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JOINT COMMITTEE ON FINANCE

MEMORANDUM

To: Members
Joint Committee on Finance

From: Senator Howard Marklein
Representative Mark Born

Date: April 20, 2023

Re: DOT Report to JFC

Attached is a report on the fiscal status of the Highway Maintenance Appropriation from the Department of Transportation, pursuant to 2015 s. 13.10 action.

This report is being provided for your information only. No action by the Committee is required. Please feel free to contact us if you have any questions.

Attachments

HM:MB;jm



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J. Finance

April 20, 2023

The Honorable Howard Marklein, Co-Chair
Joint Committee on Finance
Room 316 East State Capitol
P.O. Box 7882
Madison, WI 53707-7882

The Honorable Mark Born, Co-Chair
Joint Committee on Finance
Room 308 East State Capitol
P.O. Box 8953
Madison, WI 53708

Dear Senator Marklein and Representative Born:

I am pleased to submit the Department of Transportation's fiscal year 2023 (FY23) fourth quarter "Biannual Report to the Joint Committee on Finance on the Fiscal Status of Highway Maintenance Appropriations." The Department does not expect to request an increase in FY23 budget authority under ss. 13.10 and 13.101, Wis. Stats., for its state-funded highway maintenance appropriations. However, this report fulfills a requirement promulgated by the Committee in conjunction with the fiscal year 2015 s. 13.10, Wis. Stats., supplement to appropriation s.20.395 (3)(eq), Wis. Stats., *Highway System Management and Operations, state funds*. In granting the Department's request for a supplement, the Committee said:

"Stipulate that the approval of future requests for maintenance funding under s. 13.10 of the statutes is contingent upon the Department's submission of biannual reports to the Committee regarding the fiscal status of the routine maintenance and highway system management and operations appropriations...."

The Department is reporting on two state-funded highway maintenance appropriations.

- Appropriation s. 20.395 (3)(es), Wis. Stats., *Routine Maintenance, state funds*, provides funding for routine maintenance expenditures for the state trunk highway system carried out through contracts with each of the state's 72 counties. Activities include winter and non-winter routine maintenance such as snow plowing and de-icing; small crack filling and the application of sealcoats; interim repair of highway surfaces and roadside structures; bridge, drainage and culvert maintenance; mowing and vegetation control; sign maintenance and replacement, and other measures deemed necessary to provide adequate traffic service.
- Appropriation s. 20.395 (3)(eq), Wis. Stats., *Highway System Management and Operations, state funds*, provides funding for the Highway and Bridge Maintenance and Operations programs. This appropriation funds the purchase of road salt for state trunk highways and non-routine maintenance for state highways and bridges that is carried out by state staff or private contractors. It also funds the Traffic Management, Systems and Operations program which supports the highway improvement program with traffic system planning, operates the Traffic Management Center, and maintains the state's traffic control devices and safety measures.

For each of these appropriations, the report includes:

- A summary of the Department's planned expenditures from these appropriations through the end of FY23;
- Estimates of the anticipated FY23 ending balances of these appropriations; and
- Anticipated events that could result in unfunded but essential spending.

Thank you for the opportunity to provide this information. If you have questions, please contact Jim Donlin, Budget Director in the Division of Budget and Strategic Initiatives at 266-9546.

Sincerely,

A handwritten signature in black ink, appearing to read 'Craig Thompson', with a stylized flourish at the end.

Craig Thompson
Secretary

cc: State Budget Office, Department of Administration
Legislative Fiscal Bureau

April 20, 2023

Biannual Report to the Joint Committee on Finance on the Fiscal Status of Highway Maintenance Appropriations

The Wisconsin Department of Transportation (the Department) submits this report in compliance with a 2015 Joint Committee on Finance stipulation related to future supplemental funding requests for Highway System Management and Operations funding and Routine Maintenance funding. The report is accompanied by a letter of transmission addressed to the Joint Committee on Finance Co-Chairs.

