House Transportation Committee Meeting

Presentation by Grand Traverse County Road Commission

Mary N Gillis, P.E., Manager

March 8, 2010

Current Road Conditions

- Primary
  - Good – 16.2%
  - Fair – 21.7%
  - Poor – 62.1%
- Local
  - Good – 2.8%
  - Fair – 17.2%
  - Poor – 80.0%

Based on current PASER Ratings

Grand Traverse County

It would currently take an investment of

$113 million

to improve our paved county road system to "good" condition

This didn't happen overnight and it won't be fixed overnight

BUT WE HAVE TO FIX IT!

What caused this problem?

- Revenues, which had been flat, are now declining with higher gas prices and decreasing population in the state. Vehicles are also more fuel efficient.
- Costs have continued to rise more rapidly than any revenue increases – Costs for oil and steel related products such as asphalt, guard rail components and sign posts have risen dramatically over the past 10 years while fuel costs have skyrocketed.

Grand Traverse County Road Commission Operating (MTF) Revenues

Decrease, FY2004 vs. FY2009:

Cost Increase Examples (2001-09)

Item	% Increase
Pothole Patching Material	110%
Underbody Blades-carbide	83%
Salt	103%
Gasoline	217%
Diesel Fuel	199%

Effects of Cost Increases/Revenue Decreases

- Revenue Decreases since 2004 have resulted in a cumulative $1,473,000 loss of funds for roadwork in Grand Traverse County. The projected loss of revenue for FY2010 alone compared to FY2004 is approximately $500,000!

Average Cost of Material Use Annually

	2001	2009	Increase
Diesel Fuel	$136,000	$406,000	$270,000
Salt	$290,100	$591,700	$301,600
Gasoline	$ 15,500	$ 49,250	$ 33,750
			$605,350

What are we doing to improve?

- Operational Efficiencies
  - Added side-wing plows to many trucks
  - Purchased preventative maintenance equipment
  - Use of seasonal workers to balance winter/summer operational differences due to limited budget
  - Efficiency audits of work activities such as snow plow routes, crew sizes, etc.
  - Use of Pre-wetting systems to make salt use more effective

What are we doing to economize?

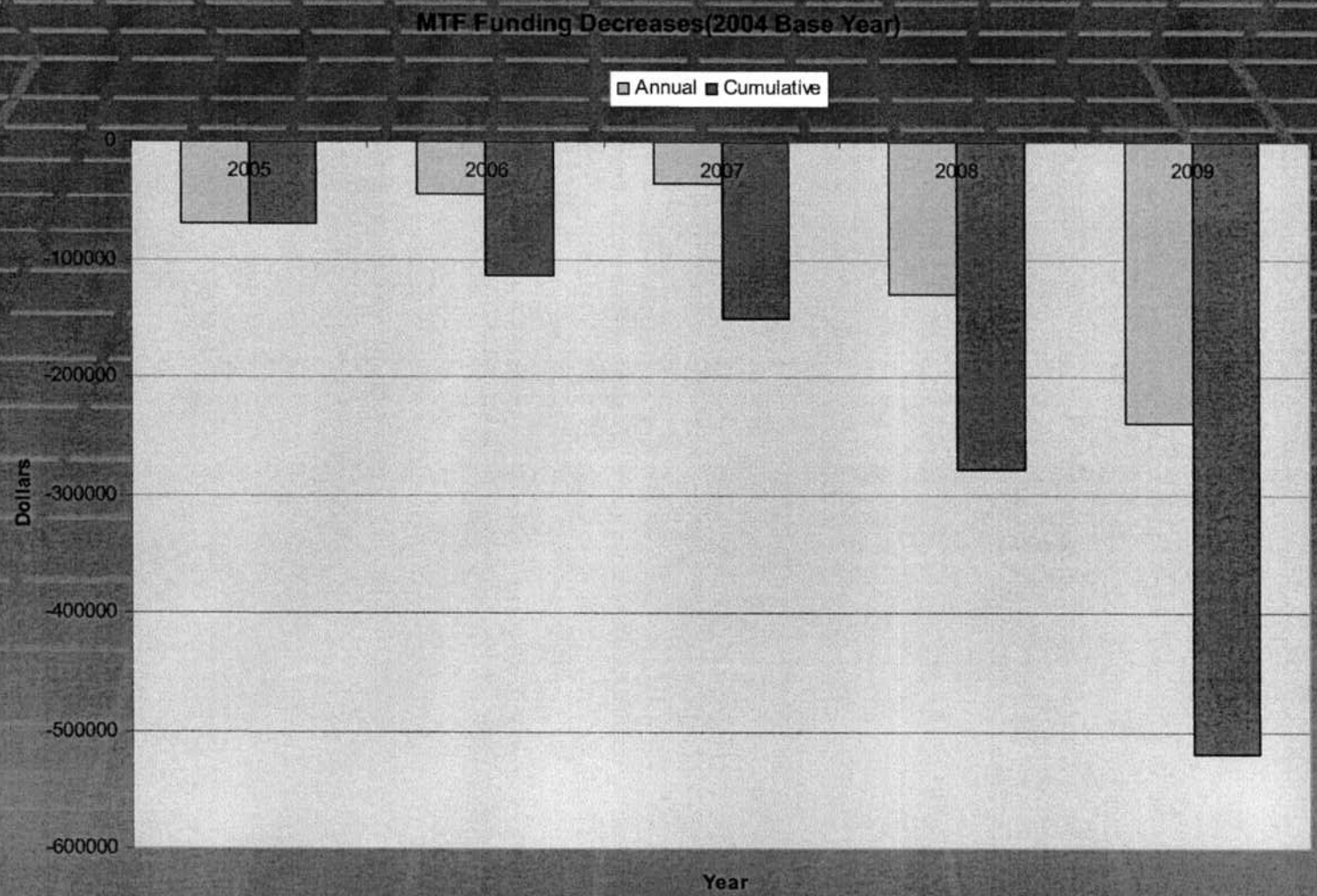
- Cost Cutting Measures
  - Researching and finding less expensive materials
  - Reduce training/travel
  - Defer capital equipment purchases
  - Cross Train Personnel
  - Privatization of some work activities
  - Higher use of seasonal employees
  - Cost reductions in benefit plans
  - Alter Sand/Salt mix
  - Lay-offs

