

# 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: April 17, 2017

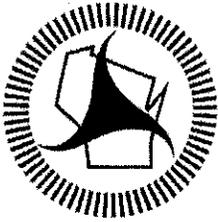
Re: DOT Report to JFC

Attached is a report on fiscal statues of the Highway Maintenance Appropriation from the Department of Transportation, pursuant to 2015 Joint Committee on Finance s. 13.10 action.

This report is being provided for your information only. No action by the Committee is required. Please feel free to contact us if you have any questions.

Attachments

AD:JN:jm



## Wisconsin Department of Transportation

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APR 17 2017

*S. Fingall*

April 14, 2017

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

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

Dear Senator Darling and Representative Nygren:

I am pleased to submit the Department of Transportation's fiscal year 2017 (FY17) fourth quarter "Biannual Report to the Joint Committee on Finance on the Fiscal Status of Highway Maintenance Appropriations." The Department does not anticipate requesting an increase in FY17 budget authority under ss. 13.10 and 13.101, Wis. Stats., for its state-funded highway maintenance appropriations. However, this report fulfills a requirement promulgated by the Committee in conjunction with the fiscal year 2015 s. 13.10, Wis. Stats., supplement to appropriation s.20.395 (3)(eq), Wis. Stats., *Highway System Management and Operations, state funds*. In granting the Department's request for a supplement of \$15,885,100 in segregated funding, the Committee said:

*"Stipulate that the approval of future requests for maintenance funding under s. 13.10 of the statutes is contingent upon the Department's submission of biannual reports to the Committee regarding the fiscal status of the routine maintenance and highway system management and operations appropriations...."*

The Department is reporting on two state-funded highway maintenance appropriations.

- Appropriation s. 20.395 (3)(es), Wis. Stats., *Routine Maintenance, state funds*, provides funding for routine maintenance expenditures for the state trunk highway system carried out through contracts with each of the state's 72 counties. Activities include winter and non-winter routine maintenance such as snow plowing and de-icing; small crack filling and the application of sealcoats; interim repair of highway surfaces and roadside structures; bridge, drainage and culvert maintenance; mowing and vegetation control; sign maintenance and replacement, and other measures deemed necessary to provide adequate traffic service.
- Appropriation s. 20.395 (3)(eq), Wis. Stats., *Highway System Management and Operations, state funds*, provides funding for the Highway and Bridge Maintenance and Operations programs. This appropriation funds the purchase of road salt and inspection and non-routine maintenance of state highways and bridges carried out by state staff or private contractors.

It also funds the Traffic System Management and Operations program which supports the highway improvement program with traffic system planning, operates the State Traffic Operations Center, and maintains the state's traffic control devices and safety measures.

For each of these appropriations, the report includes:

- A summary of the Department's planned expenditures from these appropriations through the end of FY17;
- Estimates of the anticipated FY17 ending balances of these appropriations; and
- Anticipated events that could result in unfunded but essential spending.

Thank you for the opportunity to provide this information. If you have questions, please contact Anna Richter, Office of Policy, Finance and Improvement at 267-7304.

Sincerely

A handwritten signature in black ink, appearing to read "Dave", written over the word "Sincerely".

Dave Ross  
Secretary

cc: State Budget Office, Department of Administration  
Legislative Fiscal Bureau

April 14, 2017

**April 2017**  
**Biannual Report to the Joint Committee on Finance on the**  
**Fiscal Status of Highway Maintenance Appropriations**

The Wisconsin Department of Transportation (DOT) submits this report in compliance with a 2015 Joint Committee on Finance stipulation related to future supplemental funding requests for Highway System Management and Operations funding and Routine Maintenance funding. The report is accompanied by an April 14, 2017 letter of transmission addressed to the Joint Committee on Finance Co-Chairs.

At the time of this submission, the Department does not anticipate requesting an increase in state fiscal year 2017 (FY17) budget authority under ss. 13.10, Wis. Stats., in either s. 20.395 (3)(eq), Wis. Stats., *Highway System Management and Operations, state funds* or in s. 20.395 (3)(es), Wis. Stats., *Routine Maintenance, state funds*.

