

Legislative Analysis



TRANSPORTATION ASSET MANAGEMENT AMENDMENTS TO PUBLIC ACT 51 OF 1951

Mitchell Bean, Director
Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

House Bill 4962 (H-1)
Sponsor: Rep. Richard Ball
Committee: Transportation

Complete to 10-26-09

A SUMMARY OF HOUSE BILL 4962 (H-1) AS REPORTED FROM COMMITTEE 10-15-09

Brief Summary:

House Bill 4962 (H-1) would amend Sections 1g and 9a of 1951 PA 51 (MCL 247.651g and 247.659a) to clarify and broaden provisions regarding transportation asset management as they relate to the Asset Management Council, the Michigan Department of Transportation, and local road agencies (meaning county road commissions, cities, and villages).

The H-1 substitute also incorporates provisions from **House Bill 4963** which was introduced to also amend Section 9a of 1951 PA 51 of (MCL 247.659a); it provides for the establishment of a transit asset management committee. The committee would be charged with development of a framework for the establishment of transit agency asset management plans, and related data collection and reporting requirements.

Detailed Summary:

Amendment to Section 1g

Section 1g was added to Act 51 through a 1997 amendment, 1997 PA 79. Public Act 79 was part of the Act 51 reform package enacted at the same time as the 1997 gasoline tax increase and the increase in commercial vehicle registration taxes. Section 1g required the department, in conjunction with counties and municipalities, to develop and implement a pavement management system for each mile of roadway on the National Highway System (NHS) in Michigan.¹ The section indicates that the pavement management system "*shall attempt to ensure that a disproportionate share of pavement shall not become due for replacement or major repair at the same time.*" Pavement management is considered a component of transportation asset management as defined in Section 9a.

¹ The National Highway System (NHS) was established on November 28, 1995, through the National Highway System Designation Act of 1995. The NHS was intended to establish a national interconnected network of streets, roads and highways having the greatest state, regional and national significance.

Public Act 199 of 2007 subsequently amended Section 1g to expand the scope of the section beyond the NHS to the entire federal-aid eligible road system in Michigan.² Public Act 199 made the *Transportation Asset Management Council*, working in conjunction with the department, counties, and municipalities, the principal agent responsible for development and implementation of the pavement management system for the federal-aid system. The act also required the Transportation Asset Management Council to provide *"local road agencies with the training needed to utilize the pavement management system in accordance with this section."*

House Bill 4962 would further amend Section 1g to eliminate a reference to "pavement management systems" and replace it with "asset management program." The bill would require that the Transportation Asset Management Council, in conjunction with the department, county road commissions, and municipalities, *"on a cost-effective and efficient schedule, develop and implement an asset management program for major classes of transportation assets."* The bill indicates that *"The asset management program shall be designed to collect and analyze data in sufficient detail to enable each road agency to know the state of repair of each major class of asset for which it is responsible. Data may be collected at intervals or from samples that are determined to be cost-effective, as determined under the priorities of federal reporting."*

The bill retains language from the current law that requires that the Transportation Asset Management Council to provide local road agencies with the training needed to conduct asset management [previously "pavement management"] in accordance with the section.

Although the bill references federal reporting requirements, it does not cite specific federal requirements.

While the bill references "asset management program," Section 9a of Act 51 references an "asset management process."

Amendment to Section 9a – Asset Management Council

Public Act 499 of 2002 amended Section 9a of Act 51 to establish a Transportation Asset Management Council within the State Transportation Commission. Under Public Act 499, the Transportation Asset Management Council was charged with *"advising the commission on a statewide asset management strategy and the processes and necessary tools needed to implement such a strategy beginning with the federal-aid eligible highway system."* House Bill 4962 would amend this section to include advising the Legislature in the charge to the Council (in addition to the State Transportation Commission) and to specifically include *bridges and other major classes of [transportation] assets* within the asset management strategy.

The bill would also simplify the method of nominating members to the Transportation Asset Management Council.

² Michigan has 4,720 total miles on the NHS. There are approximately 33,504 miles of roadway on the total federal-aid system in Michigan. Of the miles on the federal-aid system, 9,681 miles are state trunkline highways and 23,823 miles are under local jurisdiction. All but 14 miles of the state trunkline system is on the federal-aid system.

Amendment to Section 9a – Transit Asset Management Committee

The H-1 substitute to House Bill 4962 would also incorporate provisions from **House Bill 4963**, which had also been introduced to amend Section 9a of 1951 PA 51 of (MCL 247.659a).

The bill would amend Section 9a of Act 51 to establish a Transit Asset Management Committee in the State Transportation Commission. The Committee would receive guidance and technical assistance from the Transportation Asset Management Council but would operate independently of the Council. The bill directs that the Transit Asset Management Program "provide a framework for an individual transit agency to attempt to ensure that a disproportionate fraction of its assets do not become due for replacement or major repair at the same time and that no single asset deteriorates into disrepair." The bill provides for data-collection and reporting requirements and allows the department to withhold state operating assistance to transit agencies that do not comply with reporting requirements.

The committee would consist of 12 voting members appointed by the State Transportation Commission. The membership would be as follows:

- *Three members from the Michigan Public Transit Association with one from a large agency serving a population of over 200,000; one from a small urban transit agency serving a population of over 50,000; and one from a nonurban transit agency serving a population under 50,000.

- *Two members from the Michigan Association of Transportation Systems, with one from a small urban transit agency and one from a nonurban transit agency.

- *Two members from the state Department of Transportation.

- *Two members from the state planning and development regions.

- *One member each from the Michigan Municipal League, the Michigan Association of Counties, and the Michigan Township Association.

FISCAL IMPACT:

House Bill 4962 would modify the language of Section 1g and Section 9a dealing with transportation asset management. The bill does not appear to materially change the current responsibilities of the Transportation Asset Management Council, the Michigan Department of Transportation, or local road agencies. As a result, the bill appears to have no fiscal impact.

It is not clear how the asset management programs required under Section 1g are related to the statewide asset management process required under Section 9a.

The H-1 Substitute would also amend Section 9a by establishing a new Transit Asset Management Committee. The bill does not provide funding for the new Committee. The Transportation Asset Management Council currently receives an annual appropriation of \$1.6 million from the Michigan Transportation Fund to support its functions.

To the extent that the bill would require public transit agencies to develop asset management plans and submit new reports, the bill would increase costs to local transit agencies. While the bill indicates that transit agency costs would be considered eligible operating expense under Section 10e (4)(A) of Act 51, state operating assistance currently provides only 30% of urban agency eligible operating expense and 36% of non-urban agency operating expense.

Fiscal Analyst: William E. Hamilton

■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.