



Legislative Fiscal Bureau

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June 14, 2018

TO: Members,
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Transportation: Plan for 2017-18 Appropriations Adjustments to Allocate Additional Federal Aid -- Agenda Item I

REQUEST

The Department of Transportation (DOT) requests 2017-18 appropriation adjustments to allocate \$67,362,500 in additional federal highway aid, as follows: (a) a \$37,362,500 increase in the federal (FED) appropriation for the southeast Wisconsin freeway megaprojects program to assist in the reconstruction of the I-94 North-South in Kenosha, Racine and Milwaukee Counties; (b) a \$30,000,000 reduction in the segregated (SEG) appropriation for the state highway rehabilitation (SHR) program, which would be offset by a corresponding increase of \$30,000,000 FED for that program; and (c) a \$30,000,000 increase in the highway and local bridge improvement SEG appropriation for the local bridge improvement assistance program.

BACKGROUND

Committee Review of DOT's Plan

1997 Act 86 included a provision that requires the Department of Transportation to submit a plan to the Joint Committee on Finance for adjusting the Department's appropriations if federal transportation aid received by the state differs from the amounts estimated for the state biennial budget by more than 5%. The state receives federal transportation aid for various categories or modes of travel (for example highway, air, and rail) as well as for certain administrative functions. Historically, the Department and Committee have applied the 5% difference requirement, which triggers the plan, to each category of funding. Also, the plan requirement has not been invoked when the state receives discretionary federal grants that are awarded for a specific project or purpose because such funds can only be used for that specified purpose.

After the plan is submitted, the Co-chairs of the Committee are required to jointly determine if the plan is complete. Upon that finding, the Committee may meet to review the plan within the following 14 calendar days. The Committee may either approve or modify and approve the plan at that meeting. The Secretary of DOT is required to implement the plan approved by the Committee. If, within 14 calendar days, no meeting is held or the Committee does not approve a plan at a meeting, the Secretary of DOT is required to implement the plan initially submitted, if that plan has been found to be complete.

On June 11, the Co-chairs of the Joint Finance Committee determined the plan was complete and placed it on the agenda for the June 14, 2018, s. 13.10 meeting.

Act 59 (the 2017-19 biennial budget) appropriated \$779.9 million in federal highway aid as follows.

TABLE 1

Federal Highway Formula Aid

<u>Appropriation</u>	<u>2017-18</u>
State Highway Rehabilitation	\$423,862,300
Southeast Freeway Megaprojects	53,895,000
Major Highway Development	166,159,900
Highway System Mgmt. and Operations	1,102,500
Departmental Mgmt. and Operations	13,761,300
Administration and Planning	3,521,500
Local Transportation Facility Improvement Assistance	72,211,300
Local Bridge Improvement	24,363,700
Railroad Crossing Improvements	3,291,800
Transportation Alternatives	7,049,300
Congestion Mitigation/Air Quality Improvement	<u>10,719,000</u>
Total	\$779,937,600

Subsequent to Act 59, the DOT received notice that it would be receiving total federal highway aid of \$847.3 million in 2017-18, which is \$67.4 million, or 8.6% higher than the amounts shown in above table. The \$67.4 million includes (a) \$7.9 million in additional federal formula aid; (b) \$37.5 million in additional approved in the federal Transportation Appropriations Act, which became law on March 23, 2018; and (c) additional federal redistribution aid of \$22.0 million, for a total federal redistribution aid for 2017-18 \$66.4 million (the amounts shown in Table 1 includes an estimated \$44.4 in federal redistribution aid, which is any unobligated or unallocated federal aid that is authorized to be appropriated for federal aid highway programs for given a year that the Federal Highway Administration (FHWA) is required to redistribute to the states). The state has until September 30, 2018 to use the \$7.9 million in additional federal formula aid, until September 30, 2021 to use the \$37.5 million in approved in the federal Transportation Appropriations Act, and until

the end of the 2017-18 state fiscal year to use the \$22.0 million in federal redistribution aid.

