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Transportation Funding Update
New Revenue Package and Fixing America's
Surface Transportation (FAST) Act

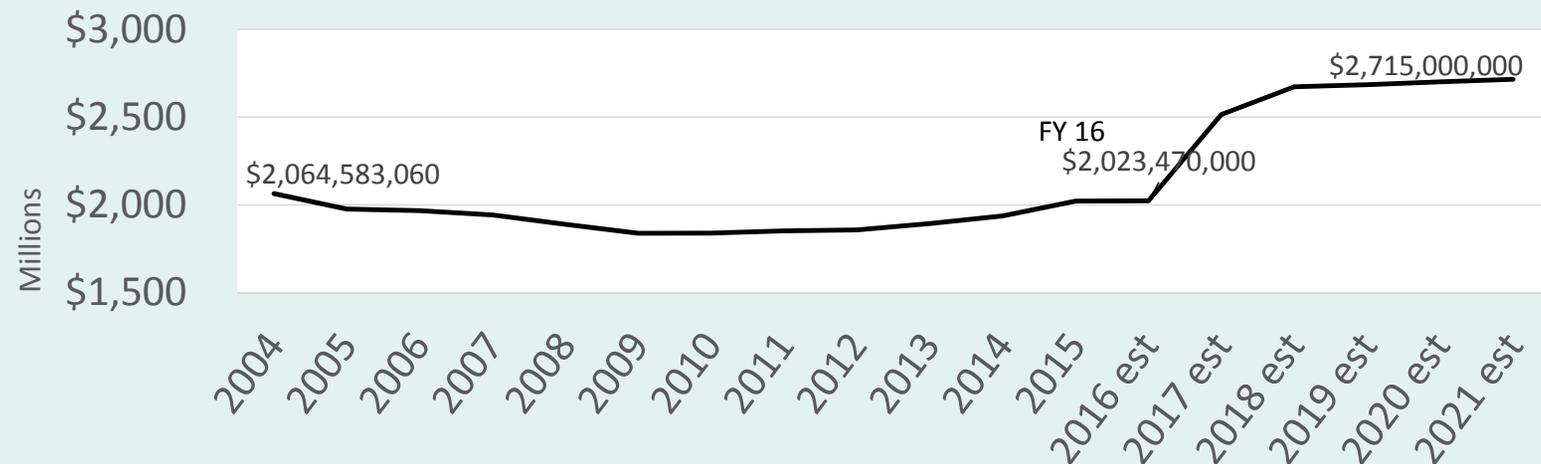
Laura J. Mester
Chief Administrative Officer

March 21, 2016

New State Revenue Package

- Beginning in January 2017:
 - \$410 M in additional fuel tax revenues annually
 - Tax on gasoline & diesel fuel rises to 26.3¢ & provides for diesel parity
 - 20% increase in vehicle registration fees totaling \$190 M annually
- General Funds transferred to transportation & distributed through 3-way Act 51 formula for road agencies:
 - 2019: \$150 M
 - 2020: \$325 M
 - 2021: \$600 M
- Beginning in 2022, gas tax will be indexed, rising in proportion to increases in Consumer Price Index, or 5%, whichever is less

