



It's how we get there

December 6, 2016

Testimony on the 2017-19 WisDOT Budget Request Craig Thompson, TDA Executive Director

Thank you Chairman Ripp and members of the Committee for the opportunity to speak on this important topic this morning.

The Transportation Development Association of Wisconsin is a statewide membership organization that was established in 1971 to advocate for a well-maintained, interconnected transportation network. That network includes more than 115,000 miles of interstate, state and local roads; 81 public transit systems; 29 commercial ports; 10 railroads, including 4 Class I railroads; and 127 public-use airports.

Our members, many of whom you heard from today, range from local governments, chambers of commerce, engineering firms, regional planning commissions, labor, contractors, agriculture, timber and other businesses that understand the importance of a well-maintained transportation system.

Importance to Economy

Most people intuitively understand that a transportation system that safely and efficiently moves goods and people is important to the health of the economy. But here in Wisconsin, our economy is more dependent upon that system than almost any other state in the country:

- In 2012, more than 516,000 residents were employed in the transportation-dependent industries of manufacturing, trucking and agriculture.
- As a share of total employment, the three were responsible for nearly one-in-five jobs. Nationally, that figure was only one-in-ten.
- Moreover, 23.1% of all Wisconsin wages were paid by these three industries, compared to only 12.5% nationally.
- In both employment and wage shares for these transportation-dependent industries, Wisconsin ranked **second** nationally.

Core Responsibility

While there is a difference of opinion over the proper size and scope of government, one of the most fundamental responsibilities of government, no matter how limited, is providing and maintaining a transportation network.

Executive Director Craig Thompson

Wisconsin is Failing

Despite the obvious importance of our transportation infrastructure, it is in disrepair. There can be little doubt about this. There has been a great deal of coverage about Wisconsin having the third roughest roads in the nation. That is not hyperbole or spin. It comes from the International Roughness Index (IRI) that is submitted by each state annually. This is the only comparable data on road conditions collected by the Federal Highway Administration.

In the Reason Foundation's most recent report, Wisconsin didn't fare a whole lot better. Wisconsin ranked 41st in the condition of our Rural Interstates. The report makes a special note that: "the amount of poor mileage [on the rural interstates] increased most significantly in Wisconsin, Colorado and Iowa." In that same report the condition of Wisconsin's Urban Interstates ranked 38th.

The Wisconsin Taxpayers Alliance issued its benchmark report card for Wisconsin in 2015. Among the more than 20 areas that were measured, the condition of Wisconsin's transportation infrastructure received the worst grade on the entire report card – a D.

Local governments in Wisconsin are on replacement schedules that are at least three and four times longer than what their roads were designed to last.

The picture - no matter how you look at it - is not pretty.

We Didn't Arrive at this Situation Overnight

The sorry state of Wisconsin's transportation infrastructure has been more than a decade in the making and has been extensively studied, discussed and debated. In 2006 there was the Road to the Future Commission that consisted of 12 lawmakers from both parties that found Wisconsin faced over a \$700 million annual shortfall in revenue and warned of the ramifications of failing to act. In the 2011-12 biennial budget, the Transportation Finance and Policy Commission was created and charged with providing recommendations of system and revenue needs for the ensuing 10 years. This commission had ten citizen members appointed by the governor and legislature. After a year of hearings and study the Commission released its report in January of 2013. It concluded Wisconsin is over \$1 billion short annually of the revenue needed to simply keep transportation services, conditions, and traffic congestion at current (2013) levels.

In each of the biennial state budgets that were passed during these years, the consequences of inaction were debated eloquently and passionately but ultimately no consensus on finding a sustainable solution was found. The duct tape that was used to keep the transportation budgets hanging together has been bonding. Wisconsin relied on bonding not as part of a financing strategy but rather a surrogate for funding. As a result we have gone from debt service eating up 7% of the transportation revenues in 2002 to it now consuming about 20%.

A Pivotal Time

At TDA we believe it is imperative that this time around we find the will to stop digging a deeper hole. We have been traveling the state listening to businesses and citizens and local government officials talk about the challenges they are facing in terms of local transportation needs. People are frustrated. There can be no mistake. Local officials were frustrated enough to organize a statewide, town-hall meeting on this topic alone.

