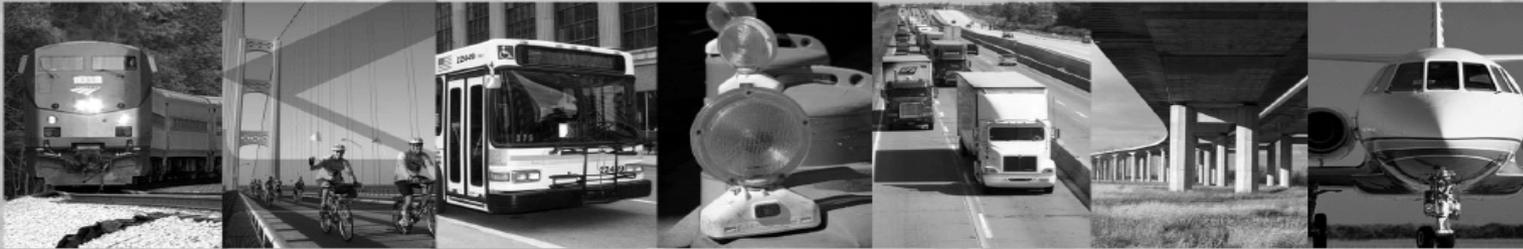


# *State Transportation Commission*

**November 19, 2009**



## **FIVE-YEAR TRANSPORTATION PROGRAM**

**PRELIMINARY DRAFT  
NOVEMBER 2009  
FY 2010-2014**

**Kirk T. Steudle, Michigan Department of Transportation Director**

# *Presentation Objectives*

- ❖ Review revenues available to support the program
- ❖ MDOT's investment strategies and funding issues
  - Discuss implementation and impacts of reduced highway investment
  - Discuss continued reductions in Aviation and Multi-Modal investment levels
- ❖ Overview of each program's objectives
- ❖ Obtain Transportation Commission agreement to post draft to website and seek public input and comment

# *Five-Year Transportation Program Key Messages*

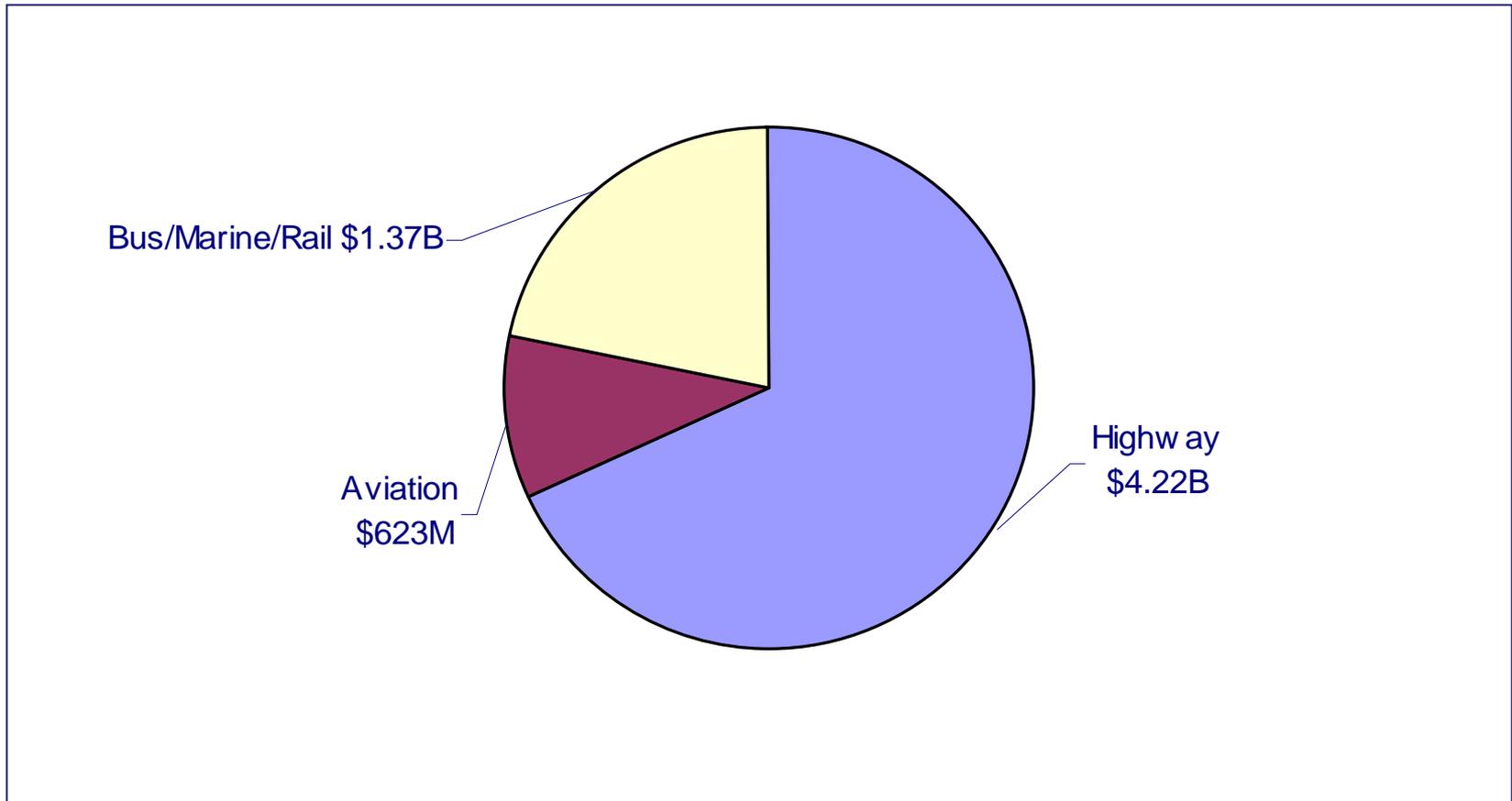
- ❖ Five-Year Program includes all modes
- ❖ Facing transportation funding crisis and reduced programs
- ❖ State revenues continue to decline
- ❖ No additional state funding appears in sight

# *Five-Year Transportation Program Key Messages*

- ❖ Continue to look for efficiencies and savings in order to deliver an effective transportation system within funding available
- ❖ Consequences of reduced investment are identified in the Five-Year Program
- ❖ Continues to focus on system preservation and safety

# 2010-2014 Transportation Program INVESTMENTS

Anticipated Investment = \$6.2 Billion



# *Highway Program*

Presenter- Denise Jackson

# *Revenue Assumptions Highway Program*

- ❖ Federal Revenue Assumptions
  - No Federal Reauthorization Bill- operating under Continuing Resolution
  - 2010 and 2011 Revenue assumed same as 2009, then 3.2% growth
  - MDOT's share of federal aid for the trunkline program is estimated to be **\$3.95 billion**

# *Revenue Assumptions Highway Program*

## ❖ State Revenue Assumptions

- Revenue based on Department of Treasury's Michigan Transportation Fund estimate
- State Revenues continue to decline in 2010
- Assume 1% growth per year beginning in 2011
- Total state revenue is estimated at **\$1.5 billion** for capital outlay, routine maintenance, and debt service

