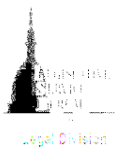


HOUSE BILL NO. 4973

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



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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:

- 1 Sec. 9a. (1) As used in this section:
- 2 (a) "Asset management" means an ongoing process of
- 3 maintaining, preserving, upgrading, and operating physical assets
- 4 cost-effectively, based on a continuous physical inventory and



1 condition assessment and investment to achieve established
2 performance goals.

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

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

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

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

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

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

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



1 infrastructure council created in section 3 of the Michigan
2 infrastructure council act, **2018 PA 323, MCL 21.603.**

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

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

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

12 (ii) A regional economic development commission created under
13 1966 PA 46, MCL 125.1231 to 125.1237.

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

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

19 (v) An agency directed and funded by section 822f of 2016 PA
20 268, to engage in joint decision-making practices related to, but
21 not limited to, community development, economic development,
22 talent, and infrastructure opportunities.

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

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

29 (2) In order to provide a coordinated, unified effort by the



1 various road agencies within this state, the transportation asset
 2 management council is hereby created within the state
 3 transportation commission. ~~Upon~~**On** creation of the Michigan
 4 infrastructure council, the transportation asset management council
 5 shall be placed within the Michigan infrastructure council.

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

15 (4) The transportation asset management council shall consist
 16 of 10 voting members appointed by the state transportation
 17 commission. The transportation asset management council shall
 18 include 2 members from the County Road Association of Michigan, 2
 19 members from the Michigan Municipal League, 2 members from the
 20 state planning and development regions, 1 member from the Michigan
 21 Townships Association, 1 member from the Michigan Association of
 22 Counties, and 2 members from the department. Nonvoting members
 23 shall include 1 person from the agency or office selected as the
 24 location for central data storage. Each agency with voting rights
 25 shall submit a list of 2 nominees to the state transportation
 26 commission from which the appointments shall be made. The Michigan
 27 Townships Association shall submit 1 name, and the Michigan
 28 Association of Counties shall submit 1 name. Names ~~shall~~**must** be
 29 submitted within 30 days after July 3, 2002. The state



1 transportation commission shall make the appointments within 30
2 days after receipt of the lists.

3 (5) The positions for the department on the transportation
4 asset management council ~~shall~~**must** be permanent. The position of
5 the central data storage agency ~~shall~~**must** be nonvoting and ~~shall~~
6 **must** be for as long as the agency continues to serve as the data
7 storage repository. The member from the Michigan Association of
8 Counties shall be initially appointed for 2 years. The member from
9 the Michigan Townships Association shall be initially appointed for
10 3 years. Of the members first appointed from the County Road
11 Association of Michigan, the Michigan Municipal League, and the
12 state planning and development regions, 1 member of each group
13 shall be appointed for 2 years and 1 member of each group shall be
14 appointed for 3 years. At the end of the initial appointment, all
15 terms ~~shall~~**must** be for 3 years. The chairperson shall be selected
16 from among the voting members of the transportation asset
17 management council. A member of the transportation asset management
18 council may be removed for incompetence, dereliction of duty,
19 malfeasance during his or her tenure in office, or any other cause
20 considered appropriate by the Michigan infrastructure council. The
21 Michigan infrastructure council shall consult with the
22 transportation asset management council before removing a member of
23 the transportation asset management council under this subsection.

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

28 (7) The transportation asset management council may appoint an
29 advisory committee whose members shall serve as needed to provide



1 research on issues and projects as determined by the transportation
2 asset management council. An advisory committee member who is not a
3 member of the transportation asset management council does not have
4 voting rights on the advisory committee. A recommendation from the
5 advisory committee appointed under this subsection is advisory only
6 and is not binding.