Local Bridge Improvement Assistance Program

The local bridge improvement assistance program makes grants using both state and federal funds for bridges not on state trunk highways or connecting highways (urban streets marked with a state highway or U.S. highway number). Local governments must provide a match equal to at least 20% of the total cost of the awarded project. Act 59 provided the following increases to the local bridge improvement assistance program for total annual program funding of \$43,860,000 in 2017-18 and 42,834,300 in 2018-19: (a) a one-time increase of \$1,075,700 SEG in 2017-18; (b) \$10,000,000 SEG annually. Of these amounts, \$19,496,300 SEG in 2017-18 and \$18,470,600 SEG in 2018-19 is provided from the state transportation fund with federal funding making up the remainder of funding each year.

Southeast Wisconsin Freeway Megaprojects Program - I-94 North-South Project

Southeast Wisconsin freeway megaprojects are high-cost expansion projects (a total cost of \$625.4 million or more) located in the southeast region of the state. There are two, ongoing southeast Wisconsin freeway megaprojects that have been enumerated in statute: (a) the I-94 North-South freeway project, construction of which began in 2009; and (b) the Zoo Interchange project, construction of which began in 2013.

The I-94 North-South freeway project involves reconstruction of existing lanes and interchanges and the addition of a fourth lane in each direction from the Mitchell Interchange in Milwaukee County to the Illinois state line. The I-94 North-South freeway project is defined as "the Mitchell Interchange of I-43, I-94, and I-894 in Milwaukee County, I-94 from the Illinois-Wisconsin state line in Kenosha County proceeding northerly through the Mitchell Interchange to Howard Avenue in Milwaukee County, I-43/894 from the Mitchell Interchange proceeding westerly to 35th Street in Milwaukee County, the STH 119 Airport Spur Parkway between I-94 and General Mitchell International Airport in Milwaukee County, and all freeways, roadways, shoulders, interchange ramps, frontage roads, and collector road systems adjacent or related to these routes or interchanges." As of February, 2018, total project costs are estimated at \$1,541.5 million. Anticipated expenditures remaining on the project were estimated at \$548.4 million.

Reconstruction of the I-94 North-South freeway project began in 2009 and was initially scheduled for completion in 2016 at an estimated cost of \$1.91 billion in year of expenditure dollars. In 2012, in response to bid savings and lower than expected inflation during this period, the Department of Transportation reduced this estimate of the total project cost to \$1.65 billion, with nearly \$1.0 billion of those costs having already been funded at that time. In the same year, the focus of work in the southeast region of the state shifted from the North-South freeway to the Zoo Interchange in Milwaukee County to address what was considered to be more pressing traffic congestion problems in that area and the deteriorating physical condition of that interchange. This shift in priorities, under the available level of program funding, moved the I-94 North-South project's estimated completion from December, 2016 to December, 2021. Since 2012, some additional funding has been allocated for interchange work related to the project, bringing the total funding provided to just over \$1.0 billion.

Subsequently, the funding provided for the southeast Wisconsin freeway megaprojects program under the 2015-17 biennial budget act was again prioritized for the Zoo Interchange project. As a result, DOT again revised the estimated completion date for the I-94 North-South project to December, 2022 (fiscal year 2022-23).

However, 2017 Act 58, (Foxconn legislation) authorized \$252.4 million in general fund-supported, general obligation bonds, which may be used for the I-94 North-South corridor project in the southeast Wisconsin freeway megaprojects program. The Act specified that DOT could not expend the proceeds from the bonds authorized under this provision unless the state receives an award of federal moneys for the I-94 North-South corridor project. During deliberations on the Foxconn legislation, the administration indicated that these bonds could be used as the state match for a potential federal "FASTLANE" ("INFRA") grant that would fund remaining work on the I-94 North-South corridor project. On October, 31, 2017, DOT applied for a \$246.2 million federal INFRA grant to assist in completing the project. With the \$252.4 million in bonding and the \$246.2 million in INFRA funding, it was expected that the project would be completed in 2021. On June 5, 2016, FWHA announced that the state has been awarded a \$160 million INFRA grant to assist in the completion of the I-94 North-South project.

DESCRIPTION OF PLAN

The following table shows the 2017-18 appropriations and the appropriation adjustments DOT has included in the plan before the Committee that allocates \$67.4 million in additional federal aid (the amounts shown do not include the recently announced \$160 million federal INFRA grant).

