RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

KIRK T. STEUDLE
DIRECTOR

ENROLLED BILL ANALYSIS

BILL NUMBER: HB 4610 (S-1)

TOPIC: Competitive bidding on county-road projects financed by townships

SPONSOR: Rep. A. Miller

CO-SPONSORS: Reps. Cole, Leutheuser, Inman, Iden, Theis, Sheppard and Potvin

COMMITTEE: House Transportation and Infrastructure

ANALYSIS DONE BY: Aarne H. Frobom

DATE OF COMPLETED ANALYSIS: October 26, 2015

REVIEWED BY: DA ML

SHORT SUMMARY of the BILL

Amend Act 283 of 1909 (county road law) to allow one or more townships that contribute more than 50% to the cost of a road project entirely within the township(s), and not disrupting a multiple-township contract, to require competitive bidding by the road commission, by resolution. Sets qualifications for bidders under a "responsive and reasonable best value process," and allows county road agencies to bid. Bidders to be qualified by MDOT, and adhere to MDOT specifications. Create schedule for the road commission's response to the township board upon receipt of all bids. Applies to projects over $25,000 for unpaved roads and $50,000 for paved roads. Work on very-low-volume roads (<400 cars per day) must follow AASHTO standards for such roads. Effective Oct. 1, 2015. Tie-barred to HB 4611.

ADMINISTRATION POSITION

Support.

PROBLEM/BACKGROUND

State aid is not sufficient to cover the cost of all necessary county-road maintenance, preservation, and improvement. Additional support typically comes from townships (from road millage) or property owners, often at the rate of 50% of project cost. Roads remain under the jurisdiction of counties, and road commissions have total authority to design and build projects. Some townships may suspect that road commissions prefer to do township-financed projects with county forces in preference to letting the jobs to private contractors, possibly at a lower cost.

DESCRIPTION of BILL

The bill allows a township, or two townships in combination, that contribute at least 50% to the cost of a road project within their jurisdiction to require competitive bidding by the county road commission by passing a resolution(s) of the township board. It stipulates the qualifications for bidders under a "responsive and reasonable best value process," and allows that county road commissions may also bid on projects. It outlines the schedule and process for the county road commission's response to and communication with the township board upon receipt of all bids. It stipulates that the process applies only to projects costing more than $25,000 for unpaved roads and more than $50,000 for paved roads. It requires that work on very low volume roads (<400 cars per day) be in keeping with national standards for such roads, and not exceed those standards.

SUMMARY of ARGUMENTS

Pro

Opening up these projects to a competitive bidding process may reduce the cost of the work.

Townships should have more influence over the scope and cost of projects undertaken by county road agencies within their jurisdictions, particularly if the townships are putting up more than half the funding.

It is a not a good use of limited financial resources to build very low volume roads to standards that exceed national standards for such roads.

Con

County road agencies have access to engineering expertise that may lead to certain design or construction recommendations. The township board is unlikely to have that expertise, and may not understand the need for the road agency's particular design or construction methods.

FINAL VOTE

Senate: 27–11
House: 62–44

FISCAL/ECONOMIC IMPACT

(a) Department

Budgetary: none

Revenue: none

Comments: This issue is between local governments; MDOT is not involved

(b) State

Budgetary: none

Revenue: none

Comments: none

(c) Local Government

Budgetary: Through the competitive bidding process, this bill may save money for townships and county road commissions.

Revenue: With greater assurance that they will be getting the best value for their money through competitive bidding, some townships that had previously been reluctant to contribute to county road projects may be willing to do so now, thereby increasing the amount of local funding going into road construction.

Comments: none

OTHER STATE DEPARTMENTS

None.

ANY OTHER PERTINENT INFORMATION

Substantially the same as HB 4251, P.A.272 of 2014, rejected as part of Proposal 1. Only minor changes were made to the treatment of multi-township projects.

ADMINISTRATIVE RULES IMPACT

None.