



## Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #914

### **Kenosha Transit Parking Facility (DOT -- Local Transportation Projects)**

[LFB 2001-03 Budget Summary: Page 660, #10]

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#### **CURRENT LAW**

DOT administers the congestion mitigation and air quality improvement (CMAQ) grant program, which provides grants of federal funds to projects in ozone nonattainment areas that are designed to reduce the number of automobile trips or the amount of vehicle emissions. Project applications are reviewed and project awards selected cooperatively by DOT, DNR and the metropolitan planning organizations representing nonattainment areas. Base funding for the program is \$12,498,500 FED and \$3,124,700 SEG-L, which represents the 20% nonfederal match required by federal law.

#### **GOVERNOR**

Provide \$420,700 SEG in 2001-02 in the demand management and ride-sharing grant program (renamed the transportation employment and mobility program by the bill) and require DOT to make a grant of that amount in 2001-02 to the City of Kenosha to provide 50% of the local share required for a CMAQ grant for a parking facility in the City of Kenosha. Specify that this grant may not be awarded unless the City of Kenosha contributes an amount equal to the DOT grant toward the project.

#### **DISCUSSION POINTS**

1. A CMAQ grant to Kenosha County of \$3,365,360 FED has been approved for constructing a parking garage near the Metra commuter train station in Kenosha. The grant requires a nonfederal match of \$841,340, or 20% of the total project cost. Under the bill, DOT would pay half of that local match through a grant to the City of Kenosha. DOA indicates that this item was

intended to require a grant to Kenosha County, instead of the City of Kenosha.

2. If the proposed funding for the garage is approved, Kenosha County indicates that construction could start early in 2002.

3. Metra makes eight round trips each weekday between Kenosha and Chicago. The Metra train station has a surface parking lot with space for about 60 vehicles. Another overflow lot, with about 40 spaces, is being constructed in the vicinity of the station. The City received CMAQ grants to purchase and upgrade the station in 1993 and another grant to build the overflow lot. The total amount of these grants was \$611,400. A fee of \$1 is charged to park in the current lot, but monthly passes are available for a discount.

4. The proposed parking garage would have 300 parking spaces and would be located on the site of a Kenosha County surface lot about one block from the station. The 300-space garage would replace about 100 parking spaces in the current county lot. Currently, the county lot is intended for the use of county employees, but the county does not enforce this restriction, so some Metra train riders use the lot. There is currently no fee for parking in the surface lot.

5. DOA indicates that the Governor's rationale for providing state funding for part of the nonfederal share of the project is that encouraging Metra ridership through the provision of parking serves a state purpose.

6. Studies of Metra ridership conducted by the Southeastern Wisconsin Regional Planning Commission indicate that about one-third of Metra riders using the station in Kenosha are not Kenosha County residents.

7. At the time that the Kenosha parking garage was approved for a CMAQ grant, three other projects, with a total cost of \$2,790,000, were approved for park-and-ride lots along southeastern Wisconsin freeways. Of this amount, 80%, or \$2,232,000, will be paid with CMAQ funds. The nonfederal match, which equals \$558,000, is to be paid by DOT from the state highway rehabilitation program. It may be appropriate for the state to pay some or all of the nonfederal portion of the Kenosha parking garage, which, when used by Metra or other transit riders, serves a purpose similar to the freeway park-and-ride lots. To be consistent with the treatment of the freeway park-and-ride lots, one alternative would be for the state to pay the full local match, which would require an increase to the bill of \$420,700 SEG.

8. One possible outcome of providing a portion of the nonfederal match for a CMAQ grant with state dollars is that other CMAQ project sponsors will ask for the state to pay a portion of the nonfederal match on their projects as well. The state could establish a policy of paying half of the nonfederal match on all locally-sponsored CMAQ projects. An increase of \$1,141,600 SEG in 2001-02 and \$1,562,300 SEG in 2002-03 would be required to do this. If this alternative is adopted, a SEG appropriation for the CMAQ program could be created.

