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Answers

1. Administration, Engineering and Record Keeping on line 31 of the Street Financial Report (SFR)
- a. Why is there a 10% limit?

Michigan Compiled Law (MCL) Section 247.663(8) of PA 51 of 1951, as amended, also known as Section 13(8) states:

“Not more than 10% per year of all of the funds returned to a city or village from any source for the purposes of this section may be expended for administrative expenses. As used in this subsection, "administrative expenses" means those expenses that are not assigned including, but not limited to, specific road construction or maintenance projects and are often referred to as general or supportive services. Administrative expenses shall not include net equipment expense, net capital outlay, debt service principal and interest, and payments to other state or local offices that are assigned, but not limited to, specific road construction projects or maintenance

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activities. A city or village which in a year expends more than 10% for administrative expenses shall be subject to section 14(5)."

MCL Section 247.664(5) of PA 51 of 1951, as amended, also known as Section 14(5) states:

"All distributions and returns of funds provided for in this act shall be withheld from the state transportation department, eligible authorities, county road commissions, cities, villages, or other eligible governmental agencies for failure to comply with any of the requirements of this act, and the withholding shall continue for the period of noncompliance."

b. How is the 10% calculated?

The basis for the calculation is 10% of the sum of current year MTF earnings reported on lines 17a and 17b of the ADARS Revenue Screen for Major Street and Local Street funds individually. No other local funds can be used to increase the basis.

c. What happens if I go over the 10% limit?

Administration, Engineering, and Record Keeping expenses are those incurred to benefit the agency as a whole. They are not readily assignable to a specific activity and are otherwise indirect in nature.

Examples Of Administration, Engineering, And Record Keeping Costs are listed below:

PA 51 of 1951, as amended, governs the use of MTF monies returned to cities/villages for preservation and construction of their streets.

MCL Section 247.663(8) of PA 51 of 1951, as amended, also known as Section 13(8) states:

"Not more than 10% per year of all of the funds returned to a city or village from any MTF source for the purposes of this section may be expended for administrative expenses. As used in this subsection, "administrative expenses" means those expenses that are not assigned including, but not limited to, specific road construction or maintenance projects and are often referred to as general or supportive services. Administrative expenses shall not include net equipment expense, net capital outlay, debt service principal and interest, and payments to other state or local offices that are assigned,

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but not limited to, specific road construction projects or maintenance activities. A city or village which in a year expends more than 10% for administrative expenses shall be subject to section 14(5)."

MCL Section 247.664(4) of PA 51 of 1951, as amended, also known as Section 14(4) states:

"The expenditure of adequate amounts, by . . . cities and villages, from funds . . . to cover the cost of administration, engineering, and record keeping is hereby authorized, and expenditures for those purposes shall be reported separately by each . . . city, and village to MDOT."

MCL Section 247.664(5) of PA 51 of 1951, as amended, also known as Section 14(5) states:

"All distributions and returns of funds provided for in this act shall be withheld from . . . cities, villages . . . for failure to comply with any of the requirements of this act, and the withholding shall continue for the period of noncompliance."

General Fund contributions in excess of those required for Local Street construction matching requirements or other specified requirements may be used up to 100 percent to cover excess administrative expenses. However, administrative expenses must be documented and reasonable.

The following are examples of expense items that are allowable for administrative expenses. These items must be reported on line 31.

- a. Salary costs for the street administrator when not directly engaged in supervising street work.
- b. Fees paid to attorneys for legal work performed in connection with street matters.
- c. General city administrative costs allocated on the basis of a reasonable and documented city wide cost allocation plan.
- d. Rental charges for administrative office space.
- e. The street funds' share of the city/village Audited Financial Statements.
- f. Payments to professional engineers for development of a master street plan or for preparation of a proposed program of street improvements.
- g. Data processing costs.

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- h. Payments to accounting consultants and accounting personnel for setting up and recording street receipts and expenditures.
- i. Printing of time and equipment rental reports and record keeping forms.

The following items are **NOT** considered administration and must **NOT** be reported on line 31:

- a. Fringe benefit costs, including pensions – these costs must be allocated to street activities based on labor entered in each activity.
- b. Insurance – these costs must be allocated to street activities based on the amount entered in each activity.
- c. Direct supervision – these costs may be charged to street activities if documented on time cards.
- d. Payments to professional engineers for the development of plans, estimates, and specifications for specific or individual street construction projects. These costs should be reported as construction expenses.

