

**MINUTES**  
**MICHIGAN STATE TRANSPORTATION COMMISSION MEETING**  
**February 25, 2010**  
**Lansing, Michigan**

Meeting noticed in accordance with Open Meetings Act, Public Act 267 of 1976.

**Present:** Ted B. Wahby, Chair  
Linda Miller Atkinson, Vice Chair  
Steven K. Girard, Commissioner  
Jerrold M. Jung, Commissioner  
James S. Scalici, Commissioner

**Also Present:** Kirk Steudle, Director  
Frank E. Kelley, Commission Advisor  
Marneta Griffin, Commission Executive Assistant  
Jerry Jones, Commission Auditor, Office of Commission Audit  
James Shell, Attorney General's Office, Transportation Division  
Greg Johnson, Chief Operations Officer  
John Friend, Bureau Director, Highway Delivery  
Mark VanPortFleet, Bureau Director, Highway Development  
Myron Frierson, Bureau Director, Finance and Administration  
Bill Shreck, Director, Office of Communications  
Ed Timpf, Administrator, Finance and Administration  
Sharon Edgar, Administrator, Bureau of Passenger Transportation  
Melvin Williams, Administrator, Freight Services and Safety Division  
Brenda O'Brien, Engineer, Construction and Technology  
Susan Mortel, Bureau Director, Transportation Planning  
Bobbi Welke, Southwest Region Engineer  
Tim Hoeffner, Administrator, Office of High Speed Rail

**Excused:** Maureen Miller Brosnan, Commissioner

A list of those people who attended the meeting is attached to the official minutes.

Chair Wahby called the meeting to order at 9:09 a.m. in the Bureau of Aeronautics and Freight Services Auditorium in Lansing, Michigan.

**I. DIRECTOR'S REPORT**

Director Steudle's report focused on:

**American Recovery and Reinvestment Act (ARRA) Update**

Funding allocated so far totals \$1.05 billion. We have 392 Highway projects let to date with engineers' estimates of \$783.8 million and low bids of \$679.2 million. We have obligated 100% of the MDOT and Local funds. Congratulations go to Mark VanPortFleet, Bureau Director, Highway Development, and his entire staff.

Chair Wahby asked if we would have lost that money if we had not met the guidelines.

Director Steudle replied yes.

On the Transit and Aero side \$60.5 million was appropriated. That basically went to bus improvements, and ferry dock and terminal improvements. The money that went through MDOT on the bus side, we channeled to encourage alternate fuel vehicle buses. Federal Aviation Funding was \$30.4 million appropriated. The 5 airport projects were: \$15 million for Detroit Metro Rehab Runway 9L/27R, \$200,000 for Ironwood Terminal Building, \$12,700,000 for Saginaw Terminal Building, \$1,700,000 for Marquette Rehab Taxiway Lighting, and \$800,000 for Muskegon ARFF Vehicle.

We received \$40 million to aid three Michigan-based High Speed Rail projects: 1) construction of a new platform and station for Amtrak services in Dearborn (\$28.2 million). This will result in combining two stations into one intermodal station featuring transit-oriented development and serving both The Henry Ford and the city of Dearborn. The existing Dearborn station is one of the busiest in Michigan; 2) construction of a new platform and station for Amtrak in Troy (\$8.5 million). This is a two city effort to build a new intermodal station in Troy (also serving Birmingham via a tunnel) complete with transit-oriented development, replacing the existing Amtrak shelter in Birmingham; and, 3) renovation of the existing Battle Creek intermodal Amtrak station (\$3.6 million). This will update the building and grounds and increase energy efficiency.