9. Requiring a local share for CMAQ projects may provide an incentive for local project sponsors to take cost-saving measures when developing projects. This incentive could be

reduced if the required local share is decreased.

10. Some of the costs of the proposed parking garage may not produce benefits that are related to the transportation system or to the purposes of the CMAQ program, which could be cited as a reason for not using state funds to pay a portion of the local match. Most of the 100 parking spaces in the surface lot where the garage would be built are currently used by Kenosha County employees and other visitors to county facilities, such as prospective jurors. In effect, therefore, the 200 new spaces for Metra and transit riders are being created for the cost of a 300-space garage. The marginal cost of the 100 spaces in the garage that would simply replace existing parking spaces could be considered an expenditure with no marginal benefit for the transportation system. It could be argued, therefore, that a portion of the federal CMAQ grant is already being used to serve a local, non-transportation purpose. Paying a portion of the nonfederal match for the federal grant with state funds would further increase the subsidization of the non-transportation purpose.

11. Even though 100 spaces in the garage would not be new spaces for Metra riders or other transit users, the Federal Highway Administration has determined that CMAQ funds can be used for 80% of the full cost of the garage, since the county is providing the land on which to build it. In other words, the land for the garage is considered an in-kind payment toward the project that offsets the marginal cost of the 100 spaces that will not be used for Metra riders or other transit users. Under this interpretation, the CMAQ grant does not involve a subsidization of a local, non-transportation purpose.

## ALTERNATIVES TO BILL

1. Approve the Governor's recommendation to provide \$420,700 SEG in 2001-02 in the demand management and ride-sharing grant program and require DOT to make a grant of that amount in 2001-02 to Kenosha County (instead of the City of Kenosha) to provide 50% of the local share required for a CMAQ program grant for a parking facility in the City of Kenosha. Specify that this grant may not be awarded unless Kenosha County (instead of the City of Kenosha) contributes an amount equal to the DOT grant toward the project. Reduce funding by \$420,700 SEG-L in 2001-02 in the local match appropriation for the CMAQ program to reflect a reduction in the local match that would be required if DOT provides the grant. [The SEG-L reduction is not reflected in the bill, so this reduction represents a technical modification to the bill's funding.]

<u>Alternative 1</u>	<u>SEG-L</u>
2001-03 FUNDING (Change to Bill)	- \$420,700

2. Approve the Governor's recommendation to provide \$420,700 SEG in 2001-02 for making a grant to Kenosha County, plus do one or both of the following:

a. Provide an additional \$420,700 SEG in 2001-02 to fund the entire nonfederal match for the parking garage and reduce funding by \$841,400 SEG-L in the local match appropriation for

the CMAQ program to reflect a reduction in the local match that would be required if this grant is made. Require DOT to make a grant to Kenosha County of \$841,340 and eliminate the requirement that the County contribute an amount equal to the DOT grant toward the project.

<b>Alternative 2a</b>	<b>SEG</b>	<b>SEG-L</b>	<b>TOTAL</b>
<b>2001-03 FUNDING</b> (Change to Bill)	\$420,700	- \$841,400	- \$420,700

b. Provide \$1,141,600 SEG in 2001-02 and \$1,562,300 SEG in 2002-03 in a new, continuing appropriation for providing 50% of the nonfederal match for CMAQ grants. Transfer the amounts recommended by the Governor and under alternative 2a (if approved) from the SEG appropriation for demand management and ride-sharing grants to the new, continuing SEG appropriation for CMAQ grants. Reduce the SEG-L appropriation for the CMAQ program by \$1,562,300 annually to reflect the lower local share of project costs.

<b>Alternative 2b</b>	<b>SEG</b>	<b>SEG-L</b>	<b>TOTAL</b>
<b>2001-03 FUNDING</b> (Change to Bill)	\$2,703,900	- \$3,124,600	- \$420,700

3. Maintain current law.

<b>Alternative 3</b>	<b>SEG</b>
<b>2001-03 FUNDING</b> (Change to Bill)	- \$420,700

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