

MDOT/ACEC PARTNERING WORKSHOP



Greg C. Johnson
Chief Operations Officer
February 4, 2010



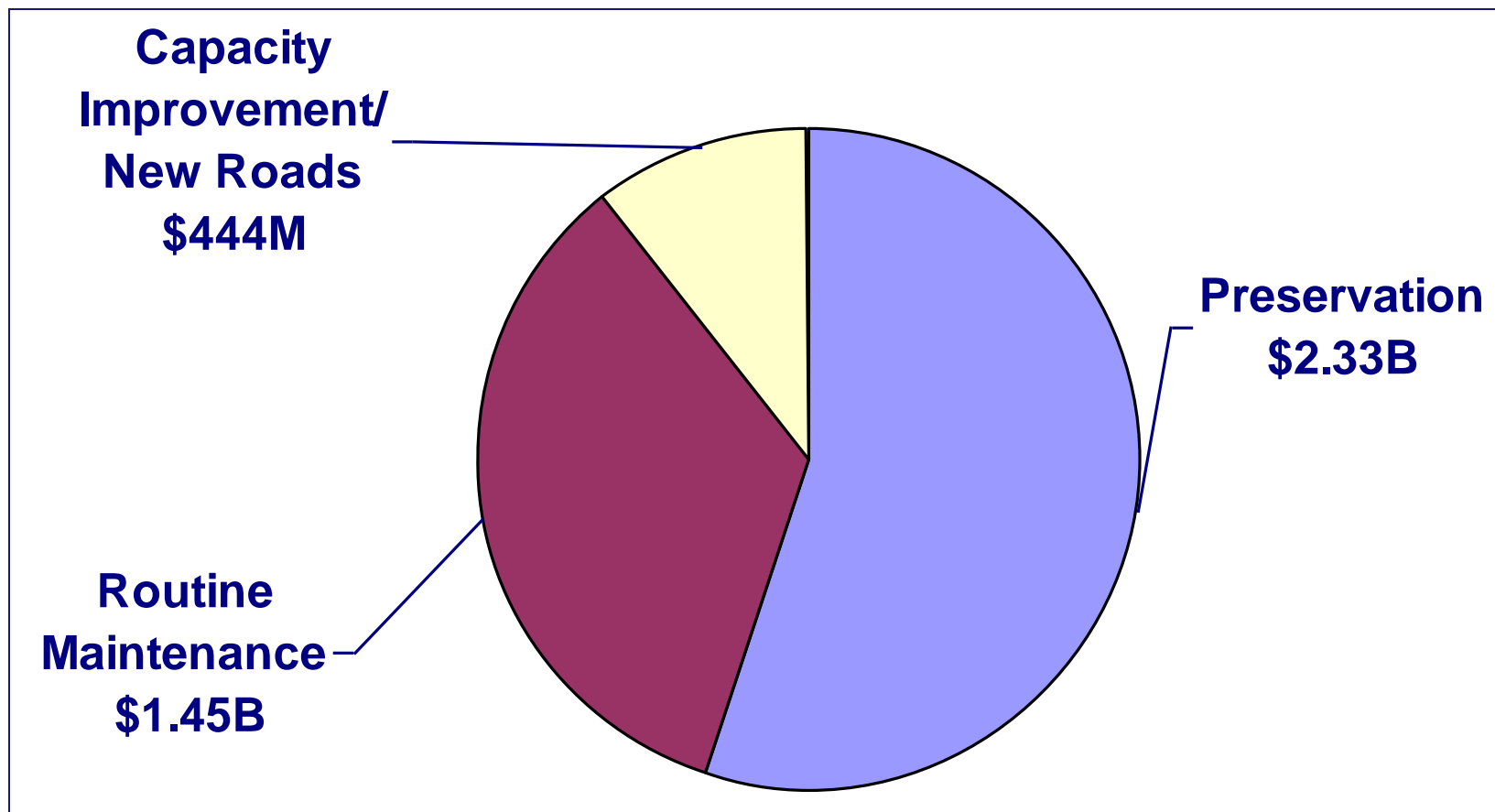
MDOT Transportation Funding Key Messages

