Michigan's County Road Agencies

Driving our economy forward!

County Road Association of Michigan
417 Seymour, Suite One
Lansing, MI 48933

517.482.1189

micountyroads.org

"The longer we postpone increased levels of investment, the longer it will take for the public to begin to see any appreciable improvement in the condition of Michigan's roads and bridges."

—Michigan Transportation Asset Management Council, 2013

Table of Contents:

Spring 2014

Foreword

Good roads create and attract jobs and say Michigan is open for business.

Poor roads convey the image of a struggling state.

County roads are the backbone of our state's economy, connecting state trunk lines and municipalities with the rest of the state.

From seasonal roads to seven-lane highways and beyond, county road agencies are responsible for 75 percent of Michigan's road system, representing more than 90,000 miles of Michigan roads and 5,700 bridges– the fourth largest local road system in the nation.

From gravel and asphalt to multi-lane highways, county roads enable the efficient movement of people, goods and services across Michigan. What was once a network of farm-to-market routes has grown into a modern road system connecting Michigan cities and villages.

Although the responsibilities of county road agencies vary from county to county, these are the talented men and women responsible for ensuring the safety and efficiency of all county roads and bridges.

The work of county road agencies often goes unnoticed, but they play a vital role in our daily lives. They build and maintain the roads that carry our children to school, see us safely to work and take us through the activities of daily life.

This report provides details about Michigan's county road system, how it is funded and what county road agencies do to make travel in Michigan safe and smooth.

What Is a County Road Agency?

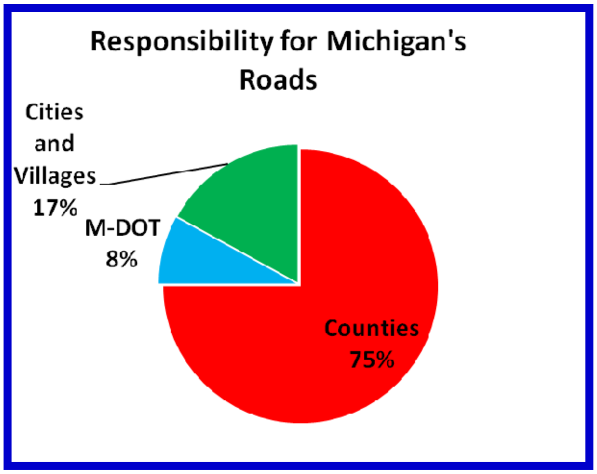
County road commissions were one of the first examples of government efficiency. They were organized by Public Act 283 of 1909 to achieve two primary goals:

- Continuity in road construction and maintenance across the state, and
- Cost-efficient and high-quality road services for county roads.

Each of Michigan's 83 counties is served by a county road agency. County road commissions are not a direct part of the general county government, except in the five counties where county government oversees the road agency.

Road commissions have three-or five-member boards of road commissioners that are either appointed by the county board of commissioners or elected by the voters. Both appointed and elected road commissioners serve six-year terms. Thirty-five counties have elected boards and 43 have appointed boards. County boards of commissioners decide if a road commission is appointed or elected and establish road commissioner's salary and benefits.

Michigan's county road agencies are stewards of the largest road system in the state, and responsible for more than 75 percent of all Michigan roads.



Road agencies are a significant contributor to the state and local economies. They employ more than 4,500 regular and temporary workers across the state, and are responsible for in excess of 75 percent of Michigan's 122,000 miles of roads.

With more than 90,000 miles of roads, streets and highways and 5,700 bridges, Michigan's county road agencies are the largest road owners in the state. The Michigan Department of Transportation (MDOT) is responsible for 8 percent of Michigan's center line road mileage and the remaining 17 percent is under the jurisdiction of 533 cities and villages.

