MDOT Perspective

KIRK STEUDLE, P.E., DIRECTOR
MARCH 30, 2016
Transportation Funding

• Roads & Bridges are funded with “user fees”
  • Federal funds from federal gas tax: $1 billion
    • Includes $250 m to local agencies
  • State motor fuel taxes: $950 million
  • State vehicle registration fees: $1 billion
  • FY 15-16 General Fund: $400 million
• No state sales tax goes to roads
  • Not even the sales tax on gas
## FAST Act Highway Funding to Michigan

<table>
<thead>
<tr>
<th>(in millions)</th>
<th>MAP-21</th>
<th>FAST Act</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Apportioned Highway Program Funding</td>
<td>$1,016</td>
<td>$1,068</td>
</tr>
<tr>
<td>Increase from Prior Year</td>
<td>0.0%</td>
<td>5.1%</td>
</tr>
</tbody>
</table>
Nationally Significant Freight and Highway Projects: FASTLANE

- FASTLANE: Fostering Advancements in Shipping & Transportation for the Long-term Achievement of National Efficiencies
- Projects on the National Highway Freight Network or NHS
- Applications due April 14, 2016, up to 3 per agency
- Projects over $100 M can receive grants of at least $25 M; Projects under $100 M can receive grants of at least $5 M
- MDOT submitting three large project applications on major interstate routes, to complete ongoing projects
  - I-75 in Monroe County
  - I-94 in Jackson
  - I-94 in Kalamazoo
State Revenue Package

• Beginning in January 2017:
  • $410 M in additional fuel tax revenues
  • Tax on gasoline & diesel fuel rises to 26.3¢ & provides for diesel parity
  • 20% increase in vehicle registration fees totaling $190 M

• General Funds transferred to transportation & distributed through 3-way Act 51 formula for road agencies:
  • 2019: $150 M
  • 2020: $325 M
  • 2021: $600 M

• Beginning in 2022, fuel tax will be indexed, rising in proportion to increases in Consumer Price Index, or 5%, whichever is less
ROAD DISTRIBUTIONS IN 2021, WITH 8 LARGEST LOCAL AGENCIES

- MDOT
- 77 other counties
- Washtenaw County
- Genesee County
- Kent County
- Macomb County
- Wayne County
- Oakland County
- 531 other cities
- Detroit
- Grand Rapids
## Additional Transportation Revenues to State Trunkline Fund (STF)

<table>
<thead>
<tr>
<th>Millions</th>
<th>FY 2017</th>
<th>FY 2018</th>
<th>FY 2019</th>
<th>FY 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Additional Fuel &amp; Registration Revenue</td>
<td>$158</td>
<td>$206</td>
<td>$207</td>
<td>$208</td>
</tr>
<tr>
<td>Additional General Fund</td>
<td>$0</td>
<td>$0</td>
<td>$59</td>
<td>$127</td>
</tr>
<tr>
<td>Additional Funds for STF Debt Service</td>
<td>$7</td>
<td>$7</td>
<td>$7</td>
<td>$7</td>
</tr>
<tr>
<td><strong>STF Revenue Package Total</strong></td>
<td><strong>$165</strong></td>
<td><strong>$213</strong></td>
<td><strong>$273</strong></td>
<td><strong>$342</strong></td>
</tr>
<tr>
<td>State Funds Needed to Match Federal Aid</td>
<td>-$122</td>
<td>-$126</td>
<td>-$129</td>
<td>-$132</td>
</tr>
<tr>
<td><strong>Available for Trunkline Program</strong></td>
<td><strong>$43</strong></td>
<td><strong>$87</strong></td>
<td><strong>$144</strong></td>
<td><strong>$210</strong></td>
</tr>
<tr>
<td>Fast Act Increase (MDOT 75%)</td>
<td>$43</td>
<td>$59</td>
<td>$77</td>
<td>$99</td>
</tr>
</tbody>
</table>
Highway Program Investment by Program Category
FY 2016 to 2020
Includes New Federal and State Transportation Revenues

Routine Maintenance
Capacity Improvement
Preserve
Additional Program Due to Funding Increase
Bottom Line

• Now is the time to focus efforts on asset management process

• MDOT is investing almost all new money into concrete, asphalt, & steel
Public Act 175 of 2015

- Requires establishment of MDOT Roads Innovation Task Force (RITF) to produce comprehensive public report with specific requirements:
  - Evaluates road materials & construction methods
  - Focuses on materials that may cost more in up-front spending but produce life-cycle savings
  - Strives to achieve a reduction of at least 50% in net present value 50-year life-cycle costs
  - Focuses on longer-term time frames that maximize value to taxpayers on total cost basis
  - Includes a plan to achieve these targets
Evaluation of Materials & Processes

Vision Statement

**MDOT will be recognized as a progressive & innovative agency with an exceptional workforce that inspires public confidence.**

Tools Used for Evaluating Materials & Processes

- New Materials Evaluation Procedure
- Pavement Demonstration Program
- Research Findings & Results
- National & International Studies
Longer-Term Time Frames

Improvements to HMA Pavements

- Regression of air voids to 3% to get more asphalt in the mixture
- Implemented longitudinal joint density specification
- Only allow fine-graded mixes for top courses
- Use of softer binders for preventive maintenance projects
- Performed HMA Peer Review – reviewing recommendations for implementation
  - Acceptance specifications
  - Construction practices
  - Mix design practices
The Future

• Infrastructure Committee
  • The Commission for Building 21st Century Infrastructure will make recommendations to solve our state’s infrastructure challenge
  
  - Governor Rick Snyder, 2016 State of the State

• Autonomous Vehicle Deployment
  • M-city
  • American Center for Mobility