

1. Agenda

AGENDA  
WORKING SESSION  
WASHTENAW COUNTY BOARD OF COMMISSIONERS  
6:30 PM, Board Room  
Washtenaw County Administration Building  
220 N. Main Street  
Ann Arbor, Michigan  
[WASHTENAW COUNTY WEBSITE](#)

2. Roll Call

3. Citizen Participation

4. Commissioner Follow-Up To Citizen Participation

5. County Administrator's Report

6. Discussion Items

- Governance Options for the Washtenaw County Road Commission  
-Diane Heidt  
Washtenaw County Administration

6.I. WCRC - Governance Options Presentation

Documents:

[WCRC - GOVERNANCE OPTIONS - 2019.PDF](#)

7. Items For Current/Future Discussion

8. Pending

9. Adjourn To Next Session

October 10, 2019



# WASHTENAW COUNTY ROAD COMMISSION

## Governance Options

Washtenaw County Working Session

Thursday, 9.19.19



# AGENDA

1. What is a County Road Agency?
2. Michigan Legislature (current & proposed)
3. Governance Options for Consideration
4. Current Organizational Structure
5. Financial Overview
6. Funding (MTA & Millage)
7. Roads Funding Subcommittee
8. State of Michigan Road Commissions / County Departments
9. Governance Options for Consideration
10. Next Steps



# What is a County Road Agency?

(per Michigan County Road Association)

- A countywide governmental agency comprised of staff and a three- or five-member board of directors:
  - Responsible for safe, efficient roads and bridges. Works collaboratively with county, township and municipal governments, as well as local business communities and economic development agencies, industries and the public.
  - Exist to maintain safe and efficient roads and bridges for the people of Michigan (P.A. 283, 1909). County road agencies "own" 75 percent of Michigan's road miles, which means 90,000 miles of roads and 5,700 bridges.
  - Perform maintenance work under contract for the Michigan Department of Transportation in 63 counties.
- Michigan has the **fourth-largest system of local roads in the US** and one of only about 20 states that must manage several freeze-thaw cycles per year and months of snow and ice.
- County road workers are government employees. They're usually on the job by 7 a.m., and on-call 24/7 and 365 days a year as road conditions dictate.



# MICHIGAN LEGISLATURE - Current

In accordance with 1851 PA 156 by amended section 11 (MCL 46.11), as amended by 2016 PA 77...

Before January 1, 2020, by majority vote of the members of the county board of commissioners elected and serving in a county with an appointed board of county road commissioners, pass a resolution that transfers the powers, duties, and functions that are otherwise provided by law for the appointed board of county road commissioners of that county to the county board of commissioners. The resolution is subject to the requirement in section 6(9) of chapter IV of 1909 PA 283, MCL 224.6. The appointed board of county road commissioners of that county is dissolved on the date specified in the resolution adopted under this subdivision, and the county board of commissioners is authorized to receive and expend funds as allowed under 1951 PA 51, MCL 247.651 to 247.675. If the powers, duties, and functions of the board of county road commissioners of a county are transferred to the county board of commissioners of that county under this subdivision and the powers and duties of the office of county drain commissioner of that county had previously been transferred to the board of county road commissioners as provided in section 21(3) of the drain code of 1956, 1956 PA 40, MCL 280.21, then the county board of commissioners of that county shall reestablish, by resolution, the office of county drain commissioner as an elected office. The resolution reestablishing the office of county drain commissioner shall provide for the appointment of an acting county drain commissioner for that county who shall hold office until the next general election at which a county drain commissioner will be elected as provided in chapter X of the Michigan election law, 1954 PA 116, MCL 168.191 to 168.211.



# MICHIGAN LEGISLATURE - Proposed

- 8.28.19 - Michigan Senate passed two bills (SB 322 & SB 323) to remove the sunset deadline of January 1, 2020 for Counties to take action on bringing its local road commission in-house and essentially make it a County department.
- The legislation would allow County Commissions to continue to consider whether they should take over road responsibilities.
- Counties that have taken over road operations have reported some overall savings.
- Concerns stated by certain Counties that have reviewed the option include employee pension and health care plan funding.



