



Legislative Fiscal Bureau

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May, 2019

Joint Committee on Finance

Paper #731

Major Highway Development Program (Transportation -- State Highway Program)

[LFB 2019-21 Budget Summary: Page 409, #12; and Pages 422 thru 424, #2 and #3]

CURRENT LAW

The major highway development program is responsible for the expansion of existing highways, construction of new highways, and certain high-cost highway rehabilitation projects. In the 2017-19 biennium, a total of \$563.7 million was provided for the major highway development program.

A major highway development project is, with certain exceptions, any improvement project that either has a total cost in excess of \$91,100,000, or, that has a total cost in excess of \$36,400,000 and expands highway capacity. For this purpose, capacity expansion includes: (a) construction of a new highway of 2.5 miles or more in length; (b) relocation of 2.5 miles or more of existing roadway; (c) the addition of one or more lanes at least five miles in length; or (d) the improvement of 10 miles or more of an existing divided highway to freeway standards. Projects exceeding the \$91,100,000 threshold must either be enumerated in the statutes or approved by the Transportation Projects Commission (TPC) prior to the Department of Transportation (DOT) beginning construction. Projects exceeding the \$36,400,000 cost threshold, and meeting the capacity expansion definitions, must be enumerated in the statutes prior to construction. Highway rehabilitation projects are considered major highway projects if they have an estimated cost exceeding \$91.1 million. Exceptions to these standards are provided for southeast Wisconsin freeway megaprojects (exceeding \$609.5 million), high-cost bridge projects (exceeding \$150 million), and major interstate bridge projects (with the state's share over \$100 million).

GOVERNOR

Funding Level. Make the following changes to major highway development program funding in order to provide a 2019-21 funding level of \$558,200,000: (a) decreases of \$21,752,900

FED in 2019-20 and \$18,352,900 FED in 2020-21; and (b) authorization of \$133,174,600 BR in transportation revenue bond authority.

Estimate reductions to transportation fund revenue, associated with the partial issuance of these bonds of \$832,300 in 2019-20, and \$6,175,500 in 2020-21. [Standard budget adjustment reductions of \$108,900 SEG annually and \$240,800 FED annually were made in an earlier action of the Committee.]

Enumeration. Enumerate I-43, extending approximately 14.3 miles between Silver Spring Drive in the City of Glendale and STH 60 in the Village of Grafton, in Milwaukee and Ozaukee counties, as a major highway development project.

DISCUSSION POINTS

Background

1. There are three main components of the state highway improvement program: (a) the state highway rehabilitation program; (b) the major highway development program; and (c) the southeast Wisconsin freeway megaprojects program. As shown in the attachment, the major highway development program has, historically, been second largest of these programs, with a proportionate, share of program funding over the past decade ranging between 20% to 25% of the total funding for these three programs.

2. Major highway projects that meet the statutory capacity expansion thresholds must be enumerated in the statutes before DOT can begin construction. Potential projects are considered for enumeration by the Transportation Projects Commission, a body consisting of the Governor, as chair, five senators, five representatives, three public members, appointed by the Governor, and the DOT Secretary (a nonvoting member). DOT submits potential projects to the TPC for consideration and also submits a recommendation of which of those projects should be advanced for enumeration. The TPC then makes a recommendation to the Governor and Legislature regarding project enumeration. Major highway projects that meet the definition based on the high-cost threshold, but not the capacity expansion thresholds, must be approved by the TPC prior to construction, but do not need to be enumerated in the statutes.

3. The TPC last met in December, 2014, when the STH 50 project in Kenosha County was approved under the high-cost major provision. Given the substantial amount of time that has elapsed since this most recent major project approval, the future costs associated with currently approved and enumerated projects have begun to dwindle. As an example, all remaining estimated project expenditures shown in the Department's most recent report to the TPC show that remaining program costs from 2019-21 and beyond total \$752.9 million (inflation adjusted). Again, this is largely due to the absence of recent enumerations or approvals of additional major highway development projects that are currently in the study or preconstruction phases. In relation to this point, DOT indicates that, "Major study projects cancelled and delayed over the last two years [have] created a gap in program continuity, and delayed potential enumeration of new critical projects" and that "the Department must ramp up its efforts to a program level that will again address long term needs."

