



**Joint Meeting
State Transportation Commission (STC)
And
Michigan Aeronautics Commission (MAC)**

Thursday, March 25, 2010, 9:00 a.m.

MINUTES

I. OPENING REMARKS/INTRODUCTIONS

The meeting was called to order by STC Chairman Wahby at 9:00 a.m.

Chairman Wahby welcomed the audience and the MAC members. He asked the STC members to introduce themselves. Commissioners Atkinson, Jung and Scalici were absent.

Members of the MAC also introduced themselves. Commissioners Atkinson and Johnston were absent.

II. PRESENTATIONS

Director's Report – MDOT Director Kirk Steudle

Federal Update

On March 1st we were successful in obligating all of our ARRA funds in all modes. Funding allocated so far totals \$1.1 billion, projects let to date total 531 with engineers' estimates of \$835.5 million and low bids of \$727.7 million. High Speed Rail funds total \$40 million and the TIGER (Transportation Investment Generating Economic Recovery) Grants total \$55 million (\$25 million for the M-1 Light Rail project and \$30 million for the I-94 Black River Bridge replacement project).

The most recent long-term FAA reauthorization act, the Vision 100 – Century of Aviation Reauthorization Act, expired on September 30, 2007 and the program has been operating under a series of short term extensions for the past 2 ½ years. The House passed a bill last session, then again in May of last year. The Senate finally passed a bill this week. The Senate version only covers two FY's (2010 and 2011), so it will expire in 18 months. The House version covers three FY's. From our perspective the Airport Improvement Program is the flagship program that provides funding to the airport to assist with capital projects, and both the House and Senate bill propose to increase funding by 14% from \$3.5 billion to \$4 billion per year. NEXTGEN (system that allows communication between the aircraft) will make air travel more efficient – at least the

portion that occurs in the air – it won't necessarily help make our airport any less congested.

The HIRE (Hiring Incentives to Restore Employment) Act was signed into law on March 18th. While the center piece of the legislation is a tax credit for hiring unemployed workers, the bill also included the 5th extension of SAFETEA-LU—through December 31st. It funds highways and transit programs at pre-rescission FY 2009 levels. By restoring rescinded apportionment balances, our balances will grow by \$263 million. While this doesn't give us any more money to spend it will make it easier for us to do the mix of projects we have planned for the remainder of this FY. The transfer of \$19.5 billion from the General Fund into the Highway Trust Fund (HTF) represents the third transfer in the last three FYs. In the absence of this transfer, we were expecting another cash crunch before the end of this FY – so now the HTF should be in good shape through FY 2011

State Budget Update

MTF revenues are projected to decrease in FY 2011 by \$12.5 million as compared to the latest revenue estimates for FY 2010. This is a 0.69% decrease. The FY 2011 level is comparable to levels not seen since 1998 (nominally). Considering inflation, FY 2011 MTF revenue is the same as the mid 1980's.

In 2003, a new internal budgeting system within Aeronautics began, reflecting real revenue receipts rather than appropriation levels. Costs were reduced systematically through the suspension of discretionary programs and reduction of staff through attrition. A few examples include: positions held vacant (\$325,000), suspension of the Air Service program (\$700,000), suspension/reduction of the crack sealing program, painting program and airport marking program (\$200,000), suspension of state funding for All Weather Airport Access Program equipment installation and vendor changes related to data collection (\$1,040,000), elimination of Airport Rescue and Fire Fighting Program (\$110,000), and several other smaller changes such as eliminating the annual Teacher's Workshop (\$5,000). The result is that Aeronautics now focuses on its "core" mission.

There was a proposed solution. In November 2009, Representative Gabe Leland (Detroit) introduced House Bill 6751 to address the crises in state aviation funding. While that legislation did not survive legislative deliberations, another bill was developed working with the aviation community, the Governor's office, and Representative Leland. House Bill 5773 was introduced on February 2nd by Representative Leland and a number of Legislators across the state. While similar to HB 6751 in many ways, it contains new options for revenue enhancement. This bill is now the focus of legislative deliberations. It follows the TF2 report which changes the aviation fuel tax from a 3 cents per gallon to a percentage of the wholesale price as follows: 2.5% in 2010 (generating \$11.1 million), 3% in 2011 (generating \$13.8 million), and 4% in 2010 (generating \$19.3 million). It will also retain the airline fuel tax rebate, increase aircraft dealer fee from \$25 to \$100, increase aircraft registration fee from 1 cent to 2 cents per pound of maximum take off weight (MTOW), and increase the penalty for failure to register aircraft from \$5 per month to \$10 per month (after the initial \$50 fee).