TABLE 2

DOT Appropriation Adjustment Plan

Program	2017-18 <u>Appropriation</u>	Proposed 2017-18 <u>Appropriation</u>	<u>Change</u>
Southeast Wisconsin Freeway Megaprojects			
SEG	\$6,488,300	\$6,488,300	\$0
FED	<u>53,895,000</u>	<u>91,257,500</u>	<u>37,362,500</u>
Program Total	\$60,383,300	\$97,745,800	\$37,362,500
State Highway Rehabilitation			
SEG	\$387,002,400	\$357,002,400	-\$30,000,000
FED	<u>424,783,000</u>	<u>454,783,000</u>	<u>30,000,000</u>
Program Total	\$811,785,400	\$811,785,400	\$0
Highway and Local Bridge Assistance			
SEG	\$19,496,300	\$49,496,300	\$30,000,000
FED	<u>24,363,700</u>	<u>24,363,700</u>	<u>0</u>
Program Total	\$43,860,000	\$73,860,000	\$30,000,000

Because the proposal would only adjust the 2017-18 appropriations listed in Table 2, the base level of funding for the 2019-21 biennium would be unaffected by the request. If the Committee denied DOT's plan with no further guidance, DOT would have to submit another plan.

ANALYSIS

Local Bridge Improvement Assistance Funding

In recent biennia, the local bridge improvement assistance program has not had sufficient funding to fund all local bridge project requests. DOT indicates that in the 2017-22 program cycle, \$38.6 million in local bridge projects may not receive funding. However, if the Department's request is approved, all but \$8.6 million associated with 21 projects would receive funding. Further, during deliberations on the 2017-19 biennial budget, the Department indicated that program demand for local bridge funding has exceeded available funds in each of the past two award cycles. In the 2013-18 cycle, 113 projects associated with \$34.6 million in potential project costs did not receive funding, whereas, in the 2015-20 cycle, 170 projects associated with \$66.2 million in project costs did not receive funding. The increase in state funding for the program under Act 59 assisted in funding some of the program backlog. DOT indicates that the \$30.0 million in additional funding included in the plan would allow the Department and local governments to fund an additional 49 local bridge projects across the state. Attachment 1 lists the bridge projects that the Department anticipates completing with the \$30.0 million in additional funding.

The local bridge program's funding level for each biennium since the 2007-09 biennium is shown in the following table.

TABLE 3

Biennial Local Bridge Program Funding (\$ in Millions)

	<u>2007-09</u>	<u>2009-11</u>	<u>2011-13</u>	<u>2013-15</u>	<u>2015-17</u>	<u>2017-19</u>
SEG	\$17.1	\$16.9	\$16.9	\$16.9	\$16.9	\$38.0
FED	<u>54.9</u>	<u>54.9</u>	<u>48.9</u>	<u>48.8</u>	<u>48.8</u>	<u>48.7</u>
Total	\$72.0	\$71.8	\$65.8	\$65.7	\$65.7	\$86.7
% Change		-0.3%	-8.4%	-0.2%	0.0%	32.0%

As indicated in the Table 3, Act 59 provided a 32% increase in local bridge program funding over the 2015-17 biennium. If the Committee approves \$30.0 million in additional local bridge funding included in the Department federal plan, the program would receive a 77.6% increase in funding over the prior biennium.

While program demand in the local bridge assistance program has exceeded available funding, the Department's request comes at a time when the state has provided substantial increases to other local transportation program. Along with the 32.0% increase in biennial funding for the local bridge program, Act 59 also provided significant increases in SEG funding to other programs that assist

local governments in meeting their transportation needs. The general transportation aid program, which provides general assistance to local units of government for their transportation needs, was increased for 2018 and thereafter by 8.5% for municipalities and 12.9% for counties. In addition, the local road improvement program, which funds local transportation infrastructure improvements, received an 18.0% increase in total funding for the 2017-19 biennium compared to the previous biennium.

Over the past decade, limited transportation fund revenue growth and the consequential extensive use of transportation fund-supported debt to finance highway infrastructure have contributed to an increasing percentage of transportation fund revenue being used to pay debt service on that debt (19.4% in 2017-18). Also, over the past several biennia, DOT has identified substantial current and future program needs in the state highway improvement program that continue to demand significant resources from the transportation fund. In addition, one method that DOT uses to assess the impact of a given funding level within the state highway rehabilitation (SHR) program over time is estimating the percentage of state highways that would be in "fair and above" condition at the end of a 10-year period at that funding level. Generally, a highway in "fair or above" condition can be treated to extend pavement life without a more costly, full-depth reconstruction. In its December, 2016 Solvency Study, DOT estimated that 79% of state highways would be in fair and above condition at the start of 2017-18.