# *Highway Program Changes and Adjustments*

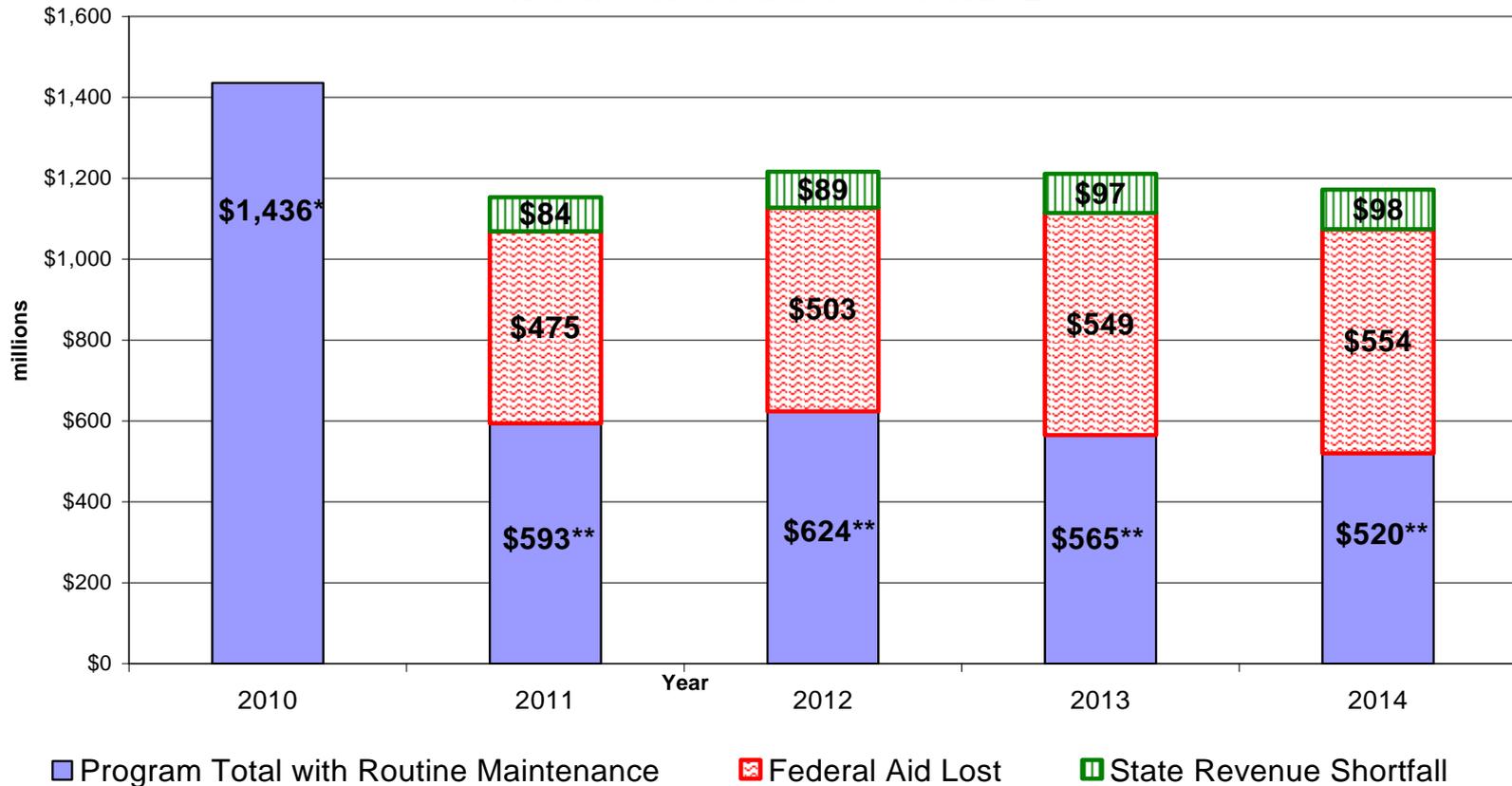
MDOT has made adjustments to help manage these issues

- ❖ Restructured GARVEE Debt Service
- ❖ No Growth in Routine Maintenance Program
- ❖ Revised 2011-2014 Investment Strategy

# Inability to Match Federal Aid Highway Program

## MDOT Highway and Maintenance Program

### State Revenue Shortfall and Federal-Aid Lost



\* 2010 Proposed Highway and Maintenance Capital Program with anticipated ARRA

\*\* Estimated Resulting Program Amount (with declining state revenues and inability to match available federal aid)

# *Inability to Match Federal Aid Highway Program*

- ❖ Anticipated shortfall of state revenue and unmatchable federal-aid is over \$2.4 Billion over the 2011-2014 time frame
- ❖ This results in an estimated annual shortfall of \$600M beginning in 2011



# *Investment Strategy Highway Program*

- ❖ Two highway investment strategies outlined in Five-Year Program
  - Matching all available federal aid
  - Reduced
- ❖ Reduced strategy decreases the program by approximately \$600M each year beginning in fiscal year 2011
- ❖ Under Reduced Strategy, pre-construction activities would continue, however lettings impacted

# *Reduced Program Investment Strategy Highway Program*

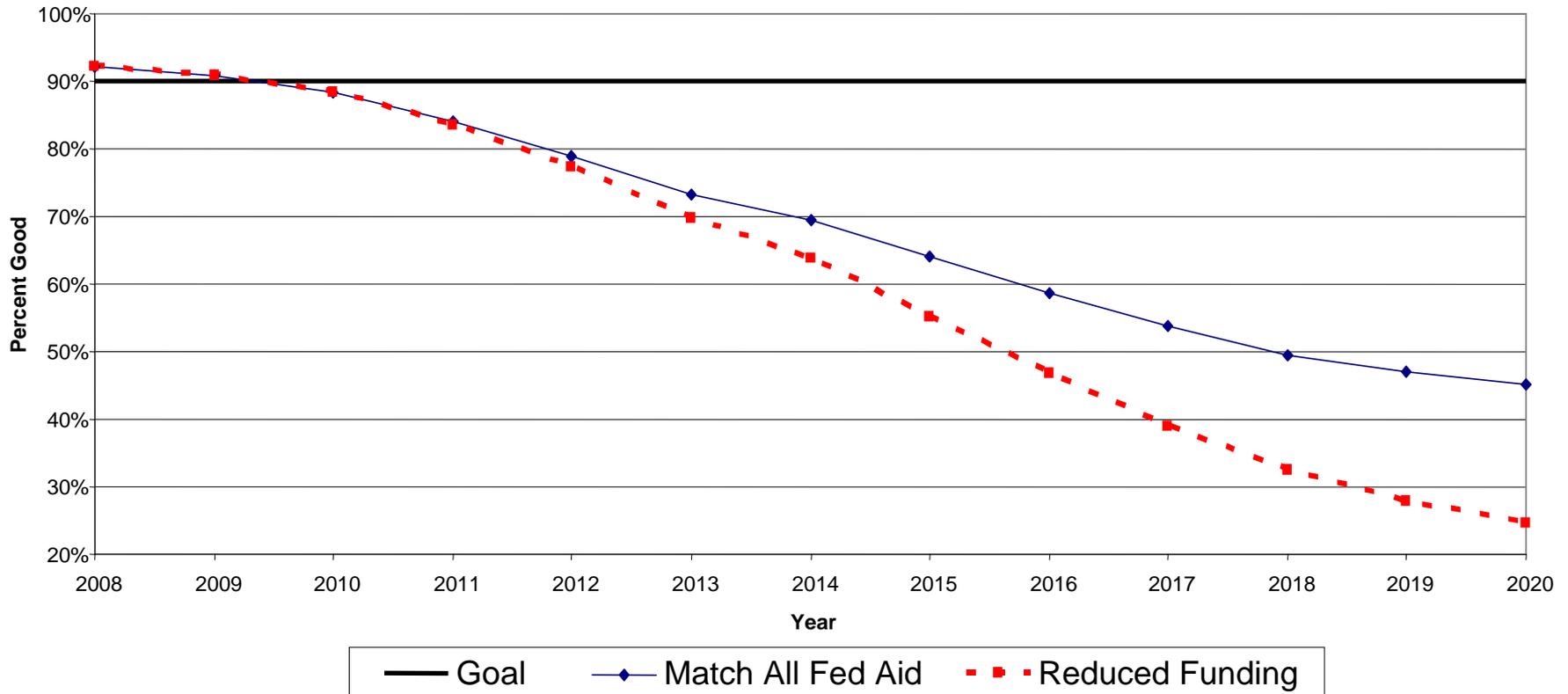
- ❖ Reduced Program Guidelines approved by STC
  - Continues to focus on preservation as well as safety and operations
  - Provides some level of funding for all highway capital program categories
  - Supports technology advances
  - Maintains production schedule so program delivery can resume if additional funds become available
  - Maintains priority projects on corridors of highest significance
  - Fund those projects first which are eligible for federal aid

