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May 23, 2013

Joint Committee on Finance

Paper #653 Addendum

Addendum to LFB Issue Paper #653

I-94 East-West Freeway Corridor Project -- Design Engineering Funding and I-94 Lane Capacity Restriction (DOT -- State Highway Program)

[LFB 2013-15 Budget Summary: Page 464, #6 & Page 465, #7]

At the time that LFB Issue Paper #653 was published, the Department of Transportation had indicated that cost estimates for the various alternatives under consideration for the I-94 East-West freeway had not been completed. Since that time, however, the Department has informed this office that such estimates are now being presented at public information meetings. This issue paper addendum provides the information on the Department's cost estimates and provides a discussion of the implications of these estimates for the alternatives presented in Paper #653.

For the purposes of the I-94 East-West freeway environmental study, the Department has identified four broad categories of alternatives: (a) "in-kind" replacement of the freeway; (b) reconstruction with spot improvements to partially address the most serious safety and operational issues; (c) reconstruction with partial modernization to more thoroughly address safety and operational issues; and (d) full modernization to address all safety and operational issues, including the possibility of capacity expansion. The following table shows the estimated cost or cost range of each of these alternative categories. These estimates are for planning purposes and are not based on the type of detailed engineering that occurs once a preferred alternative is selected.

<u>Freeway Alternative Category</u>	<u>Estimated Cost</u>
In-Kind Replacement	\$370 Million
Spot Improvements	\$500 Million to \$750 Million
Partial Modernization	\$750 Million
Full Modernization	\$950 Million to \$1.2 Billion

Except for the in-kind replacement alternative and the very low end of the spot improvements alternative, the other project alternatives would classify the proposed I-94 East-West freeway project as a southeast Wisconsin freeway megaproject. The bill would allow the Department, despite this potential designation, to use the major highway development program to fund the initial final design contract on the selected project alternative (Alternative A1). If the Committee does not approve this provision (Alternative A2), then the Department would not have authority to proceed with the final design using major highway development program funds if the preferred alternative qualifies as a megaproject. The Department could only proceed, in this case, by reallocating funds in the southeast Wisconsin freeway megaprojects appropriations, but that would reduce the funding in these appropriations available for the Zoo Interchange or I-94 North-South projects.

If the project is classified as a megaproject, the Department could not begin construction until the Legislature enumerates the project in the statutes. If the Department begins final design work for the project in the 2013-15 biennium, it is likely that the Legislature would be asked to enumerate the project as a megaproject and provide additional funding to continue preparatory work in the 2015-17 biennium.

Although the Governor's 2013-15 budget proposal would not enumerate the project as a megaproject, it would eliminate a statutory provision that prohibits the Department from constructing additional lanes to the freeway in a portion of the project corridor adjacent to the Wood National Cemetery (Alternative B1). LFB Issue Paper #653 made the point that some may view the Governor's proposal as asking the Legislature to make a decision to remove the capacity expansion restriction without information on the potential costs. With the estimates made available on May 21, the Committee now has some information on the potential magnitude of the various alternatives, although which alternative will emerge from the environmental study process as the "preferred alternative" remains unknown.

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