

1999 DRAFTING REQUEST

Assembly Amendment (AA-ASA1-AB133)

Received: **06/22/99**

Received By: **nilsepe**

Wanted: **As time permits**

Identical to LRB:

For: **Assembly Republican Caucus**

By/Representing: **Dake**

This file may be shown to any legislator: **NO**

Drafter: **nilsepe**

May Contact:

Alt. Drafters:

Subject: **Transportation - mass transit**

Extra Copies: **TNF, ISR**

Pre Topic:

ARC:.....Dake - 303 (5).

Topic:

Mass transit; fully-allocated bids for transit services

Instructions:

See Attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	nilsepe 06/22/99	wjackson 06/22/99		_____			
/1	nilsepe 06/24/99	wjackson 06/24/99	hhagen 06/22/99	_____	gretskl 06/22/99		
/2	nilsepe 06/24/99	wjackson 06/24/99	kfollet 06/24/99	_____	lrb_docadmin 06/24/99		
/3			kfollet 06/24/99	_____	ismith 06/24/99		

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/2		1/3 6/24 WJ	kfollet 06/24/99	_____	lrb_docadmin 06/24/99		

FE Sent For:

KJF
6/24
KJF/JF
6/24
<END>

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/1		12 Nilj 6/24	hhagen 06/22/99	_____	gretskl 06/22/99		
FE Sent For:			Kjf 6/24	Kjf/Km 6/24			<END>

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/?	nilsepe	1 nilj 6/22		_____			

FE Sent For:

<END>

year 2000, specify that no shared-ride taxi system that received a 1999 payment can receive an amount that exceeds that payment, unless the system provides a local match equal to at least 5% of its operating expenses. Provide that if an eligible applicant is served exclusively by a shared-ride taxi system and voluntarily complies with the local match requirements, the applicant may be exempt from any required management performance audit.

0941
RW
X *Mass Transit -- Bids for Mass Transit Services.* Specify that if a local public body solicits bids to contract for mass transit services, the bids of a publicly-owned urban mass transit system must use a fully allocated cost methodology established by DOT rule. The fully allocated cost methodology would have to: (a) be based on generally accepted accounting principles; (b) consider all shared costs and direct costs of the mass transit system that are related to and support the service being considered, including any subsidies provided to the system, which would include operating subsidies, capital grants and the use of public facilities; and (c) assign each cost of a publicly-owned urban mass transit system to one of the following categories:

- (1) costs that depend on the number of vehicle hours operated, including operators' salaries and fringe benefits;
- (2) costs that depend on the number of vehicle miles traveled, including fuel costs, maintenance costs and maintenance personnel salaries and fringe benefits; and
- (3) costs that depend on the maximum number of vehicles that are in service during the day, including administrative and capital costs.

Prohibit any transit system's operating costs that are eligible for state mass transit operating assistance from including costs accruing to the system from services provided by a publicly-owned urban mass transit system under a contract awarded on the basis of competitive bids, unless the system's bid used the fully allocated cost bidding methodology. Also, specify that urban mass transit operating revenues would not include any income accruing from operations under a contract awarded on the basis of competitive bids to a publicly-owned urban mass transit system that did not use the fully allocated cost bidding methodology.

Require DOT to promulgate emergency rules related to these fully allocated cost bidding requirements no later than 45 days after the effective date of the bill. Specify that these rules could be promulgated without providing evidence that the rules are necessary for the preservation of public peace, health, safety or welfare or a finding of an emergency. These emergency rules would remain in effect until July 1, 2000, or the date that permanent rules take effect, whichever is sooner. Further, require DOT to submit proposed permanent rules related to these fully allocated cost bidding requirements no later than the first day of the seventh month after the effective date of the bill.

Specify that the requirement for bids to be based on the fully allocated cost methodology and the modification to the definition of operating expenses would first apply to bids solicited

and services contracted for under a bid solicited on the effective date of the emergency rules promulgated by DOT.

