

Transportation

State Highway Program

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LFB Summary Items for Which an Issue Paper Has Been Prepared

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Joint Committee on Finance

Paper #730

State Highway Rehabilitation Program (Transportation -- State Highway Program)

[LFB 2019-21 Budget Summary: Page 421, #1]

CURRENT LAW

The state highway rehabilitation program is responsible for the reconstruction, reconditioning, and resurfacing of the highways and bridges of the state highway system, except for highway projects that exceed the capacity expansion thresholds established for the major highway development, southeast Wisconsin freeway megaprojects, high-cost bridge, and major interstate bridge programs. In 2017-19, a total of \$1,626.2 million (\$740.6 million in state funds and \$885.6 million in federal funds) was provided for the state highway rehabilitation program.

GOVERNOR

Make the following changes to the state highway rehabilitation program's funding in order to provide a 2019-21 funding level of \$1,877,813,600: (a) an increase \$120,000,000 SEG in 2019-20 and \$200,000,000 SEG in 2020-21; and (b) a decrease of \$60,000,000 FED in 2020-21. [Standard budget adjustment reductions of \$2,928,800 SEG annually and \$813,900 FED annually would also be made under the bill.]

DISCUSSION POINTS

Background

1. There are three main components of the state highway improvement program: (a) the state highway rehabilitation program (SHR); (b) the major highway development program; and (c) the southeast Wisconsin freeway megaprojects program. As shown in Attachment 1, the SHR

program is the largest of these programs, with a proportionate share of program funding over the past decade generally in the range of 50% to 60% of the total funding for these three programs.

2. The Department of Transportation's (DOT) central office, in consultation with its five administrative regions, creates and follows a comprehensive, six-year program (or schedule) for state highway rehabilitation. The six-year program is updated periodically based on changes in funding and in the plans for individual projects. The proportionate, regional distribution of state highway rehabilitation funding is shown in Attachment 2.

3. The primary method that DOT uses to assess the impact of a given funding level within the state highway rehabilitation program over time is estimating the percentage of "backbone" and "non-backbone" state highways that would be in "fair and above" condition at the end of a 10-year period at that funding level. The backbone system includes multilane interstate, the US, and significant segments of the state highways that connect the major regions and economic centers of the state, as well as to the national highway system outside of Wisconsin. The remainder of this system is classified as "non-backbone" and is generally comprised of lower order or lower traffic volume state highways. Generally, a highway in "fair or above" condition can be treated to extend pavement life without a more costly, full-depth reconstruction.

4. During 2019, Transportation Task Force discussions, DOT estimated that backbone and non-backbone state highways would be, respectively, in 98.3% and 74.3% fair and above condition at the start of 2019-20. The alternatives in this paper assume this estimate of 2019-20 highway conditions as the starting point for assessing the effects of the Governor's recommendation and alternative SHR funding scenarios over a 10-year period (through the beginning 2028-29). As part of informing the Task Force's work, DOT estimated that a funding level of approximately \$1,985.3 million per biennium (with inflationary adjustments) would be required to maintain state highway conditions over a 10-year period.

5. The Governor's SHR program funding level incorporates the Department's recent asset management policy changes that have reduced the estimated funding level needed to maintain these conditions over time, by approximately \$200 million per year. In essence, this new asset management strategy uses a "replace in kind" assumption as the base condition for all state highway rehabilitation projects in developing a 10-year programming plan. As an example, rather than assuming that state highway rehabilitation projects will be constructed according to current standards for roadway geometry and capacity as the starting point for all planning-level project design, DOT indicates that it now only "designs up" projects to include these standards as necessary based on actual roadway conditions and safety data. The Department indicates that safety, not congestion and mobility, is the essential factor in the extent to which a project will be "designed up" to include geometric modifications and/or additional capacity. Although the Department indicates that there are no safety tradeoffs to such an approach, one potential concern with this "replace in kind" approach is that it could limit some of the safety benefits that could otherwise accrue to the state from having constructed highway infrastructure to a higher standard in the long term. Conversely, this approach will likely benefit the pavement conditions on state highways at a reduced funding level.

6. 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. Increased state funding for local transportation infrastructure has also lessened the availability of funding for state highway infrastructure. 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 (\$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.

7. In this regard, although bonds have been used for SHR in several prior biennia, the use of bonds, which are a long-term capital financing option, often does not align well with the shorter, expected useful life of improvements to rehabilitated highway facilities. Accordingly, to accommodate the use of bonds for SHR projects, the Department of Administration's policy is to issue bonds authorized for these projects with two-thirds 10-year maturities and one-third 20-year maturities, for an average maturity of 13.33 years, instead of the usual 20-year maturity for state highway infrastructure. As a result, the principal amount borrowed is repaid more quickly, which results in the annualized debt service being higher compared to 20-year debt. However, the overall interest costs are lower than 20-year debt.

8. Given the concern over using long-term debt for shorter life SHR projects, none of the alternatives presented in this paper would rely on the use of bonds for the SHR program. However, the Committee could decide to vary the mix of funds (including bonds) used in any of these alternatives and may also elect to provide increases or reductions to the other state highway program components or local programs based on these decisions.

Funding Level

9. *Program Funding Erratum.* As referenced earlier, \$1,877.8 million in the 2019-21 biennium would be provided under the bill. However, subsequent to the bill's introduction, the administration submitted an erratum indicating that the Governor had intended to recommend an additional \$60.0 million SEG funding in 2020-21 to the state highway rehabilitation program (the bill inadvertently provided this \$60.0 million SEG to the southeast Wisconsin freeway megaprojects program). This additional funding would provide a total state highway rehabilitation program funding level of \$1,937.8 million in the 2019-21 biennium. Under either funding level, the amount provided would be lower than the amount that DOT indicated during the January, 2019, Transportation Task Force deliberations, would be necessary to prevent a decline in estimated state highway conditions during the 2019-21 biennium (funding of at least \$1,985.3 million). However, the Governor's intended recommendation would provide a 2020-21 base year of \$1,008.9 million, which DOT estimates would be sufficient to maintain state highway conditions over time. A modification to the bill would be needed to incorporate the administration's intent.

10. Table 1 provides the alternative funding levels discussed in this paper for the state highway rehabilitation program compared to a base budget. The program's base budget would provide essentially the same funding as the 2017-19 funding level (\$1,625.3 million base compared to \$1,626.2 million). In considering the Governor's recommendations for the state highway

rehabilitation program, it should be noted that the state highway rehabilitation program is a statewide infrastructure program that provides some benefit to all regions of the state. The Governor's initial recommendation would provide a significant increase over a base budget (15.5%). Although this funding level would not be expected to prevent the decline of the state's highway conditions over time, it would slow this decline significantly as compared to a base budget scenario. [Alternative 1]

TABLE 1

**Potential 2019-21 State Highway Rehabilitation Program
Funding Levels -- All Funds**

<u>Potential Funding Levels</u>	<u>2019-20</u>	<u>2020-21</u>	<u>Biennium</u>	<u>Difference</u>
Base Budget (Alt. 4)	\$812,649,500	\$812,649,500	\$1,625,299,000	
Governor Bill (Alt. 1)	928,906,800	948,906,800	1,877,813,600	\$252,514,600
Governor as Intended (Alt. 2)	928,906,800	1,008,906,800	1,937,813,600	312,514,600
Transp. Task Force (Alt. 3)	992,649,500	992,649,500	1,985,299,000	360,000,000
<u>% Difference to Base Budget</u>				
Governor (Bill)				15.5%
Governor (as Intended)				19.2
Transportation Task Force				22.1

11. The Governor's initial state highway rehabilitation program recommendation for the 2019-21 biennium included in the bill is shown in the table below and is compared to the alternative funding levels discussed in this paper.

TABLE 2

**State Highway Rehabilitation Program Funding --
2019-21 Governor's Bill Recommendation Comparisons (\$1,877.8 million)**

<u>Fund</u>	<u>Governor - Bill (Alt. 1)*</u>		<u>Biennial Total</u>
	<u>2019-20</u>	<u>2020-21</u>	
SEG	\$503,182,700	\$583,182,700	\$1,086,365,400
FED	<u>425,724,100</u>	<u>365,724,100</u>	<u>791,448,200</u>
Total	\$928,906,800	\$948,906,800	\$1,877,813,600
<u>% Difference to Alternative Funding Levels</u>			
Base Budget			15.5%
Governor (as Intended)			-3.1
Task Force			-5.5

*Includes \$2,509,200 SEG and \$2,493,300 FED annually associated with adjustment to the 2018-19 base funding amount and standard budget adjustments.

12. Table 3 reflects this additional funding and compares the Governor's intended 2019-21 funding recommendation to the alternative funding levels discussed in this paper. The 2020-21 funding level under the Governor's modified recommendation would slightly exceed the ongoing program funding level that DOT has estimated would be required to maintain highway conditions. As a result, this funding level could lead to modest improvements in state highway conditions over time. The Committee would have to modify the bill to incorporate the Governor's intended funding level. [Alternative 2]

TABLE 3

**State Highway Rehabilitation Program Funding --
2019-21 Governor's Intended Recommendation Comparisons
(\$1,937.8 million)**

<u>Fund</u>	<u>Governor as Intended (Alt. 2)*</u>		<u>Biennial Total</u>
	<u>2019-20</u>	<u>2020-21</u>	
SEG	\$503,182,700	\$643,182,700	\$1,146,365,400
FED	<u>425,724,100</u>	<u>365,724,100</u>	<u>791,448,200</u>
Total	\$928,906,800	\$1,008,906,800	\$1,937,813,600

% Difference to Alternative Funding Levels

Base Budget	19.2%
Governor (Bill)	3.2
Task Force	-2.4

*Includes \$2,509,200 SEG and \$2,493,300 FED annually associated with adjustment to the 2018-19 base funding amount and standard budget adjustments.

