



## Legislative Fiscal Bureau

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April 21, 2009

TO: Members  
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Governor's Section 13.10 Request for Use of Federal Economic Stimulus Funds for Small System Transit Projects

### REQUEST

The Governor requests the approval for the use of \$11,299,461 received under the transportation provisions of the federal American Recovery and Reinvestment Act (ARRA) of 2009 for capital improvements and purchases related to the provision of transit services. Under the request, the following 32 entities would receive funding for a total of 109 projects.

Entity	Amount	Entity	Amount
Bad River Reservation	\$202,480	Menominee Tribe	\$4,308,000
City of Baraboo	56,900	City of New Richmond	69,000
Bay Area Rural Transit*	787,000	Oneida Nation	372,600
City of Beaver Dam	138,000	Village of Plover	43,900
City of Berlin	71,200	City of Portage	410,800
City of Black River Falls	34,500	City of Prairie du Chien	72,900
City of Clintonville	34,500	City of Reedsburg	26,900
City of Edgerton	34,500	City of Rice Lake	34,500
Grant County	2,500	City of River Falls	34,500
City of Hartford	34,500	Sawyer County/Lac Courte Oreilles	599,260
Kenosha County	248,900	City of Stevens Point	1,940,921
City of Ladysmith/Rusk County	380,400	City of Tomah	315,400
City of Manitowoc	275,900	City of Viroqua	194,800
City of Marshfield	60,800	City of Watertown	203,200
City of Mauston	34,500	City of Waupaca	118,000
		City of West Bend	113,400
		City of Wisconsin Rapids	<u>44,800</u>
		Total	\$11,299,461

\* Bay Area Rural Transit provides fixed route service for the partner communities of Red Cliff, Bayfield, Washburn, Ashland, and Odanah.

## BACKGROUND

For transit funding, the state Department of Transportation (DOT) is responsible for coordinating federal funding for nonurbanized areas of the state with less than 50,000 in population. Transit systems operating in these nonurbanized areas are the only systems eligible for the ARRA funds being requested. These systems are primarily Tier C systems for the purposes of the state transit operating assistance program, which, in 2008, included the following systems.

### **Bus Systems**

Bay Area Rural (Ashland)*	Merrill
Ladysmith*	Rice Lake*
Manitowoc*	Stevens Point*

### **Shared-Ride Taxi Systems**

Baraboo*	Plover*
Beaver Dam*	Port Washington
Berlin*	Portage*
Black River Falls*	Prairie du Chien*
Clintonville*	Prairie du Sac
Edgerton*	Reedsburg
Fort Atkinson	Rhineland
Grant County*	Ripon
Hartford*	River Falls*
Jefferson	Shawano
Lake Mills	Viroqua*
Marinette	Waterloo/Marshall
Marshfield*	Watertown*
Mauston*	Waupaca*
Medford	Waupun
Monroe	West Bend*
Neillsville	Whitewater
New Richmond*	Wisconsin Rapids
Platteville	

\*Would receive funding under this request.

In addition to Tier C systems, the Governor's request would provide funds to the Bad River Reservation, Kenosha County, the Menominee Tribe, the Oneida Nation, Sawyer County/Lac Courte Oreilles, and the City of Tomah. These entities are eligible for this category of federal aid because they are in a nonurbanized area and provide transit services

DOT also allocates transit funding for urban areas between 50,000 and 200,000 in population, but the individual providers are responsible for applying directly to the Federal Transit Administration (FTA) for funding. Federal transit funding for larger urban areas with populations exceeding 200,000 (currently Madison and Milwaukee) is allocated directly by FTA to those urban areas.

The federal ARRA transit funds are apportioned to states based on the federal statutory formulas for the urbanized (federal Section 5307) and nonurbanized (federal Section 5311) transit capital assistance formulas. On March 5, 2009, based on these formulas, FTA apportioned

\$20,130,095 in ARRA transit funding for the nonurbanized areas of the state. The capital assistance funds can be used to fund up to 100% of the project costs. According to the ARRA requirements, 50% of the funding, or \$10,065,048, must be obligated within 180 days of the March 5, 2009, federal apportionment date and the remaining 50% must be obligated within 365 days of that date. If the deadlines for obligating the funds are not met, the funds would be reallocated by FTA.

## **ANALYSIS**

DOT officials indicate that the 109 projects to be funded with federal ARRA transit funds under this request represent all the projects requested by local transit agencies that could be obligated during the initial, 180-day period for use of such funds. The total amount requested (\$11,299,461) exceeds the minimum amount that must be obligated within 180 days (\$10,065,048) by \$1,234,413. DOT indicates that the most of the remaining projects were currently planned building projects, but getting the projects constructed could take longer than 180 days. DOT indicates that most of these building projects would likely be funded with the remaining ARRA funds that DOT has up to 365 days to obligate.

As a result, the list of requested projects mostly contains equipment purchases for which the federal funds could be quickly obligated. For example, of the \$11.3 million requested, \$3.8 million would be for the purchase of buses (33.6%), \$1.8 million would be for the purchase of vans and other vehicles (15.9%), and \$280,000 would be for the purchase of plows and other heavy equipment (2.5%). One construction project, for the Menominee Tribe, would expend \$2.7 million, or 23.9% of the funding. The remaining funds would be used for other equipment purchases, such as computers and related items, shop items and other related equipment, and radio equipment, as well as small construction projects.

The federal requirements related to the ARRA nonurbanized funding would allow up to 15% of the funds to be used to cover state administrative expenses related to DOT's costs associated with the federal transit capital assistance program. However, DOT did not include any administrative funding in its request. In addition, similar to the federal requirements for federal nonurbanized formula funds, DOT is required to expend 15% of the ARRA funds on intercity bus service in the state, unless the Governor certifies that all the intercity bus service needs in the state have been met. DOT indicates that the state is not currently seeking a waiver of this requirement for the federal ARRA funds because some of the remaining funds that DOT has up to 365 days to obligate may be used to meet state intercity bus needs.

## **ALTERNATIVES**

1. Approve the Governor's request to provide \$11,299,461 in federal ARRA funds to the 32 entities to fund the 109 projects identified by local transit providers.

2. Deny the request.

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