The above items are typical, but do not limit costs to these specific examples.

When entering expenditures for the street funds, it is essential that the rules of reasonableness be observed. In other words, payment of all or the greater part of supervisory, clerical, or accounting costs of a city/village is not an acceptable practice, unless supported by facts.

Costs that cannot be accurately divided between Major and Local Streets, because of their indefinite or overhead nature, should be listed as administration expenses. Administrative, engineering, and record keeping expenses should be allocated to Major and Local streets in the same percentage that preservation, traffic service, and winter maintenance expenditures bear to total preservation, traffic service, and winter maintenance expenditures for the current year.

Review expenses posting to Administration, Engineering and Record Keeping, determining if any expenses can be properly charged as direct costs to a street fund project. If you do have direct street fund project costs, you can record them on one of the other expenditure lines 25 to 36.

Determine if you have excess general fund contributions. General fund transfers (or transfers of funds from local revenue sources) in excess

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of those required to meet the Local Street Fund construction matching requirement can be used to cover excess administrative expenses.

A transfer of local revenue from the current year to offset the amount in excess of the statutory limit for a prior year will require a resolution from your city/village council. Mail or fax a copy of the resolution to:

Michigan Department of Transportation (MDOT)
Financial Operations Division
Financial/County Outreach Services Unit
P.O. Box 30050
Lansing, MI 48933
E-mail: MDOT-Outreach@michigan.gov
Fax number: (517) 241-2589

We will expect to see the prior year adjustment in your current year financial statements that you enter into ADARS on the Other Financing Sources (Uses) screen.

If a city/village is not in compliance with the Act 51 10% limit, future Michigan Transportation Fund (MTF) distributions will be withheld until corrective action is taken, as stated in question #1(a) above.

❖ Tip: Review your current year budget for Administration. If your budget is within the 10% limit, it is likely your actual expenses will be.

2. Transfer of MTF between Major and Local Street Funds, line 42 on the Other Financing Sources (Uses) screen in ADARS:

a. Why are we limited in how much funding we can transfer?

MCL 247.663(6) and 247.663(7) of PA 51, of 1951, as amended, also known as sections 13(6) and 13(7) states:

“(6) Money returned under this section to a city or village shall be expended on the major and local street systems of that city or village. However, the first priority shall be the major street system. Money returned for expenditure on the major street system shall be expended in the priority order provided in subsection (3) except that surplus funds may be transferred for preservation of the local street system. Major street funds transferred for use on the local street system shall not be used for construction but may be used for preservation as defined in section 10(c). A city or village shall not transfer more than

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50% of its annual major street funding for the local street system unless it has adopted and is following an asset management process for its major and local street systems and adopts a resolution with a copy to the department setting forth all of the following:

- (a) A list of the major streets in that city or village.
- (b) A statement that the city or village is adequately maintaining its major streets.
- (c) The dollar amount of the transfer.
- (d) The local streets to be funded with the transfer.
- (e) A statement that the city or village is following an asset management process for its major and local street systems.

(7) A city or village that has not adopted an asset management plan shall obtain the concurrence of the department to transfer more than 50% of its major street funding to its local street system. The department may provide for pilot projects that would allow a city or village that has adopted an asset management plan under subsection (6) to combine their local and major street funds into 1 street fund and to submit a single report to the department on the expenditure of funds on the local and major street systems.”

b. How is the amount calculated?

The sum of current year MTF earnings for the Major Street Fund plus Winter Maintenance earnings is the base for the calculation. Multiply the base by 50%. This is the amount allowed by law; unless the city/village has an MDOT approved Asset Management Plan.

c. What is an Asset Management Process (Plan)?

MCL Section 247.659a(1)(a) of PA 51 of 1951, as amended, also known as Section 9a(1)(a) defines Asset Management as follows:

“Asset management” means an ongoing process of maintaining, upgrading, and operating physical assets cost-effectively, based on a continuous physical inventory and condition assessment.”

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The fundamental elements of an Asset Management process include:

Conduct periodic system condition inventories

Identify needs by forecasting system conditions based upon reliable rates of deterioration

Establish strategic goals and objectives, and performance measures

Evaluate investment scenarios based upon forecasted conditions and achievement of goals and objectives

Develop and implement a multi-year investment program

Routinely monitor the performance of system improvements

d. Why do I need an Asset Management Plan?