13. Attachments 3, 4, and 5 reflect SHR program projects that the DOT has identified as "added" or "advanced" to the program's six-year schedule under the Governor's intended budget recommendation for this program. Attachment 3 provides the list of state highway rehabilitation projects that would likely be added or advanced into the 2019-21 biennium under the bill as intended, while Attachment 4 shows the projects that would likely be added or advanced in 2021-23 and beyond if this funding level is maintained. Attachment 5 is a DOT-produced map that reflects the existing state highway rehabilitation schedule and the accelerated project work listed in the prior two attachments.

14. DOT indicates that "added" projects shown in the alternatives are new to the six-year plan and that "advanced" projects are those that would be completed sooner than they otherwise would be at a base level of SHR funding. For several advanced projects, DOT notes that the "new" year reflecting an advancement is the same as the "old" year. The Department indicates that this designation reflects that the project would have been delayed under a base level of SHR funding. If a lower amount of state highway rehabilitation program funding is provided in the 2019-21 biennium, DOT indicates that it would generally remove project work in the "added" category before removing

any of the "advanced" project work. However, there would be exceptions, as the Department would reexamine the program's schedule and regional funding levels in the context of the lower funding level.

15. Even if sufficient revenues are available in the 2019-21 biennium to fund Governor's recommendation as intended, the 2020-21 base year (\$1,008.9 million) could strain the fund's resources in subsequent biennia. Another option that would likely maintain state highway conditions in the biennium, but provide a lower 2020-21 base level funding amount for the 2021-23 biennium, would be to provide the funding level discussed by DOT as part of January, 2019, Transportation Task Force deliberations. Table 4 compares the Transportation Task Force funding level to the alternative funding levels discussed in this paper. Providing a lower base level of SHR, as compared to the Governor's intended recommendation, funding in 2020-21 would mean a lower base level funding amount for the 2021-23 biennium, which would help bring ongoing DOT appropriation in line with ongoing revenues. [Alternative 3]

TABLE 4

**State Highway Rehabilitation Program Funding --
Transportation Task Force Comparisons (\$1,985.3 million)**

<u>Fund</u>	<u>Transportation Task Force (Alt. 3)*</u>		
	<u>2019-20</u>	<u>2020-21</u>	<u>Biennial Total</u>
SEG	\$566,925,400	\$626,925,400	\$1,193,850,800
FED	<u>425,724,100</u>	<u>365,724,100</u>	<u>791,448,200</u>
Total	\$992,649,500	\$992,649,500	\$1,985,299,000
<u>% Difference to Alternative Funding Levels</u>			
Base Budget			22.1%
Governor (Bill)			5.7
Governor (as Intended)			2.5

*Includes \$2,509,200 SEG and \$2,493,300 FED annually associated with adjustment to the 2018-19 base funding amount and standard budget adjustments.

16. Although the Governor's budget recommendations would include significant additional transportation fund revenues that would be generated through the tax and fee increases in the bill, absent these or other similar measures, a substantially lower level of state highway rehabilitation programming may be required. Given the other state highway and local transportation programming demands that would be funder under the bill, some may feel that, absent any revenue increase, a base level of state highway rehabilitation program funding is all the state can afford at this time. Table 5 compares a base SHR program funding level for the 2019-21 biennium to the alternative funding levels discussed in this paper.

TABLE 5**State Highway Rehabilitation Program Funding --
Base Budget Comparisons (\$1,625.3 million)**

<u>Fund</u>	<u>Base Budget (Alt. 4)*</u>		<u>Biennial Total</u>
	<u>2019-20</u>	<u>2020-21</u>	
SEG	\$386,111,500	\$386,111,500	\$772,223,000
FED	<u>426,538,000</u>	<u>426,538,000</u>	<u>853,076,000</u>
Total	\$812,649,500	\$812,649,500	\$1,625,299,000
% Change in Resources			-0.1%
<u>% Difference to Alternative Funding Levels</u>			
Governor (Bill)			-13.4%
Governor (as Intended)			-16.1
Task Force			-18.1

*Includes \$2,509,200 SEG and \$2,493,300 FED annually associated with adjustment to the 2018-19 base funding amount and standard budget adjustments.

17. During 2019, Transportation Task Force discussions, DOT estimated that backbone and non-backbone state highways would be, respectively, in 98.3% and 74.3% fair and above condition at the start of 2019-20. Under an ongoing base budget scenario, it could be expected that these conditions would decline to 93.1% and 61.4% fair and above by the beginning of 2028-29.

Other Factors Related to Program Funding

18. In providing analysis related the funding discussion for the state highway improvement program, the Department noted that the SHR program funding level has the most significant, direct 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 to the SHR program 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 as well. 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 parts of the state.

19. In order to avoid drawing additional resources from statewide state highway rehabilitation programming, DOT estimates that these other 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 SHR program particularly on the southeast Wisconsin freeway system. This situation would reduce the available SHR 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. 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.

ALTERNATIVES

1. Approve the Governor's recommendations and make the following changes to the SHR program funding in order to provide a 2019-21 funding level of \$1,877,813,600: (a) an increase \$120,000,000 SEG in 2019-20 and \$200,000,000 SEG in 2020-21; and (b) a decrease of \$60,000,000 FED in 2020-21. [Standard budget adjustment reductions of \$2,928,800 SEG annually and \$813,900 FED annually were made under an earlier action of the Committee.] This program funding level would provide \$107.5 million less in the 2019-21 biennium than DOT has indicated would be necessary to maintain state highway conditions over time.

ALT 1	Change to	
	Base	Bill
SEG	\$320,000,000	\$0
FED	<u>- 60,000,000</u>	<u>0</u>
Total	\$260,000,000	\$0

2. Approve the Governor's recommendation, as modified by an erratum, and make the following changes to the SHR program funding in order to a 2019-21 funding level of \$1,937,813,600: (a) an increase \$120,000,000 SEG in 2019-20 and \$260,000,000 SEG in 2020-21; and (b) a decrease of \$60,000,000 FED in 2020-21. [Standard budget adjustment reductions of \$2,928,800 SEG annually and \$813,900 FED annually were made under an earlier action of the Committee.] This program funding level would provide \$47.5 million less in the 2019-21 biennium

than DOT has indicated would be necessary to fund maintain state highway conditions over time. However, the 2020-21 base year would slightly exceed the funding that DOT has indicated would be necessary to maintain these conditions.

ALT 2	Change to	
	Base	Bill
SEG	\$380,000,000	\$60,000,000
FED	<u>- 60,000,000</u>	<u>0</u>
Total	\$320,000,000	\$60,000,000

3. Provide the Transportation Task Force funding level and make the following changes to the SHR program funding in order to provide a 2019-21 funding level of \$1,985,299,000: (a) an increase \$183,742,700 SEG in 2019-20 and \$243,742,700 SEG in 2020-21; and (b) a decrease of \$60,000,000 FED in 2020-21. [Standard budget adjustment reductions of \$2,928,800 SEG annually and \$813,900 FED annually were made under an earlier action of the Committee.] This is the biennial funding level that DOT has indicated would be necessary in the 2019-21 biennium to maintain state highway conditions.

ALT 3	Change to	
	Base	Bill
SEG	\$427,485,400	\$107,485,400
FED	<u>- 60,000,000</u>	<u>0</u>
Total	\$367,485,400	\$107,485,400

4. Take no action, which would provide a 2019-21 funding level for the SHR program of \$1,625,299,000. [Standard budget adjustment reductions of \$2,928,800 SEG annually and \$813,900 FED annually were made under an earlier action of the Committee.] This program funding level would provide \$360 million less in the 2019-21 biennium than DOT has indicated would be necessary to maintain state highway conditions over time.

ALT 4	Change to	
	Base	Bill
SEG	\$0	-\$320,000,000
FED	<u>0</u>	<u>60,000,000</u>
Total	\$0	-\$260,000,000

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Attachments

ATTACHMENT 1

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.

ATTACHMENT 2

Current Regional State Highway Funding Allocations of Funding

<u>Allocations</u>	<u>% of Total Funding</u>
Regions (Non-Backbone)*	
Southwest Region	17.9%
Southeast Region	12.9
Northeast Region	6.7
North Central Region	7.8
Northwest Region	<u>10.6</u>
Subtotal	56.0%
Centrally-Scheduled (Backbone)	44.0%
Total	100.0%

Note: Percentage total does not add due to rounding. The regional allocation of state highway rehabilitation program funding is for non-backbone highways, which are typically lower-order or relatively less travelled highways in the state. The centrally-scheduled funding is provided for projects on the state's backbone highway system, which is a 1,590 mile system of highways connecting major economic areas of the state.

*The five regions and the counties in each region are:

- North Central Region: Adams, Florence, Forest, Green Lake, Iron, Langlade, Lincoln, Marathon, Marquette, Menominee, Oneida, Portage, Price, Shawano, Vilas, Waupaca, Waushara, and Wood counties.
- Northeast Region: Brown, Calumet, Door, Fond du Lac, Kewaunee, Manitowoc, Marinette, Oconto, Outagamie, Sheboygan, and Winnebago counties.
- Northwest Region: Ashland, Barron, Bayfield, Buffalo, Burnett, Chippewa, Clark, Douglas, Dunn, Eau Claire, Jackson, Pepin, Pierce, Polk, Rusk, St. Croix, Sawyer, Taylor, Trempealeau, and Washburn counties.
- Southeast Region: Kenosha, Milwaukee, Ozaukee, Racine, Walworth, Washington, and Waukesha counties.
- Southwest Region: Columbia, Crawford, Dane, Dodge, Grant, Green, Iowa, Jefferson, Juneau, La Crosse, Lafayette, Monroe, Richland, Rock, Sauk, and Vernon counties.

