

MINUTES
MICHIGAN STATE TRANSPORTATION COMMISSION MEETING
April 28, 2011
Lansing, Michigan

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

Jerrold M. Jung, Chair
Linda Miller Atkinson, Commissioner
Charles Moser, Commissioner
James S. Scalici, Commissioner
Todd Wyett, Commissioner

Also Present: Frank E. Raha, Commission Advisor
Amy Dickenson, Commission Executive Assistant
Doug Witte, Acting Commission Auditor, Office of Commission Audit
Jack Cotter, Commission Auditor, Office of Commission Audit
David Brickey, Attorney General's Office, Transportation Division
Brenda O'Brien, Engineer of C&T
Mark VanPortFleet, Bureau Director, Highway Development
Myron Frierson, Bureau Director, Finance and Administration
Ed Timpf, Administrator, Finance and Administration
Dee Parker, Administrator, Contract Services Division
Sharon Edgar, Administrator, Bureau of Passenger Transportation
Carmine Palombo, Director, Transportation Programs, SEMCOG
Polly Kent, Administrator, Policy Division
Denise Jackson, Administrator, Statewide Planning
Bill Shreck, Community Outreach Project Manager
Dean Harr, Acting Internal Audit Division Administrator
Jim Ashman, Transportation Planner, Transportation Planning
Brian Sanada, Departmental Analyst, Asset Management Division
Jason Clark, Construction Contracts Engineer
Roger Stafford, Grand Region Engineer

Excused: Ted B. Wahby, Vice Chair
Kirk Steudle, Director

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

Chair Jung called the meeting to order at 9:00 a.m. in the Bureau of Aeronautics and Freight Services Auditorium in Lansing, Michigan.

I. COMMISSION BUSINESS

Commission Minutes

Chair Jung entertained a motion for approval of the minutes from the State Transportation Commission meeting of March 31, 2011, pending the technical changes related to grammatical errors.

Moved by Commissioner Wyett, with support from Commissioner Atkinson, to approve

the minutes from the State Transportation Commission meeting of March 31, 2011. Motion carried.

II. **APPOINTMENTS**

Election of State Transportation Commission Vice Chair – Chair Jung

Chair Jung entertained a motion to elect Ted B. Wahby as the Vice Chair of the State Transportation Commission.

Move by Commissioner Atkinson, with support from Commissioner Scalici, to approve the election of Ted B. Wahby as Vice Chair. Motions carried.

III. **OVERSIGHT**

Commission Agreements (Exhibit A) – Myron Frierson

Mr. Frierson presented information on 44 agreements. Mr. Frierson asked for approval of Exhibit A; pending any questions, none were forthcoming.

Chair Jung entertained a motion to approve Exhibit A, exempting item 44 (Passenger Transportation – Marine Capital). Motion was made by Commissioner Atkinson and supported by Commissioner Wyett. Motion Carried.

Chair Jung entertained a motion to approve item 44. Motion was made by Commissioner Wyett and supported by Commissioner Atkinson to approve item 44. Motion carried on a unanimous voice vote, with Commissioner Moser abstaining on the vote.

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

Mr. Frierson gave a brief re-cap of the April 1, 2011, bid letting: 17 State projects with a total engineers' estimates of \$18 million and low bid dollars totaling \$17.7 million were let. In comparison to April 2010, 33 State projects were let with a low bid total of \$48 million. The State low bids for fiscal year-to-date 2011 total \$467.5 million compared to \$484.3 million for the same period of fiscal year 2010. There were 68 projects with 407 bids in the April letting. The average number of bids received for the State projects was 5.98. Of the 407 bids, 55 were received for the 17 state projects for an average of 3.23 bids per project. Of the 170 contracting companies eligible to submit bids for the April 2011 letting, 142, or 83.5%, were received, and submitted at least one bid. In April 2010, 188, or 87.8%, individual contractors submitted at least one bid of the 214 contracting companies eligible. Currently for the April 2011 bid lettings, all bids were rejected on 2 projects.

There were no ARRA projects let in the April 2011 letting.

