

MINUTES
MICHIGAN STATE TRANSPORTATION COMMISSION MEETING
March 31, 2011
Lansing, Michigan

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

Present: Jerrold M. Jung, Chair
Charles Moser, Commissioner
James S. Scalici, Commissioner
Todd A. Wyett, Commissioner

Excused: Ted B. Wahby Vice Chair
Linda Miller Atkinson, Commissioner

Also Present: Kirk Steudle, Director
Frank E. Raha III, Commission Advisor
Amy Dickenson, Commission Executive Assistant
Doug Witte, Acting Commission Auditor, Office of Commission Audits
Jim Shell, Attorney General's Office, Transportation Division
Brenda O'Brien, Engineer of Construction & Technology
Mark VanPortFleet, Bureau Director, Highway Development
Myron Frierson, Bureau Director, Finance and Administration
Dee Parker, Contract Services Division Administrator
Bill Shreck, Director, Office of Communications
Ed Timpf, Administrator, Finance and Administration
Polly Kent, Administrator, Policy Division
Sharon Edgar, Administrator, Bureau of Passenger Transportation
Denise Jackson, Administrator, Statewide Planning
Bobbi Welke, Southwest Region Engineer
Kelley Bartlett, Director, Office of Governmental Affairs
Tim Hoeffner, Administrator, Office of High Speed Rail
Matt DeLong, Administrator, Real Estate Division
Stuart Lindsay, Tribal Affairs Coordinator

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

Chair Jung called the meeting to order at 10:04 a.m. in the Bureau of Aeronautics and Freight Services Auditorium in Lansing, Michigan.

I. WELCOME

II. COMMISSION BUSINESS

Commission Minutes

Chair Jung entertained a motion for approval of the minutes from the State Transportation Commission meeting of January 28, 2011.

Moved by Commissioner Scalici with support from Commissioner Wyett to approve the

minutes from the State Transportation Commission meeting of January 28, 2011. Motion carried.

III. **POLICY**

Approval of the Revised Utility Accommodation Policy – Matt DeLong

Matt DeLong asked for approval of the revised Utility Accommodation Policy that was presented at the January 28, 2011, State Transportation Commission Meeting.

Moved by Commissioner Moser with support from Commissioner Wyett to approve Revised Utility Accommodation Policy. Motion carried.

IV. **RESOLUTIONS**

Resolution of the State Transportation Commission of the State of Michigan Indicating the Intention of the State Transportation Commission to Amend the Jobs Today Project List Approved by a Previously Adopted Commission Resolution – Myron Frierson

Mr. Frierson stated this bond resolution indicates the intention to amend a project list. As required by statute, upon approval by the Commission, this bond resolution will be transmitted to the Legislature for the 30-day notification period. We will provide the Commission with the final resolution amending the project list at the May 19, 2011, Commission meeting. A roll call vote approving this authorizing bond resolution is requested. A roll call vote approving the authorizing resolution is requested. Pending any questions, Mr. Frierson asked for approval.

Commissioner Moser asked if the items in the resolution were in the original plans. Myron explained that the department comes up with a grouping of projects. The amount of the authorization for bonds covers the costs of the projects in the list and it gives the department the flexibility to move money back and forth.

Chair Jung mentioned that debt services went up \$40 million dollars.

Mr. Frierson replied that as part of the budget strategy for 2011, the department put in a one-year note for \$40 million to match federal-aid this year. He stated that interest would be fairly inexpensive.

Chair Jung entertained a motion to approve the Resolution Amending the Jobs Today Project List. Motion was made by Commissioner Scalici and supported by Commissioner Moser to approve the resolution. Mr. Raha called the roll; motion carried on a unanimous vote.

Resolution of the State Transportation Commission of the State of Michigan Indicating the Intention of the State Transportation Commission to Amend the Economic Stimulus Project List Approved by a Previously Adopted Commission Resolution – Myron Frierson

This bond resolution indicates the intention to amend a project list. As required by statute, upon approval by the Commission, this bond resolution will be transmitted to the Legislature for the 30-day notification period. We will provide the Commission with the final resolution amending the project list at the May 19, 2011, Commission meeting. A roll call vote

approving this authorizing bond resolution is requested. Pending any questions, Mr. Frierson asked for approval.

Chair Jung entertained a motion to approve the Resolution to Amend the Economic Stimulus Project List Approved by a Previously Adopted Commission Resolution. Motion was made by Commissioner Moser and supported by Commissioner Wyett to approve the resolution. Mr. Raha called the roll; motion carried on a unanimous vote.

Resolution of the State Transportation Commission Authorizing the Director to Declare Intent to Reimburse – Myron Frierson

This bond resolution authorizes the Director to declare the official intent on behalf of the Commission and MDOT that they reasonably expect to reimburse capital and other expenditures with the proceeds of debt issued pursuant to Act 51. The department plans to issue bonds sometime this year for the particular projects that have already been let. The projects are for repairs on I-94 and the new bridge over the Black River.

Commissioner Moser asked if MDOT did the letting for those projects.

