Michigan Transportation Funding Task Force

Traverse City, Michigan
July 21, 2008

Welcome and Introductions

Dennis Gillow, Co-Chairman

Michigan Transportation Funding Task Force (TF2)

- Approval of June 30 Minutes
- Approval of Today's Agenda

Public Comment

Report from the CAC

Gretchen Driskell, CAC Chairperson

What TF2 has learned

- Shifting economy
- Aging infrastructure
- Decreasing revenue, buying power
- Aging population
- Global climate change
- Multi-jurisdictional decision-making

CAC Charge, per P.A. 221

- Create any technical subcommittees necessary
- Receive and comment on subcommittee reports
- Provide majority, minority and individual views
- Report to the TF2

CAC Charge from TF2

- Focus on “economic activity and personal mobility”
- Determine the cost of “doing nothing”
- **Determine the needs** for “good, better and best” levels of service
- Report back by July 21 meeting

CAC Membership

- 19 members appointed by Governor
- Representing transportation, government, business, & shipping
- Knowledgeable, experienced, with access to best available information
- Engaged, committed, attentive to the overall goal

Technical Subcommittees

- Aviation
- Intermodal Freight
- Intermodal Passenger
- Highway, Road & Bridge
- Intermodal Oversight

Defining Terms

- “Do Nothing” – status quo, no policy change
- Good – maintain current service, make it consistent and reliable
- Better – builds a future rather than maintaining a past, moves us forward
- Best – a vision for the future

CAC Report on Transportation Investment Needs

- Aviation – Bill Gehman
- Intermodal Passenger – Sylvester Payne
- Intermodal Freight –Mickey Blashfield & Gloria Combe
- Highways, Roads & Bridges – Robert Struck

Funding Michigan Aviation Needs 2009 - 2030

Public Act 221 of 2007

Citizens Advisory Committee

Aviation Subcommittee

Aviation Team Members

- William Gehman, Chair
- Linda Atkinson
- Daniel DeGraaf
- James Koslosky
- Keith Ledbetter
- Sylvester Payne
- Kirk Steudle
- Robert Struck

What Aviation Means to Michigan

- Over 100,000 jobs at airports
- 1,000 companies operate aircraft in MI
- 50 million Air Passengers Annually
- 1 billion pounds of air cargo annually
- All 83 counties have air access
- 3 airports provide an economic impact of over 8 billion dollars annually

Airports Provide Global Access

- Overnight Package Freight
- Benton Harbor – Whirlpool
- Grand Rapids – China
- Kalamazoo - Stryker

Aviation Industries

- Aviation education
- Aircraft/component manufacturers
- Aircraft overhaul facilities
  - Battle Creek
  - Pontiac
  - Oscoda

Funding Airport Projects

- **Federal Funds, (Can provide up to 95%)**
  - Airways & Airports Trust Fund
  - "Vision 100, Century of Aviation Reauthorization Act"
    - Funding authorization ended in Sept. 2007
    - Continuing resolution through Sept. 2008
    - Reauthorization beyond FY 2008 still in question
- **State Funds**
  - Aviation fuel tax, 3¢ per gallon since 1929
  - Detroit Metro parking tax
  - Airport Safety and Protection Plan bonds (ended 2007)
- **Local Funds**
  - Used to match federal and state grants (can also leverage private funds)
  - Airport Operations

Federal/State/Local Program

- Capital Improvement Program
  - **Block Grant state**
  - **Goal is to maximize federal funds**
  - **Most airports – up to 95% federal funds**
    - **Entitlements**
    - **Set-a-sides**
    - **Discretionary**
    - **State apportionment**

State/Local Programs

All Weather Airport Access

Crack Sealing and Marking

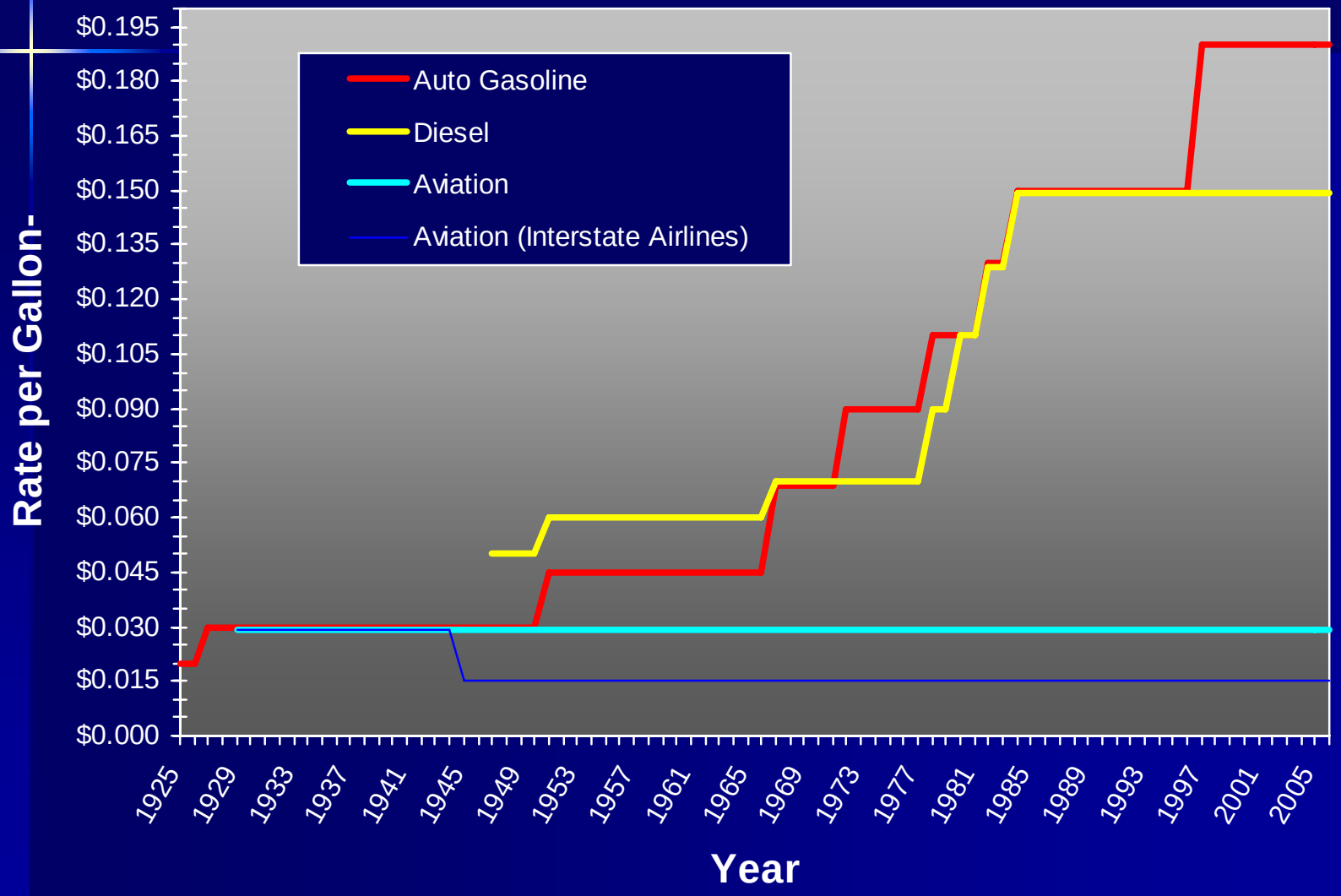
Airport Rescue and Fire Fighting Training

Air Service

Airport Inspection

Airport Approach & Marking

Michigan Fuel Tax Rates



Asset Management

Michigan Airport System Plan

- **Three tier system**
- **Prioritizes Michigan funds**
- **Update draft completed July 2008**

Needs Analysis

- Long Range Plan
- Through 2030
- 5.6 Billion

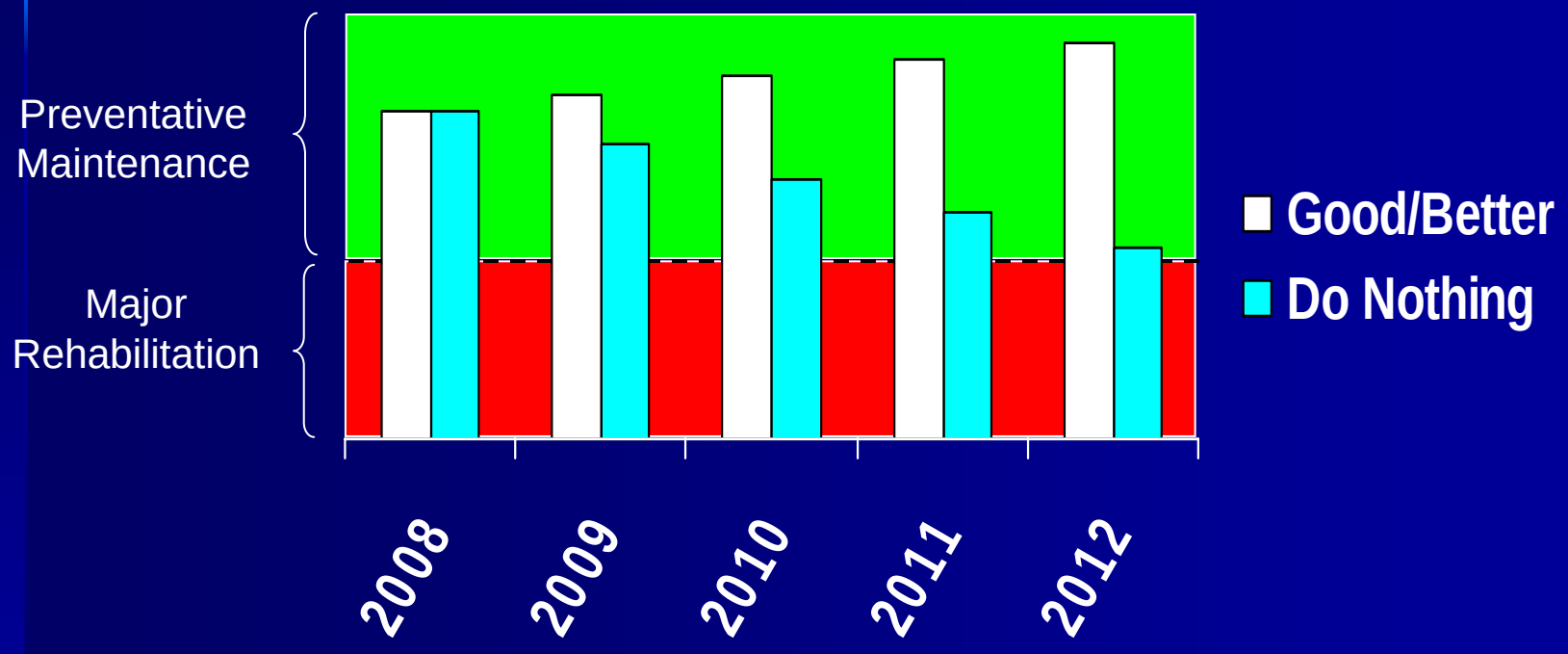
Funding Alternatives

- Do Nothing
- Good
- Better
- Best

Do Nothing

- Lost of federal funds ($336 million)
- Lost of State/Local programs
- Lost of some airports
- Deterioration of airport facilities
- Average funding level- $121,000,000
  - 2009-2030 $2.662 billion

Airport Pavement Condition (Average)



Good

- Reinstatement of some State/Local Programs
- Maintain existing airports
- Limited airport expansion
- Average funding level $242,000,000
  - 2009-2030 $5.324 billion
- Increase of federal funds of $42,000,000
- ADDITIONAL STATE DOLLARS NEEDED

$42,000,000

Better

- All new capital projects would be met
- Meet all goals in the MASP
- Provide full funding for previously-limited State/Local projects
- Be proactive in economic development projects
- Average funding level $327,250,000
  - 2009-2030 $7.2 billion
- Increase in federal funds $76,100,00
- ADDITIONAL STATE DOLLARS NEEDED

$76,100,000

Best

- Long Term Vision
- Seamless Transportation
- Meet the Changing Needs in Air Service
- Proactive in Capacity and Economic Needs
  - 747 Hangar
  - Airport Cargo Facilities
- Aerotropolis Enabled

Alternatives Summary

		Do Nothing	Good	Better
Capital- Preservation of Infrastructure		$77,050,000	$147,400,000	$201,000,000
Capital- Demand/Capacity		$37,950,000	$72,600,000	$99,000,000
Total Capital Needs		*$115,000,000*	*$220,000,000*	*$300,000,000*
Enhanced All Weather Access*		$0	$300,000	$450,000
Enhanced Crack Seal and Pavement Marking*		$0	$1,000,000	$2,000,000
Airport Rescue and Fire Fighting Training (ARFF)*		$0	$100,000	$200,000
Aviation Economic Development Fund (AEDF)*		$0	$6,600,000	$6,600,000
Air Service Program*		$0	$2,000,000	$4,000,000
Sub Total		*$115,000,000*	*$230,000,000*	*$313,250,000*
Program Administration		$6,000,000	$12,000,000	$14,000,000
Annual Total:		*$121,000,000*	*$242,000,000*	*$327,250,000*
Total (2009-2030):		*$2,662,000,000*	*$5,324,000,000*	*$7,199,500,000*
Anticipated Annual Revenues:		*$121,000,000*	*$137,000,000*	*$137,000,000*
Revenues Shortfall by Scenario:		-	***$105,000,000***	***$190,250,000***
Revenues Shortfall Breakdown:	***Federal (40%)***	-	***$42,000,000***	***$76,100,000***
	State (40%)	-	***$42,000,000***	***$76,100,000***
	Local (20%)	-	***$21,000,000***	***$38,050,000***

* Program implemented exclusively with State/Local funds

Funding Options

- Aircraft & Airport Fee Increases
- Aviation Sales Tax
- Tall Structure Permits
- Changes to Aviation Fuel Taxes (i.e. Airline Rebate Changes)
- Other Alternatives

Recommended Efficiencies

- Airport Pavement Management
- MASP Tiering
- Appropriation of Federal Funds
- Project Streamlining
- Air Cargo Demand

Modal Interactions

- Improve Intermodal Conductivity
- Transportation Economic Development Fund

Thank You!

