State of Wisconsin

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Joint Committee on Finance

MEMORANDUM

To: Members
Joint Committee on Finance

From: Senator Alberta Darling
Representative John Nygren

Date: October 27, 2015

Re: 14-Day Passive Review Approval – DOT

Pursuant to 2015 Act 55 Section 9145(1v), Stats., attached is a 14-day passive review request from the Department of Transportation, received on October 27, 2015.

Please review the material and notify **Senator Darling** or **Representative Nygren** no later than **Friday, November 13, 2015,** if you have any concerns about the request or if you would like the Committee to meet formally to consider it.

Also, please contact us if you need further information.

Attachments

AD:JN:jm

Wisconsin Department of Transportation
www.dot.wisconsin.gov

Scott Walker
Governor

Mark Gottlieb, P.E.
Secretary

Office of the Secretary
4802 Sheboygan Avenue, Room 120B
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October 19, 2015

The Honorable Alberta Darling, Co-Chair
Joint Committee on Finance
Room 317 East State Capitol
P.O. Box 7882
Madison, WI 53707-7882

The Honorable John Nygren, Co-Chair
Joint Committee on Finance
Room 309 East State Capitol
P.O. Box 8953
Madison, WI 53708-8953

RECEIVED
OCT 27 2015
BY: Jt. Finance

Dear Senator Darling and Representative Nygren:

Summary of Request

As required in 2015 Wisconsin Act 55, the Wisconsin Department of Transportation is seeking approval from the Joint Committee on Finance to program $200,000,000 of the general obligation bonds issued under Wisconsin Statutes section 20.866(2)(uuu). The Department requests the General Fund support all debt service on these bonds from the appropriation under s.20.395(6)(ae), Wis. Stats. Approving the additional bonding early in FY 16 will:

- Reduce the declining condition of state highways. An investment in infrastructure now will prevent more costly repairs later.
- Maintain a more consistent highway program. Avoiding large fluctuations in funding supports a stable transportation industry and promotes more competitive pricing.

A comparison of finances provided in FY15 and FY16 for the Major Highway Development Program and the State Highway Rehabilitation Program (SHR) is listed in the chart below. The contingent bonding request for the Major Highway Development Program corresponds directly to the funds reduced in the budget.

WisDOT FY 16 Request for Contingent Bonding (in millions)

Program	FY15 Base	Act 55 (FY16)	Reduction from FY15 Base	Contingent Bonding Request	Total Revised Funding
Major Highway Development	$367.8	$243.4	$124.4	$125.0	$368.4
State Highway Rehabilitation	$807.6	$759.1	$48.5	$75.0	$834.1

An appendix to this letter details the projects the Department will be able to keep on schedule. It includes a list of Major Highway Development and SHR projects and corresponding maps (statewide and regional) depicting the location of the projects.

Major Highway Development Program Impacts

Funding levels provided via Act 55 required the Department to identify delays to the following Major Highway Development Program projects:

- US 10 WIS 441 (Calumet, Outagamie and Winnebago Counties): 2 years
- WIS15 (Outagamie County): 2 years
- US 18 / US151 Verona Rd (Dane County): 2 years
- WIS23 (Sheboygan and Fond du Lac Counties): 2 years
- I-39/90 (Dane and Rock Counties): 2 years

Timely and full approval of this request restores the Major Highway Development Program to its FY 15 base funding level. In order that the Department limit these Major Project delays to one year, the Department will take the remaining $150 million in contingent bonding ($350 million provided via Act 55 minus current request of $200 million) and apply $75 million to the Majors program in FY17. This one year delay assumes funding continues at $366 million in 2015 dollars – the average funding levels provided for FY16 and FY17 via Act 55 with bonding added and purchasing power maintained.

State Highway Rehabilitation Program Impacts

For SHR, approval of this request provides a $26.5 million increase over the FY 15 base funding level, resulting in $834.1 million for FY16 funding. Continued funding at this level will help improve deteriorating highway conditions by restoring the 222 miles of projects removed from the 6-Year Program under Act 55, and by enabling the advancement of an additional 250 miles of project improvements over 10 years.

Purchasing Power

The project delays referenced in this paper assume constant purchasing power throughout the multi-year highway program analysis period. For perspective, Wisconsin's Construction Cost Index shows a material cost increase of about 9.5% over the 2013-15 biennium.