- ❖ **Michigan is Facing a Transportation Funding Crisis at Both Federal and State Level**
- ❖ **Presentation Will Focus on What MDOT is Doing to Address the Funding Crisis Facing our State Trunkline Highway Program**
- ❖ **State Revenues Continue to Decline**
- ❖ **No Additional State Funding Appears in Sight**

MDOT Transportation Funding Key Messages

- ❖ Operating Under Federal Highway Continuing Resolution Through February 2010**
- ❖ As a Result, Highway Program Will Need to be Reduced**

2010-2014 Highway Program Investments



Anticipated Highway Investment = \$4.22 Billion

Revenue Assumptions Highway Program

❖ Federal Revenue Assumptions

- **No Federal Reauthorization Bill - Operating Under Continuing Resolution**
- **2010 and 2011 Revenue Assumed Same as 2009, then 3.2% Growth**
- **MDOT's Share of Federal Aid for the Trunkline Program is Estimated to be \$3.95B**

Revenue Assumptions Highway Program

❖ State Revenue Assumptions

- Revenue Based on the Department of Treasury's Michigan Transportation Fund Estimate
- State Revenues Continue to Decline in 2010
- Assume 1% growth per Year Beginning in 2011
- Total State Revenue is Estimated at \$1.5B for Capital Outlay, Routine Maintenance, and Debt service

Funding Issues

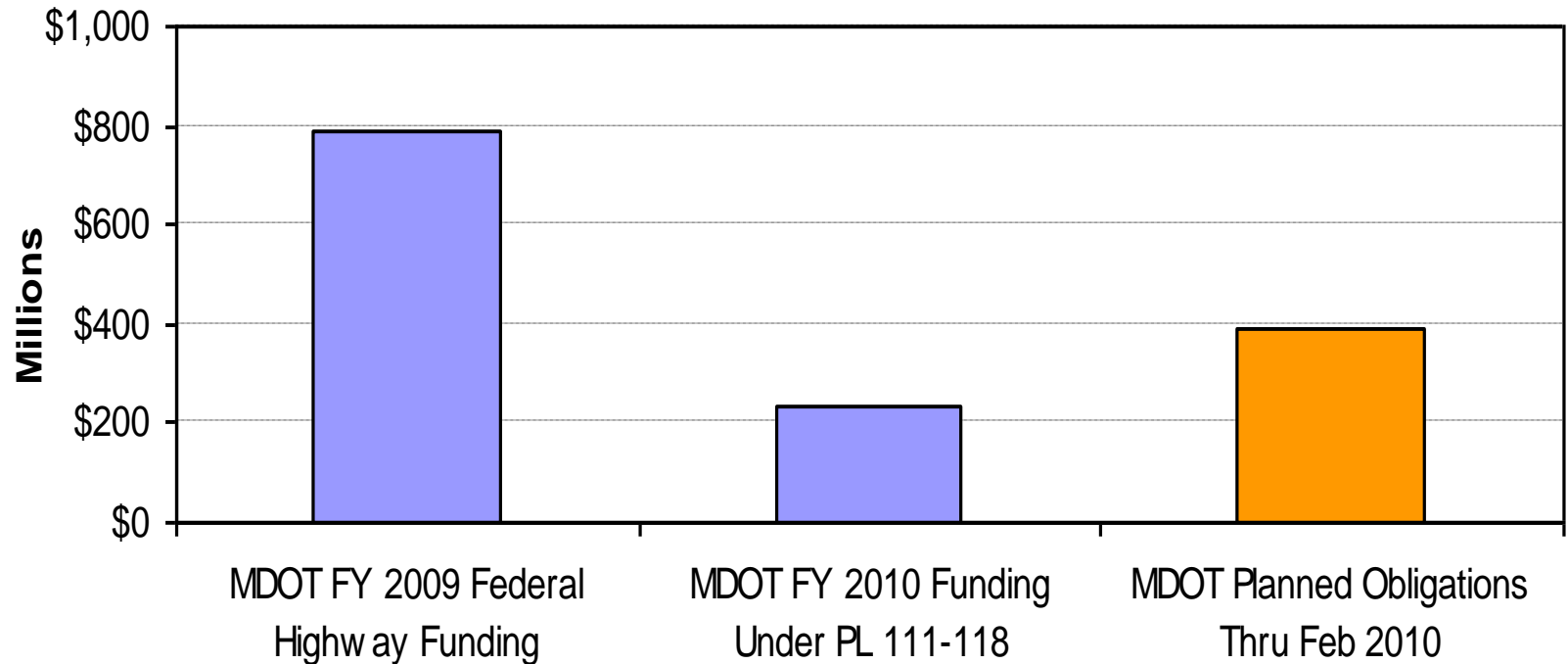
- ❖ **Two Important Transportation Funding Issues Impacting the Five-Year Highway Program**
 - **Lack of Federal Funds Impacts FY 2010**
 - **Lack of State Revenue Impacts FY 2011 and Beyond**