An Asset Management Plan is not required, unless you want to transfer more than 50% of current year MTF earnings plus Winter Maintenance earnings from the Major Street Fund to the Local Street Fund. You must have an MDOT approved plan on file with the Asset Management Council Coordinator. With an Asset Management Plan the amount of funds allowed for transfer will depend on your plan.

There is no specific format for the Asset Management Plan, check with the Asset Management Council Coordinator, Brian Sanada, for what is needed. You can reach him at (517) 373-2220 or at sanadab@michigan.gov.

e. What is the Asset Management Council?

MCL Section 247.659a(2) through (6), of PA 51 of 1951, as amended, also known as Section 9a(2) through (6), states:

“(2) In order to provide a coordinated, unified effort by the various roadway agencies within the state, the transportation asset management council is hereby created within the state transportation commission and is charged with advising the commission on a statewide asset management strategy and the processes and necessary tools needed to implement such a strategy beginning with the federal-aid eligible highway system, and once

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completed, continuing on with the county road and municipal systems, in a cost-effective, efficient manner. Nothing in this section shall prohibit a local road agency from using an asset management process on its non-federal-aid eligible system. The council shall consist of 10 voting members appointed by the state transportation commission. The council shall include 2 members from the county road association of Michigan, 2 members from the Michigan municipal league, 2 members from the state planning and development regions, 1 member from the Michigan townships association, 1 member from the Michigan association of counties, and 2 members from the department. Nonvoting members shall include 1 person from the agency or office selected as the location for central data storage. Each agency with voting rights shall submit a list of 2 nominees to the state transportation commission from which the appointments shall be made. The Michigan townships association shall submit 1 name, and the Michigan association of counties shall submit 1 name. Names shall be submitted within 30 days after the effective date of the 2002 amendatory act that amended this section. The state transportation commission shall make the appointments within 30 days after receipt of the lists.

(3) The positions for the department shall be permanent. The position of the central data storage agency shall be nonvoting and shall be for as long as the agency continues to serve as the data storage repository. The member from the Michigan association of counties shall be initially appointed for 2 years. The member from the Michigan townships association shall be initially appointed for 3 years. Of the members first appointed from the county road association of Michigan, the Michigan municipal league, and the state planning and development regions, 1 member of each group shall be appointed for 2 years and 1 member of each group shall be appointed for 3 years. At the end of the initial appointment, all terms shall be for 3 years. The chairperson shall be selected from among the voting members of the council.

(4) The department shall provide qualified administrative staff and the state planning and development regions shall provide qualified technical assistance to the council.

(5) The council shall develop and present to the state transportation commission for approval within 90 days after the date of the first meeting such procedures and requirements as are necessary for the administration of the asset management process. This shall, at a minimum, include the areas of training, data storage and collection,

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reporting, development of a multiyear program, budgeting and funding, and other issues related to asset management that may arise from time to time. All quality control standards and protocols shall, at a minimum, be consistent with any existing federal requirements and regulations and existing government accounting standards.

(6) The council may appoint a technical advisory panel whose members shall be representatives from the transportation construction associations and related transportation road interests. The asset management council shall select members to the technical advisory panel from names submitted by the transportation construction associations and related transportation road interests. The technical advisory panel members shall be appointed for 3 years. The asset management council shall determine the research issues and assign projects to the technical advisory panel to assist in the development of statewide policies. The technical advisory panel's recommendations shall be advisory only and not binding on the asset management council."

- f. Who do I ask for help if I don't have an asset management plan? Is there any charge for this help?

The Asset Management Council Coordinator for MDOT, Brian Sanada, can be reached at (517) 373-2220 or at sanadab@michigan.gov. The Asset Management Council has a Web site which can be reached from the portal page at www.michigan.gov/Act51Reporting. We recommend that a local agency developing an asset management plan download the "Asset Management Guide for Local Agencies" found under the Council menu on the web page, and then contact Brian Sanada directly for guidance. There is no charge for assistance.

- g. Can I exceed the 50% transfer without a resolution from my city/village council or without an asset management plan?

No, if the city/village is not in compliance with Section 13(6) or (7), MDOT will withhold future MTF distributions until compliance is met.

3. Actual Qualified Expenditures for Non-motorized Improvements:

- a. What are non-motorized expenditures?

