Senate Task Force Hearing

October 30, 2012

John Niemela, Director

County Road Association of Michigan

Introduction and Recap

- CRAM represents Michigan's 83 county road agencies.
- More than 90,000 centerline miles and 5,700 bridges – the 4th largest local road system in the nation.
- Structures below 20 feet in length are not officially considered to be a bridge. Aging culverts are a major problem for local road agencies.
- CRCs currently maintain 72% of state trunklines.
- At the current revenue level, we have implemented all possible reforms and efficiencies.

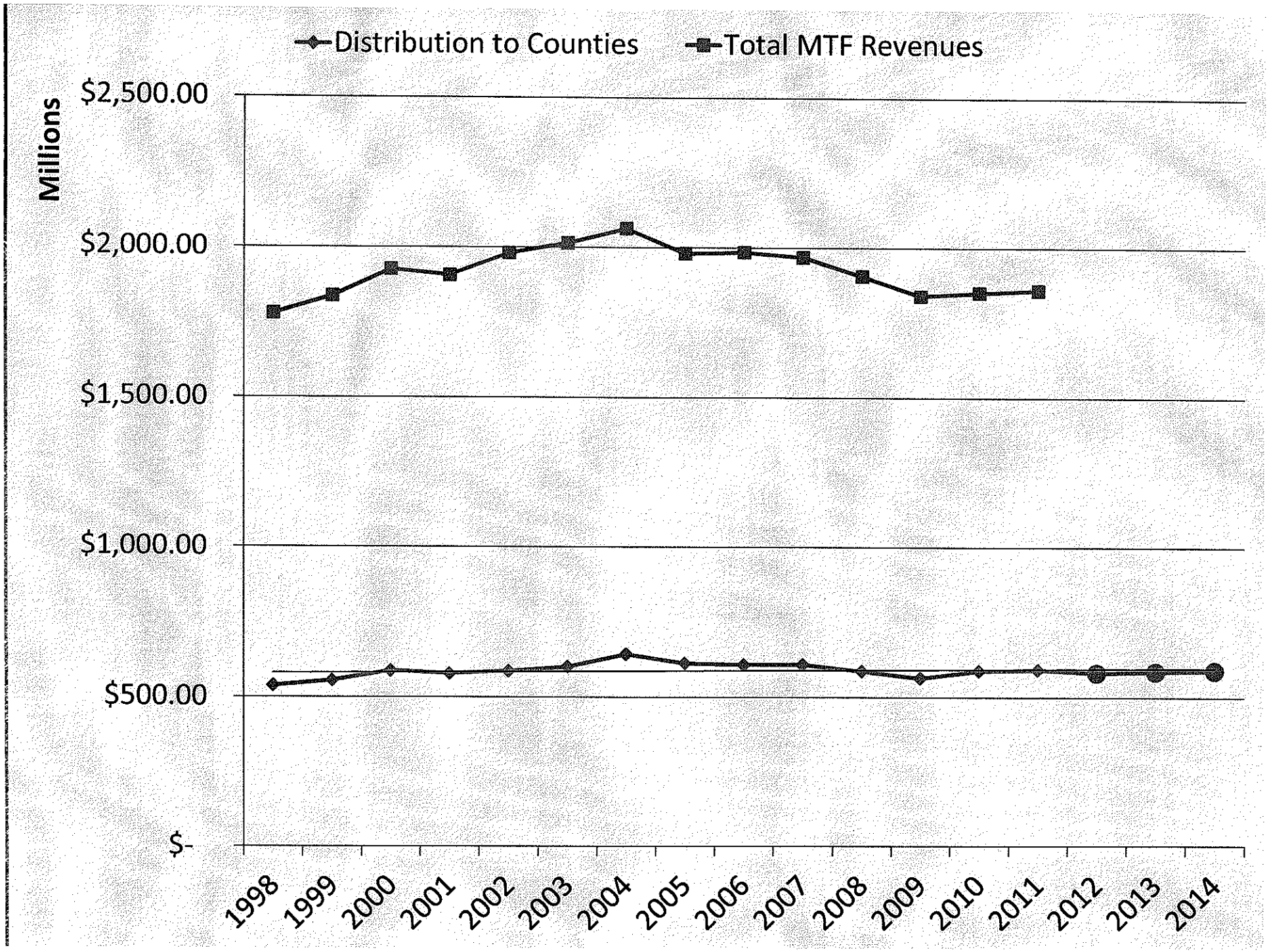
Local Roads Matter

- County roads are the backbone of Michigan's local economies, connecting state trunklines and municipalities with the rest of the state.
- Originally: farm-to-market routes.
- Today: 7-lane highways to scenic routes.
- The overwhelming majority of businesses and industries in Michigan are not located on the state trunklines and no businesses are located on the interstate system.
- Michigan's economy relies on both a vital state and local road and bridge network!

Local Roads Touch Every Michigan resident

Local Roads Matter:

- to schools;
- to emergency response times;
- to business;
- to seniors;
- to health care;
- to families;
- to agriculture;
- to tourism;
- to revitalization;
- to the economy;
- and to every Michigan resident!


Distribution to Counties
Total MTF Revenues
Millions
$2,500.00
$2,000.00
$1,500.00
$1,000.00
$500.00
$-
1998
1999
2000
2001
2002
2003
2004
2005
2006
2007
2008
2009
2010
2011
2012
2013
2014

Revenues to County Road Commissions

Sources of County Road Commission Revenues

- 39.1% of net MTF Revenues;
- Programs for local agencies such as TEDF, and Local Bridge Program (counties and municipalities);
- 25% of federal-aid allocated to all local agencies (counties and municipalities);
- 15% of federal bridge funds competitive between all local agencies (counties and municipalities); and
- Locally raised revenue- $137 million in 2010- varies from under $50,000 to $9.4 million in one county.

Change in Statewide MTF Revenues: FY2001 – FY2011:

	FY2001	FY2011	Change %
Total MTF Revenues	$1,907,265,282	$1,858,954,512	-2.5%
Gas Tax Revenues	$924,190,559	$831,298,333	-10.1%

Change in RCOC MTF Revenues: FY2001 – FY2011:

RCOC MTF Revenues	$60,518,278	$57,332,603	-5.3%

Growth in RCOC Major Expenditures: FY2001 – FY2011
(Examples - per like quantity)

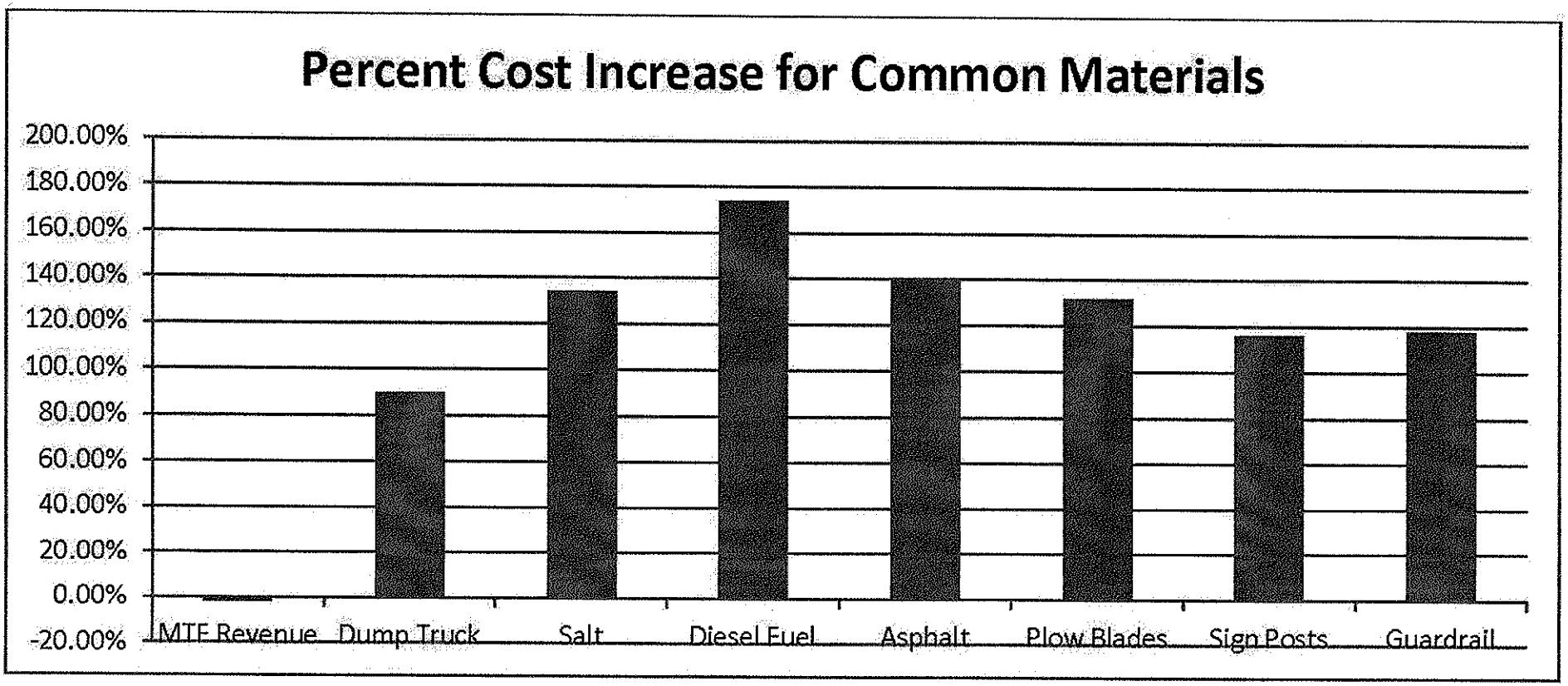
Diesel Fuel	$93,863	$355,356	378.9%
Gasoline	$31,522	$123,825	392.7%
Asphalt	$228,941	$462,122	201.9%
Cold Patch	$122,679	$192,596	157.0%
Salt	$2,149,079	$4,229,948	196.8%
5′ Float Blade	$45,093	$106,601	236.0%
Traffic Signal Cabinet	$3,829	$12,474	325.0%

