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JOINT COMMITTEE ON FINANCE

MEMORANDUM

To: Members
Joint Committee on Finance

From: Senator Alberta Darling
Representative John Nygren

Date: April 13, 2020

Re: DOT Report to JFC

Attached is a report on the Highway Maintenance Appropriation from the Department of Transportation, pursuant to 2015 JFC 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



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St. Finance

April 10, 2020

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

Dear Senator Darling and Representative Nygren:

I am pleased to submit the Department of Transportation's fiscal year 2020 (FY20) fourth quarter "Biannual Report to the Joint Committee on Finance on the Fiscal Status of Highway Maintenance Appropriations." The Department does not expect to request an increase in FY20 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, 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.

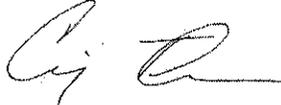
- Appropriation s. 20.395 (3)(es), Wis. Stats., *Routine Maintenance, state funds*, provides funding for routine maintenance expenditures for the state trunk highway system carried out through contracts with each of the state's 72 counties. Activities include winter and non-winter routine maintenance 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 for state trunk highways and non-routine maintenance for state highways and bridges that is carried out by state staff or private contractors. It also funds the Traffic Management, Systems and Operations program which supports the highway improvement program with traffic system planning, operates the Traffic Management 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 FY20;
- Estimates of the anticipated FY20 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 Jim Donlin, Budget Director, at 266-9546.

Sincerely,

A handwritten signature in black ink, appearing to read 'C. Thompson', written in a cursive style.

Craig Thompson
Secretary-Designee

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

April 10, 2020

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 a 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 2020 (FY20) 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*. However, the possibility exists that an unforeseen circumstance may result in unanticipated spending and necessitate such a request.

This report provides information on the status of both maintenance appropriations, as required by the committee.

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, most road salt purchases and non-routine maintenance of state highways carried out by state staff or private contractors are funded from Appropriation 365. Activities include:
- Salt for state highways (this purchase does not include salt used for local or county roads);
 - 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;
 - 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 vehicle routing and permitting.
- (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.
- Electrical device (ITS, lights, signals) utility fees
- Deployment and maintenance of signs providing traffic, safety and travel information.
- Pavement marking and striping.
- Operation of the Traffic Management Center and its information technology systems, which provide real-time traffic data to law enforcement, first responders, and the public.
- 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 Enhancement 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, 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. County crews are also responsible for performing corrective activities to restore roadways and repair items such as signs, signals and guardrails following damage from vehicular crashes, bridge hits and severe precipitation or wind storms.

The Department provides funding, sets standards, tracks data, and provides oversight to maintain the state highway 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.

Joint Committee on Finance Report Elements

The Joint Committee on Finance s. 13.10, Wis. Stats., motion specified the biannual report include three components, which are detailed in the following sections.

(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 FY20 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.

