

**Department of Transportation**  
**Highways**

A.R.S. § 28-101

	<b>FY 2000 Actual</b>	<b>FY 2001 Estimate</b>	<b>FY 2002 Approved</b>	<b>FY 2003 Approved</b>
<b>PROGRAM BUDGET</b>				
Full Time Equivalent Positions	2,032.0	2,052.0	2,004.0	2,004.0
<b>Highways</b>				
<u>Subprograms</u>				
Development and Administration	40,116,700	41,135,900	43,197,400	44,560,400
State Highway Fund Deposit SLI	0	16,748,100	0	0
Local Transportation Assistance Fund Deposit SLI	0	4,652,300	7,052,300	7,052,300
<i>Subprogram Subtotal</i>	<u>40,116,700</u>	<u>62,536,300</u>	<u>50,249,700</u>	<u>51,612,700</u>
Maintenance	82,627,300	89,291,700	94,543,800 <sup>1/2/</sup>	97,336,100 <sup>1/2/</sup>
Intermodal Transportation Planning	2,273,700	2,801,400	2,884,200	2,984,100
Vehicles and Heavy Equipment	<u>29,219,800</u>	<u>30,924,900</u>	<u>32,915,400</u>	<u>33,282,600</u>
<b>TOTAL APPROPRIATIONS</b>	<b>154,237,500</b>	<b>185,554,300</b>	<b>180,593,100</b> <sup>3/4/5/</sup>	<b>185,215,500</b> <sup>3/4/5/</sup>
<b>FUND SOURCES</b>				
General Fund	79,000	21,484,500	7,139,700	7,142,200
<u>Other Appropriated Funds</u>				
State Highway Fund	124,938,700	133,144,900	140,538,000	144,790,700
Transportation Department Equipment Fund	29,219,800	30,924,900	32,915,400	33,282,600
<i>Subtotal - Other Appropriated Funds</i>	<u>154,158,500</u>	<u>164,069,800</u>	<u>173,453,400</u>	<u>178,073,300</u>
<b>TOTAL APPROPRIATIONS</b>	<b>154,237,500</b>	<b>185,554,300</b>	<b>180,593,100</b>	<b>185,215,500</b>

**COST CENTER DESCRIPTION** — *The Highways Cost Center plans the statewide transportation system, including highways and airports. It is responsible for the location, design, right-of-way acquisition and construction of new highways for the state highway system. It is responsible for the management and maintenance of the state highway system. It coordinates a variety of services on a statewide basis, including: Federal Section 18 funds for general public transit services in rural areas; Federal Section 16(b)(2) funds for elderly and handicapped transportation; technical transit planning and training to rural public bodies and social service agencies; and urban transit projects demonstrating potential air quality benefits. It maintains and replaces the department's fleet of vehicles, trucks and specialty equipment.*

- <sup>1/</sup> Of the total amount appropriated for the Highways Program, \$94,543,800 in FY 2002 and \$97,336,100 in FY 2003 for the Maintenance Subprogram are exempt from the provisions of A.R.S. § 35-190, relating to lapsing of appropriations, except that all unexpended and unencumbered monies of the appropriations revert to the State Highway Fund on August 31, 2002 and August 31, 2003, respectively. (General Appropriation Act footnote as adjusted for statewide salary and other allocations).
- <sup>2/</sup> The Department of Transportation shall report by August 31, 2002 and August 31, 2003 to the Joint Legislative Budget Committee on the current levels of service for each of the 9 categories of highway maintenance. The reports shall explain the department's progress in improving its assessment of levels of service and of assigning costs to different levels of service. The 2002 and 2003 reports shall explain how the \$2,200,000 in FY 2002 and \$2,500,000 in FY 2003 appropriations to improve level of service were spent and how the level of service changed for each of these categories. (General Appropriation Act footnote)
- <sup>3/</sup> General Appropriation Act funds are appropriated as a Lump Sum by Program with Special Line Items.
- <sup>4/</sup> The Arizona Corporation Commission and the Arizona Department of Transportation shall each conduct a study and make a recommendation to the Joint Legislative Budget Committee by November 1, 2001 concerning which agency is most appropriate to conduct railroad safety activities. (General Appropriation Act footnote)
- <sup>5/</sup> Employees who participate in the Arizona Department of Transportation's engineering pay plan are not eligible to receive any general salary adjustments appropriated for state employees for either FY 2002 or for FY 2003. (General Appropriation Act footnote)

