

MINUTES
MICHIGAN STATE TRANSPORTATION COMMISSION MEETING
September 25, 2008
Detroit, Michigan

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

Present: Ted B. Wahby, Chair
Linda Miller Atkinson, Vice Chair
Maureen Miller Brosnan, Commissioner
Steven K. Girard, Commissioner
Jerrold M. Jung, Commissioner
James S. Scalici, Commissioner

Also Present: Kirk T. Steudle, Director
Frank E. Kelley, Commission Advisor
Marneta Young, 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
Ed Timpf, Administrator, Financial Operations
Susan Mortel, Bureau Director, Transportation Planning
Bill Shreck, Director, Office of Communications
Larry Tibbits, Chief Operations Officer
Leon Hank, Chief Administrative Officer
Sharon Edgar, Administrator, Bureau of Passenger Transportation
Mike Kapp, Administrator, Economic Development and Enhancement
Rob Abent, Bureau Director, Aeronautics and Freight Services
Robert Ranck, Jr., Metro Deputy Region Engineer
Tim Hoeffner, Administrator, Intermodal Policy
Greg Johnson, Metro Region Engineer

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

Chair Wahby called the meeting to order at 9:00 a.m. in the Detroit Mexicantown International Welcome Center, in Detroit, Michigan.

I. COMMISSION BUSINESS

Commission Minutes

Chair Wahby entertained a motion for approval of the minutes from the State Transportation Commission meeting of August 21, 2008.

Moved by Commissioner Atkinson, with support from Commissioner Brosnan, to approve the minutes of the Commission meeting of August 21, 2008. Motion carried.

Chair Wahby entertained a motion for approval of the minutes from the State Transportation Commission workshop of August 21, 2008.

Moved by Commissioner Atkinson, with support from Commissioner Brosnan, to approve the minutes of the Commission workshop of August 21, 2008. Motion carried.

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

Director Steudle thanked Commissioner Scalici for his hospitality with the activities the day before. His report focused on:

M-21 Design/Build/Finance Project Update

Proposals were received from 3 contractors on the M-21 DBF project on August 28, 2008. Information supplied by the contractors in their proposals is not open to the public until after award. As previously discussed, the M-21 DBF project is for a bridge replacement and building demolition project at the M-21/I-75 interchange. The M-21 DBF project is a more complex project than the I-69 DBF project, and a 2-step selection process was used to select the contractor. One of the important pieces of this project we were looking for was mobility and how did the project teams address the mobility issues within their proposals so we could minimize the impact on businesses and to the motorists on I-75 and M-21.

The first step of this process was to short list potential DBF teams through a qualifications based selection process. A qualifications based selection evaluates the experience and quality of a contractor's proposed team. Five contractors submitted Statements of Qualifications (SOQ) on May 16, 2008. The SOQ's contained the qualifications of the contractor's proposed design and construction teams. The MDOT selection team scored the five SOQ's and determined that all five teams should be short listed. Step one of this two step selection process was reviewed and approved by MDOT's Central Selection Review Team (CSRT) on May 30, 2008.

The second step in this selection process was to review and score technical proposals submitted by the short listed contractors. MDOT drafted Best Value criteria which took into account both price and value in the final selection. The Request for Proposal (RFP) was sent to the five short listed contractors on June 6, 2008. MDOT received proposals from three contractors on August 28, 2008 (2 contractors withdrew from the selection process). A Best Value Selection Process encourages contractors to propose ways to improve the project in order to receive a higher technical score, and heavily emphasized reducing impacts to the public.

MDOT staff scored the technical proposal and then, after the scoring process was completed, opened the price proposals. The bid price and technical score were entered into the formula listed below and a Final Best Value Score was calculated. The contractor with the lowest Final Best Value Score will be the selected contractor for this project.

The one thing that is different about DB contracts is that quantity errors/increases are not paid as extras to the contract. An example of how an extra could pop up is if there was an error in information, i.e., survey information, that we gave them. MDOT projects require the contractor to maintain items like the orange barrels, signs, and erosion control

devices. In a DBB project, MDOT pays an extra if they are damaged by traffic, or if the erosion control measures need have the sediment removed. In the DBF project, they are not paid as an extra. MDOT tested the soil and determined all soil excavated at this location must be disposed of at an appropriate landfill due to the level of contaminants in the soil. This causes the project costs to increase based on the amount of excavated material the contractors design will require

The M-21 project had a unique requirement for the contractor to provide maintenance on the bridge for items identified in the contract between the time of final acceptance and the final payment. Typically the contractor is not responsible for the maintenance items required in this project after the project has been accepted. We added this contract requirement as a measure of protection to the department. If the bridge had deficiencies that needed attention while we still held payment we wanted to be able to have the contractor correct them.

The M-21 DBF total costs estimated as a traditional project with 2008 dollars is about \$7.1 million. If we inflate that at 4% out to 2012, that becomes \$8.3 million. With the recent news of the last week or so, inflating it at 4% might be wishful thinking so that number could be higher than \$8.3 million. In doing an engineer's estimate for a DBF project we anticipated it to cost about \$8.5 million because of the extra pieces that are in there; however the bids that came in were at \$8.7 million. On the surface this looks as though it will cost us more money. We need to keep in mind that the two numbers represent the estimate of what this will cost us in 2012 with the inflation factor, and the unexpected innovations that the contractors put into the proposals (which will certainly have very high payback for us). It is recommended that the department continue to go forward with this because of the other pieces that are within the contract.

We have gained a considerable amount of experience in alternative selection method. We now have drafted contract language that could be used for future DB and DBF projects, and gained a considerable amount of staff experience in DBF contracting.

Commissioner Brosnan asked how much of the additional cost he thinks is due to the fact that this is our first time around.

Director Steudle responded that he can't quantify that but there is a factor—a slight amount of uncertainty. The financial issues we were confronted with on the I-69 project were significantly reduced (an \$8 million versus as \$40 million project) so the ability to finance it was significantly reduced.

Chair Wahby commented that the fact that some of the requirements are going to be changed will make it easier and more accessible for others to bid on it.

