

**MINUTES**  
**MICHIGAN STATE TRANSPORTATION COMMISSION MEETING**  
**August 23, 2007**  
**Lansing, Michigan**

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

Present:                Ted B. Wahby, Chair  
                             James S. Scalici, Commissioner  
                             Maureen Miller Brosnan, Commissioner  
                             James R. Rosendall, Commissioner

Also Present:        Kirk T. Steudle, Director  
                             Jackie Shinn, Chief Deputy Director  
                             Larry Tibbits, Chief Operations Officer  
                             Leon Hank, Chief Administrative Officer  
                             Frank E. Kelley, Commission Advisor  
                             Marneta Griffin, Commission Executive Assistant  
                             Jerry Jones, Commission Auditor, Office of Commission Audit  
                             Patrick Isom, Attorney General's Office, Transportation Division  
                             John Friend, Bureau Director, Highway Delivery  
                             John Polasek, Bureau Director, Highway Development  
                             Myron Frierson, Bureau Director, Finance and Administration  
                             Rob Abent, Bureau Director, Aeronautics and Freight Services  
                             Bill Shreck, Director, Office of Communications  
                             Tim Hoeffner, Administrator, Intermodal Policy  
                             Sharon Edgar, Administrator, Bureau of Passenger Transportation  
                             Melvin Williams, Administrator, Freight Services and Safety Division

Excused:              Linda Miller Atkinson, Vice Chair

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

Chair Wahby called the meeting to order at 9:15 a.m. in the Bureau of Aeronautics Auditorium in Lansing, Michigan.

I.        **COMMISSION BUSINESS**

**Commission Minutes**

Chair Wahby entertained a motion for approval of the minutes from the State Transportation Commission meeting of July 26, 2007.

Moved by Commissioner Brosnan, with support from Commissioner Rosendall, to approve the minutes of the Commission meeting of July 26, 2007. Motion carried.

II. **DIRECTOR'S REPORT – DIRECTOR KIRK T. STEUDLE**

Director Steudles' presentation focused on:

**Revenue**

We are beginning the development of the Five Year Transportation Program. One of the first things we do is to identify the revenue that is anticipated to be available for the next five years.

The Michigan Transportation Fund (MTF) was established by ACT 51 (in 1951) as the primary means of distributing state transportation revenue. The two main sources of MTF funding are state motor fuel taxes and state motor vehicle registration taxes. Act 51 directs the distribution of MTF funds to other state transportation funds (STF and CTF), to other special program accounts and to local units of government. The average annual increase in the MTF from the year 2000 to 2004 is approximately 2%. We are projecting that the growth will average only 0.3% through 2012.

MTF revenue, which is the bulk of the Road and Bridge funding, is flat. Revenue is expected to remain flat while inflation continues to erode our buying power.

Since 2002, increased global demand for oil, Middle East conflict, and recent decreases in refinery capacity have driven fuel prices to new highs and led to the decline of gasoline tax revenue. Vehicle registration revenue has declined from a growth rate of 6.3% per year from 1985-1996 to just 1% growth per year from 2002-2006. The 2007 fiscal year-to-date MTF revenue shows a decline of 1.2% over the same period last year. Registration is up 0.6% while fuel taxes are down 3%.

The State Trunkline Fund (STF) was established by ACT 51 for construction, maintenance, and administration of state trunkline roads and bridges. The STF revenues increased an annual average of 3% per year from 2000-2004. These revenues have experienced a decline over the past three years (2005-2007). We are projecting a slight increase in STF revenues over the next five years of approximately \$10 million per year however; this won't buy us much as costs continue to increase. As non-capital uses (administration, routine maintenance, interdepartmental grants) of this revenue increase, funds remaining for the capital program are declining as costs in the road and bridge construction industry continue to rise. State funding for the Capital Program is the most flexible source of revenue available. As these funds decrease so to does the departments fund source flexibility.

The Highway Authorization Bill (SAFETEA-LU) ends September 30, 2009. The amounts projected assume a 3.2% annual average growth rate per year for 2010 and beyond. Mid session estimates for the Highway Trust fund show a deficit of between \$3.8 and \$4.3 billion by the end of FY 2009. If Congress does nothing to address the matter, the Department of Transportation probably faces requirements under the Anti-deficiency Act to severely curtail new highway spending obligations on its own in FY 2009 in order to avoid default (this means they will take money back that was already promised). Indications are that Congress will act to continue funding transportation at SAFETEA-LU levels. Fuel tax increases and money from the general fund have been

mentioned as possible sources. MDOT is using a 3.2% growth rate based on historic trends. We realize that currently there is some uncertainty in the federal realm, but we do not want to change our methodology until we have more information.

