

Final Report

A Study of the Role of the
Michigan State Transportation Commission
In Policy and Program Evaluation

Prepared for the
State Transportation Commission

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Michigan State Transportation Commission
Policy Study

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I. Executive Summary

This study of the State Transportation Commission's potential role in policy formulation has yielded recommendations which respond to the need for a meaningful policy role for the Commission; a policy formulation process through which the Commission can act within the constraints of a limited schedule of meetings; and recognition of the management responsibilities and necessary latitude required by the Department's chief operating officer, the Director. At the same time, the recommendations have been designed to reinforce the tools available to the Commission to discharge its responsibilities effectively.

The potential role of the Commission has been described as an operational definition of its policy responsibilities. Delineating the policy and management realms of the Commission and the Director, respectively, so that transportation policies could be formulated and implemented, responsively, responsibly and effectively was, after all, the purpose of the continuing debate over "what is policy?"

The recommendations have been structured around four categories of meaningful and necessary Commission responsibilities:

- The representational responsibilities of ombudsmanship and external advocacy;
- Strategic planning;
- Programming and budgeting; and
- The oversight responsibilities of monitoring standards, program effectiveness and the Department's financial integrity.

The approach proposed for the Commission to meet these responsibilities recognizes the need to use the Commission's time effectively, limiting the matters brought to the Commission's attention to those matters which are essential to these responsibilities; to provide the Commission with the information which is necessary to make responsible decisions on these issues; to recognize the Commission's continuing responsibilities to represent the interests of the citizens of Michigan; and to seize the opportunity for the Commission to provide an important, if non-binding, contribution to the policy and management deliberations of the Governor and to assure the Director's effective management of the Department.

The study recommendations include draft legislation which might implement the findings.

A. The Representative Roles

The traditional role of the Commission, as a lay citizen body overseeing transportation policy, should continue, using Commission meetings as a public forum for discussion of policy issues, program issues and project issues. In this role, the Commission can synthesize the public interest, as it affects transportation policy, by hearing responsible public comment from the general

public, interest groups, local government agencies, and other state agencies. The advisory councils mandated by Act 444 of the Public Acts of 1978 would provide a cumbersome and more expensive means of fulfilling this responsibility; they should be eliminated.

The Commission should serve as a resource for the Governor and Director in advocating state transportation policies and programs outside the Department. Since the legislative program effects policy, it should be approved by the Commission before going to the Legislature. Assumptions and conclusions on the analysis of bills should also be approved by the Commission. These responsibilities are consistent with the Commission's role of representing the citizens; the Commission's actions serve as a source of information about the public interest for the Legislature's consideration.

B. The Strategic Planning Role

Strategic planning represents a role which is fundamental to policy formulation and execution. If the Commission is not involved in approving the types of projects or programs which are planned, either in the short-term or long-term, it does not have an influence on the initiation of projects or selection of projects which will ultimately reach the Highway or Public Transportation Program. Thus, without express right to initiate or to approve long-term plans or specific projects (for either planning or preliminary engineering) the Commission would be delegating a policy function.

The Commission should be responsible for initiating planning projects and approving Department initiated planning and engineering projects in advance. This responsibility could be discharged more effectively if the Commission received a single unified highway and public transportation planning program with adequate time to review it.

C. The Programming and Budgeting Role

The role of the Commission in programming and budgeting, and the assignment of certain budgeting responsibilities to the Director, involves an important distinction between policy and management. An approach is proposed which involves the Commission in the formulation of the budget, but would restrict its right of approval to the program, which determines the projects which can be funded. Approval of the budget is considered redundant and ineffective. The budget should be reviewed as a management instrument for execution of policy.

The study recommendation eliminates the Commission's role in budget approval, relying instead on the program as a meaningful lever for controlling implementation of policy. Since the budget is an activity center budget for operating expenditures and an aggregate line item budget for major capital items, rather than a program budget, it provides little information in a digestible form on the object of Department expenditures. Therefore, it appears to be a document which cannot be reviewed by the Commission in a meaningful manner.

For this recommendation to provide the Commission with full control, however, the projects in the program should be given a priority ranking, so that the

Commission, without budget approval, can be assured the sequence of implementation will follow its policy guidance.

D. The Oversight Roles

Three oversight roles for the Commission emerge from its historic purposes, which are to protect the Governor and the Director from the pressures of interest groups which might encourage an inequitable commitment of resources and to protect the public's interests by assuring that the sizable dedicated revenues available to the Department are dispensed responsibly. The latter responsibility includes concern for the integrity of financial controls and the concern for the most cost-effective use of the funds. The three oversight roles which should continue include:

- The review of standards;
- The evaluation of program effectiveness and the assessment of the Department's technology; and
- The audit of the Department's financial integrity.

It is recommended that the Commission receive the authority and the budget to contract with consultants, if desired, to:

- Review service and safety standards;
- Prepare a program evaluation of transportation programs every second year; and
- Prepare a technology assessment — a review of the technologies used by the Department, compared with the state of the art and the technologies in use in other states — every five years.

These efforts would allow the Commission, as an independent voice representing the citizens of Michigan, to report to the Governor, the Director and the Legislature on the effectiveness with which its policies are being implemented.

The Commission also has a responsibility to protect the financial interests of the citizens. The Commission auditor should report to the Chairman of the Commission, with responsibility for conducting program audits of the Department which are approved in advance by the Commission. The Commission auditor's current function in contract auditing should revert to the Department.

E. Administrative Considerations

The Commission should be provided with a program or policy analyst to assist it in evaluating the implications of policy options available to it. The Commission should also receive budget authority to hire consultants for policy analysis or to assist in fulfilling its oversight responsibilities.

Administrative appeals and the authority to execute contracts should rest with the Director, as well as the authority to acquire, hold title to or dispose of real property.

F. The Priorities of Policy Development

A broad variety of recommendations are made in this report. It may be useful, therefore, to focus briefly on what we believe to be the key elements, to which the highest priority should be given. Fundamentally, these are four recommendations:

- Greater opportunity for the Commission members to meet in informal discussion sessions in which policy can evolve as a carefully considered and thoroughly debated pattern of action;
- Establishment of a procedure for setting priorities in the unified capital program, so that programming can become the basic tool of policy-making;
- Development of a coherent and accessible record of the Commission's policy decisions, to provide an important tool for the Commission, for the Department as it executes policy, and for others (including the courts) as they interpret the Commission's policies; and
- Strengthening of the Commission's resources for oversight and evaluation of the state government's transportation activities.

II. Considerations in Defining the Policy Role of the Commission

The study of the State Transportation Commission's potential role in policy formulation is structured around four categories of meaningful and necessary responsibilities:

- The representational responsibilities of ombudsmanship and external advocacy;
- Strategic planning;
- Programming and budgeting; and
- The oversight responsibilities of monitoring standards, program effectiveness and financial integrity.

Before addressing each of these responsibilities, it may be useful to review the background of the study and the perspective with which the consultant team defined the Commission's role.

A. The Background of the Study

Before the reorganization approved by the voters of Michigan in 1978, the legal authority and responsibility for both policymaking and administrative supervision of most of the State government's transportation programs and facilities were vested in the State Highway Commission. The Highway Commission delegated to the Director of the Department of State Highways and Transportation much of that responsibility, but retained the prerogative of making or approving most major administrative decisions and any other matters of particular interest to the Commissioners.

The Constitutional amendment and related legislation approved in 1978, however, marked a major change in the structure of governance in the State's transportation programs (see Appendix A for texts). That change came at a time of, and in response to, several important trends:

- The increasing significance of modes other than motor vehicle highway transportation;
- The growing need to provide the principal manager of a comprehensive transportation program with authority commensurate to his responsibilities; and
- The expanding scope of concerns beyond the strictly transportation-related ones (such as urban growth and environmental impacts or energy conservation goals) that influence transportation policy decisions.

The principal current of the reorganization was clear. The changes sought to establish a formal or structural dichotomy between policy and management. The changes increased the Director's responsibilities from supervision of the Department's administrative and technical tasks to full management of its expanded operations. At the same time, the responsibility of the reconstituted State Transportation Commission for policymaking remained clear. In the Commission's Resolution 79-3, the division of responsibilities and authority appeared to be demarcated along the lines chosen by the Legislature (see Appendix C for text). But the legislative mandate, which was embodied in the reorganization statutes, obscured the breadth of the Constitutional mandate for change.

The Opinion of the Attorney General (No. 5547) clearly defined some of the responsibilities which were not policy, but did not resolve the more important issue of what policy is (see Appendix B for text). This study has been undertaken with the intention of defining a logical framework for exercising a policy role, so that the Commission's responsibilities can be defined even in unforeseen future circumstances. This study has addressed the basic question of distinguishing policy from management by preparing an initial working definition of policy, then a review of the actions which must be taken by either the Commission or the Director, and finally the formulation of a process by which the Commission can express policy and monitor its implementations.¹

B. The Objective: A Meaningful Policy Role for the Commission and a Meaningful Management Role for the Director

The basic premise of the study has been that there are meaningful roles for both the Commission and the Director, and the relationship between the two should be developed to reinforce the substance of their respective roles, rather than to assess which would gain or lose responsibilities. This study defines a role for the Commission which is meaningful as an independent resource for the Governor, the Director and the Legislature. A process is proposed which is meaningful in terms of the Commission's control of, or identified involvement in, policy formulation and implementation. Moreover, it is recognized that the Commission's role can only be meaningful if it is provided the professional support sufficient to allow responsible execution of its policy role and the means of monitoring the effective implementation of its policy. At the same time, it is recognized that a distinction exists between making policy and executing policy, and that the Director has responsibility for the latter. In order to discharge that responsibility effectively, he must have unhampered control over management of the Department.

The Commission has a legacy of representing the people of the state to assure that their interests are voiced and protected in the implementation of highway and, later, other transportation programs. This role, historically, recognized the existence of a dedicated source of revenue for highway improvements; the significant magnitude of resources available; the potential impact that individual projects or entire programs had on the wellbeing of the State as a whole and different segments of the State and its people; and the amount of pressure interest groups could bring to bear on the Governor or the Director of the Department. Consequently, a citizen body — the Commission — was created to represent the people of the State and to avoid the misuse of the Highway Fund, in terms of the value received for commitments of resources and the specific projects which were built.

The Director originally reported to the Commission. Even after the organizational structure was modified so that the Department Director reports directly to the Governor, the bipartisan Commission was retained to continue to serve as a

¹A working definition of policy, as well as general policymaking roles, were described in Technical Memorandum 2.0, dated March 24, 1980; the likely actions facing the Director and the reconstituted Commission were supplemented by the review of prior Commission actions, documented in Technical Memoranda 4.1 and 4.2, dated April 15 and April 17, 1980; this report documents the proposed process for policymaking, which considers the findings from other states, described in Technical Memorandum 3.0, dated April 28, 1980, and the previous considerations of selected past policy issues, described in Technical Memorandum 4.3, dated May 16, 1980.

policy body, recognizing its value as a representative of the interests of the citizens of the State in the programming of transportation funds and as a means of protecting the Governor and the Director from the pressures of interest groups who might favor or oppose specific projects.¹

The definition of a policy role which is proposed by this study is based on a belief that the Commission has a meaningful policy role to play, and that the role is governed by this legacy, i.e., the need to represent the people of the State and to protect the public interest by assuring that the programs which are implemented are responsive to the needs of the people. The proposed role — which has been formulated based on interviews with Commissioners, members of the Department staff, representatives of the Governor, key legislators, Directors and Commissioners in other states, and a review of the process and issues associated with the Commission's historic role — is designed to outline a means for the Commission to contribute in a meaningful and effective way to transportation policymaking while recognizing the distinction between the roles of the Commission and the Director.

The most significant constraint in formulating a meaningful role has not been legal but pragmatic; it has been the concern that the role be defined so that a Commission which normally meets no more than twice a month (including special meetings) can discharge effectively its responsibility to formulate policies and monitor their implementation. Thus the study has considered a number of effectiveness issues in defining the policy role:

- That adequate recognition be given to relevant public or private interests;
- That the substantive content of the Commission actions be of sufficient importance;
- That policy decisions of the Commission be clearly communicated and documented;
- That the Commission have adequate feedback on the Department's execution of policy decisions; and
- That the Commission have effective mechanisms to control the implementation of policy.

The types of questions which were asked during the course of the study include:

- What determines whether an issue is within the Commission's purview?
- How does an issue reach the Commission?
- What is an efficient and effective procedure for Commission operations?
- How are enough parties brought into the policy planning process by the Commission?

¹ Interviews with Commissioner Weston Vivian, Representative William Ryan and Mr. William Long of the Governor's staff indicated this intention in the legislative history of Acts 483 and 484 of the Public Acts of 1978.

- How is long-term policy planning accomplished?
- How does short-term policy planning fit into the Commission's role in long-term policy planning?
- What staff and support are necessary for the Commission to fulfill its responsibilities?
- What perennial studies are necessary to maintain control and perspective in the process?

The answers to these questions were reviewed in the context of experience in other states as well as the specific policy conditions and management requirements of Michigan. Sections V through VIII propose a policy role for the Commission based on seven specific responsibilities in four major categories; this role is defined to eliminate time consuming responsibilities which are not directly related to policymaking, in order to provide the Commission with the opportunity to concentrate what little time it has directly on actions which can affect policy.

At the same time, the management of the Department is explicitly the responsibility of the Director. While the Commission — to assure its policies are being implemented — should have a means of evaluating the Department's performance, it is in the Commission's interest to see that the Director has the flexibility and authority to manage the Department effectively. Thus an important issue to the consultant team was to propose a process for the Commission's formulation of policy which would not impair the ability of the Director to manage or administer the Department. Traditional responsibilities of the Commission which were merely a management function have been recommended for transfer to the Director. This recommended transfer is intended primarily to free more of the Commission's time for policy deliberation.

The Commission should recognize it is in its own best interest to limit its responsibilities strictly to policy issues, since this limited role, if assumed to its full extent, represents an opportunity to influence transportation in the State of Michigan far more than would involvement of the Commission in management functions. In fact, the Commission should reserve to itself only those functions which meet either of the following criteria:

- The function is an expression of policy, but only those expressions of policy which are not redundant (e.g., approval of both the program and the budget could be a redundant expression of policy); or
- The function is necessary to ensure that the Department's programs (the execution of policy) are consistent with the Commission's expressed policies.

The only exceptions to these criteria which have been included among the proposed Commission responsibilities are associated with the Commission's historic representational roles.

C. The Potential Role of the Commission Relative to the Governor and the Director

This study has not involved creating a role for the Commission, for there is a very important role for the Commission to play that complements the responsibilities

of both the Governor and the Director. Thus an attempt has been made to enhance the capability of the Commission to fulfill the role of providing the Governor and Director with guidance on the goals and objectives of the people as well as assisting them in maintaining the integrity of a Department which is viewed nationally as one of the most effective transportation departments in the country. The reduction in the number of management activities which must be resolved by the Commission allows the Commission to dedicate more attention to these extremely influential responsibilities.

The Commission can be a valuable independent resource to both the Governor and the Director, if its role is properly defined. The historic responsibility for sheltering the Governor and Director from the pressures (or apparent pressures) of interest groups in decisions regarding the usually large public investments in transportation facilities and programs is retained. This role has been described as serving as a "lightning rod."

It is important not to view this responsibility merely as a passive role. Protecting the Governor and Director also involves an active role in assuring both, through independent observation, that the Department is responding to the goals and objectives of the people (as expressed in policy), that the Department is being managed efficiently and effectively, and that the Department's practices meet the highest possible standards. The Commission, as a policy body, can establish policy governing the quality of the Department's activities. It should be able to assure the Governor and Director, independently, that the Department's performance meets the public's expectations. Because the Commission is an independent observer, the Governor and Director should view its perspective as constant constructive review of the Department's effectiveness. This review is not an encroachment on management prerogatives, but an extension of the historic responsibility of protecting the Governor and Director; since the Commission is a representative body they bear the responsibility of assuring that transportation programs meet public needs. Furthermore, any actions to change the practices of the Department, even as a result of the Commission's evaluation, must still be the prerogative of management — the Director or ultimately the Governor. In representing the people, however, the Commission should have the responsibility of advising the Director and the Governor of management practices which are not effective.¹

The substance of this advice should include program evaluation (to assure that policy is being implemented effectively); technology assessment (to assure that the Department's programs are being implemented with reliable and up-to-date technology); and comparative evaluation of the Department's performance in relation to the performance of departments in other states. Each of these functions provides new information to assist management; each is effectively accomplished by an independent group; and each is possible by enhancing Commission staff or allowing the Commission to contract directly for consulting assistance.

D. The Constraints on the Commission's Role

There are virtually no legal constraints on the Commission which would affect the identification of a meaningful, effective and influential role in policy formulation.

¹ Previously, the Commission had the authority to hire and fire the Director, providing it with leverage over the Director's performance. This leverage is not lost, since the Commission can advise the Governor on its judgment of the Director's performance. The Governor, however, must make any necessary decisions in personnel.

The recommendations of this study provide a means of exercising a policy role, while removing from the Commission's agenda the time consuming, if traditional, administrative actions that prevented the Commission from spending the necessary time on policy issues. Nonetheless, there are three pragmatic concerns which influence the effectiveness of the Commission:

- The Commission is parttime and rarely meets more frequently than twice each month;
- The Commission has a limited budget and little precedent for contracting directly for consultant assistance;
- The Commission does not have independent analytic staff support to allow it to review the substance of Department efforts; and
- The limited number of meetings and the Open Meetings Act result in little opportunity for communication among Commissioners on policy issues except in formal public meetings.

