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☛ Details: Department of Transportation Major Highway Program audit

(FORM UPDATED: 08/11/2010)

WISCONSIN STATE LEGISLATURE ... PUBLIC HEARING - COMMITTEE RECORDS

2003-04

(session year)

Joint

(Assembly, Senate or Joint)

Committee on Audit...

COMMITTEE NOTICES ...

- Committee Reports ... **CR**
- Executive Sessions ... **ES**
- Public Hearings ... **PH**

INFORMATION COLLECTED BY COMMITTEE FOR AND AGAINST PROPOSAL

- Appointments ... **Appt** (w/Record of Comm. Proceedings)
- Clearinghouse Rules ... **CRule** (w/Record of Comm. Proceedings)
- Hearing Records ... bills and resolutions (w/Record of Comm. Proceedings)
(**ab** = Assembly Bill) (**ar** = Assembly Resolution) (**ajr** = Assembly Joint Resolution)
(**sb** = Senate Bill) (**sr** = Senate Resolution) (**sjr** = Senate Joint Resolution)
- Miscellaneous ... **Misc**

* Contents organized for archiving by: Stefanie Rose (LRB) (September 2012)

VIOLATION NOTICE

This ticket serves notice of an infraction committed against the citizens of Wisconsin and must be addressed in a timely fashion.

DATE (mm,dd,yy) Every Day TIME Always

OPERATOR Wis. Dept. of Transportation

LOCATION All Across the State

OFFICER 1000 Friends

VIOLATION NO. 1KF-2003

The Operator above is hereby notified of the following charges from the citizens of Wisconsin:

- Charge
- Exhibiting a lack of fiscal restraint
 - Repeatedly seeking to increase taxes and fees
 - Refusing to sufficiently heed warnings from Legislative Audit Bureau
 - Bonding in excess of safe and prudent rates
 - Failing to "fix it first"
 - Failing to provide adequate transparency involving expenditures
 - Forcing repair projects onto the shoulder in order to allow expansion projects to pass

Total Amount of Budget Shortfall >\$5.1 Billion

Policy Conditions at Time of Incident: The Legislature and Governor have failed to hold WisDOT sufficiently accountable.

Make checks payable to: **The Citizens of Wisconsin**

Failure to address this violation may result in greater fiscal problems in the future, as well as a reduction in the state's ability to provide an adequate transportation system.

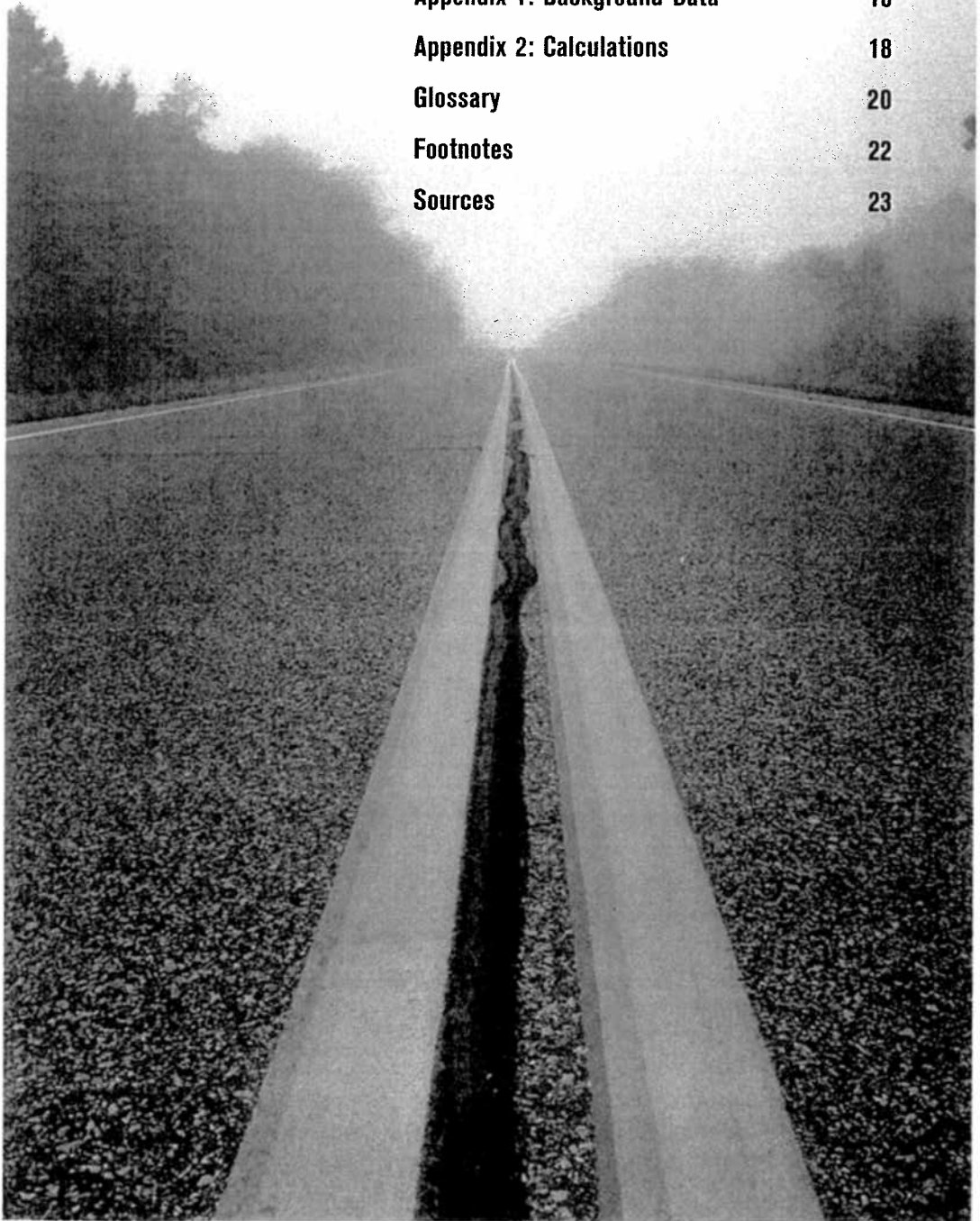
Detailed Description of Offenses Inside Envelope

Form FW-1000

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Introduction

The Wisconsin Department of Transportation (WisDOT) faces a fiscal crisis similar to the one faced by the state as a whole. It has fallen into a pattern of spending beyond its means; however, this problem has largely been ignored in discussions about the state's current fiscal crisis because almost no transportation costs are funded out of the General Purpose Revenue (GPR) Fund.

The separation of WisDOT's funding from the GPR should not comfort the governor, legislators, or citizens as they consider how to re-order Wisconsin's fiscal house. Instead, it should deeply concern them, because in addition to the multi-billion dollar deficit in the GPR, which funds the university system, school aids, shared revenues to local governments, corrections, health care, and nearly every other state program, WisDOT's own segregated fund, which pays for the state's transportation system, faces a shortfall that WisDOT predicts will be at least \$5 billion over the next 15-20 years.

WisDOT's fiscal problems are the result of a pattern of spending and funding priorities that have become increasingly unsustainable over the last fifteen years.

In the last fifteen years, the gas tax has increased 34%.¹ Registration fees have been raised 80%.² Federal funding has increased 80%.³ Since 1988, the rate at which WisDOT issues bonds and takes on new debt has increased 98%.⁴ WisDOT has received almost every funding increase it has sought.

Despite consistent funding increases, just three years ago the Wisconsin Department of Transportation predicted a \$5.1 billion shortfall in highway funding between 2000 and 2020. Since then, that number has increased by as much as another billion dollars – and almost assuredly will increase further due to rising

project costs, uncertainty regarding Federal funding levels, the national, regional, and state economic contexts, and inflation.

One piece of good news is that the condition of Wisconsin's road system is improving. A recent study found that the percent of roads not in good condition has been reduced from nearly 60% in 1994 to just over 40% in 2001.⁵ While we have to ask whether this number would be even lower if WisDOT had focused more on repair rather than expansion over the last fifteen years, it does represent a move in the right

direction. We can build on this positive trend by ensuring fiscal responsibility and increasing WisDOT's accountability to legislators, the governor, and citizens. Doing so will stabilize the Wisconsin Department of Transportation's budget and avoid leaving a multi-billion dollar debt as the transportation legacy of the first half of the 21st century.

In this report, 1000 Friends of Wisconsin has taken on the role of preliminary "auditor" of transportation spending in Wisconsin. WisDOT's current spending practices are unsustainable. Our research has confirmed that WisDOT is not held sufficiently accountable to the legislature, the governor, or the citizens of Wisconsin. It also has confirmed that WisDOT's current fiscal crisis stems in part from its spending on state highways, and expansion rather than repair. For this reason, this report deals almost exclusively with these issues and not modal or equity issues. In response to our findings, 1000 Friends of Wisconsin has also proposed the first portion of a transportation policy reform package – the Wisconsin Transportation Efficiency Act (WisTEA) – which focuses exclusively on the finances of Wisconsin's transportation system and its steward, WisDOT.*

A note on data sources and calculations.

1000 Friends has used WisDOT's data in this report. The primary source was WisDOT's "Transportation Budget Trends" document of August 2002. Other WisDOT sources include the State Highway Plan 2020 Summary, WisDOT budget proposals for the 2003-05 Budget and associated letters, and materials available at its website. In addition to WisDOT sources, we have analyzed papers, articles, and reports of the Legislative Audit Bureau, the Legislative Fiscal Bureau, and the Wisconsin Taxpayers Alliance. Also, we have communicated with representatives of WisDOT and the Legislative Fiscal Bureau in the course of our research. We appreciate their willingness and time in assisting us.

Calculations made in this report are based on numbers provided in the aforementioned sources. Most calculations are straightforward and are not complex. However, to ensure that our methodology is clear, we have included Appendix 2: Calculations with cross-referencing in both the text and the appendix.

* Subsequent to this report, 1000 Friends of Wisconsin will release its evaluation of how Wisconsin's transportation system meets the needs of its citizens.

"Under existing plans, shortfalls in state transportation funding are projected in coming decades. Tough choices on both the expenditure and revenue sides of the ledger lie ahead. Rebuilding the southeastern Wisconsin freeway system looms particularly large."

– Wisconsin Taxpayers Alliance

The Wisconsin Taxpayer, "Transportation Financing in Wisconsin."

WisDOT's Funding

WisDOT is the only state agency that does not have to compete for funding in each state budget.

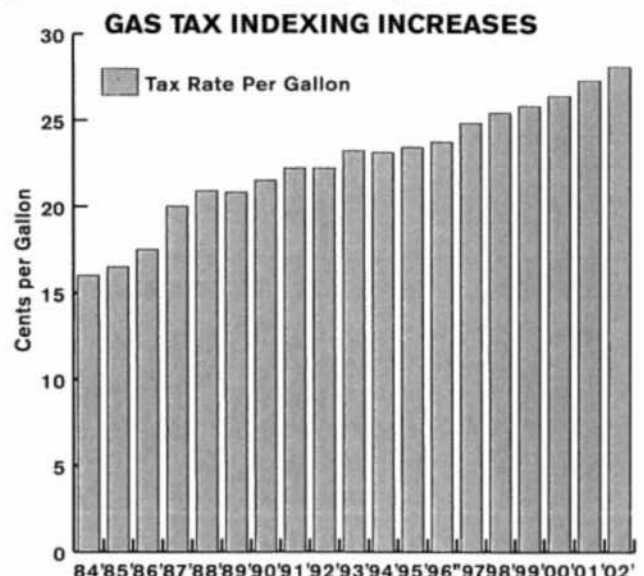
WisDOT is the only agency in Wisconsin to have its own segregated fund dedicated solely to its programs. In 2003, the Segregated Transportation Fund totaled \$2.36 billion.⁶ All other state agencies must compete for General Purpose Revenue (GPR) dollars in each biennial budget period, requiring them to regularly demonstrate the merits of their past spending as well as their future needs. Badgercare must compete with the University System, which must compete with Corrections, and so on. Only transportation is exempt from this process.

Every year, Gas Tax Indexing raises taxes - without the Legislature's approval.

Wisconsin currently has the second highest gas tax in the country behind Rhode Island.⁷ Indexing, another word for an automatic increase without Legislative approval, was implemented in 1985. Since then the gas tax has increased 57%.⁸ Currently, the gas tax rate is 28.1 cents per gallon and in 2003 it generated \$891

million, which goes directly into the Segregated Transportation Fund.^{9,10} Since 1988, indexing has increased the gas tax rate by 30%, yet gas tax revenues have increased 82%.¹¹ Even if gas tax indexing and statutory increases had not been implemented, annual revenue from the gas tax still would have increased more than \$150 million between 1988 and 2003 due to increases in consumption.¹²

[See Gas Tax History in Appendix 1 and Gas Tax Indexing in Appendix 2.]



