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June 19th, 2019

State Rep. Joe Sanfelippo's Testimony on Road to Sustainability Package

Chair Petrowski and committee members, thank you for holding a hearing today on Senate Bills 272, 274, 276, 277, 282, 283, and 284 regarding transportation reforms here in Wisconsin. As legislators, we have heard loud and clear from our constituents that this state's transportation infrastructure needs our attention, and I am grateful for your willingness to move forward on finding solutions to address this ongoing problem. The bills before you today are part of a broader set of legislation known as the Road to Sustainability Package (RSP), which lays out a roadmap for making meaningful long-term changes to how we fund and deliver horizontal infrastructure here in Wisconsin.

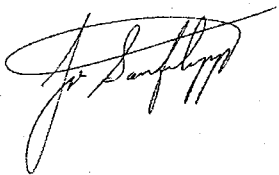
The issue plaguing our roads here in Wisconsin isn't simply a lack of resources, although the additional funds recently allocated to transportation by the Joint Finance Committee in the upcoming budget will no doubt be helpful. A broader problem is making sure that the finite funds we do have are allocated wisely and spent efficiently. To that end, we must look to how the Wisconsin Department of Transportation administers infrastructure projects in our state. The Legislative Audit Bureau recently completed a comprehensive audit and review of WisDOT and identified numerous opportunities for improvement, making several recommendations that would help the Department operate more efficiently. The RSP seeks to implement many of those recommendations to help ensure that WisDOT is the best possible steward of taxpayer money. For instance, if WisDOT receives only a single bid for a project, and that bid exceeds the Department's estimate by more than 10%, Senate Bill 284 requires the Department reject the bid and re-advertise the contract in a manner likely to generate more bids. This encourages WisDOT to perform better diligence on contract estimates and stimulate competitive bidding. Similarly, Senate Bill 283 incentivizes WisDOT employees to look for ways to deliver projects at lower costs by creating a discretionary merit award for WisDOT employees who identify cost savings, efficiencies, and innovations within the Department. By providing a financial incentive to employees who best know the inner workings of the agency, we will encourage Department staff to ask questions and challenge existing processes when more efficient strategies are possible. Re-aligning agency employee incentives towards efficiency will allow the Department to course correct on its own — without the Legislature imposing mandates on the agency.

Part and parcel of spending our infrastructure funds more wisely is finding ways to leverage opportunities to save money when they become available. Material costs represent a large portion of road construction project spending. Senate Bills 272, 276, and 277 offer ways to source materials at lower cost. Creating a Subgrade Efficiency Program will allow contractors to review WisDOT's list of approved, structurally-equivalent alternatives for subgrade construction and propose whichever construction approach is lowest cost for that contractor to bid and construct. Allowing contractors to figure out which equivalent materials to use in order to deliver the project for the lowest cost is a sensible way to make our tax dollars

go further. Similarly, by streamlining regulations for aggregate and concrete production sites to match existing rules for other, similar sites on construction projects, we will help reduce the costs and procurement challenges for road materials. Additionally, encouraging the use of materials sourced from within the right-of-way of the proposed improvement creates opportunities for sourcing materials more economically, reducing the unnecessary costs, pollution, and waste associated with bringing in materials that already may exist on-site.

Design-build is an alternative delivery method for how construction projects are shepherded through the bidding process, offering significant cost savings and quicker turnarounds for projects where this method is used. The RSP included legislation overhauling the design-build process, and that language was added to the current budget. Senate Bill 274 is an important supplement to that provision by requiring WisDOT to increase the number of design-build projects that it has in its pipeline in order to ensure that it has projects ready to go at every stage when resources become available for use. This will help reduce potential delays and allow the Department to seize opportunities that present themselves. Finally, Senate Bill 282 requires any new wheel taxes proposed by municipalities be put up for a referendum before enactment, ensuring that taxpayers are satisfied with the accountability and spending priorities of their local governments.

The bills before you this morning represent a clear path forward towards improving Wisconsin's transportation infrastructure and putting it on a sustainable path for the future. By making the process more efficient and eliminating unnecessary obstacles, we can help ensure that projects are completed quicker and for less money, allowing us to stretch our transportation funding as far as possible. We need fresh ideas to address Wisconsin's transportation infrastructure needs, and these bills will help encourage better processes. I encourage you to pass Senate Bills 272, 274, 276, 277, 282, 283, and 284. Thank you for your attention to this important matter.

