



## Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873  
Email: [fiscal.bureau@legis.wisconsin.gov](mailto:fiscal.bureau@legis.wisconsin.gov) • Website: <http://legis.wisconsin.gov/lfb>

---

May 23, 2013

Joint Committee on Finance

Paper #654

### **Transportation Projects Commission Review of Enumerated Projects (DOT -- State Highway Program)**

[LFB 2013-15 Budget Summary: Page 465, #8]

---

#### **CURRENT LAW**

The Transportation Projects Commission (TPC) reviews proposed highway improvement projects that exceed specified capacity expansion thresholds under the definition of a major highway development project (most notably, additional lanes of five miles or more), and makes recommendations to the Governor and Legislature as to which projects should be enumerated in the statutes. Statutory enumeration allows the Department of Transportation (DOT) to proceed with construction on a major highway development project. The TPC also reviews proposed highway projects with an estimated cost exceeding \$80 million (a threshold that is adjusted annually using a construction inflation index), but that do not exceed the major highway capacity thresholds. Approval of these projects by the TPC allows the Department to proceed with construction and no statutory enumeration is required.

The Transportation Projects Commission is composed of the Governor, who acts as the chairperson, five senators, five representatives, three public members appointed by the Governor, and the Secretary of Transportation, as a nonvoting member).

#### **GOVERNOR**

Require the Transportation Projects Commission to examine each enumerated major highway project on which no construction has been performed to determine if the project is appropriate for removal from the list of enumerated major highway projects. Require the Commission to present a recommendation to the Legislature by January 1, 2016, specifying any projects that are appropriate for removal from the list of enumerated projects.

## DISCUSSION POINTS

1. The bill would require the TPC to meet to review each enumerated project "on which no construction has been performed" and make a recommendation to the Legislature by January 1, 2016, on which projects to remove from the statutes. In order to actually remove the project from the statutory list of projects, the Legislature would have to pass legislation. With removal from the list, the Department would be prohibited from constructing the project.

2. The Department of Administration indicates that this provision was included to allow the TPC to review projects in light of the limited funding available for this and other transportation programs. The bill would reduce funding for the major highway development program by 1% annually (\$7.6 million over the biennium, relative to the 2012-13 funding level). If one or more projects is eliminated, the remaining funding would allow other projects to be completed sooner.

3. According to the Department's February, 2013, financial status report for the major highway development program (a report updated every six months), six major highway projects had no construction activity as of that date. The following table shows those projects, along with the total estimated cost of each.

### **Major Highway Projects with No Construction Expenditures as of February, 2013 (\$ in Millions)**

<u>Project Segment</u>	<u>Highway</u>	<u>County</u>	<u>Total Cost</u>
Winnebago CTH CB to Oneida Street	10/441	Calumet & Winnebago	\$405.3
STH 76 to New London	15	Outagamie	118.9
Verona Road/Madison Beltline	18/151	Dane	171.9
Racine CTH K to Oakwood Road	38	Milwaukee & Racine	124.3
Illinois State Line to USH 12/18	39/90	Dane & Rock	822.6
Beloit Bypass	81/213	Rock	9.3

4. Although these projects had no construction activity as of February, the USH 18/151-Verona Road/Madison Beltline project and the I-39/90-Illinois State Line to USH 12/18 project had a construction project letting on May 14, meaning that construction on those projects would likely have started prior to the time the TPC could convene under this provision. The applicability of the provision to the Verona Road/Madison Beltline project, even without construction expenditures, is also unclear. That project does not meet the major highway project capacity thresholds, but instead qualifies as a major highway project based on meeting the high-cost threshold. Consequently, it was approved by the TPC under the procedure for those projects and is not enumerated in the statutes. However, in taking action on the TPC recommendations, the Legislature could also make a decision on whether or not to proceed on this project.

5. Although none of these projects had construction activity as of February, all had incurred costs associated with design, real estate, or other preparatory work. The following table shows, for each project, the total of the costs incurred or encumbered as of February, plus

additional, estimated encumbrances through the end of 2012-13. For the USH 18/151 and I-39/90 projects, the costs include some construction expenditures.

