

Department of Transportation
Highways

A.R.S. § 28-101

	FY 2004 Actual	FY 2005 Estimate	FY 2006 Approved
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	2,518.0	2,522.0	2,516.0 ^{1/}
Personal Services	78,024,300	90,772,600	62,098,600
Employee Related Expenditures	28,020,400	33,238,900	21,031,100
Professional and Outside Services	6,899,300	2,947,700	1,275,100
Travel - In State	1,845,100	2,517,300	1,784,700
Travel - Out of State	48,700	62,800	54,200
Other Operating Expenditures	68,852,900	87,701,700	31,462,800
Equipment	7,084,100	6,526,100	4,119,100
OPERATING SUBTOTAL	190,774,800	223,767,100	121,825,600
SPECIAL LINE ITEMS			
Highway Maintenance	0	0	110,633,200 ^{2/}
Vehicles and Heavy Equipment	31,628,200	34,004,700	34,618,500
Vehicles and Heavy Equipment Fuel Surcharge	0	0	2,000,000
PROGRAM TOTAL	222,403,000	257,771,800	269,077,300^{3/4/5/}
FUND SOURCES			
General Fund	68,100	71,700	74,700
<u>Other Appropriated Funds</u>			
Safety Enforcement and Transportation Infrastructure Fund	558,600	558,700	558,700
State Highway Fund	190,148,100	223,136,700	232,825,400
Transportation Department Equipment Fund	31,628,200	34,004,700	35,618,500
SUBTOTAL - Other Appropriated Funds	222,334,900	257,700,100	269,002,600
SUBTOTAL - Appropriated Funds	222,403,000	257,771,800	269,077,300
Other Non-Appropriated Funds	688,180,400	509,759,200	370,042,000
Federal Funds	414,397,700	403,688,700	410,958,600
TOTAL - ALL SOURCES	1,324,981,100	1,171,219,700	1,050,077,900

COST CENTER DESCRIPTION — Highways plans the statewide transportation system, including highways and airports. It is responsible for the location, design, right-of-way acquisition, construction, maintenance and management of the state highway system. It maintains the department's fleet of vehicles and equipment.

PERFORMANCE MEASURES	FY 2003	FY 2004	FY 2006
	Actual	Actual	Approved
• % of Maricopa regional freeway miles completed	NA	79	88
• % of overall highway construction projects completed on schedule	96	98	100

Comments: The agency did not submit information for any measure labeled as "NA."

^{1/} Includes 1,172 FTE Positions funded from Special Line Items in FY 2006.

^{2/} Of the total amount appropriated for the Highways Program, \$110,633,200 in FY 2006 for Highway Maintenance is exempt from the provisions of A.R.S. § 35-190, relating to lapsing of appropriations, except that all unexpended and unencumbered monies of the appropriation revert to their fund of origin, either the State Highway Fund or the Safety Enforcement and Transportation Infrastructure Fund on August 31, 2006. (General Appropriation Act footnote, as adjusted for statewide allocations).

^{3/} General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Program.

^{4/} Of the \$409,086,400 appropriation to the Arizona Department of Transportation, the department shall pay \$16,773,800 in FY 2006 from all funds to the Arizona Department of Administration for their Risk Management payment. (General Appropriation Act footnote, as adjusted for statewide allocations).

^{5/} In addition to any other salary adjustments provided for in this act, the Arizona Department of Transportation shall use monies appropriated in this section for a 5 percent salary increase for all participants in the department's engineering pay plan as of July 1, 2005. The monies have been reallocated from Professional and Outside Services in the Capital Budget. (General Appropriation Act footnote)

Operating Budget

The budget provides \$121,825,600 for the operating budget in FY 2006. This amount consists of \$74,700 from the General Fund and \$121,750,900 from the State Highway Fund.

