

**SUBSTITUTE FOR
SENATE BILL NO. 522**

A bill to amend 1951 PA 51, entitled

"An act to provide for the classification of all public roads, streets, and highways in this state, and for the revision of that classification and for additions to and deletions from each classification; to set up and establish the Michigan transportation fund; to provide for the deposits in the Michigan transportation fund of specific taxes on motor vehicles and motor vehicle fuels; to provide for the allocation of funds from the Michigan transportation fund and the use and administration of the fund for transportation purposes; to promote safe and efficient travel for motor vehicle drivers, bicyclists, pedestrians, and other legal users of roads, streets, and highways; to set up and establish the truck safety fund; to provide for the allocation of funds from the truck safety fund and administration of the fund for truck safety purposes; to set up and establish the Michigan truck safety commission; to establish certain standards for road contracts for certain businesses; to provide for the continuing review of transportation needs within the state; to authorize the state



transportation commission, counties, cities, and villages to borrow money, issue bonds, and make pledges of funds for transportation purposes; to authorize counties to advance funds for the payment of deficiencies necessary for the payment of bonds issued under this act; to provide for the limitations, payment, retirement, and security of the bonds and pledges; to provide for appropriations and tax levies by counties and townships for county roads; to authorize contributions by townships for county roads; to provide for the establishment and administration of the state trunk line fund, local bridge fund, comprehensive transportation fund, and certain other funds; to provide for the deposits in the state trunk line fund, critical bridge fund, comprehensive transportation fund, and certain other funds of money raised by specific taxes and fees; to provide for definitions of public transportation functions and criteria; to define the purposes for which Michigan transportation funds may be allocated; to provide for Michigan transportation fund grants; to provide for review and approval of transportation programs; to provide for submission of annual legislative requests and reports; to provide for the establishment and functions of certain advisory entities; to provide for conditions for grants; to provide for the issuance of bonds and notes for transportation purposes; to provide for the powers and duties of certain state and local agencies and officials; to provide for the making of loans for transportation purposes by the state transportation department and for the receipt and repayment by local units and agencies of those loans from certain specified sources; and to repeal acts and parts of acts,"

by amending section 9a (MCL 247.659a), as amended by 2018 PA 325.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 9a. (1) As used in this section:

2 (a) "Asset management" means an ongoing process of
3 maintaining, preserving, upgrading, and operating physical assets
4 cost-effectively, based on a continuous physical inventory and
5 condition assessment and investment to achieve established
6 performance goals.

7 (b) "Asset management plan" means a plan created by the
8 department and approved by the state transportation commission or a
9 plan created by a local road agency and approved by the local road



1 agency's governing body that includes provisions for asset
2 inventory, performance goals, risk of failure analysis, anticipated
3 revenues and expenses, performance outcomes, and coordination with
4 other infrastructure owners.

5 (c) "Bridge" means a structure including supports erected over
6 a depression or an obstruction, such as water, a highway, or a
7 railway, for the purposes of carrying traffic or other moving
8 loads, and having an opening measuring along the center of the
9 roadway of more than 20 feet between undercopings of abutments or
10 spring lines of arches, or extreme ends of openings for multiple
11 boxes where the clear distance between openings is less than 1/2 of
12 the smaller contiguous opening.

13 (d) "Central storage data agency" means an agency or office
14 chosen by the council where the data collected is stored and
15 maintained.

16 (e) "Department" means the state transportation department.

17 (f) "Federal-aid eligible" means a public road or bridge that
18 is eligible for federal aid to be spent for the construction,
19 repair, or maintenance of that road or bridge.

20 (g) "Local road agency" means a county road commission or
21 designated county road agency or city or village that is
22 responsible for the construction or maintenance of public roads
23 within the state under this act.

24 (h) "Michigan infrastructure council" means the Michigan
25 infrastructure council created in section 3 of the Michigan
26 infrastructure council act, **2018 PA 323, MCL 21.606**.

27 (i) "Multiyear program" means a compilation of road and bridge
28 projects anticipated to be contracted for by the department or a
29 local road agency during a 3-year period. The multiyear program



1 ~~shall~~**must** include a listing of each project to be funded in whole
2 or in part with state or federal funds.

