

# **2012 DBE/Small Business Development Conference**

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# Today's Topics

- **Fiscal Year (FY) 2012 Funding Update**
- **Federal Reauthorization Update**
- **Innovative Contracting**
- **MDOT's Reinvention Progress**
- **Office of Business Development Update**

# Fiscal Year 2012 Funding Update

- **Federal Revenue Assumptions**
  - **No Federal Reauthorization Bill**
    - Operating Under the 8th Extension of SAFETEA-LU, Which is due to Expire March 31, 2012.
  - **FY 2012 Revenue Assumed to Remain the Same as FY 2011**
    - So far, we have Received an Amount Equal to  $\frac{1}{2}$  of the Federal Funds Received in FY 2011.
    - Obligation Authority is Limited to the Same.

# **FY 2012 Funding Update**

- **State Funding**
  - **Anticipate \$489M in State Funding Available for Routine Maintenance and Capital Program.**
  - **Decrease from FY 2011 Funding Level of \$573M.**

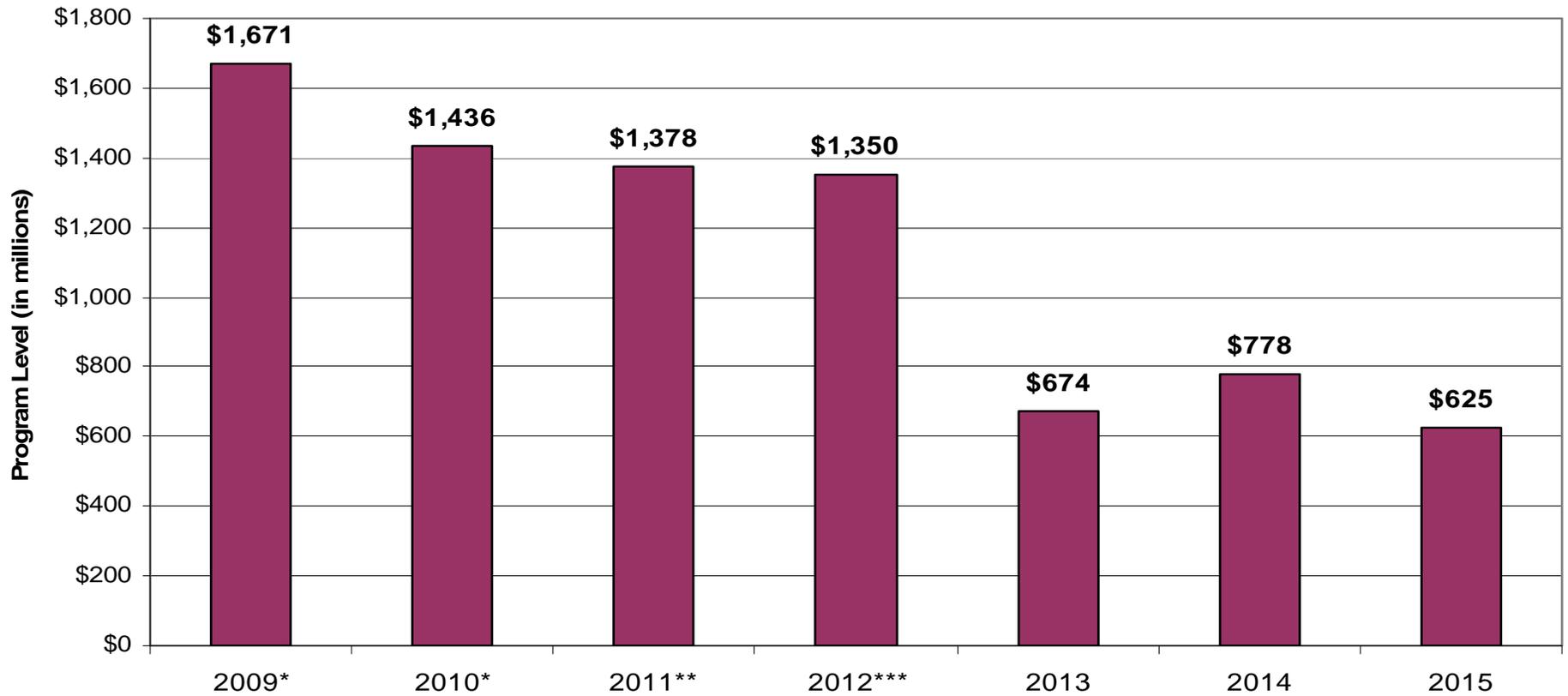
# State Transportation Funding

Transportation Investment is Falling Sharply;  
MDOT Will Soon Lack Enough State Funding  
to Match **ALL** Available Federal aid.