The first concern — the time constraint — will not be eliminated. The recommendations, however, have been developed with the intention of limiting the actions of the Commission to those which assist it in meeting its policymaking responsibilities. In this way, the limited amount of time will be used more effectively.

The second concern — the budget constraint — can be remedied with the cooperation of the Director. The Commission should have the authority to contract directly for consultant assistance in its effort to provide meaningful input to the Governor and Director on transportation policy, needs, goals and objectives; and as an independent evaluator of Department effectiveness. This authority may or may not be used to implement the recommendations of this study. The budget may also be committed for enhanced analytic staff for the Commission or to compensate the Department for special studies by Department staff. The Director's cooperation in the budget and contract authority will increase the value of the advice the Commission can provide him.

The Commission definitely needs one additional staff person, a full-time professional program or policy analyst who can prepare technical reviews of Department products and, if necessary, serve as technical director of consultant studies. This program analyst, who would report to the Commission Secretary, could assume all of the additional support assignments necessary for the Commission to discharge its responsibilities in an independent manner, as recommended in this study.

The program or policy analyst, by synthesizing the alternative policy implications of actions before the Commission, may contribute to resolving the final constraint, which is the limited opportunity the Commissioners have to develop policy through extensive discussion of the implications of alternatives. Decision memoranda by the analyst may serve as a catalyst for the type of discussion which is important to policy formulation. These memoranda may emphasize the need for greater interaction among the Commission before deciding policy issues. The agenda for scheduled meetings is too full, and the format — the Commission facing an audience — is not conducive to an informal and exploratory discussion, involving the arguments of each of the Commissioners as well as a program (or

policy) analyst, and perhaps Department personnel. Currently, major policy resolutions can occur — within the confines of a full agenda — without the Commissioners having the advantage of understanding the positions or attitudes of all of the other Commissioners.

The Commissioners should plan on meeting, periodically, at round table discussions on significant policy issues at which no decisions would be made. The agenda might include only the presentation of the potential implications of policy alternatives by the Commission's policy analyst. The discussions should be held at locations convenient to the Commissioners, rather than in the formal setting of Lansing. Proper notice can be given, the press could be invited, but the purpose of the meetings would be informational in nature. These types of discussions might increase the confidence with which the Commission deals with the broader policy issues in the regularly scheduled Commission meetings. They need not violate the spirit or the letter of the Open Meetings Act.

III. The Definition of Policy for Discretionary Issues

From the outset of this study, it has been clear that the most useful delineation of policy is a description of a policymaking process that reflects a consensus of expectations about how the Commission, Department management and other groups will interact on a regular, recurring basis.

Necessarily, there are, however, circumstances that will arise outside the realm of foreseeable issues and events on which that consensus is based. These circumstances may be described as "discretionary" in the sense that the defined process of policymaking will probably lend little assistance toward determining whether an issue is a policy issue or a decision by the Commission is truly policy. In the absence of such guidance, controversy may arise if the matter in question could be reasonably considered either a policy or a management responsibility.

Ideally, of course, precise and mutually exclusive definitions of policy and management responsibilities would cover all potential circumstances, but even a much less rigorous description of the general concept of policy — one subject to potentially conflicting interpretations — is not easy to achieve because of the enormous variety of situations it would have to cover.

In this sense, no precise and mutually exclusive definitions are possible; the nature of policy must be inferred from the traditions and "precedents" that the Commission develops over time. It is by analogy to what has gone before, rather than by recourse to a definition covering all eventualities, that the Commission, Department management and others will best distinguish policy and management responsibilities.

A significant implication of this view is the importance of having a clear and readily usable record of what has gone before, so that there is a consistent and continuously updated basis for reference. Part of this section of the report will describe the practical means for creating and maintaining such a record.

A. The Policymaking Process as a Definition of Policy

Although policy may sometimes be stated as a general rule or guideline of wide applicability, it is far more often the case that policy is elaborated incrementally in the course of the Commission's consideration of fairly specific matters. For this reason, the most basic definition of policy is one that describes a policymaking process, including the typical kinds of subjects with which the Commission deals in making policy and the forms in which policy is expressed in the course of those regular, recurring Commission activities. The majority of this report is devoted to describing such a process — and some of the alternative ways in which the Commission may choose to structure the process.

B. The Discretionary Issue

Discussions with Commissioners and others during this study have indicated that unforeseen circumstances are almost certain to arise from time to time when an issue that would not normally come before the Commission in the course of the regular policymaking process — i.e., a matter that would normally be the responsibility of management alone — has significant policy implications that should be considered and decided by the Commission. Other matters that are normally management responsibilities may present unusual opportunities for establishing, reviewing or changing policy.

The Commission must generally depend on its own staff and on the Department management to bring these matters to its attention. Both the Commission staff and the Department management should be sensitive to identifying these kinds of matters or opportunities, on the basis of both past expressions of policy and the observations or recommendations included in reports prepared as part of the Commission's oversight roles. Likewise, in reviewing reports on Department activity, Commissioners should be sensitive to identifying any discretionary matters that might not normally be part of their agenda.

C. A General Definition of Policy

Legal concepts of what "policy" means have been determined for the most part by the kinds of cases in which courts have needed to define the concept. These have usually been cases involving separation-of-powers issues of two kinds: first, have policymaking bodies (especially legislative bodies) overstepped their bounds by attempting to make ad hoc decisions overruling officials charged with the execution of policy?; and, second, to what extent would courts exceed their authority by reviewing (and potentially overruling) the political decisions of policymaking bodies? Both kinds of cases tend to produce definitions that serve only to rule out extreme situations, rather than to formulate a definition for policy which explains the threshold between policy and management.

In this study, the problem has had to be tackled more directly. For the purposes of deciding whether a discretionary issue is a policy matter or not, something much closer to a general definition is required. We believe that analogy to past policy issues and decisions will provide the most useful guidance, but to put the construction of such analogies in perspective, we have sought to define the general nature of policy.

As a start, we defined working definitions of both policy and a policy issue, in order to reduce the broader concept of policy to the type of decisions which must be made by either the Commission or Director.

Policy is an intention to obtain or allocate resources and authority in order to have a material effect on the satisfaction of competing interests and objectives. Given this preliminary description of policy, there are two critical elements in this view that distinguish a policy issue:

- The issue must involve significant competing interests and objectives that can be weighed against each other only subjectively; and
- A decision on the issue, i.e., a commitment of resources or authority, must be likely to have a material effect on the overall balance of competing interests and goals, whether by maintaining the existing balance or by changing it.

Thus, although an issue that can be decided solely on the factual basis of how well the possible outcomes would satisfy a single objective is not a policy issue, the choice between making a decision on that basis and taking additional competing objectives into account is itself a policy issue. competing objectives into account is itself a policy issue. Neither element alone is sufficient. Some issues, for example, may involve conflicting interests and objectives, but no possible outcome is likely to have a material effect on how competing interests are balanced overall.

This description, of course, only suggests the general characteristics of policy-making. Its application to any particular set of circumstances is subject to differences of opinion. In the event that a genuine dispute arose in the context of a specific decision or action, rather than in the current and more abstract development of a policymaking process, the ultimate arbiter would be either the Attorney General (if the parties in conflict were officers or agencies of State government) or the courts (if parties outside State government were affected).

The best guidance available to the Attorney General or to the courts would be a well-documented record of how analogous decisions or actions have played a role in the incremental process of policymaking. The Commission should begin now to build such a record. The next part of this section discusses both the uses of this kind of record and the practical aspects of its development and maintenance.

D. Policy Book: A Codification of Future Policies and Actions

An important aspect of sound policy is consistency. That is, current policies or actions should be consistent with those policies or actions that occurred at an earlier date. If current policies or actions are not consistent, the inconsistency should be explained as either a change in policy or an exception to the rule. Therefore, it is important for those responsible for making policy to understand the framework of previous policies and actions in which they must operate. Without a clear understanding of existing policies and the precedents developed through previous actions, the policymaker's task becomes more difficult, as each policy issue must be resolved independently. This is, indeed, a problem that was identified by several Commissioners.

During the course of this study, the existing Transportation Commission documents that are records of Commission actions and policies were closely examined and found inadequate for the policymaking needs of the State Transportation Commission. The minutes of the Commission meetings and official Commission policies would presumably serve to identify past Commission actions and policies. In attempting to use those documents to investigate possible roles for the Commission we found them unwieldy and substantively lacking. The minutes of Commission meetings are a procedural record of Commission actions, not a substantive delineation of issues that the Commission addresses. The official statements of Commission policies suffer from several deficiencies:

- Many of the policies, since they were carried over from the State Highway Commission, express management directives;
- Since the policies were developed by an incremental method and the organization of the policies is not formally structured, there is no simple way to examine them for consistency; and
- The policies are not explicit enough to provide sound guidance to the Department or to let public interest groups understand Department policies.

A method which could be adopted to provide the Commission with the means for making consistent policy without depending on memory is through the use of a policy book. A policy book is a record of Commission policies and actions that is a working document for policymaking. It is a written record of policies that can be updated and a listing of actions that is constantly lengthened.

A well organized policy book can be more than a tool for the policymaking body. In the context of the Commission and the Department of Transportation, a policy book would be a method of assuring that the Department was cognizant of Commission policies; a policy book could be a formal method of written communication between the Commission and the Department.

Another important use for a policy book would be its relevance as an aid to public participation in transportation policy formulation. For example, the public participation process is enhanced if an environmental interest group can examine the policy book to determine whether their concerns are being addressed by policy.

The development of a policy book need not be viewed as an excessive burden, particularly since the records of the State Transportation Commission (as opposed to the State Highway Commission) are not extensive.¹ First, an indexing system must be developed so that even readers who are unfamiliar with the Commission's role and actions can find Commission policies or issues. Second the book should be designed so that it can be updated in a comprehensible manner. Third, the process of maintaining and updating the policy book should not require additional staff or much additional work for the existing staff. With express attention to these goals and concerns, this section proposes a format for the State Transportation Commission Policy Book and a proposed procedure for maintaining the Policy Book.

Physically, the policy book would be a three ring binder organized into sections by dividers. An outline in the front and the corresponding dividers would be the indexing system. Figure III-1 is the proposed outline for the Policy Book. The indexing system would be organized into three general categories: mode of transportation, Department of Transportation activity, and major issues. Unlike a library, which uses several cards in different places to direct one to a single book, the Policy Book uses a fixed number of index references and reproduces the policy in several places. For example, a policy that expressed a goal for environmental considerations in airport planning would be reproduced and placed in three sections: Aviation, planning; Environmental issues, modal; and Planning, modal.

Policy — and especially fine distinctions of policy — is not always expressed in general terms, however. To account for the incremental development of policy, the last subsection in every major section would be a listing of Commission actions dealing with the substance of that particular section and, perhaps, a one sentence description of the action. These actions, like particular policies, might appear in several places.

The procedure for developing the Policy Book involves putting together a number of three ring binders and then filling the book with as many policy decisions as already exist and developing, where necessary, policies for significant areas where no policy currently exists. It would not be necessary or desirable for the Commission to try to develop policies for all sections of the Policy Book. The Policy Book is not intended to force the Commission to write, in a finite period of time, comprehensive policy. The book is intended to be a tool for incremental

¹ The policy book has been proposed as an alternative to the programming of a computer based policy codification system, since it is simpler to implement and update, as well as being in a format which is accessible to all Commissioners.

Figure III-1

OUTLINE OF PROPOSED MICHIGAN TRANSPORTATION
COMMISSION POLICY BOOK

1.00	INDEX TO POLICY BY MODE	2.00	INDEX TO POLICY BY ACTIVITY
1.10	Aviation	2.10	Finance
1.11	General	2.11	General
1.12	Planning	2.12	Modal
1.13	Finance	2.13	Commission Actions
1.14	Other Issues		
1.15	Commission Actions	2.20	Planning
		2.21	General
1.20	Highways, Roads and Streets	2.22	Modal
1.21	General	2.23	Commission Actions
1.22	Planning		
1.23	Finance	2.30	Standards
1.24	Other Issues	2.31	General
1.25	Commission Actions	2.32	Modal
		2.33	Commission Actions
1.30	Non-Motorized Transportation		
1.31	General	2.40	Other
1.32	Planning	2.41	General
1.33	Finance	2.42	Modal
1.34	Other Issues	2.43	Commission Action
1.35	Commission Actions		
		3.00	INDEX TO POLICY BY ISSUE
1.40	Ports and Harbors		
1.41	General	3.10	Environmental Issues
1.42	Planning	3.11	General
1.43	Finance	3.12	Modal
1.44	Other Issues	3.13	Commission Action
1.45	Commission Actions		
		3.20	Urban Issues
1.50	Public Transportation	3.21	General
1.51	General	3.22	Modal
1.52	Planning	3.23	Commission Actions
1.53	Finance		
1.54	Other Issues	3.30	Economic Issues
1.55	Commission Actions	3.31	General
		3.32	Modal
1.60	Railroad Freight	3.33	Commission Actions
1.61	General		
1.62	Planning		
1.63	Finance		
1.64	Other Issues		
1.65	Commission Actions		

policymaking. Issues are addressed and resolved as they arise, not in any structured manner. This is because good policy is generally formulated in the context of particular issues. Were the Commission to try to create comprehensive policies, the result would most likely be general statements that would have to be revised the first time the Commission addressed specific issues.

The procedure for maintaining and updating the Policy Book would involve some Commission staff time and judgment. First, explicit commission policies would have to be reproduced and correctly catalogued. Second, significant Commission actions would have to be written up in brief form, reproduced and correctly catalogued. Updating the explicit policies would involve replacing sheets. Updating the Commission Actions list involves only additional sheets. The Commission and Commission staff would have to work together to assure that Commission actions and explicit policies were accurately delineated, recorded and catalogued. A significant burden falls on each Commission member and the Commission as a body to identify policy issues when they are addressed and to define clearly where policy statements and policy actions should appear in the Book. For example, if a Commissioner feels that a decision the Commission is considering has implications beyond the particular issue, the possibility of formulating a policy should be openly considered. The Commission staff, also, should be aware of policy issues in transportation provision in Michigan and not be hesitant about bringing the issues in front of the Commission. A program analyst on Commission staff, for example, might refer to the apparent policies inherent in prior actions when describing the implications of policy alternatives on the Commission's agenda.

Figures III-2 and III-3 are proposed formats for completed Commission Policy and Commission Action sheets. If too many Commission Action sheets accumulated, they could be condensed, in chronological order, onto a single sheet.

The proposed format for the Policy Book indexing system would allow Commissioners, the Department and public interest groups to be aware of prior Commission actions, which, together, constitute the transportation policies in the State of Michigan.

Figure III-2
STATE TRANSPORTATION
COMMISSION POLICY

Effective Date 6/22/77 Number CP 1100.25
Responsible Organization Executive Bureau Supersedes DPP 3200.05
Subject Intergovernmental Planning

The Department will participate in transportation planning with Federal, State and local agencies, including the State Planning and Development Regions, and will provide these agencies with available information concerning transportation planning.

Copies found under:

Planning, general (2.21)

Figure III-3
STATE TRANSPORTATION
COMMISSION ACTION

Date 4/23/75

The Commission declined to join the newly formed organization of state transportation departments. The Chairman expressed the view that Michigan prefers to work with the American Association of State Highway and Transportation Officials to achieve broadened transportation program objectives.

Copies found under:

Planning, general (2.2I)

Other, general (2.4I)

IV. The Policymaking Role of Commissions in Other States

Case studies of policymaking by three distinctly different state-level transportation commissions were carried out to give the Michigan Transportation Commission several viewpoints on the wide spectrum of policymaking/administrative roles taken by commissions across the country. All three commissions, in Iowa, Utah and California, have broad transportation responsibilities which extend beyond the highway transportation function, and all bear some policy-setting relationship to a full-time director of transportation responsible for the day-to-day operations of a sizeable line agency of state government. None are merely advisory, nor do any of them hold independently elected status as in some Southern states. They vary in the degree of control that they exercise over the appointment of the director from independent status in Iowa, to advisory recommendation of candidates in Utah, to none in California. And they vary substantially in the intensity of concern expressed by the rest of the state-level political system over issue development and issue resolution.

In each of the case studies analysis was made of the formal authority and allocation of roles made by statute or adopted commission policy. As well, the regularized activities of the commission were described as best they could be from documented materials. Two examples of the policymaking process were selected for each state and reported as more or less formalized information dissemination and decisionmaking procedures. If possible, some degree of controversy was sought in the examples to illustrate competing interests and some commission role in resolving conflict or deflecting it into some other policymaking arena.

The most significant of the roles observed in commission activities covered in the three case studies from other states were programming and budgeting, standard setting and ombudsmanship. Programming was usually quite distinct from budgeting, had an external constituency in mind in prioritizing projects in usually well-established program categories, and had frequent public review in the process. Budgeting, on the other hand, was a much more internally directed activity, had few public observers outside the legislature and governor, and was a major mechanism for exerting control over internal departmental priorities.

A. General Findings and Observations

While no other department and commission was exactly like that of Michigan, they yielded evidences of both successes and failures in policymaking and administration from which some valuable insights for Michigan's own deliberations on setting out a policymaking role for the Michigan Transportation Commission and for negotiating the boundaries of the policymaking/administrative roles can be drawn.