Pen 6. *Local Highway Assessments and Training.* Require that local governments, with the cooperation and assistance of DOT, conduct a biennial assessment of the physical condition of the highways within their jurisdiction and report the results to DOT. Require local governments to use a pavement rating system approved by DOT in making the assessments. Specify that the first assessment report would be required no later than December 15, 2001. Establish that the information collected as part of the local assessment is inadmissible as evidence, except as to show that the local government has complied with the assessment requirement. Require DOT to assess the accuracy of the highway assessments reported by local governments. Allow DOT to use field investigations to verify a portion of the data that constitutes a valid random sample or a specialized sample considered appropriate by DOT. This item would restore a provision in the Governor's bill that was removed from the bill by the Joint Committee on Finance as a non-fiscal, policy item.

Increase funding by \$75,000 SEG annually for DOT's departmental management and operations appropriation and require DOT to use this funding to contract with the University of Wisconsin-Extension to provide training and technical support to local governments in evaluating and rating local road pavements. Offset this increase by decreasing funding for the town road improvement program -- discretionary (TRIP-D) component by \$75,000 SEG annually, limited to this biennium. Specify that these increases and decreases would not be reflected in the base for preparing the Department's 2001-03 budget request.

TNF 7. *County Highway Improvement Program -- Projects Done by County Highway Departments.* Delete the following provisions that restrict the amount of work on county trunk highways that may be done by county highway departments under the county highway improvement program: (a) the provision that specifies that no improvement done by county highway departments may exceed \$100,000 in cost or 0.5% of the total amount of funds distributed to counties under the basic county formula component of the program, whichever is greater; (b) the provision that specifies that the work done by any county highway department may not exceed 40% of the county trunk highway improvements funded under the program, and (c) the provision that specifies that the work performed within any transportation district (the boundaries of which are specified by DOT by rule) by county highway departments within the district may not exceed 30% of the biennial amount allocated to counties for county trunk highway improvements in that district.

Instead, specify that county highway departments may do work under the basic county highway improvement program or the discretionary county highway improvement program if they demonstrate that doing so will be cost-effective, provided that each county highway department uses competitive bidding for projects with a combined total cost equal to at least the amount of state funds received by the county under the program. In addition, eliminate the provision that requires each county highway improvement district committee to ensure compliance with the provisions related to the amount of work that may be done by county highway departments. Instead, require these committees to review any project that a county within the district has proposed to do using the

1999

Date (time) needed

ARC

LRB b 0941 1 1

CAUCUS BUDGET AMENDMENT
[ONLY FOR CAUCUS]

PEN: Wlj :

See form AMENDMENTS — COMPONENTS & ITEMS.

CAUCUS AMENDMENT
TO ASSEMBLY SUBSTITUTE AMENDMENT 1
TO 1999 ASSEMBLY BILL 133

>>FOR CAUCUS SUPERAMENDMENT — NOT FOR INTRODUCTION<<

At the locations indicated, amend the substitute amendment as follows:

#. Page , line :

#. Page , line :

#. Page , line :

#. Page , line :

#. Page , line :

#. Page , line :



BILL

#. Page 967, line 12: after that line insert

services directly, by negotiating service contracts or by awarding contracts on the basis of competitive bids.

This bill requires publicly owned mass transit systems that bid for mass transit service to base their bids on the fully allocated costs of providing the service. Operating costs of mass transit services performed by a publicly owned mass transit system are not eligible for state aid payments under the urban mass transit operating assistance program, if the services were procured by a local public body on the basis of solicited bids that did not fully allocate the costs of providing the service. The bill requires DOT to promulgate emergency rules and permanent rules for preparing bids using a fully allocated cost methodology. In general, "fully allocated costs" considers all shared and direct costs of a mass transit system, including all subsidies to the system, such as operating subsidies, capital grants and the use of public facilities. The bill does not require the use of fully allocated cost method in negotiated procurement of mass transit services, nor does it require that mass transit services be contracted for only on the basis of solicited bids.

For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

SECTION 1. 85.20 (1) (g) of the statutes is amended to read:

85.20 (1) (g) "Operating expenses" mean costs accruing to an urban mass transit system by virtue of its operations, including costs to subsidize fares paid by disabled persons for transportation within the urban area of the eligible applicant,

no

do not include costs accruing to an urban mass transit system from services provided by a publicly owned urban mass transit system under a contract awarded on the basis of competitive bids unless the urban mass transit system's bid used the fully allocated cost methodology described in sub. (8).