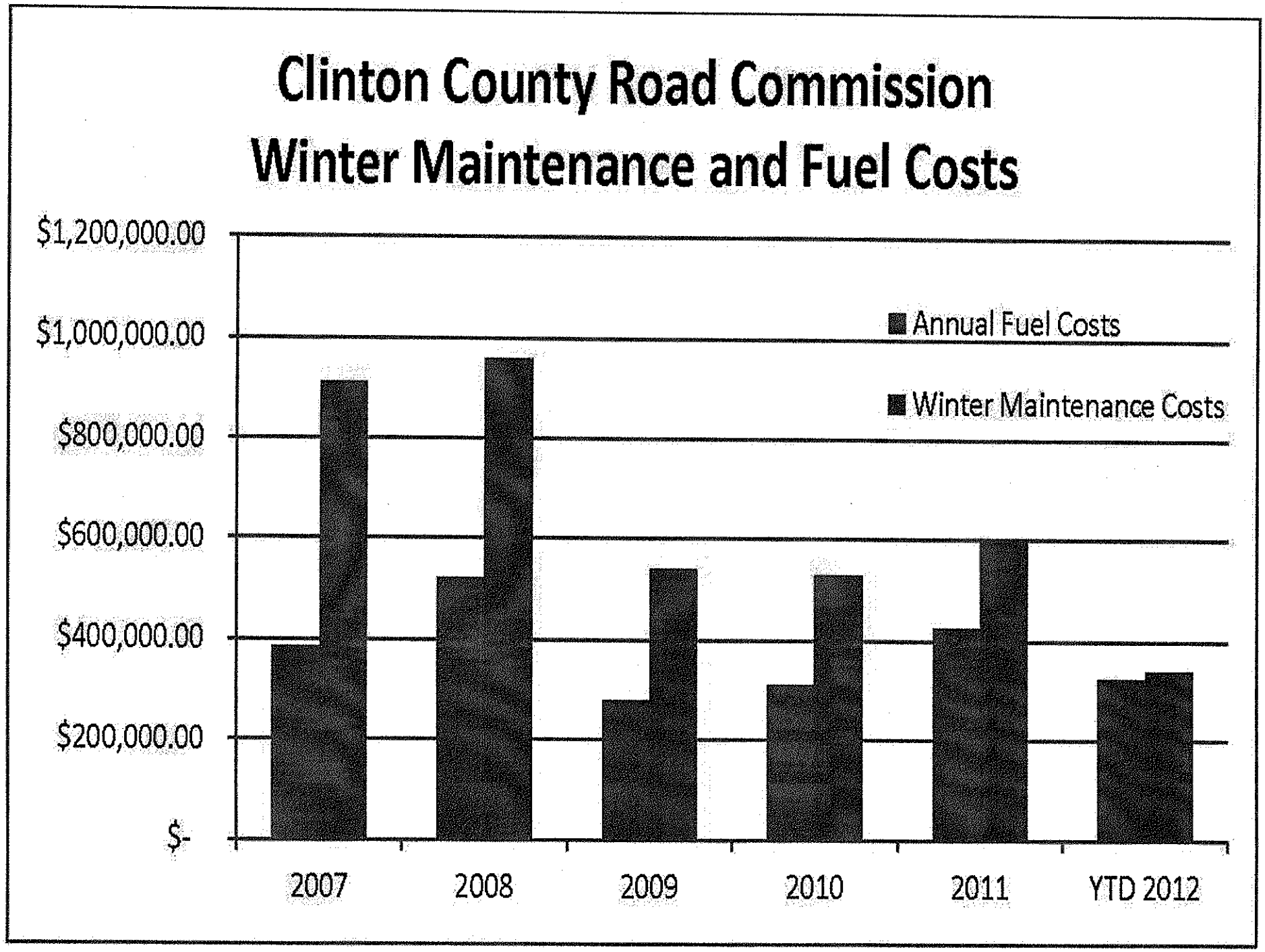
Notes: For all line items, FY2011 quantities were used to calculate the cost increase per like quantity.
The actual total expenditure for each year is not shown because the total quantities purchased each year varied.
There was no comparable purchase of equipment in these years, therefore cost increase for equipment could not be demonstrated.

MTF Revenue and Expense Increases- Ionia County Road Commission

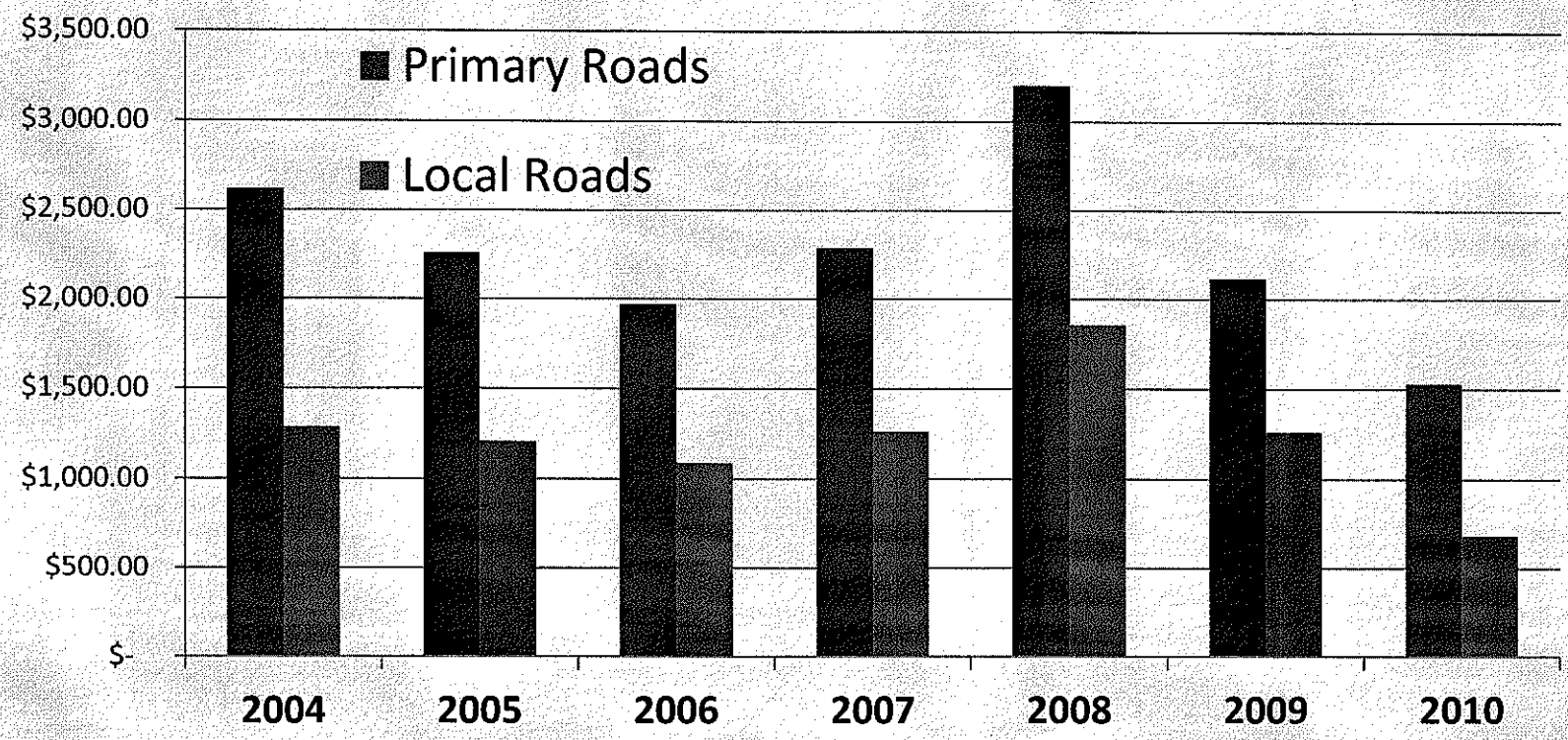
	MTF Revenue per year	Dump Truck each	Salt per ton	Diesel Fuel per gallon	Asphalt per ton	Plow Blades each	Sign Posts each	Guardrail each
2000	$4,548,479	$107,990	$28.80	$1.20	$23.40	$36.12	$12.16	$30.50
2007	$4,596,674	$144,000	$40.41	$2.59	$44.31	$66.00	$16.38	$66.50
2011	$4,463,347	$205,000	$67.39	$3.29	$56.00	$83.76	$26.32	n/a*
Increase	($85,132)	$97,010	$38.59	$2.09	$32.60	$47.64	$14.16	$36.00
% Increase	1.8%	89.8%	134.0%	174.2%	139.3%	131.90%	116.40%	118%

