FY 2017-18: DEPARTMENT OF TRANSPORTATION

Summary: Conference Report

Senate Bill 148 (S-1) CR-1



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					Difference: Conference		
	FY 2016-17 YTD	FY 2017-18	FY 2017-18	FY 2017-18	FY 2017-18	From FY 2016	-17 YTD
	as of 2/8/17	Executive	House	Senate	Conference	Amount	%
IDG/IDT	\$4,013,400	\$4,039,300	\$4,039,300	\$4,039,300	\$4,039,300	\$25,900	0.6
Federal	1,314,744,000	1,340,301,200	1,340,301,200	1,340,301,200	1,340,301,200	25,557,200	1.9
Local	50,418,500	50,532,000	50,532,000	50,532,000	50,532,000	113,500	0.2
Private	100,000	100,000	100,000	100,000	100,000	0	0.0
Restricted	2,736,727,700	2,952,470,500	2,952,470,500	2,952,470,500	2,952,470,500	215,742,800	7.9
GF/GP	9,750,000	0	0	0	0	(9,750,000)	(100.0)
Gross	\$4,115,753,600	\$4,347,443,000	\$4,347,443,000	\$4,347,443,000	\$4,347,443,000	\$231,689,400	5.6
FTEs	2,918.3	2,918.3	2,727.3	2,918.3	2,826.3	(92.0)	(3.2)

Notes: (1) FY 2016-17 year-to-date figures include mid-year budget adjustments through February 8, 2017. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The state transportation budget supports state and local highway programs, public transportation programs, aeronautics programs, and administration of the Michigan Department of Transportation (MDOT). Approximately two-thirds of the revenue in this budget comes from state restricted revenue, with approximately one-third from federal sources. Most of the state-restricted revenue in this budget is constitutionally restricted – from motor fuel taxes and vehicle registration taxes – and is first credited to the Michigan Transportation Fund (MTF) and then distributed in accordance with Public Act 51 of 1951 (Act 51) to other state transportation funds and programs, including the State Trunkline Fund (STF), the Comprehensive Transportation Fund (CTF), and local road agencies. Revenue from aviation fuel and registration taxes and from an earmark of the Airport Parking Tax is credited to the State Aeronautics Fund (SAF) for aeronautics programs.

NOTE: Information on House budget action in this document is based on House Bill 4323 as passed by the House.

Major Budget Changes From FY 2016-17 YTD Appropriations		FY 2016-17 Year-to-Date (as of 2/8/17)	FY 2017-18 Conference <u>Change</u>
1. Debt Service Executive budget reduces debt service by \$9.0 million reflecting anticipated debt service schedules. The reduction in federal-aid supported debt service reflects the 2016 refunding of \$607.1 million in federal grant anticipation notes. [Total outstanding transportation-related debt at September 30, 2016, was \$1,578.1 million.] House and Senate concur with Executive. Conference concurs with Executive/House/Senate.	Gross Federal Restricted GF/GP	\$237,925,300 45,767,900 192,157,400 \$0	(\$8,985,900) (7,984,600) (1,001,300) \$0
2. Asset Management Council Executive includes \$250,000 MTF increase for increased costs of data collection and education efforts. This line has not been increased since first established in 2002. House and Senate concur with Executive. Conference concurs with Executive/House/Senate.	Gross	\$1,626,400	\$250,000
	Restricted	1,626,400	250,000
	GF/GP	\$0	\$0
3. Information Technology Executive recommends \$1.0 million STF increase to reflect increasing IT costs and increased use of e-construction technology. House concurs with Executive. Senate shifts \$100 STF for one-time only project. Conference concurs with Executive/House.	Gross	\$32,364,500	\$1,000,000
	Federal	520,500	0
	Restricted	31,844,000	1,000,000
	GF/GP	\$0	\$0