The CTF is primarily supported by the MTF and sales tax. It supports MDOT's public transportation programs, including local transit, intercity bus, passenger rail and rail freight. Act 51 mandates the CTF to share in the costs of local transit services. In addition to reductions in state operating assistance, CTF revenues are not keeping up with federal funds – in terms of match. Up until 2004, the CTF provided the entire match for all federal transit capital grants. Compare this to the last few years – 1/3<sup>rd</sup> of the match MDOT provides is in the form of toll revenue credits. Toll revenue credits allow transit agencies to access the federal funds but reduce the buying power and are not a permanent solution.

The Freight Preservation and Development Program revenue from FY 2001-2007 was a cumulative \$8.5 million below FY 2000 levels. That \$8.5 million could have funded the rehabilitation of an additional 55-65 miles of state-owned rail line; assisted with an estimated 40 additional freight economic development projects; or some combination of the two.

The Freight Property Management Program revenue from FY 2001-2007 was a cumulative \$3.6 million below FY 2000 levels. That \$3.6 million could have funded the rebuilding of 180 grade crossing surfaces.

Federal transit revenues are a small part of MDOT's transit program, but an important source of additional operating assistance for our rural systems. Variation in federal funds each year is a result of earmarking. Under SAFETEA-LU we saw a big jump in federal funds for rural transit between FY 2005 and FY 2006, but local costs continue to increase faster than the federal funds. As federal revenues increase, our ability to match them becomes a concern.

Revenues to the MDOT Aeronautics program have been in a steady decline. In years 2000 - 2003 we received a sizable contribution from the State general fund. Those funds were generally specifically earmarked for capital improvement programs. Beginning in 2003, general fund contributions ended but were replaced with the Airport Safety and Protection Program (ASAP). Under ASAP Aeronautics began receiving a portion of the Detroit Metro Airport Parking tax. That revenue is statutorily dedicated to bond service and safety/security capital projects. The situation we face today is one where a general fund contribution to aeronautics programs is unlikely for the foreseeable future. We have used all of the bond authorization and could not afford any new debt, and have become increasingly dependent on the state aviation fuel tax which has not changed since 1929. Aviation Fuel Tax has declined 22.7% from 2000 – 2006.

Federal Funding for Airport capital programs has remained relatively steady. While the federal authorization expires at the end of this year we are projecting that this revenue source will remain steady. The Federal Match requirement was reduced from 10% to 5% - helping Michigan match its federal aid however, with the new reauthorization the funding split is again on the table. With the declining State revenues to aeronautics

programs we are faced with a very real possibility that we could become unable to match available federal dollars in the near future.

#### Overall Revenue Impacts

Previous information related to the highway program illustrates relatively flat state revenue over the next five years and uncertainty in federal revenue. As we saw in 2005, highway contractors paid 13.6% more for materials and overall inflation rate was 3.4% as reported in AASHTO Journal 2/3/06 (American Road and Transportation Builders Association Article). Therefore, revenues are not keeping pace with construction costs and inflation. We have been monitoring revenues and continue to have a funding gap as reported in the last Five Year Program. We are developing strategies to address the gap and plan to have the strategy incorporated in the Five Year Program that will be coming to the Commission in November.

The State's Share (the largest share) of maintaining local transit services is decreasing. There is insufficient revenue for Public Transportation Expansion. We are excited about efforts underway – proposed commuter rail between Ann Arbor to Howell; Bus Rapid Transit in Grand Rapids and new rapid transit in Detroit. Federal capital funds can help support, but our challenge will be how to find the State match to go after these new systems. MDOT has been forced to defer capital projects on state-owned rail lines and to deny applicants assistance for freight economic development projects.

The Airport Assistance Programs have been suspended (Air Service, ARFF Training, AWOS installation, Crack Sealing and Paint Marking). For example, the Air Service program had been a \$2 million program, was reduced to \$1 million, and now is not funded.

#### 2008-2012 Five Year Program Development Timeline

September: we will be forwarding to the Commission the first year of the Five Year Program (2008) for approval (approval will allow us to begin letting projects in the new fiscal year);

October: we will continue developing the remaining four years of the Five Year Program and present the draft document to the Commission at the November 29<sup>th</sup> Commission meeting;

December (early January): we will post the draft document to the web and conduct public involvement meetings on the draft document. We will also incorporate revisions based on Commission review and comment.

We plan to ask for approval of the Five Year Program at the January Commission meeting in order to submit the approved document to the Legislature by February 1<sup>st</sup>, consistent with the Appropriations Bill. The timeline is consistent with the schedule we have been following for the past few years.