*Guardrail was not purchased (replaced) in 2011




Clinton County Road Commission
Winter Maintenance and Fuel Costs
$1,200,000.00
$1,000,000.00
$800,000.00
$600,000.00
$400,000.00
$200,000.00
$-
Annual Fuel Costs
Winter Maintenance Costs
2007
2008
2009
2010
2011
YTD 2012

Emmet County Road Commission
Winter Maintenance Expenditure Per Mile



The primary road system is typically maintained at a higher level than local roads and subdivision streets. Emmet County has 244 primary road miles and 588 local road miles. They also utilize subcontractors during heavy snow events to help clear subdivision streets, and maintain 217 lane miles under contract with MDOT.

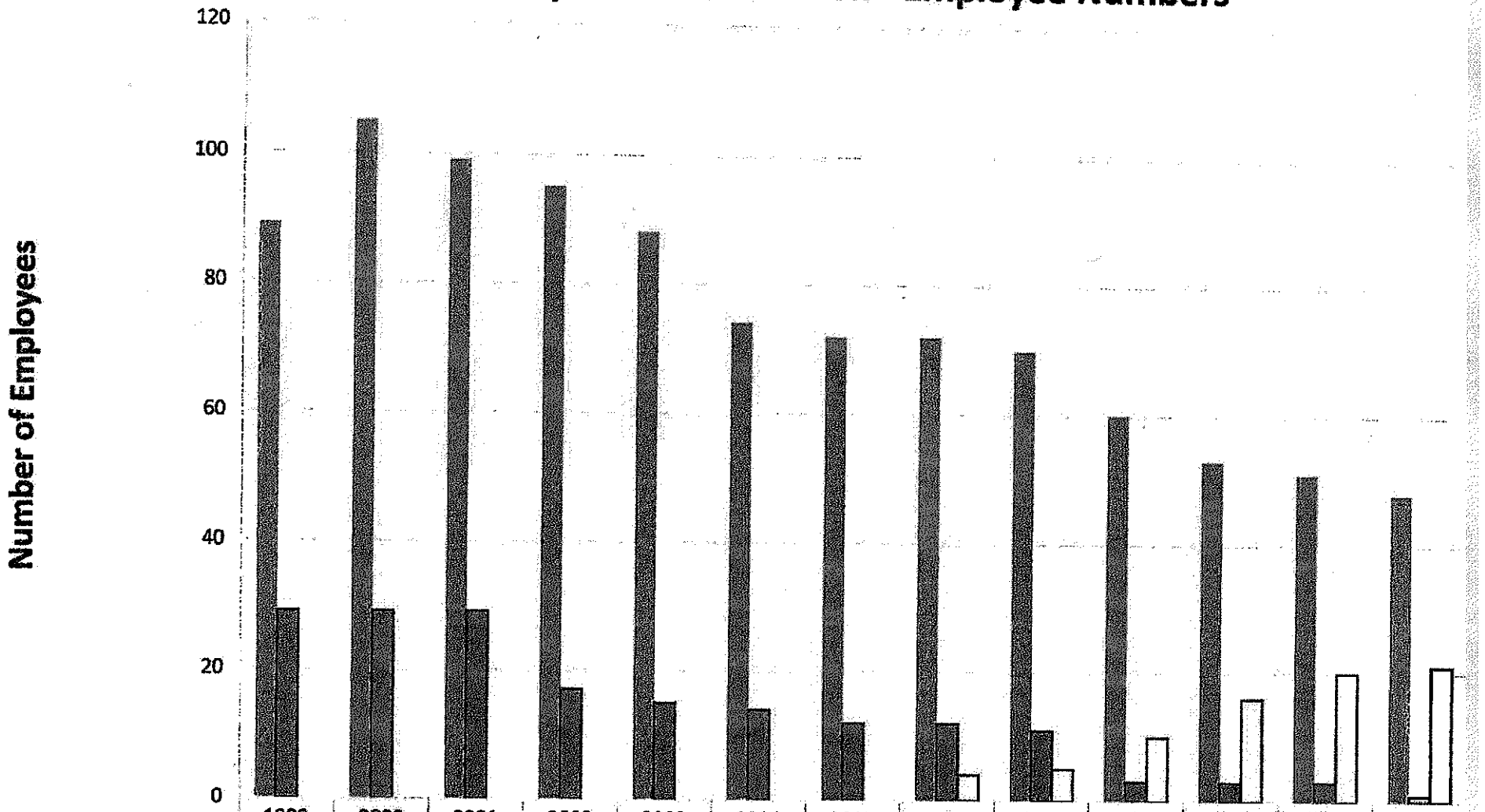
Winter Maintenance Reforms

- Less overtime used for snow removal;
- Anti-ice and pre-wetting agents, more mixing of salt with sand and other products;
- Salting only on hills, curves, intersections;
- Increased technology in trucks to increase efficiency of salt use and save fuel;
- Use of front plows, under body scrapers and side wings to cut down on driver routes;
- Use of more seasonal and temporary staff;