Major Budget Changes From FY 2016-17 YTD Appropriations		FY 2016-17 Year-to-Date (as of 2/8/17)	FY 2017-18 Conference <u>Change</u>
4. MDOT FTE Reductions House eliminates 191.0 authorized FTE positions and reduces related funding in various department operating lines, redirecting \$19.3 million STF to the State trunkline road and bridge construction program (Item #6, below) and \$735,000 SAF to the Airport Improvement Program, (Item #19 below). Senate does not include these FTE reductions or funding shifts.	FTE	NA	(92.0)
	Gross	NA	(\$9,660,000)
	Restricted	NA	(9,660,000)
	GF/GP	NA	\$0
<u>Conference</u> reduces FTE authorization by 92.0 and shifts \$9.135 million to State trunkline road and bridge construction, and \$525,000 SAF to the Airport Improvement Program.			
5. State Trunkline Maintenance Executive increases baseline funding by \$8.5 million STF targeted for improved drainage and flooding mitigation in Metropolitan Detroit. Also rolls up Welcome center operations, \$4.5 million STF and 50.0 FTEs positions, into this line from Design and engineering services. House and Senate concur with Executive. Conference concurs with Executive/House/Senate.	FTE	743.7	50.0
	Gross	\$303,948,000	\$13,032,800
	Restricted	303,948,000	13,032,800
	GF/GP	\$0	\$0
6. State Trunkline Road and Bridge Construction Executive reflects \$68.9 million net increase in state trunkline road and bridge capital construction/preservation program; the anticipated increase in federal aid of \$25.7 million and \$62.5 million in available state restricted STF revenue would be partially offset by \$19.2 million reduction in Blue Water Bridge Fund revenue reflecting the end of one-time funding for Blue Water Bridge Plaza expansion project. Senate concurs with Executive.	Gross	\$1,062,702,900	\$78,053,900
	Federal	757,714,800	25,652,500
	Local	30,000,000	3,500
	Restricted	274,988,100	52,397,900
	GF/GP	\$0	\$0
<u>House</u> is \$88.2 million more than current year, \$19.3 million STF higher than Executive reflecting the redirection of STF revenue from MDOT operating lines described in Item #4, above.			
<u>Conference</u> is \$78.1 million more than current year; \$9.1 million STF more than Executive as a result of the shift of STF associated with FTE reductions.			
7. Local Federal Aid Road and Bridge Program Act 51 mandates that a portion of the federal-aid highway funds made available to the state be suballocated to local road agencies. Federal funds for local road agency construction and preservation programs would increase by \$5.9 million reflecting anticipated available federal revenue. Conference concurs with Executive/House/Senate in recognizing Act 51 mandates and anticipated increase in federal aid.	Gross	\$272,511,000	\$5,889,300
	Restricted	272,511,000	5,889,300
	GF/GP	\$0	\$0
8. Local Agency Wetland Mitigation Fund Program Act 51 earmarks \$2.0 million MTF for this program (the current year funding of \$4.0 million is artificially high because it effectively includes both FY 2015-16 and FY 2016-17 funding).	Gross	\$4,000,000	(\$3,999,900)
	Restricted	4,000,000	(3,999,900)
	GF/GP	\$0	\$0
Executive includes \$2.0 million MTF per provisions of Act 51. House incudes as a \$100 placeholder and redirects \$2.0 million MTF for distribution to local road agencies, (Item #10, below). Senate concurs with Executive. Conference concurs with House and includes \$100 as a placeholder; redirects \$2.0 million MTF to one-time Gogebic County project.			
9. Local Bridge Program Executive budget reflects Act 51 earmarks of MTF revenue to this program, including the dedication of one-half cent of the motor fuel tax on gasoline. House and Senate concur with Executive. Conference concurs with Executive/House/Senate.	Gross	\$27,468,600	\$814,300
	Restricted	27,468,600	814,300
	GF/GP	\$0	\$0

