

# COUNTY OF DUNN



Public Works Department  
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**TO:** County Board of Supervisors  
**FROM:** Jesse T. Rintala, Public Works Director *JTR*  
**DATE:** November 8, 2016  
**SUBJECT:** 2016 Highway Financial Report

Please find below the 2016 financial and succeeding year budget information for the Highway Division of the Public Works Department.

Based on a financial review of the major budgeted line items for the highway operation it is projected that the total highway expenses for 2016 will be within budget at years' end. These major budgeted line items include; Highway Administration, Field Administration, County Bridge Construction, County Maintenance, County Construction, County Winter Maintenance, and Capital Expenditures for Machinery and Facilities. Additional details are listed below on these budget items.

1. Highway Administration and Field Administration expenses are mainly from labor costs which basically mirror the budgeted amount.
2. County Bridge Construction, which was budgeted at \$98,000, will come in under budget based on the delays we have seen in obtaining federal funds to advance bridge replacement projects within the County. Therefore, no county share is necessary in 2016 for construction.
3. County Maintenance is projected to come within the budgeted \$2,200,000, which was aided by the lower oil and asphalt prices in 2016. Due to these lower material costs, more sealcoating and asphalt overlay work was accomplished than originally planned.
4. County Construction, as budgeted in the 5-year highway capital improvement plan in the amount of \$3,100,000, will be very close to coming in on target for budget. This includes being able to complete the CTH E (Muddy Creek – CTH H) project, asphalt pavement surface course, which was scheduled to be completed in 2017 instead in 2016. Again, this was able to be accomplished due to lower than expected hot mix asphalt costs and other cost saving measures.
5. The County Winter Maintenance expense for 2016 is currently well under the budgeted 5-year average of \$1,254,868.00 due to the lower than average snow events thus far in 2016 along with milder winter temperatures and an early spring. Based on current county winter expense, we anticipate completing 2016 under budget in this area.
6. Capital expenditures for highway machinery exceeded \$780,000 in 2016 while the \$300,000 budgeted for capital facility improvement projects (salt shed roof and fuel tank/system replacement) was deferred to 2017 due to the changes to the prevailing wage law which come into effect starting in 2017.

The Highway Division of the Public Works Department submitted a 2017 proposed budget in July with expenses exceeding \$13,500,000 based on the projected workload, capital improvement plans (5-year highway and 5-year highway facility), 5-year average for winter maintenance expense, and needs of the county trunk highway system. With this proposed budget submission, it included \$1,450,000 of Highway fund balance applied for machinery and facility capital improvements. Subsequent to this submission, the budget was amended and the amount of highway fund balance in this budget now exceeds \$2,000,000. If similar amounts of highway fund balance are needed in future years to balance the budget, the highway fund balance will be rapidly depleted. This significant increase in highway fund balance is a short term fix for the current budget and is not a long term sustainable solution to the funding needs of the highway operation and the County.

The Public Works Department Highway Division looks forward to continuing to provide our services for the public and improving the County's transportation infrastructure as efficiently as possible.