

State Transportation Commission

February 26, 2009

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Michigan Department of Transportation**

Today's Discussion

- American Reinvestment and Recovery Act
- Winter Maintenance Operations

American Reinvestment and Recovery Act



New Economic Recovery Package: Not the Cure

- President Obama signed a one-time economic recovery package totaling \$48 B for transportation
- Package = roughly 1 year's worth of typical federal monies
- Monies would not support maintenance and other services
- Recovery package funding does not solve long-term transportation funding problems



**Not the Cure For Michigan's
Transportation Funding Ills**

American Recovery and Reinvestment Plan

- Main focus → Job Creation
- Through a combination of
 - Tax relief
 - Infrastructure investment
- And much more



Infrastructure Investment

- Aggressive timetable for implementation
- No match requirements
- No specific earmarks
- Emphasizes transparency, accountability



Program	Funding
Surface transportation discretionary grants	\$1.5 B
Aviation facilities and equipment	\$200 M
Airport improvement grants	\$1.1 B
Highways and bridges	\$27.5 B
Intercity passenger rail and high-speed rail corridors	\$8 B
Amtrak capital grants	\$1.3 B
Transit formula grants	\$6.9 B
Fixed Guideway Program	\$750 M
Capital investment grants	\$750 M
Total, USDOT	\$48 B

Requirements

- Projects must be federal aid-eligible
- Approved through federal aid process
- Use it or Lose it
 - 50% must be obligated within 120 days
 - Sub-allocated funds excepted
 - Remaining 50% to be obligated within 1 year
 - Funds not obligated are redistributed to other states

Priorities for Project Selection

- Vary depending on program, but include:
 - Timely completion
 - Located in economically distressed areas
 - Safety
 - Energy savings
 - Multi-modal benefits



Existing Requirements

- Existing federal requirements apply
 - Environmental requirements
 - Federal planning process working through MPO or Rural Task Force
 - Contracting and bidding requirements
 - Permitting requirements
 - DBE requirements
 - “Buy America” and domestic buying provisions
 - Prevailing Wage requirements

Opportunities

- MDOT is:
 - Positioned to use all of our available funds (approximately \$630 M)
 - Committed to ensure local agencies are successful
 - Prepared to spend other states' unused stimulus dollars

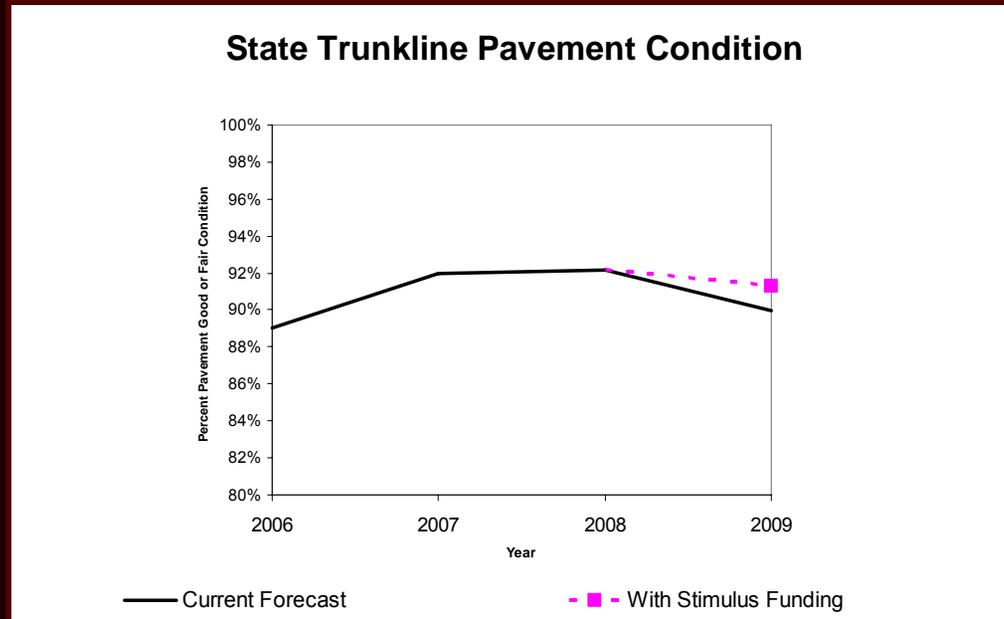
American Recovery and Reinvestment Act

- MDOT developed \$732 M highway project candidate list which includes: \$508 M for Preservation, \$155 M for Expansion, \$69 M for Green investments
 - List is \$100 M more than MDOT expected, so we will be ready for additional funding if available
- Improves approximately 832 lane miles of roadways and approximately 90 bridges
- More than \$300 M will be obligated within 120 days