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

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

21 (10) No later than October 1, 2019, the transportation asset
22 management council shall develop a template for an asset management
23 plan for use by local road agencies responsible for 100 or more
24 certified miles of road and require its submission to the
25 transportation asset management council as provided in subsection
26 (12). No later than October 1, 2019, the transportation asset
27 management council shall establish a schedule for the submission of
28 asset management plans by local road agencies described in
29 subsection (11) (b) that ensures that 1/3 of those local road



1 agencies submit an asset management plan each year. The template
2 required by this subsection ~~shall~~**must** include, but is not limited
3 to, all of the following:

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

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

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

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

27 (e) Performance outcomes, including a determination of how the
28 local road agency's investment strategy will achieve the desired
29 levels of service and performance goals and the steps necessary to



1 ensure asset conditions meet or achieve stated goals and a
2 description and explanation of any gap between achievable condition
3 and performance through the investment strategy and desired goals.

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

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

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

20 (a) Projects contained in the department's annual multiyear
21 program ~~shall~~**must** be consistent with the department's asset
22 management process and asset management plan, and ~~shall~~**must** be
23 reported consistent with categories established by the
24 transportation asset management council.

25 (b) Projects contained in the annual multiyear program of each
26 local road agency responsible for 100 or more certified miles of
27 road ~~shall~~**must** be consistent with the asset management process and
28 asset management plan of that local road agency and ~~shall~~**must** be
29 reported consistent with categories established by the



1 transportation asset management council.

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

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

29 (13) The transportation asset management council shall review



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

21 (14) Beginning October 1, 2025, if the transportation asset
22 management council determines, and the department concurs, that a
23 local road agency described in subsection (11)(b) has not
24 demonstrated progress toward achieving the condition goals
25 described in its asset management plan for its federal-aid eligible
26 county primary road system or city major street system, as
27 applicable, the transportation asset management council shall
28 provide notice to the local road agency of the reasons that it has
29 determined progress is not being made and recommendations on how to



1 make progress toward the local road agency's condition goals. The
 2 local road agency shall become compliant within 6 months after
 3 receiving the notification required by this subsection. The
 4 transportation asset management council shall provide an
 5 opportunity for the noncompliant local road agency to appear before
 6 the transportation asset management council to discuss the reasons
 7 the local road agency is not compliant and ways for the local road
 8 agency to become compliant. If the local road agency is not
 9 compliant within 6 months after receiving the notification required
 10 by this subsection, the local road agency shall not shift funds
 11 distributed to it under this act from a county primary road system
 12 to a county local road system or from a city major street system to
 13 a city local street system, as applicable. ~~Upon~~**On** demonstration of
 14 progress toward achieving its condition goals, a local road agency
 15 may shift funds distributed to it under this act from a county
 16 primary road system to a county local road system or from a city
 17 major street system to a city local street system, as applicable. A
 18 local road agency may submit a revised asset management plan to the
 19 transportation asset management council.

20 (15) ~~An annual report shall be prepared by the~~**The** staff
 21 assigned to the transportation asset management council **shall**
 22 **prepare an annual report** regarding the results of activities
 23 conducted during the preceding year and the expenditure of funds
 24 related to the processes and activities identified by the Michigan
 25 infrastructure council. The report ~~shall~~**must** also include a
 26 summary analysis of the asset management plans and annual reports
 27 received from local road agencies, a determination of how
 28 investments are achieving desired levels of service and performance
 29 goals, an identification of any additional steps that may be needed



1 to achieve desired levels of service and performance goals, and an
 2 overview of the activities identified for the succeeding year. The
 3 transportation asset management council shall submit this report to
 4 the Michigan infrastructure council, the state transportation
 5 commission, the legislature, and the transportation committees of
 6 the house and senate by May 2 of each year.

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

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

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

29 **(19) Notwithstanding any other provision of this section,**



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

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

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

19 (3) An amount equal to 1% of the total amount returned to the
 20 county road commissions from the Michigan transportation fund
 21 during the prior calendar year ~~shall~~**must** be withheld annually from
 22 the counties' November monthly distribution provided for in section
 23 17, and the amount ~~shall~~**must** be returned to the county road
 24 commissions for snow removal purposes as provided in section 12a.

25 (4) An amount equal to 10% of the total amount returned to the
 26 county road commissions from the Michigan transportation fund ~~shall~~
 27 **must** be returned to each county road commission having county
 28 primary, or county local road, or both, mileage in the urban areas
 29 as determined ~~pursuant to~~**under** section 12b. This sum ~~shall~~**must** be



1 distributed ~~pursuant to~~ **as provided in** section 12b. The return
 2 ~~shall be~~ **is** in addition to the amounts provided in subsections (6)
 3 and (7) and for the purposes stated in those subsections.

