

**MINUTES**  
**MICHIGAN STATE TRANSPORTATION COMMISSION MEETING**  
**May 19, 2011**  
**Lansing, Michigan**

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

**Present:** Jerrold M. Jung, Chair  
Ted B. Wahby, Vice Chair  
Linda Miller Atkinson, Commissioner  
James Scalici, Commissioner  
Charles Moser, Commissioner  
Todd Wyett, Commissioner

**Also Present:** Kirk Steudle, Director  
Laura Mester, Chief Financial Officer  
Frank E. Raha, Commission Advisor  
Amy Dickenson, Commission Executive Assistant  
Jack Cotter, Commission Auditor, Office of Commission Audit  
David Brickey, Attorney General's Office, Transportation Division  
Myron Frierson, Director, Bureau of Finance and Administration  
Brenda O'Brien, Highway Delivery, Engineer of C & T  
Mark VanPortFleet, Director, Bureau of Highway Development  
Ed Timpf, Administrator, Finance and Administration  
Dee Parker, Administrator, Contract Services Division  
Mike Kapp, Administrator, Office of Economic Development  
Randy Van PortFliet, Engineer of Highway Delivery  
Jason Clark, Construction & Technology  
Bill Shreck, Public Outreach MDOT  
Jerry Crandall, MIRS  
Karen Putnam, Ombudsman  
JimMurner, MRPA

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

Chair Jung called the meeting to order at 9:04 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 May 19, 2011.

Moved by Commissioner Atkinson, with support from Commissioner Scalici, to approve the minutes from the State Transportation Commission meeting of May 19, 2011.  
Motion carried.

## II. **DIRECTOR'S REPORT**

Director Steudle presented the following:

### Federal Update.

The red line is the ending balance of the Highway trust fund, which is where the federal gas tax goes. The blue line is the revenues coming in; the green line is the outlays. The projected balance going forward goes negative in the middle of 2013, which means there is not enough money going into the Highway Trust Fund compared to what is being spent. Last year \$8 million was transferred into the trust fund, pushing us out to 2013. The House changed the rules, basically saying the outlays for the service transportation program have to stay within the revenues of the Highway Trust Fund. In other words, there will be no more influx of general fund money. The 2012 House Budget could potentially cut \$30 billion from transportation, which is about 30 percent. The Senate has not indicated what they are planning to do with the budget. There continues to be an uncertainty at the federal level, which has been the case for approximately the last six years. The 2011 rule change makes it easier to reduce transportation spending and it makes it more difficult to increase revenues. This may have a significant impact on the 5 year plan due to these changes. What happens in Washington will impact what we are doing here in Michigan.

### Reauthorization Activity

We are on the 7<sup>th</sup> extension, which will expire at the end of September 2011. We anticipate the reauthorization debate will continue throughout the summer and into December. Representative Micka is the head of the Transportation Infrastructure Committee and is focused on re-examining every program and is looking at the spending within the Highway Trust Fund. The focus is on finding innovative financing to maximize funds leveraged and to accelerate project delivery. He is reexamining every dollar and program. His priorities are to stabilize the Highway Trust Fund. There will be some type of consolidation of the programs, which are currently over 100. There appears to be a lot of interest in reducing the amount of programs from several to as little as ten and maybe even six. Representative Micka is interested in providing a smaller number of programs, which provides states more flexibility to figure out where the biggest need is. One of his biggest issues is accelerating project delivery, from the environmental stage to finishing the project. MDOT has a lot to offer in these discussions and also to learn from other states. From a national level, they are looking at how to use technology such as the precast components to accelerate projects.

In Fiscal Year 2012 the house budget and reauthorization plan could reduce highway program by 30%, eliminate transit, and cut funding to Amtrak. The impacts depend on where the reductions are made and how it turns out.

The Director asked if there were any question on the Federal Side, none were forthcoming.

Enhanced Passenger Rail (High Speed Rail)

High speed rail is anything over 150 miles per hour. Governor Snyder applied for grant funding for enhanced passenger rail. MDOT currently has passenger rail that makes three roundtrips from Detroit to Chicago on a daily basis. The money coming is to make sure this service is continued and to incrementally increase that service.

From Kalamazoo to Dearborn there is a service rail project for track & signal, and train control upgrades. It is 100% federally funded and will cost approximately \$196.5 million. It will ultimately allow increases to the passenger train speed to 110 mph. There are currently portions of this rail that only allow the trains to go 60 mph due to the conditions of the rail. There is also a piece that can only go 30 mph. This grant will allow for the infrastructure improvements along with the necessary upgrades. The electronic train control system will be upgraded.