Director Steudle replied yes, they are MDOT projects. Director Steudle added that this adds flexibility to get the best possible interest rate.

Chair Jung stated that this motion gives more flexibility on the timing of issuing the bonds.

Pending any questions, Mr. Frierson asked for approval of the resolution.

Chair Jung entertained a motion to approve the Resolution Authorizing the Director to Declare Intent to Reimburse. Motion was made by Commissioner Scalici and supported by Commissioner Wyett to approve the resolution. Mr. Raha called the roll; motion carried on a unanimous vote.

Resolution of the State Transportation Commission Authorizing the Issuance and Sale of State of Michigan Trunk Line Fund Bonds and Grant Application Notes – Myron Frierson

This resolution authorizes approval to the department to issue bonds. Approximately \$105 million in bonds related to the Black River Bridge and I-94 Improvement. It will give the department the flexibility to use trunk line resources, revenues, or federal aid. These bonds have to be issued by December 31, 2011. Pending any questions, Mr. Frierson asked for approval.

Commissioner Scalici asked if the department had already done work on this bridge.

Director Steudle replied that this is actually the first phase of the Blue Water Bridge Plaza project. It is where all of the bridges and freeways connect.

Chair Jung asked if the toll fees would pay off the bonds.

Mr. Frierson stated that it depends on whether the department uses federal active revenue or use trunk line supported bonds, whether tolls will be used to pay off the bonds.

Chair Jung asked what the considerations were to make the decision of what type of bond and if there would be enough tolls.

Mr. Frierson stated that there will not be enough tolls. One of the considerations is that if the department uses federal aid, the length of the bond will be shorter. If we use the Blue Water Bridge tolls they will be more like 30 years. It is a matter of which is the best use of our limited funds. The down grading of the federal credit may impact the decision we make. The trunk line revenue source is also down, in terms of our ratio of debt service. Commission Policy states that our debt service cannot be more than 25% of state revenue. The department is currently in the 21 to 22% range.

Commissioner Moser asked if this was actually a toll credit or transfer of funds for using tolls.

Mr. Frierson stated that the revenue from the Blue Water Bridge is a revenue source for the state trunk line fund. The department typically directs those funds to use on the Blue Water Bridge activities.

Chair Jung entertained a motion to approve the Resolution of the State Transportation Commission Authorizing the Issuance and Sale of State of Michigan State Trunk Line Fund Bonds and Grant Anticipation Notes. Motion was made by Commissioner Moser and supported by Commissioner Wyett to approve the resolution. A roll call vote approving the authorizing resolution is requested. Mr. Raha called the roll; motion carried on a unanimous roll call vote.

V. OVERSIGHT

Commission Agreements (Exhibit A) – Myron Frierson

Mr. Frierson presented information on 32 agreements, after withdrawing item 27. There were corrections to items 1, 32, and 33. The July 29, 2011, date in item #1 should have been July 29, 2010. Item 32 and 33 should have stated the contract effective date as the date of the award through 20 years, instead of two years. Mr. Frierson stated that for Item 33, the city has two years from the date of the award of the federal grant to complete the project.

Mr. Frierson presented 32 agreements for approval. Pending any questions, Mr. Frierson asked for approval of Exhibit A; none were forthcoming.

Commissioner Wyett entertained a motion supported by Commissioner Scalici to approve Exhibit A. 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 March 4, and 16, 2011, bid lettings: 62 State projects with a total engineers' estimate of \$172.6 million and low bid dollars totaling \$163.0 million, were let. The State low bids for fiscal year-to-date 2011 total \$453.9 million for the 171 projects compared to \$436.3 million for the 140 projects for the same period in fiscal year 2010. The average number of bids received for the total number of projects let is 4.5, and the average number of bids received for the State projects was 4.1. 338 State projects with a total of \$815.5 million in construction cost estimates were projected to be let during the 2011 fiscal year. As of March 2011, 171 state projects with \$480.2 million in total estimates were let, representing 58.9% of the total projected about to be let in Fiscal Year 2011. 15 ARRA projects were let this fiscal year-to-date through March with engineers' estimates totaling \$187.6 million and low bids totaling \$176.8 million. As of the March 4, 2011 letting, 93.4% of the projected construction cost estimate was let, compared to the same period in March 2010, where 75.7% of the projected construction cost estimate was let.

There are 17 State projects with total engineer's estimates of \$17.9 million and 47 Local projects with total engineer's estimates of \$45.9 million advertised for the April 1, 2011 letting. None of the projects advertised are ARRA projects.

Pending any questions, Mr. Frierson asked for approval.

Motion was made by Commissioner Wyett and supported by Commissioner Moser to approve Exhibit A-1. Motion carried on a unanimous voice vote.

Bid Letting Not Pre-Approved (Exhibit A-4) - Myron Frierson

Mr. Frierson explained that the project was let at the March 16, 2011 letting. Mr. Frierson stated the item was added to the letting and the department is now asking for approval.