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

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

21 (a) Three-fourths of the amount in proportion to the amount
 22 received within the respective county during the 12 months next
 23 preceding the date of each monthly distribution, as specific taxes
 24 upon registered motor vehicles under the Michigan vehicle code,
 25 1949 PA 300, MCL 257.1 to 257.923.

26 (b) One-tenth of the amount in the same proportion that the
 27 total mileage in the county primary road system of each county
 28 bears to the total mileage in all of the county primary road
 29 systems of this state.



1 (c) One eighty-third of the remaining 15% of the amount to
2 each county.

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

11 (a) Sixty-five percent of the amount in the same proportion
12 that the total mileage in the county local road system of each
13 county bears to the total mileage in all of the county local road
14 systems of ~~the~~**this** state.

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

21 (8) Money deposited in, or becoming a part of the county road
22 funds of a board of county road commissioners ~~shall~~**must** be
23 expended first for the payment of principal and interest on the
24 bonds, for the payment of contractual contributions pledged for the
25 payment of bonds, for debt service requirements for the payment of
26 contractual contributions pledged for the payment of bonds, and for
27 debt service requirements for the payment of notes and loans in the
28 following order of priority:

29 (a) For the payment of contributions required to be made by a



1 board of county road commissioners under a contract entered into
2 under 1941 PA 205, MCL 252.51 to 252.64, that have been pledged for
3 the payment of the principal and interest on bonds issued under
4 that act, or for the payment of total debt service requirements
5 upon notes issued by a board of county road commissioners under
6 1943 PA 143, MCL 141.251 to 141.254.

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

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

17 (9) Beginning November 1, 2008, no more than 50% per year of
18 the amount returned to a county for use on the county primary road
19 system may be expended, with or without matching, on the county
20 local road system of that county. Except as otherwise provided in
21 this subsection, beginning September 30, 2010, no more than 30% per
22 year of the amount returned to a county for use on the county
23 primary road system may be expended, with or without matching, on
24 the county local road system of that county. An additional amount,
25 not to exceed 20% per year of the amount returned to a county for
26 use on the county primary road system, may be expended on the
27 county local road system of that county if there is an emergency or
28 if the county road commission determines that an additional 20% may
29 be expended on the county local road system. The county road



1 commission may attach any conditions to its determination if the
 2 determination is for nonemergency purposes, including, but not
 3 limited to, a requirement that the additional 20% expended on the
 4 county local road system only be used to supplement money from
 5 other sources. No more than 15% per year of the amount returned to
 6 a county for expenditure on the county local road system may be
 7 used, with or without matching, on the county primary road system
 8 of that county, and not to exceed an additional 15% per year of the
 9 amount returned to a county for expenditure on the county local
 10 road system, may, in case of an emergency or with the approval of
 11 the county road commission, be expended, with or without matching,
 12 on the county primary road system of that county. An amount
 13 returned to a county for and on account of county local roads under
 14 this section that is in excess of the total amount paid into the
 15 county treasury each year by all of the townships of that county
 16 for and on account of the county local roads ~~pursuant to~~**under**
 17 section 14(6) may be transferred to and expended on the county
 18 primary road system of that county.

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

27 (11) Not more than 5% per year of the money returned to a
 28 county for the county primary road system and the county local road
 29 system ~~shall~~**must** be expended for the maintenance, improvement, or



1 acquisition of appurtenant roadside parks and motor parkways.

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

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

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

29 (15) Money distributed from the Michigan transportation fund



1 may be expended for construction purposes on county local roads
2 only to the extent matched by money from other sources. However,
3 Michigan transportation funds may be expended for the construction
4 of bridges on the county local roads in an amount not to exceed 75%
5 of the cost of the construction of local road bridges.

