



Washtenaw County Road Commission

The ROADS in Review

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Where the Rubber Meets the Road!

More budget cuts are on the horizon...



At their June 5, 2007 meeting, the Board of County Road Commissioners

thoroughly reviewed our anticipated revenues, fund balances, and commitments. The Board established a goal to have a fully balanced budget by year end.

“With the decline we expect in revenues this year from the Michigan Transportation Fund (MTF), which is anticipated to be about \$300,000 less than 2006, plus the rapid acceleration in the cost of doing business, our Board has to make some very difficult choices on where we should significantly reduce expenses,” explained **Steve Puuri**, Managing Director.

“Our goal is to conserve our funds by cutting back and eliminating costs in the most comprehensive way possible. We hope to do this without compromising our service levels significantly or imposing any layoffs. We are also working to ensure that the burden of these cutbacks is equitably shared within our organization, as well as with

our stakeholders. Due to service level reductions previously implemented by our Board last November, our proposed budget revisions primarily focus on various administrative areas and overhead expenditures that we believe can be trimmed down or eliminated in order to bring our budget in line through the end of the year,” clarified Puuri.

The Managing Director, along with Finance Director **Dan Ackerman**, the Management Team, and other key staff members, painstakingly scrutinized the 2007 budget – line item by line item – in order to reduce costs. The staff had the daunting challenge to balance a budget assuming \$300,000 less MTF revenue, \$280,000 in maintenance overruns due to higher winter costs in 2007 compared to 2006, and a \$700,000 deficit coming into 2007. After numerous meetings, reviews, revisions and compromises, staff was able to develop recommendations to reduce, and in some cases eliminate altogether, expenditures that make up the deficit, as well as enable the Road Commission to end the year with a balanced budget.

“Some of the highest unexpected costs we have been hit with thus far in 2007 were in our winter maintenance materials and overtime, and spring breakup expenses we experienced earlier this year. We spent most of our winter maintenance budget in the first quarter of the year; and since we need to anticipate November and December snow and ice storms, we must be sure to plan ahead for those unknown wintertime expenditures by eliminating or reducing our overhead costs now,” said Puuri.

This is a record year for the Road Commission in acquiring outside revenues.

Approximately \$32 million of the WCRC total \$50 million 2007 budget was obtained in the form of federal and state grants, and through developers and local funding sources. The remaining \$17 million is acquired through the MTF.

Even with having to do all of this major belt tightening, because of the state and federal grants, the Road Commission was able to move forward with a number of planned Capital Improvement Projects (CIP) this year, as in

the case of the Carpenter Road and Wagner Road reconstruction projects, which are nearly 100% paid for through federal and state dollars, including a grant through the **Local Jobs Today Program**. Likewise, the local funding acquired for the Jackson Road, Phase III widening project in Scio Township is 100% funded by the Scio Township Downtown Development Authority, as are the road improvements costs in Pittsfield and York Townships, which are being assumed by the developers of the Walmart project on State Road at Michigan Avenue, and the Toyota Technical Center on Platt Road at Willis Road.

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~ STATUTORY MISSION ~

The Washtenaw County Road Commission is responsible for maintaining a road system that is reasonably safe and convenient to the traveling public.

A Message from the Managing Director

By now you have seen the all-too-familiar orange barrels along various roadways in Washtenaw County, a sure sign that our road construction season is well underway.

We have a significant number of major road improvements planned for 2007, which are being accomplished despite the revenue challenges we continue to experience with the Michigan Transportation Fund. (See article, page 1).

Several years ago, our staff diligently sought after and acquired a substantial number of federal and state grants, yielding a record-breaking construction season for the Road Commission. This year alone, we received an additional \$32 million through these grants, and from developers and local funding sources. However, a greater challenge will be to acquire similar levels of outside funding in the coming years, as we were advised that federal and state road dollars will be scarce by 2009, unless legislators come to a consensus on how to address the statewide road funding shortfalls.

Regardless of our current and future challenges, we will follow through with the project commitments we made through 2008, while keeping our routine maintenance services in full force as best we can.

We ask for your patience with our projects and road workers, and consideration for everyone's safety as you drive through our construction zones this season

~ Steven M. Puuri
Managing Director

Budget Cuts (Continued from page 1)

In addition, three bridge projects were included in our CIP – the Parker Road Bridge and two Whittaker Road bridges – for which 95% of the replacement costs are paid with grant funds acquired through the MDOT Local Bridge Program.