ATTACHMENT 3

Projects Added and Advanced -- 2019-21 Governor's Budget Recommendation for SHR (as Intended)

<u>Primary County</u>	<u>Project ID</u>	<u>Primary Highway</u>	<u>Limits</u>	<u>Mileage</u>	<u>Old Year</u>	<u>New Year</u>	<u>Concept</u>	<u>Low</u>	<u>High</u>
Added									
Dane	5600-05-80	STH 078	Vermont Creek Bridge B-13-855	0.20	2030	2021	Bridge Replace	\$500,000	\$749,999
Forest	9090-01-61	STH 070	Divide Road to STH 55 Culverts	-	2025	2021	Miscellaneous	500,000	749,999
Forest	9090-01-72	STH 070	Divide Road to STH 55	7.50	2025	2021	Resurface	1,000,000	1,999,999
Langlade	9140-12-73	STH 064	USH 45 to Clover Road	4.20	2026	2021	Resurface	1,000,000	1,999,999
Langlade	9140-12-74	STH 064	CTH P to Oconto County Line	10.80	2026	2021	Resurface	2,000,000	2,999,999
Milwaukee	2040-14-20	USH 045	St Martins Road to College Ave.	3.00	2025	2021	Reconstruct Expansion	2,000,000	2,999,999
Oneida	9050-03-70	STH 047	USH 8 to Kildeer Road	12.50	2025	2020	Resurface	3,000,000	39,991,000
Racine	2260-00-71	STH 011	STH 31 to Kentucky St	1.30	2030	2020	Reconstruct	9,000,000	9,999,999
Vilas	9080-14-75	STH 070	USH 45 to Divide Road	13.50	2025	2021	Resurface	3,000,000	39,991,000
Waushara	6150-00-72	STH 022	Marquette CTY L/CTH JJ to STH 21W	7.00	2025	2021	Resurface	1,000,000	1,999,999
Advanced									
Adams	6160-00-61	STH 021	Wis River Bridge B-1-13	0.20	2023	2021	Bridge Rehabilitation	\$500,000	\$749,999
Barron	1196-04-77	USH 053	Chippewa County Line - USH 8 (SB)	16.60	2023	2021	Resurface	12,000,000	12,999,999
Bayfield	1180-03-76	USH 002	Sznaider Road to CTH A	5.60	2023	2020	Resurface	3,000,000	39,991,000
Columbia	1161-00-66	I-H 039	STH 78 to Marquette County Line, NB	11.10	2022	2021	Pavement Preservation	3,000,000	39,991,000
Columbia	6130-02-60	STH 013	Wisconsin River Strucs B-11-001/104	-	2022	2021	Bridge Rehabilitation	1,000,000	1,999,999
Columbia	6040-00-73	STH 033	STH 22 to 0.19 Mile W of Morris Drive	9.50	2022	2021	Resurface	4,000,000	4,999,999
Columbia	6020-04-61	USH 051	E Jct STH 60 to Tomlinson Road	5.90	2023	2021	Pavement Preservation	3,000,000	39,991,000
Dane	5601-00-60	STH 078	USH 14 to USH 12	7.90	2022	2021	Pavement Preservation	2,000,000	2,999,999
Dane	1206-06-79	USH 012	Whitney Way to I-H 39/90	10.40	2021	2021	Resurface	15,000,000	29,999,999
Dane	1204-08-65	USH 018	Town Hall Road to CTH PD	13.70	2022	2021	Pavement Preservation	7,000,000	7,999,999
Dane	5845-01-76	USH 051	STH 138 to Silverado Dr/Hoel Ave	0.20	2022	2021	Reconstruct	4,000,000	4,999,999
Dane	5845-01-78	USH 051	Roby Road Intersection	0.40	2022	2021	Recondition	1,000,000	1,999,999
Dodge	1111-03-62	USH 151	STH 73 to CNW RR	7.10	2022	2021	Pavement Preservation	4,000,000	4,999,999
Douglas	1198-00-72	USH 053	Kent Road to CTH C (NB & SB)	6.00	2021	2020	Resurface	9,000,000	9,999,999
Dunn	7220-00-60	STH 025	South County Line to Red Cedar Rvr	6.60	2022	2021	Resurface	2,000,000	2,999,999
Dunn	8949-05-72	USH 012	Wilson Creek Bridge B-17-0206	-	2024	2021	Bridge Replace	750,000	999,999
Grant	5215-03-80	STH 081	Hackett Branch Bridge B-22-292	0.10	2023	2021	Bridge Replace	750,000	999,999
Jefferson	1067-04-71	I-H 094	Airport Road to CTH Y	10.80	2021	2020	Resurface	13,000,000	13,999,999

<u>Primary County</u>	<u>Project ID</u>	<u>Primary Highway</u>	<u>Limits</u>	<u>Mileage</u>	<u>Old Year</u>	<u>New Year</u>	<u>Concept</u>	<u>Low</u>	<u>High</u>
Advanced (continued)									
Jefferson	1067-04-72	I-H 094	STH 26 to East County Line	11.10	2022	2021	Resurface	12,000,000	12,999,999
Juneau	7020-02-60	STH 173	STH 21 to County Line Road	19.40	2020	2020	Resurface	7,000,000	7,999,999
Milwaukee	2150-00-71	STH 100	91st Street to Deerbrook Trail	3.20	2022	2021	Resurface	10,000,000	10,999,999
Oconto	9190-26-71	STH 032	Pulaski Nvl - CTH E	7.60	2023	2021	Resurface	4,000,000	4,999,999
Oneida	1170-16-71	USH 051	Bearskin Bridge to Rocky Run Road	3.20	2021	2021	Resurface	\$1,000,000	\$1,999,999
Pierce	7650-01-74	STH 029	USH 10 to South Junction CTH QQ	5.20	2022	2021	Pavement Replacement	5,000,000	5,999,999
Pierce	1530-05-72	USH 010	CTH A to East County Line	10.90	2022	2021	Resurface	6,000,000	6,999,999
Polk	1570-00-74	USH 008	STH 46 South Junction to Front Ave	9.80	2024	2021	Resurface	5,000,000	5,999,999
Portage	1166-00-79	I-H 039	N 2nd St to CTH X	3.30	2022	2020	Pavement Replacement	8,000,000	8,999,999
Racine	1320-23-72	STH 011	56th Rd to I-H 41/94 W Frontage Rd	1.00	2022	2021	Reconstruct Expansion	6,000,000	6,999,999
Racine	2240-00-77	STH 036	STH 20 to CTH Y	6.00	2022	2021	Recondition	11,000,000	11,999,999
Rock	5670-03-70	STH 059	STH 213 to Garrison Drive	2.30	2023	2021	Resurface	1,000,000	1,999,999
Sauk	5630-06-72	STH 078	Eagle View Court to Weynand Road	8.50	2023	2021	Pavement Replacement	10,000,000	10,999,999
St. Croix	1020-01-77	I-H 094	Kinnickinnic Riv to CTH T (EB & WB)	4.10	2021	2020	Resurface	5,000,000	5,999,999
Vernon	5730-00-80	STH 056	Bishop Branch Bridge B-62-258	0.20	2023	2021	Bridge Replace	1,000,000	1,999,999
Waushara	6310-00-60	STH 073	STH 22 (N) to CTH BB	14.60	2021	2021	Pavement Preservation	3,000,000	39,991,000

ATTACHMENT 4

Projects Added and Advanced Beyond 2019-21 Biennium -- Under Ongoing Funding Level Equal to Governor's 2019-21 Budget Recommendation for SHR (as Intended)

<u>Primary County</u>	<u>Project ID</u>	<u>Primary Highway</u>	<u>Limits</u>	<u>Mileage</u>	<u>Old Year</u>	<u>New Year</u>	<u>Concept</u>	<u>Low</u>	<u>High</u>
Added									
Adams	6566-00-72	STH 023	Columbia Co Line to Marquette Co Line	6.50	2025	2022	Resurface	\$1,000,000	\$1,999,999
Ashland	1180-44-70	USH 002	Government Road to East County Line	9.00	2027	2022	Resurface	4,000,000	4,999,999
Barron	1550-04-74	USH 063	West Junction STH 48 to Charrie Ln	1.30	2027	2022	Resurface	1,000,000	1,999,999
Bayfield	8725-02-70	STH 118	USH 63 to STH 112	6.90	2027	2022	Pavement Replacement	5,000,000	5,999,999
Brown	1227-08-73	I-H 043	STH 172 - Webster Drive	10.80	2027	2022	Resurface	12,000,000	12,999,999
Brown	4085-33-71	STH 032	South County Line-Duester Street	6.60	2025	2023	Resurface	3,000,000	39,991,000
Brown	1480-27-71	STH 054	I-43-STH57	4.80	2026	2024	Resurface	5,000,000	5,999,999
Brown	4075-35-72	STH 096	CTH JJ - CTH D	3.10	2025	2024	Resurface	1,000,000	1,999,999
Calumet	4085-60-71	STH 032	CTH Aa-Jordan Avenue	2.40	2025	2024	Resurface	750,000	999,999
Calumet	4050-15-71	STH 055	STH 114-USH 10	1.60	2025	2024	Resurface	750,000	999,999
Chippewa	7070-06-72	STH 027	Eau Claire/Chippewa Co Ln to STH 29	5.50	2025	2024	Resurface	2,000,000	2,999,999
Chippewa	1191-05-76	USH 053	CTH B to STH 64	10.50	2025	2024	Pavement Replacement	15,000,000	29,999,999
Clark	7050-00-72	STH 073	Hunt Street to STH 29 E	11.70	2027	2024	Pavement Replacement	9,000,000	9,999,999
Columbia	6040-00-74	STH 033	0.19 Mile W of Morris Drive to STH 73	6.00	2026	2023	Pavement Replacement	5,000,000	5,999,999
Columbia	6225-01-70	STH 127	STH 16 to La Dawn Drive	14.00	2026	2024	Pavement Replacement	12,000,000	12,999,999
Columbia	6020-04-72	USH 051	Tomlinson Road to Ontario Street	10.70	2025	2024	Resurface	5,000,000	5,999,999
Crawford	5790-01-80	STH 171	Flowing Stream Structure C-12-Xxxx	0.10	2025	2023	Reconstruct	250,000	599,999
Dane	1693-05-72	STH 069	CTH D to Valley Road	8.70	2025	2022	Reconstruct	12,000,000	12,999,999
Dane	5420-02-72	STH 113	Knutson Drive to STH 19	3.50	2025	2024	Resurface	2,000,000	2,999,999
Dodge	3270-01-74	STH 028	Ellsworth Street to N Jct CTH TW	3.50	2025	2023	Resurface	1,000,000	1,999,999
Dodge	1390-06-70	STH 026	STH 33 to Barnes Street	12.40	2025	2024	Pavement Replacement	7,000,000	7,999,999
Door	4430-21-71	STH 042	Egg Harbor Road - Mid Jct 42/57	0.80	2025	2024	Resurface	750,000	999,999
Douglas	8510-01-70	STH 013	CTH H to Engdahl Road	15.80	2027	2024	Resurface	6,000,000	6,999,999
Florence	9304-11-70	STH 101	CTH F to Woods Creek Road	8.70	2025	2022	Resurface	1,000,000	1,999,999
Forest	9260-00-70	STH 032	Crandon RR Overhead to Railroad Ave	5.90	2025	2022	Resurface	1,000,000	1,999,999
Forest	9304-12-70	STH 101	USH 8 to West Oneonta Lane	5.00	2025	2022	Resurface	1,000,000	1,999,999
Forest	9130-03-63	STH 032	Forest Avenue to USH 8 Culverts	-	2025	2024	Miscellaneous	500,000	749,999
Forest	9130-03-73	STH 032	Forest Avenue to USH 8	8.70	2025	2024	Pavement Replacement	3,000,000	39,991,000
Grant	1706-06-71	STH 011	V Hazel Green W Limit to V N Limit	1.50	2026	2024	Pavement Replacement	1,000,000	1,999,999
Grant	5580-04-70	STH 035	W Junction STH 133 to USH 18	5.40	2025	2024	Resurface	3,000,000	39,991,000
Grant	5330-02-73	STH 080	Illinois State Line to STH 11	1.80	2026	2024	Pavement Replacement	1,000,000	1,999,999
Grant	1650-06-72	USH 061	Hickory Lane to Alona Lane	17.70	2030	2024	Miscellaneous	6,000,000	6,999,999

