,326,607	95,854,637
Total special funds	\$1,269,489,868	\$142,755,536	\$1,412,245,404
Full-time equivalent positions	1,047.00	(65.00)	982.00"

Page 2, line 20, replace "2017-19" with "2019-21"

Page 2, line 20, replace "2019" with "2021"

Page 2, line 21, replace "2019" with "2021"

Page 2, line 21, replace "2021" with "2023"

Page 2, line 29, after "**APPROPRIATION**" insert "- 2017-19 BIENNIUM"

Page 2, line 29, replace "**ENHANCED STATE HIGHWAY**" with "**ROAD MAINTENANCE**"

Page 3, line 1, remove "enhanced state"

Page 3, line 2, replace "highway improvements" with "road maintenance"

Page 3, line 6, replace "enhanced state highway improvements" with "road maintenance"

Page 3, after line 6, insert:

"SECTION 7. CONTINGENT LOAN AUTHORIZATION - CONTINGENT APPROPRIATION - HIGHWAY IMPROVEMENT PROJECTS. The department of transportation may borrow from the Bank of North Dakota, \$50,000,000, or so much of the sum as may be necessary, which is appropriated to the department of transportation for matching federal funds that may become available, for the biennium beginning July 1, 2019, and ending June 30, 2021. The funds authorized in this section may be borrowed and spent only upon certification by the director of the department of

transportation to the director of the office of management and budget that the department has been awarded additional federal grants, which were applied for after February 1, 2019, during the biennium beginning July 1, 2019, and ending June 30, 2021. The department of transportation shall request from the sixty-seventh legislative assembly an appropriation to repay any outstanding loans authorized in this section. The appropriation in this section is a one-time funding item."

Page 3, replace lines 21 through 30 with:

"SECTION 9. LEGISLATIVE INTENT - MAINTENANCE SECTION SITES - SEASONAL WINTER SERVICES. It is the intent of the sixty-sixth legislative assembly that the department of transportation provide seasonal winter services at the Mayville, Courtenay, Gackle, New England, Litchville, and Finley maintenance section sites for the biennium beginning July 1, 2019, and ending June 30, 2021."

Page 4, replace lines 8 through 11 with:

"SECTION 11. A new subsection to section 57-40.3-04 of the North Dakota Century Code is created and enacted as follows:

Any motor vehicle in the possession of and used exclusively by a public transportation provider that receives a distribution of funds under section 39-04.2-04 to provide public transportation services.

SECTION 12. EFFECTIVE DATE. Section 11 of this Act is effective for taxable events occurring after June 30, 2019."

Page 4, line 12, replace "7" with "8"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

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

	Base Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
Salaries and wages	\$201,478,341	\$201,938,923	(\$4,111,885)	\$197,827,038	\$198,161,038	(\$334,000)
Operating expenses	229,381,646	249,253,334	8,284,451	257,537,785	257,537,785	
Capital assets	771,101,851	861,025,944		861,025,944	861,025,944	
Grants	67,528,030	95,854,637		95,854,637	95,854,637	
Short line railroad program		2,500,000		2,500,000	2,500,000	
Contingent Bank of North Dakota Loan			50,000,000	50,000,000		50,000,000
Total all funds	\$1,269,489,868	\$1,410,572,838	\$54,172,566	\$1,464,745,404	\$1,415,079,404	\$49,666,000
Less estimated income	1,269,489,868	1,408,072,838	54,172,566	1,462,245,404	1,412,579,404	49,666,000
General fund	\$0	\$2,500,000	\$0	\$2,500,000	\$2,500,000	\$0
FTE	1,047.00	1,005.00	(23.00)	982.00	984.00	(2.00)

Department 801 - Department of Transportation - Detail of Conference Committee Changes

	Adjusts Funding for Salary Increases ¹	Restores and Adds FTE Positions ²	Transfers 41 FTE for IT Unification ³	Adds Contingent Bank of North Dakota Loan ⁴	Total Conference Committee Changes
Salaries and wages	\$778,127	\$3,334,000	(\$8,224,012)		(\$4,111,885)
Operating expenses			8,284,451		8,284,451
Capital assets					
Grants					
Short line railroad program					
Contingent Bank of North Dakota Loan				\$50,000,000	50,000,000
Total all funds	\$778,127	\$3,334,000	\$60,439	\$50,000,000	\$54,172,566
Less estimated income	778,127	3,334,000	60,439	50,000,000	54,172,566
General fund	\$0	\$0	\$0	\$0	\$0
FTE	0.00	18.00	(41.00)	0.00	(23.00)

¹ Funding is added to provide for employee salary increases of 2 percent on July 1, 2019, with a minimum monthly increase of \$120 and a maximum monthly increase of \$200, and an increase of 2.5 percent on July 1, 2020, the same as the Senate version. The House provided funding for salary increases of 2 percent per year.

² The Conference Committee restored 16 FTE positions (\$3,000,000) of the 42 FTE positions removed by the House and added 2 FTE positions which relate to Fargo driver's license operations (\$334,000). The Senate restored the 16 FTE positions (\$3,000,000) and added 4 FTE positions (\$668,000) of which 2 relate to Fargo driver's license operations.

³ Forty-one FTE positions are transferred to the Information Technology Department for the IT unification project, resulting in reduced salaries and wages of \$8,224,012 and increased operating expenses of \$8,284,451, the same as the Senate version. The House version did not include the IT unification project.

⁴ A \$50 million contingent appropriation from proceeds received from a contingent loan from the Bank of North Dakota is added for providing one-time funding for matching federal grants the department applied for after February 1, 2019, the same as the Senate version. The House did not include this section.

This amendment also:

- Provides that \$503,115,558 appropriated in the capital assets line item in House Bill No. 1012 (2015) relating to enhanced state highway investments is exempt from provisions of North Dakota Century Code Section 54-44.1-11 and may be continued into the 2021-23 biennium, the same as the Senate version. The House authorized these funds to be continued into the 2019-21 biennium only.
- Changes the purpose of the \$13 million from the general fund provided by the House for the 2017-19 biennium from enhanced state highway funding to road maintenance funding, the same as the Senate version.
- Adds a section authorizing the Department of Transportation to obtain a contingent loan from the Bank of North Dakota and appropriates those funds to the Department of Transportation for the purpose of matching federal grants that the department applies for after February 1, 2019, the same as the Senate version. The House did not include this section.
- Removes a section added by the House directing the department to establish the Mayville section site as a satellite site of the Hillsboro section and set requirements for seasonal winter services in the Courtenay, Gackle, New England, and Finley sections, the same as the Senate version.
- Adds a section of legislative intent that the Department of Transportation provide seasonal winter services at the Mayville, Courtenay, Gackle, New England, Litchville, and Finley sections, neither the Senate nor the House included this section.
- Creates a new subsection to Section 57-40.3-04 to provide an exemption from the motor vehicle excise tax for vehicles purchased by public transportation providers that receive state funding through the highway tax distribution formula and provide public transportation services and provides an effective date, same as the Senate version. The House version did not include these sections.
- Removes a section added by the House requiring the Department of Transportation to report to the 2021 Legislative Assembly regarding the department's state fleet expenditures compared to its 2019-21 biennium budgeted amounts, same as the Senate version.

**2019 HOUSE CONFERENCE COMMITTEE
 ROLL CALL VOTES**

BILL/RESOLUTION NO. HB1012 as (re) engrossed

House Appropriations – Government Operations Committee

- Action Taken**
- HOUSE accede to Senate Amendments
 - HOUSE accede to Senate Amendments and further amend
 - SENATE recede from Senate amendments
 - SENATE recede from Senate amendments and amend as follows
- Unable to agree, recommends that the committee be discharged and a new committee be appointed

Motion Made by: Senator Grabinger Seconded by: Representative Vigesaa

Representatives			Yes	No	Senators			Yes	No
	4/15	4/23				4/15	4/23		
Chairman Brandenburg	X	X	X		Senator Lee	X	X	X	
Representative Vigesaa	X	X	X		Senator Oehlke	X	X	X	
Representative Mock	X	X	X		Senator Grabinger	X	X	X	
Total Rep. Vote			3		Total Senate Vote			3	

Vote Count Yes: 6 No: 0 Absent: 0

House Carrier Representative Brandenburg Senate Carrier Senator Lee

LC Number _____ of amendment

LC Number _____ of engrossment

Emergency clause added or deleted

Statement of purpose of amendment
 A motion to further amend 19.0200.02005 to include the FTE's of 18 and also include the intent language in section 8
 Motion Carried.

**2019 HOUSE CONFERENCE COMMITTEE
ROLL CALL VOTES**

BILL/RESOLUTION NO. HB1012 as (re) engrossed

House Appropriations – Government Operations Committee

- Action Taken**
- HOUSE accede to Senate Amendments
 - HOUSE accede to Senate Amendments and further amend
 - SENATE recede from Senate amendments
 - SENATE recede from Senate amendments and amend as follows
- Unable to agree**, recommends that the committee be discharged and a new committee be appointed

Motion Made by: Senator Oehlke Seconded by: Representative Vigesaa

Representatives						Senators					
	4/15	4/23	4/24	Yes	No		4/15	4/23	4/24	Yes	No
Chairman Brandenburg	X	X	X	X		Senator Lee	X	X	X	X	
Representative Vigesaa	X	X	X	X		Senator Oehlke	X	X	X	X	
Representative Mock	X	X				Senator Grabinger	X	X	X	X	
Total Rep. Vote				2		Total Senate Vote				3	

Vote Count Yes: 5 No: 0 Absent: 1

House Carrier Representative Brandenburg Senate Carrier Senator Lee

LC Number _____ of amendment

LC Number _____ of engrossment

Emergency clause added or deleted

Statement of purpose of amendment

To correct the date in section 7 of the amendment.

Motion Carried.

REPORT OF CONFERENCE COMMITTEE

HB 1012, as engrossed: Your conference committee (Sens. G. Lee, Oehlke, Grabinger and Reps. Brandenburg, Vigesaa, Howe) recommends that the **SENATE RECEDE** from the Senate amendments as printed on HJ pages 1569-1571, adopt amendments as follows, and place HB 1012 on the Seventh order:

That the Senate recede from its amendments as printed on pages 1569-1571 of the House Journal and pages 1322-1324 of the Senate Journal and that Engrossed House Bill No. 1012 be amended as follows:

Page 1, line 2, after the semicolon insert "to create and enact a new subsection to section 57-40.3-04 of the North Dakota Century Code, relating to exemptions from motor vehicle excise tax;"

Page 1, line 4, after the first semicolon insert "to provide for a contingent loan authorization; provide a contingent appropriation;"

Page 1, line 4, remove "to provide for the operation of maintenance"

Page 1, line 5, replace "section sites" with "to provide legislative intent"

Page 1, line 5, after the fourth semicolon insert "to provide an effective date;"

Page 1, replace lines 15 through 20 with:

"Salaries and wages	\$201,478,341	(\$3,651,303)	\$197,827,038
Operating expenses	229,381,646	28,156,139	257,537,785
Capital assets	771,101,851	89,924,093	861,025,944
Grants	67,528,030	28,326,607	95,854,637
Total special funds	\$1,269,489,868	\$142,755,536	\$1,412,245,404
Full-time equivalent positions	1,047.00	(65.00)	982.00"

Page 2, line 20, replace "2017-19" with "2019-21"

Page 2, line 20, replace "2019" with "2021"

Page 2, line 21, replace "2019" with "2021"

Page 2, line 21, replace "2021" with "2023"

Page 2, line 29, after "**APPROPRIATION**" insert "- **2017-19 BIENNIUM**"

Page 2, line 29, replace "**ENHANCED STATE HIGHWAY**" with "**ROAD MAINTENANCE**"

Page 3, line 1, remove "enhanced state"

Page 3, line 2, replace "highway improvements" with "road maintenance"

Page 3, line 6, replace "enhanced state highway improvements" with "road maintenance"

Page 3, after line 6, insert:

"SECTION 7. CONTINGENT LOAN AUTHORIZATION - CONTINGENT APPROPRIATION - HIGHWAY IMPROVEMENT PROJECTS. The department of transportation may borrow from the Bank of North Dakota, \$50,000,000, or so much of the sum as may be necessary, which is appropriated to the department of transportation for matching federal funds that may become available, for the biennium beginning July 1, 2019, and ending June 30, 2021. The funds authorized in this section may be borrowed and spent only upon certification by the director of the

Insert LC: 19.0200.02008
 House Carrier: Brandenburg
 Senate Carrier: G. Lee

department of transportation to the director of the office of management and budget that the department has been awarded additional federal grants, which were applied for after February 1, 2019, during the biennium beginning July 1, 2019, and ending June 30, 2021. The department of transportation shall request from the sixty-seventh legislative assembly an appropriation to repay any outstanding loans authorized in this section. The appropriation in this section is a one-time funding item."

Page 3, replace lines 21 through 30 with:

"SECTION 9. LEGISLATIVE INTENT - MAINTENANCE SECTION SITES - SEASONAL WINTER SERVICES. It is the intent of the sixty-sixth legislative assembly that the department of transportation provide seasonal winter services at the Mayville, Courtenay, Gackle, New England, Litchville, and Finley maintenance section sites for the biennium beginning July 1, 2019, and ending June 30, 2021."

Page 4, replace lines 8 through 11 with:

"SECTION 11. A new subsection to section 57-40.3-04 of the North Dakota Century Code is created and enacted as follows:

Any motor vehicle in the possession of and used exclusively by a public transportation provider that receives a distribution of funds under section 39-04.2-04 to provide public transportation services.

SECTION 12. EFFECTIVE DATE. Section 11 of this Act is effective for taxable events occurring after June 30, 2019."

Page 4, line 12, replace "7" with "8"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

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

	Base Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
Salaries and wages	\$201,478,341	\$201,938,923	(\$4,111,885)	\$197,827,038	\$198,161,038	(\$334,000)
Operating expenses	229,381,646	249,253,334	8,284,451	257,537,785	257,537,785	
Capital assets	771,101,851	861,025,944		861,025,944	861,025,944	
Grants	67,528,030	95,854,637		95,854,637	95,854,637	
Short line railroad program		2,500,000		2,500,000	2,500,000	
Contingent Bank of North Dakota Loan			50,000,000	50,000,000		50,000,000
Total all funds	\$1,269,489,868	\$1,410,572,838	\$54,172,566	\$1,464,745,404	\$1,415,079,404	\$49,666,000
Less estimated income	1,269,489,868	1,408,072,838	54,172,566	1,462,245,404	1,412,579,404	49,666,000
General fund	\$0	\$2,500,000	\$0	\$2,500,000	\$2,500,000	\$0
FTE	1,047.00	1,005.00	(23.00)	982.00	984.00	(2.00)

Department 801 - Department of Transportation - Detail of Conference Committee Changes

	Adjusts Funding for Salary Increases ¹	Restores and Adds FTE Positions ²	Transfers 41 FTE for IT Unification ³	Adds Contingent Bank of North Dakota Loan ⁴	Total Conference Committee Changes
Salaries and wages	\$778,127	\$3,334,000	(\$8,224,012)		(\$4,111,885)
Operating expenses			8,284,451		8,284,451
Capital assets					
Grants					
Short line railroad program					
Contingent Bank of North Dakota Loan				\$50,000,000	50,000,000
Total all funds	\$778,127	\$3,334,000	\$60,439	\$50,000,000	\$54,172,566
Less estimated income	778,127	3,334,000	60,439	50,000,000	54,172,566
General fund	\$0	\$0	\$0	\$0	\$0
FTE	0.00	18.00	(41.00)	0.00	(23.00)

¹ Funding is added to provide for employee salary increases of 2 percent on July 1, 2019, with a minimum monthly increase of \$120 and a maximum monthly increase of \$200, and an increase of 2.5 percent on July 1, 2020, the same as the Senate version. The House provided funding for salary increases of 2 percent per year.

² The Conference Committee restored 16 FTE positions (\$3,000,000) of the 42 FTE positions removed by the House and added 2 FTE positions which relate to Fargo driver's license operations (\$334,000). The Senate restored the 16 FTE positions (\$3,000,000) and added 4 FTE positions (\$668,000) of which 2 relate to Fargo driver's license operations.

³ Forty-one FTE positions are transferred to the Information Technology Department for the IT unification project, resulting in reduced salaries and wages of \$8,224,012 and increased operating expenses of \$8,284,451, the same as the Senate version. The House version did not include the IT unification project.

⁴ A \$50 million contingent appropriation from proceeds received from a contingent loan from the Bank of North Dakota is added for providing one-time funding for matching federal grants the department applied for after March 1, 2019, the same as the Senate version. The House did not include this section.

This amendment also:

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- Removes a section added by the House directing the department to establish the Mayville section site as a satellite site of the Hillsboro section and set requirements for seasonal winter services in the Courtenay, Gackle, New England, and Finley sections, the same as the Senate version.

Insert LC: 19.0200.02008
House Carrier: Brandenburg
Senate Carrier: G. Lee

- Adds a section of legislative intent that the Department of Transportation provide seasonal winter services at the Mayville, Courtenay, Gackle, New England, Litchville, and Finley sections, neither the Senate nor the House included this section.
- Creates a new subsection to Section 57-40.3-04 to provide an exemption from the motor vehicle excise tax for vehicles purchased by public transportation providers that receive state funding through the highway tax distribution formula and provide public transportation services and provides an effective date, same as the Senate version. The House version did not include these sections.
- Removes a section added by the House requiring the Department of Transportation to report to the 2021 Legislative Assembly regarding the department's state fleet expenditures compared to its 2019-21 biennium budgeted amounts, same as the Senate version.

Engrossed HB 1012 was placed on the Seventh order of business on the calendar.

2019 TESTIMONY

HB 1012

**Department 801 - Department of Transportation
House Bill No. 1012**

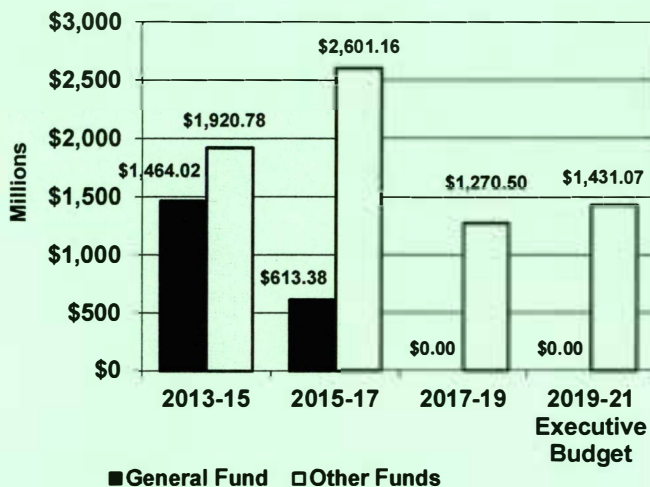
Executive Budget Comparison to Prior Biennium Appropriations

	FTE Positions	General Fund	Other Funds	Total
2019-21 Executive Budget	980.00	\$0	\$1,431,071,206	\$1,431,071,206
2017-19 Legislative Appropriations	1,047.00	0	1,270,504,868	1,270,504,868
Increase (Decrease)	(67.00)	\$0	\$160,566,338	\$160,566,338

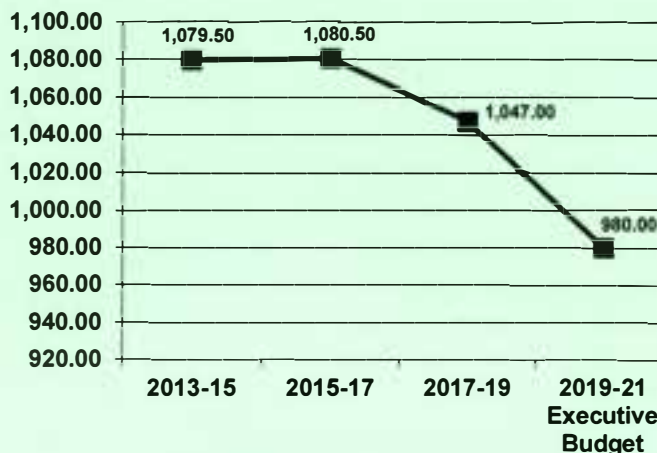
Ongoing and One-Time Other Funds Appropriations

	Ongoing Other Funds Appropriation	One-Time Other Funds Appropriation	Total Other Funds Appropriation
2019-21 Executive Budget	\$1,390,144,659	\$40,926,547	\$1,431,071,206
2017-19 Legislative Appropriations	1,269,489,868	1,015,000	1,270,504,868
Increase (Decrease)	\$120,654,791	\$39,911,547	\$160,566,338

Agency Funding



FTE Positions



Executive Budget Comparison to Base Level

	General Fund	Other Funds	Total
2019-21 Executive Budget	\$0	\$1,431,071,206	\$1,431,071,206
2019-21 Base Level	0	1,269,489,868	1,269,489,868
Increase (Decrease)	\$0	\$161,581,338	\$161,581,338

Attached as an appendix is a detailed comparison of the executive budget to the agency's base level appropriations.

Executive Budget Highlights

	General Fund	Other Funds	Total
1. Adds funding for state employee salary and benefit increases, of which \$7,461,235 is for salary increases, \$3,813,057 is for health insurance increases, and \$976,240 is for retirement contribution increases	\$0	\$12,250,532	\$12,250,532
2. Removes 42 FTE positions and related funding	\$0	(\$7,979,595)	(\$7,979,595)
3. Restores 16 FTE positions for research and development, enterprise management, and to transform the department's artificial intelligence and design, drones, robotics, smart license plates, and digital driver's licenses	\$0	\$3,000,000	\$3,000,000
4. Transfers 41 FTE information technology positions and related funding to the Information Technology Department (\$8,224,012) and adds funding of \$8,305,224 for payments to the Information Technology Department for the information technology unification initiative	\$0	\$81,212	\$81,212

5. Increases funding for capital assets to provide a total of \$861,025,944	\$0	\$87,874,093	\$87,874,093
6. Increases funding from the highway fund for the rail loan program	\$0	\$11,100,000	\$11,100,000
7. Adds funding to implement recommendations from the department's snow and ice control study	\$0	\$750,000	\$750,000
8. Adds funding for Microsoft Office 365 licensing	\$0	\$708,498	\$708,498
9. Adds one-time funding from the highway fund for improvements to the Minot and Williston driver's license facilities	\$0	\$1,300,000	\$1,300,000
10. Adds one-time funding from the strategic investment and improvements fund to replace the current driver's license system	\$0	\$22,500,000	\$22,500,000
11. Adds one-time funding from the strategic investment and improvements fund to replace the traffic data editing and analysis program	\$0	\$1,525,838	\$1,525,838
12. Adds one-time funding from the strategic investment and improvements fund for automatic vehicle location to improve efficiencies in winter operations	\$0	\$2,650,709	\$2,650,709
13. Adds one-time funding from the strategic investment and improvements fund to update its road construction software	\$0	\$9,100,000	\$9,100,000
14. Adds one-time funding from the strategic investment and improvements fund for a comprehensive maintenance management system	\$0	\$3,850,000	\$3,850,000

Other Sections Recommended to be Added in the Executive Budget (As Detailed in the Attached Appendix)

Line item transfers - Section 3 would authorize the Department of Transportation to transfer funds between the salaries and wages, operating, 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.

Exemption - Enhanced state highway investments - Section 4 would provide that \$503,115,558 appropriated in the capital assets line item of House Bill No. 1012 (2015), relating to enhanced state highway investments is exempt from North Dakota Century Code Section 54-44.1-11 and may be continued into the 2019-21 biennium.

Additional income - Section 5 would appropriate any additional federal or other funds available to the Department of Transportation during the 2019-21 biennium.

Estimated income - Strategic investment and improvements fund - Section 6 would identify \$39,626,547 of the other funds appropriation included in Section 1 as from the strategic investment and improvements fund for various information technology projects.

Continuing Appropriations

Public transportation fund - Section 39-04.2-04 - Consists of a 1.5 percent allocation from the state highway tax distribution fund. The funds received by the public transportation fund are allocated to each county. Each county receives .4 percent base amount plus \$1.50 per capita of population in the county, based upon the latest regular or special official federal census.

Significant Audit Findings

There are no significant audit findings for this agency.

Major Related Legislation

House Bill No. 1093 - Creates Section 39-04-14.4 to establish a motorcycle expiration date of March 31st in odd-numbered years and requiring renewal every 2 years. It also amends Section 39-04-19 to change the motorcycle registration fee from \$15 per year to \$30 every 2 years.

House Bill No. 1095 - Amends Section 37-29-01 to change the definition of a "Volunteer emergency responder" to include volunteer members of the Army National Guard or Air National Guard of any state, potentially increasing the number of volunteer emergency responders eligible for a free vehicle registration.

Senate Bill No. 2061 - Creates a new section to Chapter 39-04, to provide definitions and to establish a road use fee of \$248 for electric and \$71 for hybrid vehicles, charged at the beginning of each annual registration period.

Senate Bill No. 2119 - Amends Section 39-01-15, to remove a fee for special identifying certificates for mobility-impaired applicants.

Senate Bill No. 2120 - Amends Section 39-22-18, to change the required minimum number of motor vehicle sales a dealer made during the previous year from 4 to 12 for renewal of its dealer license.

Department of Transportation - Budget No. 801
House Bill No. 1012
Base Level Funding Changes

	Executive Budget Recommendation		
	FTE		
	Position	General Fund	Other Funds
			Total
2019-21 Biennium Base Level	1,047.00	\$0	\$1,269,489,868
2019-21 Ongoing Funding Changes			
Base payroll changes			(\$1,019,746)
Salary increase			7,461,235
Health insurance increase			3,813,057
Retirement contribution increase			976,240
Removes 42 FTE positions	(42.00)		(7,979,595)
Restores 16 FTE positions for research, development, and other purposes	16.00		3,000,000
Transfers 41 FTE positions for information technology unification	(41.00)		81,212
Reduces payments to State Fleet Services			(3,550,000)
Increases capital assets			87,874,093
Adjusts operating expenses			213,190
Increases grants			17,226,607
Increases funding for the rail loan program			11,100,000
Increases funding for snow and ice control			750,000
Adds Microsoft 365 licensing			708,498
Total ongoing funding changes	(67.00)	\$0	\$120,654,791
One-time funding items			
Driver's license system project			\$22,500,000
Traffic data editing and analysis program			1,525,838
Automatic vehicle location			2,650,709
Road construction software			9,100,000
Maintenance management system			3,850,000
Minot and Williston driver's license facility maintenance			1,300,000
Total one-time funding changes	0.00	\$0	\$40,926,547
Total Changes to Base Level Funding	(67.00)	\$0	\$161,581,338
2019-21 Total Funding	980.00	\$0	\$1,431,071,206

Other Sections for Department of Transportation - Budget No. 801

Line item transfers

Executive Budget Recommendation

Section 3 would authorize the Department of Transportation to transfer funds between the salaries and wages, operating, capital assets, and grants 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.

Exemption - Enhanced state highway investments

Section 4 would provide that \$503,115,558 appropriated in the capital assets line item in House Bill No. 1012 (2015) relating to enhanced state highway investments is exempt from North Dakota Century Code Section 54-44.1-11 and is continued into the 2019-21 biennium.

Additional income

Section 5 would appropriate any additional federal or other funds available to the Department of Transportation during the 2019-21 biennium.

Estimated income - Strategic investment and improvements fund

Section 6 would identify \$39,626,547 of other funds appropriated in Section 1 is from the strategic investment and improvements fund for various information technology projects.

Department 801 - Department of Transportation

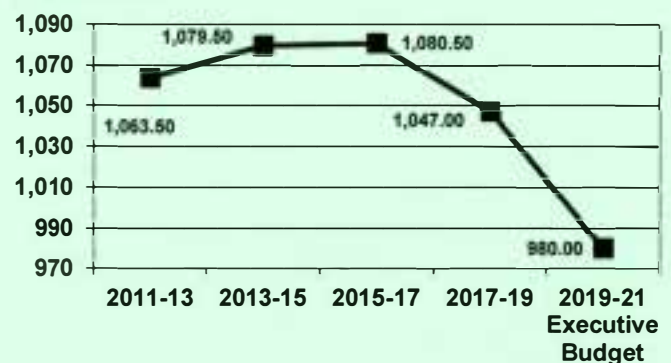
Historical Appropriations Information

Total Other Funds Appropriations Since 2011-13

Agency Funding (in Millions)



FTE Positions



Total Other Funds Appropriations					
	2011-13	2013-15	2015-17	2017-19	2019-21 Executive Budget
Total other funds appropriations	\$1,749,054,459	\$1,920,779,434	\$2,621,156,019	\$1,270,504,868	\$1,431,071,206
Increase (decrease) from previous biennium	N/A	\$171,724,975	\$700,376,585	(\$1,350,651,151)	\$160,566,338
Percentage increase (decrease) from previous biennium	N/A	9.8%	36.5%	(51.5%)	12.6%
Cumulative percentage increase (decrease) from 2011-13 biennium	N/A	9.8%	49.9%	(27.4%)	(18.2%)

Major Increases (Decreases) in Other Funds Appropriations

2013-15 Biennium - Ongoing

- Added funding for 16 FTE positions \$2,357,876

2013-15 Biennium - Special Road Funding

- Added funding from a general fund transfer to the highway fund for enhanced state highway investments (Senate Bill No. 2012 (2013)) \$541,600,000
- Added funding from the general fund for enhanced state highway investments (Senate Bill No. 2176 (2013)) \$620,000,000
- Added funding from the general fund for distributions to oil-producing counties (House Bill No. 1358 (2013)) \$160,000,000
- Added funding from the general fund for distributions to non-oil-producing counties (House Bill No. 1358 (2013)) \$120,000,000

2015-17 Biennium - Ongoing

- Added funding for 1 FTE environmental scientist III position \$195,143
- Increased funding for operating expenses \$8,748,743

2015-17 Biennium - Special Road Funding

- Added funding from a general fund transfer to the highway fund for enhanced state highway investments (House Bill No. 1012 (2015)) \$503,115,558
- Added funding from the general fund for distributions to non-oil-producing counties (House Bill No. 1176 (2015)) \$112,000,000
- Added funding from the general fund transfer to the highway fund for enhanced state highway investments (Senate Bill No. 2015 (2015)) \$18,000,000
- Added funding from a contingent general fund transfer to the highway fund for enhanced state highway investments (Senate Bill No. 2015 (2015)) \$20,000,000
- Added funding from a strategic investment and improvements fund transfer to the highway fund for enhanced state highway investments as part of the "surge" bill (Senate Bill No. 2103 (2015)) \$450,000,000

- | | |
|--|---------------|
| 6. Added funding from the strategic investment and improvements fund for distributions to non-oil-producing counties as part of the "surge" bill (Senate Bill No. 2103 (2015)) | \$112,000,000 |
| 7. Added funding from the strategic investment and improvements fund for distributions to oil-producing counties as part of the "surge" bill (Senate Bill No. 2103 (2015)) | \$240,000,000 |

2017-19 Biennium - Ongoing

- | | |
|---|---------------|
| 1. Removed 26.5 vacant FTE positions | (\$5,363,021) |
| 2. Removed 5 FTE positions (\$658,219) and related operating expenses (\$628,400) through consolidation of 8 highway maintenance sections | (\$1,286,619) |
| 3. Removed 2 FTE administrator positions and transferred \$396,261 from the salaries and wages line item to the capital assets line item | \$0 |
| 4. Adjusted funding for operating expenses, capital assets, and grants. | \$14,067,380 |
| 5. Added funding for capital assets | \$588,122 |
| 6. Reduced funding for operating expenses | (\$5,013,726) |
| 7. Reduced funding for driver's license field sites | (\$160,293) |

2019-21 Biennium - Ongoing - (Executive Budget Recommendation)

- | | |
|---|---------------|
| 1. Removes 42 FTE positions and related funding | (\$7,979,595) |
| 2. Restores 16 FTE positions for research and development, enterprise management, and to transform the department's artificial intelligence and design, drones, robotics, smart license plates, and digital driver's licenses | \$3,000,000 |
| 3. Transfers 41 FTE information technology positions and related funding to the Information Technology Department (\$8,224,012) and adds funding of \$8,305,224 for payments to the Information Technology Department for the information technology unification initiative | \$81,212 |
| 4. Increases funding for capital assets to provide a total of \$861,025,944 | \$87,874,093 |
| 5. Increases funding for the rail loan program from the highway fund | \$11,100,000 |
| 6. Adds funding to implement recommendations from the department's snow and ice control study | \$750,000 |
| 7. Adds funding for Microsoft Office 365 licensing | \$708,498 |

**GOVERNOR'S RECOMMENDATION FOR THE
DEPARTMENT OF TRANSPORTATION AS SUBMITTED
BY THE OFFICE OF MANAGEMENT AND BUDGET**

SECTION 1. APPROPRIATION. The funds provided in this section, or so much of the funds as may be necessary, are appropriated from special funds derived from federal funds and other income, to the department of transportation for the purpose of defraying the expenses of the department of transportation, for the biennium beginning July 1, 2019, and ending June 30, 2021, as follows:

	Base level	Adjustments or Enhancements	Appropriation
Salaries and wages	\$201,765,341	(\$2,259,821)	\$199,505,520
Operating expenses	229,094,646	45,590,459	274,685,105
Capital assets	771,101,851	89,924,093	861,025,944
Grants	<u>67,528,030</u>	28,326,607	95,854,637
Total special funds	\$1,269,489,868	\$161,581,338	\$1,431,071,206
Full-time equivalent positions	1,047.00	(67.00)	980.00

SECTION 2. ONE-TIME FUNDING. The following amounts reflect the one-time funding items approved by the sixty-fourth legislative assembly for the 2017-19 biennium and the 2019-21 one-time funding items included in the appropriation in section 1 of this Act:

One-Time Funding Description	2015-17	2017-19
Adj General loan proceeds	\$709,000	\$0
Electronic payment system	306,000	0
Drivers license project	0	22,500,000
TDEA replacement	0	1,525,838
AVL project	0	2,650,709
RIMS project	0	9,100,000
MMS project	0	3,850,000
Drivers license facility maintenance	<u>0</u>	1,300,000
Total special funds	\$1,015,000	\$40,926,547

The 2019-21 one-time funding amounts are not a part of the entity's base budget for the 2019-21 biennium. The highway patrol shall report to the appropriations committees of the sixty-seventh legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2019, and ending June 30, 2021.

SECTION 3. LINE ITEM TRANSFERS. The director of the department of transportation may transfer between the salaries and wages, operating, capital assets, and grants line items in section 1 of this Act when it is cost-effective for construction and maintenance of highways. The department of transportation shall notify the office of management and budget of any transfers made pursuant to this section.


SECTION 4. EXEMPTION - ENHANCED STATE HIGHWAY INVESTMENTS.

Section 54-44.1-11 does not apply to funding of \$503,115,558 in the capital assets line item relating to enhanced state highway investments in section 1 of chapter 12 of the 2015 Session Laws. Any funds not spent by June 30, 2021, must be continued into the biennium beginning July 1, 2021, and ending June 30, 2023, and may be expended only for enhanced state highway investments.

SECTION 5. APPROPRIATION – DEPARTMENT OF TRANSPORTATION. In addition to the amounts appropriated to the department of transportation in section 1 of this Act, there is appropriated any additional income from federal or other funds which may become available to the agency for the biennium beginning July 1, 2019, and ending June 30, 2021.

SECTION 6. ESTIMATED INCOME – STRATEGIC INVESTMENT AND IMPROVEMENTS FUND.

The estimated income line item in section 1 of this Act includes the sum of \$39,626,547 from the strategic investment and improvements fund for various information technology projects.



HB 1012

Budget Testimony

January 7, 2019

House Appropriations Committee

NDDOT
North Dakota
Department of Transportation

NORTH
Dakota | Transportation
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1/7/19
H#1 HB 1012
page 1

NDDOT's Mission and Vision

Mission - Safely move people and goods.

Vision - North Dakota's Transportation Leader Promoting:

- Safe Ways
- Superior Service
- Economic Growth





NDDOT Strategic Initiatives

As the NDDOT implements its mission to safely move people and goods, we are also working on five main strategic initiatives :

- Safety
- Innovation
- Mobility
- Assets
- Leadership

Strategic Initiative - *Safety*

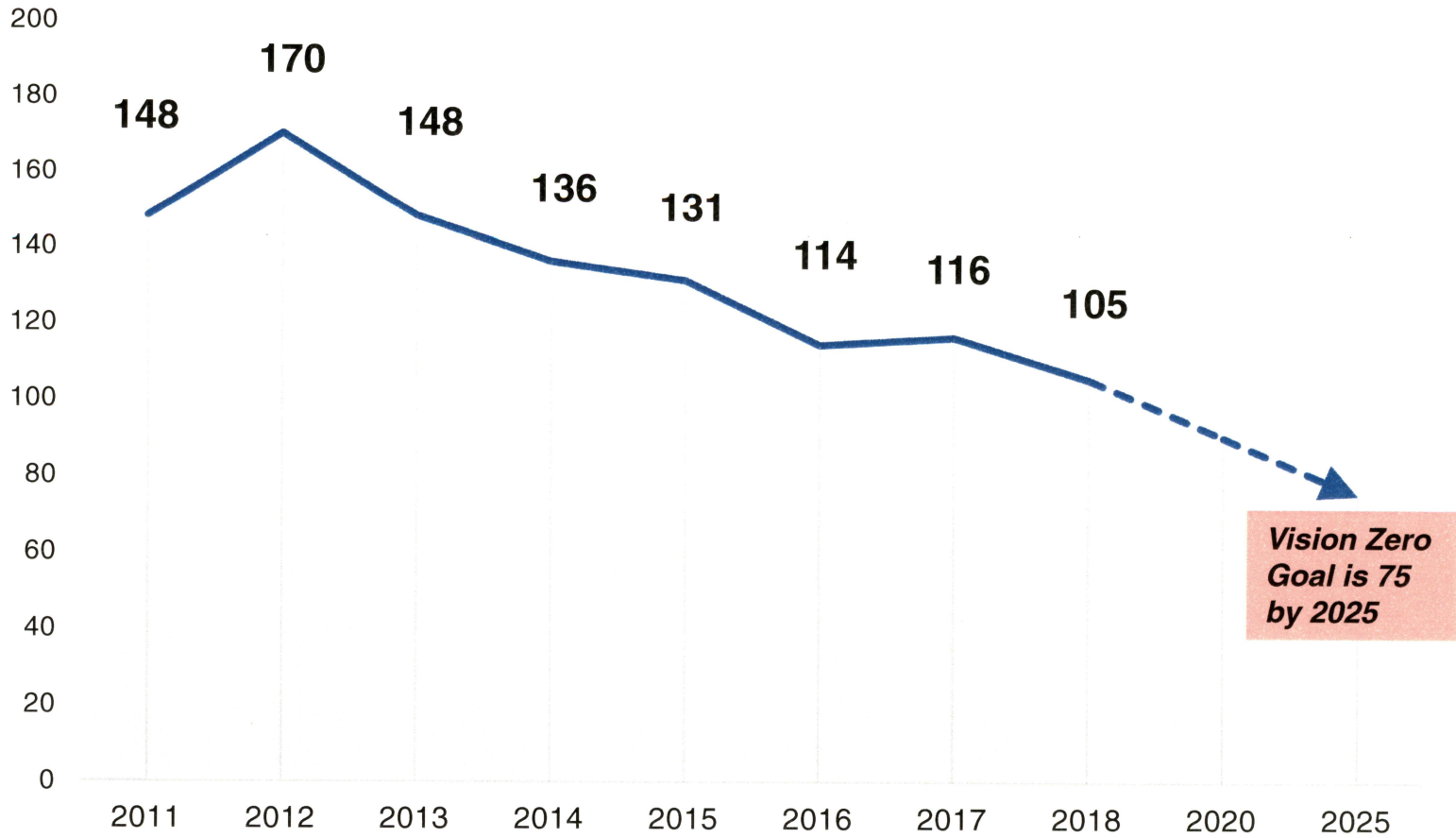
Safety is the number one priority for everything we do at NDDOT. We strive to provide a safe and secure transportation system and workplace.

VISION ZERO

Zero fatalities. Zero excuses.

- NDDOT and our partners launched Vision Zero in 2018 as the state's primary traffic safety initiative.
- The comprehensive, multi-agency effort's goal is to continually work toward zero motor vehicle fatalities and serious injuries on North Dakota roads.
- This initiative emphasizes personal responsibility and encourages motorists to buckle up and obey the law to help attain the goal of zero fatalities on our state roadways.

Traffic Fatalities



VISION ZERO
Zero fatalities. Zero excuses.

Eleven lives were saved in 2018 as crash numbers decreased. More lives can be saved in the future - our goal is to be at 75 traffic fatalities by the year 2025.

Vision Zero Community

Park River, North Dakota, became our first Vision Zero community.



VISION ZERO
Zero fatalities. Zero excuses.

Strategic Initiative - *Innovation*

Innovation is a top initiative at NDDOT as we work on meeting today's challenges with new ideas using innovation and technology.



Unmanned Aircraft System (UAS) Integration Pilot Program - U.S. DOT selected NDDOT as one of 10 participants in the Unmanned Aircraft Systems (UAS) Integration Pilot Program, an initiative aimed at shaping the future of drones in America. The NDDOT along with its partners successfully completed its first public mission of North Dakota's UAS Integration Pilot Program over a Fargo tailgating event in September 2018. This is the first phase of North Dakota's UAS program designed to help FAA create new regulations that will enable the safe, and secure integration of UAS (drones) into national airspace systems.

Autonomous Vehicle – The NDDOT brought a self-driving bus to Bismarck to demonstrate the future of transportation technology. We are also researching areas to develop autonomous vehicle test sites in the state.



Strategic Initiative - *Innovation*

Traffic Counting - NDDOT is testing an innovative new way to utilize fiber optic technology in a traffic counting system. This system uses fiber optic cable, acoustic sensing to monitor traffic flow in real time, and provides continuous traffic volume information to help NDDOT plan, design, and manage North Dakota's roadways.



- NDDOT is the only DOT in the nation utilizing a fiber optic system for this type of traffic monitoring.
- In cooperation with the company's research and development team, NDDOT is working to allow this technology to provide vehicle classification information, which has never been attempted anywhere in the world.

Strategic Initiative - *Mobility*

NDDOT works to improve access to our transportation system through multi-modal solutions to enhance the movement of people and goods, having a positive impact on the quality of life and the economic well-being of North Dakotans.

ND MOVES – NDDOT implemented the Statewide Active and Public Transportation Plan, or *ND Moves*, which helps review and identify existing and emerging needs and recommends strategies for the future of biking, walking and transit across the state.



Strategic Initiative - *Assets*

All NDDOT assets are managed through the use of state-of-the-art technology and risk based practices to assure the right investments are made, and our systems are preserved and enhanced for future generations.

North Dakota's transportation system is a tremendous asset. Built by our parents and grandparents who believed investing in transportation was important for them and future generations, today it has a replacement value of \$14.2 billion.

North Dakota ranks 1st in the nation in highway performance and cost-effectiveness in the National 2018 Highway Report by Reason Foundation.

Highway Statistics

From 2005-2017 state highway miles and traffic numbers have increased:

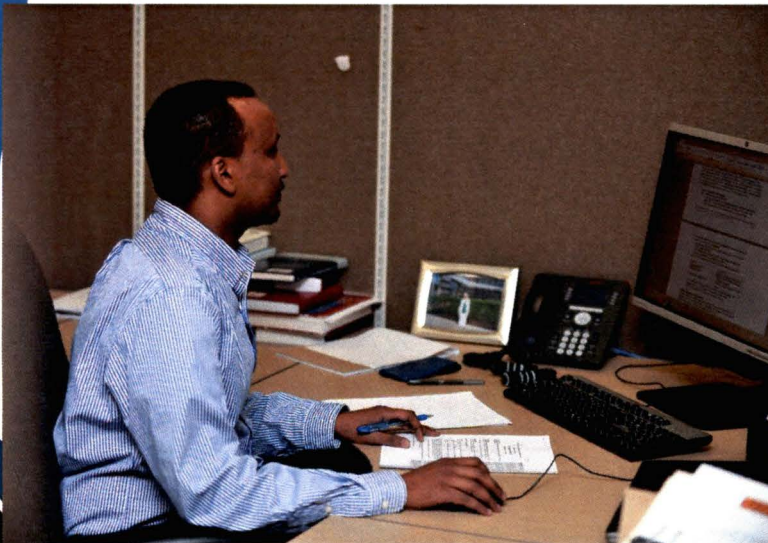
- Approximately 170 lane miles have been added to the state highway system.
- Truck traffic has increased 66%.
- All vehicle traffic numbers have climbed 30%.

ND Road Mileage Total = 106,978 miles

ND Roadway Bridge Total = 4,831 bridges

Strategic Initiative - *Leadership*

We strive to position the NDDOT as a local, state, and nationally trusted leader. We value service, excellence and diversity, instilling a culture of leadership, which expands the problem-solving capacity of our organization.

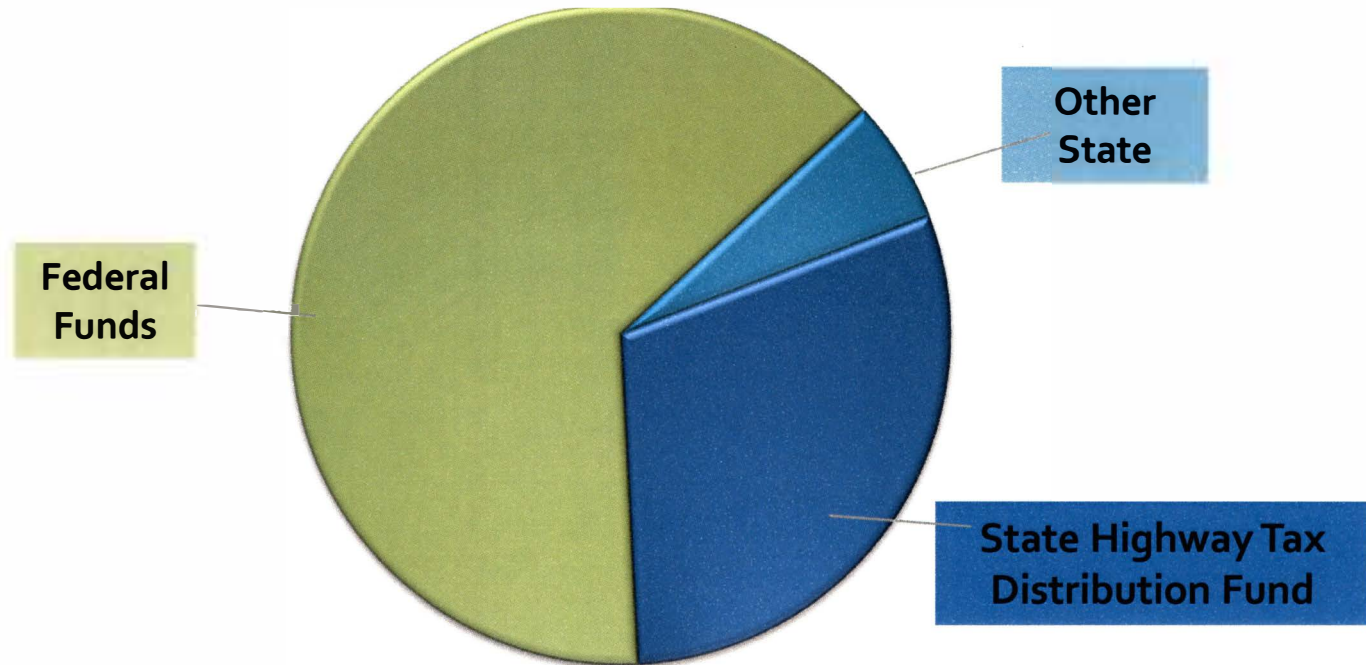


NDDOT team members are leaders in many areas and work hard to provide services across the state including:

- Motor Vehicle
- Driver's License
- Snow and Ice Control
- Highway Maintenance

NDDOT Transportation Revenue

The primary sources of revenue provided to NDDOT are Federal Funds, State Funds from the Highway Tax Distribution Fund and Other state sources primarily Drivers License Fees and oversize/overweight permits.

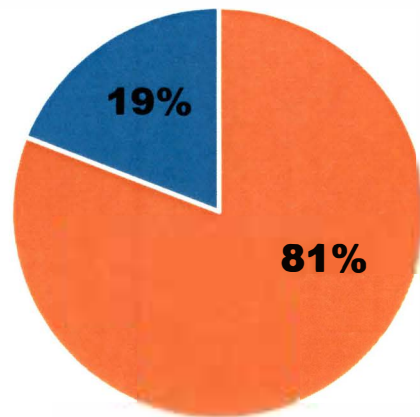


ND Construction Funding vs National Average

The new construction program appropriated in the 2017-2019 NDDOT appropriation is based almost completely on federal funds plus state matching funds.

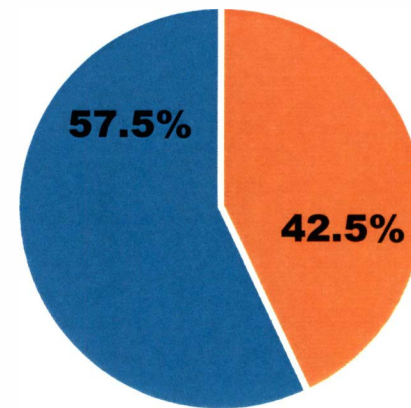
- National DOT average – Approximately 42.5% federally funded construction program
- NDDOT average – Approximately 81% federally funded construction program

North Dakota



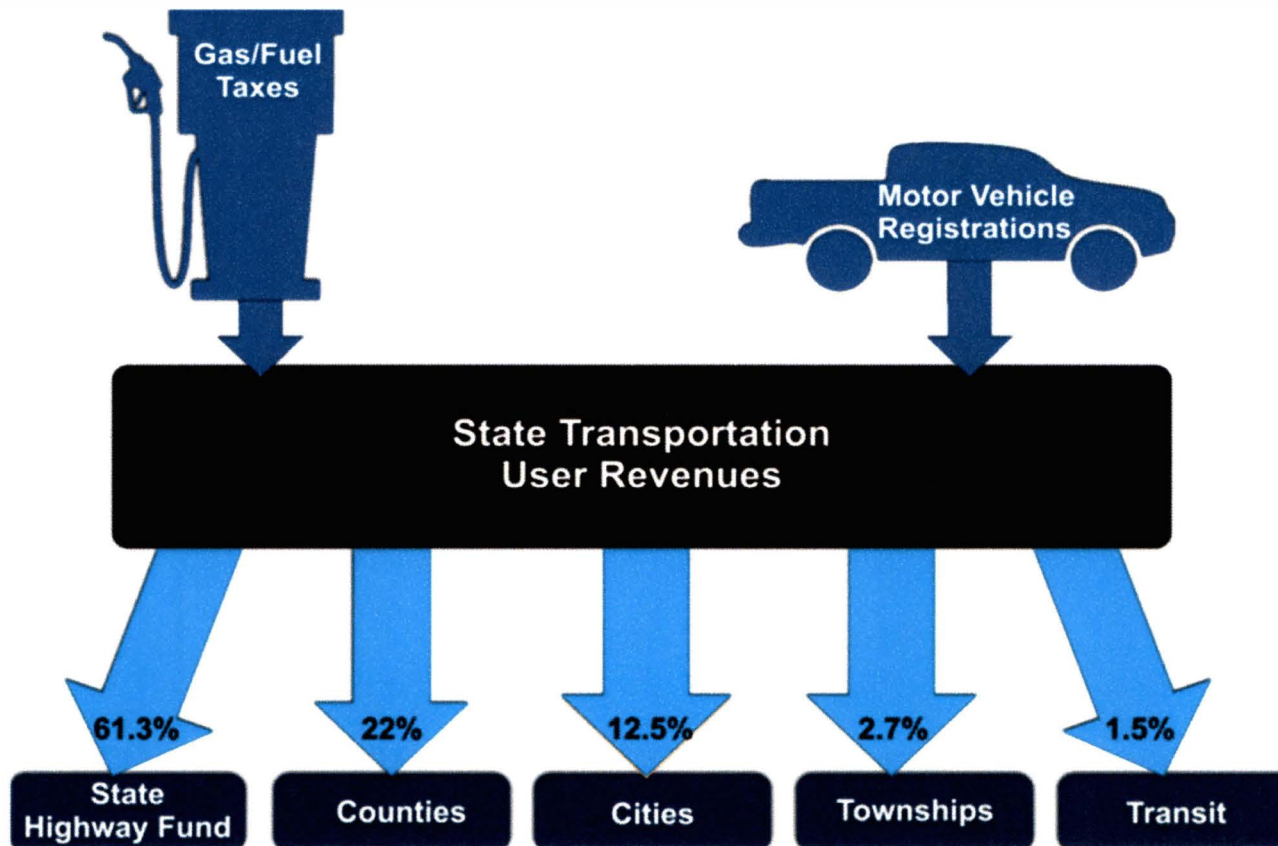
■ Federal ■ Other

National Average



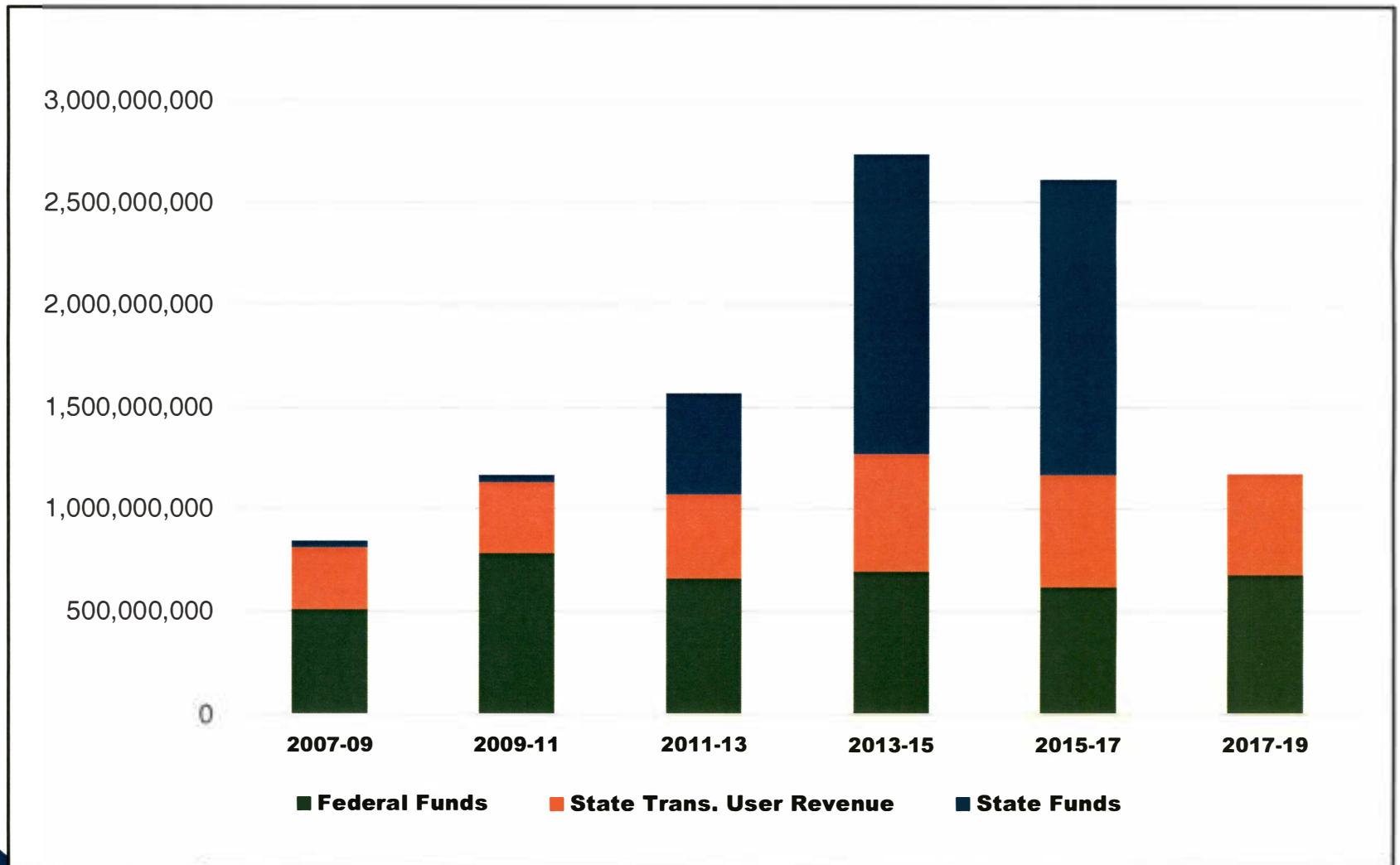
■ Federal ■ Other

State Funded Sources of Transportation Revenue





NDDOT Funding Appropriated Per Biennium





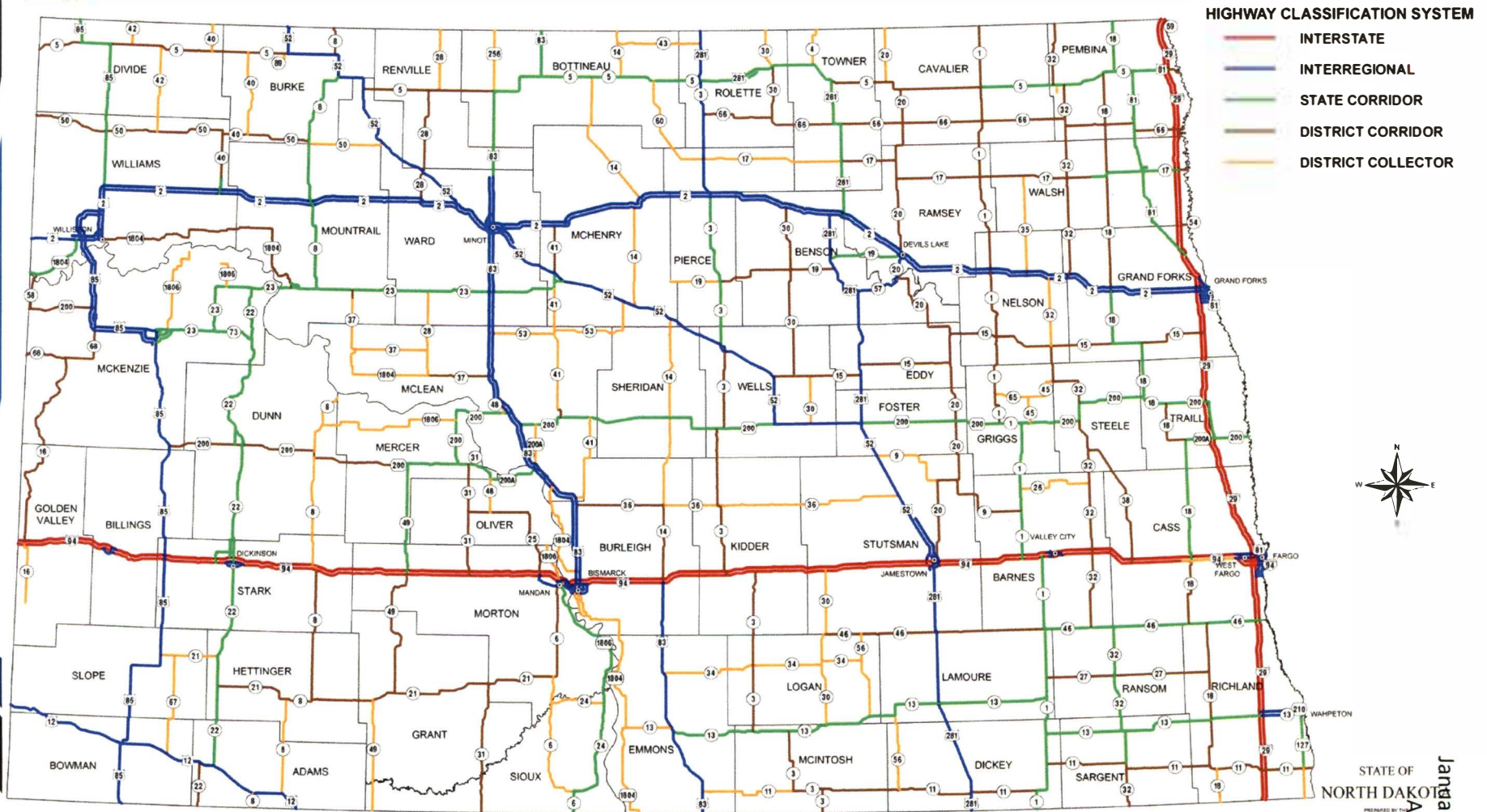
Engineering and Operations

Ron Henke

Deputy Director of Engineering

State Highway Performance Classification System

Need to place emphasis on higher level/more traffic corridors per Highway Performance Classification System. The system was approved by Legislature in 2003.



NDDOT Construction Program

Construction Program – The NDDOT completed approximately \$700 million of work on North Dakota's transportation infrastructure during the 2017 and 2018 construction seasons.



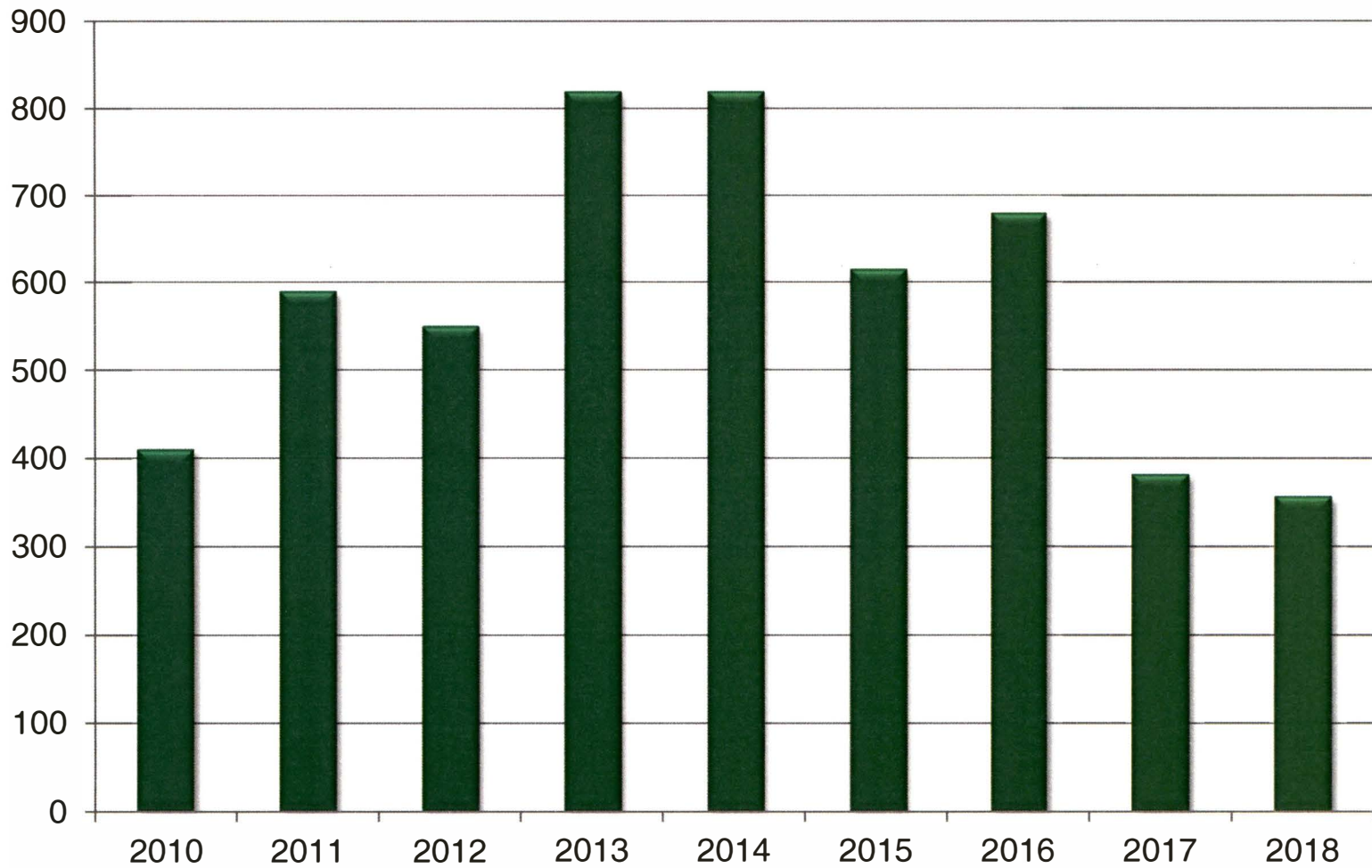
Major Highway Projects

2017-2018 Construction Seasons

- Reconstruction of Exit 346 (Sheyenne St) interchange and Sheyenne St from 32nd Ave to 19th Ave in West Fargo
- Construction of the New Town NW Truck Reliever Route
- Reconstruction and widening of ND Highway 1804 from County Road 5 to County Road 21
- Reconstruction of I-29 southbound from north of Galchutt to Christine
- Paving and bridge work on I-94 eastbound from west of Crystal Springs to east of Cleveland
- Paving and widening on ND Highway 3 from the junction of ND Highway 19 to Rugby
- Pembina Border Crossing improvements on I-29 northbound.

NDDOT Construction Program

(\$\$ Millions)



Awarded Construction Contracts



2019-21 Biennium Statewide Transportation Improvement Program

2019 Construction Season:

- Reconstruction of I-29 and I-94; I-94 EB from west of Eckelson to the Oakes exit, I-94 WB from east of Richardton to east of Hebron, I-29 NB from north of Gallchutt to Christine
- Replacement of the Long X Bridge on US 85 south of Watford City
- Reconstruction of 52nd Ave S in Fargo from 45th St S to Sheyenne St and the continuation of the reconstruction of Sheyenne St in West Fargo from 40th Ave S to 32nd Ave S
- Paving and bridge work on I-94, I-194, and ND 810 in Mandan east of the Center Exit
- Completion of the 4-laning of the Minot US 83 NW Bypass from 4th Ave NW to the junction of US Highway 83
- Paving and widening on ND Highway 18 from the east junction of ND Highway 5 to the Canadian Border.

2020 Construction Season:

- Reconstruction & widening of ND HWY 1804 from Red Mike Area to Epping to finish corridor between New Town & Williston
- Reconstruction and widening on US Highway 2 westbound from east of Churchs Ferry to Devils Lake
- Reconstruction and widening on US Highway 281 from north of Sheyenne to near the junction of ND Highway 57
- Paving and widening on ND Highway 22 from the east junction of US Highway 12 to New England
- Concrete Overlay on US Highway 2 westbound from Blaisdell to 4 miles west of Berthold
- Paving on US Highway 2 westbound from Arvilla to Grand Forks
- Roadway and bridge construction of 64th Ave S in Fargo from 33th St S to 38th St S
- Intersection improvements at Exit 153 (Mandan Ave) and reconstruction of Mandan Ave from I-94 to 27th St NW
- Slide Repair on US Highway 85 north of the Long X Bridge, 13 miles south of Watford City
- Paving and widening on ND Highway 37 from Parshall to Raub
- Reconstruction of Main Avenue in Fargo from University Drive to west of Broadway.

NDDOT Maintenance Program

NDDOT has 350 snowplow trucks operating across the state.

- Using high tech maintenance and snow & ice control equipment.

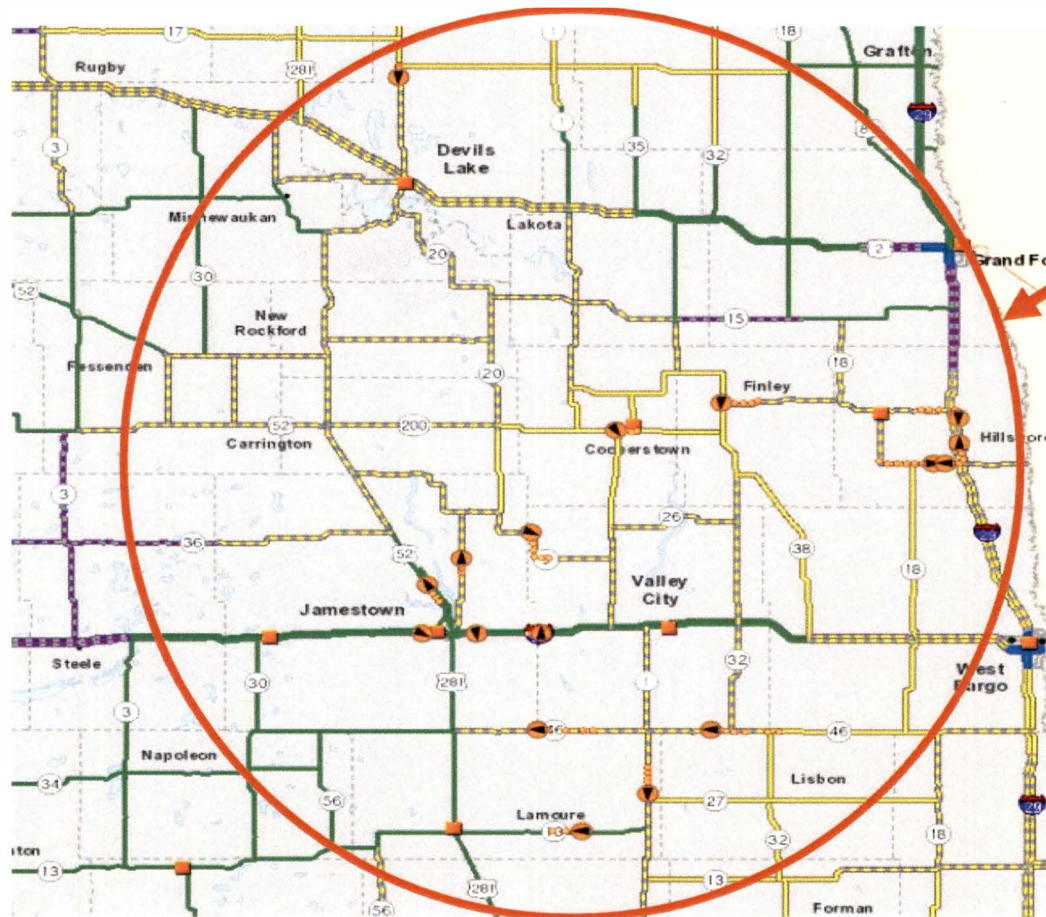


Snowplow operators work many hours, often called for emergency situations:

- Providing snow plow operations to an emergency crew that helped save a Williston man's life after a massive heart attack during a blizzard. A Williston District employee was called after midnight and cleared roads from Williston to Minot in zero visibility conditions, plowing through two-to-three foot snow drifts.
- A Fargo District employee cleared roadways during severe blizzard conditions and assisted an ambulance in making sure a young couple could get to the hospital to deliver their first child.
- A Fargo District employee assisted a man on the highway who had been stabbed and was in need of shelter and medical attention.

NDDOT Accomplishments

Track-A-Plow – The NDDOT launched a new pilot program called “Track-A-Plow” in 2018. The pilot program utilizes technology to track the location of designated state snowplows and provides the information to the public online. **iPads** - Using iPads to update road conditions map



Shows where plows are working



Drivers License, Motor Vehicle Business Support

Mark Nelson

Deputy Director Business Support,
Driver and Vehicle Services

REAL ID – Update

NDDOT implemented the REAL-ID process June 1, 2018.

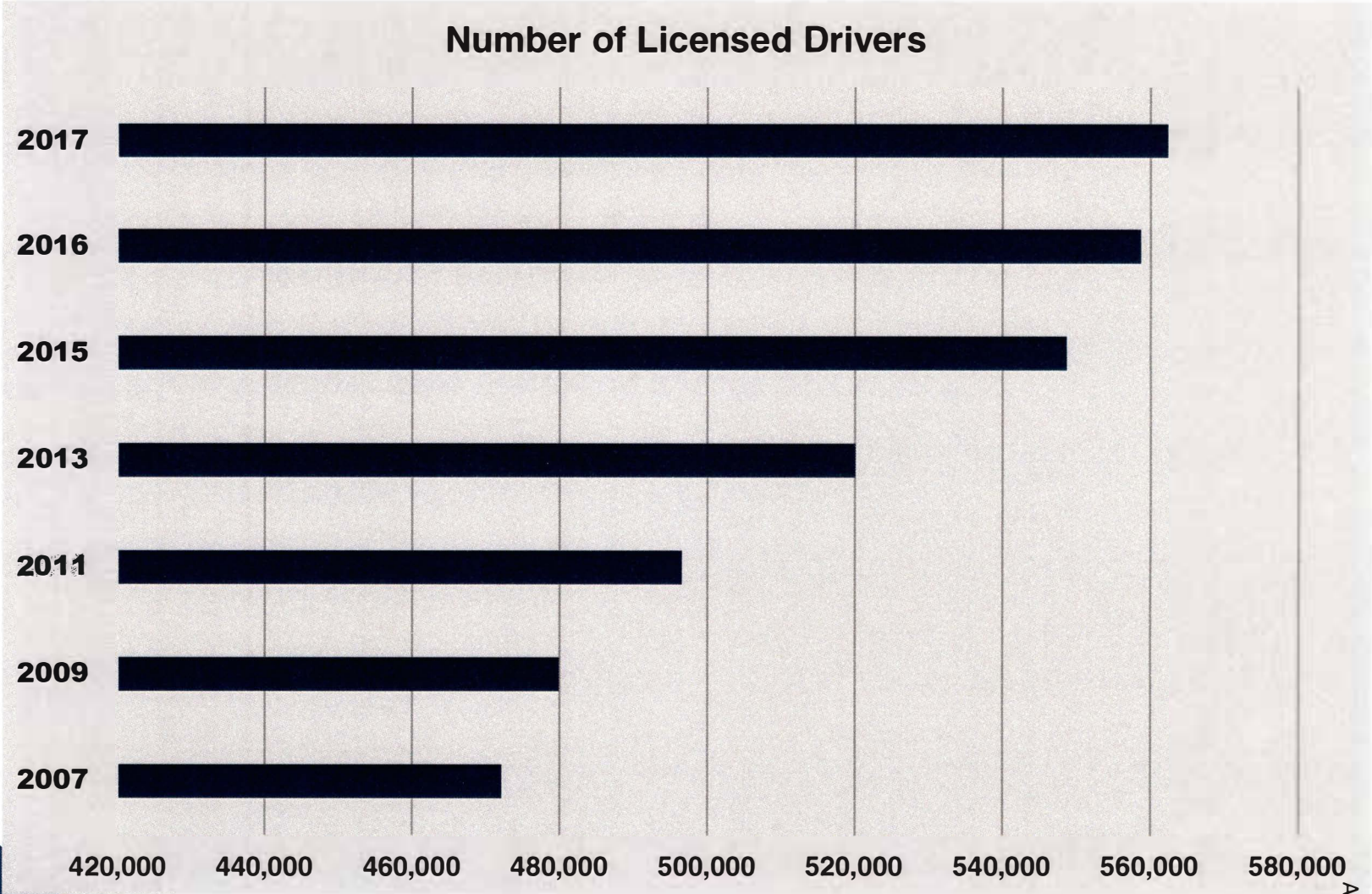
Through December, 2018: 17.5% of monthly license/permit/ID card transactions Issued are Real ID Credentials.

A total of 26,910 Real ID credentials issued as of this date.



- All military installations have implemented full Real ID requirement for access.
- The cutoff date to have a Real ID for boarding aircraft is October 1, 2020.
- If you want/need a Real ID, visit our website for items needed.

Number of Licensed Drivers continues to grow



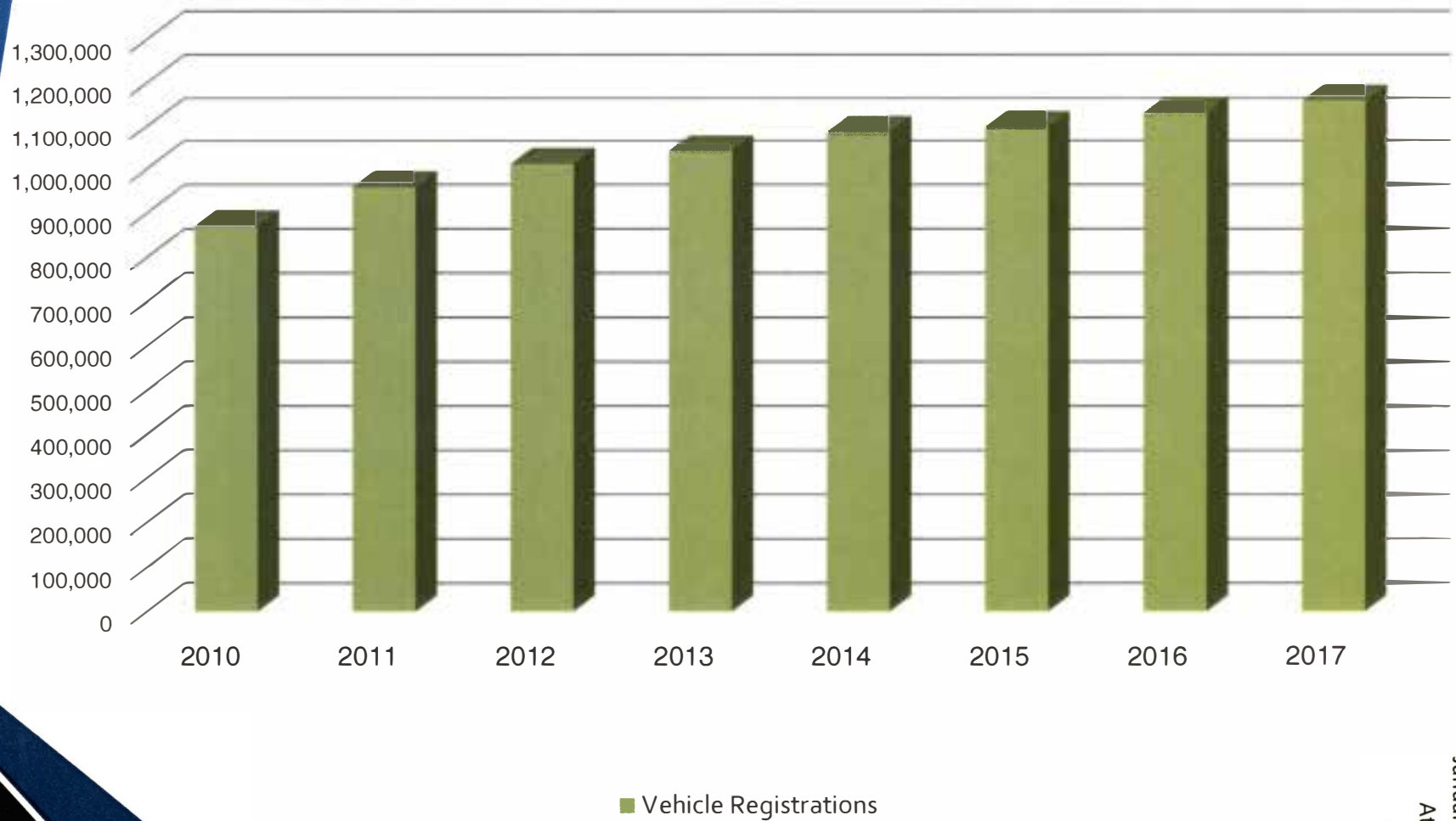
Driver's License Online

Nearly 5,000 drivers renewed their Driver's License online in 2018 with a new customer focused online service program. This tool makes it easier for citizens to renew their driver's license on their home computer, saving them a trip to the Driver's License office. Residents can also make appointments online to schedule visits to DL office.

Driver's License Online Features:

- Renew a Driver License
- Schedule a Road Test
- Schedule a ND License Renewal Appointment
- Address Changes
- Numerous Manuals/Training Materials Available
- Online Driving Record
- Many Other Options

Motor Vehicle Registrations Increase



Motor Vehicle Services



Many tools are offered to vehicle owners to renew their vehicle registration. Last year:

- 33% renewed through the mail
- 32% renewed through a branch office
- 30% renewed online
- Nearly 4% renewed through a kiosk.

Motor Vehicle Kiosks – In 2018 NDDOT expanded the use of fully automated kiosks or self-service terminals for motor vehicle registration renewals in a number of major cities across North Dakota including Bismarck, Fargo, Dickinson, Minot, Williston and Grand Forks.

These stations dispense license plate renewal registration cards and motor vehicle tabs on the spot without visiting a Motor Vehicle Branch Office.

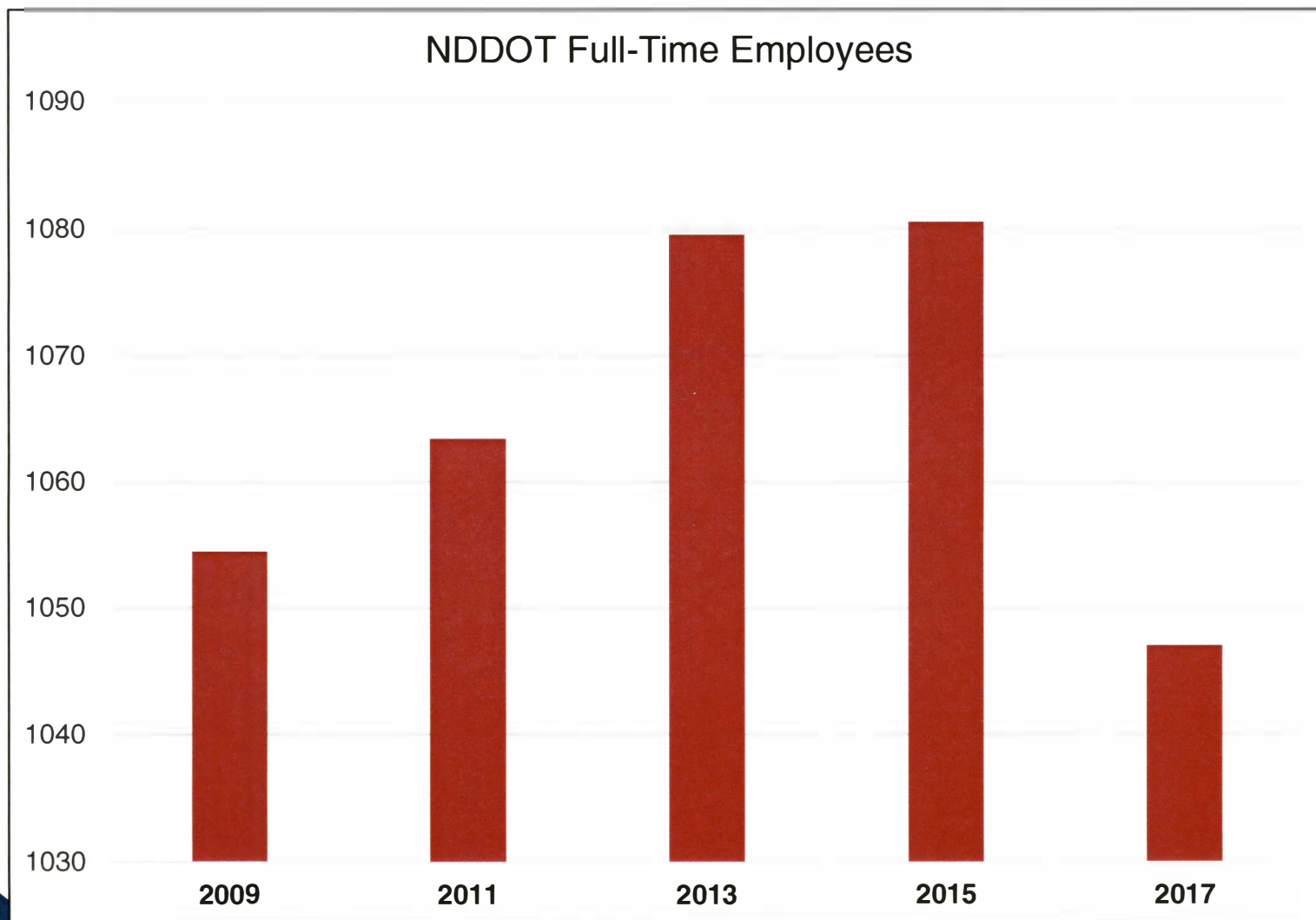
Recruitment Efforts

Continue to have difficulty in filling certain areas:

- Engineering technicians
- Mechanics
- Transportation technicians/snowplow operators
(staff with Commercial Drivers Licenses)



Staffing Levels





Financial Information

Shannon Sauer, Chief Finance Officer

Highway Tax Distribution Fund

2017-2019 Biennium to Date Revenue Comparison (18 months)

- Original Projection (7/1/17 - 12/31/18) = \$389.1 Million
- Estimated biennium to date collections to 12/31/18 = \$420.0 Million

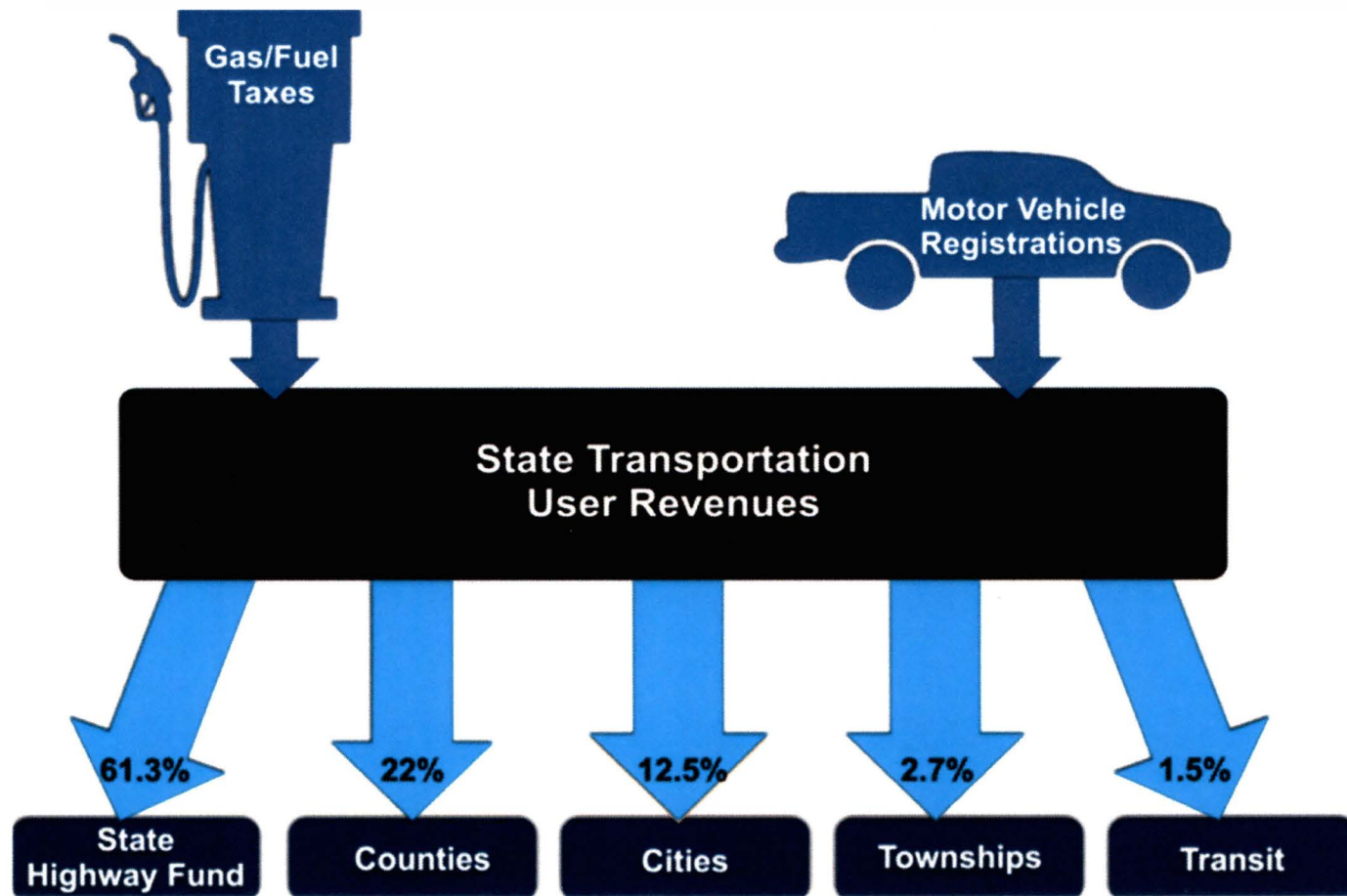
Other State Highway Funds

2017-19 Biennium to Date Revenue Comparison

Does not include NDDOT share of Highway Tax Distribution Fund

- Original Projection (7/1/17 - 12/31/18) = \$77.5 Million
- Biennium to date collections thru 12/31/18 = \$85.9 Million

State Transportation Revenues go into Highway Tax Distribution Fund



Projected Highway Tax Distribution Fund Distributions

Department of Transportation 2019-2021 Biennium Projected Highway Tax Distribution Fund Distributions

	Percentage	(in millions)
ND Department of Transportation	61.3%	\$341.4
Counties	22.0%	122.5
Cities	12.5%	69.6
Townships	2.7%	15
State Public Transportation	1.5%	8.4
TOTAL		\$556.9

Projected Highway Fund Revenues

Department of Transportation 2019-2021 Biennium Projected Highway Fund Revenues	
Highway Fund Revenue (in millions)	
Truck Regulatory	\$42.8
Drivers License	9.4
Reimbursement from Fleet Services	2.0
Road Materials, Hay Bids, etc.	4.0
Interest	1.5
Reimbursement from Counties & Cities	60.7
Total	\$120.4

Estimated Federal Highway Construction Funds & State Match

2017-2019 Biennium

Estimated Federal Revenue and Related State Match (in millions)

Estimated Federal Revenue		
Federal Highway Funding -	648.1	
Federal Transit Funding -	16.0	
National Highway Transportation Safety Administration Funding -	9.3	
Total Federal Funding		\$673.4
Estimated State Matching Funds		\$110.4

2019-2021 Biennium

Estimated Federal Revenue and Related State Match (in millions)

Estimated Federal Revenue		
Federal Highway Funding -	702.9	
Federal Transit Funding -	24.8	
National Highway Transportation Safety Administration Funding -	9.4	
Total Federal Funding		\$737.1
Estimated State Matching Funds		\$116.8

Budget Legislation

Agency Appropriations

	HB 1012 base level	Recommended changes to base budget	HB1012 Governor's Recommendation
	<u>2019-2021</u>	<u>2019-2021</u>	<u>2019-2021</u>
Salaries	\$201,478,341	(1,972,821)	\$199,505,520
Operating	229,381,646	45,303,459	274,685,105
Capital Assets	771,101,851	89,924,093	861,025,944
Grants	67,528,030	28,326,607	95,854,637
TOTAL	\$1,269,489,868	\$161,581,338	\$1,431,071,206

Base Budget Information

Base Budget Changes

Proposed cuts - Restored

Special funds for federal match	\$	26,550,000	
10 "Run" FTE positions		2,020,405	
Rest area maintenance		2,537,696	
MV call center and title quality review services		1,300,000	
State funded contractor payments		12,500,000	
Contract patching for small projects		2,400,000	
16 "Grow and Transform" FTE positions		3,000,000	
Building maintenance funding		3,000,000	
Total	\$		53,308,101

Additional Agency Requests - Granted

State Match for additional federal funding	\$	7,400,000	
Funding Source Correction for rail loan program		11,100,000	
Local Match Funds		7,200,000	
Snow/Ice Control		750,000	
Driver's License facilities expansions and maintenance		1,300,000	
IT Project - Driver's License system rewrite - SIIF Funded		22,500,000	
IT Project - Traffic Data Editing and Analysis system replacement - SIIF Funded		1,525,838	
IT Project - Automatic Vehicle Location System - SIIF Funded		2,650,709	
IT Project - Roadway Inventory Management System Replacement - SIIF Funded		9,100,000	
IT Project - Maintenance Management System - SIIF Funded		3,850,000	
Total	\$		67,376,547

Additional Executive Changes and base budget alignments

MicroSoft 365	\$	708,498	
Additional Funding for Payments to ITD for Services		81,212	
Additional funding for Road Projects		22,462,303	
Comp/Health package		12,250,532	
26 FTE Cut and Base Payroll Changes		(11,019,745)	
Operating Expense Reductions and Base Changes		(8,036,810)	
Construction Program/Capital Asset Base Adjustment		7,224,093	
Grant Base Adjustment		17,226,607	
	\$		40,896,690

Total Base Budget Changes

\$ 161,581,338

Base Budget Information

Proposals Not Funded

26 "Run" FTE positions	\$	4,979,595
Transformation/Innovation program		6,000,000
Rest Areas - Rehab/Upgrades		20,000,000
Two new rest areas		8,000,000
New maintenance section		1,100,000



State and Global Economy

- North Dakota's transportation system must be interconnected, maintained and enhanced to allow us to be globally competitive.
- Products and services we deliver must create a transportation system that allows state business to prosper.



Partnerships

To accomplish our mission DOT partners with several entities:

- Cities
- Counties
- Townships
- Tribal Governments
- Metropolitan Planning Organizations
- Businesses
- Transit Providers
- Contracting Industry
- Consultants

Future

There are many factors that can affect funding for transportation today and in the future:

- Disruptive technology in vehicles and other transportation modes.
- Increased fuel efficiencies in vehicles.





Information Packets

We are providing information packets that contain information about various studies and reports, NDDOT has worked on over this past year/biennium.

Questions?

**THANK
YOU**

Att 2 1/9/19 HB 1012



2018

**Snow and Ice
Control Route
Optimization
Study Results**

2018 Snow & Ice Control Study Results

1.0 Executive Summary

Providing a safe and efficient transportation system for motorists is an important outcome of the snow and ice control operations process. North Dakota Department of Transportation (NDDOT) team members work on our mission to safely move people and goods daily and always pursue advancements and efficiencies with snow and ice control operations.

Through the years NDDOT has explored route and section optimization to meet the changing needs of state residents. Prior to the 1960s the department had approximately 135 section locations, excluding the District Headquarters for road maintenance. Over time and with the use of innovative equipment, material modifications and computer technology we have reduced our section locations throughout the state to 61.

Senate Bill 2012 contained a provision that required NDDOT to study the manner in which it provides snow and ice control services and potential savings available in providing these services. In late 2017, NDDOT hired a contractor, C2Logix, to conduct a technical analysis of current snow and ice control routes. The department created a team to work with the contractor and provide information about current services and pertinent parameters to analyze routes plus level of service.

Levels of service and cycle times were two important criteria used in analyzing the optimized routes. The contractor and NDDOT worked closely together and went through several iterations of optimizations before deciding on a final run showing the need for 327 routes to cover the highways that we are responsible for. The optimization model created uniform cycle times based on levels of service across the state. The model shows a 19% reduction in mileage and an 8% reduction in plowing time when comparing NDDOT's previous cycle times and routes. The optimization model accomplished this by configuring more uniform cycles for routes. For example, it changed the cycle time of one route from 5 hours to 3 hours and then changed the cycle time for another route from 1 hour to 3 hours. See Attachment J for table on plow cycles

NDDOT's experience with snow and ice control operations requires 351 operators to cover the 327 routes. The 351 operators account for plowing the designated routes, overnight crews in metro areas (Fargo, Bismarck, Minot and proposed Grand Forks), as well as planned and unplanned absences. The analysis included reviewing a variety of existing section locations for possible reductions or consolidations and the addition of a new section location.

In addition to this technical analysis, the NDDOT conducted a Public Survey on Snow and Ice Control to learn what level of snow and ice control services were acceptable to motorists on ND highways. The results from the first question indicated that the majority of drivers are satisfied with their current level of service. The survey also indicated that the majority of drivers expected the service provided should be the same for all 4-lane roads. For questions addressing roadways with snow covered and compacted snow, the survey results show drivers on 2-lane roads are less accepting of snow covered roads than 4-lane roads. See Attachment L for more information on the public survey.

In reviewing the public survey results and historical data, NDDOT collaborated with the contractor to have the North Dakota highway network optimized for plowing. Using the modeled 327 routes, the optimization study shows long term savings on capital, employees and equipment while maintaining statewide uniformity in snow and ice control.

The optimization study results are based on providing a uniform level of service identified by the subject matter experts and did not look at adding more services. The study shows the possibility of long term savings of \$345,000/year through the reduction of operating costs and three employees. It also shows a

one-time cost saving of \$634,000 through removal of three snowplows from the fleet. The study also looked at capital investments, reviewing long term options in which some section locations may be consolidated and an additional section location may need to be built, while many other existing section locations need to be improved to accommodate optimization needs. Consolidation may reduce capital assets by \$5 million but approximately \$4.6 million will be needed to invest in buildings for optimization improvements.

Our next steps are to:

- Evaluate and prove the technical study results by testing the optimized routes this winter season and verifying operational reliability.
- Obtain additional public feedback by conducting focus groups across the state.
- Review capital asset needs.

This study showed the department that NDDOT's current snow and ice control operations are efficient but there are also other techniques we can use to improve effectiveness. The technical data from the study and public input are tools that we will use to help make decisions for updating facilities, maximizing service levels and providing potential cost savings in the future.

2.0 Purpose

The purpose of this study is to meet the legislative requirement that NDDOT study the manner in which it provides snow and ice control services and potential savings available in providing these services. This requirement comes from the Senate Bill 2012 passed during the 65th Legislative Assembly. See Attachment K.

3.0 Current Department Innovations

In the past, studies were developed around staffing and the number of lane miles per operator. The rationale was to provide staffing and resources in order to provide an improved level of service. Now with the advancements being made in equipment and methods of operation, more efficiencies can be obtained and still provide an improved level of service. Some of those advancements are identified below:

- The towplow is one of the newest advancements in equipment to bring efficiencies to the snow and ice control operation. The towplow is beneficial wherever you have multi-lane facilities like the Interstate system or wide shoulders. The towplow can assist in removing snow that would otherwise be needed to make a second pass on the roadway. The towplow can also directly apply liquid salt brine to the surface of the roadway in an anti-icing or de-icing application. The towplow and truck can be used to apply straight salt or liquid salt brine in a slurry application. The department currently has 32 towplows in the fleet.
- The advancements made to the plow truck include an electronic spreader control that can meter straight salt at calibrated pounds of salt per lane mile, much like an agriculture crop spraying operation allowing for a more precise application rate. Tandem axle trucks spreading straight salt can cover more lane miles than the same truck with sand/salt mix. A tandem axle truck is capable of covering approximately 70 lane miles of roadway at a 300 pounds per lane mile application rate, which is a common application rate.
- Maintenance Decision Support System (MDSS) in conjunction with a value added meteorologist has also advanced the efficiencies of snow and ice control. The weather forecast is used to measure the magnitude of the storm event while MDSS can provide the timing of the storm, how much and what type of precipitation is to be expected, when the best time would be to apply liquid or granular material, and provide the most cost effective treatment recommendation that should be used.

4.0 Department Analysis History

Over time the department has reviewed the number of maintenance section locations statewide and consolidated service areas based on efficiencies. Prior to the 1960s the department had approximately 135 section locations which concentrated primarily on gravel road maintenance. Through the years as gravel roads transitioned to pavement and equipment evolved, the need for larger crew sizes grew and maintenance operations changed. This led to the optimization and consolidation of maintenance section locations. Section optimization studies were completed in 1994, 2008, and 2017. The 2017 study focused on using the most efficient and cost effective methods of snow and ice control such as using straight salt, pre-wetting, anti-icing, and towplows. As a result of the 2017 study, NDDOT reduced the number of section locations by eight going from 69 to 61.

NDDOT plows approximately 17,250 lane miles of state highways

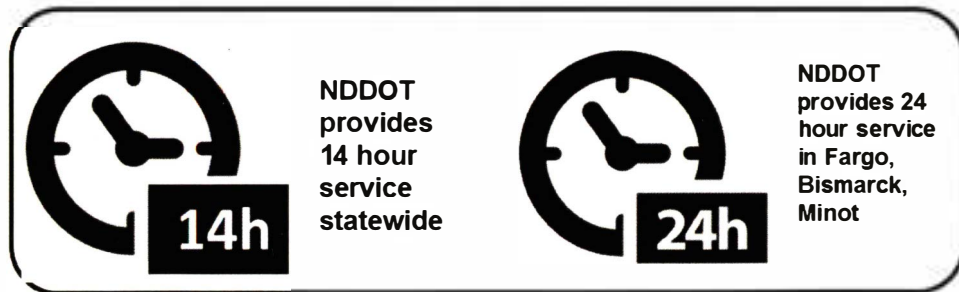
4.01 Methodology of C2Logix Route Optimization Analysis

The department was tasked with studying the manner in which it provides snow and ice control services. To meet the legislative requirements for 2018, NDDOT contracted with a route optimization consultant and conducted a public survey on snow and ice control. Using the information gained, the department analyzed current operations and will look at recommended efficiencies for the future. These recommendations can be found in Section 5.0 Conclusions and Discussion of this report.

Background

NDDOT is responsible for plowing approximately 17,250 lane miles of state highways. There is currently a total of 354 transportation technicians (trans techs) stationed in 61 section locations and eight NDDOT District Headquarters (see Attachment A). Out of these 354 trans techs, six are dedicated night-shift operators. This leaves a total of 348 trans techs who plow snow during the daytime hours. During planned and unplanned absences, other staff, such as sign shop personnel, engineering techs, or other employees with commercial driver's licenses, help operate the plows during significant events.

NDDOT is not a 24-hour snow plowing operation, generally providing service through a 14-hour day from 5 a.m. to 7 p.m., however there are three 24-hour snow plowing operations located in Fargo, Bismarck, and Minot metro areas. It is in these three locations where there are six dedicated winter night-shift operators.



Analysis team established

NDDOT acquired the services of a consultant to analyze current snow plow operations and determined the current cycle times being performed. Working with the consultant the department set up a team of Subject Matter Experts to establish the needed inputs for the program. The team consisted of

representatives from the eight districts, the central office maintenance division, and the NDDOT executive office.

Cycle times, plowing speeds and innovation analyzed

The team decided on parameters to be used in the optimization study such as level of service, cycle times, plowing speeds, deadhead speeds, down time, working hours, and current department innovations. The modeling process used a statewide snow event to calculate the total time to clear all driving lanes with optimized routing. Other information included items such as how wide a plow could clear, how far a plow could travel on a tank of fuel, and delays associated with intersections and interchanges, to name a few.

Level of Service Six Tier System utilized

NDDOT used a six tier system to identify the level of service (LOS) for the different classifications of highways from urban Interstates to rural District Collectors (see Attachment B). The LOS was based on the Highway Performance Classification System passed by Legislature in 2003 (see Attachment C).

The department grouped levels of service by plowing cycle times: urban Interstate goal was a two hour cycle time; rural Interstate, Interregional highways, and State Corridors goal was a three hour cycle time; and District Corridors and District Collectors goal was a four hour cycle time. A cycle consists of a plow starting at the section building, plowing its route, refueling and reloading as necessary, and getting back to the starting point ready to plow the route again, a full circle. A plow truck would be seen at any given point along the route approximately once every two, three, or four hours depending on the highway classification. Two cycles per day were required for all routes.

The contractor then designed balanced, optimized routes based on the remaining section locations utilizing a commercially available route optimization software system. The software was capable of automatically determining the most efficient snowplow routes using multiple levels of service and storm scenarios and was programmable to account for future changes to section locations, salt sheds, lane miles, and equipment capacity. Although the department's maintenance sections perform both summer and winter maintenance operations, the optimization study focuses on winter maintenance operations only. The department provided cost figures for labor and equipment to the consultant for use in the study summary.

Population centers, public health facilities and school locations included

The company then modeled NDDOT's existing practices, coordinated with the department on adjustments to their work, and optimized the plow routes based on established criteria and NDDOT practices. This resulted in cycle times ranging from approximately a 1-hour cycle time to a 9-hour cycle time. In order to help determine where modifications could possibly be made to our existing operations the department looked at existing locations of population centers, public health facilities, schools (see Attachments E, F, G, and H), and applied a 25 mile radius around existing section locations (see Attachment I) to help identify redundancies. With this information the department identified potential areas of redundancy.

The contractor performed multiple iterations of route optimization. As different optimized runs were completed, the department analyzed the results and verified the runs would meet our service criteria. Working through this process the department and the contractor agreed on an accepted optimized run. This run was labeled Run 3 and the results as prepared by the contractor are attached to this report as Attachment D.

The results of the C2Logix route optimization model shows that daytime plow operations could cover the statewide highway network using 327 routes. All highways would be plowed with the parameters set by NDDOT and according to LOS. The model shows a 19% reduction in mileage and an 8% reduction in plowing time when comparing 354 routes to 327 routes. The optimization model accomplished this by

balancing cycle times and determining more uniform cycle times for routes. For example, it changed the cycle time of one route from 5 hours to 3 hours and then changed the cycle time for another route from 1 hour to 3 hours.

Historical NDDOT data shows there are about 39 winter events annually that require some treatment for ice or snow on the highway system.

The National Weather Service estimates North Dakota averages ten winter storm events and four blizzard events every year.

Historical NDDOT data shows there are about 39 winter events annually that require some treatment of the highway system. According to the National Weather Service, North Dakota averages ten winter storm events and four blizzard events every year. North Dakota is a large state with varying topography and weather. It is rare that the entire state experiences a winter event requiring all plows to work for the full 14-hour day. Where the optimization model does show consistent savings is with the reduced number of plow routes, therefore reducing equipment and staff costs over the entire year.

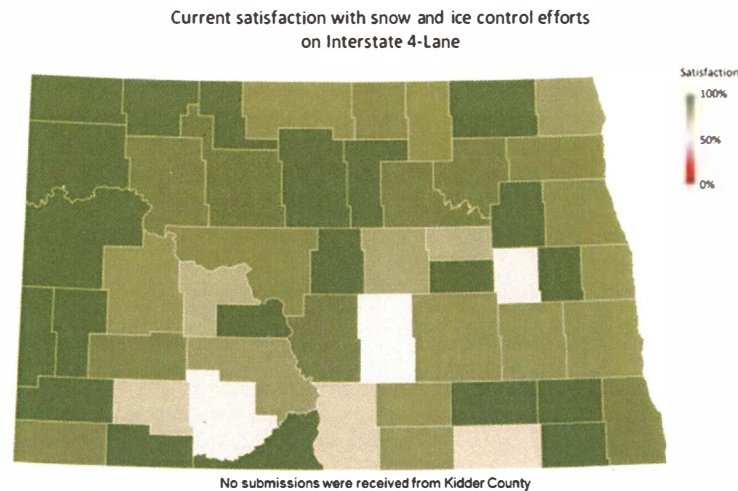
The plowing model created by the contractor improves plowing uniformity across the state. Uniformity would be based on the highway performance classification system. The optimization model applied consistent level of service, cycle times, and hours of operation to the highway network.

4.02 NDDOT Public Survey on Snow and Ice Control 2018

NDDOT conducted a Public Survey on Snow and Ice Control to learn what level of snow and ice control services were acceptable on ND highways. The survey comprised of 43 questions and was conducted online as well as distributed in paper format at a couple of local public events in May. There were a total of 1,189 responses.

The results from the first question indicated that the majority of drivers are satisfied with their current level of service. Questions 2 & 3 compared the service provided and service expected on Interstate four-lane versus Non-Interstate four-lane. The results indicated that the majority of drivers currently saw more service provided to the Interstate than Non-Interstate. The results also indicated that the majority of drivers expected that service provided should be the same for all four-lane roads, whether they are Interstate or Non-Interstate.

In regard to NDDOT's hours of operation the majority of survey respondents wanted no change to the plow start or stop times. The survey results support the idea that the traveling public has become accustomed to NDDOT's hours of operations. This is shown in the results of questions 4-8 as well as the Acceptability of Road Conditions questions. In general, the traveling public is more accepting of poor road conditions at 6 a.m. and less accepting of poor road conditions by 10 a.m. The traveling public generally knows the NDDOT is not a 24/7 operation and understands it will take some time in the morning hours to catch up with what snow fell over the night hours. Expectations through the evening hours are generally consistent. With plow crews finishing their operations around 5-7 p.m. nightly, the general public seems to understand there will not be significant improvements in road conditions between 8-10 p.m., hence their expectations remaining the same for the 8-10 p.m. time period.



For questions addressing roadways with snow covered and compacted snow, the survey results show drivers on 2-lane roads are less accepting of snow covered roads than four-lane roads. In other words, survey respondents expect 2-lane roads to be plowed more often than four-lane roads. All of the survey results are attached to this report as Attachment L.

5.0 Conclusions and Discussion

In reviewing the public survey results and historical data, NDDOT collaborated with the contractor to have the North Dakota highway network optimized for plowing. The contractor modeled 327 routes to be the most optimized number of routes to accomplish plowing the state highway network given the parameters. The optimization reduced the necessary equipment and staff while still maintaining the highway network with similar plowing cycles per day as the current operation. A table showing the plow cycles per day for each district are shown in Attachment J.

According to the optimization study, the 327 optimized routes would reduce costs and provide statewide uniformity, but there are known shortcomings with the final optimized routes. The optimized routes do not account for overnight staffing in the metro areas. The optimized routes do not account for planned and unplanned absences.

NDDOT requires 24 more trans techs than the contractor accounted for to fill the overnight shifts in Fargo, Bismarck, and Minot, to create an overnight presence in Grand Forks, and to account for unavailable operators. These 24 operators would be added to the optimized 327, totaling 351 operators. This plan would allow 327 routes to be covered while accounting for unavailable staff, while also maintaining an overnight presence in the four metro areas. 351 operators is 0.8% less than the existing 354, but provides uniform service across the state based on highway classification.

In order to meet the proposed optimization recommended by C2Logix and the reallocation of staff needed by NDDOT, many existing section buildings would require improvement. While some section locations may be closed or consolidated, an additional section location may need to be built and many other existing section locations would need to be improved to accommodate the reallocation of employees and staff. It is estimated by NDDOT that approximately 32,000 square feet of improvements would be needed for the existing section buildings.

The department plans on testing the optimized routes this winter season to verify operational reliability. The department expects minor changes based on turn around points, staffing requirements, and existing section building sizes. It is anticipated that route optimization will be an ongoing process in the department and will be conducted by department staff.

6.0 Cost Summary

Using the modeled 327 routes, the optimization study shows long term savings on capital, employees and equipment while maintaining statewide uniformity in snow and ice control.

The optimization study results are based on providing a uniform level of service identified by the subject matter experts and did not look at adding more services. The study shows the possibility of long term savings of \$345,000/year through the reduction of operating costs and three employees. It also shows a one-time cost saving of \$634,000 through removal of three snowplows from the fleet. The study also looked at capital investments, reviewing long term options in which some section locations may be consolidated and an additional section location may need to be built, while many other existing section locations need to be improved to accommodate optimization needs. Consolidation may reduce capital assets by \$5 million but approximately \$4.6 million will be needed to invest in buildings for optimization improvements.

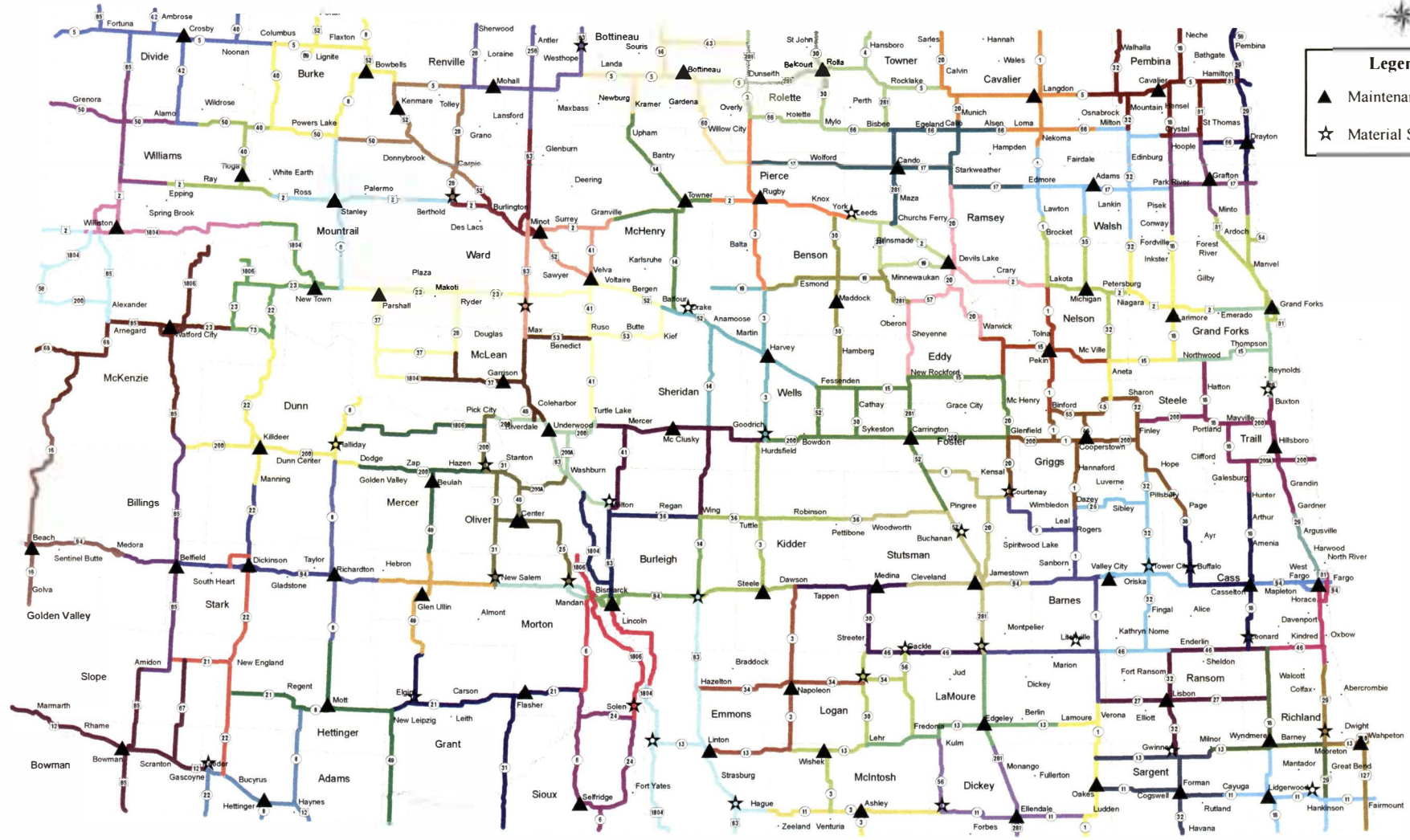
Our next steps are to:

- Evaluate and prove the technical study results by testing the optimized routes this winter season and verifying operational reliability.
- Obtain additional public feedback by conducting focus groups across the state.
- Review capital asset needs.

This study showed the department that NDDOT's current snow and ice control operations are efficient but there are also other techniques we can use to improve effectiveness. The technical data from the study and public input are tools that we will use to help make decisions for updating facilities, maximizing service levels and providing potential cost savings in the future.

7.0 Attachments

- Attachment A: Current Section Locations
- Attachment B: Level of Service (LOS)
- Attachment C: Highway Performance Classification System (HPCS)
- Attachment D: C2Logix – Run 3
- Attachment E: Annual Average Daily Traffic (AADT)
- Attachment F: Population Density
- Attachment G: Public Health Care Facilities
- Attachment H: ND Schools and Higher Education
- Attachment I: NDDOT Sections – 25 mile radius circles
- Attachment J: Cycles Per Day
- Attachment K: Senate Bill 2012
- Attachment L: NDDOT Public Survey on Snow and Ice Control 2018



Legend

- ▲ Maintenance Section
- ★ Material Site

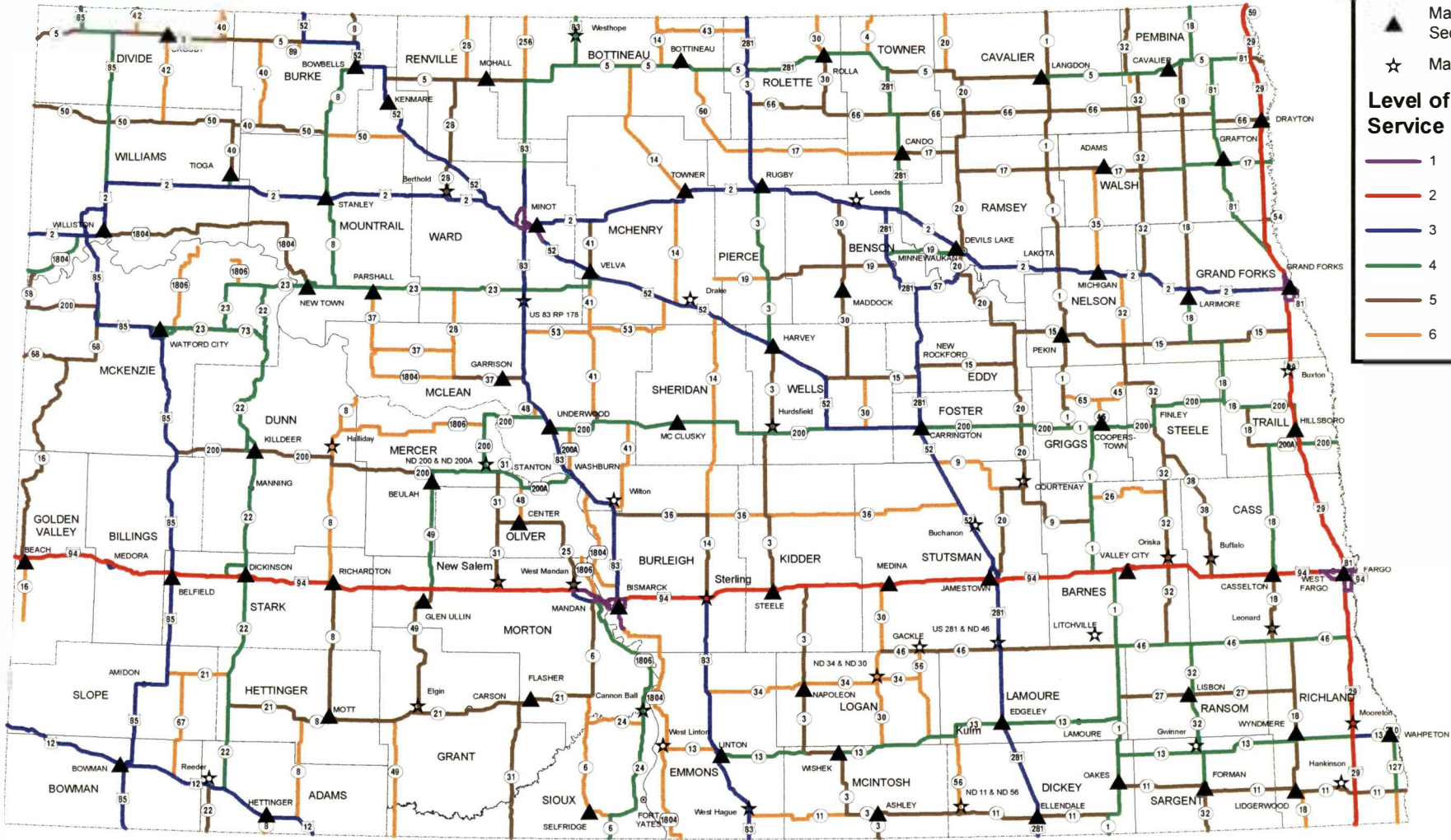


ATTACHMENT A
Current Section Locations

STATE OF NORTH DAKOTA
 NORTH DAKOTA DEPARTMENT OF TRANSPORTATION
 MAINTENANCE DIVISION
 Date Saved: 8/31/2018
 F:\MAINT\GIS\Section_Efficiency\2017-2018 Route Optimization\Report Maps\Current Section Locations.mxd

January 7th 2019
 Attachment 2
 HB 1012

8



▲ Maintenance Section
 ☆ Material Site

Level of Service

- 1 (Purple line)
- 2 (Red line)
- 3 (Blue line)
- 4 (Green line)
- 5 (Brown line)
- 6 (Orange line)



ATTACHMENT B
 Level of Service (LOS)

STATE OF
 NORTH DAKOTA

NORTH DAKOTA DEPARTMENT OF TRANSPORTATION
 MAINTENANCE DIVISION
 Date Saved: 8/31/2018

F:\MAIN\GIS\Section_Efficiency\2017-2018 Route Optimization\Report Maps\Level of Service (LOS).mxd

January 7th 2019
 Attachment 9
 HB 1012

9

State Highway Performance Classification System ATTACHMENT C

- HIGHWAY CLASSIFICATION SYSTEM**
- INTERSTATE
 - INTERREGIONAL
 - STATE CORRIDOR
 - DISTRICT CORRIDOR
 - DISTRICT COLLECTOR



STATE OF NORTH DAKOTA

NORTH DAKOTA DEPARTMENT OF TRANSPORTATION
PLANNING & ASSET MANAGEMENT DIVISION
IN COOPERATION WITH
U.S. DEPARTMENT OF TRANSPORTATION
FEDERAL HIGHWAY ADMINISTRATION

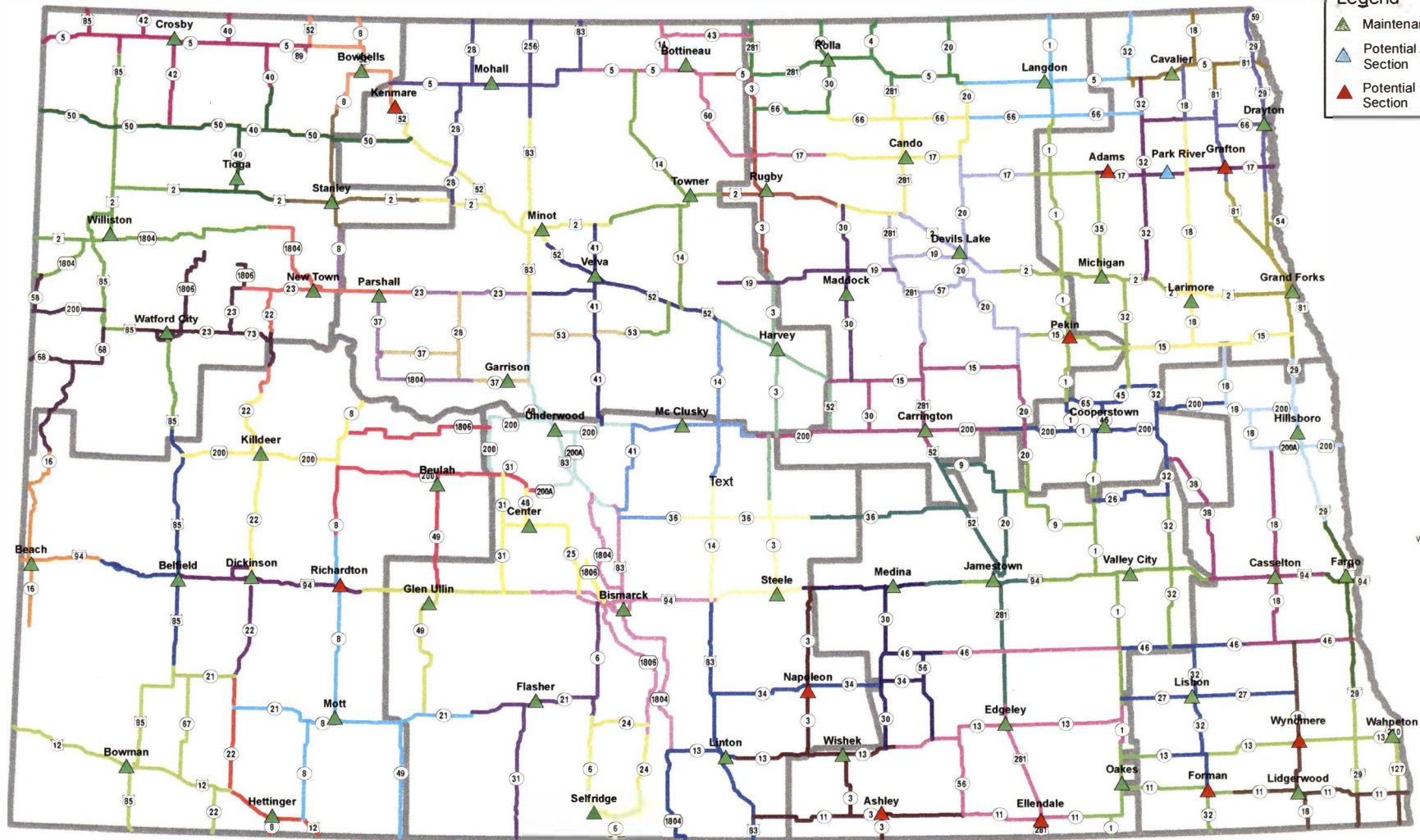
Notice of Disclaimer
The North Dakota Department of Transportation (NDOT) makes this map available on "as is" basis as a public service. Under no circumstances shall NDOT warrant or verify the information to be free of errors or omissions of any kind. NDOT specifically disclaims all warranties, express or implied, including but not limited to the accuracy of information and fitness for a particular purpose.

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ATTACHMENT C

10

January 7th 2019
Attachment 2
HB 1012



Legend

- ▲ Maintenance Section
- ▲ Potential Added Section
- ▲ Potential Consolidation Section



ATTACHMENT D
C2Logix - Run 3

STATE OF
NORTH DAKOTA

NORTH DAKOTA DEPARTMENT OF TRANSPORTATION
MAINTENANCE DIVISION
Date Saved: 8/31/2018

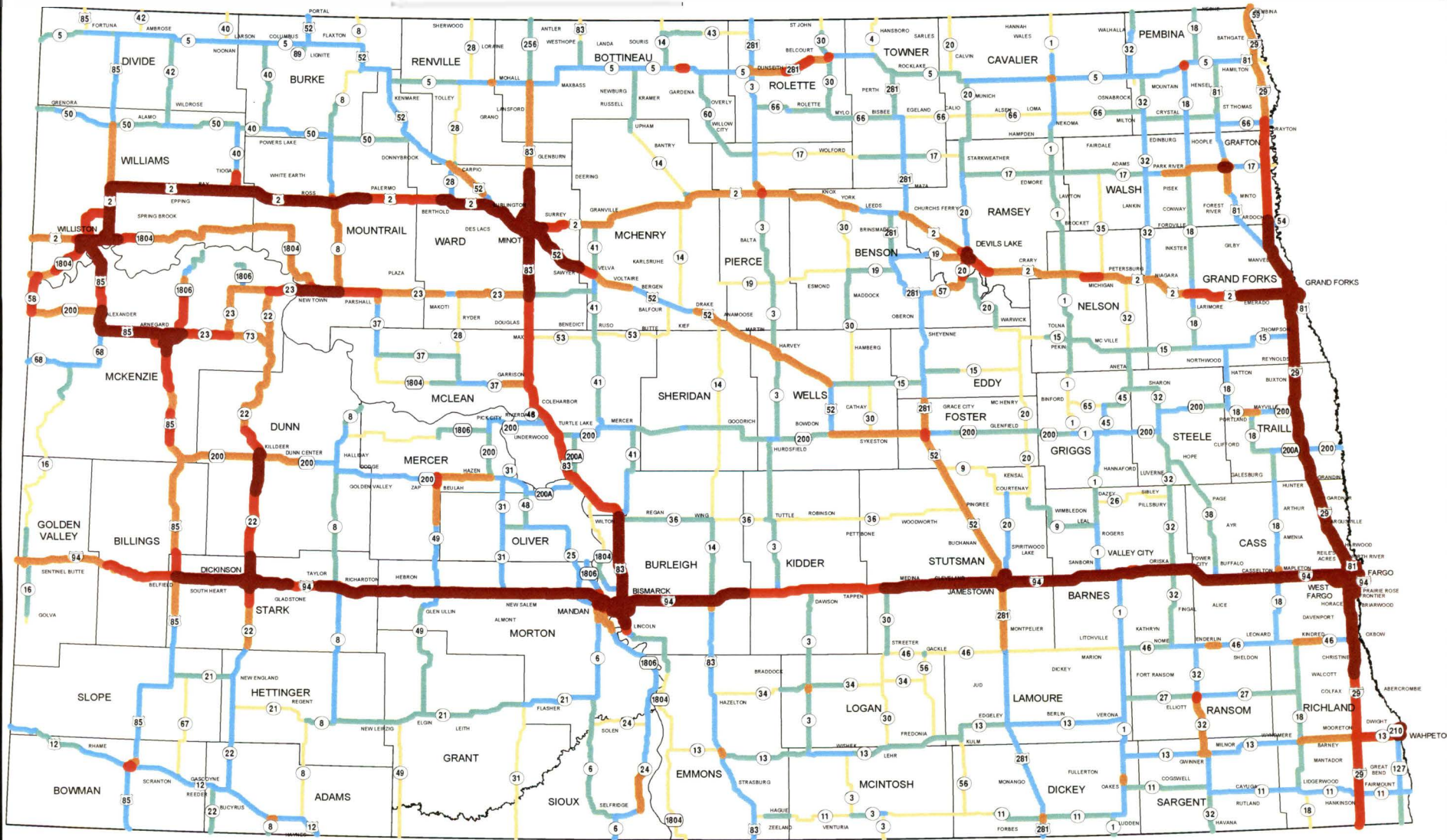
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January 7th 2019
 Attachment 9
 HB 1012

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Annual Average Daily Traffic (2015)

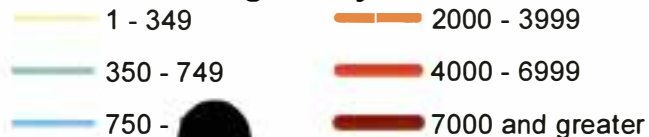
ATTACHMENT E



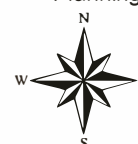
(14)

Notes: - Data from 2015 highway components segments.
 - The AADT for longer sections are an average of the traffic segments.
 - Data for the four lane roadways are AADT for both directions (either north and south or east and west).

Annual Average Daily Traffic

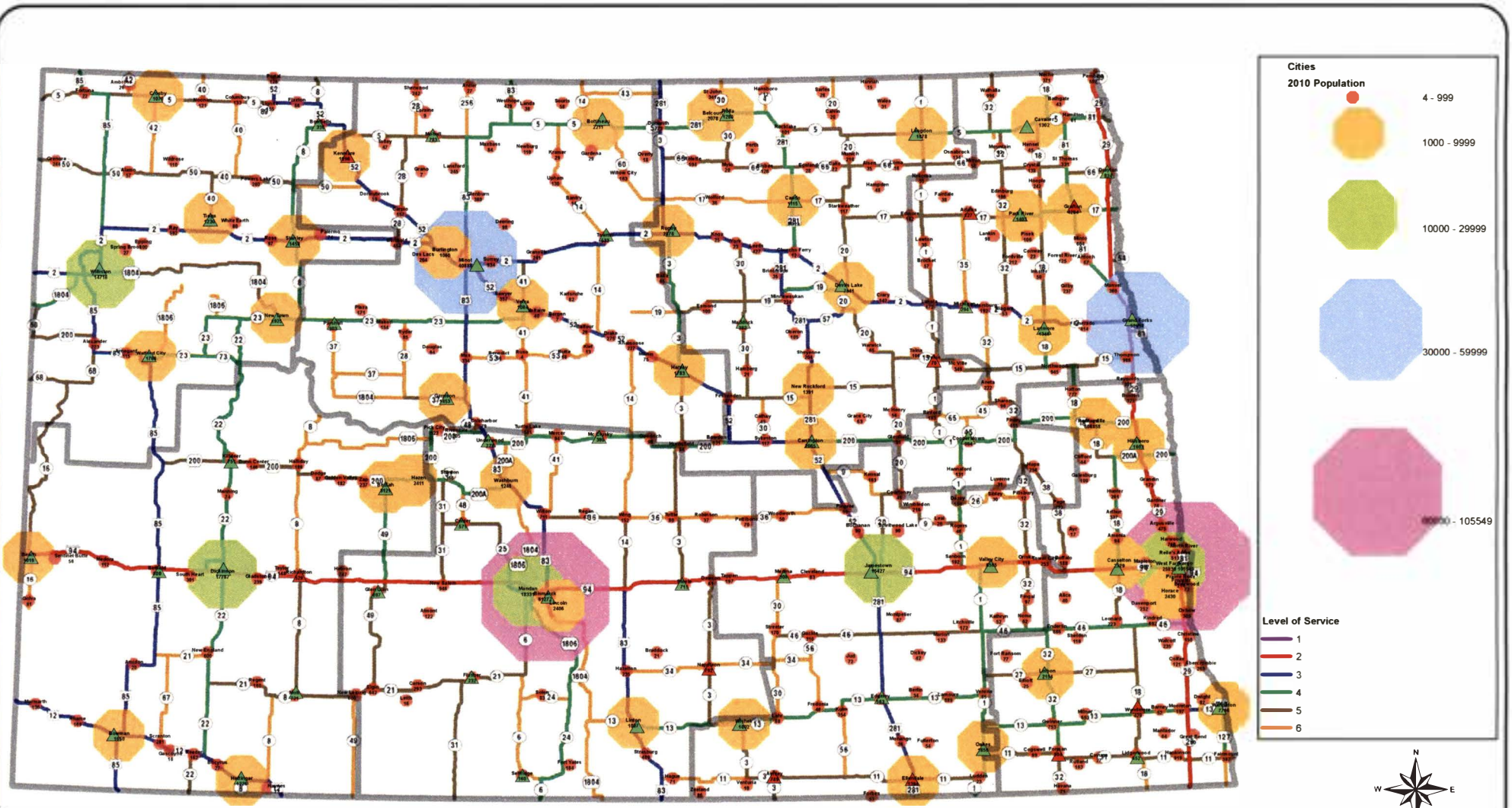


Planning & Asset Management Division
 Traffic Data Section
 December 2015



12

January 7th 201
 Attachmen
 HR-1017



Cities

2010 Population

- 4 - 999
- 1000 - 9999
- 10000 - 29999
- 30000 - 59999
- 60000 - 105549

Level of Service

- 1
- 2
- 3
- 4
- 5
- 6

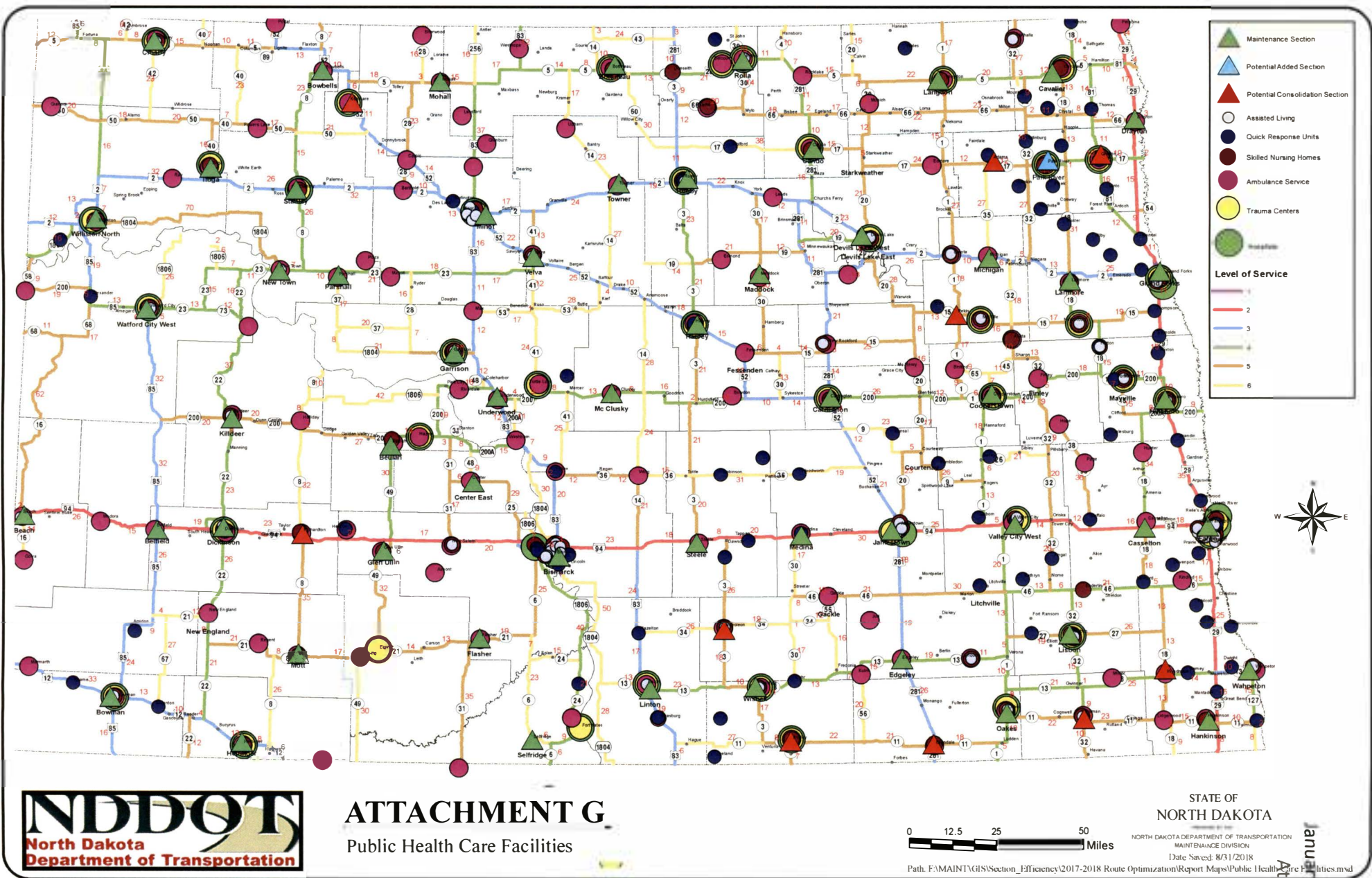


ATTACHMENT F
Population Density

STATE OF NORTH DAKOTA
 PREPARED BY THE
 NORTH DAKOTA DEPARTMENT OF TRANSPORTATION
 MAINTENANCE DIVISION
 Date Saved: 8/27/2018

Path: F:\MAIN\GIS\Section_Efficiency\2017-2018 Route Optimization\Report Maps\Population Density.mxd

January 7th 2019
 Attachment
 HB 1012



NDDOT
 North Dakota
 Department of Transportation

ATTACHMENT G
 Public Health Care Facilities



STATE OF
 NORTH DAKOTA

NORTH DAKOTA DEPARTMENT OF TRANSPORTATION
 MAINTENANCE DIVISION
 Date Saved: 8/31/2018

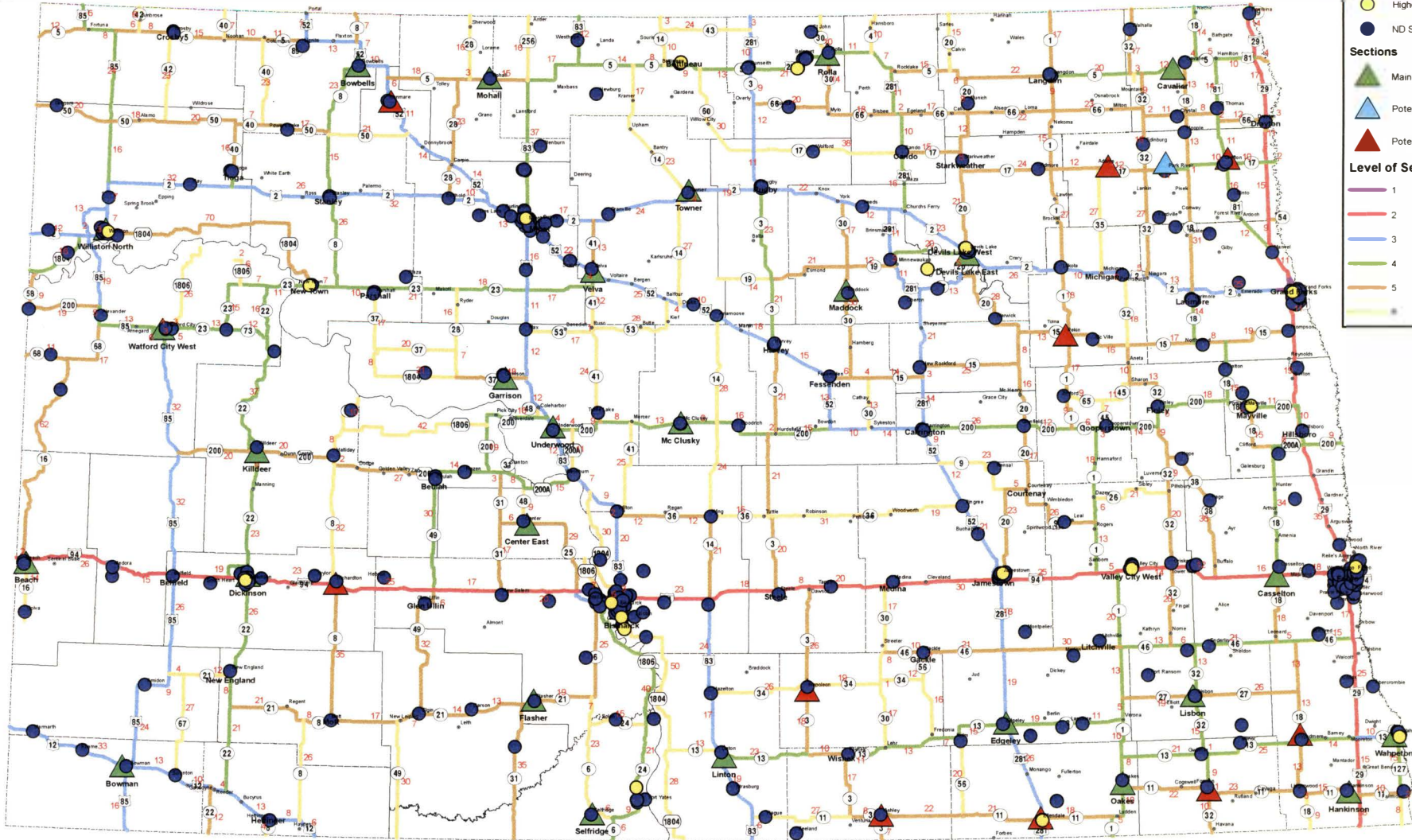
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January 7th 2019

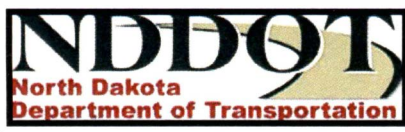
HB 1012

Attachment 2

14



● Higher Education
● ND Schools
Sections
▲ Maintenance Section
▲ Potential Added Section
▲ Potential Consolidation Section
Level of Service
— 1
— 2
— 3
— 4
— 5
— 6

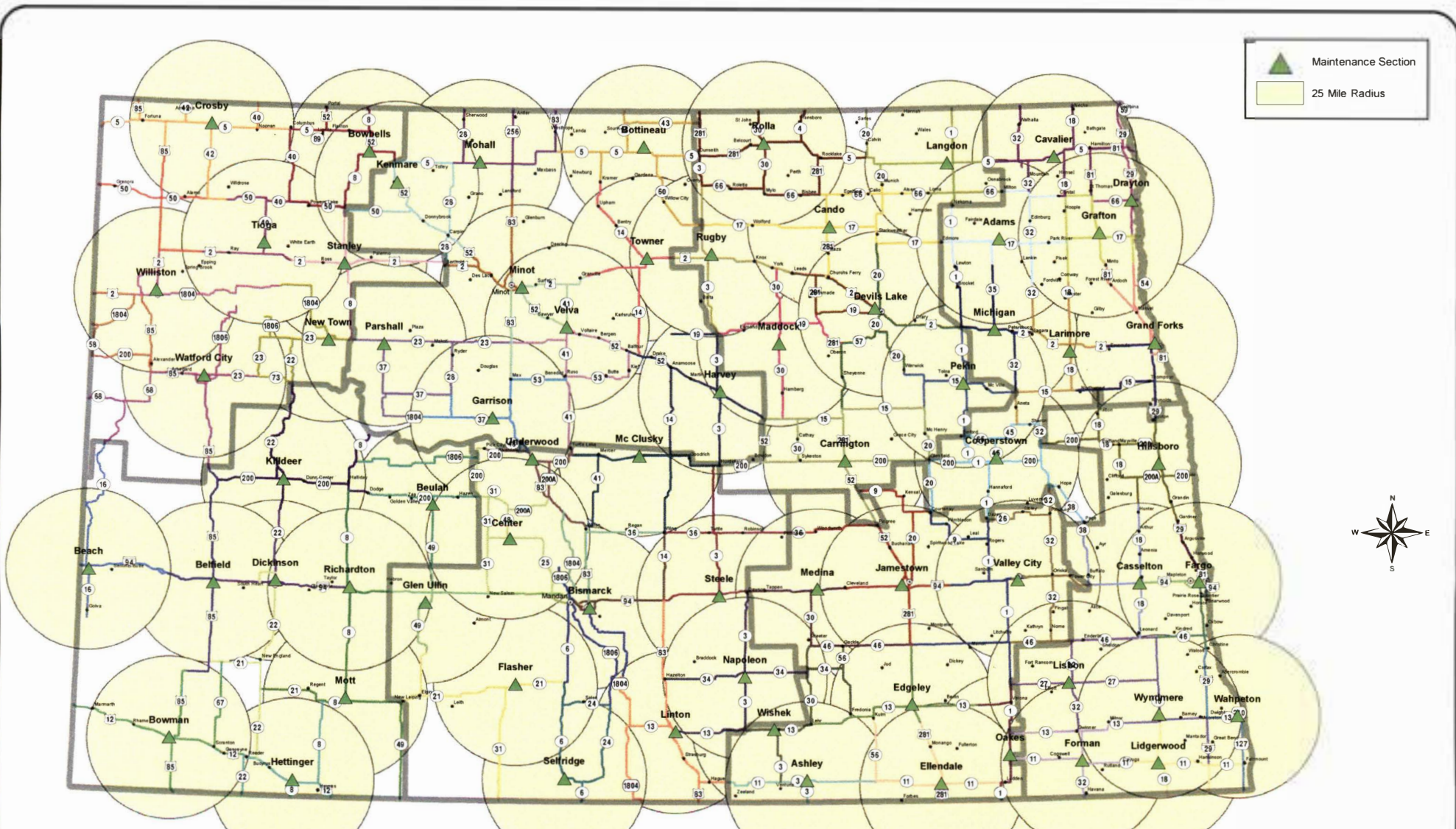


ATTACHMENT H
ND Schools and Higher Education



STATE OF NORTH DAKOTA
 NORTH DAKOTA DEPARTMENT OF TRANSPORTATION
 MAINTENANCE DIVISION
 Date Saved: 8/31/2018
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January 7th 2019
 Attachment 9
 HB 1012



ATTACHMENT I - NDDOT Section Locations

25 Mile Radius Map

STATE OF
NORTH DAKOTA
NORTH DAKOTA DEPARTMENT OF TRANSPORTATION
MAINTENANCE DIVISION
Date Saved: 8/29/2018

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ATTACHMENT I

Jan 7th 2019
Attachment 2
HB 1012

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ATTACHMENT J Attachment 2

The optimization study model created uniform plowing cycles based on levels of service across the state. The table below shows optimization cycles with existing similar plowing cycles per day.