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MCL Section 247.660k of PA 51 of 1951, also known as Section 10k states the following:

“(1) Transportation purposes as provided in this act include provisions for facilities and services for nonmotorized transportation including bicycling.

(2) Of the funds allocated from the Michigan transportation fund to the state trunk line fund and to the counties, cities, and villages, a reasonable amount, but not less than 1% of those funds shall be expended for construction or improvement of nonmotorized transportation services and facilities.

(3) An improvement in a road, street, or highway which facilitates nonmotorized transportation by the paving of unpaved road shoulders, widening of lanes, the addition or improvement of a sidewalk in a city or village, or any other appropriate measure shall be considered to be a qualified nonmotorized facility for the purposes of this section.

(4) Units of government need not meet the provisions of this section annually, provided the requirements are met as an average over a reasonable period of years, beginning with 1978, not to exceed 10.

(5) The state transportation department or a county, city, or village receiving money from the Michigan transportation fund annually shall prepare and submit a 5-year program for the improvement of qualified nonmotorized facilities which when implemented would result in the expenditure of an amount equal to at least 1% of the amount distributed to the state transportation department or the county, city, or village, whichever is appropriate, from the Michigan transportation fund in the previous calendar year multiplied by 10, less the accumulated total expenditures by the state transportation department or the county, city, or village for qualified nonmotorized facilities in the immediately preceding 5 calendar years. A county, city, or village receiving money from the Michigan transportation fund shall consult with the state transportation development region where the county, city, or village is located in its preparation and submittal of the 5-year program under this subsection.

(6) Facilities for nonmotorized transportation may be established in conjunction with or separate from already existing highways, roads,

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and streets and shall be established when a highway, road, or street is being constructed, reconstructed, or relocated, unless:

- (a) The cost of establishing the facilities would be disproportionate to the need or probable use.
- (b) The establishment of the facilities would be contrary to public safety.
- (c) Adequate facilities for nonmotorized transportation already exist in the area.
- (d) Matching funds are not available through the department of natural resources or other state, local, or federal government sources.
- (e) The previous expenditures and projected expenditures for nonmotorized transportation facilities for the fiscal year exceed 1% of that unit's share of the Michigan transportation fund, in which case additional expenditures shall be discretionary.
- (7) The state transportation department may provide information and assistance to county road commissions, cities, and villages on the planning, design, and construction of nonmotorized transportation facilities and services."

b. How is the amount calculated?

Per the requirements of Question #3(a) (2), MDOT calculates the base by adding lines 17a and 17b of the SFR. The Major Street Fund revenues are added to the Local Street Fund revenues to arrive at the base for the calculation. You multiply the base by 1% and then multiply by 10. The 1% amount is what is required for the current year, if you have no prior year eligible expenditures. The 10 year amount, in the formula at the top of the chart, needs to be less than the Grand Total. If you have enough expenditures in prior years, you won't have to identify any for the current year.

c. What expenditures can I use to meet this requirement?

The following table represents work items creditable towards Section 10k. If your community identifies potential work items that do not appear on the list below please contact the MDOT Bicycle and Pedestrian Coordinator for eligibility verification.

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DESCRIPTION OF WORK	WORK CREDITABLE AGAINST SECTION 10k ONE PERCENT REQUIREMENT	ELIGIBLE COST	
		Engineering	Construction
NON – ROAD FACILITIES			
Shared Use Path as a project	All Engineering/construction	100%	100%
Shared Use Path as part of a road project	1) All path related construction 2) Non–path work in the road project, necessitated by the path component (e.g. extra fill, culvert extension, etc) 3) Prorated engineering costs	Prorated*	100% of 1 and 2
Shared Use Structures	All engineering/construction	100%	100%
Bicycle Parking	Acquisition and Installation	100%	100%
Sidewalks, ramps and curb cuts	All engineering/construction	100%	100%
Curb Extensions and Median Refuge Islands	All engineering/construction	100%	100%
Signs, Pavement Markings, Pedestrian Signals	All work specifically associated with the non–motorized facility and its pedestrian/non–motorized users	100%	100%
SERVICES			
Non–motorized Planning and Education	Costs associated with the development of non–motorized planning documents or educational materials intended to promote the development, benefits and use of non–motorized transportation.	NA	NA
ROAD FACILITIES			
New Bike Lanes and associated, pavement, pavement markings, and signage	That portion of the engineering and construction that can be attributed to the bike lane	Prorated**	Prorated**
Shoulder Paving as a project	All Engineering/construction	100%	100%
Shoulder Paving as a part other road or bridge construction, reconstruction, resurfacing, or widening work	That portion of the engineering and construction that can be attributed to the paving shoulder portion of the work	Prorated**	Prorated**
Road or bridge Construction, Reconstruction, Resurfacing, or Widening	That portion of the outside lane width in excess of the minimum design width for motor vehicles	Prorated**	Prorated
* Proration: $Enm = (Cnm / Ctot) \times Etot$, where E=Engineering \$'s, and C=Construction \$'s			
** Proration: $Cnm = (Wnm / Wtot) \times Ctot$ where W=Width of roadway, and C=Construction \$'s. Note only road/bridge project pay items which include the non–motorized width in the width proration.			
All work needs to be done to AASHTO and ADA standards.			