Industry Impacts

In addition to allowing construction of needed projects sooner, bonding also helps maintain a more healthy and competitive transportation industry by offsetting steep reductions in design and construction. For example:

- Asphalt Paving Quantities: without bonding, quantities are at a 30-year low; this is 38 percent lower than the five-year average. Contingent bonding brings a 29 percent increase over no-bonding quantities.

- Concrete Paving Quantities: without bonding, quantities are estimated to be the second lowest year on record (since 1984); this is 27 percent lower than the five-year average. Contingent bonding brings a 16 percent increase over no-bonding quantities.

- Excavation Quantities: without bonding, quantities are estimated to be the lowest year on record (since 1984); this is 43 percent lower than the five-year average. Contingent bonding brings a 30 percent increase over no-bonding quantities.

- Base Course Quantities: without bonding, quantities are at a 28-year low; this is 39 percent lower than the five-year average. Contingent bonding brings a 33 percent increase over no-bonding quantities.

If the remaining $150 million in contingent bonding is approved for FY17, and if future program levels are set moderately higher than the FY 15 base amounts, there may be no delays to the project schedules established prior to Act 55.

Thank you for your consideration of this request. If you have questions, please contact Casey Newman, Director of the Office of Policy, Finance and Improvement at 267-9618.

Sincerely,

Mark Gottlieb, P.E.
Secretary

Enclosure

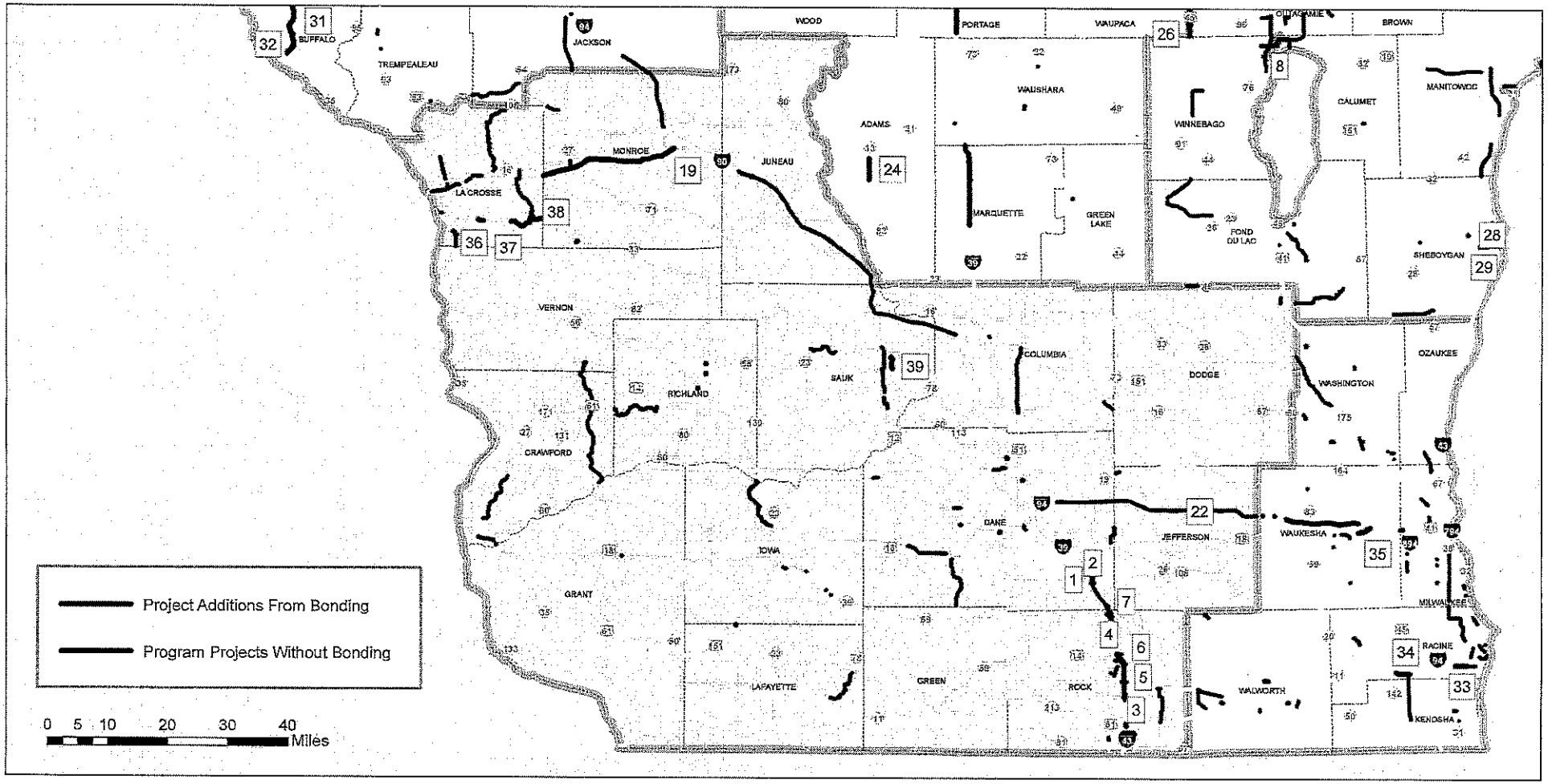
cc: Governor Scott Walker
Secretary Neitzel, Department of Administration
Joint Committee on Finance members
Legislative Fiscal Bureau