While the state highways carry the majority of vehicle miles traveled, the overwhelming majority of businesses and industries in Michigan are not located on state trunklines. **Michigan's economy relies on both a vital state and local road and bridge network.**

County road agencies are as diverse as the communities they serve and have a variety of responsibilities including:

- Building and maintaining everything from single-lane gravel roads to multi-lane divided highways;
- Road, bridge and culvert construction, and maintenance;
- Winter maintenance, including snow removal and salting;
- Preventative, roadside and gravel-road maintenance; and
- Ensuring safe and steady traffic patterns.

County road agencies are accessible to the public and serve as the link between the public and our local road and bridge system.

Open communication and dialogue is a goal of county road agencies as they seek to build and maintain a transportation infrastructure that meets the needs of their local communities and the state.

Road commissions, and in those counties with road departments county boards, hold regular board meetings at least once per month, with some counties meeting multiple times per month. The public is invited and encouraged to attend these meetings. Public hearings are often scheduled to seek input from residents and communicate on a variety of road and safety issues.

Where the Money Comes From

The Michigan Transportation Fund

The primary source of revenue to county road agencies comes from the Michigan Transportation Fund (MTF). All state fuel taxes, vehicle registration fees and other transportation-related fees are deposited into the MTF and distributed according to Public Act 51 of 1951.

For many years, the largest source of income to the MTF has been the state gasoline tax. A combination of more fuel-efficient vehicles and motorists changing driving habits and purchasing less fuel have eroded the power of fuel taxes, making their future as a long-term funding solution uncertain.

The **Michigan Legislature last increased the gasoline tax in 1997 from 15 cents per gallon to 19 cents per gallon**. The tax on diesel fuel was not increased. Of this four cent increase, three cents were distributed to state and local road agencies. The other penny was dedicated to bridges, with one half cent directed to MDOT to fix seriously deficient bridges on the state road system, and the other half cent directed to local road agencies under the Local Bridge Program.

Federal Funds

A **federal fuel tax of 18.4 cents per gallon** is collected on each gallon sold in the United States. Michigan historically receives roughly 92 cents on each dollar sent to Washington D.C. **Approximately 75 percent of federal road funding and 85 percent of federal bridge funding is allocated to MDOT.** The rest is distributed among 83 county road agencies and 533 cities and villages across the state.

Both MDOT and local road agencies are required to provide a match to federal funds; typically 20 percent of an improvement project cost. If Michigan cannot provide the match, the federal funds would be returned to the Federal Highway Trust Fund, and distributed to other states.

For the past several years, the legislature has provided MDOT with special appropriations to match all available federal-aid. Unfortunately, local agencies have not had this safety net. Many counties have had to delay approved federal-aid projects due to the lack of matching funds. Some counties are no longer applying for all available federal safety grants due to a lack of matching funds.

