

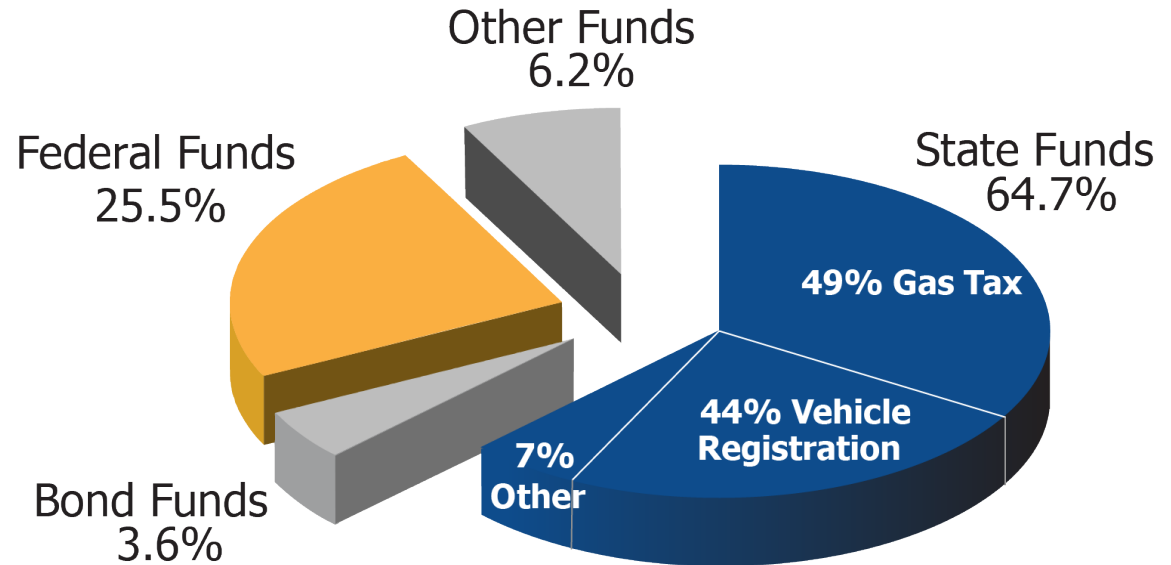


The State of Wisconsin Transportation

February 2023

Narrow Transportation Funding Base

- State's user fees are fixed and flat
- System benefits far more than those who pay user fees