4. The arguments for and against major highway development projects, many of which significantly expand system capacity, are generally rooted in some form of cost-benefit analyses. Proponents of major highway development projects tend to point to the safety enhancements, improved travel times, and the potential economic benefits of such projects. Opponents tend to focus on the environmental and development impacts generally associated with such projects, as well as the project cost to the state. Regardless, for most major highway development projects, a significant portion of construction and cost relates to the replacement or significant rehabilitation of existing pavement.

5. Over the past decade, limited transportation fund revenue growth and the extensive use of transportation fund-supported debt to finance highway infrastructure have contributed to an increasing percentage of transportation fund revenue being used to pay debt service on that debt. In addition, over the past several biennia, DOT has identified substantial current and future program needs in the state highway improvement program that continue to demand significant resources from the transportation fund. Although the Governor's budget recommendations would provide significant additional transportation fund revenue to address some of these programming needs (a net of \$520.6 million in above current law revenue), absent these, or some similar means of increasing revenue to the fund, program reductions, as compared to the bill, will need to be made.

Funding Level

6. The alternatives presented in this paper would rely on the use of bonds for the major highway development program. The Committee could decide to vary the mix of funds used in any of these alternatives and may also elect to provide increases or reductions to the other state highway program components based on these decisions. The funding level for the state highway improvement program under current law and the Governor's recommendation is shown in Attachment 2.

7. The basis for the funding levels discussed in this paper are the Governor's 2019-21 biennial budget recommendations, the Department's 2019-21 budget request, and a 2018-19 base level budget scenario. These alternative funding levels are as follows: (a) the Governor's budget recommendations (Alternative A1), which would provide biennial funding of \$558.2 million, or a -1.0% reduction compared to 2017-19 program resources; (b) Alternative A2 (a base level budget), which would provide total biennial funding of \$465.8 million, or a 17.4% increase relative to the 2017-19 funding level; and (c) Alternative A3 (the DOT 2019-21 budget request), which would provide total biennial funding of \$400.0 million, or 29.0% less than 2017-19 program resources.

TABLE 1
Comparison of Alternatives with 2015-17 Funding Level
(\$ in Millions)

	<u>2017-19</u>	<u>2019-21</u>		
		<u>Governor (A1)</u>	<u>Base Level Alternative A2</u>	<u>DOT Request Alternative A3</u>
Funding Level	\$563.7	\$558.2	\$465.8	\$400.0
Difference in Resources		-\$5.5	-\$97.9	-\$163.7
% Change in Resources		-1.0%	-17.4%	-29.0%

8. Each February and August, DOT is required to submit a report to the Transportation Projects Commission (TPC) that provides project cost information and an ongoing expenditure schedule for planned work in the major highway development and southeast Wisconsin freeway megaprojects programs. As shown in Table 2, the Department's February, 2019, report to the TPC, indicated that total project funding of \$452.5 million would be required in the biennium in order to fund planned major highway development expenditures. Although not specifically identified in the report, an additional \$8.3 in funding was anticipated for studies and potential project cost contingency, for a total of \$460.8 million in the 2019-21 biennium.

TABLE 2
Major Highway Development Program
Comparison of Potential Funding Levels and Planned Expenditures
(\$ in Millions)

	February, 2019, TPC Report*		
	<u>2019-20</u>	<u>2020-21</u>	<u>Biennium</u>
Planned Expenditures -- Existing Projects			
USH 10: USH 10 / STH 441	\$3.8	\$0.0	\$3.8
STH 15: New London	0.0	5.2	5.2
USH 18/STH 151: Verona Road	1.0	0.6	1.6
STH 23: STH 67 - USH 41	49.4	44.6	94
I-39/90: USH 12 - Illinois Border**	234.5	43.7	278.2
STH 50: IH 94 - 43rd Ave	7.3	62.4	69.7
USH 53: La Crosse Corridor	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Subtotal	\$296.0	\$156.5	\$452.5
Project Studies / Potential Contingency	\$1.0	\$7.3	\$8.3
Total			\$460.8

*Reflects inflation-adjusted costs estimates reported by DOT to the TPC in February, 2019. The schedule of expected study costs are not specifically shown in the TPC report.