Joint Committee on Finance Requirement

In June 2015, the Department submitted a request to the Joint Committee on Finance, under authority of ss. 13.10, Wis. Stats., to approve an increase in FY15 budget authority of \$15,885,100 for the Highway Maintenance and Traffic Operations program to address funding shortfalls caused by non-discretionary spending in excess of available budget authority. The Committee approved the funding amount with the following requirement in connection with future s. 13.10, Wis. Stats., requests:

*"Stipulate that the approval of future requests for maintenance funding under s. 13.10 of the statutes is contingent upon the Department's submission of biannual reports to the Committee regarding the fiscal status of the routine maintenance and highway system management and operations appropriations. Specify that these reports include the following information: (a) a summary of the Department's planned expenditures from these appropriations through the end of the current fiscal year; (b) estimates of the current and anticipated ending balances of these appropriations in the current fiscal year; and (c) a list of any anticipated, unfunded maintenance activities and the related costs for which DOT believes it will need funding in excess of annually appropriated amounts in the current fiscal year. Require that these reports be submitted to the Committee no later than 10 business days following the first day of the second and fourth quarters of the fiscal year, beginning with the report due in October, 2015."*

Appendix 1 provides background on the programs funded from these two appropriations.

Joint Committee on Finance Report Elements

This section provides program related information for the three required report components.

***(a) A summary of the Department's planned expenditures from these appropriations through the end of the current fiscal year; (b) estimates of the current and anticipated ending balances of these appropriations in the current fiscal year.***

Table 1 shows the FY17 funding levels, planned expenditures and projected ending balance for s. 20.395 (3)(eq), Wis. Stats., *Highway System Management and Operations, state funds* - Appropriation 365. It also shows the Chapter 20 appropriated amounts and the allocated funding in s. 20.395 (3)(ex), Wis. Stats., *Highway System Management and Operations, federal funds* (Appropriation 385), the federal counterpart to Appropriation 365. In order to meet essential spending levels, the Department allocated an additional \$6.0 million in federal funds to the Highway Systems Management and Operations program in FY17. This allocation reduces federal funding available for other purposes but is necessary to meet immediate and basic highway maintenance and traffic operations spending needs.

Table 1

<b>FY17 Highway Systems Management &amp; Operations Spending Plan (State and Federal Funds)</b>			
	<b>Appropriation 365-State Funds</b>	<b>Appropriation 385-Federal Funds</b>	<b>Total FY 17</b>
<b>Revenues</b>			
State Carryover Balance from Previous Fiscal Year	1,501,400	(Reallotted - not automatically carried over)	1,501,400
New State Funds (Chapter 20-Appn 365)	84,409,300		84,409,300
New Federal Funds (Chapter 20-Appn 385)		1,102,500	1,102,500
Re-allotment of FY16 uncommitted federal funds		2,820,800	2,820,800
Re-allotment of FY16 federal funds committed for FY16 projects let in June and therefore contracted in FY17		4,660,500	4,660,500
One-time allotment of federal funds for FY17 pavement marking and signing <sup>1</sup>		6,000,000	6,000,000
Federal TIGER Grant for Multi State Parking Management		2,045,600	2,045,600
<b>Total Funds Available</b>	<b>\$85,910,700</b>	<b>\$16,629,400</b>	<b>\$102,540,100</b>
<b>Expenditures</b>			
<b>FY16 Projects let in June and therefore contracted in FY17</b>			
<ul style="list-style-type: none"> <li>• Advanced Traffic Management System replacement - FY16 and FY17 phases (ATMS is the central software operating the STOC and connecting the traffic system network)</li> <li>• Signing</li> <li>• Pavement marking projects</li> </ul>	612,000	4,660,500	5,272,500
<b>Program-wide In-house Delivery</b>			
Statewide in-house Maintenance, Traffic Operations, Structures and Oversize Overweight Permitting Costs (includes staff salary, fringe, program supplies, consultants that provide program and IT support, travel, rent, information technology hardware costs, telecommunications, utilities and equipment)	32,400,600	1,856,300	34,256,900
<b>Highway and Bridge System Management and Operations</b>			
Salt Costs - pre-season purchase	25,500,000	-	25,500,000
Vendor Reserve Salt - (set-aside, not yet purchased)	1,500,000	-	1,500,000
Maintenance Program Information and Tracking (the Compass program generates "score-card" information on the maintenance of the state trunk highway system, Operations Information systems providing asset inventory information, and IT systems development and support)	475,000	-	475,000
Roadside Facilities and Wayside Maintenance (the Community Rehabilitation Program and rest area and wayside maintenance)	7,810,000	-	7,810,000
Roadsides (Adopt-a-Highway)	125,000	-	125,000
<b>Subtotal</b>	<b>\$35,410,000</b>	<b>-</b>	<b>\$35,410,000</b>

<sup>1</sup> The October 2016 report included \$7.5 million in federal funding for 385 and \$4 million for 380. Due to internal reprioritization, the \$4.0 million for 380 was not allotted and \$1.5 million of the \$7.5 million was shifted from 385 to 380 to fund pavement marking carried out by the counties.