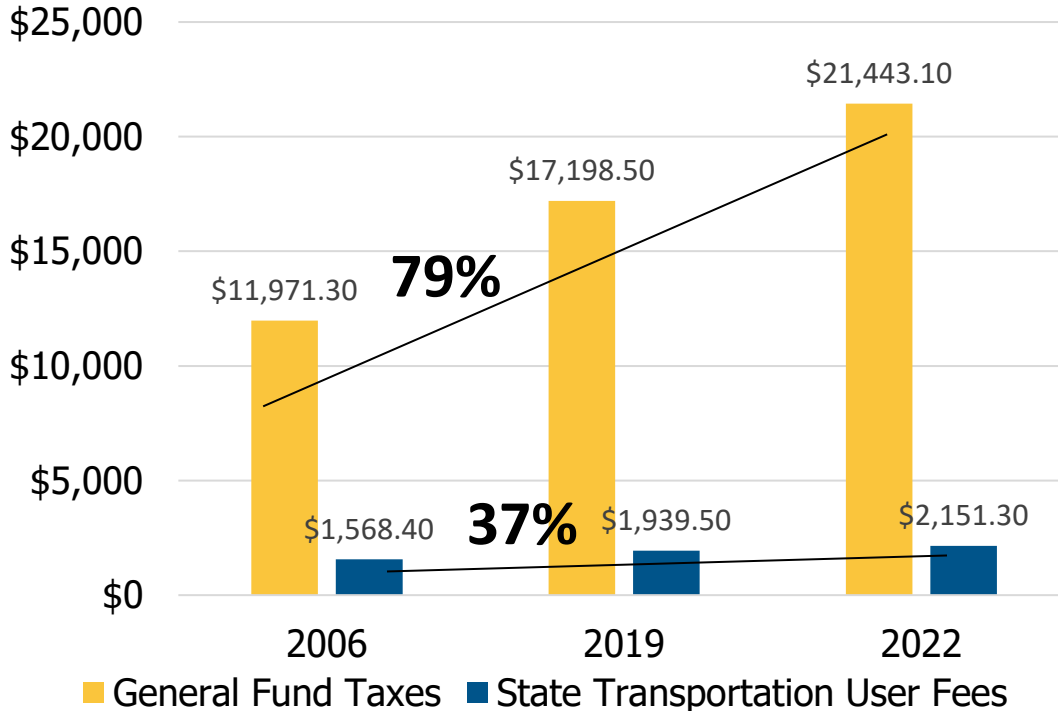


Source: WisDOT

2021-2023 Biennium, Act 58

Growth with the Economy

IN MILLIONS

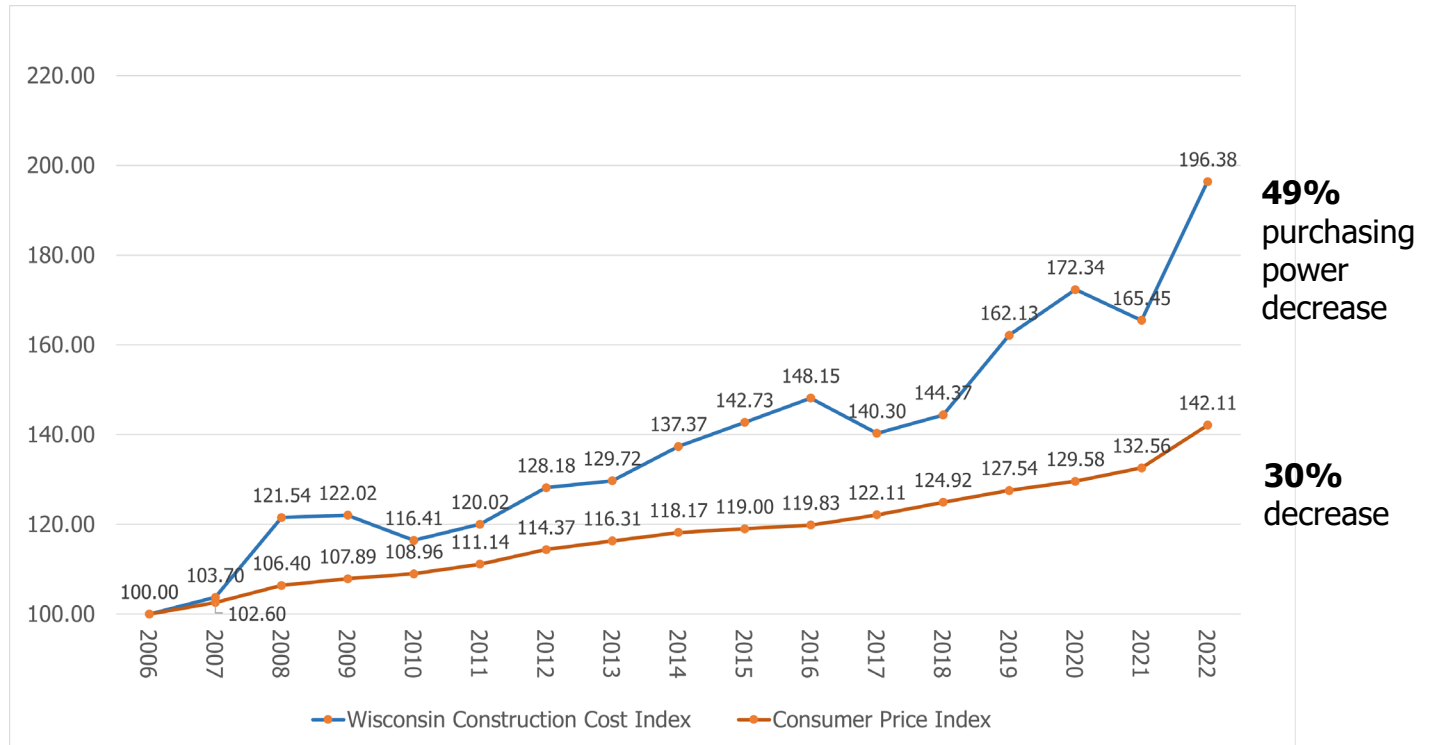


- General Fund tax collections increased almost 80%, despite tax cuts, with growing incomes, prices and consumer spending buoying the fund
- Transportation revenues grew less than 40%

Graph Sources: Comprehensive Annual Financial Reports, Legislature Fiscal Bureau biennial budget documents

Inability to Maintain Purchasing Power

- On average, construction inflation is a multiple of CPI
- WCCI mirrors the FHWA's National Hwy. Construction Cost Index

