

SOUTHEASTERN WISCONSIN REGIONAL PLANNING COMMISSION

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MEMORANDUM

TO: Chairwoman Marcelia Nicholson, Milwaukee County Board of Supervisors

FROM: Kevin Muhs, Executive Director, SEWRPC

DATE: April 1, 2021

SUBJECT: TRANSPORTATION IMPACTS OF THE 2021-2023 EXECUTIVE STATE BUDGET

On February 16, 2021, Governor Evers released his proposed 2021-2023 State budget. There are numerous items included in that budget that, if adopted by the State Assembly and Senate, would impact Milwaukee County. This memorandum primarily focuses on two items within the proposed budget for the Wisconsin Department of Transportation's (WisDOT): funding for the proposed reconstruction of IH 94 between 16th Street and 70th Street, and the increase in urban mass transit aids.

RECONSTRUCTION OF IH 94 BETWEEN 16TH STREET AND 70TH STREET

WisDOT has previously studied and identified a preferred alternative for the reconstruction of I-94 between 16th Street and 70th Street in Milwaukee County. The completion of the reconstruction of this 3.5-mile-long stretch of freeway would mean that the entire stretch of the east-west freeway within the County, from 124th Street to the Marquette Interchange, will have been reconstructed in a relatively recent period.

WisDOT's preferred alternative—originally identified as part of an environmental review and alternatives analysis process that began in 2012 and concluded in 2016—includes an additional travel lane in each direction (for a total of eight travel lanes in the corridor), as part of the reconstruction of the interchanges and mainline within this freeway section. In September 2016, the project received a Record of Decision (ROD) from the Federal Highway Administration (FHWA), which would have enabled further progress on the design for this freeway section, as well as right-of-way acquisition and eventually, construction. However, this ROD was rescinded at the State's in October 2017 after funding to pursue those activities was not included in the 2017-2019 State budget.

Starting in July 2020, WisDOT began a re-evaluation of the previous Final Environmental Impact Statement (EIS) as part of working to re-obtain a ROD for the project from FHWA. They are currently performing revised analyses and hosting a public involvement process as part of the effort to receive a ROD for the project. WisDOT's stated goal for that effort is that they are proceeding with the preferred alternative that was identified as part of the previous process. The preferred alternative is consistent with Region's advisory long-range land use and transportation plan, VISION 2050, which was approved unanimously by the Commission's Advisory Committees on Regional Land Use Planning and Regional Transportation Planning with representative from units of government across the Region, including the County. However,

it is important to note that the substantial investment in the Region's public transit, bicycle and pedestrian, and arterial street and highway facilities included in VISION 2050 was not considered project-by-project, and therefore, individual Committee member's votes in support of the entirety of the long-range plan does not necessarily mean that every investment included in the plan is supported by all Committee members.

The Governor's proposed State budget for 2021-2023 includes \$82 million dollars for what is called the "Southeast Megaprojects Program," which is the funding program utilized by the State for freeway reconstruction projects in our Region with a total budget exceeding \$500 million. This \$82 million dollars for the two State fiscal years in this budget is supported with \$12 million in State revenues from the transportation fund (predominately motor fuel taxes and vehicle registration fees), \$30 million in Federal transportation funds, and \$40 million in general-obligation bonding supported by future transportation fund revenues. These funds, if included in the budget adopted by the State Assembly and Senate and then signed by the Governor, would be used for more-detailed design and engineering, right-of-way acquisitions, and utility relocations needed to implement the preferred alternative. Several hundred million dollars will be needed over the course of future State budgets to complete the project, including funding construction activities.

More information on the process and the preferred alternative that is being used as a starting point for the current attempt to obtain a ROD from FHWA, can be found at <https://wisconsindot.gov/Pages/projects/by-region/se/94stadiumint/default.aspx>. An online public involvement meeting, held on March 16, 2021, garnered substantial public comment, and a recording of that meeting can be viewed via a link to YouTube found near the top of the WisDOT project website.