Major Budget Changes From FY 2016-17 YTD Appropriations		Year-to-Date (as of 2/8/17)	Conference Change
10. MTF to Local Road Agencies Executive recognizes a total of \$1,372.1 million as the MTF distribution to local road agencies, an increase of \$138.5 million. County road commissions would receive \$880.9 million, an increase of \$88.9 million; cities/villages would receive \$491.2 million, an increase of \$49.6 million. These distributions reflect estimated MTF revenue and Act 51 statutory distribution formulas.	Gross Restricted GF/GP	\$1,233,570,100 1,233,570,100 \$0	\$138,530,600 138,530,600 \$0
House includes an additional \$12.0 million MTF as compared to the Executive, reflecting the \$10.0 million shift of TEDF Category A funds (Item #11 below) and \$2.0 million shift from the Local Agency Wetland Mitigation Fund (Item #8, above). Senate concurred with Executive. Conference concurs with Executive/Senate.			
11. Transportation Economic Development Fund (TEDF) The current year budget reflected the redirection of \$19.8 million in TEDF revenue – \$10.4 million to the STF and \$9.4 million to the state General Fund. Executive budget proposal is \$17.6 million more than the current year reflecting the end of these TEDF revenue shifts, as well as a reduction in estimated TEDF interest revenue.	Gross Restricted GF/GP	\$24,447,500 24,447,500 \$0	\$17,671,600 17,671,600 \$0
<u>House</u> redirects \$10.0 million from TEDF, Category A, to the MTF distribution to county road commission and cities and villages, (Item #10 above). <u>Senate</u> concurs with Executive. <u>Conference</u> concurs with Executive/Senate.			
12. Local Bus Transit Executive recognizes anticipated increase in federal transit grant to non- urban transit agencies. House redirects \$3.5 million CTF to local bus operating from Rail operations and infrastructure. Senate includes additional \$1.0 million CTF from Rail operations and infrastructure. (Item #15, below). Conference includes an additional \$2.0 million CTF as compared to the Executive through redirection from Rail operations and infrastructure.	Gross Federal Local Restricted GF/GP	\$212,277,900 24,027,900 2,000,000 186,250,000 \$0	\$4,000,000 2,000,000 0 2,000,000 \$0
13. Intercity Services Executive increases baseline support by \$1.6 million CTF and recognizes anticipated increase in local matching funds. House and Senate concur with Executive. Conference concurs with Executive/House.	Gross Federal Local Restricted GF/GP	\$6,250,000 4,500,000 50,000 1,700,000 \$0	\$1,610,000 0 110,000 1,500,000 \$0
14. Detroit Wayne County Port Authority <u>Executive</u> recommends same funding as current year. <u>Senate</u> concurs with Executive. <u>House</u> includes as \$100 placeholder, redirects \$468,100 CTF to Rail operations and infrastructure, below.	Gross Restricted GF/GP	\$468,200 468,200 \$0	(\$268,200) (268,200) \$0
$\underline{Conference}$ includes \$200,000; redirects \$268,200 to Rail freight economic development.			
15. Rail Operations and Infrastructure/Rail Freight Economic Dev. Current year line item includes operating support for three Amtrak service routes in Michigan, capital assistance for the Detroit-Chicago high speed rail corridor, and a rail economic development program. Executive recommends \$7.5 million CTF increase identified as for capital improvements along the high-speed rail corridor. Senate provides \$6.5 million CTF increase, shifts \$1.0 million CTF to Local bus operating.	Gross Federal Local Private Restricted GF/GP	\$118,894,800 60,100,000 100,000 100,000 58,594,800 \$0	\$5,864,700 0 0 0 5,864,700 \$0
House redirects \$3.5 million CTF to local bus operating; includes \$468,100 CTF from redirection of Detroit/Wayne County Port Authority; unrolls \$8.5 million into new Rail freight economic development line item.			

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million into new Rail freight economic development line item.

 $\frac{Conference}{Conference} \ provides \ \$5.9 \ million \ CTF \ increase; \ \$2.0 \ million \ less \ than \ Executive with the \$2.0 \ million \ redirected \ to \ Local \ bus \ operating. \ Conference$ also unrolls \$8.8 million into a new Rail freight economic development line item, supported with \$6.0 million from the Rail Freight Fund and \$2.8 million CTF.