A total number of 89 projects (71 Local) are scheduled to be let May 6, 2011. 18 State projects currently advertised for the May 6, 2011, bid letting. Of the 89 total projects, 1 is approved for ARRA program funds. Pending any questions, Mr. Frierson asked for approval.

Chair Jung entertained a motion. Motion was made by Commissioner Moser and

supported by Commissioner Atkinson to approve Exhibit A-1. Motion carried on a unanimous voice vote.

Information Items (Exhibit A-3) – Myron Frierson

Mr. Frierson provided information on 1 project, for which the bids are under \$500,000 and have less than two bidders or are low bid rejections or have other bid issues, that is being submitted for informational purposes only. No action is required.

Letting Exceptions Agenda (Exhibit A-2) – Mark Van Port Fleet

Mr. Van Port Fleet provided information on 2 State projects that were over/under the engineers' estimates. Pending any questions, Mr. VanPortFleet asked for approval of Exhibit A-2.

Commissioner Atkinson asked what entity was responsible for the management of the detour or the signing of the detour related to the Cut River Bridge project. It was determined that this question was part of Exhibit B.

Mr. Van Port Fleet deferred to Ms. O'Brien.

Commissioner Atkinson asked how long the department has been putting rumble strips in the middle and along the sides of the road.

Mr. Van Port Fleet stated that the department has been putting rumble strips along the shoulder of the roads for many years. Centerline rumble strips started being used approximately 4 to 5 years ago to minimize the potential for crossover accidents.

Commissioner Atkinson stated that it appears that the Engineers have had considerable experience with what is involved the process and the kinds of plans to make for that process. With this exhibit, with adding to the corrugations through all the roads through the Upper Peninsula, why is the engineer's estimate so far off?

Mr. Van Port Fleet stated the department didn't do a justification for that, he would assume the cost is up due to the pavement markings or special markings. The department doesn't typically look into items less than 10% over, but would be willing to look into it.

Commissioner Atkinson stated there were a lot of passing lane adjustments and asked if they were part of the marking project.

Mr. Van Port Fleet stated that he would assume so, depending on whether it was turning or passing lane.

Commissioner Moser asked if the center strip markings are only on state trunk line roads, not county roads.

Mr. Van Port Fleet stated that some county roads do, depending on the way the county operates their system.

Commissioner Moser commented that then the counties can include them on their roads.

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

Contract Adjustments (Exhibit B) – Brenda O’Brien

Ms. O’Brien provided information for 5 extras on MDOT projects totaling \$3,148,255.91; and 3 extras and 2 overruns for Local projects totaling \$369,550.21.

Ms. O’Brien addressed Commissioner Atkinson’s question relative to what entity was responsible for the management of the detour or the signing of the detour.

Ms. O’Brien stated that MDOT would be responsible for maintaining the detour. Discussions would take place with the county or municipality allowing us to use their road as a detour. There would be an agreement with them to maintain the signage while the work is being done on our highway.

Commissioner Atkinson stated that the project was in Mackinaw County.

Commissioner Atkinson stated that essentially the problems that arose with the signing and the maintenance of the detour were either ours or Mackinaw County.

Ms. O’Brien stated that the reason for the adjustment on the traffic control was because of problems encountered on the bridge itself during each season of construction. In the first season, there was a problem with the conventional scaffolding that was used. The exterior beams, years ago, were not sized to carry the typical loads that would be expected due to the scaffolding and that delayed the project into a second season. During the second season there were problems encountered with the haunch grades on the deck and the grades had to be redone, the decking needed to be redone in order to account for adequate concrete coverage over the bridge. The detour had to be maintained significantly longer than anticipated. This request is related to the traffic devices that had to be kept in place throughout the project.

Commissioner Atkinson stated that it looks like it was pretty much all MDOT work.

Ms. O’Brien stated that it accounted for approximately \$183,000 in adjustments for the traffic control. When a project is extended the traffic control items are paid for based on the prorated amount of the extension.

Commissioner Atkinson stated that the biggest contributor for the additional cost is the 580 days it had to be extended.

Pending any questions, Ms. O’Brien asked for approval of Exhibit B.

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

voice vote.