<u>Primary County</u>	<u>Project ID</u>	<u>Primary Highway</u>	<u>Limits</u>	<u>Mileage</u>	<u>Old Year</u>	<u>New Year</u>	<u>Concept</u>	<u>Low</u>	<u>High</u>
Added (continued)									
Green	5606-03-70	STH 092	East Avenue to USH 14	13.10	2025	2024	Resurface	\$2,000,000	\$2,999,999
Green Lake	6530-01-72	STH 073	Fox River Bridge to CTH J	0.70	2025	2022	Resurface	250,000	599,999
Jackson	7505-00-76	STH 121	CTH FF South to STH 95	7.00	2027	2023	Resurface	2,000,000	2,999,999
Jefferson	3993-01-81	LOC STR	Rock River Structure B-28-0192	0.10	2030	2022	Bridge Replace	3,000,000	39,991,000
Jefferson	3576-01-71	STH 106	STH 73 to Park Drive	11.40	2025	2022	Resurface	4,000,000	4,999,999
Jefferson	3601-00-74	STH 089	Kiesling Road to USH 18	2.70	2025	2023	Resurface	1,000,000	1,999,999
Jefferson	1067-02-73	I-H 094	Newville Road Br; Rock Lake Road Br	-	2025	2024	Bridge Replace	4,000,000	4,999,999
Jefferson	1370-00-73	STH 016	E Main St to 0.23Mile E Rock River Rd	7.90	2026	2024	Pavement Replacement	6,000,000	6,999,999
Juneau	1620-02-78	STH 080	STH 21 to County Line Road	16.00	2025	2023	Resurface	8,000,000	8,999,999
Kenosha	3330-07-70	STH 031	STH 50 to CTH S	2.60	2025	2024	Pavement Preservation	4,000,000	4,999,999
Kenosha	3240-16-70	STH 032	Illinois State Line to 91st St	3.30	2025	2024	Resurface	3,000,000	39,991,000
Kenosha	1310-14-70	STH 050	S CTH W to 1750 Feet East	0.10	2025	2024	Reconstruct	3,000,000	39,991,000
La Crosse	7930-08-71	STH 108	Old 16 Road to North County Line	12.30	2027	2024	Pavement Replacement	11,000,000	11,999,999
Lafayette	5590-00-72	STH 078	STH 11 to CTH D	6.50	2025	2023	Resurface	2,000,000	2,999,999
Langlade	9140-12-71	STH 064	Wolf River Crossing B-34-0838	-	2025	2024	Bridge Rehabilitation	250,000	599,999
Manitowoc	1500-71-71	USH 010	Unnamed Creek Box Culvert C360058	-	2025	2024	Bridge Replace	250,000	599,999
Marathon	9535-05-70	STH 097	Black Creek Brdge to Taylor Co Line	6.80	2026	2022	Resurface	1,000,000	1,999,999
Marathon	1166-00-83	I-H 039	Portage Co Ln to Maple Ridge Rd, NB	9.40	2025	2023	Resurface	3,000,000	39,991,000
Marathon	6360-05-70	STH 107	North Street to Maratech Avenue	0.60	2026	2023	Resurface	250,000	599,999
Marathon	6360-06-70	STH 107	STH 153 to CTH B	8.80	2025	2023	Resurface	3,000,000	39,991,000
Marathon	1009-46-64	VAR HWY	Marathon County Bridge Overlays	-	2030	2023	Bridge Rehabilitation	750,000	999,999
Marathon	1620-03-72	STH 013	26Th Road to STH 98	4.20	2025	2024	Resurface	1,000,000	1,999,999
Marinette	9160-19-71	STH 064	CTH E-STH 180	7.00	2025	2023	Resurface	2,000,000	2,999,999
Marquette	6530-01-71	STH 073	CTH J to White River Bridge	8.80	2025	2022	Resurface	2,000,000	2,999,999
Milwaukee	1360-15-70	STH 145	Good Hope Rd Interchange to 68th St	3.90	2025	2022	Resurface	12,000,000	12,999,999
Milwaukee	2195-04-70	STH 032	N Broadway to N Prospect Ave	0.40	2025	2024	Reconstruct	4,000,000	4,999,999
Milwaukee	2225-15-70	STH 032	Newberry Blvd to Edgewood Ave	0.90	2025	2024	Resurface	5,000,000	5,999,999
Milwaukee	2275-05-70	STH 057	North Ave to Hopkins St	1.10	2025	2024	Resurface	3,000,000	39,991,000
Milwaukee	2015-10-71	STH 119	STH 119 At Howell Ave	0.20	2025	2024	Resurface	1,000,000	1,999,999
Milwaukee	2040-14-70	USH 045	Rawson North Ramp to College Ave	1.00	2027	2024	Reconstruct	12,000,000	12,999,999
Milwaukee	1000-09-78	VAR HWY	Bridge Rehab	-	2025	2024	Bridge Rehabilitation	500,000	749,999
Outagamie	6230-16-71	STH 054	Wcl-Park Avenue	9.20	2026	2024	Resurface	6,000,000	6,999,999
Outagamie	6518-07-71	STH 076	Boelter Rd - CTH W	2.60	2025	2024	Bridge Replace	250,000	599,999
Outagamie	4075-35-71	STH 096	Claribel Street-CTH JJ	1.90	2025	2024	Resurface	500,000	749,999
Pierce	8070-03-70	USH 063	USH 10 to East Junction STH 29	10.20	2027	2022	Resurface	6,000,000	6,999,999
Polk	8865-00-74	STH 065	North Jct Jewell Street to USH 8	15.00	2027	2023	Pavement Replacement	11,000,000	11,999,999
Polk	1550-02-76	USH 063	St Croix/Polk Co Ln to CTH J	8.40	2025	2024	Resurface	4,000,000	4,999,999
Portage	6280-00-60	STH 066	North CTH J to STH 49	10.50	2025	2022	Pavement Preservation	2,000,000	2,999,999