FY 2010 Federal Funding Crisis

- ❖ SAFETEA-LU Expired September 30, 2009, and Apportionment Balances were Rescinded**
- ❖ Continuing Resolutions Through February 28, 2010 at Two-thirds Funding Level**
- ❖ \$250M Less Federal Funding Impacting Approximately \$300M Worth of Projects when State Match is Included**

FY 2010 Federal Funding Crisis

Comparison of Funding and Planned Investments



FY 2010 Federal Funding Crisis

- ❖ Pre-construction Activities will Continue for FY 2010**
- ❖ Move Forward with Current Letting Schedule**
- ❖ Analyze Program and Prioritize Remaining Projects to Deliver Most Critical Within Funding Available**
- ❖ Use Advance Construction (AC) to Cover Funding Gaps due to Insufficient Apportionments**
 - Convert AC when Apportionment Balances are Available**

FY 2010 Federal Funding Crisis

- ❖ Will Stay Within Financial Constraint Limit of \$1.06B to the State**

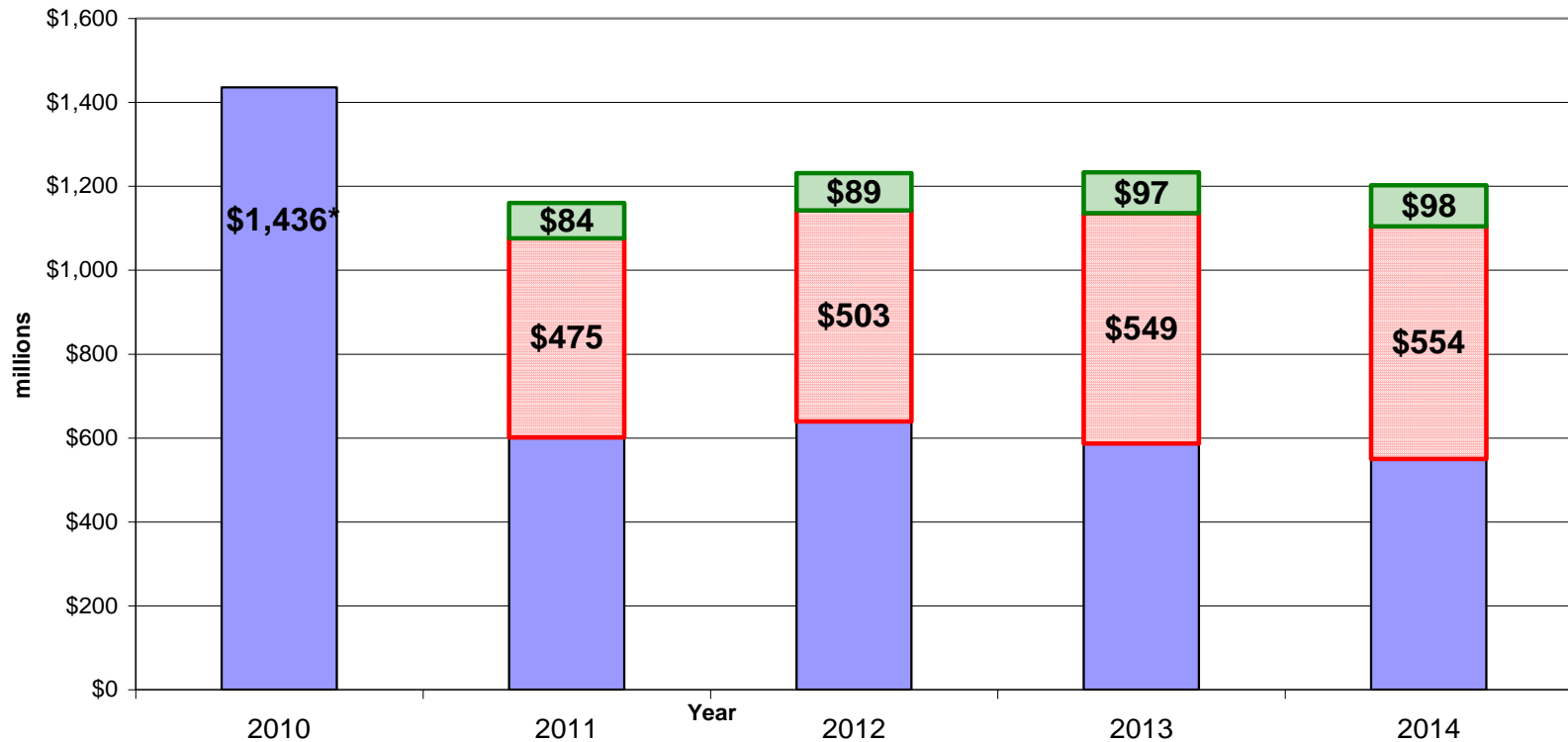
FY 2011-2014 State Funding Crisis

- ❖ **Anticipated Shortfall of State Revenue and Unmatchable Federal-aid Over \$2.4B for the 2011-2014 Time Frame**
- ❖ **This Results in an Estimated Annual Shortfall of \$600M Beginning in 2011**



FY 2011-2014 State Funding Crisis

MDOT Highway Revenue Shortfall and Federal-Aid Lost



■ Estimated Program Total with Routine Maintenance** ■ Federal Aid Lost ■ State Revenue Shortfall

* 2010 Proposed Highway and Maintenance Capital Program with anticipated American Reinvestment and Recovery Act (ARRA)

** Reduced Program sizes are reported by year in Reduced Highway Investment Strategy & Impacts Section and adjacent chart.

Investment Strategy Highway Program

- ❖ **Two Highway Investment Strategies Outlined in Five-Year Program**
 - **Matching all Available Federal aid**
 - **Reduced**
- ❖ **Reduced Strategy Decreases the Program by Approximately \$600M Each Year Beginning in Fiscal Year 2011**

Investment Strategy Highway Program

❖ Under Reduced Strategy:

