



COUNTY ROAD ASSOCIATION OF MICHIGAN

417 SEYMOUR - P.O. BOX 12067 - LANSING, MI 48901

TELEPHONE 517.482.1189 - FAX 517.482.1253

House Bills 5125-5126

Summary: House Bills 5125 and 5126, introduced by Reps. Switalski (D-Macomb) and Zorn (R-Monroe), would allow a county to take over the responsibilities of the road commission by a resolution of the county board of commissioners. CRAM opposes these bills as introduced.

Talking Points:

Road Commissions were created by a countywide vote of the people and should only be dissolved by a vote of the electorate.

- Since the Engler Administration, bills have been introduced allowing a county board of commissioners to absorb the duties of the county road commission by resolution. These bills are little more than political power grabs! County Road Commissions were created by a vote of the people, and any attempts to change their composition by consolidation or regionalization should require a vote of the electorate in the affected counties. House Bills 5125 and 5126 circumvent the electoral process.

Road commissions use a nationally recognized asset management process for project selection. Currently road commissioners are either elected or appointed to meet the needs of the entire county. County Board involvement in project selection could undo the gains made in asset management by dividing road projects among county commission districts.

- Unlike county government leaders, road commissions have one interest- roads, operating, maintaining and improving them. Available funds drive road commission operations, not political deals or decisions.
- Gone are the days of fixing the worst roads first. Asset management requires that the right fix be applied at the right time to preserve pavement conditions. Current funding levels make it difficult for road commissions to adequately fund asset management plans, and do not provide sufficient funding for reconstruction. Half of Michigan's road commissions have been faced with returning paved roads to gravel. Involving politics in the decision making process will undermine the success road commissions have experienced by implementing asset management.
- In Wayne County, it is common practice for members of the board of commissioners to receive maps breaking down road projects by county commission districts.

Administrative overhead costs are not likely to be significantly reduced by consolidation.

- The average road commission's administrative expenses over the past five years have been consistently around 7.5 percent. Administrative costs have stayed low despite double digit increases in health care costs.
- Administrative salaries and benefits are only a small portion of the total administrative overhead. The majority of administrative expenses are static costs. Examples include: legal expenses, utilities, insurance, surety bonds, equipment rental, engineering supplies and services, and building maintenance and depreciation.

- In many areas across the state road commissions and county general governments are already sharing human resources services, jointly bidding for materials and working collaboratively to save taxpayer dollars.
- Road commissions and most county governments are already operating below the bare minimum staff levels. Most road commission administrative staff have multiple job assignments. If the county general government takes over a responsibility, they will charge that service back to the road fund. However, the road department staff person will likely still be needed to complete their other duties, cancelling out any savings.
- With revenue sharing cuts experienced by counties in recent years, it is unlikely current staff would be able to absorb the highly specialized tasks of road commission administrative employees.
- The Michigan Constitution requires transportation funds to be used solely for transportation purposes. If this legislation is approved, the state will audit to ensure a county government allocates the actual costs to administer road commission business.
- If mistakes are made in the way funding is allocated, the state will not hesitate to demand the funds be returned.
- Issues such as liability, debt and bond ratings could actually cause costs to increase significantly if road commissions are brought under county general government.
- It is likely the only cost savings would be the salary and benefits (if any) of 3 to 5 part-time road commissioners.
- To date, savings to Macomb County in absorbing the road commission have been \$425,000 out of an annual budget of \$98 Million, and Michigan Transportation Funds (MTF) of nearly \$36 Million. Total savings equate to .01 percent of MTF funds and .004 percent of the overall budget.

Road agencies are one of the only governmental agencies that can be sued. Road and bridge tort liability now rest with the road commission as an independent governmental agency. If the road commission becomes a department of county government, the county will be responsible for all tort liability present and future.

- Road commissions have a very limited governmental immunity. Currently, only road agencies can be sued for a legal defect causing injury or death to a person. Even if named, county government will typically be removed from any law suit regarding roads.
- If the county took over control of the road commission, this liability would fall solely on the shoulders of county government.

CRAM believes the proposals outlined by the Governor could lead to local agencies bearing more responsibility for local road funding in the future. Counties that take over their road commission would be expected to provide revenues from general funds, and to provide all locally raised revenues necessary to provide for an increased level of service to county residents.