At the time of this submission, the Department does not anticipate requesting an increase in state fiscal year 2023 (FY23) budget authority under ss. 13.10, Wis. Stats, in either s. 20.395 (3)(eq), Wis. Stats., *Highway System Management and Operations, state funds* or in s. 20.395 (3)(es), Wis. Stats., *Routine Maintenance, state funds*. However, the possibility exists that an unforeseen circumstance may result in unanticipated spending and necessitate such a request.

This report provides information on the status of both maintenance appropriations, as required by the committee.

Program Background Information

- A. Appropriation s. 20.395 (3)(eq), Wis. Stats., *Highway System Management and Operations, state funds* (numeric 365) funds two key Department program areas: (1) Highway and Bridge Maintenance and Operations, and (2) Traffic System Management and Operations.
- (1) The Highway and Bridge Maintenance and Operations program includes a wide range of activities to support maintenance and operational functioning of the state's highway system. While most routine maintenance activities are performed by the state's 72 counties under contract to the Department and funded from a separate appropriation, most road salt purchases and non-routine maintenance of state highways carried out by state staff or private contractors are funded from Appropriation 365. Activities include:
- Salt for state highways (this purchase does not include salt used for local or county roads);
 - Bridge maintenance and repairs;
 - Maintenance and repair of roadside facilities, including rest areas, waysides and historic markers;
 - Base and shoulder repair, culvert inspection and repair, and vegetation management;
 - Non-routine highway maintenance such as emergency and corrective actions to repair road washouts, bridge hits, pavement blowouts and buckling;
 - Winter maintenance activities not contracted to the state's county highway departments;
 - Coordination and oversight of county maintenance providers and contracted inspection and repair providers;
 - Inspection and maintenance of sign bridge structures, high mast light poles and monotubes;
 - Asset management activities including data collection and analysis to assure safe and effective functioning of the state trunk highways system;
 - Oversize overweight vehicle routing and permitting.
- (2) The Traffic System Management and Operations program includes a wide range of activities to support the operations, maintenance, functionality, and safety of the state's highway system:
- Highway improvement project needs related to traffic system planning, design, deployment and management. Specific examples include:
 - Operational analysis to ensure consistent implementation of traffic modeling, traffic impact analyses and intersection control evaluation for highway improvement projects.
 - Traffic safety engineering to create safer highway designs and improve safety in work zones.
 - Work zone management to ensure consistent implementation of the federal safety rules in construction zones and to implement strategies to minimize traffic delays.
 - Planning and design of intelligent transportation system (ITS) infrastructure and signal systems.
 - Deployment, repair, maintenance and enhancement of traffic systems and safety devices. Specific examples include:

- Repair, replacement and maintenance of traffic control equipment, including ITS, signals and lighting.
- Electrical device (ITS, lights, signals) utility fees
- Deployment and maintenance of signs providing traffic, safety and travel information.
- Pavement marking and striping.
- Operation of the Traffic Management Center and its information technology systems, which provide real-time traffic data to law enforcement, first responders, and the public.
- Collection, analysis and provision of travel and highway system information for use by government, business and the public.
- Coordination of the state's Emergency Transportation Operations and Traffic Incident Management Enhancement programs which ensure coordinated operation of the transportation system during emergencies and traffic incidents.

B. Appropriation s. 20.395 (3)(es), Wis. Stats., *Routine Maintenance, state funds* (numeric 368) funds routine maintenance expenditures for the state trunk highway system.

The Routine Maintenance Program provides state funding for activities carried out through contracts with each of the state's 72 counties. These contracts, called Routine Maintenance Agreements, include winter maintenance activities such as plowing and de-icing, and non-winter routine maintenance such as small crack filling and the application of sealcoats; interim repair of highway surfaces and roadside structures; bridge, drainage and culvert repair; mowing, vegetation control; sign maintenance and replacement, roadside facility maintenance, and other measures deemed necessary to provide adequate traffic service and state highway maintenance. County crews are also responsible for performing corrective activities to restore roadways and repair items such as signs, signals and guardrails following damage from vehicular crashes, bridge hits and severe precipitation or windstorms.