Director Steudle agreed and added that in an earlier Report he referred to this as a P3 Light (Public Private Partnership Light). When you boil down the concepts of a P3 and a DBF there are a couple of issues that are different but the details of it are very similar. Basically the time of the concession is different. In this case the time of agreement is 4 years—on a P3 it is much longer than that (could be 10 or 20 years). The language in the DBF portion that caused the consternation within the banking system was that payment

was subject to appropriations. The events of the last week lend to the reason they were all a little worried about those words. This was the same language that Florida used for a half a billion project and everybody lined up to jump at it. It didn't make sense to us that the banking system was willing to put half a billion dollars on the line and we were only asking for \$40 million. On a P3, within enabling legislation, it enables an entity to enter into those long term commitments and the financial commitment that goes with it—that takes the risk right off the table. In many cases there's another revenue stream that's tied with it as well. We have to be careful because people will sometimes consider that P3 means toll roads—it can, but not necessarily. It could be an availability payment—an annual stipend—that goes to the construction team.

Director Steudle added that he will attend a meeting with the Governor about P3 and how we advance and move these forward. There is significant discussion going on, both nationally and in the state, as to how to leverage this and as a possibility of bringing some extra funding into the transportation arena. He has proposed to Chair Wahby the possibility of bringing a P3 workshop to the Commission—possibly the night before the next Commission meeting. We would bring in members from USDOT that recently completed the workshop for TF2 to really explain the details of what's involved and dispel some of the myths that are out there.

Transportation Funding Task Force (TF2) Update – Tim Hoeffner

Only three scheduled meetings are left. Needs were reported by the Citizens Advisory Committee (CAC) in July. TF2 has received public comments during every meeting and have started tackling revenue alternatives. During the September 8th meeting is when they developed preliminary recommendations on Aviation, Local Options, and Public-Private Partnerships. The CAC provided additional information on methodology for needs analysis and continued work on reforms, efficiencies and best practices.

Aviation Funding Options Summarized

Increase/expand airport parking tax, increase aviation fuel tax, possibly with indexing, increase aircraft registration fees, reduce or eliminate sales tax on aviation fuel, abolish airline refund tax, and redirect sales tax on aviation products for aviation purposes.

Local Options Taxes and Fees Summarized

Support enabling legislation to allow a range of county or regional funding options including vehicle registration fees, driver license fees, fuel tax, sales tax, impact fees, and allow creation of Corridor or Transportation Authorities to allow for regional taxes to support specific projects.

Public Private Partnerships (PPPs) Summarized

Enable toll-financed reconstruction or expansion of freeways, enable PPPs for toll-financed reconstruction of freeways, monetize assets through leases to PPPs, enable congestion pricing, and increase bridge tolls for new revenue.

Over their remaining meetings TF2 will consider statewide transportation revenue options (various registration, fuel tax, and sales tax alternatives as well as other revenue alternatives), will receive information on reforms, efficiencies and best practices from the CAC, and will review initial drafts of report incorporating recommendations. The

preliminary report is due October 31st. The remaining TF2 meetings are September 29th in Marquette, October 13th in Higgins Lake (moved from Alpena), and the final meeting on October 27th in Lansing.

Mr. Hoeffner asked for questions.

Commissioner Jung asked if the CAC has looked at the Ohio model where Ohio has a constitutional amendment that requires that all monies collected on gasoline sales tax and the fuel tax go toward transportation.

Mr. Hoeffner answered yes. We have some information on the way Ohio does it and we haven't included that in the information that we're providing the Task Force.

No other questions were forthcoming

Hybrid Alternative (Funding Reduction) – Susan Mortel

The department developed four alternative strategies that were presented at the August Commission workshop to guide future program adjustment decisions based on projected revenue shortfalls. In response to Commissioner comments at the August workshop a fifth alternative has been developed. The new alternative "hybrid" continues a focus on preservation and does not eliminate any program entirely.

The hybrid alternative allocates \$275 million for pavement preservation, \$125 million for bridges and \$35 million for safety annually. Together these programs are 87% of the \$500 million proposed annual program. The 100% state funded Non-Discretionary M and Scoping Programs were reduced so those funds could be used to leverage federal-aid. The amount for Advance ROW Acquisition was adjusted downward from \$7 million to \$2 million in the new hybrid alternative. This amount represents a minimum deemed necessary for department flexibility and protective ROW purchases. ITS and CMAQ allocations remain to fund necessary operations for traveler information data (including MITS center operations).

Commissioner Brosnan asked how they account for the reduction in the Non-Discretionary M program.

Ms. Mortel stated that the Non-Discretionary M program includes drain assessments, courts and torts, environmental review and classification, the work zone enforcement money in case of bridge high load hits, some environmental disaster and environmental remediation. The main thing that was cut was the environmental review and classification and we put that over into the federal aid program.

No other questions were forthcoming.

Fiscal Year 2009 Program Announcement – Denise Jackson

As we begin the 2009 Program year, there are revenue challenges and uncertainty facing each mode of travel. Although we face difficult choices we continue to emphasize your priorities of preserving and efficiently operating the system, along with providing a safe and secure transportation system.

Transportation plays a fundamental role in supporting Michigan's economy and protecting the quality of life in our communities. We plan to invest \$1.7 billion in transportation infrastructure and services (\$1.26 billion towards highways, \$271 million towards bus, marine, port and rail, and \$169 million towards aviation). This program is somewhat lower than the FY 2008 program which was announced at \$1.78 billion (\$1.34 billion for highways, \$291 million bus, marine/port, and rail, \$162 million for aviation). In previous Five Year Program presentations it has been announced that one year would have a smaller program—2009 is the beginning of that smaller program.

Revenue Assumptions

Total funding available for the Capital and Maintenance Program is estimated at \$1.38 billion. Just last week President Bush signed legislation that transferred money into the Highway Trust Fund, averting it from running out of money to make payments in 2009. Therefore, MDOT's Highway program is developed around the SAFETEA-LU funding levels, taking into account advance notice of apportionment and obligation ceiling. We are estimating federal funding for the highway program at \$876 million which is slightly higher than FY 2008.

We met with the Department of Treasury to identify state revenues available for 2009. We anticipate \$497 million in state funding for capital and maintenance programs (lower than anticipated primarily due to our travel trends being down). This includes \$6 million from Preserve First bonds and \$98 million in Economic Stimulus bonds.

FY2009 is the last year MDOT will be able to match all available federal aid without additional state revenue. The CAC and TF2 have been working to address this issue and expect to have a report to the legislature by October 31st. In the meantime, MDOT is developing a plan to constrain future year programs to available revenue, starting in 2010 if needed.

Investment Plan

Our Investment Strategy for utilizing the funding available would allocate for repair and rebuild roads-\$399 million, repair and rebuild bridges-\$215 million, capacity improvements/new roads-\$95 million, safety-\$80 million, congestion mitigation and air quality-\$60 million, ITS-\$19 million, other-\$112 million, and routine maintenance-\$285 million for a total of \$1.265 billion. The "Other" category includes federal (Enhancement, Railroad Crossing, Safe Routes to Schools, and Noise Abatement) and state programs (Transportation Economic Development Fund-Category A, Advanced ROW Acquisition, Michigan Institutional Roads program, Non-Discretionary "M" program, Program Development and Scoping, and State Railroad Crossing) not previously mentioned.

