

MINUTES
MICHIGAN STATE TRANSPORTATION COMMISSION MEETING
January 30, 2009
Lansing, Michigan

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

Present: Ted B. Wahby, Chair
 Maureen Miller Brosnan, Commissioner
 Steven K. Girard, Commissioner
 James S. Scalici, Commissioner

Also Present: Kirk T. Steudle, Director
 Frank E. Kelley, Commission Advisor
 Marneta Griffin, Commission Executive Assistant
 Jerry Jones, Commission Auditor, Office of Commission Audit
 Patrick Isom, Attorney General's Office, Transportation Division
 John Friend, Bureau Director, Highway Delivery
 John Polasek, Bureau Director, Highway Development
 Myron Frierson, Bureau Director, Finance and Administration
 Susan Mortel, Bureau Director, Transportation Planning
 Bill Shreck, Director, Office of Communications
 Larry Tibbits, Chief Operations Officer
 Jackie Shinn, Chief Deputy Director
 Leon Hank, Chief Administrative Officer
 Ronald DeCook, Director, Office of Governmental Affairs
 Sharon Edgar, Administrator, Bureau of Passenger Transportation
 Melvin Williams, Administrator, Freight Services and Safety Division
 Mike Kapp, Administrator, Office of Economic Development
 Greg Johnson, Metro Region Engineer
 Tony Kratofil, Bay Region Engineer
 Bobbi Welke, Southwest Region Engineer
 Randi Van Portfliet, Superior Region Engineer
 Roger Safford, Grand Region Engineer

Excused: Linda Miller Atkinson, Vice Chair
 Jerrold M. Jung, Commissioner

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

Chair Wahby called the meeting to order at 9:05 a.m. in the MDOT Bureau of Aeronautics Auditorium, in Lansing, Michigan.

I. **COMMISSION BUSINESS**

Commission Minutes

Chair Wahby entertained a motion for approval of the minutes from the State Transportation Commission meeting of November 20, 2008.

Moved by Commissioner Brosnan, with support from Commissioner Scalici, to approve the minutes of the Commission meeting of November 20, 2008. Motion carried.

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

Director Steudle's report focused on:

American Recovery and Reinvestment Act of 2009

This Act was formerly known as Economic Stimulus at the federal level, now known as the American Recovery and Reinvestment Act under the Obama Administration. The current goal is for enactment by February 16th with the main focus being job creation. The plan was to look for investments selected based on highest rate of return for the economy. There is to be close monitoring, government transparency, accountability and evaluation.

The House and Senate proposed their version of the Act that is along the same lines. Both have an aggressive timetable for implementation (House version more than the Senate version), generally distribute funds utilizing existing statutory formulas, no match requirements, no specific earmarks, and ensure transparency and accountability.

Programs within the House version include: airport improvement grants \$3 billion, Highways and Bridges \$30 billion, Intercity Passenger Rail \$300 million, Amtrak capital grants \$800 million, transit formula grants \$6 billion, Office of Inspector General \$20 million, as well as transit rail modernization \$2 billion and transit new starts \$1 billion which the Senate version did not have additional monies for. Programs within the Senate version include: airport improvement grants \$1.1 billion, Highways and Bridges \$27 billion, Intercity Passenger Rail \$250 million, Amtrak capital grants \$850 million, transit formula grants \$8.4 billion, Office of Inspector General \$7.7 million, as well as competitive surface transportation grants \$5.5 billion, aviation facilities and equipment \$200 million, high-speed rail corridors \$2 billion and assistance to small shipyards \$100 million which the House version did not have additional monies for. When summed up, the Senate Bill is about \$2 billion higher (\$45.4 billion) than the House Bill (\$43.1 billion).

