



# **MINUTES**

## **GOVERNMENT OPERATIONS AND AUDIT COMMITTEE**

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**Fifth Meeting  
2003 Interim  
November 18 & 19, 2003**

**LCR 1 and 2  
State Capitol Building  
Pierre, South Dakota**

The fifth meeting of the Government Operations and Audit Committee was called to order by Chair Klautt at 9:00 a.m., November 18, 2003 in the Legislative Conference Room 1 and 2, State Capitol Building, Pierre, South Dakota.

A quorum was determined with the following members answering the roll call: Senators Arnold Brown, John Koskan and Garry Moore; and, Representatives Ted Klautt, Rebekah Craddock, Gerald Lange and Claire Konold. Senators Marguerite Kleven, J.P. Duniphan and Representative Margaret Gillespie were excused.

Staff Members present were Marty Guindon, Auditor General and Rich Hornak and Gary Hoscheid, State Government Audit Managers. Annie Mertz, Principal Fiscal Analyst represented the Legislative Research Council.

### **Approval of Minutes**

Representative Craddock moved, seconded by Representative Konold, that the minutes of the October 15, 2003 meeting be approved. Motion prevailed unanimously on a voice vote.

### **Department of Revenue**

Dennis Rounds provided an overview of the Petroleum Release Compensation Fund. A handout was provided by the Department of Legislative Audit.

### **Department of Environment and Natural Resources**

Steve Pirner, Secretary, Tim Tollefsrud, Bill Markley and Kristi Honeywell from the Department of Environment and Natural Resources provided the Committee with an overview of the Spruce Up South Dakota Tank Removal Program. Kristi Honeywell testified that the total cost since the inception of the program in fiscal year 2001 is \$6,733,198. There have been 2,495 sites signed up for the program with 2,470 completed and 3,744 tanks removed.

### **Public Testimony**

#### **Department of Environment and Natural Resources Tank Removal Program**

Bernie Opland from BJ Iron testified before the committee that he was the low bidder on tank removal projects in the Minnehaha County area and was not awarded the contract. Mr. Opland also testified that he was not receiving request for proposal information for upcoming projects. Ms. Kristi Honeywell, Department of Environment and Natural Resources testified that the BJ Iron bid for the Minnehaha County Area was an unbalanced bid. Unbalanced bids are not accepted. Representative

Klaudt asked Ms. Honeywell if Mr. Opland could be provided with requests for proposals on future tank removal projects. Ms. Honeywell indicated that requests for proposals could be provided to Mr. Opland; however, they would reject any bid that was an unbalanced bid.

### **Spencer Tornado Clean-up**

Mr. Opland testified that he committed a significant amount of time and resources on the Spencer Tornado clean-up. Mr. Opland stated that, at the direction of then Governor Janklow, he used his equipment to move cars off the streets and put them in one location. He brought in a crusher and crushed the cars. Mr. Opland stated he spent two weeks in Spencer moving cars and other debris. When the cleanup was completed, he sent a bill for approximately \$7,800 to the Governor's office for his time and equipment usage. He received a letter thanking him for his time. According to Mr. Opland, the letter also stated that he would not get paid for his time since the State did not have a contract with him.

Mr. Tom Dravland, Secretary, Department of Public Safety, informed the committee that they reviewed their files and could not find any information relating to a bill from Mr. Opland. At the request of the committee, Mr. Dravland stated he would contact some people that were involved in the Spencer Cleanup to determine the extent of work completed by Mr. Opland and provide any information to the Department of Legislative Audit.

### **Department of Public Safety**

Tom Dravland, Secretary along with Jeannette Schipper, Kristi Turman, Jason Bauder and Bill Regynski provided an overview of the newly organized Department of Public Safety.

### **Digital Radio System**

Jeff Pierce and Dennis Ninceheler from the Bureau of Information and Telecommunications provided an overview of the South Dakota State Digital Radio System. A handout was provided to the committee that detailed the reception coverage of the new system and where additional towers were being installed.

### **November 19, 2003**

#### **Governor's Mansion Project**

Representative Craddock provided an overview on the moving of the Governor's Mansion and details of the new Governor's mansion. The projected schedule was that the mansion would be completely moved by December 5, 2003. Construction on the new mansion would begin in the spring.

#### **Department of Agriculture**

George Williams, Department of Agriculture, Steve Hasenohrl and Brenda Even from the Division of Wildfire Suppression gave an overview of the Wildfire Suppression Program.

#### **State Comptroller**

Rodger Leonard, State Comptroller, updated the committee on projects he is working and projected saving from different projects. Mr. Leonard testified that the total projected cost savings/cost avoidance that has been realized or is estimated to be realized through fiscal year 2005 is approximately \$6.4 million.

### **Office of Procurement Management**

Paul Kinsman, Commissioner, Bureau of Administration, updated the committee on the progress of the Office of Procurement Management. Mr. Kinsman indicated that they have reviewed consulting contracts associated with the Bureau of Information and Telecommunications and have discontinued certain contracts and plan to hire in-house personnel to provide the same service at a lower cost. Responding to committee questions, Mr. Kinsman indicated that legislation would be introduced during the legislative session relating to the awarding of consulting contracts.

Mr. Kinsman updated the committee on the space lease process. He informed the committee that the Department of Health moved to a different building in Sioux Falls, saving over \$1 per square foot. Mr. Kinsman updated the committee on the lease space for the Investment Council. He believed the lease rate was reasonable considering the needs of the Investment Council.

The committee discussed topics for the next meeting. Representative Klaudt directed the Department of Legislative Audit to provide information on cell phone use by state employees. The information to be provided should include:

- Statewide/specific agency policies covering the use of cell phones
- Fee structure for the main state contract
- Number of cell phone contracts and comparison of prices
- The total cost of cell phone service
- Statewide/specific agency policy on who should have cell phones

The next meeting will be held on Monday, January 12, 2004.

The committee adjourned at 11:00 a.m.



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