<u>Primary County</u>	<u>Project ID</u>	<u>Primary Highway</u>	<u>Limits</u>	<u>Mileage</u>	<u>Old Year</u>	<u>New Year</u>	<u>Concept</u>	<u>Low</u>	<u>High</u>
Added (continued)									
Portage	1166-12-78	I-H 039	STH 54 to N 2nd Street	11.10	2025	2023	Resurface	\$7,000,000	\$7,999,999
Price	1610-44-62	STH 013	Flambeau River Bridges B-50-21,22	-	2025	2022	Bridge Rehabilitation	1,000,000	1,999,999
Racine	2390-12-20	STH 031	STH 20 to STH 11	1.50	2025	2022	Miscellaneous	1,000,000	1,999,999
Racine	2250-15-70	STH 020	Oakes Rd to STH 31	1.20	2025	2024	Resurface	5,000,000	5,999,999
Racine	2340-10-70	STH 020	STH 36 to Sb USH 45	8.50	2026	2024	Recondition	11,000,000	11,999,999
Racine	2350-15-70	STH 032	2000' N 4Mi Rd to 800' S E Co Ln Rd	4.60	2026	2024	Resurface	3,000,000	39,991,000
Rock	3320-02-71	STH 140	0.17 Mile N Ogden Avenue to USH 14	6.20	2026	2023	Pavement Replacement	5,000,000	5,999,999
Rusk	1580-00-70	USH 008	Little Soft Maple Cr Brg B-54-0131	-	2025	2022	Bridge Replace	750,000	999,999
Rusk	1580-04-73	USH 008	Prentice Street to Rusk/Price Co Ln	11.10	2025	2024	Resurface	4,000,000	4,999,999
Sauk	5080-09-73	STH 023	Elder Ridge Road to CTH K	8.10	2026	2024	Pavement Replacement	7,000,000	7,999,999
Shawano	6251-11-70	STH 022	Waupaca County Line to CTH Cc	7.90	2025	2023	Resurface	2,000,000	2,999,999
Shawano	9180-17-71	STH 022	CTH BE to CTH R	5.80	2025	2024	Pavement Replacement	3,000,000	39,991,000
Shawano	9180-17-72	STH 022	CTH R to Oconto County Line	5.90	2025	2024	Pavement Replacement	3,000,000	39,991,000
Shawano	9220-04-72	STH 117	Express Way to CTH BE	0.60	2025	2024	Pavement Replacement	750,000	999,999
St. Croix	1020-00-73	I-H 094	CTH Bb to STH 128 (EB & WB)	5.80	2025	2023	Resurface	8,000,000	8,999,999
St. Croix	1540-04-73	STH 065	STH 65 Expansion//70th Av Intersect	0.60	2025	2023	Reconstruct Expansion	3,000,000	39,991,000
St. Croix	1020-07-70	I-H 094	CTH T to CTH Bb (EB & WB)	5.80	2025	2024	Resurface	10,000,000	10,999,999
Vernon	5730-00-71	STH 056	Mahoney Rd to S Junction STH 131	11.60	2025	2023	Resurface	4,000,000	4,999,999
Vernon	5710-00-71	STH 082	STH 56 to Kickapoo River	11.10	2025	2023	Resurface	4,000,000	4,999,999
Vernon	5100-01-60	STH 033	Kickapoo R Br to C Hillsboro Limit	15.00	2025	2024	Pavement Preservation	4,000,000	4,999,999
Vilas	9205-03-60	STH 155	STH 70 to Lake Street	6.90	2025	2024	Pavement Preservation	1,000,000	1,999,999
Walworth	1080-12-73	USH 012	WB STH 50 to STH 67	9.20	2025	2022	Resurface	11,000,000	11,999,999
Walworth	1320-22-70	STH 011	Indian Run Cr 0.7 Mi E Claussen Rd	-	2025	2024	Miscellaneous	500,000	749,999
Washington	2310-13-70	STH 060	CTH P to Eagle Dr	1.00	2025	2024	Resurface	2,000,000	2,999,999
Waukesha	1060-47-70	I-H 094	STH 83 to CTH T	6.00	2025	2024	Resurface	15,000,000	29,999,999
Waukesha	2810-08-70	STH 164	Henneberry Ave to Denoon Rd	2.30	2027	2024	Pavement Replacement	6,000,000	6,999,999
Waukesha	2210-12-70	USH 018	STH 83 to CTH Tt	5.10	2025	2024	Resurface	3,000,000	39,991,000
Waukesha	3080-04-70	USH 018	STH 67 to Moraine View Dr	4.00	2026	2024	Resurface	3,000,000	39,991,000
Waupaca	6250-02-73	STH 022	STH 156 to Lake Wagner Road	4.40	2025	2023	Pavement Replacement	3,000,000	39,991,000
Waupaca	6590-02-76	STH 022	CTH N (N) to USH 45	12.20	2025	2023	Resurface	3,000,000	39,991,000
Waushara	6170-00-73	STH 021	3rd Lane to Madison St	1.90	2025	2022	Resurface	1,000,000	1,999,999
Winnebago	6540-08-71	STH 091	Wcl-STH 44	14.80	2028	2024	Resurface	5,000,000	5,999,999
Wood	1520-00-64	STH 073	Wood Cty Bridge Overlay B-71-78	-	2030	2023	Bridge Rehabilitation	-	249,999
Southeast Region Wide	4890-01-70	VAR HWY	Crack Sealing - Fy2025	TBD	2025	2024	Pavement Preservation	1,000,000	1,999,999

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Advanced									
Barron	8120-02-76	STH 048	USH 63 North to STH 25	9.10	2024	2022	Resurface	\$3,000,000	\$39,991,000
Brown	4075-39-71	STH 096	STH 32 - CTH G	9.80	2023	2022	Resurface	5,000,000	5,999,999
Brown	1210-11-71	STH 172	Airport Entrance-I-H 41	2.80	2024	2023	Resurface	3,000,000	39,991,000
Brown	1210-17-71	STH 172	STH 54 - Airport Entrance	2.60	2024	2023	Resurface	1,000,000	1,999,999
Brown	1210-18-71	STH 172	Unnamed Creek, C-05-0122	-	2024	2023	Bridge Replace	250,000	599,999
Buffalo	1533-00-70	USH 010	Holmes Creek Bridge B-06-0New	-	2024	2023	Bridge Replace	750,000	999,999
Clark	1520-02-72	USH 010	USH 12 East Jct to Bachelors Avenue	8.80	2024	2023	Resurface	4,000,000	4,999,999
Columbia	1400-01-70	STH 016	Lincoln to Fall River-Columbus Rd	12.20	2024	2022	Resurface	5,000,000	5,999,999
Columbia	1400-01-73	STH 016	USH 51 to Lincoln Ave	10.00	2024	2022	Resurface	4,000,000	4,999,999
Columbia	6630-00-70	STH 044	STH 33 to CTH HH	6.20	2024	2023	Resurface	2,000,000	2,999,999
Crawford	5180-00-70	STH 060	E Jct Old Hwy 60 to Kickapoo River	11.00	2024	2023	Resurface	4,000,000	4,999,999
Dane	1204-05-73	USH 018	W County Line to Town Hall Road	7.90	2023	2022	Resurface	15,000,000	29,999,999
Dane	5490-00-62	STH 030	Fair Oaks Ave B-13-206	0.40	2024	2023	Bridge Rehabilitation	750,000	999,999
Dane	5490-00-63	STH 030	Fair Oaks Avenue to Ih 39 Ramp	1.80	2024	2023	Pavement Preservation	1,000,000	1,999,999
Dane	3060-03-70	STH 073	N Marshall V Limit to Deansville Rd	9.40	2024	2023	Resurface	3,000,000	39,991,000
Dane	5926-05-60	STH 092	E Jct CTH G to STH 69	7.30	2024	2023	Resurface	2,000,000	2,999,999
Dodge	1400-00-89	STH 016	Cmstpp RR Bridge B-14-066	0.30	2024	2023	Bridge Rehabilitation	750,000	999,999
Dodge	3042-01-71	STH 060	.32M E of CTH W to STH 67	10.60	2024	2023	Resurface	4,000,000	4,999,999
Fond Du Lac	4050-23-71	USH 151	Drainage Way Culvert Replacement	0.90	2024	2023	Bridge Replace	1,000,000	1,999,999
Iowa	5952-03-72	STH 039	USH 18 to N Limits V Linden	3.50	2024	2023	Resurface	1,000,000	1,999,999
Iowa	5952-03-73	STH 039	N Limits V Linden to Fair Street	6.30	2024	2023	Resurface	2,000,000	2,999,999
Iowa	5939-00-70	STH 080	USH 18 to Kennedy Street	6.70	2024	2023	Resurface	2,000,000	2,999,999
Lincoln	1176-22-73	USH 051	Marathon County Line to CTH K, NB	6.70	2023	2022	Pavement Replacement	6,000,000	6,999,999
Marathon	1170-01-76	USH 051	Decator Drive to Lincoln Co Line	8.70	2023	2022	Resurface	6,000,000	6,999,999
Marinette	9160-17-71	STH 064	USH 141-CTH E	10.80	2024	2023	Resurface	4,000,000	4,999,999
Marinette	1491-22-71	USH 141	CTH Z-CTH R	3.80	2024	2023	Resurface	2,000,000	2,999,999
Milwaukee	1100-46-70	I-H 043	60th Street Bridge	3.10	2023	2022	Bridge Replace	12,000,000	12,999,999
Milwaukee	1300-03-72	STH 794	E Lincoln Ave to S Pennsylvania Ave	3.80	2023	2022	Resurface	10,000,000	10,999,999
Milwaukee	1228-22-70	I-H 043	Brown Street to Capitol Drive	2.40	2024	2023	Resurface	30,000,000	49,999,999
Milwaukee	2060-18-70	STH 038	Bridge Over Up RR B40-571	-	2024	2023	Bridge Replace	3,000,000	39,991,000
Milwaukee	1360-12-70	STH 145	107th St Bridge	-	2024	2023	Bridge Replace	3,000,000	39,991,000
Milwaukee	1360-13-70	STH 145	Silver Spring, 76th, Ped Bridges	-	2024	2023	Bridge Rehabilitation	6,000,000	6,999,999
Milwaukee	2025-20-70	STH 190	EB Bridge Over Menomonee River	-	2024	2023	Bridge Rehabilitation	500,000	749,999
Monroe	5130-00-80	STH 071	Kickapoo River Bridge B-41-303	0.20	2023	2022	Bridge Replace	1,000,000	1,999,999
Oconto	9170-12-71	STH 032	Trinity Church Rd-CTH AA	10.10	2022	2022	Resurface	5,000,000	5,999,999
Oconto	9190-28-71	STH 032	South Branch Oconto River Bridge	-	2022	2022	Bridge Rehabilitation	750,000	999,999
Pierce	1530-00-79	USH 010	Spring Cr Culverts C-47-0New & 0New	1.00	2023	2022	Miscellaneous	750,000	999,999
Pierce	1530-02-70	USH 010	STH 29 to South Junction USH 63	14.40	2023	2022	Resurface	8,000,000	8,999,999

