



Washtenaw County Road Commission

Core Services Review

March 2, 2009

David Rutledge, Chair

Doug Fuller, Vice Chair

Fred Veigel, Member

Steve Puuri, Managing Director



Core Service Review Proposed Working Session Schedule

- **Organizational Overview - March**
- **Asset Management - April**
- **Equipment & Facilities - May**
- **Employees & Contracted Services - June**
- **Sustainable Strategies - July**



Organizational Overview

- **Financial Overview**
- **Core Services Review**
- **Expansion of Services**
- **Inflationary Pressures**



Financial Overview



- **Revenue Trends**

- Michigan Transportation Fund
- Total Revenue
- Miscellaneous Revenue

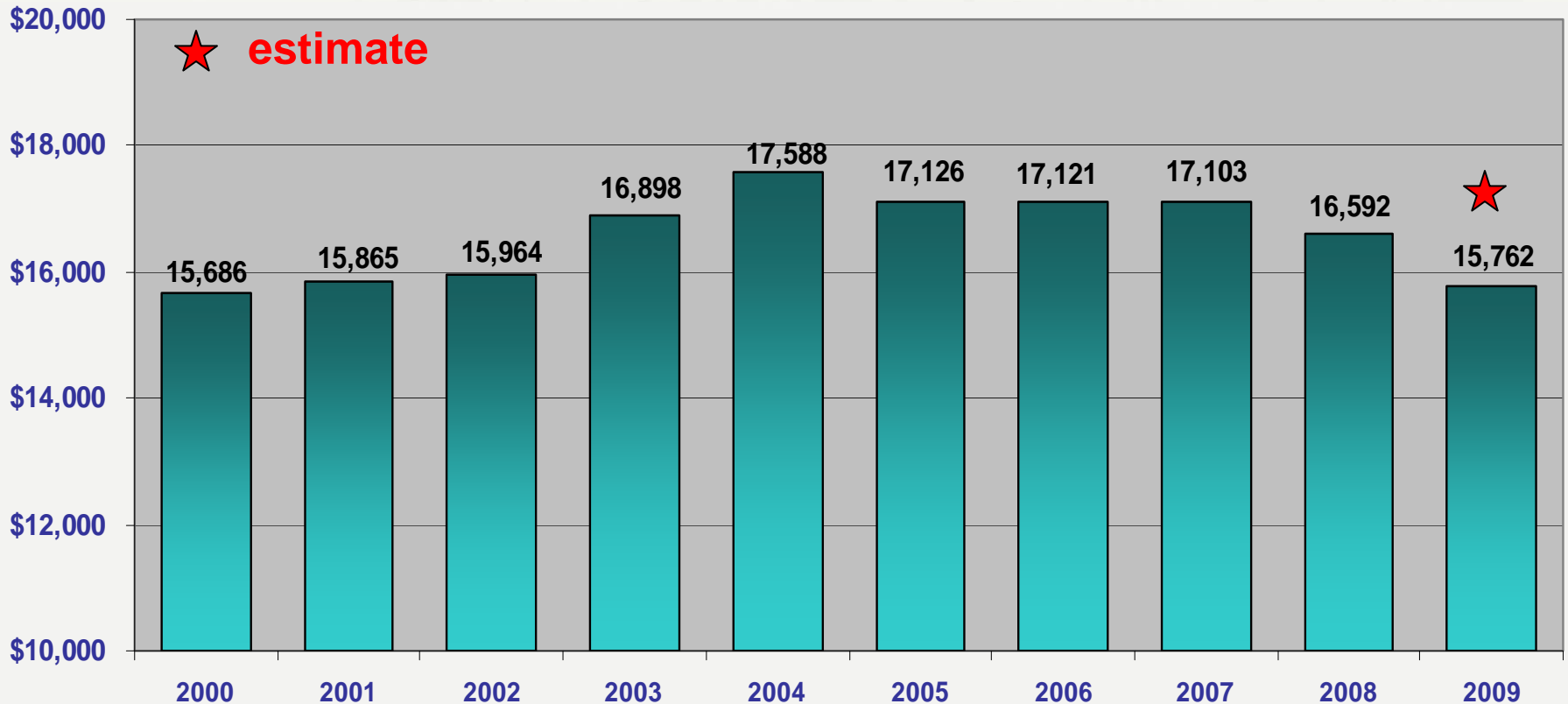
- **Expenditure Trends**

- **Fund Balance Trend**



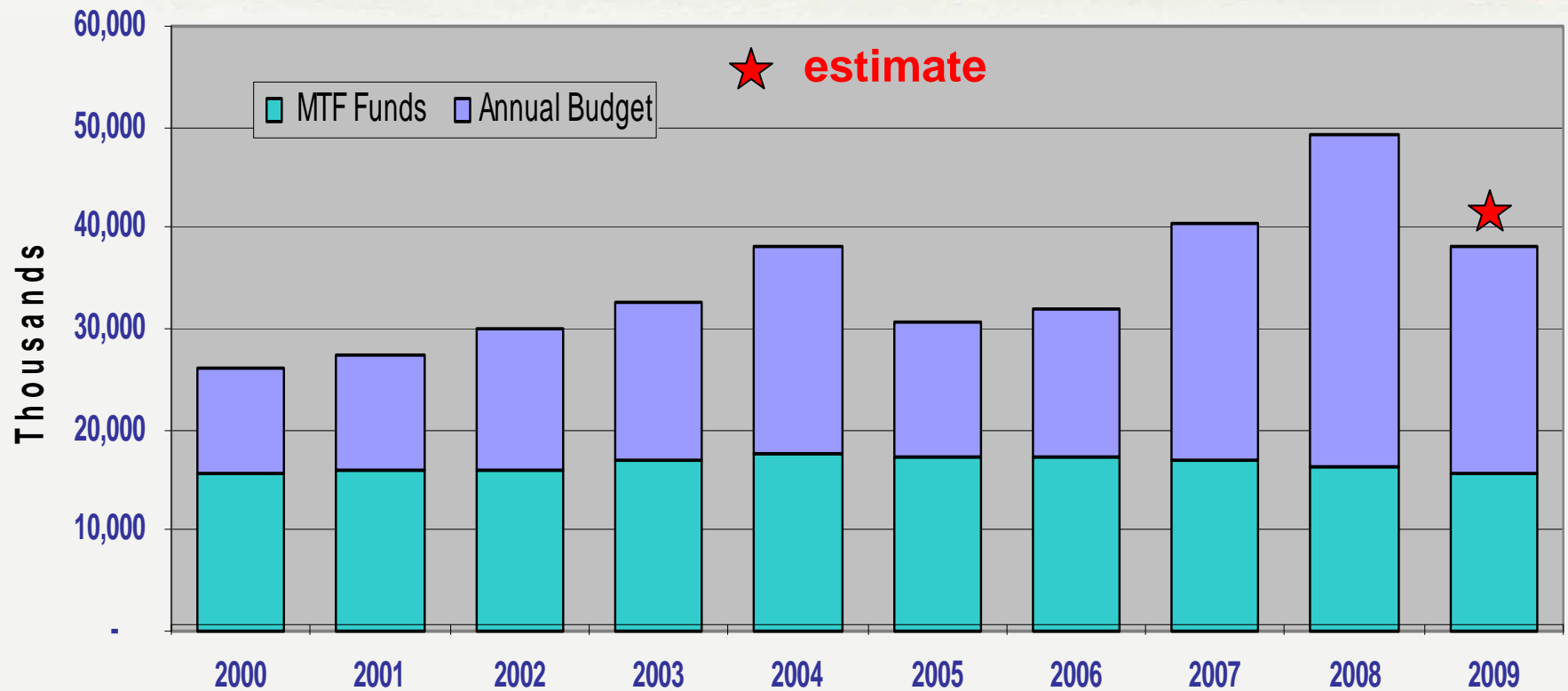
Michigan Transportation Fund

MTF revenue has decreased to 2000 levels



Total Annual Revenue

Annual Revenue Excluding In-Kind Contributions



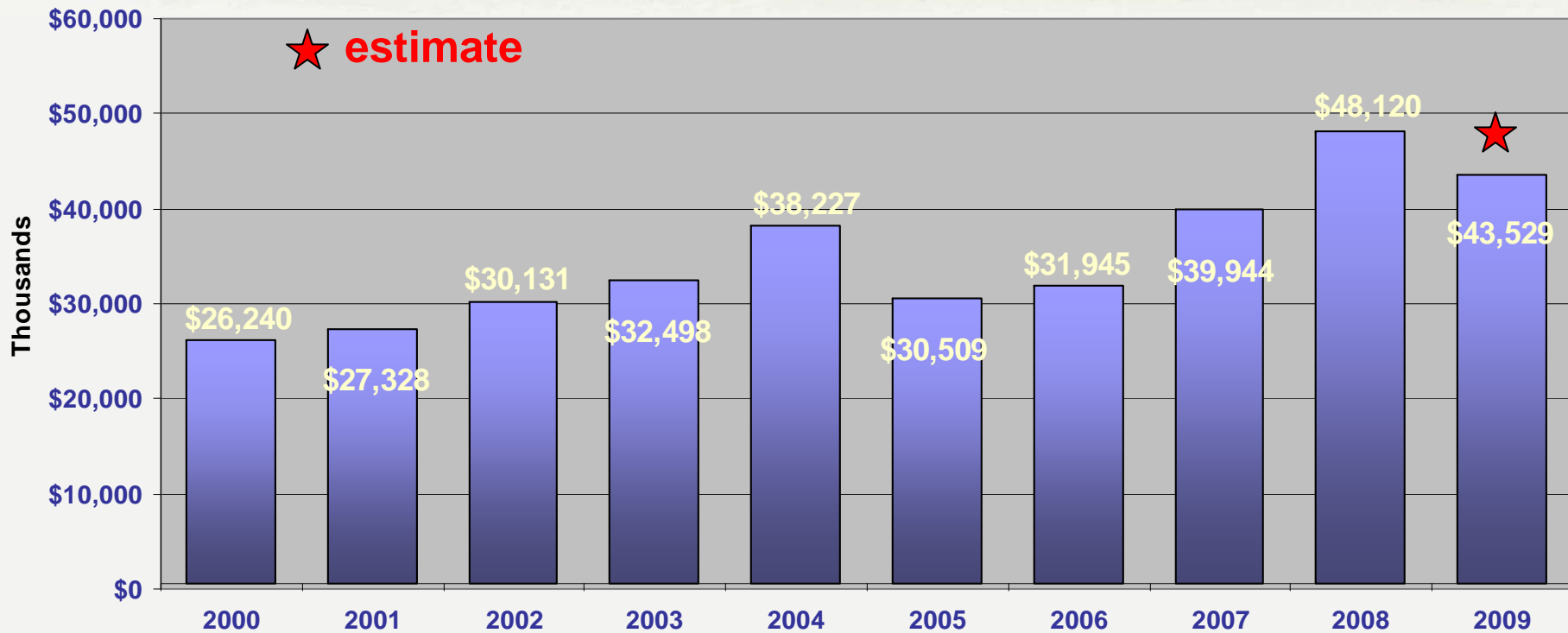
Miscellaneous Revenue

- Township Annual Agreements - \$2 to \$3 million
- Private Developer Revenue - \$5 to \$15 million
- Interest Earnings - \$200,000 to \$250,000
- Land Sales & Lease - \$30,000 to \$40,000
- Equipment Auction - \$30,000 to 35,000