IV. ANNOUNCEMENTS

Announcement of New Commission Auditor – Chair Jung

Chair Jung introduced John (Jack) Cotter as the new Commission Auditor in the Office of Commission Audits.

Mr. Cotter gave a brief description of his background. He served over 25 years at the Office of the Auditor General.

Chair Jung stated the Office of Commission Audits currently has approximately 20 staff members and performs a number of important functions, including looking at the change orders and oversight items the Commission approves. They also have an important interface function with the U.S. Department of Transportation. The budget for the audit function is less than .1% of the department's overall budget. It is an extremely efficient operation with an important function.

Chair Jung also recognized the Acting Commission Auditor, Doug Witte. Mr. Witte has been with the Office of Commission Audits for over 36 years. Chair Jung stated he is extremely impressed by Mr. Witte's integrity and the relationship he has with the office's staff. Chair Jung thanked Mr. Witte for his years of service and stated that he will be presented a plaque from the Commission for his years of service.

V. PRESENTATIONS

Transportation Asset Management Council 2010 Annual Report – Carmine Palombo

Mr. Palombo recognized the members of the Council that were present at the meeting: Bill Tansil, Steve Warren, and Brian Sanada.

Mr. Palombo presented the TAMC's Annual Report. In 1998, the Act 51 Study Committee was formed to look at additional funding/revenue for transportation. Unfortunately, the process has not yielded additional funding; however, it did yield an agreement from all that there was a need to look at things differently. Going to an asset management approach, they came to the conclusion that the cities and counties were not consistent throughout the state in terms of data collection, etc. The council concluded that they needed a consistent approach, based on how the road functioned rather than who owns them. Asset Management Council was established in 2002 and reports to the State Transportation Commission. It is required that the council report annually on the condition of the roads. The primary function of the council is to develop best practices including tools, training and education, and performance reporting on road and bridge conditions.

Member Agencies & Support:

There are 11 members, one non-voting, which are all involved and participate in the process. The report is submitted to the State Transportation Commission through the Commission Advisor.

Asset Management Process & Support:

The Asset Management Process is one where the council monitors and reports on road and bridge conditions. The council establishes a long-range vision of where we want to be and develop plans & programs on how to get there. We then focus on program delivery. The council is there to support the cities, counties, and department through the entire process by trying to look at one rating method, providing training and education and options on how to make improvements.

One of the first things the council did was develop the Paser Condition Rating system. The system is used by most of the road agencies throughout the state. The ratings are grouped by Good (Score 8 to 10) Preventive (4 to 7) and Poor (1 to 3).

Based on the 2010 ratings, greater than 35% or 1/3 of the Federal Rated system is in poor condition. 18% is in good condition. The bulk of the miles are in fair condition. Every year since 2004, the percentage of good pavement has continued to go down. In 2004 about 24% was in good condition and today it is only about 18%. The poor condition is 3 times the amount compared to when we first started.

If we invest money when they are in fair condition, it will be less of an investment to get them into good condition. The majority of the roads in fair condition have gone to poor condition. On a positive side, the roads most traveled are the ones in relatively better condition when compare to those carrying lower volumes.

When looking at the non-federal system or the other 80,000 miles (local system), the legislation said to start with the Federal side of the roads and then focus on the local roads. For the local system, 46% of the miles are in poor condition, 43% fair, and 11% are rated in good condition. When adding this data the data from past years, the local system is in worse shape that the federal aid system.

On the bridge side, there is a different situation. When looking at the percent of structurally deficient bridges (all roadway bridges - Great Lakes States), approximately 9% represents MDOT bridges. As for bridge conditions, poor conditions are going down.

The Forecasted System Conditions 2011 to 2020:

There are two different models used to do the projections. Our road system is about as good as it will get with the same investments being made today. On the bridge side, the measurement shows that bridge conditions are getting better, but around 2011 you can see by the forecast the more bridges in fair condition will fall into the poor condition if we do not increase the investment into the system.

2011 TAMC Effort:

The council will put more emphasis on taking the data and having more local plans made. The council has developed some reports: the asset management guide for local agencies that provide sample plans, the asset management guide for bridges provides sample bridge asset management plans. Bridges are a lot more complicated, especially for local units of government.

