

**SUBSTITUTE FOR
SENATE BILL NO. 516**

A bill to amend 1951 PA 51, entitled

"An act to provide for the classification of all public roads, streets, and highways in this state, and for the revision of that classification and for additions to and deletions from each classification; to set up and establish the Michigan transportation fund; to provide for the deposits in the Michigan transportation fund of specific taxes on motor vehicles and motor vehicle fuels; to provide for the allocation of funds from the Michigan transportation fund and the use and administration of the fund for transportation purposes; to promote safe and efficient travel for motor vehicle drivers, bicyclists, pedestrians, and other legal users of roads, streets, and highways; to set up and establish the truck safety fund; to provide for the allocation of funds from the truck safety fund and administration of the fund for truck safety purposes; to set up and establish the Michigan truck safety commission; to establish certain standards for road contracts for certain businesses; to provide for the continuing review of transportation needs within the state; to authorize the state



transportation commission, counties, cities, and villages to borrow money, issue bonds, and make pledges of funds for transportation purposes; to authorize counties to advance funds for the payment of deficiencies necessary for the payment of bonds issued under this act; to provide for the limitations, payment, retirement, and security of the bonds and pledges; to provide for appropriations and tax levies by counties and townships for county roads; to authorize contributions by townships for county roads; to provide for the establishment and administration of the state trunk line fund, local bridge fund, comprehensive transportation fund, and certain other funds; to provide for the deposits in the state trunk line fund, critical bridge fund, comprehensive transportation fund, and certain other funds of money raised by specific taxes and fees; to provide for definitions of public transportation functions and criteria; to define the purposes for which Michigan transportation funds may be allocated; to provide for Michigan transportation fund grants; to provide for review and approval of transportation programs; to provide for submission of annual legislative requests and reports; to provide for the establishment and functions of certain advisory entities; to provide for conditions for grants; to provide for the issuance of bonds and notes for transportation purposes; to provide for the powers and duties of certain state and local agencies and officials; to provide for the making of loans for transportation purposes by the state transportation department and for the receipt and repayment by local units and agencies of those loans from certain specified sources; and to repeal acts and parts of acts,"

by amending section 9a (MCL 247.659a), as amended by 2018 PA 325, and by adding section 11i.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 9a. (1) As used in this section:

2 (a) "Asset management" means an ongoing process of
3 maintaining, preserving, upgrading, and operating physical assets
4 cost-effectively, based on a continuous physical inventory and
5 condition assessment and investment to achieve established
6 performance goals.

7 (b) "Asset management plan" means a plan created by the
8 department and approved by the state transportation commission or a



1 plan created by a local road agency and approved by the local road
2 agency's governing body that includes provisions for asset
3 inventory, performance goals, risk of failure analysis, anticipated
4 revenues and expenses, performance outcomes, and coordination with
5 other infrastructure owners.

6 (c) "Bridge" means a structure including supports erected over
7 a depression or an obstruction, such as water, a highway, or a
8 railway, for the purposes of carrying traffic or other moving
9 loads, and having an opening measuring along the center of the
10 roadway of more than 20 feet between undercopings of abutments or
11 spring lines of arches, or extreme ends of openings for multiple
12 boxes where the clear distance between openings is less than 1/2 of
13 the smaller contiguous opening.

14 (d) "Central storage data agency" means an agency or office
15 chosen by the council where the data collected is stored and
16 maintained.

17 (e) "Department" means the state transportation department.

18 (f) "Federal-aid eligible" means a public road or bridge that
19 is eligible for federal aid to be spent for the construction,
20 repair, or maintenance of that road or bridge.

21 (g) "Local road agency" means a county road commission or
22 designated county road agency or city or village that is
23 responsible for the construction or maintenance of public roads
24 within the state under this act.

25 (h) "Michigan infrastructure council" means the Michigan
26 infrastructure council created in section 3 of the Michigan
27 infrastructure council act, **2018 PA 323, MCL 21.603**.