Major Budget Changes From FY 2016-17 YTD Appropriations		FY 2016-17 Year-to-Date (as of 2/8/17)	FY 2017-18 Conference <u>Change</u>
16. Transit Capital Executive recommends increase in CTF support of \$5.5 million to match available federal transit grants to local transit agencies. House and Senate concur with Executive. Conference concurs with Executive/House/Senate.	Gross Federal Local Restricted GF/GP	\$53,907,100 15,300,000 1,250,000 37,357,100 \$0	\$ 5,496,400 0 0 5,496,400 \$0
17. Service Initiatives Executive increases CTF support by \$500,000 million to match available federal transit grants for programs targeted for seniors. House and Senate concur with Executive. Conference concurs with Executive/House/Senate.	Gross Federal Local Restricted GF/GP	\$2,889,200 1,650,000 325,000 914,200 \$0	\$500,000 0 0 500,000 \$0
18. Capital Outlay – State Facilities/Salt Buildings Executive recommends \$2.5 million STF increase for salt buildings and containment systems at counties that perform state trunkline maintenance work for MDOT under contract. House and Senate concur with Executive. Conference concurs with Executive/House/Senate.	Gross Restricted GF/GP	\$3,001,500 3,001,500 \$0	\$2,500,000 2,500,000 \$0
19. Airport Improvement Program Executive budget is \$3.8 million SAF less than current year, reflecting revenue estimates. Revenue from the redirection of aviation-related sales tax made in the 2015 aviation funding package (Public Acts 258 through 262 of 2015) has been less than originally estimated. Senate concurs with Executive.	Gross Federal Local Restricted GF/GP	\$97,824,000 79,000,000 12,508,500 6,315,500 \$0	(\$3,356,000) 0 0 (3,356,000) \$0
$\underline{\text{House}}$ includes an additional \$735,000 SAF by redirecting funding from Aeronautics services (Item #4, above).			
<u>Conference</u> is \$3.4 million SAF less than current year; \$525,000 SAF more than the Executive as a result of redirection of funding from Aeronautics services (Item #4, above).			
20. Detroit Metropolitan Wayne County Airport Executive includes \$6.5 million for the Detroit Metro Airport, a reduction of \$2.3 million from the current year. This is an earmark established through an amendment to the State Aeronautics Code made in the 2015 aviation funding package (Public Acts 258 through 262 of 2015). The reduction reflects revenue estimates. House and Senate concur with Executive. Conference concurs with Executive/House/Senate.	Gross Restricted GF/GP	\$8,775,000 8,775,000 \$0	(\$2,275,000) (2,275,000) \$0
21. End of One-Time GF/GP Special Projects/Grants Current year budget includes \$8.5 million in one-time earmarks for projects in Berrien, Lenawee, and Macomb counties and \$1.2 million for erosion control grants to local road agencies. Executive budget reflects the end of these one-time appropriations. House and Senate concur with Executive. Conference concurs with Executive/House/Senate.	Gross GF/GP	\$9,750,000 \$9,750,000	(\$9,750,000) (\$9,750,000)
22. One-time Gogebic County Repair Project Senate includes \$100 STF placeholder for one-time project. Conference includes \$2.0 million MTF from redirection of Local agency wetland mitigation program.	Gross Restricted GF/GP	NA NA NA	\$1,999,900 1,999,900 \$0
23. Technical and Revenue Adjustments Reflects other technical and revenue adjustments to appropriated state restricted revenue.	Gross Restricted GF/GP	NA NA NA	(\$1,092,400) (1,092,400) \$0
24. Economic Adjustments Reflects increased costs of \$3.3 million Gross (\$0.0 GF/GP) for negotiated salary and wage increases (3.0% ongoing after removing the FY 2016-17 one-time 1.5% lump sum), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.	Gross IDG Federal Local Restricted GF/GP	NA NA NA NA NA	\$3,255,900 25,900 603,100 3,500 2,623,400 \$0

Major Boilerplate Changes From FY 2016-17

Sec. 215. Communication with the Legislature - RETAINED

Prohibits the department from taking disciplinary action against an employee for communicating with a legislator or his/her staff. Executive deletes. Conference retains.

Sec. 217. Report on Proposed Federal Rule Changes - RETAINED

Requires the department to notify the Legislature on proposed federal rule changes that would impact state law.

Executive deletes. Conference retains.

Sec. 270. Remanufactured Parts - RETAINED

Requires use of remanufactured parts for repair and maintenance of state motor vehicle fleet.

Executive deletes. Conference retains.

Sec. 302. Pilot Concrete Pavement Test - NOT INCLUDED

<u>Senate</u> includes new language to require the department to conduct a pilot program to test specific concrete pavement design. Not included in Conference report.