3 (j) "Region" means the geographic jurisdiction of any of the
4 following:

5 (i) A regional planning commission created under 1945 PA 281,
6 MCL 125.11 to 125.25.

7 (ii) A regional economic development commission created under
8 1966 PA 46, MCL 125.1231 to 125.1237.

9 (iii) A metropolitan area council formed under the metropolitan
10 councils act, 1989 PA 292, MCL 124.651 to 124.729.

11 (iv) A Michigan metropolitan planning organization established
12 under the moving ahead for progress in the 21st century act, Public
13 Law 112-141.

14 (v) An agency directed and funded by section 822f of 2016 PA
15 268, to engage in joint decision-making practices related to, but
16 not limited to, community development, economic development,
17 talent, and infrastructure opportunities.

18 (k) "State planning and development regions" means those
19 agencies required by 23 USC 134, and those agencies established by
20 Executive Directive 1968-1.

21 (l) "Water asset management council" means the water asset
22 management council created in section 5002 of the natural resources
23 and environmental protection act, 1994 PA 451, MCL 324.5002.

24 (2) In order to provide a coordinated, unified effort by the
25 various road agencies within this state, the transportation asset
26 management council is hereby created within the state
27 transportation commission. ~~Upon~~**On** creation of the Michigan
28 infrastructure council, the transportation asset management council
29 shall be placed within the Michigan infrastructure council.



1 (3) The transportation asset management council shall advise
 2 the Michigan infrastructure council on a statewide transportation
 3 asset management strategy and the processes and tools needed to
 4 implement that strategy, beginning with the federal-aid eligible
 5 highway system and infrastructure assets that impact system
 6 performance, safety, or risk management, including signals and
 7 culverts. This section does not prohibit a local road agency from
 8 using an asset management process on its non-federal-aid eligible
 9 system.

10 (4) The transportation asset management council shall consist
 11 of 10 voting members appointed by the state transportation
 12 commission. The transportation asset management council shall
 13 include 2 members from the County Road Association of Michigan, 2
 14 members from the Michigan Municipal League, 2 members from the
 15 state planning and development regions, 1 member from the Michigan
 16 Townships Association, 1 member from the Michigan Association of
 17 Counties, and 2 members from the department. Nonvoting members
 18 shall include 1 person from the agency or office selected as the
 19 location for central data storage. Each agency with voting rights
 20 shall submit a list of 2 nominees to the state transportation
 21 commission from which the appointments shall be made. The Michigan
 22 Townships Association shall submit 1 name, and the Michigan
 23 Association of Counties shall submit 1 name. Names ~~shall~~**must** be
 24 submitted within 30 days after July 3, 2002. The state
 25 transportation commission shall make the appointments within 30
 26 days after receipt of the lists.

27 (5) The positions for the department on the transportation
 28 asset management council ~~shall~~**must** be permanent. The position of
 29 the central data storage agency ~~shall~~**must** be nonvoting and ~~shall~~



1 **must** be for as long as the agency continues to serve as the data
 2 storage repository. The member from the Michigan Association of
 3 Counties shall be initially appointed for 2 years. The member from
 4 the Michigan Townships Association shall be initially appointed for
 5 3 years. Of the members first appointed from the County Road
 6 Association of Michigan, the Michigan Municipal League, and the
 7 state planning and development regions, 1 member of each group
 8 shall be appointed for 2 years and 1 member of each group shall be
 9 appointed for 3 years. At the end of the initial appointment, all
 10 terms ~~shall~~**must** be for 3 years. The chairperson shall be selected
 11 from among the voting members of the transportation asset
 12 management council. A member of the transportation asset management
 13 council may be removed for incompetence, dereliction of duty,
 14 malfeasance during his or her tenure in office, or any other cause
 15 considered appropriate by the Michigan infrastructure council. The
 16 Michigan infrastructure council shall consult with the
 17 transportation asset management council before removing a member of
 18 the transportation asset management council under this subsection.