Subsequently, during 2017-19 budget deliberations, DOT prepared several highway condition analyses, one of which showed that over a 10-year period, the biennial funding level recommended by the Governor (\$1,701.6 million), with no inflationary increases, would result a decline in highways rated at fair and above to 61.7% (by the end of 2027-28). If the \$1,619.4 million in SHR funding provided under Act 59 (4.8% less than the Governor's recommendations and 4.6% less than the 2015-17 biennium), were held constant over time, an even greater decline state highway conditions could be expected to occur over the same 10-year period. Given these demands on both state transportation infrastructure and the limited state resources currently available to meet those needs, one policy concern that the Committee may want to consider in reviewing this request is whether the state can afford to again increase funding for a local bridge improvement assistance program at a time when the state is having difficulty funding the state's transportation infrastructure needs.

I-94 North-South Funding

DOT is requesting the Committee to approve the \$37,362,500 increase to the federal appropriation for the southeast Wisconsin freeway megaprojects program. Due to timing issues in receiving the federal aid and federal requirements, DOT indicates that it has already committed \$22,037,700 of the funding to the southeast megaprojects program. As a result, if the Committee would not approve the proposed \$37.4 million adjustment to the federal appropriation, DOT would have to request that DOA use if federal allotment authority to cover the \$22.0 million FED already committed to the program in 2017-18 with other federal highway funds.

The administration indicates that if the Committee does not approve the \$37.4 million included in the Department's plan for the southeast Wisconsin freeway megaprojects program, the north

segment of the I-94 North-South project currently scheduled for a late July, 2018, bid letting, would need to be delayed until additional funding is secured (next legislative session). The administration further indicates not approving the Department's request would delay the expected project completion by about two years. However, they also note a decision to not allocate the \$37.4 million to the southeast megaprojects program for this project would not affect the state's receipt of the \$160 million federal INFRA grant.

In order to complete the I-94 North-South project by 2021, as envisioned when the Foxconn legislation was enacted, and the DOT INFRA grant was submitted, the Department would need \$498.6 million (\$252.4 in state GPR-supported bonding and \$246.2 million in federal INFRA grant funding). The following table compares this expected funding amount with the total funding amounts known to date, including the recent federal INFRA grant award and the amounts included in DOT federal plan.

TABLE 4

**2017-18 Anticipated I-94 North-South Funding
(\$ in Millions)**

Anticipated Funding	
GPR-Supporting Bonding	\$252.4
Federal INFRA Grant Award	<u>246.2</u>
Total	\$498.6
Current Funding	
GPR-Supporting Bonding	\$252.4
Federal INFRA Grant Award	<u>160.0</u>
Total	\$412.4
Funding Gap	-\$86.2
DOT Plan	\$37.4
Remaining Funding Needed	-\$48.8

Along with its federal plan requesting the adjustment of DOT appropriations, the Department and DOA also indicate that they will use their current law authority to adjust segregated service funds (SEG-S) and federal appropriations within the state highway program to provide the remaining \$48.8 million needed to fund the project as anticipated. The Department would have to request that DOA adjust appropriation levels in order to reallocate FED and SEG-S funds within the state highway program as planned. Specifically DOT's request notes that the Department plans to reallocate FED from the major highway development program to southeast megaprojects program in order to provide sufficient funding to complete the I-94 North-South project by late May, 2020. The Department plans to make a corresponding increase in the major highway development SEG-S appropriation to reflect the availability of authorized but unissued revenue bond authority and available bond proceeds. The Department indicates that the transportation revenue obligation bond

program has residual, authorized but unissued bonding authority, as well as bond proceeds resulting from revenue bonds being sold at a premium that are both available to the major highway development program.

