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BILL



ANALYSIS

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Senate Bill 879 (Substitute S-2 as reported)  
Sponsor: Senator Mike Shirkey  
Committee: Transportation

### **CONTENT**

The bill would amend the Michigan Transportation Fund law to do the following:

- Require the Michigan Department of Transportation (MDOT) to develop and implement a life-cycle cost analysis for each project for which the total pavement costs exceed \$1.5 million, instead of \$1.0 million, when funded in whole or in part with State funds, and require the analysis to be based on the estimated total pavement cost.
- Give MDOT additional options on which to base life-cycle costs when there are no relevant Michigan historic project maintenance, repair, and resurfacing schedules and costs as recorded by the pavement management system for comparison.
- Delete a provision that limits MDOT to conducting not more than four pavement demonstration projects each year to evaluate new construction methods, materials, or design.
- Allow MDOT to conduct pavement demonstration projects to evaluate designs that do not have actual Michigan historical project maintenance, repair, or resurfacing schedules or costs recorded by the pavement management system, in addition to new construction methods and materials, subject to certain restrictions.
- Prohibit a demonstration project from being conducted without the approval of MDOT, and, if a project were rejected, require MDOT to provide an explanation to the person that proposed the project as to why the project was rejected.
- Allow a demonstration project to be selected based on pavement designs intended to increase pavement life expectancy in a manner that would lower life-cycle costs.
- Require MDOT to submit a letter of explanation to certain legislators if the differences between the total cost of contracts awarded for demonstration projects using asphalt and concrete in any contiguous three-year period were more than, or were anticipated to be more than, 25%.
- Require MDOT to strive to reduce the equivalent uniform annual cost of demonstration projects by 5% over the 10-year period following the bill's effective date.

MCL 247.651h & 247.651i

Legislative Analyst: Drew Krogulecki

### **FISCAL IMPACT**

The bill would have no impact on State or local revenue, but could affect the allocation of expenditures across activities. The bill would not alter the amount of money earmarked or appropriated to the Department or any specific activity conducted by the Department, but would allow the Department to increase the number of demonstration projects. To the extent that more demonstration projects were conducted, revenue could be directed away from other activities.

The bill also would increase the monetary threshold, from \$1.0 million to \$1.5 million, for projects for which the Department is required to develop and implement a life-cycle cost

analysis. The higher threshold would presumably lower the number of projects that would require such an analysis, and thus lower costs for MDOT by an indeterminate amount.

Date Completed: 9-27-16

Fiscal Analyst: David Zin

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.