

Washtenaw County Road Commission**WHAT IS A ROAD COMMISSION?**

A Road Commission is 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.

WHY IS THE WASHTENAW COUNTY BOARD OF COMMISSIONERS HOLDING TWO (2) PUBLIC HEARINGS REGARDING THE GOVERNANCE STRUCTURE OF THE ROAD COMMISSION?

In accordance with 1851 PA 156 section 11 (MCL 46.11), as amended by 2016 PA 77, a county board of commissioners elected and serving in a county with an appointed board of county road commissioners by majority vote of the members may 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. This statute limits this power as available to a board of commissioners only before January 1, 2020. Following this date, a board of commissioners may no longer take this action.

The Washtenaw County Board of Commissioners are currently in the process of performing due diligence in reviewing options available, as well as the current structure of the Washtenaw County Road Commission prior to the sunset in existing legislation. As part of this process, the Board of Commissioners want to ensure that services provided are best meeting the expectations and needs of the citizens. To be in compliance with the existing legislation, 2 public hearings must be held before adopting a resolution transferring the power of the Road Commission to the Board of Commissioners. Therefore, given the timelines outlined in the legislation, the Board of Commissioners is being proactive in holding 2 public hearings to receive comment on whether the County should transfer the powers, duties and functions of the Road Commission to the County. These public hearings are scheduled for **10.23.19** and **11.6.19** at 6:45pm in the Board Room at 220 N. Main Street, Ann Arbor, Michigan.

On 8.28.19 the Michigan Senate passed two bills ([SB 322](#) & [SB 323](#)) to remove the sunset deadline of January 1, 2020 for Counties to act on bringing its local road commission in-house and essentially make it a County department. As of October 24, these bills have been referred to multiple committees in the Michigan House, and are awaiting consideration by those bodies

WHAT ARE THE 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

WHAT IS THE CURRENT ORGANIZATIONAL STRUCTURE OF THE WASHTENAW COUNTY ROAD COMMISSION (WCRC)?

The WCRC is governed by a three (3) member Board of County Road Commissioners appointed by the Washtenaw County Board of Commissioners. Road Commissioners are appointed for six (6) year terms.

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). All other positions are non-union.

Employee are provided with health & well-being benefits, a defined benefit retirement, paid time off and other financial benefits and miscellaneous reimbursements.

OF THE 83 COUNTIES IN MICHIGAN, HOW MANY HAVE ROAD FUNCTIONS AS PART OF COUNTY OPERATIONS?

Six (6) of the 83 Counties have road functions as part of County operations:

- **Wayne** and **Macomb** counties abolished their road commissions after they became charter counties.
- **Ingham, Jackson, Calhoun** and **Berrien** counties transferred the road commission authority to the County Commission after the law with the sunset was enacted in 2016.

WHAT IS THE FUNDING MECHANISM FOR ROAD OPERATIONS?

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).

WHAT IS THE CURRENT FUNDING STATUS OF THE WASHTENAW COUNTY ROAD COMMISSION?

The WCRC has a current operating budget of \$71+ million. In 2018, \$6.6 million was contributed to fund balance and earmarked for future years projects. The current balance, based on the 2018 audit, is \$20,598,829 as follows:

- Nonspendable items of Inventory & Prepaids \$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

There is a proposed use of fund balance for the next 3 years as follows:

- 2019 \$4 million
- 2020 \$2.8 million
- 2021 \$2.1 million

As of the 2018 actuarial analysis, the MERS defined benefit pension system is funded at 57.76% with an unfunded liability is \$27,666,716. Similarly, the OPEB system is funded at 42.09% with a \$15,828,172 unfunded liability.

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)

- 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

WOULD THERE BE ANY SAVINGS OR COST INCREASES ANTICIPATED BY CHANGING THE GOVERNANCE STRUCTURE OF THE ROAD COMMISSION?

Some Counties that have assumed road options as part of County operations have reported some overall savings. Other Counties that have reviewed the option expressed rising cost concerns in the areas of employee pension and health care plan funding.

IS THERE A WASHTENAW COUNTY ROAD MILLAGE?

Yes, on 7.6.16, the BOC authorized resolution #16-103 which provided for the following:

- 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 mileages in the State of Michigan

IF THE WASHTENAW COUNTY BOARD OF COMMISSIONERS DECIDED TO TRANSFER THE POWERS, DUTIES AND FUNCTIONS OF THE WASHTENAW COUNTY ROAD COMMISSION TO THE COUNTY...

What will this mean for how roads will be maintained in Washtenaw County?

Final decision making for road maintenance and associated expenditure of funds would be made by the Board of Commissioners as the policy making entity.

How will decisions on road repairs be made?

Final decision making for road maintenance and associated expenditure of funds would be made by the Board of Commissioners as the policy making entity.

Will there be more funds available for road maintenance?

It is not anticipated that there will be additional funds available for road maintenance at this time. There is always the possibility of additional Federal and State grants and/or other funds being made available at some point.