PERFORMANCE MEASURES	FY 1999	FY 2000	FY 2001	FY 2002-03
	Actual	Est./Actual	Estimate	Estimate
• Statewide lane miles	NA/16,825	16,890/17,512	17,845	17,976/18,168
• Maricopa Regional Area Road Fund lane miles	NA/365	372/428	548	569/641
• % of Maricopa regional freeway miles completed (144 center line miles total)	NA/40	NA/47	60	63/72
• % of overall highway construction projects completed on schedule	NA	NA	NA	85
• % of Highway Maintenance Level of Service - Roads meeting minimum standards	NA/80	NA/86	87	88/90

### Operating Budget Issues

**Engineering Pay Plan** — The approved amount includes a FY 2002 State Highway Fund increase of \$1,048,700 above FY 2001 and a FY 2003 State Highway Fund increase of \$2,098,700 above FY 2001 for pay raises associated with years 2 and 3 of ADOT's alternative pay plan for their engineering and technical positions. ADOT's engineering pay plan includes up to 5% salary increases in each of years 2 and 3 for employees who meet certain performance evaluation and continuing education criteria. These amounts are over and above the pay plan's first year Personal Services cost of \$1,946,600 as described below.

The engineering pay plan covers a total of 1,164 eligible FTE Positions, including 572 FTE Positions in ADOT's operating budget and 592 FTE Positions in their capital operating budget. A new footnote prohibits employees who participate in ADOT's engineering pay plan from receiving any general salary adjustments appropriated for state employees for either FY 2002 or FY 2003. *Table 1* shows the total State Highway Fund increased costs for Personal Services and Employee Related Expenditures for pay raises associated with years 2 and 3 of the engineering pay plan, for both ADOT's operating budget and for their capital operating budget.

The \$1,048,700 total operating budget approved increase for FY 2002 above FY 2001, includes increases of \$905,500 for the Development and Administration subprogram and \$143,200 for the Maintenance subprogram. The \$2,098,700 total approved increase for FY 2003 above FY 2001, includes increases of \$1,812,100 for the Development and Administration subprogram and \$286,600 for the Maintenance subprogram. (*For more information see FTE Position Reclassifications.*)

	Increase Over FY 2001	
	FY 2002	FY 2003
<u>Operating Budget</u>		
Highways	\$1,048,700	\$2,098,700
<u>Capital Operating Budget</u>	<u>937,900</u>	<u>1,877,000</u>
Total	\$1,986,600	\$3,975,700

**FTE Position Reclassifications** — The approved amount includes a State Highway Fund decrease of \$(178,000) and (49) FTE Positions in both FY 2002 and FY 2003 from FY 2001 to account for the Employee Related Expenditures decrease associated with the decrease of (49) FTE Positions. ADOT eliminated (49) FTE Positions in FY 2001 to use the associated Personal Services of \$1,946,600 to pay for the first year of ADOT's alternative engineering pay plan. Eliminating the 49 FTE Positions, however, also frees up \$178,000 in Employee Related Expenditures. (*For more information see Engineering Pay Plan.*)

ADOT instituted an optional alternative pay plan for engineers and technical positions effective January 1, 2000 to improve ADOT's salary competitiveness among other private and public employers. The plan was optional for current employees, provided for up to a 10% salary increase in the first year, and required accepting employees to go to non-covered status. New engineering and technical employees are hired under the alternative pay plan.

