

MINUTES
MICHIGAN STATE TRANSPORTATION COMMISSION MEETING
February 23, 2006
Lansing, Michigan

Meeting noticed in accordance with Open Meetings Act, Public Act 267 of 1976.

Present: Ted Wahby, Chairman
Linda Miller Atkinson, Vice Chairwoman
Vincent J. Brennan, Commissioner
James R. Rosendall, Commissioner
James S. Scalici, Commissioner

Also Present: Kirk Steudle, Deputy Director
Leon Hank, Chief Administrative Officer
Frank E. Kelley, Commission Advisor
Marneta Griffin, Executive Assistant
Jerry Jones, Commission Auditor
Patrick Isom, Attorney General, Transportation Division
Mike Kapp, Manager, Office of Economic Dev. & Enhancement
John Friend, Bureau Director, Highway Delivery
Mark VanPortFleet, Design, Highway Development
Larry Tibbits, Chief Operations Officer
Myron Frierson, Finance and Administration
Susan Mortel, Bureau Director, Transportation Planning
Rob Abent, Bureau Director, Multi-Modal Transportation
Bill Shreck, MDOT Office of Communications

Excused: Gloria J. Jeff, Director
Maureen Miller Brosnan, Commissioner

A list of those people who attended the meeting is attached to the official minutes.

Chairman Wahby called the meeting to order at 9:00 a.m. in the Bureau of Aeronautics Auditorium in Lansing, Michigan.

I. **COMMISSION BUSINESS**

Commission Minutes

Chairman entertained a motion for approval of the minutes of the State Transportation Commission meeting of January 26, 2006.

Moved by Commissioner Atkinson, with support from Commissioner Rosendall, to approve the minutes of the Commission meeting of January 26, 2006. MOTION CARRIED.

II. **DIRECTOR'S REPORT – DEPUTY DIRECTOR KIRK STEUDLE**

Mr. Steudle's presentation, along with Mr. Leon Hank, focused on:

MDOT 2007 Budget

Given that this is an election year, both chambers of the House are suggesting that the 2007 budget can be done before the summer recess—roughly early summer. Our own assessment is that odds are not good that that will happen; in the last two years our budgets have gone right up to the last minute (September 30th).

The total FY 2007 budget is \$3.4 billion. The Governor recommends a 1.6% increase (less than the rate of inflation) in total funding. Thirty-nine percent of the budget supports local roads and bridges, 37% for state road and bridge programs, 10% for multi-modal programs, 8% for business support programs, and 6% for debt service. Debt service was reduced \$33.1 million by refinancing GARVEE's to long term STF bonds.

Commissioner Brennan asked if the bond proceeds were in the budget.

Mr. Hank answered that the bond proceeds are not in these numbers. The legislature does not actually appropriate the bond funds for us; these are appropriated through Act 51. When the Commission approves a bond issue for the department, the funds are automatically appropriated without having to go through the legislature.

Commissioner Brennan then asked if he understood correctly that the budget is roughly \$3.4 billion, but in terms of what we are going to spend, it will be \$4 billion (if he adds the \$600 million).

Mr. Hank answered we won't spend the \$600 million in any one fiscal year. We will probably spend \$200 million of the bond proceeds in FY 2007, and probably another \$200-\$300 million over a 2-3 year period. We will only borrow that money as our cash flow needs dictate we need it, and we will balance that with having those bond issues in certain size chunks because there are economies of scale to borrowing certain amounts of monies.

Commissioner Brennan stated, for simplification, that the total program for us is the budget plus whatever bond proceeds we draw for the year.

Mr. Hank answered yes, and that for clarification he was only speaking to what is legislatively appropriated. Our actual program is actually bigger than the numbers being shown in the presentation.

Continuing:

There are two fees, Quick Title Fee and Registration Transfer Fee, which the Governor recommends be transferred from the MTF to the Transportation Administrative Collection Fund for use by the Department of State for the costs of collecting registration taxes at the Secretary of State Branch offices. MTF motor fuel and vehicle registration revenues will grow by 2.4% (increase of \$48.7 million). This is net of the \$10.4 million

redirection of Expeditious Service Fee and Registration Transfer fee to the TACF. The Federal Revenue level is based on the now passed SAFETEA-LU of \$1.17 billion.