Proposed State Trunk Highway Program Project Additions
Resulting from FY2016 Contingent Bonding
State Fiscal Year 2016

REFERENCE_ID	PROJECT_ID	HIGHWAY	WORK_TYPE	PROJECT_LIMITS	REGION	COUNTY
MAJORS PROJECTS with Bonding						
1	1007-10-73	IH 39	EXPANSION_OF_ROADWAY	SB BRIDGES/B-13-0707 B-13-0710	SOUTHWEST	DANE
2	1007-10-79	IH 39	EXPANSION_OF_ROADWAY	MAPLE GROVE RD TO EAST CHURCH RD	SOUTHWEST	DANE
3	1003-10-83	IH 39	EXPANSION_OF_ROADWAY	STH 11 TO CTH O	SOUTHWEST	ROCK
4	1005-10-72	IH 39	EXPANSION_OF_ROADWAY	KNUTSON RD TO NORTH ROCK CNTY LINE	SOUTHWEST	ROCK
5	1005-10-73	IH 39	EXPANSION_OF_ROADWAY	CTH O TO KENNEDY ROAD	SOUTHWEST	ROCK
6	1005-10-82	IH 39	EXPANSION_OF_ROADWAY	CTH O TO KENNEDY ROAD	SOUTHWEST	ROCK
7	1005-10-71	IH 39	EXPANSION_OF_ROADWAY	ROCK RIVER BRIDGES B-53-0357/0358	SOUTHWEST	ROCK
8	1517-75-76	USH 10	EXPANSION_OF_ROADWAY	COUNTY CB - ONEIDA STREET	NORTHEAST	WINNEBAGO
STATE HIGHWAY REHABILITATION PROJECTS with Bonding						
19	1071-02-60	IH 90	CONCRETE_REPAIR	W COUNTY LINE TO USH 12	SOUTHWEST	MONROE
20	1170-00-74	USH 51	RESTORATION_IMPROVEMENT_BRIDGE	B-37-155,158,159	NORTH CENTRAL	MARATHON
21	1190-05-75	USH 53	RESURFACE_PAVEMENT	CTH B TO STH 64 (NORTH & SOUTH BND)	NORTHWEST	CHIPPEWA
22	1066-06-70	IH 94	RESTORATION_IMPROVEMENT_BRIDGE	CTH N B-28-0046	SOUTHWEST	JEFFERSON
23	1009-43-63	Various	RESTORATION_IMPROVEMENT_PAVEMENT	VARIOUS HIGHWAYS	NORTH CENTRAL	NORTH CENTRAL REGION WIDE
24	6140-01-72	STH 13	RESURFACE_PAVEMENT	CTH E TO UNION PACIFIC RAILROAD	NORTH CENTRAL	ADAMS
25	6280-05-81	STH 66	RESURFACE_PAVEMENT	DEER LANE TO E JCT CTH J	NORTH CENTRAL	PORTAGE
26	6430-07-60	USH 45	RESTORATION_IMPROVEMENT_PAVEMENT	CTH W TO CTH D	NORTH CENTRAL	WAUPACA
27	9155-05-70	STH 55	RESURFACE_PAVEMENT	SCHOOL ROAD TO CTH T	NORTH CENTRAL	LANGLADE
28	4540-23-71	STH 32	RECONSTRUCT_PAVEMENT	STH 32 & HAPPY LANE INTERSECTION	NORTHEAST	SHEBOYGAN
29	4640-05-71	STH 28	RECONSTRUCT_PAVEMENT	PRANGE ROAD - TAYLOR DRIVE	NORTHEAST	SHEBOYGAN
30	7120-07-70	STH 85	RESURFACE_PAVEMENT	1010TH STREET TO STH 37	NORTHWEST	EAU CLAIRE
31	7730-01-60	STH 88	RESURFACE_PAVEMENT	CTH E TO CTH U	NORTHWEST	BUFFALO
32	7730-06-73	STH 88	RESURFACE_PAVEMENT	STH 35 TO CTH E	NORTHWEST	BUFFALO
33	1320-19-60	STH 11	RESTORATION_IMPROVEMENT_PAVEMENT	92ND ST TO 1500 FT WEST OF STH 31	SOUTHEAST	RACINE
34	1320-20-60	STH 11	RESTORATION_IMPROVEMENT_PAVEMENT	CTH C TO 71ST STREET	SOUTHEAST	RACINE
35	2200-16-71	USH 18	RESURFACE_PAVEMENT	MANHATTAN DRIVE TO I-94	SOUTHEAST	WAUKESHA
36	5121-09-63	STH 33	RESTORATION_IMPROVEMENT_PAVEMENT	SHADY PINES ROAD TO CTH OA	SOUTHWEST	LA CROSSE
37	5121-09-73	STH 33	RECONSTRUCT_PAVEMENT	KIRSCHNER ROAD TO MONROE CO LINE	SOUTHWEST	LA CROSSE
38	5820-01-73	STH 162	RECONDITION_ROADWAY	STH 33 NLY .57 M TO DUTCH CREEK BR	SOUTHWEST	LA CROSSE
39	5971-02-72	STH 123	RESURFACE_PAVEMENT	CTH DL TO LYNN AVENUE	SOUTHWEST	SAUK