Comments & Questions?

Intermodal Freight

Mickey Blashfield & Gloria Combe

Passenger Transportation Needs and Investment Levels

Report to the Transportation Funding Task Force
From the Citizens Advisory Committee
Intermodal Passenger Subcommittee
July 21, 2008

CAC Intermodal Passenger Subcommittee

- **Sylvester Payne, Intermodal Passenger Subcommittee, Chair**
  Michigan Public Transit Association
- **Linda M. Atkinson**
  General Public
- **Gretchen D. Driskell, CAC Chair**
  Michigan Municipal League
- **Kirk T. Steudle**
  Michigan Department of Transportation

Modal Environment

- Local Transit
  - Local, regional and commuter transit services
  - Bus, light rail, commuter rail
- Intercity Bus
- Passenger Rail
  - Intercity/interstate services (i.e., Amtrak)
- Carpool Lots
- Bicycle and Pedestrian Transportation

Modal Environment

Program	MDOT Funding Source
Local Transit Intercity Bus Passenger Rail	Comprehensive Transportation Fund
Carpool/ Park and Ride Lots Bicycle and Pedestrian	State and Federal Highway Funds

Local Transit, Intercity Bus and Passenger Rail

Local Transit

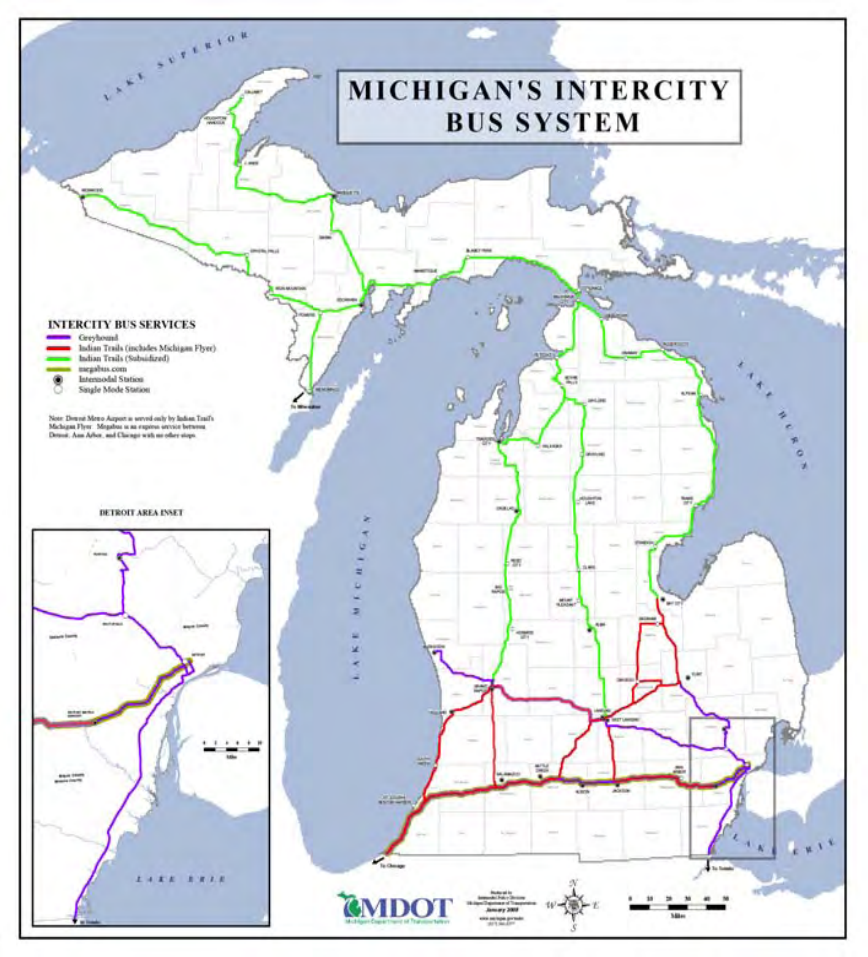
- Served 94 M passengers in FY2007
  - Double digit ridership increases
- Transportation to work, shopping, medical, recreation, and other
- Over 80% of population may access local transit services
- Local transit is evolving in Michigan
  - Current system
    - Community and county level bus systems
    - Fixed route bus in all urban areas and some smaller communities served
    - Some demand response services in all 83 counties
  - Local Transit soon to include rapid bus/rail transit

Michigan's Local Public Transit Services

Intercity Bus

- Three private sector carriers – Indian Trails, Greyhound Lines and Megabus
- Michigan service part of the national network
- Service to 120 Michigan communities
- Essential transportation services students, families, seniors
- Stable ridership
- Five routes in northern Michigan and U.P. dependent on state contracts

Michigan's Intercity Bus System



Passenger Rail

- Intercity/interstate service; part of the national network
- National Railroad Passenger Corporation (Amtrak) ridership and passenger revenue at all time highs
- Serves 22 southern lower Michigan communities
  - Serves Michigan's tourism industry, Michigan Universities and provides alternatives to driving and air travel

Michigan's Intercity Passenger Rail System

Passenger Rail

- Service includes Amtrak national system and MDOT purchased service
  - MDOT Contract Service:
    - Grand Rapids and Chicago - *Pere Marquette*
    - Port Huron and Chicago – *Blue Water*
  - Amtrak Service:
    - Pontiac, Detroit and Chicago – *Wolverine*

Role of State Funding

The Comprehensive Transportation Fund

- Local Transit
  - CTF shares in local operating costs and is used to match federal grants - mandated under Act 51 of 1951
  - 79 transit authorities and 40 specialized service agencies receive CTF funding
- Intercity Bus and Passenger Rail
  - CTF purchases service and infrastructure improvements
  - Five intercity bus routes and two passenger train services are provided via State contract

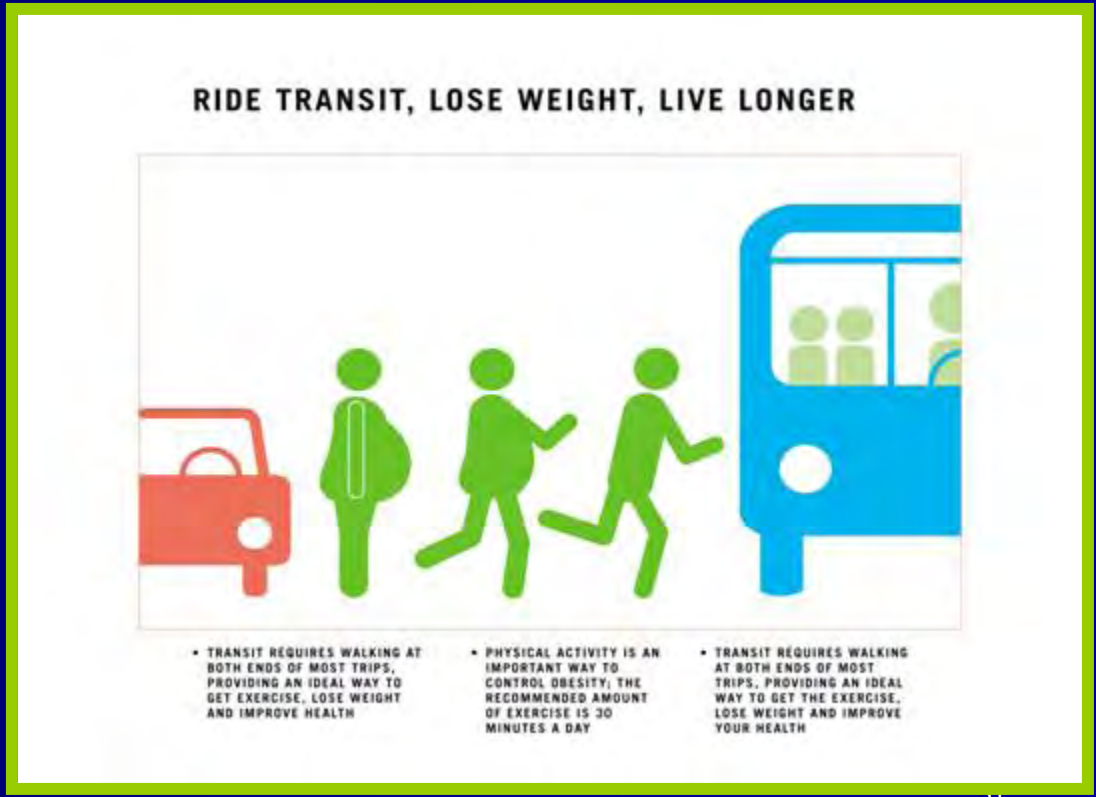
BENEFITS OF INVESTMENT IN PUBLIC TRANSIT

Investment Benefits

- Mobility Yields Economic Returns
  - Essential transportation for transportation-disadvantaged yields 852% return on investment
  - For example
    - Doctor visit via transit prevents costly hospitalization
    - Transit provides access to employment persons with disabilities

Investment Benefits

- Enhances Community Health and Personal Health
  - Transit Service and walkable communities lead to increased social interaction, physical fitness and reduced crime

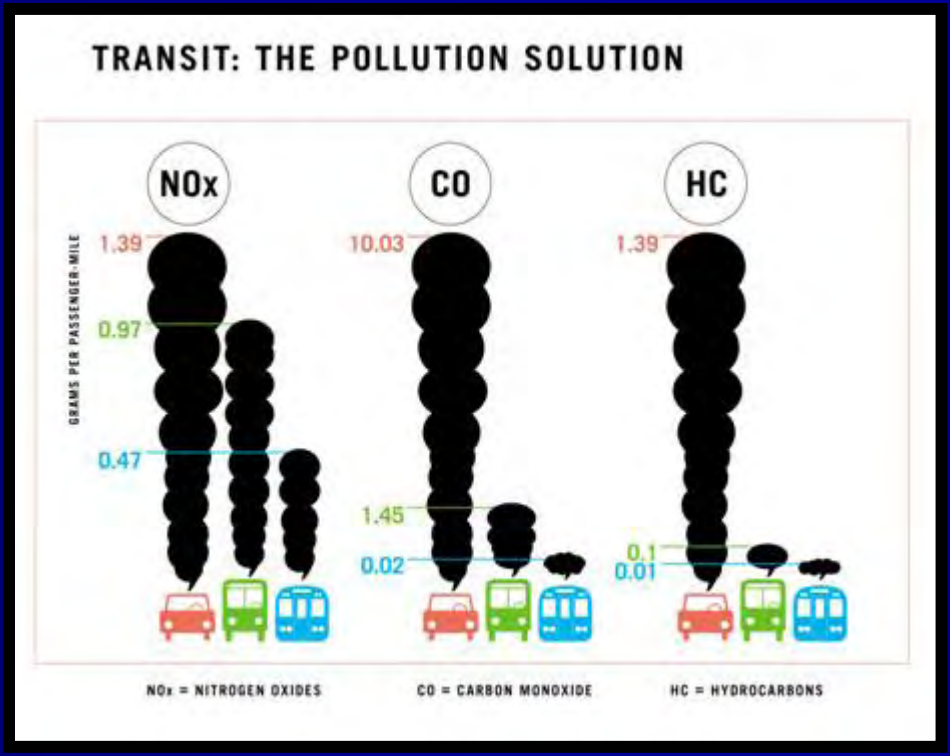


Investment Benefits

- Reduced Fuel Consumption
  - Nationally - 45 M barrels of oil saved per year by the use of public transit
- Enhanced National Security
  - Passenger rail mitigates the negative impacts energy supply disruptions or energy price increases
  - Assures redundant transportation modes

Investment Benefits

- Reduced Highway and Airway congestion
  - Via Local Transit and Intercity passenger rail
- Improved Air Quality
  - Reduces CO2, NO_x, HC emissions
  - Leads to land use and travel pattern changes that can improve air and water quality



Investment Benefits

- More benefits possible with local RAIL transit
  - Benefit to cost ratios for specific rail transit projects as high as 9:1
  - When compared to bus only cities, large rail cities have:
    - 400% higher per capita transit ridership
    - 14% lower per capita consumer transportation expenditures
    - 19% smaller portion of household budgets devoted to transportation
    - 33% lower transit operating costs per passenger-mile
    - 58% higher transit service cost recovery

Investment Benefits

- Increased Property Values
  - Dallas, Texas:
    - Offices near suburban rail transit stations increased value 53% over comparable properties not served by rail
    - Residential property values increased 39%

Investment Benefits

- Increased Economic Development
  - Development community see access to transit as very important amenity
  - Denver, Colorado - Growth in corridors with light rail
    - 17.6% increase in retail space
    - 7.5% increase in residential units
    - 7.2 % increase in office space

Investment Benefits

- Portland, Oregon - Vibrant New Mixed Use Neighborhood
  - Over $2.8 billion invested within 3 blocks of new rail transit service

Investment Benefits

- Access to Federal Funds
  - In FY 2006 about $4.4 billion - more than ½ all federal transit funds - went to SIX states with largest state investments
  - Michigan can receive federal funds available for rapid transit that are going to other states
  - Dallas, Texas Light Rail - $12 million in FY2006; $80 to $84 million in EACH of FYs 2007 and 2008
  - Denver, Colorado Light Rail – $35 to $80 million in EACH of FYs 2006, 2007 and 2008
  - Salt Lake City Light Rail, Bus Rapid Transit and Commuter Rail - $102 million in FY2008
  - Minneapolis, Minnesota Light Rail and Commuter Rail - $64 million in FY2008