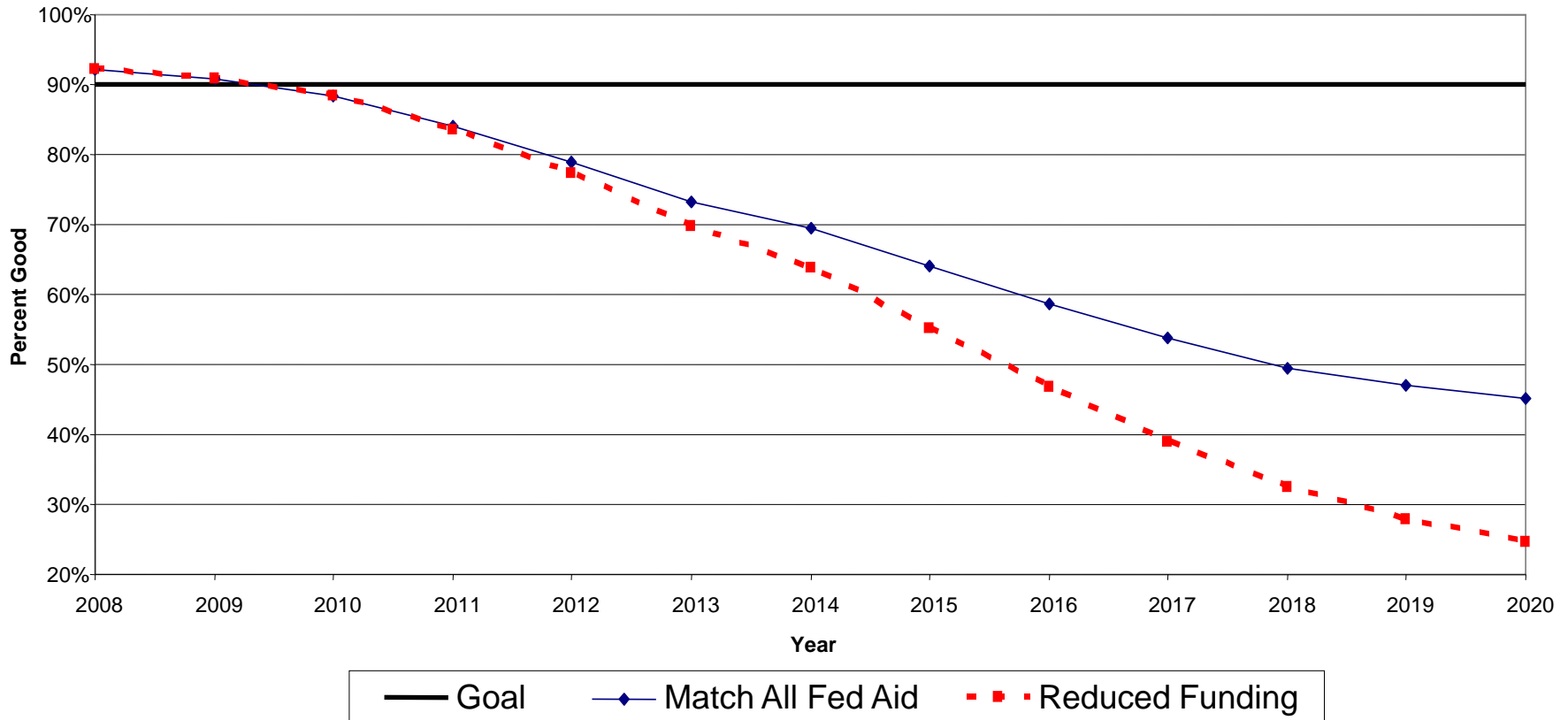
- **Pre-construction Activities Would Continue, However Lettings will be Impacted**
- **Continues to Focus on Preservation as well as Safety and Operations**
- **Provides some Level of Funding for all Highway Capital Program Categories**
- **Maintains Priority Projects on Corridors of Highest Significance**

Investment Strategy Highway Program

Highway Program-(Annual/Avg)	Match All Fed Aid 2010-2014	Reduced Program 2011-2014
❖ Repair & Rebuild Roads	\$455 M	\$164 M
❖ Repair & Rebuild Bridges	\$202 M	\$68 M
❖ Capacity Improvements/ New Roads	\$55 M	\$10 M
❖ Safety & Operations	\$76 M	\$33 M
❖ Congestion Mitigation and Air Quality	\$40 M	\$7 M
❖ ITS	\$13 M	\$3 M
❖ Other	\$108 M	\$39 M
❖ Routine Maintenance	\$304 M	\$289 M
❖ TOTAL	\$1.253 B	\$613 M