Impact of FY2016 Contingent Bonding on WisDOT State Highway Improvement Program

State Fiscal Year 2016

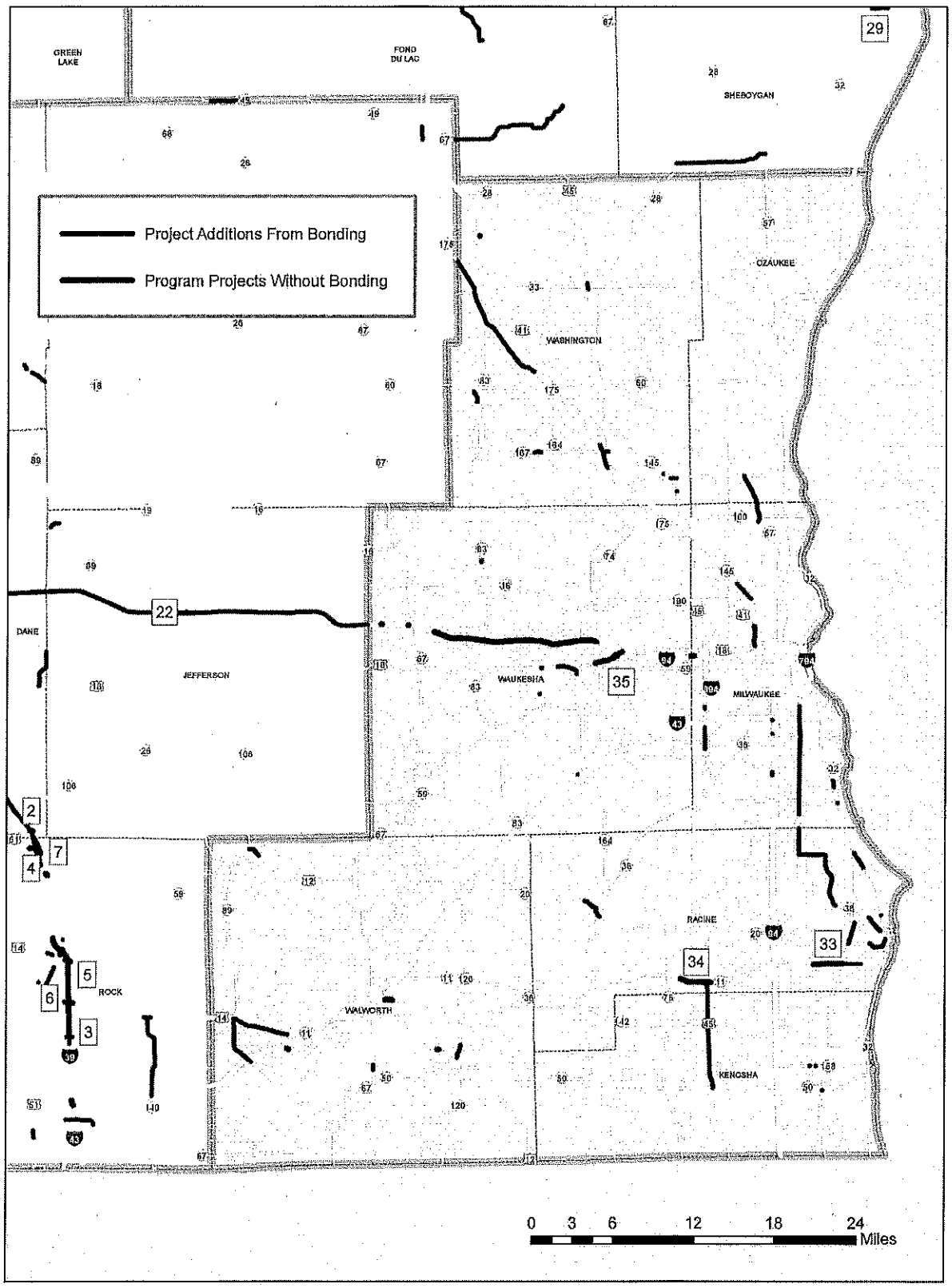


WisDOT - Bureau of State Highway Programs

July 29, 2015

