



**Joint Meeting  
State Transportation Commission (STC)  
And  
Michigan Aeronautics Commission (MAC)**

**Thursday, March 21, 2013, 9:04 a.m.**

**MINUTES**

**I. OPENING REMARKS/INTRODUCTIONS**

STC Chair Jung called the meeting to order at 9:04 a.m.

Chair Jung welcomed the audience and MAC members.

MAC Chair VanderVeen also welcomed the members of the audience and STC.

Members of the MAC and STC introduced themselves. All members were present with the exception of STC Commissioner Moser.

**II. PRESENTATIONS**

Director's Report – MDOT Director Kirk Steudle

*Michigan Truck Weight Laws*

Director Steudle presented on Michigan Truck Weight Laws. He stated that people complain about large trucks, but research shows that it is the weight per axle that has the biggest impact on road conditions. Michigan has allowed 164,000 pounds of gross vehicle weight (GVW) on eleven axles since 1967. In 1982, federal standards set GVW at 80,000 pounds on five axles. The weight laws in Michigan are “grandfathered” in and if they are repealed, they cannot be re-enacted.

Director Steudle stated that trucking supports the economy. In Michigan, trucking accounts for 67% of freight tonnage moved, moving approximately \$408 billion worth of Michigan's products to market (290 million tons are moved per year). He also stated that 3.7 billion commercial vehicle miles are traveled per year.

The Director discussed a slide representing the trucks in Michigan. There are 111,470 trucks registered in Michigan. 46,150 or 41% are medium sized trucks under 26,000 GVW, 27,360 or 25% are standard 80,000 pound 5-axle semis, 6,385 or 6% are able to carry more than 80,000 pounds, 2,649 or 2% are registered to carry over 145,000 pounds. Approximately 31,575 or 28% of the total registered trucks are in interstate commerce.

The Director provided information regarding registration fees in Michigan, stating that log, farm, and milk truck registration fees are greatly discounted. Trucks weighing 32,000 pounds pay fees of \$649; 80,000 pound 5-axle trucks pay fees of \$1,660; 164,000 pound 11-axle trucks pay \$3,117; 164,000-pound log or farm trucks pay \$120, and a median automobile pays \$92.

A breakdown of the total truck road-user fees was provided. On average a 5-axle truck in intercity service travels 500 miles per day, 250 days per year. These trucks spend approximately \$8,208 in diesel tax, \$1,660 for registration tax, \$550 for federal heavy vehicle use tax, totaling approximately \$10,418 in road-user fees per year. This averages a cost of 8.33 cents per mile or \$41.68 per day. The average driver pays 2.4 cents per mile.

Director Steudle stated that these facts would be presented to the legislative committee for their use in making a decision.

Director Steudle opened the floor for discussion.

Chairman Jung asked what the cost would be to accommodate these big trucks. Can you provide with an estimate of how much this might cost and what the savings might be?

Director Steudle stated that an average state trunkline is built 3 times thicker and heavier than that of a county road. These big trucks can tear down one of these county roads in one trip. The damage will be done, but the failure might not be seen for another 10 years. During the spring, this is when we are strictest on the weight limits.

MAC Commissioner Salo asked if the weight is spread out over more axles if that makes a difference.

Director Steudle stated that it could be looked at in multiple ways. The impact to the joint will see one less axle if there are two 5-axle trucks rather than one 11-axle truck. It is difficult to say if you cut it in half is the damage the same. There are so many inputs; you have to look at the impacts of the second truck.

MAC Chair VanderVeen stated that value factors into that. Are trucks the same or strictly by weight.

Director Steudle stated that trucks go strictly by weight.

Commissioner Hayes asked if the heavier trucks are by definition confined to Michigan borders, and you are looking at logs and sugar beets, liquids and steel then they are involved in a value added stream in commerce within the state's boundaries. The implications to the

state's economy is not just a matter of the transporting on that particular truck but it is what the multiplier effect in the processing of sugar beets, parts from steel, and so on.