Key to a smooth working relationship between administrator and policymaker is not only a mutually agreed upon sense of "turf," but of timing and of legitimate information channels as well. With the real absence of meaningful strategic planning and policy and program evaluation observed in most instances, a long-term/short-term dichotomy between commission and director is impossible, as it places a commission in a position of irrelevancy in a political process that deals in one-, two- and perhaps five-year increments at most. More workable for policymakers is the shaping of a program envelope within which the department can operate for the modest-term, one- or two-year budgets, five-year programs

of projects at most, standards for highway or airport design within realistic appraisals of financial limits to program size, program eligibility criteria for grants and services, and the performance of a series of communication roles with the public and with diffuse political leadership as a two-way means of broadening the information base upon which the department and public function in setting future program directions.

From case observations, as much as possible the commission should function as a before-the-fact hearings and review body, giving direction and assistance to the departmental director as to program content and standards rather than second-guessing individual decisions after-the-fact. Likewise, to the degree possible, through the careful design of information processes for common input and shared, public information, the additional information channels which the commission provides over states that function without one should be known and accessible to all, as nonthreatening as possible and aimed first at forward-oriented decision-making, and also at error-avoiding or correcting actions rather than blame-placing or power-manipulating behaviors.

Leaving the day-to-day operations of the department to the director within the established program envelope, not second-guessing individual project decisions, staying out of personnel matters, and reviewing performance in a regularized rather than ad hoc manner, are all cautions that arise from observations of commissions and directors across the county, even where appointing authority lies with the governor rather than the commission.

Instances have been observed, notably in Arizona, where the director invited the participation of several commission members as well as outside, impacted interest groups to assist in the selection of a planning director for the department. Although recognizing that the ultimate appointing authority was his, he recognized the crucial information transmitting role of the planning director and the need for credibility both with the commission and the interested public for the party in this role. If both commission and director are careful about it, the sharing of additional information and the provision of opportunities for participation beyond rigid requirements facilitates mutual understanding and trust.

Personality and group style too are key to the successful working together of commissions and directors, even under stress. The case of California is the strongest evidence of the impact of informality on group process. Even though the political conflicts over transportation are greater there than anywhere else because both of nearly unworkable institutional arrangements and personal style differences between the governor, director and legislature, the largely novice commission, after only a year and a half of activity, is beginning to fill a variety of nonstatutory mediating roles between contesting parties in the many transportation confrontations that exist there. Meetings involve several days duration include dinners and social events as well as field trips, are held around the state and generally provide sufficient time and informality for participants to get to know each other in nondefensive ways.

Informal dinners between commissioners and the directors in Iowa, advertised to the media but seldom attended by them, go over agendas ahead of time, allow for informal give and take, and generally facilitate the free flow of information and

working out of potential difficulties before they occur. Likewise, field trips around the state and a legislative trip to Washington, D.C., give commission members informal opportunities for working together and with the director which make stressful times go more easily, and which improve information flows at most other times. No evidence seemed present that recent "sunshine" laws had undermined the effectiveness of commissions in working together informally, as long as press was notified.

While many of the observations described above may themselves seem informal and lacking in rigor, there appears to be no formal substitute for confidence in the people and the processes of decisionmaking and implementation in transportation, as well as other fields. Commissions are not truly legislative bodies, but a part of the executive branch of government, and therefore formal aloofness from the director, acting as two separate branches of government, would not seem a very successful style of expected behavior. Formal recommendations do follow in the next section, however, needing to be tempered by informal negotiation and a certain willingness to share concerns and opportunities across role boundaries.

B. Policy Issues in Other States

The major policymaking issues examined briefly in the case studies were:

Iowa

- Highway programming modifications to deal with declining resources and increasing rehabilitation needs.
- Rail main line acquisition authority in the wake of private railroad economic failures.

Utah

- Resource development infrastructure funding for cooperative highway projects.
- Van pool program rule hearings and adoption.

California

- Route designation and design for a critical, unprogrammed project (Route 65, Roseville Bypass).
- State versus local basis for initial hearings on 1980 State Transportation Improvement Program (STRIP).

In these cases various means of assuring that adequate recognition of relevant interests were included in the decisionmaking process were observed. Procedures as routinized as the adoption of a new rule (in this case for van pools) or approval of support for a specific resource development highway in Utah have review processes and comment periods built in. These formalized processes let everyone

with a well-organized and regularized interest in the activities of the department comment or participate in the deliberations. Much of the interest in the Utah Department of Transportation for the purposes of this study is in terms of how regularized processes are and how formally defined are policymaking, administrative and even public roles.

In Iowa, however, both issues examined were anything but routine in terms either of content or process. The programming modification question was placed on the agenda by the commission because of its own uncertainties regarding recent program changes and the calls from unsettled constituents wanting to understand a rationale for program cutbacks and redesigns. Placed in an awkward spot by lack of adequate information and understanding, the commission sought a redefinition of the process, making explicit the shift toward rehabilitation-type work so that it could be explained in terms that would at least inform, if not placate, relevant interests. As far as the rail main line acquisition issue, it was pressed upon the commission by interested legislators and shippers concerned over imminent failures of several main line rail carriers operating in the state. Rather than a formal process of input, the commission heard from a number of witnesses in addition to their own policy and planning staff at a key point in one commission agenda, and agreed to set additional special meetings if the timing for action or interest would warrant it. Other interests desiring to participate in what was largely the consideration of a legislative act (legislators appeared before the commission seeking support for a draft bill) would have been expected to inform themselves as a participant in the events leading to the creation of the rail economics problem or as a follower of general legislative activity. Many issues on normal Iowa Transportation Commission agendas are as routine as they are in Utah, but events gave the author a chance to observe active deliberation of two such ad hoc issues.

The California Transportation Commission, organized into functionally specific committees for some of its work, makes a point of devoting large amounts of its committee agendas to presentations and hearings. The commission holds its meetings deliberately around the state to make it more readily possible to hear from interested parties. It has formalized review and appeal processes built in for review of its major work element, the State Transportation Improvement Program. It was in the process of a day long hearing from representatives of local governments in northern California regarding program priorities at its April meeting. It would repeat the process for southern California jurisdictions in May.

In the case of all commissions much of what is on the agenda is not necessarily of sufficient importance to warrant it being there. Gradually these kinds of routine, if formal, commission approvals are being delegated to staff, but often only after statutes are changed to allow it to happen. While such routine matters can clutter an agenda if not managed well, they can usually be clustered and formatted so that any important deviations from the norm can be noted. Otherwise they are adopted readily, allowing an otherwise ignored element within the department at least the chance to briefly report progress. Commissions can and do insist that their staffs program time for the more important elements of an agenda, usually anticipating a month in advance what will or will not be competing for attention on the same agenda. Iowa has a time estimate for each item and a schedule to follow, thus allowing interested parties to show up for

items on a nearly time certain basis, at least until the major issues for discussion or review come up. Utah has a work program for the entire year (see page 27 of the Utah case study) which sets out the routine elements of agendas well in advance, and staggers them as that time is available each meeting for nonregular matters of importance. In general this matter of agenda formulation has to be negotiated between commission, director and commission secretary to allocate time and attention largely to those issues with sufficient importance to warrant sustained commission attention.

While it has not been observed that many commissions are able to generate great interest elsewhere in the political and policymaking community for long-range planning or "early warning" concerns, they do become a means for department professionals to begin to alert the public about emerging problems. While concerns over adequacy of transit funding levels and environmental and social side effects of urban freeways may have cropped up first outside the view of transportation professionals, they are exceptions to an observation that most emerging issues are identified first by the professionals and communicated outward rather than vice-versa. Once a policy issue is important to a number of people in the short-term, the broader policymaking system can begin to deal with it, but while it appears narrowly technical or long-term, it is hard to convince interests that the outcomes are important.

The most formal communication of policy in the states studied occurs again in Utah, where written policies and procedures are a way of life for communicating about the outcome of commission action and the expectations of implementation for recurring events. Policy statements exist for Iowa as well, in a formal policies and procedures manual from which an example is excerpted on pages 11-13 of the case study. Administrators prefer a limited number of policy decisions by boards and commissions which set general guidelines within which technical and administrative judgment can be exercised. The Iowa and Utah examples serve to routinize, at least for the time being, a large number of matters that need then not come up again for discussion until circumstances substantially change or a formal review of policy is called for. Adopted single- or multi-year budgets and programs serve a similar function of being clearly communicated and clearly documented plans of action, given policy endorsement and administrative discretion for a fixed period of time within established limits.

The Iowa Transportation Commission expressed concern over the directions that a recent highway program was taking, largely because it didn't seem to stay still, once policy direction had been given in a fashion that most commission members felt was clear cut. Financial events had changed rapidly and beyond the bounds of what anyone had expected. Staff adjustments to the program were large enough, and frequent enough to concern commission members over their credibility with the community at large for being able to deliver on what they had promised. Once the program was thoroughly reviewed, notice taken of the rapidly changing financial events that caused alterations, and a new formalized project evaluation process established by the staff and endorsed by the commission, things were back on track again, but not without some ruffled feathers along the way. How minor a change in program, or how wide an exception in procedure before the commission comes back into the picture after a policy or program has been adopted seems to be dealt with on an ad hoc basis by negotiation between

commission and director. Most directors were on the side of bringing too much rather than too little to commissions for review so it is rare that an occurrence like this one crops up. When it does, mild, rather than strong, words usually suffice.

Feedback on execution is usually routine in most states. Progress reports on how well activities are being carried out can take up substantial amounts of time on commission agendas if commissioners let them. This differs, as pointed out earlier, from being able to say whether or not policies and programs being executed by the department are achieving intended results in an effective manner. This is a great weakness in policymaking and review almost everywhere in state-level government. NO formal evaluation processes seem to be set up within state transportation departments for carrying out this function. This makes the review function tied heavily on administrative oversight rather than policy and program effectiveness. While highly important in an idealized model of management and policy role separation, this evaluation role is largely missing from the reality of commission activities in other states. Progress reports on activities are the best surrogates available, and are often the subject of considerable staff activity to keep the commission informed on departmental financial status, project completions, and work in progress. Whether or not a specific object is being attained by the execution of a specific policy usually can be found out only by requesting an ad hoc study which may or may not have the methodology to give a convincing answer, or the timeliness to give one to act upon.

As for the effective use of available "control" mechanisms to assure administrative compliance with commission policy the case studies of Utah and Iowa are silent. Each state has undergone a change of directors since the Department of Transportation was established, and one has the impression that the selection process of a director tends to keep director and commission together at least for several years as an element of control, not just because of the authority relationship, but because of the conscious thinking through by all parties of what is expected performance and what are shared goals. In California the degree of conflict that has caused the legislature to create the California Transportation Commission in its present form and with its present responsibilities is based upon the breakdown of control and enforcement mechanisms. Those institutionally substituted for good communication and shared purpose do a very poor job of filling the void. While the legislature does not want to budget for the department (fearing pork barrelling), they do not want the governor and director to have a free hand. So budgeting by broad categories (not project specific) is done by the legislature, programming by the commission and detailed budgeting by the department. The legislature then asks the commission to critique the department's budget but without the authority to change it, nor the will of the legislature to intervene further. No one is very sure of anyone else's information flows or about the commonality of assumptions about forecasts, making a colossal mess of what ought to be a coherent set of policies, implementing programs, and operating budgets. Most observers of the process, and activists within it, try to make the best of a substantial political breakdown, admitting that the institutions simply can't transcend the personalities until a new governor comes along. At least some people take heart that the commission is growing in its job and establishing some credibility as a mediator and some professional staff competence to illuminate several of the critical financial issues in the highway programming area.

Budgeting as a form of internal control available to the commission may not deal directly with seeing that policy is carried out, but it can be an effective instrument of both direction and oversight, even if it recurs only on an annual or biennial cycle. It is quite distinct from programming and needs to be viewed as an arena of negotiation between director and commission over the use of internal resources to accomplish goals and policies. If more studies and reports need to be provided to the commission to evaluate policy performance, the time to allocate the resources to generate that information is when the budget is being prepared. Reporting requirements and staffing of the planning and policy office can be negotiated out in this process as well.

V. The Representational Roles

Two prospective roles for the Commission are associated with its responsibilities as a representative of the people, rather than with a specific policy prerogative. The manner in which the Commission assumes these roles, however, will influence its expression of policy.

The two roles are ombudsmanship and external advocacy. Ombudsmanship involves representing the people by communicating the views of various constituent or public interest groups and by providing a "constituent service" — assisting in public interaction with the Department. Both of these functions assist in providing the Commission with public input to their formulation of transportation needs, goals and objectives.

The second representational role involves external advocacy, or the presentation of the State's transportation policy or program before external groups. This responsibility, which should occur only at the request of the Governor or Director, can be a useful complement to their respective efforts. For instance, legislators have indicated the potential influence Commissioners could have in presenting the case for a program or the Department in hearings. Effective use of this role, however, would require staff support by the Commission's program or policy analyst or by Department staff to assist in preparing the Commissioners in technical issues.

Table V-1 summarizes the characteristics of these roles.

Table V-1

THE CHARACTERISTICS OF THE REPRESENTATIONAL ROLES
 OMBUDSMANSHIP AND EXTERNAL ADVOCACY

Role	Ombudsmanship	External Advocacy
Purpose	<p>This role is a traditional role of the Commission as a lay citizen body overseeing transportation policy. It is a representative role rather than a policy role, although it may alert the Commission to issues the public feel warrant a policy resolution.</p>	<p>This role involves the Commission as an advocate for transportation policies and programs in the Department's dealings with other levels or branches of government or other state agencies. The State Transportation Commission can serve as a resource in support of the Governor and Director in advocating State transportation policies and programs outside of the department.</p>
Process	<p>I. The Commission meetings can be a public forum for discussion of:</p> <ul style="list-style-type: none"> • Policy issues; • Program issues; and • Project issues. <p>In this role, the Commission can synthesize the public interest, as it affects transportation policy, by hearing responsible public comment from:</p> <ul style="list-style-type: none"> • The general public; • Interest groups; • Local government agencies; and • Other state agencies. <p>To assure that the Commission is able to reach out to a wide variety of relevant interests, the Commission Secretary could develop and maintain lists of persons, organizations and agencies that have expressed interest or might be expected to have an interest in various kinds of issues.</p>	<p>1. The Commission should be responsible for approving the Department of Transportation's legislative program, since the legislative program can effect policies. The elements of the legislative program include:</p> <ul style="list-style-type: none"> • The legislative program itself; and • The assumptions and conclusions of the analysis of other bills. <p>2. At the request of the Governor, the Commission could represent the Department to organizations outside of the State, such as:</p> <ul style="list-style-type: none"> • Federal agencies; • Other states; and • Multi-lateral organizations.

Table V-1 (cont'd)

THE CHARACTERISTICS OF THE REPRESENTATIONAL ROLES
OMBUDSMANSHIP AND EXTERNAL ADVOCACY

Role	Ombudsmanship	External Advocacy
	<p>Their participation could be directly solicited whenever such an issue arose. An illustrative list of major interest groups is included as Table V-2.</p> <p>2. The Commission could provide a constituent service in which a Commission staff member would refer comments, complaints or queries to the appropriate Department personnel. The Commission would be informed of the nature of the constituent requests by the Commission Secretary. If the constituent request involves an administrative appeal, the Commission Secretary would offer procedural assistance, but defer to the hearing officer on substantive issues. If the appeal appeared to raise policy issues related to the law or regulation governing the appeal, the Secretary would advise the Commission that they might wish to consider the policy issues beyond the scope of the appeal itself.</p>	
Product	<p>This role would involve receiving input which would be expressed by the Commission in</p> <ul style="list-style-type: none"> • Program plan formulation; and • Policy resolutions. 	<p>The form for projecting this policy role would be presentations of the transportation program to other bodies or formal approval of the legislative program and bill analyses prepared by the Department.</p>
Staff	<p>The Commission Secretary currently fulfills the constituent service responsibility and could continue to do so without additional staff.</p>	<p>No additional staff requirements are necessary, although, if a program or policy analyst were added to the Commission staff, it would be his or her responsibility to review the legislative program and bill analyses and prepare recommendations for the Commission's action.</p>

Table V-1 (cont'd)

THE CHARACTERISTICS OF THE REPRESENTATIONAL ROLES
OMBUDSMANSHIP AND EXTERNAL ADVOCACY

Role	Ombudsmanship	External Advocacy
Legislation	See Comments.	N/A
Comment	<ol style="list-style-type: none"> <li data-bbox="352 513 1066 870">1. This role, as proposed, provides a forum for input from the interest groups included among the advisory groups mandated in Act No. 444 of the Public Acts of 1978. It is recommended that the Act be amended to delete the requirement for advisory councils, since they would be a time consuming and cumbersome format for public input to the Commission. They also represent only provider and special user groups, and not all public interest groups. <li data-bbox="352 902 1066 1097">2. As one approach to fulfilling this role, as well as to gaining input for the continuing study of transportation needs of the State, it is recommended that the Commission schedule meetings (or hearings) in different locations around the State. 	<p>Legislators suggested that Commissioners could play an important role in advocating a legislative program.</p>

Table V-2

MAJOR INTEREST GROUPS AFFECTING
THE MICHIGAN DEPARTMENT OF TRANSPORTATION

- Taxpayers (by kind of taxable base and incidence group)
- Transportation users
 - Michigan residents, tourists, business in and out of state
 - Revenue paying and non-revenue
 - Individuals and organizations
- Bondholders, underwriters, traders and rating agencies
- Governor and other elected state executive branch officials
- State legislators (by party, district constituency and interest-group constituency)
- Federal government transportation agencies
- Members of Congress (from Michigan, and elsewhere if transportation-related)
- Local governments and their officials
- COG's and their staffs
- "Eligible" entities under Act 51 providing public transportation services
- State and federal agencies regulating transportation services, facilities or users
- Private firms providing transportation services, facilities or equipment (common carrier or not)
- Operations employees of providers of transportation services and facilities
- Construction and manufacturing employees involved in provision of facilities or equipment
- Organized labor groups
- Manufacturers and contractors involved in provision of facilities or equipment
- "Neighbors" of transportation services and facilities, including environmental groups
- Landowners and real estate industry people
- The transportation professions and their organizations
- Advisory boards relating to transportation
- Aeronautics Commission and Bridge Authorities
- State government fiscal and financial agencies

VI. The Strategic Planning Role

Strategic planning represents a role fundamental to policy formulation and execution. If the Commission is not involved in approving the types of projects or programs which are planned, either in the short-term or long-term, it does not have an influence on the initiation of projects or selection of projects which will ultimately reach the Highway or Public Transportation Program. Thus, without express right to initiate or to approve long-term plans or specific projects (for either planning or preliminary engineering) the Commission would be delegating a policy function.

