

House Bill 5396
Sponsor: Rep. Larry Julian
Committee: Transportation

Complete to 11-2-01

A SUMMARY OF HOUSE BILL 5396 AS INTRODUCED 11-1-01

House Bill 5396 would amend Public Act 51 of 1951, the Michigan Transportation Fund Act, to create an asset management system. The bill would establish an asset management council, and prescribe its duties. A more detailed explanation of the bill follows.

Transportation Asset Management Council. Under the bill, the Transportation Asset Management Council would be created within the state Transportation Commission, in order to provide a coordinated, united effort by the various roadway agencies. The council would be charged with advising the commission on a statewide asset management strategy, and the processes and necessary tools needed to implement the strategy on the federal aid-eligible highway system, in a cost-effective and efficient manner. (The bill specifies that nothing would prohibit a local road agency from using an asset management process on its non-federal aid-eligible system)

Council membership. The 10-member council would consist of eight voting members and two ex-officio members, appointed by the state Transportation Commission. It would include two members from the County Road Association of Michigan, two members from the Michigan Municipal League, two members from the state planning and development regions, and two members from the Department of Transportation. Further, two ex-officio members would represent the Michigan Townships Association, and the agency or officer selected as the location for central data storage.

Council appointments. The bill specifies that each agency with voting rights would submit a list of six nominees to the state Transportation Commission, and from each list the group's two representative members would be selected and the appointments made. The Michigan Townships Association representative would be selected from the association's list of three names. Names would be submitted within 30 days after the effective date of the bill. Then the state Transportation Commission would make the appointments within 30 days after receiving the lists of nominees.

The bill further specifies that the positions for the Department of Transportation would be permanent. The ex-officio position of the central data storage agency would last as long as the agency continued to serve as the data storage repository. The member from the Michigan Townships Association would be initially appointed for three years. Of the members first appointed from the County Road Association of Michigan, the Michigan Municipal League, and the state planning and development regions, one member of each two-member group would be appointed for two years, and the second member of each group would be appointed for three

years. At the end of the initial appointment, all terms would be for three years. However, an individual could not serve more than six years.

Council leadership and staffing. The bill specifies that the chairperson would be selected from among the voting members of the council. However, the department representative would not be eligible for election to that position. Under the bill, the department would be required to provide qualified staff and technical assistance to the council.

Council duties. Under the bill the council would be required to develop and present to the state Transportation Commission for approval, within 90 days after the date of the first meeting, a report that described the procedures and requirements necessary for the administration of the asset management process. At a minimum, the report would be required to address the areas of training, data storage and collection, reporting, development of a three-year program, budgeting and funding, and other issues related to asset management that could arise. The bill would require that all quality control standards and protocols be, at a minimum, consistent with existing federal requirements and regulations, as well as with government accounting standards.

Council funding. The bill specifies that funding necessary to support the activities of the council would be provided by an annual appropriation from the Michigan Transportation Fund to the state Transportation Commission.

Record-keeping and reporting. The bill specifies that the Department of Transportation and each local road agency would have to keep accurate and uniform records on all road and bridge work performed, as well as on funds expended for the purposes of the bill, according to procedures developed by the council. Under the bill, each road agency would annually report to the council the mileage and condition of the road and bridge system under its jurisdiction, and the receipts and disbursements of road and street funds, in the manner prescribed by the council and consistent with any current accounting procedures.

Under the bill, an annual report would be prepared by the council's staff to describe the results of activities conducted during the preceding year, as well as the expenditure of funds related to the processes and activities identified by the council. That report also would include an overview of the activities identified for the succeeding year. The report would be submitted to the state Transportation Commission by December 30 of each year.

Definitions. The bill would define "asset management" to mean an ongoing process of maintaining, upgrading, and operating physical assets cost-effectively, based on a continuous physical inventory and condition assessment. The bill also defines seven other terms used in the act: "bridge," "central storage data agency," "council" (the transportation asset management council), "department," "federal-aid eligible," "local road agency," and "multi-year program" (a compilation of road and bridge projects anticipated in a three-year period).

Finally, the bill would eliminate out-dated provisions of the act that created a study committee appointed by the governor in 1998, and also a citizen advisory committee whose members made recommendations to the members of the study committee. The two groups worked to prepare a report before July 1, 2000. The report was the subject of public hearings,

and the basis upon which members of the study committee made recommendations to alter both the formulae for transportation funding, and the distribution of transportation responsibilities that sustain Michigan's road system.

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