

Fiscal Estimate Narratives

DOT 2/25/2004

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|---|-----------|---------------------|--------|---------------|----------|
| LRB Number | 03-4145/4 | Introduction Number | AB-893 | Estimate Type | Original |
| Subject | | | | | |
| Changes regarding major highway projects enumeration and transportation projects commission following audit bureau report | | | | | |

Assumptions Used in Arriving at Fiscal Estimate

Bill Summary: The bill includes a number of provisions that: (a) increases TPC membership; (b) prohibits the TPC from recommending approval of a project prior to final EIS or EA completion and approval by FHWA; (c) prohibits the legislature from enumerating any project unless the TPC has recommended approval; and, (d) requires the development and implementation of a change management system for major highway projects and southeast Wisconsin freeway rehabilitation projects.

In addition, the bill expands project level status and cost reporting requirements to the TPC for both individual majors and southeast Wisconsin freeway rehabilitation projects. These new reporting requirements begin February 1, 2005 and will be provided every 3 months thereafter. These changes in reporting include: (a) current status of each project approved by the TPC and all enumerated projects; (b) actual and estimated project costs; and (c) project information will be provided on both a cumulative basis and an updated basis since the previous report.

Assumptions:

Consultant contracts may need to include a provision requiring firms to provide an itemized bill to the department. The additional costs incurred by consultant firms to provide this more detailed billing would be recovered through an increase in their overhead rates.

A combination of automated and manual processes will need to be employed to compile and present the detailed cost information by the effective date of February 1, 2005.

Fiscal impact analysis is based on the following scenario:

A quarterly report is required which would provide the project level detail and program summary. It is assumed that:

- a) an average of 30 major projects will be under construction each year and a project manager will devote one week per project to updating, compiling, analyzing, verifying, and formatting the project level estimate and related expenditure information per report.
- b) An average of 10 major project candidates will be under study each year and a project manager will devote 2 days per project to updating, compiling, analyzing, verifying, and formatting the project level estimates and related expenditure information per report.
- c) An average of \$10 million per year will be devoted to Southeast Wisconsin Freeway Studies which represents 3 to 5 studies per year. For the purposes of this estimate, 4 studies per year is assumed.
- d) An average of \$50 million per year for rehabilitation projects and \$100 million per year for reconstruction projects will be devoted to Southeast Wisconsin Freeway projects. This represents 10 to 20 projects per year. For the purposes of this estimate, 15 projects per year is assumed.
- e) One full time employee will devote one week per report per quarter to assembling, verifying, and distributing a consolidated report containing the above materials.

- a) 30 major construction projects * 40 hours per project * 4 reports = 4,800 hours
- b) 10 major project candidates * 16 hours per project * 4 reports = 640 hours
- c) 15 SE WI freeway projects * 40 hours per project * 4 reports = 2,400 hours
- d) 4 SE WI freeway study projects * 12 hours per project * 4 reports = 192 hours
- e) Central Office Report Compilation * 4 reports = 160 hours

Total = 8,192 hours

Applying an average hourly wage of \$25 and a 30% fringe benefit factor, the annual fiscal impact is estimated as follows:

$8,192 \text{ hours} * \$25/\text{hour} * 1.30 \% \text{ fringe benefit} = \$ 266,240$

Long-Range Fiscal Implications

The existing DOT financial record-keeping system has become out-dated and inadequate to meet the department's emerging management information needs generally and, more specifically, with regard to capturing the itemized costs required under this bill. The cost and timetable associated with designing and implementing a new financial operating system is indeterminate at this time.

Fiscal Estimate Worksheet - 2003 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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|--|---|--|-----------------|
| LRB Number 03-4145/4 | | Introduction Number AB-893 | |
| Subject | | | |
| Changes regarding major highway projects enumeration and transportation projects commission following audit bureau report | | | |
| I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect): | | | |
| II. Annualized Costs: | | | |
| | | Annualized Fiscal Impact on funds from: | |
| | | Increased Costs | Decreased Costs |
| A. State Costs by Category | | | |
| | State Operations - Salaries and Fringes | \$266,240 | |
| | (FTE Position Changes) | | |
| | State Operations - Other Costs | | |
| | Local Assistance | | |
| | Aids to Individuals or Organizations | | |
| | TOTAL State Costs by Category | \$266,240 | \$ |
| B. State Costs by Source of Funds | | | |
| | GPR | | |
| | FED | | |
| | PRO/PRS | | |
| | SEG/SEG-S (Transportation) | 266,240 | |
| III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, ets.) | | | |
| | | Increased Rev | Decreased Rev |
| | GPR Taxes | \$ | \$ |
| | GPR Earned | | |
| | FED | | |
| | PRO/PRS | | |
| | SEG/SEG-S | | |
| | TOTAL State Revenues | \$ | \$ |
| NET ANNUALIZED FISCAL IMPACT | | | |
| | | <u>State</u> | <u>Local</u> |
| NET CHANGE IN COSTS | | \$266,240 | \$ |
| NET CHANGE IN REVENUE | | \$ | \$ |
| Agency/Prepared By | | Authorized Signature | Date |
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