The approved amount includes an increase of \$3,629,400 in FY 2006 for statewide adjustments. This amount consists of \$3,000 from the General Fund and \$3,626,400 from the State Highway Fund. *(Please see the Statewide Adjustments section at the end of this Appropriations Report for details.)*

Engineering Pay Plan

The approved amount includes an increase of \$2,484,600 from the State Highway Fund in FY 2006 for a 5% engineering pay plan salary increase. A total of \$2,700,000 was approved for the engineering pay plan salary increase, which includes \$2,484,600 for the operating budget and \$215,400 for the Highway Maintenance special line. A General Appropriation Act footnote provides a 5% salary increase for participants in ADOT's engineering pay plan as of July 1, 2005. The salary increase is in addition to any other salary adjustments provided for in the General Appropriation Act. The \$2,700,000 was reallocated from Professional and Outside Services in the Capital Budget. Participants in ADOT's engineering pay plan had an 8.7% turnover rate in FY 2004.

Motor Pool Rental Rate Technical Adjustment

The approved amount includes an increase of \$92,300 from the State Highway Fund in FY 2006 for increased ADOT Motor Pool rental rates due to a technical adjustment of \$486,000 to the Transportation Department Equipment Fund in FY 2005 for salary adjustment and health insurance charges. The \$486,000 amount was not added to the State Highway Fund at that time. The approved amount provides the monies for ADOT's sections to pay increased vehicle rental rates in order to fund these FY 2005 technical adjustments in the Transportation Department Equipment Fund. The total increase of \$486,000 is divided among ADOT's programs as shown in *Table 1*.

Table 1

Vehicle and Heavy Equipment Rental Rate Increases

<u>Program</u>	<u>Increase</u>
Administration	\$ 14,600
Highways	92,300
Highway Maintenance Special Line	354,800
Motor Vehicle	24,300
Total	\$486,000

Risk Management

The approved amount includes \$16,773,800 in FY 2006 for the Risk Management payment to the Arizona Department of Administration. This amount is unchanged from FY 2005 and consists of:

	<u>FY 2006</u>
General Fund	\$ 300
State Highway Fund	16,082,200
Transportation Department Equipment Fund	605,300
State Aviation Fund	80,500
Air Quality Fund	200
Motor Vehicle Liability Insurance Enforcement Fund	2,000
Vehicle Inspection and Title Enforcement Fund	1,700
Safety Enforcement and Transportation Infrastructure Fund	1,600

The Arizona Department of Administration proposed a decrease of \$(2,821,700) in FY 2006 for ADOT's Risk Management payment due to reduced claim costs. ADOT has had several recent high dollar claim settlements against them. The approved amount does not decrease their Risk Management payment. A General Appropriation Act footnote requires that ADOT shall pay from their total appropriation \$16,773,800 in FY 2006 from all funds to the Arizona Department of Administration for their Risk Management payment.

Transfer Partnering Group and Graphic Artists

The approved amount includes a transfer-out of \$(1,477,100) and (6) FTE Positions from the State Highway Fund in FY 2006 to transfer the partnering group and graphic artists to ADOT's reorganized communication and community partnerships office in the Administration Program. *(Please see Administration for more details.)*

Transfer Highway Maintenance to a Special Line

The approved amount includes a transfer of \$110,633,200 and 925 FTE Positions in FY 2006 from the operating budget to a new Highway Maintenance special line to highlight highway maintenance expenditures. *(Please see Special Line Items for more details.)*

Special Line Items

Highway Maintenance

The budget provides \$110,633,200 and 925 FTE Positions for highway maintenance in FY 2006. This amount consists of \$110,074,500 from the State Highway Fund and \$558,700 from the Safety Enforcement and Transportation Infrastructure Fund.

The approved amount includes an increase of \$2,508,800 from the State Highway Fund in FY 2006 for statewide adjustments.

The transfer of these monies from the operating budget to a new special line item highlights highway maintenance expenditures beginning in FY 2006. Monies in this line item are used to maintain the state highway system, including pavements, bridges, landscaping, drainage, signals, lights, fences, signs, striping, and snow removal. They also operate the freeway management system and the traffic operations center.