# Investment Strategy Highway Program

Highway Program- (Annual/Avg)	Match All Fed Aid 2010-2014	Reduced Program 2011-2014
❖ Repair & Rebuild Roads	\$455 M	\$160 M
❖ Repair & Rebuild Bridges	\$202 M	\$65 M
❖ Capacity Improvements/ New Roads	\$119 M	\$7 M
❖ Safety	\$61 M	\$35 M
❖ Congestion Mitigation and Air Quality	\$40 M	\$7 M
❖ ITS	\$13 M	\$3 M
❖ Operations	\$16 M	\$3 M
❖ Other	\$108 M	\$23 M
❖ Routine Maintenance	\$304 M	\$289 M
❖ TOTAL	\$1.318 B	\$592 M

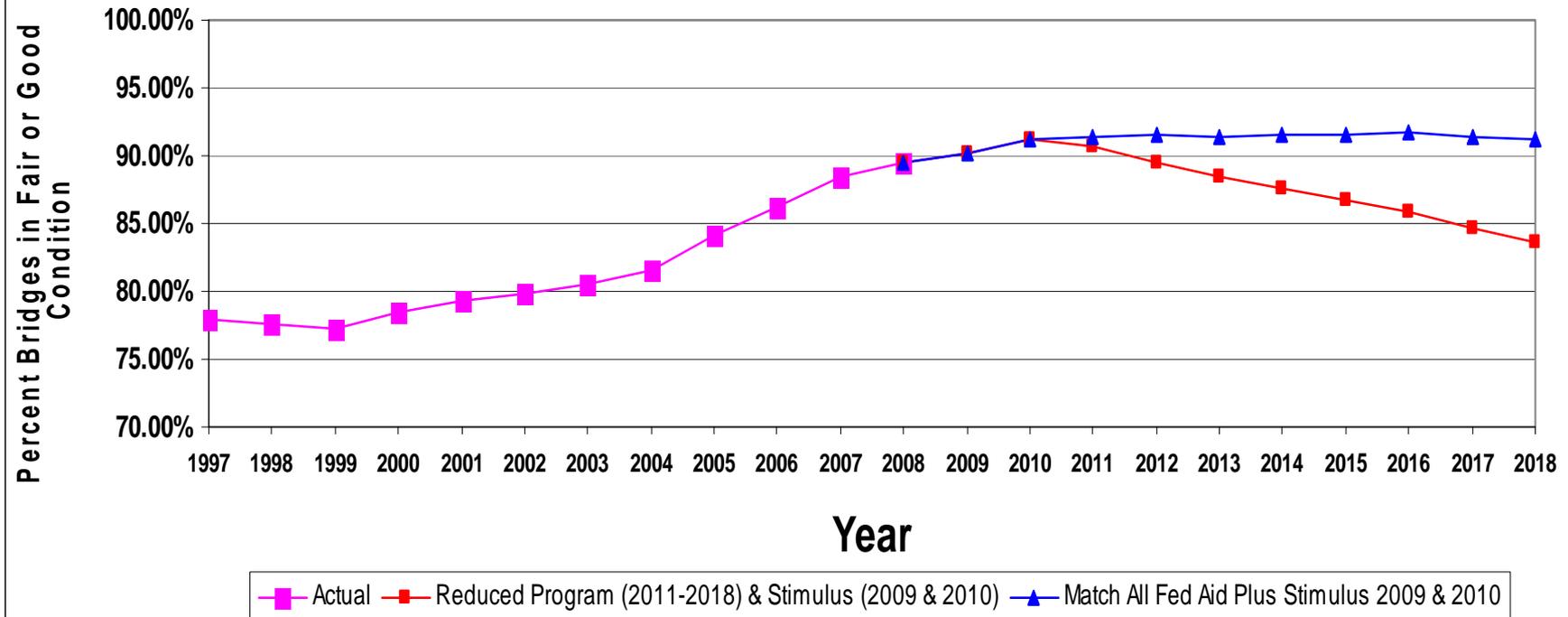
# Reduced Highway Program Impacts Preserving the Highway System

## Pavement Condition Forecast Comparison Match All Federal Aid vs. Reduced Funding Strategies



# Reduced Highway Program Impacts Preserving the Highway System

## Bridge Condition Forecast System MDOT - Freeway and Non-Freeway Bridges



❖ Will not meet the combined bridge condition goal

# *Reduced Highway Program Impacts Safety & System Operations*

## ❖ Safety

- Beginning in FY 2011, the replacement cycle for signs will increase from 15 to 25 years.
- Limited placement of non-freeway rumble strips and edge line pavement markings
- Continue to emphasize pavement markings where federally mandated
- Traffic Signal replacement cycle grow from 25 to over 50 years and retiming from 10 to 15 years.
- Focus on safety projects with the greatest benefit

# *Reduced Highway Program Impacts Safety & System Operations*

## ❖ Congestion Mitigation & Air Quality (CMAQ)

- \$2M shortfall below minimum level required to operate the MITS Center
- Discontinuing of the MICHIVAN program
- Increased risk of implementing costly prescriptive measures needed to attain the National Ambient Air Quality Standards.

## ❖ Intelligent Transportation System

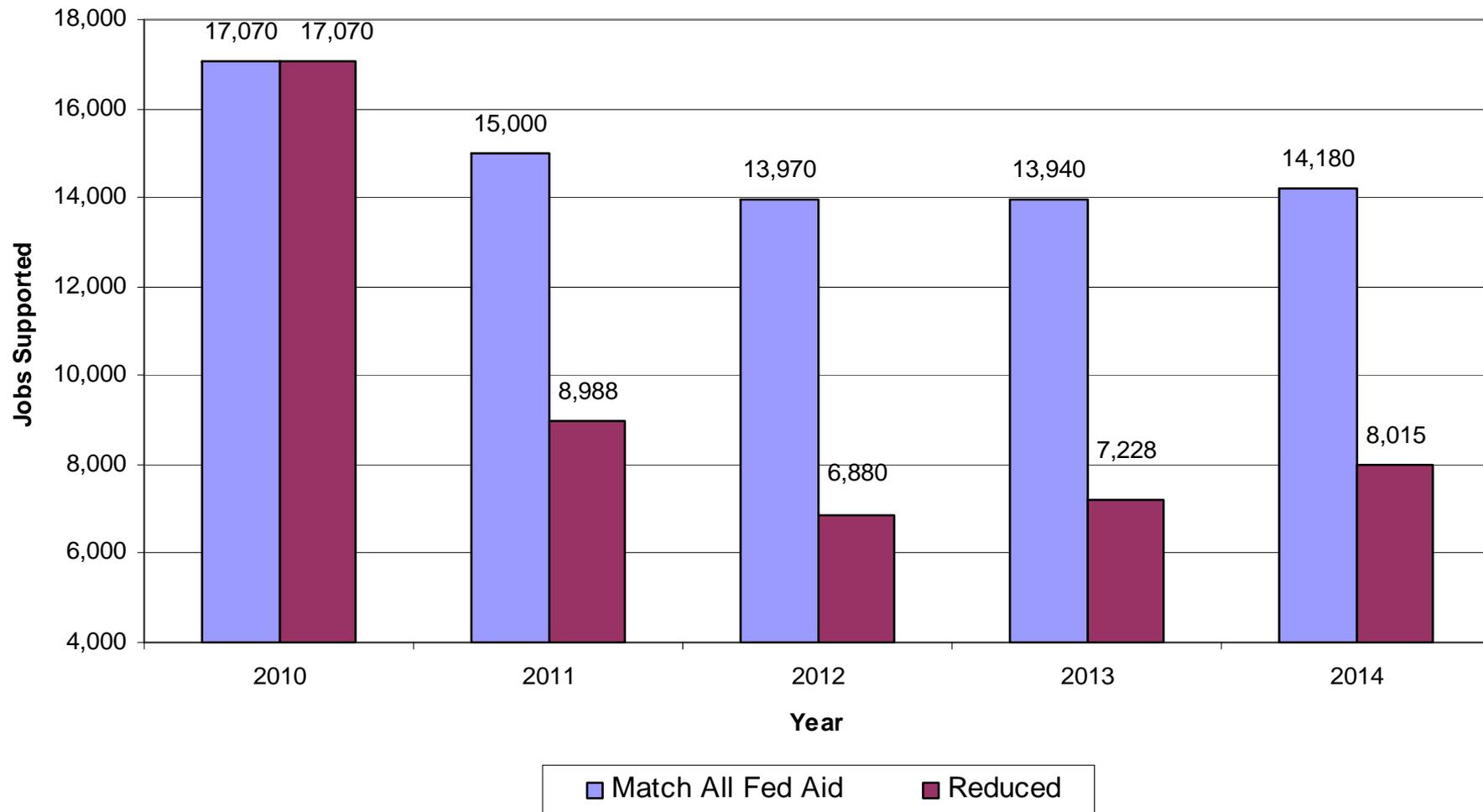
- No funding for capital program for deployment
- Data collection and maintenance at minimum