CRITICAL CHALLENGES

Critical Challenges

Michigan is losing out on many of the Investment Benefits

Critical Challenges

- Business recruitment and job creation hampered by Michigan's lack of transportation options
- Michigan cities competing with other metro areas that have modern public transportation systems
- Tourism in Michigan suffers as vital tourism destinations, sports facilities, events, and downtowns are not connected by modern and efficient transit
- <u>Significant investment in modern transit is not an option for Michigan - it's an urgent necessity</u>

2007-2008 Testimony Before Michigan Public Transit Subcommittee of the House Standing Committee on Transportation

Critical Challenges

- Public Needs Transportation Options
  - *MI Transportation Plan: Moving Michigan Forward*
  - Preferred Transportation Vision includes the following:

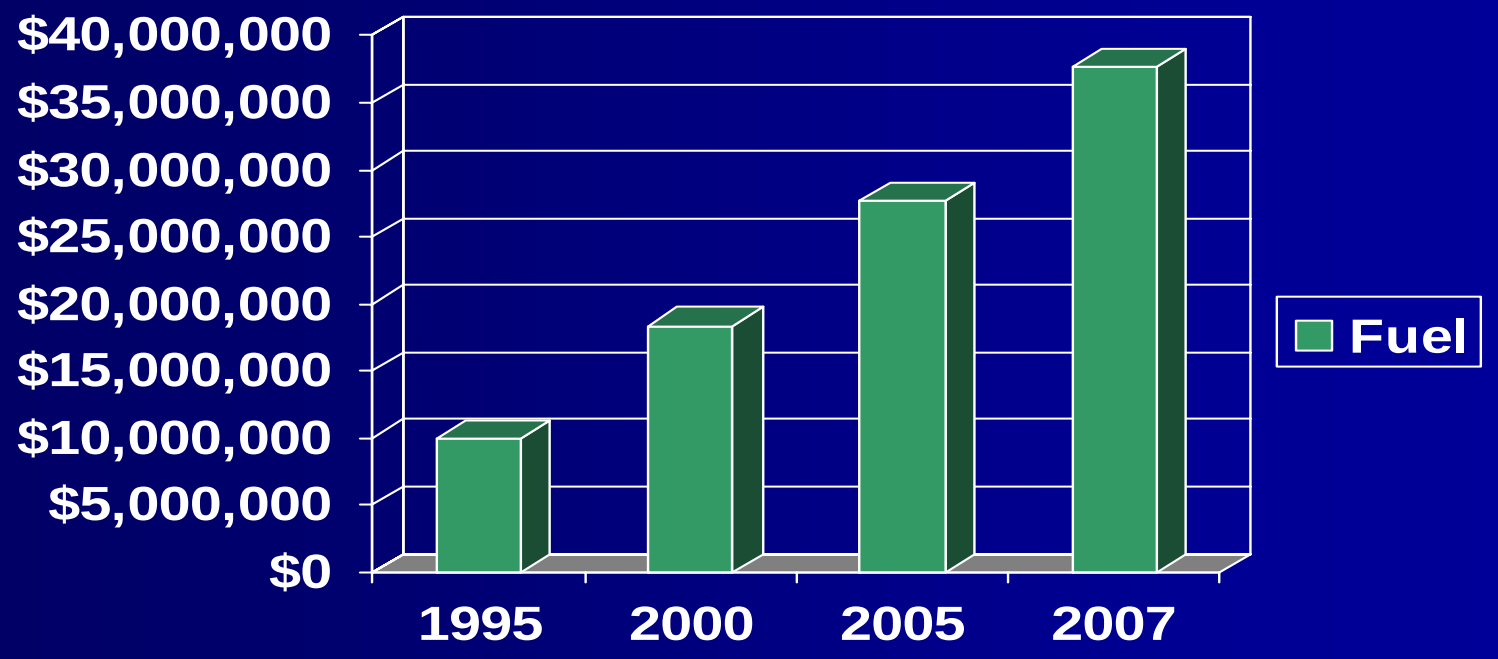
    "*The transportation system in 2030 will be responsive to the public's demand for more transit and non-motorized choices*"

Critical Challenges

- Demand/Need for Transit Increasing
  - Fuel costs increased 29.1 percent since July 2006
  - By 2030, the senior population (over 65) will have doubled
  - Transit usage in Michigan up significantly for both local transit and passenger rail
  - Some areas have experienced increases of 10% to 20%

Critical Challenges

- Cost of Service Increasing



Local Transit Fuel Expenses

Critical Challenges

- CTF Revenues Declining
  - Cannot maintain the existing system
  - Cannot leverage available federal funds
  - Cannot provide for system growth and modernization

INVESTMENT SCENARIOS

CURRENT INVESTMENT – Local Transit, Intercity Bus, Passenger Rail

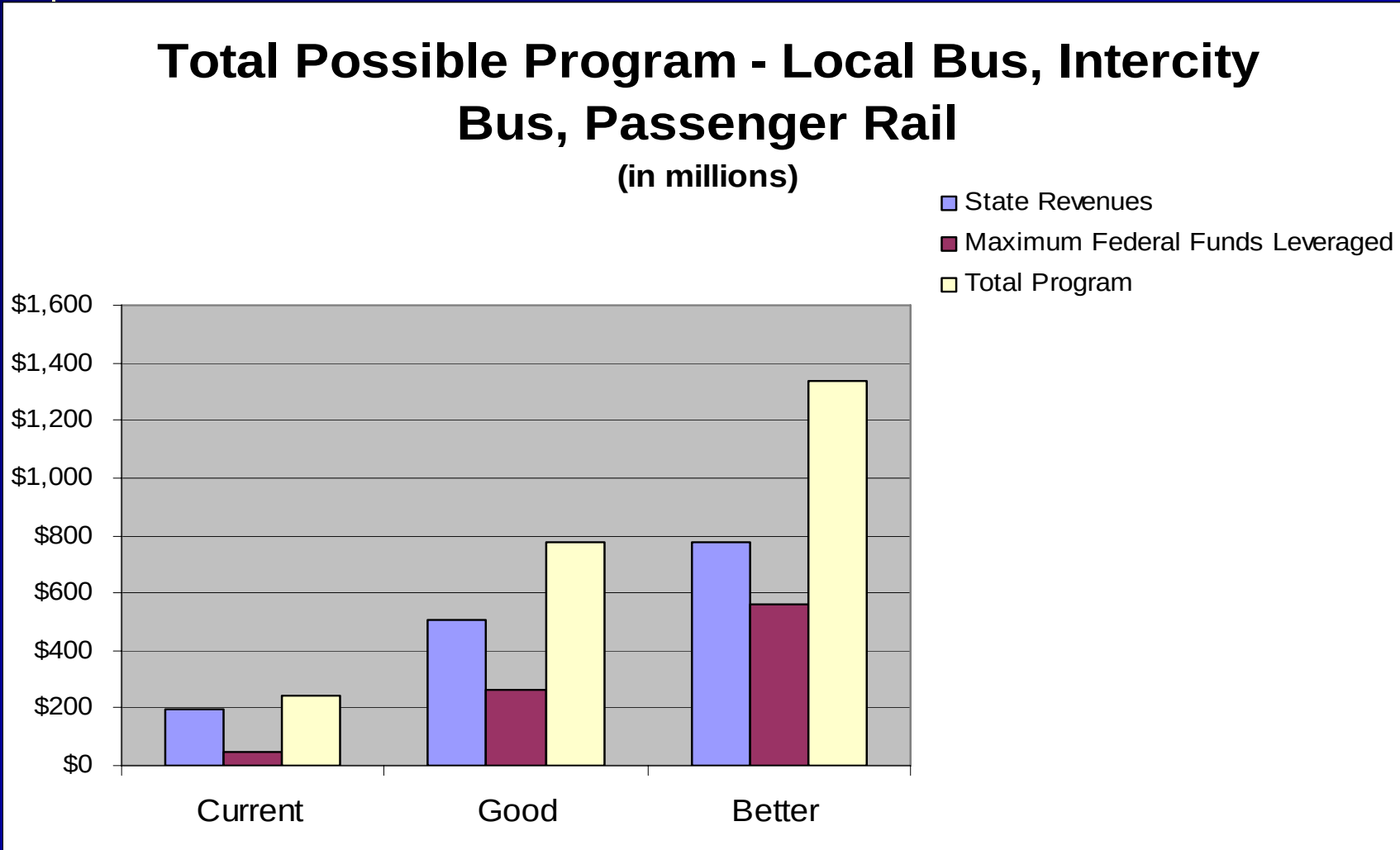
Local Transit, Intercity Bus, Passenger Rail

(Average Annual Program FY2009 – FY2013)

TOTAL POSSIBLE PROGRAM			
	Current (Declining Revenues)	**Good**	**Better**
State Program	$192,890,000	$507,636,734	$778,635,112
Maximum Federal Funds Leveraged	$47,866,700	$265,095,000	$557,295,000
TOTAL PROGRAM	$240,756,700	$772,731,734	$1,335,930,112

Local Transit, Intercity Bus, Passenger Rail

(Average Annual Program FY2009 – FY2013)

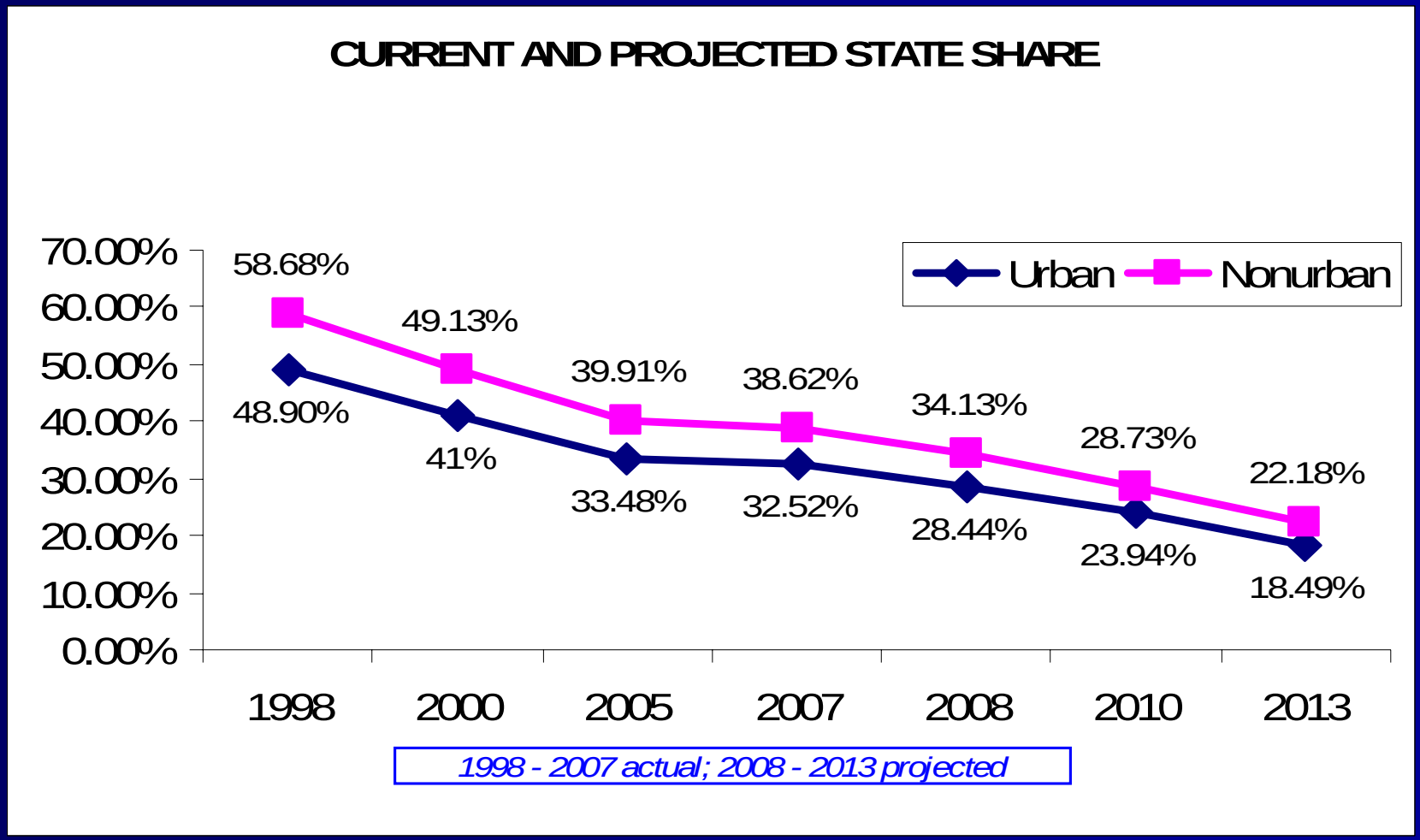


Current Investment

$192.9 million in state revenues leveraging $47.9 million in federal funds

Current Comprehensive Transportation Fund Revenues insufficient to maintain the <u>existing</u> system