Commissioner Brennan asked if the \$10.4 million is a statutory number.

Mr. Hank answered that the fees would go directly to the road and bridge program today and would be used for our cost of operation. They will be directed towards the collection fund that funds the operation for the Department of State. As the Department of State is short with the money they need to balance their budget, we are not paying all of their cost, so as part of this agreement, assuming the Legislature agrees and passes the statute change to allow that money to be redirected, the Secretary of State will use that \$10 million to fund their operations, which are several hundred branch offices around the state and a large operation in the Lansing area that collects all those registration fees.

Continuing:

Over \$1 billion will be spent in state road and bridge improvements; maintenance activities on over 9,700 miles of state roads at \$275 million, an increase of \$15.1 million over current year. For the first time we will put about 3% more towards funding and paying for the contract services that we have (snow plowing, mowing, pothole repair, etc.). Over \$1.3 billion will be spent in local road and bridge improvements, and \$31 million to fund local bridges in need of repair. This is the second year of the full ½ penny gas tax to the Local Bridge Program.

Multi-Modal investment totals \$509.5 million. Of that Local Bus - \$184,624,000 million (36%), Airport Improvement Program - \$163 million (32%), Public Transportation Development - \$94,265,600 million (18%), CTF Debt Service - \$28,807,800 million (6%), Intercity Passenger and Freight - \$25,794,200 (5%), and ASAP Debt Service/Other Aviation - \$13,300,900 (3%).

The Governor's recommended budget also includes CTF Revenue Increases (restored sales tax - \$11.1 million, increase in revenue estimate - \$6.4 million, appropriated fund balance - \$3.9 million), and Public Transportation and Freight Programs (bus capital increased by \$10.9 million—leverages almost \$44 million in Federal funds, statutory bus operating funds increased by \$3.4 million, intercity passenger and freight increased by \$3.9 million).

For Aeronautics \$163 million is recommended for airport safety and protection improvements included in Capital Outlay bill (includes \$137 million federal funds). There are some challenges with the other funding sources in the aviation area. Aeronautics state revenue is declining. The need to balance appropriations to estimate revenue has caused us to reduce two programs—\$300,000 reduction to Air Service Program, and \$493,000 reduction to Aeronautic Services.

Last year we got hit fairly hard in three or four key areas. We have worked hard in the interim period to try and get these funding restored. We were cut \$2.4 million in Information Technology, \$1 million in EDF Category A, \$895,000 for Passenger Transportation Division – 8 FTE's, \$181,800 for Enhancement Program staff, and Amtrak.

Safe Routes to School is a new program being added to the budget. A supplemental request was made to also add this program in FY 2006 but no legislative action has been taken to date. This is a new federal mandated program by SAFETEA-LU (100% federal - no match can be required by federal regulation). It requires one full-time coordinator (again funded 100% federal). Mike Eberlein has been selected as Michigan's Safe Routes to School Coordinator. Involves infrastructure projects and non-infrastructure projects; possible uses are pedestrian overpasses and educational programs.

This budget will allow MDOT to improve freeways to 91% good condition, improve non-freeways to 90% good condition, sustain non-freeway bridges at 85% good condition or better, improve freeway bridges to 86% good condition, and increase support for transit systems.

Work Zone Speed Limits

All work zone speed limits were required to be reduced to 45 mph for the 2005 construction season. This required additional signs with speed reductions in increments of 10 mph or less. This requirement was requested to be in place statewide within 10 days of notification. MDOT was able to comply with this request. Overall this resulted in mixed compliance. State Police expressed the difficulty in enforcing this from the standpoint that vehicles were not obeying the limit. Customers expressed that they would slow down where workers were present.