“Without all of these added dollars, our road improvement projects would have come to a screeching halt,” stated Puuri.

“In essence, the major road improvement projects we have on our construction schedule this year, and those still remain in our CIP for next year, are due to the diligence of our engineering staff to seek out and obtain outside revenues. If this additional revenue was not attained, it is most likely that some layoffs would have been unavoidable this year.”

However, the federal and state funding sources, which are expected to be dramatically reduced by 2009, cannot compensate for the continuing decline in funds received through the MTF. The recent rise in gasoline prices and the decrease in miles being traveled due to the high fuel costs are a major contributor to the steady decline in

Other amendments to the 2007 budget recommended by the Management Team are as follows:

- ◆ Increase budget by \$280,000 to cover our operational costs for winter maintenance materials, equipment, and overtime, as well as spring break-up expenses
- ◆ Acknowledge the in-kind contributions, projected to be \$7.8 million for developer-funded road improvement projects
- ◆ Acknowledge the estimated \$730,000 in revenue from local sources for 2006 projects, that have been or will be paid in 2007
- ◆ Eliminate \$50,000 in expenses originally planned for a Customer Service Consultant and Yard 1 Master Plan activities
- ◆ Acknowledge a savings of \$47,000 due to lower insurance premiums from the Michigan County Road Commission Self-Insurance Pool
- ◆ Acknowledge a savings of \$35,000 for the annual drain assessment fee
- ◆ Eliminate \$233,000 in capital outlay originally planned for facilities improvements
- ◆ Eliminate \$80,000 in contractual services (\$50,000), and the addition of the 6-Mile Road asphalt overlay project, which is being paid for by a developer (\$30,000)
- ◆ Reduce our anticipated MTF revenue by \$300,000
- ◆ Reduce our contract printing services by \$6,000
- ◆ Decrease our training and travel budget by \$26,000
- ◆ Reduce our traffic control supplies budget by \$36,000
- ◆ Reduce our technology investments by \$40,000
- ◆ Reduce our association fees and subscription budget by \$20,000
- ◆ Acknowledge \$16,000 in death benefit payments for retirees who have passed away this year

“What we need in order to secure our future is to acquire additional revenue through our primary source of funding – the MTF. For the time being, the best avenue for doing this is to support the proposed legislation to increase fuel taxes and vehicle registration fees. Therefore, I am encouraging our employees and stakeholders to contact their local legislators and ask them to support Michigan roads! This much needed revenue would not only provide the resources to adequately maintain our roads, it would spark a boost to the overall economy in Michigan,” Puuri concluded.

the MTF. Moreover, substantial funds continue to be transferred out of the MTF to subsidize other state agencies.

“The proposed reductions to our budget are not long-term, sustainable solutions to our revenue challenges. We will need to develop a 2008 budget that provides a better balance of our

resources, so we can preserve our road infrastructure. Yet, only by working together with our staff and stakeholders, and each being willing to sacrifice in some areas, can we hope to weather this year without any other significant reductions,” said Puuri.

“Our goal is to conserve our funds by cutting back and eliminating costs in the most comprehensive way possible. We hope to do this without compromising our service levels significantly or imposing any layoffs.”

~ Steven M. Puuri
Managing Director



View of the existing Carpenter Road conditions, just south of the I-94 overpass.

Carpenter Road, between Ellsworth Road and Textile Road in Pittsfield Township, is one of two 2007 CIP projects that are nearly 100% paid for by federal and state dollars, including a grant through the Local Jobs Today Program.

Reports from CRAM

Consequences of the Road Funding Shortfall

A recent report from the **County Road Association of Michigan** (CRAM) indicated that approximately 55 of Michigan's 83 county road commissions have had to impose a hiring freeze in the last year, and/or leave vacant positions unfilled, due to the lack of adequate transportation funding. Eight road agencies have already imposed temporary or seasonal layoffs. In either case, the **bottom line** is that there are fewer employees to provide road services for the public!

Moreover, as dollars become increasingly scarce, most road commissions report having to defer replacing equipment. As government officials at all levels know, delaying equipment replacement eventually becomes costly both dollar-wise and in level of service. Older equipment requires more repairs, increasing both operating costs and downtime. For road agencies, the downtime is especially troublesome during winter, when ensuring that roads are plowed and salted is a critical safety issue.

