HOUSE BILL NO. 4973

September 12, 2019, Introduced by Reps. Glenn, Bellino, Mueller, Miller, O'Malley, Meerman and Sheppard and referred to the Committee on Transportation.

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 9a and 12 (MCL 247.659a and 247.662), section 9a as amended by 2018 PA 325 and section 12 as amended by 2015 PA 175.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

Sec. 9a. (1) As used in this section:

(a) "Asset management" means an ongoing process of maintaining, preserving, upgrading, and operating physical assets cost-effectively, based on a continuous physical inventory and
condition assessment and investment to achieve established performance goals.

(b) "Asset management plan" means a plan created by the department and approved by the state transportation commission or a plan created by a local road agency and approved by the local road agency's governing body that includes provisions for asset inventory, performance goals, risk of failure analysis, anticipated revenues and expenses, performance outcomes, and coordination with other infrastructure owners.

(c) "Bridge" means a structure including supports erected over a depression or an obstruction, such as water, a highway, or a railway, for the purposes of carrying traffic or other moving loads, and having an opening measuring along the center of the roadway of more than 20 feet between undercopings of abutments or spring lines of arches, or extreme ends of openings for multiple boxes where the clear distance between openings is less than 1/2 of the smaller contiguous opening.

(d) "Central storage data agency" means an agency or office chosen by the council where the data collected is stored and maintained.

(e) "Department" means the state transportation department.

(f) "Federal-aid eligible" means a public road or bridge that is eligible for federal aid to be spent for the construction, repair, or maintenance of that road or bridge.

(g) "Local road agency" means a county road commission or designated county road agency or city or village that is responsible for the construction or maintenance of public roads within the state under this act.

(h) "Michigan infrastructure council" means the Michigan infrastructure council.

(i) "Multiyear program" means a compilation of road and bridge projects anticipated to be contracted for by the department or a local road agency during a 3-year period. The multiyear program shall must include a listing of each project to be funded in whole or in part with state or federal funds.

(j) "Region" means the geographic jurisdiction of any of the following:

(i) A regional planning commission created under 1945 PA 281, MCL 125.11 to 125.25.

(ii) A regional economic development commission created under 1966 PA 46, MCL 125.1231 to 125.1237.

(iii) A metropolitan area council formed under the metropolitan councils act, 1989 PA 292, MCL 124.651 to 124.729.

(iv) A Michigan metropolitan planning organization established under the moving ahead for progress in the 21st century act, Public Law 112-141.

(v) An agency directed and funded by section 822f of 2016 PA 268, to engage in joint decision-making practices related to, but not limited to, community development, economic development, talent, and infrastructure opportunities.

(k) "State planning and development regions" means those agencies required by 23 USC 134, and those agencies established by Executive Directive 1968-1.

(l) "Water asset management council" means the water asset management council created in section 5002 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.5002.

(2) In order to provide a coordinated, unified effort by the
various road agencies within this state, the transportation asset
management council is hereby created within the state
transportation commission. Upon creation of the Michigan
infrastructure council, the transportation asset management council
shall be placed within the Michigan infrastructure council.

(3) The transportation asset management council shall advise
the Michigan infrastructure council on a statewide transportation
asset management strategy and the processes and tools needed to
implement that strategy, beginning with the federal-aid eligible
highway system and infrastructure assets that impact system
performance, safety, or risk management, including signals and
culverts. This section does not prohibit a local road agency from
using an asset management process on its non-federal-aid eligible
system.

(4) The transportation asset management council shall consist
of 10 voting members appointed by the state transportation
commission. The transportation asset management council shall
include 2 members from the County Road Association of Michigan, 2
members from the Michigan Municipal League, 2 members from the
state planning and development regions, 1 member from the Michigan
Townships Association, 1 member from the Michigan Association of
Counties, and 2 members from the department. Nonvoting members
shall include 1 person from the agency or office selected as the
location for central data storage. Each agency with voting rights
shall submit a list of 2 nominees to the state transportation
commission from which the appointments shall be made. The Michigan
Townships Association shall submit 1 name, and the Michigan
Association of Counties shall submit 1 name. Names shall be
submitted within 30 days after July 3, 2002. The state
transportation commission shall make the appointments within 30
days after receipt of the lists.

