



PROJECT SELECTION FOR FEDERAL AND STATE TRANSPORTATION FUNDING

Federal and State transportation funding have specific project eligibility, and other limitations and requirements. Funding may be limited to a specific transportation mode, program, or geographic area, or may require funding to be used only for capital projects and not operating costs. Federal law allows the transfer, or flexing, of FHWA funds, such as Surface Transportation Block Grant Program (STP), National Highway Performance Program (NHPP), and Congestion Mitigation and Air Quality Improvement Program (CMAQ) funding, to fund transit capital projects, and in the case of CMAQ to also fund the operation of transit improvement or expansion projects for a limited number of years. With regard to State funding for transportation projects, the amount of State and Federal funding that is available for State and local transportation projects is established in the State biennial budget. The biennial budget is very prescriptive with respect to the State and Federal funding available for different types of transportation projects throughout the State. For example, the State budget establishes the amount of State and Federal funding that will be available for transit operating expenses, and also for the maintenance and reconstruction of the freeway system in Southeastern Wisconsin.

The process used for selecting projects for State and Federal funding, and inclusion in the TIP, varies by funding source. The level of the Commission's involvement in the evaluation and recommendation of projects for funding also depends on the funding source. With regard to State projects, WisDOT provides the Commission a listing of projects proposed to be included in the TIP for use of State and Federal funding, including FHWA NHPP funding and STP funding that are available to State projects statewide, including within Southeastern Wisconsin. The process of selecting State highway projects for implementation (and inclusion in the TIP) varies depending on the size and complexity of the projects. Most State highway rehabilitation and reconstruction projects are funded under the State Highway Rehabilitation (SHR) program. WisDOT determines which projects are implemented based on various factors, such as condition, physical characteristics, rate of crashes, and traffic characteristics. Larger projects are generally funded under the State Majors Program.¹ Potential Majors projects in the Region have to compete for Majors Program funding against other large projects statewide based on the basis of economic impact, traffic flow, safety, and environmental considerations. The evaluation of the potential Majors projects is considered by the State's Transportation Projects Commission in recommending projects for enumeration in the State biennial budget. The funding for large freeway reconstruction projects in Southeastern Wisconsin is specifically enumerated in the State biennial budget under the Southeast Wisconsin Freeway Megaproject Program.² Historically, this has included the projects to reconstruct the Marquette Interchange, the Zoo Interchange, and various segments of IH 94.

¹ Based on Wisconsin State Statutes, Major projects include projects with a total cost of \$35.7 million or more (adjusted with inflation) and involve 1) constructing a new highway 2.5 miles or more in length; 2) reconstructing or reconditioning an existing highway by relocating 2.5 miles or adding 5 or more miles in length; or 3) improving to freeway standards 10 or more miles of an existing divided highway having two or more lanes in either direction. Major projects also include SHR projects with a cost of at least \$89.2 million (adjusted with inflation)—that do not otherwise meet the other statutory requirements for the State Majors Program.

² Based on Wisconsin State Statutes, projects in the Southeast Wisconsin Freeway Reconstruction Megaproject Program include the freeway reconstruction projects that have a minimum cost of \$596.8 million (adjusted with inflation).

With respect to local projects, WisDOT solicits highway, transit, and other projects for all FHWA funding programs and transit projects for some FTA funding programs. The solicitations typically occur annually or biennially, depending on the funding source. The Commission is directly involved with the selection of projects for FHWA funding specifically allocated to the Milwaukee urbanized area, such as FHWA STP and TAP funding. The Commission staff has also been asked from time to time to assist in evaluating and prioritizing projects for FHWA STP funding allocated to the other four urbanized areas within the Region (Kenosha, Racine, Round Lake Beach, and West Bend) and for FHWA STP/State Bridge Replacement funding available for local projects within counties. WisDOT evaluates and recommends local projects on a statewide basis for FHWA/State Bridge and FHWA HSIP funding. WisDOT, the Wisconsin Department of Natural Resources (WDNR), and the Commission work cooperatively to prioritize and recommend projects for FHWA CMAQ funding. Additional information on the project selection processes for FHWA funding is provided in the following section of this document.