# *Reduced Highway Program Impacts Expanding the Highway System*

- ❖ Portions of the Holland to Grand Haven Bypass will be delayed including work along M-231, I-96, and US-31 in Ottawa County
  
- ❖ Construction projects that will be funded
  - M-231- Bridge over the Grand River in Ottawa County in 2011.
  
  - US-131- New bridge over the St. Joseph River, in St. Joseph County in 2013.

# Reduced Highway Program Impacts Supporting Economic Opportunities

Jobs Supported by MDOT's Highway Program 2010-2014



# *Passenger Transportation*

Presenter- Jean Ruestman

# Investment Strategy

## Multi-Modal ~ Passenger Transportation

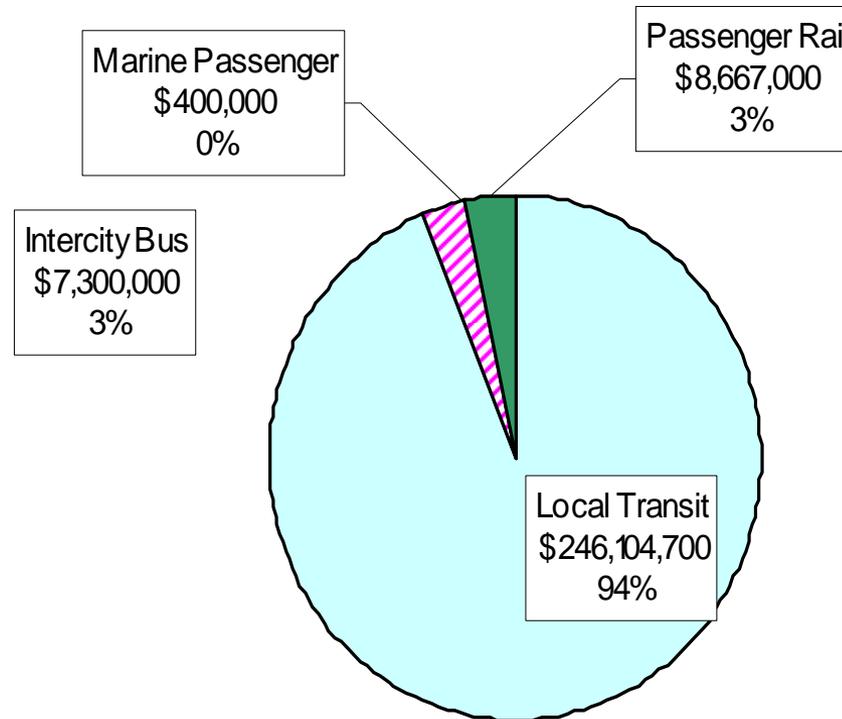
	<b>Annual Average</b>	<b>Five-Year Total</b>
<b>AVIATION</b>		
Aviation Improvement Program	\$123.55 million	\$617.8 million
Air Service Program	\$0.46 million	\$2.3 million
All Weather Airport Access Program	\$0.53 million	\$2.7 million
<b>PASSENGER TRANSPORTATION</b> (Local Transit, Intercity Bus, Passenger Rail)	<b>\$262.5 million</b>	<b>\$1,313 million</b>
<b>RAIL FREIGHT and PORTS</b>	\$10.73 million	\$53.65 million
<b>TOTAL</b>	<b>\$397.77 million</b>	<b>\$1,989 million</b>

The Passenger Transportation Program is one component of the Multi-Modal Program

# Investment Strategy

## Multi-Modal ~ Passenger Transportation

### FY2010 PASSENGER TRANSPORTATION BY MODE



Breakdown of Five Year Program by mode will likely look like FY2010

# *Revenue Assumptions*

## *Multi-Modal ~ Passenger Transportation*

### Federal Revenues - Local Transit/Rural Intercity Bus

- ❖ Annual formula apportionments from FTA
- ❖ Annual congressional earmarks to MDOT and rural transit agencies
- ❖ Assumed continuation of FY2009 levels

### Federal Revenues - Passenger Rail/Marine

- ❖ Federal funds intermittent –  
Congressional earmarks, special projects, competitive grants



# *Revenue Assumptions*

## *Multi-Modal ~ Passenger Transportation*

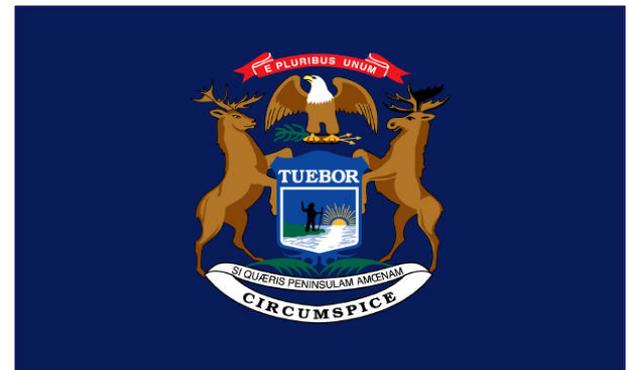
### State Revenues for Passenger Transportation

#### ❖ Comprehensive Transportation Fund (CTF)

- Majority from the MTF – motor fuel tax and vehicle license and registration fees (less collection expense)
- Smaller portion from auto related sales tax revenue
- CTF revenues contribute 73% of total program