One of the core messages from TDA during these recent years has been that we can't let the rest of Wisconsin wither on the vine while we continue the necessary but expensive endeavor of rebuilding our 60 plus year old interstate system. We need a sustainable solution.

While there are no easy answers, the proposal that is currently being considered is one that we quite frankly never contemplated. Namely, that we will simply walk away from our responsibility to rebuild our interstates in Wisconsin. This proposal actually *reduces* the state highway program by almost \$450 million from the previous budget. Rather than finding a way to shorten the roughly 30-year schedule for rebuilding our Interstates in Southeast Wisconsin, this proposal instead goes in the exact opposite direction and throws any schedule out the window. It is hard to fathom how that is going to do anything other than lower our already bottom-of-the-barrel ranking. In fact the Transportation Finance and Policy Commission warned that if Wisconsin's highway funding remained flat, the percentage of the system in poor or worse condition would increase from 20% in 2014 to 42% in 2023.

Our transportation system is just that – a system. Our transit systems and rail lines and airports and ports all work together to provide a network for the movement of goods and people. TDA consistently points out that our disparate and diverse economy depends on our local roads that constitute the feeder system to the backbone. But, it should go without saying that the main arteries that accommodate the most heavily traveled freight and pedestrian routes in the state are important as well.

In November of 1982 Ronald Reagan made a plea to the American public through his radio address to increase the national user fee in order to resurface our then twenty-some year old interstate system by stating: "We simply cannot allow this magnificent system to deteriorate beyond repair. The time has come to preserve what past Americans spent so much time and effort to create... America can't afford throwaway roads or disposable transit systems. The bridges and highways we fail to repair today will have to be rebuilt tomorrow at many times the cost."

Inefficient

By the end of 2019, the Marquette Interchange and the Zoo Interchange, excluding the North Leg, will be complete. They will have been completed under budget but still at a significant cost. Between them, however, will remain a stretch of I-94 right in front of Miller Park that is over 60 years old and has been rehabilitated four times. Concrete falls from overhead bridges. 89 percent of the corridor has crash rates higher than the statewide average. Needless to say,

travel time is unreliable. What is the schedule for I-94 East-West to be redone under this proposal? Are we really maximizing the investment we have already made on our two biggest interchanges when this bottleneck remains between them?

Wisconsin has also completed the rebuild of I-94 from the Illinois line up through Kenosha. In this area we have seen tremendous economic activity. But I-94 between Kenosha and Milwaukee remains a doughnut hole of 60 year old interstate that has been rehabilitated three times. Under the proposal being contemplated when will this project be completed? There are 5 other projects intertwined in this region that are languishing: 1) the North Leg of the Zoo Interchange; 2) I-894 Bypass; 3) I-94 Jefferson County line to the Zoo Interchange; 4) I43 – Mitchell Interchange to Silver Spring Drive; 5) I-41 – Zoo Interchange to the Richfield Interchange.

This proposal delays all of these projects indefinitely. Each time one of these stretches of Interstate are rehabilitated it lasts for fewer years. Drivers in Southeast Wisconsin should prepare to be sitting in traffic for the next generation as orange barrels are dropped down to continually overlay and band aid these extensively traveled sections of our system.

The Proposal Hurts Safety and Maintenance

The proposal that you are holding the public hearing on today does not improve safety or maintenance of our existing system. It would in fact have the opposite effect.

As just one example, Highway 23 between Fond du Lac and Sheboygan has been the scene of too many fatal accidents in recent years. Local officials and lawmakers have decried the needless loss of life and advocated for this project to be completed. While, it is currently held up in litigation, this proposal would nonetheless delay this project by a minimum of three more years.

The aforementioned projects that have been under study and are awaiting enumeration have outdated and unsafe design features as well as crash rates above the statewide average.

In order to simply keep some of the deficient bridges and other stretches of interstate safe for travel in the southeast corridor, state highway rehabilitation dollars are undoubtedly going to be diverted from other places in the Wisconsin.