In this section, we review the characteristics of the strategic planning role of the Commission (see Table VI-1). Although the current programs for highways and public transportation include early preliminary engineering and preliminary engineering as phases, and the status of the phase (start, continue, complete), the organization of the program by county does not provide a sense of the Department's initiatives toward new projects. Since the program appears to be prepared by a data processor, sorting of the projects which are in early preliminary engineering (planning) and preliminary engineering by status (start, continue, complete) would not be difficult and would facilitate the Commission's review of current planning projects within a policy context and with an appreciation of broader public goals and objectives. Depending on the policies adopted by the Commission, the Commission may want the planning and engineering program to be sorted by other by other characteristics of the project planning file reports (Table VI-2 indicates the level of detail of the planning file report classifications).

The Commission should be responsible for initiating long-term planning efforts, and approving them, since the Commission is intended to maintain a broad perspective on the future transportation needs of the State, as well as the goals and objectives of the people (see PA 444). It should also approve planning and engineering projects, before they are undertaken, to assure they are appropriate as an execution of the policies of the Commission.

Table VI-1

THE CHARACTERISTICS OF THE STRATEGIC PLANNING ROLE

Role	Strategic Planning
Purpose	<p>Strategic planning involves setting of goals and objectives, as well as priorities, which influence the nature of the specific transportation projects that are implemented. Strategic planning looks beyond the immediate management of transportation resources toward the policy objectives which will be articulated as directives to the Department in the future. Act 444 of the Public Acts of 1978, in which the maintenance of a continuing study of transportation needs is mandated, indicates the responsibility of the Commission for this function. The Commission, as the representative of the people and a body free from the day-to-day management responsibilities of the Department, is the appropriate body for overseeing strategic planning. The importance of strategic planning is that it initiates the process by which planned projects eventually reach the program. It also represents an essential element in policy formulation.</p>
Process	<p>The process by which the Commission exercises this policy is the authority to initiate long-term planning, the approval of the Department's unified planning and engineering program, and the approval of long-term plans (plans which include projects which would not be in construction during the subsequent three fiscal years).</p> <ol style="list-style-type: none"> <li data-bbox="527 1115 1479 1440">1. The unified (highway and public transportation) planning and engineering program should be developed by the Department annually, which would delineate what planning, comprehensive or project specific, the Department intends to undertake in the upcoming year. This unified planning and engineering program would be approved by the Commission, since the planning of projects is the first step toward implementation of projects. This allows the Commission the ability to assure that the planning process is accommodating the types of choices the people deserve. <li data-bbox="527 1472 1479 1696">2. The Commission should be responsible for initiating long-term planning and directing either a consultant or the Department to carry it out. Only by the authority to initiate long-term planning can the Commission assure that the types of projects that may be necessary to meet the future needs of the state and its citizens will be given adequate consideration. <li data-bbox="527 1728 1479 1988">3. The Commission should have the responsibility for approving completed long-term plans. Long-term plans determine the programs or projects which will implement the State's transportation policy for the future. The long-term plan affects program objectives, service standards and budget allocations. These issues are of such importance for the execution of state transportation policy that the plan should be approved by the Commission.

- Product
1. Annual approval of a unified planning and engineering program, which includes all specific plans being studied by the Department or consultants, as well as the status of ongoing planning and engineering efforts.
 2. The initiation of long-term plans, either by directing the Department or contracting with the consultant.
 3. The approval of completed long-term plans.

Staff None.

Legislation None.

Comment None.

Table VI-2

PROJECT PLANNING FILE REPORT CLASSIFICATIONS

SELECTED ABBREVIATIONS FOR PROJECT PLANNING FILE REPORTS

Abutment	ABUT	Crossing	XING	Geological	GEO	Modern Building (Toilet)	MD BLDG
Acquisition	ACQU	Crossover	XOVER	Geometric	GEOM	Modernization	MOD or MD
Advertising	ADV	Culvert	CULV	Grading	CR	Monitor	MONTR
Agreement	ACRMT	Curb & Gutter	C&G	Grading & Drainage Structures	GEDS	Mount	MT
Aggregates	AGG	Curve	CURV	Grand Rapids Southbelt Highway	GR SBLT	Mountain	MTH
Airfield	ARFLD	Damage	DMGE			Hover	MVR
Airport	ARPT	Deceleration	DECEL			Municipal	MUN
Alignment	ALGN	Deck	DK	Gravel	GRAV or GRAVL	No Information Available	NIA
Alteration	ALTH	Delineation	DELIN	Crooving	CRVC or CRVNC	Non Directional Beacon	NDG
Appraisal	APRSL	Demolition	DEND	Crubbing	CRUB	Non-Metallic	N-MTL
Approach	APPR	Develop	DEVL or DVL	Guardrail	GRRL	Non-Motorized	NM
Apron (Airport)	APRN	District Wide	DIST-WD	Harbor	HBR	Non-Trunkline	NON TL
Asphalt	ASPH	Divided	DIV	Height	HIS	Northwestern Hwy	NSWTRN
Assessment	ASSESS	Document	DOC	High Intensity Lights	HIL	Not Available	NA
Attorney-General	ATT-GEN	Drain	DRN or D	High Intensity Runway Lights	HIRL	Nursery	NURST or NUR
Authority	AUTH	Drainage	DRNG	Highway	Hwy	Obstacle	OBST or OBT
Auxiliary	AUX	Drilling (Well)	DRING or DRILL	Hospital	HOSP	Operations	OPER or OPR
Barrier	BAR	Drive	DR	Impact Attenuator	IMP ATT	Over	OV
Beginning	BEG	Early Preliminary Engineering	EPE	Implementation	IMP	Overlay	OVLY
Between	BET			Improvement or Improved	IMPR	Painting	PNTC or PTC
Bituminous	BIT	Easement	ESMT	Include	INCL	Park	PK
Branch	BR	Edgeline	EDGLNG	Information	INFO	Parking	PKG
Bridge	STR or BRG	Electrical	ELEC	Inspection	INSP	Partial	PRTL
Brook	BRK	Electronic Surveillance System	ESS	Installation	INSTL	Passing	PASS
Building	BLDG			Institutional	INST	Pathway	PNWT or PATHWT
Canal	CL or CML	Emergency	EMER	Instrumental Landing System	ILS	Paving	PVC
Capacity	CPCY or CAPCY	Enclosure	ENCL	Interchange	INTCH or INT	Pavement	PVMT
Capital	CAPTL	Encroachment	ENCRMT	International	INTNT	Pedestrian	PED
Cartographic	CART	Enforcement	ENFRG	International	INTNTL	Placement	PLCHT
Cement	CHMT or CEHMT	Engineering	ENGR	Intersection	INTRS	Planting	PLANT
Center	CTR	Enterprises	ENTRP	Inventofy	INV	Plastic	PL
Center Lane Left Turn	CLLT	Entrance	ENTR or ENT	Island	IS	Port	PT
Channel, Channelization	CHNL, CHNLZTM	Environment	ENVR	Item	ITM	Preliminary Engineering	PE
Chemical	CHRM	Equipment	EQUIP	Joint	JT	Property	PRTY
City (When used with city name)	C	Erosion	ERSN	Junction	JCT	Preparation	PREP
City Wide	CITY-WD	Evaluation	EVAL	Junkyard	JKYD	Prime & Single Seal	PASS
Claim	CLM	Excavation	EXCA or EXC	Lake	LK	Prime & Double Seal	P&DS
Cleaning	CLNG	Excess	EXCS	Landscaping	LS	Prime & Triple Seal	P&TS
Clear Vision	CV	Existing	EX	Lane	LH	Proposed	PROP
Clearing	CLRG	Experimental	EXP	Latex	LTX	Protection	PROT
College	COLL	Extension	EXT	Left	LT	Pulverize	PULV
Communications	COMM	Expansion	EXPSM	Lighting	LIG	Pumphouse	PUMP H
Completion	COMP	Fabricator	FABR	Location	LOC	Quadrant	QUAD
Concrete	CONC	Facility	FAC	Maintenance	MAINT	Radio Weather Information	RWI
Condemnation	CONDMFN	Feasibility	FEAS	Management	MGMT	Radius	RAD
Connector	CONN	Federal Aid Primary	FAP	Markers	MKRS	Railings (Bridge)	RLG
Construction	CONST	Federal Aid Secondary	FAS	Marking	MK	Railroad	RR
Construction Engineering	CE	Federal Forest Highway	FFH	Materials	MATL	Rolls (Rail Roads)	RRL
Contractor	CONTR	Fencing	FNCG	Mechanical	MFCM	Ramp	RMP
Control	CHTL or CONTL	Flashing Light Signals	FLS	Medium	MED	Rapids	RPOS
Control Section	C.S. or CS	Flashing Light Signals and Gates	FLS&G	Medium Intensity Taxiway Lights	MITL	Realign	REALGN
County Wide	CO-WD	Force Account	FA	Memorial	MEM	Railroad Grade Crossing	RR XING
Court	CT	Freeway	FR HWY CORR	Metropolitan	METRO	Reconstruction	RCN
Creek	CK	Frost Heave Correction	FTG	Mill	MI	Reconstruction & Relocation	RCNRL
Correction	CORR	Frontage	FRG	Miscellaneous	MISC	Recycle	RECYC
		Garage	GAR			Rehabilitate	REHAB or REHS

Table VI-2 (Cont.)

PROJECT PLANNING FILE REPORT CLASSIFICATIONS

Rejuvenate	REJUV	Temporary	TEMP or TMP
Relocation	REL	Terminal	TERM
Removal	RMVL	Thermo Plastic Marking	TH PL MK
Repair	RFR or RPR	Township Wide	TWP-WD
Replace	REPL	Tracks (RR)	TCK
Rest Area	RA	Traffic	TRAF
Resurfacing	RESF	Trail	TR
Retaining	RW	Traffic Signal	T SCNL
Revision	REV	Transit	TRANS
Right-of-Way	ROW	Travel	TRV
Right	RT	Trucking	TRK or TRKG
River	R	Trunkline	TL
Road	RD	Tunnel Sever	TSEWR
Route	RTE	Turn	TRN
Shoulder	RDSB	Turnback	TRNBK
Shouldway	RDWY	Unassigned	UNA
Runway	RNRY	Under	UN
Runway & Identifier Lights	R&IL	University	UNIV
Safety	SFTY	Upgrade	UPGR or UPC
Salvage	SALV	Upkeep	UPKP
Sanitary	SAN	Unknown	UNK
Scenic	SCNC	Utilities	UTL or U
Screening	SCRN	Various	VAR
Sealcoating	SEALC	Vehicles	VEH
Seaplane Base	SPB	Vertical	VRT
Search (Title)	SRCH	Village	VLG
Sea Wall (Shore Erosion Control)	SWALL	Ville (when used with city name)	V
Service	SERV	Visual Approach	VASI
Service Road	SR	Slope Indicator	
Settlement	STMT	Water	WTR
Sever (also see Tunnel Sever)	SEWR	Watermain	WTRM
Shore	SHR	Way	WY
Shoulders	SHLDS or SB	Wide	WD
Sidewalk	SDWK	Widening	WDN
Signals	SCNL	Widening & Reconstruction	WDRCH
Signing or Signs	SCN	Widening & Resurfacing	WDRSP
Skidproofing	SKDP	Woods	WDS
Snow Removal Equipment	SRE	Wrecking	WRK or WRECK
Springs	SPRCS	Wrong Way	W-WY or W-WAY
Stabilize	STAB	Yellow Book	YBK
Stage	STG		
Standards	STDS		
State Line	ST L		
Statewide	ST-WD		
Station	STA		
Steel	STL		
Street	ST		
Strip (Scenic)	STP		
Structure	STR		
Super-elevation	S ELV		
Superstructure	S STR		
Surfacing	SURF or SF		
Survey	SURV		
System	SYS		
Taxiway (Airport)	TXWY		

RAILROADS

Ann Arbor Railroad	AA RR
Boyer Valley Railroad Co	BV RR
Chesapeake and Ohio Railroad	CSO RR
Chicago and Northwestern Railroad	C&N RR
Chicago, Milwaukee, St. Paul and Pacific Railroad	CHSP&P RR
Consolidated Rail Corp. (formerly Penn Central)	CONRAIL (Contractor) CR RR (Description)
Detroit and Mackinac Railroad	D&M RR
Detroit Terminal Railroad	DT RR
Detroit, Toledo and Ironton Railroad	DT&I RR
Detroit and Toledo Shoreline Railroad	D&TSL RR
Suluth, South Shore and Atlantic Railroad	DSS&A RR
Escanaba and Lake Superior Railroad	EG&L RR
Grand Trunk Western Railroad	GTW RR
Hillsdale County Railway Co.	HILLSDALE RR (contractor)
Lake Superior & Ishpeming Railroad	LS&I RR
Lansing Co Railroad	LC RR
Michigan Interstate Railway Corp.	MI RR
Michigan Northern, Inc. (R.R. Co.)	MICH NTRM (Contractor)
National RR Passenger Corp.	NP RR
Norfolk and Western Railroad	N&W RR
Penn Central Transportation Co. (Formerly N.Y. Central Railroad and Pennsylvania Railroad)	PCT CO (contractor)
Port Huron and Detroit Railroad	PH&D RR
Lansing Co. Railroad	LC RR
Tuscola & Saginaw Bay Railroad	T&SB RR

SYMBOLS

And	&
At	@
Indicates consolidated Project (when it appears at end of location description)	*
Numbering	#
Of (This symbol does not always mean "of")	/
To	-

VII. The Programming and Budgeting Role

The role of the Commission in programming and budgeting, and the assignment of certain budgeting responsibilities to the Director, involves an important distinction between policy and management. In this section, an approach is proposed which involves the Commission in the formulation of the budget, but would restrict its right of approval to the program, which determines the projects which can be funded. Approval of the budget is considered redundant and ineffective. The budget should be viewed as a management instrument for execution of policy.

The study recommendation is to eliminate the Commission's role in budget approval, relying instead on the program as a meaningful lever for controlling implementation of policy. Since the budget is an activity center budget for operating expenditures and an aggregate line item budget for major capital items, rather than a program budget, it provides little information in a digestible form on the object of Department expenditures. Therefore, it appears to be a document which cannot be reviewed by the Commission in a meaningful manner. Thus, the recommendation. Nonetheless, if the Commission felt strongly about the importance of budget approval, it would constitute an alternative approach for monitoring policy execution.

Table VII-1 summarizes the characteristics of the programming and budgeting role.

A. The Program as a Policy Instrument, the Budget as a Management Instrument

Fiscal year 1980 was the first year in which programs for both highways and public transportation were required. The program, as currently conceived, is a policy instrument insofar as it identifies programs and projects toward which Department resources will be committed during the next fiscal year. Responsibility for forwarding the program to the Legislature (or amendments to the program) should lie with the Commission, as a statement to the Legislature that the proposed projects are consistent with the Commission's policies. Since no project can be undertaken unless it is in the program, the program represents effective policy control over the purpose of Department expenditures.

The line item budget is a management instrument, insofar as it indicates how the director can spend the Department's resources in order to achieve the policy directives of the Commission. Since the budget is submitted by the Department to the Department of Management and Budget for incorporation into the Governor's budget, it should logically be the Director's responsibility. The Governor is assured that the expenditures meet the Commission's concern because of the program.

B. The Formulation of the Program

The format of the program and the process for its formulation will both affect the ability of the Commission to use it as a primary policy instrument. The program should be prepared in a consistent and manageable format for both highways and public transportation. The proposed projects should be ranked by priorities, so that the adoption of the program establishes the guidance to the Department, regardless of the level of funding approved by the Legislature. Without the setting of priorities, approval of the program does not reflect the policy direction of the Commission, since it allows the Department to substitute projects depending on funding levels.

The program should be provided to the Commission two months prior to its necessary transmittal to the Legislature. It should be presented to the Commission by the Department. A special meeting should be scheduled, if necessary, for additional questions by the Commissioners. One month after its presentation to the Commission, at the regular scheduled meeting, the program should be discussed formally and approved or disapproved by the Commission. It should be transmitted as a Commission document.

Any midyear amendments to the program should also be approved by the Commission prior to submission to the Legislature.