(5) The positions for the department on the transportation
asset management council shall be permanent. The position of
the central data storage agency must be nonvoting and shall
be for as long as the agency continues to serve as the data
storage repository. The member from the Michigan Association of
Counties shall be initially appointed for 2 years. The member from
the Michigan Townships Association shall be initially appointed for
3 years. Of the members first appointed from the County Road
Association of Michigan, the Michigan Municipal League, and the
state planning and development regions, 1 member of each group
shall be appointed for 2 years and 1 member of each group shall be
appointed for 3 years. At the end of the initial appointment, all
terms shall be for 3 years. The chairperson shall be selected
from among the voting members of the transportation asset
management council. A member of the transportation asset management
council may be removed for incompetence, dereliction of duty,
malfeasance during his or her tenure in office, or any other cause
considered appropriate by the Michigan infrastructure council. The
Michigan infrastructure council shall consult with the
transportation asset management council before removing a member of
the transportation asset management council under this subsection.

(6) The department shall provide qualified administrative
staff and the state planning and development regions shall provide
qualified technical assistance to the transportation asset
management council.

(7) The transportation asset management council may appoint an
advisory committee whose members shall serve as needed to provide
research on issues and projects as determined by the transportation asset management council. An advisory committee member who is not a member of the transportation asset management council does not have voting rights on the advisory committee. A recommendation from the advisory committee appointed under this subsection is advisory only and is not binding.

(8) Except as otherwise provided in this subsection, costs incurred for data collection, analysis, or submittal, other than costs covered by the council for the federal-aid eligible highway system, are the responsibility of the owner of the data. A local road agency may request planning region assistance or reimbursement for data collected on non-federal-aid eligible roads or streets within that region. The region shall determine where to collect local road or street data to expend its remaining data collection money based upon requests received from local road agencies.

(9) The transportation asset management council shall promote and oversee the implementation of recommendations from the regional infrastructure asset management pilot program on a statewide level as the program relates to roads, bridges, and related transportation infrastructure.

(10) No later than October 1, 2019, the transportation asset management council shall develop a template for an asset management plan for use by local road agencies responsible for 100 or more certified miles of road and require its submission to the transportation asset management council as provided in subsection (12). No later than October 1, 2019, the transportation asset management council shall establish a schedule for the submission of asset management plans by local road agencies described in subsection (11)(b) that ensures that 1/3 of those local road
agencies submit an asset management plan each year. The template required by this subsection must include, but is not limited to, all of the following:

(a) Asset inventory, including the location, material, size, and condition of the assets, in a format that allows for and encourages digital mapping. All standards and protocols for assets must be consistent with government accounting standards. Standards and protocols for assets that are eligible for federal aid must be consistent with federal requirements and regulations.

(b) Performance goals, including the desired condition and performance of the assets, which must be set by the local road agency. Performance goals may vary among asset classes under the local road agency's jurisdiction. If a local road agency has jurisdiction over roads or bridges that are designated as part of the federal National Highway System, performance goals for that portion of the system must be consistent with established federal performance targets.

(c) Risk of failure analysis, including the identification of the probability and criticality of a failure of the most critical assets and any contingency plans.

(d) Anticipated revenues and expenses, including a description of all revenue sources and anticipated receipts for the period covered by the asset management plan and expected infrastructure repair and replacement expenditures, including planned improvements and capital reconstruction.

(e) Performance outcomes, including a determination of how the local road agency's investment strategy will achieve the desired levels of service and performance goals and the steps necessary to
ensure asset conditions meet or achieve stated goals and a
description and explanation of any gap between achievable condition
and performance through the investment strategy and desired goals.