Commissioner Kavalhuna asked, in his opinion, if the transportation and aviation funding bill have a better chance, or any chance, of going together or separately in the state.

Director Steudle replied that they could go together—it's just a fundamental question of how you would pay for transportation. The legislators that were on the panel of the MVAA recognize that there is a need. There is a better chance that they could go together but there will need to be a very united front from all aspects.

Detroit Chamber Update—Translinked: Driving a Global Connectivity – Ms. Melissa Roy

Georgia and a number of other states have implemented logistics and transportation freight programs that Michigan would like to emulate. It is the next wave of economic development in transportation.

The mission of Translinked is to build the region's global reputation as a prime trading and distribution point, leverage the Detroit Region's transportation assets for business attraction and growth, and to continue to build on assets that will generate opportunity and prosperity for the region. We have a prime North American location, access through all modes, key assets to leverage economic development, and some of the top supply chain and logistics industry talent.

We have a linkage along the I-75 corridor where over 90% of the automotive production facilities are located as well as along I-69 (the NAFTA corridor). The amount of trade and freight moving through the border crossings and network flows do not solely serve this region. We reach into the far coasts of the continent (California, Texas, Florida and New England). The advantage in Detroit is the connection into Canada; working with the Port of Halifax and now reaching out to the Port of Montreal to develop a better relationship. Trade coming into Montreal or Halifax can be distributed through Detroit. Likewise, any production done in this region can be distributed through those ports. Through Montreal and Halifax you do not pay harbor maintenance tax. This is a regional economic development opportunity. Not only do we have the busiest border crossing in Detroit (Ambassador Bridge) but we also have the third busiest crossing (Blue Water in Port Huron and Sarnia). We need to develop another crossing to handle more trade and to really make this region more competitive, as well as to link to some of the other transportation assets that we have throughout the region.

Research shows that ports have a huge economic impact. Examples: Port of Virginia corralled all of their different terminals under one roof. Their growth totaled \$40 billion in annual revenue and 350,000 direct, indirect and induced jobs; more than 70% of the Port of Tacoma's \$36 billion annual freight moves east to the major rail markets in Chicago, Indianapolis, New York and Boston. The remaining cargo is moved by the nearly 3,100 trucks that call on the port. We should look to duplicate something like this or find our own niche.

Ms. Roy asked the Commissions to consider and focus on 3 things: developing a mechanism for investment in key freight infrastructure, designing infrastructure to serve core and target industries, and connecting economic development and transportation development.

Commissioner Adams suggested that when they crunch numbers again, that they take a look at moving further west to Battle Creek where we have a 10,003 foot runway, a foreign trade zone and plenty of space for businesses to relocate.

Ms. Roy replied that they would love to expand the region in Detroit.

Strategic Economic Development in Georgia: Building a Collaborative and Competitive Logistics Industry – Mr. Page Siplon

What is Logistics?

Logistics is moving things from point A to point B, or “...that part of Supply Chain Management that plans, implements, and controls the efficient, effective forward and reverse flow and storage of goods, services and related information between the point of origin and the point of consumption in order to meet customers’ requirements.” Any problem in logistics in freight movement boils down to volume, velocity, and visibility.

A New Georgia

The Commission for A New Georgia is an independent council of top-level executives from all parts of Georgia (i.e., Home Depot, Delta Airlines, Coca Cola, Georgia Pacific), which acts as a “real world consultant” to state government on management and performance. Ten listening sessions were conducted around the state. Ideas and thoughts were summarized into three categories (Outreach and Collaboration; Data, Tools and Talent; Planning and Infrastructure) containing nine actionable recommendations that have all been enacted by the Governor and legislation in Georgia.

Freight Planning

Of major importance was the recommendation to develop a demand driven strategic statewide freight and logistics plan. It is comprised of the Governor’s office, the GA Center of Innovation for Logistics, and the GA Department of Transportation. This is different because it is not being developed as a transportation planning document, but as an economic development driver that addresses the question of how more cargo that is brought into the state would be handled.

A major goal of the plan is that it be “actionable”. It important for it to evaluate and analyze the inventory of all public and private components of the state’s freight transportation network (including all modes), pay special attention to the interface of both passenger and freight rail needs and issues, evaluate opportunities/ability to shift freight between modes (truck to rail), identify major freight origin and destination hubs (including warehouse/distribution), identify major freight corridors for each mode and significant freight bottlenecks for all modes, and last-mile connectivity to Savannah Port and other key locations.

