

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

A.R.S. § 28-101

|   | <b>FY 2006<br/>Actual</b> | <b>FY 2007<br/>Estimate</b> | <b>FY 2008<br/>Approved</b>         |
|---|---------------------------|-----------------------------|-------------------------------------|
| <b>OPERATING BUDGET</b>                                   |                           |                             |                                     |
| <i>Full Time Equivalent Positions</i>                     | 2,516.0                   | 2,516.0                     | 2,548.0 <sup>1/</sup>               |
| Personal Services   | 53,952,800                | 66,576,100                  | 72,336,100                          |
| Employee Related Expenditures                             | 19,186,400                | 25,724,500                  | 28,590,100                          |
| Professional and Outside Services                         | 2,042,900                 | 1,325,100                   | 1,325,100                           |
| Travel - In State   | 1,088,800                 | 1,779,100                   | 1,779,100                           |
| Travel - Out of State                                     | 63,100                    | 55,000                      | 55,000                              |
| Other Operating Expenditures                              | 37,984,200                | 29,900,700                  | 29,836,300                          |
| Equipment   | 8,579,100                 | 4,019,900                   | 4,080,700                           |
| <b>OPERATING SUBTOTAL</b>                                 | <b>122,897,300</b>        | <b>129,380,400</b>          | <b>138,002,400</b>                  |
| <b>SPECIAL LINE ITEMS</b>                                 |                           |                             |                                     |
| Highway Maintenance                                       | 107,534,100               | 118,645,800                 | 129,253,800 <sup>2/</sup>           |
| Vehicles and Heavy Equipment                              | 33,839,100                | 37,526,800                  | 38,147,800                          |
| Vehicles and Heavy Equipment Fuel Surcharge               | 2,000,000                 | 2,000,000                   | 2,000,000                           |
| <b>PROGRAM TOTAL</b>                                      | <b>266,270,500</b>        | <b>287,553,000</b>          | <b>307,404,000<sup>3/4/5/</sup></b> |
| <b>FUND SOURCES</b>                                       |                           |                             |                                     |
| General Fund  | 76,300                    | 82,900                      | 86,600                              |
| <u>Other Appropriated Funds</u>                           |                           |                             |                                     |
| Safety Enforcement and Transportation Infrastructure Fund | 558,500                   | 558,700                     | 558,700                             |
| State Highway Fund  | 230,796,600               | 248,384,600                 | 267,610,900                         |
| Transportation Department Equipment Fund                  | 34,839,100                | 38,526,800                  | 39,147,800                          |
| <b>SUBTOTAL - Other Appropriated Funds</b>                | <b>266,194,200</b>        | <b>287,470,100</b>          | <b>307,317,400</b>                  |
| <b>SUBTOTAL - Appropriated Funds</b>                      | <b>266,270,500</b>        | <b>287,553,000</b>          | <b>307,404,000</b>                  |
| Other Non-Appropriated Funds                              | 40,412,700                | 56,688,300                  | 56,688,300                          |
| Federal Funds   | 1,100,100                 | 1,150,700                   | 1,150,700                           |
| <b>TOTAL - ALL SOURCES</b>                                | <b>307,783,300</b>        | <b>345,392,000</b>          | <b>365,243,000</b>                  |

**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.

1/ Includes 1,179 FTE Positions funded from Special Line Items in FY 2008.  
2/ Of the total amount appropriated for the Highways Program, \$129,253,800 in FY 2008 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, 2008. (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 total amount appropriated for the highways program, \$2,663,000 in FY 2008 is for performance pay for participants in the department's engineer pay plan. The department shall establish performance measures with measurable quality and quantity objectives for participants in the engineer pay plan that are designed to result in increased productivity and improved quality of the delivery of state services or products. The department shall either apply these performance measures to the entire engineer pay plan or apply relevant performance measures to subsets within the engineering pay plan either on a group or individual basis. Every quarter or month, the department shall review the participants' performance to determine if the performance measures were met. If the performance measures are met or exceeded, the applicable participants are entitled to receive the performance pay for the corresponding quarter.  
5/ Of the \$467,314,100 appropriation to the Department of Transportation, the Department of Transportation shall pay \$16,773,800 in FY 2008 from all funds to the Department of Administration for its Risk Management payment. (General Appropriation Act footnote, as adjusted for statewide allocations).

| PERFORMANCE MEASURES  | FY 2004 | FY 2005 | FY 2006 | FY 2008  |
|---|---------|---------|---------|----------|
|   | Actual  | Actual  | Actual  | Approved |
| • % of Maricopa regional freeway miles completed for the original 20-year ½ cent sales tax ending December 31, 2005               | 79      | 85      | 93      | 100      |
| • % of Maricopa regional freeway travel lane miles completed for the 20-year ½ cent sales tax extension effective January 1, 2006 | NA      | NA      | NA      | 0.7      |
| • % of overall highway construction projects completed on schedule  | 98      | 98      | 96      | 97       |