<u>Primary County</u>	<u>Project ID</u>	<u>Primary Highway</u>	<u>Limits</u>	<u>Mileage</u>	<u>Old Year</u>	<u>New Year</u>	<u>Concept</u>	<u>Low</u>	<u>High</u>
Advanced (continued)									
Pierce	1540-01-72	STH 065	USH 10 to Midway Avenue	0.30	2024	2023	Resurface	-	\$249,999
Racine	2340-03-73	STH 020	Willow Road to Up RR Bridges	0.20	2024	2023	Bridge Rehabilitation	\$3,000,000	39,991,000
Richland	5190-00-70	STH 060	CTH W to STH 80	11.50	2024	2022	Resurface	4,000,000	4,999,999
Rock	3140-00-72	STH 059	Vickerman Road to E County Line	7.10	2024	2022	Resurface	2,000,000	2,999,999
Sauk	1014-00-77	I-H 090	Ishnala Rd to Schepps Rd, Eb Only	8.40	2024	2022	Resurface	5,000,000	5,999,999
Sauk	5080-02-74	STH 023	USH 14 to CTH GG	12.00	2024	2023	Resurface	4,000,000	4,999,999
Sauk	5080-02-82	STH 023	Structures B-56-235 & B-56-236	-	2024	2023	Bridge Replace	1,000,000	1,999,999
Sauk	5090-05-71	STH 033	W City Limit to Lincoln Avenue	1.90	2024	2024	Pavement Replacement	4,000,000	4,999,999
Shawano	1600-02-70	USH 045	STH 29 to Langlade County Line	15.30	2023	2023	Resurface	\$4,000,000	\$4,999,999
St. Croix	1021-00-76	I-H 094	RUSH River Bridge WB B-55-0262	0.10	2024	2023	Bridge Replace	5,000,000	5,999,999
St. Croix	1021-00-77	I-H 094	RUSH River Bridge EB B-55-0263	0.10	2024	2023	Bridge Replace	3,000,000	39,991,000
Vernon	5160-07-71	STH 035	Old Hwy 35 to STH 56	11.80	2023	2022	Resurface	6,000,000	6,999,999
Vernon	5040-03-70	STH 080	CTH C to S Fork Baraboo R Bridge	11.80	2024	2023	Resurface	7,000,000	7,999,999
Vilas	1601-14-75	USH 045	CTH K West to Michigan State Line	8.50	2022	2022	Resurface	2,000,000	2,999,999
Walworth	1080-12-70	USH 012	STH 50 to STH 67	9.30	2023	2022	Bridge Rehabilitation	3,000,000	39,991,000
Walworth	1080-12-72	USH 012	EB STH 50 to STH 67	9.10	2024	2022	Resurface	10,000,000	10,999,999
Walworth	2698-03-70	STH 020	Thomas Drive to Honey Creek Road	6.00	2024	2023	Recondition	9,000,000	9,999,999
Walworth	3150-07-70	USH 014	I-H 43 to CTH K	2.80	2024	2023	Recondition	4,000,000	4,999,999
Washington	1100-43-70	I-H 041	Washington Co Line to STH 60	11.50	2024	2023	Bridge Rehabilitation	15,000,000	29,999,999
Waukesha	3120-01-61	STH 067	1000' N STH 59 to 200' S USH 18	9.60	2024	2023	Pavement Preservation	4,000,000	4,999,999
Waukesha	1330-29-70	STH 083	Oconomowoc River to N Wauksha Co Ln	2.70	2024	2023	Recondition	3,000,000	39,991,000
Waukesha	2715-03-73	VAR HWY	STH 59 & USH 18	-	2024	2023	Bridge Replace	2,000,000	2,999,999
Waushara	1166-05-77	I-H 039	Marquette County Line to CTH O, NB	13.10	2023	2022	Resurface	6,000,000	6,999,999
Northeast									
Region Wide	1009-33-33	VAR HWY	Various 3R/Lcb Routes STH	-	2022	2022	Bridge Rehabilitation	250,000	599,999
Southeast									
Region Wide	4890-00-78	VAR HWY	Crack Sealing - Fy2023	TBD	2023	2022	Pavement Preservation	1,000,000	1,999,999
Southeast									
Region Wide	4890-00-79	VAR HWY	Crack Sealing - Fy2024	TBD	2024	2023	Pavement Preservation	1,000,000	1,999,999

ATTACHMENT 5

Impact of Increased Funding on Six Year Improvement Program Based on Governor's Proposed Budget





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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	<u>\$277,400,000</u>	<u>\$280,800,000</u>	<u>\$558,200,000</u>
<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	<u>-\$19,600,000</u>	<u>\$117,000,000</u>	<u>\$97,400,000</u>
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.



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May, 2019

Joint Committee on Finance

Paper #732

Southeast Wisconsin Freeway Megaprojects (Transportation -- State Highway Program)

[LFB 2019-21 Budget Summary: Page 425, #4]

CURRENT LAW

With the enactment of 2011 Act 32, the 2011-13 budget act, the southeast Wisconsin freeway rehabilitation program was replaced with the southeast Wisconsin freeway megaprojects program. A southeast Wisconsin freeway megaproject is defined as an improvement project with an estimated cost exceeding \$609.5 million in 2018 dollars. Southeast Wisconsin freeways are statutorily defined as being located in Kenosha, Milwaukee, Ozaukee, Racine, Walworth, Washington, or Waukesha counties. Any rehabilitation or capacity expansion project on those freeways with a cost below that threshold is the responsibility of the state highway rehabilitation or major highway development programs, as applicable. Prior to the start of construction, southeast Wisconsin freeway megaprojects must be enumerated in the statutes. Presently, the I-94 North-South freeway and the Zoo Interchange projects are the only enumerated megaprojects.

A total of \$535.6 million was provided for southeast Wisconsin freeway megaprojects in the 2017-19 biennium. This amount was comprised of \$18.1 million in state funds, \$252.4 million in general fund-supported, general obligation bonds, and \$265.1 million of federal funds. Of the total amount, \$487.4 million was allocated for the I-94 North-South freeway project, while the remaining \$48.2 million was allocated to the core of the Zoo Interchange project.

GOVERNOR

Make the following changes to the southeast Wisconsin freeway megaprojects program's funding in order to provide a 2019-21 funding level of \$331,929,400: (a) increases of \$10,000,000 SEG in 2019-20 and \$100,000,000 SEG in 2020-21; (b) increases of \$11,863,000 FED in 2019-20 and \$63,463,000 FED in 2020-21; and (c) the authorization of \$65,000,000 BR of transportation

fund-supported, general obligation bonds for use on the Zoo Interchange project in Milwaukee County.

Estimated transportation fund-supported debt service associated with the partial issuance of these general obligations bonds in the biennium would be \$106,200 in 2020-21 (shown in a separate item under "Transportation Finance"). Standard budget adjustment reductions of \$108,300 SEG annually and \$182,100 FED annually have been made under an earlier action of the Committee.

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 southeast Wisconsin freeway megaprojects program has, historically, been the smallest of these programs, with a proportionate, share of program funding over the past decade typically ranging between 15% and 20%.

2. There are two, ongoing southeast Wisconsin freeway megaprojects that have been enumerated in statute: (a) the I-94 North-South freeway project, construction of which began in 2009; and (b) the Zoo Interchange project, construction of which began in 2013. The I-94 North-South freeway project involves reconstruction of existing lanes and interchanges and the addition of a fourth lane in each direction from the Mitchell Interchange in Milwaukee County to the Illinois state line. As of February, 2019, total inflation-adjusted project costs are estimated at \$1,624.7 million. The Zoo Interchange project involves the reconstruction of the junction of I-94, I-894, and USH 45 in western Milwaukee County. In 2012-13, DOT began the reconstruction of the Zoo Interchange at the junction of I-94, I-894, and USH 45 in western Milwaukee County. As of February, 2019, total inflation-adjusted project costs of the Zoo Interchange project are estimated as \$1,549.6 million.

3. The primary elements of the I-94 North-South and the Zoo Interchange projects are nearing completion. On the Zoo Interchange project, the "north leg" (USH 45 between Swan Boulevard and Burleigh Street), with an estimated cost of \$195.0 million, remains to be completed. In order to fund the north leg, fund some minor remaining work on the I-94 North-South and Zoo Interchange projects, and fund ongoing megaproject studies, DOT indicates that \$206.4 million in the 2019-21 biennium would be necessary.

4. With regard to the age and condition of southeast Wisconsin freeways, DOT indicates that the interstate system in the seven-county, southeast megaprojects program area includes 710 bridges, of which 417 are the original bridges from when the system was initially constructed. Five corridors (I-94 East-West [Milwaukee County], I-894 Bypass, I-94 East-West freeway [Waukesha County], I-43 Howard to Silver Spring Drive, and I-41 Burleigh to the Richfield Interchange) make up 385 lane miles and 278 of the 710 bridges in DOT's southeast region. On these five corridors alone, there are 278 bridges, of which 224 need to be replaced by 2040. These five corridors represent the next five southeast Wisconsin freeway megaprojects, with a total, estimated cost in the range of \$5

billion (current year costs). The Department has estimated that a "replace-in-kind" approach to these projects would cost approximately 60% to 80% of the cost it would take to expand and modernize these corridors. However, the Department believes that a "replace in kind" approach would not result in appreciable safety and mobility benefits as compared to the current system.

5. The I-94 East-West project in Milwaukee County is the next anticipated megaproject, but would need to be enumerated prior to the commencement of construction activities. The project would be defined as the reconstruction of the I-94 freeway in Milwaukee County, from 70th Street to 16th Street, including all interchanges and work on local roads as necessary for the completion of the project. The preferred project alternative is an eight-lane replacement of the current six-lane facility, at an estimated cost of \$1,106 million (last estimated in 2016). Although environmental study and federal approval for this project were completed and the preferred alternative selected, on September 29, 2017, then-DOT Secretary Ross requested that the Federal Highway Administration rescind the project's federal approval due to a lack of enumeration and available funding. In order to reinstate this decision, DOT would need to complete some additional work on the project's environmental documentation and resubmit the project's record of decision (approval) to Federal Highway Administration for reinstatement.

6. 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

7. The alternatives discussed in this paper relate to the Governor's recommendations (initial and intended) for the southeast Wisconsin freeway megaprojects program, as well as the funding level that DOT has subsequently indicated would be necessary to maintain the program's existing 2019-21 expenditure schedule. As indicated above, the Governor initially recommended a 2019-21 program funding level of \$331.9 million. Subsequent to the bill's introduction, the administration submitted an erratum indicating that the Governor had intended to recommend an additional \$60.0 million SEG funding in 2020-21 to the state highway rehabilitation program (the bill inadvertently provided this \$60.0 million SEG to the southeast Wisconsin freeway megaprojects program). This would reduce the \$331.9 million recommendation for the southeast Wisconsin freeway megaprojects program to \$271.9 million. However, the Department has also indicated that only \$206.4 million would be required in the 2019-21 biennium for planned southeast megaprojects expenditures, which would fund completion of the Zoo Interchange (including the north leg of the project), as well as some minor, remaining elements of the I-94 North-South project. Table 1 below provides a comparison of these potential funding levels and the program's planned expenditures.