The council also developed a combined reporting system. The council worked with MDOT to combine two processes into one. The data will be used to put together a plan to make it easier for the locals to use reporting system.

2011 Training & Education:

There were 2 upcoming Asset Management conferences, 5 workshops, 12 elected officials' workshops, ten PASER trainings, and 14 investment reporting tools trainings.

The Spring Conference will be held on May 12, 2011, in Grand Rapids at Grand Valley State University's Eberhard Center.

The Fall Conference will be held on October 27, 2011, in Escanaba, Bay College M-TEC Center.

Pending any questions, Mr. Palombo asked approval of the TAMC's 2010 Annual Report.

Commissioner Moser asked if railroad bridges are taken into account when the assets of bridge inventories are completed.

Mr. Palombo stated they are not broken out as such, but yes they are.

Chair Jung asked if there are any efforts to tie the quality of pavement to the construction techniques, do you try to incorporate any historical data.

Mr. Palombo replied that the council is not doing that, but they have the data for anyone that wants to do that type of analysis. There are a lot of pieces of information that can eventually be used in terms of research. The council is looking at what it costs to maintain a system and different cross sections of pavement. The council went to the Transportation Research Board and asked if anyone had done this type of research and were told no. They would like to develop a user's manual, from a pavement point of view, to tell us what to do in terms of maintenance, when to do it and what it will cost to do it. If that was done for the entire system, it could tell us what we need to invest to maintain the system. It may help answer questions relative to why things are the way they are.

Chair Jung stated there is a lot of data, but the results have not been formulated yet. It is good to know the base data is there to answer additional questions at some point.

Chair Jung entertained a motion to approve the TAMC 2010 Annual Report. Motion was made by Commissioner Moser and supported by Commissioner Atkinson to approve the Report. The motion carried on a unanimous voice vote.

Commissioner Atkinson asked what the Commission can do to advance the work of the Asset Management Council's work in terms of their own local townships, boards, road commissions, and other officials to get them to understand asset management. She is

considering sending invitations to the municipalities in the Upper Peninsula to attend the Fall Asset Management Conference to do some outreach.

Mr. Palombo stated the he and the council would appreciate any help the Commission could give to support the council's efforts.

Five Year Transportation Program – Denise Jackson

Ms. Jackson provided an update and brief overview of the department's Five-Year Transportation Program. Since November, we have received public comments, updated revenue assumptions and investment strategies for matching all federal highway funds.

There is a legislative requirement to send the Five-Year Plan over to the legislature by March 3, 2011, which did happen.

The Five-Year Plan included a multi-modal plan totaling \$6.1 billion, \$621 million for aviation, \$1.4 billion for bus and rail, and nearly \$4.1 billion for highways. The department continues to focus on safety and preservation, as the Commission has asked them to do.

There were 18 total public comments received from the plan posted in November. 8 focused on specific MDOT projects, which were sent to the appropriate regions. There were other general comments about the lack of Michigan having appropriate funding levels.

The draft Five-Year Transportation Program illustrated the annual shortfall as indicated on the chart. There is a state shortfall of \$120 to \$160 million per year starting in 2012. Federal Aid Lost to MDOTs Highway Capital Program is anticipated at \$700 to \$800 million per year. There will be approximately a 75% reduction in Road and Bridge investment and a 50% reduction in safety and system operation investment.

Prior to developing the document, MDOT has continued to look for ways to match all federal aid options to move forward. MDOT will continue to look at the budget and work with finance to make adjustments and savings. Federal Highway has given permission to the department to use the \$550 million Canada is investing for Michigan's work on the new International Trade Crossing to match federal aid.

The updated revenue assumption shows the revenue available from 2011 to 2015 is approximately \$6.4 billion, contingent upon legislative approval of the NITC programmatic agreement and MDOT budgetary adjustment. If this occurs we will be able to match federal aid during this time period. The \$550 million from Canada will assist with leveraging \$2.2 billion in federal funding.

The Five-Year Plan investment totals \$8.6 billion. \$621 million for aviation, \$1.4 billion for bus, marine, and rail, and approximately \$6.6 billion for highway. The Investment Strategy Highway Program chart has been very successful in the past. The current program is a decreased program, but if we are able to match federal aid beginning in

2012, we would have a \$1.3 billion program.