Impact on Winter Maintenance

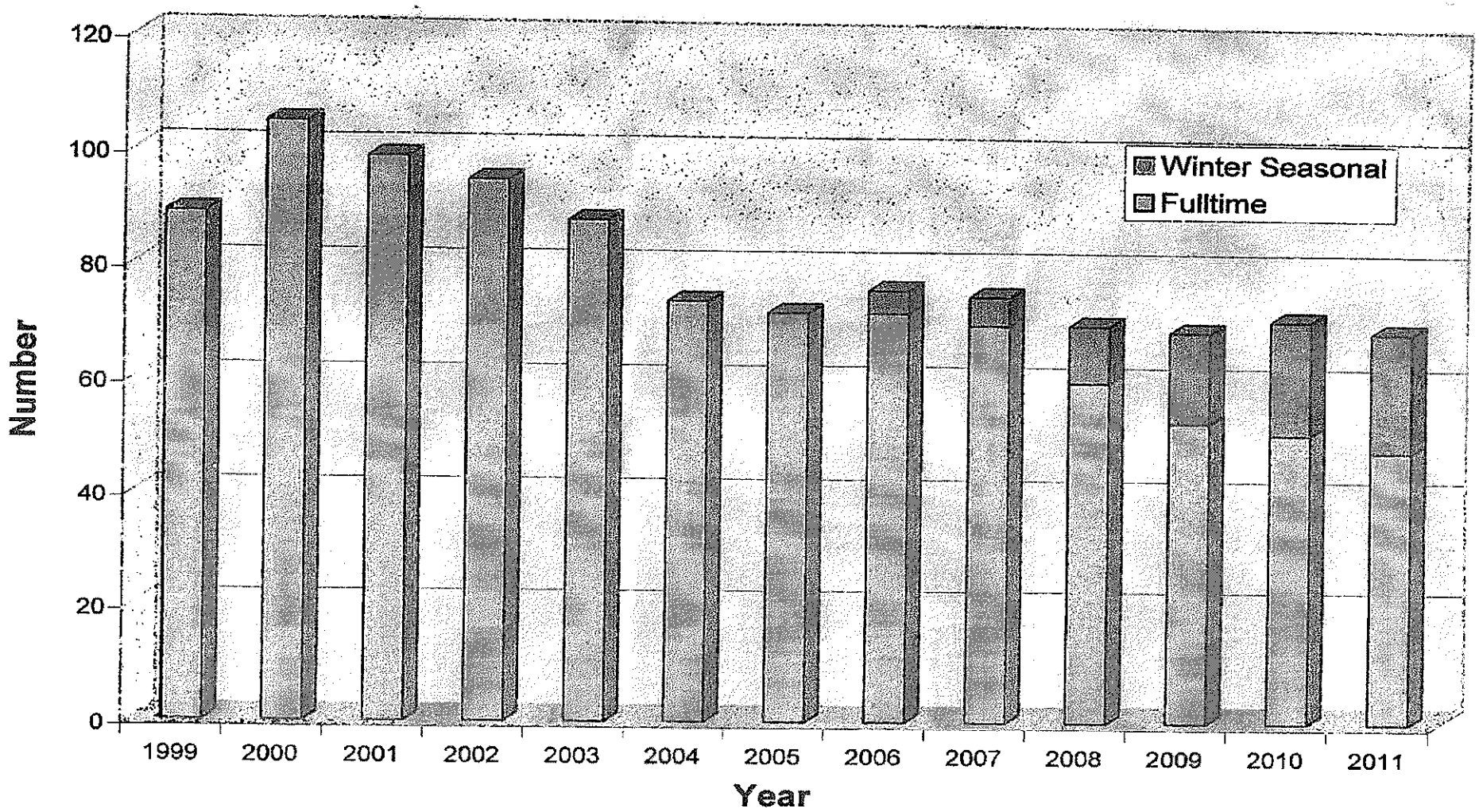
- Safety of motoring public is paramount!
- Less weekend snow plowing has led to Monday school cancelations following major storms.
- For counties with MDOT Contract, trunklines come first which sometimes causes longer delays in clearing local roads.
- Road commissions strive to balance the expectations of the public with budget realities.

Marquette County Road Commission - Employee Numbers

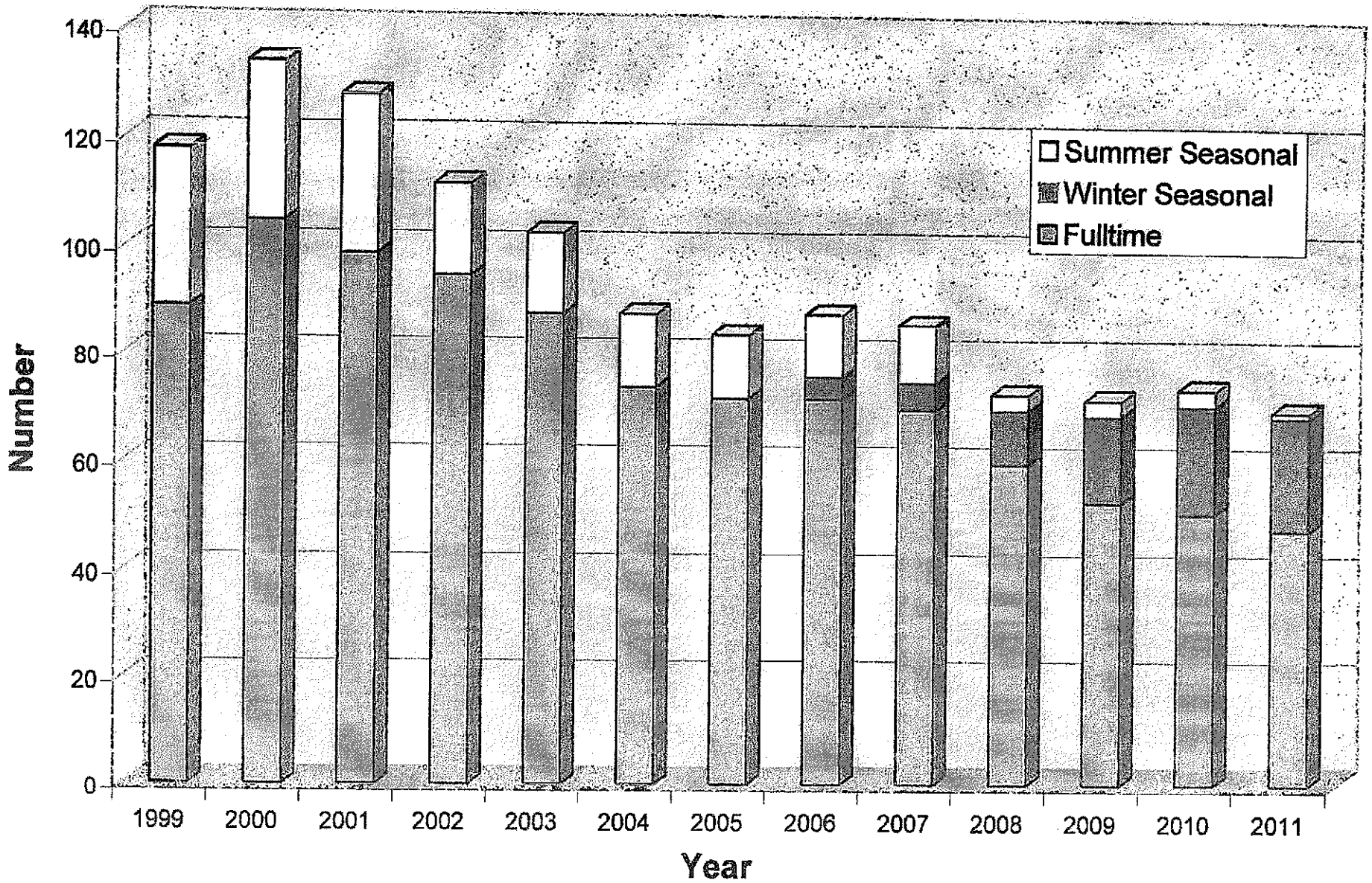


	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Full Time Employees	89	105	99	95	88	74	72	72	70	60	53	51	48
Seasonal Summer	29	29	29	17	15	14	12	12	11	3	3	3	1
Seasonal Winter	0	0	0	0	0	0	0	4	5	10	16	20	21

Marquette County Road Commission
Winter Employee Count



Marquette County Road Commission
Number of Full Time and Seasonal Employees



Dickinson County Road Commission

Cost to Bring Primary Roads to Fair and Good Condition

	GOOD			FAIR			POOR			FAILED	COST to 100% GOOD (8+)	COST to 100% FAIR (5+)
Rating	10	9	8	7	6	5	4	3	2	1		
2005	2.959	5.433	18.916	10.029	8.723	3.207	39.92	15.97	12.27	0	$ 27,482,750.00	$ 26,735,930.00
2006	0.089	2.959	4.402	23.593	5.528	8.96	54.18	18.79	43.04	4.749	$ 56,127,660.00	$ 54,650,690.00
2007	3.48	5.421	2.863	16.303	11.484	3.098	15.98	30.84	32.53	2.443	$ 47,017,060.00	$ 46,137,750.00
2008	1.40	3.477	8.316	21.301	5.495	1.672	24.09	28.4	29.72	2.315	$ 44,920,610.00	$ 44,342,110.00
2009	0	1.395	10.112	16.254	11.815	3.452	21.63	29.8	29.4	2.315	$ 45,460,860.00	$ 44,529,630.00
2010	0	8.574	12.119	11.796	15.397	3.464	15.17	33.86	30.75	2.315	$ 47,683,570.00	$ **46,688,020.00**
2011	0.393	1.793	15.299	8.799	11.766	13.814	11.22	20.02	57.05	2.453	$ 56,139,200.00	$ 54,040,550.00
2012	0	0	13.074	3.343	10.086	10.259	19.49	15.87	52.02	15.609	$ 59,938,890.00	$ 58,371,800.00

GOAL 85% Fair (House Report)

Cost for 85% @ 5 or above (Goal)	
85%=	**118.79**
exist 5+=	**36.762**
Need=	**82.03**
Cost=	**$ 44,745,395.00**

GOAL 85% Good

Cost for 85% @ 8 or above (Goal)	
85%=	**118.79**
exist 8+=	**13.074**
Need=	**105.72**
Cost=	**$ 46,312,485.00**

Dickinson County just passed a .5 mill countywide road millage in Feb. 2012. This revenue will help but barely dents the total need. Due to poor road conditions, there is little difference in the cost of bringing all primary roads to good condition, instead of just fair condition.