Sec. 305. Rental of Public Transportation Properties - RETAINED

Authorizes department to rent space to public or private tenants at market rates; requires the department charge transit agencies and intercity bus tenants equal rates; requires the department to use rental revenue to maintain and improve the property. Executive deletes. Conference retains.

Sec. 313(3). State Infrastructure Bank Report - RETAINED

Section 313 provides guidance to department regarding the State Infrastructure Bank. <u>Executive</u> retains guidance language but deletes subsection that requires report. <u>Conference</u> retains reporting requirement.

Sec. 319. Rest Areas Maintenance Signage - RETAINED

Require the department to identify agency or contractor responsible for rest area maintenance; post phone number to report unsafe or unclean conditions. <u>Executive</u> deletes. <u>Conference</u> retains.

Sec. 353. Prompt Payment - RETAINED

Directs department to review contractor payment process; references Special Provision 109.10.

Executive deletes. Conference retains.

Sec. 357. Local Federal Aid Project Review - RETAINED

Directs MDOT to complete local federal aid project reviews within 120 days.

Executive deletes. Conference retains.

Sec. 375. MDOT Open Houses and Groundbreaking Ceremonies - RETAINED

Prohibits department from reimbursing contractors or consultants for groundbreaking ceremonies, receptions, open houses, or press conferences related to transportation projects funded from appropriations.

Executive deletes. House and Senate retain.

Sec. 376. Prohibition on Studies of Highway Signs and Motorist Behavior - RETAINED

Prohibits the department from studying the association between highway signs and motorist behavior.

Executive deletes. Conference retains.

Sec. 381. E-Verify for Legal Status of Contractor/Subcontractor New Employees - RETAINED

Requires department to use the E-Verify system to verify legal status of contractor and subcontractor new hires.

Executive deletes. Conference retains.

Sec. 382. Finalize Local Agency Cost Sharing Agreements - RETAINED

Requires department to submit final bill to the local agency within two years of final payment to construction contractor.

Executive deletes. Conference retains.

Sec. 383(5). Report on Use of State Airfleet - DELETED

Subsection states legislative intent that department work with Michigan State Police on employing fixed winged aircraft.

Executive deletes subsection. House and Senate concur with Executive and delete subsection.

Conference deletes subsection.

Sec. 386. Toll Credits - NEW

<u>House</u> includes new section directing the department to use all available toll credits, sets priority order for use of toll credits.

Senate includes alternative section directing the use of available toll credits.

Conference includes House language, plus additional subsection directing use of toll credits for I-75 bridge project in Allen Park.

Sec. 393. Best Practices for Public Transportation – RETAINED

Requires MDOT to promote best practices in public transportation, including transit vehicle rehabilitation to reduce life-cycle cost. Executive deletes. Conference retains.

Major Boilerplate Changes From FY 2016-17

Sec. 394. Priority of Preservation - RETAINED

Directs department and local road agencies to make preservation of the existing infrastructure a funding priority. Executive deletes. Conference retains.

Sec. 395. Contingent Use of Capital Trunkline Funds for Maintenance - RETAINED

Allows the use of up to \$10.0 million from the capital road and bridge construction line for highway maintenance activities to support safety-related, high-priority, and other deferred maintenance needs on the state trunkline system.

Executive and House retain. Senate revises to earmark \$3.1 million STF for small village resurfacing grant program.

Conference concurs with House/Executive.

Sec. 396. Assurance that Contractors Have Ability to Perform Work - RETAINED

Requires department to obtain assurance that contractors, other than construction contractors, have ability to complete work. Executive and House delete. Senate retains.

Conference retains.

Sec. 397. Report on Work Project Balances/Federal Earmarks - NEW

Senate includes new reporting requirement. Not included in House bill.

Conference concurs with Senate.

Sec. 398. Towards Zero Deaths - NEW

<u>Senate</u> includes new section directing the department to continue to work to eliminate road fatalities and serious injuries; direct department to prioritize use of median cable guardrail. Not included in <u>House</u> bill.

Conference concurs with Senate.

Sec. 403. Priority of Federal Transit Grants - NEW

Senate includes new section establishing priority for federal Section 5310 transit grants.

Not included in House bill.

Conference includes modified Senate language.

Sec. 505. Road Innovation Fund Report - DELETED

Required the department to prepare a report on the amount of MTF revenue withheld if the Roads Innovation Fund created as part of the November, 2015 Road Funding Plan had not been released on or before October 1, 2016.