Economic Impacts:

Transportation plays a key role in the economy. This chart shows that more than 16,000 jobs would be supported if we can match federal aid. A 50% reduction would result in only supporting 8,000 jobs.

Ms. Jackson asked for any questions on the highway side, none were forthcoming.

Multi-Modal/Passenger Transportation Mode:

There are revenue issues. The five year program, 93% will go to local transit, 4% to passenger rail, 3% to intercity bus, and less than 1% to marine passenger. The Five-Year program does not include project specific information. CTF funds come from the motor fuel tax and license registration fee, and auto related state sales tax, which contribute 73% of the total MDOT program. As you can see, the chart shows that revenues are declining.

Revenue issues include a continued reduction to the program to fit the revenues available. Capital investments have been postponed, but ARRA has helped to narrow the gap. Investments are not keeping up with the costs associated with the program. The cost of raw materials and construction material are up and so is the cost of fuel. Adequate matching for federal funds is uncertain and state operating assistance for public transit remains static. The investments are not keeping up with the costs.

Rail Freight:

CTF funding for Rail Freight has most recently been cut in half. The Five-Year program is based on a continuation based on what is expected in 2011. The next Five-Year plan will reflect any changes. All of the programs focus on preservation and safety. 64% of the program is in safety, 25% in preservation, and 11% in expansion. The ability to address new rail opportunities will be hindered in the future. Due to the suspension of the loan program MDOT has not been able to support businesses with the rail opportunities.

Aeronautics Program:

The chart shows revenues are going down. There is a 3 cent aviation fuel tax and a 1 ½ cent rebate to the airlines. There are limited dollars being collected and they are not going very far. The aviation fuel tax has never been adjusted since its inception in 1929.

Next Steps:

There appears to be some opportunity to match federal aid, but there are still significant issues facing our multi-modal program.

Ms. Jackson asked for approval of the Five-Year Plan, to post the final document, and to send the approved plan to the legislature.

Chair Jung asked the Commission if they had any questions prior to making a motion.

Commissioner Atkinson stated that the Commission has looked at the plan a number of times and wanted to know if there is any discussion in the plan about alternative fuels and any changes we need to make in raising revenue through the fuel tax and so forth.

Ms. Jackson stated that there is no discussion in the Five-Year Program about that. There was a lot of discussion in the Legislatively mandated Transportation Funding Task Force (TF2) report, but it was not transferred into the Five-Year program.

Commissioner Atkinson stated that if one were to look at this Five-Year Program in terms of deciding on how to allocate funding and what to do, would adding the TF2 report as an appendix or exhibit be of any help?

Ms. Jackson stated that the Five-Year Plan it reflects what we anticipate having available. It doesn't look at the possibilities of all the various scenarios that would have been in the TF2. The department could refer to the TF2, but traditionally the Five-Year Program has not taken on that kind of character.

Commissioner Atkinson stated that the information Ms. Jackson provided was very helpful.

Chair Jung added that Commissioner Atkinson has a good point. The TF2 and the Five-Year Plan go hand in hand. The asset assumptions are based on the funding model and whatever the audience might be, they ought to be looking at both reports concurrently. It would make our case stronger.

Ms. Jackson stated that the department does have information related to the pavement and projections that would be similar to the asset management part on trunk bridges and pavement. We do not include the kind of alternative discussion that Commissioner Atkinson was referring to, where you look at the different ways of bringing in revenues. We do have the asset part in there.

Chair Jung stated that the revenue challenges are not just due to alternate fuels and electric cars, but also improved fuel economy. The gas tax does not take into account inflation. It has been over 10 years since we have seen an increase in the gas tax.

Chair Jung asked for a motion to approve the Five-Year Transportation Program. Motion was made by Commissioner Moser. Commissioner Atkinson stated that she could not support without the inclusion of the TF2 Report. Commissioner Scalici then offered to Second the motion to approve the Five-Year Transportation Program.