April 14, 2017

<b>Traffic System Management and Operations</b>			
Statewide Traffic Operations Center Operations and Support (511 program, State Traffic Operations Center control room, freeway service teams, traffic incident management support, etc.)	2,750,000	412,000	3,162,000
Traffic Operations, Safety and Work Zone Support (traffic safety engineering, trip generation data collection, traffic management standards support, etc.)	1,490,000	-	1,490,000
Electrical Device Utilities and Maintenance Costs (Operational and repair costs of lights, signals and ITS devices)	7,050,000	-	7,050,000
Pavement Marking (epoxy lets to private contractors)	1,250,000	5,000,000	6,250,000
Locating No-Passing Zones Project	605,000	-	605,000
Sign Manufacturing (the installation by county forces is funded in Appropriation 368)	1,960,000	-	1,960,000
Highway Sign Lifecycle Replacement		2,255,000	2,255,000
Lighting - phased replacement of outdated lights with light emitting diode (LED)	250,000	-	250,000
U.S. Open signing (one-time)	200,000	-	200,000
<b>Subtotal</b>	<b>\$15,555,000</b>	<b>\$ 7,667,000</b>	<b>\$ 23,222,000</b>
<b>Bridge Maintenance (these are let contracts - most bridge maintenance is carried out by counties through RMAs and not shown here)</b>			
Border bridge maintenance	450,000	-	450,000
Sign bridge repair	860,000	400,000	1,260,000
<b>Subtotal</b>	<b>\$1,310,000</b>	<b>\$ 400,000</b>	<b>\$ 1,710,000</b>
<b>Federal TIGER Grant</b>			
Multi-state truck parking information and management system (federal grant plus state match)	300,000	2,045,600	2,345,600
<b>FY17 Projected Expenditure Total</b>	<b>\$85,587,600</b>	<b>\$ 16,629,400</b>	<b>\$ 102,217,000</b>
<b>Projected Balance end of FY 17</b>	<b>\$323,100</b>	<b>\$0</b>	<b>\$ 323,100</b>

Table 2 shows the funding level and projected FY17 expenditures for s. 20.395(3)(es), Wis. Stats., *Routine Maintenance, state funds* – Appropriation 368. In order to meet essential spending levels, the Department allocated \$1.5 million in federal funds to the Routine Maintenance program in FY17. This allocation reduces federal funding available for other purposes but is necessary to meet immediate and basic routine maintenance spending needs.

Table 2

<b>FY 17 Routine Maintenance Spending Plan (Appropriation 368 - State Funds)</b>			
	<b>State (368)</b>	<b>Federal (380)</b>	<b>Total</b>
<b>Revenues</b>			
Carryover Balance from FY16	1,879,400	(Reallotted - not automatically carried over)	1,879,400
368 FY17 Chapter 20 State Funds	170,000,000	-	170,000,000
One-time allotment of federal funds in FY17		1,500,000	1,500,000
<b>Total Funds Available</b>	<b>\$171,879,400</b>	<b>\$1,500,000</b>	<b>\$173,379,400</b>
<b>Expenditures</b>			
CY16 Routine Maintenance Agreements (RMA) - July thru December 2016 (Includes RMA contracts with 72 counties for routine maintenance of the state trunk highway system)	70,500,000	-	70,500,000
CY17 RMAs and Traffic Management Agreements (TMAs) <sup>2</sup> - January thru June 2017	74,300,000	1,500,000	75,800,000
Reserve (winter costs, flooding) <sup>3</sup> / Discretionary Maintenance Agreements	8,500,000	-	8,500,000
Performance Based Maintenance Program (includes separate negotiated contracts with counties for routine maintenance activities promoting innovation, best practices and efficiency)	17,000,000	-	17,000,000
Program operations (salt shed inspections, winter weather information, unreimbursed damage claims)	1,200,000	-	1,200,000
<b>FY17 Projected Expenditure Total</b>	<b>\$171,500,000</b>	<b>\$1,500,000</b>	<b>\$173,000,000</b>
<b>Projected Balance end of FY17</b>	<b>\$379,400</b>	<b>\$0</b>	<b>\$379,400</b>

**(c) a list of any anticipated, unfunded maintenance activities and the related costs for which DOT believes it will need funding in excess of annually appropriated amounts in the current fiscal year.**

Potential unfunded costs fall into two categories: (1) emergency and/or unplanned but essential spending that cannot be deferred because it can pose a safety concern; and (2) other unfunded activities which are not directly tied to safety and can be deferred. This report only identifies emergency and/or unplanned spending that cannot be deferred, since those are the costs most likely to result in an s. 13.10 request.