MASS TRANSIT OPERATING AIDS

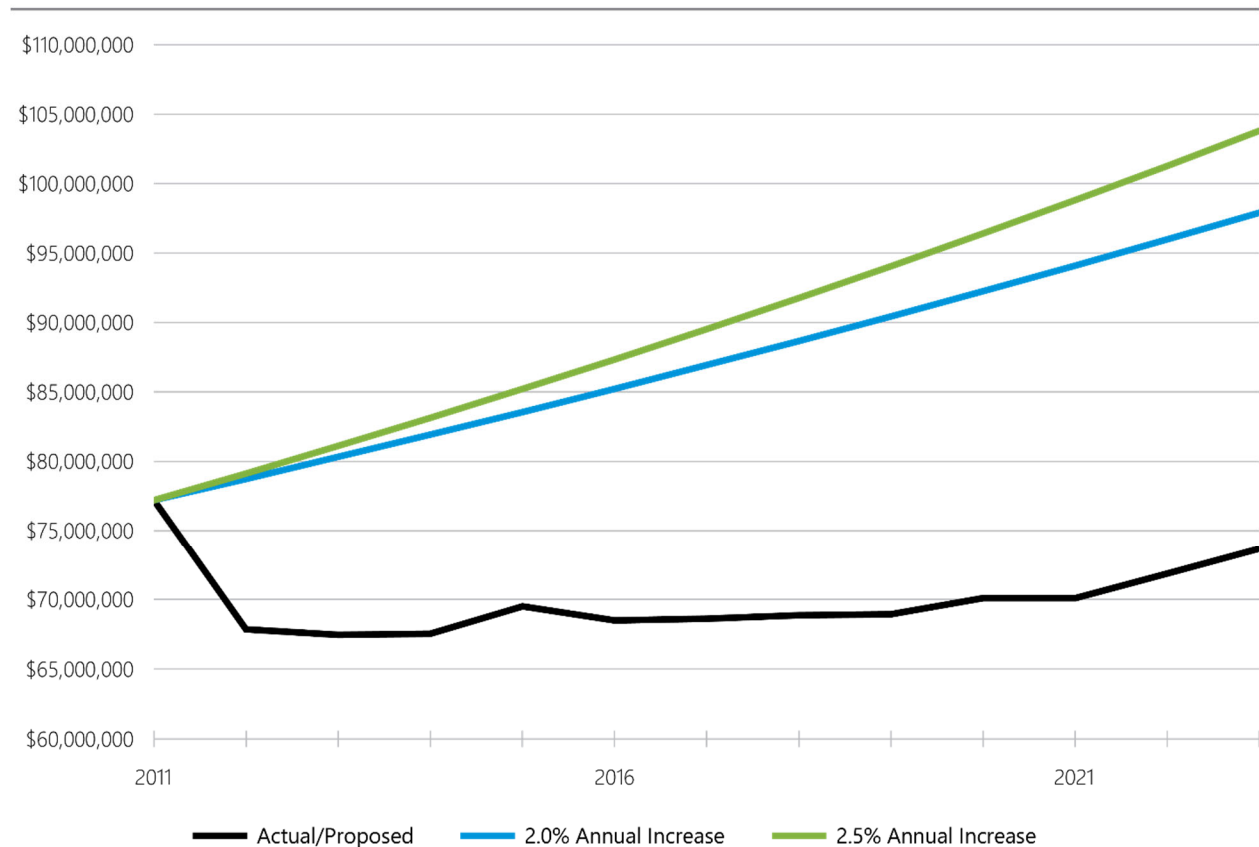
The State of Wisconsin has long had a substantial role in the funding of public transit throughout the State. Although local governments sponsor and own the transit systems in Wisconsin, the State is typically the single largest funding source for any individual transit operator, and this is also true of Milwaukee County. The State provides these funds through the mass transit operating aids program, which is managed by the Transit Section at WisDOT.

The Governor's proposed 2021-2023 State budget contains the funds needed to provide a 2.5 percent increase in these aids in calendar years 2022 and 2023. This percentage increase, if applied identically to all tiers of transit systems in the State, would result in an approximately \$1.8 million increase in each year in annual funding for the Milwaukee County Transit System (MCTS). However, as State funding is only a portion of the overall funding picture for MCTS (budgeted to cover approximately 45 percent of operating expenses in 2020, before the onset of the pandemic), a 2.5 percent increase in State funding would not fully "fill" the gap in the transit system's (or any entity's) budget caused each year by normal cost inflation. Although the proposed increase in transit funding would be the largest two-year increase in funding in several years, ensuring that no cuts will be needed in MCTS's services over the next two years will likely require identifying additional funds from other sources.

WisDOT has long-standing policy goals for the percentage of a transit system's overall operating expenses that it aims to fund from State and Federal sources each year. The percentages included in these goals have generally not been met for more than a decade. However, a challenge associated with these percentage based goals is that the State has been able to come closer to meeting its goals (or even exceeded them in the case of Milwaukee County) principally because transit systems across the State have cut service—and therefore the overall operating cost of the transit systems—in response to funding from the State not keeping up with inflation, funding from the State being reduced, and State-imposed limitations on the ability of the transit system's owners (local governments) to increase revenue at the rate of inflation.

Because of this dynamic, Commission staff consider it useful to also consider whether State funding has risen with the inflation-related increase in the cost to operate transit service, as this removes the feedback loop between reduced transit service and reduced State funding resulting in the State still coming close to WisDOT’s percentage-based policy goals. In addition, it could be considered reasonable, given Wisconsin’s long-standing substantial funding relationship with the State’s transit systems and its strict limitations on generating local revenues, to expect that the State, at a minimum, would provide funding in each year that at least matches the rate of inflation. Figure 1, below, compares recent State funding for MCTS over the past five State budgets (excluding the impact of the settlement funds from the Zoo Interchange Lawsuit) to what 2.0 and 2.5 percent annual inflationary increases would have resulted in. Preceding the State budget that was implemented for transit with calendar year 2012, State transit funding had generally kept pace with a 2.5 percent annual inflationary rate for the preceding decade or more. Note that additional smaller State funding programs utilized by MCTS are also included in the below totals, but do not represent a substantial share of the total State funding for MCTS.

Figure 1
Comparison Between Actual State Funding and an Inflationary Increase: 2011-2023



OTHER TRANSPORTATION ITEMS

The Governor’s proposed budget also makes a number of additional transportation recommendations that would impact residents of Milwaukee County if they are included in the budget by the State Assembly and Senate. Some of these include:

- \$75 million in SFY2022 for a competitive local multimodal transportation grant program

- Two percent increases each year in general transportation aids used by local governments to maintain roads
- \$10 million each year for a new transit capital project grant program
- An additional \$4 million in each year for the employment transportation assistance program, which provides funding to connect workers without reliable access to an automobile to jobs outside of public transit service areas
- An additional \$1 million in each year for the Transportation Alternatives Program, which funds bicycle and pedestrian projects across the State
- Small increases in paratransit aids and specialized transit aids, both of which are utilized by the County

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