Anticipated Benefit to MDOT Road Condition

(based on \$732 M Candidate Project List)

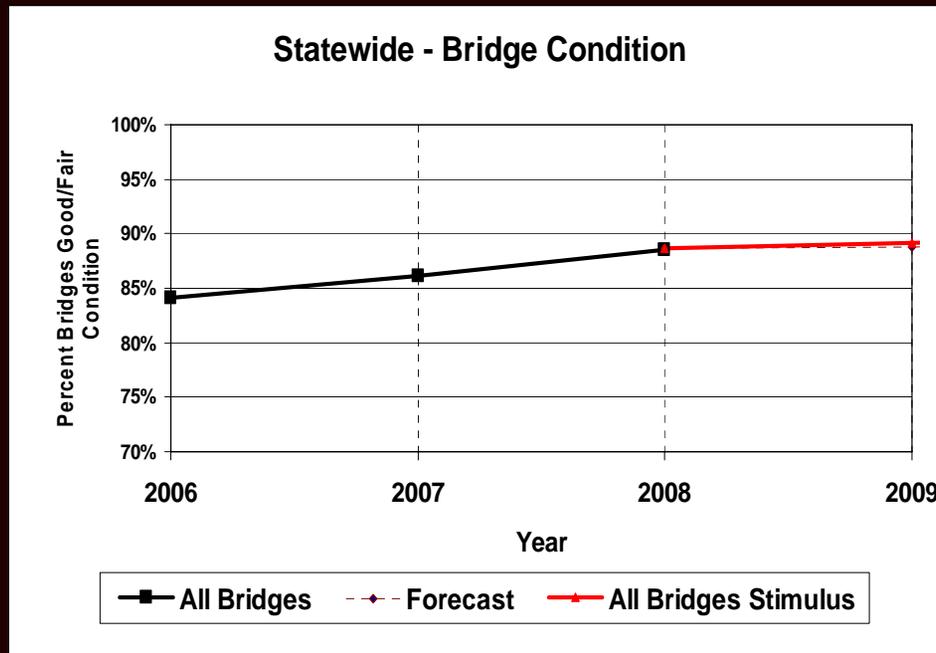
- \$428 M investment in road reconstruction/rehabilitation/preventive maintenance
 - MDOT pavement goal sustained in FY09, but declines in 2011 due to inability to match federal aid



Anticipated Benefit to MDOT Bridge Condition

(based on \$732 M Candidate Project List)

- \$76 M investment in bridge preservation program
 - Bridge conditions will improve and condition goal met for FY09



Green Investments

- \$69 M green investments include:
 - ITS
 - Carpool lots
 - Non-motorized facilities
 - Enhancements
 - Rest area improvements
- Includes 35 projects

Expansion

- \$155 M investment in four expansion projects
 - \$101 M for reconstruction or rehabilitation of existing roads related to expansion projects

Transportation Component

- Michigan will receive nearly \$1 B in formula funding
 - \$135 M for urban and rural transit
 - \$850 M for roads, bridges and highways
 - Estimated to create about 35,000 jobs

Discretionary Funds

- \$12.1 B available nationwide through discretionary grants
 - \$1.3 B for Airports
 - \$1.5 B in National Surface Transportation discretionary program for projects completed in 3 years
 - \$750 M for capital investment grants
 - \$8 B for intercity passenger rail and high speed rail
 - \$1.3 B to Amtrak for track and equipment improvements

Formula Funds

- Transit
 - Michigan will receive about \$135 M
 - Urban transit agencies will:
 - Replace older buses with lower emission vehicles
 - Invest in bus rehabilitations
 - Expedite construction of transit facilities
 - MDOT will work with rural transit agencies
 - Replace aging buses
 - Expedite construction of rural transit facilities
 - Michigan will receive \$133,000 in Fixed Guideway funds for Detroit People Mover

Formula Funds

- Roads, Bridges and Highways
 - Michigan will receive almost \$850 M
 - \$25 M for Transportation Enhancement projects
 - \$250 M spent in urbanized areas

MDOT's Best Candidates for Implementation

- MDOT initially identified \$4 B projects
- Of those, \$732 M projects represent best candidates based on:
 - Readiness as overarching consideration