With regard to transit projects, the Commission works with the transit operators in the Milwaukee urbanized area on the distribution of FTA Section 5307/5340 Urbanized Area Formula Program, FTA Section 5310 Enhanced Mobility of Seniors and Individuals with Disabilities Program, and FTA Section 5339 Bus and Bus Facilities Program funding that is specifically allocated to the urbanized area. The designated recipients of these funds—each transit operator in the Milwaukee urbanized area in the case of Section 5307/5340 and Section 5339 funds and Milwaukee County in the case of Section 5310 funds—applies directly to FTA for the projects recommended for these funding sources. Since the Round Lake Beach urbanized area was extended from Illinois into Kenosha County based on the 2000 U.S. Census, and into Walworth County based on the 2010 Census, the FTA Section 5307/5340 funding allocated to the Wisconsin portion of the urbanized area has been transferred to transit operators located in the Illinois portion of the urbanized area due to a lack of an eligible local transit operator. WisDOT determines the distribution of FTA Section 5307/5340 funding to the other urbanized areas having a population between 50,000 and 200,000 within Southeastern Wisconsin. For the FTA Section 5339 funding available to bus and bus facilities projects statewide, WisDOT distributes a portion of the funding to the urbanized areas within the State with a population of 200,000 or more, such as the Milwaukee urbanized area. WisDOT solicits, evaluates, and recommends projects for the remaining FTA Section 5339 that is available for all of the urbanized areas within the State.

WisDOT also solicits, evaluates, and recommends mobility projects serving seniors and people with disabilities for FTA Section 5310 funding available to projects statewide and outside of the urbanized areas with populations of 200,000 or more. In addition, WisDOT distributes Section 5311 Non-Urbanized Area Formula Grant funds to transit systems outside of the urbanized areas, such as the shared-ride taxi systems in the City of Whitewater and Walworth County. The State also distributes State operating assistance funds to the transit operators in Southeastern Wisconsin to supplement the FTA funding used by the transit operators for the operation and maintenance of their systems. Additional information on the project selection processes for FTA funding is provided in the following section of this document.

The Region also receives FTA Section 5337 – State of Good Repair Program funding for maintaining two existing fixed-guideway transit systems—Waukesha County Transit System’s bus service operated in a reserved lane on W. Bluemound Road and the City of Kenosha’s streetcar system. Projects recommended for Section 5337 funds are provided by the operators of these two systems for inclusion in the TIP. Based on the implementation of the Milwaukee streetcar system in 2018, it is expected that the City of Milwaukee will become a recipient of these funds beginning in Federal Fiscal Year 2026. Similarly, with the East-West Bus Rapid Transit beginning revenue service in 2023, it is expected to become eligible for FTA Section 5337 funding starting in Federal Fiscal Year 2031.

SELECTION PROCESSES FOR FEDERAL FUNDING SOURCES AVAILABLE TO LOCAL HIGHWAY AND TRANSIT PROJECTS

This section provides summaries of processes used to recommend local highway, transit, and bicycle/pedestrian projects for available Federal Transit Administration (FTA) and Federal Highway Administration (FHWA) funding. The process used for selecting projects, along with project eligibility, differs for the various Federal funding sources. Also, the level of the Commission's involvement in the evaluation and recommendation of projects for funding depends on the funding source.

