



Guiding Principles to Improve Wisconsin Roads & Bridges and Common Sense Reforms to protect taxpayers

The recently released audit of the Wisconsin Department of Transportation provides an opportunity to improve efficiency and better manage taxpayer dollars. **DRIVE** recommends the following guiding principles for improving overall road and bridge conditions, creating a long-term transportation plan, increasing transparency at DOT, and reducing costly construction delays:

1. A good, well maintained transportation infrastructure leads to more jobs, a strong economy and increased public safety.

- **MANY WISCONSIN ROADS ARE BAD AND GETTING WORSE – QUICKLY** - The proportion of state highways rated in good condition decreased from 53.5 percent in 2010 to 41 percent in 2015, according to WisDOT's pavement condition index. The proportion of state highways in good condition in Wisconsin was *considerably lower* than in six other Midwestern states. A recent report by US News & World Report ranks Wisconsin roads as the second worst, or 49th, in the nation. The American Society of Civil Engineers (ASCE) released a report giving Wisconsin's roads and bridges a D+. According to the ASCE report Wisconsinites pay an average of \$640 per year in car repairs because of poor roads. Moreover, the ASCE report says more than 17% of Wisconsin bridges are structurally deficient. These reports confirm Wisconsin roads are in poor condition. Wisconsin should strive to be in the top half of national rankings for road and bridge conditions and top 3 of Midwestern states per the International Roughness Index. **Good roads and bridges are critical to job creation, economic vitality and public safety.**
- **TOP JOB CREATING STATES INVEST IN INFRASTRUCTURE** – Georgia has won the prestigious Gold Medal as the nation's top business climate from *Site Selector Magazine* four years in a row. Not surprising, Georgia has created 540,500 new private sector jobs since January 2011. Wisconsin ranked 25th on the 2016 survey of business climates. Georgia Governor Nathan Deal and state lawmakers approved a 10 year - \$10 billion investment in infrastructure that will fund 11 major projects, resurface 2500 miles of roads, repair and improve nearly 300 bridges and replace 100 bridges statewide. It also provides funding to improve Georgia's ports. Per site selector experts the location criteria that matter most for siting new businesses are:
 - **Workforce Skills**
 - **Incentives**
 - **State and local Tax Scheme**
 - **Transportation infrastructure**
 - **Land/Building prices and supply**

2. Create a 10-year Transportation Plan with predictable funding sources.

- **WISCONSIN NEEDS A LONG-TERM TRANSPORTATION PLAN** – Wisconsin has not had a comprehensive transportation plan that aligned transportation project priorities with predictable funding sources since Governor Tommy Thompson introduced the Corridors 2020 plan in the early 1990s. Since then, politicians have enumerated new projects without allocating necessary funding to complete them in a timely manner. In the past, budgets have given funding priority to mega-projects in Southeast Wisconsin at the expense of local road and bridge maintenance and major highway projects in other parts of the state. The current budget prioritizes the opposite way. Neither option encourages lawmakers to truly prioritize highway projects or adequately adjust revenues to align with priorities. Current transportation revenues are stagnant since the repeal of the automatic gas tax indexing and due to more fuel-efficient vehicles. **It's time for Wisconsin to create a long-term transportation plan that aligns transportation project priorities with predictable funding to ensure projects are completed in a timely manner.**
- **NEEDS ARE WELL DOCUMENTED** – The Legislative Fiscal Bureau reported last summer that the transportation fund is at least \$940 million short per year to fund all the existing approved projects. The audit suggests the shortfall may be considerably higher because of poor estimating by DOT. Despite modest increase in local transportation aid programs in the original transportation budget, the Wisconsin Towns Association says the increase would only amount to roughly \$10,000 per township.
- **BUSINESS RESPONDS TO PREDICTABILITY** - The LAB audit analyzed the number of bids on projects and how the winning bid compared to the project estimate. One way to ensure healthy competition is by having a long-range transportation plan for future projects and a stable revenue source to complete projects in a reasonable timeframe. This predictability allows contractors to have some level of confidence that future market opportunities can justify their business investment in Wisconsin. If Wisconsin wants more bidders, then it needs a long-term transportation plan.
- **PRIORITIZE PROJECTS, ALIGN FUNDING TO PRIORITIES AND PROVIDE OFFSETS TO ANY TRANSPORTATION REVENUE INCREASE** – Wisconsin motorists already enjoy the lowest total cost to operate a motor vehicle in the Midwest. Our motorists pay 35% less in gas taxes and registration fees than our neighbors in Minnesota, Michigan, Illinois, and Iowa. There are a variety of potential funding sources for lawmakers to consider to increase revenues to the transportation fund. Lawmakers will need to decide which funding option(s) make the most sense. **ALL FUNDING OPTIONS, BOTH EXISTING AND NEW, SHOULD BE ON THE TABLE.** The best approach would be to decide which projects they want to keep on schedule and how much new revenue will be needed to finish the priority projects in a timely manner. DRIVE isn't taking a position on any specific funding source now. Nor is DRIVE taking a position on any potential offsets to ensure the overall tax burden for Wisconsinites does not go up. DRIVE trusts lawmakers to figure this out.