Average Cycles/Day*			
NDDOT District: Levels of Service (LOS)	Existing Cycles Average	Optimization Run 3 Cycles FINAL	Optimization Run 3 Average Cycles FINAL
Bismarck: 1	3.2	5.9	3.6
Bismarck: 2, 3 & 4		3.4	
Bismarck: 5 & 6		2.9	
Valley City: 1	3.7	-	3.1
Valley City: 2, 3 & 4		3.4	
Valley City: 5 & 6		2.6	
Devils Lake: 1	4.1	-	3.2
Devils Lake: 2, 3 & 4		3.5	
Devils Lake: 5 & 6		2.7	
Minot: 1	3.5	6.1	3.5
Minot: 2, 3 & 4		3.6	
Minot: 5 & 6		2.9	
Dickinson: 1	3.7	-	3.3
Dickinson: 2, 3 & 4		3.5	
Dickinson: 5 & 6		2.7	
Grand Forks: 1	3.4	6.1	3.5
Grand Forks: 2, 3 & 4		3.6	
Grand Forks: 5 & 6		2.9	
Williston: 1	4.3	-	3.4
Williston: 2, 3 & 4		3.6	
Williston: 5 & 6		2.7	
Fargo: 1	3.4	5.0	3.7
Fargo: 2, 3 & 4		3.4	
Fargo: 5 & 6		2.9	

*Cycles per day are based on a 14 hour work day with 3.5 hours of daily "non-plowing" time.

**Sixty-fifth Legislative Assembly of North Dakota
In Regular Session Commencing Tuesday, January 3, 2017**

SENATE BILL NO. 2012
(Appropriations Committee)

AN ACT to provide an appropriation for defraying the expenses of the department of transportation; to amend and reenact section 24-02-37 of the North Dakota Century Code, relating to state highway fund expenditures; to provide for a transfer; to provide for disposition of maintenance section sites; to provide exemptions; to provide for studies; and to provide for reports.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. APPROPRIATION. The funds provided in this section, or so much of the funds as may be necessary, are appropriated from special funds derived from federal funds and other income, to the department of transportation for the purpose of defraying the expenses of the department of transportation, for the biennium beginning July 1, 2017, and ending June 30, 2019, as follows:

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Salaries and wages	\$207,778,278	(\$6,299,937)	\$201,478,341
Operating expenses	295,762,751	(66,381,105)	229,381,646
Capital assets	700,081,402	71,020,449	771,101,851
Grants	62,918,030	4,610,000	67,528,030
Total special funds	\$1,266,540,461	\$2,949,407	\$1,269,489,868
Full-time equivalent positions	1,080.50	(33.50)	1,047.00

SECTION 2. HEALTH INSURANCE INCREASE. The salaries and wages line item in section 1 of this Act includes the sum of \$2,702,395 from other funds for increases in employee health insurance premiums from \$1,130 to \$1,241 per month.

SECTION 3. ONE-TIME FUNDING. The following amounts reflect the one-time funding items approved by the sixty-fourth legislative assembly for the 2015-17 biennium:

<u>One-Time Funding Description</u>	<u>2015-17</u>	<u>2017-19</u>
General fund transfers to highway fund	\$486,982,489	\$0
Transfer to public transportation fund	186,900	0
Short line railroad	7,000,000	0
Transportation distributions - non-oil-producing counties	104,664,000	0
Contingent transfer to highway fund	18,690,000	0
Truck harmonization study	56,070	0
Recreational road access	1,869,000	0
Vehicle registration and titling system replacement	2,500,000	0
Motor coach reimbursement	934,500	0
Total all funds	\$622,882,959	\$0
Total special funds	9,500,000	0
Total general fund	\$613,382,959	\$0

SECTION 4. LINE ITEM TRANSFERS. The director of the department of transportation may transfer between the salaries and wages, operating, capital assets, and grants line items in section 1 of this Act when it is cost-effective for construction and maintenance of highways. The department of transportation shall notify the office of management and budget of any transfers made pursuant to this section.

SECTION 5. ADDITIONAL FUNDING FOR FEDERAL HIGHWAY MATCHING FUNDS. The department of transportation may use up to \$16,300,000 of the funding transferred, pursuant to

section 4 of chapter 12 of the 2015 Session Laws, from the general fund to the highway fund to provide state matching funds for federal highway construction funding provided by the federal highway administration during the biennium beginning July 1, 2017, and ending June 30, 2019.

SECTION 6. EXEMPTION - ENHANCED STATE HIGHWAY INVESTMENT FUNDING. Section 54-44.1-11 does not apply to funding of \$503,115,558 in the capital assets line item relating to enhanced state highway investments in section 1 of chapter 12 of the 2015 Session Laws. Any funds continued into the 2017-19 biennium but not spent by June 30, 2019, must be continued into the biennium beginning July 1, 2019, and ending June 30, 2021, and may be expended only for enhanced state highway investments.

SECTION 7. EXEMPTION - SPECIAL ROADS FUND PROJECTS. Funding of \$2,000,000 appropriated to the department of transportation for special road projects, as contained in section 1 of chapter 12 of the 2015 Session Laws, is not subject to the provisions of section 54-44.1-11. Any unexpended funds from this appropriation are available to the department of transportation for special road projects during the biennium beginning July 1, 2017, and ending June 30, 2019.

SECTION 8. DISPOSITION OF MAINTENANCE SECTION SITES. Notwithstanding any other provision of law, the department of transportation may discontinue operations of department maintenance section sites in New England, Starkweather, Fessenden, Courtenay, Gackle, Litchville, Finley, and Mayville as provided in this section.

1. During the biennium beginning July 1, 2017, and ending June 30, 2019, the department may not dispose of any real property assigned to a section site where operations are being discontinued.
2. The department shall consult with representatives of the political subdivisions in which the section site is located, in the following order: first with the county, second with the city, and third with the township. If requested by any of the political subdivisions, the department shall negotiate a lease agreement with that political subdivision regarding the use of the section site and facilities. The lease agreement must address, at a minimum, the following:
 - a. The political subdivision may use the department's maintenance site and building, road oil tank, and shop equipment contained in the building. The political subdivision must be responsible for all routine maintenance and utility costs.
 - b. If requested by the political subdivision, the department may transfer ownership of an equipped snow plow to the political subdivision. The snow plow must be one that the department intends to dispose of as part of its equipment replacement schedule.
 - c. The department may charge a reasonable fee to the political subdivision under the lease.
 - d. The department shall retain the use of salt buildings located on the property, the right to park one vehicle inside the maintenance building during a major winter storm, the use of an electrical outlet to plug in various vehicles for wintertime loading of deicing materials, and the right to use a portion of the site for a salt and sand pile for winter snow and ice control operations.
 - e. If an emergency occurs in or around a section site, and the department is unable to respond, the political subdivision may agree to have an individual available to respond to the emergency. The political subdivision may establish a process that allows emergency response teams to contact the political subdivision to allow it to respond to an emergency occurring within the area currently served by the section site. The response may require the political subdivision to provide snow and ice control on the state highway system for an emergency situation.

3. If the department does not enter a lease agreement for a section site during the biennium beginning July 1, 2017, and ending June 30, 2019, the department may dispose of the section site property in accordance with state law after June 30, 2019.
4. If the department has an employee whose home residence is located within the vicinity of the maintenance section the department intends to discontinue, the department shall locate one of its snow plows at or near the maintenance section site during a major winter storm event from November 1 through March 31 of each fiscal year.

SECTION 9. AMENDMENT. Section 24-02-37 of the North Dakota Century Code is amended and reenacted as follows:

24-02-37. State highway fund - Priorities for expenditure - Use of investment income.

The state highway fund, created by law and not otherwise appropriated and allocated, must be applied and used for the purposes named in this section, as follows:

1. Except for investment income as provided in subsection 3, the fund must be applied in the following order of priority:
 - a. The cost of maintaining the state highway system.
 - b. The cost of construction and reconstruction of highways in the amount necessary to match, in whatever proportion may be required, federal aid granted to this state by the United States government for road purposes in North Dakota. Notwithstanding any other provision of law, the department of transportation may repay the United States department of transportation for previous related expenditures from current biennium appropriations to allow the department to reobligate the federal aid to other federal aid projects.
 - c. Any portion of the highway fund not allocated as provided in subdivisions a and b may be expended for the construction of state highways without federal aid or may be expended in the construction, improvement, or maintenance of such state highways.
2. All funds heretofore appropriated or hereafter appropriated or transferred to the department, whether earmarked or designated for special projects or special purposes or not, must be placed or transferred into a single state highway fund in the office of the state treasurer and any claims for money expended by the department upon warrants prepared and issued by the office of management and budget and signed by the state auditor under this title must be paid out of the state highway fund by the state treasurer; provided, however, that the commissioner shall keep and maintain complete and accurate records showing that all expenditures have been made in accordance with legislative appropriations and authorizations.
3. The state treasurer shall deposit the moneys in the state highway fund in an interest-bearing account at the Bank of North Dakota. The state treasurer shall deposit eighty percent of the income derived from the interest-bearing account in a special interest-bearing account in the state treasury known as the special road fund. The special road fund may be used, within the limits of legislative appropriation, exclusively for the construction and maintenance of access roads to and roads within recreational, tourist, and historical areas as designated by the special road committee. A political subdivision or state agency may request funds from the special road fund by applying to the committee on forms designated by the committee. The committee may require the political subdivision or state agency to contribute to the cost of the project as a condition of any expenditure authorized from the special road fund. Any moneys in the fund not obligated by the special road committee by June thirtieth of each odd-numbered year must be held for an additional two years after which the funds revert to the state highway fund.

SECTION 10. DEPARTMENT OF TRANSPORTATION STUDY - SNOW AND ICE CONTROL SERVICES - REPORT TO LEGISLATIVE MANAGEMENT. During the 2017-18 interim, the department of transportation shall study the manner in which it provides snow and ice control services on the state highway system, including the existing costs for these services and any potential savings available in providing these services. Based on its findings, the department shall determine the most efficient and effective manner in which to provide snow and ice control services. The department shall provide a report to the legislative management before July 1, 2018, regarding the results of the study.

SECTION 11. DEPARTMENT OF TRANSPORTATION STUDY - CONSOLIDATION OF SERVICES - REPORT TO LEGISLATIVE MANAGEMENT - REPORT TO SIXTY-SIXTH LEGISLATIVE ASSEMBLY. During the 2017-18 interim, the department of transportation shall study options to consolidate transportation facilities within Williams County and the Williston district headquarters. The department shall provide the final report, including the results of the study, to the legislative management before July 1, 2018. If the results of the study determine that it is beneficial to consolidate facilities, the department may proceed with consolidation efforts. Before the completion of the study and the determination of whether the consolidation of facilities is beneficial, the department may not construct any new buildings at the Williston district headquarters. The department shall provide reports to the appropriations committees of the sixty-sixth legislative assembly regarding the study and the outcomes of the study.

SECTION 12. LEGISLATIVE MANAGEMENT STUDY - TRANSPORTATION FUNDING. During the 2017-18 interim, the legislative management shall consider studying the funding mechanisms and options available to the department of transportation, political subdivisions, and public transportation providers, for road construction, maintenance, other transportation infrastructure needs, and transit services. The legislative management shall report its findings and recommendations, together with any legislation necessary to implement the recommendations, to the sixty-sixth legislative assembly.

SECTION 13. DEPARTMENT OF TRANSPORTATION FEES - REPORT TO BUDGET SECTION. The department of transportation shall report to the legislative management's budget section by September 30, 2017, and by September 30, 2018, regarding all fees charged by the department in comparison to the actual cost of providing the services for which the fee is charged.

SECTION 14. TELECOMMUNICATIONS INFRASTRUCTURE ON HIGHWAY RIGHTS OF WAY - LIMITATION - DEPARTMENT OF TRANSPORTATION AND INFORMATION TECHNOLOGY DEPARTMENT STUDY - REPORT. Prior to the department of transportation permitting any nonstate owned, controlled, or leased wireless telecommunication infrastructure used for wireless transmission of voice, data, images, or other signals or information within state highway rights of way, the department of transportation and the information technology department shall study, during the 2017-18 interim, the benefits of allowing wireless telecommunication infrastructure within state highway rights of way and what, if any, requirements of allowing the installation may be in the public interest. The department of transportation and the information technology department shall report the results of the study to the legislative management by June 30, 2018.

President of the Senate

Speaker of the House

Secretary of the Senate

Chief Clerk of the House

This certifies that the within bill originated in the Senate of the Sixty-fifth Legislative Assembly of North Dakota and is known on the records of that body as Senate Bill No. 2012.

Senate Vote: Yeas 44 Nays 1 Absent 2

House Vote: Yeas 53 Nays 40 Absent 1

Secretary of the Senate

Received by the Governor at _____ M. on _____, 2017.

Approved at _____ M. on _____, 2017.

Governor

Filed in this office this _____ day of _____, 2017,

at _____ o'clock _____ M.

Secretary of State

NDDOT Online Services

Driver License Services

- * Schedule a Road Test
- * Schedule a ND License Renewal Appointment
- * Drivers License Address Change
- * Manuals (CDL, Rules of the Road, Motorcycle)
- * Driver Training Courses
- * Hazardous Material Requirements
- * CDL Medical Requirements

Driver Record Services

- * Request an Administrative Hearing
- * Pay Reinstatement Fee
- * Online Driving Record
- * Drivers License Status Check
- * Points Schedule

Don't wait in line, go online!

dot.nd.gov

(See reverse for more information.)

CDM0613

- * Truckers Handbook
- * Purchase E-permits
- ND Highway Patrol
- Spring Load Restrictions
- Construction Zones
- Weather/Road Conditions
- * Check on:
- * Vehicle Auction Information
- * Plans and Proposals
- * Map Sales
- Other

NDDOT
 Department of Transportation

- Motor Vehicle
- * Change of Address
- * Forms and Fees
- * Renew Vehicle Registration
- * Request Special Letter Plate
- * Fee and Credit Calculation
- * Dealer Requirements
- * Motor Carrier Services
- * Non-Resident Temporary Registration

AH 4 HB 1012
1/7/19

ATTACHMENT L

2018

**NDDOT Public Survey on
Snow and Ice Control**

Overview

The North Dakota Department of Transportation (NDDOT) conducted a Public Survey on Snow and Ice Control to learn what level of snow and ice control services were acceptable on ND highways. The survey comprised of 43 questions and was conducted online as well as distributed in paper format at a couple of local public events in May. There were a total of 1,189 responses.

The results from the first question indicated that the majority of drivers are satisfied with their current level of service. Questions 2 & 3 compared the service provided and service expected on Interstate four-lane versus Non-Interstate four-lane. The results indicated that the majority of drivers currently saw more service provided to the Interstate than Non-Interstate. The results also indicated that the majority of drivers expected that service provided should be the same for all four-lane roads, whether they are Interstate or Non-Interstate.

In regard to NDDOT's hours of operations the majority of survey respondents wanted no change to the plow start or stop times. The survey results support the idea that the traveling public has become accustomed to NDDOT's hours of operations. This is shown in the results of questions 4-8 as well as the Acceptability of Road Conditions questions. In general, the traveling public is more accepting of poor road conditions at 6 a.m. and less accepting of poor road conditions by 10 a.m.

The traveling public generally knows the NDDOT is not a 24/7 operation and understand it will take some time in the morning hours to catch up with what snow fell over the night hours. Expectations through the evening hours are generally consistent. With plow crews finishing their operations around 5-7 p.m. nightly, the general public seems to understand there will not be significant improvements in road conditions between 8-10 p.m., hence their expectations remaining the same for the 8-10 p.m. time period.

For questions addressing roadways with snow covered and compacted snow, the survey results show drivers on 2-lane roads are less accepting of snow covered roads than four-lane roads. In other words, survey respondents expect 2-lane roads to be plowed more often than four-lane roads.

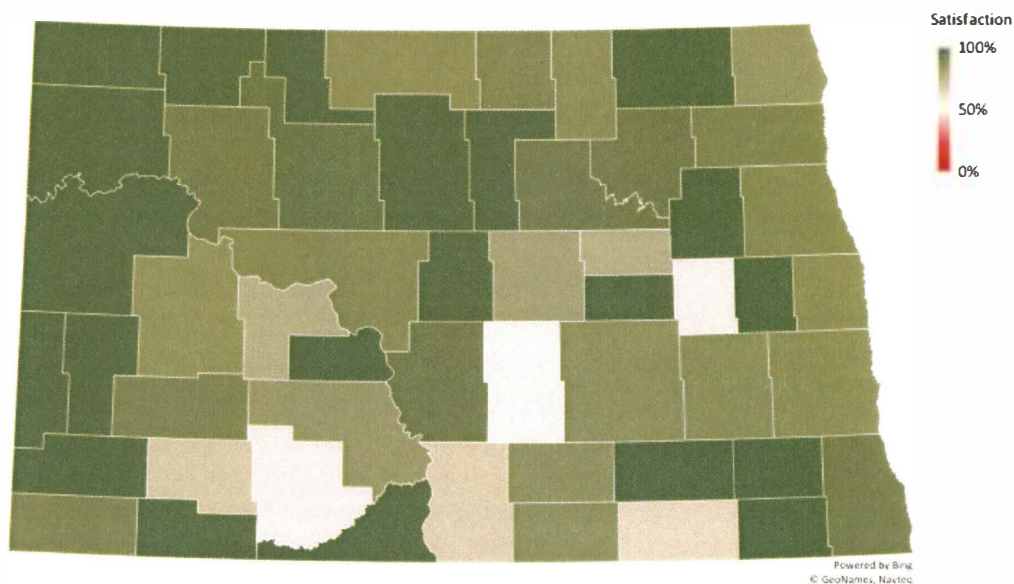
The NDDOT plans to obtain additional public feedback on snow and ice control by conducting focus groups across the state next year.

1. How satisfied are you with the service currently provided by NDDOT snow and ice control efforts for each type of state maintained rural highway listed below, not including local, city, or county road?

Overall, relatively high satisfaction with 4-lane efforts (both interstate and non-interstate). Satisfaction drops with rural 2-lane but remains higher in more “urban” counties like Cass and Burleigh.

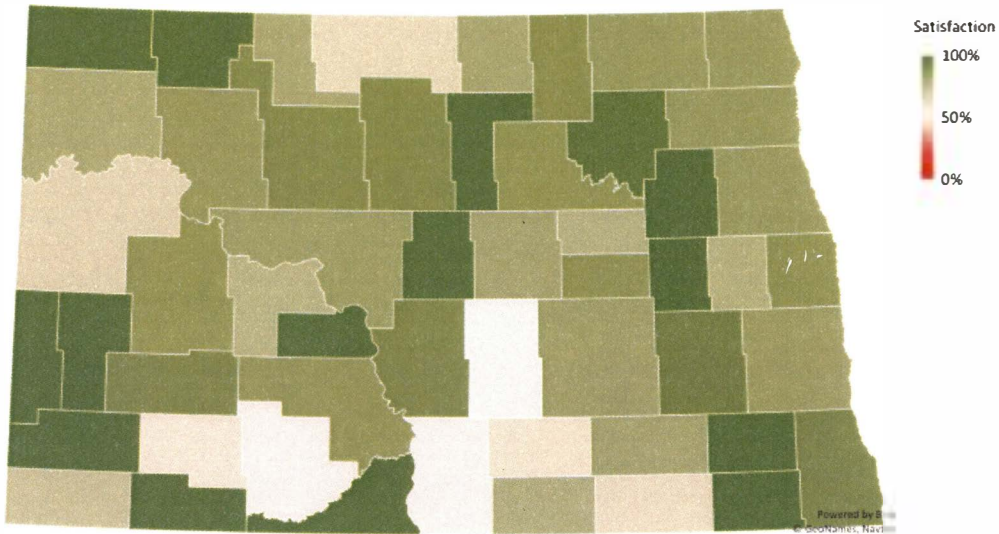
Note: There were no submissions from Kidder County

Current satisfaction with snow and ice control efforts on Interstate 4-Lane

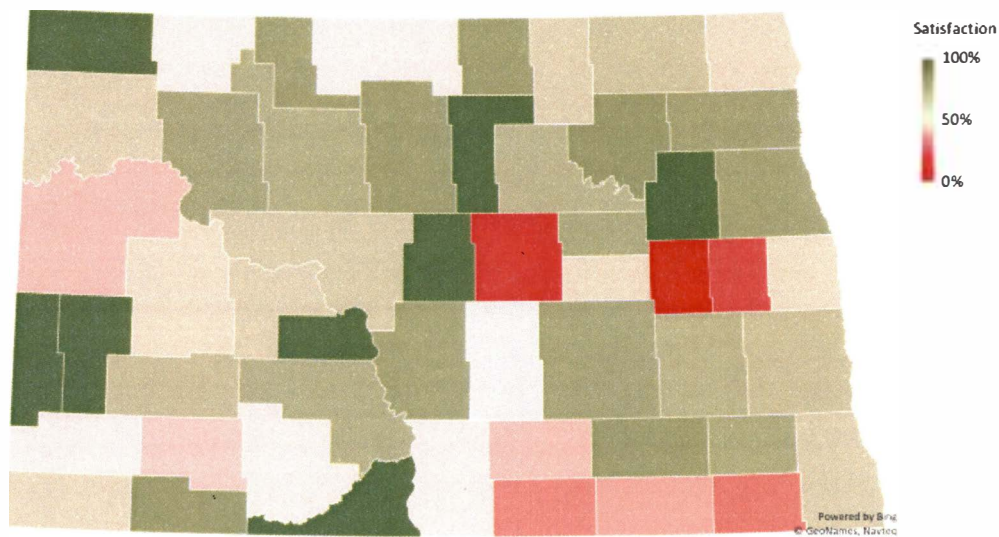


¹ NOTE: There were no submissions from Kidder County

Current satisfaction with snow and ice control efforts
on Non-Interstate 4-Lane



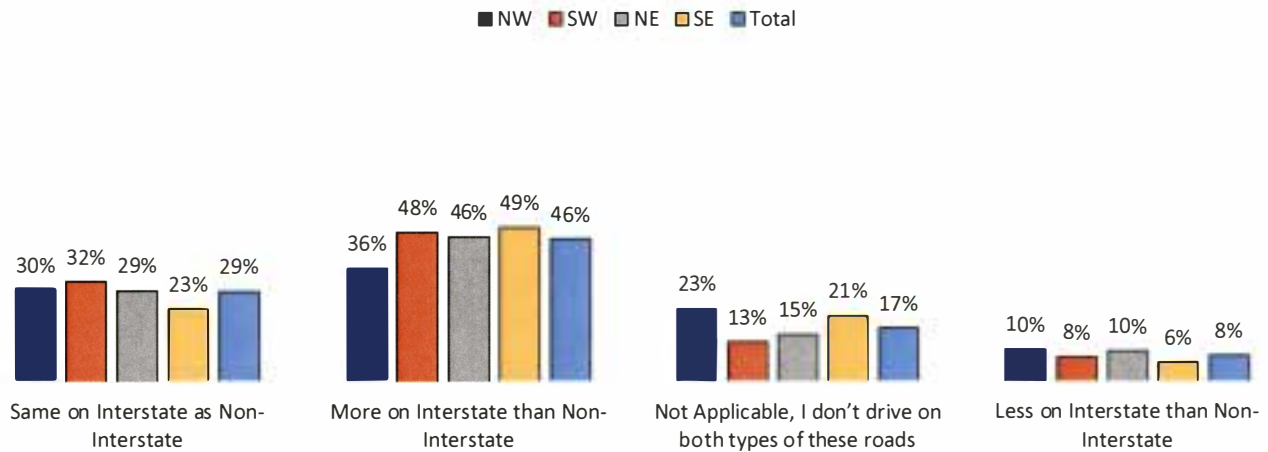
Current satisfaction with snow and ice control efforts
on Rural 2-Lane



2. Do you currently see the same service provided on Interstate 4-lane (I-29, I-94) as on Non-Interstate 4-lane (US-2, US-83)?

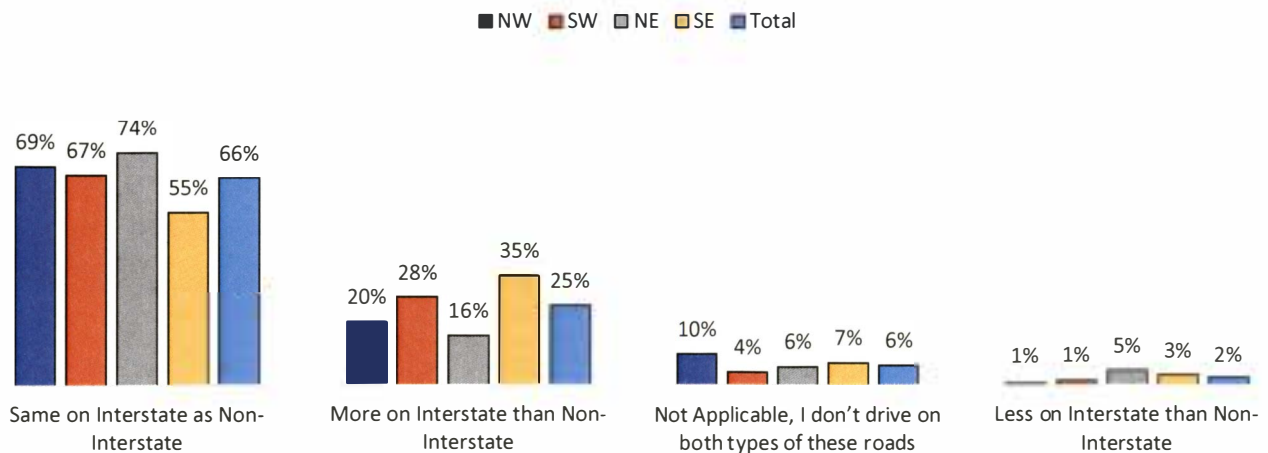
Respondents currently feel that more service is provided to interstate than non-interstate but think it should be equal.

Current Service Provided on Interstate 4-lane vs. Non-Interstate 4-lane



3. Would you expect to see the same service provided on Interstate 4-lane (I-29, I-94) as on Non-Interstate 4-lane (US-2, US-83)?

Expected Service on Interstate 4-lane vs. Non-interstate 4-lane

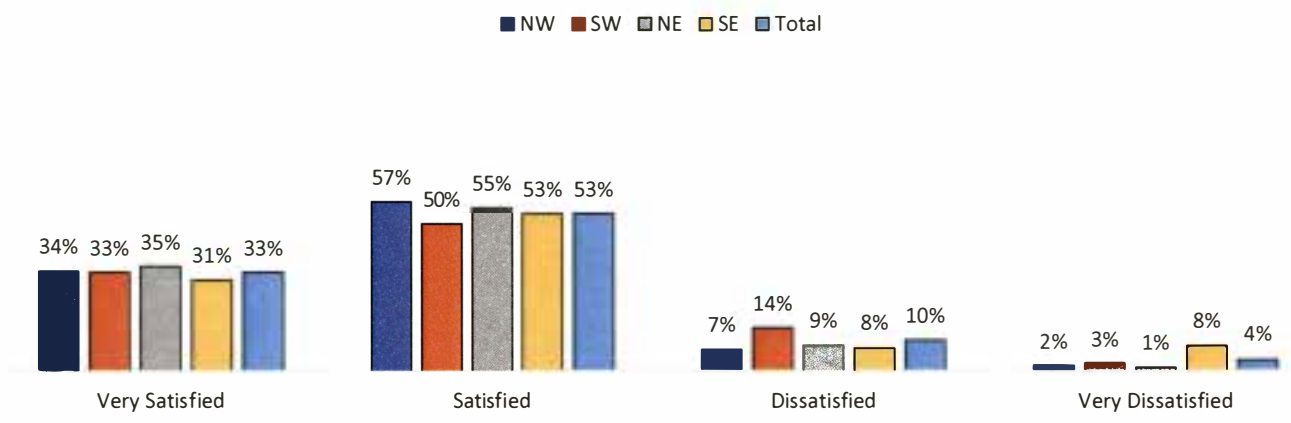


4. Snow plow drivers are typically out plowing roads from 5am – 7pm during winter storm events. Choose your level of satisfaction with the current hours of plowing for each type of state maintained rural highway listed below, not including local, city, or county roads.

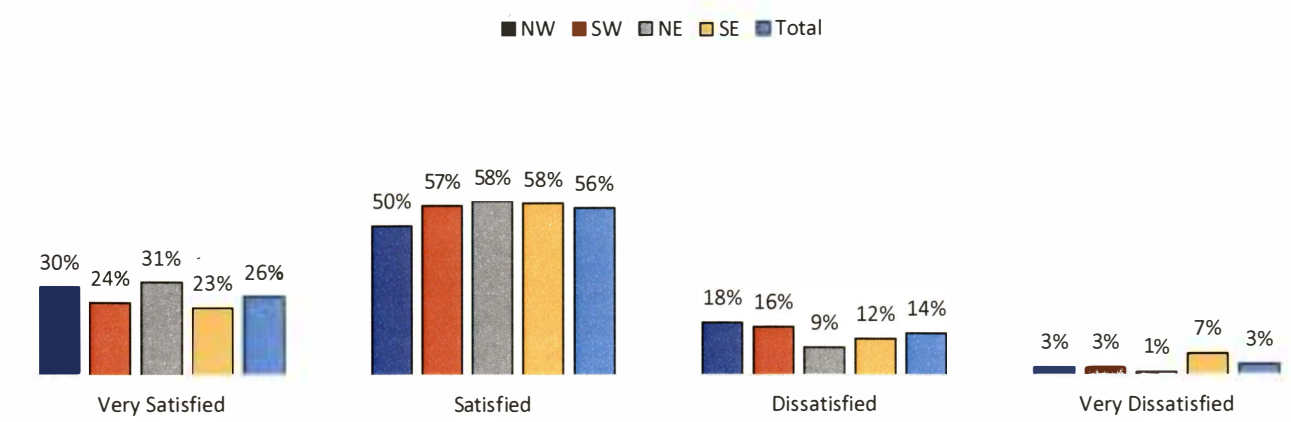
Satisfied with current plowing hours:

- 86% Interstate 4-lane
- 82% Non-interstate 4-lane
- 72% Rural 2-lane

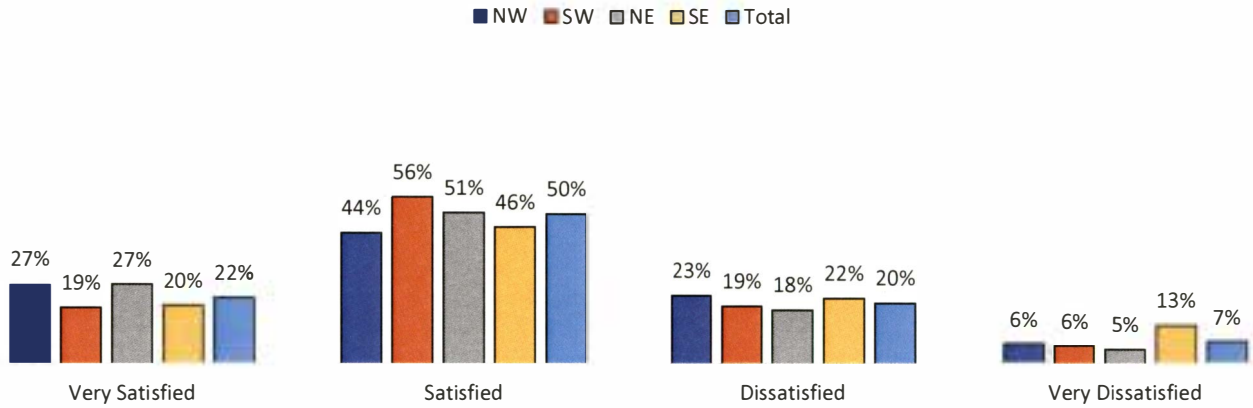
Current Satisfaction with Plowing Hours Interstate 4-lane



Current Satisfaction with Plowing Hours Non-Interstate 4-lane



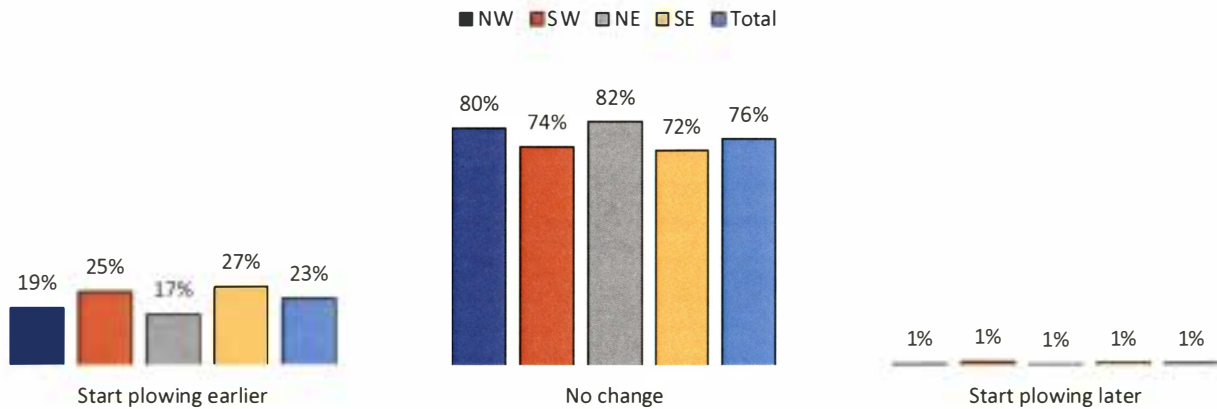
Current Satisfaction with Plowing Hours Rural 2-lane



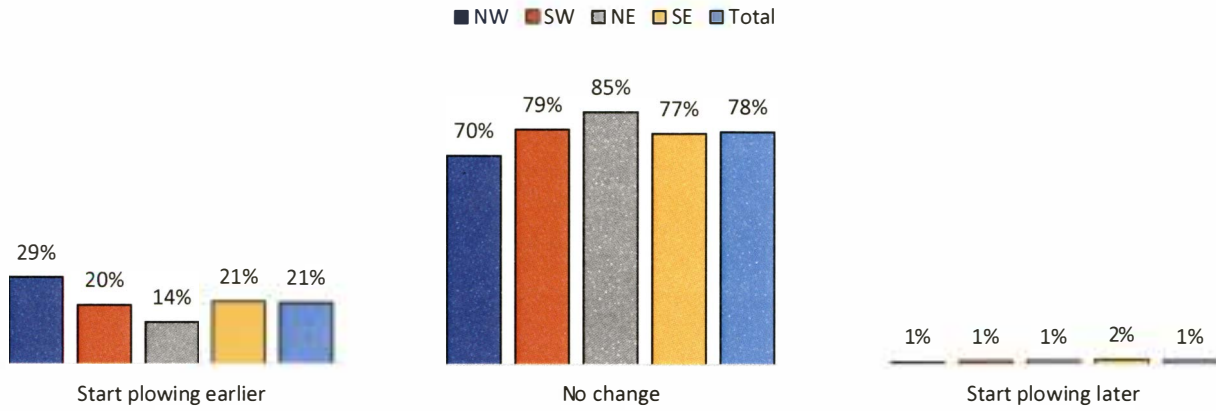
5. Should snow plow drivers change when they start plowing in the morning? Currently the plowing starts at 5am.

Three in four respondents say no change.

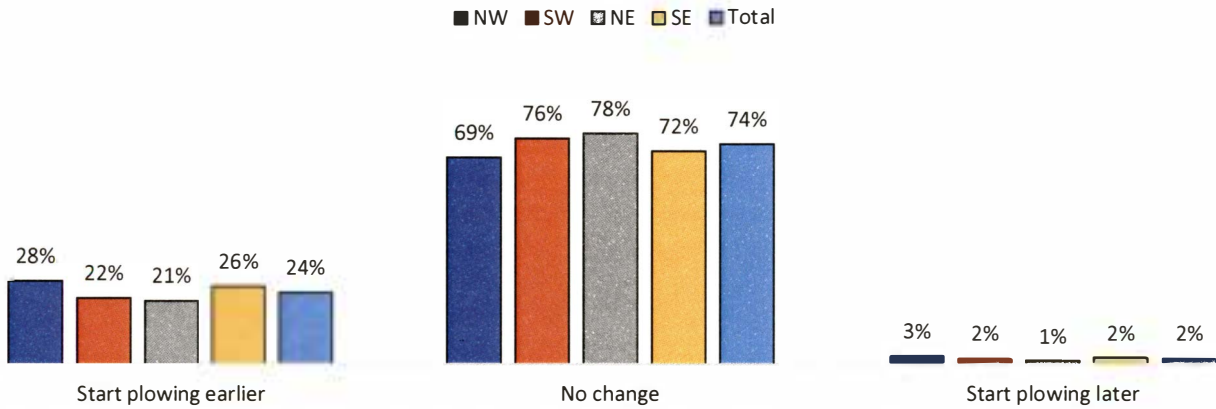
Change Plowing Start Time Interstate 4-lane



Change Plowing Start Time Non-Interstate 4-lane

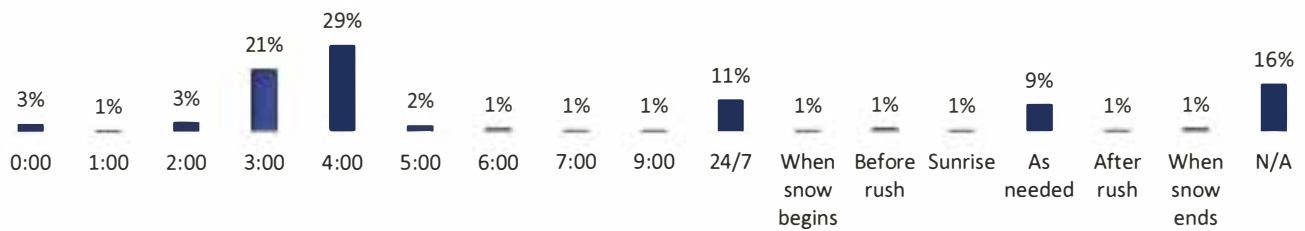


Change Plowing Start Time Rural 2-lane

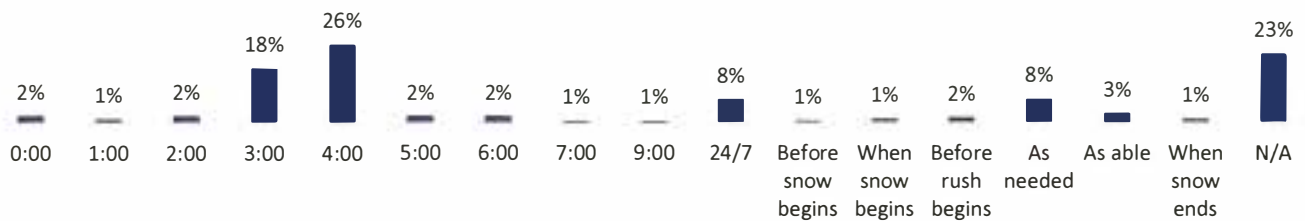


If you answered to change the time earlier or later, then please specify what time should plowing start.

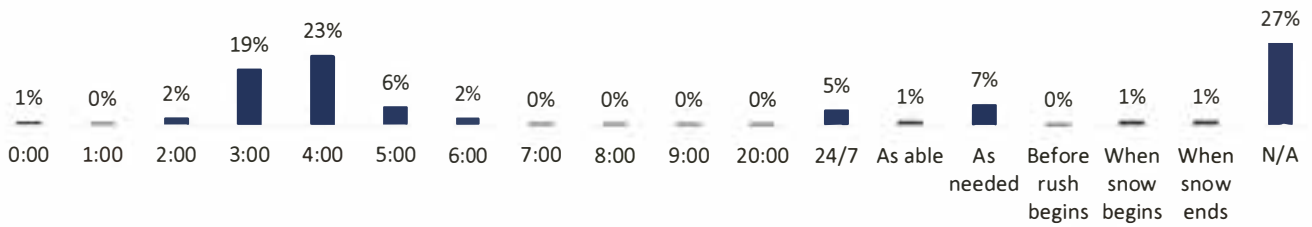
When Plowing Should Start Interstate 4-lane



When Plowing Should Start Non-Interstate 4-lane



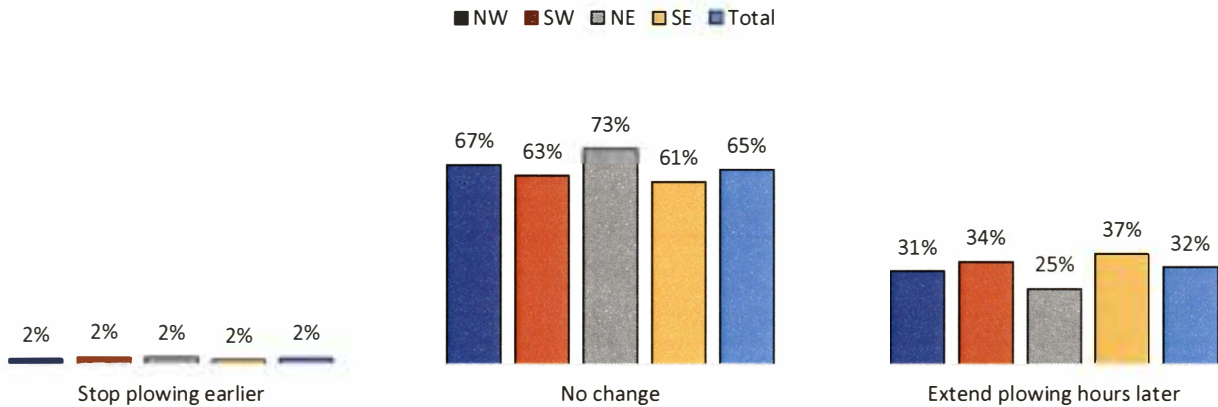
When Plowing Should Start Rural 2-lane



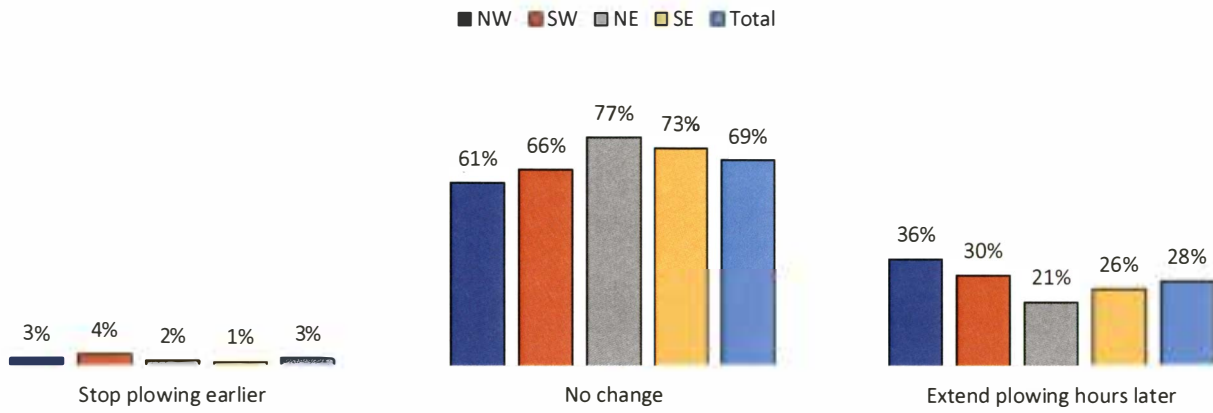
6. Should snow plow drivers change when they stop plowing at night? Currently the plowing stops at 7pm.

More than one in four respondents say to extend plowing hours.

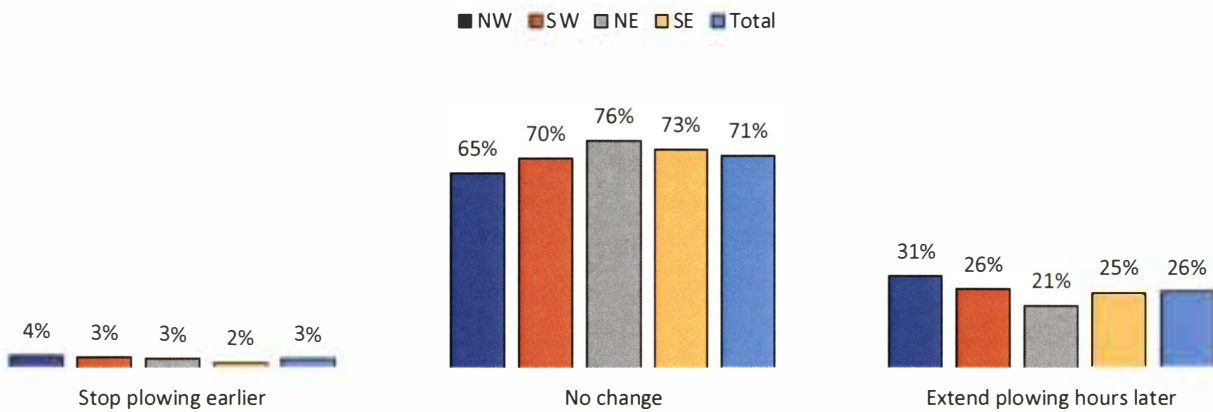
Change Plowing Stop Time Interstate 4-lane



Change Plowing Stop Time Non-Interstate 4-lane

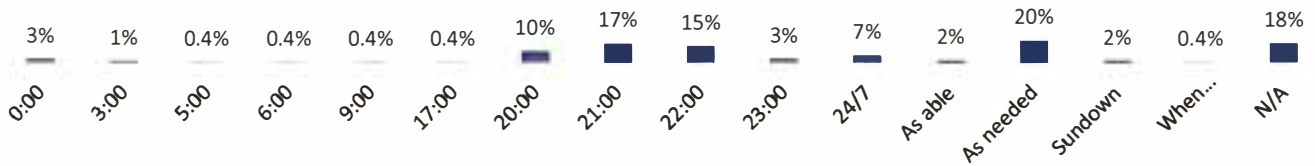


Change Plowing Stop Time Rural 2-lane

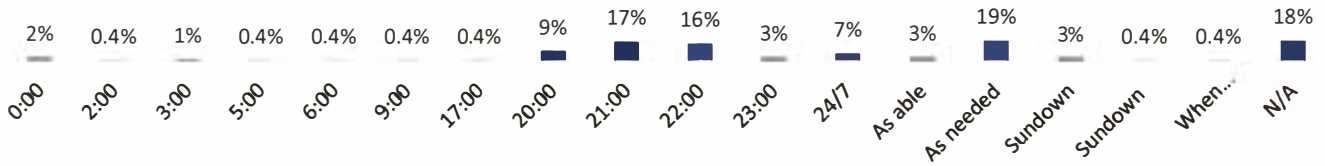


If you answered to change the time earlier or later, please specify what time should plowing stop:

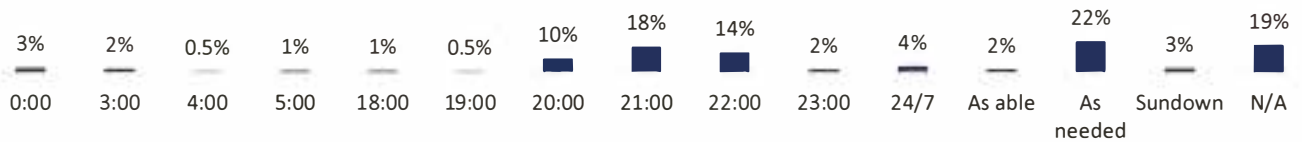
When Plowing Should Stop
 Interstate 4-lane



When Plowing Should Stop
 Non-Interstate 4-lane



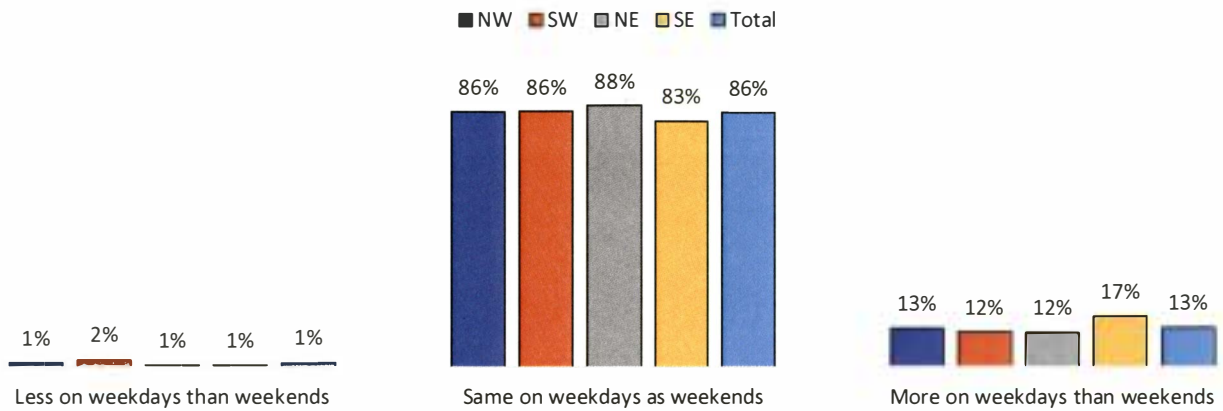
When Plowing Should Stop
 Rural 2-lane



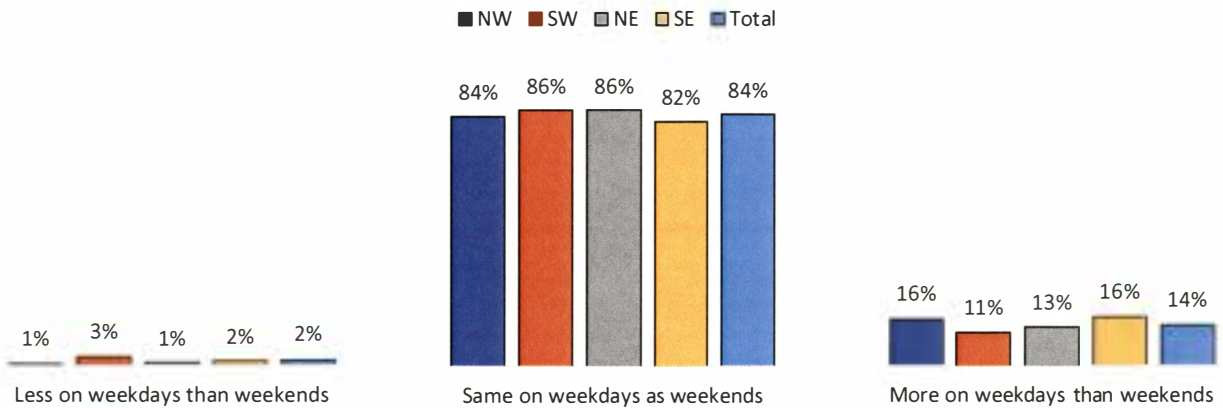
7. Should the same hours of plowing be provided on weekdays and weekends?

Over 80% say same to use the same hours on weekdays as weekends.

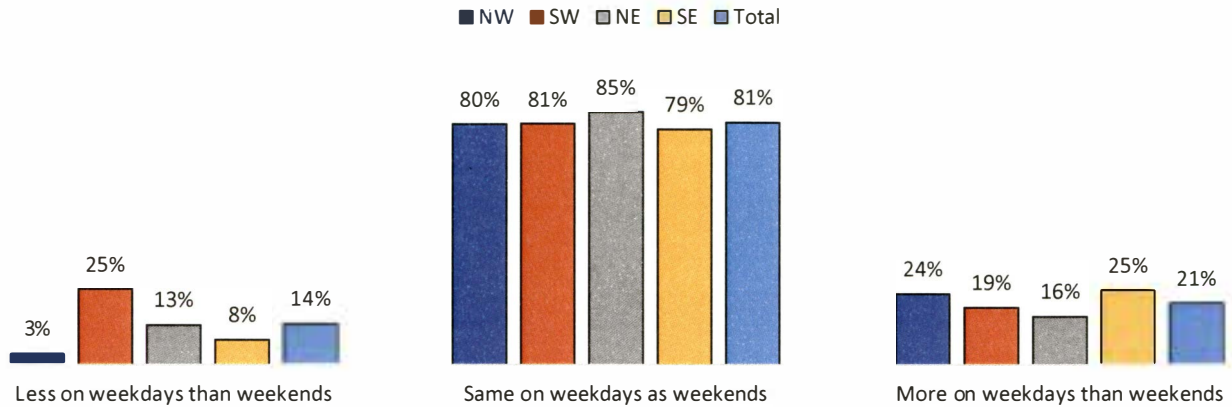
**Weekday vs. Weekend Plowing Hours
Interstate 4-lane**



**Weekday vs. Weekend Plowing Hours
Non-Interstate 4-lane**



Weekday vs. Weekend Plowing Hours Rural 2-lane



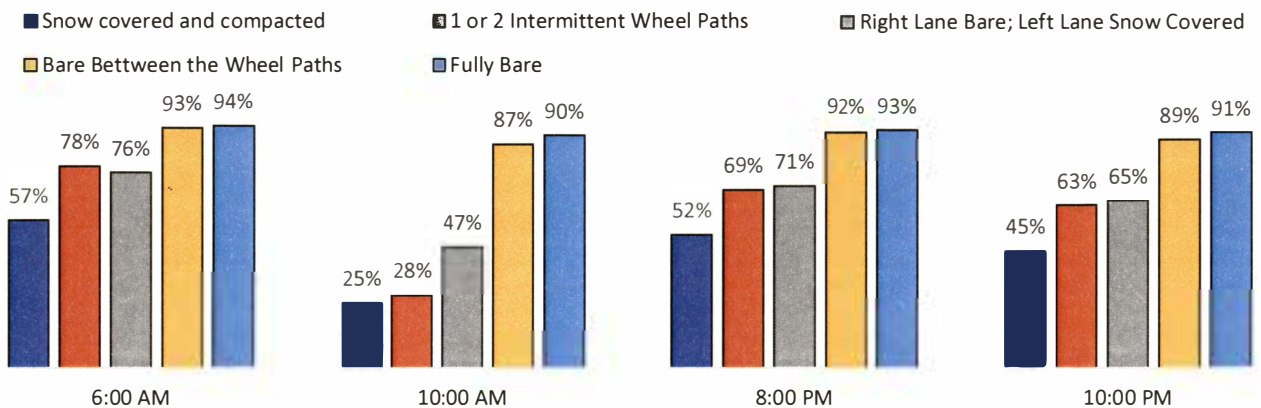
The next set of questions pertain to an Interstate 4-Lane Highway, not including local, city, or county roads (example: I-29, I-94). If you do not drive on the Interstate you can skip this section. Interstate 4-Lane (example: I-29, I-94) - Snow Covered and Compacted

8, 10, 12, 14, 16, 18, 20, 22, 24, 26, 28, 30, 32, 34. For the road condition shown above, if this 3 to 4-inch snowfall ended at 3am in the morning, and the wind had died down, how acceptable would this road condition be at:
 9, 11, 13, 15, 17, 19, 21, 23, 25, 27, 29, 31, 33, 35. For the road condition shown above, if this 3 to 4-inch snowfall ended at 6pm in the evening, and the wind had died down, how acceptable would this road condition be at:

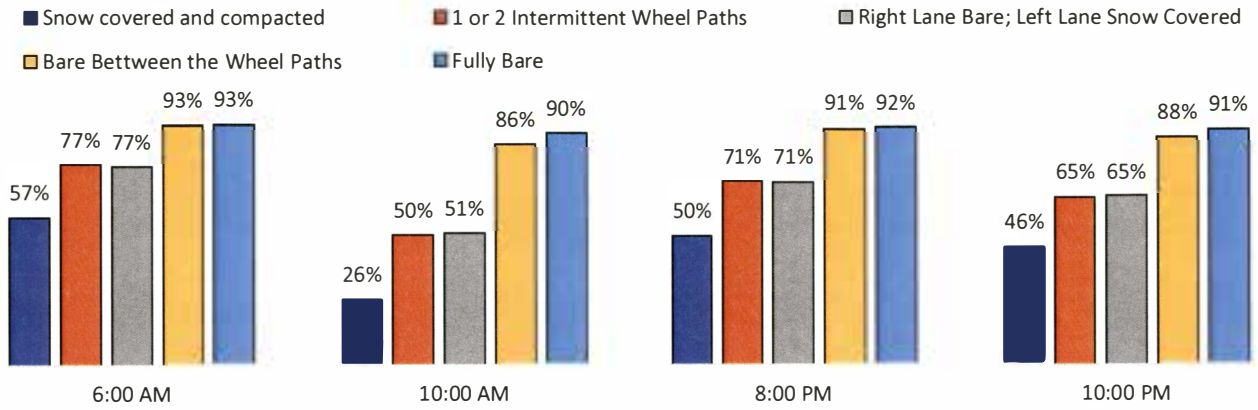
Very little difference between 'bare between wheel paths' and 'fully bare.'

Acceptability of Road Conditions

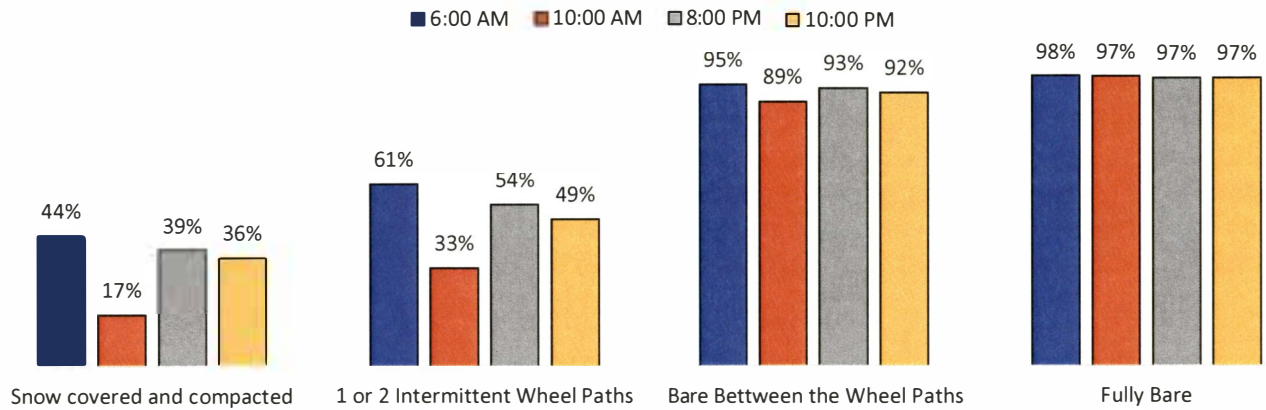
Acceptability of Road Conditions Interstate 4-Lane



Acceptability of Road Conditions Non-Interstate 4-lane



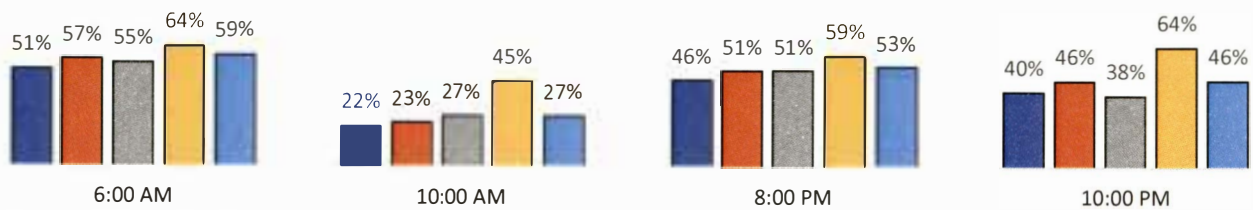
Acceptability of Road Conditions Rural 2-lane



Interstate 4-lane by Driver Type

Acceptability of Snow covered and compacted Interstate 4-Lane

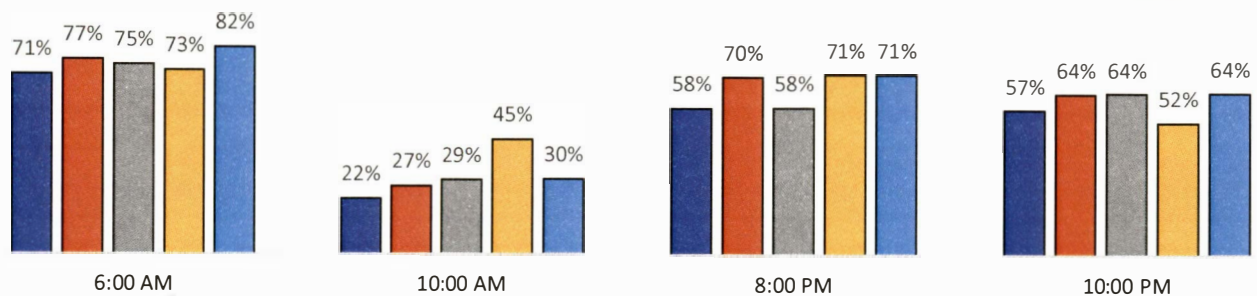
■ Commercial trucking ■ Daily commuter for work ■ Emergency Responder / Law Enforcement ■ Farming/ranching ■ Personal travel



Farmers slightly more accepting of snow-covered roads on interstate

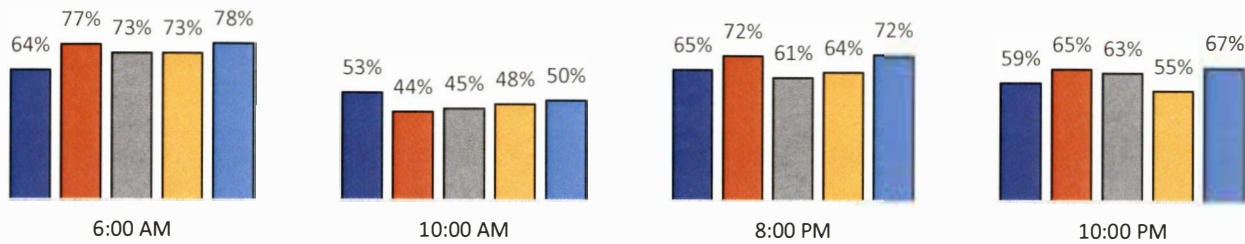
Acceptability of 1 or 2 Intermittent Wheel Paths Interstate 4-Lane

■ Commercial trucking ■ Daily commuter for work ■ Emergency Responder / Law Enforcement ■ Farming/ranching ■ Personal travel



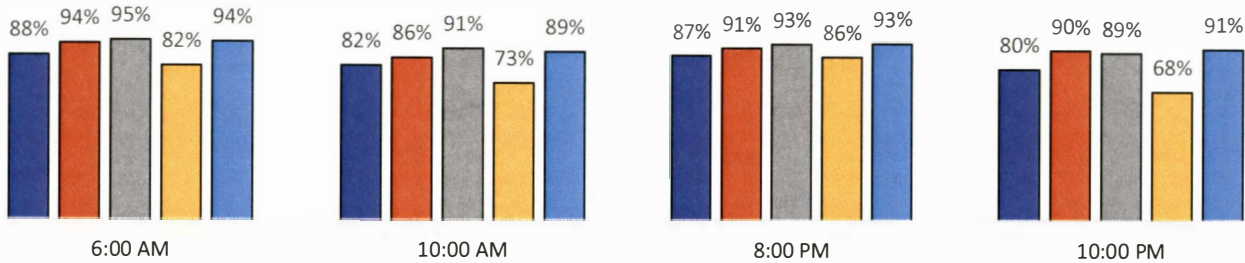
Acceptability of Right Lane Bare; Left Lane Snow Covered Interstate 4-Lane

Commercial trucking Daily commuter for work Emergency Responder / Law Enforcement Farming/ranching Personal travel



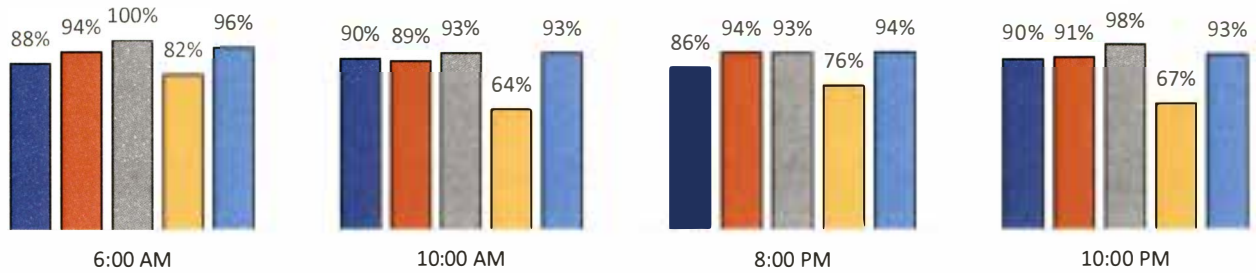
Acceptability of Bare Between the Wheel Paths Interstate 4-Lane

Commercial trucking Daily commuter for work Emergency Responder / Law Enforcement Farming/ranching Personal travel



Acceptability of Fully Bare Interstate 4-Lane

■ Commercial trucking ■ Daily commuter for work ■ Emergency Responder / Law Enforcement ■ Farming/ranching ■ Personal travel

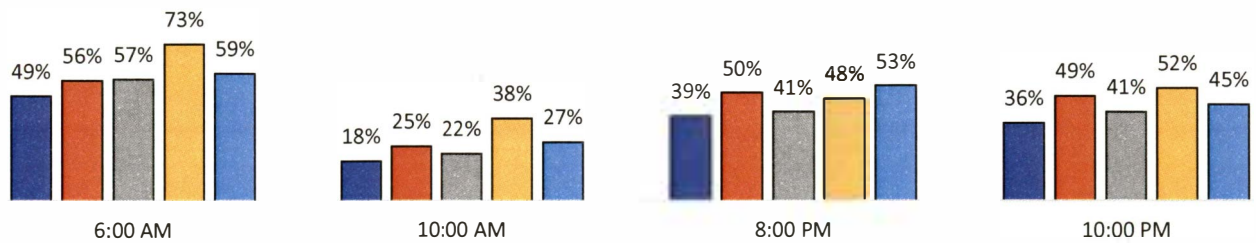


Farmers are slightly more accepting of snow covered roads on Interstate.

Non-Interstate 4-lane by Driver Type

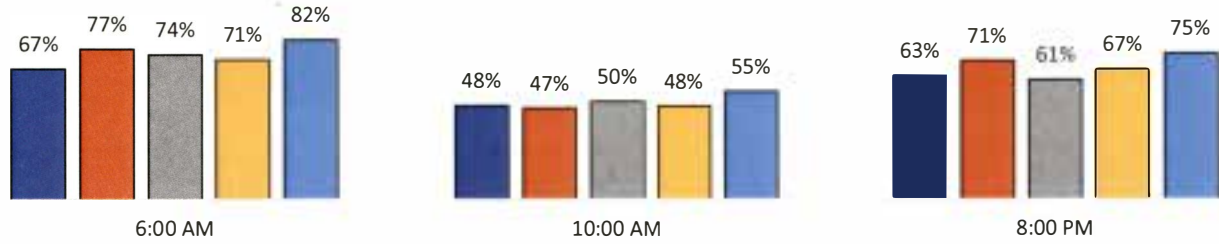
Acceptability of Snow Covered and Compacted Non-Interstate 4-lane

■ Commercial trucking ■ Daily commuter for work ■ Emergency Responder / Law Enforcement ■ Farming/ranching ■ Personal travel



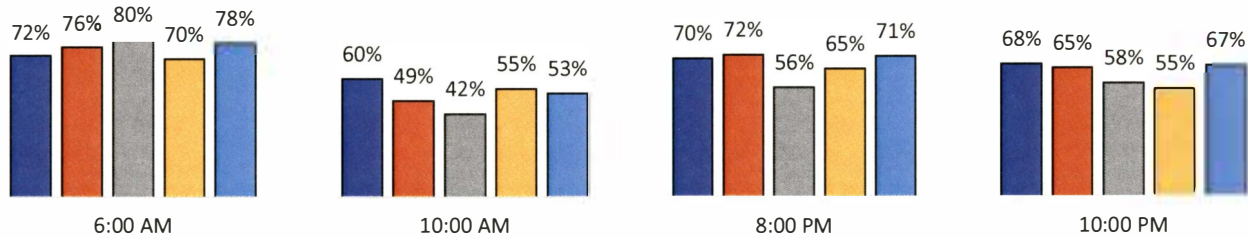
Acceptability of 1 or 2 Intermittent Wheel Paths Non-Interstate 4-lane

Commercial trucking Daily commuter for work Emergency Responder / Law Enforcement Farming/ranching Personal travel



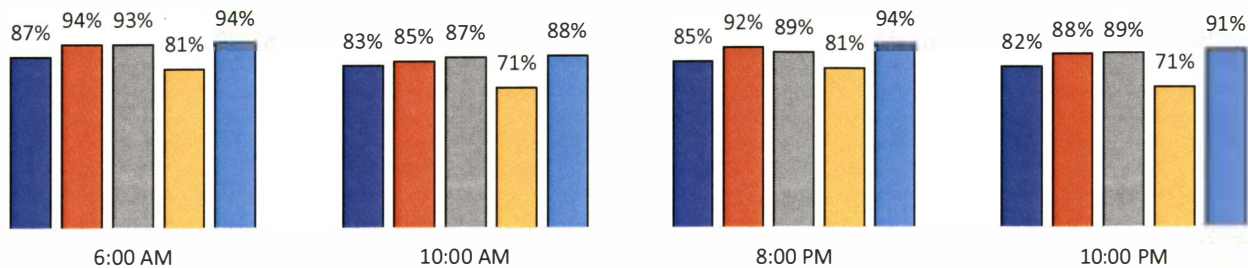
Acceptability of Right Lane Bare; Left Lane Snow Covered Non-Interstate 4-lane

Commercial trucking Daily commuter for work Emergency Responder / Law Enforcement Farming/ranching Personal travel

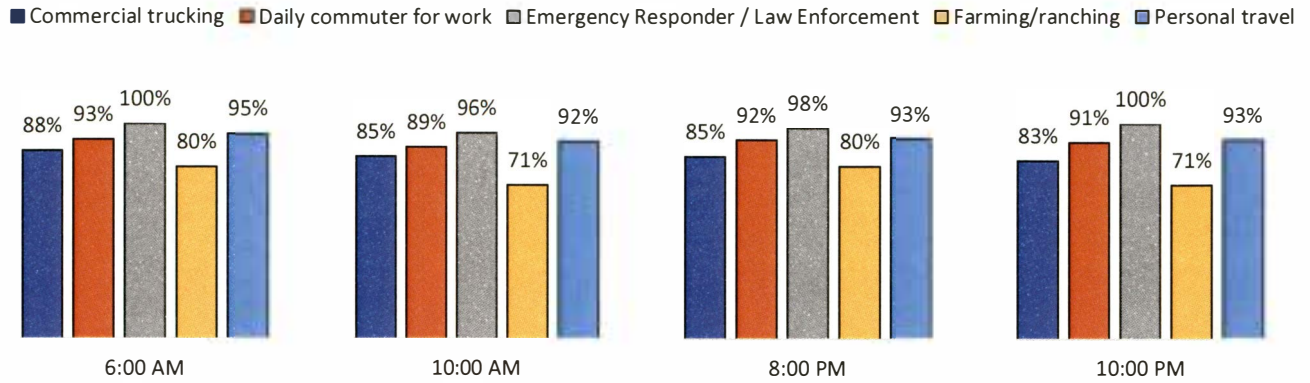


Acceptability of Bare Between the Wheel Paths Non-Interstate 4-lane

Commercial trucking Daily commuter for work Emergency Responder / Law Enforcement Farming/ranching Personal travel

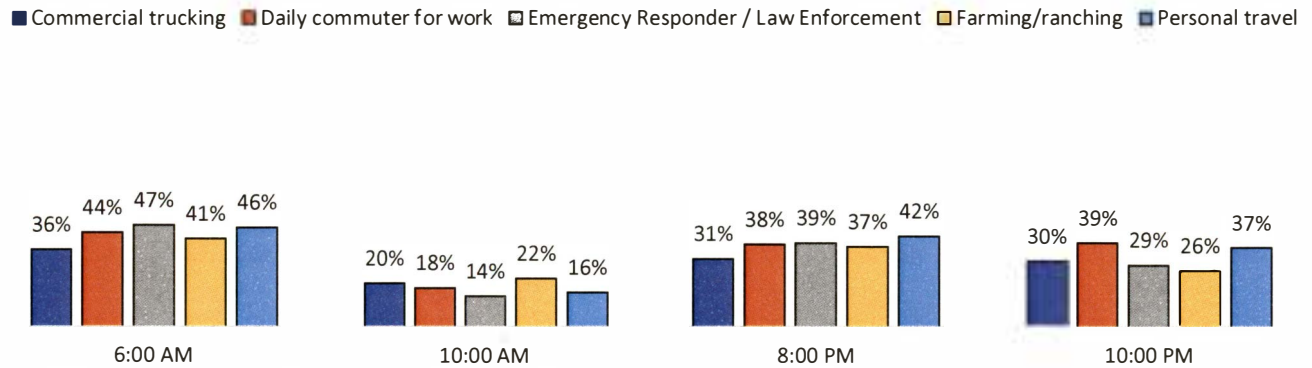


Acceptability of Fully Bare Non-Interstate 4-lane



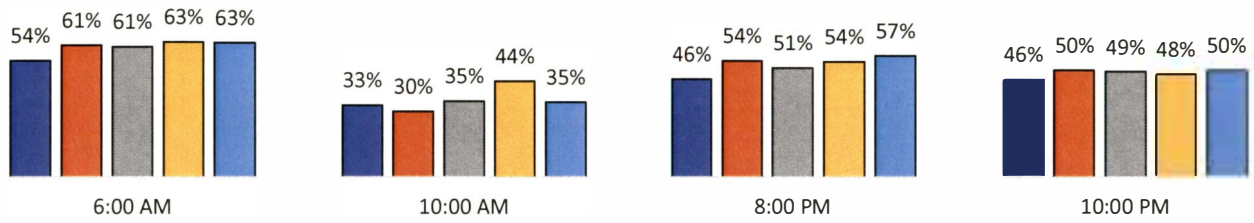
Rural 2-lane by Driver Type

Acceptability of Snow Covered and Compacted Rural 2-lane



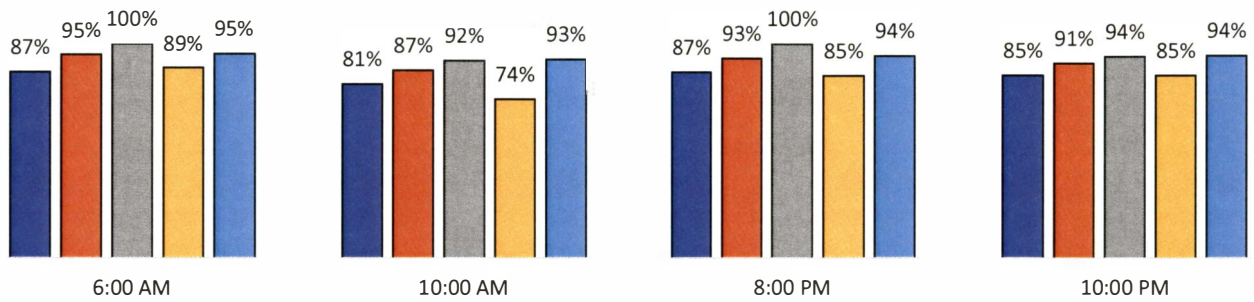
Acceptability of 1 or 2 Intermittent Wheel Paths Rural 2-lane

■ Commercial trucking ■ Daily commuter for work ■ Emergency Responder / Law Enforcement ■ Farming/ranching ■ Personal travel



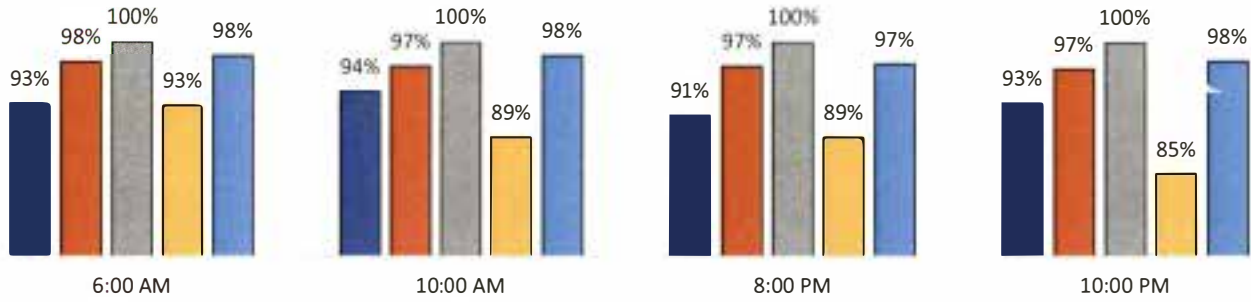
Acceptability of Bare Between Wheel Paths Rural 2-lane

■ Commercial trucking ■ Daily commuter for work ■ Emergency Responder / Law Enforcement ■ Farming/ranching ■ Personal travel



Acceptability of Fully Bare Rural 2-lane

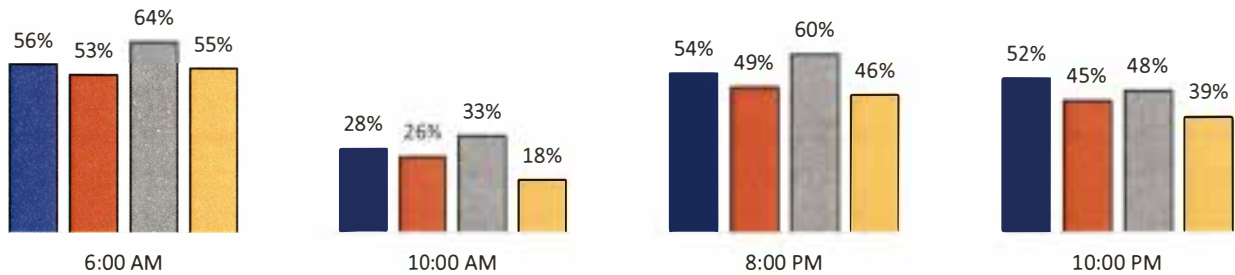
Commercial trucking Daily commuter for work Emergency Responder / Law Enforcement Farming/ranching Personal travel



Interstate 4-lane by Region

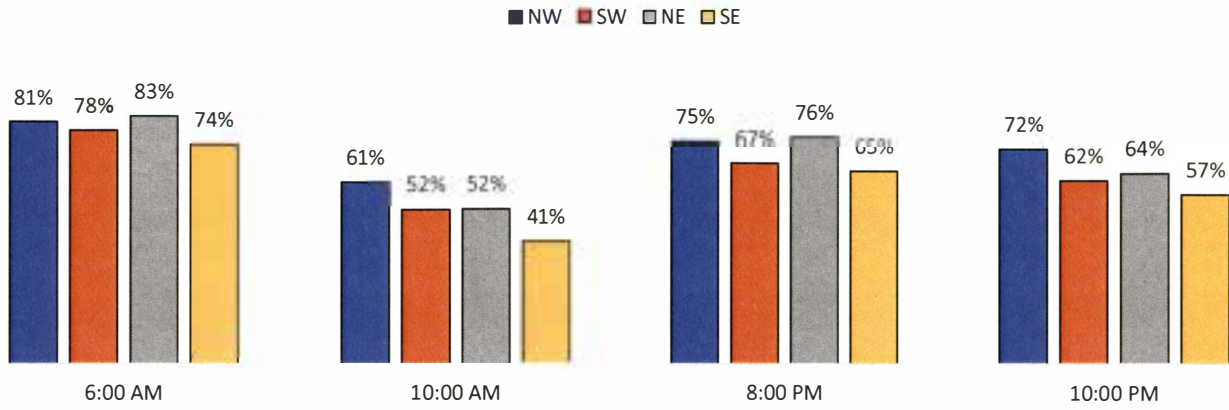
Acceptability of Snow Covered and Compacted Interstate 4-lane

NW SW NE SE

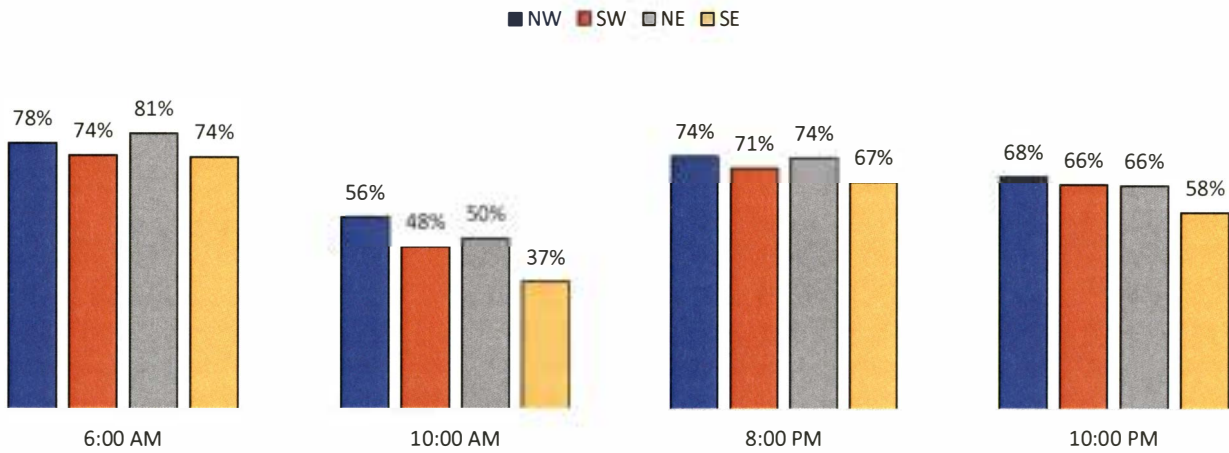


Respondents from the NE are more accepting of snow covered, but respondents of the SW most accepting of fully bare.

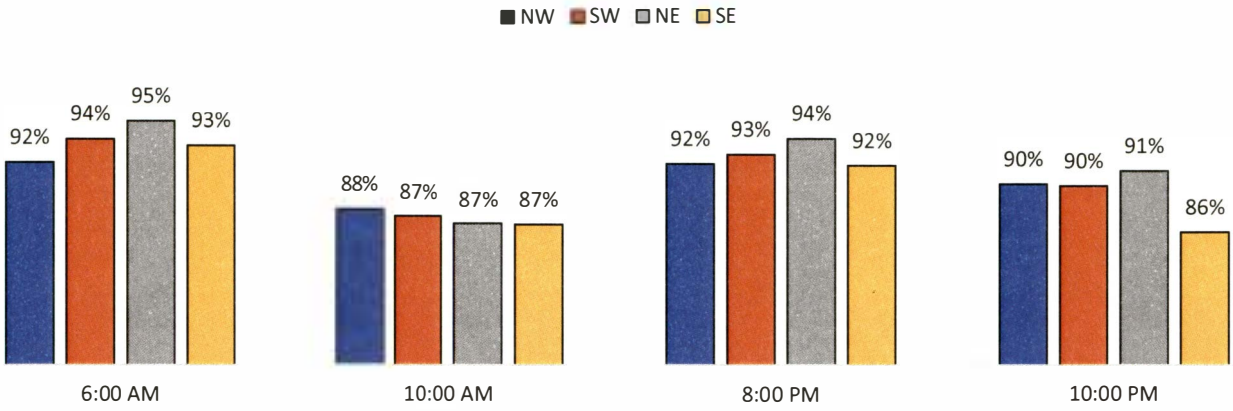
Acceptability of 1 or 2 Intermittent Wheel Paths Interstate 4-lane



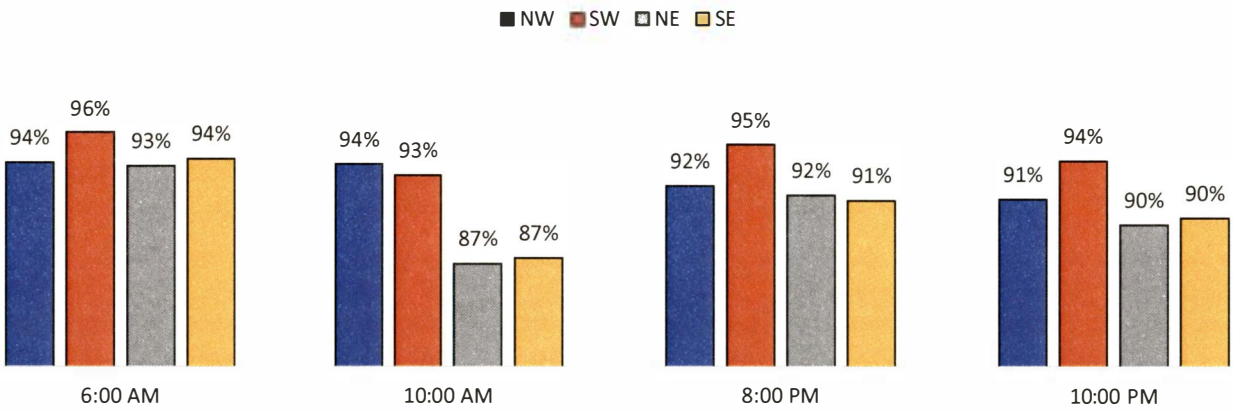
Acceptability of Right Lane Bare; Left Lane Snow Covered Interstate 4-lane



Acceptability of Bare Between Wheel Paths Interstate 4-lane

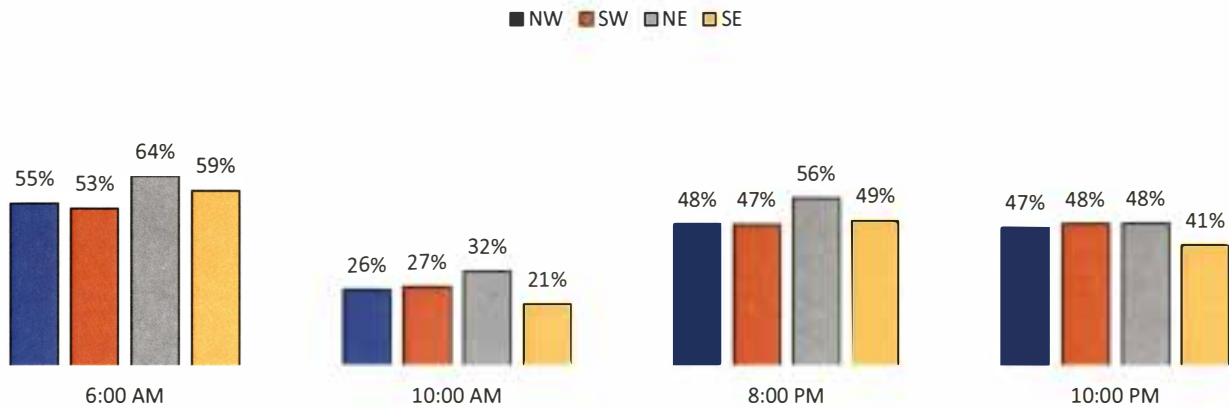


Acceptability of Fully Bare Interstate 4-lane

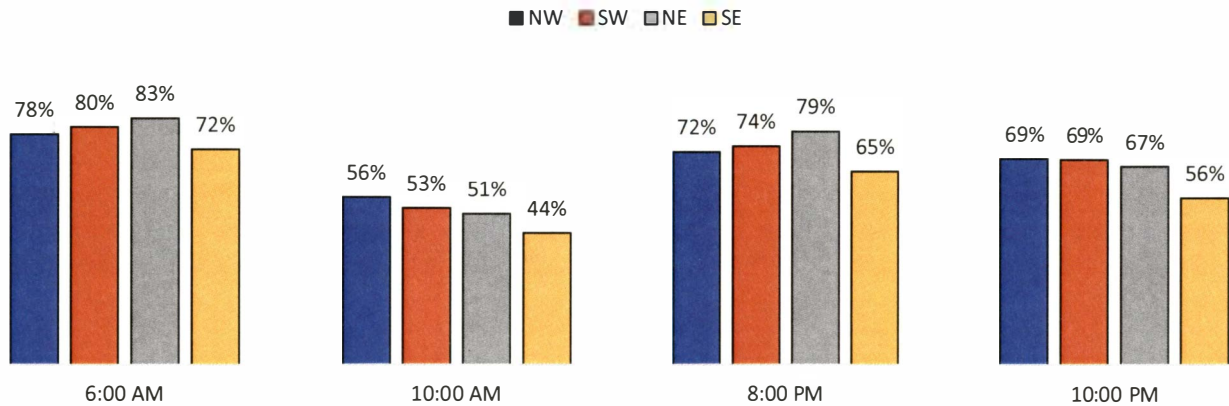


Non-Interstate 4-lane by Region

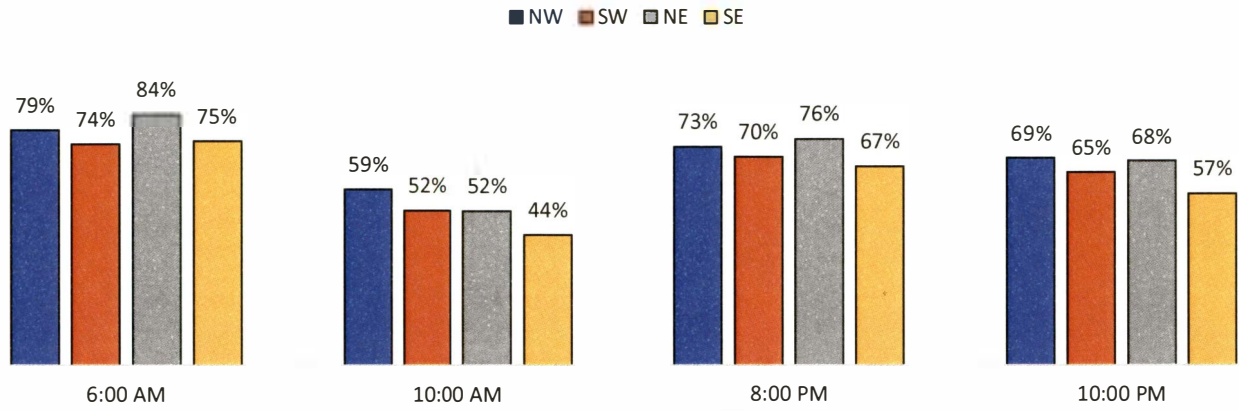
Acceptability of Snow Covered and Compacted
Non-Interstate 4-lane



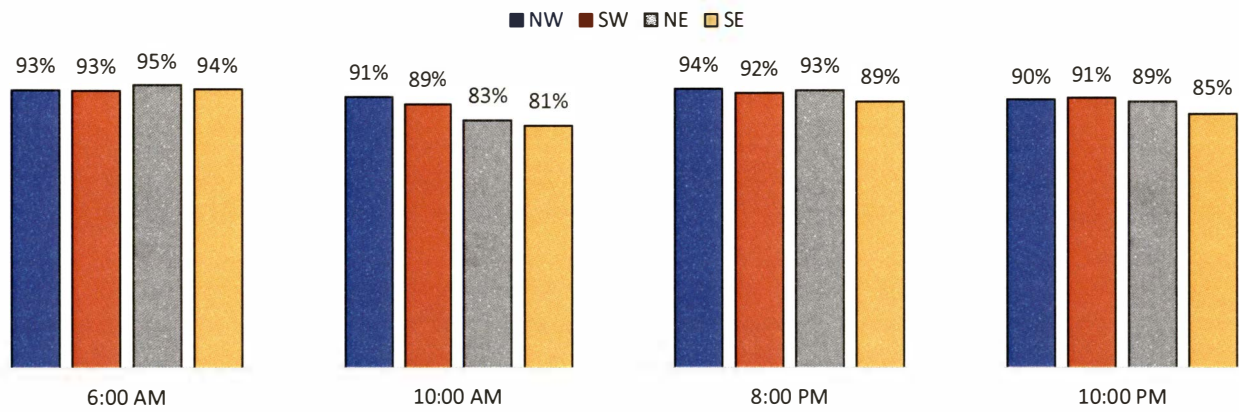
Acceptability of 1 or 2 Intermittent Wheel Paths
Non-Interstate 4-lane



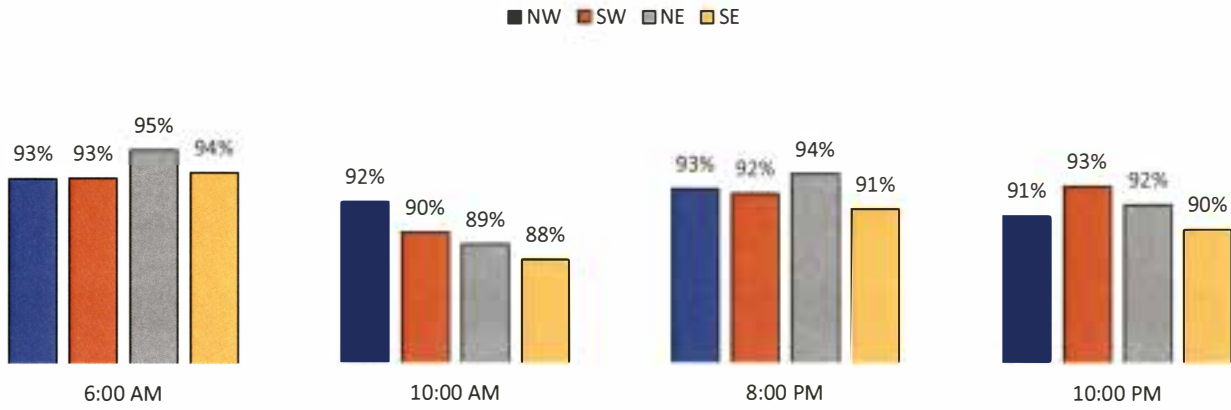
Acceptability of Right Lane Bare; Left Lane Snow Covered Non-Interstate 4-lane



Acceptability of Bare Between Wheel Paths Non-Interstate 4-lane

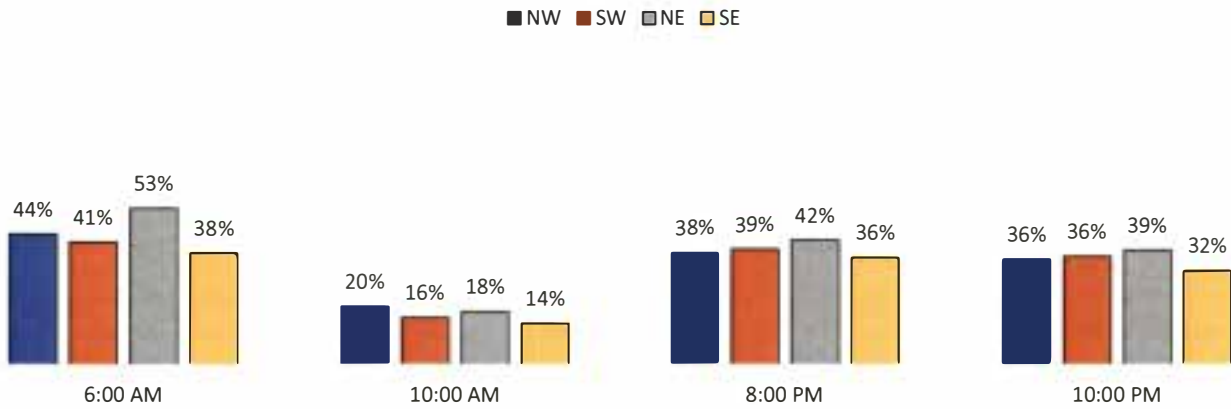


Acceptability of Fully Bare Non-Interstate 4-lane

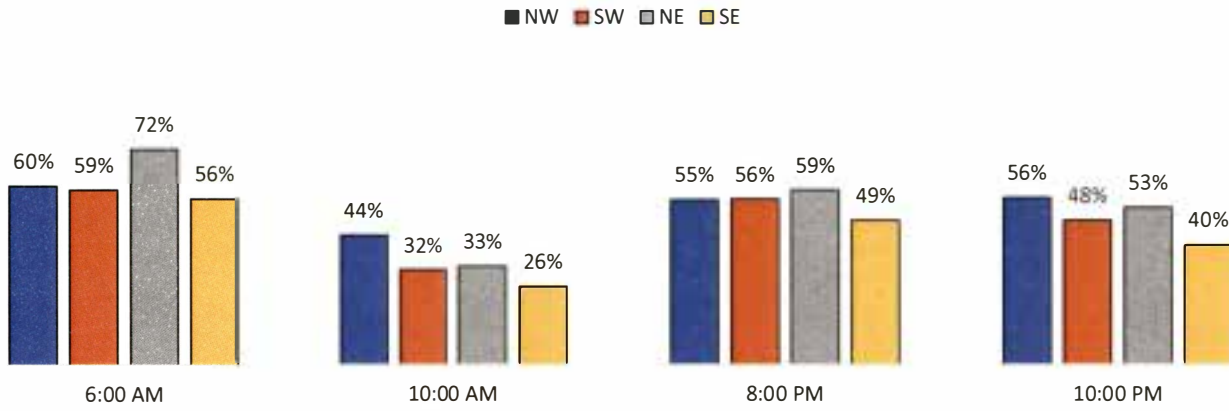


Rural 2-lane by Region

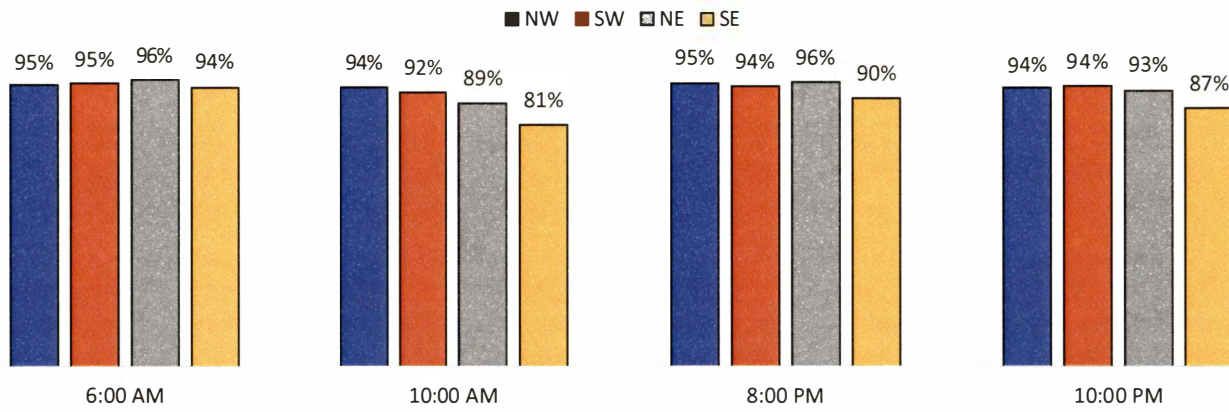
Acceptability of Snow Covered and Compacted Rural 2-lane



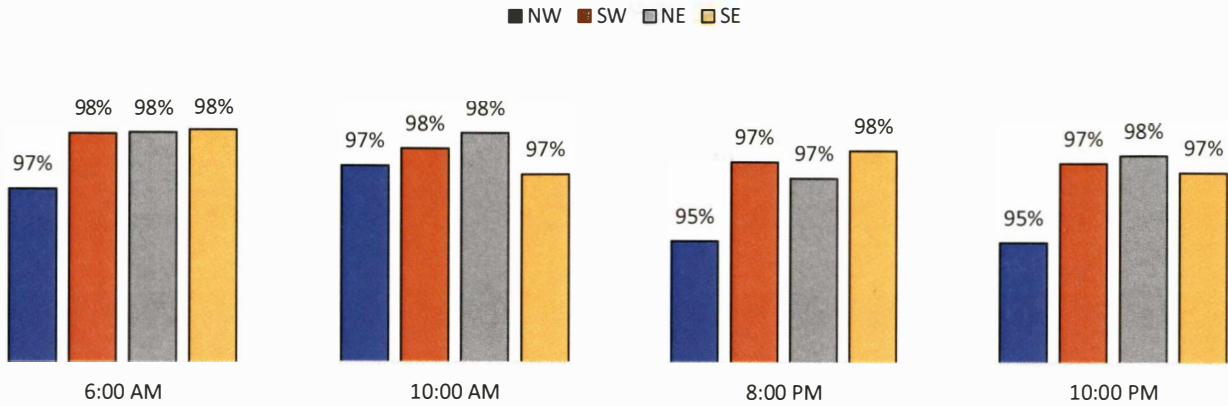
Acceptability of 1 or 2 Intermittent Wheel Paths Rural 2-lane



Acceptability of Bare Between Wheel Paths Rural 2-lane

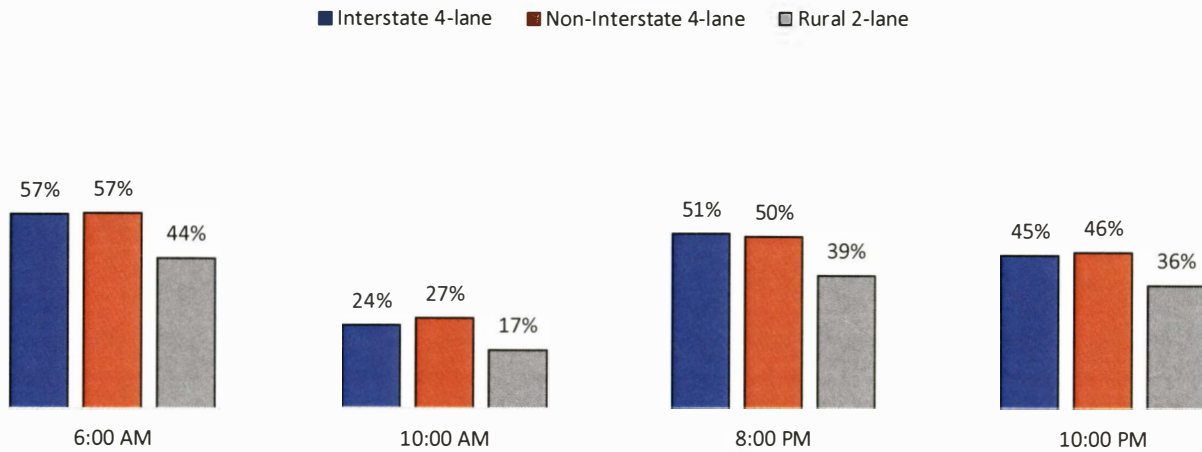


Acceptability of Fully Bare Rural 2-lane



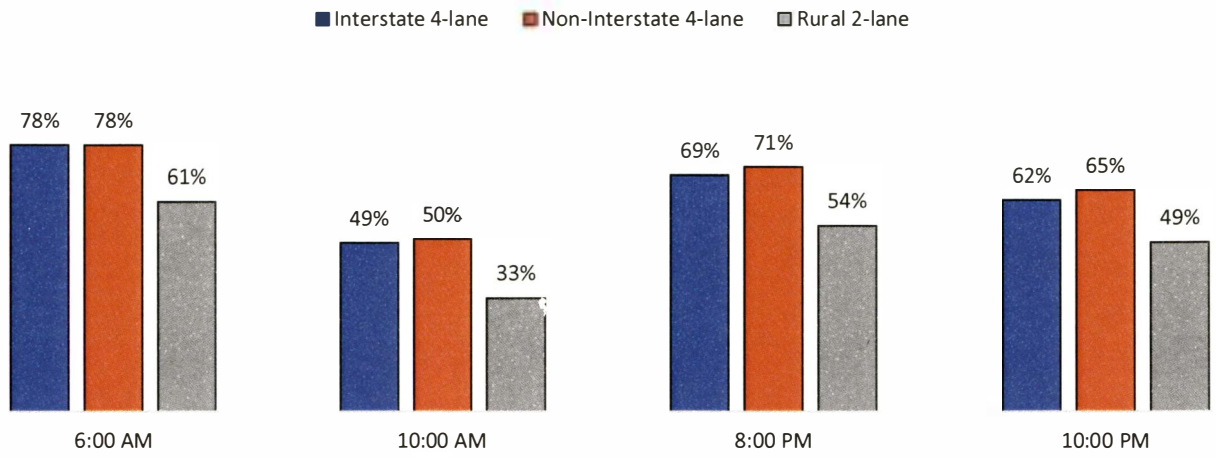
Acceptability of Road Conditions by Road Type

Acceptability of Snow Covered and Compacted

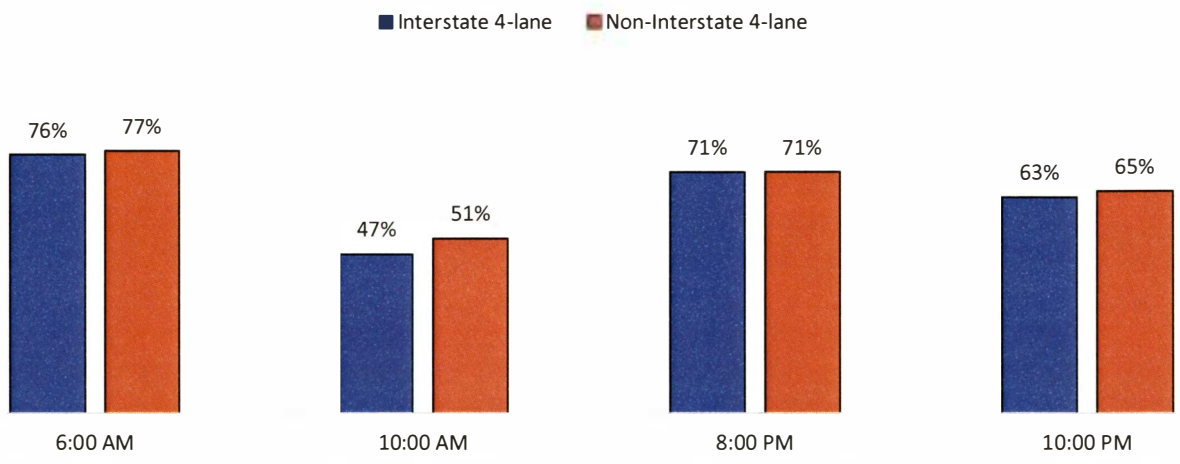


Respondents were less accepting of rural 2-lane roads to be snow covered on one or two intermittent paths.

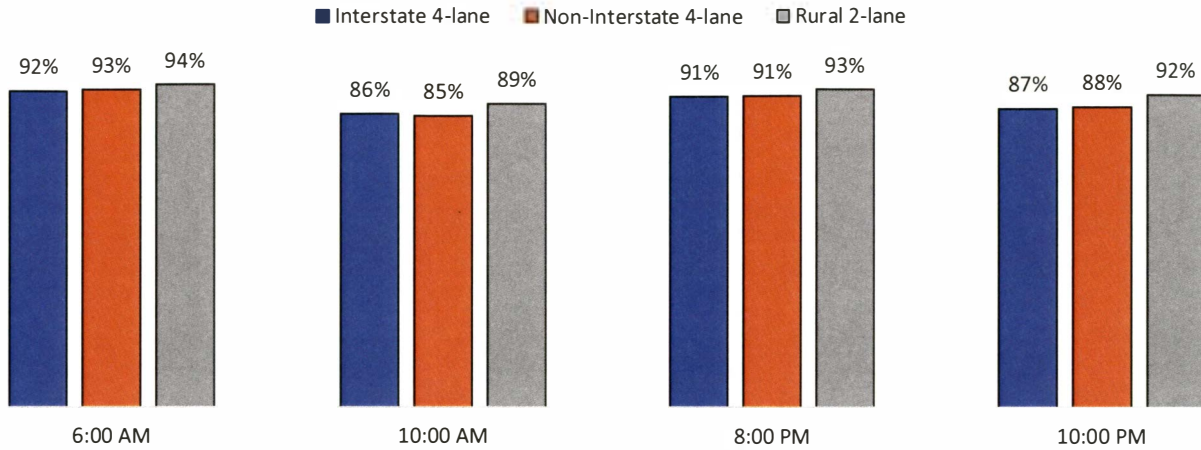
Acceptability of 1 or 2 Intermittent Wheel Paths



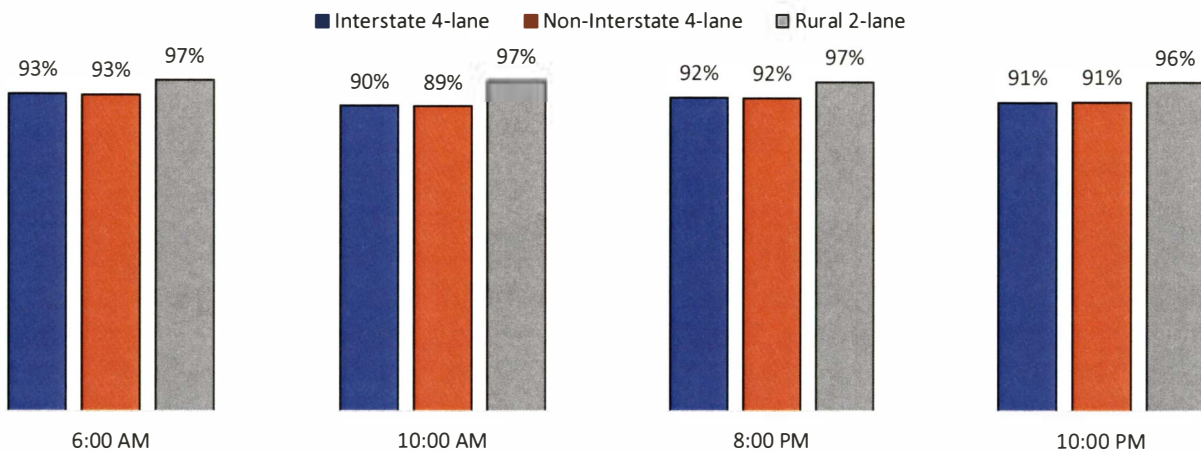
Acceptability of Right Lane Bare; Left Lane Snow Covered



Acceptability of Bare Between Wheel Paths



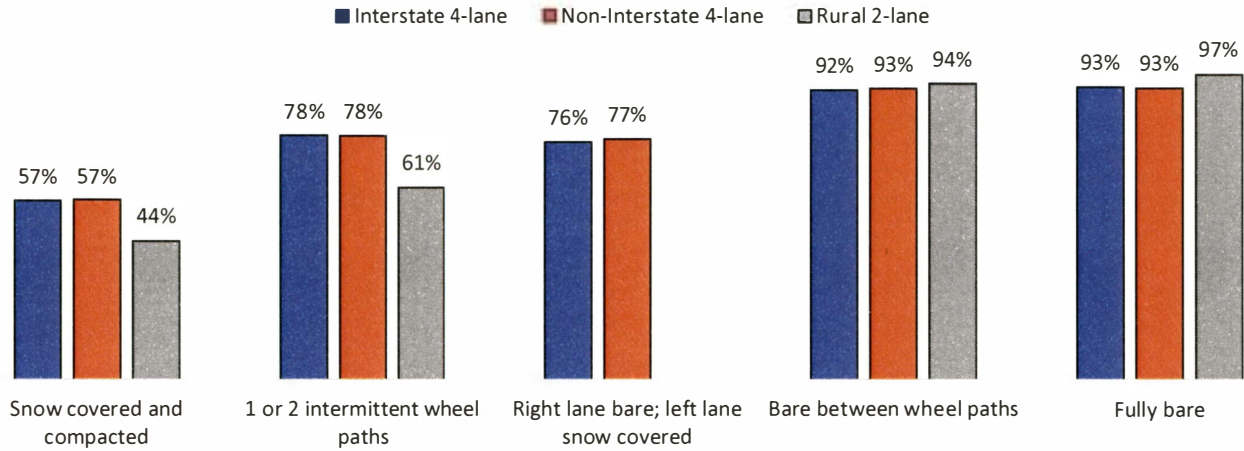
Acceptability of Fully Bare



Respondents were less accepting of rural 2-lane to be snow covered or 1 or 2 intermittent paths.

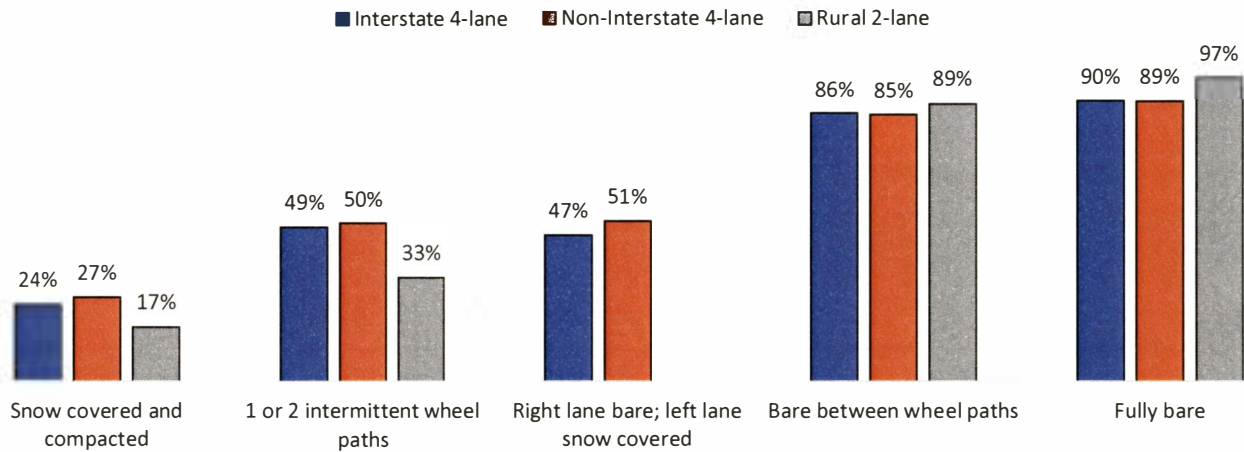
Overall Acceptability of Road Conditions

Acceptability at 6:00 AM

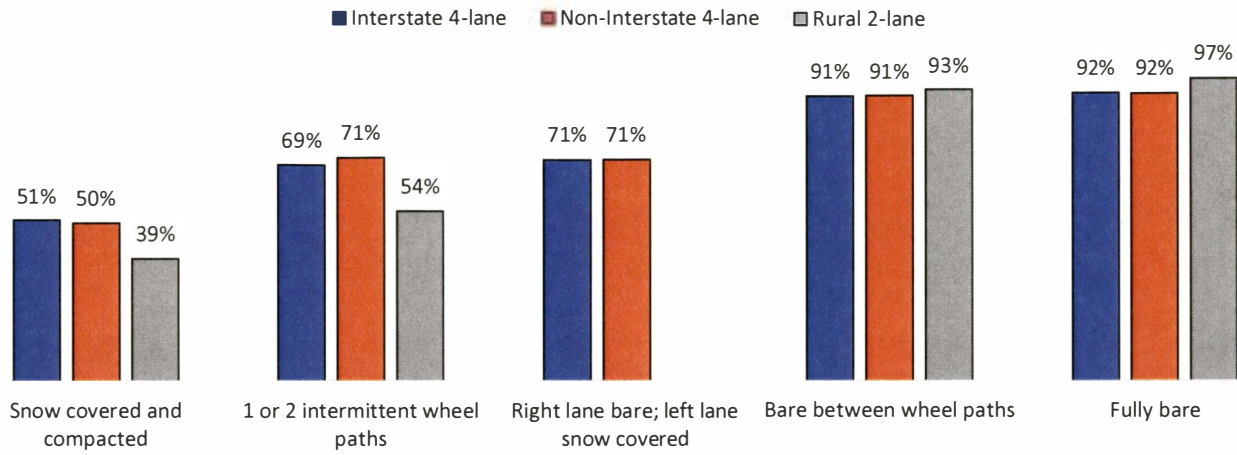


One- or two-wheel paths is acceptable to more than three of four respondents. Respondents were less accepting of poor road conditions on rural 2-lane roads.

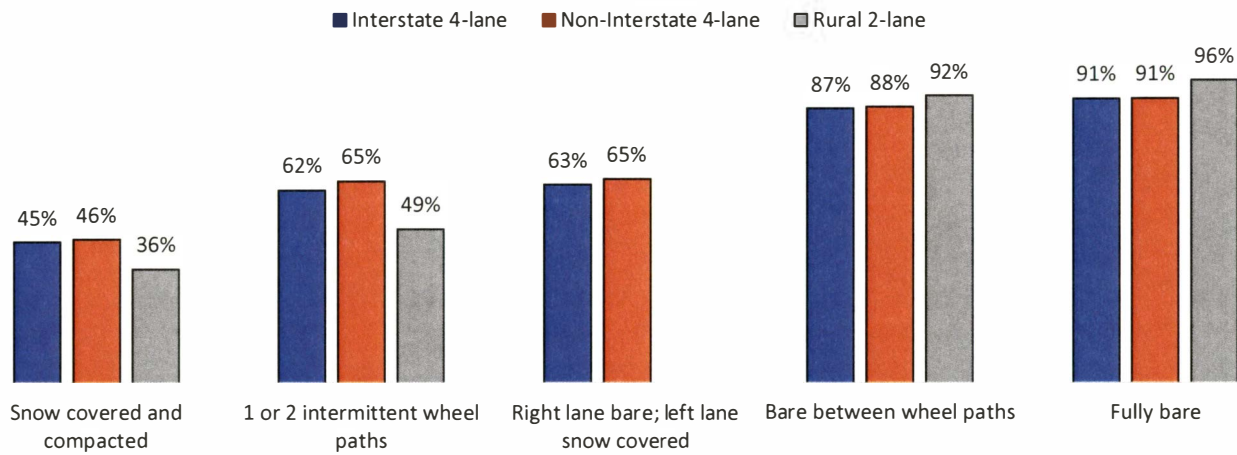
Acceptability at 10:00 AM



Acceptability at 8:00 PM



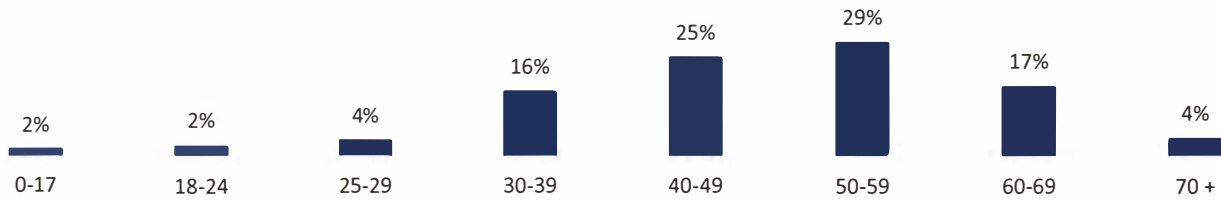
Acceptability at 10:00 PM



Demographics

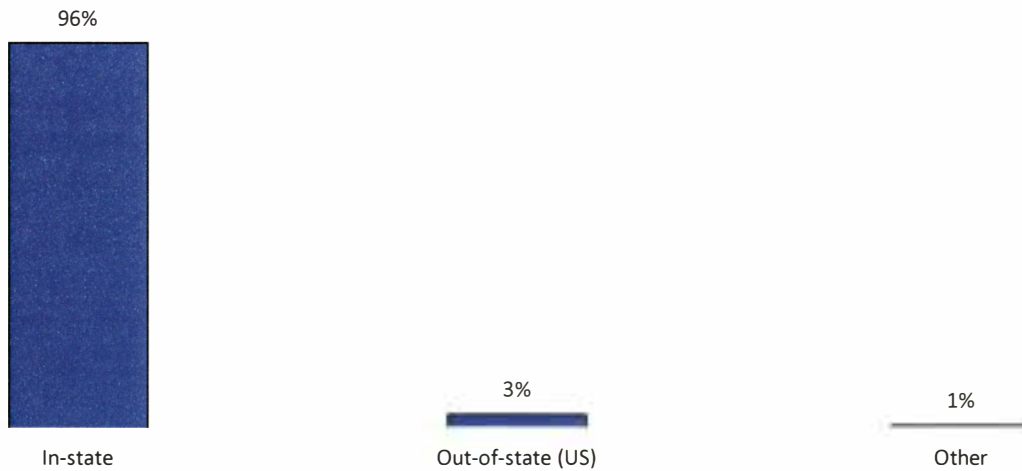
36. Age:

Age



37. Residency:

Residency



38. If In-State, what is your county of residence?

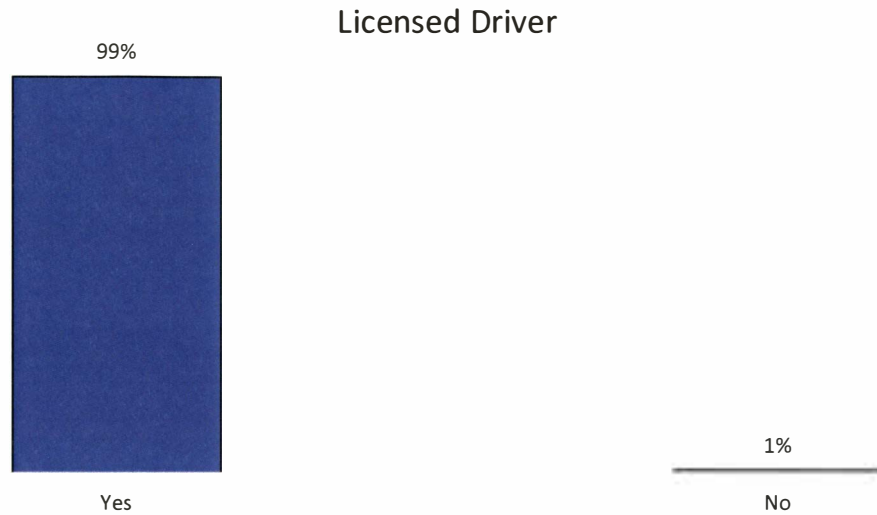


Burleigh County	17.3%
Cass County	10.2%
Ward County	7.1%
McIntosh County	5.1%
Grand Forks County	5.0%
Morton County	5.0%
Stark County	3.9%
Ramsey County	3.2%
Williams County	2.9%
Stutsman County	2.6%
Walsh County	2.2%
McLean County	2.1%
Benson County	1.7%
McKenzie County	1.7%
Logan County	1.7%
Emmons County	1.7%
Barnes County	1.7%
Mountrail County	1.6%
Pembina County	1.5%
Richland County	1.3%
Adams County	1.3%
Rolette County	1.2%

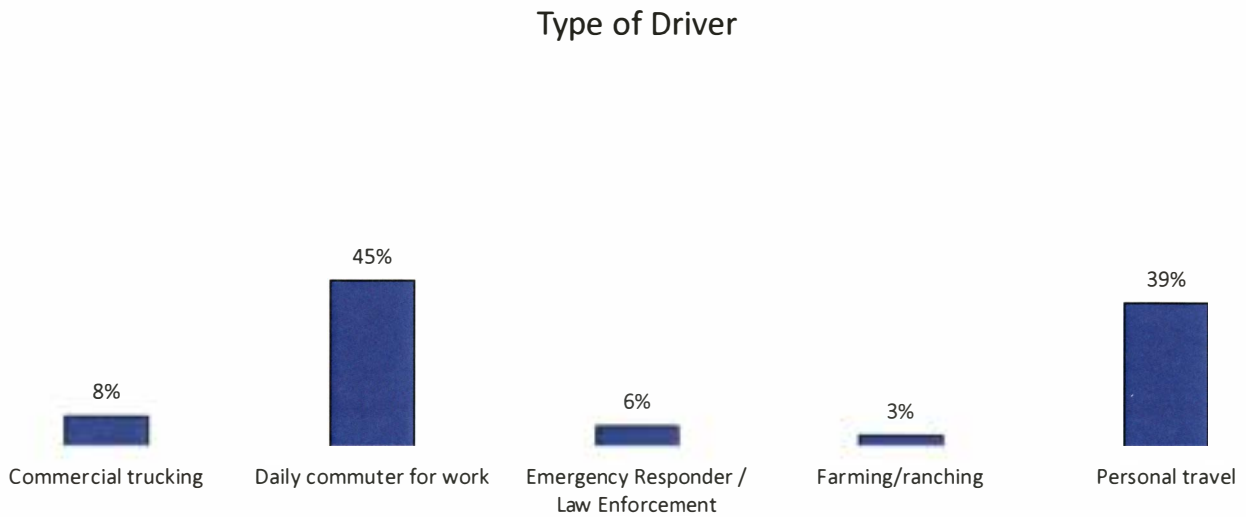
McHenry County	1.2%
Bowman County	1.2%
Hettinger County	1.1%
Towner County	1.0%
Bottineau County	1.0%
Mercer County	1.0%
Foster County	0.9%
Traill County	0.9%
Dunn County	0.9%
Golden Valley County	0.9%
Cavalier County	0.7%
Wells County	0.6%
Renville County	0.6%
Dickey County	0.6%
LaMoure County	0.6%
Eddy County	0.5%
Pierce County	0.5%
Steele County	0.5%
Burke County	0.5%
Ransom County	0.5%
Sheridan County	0.4%
Sargent County	0.4%
Sioux County	0.4%
Nelson County	0.2%
Griggs County	0.2%
Oliver County	0.2%
Slope County	0.2%
Billings County	0.2%
Grant County	0.2%
Divide County	0.1%
² Kidder County	0.0%

² NOTE: There were no submissions from Kidder County

39. Are you a licensed driver?

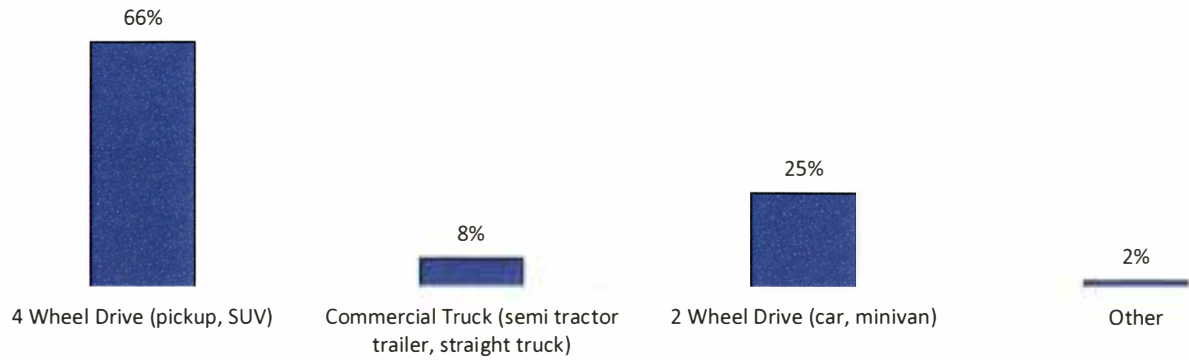


40. Choose how you most often use the state maintained rural highways, not including local, city, or county roads.



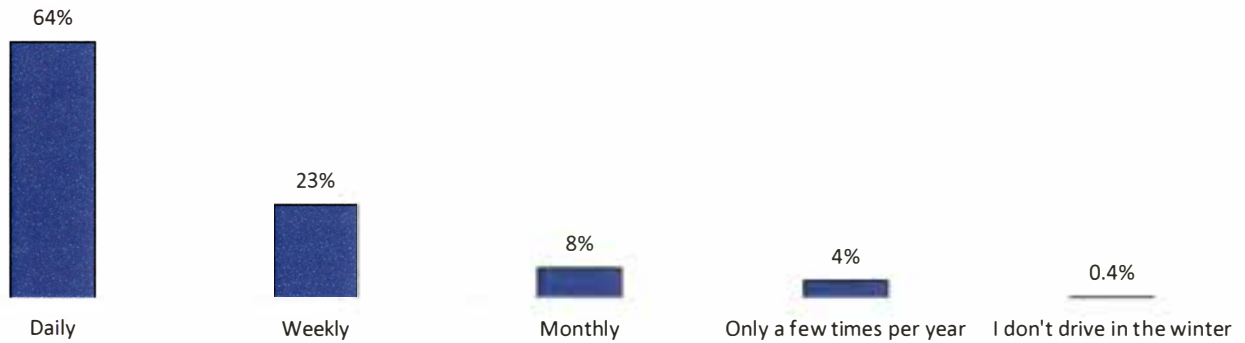
41. Choose the type of vehicle you most often drive during winter storm events?

Storm Event Vehicle



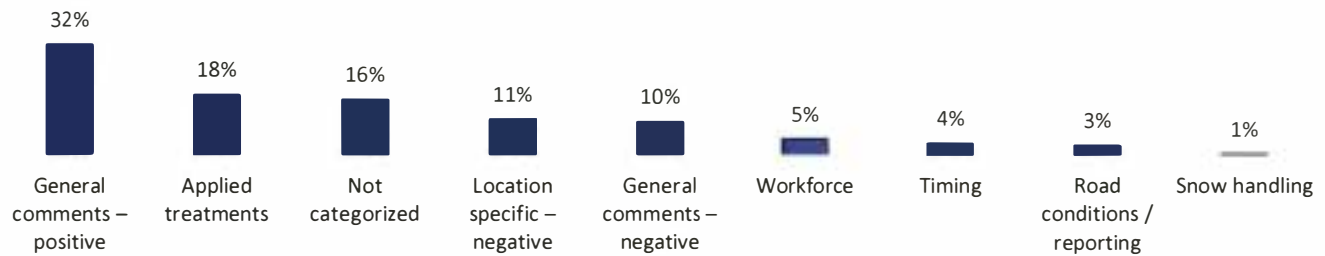
42. How often do you drive on state maintained rural highways during the winter season, not including local, city, or county roads?

State Maintained Rural Highway Frequency of Use



43. General Comments - Please provide any other comments you have about snow and ice control provided by NDDOT.

Coded Response Type



Examples of Coded Response Types:

General Comments – Positive

- I think the NDDOT Snow and Ice Control Maintenance Team is the best in the nation. The service they provide is above and beyond. Thank you for the outstanding service you provide.
- The ND Dot has substantially stepped up its winter road maintenance in recent years and this past winter was the best yet. I do feel however, winter road maintenance declines substantially west of Hwy 83. Especially on hwy 85 and hwy 2 west of Stanley, Tioga areas. It also seems like a section of hwy 52 between Velva and Carrington gets somewhat neglected. Overall, as a state all road maintenance has greatly improved and from a commercial truck driver, I appreciate all that the state has done to improve safety across the state. Thanks.

Applied Treatments

- A very good job plowing all roadways. I do not like the corrosive salts & sugar beet solution used on roadways. It makes the roads a sloppy mess, deteriorates concrete & vehicles are continually in need of being washed.
- I feel the solution that was used through the Fargo area does more harm than good. This past winter roads would be in pretty decent shape out of town, for going through town on the interstate was worse than the roads that were not pretreated. I think it gets icier than if nothing was done to pretreat not to mention the messiness. Lets just go back to putting salt/gravel down when it is needed rather that pretreating with the sugarbeet stuff or whatever is used to pretreat.

Location Specific – Negative

- Highway 83 between Max and junction at Hwy 23 is treacherous and largely unplowed compared to 83 from Minot to highway 23. It is night and day and the traffic crossing the highway is scary. I have come to a dead stop twice this year as semis cross 83 or pull out in front of me.
- The service you provide in our area is very good on I-29 and US-2. But each snow event should be judged on it's own merits as each one is different in their own ways. Our biggest concern on US-2 is usually the crossover's which can be very hard for some vehicles to navigate when having to cross. Not everyone has four wheel drives (even the farmers).

General Comments – Negative

- Roads were really bad this winter. Had a couple of incidents where I had to follow a snow plow for 15 miles at 20 mph because they would not pull over to let me around. Was very nervous about being rear-ended due to traveling so slow. One of the times, a pick- up passed 3 vehicles and the snow plow. Very unsafe.
- I work in public health and travel the entire county. We were def hurting with roads this past winter being down a worker. I worry about our elderly population a lot who have to go see specialists out of town and need good roads.

Workforce

- ND snow removal crews put in long days to keep our roads maintained and safe, they need to be able to get plenty of rest between shifts to allow them to safely do their job. Maybe we as the public should be a little more self-sufficient, if we do not have winter tires, proper vehicles for getting around in adverse weather conditions we should stay home until the weather clears and the road maintenance employees have finished their job to allow us to safely travel. (I'm a non-gov. employee)
- Private contractors and municipalities are our plowing shortly after a snow event. It's a service people pay for and expect snow removal as soon as possible. We should expect the same for the main and minor arteries between cities from our state. Higher pay and good drivers are needed to get the job done. There're very capable people working for the state. Higher wages are needed to get better people that can get the job done. Allow overtime to get the job done in a timely manner. Have enough of a work force to so you don't burn out these people with the long hours. Higher pay will get better people in those trucks who can do the job quicker and better.

Timing

- I know it is a challenge to get the rural highways cleaned off after a snow event, but I think starting even an hour earlier would help. Have a concern about icy roads not being addressed sometimes for several days, especially hilly areas. Thanks for doing what you do. It is a tough job.

- Snow needs to be removed as it's coming down, so it doesn't get compacted & icy from all the traffic. Deicer makes roads icy during blowing snow as it catches the snow which then freezes on the roadway as ice.

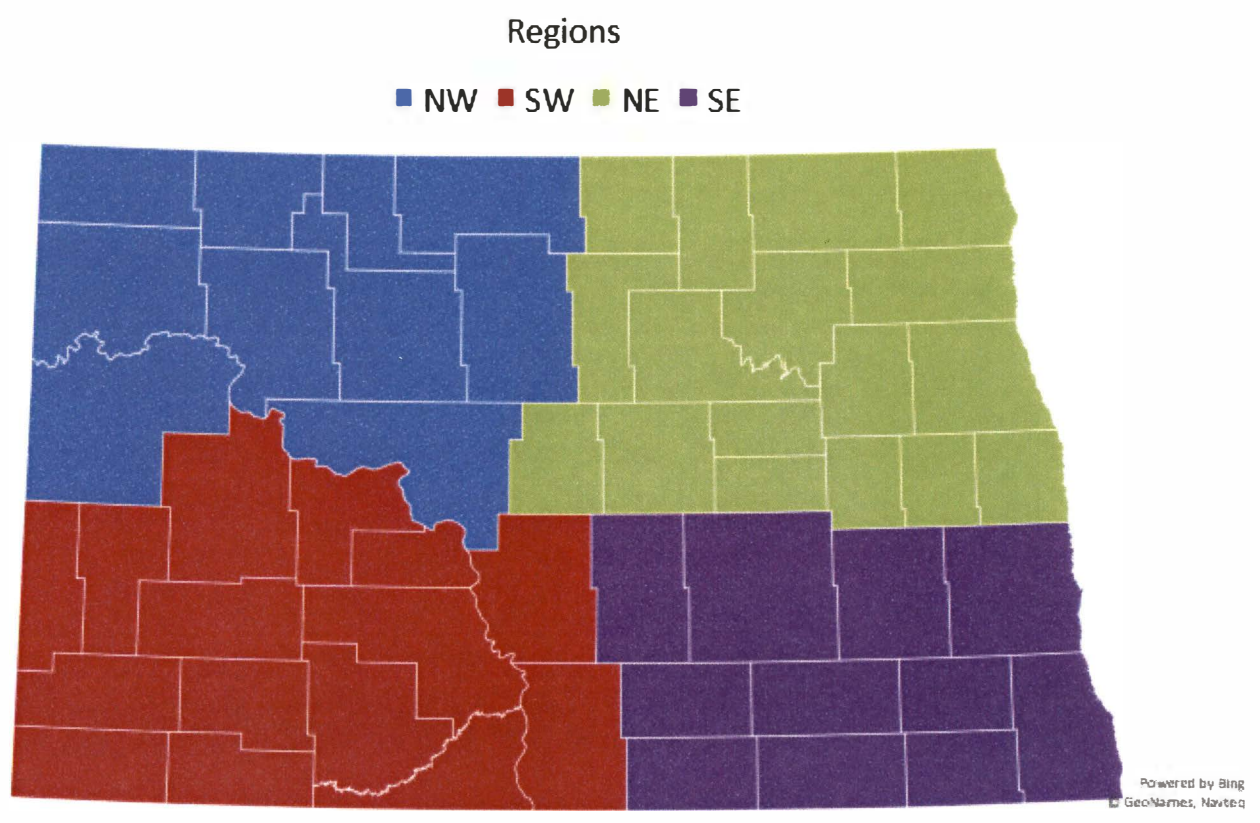
Road Conditions/Reporting

- More cameras that show road conditions throughout 4 lane highways and interstates. Road map is very good.
- I feel that you are not giving enough information in your pictures such what is the outside temps. and what are they going to be what time of the year is it what is the road temps a person needs more information and weather the section with two lane roads also have interstate road sections in them also how long the operators route is.

Snow Handling

- Stop pushing the snow into the center lanes on US85 especially in front of cities like Alexander and Arengard. People can't bust through these rows. At least leave a path at the major intersections like Co33 or 133rd Ave NW. All-in-all the winter of 2018 was the best snow removal I have seen out here in the last 5 years.

Appendix: Region Key



Region	County
NW	Divide County
	Burke County
	Renville County
	Bottineau County
	Williams County
	Mountrail County
	Ward County

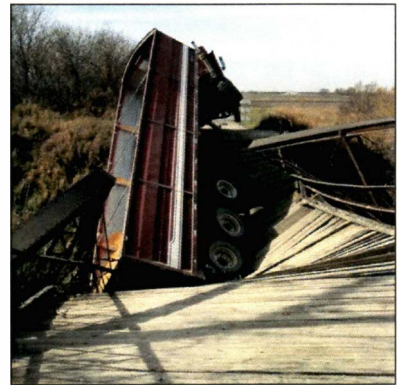
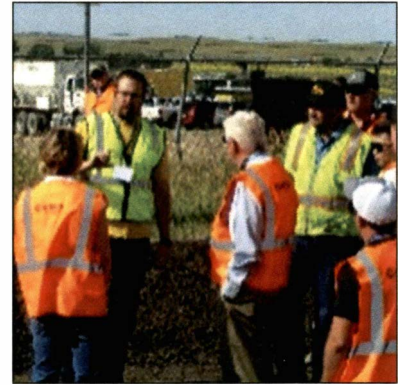
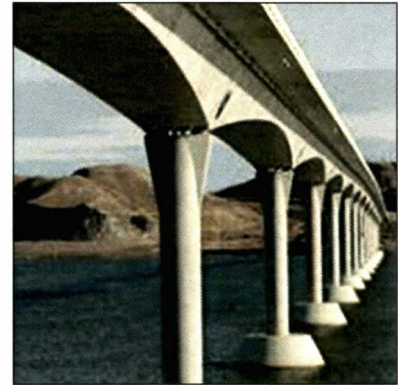
	McHenry County
	McKenzie County
	McLean County
SW	Billings County
	Dunn County
	Mercer County
	Oliver County
	Burleigh County
	Emmons County
	Sioux County
	Grant County
	Morton County
	Stark County
	Hettinger County
	Adams County
	Bowman County
	Slope County
	Golden Valley County
NE	Rolette County
	Towner County
	Cavalier County
	Pembina County
	Pierce County
	Benson County
	Ramsey County
	Walsh County
	Nelson County
	Grand Forks County
	Traill County
	Steele County
	Griggs County

	Eddy County
	Foster County
	Wells County
	Sheridan County
SE	Kidder County
	Stutsman County
	Barnes County
	Cass County
	Logan County
	LaMoure County
	Ransom County
	Richland County
	McIntosh County
	Dickey County
Sargent County	

AH 5 HB 1012
4/7/19

NORTH DAKOTA SYMPOSIUM ON TRANSPORTATION FUNDING

by the Upper Great Plains Transportation Institute
for the North Dakota Department of Transportation



JUNE 2018

NORTH DAKOTA SYMPOSIUM ON TRANSPORTATION FUNDING

NORTH DAKOTA DEPARTMENT OF TRANSPORTATION
UPPER GREAT PLAINS TRANSPORTATION INSTITUTE

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Radisson Hotel, Bismarck, North Dakota
March 14, 2018

Overview of North Dakota Symposium on Transportation Funding

DRAFT AGENDA
NORTH DAKOTA SYMPOSIUM ON TRANSPORTATION FUNDING
 March 14, 2018
 RADISSONHOTELBISMARCK
 Convene 9:00 AM CT

Convene 9:00	(Registration begins @ 8:30)
9:00 to 9:15	Introductory Remarks – NDDOT Director Tom Salet
	Policy – Jennifer Beckert – Director AASHQ/BATC Institute
10:00 to 10:30	North Dakota State, FHWA and FTA Funding History and Outlook
10:45 to 11:15	North Dakota County TWP Urban Funding Sources Ashi Dyalang – Upper Great Plains Transportation Institute
11:15 to Noon	NCHRP Report Presentation – Using the Economic Value Created by Transportation to Fund Transportation
12:30 to 1:00	North Dakota needs studies by jurisdiction: State, County, TWP, Urban, Transit
	South Dakota Revenue Initiatives – policy development professional program outcomes Mike Vorse from MPO#130 – SDDOT Commission Member
	Review and Analysis of Funding Options – Viability, Resiliency and Policy Implications Tom Vorse – Upper Great Plains Transportation Institute
	Introduce Conversation Circle (Fishbowl) Process and Conversation Questions – Upper Great Plains Transportation Institute
	Conduct Conversation Circle Discussions
	Report on comments of Conversation Circle Discussions Various Reporters
	Closing Comments – NDDOT Director Tom Salet

The North Dakota Symposium on Transportation Funding was held at the Bismarck Radisson Hotel March 14, 2018. North Dakota Department of Transportation (NDDOT) worked with Upper Great Plains Transportation Institute (UGPTI) at North Dakota State University (NDSU) during a 3-month period to identify national, regional, and local topics that would provide insight about transportation funding today and into the future.

