

State Transportation Commission

July 30, 2009

**Kirk T. Steudle, Director
Michigan Department of Transportation**

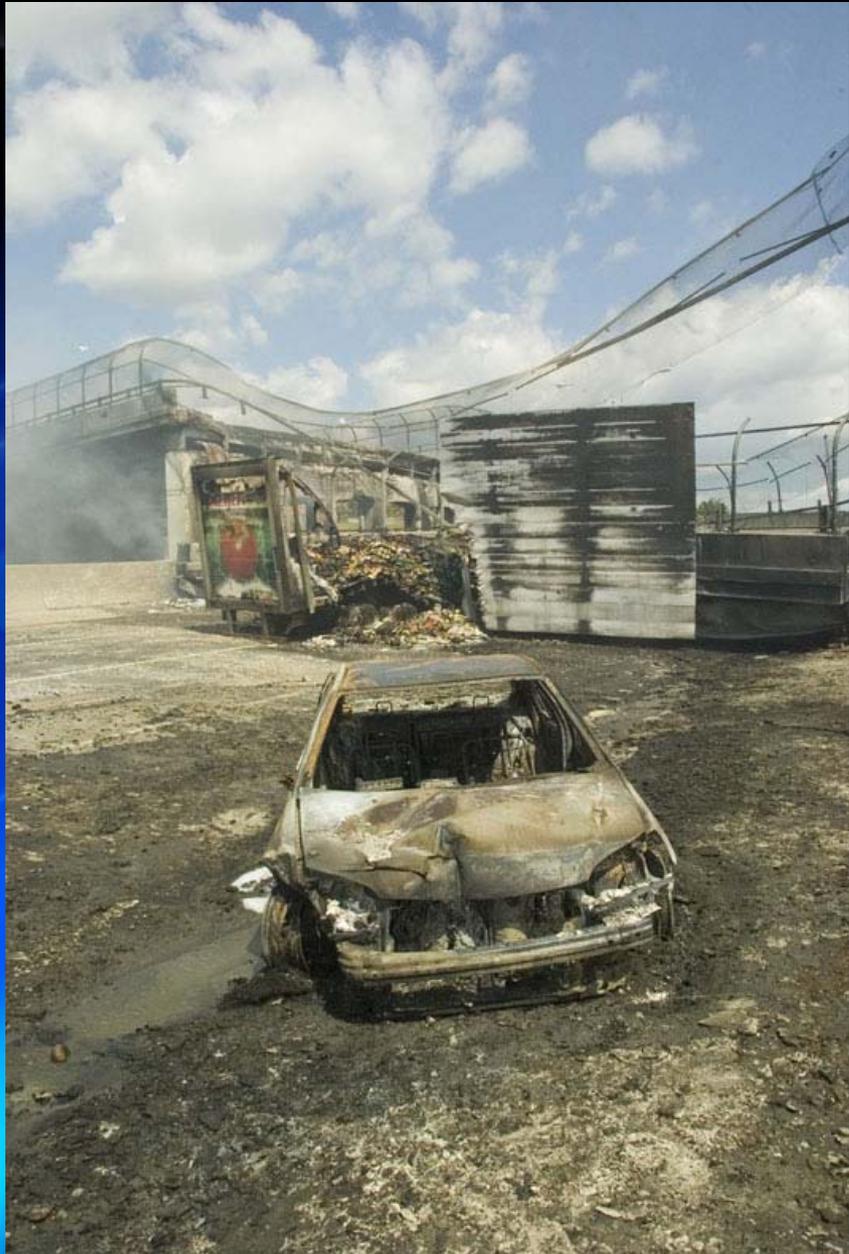