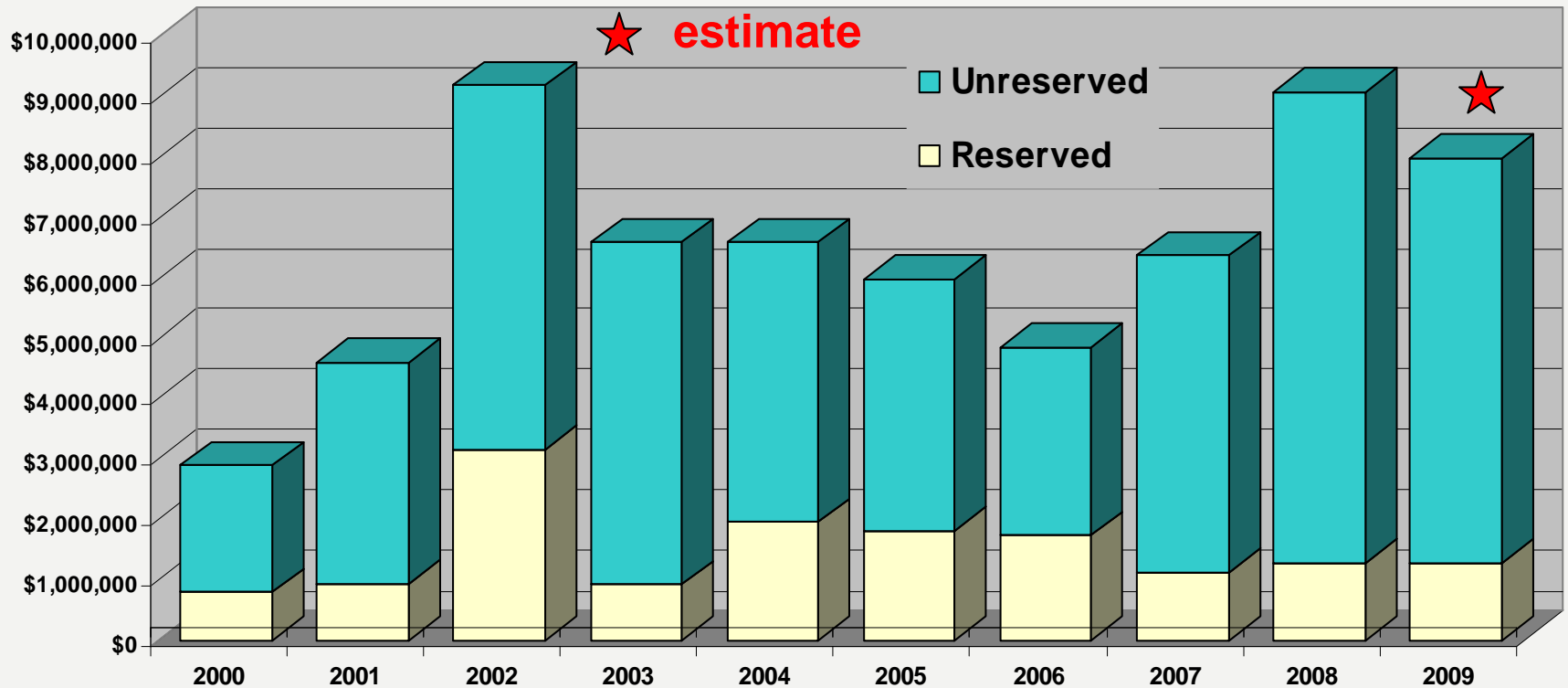


Annual Expenditures

Expenditures Excluding In-kind Contributions



WCRC Fund Balance



Core Services Review

- Routine Maintenance Costs
- Capital Investment Capacity
- Statutory Obligations
- Risk Management
- Stakeholder Expectations