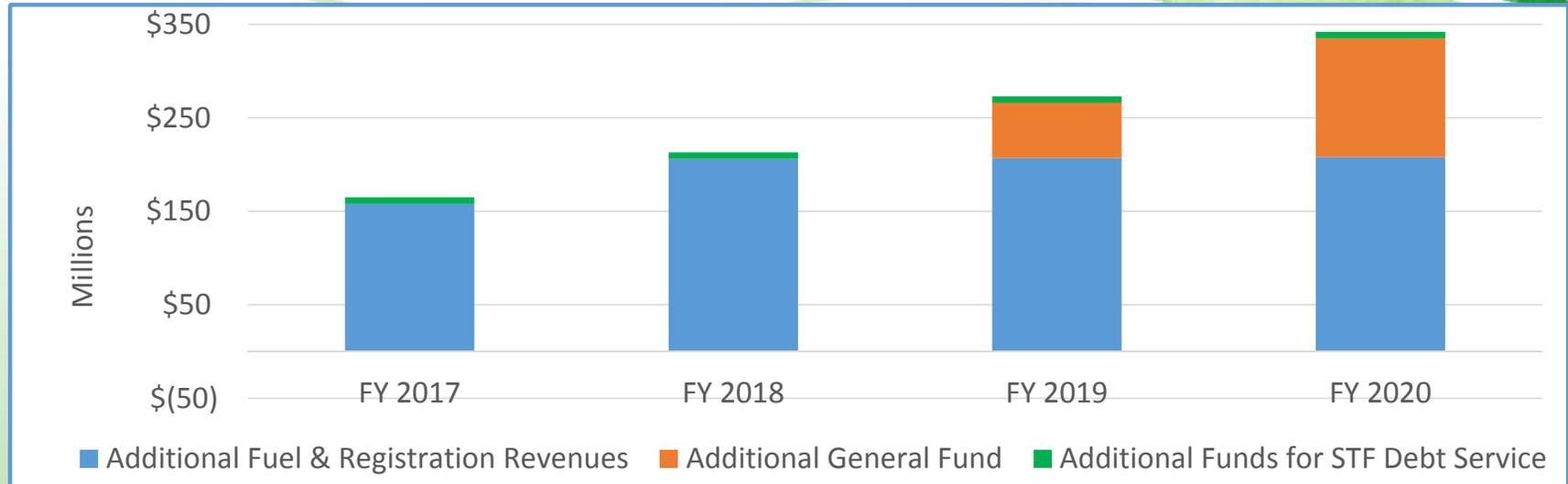
Michigan Transportation Fund Revenue



State Revenue Package increases MTF by \$1.2 billion.

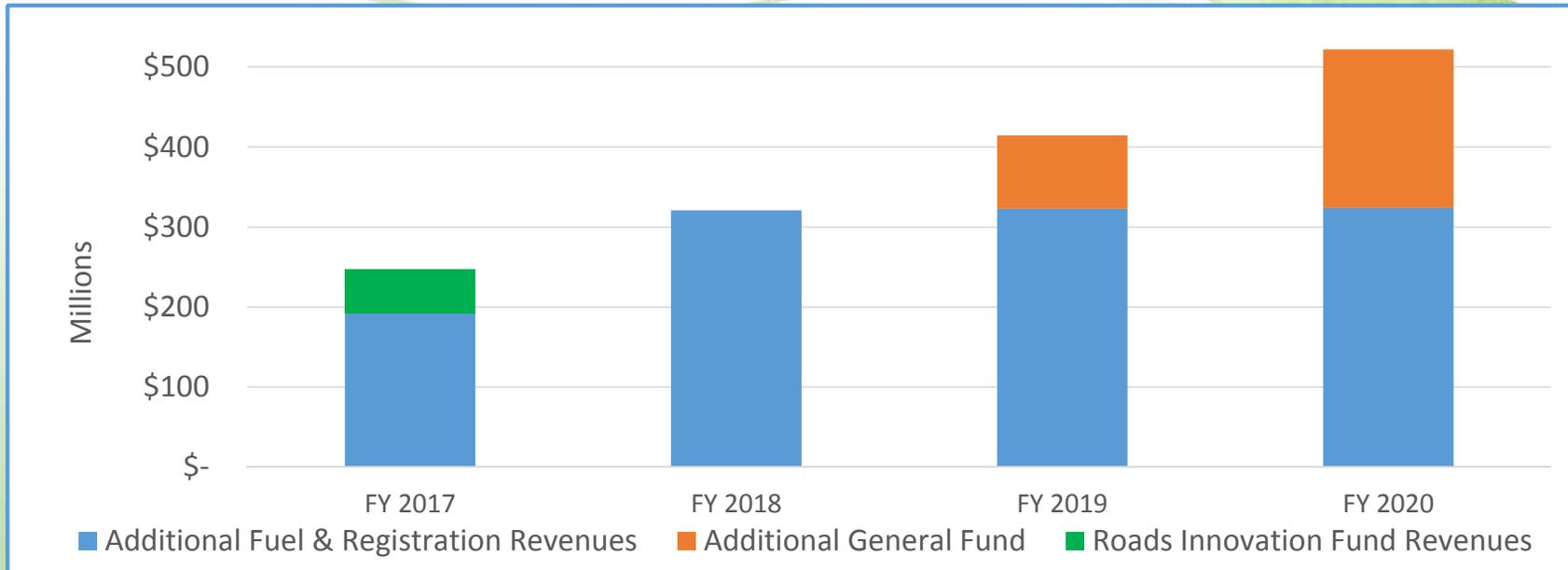
Gas/Diesel taxes increased to 26.3¢ per gallon on January 1, 2017 and inflated using CPI starting in 2022. Registration fees for most vehicles will increase by 20% in January 2017. Fees will be added to electric and plug-in hybrid cars which will equalize road-user fees for vehicles that use little or no taxed fuel.