Local Transit Operating Assistance Trend



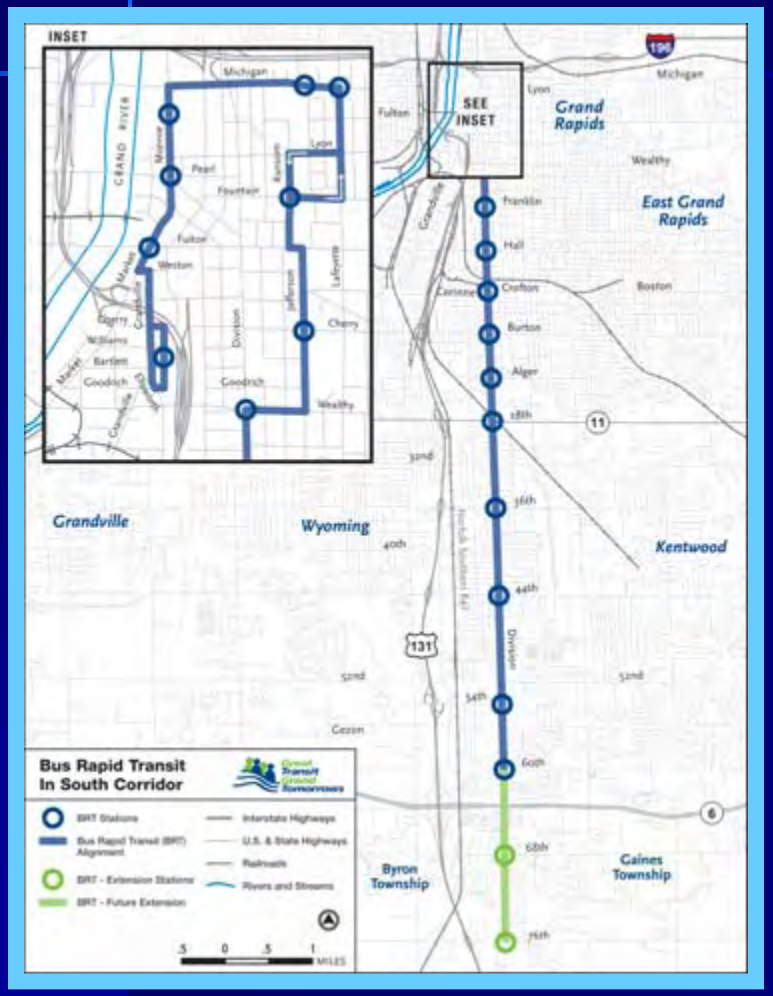
GOOD INVESTMENT-
Local Transit, Intercity Bus and Passenger Rail

Results of Good Investment

$507.6 million in state revenues; leveraging up to $265.1 million in federal funds

- Four new rapid and/or regional transit projects are able to proceed:
  - Grand Rapids area Bus rapid transit
  - Woodward Avenue Light rail transit
  - Ann Arbor to Detroit Commuter rail (demo)
  - Howell to Ann Arbor Commuter rail
  - Match to leverage ~ $100 million/yr in federal competitive grants

Grand Rapids Bus Rapid Transit



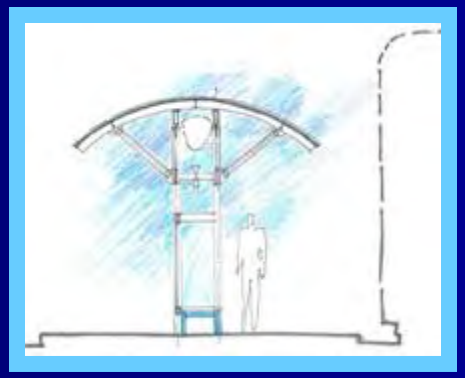
- Bus Rapid Transit in the Division Street Corridor
- Federally approved project – ready to go!
- Dedicated bus lane
- Hybrid electric low floor buses
- State-of-the-art technologies and station design
- Estimated 400% Return on Investment

Ann Arbor - Detroit Regional Rail

- Route length: 38.2 miles
- Demo service scheduled - 2010 start
- Connections to Metro Airport
- Assists in qualifying for a $100 million federal funds
- Region transit plan corridor
- Estimated annual passengers: ~ 245,000

Ann Arbor - Howell Commuter Rail Proposal

- Great Lakes Central RR
- Average daily ridership of estimated at 1,300 roundtrips per weekday
- Initial start-up costs: $32.5 M
- Estimated annual operating costs: $7.4 M
- Route length: 27 miles



Results of Good Investment

$507.6 million in state revenues; leveraging up to $265.1 million in federal funds

- Local bus agencies able to maintain and expand/enhance services as needed
  - Stabilized state operating assistance
  - Leverage all routine federal capital grants (~ $150 million/yr)
- Expanded transportation services targeted at Michigan's senior population

Results of Good Investment

$507.6 million in state revenues; leveraging up to $265.1 million in federal funds

- Do other States really invest $500 million in public transportation a year? YES!
- FY2006 State Investments in Public Transportation
  - New York: $2.6 billion
  - California: $2.2 billion
  - Pennsylvania: $822.8 million
  - Illinois: $489.2 million

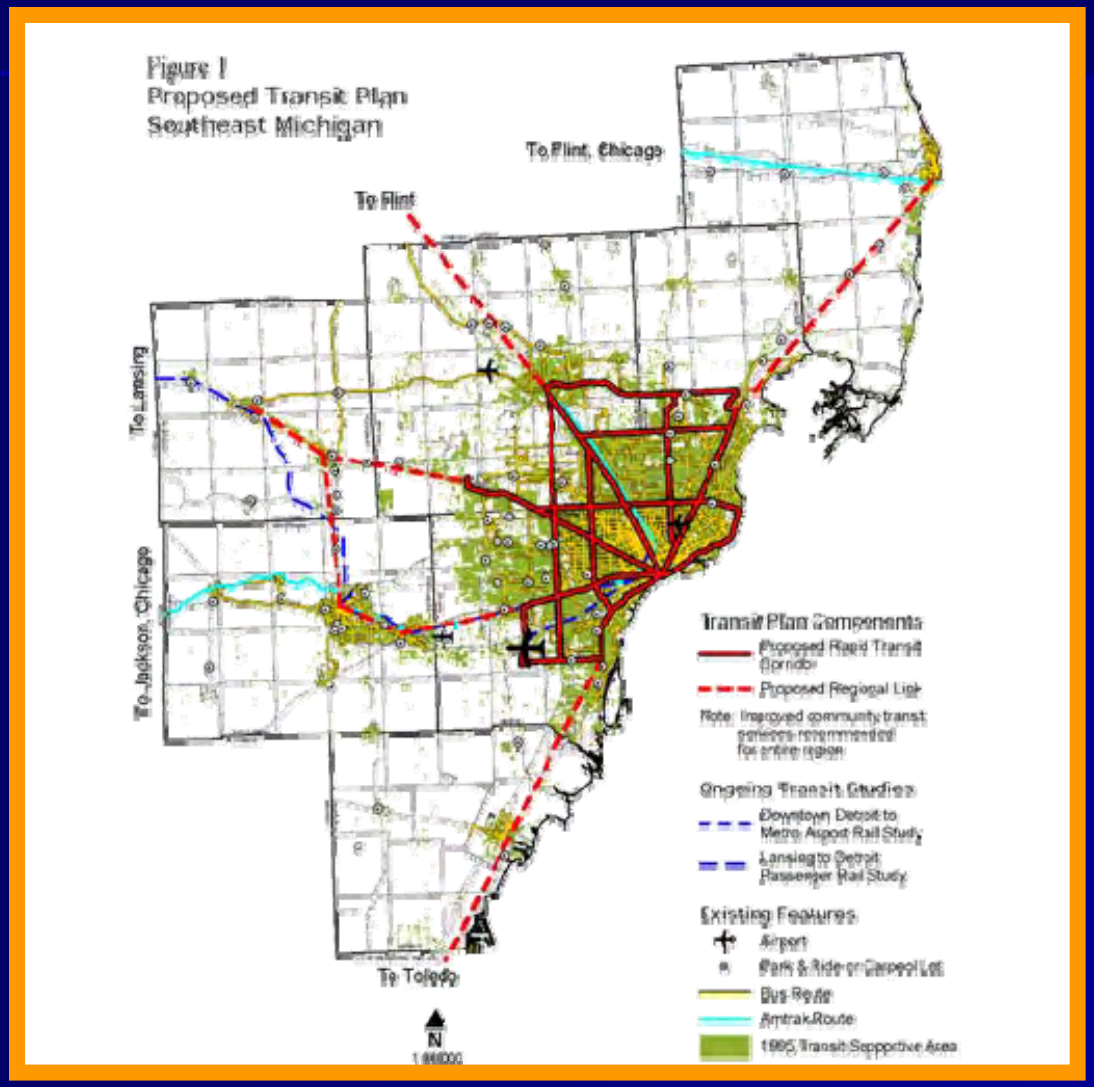
BETTER INVESTMENT
Local Transit, Intercity Bus and Passenger Rail

Results of Better Investment

$778.6 million in state revenues; leveraging up to $557.3 million in federal funds

- Significantly expanded rapid transit in Michigan's urban centers
  - Can compete for another $160 and $320 million/yr in federal transit funds (at 80/20)
  - Option of overmatching (providing more than 20%) to be more competitive for federal funding.

Southeast Michigan Transit Plan



Results of Better Investment

$778.6 million in state revenues; leveraging up to $557.3 million in federal funds

- Development of rapid/rail transit in corridors not federally competitive
  - Allows for 100% funds for selected rapid/rail transit projects
  - Other U.S. regions - some portion of each system must be built without federal funds

Results of Better Investment

$778.6 million in state revenues; leveraging up to $557.3 million in federal funds

- Significantly enhanced intercity-interstate passenger rail service
- Michigan invests as part of region-wide investments for high-speed, high frequency passenger rail throughout Midwest

Carpool Lots, Bicycle and Pedestrian

Michigan's Carpool Lots

- 231 carpool lots located statewide
- 70% of lots near congested routes

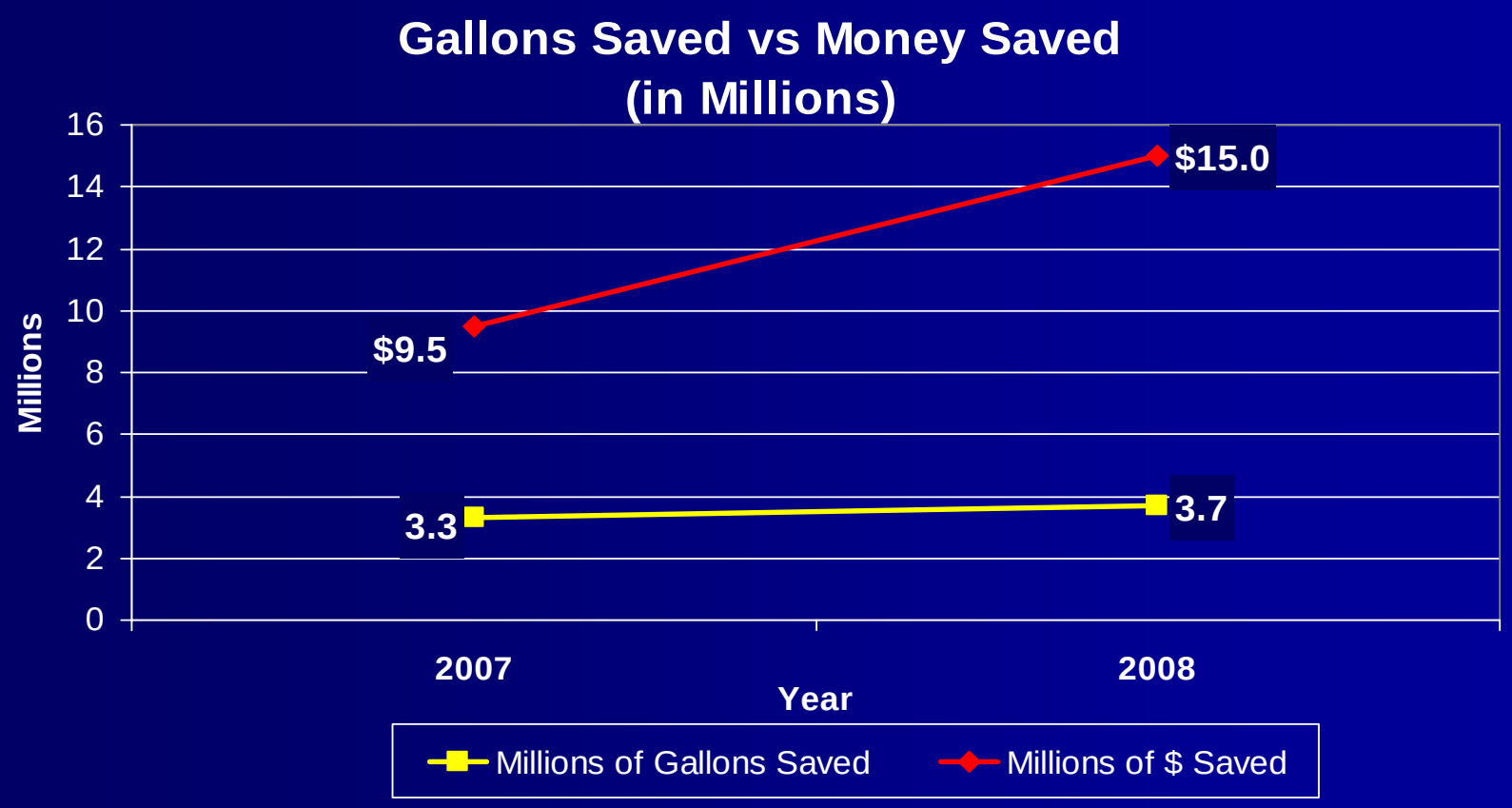
Carpool Lot Program

- Carpool Lot Usage
  - 3,900 vehicles parked per day in 2008
  - Approximately 11,000 vehicles removed from the roadway per day
  - Increase of 13% from 2007

Carpool Economic Benefits

- Estimated Annual Benefit 2008
  - 3.7 million gallons of fuel saved
  - $15 million returned to Michigan's economy (based on average price of $4.00)
  - 225 jobs generated from consumer spending

Carpool Economic Benefits



2007 Cost based on $2.87/gal –2008 Cost based on $4.00/gal

Carpool Investment Options

	Current	Good	Better
Preservation	$600,000	$850,000	$1,350,000
Expansion	$500,000	$1,000,00	$3,000,000
CMAQ	*$500,000*	*$500,000*	*$500,000*
Intermodal	X	X	25 percent Contribution from transit agencies