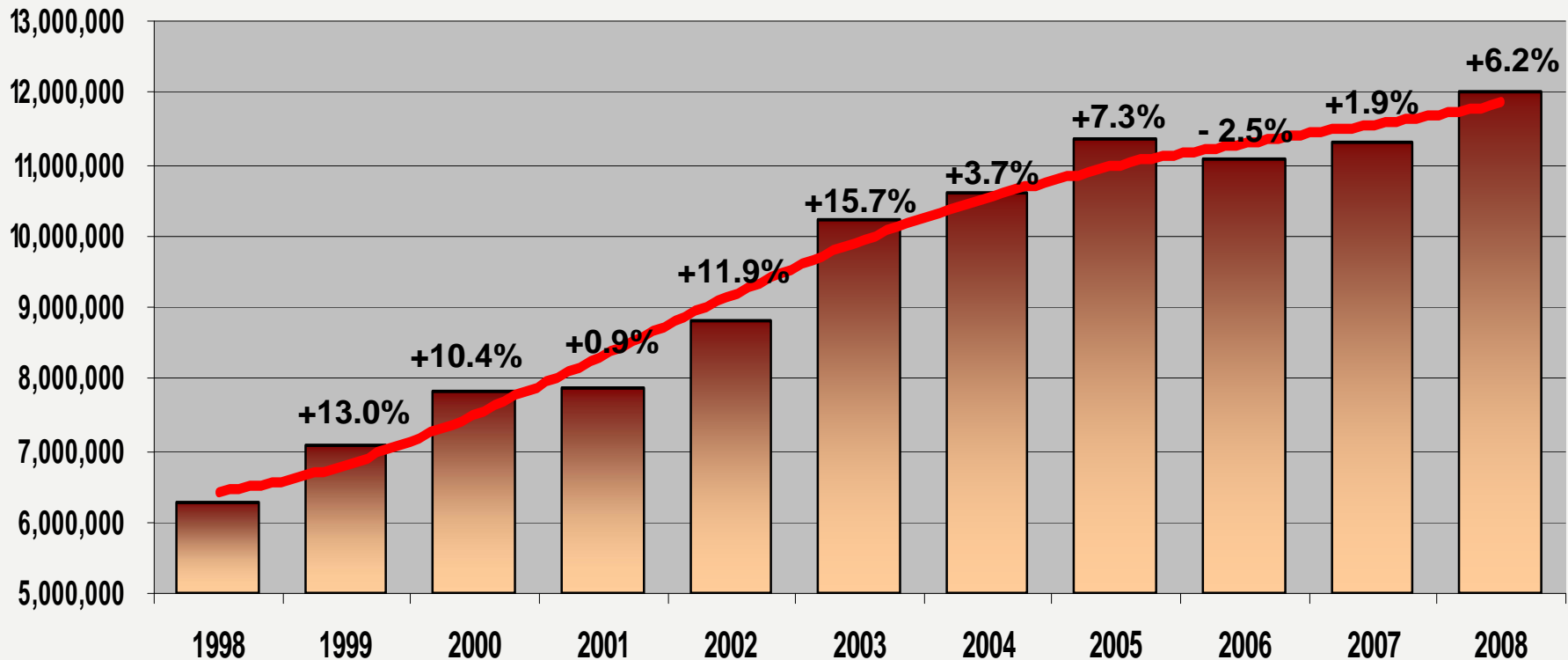


Core Services Costs

Primary & Local Roads – Routine Maintenance

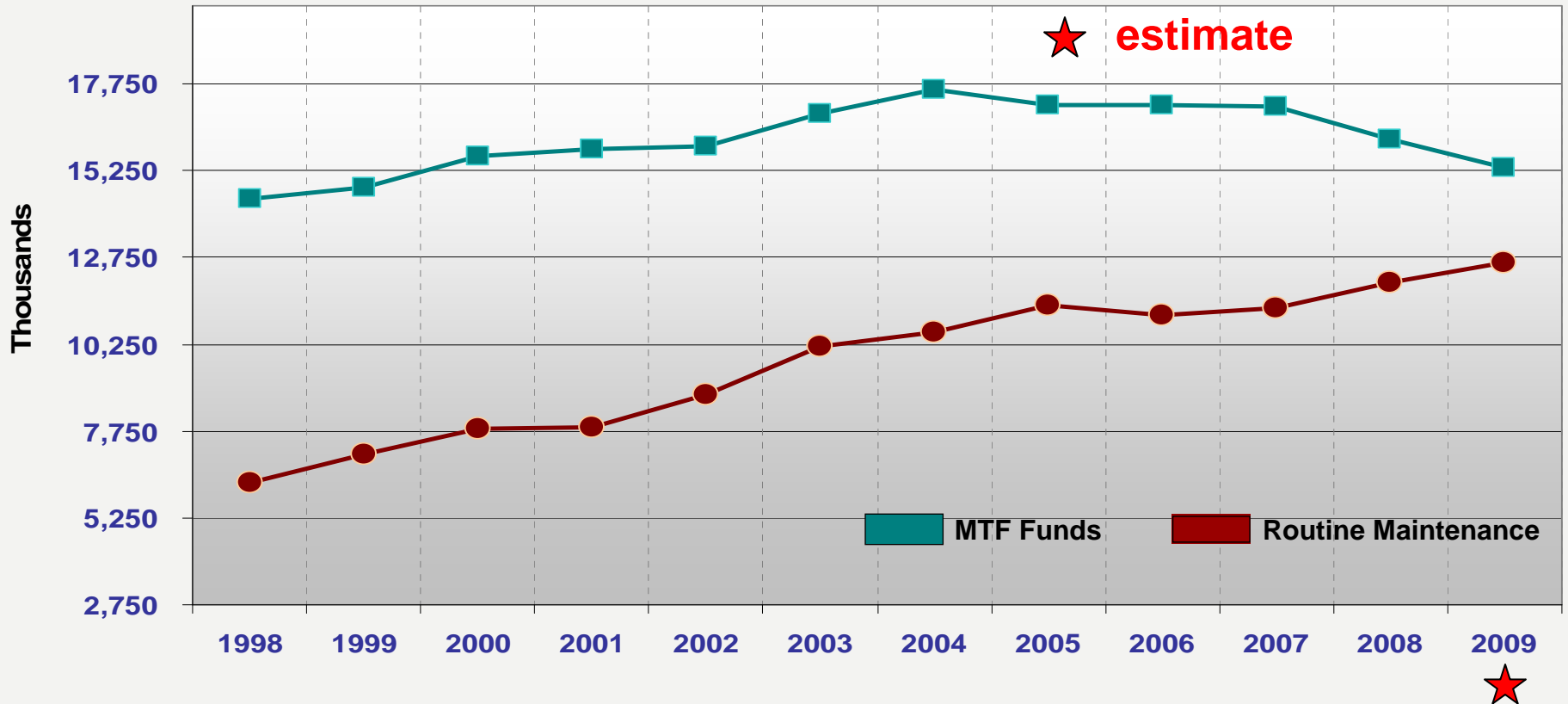
Costs for routine maintenance have increased by 97% since 1998 (+9.7%/yr.)

Source: Act 51 Reports



Available Capital Investments

MTF Revenues vs. Core Services Costs



Statutory Obligations

- **Maintain a Reasonably Safe and Convenient Road System**
- **Public Act 51 of 1951**
- **Numerous Federal & State Mandates**



Risk Management

- Michigan County Road Commission Self Insurance Pool – Road Liability
- County Road Commission Self Insurance Fund – Worker’s Compensation
- Solid Legal Counsel Track Record
- Professional Staff Training & Experience



Stakeholder Expectations

- Smooth & Clear Roads
- Open & Unrestricted Bridges
- Safety & Congestion Improvements
- High Level of Services on Local Roads
- Efficient & Effective Customer Services



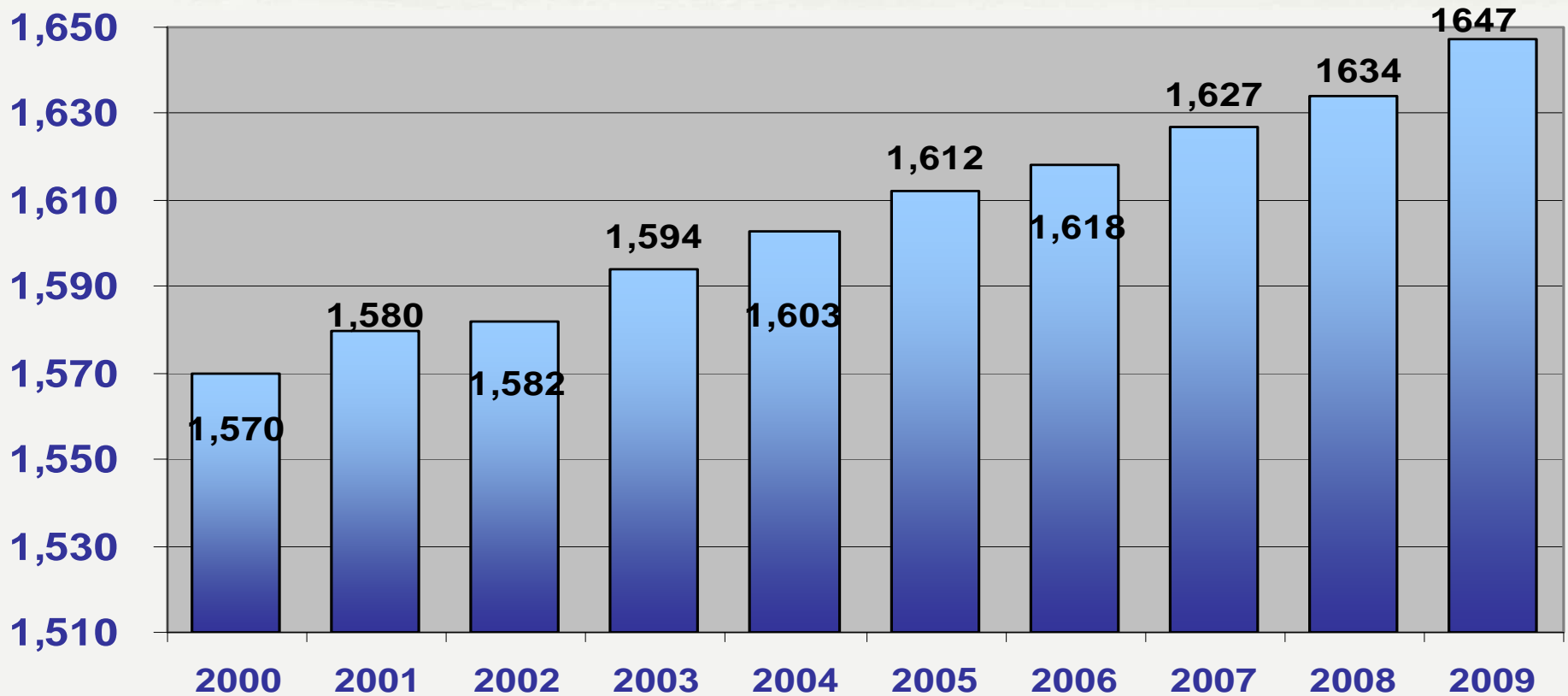
Expansion of Services

- Overall Length & Lane Miles Increasing
- Vehicle Miles Traveled Increasing
- Commercial Traffic Increasing
- Federal & State Regulations
- Customer Services