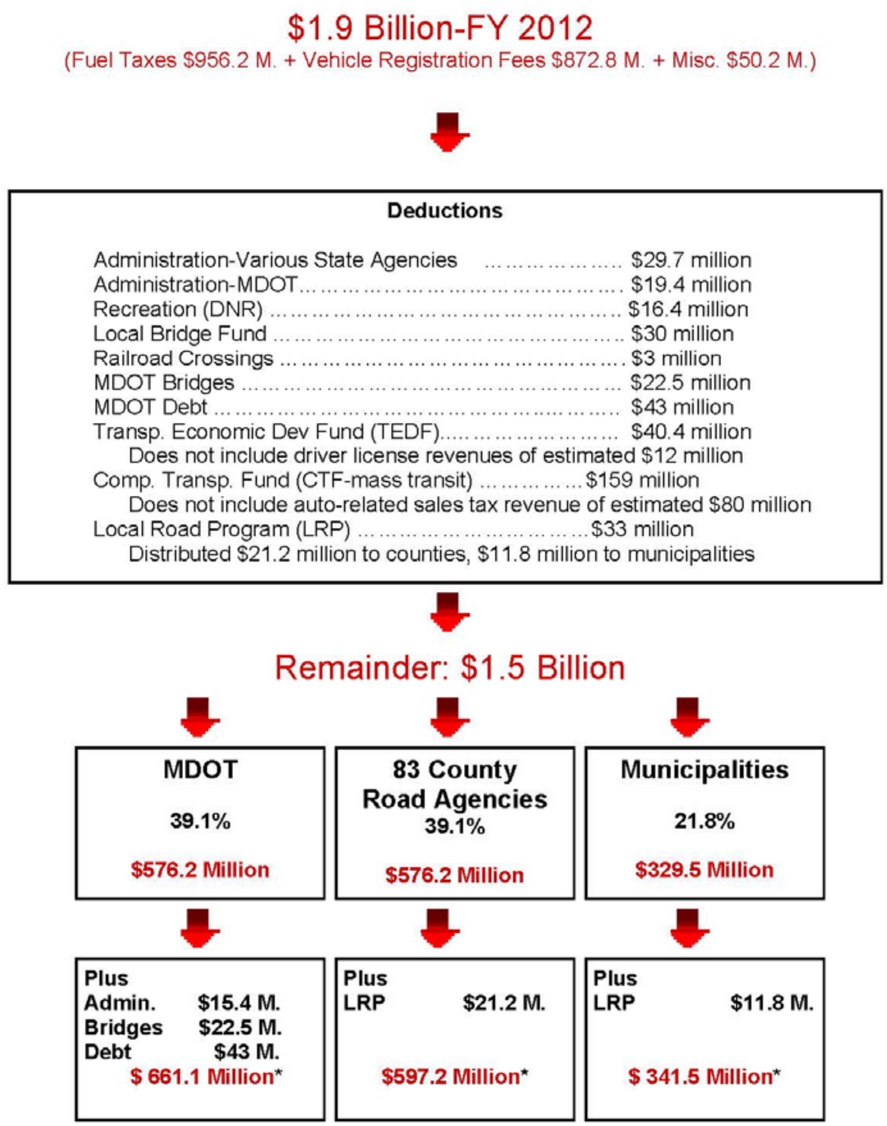
Local Funds

County road agencies are prohibited from using MTF resources to fund more than 50 percent of a project on a local (low traffic volume) **road**. While not required by law, townships typically contribute matching funds. The ability for counties and townships to generate additional revenues with millages or special assessments varies significantly across the state. Some counties receive no local funding and others receive a significant amount of revenue from local sources. **Twenty five counties now have a countywide road millage.**

The Distribution of Road Funding

Revenues available from the MTF are distributed according to a formula established in P.A. 51 of 1951. This formula has been revised substantially over the past 63 years.

Michigan Transportation Fund (MTF) Act 51 Distribution Formula



*Does not include Local Bridge Fund or TEDF. The Local Bridge Fund is a competitive program between counties, cities and villages. TEDF is distributed between the three jurisdictions. A portion is competitive and the balance is a lump sum distribution.

The funding available to county road agencies is distributed using an internal formula specified by P.A. 51 of 1951. This formula weighs the number of vehicle registrations per county (a measure of traffic volume), population, and road mileage in the county. Some counties receive an additional allotment based on historical snowfall data, and those with urban road mileage are eligible for an urban factor allocation.

Where the Money Goes

County road agencies are good stewards of the funds made available to them. A requirement in P.A. 51 of 1951 prohibits road agencies from spending more than 10 percent of MTF revenues on administration. Most counties spend significantly less. A summary prepared by MDOT of all county revenues and expenditures in 2011 reveals that **administrative expenses average only 6.9 percent of revenues**.

Despite double-digit increases in health care costs the administrative expenses of county road agencies have not increased substantially in recent years.

The MTF continues to generate less revenue now than in 2001. County road agencies have responded by increasing efficiencies and cutting budgets in areas with the least possible impact to motorists. The County Road Association has prepared several reports highlighting the reforms and efficiencies implemented in the areas of: labor and equipment sharing; joint purchasing of equipment and materials; public-private partnerships; joint projects and cost-sharing with other entities; enhancements to summer and winter operations; administrative efficiencies; and other reforms.