The residual bonding resulted from DOA issuing less revenue obligation debt in 2017 than was anticipated during the 2017-19 budget deliberations, which resulted in a larger than anticipated amount of bonding authority being carried into the 2017-19 biennium. In most biennia, a certain amount of "unbudgeted" or "un-programmed" bonding is carried over to the subsequent biennia, so it can be available to be issued in order to provide funding continuity for the major highway development program funding during the construction months in the event of a delay in the passage of the budget. During the 2017-19 budget deliberations it was anticipated that approximately \$38.1 million of this bonding authority would be carried over into the 2017-19 budget, and would be available for issue in the event the 2019-21 budget would be delayed. However, due to the slower than anticipated bonding issues to close out the 2015-17 biennium, approximately \$86.3 million of this bonding authority was carried into the 2017-19 biennium. DOT, using its current law authority can request DOA to increase its SEG-S, all monies received continuing appropriation (an appropriation that expends the bond proceeds) in the majors program in order to expend any bond proceeds available in the transportation revenue bond program that have not already been appropriated.

In addition, the administration also indicates that approximately \$51.4 million in excess bond proceeds associated with the two most recent transportation revenue bond issues also exists. These proceeds are associated the premiums received on those bond issues. Over the past decade or more, the state sold bonds with coupon rates that are above market rates at the time of the sale. In return for having to repay the bonds at the higher coupon rate, the state receives upfront funds (premiums) that are deposited along with bond proceeds into the transportation revenue obligation fund. Despite the above market coupon rates, when factoring in the up-front premiums, the state's true interest cost associated with the borrowing is still less than if the state issued bonds with market rate coupons. If that were not the case, the state could simply issue bonds at the market rate. Similar to the appropriation of bond proceeds from the issuance of the \$86.3 million in authorized but unissued bonding, DOT can request that DOA increase the same majors program, SEG-S, all monies received, continuing appropriation in order to expend these available bond proceeds in the majors program.

With the \$86.3 million in residual bonding authority, and the \$51.4 million in bond proceeds associated with bond premiums, DOT and DOA could possibly fund the entire amount needed to complete the I-94 North-South project as planned. This could be done instead of the Committee approving the Department's request to provide \$37.4 million in federal funding for the southeast megaprojects program to fund the I-94 North-South project. However, these bond proceeds can only be appropriated for the major highway development program. As a result, in order to assist the I-94 North-South (megaprojects appropriation), DOT would have to request that DOA increase the state (SEG-S) appropriation for the majors program associated with the available bonding and then request that DOA use its federal allotment authority to transfer a corresponding amount of federal funds from the majors program to the southeast Wisconsin freeway megaprojects federal appropriation to fully fund the I-94 North-South project.

State Highway Rehabilitation Funding

The state highway rehabilitation program is responsible for the reconstruction, reconditioning, and resurfacing of the highways and bridges of the state highway system, except for highway projects that exceed the capacity expansion thresholds established for the major highway development, southeast Wisconsin freeway megaprojects, high-cost bridge, and major interstate bridge programs. As mentioned earlier, under Act 59, the SHR program received 4.6% less funding in the 2017-19 biennium, compared to the prior biennium, and the condition of the state's highways can be expected to decline if that funding level would continue over the next 10 years. In addition, subsequent to the passage of Acts 58 and 59, DOT's INFRA grant application indicated that the state would fund additional work on other state and local roads associated with the Foxconn development project that could cost up to \$134.0 million. The need to fund this work in the biennium had not been anticipated when the SHR program funding level was established in the 2017-19 biennial budget.

In November, 2017, DOT entered into jurisdictional transfer agreements with Racine County and the Village of Mount Pleasant to transfer the affected local roads to state jurisdiction, which was required in order to allow the use of SHR program funds on what had been locally administered highways. Projects listed in DOT's master contract schedule for February, 2018, through February, 2019, indicates that (as shown in the attachment to this memorandum) between \$102.0 million and \$122.0 million in SHR work has been tentatively scheduled on these local roads and adjacent state highways. The remainder of this Foxconn-related project is likely be scheduled for let later in 2018-19 and in the next biennium. Under the jurisdictional transfer agreements, up to \$23.0 million in local funds (\$11.5 million from the Village of Mount Pleasant and \$11.5 million from Racine County) would partially offset these costs. The Village of Mount Pleasant amount would be required to be paid by no later than January 1, 2023. Racine County's amount would be required to be paid from the receipt of county taxes from the Village of Mount Pleasant's TIF district #5, only between the time of TIF closure and 2043, provided that the district closes by 2043.