# Governance Options for Consideration

1. Expansion of Road Commission from 3 to 5 Members
2. Transfer of Road Commission Duties to the County Board of Commissioners (deadline for action is prior to 1.1.2020)
3. Change Road Commission Members from Appointed to Elected Positions
4. Retain current system



# WCRC Organizational Structure

- Governed by a three (3) member Board of County Road Commissioners appointed by the Washtenaw County Board of Commissioners.
- Day-to-day operations are overseen by a Managing Director and carried out by approximately 130 employees.
- Divided into three departments: Operations, Engineering, and Administration.
- Approximately 75 positions within the Operations Division are recognized under the Technical, Professional and Office workers Association of Michigan (TPOAM) as follows:
  - Laborer (Maintenance), Laborer-Janitor, Assistant Buildings & Grounds Maintenance Person, Assistant Sign Erector, Light Truck Driver, Rest Area Attendant, Assistant Storekeeper, Heavy Truck Driver, Sign Erector, Yard Worker, Mechanic Helper/Lubricator, Tire Service & Repair Person, Heavy Equipment Operator, Signal Technician I & II, Buildings & Grounds Maintenance Person, Group Leader I (Signs), Group Leader I & II (Maintenance), Mechanic, Group Leader III (Shop), Group Leader III (Signals), and Signal Electrician.



## WCRC Organizational Structure cont.

- Employees are provided with the following benefits:
  - Health & Well-Being:
    - Medical, Dental, Prescription Drugs, Vision, Employee Assistance Program
  - Retirement:
    - MERS defined benefit program based on hire date
  - Leaves:
    - Short- and Long-term Disability, Vacation (paid time off), Bereavement, Holidays
  - Financial:
    - Flexible Spending Accounts, Health Care Savings Program, Tuition Reimbursement and other miscellaneous reimbursements



# Road Funding

- The primary source of revenue to county road agencies comes from the Michigan Transportation Fund (MTF). All state fuel taxes, vehicle registration fees and other transportation-related fees are deposited into the MTF and distributed according to Public Act 51.
- The following was reported for FY 2017/18 (10.1.17 - 9.30.18) for Washtenaw County:

County	Mileage Transfer Amount (\$)	Michigan Transportation Fund (\$)	Snow Removal Payments (\$)	Local Program Fund (\$)	Total (\$)
Washtenaw	\$0.00	\$25,620,906.13	\$0.00	\$604,140.46	\$26,225,046.59

- Additional revenues include Federal/State funds, Trunkline Maintenance, Township Contributions, Other Contributions (e.g., County-wide millage, Washtenaw County Parks & Recreation), and Miscellaneous Income (e.g., permit / subdivision activities).



# WCRC Financial Overview

- Operating Budget - \$71+ million

- Contribution to Fund Balance
  - 2018 \$6.6 million for future years projects
- Proposed Use of Fund Balance
  - 2019 \$4 million
  - 2020 \$2.8 million
  - 2021 \$2.1 million

- Current fund balance (2018 audit) = \$20,598,829:

- |   |                     |
|---|---------------------|
| • Nonspendable items of Inventory & Prepays | \$2,456,167 (11.9%) |
| • Committed - for construction              | \$496,874 (2.4%)    |
| • Assigned - intended use of fund balance   | \$16,701,866 (81%)  |
| • Unassigned                                | \$943,922           |



## WCRC Financial Overview cont.

- 2019 Budget as amended following 2<sup>nd</sup> quarter:

<u>Revenues</u>	<u>Budget</u>
Michigan Transportation Fund	\$28,000,000
Federal/State Funds	\$13,285,000
Trunkline Maintenance	\$3,375,000
Township Contributions	\$11,401,000
Other Contributions	\$8,616,000
Miscellaneous Inc.	\$2,514,000
<b>TOTAL</b>	<b>\$67,191,000</b>

<u>Expenditures</u>	<u>Budget</u>
Administration	\$1,295,000
Operations	\$9,970,000
Engineering	\$3,222,000
Nondepartmental	\$8,334,000
Debt Service	\$2,395,000
Project Expenditures	\$46,993,000
<b>TOTAL</b>	<b>\$71,209,000</b>

Revenues Over/(Under) EXP (\$4,018,000)