A handwritten signature in black ink, appearing to read "Joe Sanfilippo". The signature is fluid and cursive, with a long horizontal stroke at the end.



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To: Senate Committee on Transportation, Veterans, and Military Affairs
From: Curt Witynski, J.D., Deputy Director, League of Wisconsin Municipalities
Date: June 19, 2019
Re: **SB 282, Requiring a Referendum to Enact or Continue to Implement a Local Vehicle Registration Fee**

The League of Wisconsin Municipalities opposes SB 282, requiring a local referendum to impose or continue to implement a local vehicle registration fee. We urge the committee to reject this unnecessary interference into policy decisions made by local elected officials. We urge the committee to trust that locally elected officials will make the best decisions they can to adequately fund street maintenance and repair for the safety and betterment of their communities. We further ask that you trust local voters to take action at the spring elections if they are dissatisfied with the enactment or implementation of a local vehicle registration fee.

In addition, we urge the committee to keep the following points in mind with regard to this bill:

- Currently, only 36 cities, villages, towns and counties impose a wheel tax. That's 1.89 percent of the 1,900 local governments eligible to enact a local vehicle registration fee.
- Neither the establishment of nor increases to the state's vehicle registration fee are subject to referendums.
- The establishment by a county of a local sales tax is accomplished by a vote of the county board and does not require a referendum even though total sales tax revenue collected by counties in 2017 equaled \$377.5 million.
- The establishment of a local room tax does not require a referendum, even though total state wide local room tax revenues in 2017 equaled \$99.5 million.
- Total local vehicle registration fees collected by local governments in 2017 equaled \$30 million.
- Besides the room tax, the revenues of which go primarily to fund tourism promotion and development, the local vehicle registration fee is the only local revenue option other than property taxes available to cities and villages to help fund transportation needs.
- Three local governments, Mayville, St. Croix County, and Milwaukee have had their local vehicle registration fee in place since at least 2009 and under this bill would be required to have those fees approved by the voters in a referendum.

We urge you to look at state and local taxation in a broad, holistic way and to not pass legislation like SB 282, which focuses on only one narrow, minor component of the system in isolation. We urge you to vote against recommending passage of SB 282. Thanks for considering our comments.

YOUR VOICE. YOUR WISCONSIN.

WMC

WISCONSIN MANUFACTURERS & COMMERCE

To: Senate Committee on Transportation, Veterans, & Military Affairs
From: Corydon Fish, Wisconsin Manufacturers & Commerce
Date: June 19, 2019
Re: Testimony in Support of Senate Bills 272, 274, 276, 277, 282, 283, and 284

Thank you Chair Petrowski and members of the Senate Committee on Transportation, Veterans & Military Affairs for hearing my testimony in support of the bills listed above. This package of common-sense reforms will help alleviate increasing road construction costs and protect taxpayers by implementing cost savings measures.

Wisconsin Manufacturers & Commerce (WMC) is the state chamber of commerce and largest general business association in Wisconsin. We were founded over 100 years ago, and are proud to represent approximately 3,800 member companies of all sizes, and from every sector of our economy. Our mission is to make Wisconsin the most competitive state in the nation in which to do business. One factor in maintaining and enhancing Wisconsin's business climate is ensuring Wisconsin's transportation infrastructure is in sound condition. This package of legislation will go a long way toward ensuring that the taxpayer dollars Wisconsin invests in our infrastructure system are stretched as far as possible.

According to the U.S. Geological Survey, the United States is seeing a national aggregate shortage due to a combination of limited supply, environmental, and regulatory issues. This has led to a price increase for aggregate used in road construction projects. Wisconsin is not immune from these price increases. Wisconsin Senate Bills 272, 276, and 277 will help alleviate this problem by requiring WisDOT to allow bidders to use alternative subbase materials that provide the equivalent structural properties to crushed stone aggregate, encouraging the use of aggregate sourced from within the state-owned right-of-way of projects, and prohibiting local governments from over regulating aggregate and concrete batch sites. Together, these bills will codify best practices that will stretch Wisconsin taxpayers' dollars further.