6 (16) Notwithstanding any other provision of this act, at least
7 90% of the state revenue returned annually to the county road
8 commission from the Michigan transportation fund less the amounts
9 described in subdivisions (a) to (e) shall be expended annually by
10 the county road commission for the preservation of highways, roads,
11 streets, and bridges, and for the payment of contractual
12 contributions pledged for the payment of bonds or portions of
13 bonds, debt service requirements for the payment of bonds or
14 portions of bonds, and debt service requirements for the payment of
15 notes and loans or portions of notes and loans issued or received
16 after July 1, 1983, for the purpose of providing money for the
17 preservation of highways, roads, streets, and bridges. If an
18 appropriate certificate is filed under subsection (18) but only to
19 the extent necessary, this subsection does not prohibit the use of
20 any amount of state revenue returned annually to the county road
21 commissions for the payment of contractual contributions pledged
22 for the payment of bonds, for debt service requirements for the
23 payment of bonds, and for debt service requirements for the payment
24 of notes or loans, whenever issued or received, as specified under
25 subsection (8). The amounts that are deducted from the state
26 revenue returned to a county road commission from the Michigan
27 transportation fund, for the purpose of the calculation required by
28 this subsection are as follows:

29 (a) Amounts expended for the purposes described in subsection



1 (8) for bonds, notes, loans, or other obligations issued or
2 received before July 2, 1983.

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

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

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

20 (e) Amounts expended in urban areas as determined ~~pursuant to~~
21 **under** section 12b.

22 (17) ~~As used in this subsection, "urban routes" means those~~
23 ~~portions of 2-lane county primary roads within an urban area that~~
24 ~~have average daily traffic in excess of 15,000. Notwithstanding any~~
25 ~~other provision of this act, except as provided in this subsection,~~
26 a county road commission shall annually expend at least 90% of the
27 federal revenue distributed to the county road commission for
28 highways, roads, streets, and bridges, less the amount expended on
29 urban routes for purposes other than preservation and the amount



1 expended for hard-surfacing of gravel roads on the federal-aid
2 system, on the preservation of highways, roads, streets, and
3 bridges. A county road commission may expend in 1 year less than
4 90% of the federal revenue distributed to the county road
5 commission for highways, roads, streets, and bridges, less the
6 amount expended on urban routes for purposes other than
7 preservation and the amount expended for hard-surfacing of gravel
8 roads on the federal-aid system, on the preservation of highways,
9 roads, streets, and bridges, if that year is part of a 3-year
10 period in which at least 90% of the total federal revenue
11 distributed in the 3-year period to the county road commission for
12 highways, roads, streets, and bridges, less the amount expended on
13 urban routes for purposes other than preservation purposes and the
14 amount expended for hard-surfacing of gravel roads on the federal-
15 aid system, is expended on the preservation of highways, roads,
16 streets, and bridges. If a county road commission expends in 1 year
17 less than 90% of the federal revenue distributed to the county road
18 commission for highways, roads, streets, and bridges, less the
19 amount expended on urban routes for purposes other than
20 preservation and the amount expended for hard-surfacing of gravel
21 roads on the federal-aid system, on the preservation of highways,
22 roads, streets, and bridges and that year is not a part of a 3-year
23 period in which at least 90% of the total federal revenue
24 distributed in the 3-year period to the county road commission for
25 highways, roads, streets, and bridges, less the amount expended on
26 urban routes for purposes other than preservation and the amount
27 expended for hard-surfacing of gravel roads on the federal-aid
28 system, is expended on the preservation of highways, roads,
29 streets, and bridges, the county road commission shall expend in



1 each year subsequent to the 3-year period 100%, or less in 1 year
 2 if sufficient for the purposes of this subsection, of the federal
 3 revenue distributed to the county road commission for highways,
 4 roads, streets, and bridges, less the amount expended on urban
 5 routes for purposes other than preservation and the amount expended
 6 for hard-surfacing of gravel roads on the federal-aid system, on
 7 the preservation of highways, roads, streets, and bridges until the
 8 average percentage spent on the preservation of highways, roads,
 9 streets, and bridges in the 3-year period and the subsequent years,
 10 less the amount expended on urban routes for purposes other than
 11 preservation and the amount expended for hard-surfacing of gravel
 12 roads on the federal-aid system, is at least 90%. A year may be
 13 included in only one 3-year period for the purposes of this
 14 subsection. The requirements of this subsection ~~shall be~~ **are** waived
 15 if compliance would cause the county road commission to be
 16 ineligible for federal revenue under federal law, but only to the
 17 extent necessary to make the county road commission eligible for
 18 that revenue under federal law. For the purpose of the calculations
 19 required by this subsection, the amount expended on urban routes by
 20 a county road commission for purposes other than preservation and
 21 the amount expended for hard-surfacing of gravel roads on the
 22 federal-aid system ~~shall~~ **must** be deducted from the total federal
 23 revenue distributed to the use of the county road commission. **As**
 24 **used in this subsection, "urban routes" means the portions of 2-**
 25 **lane county primary roads within an urban area that have average**
 26 **daily traffic in excess of 15,000.**

