

The Highway Needs and Finance Subcommittee met in Belle Fourche on July 23, 2014, from 11:00 a.m. to 1:00 p.m., at the Belle Fourche Area Community Center.
(Attendance was estimated at 35.)

The meeting was hosted by the following committee members: Senator Vehle, Chair; Senator Ewing; Representative Duvall, Vice Chair; and Representative Cammack; Representative Peterson; and Representative Werner.

Senator Vehle presented an overview of the scope of the Highway Needs and Finance Committee and reviewed the tables and charts in a PowerPoint presentation (document #1) with the audience. The presentation provided a description of the basic state and local highway, road, and bridge infrastructure; federal, state, and local financing revenues; efficiency measures for the SD DOT; construction and maintenance costs; current and projected road and bridge conditions; and the importance of maintaining the transportation infrastructure.

Public Testimony:

Ryan Kayan – Belle Fourche City Engineer: Mr. Kayan recently moved from Nebraska to South Dakota and from his experience construction costs are higher in South Dakota. He suggested that there would be a benefit if there was more competition in the bidding process, which may be accomplished by encouraging more contractors and work crews. One alternative that the state should consider is using different construction methods, such as concrete overlays. Belle Fourche funds many of its projects with funds received through its sales tax revenue and participates in the SD DOT's funding exchange program.

Robert Johnson – Harding County Commissioner: Harding County experiences a significant amount of heavy truck traffic due to its oil wells and the traffic heading to the Bakken oil field. Some alternatives for increasing revenues may include the motor fuel tax and dedicating a portion of the sales tax revenue to roads. Also, the counties should be involved in determining the solutions. Harding County does not have a wheel tax, but it receives a substantial amount of revenue from mineral severance tax.

Matt DeBow – Harding County Commissioner: He commented that there is heavy truck traffic through Camp Crook which in part may be a route selected to avoid the weigh stations. He believes many trucks are either overweight or carrying oversized loads. The weigh stations need to be open on a more consistent basis and the permitting process for overweight and oversized trucks should be evaluated. He also suggested evaluating the use of portable weigh stations for county roads.

Ross Kelly – Contractor/Trucker, Belle Fourche: He recommended that the DOT should consider using rumble strips down the middle of the two-lane highways for safety reasons. Also, the DOT needs to be painting the lines on the roads more frequently as truckers and other travelers rely on these markings especially during bad weather.

Given the number of oversized loads heading to the Bakken Oil Field, consideration should be given to widening Highway 85 or increasing the number of lanes.

Cal Klewin, Theodore Roosevelt Expressway Association: He explained the goals of the association to improve Highway 85 by updating the corridor's current, standard two-lane, format into a super two-lane highway or four-lane. The Theodore Roosevelt Expressway (TRE) runs from Rapid City, SD to Canada through the Port of Raymond in Montana. The TRE begins in Rapid City and flows through the cities of Spearfish, Belle Fourche, Buffalo, Bowman, Watford City, Williston, and finally through the Port of Raymond into Canada. He offered the committee the opportunity to visit their offices. He reiterated the importance of enacting a long-term highway reauthorization bill at the federal level.

Ed Gosch – Belle Fourche: He would be willing to pay more gas tax and recommended the use of highway roundabouts.

Doug Kohl – Belle Fourche: As a business person, he encouraged the state to consider the merits of improving the capacity of Highway 85 for its potential in enhancing economic development for the area. He would support an increase in the gas tax and bonding as a means to finance highways.

Scott Peterson – President of Belle Fourche Economic Development Corporation: Additional portable scales may be more effective than fixed weigh stations in addressing issues with overweight vehicles. Belle Fourche has already experienced businesses moving to the community to provide products that serve the Bakken Oil Field. He is concerned that the state is not properly maintaining Highway 85.

Gary Brunner – Butte County Sheriff's Department: The sheriff's office is called to help oversized loads and they are experiencing an increase in these calls.

John Morris – Morris, Inc., Fort Pierre: Highway and road construction material is a major expense for projects. The DOT should consider the use of alternative materials in some instances as the increased material costs may not be worth the benefit received. When preparing the specs for various highway projects across the state, availability and costs of certain materials should be considered.

Allan Bonnema – Lawrence County Highway Superintendent: The Lawrence County highway budget only provides funds for maintenance. There is no ability to make road improvements. The funding for bridges is inadequate as only a few bridges are being replaced each year on a statewide basis. He suggested a significant increase to the motor fuel tax and a dedication of a portion of the tax revenue for bridge replacement. He also commented that is not feasible to maintain all the county secondary roads, especially when they only serve one ranch.