Director Steudle asked for questions on this portion of his Report.

Commissioner Brosnan asked if the Listening Sessions are the only thing that has changed in the development of the Five Year Program.

Director Steudle answered that the only thing that has changed in the whole Five Year Program Timeline is that we may change the Listening Sessions, which still gives time for publishing. We spend a lot of time and energy to get very little input and we are trying to find ways to get more. Frankly, last year we got more comments submitted via the internet than we did in person.

Commissioner Brosnan commented that, just as the internet has presented us with the world as it is (of information) today, she would expect that everyone that is adding to that Plan and trying to get their component into the Plan needs to understand that that's a significant way to give new information as well, and if we can get them to use the internet to convey that, it's great.

Director Steudle added that our whole focus this year is to not eliminate Listening Sessions, but to find a better way to get the public input from the broad spectrum of citizens across the state.

No other questions were forthcoming.

### **MDOT Bridges**

As a result of the August 1, 2007 collapse of the 35 W bridge in Minneapolis Minnesota, MDOT immediately determined the bridge type and queried our state bridge database for similar structures. It was determined that MDOT had four structures, and the local agencies had one bridge that was similar to Minnesota's 35 W bridge, which is a continuous span fracture critical deck truss.

On August 3<sup>rd</sup>, MDOT's fracture critical engineer, with the assistance of central maintenance division reach-all, and region traffic control, did a hands-on inspection of the Cut River, Pine River, and Ocqueoc River bridges. On August 6<sup>th</sup> the Superior Region Bridge Engineer inspected the Eagle River Bridge, which is a pedestrian structure (formerly a vehicular bridge). On August 14<sup>th</sup>, MDOT's fracture critical engineer assisted Marquette County in the inspection the Dead River Bridge.

MDOT has since checked and reviewed our list with the FHWA, and a Bridge Inspection Technical Advisory was sent to all local agency bridge owners asking them to double check their bridge inventory to see if they have any structures they might consider similar to the Minnesota 35 W bridge.

The three bridge authorities, (Mackinac, International, and Blue Water) are also working closely together and with MDOT Bridge Operations to immediately review and inspect their approach spans that are fracture critical deck trusses.

The Ambassador Bridge, of course is privately owned, but MDOT sent a letter to the Detroit International Bridge Authority (DIBC) asking them to follow the request from US DOT Transportation Secretary Peter's and immediately review their approach spans,

which are fracture critical deck trusses, and then report back to MDOT on their findings.

Hands-on fracture critical bridge inspection involves using a reach-all type vehicle to get within touch (hands-on) of each fracture critical member of the bridge. MDOT's fracture critical engineer has had the most recent National Highway Institute (NHI) fracture critical inspection training and he keeps up-to-date on the latest fracture critical inspection procedures. Inspection procedures include identification of the different types of fracture critical members and review for possible deficiencies that have occurred on similar structures. Visual inspections are augmented using nondestructive testing such as ultrasonic thickness measurements, ultrasonic crack identification, dye-penetrant testing, and sounding.

On August 17<sup>th</sup>, MDOT published the State Highway Bridge Site, which provides a listing of the condition of each of MDOT's 4,400 highway bridges. The website provides definitions for bridge terms such as superstructure, substructure, and structurally deficient, and provides links to other useful bridge related sites, such as MDOT's Bridge Operations website and the FHWA's bridge website.

#### **Mackinac Bridge 50<sup>th</sup> Anniversary Celebration**

The 50<sup>th</sup> Anniversary of the Mackinac Bridge was celebrated from July 26 – 28<sup>th</sup> at St. Ignace and Mackinaw City (actual 50<sup>th</sup> Opening is November 2<sup>nd</sup>). On July 26<sup>th</sup>, the Mackinac Bridge Token Dedication Ceremony was held honoring bridge designer Dr. David B. Steinman. Dr. Steinman's grandson, Peter, accepted the token dedication tribute. That evening the Mackinac Bridge Authority members, past and present, held a banquet honoring all members. Posters were signed by every member and copies distributed. Larry Ruben, 1<sup>st</sup> Executive Secretary of the Mackinac Bridge Authority was also on hand for the festivities.

On Friday afternoon, four 1-hour long presentations were given at the Little Bear Community Center in St. Ignace on the history of the bridge. Crowds were waiting over 2 hours to ensure their spot at these presentations. In the entryway, Bridge workers described their jobs and there was a display of artifacts and pictures from the building of the bridge. At the banquet that same night, Pavlina Cakes of Livonia donated a 6 foot long 50<sup>th</sup> Anniversary Mackinac Bridge Replica Cake for desert. In attendance was Bill Gnodtke, Mackinac Bridge Authority Chairman as the Master of Ceremony, Cecil Pavalt, Sault Saint Marie Tribe of Chippewa Indians, for the invocation, and Frank Kelley, former Attorney General.