#### ❖ Assumed continuation of FY 2010 CTF appropriation levels

- No sales tax diversions
- Gas tax revenues down



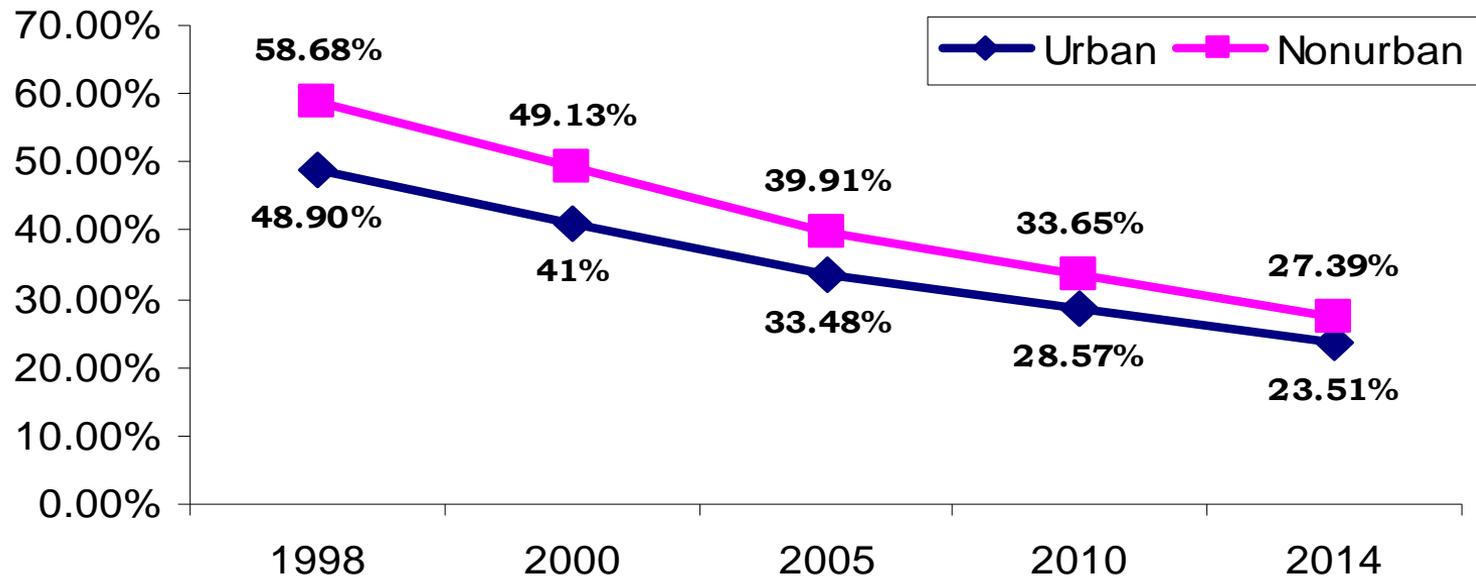
# *Revenue Issues*

## *Multi-Modal ~ Passenger Transportation*

- ❖ FY2010-2014 program represents an already reduced program
- ❖ MDOT adjusts program each year to fit the revenues available
- ❖ No state funding for expansion
- ❖ Revenues static/declining while costs increasing

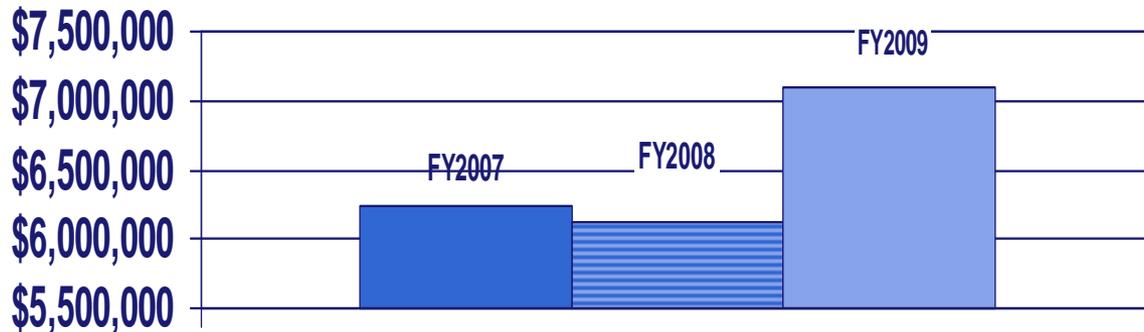
# Local Public Transit Costs vs. Revenues

## State Share of Operating Expenses



# Intercity Passenger Contract Costs Increasing

- ❖ Passenger trains and intercity bus fuel costs increasing which increases state contract cost



Amtrak Contract for Blue Water and Pere Marquette

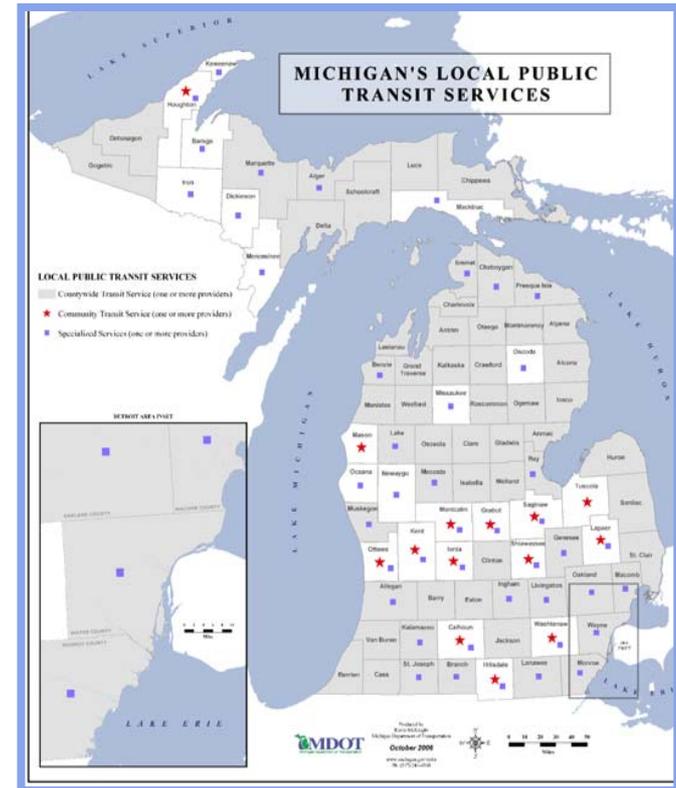
- ❖ Intercity bus ridership down which also increases state share of contract
- ❖ These services provide vital connectivity