# State Transportation Funding

## Highway Capital Program Investment



\* FY 2009 and 2010 Full Program with ARRA Investments  
\*\* FY 2011 Announced in the Five Year Program  
\*\*\*FY 2012 Announced with added toll credits  
2013-2015 Reduced Program

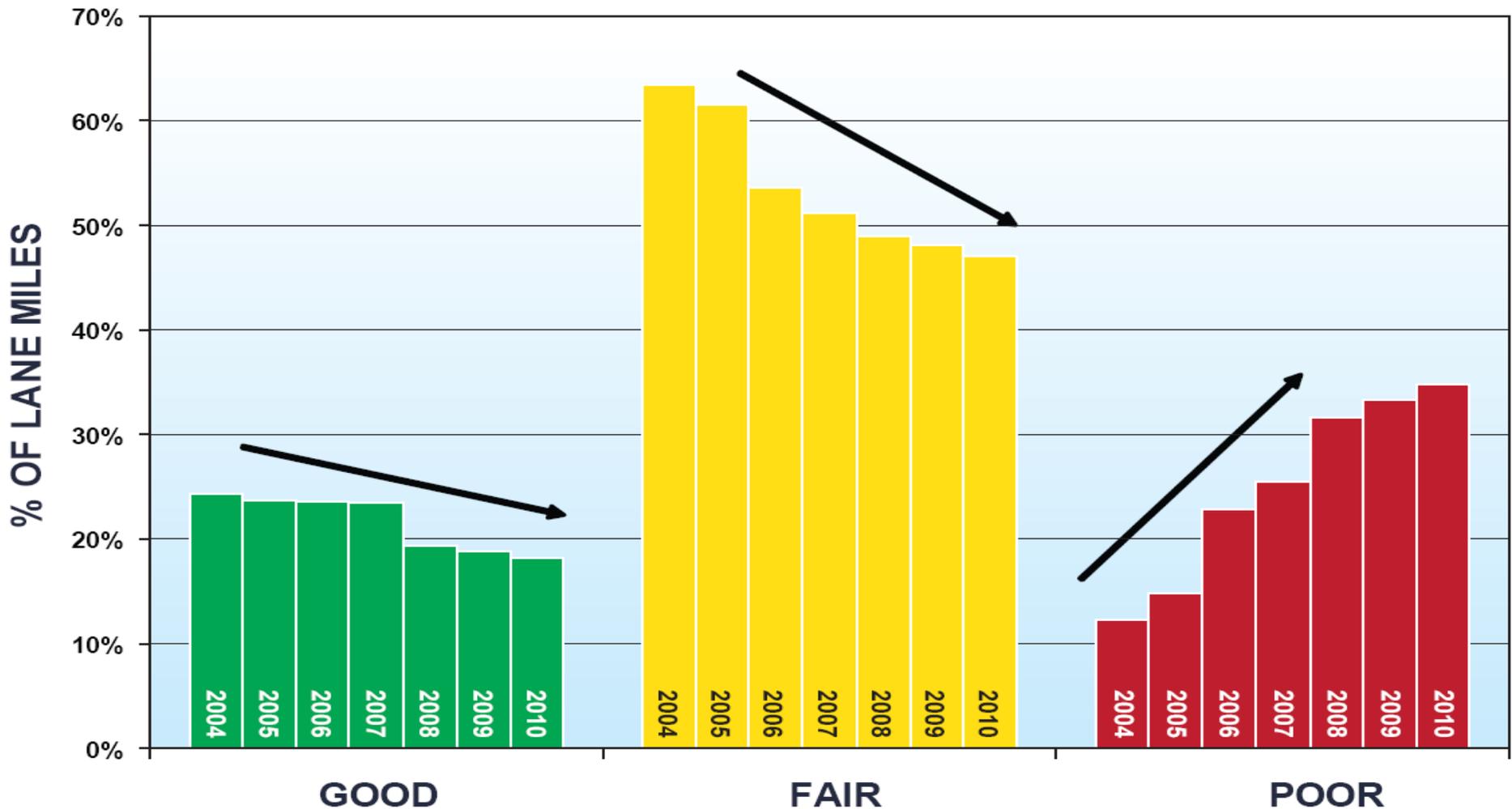
# Condition of Federal-Aid Roads

The Condition of Michigan's Federal Aid System has been Deteriorating for Several Years, According to Data from the Transportation Asset Management Council.