Today's Discussion

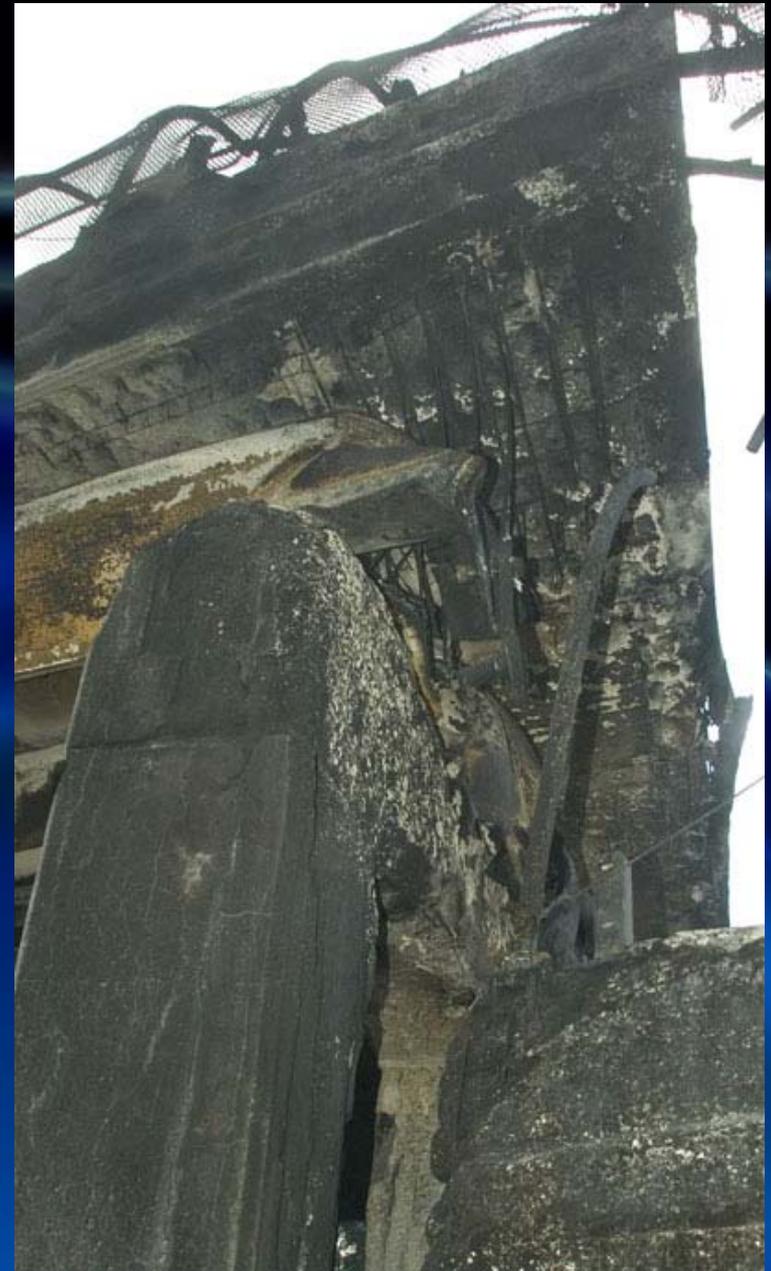
- **I-75/9 Mile Road Tanker Truck Crash**
- **I-75/M-21 Design/Build/Finance Project**