Road Innovation Fund funds were released in 2016. Conference deletes.

Sec. 601. Road Construction Warranties - RETAINED

Directs the department to work with the road construction and engineering consulting community on warranty program; identifies warranty considerations; and provides reporting requirements.

<u>Executive</u> deletes. <u>House</u> retains subsection 5 only which requires department to maintain documentation; review and evaluate consultant evaluation requirements. <u>Senate</u> retains entire current section.

Conference concurs with House and includes current subsection 5 only.

Sec. 605. Flood Mitigation - NEW

<u>Executive</u> includes new section that establishes performance measures related to additional maintenance funding provided for flood mitigation. <u>Conference</u> concurs.

Sec. 606. Earmark for Project on I-94/between M60 and Sargent Road in Jackson County - NEW

Senate includes \$5.0 million project earmark. Not included in House bill.

<u>Conference</u> includes modified Senate language.

Sec. 610. Dead Deer - RETAINED

Section that indicates legislative intent with regard to cleanup of dead deer and other large animal remains.

Executive and House delete. Senate retains.

Sec. 612. Incentive/Disincentive - RETAINED

Requires department to establish guidelines for use of incentive/disincentive contracts; reporting requirement.

Executive deletes. House and Senate retain. Conference retains.

Sec. 613. Report on Engineering Costs - NEW

<u>House</u> includes new reporting requirement on engineering costs including breakout of department and consultant costs, engineering as a percentage of construction costs. Not included in <u>Senate</u> bill.

Conference concurs with House.

Sec. 660. Use of Alternative Materials - RETAINED

Encourages the department to examine the use of alternative road surface materials; use of crumb rubber from tires.

<u>Executive</u> deletes. <u>House</u> retains. <u>Senate</u> concurs with Executive and deletes.

<u>Conference</u> concurs with House and retains.

Major Boilerplate Changes From FY 2016-17

Sec. 613. Rehabilitation of Winter Maintenance Trucks - NEW

<u>Senate includes new section which directs the department to investigate costs of refurbishing winter maintenance trucks.</u> Not included in House bill.

Conference concurs with Senate.

Sec. 703. Rail Abandonment Notice - RETAINED

Requires notice to Legislature when railroad companies file for abandonment of lines.

Executive deletes. House and Senate retain. Conference retains.

Sec. 704. Rail Operations and Infrastructure Report - REVISED

Requires report on anticipated expenditures from the rail operations and infrastructure line item.

Executive changes "expenditures" to "obligations". House and Senate concur with Executive.

Conference concurs.

Sec. 705. City of Woodhaven Grade Separation - DELETED

Indicates legislative intent that department assist the city of Woodhaven in established rail/street grade separation.

Executive deletes. House and Senate concur with Executive and delete.

Conference deletes.

Sec. 711. Rail Passenger Service (Amtrak) - REVISED

Provides for reporting requirement.

Executive retains. Senate concurs with Executive.

House includes additional report element – fare revenue and fare revenue as a percentage of operating cost.

Conference concurs with House.

Sec. 712. Rail Economic Development - NEW

House includes guidance language regarding new rail freight economic development line item.

Not included in Senate bill. Conference concurs with Senate.

Sec. 750. Rail Economic Development - NEW

<u>Senate</u> directs department to spend not less than \$2.5 million from rail operations and infrastructure appropriation for rail freight economic development. Not included in House bill. Conference includes modified Senate language; makes earmark from CTF.

Sec. 802. MDOT-Owned Airports - RETAINED

Section encourages department to find private entities or local public agencies to assume ownership of state owned airports.

Executive deletes. Senate concurs with Executive and deletes. House retains.

Conference concurs with House and retains.

Sec. 803. MDOT-Owned Airplanes – REVISED

Section requires the department to request proposals for management of the state airfleet.

Executive deletes. House revises to require the sale of two state-owned plains.

Senate retains current year language.

Conference modifies, requires sale of one airplane.

Sec. 1001. One-time Special Projects - DELETED

Executive deletes one-time earmarks for projects in Berrien, Lenawee, and Macomb counties.

House and Senate concur with Executive and delete.