**Costs Incurred or Encumbered Through the End of 2012-13  
(\$ in Millions)**

<u>Project Segment</u>	<u>Highway</u>	<u>County</u>	<u>Costs Incurred or Encumbered Through 2012-13</u>
Winnebago CTH CB to Oneida Street	10/441	Calumet & Winnebago	\$21.8
STH 76 to New London	15	Outagamie	15.9
Verona Road/Madison Beltline	18/151	Dane	40.9
Racine CTH K to Oakwood Road	38	Milwaukee & Racine	5.0
Illinois State Line to USH 12/18	39/90	Dane & Rock	87.5
Beloit Bypass	81/213	Rock	0.4

6. Under the bill, the TPC's recommendation would have to be presented by January 1, 2016, well after the passage of the 2015-17 biennial budget. By that time, construction on some of these projects will be well underway, perhaps making it more difficult to recommend that they be stopped. If the Committee decides that the proposal to require TPC review of existing projects has merit, it could decide that the recommendation be made by January 1, 2015, prior to the start of the deliberations on the 2015-17 biennial budget (Alternative 2).

7. Although each of these projects will have incurred costs by the end of 2012-13, this does not necessarily mean that the project should be completed if the TPC and Legislature decide the completion is not worth the cost. The TPC and Legislature could decide that some projects for which the Department has incurred some construction expenses should be removed from the list of enumerated projects. For some projects not included in the above table, the amount of construction work already incurred has been minimal, meaning that significant costs savings could still be realized by eliminating the project. In other cases, the costs incurred may have been more substantial, but the future work stands as a separate phase that the Commission could decide is no longer justified given transportation budgetary concerns. If the Committee decides that a more thorough review of all projects is merited, the bill could be amended to require the Commission to review all enumerated projects (see attached list) to decide which ones should be removed from the list of enumerated projects (Alternative 3). In either case, the Legislature would retain the ultimate authority on whether or not to remove projects.

8. The removal of any project would be controversial. It should be noted that five of the six projects listed above were added during the 2009-11 session, meaning that they only recently went through an extensive period of review and public hearings. [The Beloit Bypass project was enumerated in 1993, as a component of a project planned by the State of Illinois, but that remains unscheduled by that state.] Once enumerated, a project often has gained significant public support, and there is typically an expectation that the Department proceed with the project on a reasonably expeditious schedule. In some cases, even though construction may not have started, the

Department has purchased real estate, and businesses and residents have made decisions in anticipation of the project. The Committee may decide that requiring TPC review would unnecessarily generate uncertainty regarding the preparations made in advance of the construction of these projects. In this case, the Committee may decide to eliminate the TPC review requirement (Alternative 4). From this perspective, budgetary control of the program could be exercised through the amount of funding provided for the program and through careful consideration of the budgetary impact of enumerating future projects.

## **ALTERNATIVES**

1. Approve the Governor's recommendation to require the TPC to examine each enumerated major highway project on which no construction has been performed to determine if the project is appropriate for removal from the list of enumerated major highway projects and to present a recommendation to the Legislature by January 1, 2016.

2. Modify the Governor's recommendation by requiring the TPC's recommendation to be submitted by January 1, 2015.

3. Modify the Governor's recommendation by requiring the TPC to consider all enumerated projects to determine for which ones, if any, construction should be halted, and to make a recommendation to remove those projects from the list of enumerated projects by January 1, 2015.

4. Delete provision.

Prepared by: Jon Dyck  
Attachment

## ATTACHMENT

### Enumerated Major Highway Projects Remaining to be Constructed

	<u>Highway</u>	<u>County</u>
<b><u>Projects Enumerated in 1993</u></b>		
Beloit Bypass	81/213	Rock
<b><u>Projects Enumerated in 1997</u></b>		
I-90/94 to Ski Hi Road	12	Sauk
La Crosse Corridor	53	La Crosse
<b><u>Projects Enumerated in 1999</u></b>		
STH 67 to USH 41	23	Sheboygan & Fond du Lac
<b><u>Projects Enumerated in 2001</u></b>		
Janesville to Watertown	26	Rock, Jefferson & Dodge
<b><u>Projects Enumerated in 2003</u></b>		
Viroqua to Westby	14	Vernon
Prairie du Chien to STH 60	18	Crawford
De Pere to Suamico & STH 26 to Breezewood Lane	41	Brown & Winnebago
<b><u>Projects Enumerated in 2011</u></b>		
Winnebago CTH CB to Oneida Street	10/441	Calumet & Winnebago
STH 76 to New London	15	Outagamie
Verona Road/Madison Beltline*	18/151	Dane
Racine CTH K to Oakwood Road	38	Milwaukee & Racine
Illinois State Line to USH 12/18	39/90	Dane & Rock

\* This project meets the cost threshold for a major highway project, but not the capacity expansion thresholds. It was approved by the TPC in 2011.