Preserving the System

Over 92% of the Highway Program is dedicated to preservation and maintenance. We will continue routine maintenance activities such as pothole filling, snow plowing, sweeping, and grass cutting. It is hoped that the Capital program will repair 125 miles of trunkline roads across the state and rehabilitate over 155 bridges. We continue to emphasize the asset management approach by extending the life of 1,800 miles of good

or fair pavement throughout the state with the CPM program.

Safety

Providing a safe and secure transportation system is one of the key elements of the FY2009 Transportation program. Some of our safety efforts in the Highway Program will include:

In 2008, the Strategic Highway Safety Plan (SHSP) was updated to reflect current needs and revise the goals from a rate to a more meaningful goal based on the frequency of fatalities and serious injuries. The revised goals address both fatalities and serious injuries. The 2008 SHSP goals are to reduce traffic fatalities and serious from 1,084 and 7,485 in 2007 to 850 and 5,900 in 2012. We are putting emphasis on addressing lane departures which account for 40% of all fatalities. The current safety improvements being used to decrease the number of lane departures include non-freeway shoulder and centerline rumble strips and cable median barriers. We continue to address signs, pavement markings, median guardrail, and traffic signals.

Expanding the System

We are continuing construction on several projects which were started in 2008: I-75 Ambassador Gateway Project in Wayne County, I-96 at Wixom Road in Oakland County, I-196 at Chicago Drive (Baldwin Street) in Kent County, and I-94, US-131 to Oakland Drive in Kalamazoo. There are only 2 new Capacity Improvement projects in 2009: US-131 under 44th Street in Grand Rapids, and M-59, east of Tooley Road in Livingston County.

There are fewer projects of this type in future years as declining revenues and MDOT's preservation focus leaves little available funding for expansion.

Bus, Marine, Passenger Rail – Sharon Edgar

The FY 2009 Bus, Marine/Port and Rail Passenger Programs total \$259 million. It includes state, federal and local revenues. Local Transit gets \$242 million, Intercity Bus gets \$8 million, Marine and Port gets \$1 million, and Rail Passenger gets \$8 million. Investment is nearly a 100% preservation oriented.

Federal Revenue Assumptions

Most federal funds are awarded directly to transit agencies and not included in MDOT's program. In a perfect world, we want the federal expenditure authority to equal the federal funds that will be awarded to MDOT in that fiscal year. Federal revenues must be estimated because they will include Congressional earmarks not known at the time the budget is developed. In determining the size of the federal program, we consider federal funds that will come to MDOT in FY 2009 via annual apportionments, earmarks and local flexing. We also consider what grants MDOT will be submitting to FTA – from current year and prior year funds.

The overall federal program went down from about \$60 million in FY 2008 to about \$50 million in FY 2009—mostly due to adjustments in our estimates, not reductions in federal funding. We used about half of our federal authority in FY 2008, so we were trying to reduce it in FY 2009. We've been trying to ratchet down the federal expenditure

authority each year to better reflect current reality, so this year we asked to have \$10 million taken out of our federal expenditure authority. We reduced the federal expenditure authority and then it turned out we were wrong so we're going to need that back. In the budget that has actually left Conference Committee and is going on through the Legislature to be signed, that \$10 million will come back in.

State Revenue Assumptions

CTF revenues are from the gas tax (about 2/3rd) to the MTF and then are transferred to the CTF and auto related sales tax (about 1/3rd). How CTF revenues are used each year is highly prescribed by Act 51. Most of the money (over 90%) supports the passenger area, while the remaining 10% is in rail freight.

CTF revenues are down in FY 2009. Two important things to note are that the current revenue projects for FY 2009 are \$237.6 million (up from \$234.8 million in FY 2008). But, when you take into consideration that the FY 2008 included a \$5 million sales tax diversion the declining gas tax revenues become evident. Without the diversion of state sales tax revenue in FY 2008, the CTF would show a decrease of \$2.2 million for FY 2009. The other thing to note is that the CTF revenues used to prepare the FY 2009 program were \$240.2 million, but current revenue projections are \$237.6 million. We will start out the year with a shortfall (unless there is fund balance or increased revenue).

CTF bond revenues from FY 2002 and FY 2003 issues are nearly exhausted and committed to projects already underway. This is supplementing our transit capital match, being used for intercity terminals and some rail passenger track work.

Preserve Existing Services

FY 2009 CTF appropriation levels for LBO remain the same as FY 2008. State assistance as a percentage of total costs will decline in FY 2009 since local costs will continue to increase. Operating assistance is declining. The State's share of local transit operating assistance averaged 43% in 2000, down to 35% in FY 2008, and will fall to below 20% by 2013. The local bus program will also include match to federal transit capital grants that are awarded to MDOT and local agencies. There has been an insufficient match for annual capital grants since FY 2005. That shortfall has been met (masked) with CTF bond revenues and toll revenue credits – both of which are short term fixes. The annual need is over \$30 million, however FY 2009 appropriation is \$9.4 million.

We hope available revenues will continue to maintain our Intercity Passenger Services but we cannot be sure. Contracts for all five state supported intercity bus routes expire in FY 2009. CTF revenues cannot support an increase in contract costs, so if bids come in too high, we will have to cut service. Amtrak has indicated contract costs for the Blue Water and Pere Marquette will be considerably higher in FY 2009 due to labor and diesel costs. MDOT does not have CTF revenues available to support an increase. Intercity infrastructure work is limited by those projects slated to receive 2002 and 2003 CTF bond revenues, such as the Pontiac Terminal and West Detroit Track.

Under the FY 2009 program, MDOT will accept and deliver federal transit funding to help preserve existing services (Rural Transit, Transportation to Work, Service to the Elderly and Persons with Disabilities and Rural Intercity Bus. MDOT will also compete

for federal passenger rail funding.

Rail Freight – Nikki Johnson

Revenue Assumptions

Rail Freight funding supports grade crossing safety as well as preserving and expanding the system. The port operating assistance is pass-through funding we provide to the Detroit/Wayne County Port Authority for operating assistance. The FY 2009 budget looks largely the same as the FY 2008 budget, with the exception of one of our loan programs—the Michigan Rail Loan Assistance Program (MiRLAP).

