

SUBSTITUTE FOR
HOUSE BILL NO. 5167

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 sections 11 and 11c (MCL 247.661 and 247.661c), section 11 as amended by 2002 PA 639 and section 11c as amended by 2002 PA 498.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 11. (1) A fund to be known as the state trunk line fund
2 is established and shall be set up and maintained in the state
3 treasury as a separate fund. The money deposited in the state trunk
4 line fund is appropriated to the ~~state transportation~~ department
5 for the following purposes in the following order of priority:

6 (a) For the payment, but only from money restricted as to use
7 by section 9 of article IX of the state constitution of 1963, of
8 bonds, notes, or other obligations in the following order of
9 priority:

10 (i) For the payment of contributions **PLEGGED BEFORE JULY 18,**
11 **1979 AND** required to be made by the state highway commission or the
12 state transportation commission under contracts entered into before
13 July 18, 1979, under 1941 PA 205, MCL 252.51 to 252.64, ~~which~~
14 ~~contributions have been pledged before July 18, 1979, for the~~

1 payment of the principal and interest on bonds issued under 1941 PA
 2 205, MCL 252.51 to 252.64, for the payment of which a sufficient
 3 sum is irrevocably appropriated.

4 (ii) For the payment of the principal and interest upon bonds
 5 designated "State of Michigan, State Highway Commissioner, Highway
 6 Construction Bonds, Series I", dated September 1, 1956, in the
 7 aggregate principal amount of \$25,000,000.00, issued pursuant to
 8 former 1955 PA 87 and the resolution of the state administrative
 9 board adopted August 6, 1956, for the payment of which a sufficient
 10 sum is irrevocably appropriated.

11 (iii) For the payment of the principal and interest on bonds
 12 issued under section 18b for transportation purposes other than
 13 comprehensive transportation purposes as defined by law and the
 14 payment of contributions ~~of~~ **PLEDGED TO THE PAYMENT OF PRINCIPAL AND**
 15 **INTEREST ON BONDS ISSUED UNDER SECTION 18D AND CONTRACTS ENTERED**
 16 **INTO UNDER SECTION 18D BY** the state highway commission or state
 17 transportation commission to be made pursuant to contracts entered
 18 into under section 18d. ~~, which contributions are pledged to the~~
 19 ~~payment of principal and interest on bonds issued under the~~
 20 ~~authorization of section 18d and contracts executed pursuant to~~
 21 ~~that section.~~ A sufficient portion of the fund is irrevocably
 22 appropriated to pay, when due, the principal and interest on bonds
 23 or notes issued under section 18b for purposes other than
 24 comprehensive transportation purposes as defined by law, and to pay
 25 the annual contributions of the state highway commission and the
 26 state transportation commission ~~as~~ **THAT** are pledged for the payment
 27 of bonds issued pursuant to contracts authorized by section 18d.

1 (b) For the transfer of funds appropriated pursuant to section
2 ~~10(1)(g)~~ **10(1)(H)** to the transportation economic development fund,
3 but the transfer shall be reduced each fiscal year by the amount of
4 debt service to be paid in that year from the state trunk line fund
5 for bonds, notes, or other obligations issued to fund projects of
6 the transportation economic development fund, which ~~amount~~ shall be
7 certified by the department.

8 (c) For the transfer of funds appropriated pursuant to section
9 10(1)(a) to the ~~railroad~~ **RAIL** grade crossing account in the state
10 trunk line fund for expenditure for rail grade crossing improvement
11 purposes at rail grade crossings on public roads and streets under
12 the jurisdiction of ~~the~~ **THIS** state, counties, cities, or villages.
13 Projects shall be selected for funding in accordance with the
14 following:

15 (i) Not more than 50% or less than 30% of these funds and
16 matched federal funds shall be expended for state trunk line
17 projects.

18 (ii) In prioritizing projects for these funds, in whole or in
19 part, the department shall consider train and vehicular traffic
20 volumes, accident history, traffic control device improvement
21 needs, and the availability of funding.

22 (iii) Consistent with the other requirements for these funds,
23 the first priority for funds deposited pursuant to this subdivision
24 for rail grade crossing improvements and retirement shall be to
25 match federal funds from the railroad-highway grade crossing
26 improvement program or other comparable federal programs if a match
27 is required under federal law.