Dickinson County Road Commission

Cost to Bring Local Roads to Fair and Good Condition

	FAILED	POOR			FAIR			GOOD		
Rating	1	2	3	4	5	6	7	8	9	10
2005	1.825	12.679	29.759	16.111	10.501	13.287	23.45	11.898	17.987	2.361
2011	0.755	50.704	35.291	21.258	13.366	7.030	7.926	15.729	2.255	2.407

COST to 100% GOOD+	COST to 100% FAIR+
$22,156,655.00	$20,282,960.00
$39,708,742.00	$38,101,280.00

Cost for 85% @ Fair (5 or above)	
85%=	133.21
exist 5+=	48.713
Need=	84.50
Cost=	$28,698,020.00

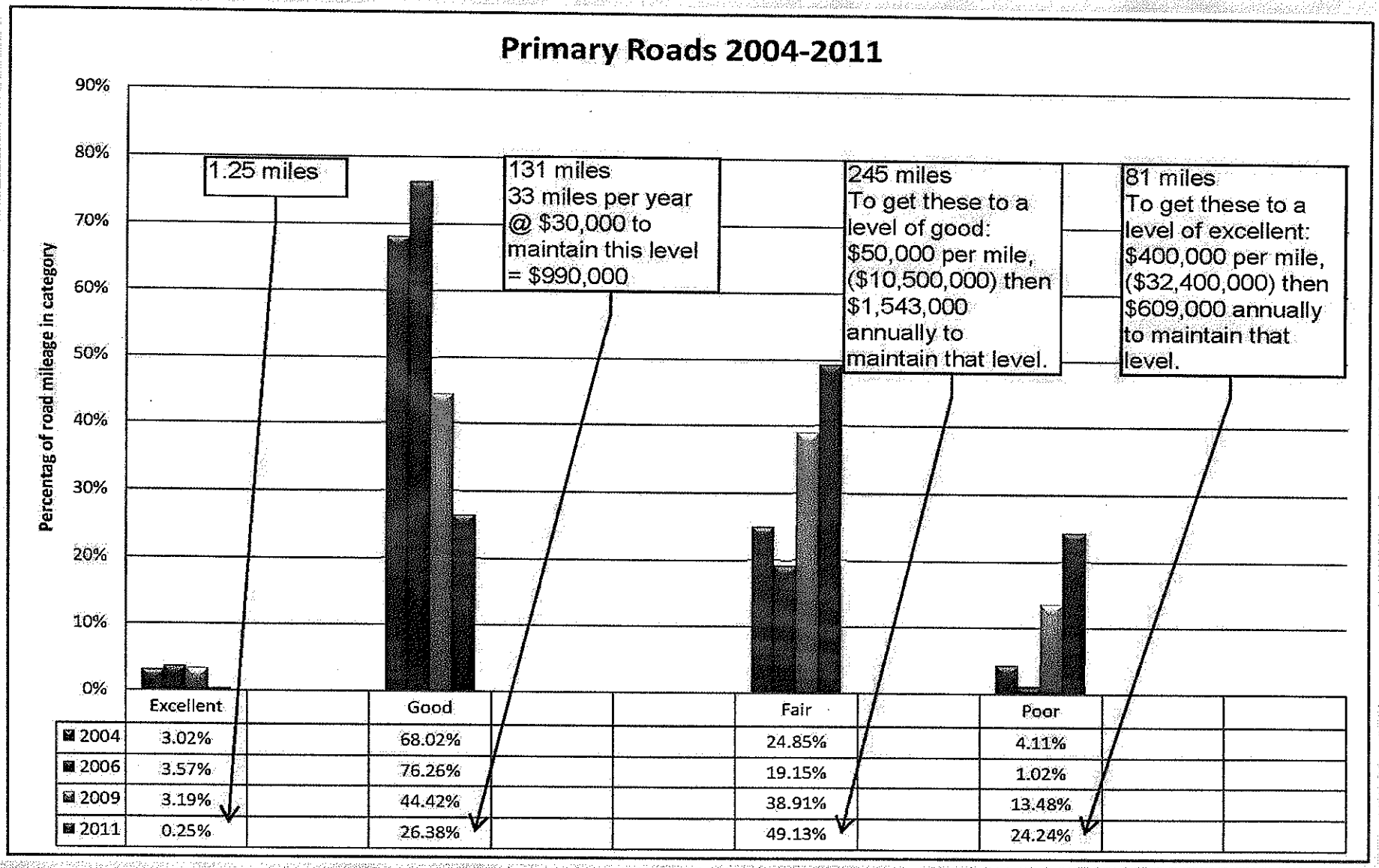
Cost to Bring Local Roads to 85% Fair- $28,698,020

Cost to Bring Primary Roads to 85% Fair- $44,745,395

Total Cost to Bring Dickinson County Roads to 85% Fair- $73,443,415

Total MTF Revenues to Dickinson County in 2011- $2,718,519

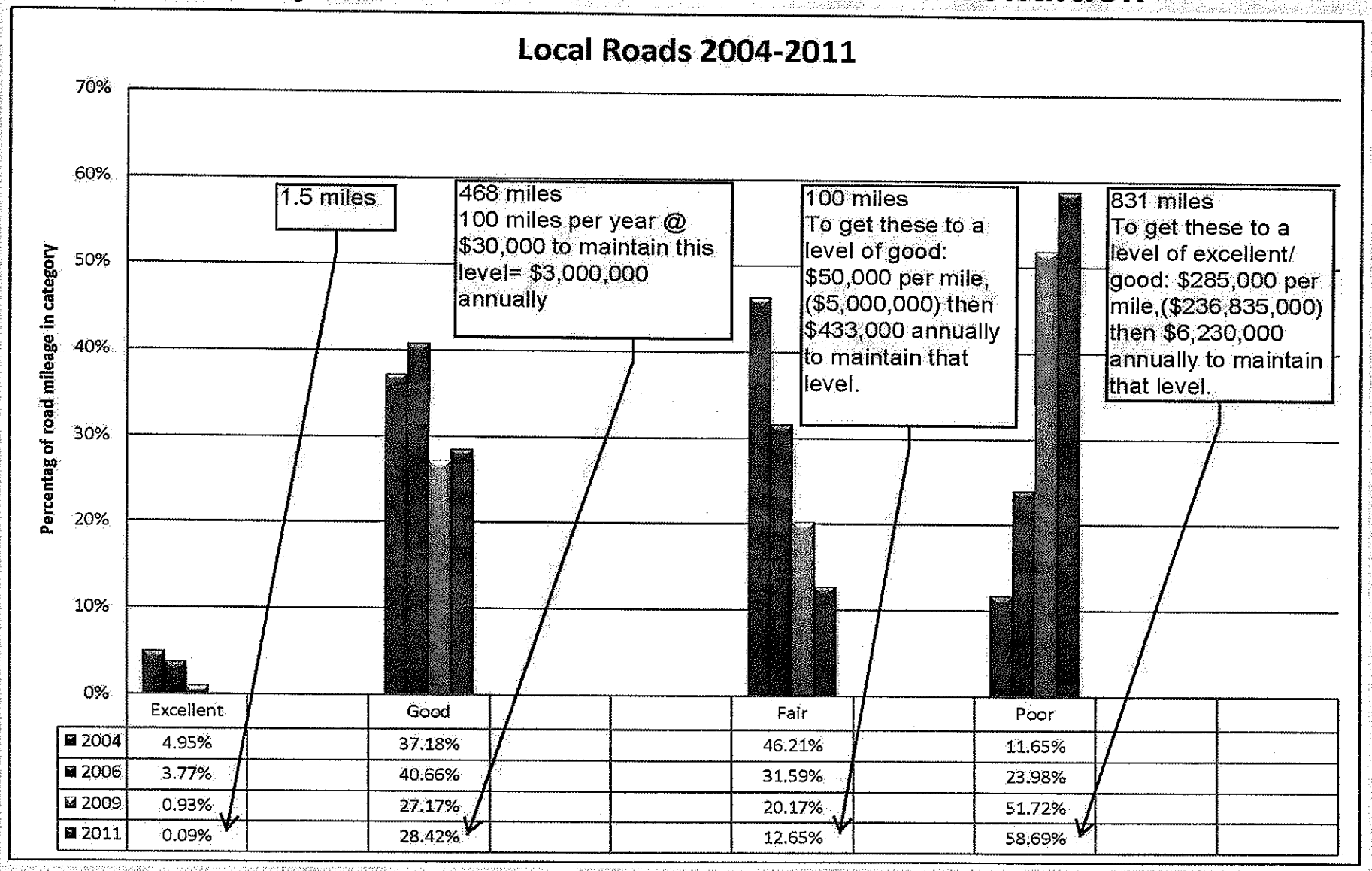
Saginaw County Road Commission
Projection Primary Roads to 85% Good Condition