Another grant opportunity was available. Transportation Investment Generating Economic Recovery (TIGER) is a \$1.5 billion nationwide discretionary competitive grant program. MDOT submitted a portfolio of 10 projects totaling approximately \$400 million for ARRA TIGER investments, which are big projects that can move quickly and create a lot of jobs. Two projects were awarded to Michigan on Feb 17<sup>th</sup>: 1) Black River Bridge Replacement as part of the Blue Water Bridge plaza reconstruct (\$59.4 million was requested)—the project will completely reconstruct the existing Black River Bridge and add a non-motorized path across the river that will connect Port Huron Township with the city of Port Huron; and, 2) construction of the M-1 (Woodward Ave) light rail project (\$50 million requested)—the TIGER-funded portion of this project will help complete needed community enhancements and roadway reconstruction in conjunction with reconstruction of the rail line. Twelve stations are planned along the routes. The next stage of the project is to schedule an environmental assessment.

Chair Wahby asked if part of the M-1 project was funded with private monies.

Director Steudle responded yes. There is \$120 million of private funding so there is competing interests going on—the private funding wants to see action right away while the larger project for the city wants to make sure that they can leverage the money for this larger project. Some of their objectives are incompatible so we're trying to get the two groups to come to an agreement about what they want to do.

### **Federal Reauthorization Status**

SAFETEA-LU expired September 30, 2009. We are now operating under the 3<sup>rd</sup> extension of SAFETEA-LU, which is set to expire at the end of February. This extension provides states with 151/365<sup>th</sup> (about half) of the amount of formula apportionments we received in fiscal year 2009.

The House passed the Jobs for Main Street bill in December which includes \$37.2 billion for transportation and an extension of SAFETEA-LU through September 30<sup>th</sup>. The Senate passed a bill on Wednesday February 24<sup>th</sup> which does not include funding for transportation, but they haven't closed the door on the idea going forward, therefore it could still possibly be in there. The Senate bill does include a SAFETEA-LU extension through December 31<sup>st</sup>. It funds highways at pre-rescission FY 2009 level, restores \$263 million in apportionments that we had rescinded on September 30, 2009, and transfers \$19.5 billion from the General Fund into the Highway Trust Fund (which is scheduled to go broke again this summer).

The next step in the process is for the two chambers to reconcile the differences between their bills. We hope this happens quickly, but realistically it's not likely to happen before the current extension of SAFETEA-LU expires at midnight on Sunday, February 28<sup>th</sup>. The continuing resolution through which SAFETEA-LU has been extended also includes the extension of federal unemployment benefits, the COBRA subsidy and other important items, so another extension of this is likely regardless of what happens with this jobs bill.

### **FY 2011 Budget Status**

The Governor's recommendation is \$2.7 billion which is a decrease of 15.2% or \$496.8 million compared to MDOT's FY 2010 budget. This decrease is attributable to insufficient state revenues. The funding comes mainly from three big sources: MTF (\$943.3 million), Federal (\$752.5 million), and State Trunkline (\$641.2 million). 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.

The Department of Treasury with the House and Senate Fiscal Agencies estimates revenues twice a year. In February 2009 we were anticipating a revenue level of \$1,844.1 million in MTF. In May 2009 it got reduced down to \$1,819.9 million (decrease of \$24.2 million; -1.31% change). As of January 2010, it was again reduced down to \$1,809.4 million (decrease of \$10.5 million; -0.58% change). FY 2011 revenues are expected to decline even further. This continuing decline of State revenue is alarming.

The MTF appropriations are reduced by 2.6% or \$25.5 million, and the STF state appropriations are reduced 4.1% or \$27.2 million. The CTF state appropriations actually increased 2.9% or \$6.7 million; this is because the Cash for Clunkers program brought in more sales tax revenue than estimated in FY 2009 leaving a fund balance at year end. The fund balance was primarily used to restore the Bus Capital line item to the PA 51 statutory minimum requirements. Revenues were also added to the Rail Passenger line item to fund Amtrak operations. Aeronautic state appropriations increased 11.3% or \$1.7

million, and Federal Highway appropriations were reduced by \$475 million due to insufficient/declining state funds.