19 (6) The department shall provide qualified administrative
 20 staff and the state planning and development regions shall provide
 21 qualified technical assistance to the transportation asset
 22 management council.

23 (7) The transportation asset management council may appoint an
 24 advisory committee whose members shall serve as needed to provide
 25 research on issues and projects as determined by the transportation
 26 asset management council. An advisory committee member who is not a
 27 member of the transportation asset management council does not have
 28 voting rights on the advisory committee. A recommendation from the
 29 advisory committee appointed under this subsection is advisory only



1 and is not binding.

2 (8) Except as otherwise provided in this subsection, costs
3 incurred for data collection, analysis, or submittal, other than
4 costs covered by the council for the federal-aid eligible highway
5 system, are the responsibility of the owner of the data. A local
6 road agency may request planning region assistance or reimbursement
7 for data collected on non-federal-aid eligible roads or streets
8 within that region. The region shall determine where to collect
9 local road or street data to expend its remaining data collection
10 money based ~~upon~~**on** requests received from local road agencies.

11 (9) The transportation asset management council shall promote
12 and oversee the implementation of recommendations from the regional
13 infrastructure asset management pilot program on a statewide level
14 as the program relates to roads, bridges, and related
15 transportation infrastructure.

16 (10) No later than October 1, 2019, the transportation asset
17 management council shall develop a template for an asset management
18 plan for use by local road agencies responsible for 100 or more
19 certified miles of road and require its submission to the
20 transportation asset management council as provided in subsection
21 (12). No later than October 1, 2019, the transportation asset
22 management council shall establish a schedule for the submission of
23 asset management plans by local road agencies described in
24 subsection (11)(b) that ensures that 1/3 of those local road
25 agencies submit an asset management plan each year. The template
26 required by this subsection ~~shall~~**must** include, but is not limited
27 to, all of the following:

28 (a) Asset inventory, including the location, material, size,
29 and condition of the assets, in a format that allows for and



1 encourages digital mapping. All standards and protocols for assets
2 ~~shall~~**must** be consistent with government accounting standards.
3 Standards and protocols for assets that are eligible for federal
4 aid ~~shall~~**must** be consistent with federal requirements and
5 regulations.

6 (b) Performance goals, including the desired condition and
7 performance of the assets, which ~~shall~~**must** be set by the local
8 road agency. Performance goals may vary among asset classes under
9 the local road agency's jurisdiction. If a local road agency has
10 jurisdiction over roads or bridges that are designated as part of
11 the federal National Highway System, performance goals for that
12 portion of the system ~~shall~~**must** be consistent with established
13 federal performance targets.

14 (c) Risk of failure analysis, including the identification of
15 the probability and criticality of a failure of the most critical
16 assets and any contingency plans.

17 (d) Anticipated revenues and expenses, including a description
18 of all revenue sources and anticipated receipts for the period
19 covered by the asset management plan and expected infrastructure
20 repair and replacement expenditures, including planned improvements
21 and capital reconstruction.

22 (e) Performance outcomes, including a determination of how the
23 local road agency's investment strategy will achieve the desired
24 levels of service and performance goals and the steps necessary to
25 ensure asset conditions meet or achieve stated goals and a
26 description and explanation of any gap between achievable condition
27 and performance through the investment strategy and desired goals.

28 (f) A description of any plans of the asset owner to
29 coordinate with other entities, including neighboring jurisdictions



1 and utilities, to minimize duplication of effort regarding
2 infrastructure preservation and maintenance.

3 (g) Proof of acceptance, certification, or adoption by the
4 local road agency's governing body.

5 (11) The department, each county road commission, and each
6 city and village of this state shall annually submit a report on
7 infrastructure conditions and investment to the transportation
8 asset management council. This report ~~shall~~**must** include a
9 multiyear program developed through the asset management process
10 described in this section. No later than October 1, 2019, the
11 transportation asset management council shall establish a schedule
12 for the submission by the department of the report required by this
13 subsection. All of the following apply to a multiyear program
14 required by this subsection:

15 (a) Projects contained in the department's annual multiyear
16 program ~~shall~~**must** be consistent with the department's asset
17 management process and asset management plan, and ~~shall~~**must** be
18 reported consistent with categories established by the
19 transportation asset management council.