(f) A description of any plans of the asset owner to
coordinate with other entities, including neighboring jurisdictions
and utilities, to minimize duplication of effort regarding
infrastructure preservation and maintenance.

(g) Proof of acceptance, certification, or adoption by the
local road agency's governing body.

(h) The department, each county road commission, and each
city and village of this state shall annually submit a report on
infrastructure conditions and investment to the transportation
asset management council. This report shall include a
multiyear program developed through the asset management process
described in this section. No later than October 1, 2019, the
transportation asset management council shall establish a schedule
for the submission by the department of the report required by this
subsection. All of the following apply to a multiyear program
required by this subsection:

(a) Projects contained in the department's annual multiyear
program shall be consistent with the department's asset
management process and asset management plan, and shall be
reported consistent with categories established by the
transportation asset management council.

(b) Projects contained in the annual multiyear program of each
local road agency responsible for 100 or more certified miles of
road shall be consistent with the asset management process and
asset management plan of that local road agency and shall be
reported consistent with categories established by the
transportation asset management council.

(c) Projects contained in the annual multiyear program of each local road agency responsible for less than 100 certified miles of road shall be consistent with the asset management process of that local road agency and shall be reported consistent with categories established by the transportation asset management council.

(12) Beginning October 1, 2020, each local road agency described in subsection (11)(b) shall begin submitting an asset management plan to the transportation asset management council according to the 3-year schedule described in subsection (10). The asset management plan shall cover a period of at least 3 years, and shall be consistent with a template provided by the transportation asset management council. A local road agency that is required to submit an asset management plan under this subsection that has not submitted the asset management plan by October 1, 2024 is not in compliance with this subsection. A local road agency that is not in compliance with this subsection shall be notified by the transportation asset management council that the local road agency shall comply with this subsection within 120 days of the notice. If a local road agency fails to comply with this subsection after 120 days of the notice required by this subsection, the transportation asset management council shall notify the department of the noncompliance and the department may withhold funds distributed to the local road agency under this act. The department shall release any funds withheld for noncompliance with this subsection to the local road agency in the following month's allocation after compliance is verified.

(13) The transportation asset management council shall review
an asset management plan submitted under subsection (12) no later than 6 months after receipt of the asset management plan. The transportation asset management council shall compare the asset management plan to the minimum requirements of this act and the template created by the transportation asset management council, and determine whether the asset management plan is in compliance with those standards. If the asset management plan does not meet those standards, the transportation asset management council shall seek concurrence from the department that the asset management plan does not meet the transportation asset management council's standards. If the department concurs, the transportation asset management council shall require the local road agency to revise its asset management plan to conform to the standards within 6 months after notifying the local road agency that the asset management plan does not meet the transportation asset management council's standards. The transportation asset management council shall provide an opportunity for a noncompliant local road agency to appear before the transportation asset management council to discuss the reasons the local road agency's plan is not in compliance and ways for the local road agency to become compliant.

(14) Beginning October 1, 2025, if the transportation asset management council determines, and the department concurs, that a local road agency described in subsection (11)(b) has not demonstrated progress toward achieving the condition goals described in its asset management plan for its federal-aid eligible county primary road system or city major street system, as applicable, the transportation asset management council shall provide notice to the local road agency of the reasons that it has determined progress is not being made and recommendations on how to
make progress toward the local road agency's condition goals. The local road agency shall become compliant within 6 months after receiving the notification required by this subsection. The transportation asset management council shall provide an opportunity for the noncompliant local road agency to appear before the transportation asset management council to discuss the reasons the local road agency is not compliant and ways for the local road agency to become compliant. If the local road agency is not compliant within 6 months after receiving the notification required by this subsection, the local road agency shall not shift funds distributed to it under this act from a county primary road system to a county local road system or from a city major street system to a city local street system, as applicable. Upon demonstration of progress toward achieving its condition goals, a local road agency may shift funds distributed to it under this act from a county primary road system to a county local road system or from a city major street system to a city local street system, as applicable. A local road agency may submit a revised asset management plan to the transportation asset management council.

