



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

December 17, 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 Nonurban Transit System Projects -- Agenda Item IV

REQUEST

On March 5, 2009, the Federal Transit Administration (FTA) apportioned \$20,130,095 in federal American Recovery and Reinvestment Act (ARRA) transit funding for the nonurbanized areas of the state. On April 21, 2009, the Committee approved the spending plan for \$11,299,461 in projects to meet the initial 180-day obligation requirement established under the ARRA legislation. The Governor requests the approval for the use of the remaining \$8,830,634 in federal ARRA funds for capital improvements and purchases related to the provision of transit services. Under the request, the following 24 entities would receive the \$8,062,586 in funding for the purchase of transit vehicles and equipment and the construction of transit facilities.

<u>Entity</u>	<u>Amount</u>	<u>Entity</u>	<u>Amount</u>
Adams County	\$38,000	City of Merrill*	\$364,460
Bad River Reservation*	1,047,654	City of Platteville	35,500
City of Baraboo	24,000	City of Prairie du Chien	3,900
Bay Area Rural Transit (Ashland)*	2,814,872	City of Reedsburg	24,000
City of Beaver Dam	76,500	City of Ripon	72,000
City of Black River Falls	35,500	Rusk County	204,500
Door County	326,500	Sawyer County*	795,100
Dunn County	110,600	City of Shawano	35,500
City of Fort Atkinson	168,500	City of Waupaca	24,000
City of Lake Mills	35,500	City of Waupun	24,000
City of Manitowoc*	1,623,000	City of West Bend	84,000
City of Marshfield	24,000	City of Wisconsin Rapids	<u>71,000</u>
		Total	\$8,062,586

*Includes a construction project.

In addition, the request would make adjustments to two grant awards approved during the initial round of ARRA transit grants to nonurbanized areas requested in April. The Governor requests a \$40,000 increase to the \$1,940,921 grant approved for the City of Stevens Point and an \$86,400 increase to the \$372,600 grant approved for the Oneida Nation.

Finally, the Governor requests the approval of \$641,648 in ARRA funds to fund a portion of the staffing costs at the Department of Transportation (DOT) associated with the proposed projects that involve the construction of transit-related facilities.

BACKGROUND

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. 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.

In April, 2009, the Committee approved \$11,299,461 in projects to meet the initial 180-day obligation requirement established under the ARRA legislation. This request identifies the transit capital improvements, purchases, and grant recipients for the remaining \$8,830,634 in federal ARRA funds, which must be obligated by March 5, 2010. If this deadline is not met, the funds would be reallocated by FTA.

Further, FTA has indicated that these ARRA applications must be submitted by December 24, 2009, in order to ensure FTA's timely review and to guarantee the project will meet the March 5 deadline. As a result, this request on the use of the remaining state apportionment of ARRA nonurbanized transit funds is before the Committee at this time.

For transit funding, 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 2009, included the following systems.

<u>Bus Systems</u>	<u>Shared-Ride Taxi Systems</u>			
Bay Area Rural (Ashland)*	Baraboo*	Lake Mills*	Port Washington	Waterloo/Marshall
Ladysmith*	Beaver Dam*	Marinette	Portage*	Watertown*
Manitowoc*	Berlin*	Marshfield*	Prairie du Chien*	Waupaca*
Merrill*	Black River Falls*	Mauston*	Prairie du Sac	Waupun*
Rice Lake*	Clintonville*	Medford	Reedsburg*	West Bend*
Stevens Point*	Edgerton*	Monroe	Rhineland	Whitewater
	Fort Atkinson*	Neillsville	Ripon*	Wisconsin Rapids*
	Grant County*	New Richmond*	River Falls*	
	Hartford*	Platteville*	Shawano*	
	Jefferson	Plover*	Viroqua*	

*Would receive ARRA funding under this request or the earlier (180-day) request.

In addition to Tier C systems, under the current request, funds would be provided to the following entities, which are eligible for this category of federal aid because they are in, or have portions of their area in, a nonurbanized area and provide transit services.

Adams County
Bad River Reservation
Door County
Dunn County

Menominee Tribe
Rusk County
Sawyer County

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.

ANALYSIS

The Governor's request indicates that DOT has been working with the state's nonurban transit systems and FTA for several months to finalize a list of projects that would utilize the remaining ARRA funds. Of the \$8,830,634 in transit projects on the proposed list, \$6,725,562 in funding would be used to fund the construction of transit facilities and a portion of DOT's administrative costs associated with those construction projects. The remaining \$2,105,072 in proposed projects would primarily fund the purchase of transit service vehicles and equipment.

FTA has indicated that no ARRA funds may be obligated for construction projects that have yet to receive the required environmental approvals. FTA's environmental approval process involves separate decision track from its ARRA transit project approval process. The Governor indicates that five of the transit facility construction projects that DOT has included on the proposed list are considered "at risk" because the projects have yet to receive FTA's final environmental approval. As mentioned earlier, the ARRA project must be submitted to FTA by December 24, 2009, in order to ensure FTA's review, and to guarantee the ARRA funds are fully obligated by March 5, 2010. However, it is not known if all of the construction projects will receive the necessary environmental approval in time to meet the March 5 deadline. Nonetheless, the projects are considered a priority and DOT plans to submit the projects to FTA with the expectation that the environmental approvals for the projects will be completed in time.

