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Local Transportation Infrastructure Needs Grow as Funding Capacity Shrinks

A report released today by the Milwaukee-based Public Policy Forum finds that local streets, highways, bridges, and buses owned by the City of Milwaukee and Milwaukee County have substantial investment needs, and that those needs will be more difficult to meet as overall financial pressures limit the amount of borrowing both governments should be pursuing.

"It would be inappropriate to view either the City's or County's transportation infrastructure as being in a state of crisis," says Forum Researcher Ben Juarez, co-author of the report. "However, it is also clear that unmet needs are building at the same time that financial capacity appears to be shrinking, and that the challenges facing local transportation infrastructure in the City and County should be taken as seriously as the highly-publicized transportation infrastructure challenges facing federal and state policymakers."

The report – titled "A Fork in the Road?" – is the first in a series of reports on local government infrastructure that will be published by the Forum in the next 18 months. Other installments will focus on water and wastewater treatment infrastructure, publicly-owned buildings, and publicly-owned parks and recreational facilities, while a concluding report will size up the overall state of local government infrastructure and what new policies or strategies might be considered to address both current needs and future challenges.

In the report released today, the Forum examined City streets and bridges, County trunk highways and bridges, and County-owned buses. The examination first assesses the general condition of that infrastructure, and then analyzes the capacity of each government to cover future costs while complying with capital budgeting and debt management policies.

With regard to condition, the report finds that the County's street and bridge challenges are far less pressing than the City's, which is not surprising given that the City has many more miles of streets and many more bridges to repair and replace. However, the single biggest transportation infrastructure challenge facing either government is the County's need to maintain a regular replacement cycle for its fleet of 436 buses.

"Nearly a third of Milwaukee County's buses are at or above 500,000 revenue miles, meaning that they have reached the threshold established by the federal government for bus replacement funding," says Juarez. "Also, 39 of those buses have surpassed the 500,000 revenue mile mark by more than 100,000 miles, and another 123 buses are at or above 250,000 revenue miles and will be in need of replacement in the relatively near future. Given the average bus replacement cost of \$475,000, this represents a substantial financial challenge for the County."

The report notes that the City also faces a significant challenge given that 56% (792 miles) of City streets are rated in poor or fair condition. The City recently implemented a High Impact Streets Program that is being successfully used to re-pave and extend the life of heavily-travelled streets in fair condition. While effective for such streets, however, that approach cannot be used for the 337 miles (24%) of streets that already are in poor condition, for which the City soon must identify resources to pursue full reconstruction.

The report explains that both the City and County issue bonds to address most of their major capital repair and replacement needs. Yet, both also have adopted policy goals that limit amounts of annual borrowing. For both governments, those restrictions are tied to the need

to avoid increases in debt service payments on capital projects that will threaten the resources needed for departmental operations.

"Both the City and County will need to increase spending over the next five years to fully meet their transportation infrastructure needs, but both face significant roadblocks in issuing more debt and both face competing needs from other governmental functions," says Juarez. "It's possible that new sources of federal or state support will materialize, but barring that development or identification of new local revenue sources, it will be exceedingly difficult for both governments to invest what they should while abiding by their own debt management policies."

The report notes that the City estimates a need for an average of \$76 million annually from local, state, and federal sources to support bridge and street capital needs, while the County will be required to spend more than \$15 million annually to replace buses. Among the big ticket items with which those needs will have to compete are major repairs to the foundation of Milwaukee City Hall, which could cost up to \$60 million; remodeling of the Milwaukee Police Administration building, which is estimated to require \$20 million; and a new Safety Building/Court Complex at the County, which could cost more than \$180 million.

The full report can be downloaded at the Forum's website, www.publicpolicyforum.org.

Milwaukee-based Public Policy Forum, established in 1913 as a local government watchdog, is a nonpartisan, nonprofit organization dedicated to enhancing the effectiveness of government and the development of southeastern Wisconsin through objective research of public policy issues.

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