1 (iv) If the department and the road authority with jurisdiction
2 over the crossing formally agree that the grade crossing should be
3 eliminated by permanent closing of the public road or street, the
4 physical removal of the crossing, roadway within railroad rights of
5 way, and street termination treatment will be negotiated between
6 the road authority and railroad company. The funds provided to the
7 road authority as a result of the crossing closure will be credited
8 to its account representing the same road or street system on which
9 the crossing is located and shall be used for any transportation
10 purpose within that road authority's jurisdiction.

11 (d) For the total operating expenses of the state trunk line
12 fund for each fiscal year as appropriated by the legislature.

13 (e) For the preservation of state trunk line highways and
14 bridges.

15 (f) For the opening, widening, improving, construction, and
16 reconstruction of state trunk line highways and bridges, including
17 the acquisition of necessary rights of way and the work incidental
18 to that opening, widening, improving, construction, or
19 reconstruction. Those sums in the state trunk line fund not
20 otherwise appropriated, distributed, determined, or set aside by
21 law shall be used for the construction or reconstruction of the
22 national system of interstate and defense highways, referred to in
23 this act as "the interstate highway system", to the extent
24 necessary to match federal aid funds as the federal aid funds
25 become available for that purpose; and, for the construction and
26 reconstruction of the state trunk line system.

27 (g) The ~~state transportation~~ department may enter into

1 agreements with ~~county road commissions and with cities and~~
 2 ~~villages~~ **A LOCAL ROAD AGENCY OR A PRIVATE SECTOR COMPANY** to perform
 3 work on a highway, road, or street. The agreements may provide for
 4 the performance by any of the contracting parties of any of the
 5 work contemplated by the contract including **MAINTENANCE**,
 6 engineering services, and the acquisition of rights of way in
 7 connection with the work, by purchase or condemnation by any of the
 8 contracting parties in its own name, and for joint participation in
 9 the costs, but only to the extent that the contracting parties are
 10 otherwise authorized by law to expend money on the highways, roads,
 11 or streets. The ~~state transportation department~~ also may contract
 12 with a ~~county~~ **LOCAL** road ~~commission, city, and village~~ **AGENCY** to
 13 advance money to a ~~county~~ **LOCAL** road ~~commission, city, and village~~
 14 agency to pay ~~their~~ **THE** costs of improving railroad grade crossings
 15 on the terms and conditions agreed to in the contract. A contract
 16 may be executed before or after the state transportation commission
 17 borrows money for the purpose of advancing money to a ~~county~~ **LOCAL**
 18 road ~~commission, city, or village~~ **AGENCY**, but the contract shall
 19 be executed before the advancement of any money to a ~~county~~ **LOCAL**
 20 road ~~commission, city, or village~~ **AGENCY** by the state
 21 transportation commission, and shall provide for the full
 22 reimbursement of any advancement by a ~~county~~ **LOCAL** road ~~commission,~~
 23 ~~city, or village~~ **AGENCY** to the ~~state transportation department~~,
 24 with interest, within 15 years after advancement, from any
 25 available revenue sources of the ~~county~~ **LOCAL** road ~~commission,~~
 26 ~~city, or village~~ **AGENCY** or, if provided in the contract, by
 27 deduction from the periodic disbursements of any money returned by

1 ~~the~~ **THIS** state to the ~~county~~ **LOCAL** road ~~commission, city, or~~
 2 ~~village.~~ **AGENCY.**

3 (h) For providing inventories of supplies and materials
 4 required for the activities of the ~~state transportation~~ department.
 5 The ~~state transportation~~ department may purchase supplies and
 6 materials for these purposes, with payment to be made out of the
 7 state trunk line fund to be charged on the basis of issues from
 8 inventory in accordance with the accounting and purchasing laws of
 9 this state.