# Condition of Federal-Aid Roads

## 2004 - 2010 Pavement Condition Federal-Aid Eligible Roads



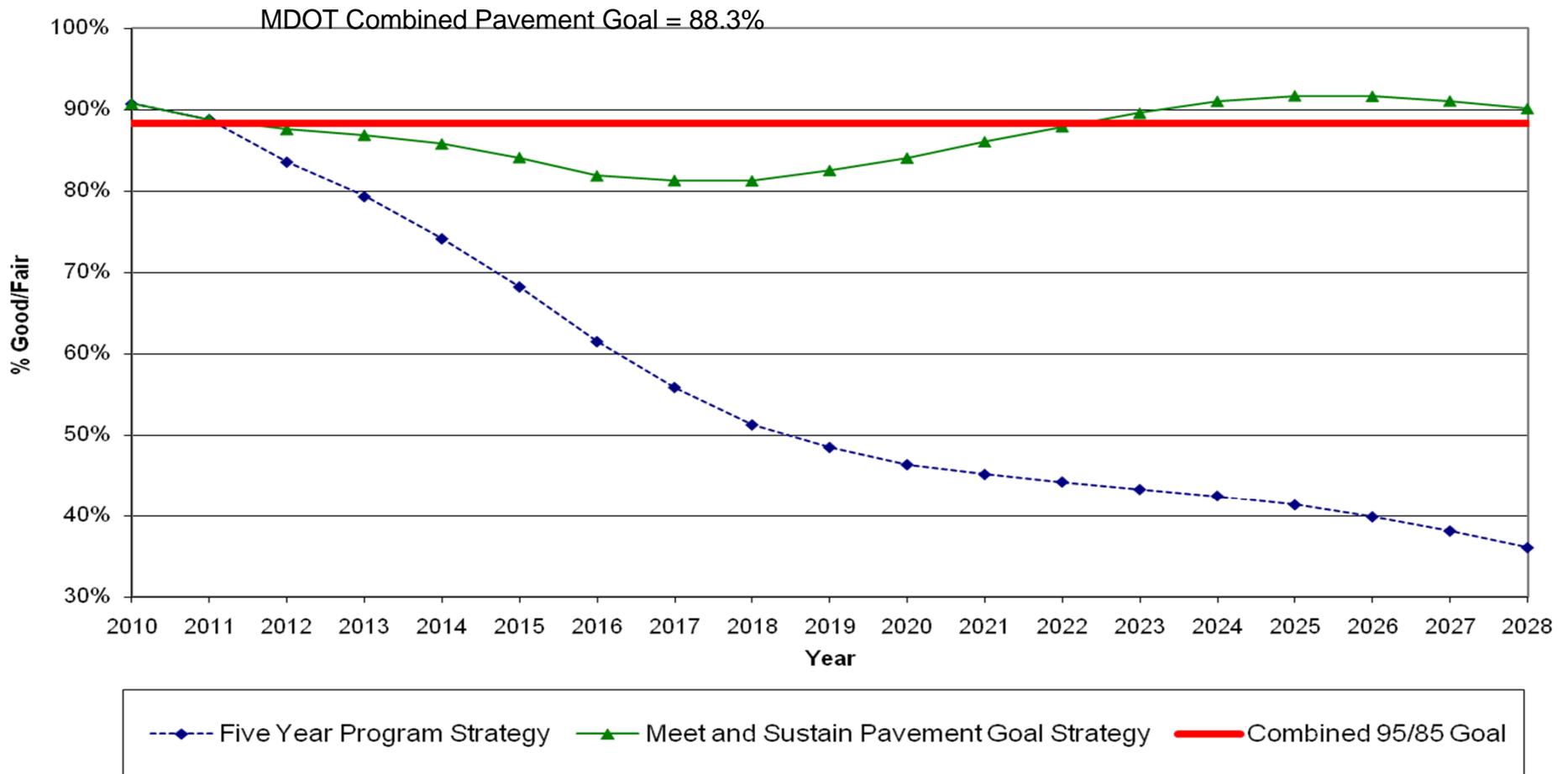
# Projected State Trunkline Pavement Condition

Even Matching **ALL** Available Federal Aid will not be Enough. In Ten Years, Less than Half of State Highways will be in Good Condition, Unless Investment is Increased.