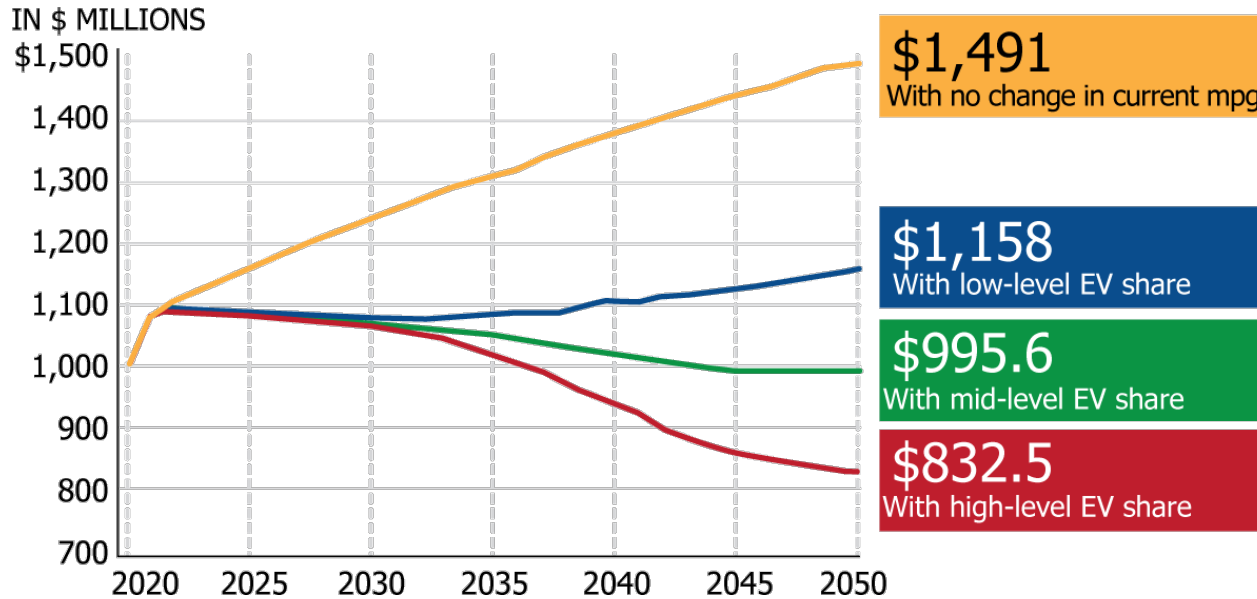


Graph Sources: WisDOT Transportation Budget Trends 2020–2021, WisDOT Construction Cost Index (last quarter of FY vs. same period in prior year), Bureau of Labor Statistics. FY index.

Lost Gas Tax Productivity

Projected WI Annual Fuel Tax Revenue

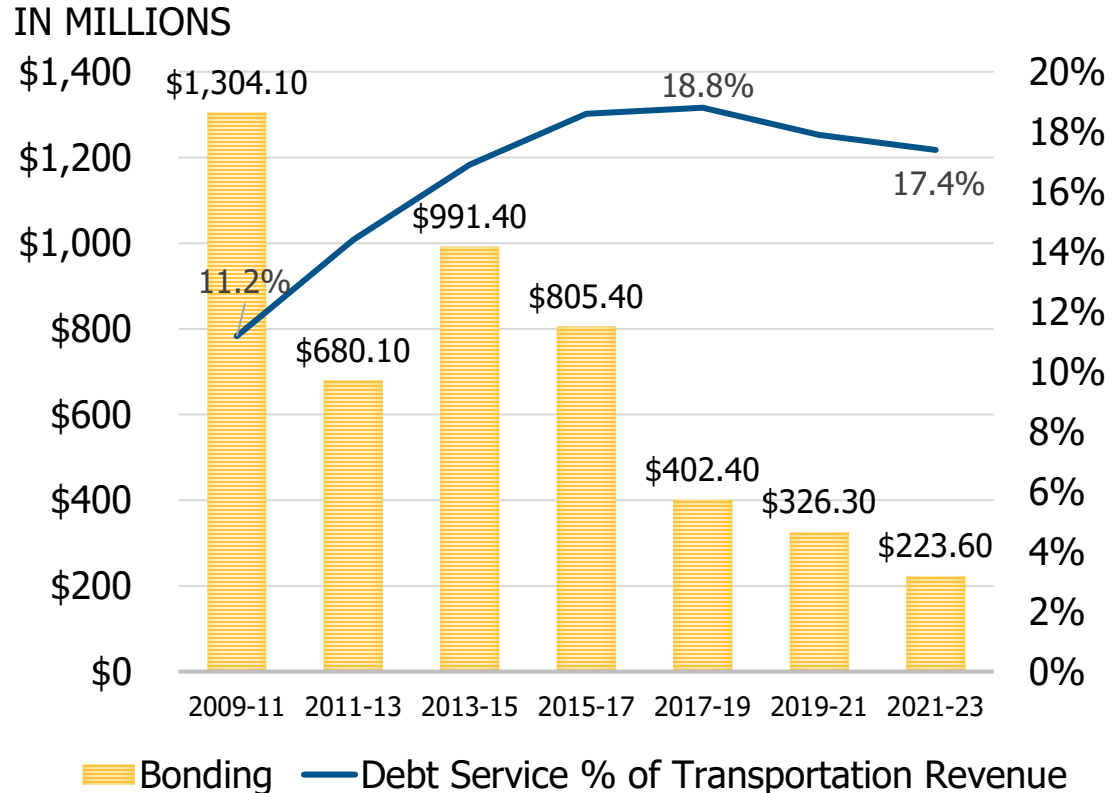
"Its revenue projections [EV registration surcharge] are well short of compensating for the reduction in annual fuel tax revenue that can be expected."



Source: Badger Institute, *Future-Proofing Wisconsin's Highway Funding System*

Bonding and Debt Service

- Bonding is essential to finance long-term assets
- But it is not a revenue replacement