Subsequently, this office determined that let savings on SHR project bids to date in the biennium could replace \$32 million of the estimated \$102.0 to \$122.0 million in SHR funding to be used to reconstruct state and (previously) local roads near the Foxconn development. Therefore, after accounting for SHR program let savings, the previously unscheduled Foxconn-related roadwork is likely to reduce the amount of SHR program funding for previously anticipated SHR projects throughout the state by \$70 million (\$102.0 million - \$32 million) to \$90 million (\$122.0 million - \$32 million) in the biennium.

The use of any SHR program funding for previously unscheduled Foxconn-related local and state highway work will also impact the overall backlog of SHR roadwork, which can be measured by the estimated decline in the condition of state highways. As noted earlier, even at the higher amount of biennial rehabilitation program funding initially proposed by the Governor (\$1,701.6 million), state highway conditions would be expected to decline substantially over a ten-year period, assuming a constant funding level. Estimates by the Department during 2017-19 budget deliberations indicated that funding in excess of \$2.4 billion per biennium would be needed over a 10-year period to maintain (prevent a decline in) current state highway conditions. Given the expected deterioration of state highway conditions, this use of SHR funding for completing work on roads that were previously under local jurisdiction or for advancing state highway work related to the Foxconn

development has further limited the SHR funding available to make needed improvements to state highways throughout the state.

ALTERNATIVES TO DOT'S PLAN

The Committee could provide \$30 million in funding to assist local government in completing an estimated 49 additional bridge projects statewide, but not provide the \$37.4 million in FED funding for the I-94 North-South project at this time (Alternative 2). The Committee could instead provide the \$37.4 million to the state highway rehabilitation program's FED appropriation to assist with that program's demand. Under each of these two alternatives, DOT could still request that DOA reallocate among FED and SEG-S appropriation in the highway program associated with available bond proceeds, as is currently planned to get additional funds to the I-94 North South project.

The Committee could also choose to provide \$37.4 million FED to the southeast megaprojects program for the I-94 North-South project in order to keep that project on its current completion timeline, but not approve the Department's plan to adjust SEG and FED appropriation in order to provide \$30.0 million to the local bridge improvement assistance programs. That \$30 million FED could instead be used to provide additional funding to the state highway rehabilitation program (Alternative 3).

However, because DOT has already committed \$22.0 million of the \$37.4 million associated with this request to the southeast megaprojects program, the Committee may want to approve an increase to the federal appropriation of only the \$22.0 million (Alternative 4). The remaining \$15.4 million could be provided to the state highway rehabilitation program to meet that program's needs.

Another possible alternative to DOT's plan would be to provide the \$67.4 million in additional federal funding to the SHR program rather using the funds as the Department is requesting to assist the I-94 North-South project and to provide additional local bridge funding (Alternative 5). This funding would replace a significant portion of the \$70 million to \$90.0 million in SHR funding used on local and state roads adjacent to the proposed Foxconn development and would reduce the amount of funding being spent in the biennium on one project in one part of the state. In addition, this alternative would acknowledge that given the limited level of available transportation resources and the state's highway infrastructure demands, it may not be the appropriate to commit additional resources to a local transportation infrastructure program at this time.

If the Committee would choose an alternative that would not provide at least \$22.0 million in FED funding to the southeast megaprojects program, DOT would have to request that DOA use its federal allotment authority to adjust other federal appropriations that receive federal highway funding in order to cover \$22.0 million FED already committed to the southeast megaprojects program.

Finally, if the Committee chooses not approve the Department's request to provide the entire \$37.4 million FED funding under Alternatives 2, 4, or 5, the Committee could instead use an additional portion of the residual bonding and bond proceeds available to majors program to fund the I-94 North South project (Alternative 6). In doing so, depending on the Alternative chosen, the Committee could increase the majors SEG-S appropriation to appropriate the bond proceeds and

make a corresponding decrease in the majors FED appropriation. Further, the Committee would have to increase the southeast megaproject's appropriation by a similar amount. If the Committee chose not make these adjustments under Alternative 6, DOT and DOA could adjust these appropriation amounts using their existing authority in order to replace any southeast megaproject funding the Committee chose not to fund.