The Ann Arbor Station Funding portion is \$3.5 million, which is an 80/20 match. The 20 percent match is coming from the City of Ann Arbor. The Ann Arbor Station is the busiest passenger rail station in the state.

One of the biggest pieces of the grant is the Midwest upgrades. This is for next generation train equipment work. The Midwest has the oldest equipment of the Amtrak fleet. It is significant that they are putting the new equipment here in Michigan. It will drive our operating cost down. The equipment needs to be built in the United States, which currently does not have any manufacturers to build this equipment. The Midwest purchase will be combined with the California and Northwest purchase, all into one contract, giving us an opportunity to market them being built here in Michigan. New locomotives will be purchased for Wolverine and Blue Water Services. There will be new coaches purchased for all three Michigan services.

The Kalamazoo to Dearborn Segment: we have been investing in this line over the past few decades. The grant is to bring the rest of the track from Kalamazoo to Dearborn to run at 110 mph. Previously, there were rail investments in the segment of line from Kalamazoo to Chicago, to relieve congestion going into Chicago.

Previously, the department received a \$150 million corridor acquisition grant from the Federal Rail Administration to acquire the line under state and Amtrak control. Norfolk has diminished rail service and has tried to sell this piece. It was an important piece so MDOT could control what was happening in that corridor.

The director asked if there were questions on High Speed Rail update.

Chair Jung asked how much the total contract will be for the locomotives, cars, etc.

Tim Hoeffner replied that he does not know the exact dollar amount, but in totality there will be 130 coaches, 38 of those coaches for the Midwest, 36 locomotives of which 8 are for Michigan.

Chair Jung asked if the locomotives are just given to local companies.

Director Steudle stated that they will be part of the Amtrak fleet.

Chair Jung congratulated Tim Hoeffner and his team on their work.

#### Michigan State Rail Plan

Required by Passenger Rail Investment and Improvement Act of 2008 (PRIIA). The plan was to address both passenger and freight rail, to do inventory and analysis of existing rail system; it developed a long-range service and investment program that includes a list of rail capital projects.

The goals of the rail plan is to promote the efficient movement of passengers, to promoted efficient movement of freight, encourage intermodal connectivity, enhance State and Local economic development, environmental sustainability, and safe and secure railroad operations.

The schedule: the study began last May, public meetings were held in September 2010 and one is scheduled for June 2011. The study should be completed in July of 2011.

The director asked if there were any questions, none were forthcoming.

#### Announcement

After the director's report, Jack Cotter, the Commission Auditor stated that the Office of Commission Audits has once again passed their peer review. This means that the organization has a team of intelligent and hard working employees that have formally been determined to be at the top of the list of transportation auditors.

### III. RESOLUTIONS

#### Resolution of the State Transportation Commission of the State of Michigan Amending the Economic Stimulus Project List Approved by a Previously Adopted Commission Resolution....Myron Frierson (roll call required)

Mr. Frierson stated that the resolutions were to amend bond project lists and each resolution requires a roll call vote. To amend the project list there is a two-step process. At the March 31, 2011 meeting, the Commission approved the two "intent" resolutions to amend the project list. The statute requires a 30-day notice period for the legislature. Due to the timing of the March and April meetings, we are coming back today to ask for the second step in that process, asking for approval of the amendment.

Mr. Frierson asked for questions related to the first resolution. None were forthcoming.

Chair Jung entertained a motion to approve the first resolution. Moved Vice Chair Wahby and supported by Commissioner Scalici.

Mr. Raha asked for a roll call vote. All passed on a unanimous roll call vote with 6 yeah votes.

Resolution of the State Transportation Commission of the State of Michigan Amending the Jobs Today Project List Approved by a Previously Adopted Commission Resolution....Myron Frierson (roll call required)

Mr. Frierson explained that the department is asking for approval to amend the project list. This amendment will add three projects to the list, bringing the total project list to \$20.1 million.

Chair Jung entertained a motion to approve the first resolution. Moved Vice Chair Wahby and supported by Commissioner Moser.

Mr. Raha asked for a roll call vote. All passed on a unanimous roll call vote with 6 yeah votes.

IV. **OVERSIGHT**

Commission Agreements (Exhibit A) – Myron Frierson

Myron Frierson presented information on 21 contracts. Pending any questions, Mr. Frierson asked for approval of Exhibit A; none were forthcoming.