In addition to road maintenance activities, numerous road commissions have also been forced to cut back on road improvement work. This means less gravel applications, fewer road and intersection widenings and resurfacing projects, and infrequent patching, drainage repairs, shoulder work, and more!

A couple of road commissions even reported pulverizing their paved roads due to existing surface deterioration, only to return them to gravel because they did not have the funds to resurface the roads. Because many roads continue to deteriorate due to lack of adequate maintenance, the eventual cost of rehabilitating them will be substantial.

TRIP Releases a New Report

The Road Information Program (TRIP), a national transportation research group, recently issued a new report entitled, **"Paying the Price for Inadequate Roads in Michigan: The Cost to Motorists in Reduced Safety, Lost Time and Increased Vehicle Wear."**

The report read that substandard roads and bridges **cost Michigan drivers approximately \$7 million each year** in wasted time and fuel, additional traffic crashes, and increase vehicle maintenance, as a result of state routes that have significant deterioration, are congested or that lack adequate safety features.

The full TRIP report can be found on-line at: www.tripnet.org/MichiganStudyMay2007.pdf.

Two in Operations Retire



WCRC loses two valuable veteran employees this past May...

Longtime employees, **Ken Nixon**, Director of Operations (*top*), and **Daryl Muirhead**, District One Foreman (*below*), both retired on May 23, 2007, each having provided 34 years of dedicated, valuable public service to the Road Commission and Washtenaw County communities. Although their absence will be greatly felt, the WCRC has already taken steps to fill their positions with qualified staff. **Rick Bell** was recently promoted to the position of District One Foreman, and interviews are underway to select a new Director of Operations.



Transportation Legislation Update

Ed Noyola, Deputy Director of CRAM, reported some good news and some bad news in his May 25, 2007 legislative update.

Noyola advised that along with the ongoing debate at the State Capitol on how best to balance the \$800 million budget deficit, as well as replace the Single Business Tax revenue, the leadership of the House decided to drag the **Transportation Enhancement Package (HB 4575, HB 4576, and HB 4577)** into the mix. These bills propose to raise the gas and diesel taxes over a three-year period (9¢/gallon for gas, 13¢/gallon for diesel), and increase vehicle registration fees by 50%. The House of Representatives has given notice of their intention to discharge these bills, (along with seven other bills), from the Transportation Committee, which would place them on the Floor for immediate action.

"This may sound like good news, however, there are no guarantees that the proposed tax and fee increases will remain at their current levels, or that the bills will be approved," reported Noyola.

A Transportation Package workgroup has been working on alternatives to HB 4577, (increasing vehicle registration fees), sponsored by Rep. Hopgood (D-Wayne), in order to garner additional legislative support. However, if the bills already sent to the Floor remain intact and are approved, that will be all the better! Yet, if the package "as is" were to be voted down, the bills may become one of many *political pawns* in the state's budget balancing act, and **"The Drive MI Campaign"** initiatives will lose steam – or even worse – not even see the light of day again. Also, a potential "no" vote is being made easier to justify for legislators because gas prices are hitting record highs around the state.

"With gas prices likely to remain high until summer recess, this package would most likely fair better on its own merit," Noyola said.



Your support is needed!

The Washtenaw County Road Commission needs the support and voice of our county, township, city, and village officials, and our business leaders and citizens!

Michigan's transportation infrastructure is headed for serious trouble unless additional funding for road improvements is provided. **"The Drive MI Campaign"** is a partnership of businesses, associations and citizens linked with the common goal of improving Michigan roads, but we need more voices to communicate to our legislators, **"Don't forget our roads!"**

So, we ask you – if you have not done so already – please pass a resolution supporting **The Drive MI Campaign** to ensure that the future of our road network is maintained with an ample funding level, and to eliminate any future off-the-top transfers to non-road related agencies! Or contact your local legislators directly, and ask them to vote in favor of legislation to fund our roads!