Highlights of Investment Scenarios

- **Current:** Unable to meet demand in developed areas
- **Good:** Builds two new lots per year
- **Better:** Resurface several large lots
  Construct new multi-modal facilities

2007 Rails to Trails System

- MI ranks #2 in the number of rail trails
- Preserves corridors for future use

Bicycle and Pedestrian Transportation

- Supports an integrated, intermodal transportation system
  - Economics of Bike-Pedestrian Accommodations
  - Michigan's Rails-to-Trails System
  - State Needs
  - Local Needs

Bicycle and Pedestrian Transportation

- Positive Economic Benefits
  - Investment in infrastructure – creates or retains jobs
  - Expenditures by trail users
  - Increase in residential property values
  - Boosts tourism
  - Supports local agriculture farmers markets)

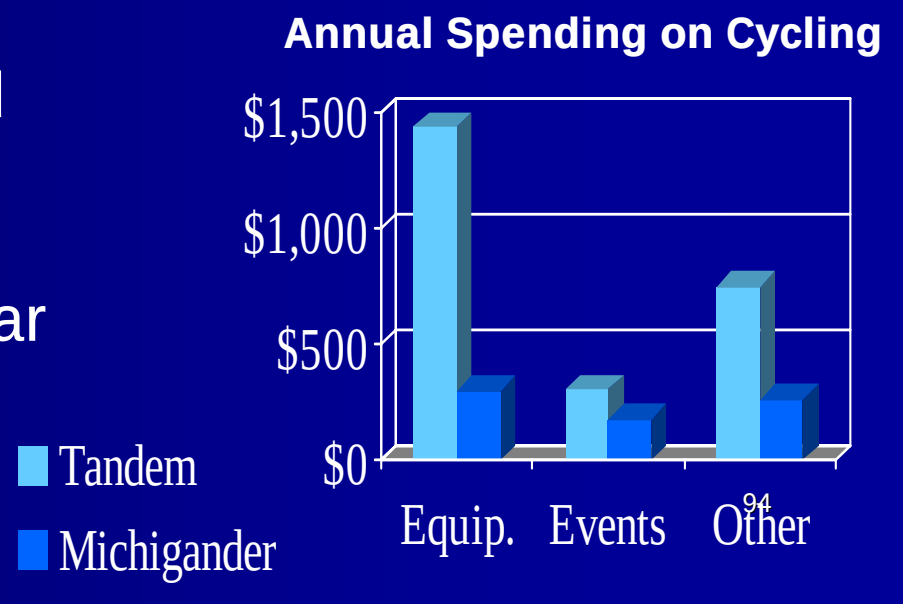
Infrastructure Investment

- Pere Marquette Partnerships: MDOT, DNR, foundations, local governments, tribal funds and in-kind services

- Partnership investment $6.1m
- Local firms hired
  - Economic stimulus
- Supported 111 jobs
- 20 miles linking 4 communities

Bicyclists and Trail User Expenditures

- Bicycle tourism = minimal impact on the infrastructure
  - Improves air quality
  - Generates local revenues
- Organized rides can generate $233 to $566 / travel party
- Support local food, retail and lodging
- Bicyclists avg. $2,500 per year in expenditures



Linear-Trails Support the Economy

Additional Investment can:

- Complete Gaps
- Create New and Support Existing Jobs
- Generate Revenues for Local Economies
- Support State Tourism

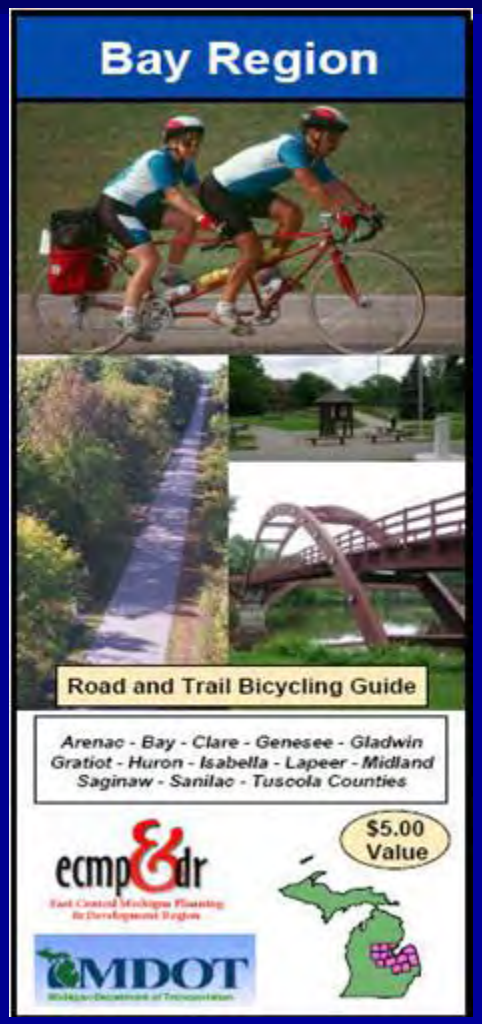
Local Bicycle & Pedestrian Transportation Program

	Current (Do Nothing)	Good	Better
Pedestrian only facilities (sidewalks & ADA curb ramps)	$9,600,000	$19,000,000	$48,000,000
New multi-use pathways	$0.00	$112,000,000	$157,900,000
Reconstruction of existing multi-use pathways	$0.00	$0.00	$99,000,000
TOTAL	**$9,600,000**	**$131,000,000**	**$304,900,000**

- Needs are greater than resources available
- Underscores the importance of partnerships

Investment Benefits

- Improves Quality of Life & Health
- Increases Transportation Options
- Strengthens Networks for Commuting
- Supports Safe Routes to Schools
- Enhances Tourism
- Reduces Congestion
- Fills trail gaps
- Reconstructs old trails
- ADA Compliance



BEST INVESTMENT

Best Investment

- *A passenger intermodal system that is*
  - *Innovative*
  - *Recognized internationally as a model that provides choices for all urban trips*
- *Quality local bus service throughout Michigan*
- *Comprehensive metropolitan transit systems, including extensive metropolitan commuter rail*
- *High speed, high frequency intercity rail*
- *Transit advantaging infrastructure*
- *Innovative technologies developed by our leading universities - tested and implemented in partnership with state and local governments*
- *Michigan a leader in integrated, seamless transportation options*

CONCLUSIONS

Intermodal Passenger Average Annual Investment Levels

Program	Current	Good	Better
Local Transit Intercity Bus Passenger Rail	$240,756,700	$772,731,734	$1,335,930,112
Carpool Parking Lots	$1,600,000	$2,350,000	$4,850,000
Bicycle and Pedestrian	$9,600,000	$131,000,000	$304,900,000

SOME GRAPHICS TAKEN FROM:

TRANSIT REBORN

An Illustrated Guide to the Challenges Public Transportation Has Faced to Assume its Critical Place in 21st Century America

Created By: Jeffrey M. Zupan, Transportation Consultant

Graphics By: HelloNYC

Underwritten by the private sector business members of the American Public Transportation Association and the Public Transportation Partnership for Tomorrow (PT)^2.

Questions?

Highway, Road & Bridge Subcommittee

of the

Citizens Advisory Committee

to the

Transportation Funding Task Force

Chairman

Robert C. Struck

Michigan Association of Counties,

Member, Marquette County Board of Commissioners

Subcommittee Members

Members:	Representing:
Robert C. Struck, Chair	Michigan Association of Counties
Brent O. Bair	County Road Association of Mich.
Mickey Blashfield	Michigan Trucking Association
Daniel M. DeGraaf	Michigan Concrete Paving Association
Michael W. Fikes	Mich. Bldg. & Constr. Trades Council
Russell A. Gronevelt	American Council of Eng. Companies
James A. Klett	Asphalt Paving Association of Michigan
Keith P. Ledbetter	Mich. Infrastructure & Transp. Assoc.
William A. McFarlane	Michigan Townships Association
Steward E. Sandstrom	Michigan State Chamber of Commerce
Kirk T. Steudle	Michigan Department of Transportation

Introduction:

Michigan's Roads are in Crisis

- Our roads are **bad** and **getting worse**
- What others are saying about **Michigan's roads**:

  - Truckers: **3rd worst in nation**

  - Reason Foundation: **8th worst in nation**

  - Mich. Asset Mgmt. Council:

    88% increase in road miles in "poor" condition between '04 and '07

Modal Environment - Roads

Infrastructure inventory:

- 8th largest road system in nation
- 6th largest local road system
- 4th largest county road system
- 28th largest state highway system

Jurisdiction:

Agency	Route Miles %	Lane Miles %	traffic %
MDOT	8%	11%	51%
County & Municipal	92%	89%	49%

Modal Environment - Bridges

Bridges by jurisdiction:

Agency	number	% of total	traffic %
MDOT:	4,414	40.8%	81.2%
County:	5,611	51.9%	13.2%
Municipal:	792	7.3%	5.6%

Modal Environment – Ancillary Elements

- Ancillary:
  - pavement markings,
  - traffic signals & signs,
  - guardrail,
  - drainage systems,
  - etc.

- Often neglected in need studies.
- Constitute 9% of past investment by both road commissions & MDOT.
- Necessary for safety & maintenance of system.

Economic Benefits of the Road System

- Few other public elements of society directly impact so many people.
- Every citizen depends on roads in one way or another.
- Most businesses rely on roads to:
  - Move products to market
  - Move materials to factories
  - Get employees to and from work

- A good road system stimulates the economy & improves quality of life.

Michigan's Historic Funding Role

- State taxes have been the primary source of road funding.
- Michigan has for decades underfunded its roads compared to other states.

Critical Challenges to the Systems

- History of underfunding roads
- Declining funding
- Rising construction & maintenance costs
- Aging infrastructure
- Growing demand

State's History of Underfunding Roads

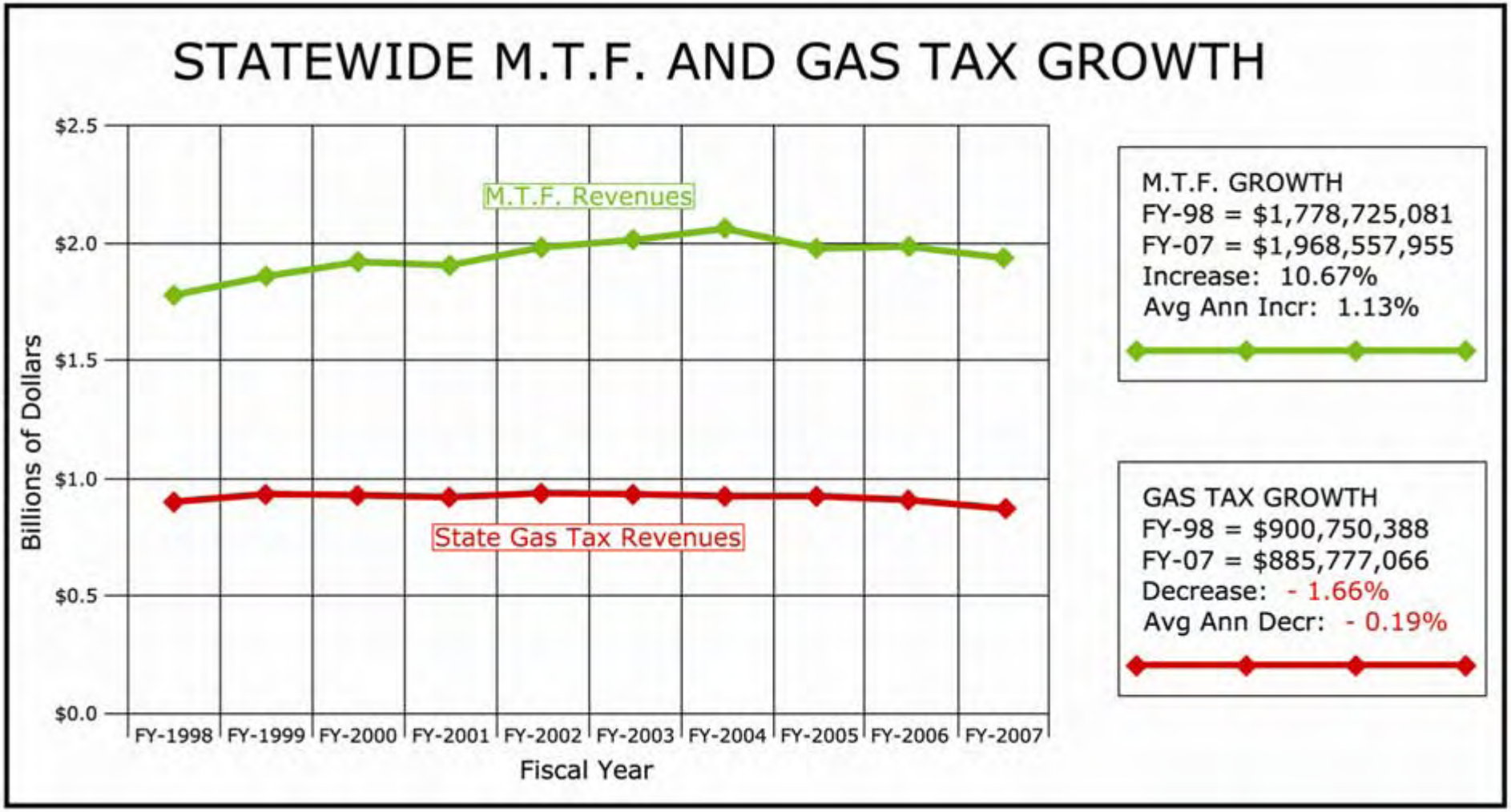
Per Capita State & Local Expenditures (Michigan's Rank in the Nation)

Expenditures	1964	1974	1984	1988	1992	2005
Health	5	8	9	3	12	13
Education	11	7	10	7	11	13
Welfare	31	5	3	8	17	34
Roads	**43**	**44**	**42**	**44**	**49**	**44**

Source: U.S. Census Bureau

Roads: Michigan's forgotten priority!

