

Lawmakers discuss WYDOT \$500M funding shortage

[Noah Zahn Wyoming Tribune Eagle](#)



Working closely with private sector partners, WYDOT employees plan, design, construct and maintain roads and bridges in the state. WYDOT/courtesy

CHEYENNE — After Wyoming Department of Transportation officials raised concern over a potential \$500 million annual funding gap, a legislative committee met this week to begin discussing ways to address the concerns.

Over the two-day meeting of the Joint Transportation, Highways and Military Affairs Committee, lawmakers heard testimony on potential ways to find a balance between supporting state infrastructure and conservative stewardship of state funds.

The TRIP report

The committee began by reviewing a report from TRIP, a national transportation research nonprofit, which didn't charge the state for the work. Rocky Moretti, TRIP's director of policy and research, said 33% of state-maintained pavements are currently in poor condition.

Without a significant infusion of capital, that number is expected to climb to 37% by 2028.

Concerning bridges, Moretti said the projected increase in poor-condition bridges is "staggering," noting that the number of state-owned bridges in poor condition is expected to jump from 80 to 123 in the next two years.

"You reach a point of diminishing returns, where routine maintenance that might have gotten you six or seven more years of service now maybe only gets you four or five years," Moretti told the committee. "... At some point, you need either to reconstruct or replace some of these facilities. And that's the box that states get into; without adequate resources, they fall behind and it becomes increasingly expensive to catch up."

Moretti identified the Interstate 80/Interstate 25 interchange in Cheyenne as a top priority for the state. The project, which currently lacks construction funding, is estimated to cost \$500 million alone. The full TRIP report identifies 25 top priorities it said WYDOT should consider presenting to lawmakers as a menu of options to support.

WYDOT's funding cliff

WYDOT Director Darren Westby confirmed the agency is facing a total unfunded need of approximately \$500 million annually, with \$300 million of that deficit specifically for road construction.

Westby said that for the last 15 years, the agency has been forced into a "preservation only mode," tabling capacity-expanding projects like passing lanes and parking areas.

"At the end of the day, when you're out of money, you're out of money, and you have to make those decisions," Westby said.

However, Westby added that WYDOT is now moving internal design efforts toward "shelf-ready" projects.

"We've shifted internally on the design side ... so we can have things ready to go," Westby said. "If funding becomes available, we can put them on the street as quick as possible."

House Bill 82

To alleviate some of these concerns, Rep. Steve Harshman, R-Casper, proposed House Bill 82, titled "The Safe Highways Investment Act." The bill proposes using \$250 million from the Permanent Wyoming Mineral Trust Fund for highway construction loans, which would be repaid over five years via the Strategic Investments and Projects Account, commonly known as the SIPA.

"The beauty of this is we're investing in our people. It's more jobs," Harshman said. "Highways don't get any cheaper year after year. We can get after it right away ... we're going to have less funerals," he added, acknowledging the death tolls on highways because of poor road conditions and safety.

The State Treasurer's Office, however, issued a warning about the "opportunity cost" of such a plan. Norman LeBlanc, the office's chief operating officer, estimated that diverting \$250 million from high-yield investments to low-interest (2.5%) highway loans could cost the state \$63.5 million over five years.

LeBlanc said that replacing high-rated fixed income with concessionary loans that don't cover inflation would be "financial malpractice." He instead suggested the state explore leveraging its AAA rating to issue bonds, which would allow for construction without depleting the state's investment earnings.

Impact on the minerals industry

Although there is potential "opportunity loss" in state investment, there is potentially even more loss in not properly updating roads that allow the state's mineral industry to function more efficiently.

Gene Legerski, director of public works for Sweetwater County, told lawmakers that state and federal highways are useless if the county roads that lead to them fail.

"We do not have a mineral extraction company that does not use county roads," Legerski said. "Ninety percent of the oil and gas companies have to use county roads to get out to state highways. All of that traffic for all that extraction that supports southwest Wyoming passes down the county road."

Khaled Ksaibati of the University of Wyoming Technology Transfer Center warned that the state is currently "ignoring the needs early on." He estimated that for every year the state and counties delay paved road maintenance, the annual additional cost grows by \$94 million because roads eventually require total reconstruction rather than simple preservation efforts like chip-sealing.

"If you're fixing the roof of your house, if it is in bad shape, you ignore it," Ksaibati told the committee. "Later on, there's a hole in it ... and all of a sudden your bill is going to be so high. And that's, unfortunately, what we're doing with our county roadways."

Next steps

Recognizing that the approach of the past decade has failed to solve the funding gap, the committee voted to form a specialized working group to consider HB 82 and other options.

The group is tasked with bringing a concrete proposal back to the committee by September. The focus will be on identifying a strategy specifically investigating investment options like bonds versus internal loans to address the half-billion-dollar deficit before the state's infrastructure continues to decline.