MDOT Projects in MPO Areas

- MDOT shared 3 lists of projects with MPOs on February 17
 - List of MDOT's best candidates for implementation
 - List of local transportation projects submitted to Governor's Web site
 - List of illustrative MDOT projects that could be eligible for funds redistributed from other states after 120-day deadline

Web Sites for American Recovery and Reinvestment Act

- Governor's Web site
 - www.michigan.gov/recovery
- President's Web site
 - www.recovery.gov

Winter Maintenance Operations



Winter Maintenance Expenditures

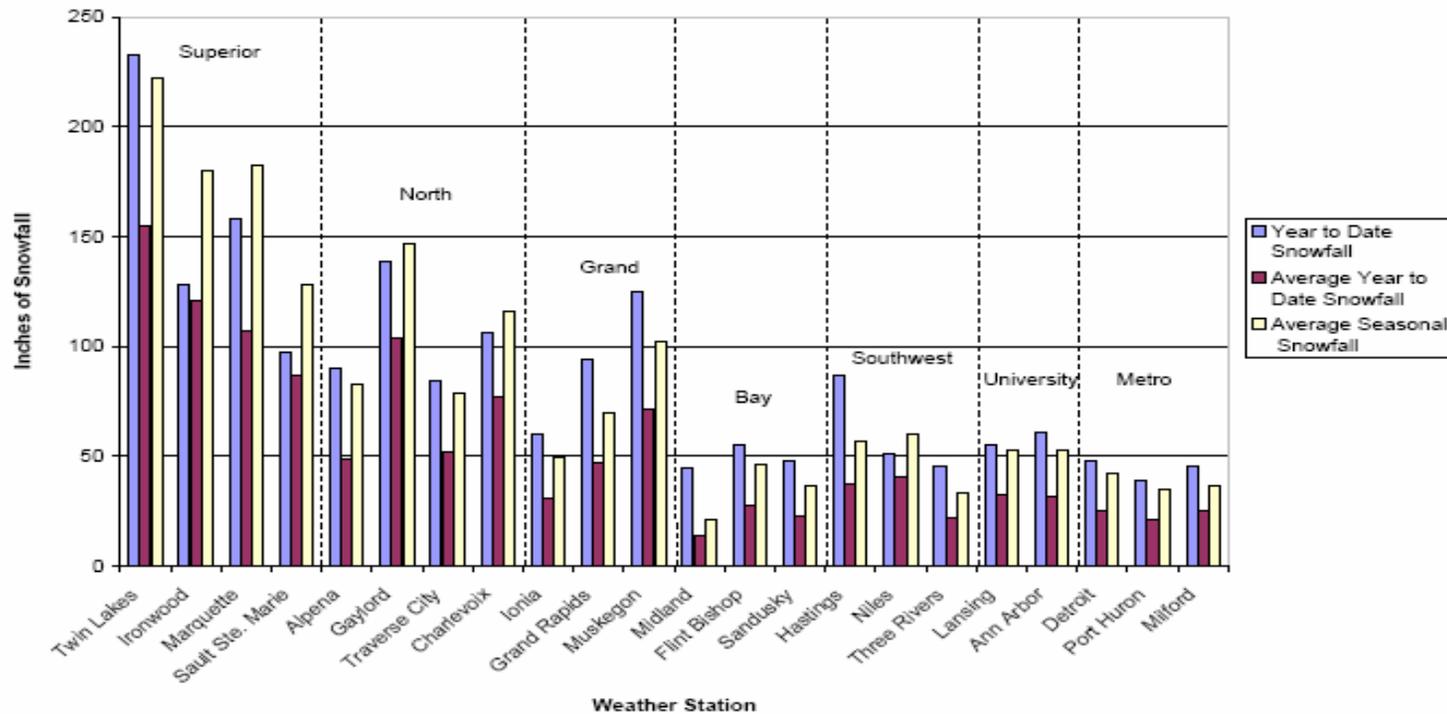
- **Continued heavy snowfall statewide produced October - January winter maintenance expenditures 40% higher than for the same period last year. Last month expenditures were 60% higher.**
- **National Weather Service data indicates that most cities have exceeded their average year-to-date snowfall and many have exceeded their average seasonal totals.**
- **In January, first quarter expenditures were reported to be \$37 M. Based on winter expenditures of \$68 M through January 31, winter could cost:**
 - **\$122 M, if winter costs are similar to 2008 for February through May or...**
 - **\$116 M, if a more conservative estimate is made using a 3 year average for the remainder of winter.**