Declining Funding



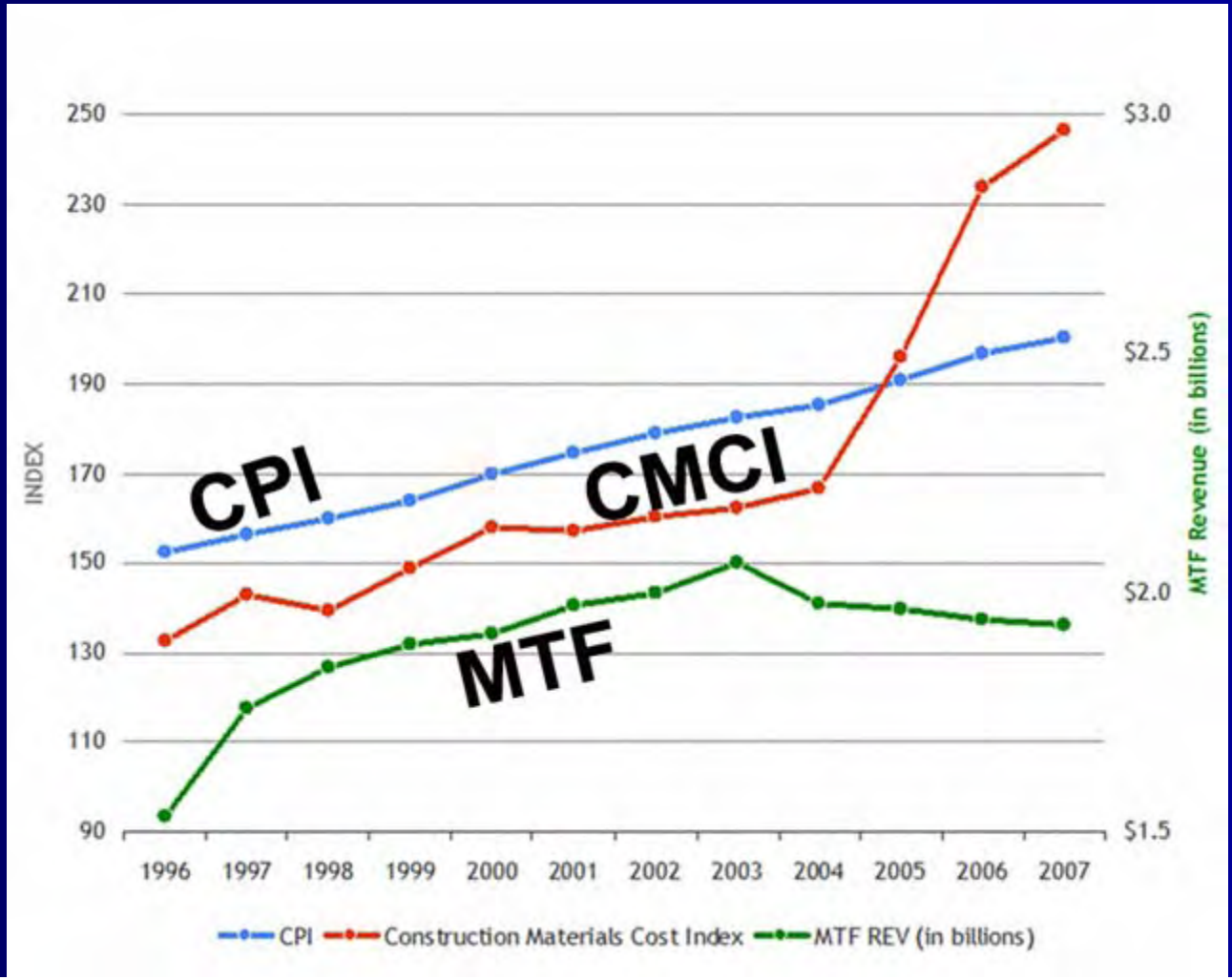
Declining Gas Tax Revenues

- While the MTF has been declining for the last 18 months, the gas tax (the largest contributor to the MTF), has been declining for years.

- The cumulative gas tax loss = more than $65 million, 2003 through 2007.

Rising Costs

CPI & Construction Cost Index vs. MTF (1997-2007)



Example: One road commission's actual expenses:

Operating (MTF) Revenues

Increase, FY1998 - FY2007: 11%

Cost Increase Examples (98-07)

Item	% Increase
Gravel	20%
Asphalt	48%
Salt/plow truck	74%
Plow blades	89%
Sign posts	95%
Guardrail & hardware	113%
Traffic signal cable	140%
Fuel	300% +

Aging Infrastructure

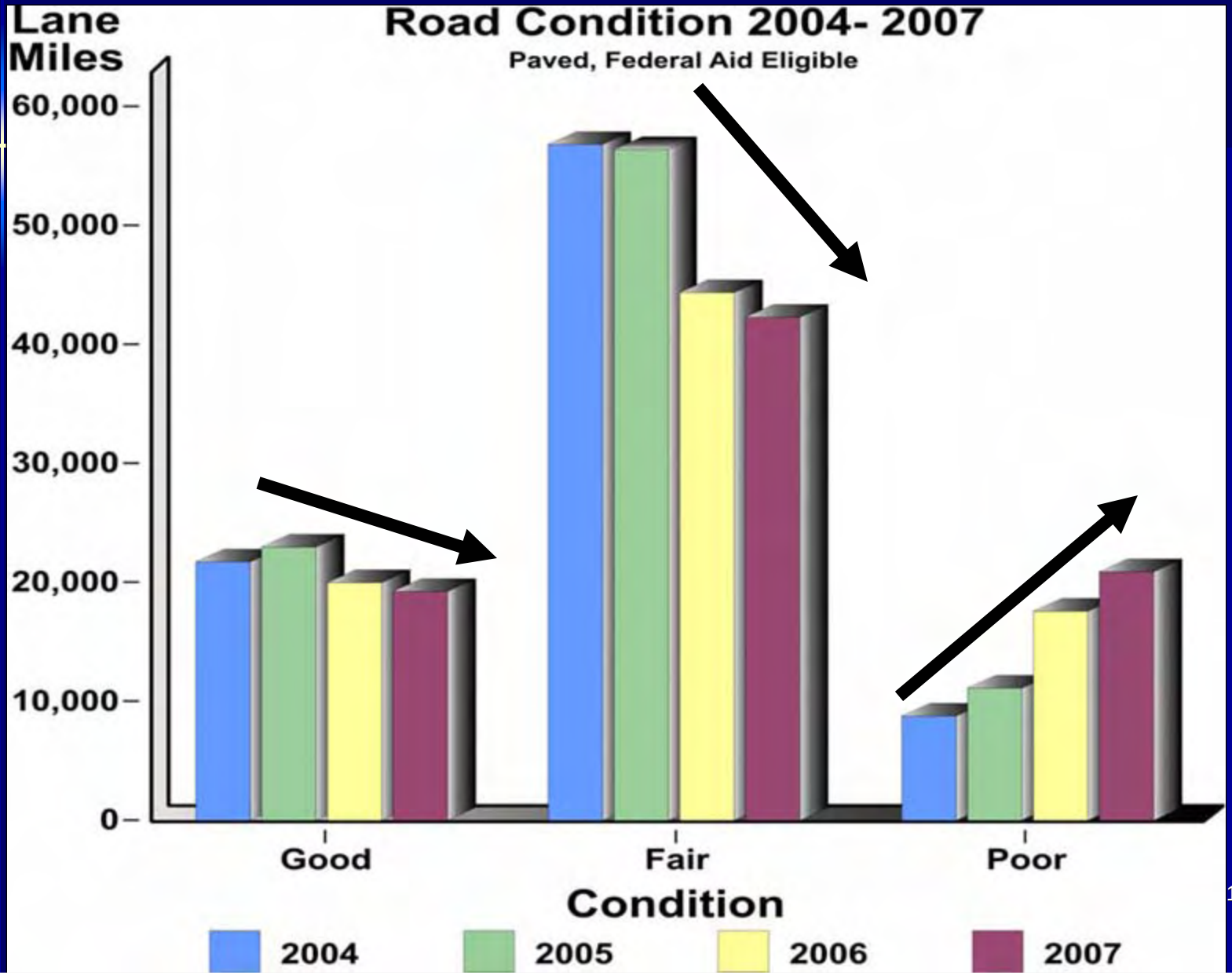
- By 2015, 30% of the state's federal-aid-eligible roads will be in poor condition.
- By 2015, 23,000 lane miles of federal-aid road lanes will need rehabilitation or reconstruction.
- At current funding levels, only 876 of those lane miles (3.8%) could be addressed.

Growing Demand

- Between ’03 and ’06, vehicle miles traveled (VMT) increased 1.2% per year.
- Even with the current economic downturn, experts predict VMT will continue to grow over the long-term.
- EPA predicts by 2030, VMT will increase 36.8% statewide.

Impacts of These Challenges to the System

Condition of the Federal-Aid System

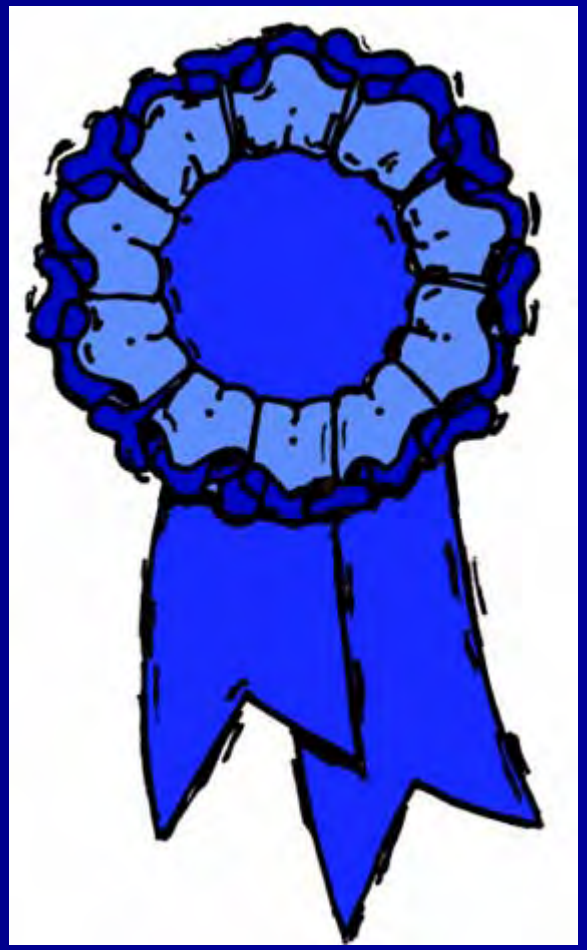


Time is NOT our Friend

- The longer we wait to address the condition of the system, the more expensive the fix will be.
- The 2007 Asset Management Council Report found:
  - it would have cost **$3.7 billion** to bring all poor & fair federal-aid roads to a good rating in 2004.
  - By 2007, that cost had risen to **$6.6 billion**.

Should we listen to the Asset Management Council?

- In 2005, *Governing* magazine recognized Michigan as an outstanding leader for its Asset Management program (among other things).



Condition of the Local System

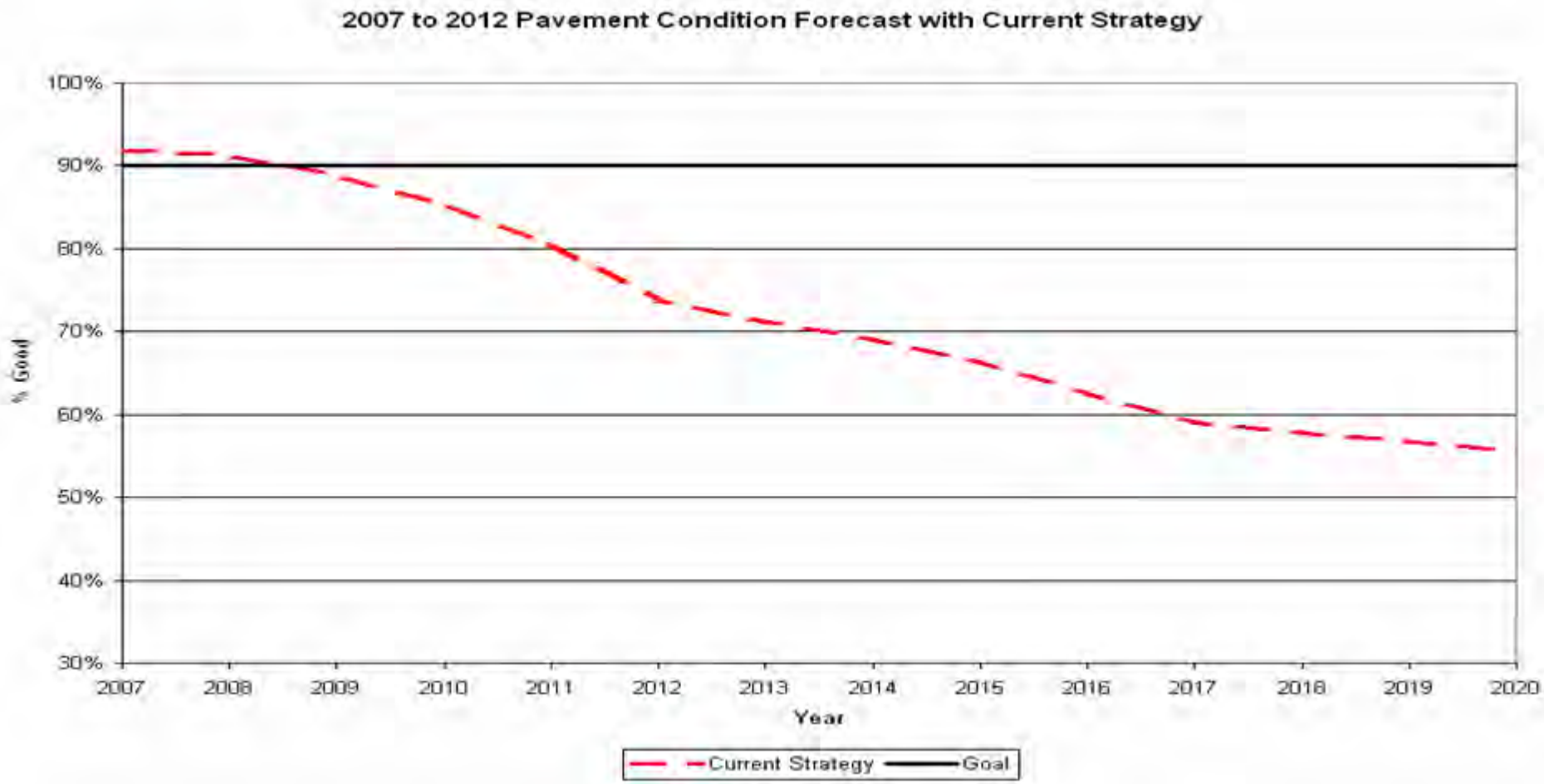
- County road needs for the next 10 years:
  - Reconstruction – nearly 23,000 miles
  - Resurfacing – nearly 31,000 miles
  - Pavement preservation – nearly 36,000 miles
- Municipal street needs for the next 10 years:
  - Reconstruction – nearly 4,900 miles
  - Resurfacing – nearly 8,700 miles
  - Pavement preservation – nearly 7,600 miles