More than 100 individuals from congressional offices, the North Dakota Legislature, FHWA, state agencies, transit providers, various associations, metropolitan planning organizations, consultants, contractors, and suppliers attended the symposium.

The symposium was facilitated by UGPTI with an agenda that included presentations on national transportation funding trends and innovations, local jurisdiction funding sources, state system funding trends, and infrastructure needs of state and local jurisdictions. Additionally, there were presentations on transportation value capture concepts and South Dakota's experiences with transportation funding increases. Nineteen funding options were analyzed and presented in matrix form. The symposium ended with a facilitated conversation circle to get thoughts and comments from the attendees regarding the presentations they had experienced. The agenda is shown in Appendix A.

Introductory Remarks

Tom Sorel, Director
North Dakota Department of Transportation



Tom Sorel

Today is about how we want to look at transportation for the future, said Tom Sorel.

There is a common theme we are facing: many disruptive technologies are happening that could influence this discussion. We don't know what the outcomes will be, but it is a reality for us, and it is happening very fast. We don't have the answers, but it is important to be knowledgeable about it. And it does not matter where you live — urban or rural. We need to think about disruptive technology and how it influences funding for transportation.

Tom cited his 4 goals for the symposium:

1. Establish a common baseline for what we are talking about regarding transportation needs.
2. Bring stakeholders together to build a consensus going forward.
3. Learn what is happening across the country.
4. Begin the dialogue about what transportation funding should look like for the future.

We need to think about what kind of transportation system we want to have and what services it should provide.

To be successful we must work together. It must be a collaborative approach. We want a healthy transportation community.

Tom shared results of a recent survey conducted on NDDOT's website. The survey shows how the public sees NDDOT as an agency that can be relied on to deliver a transportation system. Survey results also show that the traveling public see funding as a major challenge for NDDOT. More details about the survey and what the public wants can be found in Appendix B.

Tom then presented a video showing a futuristic look of transportation and finished by saying this future vision is not very far away and we need to be preparing for it.

KEYNOTE PRESENTATION:

National Perspective of Funding and Finance Policy

Jennifer Brickett, Director
American Association of State Highway and
Transportation Officials (AASHTO)
Build America Transportation Investment Center



Jennifer Brickett

Jennifer said the goal of her presentation is to provide some context to the conversation – to help understand how some states are raising revenue.

Transportation is important. It is the backbone of the economy, critical to quality of life. Everyone has a story about how transportation has affected their day or their lives.

We are also seeing new technologies which are changing how goods and people are moving around. This is a time of transition. Additionally, we are also facing aging infrastructure and an aging population.

We are also facing a significant funding gap and it is a critical time to be thinking about long-term dependable funding sources. Federal highway trust fund receipts have not kept pace with outlays. Federal gas taxes have not increased since 1993 and have not been adjusted for inflation – the purchasing power of gas tax revenue has declined.

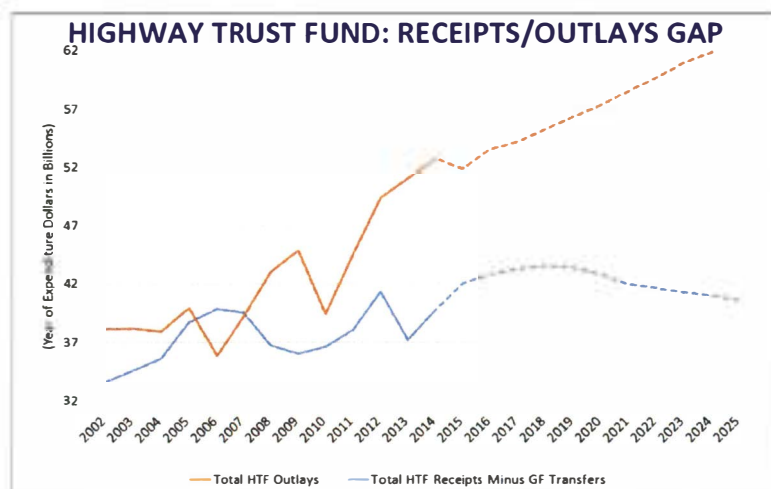
Further, cars are becoming more fuel efficient.

The gap will continue to increase. Congress has had to fill the gap with transfers from the general fund. Maintaining current spending levels will require a significant increase in revenue. It is critical to identify a long-term sustainable and dependable source of funding for the federal highway trust fund.

Three revenue options are available:

- Increase taxes or fees from existing sources
- Create new sources
- Divert revenue from other sources

Jennifer also discussed the recent Executive Office Infrastructure proposal. Overall it looks like a reduction in the role of the federal government. There is a rural infrastructure program with the intention to provide funding to rural areas.



Highway Trust Fund: Receipt/Outlay Gap

The proposal does not address sustainability of the federal highway trust fund. It does not prioritize formula-based funding (instead it focuses on discretionary programs which are less certain). It encourages public private partnerships but there are limitations to private participation. The plan does not address how to pay for the funding.

Jennifer then presented an overview of state efforts to increase transportation investment. Thirty-one states have passed revenue initiatives since 2012. This typically involves an increase in the gas tax.

There are many ways states can raise revenue. There is no one-size-fits-all approach.

Trends – more states are moving to a variable motor fuel tax. More states are levying fees to electric vehicles. Neighboring states have increased their motor fuel tax in recent years. Minnesota also implemented an electric vehicle fee.

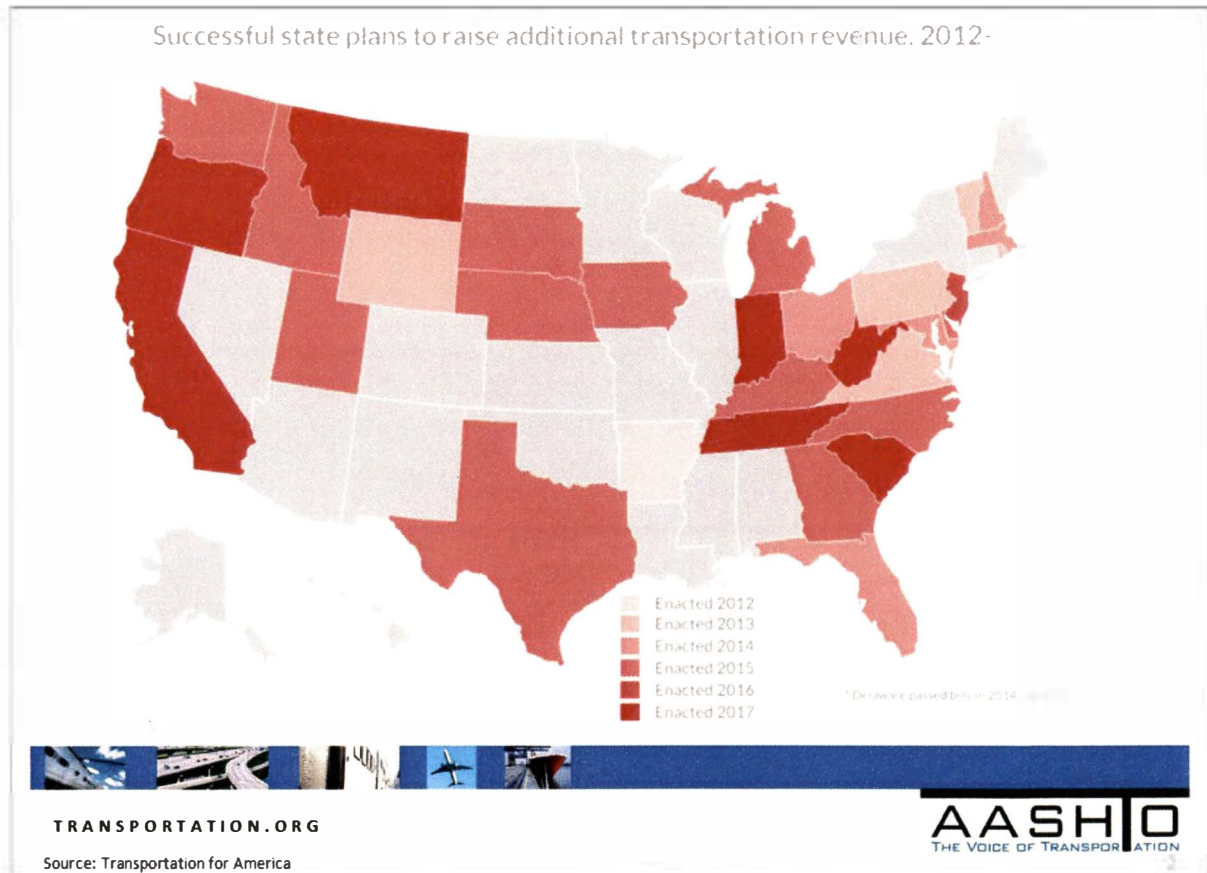
Some states are looking at a replacement to the gas tax. One proposal is to charge by the number of miles driven, rather than number of gallons pumped. AASHTO has

identified 54 ways states are raising revenue.

Common themes behind revenue increases in other states:

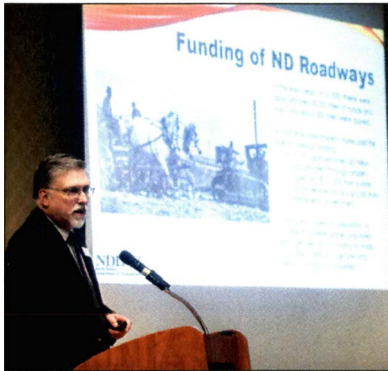
- Clearly demonstrate problems to the public
- Benefits of proposed investments are clear
- Broad coalition of support
- Commitment to accountability and performance
- Strong leadership

Federal funding has become increasingly less predictable and uncertain so states are leading the way in addressing funding problems.



NDDOT Transportation Funding – Past Present and Future

Shannon Sauer, Chief Financial Officer
 North Dakota Department of Transportation



Shannon Sauer

A safe and reliable transportation system is essential for the state of North Dakota.

“This is the start of an important conversation,” said Shannon Sauer.

The largest source of revenue for the state – motor fuel tax, has not increased since 2005. This is the third-longest period without adjustment to the tax rate. Gas tax is not variable. It does not adjust with the price of gas.

The other primary state revenue source, motor vehicle registration fees, have not increased since 2005.

North Dakota is very dependent on federal revenues. There has not been much growth in federal funding over the last 8 years. Also, remember that only a small percentage of ND roads are eligible for federal

funding. Additionally, these funds come with eligibility restrictions that essentially require the state to follow federal priorities instead of local goals.

The new construction program appropriated in the 2017-2019 NDDOT appropriation is based almost completely on federal funds plus state matching funds. Currently there is no significant new state funded construction program provided in the NDDOT budget. On a nationwide basis, approximately 42.5% of the DOT construction programs are federally funded. In ND, approximately 81% of the construction program appropriated by the 2017 Legislature is federally funded. Having a state construction program based mainly on federal funds is not a desirable practice; States that do

this have less flexibility regarding federal rules and have little buffer against fluctuations in federal funding levels.

State funds are projected to grow very slowly. This is based on what is happening now.

However, disruptive technologies, more fuel-efficient vehicles, electric vehicles, could drive state and federal fuel-based revenues down. Recent research models show a significant decrease in gas tax revenues in the future.

Shannon pointed out that recent legislative sessions had inserted a large amount of energy-related funds into state and county transportation programs. At the state level, these funds were dedicated mostly to new bypass routes or

(continued on bottom of page 7)

One-Time Legislative Funding	2007-2009	2009-2011	2011-2013	2013-2015	2015-2017	2017-2019
General Funds (Enhanced St Hwy Invest/City & Townshp Rd Prog/Non-Oil Crty)			370,600,000	1,448,420,000	636,160,000	
Strategic Investment and Improvement Fund (SIF)						
Enhanced St Hwy Invest/City & Townshp Rd Prog/Non-Oil Crty					809,000,000	
Borrowing ER for State Hwys			120,000,000			
General Fund Transfer to Hwy Fund		4,600,000	5,850,000	14,500,000		
25% of MV Excise Tax allocated to Hwy Fund		30,500,000				
5/13 of each registration allocated to Hwy Fund	18,200,000					
10% of MV Excise Tax allocated to Hwy Fund	12,600,000					
Repurposed Enhanced State Highway Funds						16,300,000
TOTAL	\$30,800,000	\$35,100,000	\$496,450,000	\$1,462,920,000	\$1,445,160,000	\$16,300,000



North Dakota Local Transportation Revenue Sources by Jurisdiction

Alan Dybing, Associate Research Fellow
Upper Great Plains Transportation Institute



Alan Dybing

Alan provided a summary of current funding sources for local jurisdictions. UGPTI staff met with the North Dakota Township Officers' Association, North Dakota Association of Counties, North Dakota League of Cities and held discussions with transit officials across the state. The intent of these discussions was to collect information on the sources and levels of funding that are available for use in maintenance and improvement of roadways and transportation infrastructure in North

Dakota. In addition, concerns brought up by each stakeholder group were discussed.

Townships in North Dakota receive transportation funding from the Highway Tax Distribution Fund, Oil Gross Production Tax and mill levies. In 2017, these funding sources totaled \$47.33 million. The counties received funds from the same sources in addition to Federal Formula distributions for a total of \$194.91 million in 2017. Urban areas have additional funding streams including state aid (revenue share) distribution and sales taxes. However, due to other services provided in urban areas, only a portion of sales tax, state aid and property tax revenues were available for transportation investments. As with the counties, urban areas receive federal formula distributions (roughly

\$20 million per year). In addition, the NDDOT invests an equal amount on urban roads that are on the state highway system. The largest source of funding (50%) available for transit systems originate with the Federal Transit Administration with state, local and other sources bringing a total of \$27.61 million in 2016.

Across all jurisdictions, a common concern was the future of the highway tax distribution fund proceeds going forward. Since 2014, all jurisdictions have seen decreases in receipts from the highway tax distribution fund and increased fuel economy and disruptive technologies may continue this trend into the future. Limitations on new funding sources at local levels were also discussed. A summary of funding sources can be found in Appendix C at the end of this document.

(Sauer continued from page 6)

additional roadway lanes. Long-term funds to maintain this new infrastructure was not identified or provided.

Also, prior to ND's recent oil boom and again for the 2017-2019 biennium, the ND Legislature recognized that state transportation user revenues were not sufficient to meet needs, accordingly, they injected additional funding into the State Highway Fund on a temporary basis. This is similar to what Congress has done to keep the Federal Highway Trust Fund afloat.

North Dakota's transportation funding is almost solely dependent on fuel taxes and vehicle registration fees at the state level.

NCHRP Synthesis 459 Presentation – Using Economic Value Created by Transportation to Fund Transportation

Ben Orsbon, Special Assistant to the Secretary for Policy & Legislative Affairs
South Dakota Department of Transportation



Ben Orsbon

Ben Orsbon is active in a national study conducted by the National Cooperative Highway Research Program (NCHRP) to identify how various entities are approaching transportation funding. Ben said the purpose of his presentation is to explain transportation value capture and value recycling, how it can work, what is necessary for it to work, and the mechanisms required to implement value capture.

Ben presented concepts of how much value transportation provides that can be captured. The public or land users regularly recapture the value transportation adds to land. The value is used over and over or recycled. Historically the value is recovered by the user or owner but not recycled back into transportation.

Good transportation creates value because it supports economic activity. Transportation increases land value and promotes commerce. Land value is higher the closer it is to transportation.

Value capture allows government to recycle and reuse increasing land value caused by transportation and invest it back into transportation.

Ben said that we want to have the users who benefit pay for the transportation services they receive, but those payments must be reasonable as well.

The overview of this concept is included in NCHRP Synthesis 459 Volume 1. Volume 2, which is a guidebook for application, was released by NCHRP on April 30, 2018.

A value capture methods handbook was distributed and is also shown in Appendix D. Many of the non-typical methods are used by local governments, and are sometimes used for purposes other than transportation. Most states have not been using the listed methods yet.

Before implementing these

methods, entities must address several questions:

- Is it really worth the effort? This is a key issue as these methods could be costly to administer.
- How much can one really capture?
- Is it fair?
- Is it legal? The fee cannot exceed the value created.
- Does the benefit accrue to the public at large? If so, this cannot be used.
- Is there adequate authorizing legislation?
- Is there stakeholder and political support?
- Is there administrative and institutional capacity to do it?

Another supporting argument for value capture is that the value created by the public is returned to the public instead of to others who don't pay for the value received.

Value capture provides a set of tools that could be used to fill a funding shortfall.

North Dakota Infrastructure Needs by Jurisdiction

Tim Horner, Program Director & Jeremy Mattson, Associate Research Fellow
Upper Great Plains Transportation Institute

Tim Horner and Jeremy Mattson gave an overview of infrastructure needs studies that had been conducted over the past three to four years. These needs studies covered roads and bridges of the state highway system as well as the city, county and township systems. In addition, a transit service needs study was conducted in 2014.



Tim Horner

Tim pointed out that the infrastructure studies were very specific to bridge and roadway needs. A later presentation would be shown by Scott Zainhofsky that covered NDDOT revenue needs beyond the roads and bridges. An important point about the infrastructure studies is that the assumption was used that improvements would be made at the optimum time that would result in the least cost per mile. Lower-than-needed funds typically results in delaying lower-cost options resulting in more expensive reconstruction treatments.

The presentation began with an overview of the 2016 state highway study. The study was sponsored by NDDOT and conducted by UGPTI. It was limited to bridge and pavement needs. Additionally, the 2015 Legislature directed NDDOT and UGPTI to conduct an impact study of allowing 129,000 pound trucks in North Dakota. The 2017 Legislature advanced legislation to allow 129,000 pound trucks on select state highways. The move to heavier trucks is not projected to impact pavements, but the impact to state system bridges was projected by NDDOT staff to be about \$761 million. The resulting 20-year needs from the two studies was \$11 billion.

The next study covered was the 2016 County and Township Needs Study authorized by the 2015 legislature. It was the fourth in a series of studies requested by the legislature. The 2017 Legislature chose not to continue the studies. The 2016 study was conducted by UGPTI staff. NDDOT supplied pavement ride and distress data on the county paved network using its Pathways van. UGPTI contracted with Dynatest LTD and Infrasense LTD to conduct pavement strength and

thickness studies to obtain a reliable data set for analysis. Gravel costs are the most significant part of county costs. Costs were estimated based on surveys of counties and townships. The counties were trained via a webinar on how to uniformly fill out the survey. Needs for a 20-year period were estimated at \$8.8 billion.




Jeremy Mattson

In 2016, NDDOT and the North Dakota League of Cities partnered to fund a study of bridge and pavement needs in North Dakota's 14 largest cities. The study was limited to major collectors below the state highway system. This excluded streets that generally served local residential traffic. The resulting urban study network was 550 miles of paved roadway and associated bridges. UGPTI conducted the study by collecting pavement ride and distress data through a contract with Dynatest LTD. The needs for a 20-year period were estimated at \$643 million.

In 2014 NDDOT requested that UGPTI coordinate a transit needs study for North Dakota. Jill Hough and Jeremy Mattson of UGPTI assembled a panel of urban and rural transit providers along with AARP to study existing and needed service levels and benchmarks across North Dakota. The study resulted in a 20-year needs estimate of \$718 million.

The statewide summation of all studies for a 20 year period totaled \$21.2 billion dollars. A summary of the studies is shown below. The full needs estimates by jurisdiction can be found in Appendix E.

Statewide Infrastructure Needs – All Jurisdictions					
Year	State (\$million)	County and Twp (\$million)	Urban (\$million)	Transit (\$million)	Total (\$million)
2016-17	\$1,469	\$1,028	\$149	\$72	\$2,717
2018-19	\$1,223	\$993	\$105	\$66	\$2,388
2020-21	\$818	\$1,025	\$88	\$69	\$2,000
2022-23	\$818	\$985	\$78	\$70	\$1,951
2024-25	\$788	\$926	\$51	\$72	\$1,837
2026-35	\$5,159	\$3,848	\$173	\$369	\$9,549
Harmonization	\$761				\$761
2016-35	\$11,037	\$8,805	\$643	\$718	\$21,202


 UPPER GREAT PLAINS
 TRANSPORTATION INSTITUTE

North Dakota Needs Beyond Pavement and Bridges

Scott Zainhofsky, Planning/Asset Management Division Director
North Dakota Department of Transportation



Scott Zainhofsky

Just as a house is more than four walls and a roof, the transportation services and systems of NDDOT go beyond the roads and bridges.

NDDOT identifies nine different services beyond bridge and pavement projects intended to address the physical condition of the asset (i.e., keeping good pavements and bridges good). They are: Safety, Freight & Personal Mobility, Driver's License, Motor Vehicle Registration, Snow and Ice Control, Bike and Pedestrian service, Transit, Maintenance, and Rail.

Many of the nine are self-explanatory. Safety is easily understood and defined by the Vision Zero Safety Goal. Some areas need more definition. Freight and personal mobility issues go beyond the physical condition of the bridges and pavement to

consider what the asset is intended to do. Examples include improving width and vertical clearances even when bridge and pavement conditions are good.

As an extreme example, a pedestrian bridge in perfect condition that would now be expected to carry interstate traffic would be reconstructed with Freight & Personal Mobility Investments, not Bridge.

Rail loan programs go beyond bridges and pavements by assisting freight movements by improving rail lines and rail sidings and by developing intermodal facilities. Improved rail service reduces highway and bridge needs.

Snow and ice control is also not covered by road and bridge infrastructure needs studies.

It is critical to remember the scale of these various investment classes are not the same. Just as in a house, you can't buy a new roof by mowing less, you can't appreciably improve pavements and bridges by extending driver's license wait times or by storing trucks outside rather than inside. There isn't enough funding to be diverted, even if no money

were spent on the lower-cost services to notice a difference in the more costly services.

The NDDOT is currently in a preservation mode, meaning we are largely trying to preserve the transportation system as it exists today. However, we are losing ground and our system is deteriorating faster than we have resources to preserve it. The department has stretched every dollar as far as it can, as evidenced by a recent Reason Foundation report naming NDDOT as the most efficient DOT in the nation.

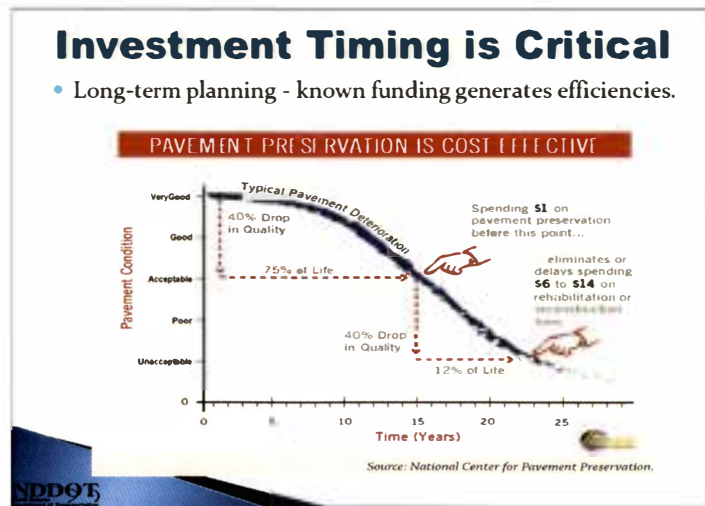
NDDOT's main sources of state funding come from state fuel taxes and vehicle fees, which have remained the same since 2005. Costs have increased. For example, asphalt surfacing cost \$500,000 per mile in 2005 compared to \$1.1 million per mile in 2016; salt used for snow and ice control cost \$55 per ton in 2005 compared to \$81 per ton last year.

Timing of improvements must be optimized. As demonstrated by the graphic from the National Center for Pavement Preservation (see page 12), investment timing is critical. Waiting for an asset's condition to deteriorate beyond a preservation level is significantly more costly

and results in worse overall condition and service.

Adding complexity to this analysis, building anything takes long periods of time. Returning to the house analogy, without the significant public input required of public projects, a personal house generally takes 1–2 years from the date one decides to start the process of looking for a lot, arranging financing, finding a builder, etc., to the date of occupancy. Therefore, considering all of the steps we take to meet federal and state requirements, typical infrastructure construction projects taking 4–6 years isn't surprising. However, combining this project implementation time with the noted efficiency gained from proper project timing, means that predictable funding streams are critical to the efficient and effective delivery of infrastructure services.

All these services are estimated to cost \$24.6 billion over the next 20 years. Funding available is estimated to be \$10 billion, so there is a shortfall of \$14.6 billion over that period. To close this gap, two options exist: increase funding or decrease the expected services. Therefore, the real question isn't "what are the funding needs?" but rather "what level of services are we all willing to pay for?"




- Long-term planning - known funding generates efficiencies.

How much does the average North Dakotan pay in state fuel tax each year?

If you drive a pickup truck that averages 20 mpg and you drive 12,000 miles per year, you pay \$11.50/month or \$138/year, compared to a typical cell phone plan (for one phone plan) of \$660/year.

What is NDDOT doing to generate efficiencies, given that ongoing funding has been flat for several years?

NDDOT has taken many steps to generate efficiencies, some of which include: implementing advanced snow & ice control models and route optimization tools to further enhance the effectiveness of the plow truck fleet. More information on the above funding challenges and questions is in a handout titled, "NDDOT Needs Beyond Pavements & Bridges," which can be found in Appendix F.

<p>North Dakota Motor Fuel Tax 23 cents/gallon - Last change in 2005</p> <p>ND Motor Vehicle Registration Fees - Last change in 2005</p>		<p>It is important to note that 23 cents per gallon of state fuel tax is collected whether the price at the pump is \$1.99 or \$3.99.</p>
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South Dakota Revenue Initiative – Policy Development and Program Outcomes

Mike Vehle, Board Member
South Dakota Transportation Commission

Mike Vehle described the journey South Dakota traveled to arrive at a revenue increase for transportation that included a 6-cent fuel tax increase. Mike retired after serving 8 years as a senator and 4 years as a representative in the South Dakota Legislature. He currently serves on the South Dakota Transportation Commission. Mike was the leader in four separate efforts to raise transportation revenue.

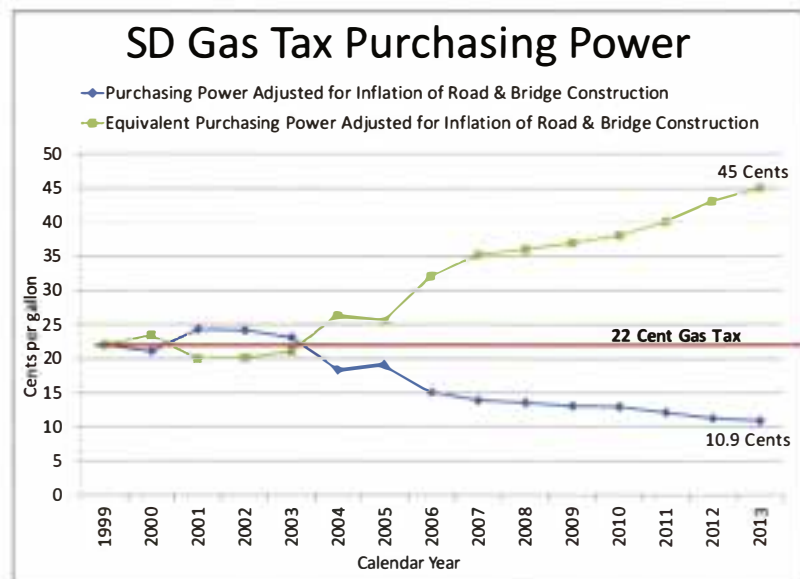
He cited some differences between North and South Dakota. In South Dakota, the constitution requires that all funds raised from roads go to roads. No general funds go to roads. Revenue directed to state roads is from gas tax and vehicle excise tax. Registration fees and county wheel taxes go to counties and townships for roads and bridges.

Mike was part of road studies in 2008 and 2009. In 2009, the South Dakota Legislature came up short on votes on a revenue

increase. He led an effort again in 2010, but failed. He started a new 25-member task force in 2014 with the support of the South Dakota Governor. The 2014 effort emphasized that the initiative must be based on known needs for transportation and a goal for increased revenue. The task force developed a message based on facts and took the story on the road to local service groups and interest groups.



Mike Vehle



Facts used in SD:

- \$55 billion of goods are shipped to and from SD sites each year.
- Roads provide vital support to the South Dakota economy and top industries – Agriculture and Tourism.
- Roads and bridges were deteriorating.
- The Federal Highway Trust Fund had solvency issues.
- Road costs were increasing, and revenues were not. Gasoline taxes were projected to decline.
- South Dakota has 83,000 miles of road (3.5 times the distance around the world).
- Hybrid and electric cars were not paying a share of fuel tax, but raising fees on them would only impact 4,600 of more than one million total registrations.
- As roadways age, it costs more per mile to maintain them.
- County structures were in very bad condition. Cost to replace SD county deficient bridges was estimated to be \$245 million.
- Raising gas tax 7.5 cents would cost a driver traveling 15,000 miles per year about 94 cents per week. Raising dyed fuel cost by 7 cents per gallon would raise the cost of corn about ¼ cent per bushel.

Overall message to public
 "If you got it, a road brought it. Not much is parachuted in!"

In 2016, South Dakota legislature passed a comprehensive plan as shown in the graphic below.

SB1: Comprehensive Solution

Sections	Revenue Source and Explanation
1-2	Local Bridge Improvement Grant Fund
3	County Highway and Bridge Improvement Plan (Annually Updated)
4	Annually Allocates \$7 million of Motor Vehicle Registration Fees to the Bridge Grant Fund
5-6	Motor Vehicle Excise Tax (1% increase, from 3% to 4%)
7-8	Motor Fuel Tax (6 cents per gallon increase)
9	Ethyl Alcohol and Methyl Alcohol (6 cents per gallon increase)
10-11	Biodiesel and Biodiesel Blends (move incentive from Session Laws to Codified Laws)
12-19	Motor Vehicle Registration Fees (20% increase)
16	Noncommercial Motor Vehicle Registration Fees (over 10 Ton - Assessed 70%/80% of Commercial Rate)
20-21	Property Taxation - amend SDCL 10-12-13 (graduated levies \$1.20, \$.90, & \$.60 per thousand dollars of taxable valuation)
22-23	Township Capital Outlay Levy (\$.50 per thousand dollars of taxable valuation)
24	Wheel Tax (\$1.00 increase per wheel)
24	Wheel Tax (provides additional wheels to be taxed - maximum of 12 wheels)
25	Move speed limit on interstate from 75 mph to 80 mph
26-29	Repeal the Provisions regarding an Inventory Tax on Motor Fuel when the Rate is Adjusted
30	Emergency Clause

Overview of Transportation Funding Options for North Dakota

Alan Dybing, Associate Research Fellow
Upper Great Plains Transportation Institute

UGPTI has investigated a broad array of existing and potential funding options for North Dakota infrastructure. After a preliminary review of literature and best practices from other states, 19 options were selected for presentation. The presentation included a brief overview of the specific funding mechanism, evaluation of its revenue potential, discussion of the possible implementation issues, including the impacts of fluctuating fuel prices and increasing presence of alternative vehicle technologies.

The currently existing major revenue sources, including primarily the gas tax, are well-established methods of user fee collection. Because of increasing fuel efficiency, the tax revenue is no longer proportional with the actual road use, and its revenue is unable to match the current infrastructure needs. The other state-collected transportation fees (registration, overweight, driver's license fees) have minimal revenue potential.

Several other taxes and fees, such as the vehicle excise tax and the general sales tax, were covered by the presentation as well. These stable sources of funding, collected by state and local jurisdictions, are also used to support transportation infrastructure and have a strong revenue potential; however, they are not related to actual road usage, and they serve many other purposes as well.

The analysis also included property-based revenue sources, including mill levies and utility fees. These sources could be used for minor, local maintenance expenses, but could hardly be considered for any larger-scale investments. They are also barely dependent upon infrastructure use.

Non-traditional funding options were also evaluated by UGPTI. The first one, vehicle miles of travel (VMT) tax, is an innovative solution with a fee based on actual road use and vehicle impact, rather than fuel consumption. VMT tax is frequently recognized as a



Alan Dybing

very effective funding tool, but it is also associated with serious concerns regarding drivers' privacy and technological obstacles. The other option gaining considerable attention is the PPP (public-private partnership), so far used in North Dakota on a very limited basis. Public Private Partnerships (PPPs) might become a powerful revenue source for funding larger investments, although their effectiveness depends on the responsibilities assumed by each of the partners. Lastly, the presentation mentioned tolls, which could be imposed on major highways, relieving their current maintenance costs. However, as pointed out by UGPTI, toll collection requires significant administrative efforts, and the revenue potential might be lower-than-expected due the structure of the road network. A summation of the revenue options is shown in Appendix G.

Conversation Circle Ideas, Questions and Comments



After the completion of the presentations, Tom Sorel facilitated a conversation circle process to give the large group an opportunity to give input on four questions regarding transportation. Tables were positioned in a wheel and spoke fashion around a central discussion area where Tom introduced the questions and then asked volunteers to come forward to give their thoughts on the question.

QUESTION 1: To remain competitive in today's economic environment, what kind of transportation system and associated service levels should we be supporting?

Terry Traynor, North Dakota Association of Counties. We have upgraded our state and local systems and the public has recognized this. The public expects this level. Preservation is important. Consistency is important - from county to county and city to city. The current condition level should be used for

the future baseline and infrastructure studies should be performed to monitor system condition and investment needs.

Russ Hanson, North Dakota Associated General Contractors. Important to make sure we have a safe and efficient transportation system. We are a commodity-based economy. We export a lot of things. We need a consistent funding system to plan long-term for more efficient investment.

Blake Crosby, North Dakota League of Cities. Need to take a long-term approach beyond the short-term, 2-year approach. Preservation is important. It cannot be about staying where we are at now. Need to be ready for the future. Electric vehicles, driverless vehicles, etc.

Arik Spencer, North Dakota Motor Carriers Association. Trucking pays over 60% of user fees. Important to have strong and efficient transportation system.

Trucking is willing to step up and pay more, but we need partners.

Ron Henke, North Dakota Department of Transportation. I take a little different view on this as I challenge us to be a little more innovative in what we do. I think you've seen some things we've tried to reduce our cost. We have to try and do things a little bit better or differently to keep up with the industry.

Russ Hanson. Need long-term funding plan so we are not always just reacting to plug holes.

Terry Traynor. We were able to do this today because the legislature invested in research. We have benefited from studies by UGPTI so we know where we are with the best data possible. Didn't do study this biennium but need to do that again in the future.

Wendall Meyer, North Dakota Division Administrator, FHWA. A lot of uncertainty in the level of funding and we need to determine what level of service the public expects and then prepare funding levels to deliver that.

Scott Rising, North Dakota Soybean Growers Association. We need to establish public goals for infrastructure, then work out ways to explore and identify ways to get there.

Khani Sahebjam, SRF Consulting. Don't forget about people who do innovating – we need a strong DOT. We should be able to attract the best talent to have a strong DOT to set the stage for the future with ability to advance new innovations.

Rep. Dan Ruby, District 38, North Dakota House Chair- Transportation Committee, 65th Legislative Assembly. Some of the concepts merge when you are talking about funding and innovation, and planning. It would be great to have a long-term plan and a long term funding. We know funding sources are earmarked for transportation such as gas tax and registration. We all know these aren't adequate and there are issues with the gas tax with respect to CAFÉ standards. I have always thought we should be looking more into something of a stream like the excise tax because it responds to inflation. As vehicles cost more it results in a higher dollar amount. Also, we have to address the perception that gas tax is sometimes wasted or unwisely spent. I don't agree with that. We may need to consider if we work to change that perception.

Rep. Jeff Magrum, District 28. Price of gravel rose significantly during oil boom and has not gone down. Lot of variables in prices. Equipment costs are way up – I saw it double over a period of about 10 years. This needs to be communicated.

QUESTION 2: What is the public perception of the need to invest more funding into transportation infrastructure, and from what kinds of revenue sources?

Mike Vehle, South Dakota Transportation Commission.

Mike said that legislators said they wanted to support his plan but just couldn't because the people wouldn't support it. He said if he could get the public to support the plan then the legislators would. We need to talk to people continuously to get support. He went all over the state to tell the story. Then legislators felt more comfortable. We need to sell studies with

understandable charts. We need to keep legislators and the public informed.

Ben Orsbon, South Dakota Department of Transportation. Critical thing for the public is to be able to see it – to know what we're doing and why it is needed. When South Dakota bought the Milwaukee Road Railroad the public understood they would be land locked without it and they understood that would be a bad thing. The sales tax went to that railroad and they saw the improvements.

Rep. Dan Ruby. I think that it is important to not just supply revenue to the state but that those revenues are provided to the locals as well – cities, counties and townships. The issue with the one cent sales tax for SD railroads seems like a good idea but the perception of a sales tax is that they never go away.



Wendall Meyer. Public engagement is great at project-level basis, must be driven from bottom up. Communication is critical. Reliable data on information that relates to the public is critical. Must be relatable to public. Wendall said he spends more on his cell phone data plan than on roads and that seems wrong. Public has to see the tangibles that come back. It's about telling a story. There's a balance between what you can provide and how much funds are available.

Steve Salwei, North Dakota Department of Transportation. He is asked back in his home country when roads will be widened, and he often tells them it will be a long time due to the funding available. He explains how much traffic it takes to generate a 2-inch overlay. He points out that with current state fuel tax, it would take 8000 vehicles per day to pay for an upgrade, and for some low-volume roads it would take 70 years to pay for that 7-year fix. People don't know what they pay to transportation and they don't understand what it costs to maintain the system.

QUESTION 3: In light of the various advances in mobility options, what should be done to prepare for declining fuel tax revenue over the next 10 to 20 years?

Tim Horner, Upper Great Plains Transportation Institute. Communication needs be given a priority. Like South Dakota, the story must be developed and distributed across the state to service groups and associations, so the public understands transportation funding. Maybe the DOT can develop the story and use its staff to spread the story as groups are always looking for presentations.

Mark Nelson, North Dakota Department of Transportation. Hard to stay on top of changes. Many will be affected by innovation. What will law enforcements' role be with autonomous vehicles? Many in the public are

oblivious to what is happening and how close we are to these innovations taking place. We have a lot of challenges to communicate what is evolving and how we will meet the challenge.

Denver Tolliver, Upper Great Plains Transportation Institute. Need to look at what type of system we will have in 20 years and admit we cannot control it. So then the question is what type of revenue system would generate the type of funds we need. He sees two options: 1) the federal government funds everything through the general fund, or 2) we use a vehicle mile tax. A VMT tax would be more equitable and palatable in the long run. How to get there, what are interim steps – maybe we assume we will have VMT tax in 20 years and we should plan for something different for the between years – 5 to 10 years.



Jennifer Brickett, Director of AASHTO-BATIC. She often hears we are about 10 years out from a VMT tax so something is needed in the interim. Finding partner states is a good idea. The interaction between North Dakota and South Dakota works well. People should take advantage of their associations. Use them to dissect and interpret and disseminate information.

QUESTION 4: What are the public policy implications of the funding options that are available?

Shannon Sauer, North Dakota Department of Transportation. South Dakota had a very dedicated strong champion, something we need in North Dakota. North Dakotans tend to look at things in a two-year time-period, and we tend to kick things down the road. We need to find a way to engage people to make them understand that this is a long-term discussion, not a two-year discussion. As we transition, we face two challenges – maintaining an adequate system and creating something for the future.

Wendall Meyer. We don't know where the federal money is coming from. There are a lot of tools available. Some don't work in every state. Tolling and public-private partnerships won't work in every state. We must take advantage of what works here. Are

there opportunities to revenue share or look at how we maintain rest areas on the interstate and how to generate revenue. We need to prepare ourselves and look at those options. Within the last week, FHWA identified Innovative Electric Vehicle corridors across the nation which included North Dakota's I-29 and I-94. We need to prepare ourselves for that. We are fortunate that we have good leadership at the top here in North Dakota, starting in the governor's office.

Rep. Sebastian Ertelt, District 26. We want to know what policy effects will be down the road. The fuel tax is a consumption-based tax at this time. Not all vehicles have the same impact on roads. We have to put the information in the public's hands. We want a fair and equitable system that can be communicated as such to the public. We need to address how much of the system is used by out-of-state travelers. We want to put the information and control in the hands of the consumer.

Bob Fode, North Dakota Department of Transportation. We could do better job at design guidelines. We could go out to the public to make sure they understand what we are trying to do with our system. We could do better at communicating and getting better buy-in.

Tom Sorel. We struggle with coming changes like autonomous vehicles and truck platooning and these will impact how we design our roads. How do we transition and prepare for those changes?

Bob Fode. Try to stay on the cutting edge. Every day we are challenged with a new opportunity and challenges. We must look at how we do business. We are using new software packages, trying new things and will continue to look for ways to prepare for those changes.

Tom Sorel. We want to share what we are doing about considering truck platooning - question - what is the damage of platooning on highways and bridges, does it change how we design roads and bridges? What are policy implications?

Don Diedrich, Industrial Builders Inc. He turns asphalt roads into gravel for those who cannot pay to maintain asphalt. This is something we can do. We recycle a lot of asphalt. If this is the desired future, we can deliver it. NDDOT is doing a good deal of innovation by recycling. We need to look at the two-year funding cycle and North Dakota is very dependent on federal funds. We could have a huge drop in federal funding with the federal trust fund cliff. We need to

find a champion in North Dakota and commitment from the legislature to fund what we need to make the system work. We also need to convince the Congressional delegation to make federal revenue streams solvent.

Rep. Sebastian Ertelt.

Inflation is really driving up costs. We need to get to the root cause of a lot of problems. Inflation goes beyond state level. We need to look at our monetary policy and we should all learn and understand our monetary policy and convey to Washington that we aren't interested in seeing this continued inflation reducing buying power. There is a proposal before

Congress on the Federal Reserve to address this issue and we should let them know we support this proposal. We don't want these huge cost increases.

Tom Sorel. DOTs are well aware of federal trust fund cliff and are concerned about it. Rural states depend on the trust fund. We have major concerns about the status of the trust fund and we need to fix it. AASHTO is doing a good job of helping us convey the problem. The trust fund is important to us.

Rep. Dan Ruby. What would it take at the federal level, what gas tax increase is needed to maintain the trust fund?

Jennifer Brickett. We would need 25 cent per gallon increase in federal gas tax.

Tom Sorel. The 25-cent needed highway trust fund increase is only part of it. If the match rates change, we may not have the ability to match federal funds.

Jennifer Brickett. The AASHTO matrix shows all different options and rates of increase that would be needed to plug the highway trust fund – it can be found on the AASHTO website.

Post Conversation: Symposium Wrap-Up

Tom Sorel, Director
North Dakota Department of Transportation

After the conversation circles, Tom Sorel summarized the day and gave wrap-up comments. "We know we threw a lot of information at the group and got many good comments from everyone."

He said, "Our goals were to bring all of us together and continue working together moving forward. The idea was to put information out today and start having these discussions. We will continue these discussions."

Sorel stated, "Let us know if there are other opportunities to have discussions like this in the future. If you have groups you want us to talk to, let us know and we can work with you."

APPENDIX A

AGENDA

NORTH DAKOTA SYMPOSIUM ON TRANSPORTATION FUNDING

March 14, 2018

RADISSON HOTEL BISMARCK

Convene 9:00 AM CT

	Convene 9:00	(Registration begins @ 8:30)
	9:00 to 9:15	Introductory Remarks – NDDOT Director Tom Sorel
	9:15 to 10:00	Keynote Presentation – National Perspective on Funding and Finance Policy –Jennifer Brickett – Director AASHTO BATC Institute
	10:00 to 10:30	NDDOT Transportation Funding: Past, Present and Future Shannon Sauer – Chief Financial Officer, NDDOT
	10:30 to 10:45	Break
	10:45 to 11:15	North Dakota County, TWP, Urban Funding Sources Alan Dybing - Upper Great Plains Transportation Institute
	11:15 to Noon	NCHRP 459 Report Presentation - Using the Economic Value Created by Transportation to Fund Transportation NCHRP (National Cooperative Highway Research Program) Ben Orsbon – SDDOT Executive Office, Federal Program Coordinator
	Noon to 1:00	Lunch
	12:30 to 1:00	North Dakota Infrastructure Needs Studies by Jurisdiction: State, County, TWP, Urban, Transit Tim Horner - Upper Great Plains Transportation Institute
	1:00 to 1:30	NDDOT Needs Beyond Pavement and Bridges Scott Zainhofsky - NDDOT
	1:30 to 2:00	South Dakota Revenue Initiatives – policy development process and program outcomes Mike Vehle from Mitchell, SD – SDDOT Commission Member
	2:00 to 2:30	Review and Analysis of Funding Options – Viability and Sustainability Alan Dybing– Upper Great Plains Transportation Institute
	2:30 to 2:40	Introduce Conversation Circle (Fishbowl) Process and Conversation Questions - Upper Great Plains Transportation Institute
	2:40 to 3:40	Conduct Conversation Circle Discussions
	3:40 to 4:00	Summary of Conversation Circle Comments Various Reporters
	4:00 to 4:30	Closing Comments – NDDOT Director Tom Sorel

APPENDIX B

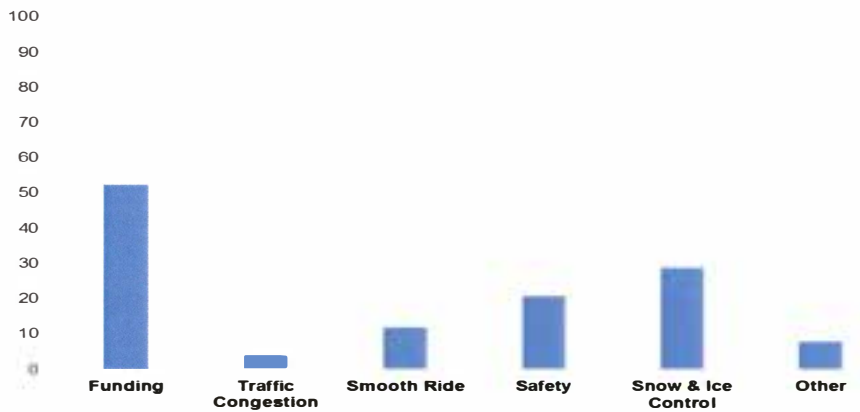
NDDOT Survey



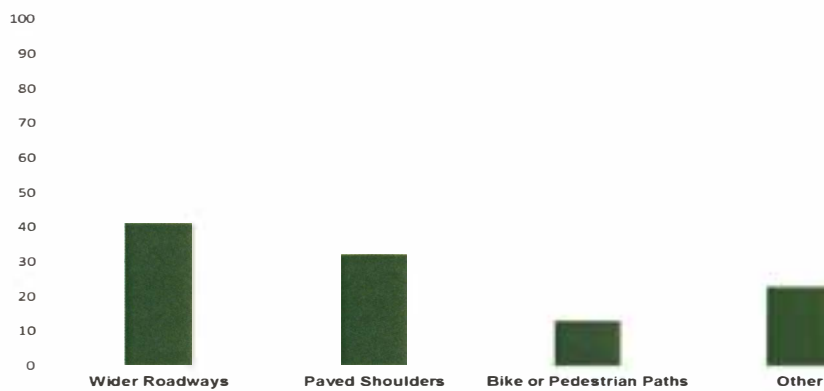
1. Can NDDOT be relied on to deliver north Dakota's Transportation System?



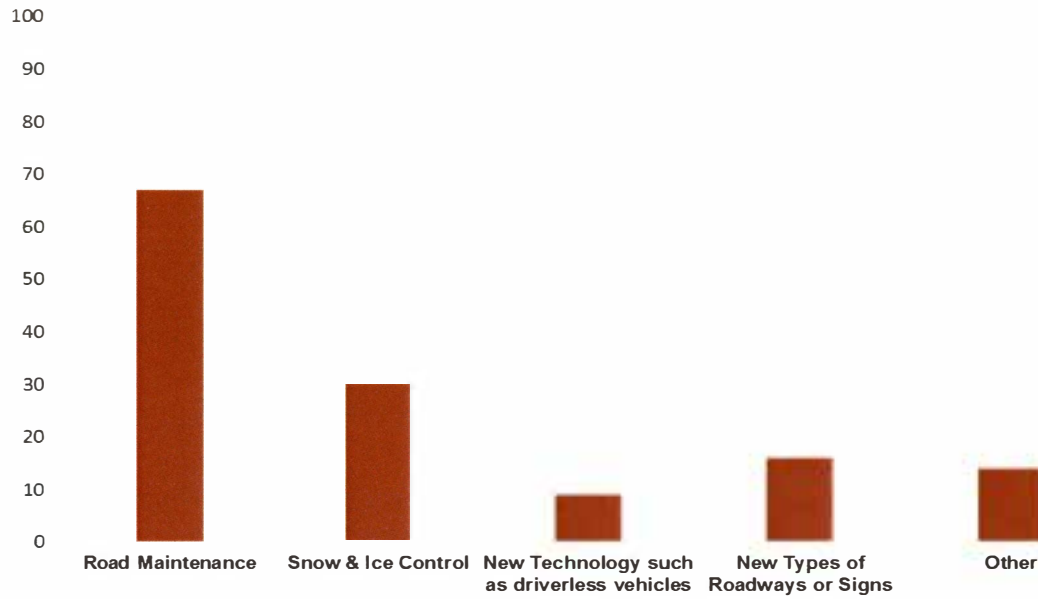
2. What's the most important transportation challenge facing North Dakota?



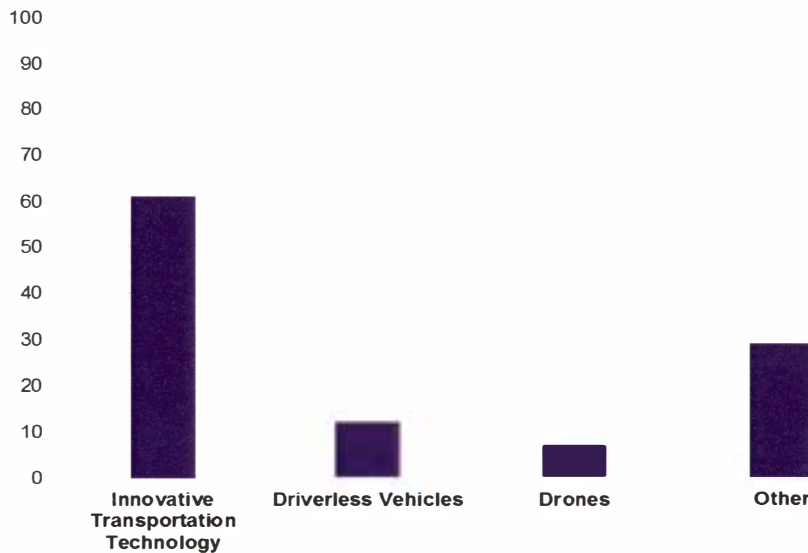
3. What do you think would improve your road or commute?



4. If there was more funding provided for transportation in the future, what would you like the money to pay for?



5. What could the NDDOT do in the future that would have a positive impact on your quality of life?



The Survey was conducted online through NDDOT's website in March 2018. All charts are based on percent of number of respondents.

APPENDIX C

Transportation Funding Sources and Levels: 2012-2017

State System Funding		Federal Highway Trust Fund (\$million)	State Highway Tax Distribution (\$million)	Overweight Permit Fees (\$million)	Driver's License Fees (\$million)	Total (\$million)
Year						
2017		\$219.55	\$165.30	\$14.15	\$4.14	\$403.14
2016		\$222.34	\$165.90	\$12.10	\$4.25	\$404.59
2015		\$203.59	\$194.75	\$19.28	\$5.36	\$422.98
2014		\$204.49	\$185.48	\$18.84	\$5.32	\$414.13
2013		\$203.26	\$182.40	\$17.27	\$5.13	\$408.06
2012		\$199.09	\$168.25	\$16.00	\$5.10	\$388.44

NDDOT four primary revenue sources:

- Federal Highway Trust Fund
- State Highway Tax Distribution
- Overweight Permit Fees
- Driver's License Fees

(Source: North Dakota Department of Transportation)

County Road Funding		Property Tax (\$millions)	Federal Formula (\$million)	Highway Tax Distribution (\$million)	Oil/Coal Tax (\$million)	Total (\$million)
Year						
2017		\$57.00	\$19.91	\$58.00	\$60.00	\$ 194.91
2016		\$55.98	\$19.86	\$58.27	\$83.84	\$ 217.95
2015		\$48.46	\$19.98	\$66.17	\$127.37	\$ 261.98
2014		\$44.07	\$20.06	\$68.59	\$156.21	\$ 283.93
2013		\$39.69	\$19.94	\$65.49	\$79.37	\$ 204.49
2012		\$36.94	\$19.53	\$63.78	\$55.98	\$ 176.23

Counties have four primary revenue sources for roads:

- Property Taxes
- County Portion of Federal Fuel Tax
- State Highway Tax Distribution
- Gross Production Tax/Coal Tax

(Source: North Dakota Treasurer, North Dakota Association of Counties, North Dakota Department of Transportation)

Township Road Funding		Highway Tax Distribution (\$million)	Gross Production Tax (\$million)	Property Tax (\$million)	Total (\$million)
Year					
2017		\$7.28	\$11.6	\$28.45	\$47.33
2016		\$7.31	\$9.9	\$28.10	\$44.11
2015		\$8.58	\$11.6	\$26.93	\$42.98
2014		\$8.17	\$18.1	\$24.75	\$49.07
2013		\$8.03	\$7.1	\$22.83	\$33.63
2012		\$7.35		\$20.95	\$25.85

Townships have three primary revenue sources for roads:

- Property Taxes
- State Highway Tax Distribution
- Gross Production Tax/Coal Tax

(Source: North Dakota Treasurer, North Dakota Township Officer's Association)

Transportation Funding Sources and Levels: 2012-2017

Urban Road Funding							
Year	Property Tax (\$million)	Federal Formula (\$million)*	Highway Tax Distribution (\$million)	Oil/Coal Tax (\$million)	City Sales Tax (\$million)	State Aid (\$millions)	Total (\$million)
2017	\$161.1**	\$19.13	\$33.9	\$98.3	\$183.9	\$39.6	\$535.93
2016	\$161.1	\$19.21	\$33.0	\$103.7	\$185.4	\$43.5	\$545.91
2015	\$149.9	\$18.03	\$37.5	\$99.0	\$216.5	\$59.3	\$580.23
2014	\$138.9	\$18.11	\$39.0	\$125.5	\$209.5	\$56.2	\$587.21
2013	\$129.3	\$18.00	\$37.4	\$51.3	\$190.3	\$52.9	\$470.20
2012	\$120.8	\$17.63	\$35.2	\$17.0	\$177.3	\$49.6	\$417.53

Urban areas have six primary revenue sources for roads:

- Property Taxes
- Federal Formula
- State Highway Tax Distribution
- Oil/Coal Tax
- Sales Tax
- State Aid

(Source: North Dakota Treasurer, North Dakota League of Cities, North Dakota Department of Transportation)

* Federal Formula funding includes only funds distributed to cities for use on non-state infrastructure. In addition to the Federal Funding level shown above, NDDOT invested an equal amount in urban routes on the state system

** 2016 data used as 2017 data is not yet finalized by Tax Department

Transit Funding						
Year	Federal Transit (\$million)	State Government (\$million)	Local Government (\$million)	Fares (\$million)	Other Funds (\$million)	Total (\$million)
2017	*	*	*	*	*	*
2016	\$13.31	\$4.36	\$5.59	\$2.87	\$1.49	\$27.61
2015	\$13.19	\$5.17	\$5.27	\$2.64	\$1.52	\$27.80
2014	\$9.97	\$4.34	\$4.60	\$2.66	\$2.51	\$24.08
2013	\$13.69	\$4.44	\$5.03	\$2.80	\$2.14	\$28.10
2012	\$10.32	\$3.62	\$4.67	\$2.96	\$1.83	\$23.40

Transit agencies have five primary revenue sources:

- Federal Transit Administration
- State Highway Tax Distribution
- Local Government
- Fares
- Other Funds

* 2017 Data was not yet available (Source: National Transit Database, FTA)

APPENDIX D

VALUE CAPTURE METHODS AND THEIR USERS

Mechanism	Conceptual Benefit or Levy Basis	Applicable Purpose	Highway-Related Examples
Tax Increment Finance Districts	Uses the incremental increase in property value to finance new infrastructure and services. Captures difference in annually levied property value before and after an improvement.	Captures project expansion benefits and returns them to the public.	Texas TRZ TIF-like mechanism
Special Assessment Districts	Members of the benefitting district pay a property tax directly for the cost of the improvement specially benefitting their property due to access. A benefit not available to public at large. Annually levied property owner charges in the area before and after an improvement until improvement is paid for.	Captures project expansion benefits and returns them to the public.	Virginia and Ohio TID, Illinois SSA
Impact Fees	Fees paid by new development for facility use. One-time developer charges when permits are issued. Can be applied off-site. Levied before and after an improvement. Must not exceed impact.	Cost recovery.	Oregon TSDC for existing and new capacity (multimodal) and examples from Washington, New Jersey
Negotiated Exactions	Similar to impact fees but generally applied to only on-site infrastructure. One-time developer agreement is created that must not exceed impact.	Captures value created and recovers the public's cost.	Virginia proffer
Joint Development	Cooperating public and private partners provide facilities or financial contribution for benefits received. One-time developer-related opportunity typically after an improvement (can be on- and off-site improvements).	Captures value created and does cost and revenue sharing between the public and private sector.	Massachusetts Turnpike and Washington Metropolitan Transit Authority
Land Value Tax	Land value taxed due to access to encourage development. Annually levied property owner changes before and after an improvement—taxes on value of land and a separate tax on value of buildings.	Captures project expansion benefits. Encourages development.	Pennsylvania counties
Sales Tax District	Local benefit accruing to all sales tax property due to improved access. Members of the benefitting district pay a small sales tax directly for the cost of the improvement on levied sales within the district.	Captures sales expansion benefits from the project.	Illinois SSA; Missouri and Kansas TDD
Transportation Utility Fees	Fee assessed on properties based on amount of trips generated/use. Annually levied property owner charges before and after an improvement. This charge has been used only for recovering operating expenses as opposed to project capital costs.	Recovers operating and maintenance costs.	Oregon TUF for pavement maintenance
Air Rights	Air space use above, below, under, and nearby/adjacent highway right-of-way for public and private benefit via transfer of rights and joint development. One-time developer-related opportunity typically after an improvement (on-site developments—discontinuous spot treatment).	Captures value created and does cost and revenue sharing with private sector. Very urban.	Massachusetts Turnpike and several other examples such as Interstate 5, Washington State
Other—TC	Funding tool only to aid value capture.	Stakeholder support	Missouri, Texas, Florida

Using the Economic Value Created: https://www.nap.edu/login.php?action=quest&record_id=22382

APPENDIX E

Transportation Infrastructure Needs in North Dakota: 2016-35

State System Infrastructure Needs Study Sponsor: North Dakota Department of Transportation Study Year: 2016 Conducted by Upper Great Plains Transportation Institute	Year	Road Needs (\$million)	Improved Miles	Bridge Needs (\$million)	Total (\$million)
	2016-17	\$1,182	696	\$287	\$1,469
2018-19	\$1,182	696	\$41	\$1,233	
2020-21	\$777	665	\$41	\$818	
2022-23	\$777	665	\$41	\$818	
2024-25	\$746	614	\$42	\$788	
2026-35	\$4,978	3,189	\$181	\$5,159	
Truck Harmonization				\$761	
2016-35	\$9,642		\$1,395	\$11,037	

County and Township Road Needs Study Sponsor: North Dakota Legislature Study Year: 2016 Conducted by Upper Great Plains Transportation Institute	Year	Gravel (\$million)	Paved (\$million)	Bridges (\$million)	Total
	2016-17	\$645	\$296	\$87	\$1,028
2018-19	\$607	\$299	\$87	\$993	
2020-21	\$660	\$278	\$87	\$1,025	
2022-23	\$661	\$237	\$87	\$985	
2024-25	\$603	\$233	\$90	\$926	
2026-35	\$2,916	\$921	\$11	\$3,848	
2016-35	\$6,091	\$2,265	\$449	\$8,805	

Urban Road Needs Study Sponsor: North Dakota Department of Transportation, North Dakota League of Cities Study Year: 2016 Conducted by Upper Great Plains Transportation Institute	Year	Roads (\$million)	Bridges (\$million)	Total (\$million)
	2016-17	\$141	\$8	\$149
2018-19	\$97	\$8	\$105	
2020-21	\$80	\$8	\$88	
2022-23	\$70	\$8	\$78	
2024-25	\$43	\$8	\$51	
2026-35	\$171	\$2	\$173	
2016-35	\$601	\$42	\$643	

Transportation Infrastructure Needs in North Dakota: 2016-35

Transit Needs	Year	Operating Cost (\$million)	Vehicle Cost (\$million)	Total (\$million)
	Study Sponsor: North Dakota Department of Transportation	2016-17	\$55	\$17
Study Year: 2014	2018-19	\$57	\$9	\$66
	2020-21	\$59	\$10	\$69
Conducted by Upper Great Plains Transportation Institute – Small Urban and Rural Transit Center	2022-23	\$60	\$10	\$70
	2024-25	\$61	\$11	\$72
	2026-35	\$314	\$55	\$369
	2016-35	\$606	\$113	\$718

Transportation Infrastructure Needs All Jurisdictions	Year	State (\$million)	County and Twp (\$million)	Urban (\$million)	Transit (\$million)	Total (\$million)
	Total funding needs for transportation in North Dakota	2016-17	\$1,469	\$1,028	\$149	\$72
2018-19		\$1,223	\$993	\$105	\$66	\$2,388
2020-21		\$818	\$1,025	\$88	\$69	\$2,000
2022-23		\$818	\$985	\$78	\$70	\$1,951
2024-25		\$788	\$926	\$51	\$72	\$1,837
2026-35		\$5,159	\$3,848	\$173	\$369	\$9,549
Harmonization		\$761				\$761
2016-35	\$11,037	\$8,805	\$643	\$718	\$21,202	

APPENDIX F

NDDOT Needs Beyond Pavements & Bridges

2018 ND Symposium on Transportation Funding



North Dakota's transportation system is an essential element in the state's economy as it moves commodities produced or manufactured here to other parts of the world, as well as transport people to various destinations for work, school or travel. The NDDOT also provides driver's license, motor vehicle and other services. In order to provide top quality transportation services, it is crucial to look at funding and needs to meet the demands of the traveling public - for today and the future.

What investment is needed over the next 20 years to continue the services we receive today from NDDOT?

Because services or service levels are directly related to available funding, all of the transportation services NDDOT provides today would require \$24.6 billion over the next 20 years. This equates to a gap of \$14.6 billion of additional funding that would be needed when you look at how much today's revenue would generate over the next 20 years.

Where does the funding or revenue come from to provide NDDOT services?

The primary sources of revenue provided to NDDOT are Federal Funds, State Funds from the Highway Tax Distribution Fund which is a portion of the state's fuel taxes and motor vehicle registrations, plus other state sources that are primarily driver's license fees and oversize/overweight permits.

What services does NDDOT provide today?

NDDOT transportation services include programs such as highway pavements, bridges, safety, transit, maintenance, snow & ice control, motor vehicle registration, rail loans, driver's license, bicycle/pedestrian, freight and personal mobility, etc.

If NDDOT can provide the services today, why is so much additional funding needed for future services?

The NDDOT is currently in a Preservation Mode, meaning we are just trying to preserve the transportation system as it exists today. However, we are losing ground and our system is deteriorating faster than we have resources to preserve it. The Department has stretched every dollar as far as it can, as evidenced by a recent Reason Foundation report naming NDDOT as the most efficient DOT in the nation.

NDDOT's main sources of state funding come from state fuel taxes and vehicle fees, which have remained the same since 2005. Costs have increased, for example, asphalt surfacing cost \$500,000 per mile in 2005 and \$1.1 million per mile in 2016, salt used for snow and ice control cost \$55 per ton in 2005 and \$81 per ton last year. Below is a chart showing how other costs have increased compared to federal gas tax rates which help provide federal funding for transportation.

Item	Description	1993	2015	Percent Change
College Tuition	Average Tuition & Fees at Public 4-year Universities	\$ 1,908	\$ 9,145	379%
Healthcare	National Expenditure Per Capita	\$ 3,402	\$ 9,523	180%
House	Median New Home Price	\$118,000	\$292,000	147%
Gas	Per Gallon	\$ 1.08	\$ 2.56	137%
Beef	Per Pound of Ground Beef	\$ 1.97	\$ 4.38	122%
Movie Ticket	Average Ticket Price	\$ 4.14	\$ 8.43	104%
Bread	Per Pound of White Bread	\$ 0.75	\$ 1.48	98%
Income	National Median Household	\$ 31,241	\$ 56,516	81%
Stamp	One First-Class Stamp	\$ 0.29	\$ 0.49	69%
Car	Average New Car	\$ 16,871	\$ 25,487	51%
Federal Gas Tax	Per Gallon	\$ 0.18	\$ 0.18	0%

Sources: Bureau of Labor Statistics, Centers for Medicare & Medicaid Services, College Board, Federal Reserve Bank of St. Louis, Oak Ridge National Laboratory, U.S. Census Bureau, U.S. Energy Information Agency, U.S. Postal Service

<p>North Dakota Motor Fuel Tax 23 cents/gallon - Last change in 2005</p>		<p>It is important to note that 23 cents per gallon of state fuel tax is collected whether the price at the pump is \$1.99 or \$3.99.</p>
<p>ND Motor Vehicle Registration Fees - Last change in 2005</p>		

How much does the average North Dakotan pay in state fuel tax each year?

If you drive a pickup truck that averages 20 mpg and you drive 12,000 miles per year, you pay \$11.50/month or \$138/year, compared to a typical cellphone plan (for one phone) of \$660/year.

What is NDDOT doing to generate efficiencies, given that on-going funding has been flat for several years?

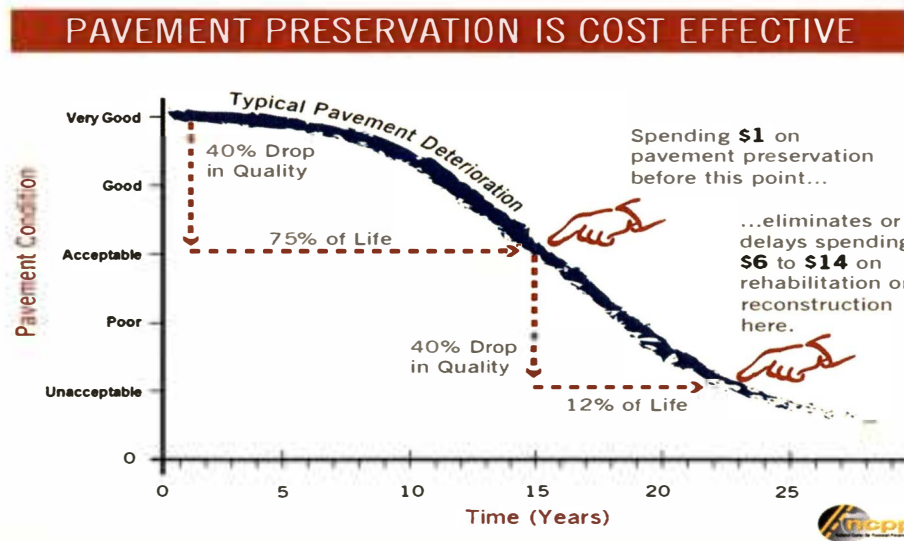
NDDOT has taken many steps to generate efficiencies, some of which include: implementing advanced infrastructure models to optimize preservation investments to the greatest degree possible under unpredictable funding; implementing advanced snow & ice control models and route optimization tools to further enhance the effectiveness of the remaining truck fleet; reduced staffing levels, and other similar actions.

What will happen if the needs or resources aren't made available?

Based on multiple customer satisfaction surveys, NDDOT delivers good transportation systems and services, but that can't last into the future if funding isn't increased to meet the transportation needs. Possible consequences of inadequate funding may include: Narrower and rougher roadways, more load restrictions, longer lines to renew drivers' licenses, closure of more rest areas, more gravel shoulders and roads without shoulders, longer delays in registering vehicles, longer delays in clearing snow, and other service delays.

Why does predictable funding create efficiencies?

According to the National Center for Pavement Preservation, every dollar spent on the right fix, at the right time, on the right roadway saves \$5-\$13 in future costs. With 4-6 yr. develop times, long-term predictable funding allows for identifying & planning optimum combinations of project type, location, & timing across a greater percentage of the entire system. Large swings in funding with short expiration windows hinder such optimization.



APPENDIX G

Fuel Tax			
Overview	Description	A per gallon tax levied by the state at the point of fuel purchase.	
	Current Use	All states and the federal government collect a fuel tax. Several states recently introduced periodical tax rate adjustments based on inflation or the Consumer Price Index. Other fuel taxes include a nationwide, fixed (18.4¢/gal) federal tax and local fuel taxes collected by selected counties and cities. ND legislation authorizes local fuel taxes, but they have not been adopted by any of the jurisdictions thus far.	
	Peer States	State	Per Gallon Rank
		ND	\$ 0.230 35
		MN	\$ 0.286 20
	WI	\$ 0.329 11	
	SD	\$ 0.300 16	
	NE	\$ 0.293 19	
	IA	\$ 0.305 15	
	MT	\$ 0.315 12	
	ID	\$ 0.330 10	
	Geographic Scope	Statewide	
Viability	Revenue Potential	+	High: All users are charged. ND currently collects approximately \$170 million annually from the fuel tax. A 1¢ increase in the gas tax would yield approximately \$8 million in revenue.
	Implementation Complexity	+	Minimal: Fuel tax is already collected by the state. A change to the current rate could be implemented easily from a technical and administrative standpoint.
	Public Awareness (perception)	+	In use: All highway users currently pay fuel tax. The current rates are posted at the pump and are clearly visible to consumers.
Sustainability	Increases in Fuel Economy/Alternative Fuels	-	Reduction in fuel consumption as a result of increased fuel economy and utilization of hybrid/electric vehicles would have a negative impact on fuel tax revenue.
	Fuel Price Volatility	∅	Higher fuel prices could lower the quantity demanded for fuel, reducing fuel tax revenues. However, scholarly studies show that consumer responsiveness to changes in fuel price are low.

(+) Positive/High (-) Negative/Low (∅) Neutral

Fuel Sales Tax		
Overview	Description	A percent tax levied by the state at the point of fuel purchase.
	Current Use	Fuel sales taxes are levied in CA, CT, HI, IL, IN, MI and NY. Rates range from 2% to 9%.
	Peer States	Fuel sales taxes are not levied in surrounding states.
	Geographic Scope	Statewide
Viability	Revenue Potential	+ High: Is a function of the amount of fuel and the price at the time of purchase.
	Implementation Complexity	+ Moderate: Fuel sales tax collection at the point of sale (e.g. Gas Stations) may require additional administrative or resource usage. Non-fuel sales taxes are currently collected.
	Public Awareness (perception)	+ Sales taxes are currently in use for non-fuel purchases, so in that aspect the public is familiar with the process.
Sustainability	Increases in Fuel Economy/Alternative Fuels	- Higher fuel economy and adoption of electric and electric hybrid vehicles reduces fuel consumption and therefore fuel sales tax revenues.
	Fuel Price Volatility	+ Higher fuel prices could lower the quantity demanded for fuel, but scholarly studies show that consumer responsiveness to changes in fuel price are low. As the tax is based upon fuel price, increases in fuel prices will result in higher tax revenue.

(+) Positive/High (-) Negative/Low (Ø) Neutral

Non-Fuel Sales Tax (Goods and Services)																														
Overview	Description	A percent tax charged on goods and services																												
	Current Use	All states, with few exceptions, have a statewide sales tax and additional city, county and local sales taxes. North Dakota currently has a 5% sales tax rate with 1%-2% city or local levies. Many state and local jurisdictions dedicate a portion of sales taxes for specific purposes, though not expressly transportation needs.																												
	Peer States		<table border="1"> <thead> <tr> <th>State</th> <th>State Sales Tax</th> <th>Combined State and Local Tax (Average)</th> </tr> </thead> <tbody> <tr> <td>ND</td> <td>5.0%</td> <td>6.78%</td> </tr> <tr> <td>MN</td> <td>6.875%</td> <td>7.3%</td> </tr> <tr> <td>WI</td> <td>5.0%</td> <td>5.42%</td> </tr> <tr> <td>SD</td> <td>4.5%</td> <td>6.39%</td> </tr> <tr> <td>NE</td> <td>5.5%</td> <td>6.89%</td> </tr> <tr> <td>IA</td> <td>6.0%</td> <td>6.8%</td> </tr> <tr> <td>MT</td> <td>None</td> <td>None</td> </tr> <tr> <td>ID</td> <td>6.0%</td> <td>6.03%</td> </tr> </tbody> </table>	State	State Sales Tax	Combined State and Local Tax (Average)	ND	5.0%	6.78%	MN	6.875%	7.3%	WI	5.0%	5.42%	SD	4.5%	6.39%	NE	5.5%	6.89%	IA	6.0%	6.8%	MT	None	None	ID	6.0%	6.03%
		State	State Sales Tax	Combined State and Local Tax (Average)																										
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		MN	6.875%	7.3%																										
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SD		4.5%	6.39%																											
NE		5.5%	6.89%																											
IA		6.0%	6.8%																											
MT	None	None																												
ID	6.0%	6.03%																												
Geographic Scope	Statewide or Local																													
Viability	Revenue Potential	+ High: In 2016, ND collected approximately \$1.5 billion from state sales tax. A 0.1% increase dedicated to highway needs could yield up to \$30 million in revenue.																												
	Implementation Complexity	+ Minimal: Sales taxes are collected at the point of sale. Changes in the percentage rate would require minimal administrative or implementation resources.																												
	Public Awareness (perception)	+ In use: Consumers currently pay sales taxes and local increases are often approved at city and local levels if well-justified.																												
Sustainability	Increases in Fuel Economy/Alternative Fuels	∅ There is no relationship between fuel economy and sales tax receipts.																												
	Fuel Price Volatility	∅ Higher fuel prices could negatively impact consumer activity, and therefore reduce sales tax revenue. The scale of the impact is unknown.																												

(+) Positive/High (-) Negative/Low (∅) Neutral

Vehicle Sales Excise Tax (State)				
Overview	Description	A percent tax charged on the purchase of a new or used vehicle		
	Current Use	With a few exceptions, state laws treat vehicle excise tax in the same manner as any other sales tax. Distribution of vehicle excise tax varies from state to state and is either directed to general funds, transportation funding or in varied proportions. In North Dakota, 91.3% of the excise tax is distributed to the general fund and the remainder distributed across local jurisdictions.		
	Peer States	State	Tax Rate	% to Trans. or Yes/No to Trans.
		ND	5.0%	No – Not since 1970's & 10% in 2007
		MN	6.5%	Yes, min. 40% goes to transit, rest to the highway fund
		WI	5.0%	No
		SD	4.0%	Yes
		NE	5.5%	Yes
IA		5.0%	Yes	
MT		None	N/A	
ID	6.0%	No		
Geographic Scope	Statewide			
Viability	Revenue Potential	+	High: Total value of vehicle transactions in ND is approximately \$2.1 billion per year (2016). A minor increase of the tax could generate substantial revenue.	
	Implementation Complexity	+	Minimal: Vehicle excise tax is already collected at the state level. A simple change in the current tax rate would require minimal administrative or resource requirements. To direct a portion of the distribution to highway improvements, changes to the ND Century Code would be required.	
	Public Awareness (perception)	+	In use: Consumers currently pay vehicle excise tax. However, the excise tax may be obscured through the taxes and fees surrounding vehicle purchase.	
Sustainability	Increases in Fuel Economy/Alternative Fuels	∅	No direct significant relationship.	
	Fuel Price Volatility	∅	Long term higher fuel prices could result in reduced vehicle ownership, though the impact may be minimal.	

(+) Positive/High (-) Negative/Low (∅) Neutral

Vehicle Sales Excise Tax (Local)				
Overview	Description	A percent tax charged on the purchase of a new or used vehicle		
	Current Use	Throughout the nation, cities and local jurisdictions may impose vehicle sales taxes, depending on state laws.		
	Peer States	State	City/Local Taxes?	
		ND	None	
		MN	None	
WI		Yes		
SD		None		
NE		Yes, up to 2.0%		
IA		None		
MT		None		
ID	None			
Geographic Scope	City or County Level			
Viability	Revenue Potential	+	High: Total value of vehicle transactions in ND is approximately \$2.1 billion per year (2016). A minor increase of the tax could generate substantial revenue, depending on the city or county where the purchase occurred.	
	Implementation Complexity	+	Varied: Vehicle excise tax is already collected at the state level. Sales taxes are collected at the state, city and county levels. Additional collection activities would be required to expand vehicle excise taxes for local jurisdictions where they do not currently exist.	
	Public Awareness (perception)	+	In use: Consumers currently pay state vehicle excise tax. Local vehicle sales taxes would be driven by county and city commissions. However, the excise tax may be obscured through the taxes and fees surrounding vehicle purchase.	
Sustainability	Increases in Fuel Economy/Alternative Fuels	∅	No direct significant relationship.	
	Fuel Price Volatility	∅	Long term higher fuel prices could result in reduced vehicle ownership, though the impact may be minimal.	

(+) Positive/High (-) Negative/Low (∅) Neutral

Mill Levies (Property Tax)		
Overview	Description	Mill levies are property taxes collected by state, county, city, local and township jurisdictions. One mill equals 1/1000 of the taxable property value.
	Current Use	Property taxes are levied by all jurisdictions and vary on a case-by-case basis. They are commonly allocated to local infrastructure projects, transportation improvements, and school districts among other local needs.
	Peer States	Property taxes are levied in all peer states and vary on a jurisdictional level on a case-by-case basis. State mills are insignificant (as in the case of ND) or do not exist at all. States typically do not collect property tax dedicated to infrastructure at the state level.
	Geographic Scope	Primarily County or Local
Viability	Revenue Potential	+ High: Property taxes are paid by all residents and for-profit businesses
	Implementation Complexity	+ Minimal: Jurisdictions that currently collect property taxes would require minimal administrative or implementation resources.
	Public Awareness (perception)	- In use: Property taxes are currently paid by home and business owners in the state and may represent a substantial portion of household budgets. Recent property tax increases have been met with significant resistance from the citizenry.
Sustainability	Increases in Fuel Economy/Alternative Fuels	∅ Property tax receipts have no relationship to fuel economy.
	Fuel Price Volatility	∅ Property tax receipts have no relationship to fuel prices.

(+) Positive/High (-) Negative/Low (∅) Neutral

Special Tax Assessments		
Overview	Description	Special assessments are additional property taxes, levied to fund a specific public investment.
	Current Use	All municipalities, counties and townships in North Dakota have the power to make special assessments. Usage and scope of those assessments varies on a case-by-case basis in each jurisdiction. Special assessments are commonly found in new urban developments. Another common example is funding a street repair by assessing residents along the street.
	Peer States	Special assessments are authorized within all of the peer states. The character of those assessments varies on a case-by-case basis in each local jurisdiction.
	Geographic Scope	Local
Viability	Revenue Potential	- Low: Special assessments are used for specific, local infrastructure projects and not general revenue generation.
	Implementation Complexity	+ Minimal: The administrative procedures already exist, as special assessments are common in ND cities.
	Public Awareness (perception)	- In use: Home and business owners may currently be subject to special assessments. As with general property taxes, public sentiment is not positive.
Sustainability	Increases in Fuel Economy/Alternative Fuels	- Property tax receipts have no relationship to fuel economy.
	Fuel Price Volatility	∅ Property tax receipts have no relationship to fuel prices.

(+) Positive/High (-) Negative/Low (∅) Neutral

Wheelage Tax		
Overview	Description	A flat rate fee levied on vehicles registered in a county.
	Current Use	Widespread use nationwide. Wheelage taxes are assessed at the same time as vehicle registration and the funds are distributed to counties. Vehicles such as motorcycles, motorized bicycles, trailers and mopeds are typically exempt.
	Peer States	Currently used in 53 of 87 counties in Minnesota. Initial fees were \$5, but currently vary from \$10 to \$20 per vehicle depending on county. South Dakota rates vary from \$2-\$5 based upon vehicle weight and county with maximum wheel taxes specified by county.
	Geographic Scope	County
Viability	Revenue Potential	+/- Potential revenue varies by county. As of December 2015, FHWA estimates roughly 800,000 vehicles privately or commercially owned in the state. A \$10 wheelage tax would result in \$8 million annually.
	Implementation Complexity	+ Registration fees are already collected by the state. County of registration information is also collected as part of vehicle registration.
	Public Exposure	∅ Registration fees are currently accepted. The wheelage tax, appropriated to local infrastructure may be deemed acceptable.
Susceptibility	Increases in Fuel Economy/Alternative Fuels	∅ Flat fee applied consistently regardless of fuel efficiency or technology.
	Fuel Price Volatility	∅ Flat fee applied consistently regardless of fuel efficiency or technology.

(+) Positive/High (-) Negative/Low (∅) Neutral

Oil / Energy Tax			
Overview	Description	Tax charged on the value on fossil fuels and minerals extracted and/or processed within the state.	
	Current Use	39 out of 50 states currently impose some form of tax on extracting natural resources, including oil, natural gas, and coal. In North Dakota, the oil tax accounts for a significant portion of the state's revenues. The oil tax revenue is used for common state expenditures, including transportation infrastructure.	
	Peer States	State	Tax rates
		ND	5% tax for oil, \$.04/1,000 cu. ft. for gas, \$0.4/ton for coal.
		MN	\$2.56 per ton for iron. No oil tax.
		WI	7% tax for oil, 3-15% tax for metals
SD		4.5% + 2.4 mills on all minerals	
NE		2-3% tax for oil, 2% tax for uranium	
IA		none	
MT		0.3% tax on oil, 3-15% tax on coal	
Geographic Scope	Statewide		
Viability	Revenue Potential	+	Very high. The 2017-19 Biennium budget projects collecting approx. \$3 billion in oil tax with the oil price assumed at a conservative level of \$48/barrel.
	Implementation Complexity	+	The oil and coal taxes are already collected by the state. Tax rate increase should be easy to implement from the administrative standpoint.
	Public Awareness (perception)	∅	The general public is supposed to support the idea that the state should benefit from its natural resources exploitation. However, any tax increase would be heavily opposed by the oil companies.
Sustainability	Increases in Fuel Economy/Alternative Fuels	∅	Increase in fuel economy could reduce oil demand. However, oil is also utilized for other purposes, and could be exported to foreign countries with less developed alternative technologies.
	Fuel Price Volatility	+	Higher fuel prices are caused primarily by higher crude oil prices on the global market. Subsequently, the energy tax revenue should increase along with fuel price.

(+) Positive/High (-) Negative/Low (∅) Neutral

Vehicle Registration (Current)					
Overview	Description	Vehicle registration fees are a per-vehicle charge assessed annually on all privately owned vehicles.			
	Current Use	All states charge a vehicle registration fee. The fees are based upon multiple factors such as: vehicle age, weight, value and type. North Dakota bases vehicle registration based upon weight and age.			
	Peer States	Due to varying fee formulas across the peer states, comparison was made for three sample vehicles:			
		<i>Car</i>	4-door sedan	Open-box 2-door pickup	4-door SUV
		<i>Year</i>	2017	2012	2007
		<i>Weight</i>	3199 lb.	5500 lb.	6100 lb.
		<i>Initial value</i>	\$24,000	\$29,000	\$38,000
		<i>Current value</i>	\$20,000	\$12,000	\$10,000
		ND	\$73	\$65	\$117
		MN	\$236	\$71	\$35
	WI	\$75	\$75	\$75	
	SD	\$72	\$108	\$100	
	NE	\$342	\$234	\$99	
	IA	\$252	\$312	\$215	
	MT	\$217	\$87	\$28	
	ID	\$69	\$57	\$45	
	Geographic Scope	Statewide			
Viability	Revenue Potential	+	High: All private users are required to pay. Currently approximately \$100 million is collected annually in North Dakota.		
	Implementation Complexity	+	Minimal: Changes to the registration fee system based upon current factors (age and weight) would require minimal administrative effort.		
	Public Awareness (perception)	+	In use: All users currently pay vehicle registration. Users may pay registration fees on site or online in reply to mailed vehicle registration.		
Sustainability	Increases in Fuel Economy/Alternative Fuels	∅	Under the current registration formula, vehicle technology and fuel efficiency is not considered, and therefore, better fuel economy wouldn't affect registration fee revenue		
	Fuel Price Volatility	∅	Long-term higher fuel prices could result in reduced vehicle ownership, though the impact may be minimal.		

(+) Positive/High (-) Negative/Low (∅) Neutral

Vehicle Registration (Differs by Technology)			
Overview	Description	Vehicle registration fees are a per-vehicle charge assessed annually on all privately owned vehicles. An additional registration fee is assessed for electric and hybrid electric vehicles to recoup fuel tax revenues lost due to higher fuel efficiency.	
	Current Use	Some states charge differential registration fees to electric or hybrid electric vehicles.	
	Peer States	State	Hybrid or Electric Surcharge
		ND	None
		MN	\$75
WI		\$75 hybrid, \$100 electric	
SD		None	
NE		\$75	
IA		None, electric vehicles pay a discounted \$25 fee	
MT		None	
ID	\$75 hybrid, \$140 electric		
Geographic Scope	Statewide		
Viability	Revenue Potential	-	Low: Per the Motor Vehicle Division, in 2017, 1,102 hybrid electric and 112 full electric vehicles were registered in North Dakota.
	Implementation Complexity	∅	Minimal: The Motor Vehicle Division collects data as to the technology type of vehicles registered.
	Public Awareness (perception)	+	Not currently in use: Users may understand that increased fuel efficiency reduces revenue collected via fuel tax.
Sustainability	Increases in Fuel Economy/Alternative Fuels	+	As adoption of electric or hybrid electric vehicles increases, differential registration will directly increase.
	Fuel Price Volatility	+	Long-term increases in fuel prices may speed the adoption rate of electric and hybrid electric vehicles resulting in higher revenues from differential registration.

(+) Positive/High (-) Negative/Low (∅) Neutral

Driver's License Fees					
Overview	Description	A periodic fee imposed on licensed drivers when obtaining or renewing a driver's license.			
	Current Use	All states charge fees for driver's licenses. Fee revenues are used to offset the physical identification card and processing. Additional fees are charged for permits and testing.			
	Peer States	State	License Fee	Duration of License	Annual Average Fee
		ND	\$15	4-6 years	\$2.50-\$3.75
		MN	\$25.25	4 years	\$6.31
	WI	\$34.00	8 years	\$4.25	
	SD	\$28.00	5 years	\$5.60	
	NE	\$21.50	4 years	\$5.38	
	IA	\$4/year	5-8 years	\$4.00	
	MT	\$40.50	8 years	\$5.06	
	ID	\$30.00	4 years	\$7.50	
	Geographic Scope	Statewide			
Viability	Revenue Potential	∅	Low: As of 2016, there were 555,935 licensed drivers in North Dakota		
	Implementation Complexity	+	Minimal: Driver's license fees are currently collected by the state. A change to the current rate could be implemented easily from a technical and administrative standpoint.		
	Public Awareness (perception)	+	In use: All drivers pay license fees.		
Sustainability	Increases in Fuel Economy/Alternative Fuels	-	Fuel efficiency and vehicle technology have no direct relationship with driver's license fees.		
	Fuel Price Volatility	∅	Fuel prices have no direct relationship with driver's license fees.		

(+) Positive/High (-) Negative/Low (∅) Neutral

Per-mile Tax (VMT Fee)		
Overview	Description	A per-mile tax levied by the state. Studies are underway to determine efficient collection methods.
	Current Use	A VMT tax is being investigated in western states (OR, CO and CA) through pilot programs, but no state has implemented it on a statewide scale.
	Peer States	None of the peer states has implemented a VMT tax, although MN has been studying possible scenarios for such a tax.
	Geographic Scope	Statewide
Viability	Revenue Potential	+ High: A VMT tax would vary with the level of travel and would be collected on a per-mile basis, and could exceed current fuel tax revenue.
	Implementation Complexity	- High: Collection of individual vehicle mileages would require significant resources and/or technological investment. The payment of the tax would occur at the point of odometer reading or transmission.
	Public Awareness (perception)	- Low: Although it would likely be understood as an equitable method of taxation due to the usage/tax relationship, reporting requirement difficulties and privacy concerns due to vehicle tracking may cause difficulty in implementation.
Sustainability	Increases in Fuel Economy/Alternative Fuels	- No direct significant relationship. Roadway utilization would be uncoupled from fuel economy thereby taxation levels are based simply upon usage.
	Fuel Price Volatility	∅ Higher fuel prices could lower the quantity demanded for fuel, reducing fuel tax revenues. However, scholarly studies show that consumer responsiveness to changes in fuel price are low.

(+) Positive/High (-) Negative/Low (∅) Neutral

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Transportation Utility Fees		
Overview	Description	Fixed rate utility prices based upon number of residents, property type or property size.
	Current Use	Utility fees are commonly charged for garbage, water and sewer services at the municipal level. Minor transportation-related maintenance expenses such as streetlights or traffic lights may be assessed a utility fee. Very few jurisdictions assess a transportation utility fee to fund major transportation investments or needs. Hillsboro, OR is one example where this is currently in use.
	Peer States	The majority of cities across the peer states charge utility fees for streetlights and other minor maintenance expenses. No peer states collect utility fees for transportation infrastructure investments.
	Geographic Scope	Local
Viability	Revenue Potential	+ Moderate: All residents would directly or indirectly pay a utility fee.
	Implementation Complexity	+ Minimal: Jurisdictions that currently charge and bill residents have the administrative and resources in place to charge such a fee.
	Public Awareness (perception)	- This type of fee is currently assessed at the local level. Flat rate fees are not related to highway use or household income.
Sustainability	Increases in Fuel Economy/Alternative Fuels	∅ There is no relationship between utility revenue and fuel economy.
	Fuel Price Volatility	∅ There is no relationship between utility revenue and fuel price.

(+) Positive/High (-) Negative/Low (∅) Neutral

Overweight Fee Increase		
Overview	Description	Overweight / oversize fees are collected from freight vehicles exceeding certain dimensional and/or weight limits.
	Current Use	NDDOT currently issues a wide array of permits, for various types of overweight/oversized loads, and for various time periods (single trip, multi-trip, annual). Fees are collected by the ND Highway Patrol and allocated to the State Highway Fund.
	Peer States	Specific fee assessment regulations and fee schedules vary substantially by state and make them difficult to compare. As a rule of a thumb, all states offer a standard annual overweight permit for a fee in the \$150-\$500 range.
	Geographic Scope	Statewide
Viability	Revenue Potential	∅ Moderate. Current revenue is approx. \$11.4 million per year.
	Implementation Complexity	+ The permit system has been functioning for many years. A simple fee increase could be implemented at minimal administrative costs.
	Public Awareness (perception)	∅ The general public is indifferent about the fees, while freight carriers would likely oppose any substantial fee increase.
Sustainability	Increases in Fuel Economy/Alternative Fuels	∅ No relationship
	Fuel Price Volatility	- Higher fuel prices could induce a modal switch for certain loads from road to rail.

(+) Positive/High (-) Negative/Low (∅) Neutral

Impact fee		
Overview	Description	Impact fee is charged to a future real estate development, which would be benefiting from the adjacent public infrastructure improvement. The philosophy behind impact fees is similar to special assessments and mill levies.
	Current Use	Currently, impact fees are not collected by any of the N.D. jurisdictions. There is no legislation which would explicitly authorize impact fees.
	Peer States	Wisconsin is the only peer state to explicitly authorize impact fees. The legal environment for impact fees in North Dakota and other peer states is unclear.
	Geographic Scope	Local
Viability	Revenue Potential	∅ Moderate, could be used for local improvements.
	Implementation Complexity	- Severe. It is likely that state legislature would need to authorize impact fees.
	Public Awareness (perception)	- The public might be opposed to impact fees, as a new, previously unknown form of taxation. Impact fees could be also perceived as a barrier to cities' growth and development.
Sustainability	Increases in Fuel Economy/Alternative Fuels	∅ No relationship.
	Fuel Price Volatility	∅ No relationship.

(+) Positive/High (-) Negative/Low (∅) Neutral

Tolling		
Overview	Description	A usage fee for usage of a segment of transportation infrastructure. Tolls are typically found on bridges, segments of roads or on turnpikes. It may be assessed by a single use or on a per-mile basis.
	Current Use	Pre-Interstate system turnpikes, bridges or new interstate lanes may be tolled. The majority of existing tollways are equipped with staffed toll booths, but there are an increasing number of all electronic toll facilities. One recent example is the 12 th Avenue North toll bridge in Fargo which recently was returned to city jurisdiction.
	Peer States	None of the surrounding states operate any type of tolled facility except for express/high-occupancy vehicle lanes in the Minneapolis-St. Paul area.
	Geographic Scope	Regional or local, depending on facility type
Viability	Revenue Potential	+ Variable: Revenue potential depends on the volume over the facility, geographic scope of the facility and co-occurring network redundancy.
	Implementation Complexity	- There are currently no tolled facilities in North Dakota. Introduction of tolled facilities would require collection and enforcement infrastructure and staffing. Research indicates that the administrative costs of toll collection might consume even 20% of the revenue.
	Public Awareness (perception)	- With the exception of the 12 th Avenue North bridge in Fargo, residents have not been exposed to tolled facilities.
Sustainability	Increases in Fuel Economy/Alternative Fuels	∅ No evidence for a direct relationship. However, lower fuel expenses would reduce the overall transportation costs, diminishing the burden of tolls for household budgets.
	Fuel Price Volatility	∅ Higher fuel prices could lower the quantity demanded for fuel, reducing fuel tax revenues. However, scholarly studies show that consumer responsiveness to changes in fuel price are low. The resulting decrease in travel could reduce toll collections.

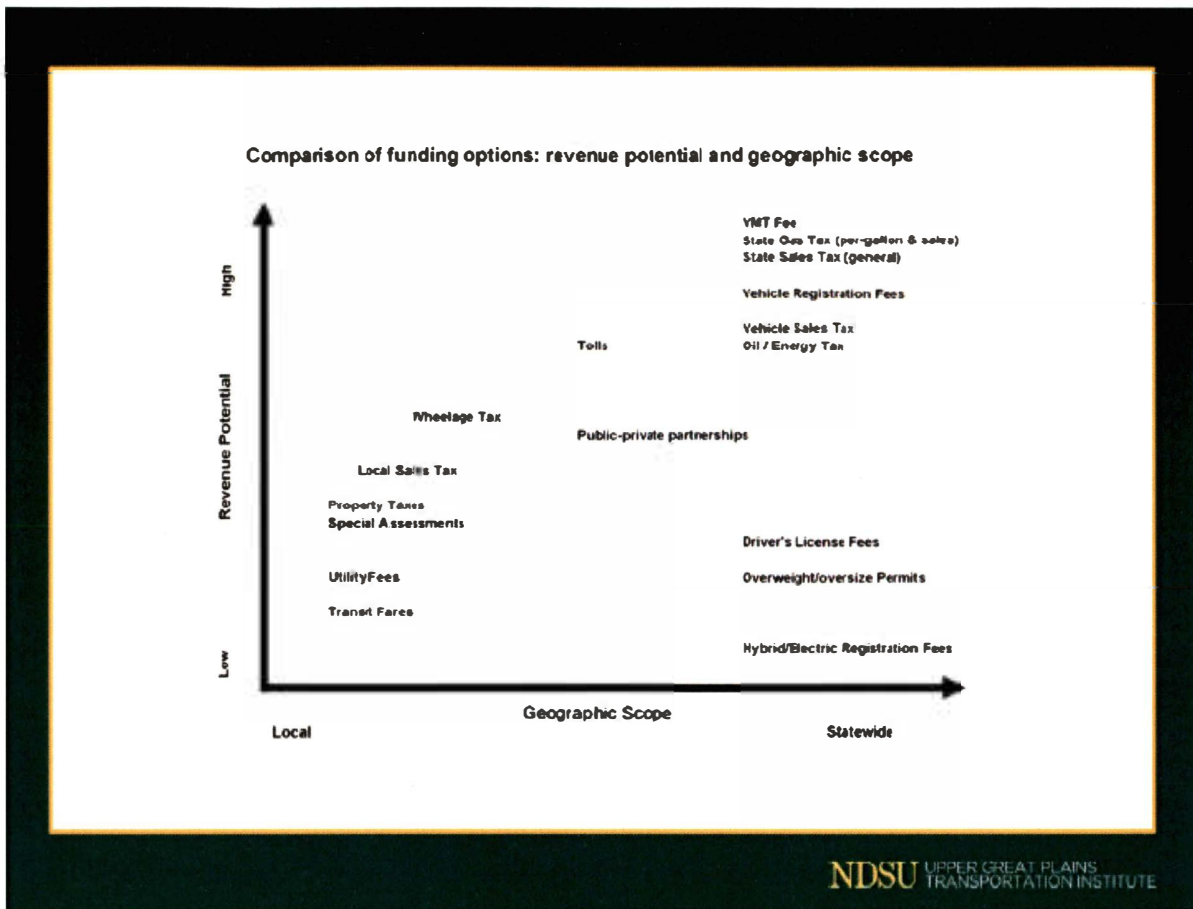
(+) Positive/High (-) Negative/Low (∅) Neutral

Public-Private Partnerships (PPPs, P3s)		
Overview	Description	Infrastructure investment is paid for by a private entity in exchange for a guaranteed revenue paid over a specified amount of time by the government or users or guaranteed services provided by the investment.
	Current Use	Nationwide, PPP's exist on an improvement specific basis. In North Dakota one such PPP has been entered into between NDDOT and Brigham Oil & Gas on ND 1806. Brigham Oil & Gas added a six-inch overlay to ND 1806 in agreement for 8 ton/axle, 105,500 GVW weight limits. PPPs are often found in construction of new freeways or rapid transit investments in large metropolitan areas. The President's proposed infrastructure packages highlight PPPs as a primary funding source.
	Peer States	Similar to North Dakota, peer states' collaboration with private partners have included interchanges and traffic signals as well as the pavement overlay described above. The 2017 North Dakota Legislative session streamlined the process for entering into such agreements in the future. Examples of large-scale PPP highway projects can be found in other parts of the country, such as Texas Hwy 130.
	Geographic Scope	Local or Regional
Viability	Revenue Potential	+ PPPs would likely be limited to local projects where private and public entities would both receive benefits from transportation investment. Private investment likelihood is heavily determined by potential private benefit.
	Implementation Complexity	- Significant: PPPs generally require a detailed evaluation of potential options in the terms of the private and public partners' responsibilities. Moreover, in the event of a private failure, the public partner may end up assuming some investment risk.
	Public Awareness (perception)	+ PPPs are an alternative to direct user fees, and thereby may be accepted by the public. There is a common belief that a PPP transfers the financial burden from taxpayers to private investors.
Sustainability	Increases in Fuel Economy/Alternative Fuels	∅ There is no relationship between PPPs and fuel economy.
	Fuel Price Volatility	∅ Depending on the funding mechanism, a toll-supported PPP may be sensitive to travel demand which could be lower if significant fuel prices occur.

(+) Positive/High (-) Negative/Low (∅) Neutral

Transit Fares		
Overview	Description	Transit fares are paid by transit riders when using the service. Fares can be charged per ride and paid upon boarding, or transit agencies can sell passes (such as monthly or weekly passes) or multi-ride tickets.
	Current Use	All transit agencies in North Dakota collect fares. The three urban fixed-route systems in Fargo-West Fargo, Bismarck-Mandan, and Grand Forks all charge a base fare of \$1.50 per ride one-way, and paratransit service is \$3.00 per ride one-way. Monthly passes for the fixed-route service cost \$40 in Fargo-West Fargo, \$36 in Bismarck-Mandan, and \$35 in Grand Forks. Rural transit agencies typically charge different fare levels based on the trip distance. According to data collected in 2014 for rural agencies, the median fare was \$1.50 one-way for in-town trips. For out-of-town trips, median one-way fares ranged from \$2.75 for trips up to 15 miles and \$12.50 for trips more than 100 miles.
	Peer States	Fare levels in North Dakota are similar to those charged by peer agencies in neighboring states. Small urban systems in neighboring states charge \$1.25 to \$2.00 per ride or \$28 to \$47 for monthly passes.
	Geographic Scope	Individual transit agency
Viability	Revenue Potential	∅ Fare revenues cover about 10-15% of operating expenses for the three urban transit agencies. These farebox recovery ratios are similar to those of peer agencies in neighboring states. For rural agencies in the state, fare revenues cover about 8-10% of operating expenses, which is similar to the national average of 9% for rural systems. Because of the inelastic nature of transit demand, higher fares will produce increased fare revenues. However, the total revenue potential is limited. Current farebox recovery ratios are similar to those of peer agencies, and while greater farebox recovery is possible, the overall impact on revenues would be relatively small.
	Implementation Complexity	+ Simple. Established fare collection systems already exist.
	Public Awareness (perception)	+ Transit riders are accustomed to paying fares. Transit agencies periodically increase fares to account for increased costs, though they try to limit fare increases and avoid significant increases.
Sustainability	Increases in Fuel Economy/Alternative Fuels	∅ Increases in fuel economy make automobile travel relatively less expensive, which could have a small negative impact on transit use and fare revenues.
	Fuel Price Volatility	+ Increases in gas prices have been shown to have a small positive impact on transit ridership, thereby increasing fare revenues.

(+) Positive/High (-) Negative/Low (∅) Neutral



Study to consolidate facilities with Williams County and Williston District

(This information was presented in testimony before the Interim Government Finance Committee in March 2018)

The 65th legislative assembly passed Senate Bill 2012 which asked NDDOT to study options to see if it would be beneficial to consolidate the NDDOT Williston District Headquarters facility with the new Williams County facility. This study has just been completed and we are in the process of providing the report to Legislative Council and will give a report to the Appropriations committees during the 66th Legislative Assembly.

Over the past few months, NDDOT has met with Williams County officials to discuss the benefit of consolidating facilities and discuss some of the items that would be able to be provided by the county.

It was determined that when Williams County constructed the facility, they built it to meet their needs, with some possible extra space in the office and cubicle area to meet future needs. The county's current shop area and heated equipment storage area are full to capacity with county equipment to support county operations. The heated wash bay also serves as over flow storage for county equipment. The cold storage and salt building are also full to capacity for the county's needs.

The County does have 22 acres of land for development that the state could purchase to construct the facilities needed for Williston District operations. The cost of building new state facilities for NDDOT at this site is estimated to be approximately \$9-10 million.

Prior to making an investment to construct a salt shed at the existing location about two years ago, We met with city officials to discuss our current facility in Williston and it was determined that they have no concerns with our current District office and equipment location. The cost to update our facility in Williston to meet current needs is estimated to be approximately \$5-6 million.

Based on these findings, it was determined that the consolidation of facilities is not beneficial due to the cost of the infrastructure needed nor do we believe that the County site would provide additional access benefit at the County location.

January 9, 2019

HB1012

Attachment A

GOVERNMENT OPERATIONS DIVISION - HOUSE APPROPRIATIONS COMMITTEE
January 9, 2019 – 8:30 a.m. – Medora Room

North Dakota Department of Transportation
Tom Sorel, Director

HB 1012

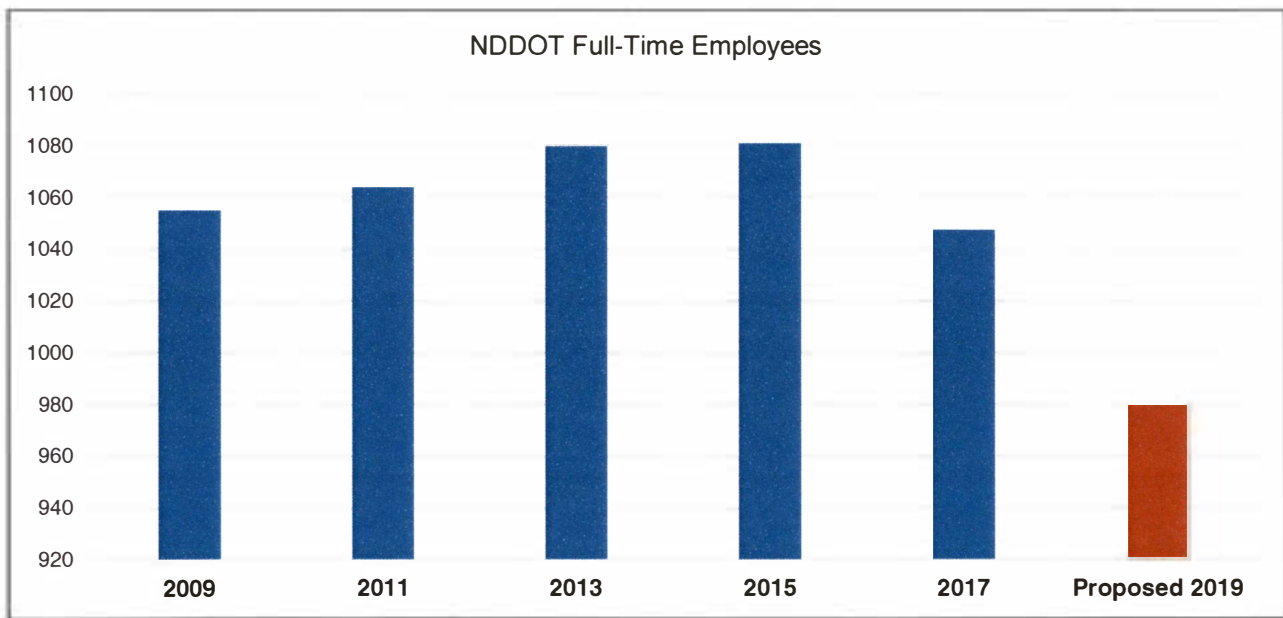
Good morning Mr. Chairman and members of the committee. I'm Tom Sorel, Director of the North Dakota Department of Transportation (DOT). I'm here today to discuss HB 1012.

Appropriation

The recommended appropriation is \$1.43 billion compared to a budget of \$1.26 billion for the 2017-19 biennium. It consists of federal and special funds, no general fund money.

- Federal = \$738.9 million (51.6%)
- Special = \$692.2 million (48.4%)

The bill also calls for staff reductions. The chart below shows that we reduced the number of Full-Time Employees (FTE's) by 33.5 last biennium. The current bill proposes a reduction in staff by 67 FTE's, of which 41 FTE's are a result of the IT unification proposal, plus 26 to be returned.



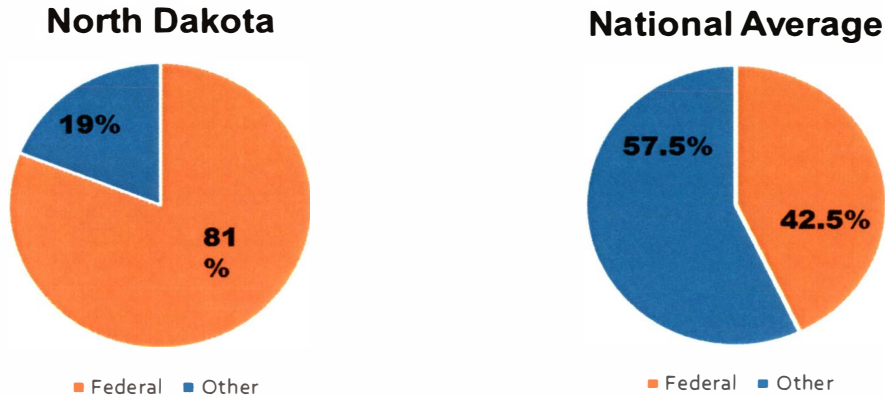
- North Dakota is ranked first in the nation in highway performance and cost-effectiveness in the national 2018 Highway Report by the Reason Foundation.
- NDDOT maintains more than 8,622 roadway miles of highway. Similar to traveling from Bismarck, ND to Anchorage, Alaska and back.
- North Dakota has one of the smallest DOTs, in terms of employees, in the nation.

1-9-19
 HB 1012
 ATT. A

Federal Funding

The future of federal funding is uncertain. The federal highway trust fund is not keeping up with transportation costs and needs across the nation. NDDOT’s construction program is based almost completely on federal funds plus state matching funds. It is important to note that 17% of North Dakota’s 107,000 miles of roadways are eligible for federal funds.

- National DOT average – Approximately 42.5% federally funded construction program
- NDDOT average – Approximately 81% federally funded construction program



This concludes my part of the testimony, Shannon Sauer, NDDOT’s Chief Financial Officer will now present an overview of the budget.

Budget Legislation Review

Budget Legislation

	HB 1012 base level	Recommended changes to base budget	HB1012 Governor's Recommendation
	<u>2019-2021</u>	<u>2019-2021</u>	<u>2019-2021</u>
Salaries	\$201,478,341	(1,972,821)	\$199,505,520
Operating	229,381,646	45,303,459	274,685,105
Capital Assets	771,101,851	89,924,093	861,025,944
Grants	67,528,030	28,326,607	95,854,637
TOTAL	\$1,269,489,868	\$161,581,338	\$1,431,071,206

1-9-19
 HB 1012
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Base Budget Information

Base Budget Changes

Proposed cuts - Restored

Special funds for federal match	\$	26,550,000	
10 "Run" FTE positions		2,020,405	
Rest area maintenance		2,537,696	
MV call center and title quality review services		1,300,000	
State funded contractor payments		12,500,000	
Contract patching for small projects		2,400,000	
16 "Grow and Transform" FTE positions		3,000,000	
Building maintenance funding		3,000,000	
Total			\$ 53,308,101

Additional Agency Requests - Granted

State Match for additional federal funding	\$	7,400,000	
Funding Source Correction for rail loan program		11,100,000	
Local Match Funds		7,200,000	
Snow/Ice Control		750,000	
Driver's License facilities expansions and maintenance		1,300,000	
IT Project - Driver's License system rewrite - SIIF Funded		22,500,000	
IT Project - Traffic Data Editing and Analysis system replacement - SIIF Funded		1,525,838	
IT Project - Automatic Vehicle Location System - SIIF Funded		2,650,709	
IT Project - Roadway Inventory Management System Replacement - SIIF Funded		9,100,000	
IT Project - Maintenance Management System - SIIF Funded		3,850,000	
Total			\$ 67,376,547

Additional Executive Changes and base budget alignments

MicroSoft 365	\$	708,498	
Additional Funding for Payments to ITD for Services		81,212	
Additional funding for Road Projects		22,462,303	
Comp/Health package		12,250,532	
52 FTE Cut and Base Payroll Changes		(11,019,745)	
Operating Expense Reductions and Base Changes		(8,036,810)	
Construction Program/Capital Asset Base Adjustment		7,224,093	
Grant Base Adjustment		17,226,607	
			\$ 40,896,690

Total Base Budget Changes \$ 161,581,338

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Att. A

Proposals Not Funded

26 "Run" FTE positions	\$	4,979,595
Transformation/Innovation program		6,000,000
Rest Areas - Rehab/Upgrades		20,000,000
Two new rest areas		8,000,000
New maintenance section		1,100,000



Revenue and Expenditure Charts

For more details about NDDOT's revenue and expenditure let's review the budget charts (Attachments A and B.)

Amendments

Amendments proposed are provided in detail on Attachment C.

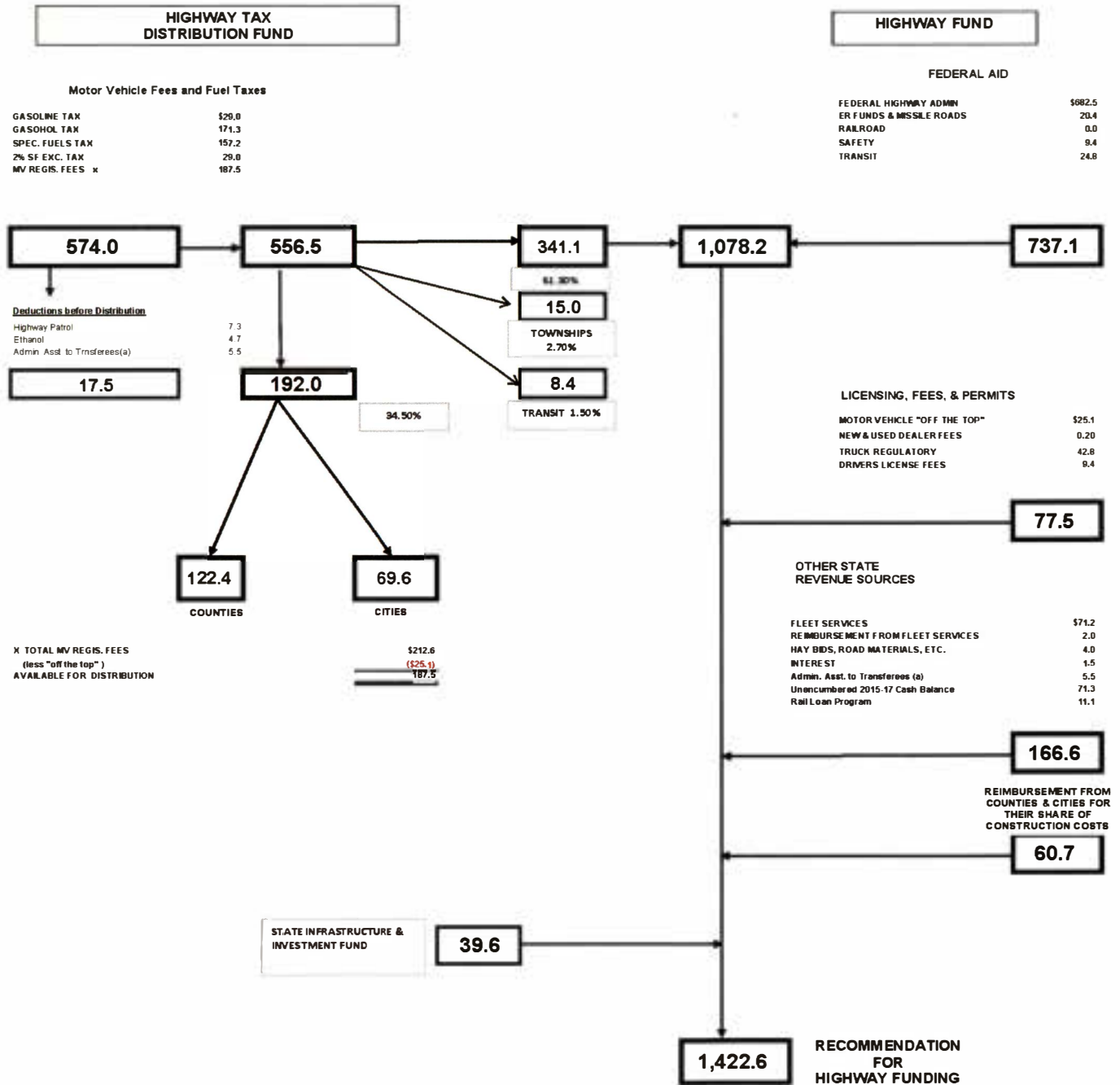
This concludes my testimony and we are available to answer questions the committee may have. Thank You.



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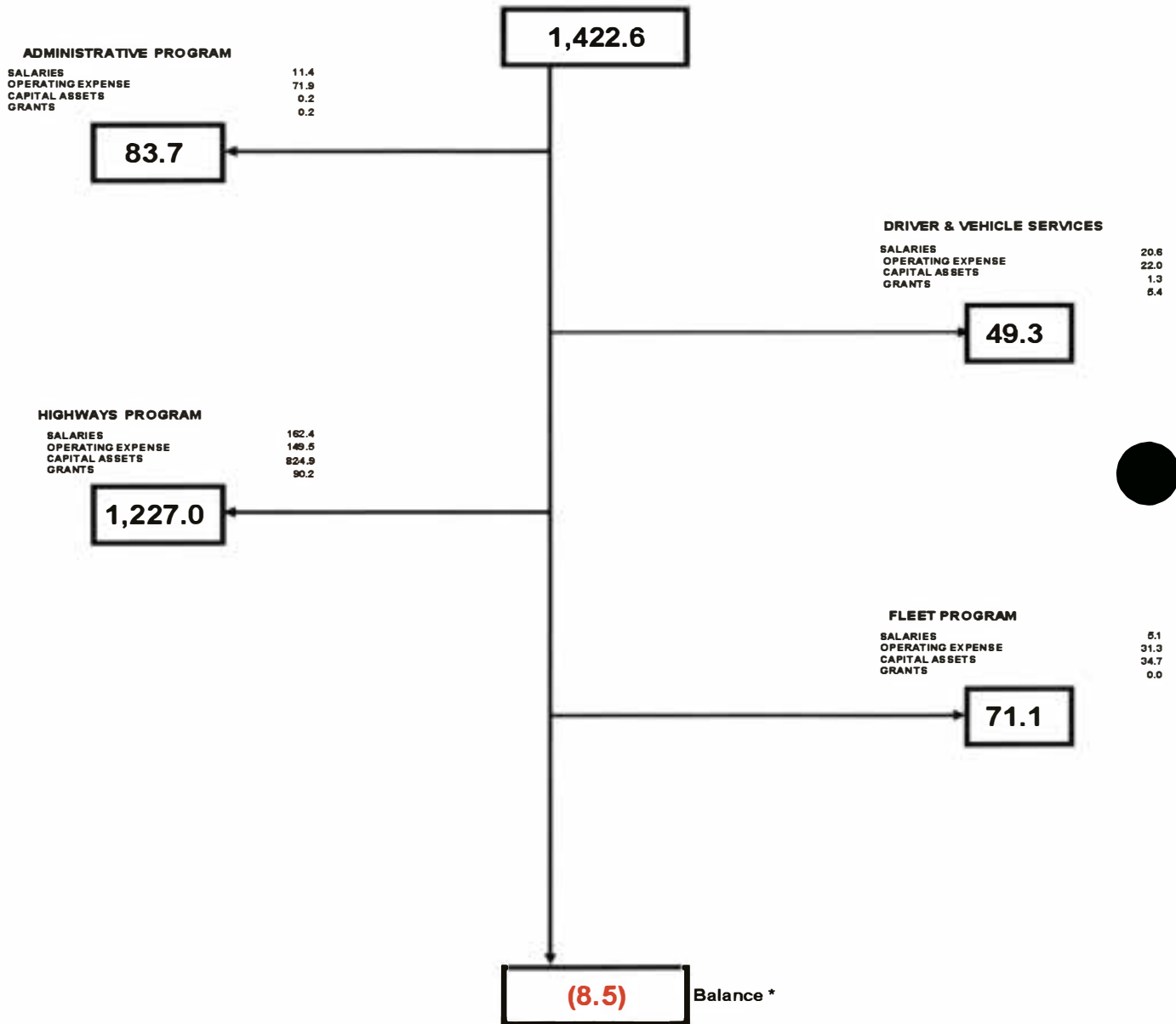
**DEPARTMENT OF TRANSPORTATION
HB 1012 EXECUTIVE BUDGET RECOMMENDATION
2019 - 2021 BIENNIUM REVENUE**

(MILLIONS)



**DEPARTMENT OF TRANSPORTATION
 HB 1012 EXECUTIVE BUDGET RECOMMENDATION
 2019 - 2021 BIENNIUM EXPENDITURES**

(MILLIONS)



* Balance will be funded with revenue received in the Highway Fund above the estimate for the 2017-2019 biennium. If revenue does not come in as projected for the 2017-2019 biennium, our spending will need to be adjusted accordingly.

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1012

Page 1, line 2, after “transfers” insert “; and to provide exemptions”

Page 1, after line 21, insert:

“Driver’s license project	0	22,500,000
TDEA replacement	0	1,525,838
AVL project	0	2,650,709
RIMS project	0	9,100,000
MMS project	0	3,850,000”

Page 1, line 22, replace “0” with “39,626,547”

Page 2, after line 4, insert:

“SECTION 4. EXEMPTION – ENHANCED STATE HIGHWAY INVESTMENT FUNDING. Section 54.44.1-11 does not apply to funding of \$503,115,558 in the capital assets line item relating to enhanced state highway investments in section 1 of chapter 12 of the 2015 Session laws. Any funds not spent by June 30, 2021, must be continued into the biennium beginning July 1, 2021, and ending June 30, 2023, and may be expended only for enhanced state highway investments.

SECTION 5. APPROPRIATION – DEPARTMENT OF TRANSPORTATION. In addition to the amounts appropriated to the department of transportation in section 1 of this Act, there is appropriated any additional income from federal or other funds which may become available to the agency for the biennium beginning July 1, 2019, and ending June 30, 2021.

SECTION 6. TOTAL SPECIAL FUNDS – STRATEGIC INVESTMENT AND IMPROVEMENTS FUND. The total special funds line item in section 1 of this Act includes the sum of \$39,626,547 from the strategic investment and improvements fund for various technology projects.”

Renumber accordingly.

January 9, 2019

HB1012

Attachment B

Testimony
House Bill 1012 – Department of Transportation
State Aid for Public Transit Budget
Appropriations - Government Operations Division
January 9, 2019

Chairman Vigesaa and members of the committee, my name is Pat Hansen. I am the executive director of South Central Adult Services in Valley City. I am also a member of the North Dakota Senior Service Providers and Dakota Transit Association. I am testifying in support of State Aid for Public Transit funds in HB 1012.

The State Aid for Public Transit funding we receive is used to match federal dollars for operating transit services and as local match for purchasing vehicles for use in public transit. If we do not receive adequate state funding for match, we may be unable to access all of the federal dollars we are appropriated.

I am going to talk about what is happening in my agency as an example of what is occurring statewide with public transit services in North Dakota.

South Central Adult Services provides the same service in the very rural areas of North Dakota that are available in the larger cities. The very rural counties we serve, which include LaMoure, Foster, Logan, McIntosh, Griggs and Emmons provided 48,447 rides this past fiscal year. Barnes County (which is our "urban" county) provided 56,825 rides. Local service is provided to communities within the counties, and transit is available from the southwestern counties to Bismarck 5 days per week, to Jamestown 3 days per week and from our eastern counties to Fargo 5 days per week. We are transporting dialysis patients from Strasberg, Linton, Wishek, Ashley, Carrington and Valley City on a regular basis. We have made more than 100

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trips to Fargo and Bismarck with patients for radiation treatments and chemotherapy in the last few months.

That is only the tip of the iceberg. We provide rides for local medical appointments, rides to work, school, daycare, Head Start, and many rides for local grocery shopping, hair appointments, rides to senior centers and rides for nursing homes and assisted living facilities. We currently have 13 full-time and 29 part-time transit employees. The cost of personnel has increased dramatically over the past few years. We have had to increase wages in order to compete with other employers in our area and have increased hours to keep up with the demand for services. Even taking the impact on the residents of our counties out of the picture, if we do not receive adequate funding, the staff reductions in these rural counties would be devastating to our employees and to the small rural communities where there are very few jobs available.

I have attached a page listing the services we provided last fiscal year and the breakdown of Federal, State and Local funds used per service.

The Executive Budget estimates there will be \$8.4 million available in the State Aid for Public Transit fund in the 2020-21 biennium. In the current biennium, transit providers divided \$7.8 million. Even when providers were at the \$10 million level, South Central had to provide \$160,000 local dollars, or 13% of our budget to maintain services. Last fiscal year we had to put in \$235,097 in local funds, just for transit. **We cannot continue to provide the same level of services with less money.** This concerns me on several levels as many of the people we serve do not have other options for transportation. Some of our rural riders would be forced to

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move to locations where medical services such as dialysis and cancer treatments are available. Many of the people we serve do not have vehicles.

We also have capital needs as shown by the age of our vehicles in the following table, but due to the reduction in revenue this biennium we determined that using State Aid to maintain operations is more of a priority than using it to match capital funds. It will not help us to get new vehicles that we cannot afford to operate.

FY 2015/2016 Vehicles	FY 2017/2018 Vehicles
10 - Less than 100,000 Miles	8 - Less than 100,000 Miles
10 - 100,000 to 150,000 Miles	6 - 100,000 to 150,000 Miles
5 - 150,000 to 200,000 Miles	10 - 150,000 to 200,000 Miles
7 - 200,000 to 300,000 Miles	8 - 200,000 to 300,000 Miles
1 - Over 300,000 Miles	2 - Over 300,000 Miles

Transit providers would like to see us get back to the \$10 million funding level that we received in the 2014-15 biennium.

Thank you for your consideration. I would be happy to answer any questions you may have.

**Service Provision
South Central Adult Services**

2017 2018

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Meals	Total Cost of Meals	Income Sources	
81,339 \$	851,105.89	Senior Contributions	\$ 209,882.18
		Federal/State	\$ 396,064.63
Cost per Meal: \$	10.46	NSIP	\$ 61,189.63
		Mill Levy/Required to match federal	\$ 65,342.00
		Additional Local Dollars to meet budget shortfall - Mill Levy & local fundraising	\$ 118,627.45
			<u>\$ 851,105.89</u>

Outreach Units	Total Cost of Outreach	Income Sources	
6,917 \$	136,490.10	Senior Contributions	\$ 366.43
		Federal/State	\$
		Mill Levy/Required to match federal	\$
		Additional Local Dollars to meet budget shortfall - Mill Levy & local fundraising	\$ 136,123.67
			<u>\$ 136,490.10</u>

Rides	Total Cost of Transit	Income Sources	
105,272 \$	1,378,756.16	Fare Income	\$ 99,774.00
		Contract Income	\$ 58,283.55
Cost per Ride: \$	13.10	Federal Operating Funds	\$ 630,527.01
		Federal Capital Funds	\$ 31,356.00
		Medicaid Payments	\$ 4,391.63
		State Aid for Public Transit	\$ 319,326.99
		Additional Local Dollars to meet budget shortfall - Mill Levy & local fundraising	\$ 235,096.98
			<u>\$ 1,378,756.16</u>

Snow Removal/Mowing Units	Total Cost of Service	Income Sources	
2,000 \$	19,773.60	Senior Contributions	\$ 2,031.25
		Additional Local Dollars to meet budget shortfall - Mill Levy & local fundraising	\$ 17,742.35
Cost per Unit: \$	9.89		<u>\$ 19,773.60</u>

Total Budget \$ 2,386,125.75

**2017/2018
Total Local Dollars
To Meet Expenses
\$ 572,932.45
24% of Total Budget**

**2017/2018
Total Participant Contributions
To Meet Expenses
\$ 374,729.04
16% of Total Budget**

**2017/2018
Total Federal Dollars
To Meet Expenses
\$ 890,319.20
37% of Total Budget**

**2017/2018
Total State Funds
To Meet Expenses
\$ 548,145.06
23% of Total Budget**

HB 1012

January 9, 2019

Attachment C

NDDOT Wetland Mitigation Expenditures as of 11/05/2018

	2008	2009	2010	2011	2012
Mitigation Banks	\$195,647.90	\$67,999.86	\$31,609.00	\$2,000.00	\$40,496.13
Permittee-responsible mitigations (On-Site)	\$0.00	\$219,649.65	\$0.00	\$104,322.85	\$496,326.63
In-Lieu Fee Programs	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Monitoring	*	*	*	*	*
Wetland Mitigation Grand Total	\$195,647.90	\$287,649.51	\$31,609.00	\$106,322.85	\$536,822.76
NDDOT Construction Program	\$275,000,000.00	\$319,000,000.00	\$410,000,000.00	\$590,000,000.00	\$550,000,000.00
Wetland Mitigation % of Program	0.07%	0.09%	0.01%	0.02%	0.10%

NDDOT Wetland Mitigation Expenditures as of 11/05/2018

	2013	2014	2015	2016	2017	2018
Mitigation Banks	\$139,857.30	\$989,599.52	\$1,066,394.37	\$263,299.79	\$115,186.82	\$29,450.90
Permittee-responsible mitigations (On-Site)	\$611,372.27	\$1,682,791.28	\$858,316.86	\$720,775.20	\$44,151.35	\$214,900.57
In-Lieu Fee Programs	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Monitoring	*	*	\$60,967.98	\$69,241.85	\$109,560.53	\$183,601.39
Wetland Mitigation Grand Total	\$751,229.57	\$2,672,390.80	\$1,985,679.21	\$1,053,316.84	\$268,898.70	\$427,952.86
NDDOT Construction Program	\$820,000,000.00	\$820,000,000.00	\$615,000,000.00	\$680,000,000.00	\$382,000,000.00	\$357,000,000.00
Wetland Mitigation % of Program	0.09%	0.33%	0.32%	0.15%	0.07%	0.12%

* Data not available prior to 2015

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Att. C.

FW: Wetland Mitigation Expenditures Updated 11/5/18

Fode, Bob A.

Tue 11/6/2018 2:46 PM

To: Brandenburg, Michael D. <mbrandenburg@nd.gov>;

📎 1 attachment

Wetland Mitigation Expenditures 11-5-18.pdf;

Mr. Brandenburg,

It took some time but here is what we came up with for the Department's mitigation program. Let me know if you have any questions. Thanks enjoy your day.

Robert Fode
North Dakota Department of Transportation
608 East Boulevard Ave
Bismarck, North Dakota 58505-0700
bfode@nd.gov
701-328-1937

2

January 15, 2019

HB 1012

Attachment A

GOVERNMENT OPERATIONS DIVISION - HOUSE APPROPRIATIONS COMMITTEE
January 15, 2019 – 10 a.m. – Medora Room

North Dakota Department of Transportation
Tom Sorel, Director

HB 1012

Good morning Mr. Chairman and members of the committee. I'm Tom Sorel, Director of the North Dakota Department of Transportation (DOT) and am here today to help provide information on topics you requested during our last testimony. DOT staff will follow me to address specific areas. Before we go into details, I would like to note that DOT utilizes innovation and technology in many areas ranging from traffic counting to designing roads and tracking snowplows. Russ Buchholz will now present information on IT projects.

Information Technology (IT) Projects

Good morning Mr. Chairman and members of the committee. I'm Russ Buchholz, Strategy and Innovation Director at DOT and am here to discuss IT projects. I will briefly go over information about IT projects in our budget. Additional details can be found in the information provided below.

1. Driver License System
 - a. Created: 1984
 - b. Programming Language: COBOL
 - c. Resides: Mainframe
 - d. Cost Estimate: \$22,500,000
 - e. Description of the Product - The current system is written in COBOL and is becoming increasingly more difficult to maintain, as technology is moving into Web-based applications and relational databases. The system, by nature, requires high maintenance due to the impact of frequent legislative changes (both State and Federal) and administrative requirements. It is one of the most important applications within State Government and is accessed by numerous entities for law enforcement, identity verification and insurance purposes. This application has gone through several system enhancements in order to incorporate Federal mandates and interfaces with numerous National databases.

2. TDEA (Traffic Data Editing and Analysis)
 - a. Created: 1998
 - b. Programming Language: Power Builder
 - c. Resides: DB2 – Desktop application
 - d. Cost Estimate: \$1,525,838
 - e. Description of the Product – TDEA is a program the NDDOT currently uses to edit, analyze, and factor traffic counts. Information collected from portable traffic counts, permanent Automatic Traffic Recorders (ATR), and Weigh-in-Motion (WIM) sites are all used in TDEA.

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3. AVL (Automatic Vehicle Locator)
 - a. Created: New Initiative
 - b. Programming Language: Software as a Service (SaaS)
 - c. Resides: New Initiative
 - d. Cost Estimate: \$2,650,709
 - e. Description of the Product – AVL is a computer-based system (in-vehicle) that collects and transmits information on a vehicle’s location with the ability to create seamless boundaries. More robust than a typical GPS system, it will collect other important vehicle and operational information from the onboard spreader controllers and cameras and display on the Travel Information web page. AVL uses satellite location information, communication technologies, geographic information system (GIS), route planning technologies, and the internet to allow near real-time tracking of vehicles. The location data and other on-board operational data (plow up, plow down, wing up, wing down, type of material being spread, amount of material being spread, speed of truck, view of road from truck, truck diagnostics) is transmitted by a cellular-based communications network to a NDDOT server or cloud based and is displayed on a website in near real time along with near real time views from the roadway. This system compared to just a GPS system allows for two-way communication to the MDSS (Maintenance Decision Support System) and back in-vehicle recommending materials and amounts of materials the snowplow operators should put down on the roadways. This technology is important with the retirement of experienced operators, as well as the budget with the potential of cost savings in materials.

4. RIMS (Roadway Inventory Management System)
 - a. Created: 1994
 - b. Programming Language: Natural
 - c. Resides: Mainframe
 - d. Cost Estimate: \$9,100,000
 - e. Description of the Product: RIMS is NDDOT’s roadway pre-construction system which consists of Project Master, Milestone, Bid Opening Schedule, Cost Estimates, Federal Aid, Construction History, Highway Components, Project Records, RIMS Inventory and the Miscellaneous subsystems. RIMS stores roadway asset data, contains preliminary construction project data, stores initial project cost estimates, tracks progress of pre-bid opening activities, as well as storing of historical construction project information. RIMS is a critical component for construction projects and its data is used by multiple NDDOT systems including but not limited to the public bidding system and the roadway construction records system.

5. MMS (Maintenance Management System)
 - a. Created: New Initiative
 - b. Programming Language: Software as a Service
 - c. Resides: Paper, Excel Spread sheets, other disconnected modules.
 - d. Cost Estimate: \$3,850,000
 - e. Description of the Product - To pursue a new system (MMS) that will provide tools allowing for more effective planning, organizing, resource management, and performance management. It will analyze and distribute the appropriate data to expedite informed decisions in an efficient and cost-effective manner, allowing an improved level of service to the traveling public. The current manual system does not provide the ability to establish a baseline, do what-if analysis or analyze performance measurements for management decisions to assist in short- and long-term planning. The current system lacks

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integration/interface capability within NDDOT systems. By implementing a new MMS system, the system would support all the maintenance programs such as facilities, communications, sign shop and provide an all-inclusive inventory management programs within the Divisions. MMS would no longer will be a silo application to maintenance.

This concludes my part of the testimony and I can answer questions at this time. Thank you. Ron Henke will now present information on construction projects.

Projects planned for remaining state oil impact funding

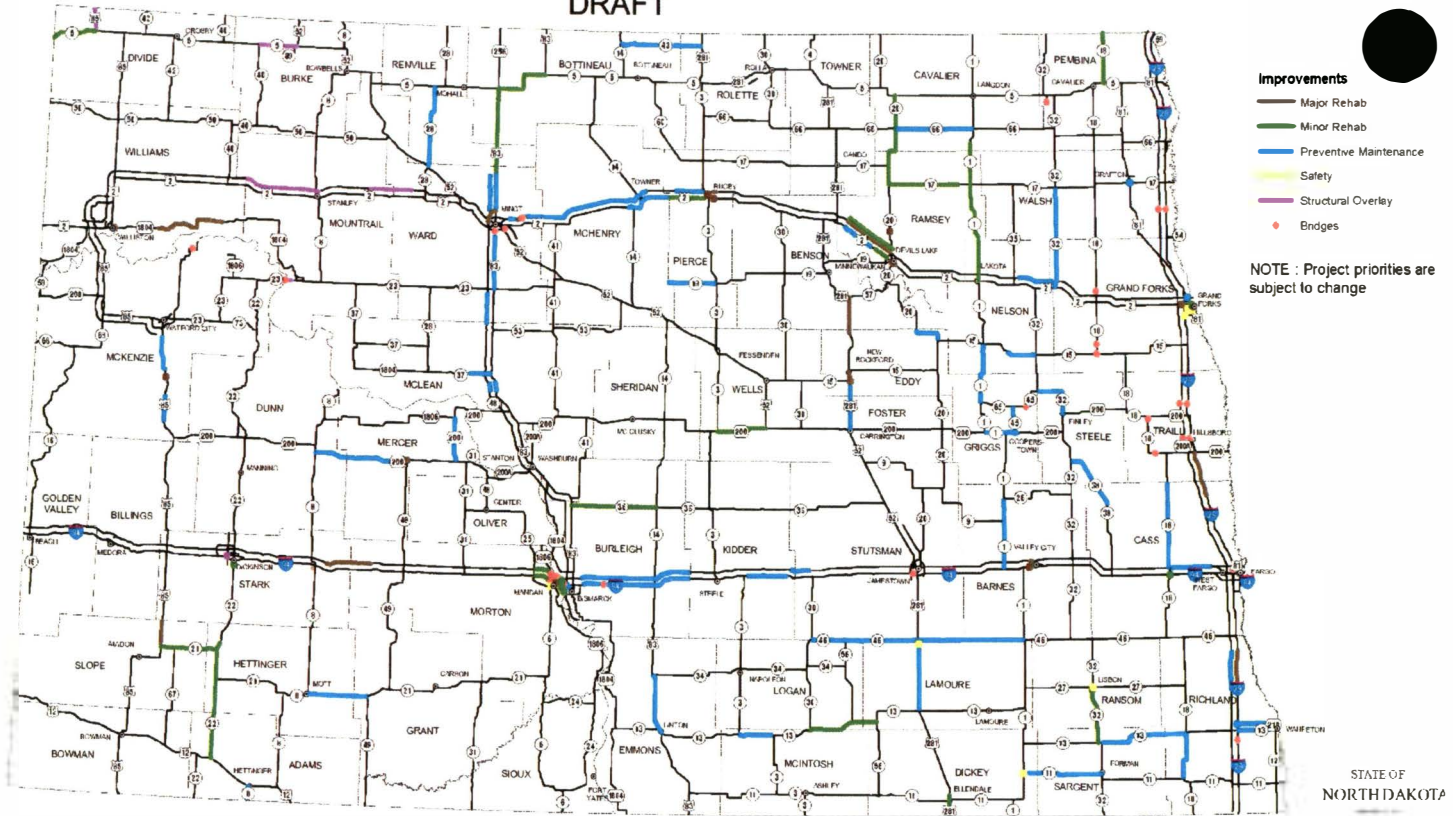
Good morning, I'm Ron Henke, Deputy Director of Engineering and am here to present information you requested on the remaining state oil impact funded construction projects. The chart below shows project locations, costs and timelines.

Highway	Length (Miles)	Description	Work Type	Bid Date	Estimated Total Cost
85 N	1.76	Long X Bridge	Structure Replacement, Grading, Hot Bituminous Pavement, Wildlife Underpass	3/8/19	\$30,028,202
1806 N	8.20	JCT ND 23 to Charlson	Thin Overlay	4/12/19	\$910,000
83 N	4.56	Minot Bypass (4 th Ave NW to US 83)	Widen existing bypass to 4-lanes, new structure, Grade, Hot Bituminous Pavement	4/12/19	\$15,382,228
1804 N	11.73	Red Mike Area to County RD 42 - Epping	Widening, Grading, HBP, Turn lanes, passing/climbing lanes, structure	11/8/19	\$31,011,721
8 N	13.6	N JCT 200 to near Twin Buttes	Structural , milling, sidewalks, lighting	4/17/20	\$4,534,000
37 E	19.89	JCT ND to near Raub	Structural, widening	4/17/20	\$9,808,000
73 E	5.8	JCT ND 23 East 6 MI	Treated Full Depth Reclamation, Hot Bituminous Pavement, Widening, Pipe extension	4/17/20	\$8,633,010
85 N	1.3	N of Long X Bridge – Horseshoe Bend	Slide Repair	4/17/20	\$10,900,00
Estimated Total Cost of Projects remaining to be bid					\$111,207,161
Minus already committed portions of project costs					\$3,480,574
Estimated Project Cost Need Remaining					\$107,726,587
Remaining Uncommitted Available					\$96,236,437
Remaining state oil impact funds after projects above are bid					-\$11,490,150
*Highlighted projects above are being developed to be able to use federal dollars if needed to cover a portion of them.					

Federally Funded Construction Projects for next biennium

DOT estimates that we will receive approximately \$684 million in federal funds for highway construction projects in the next biennium. With state match funds included in the current budget we will be able to work on a variety of projects across the state as shown on the map below and in Attachment A.

2019 and 2020 Improvements DRAFT



This concludes my part of the testimony and I can answer questions at this time. Thank you. Becky Hanson will now present information on Transit history and funding.

Transit History and Funding Information

Good morning, I'm Becky Hanson, Transit Section Supervisor and am here to present information you requested on Transit history and funding. The NDDOT provides federal and state funding to 33 public transportation providers statewide, including rural, urban, tribal and intercity services. NDDOT currently supports transit agencies that provide service to the general public, elderly, and individuals with a disability in all 53 counties within North Dakota.

- North Dakota public transit providers, rural and urban, provided over 2.8 million rides in 2018.

Federal Funding

North Dakota supports its transit agencies by awarding Federal Transit Administration grant program funding from the following sources:

Section 5311: Section 5311 funds are administered by NDDOT to transit agencies through an application process and are used to support public transit in the small cities and rural areas of the state. Administrative and Capital grant funds are matched 80/20 federal/local funds; Operating grant funds are matched 50/50.

Section 5310: Section 5310 funds are administered by NDDOT to transit agencies through an application process to support mobility manager positions and the purchases of ADA-compliant rolling stock (buses and vans that have wheelchair lifts or ramps and are fully compliant with the requirements of the Americans with Disabilities Act). Capital improvements and purchases are matched 80/20 federal/local funds.