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MCL Section 247.660k(3) of PA 51 of 1955 as amended, also known as Section 10k(3) states the following with regards to sidewalks as non-motorized expenditures.

“(3) An improvement in a road, street, or highway which facilitates nonmotorized transportation by the paving of unpaved road shoulders, widening of lanes, the addition or improvement of a sidewalk in a city or village, or any other appropriate measure shall be considered to be a qualified nonmotorized facility for the purposes of this section.”

However, MCL Section 247.660k(3) of PA 51 of 1951, as amended, also known as Section 10k(3) changed the wording as follows: from “... by the paving of unpaved road surfaces and shoulders ...” to “... by the paving of unpaved road shoulders ...”. This means that changing from gravel to hard surface roads, including paving of gravel roads, no longer qualifies as eligible expenditures for non-motorized improvements.

d. How do I get help?

The Bicycle and Pedestrian Coordinator for MDOT, Joshua DeBruyn can help a local agency determine if prior year expenditures can be used to meet the non-motorized requirement. He can also help a local agency develop the plan described in Section 10k. He can be reached at (517) 335-2918 or at debruynj@michigan.gov.

e. What happens if I don't have any non-motorized expenditures, or if the Grand Total amount is not enough?

When a city/village is not in compliance with Section 10k, as listed in question #3(b) above, the city/village will need to have their Council adopt a resolution identifying how they will come into compliance within the next three years.

The resolution must identify what projects will be done and the amount that needs to be spent to bring the city/village into compliance for lack of spending in past years. The plan must be approved by the Bicycle and Pedestrian Coordinator. Once compliance is met, MTF funds will be released, if they are being withheld.

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- ❖ TIP: This is not the same as the five-year plan detailed in question a(5) above, which identifies how you plan to make your community more pedestrian friendly in the future.

4. Interest Earned on MTF Revenue :

- a. Why do I have to record interest on line 19 of the SFR?

MCL Section 247.663(11) of PA 51 of 1951, as amended, also known as Section 13(11) states:

“Interest earned on funds returned to a city or a village for purposes provided in this section shall be credited to the appropriate street fund.”

- b. What happens if I don't record interest earnings in the Revenue section of the SFR?

We will expect to see interest earnings if the fund had a positive balance at the end of the prior year. If no interest is reported a warning is displayed on the Errors/Warnings Screen in ADARS. You must enter an explanation to be able to submit your report.

5. Alleys, Unused Streets, Cemetery and Minor Park Drives: Can I use my Local Street Funds on alleys?

PA 51 of 1951, as amended, does not address the issue of alleys. Past practice and MDOT policy decisions have led to the following interpretations:

In general, MTF should not be spent on alleys.

An alley is a public way which provides secondary access to abutting land. Alleys, unused streets and cemetery and minor park drives, are not included in the tabulation of street mileage for the purposes of distributing MTF funds. If the alley is not part of your mileage certification map filed with MDOT, it should not receive funding.

Where an alley is open and used by the public as a public way, MTF Local Street funds may be used for its maintenance. The alley should become part of your mileage as shown on your mileage certification map if improvements are made.

6. Definitions of Preservation and Construction:

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- a. What is the definition of Preservation and what is allowed for this category?