Additional State Revenues above the 5 Year Plan to the State Trunkline Fund (STF)



	FY 2017	FY 2018	FY 2019	FY 2020
Additional Fuel & Registration Revenue	\$ 158 M	\$ 206 M	\$ 207 M	\$208 M
Income Tax Redirection	\$ 0	\$ 0	\$ 59 M	\$127 M
Additional Funds for STF Debt Service	\$ 7 M	\$ 7 M	\$ 7 M	\$ 7 M
STF Revenue Package Total	\$165 M	\$ 213 M	\$273 M	\$ 342 M
State Funds needed to match Federal Aid	-\$ 122 M	-\$ 126 M	-\$ 129 M	-\$132 M
Available for Trunkline Program	\$43 M	\$ 87 M	\$ 144 M	\$210 M

Additional State Transportation Revenues to Counties, Cities & Villages



	FY 2017	FY 2018	FY 2019	FY 2020
Additional Fuel & Registration Revenue	\$ 192 M	\$ 321 M	\$ 323 M	\$324 M
Roads Innovation Fund	\$ 55 M	\$ 0	\$ 0	\$0
Income Tax Redirection	\$ 0	\$ 0	\$ 91 M	\$ 198 M
Local Revenue Package Total	\$246 M	\$ 321 M	\$414 M	\$ 522 M

Non-Monetary Provisions

- **Administrative Expenses:** MDOT administrative expenses limited to 8% of its budget
- **Pavement Warranties:** Road agencies required to buy pavement warranties for projects over \$2 million
- **Competitive Bidding:** All agencies are required to competitively bid out projects costing more than \$100,000
- **Longer-lived Pavements:** MDOT will prepare a report on potential for constructing longer-lived pavements
- **Roads Innovation Fund:**
 - \$100 million/year in fuel-tax revenue
 - Funding will be released by resolution of the Legislature, and distributed through the usual Act 51 formula
 - After the Legislature releases funds, the \$100 million appropriation will cease

Next Steps

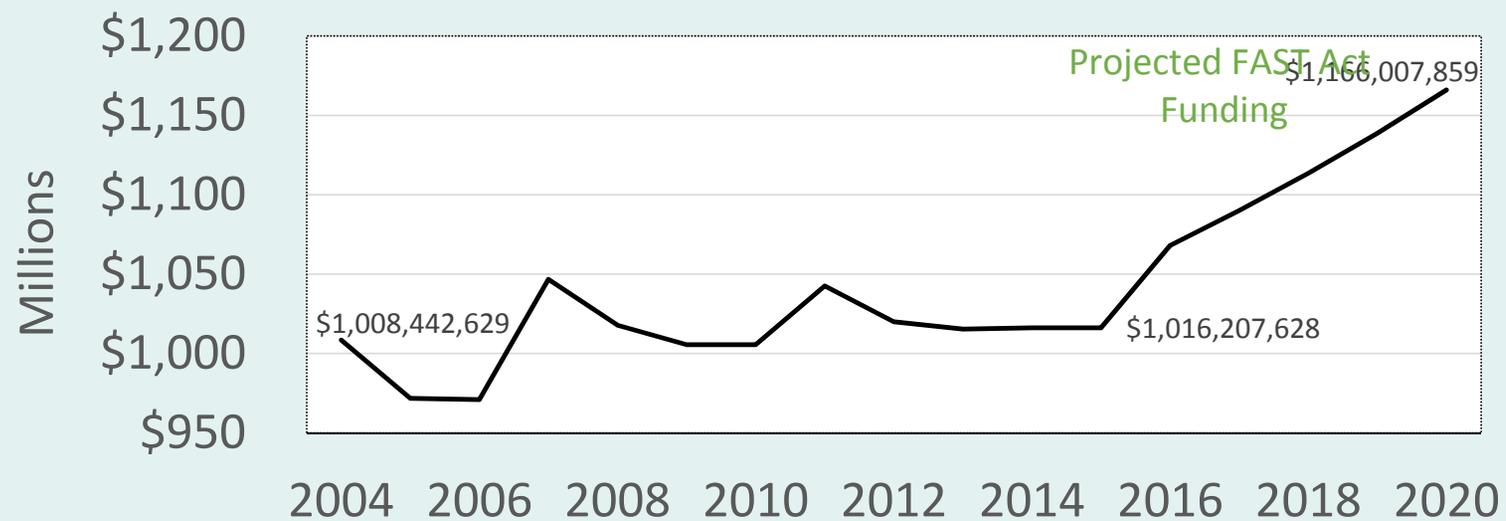
- Funding phased in to allow construction industry time to prepare
- Now is the time to focus efforts on asset management process
- Decisions to be made about how to invest CTF funds for rail and transit
- Work with local agencies, MPO's, regional planning agencies and transit providers going forward
- MDOT already at work on the study of long-lived pavement designs