Impact of FY2016 Contingent Bonding on WisDOT State Highway Improvement Program

State Fiscal Year 2016



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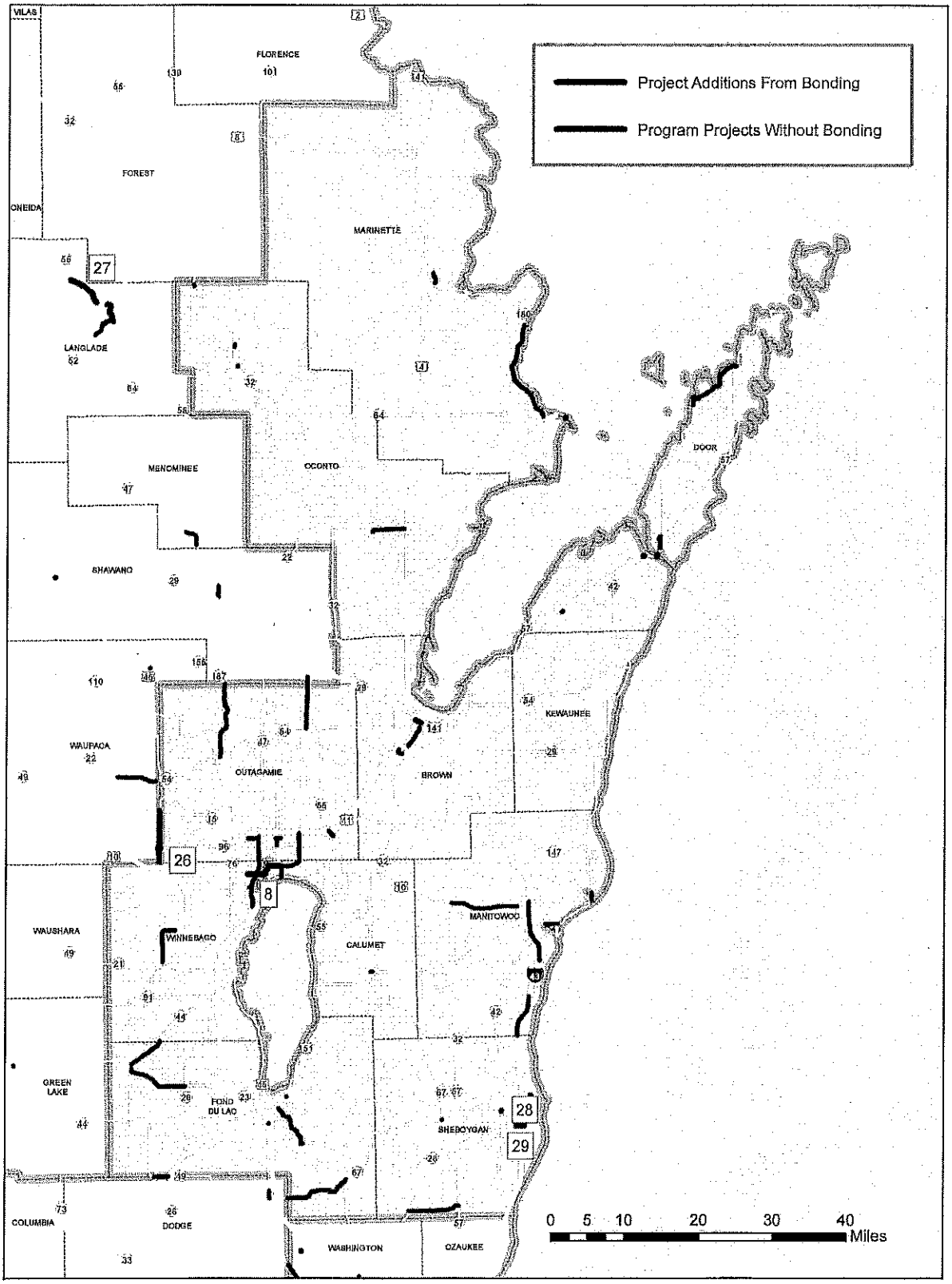

