

HB

667

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. House Bill 667
Title An Act making a supplemental appropriation to the DOTPF for the No. Slope Haul Road
Requested by House State Affairs Committee (Christine Harting) Date 2/14/80

II. FISCAL DETAIL

Agency Affected Department of Transportation and Public Facilities
Program Category Affected Transportation
BRU, Program, or Subprogram(s) Affected Interior Region M & O BRU, No. Slope Road Component
(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES	86.0					
200 TRAVEL	55.3					
300 CONTRACTUAL	3,400.5					
400 COMMODITIES	143.2					
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	3,685.0					

FUNDING (Thousands of Dollars)

GENERAL FUND	3,685.0					
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

The first session of the 11th Legislature appropriated \$2,400,000* to the Department of Transportation and Public Facilities for maintenance of the North Slope Haul Road during Fiscal Year 1980. The Governor's original request was for \$4,566,100 based on the assumption that the road would be maintained solely by State forces operating from five camp sites. At the present time there are three camps in operation manned by State employees providing maintenance for 182 miles of the Haul Road. The remaining 210 miles of road is being maintained under contract with two private contracting firms. This arrangement for maintenance of the North Slope Haul Road is expected to continue through Fiscal Year 1980.

(Continued on next page)

IV. DATE 2/21/80 PREPARED BY Robert W. Steele
AGENCY Transportation & Public Facilities
PHONE 364-2121 Ext. 258
Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)

Fiscal Note - HB 667

The cost of maintaining the 182 miles of road with State forces during FY 80 is projected at \$1,953,900. The costs of the two presently negotiated contracts total \$344,260 per month, or \$4,131,100 for the 12 month period of FY 80. The total anticipated expenditures for maintenance of the entire road by both State forces and contracts would then be \$6,085,000. The table below indicates the projected shortfall based upon the above narrative.

Maintenance by State forces	\$1,953,900
Maintenance by contracts	<u>4,131,100</u>
Total Maintenance Costs	\$6,085,000
Less FY 80 appropriation*	<u>(2,400,000)</u>
Supplemental Requirement	\$3,685,000

A copy of Deputy Commissioner Ryan's memorandum on this subject is attached. It should be noted the due to an error in calculation, his memorandum requests \$3,737,300 of supplemental funds when in actuality only \$3,685,000 is required.

The Fiscal Year 1981 Governor's budget request assumes maintenance of the entire haul road utilizing only State forces, resulting in an overall reduction from the amounts required for FY 80.

Note * This assumes passage of HB 577 which appropriates the remaining \$360,000 of the North Slope Haul Road budget.

DEC 24 1979

ATTACHMENT E

TO: Ron Lind
Deputy Commissioner, Administration
Department of Transportation
and Public Facilities

DATE December 20, 1979 DOT/PF
COMMISSIONER'S OFFICE

FILE NO 400C-0003

TELEPHONE NO.

FROM: Patrick P. Ryan *P.P.R.*
Deputy Commissioner, M & O
Department of Transportation
and Public Facilities

SUBJECT Supplemental Request - North
Slope Haul Road Component

The Free Conference Committee Budget provided for a lump sum appropriation of \$2,400,000.00 to maintain the North Slope Haul Road. Additionally, the Haul Road was made a Component of the Interior Region Maintenance and Operations BRU.

The Governor's Request for the 1980 Operating Budget for the Haul Road was \$4,566,100. That amount was estimated to be adequate to provide year around maintenance from five camps manned by State employees. At the current time and for the remainder of Fiscal Year 80 there will be only three camps in operation providing coverage for 182 miles of the road. The remaining, 210 miles will be maintained under a contractual arrangement with two private contractors. The requirement to continue the two contracts for the remainder of Fiscal Year 1980 will require us to request a Supplemental greater than \$2,166,100. The \$2,166,100 is the difference between the Governor's request of \$4,566,100 for year around maintenance and the \$2,400,000 approved by the FCC for partial year funding.

The total Supplemental needed for the Haul Road Component to finish Fiscal Year 1980 is \$3,737,300. This amount will make a total FY 80 budget of \$6,137,300 which is \$1,571,200 over the Governor's Request for 1980.

The cost of maintaining the first 182 miles with the state forces located at three camps is estimated at \$1,953,900 for a full year. The two contracts will cost \$344,260 per month or \$4,131,100 for a full year. The total expenditures for this component as of November 30, 1979 was \$1,635,593 leaving a balance of \$404,407. The Legislature only fund 85% of the \$2.4 million approved.

There is the alternative of making up the shortfall in the Haul Road Component by transferring funds from the other three Interior Components. This alternative has been considered but would result in extensive reduction of services to the remainder of the Region as the effect would be a 33% reduction in those components. Therefore, that alternative is unacceptable in my opinion.

The third alternative is to drop the two contracts and man the remaining 210 miles with state forces. While it is estimated that this would result in a savings to the state, the alternative is not practical as camp facilities do not exist at this time to allow the placement of state personnel.

Therefore, we believe the only viable course of action is to request a supplemental in the amount of \$3,737,300 to complete FY 80.