Condition of the MDOT System

MDOT needs for the next 10 years:

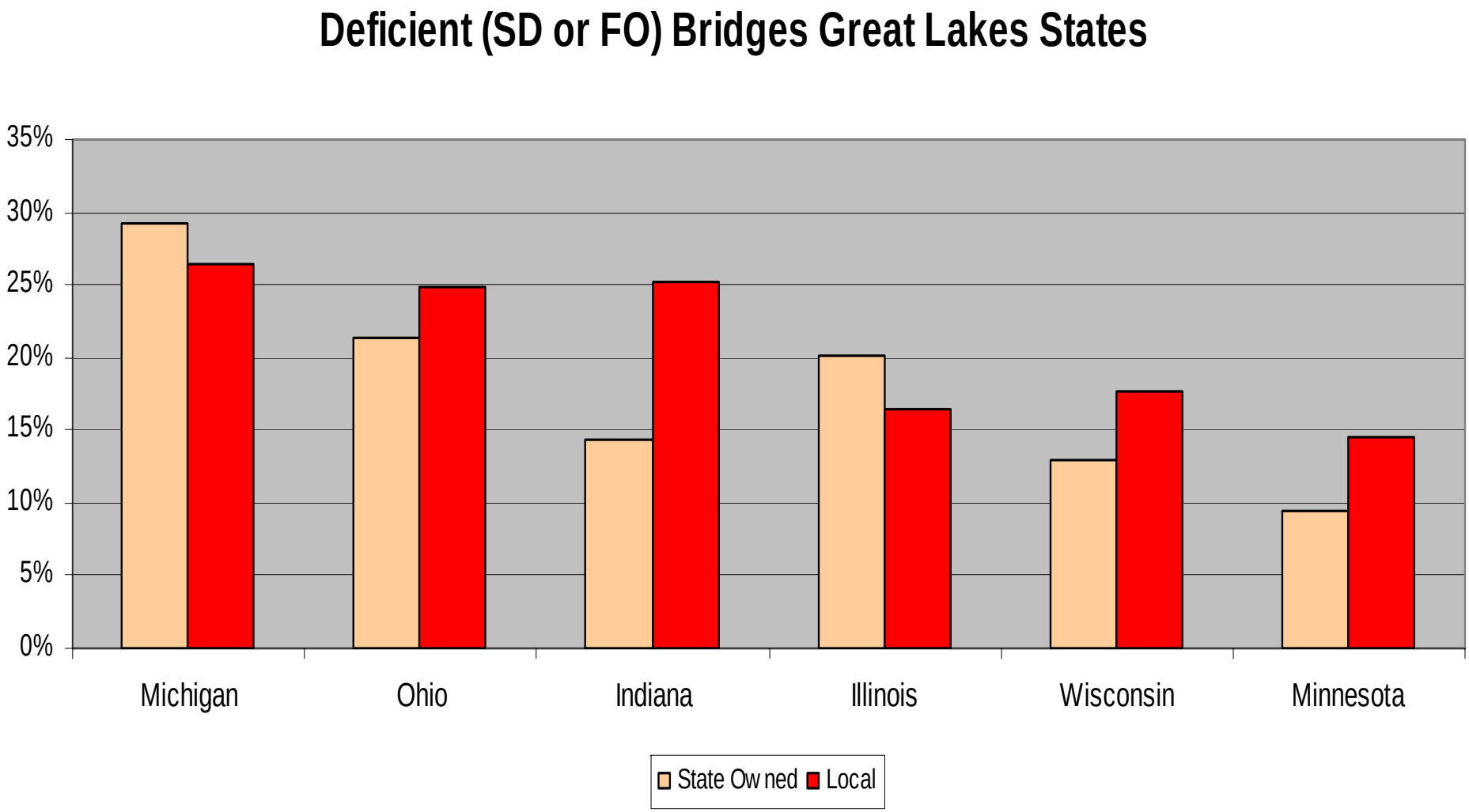
- Reconstruction – 4,000-plus lane miles
- Resurfacing – 7,000-plus lane miles
- Preventive maintenance – 25,000-plus lane miles

MDOT Trunkline Pavement Condition Forecast

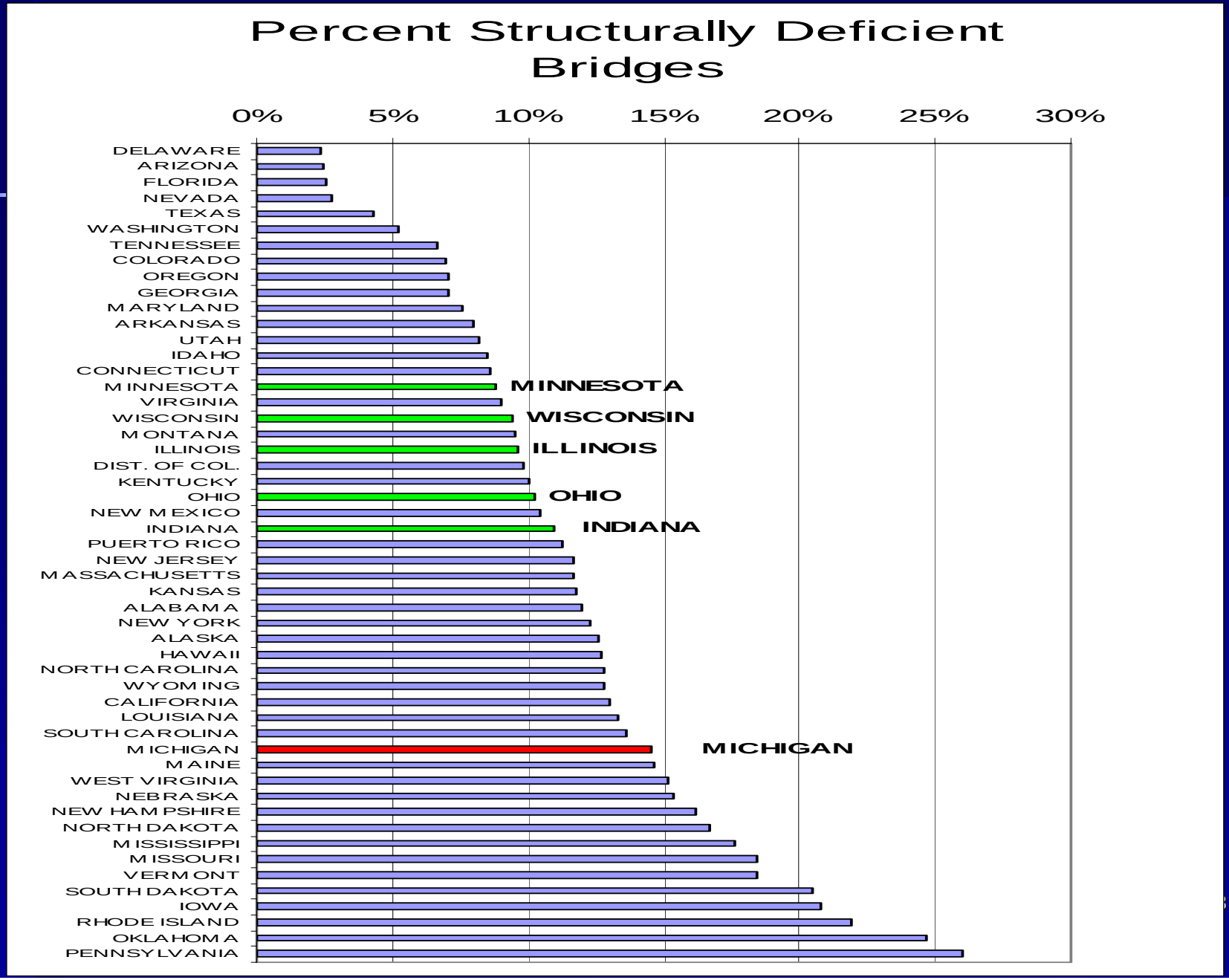


Source: MDOT ROES data, 30 April 2008

Condition of Bridges



MI Bridge Condition Compared to Other States



The Cost of the Inadequate System

- **$7 billion annually** – lost time, wasted fuel, crashes, etc.
- **$1,671 annually** per driver
- **$2.3 billion annually** – cost of congestion alone
- **54 hours of delay annually** per driver due to congestion in the Detroit area.

Safety Impacts of the Inadequate System

- Total crashes: 324,174
- Total cost of crashes : $10.7 billion
- Total fatalities: 1,084
- Total injuries: 80,576

American Highway Users Alliance:

Over <u>400 lives</u> could have been saved in Michigan in 2008, had road safety investments been made.

Winter Issues

- Snow causes additional congestion and requires the expenditure of substantial funds for its removal.
- Snow and ice regularly create safety hazards not often seen in Southern states.

Potential Funding Scenarios:

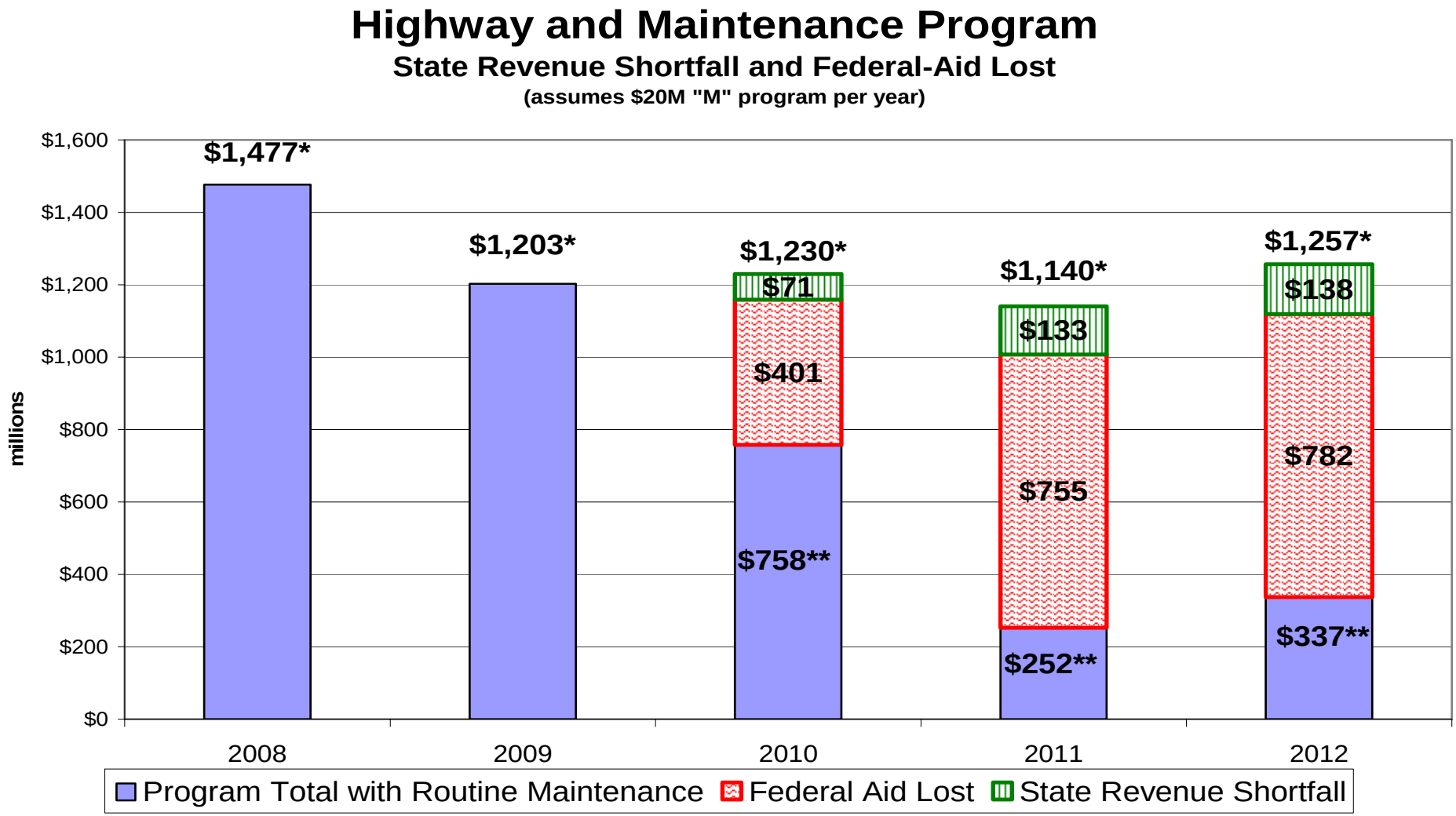
- “Do nothing/current”
- “Good”
- “Better”
- “Best”

“Do Nothing” Scenario:

Maintaining current funding levels means:

- Annual investment: $3.2 billion.
- Available funding will decline.
- Inability of locals & MDOT to match federal funds.
- Between 2010 & 2015, MDOT will lose an average of $750 million a year in federal funding.
- An increase in the rate at which the road system deteriorates.