Chair Jung entertained a motion. Motion was made by Commissioner Moser and supported by Commissioner Wyett to approve Exhibit A-4. Motion carried on a unanimous voice vote.

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

Mr. VanPortFleet provided information on 6 justifications for approvals. Item three and five involved the main items being bid higher than the engineer's estimate due to market shortages, which were discovered just prior to the February letting. The second item was a more significant justification, because there was no bid history for the special item making it difficult to accurately estimate. The department's target is plus or minus 20% of the program and the estimating program has continuously been fairly effective. Pending any questions, Mr. VanPortFleet asked for approval of Exhibit A-2; none were forthcoming.

Chair Jung entertained a motion. Motion was made by Commissioner Moser and supported by Commissioner Wyett to approve Exhibit A-2. Motion carried on a unanimous voice vote.

Contract Adjustments (Exhibit B) – Brenda O'Brien

Ms. O'Brien stated that the MDOT projects on Exhibit B consist of 7 extras and 1 overrun. The extra work is for projects that exceeded the 6% limit for reviewing extras, the overrun

exceeds the 10% limit for reviewing overruns. For the Local Agency projects on Exhibit B, there are 3 extras and one overrun that needs commission approval.

Chair Jung asked Ms. O'Brien what the distinction is between an extra and overrun.

Ms. O'Brien explained that an extra is for additional work to the project that wasn't part of the original engineer's estimate that could not be foreseen. An overrun is when you exceed 110% of the contract amount in payments.

Pending any questions, Ms. O'Brien requested approval of those items.

Commissioner Moser asked if the extras and overruns are set up in a contingency fund.

Brenda explained that the department does not set up a contingency fund. Generally it is work that couldn't be anticipated during the design phase. Brenda discussed the commission limits and that the department does very well meeting that 5% limit. This year the department is currently 2.7% over, well within the 5% limit. Nationally, we are ahead of other states relative to the overall program.

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

Six Month Financial Audit Follow-Up (Exhibit C) – Doug Witte

Mr. Witte presented the Six-Month Financial Audit Follow-up for approval. Mr. Witte stated that the report detail's the outstanding auditor's reports that were issued to the department prior to November 22, 2010. The department is working with the auditees' and the Office of Commission Audits to collect the funds. Pending any questions Mr. Witte recommended that the Commission accept this report.

Chair Jung asked if there was anything unusual within the report.

Mr. Witte stated that there was not anything unusual and the department was working with the auditees and OCA to collect payment.

Motion was made by Commissioner Moser and supported by Commissioner Wyett to approve Exhibit D. Motion carried on a unanimous voice vote.

Six-Month Internal Audit Follow-Up (Exhibit D) – Doug Witte

Mr. Witte presented Exhibit D, the Six-Month Internal Audit Follow-Up for approval. Mr. Witte stated the report includes one open recommendation, with four parts. This report reflects the status of this recommendation as of March 22, 2011. Pending any questions Mr. Witte recommended that the Commission accept this report.

Chair Jung stated that in the past the report would reflect the same open audit recommendations carrying over from period to period.

Mr. Witte explained that this particular item is one where the department needs to gather statistical information and they haven't had sufficient time to do so. The department plans on having this data by June 30, 2011.

Motion was made by Commissioner Moser and supported by Commissioner Scalici to approve Exhibit D. Motion carried on a unanimous voice vote.

VI. PRESENTATIONS

2010 Tribal Affairs Update – Stuart Lindsay

Mr. Lindsay explained that State Transportation Commission Policy 10140 requires the submission of the Annual Tribal Affairs Report. MDOT has a fairly active collaborative relationship with the tribal governments.

Mr. Lindsay discussed the 2010 Michigan Intergovernmental Transportation Meeting that was held on September 22, 2010. This was a very successful meeting in which MDOT Regions/TSCs, FHWA, and the tribes attended. It was a multi government effort. The local government authorities are doing a lot of transportation improvement related work, including non-motorized as well as transit work.

During FY 2010, the department did seminar training for department staff related to Effective Partnering with Tribal Governments. During 2011, the department would like to continue these efforts.

Chair Jung asked how many Native Americans live in Michigan.

Mr. Lindsay stated the number is approximately 68,000. The two largest tribes being the Pokagon in Southwest Michigan and the Saginaw Chippewa Tribe.

Mr. Lindsay thanked the Commission and concluded his presentation.

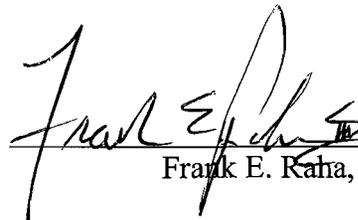
VII. COMMISSION COMMENTS

VIII. PUBLIC COMMENTS

IX. ADJOURNMENT

There being no further business to come before the Commission, Chair Jung declared the meeting adjourned at 10:46 a.m.

The next full meeting of the Michigan State Transportation Commission will be held on Thursday, April 28, 2011, in the 1st floor Bureau of Aeronautics and Freight Services Auditorium in Lansing, Michigan, commencing at the hour of 9:00 a.m.



Frank E. Raha, III