The thing that is probably the most important to us besides the dollar amount is the use-it-or-lose-it requirements in each bill. House funds (50% obligated within 90 days) are sub-allocated to Enhancements and MPOs per SAFETEA-LU. Senate funds (50% obligated within 180 days) sub-allocations are more complex, including CMAQ, Indian Reservation Roads, etc. The Senate bill creates \$5.5 billion multi-modal grant program "to State and local government on a competitive basis for projects that will have a significant impact on the Nation, a metropolitan area, or a region." The piece that is important is that both legislations say that whatever money is not used of that 50% within either the 90 or 180 days goes back to Washington; then Washington redistributes it

around the country. It's not clear how that redistribution would happen, but we are viewing it as we have to spend (obligated or under contract—whatever the final language is) within that 90 or 180 days so that we are in a position to utilize other states' money who can't spend or obligate it fast enough. Some of our other counterparts around the country have more of a wait-and-see attitude.

Chair Wahby asked if there were matching funds required on any of this.

Director Steudle replied no.

The Bills vary as to what happens to the money and where it goes. It is clear that they want a lot of money spent in urban areas (that's where the big projects are) and they want to make sure that we are investing in urban areas. The House Bill says that priority should be given to projects that can award contracts within 120 days, are included in approved State or Metropolitan Transportation Improvement Program (S/TIP), are projected for completion within a 3-year time frame, and are located in economically distressed areas. The Senate Bill says that priority should be placed on projects that can be completed in 2-years, except for discretionary program.

One of the big things is that existing Federal requirements will not be waived. Environmental requirements will still have to be met, consultations required with MPO's, Rural Task Force, and Tribal Government, contracting and bidding requirements (including the Brooks Act), permitting requirements, and DBE requirements.

On a state level the Governor's established interdepartmental teams to coordinate priorities and monitoring. There are 5 different groups we are working within the administration dealing with infrastructure, schools, information technology and broadband, buildings, and greening. These workgroups are working on sharing information with stakeholders, developing strategies to train workers, and identifying partnership opportunities where we can leverage something else that somebody is already doing. One of the things that has gotten a lot of highlight is the RCAR Program which was started about 1½ years ago (60 graduates last year; 100 anticipated for this year).

MDOT's efforts involve monitoring House/Senate proposals (Connie Morrison is the point person with the Governor's office on the economic stimulus package) for policy and potential legislation, modeling various scenarios for Michigan impacts, participating with AASHTO on conference calls and providing required information. We also have created a group called the Barrier Busters Team. This team is made up of key MDOT staff (finance, engineering, planning, Attorney General, auditors) who identify and address barriers so projects can flow more readily, identify job training opportunities, and who have the opportunity to identify quantum leaps in efficiencies.

The opportunity here is to save or create thousands of jobs in Michigan and to reap the economic benefit from increased investment in transportation. There is going to be incredible progress on projects that might not be funded for years. This opportunity demonstrates our ability to effectively invest taxpayer funds, and turns the economic stimulus package into an argument for future transportation investment.

Commissioner Brosnan asked, as we move through the process, with job creation in Michigan being our primary focus in this stimulus package, how or are we going to be tracking how many Michigan firms we use when we go out and contract for these projects.

Director Steudle replied that there has been a lot of discussion about that, but we also have to remember that this is a federal program. If the federal legislation says that we can put in a Michigan preference, we will. The current language prohibits a state specific preference. We will be required to track jobs we said would be created and how many actually did get created.

Commissioner Brosnan commented that as a Commissioner she is interested in seeing those numbers. She then asked if there is something the Commission would see on a regular basis as we move through this to show how many Michigan workers are back to work.

Director Steudle responded yes—to the extent that we can capture that information. The address of the worker, as opposed to the address of the firm or where they're incorporated, is probably the best direct relationship of how many Michigan graduates are working on our Michigan projects.

Commissioner Brosnan commented that it certainly seems to fit; those are people that are worried about getting their homes foreclosed on and buying the services and products here in Michigan.

MDOT Reforms/Efficiencies

Over the past decade, MDOT has undertaken numerous and significant steps to improve the efficiency and effectiveness of its operations. The TF2 Reform/Efficiency Report identifies a number of them and those that the department have already implemented (over the last 6 years or so) range everywhere from \$30,000 savings in generating the Five Year Program (not duplicating a lot of efforts in the administrative process) all the way up to staff reductions of \$21 million. There are some things we're leading the country on. For example, LED traffic signals has provided an annual savings of \$1.1 million (energy use is less when you switch from using a regular incandescent bulb).