MCL Section 247.660c(l) of PA 51 of 1951, as amended, also known as Section 10c(l) has the following definitions:

(l) "Preservation" means an activity undertaken to preserve the integrity of the existing roadway system. Preservation does not include new construction of highways, roads, streets, or bridges, a project that increases the capacity of a highway facility to accommodate that part of traffic having neither an origin nor destination within the local area, widening of a lane width or more, or adding turn lanes of more than 1/2 mile in length.

Preservation includes, but is not limited to, 1 or more of the following:

- (i)* Preservation.
- (ii)* Capital preventive treatments.
- (iii)* Safety projects.
- (iv)* Reconstruction.
- (v)* Resurfacing.
- (vi)* Restoration.
- (vii)* Rehabilitation.
- (viii)* Widening of less than the width of 1 lane.
- (ix)* Adding auxiliary weaving, climbing, or speed change lanes.
- (x)* Modernizing intersections.
- (xi)* Adding auxiliary turning lanes of 1/2 mile or less.
- (xii)* Installing traffic signs in new locations, installing signal devices in new locations, and replacing existing signal devices.

(m) "Preservation" means routine preservation or preventive preservation, or both. Preservation does not include capital preventive treatments, resurfacing, reconstruction, restoration, rehabilitation, safety projects, widening of less than 1 lane width, adding auxiliary turn lanes of 1/2 mile or less, adding auxiliary weaving, climbing, or speed-change lanes, modernizing intersections, or the upgrading of aggregate surface roads to hard surface roads. Preservation of state trunk line highways does not include street lighting except for freeway lighting for traffic safety purposes.

(n) "Routine preservation" means actions performed on a regular or controllable basis or in response to uncontrollable events upon a highway, road, street, or bridge. Routine preservation includes, but is not limited to, 1 or more of the following:

- (i)* Snow and ice removal.

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- (ii) Pothole patching.
- (iii) Unplugging drain facilities.
- (iv) Replacing damaged sign and pavement markings.
- (v) Replacing damaged guardrails.
- (vi) Repairing storm damage.
- (vii) Repair or operation of traffic signs and signal systems.
- (viii) Emergency environmental cleanup.
- (ix) Emergency repairs.
- (x) Emergency management of road closures that result from uncontrollable events.
- (xi) Cleaning streets and associated drainage.
- (xii) Mowing roadside.
- (xiii) Control of roadside brush and vegetation.
- (xiv) Cleaning roadside.
- (xv) Repairing lighting.
- (xvi) Grading.

(o) "Preventive preservation" means a planned strategy of cost-effective treatments to an existing roadway system and its appurtenances that preserve assets by retarding deterioration and maintaining functional condition without significantly increasing structural capacity. Preventive preservation includes, but is not limited to, 1 or more of the following:

- (i) Pavement crack sealing.
- (ii) Micro surfacing.
- (iii) Chip sealing.
- (iv) Concrete joint resealing.
- (v) Concrete joint repair.
- (vi) Filling shallow pavement cracks.
- (vii) Patching concrete.
- (viii) Shoulder resurfacing.
- (ix) Concrete diamond grinding.
- (x) Dowel bar retrofit.
- (xi) Bituminous overlays of 1-1/2 inches or less in thickness.
- (xii) Restoration of drainage.
- (xiii) Bridge crack sealing.
- (xiv) Bridge joint repair.
- (xv) Bridge seismic retrofit.
- (xvi) Bridge scour countermeasures.
- (xvii) Bridge painting.
- (xviii) Pollution prevention.
- (xix) New treatments as they may be developed."

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- b. What is the definition of Construction and what is allowed for this category?

Construction includes a project that increases the capacity of a highway facility to accommodate that part of traffic having neither an origin nor destination within the local area, widening of a lane width or more, or adding turn lanes of more than 1/2 mile in length. Construction also includes a project for a new location (didn't exist previously).

7. Web sites that provide resources for Counties, Cities and Villages:

- a. www.michigan.gov/act51

This Web site provides information about Act 51 and Michigan Transportation Fund reports.

Forms – When you click this link you open MDOT's Form page displaying Act 51 forms, including forms used for changes to your street maps.

Act 51 Primer – This is a Guide to 1951 Public Act 51 and Michigan Transportation Fund. This document was prepared by the House Fiscal Agency.

Legislative Resources – Has useful information and links on legislative data.

Michigan Transportation Fund Reports (Act 51) Allocations - The reports available are listed below in three sections:

City/Village MTF Revenue Data:

City/Village MTF Payment Breakdown - This report shows the most current monthly MTF distributions received by each city or village.