Bruce Outka – Lawrence County Deputy Attorney: He explained that codified laws should be amended to clarify the county responsibilities for maintaining certain roads

which in some instances could be classified as either minimum or no-maintenance roads. Also, define how undeveloped sections lines should be handled in the event individuals wish to build homes in such areas.

Milo Dailey – Butte County Post: He believes construction costs could be reduced if regulations and standards were streamlined and modified. Rather than increasing revenues right away, we should do a study to determine how costs may be reduced.

Don Adams, Butte County Highway Superintendent: He described some of the construction criteria that occurred on some recent county projects which increased project costs.

The Highway Needs and Finance Subcommittee met in Rapid City on July 23, 2014, from 4:00 p.m. to 6:00 p.m. at the South Dakota School of Mines and Technology.

(Attendance was estimated at 35.)

The meeting was hosted by the following committee members: Senator Vehle, Chair; Representative Duvall, Vice Chair; Representative Cammack; Representative Schaefer; and Representative Werner.

Senator Vehle presented an overview of the scope of the Highway Needs and Finance Committee and reviewed the tables and charts in a PowerPoint presentation (document 1) with the audience. The presentation provided a description of the basic state and local highway, road, and bridge infrastructure; federal, state, and local financing revenues; efficiency measures for the SD DOT; construction and maintenance costs; current and projected road and bridge conditions; and the importance of maintaining the transportation infrastructure.

Public Testimony:

Rick Hustead – Chairman of Wall Drug Incorporated: The City of Wall takes in as much sales tax as towns with 4 or 5 times the population. To sustain the level of quality of roads in Wall requires a significant investment but necessary for tourism. Wall Drug has noticed increased traffic when road improvement projects, which were completed in the surrounding area. Raising the fuel tax may need to be part of the solution.

Dana Foreman – KLJ Engineering, Rapid City: In 2013, KLJ helped Murdo begin to design a project to pave 5 blocks of gravel connecting to the school. The objective of the project is to improve the quality of life and safety of residents. They applied for a Community Access grant through the SD DOT, which was awarded to them. The total cost of the project is \$850,000 and the grant covers \$200,000. They designed the project to be 6 to 7 inches of pavement; however, SD DOT required the road to be 8 inches. They had to reconfigure the project. While the grant program is very helpful and vital to small communities, he urged the DOT to consider alternative designs. Not all projects should be required to meet the same standards due to differing needs and uses.

Tom Heinz – Coffee Shop Fuel Stops: He supports increasing the fuel tax at the federal level to maintain parity among states. Parity is important to ensure customers don't travel out of state for cheaper fuel. Fuel efficiency has improved and fuel optimizers used by the trucking industry route trucks to the most economic route, which may exclude South Dakota if the fuel tax is too high. A long-term transportation reauthorization bill is vital to support the economy. Indexing the gas tax may need to be looked at.

Mike Ortner – Fall River County Commissioner: Counties appreciate the Legislature's past work to increase the licensing fees. This increase was helpful; however, it is not

adequate for counties. The motor fuel tax needs to be increased due to the reduced purchasing power and the tax should be indexed in the future. The property tax limitation program has really limited the ability of counties to raise the necessary funds to maintain and build roads. The legislation should consider mandating the wheel tax and allow counties to opt out of the tax.

Ken McGirr – Meade County Highway Superintendent: A section of the New Underwood Road has collapsed and fell away. He estimates that the traffic volume on this road is about 700 to 800 vehicles a day, while traffic on Highway 34 is roughly 140 vehicles a day. The state should explore a cost-share program or share resources with counties for heavy traffic county roads that serve as interconnectors between state roads. The SD DOT should recognize that it has some obligation to these roads and share the responsibility of upkeep. We should focus on streamlining and efficiency.

Cliff Reuer – SD Local Transportation Assistance Program (LTAP): The slide on the road in Meade County is a significant problem for people traveling to Rapid City from that area. LTAP assists local governments with techniques to use for road maintenance and reconstruction. They also consult on good material to use for projects and provide other advice and counsel.

Robert Heidgerken – Meade County Commissioner: He suggested that the New Underwood Road be converted to a state road. This road makes up 30 percent of the paved roads in Meade County and they are unsure how they are going to fix it. A wheel tax would not help their county to raise much revenue due to its small population.

Casey Krogman – Mellette County Commissioner: The bridge over White River between Jones and Lyman Counties will be replaced within the next year. However, bridges continue to be an issue. The county does not have enough funding to replace all the bridges that need to be replaced. A sales tax on motor fuels could be a potential solution.

Susan Henderson – Edgemont: The committee and SD DOT need to go through its budget and prioritize projects in order to cut spending. A wheel tax would not pass in Fall River county and you cannot continue to raise property taxes to pay for roads. A combination of increasing the sales tax and fuel tax could be a solution.