### Operating Budget

The budget provides \$138,002,400 and 1,369 FTE Positions for the operating budget in FY 2008. This amount consists of:

|                    | <u>FY 2008</u> |
|--------------------|----------------|
| General Fund       | \$86,600       |
| State Highway Fund | 137,915,800    |

These amounts fund the following adjustments:

#### Statewide Adjustments

The budget provides an increase of \$4,132,100 in FY 2008 for statewide adjustments. This amount consists of:

|                    |           |
|--------------------|-----------|
| General Fund       | 3,700     |
| State Highway Fund | 4,128,400 |

(Please see the Statewide Adjustments section at the end of this Appropriations Report for details.)

#### Engineer Pay Plan

The budget provides an increase of \$4,489,900 and 25 FTE Positions from the State Highway Fund in FY 2008 for the engineer pay plan. This amount includes \$2,489,900 for performance pay for participants in the department's engineer pay plan, and \$2,000,000 and 25 FTE Positions to shift from the use of consultant services to in-house staff in areas including bridge inspection, right-of-way plans, and environmental planning. The approved amount includes \$60,800 in one-time equipment.

A total of \$2,663,000 was approved for performance pay for the engineering pay plan, which includes \$2,489,900 for the operating budget and \$173,100 for the Highway Maintenance special line, as shown in Table 1.

Table 1

#### Engineering Pay Plan Performance Pay

| <u>Program</u>                   | <u>Increase</u>    |
|----------------------------------|--------------------|
| Highways Operating Budget        | \$2,489,900        |
| Highway Maintenance Special Line | 173,100            |
| <b>Total</b>                     | <b>\$2,663,000</b> |

A General Appropriation Act footnote requires that ADOT establish performance measures for participants in the engineer pay plan that are designed to improve their productivity and quality of state services or products. Every quarter or month, ADOT is required to review the participants' performance either for the entire engineer pay plan or for groups or individuals within the engineer pay plan. If the performance measures are met or exceeded, the applicable participants are entitled to receive the performance pay for the corresponding quarter. (See footnote 4.)

### Special Line Items

#### Highway Maintenance

The budget provides \$129,253,800 and 932 FTE Positions for Highway Maintenance in FY 2008. This amount consists of:

|                                       |             |
|---------------------------------------|-------------|
| Safety Enforcement and Transportation |             |
| Infrastructure Fund                   | 558,700     |
| State Highway Fund                    | 128,695,100 |

These amounts fund the following adjustments:

#### Statewide Adjustments

The budget provides an increase of \$2,220,600 from the State Highway Fund in FY 2008 for statewide adjustments.

#### Highway Maintenance Workload

The budget provides an increase of \$7,464,300 from the State Highway Fund in FY 2008 for increased Highway Maintenance workload as additional miles of roadway come on line. The amount includes \$1,529,300 for 356 additional statewide maintenance lane miles in FY 2008, \$1,000,000 for cable barrier maintenance, and \$4,935,000 for the increased cost of highway maintenance materials such as concrete, asphalt and steel.

#### Camp Verde Maintenance Camp

The budget provides an increase of \$750,000 and 7 FTE Positions from the State Highway Fund in FY 2008 for expansion of the Camp Verde maintenance camp due to

traffic and workload increases. The approved amount includes \$445,800 in one-time equipment

**Engineering Pay Plan**

The budget provides an increase of \$173,100 from the State Highway Fund in FY 2008 for performance pay for participants in the department's engineer pay plan. *(Please see Highways Operating Budget for more details.)*

In addition to the \$129,253,800 provided for Highway Maintenance, the Proposition 400 Maricopa County 1/2 cent sales tax extension makes another \$10,000,000 available in FY 2008 for landscape maintenance, trash pick-up, sweeping and litter education from the non-appropriated Maricopa Regional Area Road Fund.

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. Monies also fund the freeway management system and the traffic operations center.

**Vehicles and Heavy Equipment**

The budget provides \$38,147,800 and 247 FTE Positions from the Transportation Department Equipment Fund for vehicles and heavy equipment in FY 2008. This amount funds the following adjustment:

**Statewide Adjustments**

The budget provides an increase of \$621,000 from the Transportation Department Equipment Fund in FY 2008 for statewide adjustments.

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.

**Vehicles and Heavy Equipment Fuel Surcharge**

The budget provides \$2,000,000 for vehicles and heavy equipment fuel surcharge in FY 2008. This amount consists of:

|  |           |
|--|-----------|
| State Highway Fund                       | 1,000,000 |
| Transportation Department Equipment Fund | 1,000,000 |

This amount is unchanged from FY 2007.

The total of \$2,000,000 includes \$1,000,000 from the Transportation Department Equipment Fund to pay for increased gas prices, and \$1,000,000 from the State Highway Fund for ADOT's sections 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.