MDOT pro-actively reduced budgets in FY 2010 by \$20 million in Administration and Maintenance. Areas of the reductions are: CSS&M, travel and equipment purchases - \$2.8 million, unfilled vacant funded positions - \$375,100, Welcome Center Services - \$250,600, highway services, contracts and redeploy maintenance staff to critical core functions - \$18.7 million. The proposed FY 2011 budget for state trunkline maintenance reflects another reduction of approximately \$8.3 million from the FY 2010 budget. Maintenance decreased \$12.8 million (maintenance share of the \$20 million budget reduction). There are some other smaller pieces that will add up to ultimately balance this budget. The proposed budget reduction is necessary to constrain budgets and expenditures due to declining state revenues.

The state trunkline maintenance budget is unusual compared to most operating budgets. Expenditures are highly variable based on winter weather conditions. MDOT has requirements for responding to snow and ice conditions to keep state trunklines safe and operable for the traveling public. We budget for the winter based on a 5-year average. Actual expenditures for winter maintenance have increased in recent years due to weather conditions and increased costs for maintenance materials, including salt: FY 2006 = \$70 million, FY 2007 = \$81 million, FY 2008 = \$103 million, FY 2009 = \$102 million, and FY 2010 = \$85-\$89 million (projected based on actual costs through December and previous year trends). On average it's about \$80 million to do winter maintenance; the last two years cost us over \$20 million above that. Added on top of that, salt costs on a per unit basis have increased by 24% on average from FY 2008 to FY 2009, 22% on average from FY 2009 to FY 2010, and 100% on average from FY 2005 to FY 2010.

While this winter has been a normal winter from a maintenance standpoint, we have already spent about 90% of the money and we still have a month of winter coming. Lesser priority maintenance activities will be significantly curtailed in order to remain within the total budget. Depending on the remainder of winter, there are potential cutbacks to the following maintenance activities: mowing, litter pick-up, sweeping, brush clearing, routine surface maintenance, eliminating the Youth Corp Program and participate only in the federally funded Youth Development and Mentoring Program, rest area and welcome centers closure/reduced hours. MDOT will continue to perform essential services to protect the health and safety of Michigan citizens, including: snow removal, freeway lighting, traffic signal energy and maintenance, operation of moveable bridges, and critical surface repairs and patching of potholes.

In conclusion, we have a drastic reduction in our budget—larger than any other state agency—largely due to the decline in state revenues. There is a very real possibility that we will leave \$475 million in Washington in FY 2011. Even if we fully fund the program, the condition of Michigan roads and bridges will quickly decline without some action.

Chair Wahby commented that this shows the need for action to be taken to get some revenue in. We fought for years to get the roads up to a certain condition and now the deterioration could start all over again if we don't have the money to keep them up.

Director Steudle added that by the year 2014 we will be back to 60% “good” roads—that’s where we started at in 1996/1997.

Jim Anderson, MSU Professor of Economic History, asked if there is consideration or experimentation being done on using more sand, which he assumes is still cheaper than salt.

Director Steudle replied that we use a sand and salt mixture. While it would be nice to use sand in all places, all the sand that you put on the road in an urban area ends up in the sewers. Therefore in the spring you have a huge cost of going in and cleaning out all the sewers. Sand (traction sand) is used particularly in the Upper Peninsula where temperatures are colder and the salt doesn’t work. In areas where we have open ditches, it is clearly a technique we’ve used for a lot of years. Usually the mixture is about 50/50. There are times when it is 100% salt. It is dependent upon the storm that’s coming in and what kind of action we need to take proactively to get in front of the maintenance of that road. We also use other materials as an application before. There has been discussion about using some of the bi-products from the agricultural industry—sugar beets and corn products—and we have experimented with some of them. In some cases it works but must be timed perfectly. If you hit it late, it becomes a mess. If you put it down early, it’s just wasted. We do anti-icing which we put on the road ahead of time and help us get ahead of the storm. The worst thing that can happen is for you to be behind in a storm.

Mr. Anderson stated, regarding sand ending up in the sewers, that the salt ends up in Lake Michigan, Lake Superior and Lake Huron so it seems like there is a balancing that can be done.