No monies were appropriated to ADOT for this program. In order to pay for the increase in Personal Services for the first year's 10% Personal Services increase, ADOT eliminated a total of (95) FTE Positions, including eliminating (49) FTE Positions from their operating budget, and eliminating (46) FTE Positions from their operating capital budget.

**Motor Pool Equipment Rental Rate Increase** — The approved amount includes a State Highway Fund increase of \$1,195,100 in both FY 2002 and FY 2003 above FY 2001 for a 6.1% increase in vehicle and heavy equipment rental rates. ADOT's last general rental rate increase was in 1986. This provides monies for ADOT's sections to pay increased vehicle and heavy equipment rental rates to the Transportation Department Equipment Fund, which will help ADOT to address its replacement backlog of \$39,100,000 for vehicles and heavy equipment. The total recommended increase in funding departmentwide for the vehicle and heavy equipment rental rate increase is \$1,500,000, including \$1,309,600 in ADOT's operating budget and \$190,400 in their capital operating budget, as shown in *Table 2*.

The \$1,195,100 total increase for the Highways program, includes increases of \$67,900 for the Development and Administration subprogram, \$1,123,200 for the Maintenance subprogram, and \$4,000 for the Intermodal Transportation Planning subprogram. (For more information see the *Vehicles and Heavy Equipment Subprogram*.)

<b>Vehicle and Heavy Equipment Rental Rate Increases</b>	
<u>Operating Budget</u>	<u>Recommended Increase</u>
Administration	\$ 38,500
Highways	1,195,100
Motor Vehicle	75,600
Aeronautics	400
Sub-Total	\$1,309,600
<u>Capital Operating Budget</u>	<u>\$ 190,400</u>
<b>Total</b>	<b>\$1,500,000</b>

**Central Phoenix Rent** — The approved amount includes a transfer-out of \$(28,600) from the State Highway Fund in both FY 2002 and FY 2003 from FY 2001 for rent at ADOT’s East Washington Street facility, which is being transferred to the Administration program in order to better align this function with ADOT’s structure. The \$(28,600) transfer-out includes transfers-out of \$(21,000) from the Maintenance subprogram and \$(7,600) from the Intermodal Transportation Planning subprogram. (For more information see *Administration program, Transportation Support Services subprogram*.)

**Program Budget**

**Development and Administration Subprogram** — This subprogram locates, designs, acquires right-of-way, and constructs new highways for the state highway system. The subprogram is funded from the State Highway Fund and from the General Fund.

**State Highway Fund Deposit Special Line Item** — This General Fund line item holds the State Highway Fund harmless for reductions in the vehicle license tax. Laws 1999, Chapter 5, 1<sup>st</sup> Special Session provided an estimated \$41,400,400 in vehicle license tax cuts in FY 2001, including \$20,000,000 from the General Fund, \$16,748,100 from the State Highway Fund, and \$4,652,300 from the Local Transportation Assistance Fund. Laws 2000, Chapter 48, appropriated \$16,748,100 from the General Fund to the State Highway Fund in FY 2001 to replace State Highway Fund revenues lost due to the cuts in the vehicle license tax in FY 2001.

The approved amount includes a decrease of \$(16,748,100) in both FY 2002 and FY 2003 from FY 2001 due to the removal of replacement monies for the State Highway Fund. The annualized amount would have been \$25,048,100 both in FY 2002 and in FY 2003. (For more information see *Vetoed Appropriations: Omnibus Budget*)

*Reconciliation; Public Finances (Chapter 238) in the Department of Transportation Summary.*

**Local Transportation Assistance Fund Deposit Special Line Item** — This General Fund line item holds the Local Transportation Assistance Fund harmless for reductions in the vehicle license tax. Laws 1999, Chapter 5, 1<sup>st</sup> Special Session provided an estimated \$41,400,400 in vehicle license tax cuts in FY 2001, including \$20,000,000 from the General Fund, \$16,748,100 from the State Highway Fund, and \$4,652,300 from the Local Transportation Assistance Fund. Laws 2000, Chapter 48, appropriated \$4,652,300 from the General Fund to the Local Transportation Assistance Fund in FY 2001 to replace Local Transportation Assistance Fund revenues lost due to the cuts in the vehicle license tax in FY 2001.