9. Relative to Table 2, the Governor's recommendation of \$558.2 million provide \$97.4 million more for the majors projects in the 2019-21 biennium than the \$460.8 million that was planned for at the time of the February, 2019, report. As compared to this report, the Governor's higher level of funding would be used for the following project expenditures: (a) \$55.9 million related to the Governor's recommendation to enumerate the I-43 Silver Spring Drive project in Milwaukee and Ozaukee counties; (b) \$39.3 million related to the STH 50 project; and (c) \$2.2 million related to the I-39/90 project. [Alternative A1]

10. The following table compares the Governor's recommendations for major highway development program funding with the program's existing TPC schedule and the additions to that schedule that would occur under these recommendations. Compared to the 2017-19 major highway development program funding level, the Governor's recommendation for 2019-21 would represent a 1.0% reduction.

TABLE 3

**Major Highway Development Program -- Biennial Funding Comparison
(Governor's Recommendation, \$558.2 Million)**

<u>Fund Source</u>	<u>Governor -- 2019-21* [Alternative A1]</u>		
	<u>2019-20</u>	<u>2020-21</u>	<u>Biennial Total</u>
SEG	\$23,111,600	\$23,111,600	\$46,223,200
FED	187,701,100	191,101,100	378,802,200
Trans. Revenue Bonds	<u>66,587,300</u>	<u>66,587,300</u>	<u>133,174,600</u>
Total	\$277,400,000	\$280,800,000	\$558,200,000
<u>Gov. Recommendations/Expenditures</u>			
TPC Schedule			
Existing TPC Projects	\$296,000,000	\$156,500,000	\$452,500,000
Studies/Contingency	<u>1,000,000</u>	<u>7,300,000</u>	<u>8,300,000</u>
Subtotal TPC	\$297,000,000	\$163,800,000	\$460,800,000
Schedule Additions			
Enumeration - I-43 Silver Spring Dr.	\$17,300,000	\$38,600,000	\$55,900,000
Accelerated - STH 50	0	39,300,000	39,000,000
Schedule Adjustment - I-39/90	<u>-36,900,000</u>	<u>39,100,000</u>	<u>2,200,000</u>
Subtotal	-\$19,600,000	\$117,000,000	\$97,400,000
Total	\$277,400,000	\$280,800,000	\$558,200,000
<u>Governor/A1 Comparison</u>			
% Difference to TPC			21.1%

* Amounts shown are inclusive of adjustments to the 2018-19 base and standard budget adjustments.

11. Estimated reductions to transportation fund revenue, associated with the partial issuance of the bonds under the Governor's recommendations would equal \$832,300 in 2019-20, and \$6,175,500 in 2020-21. Once fully issued, estimated debt service on the \$133.2 million in bonds associated with this alternative would equal \$10.7 million annually.

12. As mentioned earlier, the Governor's recommendations for transportation would provide a net amount of \$520.6 million in additional revenues to the transportation fund. The Governor is also recommending using a significant portion of the funds to provide increases to local transportation programs and to the state highway rehabilitation program. Absent any additional transportation fund revenue or revenue from some other source, reductions in recommended SEG funding for local and state transportation programs, including the major highway development program would need to be made. Under such a constrained level of transportation fund revenue and given existing transportation program demands, a lower level of major highway development program funding may be seen as appropriate. Providing, a base level of funding would provide \$465.8 million in the 2019-21 biennium for the major highway development program, which would be \$5.0 million more than would be required to fund the TPC expenditure schedule (\$465.8 million - \$460.8 million). [Alternative A2]

13. The following table compares an alternative that provides a base level major highway development program funding to the TPC expenditure schedule and the Governor's recommended program expenditures in the 2019-21 biennium. Compared to the 2017-19 major highway development program funding level, a base funding level for 2019-21 would represent a 17.4% reduction.