Reduced funding levels and skyrocketing costs have made it difficult for many road agencies to undertake large construction or reconstruction projects without federal-aid. The bulk of county road agency funds are directed toward static costs such as preventive maintenance, heavy maintenance, snow removal, salt, fuel, asphalt, and other materials.

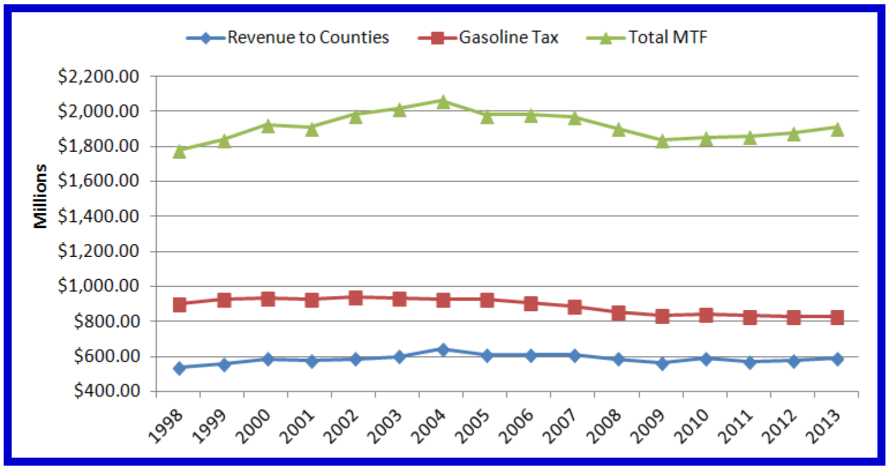
Road agencies take the need to keep roads cleared for commerce and safe travel seriously. As winter maintenance budgets have increased, road agencies have been left with no choice but to decrease spending on the construction and preservation of our state and local road and bridge system.

County road agencies have done everything possible with the level of funding available, but the majority of counties have been forced to make deep cuts including: layoffs, working with aging equipment, reducing construction and maintenance and approximately half of county road agencies have reverted paved roads to gravel.

Counties have reached a point where there is nothing left to cut that will not negatively impact the level of services provided. Many are now in danger of having no choice but to cutback beyond the point of efficiency. We simply cannot cut ourselves out of the looming funding crisis.

Rising Costs and Declining Revenues

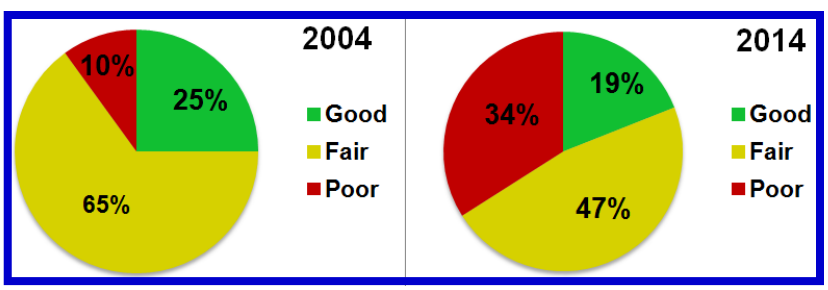
Significant material and price increases have eroded available resources. The Producer Price Index for construction materials has increased 51.6 percent since 2003, more than double the rate of inflation over the same period. Cost of materials such as diesel fuel, asphalt, plow blades and salt used for ice control have more than doubled in recent years. Meanwhile fuel tax revenue continues to decline. The following chart shows the trends in MTF revenues and distributions to counties over the past decade.