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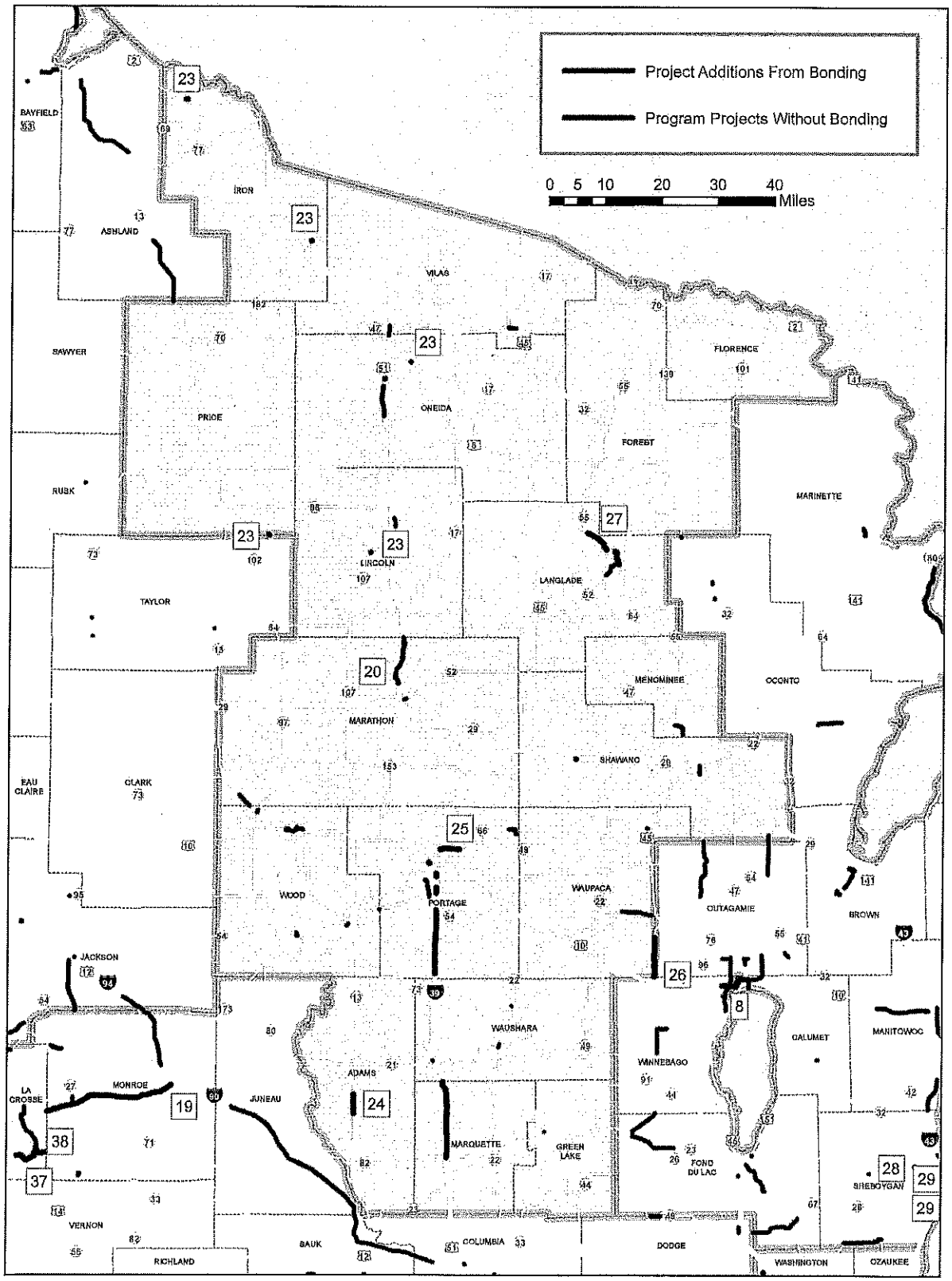