Other Concerns:

- As road conditions deteriorate, the portion of the budget allocated to routine maintenance has risen. The portion allocated to long term improvements has been reduced.
- The Road Commission has been proactive by not replacing positions vacated by retirement, researching and acquiring funding grants from many different programs and agencies and has had to resort to laying off permanent employees for extended periods of time over the last three years.

Michigan Transportation Fund

Grand Traverse County



Telling Statistics

- **Nearly three-fourths of paved county roads need repair**

State Funds

Act 51 – Michigan Transportation Funds (MTF)

25-Year History of the Fuel Tax

Gasoline Tax - 15 cents/gallon in 1984
Diesel Tax – 15 cents/gallon in 1984

Gasoline Tax - Raised to 19 cents in 1997
Diesel Tax – No Change in 1997

A 4 cent/gallon Increase over the last 26 years. Funding is not keeping pace with inflation!

The fuel tax and vehicle registration fees are still the most equitable way to fund roads in Michigan because:

A. It's a "user" tax (the more you use the roads, the more you pay); and

B. Michigan hasn't exhausted the fuel tax as a funding mechanism.

Federal Funds:

Michigan's Donor Status

- Michigan gets less $$ back from Washington than it sends.
- SAFETEA-LU: 92%.
- The 2011 State Budget (as proposed) will send back even more of our tax dollars to be used by other states! WHY?

Benefits of a Good Road System

- Decreased Vehicle Maintenance Costs - less time spent waiting for vehicle repairs and arranging other transportation (The average motorist in Michigan currently spends approximately $370/year on vehicle repairs due to poor roads)
- Increased Property Values
- Decreased Costs of Moving Goods and Providing Services
- Safer, More Convenient Roads and Commutes
- Local Job Retention and Creation
- Attractive Environment for Visiting Tourists
- A Lasting Legacy for Your Children
- An Investment in the Future of this Area and it's Current and Future Residents

Quote from Ron Jolly:

Forget the tax credits and mandates; let's create, hands down, the best business climate in the U.S. The role of government will be to provide the best roads in the country, the best K-12 education system in the country, the fewest regulations, and the lowest fees and taxes. If those goals are attained, our elected officials won't have to concern themselves with job creation, they'll just have to worry about what to do with the surplus of tax revenue in Lansing.

From March 2010 Traverse City Business News

Remember:

- This is a Public Safety Issue!
- This is an Economic Viability Issue!
- This is a Quality of Life Issue!
- This is an Issue that affects every resident of this State!

Thank You!