# Program Objectives

## Multi-Modal ~ Passenger Transportation

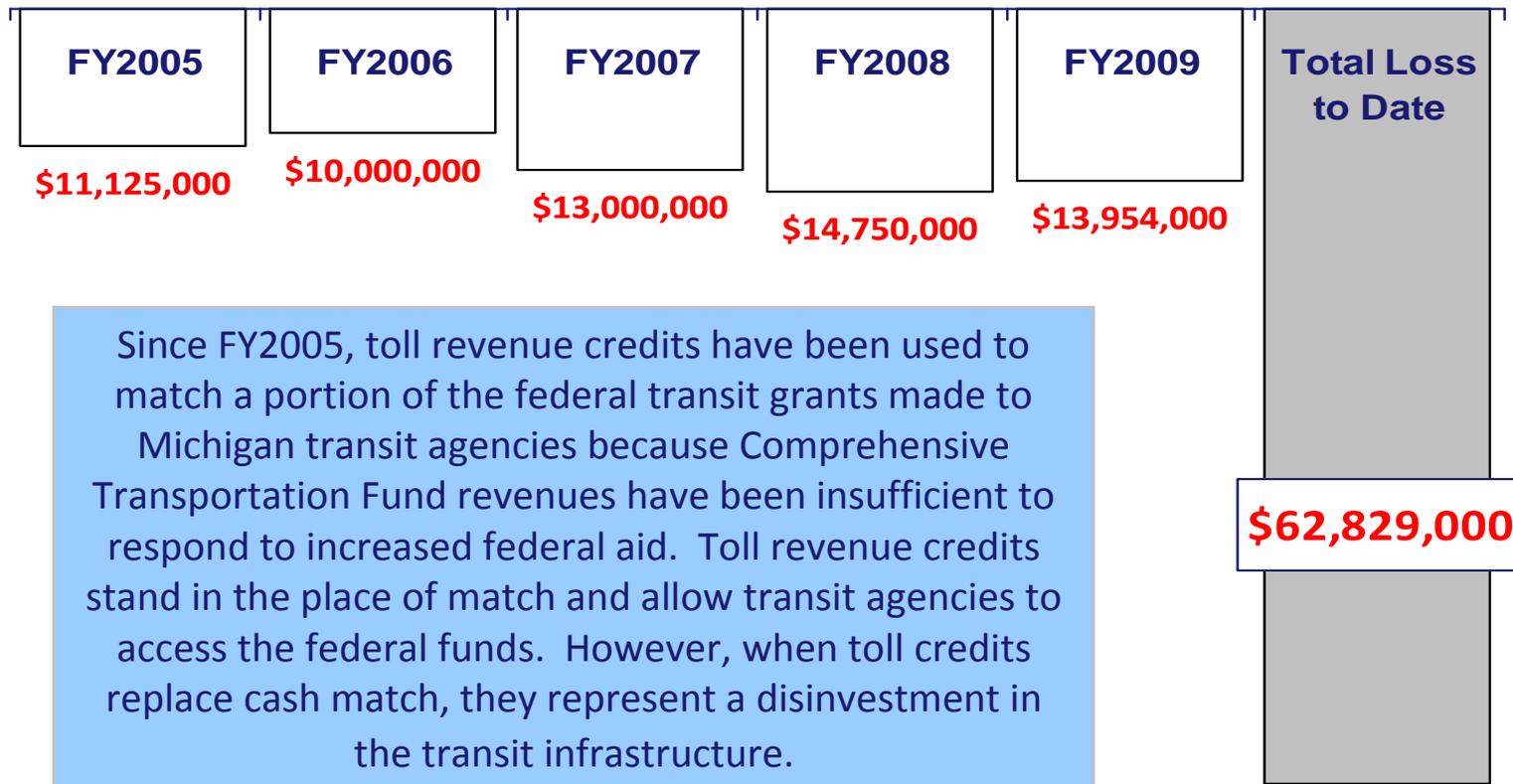
### Local Transit:

- ❖ Objective: Preservation of existing transit services in all 83 Michigan counties via operating and capital assistance
- ❖ Reality:
  - State share of operating expenses will decline.
  - Expect loss of service - local decisions will determine where
- ❖ Objective: Match all available federal funds
- ❖ Reality:
  - Toll credits and remaining bond revenues will not see us through the 5 year program
  - The use of toll credits = loss of investment



*80% of Michigan's population has access to local transit*

# Loss of Transit Investment



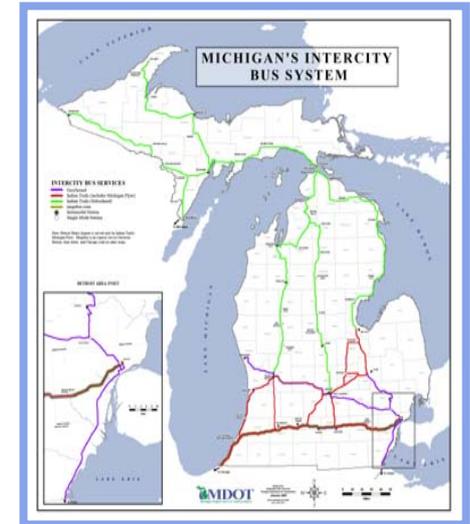
Loss of Transit Investment as a result of Toll Credit to match Federal Grants

# Program Objectives

## Multi-Modal ~ Passenger Transportation

### Intercity Passenger:

- ❖ Objective: Maintain contracts with intercity carriers
- ❖ Reality: Insufficient revenues to meet contractor costs
- ❖ Match any available federal funds
- ❖ Reality: Insufficient state revenues
- ❖ Maintain infrastructure
- ❖ Reality: Minor repairs



*Five intercity bus routes  
serve nearly 100  
Michigan communities*

*Two passenger rail trains  
serve 22 Michigan  
communities*

# *Rail Freight & Port*

Presenter- Nikkie Johnson

# *Revenue Assumptions*

## *Rail Freight & Port*

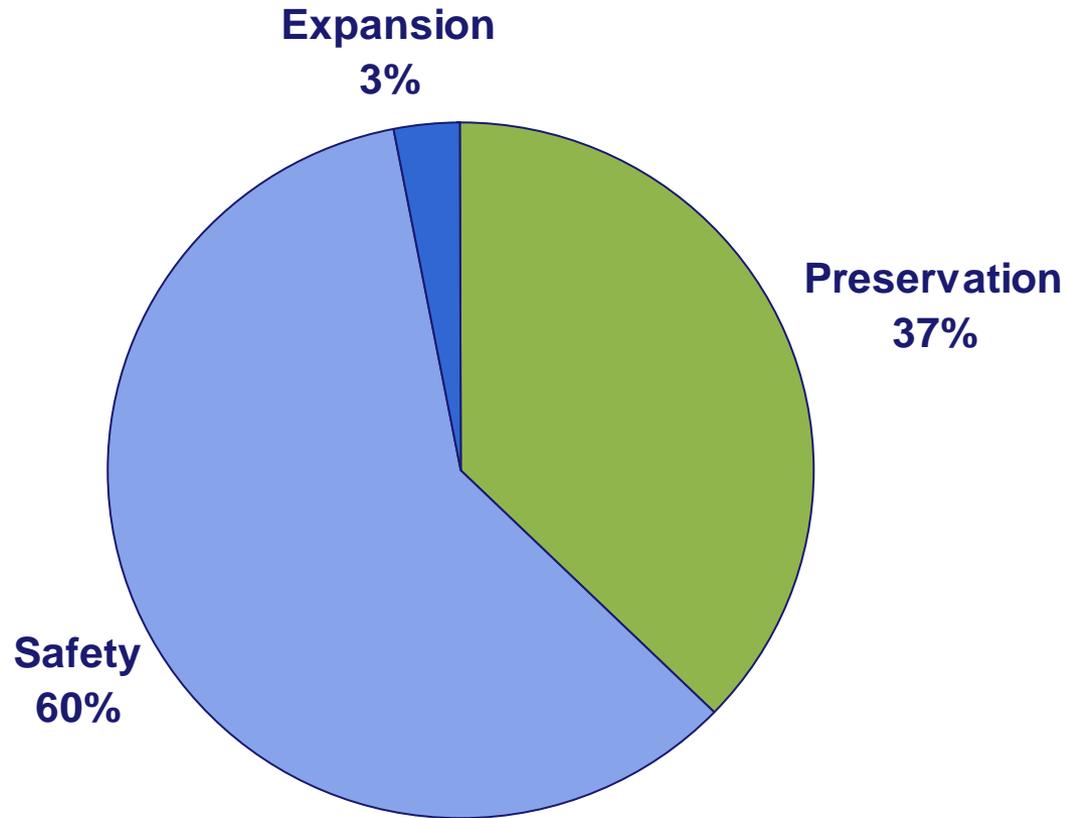
- ❖ **\$53.65M for FY 2010-2014**
  - \$19M Federal Aid (crossing safety)
  - \$10.5M MTF (crossing safety)
  - \$12.8M CTF (Rail Freight)
  - \$ 9M additional unfunded expenditure authority
  - \$2.35 CTF (pass-through to Detroit/Wayne County Port Authority)
  