Winter Maintenance Expenditures

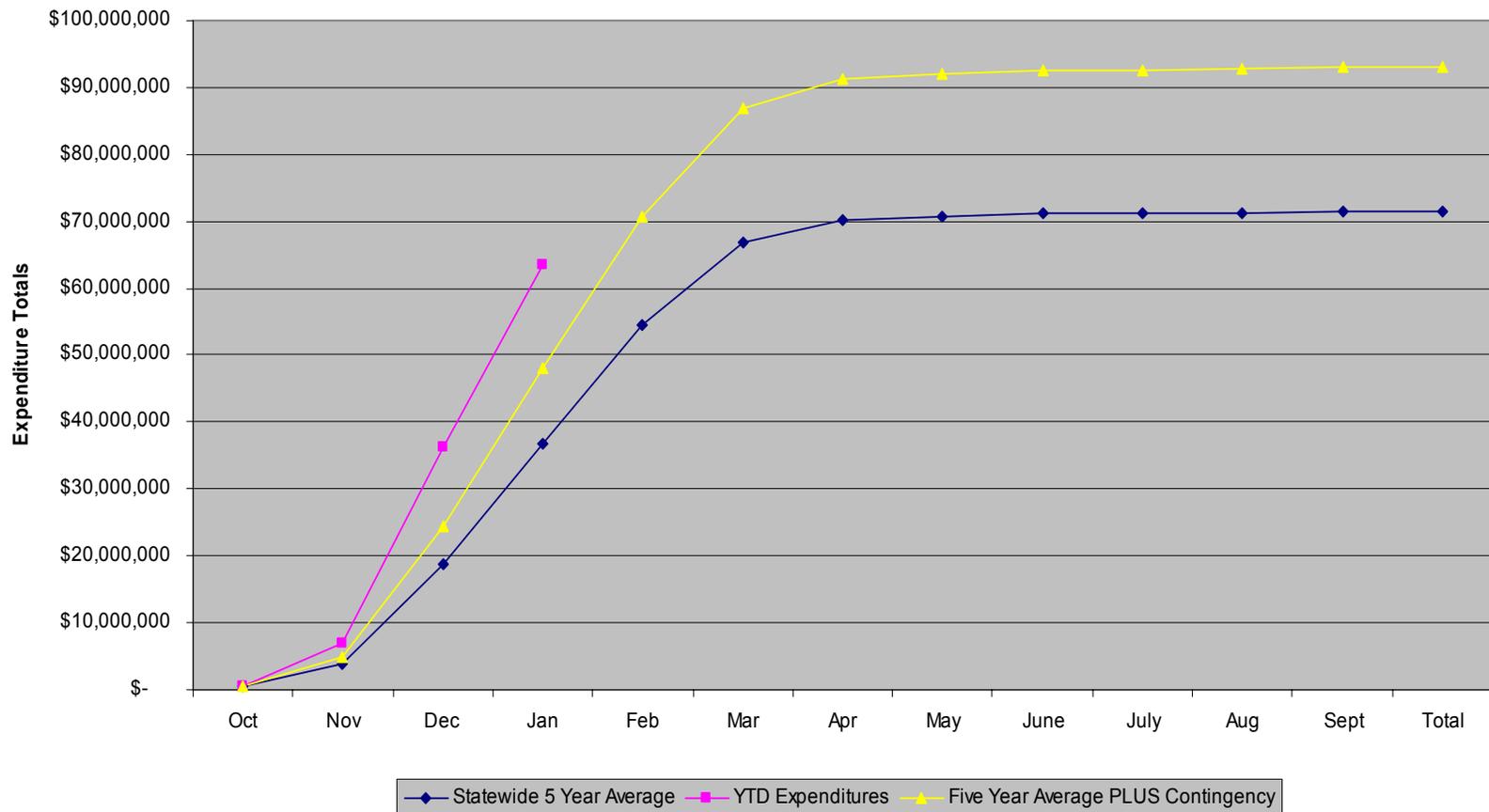
- Based on projections through January 31, an estimated shortfall of \$31 M could occur. Last month a \$32 M shortfall was projected.
- Fuel expenditures for the first four months are \$300,000 less than the same period in 2008. The cost per gallon has decreased by 20% but actual fuel usage has increased by 15%.
- Salt use statewide has increased by 9% over 2008 to almost 478,000 tons year-to-date. Last month usage was 32.5% over the 300,000 tons used.
- Sand use has increased by 88% over 2008 to about 127,000 tons year-to-date. Last month usage was 156% over with 67,000 tons used.

Snowfall Chart

Snowfall Through January 31, 2009



Statewide Cumulative Winter Average & Expenditures



Questions?