The guidelines that have been established for the 2006 season were developed through several partnering meetings. These meetings were attended by laborers, contractors, MITA, County Road Association, Federal Highway Administration (local and Washington), Michigan State police, and MDOT staff. When workers are not present work zone speed limits will be established with a maximum 10 mph reduction. When workers are present work zone speed limits that are 50 mph or higher will require additional signs "WHERE WORKERS PRESENT 45" be placed throughout the work zone, which requires the motorist to reduce their speed to 45 mph in the area where workers are present. These signs will be placed throughout the work area. In urban areas, they will be placed after every major intersection or interchange and at 2 mile increments, so the signs will never be more than 2 miles apart. These signs will be placed past the other speed limit signs that establish the speed limit during the time workers are not present. A lower speed limit sign (45) will always be placed after the established speed limit sign. Positioning this sign (45) second will always reinforce the lower speed limit.

In 2005, it took 3 speed limit signs to build a triple drop speed, plus additional signs throughout the work zone, and a total of 7 lead in signs to close a shoulder. A 45 mph sign beyond the "work zone begins" sign represents additional 45 mph signs required at 1 mile intervals throughout the work zone. A "speed limit 70" sign is required to re-establish the original speed after the work zone is cleared.

To retrofit existing work zones from the 2005 requirements to the 2006 requirements, the 45 mph sign is removed from the sequence. Then, the 50 mph sign and the “work zone begins” signs are removed from the sequence. The “work zone begins” sign is relocated to the location where the 50 mph sign was previously placed. A “where workers present” sign is placed after the “work zone begins” sign. This sign is actually placed after the lane closure taper, but in a position before the actual work area is located. This sign will be placed as close to the initial point of the workers as possible, while providing some advance notice to allow the motorist to be able to comply with the reduced speed. After every major intersection or interchange, and at no more than 2 miles apart, an additional 60 mph speed limit sign will be placed to remind the motorist what the work zone speed is. Additionally, after the “speed limit 60” sign has been placed, a “where workers present 45” sign will be placed to remind the motorist that the work zone speed limit where workers are present is 45.

No questions were forthcoming on this portion of the presentation.

Super Bowl XL

This event drew 3,000 journalists (400 international), 120,000 visitors from out of state, approximately 400 related events over the 2 weeks leading up to the game, \$350 million in economic benefit to the State of Michigan. The Host Committee was chaired by Roger Penske. The committee itself was made up of community leaders and staff liaisons to NFL. There were committees to plan for the events and issues. MDOT participated in transportation and logistics, traffic management, winter operations, and vehicles for hire.

A comprehensive traffic management plan was set in place to include downtown street closures, trailblazing signs (which will stay in place) and PCMS boards, freeway CMS messages, and assistance with barrier for secure perimeter and traffic management around stadium area.

The “Game Plan” was developed by MDOT and MDIT. This is an interactive web site with downloadable maps and directions by events, by day of travel, and which linked to other web sites

The comprehensive winter operations plan was a “Play Book” which identified primary, secondary and tertiary routes by day and time, and based on major events, routes and key movements. To pull this together we utilized additional staff and equipment at MDOT’s Detroit Maintenance Garage along with the Wayne State University athletic department on standby as snow shovelers.

The Traffic and Winter Operations Command Center (Aux TOC) was set up in the conference room next to our ITF Center in downtown Detroit. This command center managed the traffic using the cameras and message boards. This so impressed the NFL that they called and asked the next two host cities to come to Michigan and take a look at our Center stating that this has to be the standard by which the future cities have to manage traffic.

The Multi-Modal staff resolved reciprocity issues with taxi services and municipalities. They coordinated VFH demand and capacity determinations, communicated requirements and processes for licensing. There were an additional 50-75 busses, 300+ sedans and limos that required inspection and licensing and the set-up of temporary offices for bus and limo inspections. This is the same area of MDOT that has had a 20% staff reduction last year and the year before. They are also responsible for coordinating enforcement and private inspection activities.

Super Bowl Clean Sweep involved litter pick-up, graffiti removal, and sweeping the streets and sidewalks. When not engaged in winter operations this effort involved a Youth Corps weekend crew, MDOT and county crews, as well as MDOC prisoners.