(15) An annual report shall be prepared by the staff assigned to the transportation asset management council. The staff shall prepare an annual report regarding the results of activities conducted during the preceding year and the expenditure of funds related to the processes and activities identified by the Michigan infrastructure council. The report shall also include a summary analysis of the asset management plans and annual reports received from local road agencies, a determination of how investments are achieving desired levels of service and performance goals, an identification of any additional steps that may be needed
to achieve desired levels of service and performance goals, and an overview of the activities identified for the succeeding year. The transportation asset management council shall submit this report to the Michigan infrastructure council, the state transportation commission, the legislature, and the transportation committees of the house and senate by May 2 of each year.

(16) Funding necessary to support the activities described in this section shall must be provided by an annual appropriation from the Michigan transportation fund to the state transportation commission. Beginning on the effective date of the amendatory act that amended this subsection, September 30, 2018, the annual appropriation provided for in this subsection shall must be allocated to the Michigan infrastructure council and shall must be used to support the activities described in this section.

(17) The department and each local road agency shall keep accurate and uniform records on all road and bridge work performed and funds expended for the purposes of this section, according to the procedures developed by the transportation asset management council. Each local road agency and the department shall annually report to the transportation asset management council the mileage and condition of the road and bridge system under their jurisdiction and the receipts and disbursements of road and street funds in the manner prescribed by the transportation asset management council, which shall be consistent with any current accounting procedures.

(18) A local road agency may seek and use federal grants or loans to achieve the goals and manage the asset inventory described in its asset management plan.

(19) Notwithstanding any other provision of this section,
beginning October 1, 2019, an asset management plan of a local road agency must not include bridges that the department has management over under a written agreement with a local road agency as provided in section 12(23).

Sec. 12. (1) The amount distributed to the county road commissions shall must be returned to the county treasurers in the manner, for the purposes, and under the terms and conditions specified in this section. The department and the county road association County Road Association of Michigan shall jointly develop incentives for counties to establish statewide purchasing pools for the more efficient use of Michigan transportation funds.

(2) Each county road commission shall be reimbursed in an amount up to $10,000.00 per year for the sum paid to a licensed professional engineer employed or retained by the county road commission in the previous year. The sum shall must be returned to each county road commission certified by the department as complying with this subsection regarding the employment of an engineer.

(3) An amount equal to 1% of the total amount returned to the county road commissions from the Michigan transportation fund during the prior calendar year shall must be withheld annually from the counties' November monthly distribution provided for in section 17, and the amount shall must be returned to the county road commissions for snow removal purposes as provided in section 12a.

(4) An amount equal to 10% of the total amount returned to the county road commissions from the Michigan transportation fund shall must be returned to each county road commission having county primary, or county local road, or both, mileage in the urban areas as determined pursuant to under section 12b. This sum shall must be
distributed pursuant to as provided in section 12b. The return shall be is in addition to the amounts provided in subsections (6) and (7) and for the purposes stated in those subsections.

(5) An amount equal to 4% of the total amount returned to the county road commissions from the Michigan transportation fund shall must be returned to the county road commissions in the same percentages as provided in subsection (7). All money returned to the county road commissions as provided under this subsection shall must be expended by the county road commissions for the preservation, construction, acquisition, and extension of county local road systems and shall be is in addition to the amounts provided in subsection (7).