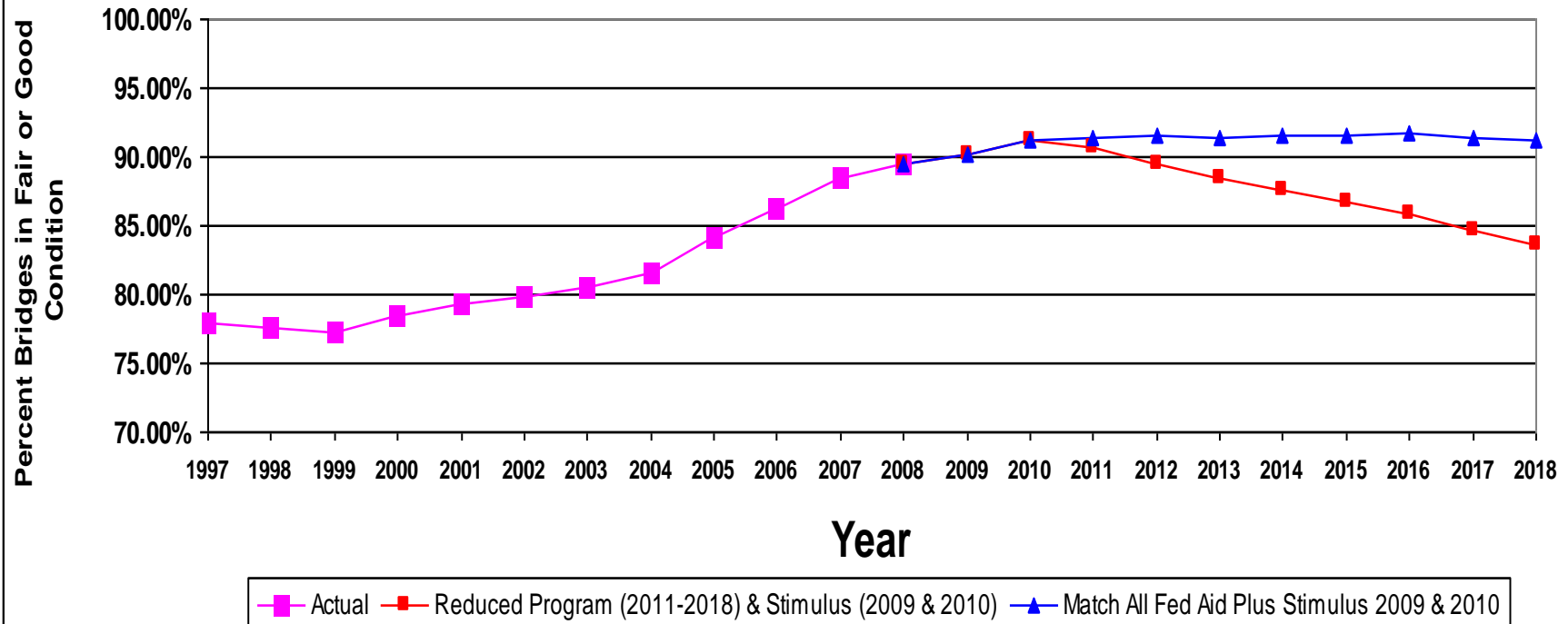
Reduced Highway Program Impacts Preserving the Highway System

Pavement Condition Forecast Comparison Match All Federal Aid vs. Reduced Funding Strategies



Reduced Highway Program Impacts Preserving the Highway System

Bridge Condition Forecast System MDOT - Freeway and Non-Freeway Bridges



Will not Meet the Combined Bridge Condition Goal

Reduced Highway Program Impacts Safety & System Operations

❖ Safety

- Beginning in FY 2011, the replacement cycle for signs will increase from 15 to 25 years.**
- Limited placement of non-freeway rumble strips and edge line pavement markings**
- Continue to emphasize pavement markings where federally mandated**