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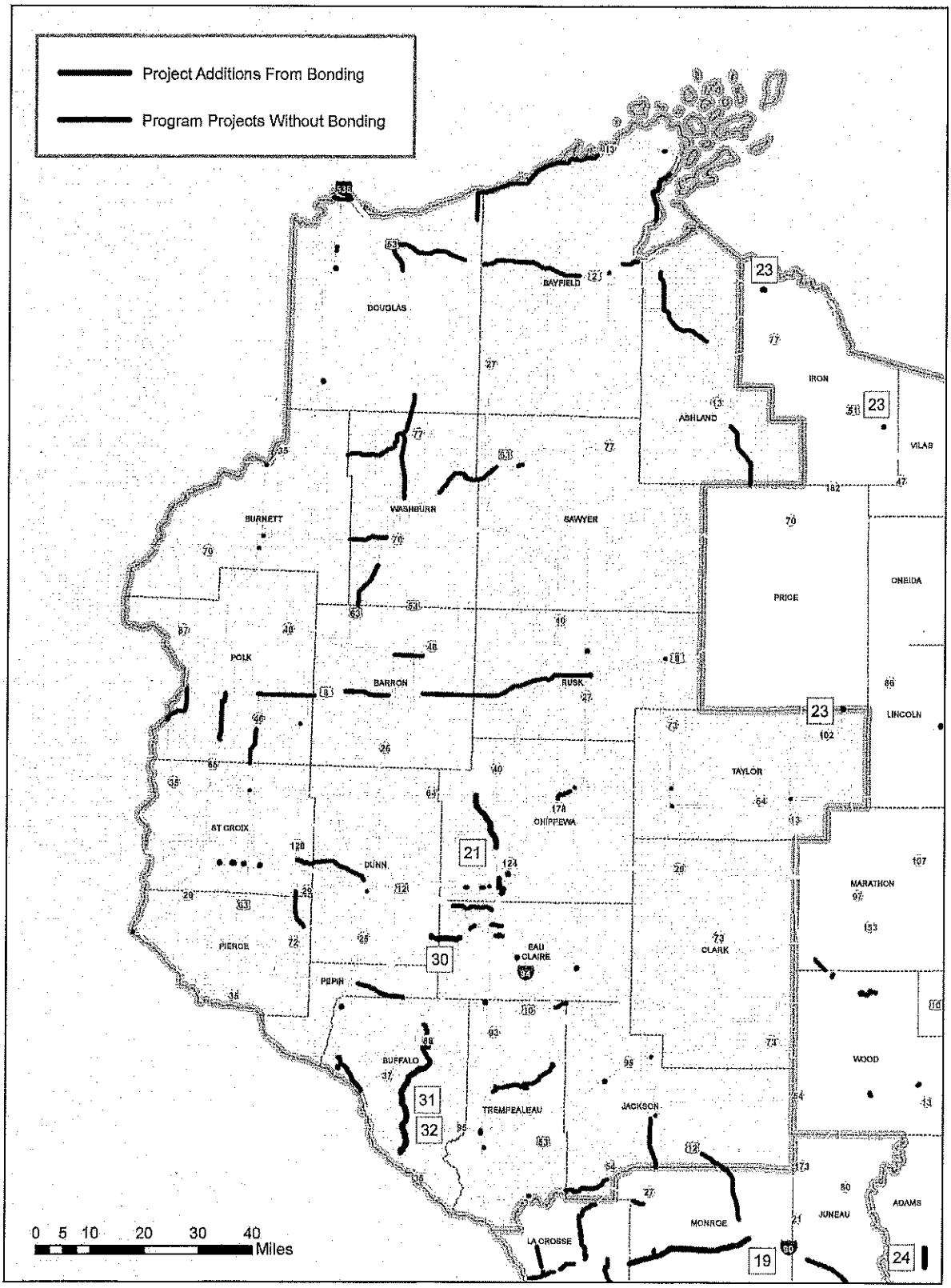

