



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #771

Southern Bridge Project in Brown County (Transportation – Local Transportation Assistance)

[LFB 2023-25 Budget Summary: Page 632, #3]

CURRENT LAW

The Department of Transportation (DOT) administers local transportation assistance programs to provide state and federal funds for a variety of local road and bridge construction and rehabilitation projects, including (a) the local roads improvement program, which funds capital improvements on existing county, municipal, and town roads; (b) the surface transportation program, which allocates federal funds to complete a variety of improvements to federal-aid eligible roads and streets; and (c) the local bridge improvement assistance program, which funds projects to rehabilitate and replace bridges that are not located on state trunk highways or connecting highways.

DOT does not operate any program that provides funding for the construction of new local bridges. To enable construction of the "southern bridge" in De Pere (Brown County), 2021 Act 58 required DOT to submit a request for funding for the project as part of its 2023-25 biennial budget request, and defined the scope of the project as the segment of County Highway GV in Brown County spanning between County Highway D to State Highway 57.

DISCUSSION POINTS

1. Brown County has recognized the potential need for a new Fox River bridge in the southern Green Bay metropolitan area for several decades. In 1968, a future Fox River Bridge south of De Pere was recommended in Brown County's Comprehensive Plan. Versions of the southern bridge project were also incorporated into Brown County planning documents in 1991 and 1996. In 2006, Brown County began early a public involvement and agency coordination process to explore the need for improved east-west travel in the southern Green Bay metropolitan area, resulting in a

decision in 2008 to issue a notice of intent to prepare an environmental impact statement for the southern bridge project.

2. The project would provide a connection between Brown County Highway GV, which currently ends on the east side of De Pere, and Interstate 41, which runs on the west side of De Pere on the opposite side of the Fox River. The scope of the project, as defined by 2021 Act 58, would be a bridge spanning over the Fox River between two existing roadways running parallel to the river on either side. Brown County, the lead agency on the project, submitted a Tier 1 Environmental Impact Statement (EIS) for the project, which has already been approved by the Federal Highway Administration (FHWA). The Tier 1 EIS indicates that the project would address high congestion and crash rates on the existing Fox River bridges in Brown County, and also reduce travel time by improving east-west connectivity in the area.

3. The Department indicates that if the bridge were constructed, the facility would be under the jurisdiction of Brown County. Brown County would also need to complete additional local road construction associated with the project, as County Highway GV currently ends 2.8 miles east of the Fox River, and no local highway currently connects the west bank of the River to I-41. Brown County has indicated that it expects to contribute \$30 million for this local road construction, to be funded via a currently existing 0.5% county sales tax. The City of De Pere's additional estimated costs for road construction related to the project could be as much as \$30 million, while the Town of Ledgeview's are estimated to be \$6 million and the Town of Lawrence's are estimated to be \$4 million. In 2020, Brown County, De Pere, Lawrence also allocated \$1.2 million for engineering and design work along the proposed route.

4. DOT also plans to construct a new diamond interchange on I-41 that would allow for the future connection of County Highway GV to the interstate. The interchange is to be included as part of the statutorily-enumerated I-41 reconstruction project in Brown and Outagamie Counties under the major highway development program. The I-41 project will expand 23 miles of the interstate between Appleton and De Pere from four to six lanes, and also make improvements to several existing interchanges along the route. DOT indicates that the project is currently in the design phase. Construction is anticipated to begin in 2024, and the mainline on I-41 expected is expected to be opened to traffic in the fall of 2029.

5. The Department indicates that a tentative, preliminary cost estimate for the southern bridge portion of the project, not including construction of related local roads, is between \$40,000,000 and \$60,000,000, and also indicates that the project could take between five to 10 years to complete. However, a final project estimate and timeline will not be available for the project until a Tier 2 EIS is finalized, which is required before the project can be constructed. As mentioned previously, a Tier 1 EIS for the project was approved by FHWA in October, 2020. In March, 2022, Brown County also received \$5,000,000 in congressionally-directed spending from the 2022 federal Consolidated Appropriations Act. County intends to use these to complete the Tier 2 EIS for the project, and would use any remaining funds would for project design work. The Department indicates that Brown County is optimistic that it could reach the 60% design stage for the project by the end of calendar year 2025, so that land acquisition for the bridge could begin in calendar year 2026.

A. Transportation Fund-Supported Bonding

6. Assembly Bill 43/Senate Bill 70 would provide \$50,000,000 in transportation fund-supported, general obligation bonding authority for the southern bridge project. The Department also included this funding in their 2023-25 agency budget request, but did not specify which fund would pay debt service costs on the bonds. DOT's request satisfies the Act 58 statutory requirement that the Department include a funding proposal for the southern bridge in its 2023-25 agency budget request.

7. Given the Department's preliminary cost estimate for the project between \$40,000,000 and \$60,000,000, the amount of bonding recommended under the bill would likely fund the bulk of the project. Any bonding authority provided would remain available until bond proceeds are needed, which may not occur for several years. Due to the existing timing of the project, the debt service estimates included in the bill do not anticipate the issuance of these bonds in the 2023-25 biennium. Once fully-issued, the cumulative estimated debt service payments on these bonds, which are typically paid over a 20-year period, would be \$80.2 million, or an average of \$4.0 million SEG per year, to be paid from the transportation fund.