Investment Plan

Over the past several years all of the rail freight programs have had reduced allocations. Our capital preservation and expansion programs, part of the Public Transportation Program and CTF-funded, have faced particularly significant reductions. At the same time, costs (especially the cost of steel) have constrained all the rail freight programs. Between last fiscal year and the upcoming one, the only significant change anticipated is a reduced MiRLAP appropriation. On paper it appears to be a 73% reduction, but it's not quite as bad as what it sounds.

Preserving the System

MiRLAP is a revolving loan fund that provides no-interest loans up to \$1 million for infrastructure projects. The total contribution was set at \$15 million when the program was set-up in statute in 2002. At this point, MiRLAP is still \$2.7 million short of that \$15 million. The governor's FY 2008 budget, dedicated an additional \$1.1 million to the fund. However, the actual appropriation ended up at \$.3 million, which is the amount now in the FY 2009 budget. We are now prepared for that to be un-allotted due to forecasted CTF revenue shortfalls and no additional contribution to the fund this year.

MiRLAP loans have typically been used by short-line railroads for track rehabilitation and bridge/culvert repairs. On average, the fund has loaned out approximately \$1.25 million per year, which is what would be expected given the contribution to the fund to date. The fund was under-utilized in FY 2007 and 2008, which program staff attributes to the down-turn in the economy. That means, with the repayments we've received, we now have \$4.2 million available to loan.

Aviation – Matt Brinker

Revenue Assumptions

Some of the mechanisms by which the Federal (AATF) and State (SAF) are funded: (federal-\$105 million) Airport and Airway Trust Fund (passenger ticket taxes, cargo taxes, fuel excise tax) and (state-\$10 million) State Aeronautics Fund (fuel excise tax, aircraft registration, licensing and permits) for a total of \$115 million. There is still a great deal of uncertainty regarding federal funding as we are waiting for some indication of funding levels under the next FAA reauthorization. The Airport Improvement Program (AIP) program (\$167.5 million) is likely much larger than the anticipated funding levels shown previously. This larger budget allows us to be prepared for unforeseen increases in discretionary funding. There are two programs funded directly out of the State Aeronautics Fund (Air Service (AS) at \$700,000 and All Weather Airport Access (AWAA) at \$680,000) for a total program of \$169 million.

Investment Plan-AIP

There is a 4% program increase in FY 2009 (\$167.5 million) compared to FY 2008 (\$161 million). A greater percentage of the overall AIP program has been allocated to Primary Airports in FY 2009 (73% vs. 65% in FY 2008). This reflects actual FY 2009 funding requests. Statewide Capital Programs remain at \$1 million for FY 2009.

Investment Plan-AS and AWAA

The AWAA program primarily provides weather guidance to pilots that are operating into airports under inclement weather. The AS program is divided into three categories: capital improvement equipment, air carrier recruitment and retention, and airport awareness/communications. The total investment of \$1.38 million is the same for each program.

Preservation

Two-thirds of the capital program will focus on preservation of Michigan's airport system. This includes runway reconstruction/maintenance, replacement of airfield lighting, and terminal rehabilitation. One-third of the program will address capacity improvements such as runway extensions, terminal expansions, and new instrument approach equipment.

Commissioner Jung asked, regarding the matching of federal funds, what the percentages were on the aviation side.

Mr. Brinker answered that it varies by airport but generally speaking it's a 90/5/5 program meaning 90% federal, 5% state, and 5% local.

No other questions were forthcoming.

III. **RESOLUTIONS**

Resolution of the State Transportation Commission of the State of Michigan Indicating the Intention of the State of Transportation Commission to Amend the Project List Attached to a Previously Adopted Commission Resolution – Ed Timpf

This resolution amends the CTF 2002B Bonds Resolution authorizing the revision of the project list previously adopted by the Commission. The project list was previously revised on April 24, 2003, May 26, 2005, June 29, 2006, and September 27, 2007. MDOT has afforded the 30-day legislative notification period required by statute for the CTF 2002B Bonds, and we are seeking the Commission's approval to finalize the change to this project list. Amending the project list will allow interest earnings on the bond proceeds to be expended on projects. Additionally, some changes have been made to the project list to better address the program needs. Exhibit Z attached to this resolution contains the revised project list.

Pending any questions, Mr. Timpf asked for approval of this resolution; none were forthcoming.

Chair Wahby entertained a motion to approve the above mentioned Resolution that would Amend the Project List Attached to a Previously Adopted Commission Resolution.

Motion was made by Commissioner Brosnan and supported by Commissioner Atkinson to approve the resolution. Mr. Kelley called the roll; all answers were affirmative. Motion carried on a unanimous roll call vote.

IV. **OVERSIGHT**

Commission Agreements (Exhibit A) – Leon Hank

Mr. Hank presented information on 42 agreements (24 Transit, 14 Local, 1 Real Estate, 2 Rail/Freight, 1 DBF). Pending any questions, Mr. Hank asked for approval of Exhibit A; none were forthcoming.

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

Bid Letting Pre-Approvals (Exhibit A-1) – Leon Hank

Mr. Hank gave a brief recap of the September 5th letting: 41 State projects with a total engineer's estimates of \$68.9 million were let. The State low bids for fiscal year 2008 through September total \$874.0 million compared to \$1,001 million for the same period in fiscal year 2007.

The total number of bids received for the 77 projects let in September, was 430. Of this number, 206 were received for the 41 State projects let. The average number of bids received for the 77 projects let equal 5.6, and the average number of bids received for State projects let equal 5.0.

Two special lettings are scheduled to be held on September 19 and 26. Three State projects postponed from the September 5th bid letting will be let September 19, with a total engineer estimate of \$13.9 million. Two State projects with engineer's estimates totaling \$2.5 million are scheduled to be let September 26. Currently for the October 3, 2008 letting, 20 State projects with engineer estimates totaling \$44.0 million are scheduled to be let. Of the 20 State projects, 14 have warranties. Ten Local projects are scheduled to let October 3, with engineer estimates totaling \$17.6 million. Of the 10 Local projects, 1 is included in the Jobs Today program.

Mr. Hank then presented information on 20 projects (13 State; 7 Local). Pending any questions, Mr. Hank asked for approval of Exhibit A-1.

Commissioner Atkinson commented, regarding Item #10 (Proposal 0810020; Project STT 76062-79205-2; structure replacements and approach work...Shiawassee County) that it is hard to evaluate this to vote without knowing what kind of structures we're talking about.

Mr. Hank deferred to Director Steudle for a response.

Director Steudle answered that they are two separate bridges that have been packaged together as a reconstruction project.