28 (i) "Multiyear program" means a compilation of road and bridge
29 projects anticipated to be contracted for by the department or a



1 local road agency during a 3-year period. The multiyear program
2 ~~shall~~**must** include a listing of each project to be funded in whole
3 or in part with state or federal funds.

4 (j) "Region" means the geographic jurisdiction of any of the
5 following:

6 (i) A regional planning commission created under 1945 PA 281,
7 MCL 125.11 to 125.25.

8 (ii) A regional economic development commission created under
9 1966 PA 46, MCL 125.1231 to 125.1237.

10 (iii) A metropolitan area council formed under the metropolitan
11 councils act, 1989 PA 292, MCL 124.651 to 124.729.

12 (iv) A Michigan metropolitan planning organization established
13 under the moving ahead for progress in the 21st century act, Public
14 Law 112-141.

15 (v) An agency directed and funded by section 822f of 2016 PA
16 268, to engage in joint decision-making practices related to, but
17 not limited to, community development, economic development,
18 talent, and infrastructure opportunities.

19 (k) "State planning and development regions" means those
20 agencies required by 23 USC 134, and those agencies established by
21 Executive Directive 1968-1.

22 (l) "Water asset management council" means the water asset
23 management council created in section 5002 of the natural resources
24 and environmental protection act, 1994 PA 451, MCL 324.5002.

25 (2) In order to provide a coordinated, unified effort by the
26 various road agencies within this state, the transportation asset
27 management council is hereby created within the state
28 transportation commission. ~~Upon~~**On** creation of the Michigan
29 infrastructure council, the transportation asset management council



1 shall be placed within the Michigan infrastructure council.

2 (3) The transportation asset management council shall advise
3 the Michigan infrastructure council on a statewide transportation
4 asset management strategy and the processes and tools needed to
5 implement that strategy, beginning with the federal-aid eligible
6 highway system and infrastructure assets that impact system
7 performance, safety, or risk management, including signals and
8 culverts. This section does not prohibit a local road agency from
9 using an asset management process on its non-federal-aid eligible
10 system.

11 (4) The transportation asset management council shall consist
12 of 10 voting members appointed by the state transportation
13 commission. The transportation asset management council shall
14 include 2 members from the County Road Association of Michigan, 2
15 members from the Michigan Municipal League, 2 members from the
16 state planning and development regions, 1 member from the Michigan
17 Townships Association, 1 member from the Michigan Association of
18 Counties, and 2 members from the department. Nonvoting members
19 shall include 1 person from the agency or office selected as the
20 location for central data storage. Each agency with voting rights
21 shall submit a list of 2 nominees to the state transportation
22 commission from which the appointments shall be made. The Michigan
23 Townships Association shall submit 1 name, and the Michigan
24 Association of Counties shall submit 1 name. Names ~~shall~~**must** be
25 submitted within 30 days after July 3, 2002. The state
26 transportation commission shall make the appointments within 30
27 days after receipt of the lists.

28 (5) The positions for the department on the transportation
29 asset management council ~~shall~~**must** be permanent. The position of



1 the central data storage agency ~~shall~~**must** be nonvoting and ~~shall~~
2 **must** be for as long as the agency continues to serve as the data
3 storage repository. The member from the Michigan Association of
4 Counties shall be initially appointed for 2 years. The member from
5 the Michigan Townships Association shall be initially appointed for
6 3 years. Of the members first appointed from the County Road
7 Association of Michigan, the Michigan Municipal League, and the
8 state planning and development regions, 1 member of each group
9 shall be appointed for 2 years and 1 member of each group shall be
10 appointed for 3 years. At the end of the initial appointment, all
11 terms ~~shall~~**must** be for 3 years. The chairperson shall be selected
12 from among the voting members of the transportation asset
13 management council. A member of the transportation asset management
14 council may be removed for incompetence, dereliction of duty,
15 malfeasance during his or her tenure in office, or any other cause
16 considered appropriate by the Michigan infrastructure council. The
17 Michigan infrastructure council shall consult with the
18 transportation asset management council before removing a member of
19 the transportation asset management council under this subsection.