When considering some of the puzzle pieces for this type of plan, keep in mind that a final action plan needs to: identify specific projects, consider all modes, address freight bottlenecks and critical “last mile” locations, consider benefit/cost analyses, environmental considerations and constructability, and develop a strategic guide to improve the flow of commerce.

Commissioner Brosnan asked if 2003 was the beginning of the initiative by Governor Purdue or did it begin before that.

Mr. Siplon responded that it was around 2003. They started off as the Maritime Logistics just focusing on the port side, but have evolved that to be statewide in scope and logistics in scope to cover all the modes.

2009 Tribal Affairs Update – Mr. Stuart Lindsey

Mr. Lindsey introduced Margaret Barondess, Manager of the Environmental Section, who acknowledged and thanked Leon Hank, Tom Raymond, Dr. James Robertson, and Marsha Small for their valuable assistance with this effort.

There are 12 federally recognized tribal governments in Michigan. There are approximately 68,500 individuals living on recognized tribal lands. The largest tribe is the Pokagon Band of Potawatomi in Cass County; second largest is the Saginaw Chippewa tribe in the Mt. Pleasant and Standish area; third largest is the Keweenaw Bay Indian Community in the U.P. These tribal relationships are based on three authorities: the 2002 Government to Government Accord in the state of Michigan (recognized the pledge for sovereignty), the Governor's Executive Directive 2004-5 (provides for a Tribal Affairs Coordinator), and the State Transportation Commission Policy 10140 from January 25, 2007 (requires development of continuous government to government consultative relationships regarding our transportation products, including the long range plan, five year plan, transportation improvement program, and development of accords and Memorandums of Agreement/Understanding).

The 2009 Consultative Highlights

Governor's 2009 Tribal Summit

MDOT was invited to Sault Ste. Marie in June, along with MEDC to this summit where Leon Hank presented on MDOT's Government to Government Transportation Effort. There were wonderful opportunities for consultation with tribes on historic preservation issues.

Consultation on Cultural and Historic Preservation

This is one of the key areas of MDOT's responsibility with tribal governments. We had a number of face to face meetings with five of the twelve tribal governments, shared project information with tribal staff, made progress in the area of inadvertent discovery of human remains during our infrastructure projects (setting up a specific protocol), and exploring web based applications for sharing infrastructure project information to give Tribes advance information so they can begin their own research on areas where MDOT is planning projects.

Intergovernmental Transportation Accord

This is a coordination and cooperation agreement between those tribal governments who choose to participate, FHWA and MDOT. It establishes an Advisory Committee of all participating governments, assists government to government efforts on transportation planning, cultural and historic issues of concern, project development, maintenance activities, and facilitates partnering. The Accord has currently been signed by the Hannahville Indian Community, the Match-E-Be-Nash-She-Wish Band of Potawatomi Indians, and the Grand Traverse Band of Ottawa and Chippewa Indians.

Indian Reservation Roads Memorandum of Agreements

MDOT and the BIA entered two new Memoranda of Agreement, with the Lac Vieux Desert Band of Lake Superior Chippewa Indians and the Little River Band of Ottawa Indians, to place specified segments of the state highway system onto each tribe's federal IRR Inventory. With these additions, MDOT now has a Memorandum of Agreement with BIA and eight of the twelve federally recognized tribal governments. Selected state roadway segments adjoin tribal lands and connect tribal lands with major economic centers and, therefore, are considered a federal funding priority because they directly

serve the tribal community. These agreements are a benefit to MDOT when tribal governments and MDOT identify needed projects on these roadway segments, and the tribe supplies allocated BIA roads dollars through separate individual funding agreements with MDOT.

Region and TSC Consultations

MDOT encourages TSC relationships with tribal governments. Regular TSC staff planning and discussion sessions are held involving both motorized and non-motorized issues. The Saginaw Chippewa Indian Tribe is planning a fairly significant expansion of their entertainment complex both north and south of M-20 just east of Mt. Pleasant. This could result, over the next 10-15 years, in an increase in average daily traffic of approximately 15,000 vehicles. This would entail and necessitate serious consultation and planning with the tribe.

III. PUBLIC COMMENT

There was no public comment.

IV. ADJOURNMENT

STC Chairman Wahby adjourned the joint meeting of the STC and MAC at 10:04 a.m.

MAC Chairman Everman announced that the MAC meeting will remain in the auditorium after a 10-minute break.

Frank E. Kelley
State Transportation Commission Advisor