Chair Wahby asked, with all this work coming our way, if there were any thoughts about bringing more in-house engineers on board. We'd like to get back to having more in-house engineers than we do consultants, which gives us better control.

Director Steudle answered that what will drive that decision is the timeframes that are within the bill because within 90 days there's no way you're going to make that happen; we've got to just turn around what's already there. The other aspect of this is that our budget has got to go through the Michigan legislature that has not been very kind to any kind of staff increases in the last 6 years.

Chair Wahby stated that the whole idea of this influx of monies and stimulus is to create jobs. He doesn't know why anybody would be adverse to not bringing on in-house engineers where you have better control to react to the windows of time that have to be met.

Commissioner Brosnan asked if the staff reduction number is reflective of primarily retirements or is it a down-sizing.

Director Steudle answered that it has been through attrition. We have, to his knowledge, never laid anyone off. We have been able to do this with not filling positions as they become vacant whether through retirements or people moving on to different opportunities.

Continuing...The department will come back to the next meeting with more of the reforms and efficiencies that were within the TF2 and show where some opportunities are. Areas under review for possible implementation include expanding the Asset Management Program, creating Corridor Authorities, expanding the usage of value engineering, implementing bi-directional lanes and ramp metering, and supporting and increasing local transportation agency roles as mobility managers.

Our next steps would be to complete the review that we have undertaken and make recommendations back to you on the efficiencies that we feel would be best to implement.

Winter Operations

A cross-section of cities was looked at in each region to chart the snowfall data through December 31, 2008. Every city's year-to-date snowfall has exceeded their average year-to-date amount. Snowfall amounts have been heavy in the lake effect areas and the number of storm events is above normal. Some areas of the state have experienced back-to-back storms making the events almost continuous. The Keweenaw had 135 inches of snow, Marquette 115 inches, Gaylord 105 inches and Muskegon 85 inches.

This means that winter maintenance costs are going through the roof. Heavy snowfall statewide has produced first quarter winter maintenance expenditures 60% higher than first quarter costs last year. Our historical winter budget for the entire year is about \$85 million; last year was \$103 million—an \$18 million shortfall. This winter could cost \$117 million based on first quarter expenditures of \$37 million and assuming winter costs are similar to 2008 for January through May—a potential shortfall of \$32 million. Labor hours are up significantly over the three year averages. Regular hours are 59% above average and overtime hours are 34% above. Salt use statewide is up by 32.5% over 2008, 300,000 tons year-to-date. Fuel expenditures are on par with the same period in 2008. Fuel usage has actually increased by 22%, offset by a 20% decrease in the cost per gallon. Sand use is up by 156% over 2008, 67,000 tons year-to-date.

Chair Wahby asked if stimulus money can be used for the jobs being pulled back in for the 2009/2010 program, then transfer some of the money that already existed back into maintenance.

Director Steudle replied if you can free up state dollars, yes. One of the caveats within the federal regulations is that you have to use the money as a supplement to your program, not supplant. To some extent we will generate some of that savings because it doesn't have the match on it and that may be an opportunity to take care of some of the maintenance pieces, or it also may be the opportunity for us to salvage the 2010 program as well.

Chair Wahby commented that you can't shut the door to it. Maintenance plays a major role. You can't have the city freeways and main highways that people use coming in looking a mess. The summer maintenance will get cut again if this keeps up.

Director Steudle agreed.

Chair Wahby further commented that we will end up with a city full of high grass and we have to avoid that.

Director Steudle added that we have to spend the money to plow to make sure the road is safe to get people where they need to go. At the same time the season in between plowing and mowing is potholes. Come March we will have crews out filling all the potholes across the state. We are headed for a summer where there's going to be very tough decisions to be made about the resources that we have unless there are additional resources that we can pull in to do that.

Chair Wahby commented that we know that from last year now it's being compounded even worse with a bigger shortfall so that means even less is going to get done. It doesn't set a great image for the state of Michigan.