Regardless of any decision the Committee would make on DOT's request to adjust its appropriations, using its current law authority relating to all monies received continuing appropriations, DOA, if requested by DOT, could appropriate \$48.8 million in SEG-S associated with bond proceeds to the major highway development program. DOA could then use its federal allotment authority to make a corresponding transfer of \$48.8 million FED from the majors program to the southeast megaprojects program to assist in funding the I-94 North-South project in the biennium.

ALTERNATIVES

1. Approve the Department's request to adjust its 2017-18 appropriations to allocate \$67,362,500 in additional federal highway aid, as follows: (a) a \$37,362,500 FED increase to the federal appropriation for southeast Wisconsin freeway megaprojects program to assist in the reconstruction of the I-94 North-South in Kenosha, Racine and approve the request to Milwaukee Counties; (b) a \$30,000,000 SEG decrease to the state appropriation for the state highway rehabilitation program, which would be offset by a corresponding increase of \$30,000,000 in the FED appropriation for that program; and (c) a \$30,000,000 increase in the highway and local bridge improvement program SEG appropriation.

2. Approve the Department's request to provide \$30,000,000 in additional funding for the local bridge improvement assistance program in 2017-18 but delete the Departments request to provide \$37,362,500 to southeast Wisconsin's megaproject program (this would delay the I-94 North-South completion date compared to DOT's plan unless other funding, such as available bonding proceeds were provided). Rather increase the state highway rehabilitation program funding by \$37,362,500 FED in 2017-18.

3. Approve the request to adjust the southeast Wisconsin freeway megaprojects FED appropriation by \$37,362,500 in 2017-18 to reflect the additional federal funds being available, but delete the request to provide \$30,000,000 in additional funding for the local bridge improvement assistance program. Rather, increase the state highway rehabilitation FED appropriation by \$30,000,000 in 2017-18.

4. Approve the Department's request as follows to increase funding for the local bridge improvement assistance program by \$30,000,000 in 2017-18 SEG and adjust the southeast Wisconsin freeway megaprojects program federal appropriation, by approving only a \$22,037,700 FED in 2017-18 to that appropriation. In addition, increase the state highway rehabilitation program funding by \$15,324,800 FED in 2017-18 to provide more in funding for the SHR program in the biennium.

5. Delete the Department's request and increase the state highway rehabilitation program's FED appropriation by \$67,362,500 in 2017-18. This would not fund either of the Department's

planned uses for the additional federal funds.

6. In addition, to Alternatives 2, 4, or 5, increase the major highway development program SEG-S appropriation in 2017-18 by the amount needed to fully fund the I-94 North South project (depending on the alternative chosen) and make a corresponding decrease to the majors FED appropriation in 2017-18 and a corresponding increase to the southeast megaprojects FED appropriation in 2017-18.

7. Deny the Department's request and require DOT to resubmit a plan to adjust its federal appropriations to reflect the \$67.4 million in additional federal aid. DOT could still adjust federal appropriations among the majors and southeast megaprojects program to expend available bond proceeds, and fully-fund the I-94 North-South project in the biennium.

Prepared by: Al Runde
Attachments

ATTACHMENT 1

Additional Bridge Projects Funded Under DOT Plan

<u>County</u>	<u>Location</u>	<u>Project</u>
Barron	Arland - Hillsdale 5 th Street & ½ Avenue 28 th Street	Four Mile Creek Bridge Vance Creek Bridge Branch Rock Creek Bridge
Bayfield	South Shore Road	Eau Claire Lakes Branch
Buffalo	North Junction STH 95 Prairie Moon Road - CTH O STH 88 - STH 95 STH 37 CTH H - CTH Y	Eagle Creek Bridge Branch Rose Valley Creek Branch Branch Waumandee Creek Branch Tamarack Creek Bridge Branch Buffalo River Bridge
Burnett	CTH - X	North Fork Clam River Bridge
Crawford	Tiller Road STH 171 - CTH X Byers Road Norwegian Hollow Rd	Pigeon Run Creek Bridge English Run Creek Bridge Richland Creek Bridge, Branch Johnson Valley Creek
Dane	Lake Mendota Drive Windsor Drive	Multi-Use Trail Yahara River Bridge
Dodge	Bobolink Road STH 16 - CTH G	Canadian Pacific Railroad Bridge Beaver Dam River Bridge
Fond du Lac	Oak Grove Road West Division Street	South Branch Rock River Bridge West Branch Fond du Lac River Bridge
Jefferson	Will Road	Deer Creek Bridge
Juneau	CTH S - CTH A	Little Lemonweir Bridge
Kenosha	CTH WG	Bridge over Dutch Gap Canal
Kewaunee	Willow Road Elm Road	Silver Creek Bridge Rio Creek Bridge
Lafayette	STH 11 - CTH N	Pecatonica River Bridge