- The problems that exist today and complaints against county road commissions are in large part related to the lack of adequate road funding. Merging the road commission with county general government would NOT generate any additional funding for roads. Public Act 119 of 2011 allows counties to transfer general fund revenues raised from property taxes into the county road fund. Counties will be expected to improve the level of services provided which would require a significant investment of new revenues from either general fund or new locally raised revenues.
- In his Special Message on Transportation and Infrastructure, Gov. Snyder stated that, "In Michigan, nearly two-thirds of road funding comes from the state while the national average for state transfers is just 20 percent. In order to focus on the roads that serve the most people and

have the greatest economic impact, we must give local units of government the tools they need to support local roads and local economies.”

- Governor Snyder has also proposed changes to the way roads and bridges are currently funded including: over the next 7 years, gradually subjecting “all Act 51 distributions to the new formula, so that in 7 years all road funding is distributed by this new, more focused, and efficient formula. This would include any new revenues beyond what is collected and spent today.”
- The new formula for road funding would be targeted at “key corridors” and may require more revenues for the local road network to be secured through locally raised revenues in the future. Both a county-wide road millage and the local vehicle registration fees proposed by the Governor would require a majority vote of county residents. The expenditure of county general funds for roads would require counties to make sacrifices in already thin county budgets to generate funding for local roads.

County boards currently have significant oversight over road commissioners.

- County boards determine if road commissioners are appointed or elected.
- County boards determine the number of road commissioners (3 or 5)
- If appointed, the county board of commissioners is responsible for making the appointments.
- The county commissions also set the salaries and benefits of the road commissioners.

CRAM Position:

The County Road Association of Michigan (CRAM), which represents all of Michigan’s road commissions and county road agencies, is opposed to this legislation unless several factors are addressed by the county board including: a comprehensive independent audit of the road commission and their financial needs including equipment and liability; a system is developed to provide the local revenue necessary to meet the needs of the road and bridge system now and in the future; debt and risk management plan are developed; a series of public hearings are held to ensure public input is provided; and the measure is approved by a vote of the electorate as has occurred in Wayne and Macomb Counties. If at any point in the future, the county board determines an independent county road body would better meet the needs of their county residents and would provide a cost-savings, the county board should be able to create an independent county road agency. CRAM further believes that action should not be taken on this legislation until the Michigan Association of Counties (MAC) and CRAM have had time to determine how this would impact county government.

How does CRAM respond to the Governor’s arguments for eliminating county road commissions?

In Gov. Snyder’s Special Message on Transportation and Infrastructure, he asserted the following as reasons why road commissions should be abolished: Michigan has too many road jurisdictions; we are the only state with road commissions; 35 of Michigan’s road commissions are not accountable to the rest of county government; and we need to modernize the way we administer transportation programs and do business in a streamlined and transparent way.

Michigan has too many road jurisdictions: County road commissions were created as one of the first forms of government consolidation when Michigan did have too many road jurisdictions; each township had road jurisdiction. One road jurisdiction per county is certainly not too many for a road system

representing more than 90,000 miles and more than 5,700 bridges. Michigan's county road system is the fourth largest local road system in the nation!

We are the only state with road commissions: The history of roads in Michigan is an interesting case study. There were times when townships, counties and even private enterprise had jurisdiction over what is now the county road system. Due to political wrangling and a variety of other factors, Michigan lawmakers looked at Public Act 278 of 1883 which created the Stone Road District in Bay County as the solution to those problems. The Stone Road District, which was comprised of 8 townships, had oversight over three roads and was administered by a three-member district road board. It was the first modern road commission. Public Act 283 of 1909 allowed each county to create a road commission by referendum. To say that just because one state has an innovative program or policy it should not exist is short-sighted. Michigan's road commissions are responsible for the innovation that created the modern road-building industry: including the first mile of concrete pavement; and inventions such as the first center line painter and the first snow plow.

Thirty-five of Michigan's road commissions are not accountable to the rest of county government: Currently 48 road commissions are appointed, 33 are elected and two fall under county general government. We assume that the Governor was referring to those counties that have elected road commissioners. Although these counties are not accountable to county elected officials, they are accountable to the voters that elected them to countywide public office.

We need to modernize the way we administer transportation programs and do business in a streamlined and transparent way: CRAM and Michigan's county road commissions couldn't agree more with this statement and that is exactly what we have been working toward. Road commissions were among the first to embrace the principles of asset management, establishing a model that has received national recognition. CRAM has been working with the Michigan Transportation Asset Management Council to develop dashboards that will provide an unprecedented level of information to the public on road agency finances and operations.