Fixing America's Surface Transportation (FAST) Act

- Five years of federal funding certainty
 - FY 2016-2020
- Largely avoids controversial new initiatives
- Fully paid for
- Continues & improves changes in MAP-21
 - Performance management
 - Freight planning
 - Program simplification
- Some issues remain on the horizon
 - Continues reliance on non-transportation revenue sources
 - Deficit between revenue and funding to approach \$20 billion/year



Highway Funding to Michigan



Fixing America's Surface Transportation (FAST) Act was passed in FY 2015 for the next 5 years (FY 16 – FY 20). An increase over FY 15 for FY 16 – FY 20 of 9.9% (\$150 million).

Highway Highlights

- Maintains existing formula-based programs
- Distribution of funding among states unchanged
- New project eligibilities include:
 - V2I
 - Projects to reduce failure of critical infrastructure
 - TIFIA subsidy
 - Improvements to separate pedestrians & traffic
 - Enhancement of habitat & forage for pollinators
- Opportunity for toll pilot program
- Continues focus on freight
- Requires state freight plans



Transit Highlights

- Reinstates funds for Bus & Bus Facilities
- Raises Fixed Guideway Small Starts threshold
- Strengthens minimum safety standards
- Allows funds for joint transit/rail projects
- Pilot program to coordinate services
- Increases Buy America content for buses
- Expands cooperative procurement options



Rail Highlights

- Requires separate accounting for Amtrak – NEC & National Network
- Creates state supported routes committee
- Authorizes \$440M/year to make grants for passenger rail projects
- Continues efforts to introduce competition to passenger rail



Highway Trust Fund

- Some issues remain on horizon
 - Continues reliance on non-transportation revenue sources
 - Federal Reserve Surplus Fund: \$53B
 - Strategic Petroleum Reserve: \$6B
 - Bank to bank dividends: \$6B
 - Customs fees: \$5B
 - Deficit between revenue & funding to approach \$20B/year by end of this authorization
- Authorizes funding to study funding alternatives



Questions?

Laura Mester, Chief Administrative Officer

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Changing Times

Mark A. Van Port Fleet, P.E., COO

Michigan Department of Transportation



Today's Topics

- OBD Process Improvement
- Mega Project Update
- Impacts of Stable Funding
- MDOT's Planned Program
- OBD New Leadership Top to Bottom

OBD Process Improvement

- Goals
 - Document existing processes
 - Create a new DBE certification & annuals process
 - Develop implementation plans for new processes
- Sub-Goals
 - Streamline processes
 - Establish metrics & baselines
 - Improve communications