10 (2) Notwithstanding any other provision of this act, at least
 11 90% of state revenue appropriated annually to the state trunk line
 12 fund less the amounts described in subdivisions (a) to (i) shall be
 13 expended annually by the ~~state transportation~~ department for the
 14 preservation of highways, roads, streets, and bridges and for the
 15 payment of debt service on bonds, notes, or other obligations
 16 described in subsection (1) (a) issued after July 1, 1983 ~~—~~for the
 17 purpose of providing funds for the preservation of highways, roads,
 18 streets, and bridges. Of the amounts appropriated for state trunk
 19 line projects, the department shall, where possible, secure
 20 warranties of not less than 5-year full replacement guarantee for
 21 contracted construction work. If an appropriate certificate is
 22 filed under section 18e, but only to the extent necessary, this
 23 subsection ~~shall~~ **DOES** not prohibit the use of any amount of money
 24 restricted as to use by section 9 of article IX of the state
 25 constitution of 1963 and deposited in the state trunk line fund for
 26 the payment of debt service on bonds, notes, or other obligations
 27 pledging for the payment ~~thereof~~ **OF THAT DEBT SERVICE** money

1 restricted as to use by section 9 of article IX of the state
2 constitution of 1963 and deposited in the state trunk line fund,
3 whenever issued, as specified under subsection (1)(a). The amounts
4 ~~which~~ **THAT** are deducted from the state trunk line fund for the
5 purpose of the calculation required by this subsection are as
6 follows:

7 (a) Amounts expended for the purposes described in subsection
8 (1)(a) for the payment of debt service on bonds, notes, or other
9 obligations issued before July 2, 1983.

10 (b) Amounts expended to provide the state matching requirement
11 for projects on the national highway system and for the payment of
12 debt service on bonds, notes, or other obligations issued after
13 July 1, 1983, for the purpose of providing funds for the state
14 matching requirements for projects on the national highway system.

15 (c) Amounts expended for the construction of a highway,
16 street, road, or bridge to 1 or more of the following or for the
17 payment of debt service on bonds, notes, or other obligations
18 issued after July 1, 1983, for the purpose of providing funds for
19 the construction of a highway, street, road, or bridge to 1 or more
20 of the following:

21 (i) A location for which a building permit has been obtained
22 for the construction of a manufacturing or industrial facility.

23 (ii) A location for which a building permit has been obtained
24 for the renovation of, or addition to, a manufacturing or
25 industrial facility.

26 (d) Amounts expended for capital outlay other than for
27 highways, roads, streets, and bridges or to pay debt service on

1 bonds, notes, or other obligations issued after July 1, 1983, for
2 the purpose of providing funds for capital outlay other than for
3 highways, roads, streets, and bridges.

4 (e) Amounts expended for the operating expenses of the ~~state~~
5 ~~transportation~~ department other than the units of the department
6 performing the functions assigned on January 1, 1983 to the bureau
7 of highways.

8 (f) Amounts expended pursuant to contracts entered into before
9 January 1, 1983.

10 (g) Amounts expended for the purposes described in subsection
11 (5).

12 (h) Amounts appropriated for deposit in the transportation
13 economic development fund and the rail grade crossing account
14 ~~pursuant to~~ **UNDER** section ~~10(1)(g) and~~ 10(1)(a) **AND (H)**.

15 (i) Upon the affirmative recommendation of the director of the
16 ~~state transportation~~ department and the approval by resolution of
17 the state transportation commission, ~~these~~ amounts expended for
18 projects vital to the economy of this state, a region, or local
19 area or the safety of the public. The resolution shall state the
20 cost of the project exempted from this subsection.

21 (3) Notwithstanding any other provision of this act, the ~~state~~
22 ~~transportation~~ department shall expend annually at least 90% of the
23 federal revenue distributed to the credit of the state trunk line
24 fund in that year, except for federal revenue expended for the
25 purposes described in subsection (2)(b), (c), (f), and (i) and for
26 the payment of notes issued under section 18b(9) on the
27 preservation of highways, roads, streets, and bridges. The

1 requirement of this subsection ~~shall be~~ **IS** waived if compliance
 2 would cause this state to be ineligible ~~according to~~ **UNDER** federal
 3 law for federal revenue, but only to the extent necessary to make
 4 this state eligible ~~according to~~ **UNDER** federal law for that
 5 revenue.

6 (4) Notwithstanding any other provision of this section, the
 7 ~~state transportation department~~ may loan money to ~~county~~ **A LOCAL**
 8 ~~road commissions, cities, and villages~~ **AGENCY** for paying capital
 9 costs of transportation purposes described in the second paragraph
 10 of section 9 of article IX of the state constitution of 1963 from
 11 the proceeds of bonds or notes issued pursuant to section 18b or
 12 from the state trunk line fund. Loans made directly from the state
 13 trunk line fund shall be made only after provision of funds for the
 14 purposes specified in subsection (1)(a) to (f). Loans described in
 15 this subsection are not subject to the revised municipal finance
 16 act, 2001 PA 34, MCL 141.2101 to 141.2821.