For a publicly owned system, operating expenses do not include profit, return on investment or depreciation as costs. If a local public body contracts for the services of a privately owned system on the basis of competitive bids, operating expenses may include as costs depreciation on the facilities and equipment that the privately owned system acquired without benefit of public financial assistance, profit and return on investment. If a local

11

BILL

#. Page 967, line 24: after that line insert:

9

1 public body contracts for the services of a privately owned system on the basis of
 2 negotiated procurement, operating expenses may include as costs depreciation on
 3 the facilities and equipment that the privately owned system acquired without
 4 benefit of public financial assistance. In an urban area which is served exclusively
 5 by shared-ride taxicab systems, operating expenses may include costs to subsidize
 6 reasonable fares paid by all users for transportation within the urban area of the
 7 eligible applicant.

8 SECTION 85.20 (1) (h) of the statutes is amended to read:

9 85.20 (1) (h) "Operating revenues" mean income accruing to an urban mass
 10 transit system by virtue of its operations, but do not include income accruing from
 11 operations under a contract awarded on the basis of competitive bids to a publicly
 12 owned urban mass transit system that did not use the fully allocated cost
 13 methodology described in sub. (8).

14 SECTION 85.20 (8) of the statutes is created to read:

15 85.20 (8) FULLY ALLOCATED COST BIDDING. (intro.) If a local public body solicits
 16 bids to contract for services, the bids of a publicly owned urban mass transit system
 17 shall use a fully allocated cost methodology established by the department by rule.
 18 The fully allocated cost methodology shall do all of the following:

19 (a) Be based on generally accepted accounting principles.

20 (b) Consider all shared costs and direct costs of the mass transit system that
 21 are related to and support the service being considered. A publicly owned urban
 22 mass transit system's costs include all subsidies provided to the system, including
 23 operating subsidies, capital grants and the use of public facilities.

24 (c) Assign each cost of a publicly owned urban mass transit system to one of the
 25 following categories:

BILL

1 1. Costs that depend on the number of vehicle hours operated, including
2 operators' salaries and fringe benefits.

3 2. Costs that depend on the number of vehicle miles traveled, including fuel
4 costs, maintenance costs and maintenance personnel salaries and fringe benefits.

5 3. Costs that depend on the maximum number of vehicles that are in service
6 during the day, including administrative and capital costs.

7 **SECTION 4. Nonstatutory provisions.**

8 #. Page 1549, line 13: after that line insert:

9 (a) RULES ESTABLISHING FULLY ALLOCATED COST METHODOLOGY.

10 (a) The department of transportation shall submit in proposed form the rules
11 required under section 85.20 (8) of the statutes, as created by this act, to the
12 legislative council staff under section 227.15 (1) of the statutes no later than the first
13 day of the 7th month beginning after the effective date of this paragraph.

14 (b) Using the procedure under section 227.24 of the statutes, the department
15 of transportation shall promulgate the rules required under section 85.20 (8) of the
16 statutes, as created by this act. Notwithstanding section 227.24 (1) (c) and (2) of the
17 statutes, the emergency rules may remain in effect until July 1, 2000, or the date on
18 which permanent rules take effect, whichever is sooner. Notwithstanding section
19 227.24 (1) (a), (2) (b) and (3) of the statutes, the department is not required to provide
20 evidence that promulgating rules under this paragraph is necessary for the
21 preservation of the public peace, health, safety or welfare and is not required to
22 provide a finding of emergency rules under this paragraph. The department shall
23 promulgate rules under this paragraph no later than the 45th day after the effective
24 date of this paragraph.

25 **SECTION 5. Initial applicability.**

(a) FULLY ALLOCATED COST METHODOLOGY.

#. Page 1601, line 20: after that line insert:

NON STAT

BILL

1 (a) The treatment of section 85.20 (8)[✓] of the statutes first applies to bids
2 solicited after the effective date of this paragraph.