Reduced Highway Program Impacts Safety & System Operations

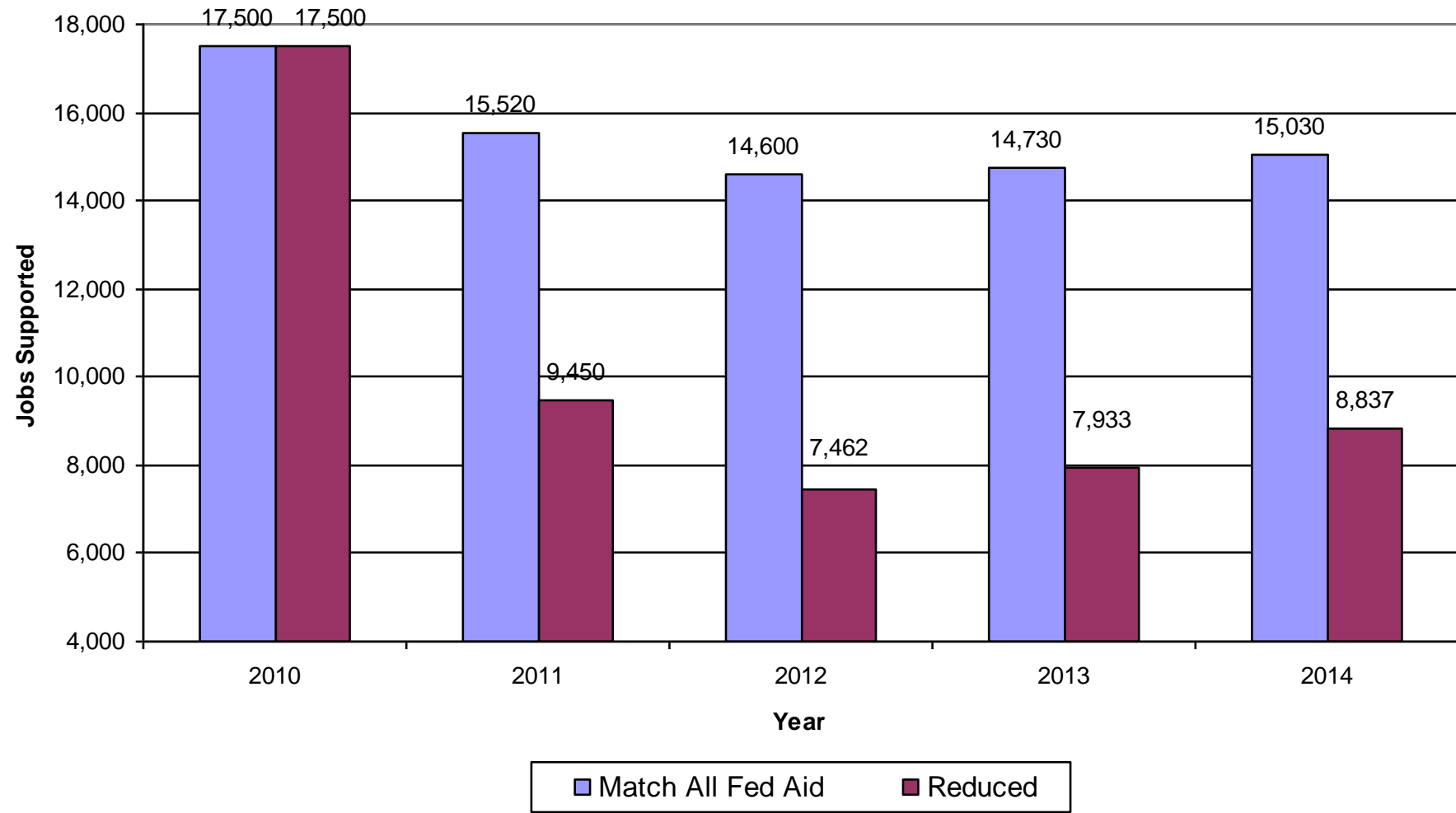
- **Traffic Signal replacement cycle grow from 25 to over 50 years and retiming from 10 to 15 years.**
- **Focus on safety projects with the greatest benefit**

Reduced Highway Program Impacts Expanding the Highway System

- ❖ **Portions of the Holland to Grand Haven Bypass will be Delayed Including Work Along M-231, I-96, and US-31 in Ottawa County**
- ❖ **Construction Projects that will be Funded**
 - **M-231- Bridge over the Grand River in Ottawa County in 2011.**
 - **US-131- New bridge over the St. Joseph River, in St. Joseph County in 2013.**
 - **Blue Water Bridge Plaza Project (Toll Revenue Funded)**

Reduced Highway Program Impacts Supporting Economic Opportunities

Jobs Supported by MDOT's Highway Program 2010-2014



Conclusion

- ❖ **Challenging Times Ahead**
- ❖ **Continuing to Work for Efficiencies and Savings**
- ❖ **Prioritizing Program**
- ❖ **Looking Forward to Long-term Funding Solutions at both the Federal and State Level**

Questions?