(6) Seventy-five percent of the remainder of the total amount to be returned to the counties shall must be expended by each county road commission for the preservation, construction, acquisition, and extension of the county primary road system, including the acquisition of a necessary right of way for the system, work incidental to the system, and a roadside park or motor parkway appurtenant to the system, and shall must be returned to the counties as follows:

(a) Three-fourths of the amount in proportion to the amount received within the respective county during the 12 months next preceding the date of each monthly distribution, as specific taxes upon registered motor vehicles under the Michigan vehicle code, 1949 PA 300, MCL 257.1 to 257.923.

(b) One-tenth of the amount in the same proportion that the total mileage in the county primary road system of each county bears to the total mileage in all of the county primary road systems of this state.
(c) One eighty-third of the remaining 15% of the amount to each county.

(7) The balance of the remainder of the total amount to be returned to counties must be expended by each county road commission for the preservation, construction, acquisition, and extension of the county local road system as defined by this act, including the acquisition of a necessary right of way for the system, work incidental to the system, and a roadside park or motor parkway appurtenant to the system, and must be returned to the counties as follows:

(a) Sixty-five percent of the amount in the same proportion that the total mileage in the county local road system of each county bears to the total mileage in all of the county local road systems of the state.

(b) Thirty-five percent of the amount in the same proportion that the total population outside of incorporated municipalities in each county bears to the total population outside of incorporated municipalities in all of the counties of the state, according to the most recent statewide federal census as certified at the beginning of the state fiscal year.

(8) Money deposited in, or becoming a part of the county road funds of a board of county road commissioners must be expended first for the payment of principal and interest on the bonds, for the payment of contractual contributions pledged for the payment of bonds, for debt service requirements for the payment of contractual contributions pledged for the payment of bonds, and for debt service requirements for the payment of notes and loans in the following order of priority:

(a) For the payment of contributions required to be made by a
board of county road commissioners under a contract entered into 
under 1941 PA 205, MCL 252.51 to 252.64, that have been pledged for 
the payment of the principal and interest on bonds issued under 
that act, or for the payment of total debt service requirements 
upon notes issued by a board of county road commissioners under 
1943 PA 143, MCL 141.251 to 141.254.

(b) For the payment of principal and interest upon bonds 
issued under section 18c, and the payment of contributions of a 
board of county road commissioners made pursuant to contracts 
entered into under section 18d that are pledged to the payment of 
principal and interest on bonds issued after June 30, 1957, under 
the authorization of section 18c and contracts executed pursuant to 
under section 18c.

(c) For the payment of principal and interest upon loans 
received pursuant to under section 11(5), to the extent other funds 
have not been made available for that payment.

(9) Beginning November 1, 2008, no more than 50% per year of 
the amount returned to a county for use on the county primary road 
system may be expended, with or without matching, on the county 
local road system of that county. Except as otherwise provided in 
this subsection, beginning September 30, 2010, no more than 30% per 
year of the amount returned to a county for use on the county 
primary road system may be expended, with or without matching, on 
the county local road system of that county. An additional amount, 
not to exceed 20% per year of the amount returned to a county for 
use on the county primary road system, may be expended on the 
county local road system of that county if there is an emergency or 
if the county road commission determines that an additional 20% may 
be expended on the county local road system. The county road
commission may attach any conditions to its determination if the
determination is for nonemergency purposes, including, but not
limited to, a requirement that the additional 20% expended on the
county local road system only be used to supplement money from
other sources. No more than 15% per year of the amount returned to
a county for expenditure on the county local road system may be
used, with or without matching, on the county primary road system
of that county, and not to exceed an additional 15% per year of the
amount returned to a county for expenditure on the county local
road system, may, in case of an emergency or with the approval of
the county road commission, be expended, with or without matching,
on the county primary road system of that county. An amount
returned to a county for and on account of county local roads under
this section that is in excess of the total amount paid into the
county treasury each year by all of the townships of that county
for and on account of the county local roads pursuant to under
section 14(6) may be transferred to and expended on the county
primary road system of that county.