17 (5) ~~County~~ **A LOCAL** ~~road commissions, cities, and villages~~
 18 **AGENCY** may borrow money from the proceeds of bonds or notes issued
 19 under section 18b or the state trunk line fund for the purposes set
 20 forth in subsection (4) that shall be repayable, with interest,
 21 from 1 or more of the following:

22 (a) The money to be received by the ~~county~~ **LOCAL** road
 23 ~~commission, city, or village~~ **AGENCY** from the Michigan
 24 transportation fund, except to the extent the money has been or may
 25 in the future be pledged by contract ~~in accordance with~~ **UNDER** 1941
 26 PA 205, MCL 252.51 to 252.64, or has been or may in the future be
 27 pledged for the payment of the principal and interest upon notes

1 issued ~~pursuant to~~ **UNDER** 1943 PA 143, MCL 141.251 to 141.254, or
 2 has been or may in the future be pledged for the payment of
 3 principal and interest upon bonds issued under section 18c or 18d,
 4 or has been or may in the future be pledged for the payment of the
 5 principal and interest upon bonds issued pursuant to 1952 PA 175,
 6 MCL 247.701 to 247.707.

7 (b) Any other legally available funds of the ~~city, village, or~~
 8 ~~county~~ **LOCAL** road ~~commission,~~ **AGENCY**, other than the general funds
 9 of the county.

10 (6) ~~Loans~~ **IF REQUIRED BY THE DEPARTMENT, LOANS** made pursuant
 11 ~~to~~ **UNDER** subsection (4) ~~if required by the state transportation~~
 12 ~~department may be~~ **ARE** payable by deduction by the state treasurer,
 13 upon direction of the ~~state transportation~~ department, from the
 14 periodic disbursements of any money returned by ~~the~~ **THIS** state
 15 under this act to the ~~county~~ **LOCAL** road ~~commission,~~ ~~city, or~~
 16 ~~village,~~ **AGENCY**, but only after sufficient money has been returned
 17 to the ~~county~~ **LOCAL** road ~~commission,~~ ~~city, or village~~ **AGENCY** to
 18 provide for the payment of contractual obligations incurred or to
 19 be incurred and principal and interest on notes and bonds issued or
 20 to be issued under 1941 PA 205, MCL 252.51 to 252.64, 1943 PA 143,
 21 MCL 141.251 to 141.254, 1952 PA 175, MCL 247.701 to 247.707, or
 22 section 18c or 18d. The interest rates and payment schedules of any
 23 loans made from the proceeds of bonds or notes issued pursuant to
 24 section 18b shall be established by the ~~state transportation~~
 25 department to conform as closely as practicable to the interest
 26 rate and repayment schedules on the bonds or notes issued to make
 27 the loans. However, the ~~state transportation~~ department may allow

1 for the deferral of the first payment of interest or principal on
 2 the loans for a period ~~of~~ not to exceed 1 year after the respective
 3 first payment of interest or principal on the bonds or notes issued
 4 to make the loans.

5 (7) The amount borrowed by a ~~county-LOCAL road commission,~~
 6 ~~city, or village pursuant to~~ **AGENCY UNDER** subsection (5) shall not
 7 be included in, or charged against, any constitutional, statutory,
 8 or charter debt limitation of the county, city, or village and
 9 shall not be included in the determination of the maximum annual
 10 principal and interest requirements of, or the limitations upon,
 11 the maximum annual principal and interest incurred under 1941 PA
 12 205, MCL 252.51 to 252.64, 1943 PA 143, MCL 141.251 to 141.254,
 13 1952 PA 175, MCL 247.701 to 247.707, or section 18c or 18d.