Commission Advisor Raha called a roll call. Chair Jung, Commissioner Moser, and Commissioner Scalici voted yes, while Commissioner Atkinson voted no, and Commissioner Wyett abstained. The roll call did not pass.

Chair Jung stated there were not enough votes to pass the Five-Year Plan at this time and that the vote would be taken up at the May 19, 2011, State Transportation Commission

Meeting.

Commissioner Atkinson stated that she would vote yes to approve the Five-Year Plan if the TF2 is included as an appendix or exhibit to the Plan. The work that went into the TF2 and the scope of the people that served on the task force is essential to considering the analysis in the Five-Year Plan. That is the only reason why she voted no to the approval of the Five-Year Plan.

Chair Jung stated that he did not see a reason why the TF2 report could not be included as an FYI when sending the Final Five-Year Plan to the legislature.

Mr. Frierson stated that the Five-Year Plan is based on what the department can do with existing known funding resources. The TF2 is a separate advisory document with a different purpose.

Chair Jung asked and if it would be acceptable to Commissioner Atkinson to send the TF2 report along with the Five-Year Plan.

Commissioner Atkinson said that she would vote yes, if the department agreed to send both the Five-Year Plan and the TF2 report to the Legislature.

Commissioner Atkinson moved to approve the Five-Year Plan along with the request that the TF2 report accompany it. Commissioner Scalici offered a second to the motion. After a roll call vote, the Five-Year Plan was approved with Commissioner Wyett abstaining.

Commission Advisor Raha stated he would explain why the TF2 report is being sent along with the Five-Year Plan.

Commissioner Moser stated he supported that TF2 is an excellent document. He supported the first vote, because as Mr. Frierson stated we needed to move forward with what we know. He also stated that what Commissioner Atkinson requested was an excellent idea, due to the work that went into it and its findings.

Director's Report- Polly Kent

2011 Federal Budget Presentation: Congress enacted a budget after a series of continuing resolution. Some items were cut from the budget. \$943 million was cut from the general funds that were in the highway trust fund. The rescinded funds were from old earmarks. In transit the fixed guide-way funds were reduced. The TIGGER Grant Program funding was also cut. The biggest hit to the department is to the high speed rail program, which eliminated funds to rail safety and reduced the funding to the rail line program. They rescinded all funding to the 2011 high speed rail program.

Complete Streets:

New legislation requires the State Transportation Commission to adopt a Complete Streets Policy by August of 2012. A complete street is defined as a roadway that is

planned, designed, and constructed to provide appropriate access for all legal users, whether by car, truck, transit, assisted device, foot, or bicycle. It is not something new; the department has been using Context Sensitive Solutions to develop our projects since 2003. They have been working with stakeholders to try to find solutions that are acceptable to everyone.

In 2006 the State Long Range Plan, the department received a lot of feedback from public asking for alternatives such as bike ways and better transit options.

In 2010, despite budgetary constraints, the Commission made the decision not to zero out any of these categories. They decided to equalize the cuts instead of taking away from a particular program.

Public Act 135 requires the Commission to form a Complete Streets Policy, creates the advisory council, and requires MDOT to share expertise in non-motorized and multi-modal planning in the development of trunk line projects within municipal boundaries. What it doesn't do is provide additional funding or require local agencies to pass a complete streets policy. The policy provides guidance to MDOT and promotes complete streets.

The first Complete Streets Advisory Council meeting was held on April 27, 2011, and was convened by the director. The next meeting will be the last week of July.

Chair Jung asked Commissioner Atkinson expand upon the Complete Streets initiative.

Commissioner Atkinson stated that a number of handicap people attended the meeting to give input on what they would like to see. Funding was discussed, as well as alternative resources that can be looked for. The amendment says the council's job is to educate and advise. The council was concerned what that meant, and what a complete streets policy should look like. She was very encouraged with the scope of the talent of those serving on the Committee.

VI. **PUBLIC COMMENTS**

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

VII. **ADJOURNMENT**

There being no further business to come before the Commission, Chair Jung declared the meeting adjourned at 10:30 a.m.

The next full meeting of the Michigan State Transportation Commission will be held on Thursday, May 19, 2011, on 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
Commission Advisor