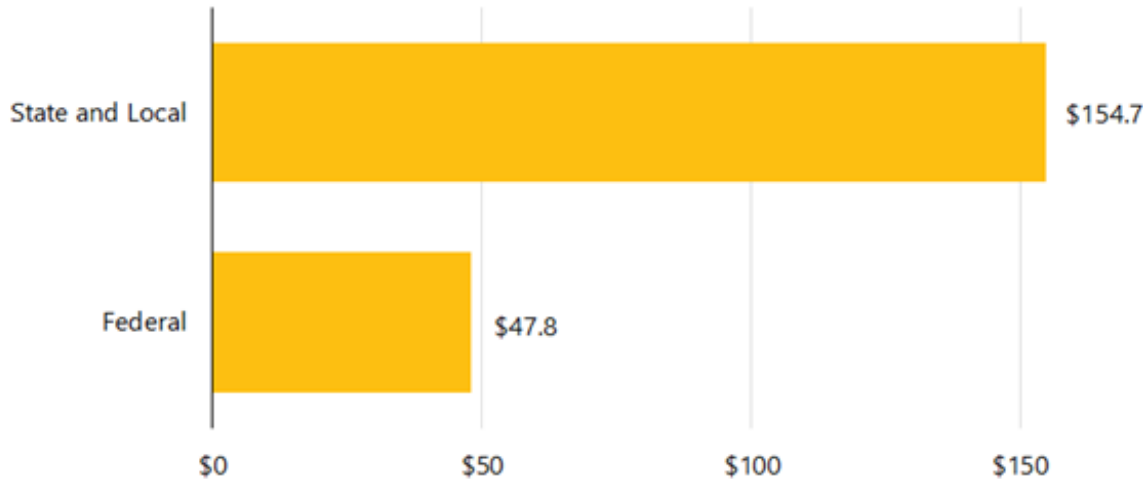


Graph source: Legislative Fiscal Bureau documents

The Buck Stops Here

Sources of Highway and Road Expenditures

Billions of dollars, by level of government, 2019



Even after increased federal investment, **most transportation expenditures will be state and local.**

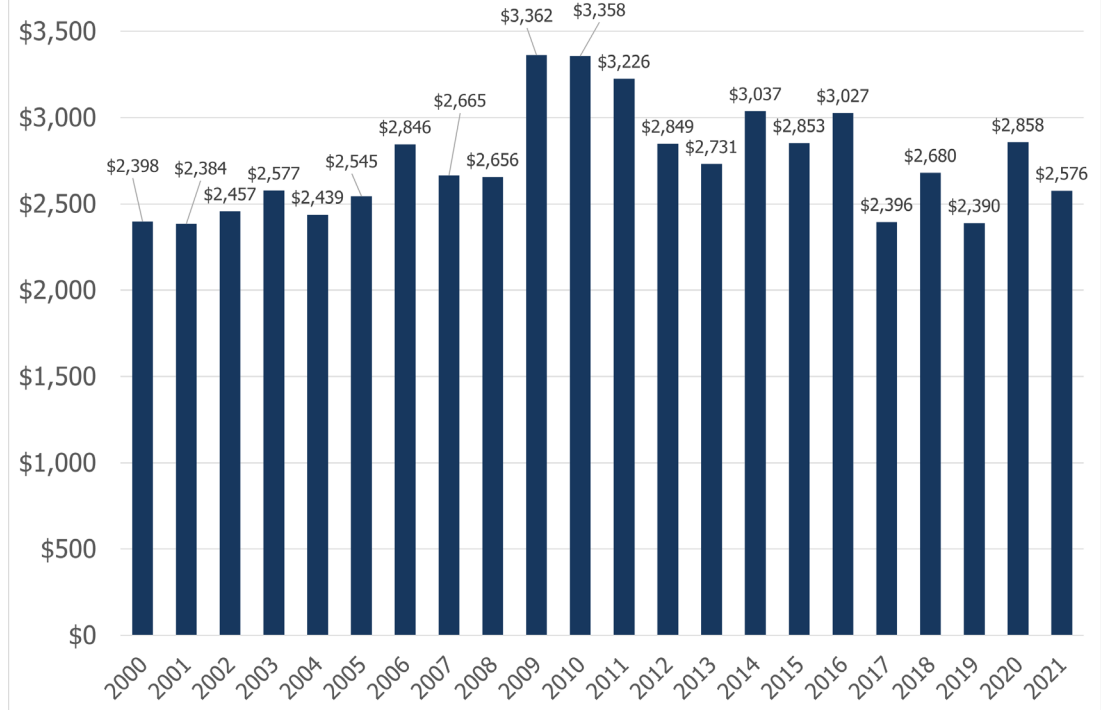
Source: US Census Bureau Annual Survey of State and Local Government Finances, 1977-2019 (compiled by the Urban Institute via State and Local Finance Data: Exploring the Census of Governments; accessed 21-Dec-2021)

Graph Source: The Urban Institute - national look at road and highway expenditures

2019-21 Budget, an Essential First Step

- Maintained real spending
- Reduced bonding
- Suspended decline of system conditions

Modal Spending (constant 2019 dollars, millions)