14 (8) The ~~county-LOCAL road commission, city, or village~~ **AGENCY**
 15 is not required to seek or obtain the approval of the electors, the
 16 municipal finance commission or its successor agency, or, except as
 17 provided in this subsection, the department of treasury to borrow
 18 money ~~pursuant to~~ **UNDER** subsection (5). The borrowing is not
 19 subject to the revised municipal finance act, 2001 PA 34, MCL
 20 141.2101 to 141.2821, or to section 5(g) of the home rule city act,
 21 1909 PA 279, MCL 117.5. The ~~state transportation~~ department shall
 22 give at least 10 days' notice to the state treasurer of its
 23 intention to make a loan under subsection (4). If the state
 24 treasurer gives notice to the director of the ~~state transportation~~
 25 department within 10 days ~~of~~ **AFTER** receiving the notice from the
 26 ~~state transportation~~ department, that, based upon the then existing
 27 financial or credit situation of the ~~county-LOCAL road commission,~~

1 ~~city, or village, AGENCY~~, it would not be in the best interests of
 2 ~~the THIS~~ state to make a loan under subsection (4) to the ~~county~~
 3 **LOCAL** road ~~commission, city, or village, AGENCY~~, the loan shall not
 4 be made unless the state treasurer, after a hearing, if requested
 5 by the affected ~~county LOCAL road commission, city, or village,~~
 6 **AGENCY**, subsequently gives notice to the director of the ~~state~~
 7 ~~transportation~~ department that the loan may be made on the
 8 conditions that the state treasurer specifies.

9 (9) The state transportation commission may borrow money and
 10 issue bonds and notes under ~~, and pursuant to the requirements of,~~
 11 section 18b to make loans to ~~county A LOCAL road commissions,~~
 12 ~~cities, and villages AGENCY~~ for the purposes described in the
 13 second paragraph of section 9 of article IX of the state
 14 constitution of 1963, as provided in subsection (4). A single issue
 15 of bonds or notes may be issued for the purposes specified in
 16 subsection (4) and for the other purposes specified in section 18b.
 17 The house and senate transportation appropriations subcommittees
 18 shall be notified by the department if there are extras and
 19 overruns sufficient to require approval of either the state
 20 administrative board or the commission, or both, on any contract
 21 between the department and a local road agency or a private
 22 business.

23 (10) The director of the ~~state transportation~~ department,
 24 after consultation with representatives of the interests of ~~county~~
 25 **LOCAL** road ~~commissions, cities, and villages, AGENCY~~, shall
 26 establish, by intergovernmental communication, procedures for the
 27 implementation and administration of the loan program established

1 under subsections (4) to (9).

2 (11) Not more than 10% per year of all of the funds received
 3 by and returned to the ~~state transportation~~ department from any
 4 source for the purposes of this section may be expended for
 5 administrative expenses. The department shall be subject to section
 6 14(5) if more than 10% per year is expended for administrative
 7 expenses. As used in this subsection, "administrative expenses"
 8 means those expenses that are not assigned including, but not
 9 limited to, specific road construction or preservation projects,
 10 and are often referred to as general or supportive services.
 11 Administrative expenses ~~shall~~ **DO** not include net equipment expense,
 12 net capital outlay, debt service principal and interest, and
 13 payments to other state or local offices ~~which~~ **THAT** are assigned,
 14 but not limited to, specific road construction projects or
 15 preservation activities.

16 (12) Any performance audits of the department shall be
 17 conducted according to government auditing standards issued by the
 18 United States general accounting office.

19 (13) Contracts entered into to advance money to a ~~county~~ **LOCAL**
 20 road ~~commission, city, or village~~ **AGENCY** under subsection (1)(g)
 21 are not subject to the revised municipal finance act, 2001 PA 34,
 22 MCL 141.2101 to 141.2821.

23 (14) As used in this section: ~~,"rail grade crossing~~
 24 ~~improvement purposes"~~

25 (A) **"LOCAL ROAD AGENCY" MEANS THAT TERM AS DEFINED IN SECTION**
 26 **9A.**

27 (B) **"RAIL GRADE CROSSING IMPROVEMENT PURPOSES"** means 1 or more

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1 of the following:

2 (i) ~~(a)~~—The installation and modernization of active and
3 passive warning devices at railroad grade crossings.

4 (ii) ~~(b)~~—The installation or improvement of grade crossing
5 surfaces.

6 (iii) ~~(c)~~—Modification, relocation, or modernization of railroad
7 grade crossing active and passive warning devices necessitated by
8 roadway improvement projects.

9 (iv) ~~(d)~~—Test installations of innovative warning devices or
10 other innovative applications.

11 (v) ~~(e)~~—Construction of new grade separations.

12 (vi) ~~(f)~~—A cash incentive payment made pursuant to subsection
13 (1)(c)(iv) for any public road or street crossing, in an amount no
14 greater than the cost of installing flashing light signals and half
15 roadway gates at the crossing.