C. Program Adoption and Its Transmittal to the Legislature

The program, once adopted, should be transmitted directly from the Commission to the Legislature. The program would represent the formal presentation of projects that reflect the State transportation policies. Approval of the program by the Legislature would conclude the process of establishing priorities for the coming year. If funding availability or procedural issues prevent a project on the program from being implemented, the previously established system of priorities would govern the next project to receive funding. Thus there would be no need to amend the program or formally notify the Legislature of changes in the program, unless a decision were made, with Commission approval, to fund a project other than the one that was next in the sequential order of priorities.

D. The Formulation of the Budget

The formulation of the budget would occur in a fashion similar to that which currently occurs. The Commission (or, more likely, the Budget Committee of the Commission) would meet with the Deputy Director of Finance in order to establish allocations among major program categories (e.g., highways, rail, freight, buses, bicycles and port) which reflect the policies of the Commission. In an advisory role only, the Commission's Budget Committee would work with the Deputy Director on the budget formulation. Since the budget is a management instrument, it would not need formal approval by the Commission unless the Commission were specifically requested by the Director to vote a resolution on it. The Budget Committee's input would represent a constructive contribution to the budgeting process, and, indirectly, the Department's programming process (since the program will reflect the broad program allocations determined in the budget formulation process).

E. Transmittal of the Budgets

Currently, the budget is transmitted to the Department of Management and Budget for consolidation with the Administration's budget. Thus, even approval of the budget when it leaves the Department does not assure the Commission that the budget will remain intact as they approved it. Under those circumstances, approval of the budget is less important than control over the program.

Nonetheless, the conformance of the budget with the Commission's stated policies should be of interest to the Department of Management and Budget. Accordingly, at the time the budget is transmitted, the Commission should prepare a letter which states that the budget is in conformance with its policies or identifies areas where the budget does not appear to respond to the policies as expressed in policy resolutions or in the program.

Table VII-1

THE CHARACTERISTICS OF THE
PROGRAMMING AND BUDGETING ROLE

Role	Programming and Budgeting
Purpose	<p>Programming and budgeting are conceptually at the very heart of policymaking because they are attempts to plan comprehensively the allocation of resources for the coming year. In practice, however, the emphasis in policymaking lies with programming rather than budgeting, because the budget detail is principally an allocation of resources to internal functional classifications of the Department's staff, rather than to programs and projects, or outputs of the Department. As such, the budget is more a management instrument, while the annual highway and public transportation programs remain the premier policy instruments in which the full variety of competing demands and other relevant interests are balanced.</p>
Process	<p>The process by which the Commission can fulfill this role will continue to be preparation and approval of the annual program, but it is essential to incorporate in the program an explicit listing of priorities to guide the Department in the implementation, which may of necessity require the postponement of some intended projects and the substitution of others because of temporary funding or other obstacles. The Department's proposed program should be submitted to the Commission two months before it must be sent to the Legislature. After formal discussion and approval, it should be submitted to the Legislature as a Commission document. The Commission will also continue to approve any amendments to the program during the course of the year. The budget process should be changed, however, to recognize the primacy of management considerations in budget preparation, with informed discussions between the Commission's Budget Committee and either the Director or the Deputy Director for Finance. The budget should be submitted to the Department of Management and Budget as a Department of Transportation document, but with Commission comment attached as appropriate.</p>
Product	<p>The Commission's products of the programming and budgeting process are:</p> <ul style="list-style-type: none"> <li data-bbox="542 1608 1468 1671">• The formal program proposal submitted to the Legislature by the Commission; <li data-bbox="542 1705 1468 1768">• Revised program proposals as required by Legislative action; <li data-bbox="542 1801 1468 1864">• Amendments to the program for submission to the Legislature; and <li data-bbox="542 1898 1468 1961">• Informal advice and formal comment on the Department's budget requests.

Staff	No additional staff required, except for some of the time of the policy or program analyst to assist in review of both the program and the budget.
Legislation	Section 10h of P A 428 of 1978 should be amended to require a statement of the order of priority in which proposed expenditures are to be made for capital expenditures or operating expenses in each category of transportation. The Legislation should also require the Department to follow the approved list of priorities in its implementation of the program.
Comment	None.

VIII. The Oversight Roles

Three oversight roles for the Commission emerge from its historic purposes, which are to protect the Governor and the Director from the pressures of interest groups which might encourage an inequitable commitment of resources and to protect the public's interests by assuring that the sizable dedicated revenues available to the Department are dispensed responsibly. The latter responsibility includes concern for the integrity of financial controls and the concern for the most cost-effective use of the funds. The three oversight roles which should continue include:

- The review of standards;
- The evaluation of program effectiveness and the assessment of the Department's technology; and
- The audit of the Department's financial integrity.

Although "oversight" can conjure up images of impingement on management prerogatives, the three oversight functions described here are essential if the Commission is to assure the public and the Governor that its policies are being implemented effectively. At the same time, the Commission provides the Director — whose primary objective should be the effective implementation of the Commission's policies — with a source of independent review of the Department's performance.

The Commission's power to implement changes as a result of its findings is limited; those changes represent a management prerogative. The Commission's power is limited to what is necessary to assure that its policies are being executed. Thus, it can advise or inform the Governor and the Director — or ultimately, the public — of its findings; it would be in the interests of the Governor and Director to value this independent review, to recognize that it is provided in the spirit of constructive observation and to implement management changes, if appropriate.

This role is an important responsibility of the Commission. Its success, however, will depend upon the extent to which the Commission and the Director recognize that it is not a device to pit one against the other, but rather a means of working together in the public interest.

Table VIII-1 summarizes the characteristics of the oversight roles. It is recommended that the Commission have the authority (and budget) to employ consultants. This is not intended as a self serving recommendation by the consulting profession, but rather a means for providing the Commission with access to independent technical expertise, as needed. The Commission may, instead, choose to enhance its own staff with technical expertise or direct the Department to undertake special studies. The authority and budget to contract for consultants to assist in the evaluation of policy issues, however, is an important aspect of the contribution the Commission can make to the Governor and Director, as well as the public.

Table VIII-1

THE CHARACTERISTICS OF THE OVERSIGHT ROLES
STANDARDS, PROGRAM EFFECTIVENESS AND FINANCES

Role	Review of Standards	Evaluation of Program Effectiveness and Technology	Audit of Department Financial Integrity
Purpose	Standards which affect the level of service for the equitable distribution of transportation services represent policy instruments which should be approved by the Commission. Although compliance with standards is a policy function, department actions which set standards determine the level of service or quality of service provided to the citizens of the state, as well as the equity of the groups which may receive services. Each of these represents the policy concern of the Commission.	The Commission, in representing the people of the State, has a responsibility to insure that its transportation policies are being executed in an effective manner. The Commission's role should be one which protects the Governor and the Director from interest group pressures, but also from claims of poor and ineffective management practices. The Commission's role is intended both to protect the Governor and Director and to assist them in their responsibilities for sound management. To this extent, the Commission is serving to protect the interests of the citizens.	One historic purpose of the Commission has been to protect the integrity of the financial uses of the transportation fund and to avoid political interference with the objectives for statewide transportation.
Process	<p>The Commission can advise the Director on the relevant standards based on an independent review of service and safety standards. The Commission should have responsibility for approving criteria used in the evaluation of grant applications or the dispersal of any discretionary funds.</p> <ol style="list-style-type: none"> 1. The Commission should have the authority to order a review of particular standards and a comprehensive review which is performed not less than every five years. The standards would be passed as a policy resolution of the Commission. Any findings that standards are not being enforced would be brought to the attention of the Governor and the Director. 2. The Commission would adopt as a policy resolution the criteria to be used in evaluating grant applications or in dis- 	<ol style="list-style-type: none"> 1. The process by which the Commission would discharge its responsibility would be to have the authority and budget to contract for an independent program evaluation of transportation programs every second year. This program evaluation would review the effectiveness of the Department's programs in meeting its objectives, as well as comparing its effectiveness with the experience in other states. 2. A second concern of the Commission should be that the Department is using reliable and up-to-date technologies in its engineering, design and construction, as well as operation and maintenance. The Commission should have the authority to contract independently for a technology assessment of Department techniques and methods every five years. The technology assessment 	<ol style="list-style-type: none"> 1. The Commission auditor should report to the Commission and should be responsible for program audits. The responsibility of this office should be limited to programs or internal audits which effect the integrity of the Department's operations. Audits of contractors should be the responsibility of a Department audit staff reporting to the Deputy Director of Finance. An annual program and financial audit of the Department would be undertaken by the Commission auditor, with an annual report submitted to the Commission. The Commission could then advise the Governor and Director of the findings of the audit. 2. Responsibility for insuring that contracts executed by the Department conform to the legal requirements of

Table VIII-I (cont'd)

THE CHARACTERISTICS OF THE OVERSIGHT ROLES
STANDARDS, PROGRAM EFFECTIVENESS AND FINANCES

Role	Review of Standards	Evaluation of Program Effectiveness and Technology	Audit of Department Financial Integrity
	persing discretionary funds. Once the policy is adopted, the application of those criteria would be the responsibility of the Director, as part of his management function.	would be a review of practices of the Department in the context of state of the art engineering practices and the practices of other states.	the state is the Administrative Board's responsibility. Therefore, there is no fiduciary responsibility on the part of the Commission to approve contracts.
Product		<ol style="list-style-type: none"> 1. Biennially a program evaluation would be prepared by independent consultant. Although the Commission does not have the authority to direct changes in the management of the Department, the Commission could transmit its findings to the Governor and the Director for their action. 2. Every five years, the Commission would receive an independent assessment of the technology used by the Department in its operations. The findings of this technology assessment, as with the program evaluation, could be transmitted to the Governor and Director for their information and consideration. 	Letter report forwarding the annual financial and program audit to the Governor and Director.
Staff	None	The staff requirements would be met by the program or policy analyst, who would manage either a consultant effort or Department effort on the program evaluation and technology assessment.	Existing Commission Audit staff.
Legislation	N/A	N/A	N/A
Comment	None	None	None

IX. Traditional Commission Roles That Are Management Responsibilities

Because of its history as a body responsible for both policymaking and general management, the Commission has traditionally fulfilled certain roles that we believe are now clearly management responsibilities. These roles include:

- Hearing and deciding administrative appeals;
- Execution of contracts or similar documents;
- Acquiring, holding title to and disposing of real property; and
- Approving the delegation of the Director's powers and duties.

The transfer of these functions is largely a housekeeping matter, although it may require legislative action.

A. Administrative Appeals

The Commission currently hears appeals from the decisions of administrative officers in relation to:

- Billboard regulation;
- Relocation of persons or businesses displaced by transportation projects;
- Formal procurement and contracting procedures; and
- Personnel matters within the Department.

There are no necessary policy implications to any of these kinds of matters, and although hearing these appeals takes little of the Commission's time, there seems to be no good reason for not leaving them to a formal administrative appeals procedure within the Department.

Sometimes, of course, these cases may present just the sort of unusual circumstances that would suggest a need to review policy — or the laws or regulations expressing such policy. In those cases where an issue of Commission policy is raised, the Commission staff should suggest to the Commission a review of the policy in light of the case, but not intervention in the administrative appeal procedure. The Commission staff should keep generally informed of the administrative appeals pending within the Department and seek to identify any potential policy implications.

B. Execution of Contracts and Similar Documents

During the course of this study, it has become apparent that a number of key actors consider the control of contracts to be an important means for the Commission to assure that its policy is being executed. It has been suggested that without the authority to actually sign contracts, the Commission would lose the only sanction it might have in controlling the Department's behavior. Execution of contracts, however, is clearly a management function.

The policy function inherent in contract execution is contained in the scope of work or the specifications of the work to be undertaken. Thus, as part of the programming function, it would be appropriate for the Commission to approve the scope of work of major construction contracts (over \$500,000) and of planning and engineering studies. Actual execution of the contracts should be the responsibility of the Director and the Department of Transportation.

By allowing the Commission the authority to withhold approval of the scope of work or the specification of the contract, the Commission maintains the authority to assure that the Department complies with its policy directives without usurping management functions.

As noted earlier, the execution of contracts — as opposed to approval of their terms in regard to the work to be performed — is clearly a management responsibility. HB 4542 currently pending before the Legislature recognizes this.

The language of this bill would retain in the Commission the authority to approve contracts under the Department's jurisdiction, but this authority should be limited to certification that the work and/or materials to be provided are within the terms (including the defined priorities) of the highway or public transportation programs proposed by the Commission and adopted by the Legislature.

The Commission should retain the authority to award, issue and execute contracts for advice, evaluation and other research necessary to carry out its policymaking duties, to the extent authorized by the Commission's budget as adopted by the Legislature.

C. Acquisition, Holding and Disposal of Property

Real and personal property transactions, and the holding of such property, are management responsibilities that should be acquitted in the name of the Department or the State by the Director. HB 4542 would reassign this responsibility from the Commission to the Director. The Commission should retain, however, the authority to certify that the acquisition or disposal of real property in connection with Department highway or comprehensive transportation projects is within the scope of the approved program.

D. Delegation of the Director's Powers and Duties

The Director currently must seek the Commission's approval for his delegation of any powers or duties to employees of the Department. This sort of delegation is clearly a management function, and the requirement for Commission approval should be deleted from existing law, as envisioned by HB 4542.

X. Summary of Commission Management Requirements

This section reviews the implications of the proposed roles for the Commission in terms of staffing, budget and the agenda for scheduled Commission meetings.

A. Staffing

The roles defined for the Commission, if they are to be undertaken responsibly, would require augmentation of the Commission staff for the Commission to provide an independent perspective on policy implementation. The Commission should add a program analyst to the Secretary's staff; this individual should have the technical capabilities to serve as a policy or program analyst, as well as a technical director for program evaluations. Table X-1 summarizes the projected commitment of this professional's time on assignments related to the proposed roles. The Commission may decide to augment this staff in the future, if necessary or if it proves more desirable than contracting for consultant assistance.

The ombudsmanship role would be supported by the Commission Secretary, who already is accomplishing many of the necessary functions. The Commission Secretary, who reports to the Chairman, would administer the Commission staff, which would include the program analyst and clerical support.

The Department would be expected to provide clerical and word processing support, as well as office space and equipment.

The Commission Auditor would also report to the Chairman, although his staff would be reduced to the necessary personnel for the only function which is strictly a Commission responsibility: the internal audit of the Department. Contract audits are a management function; the staff necessary for conducting contract audits should be transferred to report to either the Director or the Deputy Director for Finance.

Table X-2 suggests an organization chart for the staff relationship. Although the Commission Secretary and the Commission Auditor serve the Commission as a body, as an organizational convenience they report to and follow the directions of the Chairman.

B. Budget

The budgetary impacts of the study findings include the cost of an additional professional staff member, support for that staff member, and budget authority for consultant assistance. The program analyst position, as conceived, would warrant a salary of \$25,000 - \$30,000 per year. The total cost of supporting this position, including clerical assistance, payroll burden and fringes, would probably range from \$50,000 - \$60,000 per year.

It should be noted that the cost of staffing the new position is probably less than the annual cost associated with the Advisory Councils which would be eliminated under these recommendations.

The authority for consultant contracts would be related to the specific products which have been proposed. It is anticipated that the biennial program evaluation

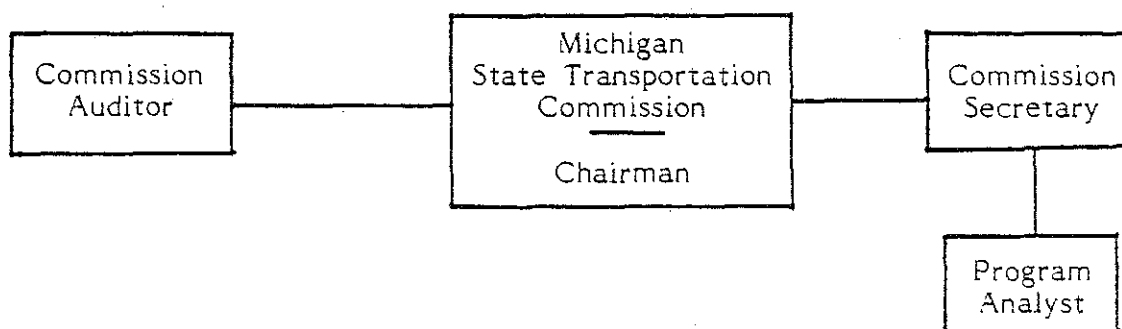
Table X-1

LEVEL OF EFFORT COMMITMENT OF
PROGRAM ANALYST TO ASSIGNMENTS

<u>Responsibility for Supporting Commission</u>	<u>Person Months Per Year</u>	<u>Percent of Time</u>
Ombudsmanship	1.0	8.3%
External Advocacy	1.0	8.3
Standards Review	0.75	6.3
Evaluating Program Effectiveness	3.0	25.0
Audit of Financial Integrity	--	0.0
Long-Term Planning Review	0.5	4.2
Annual Planning Program Review	0.5	4.2
Annual Engineering Program Review	0.5	4.2
Program Plan Review	1.0	8.3
Budget Review	1.0	8.3
Contract Review	0.75	6.3
Evaluation of Critical Issues	<u>2.0</u>	<u>16.7</u>
Total	12.0	100.0%

Table X-2

PROPOSED ORGANIZATION OF STAFF SUPPORT
STATE TRANSPORTATION COMMISSION



would cost approximately \$150,000. The technology assessment, which would occur every five years, would cost approximately \$180,000. It may also be appropriate for the Commission to request a consulting budget of \$50,000 per year to address the technical issues associated with unanticipated policy questions, as needed.