**Table 1 - Highway Systems Management & Operations Spending Plan
Appropriation 305 - State and Federal Funds**

	Appropriation 365-State	Appropriation 385-Federal	Total FY 2020
Revenues			
State Carryover Balance from Previous Fiscal Year	12,409,400		12,409,400
New State Funds (Chapter 20-Appn 365)	98,594,400	0	98,594,400
Federal Funds (Prior Year - allotment to cover FY19 commitments)	0	3,300,000	3,300,000
Federal Funds (Current Year)	0	10,102,500	10,102,500
Vegetation Management Revenues	2,240,300	0	2,240,300
Total Funds Available	\$113,244,100	\$13,402,500	\$126,646,600
FY19 Commitments			
May & June Let Contracts (including NC & SE pavement marking rebid lets)	\$4,805,184	\$3,564,152	\$8,369,336
Projected Expenditures			
Division of Transportation System Development Maintenance, Traffic Ops & Over Size Over Weight Staff Operating Budget Costs	29,100,000	1,602,500	30,702,500
Salt Costs - pre-season purchase	37,815,300		37,815,300
Vendor Reserve Salt - (set-aside, not yet purchased)	8,608,400		8,608,400
Rest Area Management Program (ongoing operations and maintenance)	6,740,300		6,740,300
Rest Area Program Management (Disability Service Provider Network) & Utilities	1,504,200		1,504,200
Rest Area Facility Repairs	1,400,000		1,400,000
Safety Weight Enforcement Facility Maintenance Repairs	485,000		485,000
Roadside Vegetation & Living Snow Fence/Blowing Drifting Control	2,240,300		2,240,300
Oversize/Overweight Freight Permitting System Replacement	726,100		726,100
Facilities FAMIS Consultant & Division of Business Management Cost share	95,000		95,000
Roadsides (Adopt-a-Highway)	185,000		185,000
Roadway Weather Information System Program Manager - meteorologist	155,000		155,000
Local Government Fire Claim reimbursements	75,000		75,000
Statewide Traffic Operations Center Operations and Support (511 program, State Traffic Operations Center control room, freeway service teams, traffic incident management support, etc.)	2,383,600	0	2,383,600
Advanced Traffic Management System replacement - FY20 phase + O&M	414,000	556,000	970,000
Next Gen 511	232,000	928,000	1,160,000
Traffic Operations, Safety and Work Zone Support (traffic safety engineering, trip generation data collection, traffic management standards support, etc.)	1,080,336	-	1,080,336
Electrical Device Utilities and Maintenance Costs (Operational and repair costs of lights, signals, and Intelligent Transportation System devices)	7,065,000	-	7,065,000
Pavement Marking (epoxy lets to private contractors)	1,650,000	6,600,000	8,250,000
Locating No-Passing Zones & Truck Parking	804,000	-	804,000
Sign Manufacturing (the installation by county forces is funded in Appropriation 368)	1,900,000	0	1,900,000
Lighting - phased replacement of outdated lights with light emitting diode (LED)	2,560,000	0	2,560,000
Border bridge maintenance	500,000	0	500,000
Sign bridge repair	500,000	0	500,000
Fiscal Year Projected Expenditure Total	\$113,023,720	\$13,250,652	\$126,274,372
Projected Balance End of Fiscal Year	\$220,380	\$151,848	\$372,228

Table 2 shows the funding level and projected FY20 expenditures for s. 20.395(3)(es), Wis. Stats., *Routine Maintenance, state funds* – Appropriation 368 and federal counterpart 20.395 (3)(ey), *Routine Maintenance, state funds* – Appropriation 380.

Table 2 - Routine Maintenance Spending Plan Appropriation 368 - State Funds	
	FY 2020
Revenues	
SEG Carryover Balance - FY20 includes \$6 million Damage Claim reimbursement (\$4m from FED allot)	10,389,032
368 Chapter 20 State Funds	188,366,500
Total Funds Available	\$198,755,532
Projected Expenditures	
Routine Maintenance Agreements (RMA) - July thru December	66,200,000
RMA's - January thru June	82,000,000
Subtotal for RMA's	148,200,000
Winter/Weather Reserve	13,800,000
Discretionary Maintenance Agreements (DMA)	2,000,000
Water-Borne Pavement Marking	5,000,000
Highway Signing Backlog Needs	1,400,000
Performance based Maintenance - July thru December	5,730,200
Performance based Maintenance - January thru June	8,769,800
Car-killed Deer Program	700,000
Roadway Weather Information System Maintenance, Parts & Data	310,000
UW Data Support	75,000
Maintenance Decision Support System/Automated Vehicle Location/Global Positioning System (systems for snowplow routing and maintenance activity planning)	940,000
Route Optimization	100,000
Salt Shed Inspections	140,000
County Highway Expenditure Microcomputer System Consultant	148,000
County Sign Distribution	200,000
Unreimbursed Damage Claims	2,000,000
High Capacity Brine Equipment	200,000
Prior Year Commitments: RMA, DMA, Salt Sheds, Salt Trucking	8,400,000
Projected Expenditure Total	\$198,113,000
Projected Balance End of Fiscal Year	\$642,532

(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 but essential 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, the Department does not anticipate an s. 13.10, Wis. Stats., supplemental funding request for Appropriation 365 and Appropriation 368 for FY20. It is the department's intention to cover additional unanticipated emergency related costs by shifting funding from other purposes to the extent possible. However unanticipated weather-related events, such as severe spring floods could result in spending demands that cannot be managed in this way.

FY20 Summary

The Department allocated \$9 million in federal funds to the Highway System Management and Operations federal appropriation for pavement marking and traffic operations projects that are federally eligible. By using federal funds for a portion of activities more typically 100% state funded, and utilizing carry over funds from FY19, the Department was able to fund the FY20 salt purchase despite low beginning inventory and record high cost per ton.

Preparing for FY21

The Department is taking steps to manage funds to avoid a request in FY21 despite continually increasing salt prices and potential for weather related impacts on our infrastructure.