Formula for a Failing Infrastructure

Funding shortfalls = Layoffs = Reduced Services = Poor Roads

What's in the road ahead for WCRC and your road services?

While 2007 was a very productive construction season for the Road Commission, it has also been one of the most challenging years the agency has ever seen, especially as it pertains to managing the *"business"* end of the road business.

Continuing to provide a high-quality level of services has remained our goal amid on-going challenges, such as an ever-shrinking budget, an **8.5% reduction** in the WCRC workforce, rising healthcare costs, and a future revenue forecast that has being reported by MDOT to be more bleak than ever (at least **5% less** in 2008).

Simply put, a good year for our roads has not equated into a good year for long-term financial stability.

Even though WCRC completed more than **$22.2 million*** in bridge replacements/repairs and major road improvements, and performed over **$11 million*** in routine maintenance, (*figures thru Nov. 2007), this past year also produced cutbacks in the workforce and employee benefits to conserve tight dollars.

To balance the 2007 budget, and advance into the new year with a realistic, manageable budget, the Board of County Road Commissioners had to do some serious "belt-tightening." Earlier in the year, the Board implemented some changes in healthcare benefits for employees and retirees in order to reduce prescription drugs costs.

In addition, at least 10 positions that were vacated through retirements and/or other separations in 2007, were not refilled, and four employees were laid off in December.

On November 20, 2007, the Road Commission Board approved an organizational restructuring plan to eliminate altogether the 10 vacant positions, plus the recent layoffs, bringing the staffing level from **156 full-time equivalent (FTE) positions** (just over a year ago), **to 143 FTEs** for 2008.

*"With this reduction in our labor costs, the recent changes in prescription drug expenses, and other cost-savings efforts we have made, we anticipate being able to conserve about **$600,000** in next year's budget,"* reported **Steve Puuri**, Managing Director.

"However, our constituents are going to have to realize that along with these staffing level reductions, there will also have to be some reduced services."

"For example, our Transportation Planner was one of the four employees recently laid off and the position was eliminated. While this will be a cost-savings to our budget, it will reduce the "hands-on" services the townships and other stakeholder groups used to receive from this employee, who routinely attended regional planning meetings and afforded these groups his expertise and advice on road-related initiatives," explained Puuri.

"This is just one example of the service reductions that our constituents will begin to experience over the next few years," Puuri said.

So, how this will ultimately impact our roads over the long-term, and what lies in the road ahead for the WCRC employees and county road services? That is yet to be determined.

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~ ***STATUTORY MISSION*** ~

The Washtenaw County Road Commission is responsible for maintaining a road system that is reasonably safe and convenient to the traveling public.

A Message from the Managing Director

On December 6, 2007, the Board of County Road Commissioners approved our 2008 budget, which next year recognizes significant outside revenues from numerous grants and local contributions. Additionally, the budget optimizes the amount of our road investments, begins to address some of our long-standing facility needs, reduces our workforce, reorganizes the Engineering Department, and continues a base-level of equipment and training investments.

Due to decreasing Michigan Transportation Funds (MTF), these continue to be very challenging times for road agencies in Michigan. By now, most people are all aware of the growing needs of our aging county road system. However, what many do not realize is that if given sufficient funding, the talented staff at WCRC could put those hard earned tax dollars to work to improve our infrastructure. Unfortunately, to date, we have still not convinced our state legislators to address the transportation funding shortages, nor do they seem to acknowledge that if they expect to drive on good roads, they need to pay for them.

I would like to take this opportunity to encourage you, our customers, to write to your legislators to let them know your road services are beginning to be cut, and will continue to be reduced due to shrinking MTF revenues. Please tell them also what you think about the proposed **$13 million transfer** from the MTF road dollars in order to balance the state's general fund deficit.

If you stand mute on this issue, you will be counted as being in support of the steady decline in your local road funding and services. **Your voice and actions *can* make a difference!**

~ Steven M. Puuri
Managing Director

Impacts Hitting CRCs ...due to financial plight!

Did you know that out of 83 County Road Commissions in the State of Michigan...

72 CRCs have eliminated positions...
These range from **1** to **415** positions in the last three years. The eliminations are generally by attrition, and are ongoing. Several CRCs indicate their plans to continue eliminating positions.