C. Annually Scheduled Agenda Items

One of the recommendations that arose from the review of policymaking in Iowa, Utah and California was that the Commission's agenda be controlled so that policy, program, budget and evaluation items dominate. With this recommendation in mind we have formulated a proposed meeting schedule that includes the activities recommended in this report and focuses the Commission's efforts towards policymaking by structuring the review and approval processes. We have assumed that the Commission will meet once every month; however, some special meetings may be necessary. Figure X-3 shows the proposed annual activities of the Commission. Four items appear on the annual agenda proposed for the Commission:

- Review of the budget;
- Review and approval of the Commission Auditor's work plan;
- Review and approval of the planning and engineering program; and
- Review and approval of the highway construction and transit funding programs.

Each of these items has been scheduled to occur over a two-month period to allow the Commissioners time to review and consider all relevant materials.

Figure X-3

ANNUALLY SCHEDULED AGENDA ITEMS

July

Review the Commission Auditor's work plan that will accompany the budget.

August

Finalize the Commission Auditor's work plan. Members of the Commission Budget Committee meet with the Department.¹

September

Commission letter of transmittal accompanies budget to the Department of Management and Budget.

October

November

Commission receives the unified planning and engineering program for the next year.

December

Commission finalizes the unified planning and engineering program.

January

February

Commission receives the unified capital program.

March

Commission formalizes the unified capital program.

April

May

June

¹ Not a meeting of the Commission.

XI. Recommended Legislative Revisions

This section presents the texts of two bills, amending Act 286 of the Public Acts of 1964 and Act 51 of the Public Acts of 1951, to reflect the recommendations presented in this report.

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BILL A

A BILL to amend Sections 2, 6a, 7, and 10 of Act No. 286 of the Public Acts of 1964, entitled as amended "An act to provide for the organization, powers and duties of the state transportation commission and the state transportation department; to provide for the appointment, powers and duties of the state transportation director; to abolish the office of the state highway commissioner and the commissioner's advisory board and to transfer their powers and duties; and to repeal certain acts and parts of acts," sections 2 and 7 as amended by and section 6a as added by Act No. 484 of the Public Acts of 1978, being sections 247.802, 247.806a, 247.807, and 247.810 of the Compiled Laws of 1970.

11 The People of the State of Michigan enact:

12 Section 1. Sections 2, 6a, 7, and 10 of Act No. 286 of the Public Acts of 1964,
13 sections 2 and 7 as amended by and section 6a as added by Act No. 484 of the
14 Public Acts of 1978, being sections 247.802, 247.806a, 247.807, and 247.810 of
15 the Compiled Laws of 1970 are amended to read as follows:

16 Sec. 2. The office of state highway commissioner is abolished and the powers
17 and duties of that office are transferred to and vested in the commission
18 DEPARTMENT. Any law referring to the state highway commissioner or office
19 of state highway commissioner shall be considered to refer to the department.

20 Sec. 6a. (1) THE DIRECTOR SHALL ORGANIZE AND MANAGE THE DEPART-
21 MENT AND ITS WORK, SUPERVISE THE WORK OF THE EMPLOYEES OF THE
22 DEPARTMENT, AND EXECUTE THE TRANSPORTATION POLICIES ESTAB-
23 LISHED BY THE COMMISSION.

24 (2) The director may do the following:

25 (a) ~~Organize the department and its work, supervise the work of~~
26 ~~the employees of the department, create~~ CREATE, merge and abolish
27 organizational divisions within the department, and transfer or merge
28 functions among those divisions in the interest of economy and
29 efficiency.

30 (b) Employ personnel necessary to carry out the duties of the
31 director and the responsibilities of the department subject to laws
32 governing state employment.

1 (c) Delegate to any employee of the department, ~~subject to the~~
2 ~~approval of the commission~~, any powers vested in the director or
3 delegated to the director by the commission.

4 (d) Establish, SUBJECT TO THE APPROVAL OF THE COMMIS-
5 SION, a program of current and long-range planning for the
6 transportation systems under the department's jurisdiction AND FOR
7 OTHER TRANSPORTATION FACILITIES OR SERVICES ELIGIBLE
8 FOR FINANCIAL ASSISTANCE ADMINISTERED BY THE DEPART-
9 MENT.

10 (e) Direct the preparation of budget requests, expenditures, PRO-
11 POSED programs, and ~~periodical~~ PERIODIC allotments.

12 (f) Purchase materials, supplies, and equipment as necessary and
13 proper to carry out the duties of the department as provided by law
14 governing state purchasing.

15 (g) Dispose of obsolete equipment, surplus supplies and ~~material~~
16 MATERIALS that cannot be used by the department as provided by
17 law governing the disposal.

18 (h) AWARD CONTRACTS FOR THE CONSTRUCTION, MAINTEN-
19 ANCE AND IMPROVEMENT OF HIGHWAYS UNDER THE DEPART-
20 MENT'S JURISDICTION OR FOR PROJECTS WITH A COMPRE-
21 HENSIVE TRANSPORTATION PURPOSE, WHICH PROJECTS ARE
22 UNDER THE DEPARTMENT'S JURISDICTION, PROVIDED THAT
23 THE COMMISSION SHALL HAVE CERTIFIED THAT THE WORK TO
24 BE PERFORMED IS WITHIN THE SCOPE, SPECIFICATIONS, AND
25 PRIORITIES CONTEMPLATED BY THE TRANSPORTATION PRO-
26 GRAM APPROVED PURSUANT TO SECTION 10H OF ACT NO. 51
27 OF THE PUBLIC ACTS OF 1951, AS AMENDED BY ACT NO. 87 OF
28 THE PUBLIC ACTS OF 1977 AND ACT NO. 444 OF THE PUBLIC
29 ACTS OF 1978, BEING SECTION 247.660H OF THE COMPILED
30 LAWS OF 1970.

1 (I) ACQUIRE, OWN, AND HOLD REAL AND PERSONAL PROP-
2 ERTY IN THE NAME OF THE STATE OR THE DEPARTMENT AND
3 SELL, LET OR OTHERWISE DISPOSE OF, OR ENCUMBER, THE
4 SAME IN CONNECTION WITH, AND IN FURTHERANCE OF, THE
5 DUTIES OF THE DIRECTOR, THE RESPONSIBILITIES OF THE
6 DEPARTMENT AND THE PURPOSES OF THIS ACT, PROVIDED
7 THAT, IN THE CASE OF REAL PROPERTY TO BE ACQUIRED FOR
8 RIGHTS OF WAY FOR HIGHWAYS UNDER THE DEPARTMENT'S
9 JURISDICTION, THE COMMISSION SHALL HAVE CERTIFIED THAT
10 THE REAL PROPERTY IS NECESSARY FOR A PROJECT WITHIN
11 THE TRANSPORTATION PROGRAM APPROVED PURSUANT TO
12 SECTION 10H OF ACT NO. 51 OF THE PUBLIC ACTS OF 1951, AS
13 AMENDED BY ACT NO. 87 OF THE PUBLIC ACTS OF 1977 AND
14 ACT NO. 444 OF THE PUBLIC ACTS OF 1978, BEING SECTION
15 247.660H OF THE COMPILED LAWS OF 1970.

16 ~~(H)~~(J) Do anything necessary and proper to comply fully with the
17 provisions of present or future federal aid acts.

18 ~~(I)~~(K) Do anything necessary and proper to carry out the duties
19 imposed upon the department by the STATE constitution OF 1963 and
20 other duties as may be imposed by law.

21 Sec. 7. (1) ~~The commission's powers and duties shall include:~~

22 ~~(a) The awarding of all contracts for the construction, improvement, and~~
23 ~~maintenance of the highways and transportation facilities under its jurisdiction,~~
24 ~~as provided by law.~~

25 ~~(b) The establishment of~~ THE COMMISSON SHALL ESTABLISH ~~transportation~~
26 ~~policies for the guidance and direction of the director~~ POLICY FOR THE STATE
27 TRANSPORTATION DEPARTMENT TRANSPORTATION PROGRAMS AND FA-
28 CILITIES AND SHALL OVERSEE THE EXECUTION OF ITS POLICIES.

29 (2) The commission may do the following:

1 (A) EMPLOY PERSONNEL NECESSARY TO CARRY OUT THE DUTIES
2 AND RESPONSIBILITIES OF THE COMMISSION SUBJECT TO THE LAWS
3 GOVERNING STATE EMPLOYMENT.

4 ~~(a)~~(B) Delegate to any member of the commission, the director, or any
5 ~~subordinate~~ EMPLOYEE OF THE COMMISSION, any powers, other than the
6 power to establish policy, vested in the commission as it considers
7 necessary and proper; ~~and permit the director to delegate any powers~~
8 ~~delegated to him or her by the commission.~~

9 (C) APPROVE, AS RECOMMENDED BY THE DIRECTOR OR MODIFIED
10 BY THE COMMISSION, A PROGRAM OF CURRENT AND LONG-RANGE
11 PLANNING FOR THE TRANSPORTATION SYSTEMS UNDER THE DE-
12 PARTMENT'S JURISDICTION AND FOR OTHER TRANSPORTATION
13 FACILITIES AND SERVICES ELIGIBLE FOR FINANCIAL ASSISTANCE
14 ADMINISTERED BY THE DEPARTMENT.

15 ~~(b) Acquire, own, and hold real and personal property in the name of the~~
16 ~~state or the commission and sell, lease or otherwise dispose of, or~~
17 ~~encumber, the same in connection with, and in furtherance of, its duties~~
18 ~~and the purposes of this Act.~~

19 (D) ESTABLISH A PROGRAM OF REGULAR AND PERIODIC OVER-
20 SIGHT AND EVALUATION OF THE DEPARTMENT'S WORK, WHICH
21 PROGRAM MAY INCLUDE REPORTS TO THE DIRECTOR OR TO THE
22 GOVERNOR, EACH MEMBER OF THE LEGISLATURE, AND THE AU-
23 DITOR GENERAL, OF THE COMMISSION'S FINDINGS CONCERNING:

24 (I) THE APPROPRIATENESS AND ADEQUACY OF STANDARDS
25 USED BY THE DEPARTMENT TO DETERMINE THE NEED FOR
26 TRANSPORTATION FACILITIES AND SERVICES OR TO ESTABLISH
27 UNIFORM LEVELS OF SAFETY AND QUALITY FOR THE FACILI-
28 TIES AND SERVICES PROVIDED BY THE DEPARTMENT.

29 (II) THE EFFECTIVENESS OF THE DEPARTMENT'S PROGRAMS IN
30 MEETING THEIR OBJECTIVES.

1 (III) THE RELIABILITY OF METHODS, MATERIALS AND EQUIP-
2 MENT USED BY THE DEPARTMENT IN ITS WORK AND THE
3 EXTENT TO WHICH THE METHODS, MATERIALS AND EQUIPMENT
4 REFLECT BEST CURRENT TECHNOLOGY.

5 (IV) THE SOUNDNESS AND INTEGRITY OF THE DEPARTMENT'S
6 FINANCIAL OPERATIONS.

7 ~~(e)~~(E) Do anything necessary and proper to carry out the duties imposed
8 upon it by the STATE constitution OF 1963 and such other duties as may
9 be imposed by law.

10 Sec. 10. DOCUMENTS AND INSTRUMENTS AUTHORIZED TO BE ISSUED OR
11 EXECUTED BY THE DEPARTMENT SHALL BE ISSUED OR EXECUTED IN THE
12 NAME OF THE STATE TRANSPORTATION DEPARTMENT BY THE DIRECTOR
13 OR A SUBORDINATE OF THE DIRECTOR TO WHOM THE DIRECTOR
14 DELEGATES THAT POWER. Documents and instruments ~~of any kind~~ authorized
15 to be issued or executed by the commission UNDER THIS ACT shall be issued
16 or executed in the name of the "~~Michigan state highway~~ TRANSPORTATION
17 commission" by the ~~chairman~~ CHAIRPERSON OR VICE-CHAIRPERSON of the
18 commission, or to the extent expressly authorized by ~~by law or~~ resolution OF
19 THE COMMISSION, by ~~the vice chairman,~~ other ~~member~~ MEMBERS OF THE
20 COMMISSION, THE director, or A subordinate OF THE DIRECTOR. ~~Documents~~
21 ~~or instruments which convey interests or rights inland shall be executed by the~~
22 ~~chairman or vice chairman and the director or a deputy director designated by~~
23 ~~the commission.~~

1

BILL B

2 A BILL to amend the title and sections 9a, 10c, 10h, 11, 13a, 18b and 18d of
3 Act No. 51 of the Public Acts of 1951, entitled as amended, "An act to provide
4 for the classification of all public roads, streets and highways in this state, and
5 for the revision of that classification and for additions to and deletions from
6 each classification; to set up and establish the Michigan transportation fund and
7 to provide for the deposits in the fund of specific taxes on motor vehicles, and
8 motor vehicle fuels, to provide for the allocation of funds from the fund and the
9 use and administration of the fund for transportation purposes; to provide for the
10 continuing review of transportation needs within the state; to authorize the state
11 transportation commission, counties, cities, and villages to borrow money, issue
12 bonds, and make pledges of funds for transportation purposes; to authorize
13 counties to advance funds for the payment of deficiencies necessary for the
14 payment of bonds issued under this act; to provide for the limitations, payment,
15 retirement, and security of the bonds and pledges; and to provide for
16 appropriations and tax levies by counties and townships for county roads and to
17 authorize contributions by townships for county roads; to provide for the
18 establishment and administration of the state transportation department fund,
19 the state trunk line fund, and the comprehensive transportation fund; to provide
20 for the deposits in the state transportation department fund, state trunk line
21 fund, and comprehensive transportation fund of money raised by specific taxes
22 and fees; to provide for definitions of public transportation functions and
23 criteria; to define the purposes for which Michigan transportation funds may be
24 allocated; to provide for Michigan transportation fund grants and establish
25 priority for use of the Michigan transportation fund; to provide for review and
26 approval of transportation programs, to provide for submission of annual
27 legislative requests and reports; to provide for the establishment and functions
28 of certain advisory councils; to provide for conditions for grants and to provide
29 for the issuance of bonds and notes for transportation purposes; and to repeal
30 certain acts and parts of acts," section 9a as amended by Act No. 327 of the
31 Public Acts of 1972 and Act No. 444 of the Public Acts of 1978, section 10c as
32 amended by Act No. 297 of the Public Acts of 1976 and Act No. 444 of the
33 Public Acts of 1978, section 10h as amended by Act No. 87 of the Public Acts
34 of 1977 and Act No. 444 of the Public Acts of 1978, section 11 as amended by
35 Act No. 264 of the Public Acts of 1976 and Act No. 444 of the Public Acts of
36 1978, and sections 13a, 18b and 18d as amended by Act No. 444 of the Public
37 Acts of 1978, being sections 247.659a, 247.660c, 247.660h; 247.661, 247.663a,
38 247.668b and 247.668d of the Compiled Laws of 1970.

39

The People of the State of Michigan enact:

40 Section 1. The title and sections 9a, 10c, 10h, 11, 13a, 18b and 18d of Act No.
41 51 of the Public Acts of 1951, section 9a as amended by Act No. 327 of the
42 Public Acts of 1972 and Act No. 444 of the Public Acts of 1978, section 10c as
43 amended by Act No. 297 of the Public Acts of 1976 and Act No. 444 of the
44 Public Acts of 1978, section 10h as amended by Act No. 87 of the Public Acts
45 of 1977 and Act No. 444 of the Public Acts of 1978, section 11 as amended by
46 Act No. 264 of the Public Acts of 1976 and Act No. 444 of the Public Acts of

1 1978, and sections 13a, 18b and 18d as amended by Act No. 444 of the Public
2 Acts of 1978, are amended to read as follows:

3 TITLE

4 An act to provide for the classification of all public roads, streets and highways
5 in this state, and for the revision of that classification and for additions to and
6 deletions from each classification; to set up and establish the Michigan
7 transportation fund and to provide for the allocation of funds from the fund and
8 the use and administration of the fund for transportation purposes; to provide for
9 the continuing review of transportation needs within the state; to authorize the
10 state transportation commission, counties, cities, and villages to borrow money,
11 issue bonds, and make pledges of funds for transportation purposes; to authorize
12 counties to advance funds for the payment of deficiencies necessary for the
13 payment of bonds issued under this act; to provide for the limitations, payment,
14 retirement, and security of the bonds and pledges; and to provide for
15 appropriations and tax levies by counties and townships for county roads and to
16 authorize contributions by townships for county roads; to provide for the
17 establishment and administration of the state transportation department fund,
18 the state trunk line fund, and the comprehensive transportation fund; to provide
19 for the deposits in the state transportation department fund, state trunk line
20 fund, and comprehensive transportation fund of money raised by specific taxes
21 and fees; to provide for definitions of public transportation functions and
22 criteria; to define the purposes for which Michigan transportation funds may be
23 allocated; to provide for Michigan transportation fund grants and establish
24 priority for use of the Michigan transportation fund; to provide for review and
25 approval of transportation programs, to provide for submission of annual
26 legislative requests and reports; ~~to provide for the establishment and functions~~
27 ~~of certain advisory councils;~~ to provide for conditions for grants and to provide
28 for the issuance of bonds and notes for transportation purposes; and to repeal
29 certain acts and parts of acts.