Federal Transit Administration Funding Sources

- FTA Section 5307/5340 Urbanized Area Formula Funding – FTA Section 5307/5340 funding is available for transit operators within urbanized areas to fund transit capital, or capitalized maintenance, projects, and the operation of the transit systems in urbanized areas having a population under 200,000 and transit systems operating less than 100 buses in urbanized areas having a population of 200,000 or more. The FTA announces annually the amount of FTA Section 5307/5340 funding that will be available to the State for urbanized areas under 200,000 in population and that will be allocated specifically to urbanized areas having a population of 200,000 or more, including the Milwaukee urbanized area. The Commission staff works with the transit operators in the Milwaukee urbanized area—Milwaukee County, Waukesha County, the City of Waukesha, and the City of Milwaukee—to develop procedures to distribute FTA Section 5307/5340 funding allocated to the Milwaukee urbanized area. The distribution of funds is based on transit ridership carried and service provided by each transit operator, ensuring that each unit of transit service and rider receives equal Federal transit assistance. Specifically, the FTA Section 5307/5340 funding is distributed based on revenue vehicle miles of transit service, revenue vehicle hours of transit service, revenue passengers, and passenger miles, with 25 percent of the allocation distributed using each criteria (as reported by each operator in the FTA National Transit Database). This distribution method has been used since 2007, as agreed to by the five Milwaukee urbanized area transit operators. In 2021, the distribution methodology was updated to provide the City of Milwaukee, now a designated recipient, with the increment of MUA Section 5307/5340 funds attributable to the transit services it provides. With respect to urbanized areas with population less than 200,000, the FTA allocates the Section 5307 funding to transit operators based on the population and population density of the urbanized area from the most recent U.S. Census. Following distribution of FTA Section 5307/5340 funding, each transit operator prioritizes and recommends capital or capitalized maintenance projects for the funding distributed to their systems. The projects recommended for FTA Section 5307/5340 are provided by each transit operator for review and comment, and consideration of inclusion in the TIP.
- FTA Section 5337 State of Good Repair Funding – The FTA typically announces annually the amount of FTA Section 5337 funding to assist transit operators in maintaining their fixed-guideway transit systems (rail or bus on dedicated lane). The FTA Section 5337 funds allocated to the Region are attributable to the bus service operated by the Waukesha County Transit System in the reserved bus lane on W. Bluemound Road in Waukesha County and the City of Kenosha's streetcar system. As a result, the Waukesha County and Kenosha area transit systems are currently the only recipients of the FTA Section 5337 funding that is allocated to the Region. With the Milwaukee streetcar system initiating service in the fall of 2018, it is expected that the City of Milwaukee system will also become a recipient of these funds, starting in Federal Fiscal Year 2026. Similarly, the East-West Bus Rapid Transit is anticipated to begin revenue service in 2023, and become eligible for FTA Section 5337 funding starting in Federal Fiscal Year 2031.

- FTA Section 5339 Bus and Bus Facilities Program Funding – The FTA typically announces annually the amount of FTA Section 5339 funding available to capital bus and bus facilities projects statewide and to the urbanized areas with populations of 200,000 or more, such as the Milwaukee urbanized area. In addition to the FTA Section 5339 funding that is allocated to the Milwaukee urbanized area, the State distributes a portion of the FTA Section 5339 funding available to projects statewide to the Milwaukee urbanized area. Following the creation of the FTA Section 5339 program in the Moving Ahead for Progress in the 21st Century Act (MAP-21) that was enacted in 2012, the Commission staff worked with the transit operators in the Milwaukee urbanized area to develop procedures to distribute FTA Section 5339 funding allocated to the Milwaukee urbanized area. The transit operators agreed that the funds would be distributed utilizing the same methodology used for FTA Section 5307/5340 funding, that is, the available FTA Section 5339 funding would be distributed based on revenue vehicle miles of transit service, revenue hours of transit service, revenue passengers, and passenger miles, with 25 percent of the allocation distributed using each criteria. Following distribution of FTA Section 5339 funding, each transit operator prioritizes and recommends capital bus and bus facilities projects for FTA Section 5339 funding available to projects within the Milwaukee urbanized area. The projects recommended for FTA Section 5339 funding are provided by the transit operators for review and comment, and consideration of inclusion in the TIP. With regards to the remaining FTA Section 5339 funding available statewide, WisDOT solicits, evaluates, and recommends projects for these funds that are available to projects statewide.
- FTA Section 5310 Enhanced Mobility of Seniors and Individuals with Disabilities Program Funding – The FTA typically announces annually the amount of FTA Section 5310 funding available to mobility projects and programs statewide and to the urbanized areas with populations of 200,000 or more, such as the Milwaukee urbanized area. Following the enactment of MAP-21 in 2012 and continued through the enactment of the FAST Act in 2015, the FTA Section 5310 program requires the designation of at least one recipient in the urbanized area and the determination of a method for distributing the funding within the Milwaukee urbanized area. Milwaukee County agreed to be the designated recipient for the Section 5310 funding allocated to the Milwaukee urbanized area, upon request by the four transit operators in the urbanized area. The Commission staff worked with the Milwaukee urbanized area transit operators during 2014 to develop a competitive process to evaluate and recommend projects for funding throughout the urbanized area. The competitive process is conducted biennially in the Milwaukee urbanized area. WisDOT solicits, evaluates, and recommends mobility projects serving people with disabilities separately for FTA Section 5310 funding available to projects outside of the urbanized areas having a population of 200,000 or more.