Emergency and/or Unplanned but Essential Spending

As noted above, at this time the Department does not plan to request s. 13.10, Wis. Stats., supplemental funding for either Appropriation 365 or Appropriation 368. However unanticipated events may result in spending demands exceeding those identified in the spending plans which exhaust projected balances. Extreme late season snow fall could result in increased vendor reserve salt or snowplowing costs that outstrip reserve funding. In addition significant spring flooding could result in increased clean-up and repair costs. When a flooding emergency is declared many of the costs may be federally funded. However, a portion of flooding-related state trunk highway repair and clean-up is borne by the routine maintenance program.

<sup>2</sup> TMAs are WisDOT-county agreements that are separate from the RMAs. They fund pavement marking applied using county labor.  
<sup>3</sup> In spring of each year, unused reserve funding is allocated to the counties in supplemental (aka discretionary) maintenance agreement projects. These projects address backlogged needs and other unmet priority activities.

## Appendix 1

### Maintenance Program Background Information

A. Appropriation s. 20.395 (3)(eq), Wis. Stats., *Highway System Management and Operations, state funds* (numeric 365) funds two key DOT program areas: (1) Highway and Bridge Maintenance and Operations, and (2) Traffic System Management and Operations.

(1) The Highway and Bridge Maintenance and Operations program includes a wide range of activities to support maintenance and operational functioning of the state's highway system. While most routine maintenance activities are performed by the state's 72 counties under contract to the Department and funded from a separate appropriation, the purchase of road salt and most non-routine maintenance of state highways carried out by state staff or private contractors is funded from Appropriation 365. Specific activities include:

- Bridge maintenance and repairs;
- Maintenance and repair of roadside facilities, including rest areas, waysides and historic markers;
- Base and shoulder repair, culvert inspection and repair, and vegetation management;
- Non-routine highway maintenance such as emergency and corrective actions to repair road washouts, bridge hits, pavement blowouts and buckling;
- Centralized purchase and provision of winter salt to county highway departments;
- Winter maintenance activities not contracted to the state's county highway departments;
- Coordination and oversight of county maintenance providers and contracted inspection and repair providers;
- Inspection and maintenance of sign bridge structures, high mast light poles and monotubes;
- Asset management activities including data collection and analysis to assure safe and effective functioning of the state trunk highways system;
- Oversize overweight (OSOW) vehicle routing and permitting. This function was shifted to the Bureau of Highway Maintenance in the 2015-17 biennial budget to improve efficiency by consolidating freight permit activities in the same organizational unit that identifies OSOW routes.

(2) The Traffic System Management and Operations program includes a wide range of activities to support the operations, maintenance, functionality, and safety of the state's highway system:

- Highway improvement project needs related to traffic system planning, design, deployment and management. Specific examples include:
  - Operational analysis to ensure consistent implementation of traffic modeling, traffic impact analyses and intersection control evaluation for highway improvement projects.
  - Traffic safety engineering to create safer highway designs and improve safety in work zones.
  - Work zone management to ensure consistent implementation of the federal safety rules in construction zones and to implement strategies to minimize traffic delays.
  - Planning and design of intelligent transportation system (ITS) infrastructure and signal systems.
- Deployment, repair, maintenance and enhancement of traffic systems and safety devices. Specific examples include:
  - Repair, replacement and maintenance of traffic control equipment, including ITS, signals and lighting.
  - Deployment and maintenance of signs providing traffic, safety and travel information.
  - Pavement marking and striping.
- Operation of the State Traffic Operations Center (STOC) and its information technology systems, which provide real-time traffic data to law enforcement, first responders, and the public.

April 14, 2017

- Collection, analysis and provision of travel and highway system information for use by government, business and the public.
- Coordination of the state's Emergency Transportation Operations and Traffic Incident Management programs which ensure coordinated operation of the transportation system during emergencies and traffic incidents.

B. Appropriation s. 20.395 (3)(es), Wis. Stats., *Routine Maintenance, state funds* (numeric 368) funds routine maintenance expenditures for the state trunk highway system.

The Routine Maintenance Program provides state funding for activities carried out through contracts with each of the state's 72 counties. These contracts, called Routine Maintenance Agreements (RMA), include winter maintenance activities such as plowing and de-icing, and non-winter routine maintenance such as small crack filling and the application of sealcoats; interim repair of highway surfaces and roadside structures; bridge, drainage and culvert repair; mowing, vegetation control; sign maintenance and replacement, roadside facility maintenance, and other measures deemed necessary to provide adequate traffic service and state highway maintenance.

The Department provides funding, sets standards, tracks data, and provides oversight to maintain the system. The counties provide labor, equipment, materials and facilities. The use of counties to provide these services is mutually beneficial because the Department does not have to hire its own maintenance crews or purchase equipment and maintenance materials. Counties benefit by more fully utilizing their equipment and staff.