Director Steudle stated that Commissioner Hayes is correct. There are very logical reasonable arguments that can go in either direction. Depending on which one you pick, you can make an argument that will fit. The department is going to present the facts so the legislative committee can make the decision. Keep in mind that you are talking about, at most, 6,385 or 6% of the trucks and only 2% are the really heavy trucks.

MAC Commissioner Kavalhuna stated that there seems to be a disparity between the amounts it cost for trucks vs. moving a personal vehicle. Could you say the road system takes this amount of wear to take a truck and this amount to take a personal vehicle? Can we support or not support the disparity of the costs.

Director Steudle stated that the type of car is irrelevant. The pavement will notice the weight of the vehicle and the incremental damage because of the weight.

#### *Customer Service Survey*

Last month the department kicked-off a web based customer service survey. This provides customers with the opportunity to provide feedback to the department on how they are doing and interacting. It is modeled after what most businesses are doing such as hotels. The department does not send an e-mail out for these surveys; instead, the department offers the link to this website for customers to take the survey. The survey asks for the location or zip code of service so we can pinpoint how customer service is across the state and how we can improve it.

It is a big initiative with the objective of improving our customer service going to 80% of customers satisfied by the end of this year and 90 % satisfied next year.

MAC Commissioner Heather asked how the customers across the state know where the survey can be located.

Director Steudle stated that the communication of this is as broad as possible, and it is on our business cards and we are getting this out during regular business interactions.

#### Aeronautics Report – Office of Aeronautics Executive Administrator Mike Trout

Mr. Trout presented information on the background and history of aviation that leads into the afternoon workshop on aviation. He presented a slide on Who's Who in Aviation. He also discussed Mr. Fred Green who is known as the "Good Roads" governor. As Chief Executive of the State of Michigan, Mr. Green supported the expansion and upgrading of the highway system. He invented the yellow no-passing line that was used first in Michigan and was an early proponent of a bridge across the Straits of Mackinac.

Mr. Trout discussed various historic events in Michigan that played a prominent role in the progress of aviation. In the early days of aviation, flying was not the safest thing to do. In the early teens to 1920s, the industry was still trying to make its way. In 1929, the Aeronautics Board was created by the Michigan Legislature and at that time, 89 landing strips were developed throughout the state. The Aeronautics Board designed and managed these landing strips.

In 1930, The Oakland County International Airport became the first in the nation to win an A-1-A rating from the U.S. Department of Commerce. Mr. Trout stated that in 1931, 14 additional fields were constructed and that Michigan had 732 licensed pilots and 473 airports. In 1935, 40 seaplane air bases were created and Mr. William P. Lear designed the first practical direction finder with visual indication. By 1939, Michigan ranked 7<sup>th</sup> in the nation with 532 airplanes and 959 pilots.

During the 1940s, Mr. Sheldon B. Steers was named the director of the Michigan Board of Aeronautics. He stated that in 1941 the CAA grounded Michigan's 3,200 pilots and 1,000+ privately owned planes after the attack on Pearl Harbor. In 1942, Kent County Airport opened the first pilot cadet-training program in Michigan. In 1945, Governor Kim Sigler became the first Governor in Michigan to be a pilot. By 1947, Michigan was up to 2,873 aircraft, 152 aviation schools, and 189 airports.

During the 1950s, William P. Lear received the Collier Trophy from President Truman for the design of the Lear Automotive Approach Control Coupler System. In 1954, Pan American Airways started the Transatlantic Clipper service from Detroit to London. In 1955, the first experimental aircraft association chapter was formed. In 1958, North Central airlines started a new service to Sault Ste. Marie from Detroit. By 1959, NASA selected its first seven astronauts, and Mr. Alan Shepard became the first American in space in 1961.

Mr. Trout discussed historic events of the 1960s and 70s, stating that in 1962 the first U.S. airline was skyjacked to Cuba. In 1971, Boeing 747 made its first flight from New York to London; and in 1976, Air France and British Airways put the first supersonic airliners into passenger service.