Federal Highway Administration Funding Sources

- FHWA Congestion Management and Air-Quality Improvement Program (CMAQ) Funding – WisDOT typically solicits projects biennially for FHWA CMAQ funding and forwards the eligible projects to the Commission and the WDNR. The type of projects that are eligible for CMAQ funding include transit capital projects, transit improvement operating projects (for a limited number of years), bicycle/pedestrian projects, projects involving alternative energy sources, diesel-retrofit projects, and traffic flow projects, such as coordinating traffic signals and the construction of intersection turn lanes and traffic signals. The Commission, with guidance from the TIP Committees; WisDOT; and the WDNR follow a cooperative procedure to select projects for CMAQ funding. As part of the procedure, the staffs of the Commission, WisDOT, and WDNR rate each candidate project seeking CMAQ funding. The Commission has worked with the TIP Committees to develop the scoring

procedures used by the Commission staff and the TIP Committees. Under these procedures, projects providing an alternative to the automobile received the highest points, which resulted in transit projects being the highest rated projects and historically receiving over 50 percent of the available CMAQ funding in Southeastern Wisconsin. In addition, projects that do not involve reducing the use of the automobile were also evaluated based on housing-related criteria—job/housing imbalance and provision of transit—as recommended in the adopted regional housing plan. The three agencies along with the Chairs of the TIP Committees then considered the results of application of the three rating procedures to develop a listing of projects recommended for CMAQ funding. The listing of recommended projects is first presented to the WisDOT Secretary for his consideration and approval. If approved, the projects recommended for funding were then forwarded to the TIP Committees for their review and consideration in recommending projects for CMAQ funding and inclusion into the TIP.

- FHWA Surface Transportation Block Grant Program – Milwaukee Urbanized Area (STP-M) Funding – WisDOT typically solicits projects biennially for FHWA STP-M funding and forwards the eligible projects to the Commission for the evaluation and recommendation of projects for funding. Since the early 1990s, the Commission staff and the Milwaukee TIP Committee together with the local governments in the Milwaukee urbanized area have developed and utilized guidelines for the eligibility, evaluation, and the selection of projects for FHWA STP-M funding. In 2013, the Commission staff worked with the Milwaukee TIP Committee, along with the communities within the urbanized area, to revise the procedures used to evaluate, prioritize, and recommend projects for FHWA STP-M funding. Typically, these procedures are reviewed and updated by the Committee ahead of each new STP-M funding cycle.

In terms of project eligibility, CMAQ-type, safety and intersection improvement, and bridge projects, while eligible for STP-M funding, have been recommended by the Milwaukee TIP Committee to not be funded with STP-M funding, as they have their own specific FHWA funding sources. With respect to highway and transit projects, the Milwaukee TIP Committee recommended continuing its policy that highway projects on the planned arterial street and highway system contained in the regional transportation plan and transit capital projects would be eligible for STP-M funding. The Milwaukee TIP Committee further determined that combined Milwaukee area FHWA STP funds and FTA section 5307/5340 funds would be allocated between highway and transit projects based upon their relative capital project needs, as set forth in the adopted regional transportation plan.

The Milwaukee TIP Committee recommended that the available STP-M funding for highway and transit projects would be allocated to the three highway project types and transit projects based on historical proportions of types of projects approved for STP-M funding and the proportion requested for projects of each type having areawide significance, with up to a maximum of 10 percent for transit projects.³ These allocations are used as targets for how the available highway funding should be allocated, assuming there would be enough candidate projects for each project type. Should the funding levels being requested by each of the project types not be exceeded, the

³ Candidate resurfacing/reconditioning projects and reconstruction to same capacity projects that receive a minimum of 73 points and capacity expansion projects that receive a minimum of 64.5 points are identified as having areawide significance. Transit projects would be considered as having areawide significance based on the vehicles proposed to be replaced being expected to reach their useful life (12 years in age and/or 500,000 miles travelled) at the time of replacement.

amount of available highway funding allocations for each project type would need to be adjusted by the Milwaukee TIP Committee.

As part of the evaluation procedures, the Milwaukee TIP Committee recommended that candidate projects be evaluated with criteria reflecting the performance desired from the transportation system in the Milwaukee urbanized area, including serving to improve pavement conditions of county and local arterial streets and highways, with priority given to routes with greater use measured by the number of automobiles and transit riders that travel along the length of the project on an average weekday, greater length and function of the roadway facility, higher average fatal/serious injury crash rates, the level of freight usage, and the level of proposed transit, bicycle, and pedestrian accommodations proposed to be provided along the length of the project. In the case of capacity expansion projects (widening and new facilities), priority is also given based on the level of existing congestion, the job/housing balance in a community, and the extent of existing transit service in a community (as recommended in the adopted regional housing plan).