**I-75/9 Mile Road
Tanker Truck Crash**

July 15, 2009

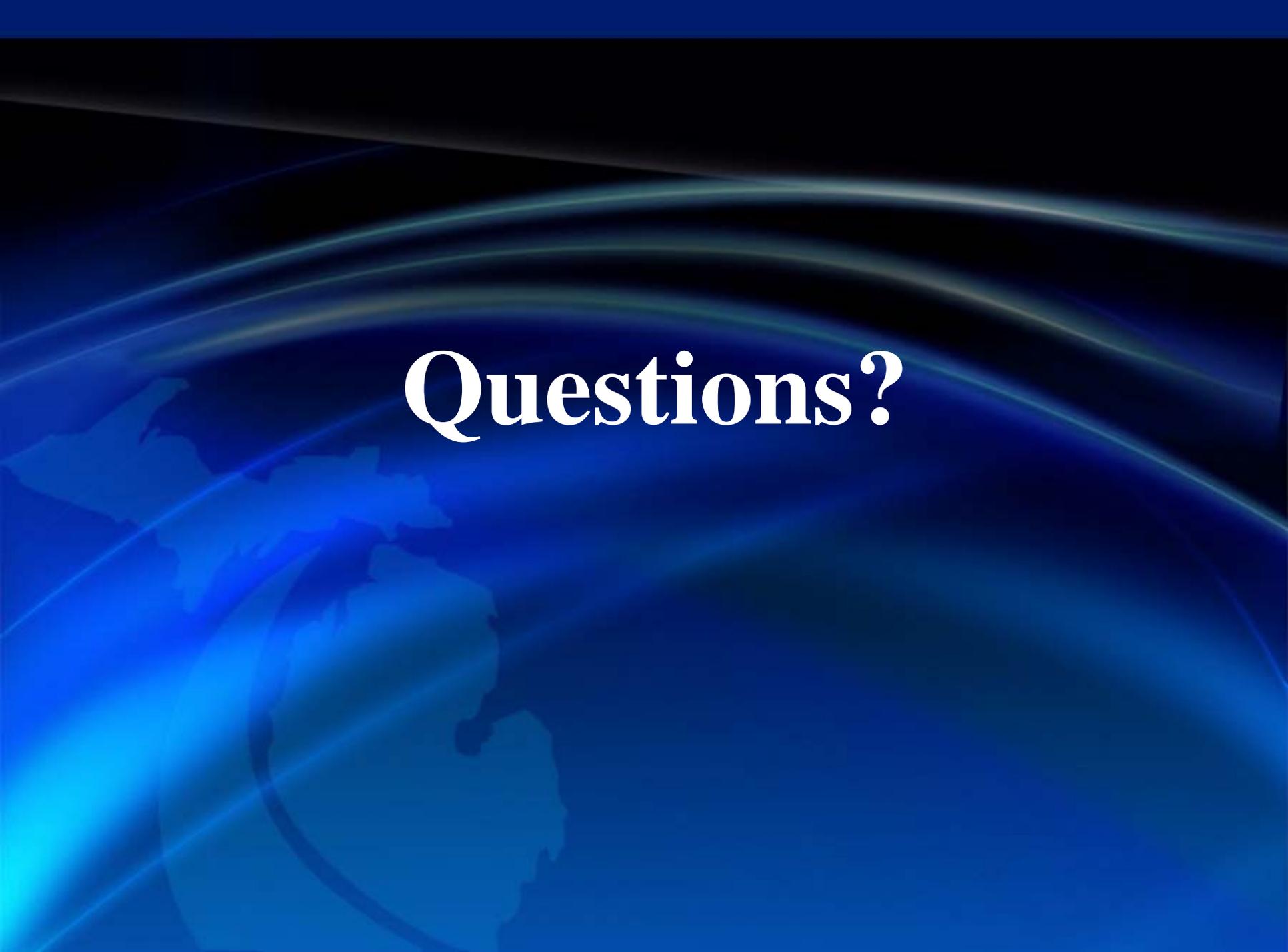






- **On urban hip/hop radio (98 FM), MDOT was hailed as the model department in state government for “setting a new world standard for excellence and responsiveness” for opening I-75 in record time.**

WJLB 98 FM. July 21, 2009



Questions?



I-75/M-21

**Design/Build/Finance
Project**

State Transportation Commission Meeting

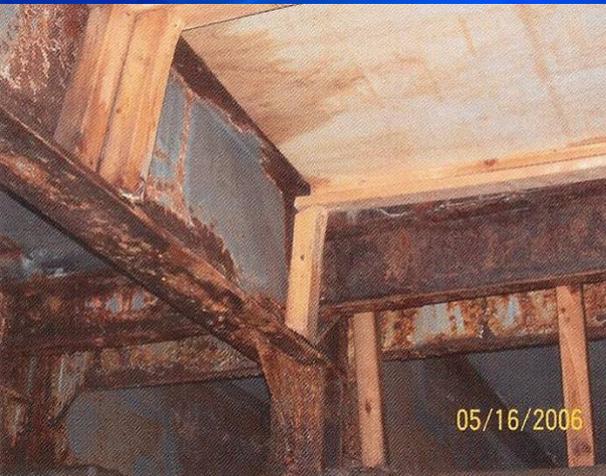
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Robert Ranck Jr., Bay Region Engineer
Michigan Department of Transportation