Commissioner Atkinson commented that the word “bridge” as opposed to “structure” helps a lot.

No other questions were forthcoming.

Chair Wahby entertained a motion. Motion was made by Commissioner Atkinson and supported by Commissioner Scalici to approve the October bid letting. Motion carried on a unanimous voice vote.

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

Mr. Polasek provided information on 7 projects (5 State projects and 2 Local projects) that were over the engineers’ estimate and are accompanied by justification memos. Pending any questions, Mr. Polasek asked for approval of Exhibit A-2; none were forthcoming.

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

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

Mr. Polasek provided information on 2 State projects (1 withdrawal of a low bid, 1 rejection of a low bid) that were over/under the engineers’ estimate. Pending any questions, Mr. Polasek asked for approval of Exhibit A-2-Supplemental; none were forthcoming.

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

Contract Adjustments (Exhibit B) – John Friend

Mr. Friend provided information for 2 Extra MDOT and 4 Extra Local projects. He called attention to Extra MDOT Item 2008-146 (0.47 miles of reconstruction of existing freeway mainline pavement...in the City of Detroit, Wayne County) for an additional \$364,000.00. This includes a cost recovery that the department will be pursuing with the consultant for about \$250 million.

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

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

Six Month Financial Audit Follow-up (Exhibit C) – Jerry Jones

Exhibit C is the Six Month Follow-Up Report on Financial and Compliance audits of contract projects that have been outstanding over 120 days since being issued. This report covers 7 audits, with approximately \$234,000 in net recommended adjustments. As the report indicates, the department is working with the audited entities and Commission Audits, to close these audits out. In fact, the department was able to close Auditors Report 2003-23 on Monday, September 22, 2008.

Pending any questions, Mr. Jones called on Commissioner Brosnan for her response.

Commissioner Brosnan stated that she has reviewed the report with Mr. Jones. In general she noted that there were some delays on the departments' part in transmitting the auditor's report to the auditing agency, and would encourage the department to diligently pursue transmittal of those reports in a timely manner. Further, she recommends that the Commission accept the report.

Motion was made by Commissioner Brosnan and supported by Commissioner Scalici to approve Exhibit C. Motion carried on a unanimous voice vote.

Six Month Internal Audit Follow-up (Exhibit D) – Jerry Jones

Exhibit D is the Six Month Follow-Up Report on outstanding Internal Audits and the status of the department's actions to implement the recommendations. This report reflects the status of reports with open recommendations as of August 28, 2008. The Freight Services and Safety Division Audit were closed in this reporting cycle, and the department is continuing to work on the remaining recommendations in the Contract Services Division Audit.

Pending any questions, Mr. Jones called on Commissioner Brosnan for her response.

Commissioner Brosnan stated that she has reviewed the audit and its follow-up report with Mr. Jones. She was pleased to see that the Freight Services and Safety Division audit was able to be closed, however she is anxious about the implementation of the rest of the recommendation in the Contract Services audit area. She is concerned that portions of these recommendations were not able to be completed, however she recognizes that the department needed to pursue additional action in order to get those approved and in some cases that takes a long time because we are going through agencies other than our own. Further, she recommends that the Commission accept the report.

Commissioner Atkinson, with respect to the current status of item "G" on page 7-8 and the discussion about using the concept of sampling for a one year pilot study...an evaluation to be performed at the completion of the pilot, asked for more specific information on when the "one year" is (when to when).

Mr. Jones answered that it will be a year from when FHWA actually approves the written request to use a sampling process. The federal regulation that is involved requires a 100% check for unbalanced bids. The department and FHWA have had numerous discussions and they have verbally authorized us to go to a pilot project. The department

now needs to put that request in writing, then FHWA will approve it and it will be approximately 1 year since that time.

Commissioner Atkinson asked if, essentially, the implementation with respect to part "G" is more than a year away.

Mr. Jones answered yes.

Commissioner Brosnan added that these are some of those external timelines that we don't have control over that are getting frustrating as we move through this process; especially as we talk about something that appears to be as simple as implementing a pilot project.

Commissioner Atkinson commented that it was a fairly key piece of the operation.

Commissioner Brosnan agreed.

Mr. Jones agreed and added that in the discussion with FHWA, the department presented the difficulties and the staff involved in the amount of work that that would take to evaluate 100% and we were very pleased to see that FHWA was willing to approve a pilot for the department to use a statistical sample and select a number of those projects and do a thorough evaluation. At the end of that, hopefully, we will be able to propose a change in that process.

No other questions were forthcoming.

Motion was made by Commissioner Brosnan and supported by Commissioner Girard to approve Exhibit D. Motion carried on a five-to-one (5-1) voice vote (Atkinson opposed).

V. **PRESENTATIONS**

Metro Region Update – Greg Johnson

The Metro Region consists of Wayne, Oakland, Macomb and St. Clair Counties. There are five Transportation Service Center offices (Taylor, Detroit, Pontiac, Sterling Heights and Port Huron). There are three international crossings and this venue (foot of the Ambassador Bridge) was chosen specifically to highlight the Gateway Project. The Metro Region contains over 40% of the states' population and over 40% of the vehicle miles traveled statewide.

I-75 Gateway Project

Mr. Johnson introduced members of the Metro Region staff who have been responsible for the issues of the Gateway Project: Andy Zeigler, Robert Davis, Brenda Peek, Bob Ranck, Victor Judnic and Rita Screws. This project is a \$170 million investment that is 60% complete. It involves road reconstruction and bridge rehabilitation and replacement with new direct on/off access to the Ambassador Bridge.

I-75 Concrete Road Reconstruction Downriver

This project is a \$57.6 million investment that is 50% complete. It involves 10.06 miles of concrete road reconstruction with shoulder widening, enclosed drainage, new box span signals, guardrail and signing, bridge replacements at South Huron, Huron River, North Huron and Woodruff, bridge lengthening and ramp realignment at M-85 (remove left hand entrance).

I-75 Bridge Rehabilitation

This project involves rehabilitating 87 bridges in Detroit and Oakland County that amount to \$63.4 million in investments. The project is 90% complete in Detroit and 55% complete in Oakland County. By December we will be done with the rehabilitation. This project also involves 9.1 miles of milling, resurfacing and concrete pavement repairs (Oakland County) and 3.4 miles of sign replacement (Wayne County).

I-96/Wixom Interchange

This project is a \$25 million investment that is 65% complete. It involves interchange reconstruction (SPUI) and bridge replacement with pavement widening, drainage, new signals, and signing.