12 CRCs have laid off employees...
Ranging from 1 to 50.

61 CRCs have reduced overtime or have plans to do so...
30 counties have reduced overtime for snow removal; in nearly every is the local roads and neighborhood streets that bea this reduction in services.

47 CRCs have reduced or discontinued their services...

33 reduced or eliminated maintenance or replacement activities on hard surface roac

19 reduced or eliminated gravel road maintenance activities, including Wayne and Oakland counties.

7 reduced or eliminated roadside mowing/ brush control.

7 reduced or eliminated bridge/culvert replacement activities.

8 reduced or eliminated equipment purchases.

12 increased township participation share for projects.

51 CRCs anticipate further cutbacks...

40 expect further reduction in staffing levels.

19 expect to reduce road maintenance activities.

5 expect to modify township participation.

4 expect to delay equipment purchases.

3 expect to further reduce vegetation/brush control.

69 CRCs experienced negative impacts from a lack of funding...

3 were forced to turn down funds due lack of match dollars.

9 reduced maintenance/ preservation/construction programs.

7 have already converted hard surface roads back into gravel.

14 operate at reduced equipment levels or with quipment outside of its lled service life.

9 CRCs anticipate having to convert hard surface roads back into gravel roads...

30 CRCs anticipate reduced 2008 construction/maintenance programs...

19 CRCs anticipate reduced 2008 equipment/material purchases.

Formula for a Failing Infrastructure

(Continued from page 1)

The WCRC Management Team does not foresee any positive turn around in staffing or service levels until the current means by which road agencies are funded is appropriately addressed – and that must be done at both the state and federal levels.

"Over the next few years, we are going to have to carefully watch how we perform our services to reduce costs. If that means we have to lay off more staff, reduce our healthcare benefits, spread gravel thinner, apply less dust control, not address congested areas by widening or improving intersections, or learn to live with closed bridges and culverts, then we will have little choice but to make this an undesired course of action," explained Puuri.

"Our agency simply cannot continue to do more, or even provide the 'status quo' with less revenue. Less money equals less materials, less equipment, less staffing, and less services. It is simply not possible to continue as we are, which is ultimately a surefire formula for a failing infrastructure!"

"At some point, our current statewide transportation funding crisis will no longer just become a cost to your road commission, it will begin to cost the entire State of Michigan a quality infrastructure; it will cost local communities their day-to-day road services and quick response time; and it will cost the motoring public a safe and convenient road system on which they can rely and travel," concluded Puuri.

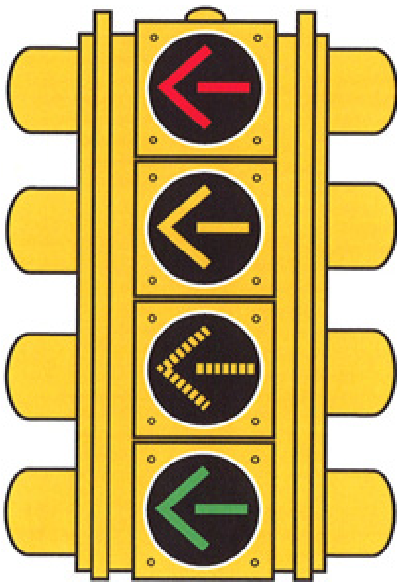
"Our agency simply cannot continue to do more, or even provide the *'status quo'* with less revenue. Less money equals less materials, less equipment, less staffing, and less services. It is simply not possible to continue as we are, which is ultimately a surefire formula for a failing infrastructure!" *~ Steven M. Puuri*
Managing Director

News from MDOT

Coming soon to an intersection near you...

The new **FLASHING YELLOW LEFT-TURN SIGNAL**, known as a **"flashing yellow arrow left-turn signal,"** offers a safer, more efficient way to handle traffic turning left at busy intersections. The signals are being introduced nationwide; this process will take several years to complete. The first signals were installed in 2006.

Drivers should always remember...
Flashing yellow arrow = turn with CAUTION!



A **steady** **red arrow** means STOP. Drivers turning left must stop and wait.

A **steady** **yellow arrow** warns drivers that the left-turn signal is about to change to red and you should prepare to stop, or prepare to complete your left-turn if you are within the intersection.

A **flashing** **yellow arrow** means that turns are permitted, but you must first yield to oncoming traffic and pedestrians and then proceed with caution. [Oncoming traffic has a green light.]

A **steady** **green arrow** means it is safe to turn left. [Oncoming traffic must stop.]