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A H, A

Section 5339: Section 5339 funds are administered by NDDOT to transit agencies through an application process to purchase capital items such as new and replacement buses, related equipment, and construction and/or renovation of bus facilities. Capital improvements and purchases are matched 80/20 federal/local funds.

Section 5339: Bus & Bus Facilities Competitive Discretionary Grants: Funding available to apply for competitively by NDDOT and on behalf of rural transit agencies. Whenever possible, the Transit Section applies for this type of grant for capital improvements. The same general rules apply as with the Section 5339 apportionment funding. However, the application amounts and requirements are at the discretion of FTA and are subject to change.

Federal Discretionary Funding

The Transit Federal Discretionary funds are similar to TIGER (Transportation Investment Generating Economic Recovery) and INFRA (Infrastructure for Rebuilding America), where they are available most years (not all) and we have to apply for them on a competitive basis, similar to TIGER and INFRA. The NDDOT solicits interest from our providers to see what their needs are, if those needs meet the requirements of the Grant Program, and then we (NDDOT) apply for the grant. These grants are almost always for infrastructure and not operating.

If we are selected for the grant, we notify the agencies for which we applied for the grant and we prepare a contract to award the grant to that agency. All matching funds for the grant are paid by the receiving transit agency.

State Funding

North Dakota provides funding to transit agencies for transit operations.

State funding is provided to NDDOT for administration of the Public Transportation Fund 39-04.2-02. The Director of the NDDOT administers these funds and distributes funding to qualifying public transportation providers based on 39-04.2-04 Distribution of funds.

The distribution formula (according to Chapter 39-04.2 NDCC 2007 Legislative Session and October 1, 2007 letter from ND Legislative Council's office) is as follows:

Each county shall receive a base amount of four-tenths of one percent of the appropriation for the program plus one dollar and fifty cents per capita of population in the county, based upon the latest regular or special official federal census. Each year the director shall increase or decrease the one dollar and fifty cents per capita amount in order to distribute all funds appropriated for the biennium. If there are multiple transportation providers in one county, then the base amount must be divided equally among the providers and the additional per capita amount must be based upon the percentage of elderly and handicapped ridership provided by each transportation provider within the county. Funds not expended by a county during a contract period, or previous contract periods, may be redistributed under guidelines established by the director. In addition, unexpended funds may also be used by the director for transit coordination purposes.

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Federal and State Transit Funding - FY2019 - 2015

Year	5310 Federal Funds	5311 Federal Funds	5339 Federal Funds	Federal Discretionary Capital Funds	State Public Transportation Fund	Total
2019	\$0	\$0	\$0	\$0	\$4,000,000	\$4,000,000
2018	\$620,005	\$5,519,235	\$4,101,825	\$3,772,000	\$3,750,000	\$17,763,065
2017	\$612,306	\$5,361,339	\$2,191,211	\$0	\$4,143,450	\$12,308,306
2016	\$597,133	\$5,288,731	\$2,180,275	\$844,000	\$5,182,068	\$14,092,207
2015	\$576,410	\$5,194,800	\$1,716,604	\$0	\$6,450,000	\$13,937,814
Total	\$2,405,854	\$21,364,105	\$10,189,915	\$4,616,000	\$23,525,518	\$62,101,392

This concludes my part of the testimony and I can answer questions at this time. Thank you. Mark Nelson will now present information on recruitment and retention.

Recruitment and Retention Issues

Mr. Chairman and members of the committee, my name is Mark Nelson and I currently serve as the Deputy Director for Business Support and Driver/Vehicle Services at DOT.

I am here today to provide an overview of issues the department is experiencing regarding recruitment and retention of key positions within our agency. The classifications most impacted include our Engineering Techs, Mechanics and Transportation Techs. Transportation Techs are those team members within our agency that operate our snowplows and are our CDL drivers.

The hardest hit areas are occurring in the west where we currently have 18 unfilled positions, and of these, 13 are transportation technician positions that include four in Watford City alone. The issues we are facing in the retention and hiring of these positions is due primarily to compensation issues. Both private industry as well as other jurisdictions to include county entities are in direct competition for these potential applicants.

County	Starting Pay for Equipment Operator	Benefit Info
Williams	\$32.97/hour	All benefits for health, dental, and vision are fully covered by the employer
Dunn	\$24.22/hour	Health benefit is 100% paid by employer and PERS retirement is 100% paid by employer
McKenzie	\$27.47/hour	Health benefit is 100% covered for a single plan and 85% covered for family or single plus children, PERS retirement the employee pays 7%.
Mountrail	\$27.74/hour	Health benefit is 100% covered for employee and family, employee pays 7% into the PERS retirement, dental and vision single policies are 100% covered
Burke	\$24.87/hour	Similar benefits, employee pays a small portion of health insurance
Average:	\$27.45/hour	

These jobs would be a similar duties/skills match to our Transportation Technician II.

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Att. A

The issue has been ongoing and we have attempted and are continuing to strategize on ways to attract more applicants to join our organization. Recruitment approaches have included conducting community fairs, providing for additional paid advertising, movie theatre ads running in Williston, banners located within communities and on our DOT buildings, postings on LinkedIn highlighting some of the positive aspects of living in the Williston area and lastly pay increases and regional pay.

I would like to discuss in more detail what has been implemented within the DOT regarding the compensation packages that have been offered.

We also implemented a regional pay concept last year for portions of western North Dakota. Prior to implementation of this program, we reached out to legislative leadership outlining the issues and informing leadership of our proposed regional pay. Staff members that qualify for the regional pay program are Transportation Technician I, II, IIIs & Transportation Service Supervisor I & IIs in the following Maintenance Sections:

Level 1 - \$800 per month

- Williston
- Crosby
- Tioga
- Watford City

Level 2 - \$400 per month

- Stanley
- New Town
- Parshall
- Killdeer

Classification	Old NDDOT Starting Hourly Salary	New NDDOT Starting Hourly Salary	New NDDOT Hourly Salary + \$800 Regional Pay
Transportation Tech I	\$16.43	\$19.72	\$24.34
Transportation Tech II	\$18.29	\$21.95	\$26.57
Transportation Tech III	\$21.96	\$23.05	\$27.67

While we have had some success in recruitment and retention in using these methods to attract potential applicants, the fact remains that of the 13 Trans-tech openings in the West, 11 are in the areas where the regional pay is in effect.

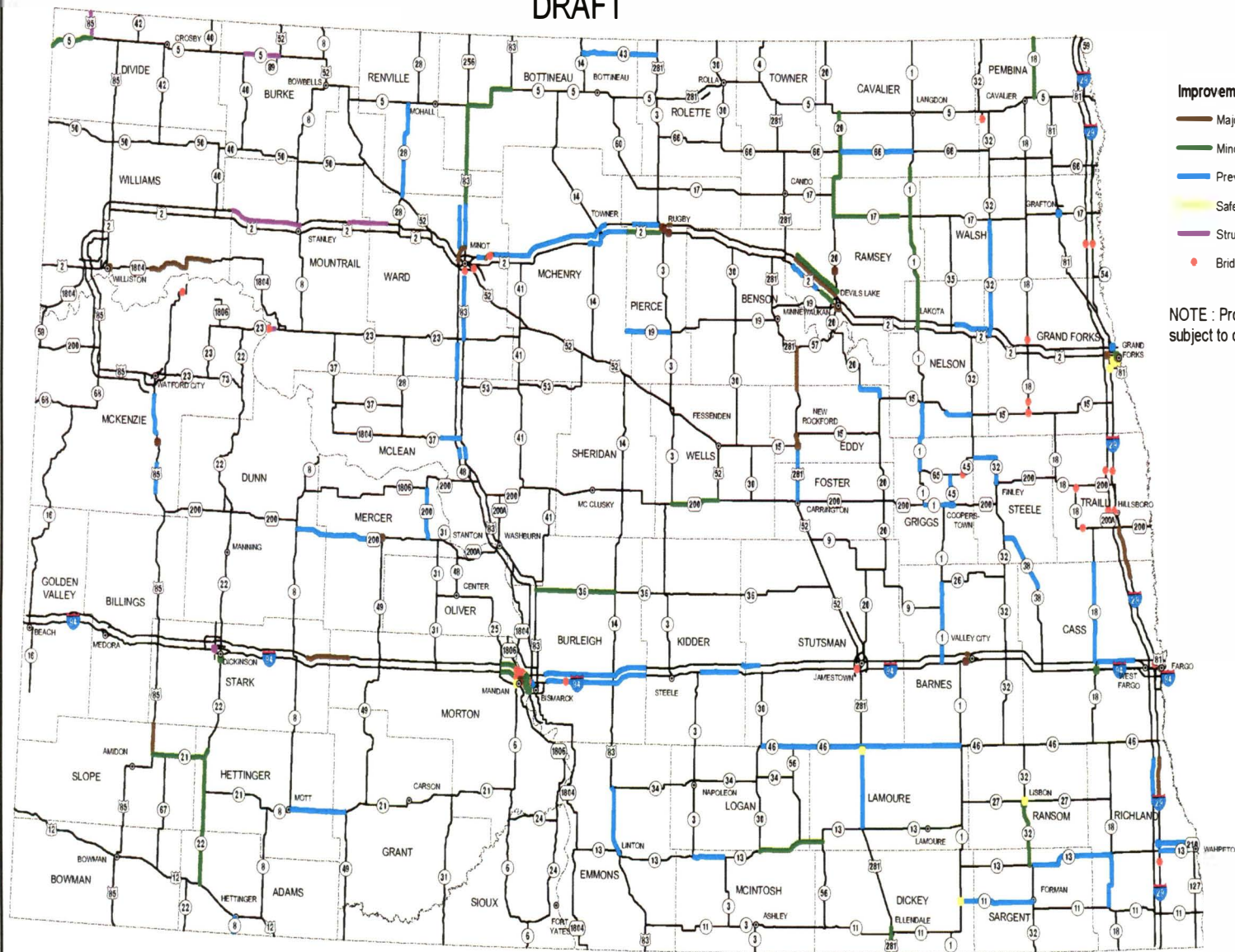
This concludes my part of the testimony and I can answer questions at this time. Thank you. Shannon Sauer will now present information on recommended amendments and budget charts.

Amendments

Mr. Chairman and members of the committee, I'm Shannon Sauer, Chief Financial Officer at DOT.

A new amendment is proposed and information is provided in detail on Attachment B. I've also included new budget charts in Attachment C. This concludes my testimony and we are available to answer questions the committee may have. Thank You.

2019 and 2020 Improvements DRAFT



- Improvements**
- Major Rehab
 - Minor Rehab
 - Preventive Maintenance
 - Safety
 - Structural Overlay
 - Bridges

NOTE: Project priorities are subject to change

STATE OF
NORTH DAKOTA

NORTH DAKOTA DEPARTMENT OF TRANSPORTATION
PLANNING / ASSET MANAGEMENT DIVISION

U.S. DEPARTMENT OF TRANSPORTATION
FEDERAL HIGHWAY ADMINISTRATION

2019

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Attachment A

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H & B 10/12

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1012

Page 1, line 2, after “transfers” insert “; and to provide exemptions”

Page 1, after line 21, insert:

“Driver’s license project	0	22,500,000
TDEA replacement	0	1,525,838
AVL project	0	2,650,709
RIMS project	0	9,100,000
MMS project	0	3,850,000”

Page 1, line 22, replace “0” with “39,626,547”

Page 2, after line 4, insert:

“SECTION 4. EXEMPTION – ENHANCED STATE HIGHWAY INVESTMENT FUNDING. Section 54.44.1-11 does not apply to funding of \$503,115,558 in the capital assets line item relating to enhanced state highway investments in section 1 of chapter 12 of the 2015 Session laws. Any funds not spent by June 30, 2021, must be continued into the biennium beginning July 1, 2021, and ending June 30, 2023, and may be expended only for enhanced state highway investments.

SECTION 5. APPROPRIATION – DEPARTMENT OF TRANSPORTATION. In addition to the amounts appropriated to the department of transportation in section 1 of this Act, there is appropriated any additional income from federal or other funds which may become available to the agency for the biennium beginning July 1, 2019, and ending June 30, 2021.

SECTION 6. TOTAL SPECIAL FUNDS – STRATEGIC INVESTMENT AND IMPROVEMENTS FUND. The total special funds line item in section 1 of this Act includes the sum of \$39,626,547 from the strategic investment and improvements fund for various technology projects.”

Renumber accordingly.

NEW ADDITIONS TO PROPOSED AMENDMENTS TO HOUSE BILL NO. 1012

Page 1, line 2, after “transportation” insert “; to amend and reenact Section 24-02-45.1 of the North Dakota Century Code, relating to cooperative agreements with private entities;”

Page 1, line 2, remove “and”

Page 1, line 2, after “transfers” insert “and to declare an emergency”

Page 2, after line 4, insert:

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SECTION 7. AMENDMENT. Section 24-02-45.1 of the North Dakota Century Code is amended and reenacted as follows:

24-02-45.1. Cooperative agreements with private entities for the construction of certain items on the state highway system.

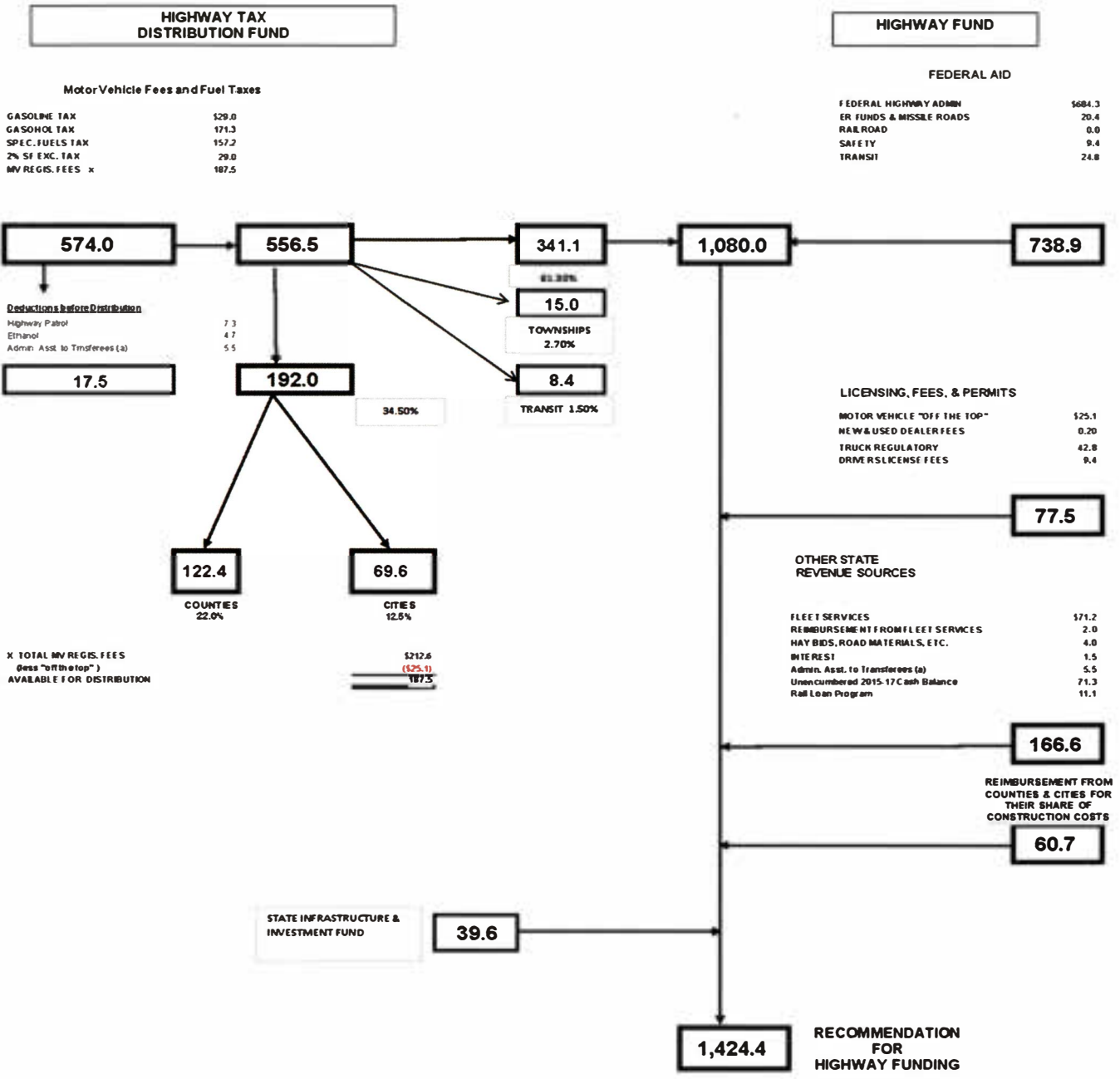
Notwithstanding any other provision of law, the director may enter a cooperative agreement with a private entity for the construction of an item on the state highway system which will benefit the private entity and the traveling public, as determined by the director. The private entity's cost share of the items requested to be added to the state highway system must be paid for in advance of the construction by the private entity before the department can construct the project. Funds received by the department pursuant to this section must be deposited in the state highway fund as prescribed by section 24-02-41 and are appropriated to the department. If the department requires engineering or contracting services for a project under this section, it may provide the services or procure the services in accordance with section 24-02-07.3 and 24-02-17.

SECTION 8. EMERGENCY. Section 4 of this Act is declared to be an emergency measure."

Renumber accordingly

**DEPARTMENT OF TRANSPORTATION
 HB 1012 EXECUTIVE BUDGET RECOMMENDATION
 2019 - 2021 BIENNIUM REVENUE**

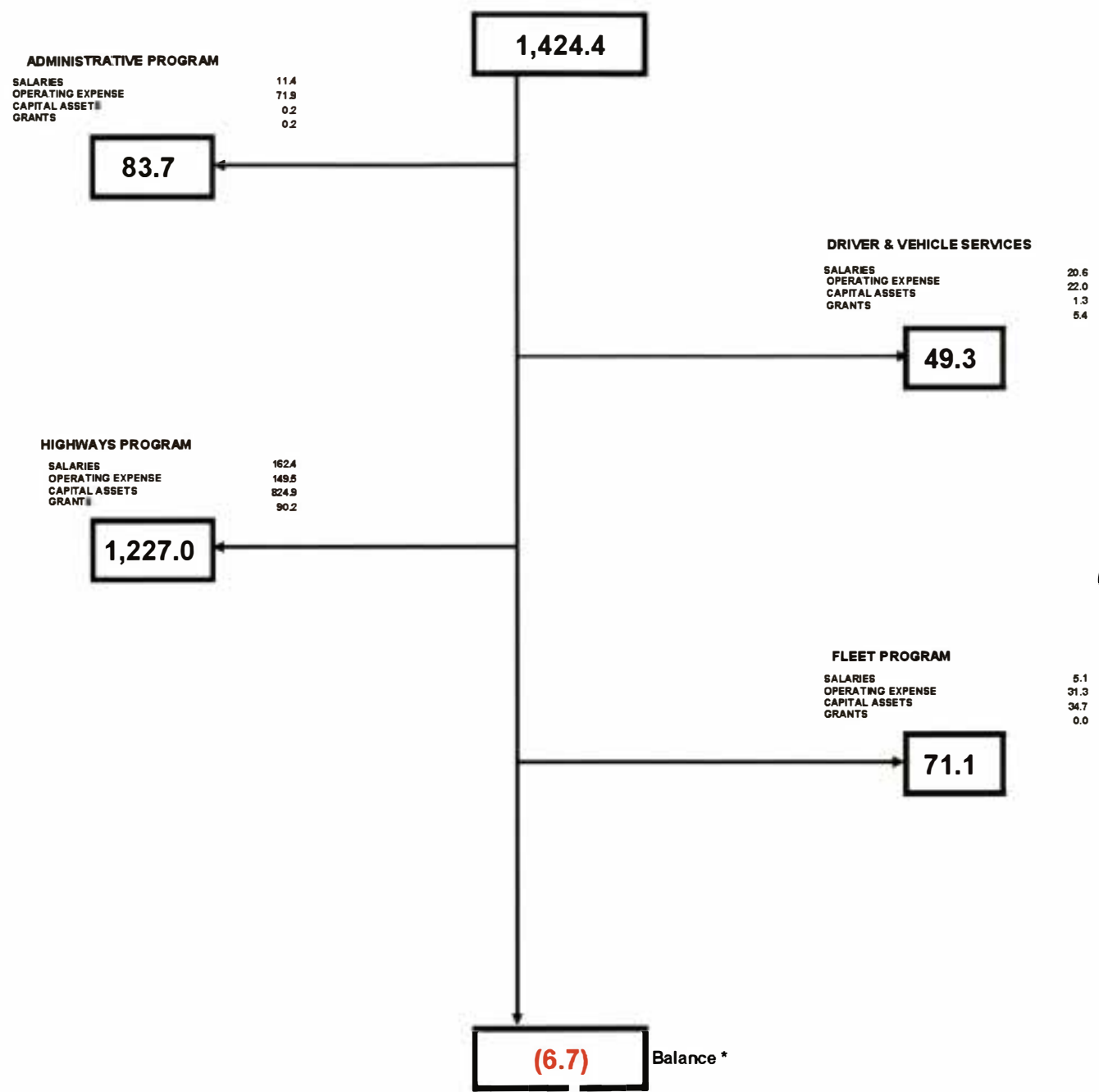
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DEPARTMENT OF TRANSPORTATION HB 1012 EXECUTIVE BUDGET RECOMMENDATION 2019 - 2021 BIENNIUM EXPENDITURES

(MILLIONS)

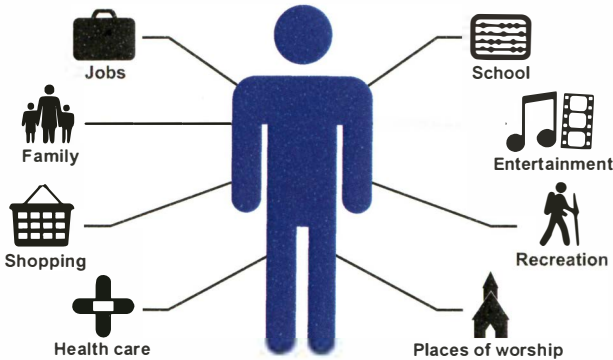


* Balance will be funded with revenue received in the Highway Fund above the estimate for the 2017-2019 biennium. If revenue does not come in as projected for the 2017-2019 biennium, our spending will need to be adjusted accordingly.

PREPARED BY NDDOT
 FINANCIAL MANAGEMENT DIVISION
 JANUARY 9, 2019

Transportation is Important to All of Us

North Dakota is a great place to live, work, play, and start a business. We're known for our strong economy in business, agriculture, innovation plus our friendly communities. We are connected to everything through our transportation system. Transportation is important to North Dakota's economy and quality of life.



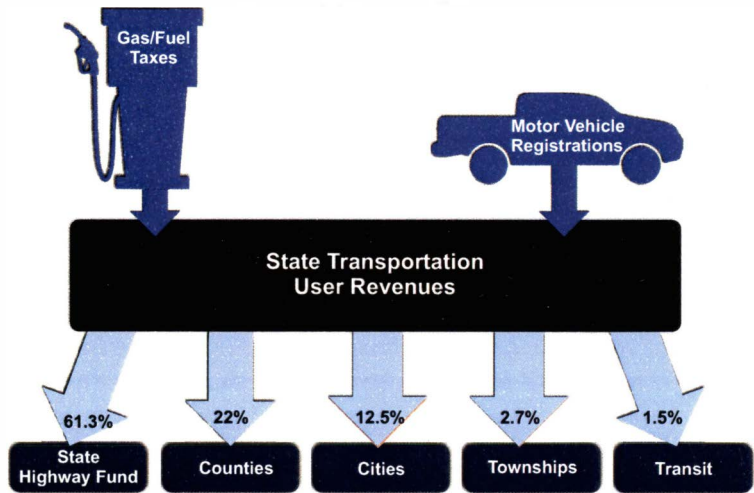
Did you know?

- The North Dakota Department of Transportation (NDDOT) maintains more than 8,622 roadway miles of highway. That's the same as driving from Bismarck, ND to Anchorage, Alaska and back.
- North Dakota has one of smallest departments of transportation, in terms of employees, in the nation.
- From 2005 to 2017, North Dakota's truck traffic numbers have increased 66% while all vehicle traffic numbers have climbed 30%.

Where does the money come from to pay for transportation?

The state transportation system is funded from two main sources - federal revenue and state revenue. A majority of the funding for transportation in North Dakota comes from state and federal fuel taxes you pay when you buy fuel for your vehicle and fees you pay each year to license your vehicle. Significantly lesser amounts come from driver's license fees and overweight/overwidth permits. The state funds from fuel taxes and motor vehicle registrations are shared between NDDOT (State Highway Fund), counties, cities, townships, and transit.

State Transportation Funds



Where does the money go for transportation?



The funding is used for road repair and construction plus other transportation services. Counties, cities and townships use the funding for transportation infrastructure in their areas. The money the NDDOT receives for transportation goes into three main areas. Approximately 93% of the money is spent for maintaining and constructing the state system of roads and bridges, and providing assistance for public transit providers. About 4% is spent on Driver's License, Motor Vehicle, and public safety services while 3% is spent on administrative activities.

How much do we drive?

12000

The average North Dakotan drives 12,000 miles per year

20 MPG

Average vehicle gets 20 miles per gallon



State/ND Gasoline Tax
\$138/Year
\$11.50/month

VS

CABLE TV



\$1,188/YEAR
\$99/MONTH

Electricity to run
REFRIGERATOR



\$468/YEAR
\$39/MONTH

CELL PHONE BILL



\$1,200/YEAR
\$100/MONTH

How much is North Dakota Motor Fuel Tax?

- 23 cents/gallon - Last change in 2005
- It's important to note that 23 cents per gallon of state fuel tax is collected whether the price at the pump is \$1.99 or \$3.99.



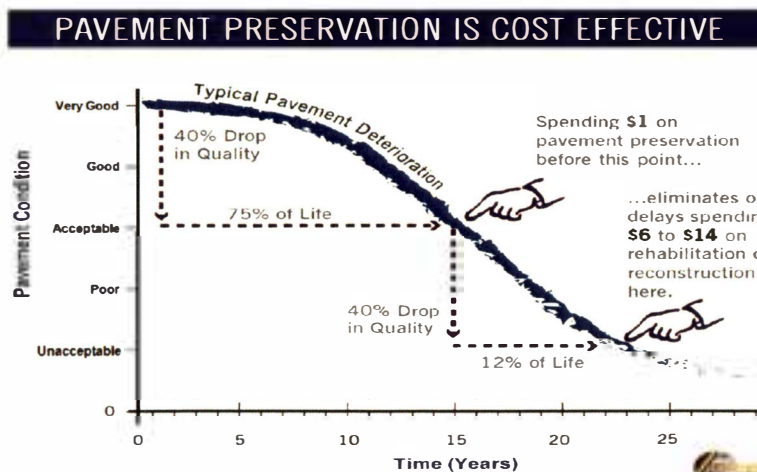
Transportation System is in preservation mode

The NDDOT is currently focused primarily on preservation, meaning we are largely trying to preserve the transportation system as it exists today. The Department has stretched every dollar as far as it can, as evident by a recent Reason Foundation report naming NDDOT as the most efficient DOT in the nation.

- Due to inflation, each 23¢ tax on a gallon of gas pays for less in road construction costs today compared to when the rate went into effect in 2005.
- Asphalt surfacing cost \$500,000 per mile in 2005 and \$1.1 million per mile in 2017.
- Salt used for snow and ice control cost \$55 per ton in 2005 and \$81 per ton in 2017.

Investment Timing is Critical

- Long-Term Funding generates efficiencies



Source: National Center for Pavement Preservation.

It's important for North Dakota's transportation system to meet the needs of our state. In order to compete economically, both regionally and nationally, we must invest in our transportation system or we will fall behind. Our economic viability as well as the quality of life for all North Dakotans depends on a sound transportation system.

Department of Transportation - Budget No. 801
 House Bill No. 1012
 Base Level Funding Changes
 Reconciliation to Legislative Council Green Sheets

Salaries and wages

HB 1012 Base Level	\$201,765,341	
1 One-Time - DAPL	(287,000) *	z
2 Base Payroll Changes	(1,019,745)	
3 Salary increase	7,461,235	
4 Health insurance increase	3,813,057	
5 Retirement contribution increase	976,240	
6 Removes 26 FTE	(4,979,595)	
7 Transfers 41 FTE positions for information technology unification	(8,224,013)	
Budget Adjustments/Enhancements	(2,259,821)	
Governor's Recommendation	\$199,505,520	(\$2,259,821)

Operating expenses

HB 1012 Base Level	\$229,094,646	
8 Transfers 41 FTE positions for information technology unification	8,305,224	X
9 Reduces payments to State Fleet Services	(3,550,000)	
10 Microsoft 365 licensing	708,498	
11 DOT Line Item Transfer (2017-19 budget adjustment)	841,975	z
12 Base Budget Adjustments	(1,776,089)	z
13 One-Time - DAPL	(422,000)	*
14 One-Time - Electronic payment process	(306,000)	*
15 Motor Vehicle - MTI contract	1,300,000	z
16 Contract Patching	2,400,000	z
17 Rest Areas	(1,537,696)	Y, z
18 Driver's license system project	22,500,000	
19 Traffic data editing	1,525,838	
20 Automatic vehicle location	2,650,709	
21 Roadconstruction software	9,100,000	
22 Maintenance management system	3,850,000	
Budget Adjustments/Enhancements	45,590,459	
Governor's Recommendation	\$274,685,105	45,590,459

Capital assets

HB 1012 Base Level	\$771,101,851	
23 Increases Capital assets	68,398,186	a
24 DOT Line Item Transfer (2017-19 budget adjustment)	17,884,632	a
25 Base Budget Adjustments	1,591,275	a
26 Snow & Ice Control	750,000	
27 Minot and Williston driver's license facility upgrades	1,300,000	
Budget Adjustments/Enhancements	\$89,924,093	
Governor's Recommendation	\$861,025,944	89,924,093

Grants

HB 1012 Base Level	\$67,528,030	
28 DOT Line Item Transfer (2017-19 budget adjustment)	18,726,607	b
29 Base Budget Adjustment (Federal Rail Funding)	(11,300,000)	b
30 Base Budget Adjustments (FTA)	9,800,000	b
31 Change funding source for rail loan program	11,100,000	
Budget Adjustments/Enhancements	\$28,326,607	
Governor's Recommendation	\$95,854,637	28,326,607

\$161,581,338

* One-Time Funding HB 1012 Section 2, \$1,015,000.	\$1,269,489,868	HB 1012 Base level
X = \$81,212	\$161,581,338	Adjustments or Enhancements
Y Remaining Rest Area funding was restored to the capital assets line.	\$1,431,071,206	Governor's Recommendation
z = \$213,190		
a = \$87,874,093		
b = \$17,226,607		

January 22, 2019

HB1012

Attachment B



EVALUATION NORTH DAKOTA RUMBLE STRIPS

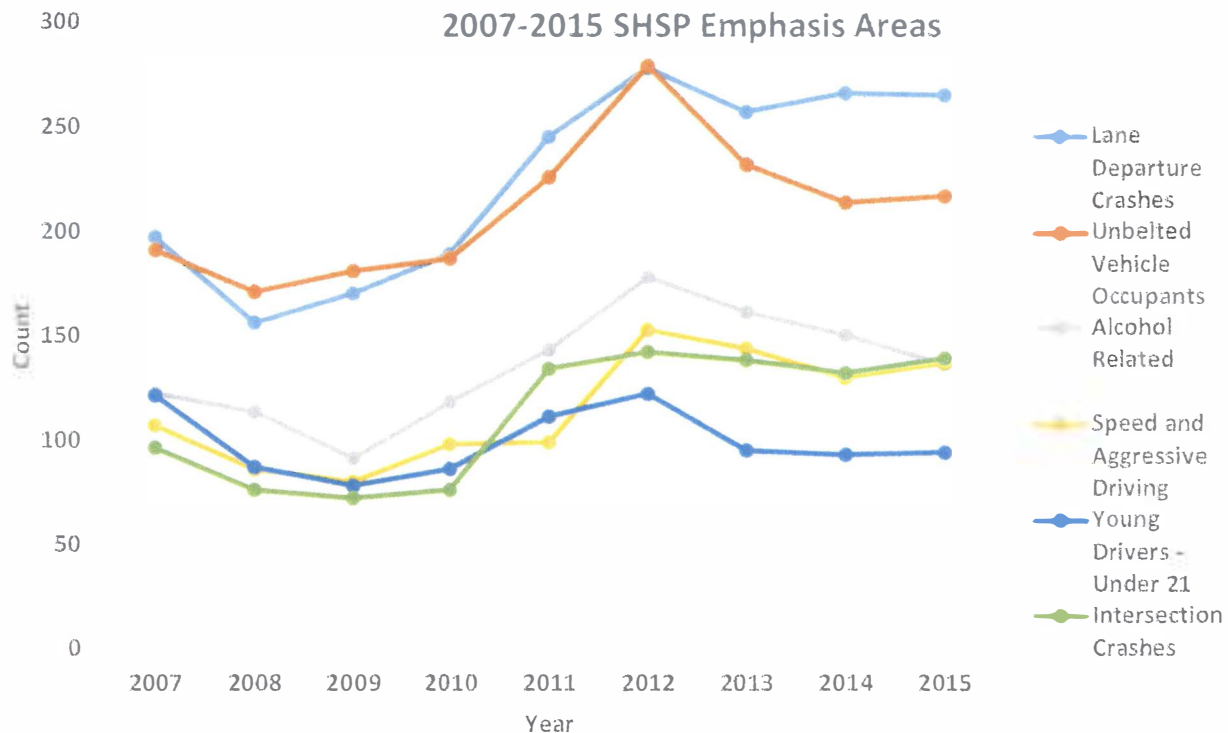
Date: January 19, 2017

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The North Dakota Department of Transportation (NDDOT) initiated a statewide rumble strip program in 2010 for the safety of the traveling public. According to the North Dakota Strategic Highway Safety Plan, lane departure crashes (head-on, side-swipe opposite direction, and leaving the road way) are the state's number one priority emphasis area (refer to figure 1).

These type of crashes consistently account for approximately 50 percent of the fatal and severe crashes each year. There are many reasons these types of crashes occur, driver fatigue, distraction, inattention. The use of continuous rumble strips along the centerline and/or shoulder of North Dakota highways provide an additional warning to drivers and prompt them to take corrective action.

Figure 1



According to the U.S Department of Transportation Federal Highway Administration (FHWA) more than 57 percent of U.S traffic fatalities occur after a driver crosses the edge or center line of a roadway. In addition, two thirds of all fatal crashes in the U.S occur in rural areas. Rumble strips are a proven safety countermeasure for reducing these types of crashes. Eleven states and one national study have analyzed the effectiveness of center line rumble strips in reducing crashes. These studies concluded that crossover crashes were reduced 18 to 64 percent with most studies showing a 40-60 percent reduction. Fourteen states and two multi-state studies report reduction in single-vehicle run-off the road on rural freeways by 14 to 80 percent with most states reporting in the 30 to 40 percent range (retrieved from safety FHWA 01/13/17).

LITERATURE AND STATE-OF-THE-PRACTICE REVIEW

In 2009, the National Cooperative Highway Research Program (NCHRP) published the NCHRP Report 641 which provides guidance for the design of shoulder and centerline rumble strips and stripes. One of the main objectives of the NCHRP Report 641 was to minimize the adverse effects of rumble strips on non-conventional vehicles and nearby residents. Many states have started following the guideline provided by NCHRP to install their rumble strips. They have updated their rumble strips policy to implement the recommendations from NCHRP.

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Issues Associated with Rumble Strips

Rumble strips are used by many states as a relatively inexpensive proven safety countermeasure to reduce or prevent lane departure crashes. While advantages of rumble strips are most often found to outweigh the disadvantages, there are several concerns that have been identified when implementing rumble strips: noise, pavement and effects on bicyclists and motorcyclist are the most recognized.

Impact on Noise

Although the purpose of using rumble strips is to warn drivers through audible sound and vibration noise generated by rumble strips could be disturbing to nearby residents. Noise is a major concern reported by several transportation agencies because of the frequent complaints received from nearby residents. There have been several studies to develop a rumble strip design to generate acceptable levels of noise without sacrificing benefits to motorist. The Minnesota DOT conducted a study that revealed the noise level at a 50 foot distance of vehicle passing over a rumble strip is comparable to a truck passing by on a non-rumble strip surface.

Impact on Pavement

One of the main concerns with rumble strips is the impact on pavement deterioration. According to the Federal Highway Administration there is little early deterioration of milled rumble strips on either concrete or asphalt pavements. Older pavement shoulders tend to degrade quicker but tests in several states show that these rumble strips continue to perform their original function. Michigan conducted an imagery date review to determine the impact of short-term pavement performance due to the installation of rumble strips. The imagery review resulted in an average increase of 3.45 transverse cracks per tenth of a mile before the installation of center line rumble strips, whereas the average increase where no centerline rumble strips were installed was 3.79. This review verified the rate of increase in the frequency of cracks was virtually the same (Datta, Gates, & Savolainen, 2012).

Impact on Bicyclists

Shoulder rumble strips could be an issue for bicyclist because most often they travel on the shoulders of roadways. When there is not enough shoulder width provided, a bicyclist may have to ride over the rumble strips. They may have to move from lane to lane on the shoulder crossing over the rumble strip each time. Many states have used different spacing methods to accommodate bicyclist on the shoulders of their roadways; for example, NCHRP 641, page 139 recommends periodic gaps in rumbles strips of 10 and 12 feet, in 40 and 60 foot cycles. These intermittent gaps enable the bicyclist to maneuver from one side of the rumble strip to the other without encountering the indentations/grooves. North Dakota did place 10 foot gaps on 50 foot cycles to accommodate bicyclists in the state.

Impact on Motorcyclist

Centerline rumble strips have often been thought of as a major concern to motorcycle riders. In a field study conducted by Miller (2008) for the Minnesota DOT the interaction between motorcycles and rumble strips was examined and it was concluded that the CLRS do not pose any threat to motorcycles.

Minnesota crash data included 9,845 motorcycle crashes from 1999 to 2006. Rural rumble strips were present in 29 of these crashes, one of which took a rider's life. Not one crash report mentioned rumble strips as a factor, and all but two had clear causes unrelated to rumble strips. In only three crashes was road surface even a potential factor. Other studies conducted by Pennsylvania and Washington DOTs did not find any direct threat to motorcyclists due to CLRS (Miller, 2008)

Impact on Tires and Windshields

A search of commonly used research sited could not produce any study related to rumble strips and wear and tear on tires or their causing damage to vehicle windshields. However, a quick search of google.com produced this statement of Yahoo answers from 2010. "Rumble strips are a road safety

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feature that alert drivers to potential danger by causing a tactile vibration and audible rumbling, transmitted through the wheels into the car body. A rumble strip is usually either applied in the direction of travel along an edge- or center-line, to alert drivers when they drift from their lane, or in a series of three or more across the direction of travel, to warn drivers of a stop ahead or nearby danger spot. Research has shown that rumble strips are highly effective (and also highly cost-effective) at reducing many types of accidents. Complaints concerning car damage by rumble stripes have not yet been reported according to the United States or Canadian Departments of Transportation" (retrieved 1/18/17 from, <https://answers.yahoo.com/question/index?qid=20091102184632AAGUvqL>)

Driver Behavior

Rural two- lane road normally lack physical barriers or wide medians to separate opposing lanes of traffic. In 2015 in North Dakota, rural roads accounted for approximately 90 percent of all fatal crashes. Rumble strips, both Center Line Rumble Strips and Shoulder Rumble Strips are designed to reduce crashes through driver reaction. In a study conducted by Persaud, Retting and Lyon (2004) an analysis of approximately 210 miles of treated roads in seven states was evaluated before and after rumble strip installation. Overall results concluded there was a significant reduction for all injury crashes combined as well as for head on and side swipe opposite direction crashes. Vehicles also tend to be more centrally located on the roadway when rumble strips are present. Pennsylvania investigated the effect of centerline rumble strip on lateral vehicle placement on two-lane highways using a before and after observation study. Their study concluded the vehicular mean lateral placement shifted 5.5 inches away from the roadway centerline for 12 foot lanes (Mahoney, Porter, Donnell, & Pietruch, 2004).

North Dakota Crash Data

Crash data includes analysis from 2008-2009 when there were rumble strips on a few areas of highway in the state before full implementation of rumble strips were not in place versus 2014-2015 in which rumble strips were fully implemented in North Dakota. The data was divided by shoulder rumble strips (SRS) and centerline rumble strips (CLRS). A fatality that could have been impacted by SRS were categorized by any crash that was a non-collision with a motor vehicle not on the roadway. A fatality that could have been impacted by CLRS were categorized by any crash that was a collision with another motor vehicle. This included the manner of collisions of head-on, and sideswipe opposite direction.

Data shows fatal crashes decreased by 22% (28) after rumble strip installation in North Dakota.

Before Rumble Strips were implemented on all highways across the state		
Year	Rumble Type	Fatal
2008	Centerline rumble strips	12
2009	Centerline rumble strips	34
2008	Shoulder rumble strips	25
2009	Shoulder rumble strips SRS	55
Total	Combined stats - center and shoulder strips	126
After Rumble Strips were implemented on all highways across the state		
2014	Centerline rumble strips	20
2015	Centerline rumble strips	19
2014	Shoulder rumble strips	21
2015	Shoulder rumble strips	38
Total	Combined stats - center and shoulder strips	98



Rumble Strips and Rumble Stripes

SAFETY

More than half (57 percent) of U.S. traffic fatalities occur after a driver crosses the edge or center line of a roadway. Two-thirds (65 percent) of these fatal crashes occur in rural areas.



What causes roadway departures?

Many factors contribute to drivers leaving the roadway or straying from their lane. These include driver fatigue and drowsiness; distracted driving; poor traction between vehicles and road surfaces and poor visibility in adverse weather conditions. Driver fatigue can occur when long, monotonous stretches of highway reduce the driver's concentration. These factors are sometimes compounded by driving too fast. Alcohol and drugs can contribute to both fatigue and speed.

How do rumble strips prevent crashes?

Rumble strips create noise and vibration inside the vehicle that alert a driver as they cross the center or edge line. Often this alert is strong enough to get the attention of a distracted or drowsy driver, who can quickly make a corrective steering action to return to the roadway safely. Rumble strips also alert drivers to the lane limits when conditions such as rain, fog, snow, or dust reduce driver visibility.

Crashes Down

Eleven states and one national study have analyzed the effectiveness of **center line rumbles** in reducing crashes. These studies conclude that crossover crashes were reduced 18 to 64 percent, with most studies showing 40 to 60 percent reductions.

On rural freeways, **edge line rumble strips** studies show that single vehicle run-off-road fatal and injury crashes can be reduced by nearly 29 percent (from NCHRP 641, p. 82).

Shoulder rumbles were first used on freeways, where their effectiveness has been studied extensively. Fourteen states and two multistate studies report reductions in single-vehicle run-off-road freeway crashes of 14 to 80 percent, with most reporting reductions in the 30 to 40 percent range. The three states that restricted their crash analysis to crashes caused by distracted or drowsy driving (the true target crashes for rumble strips) report 40 to 80 percent reduction in those crash types.

Rumble Strip Effectiveness

Rumble strips are effective for reducing roadway departure crashes associated with run-off-road and cross center line. Item 5 in each of the Technical Advisories contains information about the effectiveness of each type of rumble strip. [FHWA Technical Advisory T 5040.40: Center Line Rumble Strips](#) and [FHWA Technical Advisory T 5040.39: Shoulder and Edge Line Rumble Strips](#).

Rumble Stripes Improve Visibility

A rumble strip becomes a "rumble stripe" when an edge line or center line pavement marking is placed on it. The profile of the marking within the rumble provides added nighttime visibility, particularly under dark, wet conditions. Nearby traffic tends to keep the rumble strip from filling with water, which allows the unobstructed portion of the pavement marking on the back wall of the rumble strip to reflect light back to the vehicle.

Information from webpage: https://safety.fhwa.dot.gov/roadway_dept/pavement/rumble_strips/safety.cfm

ADDITIONAL RUMBLE STRIP STATISTICS

Additional information is available via the [Crash Modification Factors \(CMF\) Clearinghouse](#), which is an online repository of CMFs, along with supporting documentation, to help transportation engineers identify the most appropriate countermeasure for their safety needs.

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MTU TTAP ID# 2233

NCHRP

REPORT 641

NATIONAL
COOPERATIVE
HIGHWAY
RESEARCH
PROGRAM

Guidance for the Design and Application of Shoulder and Centerline Rumble Strips

TRANSPORTATION RESEARCH BOARD
OF THE NATIONAL ACADEMIES

6

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SECTION 4

Review of Completed Shoulder and Centerline Rumble Strip Research

This section summarizes the review of completed research on shoulder and centerline rumble strips. This review includes research completed by other agencies prior to and during the course of this research. The information is organized as follows:

- Safety impacts of shoulder rumble strips,
- Safety impacts of centerline rumble strips,
- Operational impacts of centerline rumble strips,
- Vehicle dynamics related to vibration and noise stimuli,
- Effects of rumble strips on specific types of highway users (i.e., motorists, motorcyclists, and bicyclists),
- Pavement performance issues, and
- Other potential adverse concerns.

A detailed review of the completed rumble strip research is provided in Appendix A.

Safety Impacts of Shoulder Rumble Strips

Safety evaluations of shoulder rumble strips have been conducted in many states, and in some cases the evaluations included data from multiple states. Table 4 summarizes the results of these safety evaluations, along with results from several unpublished materials. Table 4 shows the state/location of the evaluation, the type of facility where the rumble strips were installed, the types of collisions included in the analysis, the estimated safety effectiveness of the rumble strip application, and the type of analysis that was performed (i.e., if it could be determined from the reference material). The following are several key findings:

- Most of the studies evaluated the safety effectiveness of shoulder rumble strips installed along freeway facilities. Only a limited number of studies investigated the safety effectiveness of shoulder rumble strips along lower class roadways (i.e., nonfreeways).

- Most of the evaluations were limited to those collision types most directly affected by the installation of shoulder rumble strips (i.e., SVROR-type crashes). However, several studies did investigate the safety impact of shoulder rumble strips on total crashes.
- SVROR crashes were reduced by 10 to 80 percent due to shoulder rumble strips. The simple average percent reduction in SVROR crashes from these studies is 36 percent.
- Total crashes were reduced by 13 to 33 percent due to shoulder rumble strips. The simple average percent reduction in total crashes from these studies is 21 percent.

Concerning the safety effectiveness of shoulder rumble strips, *NCHRP Report 617: Accident Modification Factors for Traffic Engineering and ITS Improvements* (28) summarizes the status of crash reduction factors for a variety of treatments. In preparing *NCHRP Report 617*, a panel of safety experts assigned a level of predictive certainty to each accident modification factor (AMF) based upon a critical review of the published research. In assigning a single value or values of the safety effectiveness of shoulder rumble strips, the panel only referenced the 1999 study by Griffith (1) and assigned a medium-high level of predictive certainty to these estimates. *NCHRP Report 617* specifically states that the estimated safety effects are only applicable to freeways and not other types of roads (i.e., two-lane or multilane roads).

Finally, draft chapters of the forthcoming *Highway Safety Manual* (HSM) include AMFs for shoulder rumble strips for freeways and rural multilane divided highways. The AMFs for freeways are based upon research by Griffith (1) and Perrillo (23), and the AMFs for rural multilane divided highways are based upon research by Carrasco et al. (3).

Safety Impacts of Centerline Rumble Strips

Table 5 summarizes the results of safety evaluations that quantified the safety effectiveness of centerline rumble strips.

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Table 4. Summary of safety benefits attributed to the installation of shoulder rumble strips.

State/location	Type of facility	Type of collisions targeted	Percent decrease (-) or percent increase (+) in target collision frequency from application of shoulder rumble strips (standard deviation)	Type of analysis
Arizona (16)	Interstate	SVROR	-80%	Cross-sectional comparison
California (17)	Interstate	SVROR Total	-49% -19%	Before-after with comparison sites
Connecticut (18)	Limited-access roadways	SVROR	-32%	Before-after with comparison sites
Florida (16)		Fixed object Ran-into-water	-41% -31%	Naïve before-after
Illinois and California (1)	Freeways	SVROR (total) SVROR (injury)	-18% (±6.8%) -13% (±11.7%)	Before-after with marked comparison sites and a comparison group
	Rural freeways	SVROR (total) SVROR (injury)	-21.1% (±10.2%) -7.3% (±15.5%)	
Kansas [unpublished; cited in Stutts (19)]	Freeways	SVROR	-34%	Unknown
Maine (20)	Rural freeways	Total	Inconclusive	Before-after with comparison sites
Massachusetts [unpublished; cited in Stutts (19)]		SVROR	-42%	Unknown
Michigan (21)		SVROR	-39%	Cross-sectional comparison
Minnesota (3)	Rural multilane divided highways	Total	-16%	Naïve before-after
		Injury	-17%	
		SVROR (total)	-10%	Before-after with comparison sites
		SVROR (injury)	-22%	
		Total	-21%	
		Injury	-26%	
	SVROR (total)	-22%		
	SVROR (injury)	-51%		
Minnesota (2)	Rural two-lane roads	SVROR (total) SVROR (injury)	-13% (8%) -18% (12%)	Before-after EB analysis with a reference group
Montana (22)	Interstate and primary highways	SVROR	-14%	Before-after with comparison sites
New Jersey [unpublished; cited in Stutts (19)]		SVROR	-34%	Unknown
New York (23)	Interstate Parkway	SVROR	-65% to 70%	Naïve before-after
Pennsylvania (24)	Interstate	SVROR	-60%	Naïve before-after
Tennessee (25)	Interstate	SVROR	-31%	Unknown
Utah (26)	Interstate	SVROR Total	-27% -33%	Before-after with comparison sites
Virginia (27)	Rural freeways	SVROR	-52%	Before-after with comparison sites
Washington (15)		Total	-18%	Naïve before-after
Multistate (16)	Rural freeways	SVROR	-20%	Before-after with comparison sites

These safety evaluations suggest that head-on collision frequency and rate decreased after installation of the centerline rumble strips. Several key findings are as follows:

- Most of the studies evaluated the safety effectiveness of centerline rumble strips installed along rural two-lane roads. Only one study investigated the safety effectiveness of centerline rumble strips along another type of roadway (i.e., rural multilane highways).
- Most of the evaluations were limited to those collision types most directly affected by the installation of centerline

rumble strips (i.e., head-on or crossover-type crashes). However, several studies did investigate the safety impact of centerline rumble strips on total crashes.

- Head-on crashes were reduced by 34 to 95 percent due to centerline rumble strips. The simple average percent reduction in head-on crashes from these studies is 65 percent.

Concerning the safety effectiveness of centerline rumble strips, *NCHRP Report 617* (28) only referenced the Persaud et al. study (4) when assigning a single value or values of the safety effectiveness of centerline rumble strips and

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Table 5. Summary of safety benefits attributed to installation of centerline rumble strips.

State/Location	Type of facility	Type of collisions targeted	Percent decrease (-) or percent increase (+) in target collision frequency from application of centerline rumble strips (95% confidence interval)	Type of analysis
California (29)	Rural two-lane road	Head-on (total) Head-on (fatal)	-42% -90%	Naïve before-after
Colorado (30)	Rural two-lane road	Head-on Sideswipe	-34% -36.5%	Naïve before-after
Delaware (31)	Rural two-lane road	Head-on Drove left of center PDO Injury Fatal Total	-95% -60% +13% +4% N/A -8%	Naïve before-after
Massachusetts (32)	Rural two-lane roads	Head-on Opposite-direction angle Opposite-direction sideswipe SVROR with centerline encounters	Inconclusive	Before-after with comparison group
Minnesota (33)	Rural two-lane roads	Total Total (fatal and severe injury) Head-on / opposite-direction sideswipe / SVROR-to-the-left (all severities) Head-on / opposite-direction sideswipe / SVROR-to-the-left (fatal and severe injury)	-42% -73% -43% 13%	Cross-sectional comparison
Missouri (34)	Rural two-lane roads	Total	-60%	Naïve before-after
Nebraska (35)	Rural two-lane roads	Cross-over crashes	-64%	Naïve before-after
Oregon (36)	Rural two- and four-lane highways	Cross-over crashes	-69.5% -79.6%	Naïve before-after Before-after with comparison group
Multistate (4)	Rural two-lane roads	Total Injury Frontal/opposite-direction sideswipe (total) Frontal/opposite-direction sideswipe (injury)	-14% (8-20%) -15% (5-25%) -21% (5-37%) -25% (5-45%)	Empirical Bayes (EB) before-after

assigned a medium-high level of predictive certainty to these estimates. *NCHRP Report 617* also specifically states that the estimated safety effects are only applicable to rural two-lane roads and not other types of roads (i.e., multilane roads).

Finally, draft chapters of the forthcoming HSM include MFs for centerline rumble strips for rural two-lane roads, which strips are based upon research by Persaud et al. (4).

Operational Impacts of Centerline Rumble Strips

Lateral positioning and vehicle speed are the two measures most often considered when investigating the operational impacts to vehicular traffic due to the presence of centerline rumble strips. In most cases it was found that the installation of centerline rumble strips does impact the lateral positioning

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of vehicles and that the presence of centerline rumble strips causes drivers to move further away from the centerline (37–42), but at least one study (33) suggests that centerline rumble strips do not impact the lateral positioning of vehicles. Regarding encroachments, one study (33) suggests that centerline rumble strips reduce the number of encroachments, while another study (39) suggests otherwise. The results of five studies (33,37,39,40,42) suggest that centerline rumble strips do not change vehicle travel speeds, or if a change in vehicle speed does occur, the change is small or minimal.

Noyce and Elango (32) concluded, based on driver simulation studies, that motorists encountering centerline rumble strips do not always immediately steer their vehicles back to the right toward the intended travel lane. This finding is somewhat counterintuitive and is cause for concern. However, Miles et al. (38) indicate that centerline rumble strips do not significantly change driving behaviors in passing zones nor do they affect the driving environment adversely or induce unsafe driving practices.

Vehicle Dynamics Related to Vibration and Noise Stimuli

The noise and vibration created by rumble strips is the key feature in their use. Unlike most other visual-based traffic controls, rumble strips use noise and vibration to create a response from the driver. To determine optimum rumble strip dimensions, numerous studies have been conducted to detect the amount of vibration and noise generated by vehicles as they traverse different types and patterns of rumble strips.

Several recent studies (14,43–45) have focused on finding rumble strip dimensions that are a compromise between the alerting properties desirable for motorists and the negative benefits potentially experienced by bicyclists when encountering rumble strips. In general, higher vibration and noise levels generated by rumble strips are desirable to alert inattentive/drowsy motorists. On the other hand, lower vibration levels are desirable for bicyclists so that bicyclists do not experience discomfort and control problems while traversing the rumble strips. The more recent studies (14,44,46,47) have also collected vibration and noise data for more types of motor vehicles.

It is important to note that the transferability of results, or the ability to compare results between studies, is difficult primarily because the vibration data were collected in different ways. For example, Hirasawa et al. (42) measured vibrations at the steering column. Bucko and Khorashadi (14) measured the vibrational properties of the steering wheel. Outcalt (44) mounted accelerometers on the floor of the motor vehicle just behind the driver's seat at the spot where the floor was welded to the vehicle frame and to the steering wheel. Elefteriadou

et al. (45) measured the vertical acceleration and pitch angular acceleration of the body frame of the motor vehicle. Chen (48) evaluated vibration based upon the International Roughness Index (IRI). Tye (49) measured the right front-wheel bounce.

The study conducted by Elefteriadou et al. (45) was unique in that it was the only study that utilized simulation modeling to investigate optimum dimensions of rumble strips, and it was the only study that tried to measure the impact of rumble strip patterns on the controllability of a bicycle by using an objective measure of control (i.e., the ability of a bicyclists to ride along a designated path while traversing the rumble strip).

Even though numerous studies have been conducted to investigate the optimum dimensions of rumble strips, there is no clear absolute answer to the issue. Several general points that may be concluded are the following:

- The sound levels generated by the various rumble strip configurations differ in the various test vehicles.
- In general, for milled rumble strips, wider and deeper cuts will generate higher levels of vibration and noise for all types of vehicles because of tire-drop capabilities; however, tire drop is dependent upon the properties of the tire, the speed of the vehicle, and the spacing of the cuts.

Effects of Rumble Strips on Specific Types of Highway Users

In most cases, the intended effect of shoulder and centerline rumble strips is to alert inattentive or drowsy drivers of motor vehicles that their vehicles have departed from the travel lane. However, shoulder and/or centerline rumble strips may also cause unintended behaviors or may negatively impact certain types of highway users such as motorcyclists and bicyclists. This section summarizes those studies in which participants subjectively rated the impact of rumble strips and, to the extent possible, focuses on the correlation between the alerting properties of the rumble strips (i.e., vibration and sound levels) and the reactions or behaviors of highway users to these stimuli.

Several studies investigated the effect that rumble strips have on drivers of passenger cars. In general it is assumed that rumble strips that generate 3 to 15 dBA of noise above the ambient noise level will alert drivers that their vehicles have drifted from the travel lane. Bucko and Khorashadi (14) rated the alerting properties of various sound levels, suggesting that increases in the range of 11 to 13.5 dBA have low to moderate alerting value compared to increases in the range of 16.7 to 19.9 dBA, which have high alerting properties. It is important to note that Bucko and Khorashadi (14) concluded that vibrations felt through the steering wheel are negligible in their alerting properties compared to the noise level produced in the passenger compartment. Therefore, when attempting to

ate the alerting properties of rumble strips, Bucko and Khorashadi (14) only considered noise level. However, research conducted by Hirasawa et al. (42) suggests that both sound and vibration contribute to drivers' impressions from the rumble strips. None of the studies fully investigated the relationship of the alerting properties of rumble strips (i.e., vibration and sound levels) and the reactions or behaviors of drivers of passenger cars. The research conducted by O'Hanlon and Kelley (50) in the early 1970s could probably be considered the most comprehensive research that investigated the human factor issues associated with rumble strips; however, O'Hanlon and Kelley did not measure the vibration levels experienced by the drivers, so they too could not investigate the correlation between the alerting properties of rumble strips and drivers' reactions to these stimuli. [Note: The various studies and documents that report on either the desired noise levels to be generated by rumble strips or the field studies that document sound level intensities measured in the field alternate between expressing the sound levels in units of dB and dBA. The intensity of sound is measured in units called decibels (dB). Intensity is perceived as loudness. The notation dBA refers to decibels measured on a sound level meter using the A-weighting filter network. Once the A-weighting scale is selected, the meter mimics the way the human ear responds to sound. The A-weighting scale is the most commonly used family of curves relating to the measurement of sound (51,52). For consistency purposes, it is assumed that even when a reference reported a sound level in units of dB, the A-weighting was applied. Therefore, all units of sound level throughout this document are reported in units of dBA, even if the original reference reported the sound level in units of dB.]

Only one study (14) investigated truck drivers' reactions to rumble strips. The biggest difference between trucks and passenger cars is the level of stimuli experienced by truck drivers when traversing rumble strips. Bucko and Khorashadi note that in commercial vehicles, vibrations are dampened considerably because of the size and weight of the vehicles. Thus, the alerting properties of the vibration levels are essentially insignificant, so the noise in the passenger compartment of a commercial vehicle generated by rumble strips has a greater effect in alerting the driver than the vibration. Bucko and Khorashadi also note that increases in the sound level generated by rumble strips in the range of 1.88 to 4.72 dBA were considered to have low alerting value and increases in the range of 3.62 to 4.62 dBA were considered to have moderate alerting value.

Only a few studies included motorcycles as part of field experiments. The most detailed study on the interaction between motorcyclists and rumble strips was performed by Miller (53), who investigated motorcycle rider behavior on roads with centerline rumble strips. The research included a review of motorcycle crash records, an observational study of motorcyclists on roads with centerline rumble strips, and a

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closed course field study where 32 motorcyclists navigated across rumble strips. Miller concluded that centerline rumble strips add no measurable risk to motorcyclists. These results are consistent with findings from other studies (14,42).

The research conducted by Torbic (54) is the only investigation that truly looked at the correlation between the alerting properties of rumble strips and bicyclists' reactions to the stimuli. Torbic concluded that the relationship between whole-body vibration and a bicyclist's perception of comfort is linear; as vibration increases, comfort decreases. Torbic also concluded there is no clear relationship between whole-body vibration and the controllability of a bicycle. This research was also unique in that Torbic developed a methodology for quantifying whole-body vibration of bicyclists based upon guidelines in International Standard Organization (ISO) 2631 (55) to assess human response. In the other comprehensive studies that investigated bicyclists' reactions to rumble strips (14,44,45), bicyclists subjectively rated the comfort and control levels of bicycles while traversing various experimental rumble strip patterns, but no correlation was made between the vibration levels experienced by the bicyclists and the subjective comfort and control ratings. Finally, a general conclusion that can be drawn from the three most comprehensive studies that included bicycle and motor vehicle testing of various rumble strip designs (14,44,45) is that rumble strips providing the greatest amount of stimuli (noise and vibration) to alert an inattentive or drowsy driver also are the most uncomfortable for the bicyclists to traverse. Likewise, rumble strips that are the most comfortable for bicyclists generate the least amount of stimuli in a motor vehicle to alert an inattentive or drowsy driver. In all three studies, compromises were made when selecting the rumble strip design most compatible for both types of road users.

Very few pedestrians encounter rumble strips so, for all practical purposes, rumble strips have an insignificant effect on pedestrians.

Pavement Performance Issues

Several pavement performance concerns associated with shoulder and centerline rumble strips have been identified. Very little scientific-based research has been conducted to address these concerns, but through observational reports most of the pavement performance concerns appear to be unwarranted.

Several maintenance concerns associated with shoulder and centerline rumble strips have been reported. Maintenance crews reported concerns that heavy traffic would cause shoulder pavements with rumble strips to deteriorate faster and that the freeze-thaw cycle of water collecting in the grooves would crack the pavement. For the most part, these concerns have been shown to be unfounded. Most transportation agencies do advise against installing shoulder rum-

ble strips on pavements that are rated as deformed or show high degrees of deformation and/or cracking.

Inclement weather also appears to have an insignificant impact on the durability of shoulder rumble strips. Field tests refute concerns about the effects of the freeze-thaw cycle as water collects in the grooves. In fact, field tests show that vibration and the action of wheels passing over the rumble strips knock debris, ice, and water out of the grooves. Snow plow drivers have also noted that they have come to depend on shoulder rumble strips to help them find the edge of the travel lane during heavy snow and other low visibility situations.

Shoulder rumble strips may also present a challenge to maintenance and rehabilitation crews when lane closures require traffic to be diverted to the shoulder. For long-term rehabilitation projects involving asphalt shoulders, most agencies simply mill a trench around the rumble strips and fill the trench with asphalt. Once construction is complete, the shoulder can be resurfaced and new rumble strips installed along the new asphalt overlay.

Similar to the experience with shoulder rumble strips, several agencies have expressed concerns about pavement deterioration associated with the installation of centerline rumble strips. However, none of these concerns have been validated.

The pavement performance issue that has received the most detailed investigation deals with the preparation of rumble strips prior to overlayment of the shoulder surface so that rideability and pavement integrity are not compromised. New Hampshire DOT (NH DOT) conducted research to develop a specification defining materials, sequences, and/or options to perform this operation successfully. Four test sections were prepared in the following manner for evaluation:

- Test Section A: Shim and overlay;
- Test Section B: Just overlay;
- Test Section C: Mill, inlay, and overlay; and
- Test Section D: Mill and overlay.

Test Sections C and D performed the best, showing no sign of reflection in the area of the former rumble strips, while Test Section A resulted in mild depressions, and Test Section B resulted in pronounced rumble strip reflection. Thus, preparing areas with rumble strips prior to overlayment either by (1) milling, inlaying, and overlaying or by simply (2) milling and overlaying is preferred over the other two preparation options, which would likely result in some degree of reflection in the area of the former rumble strips.

Other Potential Concerns

This section summarizes potential issues or concerns associated with shoulder and/or centerline rumble strips that were not previously addressed.

Impact of Noise on Nearby Residents

A common problem cited by transportation agencies concerning the use of rumble strips is noise that disturbs nearby residents (15). However, noise is generated relatively infrequently by rumble strips placed on the shoulders and on the centerlines of undivided highways. For shoulder and centerline rumble strips, noise is generated only by errant motor vehicles, not by every motor vehicle.

Although the noise produced by shoulder and centerline rumble strips is intermittent, transportation agencies continue to receive complaints from nearby residents. To address these complaints, some agencies have increased the offset of the rumble strip from the edgeline to decrease the incidence of vehicles falsely traversing the rumble strips. Other transportation agencies have completely removed the rumble strips. Another alternative is to construct noise barriers. It has been noted that some residents claim to be able to hear the noise generated from the rumble strips from up to 1.2 mi (2 km) away (56). Studies have also shown that when rumble strips are terminated 656 ft (200 m) prior to residential or urban areas, tolerable noise impacts are experienced; also at a distance of 1,640 ft (500 m), the noise generated from rumble strips is negligible (57). A recent survey to determine the opinions of residents in areas where centerline rumble strips had been placed showed that the majority of residents find the external noise produced from centerline rumble strips acceptable or tolerable and that the potential driver safety outweighed the effect of the external noise (43).

Bicycle Issues

Most studies that investigated the impact of rumble strips on bicyclists focused on the comfort and control problems that bicyclists may (or may not) experience while traversing rumble strips. However, bicyclists have several other concerns associated with rumble strips that have not necessarily been validated or dismissed through research. The severity or extent of these concerns is difficult to assess without the supporting research.

One concern with shoulder rumble strips is that they may encourage bicyclists to ride in the travel lane in situations where bicyclists would rather ride on the shoulder. Even though rumble strips are typically installed on only about half of the paved shoulder, the remaining area between the outer edge of the rumble strip and the outside edge of the shoulder is often littered with debris. The debris discourages bicyclists from utilizing that area. Therefore, bicyclists may prefer to ride in the travel lane. A possible solution to this dilemma is to move the rumble strip further from the travel lane to provide bicyclists with adequate room to ride between the travel lane and the rumble strip. This, however, decreases the recovery

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area available to errant motor vehicles. Another possibility is to make the rumble strips narrower. Yet, another possibility is to provide a gap in the rumble strip pattern to allow bicyclists to cross back and forth from the paved shoulder to the travel lane without having to encounter rumble strips.

A general concern with centerline rumble strips is that motorists may not provide sufficient clearance distance between the bicyclist and the motor vehicle when passing a bicyclist on a section of roadway with centerline rumble strips. In other words, the centerline rumble strips may force motorists away from the centerline (as has been shown in several studies) closer to bicyclists riding near the outside edge of the travel lane, leaving less distance between a bicyclist and motor vehicle during the actual passing maneuver. Another concern is that when motorists encounter centerline rumble strips during the passing maneuver, the noise generated by the rumble strips may startle bicyclists, which could result in an undesirable maneuver by the bicyclist.

Maintenance Concerns

Weather does cause problems with raised rumble strips. Snow plow blades passing over the rumble strips tend to scrape them off the pavement surface, which is why raised rumble

strips are usually restricted to areas that do not contend with snow removal. When raised rumble strips get scraped from the pavement surface, a secondary concern is that the material could become a projectile.

Visibility/Retroreflectivity of Centerline and Edgeline Pavement Markings

Some transportation agencies have reported concerns over the visibility and retroreflectivity of centerline pavement markings installed on centerline rumble strips. This could potentially be a problem under nighttime conditions especially if snow, salt, sand, or debris collect in the grooves of the rumble strips. Visibility of pavement markings can also be an issue when rumble strips are installed along the edgeline.

Conflicting evidence as to whether this is an actual problem is found in the literature. However, the majority of studies suggest that visibility/retroreflectivity of pavement markings placed over rumble strips (i.e., rumble stripes) is higher compared to standard edgeline/centerline pavement markings, particularly during wet-night conditions. Rumble stripes also appear to be more resilient and durable than standard pavement markings, particularly in areas with winter maintenance activities.

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Attachment C

**Public Transportation Funding
for North Dakota**
Prepared January 16, 2019

Federal Funds/Local Match

The transportation providers apply for federal funds through an application process. Each provider is awarded funds based on if they have provided documentation showing they have enough local match. If documentation is not provided, the funds awarded are reduced to meet the match available. Transportation providers use various sources for local match; public transportation funds, mill levy, city funds, advertising, and donations. Fare collection is not allowed to be used to match federal funds.

The chart below shows the breakout of federal funds, state funds, the local match needed, and the shortfall.

Year	5310 Federal Funds	5311 Federal Funds - 60% Operating	5311 Federal Funds - 40% Admin/Capital	5339 Federal Funds	Federal Discretionary Capital Funds	Total Federal Funds Received	Total State Public Transportation Funds Needed to Match Federal Funds	State Public Transportation Funds Available	State Public Transportation Funds Shortfall
		\$5,519,235							
2018 Federal Funds	\$620,005	\$3,311,541	\$2,207,694	\$4,101,825	\$3,772,000	\$11,805,371			
2018 Match	\$155,001	\$3,311,541	\$551,923	\$1,025,456	\$943,000		\$5,986,922	\$3,750,000	\$2,236,922
Total						\$11,805,371	\$5,986,922	\$3,750,000	\$2,236,922

Note: The 5311 Operating/Admin/Capital 60/40 split is based on the historic spending. Every provider's budget will be unique and may not follow the above example.

**Public Transportation Funding
for North Dakota**
Prepared January 16, 2019

The NDDOT does not capture the total operating budget information for each transportation provider.

The chart below shows the 2018/2019 operating budget for South Central Adult Services. The 2018/2019 contract year for transit providers in July 1, 2018 – June 30, 2019. This information was provided to DOT by South Central Adult Services.

South Central Adult Services							
	Total 5311 Federal Funds Operating	Total 5311 Federal Funds Admin/Capital	Total 5310 Federal Funds Received	Total Federal Funds Awarded	Total Matching Funds Needed	State Public Transportation Funds Awarded	Match Shortfall
	\$696,267						
Fed Awarded	\$531,261	\$165,006	\$77,676	\$773,943			
Match Needed	\$531,261	\$41,251	\$19,419		\$591,931	\$328,643	\$263,288
Total				\$773,943	\$591,931	\$328,643	\$263,288

South Central Adult Services	
2018/2019 Budget	\$1,500,000
Fed Funds Awarded	\$773,943
State Aid Received	\$328,643
Shortfall	\$397,414

Note: State Aid funding is provided to the DOT for administration of the Public Transportation Fund 39-04.2-02. The DOT administers these funds to public transportation providers based on 39-04.04 distribution formula.

Based on these charts, the NDDOT assumes that other transportation providers will also have a shortfall in state public transportation funds that are needed to match the federal funds available to request.

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Attache



North Dakota Department of Transportation

Thomas K. Sorel
Director

Doug Burgum
Governor

January 22, 2019

The Honorable Don Vigesaa
House Appropriations – Government Operations Chair
600 East Boulevard
Bismarck, ND 58505

Dear Representative Vigesaa:

During our testimony last week you and committee members requested additional information on a variety of topics. We are providing information today through this letter and attached reports.

1. How much is DOT paying to have computer systems on Main Frame?

Estimated Total = \$1,151,000/year

2. Could you provide localized research and statistics on rumble strips?

Please see attached information.

3. Could you provide a breakdown of Capital grants and Operating grants for Transit?

Please see attached report.

4. Can you find out if there is any information on retention rates for snowplow operators in western North Dakota counties discussed in your testimony?

We were able to get in touch with a few of the western North Dakota counties to find out more information about retention rates there. Below is some additional information.

Williams County

Reported that they do not really have a high volume of turnover. They have one opening now and they know that they will get a lot of applications.

Pay: \$28-\$32+/hour and offer a COLA increase every year

The county pays 100% health, dental, and vision. Employees work four 10-hour days year round.

Dunn County

They do not have a high volume of turnover and do not struggle to get applicants. They only hire in the spring. They have three different types of positions in their road department:

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AH, D



North Dakota Department of Transportation

Thomas K. Sorel
Director

Doug Burgum
Governor

- Truck Driver – only drives truck – not equivalent to any of our positions
- Road Worker II – Equipment operator/snow plow – Non CDL positions

Starting Salary	\$25.44/hr
After 1 Year	\$25.95/hr
After 2 Years	\$27.09/hr
After 3 Years	\$27.82/hr
After 5 Years	\$28.97/hr
After 5 years they get a cost of living increase each year	

- Road Worker III – operates all equipment – CDL required

Starting Salary	\$26.55/hr
After 1 Year	\$27.00/hr
After 2 Years	\$28.14/hr
After 3 Years	\$28.87/hr
After 5 Years	\$30.02/hr
After 5 years they get a cost of living increase each year	

The county pays the entire 15.26% into the employees' retirement plans. They work four 10-hour days year round.

Burke County

Stated they don't have any opening and when they do, they never struggle to get applicants.

5. Can you provide information on the Governor's office use of the plane and expense of that service?

NDDOT's 2017-2019 Biennium Budget for Air Services which covers costs of airplanes, maintenance, fuel, inspections, salaries, storage, etc. = \$2.1 million.

According to bills received as of January 11, 2019 approx. \$1.44 million has been spent (67.7%)

From July 1, 2017 to June 30, 2018, the Governor's office logged 191.7 hours = \$424,424

From July 1, 2018 – January 15, 2019, the Governor's office logged 56.8 hours = \$125,755

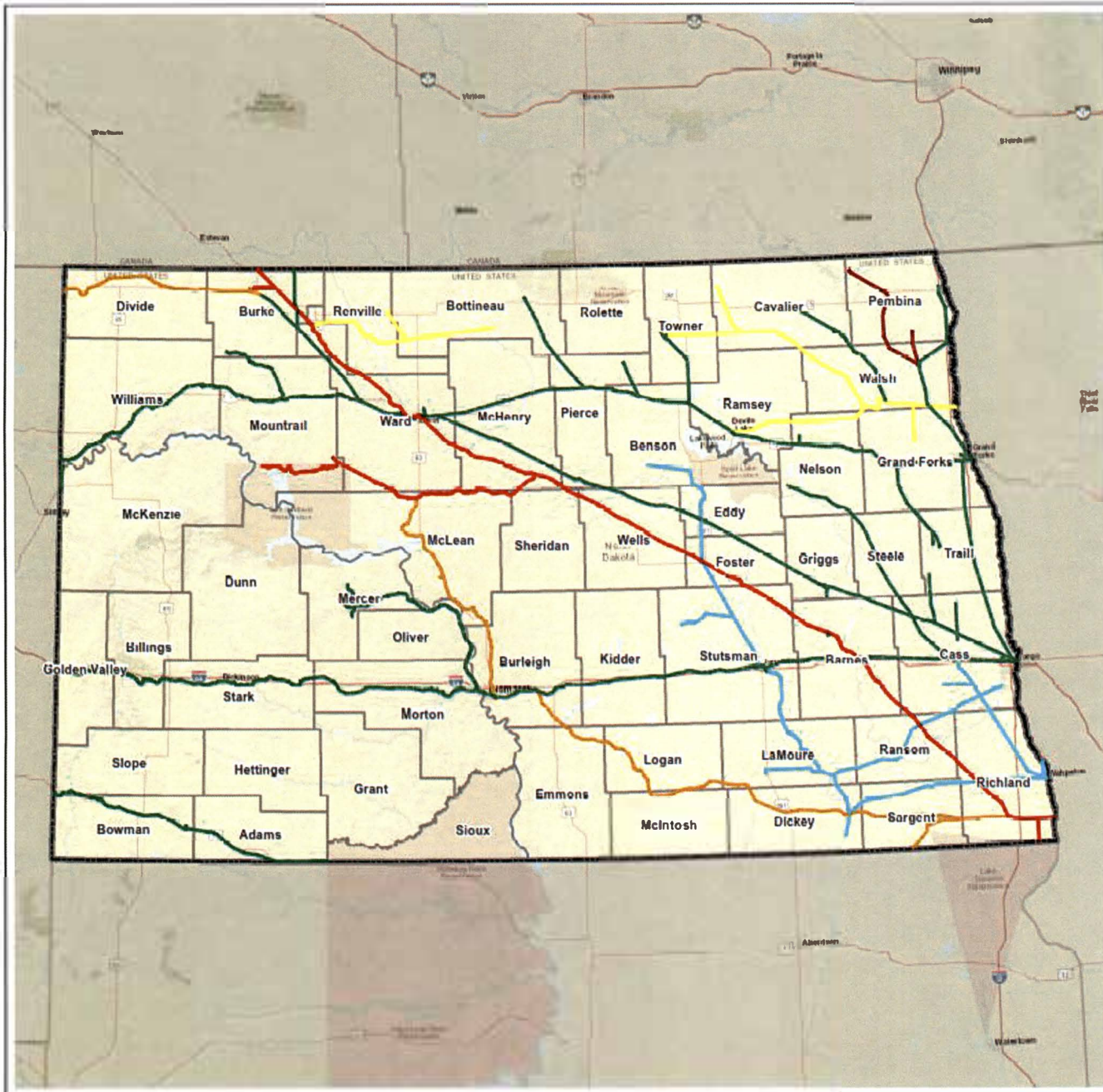
Biennium to Date Total Cost = \$550,179.

Thank you.

Sincerely,

Tom Sorel
Director

2



North Dakota Railroad System

Legend

Class I Railroads

- Burlington Northern Santa Fe
- Canadian Pacific

Short Line Railroads

- Dakota Northern Railroad
- Dakota Missouri Valley & Western
- Northom Plains
- Red River Valley & Western
- North Dakota State Boundary
- County Boundaries



January 31, 2019

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Attachment A

**Department of Transportation - Budget No. 801
House Bill No. 1012
Base Level Funding Changes**

	Executive Budget Recommendation				House Version				House Changes to Executive Budget Increase (Decrease) - Executive Budget			
	FTE Position	General Fund	Other Funds	Total	FTE Position	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2019-21 Biennium Base Level	1,047.00	\$0	\$1,269,489,868	\$1,269,489,868	1,047.00	\$0	\$1,269,489,868	\$1,269,489,868	0.00	\$0	\$0	\$0
2019-21 Ongoing Funding Changes												
Base payroll changes			(\$1,019,746)	(\$1,019,746)			(\$1,019,746)	(\$1,019,746)				\$0
Salary increase			7,461,235	7,461,235			4,471,225	4,471,225			(2,990,010)	(2,990,010)
Health insurance increase			3,813,057	3,813,057			4,502,239	4,502,239			689,182	689,182
Retirement contribution increase			976,240	976,240				0			(976,240)	(976,240)
Removes 42 FTE positions	(42.00)		(7,979,595)	(7,979,595)				0	42.00		7,979,595	7,979,595
Restores 16 FTE positions for research, development, and other purposes	16.00		3,000,000	3,000,000				0	(16.00)		(3,000,000)	(3,000,000)
Transfers 41 FTE positions for information technology unification	(41.00)		81,212	81,212				0	41.00		(81,212)	(81,212)
Reduces payments to State Fleet Services			(3,550,000)	(3,550,000)				0			3,550,000	3,550,000
Increases capital assets			87,874,093	87,874,093				0			(87,874,093)	(87,874,093)
Adjusts operating expenses			213,190	213,190				0			(213,190)	(213,190)
Increases grants			17,226,607	17,226,607				0			(17,226,607)	(17,226,607)
Increases funding for the rail loan program			11,100,000	11,100,000				0			(11,100,000)	(11,100,000)
Increases funding for snow and ice control			750,000	750,000				0			(750,000)	(750,000)
Adds Microsoft 365 licensing			708,498	708,498				0			(708,498)	(708,498)
Total ongoing funding changes	(67.00)	\$0	\$120,654,791	\$120,654,791	0.00	\$0	\$7,953,718	\$7,953,718	67.00	\$0	(\$112,701,073)	(\$112,701,073)
One-time funding items												
Driver's license system project			\$22,500,000	\$22,500,000				\$0			(\$22,500,000)	(\$22,500,000)
Traffic data editing and analysis program			1,525,838	1,525,838				0			(1,525,838)	(1,525,838)
Automatic vehicle location			2,650,709	2,650,709				0			(2,650,709)	(2,650,709)
Road construction software			9,100,000	9,100,000				0			(9,100,000)	(9,100,000)
Maintenance management system			3,850,000	3,850,000				0			(3,850,000)	(3,850,000)
Minot and Williston driver's license facility maintenance			1,300,000	1,300,000				0			(1,300,000)	(1,300,000)
Total one-time funding changes	0.00	\$0	\$40,926,547	\$40,926,547	0.00	\$0	\$0	\$0	0.00	\$0	(\$40,926,547)	(\$40,926,547)
Total Changes to Base Level Funding	(67.00)	\$0	\$161,581,338	\$161,581,338	0.00	\$0	\$7,953,718	\$7,953,718	67.00	\$0	(\$153,627,620)	(\$153,627,620)
2019-21 Total Funding	980.00	\$0	\$1,431,071,206	\$1,431,071,206	1,047.00	\$0	\$1,277,443,586	\$1,277,443,586	67.00	\$0	(\$153,627,620)	(\$153,627,620)

Other Sections for Department of Transportation - Budget No. 801

	Executive Budget Recommendation	House Version
Line item transfers	Section 3 would authorize the Department of Transportation to transfer funds between the salaries and wages, operating, capital assets, and grants 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.	Section 3 would authorize the Department of Transportation to transfer funds between the salaries and wages, operating, capital assets, and grants 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.
Exemption - Enhanced state highway investments	Section 4 would provide that \$503,115,558 appropriated in the capital assets line item in House Bill No. 1012 (2015) relating to enhanced state highway investments is exempt from North Dakota Century Code Section 54-44.1-11 and is continued into the 2019-21 biennium.	
Additional income	Section 5 would appropriate any additional federal or other funds available to the Department of Transportation during the 2019-21 biennium.	
Estimated income - Strategic investment and improvements fund	Section 6 would identify \$39,626,547 of other funds appropriated in Section 1 is from the strategic investment and improvements fund for various information technology projects.	

January 31, 2019

HB1012

Attorney B
Prepared for Representative Delzer

19.9549.01000

EFFECT OF HEALTH INSURANCE PREMIUM INCREASE ON STATE EMPLOYEE COMPENSATION PACKAGE

The House is proposing:

- State employee salary increases of 2 percent for the 1st year and 2 percent the 2nd year of the 2019-21 biennium.
- The state continue to pay the full cost of the health insurance premiums rather than employees paying a share as recommended by the Governor. The cost to the state of the health insurance premium increase is \$2,231 per year or \$186 per month for each eligible employee.

The cost of the proposed 2 percent annual salary increase is \$66.7 million, of which \$28.8 million is from the general fund. The cost of the proposed health insurance increase is \$69.2 million, of which \$29.8 million is from the general fund.

The combined cost of the 2 percent annual salary increase and the health insurance premium increase is \$135.9 million, of which \$58.6 million is from the general fund. This total is the equivalent of providing a 5 percent 1st year and 2 percent 2nd year salary increase.

As of December 2018, Human Resource Management Services (HRMS) reported the average classified state employee earns \$56,731 per year.

The cost of the health insurance premium increase, based on the average state employee salary of \$56,731 per year as reported by HRMS, equates to an additional 4 percent 1st year increase. When added to the 2 percent annual increases proposed by the House, the total compensation increase would be 6 percent for the 1st year and 2 percent for the 2nd year for the average classified state employee.

The 6 percent 1st year and 2 percent 2nd year increases for the average classified state employee is a higher percentage increase than the 5 percent 1st year and 2 percent 2nd year referred to above based on total dollars available because the total dollar calculation includes higher education and unclassified employees whose average salaries would generally be higher than classified employees.

February 1, 2019

HB1012

Attachment A

**Department of Transportation - Budget No. 801
House Bill No. 1012
Base Level Funding Changes**

	Executive Budget Recommendation				House Version				House Changes to Executive Budget Increase (Decrease) - Executive Budget			
	FTE Position	General Fund	Other Funds	Total	FTE Position	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2019-21 Biennium Base Level	1,047.00	\$0	\$1,269,489,868	\$1,269,489,868	1,047.00	\$0	\$1,269,489,868	\$1,269,489,868	0.00	\$0	\$0	\$0
2019-21 Ongoing Funding Changes												
Base payroll changes			(\$1,019,746)	(\$1,019,746)			(\$1,019,746)	(\$1,019,746)				\$0
Salary increase			7,461,235	7,461,235			4,471,225	4,471,225			(2,990,010)	(2,990,010)
Health insurance increase			3,813,057	3,813,057			4,502,239	4,502,239			689,182	689,182
Retirement contribution increase			976,240	976,240				0			(976,240)	(976,240)
Removes 42 FTE positions	(42.00)		(7,979,595)	(7,979,595)				0	42.00		7,979,595	7,979,595
Restores 16 FTE positions for research, development, and other purposes	16.00		3,000,000	3,000,000				0	(16.00)		(3,000,000)	(3,000,000)
Transfers 41 FTE positions for information technology unification	(41.00)		81,212	81,212				0	41.00		(81,212)	(81,212)
Reduces payments to State Fleet Services			(3,550,000)	(3,550,000)				0			3,550,000	3,550,000
Increases capital assets			87,874,093	87,874,093				0			(87,874,093)	(87,874,093)
Adjusts operating expenses			213,190	213,190				0			(213,190)	(213,190)
Increases grants			17,226,607	17,226,607			17,226,607	17,226,607				0
Reclassifies funding for the rail loan program			11,100,000	11,100,000			11,100,000	11,100,000				0
Increases funding for snow and ice control			750,000	750,000			750,000	750,000				0
Adds Microsoft Office 365 licensing			708,498	708,498			708,498	708,498				0
Total ongoing funding changes	(67.00)	\$0	\$120,654,791	\$120,654,791	0.00	\$0	\$37,738,823	\$37,738,823	67.00	\$0	(\$82,915,968)	(\$82,915,968)
One-time funding items												
Driver's license system project			\$22,500,000	\$22,500,000			\$22,500,000	\$22,500,000			\$0	\$0
Traffic data editing and analysis program			1,525,838	1,525,838				0			(1,525,838)	(1,525,838)
Automatic vehicle location			2,650,709	2,650,709				0			(2,650,709)	(2,650,709)
Road construction software			9,100,000	9,100,000				0			(9,100,000)	(9,100,000)
Maintenance management system			3,850,000	3,850,000				0			(3,850,000)	(3,850,000)
Minot and Williston driver's license facility maintenance			1,300,000	1,300,000			1,300,000	1,300,000			0	0
Total one-time funding changes	0.00	\$0	\$40,926,547	\$40,926,547	0.00	\$0	\$23,800,000	\$23,800,000	0.00	\$0	(\$17,126,547)	(\$17,126,547)
Total Changes to Base Level Funding	(67.00)	\$0	\$161,581,338	\$161,581,338	0.00	\$0	\$61,538,823	\$61,538,823	67.00	\$0	(\$100,042,515)	(\$100,042,515)
2019-21 Total Funding	980.00	\$0	\$1,431,071,206	\$1,431,071,206	1,047.00	\$0	\$1,331,028,691	\$1,331,028,691	67.00	\$0	(\$100,042,515)	(\$100,042,515)

Other Sections for Department of Transportation - Budget No. 801

	Executive Budget Recommendation	House Version
Line item transfers	Section 3 would authorize the Department of Transportation to transfer funds between the salaries and wages, operating, capital assets, and grants 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.	Section 3 authorizes the Department of Transportation to transfer funds between the salaries and wages, operating, capital assets, and grants 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 and the Legislative Council.
Exemption - Enhanced state highway investments	Section 4 would provide that \$503,115,558 appropriated in the capital assets line item in House Bill No. 1012 (2015) relating to enhanced state highway investments is exempt from North Dakota Century Code Section 54-44.1-11 and is continued into the 2019-21 biennium.	Section 4 provides that \$503,115,558 appropriated in the capital assets line item in House Bill No. 1012 (2015) relating to enhanced state highway investments is exempt from North Dakota Century Code Section 54-44.1-11 and is continued into the 2019-21 biennium.
Additional income	Section 5 would appropriate any additional federal or other funds available to the Department of Transportation during the 2019-21 biennium.	
Estimated income - Strategic investment and improvements fund	Section 6 would identify \$39,626,547 of other funds appropriated in Section 1 is from the strategic investment and improvements fund for various information technology projects.	

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SECTION 7. AMENDMENT. Section 24-02-45.1 of the North Dakota Century Code is amended and reenacted as follows:

24-02-45.1. Cooperative agreements with private entities for the construction of certain items on the state highway system.

Notwithstanding any other provision of law, the director may enter a cooperative agreement with a private entity for the construction of an item on the state highway system which will benefit the private entity and the traveling public, as determined by the director. The private entity's cost share of the items requested to be added to the state highway system must be paid for in advance of the construction by the private entity before the department can construct the project. Funds received by the department pursuant to this section must be deposited in the state highway fund as prescribed by section 24-02-41 and are appropriated to the department. If the department requires engineering or contracting services for a project under this section, it may provide the services or procure the services in accordance with section 24-02-07.3 and 24-02-17.

SECTION 8. EMERGENCY. Section 4 of this Act is declared to be an emergency measure."

Renumber accordingly

February 4, 2019

HB1012

Attachment A

Department of Transportation - Budget No. 801
House Bill No. 1012
Base Level Funding Changes

	Executive Budget Recommendation				House Version				House Changes to Executive Budget Increase (Decrease) - Executive Budget			
	FTE Position	General Fund	Other Funds	Total	FTE Position	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2019-21 Biennium Base Level	1,047.00	\$0	\$1,269,489,868	\$1,269,489,868	1,047.00	\$0	\$1,269,489,868	\$1,269,489,868	0.00	\$0	\$0	\$0
2019-21 Ongoing Funding Changes												
Base payroll changes			(\$1,019,746)	(\$1,019,746)			(\$1,019,746)	(\$1,019,746)				\$0
Salary increase			7,461,235	7,461,235			4,471,225	4,471,225			(2,990,010)	(2,990,010)
Health insurance increase			3,813,057	3,813,057			4,502,239	4,502,239			689,182	689,182
Retirement contribution increase			976,240	976,240				0			(976,240)	(976,240)
Removes 42 FTE positions	(42.00)		(7,979,595)	(7,979,595)				0	42.00		7,979,595	7,979,595
Restores 16 FTE positions for research, development, and other purposes	16.00		3,000,000	3,000,000				0	(16.00)		(3,000,000)	(3,000,000)
Transfers 41 FTE positions for information technology unification	(41.00)		81,212	81,212				0	41.00		(81,212)	(81,212)
Reduces payments to State Fleet Services			(3,550,000)	(3,550,000)				0			3,550,000	3,550,000
Increases capital assets			87,874,093	87,874,093				0			(87,874,093)	(87,874,093)
Adjusts operating expenses			213,190	213,190				0			(213,190)	(213,190)
Increases grants			17,226,607	17,226,607			17,226,607	17,226,607				0
Reclassifies funding for the rail loan program			11,100,000	11,100,000			11,100,000	11,100,000				0
Increases funding for snow and ice control			750,000	750,000			750,000	750,000				0
Adds Microsoft Office 365 licensing			708,498	708,498			708,498	708,498				0
Total ongoing funding changes	(67.00)	\$0	\$120,654,791	\$120,654,791	0.00	\$0	\$37,738,823	\$37,738,823	67.00	\$0	(\$82,915,968)	(\$82,915,968)
One-time funding items												
Driver's license system project			\$22,500,000	\$22,500,000			\$22,500,000	\$22,500,000			\$0	\$0
Traffic data editing and analysis program			1,525,838	1,525,838				0			(1,525,838)	(1,525,838)
Automatic vehicle location			2,650,709	2,650,709				0			(2,650,709)	(2,650,709)
Road construction software			9,100,000	9,100,000				0			(9,100,000)	(9,100,000)
Maintenance management system			3,850,000	3,850,000				0			(3,850,000)	(3,850,000)
Minot and Williston driver's license facility maintenance			1,300,000	1,300,000			1,300,000	1,300,000			0	0
Total one-time funding changes	0.00	\$0	\$40,926,547	\$40,926,547	0.00	\$0	\$23,800,000	\$23,800,000	0.00	\$0	(\$17,126,547)	(\$17,126,547)
Total Changes to Base Level Funding	(67.00)	\$0	\$161,581,338	\$161,581,338	0.00	\$0	\$61,538,823	\$61,538,823	67.00	\$0	(\$100,042,515)	(\$100,042,515)
2019-21 Total Funding	980.00	\$0	\$1,431,071,206	\$1,431,071,206	1,047.00	\$0	\$1,331,028,691	\$1,331,028,691	67.00	\$0	(\$100,042,515)	(\$100,042,515)

Other Sections for Department of Transportation - Budget No. 801

	Executive Budget Recommendation	House Version
Line item transfers	Section 3 would authorize the Department of Transportation to transfer funds between the salaries and wages, operating, capital assets, and grants 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.	Section 3 authorizes the Department of Transportation to transfer funds between the salaries and wages, operating, capital assets, and grants 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 and the Legislative Council.
Exemption - Enhanced state highway investments	Section 4 would provide that \$503,115,558 appropriated in the capital assets line item in House Bill No. 1012 (2015) relating to enhanced state highway investments is exempt from North Dakota Century Code Section 54-44.1-11 and is continued into the 2019-21 biennium.	Section 4 provides that \$503,115,558 appropriated in the capital assets line item in House Bill No. 1012 (2015) relating to enhanced state highway investments is exempt from North Dakota Century Code Section 54-44.1-11 and is continued into the 2019-21 biennium.
Additional income	Section 5 would appropriate any additional federal or other funds available to the Department of Transportation during the 2019-21 biennium.	
Estimated income - Strategic investment and improvements fund	Section 6 would identify \$39,626,547 of other funds appropriated in Section 1 is from the strategic investment and improvements fund for various information technology projects.	
Cooperative agreements with private entities		Section 5 amends Section 24-02-45.1 to require that only the private entity's cost share is to be paid in advance of the construction and declares this section to be an emergency.

1

Feb 4, 2019

HB1012

a. + B

AMENDMENT TO HOUSE BILL NO. 1408

Page 1, line 4 overstrike "Of the special funds appropriated in section 1 of House Bill No. 1012, as approved by the sixty sixth legislative assembly, the department of transportation shall use \$1,300,000, or so much of the sum as may be necessary, to reinstate the operations of department maintenance section sites closed during the 2017-19 biennium which were located in New England, Starkweather, Fessenden, Courtenay, Gackle, Litchville, Finley, and Mayville."

Page 1, replace lines 4 through 9 with:

"The department of transportation shall establish the Mayville section side as a satellite section of the Hillsboro section. Seasonal winter services out the Courtney, Gackle and New England sections will be established if the department has or can hire an employee whose home residence is located within the vicinity of the maintenance section. If the department does not have or is unable to hire suitable employees within these vicinities by November 1 of the calendar year, seasonal winter services will not be required. ^{Nov 3)} Notwithstanding any other provisions of law, the department may discontinue operations of the department maintenance sections sites in Starkweather, Fessenden, Litchville, and Finley and may dispose of any property, including the real property associated with the maintenance section sites."

Renumber accordingly

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February 5, 2019

HB1012

Attachment A

19.0200.01002
Title.

Prepared by the Legislative Council staff for
Representative Brandenburg
January 18, 2019

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1012

Page 2, after line 4, insert:

"SECTION 4. APPROPRIATION - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND. There is appropriated out of any moneys in the strategic investment and improvements fund in the state treasury, not otherwise appropriated, the sum of \$3,000,000, or so much of the sum as may be necessary, to the department of transportation for the purpose of one-time funding for the department of transportation's short line railroad program, for the biennium beginning July 1, 2019, and ending June 30, 2021."

Re-number accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

This amendment provides a \$3 million appropriation from the strategic investment and improvements fund to the Department of Transportation for one-time funding for the department's short line railroad program.

19.0200.01003
Title.

Prepared by the Legislative Council staff for
Representative Brandenburg
January 28, 2019

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1012

Page 1, line 2, replace "and" with a semicolon

Page 1, line 2, after "transfers" insert "; and to amend and reenact section 39-04.2-04 of the North Dakota Century Code, relating to the distribution of the public transportation fund"

Page 2, after line 4, insert:

"SECTION 4. AMENDMENT. Section 39-04.2-04 of the North Dakota Century Code is amended and reenacted as follows:

39-04.2-04. Distribution of funds - Continuing appropriation.

1. Moneys in the public transportation fund must be disbursed under guidelines issued by the director. The funds must be used by transportation providers to establish and maintain public transportation, especially for the elderly and handicapped, and may be used to contract to provide public transportation, as matching funds to procure money from other sources for public transportation and for other expenditures authorized by the director. Moneys in the public transportation fund are appropriated to the department of transportation on a continuing basis for distributions authorized under this section.
2. Each county shall receive a base amount of four tenths of one percent of the appropriation for the program plus one dollar and fifty cents per capita of population in the county, based upon the latest regular or special official federal census. Each year the director shall increase or decrease the one dollar and fifty cents per capita amount in order to distribute all funds appropriated for the biennium an equal share of any funds available for distribution under this section. If there are multiple transportation providers in one county, then the base amount must be divided equally among the providers and the additional per capita amount must be based upon the percentage of elderly and handicapped ridership provided by each transportation provider within the county. Funds not expended by a county during a contract period, or previous contract periods, may be redistributed under guidelines established by the director. In addition, unexpended funds may also be used by the director for transit coordination purposes."

Renumber accordingly

February 5, 2019

HB 1012

Attachment A

19.0200.01005
Title.

Prepared by the Legislative Council staff for
the House Appropriations - Government
Operations Division Committee
February 5, 2019

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1012

Page 1, line 2, replace "and" with a semicolon

Page 1, line 2, after "transfers" insert "; and to provide for the operation of maintenance section sites"

Page 2, after line 4, insert:

"SECTION 4. MAINTENANCE SECTION SITES - OPERATIONAL REQUIREMENTS. The department of transportation shall establish the Mayville section site as a satellite site of the Hillsboro section. Seasonal winter services in the Courtenay, Gackle, New England, and Finley sections must be established if the department has an employee whose home residence is located within the vicinity of the maintenance section site or the department hires an employee whose home residence is located within the vicinity of the maintenance section site. The department shall staff these sections no later than November first of each year through at least March thirty-first of the subsequent year when seasonal winter services are established. The department shall hold public hearings when the department proposes changes to highway maintenance section sites that affect snow and ice control operations."

Renumber accordingly

February 5, 2019

HB 1012

Attachment B

**Department of Transportation - Budget No. 801
House Bill No. 1012
Base Level Funding Changes**

	Executive Budget Recommendation				House Version				House Changes to Executive Budget Increase (Decrease) - Executive Budget			
	FTE Position	General Fund	Other Funds	Total	FTE Position	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2019-21 Biennium Base Level	1,047.00	\$0	\$1,269,489,868	\$1,269,489,868	1,047.00	\$0	\$1,269,489,868	\$1,269,489,868	0.00	\$0	\$0	\$0
2019-21 Ongoing Funding Changes												
Base payroll changes			(\$1,019,746)	(\$1,019,746)			(\$1,019,746)	(\$1,019,746)				\$0
Salary increase			7,461,235	7,461,235			4,471,225	4,471,225			(2,990,010)	(2,990,010)
Health insurance increase			3,813,057	3,813,057			4,502,239	4,502,239			689,182	689,182
Retirement contribution increase			976,240	976,240			0	0			(976,240)	(976,240)
Removes 42 FTE positions	(42.00)		(7,979,595)	(7,979,595)			0	0	42.00		7,979,595	7,979,595
Restores 16 FTE positions for research, development, and other purposes	16.00		3,000,000	3,000,000			0	0	(16.00)		(3,000,000)	(3,000,000)
Transfers 41 FTE positions for information technology unification	(41.00)		81,212	81,212			0	0	41.00		(81,212)	(81,212)
Reduces payments to State Fleet Services			(3,550,000)	(3,550,000)			0	0			3,550,000	3,550,000
Increases capital assets			87,874,093	87,874,093			0	0			(87,874,093)	(87,874,093)
Adjusts operating expenses			213,190	213,190			0	0			(213,190)	(213,190)
Increases grants			17,226,607	17,226,607			17,226,607	17,226,607			0	0
Reclassifies funding for the rail loan program			11,100,000	11,100,000			11,100,000	11,100,000			0	0
Increases funding for snow and ice control			750,000	750,000			750,000	750,000			0	0
Adds Microsoft Office 365 licensing			708,498	708,498			708,498	708,498			0	0
Total ongoing funding changes	(67.00)	\$0	\$120,654,791	\$120,654,791	0.00	\$0	\$37,738,823	\$37,738,823	67.00	\$0	(\$82,915,968)	(\$82,915,968)
One-time funding items												
Driver's license system project			\$22,500,000	\$22,500,000			\$22,500,000	\$22,500,000			\$0	\$0
Traffic data editing and analysis program			1,525,838	1,525,838			0	0			(1,525,838)	(1,525,838)
Automatic vehicle location			2,650,709	2,650,709			0	0			(2,650,709)	(2,650,709)
Road construction software			9,100,000	9,100,000			0	0			(9,100,000)	(9,100,000)
Maintenance management system			3,850,000	3,850,000			0	0			(3,850,000)	(3,850,000)
Minot and Williston driver's license facility maintenance			1,300,000	1,300,000			1,300,000	1,300,000			0	0
Short line railroad program			0	0			2,500,000	2,500,000			2,500,000	2,500,000
Total one-time funding changes	0.00	\$0	\$40,926,547	\$40,926,547	0.00	\$2,500,000	\$23,800,000	\$26,300,000	0.00	\$2,500,000	(\$17,126,547)	(\$14,626,547)
Total Changes to Base Level Funding	(67.00)	\$0	\$161,581,338	\$161,581,338	0.00	\$2,500,000	\$61,538,823	\$64,038,823	67.00	\$2,500,000	(\$100,042,515)	(\$97,542,515)
2019-21 Total Funding	980.00	\$0	\$1,431,071,206	\$1,431,071,206	1,047.00	\$2,500,000	\$1,331,028,691	\$1,333,528,691	67.00	\$2,500,000	(\$100,042,515)	(\$97,542,515)

Other Sections for Department of Transportation - Budget No. 801

	Executive Budget Recommendation	House Version
Line item transfers	Section 3 would authorize the Department of Transportation to transfer funds between the salaries and wages, operating, capital assets, and grants 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.	Section 3 authorizes the Department of Transportation to transfer funds between the salaries and wages, operating, capital assets, and grants 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 and the Legislative Council.
Exemption - Enhanced state highway investments	Section 4 would provide that \$503,115,558 appropriated in the capital assets line item in House Bill No. 1012 (2015) relating to enhanced state highway investments is exempt from North Dakota Century Code Section 54-44.1-11 and is continued into the 2019-21 biennium.	Section 4 provides that \$503,115,558 appropriated in the capital assets line item in House Bill No. 1012 (2015) relating to enhanced state highway investments is exempt from North Dakota Century Code Section 54-44.1-11 and is continued into the 2019-21 biennium.
Appropriation - General Fund - Short line railroad program		Section 5 provides a one-time appropriation of \$2.5 million from the general fund to the Department of Transportation for its short line railroad program during the 2019-21 biennium.
Additional income	Section 5 would appropriate any additional federal or other funds available to the Department of Transportation during the 2019-21 biennium.	

February 5, 2019

HB1012

Attachment B

Other Sections for Department of Transportation - Budget No. 801

Estimated income - Strategic investment and improvements fund

Cooperative agreements with private entities

Executive Budget Recommendation

Section 6 would identify \$39,626,547 of other funds appropriated in Section 1 is from the strategic investment and improvements fund for various information technology projects.

House Version

Section 6 amends Section 24-02-45.1 to require that only the private entity's cost share is to be paid in advance of the construction and declares this section to be an emergency.

2

February 5, 2019

HB 1012

Attachment C

19.0200.01006
Title.

Prepared by the Legislative Council staff for
Representative Brandenburg
February 5, 2019

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1012

Page 1, line 2, replace "and" with a semicolon

Page 1, line 2, after "transfers" insert "; and to provide for a study"

Page 2, after line 4, insert:

**"SECTION 4. DEPARTMENT OF TRANSPORTATION STUDY - PUBLIC
TRANSPORTATION SERVICES - REPORT TO LEGISLATIVE MANAGEMENT.**

During the 2019-20 interim, the department of transportation shall study public transportation services within the state. The study must include the number of users of public transportation services, demographics of the users, other transportation options available to users of public transportation services, and the identification of areas of the state which have no public or private transportation services available."

Renumber accordingly

February 8, 2019

HB1012

Attachment A

**Department of Transportation - Budget No. 801
House Bill No. 1012
Base Level Funding Changes**

	Executive Budget Recommendation				House Version				House Changes to Executive Budget Increase (Decrease) - Executive Budget			
	FTE Position	General Fund	Other Funds	Total	FTE Position	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2019-21 Biennium Base Level	1,047.00	\$0	\$1,269,489,868	\$1,269,489,868	1,047.00	\$0	\$1,269,489,868	\$1,269,489,868	0.00	\$0	\$0	\$0
2019-21 Ongoing Funding Changes												
Base payroll changes			(\$1,019,746)	(\$1,019,746)			(\$1,019,746)	(\$1,019,746)				\$0
Salary increase			7,461,235	7,461,235			4,471,225	4,471,225			(2,990,010)	(2,990,010)
Health insurance increase			3,813,057	3,813,057			4,502,239	4,502,239			689,182	689,182
Retirement contribution increase			976,240	976,240				0			(976,240)	(976,240)
Removes 42 FTE positions	(42.00)		(7,979,595)	(7,979,595)	(42.00)		(7,979,595)	(7,979,595)				0
Restores 16 FTE positions for research, development, and other purposes	16.00		3,000,000	3,000,000				0	(16.00)		(3,000,000)	(3,000,000)
Transfers 41 FTE positions for information technology unification	(41.00)		81,212	81,212				0	41.00		(81,212)	(81,212)
Reduces payments to State Fleet Services			(3,550,000)	(3,550,000)			(3,550,000)	(3,550,000)				0
Increases capital assets			87,874,093	87,874,093			87,874,093	87,874,093				0
Adjusts operating expenses			213,190	213,190				0			(213,190)	(213,190)
Increases grants			17,226,607	17,226,607			17,226,607	17,226,607				0
Reclassifies funding for the rail loan program			11,100,000	11,100,000			11,100,000	11,100,000				0
Increases funding for snow and ice control			750,000	750,000			750,000	750,000				0
Adds Microsoft Office 365 licensing			708,498	708,498			708,498	708,498				0
Total ongoing funding changes	(67.00)	\$0	\$120,654,791	\$120,654,791	(42.00)	\$0	\$114,083,321	\$114,083,321	25.00	\$0	(\$6,571,470)	(\$6,571,470)
One-time funding items												
Driver's license system project			\$22,500,000	\$22,500,000			\$22,500,000	\$22,500,000			\$0	\$0
Traffic data editing and analysis program			1,525,838	1,525,838				0			(1,525,838)	(1,525,838)
Automatic vehicle location			2,650,709	2,650,709				0			(2,650,709)	(2,650,709)
Road construction software			9,100,000	9,100,000				0			(9,100,000)	(9,100,000)
Maintenance management system			3,850,000	3,850,000				0			(3,850,000)	(3,850,000)
Minot and Williston driver's license facility maintenance			1,300,000	1,300,000			1,300,000	1,300,000			0	0
Short line railroad program				0		2,500,000		2,500,000			2,500,000	2,500,000
Total one-time funding changes	0.00	\$0	\$40,926,547	\$40,926,547	0.00	\$2,500,000	\$23,800,000	\$26,300,000	0.00	\$2,500,000	(\$17,126,547)	(\$14,626,547)
Total Changes to Base Level Funding	(67.00)	\$0	\$161,581,338	\$161,581,338	(42.00)	\$2,500,000	\$137,883,321	\$140,383,321	25.00	\$2,500,000	(\$23,698,017)	(\$21,198,017)
2019-21 Total Funding	980.00	\$0	\$1,431,071,206	\$1,431,071,206	1,005.00	\$2,500,000	\$1,407,373,189	\$1,409,873,189	25.00	\$2,500,000	(\$23,698,017)	(\$21,198,017)

Other Sections for Department of Transportation - Budget No. 801

	Executive Budget Recommendation	House Version
Line item transfers	Section 3 would authorize the Department of Transportation to transfer funds between the salaries and wages, operating, capital assets, and grants 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.	Section 3 authorizes the Department of Transportation to transfer funds between the salaries and wages, operating, capital assets, and grants 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 and the Legislative Council.
Exemption - Enhanced state highway investments	Section 4 would provide that \$503,115,558 appropriated in the capital assets line item in House Bill No. 1012 (2015) relating to enhanced state highway investments is exempt from North Dakota Century Code Section 54-44.1-11 and is continued into the 2021-23 biennium.	Section 4 provides that \$503,115,558 appropriated in the capital assets line item in House Bill No. 1012 (2015) relating to enhanced state highway investments is exempt from North Dakota Century Code Section 54-44.1-11 and is continued into the 2019-21 biennium.
Appropriation - General Fund - Short line railroad program		Section 5 provides a one-time appropriation of \$2.5 million from the general fund to the Department of Transportation for its short line railroad program during the 2019-21 biennium.
Additional income	Section 5 would appropriate any additional federal or other funds available to the Department of Transportation during the 2019-21 biennium.	

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Attachment A

Other Sections for Department of Transportation - Budget No. 801

Estimated income - Strategic investment and improvements fund

Cooperative agreements with private entities

Maintenance section sites - Operational requirements

Department of Transportation study - Public transportation services

Report to the Sixty-Seventh Legislative Assembly

Executive Budget Recommendation

Section 6 would identify \$39,626,547 of other funds appropriated in Section 1 is from the strategic investment and improvements fund for various information technology projects.

House Version

Section 6 amends Section 24-02-45.1 to require that only the private entity's cost share is to be paid in advance of the construction and declares this section to be an emergency.

Section 7 directs the department to establish the Mayville section site as a satellite site of the Hillsboro section and sets requirements for seasonal winter services in the Courtenay, Gackle, New England, and Finley sections.

Section 8 provides for a Department of Transportation study of public transportation services within the state. The study must include the number of users of public transportation services, demographics of users, other transportation options available to users of public transportation services, and the identification of areas of the state which have no public or private transportation services available.

Section 9 requires the Department of Transportation to report to the Sixty-Seventh Legislative Assembly regarding the department's state fleet expenditures compared to it's 2019-21 biennium budgeted amounts.

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Attachment B

ND Department of Transportation
SOIB Expenditures from \$503.1 Million Appropriation
February 7, 2019

Project	PCN	Project Description	Total
SOIB0027051	21088	MCKENZIE CO 130TH AVE REALIGN	474,068.83
SOIB4002079150	17121	E JCT 2 - BUS LOOP- TO 1 MI E	311.24
SOIB4002109154	20138	1 MI W OF SURREY TO DIST BNDRY	143,689.87
SOIB4002112140	20789	US 2 MINOT 19TH AVE NW 65TH ST	77,180.44
SOIB4002113186	20848	2 MI W JCT 14 TO 1.5 MI TOWNER	50,313.00
SOIB4005032113	20847	4 MI WEST OF ND 28 S	24,619.97
SOIB4005033126	20849	MOHALL TO W JCT 83 RENVILLE	71,137.96
SOIB4023016078	19206	CO LINE TO US 83	222,567.76
SOIB4023019087	19376	ND 28 TO COUNTY RD 13	1,114,059.43
SOIB4023026096	21340	EAST OF COUNTY RD 13 TO US 83	974,028.55
SOIB4050004099	19796	WEST OF THE JCT OF US 52	905,883.51
SOIB4052070058	19071	NEAR DONNYBROOK	2,859.38
SOIB4052074058	19952	US 52 RP 59 DONNYBROOK	10,654.36
SOIB4053011038	18229	N JCT 41 RUSO E N JCT 52 BALFO	26,653.98
SOIB4083102203	18220	EAST LANE MINOT TO AFB	93,743.22
SOIB4083103203	18221	WEST LANE MINOT TO AFB	120,996.00
SOIB4083104159	18230	NEAR JCT 37 TO .6 MI N MAX	19,221.35
SOIB4083105181	18601	.9 MI S JCT 23 TO .5 MI N JCT	3,207.76
SOIB4083110183	18910	.5 MI S JCT 23 TO NEAR MINOT	48,661.24
SOIB4083113219	18917	VAR INTERSECTIONS ON US 83	66,482.14
SOIB4083124244	20291	US 83 RADIAL T INTERSECTIONS	37,611.30
SOIB4083130920	20749	US2 TO 4 AV 21 AV MINOT BYPASS	13,313,417.39
SOIB4083143921	22161	4TH AVE NW TO JCT US 83	29,997.62
SOIB5022093074	18922	DICKINSON N TO RP91	43,955.21
SOIB5022104073	19617	DICKINSON BYPASS	3,466.29
SOIB5022107126	19806	LOST BRIDGE TO ND 73	55,367.99
SOIB5022110104	20027	KILLDEER BYPASS	3,232,832.52
SOIB5022111091	20124	NEAR RP 91 TO JCT ND 200 KILDR	537,860.71
SOIB5022116920	20780	DICKINSON PERMANENT NW BYPASS	1,353,313.84
SOIB5022126126	22283	LOST BRIDGE	62,358.88
SOIB5049014082	18686	MORTON CO LN N TO BEULAH	3,614,493.43
SOIB5085063041	18931	AMIDON N TO 9.7 MI N AMIDON	31,506.41
SOIB5085064090	18932	GORHAM JCT N TO GRASSY BUTTE	26,847.93
SOIB5085066057	19728	.25 MI S OF CO LN TO BELFIELD	53,508.34
SOIB5085071019	20844	N BOWMAN NORTH TO AMIDON	44,789.54
SOIB5094080051	18266	JCT I94 US 85 9 E OF JCT US 85	335,232.26
SOIB5094087059	18921	W DICKINSON INTR TO RP 71.15EB	221,760.76
SOIB5094088061	18933	I-94 EXIT 61 EB	453,998.44
SOIB5094096042	19731	BELFIELD TO SOUTH HEART	637,686.75
SOIB5094097042	19732	BELFIED TO SOUTH HEART	654,663.73
SOIB5094101000	20365	STATE LINE TO RP 11.7	98,014.08
SOIB5094102024	20366	LITTLE MISSOURI RIVR TO FRYBUR	89,037.95
SOIB5094104011	20368	I-94 RP 11 LITTLE MISSOURI WB	5,023,141.59
SOIB5094105011	20369	RP 11.7 TO LITTLE MISSOURI RVR	4,678,038.41
SOIB5200024075	19733	JCT US 85 E TO JCT ND 22	23,437,742.25
SOIB5200025095	19734	JCT ND 22 KILLDEER TO JCT ND 8	13,716,439.25
SOIB5200029150	21397	RP 150 - 157	6,230.81

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Project	PCN	Project Description	Total
SOIB5200030102	21612	E OF DUNN CENTER TO S JCT ND 8	5,944.19
SOIB5983050050	20038	DICKINSON RR GRADE SEPARATION	1,977,049.06
SOIB7002130019	19938	WILISTN INTERSECT US 2 & 18TH	849,259.74
SOIB7002131054	19940	RAY TO TIOGA - EB	28,371.22
SOIB7002148032	20293	JCT US 85 EAST TO RAY WB	533,566.60
SOIB7002152022	20750	WILLISTON INTR SCTN US2 58TH ST	262.96
SOIB7002154018	20762	US HWY 2 AND 11TH ST PHASE 2	37,675.41
SOIB7002157017	20906	US HWY 2 FROM 32ND TO 11TH ST	13,965,630.80
SOIB7002158072	20989	WHITE EARTH SLIDE REPAIR	447,516.86
SOIB7002162021	21177	WILLISTON INTERSECT US 2 & 42	497,953.79
SOIB7002163019	21178	WILLISTON INTER US 2 9TH AVE W	756,229.59
SOIB7002164054	21437	RAY TO TIOGA	76,052.34
SOIB7002165054	21639	US 2 RAY E TO COUNTY LN - WB	6,148,658.37
SOIB7002171020	22255	US 2 26TH STREET 2ND AVE	14,566.81
SOIB7005021048	19706	W JCT ND40 NOONAN 2 E JCT ND40	170,762.17
SOIB7005023034	20846	JCT ND 42 CROSBY E TO NOONAN	303,868.65
SOIB7005024020	21439	HWY 5 E JCT US 85 E TO CROSBY	45,040.18
SOIB7008019157	17669	.4 MI N STANLEY N TO S JCT ND	48,101.59
SOIB7008026174	19207	ND 50 TO BOWBELLS	803,648.71
SOIB7008033133	22231	1 MILE NORTH OF JCT 23	154,892.09
SOIB7016008121	19492	SQUAW GAP N TO JCT 68	1,586.03
SOIB7022015141	19201	DISTRICT BOUNDARY TO ND 23	188,655.69
SOIB7023030049	17879	NEW TOWN ND 23	148,783.14
SOIB7023037927	19804	NEW TOWN NE TRUCK RELIEVER RT	511,163.97
SOIB7023038900	19839	NEAR JCT US 85 TO JCT ND 73	3,031,300.33
SOIB7023039016	19840	JCT ND 73 TO NEAR JCT ND 22	2,086,050.06
SOIB7023040049	19847	E AVE TO NEW TOWN NE TRK REL	110,500.94
SOIB7023041925	19862	NEW TOWN NW TRUCK RLVR RTE	16,290,223.13
SOIB7023045000	20194	SE WATFORD CITY BYPASS	324,595.19
SOIB7023047004	20397	1 MI E OF JCT1806 E TO JCTND73	1,944,448.63
SOIB7023049000	20987	JUNCTION OF US 85 BUS LOOP	2,980.48
SOIB7023050910	21172	WATFORD US 83B TO ND 23B	5,820,729.83
SOIB7023051027	21339	KEENE CORNER	1,330,047.78
SOIB7023052902	21784	W OF PRAIRIE HILLS RD E .5 MI	717,176.29
SOIB7023054910	21792	INTERSECT OF ND 23A & 12TH SE	4,070,305.37
SOIB7023055003	21857	INT ND 23 & ND 1806 WATFORD	269,867.16
SOIB7023056925	21942	NEWTOWN NW TRR BUILDINGS	3,159,287.52
SOIB7023057046	22159	4BEARS BRDG TO W NEW TOWN NW T	17,431.04
SOIB7040014004	18727	NEAR TIOGA N TO E JCT ND 50	35,297.13
SOIB7040017000	19708	JCT US 2 N TO S OF TIOGA OVRPS	555,482.55
SOIB7042014000	20996	JCT ND 50 N TO E JCT 5 CROSBY	1,348,562.49
SOIB7042015031	21440	HWY 42 W JCT 5 TO STATE LINE	14,698.42
SOIB7052027000	18613	PORTAL S TO RP 0.4	1,405,526.97
SOIB7052029007	20863	W JCT ND 5 LIGNITE E N JCT ND8	3,272,382.69
SOIB7058013000	20416	JCT ND200 FAIRVIW N JCT ND1804	11,277,662.01
SOIB7068011000	21180	ND 68 STATE LINE TO JCT US 85	1,452,566.63
SOIB7073013000	22329	JCT ND 23 TO JCT ND 22	5,375.27
SOIB7085057120	18979	7.5 MI N GRASSY BUTTE N END BR	25,422.74
SOIB7085064160	19326	US 85 ALEXANDER BYPASS	1,182,730.38
SOIB7085070201	19843	JCT US 2 TO JCT ND 50	3,540,355.68
SOIB7085072138	19845	WATFORD CITY BYPASS	1,298,153.31

Project	PCN	Project Description	Total
SOIB7085078146	19971	US 85 4 LANE RDWY WATFORD US2	1,219,849.01
SOIB7085079950	19972	JCT ND 23 TO NEAR JCT ND 23A	4,535,188.79
SOIB7085086163	20156	US85 4LANE N ALEXANDER TO RD16	261,417.86
SOIB7085087171	20157	US 85 COUNTY RD 16 TO JCT US 2	2,094,427.44
SOIB7085088180	20171	3 MI S OF JCT US 2 TO US 2	32,687,196.00
SOIB7085089152	20173	.5 MI W CO RD27 S OF ALEXANDER	1,274,073.59
SOIB7085090183	19377	NW WILLISTON BYPASS	1,597.73
SOIB7085092183	20208	WILLISTON NW PERM TRUCK RELIEV	1,282,125.48
SOIB7085093185	20209	WILLISTON NW PERM TRK REL RTE	3,126,071.68
SOIB7085094183	20395	WILLISTON NW PERM TRUCK RELIEV	2,138,966.30
SOIB7085096192	20461	NW PERM TRK RELIEVER RT PHAS 3	2,005,457.88
SOIB7085101159	20985	JUNCTION OF ND 68	28,623.62
SOIB7085102145	21067	JCT OF US 85 & US 85 BUS LOOP	290,742.60
SOIB7085103952	21071	9TH ST SW	3,692,652.47
SOIB7085105138	21310	S OF JCT ND 23 3 MI S JCT US2	1,051,712.74
SOIB7085106970	21438	S US JCT85 N JCT US85 ALEXANDR	16,492.93
SOIB7085109125	22041	LONG X BRIDGE	795,575.01
SOIB7085110127	22304	N OF LONGX BRDGE TO HORSESHOE	17,212.06
SOIB7200014000	17861	US 200 STATE LINE E YELLOWSTON	222,854.25
SOIB7200015003	20294	BRIDGE REPLACEMENT SEGMENT	12,571.47
SOIB7200016004	20295	YELLOWSTONE BRIDGE TO JCT US85	3,070,146.33
SOIB7804040286	18835	31 EAST OF WILLISTON	37,435.04
SOIB7804047266	20265	16 MI E TIOGA RD TO E BN OVRPS	44,629.26
SOIB7804049247	20325	JCT ND 23 TO TRUCK RELIEVER RO	146,526.64
SOIB7804050248	20326	TRUK RELIEVR RT TO 16 MI E JCT	27,018,194.69
SOIB7804054312	20890	131ST AVE NW TO TEMP NE TRR	18,801,257.77
SOIB7804055304	20891	ND 1804 122 AVE NW TO TEMP NE	70,877.91
SOIB7804058304	21594	ND1804 CO RD42 EPPING W 131 AV	22,281,596.62
SOIB7804060267	21785	CNTY RD 5 TO JCT TIOGA RD	17,493,692.28
SOIB7804061283	21786	JCT TIOGA RD TO RED MIKE AREA	40,294.89
SOIB7804062293	21787	RED MIKE AREA TO CO RD 42	107,023.51
SOIB7806009285	17442	TOBACCO GARDEN BAY TO JCT ND23	41,740.47
SOIB7806013266	20199	JCT ND 23 TO CHARLSON	450.12
SOIB7806015266	21441	JCT ND 23 TO CHARLESTON	32,088.63
SOIB7999011	20947	ND 22 BIA 12 ND 23 BRKS HGT RD	8,144.78
SOIB9085085075	20046	BELFIELD TO WATFORD CITY BYPAS	9,021,542.41
SOIB9999324	20790	ND 22 DICKINSON 4 MI N LOST BR	20,303.74
SOIB9999365	21367	ND 22 & 23 INTER IMP DIST 4	1,818,702.30
SOIB9999372	21593	STATEWIDE WETLAND MONITOR 2016	88,742.08
Total		Funds Spent to-Date	325,446,252.03
		Remaining Funds-	128,415,236.97
		Total Appropriated	453,861,489.00

Total SOIB Project Funding \$503.1 Million-Highway Funds (General)	503,115,558.00
SOIB Project Reduction - 4.05% (OMB)	(20,376,180.00)
SOIB Project Reduction - 2.50% (OMB)	(12,577,889.00)
Transfer to Construction - Appn. 80150 (Federal Match)	(16,300,000.00)
Total SOIB Project Funding \$503.1 Million-Highway Funds (General-Adjusted)	453,861,489.00

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Attachment C

2015-2017 Biennium SA Calculations - Per Agency		FY2016		PROPOSED				FY2017		PROPOSED				EXISTING		PROPOSED	
		53	\$5,182,054	EXISTING		EXISTING		\$4,143,450	EXISTING		EXISTING		EXISTING	PROPOSED			
	# providers per county	County	\$97,775	2016 Legislative Change per Agency	Total 2016 Award per County	Total 2016 Award per Agency	2016 Difference per Agency	\$78,178	2017 Legislative Change per Agency	Total 2017 Award per County	Total 2017 Award per Agency	2017 Difference per Agency	Total 2015-2017 Biennium Awarded Amt	Total Leg Changes 2015-2017 Biennium	Total Biennium Difference Per Agency		
Benson County Transportation	2	Benson	\$48,887	\$97,775	\$46,025	\$67,391	\$30,384	39,089	78,178	31,181	\$48,615	\$29,563	\$116,006	\$175,953	\$59,947		
	2	Wells	\$48,887		\$21,366			39,089		17,434							
Bis-Man Transit	3	Burleigh	\$32,592	\$57,035	\$387,887	\$515,768	(\$458,733)	26,059	45,604	293,801	\$390,111	(\$344,507)	\$905,879	\$102,639	(\$803,240)		
	4	Morton	\$24,444		\$127,881			19,545		96,310							
CANDO	1	Towner	\$97,775	\$97,775	\$48,908	\$48,908	\$48,867	78,178	78,178	41,144	\$41,144	\$37,034	\$90,052	\$175,953	\$85,901		
Cavalier County Sr. Meals	1	Cavalier	\$97,775	\$97,775	\$57,082	\$57,082	\$40,693	78,178	78,178	47,339	\$47,339	\$30,839	\$104,421	\$175,953	\$71,532		
City of Glen Ullin	4	Morton	\$24,444	\$24,444	\$12,351	\$12,351	\$12,092	19,545	19,545	11,919	\$11,919	\$7,626	\$24,270	\$43,988	\$19,718		
City of Jamestown (Taxi)	2	Stutsman	\$48,887	\$48,887	\$25,347	\$25,347	\$23,540	39,089	39,089	19,398	\$19,398	\$19,691	\$44,745	\$87,976	\$43,231		
City of Minot	3	Ward	\$32,592	\$32,592	\$98,588	\$98,588	(\$65,996)	26,059	26,059	53,784	\$53,784	(\$27,725)	\$152,372	\$58,651	(\$93,721)		
Dickey County Senior Citizens	1	Dickey	\$97,775	\$97,775	\$63,146	\$63,146	\$34,629	78,178	78,178	51,934	\$51,934	\$26,244	\$115,080	\$175,953	\$60,873		
Dickinson Public Transit (Stark County Council on Fargo Metro Transit)	1	Stark	\$97,775	\$97,775	\$151,620	\$151,620	(\$53,845)	78,178	78,178	118,986	\$118,986	(\$40,808)	\$270,606	\$175,953	(\$94,653)		
Golden Valley Council on Aging	3	Cass	\$32,592	\$195,549	\$591,631	\$591,631	(\$559,039)	26,059	156,357	457,826	\$457,826	(\$431,767)	\$1,049,457	\$58,651	(\$990,806)		
	1	Billings	\$97,775		\$42,063			78,178		35,956							
Grand Forks Public Transit	1	Golden Valley	\$97,775	\$195,549	\$46,260	\$88,323	\$107,226	78,178	156,357	39,137	\$75,093	\$81,264	\$163,416	\$351,906	\$188,490		
	3	Grand Forks	\$32,592		\$32,592			\$319,728		\$319,728						(\$287,136)	26,059
Handi-Wheels Transportation	3	Cass	\$32,592	\$32,592	\$32,874	\$32,874	(\$282)	26,059	26,059	20,915	\$20,915	\$5,144	\$53,789	\$58,651	\$4,862		
Hazen Busing	2	Mercer	\$48,887	\$48,887	\$39,732	\$39,732	\$9,155	39,089	39,089	33,201	\$33,201	\$5,888	\$72,933	\$87,976	\$15,043		
James River Sr Citizens	1	Sheridan	\$97,775	\$195,549	\$44,581	\$193,072	\$2,477	78,178	156,357	37,864	\$157,127	(\$770)	\$350,199	\$351,906	\$1,707		
	2	Stutsman	\$48,887		\$111,774			39,089		88,600							
	2	Wells	\$48,887		\$36,717			39,089		30,663							
Kenmare Meals & Wheels	3	Ward	\$32,592	\$32,592	\$34,447	\$34,447	(\$1,855)	26,059	26,059	16,704	\$16,704	\$9,355	\$51,151	\$58,651	\$7,500		
Kidder/Emmons Senior Services	1	Kidder	\$97,775	\$97,775	\$49,793	\$49,793	\$47,982	78,178	78,178	41,814	\$41,814	\$36,364	\$91,607	\$175,953	\$84,346		
Nelson County	3	Grand	\$32,592	\$130,366	\$17,458	\$70,484	\$59,882	26,059	104,238	12,259	\$56,523	\$47,715	\$127,007	\$234,604	\$107,597		
	1	Nelson	\$97,775		\$53,026			78,178		44,264							
Nutrition United	2	Bottineau	\$48,887	\$97,775	\$20,512	\$90,653	\$7,122	39,089	78,178	17,871	\$73,761	\$4,417	\$164,414	\$175,953	\$11,539		
	2	Rolette	\$48,887		\$70,141			39,089		55,890							
Pembina County Meals & Transportation	1	Pembina	\$97,775	\$97,775	\$73,083	\$73,083	\$24,692	78,178	78,178	59,465	\$59,465	\$18,713	\$132,548	\$175,953	\$43,405		
Devils Lake Transit / Senior Meals and Services	1	Eddy	\$97,775	\$195,549	\$49,559	\$141,535	\$54,014	78,178	156,357	41,637	\$115,421	\$40,936	\$256,956	\$351,906	\$94,950		
	1	Ramsey	\$97,775		\$91,976			78,178		73,784							
Sitting Bull College	3	Burleigh	\$32,592	\$154,810	\$13,427	\$81,919	\$72,891	26,059	123,782	11,625	\$68,941	\$54,841	\$150,860	\$278,592	\$127,732		
	4	Morton	\$24,444		\$10,661			19,545		9,410							
	1	Sioux	\$97,775		\$57,831			78,178		47,906							
Souris Basin Transportataion	2	Bottineau	\$48,887	\$570,352	\$47,968	\$536,183	\$34,169	39,089	456,040	38,105	\$462,909	(\$6,869)	\$999,092	\$1,026,392	\$27,300		
	1	Burke	\$97,775		\$47,608			78,178		40,158							
	1	McHenry	\$97,775		\$63,642			78,178		52,310							
	1	Mountrail	\$97,775		\$74,300			78,178		60,387							
	1	Pierce	\$97,775		\$58,785			78,178		48,629							
	1	Renville	\$97,775		\$49,956			78,178		41,938							
	3	Ward	\$32,592		\$193,924			26,059		181,382							

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Attachment C

2015-2017 Biennium SA Calculations - Per Agency			FY2016					FY2017					EXISTING	PROPOSED	Total
	# providers per county	County	\$5,182,054	PROPOSED	EXISTING			\$4,143,450	PROPOSED	EXISTING					Biennium Difference Per Agency
			\$97,775	2016 Legislative Change per Agency	Total 2016 Award per County	Total 2016 Award per Agency	2016 Difference per Agency	\$78,178	2017 Legislative Change per Agency	Total 2017 Award per County	Total 2017 Award per Agency	2017 Difference per Agency	Total 2015-2017 Biennium Awarded Amt	Total Leg Changes 2015 2017 Biennium	Total
South Central Adult Services	1	Barnes	\$97,775	\$684,422	\$90,174	\$405,964	\$278,458	78,178	547,248	72,418	\$336,213	\$211,035	\$742,177	\$1,231,670	\$489,493
	1	Emmons	\$97,775		\$55,009			78,178		45,768					
	1	Foster	\$97,775		\$54,041			78,178		45,034					
	1	Griggs	\$97,775		\$49,722			78,178		41,761					
	1	LaMoure	\$97,775		\$57,765			78,178		47,856					
	1	Logan	\$97,775		\$47,711			78,178		40,236					
	1	McIntosh	\$97,775		\$51,542			78,178		43,140					
Southwest Transportation Services	1	Adams	\$97,775	\$391,098	\$49,362	\$194,295	\$196,803	78,178	312,713	41,488	\$163,562	\$149,151	\$357,857	\$703,812	\$345,955
	1	Bowman	\$97,775		\$53,143			78,178		44,353					
	1	Hettinger	\$97,775		\$49,989			78,178		41,963					
	1	Slope	\$97,775		\$41,801			78,178		35,758					
Spirit Lake Nation	2	Benson	\$48,887	\$48,887	\$23,535	\$23,535	\$25,352	39,089	39,089	25,615	\$25,615	\$13,474	\$49,150	\$87,976	\$38,826
Trenton Indian Services Area	3	Williams	\$32,592	\$32,592	\$43,098	\$43,098	(\$10,506)	26,059	26,059	33,907	\$33,907	(\$7,848)	\$77,005	\$58,651	(\$18,354)
Turtle Mountain Transit	2	Rolette	\$48,887	\$48,887	\$33,466	\$33,466	\$15,421	39,089	39,089	26,709	\$26,709	\$12,380	\$60,175	\$87,976	\$27,801
Valley Senior Services (Fargo)	3	Cass - r/u	\$32,592	\$554,056	\$114,662	\$487,743	\$66,313	26,059	443,010	85,531	\$390,000	\$53,010	\$877,743	\$997,066	\$119,323
	3	Grand Forks	\$32,592		\$14,037			26,059		11,971					
	1	Ransom	\$97,775		\$63,932			78,178		52,530					
	1	Richland	\$97,775		\$114,761			78,178		91,052					
	1	Sargent	\$97,775		\$56,315			78,178		46,757					
	1	Steele	\$97,775		\$47,640			78,178		40,183					
	1	Traill	\$97,775		\$76,396			78,178		61,976					
Walsh Co Transportation	1	Walsh	\$97,775	\$97,775	\$90,422	\$90,422	\$7,353	78,178	78,178	72,606	\$72,606	\$5,572	\$163,028	\$175,953	\$12,925
West River Transit	3	Burleigh	\$32,592	\$497,021	\$17,501	\$303,531	\$193,490	26,059	397,406	16,060	\$250,930	\$146,476	\$554,461	\$894,427	\$339,966
	1	Dunn	\$97,775		\$54,944			78,178		45,718					
	1	Grant	\$97,775		\$49,601			78,178		41,669					
	1	McLean	\$97,775		\$80,331			78,178		64,958					
	2	Mercer	\$48,887		\$38,081			39,089		29,849					
	4	Morton	\$24,444		\$16,036			19,545		12,950					
	1	Oliver	\$97,775		\$47,037			78,178		39,726					
Wildrose Senior Transportation	3	Williams	\$32,592	\$32,592	\$22,440	\$22,440	\$10,152	26,059	26,059	19,976	\$19,976	\$6,083	\$42,416	\$58,651	\$16,235
N/W Dakota Public Transit - Williston	1	Divide	\$97,775	\$228,141	\$48,090	\$193,902	\$34,239	78,178	182,416	40,523	\$154,972	\$27,444	\$348,874	\$410,557	\$61,683
	1	McKenzie	\$97,775		\$68,157			78,178		55,732					
	3	Williams	\$32,592		\$77,655			26,059		58,717					
			\$5,182,054	\$5,182,054	\$5,182,054	\$5,182,054	\$0	\$4,143,450	\$4,143,450	\$4,143,450	\$4,143,450	\$0	\$9,325,504	\$9,325,504	\$0

FY2016 - July 1, 2015 - June 30, 2016
 FY2017 - July 1, 2016 - June 30, 2017

February 8, 2019

HB1012

Attachment D

North Dakota Department of Transportation
State Highway Fund
Cash Outlays
(millions)

July 2017 - December 2018

Average Daily Cash Outlay - State Highway Fund - July, 2017 - December, 2018	\$ 2.60
Average Monthly Cash Outlay - State Highway Fund	\$ 56.34

2018 Construction Season Outlays (June - October)

Average Daily Cash Outlay	\$ 3.48
Average Monthly Cash Outlay - State Highway Fund	\$ 75.77
Average Daily Federal Expenditure Advance from State Highway Fund	\$ 2.04
Average Monthly Federal Expenditure Advance from State Highway Fund	\$ 44.54

Note: All federal funds received are on a reimbursement basis; no federal funding is received prior to incurrence of the related expenditures. NDDOT must initially pay these expenditures from state sources and is subsequently reimbursed by the federal government. Therefore, NDDOT must have adequate cash reserves to cover the high level of cash outlays incurred on federal projects during the construction season as well as have adequate cash resources to cover non-federal expenditures.

19.0200.01007
Title.

Prepared by the Legislative Council staff for
the House Appropriations - Government
Operations Division Committee

Fiscal No. 1

February 8, 2019

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1012

Page 1, line 2, replace "and" with "; to amend and reenact section 24-02-45.1 of the North Dakota Century Code, relating to cooperative agreements with private entities for the construction of certain items on the state highway system;"

Page 1, line 2, after "transfers" insert "; to provide for the operation of maintenance section sites; to provide an exemption; to provide for a study; to provide for a report; and to declare an emergency"

Page 1, replace lines 9 through 16 with:

	Base Level	Adjustments or Enhancements	Appropriation
Salaries and wages	\$201,478,341	\$460,582	\$201,938,923
Operating expenses	229,381,646	19,871,688	249,253,334
Capital assets	771,101,851	89,924,093	861,025,944
Grants	67,528,030	28,326,607	95,854,637
Total special funds	\$1,269,489,868	\$138,582,970	\$1,408,072,838
Full-time equivalent positions	1,047.00	(42.00)	1,005.00"

Page 1, line 18, after "biennium" insert "and the 2019-21 one-time funding items included in the appropriation in section 1 of this Act"

Page 1, replace lines 20 through 22 with:

"Pipeline protest law enforcement support	\$709,000	\$0
Electronic payment processing system	306,000	0
Driver's license system project	0	22,500,000
Minot and Williston driver's license facility maintenance	0	1,300,000
Total special funds	\$1,015,000	\$23,800,000

The 2019-21 one-time funding amounts are not a part of the entity's base budget for the 2021-23 biennium. The department of transportation shall report to the appropriations committees of the sixty-seventh legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2019, and ending June 30, 2021."

Page 2, after line 4, insert:

"SECTION 4. EXEMPTION - ENHANCED STATE HIGHWAY INVESTMENT FUNDING. Section 54-44.1-11 does not apply to funding of \$503,115,558 in the capital assets line item relating to enhanced state highway investments in section 1 of chapter 12 of the 2015 Session Laws. Any funds continued into the 2017-19 biennium but not spent by June 30, 2019, must be continued into the biennium beginning July 1, 2019, and ending June 30, 2021, and may be expended only for enhanced state highway investments.

SECTION 5. APPROPRIATION - GENERAL FUND - SHORT LINE RAILROAD PROGRAM. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$2,500,000, or so much of the sum as may be necessary, to the department of transportation for the purpose of enhancing the

department's short line railroad program, for the biennium beginning July 1, 2019, and ending June 30, 2021. The funding provided in this section is considered a one-time funding item.

SECTION 6. APPROPRIATION - GENERAL FUND - ENHANCED STATE HIGHWAY FUNDING. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$13,000,000, or so much of the sum as may be necessary, to the department of transportation for the purpose of enhanced state highway improvements, for the period beginning with the effective date of this Act and ending June 30, 2021. The funding provided in this section is considered a one-time funding item.

SECTION 7. AMENDMENT. Section 24-02-45.1 of the North Dakota Century Code is amended and reenacted as follows:

24-02-45.1. Cooperative agreements with private entities for the construction of certain items on the state highway system.

Notwithstanding any other provision of law, the director may enter a cooperative agreement with a private entity for the construction of an item on the state highway system which will benefit the private entity and the traveling public, as determined by the director. The private entity's cost-share of the items requested to be added to the state highway system must be paid for in advance of the construction by the private entity before the department can construct the project. Funds received by the department pursuant to this section must be deposited in the state highway fund as prescribed by section 24-02-41 and are appropriated to the department. If the department requires engineering or contracting services for a project under this section, it may provide the services or procure the services in accordance with section 24-02-07.3 and 24-02-17.

SECTION 8. MAINTENANCE SECTION SITES - OPERATIONAL REQUIREMENTS. The department of transportation shall establish the Mayville section site as a satellite site of the Hillsboro section. Seasonal winter services in the Courtenay, Gackle, New England, and Finley sections must be established if the department has an employee whose home residence is located within the vicinity of the maintenance section site or the department hires an employee whose home residence is located within the vicinity of the maintenance section site. The department shall staff these sections no later than November first of each year through at least March thirty-first of the subsequent year when seasonal winter services are established. The department shall hold public hearings when the department proposes changes to highway maintenance section sites that affect snow and ice control operations.

SECTION 9. DEPARTMENT OF TRANSPORTATION STUDY - PUBLIC TRANSPORTATION SERVICES - REPORT TO LEGISLATIVE MANAGEMENT. During the 2019-20 interim, the department of transportation shall study public transportation services within the state. The study must include the number of users of public transportation services, demographics of the users, other transportation options available to users of public transportation services, and the identification of areas of the state which have no public or private transportation services available.

SECTION 10. DEPARTMENT OF TRANSPORTATION FLEET SERVICES - REPORT TO SIXTY-SEVENTH LEGISLATIVE ASSEMBLY. The department of transportation shall report to the sixty-seventh legislative assembly regarding the

department's state fleet expenditures compared to its 2019-21 biennium budgeted amounts.

SECTION 11. EMERGENCY. Sections 6 and 7 of this Act are declared to be an emergency measure."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

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

	Base Budget	House Changes	House Version
Salaries and wages	\$201,478,341	\$460,582	\$201,938,923
Operating expenses	229,381,646	19,871,688	249,253,334
Capital assets	771,101,851	89,924,093	861,025,944
Grants	67,528,030	28,326,607	95,854,637
Short line railroad program		2,500,000	2,500,000
Enhanced state highway funding		13,000,000	13,000,000
Total all funds	\$1,269,489,868	\$154,082,970	\$1,423,572,838
Less estimated income	1,269,489,868	138,582,970	1,408,072,838
General fund	\$0	\$15,500,000	\$15,500,000
FTE	1,047.00	(42.00)	1,005.00

Department 801 - Department of Transportation - Detail of House Changes

	Adjusts Funding for Base Payroll Changes ¹	Adds Funding for Salary and Benefit Increases ²	Removes 42 Unspecified FTE Positions ³	Adjusts Base Level Funding ⁴	Adds Funding for Snow and Ice Control ⁵	Adds Funding for Microsoft Office 365 Licensing ⁶
Salaries and wages	(\$1,019,746)	\$9,459,923	(\$7,979,595)			
Operating expenses				(\$3,336,810)		\$708,498
Capital assets				87,874,093	\$750,000	
Grants				28,326,607		
Short line railroad program						
Enhanced state highway funding						
Total all funds	(\$1,019,746)	\$9,459,923	(\$7,979,595)	\$112,863,890	\$750,000	\$708,498
Less estimated income	(1,019,746)	9,459,923	(7,979,595)	112,863,890	750,000	708,498
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	0.00	0.00	(42.00)	0.00	0.00	0.00

	Adds Funding for Driver's License System Project ⁷	Adds Funding for Driver's License Facility Maintenance ⁸	Adds Funding for Short Line Railroad Program ⁹	Adds Enhanced State Highway Funding ¹⁰	Total House Changes
Salaries and wages					\$460,582
Operating expenses	\$22,500,000				19,871,688
Capital assets		\$1,300,000			89,924,093
Grants					28,326,607
Short line railroad program			\$2,500,000		2,500,000
Enhanced state highway funding				\$13,000,000	13,000,000
Total all funds	\$22,500,000	\$1,300,000	\$2,500,000	\$13,000,000	\$154,082,970
Less estimated income	22,500,000	1,300,000	0	0	138,582,970
General fund	\$0	\$0	\$2,500,000	\$13,000,000	\$15,500,000
FTE	0.00	0.00	0.00	0.00	(42.00)

¹ Funding is adjusted for base payroll changes.