The Department provides funding, sets standards, tracks data, and provides oversight to maintain the state highway system. The counties provide labor, equipment, materials and facilities. The use of counties to provide these services is mutually beneficial because the Department does not have to hire its own maintenance crews or purchase equipment and maintenance materials. Counties benefit by more fully utilizing their equipment and staff.

Joint Committee on Finance Report Elements

The Joint Committee on Finance s. 13.10, Wis. Stats., motion specified the biannual report include three components, which are detailed in the following sections.

(a) A summary of the department's planned expenditures from these appropriations through the end of the current fiscal year;

(b) estimates of the current and anticipated ending balances of these appropriations in the current fiscal year.

Table 1 shows the FY23 funding levels, planned expenditures and projected ending balance for s. 20.395 (3)(eq), Wis. Stats., *Highway System Management and Operations, state funds* - Appropriation 365. It also shows the Chapter 20 appropriated amounts and the allocated funding in s.20.395 (3)(ex), Wis. Stats., *Highway System Management and Operations, federal funds* (Appropriation 385), the federal counterpart to Appropriation 365.

**Table 1 - Highway Systems Management & Operations Spending Plan
Appropriations 365 and 385 - State and Federal Funds**

	Appropriation 365-State	Appropriation 385-Federal	Total FY 2023
Revenues			
State Carryover Balance from Previous Fiscal Year	11,578,853		11,578,853
New State Funds (Chapter 20-Appn 365)	100,180,400		100,180,400
Federal Funds (Carryover from prior year)	0	1,559,461	1,559,461
Federal Funds (Current Year)	0	1,172,200	1,172,200
Vegetation Management Revenues	2,700,000		2,700,000
Total Funds Available	114,459,253	2,731,661	117,190,914
Prior Year Commitments			
June Let Contracts	635,000		635,000
Projected Expenditures			
DTSD Maintenance and Traffic Operations staff Operating Budget Costs	34,300,000	430,000	34,730,000
Highway Maintenance System Management and Operations			
Salt Costs - pre-season purchase	24,919,508		24,919,508
Vendor Reserve Salt - (set-aside, not yet purchased)	5,269,195		5,269,195
Rest Area Management Program (ongoing operations)	8,950,561		8,950,561
Rest Area Program Management & Utilities	1,655,088		1,655,088
Rest Area Facility Repairs	1,800,000		1,800,000
Safety Weight Enforcement Facility Maintenance, Repairs, Internet, & Utilities	918,319		918,319
Roadside Vegetation & Living Snow Fence/Blowing Drifting Control	2,700,000		2,700,000
Oversize/Overweight Vehicle, Facilities, and State Highway Connection ePermitting Software	1,239,455		1,239,455
Facilities FAMIS (Facilities Administration Management Information System) Consultant & DTSD Cost share with DBM	93,730		93,730
Roadsides (Adopt-a-Highway) and Fire Claim Reimbursements	225,000		225,000
Subtotal	\$47,770,856	\$0	\$47,770,856
Traffic System Management and Operations			
Statewide Traffic Operations Center Operations, Support, and Advanced Traffic Management System Annual Support	3,650,677	2,300,000	5,950,677
Freeway Service Teams	805,000		805,000
Next Generation Video Management System and IT Needs	500,000		500,000
Traffic Operations, Safety and Work Zone Support	1,836,700		1,836,700
Electrical Device (lights, signals, Intelligent Transportation System devices) Utilities and Maintenance Costs	5,612,238		5,612,238
Pavement Marking (epoxy lets to private contractors)	6,419,000		6,419,000
Truck Parking Information Management System	175,000		175,000
Type I Sign Replacement	700,000		700,000
Sign Manufacturing (the installation by county forces is funded in Appr 368)	2,184,700		2,184,700
Lighting - phased replacement of outdated lights with light emitting diode (LED)	3,000,000		3,000,000
Subtotal	\$24,883,315	\$2,300,000	\$27,183,315
Bridge Maintenance (most routine bridge maintenance is carried out by counties through RMAs and not shown here)			
Bridge Maintenance (Border Bridges & Hoan Fencing)	2,725,000		2,725,000
SE Region Ancillary Structure, Retaining Wall & Slope Repairs	3,900,000		3,900,000
Subtotal	\$6,625,000	\$0	\$6,625,000
FY23 Projected Expenditure Total	\$114,214,171	\$2,730,000	\$116,944,171
Projected Balance End of Fiscal Year	\$245,082	\$1,661	\$246,743