Director Steudle commented that from a pure cost standpoint, when you have to go pick up the sand it is a huge drain on the budget. From an environmental standpoint it’s a complete different question.

**Chair Wahby called for a break at 9:45 a.m. while waiting for other Commissioners to arrive in order to have a quorum for voting items.**

**Meeting resumed at 10:27 a.m.**

II. **COMMISSION BUSINESS**

Commission Minutes

Chair Wahby entertained a motion for approval of the minutes from the State Transportation Commission meeting of January 28, 2010.

Moved by Commissioner Girard, with support from Commissioner Scalici, to approve the minutes from the State Transportation Commission meeting of January 28, 2010. Motion carried.

III. **RESOLUTIONS**

Draft Resolution Regarding a Moratorium on Digital Sign Boards

Commissioner Jung stated that MDOT has always had a priority of safety. It is shared by all on the Commission that digital billboards create a distraction which does impact safety considerations, hence the rationale behind this draft resolution.

Commissioner Scalici supported the comments by Commissioner Jung and asked Jim Steele from FHWA to update them on the status of the Federal study on billboards.

Mr. Steele replied sometime in the summer.

Commissioner Scalici asked if this was later than what they had originally planned.

Mr. Steele replied that a specific time had never been set. The study period was to be done last year and end sometime in January, and after that they would write the report.

Chair Wahby commented that we are asking for the moratorium until the study is complete.

Commissioner Jung read the title of the Resolution, which by itself describes what the Commission wants: “*A Resolution to Urge the Michigan State Legislature to Take Action to Prevent Any New Installation or Conversion of Existing Outdoor Advertising Signs to Digital Technology Until the Federal Highway Administration Completes Its Study and the Michigan Legislature Considers Legislation to Act on the Results of That Study*”.

A roll call vote approving this resolution is required. Pending any questions, asked for approval; none were forthcoming.

Chair Wahby entertained a motion to approve the Resolution for a Moratorium on Digital Sign Boards. Motion was made by Commissioner Atkinson and supported by Commissioner Scalici to approve the resolution. Mr. Kelley called the roll; motion carried on a unanimous vote.

IV. **OVERSIGHT**

Commission Agreements (Exhibit A) – Myron Frierson

Mr. Frierson stated that Item 12 (Highways: Real Estate-Increase Leased Space and Revenue Account-Amendatory Contract 2006-0297/A2) is being withdrawn and will be resubmitted in March. He then presented information on the remaining 18 agreements. Pending any questions, Mr. Frierson asked for approval of Exhibit A; none were forthcoming.

Chair Wahby entertained a motion. Motion was made by Commissioner Girard, and supported by Commissioner Jung to approve Exhibit A with Item 12 withdrawn. Motion carried on a unanimous voice vote.

Bid Letting Pre-Approvals (Exhibit A-1) – Myron Frierson

Mr. Frierson gave a brief re-cap of the February 5, 2010 lettings: 27 State projects with total engineers' estimates of \$75.0 million and low bid dollars totaling \$72.5 million were let. The State low bids for fiscal year-to-date 2010 total \$283.4 million compared to \$309.8 million for the same period of fiscal year 2009. The total number of bids received for the 74 projects let in February was 437. Of the 74 projects let, 117 bids were received for the 27 State projects let. The average number of bids received for the total number of projects let was 5.91, and the average number of bids received for the 27 State projects was 4.33. Leading up to and including the February 2010 letting, 76.3% of the projected construction cost estimate anticipated for this period was let. For this same period through February 2009, 78.2% of the projected construction cost estimate was let. Currently for the March 5, 2010, bid letting, 23 State projects are advertised with engineers' estimates totaling \$141.3 million. Ten of the 23 State projects include warranties, with a total engineers' estimate of \$125.4 million. A total number of 107 projects are scheduled to be let in March with a total engineers' estimate of \$219.7 million. Of the 107 projects advertised, 61 have been approved for use of ARRA funds with engineers' estimates totaling \$49.6 million. Correction: Item 11 (proposal 1003094) has a 5-year materials and workmanship warranty. Pending any questions, Mr. Frierson asked for approval.