² The following funding is added for 2019-21 biennium salary adjustments of 2 percent per year and increases in health insurance premiums from \$1,241 to \$1,427 per month:

	Other Funds
Salary increase	\$4,774,660
Health insurance increase	4,685,263
Total	\$9,459,923

³ Forty-two unspecified FTE positions and related funding is removed.

⁴ Base level funding is adjusted as follows:

	Other Funds
Increases funding for capital assets	\$87,874,093
Increases funding for grants	17,226,607
Reclassifies funding for the rail loan program	11,100,000
Reduces payments to State Fleet Services	(3,550,000)
Adjusts operating expenses	213,190
Total	\$112,863,890

⁵ Funding is added for the purchase of three snow plows.

⁶ Funding is added for Microsoft Office 365 licensing.

⁷ One-time funding from the highway fund is added for the department's driver's license system project.

⁸ One-time funding from the highway fund is added for driver's license facility maintenance at Minot and Williston.

⁹ A section is added to provide one-time funding from the general fund for the Department of Transportation's short line railroad program.

¹⁰ A section is added to provide one-time funding from the general fund for enhanced state highway funding and the section is declared to be an emergency.

This amendment also adds sections to:

- Provide that \$503,115,558 appropriated in the capital assets line item in House Bill No. 1012 (2015) relating to enhanced state highway investments is exempt from provisions of North Dakota Century Code Section 54-44.1-11 and may be continued into the 2019-21 biennium.
- Amend Section 24-02-45.1 to require that in cooperative agreements for highway construction items, only the private entity's cost-share is to be paid in advance of the construction and declares this section an emergency.
- Direct the department to establish the Mayville section site as a satellite site of the Hillsboro section and set requirements for seasonal winter services in the Courtenay, Gackle, New England, and Finley sections.
- Require a Department of Transportation study of public transportation services within the state.
- Require the Department of Transportation to report to the 2021 Legislative Assembly regarding the department's state fleet expenditures compared to its 2019-21 biennium budgeted amounts.

February 14, 2019

HB1012

Attachment B

Department of Transportation - Budget No. 801
House Bill No. 1012
Base Level Funding Changes

	Executive Budget Recommendation				House Version				House Changes to Executive Budget Increase (Decrease) - Executive Budget			
	FTE Position	General Fund	Other Funds	Total	FTE Position	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2019-21 Biennium Base Level	1,047.00	\$0	\$1,269,489,868	\$1,269,489,868	1,047.00	\$0	\$1,269,489,868	\$1,269,489,868	0.00	\$0	\$0	\$0
2019-21 Ongoing Funding Changes												
Base payroll changes			(\$1,019,746)	(\$1,019,746)			(\$1,019,746)	(\$1,019,746)				\$0
Salary increase			7,461,235	7,461,235			4,774,660	4,774,660			(2,686,575)	(2,686,575)
Health insurance increase			3,813,057	3,813,057			4,685,263	4,685,263			872,206	872,206
Retirement contribution increase			976,240	976,240			0	0			(976,240)	(976,240)
Removes 42 FTE positions	(42.00)		(7,979,595)	(7,979,595)	(42.00)		(7,979,595)	(7,979,595)			0	0
Restores 16 FTE positions for research, development, and other purposes	16.00		3,000,000	3,000,000			0	0	(16.00)		(3,000,000)	(3,000,000)
Transfers 41 FTE positions for information technology unification	(41.00)		81,212	81,212			0	0	41.00		(81,212)	(81,212)
Reduces payments to State Fleet Services			(3,550,000)	(3,550,000)			(3,550,000)	(3,550,000)			0	0
Increases capital assets			87,874,093	87,874,093			87,874,093	87,874,093			0	0
Adjusts operating expenses			213,190	213,190			213,190	213,190			0	0
Increases grants			17,226,607	17,226,607			17,226,607	17,226,607			0	0
Reclassifies funding for the rail loan program			11,100,000	11,100,000			11,100,000	11,100,000			0	0
Increases funding for snow and ice control			750,000	750,000			750,000	750,000			0	0
Adds Microsoft Office 365 licensing			708,498	708,498			708,498	708,498			0	0
Total ongoing funding changes	(67.00)	\$0	\$120,654,791	\$120,654,791	(42.00)	\$0	\$114,782,970	\$114,782,970	25.00	\$0	(\$5,871,821)	(\$5,871,821)
One-time funding items												
Driver's license system project			\$22,500,000	\$22,500,000			\$22,500,000	\$22,500,000			\$0	\$0
Traffic data editing and analysis program			1,525,838	1,525,838			0	0			(1,525,838)	(1,525,838)
Automatic vehicle location			2,650,709	2,650,709			0	0			(2,650,709)	(2,650,709)
Road construction software			9,100,000	9,100,000			0	0			(9,100,000)	(9,100,000)
Maintenance management system			3,850,000	3,850,000			0	0			(3,850,000)	(3,850,000)
Minot and Williston driver's license facility maintenance			1,300,000	1,300,000			1,300,000	1,300,000			0	0
Short line railroad program			0	0		2,500,000	0	2,500,000		2,500,000	0	2,500,000
Enhanced state highway funding			0	0		13,000,000	0	13,000,000		13,000,000	0	13,000,000
Total one-time funding changes	0.00	\$0	\$40,926,547	\$40,926,547	0.00	\$15,500,000	\$23,800,000	\$39,300,000	0.00	\$15,500,000	(\$17,126,547)	(\$1,626,547)
Total Changes to Base Level Funding	(67.00)	\$0	\$161,581,338	\$161,581,338	(42.00)	\$15,500,000	\$138,582,970	\$154,082,970	25.00	\$15,500,000	(\$22,998,368)	(\$7,498,368)
2019-21 Total Funding	980.00	\$0	\$1,431,071,206	\$1,431,071,206	1,005.00	\$15,500,000	\$1,408,072,838	\$1,423,572,838	25.00	\$15,500,000	(\$22,998,368)	(\$7,498,368)

Other Sections for Department of Transportation - Budget No. 801

	Executive Budget Recommendation	House Version
Line item transfers	Section 3 would authorize the Department of Transportation to transfer funds between the salaries and wages, operating, capital assets, and grants 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.	Section 3 authorizes the Department of Transportation to transfer funds between the salaries and wages, operating, capital assets, and grants 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 and the Legislative Council.
Exemption - Enhanced state highway investments	Section 4 would provide that \$503,115,558 appropriated in the capital assets line item in House Bill No. 1012 (2015) relating to enhanced state highway investments is exempt from North Dakota Century Code Section 54-44.1-11 and is continued into the 2021-23 biennium.	Section 4 provides that \$503,115,558 appropriated in the capital assets line item in House Bill No. 1012 (2015) relating to enhanced state highway investments is exempt from North Dakota Century Code Section 54-44.1-11 and is continued into the 2019-21 biennium.
Appropriation - General Fund - Short line railroad program		Section 5 provides a one-time appropriation of \$2.5 million from the general fund to the Department of Transportation for its short line railroad program during the 2019-21 biennium.
Appropriation - General Fund - Short line railroad program		Section 6 provides a one-time appropriation of \$13 million from the general fund to the Department of Transportation for enhanced state highway funding during the 2019-21 biennium.

Other Sections for Department of Transportation - Budget No. 801

Executive Budget Recommendation

House Version

Additional income

Section 5 would appropriate any additional federal or other funds available to the Department of Transportation during the 2019-21 biennium.

Estimated income - Strategic investment and improvements fund

Section 6 would identify \$39,626,547 of other funds appropriated in Section 1 is from the strategic investment and improvements fund for various information technology projects.

Cooperative agreements with private entities

Section 7 amends Section 24-02-45.1 to require that only the private entity's cost share is to be paid in advance of the construction.

Maintenance section sites - Operational requirements

Section 8 directs the department to establish the Mayville section site as a satellite site of the Hillsboro section and sets requirements for seasonal winter services in the Courtenay, Gackle, New England, and Finley sections.

Department of Transportation study - Public transportation services

Section 9 provides for a Department of Transportation study of public transportation services within the state. The study must include the number of users of public transportation services, demographics of users, other transportation options available to users of public transportation services, and the identification of areas of the state which have no public or private transportation services available.

Report to the Sixty-Seventh Legislative Assembly

Section 10 requires the Department of Transportation to report to the Sixty-Seventh Legislative Assembly regarding the department's state fleet expenditures compared to its 2019-21 biennium budgeted amounts.

Emergency

Section 11 declares Section 6 and 7 to be an emergency.

Department 801 - Department of Transportation
House Bill No. 1012

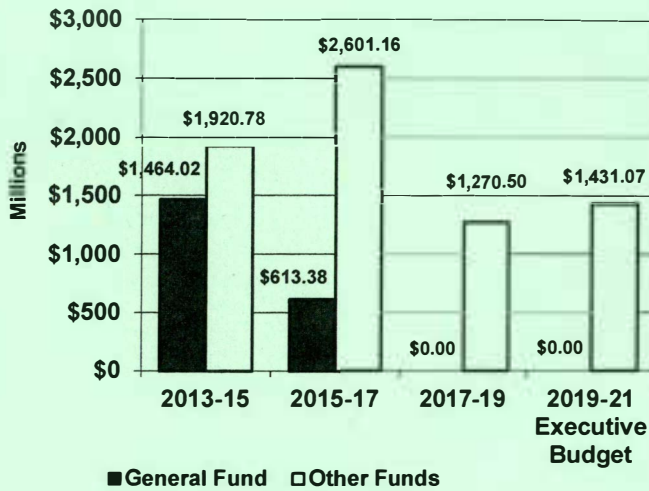
Executive Budget Comparison to Prior Biennium Appropriations

	FTE Positions	General Fund	Other Funds	Total
2019-21 Executive Budget	980.00	\$0	\$1,431,071,206	\$1,431,071,206
2017-19 Legislative Appropriations	1,047.00	0	1,270,504,868	1,270,504,868
Increase (Decrease)	(67.00)	\$0	\$160,566,338	\$160,566,338

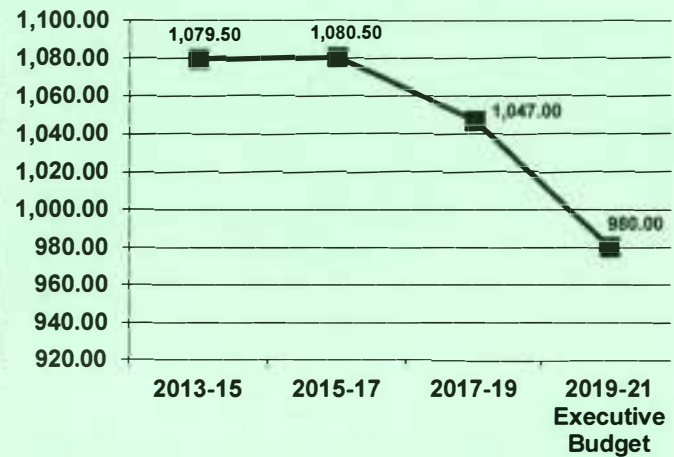
Ongoing and One-Time Other Funds Appropriations

	Ongoing Other Funds Appropriation	One-Time Other Funds Appropriation	Total Other Funds Appropriation
2019-21 Executive Budget	\$1,390,144,659	\$40,926,547	\$1,431,071,206
2017-19 Legislative Appropriations	1,269,489,868	1,015,000	1,270,504,868
Increase (Decrease)	\$120,654,791	\$39,911,547	\$160,566,338

Agency Funding



FTE Positions



Executive Budget Comparison to Base Level

	General Fund	Other Funds	Total
2019-21 Executive Budget	\$0	\$1,431,071,206	\$1,431,071,206
2019-21 Base Level	0	1,269,489,868	1,269,489,868
Increase (Decrease)	\$0	\$161,581,338	\$161,581,338

First House Action

Attached is a comparison worksheet detailing first house changes to base level funding and the executive budget.

**Executive Budget Highlights
(With First House Changes in Bold)**

	General Fund	Other Funds	Total
1. Adds funding for state employee salary and benefit increases, of which \$7,461,235 is for salary increases, \$3,813,057 is for health insurance increases, and \$976,240 is for retirement contribution increases. The House added funding for salary adjustments of 2 percent per year and increases in health insurance premiums from \$1,241 to \$1,427 per month. The House did not add funding for retirement contribution increases.	\$0	\$12,250,532	\$12,250,532
2. Removes 42 FTE positions and related funding	\$0	(\$7,979,595)	(\$7,979,595)
3. Restores 16 FTE positions for research and development, enterprise management, and to transform the department's artificial intelligence and design, drones, robotics, smart license plates, and digital driver's licenses. The House did not restore the 16 FTE positions or funding.	\$0	\$3,000,000	\$3,000,000

4. Transfers 41 FTE information technology positions and related funding to the Information Technology Department (\$8,224,012) and adds funding of \$8,305,224 for payments to the Information Technology Department for the information technology unification initiative. The House did not transfer 41 FTE positions or funding for the information technology unification initiative.	\$0	\$81,212	\$81,212
5. Increases funding for capital assets to provide a total of \$861,025,944	\$0	\$87,874,093	\$87,874,093
6. Reclassifies funding from the highway fund for the rail loan program. The House also added one-time funding of \$2.5 million from the general fund for the department's short line railroad program.	\$0	\$11,100,000	\$11,100,000
7. Adds funding to implement recommendations from the department's snow and ice control study	\$0	\$750,000	\$750,000
8. Adds funding for Microsoft Office 365 licensing	\$0	\$708,498	\$708,498
9. Adds one-time funding from the highway fund for improvements to the Minot and Williston driver's license facilities	\$0	\$1,300,000	\$1,300,000
10. Adds one-time funding from the strategic investment and improvements fund to replace the current driver's license system. The House changed the funding source for replacement of the current driver's license system from the strategic investment and improvements fund to the state highway fund.	\$0	\$22,500,000	\$22,500,000
11. Adds one-time funding from the strategic investment and improvements fund to replace the traffic data editing and analysis program. The House did not provide funding for the traffic data editing and analysis program.	\$0	\$1,525,838	\$1,525,838
12. Adds one-time funding from the strategic investment and improvements fund for automatic vehicle location to improve efficiencies in winter operations. The House did not provide funding for an automatic vehicle location system.	\$0	\$2,650,709	\$2,650,709
13. Adds one-time funding from the strategic investment and improvements fund to update its road construction software. The House did not provide funding for the update of road construction software.	\$0	\$9,100,000	\$9,100,000
14. Adds one-time funding from the strategic investment and improvements fund for a comprehensive maintenance management system. The House did not provide funding for a comprehensive maintenance management system.	\$0	\$3,850,000	\$3,850,000

Other Sections in House Bill No. 1012

Line item transfers - Section 3 authorizes the Department of Transportation to transfer funds between the salaries and wages, operating, 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 and the Legislative Council.

Exemption - Enhanced state highway investments - Section 4 provides that \$503,115,558 appropriated in the capital assets line item of House Bill No. 1012 (2015), relating to enhanced state highway investments, is exempt from North Dakota Century Code Section 54-44.1-11 and may be continued into the 2019-21 biennium.

2019-21 biennium appropriation - Railroad loan program - Section 5 appropriates \$2.5 million from the general fund to the Department of Transportation for the department's short line railroad loan program.

2017-19 biennium appropriation - Exemption - Enhanced state highway investment - Section 6 appropriates \$13 million from the general fund to the Department of Transportation for enhanced state highway funding during the 2017-19 biennium and provides that the enhanced state highway funding is exempt from Section 54-44.1-11 and may be continued into the 2019-21 biennium. This section is declared to be an emergency measure.

Cooperative agreements with private entities - Section 7 amends Section 24-02-45.1 to require that only the private entity's cost share is to be paid in advance of the construction. This section is declared to be an emergency measure.

Maintenance section sites - Section 8 provides for the establishment of a permanent maintenance site in Mayville and seasonal sites in Courtenay, Gackle, New England, and Finley.

Study - Public transportation services - Section 9 provides for a Department of Transportation study of public transportation services within the state. The study must include the number of users of public transportation services, demographics of users, other transportation options available to users of public transportation services, and the identification of areas of the state which have no public or private transportation services available.

Report to the 67th Legislative Assembly - Section 10 requires the Department of Transportation to report to the 67th Legislative Assembly regarding the department's state fleet expenditures compared to its 2019-21 biennium budgeted amounts.

Continuing Appropriations

Public transportation fund - Section 39-04.2-04 - Consists of a 1.5 percent allocation from the state highway tax distribution fund. The funds received by the public transportation fund are allocated to each county. Each county receives .4 percent base amount plus \$1.50 per capita of population in the county, based upon the latest regular or special official federal census.

Significant Audit Findings

There are no significant audit findings for this agency.

Major Related Legislation

House Bill No. 1093 - Creates Section 39-04-14.4 to establish a motorcycle registration expiration date of March 31st every year.

House Bill No. 1238 - Provides an annual road use fee for electric vehicles.

House Bill No. 1291 - Provides the option for a one-time permanent trailer registration and establishes the fee.

House Bill No. 1363 - Requires the Department of Transportation to maintain records identifying the total of all costs related to the use of the department's air transportation services by each of the Governor, Lieutenant Governor, and all other elected officials each quarter.

House Bill No. 1404 - Requires the Department of Transportation designate State Highway 22 from the South Dakota border to the junction of State Highway 22 and State Highway 23 as the Veterans Memorial Highway.

House Bill No. 1418 - Creates Chapter 8-12 and a new section to Chapter 39-01, to provide definitions related to automated vehicle network companies and autonomous vehicle operations.

Senate Bill No. 2061 - Creates a new section to Chapter 39-04, to provide definitions and to establish a road use fee of \$110 for electric and \$50 for hybrid vehicles, charged at the beginning of each annual registration period.

Senate Bill No. 2119 - Amends Section 39-01-15, to remove a fee for special identifying certificates for mobility-impaired applicants.

Senate Bill No. 2120 - Amends Section 39-22-18, to change the required minimum number of motor vehicle sales a dealer made during the previous year from 4 to 12 for renewal of its dealer license.

Senate Bill No. 2156 - Provides an additional fee for motor vehicle registration, to be deposited into a driver's education fund for driver's education.

Senate Bill No. 2176 - Directs the Department of Transportation to establish a road train pilot program and provides for a Legislative Management study of the feasibility and desirability of creating a road train pilot program.

Senate Bill No. 2244 - Increases various driver's license fees, which are deposited into the state highway fund.

Senate Bill No. 2251 - Provides for a refund of the unused portion of vehicle registrations when a vehicle is transferred.

Senate Bill No. 2268 - Creates a corridors of commerce program, authorizes the Industrial Commission to issue \$100 million of debt for the program and provides an appropriation of \$100 million from the corridors of commerce fund to the Department of Transportation for eligible highway projects under the corridors of commerce program for the 2019-21 biennium. It also provides an appropriation of \$4 million from the general fund to the Public Finance Authority for the purpose of debt service repayments associated with bonds issued to support the corridors of commerce fund.

Senate Bill No. 2321 - Authorizes volunteer firefighters to qualify for a special vehicle license plate and provides an additional fee of \$2 on each annual registration of any motor vehicle.

Department of Transportation - Budget No. 801
House Bill No. 1012
Base Level Funding Changes

	Executive Budget Recommendation				House Version			
	FTE Position	General Fund	Other Funds	Total	FTE Position	General Fund	Other Funds	Total
2019-21 Biennium Base Level	1,047.00	\$0	\$1,269,489,868	\$1,269,489,868	1,047.00	\$0	\$1,269,489,868	\$1,269,489,868
2019-21 Ongoing Funding Changes								
Base payroll changes			(\$1,019,746)	(\$1,019,746)			(\$1,019,746)	(\$1,019,746)
Salary increase			7,461,235	7,461,235			4,774,660	4,774,660
Health insurance increase			3,813,057	3,813,057			4,685,263	4,685,263
Retirement contribution increase			976,240	976,240				0
Removes 42 FTE positions	(42.00)		(7,979,595)	(7,979,595)	(42.00)		(7,979,595)	(7,979,595)
Restores 16 FTE positions for research, development, and other purposes	16.00		3,000,000	3,000,000				0
Transfers 41 FTE positions for information technology unification	(41.00)		81,212	81,212				0
Reduces payments to State Fleet Services			(3,550,000)	(3,550,000)			(3,550,000)	(3,550,000)
Increases capital assets			87,874,093	87,874,093			87,874,093	87,874,093
Adjusts operating expenses			213,190	213,190			213,190	213,190
Increases grants			17,226,607	17,226,607			17,226,607	17,226,607
Reclassifies funding for the rail loan program			11,100,000	11,100,000			11,100,000	11,100,000
Increases funding for snow and ice control			750,000	750,000			750,000	750,000
Adds Microsoft Office 365 licensing			708,498	708,498			708,498	708,498
Total ongoing funding changes	(67.00)	\$0	\$120,654,791	\$120,654,791	(42.00)	\$0	\$114,782,970	\$114,782,970
One-time funding items								
Driver's license system project			\$22,500,000	\$22,500,000			\$22,500,000	\$22,500,000
Traffic data editing and analysis program			1,525,838	1,525,838				0
Automatic vehicle location			2,650,709	2,650,709				0
Road construction software			9,100,000	9,100,000				0
Maintenance management system			3,850,000	3,850,000				0
Minot and Williston driver's license facility maintenance			1,300,000	1,300,000			1,300,000	1,300,000
Short line railroad program			0	0		\$2,500,000		2,500,000
Enhanced state highway funding			0	0		13,000,000		13,000,000
Total one-time funding changes	0.00	\$0	\$40,926,547	\$40,926,547	0.00	\$15,500,000	\$23,800,000	\$39,300,000
Total Changes to Base Level Funding	(67.00)	\$0	\$161,581,338	\$161,581,338	(42.00)	\$15,500,000	\$138,582,970	\$154,082,970
2019-21 Total Funding	980.00	\$0	\$1,431,071,206	\$1,431,071,206	1,005.00	\$15,500,000	\$1,408,072,838	\$1,423,572,838

Other Sections for Department of Transportation - Budget No. 801

	Executive Budget Recommendation	House Version
Line item transfers	Section 3 would authorize the Department of Transportation to transfer funds between the salaries and wages, operating, capital assets, and grants 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.	Section 3 authorizes the Department of Transportation to transfer funds between the salaries and wages, operating, capital assets, and grants 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 and the Legislative Council.
Exemption - Enhanced state highway investments	Section 4 would provide that \$503,115,558 appropriated in the capital assets line item in House Bill No. 1012 (2015) relating to enhanced state highway investments is exempt from North Dakota Century Code Section 54-44.1-11 and is continued into the 2021-23 biennium.	Section 4 provides that \$503,115,558 appropriated in the capital assets line item in House Bill No. 1012 (2015) relating to enhanced state highway investments is exempt from North Dakota Century Code Section 54-44.1-11 and is continued into the 2019-21 biennium.
2019-21 Appropriation - General fund - Short line railroad program		Section 5 provides a one-time appropriation of \$2.5 million from the general fund to the Department of Transportation for its short line railroad program during the 2019-21 biennium.

Other Sections for Department of Transportation - Budget No. 801

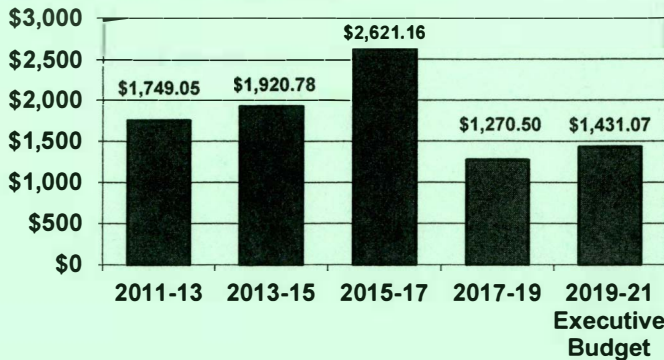
	<u>Executive Budget Recommendation</u>	<u>House Version</u>
2017-19 Appropriation - General fund - Enhanced state highway investment		Section 6 provides a one-time appropriation of \$13 million from the general fund to the Department of Transportation for enhanced state highway funding during the 2017-19 biennium and provides that this appropriation is exempt from Section 54-44.1-11 and is continued into the 2019-21 biennium.
Additional income	Section 5 would appropriate any additional federal or other funds available to the Department of Transportation during the 2019-21 biennium.	
Estimated income - Strategic investment and improvements fund	Section 6 would identify \$39,626,547 of other funds appropriated in Section 1 is from the strategic investment and improvements fund for various information technology projects.	
Cooperative agreements with private entities		Section 7 amends Section 24-02-45.1 to require that only the private entity's cost-share is to be paid in advance of the construction.
Maintenance section sites - Operational requirements		Section 8 directs the department to establish the Mayville section site as a satellite site of the Hillsboro section and sets requirements for seasonal winter services in the Courtenay, Gackle, New England, and Finley sections.
Department of Transportation study - Public transportation services		Section 9 provides for a Department of Transportation study of public transportation services within the state. The study must include the number of users of public transportation services, demographics of users, other transportation options available to users of public transportation services, and the identification of areas of the state which have no public or private transportation services available.
Report to the 67th Legislative Assembly		Section 10 requires the Department of Transportation to report to the 67th Legislative Assembly regarding the department's state fleet expenditures compared to its 2019-21 biennium budgeted amounts.
Emergency		Section 11 declares Sections 6 and 7 to be an emergency measure.

Department 801 - Department of Transportation

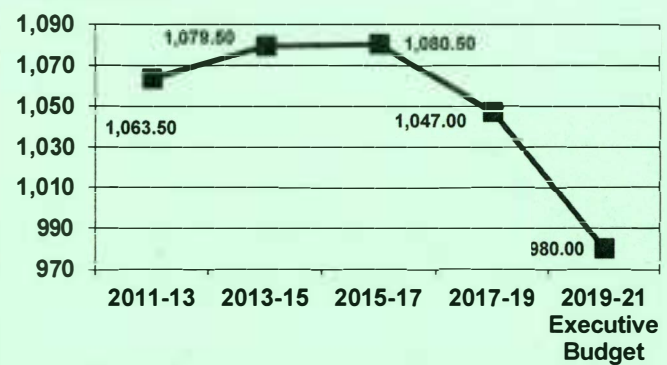
Historical Appropriations Information

Total Other Funds Appropriations Since 2011-13

Agency Funding (in Millions)



FTE Positions



Total Other Funds Appropriations					
	2011-13	2013-15	2015-17	2017-19	2019-21 Executive Budget
Total other funds appropriations	\$1,749,054,459	\$1,920,779,434	\$2,621,156,019	\$1,270,504,868	\$1,431,071,206
Increase (decrease) from previous biennium	N/A	\$171,724,975	\$700,376,585	(\$1,350,651,151)	\$160,566,338
Percentage increase (decrease) from previous biennium	N/A	9.8%	36.5%	(51.5%)	12.6%
Cumulative percentage increase (decrease) from 2011-13 biennium	N/A	9.8%	49.9%	(27.4%)	(18.2%)

Major Increases (Decreases) in Other Funds Appropriations

2013-15 Biennium - Ongoing

- Added funding for 16 FTE positions \$2,357,876

2013-15 Biennium - Special Road Funding

- Added funding from a general fund transfer to the highway fund for enhanced state highway investments (Senate Bill No. 2012 (2013)) \$541,600,000
- Added funding from the general fund for enhanced state highway investments (Senate Bill No. 2176 (2013)) \$620,000,000
- Added funding from the general fund for distributions to oil-producing counties (House Bill No. 1358 (2013)) \$160,000,000
- Added funding from the general fund for distributions to non-oil-producing counties (House Bill No. 1358 (2013)) \$120,000,000

2015-17 Biennium - Ongoing

- Added funding for 1 FTE environmental scientist III position \$195,143
- Increased funding for operating expenses \$8,748,743

2015-17 Biennium - Special Road Funding

- Added funding from a general fund transfer to the highway fund for enhanced state highway investments (House Bill No. 1012 (2015)) \$503,115,558
- Added funding from the general fund for distributions to non-oil-producing counties (House Bill No. 1176 (2015)) \$112,000,000
- Added funding from the general fund transfer to the highway fund for enhanced state highway investments (Senate Bill No. 2015 (2015)) \$18,000,000
- Added funding from a contingent general fund transfer to the highway fund for enhanced state highway investments (Senate Bill No. 2015 (2015)) \$20,000,000
- Added funding from a strategic investment and improvements fund transfer to the highway fund for enhanced state highway investments as part of the "surge" bill (Senate Bill No. 2103 (2015)) \$450,000,000

6. Added funding from the strategic investment and improvements fund for distributions to non-oil-producing counties as part of the "surge" bill (Senate Bill No. 2103 (2015))	\$112,000,000
7. Added funding from the strategic investment and improvements fund for distributions to oil-producing counties as part of the "surge" bill (Senate Bill No. 2103 (2015))	\$240,000,000
2017-19 Biennium - Ongoing	
1. Removed 26.5 vacant FTE positions	(\$5,363,021)
2. Removed 5 FTE positions (\$658,219) and related operating expenses (\$628,400) through consolidation of 8 highway maintenance sections	(\$1,286,619)
3. Removed 2 FTE administrator positions and transferred \$396,261 from the salaries and wages line item to the capital assets line item	\$0
4. Adjusted funding for operating expenses, capital assets, and grants.	\$14,067,380
5. Added funding for capital assets	\$588,122
6. Reduced funding for operating expenses	(\$5,013,726)
7. Reduced funding for driver's license field sites	(\$160,293)
2019-21 Biennium - Ongoing - (Executive Budget Recommendation)	
1. Removes 42 FTE positions and related funding	(\$7,979,595)
2. Restores 16 FTE positions for research and development, enterprise management, and to transform the department's artificial intelligence and design, drones, robotics, smart license plates, and digital driver's licenses. The House did not restore the 16 FTE positions or funding.	\$3,000,000
3. Transfers 41 FTE information technology positions and related funding to the Information Technology Department (\$8,224,012) and adds funding of \$8,305,224 for payments to the Information Technology Department for the information technology unification initiative. The House did not transfer 41 FTE positions or funding for the information technology unification initiative.	\$81,212
4. Increases funding for capital assets to provide a total of \$861,025,944	\$87,874,093
5. Reclassifies funding for the rail loan program from the highway fund. The House also added one-time funding of \$2.5 million from the general fund for the department's short line railroad program.	\$11,100,000
6. Adds funding to implement recommendations from the department's snow and ice control study	\$750,000
7. Adds funding for Microsoft Office 365 licensing	\$708,498

**GOVERNOR'S RECOMMENDATION FOR THE
DEPARTMENT OF TRANSPORTATION AS SUBMITTED
BY THE OFFICE OF MANAGEMENT AND BUDGET**

SECTION 1. APPROPRIATION. The funds provided in this section, or so much of the funds as may be necessary, are appropriated from special funds derived from federal funds and other income, to the department of transportation for the purpose of defraying the expenses of the department of transportation, for the biennium beginning July 1, 2019, and ending June 30, 2021, as follows:

	Base level	Adjustments or Enhancements	Appropriation
Salaries and wages	\$201,765,341	(\$2,259,821)	\$199,505,520
Operating expenses	229,094,646	45,590,459	274,685,105
Capital assets	771,101,851	89,924,093	861,025,944
Grants	<u>67,528,030</u>	28,326,607	<u>95,854,637</u>
Total special funds	\$1,269,489,868	\$161,581,338	\$1,431,071,206
Full-time equivalent positions	1,047.00	(67.00)	980.00

SECTION 2. ONE-TIME FUNDING. The following amounts reflect the one-time funding items approved by the sixty-fourth legislative assembly for the 2017-19 biennium and the 2019-21 one-time funding items included in the appropriation in section 1 of this Act:

One-Time Funding Description	2015-17	2017-19
Adj General loan proceeds	\$709,000	\$0
Electronic payment system	306,000	0
Drivers license project	0	22,500,000
TDEA replacement	0	1,525,838
AVL project	0	2,650,709
RIMS project	0	9,100,000
MMS project	0	3,850,000
Drivers license facility maintenance	<u>0</u>	<u>1,300,000</u>
Total special funds	\$1,015,000	\$40,926,547

The 2019-21 one-time funding amounts are not a part of the entity's base budget for the 2019-21 biennium. The highway patrol shall report to the appropriations committees of the sixty-seventh legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2019, and ending June 30, 2021.

SECTION 3. LINE ITEM TRANSFERS. The director of the department of transportation may transfer between the salaries and wages, operating, capital assets, and grants line items in section 1 of this Act when it is cost-effective for construction and maintenance of highways. The department of transportation shall notify the office of management and budget of any transfers made pursuant to this section.

SECTION 4. EXEMPTION - ENHANCED STATE HIGHWAY INVESTMENTS.

Section 54-44.1-11 does not apply to funding of \$503,115,558 in the capital assets line item relating to enhanced state highway investments in section 1 of chapter 12 of the 2015 Session Laws. Any funds not spent by June 30, 2021, must be continued into the biennium beginning July 1, 2021, and ending June 30, 2023, and may be expended only for enhanced state highway investments.

SECTION 5. APPROPRIATION – DEPARTMENT OF TRANSPORTATION. In addition to the amounts appropriated to the department of transportation in section 1 of this Act, there is appropriated any additional income from federal or other funds which may become available to the agency for the biennium beginning July 1, 2019, and ending June 30, 2021.

SECTION 6. ESTIMATED INCOME – STRATEGIC INVESTMENT AND IMPROVEMENTS FUND.

The estimated income line item in section 1 of this Act includes the sum of \$39,626,547 from the strategic investment and improvements fund for various information technology projects.

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HB 1012

Budget Testimony

March 6, 2019

Senate Appropriations Committee

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NDDOT's Mission and Vision

Mission - **Safely move people and goods.**

Vision - **North Dakota's Transportation Leader Promoting:**

- **Safe Ways**
- **Superior Service**
- **Economic Growth**



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NDDOT Strategic Initiatives

As the NDDOT implements its mission to safely move people and goods, we are also working on five main strategic initiatives :

- Safety
- Innovation
- Mobility
- Assets
- Leadership

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Strategic Initiative - *Safety*

Safety is the number one priority for everything we do at NDDOT. We strive to provide a safe and secure transportation system and workplace.

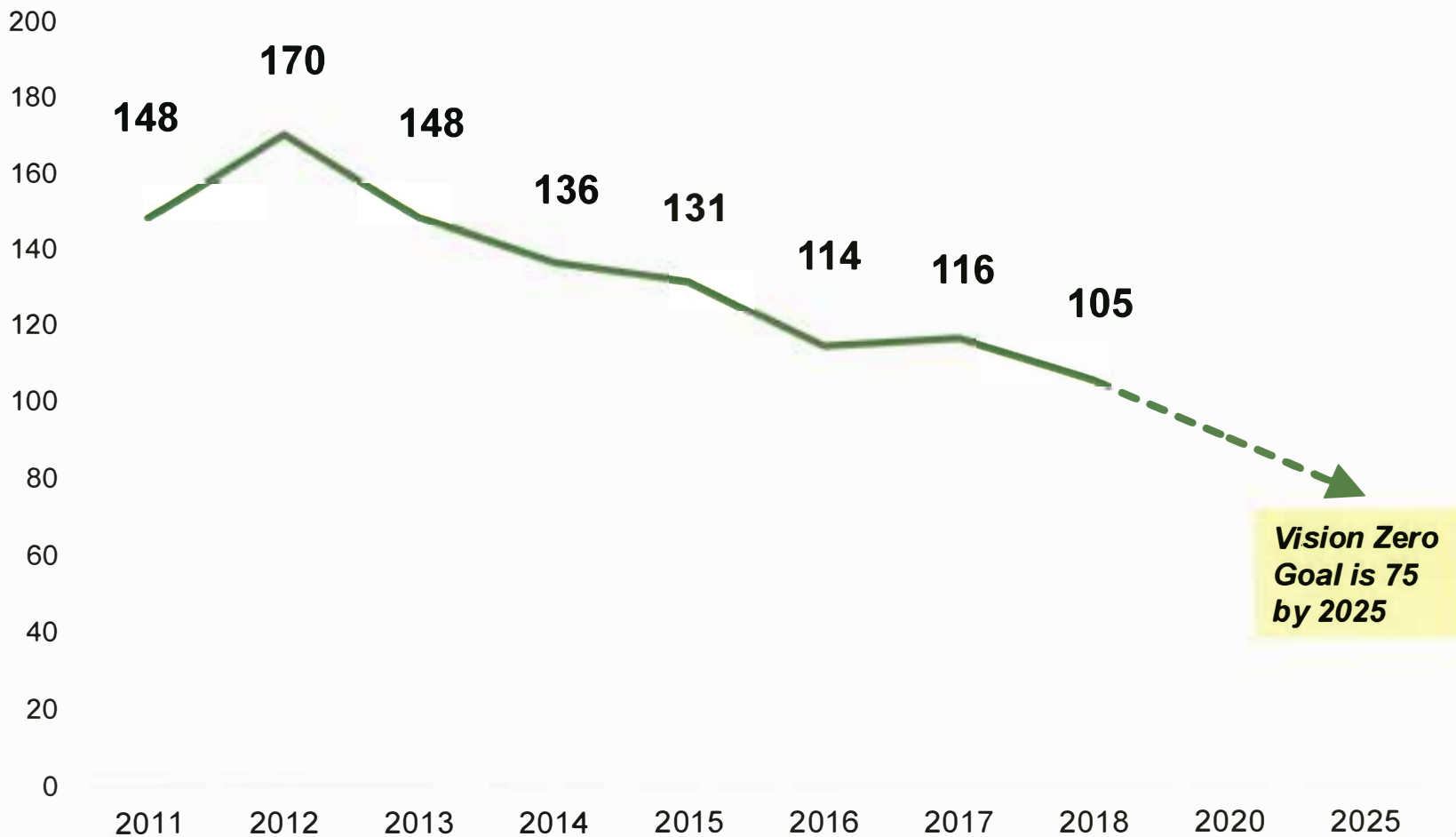
VISION ZERO 

Zero fatalities. Zero excuses.

- NDDOT and our partners launched Vision Zero in 2018 as the state's primary traffic safety initiative.
- The comprehensive, multi-agency effort's goal is to continually work toward zero motor vehicle fatalities and serious injuries on North Dakota roads.
- This initiative emphasizes personal responsibility and encourages motorists to buckle up and obey the law to help attain the goal of zero fatalities on our state roadways.

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Traffic Fatalities



**Vision Zero
Goal is 75
by 2025**

Eleven lives were saved in 2018 as crash numbers decreased. More lives can be saved in the future - our goal is to be at 75 traffic fatalities by the year 2025.

VISION ZERO
Zero fatalities. Zero excuses.

HB1012
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Vision Zero Community

Park River, North Dakota, became our first Vision Zero community.



VISION ZERO
Zero fatalities. Zero excuses.

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#1
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Strategic Initiative - *Innovation*

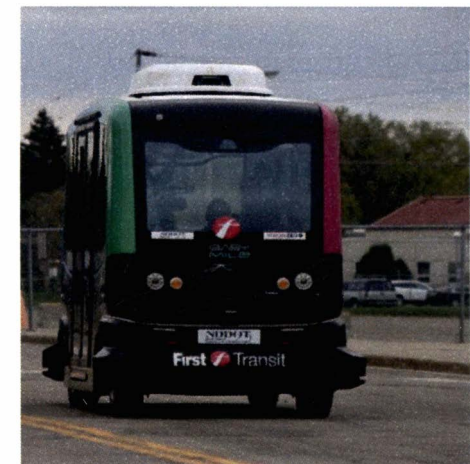
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Innovation is a top initiative at NDDOT as we work on meeting today's challenges with new ideas using innovation and technology.



Unmanned Aircraft System (UAS) Integration Pilot Program - U.S. DOT selected NDDOT as one of 10 participants in the Unmanned Aircraft Systems (UAS) Integration Pilot Program, an initiative aimed at shaping the future of drones in America. The NDDOT along with its partners successfully completed its first public mission of North Dakota's UAS Integration Pilot Program over a Fargo tailgating event in September 2018. This is the first phase of North Dakota's UAS program designed to help FAA create new regulations that will enable the safe, and secure integration of UAS (drones) into national airspace systems.

Autonomous Vehicle – The NDDOT brought a self-driving bus to Bismarck to demonstrate the future of transportation technology. We are also researching areas to develop autonomous vehicle test sites in the state.



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Strategic Initiative - *Innovation*

Traffic Counting - NDDOT is testing an innovative new way to utilize fiber optic technology in a traffic counting system. This system uses fiber optic cable, acoustic sensing to monitor traffic flow in real time, and provides continuous traffic volume information to help NDDOT plan, design, and manage North Dakota's roadways.



- NDDOT is the only DOT in the nation utilizing a fiber optic system for this type of traffic monitoring.
- In cooperation with the company's research and development team, NDDOT is working to allow this technology to provide vehicle classification information, which has never been attempted anywhere in the world.

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Strategic Initiative - *Mobility*

NDDOT works to improve access to our transportation system through multi-modal solutions to enhance the movement of people and goods, having a positive impact on the quality of life and the economic well-being of North Dakotans.

ND MOVES – NDDOT implemented the Statewide Active and Public Transportation Plan, or **ND Moves**, which helps review and identify existing and emerging needs and recommends strategies for the future of biking, walking and transit across the state.



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Strategic Initiative - *Assets*

All NDDOT assets are managed through the use of state-of-the-art technology and risk based practices to assure the right investments are made, and our systems are preserved and enhanced for future generations.

North Dakota's transportation system is a tremendous asset. Built by our parents and grandparents who believed investing in transportation was important for them and future generations, today it has a replacement value of \$14.2 billion.

North Dakota ranks 1st in the nation in highway performance and cost-effectiveness in the National 2018 Highway Report by Reason Foundation.

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Highway Statistics

From 2005-2017 state highway miles and traffic numbers have increased:

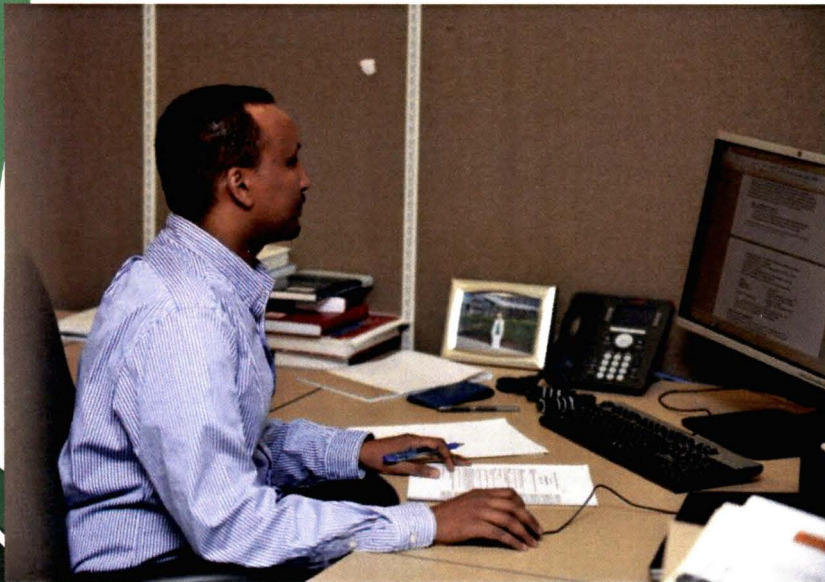
- Approximately 208 roadway miles have been added to the state highway system.
- Truck traffic has increased 66%.
- All vehicle traffic numbers have climbed 30%.

ND Road Mileage Total = 106,978 miles

ND Roadway Bridge Total = 4,831 bridges

Strategic Initiative - *Leadership*

We strive to position the NDDOT as a local, state, and nationally trusted leader. We value service, excellence and diversity, instilling a culture of leadership, which expands the problem-solving capacity of our organization.



NDDOT team members are leaders in many areas and work hard to provide services across the state including:

- Motor Vehicle
- Driver's License
- Snow and Ice Control
- Highway Maintenance

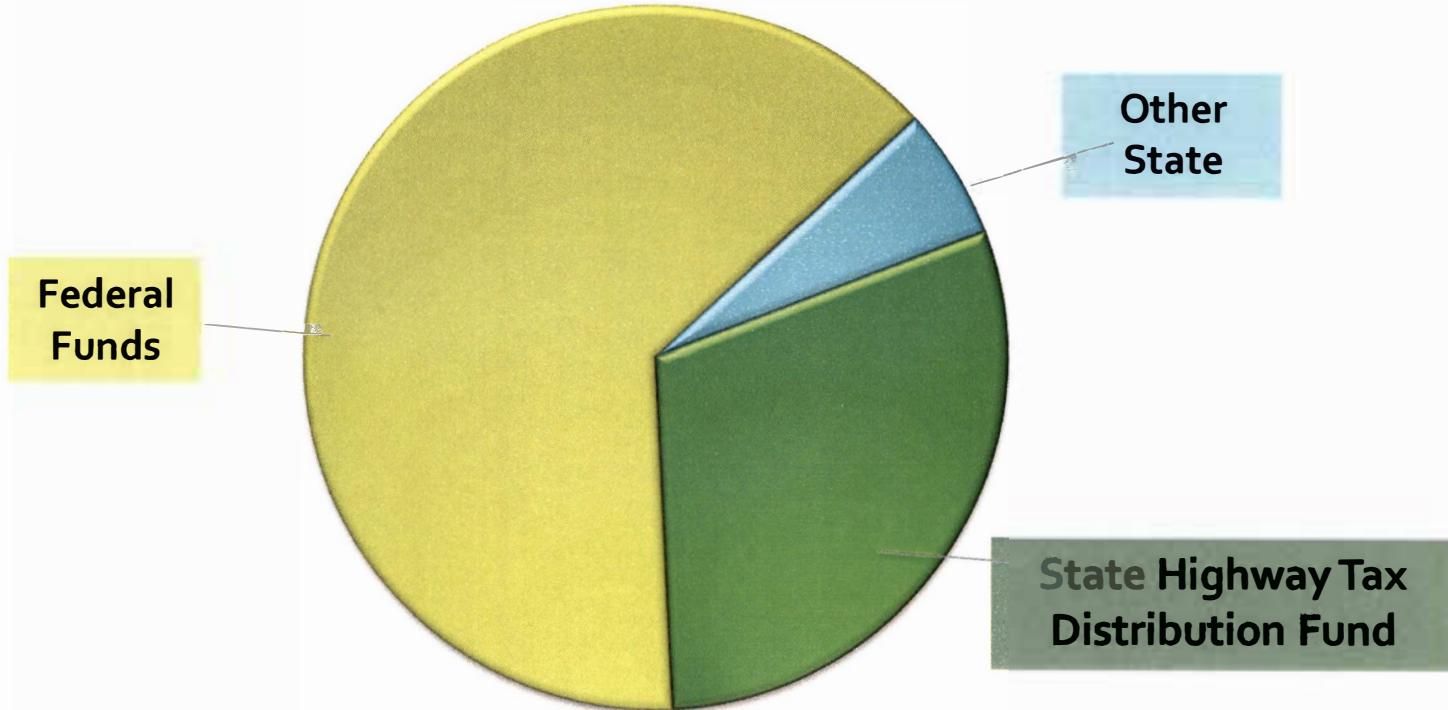
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NDDOT Transportation Revenue

The primary sources of revenue provided to NDDOT are Federal Funds, State Funds from the Highway Tax Distribution Fund and Other state sources primarily Drivers License Fees and oversize/overweight permits.



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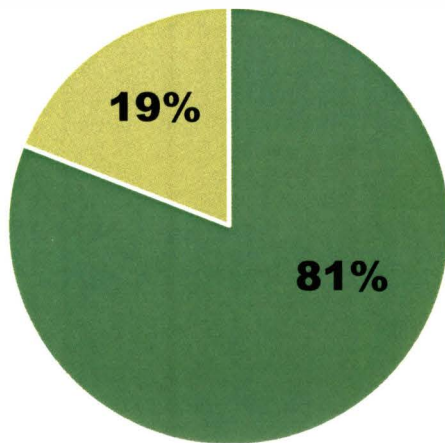
P13

ND Construction Funding vs National Average

The new construction program appropriated in the 2017-2019 NDDOT appropriation is based almost completely on federal funds plus state matching funds.

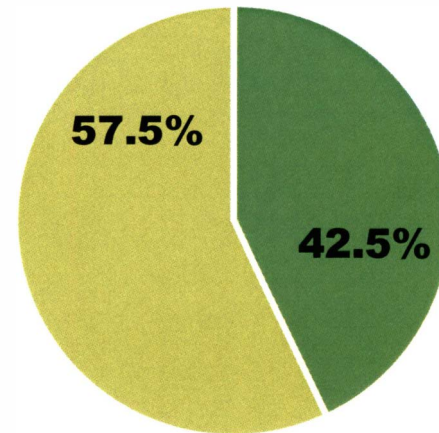
- National DOT average – Approximately 42.5% federally funded construction program
- NDDOT average – Approximately 81% federally funded construction program

North Dakota



■ Federal ■ Other

National Average

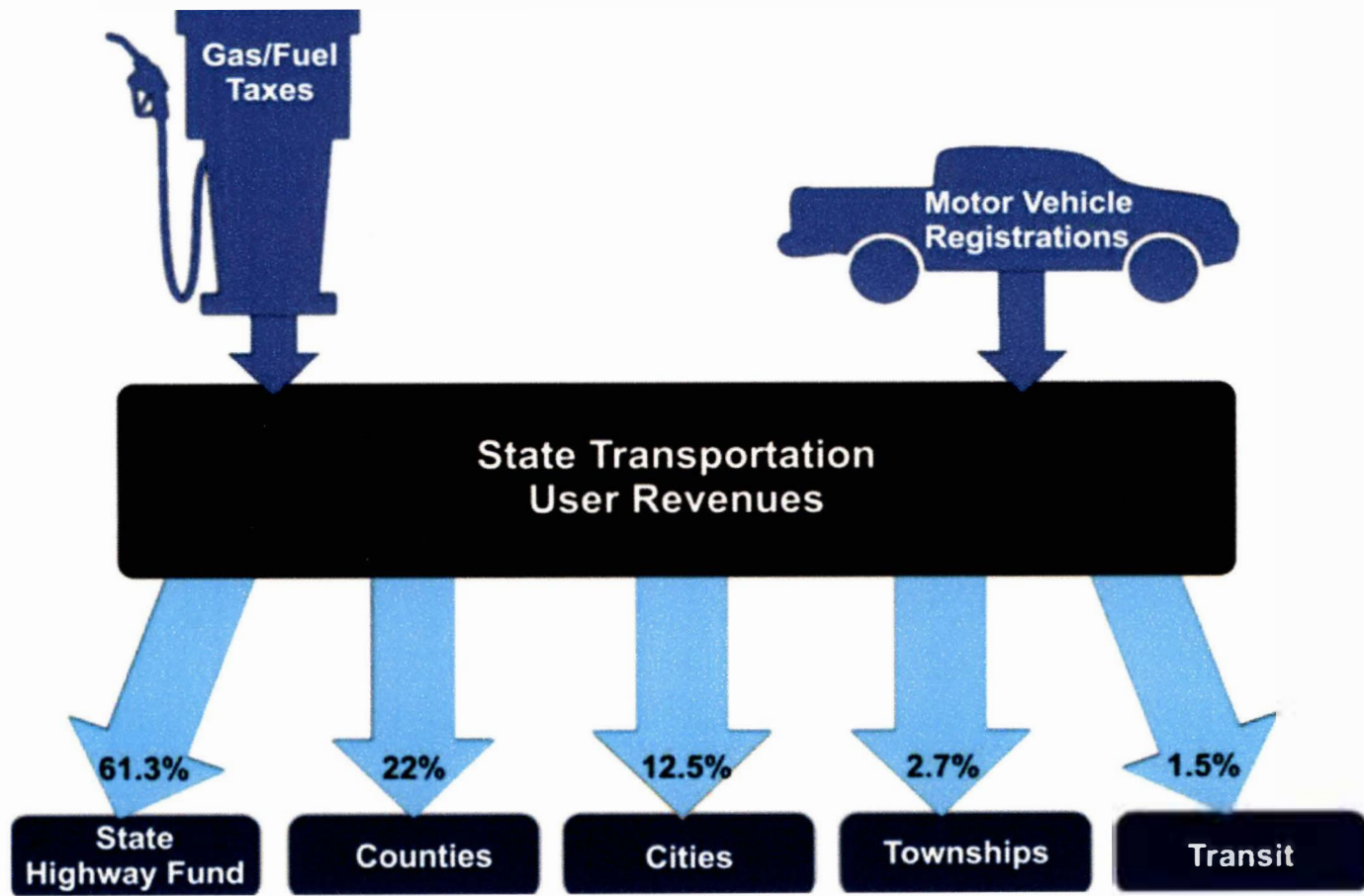


■ Federal ■ Other

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State Funded Sources of Transportation Revenue

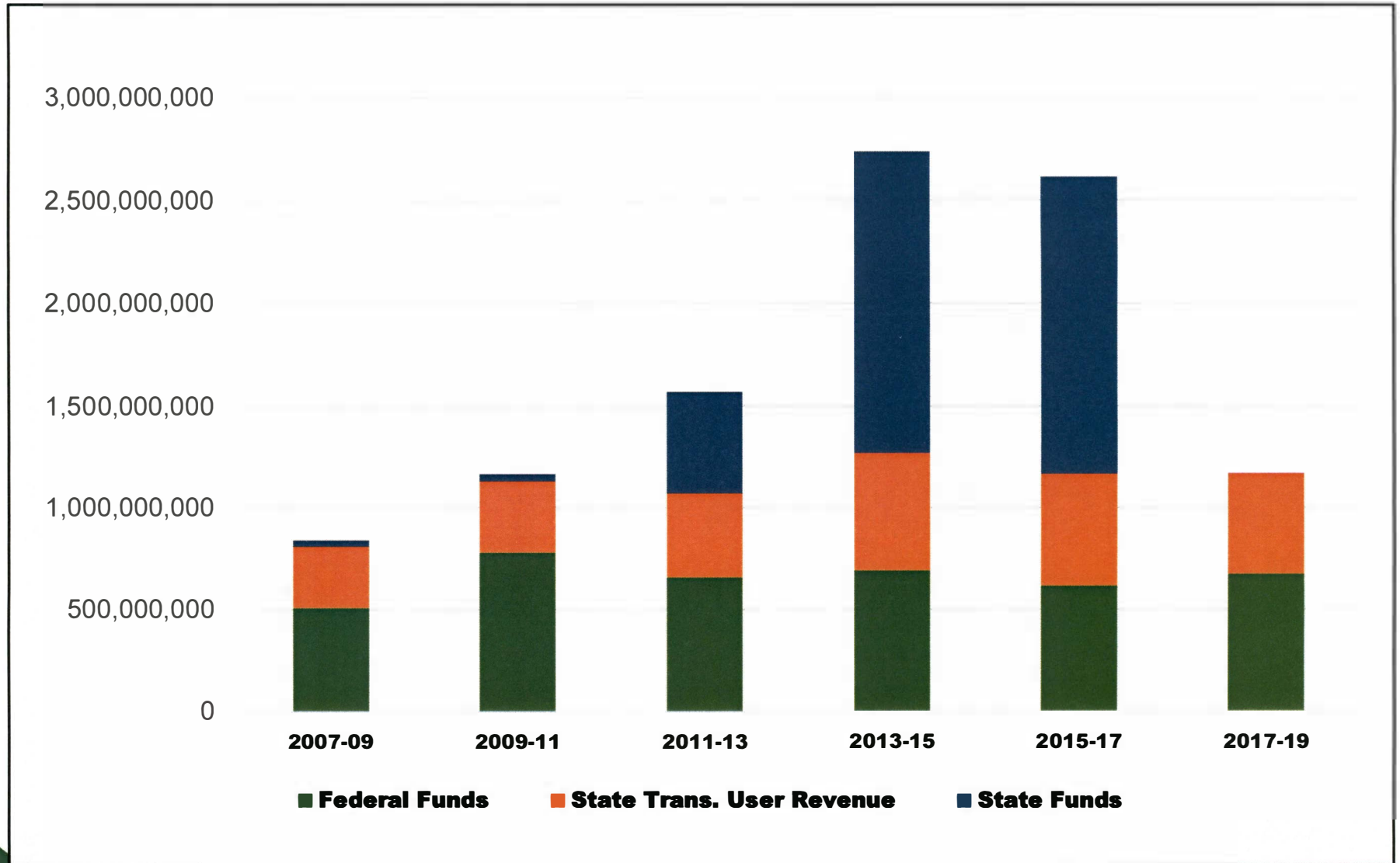


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NDDOT Funding Appropriated Per Biennium



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Engineering and Operations

Ron Henke

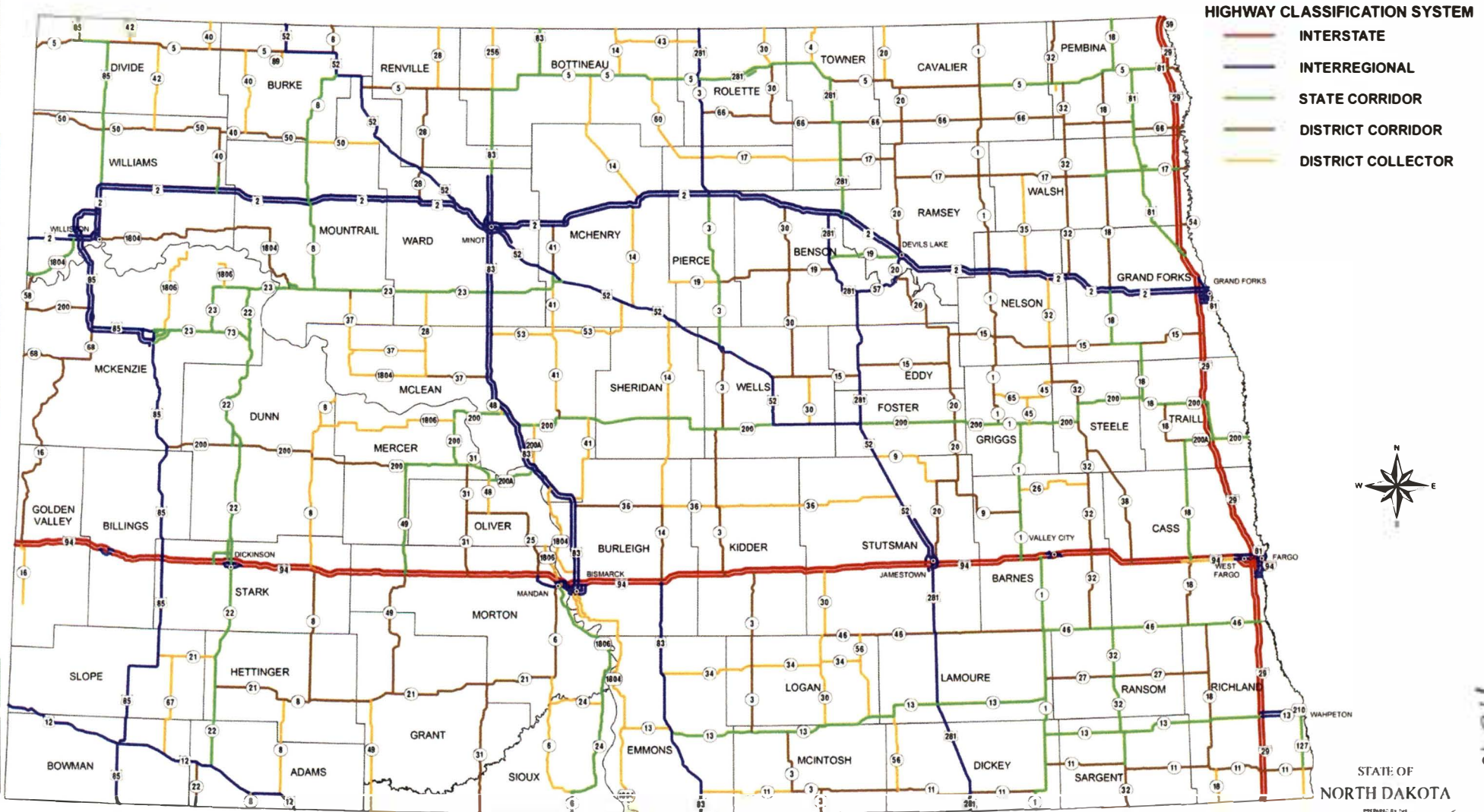
Deputy Director for Engineering

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State Highway Performance Classification System

Need to place emphasis on higher level/more traffic corridors per Highway Performance Classification System. The system was approved by Legislature in 2003.



STATE OF NORTH DAKOTA

NDDOT Construction Program

Construction Program – The NDDOT completed approximately \$700 million of work on North Dakota's transportation infrastructure during the 2017 and 2018 construction seasons.



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2017-2018 Major Highway Projects

2017-2018 Construction Seasons

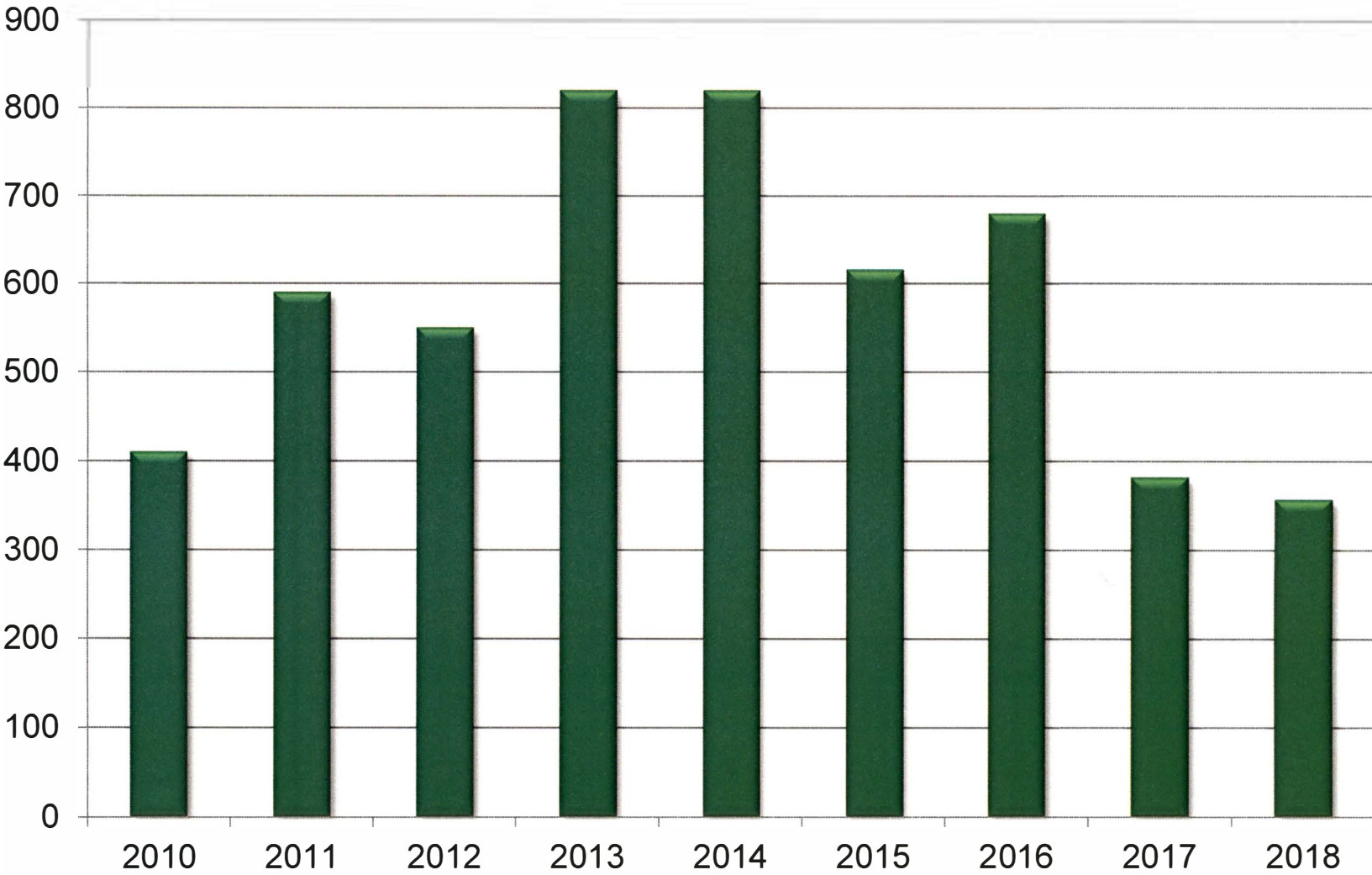
- Reconstruction of Exit 346 (Sheyenne St) interchange and Sheyenne St from 32nd Ave to 19th Ave in West Fargo
- Construction of the New Town NW Truck Reliever Route
- Reconstruction and widening of ND Highway 1804 from County Road 5 to County Road 21
- Reconstruction of I-29 southbound from north of Galchutt to Christine
- Paving and bridge work on I-94 eastbound from west of Crystal Springs to east of Cleveland
- Paving and widening on ND Highway 3 from the junction of ND Highway 19 to Rugby
- Pembina Border Crossing improvements on I-29 northbound.

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NDDOT Construction Program

(\$\$ Millions)



Awarded Construction Contracts

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2019-21 Biennium Statewide Transportation Improvement Program

2019 Construction Season:

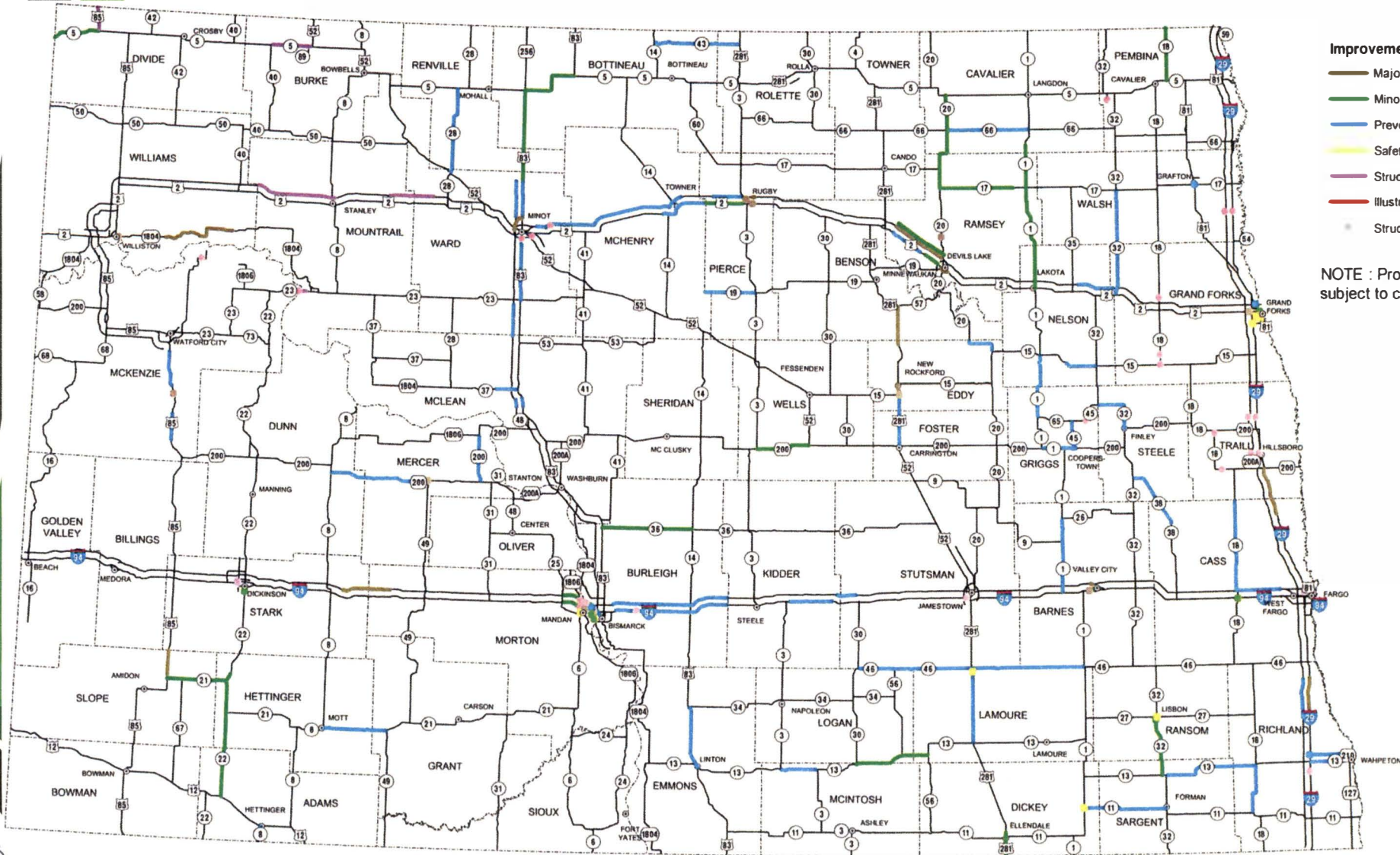
- Reconstruction of I-29 and I-94; I-94 EB from west of Eckelson to the Oakes exit, I-94 WB from east of Richardton to east of Hebron, I-29 NB from north of Gallchutt to Christine
- Replacement of the Long X Bridge on US 85 south of Watford City
- Reconstruction of 52nd Ave S in Fargo from 45th St S to Sheyenne St and the continuation of the reconstruction of Sheyenne St in West Fargo from 40th Ave S to 32nd Ave S
- Paving and bridge work on I-94, I-194, and ND 810 in Mandan east of the Center Exit
- Completion of the 4-laning of the Minot US 83 NW Bypass from 4th Ave NW to the junction of US Highway 83
- Paving and widening on ND Highway 18 from the east junction of ND Highway 5 to the Canadian Border.

2020 Construction Season:

- Reconstruction & widening of ND HWY 1804 from Red Mike Area to Epping to finish corridor between New Town & Williston
- Reconstruction and widening on US Highway 2 westbound from east of Churchs Ferry to Devils Lake
- Reconstruction and widening on US Highway 281 from north of Sheyenne to near the junction of ND Highway 57
- Paving and widening on ND Highway 22 from the east junction of US Highway 12 to New England
- Concrete Overlay on US Highway 2 westbound from Blaisdell to 4 miles west of Berthold
- Paving on US Highway 2 westbound from Arvilla to Grand Forks
- Roadway and bridge construction of 64th Ave S in Fargo from 33th St S to 38th St S
- Intersection improvements at Exit 153 (Mandan Ave) and reconstruction of Mandan Ave from I-94 to 27th St NW
- Slide Repair on US Highway 85 north of the Long X Bridge, 13 miles south of Watford City
- Paving and widening on ND Highway 37 from Parshall to Raub
- Reconstruction of Main Avenue in Fargo from University to west of Broadway.

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2019-2020 Projects



- Improvements**
- Major Rehab
 - Minor Rehab
 - Preventive Maintenance
 - Safety
 - Structural Overlay
 - Illustrative
 - Structures

NOTE : Project priorities are subject to change

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NDDOT Maintenance Program

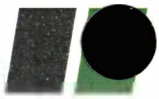
NDDOT has 350 snowplow trucks operating across the state.

- Using high tech maintenance and snow & ice control equipment.



Snowplow operators work many hours, often called for emergency situations:

- Providing snow plow operations to an emergency crew that helped save a Williston man's life after a massive heart attack during a blizzard. A Williston District employee was called after midnight and cleared roads from Williston to Minot in zero visibility conditions, plowing through two-to-three foot snow drifts.
- A Fargo District employee cleared roadways during severe blizzard conditions and assisted an ambulance in making sure a young couple could get to the hospital to deliver their first child.
- A Fargo District employee assisted a man on the highway who had been stabbed and was in need of shelter and medical attention.



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Snow And Ice Control Optimization Study

Based on additional information we received from public policymakers and the general public through a series of statewide focus groups and online surveys, the NDDOT has decided to revise the implementation approach of the recently completed snow and ice control study.

- We will no longer consider potential section shop closures that were identified in the study.
- Instead, we will focus on the route optimization elements of the study that can provide internal operational efficiencies.

Last Session Section Shop Closures

In reviewing our snow and ice control operations including the section shops that were closed last session, we've re-instated some section areas.

- We declared a winter weather event as identified in last biennium's appropriation bill for Dec. 1, 2018 to March 31, 2019 and have asked staff that still live in the vicinity of Mayville, Fessenden, New England and Courtenay to start their daily operation out of these locations.
- We have been advertising for seasonal workers to help with snow and ice control in Finley, Gackle and Litchville but have not been able to bring anyone on at this time. Starkweather section is open.

We continue to utilize state resources wisely as we strive to provide top quality snow and ice control services throughout the state.

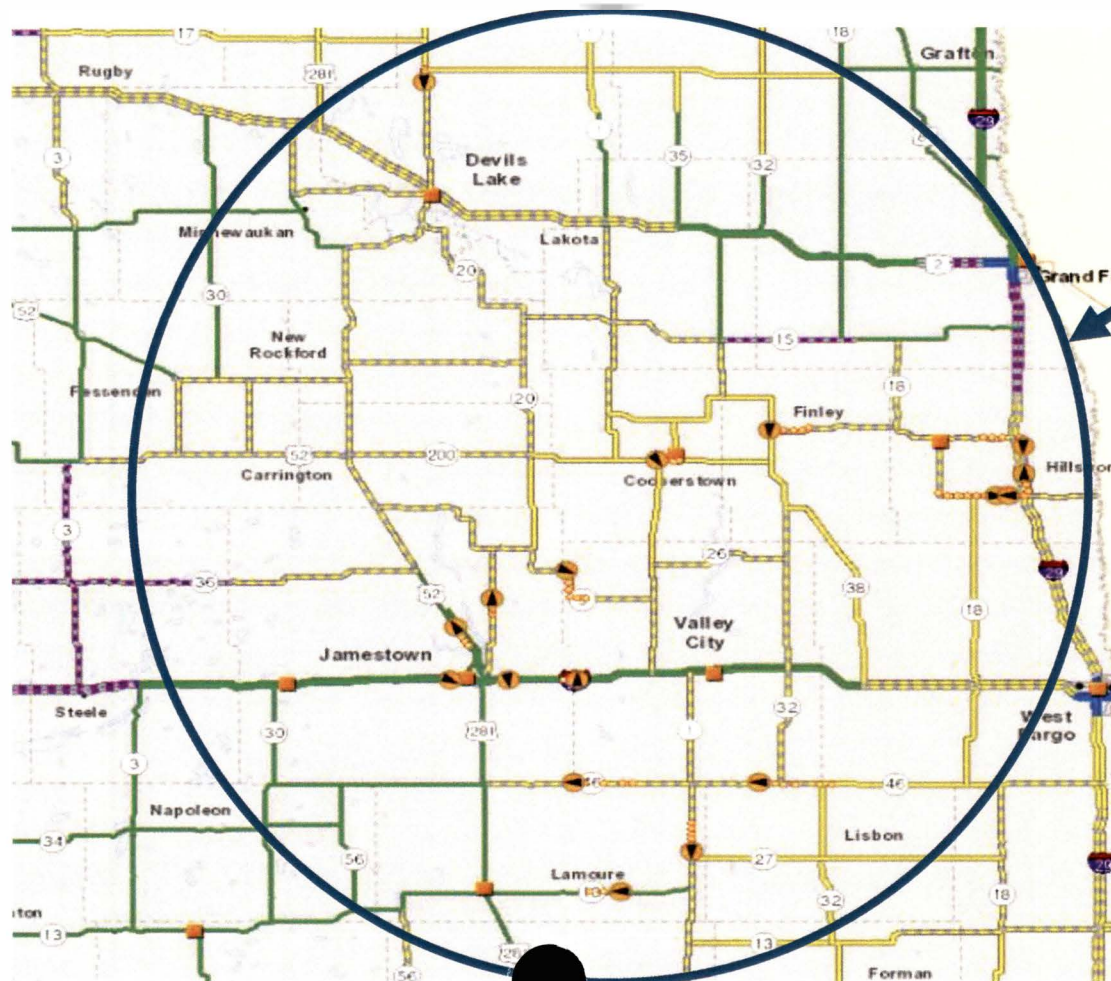
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NDDOT Accomplishments

Track-A-Plow – The NDDOT launched a new pilot program called “Track-A-Plow” in 2018. The pilot program utilizes technology to track the location of designated state snowplows and provides the information to the public online.

iPads - Using iPads to update road conditions map



Shows where plows are working

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**Drivers License,
Motor Vehicle
Business Support**

Mark Nelson

Deputy Director Business Support,
Driver and Vehicle Services

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REAL ID – Update

NDDOT implemented the REAL-ID process June 1, 2018.

Through December, 2018: 17.5% of monthly license/permit/ID card transactions Issued are Real ID Credentials.

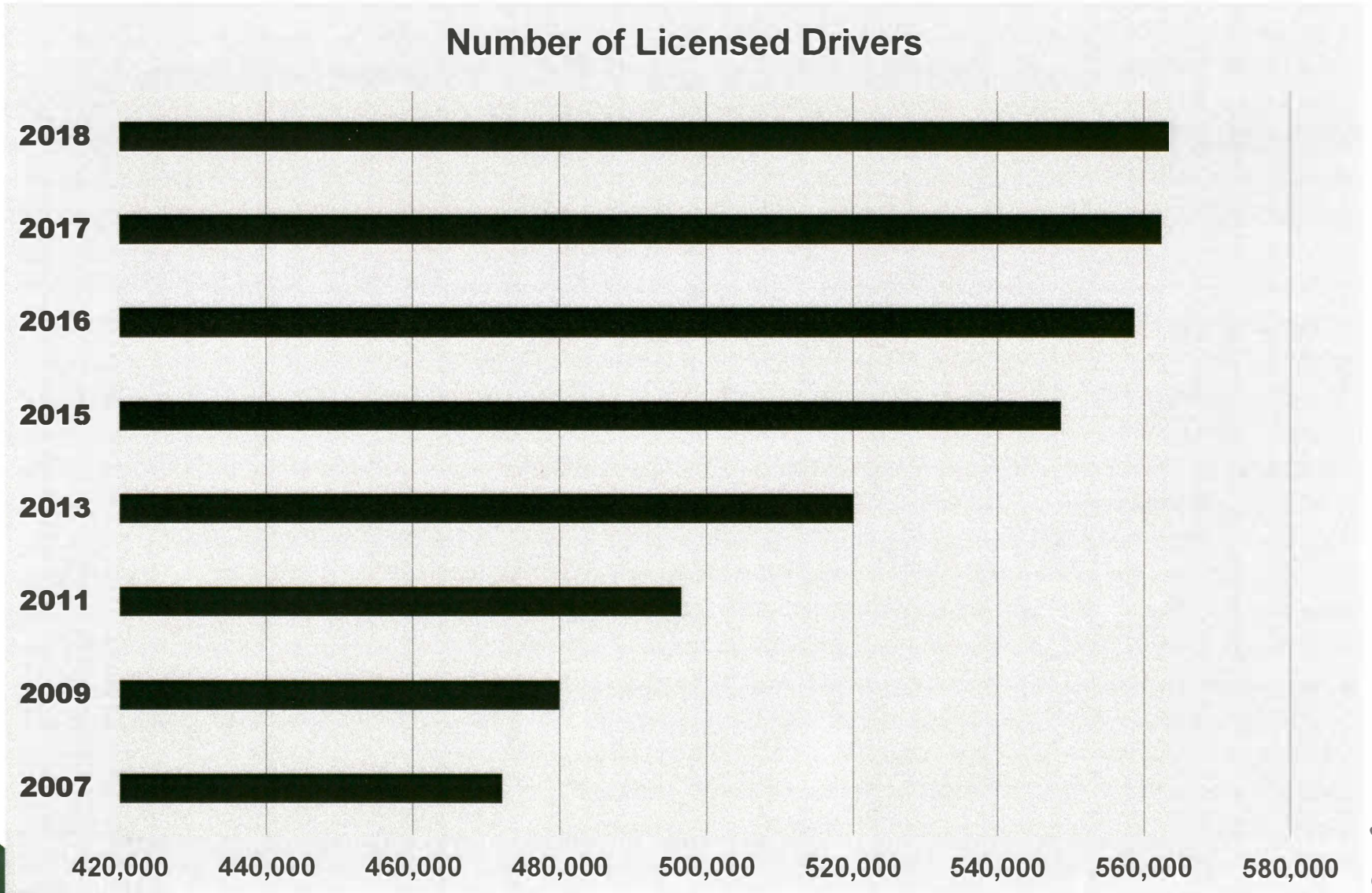
Approximately 31,000 Real ID credentials issued as of this date.



- All military installations have implemented full Real ID requirement for access.
- The cutoff date to have a Real ID for boarding aircraft is October 1, 2020.
- If you want/need a Real ID, visit our website for items needed.

Number of Licensed Drivers continues to grow

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Driver's License Online

Nearly 5,000 drivers renewed their Driver's License online in 2018 with a new customer focused online service program. This tool makes it easier for citizens to renew their driver's license on their home computer, saving them a trip to the Driver's License office. Residents can also make appointments online to schedule visits to DL office.

Driver's License Online Features:

- Renew a Driver License
- Schedule a Road Test
- Schedule a ND License Renewal Appointment
- Address Changes
- Numerous Manuals/Training Materials Available
- Online Driving Record
- Many Other Options

Driver's License Customer Service Improvements

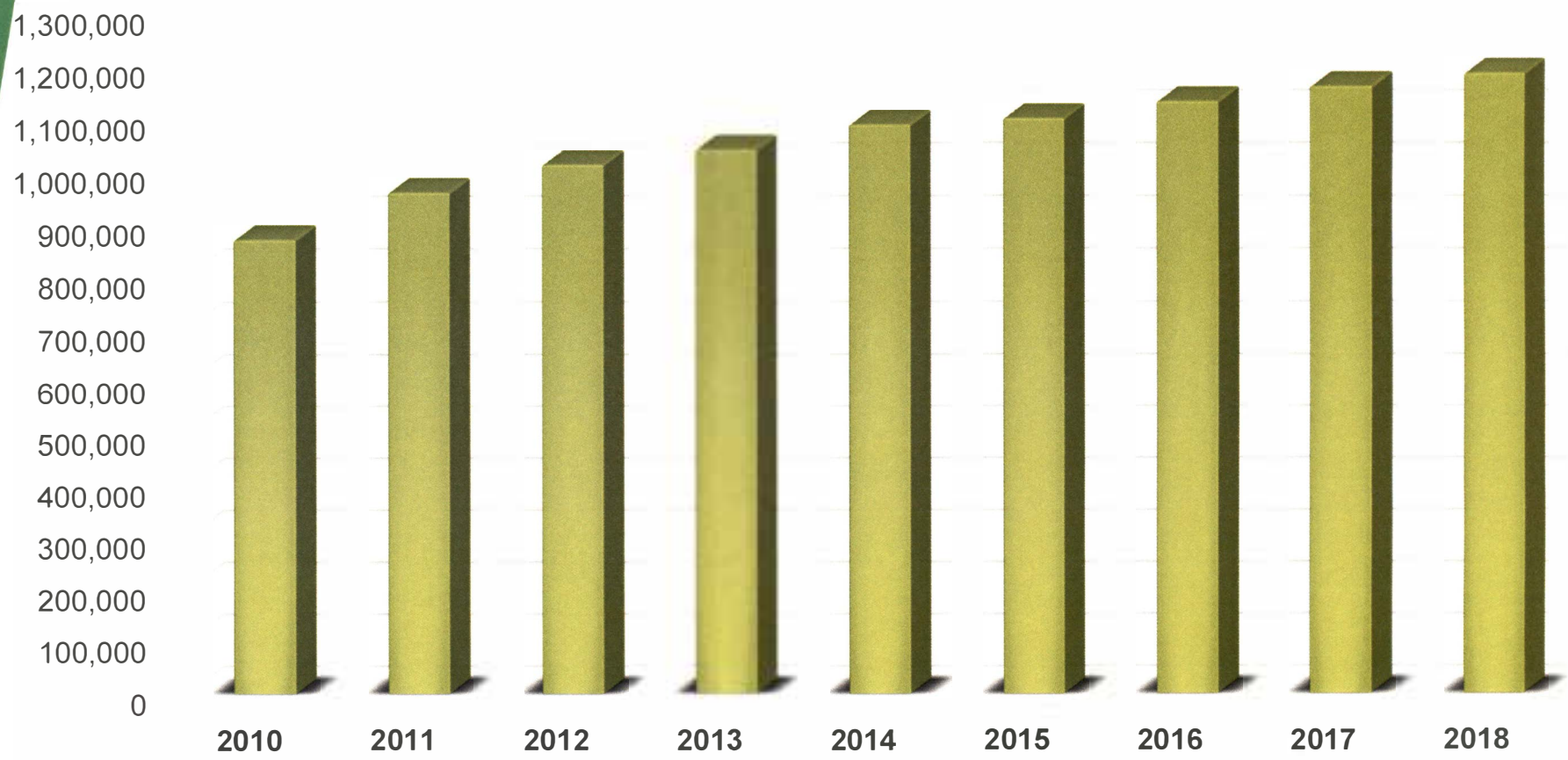
- Added a customer service representative to greet people at the door of Bismarck and Fargo offices and help customers to see if they have proper paperwork, answer questions, etc.
- Offices have monitors that provide information on amount of wait time.
- Making adjustments to Fargo building to increase customer service area and capacity.



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Motor Vehicle Registrations Increase



Vehicle Registrations

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Motor Vehicle Services



36,000 renewals on kiosks in 2018

Many tools are offered to vehicle owners to renew their vehicle registration. Last year:

- 33% renewed through the mail
- 32% renewed through a branch office
- 30% renewed online
- Nearly 4% renewed through a kiosk.

Motor Vehicle Kiosks – In 2018 NDDOT expanded the use of fully automated kiosks or self-service terminals for motor vehicle registration renewals in a number of major cities across North Dakota including Bismarck, Fargo, Dickinson, Minot, Williston and Grand Forks.

These stations dispense license plate renewal registration cards and motor vehicle tabs on the spot without visiting a Motor Vehicle Branch Office.

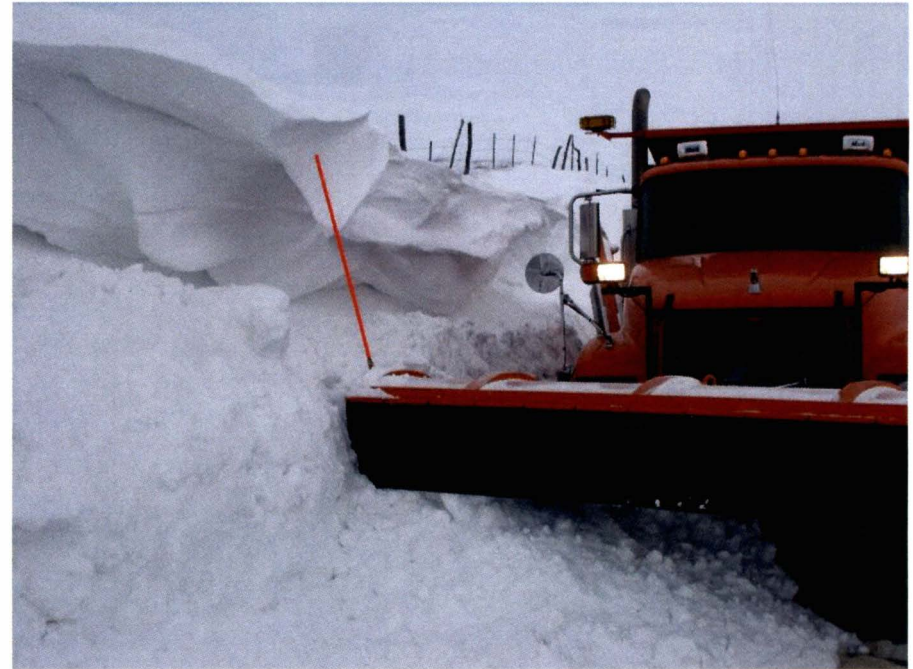
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Recruitment Efforts

Continue to have difficulty in filling certain areas:

- Engineering technicians
- Mechanics
- Transportation technicians/snowplow operators
(staff with Commercial Drivers Licenses)



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Retention Issues

NDDOT is experiencing issues regarding recruitment and retention of key positions within our agency. The hardest hit areas are occurring in the west where we currently have 18 unfilled positions, and of these, 13 are transportation technician positions that include four in Watford City alone.

The issues we are facing in the retention and hiring of these positions is due primarily to compensation issues. Both private industry as well as other jurisdictions to include county entities are in direct competition for these potential applicants.

County	Starting Pay for Equipment Operator	Benefit Info
Williams	\$32.97/hour	All benefits for health, dental, and vision are fully covered by the employer
Dunn	\$24.22/hour	Health benefit is 100% paid by employer and PERS retirement is 100% paid by employer
McKenzie	\$27.47/hour	Health benefit is 100% covered for a single plan and 85% covered for family or single plus children, PERS retirement the employee pays 7%.
Mountrail	\$27.74/hour	Health benefit is 100% covered for employee and family, employee pays 7% into the PERS retirement, dental and vision single policies are 100% covered
Burke	\$24.87/hour	Similar benefits, employee pays a small portion of health insurance
Average:	\$27.45/hour	

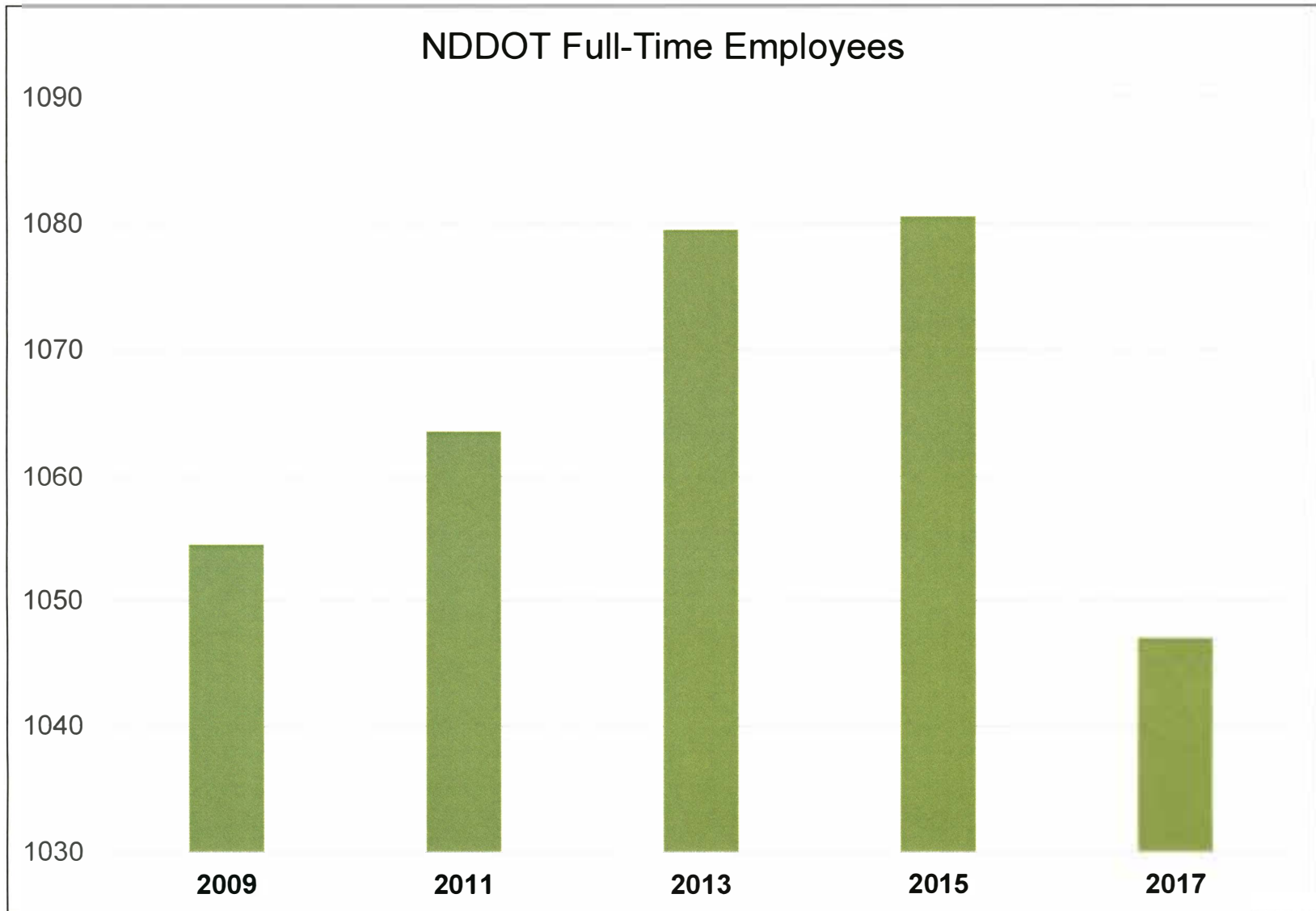
These jobs would be a similar duties/skills match NDDOT's Transportation Technician II.

NDDOT's starting salary for snowplow operator (Transportation Technician II) is \$21.95/hr.

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Staffing Levels



Financial Information

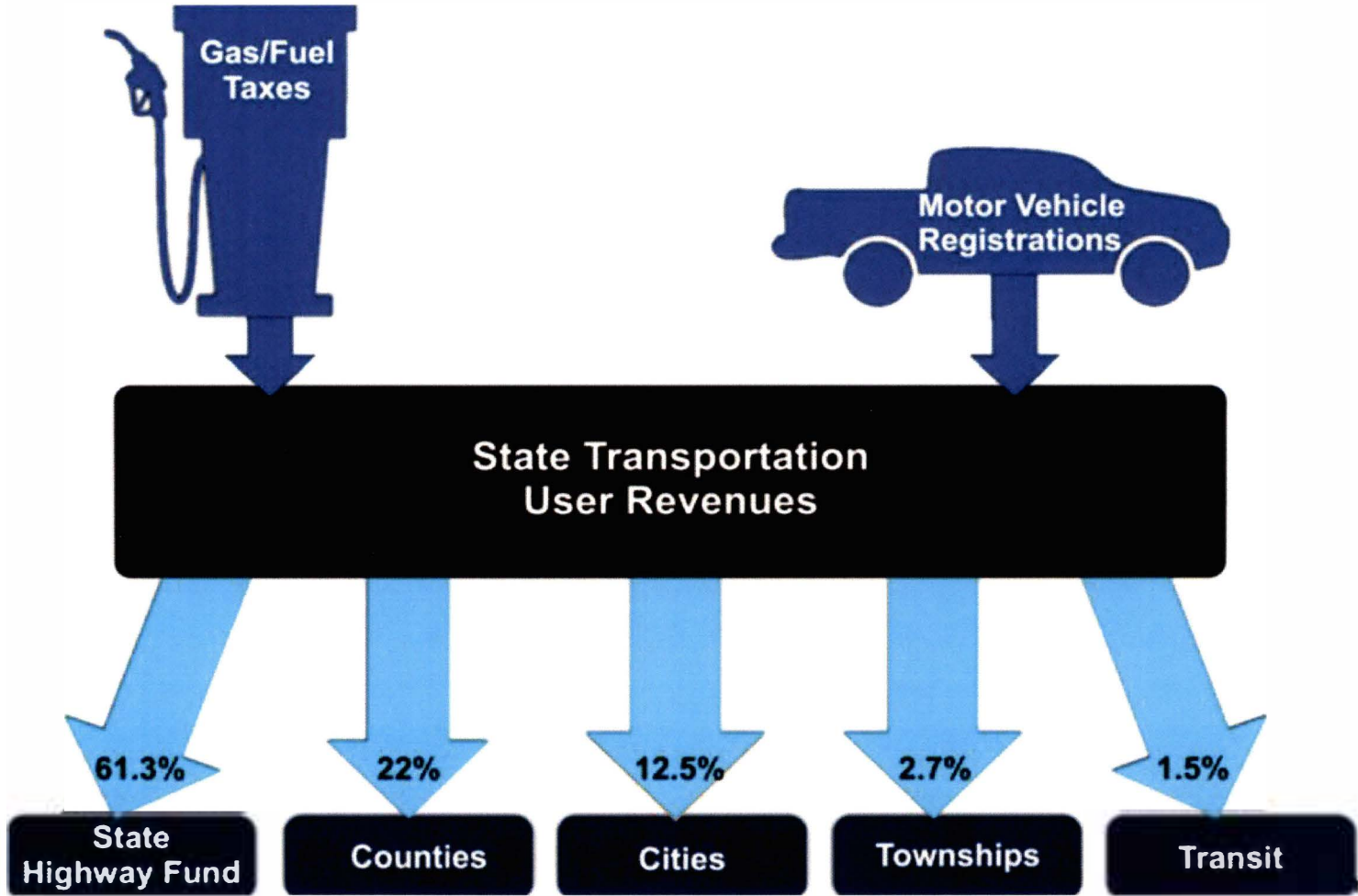
Shannon Sauer, Chief Finance Officer

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NDDOT
North Dakota
Department of Transportation

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State Transportation Revenues go into Highway Tax Distribution Fund



Projected Highway Tax Distribution Fund Distributions

Department of Transportation 2019-2021 Biennium Projected Highway Tax Distribution Fund Distributions		
	Percentage	(in millions)
ND Department of Transportation	61.3%	\$341.4
Counties	22.0%	122.5
Cities	12.5%	69.6
Townships	2.7%	15
State Public Transportation	1.5%	8.4
TOTAL		\$556.9

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Projected Highway Fund Revenues

Department of Transportation 2019-2021 Biennium Projected Highway Fund Revenues	
Highway Fund Revenue (in millions)	
Truck Regulatory	\$42.8
Drivers License	9.4
Reimbursement from Fleet Services	2.0
Road Materials, Hay Bids, etc.	4.0
Interest	1.5
Reimbursement from Counties & Cities	60.7
Total	\$120.4

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Estimated Federal Funds & State Match

2017-2019 Biennium

Estimated Federal Revenue and Related State Match (in millions)

Estimated Federal Revenue		
Federal Highway Funding	648.1	
Federal Transit Funding	16.0	
National Highway Transportation Safety Admin. Funding	9.3	
Total Federal Funding		\$673.4
Estimated State Matching Funds		\$110.4

2019-2021 Biennium

Estimated Federal Revenue and Related State Match (in millions)

Estimated Federal Revenue		
Federal Highway Funding	702.9	
Federal Transit Funding	24.8	
National Highway Transportation Safety Admin. Funding	9.4	
Total Federal Funding		\$737.1
Estimated State Matching Funds		\$116.8

Budget Legislation

Agency Appropriations 2019-2021

	HB 1012 base level	Recommended changes to base budget	HB1012 Governor's Recommendation
Salaries	\$201,478,341	(1,972,821)	\$199,505,520
Operating	229,381,646	45,303,459	274,685,105
Capital Assets	771,101,851	89,924,093	861,025,944
Grants	67,528,030	28,326,607	95,854,637
TOTAL	\$1,269,489,868	\$161,581,338	\$1,431,071,206

FTE's

Executive Proposal

- 1047 authorized FTE's (17-19 biennium)
- 41 IT positions transferred for IT unification
- 26 General FTE reduction
- 980 Executive recommendation for FTE's

House Recommendation

- 1047 authorized FTE's (17-19 biennium)
- 42 (26 from Executive Proposal + Additional 16 reduction)
- 1005 House recommendation for FTE's

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Other active bills with potential appropriation impacts

2019 Legislative Session - As of 3/1/2019

Bill Number	Impact to Expenditures	Description	Program Area
HB1093	\$ 15,000	Changes Motorcycle registration expiration to 3/31	Motor Vehicle
HB1095	\$ 25,000	Single License Plate	Motor Vehicle
HB1180	\$ 20,000	MV Excise tax credit	Motor Vehicle
HB1196	\$ 300,000	Motor Vehicle Price Adjustments	Motor Vehicle
HB1238	\$15,000	Electric vehicle fee	Motor Vehicle
HB1246	\$15,000	Military Hunter Photos ID	Driver's License
HB1291	\$ 20,000	One time trailer registration	Motor Vehicle
SB2061	\$15,000	Electric vehicle fee	Motor Vehicle
SB2156	\$10,000	Driver Ed Fund bill	Motor Vehicle
SB2251	\$200,000	Credit or refund of unused MV registration	Motor Vehicle
SB2321	\$10,000	Volunteer plates	Motor Vehicle

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State and Global Economy

- North Dakota's transportation system must be interconnected, maintained and enhanced to allow us to be globally competitive.
- Products and services we deliver must create a transportation system that allows state business to prosper.



Partnerships

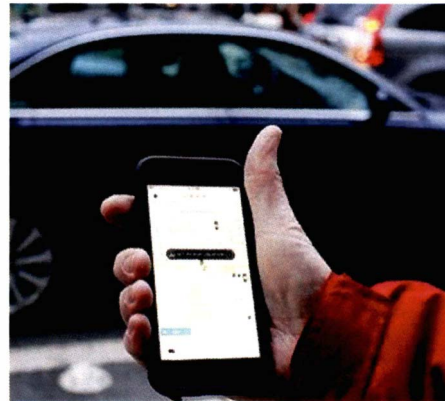
To accomplish our mission DOT partners with several entities:

- Cities
- Counties
- Townships
- Tribal Governments
- Metropolitan Planning Organizations
- Businesses
- Transit Providers
- Contracting Industry
- Consultants

Future

There are many factors that can affect funding for transportation today and in the future:

- Disruptive technology in vehicles and other transportation modes.
- Increased fuel efficiencies in vehicles.



Information Packets

We are providing information packets that contain information about various studies and reports, NDDOT has worked on over this past year/biennium.

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Questions?

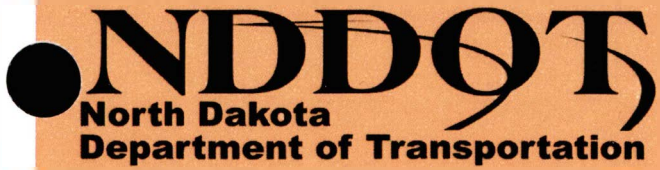
THANK

YOU

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2018

**Snow and Ice
Control Route
Optimization
Study Results**

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2018 Snow & Ice Control Study Results

1.0 Executive Summary

Providing a safe and efficient transportation system for motorists is an important outcome of the snow and ice control operations process. North Dakota Department of Transportation (NDDOT) team members work on our mission to safely move people and goods daily and always pursue advancements and efficiencies with snow and ice control operations.

Through the years NDDOT has explored route and section optimization to meet the changing needs of state residents. Prior to the 1960s the department had approximately 135 section locations, excluding the District Headquarters for road maintenance. Over time and with the use of innovative equipment, material modifications and computer technology we have reduced our section locations throughout the state to 61.

Senate Bill 2012 contained a provision that required NDDOT to study the manner in which it provides snow and ice control services and potential savings available in providing these services. In late 2017, NDDOT hired a contractor, C2Logix, to conduct a technical analysis of current snow and ice control routes. The department created a team to work with the contractor and provide information about current services and pertinent parameters to analyze routes plus level of service.

Levels of service and cycle times were two important criteria used in analyzing the optimized routes. The contractor and NDDOT worked closely together and went through several iterations of optimizations before deciding on a final run showing the need for 327 routes to cover the highways that we are responsible for. The optimization model created uniform cycle times based on levels of service across the state. The model shows a 19% reduction in mileage and an 8% reduction in plowing time when comparing NDDOT's previous cycle times and routes. The optimization model accomplished this by configuring more uniform cycles for routes. For example, it changed the cycle time of one route from 5 hours to 3 hours and then changed the cycle time for another route from 1 hour to 3 hours. See Attachment J for table on plow cycles

NDDOT's experience with snow and ice control operations requires 351 operators to cover the 327 routes. The 351 operators account for plowing the designated routes, overnight crews in metro areas (Fargo, Bismarck, Minot and proposed Grand Forks), as well as planned and unplanned absences. The analysis included reviewing a variety of existing section locations for possible reductions or consolidations and the addition of a new section location.

In addition to this technical analysis, the NDDOT conducted a Public Survey on Snow and Ice Control to learn what level of snow and ice control services were acceptable to motorists on ND highways. The results from the first question indicated that the majority of drivers are satisfied with their current level of service. The survey also indicated that the majority of drivers expected the service provided should be the same for all 4-lane roads. For questions addressing roadways with snow covered and compacted snow, the survey results show drivers on 2-lane roads are less accepting of snow covered roads than 4-lane roads. See Attachment L for more information on the public survey.

In reviewing the public survey results and historical data, NDDOT collaborated with the contractor to have the North Dakota highway network optimized for plowing. Using the modeled 327 routes, the optimization study shows long term savings on capital, employees and equipment while maintaining statewide uniformity in snow and ice control.

The optimization study results are based on providing a uniform level of service identified by the subject matter experts and did not look at adding more services. The study shows the possibility of long term savings of \$345,000/year through the reduction of operating costs and three employees. It also shows a

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one-time cost saving of \$634,000 through removal of three snowplows from the fleet. The study also looked at capital investments, reviewing long term options in which some section locations may be consolidated and an additional section location may need to be built, while many other existing section locations need to be improved to accommodate optimization needs. Consolidation may reduce capital assets by \$5 million but approximately \$4.6 million will be needed to invest in buildings for optimization improvements.

Our next steps are to:

- Evaluate and prove the technical study results by testing the optimized routes this winter season and verifying operational reliability.
- Obtain additional public feedback by conducting focus groups across the state.
- Review capital asset needs.

This study showed the department that NDDOT's current snow and ice control operations are efficient but there are also other techniques we can use to improve effectiveness. The technical data from the study and public input are tools that we will use to help make decisions for updating facilities, maximizing service levels and providing potential cost savings in the future.

2.0 Purpose

The purpose of this study is to meet the legislative requirement that NDDOT study the manner in which it provides snow and ice control services and potential savings available in providing these services. This requirement comes from the Senate Bill 2012 passed during the 65th Legislative Assembly. See Attachment K.

3.0 Current Department Innovations

In the past, studies were developed around staffing and the number of lane miles per operator. The rationale was to provide staffing and resources in order to provide an improved level of service. Now with the advancements being made in equipment and methods of operation, more efficiencies can be obtained and still provide an improved level of service. Some of those advancements are identified below:

- The towplow is one of the newest advancements in equipment to bring efficiencies to the snow and ice control operation. The towplow is beneficial wherever you have multi-lane facilities like the Interstate system or wide shoulders. The towplow can assist in removing snow that would otherwise be needed to make a second pass on the roadway. The towplow can also directly apply liquid salt brine to the surface of the roadway in an anti-icing or de-icing application. The towplow and truck can be used to apply straight salt or liquid salt brine in a slurry application. The department currently has 32 towplows in the fleet.
- The advancements made to the plow truck include an electronic spreader control that can meter straight salt at calibrated pounds of salt per lane mile, much like an agriculture crop spraying operation allowing for a more precise application rate. Tandem axle trucks spreading straight salt can cover more lane miles than the same truck with sand/salt mix. A tandem axle truck is capable of covering approximately 70 lane miles of roadway at a 300 pounds per lane mile application rate, which is a common application rate.
- Maintenance Decision Support System (MDSS) in conjunction with a value added meteorologist has also advanced the efficiencies of snow and ice control. The weather forecast is used to measure the magnitude of the storm event while MDSS can provide the timing of the storm, how much and what type of precipitation is to be expected, when the best time would be to apply liquid or granular material, and provide the most cost effective treatment recommendation that should be used.

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4.0 Department Analysis History

Over time the department has reviewed the number of maintenance section locations statewide and consolidated service areas based on efficiencies. Prior to the 1960s the department had approximately 135 section locations which concentrated primarily on gravel road maintenance. Through the years as gravel roads transitioned to pavement and equipment evolved, the need for larger crew sizes grew and maintenance operations changed. This led to the optimization and consolidation of maintenance section locations. Section optimization studies were completed in 1994, 2008, and 2017. The 2017 study focused on using the most efficient and cost effective methods of snow and ice control such as using straight salt, pre-wetting, anti-icing, and towplows. As a result of the 2017 study, NDDOT reduced the number of section locations by eight going from 69 to 61.

NDDOT plows approximately 17,250 lane miles of state highways

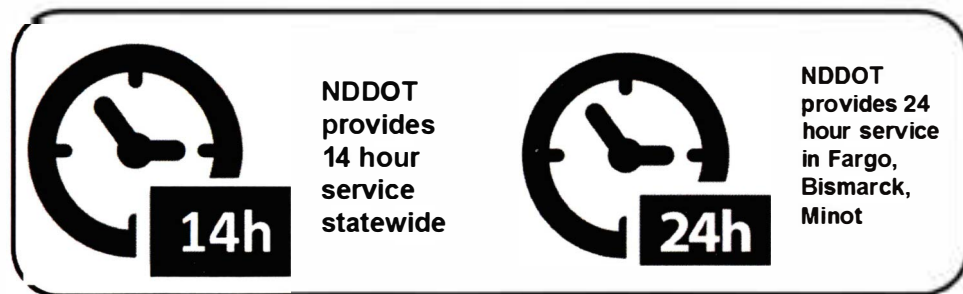
4.01 Methodology of C2Logix Route Optimization Analysis

The department was tasked with studying the manner in which it provides snow and ice control services. To meet the legislative requirements for 2018, NDDOT contracted with a route optimization consultant and conducted a public survey on snow and ice control. Using the information gained, the department analyzed current operations and will look at recommended efficiencies for the future. These recommendations can be found in Section 5.0 Conclusions and Discussion of this report.

Background

NDDOT is responsible for plowing approximately 17,250 lane miles of state highways. There is currently a total of 354 transportation technicians (trans techs) stationed in 61 section locations and eight NDDOT District Headquarters (see Attachment A). Out of these 354 trans techs, six are dedicated night-shift operators. This leaves a total of 348 trans techs who plow snow during the daytime hours. During planned and unplanned absences, other staff, such as sign shop personnel, engineering techs, or other employees with commercial driver's licenses, help operate the plows during significant events.

NDDOT is not a 24-hour snow plowing operation, generally providing service through a 14-hour day from 5 a.m. to 7 p.m., however there are three 24-hour snow plowing operations located in Fargo, Bismarck, and Minot metro areas. It is in these three locations where there are six dedicated winter night-shift operators.



Analysis team established

NDDOT acquired the services of a consultant to analyze current snow plow operations and determined the current cycle times being performed. Working with the consultant the department set up a team of Subject Matter Experts to establish the needed inputs for the program. The team consisted of

representatives from the eight districts, the central office maintenance division, and the NDDOT executive office.

Cycle times, plowing speeds and innovation analyzed

The team decided on parameters to be used in the optimization study such as level of service, cycle times, plowing speeds, deadhead speeds, down time, working hours, and current department innovations. The modeling process used a statewide snow event to calculate the total time to clear all driving lanes with optimized routing. Other information included items such as how wide a plow could clear, how far a plow could travel on a tank of fuel, and delays associated with intersections and interchanges, to name a few.

Level of Service Six Tier System utilized

NDDOT used a six tier system to identify the level of service (LOS) for the different classifications of highways from urban Interstates to rural District Collectors (see Attachment B). The LOS was based on the Highway Performance Classification System passed by Legislature in 2003 (see Attachment C).

The department grouped levels of service by plowing cycle times: urban Interstate goal was a two hour cycle time; rural Interstate, Interregional highways, and State Corridors goal was a three hour cycle time; and District Corridors and District Collectors goal was a four hour cycle time. A cycle consists of a plow starting at the section building, plowing its route, refueling and reloading as necessary, and getting back to the starting point ready to plow the route again, a full circle. A plow truck would be seen at any given point along the route approximately once every two, three, or four hours depending on the highway classification. Two cycles per day were required for all routes.

The contractor then designed balanced, optimized routes based on the remaining section locations utilizing a commercially available route optimization software system. The software was capable of automatically determining the most efficient snowplow routes using multiple levels of service and storm scenarios and was programmable to account for future changes to section locations, salt sheds, lane miles, and equipment capacity. Although the department's maintenance sections perform both summer and winter maintenance operations, the optimization study focuses on winter maintenance operations only. The department provided cost figures for labor and equipment to the consultant for use in the study summary.

Population centers, public health facilities and school locations included

The company then modeled NDDOT's existing practices, coordinated with the department on adjustments to their work, and optimized the plow routes based on established criteria and NDDOT practices. This resulted in cycle times ranging from approximately a 1-hour cycle time to a 9-hour cycle time. In order to help determine where modifications could possibly be made to our existing operations the department looked at existing locations of population centers, public health facilities, schools (see Attachments E, F, G, and H), and applied a 25 mile radius around existing section locations (see Attachment I) to help identify redundancies. With this information the department identified potential areas of redundancy.

The contractor performed multiple iterations of route optimization. As different optimized runs were completed, the department analyzed the results and verified the runs would meet our service criteria. Working through this process the department and the contractor agreed on an accepted optimized run. This run was labeled Run 3 and the results as prepared by the contractor are attached to this report as Attachment D.

The results of the C2Logix route optimization model shows that daytime plow operations could cover the statewide highway network using 327 routes. All highways would be plowed with the parameters set by NDDOT and according to LOS. The model shows a 19% reduction in mileage and an 8% reduction in plowing time when comparing 354 routes to 327 routes. The optimization model accomplished this by

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balancing cycle times and determining more uniform cycle times for routes. For example, it changed the cycle time of one route from 5 hours to 3 hours and then changed the cycle time for another route from 1 hour to 3 hours.

Historical NDDOT data shows there are about 39 winter events annually that require some treatment for ice or snow on the highway system.

The National Weather Service estimates North Dakota averages ten winter storm events and four blizzard events every year.

Historical NDDOT data shows there are about 39 winter events annually that require some treatment of the highway system. According to the National Weather Service, North Dakota averages ten winter storm events and four blizzard events every year. North Dakota is a large state with varying topography and weather. It is rare that the entire state experiences a winter event requiring all plows to work for the full 14-hour day. Where the optimization model does show consistent savings is with the reduced number of plow routes, therefore reducing equipment and staff costs over the entire year.

The plowing model created by the contractor improves plowing uniformity across the state. Uniformity would be based on the highway performance classification system. The optimization model applied consistent level of service, cycle times, and hours of operation to the highway network.

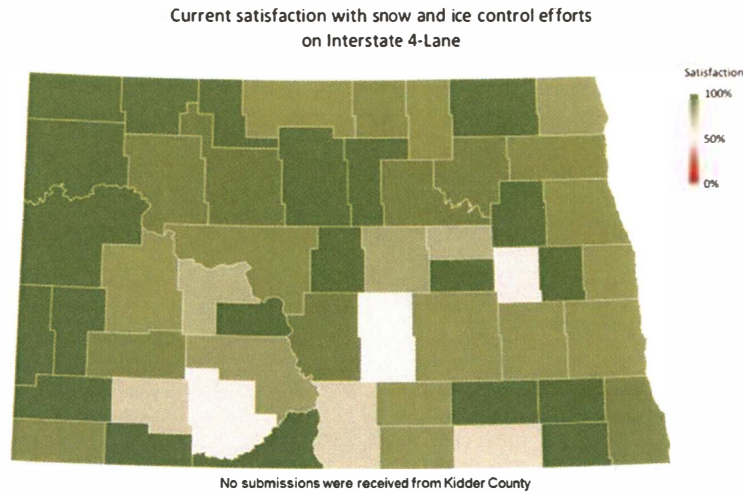
4.02 NDDOT Public Survey on Snow and Ice Control 2018

NDDOT conducted a Public Survey on Snow and Ice Control to learn what level of snow and ice control services were acceptable on ND highways. The survey comprised of 43 questions and was conducted online as well as distributed in paper format at a couple of local public events in May. There were a total of 1,189 responses.

The results from the first question indicated that the majority of drivers are satisfied with their current level of service. Questions 2 & 3 compared the service provided and service expected on Interstate four-lane versus Non-Interstate four-lane. The results indicated that the majority of drivers currently saw more service provided to the Interstate than Non-Interstate. The results also indicated that the majority of drivers expected that service provided should be the same for all four-lane roads, whether they are Interstate or Non-Interstate.

In regard to NDDOT's hours of operation the majority of survey respondents wanted no change to the plow start or stop times. The survey results support the idea that the traveling public has become accustomed to NDDOT's hours of operations. This is shown in the results of questions 4-8 as well as the Acceptability of Road Conditions questions. In general, the traveling public is more accepting of poor road conditions at 6 a.m. and less accepting of poor road conditions by 10 a.m. The traveling public generally knows the NDDOT is not a 24/7 operation and understands it will take some time in the morning hours to catch up with what snow fell over the night hours. Expectations through the evening hours are generally consistent. With plow crews finishing their operations around 5-7 p.m. nightly, the general public seems to understand there will not be significant improvements in road conditions between 8-10 p.m., hence their expectations remaining the same for the 8-10 p.m. time period.

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For questions addressing roadways with snow covered and compacted snow, the survey results show drivers on 2-lane roads are less accepting of snow covered roads than four-lane roads. In other words, survey respondents expect 2-lane roads to be plowed more often than four-lane roads. All of the survey results are attached to this report as Attachment L.

5.0 Conclusions and Discussion

In reviewing the public survey results and historical data, NDDOT collaborated with the contractor to have the North Dakota highway network optimized for plowing. The contractor modeled 327 routes to be the most optimized number of routes to accomplish plowing the state highway network given the parameters. The optimization reduced the necessary equipment and staff while still maintaining the highway network with similar plowing cycles per day as the current operation. A table showing the plow cycles per day for each district are shown in Attachment J.

According to the optimization study, the 327 optimized routes would reduce costs and provide statewide uniformity, but there are known shortcomings with the final optimized routes. The optimized routes do not account for overnight staffing in the metro areas. The optimized routes do not account for planned and unplanned absences.

NDDOT requires 24 more trans techs than the contractor accounted for to fill the overnight shifts in Fargo, Bismarck, and Minot, to create an overnight presence in Grand Forks, and to account for unavailable operators. These 24 operators would be added to the optimized 327, totaling 351 operators. This plan would allow 327 routes to be covered while accounting for unavailable staff, while also maintaining an overnight presence in the four metro areas. 351 operators is 0.8% less than the existing 354, but provides uniform service across the state based on highway classification.

In order to meet the proposed optimization recommended by C2Logix and the reallocation of staff needed by NDDOT, many existing section buildings would require improvement. While some section locations may be closed or consolidated, an additional section location may need to be built and many other existing section locations would need to be improved to accommodate the reallocation of employees and staff. It is estimated by NDDOT that approximately 32,000 square feet of improvements would be needed for the existing section buildings.

The department plans on testing the optimized routes this winter season to verify operational reliability. The department expects minor changes based on turn around points, staffing requirements, and existing section building sizes. It is anticipated that route optimization will be an ongoing process in the department and will be conducted by department staff.

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6.0 Cost Summary

Using the modeled 327 routes, the optimization study shows long term savings on capital, employees and equipment while maintaining statewide uniformity in snow and ice control.

The optimization study results are based on providing a uniform level of service identified by the subject matter experts and did not look at adding more services. The study shows the possibility of long term savings of \$345,000/year through the reduction of operating costs and three employees. It also shows a one-time cost saving of \$634,000 through removal of three snowplows from the fleet. The study also looked at capital investments, reviewing long term options in which some section locations may be consolidated and an additional section location may need to be built, while many other existing section locations need to be improved to accommodate optimization needs. Consolidation may reduce capital assets by \$5 million but approximately \$4.6 million will be needed to invest in buildings for optimization improvements.

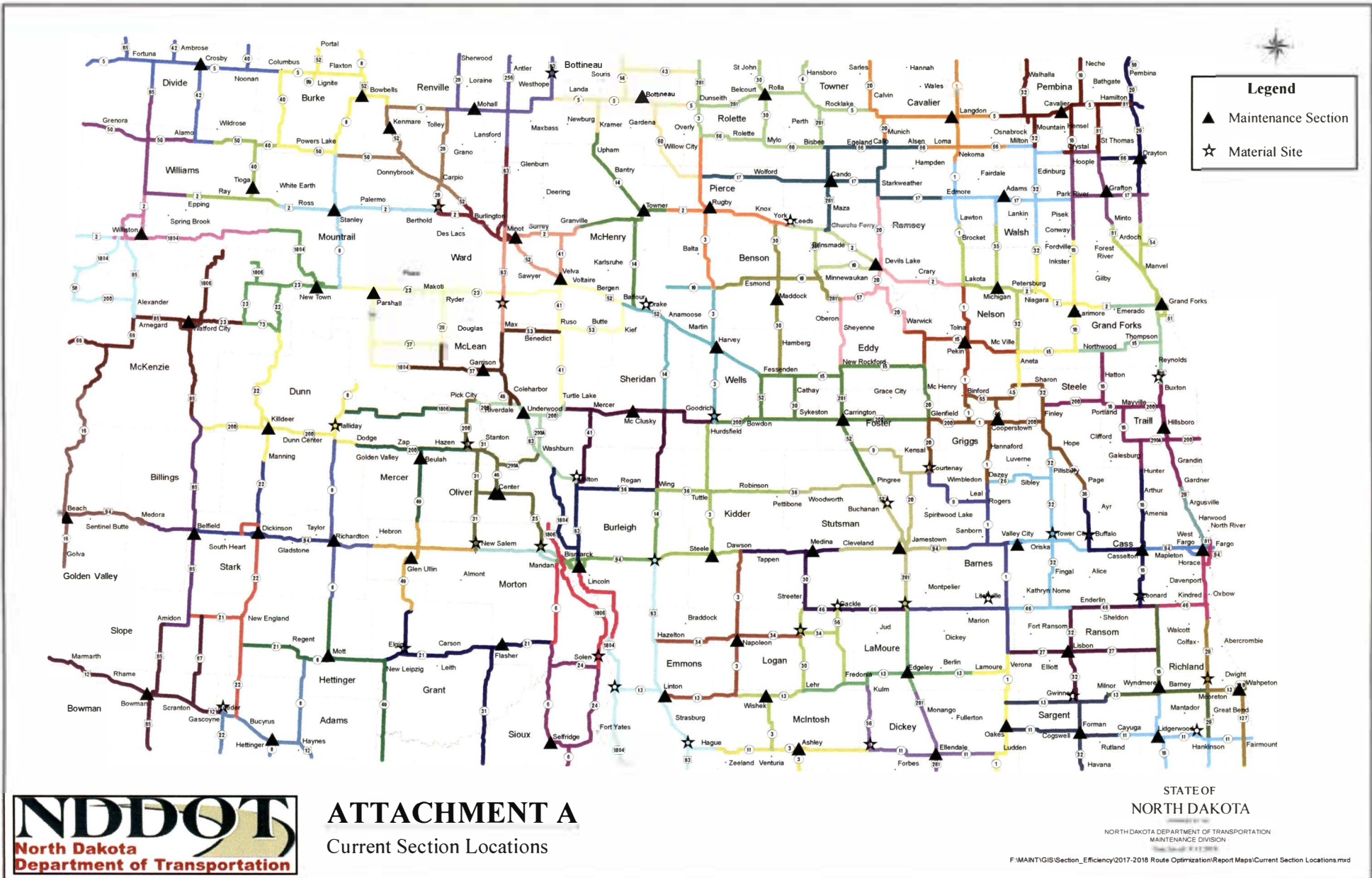
Our next steps are to:

- Evaluate and prove the technical study results by testing the optimized routes this winter season and verifying operational reliability.
- Obtain additional public feedback by conducting focus groups across the state.
- Review capital asset needs.

This study showed the department that NDDOT's current snow and ice control operations are efficient but there are also other techniques we can use to improve effectiveness. The technical data from the study and public input are tools that we will use to help make decisions for updating facilities, maximizing service levels and providing potential cost savings in the future.

7.0 Attachments

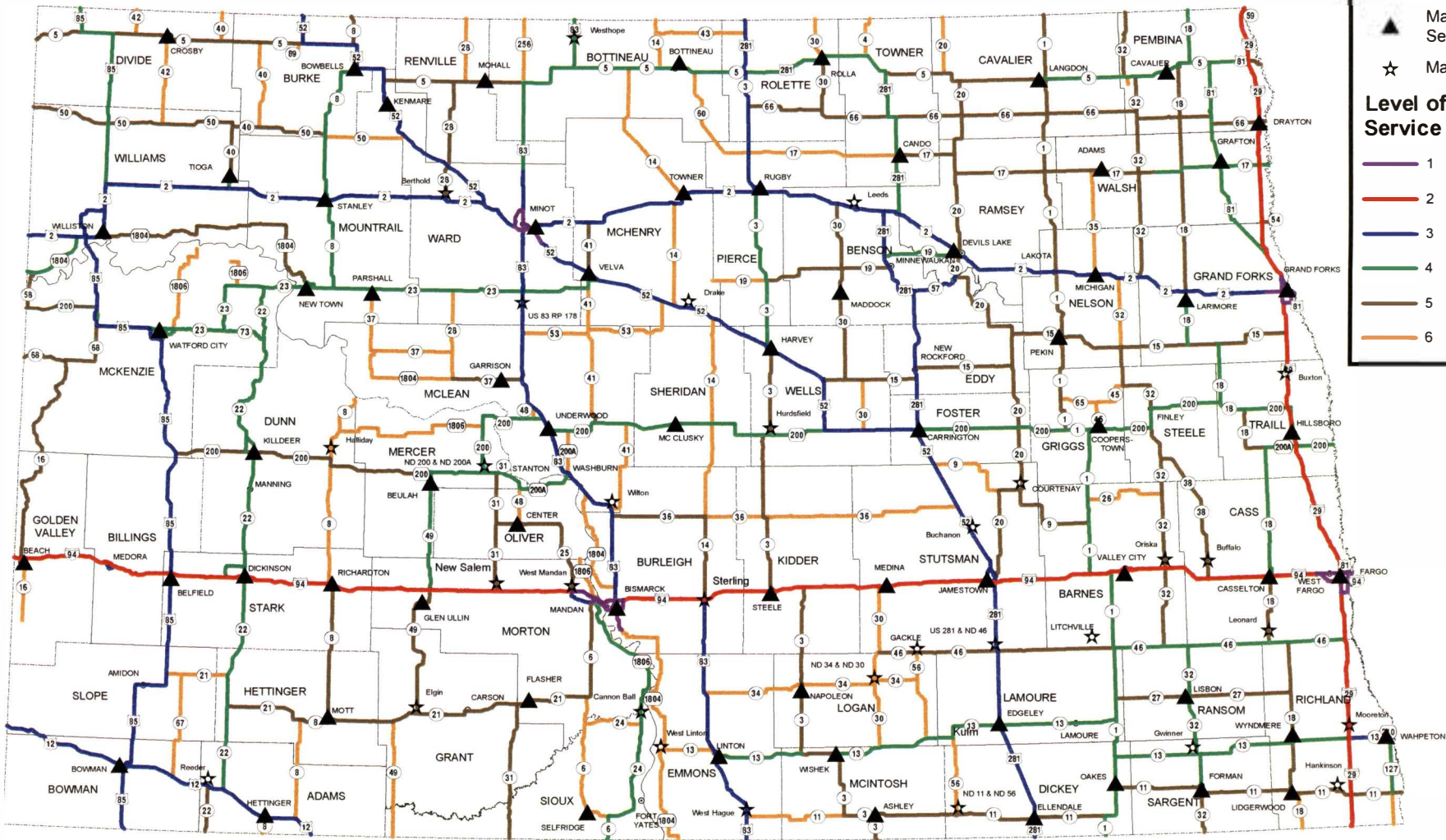
- Attachment A: Current Section Locations
- Attachment B: Level of Service (LOS)
- Attachment C: Highway Performance Classification System (HPCS)
- Attachment D: C2Logix – Run 3
- Attachment E: Annual Average Daily Traffic (AADT)
- Attachment F: Population Density
- Attachment G: Public Health Care Facilities
- Attachment H: ND Schools and Higher Education
- Attachment I: NDDOT Sections – 25 mile radius circles
- Attachment J: Cycles Per Day
- Attachment K: Senate Bill 2012
- Attachment L: NDDOT Public Survey on Snow and Ice Control 2018



ATTACHMENT A
 Current Section Locations

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▲ Maintenance Section
 ☆ Material Site

Level of Service

- 1 (purple line)
- 2 (red line)
- 3 (blue line)
- 4 (green line)
- 5 (brown line)
- 6 (orange line)



ATTACHMENT B
 Level of Service (LOS)

STATE OF
 NORTH DAKOTA

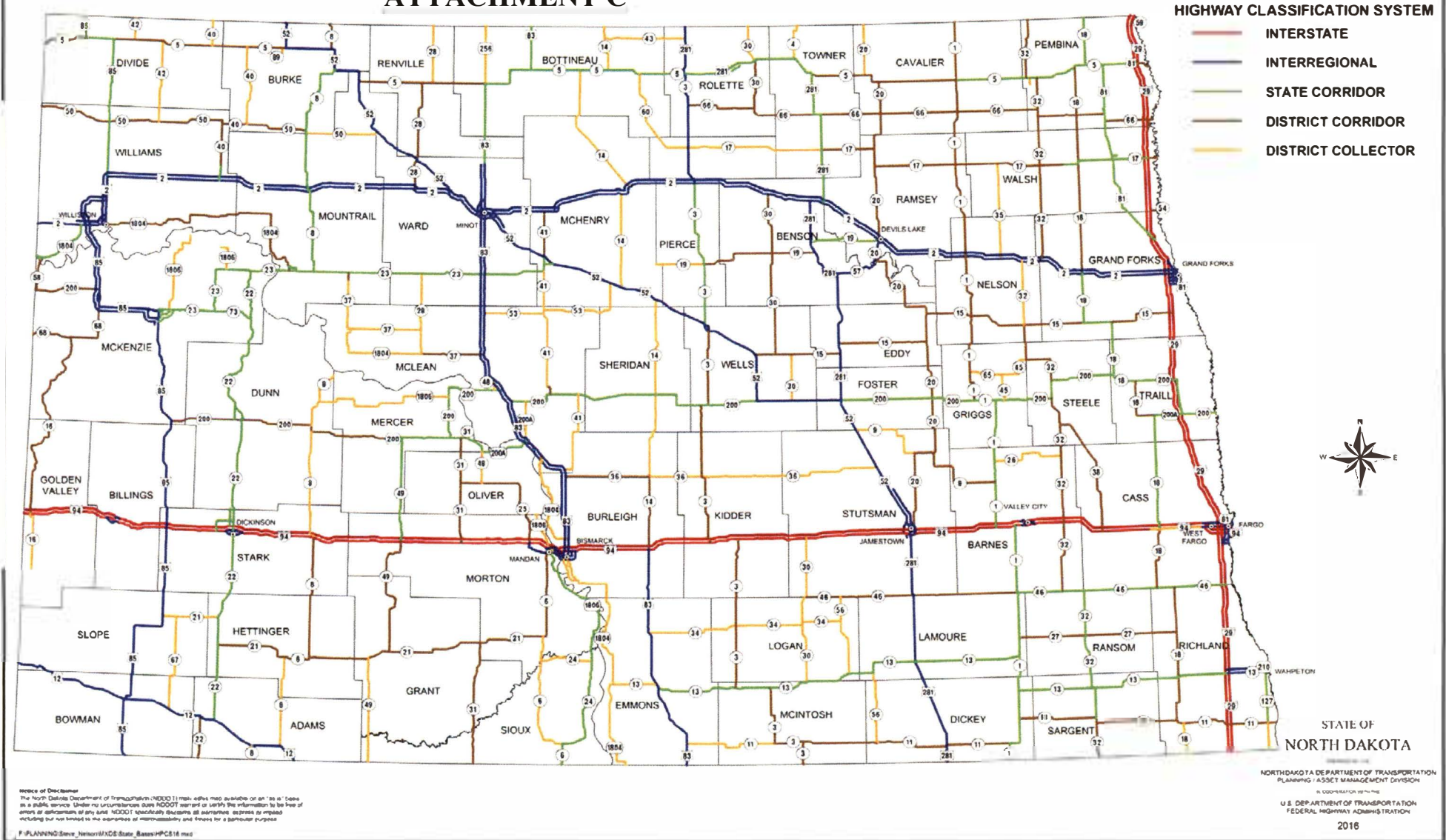
NORTH DAKOTA DEPARTMENT OF TRANSPORTATION
 MAINTENANCE DIVISION
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State Highway Performance Classification System ATTACHMENT C



Source of Data: The North Dakota Department of Transportation (NDOT) has the map available on its website as a public service. Under no circumstances does NDOT warrant or verify the information to be free of errors or omissions of any kind. NDOT specifically disclaims all warranties, express or implied, including but not limited to the accuracy of, availability and fitness for a particular purpose.




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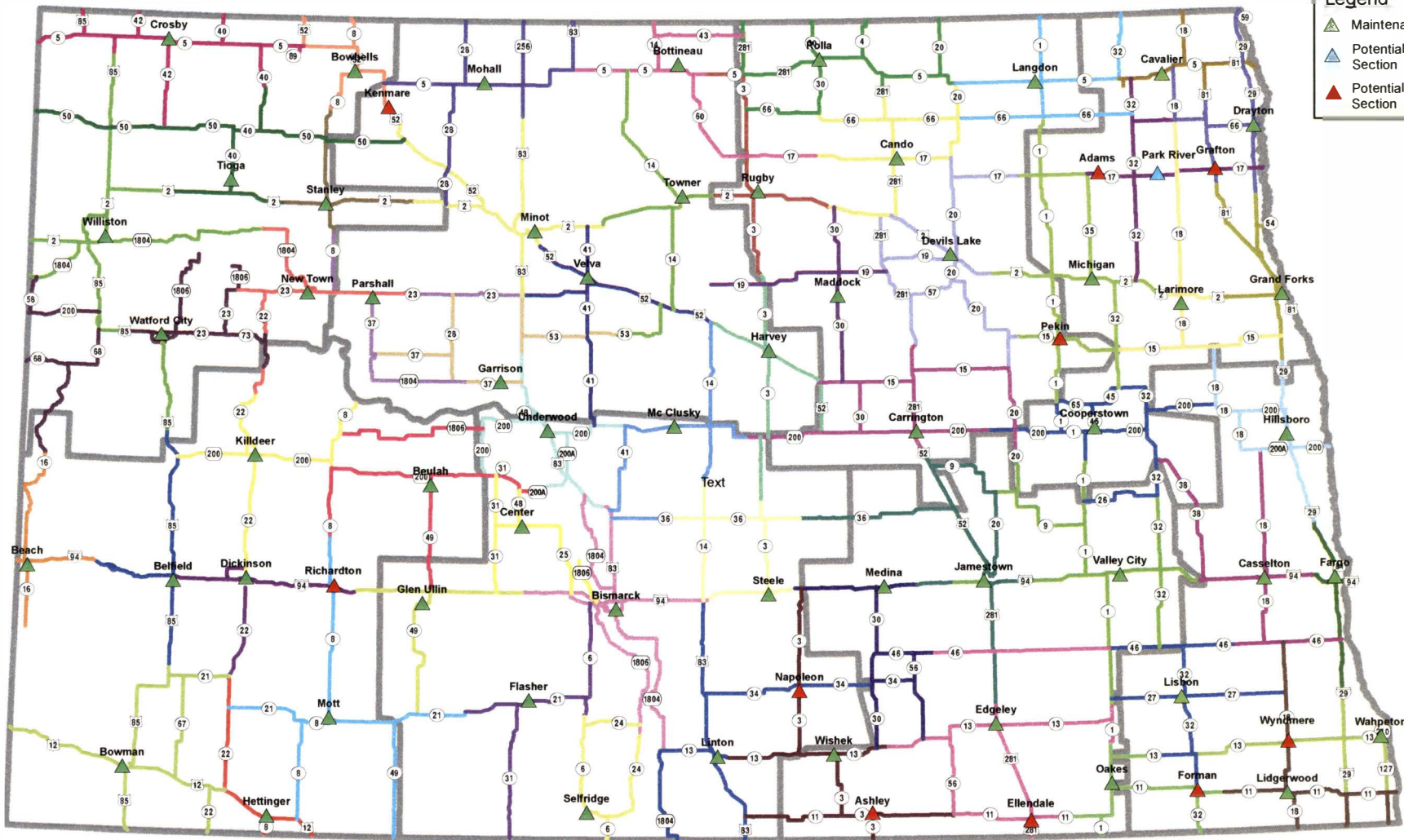
ATTACHMENT C

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Legend

-  Maintenance Section
-  Potential Added Section
-  Potential Consolidation Section



ATTACHMENT D

C2Logix - Run 3

STATE OF
NORTH DAKOTA

NORTH DAKOTA DEPARTMENT OF TRANSPORTATION
MAINTENANCE DIVISION

Date Saved: 8/31/2018

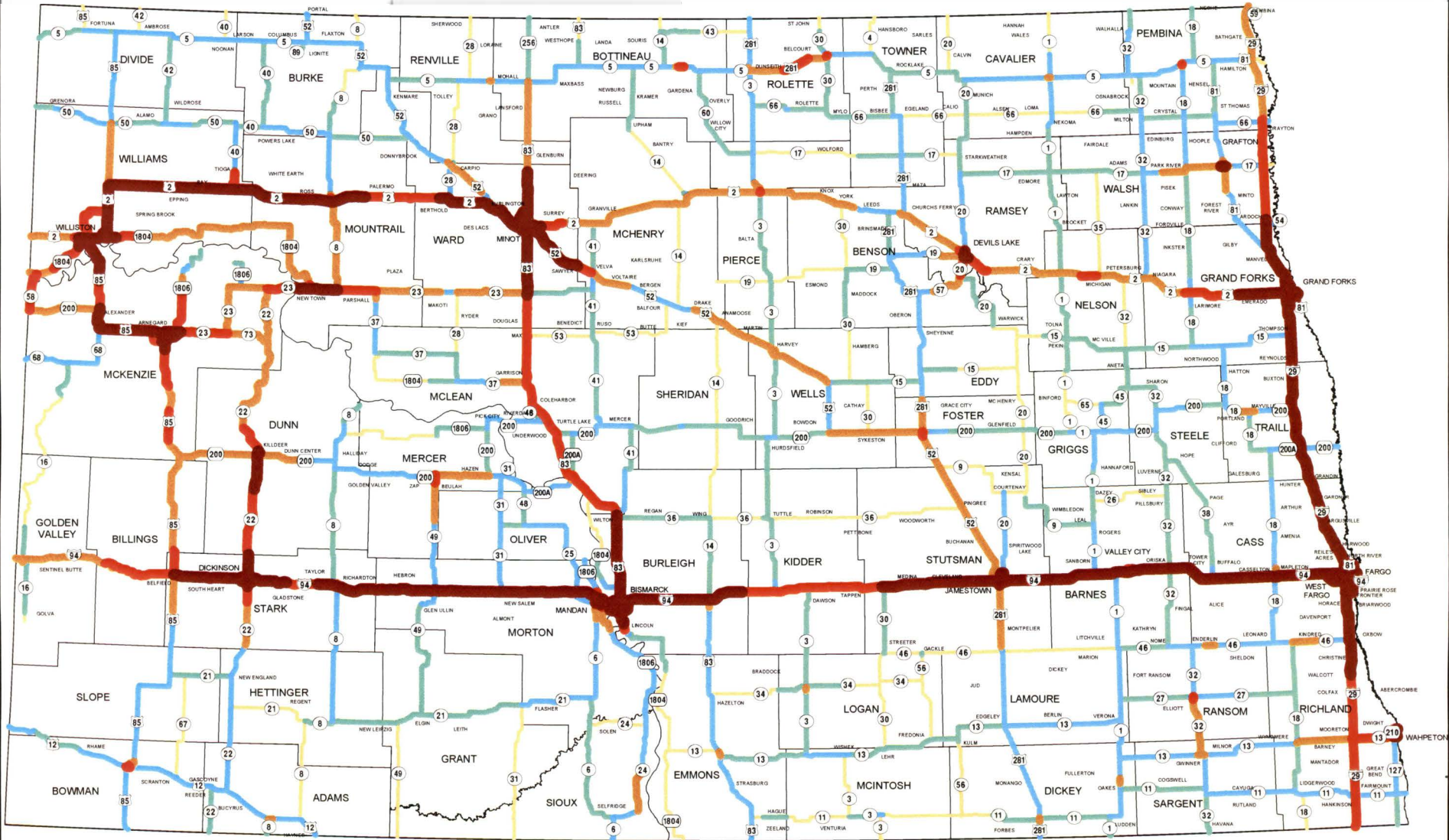
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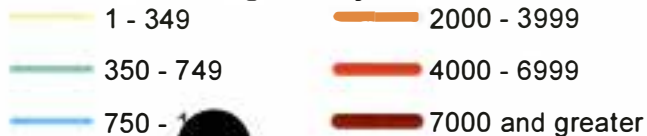
Annual Average Daily Traffic (2015)

ATTACHMENT E

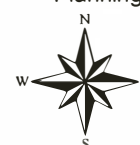


Notes: - Data from 2015 highway components segments.
 - The AADT for longer sections are an average of the traffic segments.
 - Data for the four lane roadways are AADT for both directions (either north and south or east and west).