Road System Growth

Primary & Local Miles Maintained in Washtenaw County



Expansion of Services



- **Vehicle Miles Traveled Increasing 1.2%/year**
- **Trucks carry 70% of Total Freight in Michigan**
- **Truck Traffic Expected to increase 100% in 20 yrs. - US Department of Transportation**
- **Federal & State Regulations—unfunded mandates**
- **Customer Services**

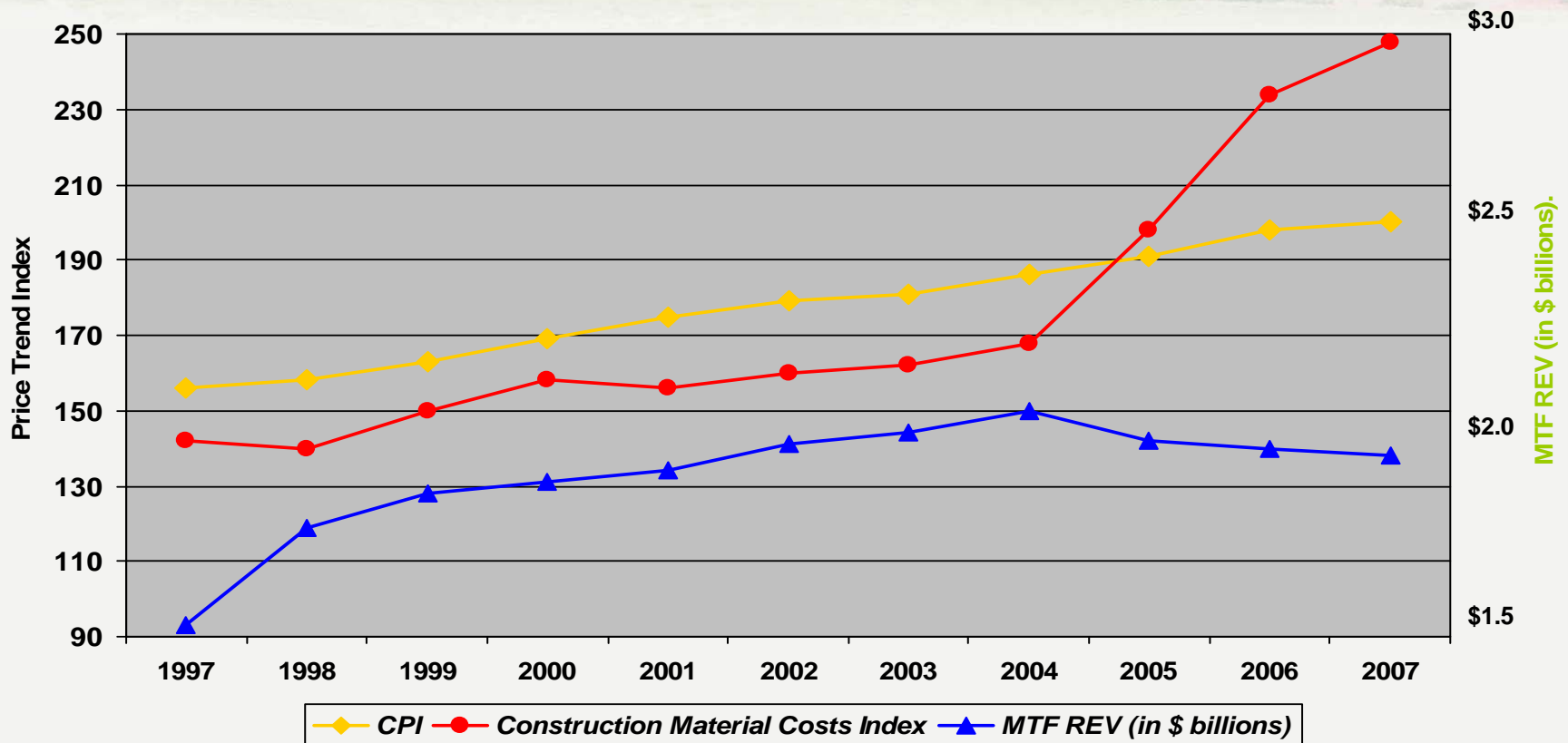


Inflationary Pressures

- **Road Construction Cost Index**
- **Equipment & Road Materials Cost Increases**
- **Employee & Legacy Cost Increases**
- **Under Funded Future Liabilities**