I-94 Road and Bridge Reconstruction—Allington to Gratiot

This project is a \$44.3 million investment that is 80% complete. It involves road reconstruction with widening for 12' outside shoulders and includes enclosed drainage, guardrail and signing.

M-29, I-94 to Baker Road

This project is a \$10.6 million investment that is 60% complete. It involves HMA road reconstruction with widening for 8' shoulders including enclosed drainage, new box span signals, guardrail and signing, deep overlays on Fish Creek and Salt River bridges. This project will meet the final completion date of November.

Over the last 7 years the Metro Region has received over 20 State and National awards for quality of our projects. Most recently we were notified that our Lodge project (\$140 million project was closed, reconstructed and re-opened in 6-months) has made us the recipients of a National Paving Award for Quality which will be awarded in December.

Major Planning Initiatives Metro Region

Some of our planning initiatives are not in the active construction phase, nor in the design phase. Some of the larger studies that are ongoing are: Blue Water Bridge Plaza Study, I-75 Corridor Study – 8 Mile Road to M-59, I-94 Rehabilitation – I-96 to Connor, Detroit Intermodal Freight Terminal Study (DIFT), and the Detroit River International Crossing Study (DRIC).

Chair Wahby asked any decision has been made on the Blue Water Bridge Plaza.

Mr. Johnson answered that it is ongoing. We are hoping next spring to have a record of decision from FHWA. We are still having numerous conversations with the City of Port

Huron—they are not happy with the plaza expansion taking some of the residential properties.

Continuing with the presentation...It is very important to mention that all of the planning study locations are in corridors of significance that have been identified in the SLRP.

Metro Region Challenges

The challenges that we face in the Metro Region include: mobility, maintenance of roadsides, corridors of significance, accommodating the changing vision of state trunklines, attracting and retaining high quality staff, and integration of new technology.

Chair Wahby commended the Metro Region staff on what they have done with the volume of work they have. He then asked what control MDOT has in terms of getting faster turn-around on the issue of railroad crossings.

Mr. Johnson responded that the Metro Region partners with the Freight Division to identify crossings that need work. They have a limited budget, but the railroads have to be a part of this and they are somewhat slow to come to the table at time.

Chair Wahby added that that is the complaint—they are slow to move, so what can be done to get them moving?

Nikki Johnson interjected that there has been a Senate Bill recently introduced (in June) to create a Grade Crossing Surface Program that would match railroad investments in grade crossing surfaces to try and incentivize their investment. This will probably not go anywhere unless there is funding identified. Our state infrastructure is increasingly owned by short-line railroads that don't have a lot of capital and the grade crossing surfaces have moved down on their priority list. Therefore, we have tried to direct railroads to the MiRLAP program where they can take out a loan and address crossing surfaces that way while having a 10-year repayment period. Last year, for the first time, a railroad actually took them up on that program.

Chair Wahby responded that some resurfacing, like Groesbeck near Cass Avenue, takes a while before they finally get to it.

Ms. Johnson stated that when you have a road construction project, it is important to address the crossing as a part of the project.

Chair Wahby added that he has turned in multiple crossings that are really bad, one has a major hospital near, and he's been given three different dates as to when this would be addressed.

Melvin Williams added that we are working with the Attorney General to try and improve our enforcement. That is going to take a while but we are at least starting to work on it.

No other questions were forthcoming.

MDOT Construction Contract Administration – John Friend

Warranties are derived from Public Act 79 of 1997 (effective July 28, 1997) which states, “Of the amounts appropriated for state trunk line projects, the department shall, where possible, secure warranties of not less than 5-year full replacement guarantee for contracted construction work”. Warranties involve some form of risk transfer for workmanship to contractor.

There are 2 types of warranties: materials and workmanship (least risk) – The contractor is responsible for correcting deficiencies in the pavement caused by materials and workmanship during the warranty period; performance (greatest risk) – The contractor assumes full responsibility for the pavement performance during the warranty period and is responsible for materials selection, workmanship, and certain aspects of design. The contractor is responsible for deficiencies under his control.

The lengths of the warranties vary. Performance warranties specific to the Capital Preventative Maintenance (CPM) program are 2-3 years for chip seals, micro surfacing, crack treatment, non-structural HMA overlay, and mill and resurface (single course). Road Reconstruction/New Construction projects are 5 years for multiple course HMA overlay on rubblized concrete with HMA overlay, repaired HMA or concrete, or crush and shape base, and new reconstruction of HMA or concrete pavement. Bridges are 2 years for bridge painting (the entire bridge, not for partial painting—exceptions would be the Mackinac Bridge and International Bridge when painting some of the spans).

A lot of questions have arisen as to when warranties are used by the department specific to pavement. There are a lot of criteria that we work through in terms of looking at specific projects to determine when warranties will be used. It is very rare that we don't use them but there may be specific examples where the subbase condition is so extreme that we don't have the money to go in a fix it appropriately like we would for a real long-term type fix. Therefore we may not put a warranty in place for the structural pavement. In general, warranty is the rule, no warranty is the exception.

Chair Wahby asked for an example of where the department has exercised a warranty on something of significance.

Mr. Friend by way of a response presented the next slide which showed two 2008 construction season examples of pavement on M-59 from I-96 to Michigan Avenue, Livingston County, and I-96 from I-75 to Michigan Avenue, Wayne County.

Chair Wahby clarified that he wants an example of a job where they had to exercise the warranty when the job wasn't done to expectations.

Mr. Friend responded that, programmatically, our failure rate where we have to go back in and do corrective work runs between 3 and 4% of our program.

Chair Wahby again asked for an example—everything can't be letter perfect.

Mr. Friend stated that he would have to do some checking.

Chair Wahby requested this example information be provided at the next meeting.

Continuing...Warranties will also be in place for bridge painting on I-696 at I-75 in Oakland County, and I-75 in the Cities of Detroit and Hamtramck.

MDOT has committed to the Commission that we will complete our construction program within 5% of the bid price. You have asked us to look nationally and internationally to see how we do in comparison to our brother states. The 2007 AASHTO Report “Comparing State DOT’s Construction Project Cost and Schedule Performance: 28 Best Practices from Nine States” showed 20 of the 50 states reported information (Michigan is listed as state #16). The report can be found at: <http://www.transportation.org/sites/quality/docs/Comparing%20State%20DOTs.pdf>. For projects under \$5 million Michigan came in 6th in terms of percentage complete at just over 50%. For projects over \$5 million Michigan again came in 6th in terms of percentage complete at 37% (the best reporting state out of the 20). Internationally, all that could be found was project administration in Australia where they typically ran at about 15% in terms of over the contracted amount, and in their experience with PPPs they were running less than 2%.