Includes a 2 cent statutory increase in 1987 and a 1 cent statutory increase in 1997
Sources: LFB report #41 and WisDOT fact sheet: Transportation Finance Issues: Indexing

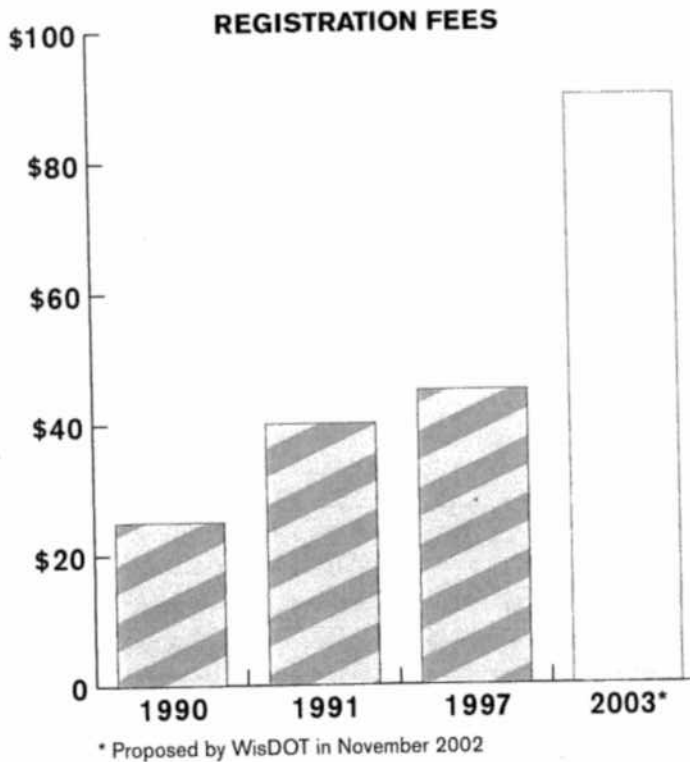
Gas tax sales exemption - Revenue not paid to General Purpose Revenue Fund.

State sales tax revenue goes into the General Purpose Revenue Fund. Gasoline is exempt from sales taxes, 5.0% at the state level and an additional 0.5% in some counties.¹³ If the state collected sales taxes on gasoline, it would have totaled more than \$150 million when applied to the more than \$3 billion in motor fuel purchased in 2002.¹⁴ [See Sales Tax on Gasoline in Appendix 2.]

WisDOT wants to double Motor Vehicle Registration fees. Yet, it already increased them by 80% in the 1990s.

In its 2003-05 Budget Proposal, WisDOT proposed doubling the Motor Vehicle Registration Fee from its current \$45 level to \$90.¹⁵ The fee was increased by \$15 in 1991 and another \$5 in 1997 - totaling a \$20 increase, up 80% from the 1990 level of \$25.¹⁶ The revenue generated by Motor Vehicle Registration Fees is used first to pay off debt from Major Highway Projects, and the remainder is kept in the Segregated Transportation Fund for WisDOT's use. WisDOT seeks

to increase the fees because in the last 15 years it has taken on so much debt to pay for Major Highway Projects that it cannot afford to issue any new bonds unless it secures more Motor Vehicle Registration Fee revenues to guarantee them. At its current \$45 level, Wisconsin's registration fee is the second lowest of its Midwestern neighbors - Illinois, Indiana, Iowa, Michigan and Minnesota.¹⁷ [There is more discussion of debt on the following page in "WisDOT's Debt" section]



Truck Fees - Former Secretary Carlsen says trucks do the damage but don't pay for it.

In a recent interview, former WisDOT Secretary Carlsen said, "The weight per axle that a truck carries across the roadway system does most of the damage to the roads. If we didn't have trucks on roads, roads would last almost forever. Trucks cause the deterioration of roadways."¹⁸ In its State Highway Plan 2020, WisDOT has indicated that much of the highway system is deteriorating.¹⁹ Trucks, however, are not paying their fair share for the needed repair.



WisDOT's Debt

In the last 15 years WisDOT has nearly doubled its dependence on funding from bonds. Payments on its debt have also more than tripled in that same time and, if that rate of increase continues, will exceed \$1 billion annually by 2020.

Since 1988, WisDOT has borrowed more than \$1.6 billion – more than \$1 billion was still outstanding in mid-2002 – most of which carries 5% interest and must be repaid in 20 years.^{20,21} More than \$1.5 billion of this debt has gone to pay for Major Highway Projects – \$130 million in 2003 alone.²² Accounting for inflation, WisDOT borrowed 95% more in 2003 than in 1988.²³ WisDOT's annual payment on its debt has grown from \$39 million to \$123 million in that same time, a 210% increase.²⁴ [See WisDOT Debt in Appendix 2]

WisDOT issues two types of bonds: revenue bonds, which are guaranteed by registration fees, to pay off Major Highway Project costs, and general obligation bonds to pay for rail and harbor improvements. General obligation bonds have shrunk to less than 5% of WisDOT's debt service.²⁵ Revenue bonds make up more than 95% of current debt service paid and, if WisDOT's trend of spending

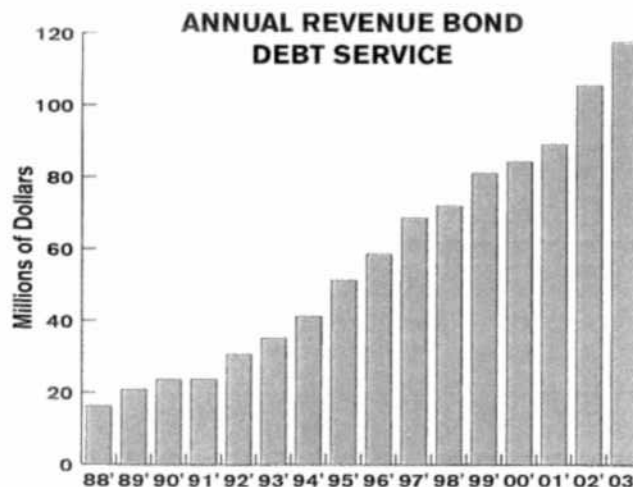
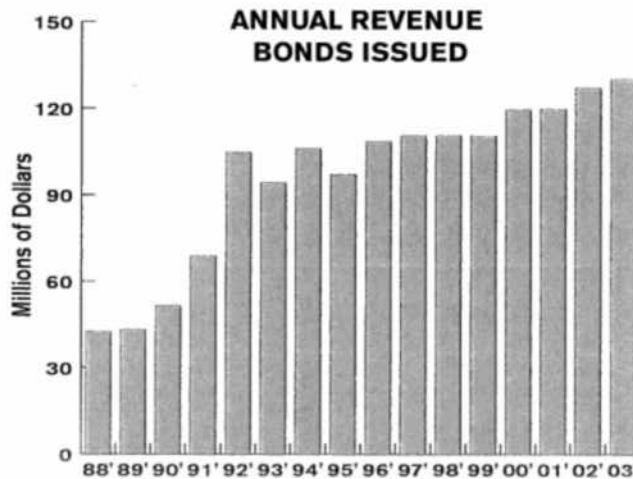
“At current bonding levels, debt service is expected to continue to rise, limiting funds available for other programs.”

– *Wisconsin Taxpayers Alliance*
The Wisconsin Taxpayer, “Transportation Financing in Wisconsin.”

14.4% more on them each year continues its 15-year trend, annual debt payments will skyrocket from \$117 million to \$1.6 billion between now and the year 2020.²⁶ [See WisDOT Debt in Appendix 2]

A concern recently expressed by former WisDOT Secretary Carlsen is that WisDOT's revenue bond rating might drop, which will lead to an increase in interest rates.²⁷

The bonds' current rating is based on a 3:1 ratio of registration fee revenue to debt service. However, this ratio is in jeopardy of dropping below 2.5:1, which may partly explain WisDOT's recent request for a registration fee increase. If WisDOT continues to increase its bonding, then similar fee increases will have to follow to maintain the bond rating in the future.



WisDOT's Budgeting and Expenditures

In 1996 the Legislative Audit Bureau determined that WisDOT faced a financial crisis. WisDOT and the Legislature chose to pursue tax increases rather than spending cuts, and the crisis only worsened.

According to the Legislative Audit Bureau report, "the Legislature is faced with several difficult decisions: allow the existing transportation system to deteriorate; redirect highway spending priorities to emphasize preservation and existing roads, rather than expand the highway system or develop other modes of transportation; or increase revenues to meet demand."²⁸

WisDOT and the Legislature have chosen one of these options: to seek increased revenues in the form of a statutory gas tax increase in 1997, in addition to increases from indexing, as well as a Motor Vehicle Registration Fee increase. WisDOT did not redirect highway spending to repair; instead, it increased both highway spending and bonding. [See 1996 Legislative Audit Bureau Report in Appendix 1.]



When proposing a project, WisDOT only accounts for the up-front project costs rather than for expenses over the entire life cycle of the project.

WisDOT does not budget for the life cycle of a project. Currently, project costs consist only of planning, design and construction. Roads and highways need regular maintenance and periodic repair work and WisDOT should anticipate the schedule for these. However, these costs are not included in WisDOT's project estimate. The life-cycle costs for replacing a highway are predictable. Total reconstruction needs to occur every 45-60 years, but WisDOT's rehabilitation budget does not reflect this known cost. [See Life Cycle Costing in Appendix 1.]

This practice is analogous to spending all of the transportation money you budget for the year on car payments while neglecting the known costs of insurance, gasoline, oil changes, and regular maintenance, much less unexpected problems such as deductibles for accidents. Further, to spend money on expansion projects instead of saving for known future reconstruction expenses is analogous to spending money on adding features to a second family car without saving for the replacement cost of the first car when it dies.

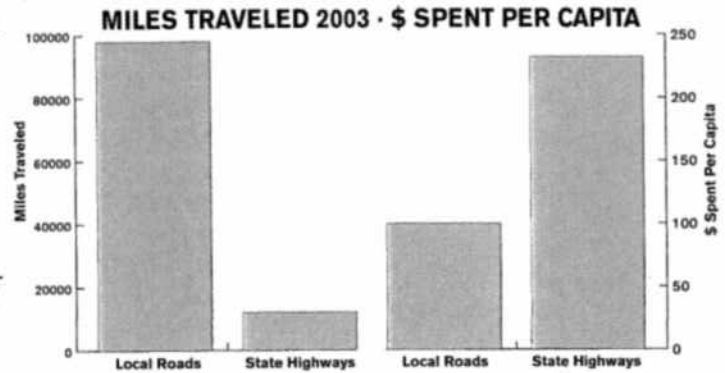
The Major Highway Project approval process includes virtually no fiscal restraint and limited critical analysis of WisDOT proposals.

The Major Project Approval Process includes project development by WisDOT, a review and recommendation by the Transportation Projects Commission (TPC), and then approval by the Legislature and Governor.²⁹ Since its formation in 1983, the TPC - which deals exclusively with Major Highway Projects - had recommended approval for each and every project that WisDOT proposed through 1997.^{30,31} In 1998, the TPC did not meet because funding shortfalls were expected, but that did not stop the Legislature and former Governor Thompson from adding additional

projects for enumeration anyway.³² In December 2002, the TPC again declined to approve any projects because of expected funding shortfalls. It remains to be seen whether the current budget process will again include projects for enumeration anyway. The Major Highway Project approval process is unique in state government – it is the only process whereby a project is approved before knowing how the agency will pay for it. [See Major Highway Project Approval Process in Appendix 1.]

There are eight times as many miles of local roads as there are miles of state highways. Yet, WisDOT funds state highways at twice the rate of local roads.*

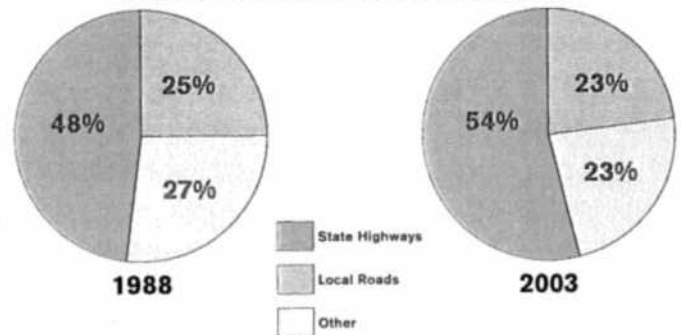
WisDOT spent \$232 per capita on state highways and just \$100 per capita on local roads in 2003.³³ Yet, there are 98,000 miles of local roads and just 12,000 miles of state highway.³⁴ WisDOT indicates that 60% of all traffic travels on state highways; but it uses a measure of traffic called Vehicle Miles Traveled (VMT.) VMT in isolation is an inadequate measure of traffic because it strongly biases against local roads in favor of state highways. [See VMT sidebar page 10.]



The disparity between WisDOT's level of spending on state highways versus local roads has increased in the last 15 years.