- ❖ **Rail Freight investments: \$42.3M**

# *Revenue Assumptions*

## *Rail Freight*

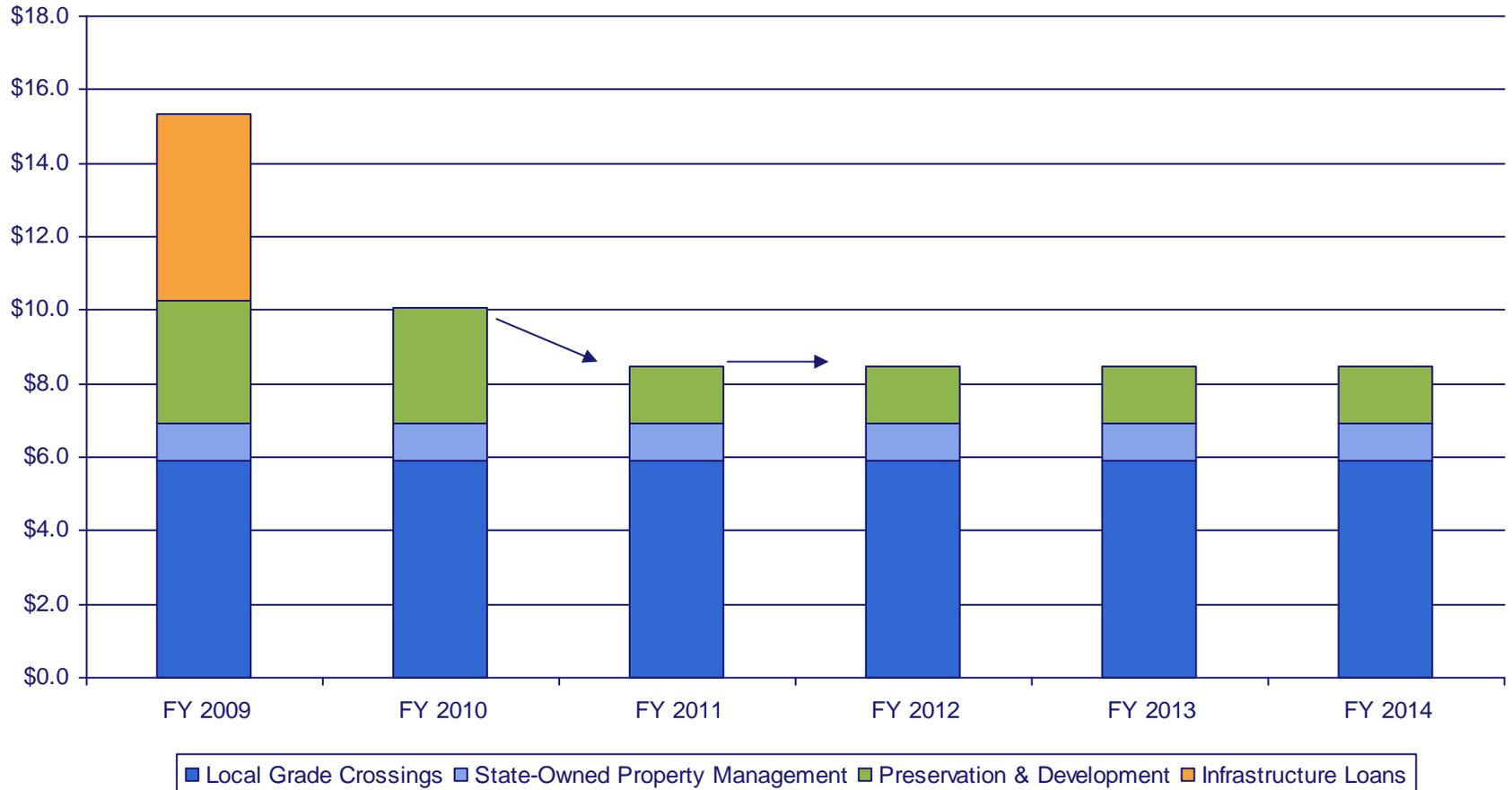
- ❖ Continued decline in revenue
- ❖ Program reduced to accommodate funding shortfalls
- ❖ No ARRA funding

# Investment Plan Rail Freight



# Investment Plan Rail Freight

## Reduced Program Investments



# *Reduced Program Impacts*

## *Rail Freight*

- ❖ Fewer grade crossing safety projects (lights, gates, etc)
- ❖ Backlog of capital projects on state owned rail lines
- ❖ Limited ability to accommodate new business opportunities or to address emergency situations
- ❖ Suspension of Michigan Rail Loan Assistance Program (MiRLAP)



# *Reduced Program Impacts Rail Freight*

## **Suspension of the MiRLAP Program**

- ❖ Self-sustaining, revolving loan fund
- ❖ Provided assistance needed by smaller short-line railroads to address emergency capital needs
- ❖ Further restricts railroads' options for capital funding



# *Aeronautics*

Presenter- David Baker

# Revenue Assumptions (Annual)

## Aeronautics

❖ Federal Funding \$105M

Airport and Airway Trust Fund (AATF)

- Passenger ticket taxes
- Cargo taxes
- Aviation fuel excise tax

❖ State Funding  
\$6M

State Aeronautics Fund (SAF)

- Aviation fuel excise tax
- Aircraft registration
- Licensing & permits

❖ Total

**\$111M**

# Funding Crisis Aeronautics

## Aviation Fuel Tax Revenue



\*2009 revenue is the lowest level in over a decade

# Funding Crisis Impacts Aeronautics

- All Weather Airport Access Program
- Airport Rescue and Fire Fighting (ARFF) Training
- Air Service Program
- Airport Inspection Program
- Runway and Airport Approach Marking



# Average Annual Breakdown Aeronautics

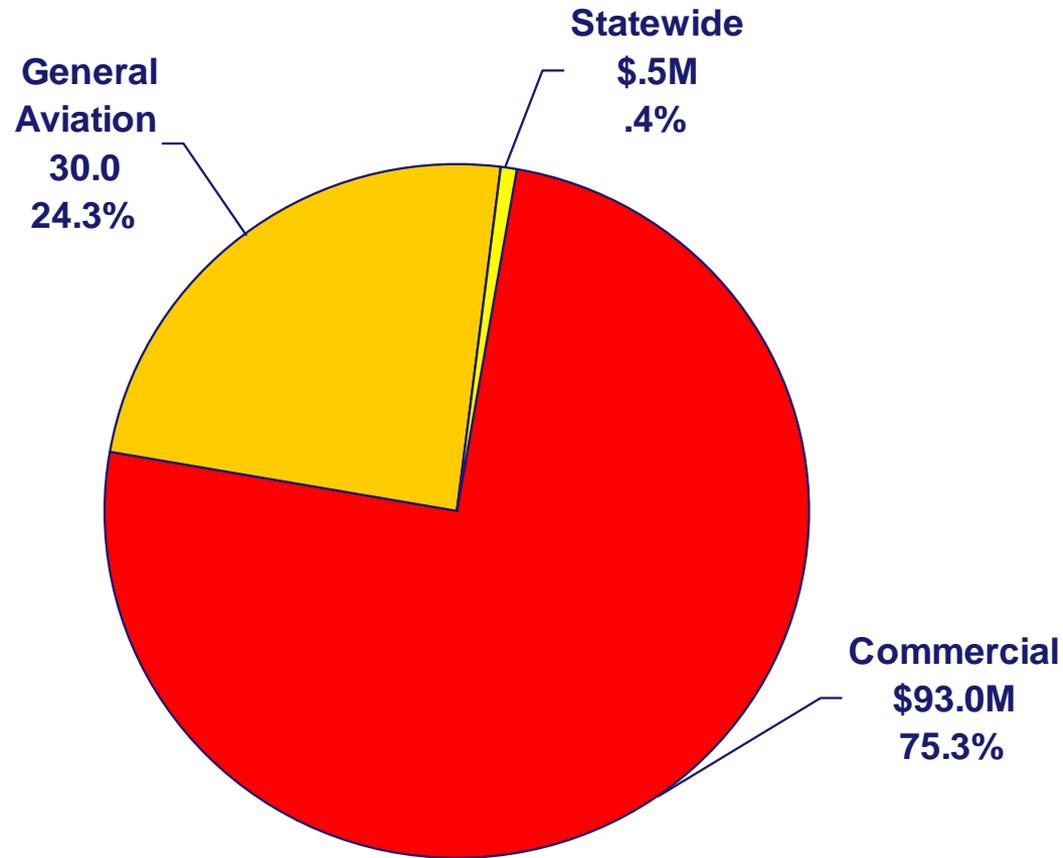
Commercial Service Airport Projects	\$93.0M
General Aviation Airport Projects	\$30.0M
<u>Statewide Capital Projects</u>	<u>\$.5M</u>