By the late 1970s, NASA selected its first group of women astronauts. In 1986, Richard Rutan and Jeana Yeager made the first nonstop flight around the world without refueling.

From the 1990s until now, the system has been transforming. There are now 235 public use airports, 225 licensed aircraft dealers, 70 licensed flight schools, and 6,500 aircraft. Michigan currently ranks 5<sup>th</sup> in the nation with registered business aircraft.

Mr. Trout provided an overview of the history of the Federal Aviation Administration and related acts. He stated that the current act has a major focus on NextGen. The formula change now includes a local share of 10%.

Mr. Trout discussed the operation of the MAC. There are nine members on the commission, five appointed by the Governor, four statutory members that include the directors of the Departments of Transportation, Natural Resources, State Police, and Military and Veterans Affairs. The MAC encourages, fosters, and participates in grants, establishes aeronautical facilities, and promulgates rules. He further discussed administrative rules, guidance documents, and MAC bylaws. The most important guidance documents are airport funding and investment strategies.

Mr. Trout discussed planning documents, which include MDOT's 2035 Long-Range Transportation Plan, MDOT's Five-Year Transportation Program, Michigan Airport System

Plan (MASP) 2008, Policy Plan for Michigan Air Service, and AERO's Five-Year Airport Capital Improvement Program.

Mr. Trout discussed Aeronautics' investment strategies, which include investing the majority of the available resources in airports meeting critical system goals. Investment strategies also include preserving the existing infrastructure, reducing system deficiencies, utilizing criteria based distribution processes, and emphasizing meeting MASP goals for business and population centers.

The top three priorities of the MAC are to protect the public, protect state investments, and protect economic interests. Mr. Trout also discussed the implementation of strategic objectives, contributing to statewide efficiency, addressing issue of state owned airports, evaluating statewide air service, and positively influencing national issues.

#### *Office of Aeronautics*

There are three section within the Office of Aeronautics. The Planning and Development Section is responsible for planning and project development, zoning and tall structure permits, project management, and the Air Service Program.

The Safety and Transport Section is responsible for inspections, licensing, and aircraft registration, flying and maintaining state aircraft, installation and maintenance of electronic facilities, publishing the Michigan Airport Directory and Aeronautical Chart, and public outreach efforts.

The Programming Section is responsible for programming federal and state grants, airport loans, fiscal monitoring, contracts, and closeouts.

#### *Efficiencies and Innovations*

Aero has brought back some programs. Customers have been asking for more so the Office of Aeronautics is finding more innovative ways to meet their needs. In order to provide these services, the Aeronautics staff has had to carry additional work loads, adjust fees, restructure, reduce travel, etc. In addition, they are using technology to their advantage.

Innovations include AeroPM, Airport System Manager, Enhancement of Test Equipment, Electronic Documents, Electronic Flight Charts, e-Signature, Asset Management, and the U.P. Shuttle. Mr. Trout discussed the success of the U.P. shuttle service that is gaining popularity. The service is adding and will continue to add significantly to Aero's efficiency. In addition, the local airports have taken action to operate more efficiently and have employed innovative practices to best utilize funding.

#### *Asset Management*

The Michigan Airport System Plan focuses on preservation. There are 100 Michigan airports on the National Plan of Integrated Airport Systems, which identifies approximately 3,400 existing and proposed airports eligible for federal grants under the Airport Improvement Program. The airports are categorized by Tier 1, 2, or 3 based on the type of activity center that is served. The strategic investment includes 97% Tier 1 airports with the remainder going to Tier 2 and 3 airports.

Mr. Trout discussed the Pavement Condition Index. 2012 inspections revealed that 84% of primary runways at Tier 1 airports are in “good or better” condition, compared to 75% in 2000.

#### *FAA Airport Improvement Plan*

Mr. Trout stated that there is no greater return on investment for a state dollar. The average of the program in Michigan from 2007 through 2011 was \$123.5 million. The Airport Improvement Plan (AIP) provides funds to improve safety, service and efficiency of public use, publicly owned general and commercial airports. The AIP is the largest component of Michigan’s aviation budget, and the funding comes from the federal appropriation bill, which is separate from the rest of transportation.