M-21 at I-75

Design/Build/Finance (DBF)

Project Update



Initial Project Goals & Evaluation Criteria

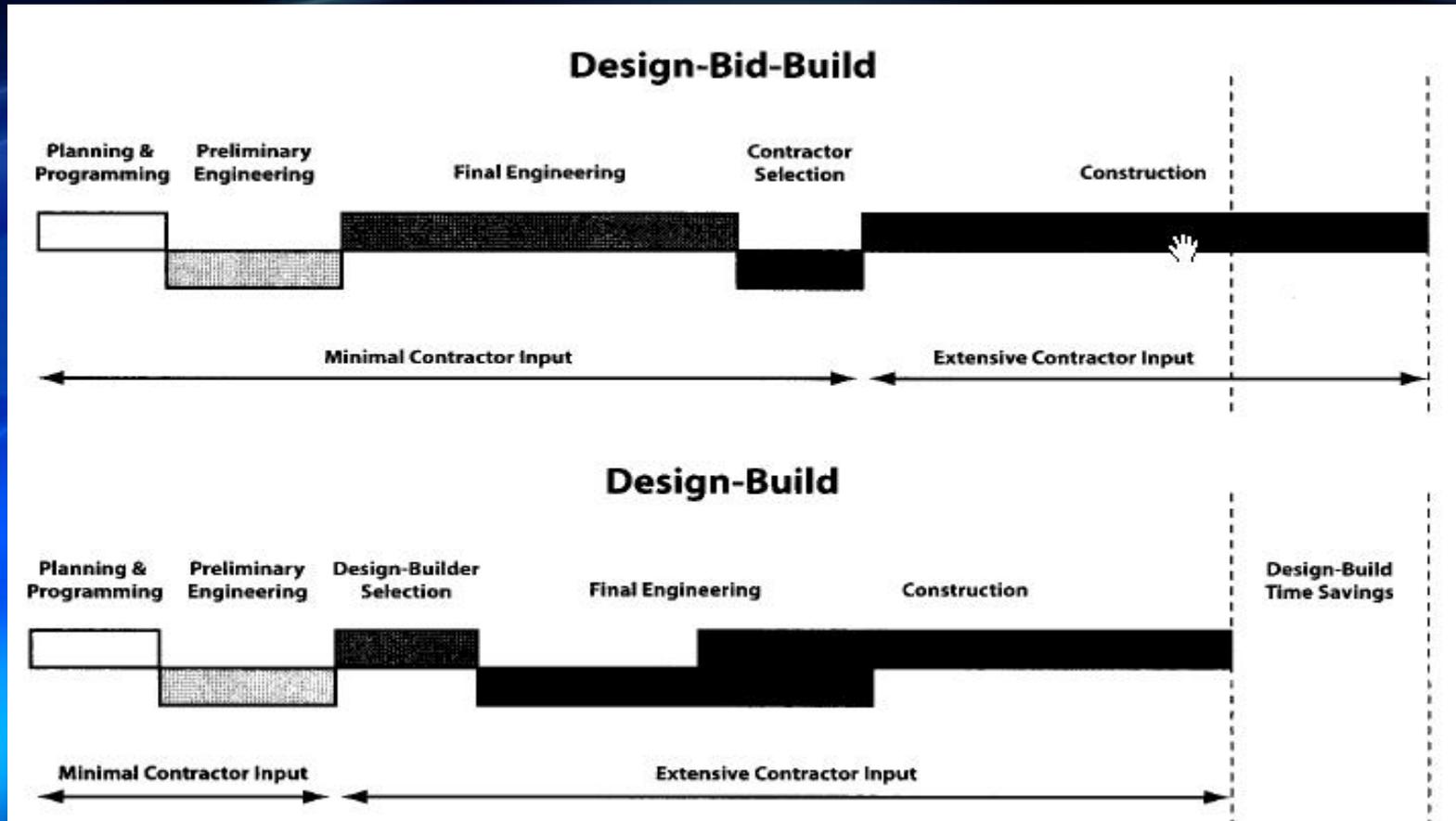
- **Experience with design-build delivery methods**
- **Adding a new tool in MDOT's tool box**
- **Understanding how non-traditional financing methods can be utilized in Michigan**
- **Gain experience in public private partnerships**
- **Use of improved transportation facilities in 2009**