Chair Jung asked Mr. Cotter about the accounts receivable and scheduled payments. He asked what it meant that the agency with the outstanding receivable was current with scheduled payments.

Mr. Cotter explained that it means the agency with the outstanding balance due to the department is current with their annual payment schedule.

The Chair asked Mr. Cotter to get the amount of the receivable and to report to the Commission at the June 23, 2011, STC meeting.

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

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

Mr. Frierson discussed a situation in the Southwest Region. It is anticipated there will be a waiver needed due to the timing of this project to address an emergency situation. On M-22, in the City of Allegan, there is a road adjacent to the Kalamazoo River that has an eroding slope. This was initially thought to be an emergency situation that the department was going to address in July, but due to the recent rain in early spring the amount of erosion has increased. Construction needs to be started by June 1, 2011, and the department is using a new concept to partner with a design consultant, department, and contractor to come up with a solution. The contractor will also come up with a guaranteed maximum price for the project. The contractor is brought in early to deal with

constructability issues. The negotiation of the contract amount will need Commission approval, so the department will be asking for a waiver. The Southwest Region Engineer will be giving a presentation at the June 23, 2011, STC meeting further describing the project issues.

Commissioner Scalici asked for clarification that the contract amount is not known at this time.

Mr. Frierson stated that was correct and once they receive an amount from the contractor the project will go out for an open bid.

Commissioner Scalici asked when the bidding was going to be posted.

Mr. Frierson stated within the next two weeks.

Director Steudle added that this situation has been unusual. The department has done several things to address the slope deterioration, but the rising waters have significantly increased the rate of erosion. It was on the watch list, but then moved faster than the anticipated accelerated deterioration. There was a lot of debate internally on finding a solution, so the department went with this new process approved and encouraged by the Federal Highway Administration. It is an innovative method to get contractor input up front so we end up with a fix that works, as opposed to one that only works on paper.

Mr. Frierson gave a brief re-cap of the May 6, 2011 bid letting: 18 State projects with total engineers' estimates of \$23.2 million and low bid dollars totaling \$23.7 million were let. In terms of overall competition, the department is averaging over 5 bids per local project on 4 on state projects. Of the 185 contractors eligible to submit biddings, approximately 86.5% submitted at least one bid, which is consisted with the 89.3% from the prior year.

The projections for State trunk line projects let in FY 2011 total 338 projects with \$815 million in total construction cost estimate. Through May 2011, we have let 204 projects which represents 63% of the total were let. In comparison to May 2010, 90.3% of the projected construction cost estimate was let.

The June 3, 2011, bid letting there are 12 State projects with total engineer's estimates of \$28.7 million scheduled to be let. 3 of these projects include warranties with engineer's estimates totaling \$22.1 million. There are 44 Local projects included in the advertised letting with an engineer's estimate of \$28.7 and 4 Aeronautics projects are included with an engineer's estimate of \$3.5 million. No ARRA projects are included in the June 3, 2011, letting.

Pending any questions, Mr. Frierson asked for approval.

Chair Jung entertained a motion. Motion was made by Commissioner Wyett and supported by Commissioner Wahby to approve Exhibit A-1. Motion carried on a

unanimous voice vote.

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

Mr. VanPortFleet provided information on 2 State projects and 3 Local projects that were over/under the engineers' estimates. There was one single bidder item. Pending any questions, Mr. VanPortFleet asked for approval of Exhibit A-2.

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

Contract Adjustments (Exhibit B) – Brenda O'Brien

Brenda reported that there was a corrected table showing the projects finalized for the month of April 2011. The corrected total puts the department at 0.89% overrun for the fiscal year-to-date. For e

Ms. O'Brien provided information for 6 extras on MDOT projects, 3 extras for Local project, and there was one local project overrun. Pending any questions, Ms. O'Brien asked for approval of Exhibit B.

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

V. **PUBLIC COMMENTS**

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

VI. **ADJOURNMENT**

There being no further business to come before the Commission, Chair Jung declared the meeting adjourned at 9:51 a.m.

The next full meeting of the Michigan State Transportation Commission will be held on Thursday, June 23, 2011, in **Benton Harbor at the M-Tec Center located at 400 Klock Road, Benton Harbor, Michigan 49022, beginning promptly at 9:00 a.m.**

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Frank E. Raha  
State Transportation Commission Advisor