City/Village Allocation Factors – The information in this report includes primary miles, local miles, state trunkline miles, population and the population factor for each city/village in the State. This information is used in the City/Village Average Unit Values and the Estimated City/Village MTF Revenue spreadsheets.

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City/Village Average Unit Values – This report lets you examine the detailed MTF Receipts received by individual allocation factor for a 12-month period ending with the current distribution month.

Estimated City/Village MTF Revenue – This report lets you estimate future MTF revenues and modify allocation factors affecting the distribution.

County MTF Revenue Data:

County Allocation Factors – The information in this report includes primary miles, local miles, urban primary miles, urban local miles, population and the registration taxes collected for each county in the state. This information is used in the County Average Unit Values and the Estimated County MTF Revenue spreadsheets.

County Average Unit Values – This report lets you examine the detailed MTF Receipts received by individual allocation factor for a 12-month period ending with the current distribution month.

Estimated County MTF Revenue – This report lets you estimate future MTF revenues and modify allocation factors affecting the distribution.

MTF Distribution Reports:

MTF Receipts & Distributions – The data for this report comes from the Michigan Department of Treasury. The report shows receipts less grants and administrative costs which is the net amount to be distributed. The report shows the percentages received by counties and cities/villages as well as the State Trunkline Fund distribution and the Local Road Program distribution.

139 Report – The 139 Report is the fiscal year annual report of the Michigan Transportation Fund, as required by Section 17(2) of the Michigan Highway Law, PA 51 of 1951, as amended. This report summarizes revenues collected, cost of administration, authorized expenditures and the amounts distributed to each county road commission, city and village.

Schedule A is the Summary of Receipts and Distributions for the MTF and Local Program Fund for the Fiscal Year October 1, through September 30. This report shows each quarter and the total for the year.

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Schedule B reports the Distribution to Counties for the fiscal year October 1, through September 30.

Schedule C reports the distribution to Cities and Villages for the fiscal year October 1, through September 30.

Schedule D reports the Distribution to each County, and the Cities and Villages within that County, for the fiscal year October 1, through September 30.

b. <http://www.michigan.gov/treasury>

From the Department of Treasury's home page, select Local Government Services from the list on the left side of the window.

Select Local Unit Audit Reports in the list on the left side of the window.

Click the drop down list button to see the years of Audited Financial Statements that are available.

c. www.cpexpress.state.mi.us

Use this Web site to register to receive bid information, purchase orders, and payments from the State of Michigan. Once registered, you can access or change your information 24 hours a day.

Use this site to sign-up to receive State of Michigan payments via Direct Deposit (Electronic Fund Transfer).

Use this site to view payment details for your Electronic Fund Transfers (EFT).

You can use this site to change the address where warrants will be distributed. This is also the place where you can change from mailed warrants to EFT and have the funds deposited automatically to your bank account.

If you have difficulty with this Web site, please call the hotline at (517) 373-4111 or (888) 734-9749.

d. www.legislature.mi.gov

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You use this site to research Act 51 and to stay current with pending legislation.

8. Deficit Elimination: What is it, what should be done and who should do it?

In accordance with Public Act 140 of 1971, a local unit of government ending its fiscal year in a deficit condition shall formulate and file a deficit elimination plan with the Department of Treasury within 90 days after the beginning of the next fiscal year to correct the condition.

A deficit condition is defined as a fund where the total expenditure for that fund, including an accrued deficit, exceeds total revenues in that fund for the fiscal year.

General Plan Requirements:

- The deficit elimination plan must be approved by the legislative body of the local unit of government and a copy of the resolution must accompany the plan when filed with the Department of Treasury.
- A plan generally should be for one year, but in no case longer than five years.
- An audit firm hired by the local unit of government may provide advice; however, it cannot issue a deficit elimination plan.
- Once approved, the local unit will receive a signed certification letter.

Acceptable Plan Documentation:

- Current trial balances or interim financial statements showing the deficit eliminated.
- Certified copies of board/council resolutions approving operating transfers and a copy of the transfer being made.
- A projected budget approved by the legislative body, itemizing yearly revenues (by source), expenditures/expenses (by activity), and changes in the fund balance deficit until eliminated (usually a five year limit).
- For a tax increment finance or downtown development authority, the ordinance or plan approving their existence is acceptable if it shows the flow of revenues and the priority of expenditures that would support the deficit elimination plan.
- The municipality must provide some evidence that long-term receivables, regardless of type, are for a period longer than 5 years. The resolution or other legal document (assessment contract) that creates the receivable would suffice.