(10) Not less than 20% per year of the money returned to a
county by this section shall be expended for snow and ice removal,
the construction or reconstruction of a new highway or existing
highway, and the acquisition of a necessary right of way for those
highways, and work incidental to those highways, or for the
servicing of bonds issued by the county for these purposes. A
county may expend surplus money for the development, construction,
or repair of an off-street parking facility.

(11) Not more than 5% per year of the money returned to a
county for the county primary road system and the county local road
system shall must be expended for the maintenance, improvement, or
acquisition of appurtenant roadside parks and motor parkways.

(12) Money returned to a county shall be expended by the county road commission for the purposes provided in this section and shall be deposited by the county treasurer in a designated county depository, in a separate account to the credit of the county road fund, and shall be paid out only upon the order of the county road commission, and interest accruing on the money shall become a part of, and be deposited with the county road fund.

(13) In a county to which money is returned under this section, the function of the county road commission is limited to the formation of policy and the performance of the official duties imposed by law and delegated by the county board of commissioners. A member of the county road commission shall not be employed individually in any other capacity for other duties with the county road commission.

(14) A county road commission may enter into an agreement with a county road commission of an adjacent county and with a city or village to perform work on a highway, road, or street, and with the department with respect to a state trunk line highway and connecting links of the state trunk line highway within the limits of the county or adjacent to the county. The agreement may provide for the performance by each contracting party of the work contemplated by the contract including engineering services and the acquisition of rights of way in connection with the work contemplated, by purchase or condemnation, by any of the contracting parties in its own name and the agreement may provide for joint participation in the costs.

(15) Money distributed from the Michigan transportation fund
may be expended for construction purposes on county local roads only to the extent matched by money from other sources. However, Michigan transportation funds may be expended for the construction of bridges on the county local roads in an amount not to exceed 75% of the cost of the construction of local road bridges.

(16) Notwithstanding any other provision of this act, at least 90% of the state revenue returned annually to the county road commission from the Michigan transportation fund less the amounts described in subdivisions (a) to (e) shall be expended annually by the county road commission for the preservation of highways, roads, streets, and bridges, and for the payment of contractual contributions pledged for the payment of bonds or portions of bonds, debt service requirements for the payment of bonds or portions of bonds, and debt service requirements for the payment of notes and loans or portions of notes and loans issued or received after July 1, 1983, for the purpose of providing money for the preservation of highways, roads, streets, and bridges. If an appropriate certificate is filed under subsection (18) but only to the extent necessary, this subsection does not prohibit the use of any amount of state revenue returned annually to the county road commissions for the payment of contractual contributions pledged for the payment of bonds, for debt service requirements for the payment of bonds, and for debt service requirements for the payment of notes or loans, whenever issued or received, as specified under subsection (8). The amounts that are deducted from the state revenue returned to a county road commission from the Michigan transportation fund, for the purpose of the calculation required by this subsection are as follows:

(a) Amounts expended for the purposes described in subsection
(8) for bonds, notes, loans, or other obligations issued or received before July 2, 1983.

(b) Amounts expended for the administrative costs of the county road commission.

(c) Amounts expended for capital outlay projects for equipment and buildings, and for the payment of contractual contributions pledged for the payment of bonds, for debt service requirements for the payment of bonds, and for debt service requirements for the payment of notes and loans issued or received after July 1, 1983, for the purpose of providing funds for capital outlay projects for equipment and buildings.

(d) Amounts expended for projects vital to the economy of the local area or the safety of the public in the local area. Before these amounts can be deducted, the governing body over the county road commission or the county road commission, as applicable, shall pass a resolution approving these projects. This resolution shall state which the projects that will be funded and the cost of each project. A copy of each approved resolution shall be forwarded immediately to the department.

(e) Amounts expended in urban areas as determined pursuant to section 12b.