Asset Management

Asset Management is a best management practice which focuses on preserving the condition of roads rather than allowing them to deteriorate to a more expensive state of repair. Using asset management allows road agencies to extend the service life of roads in good or fair condition —making the right fix at the right time. The Transportation Asset Management Council (TAMC) has implemented a uniform rating system for all roads and bridges in the state and has collected data on Michigan's federal-aid eligible road system since 2004. In 2008, TAMC also began collecting data on the non-federal-aid road network; which statistics show is in much worse condition.

Road conditions have declined steadily since the TAMC began collecting data in 2004.



We simply cannot continue to allow Michigan roads to deteriorate. The **cost of returning a poor road to good condition is four to five times greater** than returning a fair road to good condition. We must properly fund preventative maintenance for **all** road agencies if we are to reverse these trends.

TAMC data reveals that we are losing $1 billion annually — $3 million daily — in asset value on our paved road system. Action is needed now!

Partners In Transportation

Nearly 100 years ago, Michigan voters adopted three levels of road jurisdiction. State law gives cities and villages, county road agencies, and the Michigan Department of Transportation (MDOT) jurisdiction over roads. These three governmental entities are responsible for building and maintaining the roads and bridges under their jurisdictions. County road agencies are partners with all levels of government to provide services to Michigan motorists.

Alcona County maintains the state trunklines, including snow removal.

Partners with the State (MDOT)

Sixty-three county road agencies are contracted by MDOT to perform maintenance and snow removal on the state trunklines in their counties. These counties are reimbursed by MDOT for the cost of providing those services. This **partnership saves the state millions of dollars each year** by eliminating the need for dual purchases of equipment and facilities.

Partners with Local Governments

County road agencies maintain roads in townships and some in cities and villages. As the road owners, county road agencies meet with township officials on a regular basis to help determine maintenance and construction priorities.

Road commissioners represent the interests of the entire county, rather than being elected or appointed by district, helping to ensure the needs of one community are not placed above another. The asset management process, traffic patterns, safety, and available funding are used to determine which road projects are completed and when.

An application of Chip Seal on this Clinton County road will extend the life of the pavement for several years.

Partners with Other Local Road Agencies

Sharing equipment cuts road agencies' costs.

County road agencies work with adjoining road owners to provide continuity of travel for motorists, to reduce costs, and to provide enhanced services to residents. The cooperative spirit has long been a tradition and has become even more important in this day of tight budgets and declining revenues. County road agencies are more interested than ever in cost-savings-arrangements. The majority of counties share equipment with other agencies, join forces to purchase materials and equipment at better rates, and even partner in their maintenance responsibilities.

Often, adjacent cities and counties will swap snow plow routes. When a plow route is a long way from the county's nearest garage, it can save considerable time and fuel by working with an adjacent city or county to plow roads across the city or county line.

Each township in Emmet County has a millage for road improvements.

Partners in Funding Local Projects

Although road commissions have no taxing authority, county boards have the authority, with voter approval, to raise revenues dedicated to road funding. Twenty one counties have countywide road millages.

Townships, cities and villages often help provide local matching funds. Some townships have voter-approved road millages to provide matching funds and pay for additional services not offered by the county such as extra brine applications for dust control.

In some cases county boards supplement funding for road projects. Special assessments are also a popular option for generating revenue for subdivision projects.

Vital Participant in Michigan's Economy

Michigan's county road agencies are a vital partner in keeping our state and local economies running. They are the agencies responsible for keeping roads open to commerce and safe for travel. Beyond providing roads that keep our economy moving, see our children safely to school, ensure delivery of emergency services, and take us on our daily travels, county road agencies employ more than 4,500 Michigan workers and support local commerce and contractors across the state.

A 2011 Anderson Economic Group study conducted for the Michigan Chamber of Commerce revealed that **increasing fuel taxes and vehicle registration fees** — implementing the proposal laid out in Gov. Snyder's Special Message on Transportation — **would create a net 10,000 jobs**.