State highways are consuming increasingly more of WisDOT's budget. Between 1988 and 2003, the state highway portion of WisDOT's budget increased from 48% to 54%.³⁵ In the same period the share for local roads decreased from 25% to 23% of WisDOT's budget.³⁶

WisDOT BUDGET EXPENDITURES



The major reason for the increase in state highway funding is that Major Highway Projects have increased by 101% and debt service for revenue bonds has increased 360%.³⁷ [See State Highways versus Local Roads in Appendix 2.]

November 2002: WisDOT proposes increasing fees \$420 million ... December 2002: WisDOT proposes cutting local aids even further.

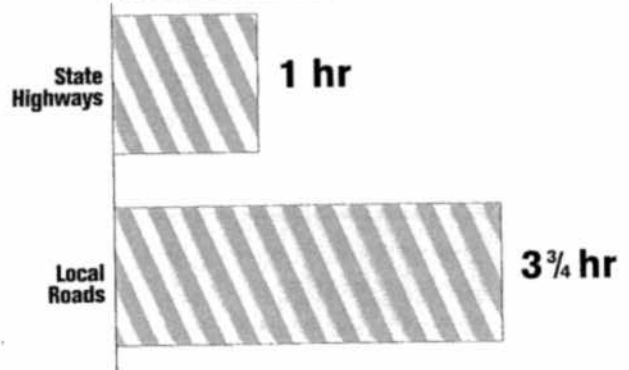
When faced with the current fiscal crisis, WisDOT's first proposal for the 2003-05 Budget (released November 2002) called for more than \$420 million in fee and license increases to pay for increases in many of its programs.³⁸ After this proposal was rejected, in order to maintain Major Highway Projects and expansion work, WisDOT proposed cutting 6% from State Highway Rehabilitation, General Transportation Aids, Transit Funding, and Local Road Improvements. The second proposal did not include any cuts of the Major Highway Projects program.³⁹ Even in tight economic times, WisDOT's pattern of building and expanding state highways at the expense of local roads continues.

* In this report, the money spent on state highways includes both WisDOT's State Highways category, as well as Debt Service on Revenue Bonds – since they are used to pay off Major Highway Projects. Local roads includes the Local Roads and Bridges Program and General Transportation Aids.

VMT Vehicle Miles Traveled is a measure of the miles a vehicle travels on a certain road – not a measure of the frequency of use for a road or the amount of time spent by road users in their cars on that road. Using VMT as a measure of traffic ensures that the roads with the fastest speed limits – the state highway system – will appear to have the highest rates of traffic.

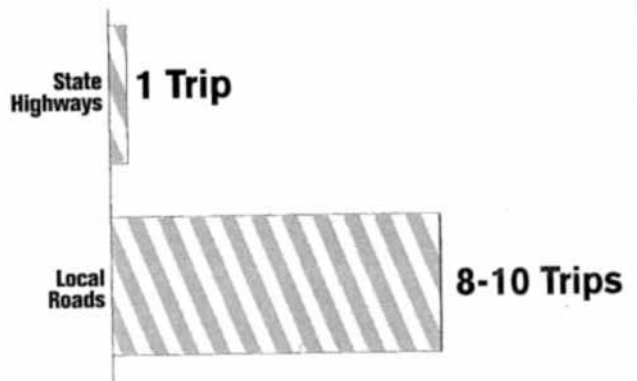
For example, a morning trip from Madison to Milwaukee on a state highway results in 75 VMT. This calculation assumes the trip is approximately 75 miles and, at an average of 60 miles per hour (mph), takes 75 minutes. In order to equal the 75 VMT created by a highway trip from Madison to Milwaukee, it would take three and three-quarter hours commuting or running errands around town at an average of 20 mph to result in the same VMT. Thus, it would take more than an hour a day of driving around town at an average of 20 mph every day for a week to equal the VMT produced by one round trip from Madison to Milwaukee. One weekend trip from Madison or Milwaukee to Superior or a cabin up north could easily result in as many or more VMT as a month's worth of errands and commutes.

TRAVEL TIME EQUAL TO 75 VMT



In the same time that one trip from Madison to Milwaukee results in 75 VMT, as many as eight or ten local trips that only result in 75 VMT could be made. For example, 24 trips taken over three days' driving - consisting of a 15 minute, five-mile commute each way to work and 45 minutes of driving to run three errands (six trips – two per errand) at an average of 20 miles per hour each day– result in a total of 75 VMT. The Madison to Milwaukee trip is one trip of 75 minutes with 75 VMT. Again, a hundred or more daily trips commuting or running errands could easily result in less VMT than in one trip from Madison or Milwaukee to Superior or a cabin up north.

NUMBER OF TRIPS EQUAL TO 75 VMT



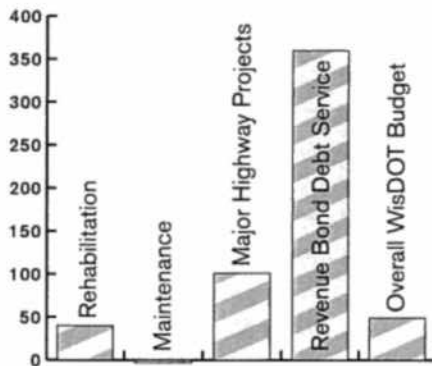
The problem with VMT: Using VMT instead of time spent on a road or trips taken on a road, results in much higher percentages of 'traffic' on roads with higher speed limits, which are, on the whole, state highways. As a justification for distributing transportation funding, using VMT in isolation is clearly biased against local roads, the roads on which Wisconsin residents spend the bulk of their driving time and upon which they make most of their trips. An additional problem with using only VMT is that it focuses on accommodating driving farther distances rather than increasing local accessibility by building compact communities, for instance.

WisDOT funds expansion at the expense of repair (Part I): It uses a lexicon that clouds what it spends our money on and impedes scrutiny by legislators and citizens.

Compounding the difficulty of understanding the already complicated system of funding for highway maintenance, repair and expansion, WisDOT uses a vocabulary that confuses many who wish to know how WisDOT is spending our tax dollars. An analysis of how much bigger the highway system has grown in the last 15 years and how much that has cost us should be fairly straightforward, but in practice is extremely difficult to do. [See WisDOT's lexicon in Appendix 1, as well as definitions of key terms in the Glossary.]

WisDOT funds expansion at the expense of repair (Part II): Confusing language or not, WisDOT's disproportionate focus on highway expansion is obvious.

PERCENT INCREASE 1988-2003



Even when taking WisDOT's own language at face value, its spending has disproportionately focused on expansion projects. In 2003, WisDOT spent 28% of its highway budget on the Major Highway Projects program – which includes many of the most costly expansion projects – and debt service on revenue bonds to pay for Major Highway Projects.⁴⁰ In the period from 1988 to 2003, WisDOT spending on Major Highway Projects has increased 101% and spending on debt service for revenue bonds used to pay for prior Major

Highway Projects has increased 360%.⁴¹ Meanwhile, spending on Rehabilitation has increased only 40% (less than both the State Highways Budget and WisDOT's overall budget), and spending on the Maintenance Projects has actually decreased 3%.⁴² [See Expansion versus Repair in Appendix 2.]

WisDOT funds expansion at the expense of repair (Part III): Its prioritization of highway expansion has led to substantial debt, overdue maintenance and repair, and an increasing amount of highways that must be maintained, repaired and replaced in the future.

By spending a disproportionately high amount on highway expansion, WisDOT has created a spending cycle with potentially dire consequences – existing highways and roads in worse conditions, increasing costs for repair, and increasing debt. Expansion means that demands for maintenance and repair will increase in the future because the system is larger. If regular maintenance is neglected, then minor repair is necessary sooner; and if minor repair is neglected, then major repair becomes imperative.

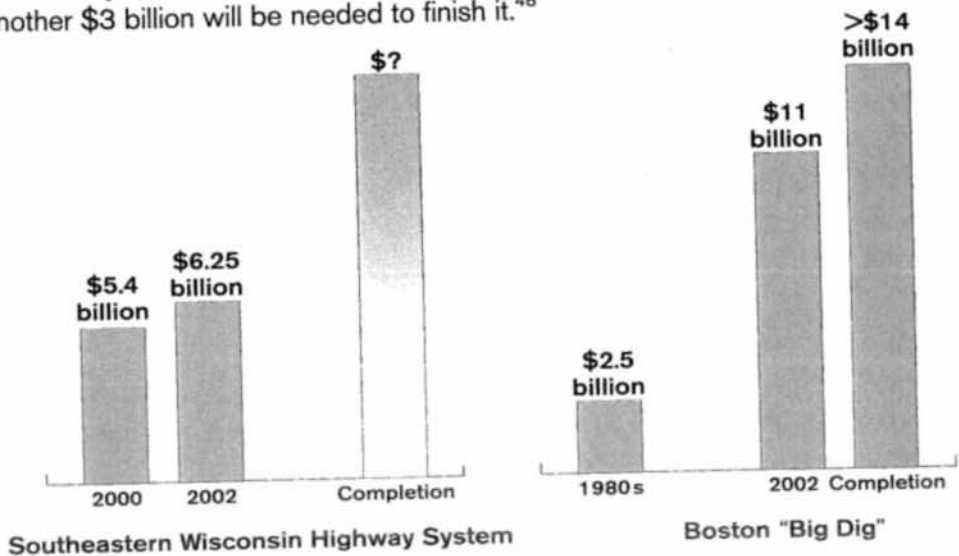
Major repair is more expensive than minor repair, which is more expensive than maintenance. Yet, once the need arises, major repair on highway A cannot be neglected because of safety concerns, therefore minor repair and maintenance on highway B are then neglected. This leads to the need for major repair on highway B in the future – a cycle illustrated by WisDOT's most recent budget proposal to cut local aid and rehabilitation in order to



rebuild the Marquette Interchange. Meanwhile, maintenance spending has decreased, rehabilitation spending has not kept pace with the rest of the budget, and Major Highway Projects and debt service to pay for them are skyrocketing. WisDOT projects massive rehabilitation needs throughout the state over the next 15-20 years.⁴³ Considering that the average lifespan of a highway is known, WisDOT should have recognized that it was spending tomorrow's maintenance, repair and reconstruction budget on expansion today.

WisDOT funds expansion at the expense of repair (Part IV): A future example: the Southeastern Wisconsin highway system rehabilitation. By February 2000, the project scope for the Southeastern Wisconsin highway system rehabilitation had grown and the cost estimate was \$5.4 billion. In October 2002, SEWRPC proposed a \$6.25 billion plan. By the time the project is finished, what will the cost be?

Most of the Southeastern Wisconsin highway system was built in the 1960s and 1970s.⁴⁴ Without a doubt, it is nearing the end of its useful life and is in need of rehabilitation. However, the plan that the Southeastern Wisconsin Regional Planning Commission (SEWRPC) has proposed is too expensive. In the February 2000 State Highway Plan 2020, WisDOT recommended spending \$5.4 billion on system rehabilitation and expansion.⁴⁵ By October 2002, the plan developed by SEWRPC recommended \$6.25 billion in spending, including more than \$700 million to pay for the proposed 127 miles of expansion.⁴⁶ This pattern parallels that of the so-called 'Big Dig' in Boston. Initial estimates in the mid-1980's put the cost at \$2.5 billion.⁴⁷ As of October 2002, more than \$11 billion has already been spent on it, and a recent finance plan indicates that at least another \$3 billion will be needed to finish it.⁴⁸



SEWRPC's plan is extremely costly. Without including debt service and inflationary increases, it amounts to more than \$1100 per capita per current Wisconsin resident. Moreover, there is no guarantee that it will adequately address the problems that currently exist. SEWRPC's highway expansion plan is not reflected in its regional plan. It appears to violate core planning principles, its citizen involvement component was not sufficient, and the scope of the study was limited.⁴⁹ Further concerns include: the most up-to-date methods for congestion analysis were not used; negative air quality impacts are underestimated; the relationship between transportation and land use is not accounted for sufficiently; and there is little analysis of crashes, their causes, and the benefits of planned reconstruction measures.⁵⁰ SEWRPC cannot demonstrate that spending \$6.25 billion on this plan will not put us in the same situation that we are in right now.

A Proposal for WisTEA: Wisconsin Transportation Efficiency Act

Wisconsin needs a comprehensive transportation policy reform similar to the reforms seen at the Federal level over the last 15 years. To this end, 1000 Friends of Wisconsin has designed the following fiscal policy reform package – the Wisconsin Transportation Efficiency Act (WisTEA). Our goal is to help bring Wisconsin into line with Federal policy reforms that were enacted in the 1990s through the Intermodal Surface Transportation Efficiency Act (ISTEA) and the Transportation Equity Act for the 21st Century (TEA-21).

This reform package consists of three pieces: Audits, Funding Reforms, and Budget and Expenditure Reforms. Each of the measures included in this package will help increase WisDOT's accountability to the Legislature, Governor and the citizens of Wisconsin. They also aim to ensure that the maintenance, repair and improvement of our transportation system is done in the most efficient and cost effective manner so that the system meets the present and future needs of Wisconsin's citizens.

