



## Legislative Fiscal Bureau

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2017

Joint Committee on Finance

Paper #611

### **Local Bridge Assistance Program (Transportation -- Local Transportation Assistance)**

#### *Base Agency*

[LFB 2017-19 Budget Summary: Page 440, #2 and #5]

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#### **CURRENT LAW**

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. Total funding for the program in the 2015-17 biennium is \$32,877,300 annually. Of that amount, \$24,409,600 annually is provided with federal funds (FED) and \$8,467,700 (SEG) annually is provided from the state transportation fund.

#### **GOVERNOR**

Provide \$2,500,000 SEG and \$500,000 SEG-L annually for the local bridge improvement assistance program (the SEG-L amount reflects the local government share of project cost).

Transfer \$1,025,700 in 2017-18 from the balance in the local bridge improvement assistance program, local funds appropriation to the transportation fund. Make a corresponding, one-time increase of \$1,025,700 SEG in 2017-18 to the highway and local bridge improvement assistance, state funds appropriation. The Department has indicated that this local funding amount reflects unused, SEG grant funding from a traffic signal and marking enhancement program that was repealed under 2013 Act 20.

## DISCUSSION POINTS

### Background

1. The local bridge improvement assistance (local bridge program) is one of several DOT local assistance programs intended to function as a mechanism to assist local governments in the funding of substantial capital improvements on their transportation systems. In the case of the local bridge program, funding for the program is intended to assist in the rehabilitation and/or replacement of deteriorated bridge facilities not on state trunk highways or connecting highways (urban streets marked with a state highway or U.S. highway number). Local governments are responsible for providing a funding match equal to at least 20% of eligible project costs.

2. The local bridge program's funding level since the 2007-09 biennium is shown in the following table. The proposed funding level would be similar to the level of funding provided to the program in 2009-11.

**TABLE 1**

**Local Bridge Program Funding Since 2007-09  
(\$ 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	\$23.0
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	\$71.7
% Change		-0.3%	-8.4%	-0.2%	0.0%	9.1%

\* Governor's recommendation. Includes minor amounts related to standard budget adjustments and \$1,025,700 in traffic signal and marking enhancement program funds.

3. Although all units of local government may request funds for a bridge project under their jurisdiction, the county highway commissioner is responsible for prioritizing the submitted project requests from local governments within the county. The number of projects that are funded from each county's priority list, in turn, is determined using the local bridge assistance distribution formula. Every two years, all local bridges are inspected and given a sufficiency rating score using federally-approved inspection and rating criteria. The sufficiency rating is a numerical score on a 100-point scale, with higher numbers indicating better condition. Bridges that are rated below 50 are considered to be seriously deteriorated and are eligible for replacement under the program, while bridges that are below 80 are eligible for rehabilitation, if the proposed project meets certain other conditions.

4. Upon completion of the inspection and rating process, DOT estimates the cost to replace all seriously deteriorated bridges. Each county's proportionate share of the statewide total replacement cost is used as the factor for determining an "entitlement" for the county for the funding cycle. That is, each county's entitlement equals the county's proportionate share of the statewide replacement cost, multiplied by the total amount of funding determined to be available during the funding cycle. As with the surface transportation program entitlement, however, this funding

entitlement is not the amount of funding received by the county each year. Instead, the county's proportionate share of funding is used to rate all projects statewide and projects are funded in order of their rating. Consequently, the higher a county's entitlement, the higher its bridge projects will be rated, which increases the likelihood that these projects will be funded.

5. Any part of a county's entitlement that is not used in a funding cycle is carried over to the next cycle, which has the effect of increasing the relative rating for projects submitted by the county in that cycle. It should be noted that while only the replacement cost of bridges with a sufficiency rating below 50 is used to determine each county's share of funding, program funds may be used for the rehabilitation of any bridge with a sufficiency rating below 80.

**Funding Level**

6. The Governor's recommendations would provide an additional \$5.0 million SEG annually. The provision of this additional funding is part of the Governor's budgetary focus on providing additional moneys for the preservation and maintenance of existing local and state roads. [Alternative A1]

7. In addition, the Governor recommends the use of \$1.0 million in 2017-18 (one-time funding) from the balance of an unused, local program that was repealed under 2013 Act 20. The program provided grants to local governments for traffic marking improvements intended to assist elderly drivers and pedestrians. The remaining funding is associated with projects that were abandoned. Therefore, these moneys would remain in this appropriation account unless the recommendation is approved [Alternative B1], or a similar transfer to another program, is made.

8. The following table shows local bridge program projects that have been approved by local government type in the most recent two award cycles.

**TABLE 2**

**Local Bridge Projects Approved by Unit of Government Two Most Recent Award Cycles (\$ in Millions)**

	Total Cost of Approved Projects	Awarded Federal/State Funding (80%)	Number of Projects Funded
<b>2013-2018 Award Cycle</b>			
County	\$45.4	\$36.3	128
City	32.9	26.3	39
Village	2.1	1.7	8
Town	<u>32.5</u>	<u>26.0</u>	<u>140</u>
Subtotal	\$112.9	\$90.3	315
<b>2015-2020 Award Cycle</b>			
County	\$33.3	\$26.6	75
City	5.6	4.5	8
Village	0.5	0.4	2
Town	<u>23.3</u>	<u>18.7</u>	<u>87</u>
Subtotal	\$62.7	\$50.2	172
Total	\$175.6	\$140.5	487

9. Projects that did not receive funding are not reflected in the table above. However, 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.