Given the uncertainties of whether some or all of these construction projects receive final environmental approval in time to obligate the ARRA funds for the projects, DOT has developed a contingency plan that includes another priority list of projects for which the ARRA funds could be used. The Governor included this contingency plan as part of his request. DOT, along with the state's nonurban transit providers, identified these additional eligible projects. DOT also contacted local government sponsors of intercity bus service and identified a potential intercity bus service project that could utilize ARRA funding. The following table lists the potential recipients of \$2,951,333 in ARRA funding in the event contingency projects are needed. The projects primarily involve the purchase of transit vehicles and equipment. However, the ARRA funding for the Village of Stanley would be an operating assistance grant for existing intercity bus service.

<u>Recipient</u>	<u>Total</u>
Village of Stanley	\$1,154,929
City of Manitowoc	200,000
Sawyer County	100,000
Rusk County	65,500
Dunn County	44,800
City of Wisconsin Rapids	71,000
Bad River Tribe	84,500
Bay Area Rural Transit	227,000
Menominee Tribe	<u>1,003,604</u>
Total	\$2,951,333

Depending on how many of the construction projects receive final environmental approval in time, the above contingency list of nonurban transit projects may not be sufficient to ensure that the entire state apportionment of ARRA nonurban transit funding is obligated by March 5, 2010. If all eligible nonurban and intercity bus transit needs are met, federal nonurban transit funds may be used to meet the state's small urban transit system's needs. Therefore, the Department worked with the state's small urban systems to develop a second contingency list in the event additional transit projects are needed to utilize the state's entire nonurban transit ARRA funding allocation. The Governor also included this contingency plan list as part of his request. The projects include the purchase of transit vehicles and equipment and would involve the following cities.

<u>City</u>	<u>Total</u>
Appleton	\$50,000
Beloit	799,500
Fond du Lac	61,500
Green Bay	440,000
Janesville	250,000
Oshkosh	1,251,129
Racine	37,100
Sheboygan	395,000
Wausau	<u>490,000</u>
Total	\$3,774,229

Therefore, as part of the ARRA request, the Governor is also requesting the Committee to approve these contingency plans for the obligation of state's remaining apportionment of nonurban transit ARRA funding at this time. DOT will not submit any projects listed on the nonurban and small urban contingency projects lists as part of its December 24, 2009, nonurban transit ARRA project application. However, in the event that FTA indicates that one of the environmental assessments for a transit construction project submitted on December 24 is not approved, or is unable to be completed, before the March 5, 2010, deadline, DOT could submit some or all of the

projects from the contingency lists. The Committee's approval of the contingency plan project lists at this time would allow DOT to more quickly submit those projects to FTA in order to meet the obligation deadline of March 5, 2009, for ARRA transit funds.

Amended Request

In a subsequent letter to the Committee dated December 10, 2009, the Governor amended his original request for the allocation of the remaining ARRA nonurban transit funds by removing the \$364,460 transit facility construction project in Merrill from his original request. The Governor indicated that the project was being removed because FTA notified DOT that the project would not receive the required environmental approvals in time to be eligible for the federal ARRA funding. In addition, \$17,340 in ARRA funding included in the original request for DOT administrative costs associated with the Merrill construction project would not be needed.

In this letter, the Governor requests the reallocation of the \$381,800 in funds originally associated with the Merrill project to other projects identified as part of his original request. The amended request would provide an additional \$16,000 to cover higher than expected costs of equipment purchases for the City of West Bend, which would receive ARRA funding under the Governor's original request. In addition, the Governor's amended request would use the remaining \$365,800 to fund vehicle and equipment purchases in Dunn, Rusk, and Sawyer Counties, the City of Wisconsin Rapids, and the Bad River Tribe. These projects are included on the nonurban transit provider contingency project list identified in the Governor's original request and discussed earlier.

In order to incorporate all of the Governor's requested actions, the Committee could adopt the amended list of nonurban projects to be funded with ARRA funds. In addition, the Governor's nonurban transit provider contingency list would have to be reduced to \$2,585,533 in projects to reflect that \$365,800 of these projects would now be funded under the amended request.

ALTERNATIVES

1. Approve the Governor's request, as amended, to provide \$8,830,634 in federal ARRA funds to fund the nonurban transit projects identified by local transit providers. In addition, approve the Governor's amended request to identify \$2,585,533 in nonurban transit projects on a contingency list of projects that could be submitted to FTA to fully utilize federal nonurban transit ARRA funds. Finally, approve the Governor's request to identify \$3,774,229 in small urban transit projects on a second contingency list of projects that could be submitted to FTA to fully utilize federal nonurban transit ARRA funds.

2. Deny the request.

Prepared by: Al Runde