For more information on this new traffic control device, visit the MDOT website at: www.michigan.gov/mdot RIR

What's Behind that $3 a Gallon?

Today's gas prices have many wondering what is behind the costs and where the money goes. Below is a chart indicating (on average) how your money at the pump is divvied up.

AMOUNT	WHO GETS IT	WHY
$1.65	People who drill, transport, and sell crude oil (the raw ingredient of gas), including Middle Eastern companies, but also American firms such as ExxonMobile and Chevron	It costs these folks 12 to 24 cents to produce a gallon of gas. So why do they get $1.65? It isn't because they set the price. They don't. Oil is traded like any commodity in the financial markets. So, oil companies, investment fund managers, banks, airlines -- anyone who has an interest in oil -- are behind the pricing. There is plenty of oil, but not all refineries turn it into gas. Every year, the hurricane season and other world events help determine whether prices rise even more.
$ .60	Refineries	It's what they charge to thermally heat and molecularly crack the oil, turning it into gas.
$ .45*	Governments, which tax 30-70 cents per gallon, based on where you live	The feds get $18.4 cents for every gallon; your state and local governments get the rest to pay for roads, bridges and clean-air initiatives.
$ .14	Gas station owners	Most gas stations with big names like Mobil are actually owned and run by individual owners, not the companies whose names they bear.

Source: Reader's Digest 2007

* Note: Michigan is one of only a few states that adds a **6% sales tax** on gas and diesel fuel; this is *in addition to* the state and federal taxes. (MI = 19¢ state fuel tax +18.4¢ federal fuel tax + 6% sales tax). This sales tax goes directly into the state's general fund and is not part of the MTF.

2007 Wraps Up!

Since the last issue of the Roads in Review, the WCRC wrapped up these remaining projects for the 2007 construction season:

WHITTAKER ROAD BRIDGE — **Ypsilanti Township**
Bridge replacement project; estimated total cost is **$1.1 million**
Completed and road reopened to traffic on November 21, 2007.

OLD US-12 — **Sylvan Township**
Mill and resurfacing project; estimated total cost is **$305,000**
Completed and road reopened to traffic on November 1, 2007.

BETHEL CHURCH ROAD BRIDGE — **Lodi Township**
Installation of a new timber deck, concrete abutment caps, signs, and guardrails; estimated total cost is **$55,847**. Completed and road reopened to traffic on November 21, 2007.

CARPENTER ROAD — **Pittsfield Township**
Concrete reconstruction and widening project; estimated total cost is **$5.5 million.** A segment of this road (from Textile Road to US-12) was completed and reopened to traffic on December 6, 2007. The remaining reconstruction (from US-12 to the I-94 overpass) will continue in the spring of 2008.

WATERS ROAD BRIDGE — **Freedom Township**
Installation of a new timber deck, scour protection for abutment, replaced wingwall, guardrails, signs, and road approaches; estimated total cost is **$65,000**. Completed and road reopened to traffic on December 21, 2007. RIR

Winter Maintenance Report

The WCRC Operations Department reported the following winter maintenance activities thus far this season...

(Timeframe: November 22 , 2007 through December 20, 2007)

- **17 Days Performing Winter Maintenance =** WCRC has spent 17 out of the past 30 days performing winter maintenance.
- **14 involved Overtime callouts = 14** of the 17 days required overtime pay (crews were called in to work weekends, prior to their regular shift, or a continuation of the workday)
- **6,254 Tons =** Total salt used over 30 days
- **1,165 Tons =** Total sand used over 30 days
- **$215,628 =** Total salt costs incurred over 30 days
- **$920,000 =** Approximate total expenditures for Winter Maintenance over the past 30 days RIR

Transportation Legislation Updates

As reported by the County Road Association of Michigan (CRAM), the Transportation Bills below were approved by the Senate and House Chambers. With the exception of the $13 million transferred from the TEDF, road agencies and CRAM supported all of the Bills.