Director Steudle told of an editorial that said plowing for safety on the roadways had to come first. One road commission referenced the fact that we had reduced our level of service. This is true to one extent. We have developed an orange route and a blue route. All the freeways across the state are listed as top priority. They are still bare pavement—they are still salt, sand, overtime or whatever to make it smooth and safe. The secondary roads—surface streets—are a second route that when it's snowing, all of the available equipment is on the road and all the tools available are to be used. However, when the road is passable and in safe condition, the crews determine if it is something that needs to be done right now, or if overtime, have it wait until the next shift starts during regular time. Again, this is after it is in a safe condition. A number of layoffs within the county road commissions have compounded the problem.

Commissioner Brosnan stated that the problem in the Wayne County area is not enough equipment on the road and asked what will be done about this given the fact that we still have half a winter ahead of us. Secondly, she commented that there is perhaps a misunderstanding of priorities. While traveling along the western side of the state two weeks ago, Sunday night, 10pm in the Grand Rapids area, there were plows coming off every exit doing clean-up work. This is overtime on a Sunday, two hours before MLK starts (a major holiday) which means even more overtime is going to be cashed in on. This was very disturbing beyond belief. Clearly the snow had not come across the white

line along the side of road; they were just pushing it back a little further. While they were at it they were not taking a big enough bite of it—making a meal out of a snack.

Director Steudle responded that, particularly in the southeast portion of Michigan, Greg Johnson will be calling the road commissions together to find out what is going on. We are spending a lot of money and not getting the service that we are spending the money for. The freeway level of service has not changed from a requirement or priority standpoint. Roger Safford is diligently making notes and will be on the phone with the counties in the Grand Region as well.

Chair Wahby asked if we contract with the local road commissions for the state portion.

Director Steudle responded yes.

Chair Wahby commented that the communities or road commissions, especially for townships, have their money allocated through their Act 51 monies to clean their roads. There is always confusion on what is considered state and what is considered local and so often the state gets blamed for what is really local.

Director Steudle responded that he was absolutely correct. The funding that comes through Act 51 is the state money that's used for maintenance when it comes into the MDOT budget and then we either have our own forces in some counties where we have our own MDOT garages, or, in most cases we contract with the county road commission for them to do the work on our behalf. When they are working on a state trunkline, they are charging to our contract. When they're off of that, they are using their own money that comes through Act 51 and that's being squeezed as well. In defense of county road commissions they have got a larger system than just our piece where they have got to have the crews out and they have less people.

Chair Wahby agreed that it is a mish-mash of a whole bunch of stuff but it always ends up back on MDOT's lap saying we are the culprits.

Director Steudle added that there are about 617 agencies in the state of Michigan that received Act 51 money to do all of their operations.

Chair Wahby reiterated that there is a lot of confusion as to who's at fault and why they're not getting cleaned.

No other questions were forthcoming.

III. OVERSIGHT

Commission Agreements (Exhibit A) – Myron Frierson

Mr. Frierson presented information on 32 agreements. Pending any questions, Mr. Frierson asked for approval of Exhibit A.

Commissioner Brosnan noted that in the first 3 agreements (2 loans to Genesee County, 1 to Macomb County) the loans to Genesee County have a 3% interest rate while the

Macomb County loan has a 1% interest rate, and asked what the difference is—what determines that rate.

Mr. Frierson deferred to Mike Kapp, Administrator, Office of Economic Development (where the State Infrastructure Bank program resides) for a response.

Mr. Kapp responded that that loan program is made available with a lot of flexibility. The standard rate is 3% and that is typically what you'll see. We do have the flexibility to reduce that if it's absolutely necessary. In the case of this particular loan, the loan is really for the township where that project is going through. The county was doing a very important project in their area and the township would not have had the match (which would have killed the project) so the loan was provided after negotiating on what they could afford.

Chair Wahby added that also in that project was federal money that could have been lost if we hadn't have gotten the project.

Mr. Kapp added that the loan was made to the Road Commission but they extended it to the township. The Road Commission is the Act 51 agency from whom we can re-claim the funding if we don't receive our payments.

Commissioner Brosnan commented that she was looking for parity and just making sure that everyone is treated fairly. She then asked if Genesee County could have negotiated the same type of arrangement.

