



Legislative Fiscal Bureau

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May 20, 2021

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Natural Resources: Stewardship Grant for City of Appleton -- Lawe Street Trestle Trail Project

REQUEST

On February 27, 2020, the Department of Natural Resources (DNR) requested approval of the Joint Committee on Finance under s. 23.0917 (6m) of the statutes for a grant of \$911,810 to the City of Appleton. The grant would provide 50% funding for a project converting a former rail trestle to a pedestrian trail over the Fox River east and south of Lawrence University and Downtown Appleton. On March 18, 2020, a notice of objection was sent to DNR.

BACKGROUND

Local Assistance Grants

Under current law, the Warren Knowles-Gaylord Nelson Stewardship program is allocated \$33.25 million in annual bonding authority each year through fiscal year 2021-22. Of this amount, \$6 million is available annually for local assistance grants from the property development and local assistance subprogram. Funding obligated for local assistance may be used for: (a) grants for acquisition of urban green space; (b) grants for acquisition and development of local parks; (c) grants for acquisition of property development rights; and (d) grants for acquisition and development around urban rivers. Stewardship funds may be provided for up to 50% of a local government's eligible project costs of all project phases, equal to at least a dollar-for-dollar match of non-state funds by the grant recipient.

Appleton Lawe Street Trestle

The Appleton project, which was completed in July, 2020, upgraded an existing rail trestle running mostly east-west over the Fox River. According to documents submitted with Appleton's

grant application, the trestle at least dates to 1918 but had been effectively discontinued from railroad use. In March, 2015, the city petitioned the U.S. Surface Transportation Board to declare the Lawe Street trestle abandoned, citing the lack of rail transport over the bridge since the early 1990s when a nearby dairy plant was in operation. The Wisconsin Central Railroad Company, which was the previous titleholder, did not object, and ownership of the trestle transferred to the city by quit claim in October, 2017. In February, 2018, the Wisconsin Department of Transportation also assigned to Appleton any claim the state may have had under s. 85.09 of the statutes relating to the state's first right of claims to abandoned railroad property.

Inspections and evaluations of the trestle in 2014 and 2018 found certain levels of deterioration in the structure's condition, while some components of the trestle were viable. Most prominently, evaluators found the timber decking to be significantly damaged; inspections noted weathering and corrosion of the railroad ties, with some timbers missing entirely. Evaluators recommended the deck's full replacement. The underlying steel structure was assessed to be in poor condition, requiring at least moderate repairs to bring girders, bearings, and bolts into suitable condition for reuse. Substructure components, including piers and abutments either immersed in the river or near the water's surface, were generally in fair to good condition, requiring only cleaning, vegetation removal, and other superficial repairs to improve their condition.

According to public surveys commissioned by Appleton during master planning for the city's trails system, the trestle is located in an area that is both high-use for pedestrians and cyclists, and where users most wish to see additional trails. Appleton officials also indicate the Lawe Street area is a priority corridor for connector segments; in the city's 2017 trails master plan, the Lawe Street trestle was identified as one of several near-term priority river-area projects to be accomplished within five years.

The City of Appleton proceeded with construction of the trestle trail and construction finished in July, 2020. The trail essentially spans a gap between two other off-road trail segments; the western terminus of the trestle at Lawe Street is near the North Island Trail, while the eastern terminus is near the Eagle Point Trail. DNR and the City of Appleton report the trail is reinforced with a structural timber decking system, and uses a design of open, steel cable railing to preserve waterway views. Lighting has been added, and the refurbished trestle includes fishing and viewing areas.

In addition to Appleton acquiring the trestle in recent years, Neenah Inc. sold approximately 0.2 acres of property at the Lawe Street terminus of the trestle to the City of Appleton for \$100 in 2019. The land provides access from the city streets to the trestle. (While the donation of fair market value of the parcel is noted in the grant documents submitted to the Committee, the donation does not figure into the calculation of the grant.)

ANALYSIS

Budgeted costs for the project as of the date of application were \$1,823,620. However, Appleton officials report the actual project costs totaled \$1,405,646, a reduction of approximately \$418,000. Table 1 summarizes actual costs reported by the City of Appleton.

TABLE 1**Appleton Lawe Street Trestle Trail -- Actual Project Costs**

<u>Component</u>	<u>Amount</u>
<i>Structure Rehabilitation</i>	
Decking Repair and Replacement	\$431,840
Demolition and Removal	130,000
Cable Railing	108,288
Paving and Masonry	88,668
Surface Finishing and Sealing	60,441
Steel Structure Repairs	39,600
<i>Pathway Approaches</i>	
Lighting and Electrical	\$119,112
Site Preparation and Landscaping	106,807
Amenities and Signage	86,995
Paving and Masonry	84,573
Fencing and Railing	48,881
General Project Management	<u>\$100,441</u>
Grand Total	\$1,405,646

A stewardship grant would fund 50% of costs shown in the table, or \$702,823. The City of Appleton reports 50% of project funding not supported by the stewardship grant will come from two sources: (a) \$502,823 in city funding from bonding proceeds; and (b) \$200,000 from the Outagamie County Fox River Greenway Fund, which distributes county proceeds from one-time and annual impact fees from high-voltage transmission lines to local units of government. Table 2 shows the expected project funding by source for the completed project as compared to the February, 2020, estimates contained in the submission to the Committee.

TABLE 2**Appleton Lawe Street Trestle Trail -- Funding by Source**

<u>Funding Source</u>	<u>Initial Estimates</u>	<u>Actual-Cost Basis</u>	<u>Change</u>
Stewardship Grant (DNR)	\$911,810	\$702,823	-\$208,987
City of Appleton	711,810	502,823	-208,987
Outagamie County Greenway Fund	<u>200,000</u>	<u>200,000</u>	<u>0</u>
Total	\$1,823,620	\$1,405,646	-\$417,974

The Committee could consider approving the request as modified for actual costs of the project [Alternative 1]. DNR typically awards stewardship grants from the year in which the award is made, unless otherwise directed by the Legislature. While the Lawe Street Trestle Trail grant was requested in fiscal year 2019-20, the fiscal year has ended and funding would be awarded in fiscal year 2020-21. The Committee could also consider denying the request [Alternative 2]. The City of Appleton has financed the project up front with bonding proceeds, and Appleton would absorb most costs associated with the completed project, after accounting for the Outagamie County grant.

ALTERNATIVES

1. Approve the request from the Department of Natural Resources for a Knowles-Nelson Stewardship grant to the City of Appleton for the development of a pedestrian and multiuse trail on the Lawe Street Trestle Trail, but approve an amount not to exceed \$702,900 to reflect 50% of the actual costs of the project. Specify funding is to be obligated from DNR's 2020-21 allotment for local assistance grants.

2. Deny the request.

Prepared by: Paul Ferguson