20 (6) The department shall provide qualified administrative
21 staff and the state planning and development regions shall provide
22 qualified technical assistance to the transportation asset
23 management council.

24 (7) The transportation asset management council may appoint an
25 advisory committee whose members shall serve as needed to provide
26 research on issues and projects as determined by the transportation
27 asset management council. An advisory committee member who is not a
28 member of the transportation asset management council does not have
29 voting rights on the advisory committee. A recommendation from the



1 advisory committee appointed under this subsection is advisory only
2 and is not binding.

3 (8) Except as otherwise provided in this subsection, costs
4 incurred for data collection, analysis, or submittal, other than
5 costs covered by the council for the federal-aid eligible highway
6 system, are the responsibility of the owner of the data. A local
7 road agency may request planning region assistance or reimbursement
8 for data collected on non-federal-aid eligible roads or streets
9 within that region. The region shall determine where to collect
10 local road or street data to expend its remaining data collection
11 money based ~~upon~~**on** requests received from local road agencies.

12 (9) The transportation asset management council shall promote
13 and oversee the implementation of recommendations from the regional
14 infrastructure asset management pilot program on a statewide level
15 as the program relates to roads, bridges, and related
16 transportation infrastructure.

17 (10) No later than October 1, 2019, the transportation asset
18 management council shall develop a template for an asset management
19 plan for use by local road agencies responsible for 100 or more
20 certified miles of road and require its submission to the
21 transportation asset management council as provided in subsection
22 (12). No later than October 1, 2019, the transportation asset
23 management council shall establish a schedule for the submission of
24 asset management plans by local road agencies described in
25 subsection (11)(b) that ensures that 1/3 of those local road
26 agencies submit an asset management plan each year. The template
27 required by this subsection ~~shall~~**must** include, but is not limited
28 to, all of the following:

29 (a) Asset inventory, including the location, material, size,



1 and condition of the assets, in a format that allows for and
2 encourages digital mapping. All standards and protocols for assets
3 ~~shall~~**must** be consistent with government accounting standards.
4 Standards and protocols for assets that are eligible for federal
5 aid ~~shall~~**must** be consistent with federal requirements and
6 regulations.

7 (b) Performance goals, including the desired condition and
8 performance of the assets, which ~~shall~~**must** be set by the local
9 road agency. Performance goals may vary among asset classes under
10 the local road agency's jurisdiction. If a local road agency has
11 jurisdiction over roads or bridges that are designated as part of
12 the federal National Highway System, performance goals for that
13 portion of the system ~~shall~~**must** be consistent with established
14 federal performance targets.

15 (c) Risk of failure analysis, including the identification of
16 the probability and criticality of a failure of the most critical
17 assets and any contingency plans.

18 (d) Anticipated revenues and expenses, including a description
19 of all revenue sources and anticipated receipts for the period
20 covered by the asset management plan and expected infrastructure
21 repair and replacement expenditures, including planned improvements
22 and capital reconstruction.

23 (e) Performance outcomes, including a determination of how the
24 local road agency's investment strategy will achieve the desired
25 levels of service and performance goals and the steps necessary to
26 ensure asset conditions meet or achieve stated goals and a
27 description and explanation of any gap between achievable condition
28 and performance through the investment strategy and desired goals.

29 (f) A description of any plans of the asset owner to



1 coordinate with other entities, including neighboring jurisdictions
2 and utilities, to minimize duplication of effort regarding
3 infrastructure preservation and maintenance.

4 (g) Proof of acceptance, certification, or adoption by the
5 local road agency's governing body.