The world was here and Michigan was in the game!

Commissioner Rosendall commented that while he was in the Detroit area during the event that was the cleanest and most organized he had ever seen the city. Also, he stated that there should be a traffic lane for busses, taxies and limos because if you were not an aggressive driver, you wouldn't get anywhere; it got worse the closer it came to that weekend.

Mr. Steudle responded that they have heard that the Super Bowl committee may look at doing something along those lines.

Commissioner Rosendall then asked, regarding enforcing the work zones, is it 45 mph from the time you actually see a worker, or is it from the time you are parallel to the worker.

Mr. Steudle answered that there is a realization that when you see them, there is a worker present, and there has to be some transition. For the most part the work zones are long enough that there are workers interspersed through them so it probably won't be a real significant issue, but they are working with the State Police to clear up the point of when it's enforceable. In some cases it may end up as just a warning to the driver that may not have had time to react to a worker being present in the zone.

Chairman Wahby stated that as a motorist there are such a range of things going on that it presents many challenges. Motorists usually see a sign saying "work zone" but there is nobody working for miles and miles of barrels.

Mr. Steudle stated that we will be evaluating this during the summer.

No other questions were forthcoming.

III. **OVERSIGHT**

Commission/State Administrative Board Contracts/Agreements (Exhibit A) – Myron Frierson

Mr. Frierson stated that information on 16 projects and agreements were given for review. Pending any questions, Mr. Frierson asked for approval of Exhibit A.

No questions were forthcoming.

Chairman Wahby entertained a motion. Motion was made by Commissioner Brennan and supported by Commissioner Atkinson to approve Exhibit A. Motion carried on a unanimous voice vote.

Bid Letting Pre-Approvals (Exhibit A-1) – Myron Frierson

Items 008 (state project in the village of Chesaning, Saginaw County) and 045 (local project in the city of Swartz Creek, Genesee County) are withdrawn from consideration in this exhibit.

Mr. Frierson gave a brief re-cap of the February 2006 bid letting activities.

Before the Commission for approval are bid items for the March letting (132 projects; engineer's estimate being \$231 million). Pending any questions, Mr. Frierson asked for approval of the bid items for the March letting in Exhibit A-1.

Commissioner Brennan asked if the department was ready to handle this big of a letting.

Mr. Frierson answered "yes". The electronic bid letting has helped to cut down on the amount of paper involved.

Commissioner Brennan stated that his concern is that the oversight (scrutinizing of contracts) is well managed.

Commissioner Rosendall asked if we would still get competitive bids with this many projects coming out back to back.

Mr. Frierson answered that that is the debate that goes on and on. There are arguments pro and con that if we let the projects very early in the year you'll get more competition. You also get some degree of speculation through the bid process.

Mr. Steudle interjected that it is the department's intent to let and out for bids 90% of our projects in the first two quarters (October through March). The information given in the exhibit shows the commitment that we made stating that these would be out by March. Some had slipped from prior lettings while some got stuck in at the end. The department is committed to continue to push to have the projects out early so that we are not putting out major projects in June and July, and expecting them to be completed that year where we are pushing the quality construction into the fall and early winter. The contractors have been clambering to know where the rest of the projects are that they thought they

were going to do in December, January and February. They continue to tell us that they have got lots of capacity, and from all indications there will still be a very spirited competition even for these.

No other questions were forthcoming.

Chairman Wahby entertained a motion. Motion was made by Commissioner Brennan and supported by Commissioner Rosendall to approve the March bid letting. Motion carried on a unanimous voice vote.

Letting Exceptions Agenda (Exhibit A-2) – Mark VanPortFleet

Mr. VanPortFleet reported on three items that were 10% over the estimates which are accompanied by justification memos. Pending any questions, Mr. VanPortFleet asked for approval of Exhibit A-2.

Chairman Wahby asked if the constant mention of hot mix asphalt and the overrun it causes is due to the oil prices...why there isn't something factored in for this.