10. The table below reflects data from the federal highway administration (FHWA) that shows Wisconsin's structurally deficient and functionally obsolete bridges by local government type over the past five years. FHWA generally defines "structurally deficient" as meaning that one or more structural elements of the bridge have been rated in poor condition. Similarly, "functionally obsolete" means that there is a design element of the bridge, such as the deck geometry or under-clearance that does not meet current standards. However, the terms do not necessarily mean a bridge is inherently "unsafe."

**TABLE 3**  
**Annual FHWA Data on**  
**Structurally Deficient and Functionally Obsolete Wisconsin Bridges**  
**by Local Government Type**

	<u>County</u>	<u>Town</u>	<u>City/Village</u>	<u>Subtotal</u>	<u>Total Local Bridges</u>	<u>Classification % of Total</u>
<b>Structurally Deficient</b>						
2016	415	498	133	1,046	8,829	11.8%
2015	413	531	143	1,087	8,780	12.4
2014	389	509	131	1,029	8,776	11.7
2013	385	495	133	1,013	8,772	11.5
2012	385	470	125	980	8,758	11.2
<b>Functionally Obsolete</b>						
2016*	---	---	---	---	8,829	
2015	81	139	138	358	8,780	4.1%
2014	82	145	143	370	8,776	4.2
2013	84	144	143	371	8,772	4.2
2012	84	134	162	380	8,758	4.3

\*Not yet available.

11. DOT's 2017-19 budget request for the local bridge program is the same as the Governor's recommendation. In 2015, DOT estimated that the percentage of local bridges in fair and above was 89.5%. In 2016, this percentage was reestimated at 89%. DOT's request noted that without the requested funding increase, the number of local bridges in fair and above condition would remain below 90%. Fair and above condition essentially means that all primary structural elements of a bridge are sound. Although DOT is not able to project the precise effect that the 9.1% increase would have on local bridge conditions, the Governor's recommendation would help meet some of the excess program demand.

12. In 2016, there were 842 weight-posted bridges on highways under local jurisdiction.

Although, replacement or rehabilitation of a local bridge does not necessarily mean that it would not be weight-posted in the future, in some cases weight postings are due in part to the age, design, and/or condition of these structures. Given past program demand for local bridge funding and the potential public safety concerns related to these structures, a higher level of program funding compared to the bill may be appropriate. The Committee could provide an additional \$2.5 million SEG annually to the program. [Alternative A2] Under this alternative, to meet the local match requirements, estimated SEG-L would increase by an additional \$1.0 million compared to the Governor. Over the past two award cycles, the average project award size has been equal to about \$288,000. Based on this average, these additional moneys could fund eight or nine local bridge projects per year (\$2,500,000 / \$288,000) compared to the Governor.

13. Since the bill was introduced, revenues and expenditures to the transportation fund for 2016-17, and the 2017-19 biennium, have been reestimated [see LFB Paper #595]. As a result, the transportation fund's 2017-19 biennium ending balance is currently estimated to be \$93.4 million higher compared to the bill (\$101.8 million in total). Therefore, if the Committee decides to provide additional SEG funding to the local bridge program, the funding would be available in the transportation fund balance.

14. As discussed in several other LFB issue papers related to transportation, significant state and local transportation infrastructure demands have coincided with limited state resources currently available to meet those needs. One policy discussion that confronts the state is whether it can afford to increase funding for local infrastructure at time when the state is having difficulty funding the state highway improvement needs. Whether or not the state should provide local governments with additional flexibility to generate the needed revenues at the local level to maintain their roads or retain statewide transportation fund revenues to meet state infrastructure needs is the significant policy question associated with the Governor's recommendation on local road funding. If there is concern over the decision to prioritize local infrastructure, the Committee could decide to delete one or both of Governor recommendation's in order to retain a higher level of state funding that could be appropriated to fund improvements on the state system. [Alternatives A3 and/or B2]

## ALTERNATIVES

### A. Local Bridge Program Funding

1. Approve the Governor's recommendations and provide \$2,500,000 SEG and \$500,000 SEG-L annually for the local bridge improvement assistance program (the SEG-L amount reflects the local government share of project costs). Biennial program funding would be equal to \$71.7 million.

ALT A1	Change to	
	Base	Bill
SEG	\$5,000,000	\$0
SEG-L	<u>1,000,000</u>	<u>0</u>
Total	\$6,000,000	\$0

2. Modify the Governor's recommendations and provide an additional \$5,000,000 SEG and \$1,000,000 SEG-L for the local bridge improvement assistance program (the SEG-L amount reflects the local government share of project costs). This would provide an additional \$2,500,000 SEG annually compared to the Governor's recommendation. Biennial program funding would be equal to \$76.7 million.

ALT A2	Change to	
	Base	Bill
SEG	\$10,000,000	\$5,000,000
SEG-L	<u>2,000,000</u>	<u>1,000,000</u>
Total	\$12,000,000	\$6,000,000

3. Delete provision. The adjusted base program funding of \$65.7 million in the 2017-19 biennium would be provided.

ALT A3	Change to	
	Base	Bill
SEG	\$0	-\$5,000,000
SEG-L	<u>0</u>	<u>-1,000,000</u>
Total	\$0	-\$6,000,000

**B. Transfer of Repealed Program Balance to Local Bridge Program**

1. Approve the Governor's recommendation and transfer \$1,025,700 in 2017-18 from the balance in the local bridge improvement assistance program, local funds appropriation to the transportation fund. Make a corresponding increase of \$1,025,700 SEG in 2017-18 to the highway and local bridge improvement assistance, state funds appropriation.

ALT B1	Change to	
	Base	Bill
SEG-Transfer	\$1,025,700	\$0
SEG	\$1,025,700	\$0

2. Delete provision.

ALT B1	Change to	
	Base	Bill
SEG-Transfer	\$0	-\$1,025,700
SEG	\$0	-\$1,025,700

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