8. Not committing funds at this time could cause delays in the project, and could also cause Brown County and other local stakeholders to become hesitant about proceeding with the project without a commitment of funding from the state. In addition, if the southern bridge were not ultimately constructed, congestion, crash rate, and travel time issues on the existing Fox River Bridges would likely worsen with future population growth in the area. [Alternative A1]

9. Under current law, DOT provides financial support to local units of government for the improvement of transportation infrastructure via its various local transportation assistance programs. However, each of these programs require recipients to provide matching project funds. For example, DOT's local bridge improvement assistance program requires recipients to provide matching funds of at least 20% of the total cost of an awarded project. Matching funds are typically required to both share the costs of a project among project stakeholders, and also demonstrate that recipients are capable of and committed to providing long-term funding for ongoing maintenance of the infrastructure constructed by the project. In addition, the southern bridge would remain under the jurisdiction of Brown County following construction, and would primarily yield economic and other benefits to the local economy and population. Given these considerations, the Committee could choose to provide \$40,000,000 in transportation fund-supported, general obligation bonding authority corresponding to an 80%/20% match rate between the state and local governments for the project. Once fully-issued, the cumulative estimated debt service payments on these bonds would be \$64.2 million, or an average of \$3.2 million SEG per year over 20 years. [Alternative A2]

10. DOT's local roads improvement program provides grants to local governments at a 50%/50% match level. Using the aforementioned rationale for a local match on the southern bridge project, the Committee could chose to provide \$25,000,000 in transportation fund-supported, general obligation bonding authority corresponding to a 50%/50% matching rate for the project. Once fully-issued, the cumulative estimated debt service payments on these bonds would be \$40.1 million, or an average of \$2.0 million SEG per year over 20 years. [Alternative A3]

B. General Purpose Revenue

11. Although the Committee could consider requiring a local match on any state funding provided for the southern bridge project, local governments in the area may contribute a substantial amount of funding related to the project outside of the 2023-25 budget process. As mentioned previously, Brown County, the City of De Pere, and the Town of Lawrence have already contributed \$1.2 million for engineering and design work on the bridge. In addition, Brown County, De Pere, Lawrence, and the Town of Ledgeview have also signaled intent to contribute an estimated, combined amount of \$70 million for the construction of related local roads. In considering whether to require local match funds for the project, the Committee could make a determination on whether funds used to construct related local roads could be considered a local match to the state funding for the project as a whole, even though the funds would not be used for construction of the bridge itself.

12. Use of transportation fund-supported bonds to fund the southern bridge project would add a long-term SEG expenditure to the transportation fund, which has limited revenues and significant demands related to transportation projects and infrastructure. Conversely, the general fund has large one-time revenues available. If concerns exist regarding funding demands on the transportation fund, the Committee could instead choose to provide \$50,000,000 GPR in 2023-24 for the southern bridge project. A continuing GPR appropriation would also need to be created in order to expend these funds. [Alternative B1]

13. Similar to the earlier alternatives, if the Committee chooses to require a local match for the project, it could provide \$40,000,000 GPR under a 20% match requirement. [Alternative B2] Alternatively, if a 50% match is chosen, the Committee could provide \$25,000,000 GPR for the project. [Alternative B3]

14. The southern bridge would be under the jurisdiction of Brown County upon construction, and may primarily yield economic and other benefits at the local level. In addition, the project is still in an early stage and does not have a formal cost estimate or an approved Tier 2 EIS, which is required before construction can begin. Given these concerns, the Committee could choose not to provide funding for the project at this time. As mentioned previously, DOT's 2023-25 budget request for bonding for the project satisfies the Act 58 requirement. [Alternatives A4 and B4]

ALTERNATIVES

A. Transportation Fund-Supported Bonding

1. Authorize \$50,000,000 in transportation fund-supported, general obligation bonding authority for the accelerated bridge improvement assistance program to support the construction of the southern bridge in Brown County.

ALT A1	Change to Base
BR-SEG	\$50,000,000

2. Authorize \$40,000,000 in transportation fund-supported, general obligation bonding authority for the accelerated bridge improvement assistance program to support the construction of the southern bridge in Brown County, corresponding to an 80% state, 20% local funding match rate for the project.

ALT A2	Change to Base
BR-SEG	\$40,000,000

3. Authorize \$25,000,000 in transportation fund-supported, general obligation bonding authority for the accelerated bridge improvement assistance program to support the construction of the southern bridge in Brown County, corresponding to a 50% state, 50% local funding match rate for the project.

ALT A3	Change to Base
BR-SEG	\$25,000,000

4. Take no action.

B. General Purpose Revenue

1. Create a GPR continuing appropriation for the accelerated bridge improvement assistance program, and provide \$50,000,000 GPR in 2023-24 to support the construction of the southern bridge in Brown County.

ALT B1	Change to Base
GPR	\$50,000,000

2. Create a GPR continuing appropriation for the accelerated bridge improvement assistance program, and provide \$40,000,000 GPR in 2023-24 to support the construction of the southern bridge in Brown County, corresponding to an 80% state, 20% local funding match rate for the project.

ALT B2	Change to Base
GPR	\$40,000,000

3. Create a GPR continuing appropriation for the accelerated bridge improvement assistance program, and provide \$25,000,000 GPR in 2023-24 to support the construction of the southern bridge in Brown County, corresponding to a 50% state, 50% local funding match rate for the project.

ALT B3	Change to Base
GPR	\$25,000,000

4. Take no action.

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