TABLE 4

**Major Highway Development Program -- Biennial Funding Comparison
(Alternative 2, \$465.8 Million)**

Fund Source	Alternative A2		
	2019-20	2020-21	Biennium
SEG	\$23,220,500	\$23,220,500	\$46,441,000
FED	143,107,500	143,107,500	286,215,000
Trans. Revenue Bonds	<u>66,587,300</u>	<u>66,587,300</u>	<u>133,174,600</u>
Total	\$232,915,300	\$232,915,300	\$465,830,600
<u>Gov. Recommendations/Expenditures</u>			
TPC Schedule			
Existing TPC Projects	\$296,000,000	\$156,500,000	\$452,500,000
Studies/Contingency	<u>1,000,000</u>	<u>7,300,000</u>	<u>8,300,000</u>
Subtotal TPC	\$297,000,000	\$163,800,000	\$460,800,000
Schedule Additions			
Enumeration - I-43 Silver Spring Dr.	\$17,300,000	\$38,600,000	\$55,900,000
Accelerated - STH 50	0	39,300,000	39,000,000
Schedule Adjustment - I-39/90	<u>-36,900,000</u>	<u>39,100,000</u>	<u>2,200,000</u>
Subtotal	-\$19,600,000	\$117,000,000	\$97,400,000
Total	\$277,400,000	\$280,800,000	\$558,200,000
<u>Alternative A2 Comparison</u>			
Difference to Governor			-\$92,369,400
Difference to TPC			5,030,600
% Difference to Gov.			-16.5%
% Difference to TPC			1.1

14. Under a base budget, the composition of program funding (SEG and FED) reflects 2018-19 base year, plus standard budget adjustments. However, the funding mix that would be provided under Alternative A2 has been adjusted in order to provide sufficient state funding to match the federal highway aid that would be appropriated under this alternative. This funding level and mix would be accomplished by providing revenue bond authority of \$133,174,600 in the 2019-21 biennium (\$66,587,300 appropriated annually), with equal offsetting annual reductions to the program's FED appropriations. This would provide a funding level equivalent to a base budget, but with a state and federal funding mix that would enable DOT to administer the program. Estimated reductions to transportation fund revenue, associated with the partial issuance of the bonds under Alternative A2 would equal \$832,300 in 2019-20, and \$6,175,500 in 2020-21. Once fully issued, estimated debt service on the \$133.2 million in bonds associated with this alternative would equal \$10.7 million annually. [It should be noted that this alternative's reduction in federal aid appropriated would result in the availability of \$66,587,600 FED annually for other highway program purposes in the biennium.]

15. In addition, as compared to the February, 2019, TPC schedule, the \$5.0 million available under Alternative A2's funding could be used for additional highway development project work or to fund another state highway program purpose. Although the I-43 Silver Spring Drive project could still be enumerated, it is unlikely that the Department would be able to any complete significant work on this project without delaying construction of other major highway projects. Similarly, the advancement of project work on STH 50 planned under the Governor's budget recommendations would be unlikely to occur.

16. The prior administration, in November, 2018, submitted a major highway development program budget request that would have provided \$400.0 million in the 2019-21 biennium. Table 5 compares this requested funding level to the TPC expenditure schedule and the Governor's recommended program expenditures in the 2019-21 biennium. Compared to the 2017-19 major highway development program funding level, DOT's 2019-21 agency request for the major highway development program would represent a 29.0% reduction.

TABLE 5

**Major Highway Development Program -- Biennial Funding Comparison
(Alternative A3, \$400.0 Million)**

<u>Fund Source</u>	<u>Agency Request (Alt. A3) - 2019-21*</u>		
	<u>2019-20</u>	<u>2020-21</u>	<u>Biennial Total</u>
SEG	\$24,567,100	\$23,867,100	\$48,434,200
FED	175,108,400	78,108,400	253,216,800
Trans. Revenue Bonds	<u>60,324,500</u>	<u>38,024,500</u>	<u>98,349,000</u>
Total	\$260,000,000	\$140,000,000	\$400,000,000
% Change in Resources			-29.0%
<u>Gov. Recommendations</u>			
TPC Schedule			
Existing TPC Projects	\$296,000,000	\$156,500,000	\$452,500,000
Studies/Contingency	<u>1,000,000</u>	<u>7,300,000</u>	<u>8,300,000</u>
Subtotal TPC	\$297,000,000	\$163,800,000	\$460,800,000
Schedule Additions			
Enumeration - I-43 Silver Spring Dr.	\$17,300,000	\$38,600,000	\$55,900,000
Accelerated - STH 50	0	39,300,000	39,000,000
Schedule Adjustment - I-39/90	<u>-36,900,000</u>	<u>39,100,000</u>	<u>2,200,000</u>
Subtotal	-\$19,600,000	\$117,000,000	\$97,400,000
Total	\$277,400,000	\$280,800,000	\$558,200,000
<u>Alternative A3 Comparison</u>			
Difference to Governor			\$158,200,000
Difference to TPC			60,800,000
% Difference to Gov.			-28.3%
% Difference to TPC			-13.2