TABLE 1

**Southeast Wisconsin Freeway Megaprojects Program
Comparison of Potential Funding Levels and Planned Expenditures
(\$ in Millions)**

<u>Potential Funding Levels</u>	<u>2019-20</u>	<u>2020-21</u>	<u>Biennium</u>
Governor -- Bill (Alt. A1)	\$95.1	\$236.8	\$331.9
Governor-as Intended (Alt. A2)	\$95.1	\$176.8	\$271.9
Existing Project Schedule (Alt. A3)	27.2	179.2	206.4
Base Budget Scenario (Alt.4)	41.1	41.1	82.2
<u>Difference to Governor -- Bill</u>			
Governor (as Intended)	\$0.0	-\$60.0	-\$60.0
Existing Project Schedule	-67.9	-57.6	-125.5
Base	-54.0	-195.7	-249.7
<u>Percent Difference to Governor -- Bill</u>			
Governor (as Intended)			-18.1%
Existing Schedule			-37.8
Base			-75.2

8. The Governor's initial recommendation would provide \$331.9 million to fund southeast Wisconsin freeway megaprojects in the biennium. Given the substantial amount of total remaining freeway construction that will need to be funded in the southeast region of the state, some may see this higher-than-intended funding level as desirable. Because the southeast Wisconsin freeway megaprojects program appropriations and bond authorizations are continuing, any funding provided to them would remain with the program. Therefore, one option would be to retain the Governor's initial funding level [Alternative A1], which could make funding available for the I-94 East-West corridor project or some of the other needed improvements in the southeast region mentioned earlier. This would fund the \$206.4 million in costs remaining on the Zoo Interchange and I-94 North-South projects and provide \$125.5 million for other southeast megaprojects purposes (the I-94 East-West corridor project or other potential megaproject work). DOT has indicated that the I-94 East-West project would likely be the next megaproject constructed. This Governor's initial program recommendation for the 2019-21 biennium is shown in Table 2.

TABLE 2**Southeast Wisconsin Freeway Megaprojects Program Funding --
Governor's Initial Recommendation for 2019-21 (\$331.9 million)**

<u>Fund</u>	<u>Governor -- Bill (Alt. A1)*</u>		
	<u>2019-20</u>	<u>2020-21</u>	<u>Biennial Total</u>
SEG	\$21,659,600	\$111,659,600	\$133,319,200
FED	41,005,100	92,605,100	133,610,200
Gen. Ob. Bonds (SEG)	<u>32,500,000</u>	<u>32,500,000</u>	<u>65,000,000</u>
Total	\$95,164,700	\$236,764,700	\$331,929,400

*Includes \$107,800 SEG and \$186,100 FED annually associated with adjustment to the 2018-19 base funding amount and standard budget adjustments.

9. However, given existing significant state and local transportation funding and programming demands, the Governor's recommendation as intended (\$271.9 million), which would reduce the program funding level by \$60.0 million, may be seen as desirable. This alternative, shown in Table 3 below, would fund the \$206.4 million in costs remaining on the Zoo Interchange and I-94 North-South projects and leave \$65.5 million available to fund future megaprojects program costs. [Alternative A2] As referenced above, this remaining funding could be used for initial work on the I-94 East-West corridor project, if the Committee were to determine that enumeration of the project is appropriate at this time.

TABLE 3**Southeast Wisconsin Freeway Megaprojects Program Funding --
Governor's Initial Recommendation for 2019-21 (\$271.9 million)**

<u>Fund</u>	<u>Governor as Intended (Alt. A2)*</u>		
	<u>2019-20</u>	<u>2020-21</u>	<u>Biennial Total</u>
SEG	\$21,659,600	\$51,659,600	\$73,319,200
FED	41,005,100	92,605,100	133,610,200
Gen. Ob. Bonds (SEG)	<u>32,500,000</u>	<u>32,500,000</u>	<u>65,000,000</u>
Total	\$95,164,700	\$176,764,700	\$271,929,400

*Includes \$107,800 SEG and \$186,100 FED annually associated with adjustment to the 2018-19 base funding amount and standard budget adjustments.

10. Conversely, some have expressed concern over the state's significant, ongoing investment in the southeast Wisconsin freeway system and the limitation that this investment places on needed highway development and rehabilitation work in other areas of the state. Providing the \$206.4 million shown in Table 4 below would provide the funding that the Department indicates is needed to complete the Zoo Interchange and I-94 North-South projects, but no further southeast megaproject construction would be funded. This alternative would effectively limit further southeast

megaproject expenditures to the state's existing project commitments. [Alternative A3]

TABLE 4

**Southeast Wisconsin Freeway Megaprojects Program Funding --
Existing Schedule for 2019-21 (\$206.4 million)**

<u>Fund</u>	<u>Existing Schedule (Alt. A3)*</u>		
	<u>2019-20</u>	<u>2020-21</u>	<u>Biennial Total</u>
SEG	\$9,270,600	\$63,769,500	\$73,040,100
FED	<u>17,929,400</u>	<u>115,430,500</u>	<u>133,359,900</u>
Total	\$27,200,000	\$179,200,000	\$206,400,000

*Includes \$107,800 SEG and \$186,100 FED annually associated with adjustment to the 2018-19 base funding amount and standard budget adjustments.

11. Alternatively, if no action would be taken by the Committee, base level funding of \$82.2 million (as shown in Table 5) would be available for the southeast Wisconsin freeway megaprojects program in the 2019-21 biennium. This funding level would not be sufficient to complete the remaining project work on the north leg of the Zoo Interchange. Funding would be available to cover a portion of the north leg's anticipated costs and DOT could complete the remaining elements on the I-94 North-South freeway and the core of the Zoo Interchange project. [Alternative A4]

TABLE 5

**Southeast Wisconsin Freeway Megaprojects Program Funding --
Base Budget for 2019-21 (\$82.2 million)**

<u>Fund</u>	<u>Base Budget Scenario (Alt. 4)</u>		
	<u>2019-20</u>	<u>2020-21</u>	<u>Biennium</u>
SEG	\$11,767,900	\$11,767,900	\$23,535,800
FED	<u>29,324,200</u>	<u>29,324,200</u>	<u>58,648,400</u>
Total	\$41,092,100	\$41,092,100	\$82,184,200

*Includes \$107,800 SEG and \$186,100 FED annually associated with adjustment to the 2018-19 base funding amount and standard budget adjustments.

12. As referenced above with regard to project enumeration, the I-94 East-West freeway project would be the next likely megaproject enumeration, given the significant project study that has occurred. Although no specific or additional funding is required for enumeration, enumerating the I-94 East-West project without some level of associated funding would mean that DOT would not be able to fund project activities in the biennium without delaying other work on the Zoo Interchange or I-94 North-South freeway project.

13. Proponents of enumerating the I-94 East-West corridor project have noted that the state will have invested significant resources (approximately \$3 billion) in order to expand and modernize the adjacent Zoo and Marquette interchanges on I-94. The proposed reconstruction and expansion of I-94 would occur in between these reconstructed interchanges. [Alternative B1] If the proposed reconstruction and expansion is not completed, some parties have expressed concern about the potential for traffic congestion issues if the existing six-lane alignment between the two interchanges is maintained. Conversely, in the past, opponents have cited concern regarding the project's environmental impacts and costs as reasons for maintaining the existing facility. [Alternative B2]

Other Factors Related to Program Funding

14. 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.

15. In providing analysis related to state highway improvement program funding, the Department notes that the state highway rehabilitation program's funding level has a significant impact on state highway conditions. However, DOT has also stressed that southeast Wisconsin freeway megaprojects and major highway development projects must also be funded at a sufficient level in order to avoid spillover effects that would negatively affect these state highway conditions over time. Although both of these programs typically deal with capacity expansion issues, funding these reconstruction projects under the majors and southeast megaprojects programs eliminates some of the highway rehabilitation program needs associated with 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 parts of the state.

16. 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.

17. 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.

ALTERNATIVES

A. Funding Level

1. Approve the Governor's recommendation and make the following changes to the southeast Wisconsin freeway megaprojects program's funding in order to provide a 2019-21 funding level of \$331,929,400: (a) increases of \$10,000,000 SEG in 2019-20 and \$100,000,000 SEG in 2020-21; (b) increases of \$11,863,000 FED in 2019-20 and \$63,463,000 FED in 2020-21; and (c) the authorization of \$65,000,000 BR of transportation fund-supported, general obligation bonds for use on the Zoo Interchange project in Milwaukee County.

Estimate transportation fund-supported debt service associated with the partial issuance of these general obligations bonds in the biennium as \$106,200 in 2020-21. [Standard budget adjustment reductions of \$108,300 SEG annually and \$182,100 FED annually have already been made in an earlier action of the Committee.]

ALT A1	Change to	
	Base	Bill
SEG	\$110,106,200	\$0
FED	75,326,000	0
BR	<u>65,000,000</u>	<u>0</u>
Total	\$250,432,200	\$0

2. As provided in the administration's erratum, make the following changes to the southeast Wisconsin freeway megaprojects program's funding in order to provide a 2019-21 funding level of \$271,929,400: (a) increases of \$10,000,000 SEG in 2019-20 and \$40,000,000 SEG in 2020-21; (b) increases of \$11,863,000 FED in 2019-20 and \$63,463,000 FED in 2020-21; and (c) the authorization of \$65,000,000 BR of transportation fund-supported, general obligation bonds for use on the Zoo Interchange project in Milwaukee County.

Estimate transportation fund-supported debt service associated with the partial issuance of these general obligations bonds in the biennium as \$106,200 in 2020-21. [Standard budget adjustment reductions of \$108,300 SEG annually and \$182,100 FED annually have already been made in an earlier action of the Committee.]