Shifting FY 06-07 TEDF Revenue to General Fund – Approved

At least for the moment, an amendment to transfer **$13 million** from the Fiscal Year 2007-08 **Transportation Economic Development Fund (TEDF)** to the General Fund has been halted. The amendments were going to be added to **HB 4847** and **SB 794**. That being said, HB 4847, sponsored by Representative Hood (D-Wayne), and SB 794, sponsored by Senator Jelinek (R-Berrien), which transferred **$6 million** from the **FY 2006-07 TEDF (Category A)** to the General Fund were approved by the House (**57-50** and **56-51**, respectively). This $6 million transfer was agreed to by local road agencies, including CRAM. Later in the evening the Senate approved **HB 4847** (**31-0**) and returned it to the House. Both Chambers enrolled their respective Bills and both will be sent to the Governor. Because the Legislative Leadership and the Administration agreed to the $13 million transfer as a target number, and it was removed from the FY 2007-08 Transportation Budget (SB 240, P.A. 129 of 2007), debate will likely continue sometime after the new year. To complete this $13 million transfer, the **Michigan Vehicle Code** and the **TEDF statutes** have to be amended, (similar to HB 4847 and SB 794), to mirror the $13 million reduction in the FY 2007-08 Transportation Budget.

Asset Mgt. Modification – Approved

By a vote of **31-6**, the Senate approved **HB 4979**, sponsored by Representative Hopgood (D-Wayne) and returned it to the House. The Bill was enrolled and sent to the Governor. HB 4979 would amend Act 51 by requiring a pavement management system for each mile of the entire federal aid system, rather than just the National Highway System, as well as the transfer of responsibility for the system from MDOT to the **Transportation Asset Management Council (TAMC)**, in conjunction with MDOT and local road agencies. MDOT and each local road agency will be required to submit an annual report containing its multi-year program to the TAMC, rather than developing and publishing the multi-year program. The program shall be consistent with MDOT's or the local road agencies' Asset Management process.

Local Bridge Bonding Option – Approved

By a vote of **99-9**, the House approved **SB 98**, sponsored by Senator Gilbert (R-St. Clair) and returned it to the Senate. The Senate Bill was enrolled and sent to the Governor.

The Bill includes changes recommended by MDOT and the **Statewide Local Bridge Committee**, with agreement by CRAM. SB 98 would amend Act 51 of 1951 by allowing local road authorities to bond or borrow in order to advance already approved future local bridge projects with the understanding that when, and if, funds become available, the local bridge funds will be used to pay the local debt incurred by such bonds. No interest on the debt or unrelated costs would be eligible for reimbursement. The Bill is on the House floor awaiting further action.

Creation of Transportation Alternative Fund Task Force – Approved

By a vote of **104-1**, the House approved **SB 59** (H-5), sponsored by Senator Gilbert (R-St. Clair). The Bill was returned to the Senate for concurrence. The Senate did not concur with H-5. The sponsor and the Administration agreed to several other technical changes requiring a Senate substitute Bill, SB 59 (S-4). The Senate approved S-4 by a **32-6** vote and the House concurred (**103-3**). The Bill was enrolled and sent to the Governor.

Transportation Enhancement Package (Fuel Tax Increase) – No Action Taken

Unfortunately, with the current struggle to balance the state budget, no further action has been taken by either the House or Senate on the T**ransportation Enhancement Package** (**HB 4575**, **HB 4576**, and **HB 4577**). These bills proposed to raise the gas and diesel taxes over a three-year period (9¢/gallon for gas, 13¢/gallon for diesel), and increase vehicle registration fees by 50%. **How has this impacted your road commissions?** *(See article, page 2)*

The Road Ahead

With the approval **2008-2012 Capital Improvements Plan (CIP)** by the WCRC Board in November, and the provision of about **$31 million** in federal/state grants, developer dollars, and township contributions, there are plenty of road improvement projects planned for 2008. *(See RIR Issue No. 9, Oct. 29, 2007)*

Funding in 2009 should be **$21 million**. Though not as substantial, it will still allow the Road Commission to make such improvements as the bridge replacements at Dexter-Pinckney Road **($1.7 million)** and Plymouth Road ($730,000), the reconstruction of Hewitt Road **($455,000)** and Milan-Oakville Road **($2.7 million)**, the intersection improvements at Whittaker/Stony Creek Roads **($1.3 million)**; and the completion of Phase III of the Jackson Road boulevard project. Unfortunately, **after 2009**, these outside funding revenues essentially **dry up!** Unless there is a decision made soon at the federal and state levels to address the funding shortages currently impacting transportation agencies, *the **"Road Ahead" looks bleak, indeed!***

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Additional copies of this publication can be obtained from the WCRC website at: www.wcroads.org.