Airport Improvement Program (AIP) \$123.5M



# *AIP Breakdown by Airport Type*

## *Aeronautics*

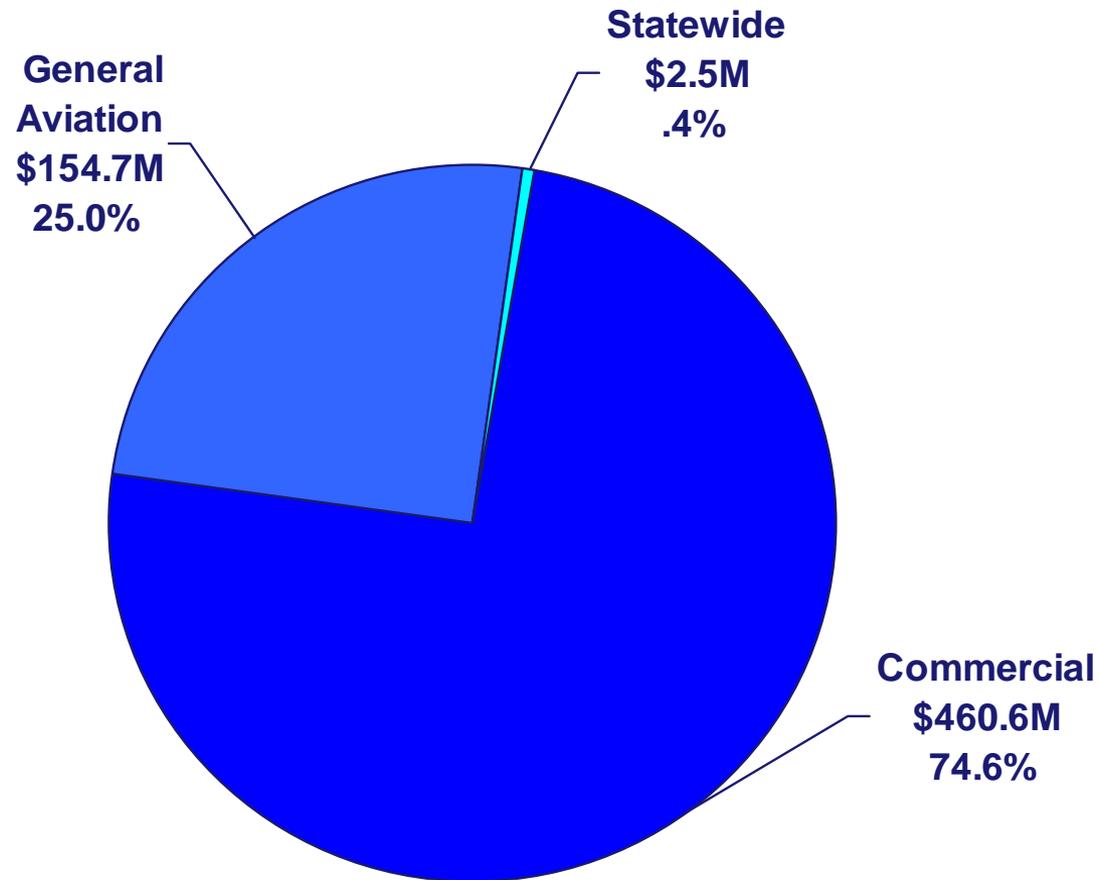


**Annual Average**

**\$123.5M**

# *AIP Breakdown by Airport Type*

## *Aeronautics*



**2010-2014**

**\$617.8M**

# *Investment Strategy*

## *Aeronautics*

- ❖ Invest the majority of resources at airports responding to critical state system goals and objectives
- ❖ Reduce airport facility and system deficiencies
- ❖ Preserve existing airport infrastructure
- ❖ Implement capacity improvement projects to maximize economic benefit

# *Investment Strategy (Continued)*

## *Aeronautics*

Approximately 2/3 of the FY2010-2014 Airport Improvement Program will be focused on *SYSTEM PRESERVATION*

- Runway reconstruction and maintenance
- Airfield lighting
- Terminal rehabilitation

The remaining 1/3 is devoted to *CAPACITY IMPROVEMENT*

- Runway extensions
- Terminal expansions
- New instrument approaches

# Project Highlights

## Aeronautics

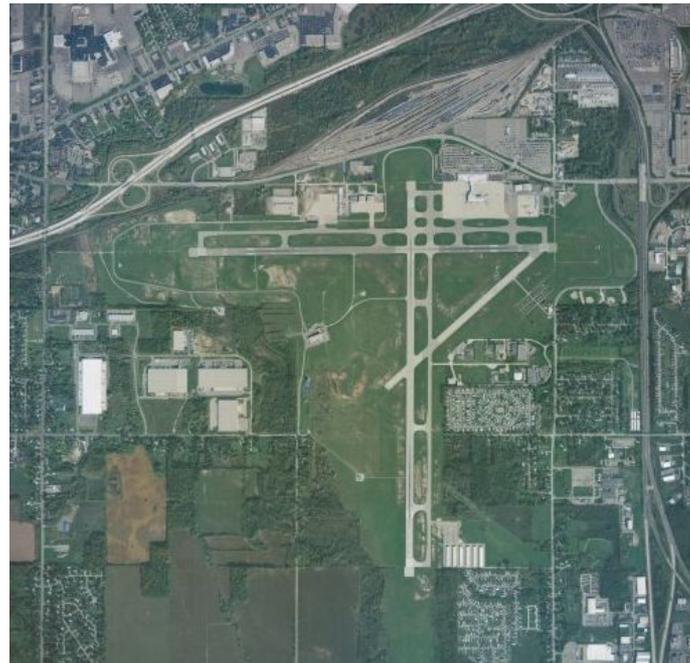
- **Southwest Michigan Regional Airport (Benton Harbor)**  
Primary runway extension to accommodate international & long range domestic flights
- **Kalamazoo / Battle Creek International Airport (Kalamazoo)**  
Terminal building improvements and modernization
- **W.K. Kellogg Airport (Battle Creek)**  
Parallel runway for capacity enhancement
- **Jackson County - Reynold's Field (Jackson)**  
New primary runway to meet safety area requirements



# *Project Highlights (Continued)*

## *Aeronautics*

- **Hillsdale Municipal Airport (Hillsdale)**  
Runway extension to accommodate long-range aircraft
- **MBS International Airport (Saginaw)**  
New Terminal Building



# *Next Steps*

- ❖ Review and incorporate Commission comments
- ❖ Post to Web site
- ❖ Summarize comments from the public
- ❖ Return for final approval in January
- ❖ Today's Action: Approval to post draft to the website and seek public input

# *Budgetary Reporting Requirements*

- ❖ Section 307 requires the Five-Year Program to be provided to the Legislature, the state budget office, and the House and Senate fiscal agencies before March 1<sup>st</sup>

*Questions?*