Mr. Kapp replied that we do work with the counties. What we are trying to do is take projects that might otherwise not go forward and try to make sure that they can happen. We also try to maintain the 3%. The counties basically have to convince us that the project won't happen unless they can get a lower interest rate. We do it sometimes in terms of emergencies where agencies just don't have it in their budget and they have to do a project. In this case the county made the case and we thought it was appropriate to provide them with a 1% loan.

No other questions were forthcoming.

Chair Wahby entertained a motion. Motion was made by Commissioner Girard and supported by Commissioner Scalici to approve Exhibit A. Motion carried on a unanimous voice vote.

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

Mr. Frierson provided a narrative of activities for the December 5th 2008 lettings, however for the sake of time he gave a brief recap of the January 9th 2009 lettings only: 28 State projects with a total engineer's estimates of \$90.7 million were let. The low bid amounts for these projects totaled \$78.8 million. The average low bid amount for the 28 State projects is \$2.8 million. The State low bids for fiscal year 2009 through January total \$231.8 million compared to \$208.7 million for the same period in fiscal year 2008.

As of September 15, 2008, it was estimated that 275 State projects with construction cost estimates totaling \$592.6 million would be let during the 2009 fiscal year. Through January 2009, 84 State projects with engineer's estimates of \$247.8 million were let, representing 41.8% of the total amount projected to be let this fiscal year. In comparison, through January of 2008, 133 State projects with total engineer's estimates of \$228.9 million were let, representing 32.8% of the fiscal year 2008 projection. Leading up to and including the January letting for fiscal year 2009, 90.2% of the projected construction cost estimate scheduled for this period was let. In comparison for this same period through January 2008, 95.8% of the projected construction cost estimate was let.

For the February 6, 2009, bid letting, 26 State projects with engineer's estimates totaling \$86.0 million are scheduled to be let. Of the 26 State projects, 16 have warranties with an engineer's estimate totaling \$67.9 million. There are 21 Local projects scheduled to let February 6, for a total engineer's estimate of \$28.0 million. The Local project totals include one project item postponed from the January 9, 2009, letting. There are no Local projects included in the Jobs Today program for this letting. Five Aeronautics projects are also scheduled to let February 6th with an engineer's estimate of \$6.5 million.

Pending any questions, Mr. Frierson asked for approval of the February bid lettings in Exhibit A-1; none were forthcoming.

Chair Wahby entertained a motion. Motion was made by Commissioner Brosnan and supported by Commissioner Scalici to approve the February bid lettings. Motion carried on a unanimous voice vote.

Letting Exceptions Agenda (Exhibit A-2) – John Polasek

Mr. Polasek provided information on 1 State project that is over the engineers' estimate and is accompanied by a justification memo. Pending any questions, Mr. Polasek asked for approval of Exhibit A-2.

Commissioner Brosnan asked if there was a warranty of some sort coming on the painting of the bridge structures.

Mr. Polasek replied that he doesn't believe there is a warranty set up. This is a preventive maintenance type project but he didn't notice any warranty on it. After conferring with John Friend, Mr. Polasek added that the project does indicate a 2-year bridge painting warranty.

Commissioner Brosnan continued that we have spent a lot of money in the pass couple years on bridge re-paintings and it just doesn't seem like it's holding up. She sees a lot of wearing, especially along I-96 which is her route of travel. She then asked if 2 years was standard or could we get more.

Mr. Polasek replied that he thought 2 years was standard for this preventive type work, although it may be 5 years.

Director Steudle asked Greg Johnson for further information.

Mr. Johnson stated that we have several bridges in the corridor through Livonia where we've had the paint surface fail. We had warranties on those structures and this year we are going to get those warranties enforced. We had a paint manufacturer problem and the contractor has been negotiating back and forth with the manufacturer, so this year those paint spalls what you see on those bridges will get repaired at their expense (under the warranty provisions). The warranty was a 2-year warranty and it failed within those 2 years; we've just been trying to get all of the details worked out.

Commissioner Brosnan asked if there were any other paint warranties that extend beyond 2 years.

Mr. Johnson responded that our standard warranty is 2 years.

