



Wisconsin Department of Transportation

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Scott Walker
Governor

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Secretary

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DATE: December 6, 2016

TO: Members, Assembly Committee on Transportation
The Honorable Keith Ripp, Chair

FROM: Mark Gottlieb, P.E., Secretary
Wisconsin Department of Transportation

SUBJECT: Agency 2017-19 Biennial Budget Request

Chairman Ripp and Committee Members:

Thank you for this opportunity to present information on the Wisconsin Department of Transportation's (WisDOT) 2017-19 biennial budget request, as well as our ongoing efforts to responsibly manage our transportation system.

As you are aware, last June Governor Walker directed our department to submit a budget proposal focused on four key themes: (1) no increase in transportation taxes or fees, (2) a responsible level of bonding, (3) a highway program that emphasizes maintenance, safety and system preservation, and (4) an increase in local aids. The department's September 15 budget proposal is consistent with that directive. Allow me to share some key provisions that correspond to the governor's priorities.

Taxes, Fees and Bonding

The proposed budget maintains the current fuel tax and vehicle registration fee structures. The requested bonding of \$500 million is the lowest level in 15 years and a 41 percent reduction in borrowing from the current biennium. The department believes that this level of bonding is appropriate and will, if continued, lead to a long-term stabilization of our debt service ratio at approximately 25 percent of state revenues.

State Highway Program

The state highway program has four components: State Highway Rehabilitation (SHR), Major Highway Development, Southeast Megaprojects and State Highway Maintenance. To meet the governor's objectives, funding priority was given to SHR and maintenance.

The SHR Program funds the resurfacing, reconditioning and reconstruction of state highways and bridges, including the 1,600-mile backbone system that carries 49 percent of all traffic and 70 percent of freight. It also funds a variety of safety-related improvements. For this program, we proposed the highest level of funding ever, \$1.707 billion.

The State Highway Maintenance program primarily funds routine maintenance performed on the state system by county highway departments including snow and ice control, minor pavement repairs, traffic operations, signing and marking, vegetation management and maintenance of roadside facilities. Our budget proposal increases state highway maintenance funding by 13 percent, or \$69.7 million, to an all-time high of \$605.5 million.

In order to meet our priorities, schedule adjustments have been made on several other major projects. These projects include US 18/151 (Verona Road), I-94 N/S, US 10/WIS 441, WIS 15, and the north leg of the Zoo Interchange. However, the budget request does keep other critical major and mega projects moving forward, to include the Zoo Interchange core and I-39/90. In addition, the department proposes the enumeration of the I-94 East-West project in Milwaukee County as a Southeast Megaproject. These projects are important to the state and to their respective regions. Not only do they serve the traveling public, but they also directly support the continued growth of the state's economy.

There has been much recent discussion about the condition of the state's highways and bridges. Using the department's nationally accepted methods of assessing highway and bridge condition, 98 percent of backbone highways, 79 percent of non-backbone highways and 97 percent of state bridges are currently in fair or better condition. I should add that bridge conditions have improved markedly since 2000. We have reduced state and locally owned structurally deficient bridges by 60 percent and 22 percent respectively.

Local Aids

Local roads under county, city, village or town jurisdiction represent 90 percent of all roadway miles and 42 percent of vehicle miles traveled. To better assist local governments with upkeep of this system, we have proposed a \$65 million increase across several different aid programs. This represents the largest year-to-year increase in local aids since calendar year 2000 and includes:

- A \$46 million increase in General Transportation Aids for municipalities and counties – increases of 4.7% and 8.1% respectively. General Transportation Aids, which will total \$884 million under our proposal, provide local governments with needed assistance to offset the cost of county and municipal road construction, maintenance, enforcement and traffic operations.
- A \$14 million, or 25% increase in the Local Road Improvement Program, to a total funding of \$70 million. This program assists local governments in improving seriously deteriorating county highways, town roads, and city and village streets.

- A \$5 million, or 30% increase in the Local Bridge Program which helps rehabilitate and replace the most seriously deficient existing local bridges on Wisconsin's local highway systems.

Stewardship

I've covered the main points of our budget request, and now I would like to tell you about what I think is key to our success: a culture of innovation, efficiency and continuous improvement. It's important for everyone to know that the money in the transportation fund is spent wisely. This culture is demonstrated in WisDOT's MAPSS Performance Improvement Program, a program that strives for continuous improvement through a focus on five core transportation goals: mobility, accountability, preservation, safety and service. This data-driven program provides us with metrics to measure the performance of the state's transportation system. It is fully transparent. Anyone at any time can visit our website for the latest reports on specific measures.

Our mission statement is a simple one: *to provide leadership in the development and operation of a safe and efficient transportation system.* Our 3,400 employees take this mission seriously. We accomplish it through a commitment to data-driven asset management, productive partnerships with key stakeholders, innovation in project delivery and continuous process improvement.

Since 2011, WisDOT has saved over \$1.5 billion through the many initiatives we have implemented throughout the department to improve performance and reduce cost. For fiscal year 2016 specifically, WisDOT recorded almost \$99 million in savings that resulted directly from improvements to processes, products and services related to design and construction as well as vigilant management of ongoing road improvement projects. Almost \$7 million was saved in similar fashion elsewhere in the department, particularly in the delivery of services, namely in our Division of Motor Vehicles. Combined that's more than \$100 million in savings. You will find more detail and specifics regarding these efforts in the report I'm leaving with you today entitled *Better, Faster, Lower Cost*. It details the many technologies, cutting-edge research initiatives, best practices and cost-effective policies the department is utilizing to deliver transportation projects and services in an efficient and responsible fashion.

Additionally, we had more than \$112 million in one-time "let savings," which allowed us to advance 75 transportation projects not originally planned for fiscal year 2016. In fiscal year 2017, the department is continuing to scrutinize project and bid numbers to further maximize savings potential.

In closing, without raising taxes or fees and with limited borrowing, the Wisconsin Department of Transportation's 2017-19 biennial budget request makes a significant investment in Wisconsin's transportation system and our state's economy. It prioritizes preservation, maintenance and safety while significantly increasing local aids and protecting our past transportation system investments.