



Legislative Fiscal Bureau

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August 27, 2009

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Transportation: Section 13.10 Request to Transfer Funds for the Stillwater Bridge Project -- Agenda Item VIII

REQUEST

The Department of Transportation (DOT) requests that \$4,005,000 SEG in 2009-10 and \$603,000 SEG in 2010-11 be transferred from the state highway rehabilitation appropriation to the major interstate bridge construction appropriation to fund costs related to the construction of a new interstate bridge near Stillwater, MN.

BACKGROUND

Bridges that cross a river forming a boundary between Wisconsin and another state are a joint responsibility of the two states. For each such bridge, one of the two states is designated as the lead state. In the case of the Stillwater Bridge, Minnesota is the lead state. The construction of a new bridge south of the current bridge linking Houlton, WI, and Stillwater, MN, has been under consideration for several decades, but has been delayed due to environmental issues, lawsuits, and lack of funding. The existing bridge is classified as being both structurally deficient (having elements that are no longer in desirable condition) and fracture critical (lacking redundancy in certain load-carrying parts). In addition, as a lift bridge, there are frequent traffic delays whenever the bridge is raised to allow recreational boats to proceed under the bridge on the St. Croix River. Further, the bridge traffic passes through downtown Stillwater. The new bridge would be high enough to accommodate river traffic without needing to be a lift bridge and would avoid downtown Stillwater, improving traffic flow for both commuters and those using the downtown streets.

The costs of bridge construction on the state highway system have traditionally been funded

through the state highway rehabilitation program. This has included the \$9.3 million that the state has expended since the mid-1980's for the Stillwater Bridge project. However, a provision of the 2009-11 biennial budget act (2009 Act 28) changed the way in which major interstate bridge projects will be funded in the future.

Act 28 specifies that Wisconsin's share of the costs for the design and construction of any major interstate bridge project may only be funded from newly-created SEG, SEG-L, and FED appropriations for such projects or from \$225,000,000 in SEG-supported, general obligation bonds authorized under the Act for this purpose. A "major interstate bridge project" is defined as the construction or reconstruction of a bridge on the state truck highway system, including approaches, that crosses a river forming a boundary of the state and for which Wisconsin's estimated cost share is at least \$100,000,000. Act 28 also specified that the \$225,000,000 in bond funds can not be encumbered unless Wisconsin receives at least \$75,000,000 in federal funds that are designated by the federal government specifically for a major interstate bridge project.

ANALYSIS

Since the state's share of the Stillwater Bridge project's costs is estimated to be \$288.8 million (in 2013 dollars), the project meets the definition of a major interstate bridge project. Therefore, DOT cannot use the state highway rehabilitation appropriations for any project costs that were not encumbered prior to July 1, 2009. In addition, the bonds provided by Act 28 cannot be used unless Wisconsin receives at least \$75,000,000 for this project from the federal government. Since Act 28 did not provide any funding in the new appropriations for major interstate bridge projects, the Department has no funding source to continue with planned activities related to the project.

This request would transfer funds from the state highway rehabilitation program's SEG appropriation to the SEG appropriation for major interstate bridge construction. This would allow DOT to use these funds for the Stillwater Bridge project. The request identifies two uses for the requested funding: (a) \$0.9 million in 2009-10 and \$0.5 million in 2010-11 to match previously-earmarked federal funding of \$3.6 million in 2009-10 and \$2.0 million in 2010-11, to be used for project design costs; and (b) \$3.1 million in 2009-10 and \$0.1 million in 2010-11 for right-of-way acquisition.

The Department had been planning these expenditures prior to the enactment of Act 28 and, under prior law, would have made them from the state highway rehabilitation program. Therefore, the transfer of these funds to the major interstate bridge program would not affect any other planned activities in the state highway rehabilitation program. If the Committee does not approve the request, further spending by Wisconsin for the bridge project would be limited to already-encumbered funds and spending on new items would have to wait until either the state receives \$75,000,000 or more in federal funds for the project or the Committee approves a future request.

ALTERNATIVES

1. Approve the Department of Transportation's request to transfer \$4,005,000 in 2009-10 and \$603,000 in 2010-11 from the state highway rehabilitation SEG appropriation to the major interstate bridge construction SEG appropriation.
2. Deny the request.

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