	Excellent	Good	Fair	Poor
2004	3.02%	68.02%	24.85%	4.11%
2006	3.57%	76.26%	19.15%	1.02%
2009	3.19%	44.42%	38.91%	13.48%
2011	0.25%	26.38%	49.13%	24.24%

$42.9 million -plus $3.15 million annually to maintain

Saginaw County Road Commission- Projection Local Roads to 85% Good Condition

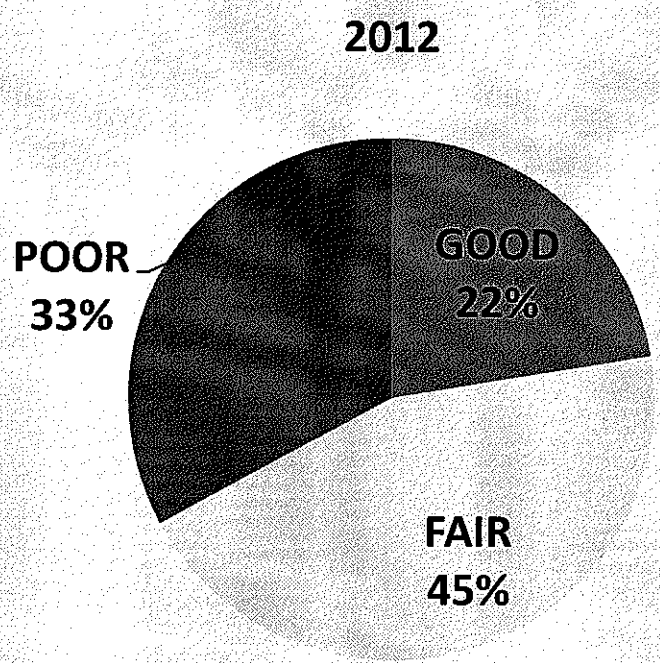


	Excellent	Good	Fair	Poor
2004	4.95%	37.18%	46.21%	11.65%
2006	3.77%	40.66%	31.59%	23.98%
2009	0.93%	27.17%	20.17%	51.72%
2011	0.09%	28.42%	12.65%	58.69%

Over $241.8 million- plus $9.6 million annually to maintain

Emmet County Primary Roads

Conditions of Primary Roads



EMMET COUNTY- TOTAL COST TO IMPROVE ALL PRIMARY ROADS

PRIMARY PASER RATINGS AND TOTAL COST TO MAKE ALL ROADS GOOD

YEAR	GOOD CONDITION (PASER 7 TO 10)	FAIR CONDITION (PASER 4 TO 6)	POOR CONDITION (PASER 1 TO 3)	TOTAL COST
2007	87.70 miles	137.74 miles	8.56 miles	$ 6,978,785
2008	69.66 miles	158.28 miles	14.39 miles	$ 10,088,045
2009	58.17 miles	155.32 miles	30.18 miles	$ 16,011,037
2010	37.06 miles	139.21 miles	55.30 miles	$ 21,056,684
2011	46.36 miles	107.94 miles	79.41 miles	$ 24,188,990
DIFFERENCE	-41.34 miles	+29.80 miles	+ 70.85 miles	+ $ 17,210,205

Since 2004, Emmet County townships have contributed over $2 million annually to pavement preservation projects, via township road millages.

BY BEING FORCED TO DELAY PREVENTATIVE MAINTENANCE, THE COST TO IMPROVE ALL PRIMARY ROADS HAS ALMOST QUADRUPLED SINCE 2007.

Petoskey News Opinion Editorial
Brian Gutowski, Engineer Manager
October 29, 2012

"The road commission has crack sealed 13.10 miles, asphalt wedged 17.34 miles, and applied an ultrathin asphalt overlay on 5.07 miles of county roads in 2012. Most of the work was performed on the local road system thanks to the townships that cover 100 percent of the cost for those improvements on local roads. The 36 miles of improvements sound like a lot but there are 588 miles of local roads and 244 miles of primary roads that have to be maintained."

Hillsdale County Road Commission Maintenance Budget

WHAT HAVE WE DONE IN LAST 3 YEARS?

	2010	2011	2012 (budget)
Paver patch	$ 450,162	$580,121	$ 333,000
Chip seals	$ 931,392 (64 miles)	$930,861 (64 miles)	$ 967,000 (63 miles)
Gravel road maint.	$1,071,899	$799,979	$1,043,000
Drainage	$ 229,569	$171,322	$ 285,000
Snow removal	$ 768,709	$848,550	$ 760,000
Signs & pavt mkg.	$ 218,694	$222,953	$ 260,000
Asphalt paving	$ 34,861 (0.34 mile)	$337,843 (2.95 mile)	$ 163,805 (1.8 mile)
Large culverts	$ 129,974 (3)	$122,152 (3)	$ 47,213 (2)
Bridges	$ 63,861 (1 - deck only)	$510,449 (1)	$ -0-
State maint.	$ 999,153	$814,994	$760,000
Equipt. purchases *	$ 405,362	$ 50,110	$237,492
*	(2 dump trucks, crack sealer, 2 pickups, lowboy trailer)	(Radios + salters)	(3 backhoes)

Along with regular maintenance, Hillsdale CRC is funding 64 miles of chip seal annually to preserve existing pavements.

Hillsdale County Road Commission Unmet Needs

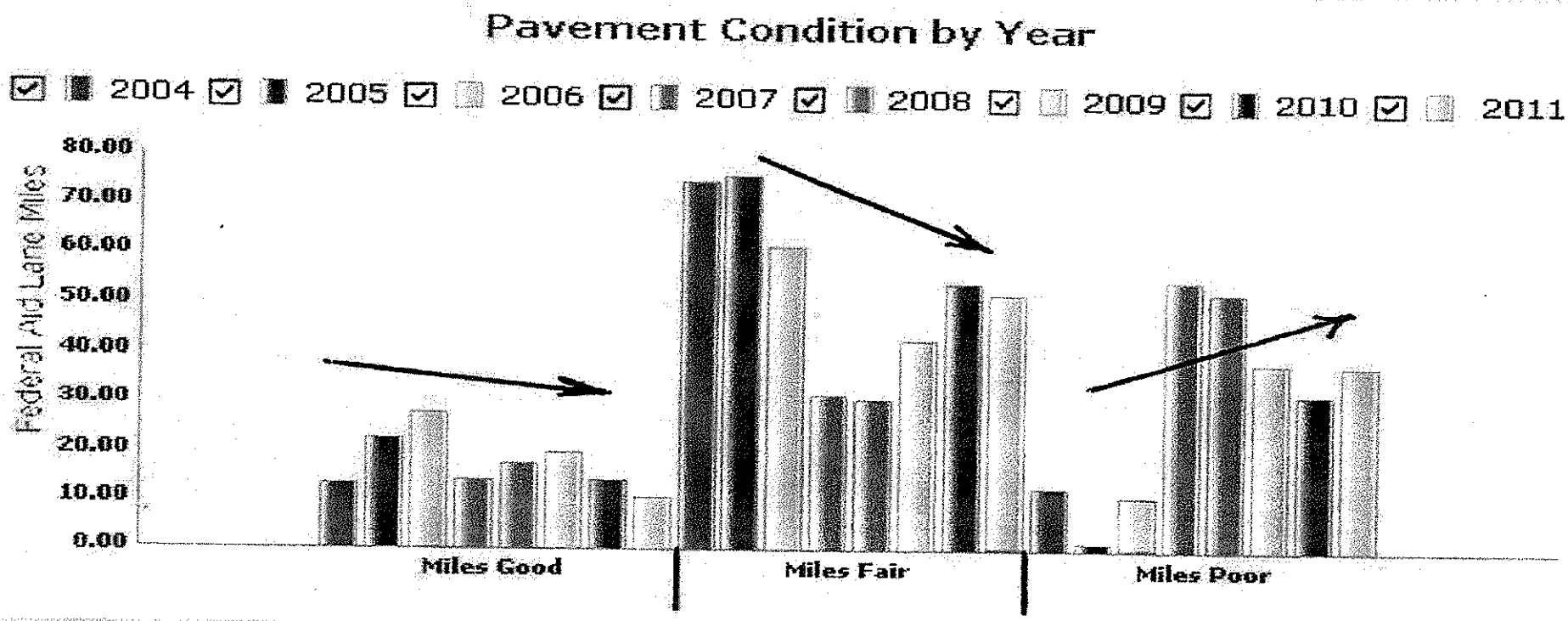
WHAT HAVEN'T WE DONE?