Chair Wahby entertained a motion. Motion was made by Commissioner Brosnan and supported by Commissioner Girard to approve Exhibit A-2. Motion carried on a unanimous voice vote.

Contract Adjustments (Exhibit B) – John Friend

Mr. Friend congratulated Keith Brown on his new position with the Davison TSC and introduced his replacement as Construction Contracts Engineer, Dale Spencley.

The department finalized out just short of \$1 billion program for the calendar year. This was done within 1.72% of the original contract costs, and is certainly within the performance measures the Commission has established of within 5%.

Mr. Friend provided information for 8 Extra/3 Overrun MDOT and 8 Extra/2 Overrun Local projects and called attention to the following items:

MDOT Extra 2009-019 (deck replacement, steel repair,...on US-2 over Cut River and Millecoquin River, Mackinac County) required additional reinforcement on the outside beams. This was done during the construction phase and amounted to just over \$200,000 in additional costs;

MDOT Extra 2009-021 (replacement of pot bearings at the expansion joints on I-75 over the Saginaw River in the city of Zilwaukee, Saginaw County) is still having the payments processed with the additional language that the Commission requested be included with the contract modifications;

MDOT Extra 2009-023 (3.3 km of road reconstruction (7 lanes), water main replacement, storm sewer replacement,...in the cities of Detroit and Dearborn, Wayne County) has over \$2 million in additional costs. This is a significant urban project done around the Super Bowl that had a lot of coordination problems that had to be worked out with the city of Detroit; a lot of utility issues; a lot of things that as we opened that pavement up were not exactly where we thought they were going to be;

Local Extra 2009-018 (1.35 miles of hot mix asphalt resurfacing and reconstruction, road obliteration...in the city of Stephenson, Menominee County) is a project that as they

started to open up the roadway they found a bunch of buried silt and peat that had to be excavated and hauled away; not a type of soil material that you want to build a roadway on.

Pending any questions, Mr. Friend asked for approval of all items in Exhibit B; none were forthcoming.

Chair Wahby entertained a motion. Motion was made by Commissioner Brosnan and supported by Commissioner Girard to approve Exhibit B. Motion carried on a unanimous voice vote.

IV. **PRESENTATIONS**

Final 2009-2013 Five Year Transportation Program – Denise Jackson, Administrator, Statewide Planning

Director Steudle stated that the department originally planned to ask for approval of the Five Year Transportation Program (5YTP) however there are so many issues going on that they would like to wait and bring it back before the Commission in February. He explained that once the Recovery Plan is approved we will end up pulling projects in, but at the same time shifting them out. The February meeting will still allow enough time to meet the statutory requirement of March 1st. Denise Jackson will still go through the presentation so that the Commission knows exactly where we're at.

The Commission agreed stating that the most accurate picture to meet the timeframe is preferred.

The draft 5YTP was presented in November 2008. Since that time, we have received public comment from the draft posted on MDOT's website and U of M has completed their study on the economic benefits of the Program.

As with the previous 5YTP, this program is multi-modal. It includes five years (2009-2013) of investment for the Highway, Aviation, Transit, Rail, and Marine/Port programs. A detailed presentation of each mode was provided at the November Commission meeting. Under its full investment scenario this totals \$8.41 billion. Approximately one quarter of these investments are dedicated to funding Multi-Modal transportation. Two and a quarter billion is dedicated towards the Aviation, Public Transit, Marine, and Rail programs, and nearly \$6.2 billion will be invested in the Highway Capital and Maintenance program.

MDOT's Aviation program totals \$837 million over the five years with the majority of it coming from the Airport Improvement program which maintains and expands runways and terminals. The remaining funds are invested in the Air Services program among others. MDOT's Bus, Marine and Rail programs includes local transit, intercity bus, passenger rail, marine and port, and rail freight. These five programs are supported by annual appropriations from the Comprehensive Transportation Fund (CTF), the transit portions of *SAFETEA LU* and various other revenues. Because of the significant annual variations in CTF appropriations, a total, combined five year program amount is provided for all five programs, rather than a program amount for each; i.e., five year investment levels are not provided for each of the five individual Bus, Marine and Rail programs.