17. Estimated reductions to transportation fund revenue, associated with the partial issuance of the bonds under Alternative A3 would equal \$614,700 in 2019-20, and \$4,560,600 in 2020-21. Once fully issued, estimated debt service on the \$98.3 million in bonds associated with this alternative would equal \$7.9 million annually. Under this funding level, DOT would be able to complete \$60.8 million less than the currently scheduled project work in the biennium and \$158.2 million less than the Governor's recommendation for the scheduled additions. The recommended enumeration of the I-43 Silver Spring Drive project could still occur, but significant resources could not be committed to the project without delaying other major highway development projects. The same would hold for the advancement of the STH 50 project work recommended by the Governor. The extent to which this less than base funding level would delay the current completion timelines of these projects would depend on the 2021-23 program funding level, as well as other program demands.

Other Factors Related to Program Funding

18. In providing analysis related to this discussion, the Department noted that the state highway rehabilitation program's funding level has a significant impact on highway conditions.

However, DOT has also stressed that major highway development and southeast Wisconsin freeway megaprojects must also be funded at a sufficient level in order to avoid spillover effects that would negatively affect these highway conditions over time. Although both of these programs typically deal with capacity expansion issues, these reconstruction projects eliminate the highway rehabilitation needs on those redeveloped highways. Absent sufficient funding for the majors and megaprojects programs, additional pressure would be placed on state highway rehabilitation program funding, primarily due to significant age-related infrastructure issues in the southeast region of the state, as well as other regions of the state.

19. In order to avoid drawing additional resources from statewide state highway rehabilitation programming, DOT estimates that the two programs would require the following funding levels: (a) at least \$550 million for the major highway development program in the 2019-21 biennium, \$300 million in 2021-22, and \$400 million annually thereafter; and (b) \$206.4 million in the 2019-21 biennium, \$343.6 million in 2021-23, and \$350 million annually thereafter for the southeast megaprojects program. Absent these funding levels, DOT will likely need to fund significant amounts of highway and bridge rehabilitation work using the state highway rehabilitation program, which would reduce the available state highway funding for other areas of the state.

20. Over the past several biennia, significant let savings have accrued in the major highway development program, such that more major project work than was anticipated was able to be funded. "Let savings" occur when DOT lets a contract for an amount that is less than the funds that were encumbered for that project based on an estimated cost. Any let savings are then available within the program that generated the savings to fund additional, unplanned work. When a project costs more than anticipated, this is termed "negative let savings." Beginning in 2017-18, the state highway construction market, including inputs, became less favorable to the state, eroding some of the "let savings" that had been realized earlier in this year. Through April, 2019, all state and local highway programs had realized negative let savings of -\$77.5 million in 2018-19. As a result, the relatively favorable bidding conditions that had lasted for several years do not appear likely to continue in 2019-21.

21. Lastly, it should be noted that during budget discussions, DOT has indicated that \$40.0 million of its existing transportation revenue bond authority remains uncommitted. However, in an earlier action, the Committee voted to use \$9.1 million of this existing authority to fund DOT administrative facility projects which would be included in the 2019-21 state building program. In addition to providing any of the funding levels for alternatives described in this paper, the Committee could elect to use the remaining \$30.9 million in existing authority to offset the level of bonding (or other funds) that would be required to fund those alternatives. [Alternative A4] Because the issuance of existing authority is incorporated in the debt service estimates under the bill, no change in debt service would be associated with the lower bonding level under this alternative. Alternatively, the Committee could decide to leave the Department with this uncommitted authority as a safeguard against potential further decline of construction market conditions.