The department continues to deliver about three-quarters of a billion dollar annual program—somewhere around 2% in terms of a difference between the “as bid” amount and the “as built” amount. These numbers match up favorably with what Australia is reporting in terms of the PPPs being able to administer their projects at.

Travel Michigan and Explorer Channel – Ron Marabate, Travel Michigan/Mark Hiller, Explore Channel

Ron Marabate

Travel Michigan is part of the Michigan Economic Development Corporation (MEDC) partnering with MDOT in all the Welcome Centers across the state. The Detroit Mexicantown Welcome Center is the 14th Welcome Center in Michigan and was dedicated to former MDOT Director, Gloria J. Jeff, on August 21, 2008. Many dignitaries were on hand for the dedication. This new 5,000 square foot center is located at the foot of the Detroit’s Ambassador Bridge in southwest Detroit.

Through June 2008 we had about 3.5 million people utilizing all 14 Welcome Centers. This is about a 6.5% decrease from 2007. Welcome Centers continue to make guest card completion a top priority. With these we get comments and evaluations and the collection of email addresses is done for our various e-Newsletters and e-Specials. In 2008 we collected over 17,000 email addresses. The rating scale on the guest cards is evidence of the exceptional facilities and customer service in the centers—99.5% of all ratings were cited as “excellent” or “good.” Of that figure, 89% were rated “excellent”.

Centers also continue to work with the state’s tourism industry to develop and host promotional displays and events at our Welcome Centers. A display with give-away prizes from the Industry is one of the latest promotional techniques. This type of promotion benefits the Industry partner and assists Travel Michigan in securing more

visitor email addresses. We welcome requests by other industry representatives to hold events at centers, as well as develop give-away promotions. Each year, Travel Michigan negotiates with MDOT to operate the Welcome Center system. Our current FY 2008 Memorandum of Understanding and budget provides funding of \$4.6 million. The FY 2009 allocation is still being determined. Issues that will need to be addressed include our aging traffic counter system, energy usage/conservation needs, vandalism issues, and costs of a new water system at New Buffalo.

The Explore Channel is the network that was developed over the last 2-3 years. It was bid out and Digital 10 (a private corporation) won the bid. This is the first-year anniversary with our new 30" to 40" plasma screens located in all the centers. These screens are broadcasting Travel Michigan's Pure Michigan TV ads, road safety messages from MDOT, plus Industry promotional ads. MDOT and other state agencies get 20% of the time for free. Digital 10 paid for everything (the state did not put in any money)—the system, the network and maintenance of the system. Their source of revenue comes from selling ads to the Industry.

The literature system is well underway. The goal of this process is to have a distribution system that keeps all centers supplied with Industry publications. We have over 4,000 different pieces of literature from the Industry and over 7.3 million pieces of literature are distributed at the 14 Welcome Centers.

Travel Michigan and MSU will initiate a Welcome Center research study in FY 2009. This will follow up on the 1998 study that gathered data on center visitors and showed that the centers had great economic impact. This new research will contact visitors by email from the ones that complete our guest cards.

Mark Hiller

The Explore Channel offers a 20-minutes program segment loop that repeats itself continuously. This program segment promotes entertainment attractions and travel destinations throughout Michigan, State of Michigan Government program content (MDOT and Pure Michigan) and advertiser commercials.

Digital 10 Network operates two television networks for the State of Michigan—Explore Channel and the Secretary of State. Television has changed. You are now seeing networks at gas stations, banks and stores such as Meijer and Walmart. Within the next two years Walmart is expected to be the largest television network in America replacing ABC. Right now ABC with ESPN is the most viewed television in the United States. This change is because people are busier than ever before so marketers are trying to figure out how to reach parents and children. One thing is constant in Michigan—wherever we go we are in our vehicle so you see more out-of-home advertising in stores, gas stations, etc.

One of the biggest focuses the Explore Channel looks at is weather—up until recently this has been most important to consumers. In all the Welcome Centers the Explore Channel has incorporated weather through AccuWeather. These weather updates show every five minutes and are available for sponsorship. Each AccuWeather sponsorship includes a 10-second opening and closing billboard and a 30-second commercial

message. Each sponsor will receive three weather update sponsorships per hours. Explore Channel partnering with the State Police is also in the process of putting together an Amber Alert package.

Disadvantaged Business Enterprise Program Overview and Proposed FY 2009 Disadvantaged Business Enterprise Goal – Terrence Hicks, Director, Office of Business Development

2008 Program, New Projects and Accomplishments

Community forums were held in Detroit, Benton Harbor, Flint, Inkster, Grand Rapids and Saginaw with over 400 attendees. Networking sessions were also held with over 120 participants, contractor and MDOT staff interaction, and allowed for increased interaction between DBE firms and prime contractors. We have held orientations quarterly for new and recertifying DBE's with one-on-one consultations provided. Additionally, we have held DBE workshops covering bonding, finance, QuickBooks, marketing, wage and labor, Fieldmanager, etc. These workshops had over 400 attendees.

We are partnered with many organizations including faith-based organizations (to help assist in bringing others to the table who are not yet participants) and DLEG with the RCAR Program.

This year we also held our 28th Annual DBE Conference which included several workshops, several keynote speakers (Governor Granholm and Dave Bing), and had over 350 participants. Further, we continued exploration of options to maximize program delivery.

Another initiative that we are benefiting from is the Next Level (Business Opportunity Workforce Development program (BOWD)). We were one of twelve states that received a federal grant to put this program together. Michigan had 10 DBE firms participating. Each firm received one-on-one technical assistance and training, increased contracting opportunities, and partnerships to help them meet goals and increase their networking effectiveness. We are currently providing firms with marketing, finance, QuickBooks, bid preparation and estimating training. As of this speaking the FHWA has discontinued the BOWD program but the Office of Business Development is continuing the program because it is felt that this gets right to the core of some of their problems.

Currently available in the Metro Region, MDOT's Small Pilot Projects identifies smaller, non-expedited projects, designates higher goals in specific work, and put DBE goals between 25% and 30%, based on specific contract work. We looked at projects that averaged \$2 million or less and in this particular year DBE goals were met on 3 of the first 4 pilot projects. More small pilot projects planned for 2009.

The Road Construction Apprenticeship Readiness program (RCAR) is geared toward aiding women, minorities and low-income individuals in gaining skills to compete for work/training in road construction. It is a collaborative effort between MDOT and DLEG, and features an intensive, 5-week, all day training program which includes a Michigan Works! assessment of skills and aptitude, local training providers with trainee assistance and support. The RCAR training produced a pool of 73 graduates from

Detroit, Saginaw and Southwest Michigan that are pre-screened and ready to work. To date over 25 graduates have been placed in construction and non-construction related job categories.