(17) As used in this subsection, "urban routes" means those portions of 2-lane county primary roads within an urban area that have average daily traffic in excess of 15,000. Notwithstanding any other provision of this act, except as provided in this subsection, a county road commission shall annually expend at least 90% of the federal revenue distributed to the county road commission for highways, roads, streets, and bridges, less the amount expended on urban routes for purposes other than preservation and the amount
expended for hard-surfacing of gravel roads on the federal-aid system, on the preservation of highways, roads, streets, and bridges. A county road commission may expend in 1 year less than 90% of the federal revenue distributed to the county road commission for highways, roads, streets, and bridges, less the amount expended on urban routes for purposes other than preservation and the amount expended for hard-surfacing of gravel roads on the federal-aid system, on the preservation of highways, roads, streets, and bridges, if that year is part of a 3-year period in which at least 90% of the total federal revenue distributed in the 3-year period to the county road commission for highways, roads, streets, and bridges, less the amount expended on urban routes for purposes other than preservation purposes and the amount expended for hard-surfacing of gravel roads on the federal-aid system, is expended on the preservation of highways, roads, streets, and bridges. If a county road commission expends in 1 year less than 90% of the federal revenue distributed to the county road commission for highways, roads, streets, and bridges, less the amount expended on urban routes for purposes other than preservation and the amount expended for hard-surfacing of gravel roads on the federal-aid system, is expended on the preservation of highways, roads, streets, and bridges and that year is not a part of a 3-year period in which at least 90% of the total federal revenue distributed in the 3-year period to the county road commission for highways, roads, streets, and bridges, less the amount expended on urban routes for purposes other than preservation and the amount expended for hard-surfacing of gravel roads on the federal-aid system, is expended on the preservation of highways, roads, streets, and bridges, the county road commission shall expend in
each year subsequent to the 3-year period 100%, or less in 1 year
if sufficient for the purposes of this subsection, of the federal
revenue distributed to the county road commission for highways,
roads, streets, and bridges, less the amount expended on urban
routes for purposes other than preservation and the amount expended
for hard-surfacing of gravel roads on the federal-aid system, on
the preservation of highways, roads, streets, and bridges until the
average percentage spent on the preservation of highways, roads,
streets, and bridges in the 3-year period and the subsequent years,
less the amount expended on urban routes for purposes other than
preservation and the amount expended for hard-surfacing of gravel
roads on the federal-aid system, is at least 90%. A year may be
included in only one 3-year period for the purposes of this
subsection. The requirements of this subsection shall be waived
if compliance would cause the county road commission to be
ineligible for federal revenue under federal law, but only to the
extent necessary to make the county road commission eligible for
that revenue under federal law. For the purpose of the calculations
required by this subsection, the amount expended on urban routes by
a county road commission for purposes other than preservation and
the amount expended for hard-surfacing of gravel roads on the
federal-aid system shall be deducted from the total federal
revenue distributed to the use of the county road commission. As
used in this subsection, "urban routes" means the portions of 2-
lane county primary roads within an urban area that have average
daily traffic in excess of 15,000.

(18) A county road commission shall certify to the department
on or before the issuance of any bonds or notes issued after July
1, 1983, pursuant to 1943 PA 143, MCL 141.251 to 141.254,
1941 PA 205, MCL 252.51 to 252.64, or section 18c or 18d, for purposes other than the preservation of highways, roads, streets, and bridges and purposes other than the purposes specified in subsection (16)(c) that its average annual debt service requirements for all bonds and notes or portions of bonds and notes issued after July 1, 1983, for purposes other than the preservation of highways, roads, streets, and bridges and other than for the purposes specified in subsection (16)(c), including the bond or note to be issued does not exceed 10% of the money returned to the county road commission pursuant to under this act, less the amounts specified in subsection (16)(a), (b), and (c) during the last completed fiscal year of the county road commission. If the purpose for which the bonds or notes are issued is changed after the issuance of the notes or bonds, the change shall must be made in a manner that maintains compliance with the certification required by this subsection, as of the date the certificate was originally issued, but no such the change shall does not invalidate or otherwise affect the bonds or notes with respect to which the certificate was issued or the obligation to pay debt service on the bonds or notes. A certification under this subsection is conclusive as to the matters stated in the certification for purposes of the validity of bonds and notes.