22. The availability of transportation fund revenue to fund any of the alternatives described in this paper would depend on other actions taken by the Committee relative to SEG revenue to the fund, overall state highway improvement program SEG funding, local transportation program SEG funding, and the level of transportation fund-supported debt authorized for the 2019-21 biennium.

Project Enumeration

23. The Department is currently conducting and reinitiating studies on a number of potential major highway development projects. Once the study of a potential project has been completed, the Department may recommend that the project be reviewed by the TPC. After reviewing the project, the TPC may recommend the project for enumeration if it determines that the project, plus all currently-enumerated projects, can be started within six years of the date of enumeration under the existing budget provided for the program. However, the TPC can recommend a project that does not meet the six-year requirement if it also recommends a financing plan necessary to start the project within that time. Statutory enumeration requires the enactment of legislation, which, in the past, has been done as part of the biennial budget process. In December, 2014, the TPC recommended two additional major highway projects for enumeration: (a) the I-43 project between Silver Spring Drive and STH 60 in Milwaukee and Ozaukee counties; and (b) the I-94 project between USH 12 and 130th Street in St. Croix County.

24. The bill would enumerate I-43 project recommended by the TPC, which would extend approximately 14.3 miles between Silver Spring Drive in the city of Glendale and STH 60 in the village of Grafton, in Milwaukee and Ozaukee counties, as a major highway development project. [Alternative B1] Improvements would include expanding the current four-lane highway to six lanes on the project's "mainline," between Silver Spring Drive and Bender Road, as well as other interchange, local road, and safety improvements. DOT indicates that the project has an estimated, inflation-adjusted cost of \$589.5 million (with a likely range of between \$565 million and \$615 million).

25. Regarding the other project recommended by the TPC in 2014, DOT recently indicated that traffic volumes in the area of the I-94 project in St. Croix County, which were a primary factor in the project's consideration for enumeration in the major highway development program, have somewhat dissipated since December, 2014. As a result, DOT is not currently considering this project as a candidate for enumeration.

26. Given the existing state and local highway program demands and the constrained transportation fund, absent any revenues, it may not be appropriate to enumerate this project at this time. [Alternative B2]

ALTERNATIVES

A. Funding Level

1. Approve the Governor's recommendation and make the following changes to major highway development program funding in order to provide a 2019-21 funding level of \$558,200,000: (a) decreases of \$21,752,900 FED in 2019-20 and \$18,352,900 FED in 2020-21; and (b) authorization of \$133,174,600 BR in transportation revenue bond authority.

Estimate reductions to transportation fund revenue, associated with the partial issuance of these bonds, of \$832,300 SEG-REV in 2019-20, and \$6,175,500 SEG-REV in 2020-21. Once fully issued, estimated debt service on the \$133.2 million in bonds associated with this alternative would

equal \$10.7 million annually. [Standard budget adjustment reductions of \$108,900 SEG annually and \$240,800 FED annually were made in an earlier action of the Committee.]

ALT A1	Change to	
	Base	Bill
FED	- \$40,105,800	\$0
SEG-REV	- 7,007,800	0
TRB-SEG	<u>133,174,600</u>	<u>0</u>
Total	\$86,061,000	\$0

2. Make the following changes to major highway development program funding in order to provide a 2019-21 funding level of \$465,830,600: (a) decreases of \$66,587,300 FED annually; and (b) authorization of \$133,174,600 BR in transportation revenue bond authority.

Estimate reductions to transportation fund revenue, associated with the partial issuance of these bonds, of \$832,300 SEG-REV in 2019-20, and \$6,175,500 SEG-REV in 2020-21. Once fully issued, estimated debt service on the \$133.2 million in bonds associated with this alternative would equal \$10.7 million annually. [Standard budget adjustment reductions of \$108,900 SEG annually and \$240,800 FED annually were made in an earlier action of the Committee.]

