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BILL ANALYSIS

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Senate Bill 524 (as introduced 9-12-19)
Sponsor: Senator Kimberly LaSata
Committee: Transportation and Infrastructure

Date Completed: 10-16-19

CONTENT

The bill would amend Public Act 51 of 1951, the Michigan Transportation Fund law, to require the Michigan Department of Transportation (MDOT) and a local road agency that entered into certain contracts to place conspicuously a sign of appropriate dimensions with certain information related to the project at the beginning of the work site, and, upon the completion of the project, the beginning and every five-mile interval of the work site.

Under the Act, all construction projects of MDOT concerning highways, streets, roads, and bridges, whose cost exceeds $100,000 for construction or preservation must be performed by contract awarded by competitive bidding unless MDOT affirmatively finds that under the circumstances relating to those projects, some other method is in the public interest. Similarly, all construction projects of a local road agency whose cost exceeds $100,000 for construction or preservation, excluding maintenance, must be performed by contracts awarded in a similar manner.

Under the bill, for all construction projects described above, MDOT and the local road agency would have to do all the following:

-- After the award of the contract, MDOT or a local road agency would have to place a sign of appropriate dimensions at the beginning of the work site that contained the name of the contractor, the projected completion date, and the expected life span of the pavement.
-- After completion of the contract, MDOT or a local road agency would have to place a sign of appropriate dimensions at the beginning of the work site, and at five mile intervals if the work site spanned more than five miles, that contained the name of the contractor that completed the work, the completion date, and the expected life of the pavement under the contract.

MCL 247.661c Legislative Analyst: Tyler VanHuyse

FISCAL IMPACT

The bill would have a minor fiscal impact on the Department and local units of government. The increased cost is associated with signage. The exact amount can be estimated, but not definitively determined.

In July 2014, the Department, in consideration of speed limit changes, issued a report within which some discussion of signage costs was found. The Department reported then that full speed limit signage replacement would cost $730 per mile on freeways and $63 per mile on non freeways. In 2001 the House Fiscal Agency reported that fabrication and installation of signage can range between $700 and $1,000 per sign. The new signage requirements included within the bill would be different than those for speed limit sign changes. An assessment per sign also is more applicable than a "per mile" calculation. This analysis, in consideration of inflation since 2001, will apply a cost of $1,500 per sign, regardless of trunkline or non trunkline project.

According to the Department's reported fiscal year (FY)2017-18 letting statistics, there was an average of 314 trunkline projects let per year between FY 2013-14 and FY 2017-18. For that same time period, there was an average of 452 local projects let per year. The Department projects an increase to 399 projects for the FY 2019-20 year. Under the bill, each project would require at least one sign during construction, and completed projects that exceeded five miles will require at least one additional sign. Including bridge projects, only about 10% of trunkline projects exceed five miles.

In consideration of the above factors, the bill would cost the Department between $600,000 and $700,000 per year. This amount represents less than 0.1% of the Department's current year appropriation for trunkline road and bridge construction and repair. The bill would cost local units of government between $700,000 and $800,000 per year. This amount also is less than .1% of the current year appropriation to county road commissions and cities/villages, combined, for road and bridge construction.

Fiscal Analyst: Michael Siracuse

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