Some have argued that we don't need to rebuild these portions of our Interstate due to a decrease in Vehicle Miles Traveled (VMT) in recent years. This is an erroneous argument for several reasons. The first being that these roads are simply past the end of their useful life and need to be rebuilt whether there are .5 percent more cars or 50 percent more cars traversing them. Second, while VMT flattened and declined for several years during the Great Recession, that trend has turned around significantly. VMT in Wisconsin has increased each of the past four years and it jumped 4.2% in 2015 to a record 62.1 billion miles. The growth in commercial traffic increased 20 percent in just the last four years.

Others Have Found a Way

While rebuilding our 60 plus year old Interstate System is expensive, it is an investment that other states continue to step up to the plate and make. Twenty-four states in the last several years have passed funding packages to at least begin to meet their transportation challenges. This has occurred in the reddest of red states and the bluest of blue states.

In 2014, voters in Wisconsin had a chance to amend our state's constitution to ensure that the user fees we pay to maintain our system go for that purpose and that purpose only. The consensus was astounding. 80% of voters, voted "Yes" to amend our state constitution so that the two transportation user fees we pay – state gas tax and vehicle registration fees go into a constitutionally segregated fund that can only be spent on transportation.

When you look at what Wisconsinites pay for those two user fees to maintain our system, it is significantly lower than any of our neighboring states in the Midwest.

Delaying projects isn't leadership. Forcing local governments to borrow more or pass wheel taxes or place even more on the property tax isn't looking out for taxpayers - it is passing the buck.

While there may be no easy answers, finding a sustainable solution certainly shouldn't be the most complex or daunting challenge facing Wisconsin in 2017. Other states have met the challenge.

It would be sad to say that Wisconsin simply can't find a way. Our answer cannot be that we are going to inhibit the movement of goods and jeopardize the safety of the traveling public in Wisconsin because we can't figure out the politics.

It is only December of 2016. This body will not formally consider a budget until early next year. There is certainly time to come together to fix this core state responsibility that is clearly in need of fixing. The citizens of this state don't want politics they want you to Just Fix It.

Additional Testimony

Dave Brose, TDA President

Good Afternoon. I am Dave Brose, Senior Vice President with EMCS and President of the Transportation Development Association of Wisconsin.

Thank you for providing us this opportunity today. I won't add too much on to what Craig had to say other than to point out a couple of things.

First, as Craig alluded to in his testimony, we all want to make sure the dollars we send to Madison when we pay our \$75 registration fee and the state gas tax when we fill up our

vehicles is spent as efficiently as possible. TDA sent a letter early on to the Joint Audit Committee supporting and encouraging an audit of the Department of Transportation. We await the findings of that audit, and we should try to make improvements everywhere we can.

However, the inefficiencies that I see, in the way we are planning for projects as a result of unstable and unknown funding, will dwarf any bureaucratic inefficiencies the Audit Bureau may be able to find. For example, I was involved in the design of the Zoo Interchange in Milwaukee when it was first stopped in 1992 due to lack of funding. This project was put on hold and finally started again in 2007 and is now under construction. However, before the construction began in 2013 and before the design was complete, the Department had to spend \$16 million dollars in 2010 as part of an emergency replacement of three bridges that were failing and would not survive until 2013. These \$16 million dollars became throw away costs since these bridges could not match the new design of the interchange. The freeway system was built in the 1950's and 1960's and is on borrowed time. The longer we wait to replace this system, in its entirety, the more we will spend on "throw away" costs to buy us time.

These inefficiencies are also happening on I-94 North-South in Racine County. Due to a shift in funding, portions of the I-94 North-South construction were put on hold. In an effort to finish this construction, the Department is trying to do what they can by breaking the reconstruction into smaller projects to take advantage of available dollars. This is resulting in having to redesign the staging and sequencing that was well laid out. This is adding costs and inefficiencies to the project.

Second, I will tell you that if Wisconsin does not come up with a sustainable transportation solution, you will continue to see a significant outward migration of talent in the engineering field. Simply put, other states have work because they have reached agreements on a sustainable solution, and are moving forward on rebuilding and repairing their roads. As we stand today in Wisconsin, that is not the case. I know of multiple firms that have moved people to other states, or laid off engineers, due to lack of work in Wisconsin. Most of these firms will acknowledge, that they do not expect to be able to bring back these people once, and if, the work returns.