

Date: May 22, 2019

To: Members of the Wisconsin Legislature

From: Representative Sanfelippo and Senators Tiffany, Craig, Kapenga, Nass

Re: Co-sponsorship of the Road to Sustainability Package (RSP)

Deadline: May 31, 2019

The Road to Sustainability Package (RSP) is a group of bills that require meaningful operational reforms to improve department-wide efficiency. A recent audit by the Legislative Audit Bureau pointed to the need for the Department of Transportation to *“use its funds more effectively and improve how it manages the planning, engineering, and construction phases of state highway projects, as well as its maintenance of state highways.”* This package of legislation is aimed at accomplishing those goals.

Additionally, Wisconsin has the ability to provide a long-term stable funding source for our transportation requirements without the need to increase or create additional taxes. Providing a stable source of funding without raising taxes will lead to a substantial reduction in borrowing to cover costs in future years.

We can create a more efficient DOT that will be less reliant on bonding with a more sustainable source of revenue through passing the legislation included in the RSP.

The deadline to co-sponsor this bill is **Friday, May 31, 2019 at Noon.**

If you would like to co-sponsor these pieces of legislation, please reply to this email or contact Rep. Sanfelippo at 6-0620, or the Senate authors of the respective bills listed below.

All co-sponsors will be added to the Senate companion version of the bill unless otherwise requested.

1. Senators Tiffany, Nass and Representatives Sanfelippo, Felzkowski, Kuglitsch, Ott, Wichgers

LRBs 3344/1132 - relating to: depositing sales tax revenue from the sale of motor vehicles and motor vehicle parts, accessories, and services into the transportation fund.

Auto related sales tax transfer to transportation fund – Transfers auto related sales taxes to the transportation fund over a fifteen year period of time. Using this method, transportation needs are funded, taxes are not raised and the transfer per year is under the historical growth in sales tax collections. In the first year, \$103M (10%) is transferred, and this is increased to \$517M (50%) in the fifteenth year. The percentage that transfers

stays within the average growth Wisconsin has seen over the last several years. In other words, it is only new money and does not take funding away from other state programs.

- 2. Senators Tiffany, Nass and Representative Sanfelippo, Kuglitsch, Ott, Wichgers**
LRBs 3326/2377 - relating to: bids proposing the use of alternate subbase materials.
Creates a **Subgrade Efficiency Provision** in state law, which will allow contractors to review the department's list of approved, structurally equivalent alternatives for subgrade construction and propose whichever subgrade construction approach is lowest cost for the contractor to bid and construct.
- 3. Senators Tiffany, Nass and Representatives Sanfelippo, Felzkowski, Kuglitsch, Ott, Wichgers**
LRBs 3327/2376 - relating to: Department of Transportation project cost reduction incentives.
Creates **Cost Reduction Incentives** under Wisconsin law to encourage innovation and cost containment during construction. This provision, in effect, encourages "cost underruns" instead of cost overruns.
- 4. Senators Tiffany, Nass and Representative Sanfelippo, Kuglitsch, Ott, Wichgers**
LRBs 3331/2380 - relating to: highway project design inventory for design-build projects.
Expands the number of **Plans on the Shelf** so that the project pipeline can be managed more efficiently. Under this provision, the department must maintain an inventory of design-build projects
- 5. Senators Tiffany, Nass and Representatives Sanfelippo, Felzkowski, Kuglitsch, Ott, Wichgers**
LRBs 3349/2382 - relating to: water quality management in state highway projects.
Incentivizes innovation in approaches to achieving water quality goals in road construction by creating **Cost Reductions through Improved Water Quality Performance.**
- 6. Senators Tiffany, Nass and Representative Sanfelippo, Kuglitsch, Ott, Wichgers**
LRBs 3328/2378 - relating to exemption from local zoning ordinances for certain transportation project aggregate and concrete production sites.
Amends state law to treat temporary aggregate sources and concrete batch facilities for DOT projects the same way as materials used for embankments and earthwork in such projects.
- 7. Senators Tiffany, Nass and Representatives Sanfelippo, Felzkowski, Kuglitsch, Ott, Wichgers**
LRBs 3329/2379 - relating to: sourcing materials from within the right-of-way of a highway improvement project.
Requires the department, where applicable, to utilize materials needed for a particular project from sources on the DOT right-of-way, rather than pay a higher cost to source and transport materials from more distant locations.