Commissioner Atkinson asked, regarding Item 1 (proposal 1004701), if the "9 dynamic message signs" mentioned were the kinds of digital signs we were worried about in the resolution.

Mr. Frierson replied that these are the traffic condition signs.

Chair Wahby entertained a motion. Motion was made by Commissioner Atkinson and supported by Commissioner Girard to approve Exhibit A-1 with the additional information about the warranty. Motion carried on a unanimous voice vote.

Letting Exceptions Agenda (Exhibit A-2) – Mark VanPortFleet

Mr. VanPortFleet provided information on 4 State projects and 1 Local project that were over/under the engineers' estimates. Item #1002080 (bridge rehabilitation on I-75 over Rouge River) was unique in that the bridge is very long and high. Some of the ways we estimate had to be stretched to try and accommodate something we were just unable to predict. Item #1002009 (1 mile of cold milling concrete pavement on 12 Mile Road in Oakland County) had an occurrence where the local agencies used an old set of data for history and even our own review process did not surface that. In reality the bid was fairly good if we looked at today's prices. Pending any questions, Mr. VanPortFleet asked for approval of Exhibit A-2.

Commissioner Atkinson asked if this project was the Local project listed as #6.

Mr. VanPortFleet replied yes.

Chair Wahby entertained a motion. Motion was made by Commissioner Girard and supported by Commissioner Atkinson to approve Exhibit A-2. Motion carried on a unanimous voice vote.

Contract Adjustments (Exhibit B) – John Friend

Mr. Friend explained that last month we finalized out more work in the month of December that was beyond the 5% goal set by the Commission in terms of managing the program. We did sit down with all Region Engineers and will be putting together some information on that. It's important, now that all the ARRA work is obligated and will be moving into the construction phase, that we stay vigilant and make sure that we build that within the 5% goal. The numbers for the overall 2009 calendar year are in and we finalized out about \$750 million worth of work for a total of about 3.3% within the let amount. Additionally, in January we finalized out about \$70 million worth of work under budget. Correction to the summary Exhibit B charts: the far right column ("Reason for Review") is in error. As shown, it indicates the increased contract cost percentage. This should indicate the overall reason that the extra or overrun is at the STC for approval. The individual project sheets contained in Exhibit B are correct however.

Mr. Friend provided information for 10 MDOT projects and 7 Local projects. Of interest are Item 2010-027 (12.93 miles of concrete pavement repair...in Oakland County) and Item 2010-035 (10.14 miles of concrete pavement...in Genesee and Lapeer Counties). When we open up some of these roadways during the construction phase, we encounter soil erosion or bad soil conditions in areas that have to be remedied before you can do a long-term fix. This is the case for both these projects and reflects the additional costs. Pending any questions, Mr. Friend asked for approval of Exhibit B.

Chair Wahby entertained a motion. Motion was made by Commissioner Girard and supported by Commissioner Jung to approve Exhibit B. Motion carried on a unanimous voice vote.

V. PUBLIC COMMENTS

Chair Wahby asked if any member of the audience wanted to address the Commission; none were forthcoming.

Chair Wahby asked if any Commissioner wanted to address the Commission; none were forthcoming.

VI. ADJOURNMENT

There being no further business to come before the Commission, Chair Wahby declared the meeting adjourned at 10:42 a.m.

The next full meeting of the Michigan State Transportation Commission will be held on March 25, 2010, in the 1<sup>st</sup> floor Bureau of Aeronautics and Freight Services Auditorium in Lansing, Michigan, beginning with a joint meeting with the Aeronautics Commission commencing at the hour of 9:00 a.m.; followed by the regular Transportation Commission meeting in the 2<sup>nd</sup> floor Conference Room, commencing at the hour of 10:00 a.m.