(Based on Remaining Service Life)

# Projected State Trunkline Pavement Condition

Combined Freeway/Non-Freeway Trunkline Condition Forecast



# Transportation Finance and Reform Package

- 20 Bills Introduced
- Identical Packages Introduced in both Houses, with Sponsors from both Parties, Including:
  - Convert to Wholesale Tax of 28.3-cent/gallon Fuel Tax, all Fuels → **\$540M**
  - 67% Auto and 25% Truck Registration Increase → **\$500M**

**(Continued)**

# **Transportation Finance and Reform Package (Cont'd)**

- New Formula Based on Traffic and Functional Class.**
- Southeastern Michigan Regional Transit Agency (BRT on M-1, M-3, M-59, US-12).**
- County-option Registration Surtaxes for Roads or Transit.**
- Competitive Bidding of Maintenance and Administration.**
- No Date is Forecasted for Passage.**

# **Federal Reauthorization Update**

- **Both the U.S. House and Senate have Completed Committee Work on new Legislation.**
- **Senate Version has seen Floor Action this Month.**
- **House Effort Stalled as Considerations are Made to Improve the Bill.**

# Current Proposals

## Senate Bill

- 2 Year Bill.
- Maintains Funding Plus Inflation.
  - FY12 Highway Funding: \$42.3B
  - FY13 Highway Funding: \$43.0B
- No Earmarks.

## House Bill

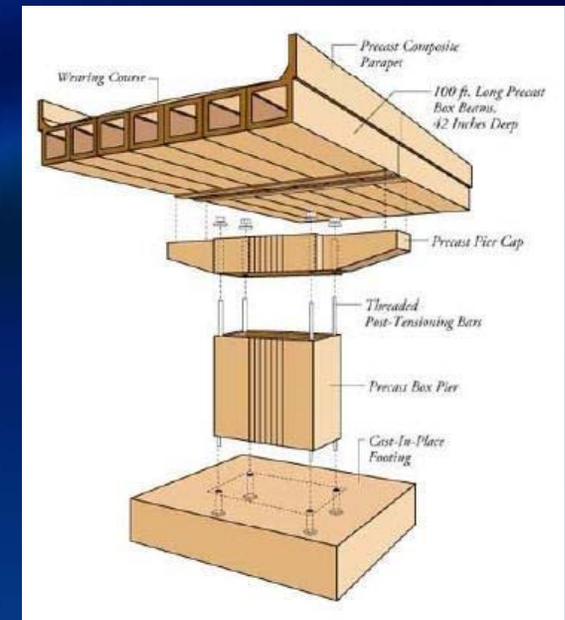
- 5 Year Bill.
- Maintains Funding at Reduced 2012 Level.
  - FY12 Highway Funding: \$39.1B
  - FY13 Highway Funding: \$40.1B
- No Earmarks.