Current Roadwork ↓



The 2007 Maple Road project begins to take shape

Three roundabouts are under construction, from Foss Street to Blueberry Lane, for the new Syline High School in Ann Arbor Township

The Road Ahead →

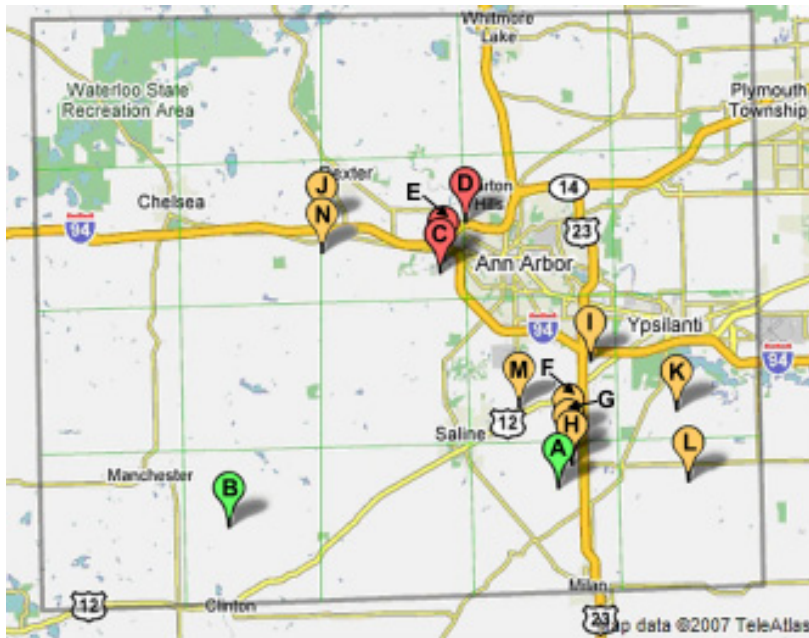
Several projects are planned for 2008

Due to delays with right-of-way acquisitions, the construction of the **Geddes Road/Superior Road Roundabout** in Superior Township has been postponed until 2008. The \$1.5 million project is being paid for with federal dollars, a Local Jobs Today grant, and local funds contributed by the Road Commission and Superior Township.

Also scheduled for 2008 is the rehabilitation of the **East Delhi Road Bridge** over the Huron River in Scio Township. This estimated \$800,000 rehabilitation project, which is being funded through MDOT's Local Bridge Program, the Road Commission, and local contributions, was postponed in order to transfer the state allocations to the **Parker Road Bridge** in Scio and Lima Townships. In that the Parker Road Bridge over Mill Creek supports a higher traffic volume (approximately 5,000 vehicles per day), and the \$1.4 million in funding for its replacement would not become available until 2008, Road Commission staff elected to utilize the East Delhi Road Bridge grant to fund the higher priority project. The Parker Road Bridge was closed due to structural failure in April 2006. The East Delhi Road Bridge, with a traffic volume of about 750 vehicles per day, was closed in June 2005.

Another bridge that will be replaced in 2008 is the **Main Street Bridge** over Mill Creek, located in Scio Township and Dexter Village. This estimated \$2 million project will also include the removal of the dam in the Village of Dexter.

Below are the many federal, state and/or locally-funded 2007 road improvement projects that are currently or will soon be underway in Washtenaw County.



- A** Judd Road Bridge - Replacement (2006/07)
Cost: \$1.6 million (York Township)
- B** Wilbur Road Bridge - Replacement (2006/07)
Cost: \$1 million (Bridgewater Township)
- C** Liberty Road - Widen for center-left turn lane
Cost: \$300,000 (Scio Township)
- D** Maple Road at M14 - Construct 3 roundabouts
Cost: \$1.8 million (Ann Arbor Township)
- E** Wagner Road - Construct 3 lane concrete roadway
Cost: \$2.2 million (Scio Township)
- F** Bemis Road @ Platt Road - Construct turn lanes and install traffic signal
- G** Platt Road @ Willis Road - Construct 4-lane road & turn lanes, install traffic signal
- H** Willis Road - Construct 5-lane road
Cost: \$5.5 million (Toyota Technical Center in York Township)
- I** Carpenter Road - Widen from 2 to 5 lanes, mill and resurface
Cost: \$7.5 million (Pittsfield Township)
- J** Parker Road Bridge - Replacement
Cost: \$1.4 million (Lima/Scio Townships)
- K** Whittaker Road Bridge (over Paint Creek) - Replacement
Cost: \$1.1 million (Ypsilanti Township)
- L** Whittaker Road Bridge (over west branch of Paint Creek) - Replacement
Cost: \$600,000 (Augusta Township)
- M** State Road @ US-12 - Widen both roads & intersection improvements
Cost: \$2.5 million (Pittsfield Township)
- N** Jackson Road @ Parker Road - Widen for center-left turn lane
Cost: \$75,000 (Lima/Scio Townships)

📍 - Current Project 📍 - Upcoming Project 📍 - Completed Project

**Washtenaw County Road Commission
2007 Construction Projects**