Annual Average Daily Traffic



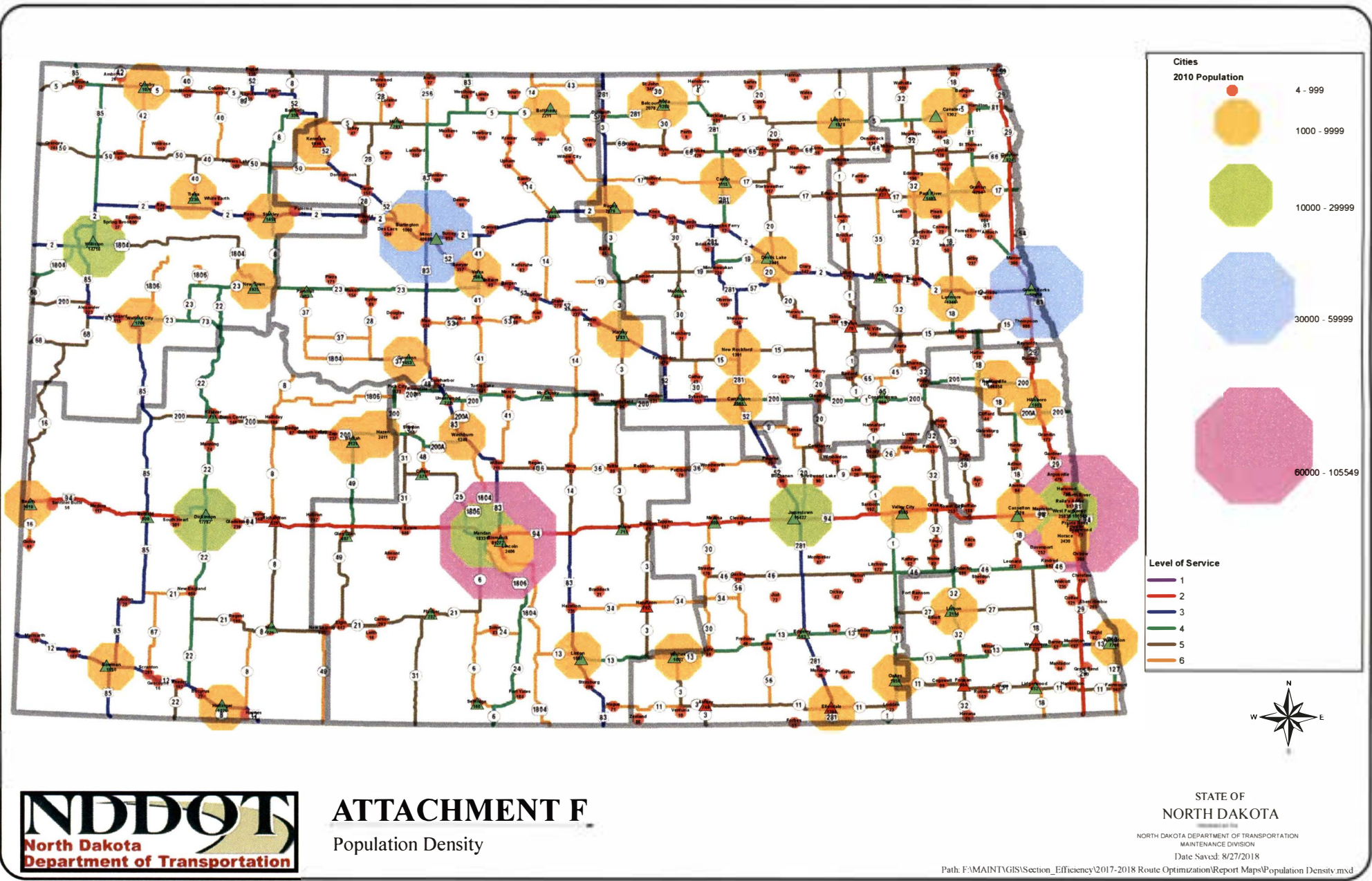
Planning & Asset Management Division
 Traffic Data Section
 December 2015



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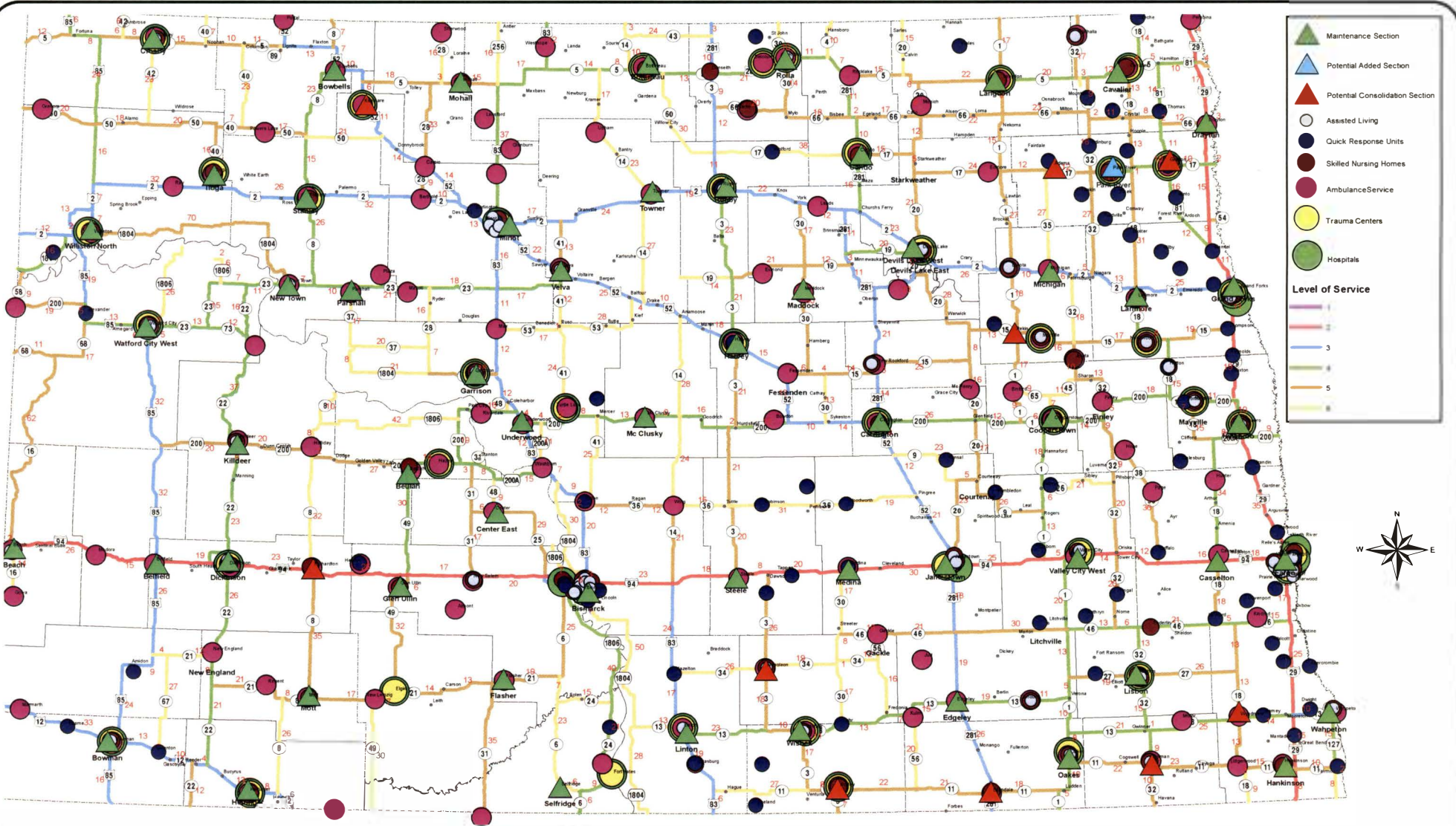
ATTACHMENT F
Population Density

STATE OF NORTH DAKOTA
NORTH DAKOTA DEPARTMENT OF TRANSPORTATION
MAINTENANCE DIVISION
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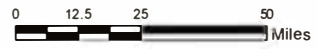
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ATTACHMENT G
Public Health Care Facilities



STATE OF NORTH DAKOTA

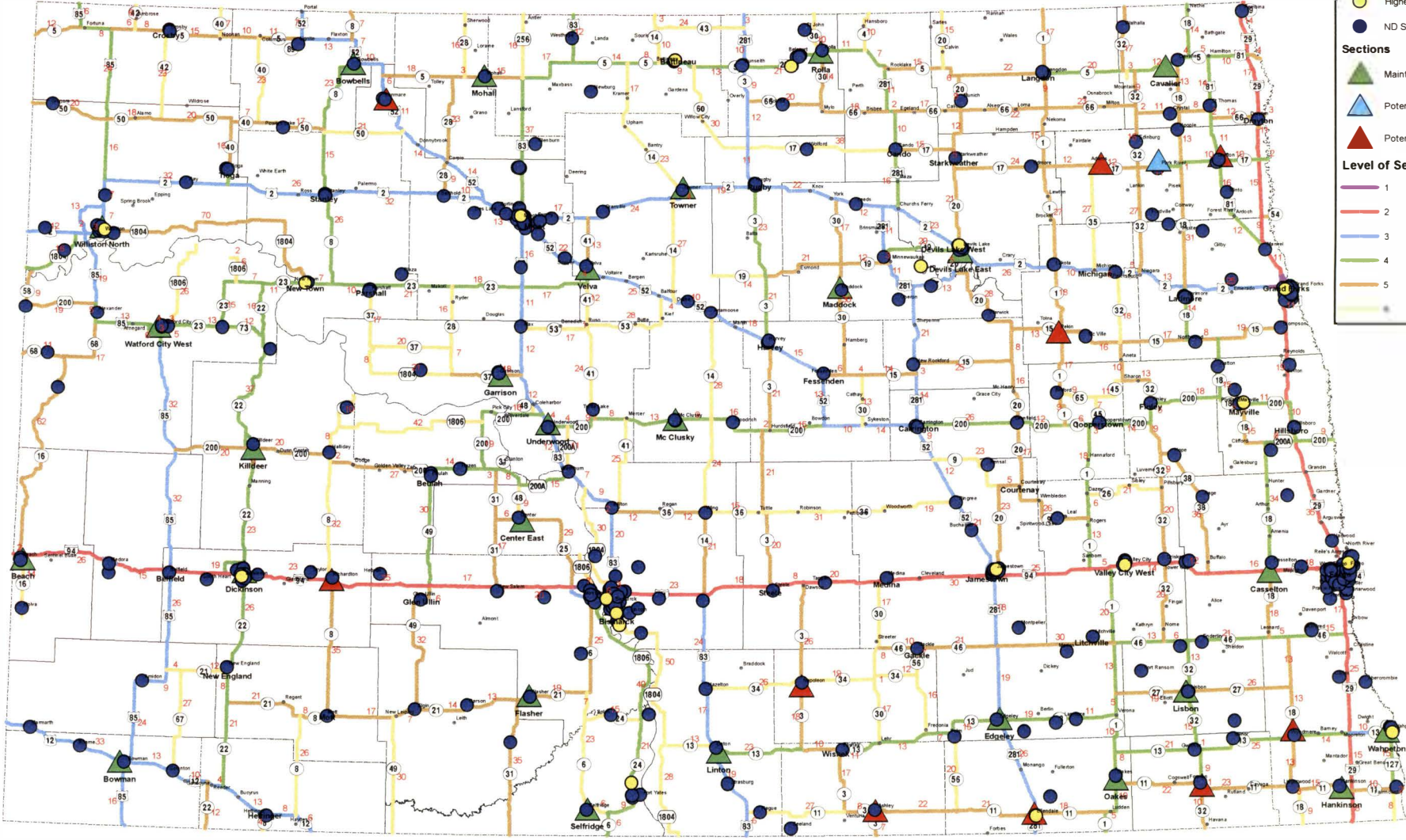
NORTH DAKOTA DEPARTMENT OF TRANSPORTATION
MAINTENANCE DIVISION

Date Saved: 8/31/2018

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● Higher Education
● ND Schools
Sections
▲ Maintenance Section
▲ Potential Added Section
▲ Potential Consolidation Section
Level of Service
— 1
— 2
— 3
— 4
— 5
— 6



ATTACHMENT H
ND Schools and Higher Education



STATE OF NORTH DAKOTA

NORTH DAKOTA DEPARTMENT OF TRANSPORTATION
MAINTENANCE DIVISION

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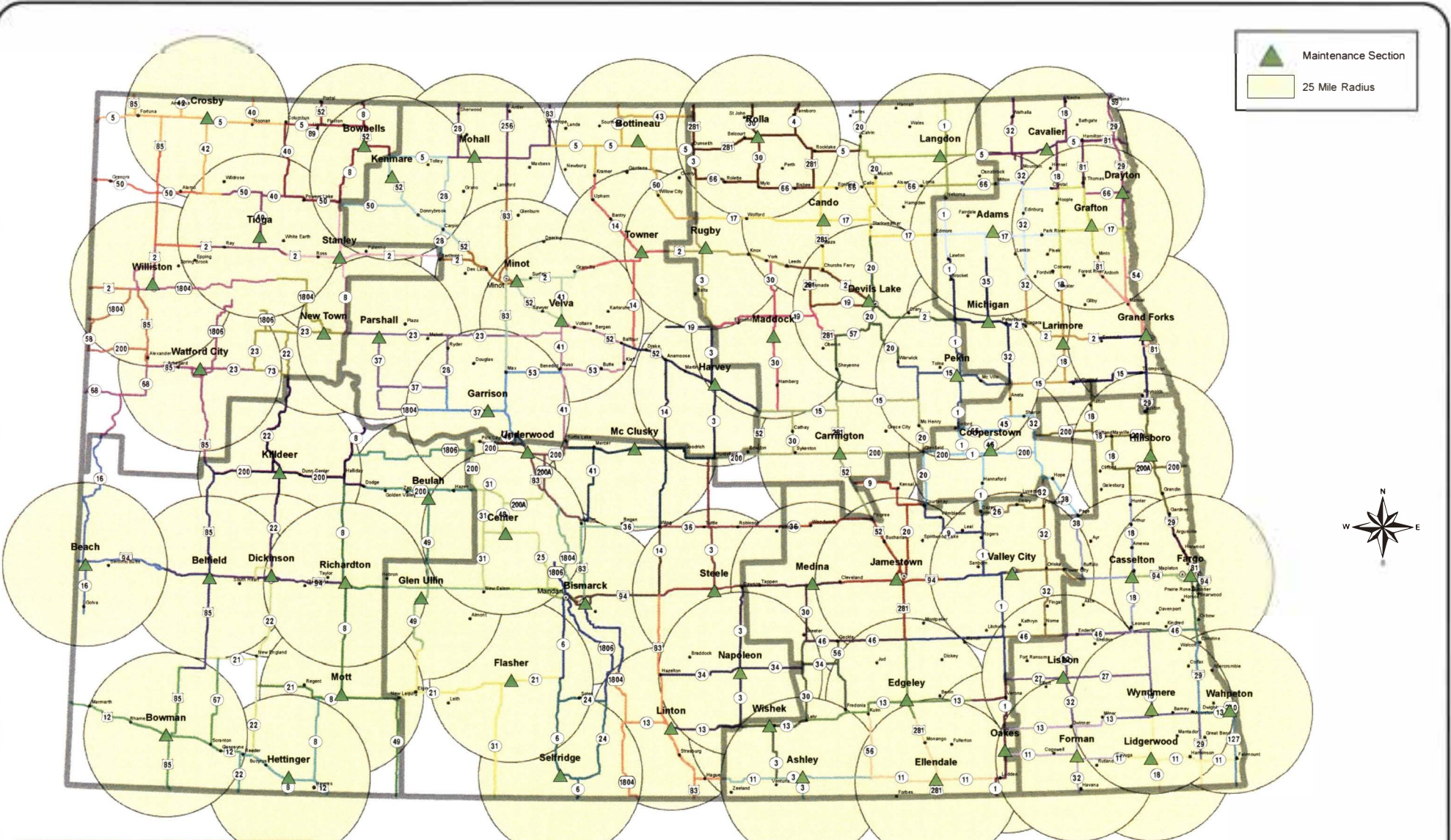
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#2

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▲ Maintenance Section
 ○ 25 Mile Radius



ATTACHMENT I - NDDOT Section Locations

25 Mile Radius Map

STATE OF NORTH DAKOTA
 NORTH DAKOTA DEPARTMENT OF TRANSPORTATION
 MAINTENANCE DIVISION
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ATTACHMENT I

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ATTACHMENT J

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The optimization study model created uniform plowing cycles based on levels of service across the state. The table below shows optimization cycles with existing similar plowing cycles per day.

Average Cycles/Day*			
NDDOT District: Levels of Service (LOS)	Existing Cycles Average	Optimization Run 3 Cycles FINAL	Optimization Run 3 Average Cycles FINAL
Bismarck: 1	3.2	5.9	3.6
Bismarck: 2, 3 & 4		3.4	
Bismarck: 5 & 6		2.9	
Valley City: 1	3.7	-	3.1
Valley City: 2, 3 & 4		3.4	
Valley City: 5 & 6		2.6	
Devils Lake: 1	4.1	-	3.2
Devils Lake: 2, 3 & 4		3.5	
Devils Lake: 5 & 6		2.7	
Minot: 1	3.5	6.1	3.5
Minot: 2, 3 & 4		3.6	
Minot: 5 & 6		2.9	
Dickinson: 1	3.7	-	3.3
Dickinson: 2, 3 & 4		3.5	
Dickinson: 5 & 6		2.7	
Grand Forks: 1	3.4	6.1	3.5
Grand Forks: 2, 3 & 4		3.6	
Grand Forks: 5 & 6		2.9	
Williston: 1	4.3	-	3.4
Williston: 2, 3 & 4		3.6	
Williston: 5 & 6		2.7	
Fargo: 1	3.4	5.0	3.7
Fargo: 2, 3 & 4		3.4	
Fargo: 5 & 6		2.9	

*Cycles per day are based on a 14 hour work day with 3.5 hours of daily "non-plowing" time.

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ATTACHMENT K

Sixty-fifth Legislative Assembly of North Dakota In Regular Session Commencing Tuesday, January 3, 2017

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SENATE BILL NO. 2012
(Appropriations Committee)

AN ACT to provide an appropriation for defraying the expenses of the department of transportation; to amend and reenact section 24-02-37 of the North Dakota Century Code, relating to state highway fund expenditures; to provide for a transfer; to provide for disposition of maintenance section sites; to provide exemptions; to provide for studies; and to provide for reports.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. APPROPRIATION. The funds provided in this section, or so much of the funds as may be necessary, are appropriated from special funds derived from federal funds and other income, to the department of transportation for the purpose of defraying the expenses of the department of transportation, for the biennium beginning July 1, 2017, and ending June 30, 2019, as follows:

	Base Level	Adjustments or Enhancements	Appropriation
Salaries and wages	\$207,778,278	(\$6,299,937)	\$201,478,341
Operating expenses	295,762,751	(66,381,105)	229,381,646
Capital assets	700,081,402	71,020,449	771,101,851
Grants	62,918,030	4,610,000	67,528,030
Total special funds	\$1,266,540,461	\$2,949,407	\$1,269,489,868
Full-time equivalent positions	1,080.50	(33.50)	1,047.00

SECTION 2. HEALTH INSURANCE INCREASE. The salaries and wages line item in section 1 of this Act includes the sum of \$2,702,395 from other funds for increases in employee health insurance premiums from \$1,130 to \$1,241 per month.

SECTION 3. ONE-TIME FUNDING. The following amounts reflect the one-time funding items approved by the sixty-fourth legislative assembly for the 2015-17 biennium:

One-Time Funding Description	2015-17	2017-19
General fund transfers to highway fund	\$486,982,489	\$0
Transfer to public transportation fund	186,900	0
Short line railroad	7,000,000	0
Transportation distributions - non-oil-producing counties	104,664,000	0
Contingent transfer to highway fund	18,690,000	0
Truck harmonization study	56,070	0
Recreational road access	1,869,000	0
Vehicle registration and titling system replacement	2,500,000	0
Motor coach reimbursement	934,500	0
Total all funds	\$622,882,959	\$0
Total special funds	9,500,000	0
Total general fund	\$613,382,959	\$0

SECTION 4. LINE ITEM TRANSFERS. The director of the department of transportation may transfer between the salaries and wages, operating, capital assets, and grants line items in section 1 of this Act when it is cost-effective for construction and maintenance of highways. The department of transportation shall notify the office of management and budget of any transfers made pursuant to this section.

SECTION 5. ADDITIONAL FUNDING FOR FEDERAL HIGHWAY MATCHING FUNDS. The department of transportation may use up to \$16,300,000 of the funding transferred, pursuant to

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section 4 of chapter 12 of the 2015 Session Laws, from the general fund to the highway fund to provide state matching funds for federal highway construction funding provided by the federal highway administration during the biennium beginning July 1, 2017, and ending June 30, 2019.

SECTION 6. EXEMPTION - ENHANCED STATE HIGHWAY INVESTMENT FUNDING. Section 54-44.1-11 does not apply to funding of \$503,115,558 in the capital assets line item relating to enhanced state highway investments in section 1 of chapter 12 of the 2015 Session Laws. Any funds continued into the 2017-19 biennium but not spent by June 30, 2019, must be continued into the biennium beginning July 1, 2019, and ending June 30, 2021, and may be expended only for enhanced state highway investments.

SECTION 7. EXEMPTION - SPECIAL ROADS FUND PROJECTS. Funding of \$2,000,000 appropriated to the department of transportation for special road projects, as contained in section 1 of chapter 12 of the 2015 Session Laws, is not subject to the provisions of section 54-44.1-11. Any unexpended funds from this appropriation are available to the department of transportation for special road projects during the biennium beginning July 1, 2017, and ending June 30, 2019.

SECTION 8. DISPOSITION OF MAINTENANCE SECTION SITES. Notwithstanding any other provision of law, the department of transportation may discontinue operations of department maintenance section sites in New England, Starkweather, Fessenden, Courtenay, Gackle, Litchville, Finley, and Mayville as provided in this section.

1. During the biennium beginning July 1, 2017, and ending June 30, 2019, the department may not dispose of any real property assigned to a section site where operations are being discontinued.
2. The department shall consult with representatives of the political subdivisions in which the section site is located, in the following order: first with the county, second with the city, and third with the township. If requested by any of the political subdivisions, the department shall negotiate a lease agreement with that political subdivision regarding the use of the section site and facilities. The lease agreement must address, at a minimum, the following:
 - a. The political subdivision may use the department's maintenance site and building, road oil tank, and shop equipment contained in the building. The political subdivision must be responsible for all routine maintenance and utility costs.
 - b. If requested by the political subdivision, the department may transfer ownership of an equipped snow plow to the political subdivision. The snow plow must be one that the department intends to dispose of as part of its equipment replacement schedule.
 - c. The department may charge a reasonable fee to the political subdivision under the lease.
 - d. The department shall retain the use of salt buildings located on the property, the right to park one vehicle inside the maintenance building during a major winter storm, the use of an electrical outlet to plug in various vehicles for wintertime loading of deicing materials, and the right to use a portion of the site for a salt and sand pile for winter snow and ice control operations.
 - e. If an emergency occurs in or around a section site, and the department is unable to respond, the political subdivision may agree to have an individual available to respond to the emergency. The political subdivision may establish a process that allows emergency response teams to contact the political subdivision to allow it to respond to an emergency occurring within the area currently served by the section site. The response may require the political subdivision to provide snow and ice control on the state highway system for an emergency situation.

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3. If the department does not enter a lease agreement for a section site during the biennium beginning July 1, 2017, and ending June 30, 2019, the department may dispose of the section site property in accordance with state law after June 30, 2019.
4. If the department has an employee whose home residence is located within the vicinity of the maintenance section the department intends to discontinue, the department shall locate one of its snow plows at or near the maintenance section site during a major winter storm event from November 1 through March 31 of each fiscal year.

SECTION 9. AMENDMENT. Section 24-02-37 of the North Dakota Century Code is amended and reenacted as follows:

24-02-37. State highway fund - Priorities for expenditure - Use of investment income.

The state highway fund, created by law and not otherwise appropriated and allocated, must be applied and used for the purposes named in this section, as follows:

1. Except for investment income as provided in subsection 3, the fund must be applied in the following order of priority:
 - a. The cost of maintaining the state highway system.
 - b. The cost of construction and reconstruction of highways in the amount necessary to match, in whatever proportion may be required, federal aid granted to this state by the United States government for road purposes in North Dakota. Notwithstanding any other provision of law, the department of transportation may repay the United States department of transportation for previous related expenditures from current biennium appropriations to allow the department to reobligate the federal aid to other federal aid projects.
 - c. Any portion of the highway fund not allocated as provided in subdivisions a and b may be expended for the construction of state highways without federal aid or may be expended in the construction, improvement, or maintenance of such state highways.
2. All funds heretofore appropriated or hereafter appropriated or transferred to the department, whether earmarked or designated for special projects or special purposes or not, must be placed or transferred into a single state highway fund in the office of the state treasurer and any claims for money expended by the department upon warrants prepared and issued by the office of management and budget and signed by the state auditor under this title must be paid out of the state highway fund by the state treasurer; provided, however, that the commissioner shall keep and maintain complete and accurate records showing that all expenditures have been made in accordance with legislative appropriations and authorizations.
3. The state treasurer shall deposit the moneys in the state highway fund in an interest-bearing account at the Bank of North Dakota. The state treasurer shall deposit eighty percent of the income derived from the interest-bearing account in a special interest-bearing account in the state treasury known as the special road fund. The special road fund may be used, within the limits of legislative appropriation, exclusively for the construction and maintenance of access roads to and roads within recreational, tourist, and historical areas as designated by the special road committee. A political subdivision or state agency may request funds from the special road fund by applying to the committee on forms designated by the committee. The committee may require the political subdivision or state agency to contribute to the cost of the project as a condition of any expenditure authorized from the special road fund. Any moneys in the fund not obligated by the special road committee by June thirtieth of each odd-numbered year must be held for an additional two years after which the funds revert to the state highway fund.

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SECTION 10. DEPARTMENT OF TRANSPORTATION STUDY - SNOW AND ICE CONTROL SERVICES - REPORT TO LEGISLATIVE MANAGEMENT. During the 2017-18 interim, the department of transportation shall study the manner in which it provides snow and ice control services on the state highway system, including the existing costs for these services and any potential savings available in providing these services. Based on its findings, the department shall determine the most efficient and effective manner in which to provide snow and ice control services. The department shall provide a report to the legislative management before July 1, 2018, regarding the results of the study.

SECTION 11. DEPARTMENT OF TRANSPORTATION STUDY - CONSOLIDATION OF SERVICES - REPORT TO LEGISLATIVE MANAGEMENT - REPORT TO SIXTY-SIXTH LEGISLATIVE ASSEMBLY. During the 2017-18 interim, the department of transportation shall study options to consolidate transportation facilities within Williams County and the Williston district headquarters. The department shall provide the final report, including the results of the study, to the legislative management before July 1, 2018. If the results of the study determine that it is beneficial to consolidate facilities, the department may proceed with consolidation efforts. Before the completion of the study and the determination of whether the consolidation of facilities is beneficial, the department may not construct any new buildings at the Williston district headquarters. The department shall provide reports to the appropriations committees of the sixty-sixth legislative assembly regarding the study and the outcomes of the study.

SECTION 12. LEGISLATIVE MANAGEMENT STUDY - TRANSPORTATION FUNDING. During the 2017-18 interim, the legislative management shall consider studying the funding mechanisms and options available to the department of transportation, political subdivisions, and public transportation providers, for road construction, maintenance, other transportation infrastructure needs, and transit services. The legislative management shall report its findings and recommendations, together with any legislation necessary to implement the recommendations, to the sixty-sixth legislative assembly.

SECTION 13. DEPARTMENT OF TRANSPORTATION FEES - REPORT TO BUDGET SECTION. The department of transportation shall report to the legislative management's budget section by September 30, 2017, and by September 30, 2018, regarding all fees charged by the department in comparison to the actual cost of providing the services for which the fee is charged.

SECTION 14. TELECOMMUNICATIONS INFRASTRUCTURE ON HIGHWAY RIGHTS OF WAY - LIMITATION - DEPARTMENT OF TRANSPORTATION AND INFORMATION TECHNOLOGY DEPARTMENT STUDY - REPORT. Prior to the department of transportation permitting any nonstate owned, controlled, or leased wireless telecommunication infrastructure used for wireless transmission of voice, data, images, or other signals or information within state highway rights of way, the department of transportation and the information technology department shall study, during the 2017-18 interim, the benefits of allowing wireless telecommunication infrastructure within state highway rights of way and what, if any, requirements of allowing the installation may be in the public interest. The department of transportation and the information technology department shall report the results of the study to the legislative management by June 30, 2018.

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President of the Senate

Speaker of the House

Secretary of the Senate

Chief Clerk of the House

This certifies that the within bill originated in the Senate of the Sixty-fifth Legislative Assembly of North Dakota and is known on the records of that body as Senate Bill No. 2012.

Senate Vote: Yeas 44 Nays 1 Absent 2

House Vote: Yeas 53 Nays 40 Absent 1

Secretary of the Senate

Received by the Governor at _____ M. on _____, 2017.

Approved at _____ M. on _____, 2017.

Governor

Filed in this office this _____ day of _____, 2017,

at _____ o'clock _____ M.

Secretary of State

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HB1012

#2

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ATTACHMENT L

2018

**NDDOT Public Survey on
Snow and Ice Control**

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Overview

The North Dakota Department of Transportation (NDDOT) conducted a Public Survey on Snow and Ice Control to learn what level of snow and ice control services were acceptable on ND highways. The survey comprised of 43 questions and was conducted online as well as distributed in paper format at a couple of local public events in May. There were a total of 1,189 responses.

The results from the first question indicated that the majority of drivers are satisfied with their current level of service. Questions 2 & 3 compared the service provided and service expected on Interstate four-lane versus Non-Interstate four-lane. The results indicated that the majority of drivers currently saw more service provided to the Interstate than Non-Interstate. The results also indicated that the majority of drivers expected that service provided should be the same for all four-lane roads, whether they are Interstate or Non-Interstate.

In regard to NDDOT's hours of operations the majority of survey respondents wanted no change to the plow start or stop times. The survey results support the idea that the traveling public has become accustomed to NDDOT's hours of operations. This is shown in the results of questions 4-8 as well as the Acceptability of Road Conditions questions. In general, the traveling public is more accepting of poor road conditions at 6 a.m. and less accepting of poor road conditions by 10 a.m.

The traveling public generally knows the NDDOT is not a 24/7 operation and understand it will take some time in the morning hours to catch up with what snow fell over the night hours. Expectations through the evening hours are generally consistent. With plow crews finishing their operations around 5-7 p.m. nightly, the general public seems to understand there will not be significant improvements in road conditions between 8-10 p.m., hence their expectations remaining the same for the 8-10 p.m. time period.

For questions addressing roadways with snow covered and compacted snow, the survey results show drivers on 2-lane roads are less accepting of snow covered roads than four-lane roads. In other words, survey respondents expect 2-lane roads to be plowed more often than four-lane roads.

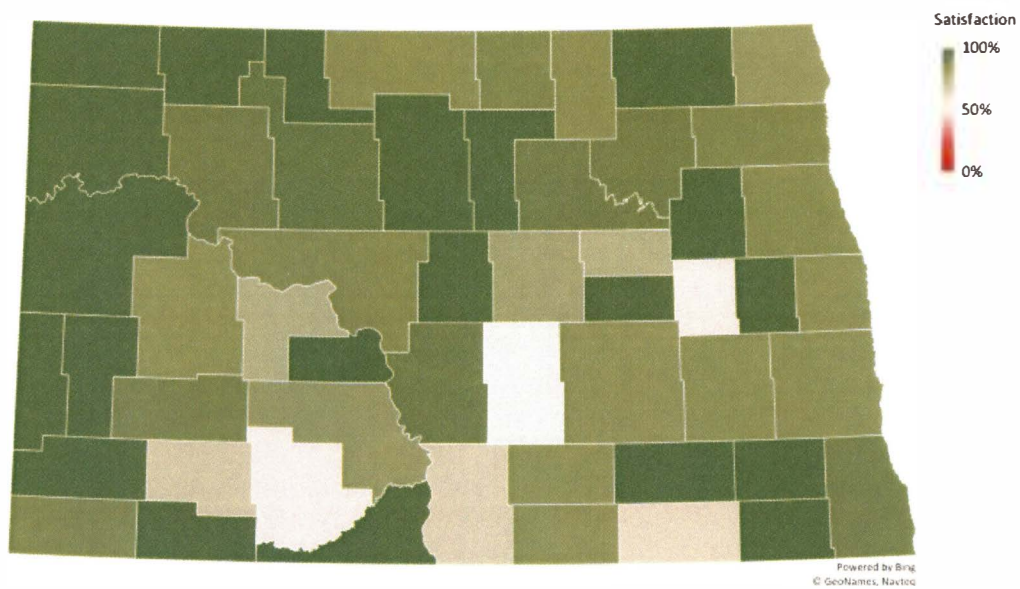
The NDDOT plans to obtain additional public feedback on snow and ice control by conducting focus groups across the state next year.

1. How satisfied are you with the service currently provided by NDDOT snow and ice control efforts for each type of state maintained rural highway listed below, not including local, city, or county road?

Overall, relatively high satisfaction with 4-lane efforts (both interstate and non-interstate). Satisfaction drops with rural 2-lane but remains higher in more "urban" counties like Cass and Burleigh.

Note: There were no submissions from Kidder County

Current satisfaction with snow and ice control efforts on Interstate 4-Lane



¹ NOTE: There were no submissions from Kidder County

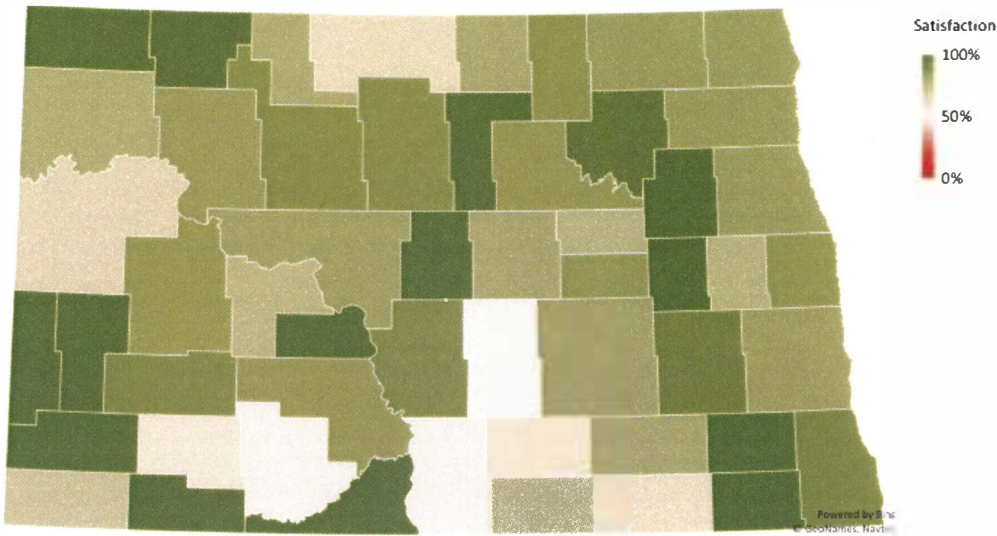
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NDDOT
North Dakota
Department of Transportation

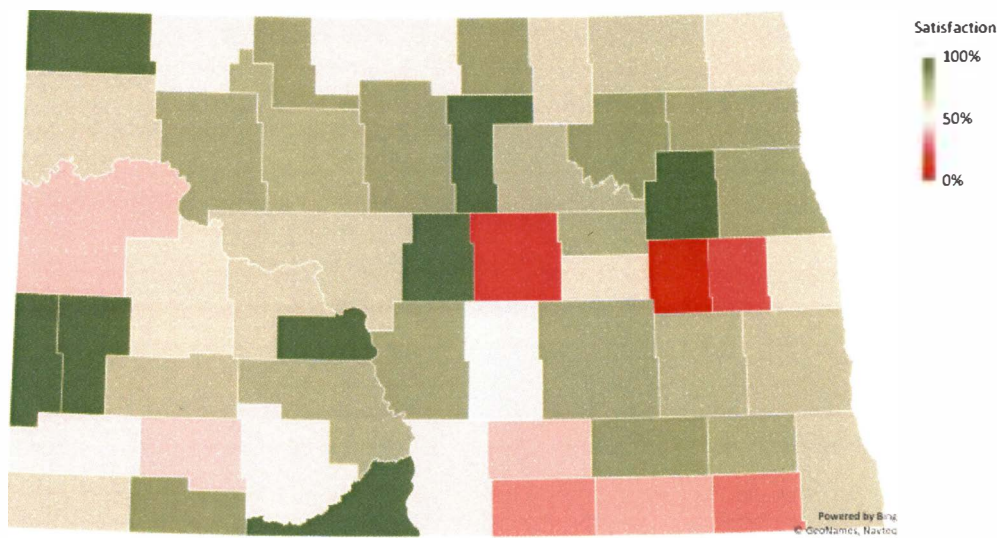
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Current satisfaction with snow and ice control efforts
on Non-Interstate 4-Lane



Current satisfaction with snow and ice control efforts
on Rural 2-Lane

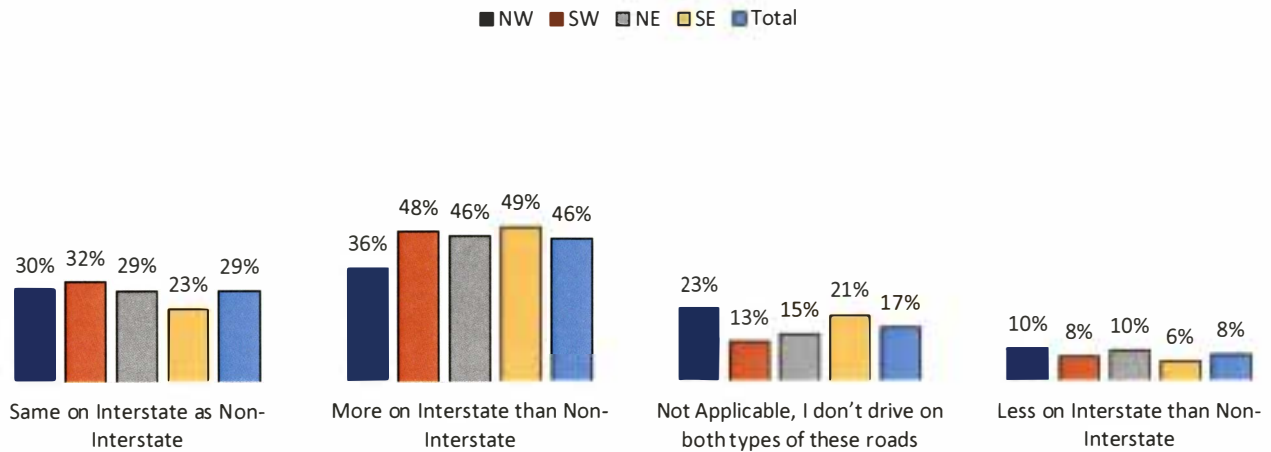


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2. Do you currently see the same service provided on Interstate 4-lane (I-29, I-94) as on Non-Interstate 4-lane (US-2, US-83)?

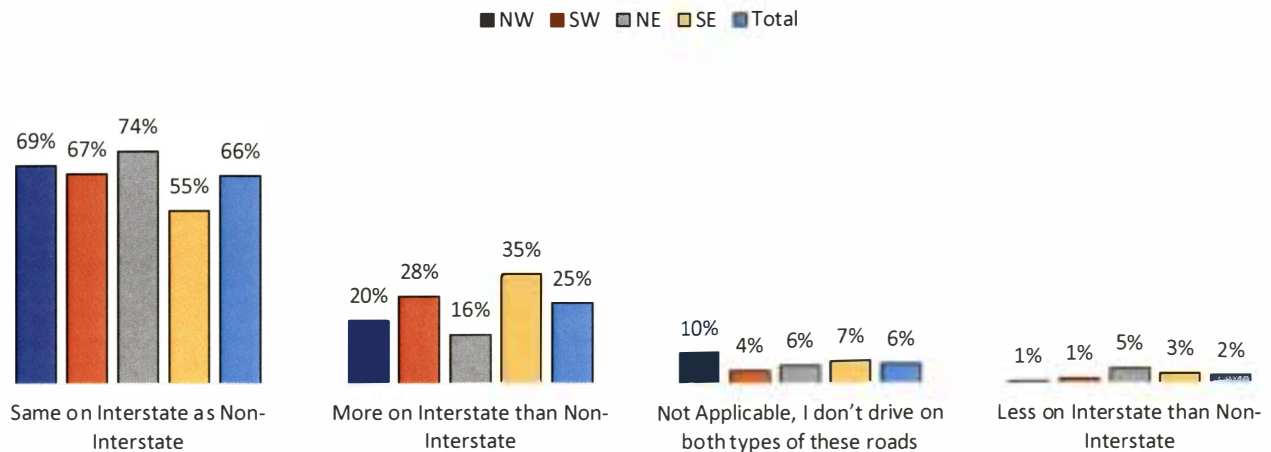
Respondents currently feel that more service is provided to interstate than non-interstate but think it should be equal.

Current Service Provided on Interstate 4-lane vs. Non-Interstate 4-lane



3. Would you expect to see the same service provided on Interstate 4-lane (I-29, I-94) as on Non-Interstate 4-lane (US-2, US-83)?

Expected Service on Interstate 4-lane vs. Non-interstate 4-lane



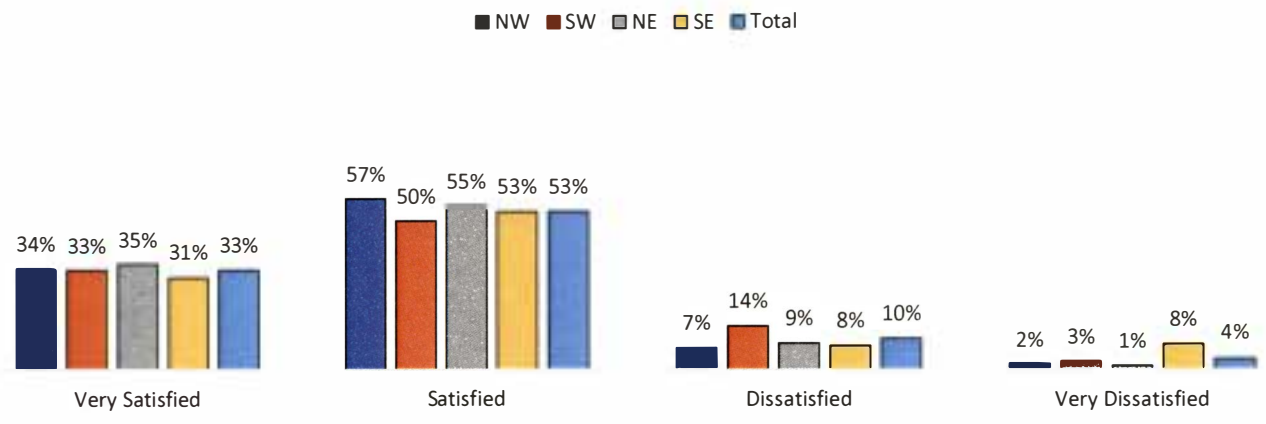
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4. Snow plow drivers are typically out plowing roads from 5am – 7pm during winter storm events. Choose your level of satisfaction with the current hours of plowing for each type of state maintained rural highway listed below, not including local, city, or county roads.

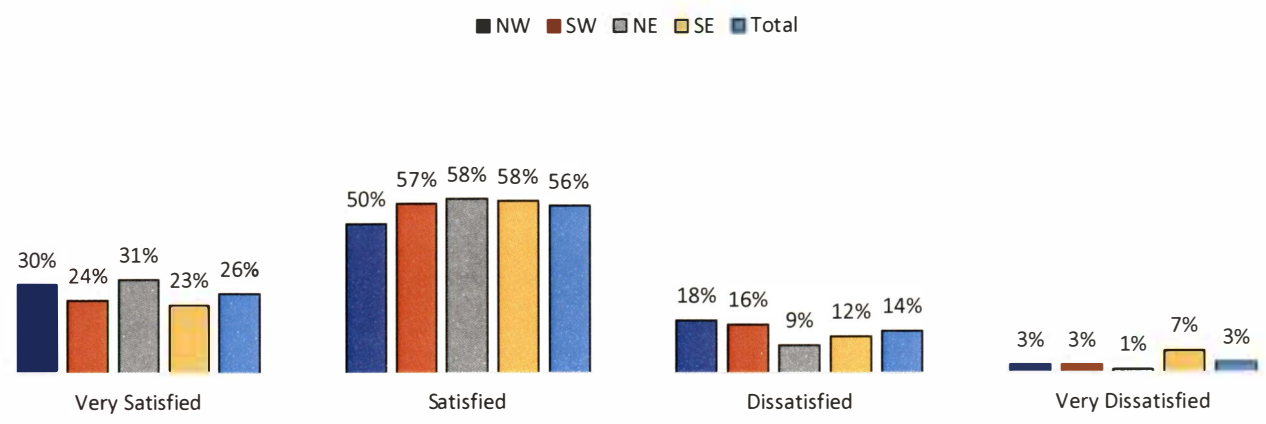
Satisfied with current plowing hours:

- 86% Interstate 4-lane
- 82% Non-interstate 4-lane
- 72% Rural 2-lane

Current Satisfaction with Plowing Hours Interstate 4-lane



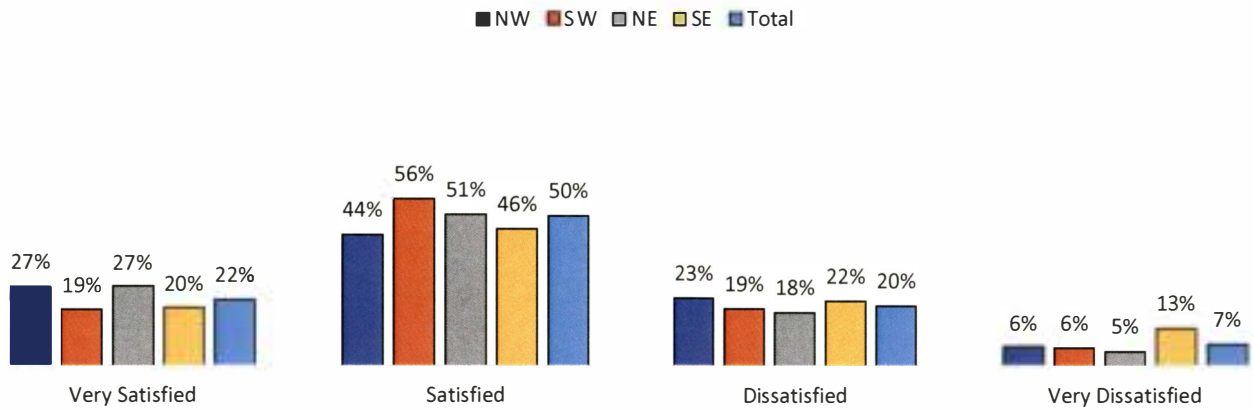
Current Satisfaction with Plowing Hours Non-Interstate 4-lane



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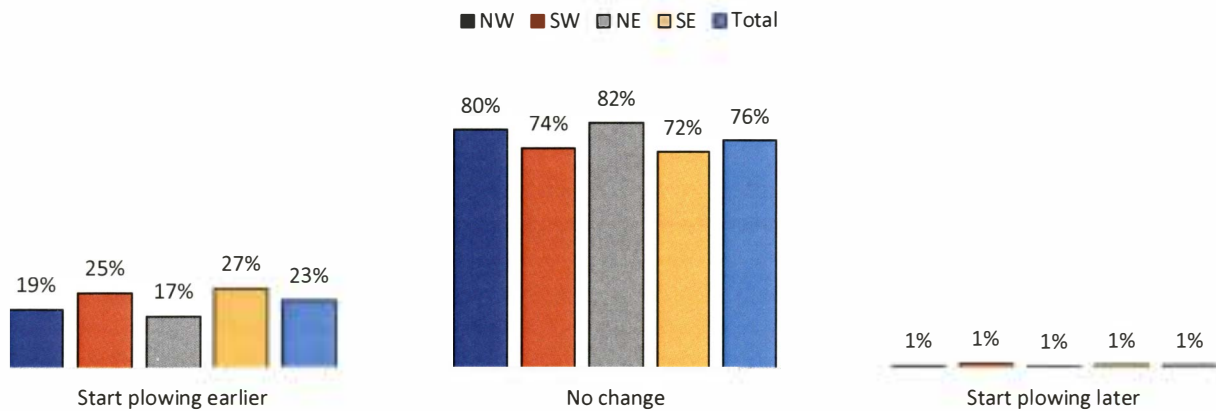
Current Satisfaction with Plowing Hours Rural 2-lane



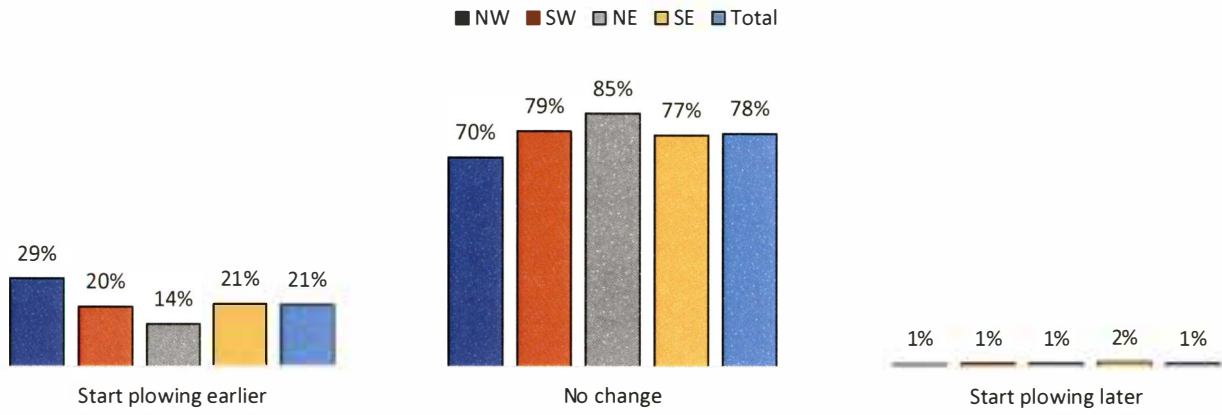
5. Should snow plow drivers change when they start plowing in the morning? Currently the plowing starts at 5am.

Three in four respondents say no change.

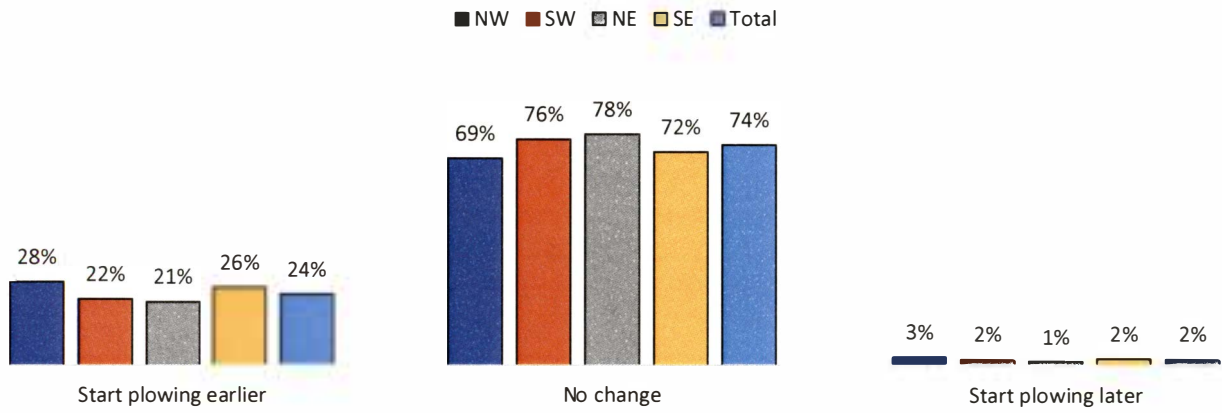
Change Plowing Start Time Interstate 4-lane



Change Plowing Start Time Non-Interstate 4-lane

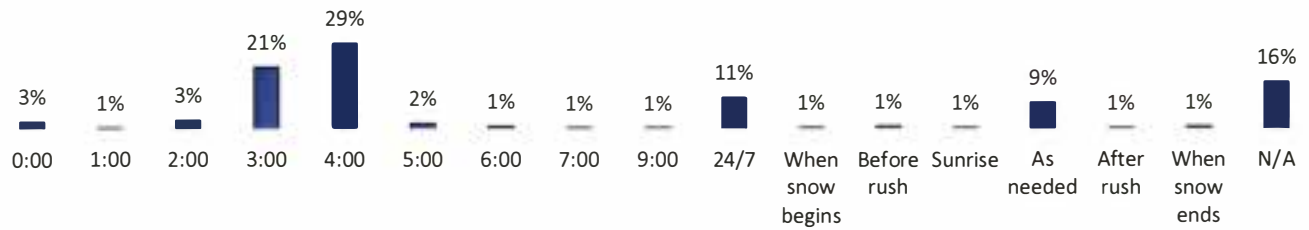


Change Plowing Start Time Rural 2-lane

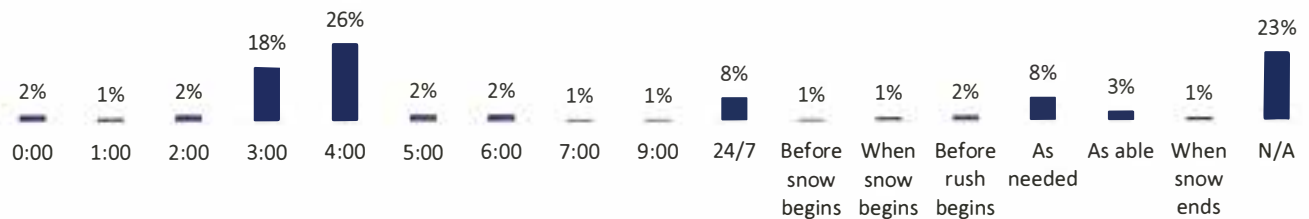


If you answered to change the time earlier or later, then please specify what time should plowing start.

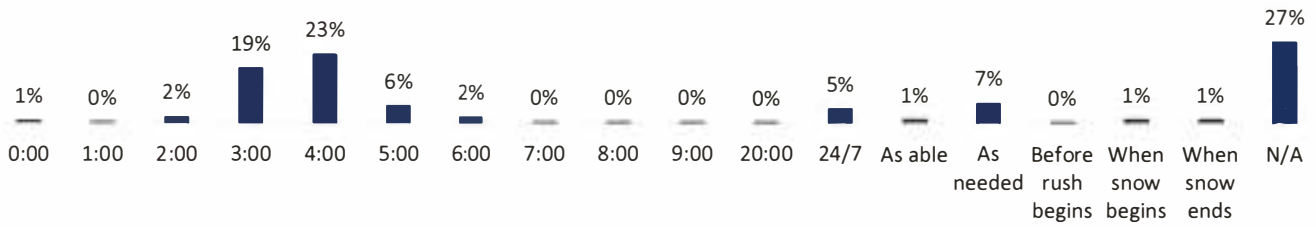
When Plowing Should Start Interstate 4-lane



When Plowing Should Start Non-Interstate 4-lane



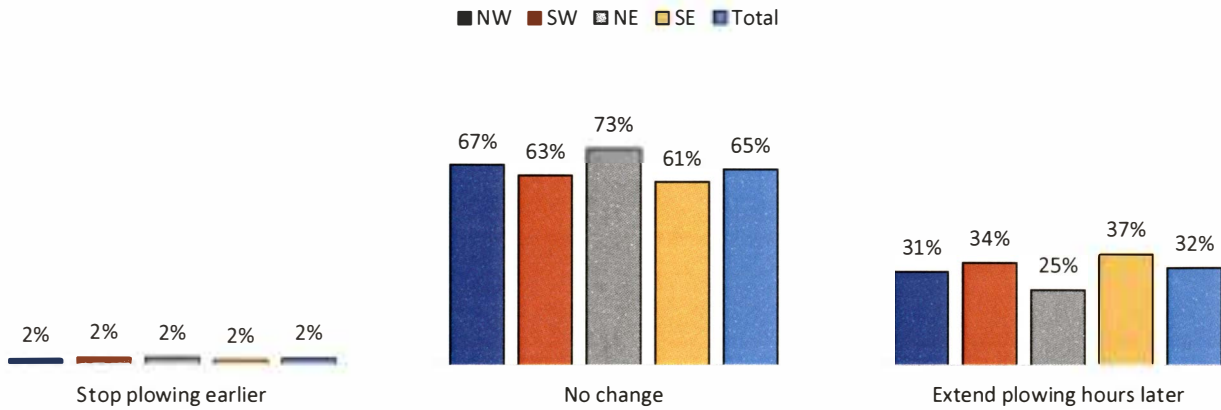
When Plowing Should Start Rural 2-lane



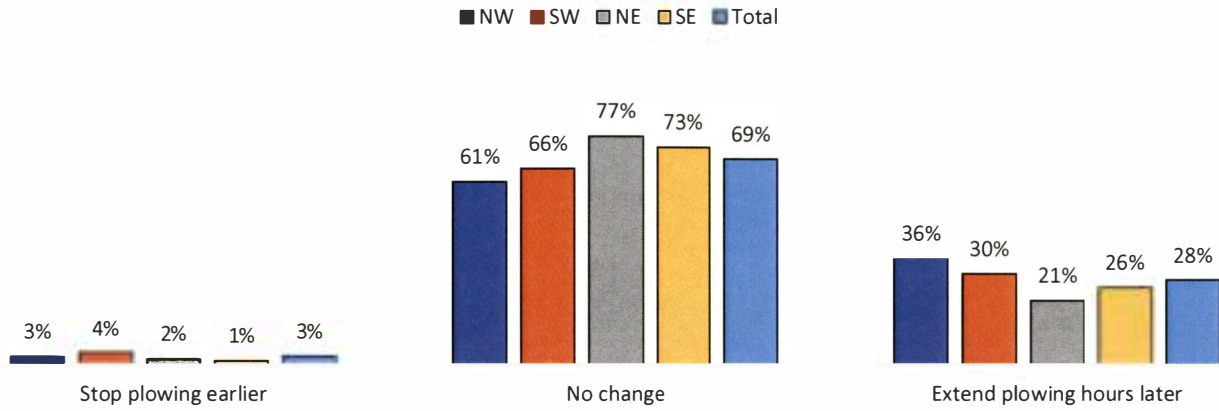
6. Should snow plow drivers change when they stop plowing at night? Currently the plowing stops at 7pm.

More than one in four respondents say to extend plowing hours.

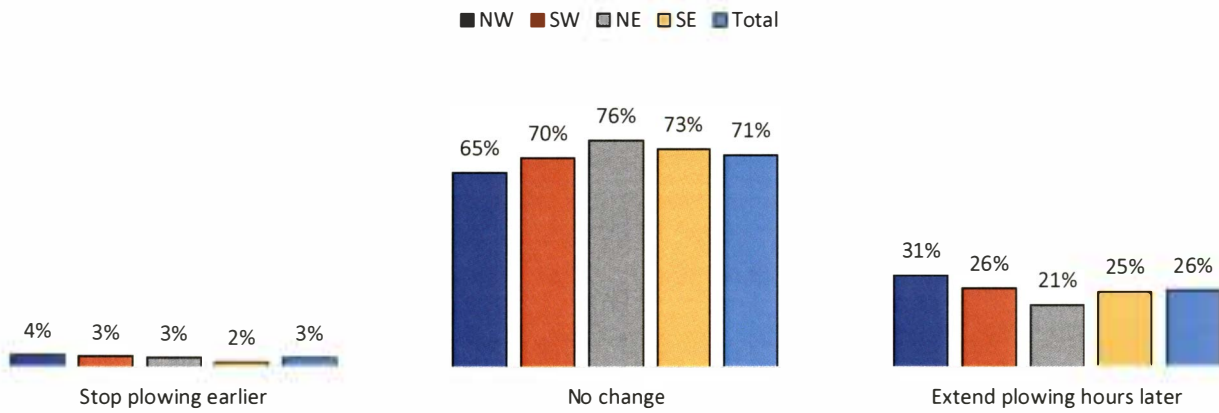
Change Plowing Stop Time Interstate 4-lane



Change Plowing Stop Time Non-Interstate 4-lane

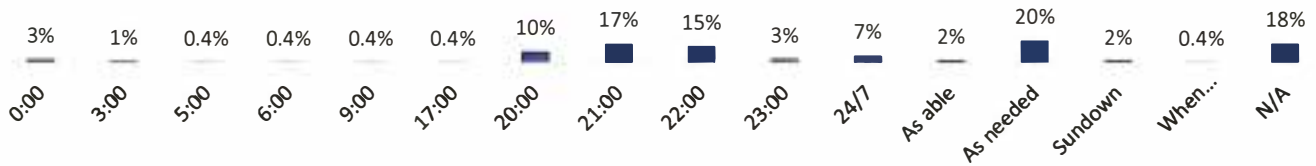


Change Plowing Stop Time Rural 2-lane

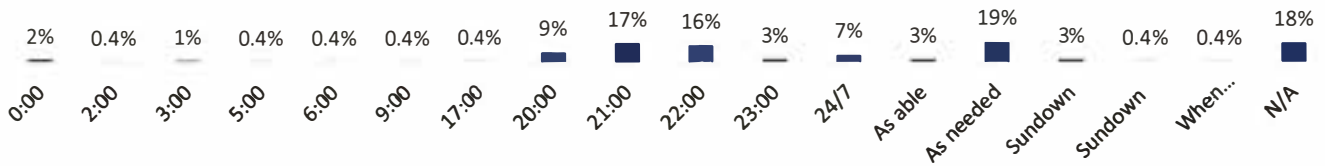


If you answered to change the time earlier or later, please specify what time should plowing stop:

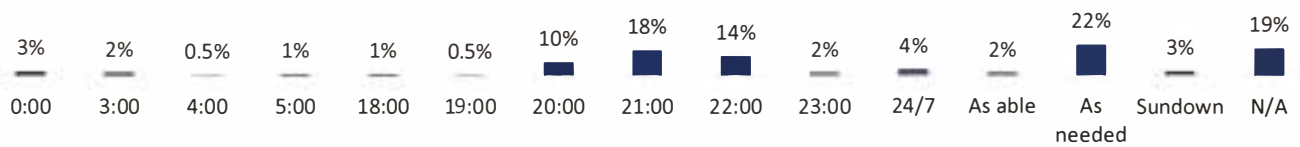
When Plowing Should Stop Interstate 4-lane



When Plowing Should Stop Non-Interstate 4-lane



When Plowing Should Stop Rural 2-lane

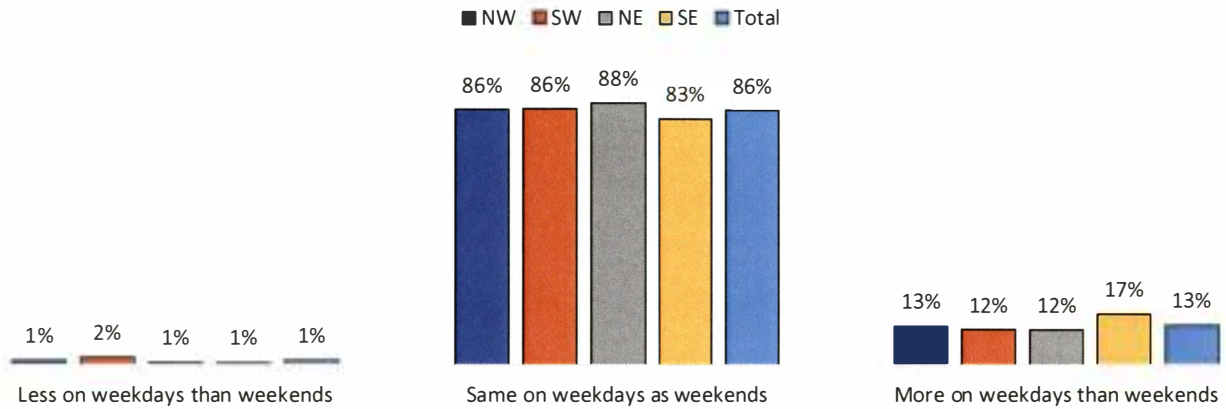




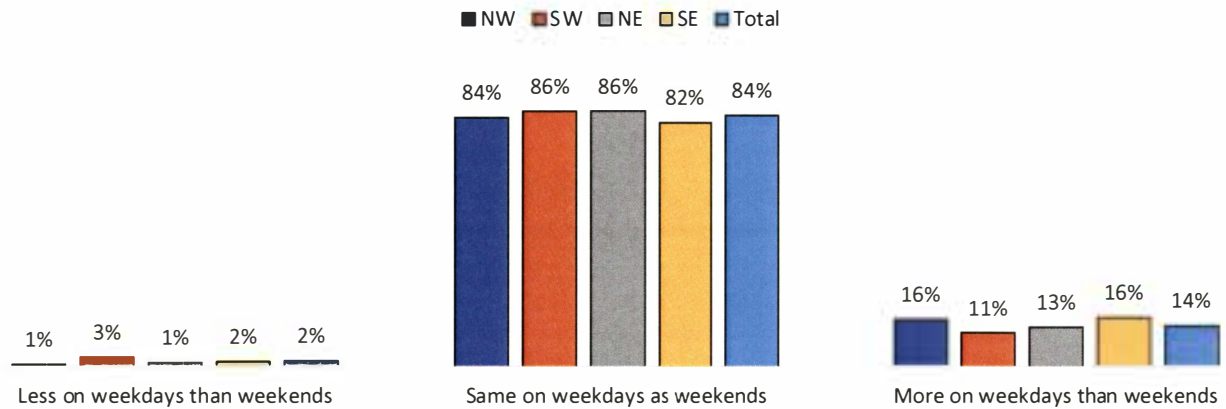
7. Should the same hours of plowing be provided on weekdays and weekends?

Over 80% say same to use the same hours on weekdays as weekends.

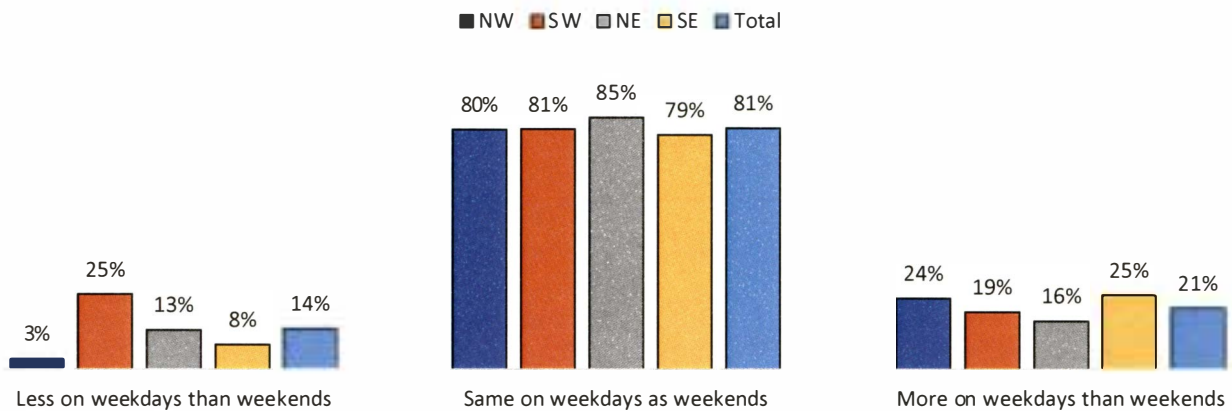
Weekday vs. Weekend Plowing Hours Interstate 4-lane



Weekday vs. Weekend Plowing Hours Non-Interstate 4-lane



Weekday vs. Weekend Plowing Hours Rural 2-lane



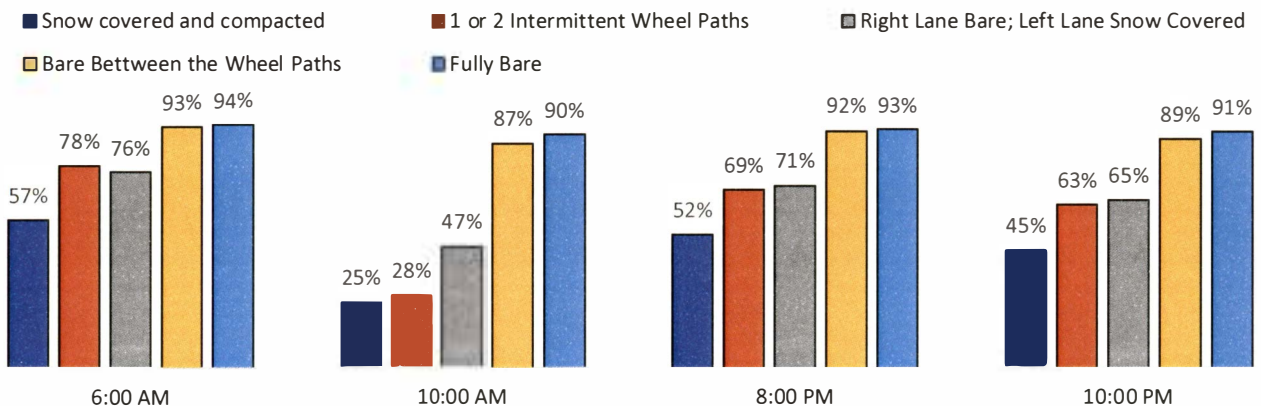
The next set of questions pertain to an Interstate 4-Lane Highway, not including local, city, or county roads (example: I-29, I-94). If you do not drive on the Interstate you can skip this section. Interstate 4-Lane (example: I-29, I-94) - Snow Covered and Compacted

8, 10, 12, 14, 16, 18, 20, 22, 24, 26, 28, 30, 32, 34. For the road condition shown above, if this 3 to 4-inch snowfall ended at 3am in the morning, and the wind had died down, how acceptable would this road condition be at:
9, 11, 13, 15, 17, 19, 21, 23, 25, 27, 29, 31, 33, 35. For the road condition shown above, if this 3 to 4-inch snowfall ended at 6pm in the evening, and the wind had died down, how acceptable would this road condition be at:

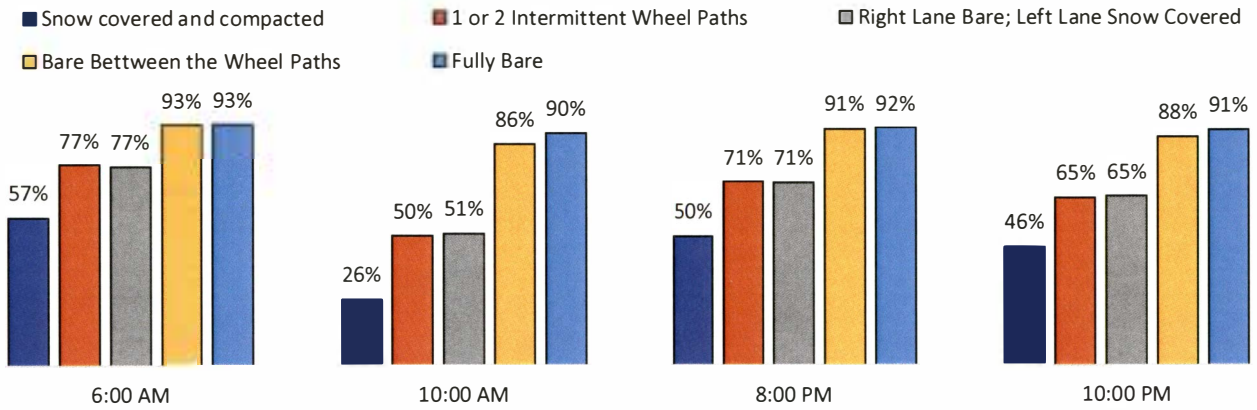
Very little difference between 'bare between wheel paths' and 'fully bare.'

Acceptability of Road Conditions

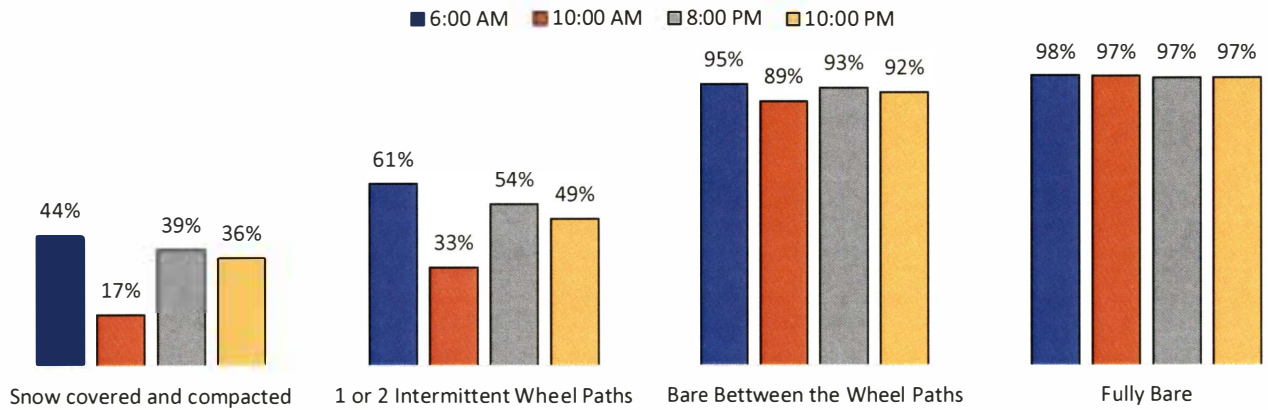
Acceptability of Road Conditions Interstate 4-Lane



Acceptability of Road Conditions Non-Interstate 4-lane



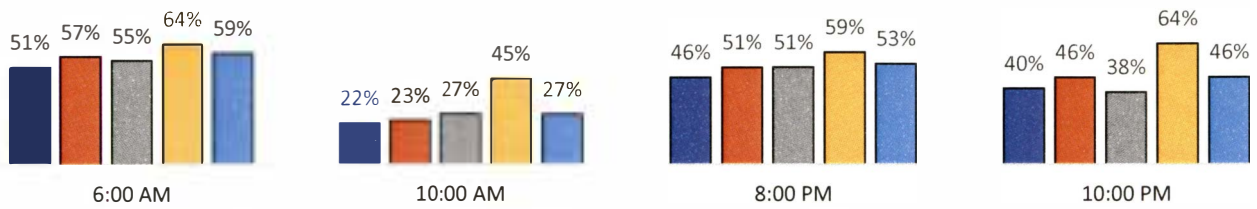
Acceptability of Road Conditions Rural 2-lane



Interstate 4-lane by Driver Type

Acceptability of Snow covered and compacted Interstate 4-Lane

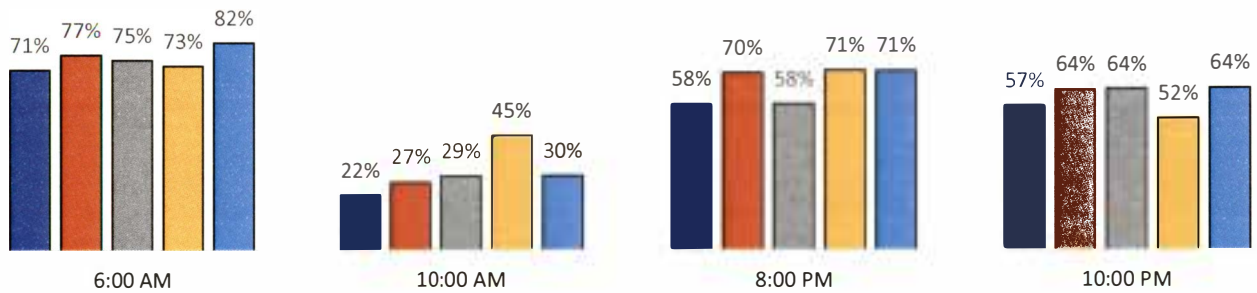
■ Commercial trucking ■ Daily commuter for work ■ Emergency Responder / Law Enforcement ■ Farming/ranching ■ Personal travel



Farmers slightly more accepting of snow-covered roads on interstate

Acceptability of 1 or 2 Intermittent Wheel Paths Interstate 4-Lane

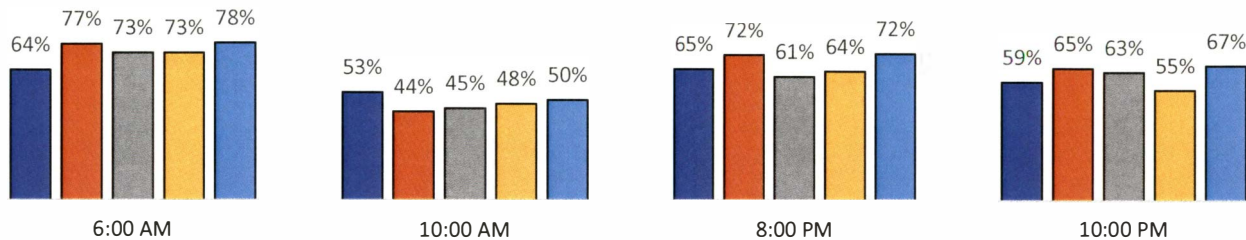
■ Commercial trucking ■ Daily commuter for work ■ Emergency Responder / Law Enforcement ■ Farming/ranching ■ Personal travel



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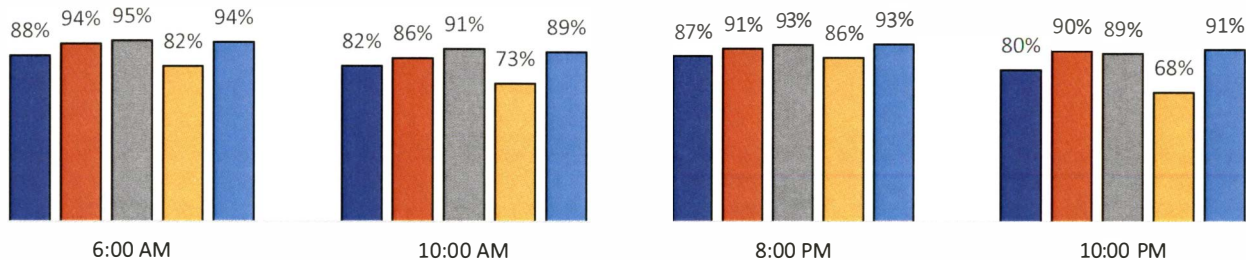
Acceptability of Right Lane Bare; Left Lane Snow Covered Interstate 4-Lane

■ Commercial trucking ■ Daily commuter for work ■ Emergency Responder / Law Enforcement ■ Farming/ranching ■ Personal travel



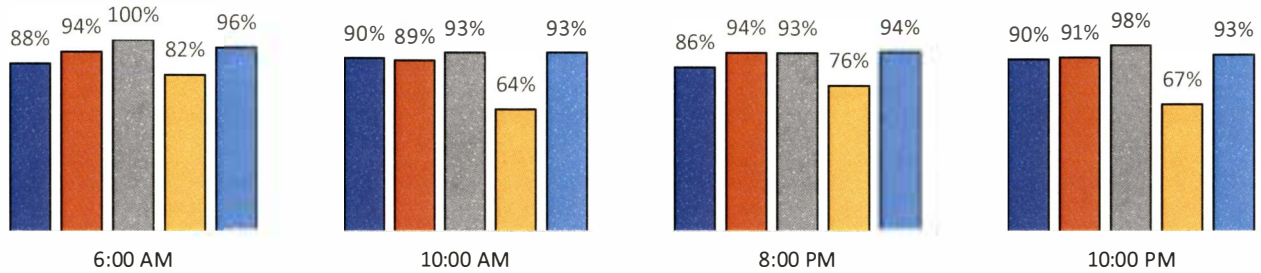
Acceptability of Bare Between the Wheel Paths Interstate 4-Lane

■ Commercial trucking ■ Daily commuter for work ■ Emergency Responder / Law Enforcement ■ Farming/ranching ■ Personal travel



Acceptability of Fully Bare Interstate 4-Lane

Commercial trucking Daily commuter for work Emergency Responder / Law Enforcement Farming/ranching Personal travel

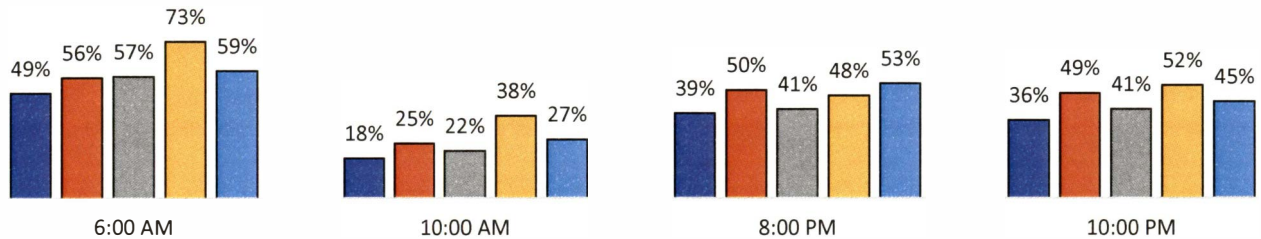


Farmers are slightly more accepting of snow covered roads on Interstate.

Non-Interstate 4-lane by Driver Type

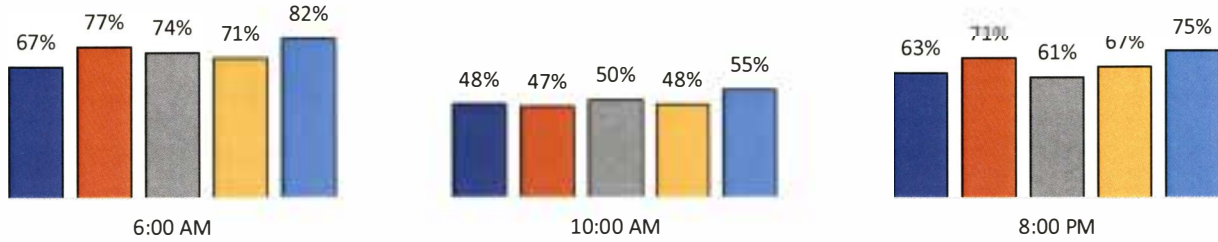
Acceptability of Snow Covered and Compacted Non-Interstate 4-lane

Commercial trucking Daily commuter for work Emergency Responder / Law Enforcement Farming/ranching Personal travel



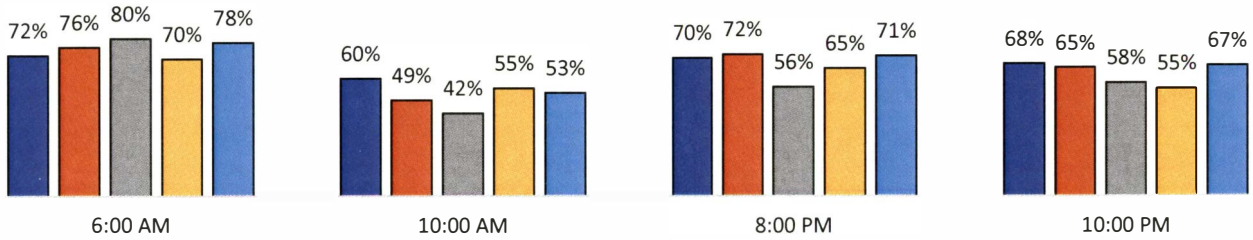
Acceptability of 1 or 2 Intermittent Wheel Paths Non-Interstate 4-lane

■ Commercial trucking ■ Daily commuter for work ■ Emergency Responder / Law Enforcement ■ Farming/ranching ■ Personal travel



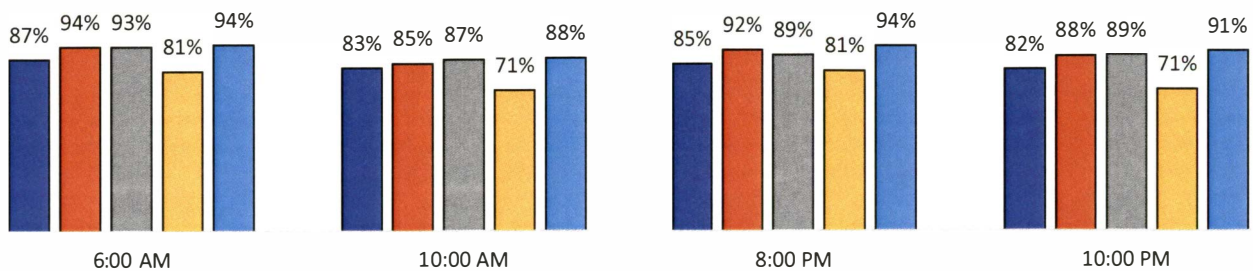
Acceptability of Right Lane Bare; Left Lane Snow Covered Non-Interstate 4-lane

■ Commercial trucking ■ Daily commuter for work ■ Emergency Responder / Law Enforcement ■ Farming/ranching ■ Personal travel



Acceptability of Bare Between the Wheel Paths Non-Interstate 4-lane

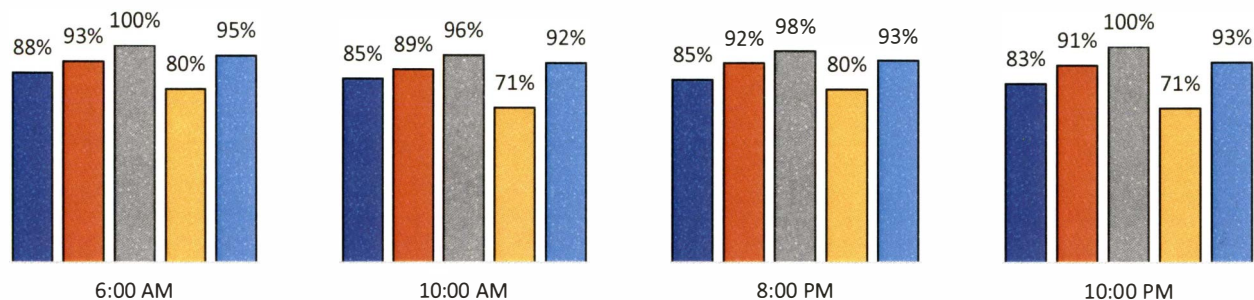
■ Commercial trucking ■ Daily commuter for work ■ Emergency Responder / Law Enforcement ■ Farming/ranching ■ Personal travel



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Acceptability of Fully Bare Non-Interstate 4-lane

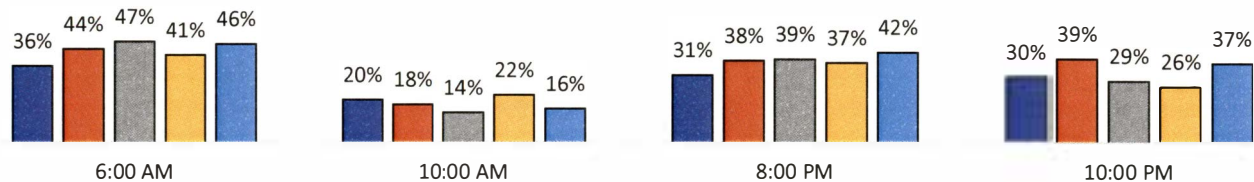
■ Commercial trucking ■ Daily commuter for work ■ Emergency Responder / Law Enforcement ■ Farming/ranching ■ Personal travel



Rural 2-lane by Driver Type

Acceptability of Snow Covered and Compacted Rural 2-lane

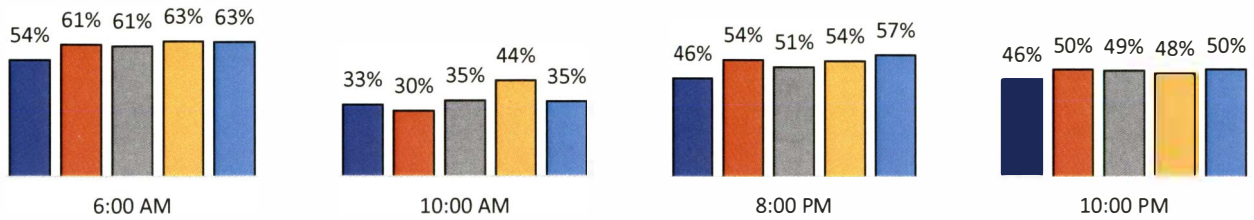
■ Commercial trucking ■ Daily commuter for work ■ Emergency Responder / Law Enforcement ■ Farming/ranching ■ Personal travel



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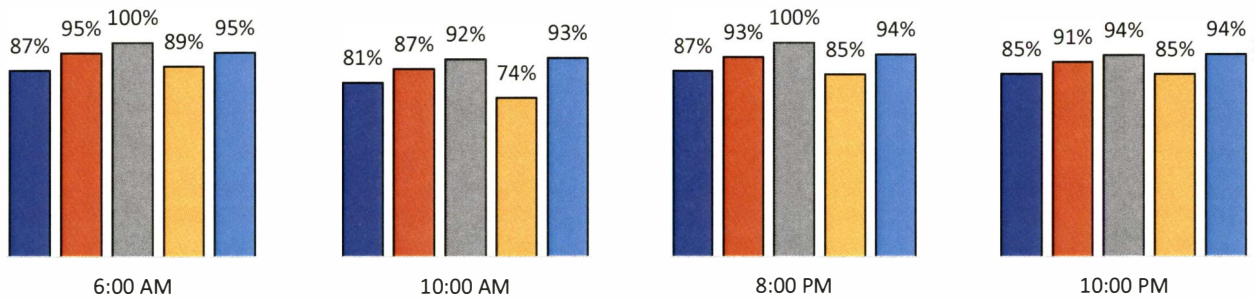
Acceptability of 1 or 2 Intermittent Wheel Paths Rural 2-lane

■ Commercial trucking ■ Daily commuter for work ■ Emergency Responder / Law Enforcement ■ Farming/ranching ■ Personal travel



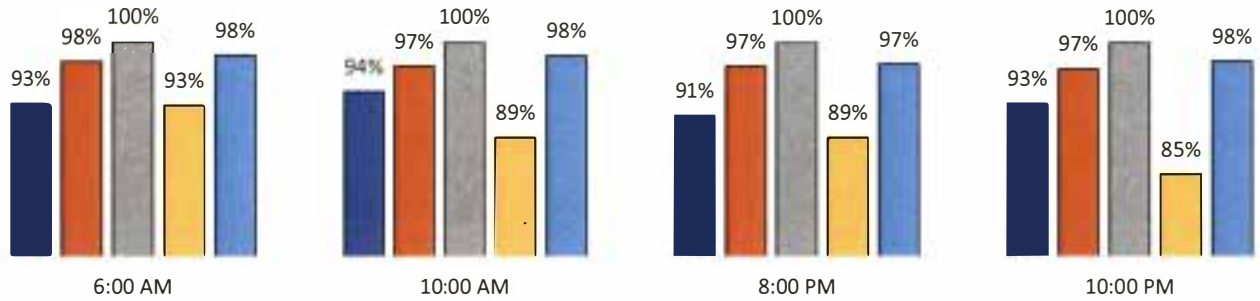
Acceptability of Bare Between Wheel Paths Rural 2-lane

■ Commercial trucking ■ Daily commuter for work ■ Emergency Responder / Law Enforcement ■ Farming/ranching ■ Personal travel



Acceptability of Fully Bare Rural 2-lane

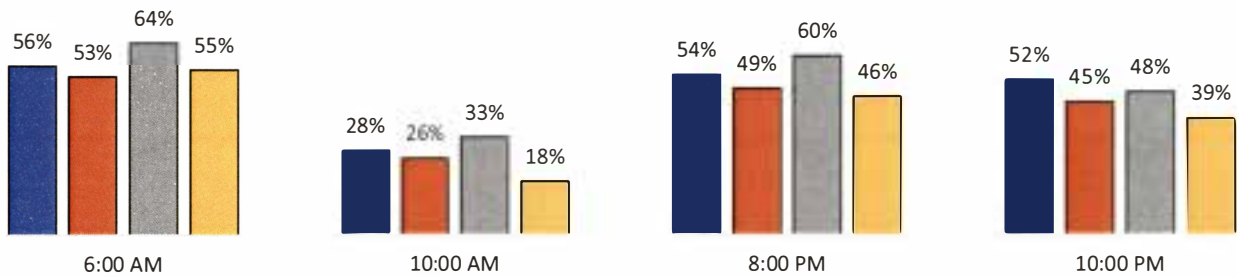
■ Commercial trucking ■ Daily commuter for work ■ Emergency Responder / Law Enforcement ■ Farming/ranching ■ Personal travel



Interstate 4-lane by Region

Acceptability of Snow Covered and Compacted Interstate 4-lane

■ NW ■ SW ■ NE ■ SE



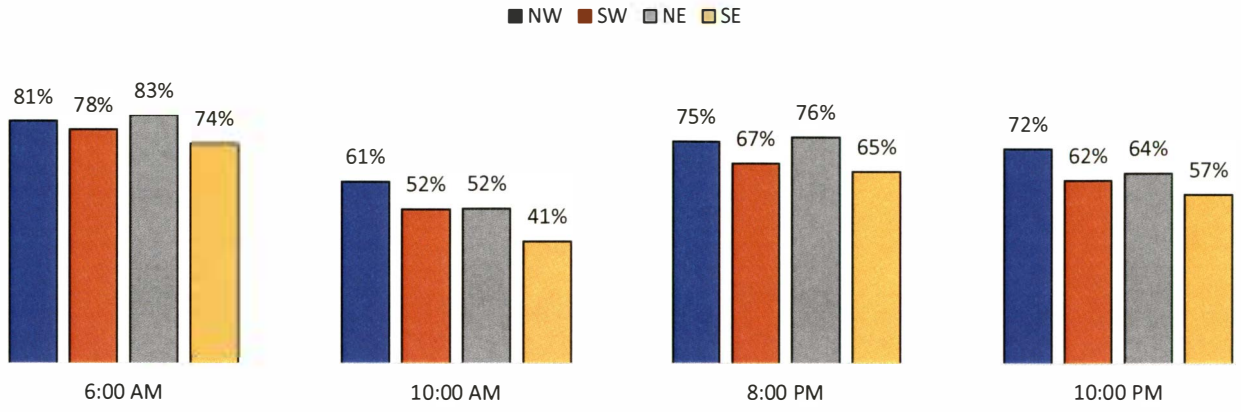
Respondents from the NE are more accepting of snow covered, but respondents of the SW most accepting of fully bare.

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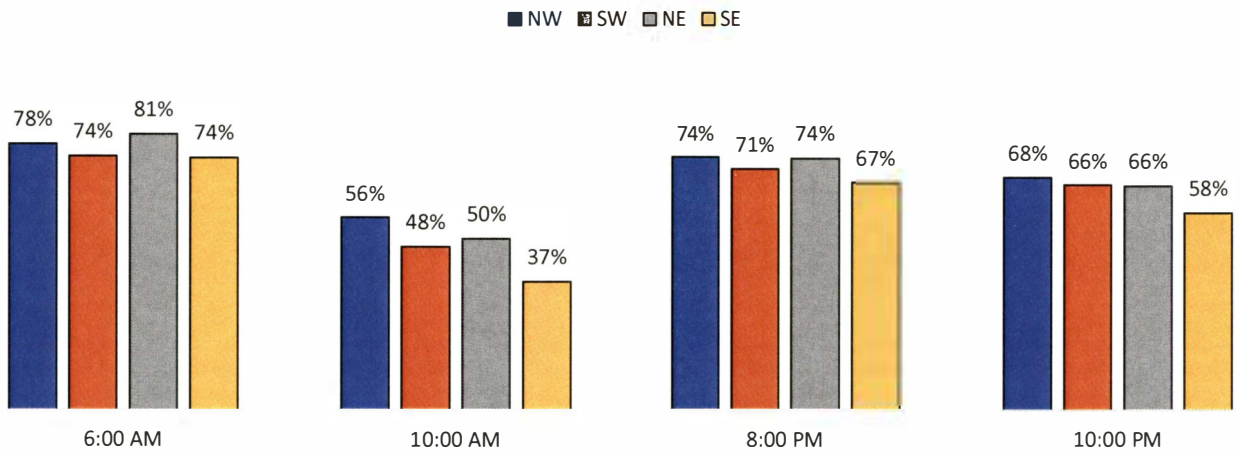
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Acceptability of 1 or 2 Intermittent Wheel Paths Interstate 4-lane



Acceptability of Right Lane Bare; Left Lane Snow Covered Interstate 4-lane

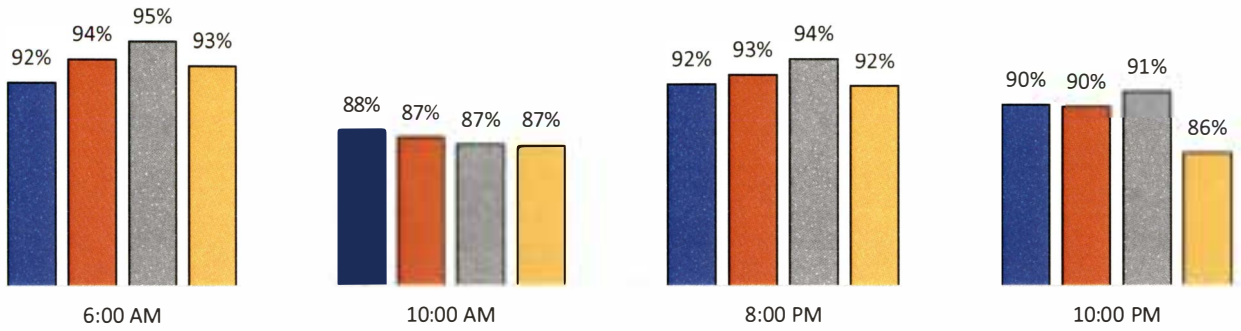


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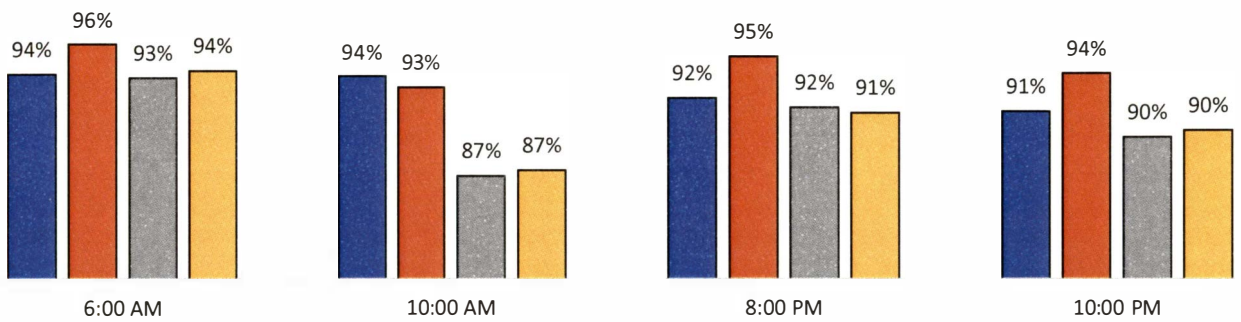
Acceptability of Bare Between Wheel Paths Interstate 4-lane

■ NW ■ SW ■ NE ■ SE



Acceptability of Fully Bare Interstate 4-lane

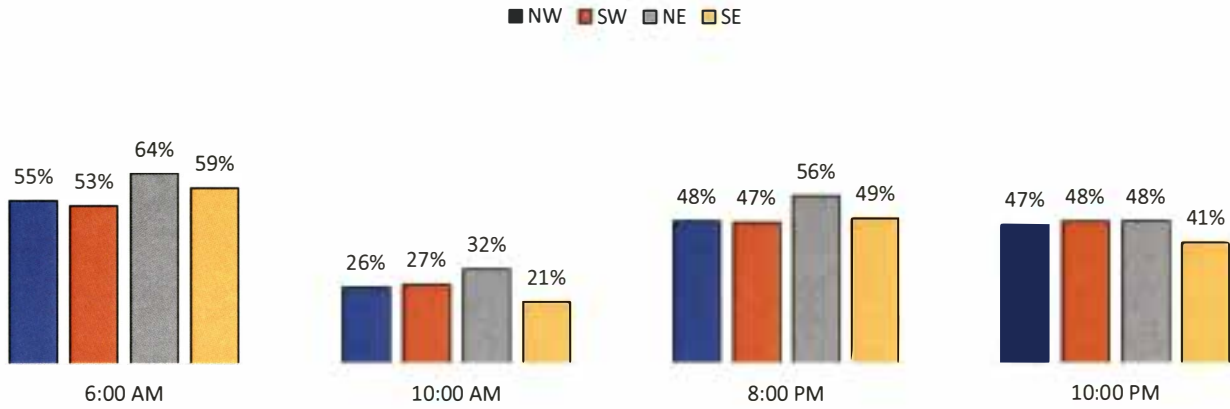
■ NW ■ SW ■ NE ■ SE



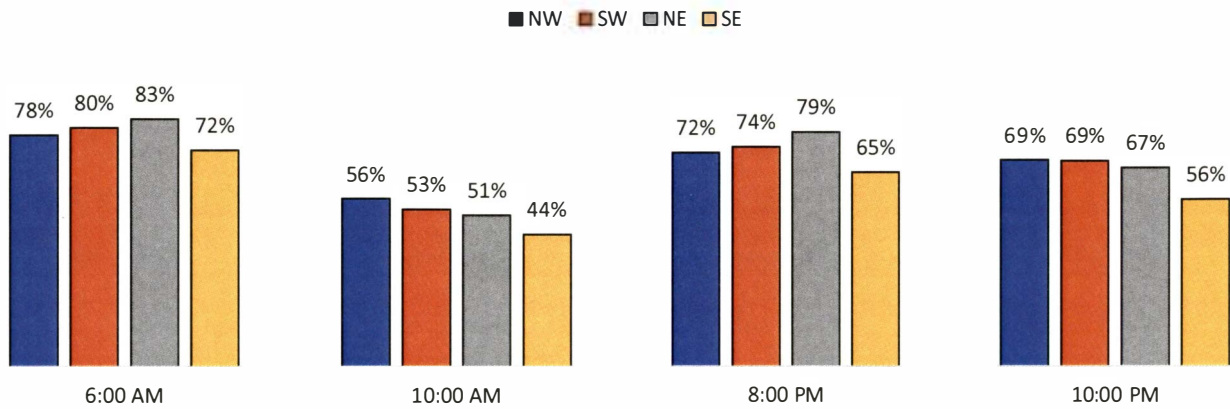
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Non-Interstate 4-lane by Region

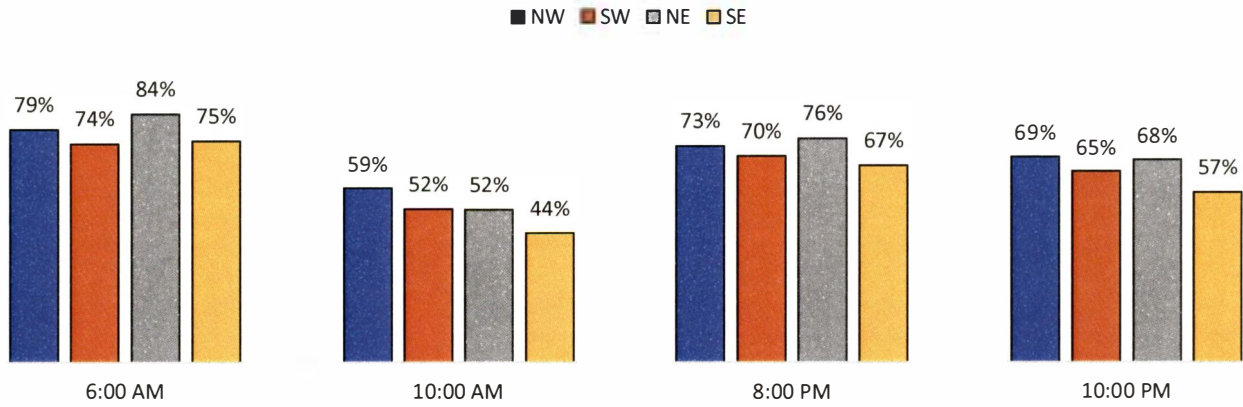
Acceptability of Snow Covered and Compacted
 Non-Interstate 4-lane



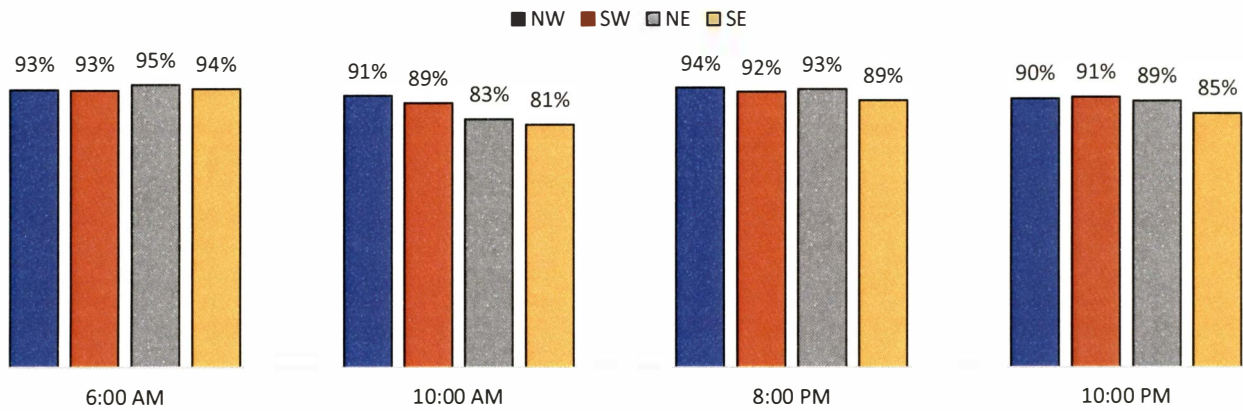
Acceptability of 1 or 2 Intermittent Wheel Paths
 Non-Interstate 4-lane



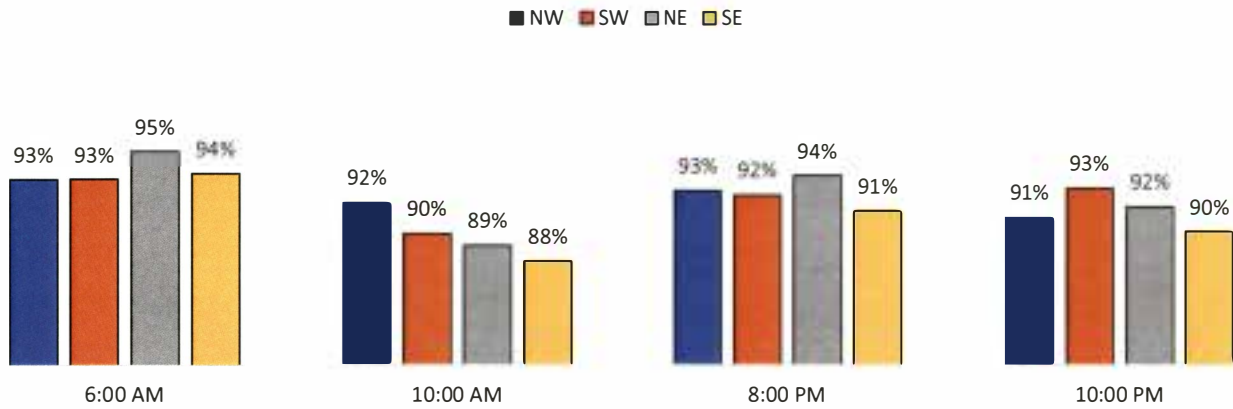
Acceptability of Right Lane Bare; Left Lane Snow Covered Non-Interstate 4-lane



Acceptability of Bare Between Wheel Paths Non-Interstate 4-lane

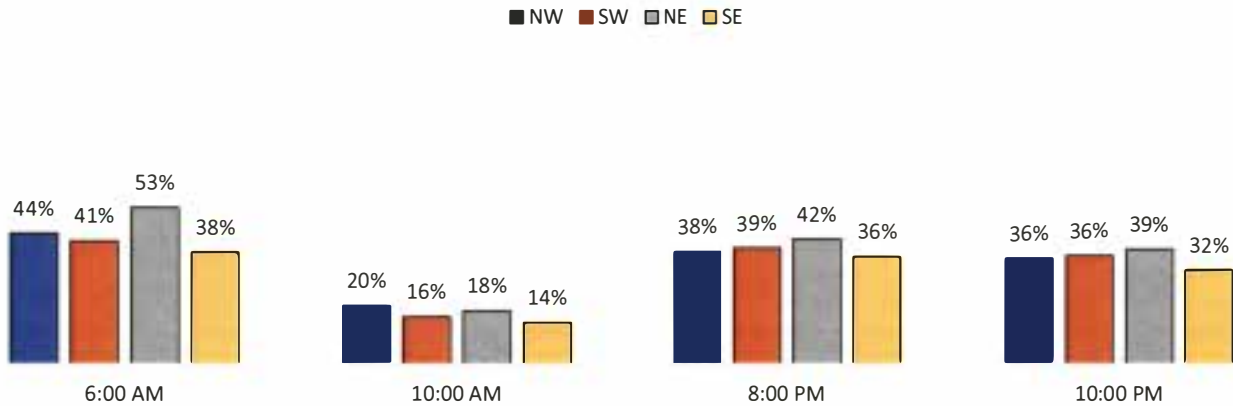


Acceptability of Fully Bare Non-Interstate 4-lane

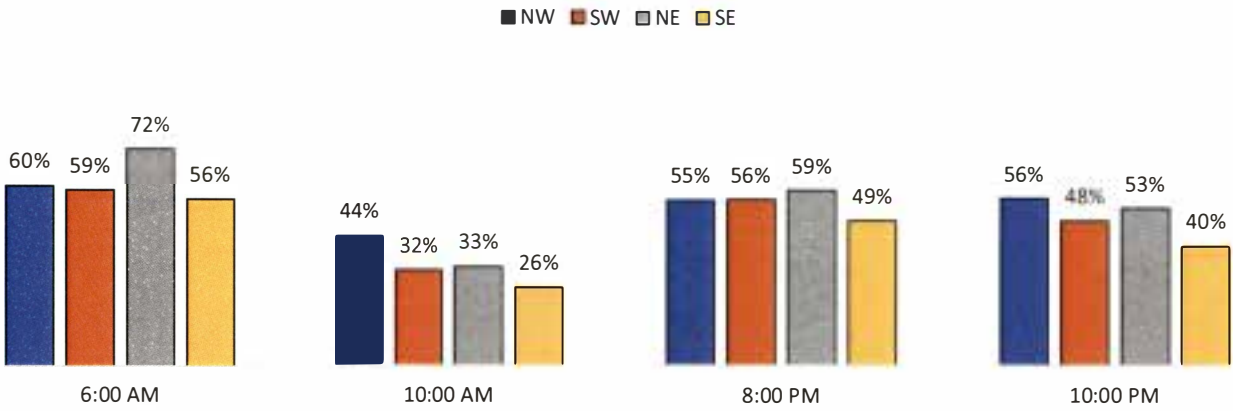


Rural 2-lane by Region

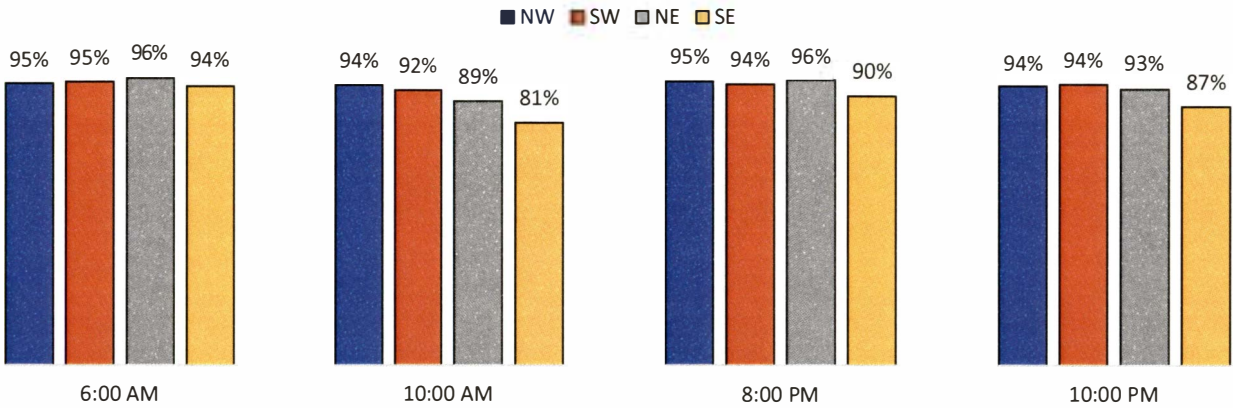
Acceptability of Snow Covered and Compacted Rural 2-lane



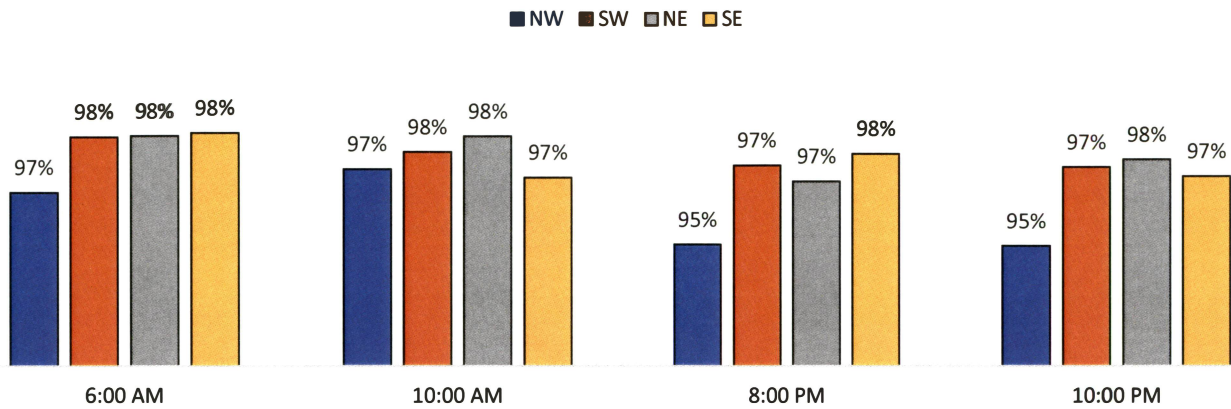
Acceptability of 1 or 2 Intermittent Wheel Paths Rural 2-lane



Acceptability of Bare Between Wheel Paths Rural 2-lane

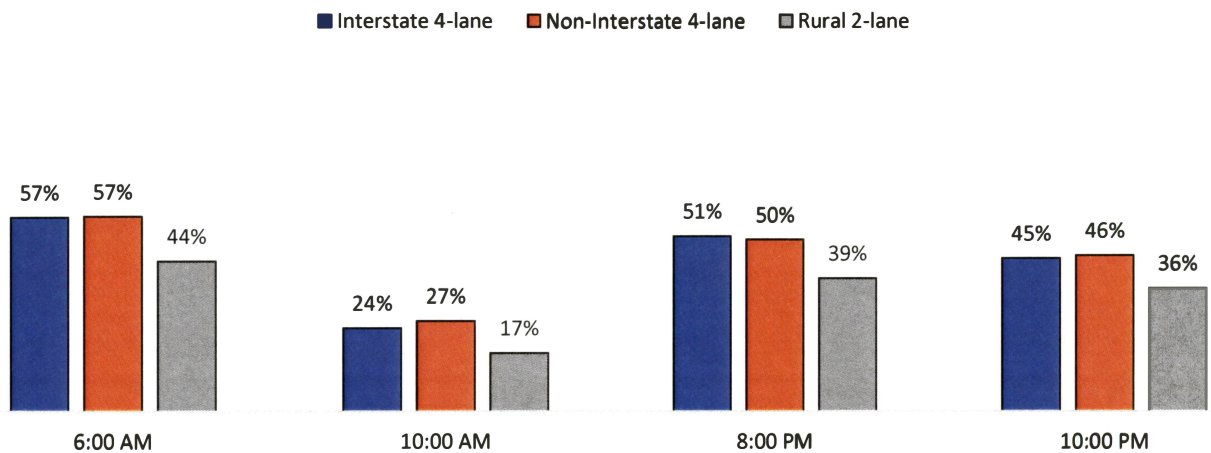


Acceptability of Fully Bare Rural 2-lane



Acceptability of Road Conditions by Road Type

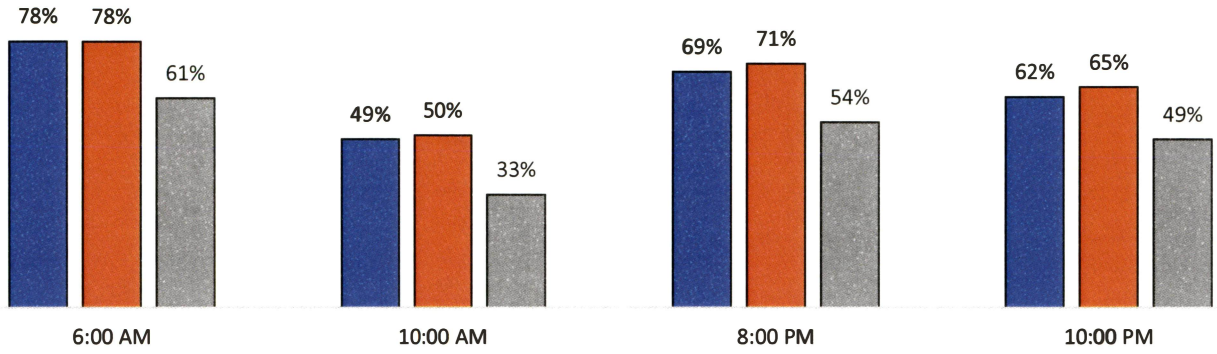
Acceptability of Snow Covered and Compacted



Respondents were less accepting of rural 2-lane roads to be snow covered on one or two intermittent paths.

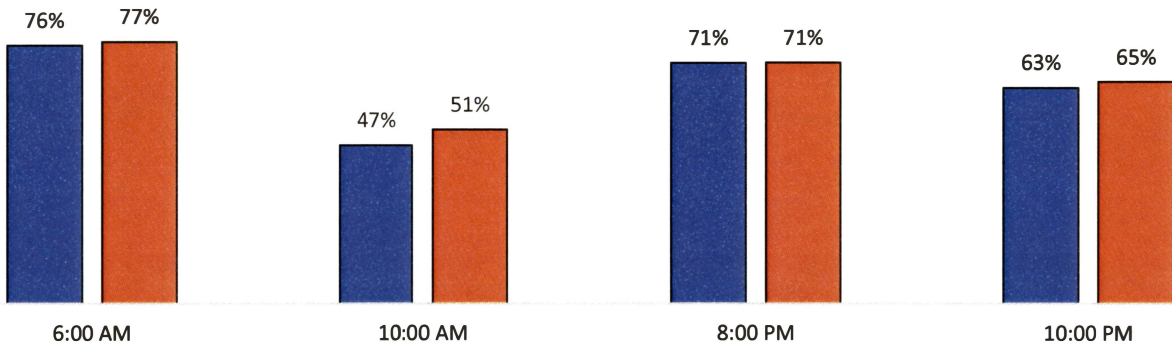
Acceptability of 1 or 2 Intermittent Wheel Paths

■ Interstate 4-lane ■ Non-Interstate 4-lane ■ Rural 2-lane

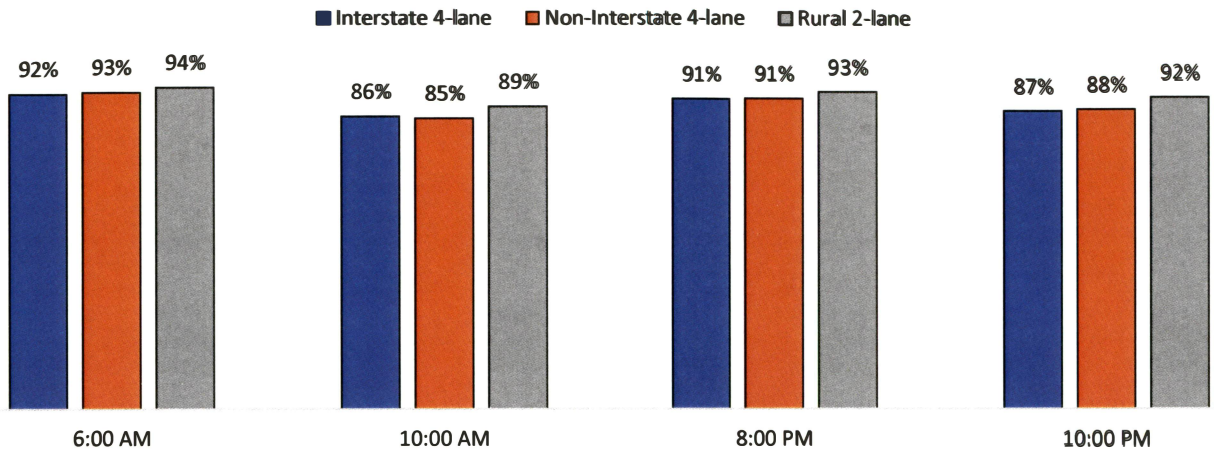


Acceptability of Right Lane Bare; Left Lane Snow Covered

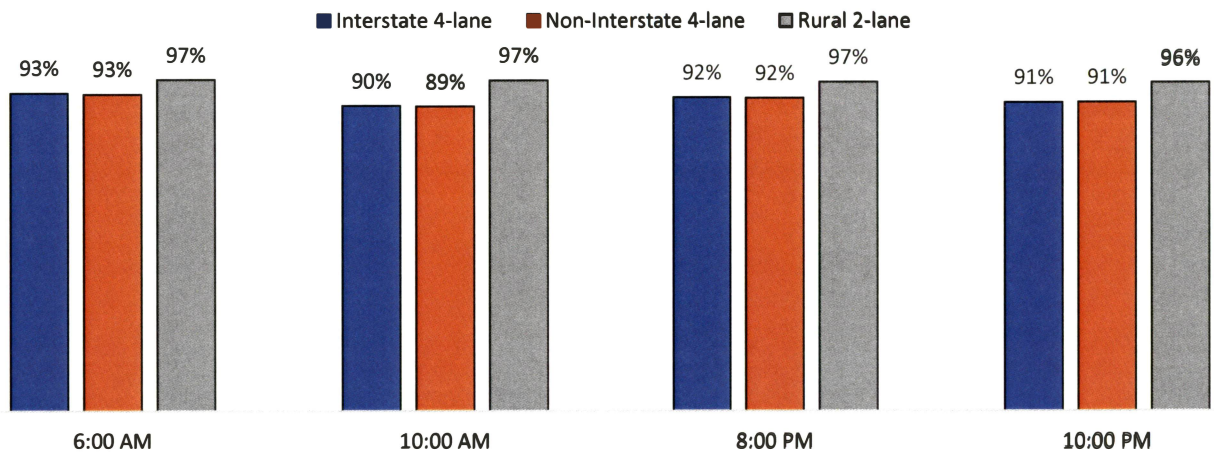
■ Interstate 4-lane ■ Non-Interstate 4-lane



Acceptability of Bare Between Wheel Paths



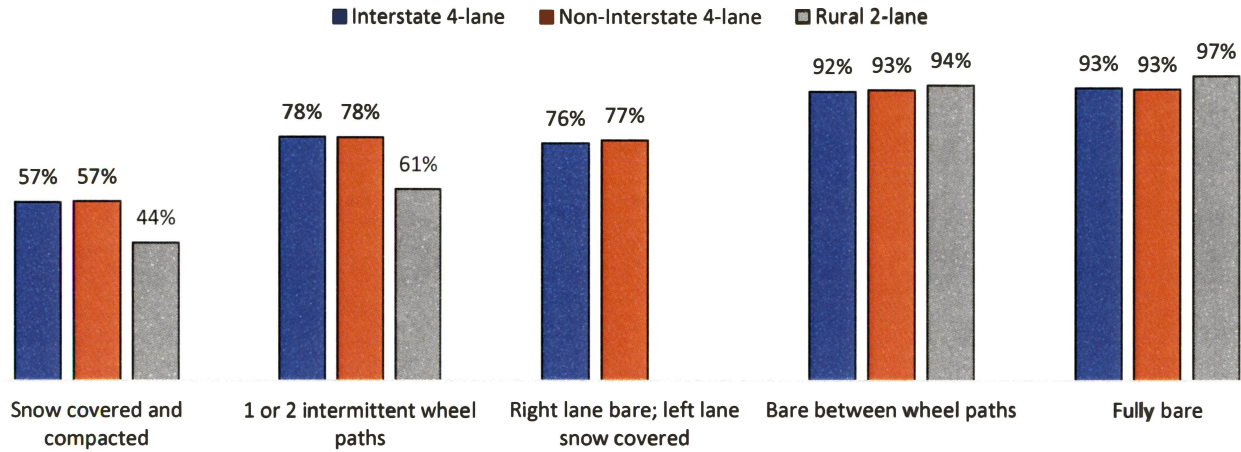
Acceptability of Fully Bare



Respondents were less accepting of rural 2-lane to be snow covered or 1 or 2 intermittent paths.

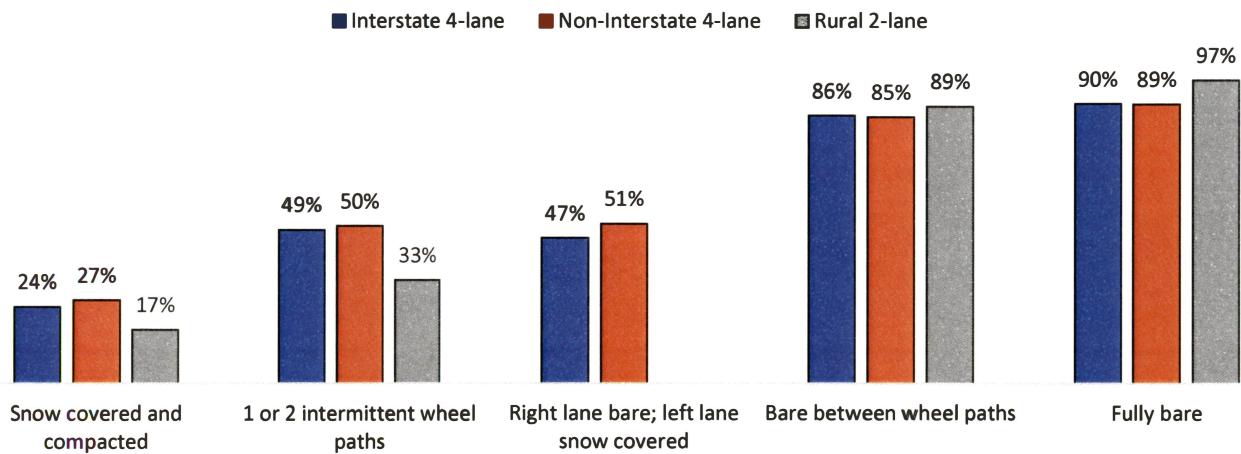
Overall Acceptability of Road Conditions

Acceptability at 6:00 AM



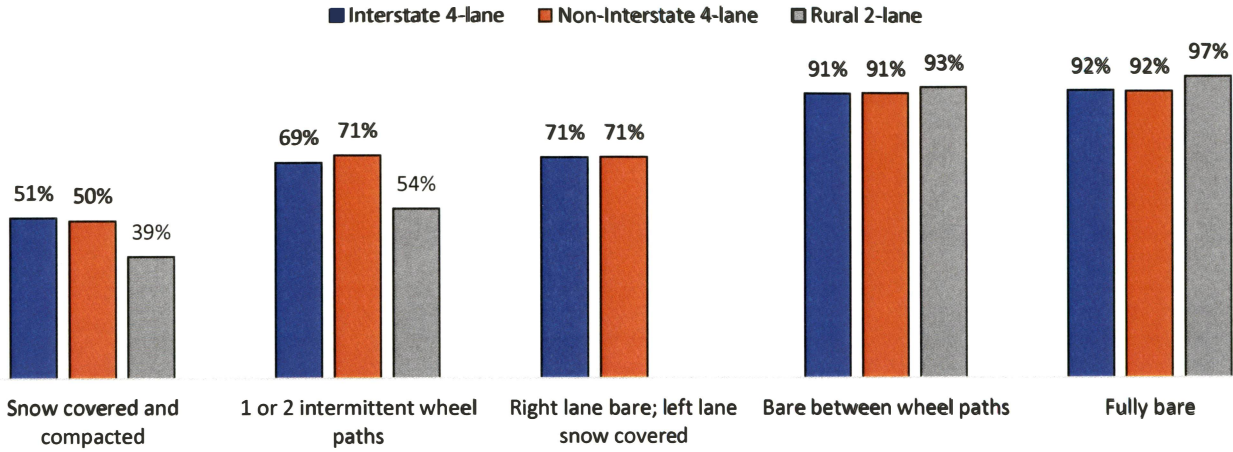
One- or two-wheel paths is acceptable to more than three of four respondents. Respondents were less accepting of poor road conditions on rural 2-lane roads.

Acceptability at 10:00 AM

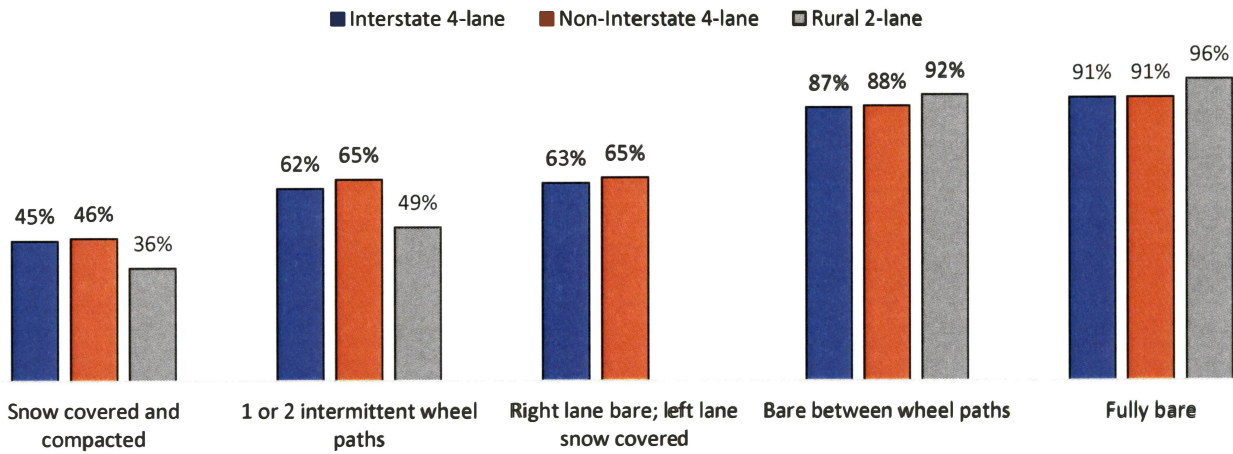


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Acceptability at 8:00 PM



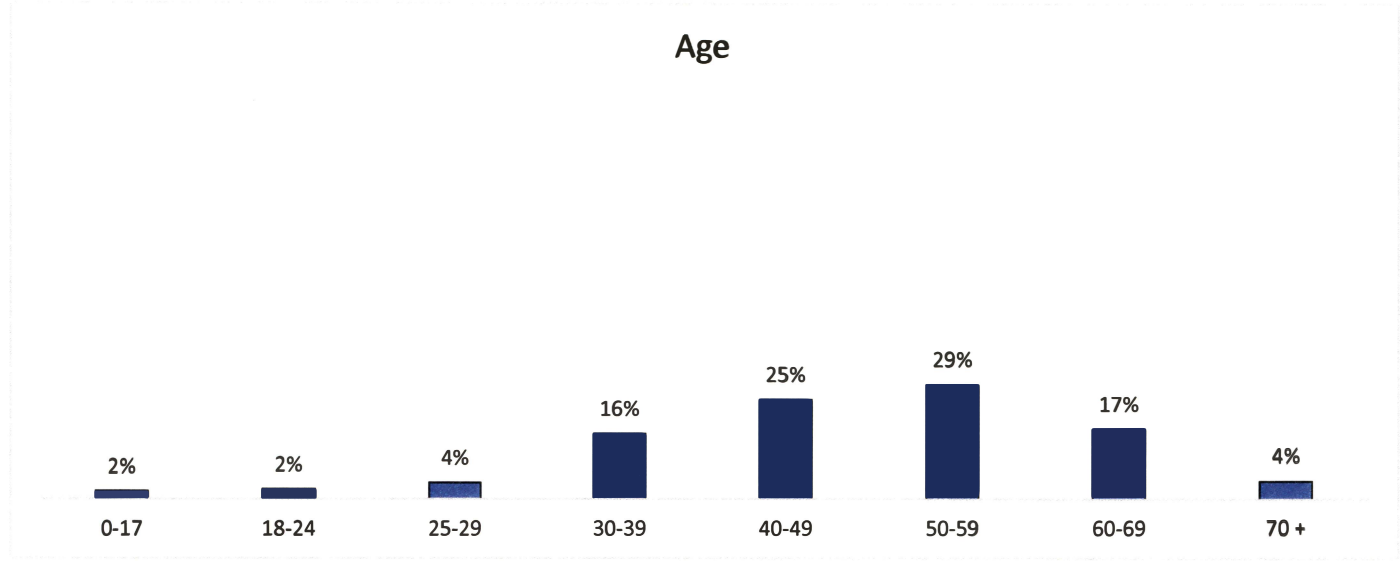
Acceptability at 10:00 PM



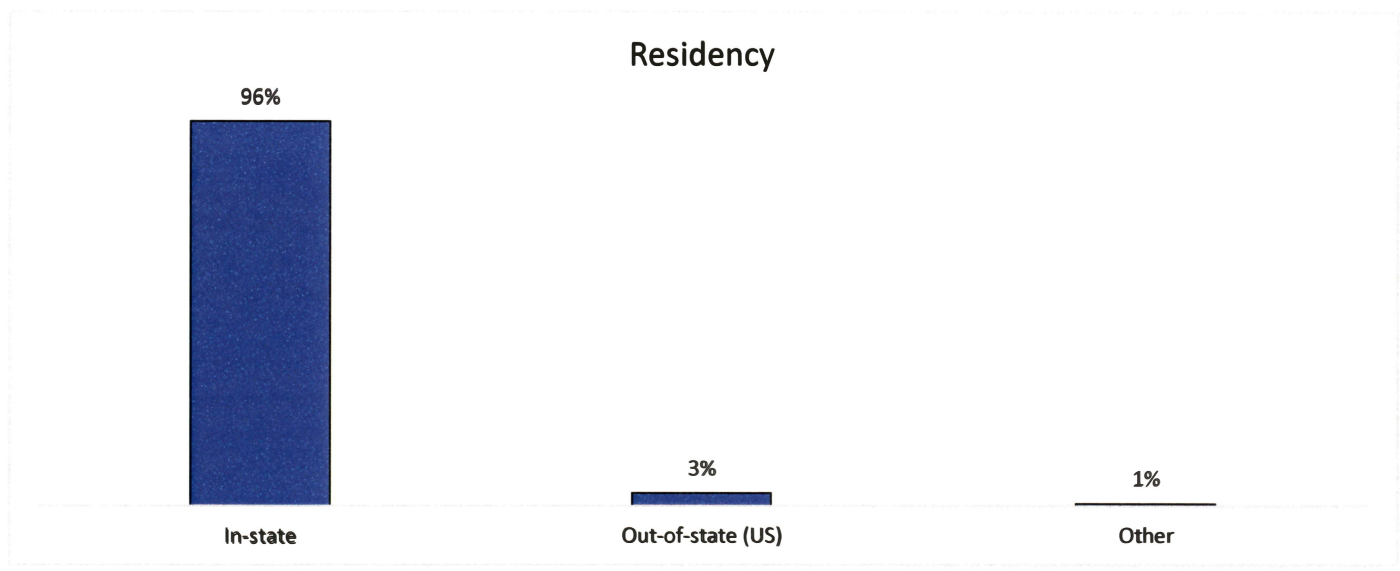
P55

Demographics

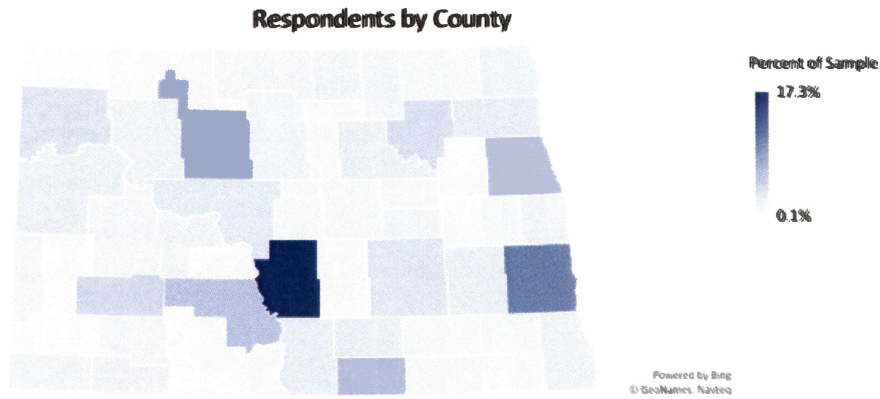
36. Age:



37. Residency:



38. If In-State, what is your county of residence?



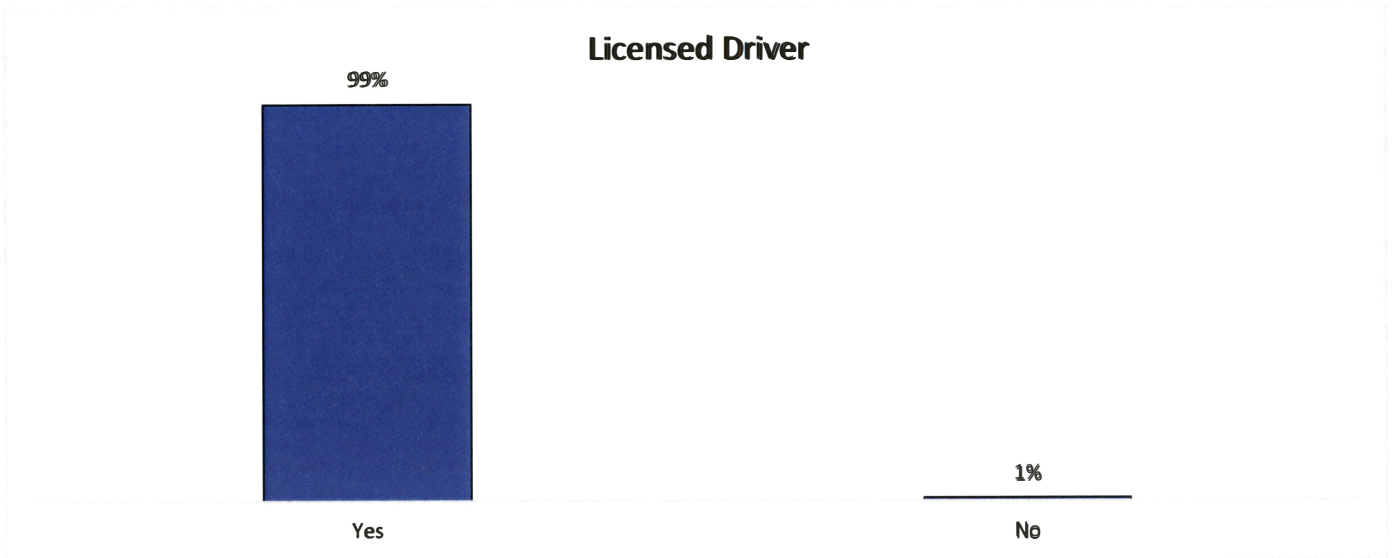
Burleigh County	17.3%
Cass County	10.2%
Ward County	7.1%
McIntosh County	5.1%
Grand Forks County	5.0%
Morton County	5.0%
Stark County	3.9%
Ramsey County	3.2%
Williams County	2.9%
Stutsman County	2.6%
Walsh County	2.2%
McLean County	2.1%
Benson County	1.7%
McKenzie County	1.7%
Logan County	1.7%
Emmons County	1.7%
Barnes County	1.7%
Mountrail County	1.6%
Pembina County	1.5%
Richland County	1.3%
Adams County	1.3%
Rolette County	1.2%

McHenry County	1.2%
Bowman County	1.2%
Hettinger County	1.1%
Towner County	1.0%
Bottineau County	1.0%
Mercer County	1.0%
Foster County	0.9%
Traill County	0.9%
Dunn County	0.9%
Golden Valley County	0.9%
Cavalier County	0.7%
Wells County	0.6%
Renville County	0.6%
Dickey County	0.6%
LaMoure County	0.6%
Eddy County	0.5%
Pierce County	0.5%
Steele County	0.5%
Burke County	0.5%
Ransom County	0.5%
Sheridan County	0.4%
Sargent County	0.4%
Sioux County	0.4%
Nelson County	0.2%
Griggs County	0.2%
Oliver County	0.2%
Slope County	0.2%
Billings County	0.2%
Grant County	0.2%
Divide County	0.1%
² Kidder County	0.0%

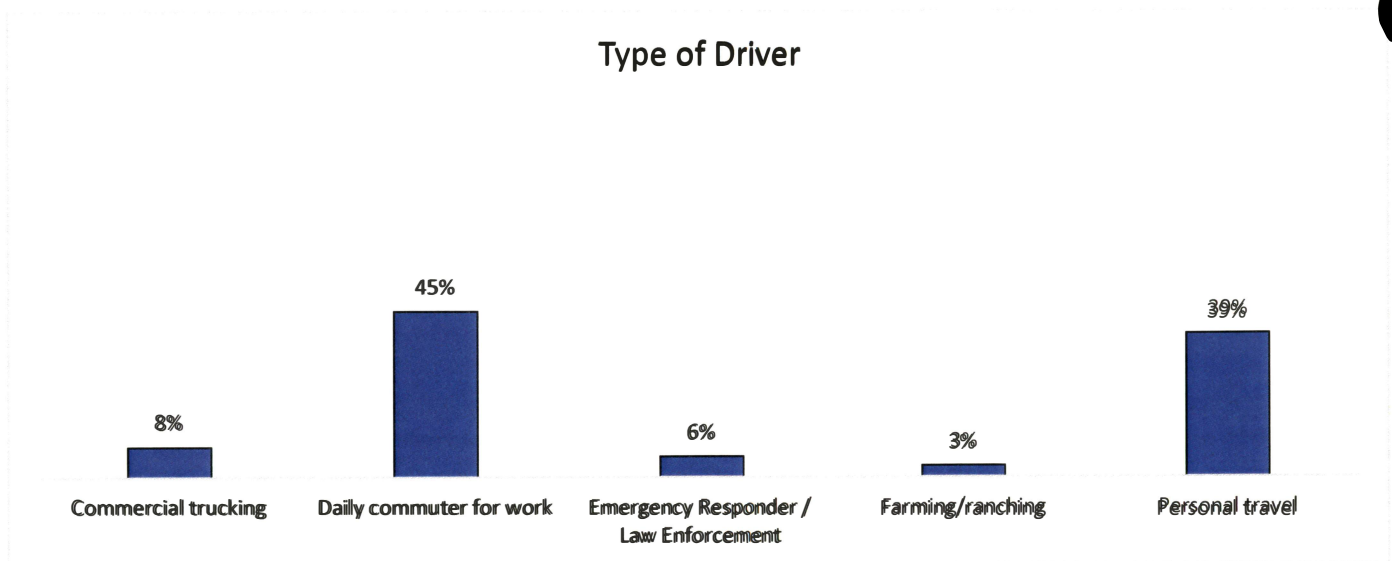
² NOTE: There were no submissions from Kidder County

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39. Are you a licensed driver?