## But...

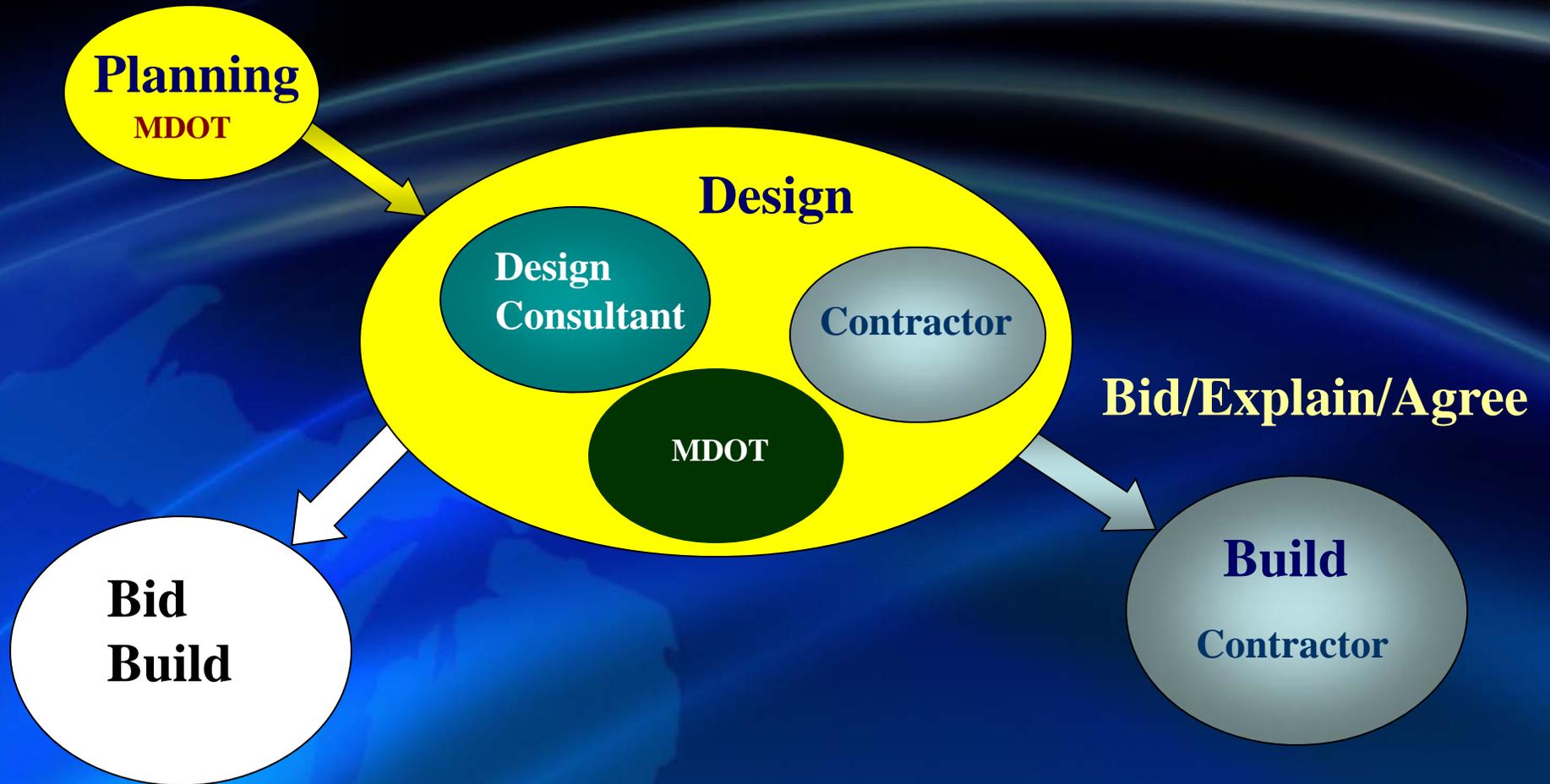
- **House Action Delayed as Revise/Improve the Bill and Satisfy Members:**
  - 2 Year Bill?
  - Lower Funding Level?
- **SAFETEA-LU Expires **March 31, 2012**, Along with Ability to Collect Fuel Taxes.**
- **Another Extension Could be Necessary.**
- **Federal Reauthorization will not Provide More Revenue to Reverse the Decline in Roads & Bridges.**

# Innovative Contracting

- **What We've Done:**
  - Design-Build/Design-Build-Finance.
  - Performance Based Contracting.
  - Indefinite Delivery.
  - Construction Manager General Contractor (CMGC).
  - Construction Manager at Risk.
  - Fixed Price Variable Scope.
  - Best Value Selections.
  - Alternate Pavement Bidding.
  - Precast Bridge Elements.



# CMGC Process



# Fixed Price Variable Scope

Maximize Work Based on Available Funding

**15 Miles**

**18 Miles**

**20 Miles - Selected Contractor**

# Innovation Areas

- **Other National Initiatives**
  - Dynamic Design Bid Build.
  - Job Order Contracting.
  - **Additional Accelerated Bridge Construction:**
    - Self Propelled Modular Transporters.