Audits

Audit WisDOT

On February 5, 2003, the Wisconsin Legislature's Joint Committee on Audits voted unanimously to audit the Major Highway Project program. This action is a commendable and fiscally responsible first step. However, problems with WisDOT's funding and expenditures extend beyond the Major Highway Projects. In addition to this audit, 1000 Friends recommends the following:

Require regular audits of WisDOT by an independent review board, possibly the Legislative Audit Bureau. The first audit should study WisDOT's spending practices over the last 15 to 20 years. The audit should address:

- Spending distribution within subcategories of rehabilitation, local capital assistance, and local transportation aids.
- How program funding has changed over time – which programs have increased at the rate of inflation, above inflation and below inflation.
- How changes in program definitions or qualifications have disguised funding shifts; and estimated project costs versus actual project costs.
- Bidding and contract award practices.

Audit SEWRPC's proposal for the Southeastern Wisconsin highway reconstruction addressing both funding and function

SEWRPC's plans for the Southeastern Wisconsin highway system as a whole – as well as WisDOT's plan for the Marquette Interchange - are unaffordable and the benefits have not been sufficiently demonstrated with respect to their substantial costs. No one argues that repair needs should go unaddressed. However, they must be addressed so that repairs meet the present and future needs of Wisconsin citizens.

Institute a temporary moratorium on new debt and audit Major Highway Projects

Implement a moratorium on issuing new revenue bonds until the results of an independent audit have been released and evaluated. Re-evaluate the schedule of enumerated and proposed Major Highway Projects in order to focus on maintenance, repair and reconstruction.

Funding Reforms

Repeal Gas Tax Indexing

Automatically indexing the gas tax raises this tax by an amount so small that it has no impact on reducing driving or fossil fuel consumption, but it generates millions of dollars for road building. There is no other system of automatic tax rate adjustments anywhere in state or local government. Repealing gas tax indexing means that the road-building lobby will have to argue the merits of higher taxes for more roads each year before the Legislature, just as other interest groups must do for every other state program.

Maintain car and light truck fees but increase truck fees to equitably tax those who cause the worst damage to the roads

- Increase truck fees so that they are commensurate with the proportion of damage they cause to roadways.
- Study enhancing and expanding the freight rail network.

Replace the TPC with a reconfigured review board

Replace the Transportation Projects Commission (TPC) with a Transportation Projects Impact Review Board. The TPC currently includes the Governor, five senators, five assembly members, and three citizens, as well as the Secretary of WisDOT, who is a non-voting member.⁵¹ This board should include a more balanced representation of transportation stakeholders including municipal leaders, social and environmental advocates, and transit advocates.

Budgeting and Expenditure Reforms

Implement life-cycle costing

The cost estimate for each project considered by WisDOT should include not only the capital costs, but also the costs associated with the life of the project, such as routine maintenance, resurfacing, reconditioning and reconstruction. Predictable replacement should be accounted for before the addition of new structures, facilities or capacity.

Create a Life Cycle Trust Fund

An investment account should be created that will fund the maintenance and repair needs for Wisconsin's roadways. Each budget should involve depositing money into this 'Life Cycle Trust Fund' to build a base for the future. Any expansion project should include funding for this account so that the increased burden of maintenance and repair is accounted for through this investment at the time of construction.

Revise WisDOT lexicon and increase transparency

Revise state highway program definitions such as Major Highway Project, rehabilitation, etc., so that the Legislature and citizens can understand how their tax dollars are being spent on transportation. In particular, repair work should be more clearly distinguished and accounted for separately from expansion work.

Fix-it-first - Prioritize repair over expansion

WisDOT should enact a 'fix-it-first' policy that requires each WisDOT budget to cover all identified repair and maintenance needs, at both the state and local levels, before funding any new expansion projects.

Institute a 'Fair Share for Local Governments' program

- Reorganize transportation planning and funding priorities to reflect the importance of local transportation systems to the state.
- Guarantee state funding for at least 50% of combined local road maintenance and repair costs.
- Review and implement a combination of traffic measures – vehicle miles traveled, time spent on the roadways and trip frequency. A combination of the measures should be used to assist in determining funding allocation for different types of roadways.



Appendix 1: Background Data

Gas Tax History [From page 5]

The motor fuel tax, also known as the gas tax, generated \$890.70 million in revenue for WisDOT's segregated fund in 2003.⁵² The gas tax was created in 1925 at a rate of 2 cents per gallon in order to generate funding for highway programs from highway users rather than the general public.⁵³ It was increased statutorily seven times between 1925 and 1985, bringing the rate to 16.0 cents per gallon.⁵⁴ In the 1983-85 budget, the Legislature created an automatic annual gas tax increase, also called gas tax indexing. Since then, indexing has resulted in an increase of 9.1 cents per gallon. When automatic indexing is combined with a two-cent statutory increase in 1987 and a one-cent statutory increase in 1997 it brings the current gas tax rate to 28.1 cents per gallon.⁵⁵ Between 1985 and 1997, indexing was tied to inflation and consumption, which meant that the annual increase received an extra boost if consumption rose – it rose by 40% between 1982 and 1999 – but suffered if consumption decreased.⁵⁶

1996 Legislative Audit Bureau report [From page 8]

In December 1996 the Legislative Audit Bureau released the findings of an audit of WisDOT mandated by the Legislature's Joint Committee on Audit in 1995.⁵⁷ Its key findings included: 1) WisDOT's spending had increased 21.7% over inflation between 1986 and 1996; 2) the Wisconsin highway system is in good condition relative to neighboring states, as well as nationally, and that local mass transit systems and local roads are relatively well-funded compared to other states; and 3) that in spite of the good level of support, the existing revenue structure would not support future needs. Further, the audit raised concerns regarding the high level of bonding for major projects.

Life Cycle Costing [From page 8]

In the 2001-2002 Legislative Session, Senators Cowles, Hansen and Huelsman, as well as Representatives Olsen, Albers, Black, Ryba, Miller, La Fave, and Berceau introduced Senate Bill 444. This bill would have required "life cycle cost statements for major highway projects recommended for enumeration."⁵⁸

Major Highway Project Approval Process [From page 9]

All Major Highway Projects must be legislatively enumerated in the state statutes through a four-step process. The process begins with WisDOT, under the advisement of the 15-member Transportation Projects Commission (TPC), proposing major highway projects for enumeration. Then, the TPC is supposed to meet before each budget cycle to analyze the projects, approve those with the most merit and reject or delay those with less merit. Except for 1998 and 2002, the TPC has recommended each and every proposed project. It did not recommend any projects in 1998 or 2002 because a provision of the 1997-99 budget bill prevented the TPC from enumerating projects if there was not sufficient funding available to begin them within six years. The 1996 Legislative Audit Bureau report proposed that the limitation require an eight-year horizon.⁵⁹

Following the TPC's recommendations for enumeration, the Legislature then votes on the projects. Similar to the TPC, the Legislature has approved each and every proposed project. Finally, the Governor has the chance to approve or veto the projects approved by the legislature. The Governor has also approved every project as well.

In 1998 the TPC did not meet because of expected funding shortfalls, yet the Legislature and former Governor Thompson each added projects for enumeration

despite the TPC's inaction.⁶⁰ It remains to be seen what the Legislature and Governor will do in the 2003-05 budget following the TPC's refusal to recommend projects in 2002.

WisDOT's lexicon [From page 11]

The language used by WisDOT in discussing the different types of highway work is confusing and can be a major impediment to understanding how WisDOT's spending on highways is distributed. The key terms are Maintenance, Major Highway Projects, and Rehabilitation. Rehabilitation is sub-classified into the '3 R's': Resurfacing, Reconditioning, and Reconstruction. Each of these six terms is technically defined and that language can be found in the glossary of this report. Conceptually, these types of highway work fall within a spectrum, ranging from Maintenance Projects, which are generally the least complicated and costly, to Major Highway Projects, which are the most complicated and expensive. Rehabilitation Projects comprise the middle range and within the subsets of Rehabilitation, Resurfacing Projects are generally the least expensive and complicated, followed by Reconditioning Projects, with Reconstruction Projects generally the most expensive and complicated.

The major problem with WisDOT's system of project classification is that it does not delineate clearly enough the difference between projects that involve maintenance and



repair of existing roads and highways and those projects that involve road and highway expansion. This is a subtle, but very important distinction. Defining and categorizing projects in this current manner clouds WisDOT's spending practices. For example, projects ranging from resurfacing a short segment of highway all the way up to a \$5 million reconstruction involving the addition of up to five miles of multiple highway-lanes fall within the Rehabilitation Program. And since, in its publications, WisDOT generally categorizes spending under the general heading Rehabilitation, and not the subsets of Resurfacing, Reconditioning, and Reconstruction, it is difficult to determine how the Rehabilitation budget is spent.

Also available from WisDOT is information on spending for expansion. In the Wisconsin State Highway Plan 2020, however, expansion is specifically defined as including "the same types of work associated with reconstruction, but also involves the construction of additional through travel lanes."⁶¹ Under this definition, WisDOT spent \$11.3 million on expansion in 2002.⁶² As a point of comparison, according to the 2002-2007 Highway Improvement Plan in just one of the eight WisDOT regional districts, District 1, there was more than \$25 million planned for projects to "widen the roadway" or "increase capacity" – and that does not include other projects in which the terminology used was less explicit.⁶³ That is an average of \$4 million per year for one district and if other districts' figures are comparable, this would equal more than \$30 million in expansion spending per year. Granted, the comparison above may not be 'apples to apples' – and, the point is not that WisDOT is attempting to deceive the public. Instead, this comparison illustrates that the terminology that WisDOT uses is not accessible, it deters the layperson from analyzing WisDOT spending and – given the controversy often associated with highway projects – it creates the impression that the lack of transparency may be intentional.

Appendix 2: Calculations

Gas Tax Indexing [From page 5]

"Since then the gas tax has increased 57%" – Gas tax increased from 16.0 cents per gallon (1985) up to 28.1 cents per gallon (2002). This calculation excludes the 3 cents worth of statutory increases since 1985 for a total increase of 9.1 cents. 9.1 cents divided by 16.0 cents equals 57%.

"Since 1988 the gas tax rate has increased by 36%, yet gas tax revenues have increased 82%" – The gas tax rate in 1988 was 20.9 cents per gallon and increased to 28.1 cents per gallon by 2002. This calculation discounts the 1-cent statutory increase in 1997 for a total increase of 6.2 cents. 6.2 cents divided by 20.9 cents equals 30%. Gas tax revenues in the same period increased from \$490 million to \$891 million, an 82% increase.

"Even if gas tax indexing had not been implemented, annual revenue from the gas tax still would have increased more than \$150 million between 1988 and 2003." – The \$891 million collected in gas tax revenues in 2003 resulted from a gas tax of 28.1 cents per gallon. By dividing \$891 by .281, the gas tax rate, the gallons of gasoline consumed was 3.17 billion. Then applying the 20.9 cents per gallon rate to the 3.170 billion gallons results in \$663 million in gas tax revenues had the gas tax not increased from 1988 to 2003. Subtracting the 1988 gas tax revenues – \$490 million – from the 2003 gas tax revenues had the tax still been at 20.9 cents per gallon – \$663 million – equals \$172 million more in gas tax revenue.

Sales Tax on Gasoline [From page 5]

"If there were a state sales tax on gasoline, it would have totaled more than \$150 million when applied to the more than \$3 billion in motor fuel purchased in 2002." – In 2002, Wisconsin collected \$848.31 million from gas tax revenues and the gas tax was 28.1 cents per gallon. Dividing \$848.21 million in gas tax revenue by 0.281, the total gallons of gasoline consumed equals 3.02 billion gallons consumed. Assuming a gallon of gasoline costs just one dollar – a low estimate – then \$3.02 billion was spent on \$3.02 billion gallons of gasoline. If the 5 percent sales tax were applied to this \$3.02 billion in gas tax revenue then the sales tax revenue would equal an extra \$159 million.

WisDOT's Debt [From page 7]

"Since 1988, WisDOT has borrowed more than \$1.6 billion – most of which carries 5% interest and must be repaid." – Using WisDOT's "Transportation Budget Trends" document, page 12 – State Transportation Budget by Source of Funds: Bond Funds. The annual bond funds were summed for the period 1988 to 2003 equaling \$1.696 billion.

"More than \$1.5 billion of this debt has gone to pay for Major Highway Projects – \$130 million in 2003 alone." – Using WisDOT's "Transportation Budget Trends" document, page 14 – Major Highway Development by Source of Funds: Bond Funds. The annual debt service on revenue bonds was summed for the period 1988 to 2003 equaling \$1.54 billion.

"Accounting for inflation, WisDOT borrowed 98% more in 2003 than in 1988." – Using WisDOT's "Transportation Budget Trends" document, page 15 – Major Highway Development by Source of Funds (constant 2001 dollars, millions): Bond Funds. In 2003, bond funds were used for \$125.35 million of Major Highway Projects and in 1988 were used for \$64.29 million – an increase of \$61.06 million. \$61.06 million is 95% of \$64.29 million.