16 (vii) ~~(g)~~—Any other work that would be eligible for funding
17 under the federal railroad-highway grade crossing improvement
18 program or other comparable programs.

19 Sec. 11c. (1) All ~~federal aid~~ construction projects, ~~all~~
20 ~~other projects~~ of the department **OR A LOCAL ROAD AGENCY** concerning
21 highways, streets, roads, and bridges, whose cost exceeds
22 \$100,000.00 for construction or preservation as defined in section
23 10c, shall be performed by contract awarded by competitive bidding
24 unless the department ~~shall affirmatively find~~ **OR THE LOCAL ROAD**
25 **AGENCY AFFIRMATIVELY FINDS** that under the circumstances relating to
26 those projects, some other method is in the public interest. ~~All of~~
27 ~~these~~ **THE DIRECTOR OF THE DEPARTMENT [] SHALL**

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1 **REPORT** **[HIS OR HER]** findings ~~shall be reported~~ [

2] to the state

3 transportation commission 90 days before **[work is commenced and**
4 **promptly**

5
6
7] in writing to the
8 appropriations committees of the senate and house of

9 representatives **[. A COUNTY ROAD COMMISSION SHALL REPORT ITS FINDINGS**

10 **BEFORE WORK IS COMMENCED IN WRITING TO THE COUNTY BOARD OF COMMISSIONERS**
11 **OF THAT COUNTY. A CITY OR VILLAGE SHALL REPORT ITS FINDINGS BEFORE WORK**
12 **IS COMMENCED IN WRITING TO THE GOVERNING ELECTED BODY OF THAT CITY OR**
13 **VILLAGE.]** However, in

14 a case in which the department **OR A LOCAL ROAD AGENCY** determines
15 emergency action is required, the reports need not be filed before
16 ~~work is commenced~~ **A CONTRACT IS AWARDED** but shall be promptly
17 filed. ~~Local road agencies that make a decision not to perform~~
18 ~~construction or preservation projects exceeding \$100,000.00 shall~~
19 ~~contract for this work through competitive bidding.~~

20 (2) THE DEPARTMENT SHALL DEVELOP AND IMPLEMENT A PERFORMANCE-
21 BASED MAINTENANCE SYSTEM TO IMPROVE EFFICIENCIES AND OUTCOMES IN
22 THE PERFORMANCE OF MAINTENANCE SERVICES ON STATE TRUNK LINE
23 HIGHWAYS.

24 (3) NO LATER THAN SEPTEMBER 30, 2015, THE DEPARTMENT SHALL
25 DEVELOP AND IMPLEMENT A PERFORMANCE RATING SYSTEM FOR THE
26 MAINTENANCE SERVICES PERFORMED ON ALL HIGHWAYS, STREETS, AND ROADS
27 UNDER ITS JURISDICTION. THE PERFORMANCE RATING SYSTEM SHALL PROVIDE
28 FOR THE COLLECTION OF DATA ON ALL MAINTENANCE ACTIVITIES, INCLUDING
29 THE QUANTITIES AND LOCATIONS OF ACTIVITIES PERFORMED AND THE COSTS
30 ASSOCIATED WITH THOSE ACTIVITIES.

1 (4) NO LATER THAN SEPTEMBER 30, 2015, A MINIMUM OF 20% OF ALL
2 NEW OR RENEWED CONTRACTS ENTERED INTO BY THE DEPARTMENT FOR
3 MAINTENANCE SERVICES SHALL PROVIDE FOR PAYMENT BASED ON PERFORMANCE
4 OUTPUTS OR OUTCOMES ASSOCIATED WITH THE PERFORMANCE RATING SYSTEM
5 REQUIRED UNDER SUBSECTION (3).

6 (5) THE DIRECTOR OF THE DEPARTMENT SHALL REPORT RESULTS AND
7 FINDINGS ON THE OUTCOMES OF STATE TRUNK LINE HIGHWAY MAINTENANCE
8 SERVICES, THE CONTRACTING PROCESS, AND CONTRACT PERFORMANCE FOR ALL
9 CONTRACTS ENTERED INTO UNDER THIS SECTION NO LATER THAN DECEMBER 1,
10 2016, AND ON DECEMBER 1 OF EACH SUBSEQUENT YEAR TO THE
11 APPROPRIATIONS COMMITTEES OF THE SENATE AND HOUSE OF
12 REPRESENTATIVES.