Mr. VanPortFleet responded that there are many other factors that complicate the estimating of a project and the department cannot always predict where a contractor will place costs when bidding contract pay items. We look at the items that they bid. We then write a justification based on those items increasing the total bid. The hot mix asphalt items have been difficult to predict and are somewhat unstable. Maintenance of Traffic restrictions affect the contractors bidding. They may increase their bid in the traffic devices or the hot mix asphalt to account for their anticipated costs. Hot mix asphalt is something that we look at very closely; we do our best to track that monthly.

Mr. Steudle interjected that the asphalt plants being run and heated by natural gas also factors into asphalt prices. As the price of natural gas has fluctuated, the asphalt contractors have had to deal with the uncertainty of the operations of their plants. There is an oil component but there is also a natural gas component.

Commissioner Rosendall interjected that after a year it seems that things would have leveled out but apparently has not.

No other questions were forthcoming.

Chairman Wahby entertained a motion. Motion was made by Commissioner Atkinson and supported by Commissioner Brennan to approve Exhibit A-2. Motion carried on a unanimous voice vote.

Contract Adjustments (Exhibit B) – John Friend

Pending any questions, Mr. Friend asked for approval of Exhibit B which includes 11 MDOT projects and 4 local agency projects. He noted clarifications to the "Reason(s) for Extra(s)/Adjustment(s)" in Extras #2006-20 and 2006-26. To date in 2006 we have finaled out at \$32 million.

Commissioner Brennan commented that the average shown (-1.57%) is a negative number.

Mr. Friend stated that the average is for all projects finalized in the month of January.

Commissioner Brennan then asked what this is attributed to.

Mr. Friend answered that MDOT was pleased that the agency was under budget and that project staff were doing a good job of administering the construction contracts. He stated, however, that MDOT will continue to monitor the annual trends for final project cost vs. "as-bid" project costs.

No other questions were forthcoming.

Chairman Wahby entertained a motion. Motion was made by Commissioner Brennan and supported by Commissioner Rosendall to approve Exhibit B. Motion carried on a unanimous voice vote.

IV. **PRESENTATIONS**

Economic Development Fund Annual Report for FY 2005 – Jackie Shinn, Administrator, Office of Economic Development, and Mike Kapp, Manager, Office of Economic Development

Mr. Kapp's presentation focused on:

Transportation Economic Development Fund

Five separate categories: Category A – Target Industries (\$17.9 million); Category C – distributes funding to 5 urban counties for congestion relief (\$18.4 million—Kent, Genesee, Wayne, Oakland, and Macomb); Category D – funding to the other 78 rural counties for all-season roads (\$19.5 million); Category E – Forest Roads (\$5 million—47 counties with national park/lakeshore or significant commercial forest land); and Category F – urban areas of the 78 rural counties (\$2.5 million).

Category A grants to road agencies where a new or expanding business is in one of seven target industries (manufacturing, high technology research, office centers \geq 50,000 sq. ft. (i.e. HQs), agriculture or food processing operations, tourism (year-round with out-of-state draw), forestry, or mining), is creating or retaining Michigan jobs, or is in need for road improvements.

When the Office of Economic Development and Enhancement (OEDE) receives an application, we evaluate the development for growth potential of industry, impact on local tax base, average wage, ratio of private investment to grant dollars, and ratio of jobs created to grant dollars. We also evaluate the proposed road project for condition, capacity, safety concerns, impact on development, criticality, size and source of the match. All of the projects are scored and ranked by these factors. In FY 2005 OEDE approved 18 projects representing an investment of \$16 million (trunklines - \$4 million,

local roads - \$12 million), private investment of \$930 million, and supporting 4,550 new or retained jobs.

One Category A project was on M-85 in the City of Detroit. The Marathon Ashland refinery there is the last remaining refinery in Michigan. Clean air requirements left the company with the choice of updating its diesel refining equipment or shutting down and moving operations to another state. Due in part to our project, they stayed and so did 300+ jobs.

Another project was on Ann Arbor Road in Monroe County, near Dundee. The Global Engine Alliance, which makes engines for Daimler-Chrysler, Hyundai, and Mitsubishi, was deciding between this site and a site in Toledo. A partnership between MDOT, the Monroe County Road Commission, and the Village of Dundee was successful in attracting about 700 new high paying manufacturing jobs.