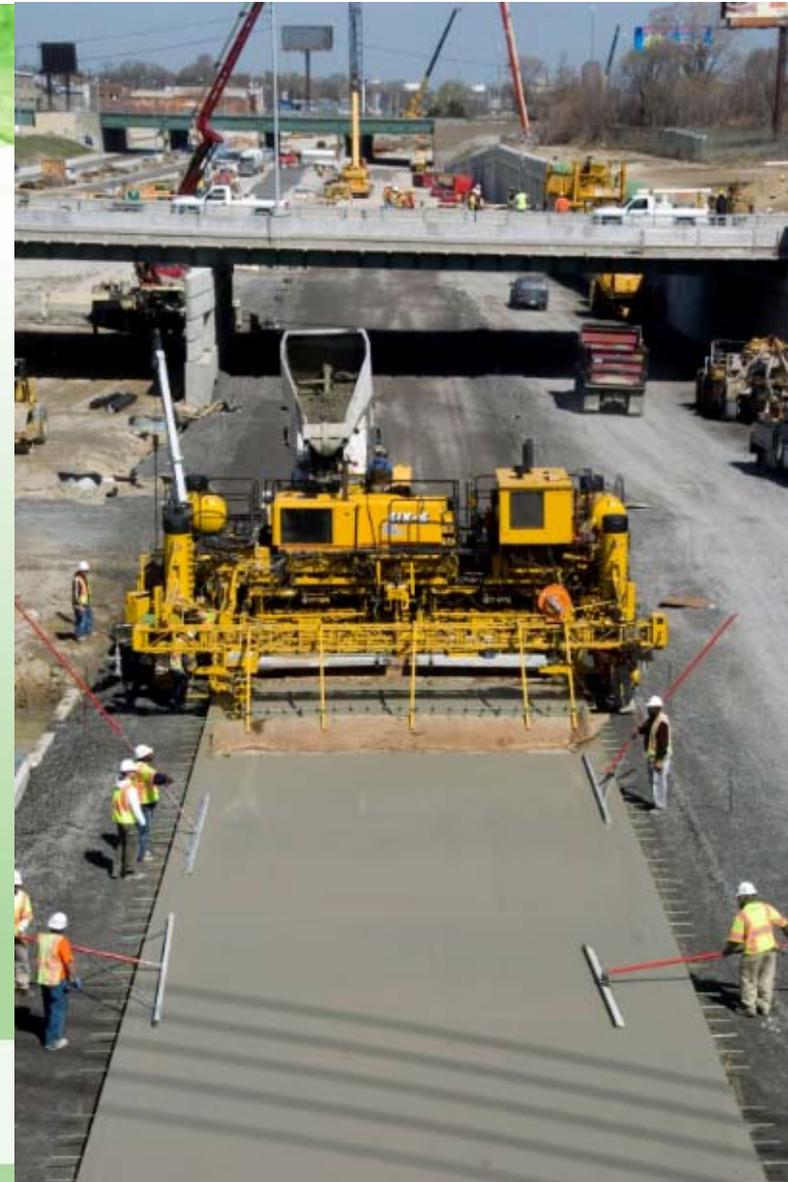
OBD Process Improvement

- Outcomes/Recommendations
 - Leadership training
 - Triage of applications
 - Early show stoppers
 - Quicker notice of applications Issues
 - Simplify annuals process
 - One tracking system -- longer term
 - Modification of staff utilization
 - Optimization of skills
 - Use of students
 - Eliminate duplication of effort



Mega Project Update

- I-75
 - Project selection – 3 teams shortlisted
 - RFP in open period
 - Responses due 5/18/2016
 - \$115M
 - A+B contract
 - Construction completion end of 2017



Mega Project Update

- I-94
 - Advanced bridges contracts
 - Multiple design consultants
 - Co-located in project office
 - 3 bridges complete or near complete
 - Woodward, Gratiot, VanDyke



Project Overview



- PRIORITY BRIDGES
- PRIORITY BRIDGE RECONSTRUCTION COMPLETE

ADVANCED BRIDGES

Bridges Over I-94	Year Built	Condition*	Reconstruction Year*
Trumbull Avenue	1954	Critical	2016
Gratiot Avenue	1958	Poor	2017
Second Avenue	1954	Poor	2017-2018
Cass Avenue	1955	Poor	2017-2018
Brush Street	1955	Poor	2017-2018
Chene Street	1956	Poor	2017-2018
Mt. Elliott Street	1955	Poor	2017-2018
Concord Avenue	1958	Poor	2017-2018
Cadillac Avenue	1957	Poor	2017-2018
French Road	1957	Poor	2017-2018



Bridge Inspection

*Design to be completed in 2016. Construction letting dates dependent on ROW Certification and available funding.