3 (b) The treatment of section 85.20 (1) (g)[✓] of the statutes first applies to services
4 contracted under a bid solicited after the effective date of this paragraph. ①

5

(END)



State of Wisconsin
1999 - 2000 LEGISLATURE

LRBb09417
PEN:wj:ksh

12

ARC:.....Dake - 303 (5), Mass transit; fully-allocated bids for transit services

FOR 1999-01 BUDGET — NOT READY FOR INTRODUCTION

CAUCUS AMENDMENT

TO ASSEMBLY SUBSTITUTE AMENDMENT 1,

TO 1999 ASSEMBLY BILL 133

1 At the locations indicated, amend the substitute amendment as follows:

2 1. Page 967, line 12: after that line insert “Operating expenses” do not
3 include costs accruing to an urban mass transit system from services provided by a
4 publicly owned urban mass transit system under a contract awarded on the basis of
5 competitive bids unless the urban mass transit system’s bid used the fully allocated
6 cost methodology described in sub. (8).”.

7 2. Page 967, line 24: after that line insert:

8 “SECTION 1834m. 85.20 (1) (h) of the statutes is amended to read:

9 85.20 (1) (h) “Operating revenues” mean income accruing to an urban mass
10 transit system by virtue of its operations, but do not include income accruing from

1 operations under a contract awarded on the basis of competitive bids to a publicly
2 owned urban mass transit system that did not use the fully allocated cost
3 methodology described in sub. (8).”.

4 **3.** Page 971, line 16: after that line insert:

5 “SECTION 1849gm. 85.20 (8) of the statutes is created to read:

6 85.20 (8) FULLY ALLOCATED COST BIDDING. (intro.) If a local public body solicits
7 bids to contract for services, the bids of a publicly owned urban mass transit system
8 shall use a fully allocated cost methodology established by the department by rule.
9 The fully allocated cost methodology shall do all of the following:

10 (a) Be based on generally accepted accounting principles.

11 (b) Consider all shared costs and direct costs of the mass transit system that
12 are related to and support the service being considered. A publicly owned urban
13 mass transit system’s costs include all subsidies provided to the system, including
14 operating subsidies, capital grants and the use of public facilities.

15 (c) Assign each cost of a publicly owned urban mass transit system to one of the
16 following categories:

17 1. Costs that depend on the number of vehicle hours operated, including
18 operators’ salaries and fringe benefits.

19 2. Costs that depend on the number of vehicle miles traveled, including fuel
20 costs, maintenance costs and maintenance personnel salaries and fringe benefits.

21 3. Costs that depend on the maximum number of vehicles that are in service
22 during the day, including administrative and capital costs.”.

23 **4.** Page 1549, line 13: after that line insert:

24 “(2bm) RULES ESTABLISHING FULLY ALLOCATED COST METHODOLOGY.

1 (a) The department of transportation shall submit in proposed form the rules
2 required under section 85.20 (8) of the statutes, as created by this act, to the
3 legislative council staff under section 227.15 (1) of the statutes no later than the first
4 day of the 7th month beginning after the effective date of this paragraph.

5 (b) Using the procedure under section 227.24 of the statutes, the department
6 of transportation shall promulgate the rules required under section 85.20 (8) of the
7 statutes, as created by this act. Notwithstanding section 227.24 (1) (c) and (2) of the
8 statutes, the emergency rules may remain in effect until July 1, 2000, or the date on
9 which permanent rules take effect, whichever is sooner. Notwithstanding section
10 227.24 (1) (a), (2) (b) and (3) of the statutes, the department is not required to provide
11 evidence that promulgating rules under this paragraph is necessary for the
12 preservation of the public peace, health, safety or welfare and is not required to
13 provide a finding of emergency rules under this paragraph. The department shall
14 promulgate rules under this paragraph no later than the 45th day after the effective
15 date of this paragraph.”

16 **5.** Page 1601, line 20: after that line insert:

17 “(4md) FULLY ALLOCATED COST METHODOLOGY.

18 (a) The treatment of section 85.20 (8) of the statutes first applies to bids
19 solicited ^{for} ~~after~~ the effective date of this paragraph.

20 (b) The treatment of section 85.20 (1) (g) of the statutes first applies to services
21 contracted under a bid solicited ~~after~~ the effective date of this paragraph.”

22

(END)



State of Wisconsin
1999 - 2000 LEGISLATURE

LRBb0941/2
PEN:wlj:kjf

3

ARC:.....Dake - 303 (5), Mass transit; fully-allocated bids for transit services

FOR 1999-01 BUDGET - NOT READY FOR INTRODUCTION

CAUCUS AMENDMENT

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6 cost methodology described in sub. (8).”.