20 (b) Projects contained in the annual multiyear program of each
21 local road agency responsible for 100 or more certified miles of
22 road ~~shall~~**must** be consistent with the asset management process and
23 asset management plan of that local road agency and ~~shall~~**must** be
24 reported consistent with categories established by the
25 transportation asset management council.

26 (c) Projects contained in the annual multiyear program of each
27 local road agency responsible for less than 100 certified miles of
28 road ~~shall~~**must** be consistent with the asset management process of
29 that local road agency and ~~shall~~**must** be reported consistent with



1 categories established by the transportation asset management
2 council.

3 (12) Beginning October 1, 2020, each local road agency
4 described in subsection (11)(b) shall begin submitting an asset
5 management plan to the transportation asset management council
6 according to the 3-year schedule described in subsection (10). The
7 asset management plan ~~shall~~**must** cover a period of at least 3
8 years, and ~~shall~~**must** be consistent with a template provided by the
9 transportation asset management council. A local road agency that
10 is required to submit an asset management plan under this
11 subsection that has not submitted the asset management plan by
12 October 1, 2024 is not in compliance with this subsection. ~~A-The~~
13 **transportation asset management council shall notify a** local road
14 agency that is not in compliance with this subsection ~~shall be~~
15 ~~notified by the transportation asset management council that the~~
16 local road agency ~~shall~~**must** comply with this subsection within 120
17 days of the notice. If a local road agency fails to comply with
18 this subsection after 120 days of the notice required by this
19 subsection, the transportation asset management council shall
20 notify the department of the noncompliance and the department may
21 withhold funds distributed to the local road agency under this act.
22 The department shall release any funds withheld for noncompliance
23 with this subsection to the local road agency in the following
24 month's allocation after compliance is verified.

25 (13) The transportation asset management council shall review
26 an asset management plan submitted under subsection (12) no later
27 than 6 months after receipt of the asset management plan. The
28 transportation asset management council shall compare the asset
29 management plan to the minimum requirements of this act and the



1 template created by the transportation asset management council,
2 and determine whether the asset management plan is in compliance
3 with those standards. If the asset management plan does not meet
4 those standards, the transportation asset management council shall
5 seek concurrence from the department that the asset management plan
6 does not meet the transportation asset management council's
7 standards. If the department concurs, the transportation asset
8 management council shall require the local road agency to revise
9 its asset management plan to conform to the standards within 6
10 months after notifying the local road agency that the asset
11 management plan does not meet the transportation asset management
12 council's standards. The transportation asset management council
13 shall provide an opportunity for a noncompliant local road agency
14 to appear before the transportation asset management council to
15 discuss the reasons the local road agency's plan is not in
16 compliance and ways for the local road agency to become compliant.

17 (14) Beginning October 1, 2025, if the transportation asset
18 management council determines, and the department concurs, that a
19 local road agency described in subsection (11)(b) has not
20 demonstrated progress toward achieving the condition goals
21 described in its asset management plan for its federal-aid eligible
22 county primary road system or city major street system, as
23 applicable, the transportation asset management council shall
24 provide notice to the local road agency of the reasons that it has
25 determined progress is not being made and recommendations on how to
26 make progress toward the local road agency's condition goals. The
27 local road agency shall become compliant within 6 months after
28 receiving the notification required by this subsection. The
29 transportation asset management council shall provide an



1 opportunity for the noncompliant local road agency to appear before
 2 the transportation asset management council to discuss the reasons
 3 the local road agency is not compliant and ways for the local road
 4 agency to become compliant. If the local road agency is not
 5 compliant within 6 months after receiving the notification required
 6 by this subsection, the local road agency shall not shift funds
 7 distributed to it under this act from a county primary road system
 8 to a county local road system or from a city major street system to
 9 a city local street system, as applicable. ~~Upon~~**On** demonstration of
 10 progress toward achieving its condition goals, a local road agency
 11 may shift funds distributed to it under this act from a county
 12 primary road system to a county local road system or from a city
 13 major street system to a city local street system, as applicable. A
 14 local road agency may submit a revised asset management plan to the
 15 transportation asset management council.