M-21 Project Schedule

- Bridge replacement and building demolition project originally scheduled for 2011
- Construction cost is approximately \$7.3 million
- MDOT started working on DBF contract in March, 2008
- Project advertised in June, 2008
- Bid and technical proposals due August 28, 2008
- State police post demolition began in 2008
- The M-21 bridge was closed to traffic in late April, 2009
- **Open to traffic on July 16, 2009**



TIME SAVINGS



Financial Plan

- Initial project cost \$7.3 million
- First payment (substantial completion) \$125,000
- Every three months MDOT payments of \$62,500
- Last payment is November 3, 2011



05/07/09 abutment B



05/19/09 abut B



05/01/09 abutment B MSE wall

Project Successes

- **Project was open to traffic earlier than expected**
- **MDOT gained valuable experience in an alternate selection method**
- **Developed contract language for future design build and design build finance projects**
- **Gained staff experience in design-build contracting**
- **Initial steps in projects utilizing public private partnerships**



Public Messages

- **Design/build allowed the project to go from concept to bid in just 4 months (traditional bridge design packages can take over a year)**
- **The detour allowed MDOT to start major bridge work in April, 2009 and be open to traffic in July, 2009. (traditional part width construction would have been well into November, 2009).**
- **Design/build/finance allows MDOT to construct in 2009 when it was programmed for 2012 funding.**
- **Demonstration of how P3 can be successful.**
- **M-21 is open for business.**

QUESTIONS ?



Five-Year Highway Program Revenue Update

State Transportation Commission

July 30, 2009

Denise Jackson, Administrator

Statewide Transportation Planning Division

Today's Presentation

- Update on Highway Program Financial Situation
- Identify Revised Revenue Reduction Scenario
- Confirm an approach to move forward in the next Five-Year Program

Highlights of Revenue Changes and Adjustments

- Additional decline in STF Revenues anticipated
 - \$10M annually
- Opportunity to capture additional federal-aid obligation authority
- \$600M Annual Total Shortfall beginning in 2011

MDOT has made adjustments to help manage these issues

- Restructured GARVEE Debt Service
- No Growth in Routine Maintenance Program
- Revised 2011-2014 Investment Strategy

Revenue Assumptions Highway Program

- Federal Revenue Assumptions
 - 2010 and 2011 Revenue assumed same as 2009, then 3.2% growth
 - MDOT's share of federal aid for the trunkline program is estimated to be **\$3.95 billion**
 - Uncertainty due to Highway Trust Fund deficit and Reauthorization