Senate Bill 274, in conjunction with item number 35 in Motion 130 will finally bring Design-Build to Wisconsin. Design-Build would allow a single entity to bid on engineering and constructing a project, which can lead to cost savings through contractors applying on-the-ground knowledge and one point of responsibility for project delays and cost overruns. SB 274 compliments the Design-Build pilot project proposed in the state budget by requiring WisDOT to keep an inventory of highway projects that could be potential design build projects, which will help implement the pilot program.

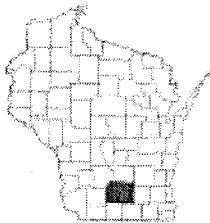
Senate Bill 284 requires the rebidding of contracts that only receive a single bid, which is also over 110-percent of estimated project costs, protecting taxpayers from paying for non-competitive bids.

Senate Bill 283 rewards state employees who go above and beyond to find efficiencies and save taxpayer dollars.

Finally, Senate Bill 282 protects taxpayers from having their taxes raised without their consent. The bill would require municipalities and counties to hold referenda – to ask their voters for permission – to levy local registration fees on them. Municipalities and counties already have authority to levy property taxes and receive state aids to pay for the construction of local roads. The additional authority to levy additional fees on top of levying property taxes for the purpose of constructing and maintaining local roads should be approved by the taxpayers.

Thank you again Chairman Petrowski and members of the Committee for the opportunity to testify. Collectively, these reforms will stretch taxpayer dollars further and make the sourcing of materials and construction of road projects more efficient.

Dane County Cities & Villages Association



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TO: Senate Committee on Transportation, Veterans and Military Affairs
FROM: Dane County Cities and Villages Association Executive Committee
DATE: Wednesday, June 19, 2019
RE: **Opposition to Senate Bill 276 & Senate Bill 282**

Senate Bill 276: Exemption from local zoning ordinances for certain transportation project aggregate and concrete production sites.

Dear Senator Petrowski, Chair, and members of the Senate Committee on Transportation, Veterans and Military Affairs.

As the Executive Committee and on behalf of the Dane County Cities and Villages Association, we would like to express our concerns with Senate Bill 276, which will add aggregate sites and construction batch sites to the types of sites used for transportation projects that are exempt from local zoning ordinances.

The DCCVA has concerns with the bill, which would seriously limit the local citizen input and local regulation of these quarries. Quarries and residential homeowners in more urban settings (cities, villages) may in certain circumstances peacefully co-exist, but there needs to be a balance that includes the voices of the local residents and other local businesses. However, there are also times when locating these types of operations near residential, retail or commercial settings is unreasonable. Local governments and local residents should be allowed to have a voice when it comes to reviewing operations within their boundaries that might lead to additional blasting, property damage, noise and truck traffic.

We are also concerned about the impact the bill might have on Agricultural Enterprise Areas and the reclamation of such lands after they have been mined. Once a site has been mined, its future uses might be seriously diminished, causing uncertainty from both an economic and environmental standpoint.

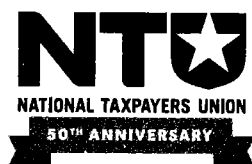
Senate Bill 282: Requiring a referendum to impose a municipal and county wheel tax.

DCCVA is opposed to Senate Bill 283 and the additional requirement for a local referendum before local elected officials implement or continue to implement a local vehicle registration fee (wheel tax).

Like you, our city and village members have been elected by our constituency to make decisions affecting how a wide-array of services are provided and funded, including street and road construction and maintenance. As state elected officials currently deliberating on increased fees to finance the state transportation budget, you are well aware that street and road construction and maintenance is costly. The local vehicle registration fee represents one of the few means available for local governments to provide for this significant expense.

Like you the decision with regard to vehicle registration fees is not taken lightly. According to the League of Wisconsin Municipalities, to date only 36 of the 1,900 local governments eligible have enacted such a fee. This statistic alone begs the question as to why the proposed policy change associated with Senate Bill 283 is necessary?

As elected officials the voters through the ballot process hold us all accountable for our decisions. We ask the Committee to respect local elected governance and not impose additional criteria nor preempt local legislative authority.