10 year cycle	Gravel resurfacing program (60 miles per year)	$1,200,000
20 year cycle	Tree trimming program (60 miles per year)	$ 900,000
Ongoing	Dead tree removal	$ 500,000
Ongoing	Failing cross-culverts under roadways	$ 750,000
Every 10 yrs.	Crack sealing (additional 50 miles per year)	$ 400,000
Every 6 yrs.	Wedge & chip sealing (additional 40 miles per yr.)	$1,200,000
Every 20 yrs.	Asphalt resurfacing (25 miles per year)	$5,000,000
Every 20 yrs.	Reconstruction (5 miles per year)	$2,500,000
50,000	Large culvert replacements (10 per year)	$ 500,000
96 bridges	Bridge replacements (2 per year)	$1,500,000
	Truck & Equipment replacement	$1,200,000
	(4 dump trucks per year, 2 patch trucks per year, 1 tractor mower per year, 1 construction equipt. per year, 1 seal/paving equipt. per year)	
	ANNUAL UNMET NEEDS	**$16,150,000**

\\Tsclient\u\Angie\WPDOCS\ACT 51 ANNUAL FINANCIAL REPORTS8.14.12_mtg.wpd

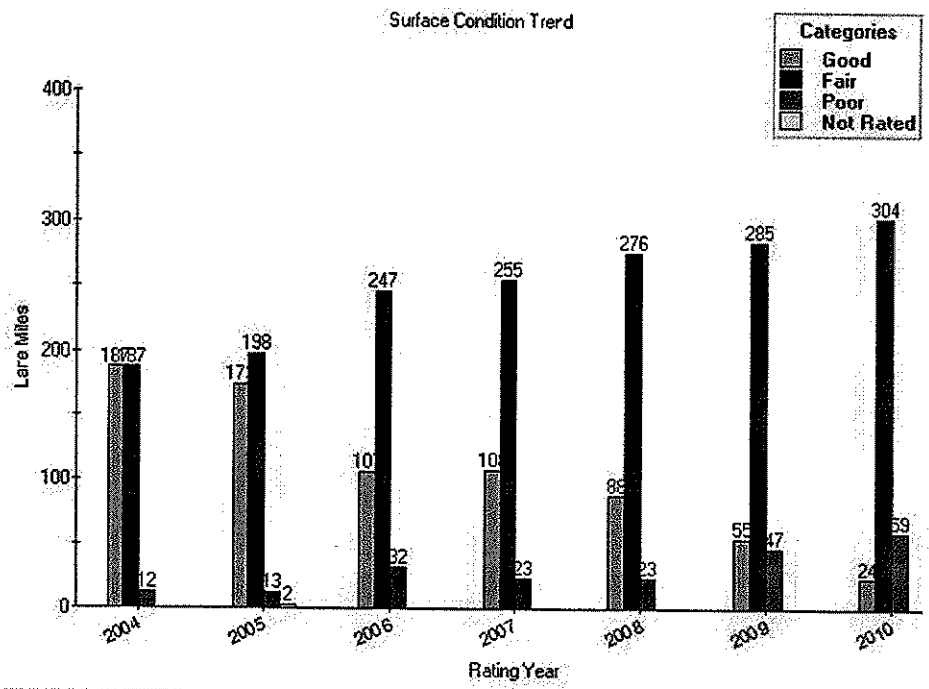
For two common pavement preservation techniques alone, crack sealing and wedge and chip sealing, Hillsdale CRC estimates they should be spending another $1.6 million annually. This does not include funds to replace aging culverts, maintain gravel roads, and funds for reconstruction.

Hillsdale CRC Pavement Condition Trends



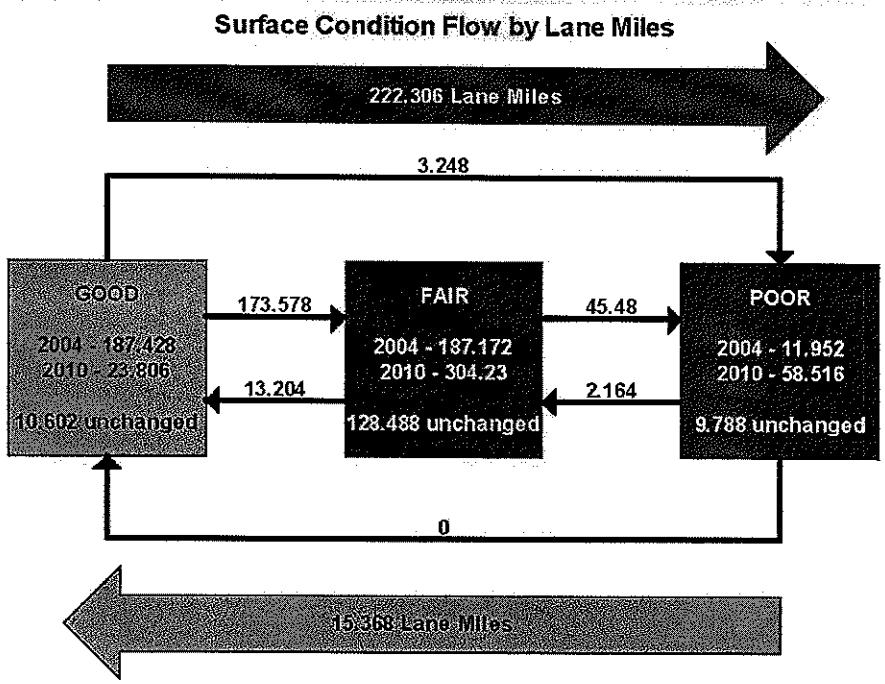
Although the Hillsdale CRC has prioritized asset management to the extent possible in their current budget, miles of roads in good and fair condition are still falling because sufficient funding is not available to do all necessary preventative maintenance.

Antrim County Road Commission- Primary Road Conditions

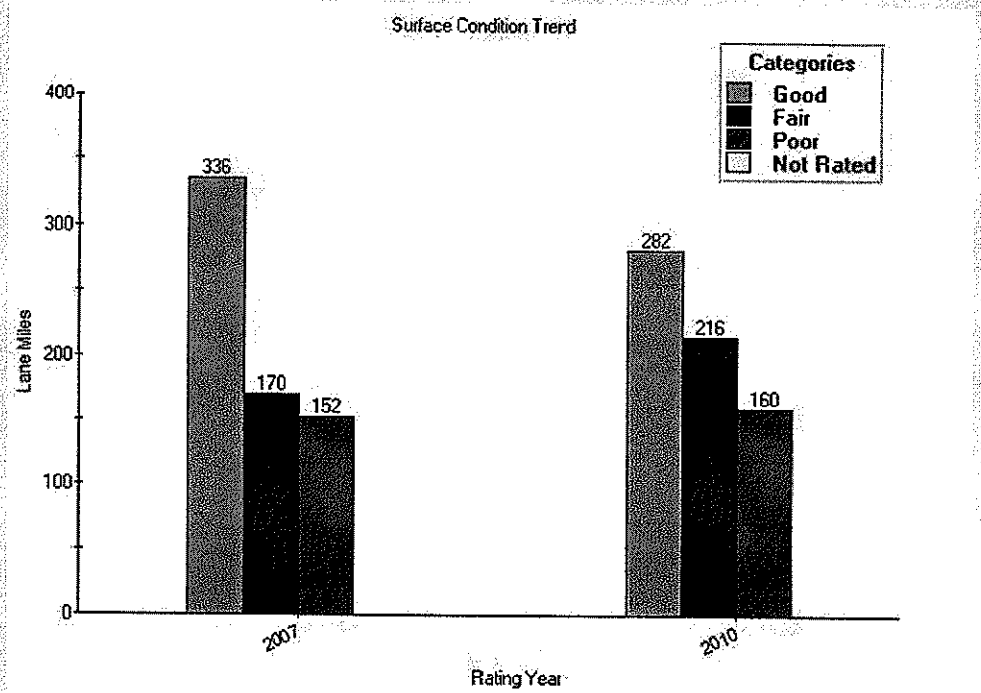


About 110 miles of Primary Roads, or about half the system, have deteriorated while only 8 miles have been improved since 2004.

