



## Legislative Fiscal Bureau

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June 30, 2009

TO: Members  
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Transportation: Section 13.10 Request for Funding for Kenosha-Racine-Milwaukee  
Commuter Rail Project -- Agenda Item VII

### REQUEST

The Department of Transportation (DOT) requests \$35,000 SEG (transportation fund) from the Committee's supplemental appropriation for the purpose of providing a commuter rail transit system development grant to continue planning efforts for the proposed commuter rail corridor between Kenosha and Milwaukee.

### BACKGROUND

The Kenosha-Racine-Milwaukee (KRM) commuter rail project would be a 33-mile long commuter transit service on the Union Pacific North line that currently runs between Chicago and Kenosha. The project would involve new transit service that would extend to Milwaukee's Amtrak station, with potential intermediate stops in Kenosha, Somers, Racine, Caledonia, Oak Creek, South Milwaukee, and Cudahy-St. Francis. The service would consist of 14 weekday trains in each direction between Kenosha and Milwaukee. In addition, certain trains could also run to and from Waukegan, IL. The proposed service would be coordinated with the existing Metra commuter rail service to allow for timed transfers at Kenosha or Waukegan with Metra trains to and from Chicago and would operate on the existing Union Pacific railroad tracks.

If the KRM commuter rail project is to receive federal assistance under the federal new starts grant program, it must have Federal Transit Administration (FTA) approval to advance into the preliminary engineering phase of design. The FTA has yet to approve the project for preliminary engineering.

2007 Act 20 provided \$800,000 from the transportation fund under the Committee's segregated fund supplemental appropriation for grants under the Department's commuter rail

transit system development program This potential funding for DOT's commuter rail development grant program was provided to assist in funding preliminary engineering work on the KRM commuter rail project. On June 24, 2008 the Committee approved DOT's request for a \$100,000 SEG supplement to the Department's passenger railroad station improvement and commuter rail transit system grants appropriation in 2007-08 to fund a grant for technical and planning work on the KRM federal new starts grant application. No other requests for the remaining \$700,000 in funding have been made. If no other requests are approved, these funds will lapse to the transportation fund at the end of 2008-09.

## **ANALYSIS**

During the 2007-09 budget deliberations, DOT indicated that the state funding provided for the project was needed to complete preliminary engineering work on the project. At that time, the Southeastern Wisconsin RTA and Southeastern Wisconsin Regional Planning Commission (SEWRPC) staff indicated that the project would be submitted to FTA in June, 2007, for consideration to receive discretionary federal funding that would allow the project to move to the preliminary engineering phase of project development. It was believed that FTA would approve the project for preliminary engineering and the state funding (\$1.0 million under the Governor's budget request) would fund 20% of the \$5.0 million in costs associated with the preliminary engineering work to be completed through 2008, or early 2009.

During the summer of 2007, the RTA submitted the federal new starts application for the KRM project to FTA for consideration. Subsequently, at the RTA's November, 2007, meeting, SEWRPC staff indicated to the RTA Board that, after submitting the federal application, SEWRPC staff had conversations with FTA officials about the project application. SEWRPC staff indicated to the RTA Board that FTA could not be expected to approve the request to initiate preliminary engineering for the project because the project does not have a financial plan or local funding in order to match the proposed federal funding. They also noted that the RTA did not have statutory authority to sponsor or operate the KRM commuter rail project. Consequently, staff recommended that the RTA Board make a request that the KRM project application be put on hold to avoid a recommendation by the FTA against funding the project. At its December, 2007, meeting, the RTA voted unanimously to request FTA to place the application for the KRM project on hold. The project application has not yet been filed with FTA.

SEWRPC, on behalf of the RTA's member counties and municipalities, is applying for the \$35,000 grant under DOT's commuter rail transit development program to continue planning efforts for the proposed KRM commuter rail project. Primarily, the funding would be used for Union Pacific Railroad staff and other costs associated with the coordinating of planning efforts for the project with the railroad and conducting railroad capacity and improvement analysis. In addition, SEWRPC indicates that funding will be used to work with FTA staff to assess ridership forecasts and updated and refined capital operating and maintenance costs.

DOT indicates that the \$35,000 grant amount that is being requested reflects 10% of the \$350,000 in anticipated costs associated with completing the planning efforts and analyses with Union Pacific. Federal funding will support 80%, or \$280,000 of the costs, with local resources

making up the remaining 10% of costs, or \$35,000.

DOT reviewed SEWRPC's grant application and determined that it is in the prescribed form and provides the required information under the grant program. In addition, the Department reviewed and evaluated the application based on the grant program's established criteria and found that the grant meets the grant program's eligibility criteria and established program guidelines. In addition, DOT determined that the grant application meets the statutory cost share requirements, which limit the grant to one-half the non-federal share or 25% of the total project cost, whichever is less.

If the request is approved, the Department will enter into a grant agreement with Kenosha County. According to DOT, the coordination efforts and analysis by Union Pacific that are necessary to allow the proposed KRM project to be considered by FTA would then be initiated.

If the funding request is not approved, the remaining \$700,000 in the Committee's appropriation will lapse to the transportation fund on June 30, 2009. If this request is approved, only \$665,000 would lapse to the fund.

## **ALTERNATIVES**

1. Approve DOT's request to supplement the Department's passenger railroad station improvement and commuter rail transit system grants appropriation in 2008-09 by \$35,000 SEG from the Committee's supplemental appropriation for the purposes of awarding a grant for further development of the KRM commuter rail system.
2. Deny the request.

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