16 (15) An annual report ~~shall~~**must** be prepared by the staff
 17 assigned to the transportation asset management council regarding
 18 the results of activities conducted during the preceding year and
 19 the expenditure of funds related to the processes and activities
 20 identified by the Michigan infrastructure council. The report ~~shall~~
 21 **must** also include a summary analysis of the asset management plans
 22 and annual reports received from local road agencies, a
 23 determination of how investments are achieving desired levels of
 24 service and performance goals, an identification of any additional
 25 steps that may be needed to achieve desired levels of service and
 26 performance goals, and an overview of the activities identified for
 27 the succeeding year. The transportation asset management council
 28 shall submit this report to the Michigan infrastructure council,
 29 the state transportation commission, **each house of** the legislature,



1 and the transportation committees of the house and senate by May 2
2 of each year.

3 (16) Funding necessary to support the activities described in
4 this section ~~shall~~**must** be provided by an annual appropriation from
5 the Michigan transportation fund to the state transportation
6 commission. Beginning on ~~the effective date of the amendatory act~~
7 ~~that amended this subsection,~~**September 30, 2018,** the annual
8 appropriation provided for in this subsection ~~shall~~**must** be
9 allocated to the Michigan infrastructure council and ~~shall~~**must** be
10 used to support the activities described in this section.

11 (17) The department and each local road agency shall keep
12 accurate and uniform records on all road and bridge work performed
13 and funds expended for the purposes of this section, according to
14 the procedures developed by the transportation asset management
15 council. Each local road agency and the department shall annually
16 report to the transportation asset management council the mileage
17 and condition of the road and bridge system under their
18 jurisdiction and the receipts and disbursements of road and street
19 funds in the manner prescribed by the transportation asset
20 management council, which shall be consistent with any current
21 accounting procedures.

22 (18) A local road agency may seek and use federal grants or
23 loans to achieve the goals and manage the asset inventory described
24 in its asset management plan.

25 (19) **Beginning on October 1, 2024, the department in**
26 **conjunction with the local road agency associations shall create**
27 **and operate an engineering services grant program to provide local**
28 **road agencies with an engineering services specialist to enhance**
29 **communication between local road agencies, industry, and state**



1 departments and coordinate technical road and transportation
2 engineering issues. Through the engineering services grant program
3 the department shall provide funding to a local road agency
4 association not to exceed \$150,000.00 per year to hire an
5 engineering specialist. Each authorized grant shall have a term of
6 5 years and shall be adjusted for inflation beginning January 1,
7 2029. Funding for this grant shall come from the state trunk line
8 fund or the Michigan transportation fund.

9 (20) By June 1, 2024, an application for funds from the
10 engineering services grant program shall be made on a form approved
11 by the department and shall contain the information required by the
12 department. An application for funds under this section may be made
13 at any time as determined by the department. The department shall
14 establish a review process for considering funding applications
15 under this section. No later than 120 days after receiving a
16 funding application under this section, the department shall notify
17 the applicant in writing whether the application is approved or
18 rejected. Prior to releasing engineering services grant funds, the
19 department shall enter into a written agreement with the funding
20 recipient. The written agreement must provide for grant funding for
21 a period of no more than 5 years.

22 (21) The engineering services specialist's responsibilities
23 include, but are not limited to, all of the following:

24 (a) Providing technical assistance to expediently resolve
25 local road agency engineering questions and concerns.

26 (b) Communicating information about programs provided by the
27 state to local road agencies.

28 (c) Communicating changes in policy, procedures, and
29 legislation related to the operations of local road agencies.



1 (22) Each year in which the department disperses funds under
2 the engineering services grant program, each grant recipient shall
3 report quarterly to the department. The report must outline the
4 work accomplished during the reporting period; identify any
5 problems, real or anticipated, associated with provided engineering
6 services; and identify any deviations from the performance
7 objectives listed in the written agreement. The department shall
8 publish each report on its website.