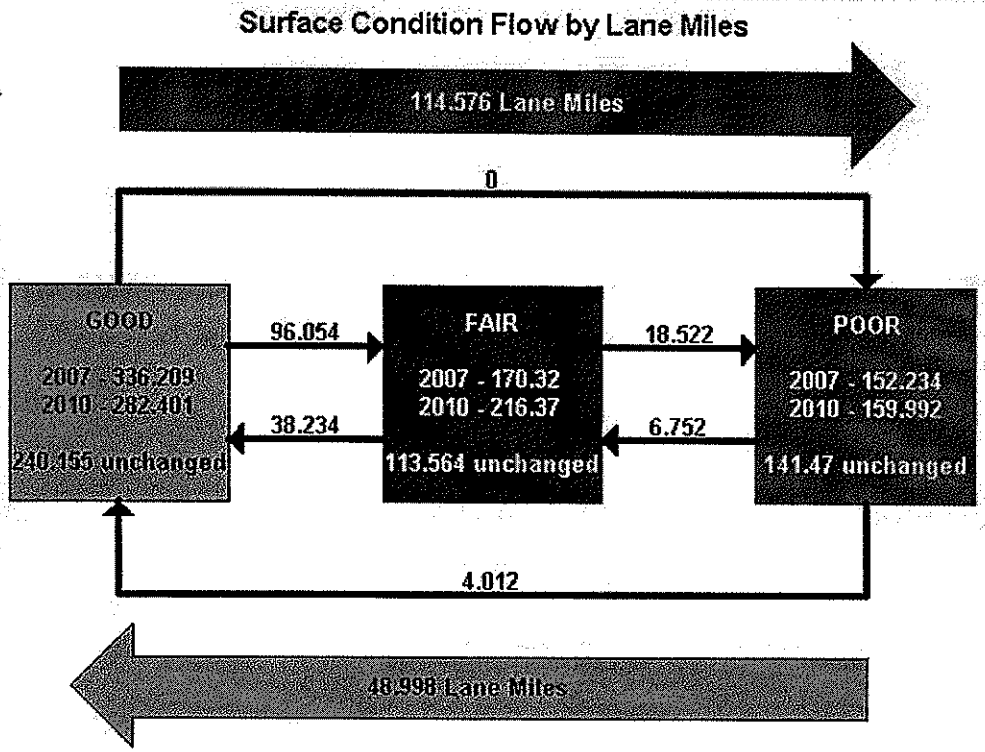
At current construction costs, it would take over $10 million to bring the Primary Road system to good and fair condition.



Antrim County Road Commission- Local Road Conditions



Working with townships, Antrim CRC has brought 24 miles up in condition and only 57 miles have deteriorated.



Even with the contributions from Antrim County townships, it would take $12 million to bring the Local Road system to good and fair condition.

Antrim County Example

- Antrim CRC uses asset management to guide decision making on primary roads.
- The road commission cannot expend more than 50% of a local road project's cost from Act 51 dollars.
- Current township share 90% of total cost.
- 5-year plans are developed for each township recommending how they can use asset management to help preserve roads.

Mancelona Township Example

- CRC rates local roads and presents plan to township officials.
- Mancelona Twp. has a 1 mill road millage – approximately $92,000 annually.
- Recent spending by Mancelona Township:
  - 2006 - $76,944
  - 2007 - $122,505
  - 2008 - $113,965
  - 2009 - $144,061
  - 2010 - $99,632

2011 Suggested Priorities

Cost per Mile	Number of Miles	Total Cost	Township Share	Selected Roads (miles)	Suggested Repair
$ 4,000	4.857	$ 19,428	$ 17,485	all roads currently rated 7	hot melt crack fill
$ 32,000	1.987	$ 63,584	$ 57,226	Kresnak (0.983), Valley (0.737), Leonard (0.267)	crack fill and chip seal
	Total township share =		$ 74,711		

2012 Suggested Priorities

Cost per Mile	Number of Miles	Total Cost	Township Share	Selected Roads (miles)	Suggested Repair
$ 34,000	2.171	$ 73,814	$ 66,433	Wetzel Lake (2.171)	crack fill and chip seal
$ 102,000	0.500	$ 51,000	$ 45,900	Cedar River (0.5 Fleet Hill)	2 inch HMA overlay
	Total township share =		$ 112,333		

2013 Suggested Priorities

Cost per Mile	Number of Miles	Total Cost	Township Share	Selected Roads (miles)	Suggested Repair
$ 35,000	3.293	$ 115,255	$ 103,730	Scholl (2.189), Cinder Hill (0.995), Musser (1.104)	crack fill and chip seal
		$ 0	$ 0		
	Total township share =		$ 103,730		

2014 Suggested Priorities

Cost per Mile	Number of Miles	Total Cost	Township Share	Selected Roads (miles)	Suggested Repair
$ 37,000	2.357	$ 87,209	$ 78,488	Ski Run (0.375), Elder (0.796), Manistee Heights (1.186)	crack fill and chip seal
		$ 0	$ 0		
	Total township share =		$ 78,488		

2015 Suggested Priorities

Cost per Mile	Number of Miles	Total Cost	Township Share	Selected Roads (miles)	Suggested Repair
$ 80,000	1.392	$ 111,360	$ 100,224	Cedar River (1.392)	HMA wedge and chip seal
		$ 0	$ 0		
	Total township share =		$ 100,224		

5 year cost summary

Year	Township Cost Share	Annual Average
2011	$ 74,711	
2012	$ 112,333	$ 93,522
2013	$ 103,730	$ 96,924
2014	$ 78,488	$ 92,315
2015	$ 100,224	$ 93,897
Total	$ 469,485	

Other work not addressed in the five year plan

Road Rating	Cost per Mile	Number of Miles	Total Cost	Township Share	Suggested Repair
5	$ 78,000	5.244	$ 409,032	$ 368,129	1 1/2 " overlay
4	$ 103,000	6.674	$ 687,422	$ 618,680	2" overlay
3	$ 115,000	20.583	$ 2,367,045	$ 2,130,341	pulverize and repave
2	$ 147,000	2.515	$ 369,705	$ 332,735	pulverize, base repair and repave
Totals		35.016	$ 3,833,204	$ 3,449,884	

Nearly $3.5 million in unmet pavement needs in Mancelona Township, even with substantial commitment from township residents.

Antrim County Road Commission
Annual Unmet Needs

- $22 million Paved Roads Needs- additional 10% could be addressed annually- $2 million;
- Equipment replacement shortage annually- one snow plow - $220,000;
- One garage must be replaced- $170,000 annually for 7 years;
- 142 miles of gravel road maintenance- unfunded;
- Other longer term road improvements-unfunded;
- Total annual needs- $2.39 million + gravel road maintenance and improvements; and
- Under the current formula, $1.5 billion would yield $2.6 million for Antrim CRC.

Conclusion

1. We cannot cut or reform ourselves out of the problem before us.
2. The needs are growing daily. TAMC estimates that we lose $3 million in asset value daily- over $1 billion annually!
3. Transportation Funding Task Force-2008 Road and Bridge Recommendations
   - Good - $1.65 billion
   - Better- $4.9 billion
   - Best- $11.5 billion
4. Have we reached the tipping point?