



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #921

Marquette Interchange Reconstruction

Marquette Interchange Reconstruction -- Use of State Highway Rehabilitation Funds (DOT -- State Highway Program)

[LFB 2001-03 Budget Summary: Page 661, # 1 (part)]

CURRENT LAW

The state highway rehabilitation program is principally responsible for repairing deteriorated highways and bridges on the state trunk highway system. Base funding for the program is \$565,948,900 (\$250,266,800 SEG and \$315,682,100 FED).

The Marquette Interchange is the conjunction of interstates 94, 43 and 794, adjacent to Marquette University and downtown Milwaukee.

GOVERNOR

Specify that the reconstruction of the Marquette Interchange shall be funded from the following appropriations: (a) the SEG, FED, SEG-S and SEG-L appropriations for the Marquette Interchange reconstruction project; (b) the appropriation for the administrative costs of bond issuance; (c) the SEG, FED and SEG-L appropriations for state highway rehabilitation; and (d) a new, PR (tribal gaming proceeds) appropriation for the reconstruction of West Canal Street in Milwaukee.

DISCUSSION POINTS

1. The bill would create SEG, FED, SEG-S and SEG-L appropriations for the reconstruction of the Marquette Interchange, but would also include the SEG, FED and SEG-L

appropriations for state highway rehabilitation in the list of appropriations that shall be used for the funding of the interchange reconstruction.

2. The reconstruction of the core and north leg of the interchange is expected to cost between \$670 million and \$766 million, in 2001 dollars, with most of the work taking place between 2004 and 2007. The bill would provide a total of \$132.9 million in the appropriations for Marquette Interchange reconstruction, but only \$39.6 million of this amount would be ongoing funding. Therefore, in the 2003-05 biennium, DOT would be required to fund the project from the rehabilitation program appropriations to keep the project on schedule, if no additional funding is provided in the Marquette Interchange appropriations. Depending on the extent to which the rehabilitation appropriations are used to fund work on the Marquette Interchange, this would require the Department to reduce other construction activity in the rehabilitation program by as much as one-third of its current level, which would significantly impact other scheduled highway rehabilitation projects.

3. If additional funding is provided in the Marquette Interchange appropriations either in the 2001-03 biennium or the following two biennia, it may not be necessary to use the state highway rehabilitation appropriations to complete the project. However, if the costs of the project increase above what is available in the Marquette Interchange appropriations, under the bill DOT would have the flexibility to use some rehabilitation program funds. The funding structure created by the bill, therefore, would allow DOT to make adjustments in the funding of the project as it progresses.

4. Some concerns have been raised about the potential impact of the Marquette Interchange reconstruction project on the rest of the rehabilitation program. If the Committee wants to prevent the rehabilitation program from being affected by unanticipated changes in the cost of the Marquette Interchange project without the approval of the Legislature, one alternative would be to specify that the reconstruction of the interchange could only be funded from the appropriations for the Marquette Interchange reconstruction.

5. The Committee may decide to require the interchange to be funded only from the Marquette Interchange appropriations, but also decide that it is appropriate to use a portion of the current base funding in the rehabilitation program on the Marquette Interchange project. In this case, an amount of base funding for the rehabilitation program could be transferred to the Marquette Interchange appropriations either in the context of a biennial budget, budget adjustment legislation or upon DOT's submission of a request to the Committee, but the Department would not otherwise be allowed to use rehabilitation funds for the Marquette Interchange project.

6. Federal highway formula funds generally lapse at the end of the federal fiscal year (September 30) if they are not encumbered prior to that time. For this reason, DOT sometimes requests allotment adjustments to move federal funds from one appropriation to another in order to ensure that all available federal funds are used. In addition, the actual amount of federal funds received by the state may be either higher or lower than the amounts estimated in biennial budget acts. If these differences are 5% or less than the total amount of aid estimated, DOT makes

adjustments to federal appropriations to account for the differences (a difference greater than 5% requires approval of the Joint Committee on Finance). It is possible that similar adjustments (either increases or decreases) could be made to the FED amounts appropriated for the Marquette Interchange during the course of the project.

7. If it is decided to restrict the funding of the Marquette Interchange to only the appropriations for the project, the Committee could allow DOT to seek approval of the Committee under a 14-day passive review process for funding shifts that involve the appropriations for the Marquette Interchange. This would create a process under which the appropriations could be adjusted to reflect such things as the receipt of additional federal aid, the provision of matching funds for federal aid and the need to deal with unexpected contingencies in the reconstruction project.

8. If the Committee decides to restrict the funding of the Marquette Interchange reconstruction project only to the appropriations created by the bill, the terms "reconstruction" and "Marquette Interchange" would need to be defined in the statutes. It may be appropriate to allow DOT to retain the ability to fund repairs to the interchange in an emergency situation from the rehabilitation appropriations and sunset this provision at the end of 2007, which is after the project is due to be completed.

9. The definition of the Marquette Interchange could correspond with the area that DOT indicates will be under construction between 2004 and 2007, which is the roadways, shoulders and related ramps encompassing interstates 43, 94 and 794, bounded by 25th Street to the west, North Avenue to the north, the southern end of Burnham Canal to the south and the Milwaukee River to the east. Future Legislatures could modify the project boundaries if it is determined that this funding mechanism should be retained for other work on the Milwaukee freeway system.

ALTERNATIVES TO BILL

1. Approve the Governor's recommendation to specify that the reconstruction of the Marquette Interchange shall be funded from the following appropriations: (a) the SEG, FED, SEG-S and SEG-L appropriations for the Marquette Interchange reconstruction project; (b) the appropriation for the administrative costs of bond issuance; (c) the SEG, FED and SEG-L appropriations for state highway rehabilitation; and (d) a new, PR (tribal gaming proceeds) appropriation for the reconstruction of West Canal Street in Milwaukee.

2. Modify the Governor's recommendation by restricting the funding of the reconstruction of the Marquette Interchange to the newly-created appropriations for the Marquette Interchange reconstruction. Define "reconstruction" as the rebuilding of highways or bridges and any activities associated with or necessary for such rebuilding, including design engineering, traffic mitigation, real estate acquisition and utility facility relocation. Define "Marquette Interchange" as the roadways, shoulders and related ramps encompassing interstates 43, 94 and 794, bounded by 25th Street to the west, North Avenue to the north, the southern end of Burnham Canal to the south

and the Milwaukee River to the east. Specify that this restriction does not apply to the emergency repair of portions of the interchange that are deemed necessary by the Department to ensure the safe movement of traffic within the interchange. Specify that this restriction does not apply after December 31, 2007.

Prohibit DOT from making any adjustments to the appropriations for the Marquette Interchange reconstruction unless the Department first submits the proposed adjustments to the Joint Committee on Finance. Limit the appropriations affected by the proposed modification to those for state highway rehabilitation and the Marquette Interchange reconstruction. Specify that if the Co-chairs do not notify DOT within 14 working days after the date of the Department's notification that the Committee has scheduled a meeting to review the proposed appropriation adjustments, DOT may implement the adjustments. Specify that if, within 14 working days after the Department's notification, the Co-chairs notify DOT that the Committee has scheduled a meeting to review the proposed adjustments, DOT may make the appropriation adjustments only upon approval, or modification and approval, of the Committee.

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