"WisDOT's annual payment on its debt has grown from \$39 million to \$123 million in that same time, a 210% increase." – Using WisDOT's "Transportation Budget Trends," page 55 – Bonding Debt Service: Total. \$39.47 million in debt service was paid in 1988 and \$122.61 million in debt service was paid in 2003.

"General obligation bonds have shrunk to less than 5% of WisDOT's debt service." – Using WisDOT's "Transportation Budget Trends," page 55 – Bonding Debt Service: General obligations Bonds and Total. Debt service for general obligation bonds was

\$5.18 million out of a total \$122.61 million in debt service in 2003. \$5.18 million is 4.2% of \$122.61 million.

"Revenue bonds make up more than 95% of current debt service paid and if WisDOT's trend of spending 14.4% more on them each year continues as it has for the last 15 years, annual debt payments will skyrocket from \$117 million to \$1.6 billion for the year 2020." – Using WisDOT's "Transportation Budget Trends," page 55 – Bonding Debt Service Revenue Bonds and Total. Debt service for revenue bonds was \$117.43 million out of a total \$122.61 million in debt service in 2003. \$5.18 million is 95.8% of \$122.61 million. The annual 14.4% increase results from calculating the annual rate of increase for debt service on revenue bonds and averaging them. Then, the 14.4% annual increase was applied to the current \$117.43 million debt service on revenue bonds.

State Highways versus Local Roads [From page 10]

"Between 1988 and 2003, the state highway portion of WisDOT's budget increased from 48% to 54%." – Using WisDOT's "Transportation Budget Trends." In 1988, State Highways (\$473.36 million) and revenue bond debt service (\$16.27 million) together totaled \$489.63 million out of a total budget of \$1011.7 million – or 48.4%. In 2003, State Highways (\$1147.55 million) and revenue bond debt service (\$117.43 million) together totaled \$1264.98 million out of a total budget of \$2363.68 million – or 53.5%.

"In the same period local roads decreased from 25% to 23% of WisDOT's budget. – Using WisDOT's "Transportation Budget Trends." In 1988, Local Roads and Bridges (\$61.86 million) and General Transportation Aids (\$187.58 million) totaled \$249.44 million of the \$1011.7 million total budget – or 24.6%. In 2003, Local Roads and Bridges (\$181.51 million) and General Transportation Aids (\$366.16 million) totaled \$547.67 million of the \$2363.68 million total budget – or 23.2%.

"The major reasons for the increase in state highways is that Major Highway Projects have increased by 101% and debt service for revenue bonds has increased 360%." – Using WisDOT's "Transportation Budget Trends." For this calculation, inflation was accounted for by using WisDOT's 2001 nominal dollars figures on pages 15 and 56. Major Highway Projects funding grew from \$115.57 million in 1988 to \$232.72 million in 2003 – a 101.4% increase. Debt service for revenue bonds grew from \$24.59 million in 1988 to \$113.10 million in 2003 – a 359.9% increase.

Expansion versus Repair [From page 11]

"In 2003, WisDOT spent 28% of its highway budget on the Major Highway Projects program – which includes many of the most costly expansion projects – and debt service on revenue bonds to pay for Major Highway Projects." – Using WisDOT's "Transportation Budget Trends." In 2003, spending on Major Highway Projects (\$241.62 million) and debt service for revenue bonds (\$117.43) totaled \$359.05 million of the \$1264.98 total highway budget, state highways plus revenue bond debt service. Thus Major Highway Projects plus debt service for revenue bonds equals 28.4% of the state highway budget.

"In the period from 1988 to 2003, WisDOT spending on Major Highway Projects has increased 101% and spending on debt service for revenue bonds used to pay for prior Major Highway Projects has increased 360%." – Using WisDOT's "Transportation Budget Trends." For this calculation, inflation was accounted for by using WisDOT's 2001 nominal dollars figures on pages 15 and 56. Major Highway Projects funding grew from \$115.57 million in 1988 to \$232.72 million in 2003 – a 101.4% increase. Debt service for revenue bonds grew from \$24.59 million in 1988 to \$113.10 million in 2003 – a 359.9% increase.

"Meanwhile, spending on Rehabilitation has increased only 40%, less than both the State Highways Budget and WisDOT's overall budget, and spending on Maintenance has actually decreased 3%." – Using WisDOT's "Transportation Budget Trends." For this calculation, inflation was accounted for by using WisDOT's 2001 nominal dollars figures on pages 20 and 23. Rehabilitation funding grew from \$416.53 million in 1988 to \$582.60 million in 2003 – a 39.8% increase. Maintenance funding decreased from \$160.5 million in 1988 to \$155.5 million in 2003 – a 3.1% decrease.

Glossary

General Obligation Bonds - are bonds backed by the "full faith and credit" of the State of Wisconsin. Prior to the mid-1980's they were used for highways. Since then they have been used for rail and harbor improvements.⁶⁴

General Transportation Aids - "The General Transportation Aids program is the largest in WisDOT's budget. It returns to local governments roughly 30% of all state-collected transportation revenues. Under this program 1,922 local governments (all counties, cities, villages and towns) receive quarterly payments based on local road mileage and aidable costs. Aidable local costs generally include the local share of all road and street construction and maintenance costs within the roadway rights of way. Expenditures for county forest roads are aided under another, separate program."⁶⁵

The Intermodal Surface Transportation Efficiency Act (ISTEA) - The Intermodal Surface Transportation Efficiency Act was enacted into law by Congress in 1991 and authorized funding for highways, highway safety and mass transit for the period 1992-1997.⁶⁶ The following policy goals are some of the major features of the Act: focus federal resources on National Highway System roads integral to interstate travel and national defense; give states and local governments more flexibility in making transportation choices; continue to fund mass transit; and authorize the use of highway funds for activities to enhance the environment and fund other modes.

Local Roads and Bridges Program - comprises "the largest share of transportation capital assistance programs. There are three primary components of the Local Roads and Bridges Program: (1) state and federal funding for bridge replacement; (2) federal aid for rehabilitation of local roads and streets; and (3) a state funded Local Road Improvement Program (LRIP) created by the 1991-93 Biennial Budget, in part to encourage the improvement of roads not eligible for federal aid."⁶⁷

Maintenance - "General maintenance activities include the application of protective coatings, the removal and control of snow, the removal, treatment and sanding of ice, interim repair of highway surfaces and adjacent structures, and all other operations, activities and processes required on a continuing basis for the preservation of the highways on the state trunk system, and including the care and protection of trees and other roadside vegetation and suitable planting to prevent soil erosion or to beautify highways pursuant to 80.01 (30), and all measures deemed necessary to provide adequate traffic service. Special maintenance activities include the restoration, reinforcement, complete repair or other activities which the department deems are necessary on an individual basis for specified portions of the state trunk highway system."⁶⁸

Major Highway Project - "means a project, except a project providing an approach to a bridge over a river that forms a boundary of the state, which has a total cost of more than \$5,000,000 and which involves any of the following:

1. Constructing a new highway 2.5 miles or more in length.
2. Reconstructing or reconditioning an existing highway by either of the following:
 - a. Relocating 2.5 miles or more of the existing highways;
 - b. Adding one or more lanes 5 miles or more in length to the existing highway.
3. Improving to freeway standards 10 miles or more of an existing divided highway having 2 or more lanes in either direction."⁶⁹

Reconditioning - means work in addition to resurfacing. "Minor reconditioning" includes pavement widening and shoulder paving. "Major reconditioning" includes improvement of an isolated grade, curve, intersection or sight distance problem to improve safety. Major reconditioning projects may require additional property acquisition.⁷⁰

Reconstruction - means total rebuilding of an existing highway to improve maintainability, safety, geometrics, and traffic service. It is accomplished basically on existing alignment, and major elements may include flattening of hills and grades, improvement of curves, widening of the roadbed, and elimination or shielding of roadside obstacles. Normally reconstruction will require additional property acquisition.⁷¹

Rehabilitation - The State Highway Rehabilitation Program consists of the 3 R's, resurfacing, reconditioning, and reconstruction, and "provides funding for safety improvements, upgrade of deteriorated pavement and roadway base, and modernization of state highways to meet current and projected travel needs."⁷²

Revenue bonds - are used for highway development through the Major Highway Project Program and are guaranteed by Motor Vehicle Registration fees. Use of revenue bonds for major highway development began in 1986 and has continued annually.⁷³

Resurfacing - means placing a new surface on an existing highway to provide a better all-weather surface and a better riding surface, and to extend or renew the pavement life. It generally involves no improvement in capacity or geometrics. Resurfacing may include some elimination or shielding of roadside obstacles, culvert replacements, signals, marking, signing and intersection improvements. Usually no additional property acquisition is required except possible minor acquisition for drainage and intersection improvements.⁷⁴

The Transportation Equity Act for the 21st Century (TEA-21) - "The Transportation Equity Act for the 21st Century was enacted by Congress June 9, 1998 as Public Law 105-178. TEA-21 authorizes the Federal surface transportation programs for highways, highway safety, and transit for the 6-year period 1998-2003."⁷⁵

Transportation Projects Commission - "In 1983 the Legislature created the Transportation Projects Commission (TPC) to evaluate the merits of candidate major projects and to recommend projects to the Governor and Legislature for statutory enumeration (i.e. authorization for construction). The TPC consists of fifteen members including: the Governor, three citizen members appointed by the Governor, five senators and five representatives appointed by the Legislature, and the secretary of transportation as a non-voting member. The commission's responsibility is to review candidate major projects and recommend projects to the Governor and the Legislature for statutory enumeration."⁷⁶

Wisconsin Department of Transportation (WisDOT) - "WisDOT supports all forms of transportation. The department is responsible for planning, building and maintaining Wisconsin's network of state highways and Interstate highway system. The department shares the costs of building and operating county and local transportation systems - from highways to public transit and other modes. WisDOT plans, promotes and financially supports statewide air, rail and water transportation, as well as bicycle and pedestrian facilities. The department is made up of three executive offices and six divisions organized according to transportation function. WisDOT's main office is located in Madison, but the department maintains district offices throughout the state as a way to preserve the local approach to transportation development and better serve customer needs."⁷⁷

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1000 Friends of Wisconsin & The Land Use Institute educate citizens and policy makers about the benefits of responsible land use. We advocate for healthy urban and rural communities and the protection of our economic, cultural and natural resources statewide.

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WISCONSIN LANDSCAPES

Perfecting the Places We Live
to Protect the Places We Don't

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FIX-IT-FIRST

A COMMON SENSE APPROACH

Within the last month the following things have gone wrong with my car. First, it had a flat front tire. When I took it in, I found out I needed both front tires replaced and that a thingamajig that makes the car turn was broken. \$400. Then, my car wouldn't start and I had to get it jumped twice in two days. The new battery cost \$116. Within days, my front headlight went out, a rear tire has gone flat, and, coincidentally, it's time for an oil change, new spark plugs and other routine maintenance. Cost to be determined next week.

**WisDot
spends \$200
for each
man, woman
& child in the
state per
year.**

So, do I throw in the towel and trade in my aging car and go into debt to buy a new one? No way. Even with 125,000 miles, my car is in great shape and I expect to get at least another 100,000 miles out of it. Instead, I plan on paying for these necessary, if unexpected, annoying, and expensive, repairs so that I get the most out of my investment and so that even more expensive repairs don't pop up on me in the future. Most Wisconsinites own cars and I imagine that the overwhelming majority are faced with similar choices every year and make the same decision. It's common sense: fix-it-first.

Meanwhile, the state legislature, the governor, and the Wisconsin Department of Transportation spend more than \$1 billion dollars on our state highway system each year. Yes, \$1 billion – nearly \$200 for each man, woman and child in this state! One would expect, reasonably, that like my spending on my car the overwhelming majority of this money is spent on maintenance and repair. However, one would be severely mistaken.

In the last fifteen years the Wisconsin Department of Transportation has spent more than \$12 billion on our state highways. Between 1988 and 2003, the amount spent on Major Highway Projects – in broad terms, the largest expansion and widening pro-

(Continued on page 3)

WHY SMART GROWTH IS GOOD FOR SCENIC CONSERVATION

Beauty is in the eye of the beholder. Or, so the saying goes. But few would disagree that a tree-lined country lane is more beautiful than a highway interchange. And who would argue that a divided highway lined with strip malls is more attractive than a downtown main street with its unique businesses and store fronts? Reaching a consensus on whether one landscape, or feature in a landscape, is more attractive than another is often easy; but measuring the difference, or even explaining exactly why there is a difference, is a question that local communities face constantly.

Consider the reaction of people if you asked them to estimate how much more beautiful one feature or landscape is than another, and why. Although there are scientists and psychologists attempting to address this very issue, most people would think you were nuts for asking such a question.

**SCENIC LANDSCAPES
ARE A
LAND USE ISSUE**

Allowing a farm field to be turned into a strip mall, focusing community development efforts on reviving a historic downtown, enacting an ordinance to prohibit the construction of new billboards or the enlargement of existing billboards are all local land use decisions that take place in zoning committees, planning committees, and town or village boards.