We will continue to break out these five programs in our annual program announcement but roll them up in our five year program.

State revenues continue to decline. There is long-term uncertainty with federal revenue reauthorization pending, and project costs continue to increase. A state revenue shortfall of approximately \$350 million is projected between 2010 and 2013. This state revenue shortfall will result in the loss of approximately \$2 billion in federal aid over this timeframe due to inability to provide state matching funds. As a result of the shortfall in state revenue and the inability to match all available federal aid (beginning in 2010) we developed two separate investment strategies for the highway program. Funding from the Federal economic stimulus package will allow us to build some of the projects that are lost in the reduced program, but without additional state funding we will not be able to backfill.

The 5YTP contains an investment strategy under a reduced funding scenario and a fully funded scenario. About 30% of the investment level for our roads and bridges would be reduced if we don't get the state money that we need to be able to capture all the federal aid that might be out there. Our Capacity Improvement Program would be cut in half along with our Congestion Mitigation and Air Quality Program. Safety and ITS will have a reduction of roughly 36%. The Other category of programs (Enhancement, Roadside, federal and state railroad programs, carpool lots, scoping) is roughly half as well. Routine Maintenance will have a relatively small decrease because we still need to focus there, and we are focusing as heavily as we can, even though other programs are adjusted down quite a bit more.

All of this means that when we look at the Pavement Program with funding reduced from \$431 million to \$299 million, the impact will be a drop of pavements in good condition from 65% to 57% by 2015; the Bridge Program reduced from \$207 million to \$144 million, the impact will be that the number of good/fair bridges drop from 91% to 87% by 2015; Signing reduced from \$14 million to \$6 million, the impact will be that the replacement cycle increases from 15 to 35 years; Traffic Signals reduced from \$11 million to \$4.5 million, the impact will be that the replacement cycle increases from 25 to 50 years and retiming cycle from 10 to 20 years; Roadsides reduced from \$10 million to \$1 million, the impact will be no rest area reconstruction/rehabilitation; ITS reduced from \$14 million to \$9 million, the impact will be individual infrastructure deployment versus statewide deployment; Enhancement reduced from \$15 million to \$2 million, the impact will be 40 fewer miles of non-motorized facilities, 10 fewer miles of streetscapes in 25 communities; and Capacity Improvement/New Roads reduced from \$58 million to \$31 million, the impact will be all but one expansion project (I-96 at Latson Rd, Livingston County) will be removed or delayed.

Economic Benefit

MDOT's Highway Program continues to provide economic benefit to the state; however those economic benefits decrease if the reduced strategy is implemented. Approximately 15,300 jobs are supported annually with the implementation of the current full strategy. Without a state revenue package, a reduced program will have to be used. A smaller program will mean a reduction in employment in the road construction industry (and supporting industries) of more than 30% in a time when Michigan already suffers from

high unemployment. Only 11,300 jobs are supported annually by the reduced strategy. In addition to the jobs supported, the 5YTP generates an annual average of nearly \$1.1 billion in GSP (Gross State Product) and adds \$750 million a year in real personal income.

Public Comments/Input

The 5YTP was posted to the web. Comments were received via email and telephone. Fewer comments were received on this year's program probably because we are doing a much better job throughout the entire program development process. Comments received were in the areas of continuing pursue our TF2 recommendations, re-evaluating funding distribution (more to North and Superior region to coincide with increased tourism promotion), positive reactions to job and economy information included in the program, concern about lack of transit and ADA related projects, and a desire to see additional projects on major freeways in Southeast Michigan such as along I-75, I-96, I-69, I-275, I-696, M-10, etc.)

American Recovery and Reinvestment Act of 2009

The economic stimulus legislation is beginning to move through Congress. We anticipate a larger 2009 Transportation Program if the economic stimulus package is implemented. We are working with internal and external partners to identify projects that will benefit Michigan's economy.

Next steps would be to bring the 5YTP back before the Commission in February when they will post the document to the web and submit it to the legislature by March 1st.

Ms. Jackson asked for questions.

Chair Wahby asked Director Steudle what was going on with the recommendations from the special committees that the Governor put together.