MDOT's Inability to Match Federal-Aid



* Highway and Maintenance Program Announced in 2008-2012 Five Year Transportation Program

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

IF both MDOT & locals can't match federal funds:

- Michigan's rate of return of federal funds will drop.
- It is currently 92%.
- It could fall to less than 34%.
- Any increase in federal funds would be meaningless if we couldn't provide the local match.

“Do Nothing” = Loss of Jobs

- At current funding levels, Michigan will lose jobs.
- 2006 U of M study of MDOT’s ’06 through ’10 Five-Year Plan, concluded:
- During those 5 years, the declining buying power of MDOT’s funds would mean a loss of 12,255 jobs.
- Jobs would be lost across all sectors of the economy.

“Good” Scenario:

- Annual investment: $6.1 billion.
- Would allow MDOT to invest an additional $390 million annually just in pavement preservation.
- Would allow MDOT to keep 85% of system in “good” condition.
- Would allow an additional investment of $665 million by locals just in pavement preservation.

“Better” Scenario:

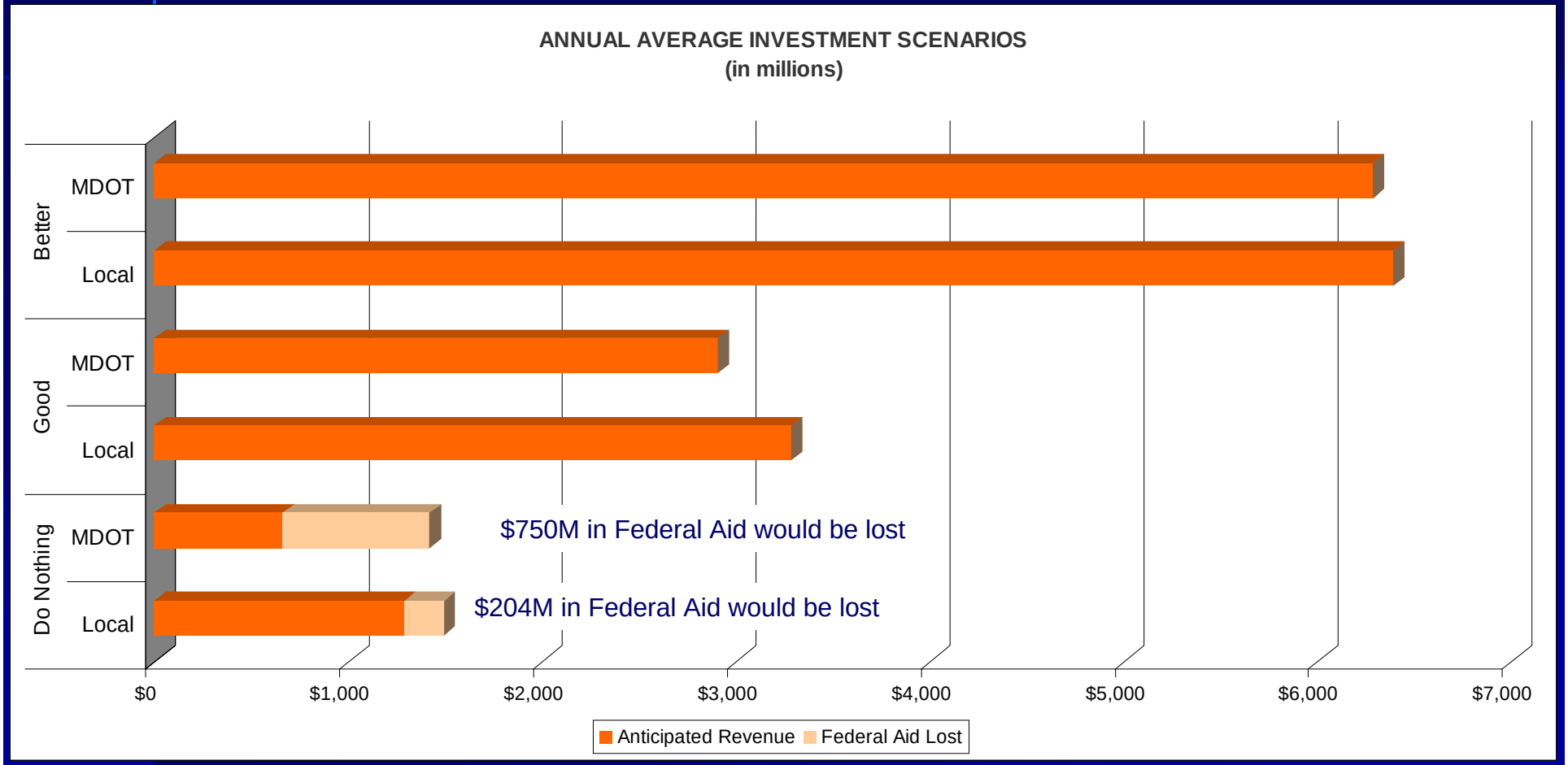
- Annual investment: $12.6 billion.
- This is the best condition that officials believe could reasonably be achieved.
- Would result in a first-class transportation system at all levels.

Why not “Best”?

- “Best” is not practical.
- Could not possibly improve every element of the system to the greatest degree possible.
- Examples of improbable improvements:
  - Replace all “at grade” railroad crossings with “grade separations.”
  - Widen or otherwise improve all congested roads to alleviate congestion.
  - Upgrade all freeway interchanges to modern design standards.
  - Pave most gravel roads.
  - Etc.

Summary of Funding Options:

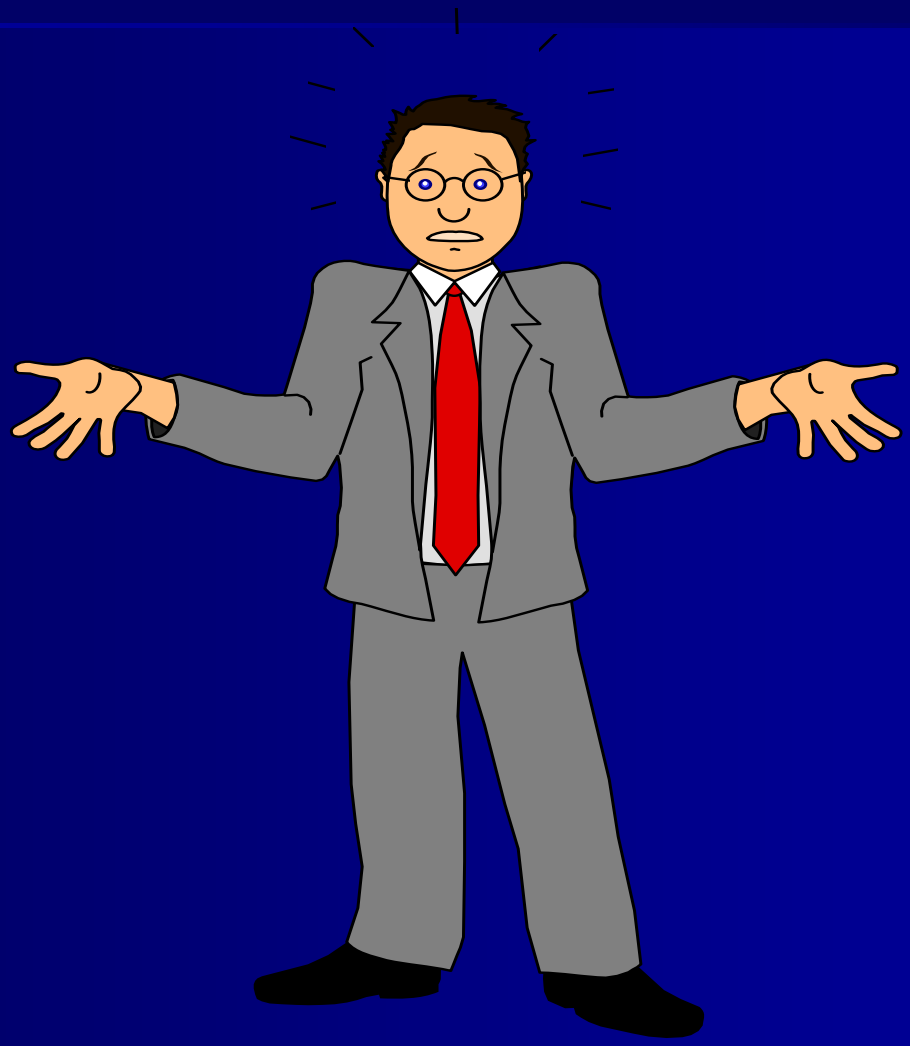
- “Do Nothing/Current”: $ 3.2 billion per year
- “Good”: $ 6.1 billion per year
- “Better”: $12.6 billion per year
- Do Nothing/Current = increasingly rapid decline of system.


ANNUAL AVERAGE INVESTMENT SCENARIOS
(in millions)
Better
MDOT
Local
Good
MDOT
Local
Do Nothing
MDOT
Local
$750M in Federal Aid would be lost
$204M in Federal Aid would be lost
$0
$1,000
$2,000
$3,000
$4,000
$5,000
$6,000
$7,000
Anticipated Revenue
Federal Aid Lost

Conclusion

- Michigan's roads are in crisis.
- The result of maintaining the current funding levels will be a rapidly declining system.
- Good roads cost money. Poor roads cost more.

QUESTIONS ???



Report of TF2

Gretchen Driskell, Chair

Citizens Advisory Council

Michigan in Transition

- Transportation investment can support Michigan's economy
  - Creates jobs
  - Supports business
  - Attracts new industries
  - Attracts new residents
- The benefits are documented in the CAC reports

Needs are Great

- Presentations have summarized the critical need
- Loss of jobs
- Loss of Federal $
- Loss of Service
- Loss of Infrastructure

Investment Scenarios

- “Do nothing” is unacceptable for any mode
- “Good” is a minimum to maintain infrastructure and competitiveness
- “Better” is an investment in our future

Increase in Funding

- Creates jobs
- Creates investment in surrounding infrastructure
- Improves mobility (residents & tourism)
- Clear correlation between transportation & economic development

The Challenge

- Michigan has an extraordinary opportunity
- The needs were compiled separately, but the modes are interrelated
- The transportation environment is changing with the price of gas

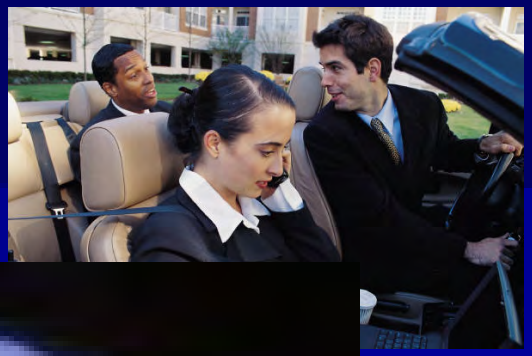
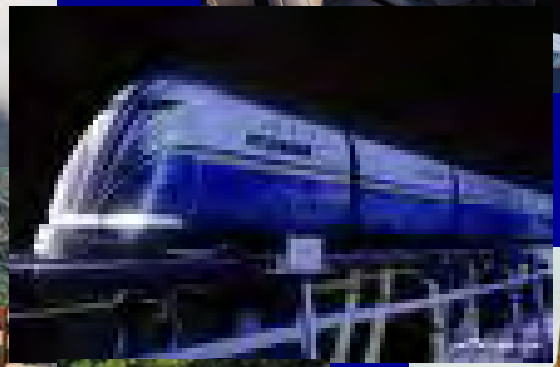
Michigan was a Transportation Leader

- 1891 - World's first international submarine railway tunnel between Port Huron & Sarnia
- 1909 – Nation's 1st mile of concrete pavement
- 1920 – Nation's 1st 4-way traffic signal in Detroit
- 1923 - 1st intercity highway, 18 miles on Woodward between Detroit and Pontiac, with 40' median for public transit service
- 1926 – Nation's 1st regularly scheduled air passenger service between Grand Rapids & Detroit

Michigan Can be a Leader Again

- TF2 is poised to make a difference for Michigan's future
- TF2 has been exploring funding options
- New funding options are needed for Michigan to compete nationally & globally

Michigan's Future

Lunch Break

Public Comment

TF2 Discussion

Transportation Needs

Survey Results

- Helps today's discussion
  - Totally anonymous
  - First take on your views
- Not a "final" product
- Further review, more info in August

TF2 Discussion

Transportation Funding Alternatives

Future Meetings

- August 11
  - Frankenmuth, Zehnders of Frankenmuth
  - In-depth discussion of alternatives
- September 29
  - Marquette, Holiday Inn

Other Business

Public Comment

See you in August!

August 11, 9 a.m. to 4 p.m.

Zehnders of Frankenmuth

730 S. Main Street
Frankenmuth, MI 48734