Graph Source: WisDOT Transportation Budget Trends 2020–2021

The Issue Has Been Studied

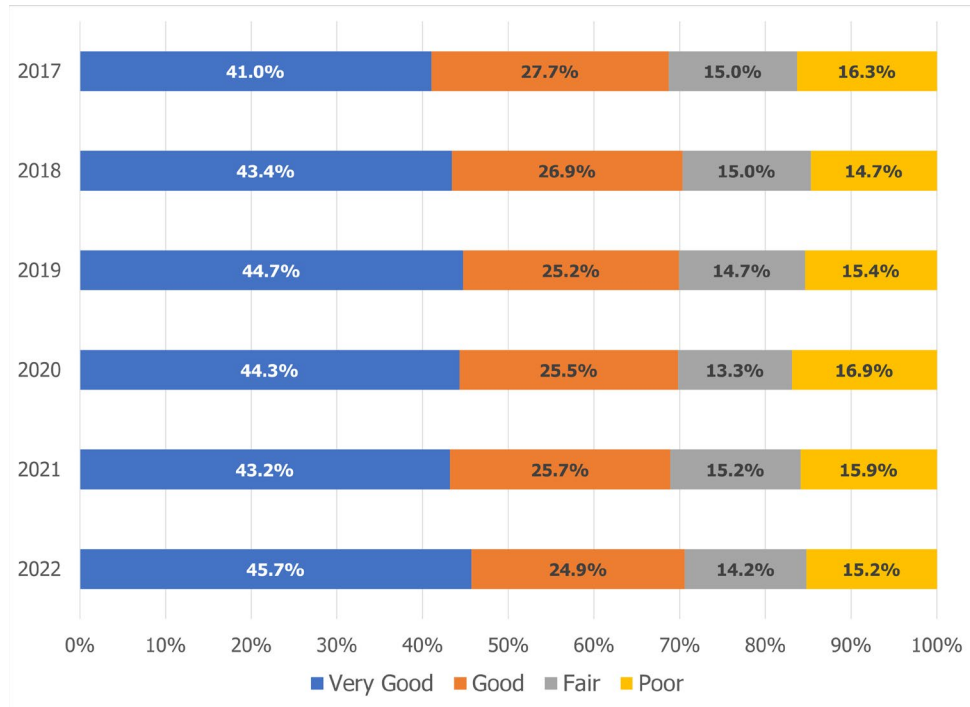
- 4 studies in the last twenty years
- Same conclusion – revenue shortfall of 20-40%
- Same causes – aging infrastructure, inadequate revenue
 - Fixed, flat fees
 - Increased vehicle fuel efficiency
 - 60-year-old Interstate
- Significant annual shortfall remains

WisDOT Audit Widely Misunderstood

2017 State Highway Program audit found:

Waste or fraud	FALSE
Estimates did not include all costs, specifically inflation (stated)	TRUE
WisDOT took steps to control costs and has effective oversight of soliciting bids and awarding contracts	TRUE
Project costs go up over time (avg. 18 years from estimate to completion for projects under study)	TRUE
WisDOT could better utilize performance measures to manage and improve its operations	TRUE
Declining state highway conditions	TRUE

State Highway Conditions



Graphic Source: WisDOT MAPSS Performance Improvement Program
– total state system

- \$320 million State Highway Rehabilitation Program increase (2019-21 budget) resulted in a slight uptick in system conditions
- WisDOT goal is 85% fair or above, below the 93% fair or above in 2010 (2017 highway program audit)
- Inflationary increases will be necessary to maintain conditions

Major Highway Projects in the Pipeline

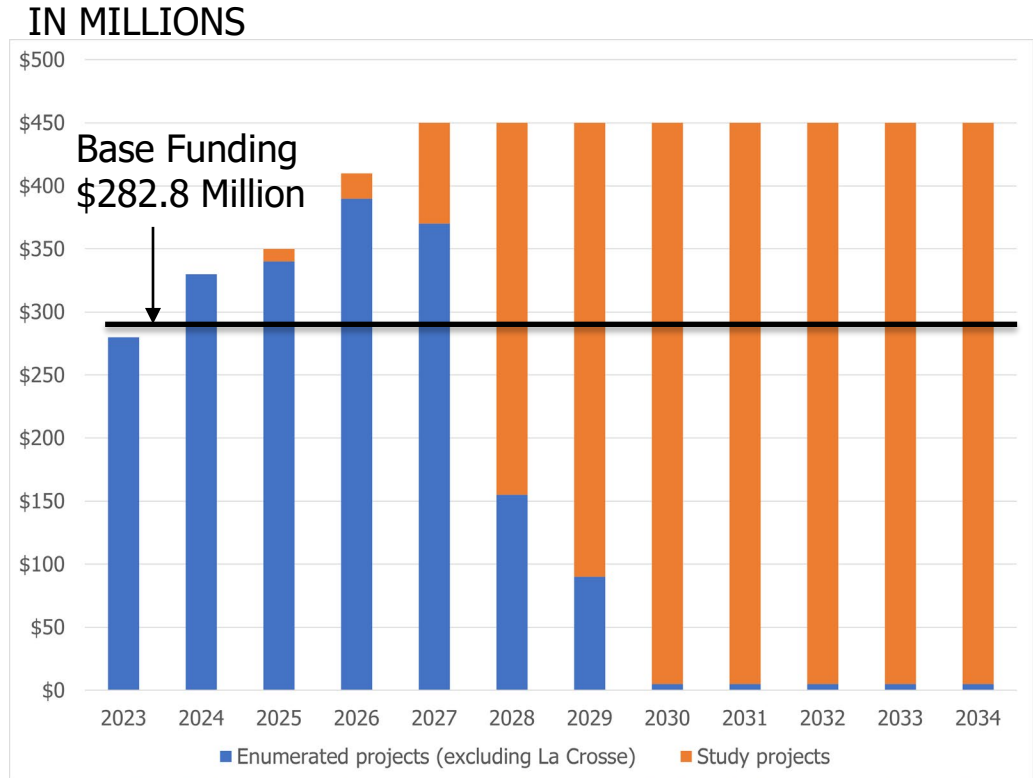
Projects Under Construction

- WIS 15 (Outagamie)
- I-41 (Outagamie/Brown)
- I-43 (Milwaukee/Ozaukee)
- I-39/90/94 Wis. River Bridges (Columbia)
- US 51, Stoughton to McFarland (Dane)