6 (11) The department, each county road commission, and each
7 city and village of this state shall annually submit a report on
8 infrastructure conditions and investment to the transportation
9 asset management council. This report ~~shall~~**must** include a
10 multiyear program developed through the asset management process
11 described in this section. No later than October 1, 2019, the
12 transportation asset management council shall establish a schedule
13 for the submission by the department of the report required by this
14 subsection. All of the following apply to a multiyear program
15 required by this subsection:

16 (a) Projects contained in the department's annual multiyear
17 program ~~shall~~**must** be consistent with the department's asset
18 management process and asset management plan, and ~~shall~~**must** be
19 reported consistent with categories established by the
20 transportation asset management council.

21 (b) Projects contained in the annual multiyear program of each
22 local road agency responsible for 100 or more certified miles of
23 road ~~shall~~**must** be consistent with the asset management process and
24 asset management plan of that local road agency and ~~shall~~**must** be
25 reported consistent with categories established by the
26 transportation asset management council.

27 (c) Projects contained in the annual multiyear program of each
28 local road agency responsible for less than 100 certified miles of
29 road ~~shall~~**must** be consistent with the asset management process of



1 that local road agency and ~~shall~~**must** be reported consistent with
 2 categories established by the transportation asset management
 3 council.

4 (12) Beginning October 1, 2020, each local road agency
 5 described in subsection (11)(b) shall begin submitting an asset
 6 management plan to the transportation asset management council
 7 according to the 3-year schedule described in subsection (10). The
 8 asset management plan ~~shall~~**must** cover a period of at least ~~3~~**5**
 9 years, and ~~shall~~**must** be consistent with a template provided by the
 10 transportation asset management council. A local road agency that
 11 is required to submit an asset management plan under this
 12 subsection that has not submitted the asset management plan by
 13 October 1, 2024 is not in compliance with this subsection. ~~A~~**The**
 14 **transportation asset management council shall notify a** local road
 15 agency that is not in compliance with this subsection ~~shall be~~
 16 ~~notified by the transportation asset management council~~ that the
 17 local road agency ~~shall~~**must** comply with this subsection within 120
 18 days of the notice. If a local road agency fails to comply with
 19 this subsection after 120 days of the notice required by this
 20 subsection, the transportation asset management council shall
 21 notify the department of the noncompliance and the department may
 22 withhold funds distributed to the local road agency under this act.
 23 The department shall release any funds withheld for noncompliance
 24 with this subsection to the local road agency in the following
 25 month's allocation after compliance is verified.

26 (13) The transportation asset management council shall review
 27 an asset management plan submitted under subsection (12) no later
 28 than 6 months after receipt of the asset management plan. The
 29 transportation asset management council shall compare the asset



1 management plan to the minimum requirements of this act and the
2 template created by the transportation asset management council,
3 and determine whether the asset management plan is in compliance
4 with those standards. If the asset management plan does not meet
5 those standards, the transportation asset management council shall
6 seek concurrence from the department that the asset management plan
7 does not meet the transportation asset management council's
8 standards. If the department concurs, the transportation asset
9 management council shall require the local road agency to revise
10 its asset management plan to conform to the standards within 6
11 months after notifying the local road agency that the asset
12 management plan does not meet the transportation asset management
13 council's standards. The transportation asset management council
14 shall provide an opportunity for a noncompliant local road agency
15 to appear before the transportation asset management council to
16 discuss the reasons the local road agency's plan is not in
17 compliance and ways for the local road agency to become compliant.