The approved amount includes an increase of \$2,400,000 in both FY 2002 and FY 2003 above FY 2001 for annualization of the partial year amount of \$4,652,300.

**Maintenance Subprogram** — This subprogram maintains the state highway system, including pavements, bridges, landscaping, drainage, signals lights, fences, signs, striping, and snow removal. They also operate the freeway traffic management system and the traffic operations center. The subprogram is funded from the State Highway Fund.

**Cable Barriers** — The approved amount includes a State Highway Fund increase of \$1,000,000 in both FY 2002 and FY 2003 above FY 2001 for contract maintenance of 103 miles of cable barriers on urban freeways by FY 2003 year-end. The amount is based on an estimated cost of \$100,000 per month less estimated insurance recoveries.

**6 Inch Striping** — The approved amount includes a State Highway Fund increase of \$995,000 in both FY 2002 and FY 2003 above FY 2001 for a 50% increase in the width of highway stripes statewide from 4” to 6” to reduce the number and severity of run-off-the road crashes.

**Workload** — The approved amount includes a FY 2002 State Highway Fund increase of \$800,000 above FY 2001 and a FY 2003 State Highway Fund increase of \$2,100,000 above FY 2001 for increasing Highway Maintenance workload as additional miles of roadway come on line. The department estimates increases of 366 maintenance lane miles in FY 2002, and 433 maintenance lane miles in FY 2003, making a total of 27,478 statewide maintenance lane miles in FY 2003.

**Level of Service** — The approved amount includes a FY 2002 State Highway Fund increase of \$200,000 above FY 2001 and a FY 2003 State Highway Fund increase of \$500,000 above FY 2001 to continue to increase the level of service of highway maintenance statewide. These increases would make a total of \$2,200,000 in FY 2002, and \$2,500,000 in FY 2003, for highway maintenance

levels of service, when added to the \$2,000,000 appropriated for FY 2001. ADOT has reported verbally that they cannot yet tie highway maintenance funding levels to levels of service, but they believe that they will be able to begin using such ties in their FY 2004 and FY 2005 biennial budget request 2 years from now. A continued footnote requires that ADOT report on the results of level of service funding by August 31, 2002 and 2003.

*Other* — The approved amount includes a State Highway Fund increase of \$35,000 and 1 FTE Position in both FY 2002 and FY 2003 from FY 2001 for the transfer-in of 1 Grounds Landscaping Supervisor FTE Position from the Administration program.

The approved amount includes a State Highway Fund decrease of \$(525,000) in both FY 2002 and FY 2003 from FY 2001 for one-time equipment for the north Phoenix maintenance facility.

**Intermodal Transportation Planning Subprogram**

— This subprogram develops the department's multimodal transportation plans, collects transportation-related data, and manages transit programs. The subprogram is funded from the State Highway Fund and from the General Fund.

**Vehicles and Heavy Equipment Subprogram** —

This subprogram maintains and replaces the department's fleet of vehicles, trucks and specialty equipment, and performs motor pool services for other state agencies. The subprogram is funded from the Transportation Department Equipment Fund, which funds ADOT's motor pool and receives most of its revenue from vehicle and equipment rentals to other ADOT sections.

The approved amount includes an increase of \$1,500,000 in both FY 2002 and FY 2003 above FY 2001 for additional replacement equipment. ADOT values its fleet at \$139,600,000, spent \$6,347,800 for replacement equipment in FY 2000, and has a growing vehicle and heavy equipment replacement backlog of \$39,100,000. ADOT will produce \$1,500,000 of additional revenue annually for the Transportation Department Equipment Fund by increasing vehicle and heavy equipment rental rates by 6.1%.

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