However, while local communities have these powers, most of the time they are utilized on an ad-hoc basis, as issues arise. And when addressed one-at-a-time - a billboard enlargement here, or a strip mall there - most projects are not perceived by citizens to have enough of an impact on a community's landscape or sense of place to cause them to speak up either in favor or against a proposal. Hence, developers, the outdoor advertising industry, and other interests are able to easily push through projects that, when assessed collectively, often amount to unsightly sprawl. This sprawl often erodes not only a community's landscape, but also its existing neighborhoods and downtowns, as

(Continued on page 4)

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DIRECTORS' COLUMN

Dear Friends,

What's water got to do with it?

Normally, we stay focused on promoting sensible land use policies. We did do a good job this fall at the legislature to make sure that Smart Growth was not repealed and not weakened by opponents of planning. We have added staff to reach out to communities trying to implement Smart Growth – helping communities plan their own future. We have also been working hard on developing transportation policies that don't bankrupt the state through sprawl and inducing unnecessary freeway development.

However, we have been working overtime to block efforts that would devastate the state's water resources protection program. Legislation backed by the realtors and builders would dramatically weaken protection of more than 80% of our lakes, rivers and streams. The kinds of development that would no longer be subject to current state regulation of waters and shorelands would change the landscape of Wisconsin forever.

Neatly tucked into legislation called the "Job Creation Act of 2003" (AB 655/SB313), the legislative proposal would deregulate grading operations adjacent to shorelines, would allow for rivers and streams 35 feet wide or less to be relocated for up to 500 feet or channelized or placed into a culvert without any permit requirement. Bridges could be placed over rivers and streams without any state oversight. Lakes could be dredged without permits, devastating aquatic life and changing the landscape, irrevocably.

The legislative proposal was developed in secret and when it was introduced, it was put on a fast track. The bill was introduced on November 11 and a hearing was scheduled on November 12. The plan was to pass it by November 13th until nearly every environmental and conservation group in the state strongly objected. The bill is now scheduled for action during the week before Christmas.

1000 Friends objected to the policies of the legislation, as well as the process. We succeeded in winning a reprieve and only time will tell if Wisconsin's waters will be threatened by new policies that promote development at the expense of the environment.

We extend a special thank you to our activist network members who contacted legislators to oppose the provisions that would forever change our landscape. We call on all of our membership to watch this legislation closely and contact their legislators regarding the need to maintain strong oversight of the development of our water and other natural resources in the state.

And as always, we thank you for your interest and your loyal support.

Sincerely,
Steve Hinker
 Executive Director

FIX-IT-FIRST

(Continued from page 1)

jects – increased 101% and debt service to pay off these projects increased 360%. What’s worse, at the current pace of borrowing, by 2020 WisDOT will be paying more than \$1.5 billion each year just to pay off past highway expansion. (See Figure 2.)

Comparatively, in the same period, spending on Rehabilitation projects – most of the repair work and some of the smaller expansion and widening projects – increased 40%. Incredibly, spending on maintenance work actually decreased 3% over these 15 years. The system is getting bigger and bigger and the amount of money to maintain and repair it is not even close to keeping pace.

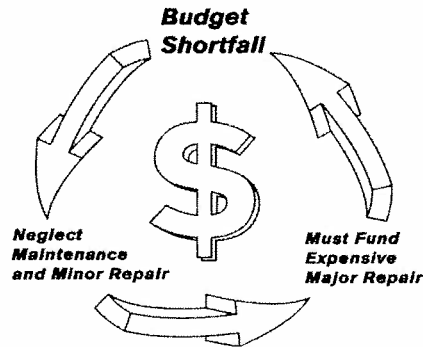
The real consequence of this spending pattern is the cycle known as the “Concrete Triangle” (See Figure 1.) If maintenance is neglected, then minor repair is necessary sooner. If minor repair is neglected, then major repair becomes imperative. And when a stretch of highway is at a crisis point, and funding is constrained, regular maintenance and repair are neglected on other highways in order to pay for this major repair. This cycle is inefficient and unsustainable, but also self-feeding and difficult to break.

Looking at WisDOT’s plans for future state highway spending in its Six Year Plan indicates that it doesn’t expect to break this cycle – and may even be making it worse. For example, WisDOT plans to spend approximately \$850 million on Major Highway Projects. Not only that, but when accounting for all of the highway expansion and widening buried in rehabilitation projects, WisDOT plans to spend more than 40% of its state highway budget on expansion and repair.

Clearly, it’s time for a change. WisDOT must increase transparency in the way that it categorizes its work, starting with the separation of expansion and widening projects from rehabilitation. And more importantly, the legislature, the governor, and WisDOT must adopt a Fix-it-First policy and revise highway plans to indicate this shift. Otherwise, the state will be stuck in its currently unsustainable cycle akin to neglecting repairs on your car, trading it in because it demands expensive repairs, and then racking up tons of debt to keep buying bigger, newer cars.

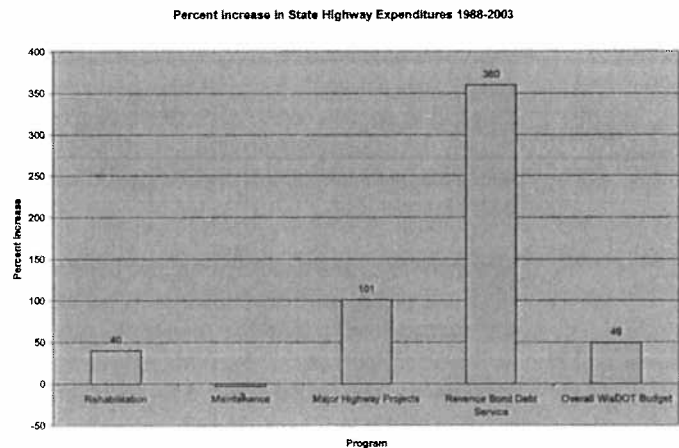
Ward Lyles, Transportation Analyst

Figure 1



WE NEED TO AVOID THE CYCLE KNOWN AS THE “CONCRETE TRIANGLE” - IT IS INEFFICIENT AND UNSUSTAINABLE.

Figure 2



Note: All percentages are adjusted for inflation.

For those of you who want to learn more about exactly how WisDOT spends your money, please call Ward at 608.663.1097 for a copy of our legislative briefing booklet, *Exceeding the Limit*.



SMART GROWTH AND SCENIC CONSERVATION

(Continued from page 1)

well as residents' quality of life.

SMART GROWTH INVOLVES LOCAL CITIZEN INPUT IN DETERMINING WHAT THEIR COMMUNITY LOOKS LIKE.

This is where planning comes in. Planning is essentially the process by which a community comes together to assess its current situation on issues from transportation to housing to scenery. Then, working from this assessment, the community can identify goals and the tools it will use to accomplish them.

Fortunately, in Wisconsin we have a Comprehensive Planning (a/k/a "Smart Growth") Law. This law requires all local government units in Wisconsin's roughly 1900 communities that make land use decisions to involve the public in the development of a comprehensive plan by the year 2010. It bears repeating, time and again, that public involvement is what drives this process.

While the law requires that these plans address issues such as housing, transportation and land use, it does not dictate how to do so. For instance, if a community wishes to promote strip malls on every road entering their community and sets a goal for 1,000 new billboards by 2020, they can do so. The bet is, however, that if citizens are actively involved in the process of determining what they want their community to look like, they will choose to build better communities.

Communities receive grant funding from the state to complete a comprehensive plan. Communities that receive these grants funds must address 14 goals, including:

- protection of natural areas, including wetlands, wildlife habitats, lakes, woodlands, open spaces, and ground-water resources;
- preservation of cultural, historic, and archaeological sites;
- building of community identity by revitalizing main streets and enforcing design standards; and,
- planning and development of land uses that create or preserve varied and unique urban and rural communities.

These goals should serve as models for all communities, not just those that receive the grants.

Smart Growth is good for scenic conservation because it requires communities to *involve* citizens in determining how their community looks, feels and functions. This law is a vitally important tool for scenic advocates in Wisconsin. Find out if your community has started the planning process and *get involved*.

This article was written by Ward Lyles, Transportation Analyst for 1000 Friends and Citizens for a Scenic Wisconsin Volunteer Board Member



WHEN CITIZENS ARE INVOLVED IN THE PLANNING PROCESS—THEY WILL CHOOSE TO BUILD BETTER COMMUNITIES.

A picture is worth 1000 words: (see above)

- Protecting natural areas
- Revitalizing main streets & business districts
- Preserving varied & unique urban neighborhoods

LEGISLATIVE UPDATE: THE 2003-2004 LEGISLATIVE SESSION



WRAP-UP OF THE 2003 FALL LEGISLATIVE SESSION: A STRONG DEFENSE PAYS OFF!!

During the fall legislative session we spent much of our time defending the "Smart Growth" comprehensive planning law against a complete repeal. We're happy to report that it was time well spent! Here is where the Smart Growth Law and some of our key legislative agenda items stand as the 2003 legislative session comes to a close:

AB 435 -- SMART GROWTH REPEAL EFFORT FAILS!!

The effort to repeal the Smart Growth Comprehensive Planning Law "died in committee" this legislative session. 1000 Friends worked with other members of the Smart Growth coalition group—the Wisconsin Realtors, Wisconsin Towns Association, WI League of Municipalities, Wisconsin Counties, Wisconsin Planners and others—to educate legislators about what the Comprehensive Planning Law can do for communities across the state and why a repeal of the law would be "throwing the baby out with the bathwater." Much of our work centered on dispelling the myths and misunderstandings about the law concerning local control and property rights. As a part of this effort 1000 Friends met with legislators and agency staff to respond to criticisms and misunderstandings of the law and to make sure they understood the many benefits of comprehensive planning that would be lost through repeal of the law.

On October 9th the Assembly Committee on Rural Affairs held a public hearing on AB 435, which was introduced by the committee's co-chair Rep. Mary Williams (R-87 Medford). Citizens from around the state came to Madison to testify at the very lively day-long hearing. The majority of those who spoke in favor of repeal appeared to be united by a common animosity toward zoning and regulation of land use in general. Those who opposed repeal of the law spoke about their positive local planning experiences, the benefits of bringing multiple local jurisdictions together to plan, the economic development benefits of planning and other common sense reasons to maintain comprehensive planning around the state.

We met again with committee members after the hearing and learned that *at least* seven of the ten committee members planned to vote against the repeal bill and some of them were even signing on to an alternative bill that would preserve the Comprehensive Planning Law with a few clarifications (see AB 608 below). In the end the Assembly Rural Affairs Committee never voted on AB 435, so it languished in that committee and failed to make it either to the Assembly floor or the Governor's desk.

AB 608 – SMART GROWTH CLARIFICATION

As part of the effort to defend the comprehensive planning law, we also worked with the Smart Growth coalition group and legislators to try to respond to repeated criticisms of the law and look at possible ways to clarify areas of confusion without weakening the law. Our goal was for communities across the state to be able to move beyond the confusion and get down to the business of planning for their futures. AB 608, introduced by Rep. Sheryl Albers (R-50 Reedsburg) to respond to a set of repeated concerns on the part of citizens regarding certain ambiguities within the current law, made three changes: 1) It clarified the relationship of regional planning commissions with respect to other governmental bodies by reasserting current state law, which holds that regional planning commission plans are advisory; 2) It clarified the list of actions that must be consistent with a local governmental unit's comprehensive plan by removing the "catchall phrase"; and 3) It simplified the list of actions that must be consistent with a local governmental unit's comprehensive plan by paring it down to zoning, shoreland zoning, official mapping and subdivision regulation.

Each of the aforementioned issues was raised as a criticism of the law and was functioning as a "road block" to communities—particularly rural towns—that have been wary of engaging in the planning process as long as such ambiguities persisted. Certain elements of the consistency clause, in particular, had been misconstrued in several ways that were never intended by the drafters of the law. 1000 Friends supported the bill because we felt that it was a reasonable response to certain criticisms, it did not weaken the purpose or function of the Comprehensive Planning Law, and it could increase support for the law.

The Assembly Property Rights and Land Management Committee held an initial hearing on the bill on October 8th. On November 19th the committee voted unanimously in favor of the bill. Because the committee vote occurred so late in the session, any further legislative action on it will have to be taken up in January.

Lisa MacKinnon, Policy Director

Thanks to all our members who responded to our action alerts by contacting their legislators and attending or testifying at the hearing. You made a difference!



LEGISLATIVE UPDATE: 2003-2004 LEGISLATIVE SESSION

TAX INCREMENTAL FINANCING ("TIF") REFORM BILLS

Several bills that aimed to reform the tax incremental finance law surfaced near the end of the legislative session.