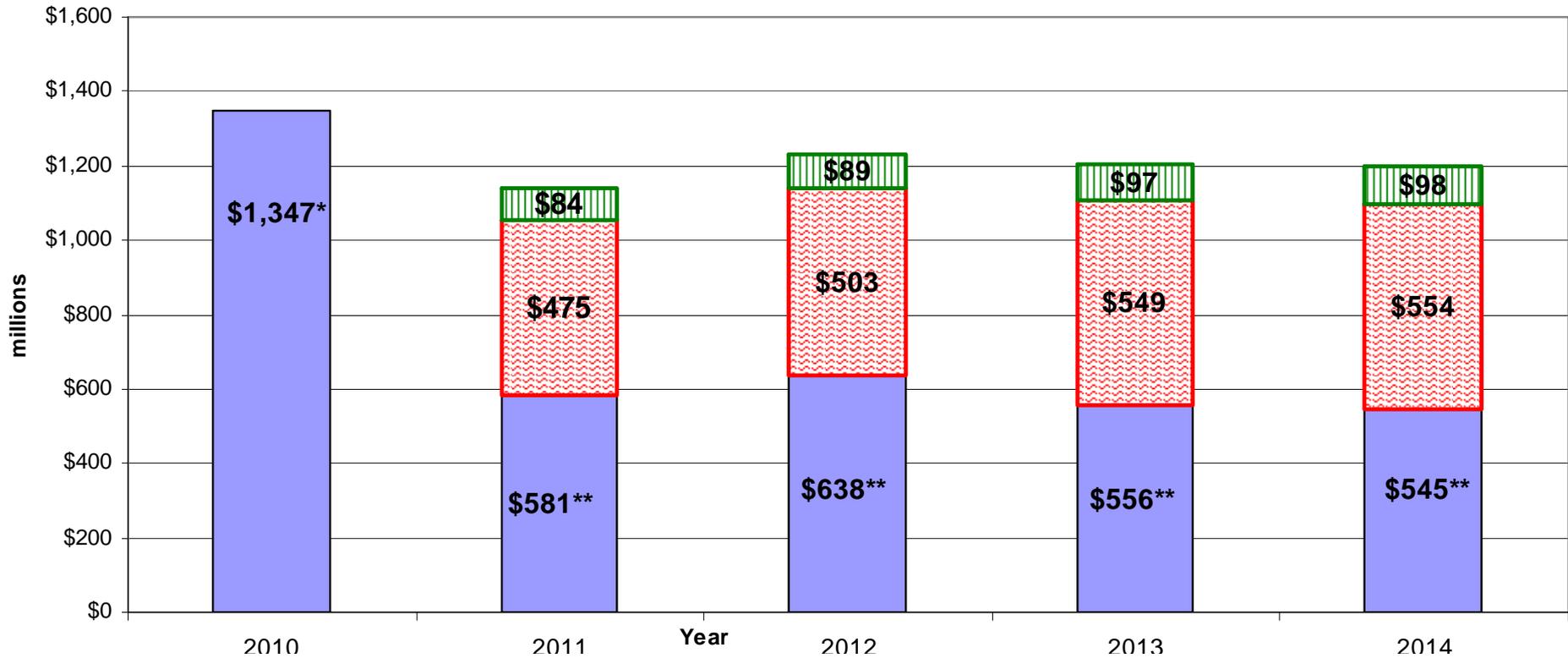
Revenue Assumptions

Highway Program

- State Revenue Assumptions
 - Revenue based on Department of Treasury's Michigan Transportation Fund estimate
 - State Revenues continue to decline in 2009
 - Assume 1% growth per year beginning in 2011
 - Total state revenue is estimated at **\$1.5 billion** for capital outlay, routine maintenance, and debt service

Inability to Match Federal Aid Highway Program

MDOT Highway and Maintenance Program State Revenue Shortfall and Federal-Aid Lost



■ Program Total with Routine Maintenance
 ■ Federal Aid Lost
 ■ State Revenue Shortfall

* 2010 Proposed Highway and Maintenance Capital Program with anticipated ARRA

** Estimated Resulting Program Amount (with declining state revenues and inability to match available federal aid)

Inability to Match Federal Aid Highway Program

- Anticipated shortfall of state revenue and unmatchable federal-aid is nearly \$2.45 Billion over the 2011-2014 time frame



Investment Strategy Highway Program

- Two highway investment strategies would be outlined in the Five Year Program
 - Current (Fully Funded)
 - Reduced (Revised Hybrid)
- Current strategy assumes ability to match all federal funds available
- Reduced strategy decreases the program by approximately \$600M each year beginning in fiscal year 2011

Reduced Program Investment Strategy Highway Program

- Reduced Strategy Continues STC Guidelines
 - Continues to focus on preservation as well as safety and operations
 - Provides funding for all highway capital programs
 - Supports technology advances
 - Maintains production schedule so program delivery can continue
 - Maintains high priority projects on corridors of highest significance