#### *Aeronautics Funding Sources*

Aeronautics receives primary and non-primary FAA entitlements, FAA Discretionary funding, state Apportionment funding, and State Block Grant funding. Funding sources include fuel taxes, airport parking tax, interest earned, operation of state-owned aircraft, licenses and permits, navigation aid operation, and other miscellaneous sources.

He discussed the levels of annual aviation fuel. In 1999, approximately 411 million gallons of aviation fuel was used compared to 271 million gallons in 2009.

Revenue comes from various sources, fuel taxes being the most important. Mr. Trout stated that the green line on the slide represents inflation. In 1929, the tax was 14% of cost per gallon and remains 3¢ per gallon today.

The states funding sources include aircraft registration, licensing, sales tax, parking tax, activities, and bonds. The average aircraft registration is \$14, the one-cent per pound fee is proposed to increase to three-cents per pound.

Mr. Trout discussed aircraft comparisons, discussing the types of crafts and amount of registration they pay. Looking at the average annual cost, it is significantly lower for smaller crafts than the larger ones. There is a significant amount of money going into Treasury, which we do not see.

In comparison to other states, Michigan is investing approximately \$10 million less than states like Wisconsin and Minnesota. Mr. Trout stated that in order to stay in a leadership position, Michigan needs to keep up with investments.

#### *Funding Needs*

Mr. Trout discussed funding needs, stating that both the Five-Year Transportation Plan and ACIP identifies an investment of \$850 million for the next five years. The investment will maintain runways, taxiways, and ramps; provide airspace protection; include major projects to support Aerotropolis and other high priority needs. To stay on track, \$160 to \$170 million in annual investments are needed. The current level of investment will result in a \$50 million annual shortfall.

The options to address funding needs include: 1) Doing nothing, 2) good option of investing \$7-10 million, 3) Better option of investing \$11-14 million, and 4) Best option of investing \$15-20 million.

#### *Challenges*

There are challenges in balancing the need to preserve the system with finding an equitable way to assess the users. The State of Michigan has maintained a \$10 million annual investment through general funds, bonds, and one-time sources that are no longer available. The state's investment needs to be flexible so it can support opportunities, increased federal match, increasing ASAP debt service, declining revenue from fuel tax, and declining system conditions.

#### *Airline Trends*

There are increasing numbers of mergers and bankruptcies in the industry. Mr. Trout discussed reducing cruising speeds and taxiing with a single engine running relative to micromanaging aircraft fuel consumption. In addition, he discussed how flights are evolving. There is a general trend toward twin-engine aircraft and engine efficiency gains. NextGen is crucial to this, because if you take seconds off flights, you save billions per year. Trends show that the airlines are not expected to expand.

#### *Future of Aviation*

Mr. Trout discussed the future of aviation. Federal issues include funding, user fees, contract towers, and essential air service. State issues include adequate funding for aviation infrastructure and service. He stated that there are opportunities in cargo, maintenance, unmanned aircraft systems, and space.

#### *Conclusion*

Mr. Trout concluded his presentation by stating that transportation infrastructure plays a vital role in the everyday lives of people. History and the responsibility placed on the department by the Governor drives us to do things right and to do the right thing. The role of the MAC and STC is to help guide management and promote the value of investments in these systems. By working together with our partners, we can find permanent solutions to address the needs of Michigan's citizens and businesses.

### **III. PUBLIC COMMENT**

STC Chair Jung asked if there were any public comments.

There were no public comments.

### **IV. ADJOURNMENT**

STC Chair Jung adjourned the joint meeting of the STC and MAC at 10:34 a.m.

STC Chair Jung announced that the MAC meeting will remain in the auditorium and the STC's regularly scheduled meeting would resume on the 2<sup>nd</sup> floor after a brief break.

**“Original Signed”**

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Frank E. Raha III  
State Transportation Commission Advisor