Transportation Enhancement Program

This program provides federal grants for non-motorized (bike and pedestrian) facilities, transportation aesthetics (streetscapes/landscapes), historic transportation facility preservation (i.e., old train depots), and projects that mitigate the impact of highway runoff or reduce animal/vehicle accidents.

Enhancement projects support “outside-the-curb” improvements, turning abandoned railroad tracks into highly used bicycle paths, cleaning streams clogged with road runoff, and making downtown streets attractive to business and their customers.

We review applications for eligibility under federal guidelines. We have program specialists do a technical review, for example a landscape architect reviews streetscape applications. We also look at the size of the local match, whether there is community support for the projects, and if the project is likely to be built in a reasonable timeframe.

In FY 2005 we awarded over \$29 million in enhancement grants; almost half on state trunklines. The lion’s share was in the non-motorized and aesthetics categories (\$13.4 and \$14 million), which is typical.

Examples of some enhancement projects include: Hines Park bikeway and 6 Mile Road bikeway connector in Wayne County; Huron Avenue streetscape in Port Huron, St. Clair County; Resort Bluffs scenic acquisition in Emmet County; Fallasburg Creek covered bridge in Kent County; Calumet historic streetscape in Houghton County; and the Pere Marquette Watershed in Lake County.

NEW Safe Routes to School Program

This is a new federal SAFETEA-LU program. The goal is to encourage a healthy and active lifestyle at an early age. The projects will make walking and bicycling to school safer and more appealing. Funding is distributed in proportion to each state’s share of national middle and primary school enrollment—FY 2005: \$1 million, FY 2006: \$3 million. Ten to thirty percent must be spent on non-infrastructure projects. Non-infrastructure projects must encourage walking and biking to school. Examples are: public awareness campaigns, and outreach to press and community leaders.

Infrastructure projects must improve the ability of students to walk and bike to school. Examples of this are: planning, design, and construction of on and off street bicycle and pedestrian facilities, enhanced sidewalk connections, bicycle and pedestrian crossing improvements, traffic calming and speed reduction, traffic diversion improvements.

Michigan hit the ground running. A 2003 Enhancement Project involved a two-year state pilot project, involved the Governor's Council on Physical Fitness, and involved developing materials and procedures to help Michigan elementary schools begin and sustain SR2S initiatives.

We expect to model the application and grant process after the existing Enhancement Program process.

Mr. Kapp asked for questions.

Commissioner Atkinson asked for an understanding of Category B.

Mr. Kapp answered that Category B was for local roads that were to be upgraded and made part of state trunkline system. When all the projects were done the program was discontinued by the legislature.

Commissioner Atkinson reiterated, for clarification, that it was basically work successfully completed.

Mr. Kapp responded "yes".

No other questions were forthcoming.

VII. **PUBLIC COMMENTS**

Chairman Wahby asked if any member of the audience wanted to address the Commission.

None were forthcoming.

Chairman Wahby asked if any Commissioner wanted to address the Commission.

Commissioner Brennan noted the passing of Mr. Edward McNamara and his contribution to transportation through his years of service in the public. As Mayor in the city of Livonia he helped in getting I-96 built. He also was very instrumental in the development of the two stadiums where we saw the Super Bowl this past couple weeks. Most notably he took an airport that was the butt of jokes nationally and internationally, and made it world class.

No other comments were forthcoming.

ADJOURNMENT

There being no further business to come before the Commission, the Chairman declared the meeting adjourned at 10:15 a.m.

The next full meeting of the Michigan State Transportation Commission will be held on March 30, 2006, in the Michigan Aeronautics Commission Conference (2nd Floor) in Lansing, Michigan, commencing at the hour of 10:00 a.m., following a joint meeting with the Michigan Aeronautics Commission in the Aeronautics Auditorium (1st Floor) commencing at the hour of 9:00 a.m.

Frank E. Kelley
Commission Advisor