ALT A2	Change to	
	Base	Bill
SEG	\$49,889,600	- \$59,893,800
FED	74,961,800	0
BR	<u>65,000,000</u>	<u>0</u>
Total	\$190,432,200	- \$59,893,800

3. Make the following changes to the southeast Wisconsin freeway megaprojects program's funding in order to provide \$124,215,800 in above base funding in the biennium for a total

2019-21 funding level of \$206,400,000: (a) a decrease of \$2,497,300 SEG in 2019-20 and an increase of \$52,001,600 SEG in 2020-21; (b) a decrease of \$11,394,800 FED in 2019-20 and an increase of \$86,106,300 FED in 2020-21. [Standard budget adjustment reductions of \$108,300 SEG annually and \$182,100 FED annually have already been made in an earlier action of the Committee.] As compared to the bill, estimated transportation fund-supported debt service would be reduced by \$106,200 in 2020-21. This would provide a funding level sufficient to complete only the north leg of the Zoo Interchange project and other limited funding needed to complete the I-94 North-South project and the core of the Zoo Interchange project.

ALT A3	Change to	
	Base	Bill
SEG	\$49,504,300	- \$60,385,300
FED	74,711,500	- 250,300
BR	<u>0</u>	<u>- 65,000,000</u>
Total	\$124,215,800	- \$125,635,600

4. Take no action. Base funding of \$82,184,200 would remain available in 2019-21. As compared to the bill, estimated transportation fund-supported debt service would be reduced by \$106,200 in 2020-21. [Standard budget adjustment reductions of \$108,300 SEG annually and \$182,100 FED annually have already been made in an earlier action of the Committee.]

ALT A4	Change to	
	Base	Bill
SEG	\$0	- \$110,106,200
FED	0	- 75,326,000
BR	<u>0</u>	<u>- 65,000,000</u>
Total	\$0	- \$250,432,200

B. Project Enumeration

1. Enumerate the I-94 East-West Corridor project as a southeast Wisconsin freeway megaproject. Define this project as the reconstruction of the I-94 freeway in Milwaukee County, from 70th Street to 16th Street, including all interchanges and work on local roads as necessary for the completion of the project. [Whether work could begin on this project in the biennium would depend on the funding level alternative chosen above.]

2. Take no action. [No southeast megaproject beyond the two megaprojects enumerated in statute (I-94 North-South and the Zoo Interchange) could be worked on in the biennium.]

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.



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May, 2019

Joint Committee on Finance

Paper #733

Major Interstate and High-Cost State Bridge Programs (Transportation -- State Highway Program)

[LFB 2019-21 Budget Summary: Page 427, #5 and #6]

CURRENT LAW

A provision of the 2009-11 budget created the major interstate bridge program, for projects involving the construction or reconstruction of a bridge crossing a river that forms the boundary of the state, for which the state's share of costs is estimated to exceed \$100 million. The St. Croix Crossing project, which was enumerated under this program, replaced the 80-year old Stillwater lift bridge connecting Stillwater, Minnesota, with Houlton, Wisconsin. To-date, the St. Croix Crossing project is the only project that has met the program criteria and been enumerated. The project is managed by the Minnesota Department of Transportation, with costs shared between the two states. Each state is responsible for the cost of its own approaches to the bridge, while the costs associated with the bridge structure are shared equally. The main work on the new, four-lane bridge is scheduled for completion in 2016, with all work to be completed in late 2017.

The 2011-13 biennial budget created an additional, separate program for high-cost bridges, defined as a bridge with an estimated cost exceeding \$150.0 million that is not a major interstate bridge or part of a southeast Wisconsin freeway megaproject. Construction work on a bridge (including approaches) that qualifies as a high-cost bridge may not be funded from other highway improvement programs. To-date, the Hoan Bridge project in Milwaukee County, completed in 2015, is the only project that has been enumerated in this program.

GOVERNOR

Major Interstate Bridge Bonds. Authorize \$27,000,000 of transportation fund-supported, general obligation bonds for the major interstate bridge program (the St. Croix Crossing project) to be used to pay for remaining project costs.

Estimate transportation fund-supported debt service associated with the partial issuance of these general obligation bonds at \$21,300 SEG in 2020-21. Once fully issued, estimated transportation fund-supported debt service on these bonds would equal \$2.2 million annually.

High-Cost State Bridge Program. Reduce the authorization of transportation fund-supported, general obligation bonds for the high-cost state bridge program (the Hoan Bridge) by \$10,000,000. The Hoan Bridge project was completed in 2015. Because the project is complete, the bonds will not be issued, and there is no corresponding debt service reduction associated with this bonding authorization reduction.

Statutory Modification. Modify the current law provision that limits the funding of preliminary design work for a major interstate bridge project to only the program's appropriations and bond authorization and allow the Department's state highway rehabilitation program appropriations to fund these preliminary design costs

DISCUSSION POINTS

Major Interstate and High Cost Bridge Programs -- Bonds

1. Although the St. Croix Crossing project was open to traffic in August, 2017, the \$27.0 million in transportation fund-supported, general obligation bonds would be used, primarily, to pay additional negotiated costs (\$26.0 million) incurred during project construction. The Department has also indicated that the remaining \$1.0 million would be used to fund: (a) \$0.9 million in costs associated with repairs to the old Stillwater Bridge, which is a lift bridge that crosses the St. Croix River as well; and (b) \$0.1 million in remaining costs associated with the loop trail project component [Alternative A1]

2. The Governor's recommendations also include a \$10.0 million reduction to the high-cost state bridge (Hoan Bridge) program's bonding authorization in the bill. This authorization amount was unneeded, as the Hoan Bridge project has been complete for several years. As such, there would be no debt service reduction associated with this related provision. Instead, the administration indicates that this reduction was included to reduce the net bond authorization needed to fund the remaining St. Croix Crossing project costs to \$17.0 million. [Alternative B1 and Alternative B2]

3. If the \$27.0 million in bonds, or an equivalent mix of funds, are not provided to fund the remainder of the St. Croix Crossing project, the state would not be able to fulfill its remaining obligation to the State of Minnesota (and the project contractor). The other remaining elements of the Stillwater Bridge repair would not be funded. [Alternative A2]

Major Interstate Bridge Program -- Statutory Modification

4. The bill would modify the current law provision that limits the funding of preliminary design work appropriations for a major interstate bridge project to only the major interstate bridge program's (SEG and FED) appropriations and its bond authorization. The Governor's recommendation would allow the Department's state highway rehabilitation program appropriations

to fund these preliminary design costs. [Alternative C1]

5. As referenced earlier, major interstate bridge projects are defined as involving the construction or reconstruction of a bridge crossing a river that forms the boundary of the state, for which the state's share of costs is estimated to exceed \$100 million. Because estimated project costs are uncertain at the time of preliminary design, DOT indicates that it is difficult to comply with the statutory requirement that all major interstate bridge project costs, including preliminary design costs, be funded from this program's appropriations. In this regard, the Department states, "[t]he purpose of preliminary design is to refine the project scope, leading to the development of alternatives, and ultimately to the "selected alternative" which is the basis of project design. The issue with this provision is that until the selected alternative is chosen, the scope of the project cannot be fully known." Without knowledge of the scope, the Department cannot determine with certainty whether the project meets the \$100,000,000 threshold for inclusion in the major interstate bridge program. Therefore, it is difficult to fund preliminary design work on a potential major interstate bridge project unless there is funding in that program's appropriations.

6. Long-term bonds have been used to fund the major interstate bridge program to a significant extent in the past, which is consistent with the expected design life of the St. Croix Crossing project. However, there is some possibility that bonds would not always be a good fit to fund preliminary design as some projects could go through this process and then not proceed to construction. Bond proceeds must generally be expended for costs related to a physical asset. Therefore, use of bonds on the design of a project could be problematic from a budgeting standpoint. Adopting the Governor's recommended statutory change, which would allow DOT to fund these preliminary costs through the state highway rehabilitation program would alleviate this concern.

7. DOT indicates that the next major interstate bridge project is likely to be the John A. Blatnik Bridge, which carries I-535 and USH 53 over Saint Louis Bay, a tributary of Lake Superior, between Duluth, Minnesota and Superior, Wisconsin. DOT has not yet completed a cost study on this project. If no action is taken, under current law, it is unclear whether the Department would not be able to fund preliminary design work on this, or other future, major interstate bridge projects. [Alternative C2]

ALTERNATIVES

A. Major Interstate Bridge Bond Authorization

1. Authorize \$27,000,000 of transportation fund-supported, general obligation bonds for the major interstate bridge program (the St. Croix Crossing project) to be used to pay for remaining project costs. Estimate transportation fund-supported debt service associated with the partial issuance of these general obligation bonds at \$21,300 SEG in 2020-21. Once fully issued, estimated transportation fund-supported debt service on these bonds would equal \$2.2 million annually.

ALT A1	Change to	
	Base	Bill
BR	\$27,000,000	\$0
SEG	<u>21,300</u>	<u>0</u>
Total	\$27,021,300	\$0

2. Take no action.

ALT A2	Change to	
	Base	Bill
BR	\$0	- \$27,000,000
SEG	<u>0</u>	<u>- 21,300</u>
Total	\$0	- \$27,021,300

B. High-Cost State Bridge Bond Authorization Reduction

1. Reduce the authorization of transportation fund-supported, general obligation bonds for the high-cost state bridge program (the Hoan Bridge) by \$10,000,000. The Hoan Bridge project was completed in 2015. Because the project is complete, the bonds will not be issued, and there is no corresponding debt service reduction associated with this bonding authorization reduction.

ALT B1	Change to	
	Base	Bill
BR	-\$10,000,000	\$0

2. Take no action

ALT B2	Change to	
	Base	Bill
BR	\$0	\$10,000,000

C. Major Interstate Bridge Program Statutory Modification

1. Approve the Governor's recommendation and modify the current law provision that limits the funding of preliminary design work for a major interstate bridge project to only the program's appropriations and bond authorization and allow the Department's state highway rehabilitation program appropriations to fund these preliminary design costs

2. Take no action.

Prepared by: John Wilson-Tepeli

TRANSPORTATION

State Highway Program

LFB Summary Item for Which No Issue Paper Has Been Prepared

<u>Item #</u>	<u>Title</u>
8	Intelligent Traffic Systems and Traffic Control Signals Appropriations Sunset

LFB Summary Item Removed From Budget Consideration

<u>Item #</u>	<u>Title</u>
7	Repeal 2017 Act 368 Federal Funding Limitations on State Highway Projects