Highway Program Investment Strategy

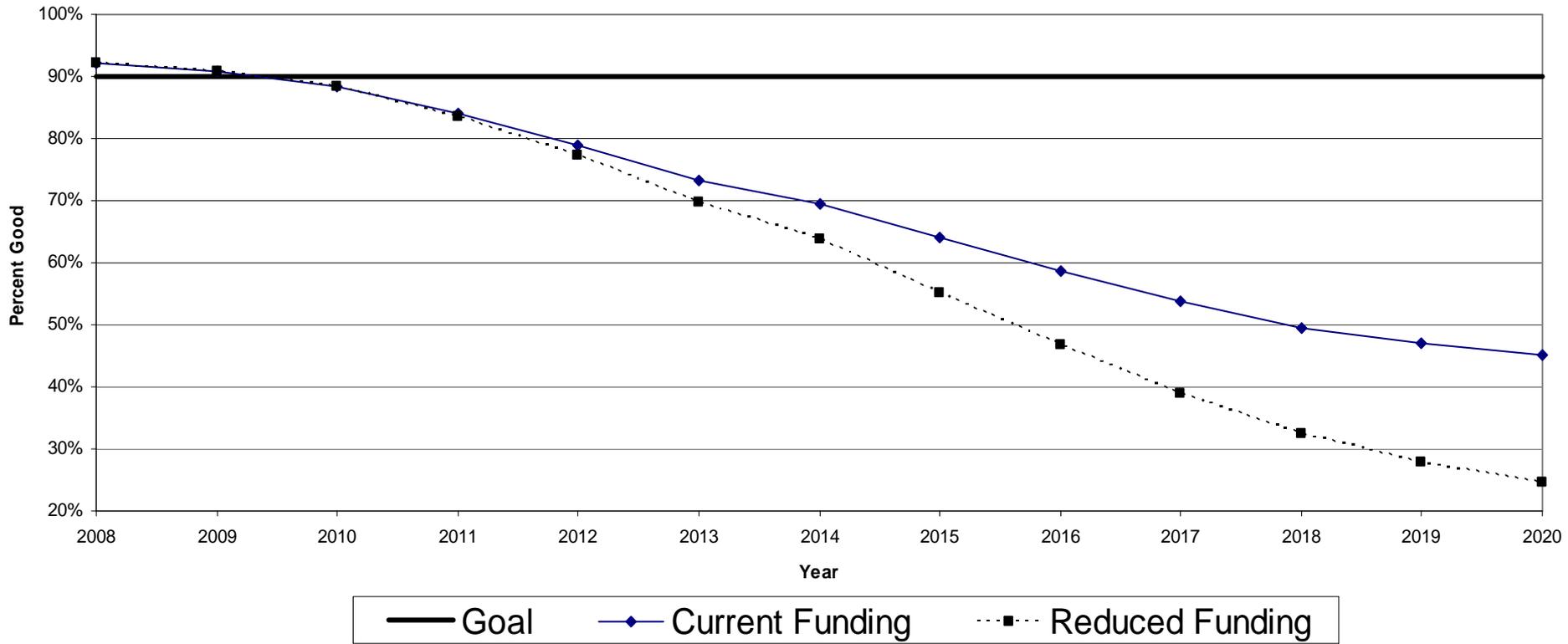
Highway Program (Annual Avg.)	Fully Funded 2010-2014	Program with Cuts (Reduced Program)
■ Repair & Rebuild Roads	\$440 M	\$160 M
■ Repair & Rebuild Bridges	\$200 M	\$65 M
■ Capacity Improvements/ New Roads	\$50 M	\$7 M
■ Safety	\$66 M	\$35 M
■ Congestion Mitigation and Air Quality	\$44 M	\$7 M
■ ITS	\$13 M	\$3 M
■ Other	\$90 M	\$23 M
■ Routine Maintenance	\$289 M	\$289 M
■ TOTAL	\$1.192 B	\$589 M