27 (18) A county road commission shall certify to the department
 28 on or before the issuance of any bonds or notes issued after July
 29 1, 1983, ~~pursuant to~~ **under** 1943 PA 143, MCL 141.251 to 141.254,



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

23 (19) In each charter county to which funds are returned under
 24 this section, the responsibility for road improvement,
 25 preservation, and traffic operation work, and the development,
 26 construction, or repair of off-road parking facilities and
 27 construction or repair of road lighting ~~shall~~ **must** be coordinated
 28 by a single administrator designated by the county executive who
 29 shall be responsible for and shall represent the charter county in



1 transactions with the department ~~pursuant to~~**under** this act.

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

16 (21) In addition to the financial compliance audits required
 17 by law, the department may conduct performance audits and make
 18 investigations of the disposition of all state money received by
 19 county road commissions, county boards of commissioners, or any
 20 other county governmental agency acting as the county road
 21 authority, for transportation purposes to determine compliance with
 22 the terms and conditions of this act. Performance audits ~~shall~~**must**
 23 be conducted according to government auditing standards issued by
 24 the United States General Accounting Office. The department shall
 25 develop performance audit procedures and reporting requirements
 26 sufficient to determine whether money expended under this section
 27 was expended in compliance with this act by September 1, 2012 and
 28 shall report to the transportation committees of the senate and
 29 house of representatives no later than October 1, 2012 on the



1 additional audit procedures and reporting requirements. The
 2 department shall provide notice to the county road commission,
 3 county board of commissioners, or any other county governmental
 4 agency acting as the county road authority, as applicable, of the
 5 standards to be used for audits performed under this subsection.
 6 The notice ~~shall~~**must** be provided 6 months prior to the fiscal year
 7 in which the audit is conducted. The department shall notify the
 8 county road commission, county board of commissioners, or any other
 9 county governmental agency acting as the county road authority of
 10 any subsequent changes to the standards. County road commissions,
 11 county boards of commissioners, or any other county governmental
 12 agencies acting as county road authorities, as applicable, shall
 13 make available to the department the pertinent records for the
 14 audit. Performance audits may be performed at the discretion of the
 15 department or ~~upon~~**on** receiving a request from the speaker of the
 16 house of representatives or the senate majority leader.

17 (22) Of the amounts appropriated for a county primary or local
 18 road system under this section, where possible, a county road
 19 commission shall secure pavement warranties for full replacement or
 20 appropriate repair for contracted construction work on pavement
 21 projects whose cost exceeds \$2,000,000.00 and projects for new
 22 construction or reconstruction undertaken after ~~the effective date~~
 23 ~~of the amendatory act that added this subsection,~~ **April 1, 2016**, if
 24 allowed by the ~~federal highway administration~~ **Federal Highway**
 25 **Administration** and the department. A county road commission shall
 26 submit a proposed warranty program to the department for approval
 27 no later than April 1, 2016. If a proposed warranty program
 28 submitted under this subsection is approved by the department, the
 29 county road commission shall implement the program no later than 1



1 year after the approval. A county road commission shall include a
2 list of all warranties that were secured under this subsection and
3 indicate whether any of those warranties were redeemed with the
4 report required under section 14(3), and shall also list all
5 pavement projects whose cost exceeds \$2,000,000.00 for which a
6 warranty was not secured. The list ~~shall~~**must** include, but is not
7 limited to, all of the following information:

8 (a) The type of project.

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

10 (c) The expected lifespan of the project.

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

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

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

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