- 8. Senators Tiffany, Nass and Representative Sanfelippo, Kuglitsch, Ott, Wichgers**
LRBs 3332/2381 - relating to: a fixed-price variable-scope contract for local bridge construction and maintenance.
Creates a **Bridge Bundling Pilot Project** to achieve the maximum volume of bridge work possible for a fixed price. This provision requires the department to solicit a fixed-price contract before the end of 2019 for \$150M in bridge work and to award the contract to the qualified bidder who proposes the maximum volume of work for the fixed price.
- 9. Senators Craig, Nass and Representatives Sanfelippo, Felzkowski, Kuglitsch, Ott, Wichgers**
LRBs 3336/2824 - relating to: requiring an inspector general to investigate Department of Transportation programs and activities and making an appropriation.
DOT Inspector General – Creates a financial-savings mechanism with the placement of an Inspector General (IG) within the Legislative Audit Bureau to independently review DOT fiscal and process activities. The IG will report directly to the legislature and function as a watchdog to proactively seek out waste, fraud, and abuse.
- 10. Senators Craig, Nass and Representative Sanfelippo, Kuglitsch, Ott, Wichgers**
LRBs 3333/2033 - relating to: requiring approval by a municipal governing body before construction of highway roundabouts.
Local Approval of Roundabouts – Creates local review and an additional fiscal management tool to ensure that a roundabout is both needed and wanted in the local municipality in which it is proposed.
- 11. Senators Craig, Nass and Representative Sanfelippo, Kuglitsch, Ott, Wichgers**
LRBs 3338/2773 - relating to: scope of highway improvement plans.
Replace in kind – Provides for financial-savings mechanism by requiring, with certain exceptions, that DOT plan for a highway improvement involving reconstruction or replacement of an existing highway must be for an improvement that is of substantially the same scope as the highway being reconstructed or replaced, including the use of the same or similar materials and substantial maintenance of the existing footprint.
- 12. Senators Craig, Nass and Representative Sanfelippo, Kuglitsch, Ott, Wichgers**
LRBs 3334/2771 - relating to: requiring a local referendum to impose a wheel tax.
Local wheel tax referendum – Empowers taxpayers to approve local transportation tax increases proposed through the adoption of new or additional wheel tax measures via local referendum.
- 13. Senators Craig, Nass and Representatives Sanfelippo, Felzkowski, Kuglitsch, Ott, Wichgers**
LRBs 3335/3106 - relating to: discretionary merit awards by the Department of Transportation.
Merit Pay for finding efficiencies – Creates another financial-savings mechanism within

DOT by providing discretionary additional merit compensation for DOT employees who identify a cost savings, efficiency or innovation with the agency.

- 14. Senators Craig, Nass and Representative Sanfelippo, Kuglitsch, Ott, Wichgers**
LRBs 3350/3025 - relating to: bidding procedures for highway improvements.
Single bidder contracts – Requires the DOT to rebid any project for which only a single bid is received if that bid exceeds the department’s estimated cost of work by 10% or more. Allows DOT to avoid the requirement in cases of a threat to public safety, with JFC approval.
- 15. Senators Kapenga, Nass and Representatives Sanfelippo, Felzkowski, Kuglitsch, Ott, Wichgers**
LRBs 3330/2281 - relating to: alternative highway project delivery methods, providing an exemption from emergency rule procedures, and granting rule-making authority.
Alternative delivery methods – Creates a pilot program for the use of alternative delivery methods such as design-build and fixed price variable scope. If JFC determines that the pilot program provides additional tools and benefits the department, they may adopt the program permanently before the end of the pilot. Studies have found that design-build methods have led to projects being completed faster and for less money with the same quality. Wisconsin is currently only one of 5 states that does not allow design-build for transportation projects.

Analyses by the Legislative Reference Bureau

See attached bills.