Director Steudle replied that there was a lot of activity at the end of December. There were four pieces of legislation that were moving through that would adjust the motor fuel tax from a flat cents per gallon to a percent of the wholesale. There was another one that was adjusting registration fees, one that provided local options for local units of government to raise funds locally, and a fourth one for public private partnerships. None of these four got taken up. There was significant discussion but the comment was that they were not prepared at that time to deal with it. It was too complicated too quick. There is a commitment to come back and look at those again as the session starts again. I have had comments with all four of the committee Chairs from the policy and appropriations side to take a much closer at that along with the other pieces that were within the TF2 report that dealt with reforms and efficiencies. I am hoping that there will be some movement in the first 6 months of year because the winter is going to catch up to us.

Chair Wahby commented that that was the whole purpose of the thing so it would be a shame not to get some response back on all the work they put into it.

Director Steudle added that the economic stimulus discussion really clouded the issue significantly. The impact is that there will be 1 years' federal allotment of money spread over 2 years. It's short-term.

Chair Wahby commented that if none of this is going to come to pass we are going to have a real problem.

Director Steudle agreed.

Commissioner Brosnan commented that she was going back through the TF2 report and the Commissions' reduced investment strategy and what struck her the most was the opening statement of the TF2 saying that Michigan must at least double current investment in transportation. Even with the American Recovery Act passing we do not hit that mark. It's a great stop-gap measure; it will hopefully pull Michigan through a really tough time and be the catalyst change. However much of what was recommended in the summary report very much remains on the table and it has to remain our goal as the Commission and the department.

No motion is necessary to postpone the approval of the Program.

Commercial Vehicle Strategy Team-An Innovative Engineering/Enforcement Safety Partnership – Bobbi Welke, Southwest Region Engineer/Captain Robert Powers, Traffic Safety Division, Michigan State Police

Bobbi Welke introduced MDOT members of the partnership for commercial vehicle enforcement: Dave Schade, Traffic Collection Unit; Mark Dionise, Real Estate Transport Permits; and Tim Hoeffner, Chair (not present). She also acknowledged Commissioner Scalici and his membership with the Truck Safety Commission. Captain Robert Powers introduced Inspector Randy Copeland, Assistant Division Commander.

MDOT and MSP have been collaborating since 1982 on promoting safety, security, and protecting the infrastructure in Michigan particularly as it pertains to commercial vehicle operations. In October 2005 the Commercial Vehicle and Strategy Team (CVST) was developed in order to have a more structured and formal environment in which to further those collaborations.

A 7-minute video was shown which illustrates how this team operates, what they have focused on and has accomplished so far. The CVST has two sub-committees: Infrastructure Subcommittee and Safety and Security Subcommittee.

Chair Wahby asked what happens when you have an out-of-state truck that is overweight.

Captain Powers answered that any trucks coming in from out-of-state or Canada has to comply with Michigan law.

Chair Wahby asked if they are ticketed or what happens when they are caught.

Captain Powers responded that two things happen. First, they are placed out of service until they are made legal either by off-loading some of the weight or readjusting their load. Second, they are given a citation and they have to post a bond to insure that they will appear in court because they are from out-of-state. On occasion they will be taken directly to the court if the court is open for an immediate arraignment, especially if they don't have money to post a bond.

Ms. Welke added that this operational partnership is beneficial for the economy because our contract requires that salt deliveries, for example, occur during business hours. We will not use overtime to accommodate deliveries.

No other questions were forthcoming.

V. **PUBLIC COMMENTS**

Chair Wahby asked if any member of the audience wanted to address the Commission; none were forthcoming.

Chair Wahby asked if any Commissioner wanted to address the Commission; none were forthcoming.

VI. **ADJOURNMENT**

There being no further business to come before the Commission, Chair Wahby declared the meeting adjourned at 10:52 a.m.

The next full meeting of the Michigan State Transportation Commission will be held on **Thursday**, February 26, 2009, in the MDOT Bureau of Aeronautics Auditorium in Lansing, Michigan, commencing at the hour of 9:00 a.m.

Frank E. Kelley
Commission Advisor