June 19, 2019

The Honorable Jerry Petrowski
Chairman, Senate Committee on Transportation, Veterans and Military Affairs
Wisconsin State Capitol
Madison, Wisconsin 53703

Chairman Petrowski and Committee members,

NTU is the oldest non-partisan taxpayer advocacy group in the United States. We have consistently advanced policies to lower taxes, streamline government, promote private markets, and more. We are dedicated to taxpayers and the belief that citizens make the best decisions about their money.

With that in mind, I encourage you to support Senate Bill 282. This commonsense legislation promotes transparency and improves accountability by ensuring local taxpayers are included in decisions related to burdensome tax increases that affect their families.

In its 2018 report, the nonpartisan Wisconsin Policy Forum cited a sharp increase in the number of communities in Wisconsin adopting the wheel tax – from 4 to 27 between 2011 and 2017 – along with a three-fold increase in wheel tax revenues at the same time. Additional communities have since moved in this direction, and many others are considering this new tax.

Giving taxpayers a voice through referenda ensures accountability. The requirement that a referendum be held at a regularly scheduled election also ensures transparency and will increase voter involvement in issues that directly affect them.

While this bill is an important step toward protecting Wisconsin taxpayers, it also highlights a larger issue facing Wisconsin – the need for a plan to sustain Wisconsin's transportation budget. I am also here to urge this body to consider another important piece of legislation – Senate Bill 271. It is not on the agenda today, but I hope you will give it serious consideration because it is a sensible approach to finding a long-term funding source for growing transportation needs.

I applaud Sen. Tom Tiffany and Rep. Joe Sanfelippo for introducing this additional proposal that will dedicate some tax revenue generated from the sale of automobiles and vehicle-related sales to the transportation fund. This would create a sustainable source of funding for Wisconsin's roads. The proposal begins modestly at 10 percent and grows to 50 percent by fiscal year 2033-34. According to the Legislative Fiscal Bureau, over 15 years, the revenue applied to the transportation fund would grow from about \$103.5 million in the first year to \$517.5 million by fiscal year 2033.

SB 271 does not raise taxes or fees, it simply reallocates funds. If enacted, it would decrease reliance on gas tax revenue – a diminishing revenue source due to the growing number of fuel-efficient vehicles. This would also decrease the need for bonding – a policy Republicans and Democrats agree is not in the best long-term interest of the state.

These proposals will force a healthy dialogue among state legislators about the needs and priorities of the state of Wisconsin. Wisconsinites are overwhelmingly in favor of improving state roads, and these bills both set our state on the right path toward that goal.

Sincerely,

Leah Vukmir, Vice President of State Affairs
National Taxpayers Union



CITY OF MILWAUKEE

City Hall, 200 E. Wells Street, Milwaukee, WI 53202 • www.city.milwaukee.gov

City of Milwaukee Testimony on SB 282

June 19, 2019

Senate Committee on Transportation, Veterans and Military Affairs

The City of Milwaukee is opposed to SB 282 primarily due to the retroactive referendum requirement in the bill. The City adopted a Motor Vehicle Registration (MVR) fee of \$20 in 2008, and it remains at that level today. It's important to understand the history and background that led to that decision nearly 11 years ago.

Wisconsin municipalities are limited in their ability to collect revenue to the property tax levy, shared revenue, and fees for service. Currently and in 2008, state law allowed municipalities to enact an ordinance imposing an annual flat fee on all vehicles under 8000 pounds which are customarily kept in the municipality.

The City has 942 miles of neighborhood streets not including major arterials. In 2007, the City Comptroller issued a report that concluded, neighborhood streets would not be repaved or rebuilt for 163 years or 100 years beyond their useful life at the current replacement rate. It was this report that spurred the decision to recognize we needed an alternative to funding the replacement of neighborhood streets. At the same time, approval of special assessment projects by adjoining owners had declined from nearly 94% approval in 2000 to 72% in 2008. Additionally, calls for service skyrocketed to 6,537 calls in the first four months of 2008 surpassing the 2007 total of 6,273. With 60% of city residences non-owner occupied, we needed a broader solution to fund streets that was not tied to the adjoining property.

The City decided to enact the \$20 MVR in 2008 to eliminate special assessments that residents paid when their street was reconstructed. Typically, when a street was reconstructed the adjoining property owner was required to pay 60% of the cost through the form of a special assessment that typically averaged \$1500-\$2000 per each abutting property, but could be as much as \$3000. Today, the City covers 100% of the street construction cost and no special assessment for that charge is levied to property owners. A homeowner would have to be in their home for 100 years at \$20 to pay the same amount that they used to pay for local road reconstruction.

