



**House  
Legislative  
Analysis  
Section**

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**COUNTY NON-BID ROAD EXPENDITURES**

**RECEIVED**  
House Bill 4113 with committee amendments  
First Analysis (10-9-89)

**OCT 19 1989**

Sponsor: Rep. Michael J. Griffin

Committee: Towns and Counties Mich. State Law Library

***THE APPARENT PROBLEM:***

Chapter IV of the county road law requires county road commissions to advertise for sealed bids whenever a commission plans on spending more than \$5,000 for tools or materials (except in emergencies, when the limit is \$10,000) or more than \$10,000 for road work. Reportedly, county road commission purchases under the \$5,000 limit are mainly for engine replacements for equipment, while roadwork contracts under the \$10,000 limit usually are for culvert installations or for blacktop placement in conjunction with a larger, already existing roadwork project.

The Department of Treasury oversees county road commission purchases through annual audits, either those conducted by the department itself or through copies of private audits submitted to the department by counties deciding to hire private auditors. When the Jackson County road commission bought \$7,500 worth of engines (some for snow removal equipment), the regional auditor for the Department of Treasury held that the purchase did not fall under the routine, non-bid expenditure limits and that bids should have been taken on the purchase.

In light of rising costs, county road commissioners believe that these non-bid limits for tools and materials are too low and should be raised.

***THE CONTENT OF THE BILL:***

The bill would amend Public Act 283 of 1909 (Chapter IV of the county road law) to raise the non-bid limit for tools or materials from the present \$5,000 to \$10,000 (and the emergency limit from the present \$10,000 to \$20,000) and would raise the non-bid road work limit from the present \$10,000 to \$20,000. All non-bid purchases would have to be compiled separately so that the county board of commissioners, if it so chose, could review the purchases.

MCL 224.10 and 224.19

***FISCAL IMPLICATIONS:***

Fiscal information is not available.

***ARGUMENTS:***

***For:***

County road commissions believe that bids should be required for large purchases by road commissions in order to hold costs to a minimum, and want to maintain restrictions on the amount of money that road commissions may spend on minor or routine purchases without requiring bids. But they also want these restrictions to be practical limitations. The limits on direct expenditures by county road commissions have been in effect since 1980, which was the last time these non-bid limits were raised, and inflation and rising costs have rendered these limits virtually obsolete. In fact, the existing limits may actually result in higher costs

by preventing road commissions from taking advantage of bargains or by forcing costly delays.

In addition to raising the non-bid limit for tools and materials, it would be helpful to raise the limits for non-bid contracts as well. It now costs about \$45,000 to lay down a mile of two-inch blacktop. Often, when a large roadwork job is being done, a township can get a half mile of resurfacing done adjacent to the main job for around \$20,000. Raising the non-bid contract limit would allow the county road commission to take advantage of the cost savings of "piggy backing" on an already existing road surfacing job.

***POSITIONS:***

The Michigan Association of Counties supports the bill. (10-5-89)

The County Road Association of Michigan supports the bill. (10-9-89)

H.B. 4113 (10-9-89)