

PAVEMENT DESIGN PROJECTS

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Senate Bill 879 as enacted

Public Act 457 of 2016

Sponsor: Sen. Mike Shirkey

House Committee: Transportation and Infrastructure

Senate Committee: Transportation

Complete to 1-8-17

Analysis available at

<http://www.legislature.mi.gov>

SUMMARY:

Senate Bill 879, enacted as Public Act 457 of 2016, amends Public Act 51 of 1951 (Act 51), the statute that governs the distribution and use of state transportation funds. The bill amends Section 1h to establish new standards for the Michigan Department of Transportation (MDOT) related to life-cycle cost analysis required for certain paving projects. The bill also amends Section 1i to establish new standards for the department related to pavement demonstration projects. Specifically, the bill does the following:

- Requires MDOT to develop and implement a life-cycle cost analysis for each project for which the total *estimated* pavement costs exceed *\$1.5 million* when funded in whole or in part with state funds. [Section 1h had previously required life-cycle cost analysis for each project for which total paving costs exceed \$1.0 million. In addition, the section had not previously included the clarifying word “estimated.”]
- Gives the department additional options on which to base life-cycle costs when there are no relevant Michigan historic project maintenance, repair, and resurfacing schedules and costs as recorded by the pavement management system for comparison.
- Deletes a provision that limits the department to conducting not more than four pavement demonstration projects each year to evaluate new construction methods, materials, or design.
- Specifies that a lack of Michigan actual historical project maintenance repair, and resurfacing schedules and costs as recorded by the pavement management system would not preclude MDOT from conducting a pavement demonstration project.
- Prohibits a demonstration project from being conducted without the approval of the department, and, if a project were rejected, require the department to provide an explanation to the person that proposed the project as to why the project was rejected.
- Allows a demonstration project to be selected based on pavement designs intended to increase pavement life expectancy in a manner that would lower life-cycle costs.
- Requires MDOT to submit a letter of explanation to the chairs of the Senate and House Transportation Committees, Senate Majority Leader, and the Speaker of the House explaining why there is a difference between the total cost of contracts awarded for

demonstration projects using asphalt and concrete in any contiguous three-year period were more than, or were anticipated to be more than, twenty-five percent. The bill further indicates that nothing within the subsection requires any individual demonstration project be duplicated with both asphalt and concrete.

- Requires that MDOT strive to reduce the equivalent uniform annual cost of demonstration projects by five percent over the ten-year period following the bill's effective date.

The bill takes effect 90 days after the date it is enacted into law; i.e., April 5, 2017.

Note that, although the House Committee on Transportation and Infrastructure reported out an H-1 substitute on December 6, 2016, that substitute was not adopted by the majority of the House of Representatives. Instead, the bill as passed by the House on December 15, 2016, was identical to bill passed by the Senate on November 30, 2016. The H-1 substitute had included a definition of “total pavement costs” in Section 1h, as well as some additional clarifying language that was not included in the enrolled bill.

MCL 247.651h and 247.651i

FISCAL IMPACT:

The bill would have no impact on state or local revenue. The bill would establish new standards for the Michigan Department of Transportation regarding the use of life-cycle cost analysis for certain paving projects and the standards related to pavement demonstration projects. Department projects subject to the life-cycle and demonstration project requirements are generally funded from a combination of state-restricted revenue from the State Trunkline Fund and federal-aid highway funds.

Under current law the department is required to perform a life-cycle cost analysis for each paving project for which the total paving costs exceed \$1.0 million. The bill would increase the threshold to \$1.5 million and add clarifying language to indicate that analysis would be required when total *estimated* paving costs exceed \$1.5 million. Increasing this threshold could reduce the number of projects subject to life-cycle cost analysis. The fiscal implications of this change are indeterminate.

Under current law the department is limited to four pavement demonstration projects per year. The bill would lift this restriction but would not require additional demonstration projects. The new standards regarding pavement demonstration projects do not appear to have a direct fiscal impact.

Legislative Analyst: E. Best

Fiscal Analyst: William E. Hamilton

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