• **SB 305**, introduced by Sen. Cathy Stepp (R-21 Sturtevant), made both technical and substantive changes to the current tax incremental financing law. Some of the technical changes were positive and followed the recommendations of Governor Thompson's TIF Task Force, which included increased Department of Revenue oversight of TIF certification requirements and an accounting requirement for TIF districts regarding final project costs and expenditures. The substantive changes, however, did little to reduce the existing overuse of TIF developments on greenfields and might, in fact, increase greenfield TIF districts. These changes included a provision that would expand the use of TIF to "mixed-use development" that includes newly platted residential uses. Why would 1000 Friends be opposed to a measure encouraging mixed-use development? Because this bill's definition of "mixed-use development" defines minimum density as 3 units per acre and still allows greenfield development rather than focusing TIF funding on redevelopment of blighted areas. SB 305 was passed by both the Senate Committee on Economic Development and the Joint Finance Committee. It ended the legislative session in the Assembly Ways and Means Committee without a vote but may be taken up in the December extraordinary session on economic development or in the new session beginning on January 20, 2004.

• **AB 654**, introduced by Rep. Mickey Lehman (R-99 Hartford), includes the provisions of SB 305 but also allows 52 counties across the state to create TIF districts in towns under certain circumstances. Again, we opposed this bill on the basis that it moves the TIF law in the opposite direction from where we want to see it going, which is toward more redevelopment and less greenfield development. AB 654 was passed by the Joint Finance Committee. It ended the legislative session in the Assembly Ways and Means Committee without a vote but may be taken up in the December extraordinary session or in the new session beginning on January 20, 2004.

It was tough to oppose these bills given that they contained several good provisions, but we felt that these changes alone were not effective from a land use perspective without stronger limits on greenfield TIF developments.

TRANSPORTATION UPDATE

Major Highway Projects Audit Completed

The Legislative Audit Bureau just released its audit report of the State's Major Highway Projects Program. You may remember that an audit of the major highways program was one of the recommendations we made in our Transportation Briefing Booklet released in the spring of 2003. The Joint Committee on Audit will hold public hearings on the Audit Bureau's recommendations starting in January. Expect to see more from us on this issue in early 2004.

Again, thanks to all of you who took the time to contact your legislators and attend hearings on these and other important land use issues during the fall.

Please contact Lisa MacKinnon at lmac@1kfriends.org or 608/663-9049 if you would like more information on the legislation mentioned in this article.



This photo is just an example of the possible results of deregulation of grading operations adjacent to shorelines. (See Director's letter for details.)

WELCOME NEW MEMBERS: THANKS FOR YOUR SUPPORT!

Fellowship

Leonard Sobczak, 2639

Friends

Mark & Jenell Ballering, 2645 * Douglas & Cynthia Carlson, 2605 * George & Joette Edgar, 2637 * Gerald & Signe Emmerich, 2641 * Norma Kolthoff, 2607 * Bart & Sarah Wellenstein, 2611 * James Wilkie, 2642.

Basic Memberships

William & Amy Adamski, 2632 * Anne Anfinson, 2606 * William & Amy Benson, 2629 * Paula Berg, 2654 * Nina Bradley, 2648 * Jay & Rita Brickman, 2622 * Linda & Edward Calhan, 2627 * David Carrig, 2658 * Richard & Dorothy Circo, 2609 * Joseph Collova, 2650 * Janice Durand, 2636 * Miles & Amy Epstein, 2635 * William & Betty Fey, 2613 * Helen Glemblocki, 2633 * Thomas Goode, 2643 * Kathy Griepentrog, 2664 * Jane Hallock, 2626 * Paul & Grace Hauser, 2624 * John & Marlene Hurst, 2620 * Deborah Johnson-Bousquet, 2630 * Alan & Maggie Jungwirth, 2662 * Joseph & Nancy Kirst, 2638 * Catherine Kilman, 2618 * Vince & Cathy Kotnik, 2661 * Steve & Laurretta Lambert, 2621 * Sally Lehman, 2649 * Milton & Roberta Leidner, 2628 * Judith Lindsay, 2663 * Karin Long, 2615 * Lynn Messinger, 2619 * Jan Michalski, 2644 * Charles & Bergetta Modersohn, 2640 * Melinda Myers, 2616 * Kathleen Nehm, 2623 * Mark Nicolini, 2617 * Carla & Dale Oestreich, 2651 * Betsy Peckenpaugh, 2665 * Theodore Peterson, 2655 * Mr. & Mrs. Donald Peterson, 2652 * Curtis Rohland, 2612 * Marian Rosenberger, 2610 * James & Barbara Schaefer, 2647 * Eugene Skaar, 2657 * Peter Sobol, 2625 * Clarice Sorensen, 2659 * Stan & June Spencer, 2646 * Sandra & David Stanfield, 2656 * Michael & Cathy Sultan, 2604 * Charles & Vicky Talbert, 2660 * Jeff Von Haden, 2634 * Mary Warner, 2608 * Richard Welland, 2631 * Kristen Wilhelm, 2653.

Note: Institute members are listed in regular text. *1000 Friends, Inc.* members are listed in italics. Membership numbers follow each name.

WE COULDN'T DO
IT WITHOUT YOU!

A Special Message From Andrea Dearlove

As the holidays approach and 2003 comes to an end we look back over the past year and reflect on our accomplishments and we look ahead to our plans for 2004. We're proud to say we played a large part in ensuring that thousands of Wisconsin citizens are having a real say in how their communities are growing, how they look, how they feel and function. We will continue to work with and educate elected officials on land use issues that impact all of our lives—our property taxes, the water we drink, the open spaces where we play, the opportunities we have for affordable housing and transportation options. We are determined to protect our quality of life all over the state of Wisconsin.

It is because of you and all of our members across the state that we have been able to accomplish great things with a small staff in a short period of time. And now, as we look ahead to 2004, we must work even harder to protect the progress we've made in order to fight sprawl and protect Wisconsin's amazing urban and rural landscapes.

Please consider a special year-end gift that will help us move into 2004 with the resources we need to meet and exceed your expectations. We can't do it without you. (If you have already sent your gift—Thank you!)

Thank you so much for your support and have a wonderful holiday season!

Andrea Dearlove
Assistant Director

THANK YOU FOR
YOUR CONTINUING
SUPPORT!



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WISCONSIN LANDSCAPES



1000 FRIENDS OF WISCONSIN

HOLIDAY GREETINGS TO OUR FRIENDS

Our wishes go out to you and your families
for a healthy, happy and peaceful New Year.

Thank you for your support. We couldn't do it without you!

Steve, Andrea, Lisa, Ward, Deb, Kevin & Hal

Holiday Gift Ideas for your special friends:

1000 Friends Gift Memberships

AND/OR

One of our beautiful books:

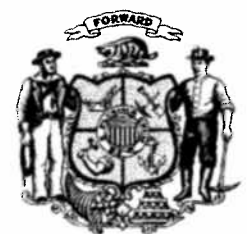
In My Neighborhood: Celebrating Wisconsin Cities or

A Place to Which We Belong: Wisconsin Writers on Wisconsin Landscapes

Just call the office at 608.259.1000 and we'll mail a gift out for you.



WISCONSIN STATE LEGISLATURE



Aug 11

DOT -

- Sec. Busalacchi - written testimony
- Kevin? - Real Estate issues
 - Doing due diligence as a property owner, try to ID excess property, sell what's not needed
 - 2000-04 project position funding - priority
 - auto. records on parcels
 - revised manuals/procedures
 - putting together a performance measure - look at trends
 - 1500-2000 parcels bought ~~per year~~ per year
 - \$4M found in system - over last 2 yrs
 - appraise prop to buy - committed to paying fair market value
 - ↳ no specific plan for when a prop. does not sell at X appraised value - we paid FMV & should try to get that when selling.

*** Carol - asked DOT to have a policy prepared on selling excess land by Nov. hearing.

• Sue - 2007 date for enviro costs

↳ Sec - Very complicated

↳ Kevin - Have always historically tracked costs on

↳ 2000 staff charging costs on projects

↳ In process of designing cost collection system - by OS process

SB in place

*** Carol Asked DOT to report in OS to Co-Chairs when that is completed.

Sue - DOT - ^{County} Hwy money - snow plowing - not equal service
across counties - S/B

? How much repair, maint, expansion

↳ ask Fiscal Bureau? DOT?

- Diff. districts code projects differently?

↳ similar type proj. coded diff.

* ~~John~~ Jon Dyck @ LFB

- Hwy rehab - generally ~~repair~~ repair

- Mostly filling cracks, plowing, mowing

- Major Hwy program - expansion (mainly)

OK - DOT
Mort. Bkr.
how much
diff. Proj. cost
by system

Bureau Dir.
Budget guy
↑

11/12/04

DOT - Sec Bussalachi & Bob ~~St. Clair~~ St. Clair, Randy Romanski
- Agency doing a great job.

SIH 57 -

- Luser, residents want 4 lanes, Value eng. Says 5/13 2

Sue - could DOT get pub opinion 1st?

↳ 25% of proj. for eng. -> difficult spend this much money
1st - then not go forward

-> Value eng. demands we do what we need now - not what might be needed in the future -> worry about it when its needed -> even if at a substantially increased cost & less safety

-> agrees w/ LAs on the environmental issues

↳ need more staff - how to fund?

-> Sue - could you add 7% to a proj recognizing it will cost more by avg of X based on history

• Deconomawac bypass?

-> Sue - How do you respond to - MN spends less

↳ B - It shows!

1/26/04 - DOT Audit Hearing

- Carol - any legislative - statutory changes needed
 - ↳ Gami: Welcome either thru follow-up by committee or legis.
- Cowels
 - ↳ Gami: Dist Service est. are conservative
 - ↳ Other areas of DOT not looked at -
- Sue - Given enough power to IPC? Legis has blame as well.
 - ↳ 800M app. by legis → not app. by IPC
 - ↳ Legis. not put a cap on themselves.
- Sue - give DOT power to keep to SCOPE?
 - ↳ have it
- Sue - Sources of revenue
- Carol - pg 61 - Local Tax - Beloit & Sheboygan (Wheel Tax)
 - ↳ What is it used for? Presumably Trans. Project
- Kerstman - Is the IPC really needed? Could the Legis. do more?
 - ↳ Important policy? IPC est as a gatekeeper - erosion of that role when legis. overrides IPC
- Kerstman - more accidents since upgrade (Hwy 50 - Skidway)
 - ↳ Did you ^{Dept} look at accidents after an upgrade?
- Carol - Allegations
- Pocar - What kind of over
 - ↳ solely thru the budget/appropriations
 - ↳ IPC get updates on chgs.
- Kerstman - DOT discretion?
 - ↳ a lot
 - ↳ in defense of DOT - legis ask for - need to stick with it.

Carol - ? Reporting to Trans Committees? ^{Legis.}

↳ not that aware of
Ainsworth - Don't think addressed the amt of time that passes between enumeration & construction - 1st disc of a project & enumeration? What starts it? No major proj. start w/o local upheaval. Has state made any gains in the buying/selling of property? No accty to a tax loss to local municipalities. DOT should give back prop. to adjacent owners when negligible. \$3,000 w/o gov. approval.

Kerker -

↳ Ainsworth - the more info we have the better

DOT

Sec. Busalacchi, et. al. (Mark, Randy, Kevin, Lynn, Allison)

↳ Written testimony

↳ When come

Kerker - Any increases in accidents?

↳ Designed to avoid it/that. - When you make roads more efficient - higher volumes - plus development

Conuel - not going to take VE recommendations on these projects. If we put passing lanes in - make road safer? - Hwy 26

↳ significant # of interchanges - accidents

↳ expected volumes in 10-15 yrs - will need the 4 lanes need to build for future - passing lanes not cheap.

Justin - Bonding/Debt service - more than revenue stream - scary - suggestions?

Busalacca → we have the Marquette - SE WI system coming up. - have an obligation to entire state - not just SE WI - issue we need to discuss w/ legis - Debt service is a problem - over the long haul?

Sue - In June - have suggestions?

↳ will try

Sue - Asphalt vs Cement - Diff in life?

↳ Asphalt ind. has come a long way - Warranties, innovati
& we can save money if we can use asphalt. - quality & longevity is the key determinant.

↳ Traffic, weight of trucks key

Sue - Asphalt/Concrete - # of yrs?

↳ Experts still defining - typically ^A 15/20-25 ^C

↳ Diff. in how constructed

Brosser - Expenditures on Environ. - Report highlights the need to track

↳ Diff. to do - looking at how to do. - 3-step process to address Audit Bureau's recommendations from this audit

Brosser - Work w/ Audit Bureau on how/what

↳ Good - tell us what you want to see

Sue - Recommendation to devel policies - how says 2005 - sounds like you could be earlier?

↳ We will meet all dates in audit - DOT very busy - 2005 date w/B diff, but we will make it.

Plale - When we build a 2 lane now & 4 lane later - is the beating that the road takes as a 2 lane make adding the addl 2 lanes later - actually cause an entire new 4 lanes to be built do to wear?

Busalacchi - state does the best

Cowels - Plowing?