A 2014 study by The Road Information Project (TRIP) found that the average Michigan driver pays more than $300 annually — more than $500 annually in metro Detroit — in extra repairs to their vehicle due to poor roads. Replacing tires, struts, shocks, and other costly vehicle parts is a frustrating reality for motorists. **By investing a little more in our roads, everyone would see less damage to their vehicles.**

It is clear that increasing transportation funding is the economic stimulus that Michigan needs.

Local Roads Matter: to schools, to businesses, to emergency response times, to seniors, to health care, to families, to agriculture, to tourism, to revitalization, to the economy, and **to every Michigan resident!**

Innovations and Efficiencies

Michigan is not just the birthplace of the mass-produced automobile, our county road agencies gave birth to the modern road-building industry. The Wayne County Road Commission, now Wayne County Department of Public Services, is responsible for the following innovations:

- The first mile of concrete road (Woodward Avenue) was built in 1909;
- The first modern road maintenance facility and testing lab was constructed in 1910;
- The first center line painter, developed in 1911, has perhaps saved more lives than any invention since;

- The first snow plow was developed in 1912; and
- The first below-grade superhighway, The Davison, was built in 1942.

County road agencies continue to be innovative through the advances of modern technology and engineering techniques.

Innovations and efficiencies, both large and small, have allowed county road agencies to do more with less.

The Road Commission for Oakland County is working to reduce congestion in Oakland County by installing FAST-TRAC, the second-largest system of adaptive traffic signals in North America. FAST-TRAC has been documented to reduce serious injuries by more than 50 percent and significantly reduce congestion.

The Emmet County Road Commission conducted an energy audit to determine ways to reduce expenses associated with heating their garages. They now use wood removed from the road right-of-way to improve safety and sight distance to heat their garages. Mixed with energy efficient lighting, the improvements paid for themselves and save the Road Commission $20,000 annually.

County road agencies across the state are using new technology like patrol wings and multi-purpose equipment to improve the efficiency of operations. The patrol wing allows the operator to clear both the lane of travel and the shoulder in the same pass, saving fuel and reducing expenses related to employee salaries and benefits.

Examples could be provided for each of Michigan's county road agencies. Counties share their innovations and efficiencies with each other through posts on the County Road Association's listservs, sessions at educational workshops, and via two annual award programs recognizing best practices. The constant effort to increase efficiency and effectiveness is not something most agencies publicize.

As the Transportation Funding Taskforce concluded in 2008: "*It is clear that efficiency is standard operating procedure at road agencies across the state.*"

County road agencies have worked together for the past 96 years through the County Road Association to build money-saving consortiums. In 1978, the County Road Association Self Insurance Fund (CRASIF) was formed to provide workers' compensation insurance pooling; saving road commissions more than $13 million in premium discounts and $52 million in refunds over the past 36 years. Today, 72 counties participate in CRASIF, covering more than 4,000 employees.

In the late 1970s and early 1980s, road commissions had trouble finding insurance carriers to provide for the unique needs of road agencies. Association leaders worked to secure enabling legislation, Public Act 138 of 1982, to allow the pooling of risk. Today, 77 road commissions are members of the Michigan County Road Commission Self Insurance Pool (MCRCSIP) which covers the property and casualty insurance needs of road commissions.

County road agencies have also been ahead of the curve in implementing pension and health benefit reforms. Despite the innovations and efficiencies of county road agencies, funding has not allowed state and local road agencies to keep up with the needs of our aging infrastructure. While agencies continue to seek any possible cost-savings, **there is no way to cut or reform ourselves out of a more than $2 billion annual funding shortfall.**

"Michigan's deteriorating infrastructure is in need of revitalization if we are to successfully reinvent our economy." - Gov. Rick Snyder

Moving Forward

In order to move forward it is imperative to recognize how a state once known for its road building innovation is now recognized as having some of the worst roads in the nation. The answer lies in decades of underfunding.

When compared to other states, Michigan's per capita transportation funding is dead last. Our crumbling roads and bridges are the result of misplaced priorities.