7 **2.** Page 967, line 24: after that line insert:

8 **SECTION 1834m.** 85.20 (1) (h) of the statutes is amended to read:

9 85.20 (1) (h) “Operating revenues” mean income accruing to an urban mass
10 transit system by virtue of its operations, but do not include income accruing from

1 operations under a contract awarded on the basis of competitive bids to a publicly
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5 **“SECTION 1849gm.** 85.20 (8) of the statutes is created to read:

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21 3. Costs that depend on the maximum number of vehicles that are in service
22 during the day, including administrative and capital costs.”.

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24 **“(2bm) RULES ESTABLISHING FULLY ALLOCATED COST METHODOLOGY.**

1 (a) The department of transportation shall submit in proposed form the rules
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3 legislative council staff under section 227.15 (1) of the statutes no later than the first
4 day of the 7th month beginning after the effective date of this paragraph.

5 (b) Using the procedure under section 227.24 of the statutes, the department
6 of transportation shall promulgate the rules required under section 85.20 (8) of the
7 statutes, as created by this act. Notwithstanding section 227.24 (1) (c) and (2) of the
8 statutes, the emergency rules may remain in effect until July 1, 2000, or the date on
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16 **5.** Page 1601, line 20: after that line insert:

17 “(4md) FULLY ALLOCATED COST METHODOLOGY.

18 (a) The treatment of section 85.20 (8) of the statutes first applies to bids
19 solicited on the effective date of ~~this paragraph~~

20 (b) The treatment of section 85.20 (1) (g) of the statutes first applies to services
21 contracted under a bid solicited on the effective date of ~~this paragraph~~.”

22

(END)

the emergency rules promulgated under 85.20 (26m) (b) of this act

AI Runde:

This draft changes item 5, only

PEN

**DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRBb0941/3dn
PEN:wlj:kjf

June 24, 1999

Al Runde:

This draft changes item 5. only.

Paul E. Nilsen
Legislative Attorney
Phone: (608) 261-6926



State of Wisconsin
1999 - 2000 LEGISLATURE

LRBb0941/3
PEN:wlj:kjf

ARC:.....Dake - 303 (5), Mass transit; fully-allocated bids for transit services

FOR 1999-01 BUDGET - NOT READY FOR INTRODUCTION

CAUCUS AMENDMENT

TO ASSEMBLY SUBSTITUTE AMENDMENT 1,

TO 1999 ASSEMBLY BILL 133

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9 The fully allocated cost methodology shall do all of the following:

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19 2. Costs that depend on the number of vehicle miles traveled, including fuel
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21 3. Costs that depend on the maximum number of vehicles that are in service
22 during the day, including administrative and capital costs.”.

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24 “(2bm) RULES ESTABLISHING FULLY ALLOCATED COST METHODOLOGY.

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2 required under section 85.20 (8) of the statutes, as created by this act, to the
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4 day of the 7th month beginning after the effective date of this paragraph.

5 (b) Using the procedure under section 227.24 of the statutes, the department
6 of transportation shall promulgate the rules required under section 85.20 (8) of the
7 statutes, as created by this act. Notwithstanding section 227.24 (1) (c) and (2) of the
8 statutes, the emergency rules may remain in effect until July 1, 2000, or the date on
9 which permanent rules take effect, whichever is sooner. Notwithstanding section
10 227.24 (1) (a), (2) (b) and (3) of the statutes, the department is not required to provide
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12 preservation of the public peace, health, safety or welfare and is not required to
13 provide a finding of emergency rules under this paragraph. The department shall
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16 **5.** Page 1601, line 20: after that line insert:

17 “(4md) FULLY ALLOCATED COST METHODOLOGY.

18 (a) The treatment of section 85.20 (8) of the statutes first applies to bids
19 solicited on the effective date of the emergency rules promulgated under SECTION
20 9150 (2bm) (b) of this act.

21 (b) The treatment of section 85.20 (1) (g) of the statutes first applies to services
22 contracted under a bid solicited on the effective date of the emergency rules
23 promulgated under SECTION 9150 (2bm) (b) of this act.”

24

(END)