Transportation and Civil Engineering (TRAC) program is an education outreach program designed to interest K - 12 students in transportation and civil engineering careers. TRAC is a hands-on education program of the American Association of State Highway and Transportation Officials (AASHTO). We received the Gold Award, under the leadership of Jan Pohl, which is the highest award you can receive in this area. MDOT has 75 schools on board. Detroit Public Schools are looking at implementing TRAC district wide into their 2008-2009 school curriculum. Three TRAC interns were awarded college scholarships.

On April 10, 2007, the FHWA approved MDOT's request to modify the DBE Program to implement 49 CFR Part 26(d) (5) which states in part: "The DBE may also lease trucks from a non-DBE firm, including from an owner-operator. The DBE who leases trucks from a non-DBE is entitled to credit for the total value of transportation services provided by non-DBE lessees not to exceed the value of transportation services provided by DBE-owned trucks on the contract." The MDOT DBE Trucking Initiative went into effect October 1, 2007 after meeting with the industry and extensive communication to contractors about the change. There are 110 projects with approved DBE trucking participation statewide this fiscal year and 26 DBE trucking firms participating. MDOT believes strongly this new trucking initiative is strengthening Michigan's economy by diversifying MDOT's pool of available trucking companies and expanding their capabilities. There are 8 NEW DBE truckers that are working for MDOT this year compared to last year. This initiative has led to improved communication between MDOT, the contractors, and DBE trucking firms.

As we continue to look at other programs within MDOT that receive federal dollars, we uncovered the Heritage Route Opportunities. This grass roots program allows us to partner with local residents to improve and beautify Michigan's highways and roadsides. MDOT has implemented a 5% DBE participation goal on designated Heritage Routes. Ongoing projects on Detroit's Woodward Avenue were selected as an MDOT Heritage Route. Other upcoming bidding opportunities are available on MDOT's DBE Website.

In addition to some of the other challenges our DBE's may have is to have the working capital to participate on some road construction projects and the lack of some equipment that they would need to participate in these programs, we have worked with the Office of Small Disadvantaged Business Utilization (OSDBU) to present a Short Term Lending Program (STLP). The STLP is administered by the USDOT OSDBU through cooperative agreements between the DOT and several STLP Participating Lenders (PLs). We are partnering with Michigan banks to provide financial assistance to qualified DBE's on small projects (website: <http://osdbuweb.dot.gov>).

The DBE Resource Center will allow the department to provide computer and other types of training to DBE firms. This Center, which opened in summer of 2008, facilitates one-on-one meetings between DBE's and Contractors and MDOT staff. We have held the

following trainings/workshops in this center: Finance, Marketing, Roundtables, and Focus Groups.

Long Term Goals

Our long term goals are to enable DBE businesses to grow and become more competitive, increase awareness of MDOT's DBE program opportunities, increase partnerships with associations, local agencies and the business community, provide opportunities for DBE's and private contractors to network, and continue to streamline our process as best we can with the federal guidelines. In addition, we are looking more closely at federal aviation dollars and whether there may be opportunities for DBE participation in both construction and engineering in those areas.

2008 Contract Dollars to DBE's

Total dollars awarded to DBE's in 2008 were \$115,541,415 (\$114,032,337 Federal Program (98.7%); \$1,509,078 State/Local (1.3%). If the entire program was included, we would be lacking about \$45 million, but if 11% was included on the entire program, we'd reach over \$161 million. Our focus is on federal dollars, obviously, and therefore that's what we see as being available to us.

Proposed 2008 DBE Contract Goal

Based on prior achievements and projected availability of DBEs and MDOT's proposed 2009 Federal Program, it is our recommendation that the Commission adopt a DBE Goal of 10.5% for FY 2009. It is expected that the recommended goal will be met through 8% race-conscious and 2.5% race-neutral means.

Mr. Hicks asked for questions.

Commissioner Atkinson commented, regarding the list of participating groups, that she didn't see any universities, schools or unions.

Mr. Hicks responded that, particularly with the RCAR program that is where they receive their training (through the community colleges and unions). We did indeed partner with community colleges and union in that way. We reach out to the unions periodically, in fact, yesterday we were looking for minority crane operators.

Commissioner Atkinson also asked about the large populations of Native Americans who are not members of tribes or residents on reservations and find themselves within the ambit of DBE's.

Mr. Hicks responded that last year we attended a conference of the Little River Indians so that we could make sure they knew about our program. Though the areas that that population would be doesn't necessarily lend itself to DBE's, we do conduct an outreach toward that area and hope that we can have some participation.

Commissioner Atkinson asked if it happened that some university in our state suddenly became self-conscience and wanted to implement programs that would result in a greater percentage of our graduates staying in Michigan and working in Michigan, would this program be something they should work with.

Mr. Hicks answered yes, certainly. Although our program is a two-prong approach in that we look to bring in individuals such as through the TRAC program and RCAR, our focus is more so on the firms that can bring in other individuals but we are not opposed to having discussions with some of the universities and making sure their graduates are aware of the sustainable wages and careers through MDOT.

Commissioner Atkinson asked if the DBE Goal of 10.5% for FY 2009 mentioned in the memo is the resolution he is looking for.

Mr. Hicks answered that this is the goal considering the kind of projects we have coming up in 2009 and through planning that we are aware of. It doesn't necessarily lend itself to some of our DBE's, however we looked at the job categories that may be coming up and to increase the participation there. The reason we were conservative is that we looked at some of the projects that were coming up and we are lacking in some areas (bridge painting, bridge design) so felt comfortable with that goal.

No other questions were forthcoming.

Chair Wahby entertained a motion. Motion was made by Commissioner Brosnan and supported by Commissioner Atkinson to approve the Proposed FY 2009 Disadvantaged Business Enterprise Goal. Motion carried on a unanimous voice vote.

VI. **PUBLIC COMMENTS**

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

Commissioner Atkinson thanked everyone in the Metro Region for the information shared during the tours the day before.

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

ADJOURNMENT

There being no further business to come before the Commission, Chair Wahby declared the meeting adjourned at 12:00 p.m.

The next full meeting of the Michigan State Transportation Commission will be held on October 30, 2008, at Lansing Community College-West Campus, 5708 Cornerstone Drive, in Lansing, Michigan, commencing at the hour of 9:00 a.m.

Frank E. Kelley
Commission Advisor