On Saturday, to kick-off the parade (which lasted over 3 hours), four F-16s out of Selfridge AFB did a flyover at the Straits of Mackinac. Many dignitaries participated in the parades in both St. Ignace and Mackinaw City: Governor Jennifer Granholm, Former Governor James Blanchard, Former Governor William Milliken, U.S. Senator Carl Levin, U.S. Senator Debbie Stabenow, U.S. Representative Bart Stupak, Senator Jason Allen, Representative Gary McDowell, and Representative Kevin Elsenheimer.

Many events were held at Bridge View Park. The Michigan Oral History Association taped stories from many people about their experience in building the bridge or using the ferries. There was an Ironworker Memorial unveiling ceremony at Bridge View Park for

the 5 people who lost their lives. The inscription says, "In memory of those who lost their lives building the bridge". Ironworkers also gave demonstrations on how they put the rivets on the bridge. Additionally, there was an erector set scale model of the Mackinac Bridge in Bridge View Park made by Frosty Wyrick. To conclude the evening, extraordinary fireworks were displayed over the Straits of Mackinac.

### **Mini Mackinac Bridge Ribbon Cutting**

The Detroit Science Center and the Department exhibited a Mini Mackinac Bridge replica and held the ribbon cutting on July 19<sup>th</sup>. The Mini Mac project took 3 months to plan and build, and was synchronized to open at the time of the 50<sup>th</sup> Anniversary of the Mighty Mac Bridge. It stands 80 feet long and is the largest single exhibit at the Science Center. The replica rises 19 feet above the 3<sup>rd</sup> floor, used 20,000 mini rivets and 2,500 feet of cable to build the Mini Mac. American Bridge Company, constructor of the Mackinac Bridge, supported the construction of the Mini Mac Bridge. The Mini Mac is also painted in the same colors as the Mackinac Bridge.

Commissioner Rosendall asked if, when calling a bridge structurally deficient, it is the same as saying the superstructure and the deck are deficient.

Director Steudle answered yes. If any one (two or all) of those three members is listed as poor, it is determined to be structurally deficient.

Commissioner Rosendall then asked if, when the Gateway Project and the Ambassador Bridge was started, we are doing annual inspections on them.

Director Steudle answered that as part of the agreement for the Gateway Project, we requested, have received, and looked at inspections. Up until that point we had not received anything, however, the inspections are done by a credible engineering firm.

Commissioner Rosendall asked if we get these on an annual basis.

Director Steudle answered that they do the inspection annually and then we get the report.

Commissioner Rosendall commented that when he heard about what happened in Minneapolis, this was the first bridge he thought of.

Director Steudle responded that one of the interesting things Minneapolis is now facing is the matter of the major link across the Mississippi River into Downtown. There is now the very real problem of how to continue commerce and how to continue moving all those people across the 35 W bridge. This is a wake-up call for everyone to think about where do we have redundancy in the system and what can be the economic impact if a structure that carries a significant amount of economic development and activity goes out of service for one reason or another. This conversation is being had across the country and in the halls of Congress.

No other questions were forthcoming.

III. **OVERSIGHT**

Commission Agreements (Exhibit A) – Myron Frierson

Mr. Frierson gave a brief update relating to bonds. This week MDOT issued bonds associated with the Jobs Today Program at a total of \$485 million. The bonds sold at premium so MDOT would net about \$501 million. This is part of the authorization given by the Commission at the July 26, 2007 meeting to issue up to \$630 million in bonds for the Jobs Today Program. With the remaining amount they will probably go to market in FY 2009.

Mr. Frierson stated that information on 97 agreements has been given for review. Pending any questions, Mr. Frierson asked for approval of Exhibit A; none were forthcoming.

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

Commission Agreements (Supplemental Exhibit A) – Myron Frierson

Mr. Frierson stated that this 1 item is a walk-on, and that information has been given for review. Pending any questions he asked for approval of Supplemental Exhibit A.

No other questions were forthcoming.

Chair Wahby entertained a motion. Motion was made by Commissioner Brosnan and supported by Commissioner Rosendall to approve Supplemental Exhibit A. Motion carried on a unanimous voice vote.

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

Mr. Frierson gave a brief re-cap of the August 2007 bid letting activities: 37 State projects with total engineers' estimates of \$29.7 million were let. The low bids announced on these projects totaled \$27.0 million. In August 2006, 35 State projects were let with low bids totaling \$192.5 million, an average of \$5.5 million.