Per Capita Transportation Spending
(Michigan's Rank in Nation)

Expenditures	1964	1974	1984	1988	1992	2010
Health	5	8	9	3	12	13
Education	11	7	10	7	11	9
Welfare	31	5	3	8	17	32
Roads	**43**	**44**	**42**	**44**	**49**	**50**

*Source: U.S. Census Bureau

We did not get into this funding hole overnight and although we need to stop digging, the solution may take time. **Data from the TAMC reveals that Michigan is losing $1 billion in road asset value annually.** We must start solving the problem today.

In November 2008, the legislatively-approved and gubernatorial appointed Transportation Funding Task Force (TF2), after considerable research, recommended that the legislature double our current level of investment in transportation ($3 billion annually) with $1.65 billion alone needed to maintain our roads and bridges at their current condition ratings. With inflation and increased deterioration—a loss of $1 billion in asset value annually— the $3 billion needed in 2008 is likely much higher today.

Former State Rep. Rick Olson (R-Washtenaw) led a House work group which studied transportation spending and investment needs during the 2011-2012 Legislative Session. **Earlier this year, Rep. Olson issued a revised report pegging the minimum annual funding increase needed just to meet our pavement preservation needs at $2.18 billion — $2.52 billion if bridges are included.**

This does not include any new funding for routine maintenance including the maintenance of approximately 40,000 miles of gravel roads; local or state agency equipment needs; traffic safety and capacity improvements; or transit.

In the fall of 2012, a Senate Transportation Task Force held a series of hearings with the goal of determining the level of funding required to meet the short and long-term needs of Michigan's transportation infrastructure. While the Task Force members debated how much could be spent on preserving roads and bridges annually without negatively impacting commerce, all parties agreed that state and local road agencies could spend the additional revenue suggested by Rep. Olson.

Both the Olson Report and the work of the Senate Task Force support the Governor's call for action. Our transportation infrastructure is essential to growing Michigan's economy, enhancing its quality of life and retaining young talent. We can no longer put off reinvesting in our deteriorating economy.

The TAMC issued a dire warning in their 2013 Annual Report .

> **"At current funding levels, the condition of Michigan's transportation infrastructure will continue to deteriorate. This decline in the condition of Michigan's infrastructure affects everyone—from businesses that rely on the transportation network to transport goods and services; from tourists visiting or traveling through our great state to our citizens who expect safe and convenient access to work and school. Reinvesting in our transportation system and maintaining these vital public assets are essential to securing a better future for all of Michigan's citizens."**

During the waning days of the 2007-2008 Legislative Session, the TF2 warned "**the one choice we cannot afford is to do nothing**." This spring we are seeing the results of ignoring those warnings. To quote the words of Gov. Snyder in his 2011 Infrastructure message, "it's time to seriously engage in this issue that is so vital to Michigan's future."

The future of our transportation system will be decided by the Michigan Legislature. The question is simple. **What kind of future do you want for your district and the state of Michigan? Without a significant increase in road funding for both state and local road agencies, our roads and bridges will never be in better condition than they are in today. They will be worse!**

Michigan's county road agencies stand ready to work in collaboration with other transportation and government leaders to deliver a state-of-the-art road and bridge network that will revitalize our state and local economies.

County Road Association of Michigan

The County Road Association of Michigan represents the interests and concerns of Michigan's 83 county road agencies. We work along side each county road agency to ensure safe and efficient roads for all who travel in Michigan.

Individual county road agencies are responsible for ensuring the safety and efficiency of all county roads and bridges within their jurisdiction. Michigan's county road agencies are staffed by talented teams of administrative, engineering, construction and road maintenance professionals. For more information on your county road agency, visit our website at micountyroads.org.

Michigan's County Road Agencies — Your Local Road Professionals

County Road Association of Michigan
417 Seymour, Suite One
Lansing, MI 48933
Phone: 517.482.1189
Fax: 517.482.1253
www.micountyroads.org