



## Wisconsin Department of Transportation

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Jim Doyle  
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April 24, 2003

The Honorable Alberta Darling, Co-Chair  
Joint Committee on Finance  
Room 317 East, State Capitol  
P. O. Box 7882  
Madison, WI 53702

The Honorable Dean Kaufert, Co-Chair  
Joint Committee on Finance  
Room 308 East, State Capitol  
P. O. Box 8952  
Madison, WI 53702

Dear Senator Darling and Representative Kaufert:

Traditionally the Department works with the Legislative Fiscal Bureau to complete a projection of state revenues and a reestimate of federal funds in the spring of odd numbered years. Those figures are provided to the Joint Committee on Finance so that you have the most current financial information available as you do your work. At the Governor's request, the Department completed the exercise and incorporated that information into the development of the list of potentially delayed projects that you requested. The Governor's budget currently provides over \$3.1 billion to support state and local transportation projects and highway maintenance. With the reestimate of federal funding, a total of \$1.7 billion dollars will be available in the 2003-05 biennium to plan, design, acquire real estate and construct state highway improvement projects.

After the Governor's budget was developed, the President introduced his 2004 budget proposal and made available draft language for the reauthorization of the Transportation Equity Act for the 21<sup>st</sup> Century (TEA-21). On April 11, 2003, Congress passed its 2004 Budget Resolution, which established spending guidelines for 2004, and estimates for 2005 through 2013. With that information in hand, the Department estimates that Wisconsin will receive approximately \$120 million more federal formula dollars over the biennium.

The estimated increase in federal funds is offset by a reduction of \$21 million over the biennium in state funds. The decline in state funding is primarily caused by a lower revenue estimate resulting from a decline in registration revenues and the economy. This leaves an estimated \$100 million in funds that were not available for the Governor's budget. The administration believes these funds should be allocated to the State Highway Rehabilitation (SHR) program, Majors program, and to the State Planning and Research (SPR) program to support the development of the highway program. Our intent is to restore federal funding to the programs where reductions had been made.

The Department proposes allocating \$54.6 million in federal funds to the SHR program for design, real estate acquisition and construction projects. Attached as Appendix A of this letter you will find the list of projects that we believe can be completed during the 2003-05 biennium. Also attached is a glossary of acronyms used on the charts. When looking toward the future, you will find that in any given fiscal year, the schedule contains more projects than can be funded. Under any budget proposal, you will find that more projects are scheduled than can be accomplished. This "over programming" is designed to assure that a consistent let level can be met. Consequently, the attached list totals more than the amount of funding available at this time.

The Department proposes allocating \$37.6 million to the Majors program to ensure that these critical projects can continue. The Majors program is a key element in economic development in the State.

The Department proposes restoring \$6.5 million in SPR because it was reduced when the Governor's budget was prepared. The development and management of the highway improvement program is eligible for federal highway funding. Activities that can be funded include: data collection for highway projects, staffing related to the management of funds, long range planning, Metropolitan Planning Organizations and Regional Planning Commissions and research. Adequate funding for these activities is important because the Federal Government relies on data submitted by the states to allocate federal funds in future years. Therefore, without adequate data future federal funding for the state may be reduced.

At the request of the Committee, a list of state highway improvement projects that have the potential to be delayed in the 2003-05 biennium is attached as Appendix B. It is important to understand that some projects may not proceed for reasons outside the control of the Department. This occurs irrespective of the state's financial situation but rather in any given construction season because of the uncertainties surrounding any project. Conversely, projects can move forward. For example, in March of this year the Department moved \$29.8 million in projects forward from FY 04 into FY 03 because of savings generated by a favorable bidding climate. This move ensured that projects were done in a timely manner and helped alleviate some pressure in FY 04. Some of the typical reasons that may cause delays to projects include:

- Projects often require railroad, utility, or local government agreements before they can proceed, and delays may occur if those agreements cannot be negotiated in a timely manner;
- Completion of the construction plans may be delayed due to unexpected environmental issues; and
- Real estate, if needed for the project, may take longer to acquire than expected especially on larger more complex projects.

In preparing this list of potentially delayed projects, the Department developed guidelines for prioritizing the projects. The criteria prioritize projects so that delays occur where there is no significant impact to the system or the motoring public. Projects that included significant safety improvements were not considered for delay. Following is the list of steps, in priority order, that the Department used to develop the list and ensure the safety and serviceability of the highway system.

**Majors Program Development and Construction would be delayed under these criteria:**

1. Studies for new projects, not yet enumerated, would be delayed. This includes work on necessary environmental documents (Environmental Assessments and Environmental Impact Studies); and
2. Engineering will be delayed on candidate projects for enumeration.

These priorities result in:

- Eight studies on potential Majors being delayed.

**State Highway Rehabilitation would be delayed under these criteria:**

1. Projects where non-financial problems will naturally delay the project (real estate acquisition, utility relocation, etc.);
2. Non-system improvements like fencing, bridge painting, and drainage;
3. Non-safety geometric improvements;
4. Pavement overlays;
5. Bridge repair and renovation; and
6. Safety improvements.

These priorities result in:

- Fifty-one projects under \$1 million could potentially be delayed;
- A total of 99 projects could potentially be delayed;
- Of the 99 projects, 49 are categorized as either resurfacing of pavements and bridge decks or as miscellaneous projects. Delaying this type of work will not significantly impact the highway system performance in the short term.

The potential delays outlined in the attachment are based on the Governor's budget as revised by the updated federal funding estimate. The appropriations for the Majors and SHR programs were originally reduced because of the dire fiscal condition in the state and an anticipated loss of federal funding. No funds were reallocated to the Marquette Interchange project from the rest of the state. Just fewer than 40% of the projects that could potentially be delayed are located in Southeast Wisconsin.

Senator Darling and Representative Kaufert

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I wanted to make sure that the factors that can have an impact on transportation projects are clearly presented. The attached list is reflective of the projects that could possibly be delayed. At this time it is not a given that delays will occur. Regardless of the uncertainties identified, the Department is working hard to deliver these projects on time and on budget.

If you have additional questions or concerns, please feel free to contact Randy Romanski or me at 608/266-1114.

Sincerely,



Frank J. Busalacchi  
Secretary

Enclosures: Appendix A  
Appendix B  
Glossary

Cc: Members of Joint Committee on Finance

Sen. Joseph Liebham	Sen. Dave Hansen
Sen. Mary Panzer	Sen. Jon Erpenbach
Sen. Robert Wirch	Rep. John Ainsworth
Rep. Bonnie Ladwig	Rep. John Gard
Rep. Terry Van Akkeren	Rep. Samantha Kerkman
Rep. John Townsend	Rep. James Kreuser
Robert Lang – LFB	Fred Ammerman – LFB
Jon Dyck - LFB	