The State low bids for year to date FY 2007 totaled \$929.9 million compared to \$856.1 million for the same period in FY 2006.

As of October 23, 2006, it was estimated that 407 State projects with construction costs totaling \$905.8 million would be let during the 2007 fiscal year. Through August of this year, 416 State projects with engineers' estimates of \$950.5 million were let, representing 104.9% of the total amount projected to be let this fiscal year. In comparison, through August 2006, 433 projects with total engineers' estimates of \$893.3 million were let, representing 80.7% of the FY 2006 projection. The department's letting schedule is proceeding as planned. Through August 2007, 115.4% of the construction cost estimate of projects scheduled for the first eleven months of the year was let. In comparison through August 2006, 111.6% of the construction cost estimate of projects scheduled for the first eleven months of the year was let.



There are 48 State projects with engineers' estimates totaling \$63.7 million scheduled to be let on September 7, 2007 (97 total projects with engineers' estimates totaling \$101 million). There will be an additional letting (about 16 projects and assuming numbers will grow) on September 28<sup>th</sup> and pre-approval for that letting will be part of the September Commission meeting. That letting will allow local units of government to take advantage of the Local Jobs Today funding. An item estimated at \$2.1 million that was postponed from the August letting will also be let. Ten of the State items have warranties. Of all the items scheduled to be let, 29 include work in the Jobs Today, Jobs Tomorrow program.

Pending any questions, Mr. Frierson asked for approval of Exhibit A-1; none were forthcoming.

Chair Wahby entertained a motion. Motion was made by Commissioner Rosendall and supported by Commissioner Brosnan to approve the September bid letting. Motion carried on a unanimous voice vote.

Letting Exceptions Agenda (Exhibit A-2) – John Polasek

Mr. Polasek reported on 2 Local projects (1 a single bid that was 22% under; 1 that was 16% over and accompanied by a justification memo). Pending any questions, Mr. Polasek asked for approval of Exhibit A-2; none were forthcoming.

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

Information Items (Exhibit A-3) – Myron Frierson

Mr. Frierson stated that this item is included for information purposes only. One project is listed with a single bidder, under \$500,000 and within the engineers' estimate. There is no action required.

Chairman Wahby asked for questions; none were forthcoming.

Contract Adjustments (Exhibit B) – John Friend

Mr. Friend introduced Nguyen Nguyen, a new engineer hire with MDOT, and David Juntunen, MDOT Engineer of Bridge Operations.

We have, for the last year or so, provided budget information in terms of where the program is relative to where was. As far as strategic planning at MDOT, it asked us to go back and look at what other key performance measures we should be looking at to be able to effectively manage the Department. We have gone out and done that on a construction site, and what we have seen is that there are a number of States that do a really good job at not only providing budget information to the appropriate people, but they also look at how we are doing at completing projects. We have some rough factors that we have worked through and will be presented to you next month to see if you are interested in receiving that information.

Mr. Friend has 11 Extras (7 MDOT; 4 Local Agency) before the Commission for approval. Special mention was made of Item Extra 2007-122 (3.3 kilometers of road reconstruction (7 lanes), water main replacement...on US-12 from I-94 to Livernois Avenue...Detroit and Dearborn, Wayne County). This additional cost is due to a lot of unmarked underground obstructions that the crews ran into in various forms, and really reflects a kind of reality of working in an urban setting. The other portion of the significant cost increase reflects some changes in the Departments' policies with regards to ADA and making sure the job was in compliance with ADA standards.

Pending any further questions, Mr. Friend asked for approval of Exhibit B.

Commissioner Brosnan commented, regarding his opening statement, that this provides the Commission another way in which to gauge department performance. She commended Mr. Friend and his department for their willingness to share this type of information. Many times people are unwilling to share performance measurements because they provide oversight boards with additional information to use in critiquing their work. Commissioner Brosnan complimented the department for taking up the challenge of measuring its own performance and sharing that information with the Commission.

No questions or other comments were forthcoming.

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

#### IV. **PUBLIC COMMENTS**

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

Chair Wahby asked if any Commissioner wanted to address the Commission; none were forthcoming.

#### **ADJOURNMENT**

There being no further business to come before the Commission, Chair Wahby declared the meeting adjourned at 10:15 a.m.

The next full meeting of the Michigan State Transportation Commission will be held on September 27, 2007, in the 1<sup>st</sup> floor Bureau of Aeronautics Auditorium in Lansing, Michigan, beginning at the hour of 9:00 a.m.