CPI and Construction Cost Indexes vs. MTF Revenue - 1997-2007



Inflationary Pressures

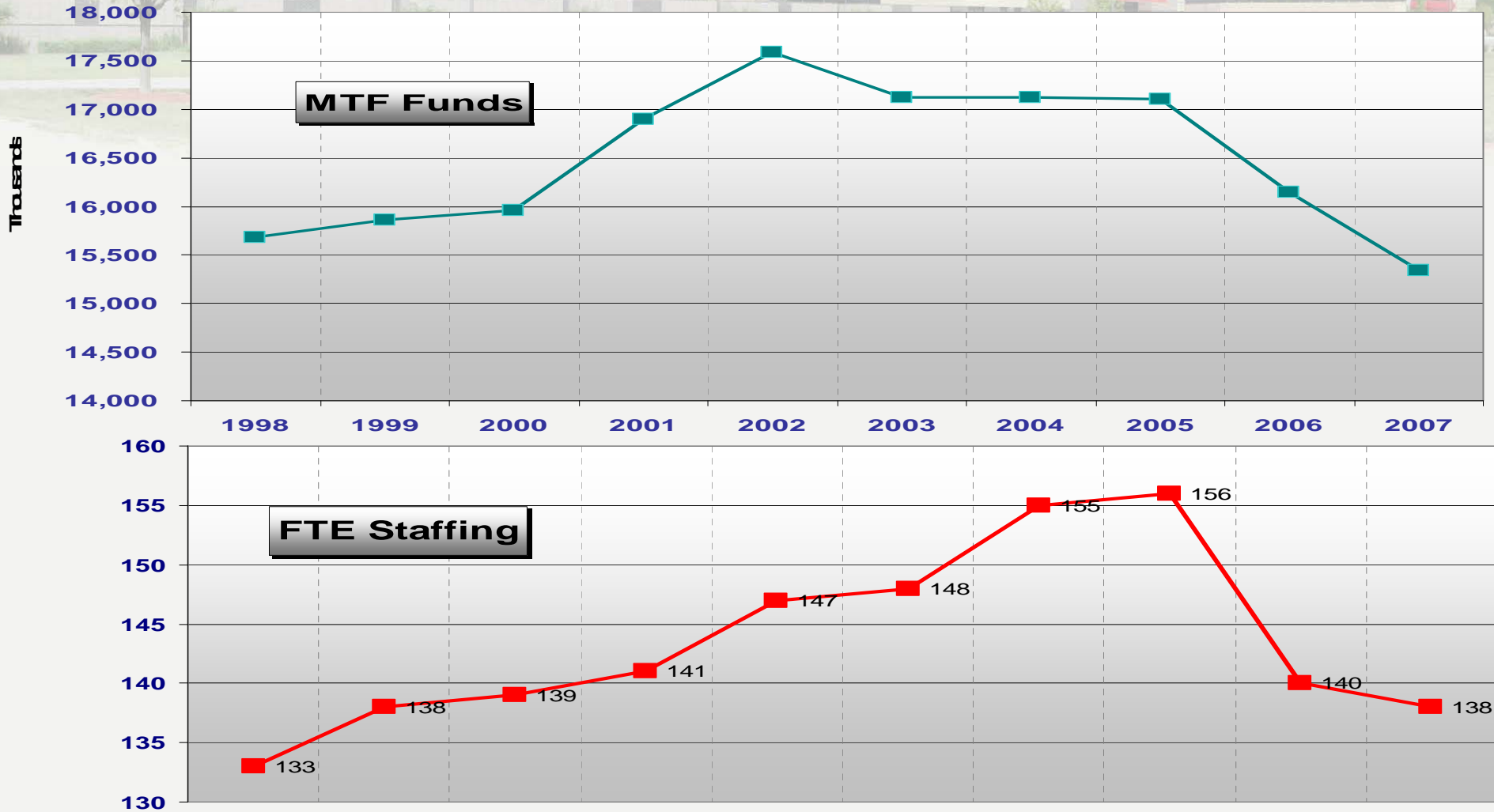
Cost increases 2003 to 2008

- Diesel Fuel.....202%
- Gasoline.....151%
- Tandem Axle Dump Trucks.....50%
- Salt.....111%
- Plow Blades.....145%
- Limestone.....37%
- Cold Patch.....223%
- Contract Brine.....32%
- Culvert.....50%



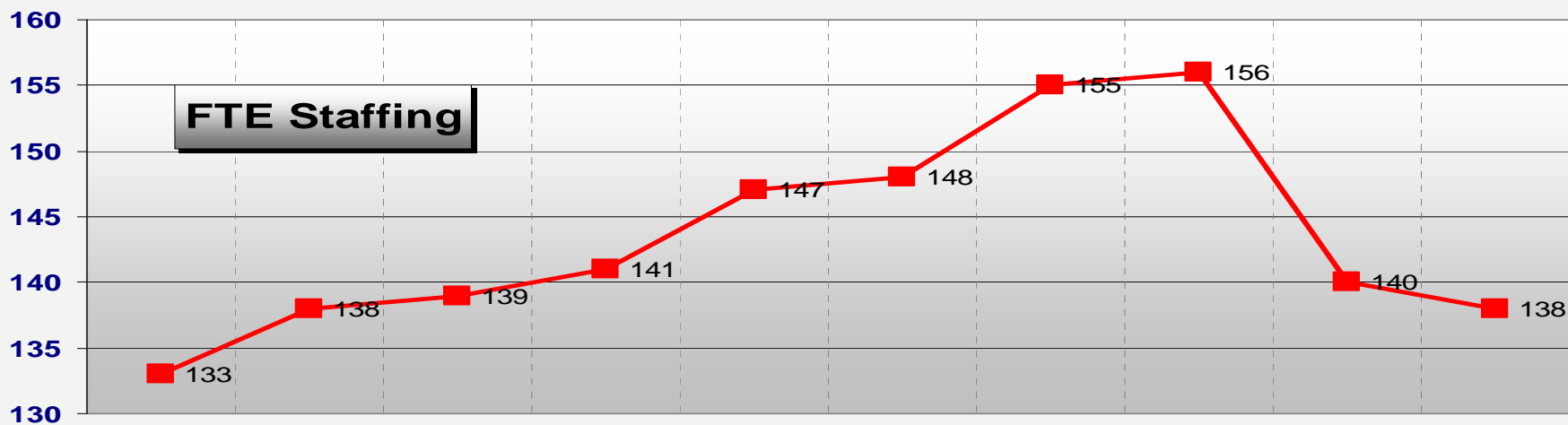
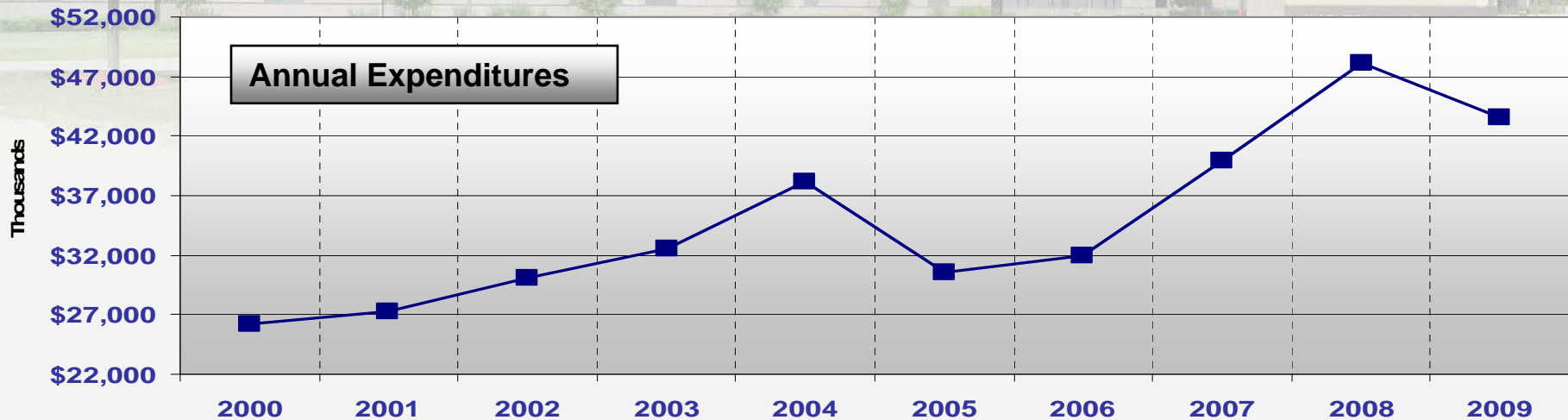
Full-time Staffing Trend