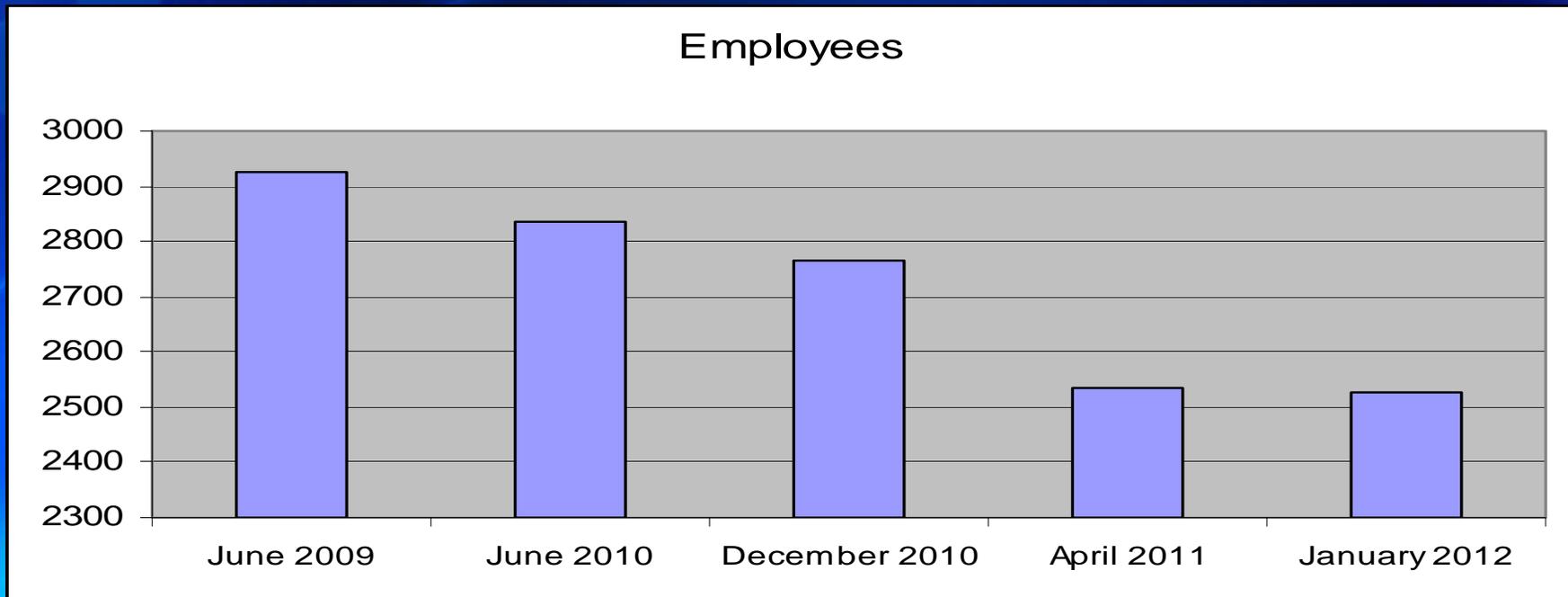


# **Future of Innovative Contracting**

- **10% Target Established by E.O.C.**
- **Initiatives Promoting Rapid Construction.**
- **Efficiency Through Integration.**
- **Maximizing Work with Available Funds.**

# Reinvention Progress

- Reduced Permanent Staff by 15% (450 Positions).
- Abolished 60 Manager/Supervisor Positions.



# Reinvention Savings

- **Saved \$48.1M in State Trunkline Funds.**
- **Saved \$4M in Comprehensive Transportation Funds.**
- **Lowered Aeronautics Program Costs. \$2.9M by Reducing Services or Using Alternate Funding.**

**Total \$55 Million**

# Reinvention

- Reinvention Means Reinvestment in Infrastructure.

Better roads *drive* better jobs



# **Office of Business Development Update**

- **Held DBE Conference & Mid-Year Symposium with Over 400 Participants.**
- **Held DBE Workshops with Over 600 Participants Covering Topics of Bonding, Finance, QuickBooks, Marketing, Wage & Labor, Construction Bid Prep, FieldManager, Etc.**
- **Hold Quarterly Meetings Periodically with Small Groups of DBE Firms**

# OBD Update

- **MDOT's FY 2011 - FY2013 Proposed Overall goal was 10.18%:**
  - MDOT Provided \$87,976,386 in Commitments to DBE Firms.
- **Projects with DBE Goals:**
  - MDOT has Increased the Number of Projects with DBE Goals by 15% Since Last Year.

# OBD Update

- **Other OBD Initiatives:**
  - Encouraging DBE Firms to Become Members of Professional Associations.
  - Will Offer More Targeted and Specific DBE Training
  - Will Hire a Troubleshooter

# OBD Update

- **Other OBD Initiatives:**
  - **Will Soon Start a Race-neutral Small Business Program.**
  - **Continue Implementing a Capacity Targeted and DBE Information at Time of Bid Program.**
  - **Having a Research Study done by U of M.**

# Our Mission



*“Providing the Highest Quality Integrated Transportation Services for Economic Benefit and Improved Quality of Life.”*



**Questions?**