ATTACHMENT 1 (continued)

Additional Bridge Projects Funded Under DOT Plan

<u>County</u>	<u>Location</u>	<u>Project</u>
Milwaukee	West Hampton Road	Bridge over Milwaukee River
	West Grange Avenue	Bridge over Canadian Pacific Railroad
	South Dana Court	Bridge over Land
	Mill Road	Bridge over Oak Creek
	North Lovers Lane Road	Bridge over UP RR
	S 76 th Street (NB)	Bridge over STH 36
	S 76 th Street (SB)	Bridge over STH 36
Pierce	STH 35 - USH 10	Trimbelle River Bridge
	STH 35 - USH 10	Trimbelle River Bridge
Polk	30 th Street	Willow River Bridge
	40 th Street	Apple River Bridge
Racine	Lauderdale Drive	Bridge over Green Lake
Richland	CTH BB - STH 130	Branch Bear Creek Bridge
Sauk	CTH PF - US 12	Pine Creek Bridge
Trempealeau	Bradley Road	Silva Coulee Creek Bridge
	Kowahl Road	North Branch Elk Creek Bridge
	Joe Coulee Road	NF Beaver Creek Bridge
	Hagestad Road	NF Beaver Creek Bridge
	Rainey Valley Road	Rainey Valley Creek Bridge
	Ettrick - Whitehall	Irvin Creek Bridge
Walworth	Peters Road	Over Wisconsin & Southern Railroad
Washington	CTH H	Bridge over Milwaukee River
	Orchard Valley Road	Bridge over North Branch Milwaukee River

CTH = County Trunk Highway
 STH = State Trunk Highway
 USH = United States Highway

ATTACHMENT 2

Planned State Highway Rehabilitation Work Related to Foxconn Development -- 2017-19* (\$ in Millions)

<u>Road Name</u>	<u>Project Boundaries</u>	<u>Planned Work</u>	<u>Miles of Improvement</u>	<u>Low</u>	<u>High</u>	<u>Fiscal Year</u>
Formerly Local/New Roads						
CTH H	CTH, V. Sturtevant/Mt. Pleasant/Other	Resurfacing	3.6	\$3.0	\$4.0	2018
CTH KR	I-41 E. Frontage Rd. to 90th St.	Reconstruction	2.6	25.0	30.0	2018
Braun Road	I-41 to 90th St.	Reconstruction	2.8	15.0	17.0	2018
Wisconn Valley Way	CTH KR to STH 11	New Roadway	**	20.0	25.0	2019
International Drive	STH 11 to STH 20	Reconstruction	0.5	<u>9.0</u>	<u>10.0</u>	2019
Subtotal				\$72.0	\$86.0	
State Highways						
STH 20	Washington Ave, Mount Pleasant, I-94 to CTH H	Resurfacing	2.6	\$5.0	\$6.0	2018
STH 11	Durand Ave, Mt. Pleasant, 56th Rd. to CTH H	Reconstruction	2.0	<u>25.0</u>	<u>30.0</u>	2019
Subtotal				\$30.0	\$36.0	
Total				\$102.0	\$122.0	

*Data from DOT's December, 2017, and February, 2018, master contract schedules. These reports provide one-year summaries of planned contracts. The end date for the report is February 28, 2019. Additional state highway rehabilitation work near the Foxconn site may be planned for 2018-19.

** Not listed in master contract schedule.

Note: Under jurisdictional transfer agreements, up to \$23.0 million (\$11.5 million from the Village of Mount Pleasant and up to \$11.5 million from Racine County) will be paid to DOT, as specified in these agreements. This would, when received by DOT, mitigate some of the effects of these expenditures on state highway rehabilitation programming.