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\$91.5 million federal transit aid blocked

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After years of wrangling over how to spend \$91.5 million in long-idle federal aid, a bureaucratic mix-up has blocked further study of using the money for public transit improvements, officials said Monday.

And until that problem is solved, the federal money - the last remaining piece of a \$289 million appropriation from 1991 - can't be spent on express buses, streetcars, light rail or anything else that has been proposed, Milwaukee County Executive Scott Walker said.

City administrators will be summoned before the Milwaukee Common Council's Public Works Committee on Wednesday to explain what happened, said Ald. Bob Bauman, the committee chairman.

"It's a fitting conclusion to what has been a fiasco and just a comical story about how a community can waste and squander" a shrinking pool of federal money that is now in increasing danger of being lost altogether, said Bauman, a longtime transit advocate. He added the issue to his committee's agenda after learning of it from a Journal Sentinel reporter. Walker, Milwaukee Mayor Tom Barrett and other leaders said they are appealing to federal transit officials and may seek help from the state's congressional delegation to straighten things out.

In part, the region is caught between two federal imperatives: a rule requiring detailed study before spending the \$91.5 million; and a decision to cut off the money needed to fund that study.

But another part of the problem is that the debate has gone on so long that the federal transit officials most familiar with the issue have left and been replaced by others who don't know the history of the situation, City Engineer Jeff Polenske said.

For years, transit advocates and public officials have discussed various projects to upgrade and revitalize public transit in the Milwaukee area. Meanwhile, repeated fare increases and service cuts have driven Milwaukee County Transit System ridership to the lowest level since the county took over the bus system in 1975.

In 1991, Congress set aside \$289 million to build a bus-only highway parallel to I-94. After state officials pulled the plug on that project, the federal government took away \$48 million, and state and local officials have studied, debated - and ultimately rejected - other ways to use the rest of the money, including a light rail system, bus-and-car-pool lanes on the freeway, expanded bus service and guided electric buses. A 1999 deal diverted \$149.5 million to road, bridge and pedestrian projects, leaving \$91.5 million for a transit project.

Seeking a consensus

Since then, a study committee of state, county, Wisconsin Center District and Metropolitan Milwaukee Association of Commerce representatives has been seeking ways to use the cash to connect downtown attractions and nearby neighborhoods with transit. The money must be spent on transit upgrades, not on operating expenses, and therefore "cannot be used to bail out the transit system," Barrett noted.

The Milwaukee Connector study panel's work had been funded by \$9.5 million in federal funds, which is separate from the \$91.5 million, said Polenske and George Torres, county director of transportation and public works.

Of that \$9.5 million, the panel already had spent more than \$5.9 million, supplemented by city, county and private contributions, on a study that ruled out light rail and recommended a guided electric bus system. Walker and Barrett vetoed the guided electric bus plan in 2006.

Last year, the study committee voted to examine both Barrett's plan to use the \$91.5 million for a combination of downtown streetcars and express buses and Walker's plan to use the money for express buses only. The committee thought it had almost \$3.6 million of federal money left for that study, said Pete Beitzel, panel chairman.

But when planners went back to the Federal Transit Administration to ask for the study money, they were told the account was empty, Beitzel said.

In a letter to local officials, FTA Regional Administrator Marisol Simon said the study money was part of a larger federal account that was overdrawn by \$31 million in 2003. As a result, the Office of Management and Budget froze spending out of that account for three years, affecting transit studies across the nation, Simon wrote.

But federal officials never told Milwaukee-area officials what had happened, Simon conceded. As a result, the study committee fell \$2.4 million behind on payments to its

consulting firm, HNTB Corp., while waiting for federal money to be released, letters between Simon and local officials indicate.

After Congress lifted the freeze on the account, the FTA found the money to pay HNTB's \$2.4 million bill in 2006, Simon wrote. Federal officials then closed out the account, believing that sum - the last installment of the \$5.9 million needed for the guided electric bus study - was all the money the region needed, she said.

Walker and Barrett joined Tim Sheehy, president of the commerce association, and Dick Geyer, the convention center's president, in urging the FTA to restore the funds originally promised. A call to Simon's office in Chicago was referred to FTA headquarters in Washington, D.C., where it was not returned.

Copies of the letter from the four local leaders were sent to all members of the Wisconsin congressional delegation.

The state's senators and representatives have repeatedly intervened over the years to keep the \$91.5 million available until local officials decide how to use it. Walker said an act of Congress could be needed again.

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