## WCRC Financial Overview cont.

- Pension Liability - administered by MERS
  - 2018 \$27,666,716 (57.76% funding ratio)
- OPEB Liability - administered by MERS
  - 2018 \$15,828,172 (42.09% funding ratio)
- Capital Assets
  - Gross \$501,250,260 (\$455M is transportation infrastructure)
  - Accumulated Depreciation \$232,171,809
  - NET \$299,309,494 (includes land of \$30,231,043)

### NOTE:

- Road Equipment & Other Equipment
  - Asset value totaling \$24.1 million
  - Accumulated depreciation of \$18 million
  - Reflects a depreciation of 75%
  - Useful life & Replacement schedule would indicate needing to replace sometime in next 3-5 years



# Washtenaw County Road Millage

- 7.6.16, the BOC authorized resolution #16-103
  - Placed a 0.50-mill road levy on the 11.8.16 ballot and certified the ballot question
  - 4-year tax levy (expires with 2020 operations)
  - To provide funding to maintain, reconstruct, resurface, or preserve roads, bike lanes, streets, and paths.
- 11.8.16 General Election Results

YES	70.94%
NO	29.06%
- Millage Collection (County-wide, inclusive of non-motorized transport)
  - 2017 \$7,446,295.70
  - 2018 \$7,670,593.24
  - 2019 \$7,992,456.73
  - 2020 \$8,396,035.35 (estimated)

NOTE: there are 30 other Counties that have active road millages in the State of Michigan



# State of Michigan Road Commissions / County Departments

- Each of Michigan's 83 counties has authority for its county roads, and in 77 counties that responsibility lies with a county road commission.
  - Wayne and Macomb counties abolished their road commissions after they became charter counties.
  - Ingham, Jackson, Calhoun and Berrien counties (Berrien was the most recent) transferred the road commission authority to the County Commission after the law with the sunset was enacted.



# Governance Options for Consideration

1. Expansion of Road Commission from 3 to 5 Members
2. Transfer of Road Commission Duties to the County Board of Commissioners (deadline for action is prior to 1.1.2020)
3. Change Road Commission Members from Appointed to Elected Positions
4. Retain current system



# Expansion of Road Commission from 3-5 Members

- Permitted by Michigan Law (MCLA 224.6).
- Must hold at least 1 public hearing before voting to expand, and such hearing must be properly noticed under the Open Meetings Act at least 28 days prior to the hearing being held.
- BOC must give written notice to the Road Commission, and notice should be provided on the County's website.
- A vote on the expansion can occur the same evening as the public hearing, so long as the public hearing has concluded.
- Road Commission membership may not be less than 3 members and no more than 5 members.

## **NOTE:**

- The Washtenaw County Road Commission is currently comprised of three (3) Road Commissioners appointed by the Washtenaw County Board of Commissioners for six (6) year terms.
- It is a violation of the Open Meetings Act for two (2) Road Commissioners to speak and confer with each other on road related issues based on the current Washtenaw County Road Commission Board structure.
- No member of the BOC shall be eligible to the office of County Road Commissioner (incompatible offices).



# Transfer of Road Commission Duties to the County Board of Commissioners

- The Board of Commissioners, by Resolution, may transfer the powers of an appointed Road Commission to the County Board of Commissioners (MCLA 224.6(7); MCLA 46.11(s))
  - Existing Road Commission would be dissolved and the powers of the Road Commission would be transferred to the Board of Commissioners
  - Establish a Road Department within the County's existing structure
- Must hold at least 2 public hearings before adopting a Resolution transferring the power of the Road Commission to the Board of Commissioners
- Any transfer of powers from the Road Commission to the Board of Commissioners must be done prior to January 1, 2020
- Once the Road Commission's powers have been transferred to the Board of Commissioners and the Road Commission is dissolved, it may be reinstated by the Board of Commissioners by having the Board of Commissioners adopt the County Road Law by Resolution or submitting the issue of adopting the County Road Law to the electors of the County.



# Change Road Commission Members from Appointed to Elected Positions

- Under the State's County Road Law, Road Commission members must generally be elected (MCLA224.6(1))
- Counties with at least 12 surveyed townships may have Road Commission members appointed by the County Board of Commissioners
- Washtenaw County currently has appointed Road Commissioners
- Case law and attorney general opinions indicate that it is legal to change the method of selecting Road Commissioners from an appointed to an elected body.



## Retain Current System

- Maintain current organizational structure as separate legal entity.



NEXT STEPS