(19) In each charter county to which funds are returned under this section, the responsibility for road improvement, preservation, and traffic operation work, and the development, construction, or repair of off-road parking facilities and construction or repair of road lighting shall must be coordinated by a single administrator designated by the county executive who shall be responsible for and shall represent the charter county in
transactions with the department pursuant to this act.

(20) Not more than 10% per year of all of the money received by and returned to a county from any source for the purposes of this section may be expended for administrative expenses. A county that expends more than 10% for administrative expenses in a year is subject to section 14(5) unless a waiver is granted by the department of treasury grants a waiver. As used in this subsection, "administrative expenses" means those expenses that are not assigned including, but not limited to, specific road construction or preservation projects and are often referred to as general or supportive services. Administrative expenses do not include net equipment expense, net capital outlay, debt service principal and interest, and payments to other state or local offices that are assigned, but not limited to, specific road construction projects or preservation activities.

(21) In addition to the financial compliance audits required by law, the department may conduct performance audits and make investigations of the disposition of all state money received by county road commissions, county boards of commissioners, or any other county governmental agency acting as the county road authority, for transportation purposes to determine compliance with the terms and conditions of this act. Performance audits must be conducted according to government auditing standards issued by the United States General Accounting Office. The department shall develop performance audit procedures and reporting requirements sufficient to determine whether money expended under this section was expended in compliance with this act by September 1, 2012 and shall report to the transportation committees of the senate and house of representatives no later than October 1, 2012 on the
additional audit procedures and reporting requirements. The
department shall provide notice to the county road commission,
county board of commissioners, or any other county governmental
agency acting as the county road authority, as applicable, of the
standards to be used for audits performed under this subsection.
The notice shall be provided 6 months prior to the fiscal year
in which the audit is conducted. The department shall notify the
county road commission, county board of commissioners, or any other
county governmental agency acting as the county road authority of
any subsequent changes to the standards. County road commissions,
county boards of commissioners, or any other county governmental
agencies acting as county road authorities, as applicable, shall
make available to the department the pertinent records for the
audit. Performance audits may be performed at the discretion of the
department or upon receiving a request from the speaker of the
house of representatives or the senate majority leader.

(22) Of the amounts appropriated for a county primary or local
road system under this section, where possible, a county road
commission shall secure pavement warranties for full replacement or
appropriate repair for contracted construction work on pavement
projects whose cost exceeds $2,000,000.00 and projects for new
construction or reconstruction undertaken after the effective date
of the amendatory act that added this subsection, April 1, 2016, if
allowed by the Federal Highway Administration and the department. A county road commission shall
submit a proposed warranty program to the department for approval
no later than April 1, 2016. If a proposed warranty program
submitted under this subsection is approved by the department, the
county road commission shall implement the program no later than 1
year after the approval. A county road commission shall include a list of all warranties that were secured under this subsection and indicate whether any of those warranties were redeemed with the report required under section 14(3), and shall also list all pavement projects whose cost exceeds $2,000,000.00 for which a warranty was not secured. The list **shall** include, but is not limited to, all of the following information:

(a) The type of project.

(b) The cost or estimated cost of the project.

(c) The expected lifespan of the project.

(d) Whether or not the project met or is currently meeting its expected lifespan.

(e) If the project failed to meet or is not meeting its expected lifespan, the cause of the failure and the cost to replace or repair the project.

(f) The entity responsible for paying the cost of replacing or repairing the project.

(23) Beginning October 1, 2019, the department may enter into a written agreement with a local road agency to transfer management of 1 or more bridges under the jurisdiction of a local road agency to the department as provided in the written agreement.