Highway Maintenance Workload

The approved amount includes an increase of \$1,529,700 from the State Highway Fund in FY 2006 for increased Highway Maintenance workload as additional miles of roadway come on line. The department estimates an increase of 255 maintenance lane miles in FY 2006, making a total of 29,185 statewide maintenance lane miles in FY 2006. The 255 maintenance lane miles includes 170 maintenance lane miles of new construction and 85 maintenance lane miles of Loop 303. ADOT expects to assume maintenance responsibility from Maricopa County for Loop 303 by July 1, 2005, following the passage of Proposition 400 which includes funding for Loop 303 as an urban freeway.

Motor Pool Rental Rate Technical Adjustment

The approved amount includes an increase of \$354,800 from the State Highway Fund in FY 2006 for highway maintenance for increased rental rates of new vehicles and heavy equipment by the ADOT Motor Pool. (Please see *Highways Operating Budget, Table 1, for more details.*)

Engineering Pay Plan

The approved amount includes an increase of \$215,400 from the State Highway Fund in FY 2006 for a 5% salary increase for participants in ADOT’s engineering pay plan as of July 1, 2005. (Please see *Highways Operating Budget for more details.*)

One-Time Costs

The approved amount includes a decrease of \$(646,200) from the State Highway Fund in FY 2006 for one-time equipment for Highway Maintenance workload and lighting.

Vehicles and Heavy Equipment

The budget provides \$34,618,500 and 247 FTE Positions from the Transportation Department Equipment Fund for vehicles and heavy equipment in FY 2006.

The approved amount includes an increase of \$613,800 from the Transportation Department Equipment Fund in FY 2006 for statewide adjustments.

With the transfer of these monies to a new special line item, the operating budget no longer double counts the amounts paid by Highways sections for the rental of motor pool equipment. Monies in this line item allow the department to maintain and replace the department’s fleet, and perform motor pool services for other state agencies.

The FY 2004 and FY 2005 numbers have been adjusted for comparability.

The Transportation Department Equipment Fund is scheduled to have \$36.6 million of total monies available in FY 2006, as shown in the following table. Of this amount, \$34.6 million is appropriated for the Vehicles and Heavy Equipment special line, leaving a year-end balance of \$2 million in the Transportation Department Equipment Fund. The main source of funding is \$28.6 million in equipment rental charges from various ADOT sections.

Scheduled Transportation Department Equipment Fund Monies Available in FY 2006	
<u>Source</u>	<u>FY 2006</u>
Balance Forward	\$ 1,700,000
Rents from ADOT Sections	28,600,000
Revenue from Other Agencies	4,800,000
Vehicle Sales	400,000
Miscellaneous	1,100,000
Total Monies Available	\$36,600,000
Appropriated Budget	34,600,000
Year-End Balance	\$2,000,000

The \$28.6 million to pay the equipment rental charge is located in other line items outside of the Vehicles and Heavy Equipment Special Line, as displayed in the following table:

Scheduled Vehicle and Equipment Rents from ADOT Sections in FY 2006	
<u>Program</u>	<u>Rents</u>
Administration Other Operating	\$ 2,300,000
Highways Other Operating	3,700,000
Highway Maintenance Special Line	21,200,000
Motor Vehicle Other Operating	1,400,000
Total	\$28,600,000

Vehicles and Heavy Equipment Fuel Surcharge

The budget provides \$2,000,000 for vehicles and heavy equipment fuel surcharge in FY 2006. This amount consists of \$1,000,000 from the Transportation Department Equipment Fund for increased gas prices, and \$1,000,000 from the State Highway Fund to reimburse the Transportation Department Equipment Fund in order to hold the Transportation Department Equipment Fund harmless so as to not adversely impact the purchase of replacement vehicles and equipment.