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It is extremely important to show the details for all revenue enhancements and likewise for all expenditure cuts. To be considered for approval, a plan must be substantive, quantifiable and realistic.

Contact information for questions or concerns:

Local Audit and Finance Division
Michigan Department of Treasury
P.O. Box 30728
Lansing, Michigan 48909-8228
(517) 373-0660
Treas_MunicipalFinance@michigan.gov

If MDOT has been withholding MTF funds, we will need to get a copy of the approved letter from Treasury before we release any funds.

9. Fixed Assets: Can fixed assets be purchased with MTF funds?

Yes, however, if the equipment is used by the city/village for non-MTF uses, you would charge the local source that utilized the equipment the Schedule C Rental Rates. The fixed assets would be depreciated in the same manner as other city/village assets are being depreciated.

10. Schedule C – What is Schedule C?

Schedule C are Equipment Rental Rates compiled by MDOT. Hourly equipment rental rates are based on the following data reported by the County Road Commission on the county equipment questionnaires:

1. Expenses: Direct repair, indirect repair and storage, operating and depreciation.
2. Hours of equipment operations.

These rates were computed using actual expenses of County Road Commissions, plus a factor for estimated increased costs.

Counties and cities/villages possessing a State Trunkline Maintenance Contract will be reimbursed at these rates. However they may elect to use a modified rate for reimbursement in accordance with subsection 15(F) of the contract.

You can download this schedule from our Web site at:
www.michigan.gov/act51 then click on the Equipment Rental Rates link.

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11.MTF Advance Distribution: Is there a possibility of obtaining an emergency advance from MTF?

The Highway Commission adopted Resolution No. 65-3 signed February 2, 1965. The section which relates to this question states:

“WHEREAS, Act 51 provides for the advance of certain earned revenues when a county, city or village has a special need, and upon showing thereof which is satisfactory to the state highway commission, and the state highway commissioner may authorize the advance – Section 11(1)(g) and Section 11(13).”

12.Local Matching Dollars for MTF Funds: Do locals have to match MTF funds?

No, not for general use funds, however, you are required to match MTF funds used for Local Street Construction Projects. This requires a 50% match from locally raised sources.

13.Michigan Transportation Fund (MTF) Distribution:

a. City/Village MTF Distribution?

City and Village MTF is distributed 75% to major streets and 25% to local streets.

The major street amounts are allocated 60% on population and 40% on major miles times their population factor. If a municipality has certified state trunk line, and population of 25,000 or greater, they receive state trunk line payments of two times trunk line miles times their population factor known as equivalent major mileage (EMM).

b. County MTF Distribution?

County MTF distribution first provides for 10% for urban roads and an additional 4% for local roads before the remainder is distributed 75% to primary and 25% to local roads.

Urban primary road funds are: primary urban miles times 6; divided by primary miles times 6 plus urban local miles; times the 10% for urban roads allocated per mile. It is allocated on primary miles.

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Urban local road funds are the remaining 10% allocated per mile. It is allocated on local miles.

The primary mile amounts are allocated on factors of weight tax, primary miles and 1/83 to each county.

The local mile amounts are allocated on factors of local miles and rural population.

14. Snow Payments:

a. Who gets Snow Payments?

To receive a snow payment you must be in a qualifying county and your individual factors must be at least two times the average winter maintenance factors. Average winter maintenance factors are the total MTF payments divided by total winter maintenance for both major and local roads. The amount to be distributed is seven percent of total MTF funds distributed (less snow payments).

The actual amount an individual city/village receives if their ratio entitles them to a payment is calculated as follows:

Step 1

MTF earnings for municipality (1/08-12/08)

Less: snow payments

Total MTF earnings less snow payment

Multiplied by 2 x the average winter maintenance factor (the ratio)

Subtotal (A)

Step 2

Winter maintenance expenditures for municipality (07/07-06/08)

Less: Subtotal (A)

Subtotal (B) (less than zero does not qualify)

Times $\frac{1}{2}$

Total snow removal payment

b. Snow County Map?

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