

Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536

SFA**BILL ANALYSIS**

Telephone: (517) 373-5383
Fax: (517) 373-1986
TDD: (517) 373-0543

House Bill 5396 (Substitute H-4 as passed by the House)
Sponsor: Representative Larry Julian
House Committee: Transportation
Senate Committee: Transportation and Tourism

Date Completed: 5-21-02

CONTENT

The bill would amend the Michigan Transportation Fund law to create an asset management system, establish an asset management council and prescribe its duties, and require county road commissions, cities, and villages annually to prepare and publish multiyear programs developed through the use of the asset management system.

The bill would define "asset management" as an ongoing process of maintaining, upgrading, and operating physical assets cost-effectively, based on a continuous physical inventory and condition assessment.

Council

The bill would create the Transportation Asset Management Council within the State Transportation Commission. The bill states that the Council would be created in order to provide a coordinated, unified effort by the various roadway agencies within the State. The Council would be charged with advising the Commission on a Statewide asset management strategy, and the processes and tools needed to implement such a strategy. The strategy would have to begin with the Federal-aid eligible highway system and, once completed, continue on with the county road and municipal systems, in a cost-effective, efficient manner. The bill specifies that nothing in it would prohibit a local road agency from using an asset management process on its non-Federal-aid eligible system.

(The bill would define "Federal-aid eligible" as any public road or bridge eligible for Federal aid to be spent for the construction, repair, or maintenance of that road or bridge. "Bridge" would mean a structure, including supports, erected over a depression or an obstruction, such as water, a highway, or a railway, for the purposes of carrying traffic or other moving loads, and having an opening measuring along the center of the roadway of more than 20 feet between undercopings of abutments or spring lines of arches, or extreme ends of openings for multiple boxes where the clear distance between openings was less than one-half of the smaller contiguous opening.)

The Council would consist of eight voting members appointed by the Commission, and 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 Michigan Department of Transportation (MDOT). Ex officio members would include one person from the Michigan Townships Association, one person from the Michigan Association of Counties, and one person from the agency or office selected as the location for central data storage. (The bill would define "central storage data agency" as that agency or office chosen by the Council where the data collected was stored and maintained.)

Each agency with voting rights would have to submit to the Commission a list of two nominees from which the appointments would be made. The Michigan Townships Association and the Michigan Association of Counties would submit one name each. Names would have to be submitted within 30 days after the bill's effective date, and the Commission would have to make the appointments within 30 days after receiving the lists.

The bill provides that the MDOT positions would be permanent. The position of the central data storage agency would be ex officio and be for as long as the agency continued to serve as the data storage repository. The member from the Michigan Association of Counties would be initially appointed for two years; the member from the Michigan Townships Association would be appointed for three. 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 group would be appointed for two years and one member appointed for three. At the end of the initial appointment, all terms would be for three years; however, a person would not be eligible to serve more than six years.

The chairperson would be selected from among the voting members of the Council, but the MDOT representatives would not be eligible for election to that position.

Administration

The bill specifies that the Council would have to provide qualified administrative staff, and the State planning and development regions would have to provide qualified technical assistance to the Council.

The Council would have to develop and present to the Commission the procedures and requirements that would be necessary for the administration of the asset management process. This would have to include, at a minimum, the areas of training, data storage and collection, reporting, development of a multiyear program, budgeting and funding, and other issues related to asset management that could arise. All quality control standards and protocols, at a minimum, would have to be consistent with any existing Federal requirements and regulations and existing government accounting standards.

Multiyear Publication

The bill provides that, beginning October 1, 2003, MDOT, each county road commission, and city and village in the State annually would have to prepare and publish a multiyear program, based on long-range plans and developed through the use of the asset management system described in the bill.

("Multiyear program" would mean a compilation of road and bridge projects anticipated to be contracted for by MDOT or a local road agency during a three-year period. "Local road agency" would mean a county road commission or designated county road agency or city or village that was responsible for the construction or maintenance of public roads in the State under the law.)

Projects contained in each agency's annual multiyear program would have to be consistent with the goals and objectives of the agency's long-range plan. A project funded in whole or in part with State or Federal funds would have to be included in any local road agency's multiyear plan.

Funding

Under the bill, funding necessary to support the activities described in it would have to be

provided by an annual appropriation from the Michigan Transportation Fund to the State Transportation Commission.

Record-Keeping

The bill would require MDOT and each local road agency to keep accurate and uniform records on all road and bridge work performed and funds spent for the purposes of the bill, according to the procedures developed by the Council. Each road agency and MDOT would be required to report to the Council the mileage and condition of the road and bridge system under their jurisdiction and the receipts and disbursements of road and street funds in the manner prescribed by the Council, which would have to be consistent with any accounting procedures. The staff assigned to the Council would have to prepare an annual report regarding the results of activities conducted during the preceding year, and the expenditure of funds related to the processes and activities identified by the Council. Also, the report would have to include an overview of the activities identified for the succeeding year. The Council would have to submit the report to the Commission, the Legislature, and the Transportation Committees of the House and Senate by May 2 of each year.

MCL 247.659a

Legislative Analyst: Claire Layman

FISCAL IMPACT

The bill would result in increased administrative costs associated with the Asset Management Council. The Council would receive administrative support from the Michigan Department of Transportation and would be funded from the Michigan Transportation Fund (MTF). Funding from the MTF to the Council would reduce resources provided for public transit programs, the State Trunkline Fund, and local road agencies according to the provisions of the law. It is unknown, at this time, how much funding from the MTF would be necessary to support the Council.

The bill also would result in additional administrative costs to the Michigan Department of Transportation and each local road agency associated with the preparation and publication of an annual multiyear program. These costs would be supported by an annual appropriation from the MTF. Again, any funds removed from the MTF to cover administrative costs would reduce the amount of funds available for public transit programs, the State Trunkline Fund, and local road agencies according to the statute.

Fiscal Analyst: Craig Thiel

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.