30 Sec. 9a. (1) The state transportation commission shall maintain a continuing
31 study of the transportation needs of the state. ~~Within 90 days after the creation~~
32 ~~of the Michigan transportation fund and every 4 years thereafter, the governor~~
33 ~~shall appoint not more than 15 persons to 4-year terms, who shall serve as a~~

1 ~~needs study committee. The appointments shall be subject to the advice and~~
2 ~~consent of the senate. The committee shall include at least 1 representative of~~
3 ~~the following interests:~~

4 ~~(a) Highways, roads, and streets.~~

5 ~~(b) Nonmotorized transportation.~~

6 ~~(c) Bus and rail passenger transportation.~~

7 ~~(d) Rail freight.~~

8 ~~(e) Waterways and port development.~~

9 ~~(2) The department of transportation shall provide staff to the needs~~
10 ~~study committee to enable the committee to carry out its functions.~~

11 ~~(3) By a majority vote of the needs study committee, the committee~~
12 THE COMMISSION shall report to the governor, ~~the state transportation~~
13 ~~commission,~~ and the legislature on the identified needs and priorities of
14 transportation in the state and shall recommend, if the ~~committee~~ COMMISSION
15 considers it necessary, alterations of formulas for transportation funding before
16 January 1, ~~1980~~, 1982, and before January 1 of each fourth year thereafter. The
17 report and recommendations shall also include any positions which a minority of
18 the ~~needs study committee~~ COMMISSION support.

19 ~~(1) The state transportation commission shall establish within the~~
20 ~~department of transportation the following advisory councils to the commission:~~

21 ~~(a) The nonmotorized transportation advisory council.~~

22 ~~(b) The bus and rail passenger advisory council.~~

23 ~~(c) The rail freight advisory council.~~

24 ~~(d) The waterways and port development authority council.~~

1 ~~(5) Each advisory council shall consist of 7 members appointed by the~~
2 ~~state transportation commission. Each member shall be representative of~~
3 ~~provider or consumer associations or agencies related to the category of~~
4 ~~transportation for which the council serves in an advisory function. Two~~
5 ~~members of each advisory council shall be appointed from a list of 6 persons~~
6 ~~recommended by the governor, 1 member of each advisory council shall be~~
7 ~~appointed from a list of 3 persons recommended by the speaker of the house of~~
8 ~~representatives, and 1 member of each advisory council shall be appointed from~~
9 ~~a list of 3 persons recommended by the majority leader of the senate.~~

10 ~~(6) Each advisory council shall meet not less than once in each 2 month~~
11 ~~period.~~

12 ~~(7) Each member shall be appointed for a 2-year term. However, if a~~
13 ~~member misses 3 consecutive meetings of an advisory council, the member shall~~
14 ~~be automatically removed from that council. If a vacancy occurs on an advisory~~
15 ~~council, a member shall be appointed in the same manner as the position was~~
16 ~~first filled.~~

17 ~~(8) (2) The department of transportation shall make a full-time staff person~~
18 ~~available to work at the direction of each advisory council. THE COMMISSION~~
19 ~~IN ITS CONTINUING REVIEW OF~~

20 ~~(9) Each advisory council shall do the following:~~

21 ~~(a) Advise the state transportation commission regarding the needs and~~
22 ~~programs of the category of transportation for which the council serves in an~~
23 ~~advisory function. PRIORITIES OF TRANSPORTATION IN THE STATE.~~

24 ~~(b) Review and comment on the transportation plans and programs~~
25 ~~developed by the department of transportation within the category of trans-~~
26 ~~portation for which the council serves in an advisory function.~~

27 ~~(c) Review and comment on the annual transportation plan before its~~
28 ~~approval by the state transportation commission and the legislature.~~

1 ~~(d) Carry out other duties and functions assigned by the state trans-~~
2 ~~portation commission.~~

3 ~~(10) Upon a majority vote of an advisory council, its advice and comments~~
4 ~~rendered pursuant to subsection (9) shall be forwarded to the state transportation~~
5 ~~commission, the legislature, and the governor.~~

6 ~~(11) At least 1 member of the state transportation commission shall~~
7 ~~attend at least 1 meeting of each advisory council in each 6-month period.~~

8 ~~(12) The advisory councils, acting jointly, may establish a committee~~
9 ~~which shall consist of 1 member of each participating advisory council, the~~
10 ~~member to be selected by the participating advisory council. A member of the~~
11 ~~committee shall relay information between the committee and the advisory~~
12 ~~council the member represents.~~

13 ~~(13) A local transportation advisory committee is established upon the~~
14 ~~appointment of its members which appointments shall be made within 2 months~~
15 ~~after the effective date of this section. The advisory committee shall expire 2~~
16 ~~years after its establishment. The advisory committee shall consist of 11~~
17 ~~members. Two members of the senate shall be designated by the majority~~
18 ~~leader of the senate as members of the advisory committee. Two members of~~
19 ~~the house of representatives shall be designated by the speaker of the house of~~
20 ~~representatives as members of the advisory committee. The governor shall~~
21 ~~appoint 1 member of the advisory committee who shall serve as chairperson. At~~
22 ~~least 1 member shall be appointed by the state transportation commission from~~
23 ~~each group of 3 candidates nominated by each of the following:~~

24 ~~(a) Michigan association of counties.~~

25 ~~(b) Michigan townships association.~~

26 ~~(c) Michigan municipal league.~~

27 ~~(d) Michigan county road association.~~

1 ~~(e) Michigan public transit association.~~

2 ~~(f) Michigan association of regions.~~

3 ~~(14) The department of transportation shall furnish the clerical and staff~~
4 ~~assistance necessary for the local transportation advisory committee to carry~~
5 ~~out its functions. The committee shall review existing state law relating to the~~
6 ~~organization, financing, and planning of transportation programs and services~~
7 ~~within the state, and existing state law relating to the transportation~~
8 ~~responsibilities of the political subdivisions of this state and among the political~~
9 ~~subdivisions of this state. The committee shall recommend to the governor and~~
10 ~~the legislature amendments to present acts or proposed acts leading to improved~~
11 ~~organization, financing, and planning of transportation programs and services~~
12 ~~within this state and among the political subdivisions of this state.~~

13 ~~(15) A final report and recommendations for legislative change shall be~~
14 ~~submitted by the local transportation advisory committee to the governor, the~~
15 ~~legislature, state transportation commission, and the councils created pursuant~~
16 ~~to subsection (4), on April 1, 1980. The affirmative vote of a majority of the~~
17 ~~members of the committee shall be required to approve the final report and~~
18 ~~recommendations. However, the report and recommendations shall also include~~
19 ~~any positions which a minority of the committee supports. If a vacancy occurs~~
20 ~~on the advisory committee, a member shall be appointed in the same manner~~
21 ~~as the position was first filled.~~

22 Sec. 10c. As used in this act:

23 (1) "Urban or rural area" means (a) a contiguous developed area,
24 including the immediate surrounding area, where transportation services should
25 reasonably be provided presently or in the future; (b) the area within the
26 jurisdiction of an eligible authority; or (c) for the purpose of receiving funds for
27 public transportation, a contiguous developed area of less than 50,000 population
28 that has an urban public transportation program approved by the department of
29 transportation and for which the state transportation commission determines
30 that public transportation services should reasonably be provided presently or in
31 the future.

1 (2) "Eligible authority" means an authority organized pursuant to Act No.
2 204 of the Public Acts of 1967, as amended, being sections 124.401 to 124.425
3 of the Michigan Compiled Laws.

4 (3) "Eligible governmental agency" means a county, city, or village or an
5 authority created pursuant to Act No. 55 of the Public Acts of 1963, as
6 amended, being sections 124.351 to 124.359 of the Michigan Compiled Laws; Act
7 No. 7 of the Extra Session of 1967, being sections 124.501 to 124.512 of the
8 Michigan Compiled Laws; Act No. 8 of the Extra Session of 1967, being sections
9 124.531 to 124.536 of the Michigan Compiled Laws; Act No. 35 of the Public
10 Acts of 1951, as amended, being sections 124.1 to 124.4 of the Michigan
11 Compiled Laws; or Act No. 94 of the Public Acts of 1933, as amended, being
12 sections 141.101 to 141.139 of the Michigan Compiled Laws.

13 (4) "Transit vehicle" means a bus, rapid transit vehicle, railroad car,
14 water vehicle, taxicab, or other type of public transportation vehicle or
15 individual unit, whether operated singly or in a group which provides public
16 transportation.

17 (5) "Transit vehicle mile" means a transit vehicle operated for 1 mile in
18 public transportation service including demand actuated vehicle miles.

19 (6) "Demand actuated vehicle" means a bus or smaller vehicle operated
20 for providing group rides to members of the general public paying fares
21 individually, and on demand rather than in regularly scheduled route service.

22 (7) "Demand actuated vehicle mile" means a demand actuated vehicle
23 operated for 1 mile in service to the general public.

24 (8) "Public transportation", "comprehensive transportation", "public
25 transportation service", "comprehensive transportation service", "public trans-
26 portation purpose", or "comprehensive transportation purpose" means the
27 movement of people and goods by publicly or privately owned water vehicle, bus,
28 railroad car, rapid transit vehicle, taxicab, aircraft, or other conveyance which
29 provides general or special service to the public, but not including school buses
30 or charter or sightseeing service. Public transportation, public transportation

1 services, or public transportation purposes; and comprehensive transportation,
2 comprehensive transportation services, or comprehensive transportation purposes
3 as defined in this subdivision are declared by law to be transportation purposes
4 within the meaning of section 9 of article 9 of the state constitution of 1963.

5 (9) "State transportation commission" means the state transportation
6 commission or the state highway commission as established in section 28 of
7 article 5 of the state constitution of 1963.

8 (10) "Population", except as provided in section 13(1), means, for an
9 eligible authority or eligible governmental agency, the number of persons
10 residing within the jurisdiction of the eligible authority or eligible governmental
11 agency, which number shall be annually determined by the department of
12 management and budget.

13 (11) "Governmental unit" means the state transportation ~~commission~~
14 DEPARTMENT, a county road commission, or a city or village.

15 Sec. 10h. (1) By April 1 of each year the state transportation commission shall
16 report to each member of the legislature, the governor, and the auditor general
17 its recommendations for a transportation program. The report shall specify the
18 following:

19 (a) The amount of money in the comprehensive transportation fund which
20 is proposed to be distributed in the following fiscal year to each eligible
21 authority, each eligible governmental agency, and the department of trans-
22 portation, and the amount of money in the state trunk line fund which is
23 proposed to be distributed to the department of transportation for highway
24 expenditures in the following fiscal year. The report shall further subdivide the
25 money to be distributed to each eligible authority, each eligible governmental
26 agency, and the department of transportation specifying how much of that
27 money is proposed to be expended for either capital acquisitions, including
28 demonstration projects, or for operating expenses, including demonstration
29 projects, in the following categories of transportation:

- 1 (i) Highways under the jurisdiction of the department of trans-
2 portation.
- 3 (ii) Nonmotorized transportation.
- 4 (iii) Bus transportation.
- 5 (iv) Rail passenger transportation.
- 6 (v) Rail freight transportation.
- 7 (vi) Waterways and port development.

8 THE REPORT SHALL FURTHER SPECIFY THE ORDER OF PRIORITY IN
9 WHICH DISTRIBUTIONS AND EXPENDITURES FOR SPECIFIC CAPITAL AC-
10 QUISSIONS AND OPERATING EXPENSES, INCLUDING DEMONSTRATION
11 PROJECTS, ARE PROPOSED TO BE MADE IF FUNDS ARE NOT AVAILABLE
12 FOR EVERY PROPOSED DISTRIBUTION AND EXPENDITURE, OR IF UNFOR-
13 SEEABLE EVENTS DELAY OR PREVENT CERTAIN DISTRIBUTIONS OR EX-
14 PENDITURES FOR SPECIFIC PROJECTS.

15 (b) An account of all expenditures of funds distributed from the state
16 trunk line fund and the comprehensive transportation fund to the department of
17 transportation, eligible authorities, and eligible governmental agencies in
18 carrying out the approved transportation programs in the preceding fiscal year
19 through the use of those funds. The progress report shall be made based on
20 information supplied to the state transportation commission on forms authorized
21 by the federal department of transportation. For those eligible authorities and
22 eligible governmental agencies not receiving federal funds pursuant to the urban
23 mass transportation act of 1964, 49 U.S.C. 1601 to 1614, the progress report
24 shall be made upon forms supplied by the department of transportation. The
25 progress report shall also contain the whole amount of the expenses of the
26 department of transportation for the fiscal year.

27 (c) Each project certified to be eligible for a multiyear funding
28 commitment.

1 (d) The status of all multiyear funding commitments.

2 (2) If money is distributed from the comprehensive transportation fund or
3 the state trunk line fund to an eligible authority, eligible governmental agency,
4 or the department of transportation, the money shall be expended only by the
5 entity to which it is distributed. ~~An eligible authority, eligible governmental
6 agency, or the department of transportation may transfer not more than 25% of
7 the money distributed from the comprehensive transportation fund or the state
8 trunk line fund to the eligible authority, eligible governmental agency, or the
9 department of transportation for expenditure for projects within a category of
10 transportation described in subsection (1)(a) from projects within that category
11 of transportation to other projects within that category of transportation to
12 which money is distributed from the comprehensive transportation fund or the
13 state trunk line fund in the current fiscal year or to which money was
14 distributed from the state trunk line fund, the comprehensive transportation
15 fund, or the general transportation fund in a previous fiscal year.~~

16 (3) An eligible authority, eligible governmental agency, or the depart-
17 ment of transportation may expend money distributed from the comprehensive
18 transportation fund or the state trunk line fund for a category of transportation
19 in another category of transportation, if the legislature, by concurrent resolution
20 adopted by a majority of those elected and serving in each house by a record
21 roll call vote, approves the requested transfer of money. However, money
22 distributed for roads, streets, or highways shall not be expended in any other
23 category of transportation nor shall money distributed for a category other than
24 roads, streets, or highways be expended for roads, streets, or highways. AN
25 ELIGIBLE AUTHORITY, ELIGIBLE GOVERNMENT AGENCY, OR THE DEPART-
26 MENT OF TRANSPORTATION SHALL NOT TRANSFER MONEY DISTRIBUTED
27 FROM THE COMPREHENSIVE TRANSPORTATION FUND OR THE STATE
28 TRUNK LINE FUND TO BE EXPENDED IN A CATEGORY OF TRANSPORTA-
29 TION FROM PROJECTS IN THAT CATEGORY OF TRANSPORTATION TO
30 OTHER PROJECTS IN THAT CATEGORY OF TRANSPORTATION, UNLESS THE
31 MONEY IS TO BE TRANSFERRED FROM A PROJECT FOR WHICH EXPENDI-
32 TURES ARE DELAYED OR PREVENTED BY EVENTS UNFORSEEABLE AT THE
33 TIME WHEN THE STATE TRANSPORTATION COMMISSION RECOMMENDED A
34 TRANSPORTATION PROGRAM PURSUANT TO SUBSECTION (1), OR FOR

1 WHICH THE TOTAL AMOUNT DISTRIBUTED TO AND STILL UNEXPENDED BY
2 THE ELIGIBLE AUTHORITY, ELIGIBLE GOVERNMENT AGENCY, OR THE
3 DEPARTMENT OF TRANSPORTATION FOR PROJECTS WITHIN THAT CATE-
4 GORY OF TRANSPORTATION IS INSUFFICIENT TO DEFRAY THE SHARE OF
5 THE PROJECT EXPENDITURES FOR WHICH MONEY FROM THE COMPRE-
6 HENSIVE TRANSPORTATION FUND OR THE STATE TRUNK LINE FUND WAS
7 PROGRAMMED, AND THE MONEY IS TO BE TRANSFERRED TO THE
8 PROJECT WITHIN THAT CATEGORY OF TRANSPORTATION, WHICH PRO-
9 JECT HAS THE NEXT HIGHEST PROGRAM PRIORITY AND FOR WHICH
10 PROJECT THE TOTAL AMOUNT DISTRIBUTED TO AND STILL UNEXPENDED
11 BY THE ELIGIBLE AUTHORITY, ELIGIBLE GOVERNMENT AGENCY, OR THE
12 DEPARTMENT OF TRANSPORTATION FOR PROJECTS WITHIN THAT CATE-
13 GORY OF TRANSPORTATION IS SUFFICIENT TO DEFRAY THE SHARE OF
14 THE PROJECT EXPENDITURES FOR WHICH MONEY FROM THE COMPRE-
15 HENSIVE TRANSPORTATION FUND OR THE STATE TRUNK LINE FUND WAS
16 PROGRAMMED. In addition, an eligible authority, eligible governmental
17 agency, or the department of transportation shall not transfer more than 25% of
18 the money distributed from the comprehensive transportation fund or the state
19 trunk line fund to be expended in a category of transportation from projects in
20 that category of transportation to other projects in that category of trans-
21 portation, unless that transfer is approved by the legislature in the manner
22 prescribed in this subsection for transfers of money between categories of
23 transportation.