MTF Revenues vs. Staffing



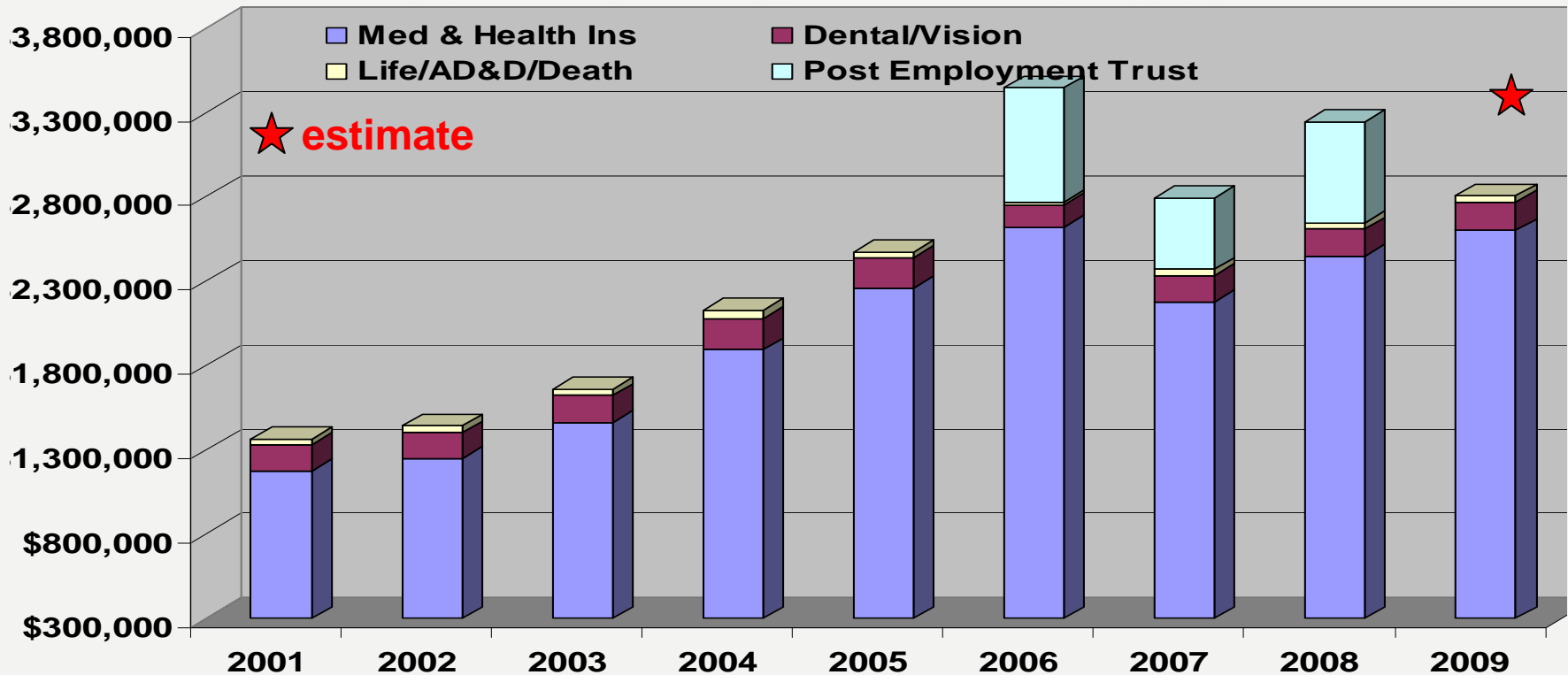
Full-time Staffing Trend

Annual Expenditure vs. Staffing



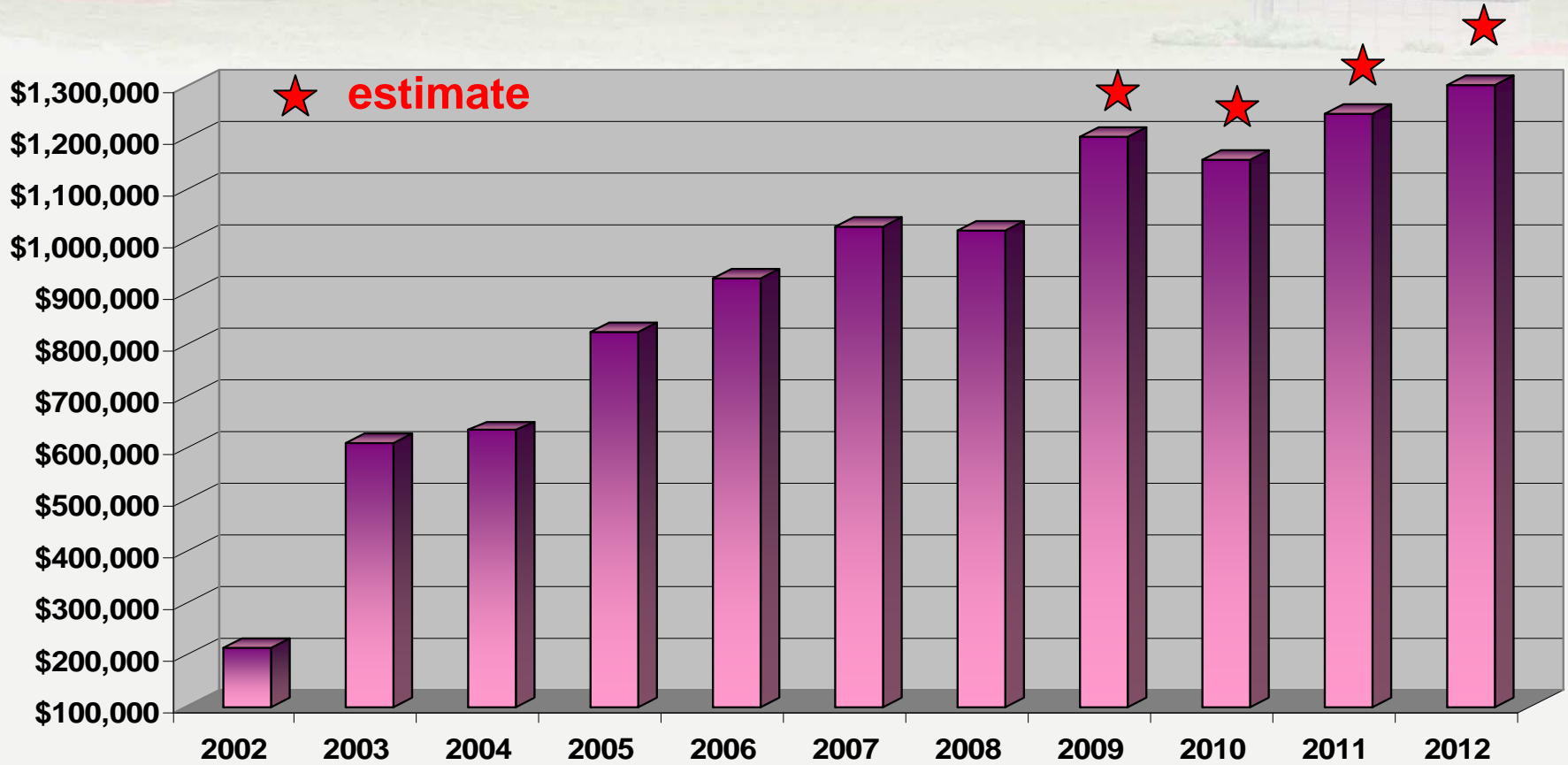
Health Care Benefits

Benefits increased from \$1.4 million to \$2.8 million (8 yrs.)



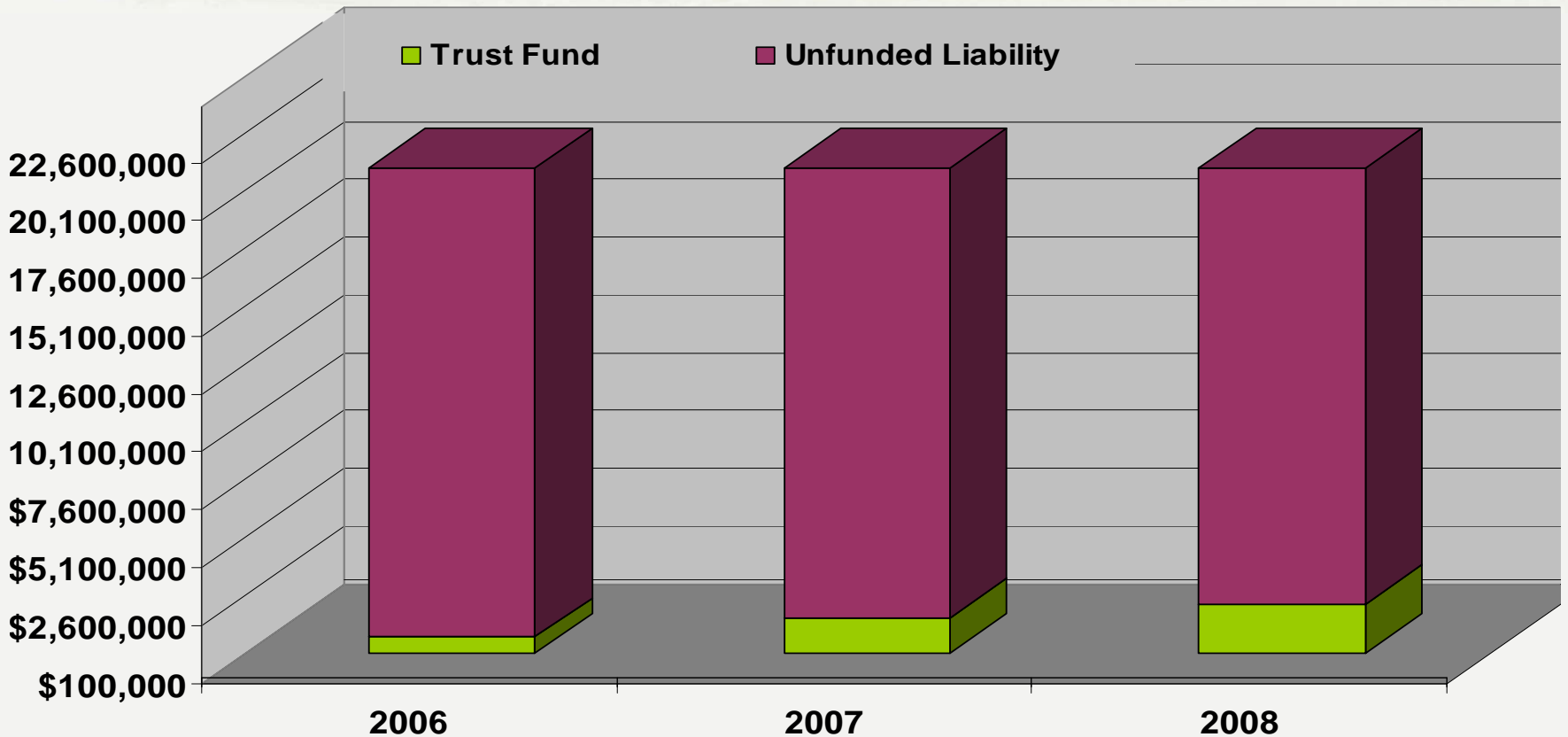
Retirement Costs

WCRC Contributions - have increased from \$300,000 to \$1.2million in 9 years



Post Employment Healthcare Trust

Unfunded OPEB Liability



Asset Management

- **Public Act 199 of 2007 requires road agencies to develop an Asset Management Plan**
 - This long-term initiative has focused on quantifying a state-wide inventory of paved road surface conditions
 - The WCRC established a pavement management system in 1995
 - The first asset management plan report was submitted on September 30, 2008



Asset Management Plan - Local Roads

- **Annually Update our Inventory of Assets**
- **Annual Engagement of Stakeholders**
- **Regular Collaboration with Township Officials (or Road Committees)**
- **Annual Preventative Maintenance Plan Update**
- **Annually Contract with Township to address mutual priorities**



Overview of Road System Assets

- **Federal-aid Paved Roads 4th Worst in the State**
- **Federal-aid Road Resurfacing Needs \$80 million**
- **29 Restricted Bridges (4 closed)**
- **26 Intersections Need Signals or Improvements**
- **10,000 Traffic Signs are Deficient**



Equipment & Facilities Overview

- **Own & Maintain**

- 150 Licensed Vehicles
- 500 Off-road Equipment

- **Own & Maintain 25 buildings**

- **Own & Manage 280 acres of Gravel Pits**



Employees & Contracted Services

- **135 Full-time Employees (3 vacancies)**
- **95 Retirees & 64 dependents**
- **Subcontract for Various Core Services**
- **Contracts with MDOT, Road Commissions and Other Local Governments**



Sustainable Strategies

- Given a thorough review of our Core Services
- Explore Sustainable Strategies - July
- Stakeholder Input - August
- Adopt Sustainable Core Services - September