U.S. Department of Transportation
Federal Highway Administration
Major Project Oversight Manager
 Amelia Hayes, PE

MDOT Mega Project Steering Committee
MDOT Senior Project Manager
 Terry Stepanski, PE

MDOT Resource Team
 Governmental Affairs
 Communications
 Technical Team

MDOT Deputy Project Managers & Design Coordinator
 Adam Penzenstadler, PE
 Carrie Warren, PE
 Bonnie Yu, PE

Design Support Consultants (11)
Small Businesses
 Access (Non-Freeway Signing)
 Carter (Traffic Signals)
 Onyx (Municipal Utilities)
 RSE (Freeway Lighting)
 Somat (Maintaining Traffic)
 Spalding (Fwy Signing, Pavt Mkg)
 Tyme (Rdwy Geotech, ITS)
 Value Engineering (Streets)
MOT, Signals, As-Needed
 NCI (Maintaining Traffic)
 Tetra Tech (Traffic Signals)
 Tetra Tech (As-Needed)

MDOT Advanced Bridges Project Managers
2nd, Cass and Brush
 James Ranger, PE
Mt. Elliott, Chene & M-3
 Tim Barry, PE
French, Cadillac & Concord
 Phil Grotenhuis, PE

Bridge Design Consultants (8)
2nd, Cass and Brush
 Tetra Tech, AECOM & FTC&H
Mt. Elliott, Chene & M-3
 OHM, e.Construct & TranSystems
French, Cadillac & Concord
 DLZ, RSE & Bergmann

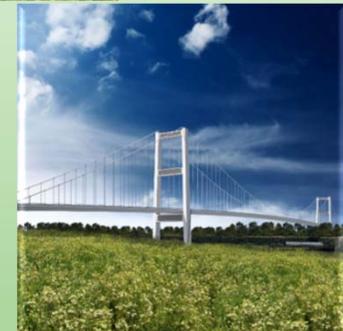
Owner's Representative Consultant (1)
Project Manager
 Tom Weston, PE (H)
PE/Project Office Lead
 Matt Simon, PE (H)
Road/ROW Design
 Eric Polvi, PE (H)
Bridges
 Ihab Darwish, PHD, PE (B)
Utilities/Surveys
 Peter Kinney, PE (H)
Communications Lead
 Cyrill Weems, PE (H)
Traffic & Safety
 Karianne Steffen, PE, PTOE (H)
Small Business Dev. Lead
 Audrey Andrews, PhD (H)

Team Key
 (H) – HNTB Michigan
 (B) – Alfred Benesch



Gordie Howe Bridge Update

- RFQ – posted 7/20/15
- 6 submitters
- 3 shortlisted
- RFP out soon
- Real estate acquisition in full swing
- 2020 opening remains target



Stable Funding

- 1st time in many years with both state & federal funding
- Allows MDOT to choreograph work
- Better planning by contractors
- Steady progression of increased program
- Many local opportunities



MDOT's Program

Fiscal Year 2016			Fiscal Year 2017		
Letting Month	Letting \$\$ in Millions	Number of Jobs	Letting Month	Letting \$\$ in Millions	Number of Jobs
October	43.1	21	October	71.1	9
November	40.6	16	November	124.5	7
December	80.8	39	December	191.3	70
January	89.4	48	January	80.9	42
February	75.9	39	February	85.4	54
March	202.9	72	March	111.7	35
April	35	24	April	22.1	7
May	149.5	25	May	1.8	5
June	39.5	14	June	0.8	3
July	4.5	9	July	0	0
August	10	10	August	3	2
September	109.4	14	September	15.1	6
Total	880.6	331	Total	707.7	240

OBD New Leadership Top to Bottom

- New COO – Mark Van Port Fleet
- New Office Administrator – Lisa Thompson
- New Section Manager – Tonya Doyle-Bicy
- New Unit Supervisor – Crystal Cooley



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Thank You