ALT A2	Change to	
	Base	Bill
FED	- \$133,174,600	- \$93,068,800
SEG-REV	- 7,007,800	0
TRB-SEG	<u>133,174,600</u>	<u>0</u>
Total	- \$7,007,800	- \$93,068,800

3. Make following changes to the major highway development program's funding in order to provide a 2019-21 funding level of \$400,000,000: (a) an increase of \$1,455,500 SEG and a decrease \$34,345,600 FED in 2019-20; and (b) an increase of \$755,500 SEG and a decrease of \$131,345,600 FED in 2020-21. Reduce transportation revenue bond expenditure authority (SEG-S) by \$6,262,800 in 2019-20 and \$28,562,800 in 2020-21. [Standard budget adjustment reductions of \$108,900 SEG annually and \$240,800 FED annually were made in an earlier action of the Committee.]

Estimate reductions to transportation fund revenue, associated with the partial issuance of the bonds of \$614,700 SEG-REV in 2019-20, and \$4,560,600 SEG-REV in 2020-21. Once fully issued, estimated debt service on the \$98.3 million in bonds associated with this alternative would equal \$7.9 million annually.

ALT A3	Change to	
	Base	Bill
SEG	\$2,211,000	\$2,211,000
FED	- 165,691,200	- 125,585,400
SEG-REV	- 5,175,300	1,832,500
SEG-S	- 34,825,600	- 34,825,600
TRB-SEG	<u>98,349,000</u>	<u>98,349,000</u>
Total	- \$105,132,100	- \$58,018,500

4. In addition to approving either Alternative A1, A2, or A3, reduce the bonding authority necessary to fund the selected alternative by \$30.9 million and instead use the remaining amount of existing transportation revenue bond authority to fund the program funding level in that alternative.

ALT A4	Change to	
	Base	Bill
TRB-SEG	\$0	- \$30,900,000

1. Take no action. A base level of funding for the 2019-21 biennium of \$465,830,600 would remain. [Because the 2018-19 FED base year appropriation of \$209,649,800 annually would be too high for the purposes of matching federal funds with state moneys, administering this funding level would be difficult.] [Standard budget adjustment reductions of \$108,900 SEG annually and \$240,800 FED annually were made in an earlier action of the Committee.]

ALT A5	Change to	
	Base	Bill
FED	\$0	- \$40,105,800
SEG-REV	0	7,007,800
TRB-SEG	<u>0</u>	<u>- 133,174,600</u>
Total	\$0	- \$86,061,800

B. Project Enumeration

1. Approve the Governor's recommendation and enumerate I-43, extending approximately 14.3 miles between Silver Spring Drive in the city of Glendale and STH 60 in the village of Grafton, in Milwaukee and Ozaukee counties, as a major highway development project. [DOT indicates that the project has an estimated, inflation-adjusted cost of \$589.5 million (with a likely range of between \$565 million and \$615 million).]

2. Take no action.

Prepared by: John Wilson-Tepeli
Attachment

ATTACHMENT

Recent Biennial Funding Levels for Three Main Components of State Highway Improvement Program (\$ in Millions)

<u>Biennium</u>	<u>State Highway Rehabilitation</u>	<u>Major Highway Development</u>	<u>Southeast Wisconsin Freeways*</u>	<u>Total</u>
2009-11	\$1,545.8	\$713.6	\$643.0	\$2,902.4
2011-13	1,607.6	743.6	420.0	2,771.2
2013-15	1,640.4	728.4	517.0	2,885.8
2015-17	1,698.0	641.1	414.6	2,753.7
2017-19	1,626.2	563.7	535.6	2,725.7
2019-21*	\$1,877.8	\$558.2	\$331.9	\$2,767.9

<u>Biennium</u>	<u>State Highway Rehabilitation</u>	<u>Major Highway Development</u>	<u>Southeast Wisconsin Freeways*</u>	<u>Total</u>
2009-11	53.3%	24.6%	22.2%	100.0%
2011-13	58.0	26.8	15.2	100.0
2013-15	56.8	25.2	17.9	100.0
2015-17	61.7	23.3	15.1	100.0
2017-19	59.7	20.7	19.6	100.0
2019-21*	67.8%	20.2	12.0%	100%

*Governor's budget recommendation. The administration intended to provide \$60.0 million of the amount shown under the southeast Wisconsin freeway megaprojects program to the state highway rehabilitation program.