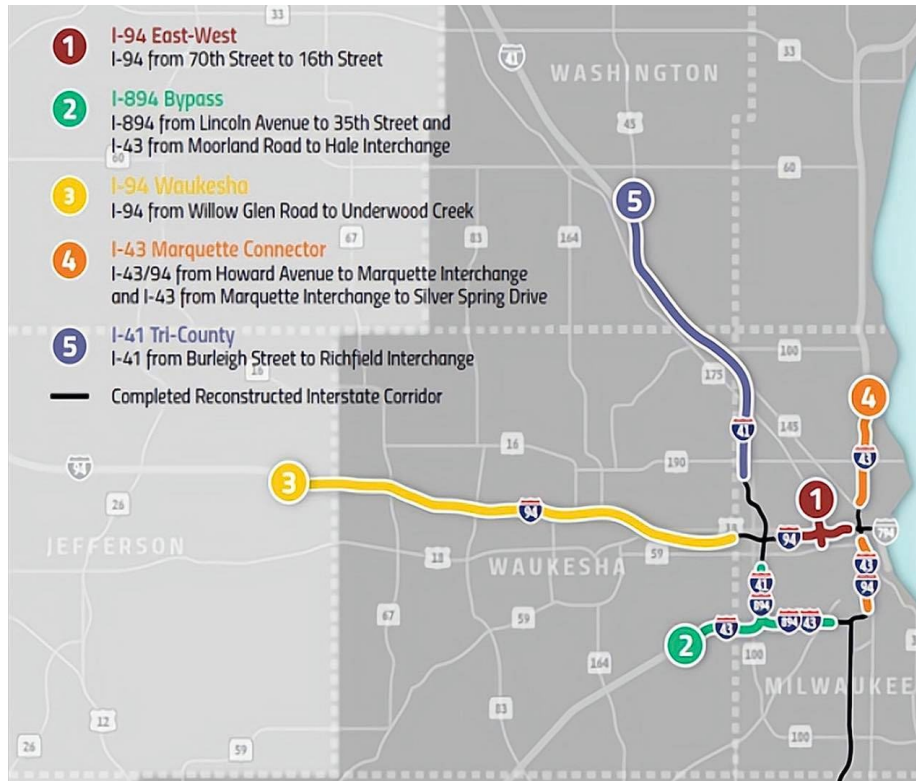
Study Projects

- Madison Beltline (Dane)
- I-39/90/94 to Wisconsin Dells (Dane/Columbia/Sauk)
- US 51, US12 to WIS 19 (Dane)

Source: WisDOT



Future SE Projects



WisDOT is also evaluating alternatives to reconstruct the I-794 freeway corridor (Lake Interchange), between the Milwaukee River and Hoan Bridge.

Source: WisDOT

Next SE Project, I-94 East-West

- 60-year-old roadway links the updated Zoo and Marquette interchanges
- 27% of jobs and 35% of businesses in the 7-county region are within five miles of the Stadium Interchange
- Eight-lane preferred alternative (PA), costs only 3-6% more than six lanes
- PA addresses all the corridor's known issues, specifically severe congestion and related safety challenges



- ✓ Construction to start on the \$1.2 billion (2021\$) project as early as 2025
- ✓ Average of \$400 million+ per biennium will be needed over the next 3 budgets
- ✓ Delay will add millions to the cost (\$100 million+ since 2017 return of ROD)

Other Upcoming Notable Projects

Blatnik Bridge

- Joint project with MnDOT
- Key connection, load posted since 2019
- \$1.8 billion project (2022\$)
- Federal grant application submitted for \$833 million (**Not funded in the first round of grants**)
- Wis. project share at least \$500 million
- Anticipated construction from 2027-31

Lansing Bridge

- Joint project with Iowa DOT
- \$138 million project (2022\$)
- Federal grant application submitted for \$100 million
- Begin construction in 2024