Under the procedures developed by the Milwaukee TIP Committee, candidate resurfacing/reconditioning projects, reconstruction to same capacity projects, and capacity expansion projects (widening and new facilities) would be evaluated separately. Resurfacing/reconditioning projects and reconstruction to the same capacity projects could receive a maximum of 120 points from the six criteria. Candidate capacity expansion projects consistent with the year 2050 FCTS could receive up to a maximum of 120 points with up to 10 bonus points received by candidate capacity expansion projects located in a community or communities that have a projected balance of jobs and housing and that have the provision of transit.

The results of the application of the procedures to evaluate candidate projects for STP-M funding are presented to the Milwaukee TIP Committee for its review and consideration in recommending projects for funding.

- FHWA Surface Transportation Program (STP) Funding Allocated to the Other Urbanized Areas in Southeastern Wisconsin – Unlike for the Milwaukee urbanized area, formal procedures have not been developed to evaluate, prioritize, and recommend projects for STP funding allocated to the other urbanized areas within Southeastern Wisconsin—Kenosha, Racine, and Round Lake Beach. WisDOT typically biennially solicits projects for STP funding in these urbanized areas, and forwards the projects, along with the amount of allocated STP funding, to the Commission and the counties that contain the urbanized areas. The counties and communities located within these urbanized areas work cooperatively to recommend projects for STP funding allocated to their respective urbanized areas, with the Commission staff assisting these communities when requested. A listing of projects recommended for STP funding allocated to the other urbanized areas is provided by each urbanized area for review and comment, and inclusion in the TIP.
- FHWA STP Transportation Alternatives Program (TAP) Funding – WisDOT solicits projects for TAP funding every two years. The Commission staff works with the Milwaukee TIP Committee to prioritize and recommend projects for TAP funding allocated to the Milwaukee urbanized area. WisDOT is responsible for prioritizing TAP projects for areas outside of the Milwaukee urbanized area and provides to the Commission for review and inclusion in the TIP a listing of the projects in Southeastern Wisconsin recommended for FHWA TAP funding in the remainder of the Region.

- FHWA Carbon Reduction Program (CRP) Funding – WisDOT solicits projects for CRP funding every two years. The Commission staff works with the Milwaukee TIP Committee to prioritize and recommend projects for TAP funding allocated to the Milwaukee urbanized area. The counties and communities located within the Kenosha Racine, and Round Lake Beach urbanized areas work cooperatively to recommend projects for CRP funding allocated to their respective urbanized areas, with the Commission staff assisting these communities when requested. WisDOT is responsible for prioritizing CRP projects for areas outside of the urbanized areas in the Region and provides to the Commission for review and inclusion in the TIP a listing of the projects in Southeastern Wisconsin recommended for FHWA CRP funding for these areas.
- FHWA Bridge Funding – WisDOT typically solicits biennially local bridge projects for FHWA/State funding made available statewide for local bridge replacement and rehabilitation projects. WisDOT evaluates and recommends projects for FHWA/State bridge funding based on procedures specified in Wisconsin Administrative Code Trans 213.03 (04). As part of these procedures, WisDOT rates and ranks projects based on a system whereby each county is credited bridge funds available in the respective funding cycle based on their relative need represented by their proportionate share of the total estimated replacement cost of eligible bridges (sufficiency ratings of less than 50) identified throughout the State. These need-based credits are accumulated with debits occurring from each county's balance as projects are selected for implementation. Each candidate project is rated and prioritized under the evaluation and selection process based on each governmental unit's credit balance and the estimated project cost in the order of the priorities indicated by each county. WisDOT provides a listing of the projects within Southeastern Wisconsin recommended for FHWA/State Bridge Replacement funding to the Commission for review and consideration of inclusion in the TIP.
- FHWA Highway Safety Improvement Program (HSIP) Funding – WisDOT solicits annually projects for FHWA HSIP funding available to local projects statewide. WisDOT is responsible for evaluating and recommending local projects, as well as State projects, for HSIP funding. WisDOT provides a listing of the local and State safety projects in Southeastern Wisconsin recommended for HSIP funding to the Commission for review and consideration of inclusion in the TIP.