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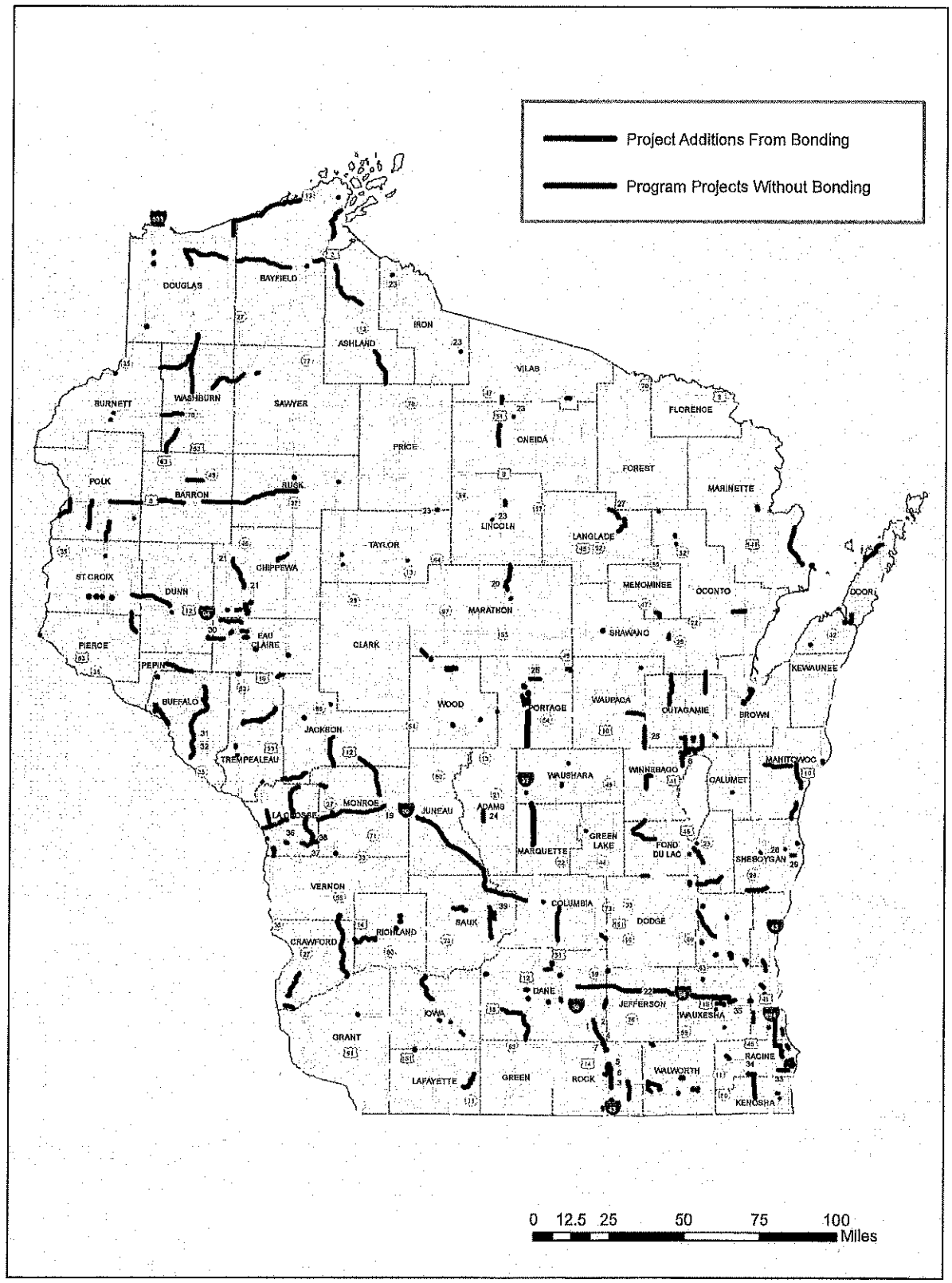
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