Source: WisDOT

Local System: Progress, Still Work To Do



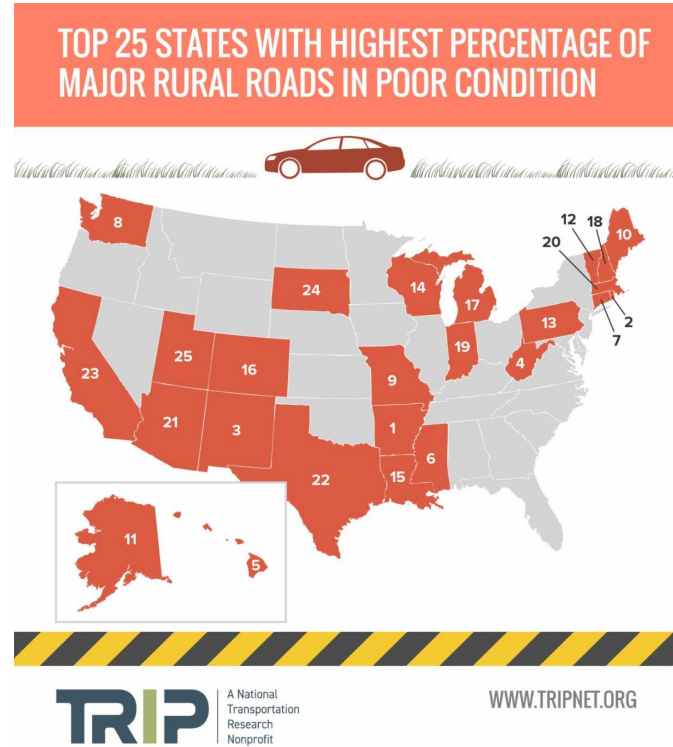
Wood Co. Highway Redone with LRIP-S



Under 20' Structure, Barron County

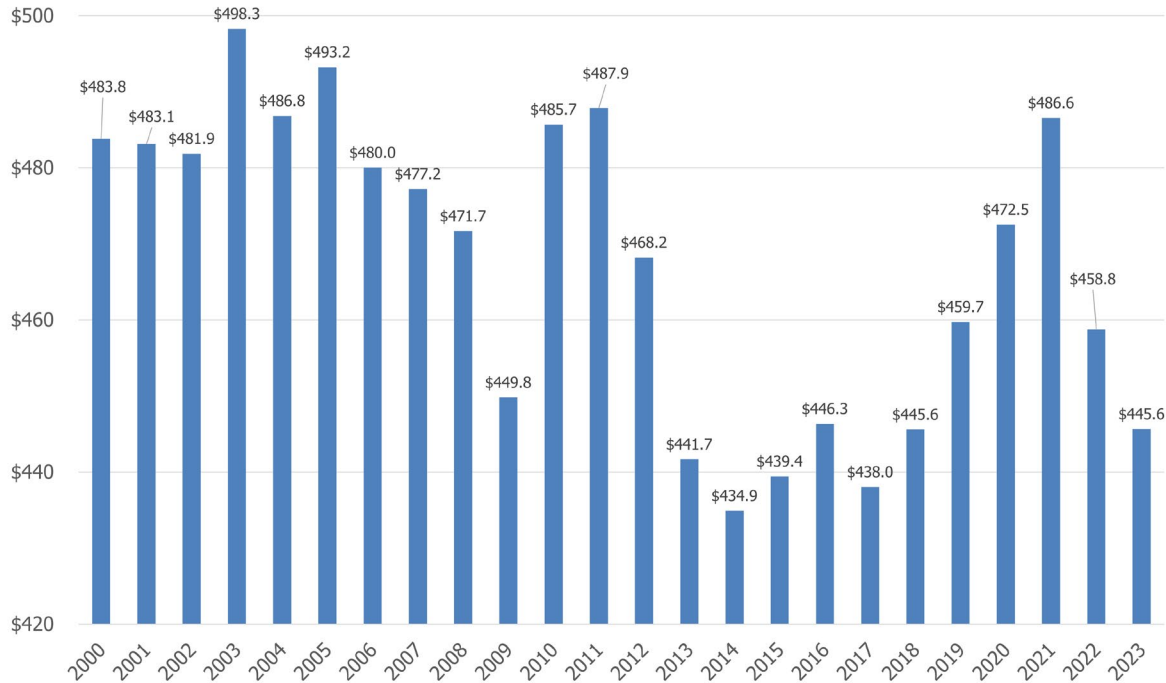
Significant Local Needs Remain

- October 2022 TRIP report found 17% of major rural road pavements in poor condition, higher than national average of 12%
- Analysis of PASER road ratings reveals sizeable shortfall to fund appropriate treatments
- Delayed Main Street (State Highway) reconstruction leading to increased maintenance for local governments



GTA Hit by Inflation

IN MILLIONS (Constant 2019 dollars)