18 (14) Beginning October 1, 2025, if the transportation asset
19 management council determines, and the department concurs, that a
20 local road agency described in subsection (11) (b) has not
21 demonstrated progress toward achieving the condition goals
22 described in its asset management plan for its federal-aid eligible
23 county primary road system or city major street system, as
24 applicable, the transportation asset management council shall
25 provide notice to the local road agency of the reasons that it has
26 determined progress is not being made and recommendations on how to
27 make progress toward the local road agency's condition goals. The
28 local road agency shall become compliant within 6 months after
29 receiving the notification required by this subsection. The



1 transportation asset management council shall provide an
 2 opportunity for the noncompliant local road agency to appear before
 3 the transportation asset management council to discuss the reasons
 4 the local road agency is not compliant and ways for the local road
 5 agency to become compliant. If the local road agency is not
 6 compliant within 6 months after receiving the notification required
 7 by this subsection, the local road agency shall not shift funds
 8 distributed to it under this act from a county primary road system
 9 to a county local road system or from a city major street system to
 10 a city local street system, as applicable. ~~Upon~~**On** demonstration of
 11 progress toward achieving its condition goals, a local road agency
 12 may shift funds distributed to it under this act from a county
 13 primary road system to a county local road system or from a city
 14 major street system to a city local street system, as applicable. A
 15 local road agency may submit a revised asset management plan to the
 16 transportation asset management council.

17 (15) An annual report ~~shall~~**must** be prepared by the staff
 18 assigned to the transportation asset management council regarding
 19 the results of activities conducted during the preceding year and
 20 the expenditure of funds related to the processes and activities
 21 identified by the Michigan infrastructure council. The report ~~shall~~
 22 **must** also include a summary analysis of the asset management plans
 23 and annual reports received from local road agencies, a
 24 determination of how investments are achieving desired levels of
 25 service and performance goals, an identification of any additional
 26 steps that may be needed to achieve desired levels of service and
 27 performance goals, and an overview of the activities identified for
 28 the succeeding year. The transportation asset management council
 29 shall submit this report to the Michigan infrastructure council,



1 the state transportation commission, **each house of** the legislature,
 2 and the transportation committees of the house and senate by May 2
 3 of each year.

4 (16) Funding necessary to support the activities described in
 5 this section ~~shall~~**must** be provided by an annual appropriation from
 6 the Michigan transportation fund to the state transportation
 7 commission. Beginning on ~~the effective date of the amendatory act~~
 8 ~~that amended this subsection,~~ **September 30, 2019,** the annual
 9 appropriation provided for in this subsection ~~shall~~**must** be
 10 allocated to the Michigan infrastructure council and ~~shall~~**must** be
 11 used to support the activities described in this section.

12 (17) The department and each local road agency shall keep
 13 accurate and uniform records on all road and bridge work performed
 14 and funds expended for the purposes of this section, according to
 15 the procedures developed by the transportation asset management
 16 council. Each local road agency and the department shall annually
 17 report to the transportation asset management council the mileage
 18 and condition of the road and bridge system under their
 19 jurisdiction and the receipts and disbursements of road and street
 20 funds in the manner prescribed by the transportation asset
 21 management council, which shall be consistent with any current
 22 accounting procedures.

23 (18) A local road agency may seek and use federal grants or
 24 loans to achieve the goals and manage the asset inventory described
 25 in its asset management plan.

26 **Sec. 11i. (1) Before March 1 of each year, the department**
 27 **shall provide to each member of the legislature, the state budget**
 28 **director, and the house and senate fiscal agencies its rolling 5-**
 29 **year plan. The report required under this subsection must be posted**



1 on the department's website, and must include, but is not limited
2 to, all of the following:

3 (a) A listing by county or by county road commission of all
4 highway construction projects for the upcoming fiscal year and all
5 expected projects for the ensuing fiscal years.

6 (b) The estimated cost of the project for the upcoming fiscal
7 year.

8 (c) An explanation of how the projects contained in the 5-year
9 plan would contribute toward the projects contained in the 20-year
10 plan required under subsection (2).

11 (2) Beginning January 1, 2020, the department shall issue a
12 20-year plan that shows the department's plan for road construction
13 strategy every 10 years. The 20-year plan required under this
14 subsection may be the same plan as required under 23 CFR subpart B.
15 The department shall post a copy of the plan on its website and
16 shall provide a copy of the plan to each member of each house of
17 the legislature, the state budget director, and the house and
18 senate fiscal agencies.