Table 2 shows the funding level and projected FY23 expenditures for s. 20.395(3)(es), Wis. Stats., *Routine Maintenance, state funds* – Appropriation 368 and federal counterpart 20.395 (3)(ey), *Routine Maintenance, federal funds* – Appropriation 380.

Table 2 - Routine Maintenance Spending Plan Appropriations 368 and 380 – State and Federal Funds			
	Appropriation 368- State Funds	Appropriation 380- Federal Funds	Total SFY23
Revenues			
State Carryover Balance from Previous Fiscal Year	47,972,593		47,972,593
368 Chapter 20 State Funds	188,366,500		188,366,500
Federal Carryover Balance		10,000,000	10,000,000
Total Funds Available	236,339,093	10,000,000	246,339,093
Projected Expenditures			
Prior Year Commitments			
Routine Maintenance Agreements, Discretionary Maintenance Agreements, waterborne pavement marking	23,920,000	5,000,000	28,920,000
In-house Delivery & Program Support			
IT Systems & Contract Support	2,900,000		2,900,000
Car-killed Deer Program	721,000		721,000
Car-killed Bear Program	75,000		75,000
Maintenance Decision Support System, Automatic Vehicle Locating, and GPS (systems for snowplow routing) & Route Optimization	490,000		490,000
Road Weather Information System (RWIS) Maintenance, Parts & Data	1,420,000		1,420,000
RWIS Program Manager	165,000		165,000
Salt Shed Inspections	150,000		150,000
Unreimbursed Damage Claims	1,500,000		1,500,000
County Highway Maintenance & Operations			
Routine Maintenance Agreements (RMAs) - July thru December	59,122,890		59,122,890
RMAs - January thru June (<i>Subtotal for RMAs \$152.6M</i>)	93,474,337		93,474,337
Winter/Weather Reserve	14,500,000		14,500,000
Discretionary Maintenance Agreements (DMA)	8,815,594		8,815,594
Performance based Maintenance (PbM) July thru December	650,603		650,603
PbM - January thru June	4,630,000		4,630,000
PbM funding transferred to DMA Program	8,212,547		8,212,547
Salt Shed Repair/Building	5,950,000		5,950,000
Brine Equipment	1,149,000		1,149,000
Water-Borne Pavement Marking	5,000,000	5,000,000	10,000,000
Highway Signing Installation	2,500,000		2,500,000
FY23 Projected Expenditure Total	235,345,971	10,000,000	245,345,971
Projected Balance End of Fiscal Year	993,122	0	993,122

(c) a list of any anticipated, unfunded maintenance activities and the related costs for which the Department believes it will need funding in excess of annually appropriated amounts in the current fiscal year.

Potential unfunded costs fall into two categories: (1) emergency and/or unplanned but essential spending that cannot be deferred because it can pose a safety concern; and (2) other unfunded activities which are not directly tied to safety and can be deferred. This report only identifies emergency and/or unplanned but essential spending that cannot be deferred, since those are the costs most likely to result in an s. 13.10 request.

Emergency and/or Unplanned but Essential Spending

As noted above, the Department does not anticipate an s. 13.10, Wis. Stats., supplemental funding request for Appropriation 365 and Appropriation 368 for FY23. It is the department's intention to cover additional unanticipated emergency related costs by shifting funding from other purposes to the extent possible. However unanticipated weather-related events, such as spring floods could result in spending demands that cannot be managed in this way.