Program size difference is \$600M annually beginning in 2011

Reduced Highway Program Impacts

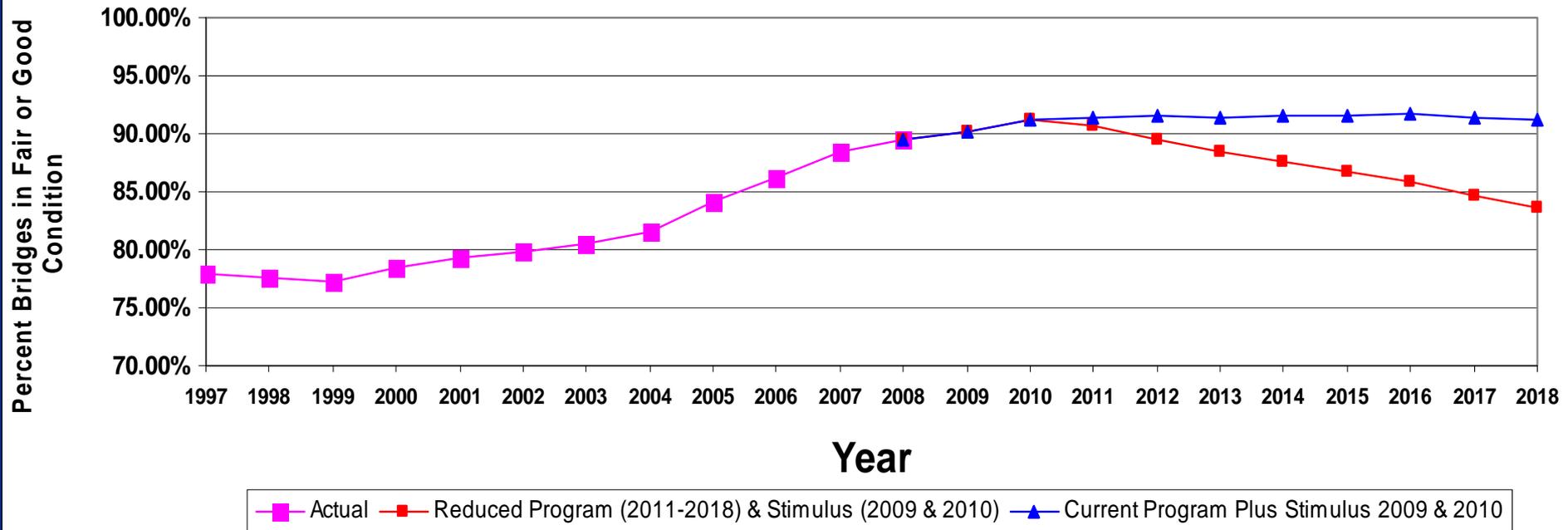
Preserving the Highway System

Pavement Condition Forecast Comparison
Current vs. Reduced Funding Strategies



Reduced Highway Program Impacts Preserving the Highway System

Bridge Condition Forecast System
MDOT - Freeway and Non-Freeway Bridges



- Will not meet the combined bridge condition goal

Reduced Highway Program Impacts

Air Quality, Operations, & Natural Resources

Program	Funding Reduction	Impact
Signing	\$14M to \$6M	Replacement cycle increases from 15 to 35 years
Pavement Marking	\$17M to \$8.5M	Limited non-freeway rumble strips and no special pavement marking replacement
Guardrail	\$16.5M to \$5.5M	4 scheduled projects will not be let
Traffic Signal	\$11M to \$4.5M	Replacement cycle increases from 25 to 50 years and retiming cycle increases from 10 to 20 years

Reduced Highway Program Impacts

Air Quality, Operations, & Natural Resources

Program	Funding Reduction	Impact
Roadsides	\$10M to \$500K	No Rest Area recon/rehab and limited design work
Congestion Mitigation And Air Quality (CMAQ)	\$44M to \$7M	30 fewer projects delivered
Intelligent Transportation System (ITS)	\$13M to \$3M	Individual infrastructure deployment versus statewide deployment
Wetlands Mitigation	\$2M to \$500K	Suspension of wetland banking program
Enhancement	\$12M to \$1M	35 fewer projects, 45 fewer miles of non-motorized facilities, 10 fewer miles of streetscapes

Reduced Highway Program Impacts

Expanding the Highway System

- MDOT's goal is to utilize all federal earmark (HPP) funding available
- I-96 at Latson Road, Livingston County will be fully funded.
- US-131 at Constantine, St Joseph County and US-31 (M-231), Ottawa County will be partially funded

Reduced Highway Program Impacts

- Reduced Program will impact economic opportunities and jobs
- Reduced Program will impact system condition gains made over the years

Next Steps

- Communicate Investment Strategy to Regions and Program Managers
- Identify potential projects to be impacted by reductions
- Provide STC with preliminary list of projects based on full and reduced funding scenarios
- Update Five Year Program and present Draft in November