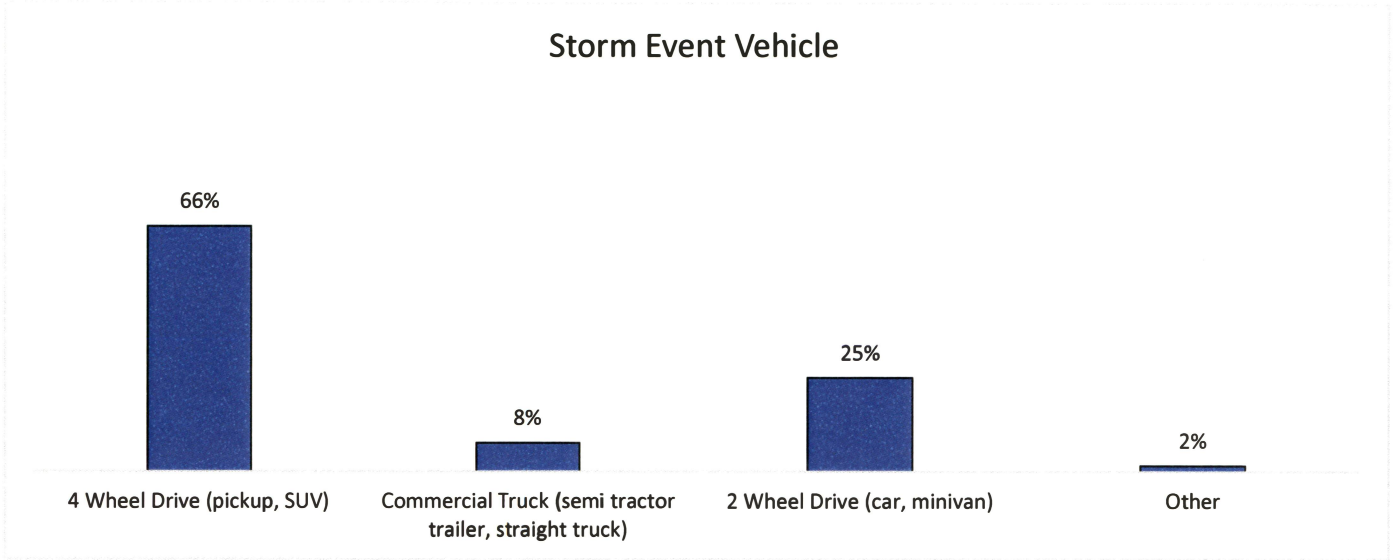


40. Choose how you most often use the state maintained rural highways, not including local, city, or county roads.



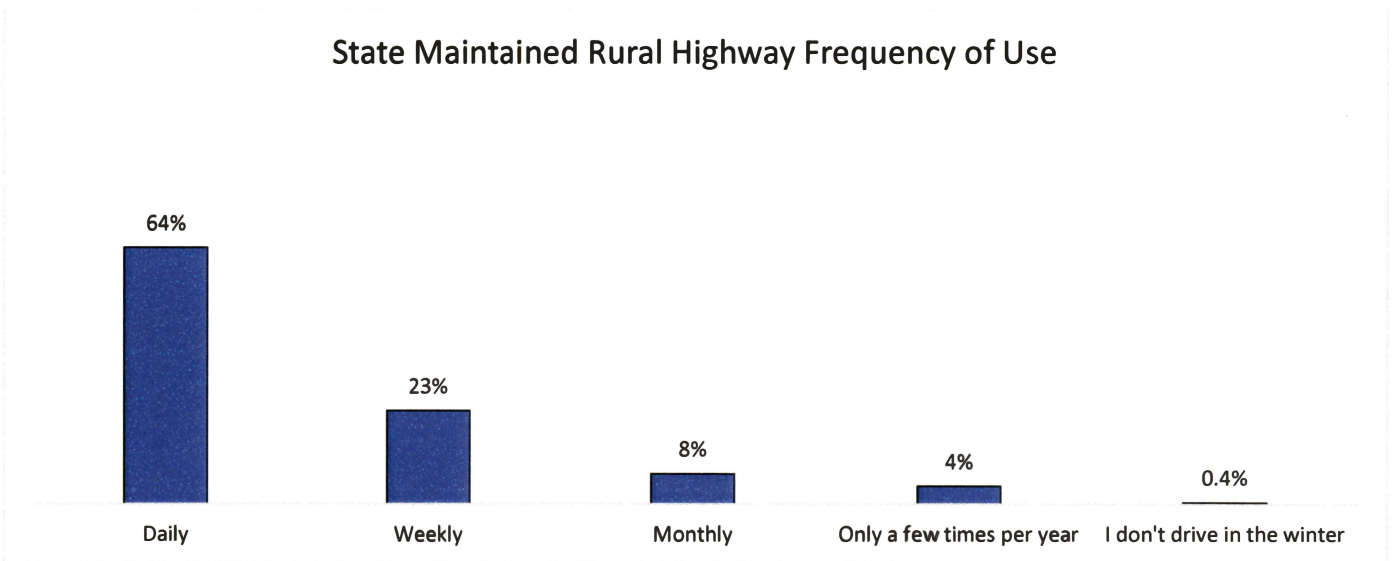
41. Choose the type of vehicle you most often drive during winter storm events?

Storm Event Vehicle



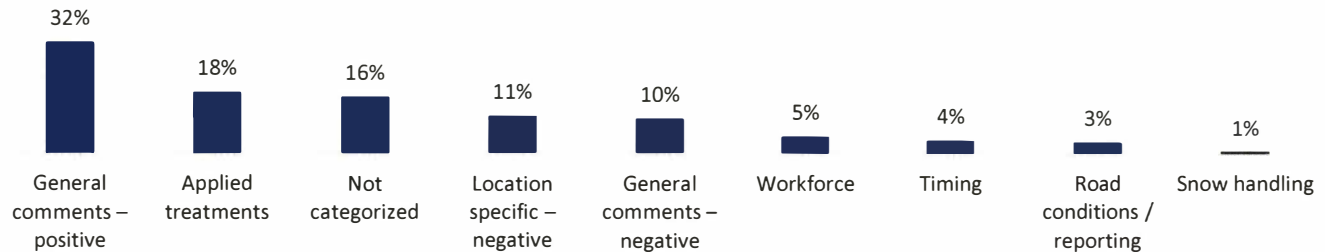
42. How often do you drive on state maintained rural highways during the winter season, not including local, city, or county roads?

State Maintained Rural Highway Frequency of Use



43. General Comments - Please provide any other comments you have about snow and ice control provided by NDDOT.

Coded Response Type



Examples of Coded Response Types:

General Comments – Positive

- I think the NDDOT Snow and Ice Control Maintenance Team is the best in the nation. The service they provide is above and beyond. Thank you for the outstanding service you provide.
- The ND Dot has substantially stepped up its winter road maintenance in recent years and this past winter was the best yet. I do feel however, winter road maintenance declines substantially west of Hwy 83. Especially on hwy 85 and hwy 2 west of Stanley, Tioga areas. It also seems like a section of hwy 52 between Velva and Carrington gets somewhat neglected. Overall, as a state all road maintenance has greatly improved and from a commercial truck driver, I appreciate all that the state has done to improve safety across the state. Thanks.

Applied Treatments

- A very good job plowing all roadways. I do not like the corrosive salts & sugar beet solution used on roadways. It makes the roads a sloppy mess, deteriorates concrete & vehicles are continually in need of being washed.
- I feel the solution that was used through the Fargo area does more harm than good. This past winter roads would be in pretty decent shape out of town, for going through town on the interstate was worse than the roads that were not pretreated. I think it gets icier than if nothing was done to pretreat not to mention the messiness. Lets just go back to putting salt/gravel down when it is needed rather that pretreating with the sugarbeet stuff or whatever is used to pretreat.

Location Specific – Negative

- Highway 83 between Max and junction at Hwy 23 is treacherous and largely unplowed compared to 83 from Minot to highway 23. It is night and day and the traffic crossing the highway is scary. I have come to a dead stop twice this year as semis cross 83 or pull out in front of me.
- The service you provide in our area is very good on I-29 and US-2. But each snow event should be judged on it's own merits as each one is different in their own ways. Our biggest concern on US-2 is usually the crossover's which can be very hard for some vehicles to navigate when having to cross. Not everyone has four wheel drives (even the farmers).

General Comments – Negative

- Roads were really bad this winter. Had a couple of incidents where I had to follow a snow plow for 15 miles at 20 mph because they would not pull over to let me around. Was very nervous about being rear-ended due to traveling so slow. One of the times, a pick- up passed 3 vehicles and the snow plow. Very unsafe.
- I work in public health and travel the entire county. We were def hurting with roads this past winter being down a worker. I worry about our elderly population a lot who have to go see specialists out of town and need good roads.

Workforce

- ND snow removal crews put in long days to keep our roads maintained and safe, they need to be able to get plenty of rest between shifts to allow them to safely do their job. Maybe we as the public should be a little more self-sufficient, if we do not have winter tires, proper vehicles for getting around in adverse weather conditions we should stay home until the weather clears and the road maintenance employees have finished their job to allow us to safely travel. (I'm a non-gov. employee)
- Private contractors and municipalities are our plowing shortly after a snow event. It's a service people pay for and expect snow removal as soon as possible. We should expect the same for the main and minor arteries between cities from our state. Higher pay and good drivers are needed to get the job done. There're very capable people working for the state. Higher wages are needed to get better people that can get the job done. Allow overtime to get the job done in a timely manner. Have enough of a work force to so you don't burn out these people with the long hours. Higher pay will get better people in those trucks who can do the job quicker and better.

Timing

- I know it is a challenge to get the rural highways cleaned off after a snow event, but I think starting even an hour earlier would help. Have a concern about icy roads not being addressed sometimes for several days, especially hilly areas. Thanks for doing what you do. It is a tough job.

- Snow needs to be removed as it's coming down, so it doesn't get compacted & icy from all the traffic. Deicer makes roads icy during blowing snow as it catches the snow which then freezes on the roadway as ice.

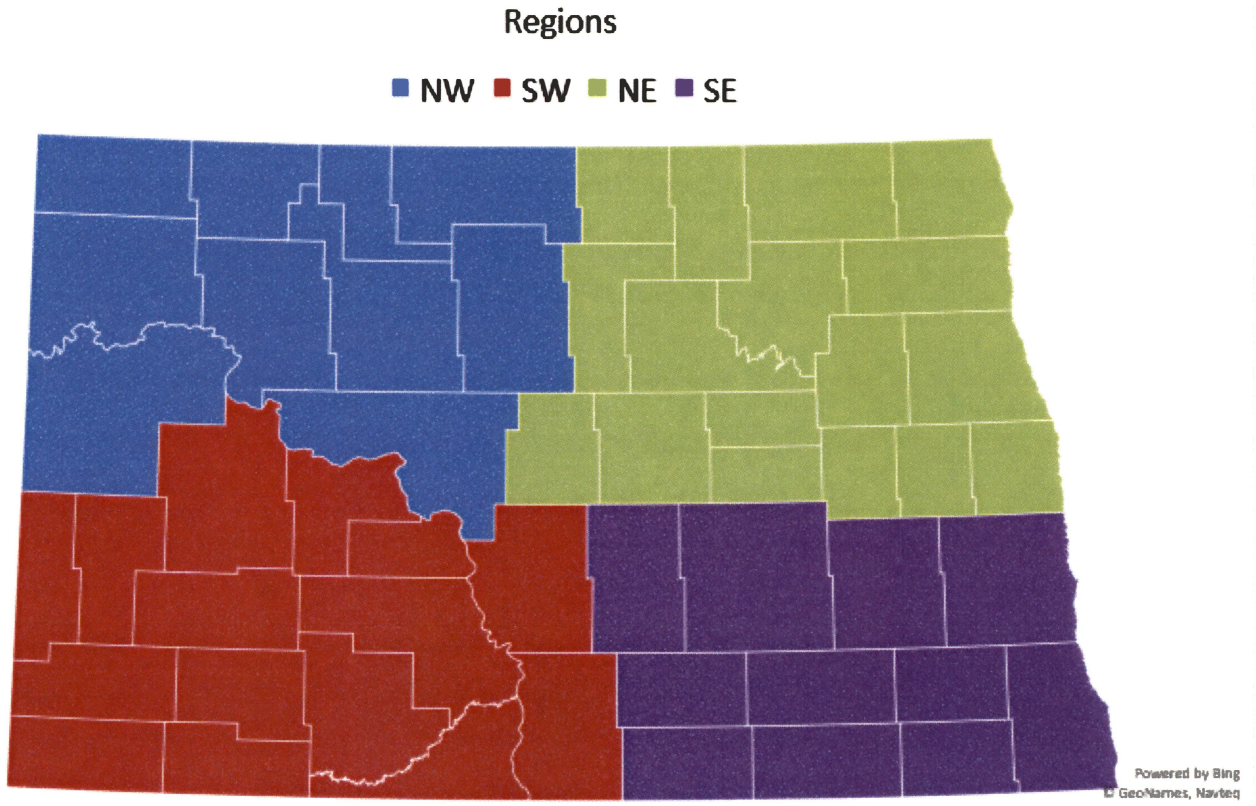
Road Conditions/Reporting

- More cameras that show road conditions throughout 4 lane highways and interstates. Road map is very good.
- I feel that you are not giving enough information in your pictures such what is the outside temps. and what are they going to be what time of the year is it what is the road temps a person needs more information and weather the section with two lane roads also have interstate road sections in them also how long the operators route is.

Snow Handling

- Stop pushing the snow into the center lanes on US85 especially in front of cities like Alexander and Arengard. People can't bust through these rows. At least leave a path at the major intersections like Co33 or 133rd Ave NW. All-in-all the winter of 2018 was the best snow removal I have seen out here in the last 5 years.

Appendix: Region Key



Region	County
NW	Divide County
	Burke County
	Renville County
	Bottineau County
	Williams County
	Mountrail County
	Ward County

	McHenry County
	McKenzie County
	McLean County
SW	Billings County
	Dunn County
	Mercer County
	Oliver County
	Burleigh County
	Emmons County
	Sioux County
	Grant County
	Morton County
	Stark County
	Hettinger County
	Adams County
	Bowman County
	Slope County
	Golden Valley County
NE	Rolette County
	Towner County
	Cavalier County
	Pembina County
	Pierce County
	Benson County
	Ramsey County
	Walsh County
	Nelson County
	Grand Forks County
	Traill County
	Steele County
Griggs County	

	Eddy County
	Foster County
	Wells County
	Sheridan County
SE	Kidder County
	Stutsman County
	Barnes County
	Cass County
	Logan County
	LaMoure County
	Ransom County
	Richland County
	McIntosh County
	Dickey County
Sargent County	

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Study to consolidate facilities with Williams County and Williston District

(This information was presented in testimony before the Interim Government Finance Committee in March 2018)

The 65th legislative assembly passed Senate Bill 2012 which asked NDDOT to study options to see if it would be beneficial to consolidate the NDDOT Williston District Headquarters facility with the new Williams County facility. This study has just been completed and we are in the process of providing the report to Legislative Council and will give a report to the Appropriations committees during the 66th Legislative Assembly.

Over the past few months, NDDOT has met with Williams County officials to discuss the benefit of consolidating facilities and discuss some of the items that would be able to be provided by the county.

It was determined that when Williams County constructed the facility, they built it to meet their needs, with some possible extra space in the office and cubicle area to meet future needs. The county's current shop area and heated equipment storage area are full to capacity with county equipment to support county operations. The heated wash bay also serves as over flow storage for county equipment. The cold storage and salt building are also full to capacity for the county's needs.

The County does have 22 acres of land for development that the state could purchase to construct the facilities needed for Williston District operations. The cost of building new state facilities for NDDOT at this site is estimated to be approximately \$9-10 million.

Prior to making an investment to construct a salt shed at the existing location about two years ago, We met with city officials to discuss our current facility in Williston and it was determined that they have no concerns with our current District office and equipment location. The cost to update our facility in Williston to meet current needs is estimated to be approximately \$5-6 million.

Based on these findings, it was determined that the consolidation of facilities is not beneficial due to the cost of the infrastructure needed nor do we believe that the County site would provide additional access benefit at the County location.

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NORTH DAKOTA SYMPOSIUM ON TRANSPORTATION FUNDING

by the Upper Great Plains Transportation Institute
for the North Dakota Department of Transportation



JUNE 2018

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NORTH DAKOTA SYMPOSIUM ON TRANSPORTATION FUNDING

NORTH DAKOTA DEPARTMENT OF TRANSPORTATION
UPPER GREAT PLAINS TRANSPORTATION INSTITUTE

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Radisson Hotel, Bismarck, North Dakota
March 14, 2018

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Overview of North Dakota Symposium on Transportation Funding

DRAFT AGENDA
NORTH DAKOTA SYMPOSIUM ON TRANSPORTATION FUNDING
March 14, 2018
RADISSON HOTEL, BISMARCK
Convene 9:00 AM CT

Convene 9:00	Registration begins @ 8:30
9:00 to 9:15	Introductory Remarks - NDDOT Director Tom Savel
	Policy - Jennifer Beckell - Director AASHTO BATIC Institute
10:00 to 10:30	North Dakota State, FHWA and RTA Funding History and Outlook Stammes Isner - NDDOT
10:30 to 10:45	Break
10:45 to 11:15	North Dakota County, TRF, Urban Funding Sources Alan Osting - Upper Great Plains Transportation Institute
11:15 to noon	NCHRP Report Presentation - Using the Economic Value Created by Transportation to Fund Transportation Ben Ostrow - SDOT Executive Office, Federal Program Coordinator
Noon to 1:00	Lunch
1:30 to 1:50	North Dakota needs studies by jurisdiction: State, County, TRF, Urban, Transit Upper Great Plains Transportation Institute
1:30 to 2:00	South Dakota Revenue Initiatives - policy development process and program outcomes Mike Vorse from Mitchell, SD - SDOTI Commission Member
2:00 to 2:30	Review and Analysis of Funding Options - Viability, Resiliency and Policy Implications Tim Hoener - Upper Great Plains Transportation Institute
2:30 to 2:40	Introduce Conversation Circle (Fishbowl) Process and Conversation Questions - Upper Great Plains Transportation Institute
2:40 to 3:40	Conduct Conversation Circle Discussions
3:40 to 4:15	Report comments of Conversation Circle Discussions Various Reporters
4:15 to 4:45	Closing Comments - NDDOT Director Tom Savel

The North Dakota Symposium on Transportation Funding was held at the Bismarck Radisson Hotel March 14, 2018. North Dakota Department of Transportation (NDDOT) worked with Upper Great Plains Transportation Institute (UGPTI) at North Dakota State University (NDSU) during a 3-month period to identify national, regional, and local topics that would provide insight about transportation funding today and into the future.

More than 100 individuals from congressional offices, the North Dakota Legislature, FHWA, state agencies, transit providers, various associations, metropolitan planning organizations, consultants, contractors, and suppliers attended the symposium.

The symposium was facilitated by UGPTI with an agenda that included presentations on national transportation funding trends and innovations, local jurisdiction funding sources, state system funding trends, and infrastructure needs of state and local jurisdictions. Additionally, there were presentations on transportation value capture concepts and South Dakota's experiences with transportation funding increases. Nineteen funding options were analyzed and presented in matrix form. The symposium ended with a facilitated conversation circle to get thoughts and comments from the attendees regarding the presentations they had experienced. The agenda is shown in Appendix A.

Introductory Remarks

Tom Sorel, Director
North Dakota Department of Transportation



Tom Sorel

Today is about how we want to look at transportation for the future, said Tom Sorel.

There is a common theme we are facing: many disruptive technologies are happening that could influence this discussion. We don't know what the outcomes will be, but it is a reality for us, and it is happening very fast. We don't have the answers, but it is important to be knowledgeable about it. And it does not matter where you live — urban or rural. We need to think about disruptive technology and how it influences funding for transportation.

Tom cited his 4 goals for the symposium:

1. Establish a common baseline for what we are talking about regarding transportation needs.
2. Bring stakeholders together to build a consensus going forward.
3. Learn what is happening across the country.
4. Begin the dialogue about what transportation funding should look like for the future.

We need to think about what kind of transportation system we want to have and what services it should provide.

To be successful we must work together. It must be a collaborative approach. We want a healthy transportation community.

Tom shared results of a recent survey conducted on NDDOT's website. The survey shows how the public sees NDDOT as an agency that can be relied on to deliver a transportation system. Survey results also show that the traveling public see funding as a major challenge for NDDOT. More details about the survey and what the public wants can be found in Appendix B.

Tom then presented a video showing a futuristic look of transportation and finished by saying this future vision is not very far away and we need to be preparing for it.

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KEYNOTE PRESENTATION:

National Perspective of Funding and Finance Policy

Jennifer Brickett, Director
American Association of State Highway and
Transportation Officials (AASHTO)
Build America Transportation Investment Center



Jennifer Brickett

Jennifer said the goal of her presentation is to provide some context to the conversation – to help understand how some states are raising revenue.

Transportation is important. It is the backbone of the economy, critical to quality of life. Everyone has a story about how transportation has affected their day or their lives.

We are also seeing new technologies which are changing how goods and people are moving around. This is a time of transition. Additionally, we are also facing aging infrastructure and an aging population.

We are also facing a significant funding gap and it is a critical time to be thinking about long-term dependable funding sources. Federal highway trust fund receipts have not kept pace with outlays. Federal gas taxes have not increased since 1993 and have not been adjusted for inflation – the purchasing power of gas tax revenue has declined.

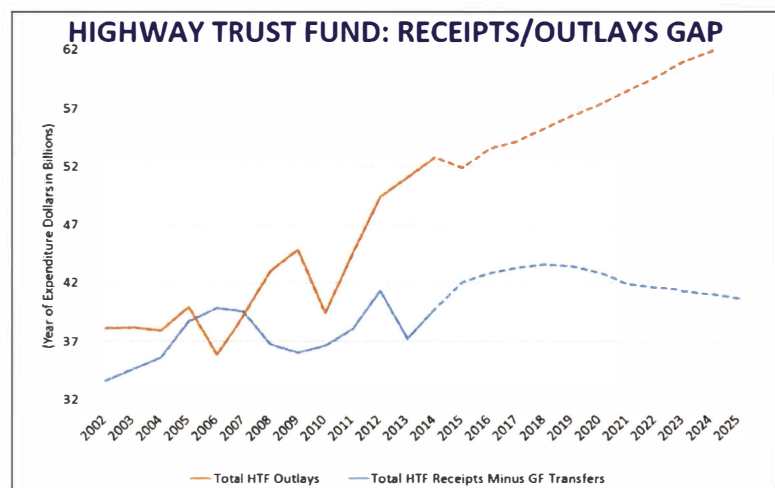
Further, cars are becoming more fuel efficient.

The gap will continue to increase. Congress has had to fill the gap with transfers from the general fund. Maintaining current spending levels will require a significant increase in revenue. It is critical to identify a long-term sustainable and dependable source of funding for the federal highway trust fund.

Three revenue options are available:

- Increase taxes or fees from existing sources
- Create new sources
- Divert revenue from other sources

Jennifer also discussed the recent Executive Office Infrastructure proposal. Overall it looks like a reduction in the role of the federal government. There is a rural infrastructure program with the intention to provide funding to rural areas.



Highway Trust Fund: Receipt/Outlay Gap

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NDDOT Transportation Funding — Past Present and Future

Shannon Sauer, Chief Financial Officer
North Dakota Department of Transportation



Shannon Sauer

A safe and reliable transportation system is essential for the state of North Dakota.

"This is the start of an important conversation," said Shannon Sauer.

The largest source of revenue for the state – motor fuel tax, has not increased since 2005. This is the third-longest period without adjustment to the tax rate. Gas tax is not variable. It does not adjust with the price of gas.

The other primary state revenue source, motor vehicle registration fees, have not increased since 2005.

North Dakota is very dependent on federal revenues. There has not been much growth in federal funding over the last 8 years. Also, remember that only a small percentage of ND roads are eligible for federal

funding. Additionally, these funds come with eligibility restrictions that essentially require the state to follow federal priorities instead of local goals.

The new construction program appropriated in the 2017-2019 NDDOT appropriation is based almost completely on federal funds plus state matching funds. Currently there is no significant new state funded construction program provided in the NDDOT budget. On a nationwide basis, approximately 42.5% of the DOT construction programs are federally funded. In ND, approximately 81% of the construction program appropriated by the 2017 Legislature is federally funded. Having a state construction program based mainly on federal funds is not a desirable practice; States that do

this have less flexibility regarding federal rules and have little buffer against fluctuations in federal funding levels.

State funds are projected to grow very slowly. This is based on what is happening now.

However, disruptive technologies, more fuel-efficient vehicles, electric vehicles, could drive state and federal fuel-based revenues down. Recent research models show a significant decrease in gas tax revenues in the future.

Shannon pointed out that recent legislative sessions had inserted a large amount of energy-related funds into state and county transportation programs. At the state level, these funds were dedicated mostly to new bypass routes or

(continued on bottom of page 7)

ND One-time Legislative Funding						
One-Time Legislative Funding	2007-2009	2009-2011	2011-2013	2013-2015	2015-2017	2017-2019
General Funds (Enhanced St Hwy Invest/City & Twnship Rd Prog/Non-Oil Crty)			370,600,000	1,448,420,000	636,160,000	
Strategic Investment and Improvement Fund (SIF)					809,000,000	
Borrowing ER for State Hwys			120,000,000			
General Fund Transfer to Hwy Fund		4,600,000	5,850,000	14,500,000		
25% of MV Excise Tax allocated to Hwy Fund		30,500,000				
\$13 of each registration allocated to Hwy Fund	18,200,000					
10% of MV Excise Tax allocated to Hwy Fund	12,600,000					
Repurposed Enhanced State Highway Funds						16,300,000
TOTAL	\$30,800,000	\$35,100,000	\$496,450,000	\$1,462,920,000	\$1,445,160,000	\$16,300,000

North Dakota Local Transportation Revenue Sources by Jurisdiction

Alan Dybing, Associate Research Fellow
Upper Great Plains Transportation Institute



Alan Dybing

Alan provided a summary of current funding sources for local jurisdictions. UGPTI staff met with the North Dakota Township Officers' Association, North Dakota Association of Counties, North Dakota League of Cities and held discussions with transit officials across the state. The intent of these discussions was to collect information on the sources and levels of funding that are available for use in maintenance and improvement of roadways and transportation infrastructure in North

Dakota. In addition, concerns brought up by each stakeholder group were discussed.

Townships in North Dakota receive transportation funding from the Highway Tax Distribution Fund, Oil Gross Production Tax and mill levies. In 2017, these funding sources totaled \$47.33 million. The counties received funds from the same sources in addition to Federal Formula distributions for a total of \$194.91 million in 2017. Urban areas have additional funding streams including state aid (revenue share) distribution and sales taxes. However, due to other services provided in urban areas, only a portion of sales tax, state aid and property tax revenues were available for transportation investments. As with the counties, urban areas receive federal formula distributions (roughly

\$20 million per year). In addition, the NDDOT invests an equal amount on urban roads that are on the state highway system. The largest source of funding (50%) available for transit systems originate with the Federal Transit Administration with state, local and other sources bringing a total of \$27.61 million in 2016.

Across all jurisdictions, a common concern was the future of the highway tax distribution fund proceeds going forward. Since 2014, all jurisdictions have seen decreases in receipts from the highway tax distribution fund and increased fuel economy and disruptive technologies may continue this trend into the future. Limitations on new funding sources at local levels were also discussed. A summary of funding sources can be found in Appendix C at the end of this document.

(Sauer continued from page 6)

additional roadway lanes. Long-term funds to maintain this new infrastructure was not identified or provided.

Also, prior to ND's recent oil boom and again for the 2017-2019 biennium, the ND Legislature recognized that state transportation user revenues were not sufficient to meet needs, accordingly, they injected additional funding into the State Highway Fund on a temporary basis. This is similar to what Congress has done to keep the Federal Highway Trust Fund afloat.

North Dakota's transportation funding is almost solely dependent on fuel taxes and vehicle registration fees at the state level.

NCHRP Synthesis 459 Presentation - Using Economic Value Created by Transportation to Fund Transportation

Ben Orsbon, Special Assistant to the Secretary for Policy & Legislative Affairs
South Dakota Department of Transportation



Ben Orsbon

Ben Orsbon is active in a national study conducted by the National Cooperative Highway Research Program (NCHRP) to identify how various entities are approaching transportation funding. Ben said the purpose of his presentation is to explain transportation value capture and value recycling, how it can work, what is necessary for it to work, and the mechanisms required to implement value capture.

Ben presented concepts of how much value transportation provides that can be captured. The public or land users regularly recapture the value transportation adds to land. The value is used over and over or recycled. Historically the value is recovered by the user or owner but not recycled back into transportation.

Good transportation creates value because it supports economic activity. Transportation increases land value and promotes commerce. Land value is higher the closer it is to transportation.

Value capture allows government to recycle and reuse increasing land value caused by transportation and invest it back into transportation.

Ben said that we want to have the users who benefit pay for the transportation services they receive, but those payments must be reasonable as well.

The overview of this concept is included in NCHRP Synthesis 459 Volume 1. Volume 2, which is a guidebook for application, was released by NCHRP on April 30, 2018.

A value capture methods handout was distributed and is also shown in Appendix D. Many of the non-typical methods are used by local governments, and are sometimes used for purposes other than transportation. Most states have not been using the listed methods yet.

Before implementing these

methods, entities must address several questions:

- Is it really worth the effort? This is a key issue as these methods could be costly to administer.
- How much can one really capture?
- Is it fair?
- Is it legal? The fee cannot exceed the value created.
- Does the benefit accrue to the public at large? If so, this cannot be used.
- Is there adequate authorizing legislation?
- Is there stakeholder and political support?
- Is there administrative and institutional capacity to do it?

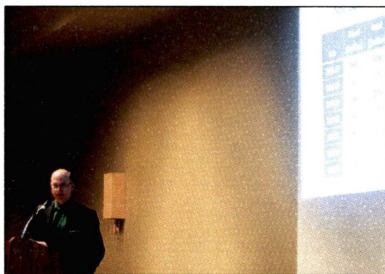
Another supporting argument for value capture is that the value created by the public is returned to the public instead of to others who don't pay for the value received.

Value capture provides a set of tools that could be used to fill a funding shortfall.

North Dakota Infrastructure Needs by Jurisdiction

Tim Horner, Program Director & Jeremy Mattson, Associate Research Fellow
Upper Great Plains Transportation Institute

Tim Horner and Jeremy Mattson gave an overview of infrastructure needs studies that had been conducted over the past three to four years. These needs studies covered roads and bridges of the state highway system as well as the city, county and township systems. In addition, a transit service needs study was conducted in 2014.



Tim Horner

Tim pointed out that the infrastructure studies were very specific to bridge and roadway needs. A later presentation would be shown by Scott Zainhofsky that covered NDDOT revenue needs beyond the roads and bridges. An important point about the infrastructure studies is that the assumption was used that improvements would be made at the optimum time that would result in the least cost per mile. Lower-than-needed funds typically results in delaying lower-cost options resulting in more expensive reconstruction treatments.

The presentation began with an overview of the 2016 state highway study. The study was sponsored by NDDOT and conducted by UGPTI. It was limited to bridge and pavement needs. Additionally, the 2015 Legislature directed NDDOT and UGPTI to conduct an impact study of allowing 129,000 pound trucks in North Dakota. The 2017 Legislature advanced legislation to allow 129,000 pound trucks on select state highways. The move to heavier trucks is not projected to impact pavements, but the impact to state system bridges was projected by NDDOT staff to be about \$761 million. The resulting 20-year needs from the two studies was \$11 billion.

The next study covered was the 2016 County and Township Needs Study authorized by the 2015 legislature. It was the fourth in a series of studies requested by the legislature. The 2017 Legislature chose not to continue the studies. The 2016 study was conducted by UGPTI staff. NDDOT supplied pavement ride and distress data on the county paved network using its Pathways van. UGPTI contracted with Dynatest LTD and Infrasense LTD to conduct pavement strength and

thickness studies to obtain a reliable data set for analysis. Gravel costs are the most significant part of county costs. Costs were estimated based on surveys of counties and townships. The counties were trained via a webinar on how to uniformly fill out the survey. Needs for a 20-year period were estimated at \$8.8 billion.



Jeremy Mattson


In 2016, NDDOT and the North Dakota League of Cities partnered to fund a study of bridge and pavement needs in North Dakota's 14 largest cities. The study was limited to major collectors below the state highway system. This excluded streets that generally served local residential traffic. The resulting urban study network was 550 miles of paved roadway and associated bridges. UGPTI conducted the study by collecting pavement ride and distress data through a contract with Dynatest LTD. The needs for a 20-year period were estimated at \$643 million.

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In 2014 NDDOT requested that UGPTI coordinate a transit needs study for North Dakota. Jill Hough and Jeremy Mattson of UGPTI assembled a panel of urban and rural transit providers along with AARP to study existing and needed service levels and benchmarks across North Dakota. The study resulted in a 20-year needs estimate of \$718 million.

The statewide summation of all studies for a 20 year period totaled \$21.2 billion dollars. A summary of the studies is shown below. The full needs estimates by jurisdiction can be found in Appendix E.

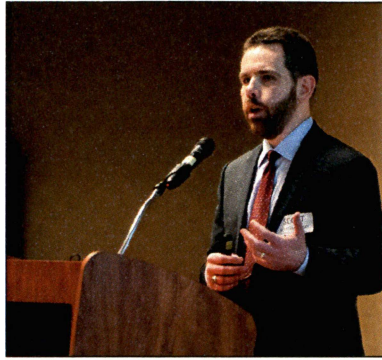
Statewide Infrastructure Needs – All Jurisdictions					
Year	State (\$million)	County and Twp (\$million)	Urban (\$million)	Transit (\$million)	Total (\$million)
2016-17	\$1,469	\$1,028	\$149	\$72	\$2,717
2018-19	\$1,223	\$993	\$105	\$66	\$2,388
2020-21	\$818	\$1,025	\$88	\$69	\$2,000
2022-23	\$818	\$985	\$78	\$70	\$1,951
2024-25	\$788	\$926	\$51	\$72	\$1,837
2026-35	\$5,159	\$3,848	\$173	\$369	\$9,549
Harmonization	\$761				\$761
2016-35	\$11,037	\$8,805	\$643	\$718	\$21,202


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North Dakota Needs Beyond Pavement and Bridges

Scott Zainhofsky, Planning/Asset Management Division Director
North Dakota Department of Transportation



Scott Zainhofsky

Just as a house is more than four walls and a roof, the transportation services and systems of NDDOT go beyond the roads and bridges.

NDDOT identifies nine different services beyond bridge and pavement projects intended to address the physical condition of the asset (i.e., keeping good pavements and bridges good). They are: Safety, Freight & Personal Mobility, Driver's License, Motor Vehicle Registration, Snow and Ice Control, Bike and Pedestrian service, Transit, Maintenance, and Rail.

Many of the nine are self-explanatory. Safety is easily understood and defined by the Vision Zero Safety Goal. Some areas need more definition. Freight and personal mobility issues go beyond the physical condition of the bridges and pavement to

consider what the asset is intended to do. Examples include improving width and vertical clearances even when bridge and pavement conditions are good.

As an extreme example, a pedestrian bridge in perfect condition that would now be expected to carry interstate traffic would be reconstructed with Freight & Personal Mobility Investments, not Bridge.

Rail loan programs go beyond bridges and pavements by assisting freight movements by improving rail lines and rail sidings and by developing intermodal facilities. Improved rail service reduces highway and bridge needs.

Snow and ice control is also not covered by road and bridge infrastructure needs studies.

It is critical to remember the scale of these various investment classes are not the same. Just as in a house, you can't buy a new roof by mowing less, you can't appreciably improve pavements and bridges by extending driver's license wait times or by storing trucks outside rather than inside. There isn't enough funding to be diverted, even if no money

were spent on the lower-cost services to notice a difference in the more costly services.

The NDDOT is currently in a preservation mode, meaning we are largely trying to preserve the transportation system as it exists today. However, we are losing ground and our system is deteriorating faster than we have resources to preserve it. The department has stretched every dollar as far as it can, as evidenced by a recent Reason Foundation report naming NDDOT as the most efficient DOT in the nation.

NDDOT's main sources of state funding come from state fuel taxes and vehicle fees, which have remained the same since 2005. Costs have increased. For example, asphalt surfacing cost \$500,000 per mile in 2005 compared to \$1.1 million per mile in 2016; salt used for snow and ice control cost \$55 per ton in 2005 compared to \$81 per ton last year.

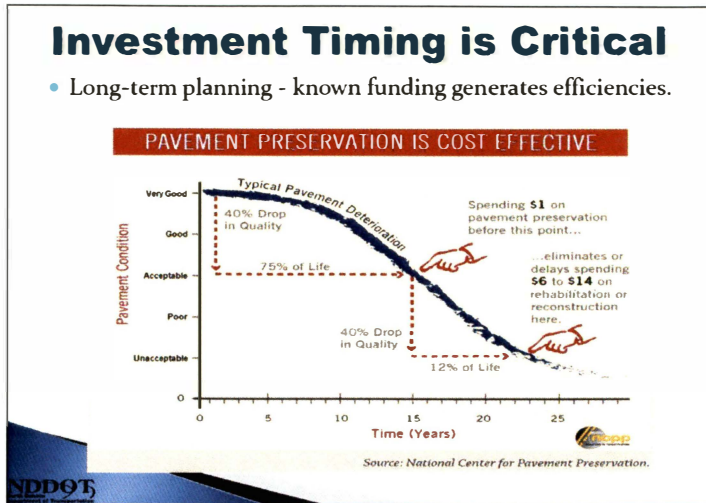
Timing of improvements must be optimized. As demonstrated by the graphic from the National Center for Pavement Preservation (see page 12), investment timing is critical. Waiting for an asset's condition to deteriorate beyond a preservation level is significantly more costly

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and results in worse overall condition and service.

Adding complexity to this analysis, building anything takes long periods of time. Returning to the house analogy, without the significant public input required of public projects, a personal house generally takes 1–2 years from the date one decides to start the process of looking for a lot, arranging financing, finding a builder, etc., to the date of occupancy. Therefore, considering all of the steps we take to meet federal and state requirements, typical infrastructure construction projects taking 4–6 years isn't surprising. However, combining this project implementation time with the noted efficiency gained from proper project timing, means that predictable funding streams are critical to the efficient and effective delivery of infrastructure services.

All these services are estimated to cost \$24.6 billion over the next 20 years. Funding available is estimated to be \$10 billion, so there is a shortfall of \$14.6 billion over that period. To close this gap, two options exist: increase funding or decrease the expected services. Therefore, the real question isn't "what are the funding needs?" but rather "what level of services are we all willing to pay for?"



How much does the average North Dakotan pay in state fuel tax each year?

If you drive a pickup truck that averages 20 mpg and you drive 12,000 miles per year, you pay \$11.50/month or \$138/year, compared to a typical cell phone plan (for one phone plan) of \$660/year.

What is NDDOT doing to generate efficiencies, given that ongoing funding has been flat for several years?

NDDOT has taken many steps to generate efficiencies, some of which include: implementing advanced snow & ice control models and route optimization tools to further enhance the effectiveness of the plow truck fleet. More information on the above funding challenges and questions is in a handout titled, "NDDOT Needs Beyond Pavements & Bridges," which can be found in Appendix F.

<p>North Dakota Motor Fuel Tax 23 cents/gallon - Last change in 2005</p>		<p>It is important to note that 23 cents per gallon of state fuel tax is collected whether the price at the pump is \$1.99 or \$3.99.</p>
<p>ND Motor Vehicle Registration Fees - Last change in 2005</p>		

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South Dakota Revenue Initiative – Policy Development and Program Outcomes

Mike Vehle, Board Member
South Dakota Transportation Commission

Mike Vehle described the journey South Dakota traveled to arrive at a revenue increase for transportation that included a 6-cent fuel tax increase. Mike retired after serving 8 years as a senator and 4 years as a representative in the South Dakota Legislature. He currently serves on the South Dakota Transportation Commission. Mike was the leader in four separate efforts to raise transportation revenue.

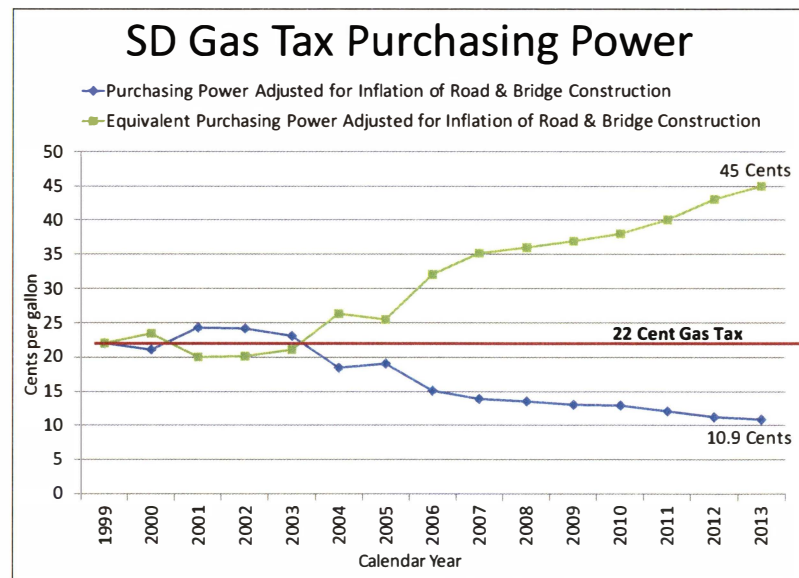
He cited some differences between North and South Dakota. In South Dakota, the constitution requires that all funds raised from roads go to roads. No general funds go to roads. Revenue directed to state roads is from gas tax and vehicle excise tax. Registration fees and county wheel taxes go to counties and townships for roads and bridges.

Mike was part of road studies in 2008 and 2009. In 2009, the South Dakota Legislature came up short on votes on a revenue

increase. He led an effort again in 2010, but failed. He started a new 25-member task force in 2014 with the support of the South Dakota Governor. The 2014 effort emphasized that the initiative must be based on known needs for transportation and a goal for increased revenue. The task force developed a message based on facts and took the story on the road to local service groups and interest groups.



Mike Vehle



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Facts used in SD:

- \$55 billion of goods are shipped to and from SD sites each year.
- Roads provide vital support to the South Dakota economy and top industries – Agriculture and Tourism.
- Roads and bridges were deteriorating.
- The Federal Highway Trust Fund had solvency issues.
- Road costs were increasing, and revenues were not. Gasoline taxes were projected to decline.
- South Dakota has 83,000 miles of road (3.5 times the distance around the world).
- Hybrid and electric cars were not paying a share of fuel tax, but raising fees on them would only impact 4,600 of more than one million total registrations.
- As roadways age, it costs more per mile to maintain them.
- County structures were in very bad condition. Cost to replace SD county deficient bridges was estimated to be \$245 million.
- Raising gas tax 7.5 cents would cost a driver traveling 15,000 miles per year about 94 cents per week. Raising dyed fuel cost by 7 cents per gallon would raise the cost of corn about ¼ cent per bushel.

Overall message to public
 "If you got it, a road brought it. Not much is parachuted in!"

In 2016, South Dakota legislature passed a comprehensive plan as shown in the graphic below.

SB1: Comprehensive Solution

Sections	Revenue Source and Explanation
1-2	Local Bridge Improvement Grant Fund
3	County Highway and Bridge Improvement Plan (Annually Updated)
4	Annually Allocates \$7 million of Motor Vehicle Registration Fees to the Bridge Grant Fund
5-6	Motor Vehicle Excise Tax (1% increase, from 3% to 4%)
7-8	Motor Fuel Tax (6 cents per gallon increase)
9	Ethyl Alcohol and Methyl Alcohol (6 cents per gallon increase)
10-11	Biodiesel and Biodiesel Blends (move incentive from Session Laws to Codified Laws)
12-19	Motor Vehicle Registration Fees (20% increase)
16	Noncommercial Motor Vehicle Registration Fees (over 10 Ton - Assessed 70%/80% of Commercial Rate)
20-21	Property Taxation - amend SDCL 10-12-13 (graduated levies \$1.20, \$.90, & \$.60 per thousand dollars of taxable valuation)
22-23	Township Capital Outlay Levy (\$.50 per thousand dollars of taxable valuation)
24	Wheel Tax (\$1.00 increase per wheel)
24	Wheel Tax (provides additional wheels to be taxed - maximum of 12 wheels)
25	Move speed limit on interstate from 75 mph to 80 mph
26-29	Repeal the Provisions regarding an Inventory Tax on Motor Fuel when the Rate is Adjusted
30	Emergency Clause

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Overview of Transportation Funding Options for North Dakota

Alan Dybing, Associate Research Fellow
Upper Great Plains Transportation Institute



Alan Dybing

UGPTI has investigated a broad array of existing and potential funding options for North Dakota infrastructure. After a preliminary review of literature and best practices from other states, 19 options were selected for presentation. The presentation included a brief overview of the specific funding mechanism, evaluation of its revenue potential, discussion of the possible implementation issues, including the impacts of fluctuating fuel prices and increasing presence of alternative vehicle technologies.

The currently existing major revenue sources, including primarily the gas tax, are well-established methods of user fee collection. Because of increasing fuel efficiency, the tax revenue is no longer proportional with the actual road use, and its revenue is unable to match the current infrastructure needs. The other state-collected transportation fees (registration, overweight, driver's license fees) have minimal revenue potential.

Several other taxes and fees, such as the vehicle excise tax and the general sales tax, were covered by the presentation as well. These stable sources of funding, collected by state and local jurisdictions, are also used to support transportation infrastructure and have a strong revenue potential; however, they are not related to actual road usage, and they serve many other purposes as well.

The analysis also included property-based revenue sources, including mill levies and utility fees. These sources could be used for minor, local maintenance expenses, but could hardly be considered for any larger-scale investments. They are also barely dependent upon infrastructure use.

Non-traditional funding options were also evaluated by UGPTI. The first one, vehicle miles of travel (VMT) tax, is an innovative solution with a fee based on actual road use and vehicle impact, rather than fuel consumption. VMT tax is frequently recognized as a

very effective funding tool, but it is also associated with serious concerns regarding drivers' privacy and technological obstacles. The other option gaining considerable attention is the PPP (public-private partnership), so far used in North Dakota on a very limited basis. Public Private Partnerships (PPPs) might become a powerful revenue source for funding larger investments, although their effectiveness depends on the responsibilities assumed by each of the partners. Lastly, the presentation mentioned tolls, which could be imposed on major highways, relieving their current maintenance costs. However, as pointed out by UGPTI, toll collection requires significant administrative efforts, and the revenue potential might be lower-than-expected due the structure of the road network. A summation of the revenue options is shown in Appendix G.

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Conversation Circle Ideas, Questions and Comments



After the completion of the presentations, Tom Sorel facilitated a conversation circle process to give the large group an opportunity to give input on four questions regarding transportation. Tables were positioned in a wheel and spoke fashion around a central discussion area where Tom introduced the questions and then asked volunteers to come forward to give their thoughts on the question.

QUESTION 1: To remain competitive in today's economic environment, what kind of transportation system and associated service levels should we be supporting?

Terry Traynor, North Dakota Association of Counties. We have upgraded our state and local systems and the public has recognized this. The public expects this level. Preservation is important. Consistency is important - from county to county and city to city. The current condition level should be used for

the future baseline and infrastructure studies should be performed to monitor system condition and investment needs.

Russ Hanson, North Dakota Associated General Contractors. Important to make sure we have a safe and efficient transportation system. We are a commodity-based economy. We export a lot of things. We need a consistent funding system to plan long-term for more efficient investment.

Blake Crosby, North Dakota League of Cities. Need to take a long-term approach beyond the short-term, 2-year approach. Preservation is important. It cannot be about staying where we are at now. Need to be ready for the future. Electric vehicles, driverless vehicles, etc.

Arik Spencer, North Dakota Motor Carriers Association. Trucking pays over 60% of user fees. Important to have strong and efficient transportation system.

Trucking is willing to step up and pay more, but we need partners.

Ron Henke, North Dakota Department of Transportation. I take a little different view on this as I challenge us to be a little more innovative in what we do. I think you've seen some things we've tried to reduce our cost. We have to try and to do things a little bit better or differently to keep up with the industry.

Russ Hanson. Need long-term funding plan so we are not always just reacting to plug holes.

Terry Traynor. We were able to do this today because the legislature invested in research. We have benefited from studies by UGPTI so we know where we are with the best data possible. Didn't do study this biennium but need to do that again in the future.

Wendall Meyer, North Dakota Division Administrator, FHWA. A lot of uncertainty in the level of funding and we need to determine what level of service the public expects and then prepare funding levels to deliver that.

Scott Rising, North Dakota Soybean Growers Association. We need to establish public goals for infrastructure, then work out ways to explore and identify ways to get there.

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Khani Sahebjam, SRF Consulting. Don't forget about people who do innovating – we need a strong DOT. We should be able to attract the best talent to have a strong DOT to set the stage for the future with ability to advance new innovations.

Rep. Dan Ruby, District 38, North Dakota House Chair- Transportation Committee, 65th Legislative Assembly. Some of the concepts merge when you are talking about funding and innovation, and planning. It would be great to have a long-term plan and a long term funding. We know funding sources are earmarked for transportation such as gas tax and registration. We all know these aren't adequate and there are issues with the gas tax with respect to CAFE standards. I have always thought we should be looking more into something of a stream like the excise tax because it responds to inflation. As vehicles cost more it results in a higher dollar amount. Also, we have to address the perception that gas tax is sometimes wasted or unwisely spent. I don't agree with that. We may need to consider if we work to change that perception.

Rep. Jeff Magrum, District 28. Price of gravel rose significantly during oil boom and has not gone down. Lot of variables in prices. Equipment costs are way up – I saw it double over a period of about 10 years. This needs to be communicated.

QUESTION 2: What is the public perception of the need to invest more funding into transportation infrastructure, and from what kinds of revenue sources?

Mike Vehle, South Dakota Transportation Commission. Mike said that legislators said they wanted to support his plan but just couldn't because the people wouldn't support it. He said if he could get the public to support the plan then the legislators would. We need to talk to people continuously to get support. He went all over the state to tell the story. Then legislators felt more comfortable. We need to sell studies with

understandable charts. We need to keep legislators and the public informed.

Ben Orsbon, South Dakota Department of Transportation. Critical thing for the public is to be able to see it – to know what we're doing and why it is needed. When South Dakota bought the Milwaukee Road Railroad the public understood they would be land locked without it and they understood that would be a bad thing. The sales tax went to that railroad and they saw the improvements.

Rep. Dan Ruby. I think that it is important to not just supply revenue to the state but that those revenues are provided to the locals as well – cities, counties and townships. The issue with the one cent sales tax for SD railroads seems like a good idea but the perception of a sales tax is that they never go away.



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Wendall Meyer. Public engagement is great at project-level basis, must be driven from bottom up. Communication is critical. Reliable data on information that relates to the public is critical. Must be relatable to public. Wendall said he spends more on his cell phone data plan than on roads and that seems wrong. Public has to see the tangibles that come back. It's about telling a story. There's a balance between what you can provide and how much funds are available.

Steve Salwei, North Dakota Department of Transportation. He is asked back in his home country when roads will be widened, and he often tells them it will be a long time due to the funding available. He explains how much traffic it takes to generate a 2-inch overlay. He points out that with current state fuel tax, it would take 8000 vehicles per day to pay for an upgrade, and for some low-volume roads it would take 70 years to pay for that 7-year fix. People don't know what they pay to transportation and they don't understand what it costs to maintain the system.

QUESTION 3: In light of the various advances in mobility options, what should be done to prepare for declining fuel tax revenue over the next 10 to 20 years?

Tim Horner, Upper Great Plains Transportation Institute. Communication needs be given a priority. Like South Dakota, the story must be developed and distributed across the state to service groups and associations, so the public understands transportation funding. Maybe the DOT can develop the story and use its staff to spread the story as groups are always looking for presentations.

Mark Nelson, North Dakota Department of Transportation. Hard to stay on top of changes. Many will be affected by innovation. What will law enforcements' role be with autonomous vehicles? Many in the public are

oblivious to what is happening and how close we are to these innovations taking place. We have a lot of challenges to communicate what is evolving and how we will meet the challenge.

Denver Tolliver, Upper Great Plains Transportation Institute. Need to look at what type of system we will have in 20 years and admit we cannot control it. So then the question is what type of revenue system would generate the type of funds we need. He sees two options: 1) the federal government funds everything through the general fund, or 2) we use a vehicle mile tax. A VMT tax would be more equitable and palatable in the long run. How to get there, what are interim steps – maybe we assume we will have VMT tax in 20 years and we should plan for something different for the between years – 5 to 10 years.



Jennifer Brickett, Director of AASHTO-BATIC. She often hears we are about 10 years out from a VMT tax so something is needed in the interim. Finding partner states is a good idea. The interaction between North Dakota and South Dakota works well. People should take advantage of their associations. Use them to dissect and interpret and disseminate information.

QUESTION 4: What are the public policy implications of the funding options that are available?

Shannon Sauer, North Dakota Department of Transportation. South Dakota had a very dedicated strong champion, something we need in North Dakota. North Dakotans tend to look at things in a two-year time-period, and we tend to kick things down the road. We need to find a way to engage people to make them understand that this is a long-term discussion, not a two-year discussion. As we transition, we face two challenges – maintaining an adequate system and creating something for the future.

Wendall Meyer. We don't know where the federal money is coming from. There are a lot of tools available. Some don't work in every state. Tolling and public-private partnerships won't work in every state. We must take advantage of what works here. Are

there opportunities to revenue share or look at how we maintain rest areas on the interstate and how to generate revenue. We need to prepare ourselves and look at those options. Within the last week, FHWA identified Innovative Electric Vehicle corridors across the nation which included North Dakota's I-29 and I-94. We need to prepare ourselves for that. We are fortunate that we have good leadership at the top here in North Dakota, starting in the governor's office.

Rep. Sebastian Ertelt, District 26. We want to know what policy effects will be down the road. The fuel tax is a consumption-based tax at this time. Not all vehicles have the same impact on roads. We have to put the information in the public's hands. We want a fair and equitable system that can be communicated as such to the public. We need to address how much of the system is used by out-of-state travelers. We want to put the information and control in the hands of the consumer.

Bob Fode, North Dakota Department of Transportation. We could do better job at design guidelines. We could go out to the public to make sure they understand what we are trying to do with our system. We could do better at communicating and getting better buy-in.

Tom Sorel. We struggle with coming changes like autonomous vehicles and truck platooning and these will impact how we design our roads. How do we transition and prepare for those changes?

Bob Fode. Try to stay on the cutting edge. Every day we are challenged with a new opportunity and challenges. We must look at how we do business. We are using new software packages, trying new things and will continue to look for ways to prepare for those changes.

Tom Sorel. We want to share what we are doing about considering truck platooning - question - what is the damage of platooning on highways and bridges, does it change how we design roads and bridges? What are policy implications?

Don Diedrich, Industrial Builders Inc. He turns asphalt roads into gravel for those who cannot pay to maintain asphalt. This is something we can do. We recycle a lot of asphalt. If this is the desired future, we can deliver it. NDDOT is doing a good deal of innovation by recycling. We need to look at the two-year funding cycle and North Dakota is very dependent on federal funds. We could have a huge drop in federal funding with the federal trust fund cliff. We need to

find a champion in North Dakota and commitment from the legislature to fund what we need to make the system work. We also need to convince the Congressional delegation to make federal revenue streams solvent.

Rep. Sebastian Ertelt.

Inflation is really driving up costs. We need to get to the root cause of a lot of problems. Inflation goes beyond state level. We need to look at our monetary policy and we should all learn and understand our monetary policy and convey to Washington that we aren't interested in seeing this continued inflation reducing buying power. There is a proposal before

Congress on the Federal Reserve to address this issue and we should let them know we support this proposal. We don't want these huge cost increases.

Tom Sorel. DOTs are well aware of federal trust fund cliff and are concerned about it. Rural states depend on the trust fund. We have major concerns about the status of the trust fund and we need to fix it. AASHTO is doing a good job of helping us convey the problem. The trust fund is important to us.

Rep. Dan Ruby. What would it take at the federal level, what gas tax increase is needed to maintain the trust fund?

Jennifer Brickett. We would need 25 cent per gallon increase in federal gas tax.

Tom Sorel. The 25-cent needed highway trust fund increase is only part of it. If the match rates change, we may not have the ability to match federal funds.

Jennifer Brickett. The AASHTO matrix shows all different options and rates of increase that would be needed to plug the highway trust fund – it can be found on the AASHTO website.

Post Conversation: Symposium Wrap-Up

Tom Sorel, Director
North Dakota Department of Transportation

After the conversation circles, Tom Sorel summarized the day and gave wrap-up comments. "We know we threw a lot of information at the group and got many good comments from everyone."

He said, "Our goals were to bring all of us together and continue working together moving forward. The idea was to put information out today and start having these discussions. We will continue these discussions."

Sorel stated, "Let us know if there are other opportunities to have discussions like this in the future. If you have groups you want us to talk to, let us know and we can work with you."

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APPENDIX A

AGENDA

NORTH DAKOTA SYMPOSIUM ON TRANSPORTATION FUNDING

March 14, 2018

RADISSON HOTEL BISMARCK

Convene 9:00 AM CT

	Convene 9:00	(Registration begins @ 8:30)
	9:00 to 9:15	Introductory Remarks – NDDOT Director Tom Sorel
	9:15 to 10:00	Keynote Presentation – National Perspective on Funding and Finance Policy –Jennifer Brickett – Director AASHTO BATIC Institute
	10:00 to 10:30	NDDOT Transportation Funding: Past, Present and Future Shannon Sauer – Chief Financial Officer, NDDOT
	10:30 to 10:45	Break
	10:45 to 11:15	North Dakota County, TWP, Urban Funding Sources Alan Dybing - Upper Great Plains Transportation Institute
	11:15 to Noon	NCHRP 459 Report Presentation - Using the Economic Value Created by Transportation to Fund Transportation NCHRP (National Cooperative Highway Research Program) Ben Orsbon – SDDOT Executive Office, Federal Program Coordinator
	Noon to 1:00	Lunch
	12:30 to 1:00	North Dakota Infrastructure Needs Studies by Jurisdiction: State, County, TWP, Urban, Transit Tim Horner - Upper Great Plains Transportation Institute
	1:00 to 1:30	NDDOT Needs Beyond Pavement and Bridges Scott Zainhofsky - NDDOT
	1:30 to 2:00	South Dakota Revenue Initiatives – policy development process and program outcomes Mike Vehle from Mitchell, SD – SDDOT Commission Member
	2:00 to 2:30	Review and Analysis of Funding Options – Viability and Sustainability Alan Dybing– Upper Great Plains Transportation Institute
	2:30 to 2:40	Introduce Conversation Circle (Fishbowl) Process and Conversation Questions - Upper Great Plains Transportation Institute
	2:40 to 3:40	Conduct Conversation Circle Discussions
	3:40 to 4:00	Summary of Conversation Circle Comments Various Reporters
	4:00 to 4:30	Closing Comments – NDDOT Director Tom Sorel

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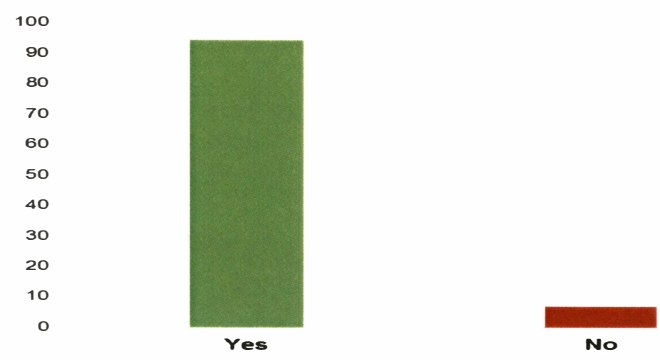
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APPENDIX B

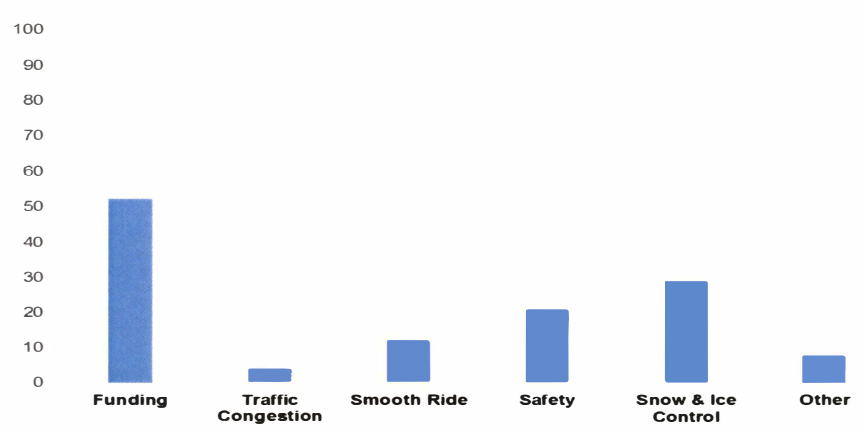
NDDOT Survey



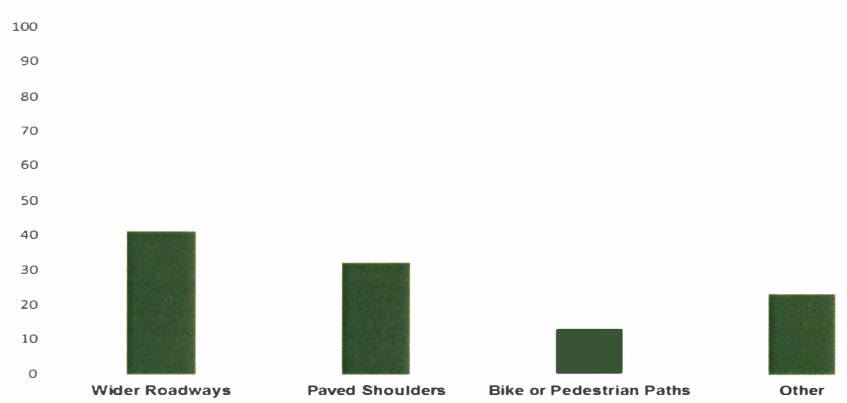
1. Can NDDOT be relied on to deliver north Dakota's Transportation System?



2. What's the most important transportation challenge facing North Dakota?

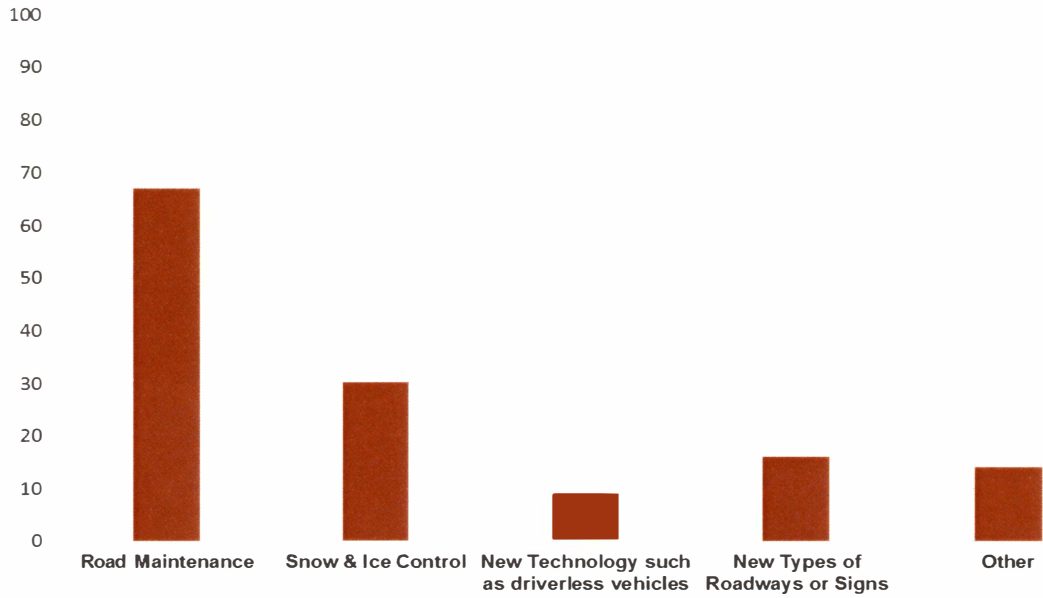


3. What do you think would improve your road or commute?

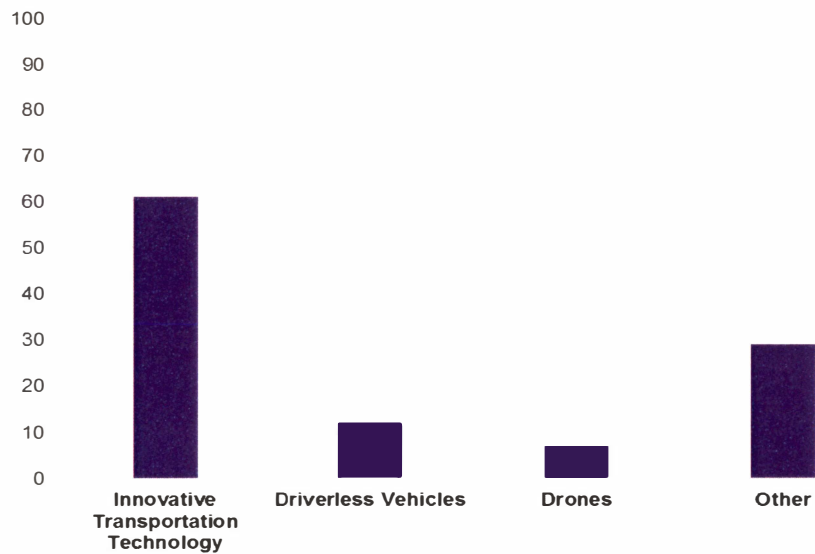


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4. If there was more funding provided for transportation in the future, what would you like the money to pay for?



5. What could the NDDOT do in the future that would have a positive impact on your quality of life?



The Survey was conducted online through NDDOT's website in March 2018. All charts are based on percent of number of respondents.

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APPENDIX C

Transportation Funding Sources and Levels: 2012-2017

State System Funding						
NDDOT four primary revenue sources:						
Year	Federal Highway Trust Fund (\$million)	State Highway Tax Distribution (\$million)	Overweight Permit Fees (\$million)	Driver's License Fees (\$million)	Total (\$million)	
2017	\$219.55	\$165.30	\$14.15	\$4.14	\$403.14	
2016	\$222.34	\$165.90	\$12.10	\$4.25	\$404.59	
2015	\$203.59	\$194.75	\$19.28	\$5.36	\$422.98	
2014	\$204.49	\$185.48	\$18.84	\$5.32	\$414.13	
2013	\$203.26	\$182.40	\$17.27	\$5.13	\$408.06	
2012	\$199.09	\$168.25	\$16.00	\$5.10	\$388.44	

- Federal Highway Trust Fund
- State Highway Tax Distribution
- Overweight Permit Fees
- Driver's License Fees

(Source: North Dakota Department of Transportation)

County Road Funding					
Counties have four primary revenue sources for roads:					
Year	Property Tax (\$millions)	Federal Formula (\$million)	Highway Tax Distribution (\$million)	Oil/Coal Tax (\$million)	Total (\$million)
2017	\$57.00	\$19.91	\$58.00	\$60.00	\$ 194.91
2016	\$55.98	\$19.86	\$58.27	\$83.84	\$ 217.95
2015	\$48.46	\$19.98	\$66.17	\$127.37	\$ 261.98
2014	\$44.07	\$20.06	\$68.59	\$156.21	\$ 283.93
2013	\$39.69	\$19.94	\$65.49	\$79.37	\$ 204.49
2012	\$36.94	\$19.53	\$63.78	\$55.98	\$ 176.23

- Property Taxes
- County Portion of Federal Fuel Tax
- State Highway Tax Distribution
- Gross Production Tax/Coal Tax

(Source: North Dakota Treasurer, North Dakota Association of Counties, North Dakota Department of Transportation)

Township Road Funding				
Townships have three primary revenue sources for roads:				
Year	Highway Tax Distribution (\$million)	Gross Production Tax (\$million)	Property Tax (\$million)	Total (\$million)
2017	\$7.28	\$11.6	\$28.45	\$47.33
2016	\$7.31	\$9.9	\$28.10	\$44.11
2015	\$8.58	\$11.6	\$26.93	\$42.98
2014	\$8.17	\$18.1	\$24.75	\$49.07
2013	\$8.03	\$7.1	\$22.83	\$33.63
2012	\$7.35		\$20.95	\$25.85

- Property Taxes
- State Highway Tax Distribution
- Gross Production Tax/Coal Tax

(Source: North Dakota Treasurer, North Dakota Township Officer's Association)

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Transportation Funding Sources and Levels: 2012-2017

Year	Property Tax (\$million)	Federal Formula (\$million)*	Highway Tax Distribution (\$million)	Oil/Coal Tax (\$million)	City Sales Tax (\$million)	State Aid (\$millions)	Total (\$million)
2017	\$161.1**	\$19.13	\$33.9	\$98.3	\$183.9	\$39.6	\$535.93
2016	\$161.1	\$19.21	\$33.0	\$103.7	\$185.4	\$43.5	\$545.91
2015	\$149.9	\$18.03	\$37.5	\$99.0	\$216.5	\$59.3	\$580.23
2014	\$138.9	\$18.11	\$39.0	\$125.5	\$209.5	\$56.2	\$587.21
2013	\$129.3	\$18.00	\$37.4	\$51.3	\$190.3	\$52.9	\$470.20
2012	\$120.8	\$17.63	\$35.2	\$17.0	\$177.3	\$49.6	\$417.53

Urban Road Funding
 Urban areas have six primary revenue sources for roads:

- Property Taxes
- Federal Formula
- State Highway Tax Distribution
- Oil/Coal Tax
- Sales Tax
- State Aid

(Source: North Dakota Treasurer, North Dakota League of Cities, North Dakota Department of Transportation)

* Federal Formula funding includes only funds distributed to cities for use on non-state infrastructure. In addition to the Federal Funding level shown above, NDDOT invested an equal amount in urban routes on the state system

** 2016 data used as 2017 data is not yet finalized by Tax Department

Year	Federal Transit (\$million)	State Government (\$million)	Local Government (\$million)	Fares (\$million)	Other Funds (\$million)	Total (\$million)
2017	*	*	*	*	*	*
2016	\$13.31	\$4.36	\$5.59	\$2.87	\$1.49	\$27.61
2015	\$13.19	\$5.17	\$5.27	\$2.64	\$1.52	\$27.80
2014	\$9.97	\$4.34	\$4.60	\$2.66	\$2.51	\$24.08
2013	\$13.69	\$4.44	\$5.03	\$2.80	\$2.14	\$28.10
2012	\$10.32	\$3.62	\$4.67	\$2.96	\$1.83	\$23.40

Transit Funding
 Transit agencies have five primary revenue sources:

- Federal Transit Administration
- State Highway Tax Distribution
- Local Government
- Fares
- Other Funds

* 2017 Data was not yet available (Source: National Transit Database, FTA)

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APPENDIX D

VALUE CAPTURE METHODS AND THEIR USERS

Mechanism	Conceptual Benefit or Levy Basis	Applicable Purpose	Highway-Related Examples
Tax Increment Finance Districts	Uses the incremental increase in property value to finance new infrastructure and services. Captures difference in annually levied property value before and after an improvement.	Captures project expansion benefits and returns them to the public.	Texas TRZ TIF-like mechanism
Special Assessment Districts	Members of the benefitting district pay a property tax directly for the cost of the improvement specially benefitting their property due to access. A benefit not available to public at large. Annually levied property owner charges in the area before and after an improvement until improvement is paid for.	Captures project expansion benefits and returns them to the public.	Virginia and Ohio TID, Illinois SSA
Impact Fees	Fees paid by new development for facility use. One-time developer charges when permits are issued. Can be applied off-site. Levied before and after an improvement. Must not exceed impact.	Cost recovery.	Oregon TSDC for existing and new capacity (multimodal) and examples from Washington, New Jersey
Negotiated Exactions	Similar to impact fees but generally applied to only on-site infrastructure. One-time developer agreement is created that must not exceed impact.	Captures value created and recovers the public's cost.	Virginia proffer
Joint Development	Cooperating public and private partners provide facilities or financial contribution for benefits received. One-time developer-related opportunity typically after an improvement (can be on- and off-site improvements).	Captures value created and does cost and revenue sharing between the public and private sector.	Massachusetts Turnpike and Washington Metropolitan Transit Authority
Land Value Tax	Land value taxed due to access to encourage development. Annually levied property owner changes before and after an improvement—taxes on value of land and a separate tax on value of buildings.	Captures project expansion benefits. Encourages development.	Pennsylvania counties
Sales Tax District	Local benefit accruing to all sales tax property due to improved access. Members of the benefitting district pay a small sales tax directly for the cost of the improvement on levied sales within the district.	Captures sales expansion benefits from the project.	Illinois SSA; Missouri and Kansas TDD
Transportation Utility Fees	Fee assessed on properties based on amount of trips generated/use. Annually levied property owner charges before and after an improvement. This charge has been used only for recovering operating expenses as opposed to project capital costs.	Recovers operating and maintenance costs.	Oregon TUF for pavement maintenance
Air Rights	Air space use above, below, under, and nearby/adjacent highway right-of-way for public and private benefit via transfer of rights and joint development. One-time developer-related opportunity typically after an improvement (on-site developments—discontinuous spot treatment).	Captures value created and does cost and revenue sharing with private sector. Very urban.	Massachusetts Turnpike and several other examples such as Interstate 5, Washington State
Other—TC	Funding tool only to aid value capture.	Stakeholder support	Missouri, Texas, Florida

Using the Economic Value Created: https://www.nap.edu/login.php?action=guest&record_id=22382

APPENDIX E

Transportation Infrastructure Needs in North Dakota: 2016-35

State System Infrastructure Needs Study Sponsor: North Dakota Department of Transportation Study Year: 2016 Conducted by Upper Great Plains Transportation Institute	Year	Road Needs (\$million)	Improved Miles	Bridge Needs (\$million)	Total (\$million)
	2016-17	\$1,182	696	\$287	\$1,469
	2018-19	\$1,182	696	\$41	\$1,233
	2020-21	\$777	665	\$41	\$818
	2022-23	\$777	665	\$41	\$818
	2024-25	\$746	614	\$42	\$788
	2026-35	\$4,978	3,189	\$181	\$5,159
	Truck Harmonization				\$761
	2016-35	\$9,642		\$1,395	\$11,037

County and Township Road Needs Study Sponsor: North Dakota Legislature Study Year: 2016 Conducted by Upper Great Plains Transportation Institute	Year	Gravel (\$million)	Paved (\$million)	Bridges (\$million)	Total
	2016-17	\$645	\$296	\$87	\$1,028
	2018-19	\$607	\$299	\$87	\$993
	2020-21	\$660	\$278	\$87	\$1,025
	2022-23	\$661	\$237	\$87	\$985
	2024-25	\$603	\$233	\$90	\$926
	2026-35	\$2,916	\$921	\$11	\$3,848
	2016-35	\$6,091	\$2,265	\$449	\$8,805

Urban Road Needs Study Sponsor: North Dakota Department of Transportation, North Dakota League of Cities Study Year: 2016 Conducted by Upper Great Plains Transportation Institute	Year	Roads (\$million)	Bridges (\$million)	Total (\$million)
	2016-17	\$141	\$8	\$149
	2018-19	\$97	\$8	\$105
	2020-21	\$80	\$8	\$88
	2022-23	\$70	\$8	\$78
	2024-25	\$43	\$8	\$51
	2026-35	\$171	\$2	\$173
	2016-35	\$601	\$42	\$643

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Transportation Infrastructure Needs in North Dakota: 2016-35

Transit Needs	Year	Operating Cost (\$million)	Vehicle Cost (\$million)	Total (\$million)
	Study Sponsor: North Dakota Department of Transportation	2016-17	\$55	\$17
Study Year: 2014	2018-19	\$57	\$9	\$66
	2020-21	\$59	\$10	\$69
Conducted by Upper Great Plains Transportation Institute – Small Urban and Rural Transit Center	2022-23	\$60	\$10	\$70
	2024-25	\$61	\$11	\$72
	2026-35	\$314	\$55	\$369
	2016-35	\$606	\$113	\$718

Transportation Infrastructure Needs All Jurisdictions	Year	State (\$million)	County and Twp (\$million)	Urban (\$million)	Transit (\$million)	Total (\$million)
	Total funding needs for transportation in North Dakota	2016-17	\$1,469	\$1,028	\$149	\$72
2018-19		\$1,223	\$993	\$105	\$66	\$2,388
2020-21		\$818	\$1,025	\$88	\$69	\$2,000
2022-23		\$818	\$985	\$78	\$70	\$1,951
2024-25		\$788	\$926	\$51	\$72	\$1,837
2026-35		\$5,159	\$3,848	\$173	\$369	\$9,549
Harmonization		\$761				\$761
2016-35		\$11,037	\$8,805	\$643	\$718	\$21,202

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APPENDIX F

NDDOT Needs Beyond Pavements & Bridges

2018 ND Symposium on Transportation Funding



North Dakota's transportation system is an essential element in the state's economy as it moves commodities produced or manufactured here to other parts of the world, as well as transport people to various destinations for work, school or travel. The NDDOT also provides driver's license, motor vehicle and other services. In order to provide top quality transportation services, it is crucial to look at funding and needs to meet the demands of the traveling public - for today and the future.

What investment is needed over the next 20 years to continue the services we receive today from NDDOT?

Because services or service levels are directly related to available funding, all of the transportation services NDDOT provides today would require \$24.6 billion over the next 20 years. This equates to a gap of \$14.6 billion of additional funding that would be needed when you look at how much today's revenue would generate over the next 20 years.

Where does the funding or revenue come from to provide NDDOT services?

The primary sources of revenue provided to NDDOT are Federal Funds, State Funds from the Highway Tax Distribution Fund which is a portion of the state's fuel taxes and motor vehicle registrations, plus other state sources that are primarily driver's license fees and oversize/overweight permits.

What services does NDDOT provide today?

NDDOT transportation services include programs such as highway pavements, bridges, safety, transit, maintenance, snow & ice control, motor vehicle registration, rail loans, driver's license, bicycle/pedestrian, freight and personal mobility, etc.

If NDDOT can provide the services today, why is so much additional funding needed for future services?


The NDDOT is currently in a Preservation Mode, meaning we are just trying to preserve the transportation system as it exists today. However, we are losing ground and our system is deteriorating faster than we have resources to preserve it. The Department has stretched every dollar as far as it can, as evidenced by a recent Reason Foundation report naming NDDOT as the most efficient DOT in the nation.

NDDOT's main sources of state funding come from state fuel taxes and vehicle fees, which have remained the same since 2005. Costs have increased, for example, asphalt surfacing cost \$500,000 per mile in 2005 and \$1.1 million per mile in 2016, salt used for snow and ice control cost \$55 per ton in 2005 and \$81 per ton last year. Below is a chart showing how other costs have increased compared to federal gas tax rates which help provide federal funding for transportation.

Item	Description	1993	2015	Percent Change
College Tuition	Average Tuition & Fees at Public 4-year Universities	\$ 1,908	\$ 9,145	379%
Healthcare	National Expenditure Per Capita	\$ 3,402	\$ 9,523	180%
House	Median New Home Price	\$118,000	\$292,000	147%
Gas	Per Gallon	\$ 1.08	\$ 2.56	137%
Beef	Per Pound of Ground Beef	\$ 1.97	\$ 4.38	122%
Movie Ticket	Average Ticket Price	\$ 4.14	\$ 8.43	104%
Bread	Per Pound of White Bread	\$ 0.75	\$ 1.48	98%
Income	National Median Household	\$ 31,241	\$ 56,516	81%
Stamp	One First-Class Stamp	\$ 0.29	\$ 0.49	69%
Car	Average New Car	\$ 16,871	\$ 25,487	51%
Federal Gas Tax	Per Gallon	\$ 0.18	\$ 0.18	0%

Sources: Bureau of Labor Statistics, Centers for Medicare & Medicaid Services, College Board, Federal Reserve Bank of St. Louis, Oak Ridge National Laboratory, U.S. Census Bureau, U.S. Energy Information Agency, U.S. Postal Service

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<p>North Dakota Motor Fuel Tax 23 cents/gallon - Last change in 2005</p>		<p>It is important to note that 23 cents per gallon of state fuel tax is collected whether the price at the pump is \$1.99 or \$3.99.</p>
<p>ND Motor Vehicle Registration Fees - Last change in 2005</p>		

How much does the average North Dakotan pay in state fuel tax each year?

If you drive a pickup truck that averages 20 mpg and you drive 12,000 miles per year, you pay \$11.50/month or \$138/year, compared to a typical cellphone plan (for one phone) of \$660/year.

What is NDDOT doing to generate efficiencies, given that on-going funding has been flat for several years?

NDDOT has taken many steps to generate efficiencies, some of which include: implementing advanced infrastructure models to optimize preservation investments to the greatest degree possible under unpredictable funding; implementing advanced snow & ice control models and route optimization tools to further enhance the effectiveness of the remaining truck fleet; reduced staffing levels, and other similar actions.

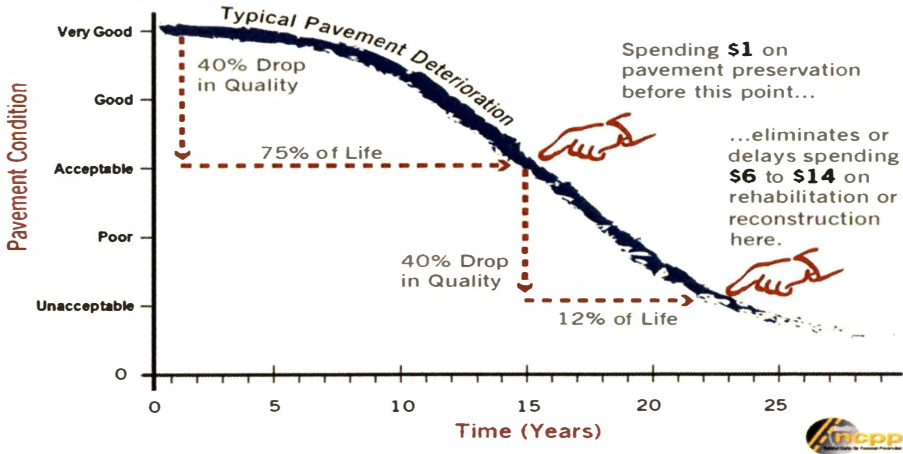
What will happen if the needs or resources aren't made available?

Based on multiple customer satisfaction surveys, NDDOT delivers good transportation systems and services, but that can't last into the future if funding isn't increased to meet the transportation needs. Possible consequences of inadequate funding may include: Narrower and rougher roadways, more load restrictions, longer lines to renew drivers' licenses, closure of more rest areas, more gravel shoulders and roads without shoulders, longer delays in registering vehicles, longer delays in clearing snow, and other service delays.

Why does predictable funding create efficiencies?

According to the National Center for Pavement Preservation, every dollar spent on the right fix, at the right time, on the right roadway saves \$5-\$13 in future costs. With 4-6 yr. develop times, long-term predictable funding allows for identifying & planning optimum combinations of project type, location, & timing across a greater percentage of the entire system. Large swings in funding with short expiration windows hinder such optimization.

PAVEMENT PRESERVATION IS COST EFFECTIVE



Source: National Center for Pavement Preservation.

APPENDIX G

Fuel Tax																													
Overview	Description	A per gallon tax levied by the state at the point of fuel purchase.																											
	Current Use	All states and the federal government collect a fuel tax. Several states recently introduced periodical tax rate adjustments based on inflation or the Consumer Price Index. Other fuel taxes include a nationwide, fixed (18.4¢/gal) federal tax and local fuel taxes collected by selected counties and cities. ND legislation authorizes local fuel taxes, but they have not been adopted by any of the jurisdictions thus far.																											
	Peer States	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 20%;">State</th> <th style="width: 20%;">Per Gallon</th> <th style="width: 20%;">Rank</th> </tr> </thead> <tbody> <tr> <td>ND</td> <td>\$ 0.230</td> <td>35</td> </tr> <tr> <td>MN</td> <td>\$ 0.286</td> <td>20</td> </tr> <tr> <td>WI</td> <td>\$ 0.329</td> <td>11</td> </tr> <tr> <td>SD</td> <td>\$ 0.300</td> <td>16</td> </tr> <tr> <td>NE</td> <td>\$ 0.293</td> <td>19</td> </tr> <tr> <td>IA</td> <td>\$ 0.305</td> <td>15</td> </tr> <tr> <td>MT</td> <td>\$ 0.315</td> <td>12</td> </tr> <tr> <td>ID</td> <td>\$ 0.330</td> <td>10</td> </tr> </tbody> </table>	State	Per Gallon	Rank	ND	\$ 0.230	35	MN	\$ 0.286	20	WI	\$ 0.329	11	SD	\$ 0.300	16	NE	\$ 0.293	19	IA	\$ 0.305	15	MT	\$ 0.315	12	ID	\$ 0.330	10
	State	Per Gallon	Rank																										
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ID	\$ 0.330	10																											
Geographic Scope	Statewide																												
Viability	Revenue Potential	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%; text-align: center;">+</td> <td>High: All users are charged. ND currently collects approximately \$170 million annually from the fuel tax. A 1¢ increase in the gas tax would yield approximately \$8 million in revenue.</td> </tr> </table>	+	High: All users are charged. ND currently collects approximately \$170 million annually from the fuel tax. A 1¢ increase in the gas tax would yield approximately \$8 million in revenue.																									
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	Implementation Complexity	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%; text-align: center;">+</td> <td>Minimal: Fuel tax is already collected by the state. A change to the current rate could be implemented easily from a technical and administrative standpoint.</td> </tr> </table>	+	Minimal: Fuel tax is already collected by the state. A change to the current rate could be implemented easily from a technical and administrative standpoint.																									
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Public Awareness (perception)	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%; text-align: center;">+</td> <td>In use: All highway users currently pay fuel tax. The current rates are posted at the pump and are clearly visible to consumers.</td> </tr> </table>	+	In use: All highway users currently pay fuel tax. The current rates are posted at the pump and are clearly visible to consumers.																										
+	In use: All highway users currently pay fuel tax. The current rates are posted at the pump and are clearly visible to consumers.																												
Sustainability	Increases in Fuel Economy/Alternative Fuels	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%; text-align: center;">-</td> <td>Reduction in fuel consumption as a result of increased fuel economy and utilization of hybrid/electric vehicles would have a negative impact on fuel tax revenue.</td> </tr> </table>	-	Reduction in fuel consumption as a result of increased fuel economy and utilization of hybrid/electric vehicles would have a negative impact on fuel tax revenue.																									
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Fuel Price Volatility	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%; text-align: center;">∅</td> <td>Higher fuel prices could lower the quantity demanded for fuel, reducing fuel tax revenues. However, scholarly studies show that consumer responsiveness to changes in fuel price are low.</td> </tr> </table>	∅	Higher fuel prices could lower the quantity demanded for fuel, reducing fuel tax revenues. However, scholarly studies show that consumer responsiveness to changes in fuel price are low.																										
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(+) Positive/High (-) Negative/Low (∅) Neutral

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Fuel Sales Tax		
Overview	Description	A percent tax levied by the state at the point of fuel purchase.
	Current Use	Fuel sales taxes are levied in CA, CT, HI, IL, IN, MI and NY. Rates range from 2% to 9%.
	Peer States	Fuel sales taxes are not levied in surrounding states.
	Geographic scope	Statewide
Viability	Revenue Potential	+ High: Is a function of the amount of fuel and the price at the time of purchase.
	Implementation Complexity	+ Moderate: Fuel sales tax collection at the point of sale (e.g. Gas Stations) may require additional administrative or resource usage. Non-fuel sales taxes are currently collected.
	Public Awareness (perception)	+ Sales taxes are currently in use for non-fuel purchases, so in that aspect the public is familiar with the process.
Sustainability	Increases in Fuel Economy/Alternative Fuels	- Higher fuel economy and adoption of electric and electric hybrid vehicles reduces fuel consumption and therefore fuel sales tax revenues.
	Fuel Price Volatility	+ Higher fuel prices could lower the quantity demanded for fuel, but scholarly studies show that consumer responsiveness to changes in fuel price are low. As the tax is based upon fuel price, increases in fuel prices will result in higher tax revenue.

(+) Positive/High (-) Negative/Low (Ø) Neutral

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Non-Fuel Sales Tax (Goods and Services)				
Overview	Description	A percent tax charged on goods and services		
	Current Use	All states, with few exceptions, have a statewide sales tax and additional city, county and local sales taxes. North Dakota currently has a 5% sales tax rate with 1%-2% city or local levies. Many state and local jurisdictions dedicate a portion of sales taxes for specific purposes, though not expressly transportation needs.		
	Peer States		State	State Sales Tax
			Combined State and Local Tax (Average)	
			ND	5.0%
		MN	6.875%	7.3%
		WI	5.0%	5.42%
		SD	4.5%	6.39%
		NE	5.5%	6.89%
		IA	6.0%	6.8%
	MT	None	None	
	ID	6.0%	6.03%	
	Geographic Scope	Statewide or Local		
Viability	Revenue Potential	+	High: In 2016, ND collected approximately \$1.5 billion from state sales tax. A 0.1% increase dedicated to highway needs could yield up to \$30 million in revenue.	
	Implementation Complexity	+	Minimal: Sales taxes are collected at the point of sale. Changes in the percentage rate would require minimal administrative or implementation resources.	
	Public Awareness (perception)	+	In use: Consumers currently pay sales taxes and local increases are often approved at city and local levels if well-justified.	
Sustainability	Increases in Fuel Economy/Alternative Fuels	∅	There is no relationship between fuel economy and sales tax receipts.	
	Fuel Price Volatility	∅	Higher fuel prices could negatively impact consumer activity, and therefore reduce sales tax revenue. The scale of the impact is unknown.	

(+) Positive/High (-) Negative/Low (∅) Neutral

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Vehicle Sales Excise Tax (State)				
Overview	Description	A percent tax charged on the purchase of a new or used vehicle		
	Current Use	With a few exceptions, state laws treat vehicle excise tax in the same manner as any other sales tax. Distribution of vehicle excise tax varies from state to state and is either directed to general funds, transportation funding or in varied proportions. In North Dakota, 91.3% of the excise tax is distributed to the general fund and the remainder distributed across local jurisdictions.		
	Peer States	State	Tax Rate	% to Trans. or Yes/No to Trans.
		ND	5.0%	No – Not since 1970's & 10% in 2007
		MN	6.5%	Yes, min. 40% goes to transit, rest to the highway fund
		WI	5.0%	No
SD		4.0%	Yes	
NE		5.5%	Yes	
IA		5.0%	Yes	
MT		None	N/A	
Geographic Scope	Statewide			
Viability	Revenue Potential	+	High: Total value of vehicle transactions in ND is approximately \$2.1 billion per year (2016). A minor increase of the tax could generate substantial revenue.	
	Implementation Complexity	+	Minimal: Vehicle excise tax is already collected at the state level. A simple change in the current tax rate would require minimal administrative or resource requirements. To direct a portion of the distribution to highway improvements, changes to the ND Century Code would be required.	
	Public Awareness (perception)	+	In use: Consumers currently pay vehicle excise tax. However, the excise tax may be obscured through the taxes and fees surrounding vehicle purchase.	
Sustainability	Increases in Fuel Economy/Alternative Fuels	∅	No direct significant relationship.	
	Fuel Price Volatility	∅	Long term higher fuel prices could result in reduced vehicle ownership, though the impact may be minimal.	

(+) Positive/High (-) Negative/Low (∅) Neutral

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Vehicle Sales Excise Tax (Local)				
Overview	Description	A percent tax charged on the purchase of a new or used vehicle		
	Current Use	Throughout the nation, cities and local jurisdictions may impose vehicle sales taxes, depending on state laws.		
	Peer States	State	City/Local Taxes?	
		ND	None	
		MN	None	
WI		Yes		
SD		None		
NE		Yes, up to 2.0%		
IA		None		
MT		None		
ID	None			
Geographic Scope	City or County Level			
Viability	Revenue Potential	+	High: Total value of vehicle transactions in ND is approximately \$2.1 billion per year (2016). A minor increase of the tax could generate substantial revenue, depending on the city or county where the purchase occurred.	
	Implementation Complexity	+	Varied: Vehicle excise tax is already collected at the state level. Sales taxes are collected at the state, city and county levels. Additional collection activities would be required to expand vehicle excise taxes for local jurisdictions where they do not currently exist.	
	Public Awareness (perception)	+	In use: Consumers currently pay state vehicle excise tax. Local vehicle sales taxes would be driven by county and city commissions. However, the excise tax may be obscured through the taxes and fees surrounding vehicle purchase.	
Sustainability	Increases in Fuel Economy/Alternative Fuels	∅	No direct significant relationship.	
	Fuel Price Volatility	∅	Long term higher fuel prices could result in reduced vehicle ownership, though the impact may be minimal.	

(+) Positive/High (-) Negative/Low (∅) Neutral

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Mill Levies (Property Tax)		
Overview	Description	Mill levies are property taxes collected by state, county, city, local and township jurisdictions. One mill equals 1/1000 of the taxable property value.
	Current Use	Property taxes are levied by all jurisdictions and vary on a case-by-case basis. They are commonly allocated to local infrastructure projects, transportation improvements, and school districts among other local needs.
	Peer States	Property taxes are levied in all peer states and vary on a jurisdictional level on a case-by-case basis. State mills are insignificant (as in the case of ND) or do not exist at all. States typically do not collect property tax dedicated to infrastructure at the state level.
	Geographic Scope	Primarily County or Local
Viability	Revenue Potential	+ High: Property taxes are paid by all residents and for-profit businesses
	Implementation Complexity	+ Minimal: Jurisdictions that currently collect property taxes would require minimal administrative or implementation resources.
	Public Awareness (perception)	- In use: Property taxes are currently paid by home and business owners in the state and may represent a substantial portion of household budgets. Recent property tax increases have been met with significant resistance from the citizenry.
Sustainability	Increases in Fuel Economy/Alternative Fuels	∅ Property tax receipts have no relationship to fuel economy.
	Fuel Price Volatility	∅ Property tax receipts have no relationship to fuel prices.

(+) Positive/High (-) Negative/Low (∅) Neutral

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Special Tax Assessments		
Overview	Description	Special assessments are additional property taxes, levied to fund a specific public investment.
	Current Use	All municipalities, counties and townships in North Dakota have the power to make special assessments. Usage and scope of those assessments varies on a case-by-case basis in each jurisdiction. Special assessments are commonly found in new urban developments. Another common example is funding a street repair by assessing residents along the street.
	Peer States	Special assessments are authorized within all of the peer states. The character of those assessments varies on a case-by-case basis in each local jurisdiction.
	Geographic Scope	Local
Viability	Revenue Potential	- Low: Special assessments are used for specific, local infrastructure projects and not general revenue generation.
	Implementation Complexity	+ Minimal: The administrative procedures already exist, as special assessments are common in ND cities.
	Public Awareness (perception)	- In use: Home and business owners may currently be subject to special assessments. As with general property taxes, public sentiment is not positive.
Sustainability	Increases in Fuel Economy/Alternative Fuels	- Property tax receipts have no relationship to fuel economy.
	Fuel Price Volatility	∅ Property tax receipts have no relationship to fuel prices.

(+) Positive/High (-) Negative/Low (∅) Neutral

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Wheelage Tax			
Overview	Description	A flat rate fee levied on vehicles registered in a county.	
	Current Use	Widespread use nationwide. Wheelage taxes are assessed at the same time as vehicle registration and the funds are distributed to counties. Vehicles such as motorcycles, motorized bicycles, trailers and mopeds are typically exempt.	
	Peer States	Currently used in 53 of 87 counties in Minnesota. Initial fees were \$5, but currently vary from \$10 to \$20 per vehicle depending on county. South Dakota rates vary from \$2-\$5 based upon vehicle weight and county with maximum wheel taxes specified by county.	
	Geographic Scope	County	
Viability	Revenue Potential	+/-	Potential revenue varies by county. As of December 2015, FHWA estimates roughly 800,000 vehicles privately or commercially owned in the state. A \$10 wheelage tax would result in \$8 million annually.
	Implementation Complexity	+	Registration fees are already collected by the state. County of registration information is also collected as part of vehicle registration.
	Public Exposure	∅	Registration fees are currently accepted. The wheelage tax, appropriated to local infrastructure may be deemed acceptable.
Susceptibility	Increases in Fuel Economy/Alternative Fuels	∅	Flat fee applied consistently regardless of fuel efficiency or technology.
	Fuel Price Volatility	∅	Flat fee applied consistently regardless of fuel efficiency or technology.

(+) Positive/High (-) Negative/Low (∅) Neutral

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Oil / Energy Tax			
Overview	Description	Tax charged on the value on fossil fuels and minerals extracted and/or processed within the state.	
	Current Use	39 out of 50 states currently impose some form of tax on extracting natural resources, including oil, natural gas, and coal. In North Dakota, the oil tax accounts for a significant portion of the state's revenues. The oil tax revenue is used for common state expenditures, including transportation infrastructure.	
	Peer States	State	Tax rates
		ND	5% tax for oil, \$.04/1,000 cu. ft. for gas, \$0.4/ton for coal.
		MN	\$2.56 per ton for iron. No oil tax.
WI		7% tax for oil, 3-15% tax for metals	
SD		4.5% + 2.4 mills on all minerals	
NE		2-3% tax for oil, 2% tax for uranium	
IA		none	
MT		0.3% tax on oil, 3-15% tax on coal	
ID	5 mills/bbl. of oil and 5 mills/50,000 cu. ft. of gas, additionally 2.5% oil production tax.		
Geographic Scope	Statewide		
Viability	Revenue Potential	+	Very high. The 2017-19 Biennium budget projects collecting approx. \$3 billion in oil tax with the oil price assumed at a conservative level of \$48/barrel.
	Implementation Complexity	+	The oil and coal taxes are already collected by the state. Tax rate increase should be easy to implement from the administrative standpoint.
	Public Awareness (perception)	∅	The general public is supposed to support the idea that the state should benefit from its natural resources exploitation. However, any tax increase would be heavily opposed by the oil companies.
Sustainability	Increases in Fuel Economy/Alternative Fuels	∅	Increase in fuel economy could reduce oil demand. However, oil is also utilized for other purposes, and could be exported to foreign countries with less developed alternative technologies.
	Fuel Price Volatility	+	Higher fuel prices are caused primarily by higher crude oil prices on the global market. Subsequently, the energy tax revenue should increase along with fuel price.

(+) Positive/High (-) Negative/Low (∅) Neutral

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Vehicle Registration (Current)					
Overview	Description	Vehicle registration fees are a per-vehicle charge assessed annually on all privately owned vehicles.			
	Current Use	All states charge a vehicle registration fee. The fees are based upon multiple factors such as: vehicle age, weight, value and type. North Dakota bases vehicle registration based upon weight and age.			
	Peer States	Due to varying fee formulas across the peer states, comparison was made for three sample vehicles:			
		Car	4-door sedan	Open-box 2-door pickup	4-door SUV
		Year	2017	2012	2007
		Weight	3199 lb.	5500 lb.	6100 lb.
		Initial value	\$24,000	\$29,000	\$38,000
		Current value	\$20,000	\$12,000	\$10,000
		ND	\$73	\$65	\$117
		MN	\$236	\$71	\$35
WI		\$75	\$75	\$75	
SD		\$72	\$108	\$100	
NE	\$342	\$234	\$99		
IA	\$252	\$312	\$215		
MT	\$217	\$87	\$28		
ID	\$69	\$57	\$45		
Geographic Scope	Statewide				
Viability	Revenue Potential	+	High: All private users are required to pay. Currently approximately \$100 million is collected annually in North Dakota.		
	Implementation Complexity	+	Minimal: Changes to the registration fee system based upon current factors (age and weight) would require minimal administrative effort.		
	Public Awareness (perception)	+	In use: All users currently pay vehicle registration. Users may pay registration fees on site or online in reply to mailed vehicle registration.		
Sustainability	Increases in Fuel Economy/Alternative Fuels	∅	Under the current registration formula, vehicle technology and fuel efficiency is not considered, and therefore, better fuel economy wouldn't affect registration fee revenue		
	Fuel Price Volatility	∅	Long-term higher fuel prices could result in reduced vehicle ownership, though the impact may be minimal.		

(+) Positive/High (-) Negative/Low (∅) Neutral

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Vehicle Registration (Differs by Technology)			
Overview	Description	Vehicle registration fees are a per-vehicle charge assessed annually on all privately owned vehicles. An additional registration fee is assessed for electric and hybrid electric vehicles to recoup fuel tax revenues lost due to higher fuel efficiency.	
	Current Use	Some states charge differential registration fees to electric or hybrid electric vehicles.	
	Peer States	State	Hybrid or Electric Surcharge
		ND	None
		MN	\$75
WI		\$75 hybrid, \$100 electric	
SD		None	
NE		\$75	
IA		None, electric vehicles pay a discounted \$25 fee	
MT		None	
ID	\$75 hybrid, \$140 electric		
Geographic Scope	Statewide		
Viability	Revenue Potential	-	Low: Per the Motor Vehicle Division, in 2017, 1,102 hybrid electric and 112 full electric vehicles were registered in North Dakota.
	Implementation Complexity	∅	Minimal: The Motor Vehicle Division collects data as to the technology type of vehicles registered.
	Public Awareness (perception)	+	Not currently in use: Users may understand that increased fuel efficiency reduces revenue collected via fuel tax.
Sustainability	Increases in Fuel Economy/Alternative Fuels	+	As adoption of electric or hybrid electric vehicles increases, differential registration will directly increase.
	Fuel Price Volatility	+	Long-term increases in fuel prices may speed the adoption rate of electric and hybrid electric vehicles resulting in higher revenues from differential registration.

(+) Positive/High (-) Negative/Low (∅) Neutral

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Driver's License Fees					
Overview	Description	A periodic fee imposed on licensed drivers when obtaining or renewing a driver's license.			
	Current Use	All states charge fees for driver's licenses. Fee revenues are used to offset the physical identification card and processing. Additional fees are charged for permits and testing.			
	Peer States	State	License Fee	Duration of License	Annual Average Fee
		ND	\$15	4-6 years	\$2.50-\$3.75
		MN	\$25.25	4 years	\$6.31
	WI	\$34.00	8 years	\$4.25	
	SD	\$28.00	5 years	\$5.60	
	NE	\$21.50	4 years	\$5.38	
	IA	\$4/year	5-8 years	\$4.00	
	MT	\$40.50	8 years	\$5.06	
	ID	\$30.00	4 years	\$7.50	
	Geographic Scope	Statewide			
Viability	Revenue Potential	∅	Low: As of 2016, there were 555,935 licensed drivers in North Dakota		
	Implementation Complexity	+	Minimal: Driver's license fees are currently collected by the state. A change to the current rate could be implemented easily from a technical and administrative standpoint.		
	Public Awareness (perception)	+	In use: All drivers pay license fees.		
Sustainability	Increases in Fuel Economy/Alternative Fuels	-	Fuel efficiency and vehicle technology have no direct relationship with driver's license fees.		
	Fuel Price Volatility	∅	Fuel prices have no direct relationship with driver's license fees.		

(+) Positive/High (-) Negative/Low (∅) Neutral

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Per-mile Tax (VMT Fee)		
Overview	Description	A per-mile tax levied by the state. Studies are underway to determine efficient collection methods.
	Current Use	A VMT tax is being investigated in western states (OR, CO and CA) through pilot programs, but no state has implemented it on a statewide scale.
	Peer States	None of the peer states has implemented a VMT tax, although MN has been studying possible scenarios for such a tax.
	Geographic Scope	Statewide
Viability	Revenue Potential	+ High: A VMT tax would vary with the level of travel and would be collected on a per-mile basis, and could exceed current fuel tax revenue.
	Implementation Complexity	- High: Collection of individual vehicle mileages would require significant resources and/or technological investment. The payment of the tax would occur at the point of odometer reading or transmission.
	Public Awareness (perception)	- Low: Although it would likely be understood as an equitable method of taxation due to the usage/tax relationship, reporting requirement difficulties and privacy concerns due to vehicle tracking may cause difficulty in implementation.
Sustainability	Increases in Fuel Economy/Alternative Fuels	- No direct significant relationship. Roadway utilization would be uncoupled from fuel economy thereby taxation levels are based simply upon usage.
	Fuel Price Volatility	∅ Higher fuel prices could lower the quantity demanded for fuel, reducing fuel tax revenues. However, scholarly studies show that consumer responsiveness to changes in fuel price are low.

(+) Positive/High (-) Negative/Low (∅) Neutral

Transportation Utility Fees		
Overview	Description	Fixed rate utility prices based upon number of residents, property type or property size.
	Current Use	Utility fees are commonly charged for garbage, water and sewer services at the municipal level. Minor transportation-related maintenance expenses such as streetlights or traffic lights may be assessed a utility fee. Very few jurisdictions assess a transportation utility fee to fund major transportation investments or needs. Hillsboro, OR is one example where this is currently in use.
	Peer States	The majority of cities across the peer states charge utility fees for streetlights and other minor maintenance expenses. No peer states collect utility fees for transportation infrastructure investments.
	Geographic Scope	Local
Viability	Revenue Potential	+ Moderate: All residents would directly or indirectly pay a utility fee.
	Implementation Complexity	+ Minimal: Jurisdictions that currently charge and bill residents have the administrative and resources in place to charge such a fee.
	Public Awareness (perception)	- This type of fee is currently assessed at the local level. Flat rate fees are not related to highway use or household income.
Sustainability	Increases in Fuel Economy/Alternative Fuels	∅ There is no relationship between utility revenue and fuel economy.
	Fuel Price Volatility	∅ There is no relationship between utility revenue and fuel price.

(+) Positive/High (-) Negative/Low (∅) Neutral

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Overweight Fee Increase		
Overview	Description	Overweight / oversize fees are collected from freight vehicles exceeding certain dimensional and/or weight limits.
	Current Use	NDDOT currently issues a wide array of permits, for various types of overweight/oversized loads, and for various time periods (single trip, multi-trip, annual). Fees are collected by the ND Highway Patrol and allocated to the State Highway Fund.
	Peer States	Specific fee assessment regulations and fee schedules vary substantially by state and make them difficult to compare. As a rule of a thumb, all states offer a standard annual overweight permit for a fee in the \$150-\$500 range.
	Geographic cope	Statewide
Viability	Revenue Potential	∅ Moderate. Current revenue is approx. \$11.4 million per year.
	Implementation Complexity	+ The permit system has been functioning for many years. A simple fee increase could be implemented at minimal administrative costs.
	Public Awareness (perception)	∅ The general public is indifferent about the fees, while freight carriers would likely oppose any substantial fee increase.
Sustainability	Increases in Fuel Economy/Alternative Fuels	∅ No relationship
	Fuel Price Volatility	- Higher fuel prices could induce a modal switch for certain loads from road to rail.

(+) Positive/High (-) Negative/Low (∅) Neutral

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Impact fee		
Overview	Description	Impact fee is charged to a future real estate development, which would be benefiting from the adjacent public infrastructure improvement. The philosophy behind impact fees is similar to special assessments and mill levies.
	Current Use	Currently, impact fees are not collected by any of the N.D. jurisdictions. There is no legislation which would explicitly authorize impact fees.
	Peer States	Wisconsin is the only peer state to explicitly authorize impact fees. The legal environment for impact fees in North Dakota and other peer states is unclear.
	Geographic Scope	Local
Viability	Revenue Potential	∅ Moderate, could be used for local improvements.
	Implementation Complexity	- Severe. It is likely that state legislature would need to authorize impact fees.
	Public Awareness (perception)	- The public might be opposed to impact fees, as a new, previously unknown form of taxation. Impact fees could be also perceived as a barrier to cities' growth and development.
Sustainability	Increases in Fuel Economy/Alternative Fuels	∅ No relationship.
	Fuel Price Volatility	∅ No relationship.

(+) Positive/High (-) Negative/Low (∅) Neutral

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Tolling		
Overview	Description	A usage fee for usage of a segment of transportation infrastructure. Tolls are typically found on bridges, segments of roads or on turnpikes. It may be assessed by a single use or on a per-mile basis.
	Current Use	Pre-Interstate system turnpikes, bridges or new interstate lanes may be tolled. The majority of existing tollways are equipped with staffed toll booths, but there are an increasing number of all electronic toll facilities. One recent example is the 12 th Avenue North toll bridge in Fargo which recently was returned to city jurisdiction.
	Peer States	None of the surrounding states operate any type of tolled facility except for express/high-occupancy vehicle lanes in the Minneapolis-St. Paul area.
	Geographic Scope	Regional or local, depending on facility type
Viability	Revenue Potential	+ Variable: Revenue potential depends on the volume over the facility, geographic scope of the facility and co-occurring network redundancy.
	Implementation complexity	- There are currently no tolled facilities in North Dakota. Introduction of tolled facilities would require collection and enforcement infrastructure and staffing. Research indicates that the administrative costs of toll collection might consume even 20% of the revenue.
	Public Awareness (perception)	- With the exception of the 12 th Avenue North bridge in Fargo, residents have not been exposed to tolled facilities.
Sustainability	Increases in Fuel Economy/Alternative Fuels	∅ No evidence for a direct relationship. However, lower fuel expenses would reduce the overall transportation costs, diminishing the burden of tolls for household budgets.
	Fuel Price Volatility	∅ Higher fuel prices could lower the quantity demanded for fuel, reducing fuel tax revenues. However, scholarly studies show that consumer responsiveness to changes in fuel price are low. The resulting decrease in travel could reduce toll collections.

(+) Positive/High (-) Negative/Low (∅) Neutral

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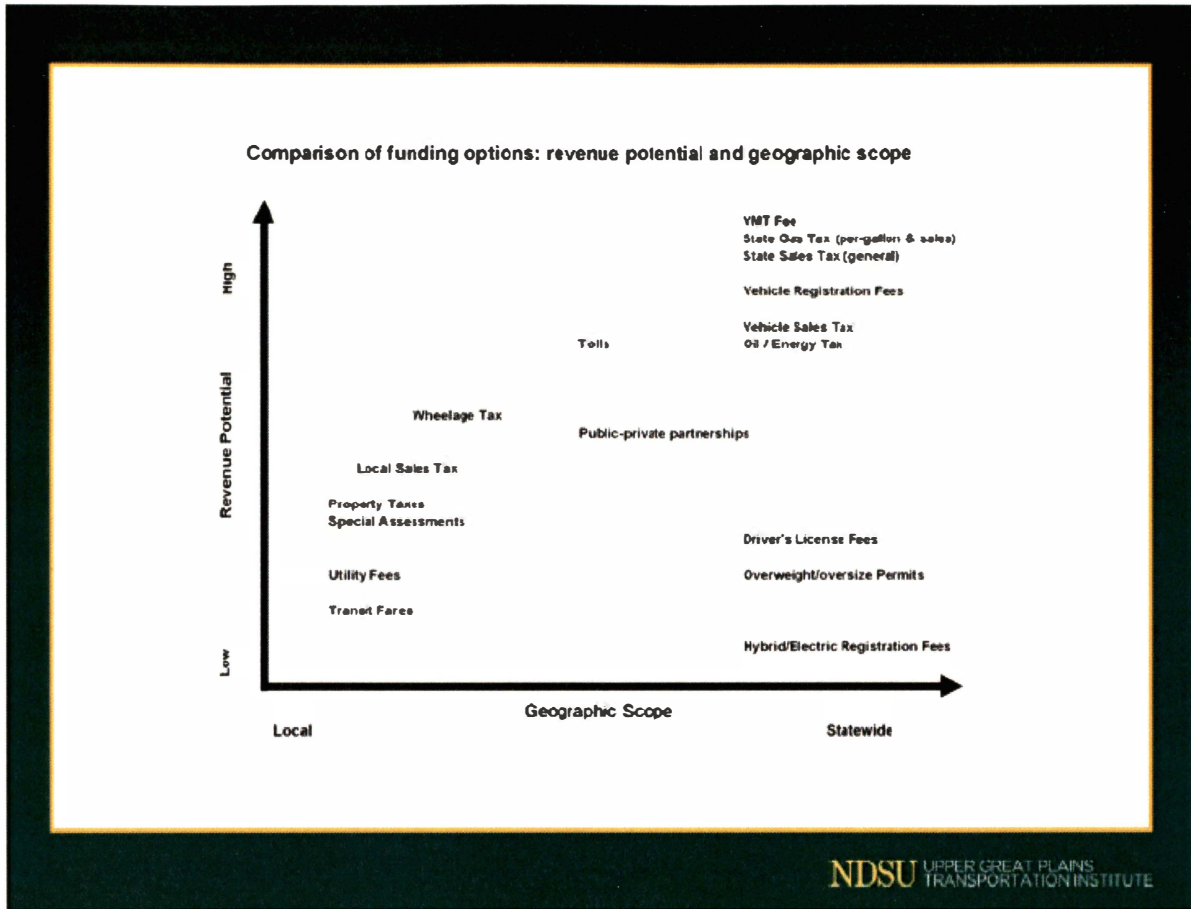
Public-Private Partnerships (PPPs, P3s)		
Overview	Description	Infrastructure investment is paid for by a private entity in exchange for a guaranteed revenue paid over a specified amount of time by the government or users or guaranteed services provided by the investment.
	Current Use	Nationwide, PPP's exist on an improvement specific basis. In North Dakota one such PPP has been entered into between NDDOT and Brigham Oil & Gas on ND 1806. Brigham Oil & Gas added a six-inch overlay to ND 1806 in agreement for 8 ton/axle, 105,500 GVW weight limits. PPPs are often found in construction of new freeways or rapid transit investments in large metropolitan areas. The President's proposed infrastructure packages highlight PPPs as a primary funding source.
	Peer States	Similar to North Dakota, peer states' collaboration with private partners have included interchanges and traffic signals as well as the pavement overlay described above. The 2017 North Dakota Legislative session streamlined the process for entering into such agreements in the future. Examples of large-scale PPP highway projects can be found in other parts of the country, such as Texas Hwy 130.
	Geographic Scope	Local or Regional
Viability	Revenue Potential	+ PPPs would likely be limited to local projects where private and public entities would both receive benefits from transportation investment. Private investment likelihood is heavily determined by potential private benefit.
	Implementation Complexity	- Significant: PPPs generally require a detailed evaluation of potential options in the terms of the private and public partners' responsibilities. Moreover, in the event of a private failure, the public partner may end up assuming some investment risk.
	Public Awareness (perception)	+ PPPs are an alternative to direct user fees, and thereby may be accepted by the public. There is a common belief that a PPP transfers the financial burden from taxpayers to private investors.
Sustainability	Increases in Fuel Economy/Alternative Fuels	∅ There is no relationship between PPPs and fuel economy.
	Fuel Price Volatility	∅ Depending on the funding mechanism, a toll-supported PPP may be sensitive to travel demand which could be lower if significant fuel prices occur.

(+) Positive/High (-) Negative/Low (∅) Neutral

Transit Fares		
Overview	Description	Transit fares are paid by transit riders when using the service. Fares can be charged per ride and paid upon boarding, or transit agencies can sell passes (such as monthly or weekly passes) or multi-ride tickets.
	Current Use	All transit agencies in North Dakota collect fares. The three urban fixed-route systems in Fargo-West Fargo, Bismarck-Mandan, and Grand Forks all charge a base fare of \$1.50 per ride one-way, and paratransit service is \$3.00 per ride one-way. Monthly passes for the fixed-route service cost \$40 in Fargo-West Fargo, \$36 in Bismarck-Mandan, and \$35 in Grand Forks. Rural transit agencies typically charge different fare levels based on the trip distance. According to data collected in 2014 for rural agencies, the median fare was \$1.50 one-way for in-town trips. For out-of-town trips, median one-way fares ranged from \$2.75 for trips up to 15 miles and \$12.50 for trips more than 100 miles.
	Peer States	Fare levels in North Dakota are similar to those charged by peer agencies in neighboring states. Small urban systems in neighboring states charge \$1.25 to \$2.00 per ride or \$28 to \$47 for monthly passes.
	Geographic Scope	Individual transit agency
Viability	Revenue Potential	∅ Fare revenues cover about 10-15% of operating expenses for the three urban transit agencies. These farebox recovery ratios are similar to those of peer agencies in neighboring states. For rural agencies in the state, fare revenues cover about 8-10% of operating expenses, which is similar to the national average of 9% for rural systems. Because of the inelastic nature of transit demand, higher fares will produce increased fare revenues. However, the total revenue potential is limited. Current farebox recovery ratios are similar to those of peer agencies, and while greater farebox recovery is possible, the overall impact on revenues would be relatively small.
	Implementation Complexity	+ Simple. Established fare collection systems already exist.
	Public Awareness (perception)	+ Transit riders are accustomed to paying fares. Transit agencies periodically increase fares to account for increased costs, though they try to limit fare increases and avoid significant increases.
Sustainability	Increases in Fuel Economy/Alternative Fuels	∅ Increases in fuel economy make automobile travel relatively less expensive, which could have a small negative impact on transit use and fare revenues.
	Fuel Price Volatility	+ Increases in gas prices have been shown to have a small positive impact on transit ridership, thereby increasing fare revenues.

(+) Positive/High (-) Negative/Low (∅) Neutral

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DEPARTMENT OF TRANSPORTATION HB 1012 EXECUTIVE BUDGET RECOMMENDATION 2019 - 2021 BIENNIUM REVENUE

(MILLIONS)

#5

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HIGHWAY TAX DISTRIBUTION FUND

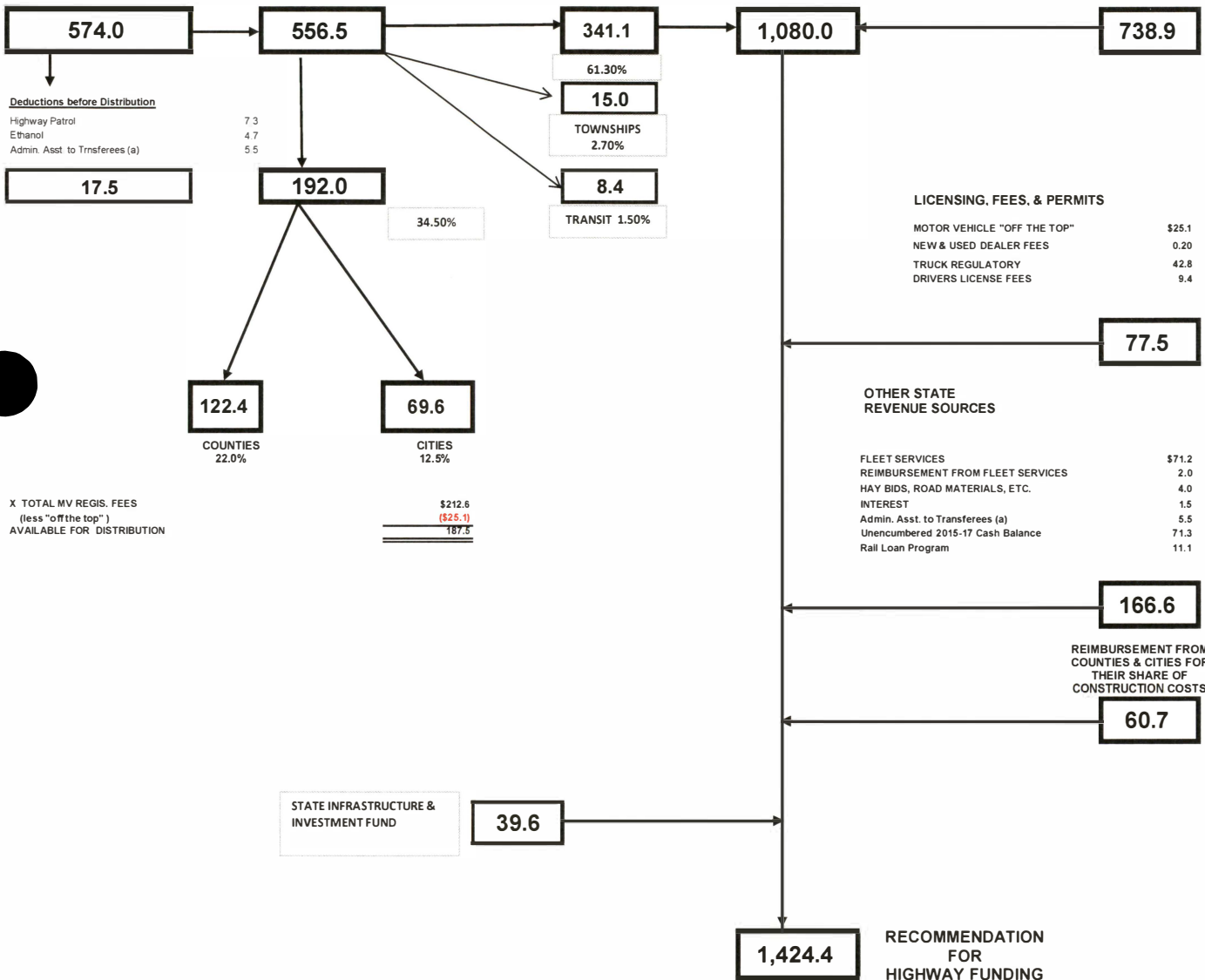
HIGHWAY FUND

Motor Vehicle Fees and Fuel Taxes

GASOLINE TAX	\$29.0
GASOHOL TAX	171.3
SPEC. FUELS TAX	157.2
2% SF EXC. TAX	29.0
MV REGIS. FEES x	187.5

FEDERAL AID

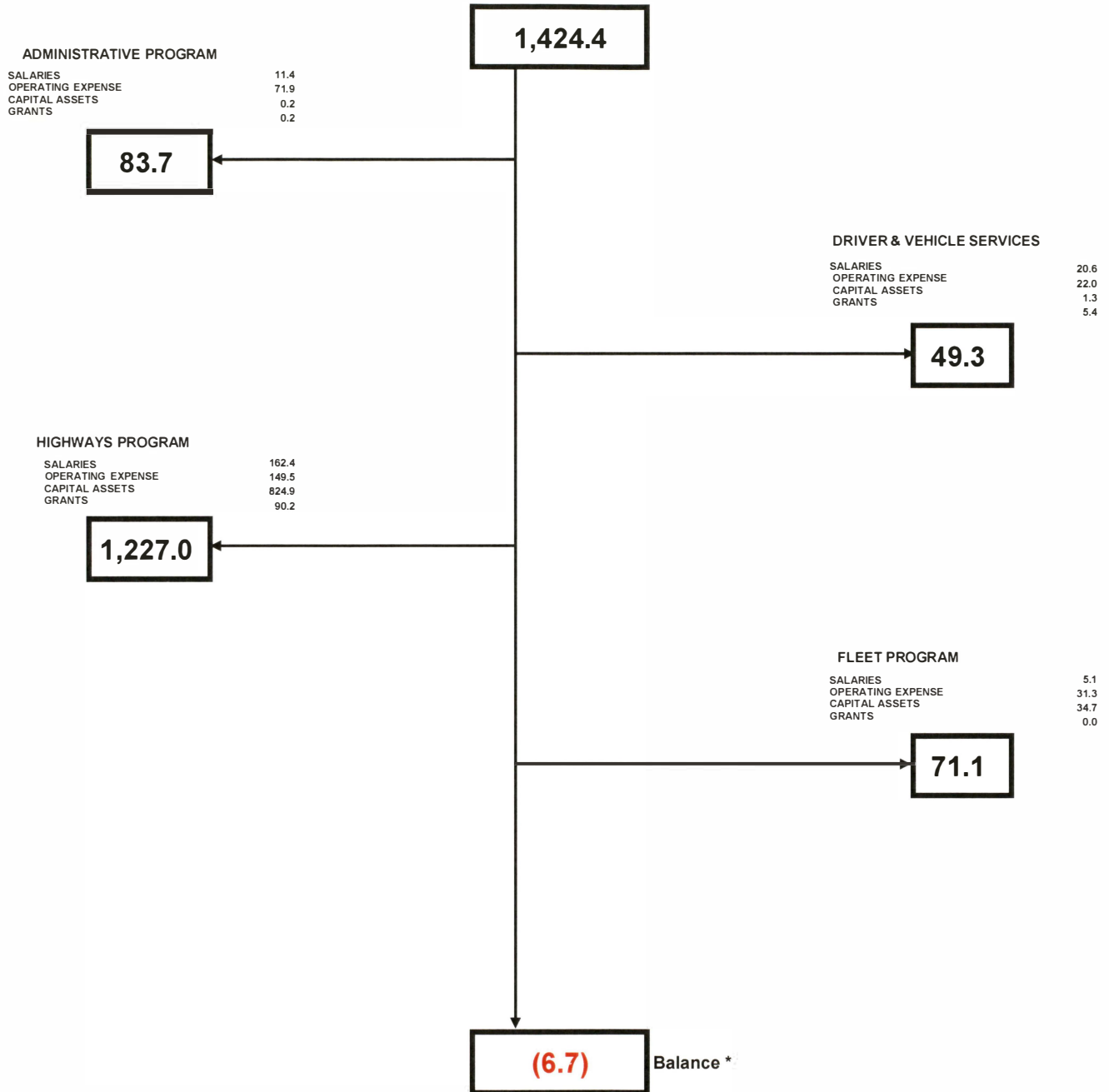
FEDERAL HIGHWAY ADMIN	\$684.3
ER FUNDS & MISSILE ROADS	20.4
RAILROAD	0.0
SAFETY	9.4
TRANSIT	24.8



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DEPARTMENT OF TRANSPORTATION HB 1012 EXECUTIVE BUDGET RECOMMENDATION 2019 - 2021 BIENNIUM EXPENDITURES

(MILLIONS)

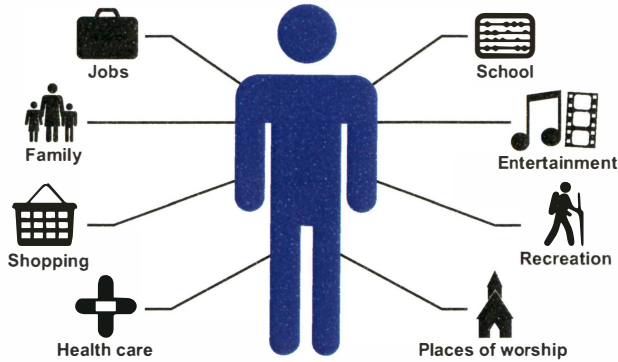


* Balance will be funded with revenue received in the Highway Fund above the estimate for the 2017-2019 biennium. If revenue does not come in as projected for the 2017-2019 biennium, our spending will need to be adjusted accordingly.

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Transportation is Important to All of Us

North Dakota is a great place to live, work, play, and start a business. We're known for our strong economy in business, agriculture, innovation plus our friendly communities. We are connected to everything through our transportation system. Transportation is important to North Dakota's economy and quality of life.



ANNUALLY, \$106 BILLION IN GOODS ARE SHIPPED TO AND FROM SITES IN NORTH DAKOTA



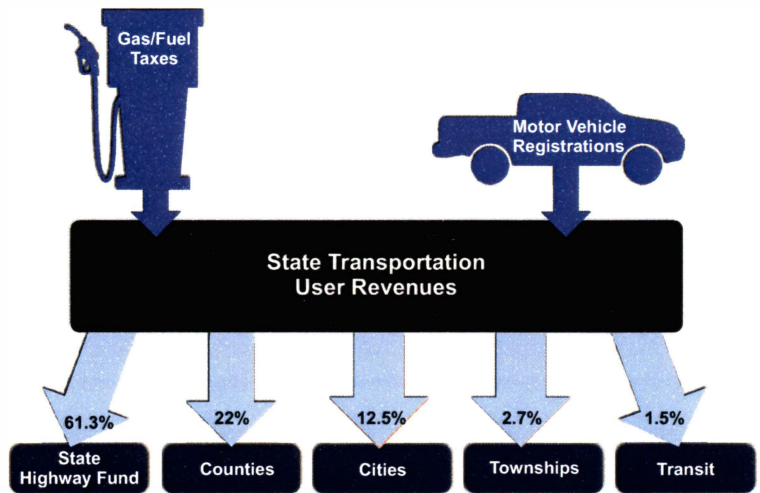
Did you know?

- The North Dakota Department of Transportation (NDDOT) maintains more than 8,622 roadway miles of highway. That's the same as driving from Bismarck, ND to Anchorage, Alaska and back.
- North Dakota has one of smallest departments of transportation, in terms of employees, in the nation.
- From 2005 to 2017, North Dakota's truck traffic numbers have increased 66% while all vehicle traffic numbers have climbed 30%.

Where does the money come from to pay for transportation?

The state transportation system is funded from two main sources - federal revenue and state revenue. A majority of the funding for transportation in North Dakota comes from state and federal fuel taxes you pay when you buy fuel for your vehicle and fees you pay each year to license your vehicle. Significantly lesser amounts come from driver's license fees and overweight/overwidth permits. The state funds from fuel taxes and motor vehicle registrations are shared between NDDOT (State Highway Fund), counties, cities, townships, and transit.

State Transportation Funds



Where does the money go for transportation?



The funding is used for road repair and construction plus other transportation services. Counties, cities and townships use the funding for transportation infrastructure in their areas. The money the NDDOT receives for transportation goes into three main areas. Approximately 93% of the money is spent for maintaining and constructing the state system of roads and bridges, and providing assistance for public transit providers. About 4% is spent on Driver's License, Motor Vehicle, and public safety services while 3% is spent on administrative activities.

How much do we drive?

12000

The average North Dakotan drives 12,000 miles per year

20 MPG

Average vehicle gets 20 miles per gallon



State/ND Gasoline Tax
\$138/Year
\$11.50/month

VS

CABLE TV



\$1,188/YEAR
\$99/MONTH

Electricity to run REFRIGERATOR



\$468/YEAR
\$39/MONTH

CELL PHONE BILL



\$1,200/YEAR
\$100/MONTH

How much is North Dakota Motor Fuel Tax?

- 23 cents/gallon - Last change in 2005
- It's important to note that 23 cents per gallon of state fuel tax is collected whether the price at the pump is \$1.99 or \$3.99.



Transportation System is in preservation mode

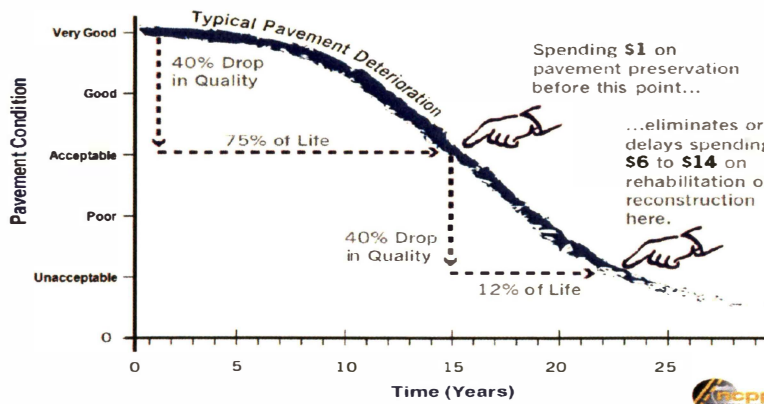
The NDDOT is currently focused primarily on preservation, meaning we are largely trying to preserve the transportation system as it exists today. The Department has stretched every dollar as far as it can, as evident by a recent Reason Foundation report naming NDDOT as the most efficient DOT in the nation.

- Due to inflation, each 23¢ tax on a gallon of gas pays for less in road construction costs today compared to when the rate went into effect in 2005.
- Asphalt surfacing cost \$500,000 per mile in 2005 and \$1.1 million per mile in 2017.
- Salt used for snow and ice control cost \$55 per ton in 2005 and \$81 per ton in 2017.

Investment Timing is Critical

- Long-Term Funding generates efficiencies

PAVEMENT PRESERVATION IS COST EFFECTIVE



Source: National Center for Pavement Preservation.

It's important for North Dakota's transportation system to meet the needs of our state. In order to compete economically, both regionally and nationally, we must invest in our transportation system or we will fall behind. Our economic viability as well as the quality of life for all North Dakotans depends on a sound transportation system.

Testimony
House Bill 1012 – Department of Transportation
State Aid for Public Transit Budget
Senate Appropriations
March 6, 2019

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Chairman Holmberg and members of the committee, my name is Pat Hansen. I am the executive director of South Central Adult Services in Valley City. I am also a member of the North Dakota Senior Service Providers and Dakota Transit Association. I am testifying in support of State Aid for Public Transit funds in HB 1012.

The State Aid for Public Transit funding we receive is used to match federal dollars for operating transit services and as local match for purchasing vehicles for use in public transit. If we do not receive adequate state funding for match, we may be unable to access all of the federal dollars we are appropriated.

I am going to talk about what is happening in my agency as an example of what is occurring statewide with public transit services in North Dakota.

South Central Adult Services provides the same service in the very rural areas of North Dakota that are available in the larger cities. The very rural counties we serve, which include LaMoure, Foster, Logan, McIntosh, Griggs and Emmons provided 48,447 rides this past fiscal year. Barnes County (which is our "urban" county) provided 56,825 rides. Local service is provided to communities within the counties, and transit is available from the southwestern counties to Bismarck 5 days per week, to Jamestown 3 days per week and from our eastern counties to Fargo 5 days per week. We are transporting dialysis patients from Strasberg, Linton, Wishek, Ashley, Carrington and Valley City on a regular basis. We have made more than 100

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trips to Fargo and Bismarck with patients for radiation treatments and chemotherapy in the last few months.

That is only the tip of the iceberg. We provide rides for local medical appointments, rides to work, school, daycare, Head Start, and many rides for local grocery shopping, hair appointments, rides to senior centers and rides for nursing homes and assisted living facilities. We currently have 13 full-time and 29 part-time transit employees. The cost of personnel has increased dramatically over the past few years. We have had to increase wages in order to compete with other employers in our area and have increased hours to keep up with the demand for services. Even taking the impact on the residents of our counties out of the picture, if we do not receive adequate funding, the staff reductions in these rural counties would be devastating to our employees and to the small rural communities where there are very few jobs available.

I have attached a page listing the services we provided last fiscal year and the breakdown of Federal, State and Local funds used per service.

The Executive Budget estimates there will be \$8.4 million available in the State Aid for Public Transit fund in the 2020-21 biennium. In the current biennium, transit providers divided \$7.8 million. Even when providers were at the \$10 million level, South Central had to provide \$160,000 local dollars, or 13% of our budget to maintain services. Last fiscal year we had to put in \$235,097 in local funds, just for transit. **We cannot continue to provide the same level of services with less money.** This concerns me on several levels as many of the people we serve do not have other options for transportation. Some of our rural riders would be forced to

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move to locations where medical services such as dialysis and cancer treatments are available. Many of the people we serve do not have vehicles.

We also have capital needs as shown by the age of our vehicles in the following table, but due to the reduction in revenue this biennium we determined that using State Aid to maintain operations is more of a priority than using it to match capital funds. It will not help us to get new vehicles that we cannot afford to operate.

FY 2015/2016 Vehicles	FY 2017/2018 Vehicles
10 - Less than 100,000 Miles	8 - Less than 100,000 Miles
10 - 100,000 to 150,000 Miles	6 - 100,000 to 150,000 Miles
5 - 150,000 to 200,000 Miles	10 - 150,000 to 200,000 Miles
7 - 200,000 to 300,000 Miles	8 - 200,000 to 300,000 Miles
1 - Over 300,000 Miles	2 - Over 300,000 Miles

Transit providers would like to see us get back to the \$10 million funding level that we received in the 2014-15 biennium.

Thank you for your consideration. I would be happy to answer any questions you may have.

**Service Provision
South Central Adult Services**

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2017 2018

Meals	Total Cost of Meals	Income Sources		
81,339 \$	851,105.89	Senior Contributions	\$	209,882.18
		Federal/State	\$	396,064.63
Cost per Meal: \$	10.46	NSIP	\$	61,189.63
		Mill Levy/Required to match federal	\$	65,342.00
		Additional Local Dollars to meet budget shortfall - Mill Levy & local fundraising	\$	118,627.45
			\$	851,105.89

Outreach Units	Total Cost of Outreach	Income Sources		
6,917 \$	136,490.10	Senior Contributions	\$	366.43
		Federal/State	\$	-
		Mill Levy/Required to match federal	\$	-
		Additional Local Dollars to meet budget shortfall - Mill Levy & local fundraising	\$	136,123.67
			\$	136,490.10

Rides	Total Cost of Transit	Income Sources		
105,272 \$	1,378,756.16	Fare Income	\$	99,774.00
		Contract Income	\$	58,283.55
Cost per Ride: \$	13.10	Federal Operating Funds	\$	630,527.01
		Federal Capital Funds	\$	31,356.00
		Medicaid Payments	\$	4,391.63
		State Aid for Public Transit	\$	319,326.99
		Additional Local Dollars to meet budget shortfall - Mill Levy & local fundraising	\$	235,096.98
			\$	1,378,756.16

Snow Removal/Mowing Units	Total Cost of Service	Income Sources		
2,000 \$	19,773.60	Senior Contributions	\$	2,031.25
Cost per Unit: \$	9.89	Additional Local Dollars to meet budget shortfall - Mill Levy & local fundraising	\$	17,742.35
			\$	19,773.60

Total Budget \$ 2,386,125.75


**2017/2018
Total Local Dollars
To Meet Expenses
\$ 572,932.45
24% of Total Budget**

**2017/2018
Total Participant Contributions
To Meet Expenses
\$ 374,729.04
16% of Total Budget**

**2017/2018
Total Federal Dollars
To Meet Expenses
\$ 890,319.20
37% of Total Budget**

**2017/2018
Total State Funds
To Meet Expenses
\$ 548,145.06
23% of Total Budget**

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Objective

There are **6 main objectives** which EHI (Enterprise Holdings Inc) can help the State of North Dakota achieve through a public-private partnership: **1) Utilization 2) Efficiency 3) Fiscal Responsibility 4) Safety 5) Technology and 6) Employee Satisfaction.**

Analysis

In October, EHI and NDDOT focused our analysis on the Bismarck Motor Pool. 178 vehicles were analyzed. Through this process, it was found that the largest area of opportunity exists with the sedan car class.

The current analysis below is based on the Sedan car class for Bismarck Motor Pool only. The sedan class represents **113 vehicles out of 178 total** for the Bismarck Motor Pool.

Based on the analysis of this data, NDDOT and EHI are supporting a pilot program for the Bismarck Motor Pool. The pilot will encompass the sedan car class, 3 unique departments and an estimated 900 reservations.

Results of Public-Private Partnership – Bismarck Motor Pool Pilot Program

- **Utilization** – Sedan class is utilized on average **4.55 days** per month
- **Efficiency** – Extended hours and early start programs lend to increased efficiency and a reduction in rental days.
 - Length of rental reduced to **2.37 days from 3.19 days**
- **Cost vs. Revenue** - The largest savings are realized by reducing the motor pool and the holding costs associated with low utilization.
 - Actual vehicles needed based on utilization of 4.55 days is **34 sedans versus 113**
 - Estimated savings on holding costs = **\$636,516**
 - (79 vehicle reduction * \$972/car expense – motor pool revenue)
 - Estimated savings on 900 reservations with EHI vs. Motor Pool = **\$43,614**
 - Current savings with EHI vs. Motor Pool = **\$135,755.86**
- **Safety** – **80%** of EHI vehicles are equipped with **ADAS** (Advanced Driver Assistance System) which results in lower frequency and severity of accidents. EHI is also committed to assisting the State with the Vision Zero campaign.
- **Technology** - EHI has the most advanced technology in the industry including reservation/booking systems, car sharing technology and tablet transactions.
- **Employee Satisfaction** – New vehicles promote higher employee satisfaction while rentals provide greater flexibility for the traveler.

Long Term Vision of Public-Private Partnership – North Dakota Motor Pool

- **Cost versus Revenue** – With the Bismarck Motor Pool representing **35%** of the total Motor Pool fleet, potential savings statewide could reach **\$2,242,161.45 annually** dependent on utilization and fleet mix.

Category	12 Month Value	Monthly Value
Revenue:	\$685,478.24	\$57,123.18
Motor Pool Cost: \$972 per Vehicle	(\$2,076,192.00)	(\$173,016.00)
Profit/Loss:	(\$1,390,713.76)	(\$115,892.82)
EHI Rental Program Cost	\$603,525.23	\$50,293.77
Rental Cost Savings*	\$787,188.48	\$65,599.04
Statewide Savings Potential	\$2,242,160.45	\$186,846.70
Savings = Motor Pool Cost – Motor Pool Revenue – Rental Program Cost*		



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Chairman, Holmberg
Members of the Senate Appropriations Committee
Good morning.

I am Cal Klewin Executive Director of the **Theodore Roosevelt Expressway Association (TREA)**.

The **Theodore Roosevelt Expressway** (Highway 85) is a Federally-Designated High Priority Corridor on the National Highway System. It runs from Rapid City, SD, to Canada through western North Dakota to the Port of Raymond in Montana. On the southern end, it connects to the Heartland Expressway, which connects Rapid City, SD, to Denver, CO. The Heartland Expressway then links to the Ports-to-Plains Trade Corridor, which connects Denver, CO, to Laredo, TX. These three corridors are collectively known as the Ports-to-Plains Alliance.

The **Theodore Roosevelt Expressway**--separately and as part of the Ports-to-Plains Alliance--is critical to the economy and quality of life of North Dakota, of the Great Plains region, and the Nation. The TRE serves as a major North South corridor for North Dakota's energy, agriculture, tourism and manufacturing economic sectors.

I know this Committee is fully aware of the immediate transportation infrastructure needs in our state. The Theodore Roosevelt Expressway Association supports long term sustainable state transportation funding for NDDOT. On the Federal level TREA and the Ports to Plains Alliance supports a long term Federal Transportation Bill and working with Corridor Congressional delegations stressing the need for sufficient transportation funding.

Today, you have House Bill 1012 before you. HB 1012 can offer funding to help modernize North Dakota's surface transportation system. HB 1012 can contribute to the current and future prosperity of North Dakota and our Nation with a safe and efficient transportation system for industry, business and the traveling public.

Therefore, the Theodore Roosevelt Expressway Association and the Ports to Plains Alliance supports House Bill 1012.

That concludes my testimony, I will try to answer any questions you may have.

Thank You,

Cal Klewin Executive Director

Theodore Roosevelt Expressway Association



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MEMO TO: Legislative Management

FROM: Department of Transportation
Information Technology Department

DATE: May 29, 2018

SUBJECT: SB 2012, SECTION 14. STUDY REPORT TO LEGISLATIVE MANAGEMENT

Across the nation, current generation 3G and 4G services have increased mobile wireless data consumption through the use of smartphones, tablets, and mobile-enabled PC. The demand for mobile wireless data is expected to grow even more with the introduction of Internet of Things (IoT), such as wireless utility meters, smart medical devices, smart home appliances and security systems, and connected cars. Next generation services, such as 5G, has the potential to further increase the demand of mobile wireless data through the connection of smart devices. The introduction of these technological advances is driving the need for the deployment of wireless facilities, such as small cell infrastructure in high demand areas and macro cell towers to feed the small cell infrastructure.

Over the past couple years, wireless broadband technology deployment has been a topic of discussion throughout the nation. The Federal Communications Commission (FCC) has sent out notices of proposed rulemakings requesting comments on how federal, state, and local jurisdictions either promote or inhibit the streamlining of deployment of small cell technology. State and local governing bodies that have endured the expansion of small cell deployments are implementing policies and taking legislative action.