13 (6) A LOCAL ROAD AGENCY THAT RECEIVED AT LEAST \$20,000,000.00
14 IN FUNDING FROM THE MICHIGAN TRANSPORTATION FUND IN CALENDAR YEAR
15 2013 SHALL DEVELOP AND IMPLEMENT A PERFORMANCE-BASED MAINTENANCE
16 SYSTEM TO IMPROVE EFFICIENCIES AND OUTCOMES IN THE PERFORMANCE OF
17 MAINTENANCE SERVICES ON ALL HIGHWAYS, STREETS, AND ROADS UNDER ITS
18 JURISDICTION.

19 (7) NO LATER THAN MARCH 31, 2016, A LOCAL ROAD AGENCY
20 DESCRIBED IN SUBSECTION (6) SHALL DEVELOP AND IMPLEMENT A
21 PERFORMANCE RATING SYSTEM FOR THE MAINTENANCE SERVICES PERFORMED ON
22 ALL HIGHWAYS, STREETS, AND ROADS UNDER ITS JURISDICTION. THE
23 PERFORMANCE RATING SYSTEM SHALL PROVIDE FOR THE COLLECTION OF DATA
24 ON ALL MAINTENANCE ACTIVITIES, INCLUDING THE QUANTITIES AND
25 LOCATIONS OF ACTIVITIES PERFORMED AND THE COSTS ASSOCIATED WITH
26 THOSE ACTIVITIES.

27 (8) NO LATER THAN SEPTEMBER 30, 2015, A MINIMUM OF 20% OF ALL

1 NEW OR RENEWED CONTRACTS ENTERED INTO BY A LOCAL ROAD AGENCY
2 DESCRIBED IN SUBSECTION (6) FOR MAINTENANCE SERVICES SHALL PROVIDE
3 FOR PAYMENT BASED ON PERFORMANCE OUTPUTS OR OUTCOMES ASSOCIATED
4 WITH THE PERFORMANCE RATING SYSTEM REQUIRED UNDER SUBSECTION (7).

5 (9) THE CHIEF EXECUTIVE OF EACH LOCAL ROAD AGENCY REQUIRED TO
6 COMPETITIVELY BID UNDER THIS SECTION SHALL REPORT RESULTS AND
7 FINDINGS ON THE OUTCOMES OF MAINTENANCE SERVICES PERFORMED ON ALL
8 HIGHWAYS, STREETS, AND ROADS UNDER THE JURISDICTION OF THAT LOCAL
9 ROAD AGENCY, THE CONTRACTING PROCESS, AND CONTRACT PERFORMANCE FOR
10 ALL CONTRACTS ENTERED INTO UNDER THIS SECTION NO LATER THAN
11 DECEMBER 1, 2016, AND ON DECEMBER 1 OF EACH SUBSEQUENT YEAR TO THE
12 DIRECTOR OF THE DEPARTMENT AND TO THE APPROPRIATIONS COMMITTEES OF
13 THE SENATE AND HOUSE OF REPRESENTATIVES.

14 (10) AS USED IN THIS SECTION:

15 (A) "LOCAL ROAD AGENCY" MEANS THAT TERM AS DEFINED IN SECTION
16 9A.

17 (B) "MAINTENANCE SERVICES" MEANS ROUTINE AND REACTIVE
18 MAINTENANCE ACTIVITIES UNDERTAKEN TO ENSURE THE NORMAL AND SAFE
19 OPERATION OF A HIGHWAY, STREET, OR ROAD, INCLUDING ACTIVITIES
20 PERFORMED ON AN APPURTENANCE OR ROADSIDE FEATURE ASSOCIATED WITH A
21 HIGHWAY, STREET, OR ROAD THAT IS NECESSARY FOR THE SAFE OPERATION
22 OF THE APPURTENANCE OR ROADSIDE FEATURE. MAINTENANCE SERVICES DO
23 NOT INCLUDE A CONSTRUCTION ACTIVITY THAT IS INTENDED TO
24 SIGNIFICANTLY REPAIR, RESURFACE, REHABILITATE, OR RECONSTRUCT A
25 HIGHWAY, STREET, OR ROAD, OR AN APPURTENANCE OR ROADSIDE FEATURE
26 ASSOCIATED WITH A HIGHWAY, STREET, OR ROAD.