Additionally, prior to the MVR enactment when approximately 30% of all road and over 50 percent of targeted alley projects were voted down by area residents and deleted from the construction program, the result was a highly inefficient waste of funds, representing 18-19% of overall project costs tied to engineering, drafting and public hearing costs which were erased and not available for other road projects. This financial waste and the ensuring time delays were eliminated when the MVR funds replaced the property owner's proportion of special assessment funding for road costs.

The City raises approximately \$6.5 million annually from the MVR. \$3.5 million goes to replacing the special assessments as described above and another \$3 million has helped support increased capital budget resources for streets, bridges, street lighting and traffic control. City funding for streets has grown from \$11.97 million in 2008 to \$19.1 million budgeted in 2019.

The City adopted the MVR in 2008 to provide fairness and a property fee reduction to homeowners through the elimination of a burdensome special assessment for neighborhood street reconstruction. Further, it was adopted to facilitate a rational process for maintaining surface transportation infrastructure rather than leave the approvals to the whim of homeowners. The reality of declining state aids also factored into this decision. Today, the City receives \$105 million less in real terms or \$21.8 million in nominal terms than it did in shared revenue and expenditure restraint payments in 2003.

This decision was made by locally elected officials to address a problem in their community and there have been two elections since the MVR was adopted and no member of the Common Council or Mayor was unelected because of this fee. A referendum is unnecessary.

The City of Milwaukee asks that you oppose SB 282 because we believe it would be wholly unfair to require a referendum 11 years after we adopted a fee that was allowed by state statute at the time.

Thank you for your consideration.

For more information, please contact:

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Wisconsin Senate Committee on Transportation, Veterans, and Military Affairs

Hearing on Senate Bills 272, 274, 276, 282, and 283

Testimony by Glen R. Schwalbach, P.E.

June 19, 2019

My name is Glen Schwalbach. I reside at 1090 Moonriver Drive, De Pere, WI. I am a Registered Professional Engineer, (P.E.) in Wisconsin.

Following is a summary of my comments on each bill.

SB 272: It's not clear why this bill is needed; it would be confusing to implement. Sub-base requirements are decided by engineers or designers and depend upon the existing soil types. The DOT Facilities Development Manual shows ten sub-base equivalents but, in some cases, only a couple may be appropriate. In many cases, no sub-base is required. The bill could say "when sub-base is required, the department should designate as many equivalent options as appropriate for each project".

SB 274: This bill includes a definition of a design-build project which includes reference to "by low bid or by best value" . Design-build projects include professional services such as architectural, surveying and engineering. Such services should be procured with a qualifications-based selection (QBS) process. For Federal projects, the Brooks Act requires QBS. Using QBS results in projects being the best quality at the least life-cycle costs. By the way, without using QBS, a design-build project will require more DOT monitoring, inspection, etc. Note that many states require warranties and maintenance agreements when using design-build.

SB 276: This bill just adds two more types of facilities to current law for exemptions to local ordinances. But, in all cases, the law should be clear that consideration should be given to local governments to minimize the impact on their residents and on their local roads.

SB 282: Referendums are just the fairest way to implement new taxes. Whether a wheel tax or a county sales tax, the taxpayers should decide. It is up to the government officials to provide the compelling arguments if they think the tax is needed. In my county, there is a lawsuit opposing a new county sales tax. If that tax had been voted for by referendum, there would be no lawsuit.

SB 283: Discretionary merit awards are a bad idea. Good managers don't use them. They cause many unintended consequences. They put the focus on just cost instead on safety, less congestion, long-life, etc. They may optimize a sub-process at the expense of sub-optimizing the whole system. They require a lot of administrative costs. They will be unfair. They don't encourage teamwork and create hard feelings among employees. My former employer, Wisconsin Public Service Corp. had such a program. We dropped it in the 1980's when we got smarter -- thanks to Dr. Deming, the guru of process improvement and business management. The process analysis techniques, implemented by former Secretary Gottlieb in 2011, are the proper methods for improving process efficiencies and reducing costs through teamwork. Those teams documented over \$1.5 billion in savings from 2011 through 2016.