3. Complete Transparency of all costs associated with each DOT project.

- **BETTER COST ESTIMATING** - The Legislative Audit Bureau (LAB) audit shows that WisDOT's methodology of estimating project costs for Southeast Freeway Megaprojects Program was very accurate, but the methodology used for Major projects was way off. WisDOT should use the same methodology for estimating Major Highway Program costs as they use for Megaprojects.
- **BETTER REPORTING** – The LAB Audit contained multiple recommendations, some related to internal processes at WisDOT while other require legislation. DRIVE would support the

recommendations for all the internal process improvements as well as the following items which require legislative and gubernatorial approval:

- WisDOT must include all costs associated with each project including all costs before enumeration, design engineering, and construction costs, the cost of environmental studies, and cost of the project paid by another program in the department.
- WisDOT must report to the Transportation Projects Commission (TPC) for each project the full project cost estimate as of the date of the commission's approval of the project.
- On an annual basis, WisDOT must prepare and submit to certain legislative committees a report that provides the following information for each major highway project:
 - The full project cost estimate of the project as of the date of enumeration.
 - The year in which the department expects to complete the project as of the date of enumeration.
 - The costs incurred as of the date of preparation of the report.
 - The full project cost estimate as of the date of preparation of the report.
 - The year in which the department expects to complete the project as of the date of preparation of the report.
 - An explanation of any difference between the full project cost estimates under items 1 and 4.
 - The opinion of the department as to whether the project will be completed as originally scheduled without allocation of additional funds
- **PUBLIC INPUT** - WisDOT needs to improve the way in which it gathers and considers public input. DOT recently canceled the I-39/90 study between Madison and Portage partially because locals didn't like the proposed "reliever" routes WisDOT recommended. The reliever routes were unnecessary to begin with! **WisDOT should consider public input and implement changes when it's possible and practical.**
- **ALIGN WisDOT STAFFING TO BETTER REFLECT PROJECT PRIORITIES AND FUNDING** – WisDOT should review overall staffing needs according to project work load and available funding going forward.
- **EFFECTIVE OUTSOURCING** - When it comes to determining whether engineering work should be done by WisDOT staff or by consulting engineers, the Department claims it is not able to accurately identify costs for overhead. This process needs to be improved. **WisDOT needs to deliver projects in the most cost effective manner possible.**

4. Reduce Costly Construction Delays!

- **DELAYS COST MONEY** – Project delays translate to more taxpayer dollars spent on short-term fixes such as temporary overlays or patch work. Each time a project is delayed after it is enumerated, the final project cost increases due to construction inflation and short-term such as temporary overlay or patch work to keep the roadway in operation. The LAB audit concluded project the estimates were inaccurate because WisDOT did not account for the impacts of future construction inflation – a disparity that grows each year a project is delayed due to insufficient funding. **Decision-makers and the public should be made aware of project delays and likely added costs for all currently approved projects that do not make the final priority project funding list.**
- **PROJECTS TAKE TOO LONG TO COMPLETE** - The 2003 Highway Program audit identified that, on average, it took 12 years for the Department to incur all expenses on projects. The recent LAB audit identified an 18-year timeframe for 13 of the 19 projects from enumeration to completion. Six of these projects took more than 20 years to complete from the time of enumeration. That's way too long! **The Department needs to identify and remove state or federal project**

requirements that add delays to the construction process while still maintaining adequate public input and environmental analysis.

**Major Highway projects are either 1) a project having a total cost of more than \$30,000,000 and involving a) construction of a new highway 2.5 miles or more in length; b) reconstruction or reconditioning of an existing highway that relocates at least 2.5 miles of highway or adds one or more lanes five miles or more in length to the highway; or c) improvements of an existing multilane, divided highway to freeway standards or 2) a project having a total cost of at least \$75,000,000. For projects of the first type, the project must be enumerated by the Transportation Project Commission (TPC) and approved by the Legislature. For projects of the second type DOT must request approval to proceed from the TPC.*

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