↳ \$165 M - 2004-05

\$171 M - 2003, \$190M 2002

} maint. Budgets 70% for County Sew.

↳ working w/ the Sen. & Rosen. Chairs to

Russler - Pg. 32 - tracking?

↳ being addressed

? JPC making a final recommendation when costs known - w/B

Sue - Reduce speed limit?

↳ Federal Hwys may have something to say - thinks enforcement is the answer

Lassa - Hwy 10 - DOT has lost credibility - bypass discussed - now

DOT saying they don't have the authority to approve -

Dept needs to be more careful in what they promise.

② Consultants - use - costs of consultants vs employees.

? Has the issue of using consultants been addressed?

↳ Bus - 2002 - \$116M - putting together data to show we can do it better & for less. Always going to be peaks & valleys.

Rossler - Allegations - if conv. a 3 yr "debarment" - not enough

↳ Indefinite suspension - Don't condone - why we are

doing the seminar - should not paint all contractors

with same brush. - 700-800 jobs that are in jeopardy

? Penalty structure - may need to be addressed.

Kankman - Speed... fatalities - How many on county roads ^{from}

vs. state (83% deaths)

↳ Don't have - will get to you

Kaufert - Glad will address the consultant/contractor issue. Sometimes more DOT consultants on job vs contractor employees. ? As you look into the allegations, does not want out state contractors coming in - too much at stake - jobs, tax dollars, etc.

↳ understands the concerns/issues - difficult to deal with
→ doesn't want no penalties, but need to keep jobs & contracts in-state.

Kaufert - How to pay - continued GPR spending?

↳ Don't know where the next budget is coming - need the legislature to determine how to pay.

TPC - Leonard Sobczak

→ Legislature overriding TPC's decision - Legis should consider a moratorium on these 6 projects & consider the reasons for doing this - Suggestion for the role TPC plays - in a crisis regarding finances - need vs want - look at

Sue - ? Real money being wasted? - Expansion of projects?
↳ the 6 specific projects that Legis overrides to enumerated them

? TPC review projects more often - not just once
↳ makes sense - instinctly makes sense

Bob Cook - TDA - written testimony

Sen. Councils

↳ supports recommendation by LAB - needs to be good communication between the DOT & Legislature

(6)

Corwels - any commits on suspending

↳ absolutely not! - need to get done - ? of setting priorities

Roesler - Environ. Assessments

↳ to get accurate figures - need more info on project

Tom Walker - WTBA

- TPC should not make design decisions - not experienced

Roesler - Have the FEIS forwarded as a recommendation

before enumeration - Priority as she sees it.

↳ Jan would make sense, but some disadvantages w/ respect to possibly spending too much on a project that may not move forward.

Sue - maybe need to do a conceptual → then come back for final

↳ LAB - important - recommendation on tracking costs. TPC should not have a role in deciding the scope of the proj. but should determine which projects s/bs done.

↳ yes we will have an occasional proj. that we do an EIS on that doesn't get approved - not frequent.

Mark - DOT

→ prefers as an agency to go w/ the draft EIS - but it happens so rarely that the potential disadvantages w/bs outweighed by the advantages

Jan - if all recommendations are implemented go a long way

Dinworth - How many contractors in state

↳ 50-60 - each area has its own unique factors

↳ 2 of 7 - allegations

Rossides - W/B pursuing legislation on the US, Cowels also has a proposal. - Will have some follow-up discussion

• Kevin Soucie - Trans/Movt Affairs consultant - not appearing on behalf of any climate

- Perfect Storm - needs - deficits
- flaws are only a symptom of a greater problem - sinking ship. - need to change ^{old} funding model.
- Model that attracts

- Public-Private Partnership. - not just tolls
 - ↳ creates economic incentives
 - ↳ design build contracts - value engineering
 - ↳ if cost over-runs private pays - not public -
- Recommends implementing all of LAB recommendations
 - ↳ long term - consider a pub/priv partnership

• Ward Lyles - 1000 Friends of WI
- written testimony

Sue

↳ issue of priorities

• Bob Bowen - local grass roots person

- fiscally disparate state of DOT - people are aware of this however - one project not approved to expand while the legis. enumerated 4 more projects not recommended
- special interests - encouraging - lack of public input breeds discontent? - Proj. enumeration is blatant disregard of DOT/HPC
- no needs assessment done because not recommended

~~3305W~~

- Would like to see no independent legis. enumeration of proj. w/o DOT/TPC recommendation
- Bypass on Hwy 10 - East B/4 West - No certainty that a 4 lane highway w/bring economic development.

Lassa - Thank Bob for coming

• Alvin White - Menasha, WI - 379 people - near Plymouth

• Pat Riley - Franklin, WI

→ Eval. process looks good on paper.

5 criteria in N/A } min. environ.

→ Jobs leaving WI due to lack of transportation? Do we get the same bang for the buck on trans. dollars that we use to?

→ Look at road speeds w/ higher safety

→ Projects that get enumerated w/o TPC review - integrity of the process

? CAPITOL TIMES Article - mid-month - Tommy Thompson

→ Doing N/A - vs - end of proj. design - rational decision process is questionable if still relevant.

→ Legis. should have a moratorium on the 6 projects now w/o TPC & DOT

→ If we build highways for 10-20 years out - they are underutilized & may not last long enough when actually busy to justify original expenditure - ? the model that they bring econ. development.

Don/Dean Swenson

Good News/Bad News

- ↳ Well funded
- ↳ Hwy's in good shape
- ↳ low cong.
- ↳ good pavement quality

- Cost over runs
- ↳ 7 major proj. - \$20M
- ↳ some doubled
- ↳ need to control over runs
- ↳ less \$'s for other proj.

1997 -

- ↳ start w/ 6 yrs of enumeration
- Legis added 4 more
- ↳ lengthening of time before can start
- ↳ 12 yrs to enumeration
- other states - diff. systems - diff. to compare

* Dept think we should spend more \$'s

- ↳ maintain/expand
- ↳ 2020 plan recommends this
- ↳ issue to face in coming budgets

Job creation / economic activity

- DOT building more expensive roads
- expressways → freeways
- high-speed interchange
- ↳ more real estate needed to acco

Legislature 7/15

- Do we expand budgets
- Where get money

RE. costs nearly 4x

Joint Release

- Legis faces diff dec. ahead - look at hearing, begin to address
- well funded proj.; cost overruns

- Hearing in Jan
- Good news/Bad news
- Concerns about funding
- Debt issue
- Better reporting of env. costs - ask about at hearing
- DOT provide info back to TPC
- No one know how much we are spending
- Policy decisions by DOT to upgrade hwy's to freys

Buralacci commit / Roadbuilders

Proj Still needed

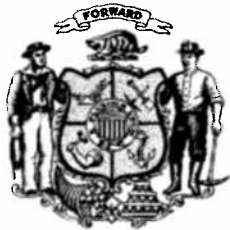
- SE
- SW

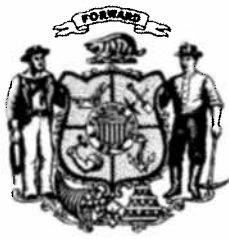
- Debt service - Intergenerational equity
- How's last budget? - 50 yrs avg life (20, 10-15, 10-15)^{resources}
- better record keeping
- 12-97 yrs - recommend (LAG?) - # of yrs based on # of proj.
enumeration - issue is 32 proj. currently - so, spend more
or enumerate less until # of years reduces
- desire to enumerate before

- Mid '90's Feb 2003



WISCONSIN STATE LEGISLATURE



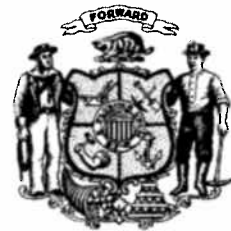


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**AN EVALUATION OF
TRANSPORTATION PROGRAMS
AND REVENUES
DEPARTMENT OF TRANSPORTATION**

DECEMBER 1996

96-19

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December 1996

TRANSPORTATION PROGRAMS AND REVENUES

The Department of Transportation expects to spend \$1.58 billion in fiscal year (FY) 1996-97 to build and maintain state highways and provide aid to local roads, local mass transit systems, railroads, airports, harbors, and other transportation facilities. During the ten-year period from FY 1987-88 through FY 1996-97, transportation expenditures increased 21.7 percent above the rate of inflation.

Demand for Highway Funding Is Expected to Increase

Compared to neighboring states and nationally, Wisconsin's highway system is in good condition. In the future, funding demands for state highways, which account for 45.2 percent of current transportation expenditures, will be driven by the need to preserve the existing system through ongoing maintenance and rehabilitation, the planned reconstruction of the Milwaukee East-West Freeway, and the demand for safety improvements and expansion. The Department estimates that completing the current backlog of highway rehabilitation projects will require \$1.7 billion, reconstructing the East-West Freeway will require from \$835.6 million to \$1.89 billion, and legislatively enumerated major highway improvements will require \$1.2 billion through FY 2008-09. In addition, the 9.3 percent decrease since FY 1987-88 in funding for routine maintenance of state highways may have gone beyond efficiency improvements in plowing, mowing, patching, and shoulder repair and could adversely affect highway pavement durability.

Local Governments Are Seeking Additional Funding for Local Roads and Transit Systems

Counties and municipalities currently receive 27.8 percent of state transportation expenditures as aid for local road costs. Despite a 26.9 percent real increase since FY 1987-88 in state funding levels, local governments will likely seek additional road aids because the State's share of funding has declined from 30.4 percent to 26.1 percent of counties' costs, and from 24.3 percent to 20.8 percent of municipalities' costs. In addition, declining ridership levels and expected losses in federal funding are likely to continue demand for increased state assistance to local mass transit systems, whose state funding increased 28.4 percent above inflation from FY 1987-88 through FY 1996-97. Various proposals to expand the bus system and to build a light rail system in Milwaukee would require capital investments estimated to cost from approximately \$350 million to more than \$750 million, in addition to increasing the State's share of operating subsidies.

-over-

Demands for Highway, Local Roads, and Mass Transit Funding Must Be Balanced

In weighing the many transportation program demands, the Legislature will have to decide how best to balance those for highway rehabilitation and expansion projects with the funding demands of other transportation programs, including local roads, mass transit, railroads, airports, harbors, and bicycle and pedestrian pathways. For example, by FY 2001-02, the cost of simply preserving the existing system, without improvements or expansion, could require increased annual funding of \$97.3 million.

Some already-enumerated major highway improvement projects will not be completed until FY 2008-09. The Legislature should examine the highway planning process that has led to spending increases that may not be sustainable, and to public expectations that improvement projects will be built on a timetable that cannot be met. In addition, the 15-member Transportation Projects Commission, which was expected to provide an independent assessment of each major highway improvement project, has never failed to approve a project recommended by the Department, has recommended additional projects, and has no ongoing role in determining the scope or timing of approved projects.

Debt Service Expenditures Will Exceed Bond Proceeds by FY 2001-02

Since FY 1987-88, a 98.1 percent increase above inflation in expenditures for major highway improvements has been financed largely by increased reliance on revenue bonding over the past decade. If bonds continue to be issued to finance 68 percent of the cost of all major improvement projects, the amount needed to repay bond debt will be greater than the amount realized from bond sale proceeds by FY 2001-02.

Fuel Taxes and Registration Fees Will Likely Continue to Be Principal Revenue Sources

At present, motor fuel taxes provide 44.6 percent of transportation funding, and registration fees provide 17.8 percent. As of October 1996, Wisconsin's taxes on gasoline were second-highest among seven midwestern states, and ninth nationally, while registration fees ranked fifth among seven states, and tenth nationally. A \$20 increase in automobile registration fees and a 10 percent increase in truck and motorcycle fees would generate \$73.2 million annually. Each 1-cent increase in motor fuel taxes would generate \$29.5 million annually.

While we examined the potential for increasing revenues from various other sources, including other transportation fees, toll roads, and the sale of excess real estate, these additional revenues could be expected to have only a marginal effect on overall funding demands.

Transportation Policy Decision-Makers Should Take a Long-Term View

When making future transportation funding decisions, the Legislature will need to determine whether to allow the existing transportation system to deteriorate, redirect some highway spending to local assistance and other modes of transportation, or increase revenue to meet demands. In addressing these issues, it will be critical for the Legislature to analyze the long-term implications of each funding proposal to a much greater extent than has traditionally been done, because its decisions will commit the State to a certain level of expenditures for more than a decade.

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The Bureau is a nonpartisan legislative service agency responsible for conducting financial and program evaluation audits of state agencies. The Bureau's purpose is to provide assurance to the Legislature that financial transactions and management decisions are made effectively, efficiently, and in compliance with state law, and that state agencies carry out the policies of the Legislature and the Governor. Audit Bureau reports typically contain reviews of financial transactions, analyses of agency performance or public policy issues, conclusions regarding the causes of problems found, and recommendations for improvement.

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APPENDIX - RESPONSE FROM THE DEPARTMENT OF TRANSPORTATION