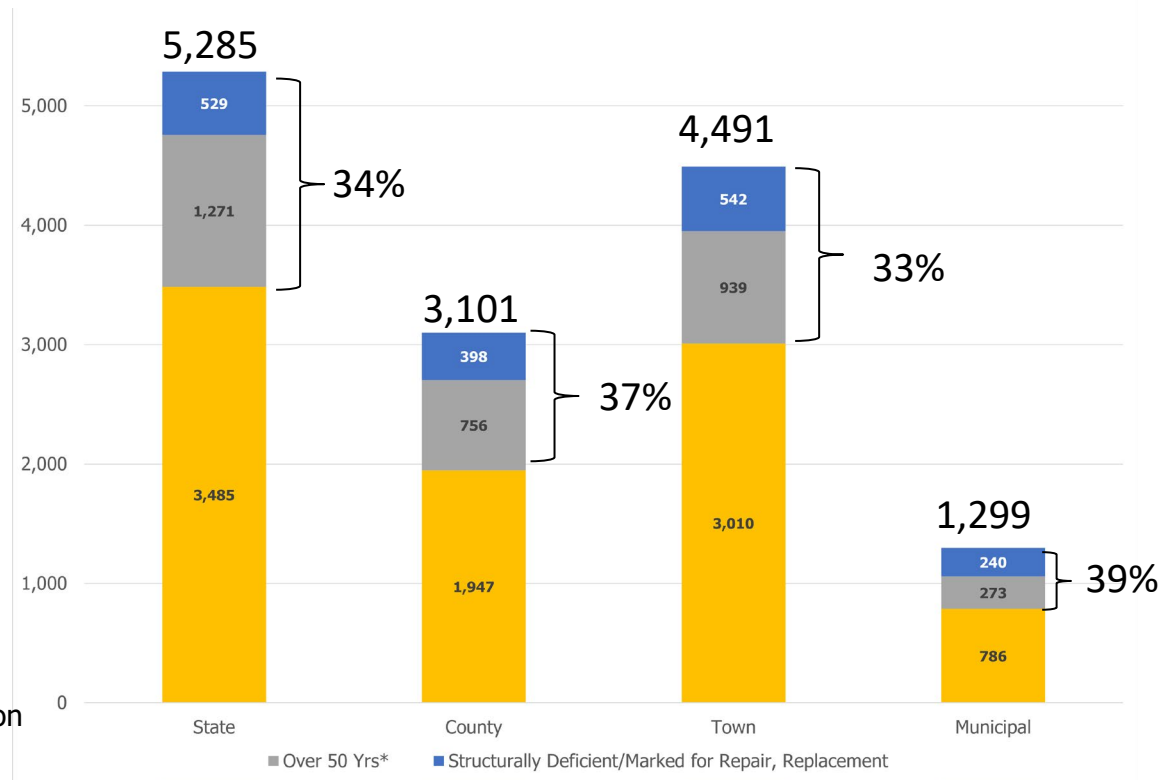


Inflation takes a bite of the progress made in the last three budgets – General Transportation Aids funding is below early 2000s in real dollars.

Graph Sources: WisDOT Transportation Budget Trends 2020–2021, Legislative Fiscal Bureau budget documents, Bureau of Labor Statistics, estimated 2023 inflation

Wisconsin Bridges, by Ownership

- WI has identified 1,760 bridge repairs (includes structurally deficient), estimated cost of \$1.6 billion
- More bridges are over 50 years old
- 549 weight-posted bridges, more than 90% on local systems



Graph Source: Federal Highway Administration (FHWA) National Bridge Inventory (NBI), downloaded on Jan. 11, 2023. *= no reconstruction in the last 10 years

Unseen Needs: Structures Under 20'

- State and federal statutes define bridges as having a length greater than 20'
- Structures under 20' are ineligible for state and federal bridge funding
- No inventory of these structures – estimated at 25,000 in Wisconsin
- Aging structures inhibit commerce with possible structure failure and weight postings



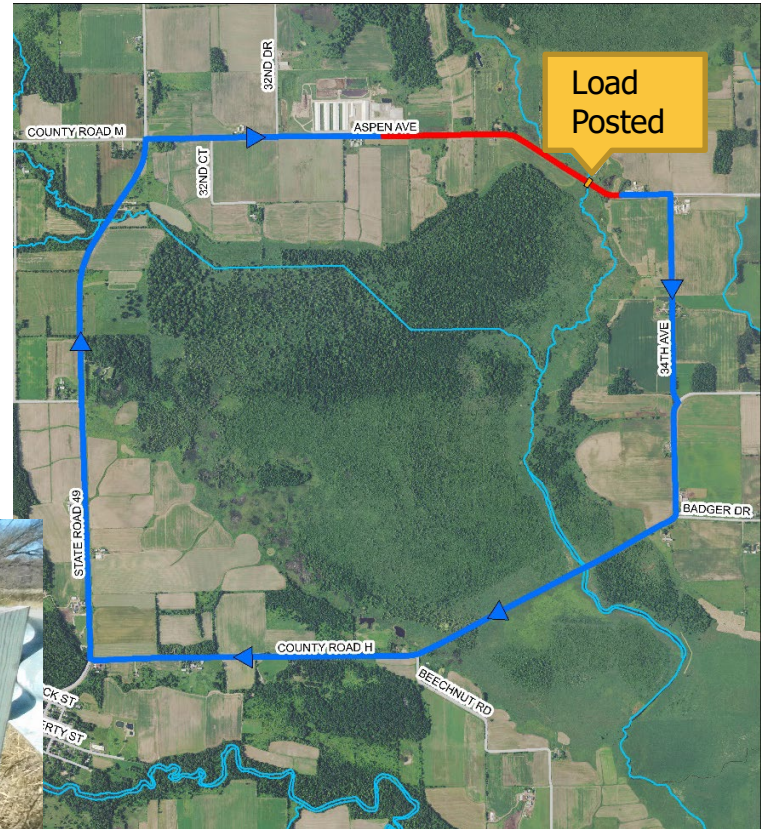
Schultz Road, Town of Farmington, La Crosse Co.

- ✓ 1930s structure
- ✓ Farmer cut rails to fit today's equipment

The Economic Impact

- Deteriorating and obsolete structures <20' impede movement of agriculture and forest products
- Detours add miles to trips and increase cost for Wisconsin businesses

Example: Town of Bloomfield, Waushara County. Load posted 15 tons.



It's About Safety

- Safety: infrastructure, human behavior, responsible oversight of the vehicle and transportation industry, and emergency response
- Example of infrastructure improvement: crash rates reduced by up to 48% on reconstructed, modernized, and expanded sections of the Southeast Freeway System



Source: USDOT

Investment Drives Economic Opportunity

- Attracts companies looking to expand or relocate
- Enhances economic competitiveness
- Improves supply chain efficiencies
- Provides safe, efficient access to jobs, services, materials, and markets
- Expands labor pools for employers and access to jobs for employees

Case Study: Business Booms Along Improved I-94 N-S



Conclusion

- In the short term, Wisconsin needs to ensure adequate investment by shoring up existing revenue.
- Wisconsin must also consider what comes after the gas tax.



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