As a result of the North Dakota 65th Legislative Assembly Regular Session, the following Senate Bill was enacted.

SB 2012, SECTION 14. TELECOMMUNICATIONS INFRASTRUCTURE ON HIGHWAY RIGHTS OF WAY - LIMITATION - DEPARTMENT OF TRANSPORTATION AND INFORMATION TECHNOLOGY DEPARTMENT STUDY - REPORT. Prior to the department of transportation permitting any non-state owned, controlled, or leased wireless telecommunication infrastructure used for wireless transmission of voice, data, images, or other signals or information within state highway rights of way, the department of transportation and the information technology department shall study, during the 2017-18 interim, the benefits of allowing wireless telecommunication infrastructure within state highway rights of way and what, if any, requirements of allowing the installation may be in the public interest. The department of transportation and the information technology department shall report the results of the study to the legislative management by June 30, 2018.

The benefits of allowing wireless telecommunication infrastructure within the state highway rights of way consist of the following:

1. An efficient infrastructure deployment could improve communication throughout the counties, improving public safety across the state. Although cellular phone service does provide an important data-link for law enforcement, and will likely become more important as FirstNet is rolled out, it is not currently used for mission-critical public safety communications.
2. Small cell infrastructure provides additional network capacity without the need for additional macro tower sites within urbanized areas.
3. Current 4G technologies, and the rapidly approaching 5G technologies, are critical services necessary for state government, local government, private enterprise, and the citizens of North Dakota. An efficient wireless technology deployment would be advantageous to all.
4. Increased investments in North Dakota from broadband providers. Increased investments would improve the broadband capacity and coverage for consumption with the potential for improved competitive advantages for all North Dakota stakeholders.
5. Potential lower cost of broadband for governmental entities if public private partnerships are associated with wireless technology deployments within state highway right of way.
6. With a pro-active approach, the state could draft legislation/process/policies that would be advantageous to North Dakota.
7. Potential to reduce visual pollution by leveraging the use of existing towers or structures.

The negative impacts of allowing wireless telecommunication infrastructure within the state highway rights of way consist of the following:

1. Potential for third party companies to develop a wireless technology deployment consisting of small cell and/or macro cell towers that do not provide a telecommunication service.
2. Potential to open the door for private entities not providing a public utility service, wishing to utilize public right of way for private enterprise.
3. Potential for numerous wireless technology providers wanting to cover the same area, resulting in numerous deployments and a negative visual display.
4. Potential for loss of revenue to private landowners in regards to land acquisition for wireless technology deployment.

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The Department of Transportation, in conjunction with the Information Technology Department, recommend that the state draft legislation that will allow for the regulation of telecommunication infrastructure within state highway rights of way. The state should be proactive in drafting legislation to ensure the deployment of wireless telecommunication infrastructure is beneficial to the state of North Dakota and the general public. The following should be considered during the drafting process:

- Currently, state, county, and local governments do not profit from issuing permits; they simply recover the costs. Whether permits or lease fees are utilized, an artificial limitation on fees may shift a cost burden to the taxpayers. An application fee structure is recommended to cover individual and multiple sites within a geographically grouped area. Upon approval of an application, an annual permit fee is recommended for sites located within state highway right of way. It is also recommended that a renewal timeline of approximately 5-10 years be utilized to verify proof that the holder continues to have legal authority to occupy the state right of way and is in compliance with any and all local, state, and federal regulations.
- State highway right of way does, at times, fall within city platted areas. Though some of the larger cities within the state have already passed policies that pertain to small cell technology infrastructure deployments, engagement with local entities should be considered when drafting legislation.
- As legal guardians of the public right of way, NDDOT must ensure all work performed is done safely, in a manner that will not damage existing facilities, that the work meets engineering standards above and below ground, and that the work complies with all federal and state requirements. In order to make sure these procedures are continually followed, and due to complexities that may arise, NDDOT needs a reasonable amount of time to process the permit applications (e.g. 60 days to 180 days, depending on the nature of the permit).
- As infrastructure ages, maintenance and inspections will likely be needed. Guidelines for periodic or annual inspections should be considered.
- In anticipation of multiple wireless technology providers requesting deployment in similar locations, joint tenancy or collocations is recommended in these circumstances.
- There are entities that provide wireless technology infrastructure that do not meet the defining criteria of a public utility as defined by the Public Service Commission in NDCC Section 49-02-01 and Chapter 49-21. Consideration should be given to defining a “wireless” telecommunication utility. NDCC Section 24-01-39 should be reviewed and modified as necessary to account for wireless telecommunication infrastructure.

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The current policy for the North Dakota Department of Transportation (NDDOT) "*A Policy for Accommodation of Utilities on State Highway Right-Of-Way*" establishes requirements for underground and overhead line installations in respect to an actual wireline, which clearly defines a utility alignment. Utility alignments are differentiated in the policy as either a crossing installation or a longitudinal installation. Since wireless utility installations would not be considered crossing or longitudinal in respect to the highway centerline, clarification is warranted to address a single point location utility installation.

The NDDOT proposes adding the following language to the "*A Policy for Accommodation of Utilities on State Highway Right-Of-Way*" for the installation and maintenance of wireless telecommunication infrastructure and services.

1. Wireless telecommunication infrastructure and services shall not be installed within the control of access lines of any freeway; except in special cases, such installations may be permitted under strictly controlled conditions.
2. Wireless telecommunication infrastructure and services shall not be installed within the median of divided highways.
3. Wireless telecommunication infrastructure and services may be installed on and along the right of way of non-freeway highways, provided the adjacent landowners will not allow the installation on their property. The applicant will need to submit a signed statement during the application process indicating that the applicant tried and was unable to secure permission from adjacent landowners for the installation of wireless telecommunication infrastructure and services. Installation of wireless telecommunication infrastructure and services within state highway right of way are to be located at, or as near as practical to the right of way line.
4. Any wireless telecommunication infrastructure and services installed utilizing a support structure shall be limited to a single-pole type of construction. Consideration shall be given to the height of a support structure. The NDDOT may request a support structure location be modified when the height (measured from natural grade to top of all appurtenances) exceeds the distance, on a horizontal plane, from the support structure location to the shoulder of the highway. A structural analysis shall be submitted and subject to approval. Guy wires and push braces must not extend into the highway right of way beyond the midpoint of the backslope.
5. Occupancy of wireless telecommunication infrastructure and services shall not interfere with the following:
 - a. Free and safe flow of traffic
 - b. Existing, planned, or future use of the right of way for highway purposes
 - c. Impair the existing highway or its scenic appearance
 - d. Any other requirement within the "*A Policy for Accommodation of Utilities on State Highway Right-Of-Way*"
6. It is the intent to promote collocation of wireless telecommunication infrastructure and services. At locations where more than one utility or type of facility is involved, joint-use single pole construction must be used if possible. All utility parties are subject to permitting requirements.

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7. Wireless telecommunication infrastructure and services may utilize an existing or future state owned structure or support structure deemed for highway purposes and subject to following:
 - a. The applicant shall conduct and submit a structural analysis for review and approval, any analysis proving insufficient will not be allowed
 - b. The method of attachment is subject to approval, all attachments shall be aesthetically pleasing and in compliance with all applicable codes and standards
 - c. Attachments shall not Interfere with the original use and operation of the state owned facility
 - d. The applicant will be responsible for any and all services (e.g. power, etc) required to operate the proposed infrastructure and services

8. The applicant must obtain all necessary permits, licenses, and similar authorizations by other governmental entities for the installation of its wireless telecommunication infrastructure and services.

9. The NDDOT reserves the right to deny, but is not obligated to deny, any permit application if the location will impede upon any existing, planned, or future local, state, or federal communication regulation.

10. The applicant shall maintain all facilities installed within the state highway right of way in a manner that preserves the safety, integrity, and aesthetics of the state highway right of way. Maintenance records shall be kept and are subject to review upon request.

11. Upon termination of use or termination of the permit by either party, the wireless telecommunication infrastructure and services shall be removed by the applicant from the state highway right of way. All infrastructure shall be removed by a minimum of one foot below natural ground, including pole and footings.

12. The applicant shall comply with all applicable statutes, ordinances, rules, regulations, orders, and decisions issued by Federal, state or local government bodies or agencies, including without limitation, those issued by the North Dakota Public Service Commission and the Federal Communications Commission.

13. Wireless telecommunication infrastructure and services shall comply with all applicable laws, including all federal electromotive force (EMF) and radio frequency (RF) emission standards. The applicant shall not interfere with public safety communications.

NORTH DAKOTA DEPARTMENT
OF TRANSPORTATION

NORTH DAKOTA INFORMATION
TECHNOLOGY DEPARTMENT

DIRECTOR (TYPE OR PRINT)

CHIEF INFORMATION OFFICER (TYPE OR PRINT)

SIGNATURE

SIGNATURE

DATE

DATE

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APPENDIX A

SMALL CELL LEGISLATION BY STATE

STATE	STATUTE	SUMMARY	STATUS
South Dakota		South Dakota isn't taking any action relating to small cell technology at this time.	
Minnesota	SF 561 https://www.revisor.mn.gov/bills/text.php?number=SF561&version=1&session_year=2017&session_number=0	Provides for collocation of small wireless facilities; amending Minnesota Statutes 2016, sections 237.162, subdivisions 2, 4, 9, by adding subdivisions; 237.163, subdivisions 2, 4, 6, by adding subdivisions.	Passed
	HF 739 https://www.revisor.mn.gov/bills/text.php?number=HF0739&session=ls90&version=list&session_number=0&session_year=2017	Provides for collocation of small wireless facilities; amending Minnesota Statutes 2016, sections 237.162, subdivisions 2, 4, 9, by adding subdivisions; 237.163, subdivisions 2, 4, 6, by adding subdivisions. **Allowed on public rights-of-way.	Passed
Montana			
Wisconsin	AB 130 https://docs.legis.wisconsin.gov/2017/related/proposals/ab130	Authorizes a political subdivision to prohibit any person from placing a new mobile service support structure within, or within 750 feet of the boundary of, a residential zoning district that is the least dense of all such districts in the political subdivision. The bill also prohibits any person from placing such a structure within, or within 200 feet of the boundary of, the next two least dense residential zoning districts in the political subdivision. The bill defines density to be the number of housing units per acre in a political subdivision.	Failed
Wyoming		Wyoming created a lease agreement for small wireless facilities within state highway right of way. The lease agreement has a stipulation that all proposed facilities shall be designed to include collocation of at least two other non-related communication providers.	
Utah	SB 189 https://le.utah.gov/~2018/bills/static/SB0189.html	Permits a wireless provider to deploy a small wireless facility and any associated utility pole within a right-of-way under certain conditions; permits an authority to establish a permitting process for the deployment of a small wireless facility and any associated utility pole under certain conditions; describes a wireless provider's access to an authority pole within a right-of-way; sets rates and fees; and describes the implementation of requirements.	Passed
Kansas		There have been attempts over the past several years to pass legislation in Kansas that would allow wireless communications, including cell towers, on highway ROW. Thus far, Kansas has lobbied successfully to be exempt from such legislation.	
Oklahoma	SB 1388 http://www.oklegislature.gov/BillInfo.aspx?Bill=sb1388&Session=1800	Creates the Oklahoma Small Wireless Facilities Deployment Act; stating Legislative findings; defining terms; establishing procedures for the deployment of small wireless facilities and utility poles within a right-of-way; establishing the permitting process; establishing procedures for wireless	Passed

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	<p>SB 1146 http://www.oklegislature.gov/BillInfo.aspx?Bill=sb1146&Session=1800</p>	<p>provider access to utility polls in certain areas; establishing permissible rates and fees for certain activities related to small wireless facility deployment; exempting certain entities from application of act; and authorizing certain entities to adopt requirements related to indemnification insurance, and bonding in implementation of this act.</p> <p>Companion bill.</p> <p>**Allowed on rights-of-way (highway) but not a federal interstate highway.</p>	<p>Pending</p>
Nebraska	<p>LB 389 https://nebraskalegislature.gov/FloorDocs/105/PDF/Intro/LB389.pdf</p>	<p>Modernize telecommunication statutes to allow for greater investment by wireless communications providers in new technologies commonly referred to as small cells to expand coverage and deliver the benefits of fifth generation (5G) wireless capabilities to Nebraskans, improving public safety, helping businesses and schools remain competitive in a global economy, and creating jobs. Legislation is needed to facilitate efficient and uniform statewide siting practices for small wireless facilities. The bill defines small wireless facility to ensure that the streamlined siting process is not used for larger, tower structures. The bill maintains local government control over the permitting process, including authority to deny an application, and ensures that local authorities are compensated through reasonable and nondiscriminatory fees for permit applications and annual cost-based fees for small wireless facility attachments</p> <p>**Allowed on public rights-of-way (highway). See definition of right-of-way.</p>	<p>Indefinitely Postponed</p>
Ohio	<p>HB 478 https://www.legislature.ohio.gov/legislation/legislation-summary?id=GA132-HB-478</p>	<p>Creates a regulatory framework for the installation of small cells regarding municipal public way usage law. Specifically, House Bill 478 includes the following guidelines regarding small cell technology: Uniform fees to attach to municipal-owned poles and a uniform process for obtaining permits. Tools for local governments to retain control regarding location, construction, and design for small cells. Competitive rules that apply to both cable operators and wireless service providers for the operation of small cell facilities. An operator may, as a permitted use not subject to zoning review or approval, collocate a small cell facility and construct, maintain, modify, operate, or replace wireless support structures in, along, across, upon, and under the public way.</p> <p>** Allowed on public ways (highways). See definition of public way.</p>	<p>Passed</p>
Colorado	<p>HB 17-1193 https://leg.colorado.gov/bills/hb17-1193 Fiscal Note</p>	<p>Concerning the installation of small wireless service infrastructure within a local government's jurisdiction, and, in connection therewith, clarifying that an expedited permitting process applies to small cell facilities and small cell networks and that the rights-of-way access afforded</p>	<p>Passed</p>

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	http://leg.colorado.gov/sites/default/files/documents/2017A/bills/fn/2017a_hb1193_fl.pdf	telecommunications providers extends to broadband providers and to small cell facilities and small cell networks. **Allowed on rights-of-way owned by government entities.	
Iowa	SF 431 https://www.legis.iowa.gov/legislation/BillBook?ga=87&ba=SF431	Next step to improve Iowa's cell siting law, Senate File 431. Sets up the framework and rules for small wireless facilities. **Allowed on public right-of-way. **Allowed on highway right-of-way with permit.	Passed
Washington	SB 5711 http://lawfilesexternal.wa.gov/biennium/2017-18/Pdf/Bills/Senate%20Bills/5711.pdf#page=1	Speed up the deployment of next-generation 5G networks in Washington, and make the state attractive for private investment in wireless and broadband technology. It will: <ul style="list-style-type: none"> Standardize permitting rules for installation of new telecommunications equipment. Limit rates charged by public utilities for pole attachments and access to other infrastructure. Public utilities would be able to charge the same rates as private utilities. Eliminate barriers to investment that could make other states more attractive as these private networks are developed. 	Pending
	WA HB 1921 http://lawfilesexternal.wa.gov/biennium/2017-18/Pdf/Bills/House%20Bills/1921.pdf#page=1	Companion bill. **Allowed on right-of-way.	Pending
Arizona	HB 2365 https://apps.azleg.gov/BillStatus/GetDocumentPdf/452687	Makes Arizona the first state in the nation to pioneer comprehensive legislation that creates a streamlined process for telecommunications companies to deploy small cell technology across the state. **Allowed on right-of-way. See definition of right-of-way.	Passed
Indiana	SB 213 https://iga.in.gov/legislative/2017/bills/senate/213#document-2d60bd03	Change current statute to allow for the permitting of wireless support structures. **Allowed on public right-of-way.	Passed
Michigan	SB 894 https://www.legislature.mi.gov/documents/2017-2018/billengrossed/Senate/pdf/2018-SEBS-0894.pdf	Colocation guidelines.	Pending
	SB 637 https://www.legislature.mi.gov/documents/2017-2018/billintroduced/Senate/pdf/2017-SIB-0637.pdf	Provide regulation by state or local government authorities and municipally owned electric utilities of the activities of wireless infrastructure providers and wireless services providers and of wireless facilities, wireless support structures, and utility poles; to regulate rates and fees; to provide for collocation of wireless facilities and of communications service provider pole attachments; to provide for use of public rights-of-way; to regulate certain permitting processes and zoning reviews; to prohibit certain commercially discriminatory actions by state or local	Pending

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		government; to prohibit state and local government authorities from entering into exclusive arrangements with any person for the right to attach to certain utility poles; to authorize indemnification and insurance requirements; to authorize certain bonding requirements; and to provide for charges for electricity to operate small cell wireless facilities. **Allowed on "public right-of-way" (highway). See definition.	
Missouri	SB 837 http://www.senate.mo.gov/18info/pdf-bill/intro/SB837.pdf SB 1948 https://house.mo.gov/billtracking/bills/181/hrbillspdf/4600H.01I.pdf HB 1991 https://legiscan.com/MO/text/HB1991/2018	Relates to the deployment of wireless facilities. Establishes the Uniform Small Wireless Facility Deployment Act. Modifies provisions relating to wireless facilities and related infrastructure. Modifies provisions relating to wireless facilities and related infrastructure. **Allowed on "public right-of-way" (highway). See definition.	Pending Pending Pending

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North Dakota
Department of Transportation

VISION ZERO
Zero fatalities. Zero excuses.

NDDOT
North Dakota
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Welcome to the NDDOT Transportation Handbook



NDDOT Director
Tom Sorel

The 2019 Transportation Handbook has been revised and divided into six main transportation categories including: general information, finances, statistics, accomplishments, safety, and, other transportation information. Here you will find highlights about how the North Dakota Department of Transportation (NDDOT) does business and the many different ways we effectively meet the needs of the transportation industry.

Our dedicated workers maintain thousands of miles of roadway and help develop and provide a safe and innovative transportation system for our residents, travelers and interstate commerce throughout the state.

North Dakota's transportation network is critical to the social and economic success of our state as well as providing a better quality of life for our residents and visitors to our state. As we face the challenges and growing transportation demands, we would like to thank our legislative body for investing in our transportation system, the people of North Dakota for their continued support and our wonderful team of employees for helping us move our transportation infrastructure into the future.

To learn more about NDDOT please visit our website at dot.nd.gov.

A handwritten signature in black ink that reads "Thomas K. Sorel". The signature is written in a cursive, flowing style.

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On the cover:

NDDOT Tow Plow clearing a portion of I-94.

Back cover:

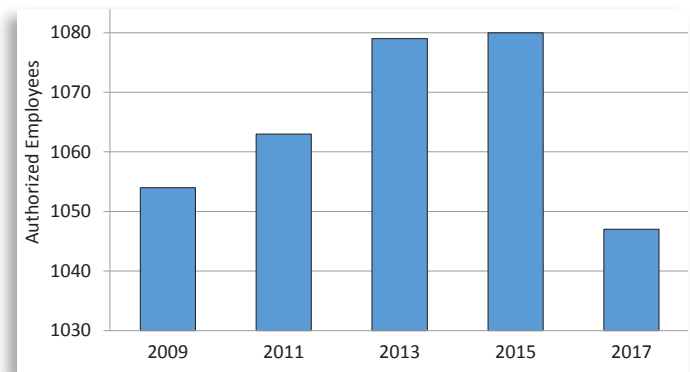
An autonomous self driving bus and Unmanned Aircraft System (drone) are some examples of innovative projects the NDDOT is involved with.

General Information

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 two deputy directors: engineering, driver and vehicle services and business support
- 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.

NDDOT Employee Facts 2009 to 2017



- NDDOT has 1,047 authorized budgeted positions as of July 1, 2017.



NDDOT employee overseeing the Broadway Bridge project in Minot.

General Information

History

- 1889** Creation of a North Dakota state office dedicated to roads.
- 1911** First ND motor vehicle license plates issued.
- 1913** First highway commission created.
- 1917** Creation of North Dakota State Highway Department.
- 1922** 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 modes of transportation.
- 2008** NDDOT completed the four-laning of US Highway 2 between Williston and Minot.
- 2012** Completed first roundabout project on a state highway on ND 22 near Killdeer.
- 2013** Worked on the largest construction seasons in state history (\$1.6 billion) during the 2013-15 biennium.
- 2014** Constructed truck bypasses and truck reliever routes around the following communities; Alexander, Dickinson, New Town, Watford City and Williston.
- 2015** Issued a new flat license plate in 2015, replacing the embossed plate which had been in circulation for 23 years.
Worked on more than \$800 million in construction projects on state highways, city and county roads.
- 2016** Completed large construction projects including the Killdeer Truck Bypass, Carrington Roundabout, Dickinson State Avenue Railroad Bridge and West Fargo Main Avenue projects.
- 2017** Opened new Lewis and Clark Bridge to traffic near Williston. The new four-lane bridge replaced the former two-lane bridge originally built in 1973. Other parts of the project included construction of a wildlife crossing specifically designed for moose located south of the bridge. This specific kind of wildlife crossing is a first for North Dakota.
The NDDOT celebrated its 100 year anniversary of serving the citizens of North Dakota and the many achievements made to our transportation infrastructure.
- 2018** North Dakota DOT was selected as one of 10 participants in the Unmanned Aircraft Systems (UAS) Integration Pilot Program through the US DOT. Through this three-year program, NDDOT along with partners including North Plains UAS Test Site, will help shape the future and safety of UAS (drones) in America.
Completed the US 83/Broadway Bridge replacement project in Minot. The new bridge is nearly 1,000 feet long and due to newer engineering and design capabilities the bridge has fewer piers than the old bridge, built in the 1960s. In total, six piers were needed to hold up this bridge, versus 14 on the old bridge. This helps the bridge to have less of a footprint impact on the two major rail lines and the Mouse River, all which occupy ground underneath the bridge.

General Information

Contact Information

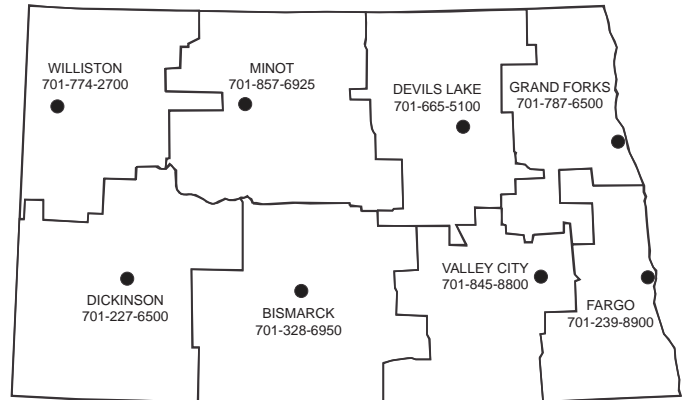
NDDOT Toll-Free 1-855-637-6237
Central Office Information Desk(701) 328-2500
Motor Vehicle Registration and Titling . . .(701) 328-1270
Drivers License(701) 328-2601
Director's Offices(701) 328-2581
Mailing address:

608 E. Boulevard Ave., Bismarck, ND 58505-0700

Website: dot.nd.gov

Email: dot@nd.gov

ND State Highway Districts



NDDOT employee helping a customer on the phone.

General Information

NDDOT Strategic Initiatives

Vision

North Dakota's Transportation Leader Promoting:
Safe Ways – Superior Service – Economic Growth

Mission

Safely move people and goods.

As the department strives to meet the transportation needs of the energy, agriculture, and manufacturing industries it is faced with increasing challenges. To meet these challenges and advance our mission the NDDOT has incorporated five strategic emphasis focus areas and goals.

Strategic Focus Areas and Goals

- **Safety** – Provide a safe and secure transportation system and workplace.
- **Innovation** – Promote a culture of innovation to enhance external and internal services, products, and programs.
- **Assets** – Preserve and enhance assets managed by NDDOT.
- **Mobility** – NDDOT works to improve access to our transportation system through multi-modal solutions to enhance the movement of people and goods, having a positive impact on the quality of life and the economic well-being of North Dakotans.
- **Leadership** – We strive to position the NDDOT as a local, state, and nationally trusted leader. We value service, excellence and diversity, instilling a culture of leadership, which expands the problem-solving capacity of our organization.

Values

In practicing the department's values of *Professionalism, Respect, Integrity, Dedication, and Excellence* it will be successful in being North Dakota's transportation leader.

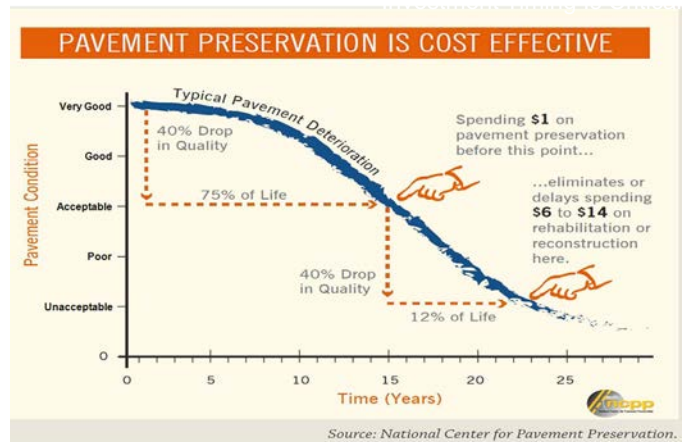
General Information

Your Investment in North Dakota's Transportation System

Your Investment in North Dakota's transportation system is essential to the state's economic vitality and residents' quality of life. The department is committed to strategically investing in programs that provide a transportation system that safely moves people and goods.

We monitor major investment areas in reliability & communication, traveler safety, pavement management, bridge management, snow and ice control, driver's license, motor vehicle, and transit. For more information on investment areas see NDDOT scorecard at: <https://dot.nd.gov/business/transactioniii/docs/NDDOT-scorecard-May-2018.pdf>

Investment Timing Is Critical



An Upper Great Plains Transportation Institute Study 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.

General Information

Grant Information

The NDDOT facilitates several Grant and Funding Programs which make funds available to the Local Public Agencies (LPAs). These programs are intended to help enhance the way of life in communities across the state. A full listing of grant programs are available on our website at: <https://www.dot.nd.gov/business/#funding-programs>.

Urban Grants Program

The Urban Grants Program provides a funding mechanism focused on reinvesting and fortifying a community's existing transportation assets, which maximizes the public return on investment. The program focuses transportation investments inward toward the established community rather than outward expansion.

The objectives of the program are as follows:

- Preserve existing transportation assets
- Ensure safety of all users of the transportation system
- Improve multi-modal transportation options such as walking, bicycling, and public transportation
- Enhance the economic vitality of the area by providing transportation assets that support:
 - revitalization efforts;
 - development of vacant or underutilized parcels within existing urban areas; and/or
 - redevelopment of established portions of communities
- Support economically sustainable growth, lessening the need for outward expansion of community transportation infrastructure and associated services

Transportation Alternatives (TA)

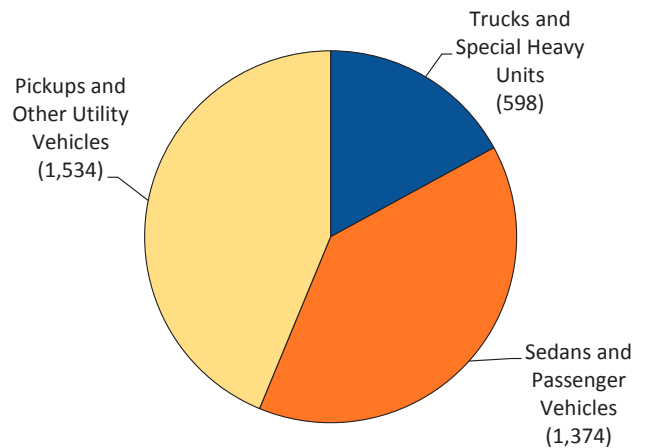
Transportation Alternatives (TA) provides funding for pedestrian and bicycle facilities, Safe Routes to School projects, safe routes for non-drivers, community improvement activities, historic preservation and rehabilitation of historic transportation facilities, and scenic and environmental projects.

General Information

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 varies throughout the year from approximately 3,500 to 3,800 vehicles which is based on need, summer programs and purchasing/disposal patterns. Vehicles are used by all state agencies and are sold at public auction when the vehicles are due for replacement or no longer needed.

- State Fleet purchases and disposes of approximately 450 light vehicles and 40 heavy trucks each year.



State Fleet vehicles parked near state Capitol in Bismarck.

General Information

Information Tools Available

The NDDOT provides a variety of online and phone app tools to provide information and services to the traveling public.

ND Roads

The NDDOT Travel Information is a web-based application while NDRoads provides travel information in a format for mobile devices. Both can be found on our website at dot.nd.gov.



Information is available on road conditions, load restrictions, work zones, road and weather cameras, width/height restrictions and weather radar. In the past 12 months, the online and mobile app have had more than 2.5 million views.

GovDelivery

GovDelivery is an email and text message subscription that allows subscribers to receive news releases, business development and public safety updates directly from the NDDOT's website. More than 42,000 notifications were issued in the last year.



ND Renewals

In 2015, the NDDOT launched a free smartphone application (NDRENEWALS) for users to renew vehicle registration, update permanent address, temporary address and email address. To date there has been a total of 10,274 downloads.



511

511 is a national telephone service for travelers to get weather and road condition information, road construction reports and seasonal load restriction information. Motorists can call 511 from any type of phone. When calling from out of state dial, 1-866-696-3511. From July 2017 to June 2018 there were 122,193 calls placed.

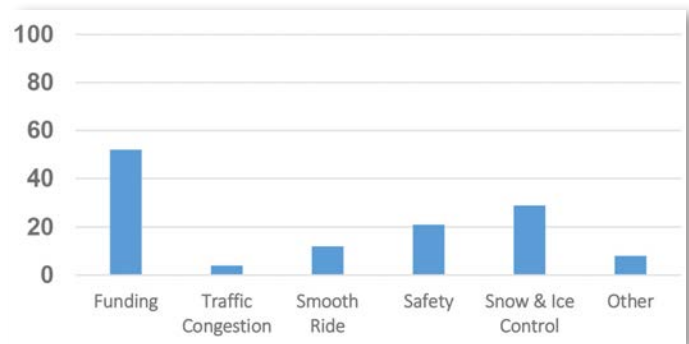


General Information

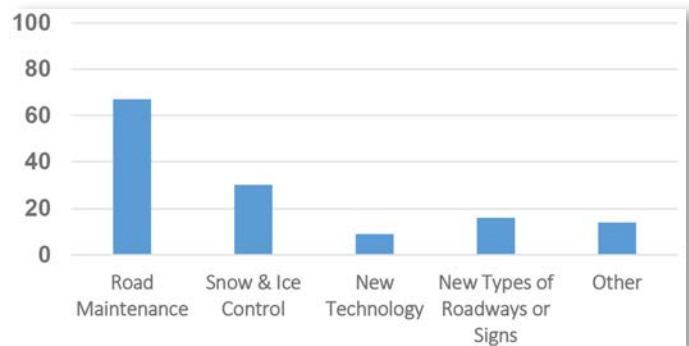
Motorists Respond To Survey

In order to measure how we are doing in achieving our mission and vision, NDDOT conducted an online survey in March 2018. The survey results showed that 90 percent of the motorists that responded felt that the NDDOT can be relied on to deliver North Dakota's Transportation System. Results of some of the other survey questions about transportation are shown below:

What's the most important transportation challenge facing North Dakota?

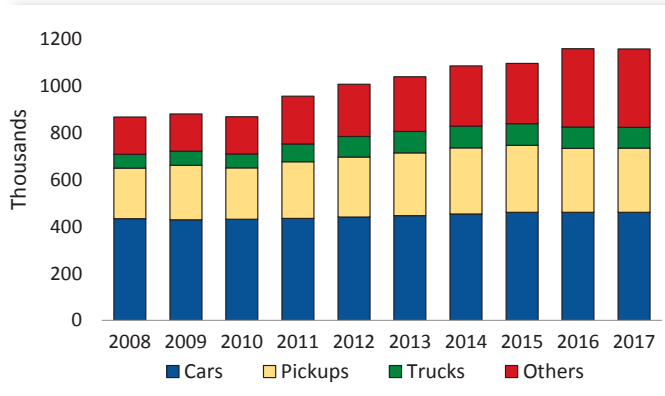


If there was more funding provided for transportation in the future, what would you like the money to pay for?



Statistics

Vehicle Registrations - 2008 to 2017



	2016	2017
Cars	462,123	461,500
Pickups	272,941	273,584
Trucks	90,676	89,026
Others*	334,302	334,930
Total	1,160,042	1,159,040

* Includes low speed, motorcycles, snowmobile, trailers, off-highway, unconventional.

NOTE: In 2018 North Dakota had 141 Electric Vehicles and 3,849 Electric/Hybrid Vehicles registered which includes only passenger, pickup and light trucks 14,000 lbs.

NOTE: Historically, data did not always track pickups separately from trucks.

In 2017, the state had approximately 562,341 licensed drivers and issued about 1.1 million vehicle registration renewals.



Traffic on Broadway in Minot.

Statistics

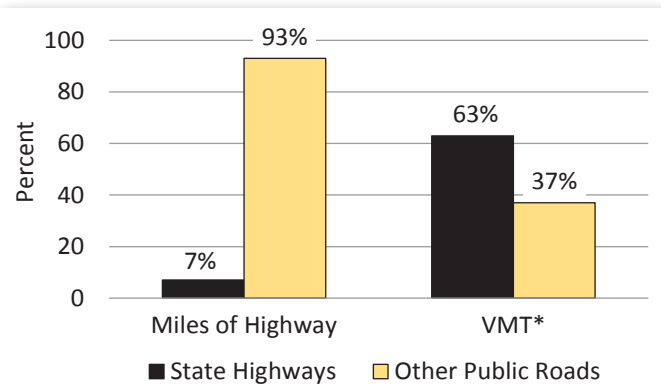
ND Road Mileage - 2018

State Highway System*	7,414
County System	15,635
Other Rural Roads	60,220
City Streets	4,419
Trails	19,290
Total	106,978

* NDDOT maintains approximately 8,622 roadway miles of highway, which includes miles in each direction on four-lane highways.

- North Dakota has 3,720 miles of road on the National Highway System (NHS)—including 571 miles of Interstate roads—that are part of the state highway network.
- The 2017 U.S. Census estimate of North Dakota's population was 755,393 people. There are approximately 142 miles of road for every 1,000 people.

System Size vs. Use



* VMT - Vehicle Miles of Travel

- The North Dakota state highway system consists of 7 percent of the total public road mileage in the state, but carries 63 percent of the total Vehicle Miles Traveled (VMT).
- Total VMT on North Dakota roads in 2017 was 9.7B, which was approximately the same as 2016.
- The Interstate system makes up about 13 percent of the total roadway miles on the state highway system but carries 35 percent of the annual VMT and 37 percent of the annual truck VMT.

Statistics

ND Bridge System Condition - 2018

System	Number of Bridges	Number of S.D. *	Percent of S.D. *
State	1,722	34	2.0%
Urban	117	4	5.4%
County	2,992	467	15.6%
Total	4,831	505	10.5%

* 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.

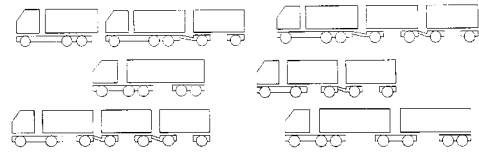


Bridge Inspection equipment on Expressway Bridge in Bismarck.

Statistics

ND Truck Size and Weight

Basic Truck Configuration



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 Vehicle Weight 105,500 lbs.

NOTE: The above weights apply to state highways other than Interstate highways.

Call Highway Patrol, Permit Section, at (701) 328-2621 for more information, nd.gov/ndhp.

Designated Highway Network for 129,000 lbs

The NDDOT worked with advisory committee members from agriculture, trucking and other industries to develop a designated network.

The designated network consists of Interstates 94 and 29, U.S. Highway 2, as well as portions of Highways 85, 83, and 52.

This network will now allow permits for a legally loaded truck with a gross weight of 129,000 lbs. compared to previous 105,500 lbs., allowing shippers to be more efficient and make less trips.



NDDOT Accomplishments

Transportation infrastructure is the backbone of our state and the nation's economy. The North Dakota Department of Transportation team members work hard to serve the residents of North Dakota and provide a system to safely move people and goods. Listed here are some of NDDOT's accomplishments achieved in 2017 and 2018.

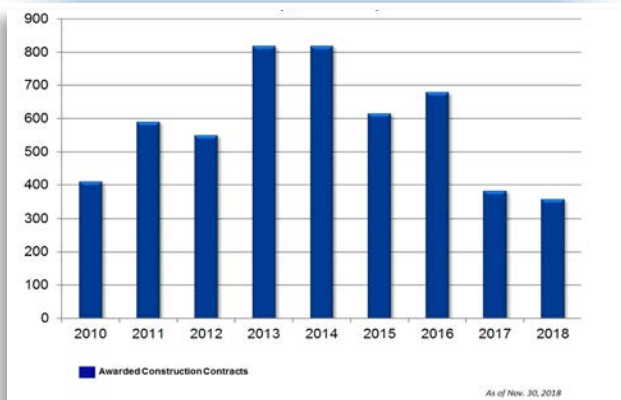
Vision Zero - The North Dakota Department of Transportation and its partners launched Vision Zero in 2018 as the state's primary traffic safety initiative. The comprehensive, multi-agency goal is to continually work toward zero motor vehicle fatalities and serious injuries on North Dakota roads. This initiative emphasizes personal responsibility and encourages motorists to buckle up and obey the law to help attain the goal of zero fatalities on our state roadways.

VISION ZERO

Zero fatalities. Zero excuses.

Construction Program - The NDDOT completed approximately \$700 million of work on North Dakota's transportation infrastructure during the 2017 and 2018 construction seasons.

NDDOT Construction Program (\$\$ Millions)



Track-A-Plow - The NDDOT launched a new pilot program called "Track-A-Plow" in 2018. The pilot program utilizes technology to track the location of designated state snowplows and provides the information to the public online.



Motor Vehicle Kiosk in Bismarck.

Motor Vehicle Kiosks - North Dakota residents renewed more than 31,000 motor vehicle registrations through a kiosk in 2018. NDDOT expanded the use of fully automated kiosks or self-service terminals for motor vehicle registration renewals in a number of major cities across North Dakota including Bismarck, Fargo, Dickinson, Minot, Williston and Grand Forks. These stations dispense license plate renewal registration cards and motor vehicle tabs on the spot without visiting a Motor Vehicle Branch Office.

Driver's License Online - Nearly 5,000 drivers renewed their Driver's License online in 2018 with a new customer focused online service program. This tool makes it easier for citizens to renew their driver's license on their home computer, saving them a trip to the Driver's License office. Residents can also make appointments online to schedule visits.

REAL ID - The Department began issuing REAL ID compliant credentials this past year. Beginning October 2020, all persons will need to have federally approved identification, such as a REAL ID or passport, to enter federal facilities or board a domestic flight. REAL ID complies with Federal Government standards for the issuance of identification, such as driver's licenses.

NDDOT Accomplishments

ND MOVES - NDDOT implemented the Statewide Active and Public Transportation Plan, or ND Moves, which helps review and identify existing and emerging needs and recommends strategies for the future of biking, walking, and transit across the state.

Unmanned Aircraft System (UAS) Integration Pilot Program - The North Dakota Department of Transportation (NDDOT) along with its partners successfully completed its first public mission of North Dakota's Unmanned Aircraft System (UAS) Integration Pilot Program over a tailgating event at the Fargodome in September 2018. This is the first phase of North Dakota's UAS Program designed to help FAA create new regulations that will enable the safe, and secure integration of UAS (drones) into national airspace systems.



Unmanned Aircraft (drone).

Traffic Counting - NDDOT is testing an innovative new way to utilize fiber optic technology in a traffic counting system. This system uses fiber optic cable, acoustic sensing to monitor traffic flow in real time, and provides continuous traffic volume information to help NDDOT plan, design, and manage North Dakota's roadways.

- NDDOT is the only DOT in the nation utilizing a fiber optic system for this type of traffic monitoring.
- In cooperation with the company's research and development team, NDDOT is working to allow this technology to provide vehicle classification information, which has never been attempted anywhere in the world.

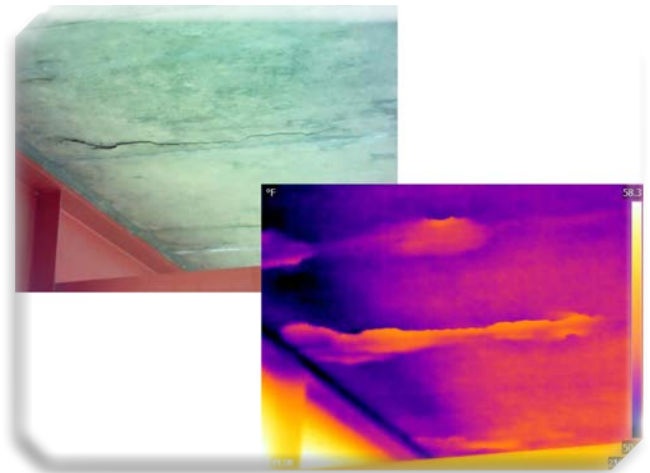
NDDOT Accomplishments

Autonomous Vehicle - The NDDOT brought a self-driving bus to Bismarck to demonstrate the future of transportation technology. The NDDOT is also researching areas to develop autonomous vehicle test sites in the state.



Autonomous bus in Bismarck.

Infrared Technology On Bridges - Using Infrared cameras during bridge inspections to help detect deterioration.



A regular and infrared picture of the same area of a bridge.

Finances

Cost of Doing Business

Improvement	Total Dollars/Mile
Non-Interstate seal coat (by contract)	\$ 35,000
Interstate seal coat (by contract)	\$ 55,000
Thin lift overlay	\$ 150,000
3" asphalt overlay	\$ 240,000
Asphalt surfacing reconstruction (includes subgrade repair and resurfacing)	\$1,000,000
Total reconstruction (includes grading and asphalt surfacing)	\$1,500,000
Interstate concrete paving (two lanes in one direction)	\$2,300,000

Traffic and costs have increased

NDDOT's main sources of state funding come from state fuel taxes and vehicle fees (the same since 2005), but costs and traffic have increased.

- Asphalt surfacing cost \$500,000 per mile in 2005 and costs \$1 million per mile in 2017.
- Salt used for snow and ice control cost \$55 per ton in 2005 and \$81 per ton in 2017.
- North Dakota traffic has increased on state highways. From 2005 - 2017 truck traffic numbers increased 66% and all vehicle traffic numbers have climbed 30%.

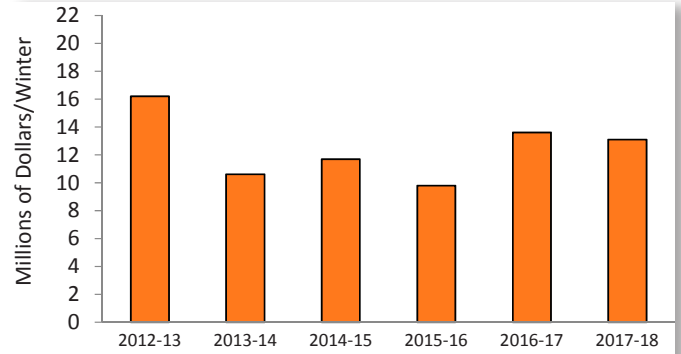


Resurfacing a highway in Dickinson District.

Finances

Cost of Doing Business

Equipment and Salt Costs Per Winter for Snow and Ice Control - 2012-2018



Snowplow clearing roadway.

Winter Severity

Historic NDDOT data shows there are about 39 winter events annually that require some treatment for ice or snow on the highway system.

The National Weather Service estimates North Dakota averages ten winter storm events and four blizzard events every year.

Finances

How Transportation Funding Works

North Dakota's transportation system is a tremendous asset. Built by our parents and grandparents who believed investing in transportation was important for them and future generations. Today it has a replacement value of \$14.2 billion. North Dakota's transportation system plays a vital part in the lives of its citizens. It is counted on to safely and reliably connect people with family, jobs and services, businesses with suppliers and customers, students with schools and visitors with destinations



Old Red Trail (Old Highway 10 Byway) Almost Road looking south.

Where does the money come from to pay for transportation?

The state transportation system is funded from two main sources:

- Federal Revenue
- State Transportation User Revenue

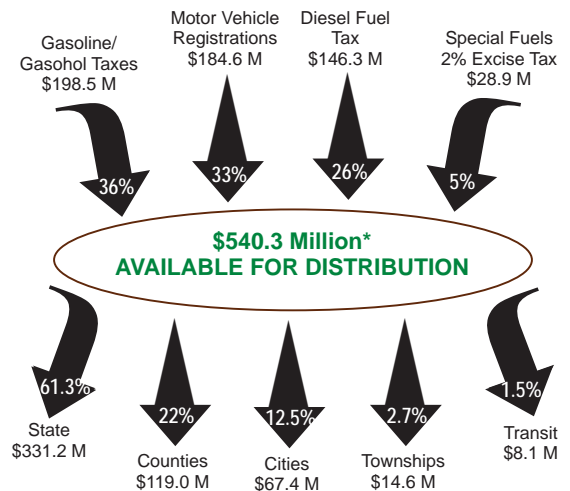
Federal Revenue - A significant amount of transportation funding comes from the federal government. Federal funding is generated by the federal fuel tax – 18.4 cents per gallon for gasoline and 24.4 cents per gallon for diesel. The majority of federal revenue is dedicated to pay for a share of eligible highway improvement costs. The federal share is typically 80 percent, with the state or local government providing a 20 percent match. Historically, North Dakota has received \$2 of Federal Highway funds for every \$1 North Dakota drivers have paid into the Federal Highway Trust Fund.

Finances

State Transportation User Revenue - The state transportation user revenue comes from state fuel taxes you pay when you buy fuel for your vehicle and registration fees you pay to license your vehicle. The largest source of revenue for state transportation user fees is the state fuel tax, which is 23 cents per gallon of gasoline and diesel fuel sold in the state. Significantly lesser amounts come from driver's license fees and overweight/overwidth permits.

The state fuel taxes and vehicle registration funds are shared between NDDOT (State Highway Fund), counties, cities, townships and transit.

ND Highway Tax Distribution Fund Revenue and Distribution - 2015 to 2017

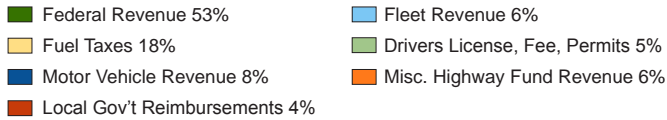
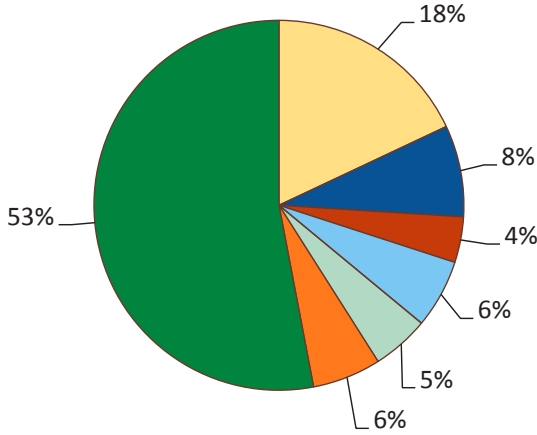


* A total of \$18.0 million was withheld prior to distribution for allocation of \$6.7 million to the Highway Patrol Fund, \$4.7 million to the Ethanol Subsidy Fund, approximately \$400,000 to the Motorboat Safety/Snowmobile Fund, \$550,000 to the Rail Safety Fund, and \$5.5 million to the Highway Fund for administrative assistance to other transferees.

Finances

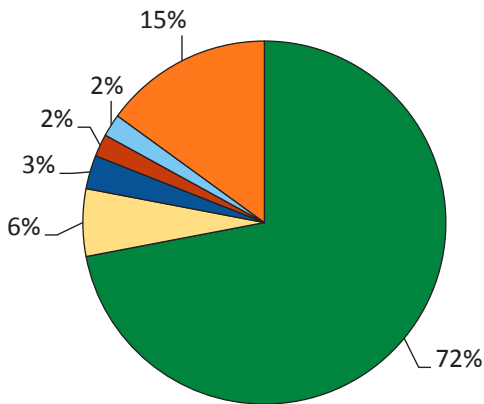
Budgeted Biennial Funding Sources Projected - 2017 to 2019

Total of All Sources: \$1,269.5 Million



Budgeted Biennial Expenditures Appropriation - 2017 to 2019

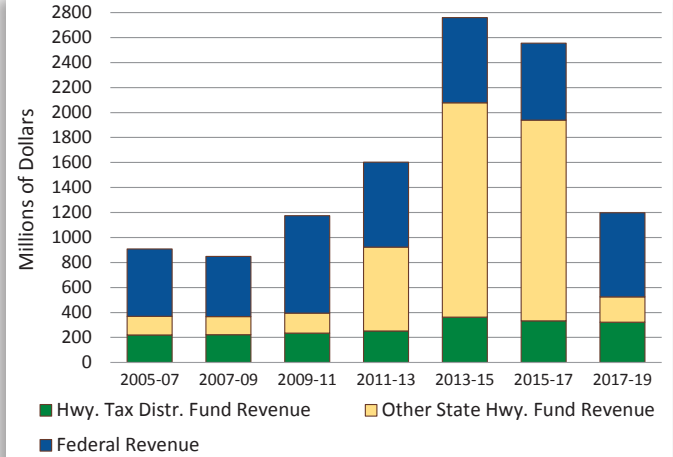
Total Budget: \$1,269.5 Million



NOTE: NDDOT can spend their resources only to the extent of the legislative appropriation.

Finances

Gross NDDOT Biennial Revenue Sources (excluding Fleet)



ND Motor Fuel Tax History

Year	Cents/Gal.
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 2.7 percent of the Highway Tax Distribution Fund.



Customer fueling vehicle.

Finances

Motor Fuel Tax Rates - Cents Per Gallon - 2018

Tax Rates	Gasoline	Diesel	Gasohol
Montana	31.5	29.3	31.5
Nebraska	28.0	28.0	28.0
South Dakota	28.0	28.0	28.0
Wyoming	24.0	24.0	24.0
Minnesota*	28.5	28.5	28.5
North Dakota	23.0	23.0	23.0
National Average	23.2	23.1	23.2

* Approximately four months of the year, Minnesota adds a two-cent tax for environmental cleanup, making its tax a total of 30.5 cents per gallon.



Customer using fuel pump at a gas station.

2016 Motor Fuel Tax Revenue - Annual Yield of 1 Cent of Motor Fuel Tax*

Regional Tax Yield	Millions
Minnesota	\$ 32.6
Nebraska	13.2
Montana	7.6
South Dakota	6.9
Wyoming	6.6
North Dakota	7.0

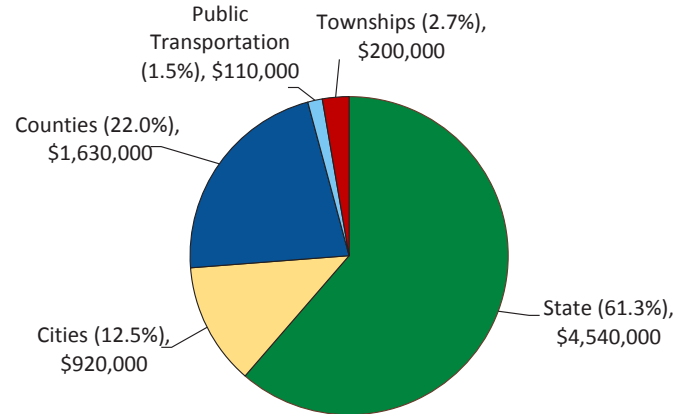
National Tax Yield	Millions
Highest: Texas	\$190.3
Lowest: Dist. of Columbia	1.3
Average	34.7

* Motor fuel includes gasoline, gasohol, and diesel fuel.
SOURCE: FHWA Highway Statistics

Finances

Motor Fuel Tax Annual Revenue - FY 2017

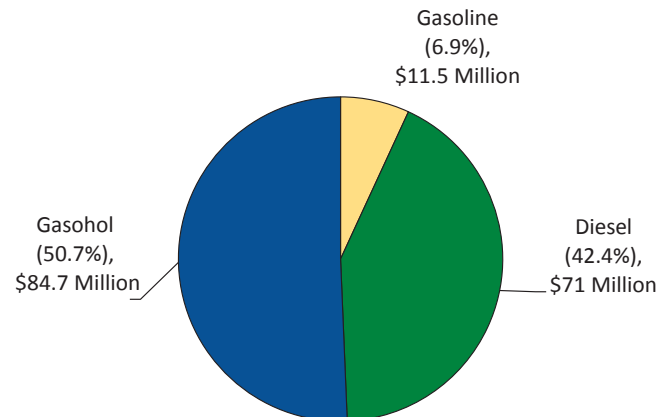
Statewide Impact of 1 Cent Motor Fuel Tax



Based on FY2017 revenue, 1 cent of the state motor fuel tax will generate about \$7.4 million annually.

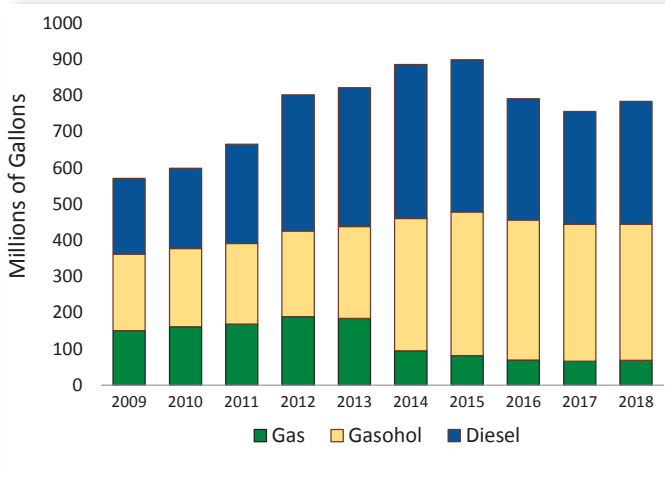
Net Tax Annual Receipts

Total Receipts: \$167.2 Million



Finances

ND Fuel Consumption - FY2009 to FY2018



	2015	2016	2017	2018
Gas*	81.4	69.5	66.5	68.4
Gasohol	397.0	386.8	378.1	376.5
Diesel*	420.2	334.8	311.4	338.9

* Gross gallons taxed.



Traffic on Interstate 94 in Fargo.

Finances

Vehicle Registration Fee Comparison

State	Fee ¹	2017 Ford Taurus 3,739 lbs	2017 3/4 Ton Pickup 12,000 GVW	2017 KW Tractor 80,000 lbs	2010 Farm Truck 44,000 lbs	2010 Farm Truck 44,000 lbs
MN	Flat Fee	328	391	1,760	161	268
	Other Fee	10	10	10	10	10
	Total	\$338	\$401	\$1,770	\$171	\$278
MT ²	Flat Fee	217	217	375	100	250
	Other Fee	-	-	34	34	34
	Total	\$217	\$217	\$409	\$134	\$284
ND	Flat Fee	93	142	1,059	149	219
	Other Fee	-	-	-	-	-
	Total	\$93	\$142	\$1,059	\$149	\$219
SD	Flat Fee	72	120	1,166	584	584
	Other Fee	-	-	-	-	-
	Total	\$72	\$120⁴	\$1,166	\$584	\$584
WY ³	Flat Fee	508	609	-	-	-
	County Fee	- ⁵	- ⁵	- ⁵	- ⁵	- ⁵
	Total	\$508⁵	\$609⁵	5	5	5

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 Registration fees are computed on vehicles registered in Laramie County.

⁴ Fee shown is for a 4-ton truck.

⁵ Registration fees are based on factory price, vehicle weight and annual mileage.

Compiled by: North Dakota Motor Vehicle Division, 2018.

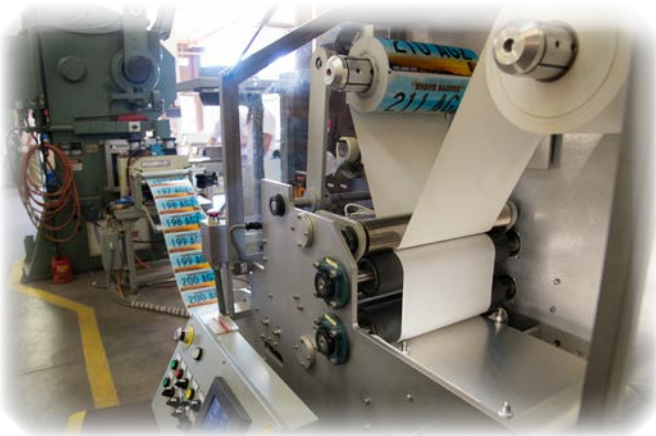


Motor Vehicle registration services provided at an office window.

Finances

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.



Motor Vehicle plates are printed at Rough Rider Industries in Bismarck.

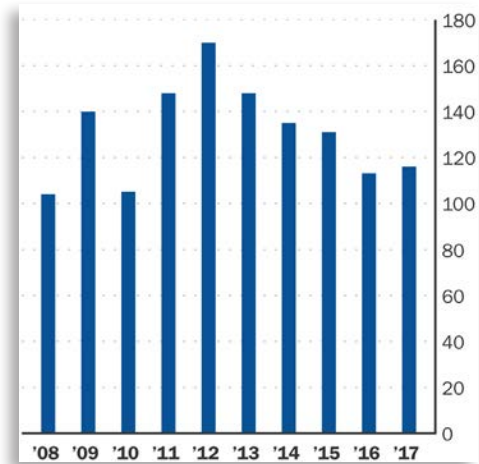
Safety

Highway Safety

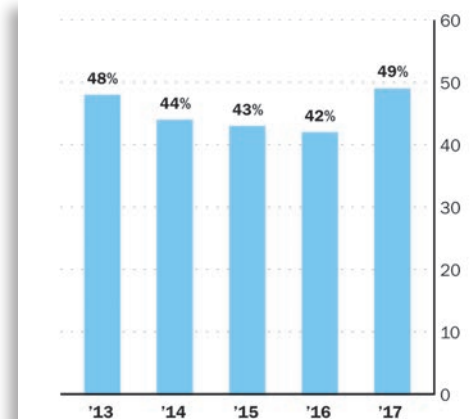
DEATHS AND DEATH RATES - How Do We Compare?



North Dakota Motor Vehicle Fatalities 2008-2017



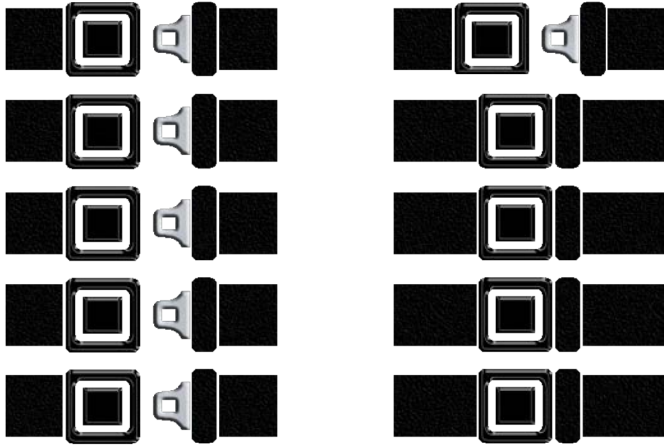
North Dakota Percent Alcohol - Related Fatal Motor Vehicle Crashes 2013-2017



Safety

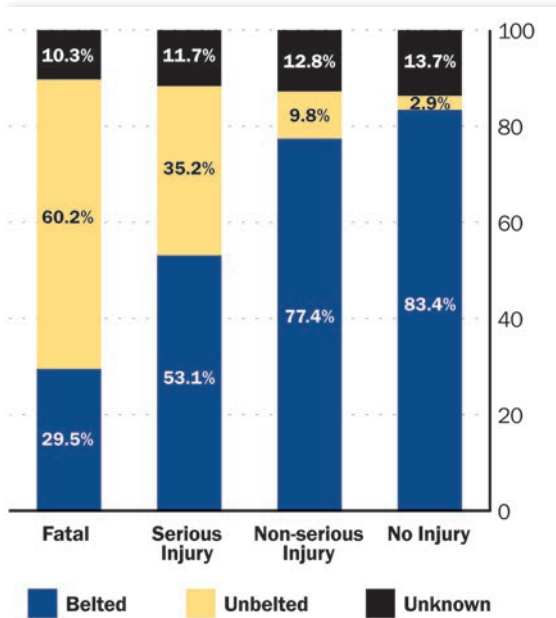
Seat Belt Use

Crash data shows a direct correlation between seat belt use and injury severity. Unbelted vehicle occupants in crashes in North Dakota account for the largest percent of fatalities and serious injuries, while belted occupants most commonly receive non-serious or no injuries.



In North Dakota, over the past 5 years (2013-2017), 6 out of every 10 people killed in a motor vehicle crash were not wearing a seat belt at the time of the crash. And, 80% of the unbelted fatalities were males.

North Dakota Percent of Restraint Use by Injury Classification, 2013-2017



Other Transportation Info

Transit Program - 2018

Federal Transit Program

Rural Public Transportation

North Dakota Department of Transportation provides grants for rural programs that is formula-based for the purpose of supporting public transportation in rural areas with a population of less than 50,000. The goal of the program is to enhance the access of people in non-urbanized areas to health care, shopping, education, employment, public services and recreation.

Transportation for the Elderly and Disabled

This program provides formula funding to states for the purpose of meeting transportation needs of the elderly and persons with disabilities when the transportation service provided is unavailable, insufficient, or inappropriate to meeting these needs. Funds are apportioned based on each state's share of population for these groups of people.

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).

Urban Transit Planning

More than \$500,000 is distributed annually to Bismarck, Fargo, and Grand Forks for planning purposes.

Transit Facts - 2018

- North Dakota public transit providers, both rural and urban, provided over 2.8 million rides in 2018.
- North Dakota has 34 transit providers statewide (rural, urban and intercity).
- State and federal funds support nearly all the urban and rural transit systems. Collectively, these systems operate approximately 334 buses and vans.

Other Transportation Info

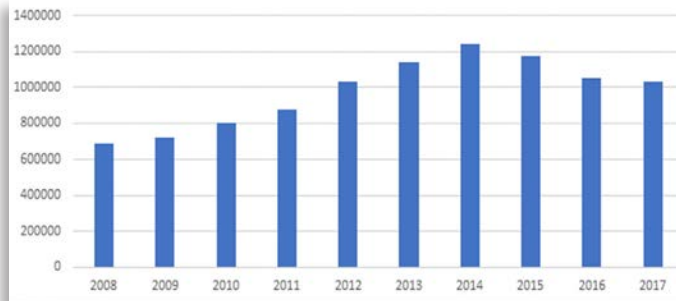
Aeronautics Commission - Aviation Transportation

The North Dakota Aeronautics Commission was established in 1947 by the State Legislature to provide representation of the state in aviation matters and to provide responsibility for the state's aviation programs and regulatory framework. The Governor appoints the five members of the Aeronautics Commission to the board for terms of office of five years. The Commission appoints an Executive Director to administer the agency to oversee the agency's support staff. The office location is at the general aviation pilot terminal on the Bismarck Municipal Airport, Bismarck, ND.

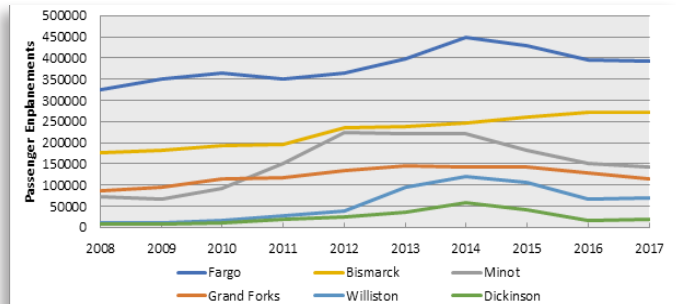
Agency Mission

To serve the public by providing economic and technical assistance for the aviation community while ensuring the safe and cost-effective advancement of aviation in North Dakota.

Statewide Airline Passenger Boardings



Airline Passenger Boarding Trends by Major Airports



SOURCE: ND Aeronautics Commission, (701) 328-9650
nd.gov/ndaero

Other Transportation Info

ND Rail Freight and Passenger Service

North Dakota's rail system consists of approximately 3,480 miles of operational rail for transportation of products. The rail system includes 3,441 at-grade public highway rail crossings in the state.

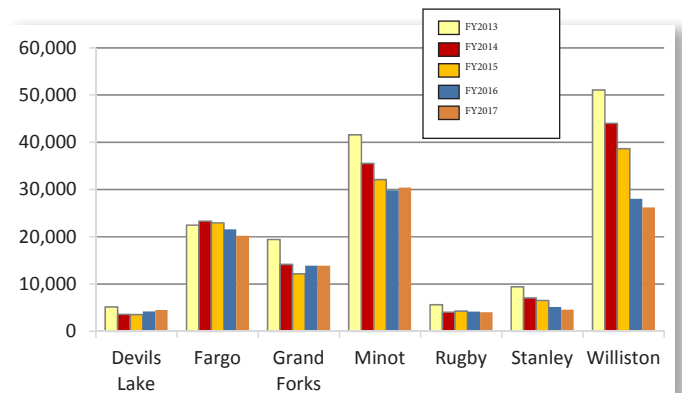
The NDDOT administers a rail loan program with the assistance of two revolving loan funds used to support projects and improve North Dakota's rail system. These programs have provided funding for 41 projects and have helped rehabilitate 731 miles of branch line tracks while assisting in the construction of 10 facility access spur or loop tracks and providing support for three major flood recovery projects across the state. The NDDOT provides funding for six to eight crossing improvements annually or as funding permits.

Amtrak Ridership - 2013 to 2018

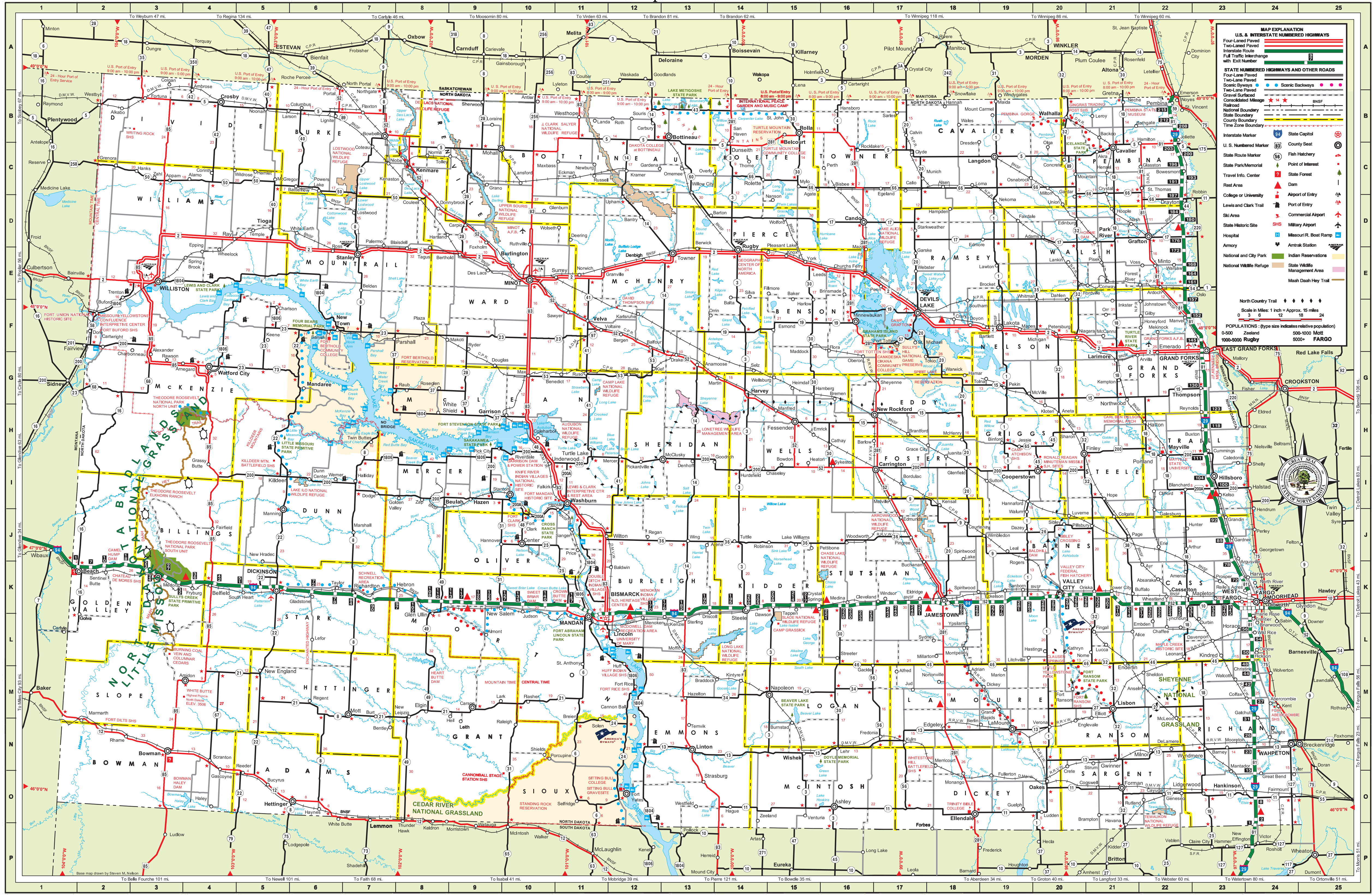
Amtrak serves North Dakota with one long-distance east/west daily train called the Empire Builder. It follows a route from Chicago-Minneapolis/St. Paul through North Dakota to Seattle/Portland.



Amtrak train going westbound out of Minot.



SOURCE: Amtrak State Fact Sheets



MAP EXPLANATION

U.S. & INTERSTATE NUMBERED HIGHWAYS

- Four-Lane Paved Interstate Route
- Full Traffic Interchange with Exit Number
- State Numbered Highway
- Two-Lane Paved
- Gravel Surfaced
- Concreted Mileage
- Scenic Backways
- Windygates

STATE NUMBERED HIGHWAYS AND OTHER ROADS

- State Boundary
- County Boundary
- Time Zone Boundary
- Interstate Marker
- U.S. Numbered Marker
- State Route Marker
- State Park/Memorial
- Travel Info. Center
- Rest Area
- College or University
- Lewis and Clark Trail
- Ski Area
- State Historic Site
- Hospital
- Army
- National and City Park
- National Wildlife Refuge

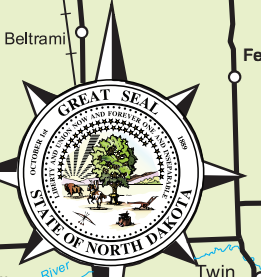
Other Symbols:

- State Capitol
- County Seat
- Fish Hatchery
- Point of Interest
- State Forest
- Dam
- Port of Entry
- Commercial Airport
- Military Airport
- Amtrak Station
- Missouri R. Boat Ramp
- Indian Reservations
- State Wildlife Management Area
- Maah Daah Hey Trail

Scale: 1 inch = Approx. 15 miles

POPULATIONS (type size indicates relative population)

- 0-500
- 500-1000
- 1000-5000
- 5000-10000
- 10000+



Base map drawn by Steven M. Nelson

Department of Transportation - Budget No. 801
 House Bill No. 1012
 Base Level Funding Changes

#1
 HB 1012 sub
 3-14-2019
 AS1

	Executive Budget Recommendation				House Version				House Changes to Executive Budget Increase (Decrease) - Executive Budget			
	FTE Position	General Fund	Other Funds	Total	FTE Position	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2019-21 Biennium Base Level	1,047.00	\$0	\$1,269,489,868	\$1,269,489,868	1,047.00	\$0	\$1,269,489,868	\$1,269,489,868	0.00	\$0	\$0	\$0
2019-21 Ongoing Funding Changes												
Base payroll changes			(\$1,019,746)	(\$1,019,746)			(\$1,019,746)	(\$1,019,746)				\$0
Salary increase			7,461,235	7,461,235			4,774,660	4,774,660			(2,686,575)	(2,686,575)
Health insurance increase			3,813,057	3,813,057			4,685,263	4,685,263			872,206	872,206
Retirement contribution increase			976,240	976,240			0	0			(976,240)	(976,240)
Removes 42 FTE positions	(42.00)		(7,979,595)	(7,979,595)	(42.00)		(7,979,595)	(7,979,595)			0	0
Restores 16 FTE positions for research, development, and other purposes	16.00		3,000,000	3,000,000			0	0	(16.00)		(3,000,000)	(3,000,000)
Transfers 41 FTE positions for information technology unification	(41.00)		81,212	81,212			0	0	41.00		(81,212)	(81,212)
Reduces payments to State Fleet Services			(3,550,000)	(3,550,000)			(3,550,000)	(3,550,000)			0	0
Increases capital assets			87,874,093	87,874,093			87,874,093	87,874,093			0	0
Adjusts operating expenses			213,190	213,190			213,190	213,190			0	0
Increases grants			17,226,607	17,226,607			17,226,607	17,226,607			0	0
Reclassifies funding for the rail loan program			11,100,000	11,100,000			11,100,000	11,100,000			0	0
Increases funding for snow and ice control			750,000	750,000			750,000	750,000			0	0
Adds Microsoft Office 365 licensing			708,498	708,498			708,498	708,498			0	0
Total ongoing funding changes	(67.00)	\$0	\$120,654,791	\$120,654,791	(42.00)	\$0	\$114,782,970	\$114,782,970	25.00	\$0	(\$5,871,821)	(\$5,871,821)
One-time funding items												
Driver's license system project			\$22,500,000	\$22,500,000			\$22,500,000	\$22,500,000			\$0	\$0
Traffic data editing and analysis program			1,525,838	1,525,838			0	0			(1,525,838)	(1,525,838)
Automatic vehicle location			2,650,709	2,650,709			0	0			(2,650,709)	(2,650,709)
Road construction software			9,100,000	9,100,000			0	0			(9,100,000)	(9,100,000)
Maintenance management system			3,850,000	3,850,000			0	0			(3,850,000)	(3,850,000)
Minot and Williston driver's license facility maintenance			1,300,000	1,300,000			1,300,000	1,300,000			0	0
Short line railroad program			0	0		\$2,500,000	0	2,500,000		2,500,000	0	2,500,000
2017-19 Biennium Enhanced state highway funding			0	0		13,000,000	0	13,000,000		13,000,000	0	13,000,000
Total one-time funding changes	0.00	\$0	\$40,926,547	\$40,926,547	0.00	\$15,500,000	\$23,800,000	\$39,300,000	0.00	\$15,500,000	(\$17,126,547)	(\$1,626,547)
Total Changes to Base Level Funding	(67.00)	\$0	\$161,581,338	\$161,581,338	(42.00)	\$15,500,000	\$138,582,970	\$154,082,970	25.00	\$15,500,000	(\$22,998,368)	(\$7,498,368)
2019-21 Total Funding	980.00	\$0	\$1,431,071,206	\$1,431,071,206	1,005.00	\$15,500,000	\$1,408,072,838	\$1,423,572,838	25.00	\$15,500,000	(\$22,998,368)	(\$7,498,368)

Other Sections for Department of Transportation - Budget No. 801

	Executive Budget Recommendation	House Version
Line item transfers	Section 3 would authorize the Department of Transportation to transfer funds between the salaries and wages, operating, capital assets, and grants 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.	Section 3 authorizes the Department of Transportation to transfer funds between the salaries and wages, operating, capital assets, and grants 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 and the Legislative Council.
Exemption - Enhanced state highway investments	Section 4 would provide that \$503,115,558 appropriated in the capital assets line item in House Bill No. 1012 (2015) relating to enhanced state highway investments is exempt from North Dakota Century Code Section 54-44.1-11 and is continued into the 2021-23 biennium.	Section 4 provides that \$503,115,558 appropriated in the capital assets line item in House Bill No. 1012 (2015) relating to enhanced state highway investments is exempt from North Dakota Century Code Section 54-44.1-11 and is continued into the 2019-21 biennium.
2019-21 Appropriation - General fund - Short line railroad program		Section 5 provides a one-time appropriation of \$2.5 million from the general fund to the Department of Transportation for its short line railroad program during the 2019-21 biennium.

Other Sections for Department of Transportation - Budget No. 801

Executive Budget Recommendation

House Version

#1 HB 1012 Sub
3-14-2019 pg 2

2017-19 Appropriation - General fund - Enhanced state highway investment

Section 6 provides a one-time appropriation of \$13 million from the general fund to the Department of Transportation for enhanced state highway funding during the 2017-19 biennium and provides that this appropriation is exempt from Section 54-44.1-11 and is continued into the 2019-21 biennium.

Additional income

Section 5 would appropriate any additional federal or other funds available to the Department of Transportation during the 2019-21 biennium.

Estimated income - Strategic investment and improvements fund

Section 6 would identify \$39,626,547 of other funds appropriated in Section 1 is from the strategic investment and improvements fund for various information technology projects.

Cooperative agreements with private entities

Section 7 amends Section 24-02-45.1 to require that only the private entity's cost-share is to be paid in advance of the construction.

Maintenance section sites - Operational requirements

Section 8 directs the department to establish the Mayville section site as a satellite site of the Hillsboro section and sets requirements for seasonal winter services in the Courtenay, Gackle, New England, and Finley sections.

Department of Transportation study - Public transportation services

Section 9 provides for a Department of Transportation study of public transportation services within the state. The study must include the number of users of public transportation services, demographics of users, other transportation options available to users of public transportation services, and the identification of areas of the state which have no public or private transportation services available.

Report to the 67th Legislative Assembly

Section 10 requires the Department of Transportation to report to the 67th Legislative Assembly regarding the department's state fleet expenditures compared to its 2019-21 biennium budgeted amounts.

Emergency

Section 11 declares Sections 6 and 7 to be an emergency measure.

SENATE APPROPRIATIONS SUB-COMMITTEE

March 14, 2019 – Harvest Room

North Dakota Department of Transportation
Tom Sorel, Director

HB 1012

2

HB 1012 Sub

3-14-19

pg 1

Good morning Mr. Chairman and members of the committee. I'm Tom Sorel, Director of the North Dakota Department of Transportation (DOT) and am here today to help provide requested information on HB 1012 and answer additional questions. Shannon Sauer will present information on changes that were made to DOT's budget appropriations bill.

House changes to HB 1012

Starting with Section 1. Appropriations. Most of the changes in this section affect funding for Full Time Employees (FTEs) and Information Technology (IT) projects.

Impact of Additional FTE Cuts:

I would like to address the impact of the House proposed FTE cuts by taking a quick look back at our current biennium budget as it relates to this topic. Last session our FTE's were reduced by 33.5 employees through the Legislative process. Those cuts came in the areas of Engineer/Engineering Technician (22 FTE), Equipment Operators (Snow and Ice Control) (5 FTE), and Administration (6.5 FTE).

2019-2021 Executive Budget:

The Executive Budget proposed a reduction of 26 employees. These cuts are planned in the areas of the DOT Executive staff, Legal Counsel, State Fleet staff, Motor Vehicle operations (efficiencies), Engineering/Planning/Engineering Tech staff.

House additional cuts:

The House version of the bill cut an additional 16 employees. It is our opinion that these cuts will impact critical areas and functions of the Department of Transportation. We accept federal funds, and part of the commitments of accepting these federal funds is that we provide proper oversight of Engineering, Design and Construction administration, have long range investment plans, make prompt payments to contractors, develop a four year Strategic Transportation Infrastructure Plan, report traffic and crash data, etc.

Federal Funding Requirements

The technical phrase is "In Responsible Charge." Any additional cuts in these areas could impact the requirements tied to accepting federal funds. There is a general requirement for States that accept federal funds to maintain a suitably equipped and organized state transportation agency.

23 U.S.C.A. § 302 *§ 302. State transportation department*

(a) Any State desiring to avail itself of the provisions of this title shall have a State transportation department which shall have adequate powers, and be suitably equipped and organized to discharge to the satisfaction of the Secretary the duties required by this title...

2 HB 1012
Pg 2 3-14-2019

Services

These additional cuts will also affect DOT's ability to maintain quality transportation services in our Motor Vehicle, Driver's License, and snow and road maintenance operations. In summary, we have not identified any specific locations for these additional cuts because we see any additional cuts, as cuts that will have significant impacts.

Information Technology (IT) Projects:

The Executive Budget recommended funding for five IT projects to be appropriated from the SIIF fund. The House removed all of the IT projects except the Driver's License System. Instead of funding the Driver's License project from the SIIF fund, the House recommendation funds the project from the State Highway Fund. We recommend funding for the Driver's License IT project be funded from the SIIF fund.

All of the IT projects proposed in the Executive Budget are important to providing essential transportation services across the state; we propose that these projects be put back into our budget. Therefore, we are providing additional details about the IT projects below for your review:

1. Driver License System
 - a. Created: 1984
 - b. Programming Language: COBOL
 - c. Resides: Mainframe
 - d. Cost Estimate: \$22,500,000
 - e. Timeline: Under 2 years
 - f. Description of the Product - The current system is written in COBOL and is becoming increasingly more difficult to maintain, as technology is moving into Web-based applications and relational databases. The system, by nature, requires high maintenance due to the impact of frequent legislative changes (both State and Federal) and administrative requirements. It is one of the most important applications within State Government and is accessed by numerous entities for law enforcement, identity verification and insurance purposes. This application has gone through several system enhancements in order to incorporate Federal mandates and interfaces with numerous National databases.

2. TDEA (Traffic Data Editing and Analysis)
 - a. Created: 1998
 - b. Programming Language: Power Builder
 - c. Resides: DB2 – Desktop application
 - d. Cost Estimate: \$1,525,838
 - e. Timeline: 2 years
 - f. Description of the Product – TDEA is a program the NDDOT currently uses to edit, analyze, and factor traffic counts. Information collected from portable traffic counts, permanent Automatic Traffic Recorders (ATR), and Weigh-in-Motion (WIM) sites are all used in TDEA.

3. AVL (Automatic Vehicle Locator)
 - a. Created: New Initiative
 - b. Programming Language: Software as a Service (SaaS)
 - c. Resides: New Initiative
 - d. Cost Estimate: \$2,650,709

- e. Timeline: 18 months
- f. Description of the Product – AVL is a computer-based system (in-vehicle) that collects and transmits information on a vehicle’s location with the ability to create seamless boundaries. More robust than a typical GPS system, it will collect other important vehicle and operational information from the onboard spreader controllers and cameras and display on the Travel Information web page. AVL uses satellite location information, communication technologies, geographic information system (GIS), route planning technologies, and the internet to allow near real-time tracking of vehicles. The location data and other on-board operational data (plow up, plow down, wing up, wing down, type of material being spread, amount of material being spread, speed of truck, view of road from truck, truck diagnostics) is transmitted by a cellular-based communications network to a NDDOT server or cloud based and is displayed on a website in near real time along with near real time views from the roadway. This system compared to just a GPS system allows for two-way communication to the MDSS (Maintenance Decision Support System) and back in-vehicle recommending materials and amounts of materials the snowplow operators should put down on the roadways. This technology is important with the retirement of experienced operators, as well as the budget with the potential of cost savings in materials.

4. RIMS (Roadway Inventory Management System)

- a. Created: 1994
- b. Programming Language: Natural
- c. Resides: Mainframe
- d. Cost Estimate: \$9,100,000
- e. Timeline: 4-6 years
- f. Description of the Product: RIMS is NDDOT’s roadway pre-construction system which consists of Project Master, Milestone, Bid Opening Schedule, Cost Estimates, Federal Aid, Construction History, Highway Components, Project Records, RIMS Inventory and the Miscellaneous subsystems. RIMS stores roadway asset data, contains preliminary construction project data, stores initial project cost estimates, tracks progress of pre-bid opening activities, as well as storing of historical construction project information. RIMS is a critical component for construction projects and its data is used by multiple NDDOT systems including but not limited to the public bidding system and the roadway construction records system.

5. MMS (Maintenance Management System)

- a. Created: New Initiative
- b. Programming Language: Software as a Service
- c. Resides: Paper, Excel Spread sheets, other disconnected modules.
- d. Cost Estimate: \$3,850,000
- e. Timeline: 2 years
- f. Description of the Product - To pursue a new system (MMS) that will provide tools allowing for more effective planning, organizing, resource management, and performance management. It will analyze and distribute the appropriate data to expedite informed decisions in an efficient and cost-effective manner, allowing an improved level of service to the traveling public. The current

manual system does not provide the ability to establish a baseline, do what-if analysis or analyze performance measurements for management decisions to assist in short- and long-term planning. The current system lacks integration/interface capability within NDDOT systems. By implementing a new MMS system, the system would support all the maintenance programs such as facilities, communications, sign shop and provide an all-inclusive inventory management programs within the Divisions. MMS would no longer will be a silo application to maintenance.

One-Time Funding Items

- Section 2 –
 - The House version of the bill shows the Driver’s License IT project as one-time funding. If the funding source is to remain as passed by the House, it is not one-time funding. It would be funded with State Highway Funds which are not one-time funds.
 - Minot and Williston Driver’s License facility maintenance projects are not funded with one-time funding. They are funded with State Highway Funds. This is no different than when NDDOT builds replacement maintenance section buildings, salt storage facilities, truck barns, and building additions. These items are funded out of State Highway Funds which are not one-time funds.

Other House changes to Sections of HB1012

- Section 3 – Allows transfers between appropriation lines
- Section 4 – Affects ability to carry Enhanced Highway Funds into a future biennium, dates are incorrect.
- Section 5 – Additional \$2.5 million of funding for short line rail program
- Section 6 – The House provided \$13 million to NDDOT for “Enhanced State Highway Funding” from the general fund. Since it is not from oil impact funding the name of this funding should be changed to “Road Maintenance Funding.”
 - In discussions with the Government Operations Committee, the intent of these funds were for roadway maintenance projects. The legislation referred to them as “Enhanced State Highway Funding”. Historically, “Enhanced State Highway Funding” has referred to funding for highway projects on roadways impacted by oil activity.
- Section 7 – Language clarification pertaining to cooperative agreements with public entities.
- Section 8 - The House added this section, which requires NDDOT to re-establish winter operations at the Courtenay, Gackle, New England, and Finley maintenance sections provided that NDDOT is able to hire employees to staff those locations. It also requires NDDOT to establish the Mayville maintenance section as a satellite site of the Hillsboro section. The House did not provide any additional funding, appropriations, or FTE’s to resume these services.
- Section 9 - Directs NDDOT to conduct a study of public transportation services within the state. No additional funding or appropriations were provided for the study.
- Section 10 - Directs NDDOT to report to the 2021 Legislature on the NDDOT’s state fleet expenditures compared to the budget for those expenditures.
- Section 11 - provides that sections 6 (\$13 million additional funds for highways) and 7 (cooperative agreements with public entity clarification) are emergency measures.

#2
pg 5

HB 1012
3-14-2019

Unbalanced Budget

- The House version of the bill leaves NDDOT approximately \$24.3 million unbalanced. The Executive version left NDDOT only \$6.7 million unbalanced.
- The \$24.3 million shortfall is largely a result of the change in funding source for the Driver's License IT project from the SIIF fund to the State Highway Fund.

DOT Summary of Proposed Senate Actions

- Section 1 - DOT would like to request the return of 16 FTEs the House cut, plus 2 additional FTEs for Driver's License office expansion in Fargo. We also propose that all five IT projects be reinstated along with their SIIF funding.
- Section 3 – Keep – Pertains to transfers between appropriation lines.
- Section 4 – Change dates that state “if funding is not spent in the 2019-21 biennium, spending authority extends to July 1, 2021-June 30, 2023”.
- Section 6 - The House “Enhanced State Highway Funding” from the general fund, should be changed to state the name of this funding to “Road Maintenance Funding” so that it will not be confused with oil impact funding.
- Section 7 – Keep – Provides language clarification pertaining to cooperative agreements with public entities.
- Section 11 – Keep - Provides that sections 6 (\$13 million additional funds for highways) and 7 (cooperative agreements with public entity clarification) are emergency measures.
- One solution to help balance the budget would be to reinstate the Driver's License IT project funding as SIIF funds.
- Propose new amendment – see below.

PROPOSED AMENDMENT

In addition to the amounts appropriated to the department of transportation in section 1 of this Act, there is appropriated any additional income from federal or other funds which may become available to the agency for the biennium beginning July 1, 2019, and ending June 30, 2021.

Budget Charts

New budget charts that reflect the House version of HB1012 are included in Attachment A.

Additional Appropriation Authority For Grant Funding

- DOT applied for a federal INFRA grant on March 1. This grant was not included in DOT's budget request. Award notification will not occur until fall of 2019. In the event DOT is awarded the grant, we will require additional appropriation authority for the grant amount of \$40 million.

This concludes our testimony; we are available to answer questions the committee may have.

**DEPARTMENT OF TRANSPORTATION
FIRST ENGROSSED HB 1012
2019 - 2021 BIENNIUM REVENUE**
(MILLIONS)

2 HB1012 sub
3-14-2019
pg 6

**HIGHWAY TAX
DISTRIBUTION FUND**

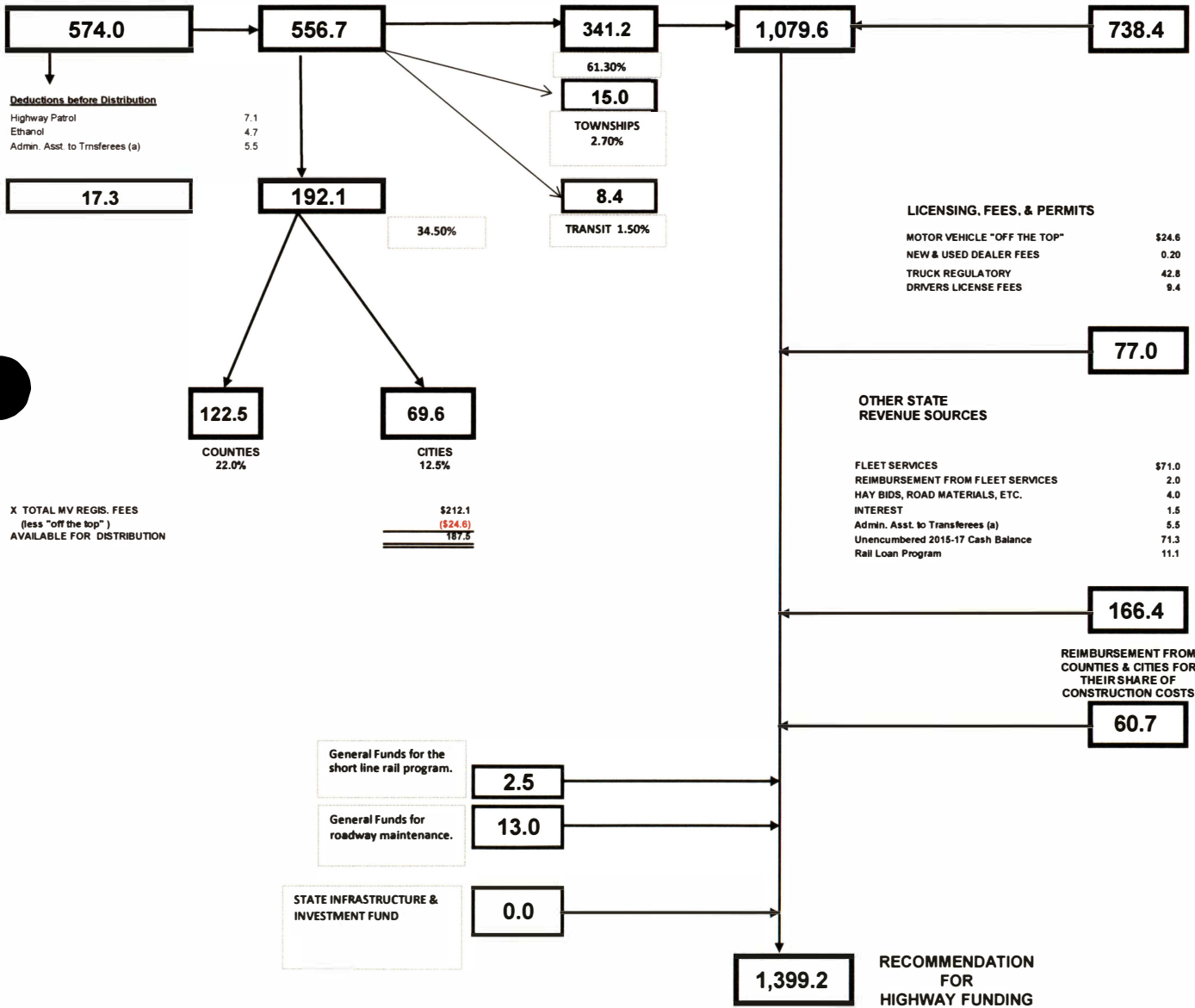
HIGHWAY FUND

Motor Vehicle Fees and Fuel Taxes

GASOLINE TAX	\$29.0
GASOHOL TAX	171.3
SPEC. FUELS TAX	167.2
2% SF EXC. TAX	29.0
MV REGIS. FEES x	187.5

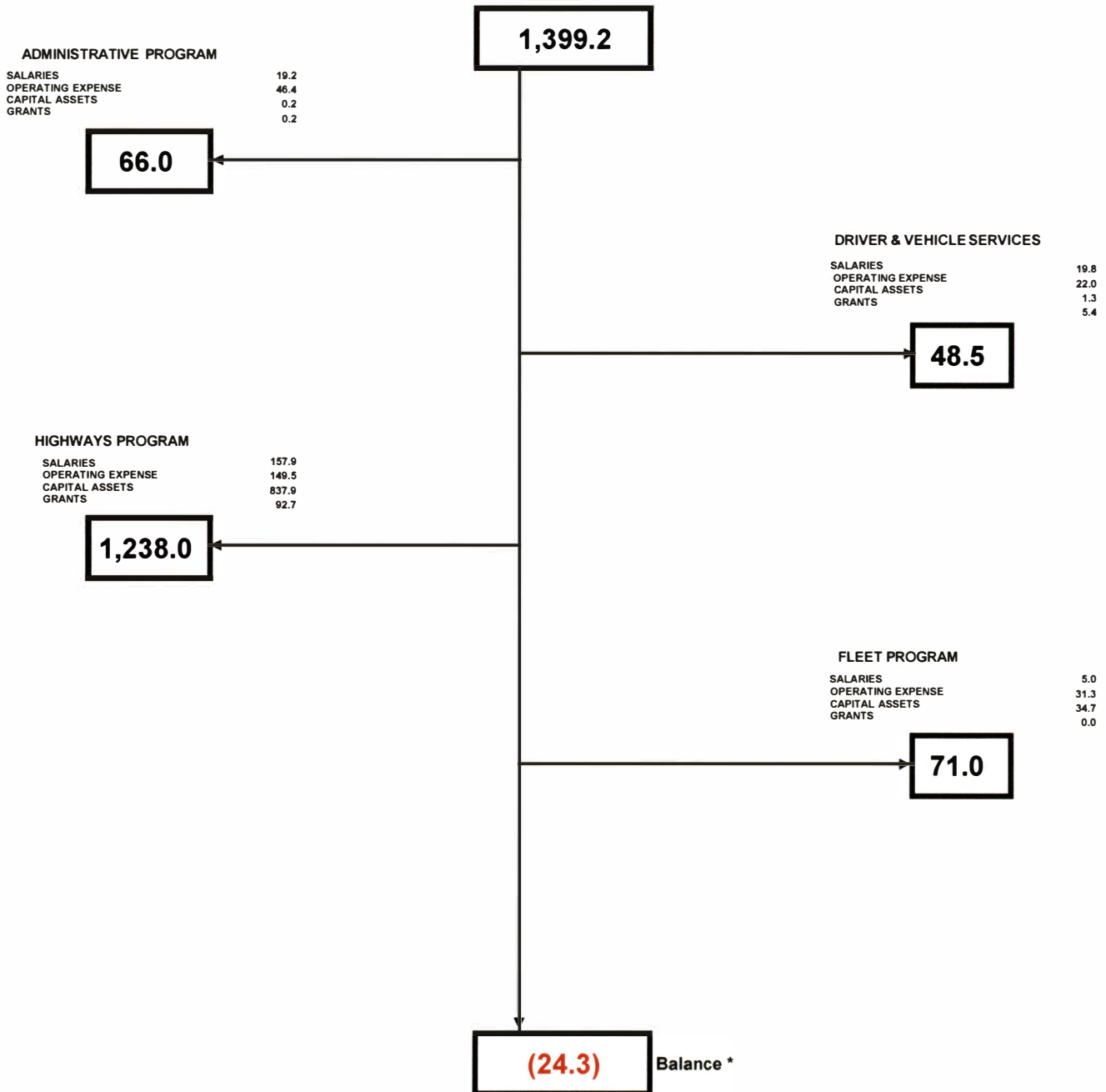
FEDERAL AID

FEDERAL HIGHWAY ADMIN	\$684.3
ER FUNDS & MISSILE ROADS	20.4
RAILROAD	0.0
SAFETY	9.4
TRANSIT	24.8



DEPARTMENT OF TRANSPORTATION FIRST ENGROSSED HB 1012 2019 - 2021 BIENNIUM EXPENDITURES

(MILLIONS)



* Balance will be funded with revenue received in the Highway Fund above the estimate for the 2017-2019 biennium. If revenue does not come in as projected for the 2017-2019 biennium, our spending will need to be adjusted accordingly.

SENATE SUB-COMMITTEE
March 19, 2019 – 7:45 a.m. – Senate Conference Room

1 HB 1012 Sub
3-19-2019
pg 1

North Dakota Department of Transportation
HB 1012

Good morning Mr. Chairman and members of the committee. I'm Tom Sorel, Director of the North Dakota Department of Transportation (DOT) and we are here today to help answer a few additional questions about HB 1012.

1. Cost to reinstate previously closed maintenance sections as stated in Section 8.
(Attachment A)
2. Clarification of reductions of staff as proposed in Governor's budget and House version of bill. (Attachment B)
3. Additional information on proposed Williston and Minot Drivers License facilities.
(Attachment C)

Maintenance Section Summary of Closures (2017 -2019 Biennium)

- 8 Maintenance sections were affected: Starkweather, Finley, Fessenden, Gackle, Litchville, New England, Courtenay, Mayville.
- \$2.1 million-dollar budget savings.

Starkweather Section

What was Proposed:

- o Building was built in 1966. There was 1 employee that was assigned out of the Cando section to work out of the Starkweather section during winter month. The employee was proposed to be transferred to the Cando section year round.

What was implemented:

- o We were not able to implement this at this time as our Cando section had a mold issue which was closed by the Health Department. We are in the process of building a new building in Cando.

Finley Section

What was Proposed:

- o Building was built in 1969. There was 1 employee at this section and acted as a satellite section to the Cooperstown section. The employee was proposed to be transferred to the Cooperstown section.

What was implemented:

- o We transferred the 1 employee and closed the section building.

Fessenden Section

What was Proposed:

- o Building was built in 1968. There was 1 employee at this section and acted as a satellite section to the Carrington section. The employee was proposed to be transferred to the Harvey section.

What was implemented:

- o We transferred the 1 employee to the Carrington section and the section building continues to be rented by the county.

Gackle Section

What was Proposed:

- o Building was built in 1971. There was 1 employee at this but was supervised by the Litchville section. The position was proposed to be returned.

What was implemented:

- o The building is currently being leased by the county and was given a state plow truck. **The one open position in Gackle was returned.**

#1 NB 1012
3-19-19
Pg 3

Litchville Section

What was Proposed:

- Building was built in 1967. There was 1 employee at this section. The employee was proposed to be transferred to the Valley City section. One employee was proposed to be returned from the Oakes section and one employee from the Forman section would be transferred to the Oakes section.

What was implemented:

- We transferred the 1 employee from the Litchville section to the Valley City section. We returned the open position in the Oakes section. We had an opening become available in the Lisbon section, so we move the new open position in Lisbon to Oakes to be filled. **One open position in Oakes section was returned.**

Courtenay Section

What was Proposed:

- Building was built in 1966. There were 2 employees at this section. One employee was proposed to be transferred to the Jamestown section and one employee would be transferred to the Cooperstown section. One open position in the Larimore section would be returned.

What was implemented:

- We transferred the 1 employee to the Cooperstown section and the second employee retired and the position was moved to the Jamestown section and has been filled. **One open position in the Larimore section was returned.**

New England Section

What was Proposed:

- Building was built in 1973. There were 2 employees at this section. Both positions were proposed to be transferred to the Dickinson section. One open position in the Dickinson sign shop would be returned.

What was implemented:

- We transferred the 1 employee to the Dickinson section and 1 employee to the Richardton section. **One open position in the Dickinson sign shop was returned.** The building is currently being leased by the county.

Mayville Section

What was Proposed:

- Building was built in 1968. There were 3 employees at this section. The 3 employees were proposed to be transferred to the Hillsboro section. One open position in the Fargo section would be returned.

What was implemented:

- We transferred the 3 employees to the Hillsboro. **One open position in the Fargo section was returned.**

What would be needed to reestablish the Maintenance section identified in House Bill 1012, Section 8?

Section 8 would require the NDDOT to provide seasonal services out of the Mayville section, Gackle section, New England section, Finley section and Courtenay section. We have broken these needs down by section location.

Mayville section – We would transfer two current employees from our Hillsboro location back to the Mayville section. We would need to add 1 full-time employee (\$148,839) at either the Hillsboro section or the Fargo Section and 1 plow truck (\$250,000) would need to be purchased. We would also need to invest \$80,000 in a salt building in Mayville and will need to priorities the reconstruction of the Mayville section (\$400,000).

Gackle section – We would need to add 2 full-time employees’ (\$297,678) at the Gackle section and 2 plow trucks (\$500,000) would need to be purchased. We would need to invest \$50,000 in a salt building and a new section building (\$400,000).

New England section – We would transfer one current employee back to New England and would need to add 1 full-time employee (\$148,839) and 1 plow truck (\$250,000). We would need to construct a salt building (\$50,000) and priorities the reconstruction on the New England section (\$400,000).

Finley section - We would need to add 2 full-time employees’ (\$297,678) at the Finley section and 2 plow trucks (\$500,000) would need to be purchased. We would need to invest \$50,000 in a salt building and a new section building (\$400,000).

Courtenay section- We would transfer one current employee back to Courtenay and would need to add 1 full-time employee (\$148,839) and 1 plow truck (\$250,000). We would need to construct a salt building (\$50,000) and a new section building (\$400,000).

Summary

Full-time staff - 7 staff -	\$1,041,873
Plow trucks – 7 trucks -	\$1,750,000
Capital (buildings) -	<u>\$1,480,000</u>
Total	\$4,271,873

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3-19-19
Pg 5

**NDDOT - 2019 Legislative Session
FTE History and Request
HB1012**

Executive Recommendation

17-19 Biennium authorized FTE level	1,047
Agency reductions to meet Governor's 5% FTE cut directive	(52)
Governor's restoration of 26 of 52 FTE's identified by agency for reduction	26
Transfer 41 FTE's for IT unification per Governor's recommendation	(41)
Governor's Executive Budget Recommendation for 19-21 Biennium FTE Level	<u>980</u>

House Version

Governor's Executive Recommendation	980
House change - No IT unification FTE transfer	41
Additional House Reduction	(16)
FTE Level in Engrossed HB1012	<u>1,005</u>

NDDOT Request for Senate

House Recommendation	1,005
Restore Governor's recommendation - IT unification transfer	(41)
Restore Governor's recommendation - no additional 16 FTE cut	16
Additional 2 FTE's for Fargo Driver's License Operations (Dr. Lic. Examiner II's)	2
NDDOT Senate Request (Governor's Executive Budget Recommendation)	<u>982</u>

NDDOT Request if Section 8 remains in Senate Version - restoration of 5 mtce sections

NDDOT Senate Request - Return to Governor's Recommended Level Plus 2 Additional Driver's License Examiners	982
7 additional FTE's to safely restore services to 5 maintenance sections - Note: Mtce section restoration was not a part of the Governor's proposal	7
NDDOT FTE request with restoration of 5 maintenance sections	<u>989</u>

Williston/Minot Driver License Building Facilities

Williston Facility

Proposing a wood framed structure with dimensions of 49 feet by 50 feet (2450 Sq. Feet)

- Building will be lap siding with a brick front
- Flooring consisting of carpet, vinyl and tile
- Proposed building will provide additional seating capacity to help eliminate people having to stand outside
- ADA Requirements will be met
- Places the location on NDDOT property with CDL road testing onsite
- Driver License Windows in current facility being repurposed as is the furniture.

Cost Estimates - Williston Site

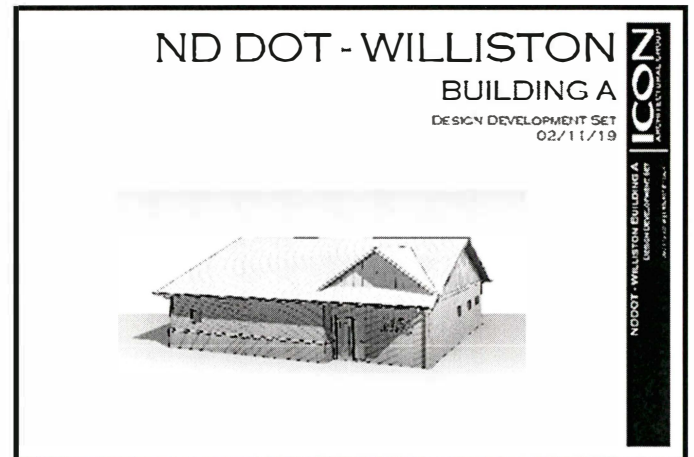
Commercial construction costs of approximately \$200 Sq. Ft.

- 2450 SF X \$200= \$490,000

Architectural Costs estimated at \$75-\$90 thousand dollars

- Additional Furniture

Total costs of approximately \$580,000 not including potential for unforeseen costs.



Minot Facility

- Proposing a wood framed structure similar to Williston but with dimensions increased to handle staff and customer base
- Building will be placed on NDDOT property located on the Hwy#52 bypass
- Proposed location places us in close proximity to the CDL testing site already located on the Hwy#52 bypass
- Proposed building will provide additional seating capacity to handle customer base, currently we can seat 20 people within the mall facility and the rest are standing in the mall hallways
- Total cost has not been determined until the design phase is conducted, but anticipated to be higher based on square footage increase from the Williston site. Minot has 5 full-time windows compared to Williston with 4.

Current Rental Costs in Minot Driver License Location

\$2,174.67 month or \$26,096/year

Department of Transportation - Budget No. 801
House Bill No. 1012
Base Level Funding Changes

#1 HB 1012 Sub
3-27-19
pg 1

	House Version				Senate Version				Senate Changes to House Version Increase (Decrease) - House Version			
	FTE Position	General Fund	Other Funds	Total	FTE Position	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2019-21 Biennium Base Level	1,047.00	\$0	\$1,269,489,868	\$1,269,489,868	1,047.00	\$0	\$1,269,489,868	\$1,269,489,868	0.00	\$0	\$0	\$0
2019-21 Ongoing Funding Changes												
Base payroll changes			(\$1,019,746)	(\$1,019,746)			(\$1,019,746)	(\$1,019,746)				\$0
Salary increase			4,774,660	4,774,660			5,580,709	5,580,709			806,049	806,049
Health insurance increase			4,685,263	4,685,263			4,685,263	4,685,263				0
Retirement contribution increase				0				0				0
Removes 42 FTE positions	(42.00)		(7,979,595)	(7,979,595)	(42.00)		(7,979,595)	(7,979,595)				0
Restores 16 FTE positions for research, development, and other purposes				0				0				0
Transfers 41 FTE positions for information technology unification				0				0				0
Reduces payments to State Fleet Services			(3,550,000)	(3,550,000)			(3,550,000)	(3,550,000)				0
Increases capital assets			87,874,093	87,874,093			87,874,093	87,874,093				0
Adjusts operating expenses			213,190	213,190			213,190	213,190				0
Increases grants			17,226,607	17,226,607			17,226,607	17,226,607				0
Reclassifies funding for the rail loan program			11,100,000	11,100,000			11,100,000	11,100,000				0
Increases funding for snow and ice control			750,000	750,000			750,000	750,000				0
Adds Microsoft Office 365 licensing			708,498	708,498			708,498	708,498				0
Total ongoing funding changes	(42.00)	\$0	\$114,782,970	\$114,782,970	(42.00)	\$0	\$115,589,019	\$115,589,019	0.00	\$0	\$806,049	\$806,049
One-time funding items												
Driver's license system project			\$22,500,000	\$22,500,000			\$22,500,000	\$22,500,000				\$0
Traffic data editing and analysis program				0				0				0
Automatic vehicle location				0				0				0
Road construction software				0				0				0
Maintenance management system				0				0				0
Minot and Williston driver's license facility maintenance			1,300,000	1,300,000			1,300,000	1,300,000				0
Short line railroad program		\$2,500,000		2,500,000		2,500,000		2,500,000				0
2017-19 Biennium Enhanced state highway funding		13,000,000		13,000,000		13,000,000		13,000,000				0
Total one-time funding changes	0.00	\$15,500,000	\$23,800,000	\$39,300,000	0.00	\$15,500,000	\$23,800,000	\$39,300,000	0.00	\$0	\$0	\$0
Total Changes to Base Level Funding	(42.00)	\$15,500,000	\$138,582,970	\$154,082,970	(42.00)	\$15,500,000	\$139,389,019	\$154,889,019	0.00	\$0	\$806,049	\$806,049
2019-21 Total Funding	1,005.00	\$15,500,000	\$1,408,072,838	\$1,423,572,838	1,005.00	\$15,500,000	\$1,408,878,887	\$1,424,378,887	0.00	\$0	\$806,049	\$806,049

Other Sections for Department of Transportation - Budget No. 801

	House Version	Senate Version
Line item transfers	Section 3 authorizes the Department of Transportation to transfer funds between the salaries and wages, operating, capital assets, and grants 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 and the Legislative Council.	Section 3 authorizes the Department of Transportation to transfer funds between the salaries and wages, operating, capital assets, and grants 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 and the Legislative Council.
Exemption - Enhanced state highway investments	Section 4 provides that \$503,115,558 appropriated in the capital assets line item in House Bill No. 1012 (2015) relating to enhanced state highway investments is exempt from North Dakota Century Code Section 54-44.1-11 and is continued into the 2019-21 biennium.	Section 4 provides that \$503,115,558 appropriated in the capital assets line item in House Bill No. 1012 (2015) relating to enhanced state highway investments is exempt from North Dakota Century Code Section 54-44.1-11 and is continued into the 2021-23 biennium.
2019-21 Appropriation - General fund - Short line railroad program	Section 5 provides a one-time appropriation of \$2.5 million from the general fund to the Department of Transportation for its short line railroad program during the 2019-21 biennium.	Section 5 provides a one-time appropriation of \$2.5 million from the general fund to the Department of Transportation for its short line railroad program during the 2019-21 biennium.

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3-22-19
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Other Sections for Department of Transportation - Budget No. 801

House Version

Senate Version

2017-19 Appropriation - General fund - Enhanced state highway investment

Section 6 provides a one-time appropriation of \$13 million from the general fund to the Department of Transportation for enhanced state highway funding during the 2017-19 biennium and provides that this appropriation is exempt from Section 54-44.1-11 and is continued into the 2019-21 biennium.

Section 6 provides a one-time appropriation of \$13 million from the general fund to the Department of Transportation for enhanced state highway funding during the 2017-19 biennium and provides that this appropriation is exempt from Section 54-44.1-11 and is continued into the 2019-21 biennium.

Additional income

Estimated income - Strategic investment and improvements fund

Cooperative agreements with private entities

Section 7 amends Section 24-02-45.1 to require that only the private entity's cost-share is to be paid in advance of the construction.

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Maintenance section sites - Operational requirements

Section 8 directs the department to establish the Mayville section site as a satellite site of the Hillsboro section and sets requirements for seasonal winter services in the Courtenay, Gackle, New England, and Finley sections.

Section 8 directs the department to establish the Mayville section site as a satellite site of the Hillsboro section and sets requirements for seasonal winter services in the Courtenay, Gackle, New England, and Finley sections.

Department of Transportation study - Public transportation services

Section 9 provides for a Department of Transportation study of public transportation services within the state. The study must include the number of users of public transportation services, demographics of users, other transportation options available to users of public transportation services, and the identification of areas of the state which have no public or private transportation services available.

Section 9 provides for a Department of Transportation study of public transportation services within the state. The study must include the number of users of public transportation services, demographics of users, other transportation options available to users of public transportation services, and the identification of areas of the state which have no public or private transportation services available.

Report to the 67th Legislative Assembly

Section 10 requires the Department of Transportation to report to the 67th Legislative Assembly regarding the department's state fleet expenditures compared to its 2019-21 biennium budgeted amounts.

Emergency

Section 11 declares Sections 6 and 7 to be an emergency measure.

Section 11 declares Sections 6 and 7 to be an emergency measure.

#2 HB 1012 Sub
3-27-19
AS1

SENATE SUB-COMMITTEE
March 27, 2019 – 7:45 a.m. – Senate Conference Room

North Dakota Department of Transportation
HB 1012

Good morning Mr. Chairman and members of the committee. I'm Tom Sorel, Director of the North Dakota Department of Transportation (DOT) and we are here today to help answer a few additional questions about HB 1012.

1. Updated cost summary to reinstate previously closed maintenance sections as stated in Section 8. (Attachment A)
2. Clarification of reductions of staff as proposed in Governor's budget and House version of bill. (Attachment B)

UPDATED Maintenance Section Summary of Closures (2017-2019 Biennium)

- 8 Maintenance sections were affected: Starkweather, Finley, Fessenden, Gackle, Litchville, New England, Courtenay, Mayville.
- \$2.1 million-dollar budget savings.

Starkweather Section

What was Proposed:

- Building was built in 1966. There was 1 employee that was assigned out of the Cando section to work out of the Starkweather section during winter month. The employee was proposed to be transferred to the Cando section year round.

What was implemented:

- We were not able to implement this at this time as our Cando section had a mold issue which was closed by the Health Department. We are in the process of building a new building in Cando.

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- Building was built in 1969. There was 1 employee at this section and acted as a satellite section to the Cooperstown section. The employee was proposed to be transferred to the Cooperstown section.

What was implemented:

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- Building was built in 1968. There was 1 employee at this section and acted as a satellite section to the Carrington section. The employee was proposed to be transferred to the Harvey section.

What was implemented:

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Gackle Section

What was Proposed:

- Building was built in 1971. There was 1 employee at this but was supervised by the Litchville section. The position was proposed to be returned.

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3-27-19
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What was implemented:

- The building is currently being leased by the county and was given a state plow truck. **The one open position in Gackle was returned.**

Litchville Section

What was Proposed:

- Building was built in 1967. There was 1 employee at this section. The employee was proposed to be transferred to the Valley City section. One employee was proposed to be returned from the Oakes section and one employee from the Forman section would be transferred to the Oakes section.

What was implemented:

- We transferred the 1 employee from the Litchville section to the Valley City section. We returned the open position in the Oakes section. We had an opening become available in the Lisbon section, so we move the new open position in Lisbon to Oakes to be filled. **One open position in Oakes section was returned.**

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Courtenay section- We would transfer one current employee back to Courtenay and would need to add 1 full-time employee (\$148,839) and 1 plow truck (\$250,000). We would need to construct a salt building (\$50,000) and a new section building (\$400,000).

Updated Summary

Updated Information	Optimal Operations	Funding	Minimal Operations	Funding	Minimal + Litchville	Funding
Full-Time Employees	7 staff	\$1,041,873	2 staff	\$297,678	3 staff	\$446,517
Snow & Ice Control Equipment	7 trucks	\$1,750,000	2 trucks	\$500,000	3 trucks	\$750,000
Capital	buildings	\$1,480,000	None	\$0	None	\$0
Total Funding		\$4,271,873		\$797,678		\$1,196,517

NDDOT - 2019 Legislative Session
FTE History and Request
HB1012

Executive Recommendation

17-19 Biennium authorized FTE level	1,047
Agency reductions to meet Governor's 5% FTE cut directive	(52)
Governor's restoration of 26 of 52 FTE's identified by agency for reduction	26
Transfer 41 FTE's for IT unification per Governor's recommendation	(41)
Governor's Executive Budget Recommendation for 19-21 Biennium FTE Level	<u>980</u>

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House change - No IT unification FTE transfer	41
Additional House Reduction	(16)
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NDDOT Request for Senate

House Recommendation	1,005
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Restore Governor's recommendation - no additional 16 FTE cut	16
Additional 2 FTE's for Fargo Driver's License Operations (Dr. Lic. Examiner II's)	2
NDDOT Senate Request (Governor's Executive Budget Recommendation)	<u>982</u>

NDDOT Request if Section 8 remains in Senate Version - restoration of 5 mtce sections

NDDOT Senate Request - Return to Governor's Recommended Level Plus 2 Additional Driver's License Examiners	982
7 additional FTE's to safely restore services to 5 maintenance sections	
- Note: Mtce section restoration was not a part of the Governor's proposal	7 Optimal Operations
NDDOT FTE request with restoration of 5 maintenance sections	<u>989</u>

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3-27-19

15-5

#3
DB 1012 Sub
3-27-19
Pj1

NDDOT Additional Federal Grants Applications Submitted Since Development of 2019-2021 Budget Request

During March of 2019, NDDOT applied for two federal grants which were not included in the 2019-2021 budget request. These are competitive grants; NDDOT will not know whether or not we will be awarded the grants until later in 2019. In the event NDDOT is awarded one or both of these grants, we will need additional appropriation authority to accept and expend the grants. Both of these grants have been reported to OMB in accordance with NDCC-54-27-27.

- INFRA grant for the Theodore Roosevelt Expressway Freight Expansion; \$40,000,000; Submitted March 4, 2019.
- Automated Driving Systems Demonstration Grant; \$3,670,342; Submitted March 20, 2019

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 4-3-19
 pg 1

April 3, 2019

Department of Transportation - Budget No. 801
 House Bill No. 1012
 Base Level Funding Changes

	House Version				Senate Version				Senate Changes to House Version Increase (Decrease) - House Version			
	FTE Position	General Fund	Other Funds	Total	FTE Position	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2019-21 Biennium Base Level	1,047.00	\$0	\$1,269,489,868	\$1,269,489,868	1,047.00	\$0	\$1,269,489,868	\$1,269,489,868	0.00	\$0	\$0	\$0
2019-21 Ongoing Funding Changes												
Base payroll changes			(\$1,019,746)	(\$1,019,746)			(\$1,019,746)	(\$1,019,746)				\$0
Salary increase			4,774,660	4,774,660			5,552,787	5,552,787			778,127	778,127
Health insurance increase			4,685,263	4,685,263			4,685,263	4,685,263				0
Retirement contribution increase				0				0				0
Removes 42 FTE positions	(42.00)		(7,979,595)	(7,979,595)	(42.00)		(7,979,595)	(7,979,595)				0
Restores 16 FTE positions for research, development, and other purposes				0	20.00		3,668,000	3,668,000	20.00		3,668,000	3,668,000
Transfers 41 FTE positions for information technology unification				0	(41.00)		60,439	60,439	(41.00)		60,439	60,439
Reduces payments to State Fleet Services			(3,550,000)	(3,550,000)			(3,550,000)	(3,550,000)				0
Increases capital assets			87,874,093	87,874,093			87,874,093	87,874,093				0
Adjusts operating expenses			213,190	213,190			213,190	213,190				0
Increases grants			17,226,607	17,226,607			17,226,607	17,226,607				0
Reclassifies funding for the rail loan program			11,100,000	11,100,000			11,100,000	11,100,000				0
Increases funding for snow and ice control			750,000	750,000			750,000	750,000				0
Adds Microsoft Office 365 licensing			708,498	708,498			708,498	708,498				0
Total ongoing funding changes	(42.00)	\$0	\$114,782,970	\$114,782,970	(63.00)	\$0	\$119,289,536	\$119,289,536	(21.00)	\$0	\$4,506,566	\$4,506,566
One-time funding items												
Driver's license system project			\$22,500,000	\$22,500,000			\$22,500,000	\$22,500,000				\$0
Traffic data editing and analysis program				0				0				0
Automatic vehicle location				0				0				0
Road construction software				0				0				0
Maintenance management system				0				0				0
Minot and Williston driver's license facility maintenance			1,300,000	1,300,000			1,300,000	1,300,000				0
Short line railroad program		\$2,500,000		2,500,000		2,500,000		2,500,000				0
2017-19 Biennium Enhanced state highway funding		13,000,000		13,000,000		13,000,000		13,000,000				0
Total one-time funding changes	0.00	\$15,500,000	\$23,800,000	\$39,300,000	0.00	\$15,500,000	\$23,800,000	\$39,300,000	0.00	\$0	\$0	\$0
Total Changes to Base Level Funding	(42.00)	\$15,500,000	\$138,582,970	\$154,082,970	(63.00)	\$15,500,000	\$143,089,536	\$158,589,536	(21.00)	\$0	\$4,506,566	\$4,506,566
2019-21 Total Funding	1,005.00	\$15,500,000	\$1,408,072,838	\$1,423,572,838	984.00	\$15,500,000	\$1,412,579,404	\$1,428,079,404	(21.00)	\$0	\$4,506,566	\$4,506,566

Other Sections for Department of Transportation - Budget No. 801

	House Version	Senate Version
Line item transfers	Section 3 authorizes the Department of Transportation to transfer funds between the salaries and wages, operating, capital assets, and grants 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 and the Legislative Council.	Section 3 authorizes the Department of Transportation to transfer funds between the salaries and wages, operating, capital assets, and grants 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 and the Legislative Council.
Exemption - Enhanced state highway investments	Section 4 provides that \$503,115,558 appropriated in the capital assets line item in House Bill No. 1012 (2015) relating to enhanced state highway investments is exempt from North Dakota Century Code Section 54-44.1-11 and is continued into the 2019-21 biennium.	Section 4 provides that \$503,115,558 appropriated in the capital assets line item in House Bill No. 1012 (2015) relating to enhanced state highway investments is exempt from North Dakota Century Code Section 54-44.1-11 and is continued into the 2021-23 biennium.
2019-21 Appropriation - General fund - Short line railroad program	Section 5 provides a one-time appropriation of \$2.5 million from the general fund to the Department of Transportation for its short line railroad program during the 2019-21 biennium.	Section 5 provides a one-time appropriation of \$2.5 million from the general fund to the Department of Transportation for its short line railroad program during the 2019-21 biennium.

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Other Sections for Department of Transportation - Budget No. 801

House Version

Senate Version

2017-19 Appropriation - General fund - Enhanced state highway investment

Section 6 provides a one-time appropriation of \$13 million from the general fund to the Department of Transportation for enhanced state highway funding during the 2017-19 biennium and provides that this appropriation is exempt from Section 54-44.1-11 and is continued into the 2019-21 biennium.

Section 6 provides a one-time appropriation of \$13 million from the general fund to the Department of Transportation for road maintenance funding during the 2017-19 biennium and provides that this appropriation is exempt from Section 54-44.1-11 and is continued into the 2019-21 biennium.

Cooperative agreements with private entities

Section 7 amends Section 24-02-45.1 to require that only the private entity's cost-share is to be paid in advance of the construction.

Section 7 amends Section 24-02-45.1 to require that only the private entity's cost-share is to be paid in advance of the construction.

Maintenance section sites - Operational requirements

Section 8 directs the department to establish the Mayville section site as a satellite site of the Hillsboro section and sets requirements for seasonal winter services in the Courtenay, Gackle, New England, and Finley sections.

Department of Transportation study - Public transportation services

Section 9 provides for a Department of Transportation study of public transportation services within the state. The study must include the number of users of public transportation services, demographics of users, other transportation options available to users of public transportation services, and the identification of areas of the state which have no public or private transportation services available.

Section 8 provides for a Department of Transportation study of public transportation services within the state. The study must include the number of users of public transportation services, demographics of users, other transportation options available to users of public transportation services, and the identification of areas of the state which have no public or private transportation services available.

Exemptions from motor vehicle excise tax

Section 9 adds a new subsection to Section 57-40.3-04, to provide that any motor vehicle in the possession of and used exclusively by a public transportation provider under contract with the North Dakota Department of Transportation to provide public transportation services.

Report to the 67th Legislative Assembly

Section 10 requires the Department of Transportation to report to the 67th Legislative Assembly regarding the department's state fleet expenditures compared to its 2019-21 biennium budgeted amounts.

Emergency

Section 11 declares Sections 6 and 7 to be an emergency measure.

Section 10 declares Sections 6 and 7 to be an emergency measure.

19.0200.02001
Title.

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pg 1
Prepared by the Legislative Council staff for
Senator Wardner

March 19, 2019

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1012

Page 1, line 2, after the semicolon insert "to create and enact a new subsection to section 57-40.3-04 of the North Dakota Century Code, relating to exemptions from motor vehicle excise tax;"

Page 1, line 5, after the fourth semicolon insert "to provide an effective date;"

Page 3, after line 20, insert:

"SECTION 8. A new subsection to section 57-40.3-04 of the North Dakota Century Code is created and enacted as follows:

Any motor vehicle in the possession of and used exclusively by a public transportation provider under contract with the North Dakota department of transportation to provide public transportation services."

Page 4, after line 11, insert:

"SECTION 12. EFFECTIVE DATE. Section 8 of this Act is effective for taxable events occurring after June 30, 2019."

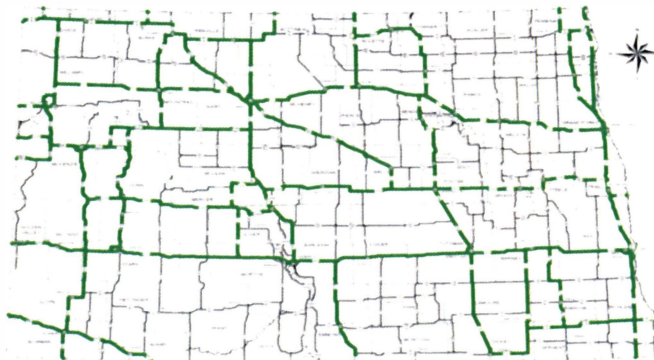
Renumber accordingly

SB 2268 Corridors of Commerce Program

Intent of Program

The intent of the Corridors of Commerce Program is to provide funding to address some of the critical needs on highways across the state. See map below for locations of proposed Corridors of Commerce.

PROPOSED CORRIDORS OF COMMERCE



Funding

SB 2268 allowed up to \$100 Million of Bonding Authority to address critical needs in the Corridors of Commerce Program. These funds gave the department the ability to apply for and leverage the Federal Infrastructure for Rebuilding America (INFRA) grant opportunities that are available for critical infrastructure needs. This is a good start to addressing the long-term funding needs of the State's Transportation System.

History of Bill

SB 2268 passed in the Senate. The House removed the \$100 Million Bonding Authority for the Corridors of Commerce program and passed SB 2268 with no funding for the program.

Legislature's Amendment Proposal (19.0200.02003)

The legislature is considering an amendment to HB 1012 which currently resides in the Senate Appropriations Committee.

- Section 7 of the amendment proposes transferring \$100 Million from the Strategic Investment and Improvement Funds (SIIF) to the State Highway Fund to use for Section 8 of the amendment.
- Section 8 of the amendment proposes the \$100 million of funding is be used for four-laning Highway 85 from Watford City to Highway 200 south of Watford City.

NDDOT Assessment of proposed Amendment

The provision of \$100 million of funding from the SIIF would provide NDDOT with much needed funding to address critical needs throughout the state. While the funding is designated to the State Highway Fund instead of the Corridors of Commerce fund, NDDOT would utilize the funds in a manner consistent with the provisions of the Corridors of Commerce program.

The provision in Section 8 of the proposed amendment requires the \$100 million to be used for four-laning highway 85 from Watford City to Highway 200. This is problematic in multiple ways. First, the amount is not sufficient to complete four-laning from Watford City to Highway 200; four-laning that full segment is projected to cost in excess of \$270 million. Secondly, the legislature has historically avoided mandating specific roadway projects; doing so may lead to a less than desirable model of highway project selection, where those areas of the state with the most legislative votes are receiving priority for road funding. Such a model is not conducive to a functionally sound roadway network.

An alternate amendment is included at the end of this document. This amendment is consistent with NDDOT's plans for Highway 85 and other critical corridors throughout the state.

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NDDOT Plan for US Highway 85 and other Corridors of Commerce projects

Work on US Highway 85 would take place through multiple phases and would involve several years of construction work. **Long X Bridge** - The first phase involves construction of the Long X Bridge, which is scheduled to be bid in Spring of 2019. State funding for the bridge construction project has already been provided through the Enhanced Highway Investment Fund.

Next phase of 4 laning - If NDDOT receives \$100 million of SIIF funds through the proposed amendment and is successful in being awarded the federal INFRA grant which we have applied for to be used on Highway 85, we would have the funding to proceed with the next phase of four laning Highway 85, specifically the segment from the Long X bridge to near Watford City. The funding for this phase would be comprised of the following (millions):

Federal INFRA Grant	\$40
One half of the SIIF funds provided by the proposed amendment	50
FHWA formula funds	11.6
State Match for formula funds	<u>2.9</u>
Total	\$104.5

Note that this would leave available \$50 million of the \$100 million of SIIF funds, which would be used elsewhere in the state to address roads with load restrictions and needed improvements to other major corridors such as Highway 52.

Later phases of 4 laning – The federal INFRA grant program and the Corridors of Commerce program would continue to be feasible sources of funding for later 4 laning projects on Highway 85, as well as other needed projects statewide. After completion of the 4 laning project from the Long X bridge to near Watford City, the next logical segment would be from the Long X bridge south to Highway 200. This segment is currently estimate to cost about \$170 million. To accomplish this, NDDOT would apply for future federal INFRA grants and would also approach future State Legislative assemblies to infuse additional state funding into the Corridors of Commerce program in order to leverage the potential INFRA grants. We would continue to apply Corridors of Commerce funding to projects throughout the state.

Alternate Amendment

To resolve the problems with section 8 of the proposed amendment, NDDOT proposes the following version of an amendment:

“SECTION XXX. CONTINGENT STRATEGIC INVESTMENT AND IMPROVEMENTS FUND TRANSFER AND HIGHWAY FUND APPROPRIATION – DEPARTMENT OF TRANSPORTATION.

1. Subject to the provisions of this section, the office of management and budget shall transfer up to \$100,000,000 from the strategic investment and improvements fund to the highway fund, during the biennium beginning July 1, 2019 and ending June 30, 2021. These funds are appropriated to the department of transportation for highway improvement projects for the biennium beginning July 1, 2019, and ending June 30, 2021.
2. The transfer in subsection 1 of this section is available only if the director of the office of management and budget determines the actual revenues of the strategic investment and improvements fund exceed the legislative estimates made at the close of the 2017 legislative session for strategic investment and improvements fund revenue for the biennium beginning July 1, 2019, and ending June 30, 2021.

April 4, 2019

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PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1012

Page 1, line 2, after the semicolon insert "to create and enact a new subsection to section 57-40.3-04 of the North Dakota Century Code, relating to exemptions from motor vehicle excise tax;"

Page 1, line 4, after the first semicolon insert "to provide for a contingent loan authorization; provide a contingent appropriation;"

Page 1, line 4, remove "to provide for the operation of maintenance"

Page 1, line 5, remove "section sites;"

Page 1, line 5, after the fourth semicolon insert "to provide an effective date;"

Page 1, replace lines 15 through 20 with:

"Salaries and wages	\$201,478,341	(\$3,317,303)	\$198,161,038
Operating expenses	229,381,646	28,156,139	257,537,785
Capital assets	771,101,851	89,924,093	861,025,944
Grants	<u>67,528,030</u>	<u>28,326,607</u>	<u>95,854,637</u>
Total special funds	\$1,269,489,868	\$143,089,536	\$1,412,579,404
Full-time equivalent positions	1,047.00	(63.00)	984.00"

Page 2, line 20, replace "2017-19" with "2019-21"

Page 2, line 20, replace "2019" with "2021"

Page 2, line 21, replace "2019" with "2021"

Page 2, line 21, replace "2021" with "2023"

Page 2, line 29, after "APPROPRIATION" insert "- 2017-19 BIENNIUM"

Page 2, line 29, replace "ENHANCED STATE HIGHWAY" with "ROAD MAINTENANCE"

Page 3, line 1, remove "enhanced state"

Page 3, line 2, replace "highway improvements" with "road maintenance"

Page 3, line 6, replace "enhanced state highway improvements" with "road maintenance"

Page 3, after line 6, insert:

"SECTION 7. CONTINGENT LOAN AUTHORIZATION - CONTINGENT APPROPRIATION - HIGHWAY IMPROVEMENT PROJECTS. The department of transportation may borrow from the Bank of North Dakota, \$50,000,000, or so much of the sum as may be necessary, which is appropriated to the department of transportation for matching federal funds that may become available, for the biennium beginning July 1, 2019, and ending June 30, 2021. The funds authorized in this section may be borrowed and spent only upon certification by the director of the department of transportation to the director of the office of management and budget that the department has been awarded additional federal grants, which were applied for after March 1, 2019, during the biennium beginning July 1, 2019, and ending June 30, 2021.

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The department of transportation shall request from the sixty-seventh legislative assembly an appropriation to repay any outstanding loans authorized in this section." pg 2

Page 3, remove lines 21 through 30

Page 4, after line 7, insert:

"SECTION 10. A new subsection to section 57-40.3-04 of the North Dakota Century Code is created and enacted as follows:

Any motor vehicle in the possession of and used exclusively by a public transportation provider that receives a distribution of funds under section 39-04.2-04 to provide public transportation services."

Page 4, replace lines 8 through 11 with:

"SECTION 11. EFFECTIVE DATE. Section 10 of this Act is effective for taxable events occurring after June 30, 2019."

Page 4, line 12, replace "7" with "8"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

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

	Base Budget	House Version	Senate Changes	Senate Version
Salaries and wages	\$201,478,341	\$201,938,923	(\$3,777,885)	\$198,161,038
Operating expenses	229,381,646	249,253,334	8,284,451	257,537,785
Capital assets	771,101,851	861,025,944		861,025,944
Grants	67,528,030	95,854,637		95,854,637
Short line railroad program		2,500,000		2,500,000
Total all funds	\$1,269,489,868	\$1,410,572,838	\$4,506,566	\$1,415,079,404
Less estimated income	1,269,489,868	1,408,072,838	4,506,566	1,412,579,404
General fund	\$0	\$2,500,000	\$0	\$2,500,000
FTE	1,047.00	1,005.00	(21.00)	984.00

Department 801 - Department of Transportation - Detail of Senate Changes

	Adjusts Funding for Salary Increases ¹	Restores and Adds FTE Positions ²	Transfers 41 FTE for IT Unification ³	Total Senate Changes
Salaries and wages	\$778,127	\$3,668,000	(\$8,224,012)	(\$3,777,885)
Operating expenses			8,284,451	8,284,451
Capital assets				
Grants				
Short line railroad program				
Total all funds	\$778,127	\$3,668,000	\$60,439	\$4,506,566
Less estimated income	778,127	3,668,000	60,439	4,506,566
General fund	\$0	\$0	\$0	\$0
FTE	0.00	20.00	(41.00)	(21.00)

¹ Funding is added to provide for employee salary increases of 2 percent on July 1, 2019, with a minimum monthly increase of \$120 and a maximum monthly increase of \$200, and an increase of 2.5 percent on July 1, 2020. The House provided funding for salary increases of 2 percent per year.

² The Senate restored 16 FTE positions (\$3,000,000) of the 42 FTE positions removed by the House and added 4 FTE positions (\$668,000) of which 2 relate to Fargo driver's license operations.

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pg 3

³ Forty-one FTE positions are transferred to the Information Technology Department for the IT unification project, resulting in reduced salaries and wages of \$8,224,012 and increased operating expenses of \$8,284,451. The House version did not include the IT unification project.

This amendment also:

- Provides that \$503,115,558 appropriated in the capital assets line item in House Bill No. 1012 (2015) relating to enhanced state highway investments is exempt from provisions of North Dakota Century Code Section 54-44.1-11 and may be continued into the 2021-23 biennium. The House authorized these funds to be continued into the 2019-21 biennium only.
- Changes the purpose of the \$13 million from the general fund by the House for the 2017-19 biennium from enhanced state highway funding to road maintenance funding.
- Authorizes the Department of Transportation to obtain a contingent loan from the Bank of North Dakota and provides a contingent appropriation of those funds to the Department of Transportation for the purpose of matching federal grants that the department applies for after March 1, 2019. The House did not include this section.
- Removes a section added by the House directing the department to establish the Mayville section site as a satellite site of the Hillsboro section and set requirements for seasonal winter services in the Courtenay, Gackle, New England, and Finley sections.
- Creates a new subsection to Section 57-40.3-04 to provide an exemption from the motor vehicle excise tax for vehicles purchased by public transportation providers that receive state funding through the highway tax distribution formula and provide public transportation services and Section 11 provides for an effective date. The House version did not include these sections.
- Removes a section requiring the Department of Transportation to report to the 2021 Legislative Assembly regarding the department's state fleet expenditures compared to its 2019-21 biennium budgeted amounts.

April 15, 2019

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Att A

Department of Transportation - Budget No. 801
House Bill No. 1012
Base Level Funding Changes

	House Version				Senate Version				Senate Changes to House Version Increase (Decrease) - House Version			
	FTE Position	General Fund	Other Funds	Total	FTE Position	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2019-21 Biennium Base Level	1,047.00	\$0	\$1,269,489,868	\$1,269,489,868	1,047.00	\$0	\$1,269,489,868	\$1,269,489,868	0.00	\$0	\$0	\$0
2019-21 Ongoing Funding Changes												
Base payroll changes			(\$1,019,746)	(\$1,019,746)			(\$1,019,746)	(\$1,019,746)				\$0
Salary increase			4,774,660	4,774,660			5,552,787	5,552,787			778,127	778,127
Health insurance increase			4,685,263	4,685,263			4,685,263	4,685,263				0
Retirement contribution increase				0				0				0
Removes 42 FTE positions	(42.00)		(7,979,595)	(7,979,595)	(42.00)		(7,979,595)	(7,979,595)				0
Restores 16 FTE positions for research, development, and other purposes				0	20.00		3,668,000	3,668,000	20.00		3,668,000	3,668,000
Transfers 41 FTE positions for information technology unification				0	(41.00)		60,439	60,439	(41.00)		60,439	60,439
Reduces payments to State Fleet Services			(3,550,000)	(3,550,000)			(3,550,000)	(3,550,000)				0
Increases capital assets			87,874,093	87,874,093			87,874,093	87,874,093				0
Adjusts operating expenses			213,190	213,190			213,190	213,190				0
Increases grants			17,226,607	17,226,607			17,226,607	17,226,607				0
Reclassifies funding for the rail loan program			11,100,000	11,100,000			11,100,000	11,100,000				0
Increases funding for snow and ice control			750,000	750,000			750,000	750,000				0
Adds Microsoft Office 365 licensing			708,498	708,498			708,498	708,498				0
Total ongoing funding changes	(42.00)	\$0	\$114,782,970	\$114,782,970	(63.00)	\$0	\$119,289,536	\$119,289,536	(21.00)	\$0	\$4,506,566	\$4,506,566
One-time funding items												
Driver's license system project			\$22,500,000	\$22,500,000			\$22,500,000	\$22,500,000				\$0
Traffic data editing and analysis program				0				0				0
Automatic vehicle location				0				0				0
Road construction software				0				0				0
Maintenance management system				0				0				0
Minot and Williston driver's license facility maintenance			1,300,000	1,300,000			1,300,000	1,300,000				0
Short line railroad program		\$2,500,000		2,500,000		2,500,000		2,500,000				0
2017-19 Biennium road maintenance funding		13,000,000		13,000,000		13,000,000		13,000,000				0
Total one-time funding changes	0.00	\$15,500,000	\$23,800,000	\$39,300,000	0.00	\$15,500,000	\$23,800,000	\$39,300,000	0.00	\$0	\$0	\$0
Total Changes to Base Level Funding	(42.00)	\$15,500,000	\$138,582,970	\$154,082,970	(63.00)	\$15,500,000	\$143,089,536	\$158,589,536	(21.00)	\$0	\$4,506,566	\$4,506,566
2019-21 Total Funding	1,005.00	\$15,500,000	\$1,408,072,838	\$1,423,572,838	984.00	\$15,500,000	\$1,412,579,404	\$1,428,079,404	(21.00)	\$0	\$4,506,566	\$4,506,566

Other Sections for Department of Transportation - Budget No. 801

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2019-21 Appropriation - General fund - Short line railroad program	Section 5 provides a one-time appropriation of \$2.5 million from the general fund to the Department of Transportation for its short line railroad program during the 2019-21 biennium.	Section 5 provides a one-time appropriation of \$2.5 million from the general fund to the Department of Transportation for its short line railroad program during the 2019-21 biennium.

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HB1012

att A

Other Sections for Department of Transportation - Budget No. 801

House Version

Senate Version

2017-19 Appropriation - General fund - Enhanced state highway investment

Section 6 provides a one-time appropriation of \$13 million from the general fund to the Department of Transportation for enhanced state highway funding during the 2017-19 biennium and provides that this appropriation is exempt from Section 54-44.1-11 and is continued into the 2019-21 biennium.

Section 6 provides a one-time appropriation of \$13 million from the general fund to the Department of Transportation for road maintenance funding during the 2017-19 biennium and provides that this appropriation is exempt from Section 54-44.1-11 and is continued into the 2019-21 biennium.

Contingent loan authorization - Contingent appropriation - Highway improvement projects

Section 7 Provides for a contingent loan authorization for the Department of Transportation to borrow up to \$50 million from the Bank of North Dakota and provides a contingent appropriation of those funds to the Department of Transportation for the purpose of matching federal grants the department had applied for after March 1, 2019.

Cooperative agreements with private entities

Section 7 amends Section 24-02-45.1 to require that only the private entity's cost-share is to be paid in advance of the construction.

Section 8 amends Section 24-02-45.1 to require that only the private entity's cost-share is to be paid in advance of the construction.

Maintenance section sites - Operational requirements

Section 8 directs the department to establish the Mayville section site as a satellite site of the Hillsboro section and sets requirements for seasonal winter services in the Courtenay, Gackle, New England, and Finley sections.

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Section 9 provides for a Department of Transportation study of public transportation services within the state. The study must include the number of users of public transportation services, demographics of users, other transportation options available to users of public transportation services, and the identification of areas of the state which have no public or private transportation services available.

Motor vehicle excise tax exemption

Section 10 creates a new subsection to Section 57-40.3-04 of the North Dakota Century Code to provide vehicles purchased by public transportation providers, that receives state funding through the highway tax distribution formula and provide public transportation services, an exemption from the motor vehicle excise tax. Section 11 provides for an effective date for taxable events occurring after June 30, 2019.

Report to the 67th Legislative Assembly

Section 10 requires the Department of Transportation to report to the 67th Legislative Assembly regarding the department's state fleet expenditures compared to its 2019-21 biennium budgeted amounts.

Emergency

Section 11 declares Sections 6 and 7 to be an emergency measure.

Section 12 declares Sections 6 and 8 to be an emergency measure.