24 (4) Except for money expended for the purposes set forth in section
25 11(1)(a), money deposited in the state transportation department fund, shall not
26 be distributed until the legislature, by concurrent resolution adopted by a
27 majority of those elected and serving in each house by a record roll call vote,
28 shall approve the entire proposed program and the proposed distributions
29 submitted by the state transportation commission as eligible for funding.
30 However, failure of the legislature to approve the entire proposed program shall
31 not prohibit the distribution of money deposited in the state transportation
32 department fund for multiyear funding commitments certified as eligible for
33 funding in previous fiscal years. If the proposed program is withdrawn from
34 consideration, a new proposed program shall be submitted within 30 days of the
35 withdrawal. If the initial proposed program or the new proposed program

1 submitted after withdrawal of the initial proposed program is rejected, the state
2 transportation commission shall resubmit a proposed program within 30 session
3 days after the rejection to each member of the legislature before money
4 accumulated in the state transportation department fund may be distributed. All
5 reports required by this section shall be submitted to each member of the
6 legislature. If legislative action on the initial proposed program which is
7 submitted and not withdrawn or on a new proposed program submitted after
8 withdrawal of the initial proposed program is not taken within 45 session days
9 after receipt by the legislature, the proposed program and the proposed
10 distributions are considered as rejected for funding and the state transportation
11 commission shall resubmit a proposed program. If the legislature does not reject
12 the resubmitted program or a subsequent resubmitted program, by concurrent
13 resolution adopted by a majority of those elected and serving in each house by
14 a record roll call vote, within 15 session days after receipt by the legislature,
15 the proposed program and the proposed distributions are considered as approved
16 for funding.

17 (5) The auditor general shall annually conduct, or cause to be conducted
18 by an independent certified public accounting firm designated by the auditor
19 general, a postaudit of the financial transactions and accounts of each eligible
20 authority receiving distributions from the comprehensive transportation fund.
21 The cost of the audit shall be paid by the eligible authority. The financial
22 transactions and accounts related to distributions made from the fund to an
23 eligible governmental agency, other than a county, shall be audited in
24 accordance with Act No. 2 of the Public Acts of 1968, as amended, being
25 sections 141.421 to 141.433 of the Michigan Compiled Laws. The financial
26 transactions and accounts related to distributions made from the fund to a
27 county which is an eligible governmental agency shall be audited in accordance
28 with Act No. 71 of the Public Acts of 1919, as amended, being sections 21.41
29 to 21.54 of the Michigan Compiled Laws. A copy of the complete audit report
30 shall be submitted by the eligible governmental agency to the auditor general.
31 The auditor general shall report to the legislature and the governor on the results
32 of the audits of the eligible authorities and eligible governmental agencies
33 annually by April 1, with regard to the comprehensive transportation funds, the
34 proceeds of notes and bonds sold and appropriations from the general fund of the
35 state used for public transportation purposes.

1 • Sec. 11. (1) The amount apportioned and appropriated to the department of
2 transportation pursuant to section 10 and deposited in the state transportation
3 department fund in the state treasury shall be expended for the following
4 purposes in the following order of priority:

5 (a) For the payment of bonds, notes, or other obligations in the following
6 order of priority:

7 (i) For the payment of contributions required to be made by the state
8 highway commission under contracts entered into before the effective
9 date of section 24 under Act No. 205 of the Public Acts of
10 1941, as amended, being sections 252.51 to 252.64 of the Michigan
11 Compiled Laws, which contributions have been pledged before the
12 effective date of section 24 for the payment of the principal and
13 interest on bonds issued under that act, for the payment of which a
14 sufficient sum is irrevocably appropriated.

15 (ii) For the payment of the principal and interest upon bonds designated
16 "State of Michigan, State Highway Commissioner, Highway Con-
17 struction Bonds, Series I," dated September 1, 1956, in the aggregate
18 principal amount of \$25,000,000.00, issued pursuant to former Act
19 No. 87 of the Public Acts of 1955, and resolution of the state
20 administrative board adopted August 6, 1956, for the payment of
21 which a sufficient sum is irrevocably appropriated.

22 (iii) For the payment of the principal and interest upon bonds issued
23 under section 18b, the payment of contribution of the state ~~highway~~
24 ~~commission or state transportation commission~~ DEPARTMENT to be
25 made pursuant to contracts entered into under section 18d, which
26 contributions are pledged to the payment of principal and interest on
27 bonds issued under the authorization of section 18d and contracts
28 executed pursuant to that section. A sufficient portion of the fund
29 is irrevocably appropriated to pay, as they mature, the principal and
30 interest on notes and bonds issued under section 18b, the annual
31 contributions of the state ~~highway commission and the state~~
32 ~~transportation commission~~ DEPARTMENT as are pledged for the
33 payment of bonds issued pursuant to contracts authorized.

1 (b) The balance of the money in the state transportation department
2 fund shall be distributed each fiscal year as follows:

3 (i) Eighty-two and 22/100% of the money appropriated to the depart-
4 ment of transportation pursuant to section 10(a), less the amount
5 expended pursuant to subdivision (a) for principal and interest on
6 notes and bonds other than those issued for public transportation
7 purposes, shall be distributed to the state treasury to the credit of
8 the state trunk line fund. This subparagraph shall be construed to
9 authorize the establishment of that fund.

10 (ii) Seventeen and 78/100% of the money appropriated to the department
11 of transportation pursuant to section 10(a), less the amount expended
12 pursuant to subdivision (a) for principal and interest on notes and
13 bonds issued for public transportation purposes, shall be distributed to
14 the state treasury to the credit of the comprehensive transportation
15 fund.

16 (2) The money deposited in the state treasury to the credit of the state
17 trunk line fund shall be expended by the department of transportation after
18 approval of the transportation program pursuant to section 10h(4) for the
19 following purposes in the following order of priority:

20 (a) For the total operating expenses of the department of transportation
21 for each fiscal year as appropriated by the legislature.

22 (b) For the maintenance of state trunk line highways and bridges, the
23 amount ~~as may be determined by the state transportation commission~~ as
24 appropriated by the legislature.

25 (c) For the opening, widening, improving, construction, and reconstruc-
26 tion of state trunk line highways and bridges, including the acquisition of
27 necessary rights of way and all work incidental to that opening, widening,
28 improving, construction, or reconstruction. All sums in the state trunk line fund
29 not otherwise appropriated, distributed, determined, or set aside by law shall be
30 used for the construction or reconstruction of the national system of interstate

1 and defense highways, referred to in this act as "the interstate highway system,"
2 to the extent necessary to match federal aid funds as they become available for
3 that purpose; and, for the construction and reconstruction of the state trunk line
4 system. Of the total amount actually expended by the department for the
5 purposes specified in this subdivision from the state trunk line fund and proceeds
6 from the sale of bonds, federal aid funds, and municipal contributions allocated
7 for use on state trunk line highways, not less than 35% shall be expended on the
8 interstate highway system and on the following state trunk line highways: on
9 U.S.-27 from the Indiana border to junction with M-76, on U.S.-127 from the
10 Ohio border to Lansing, on U.S.-23 from Ohio border to Flint, on U.S.-223 from
11 Ohio border to U.S.-127, on U.S.-131 from Indiana border to Petoskey, on U.S.-
12 31 from Indiana border to St. Joseph, on U.S.-31 from Holland to Ludington, on
13 U.S.-31 from Ludington to Mackinaw City, on M-53 from Detroit to Imlay City,
14 on M-21 from Flint to Port Huron, on M-78 from Flint to Lansing.

15 (d) The state transportation ~~commission~~ DEPARTMENT may enter into
16 agreements with county road commissions and with cities and villages to perform
17 work on a highway, road, or street. The agreements may provide for the
18 performance by any of the contracting parties of any of the work contemplated
19 by the contract including engineering services and the acquisition of rights of
20 way in connection with the work, by purchase or condemnation by any of the
21 contracting parties in its own name, and for joint participation in the costs, but
22 only to the extent that the contracting parties are otherwise authorized by law
23 to expend money on the highways, roads, or streets.

24 (e) For providing inventories of supplies and materials required for the
25 activities of the department. The state transportation ~~commission~~ DEPART-
26 MENT may purchase supplies and materials for these purposes, with payment to
27 be made out of the state trunk line fund to be charged on the basis of issues
28 from inventory in accordance with the accounting and purchasing laws of the
29 state.

30 (3) The money deposited in the state treasury to the credit of the
31 comprehensive transportation fund shall be expended for the purposes described
32 in section 10e, after approval of the transportation program pursuant to section
33 10h(4).

1 Sec. 13a. The state transportation ~~commission~~ DEPARTMENT, the county
2 road commissions, and the cities and villages of the state, acting individually or
3 jointly in accordance with a contract, may acquire by purchase or condemnation,
4 in advance of actual construction programming, private property situated within
5 the right of way of a highway project planned for future construction by the
6 government unit, and may expend for the advance acquisition of right of way
7 money received by the governmental unit from the Michigan transportation fund.
8 Revenue received from a rental or lease of property so acquired or from the
9 disposition of an improvement on that property or the proceeds of the sale of
10 excess parcels of property so acquired shall be expended by the governmental
11 unit for highway purposes in accordance with this act.

12 Sec. 18b. (1) The state transportation ~~commission~~ DEPARTMENT may
13 borrow money and issue notes or bonds for the following purposes:

14 (a) To pay all or any portion of or to make loans, grants, or contract
15 payments to pay all or any portion of any capital costs for the purposes
16 described in section 9 of article 9 of the state constitution of 1963.

17 (b) To pay the principal or the principal and interest on notes and, if the
18 state transportation commission considers refunding to be expedient, to refund
19 bonds payable from money received or to be received from the Michigan
20 transportation fund regardless of when the refunded bonds were issued, by the
21 issuance of new bonds, whether or not the bonds to be refunded have matured
22 or are subject to prior redemption or are to be paid, redeemed, or surrendered
23 at the time of issuance of the refunding bonds; and to issue new bonds partly
24 to refund bonds or pay notes then outstanding and partly for any other highway
25 purpose authorized by this act.

26 (c) To pay all costs relating to the issuance of the bonds or notes
27 described in this subsection.

28 (2) The refunding bonds described in subsection (1)(b) shall be sold and
29 the proceeds and the earnings or profits from the investment of those proceeds
30 applied in whole or in part to the purchase, redemption, or payment of the
31 principal or the principal and interest of the bonds to be refunded and the

1 refunding bonds issued by the state transportation commission under subsection
2 (1)(b) and the costs described in subsection (1)(c). Refunding notes or bonds shall
3 be considered to be issued for the same purpose or purposes for which the notes
4 or bonds to be refunded were issued.

5 (3) The notes or bonds authorized by this section shall be issued only
6 after authorization by resolution of the state transportation commission, which
7 resolution shall contain the following:

8 (a) An irrevocable pledge providing for the payment of the principal and
9 interest on the notes or bonds from money received or to be received by the
10 department of transportation from the Michigan transportation fund, or in the
11 case of notes, if the resolution authorizing the notes provides, from money
12 received or to be received by the department of transportation from the
13 proceeds of bonds or renewal notes to be issued after the date of the resolution.

14 (b) A brief statement describing the projects for which the notes or
15 bonds are to be issued and in the case of notes or bonds to pay notes or refund
16 bonds, a description of the notes or bonds to be paid or refunded.

17 (c) The estimated cost of the projects or refunding or refinancing.

18 (d) The detail of the notes or bonds including the date of issue, maturity
19 date or dates of the bonds or notes, the maximum interest rate, the dates of
20 payment of interest, the paying agents, the provisions for registration, the
21 redemption provisions, and the manner of execution.

22 (4) If after the issuance of notes or bonds, the state transportation
23 commission determines that a project for which the notes or bonds are to be
24 issued should be changed, the state transportation commission, by resolution,
25 after the legislature approves the change by concurrent resolution adopted by a
26 majority of those elected and serving in each house by a record roll call vote,
27 shall amend the resolution authorizing the bonds or notes to change the
28 description of the project or projects or to substitute a different project or
29 projects for the project for which the notes or bonds were issued and shall make
30 other revisions in the resolution authorizing the notes or bonds with respect to

1 cost and estimated period of usefulness as may be necessary to permit the
2 change in or substitution of a project or projects.

3 (5) The total aggregate amount of bonds and notes that may be issued
4 under this section shall not exceed an amount as will be serviced as to the
5 maximum annual principal and interest requirements by a sum equal to 50% of
6 the total amount of money received by the department of transportation from
7 the Michigan transportation fund during the fiscal year immediately preceding
8 the issuance of the bonds. ~~Before October 1, 1979, the total amount of bonds~~
9 ~~and notes issued pursuant to this section for public transportation purposes shall~~
10 ~~not exceed an amount as will be serviced as to maximum principal and interest~~
11 ~~requirements by a sum equal to the amount deposited to the credit of the~~
12 ~~general transportation fund for the fiscal year ending September 30, 1977. After~~
13 ~~September 30, 1979, the total amount of bonds and notes issued pursuant to this~~
14 ~~section for public transportation purposes shall not exceed an amount as will be~~
15 ~~serviced, out of state funds only, as to maximum annual principal and interest~~
16 ~~requirements by the following:~~

17 ~~(a) If section 9 of article 9 of the state constitution of 1963 is amended~~
18 ~~to provide for a division of motor fuel taxes for transportation purposes of~~
19 ~~planning, administering, constructing, reconstructing, financing, and maintaining~~
20 ~~state, county, city, and village roads, streets, and bridges designed primarily for~~
21 ~~the use of motor vehicles using tires, and reasonable appurtenances to those~~
22 ~~state, county, city and village roads, streets, and bridges and of comprehensive~~
23 ~~transportation purposes; to provide for the use of taxes on aircraft and aircraft~~
24 ~~fuel and sales taxes on motor vehicles, motor vehicle fuel, and motor vehicle~~
25 ~~parts and accessories for comprehensive transportation purposes; and to provide~~
26 ~~for the issuance of obligations based on those taxes from and after the effective~~
27 ~~date of the amendment, an amount equal to 50% of the total amount of money~~
28 ~~from taxes, the use of which money is restricted by section 9 of article 9 of the~~
29 ~~state constitution of 1963, and which money is deposited in the state treasury~~
30 ~~to the credit of the comprehensive transportation fund during the fiscal year~~
31 ~~immediately preceding the issuance of the bonds or notes and the debt service~~
32 ~~on bonds and notes issued for public transportation purposes payable from the~~
33 ~~state transportation department fund during the fiscal year immediately~~
34 ~~preceding the issuance of the bonds or notes.~~

1 ~~(b) Prior to the effective date of an amendment to section 9 of article~~
2 ~~9 of the state constitution of 1963 in the substantive manner set forth in~~
3 ~~subdivision (a), a sum equal to 70% of the total amount received by the~~
4 ~~comprehensive transportation fund from the state transportation department~~
5 ~~fund in the fiscal year immediately preceding the issuance of the bonds or notes~~
6 ~~and the debt service on bonds and notes issued for public transportation purposes~~
7 ~~payable from the state transportation department fund during the fiscal year~~
8 ~~immediately preceding the issuance of the bonds or notes.~~

9 (6) The total amount of bonds and notes issued pursuant to this section
10 for all other purposes other than public transportation purposes shall not exceed
11 an amount as will be serviced as to the maximum principal and interest
12 requirements by a sum equal to 50% of the total of the amount of money
13 received by the state trunk line fund from the state transportation department
14 fund during the fiscal year immediately preceding the issuance of the bonds or
15 notes and the debt service on bonds and notes issued for purposes other than
16 public transportation purposes payable from the state transportation department
17 fund during the fiscal year immediately preceding the issuance of the bonds or
18 notes.

19 (7) The principal or principal and interest of notes which are issued in
20 anticipation of the issuance of bonds or renewal notes and which do not pledge
21 for their payment money received or to be received by the department of
22 transportation from the Michigan transportation fund shall not be considered to
23 be principal and interest requirements subject to the limitation set forth in
24 subsection (5). The principal of and interest on notes or bonds refunded or for
25 the refunding of which refunding bonds have been sold, whether the bonds to be
26 refunded are to be retired at the time of delivery of the refunding bonds or not,
27 shall not be considered to be principal and interest requirements subject to the
28 limitation set forth in subsection (5).

29 (8) In computing the maximum annual principal and interest require-
30 ments, the total outstanding maximum annual contributions required to be made
31 by the state ~~highway commission and the state transportation commission~~
32 DEPARTMENT pursuant to contracts entered into under the authorization of
33 section 18d, which contributions are pledged to the payment of bonds issued

1 under section 18d, shall be included in the amount. Bonds may be issued under
2 this section as separate issues or series with different dates of issuance, but the
3 aggregate of the bonds shall be subject to the limitations set forth in this
4 section.

5 Sec. 18d. (1) The state transportation ~~commission~~ DEPARTMENT, A
6 county road commission, and a city or village may enter into a contract
7 providing for the construction or reconstruction of highways, including limited
8 access highways, under the jurisdiction and control of 1 of the contracting
9 parties to the extent that the contracting parties are otherwise authorized by
10 law to expend moneys on the highways, roads, or streets, which contract shall
11 provide for allocation of the share of the cost of the construction or
12 reconstruction to be borne by each of the contracting governmental units in
13 annual installments for a period not to exceed 30 years. The contract shall
14 designate which of the governmental units shall carry on, in whole or in part,
15 the engineering, construction, or reconstruction work required by the contract
16 which may include the construction or enlargement, reconstruction, or relocation
17 of existing highways and all work incidental to the engineering, construction, or
18 reconstruction work. The contract shall designate which of the contracting
19 governmental units shall undertake the acquisition of rights-of-way required for
20 the highways, which rights-of-way may be acquired by purchase or condemnation
21 by a contracting governmental unit in its own name for the purposes of the
22 construction or reconstruction. A governmental unit may make a contribution
23 to the cost of its highway construction and reconstruction projects as are
24 provided for in contracts authorized in this section and may make irrevocable
25 pledges of its Michigan transportation fund receipts to meet its annual
26 obligations pursuant to the contracts. A governmental unit which is a party to
27 a contract may make an additional irrevocable pledge of a contribution or funds
28 received, or to be received, by the governmental unit from the federal
29 government or any of its agencies or from any other source for or in aid of the
30 highway construction or reconstruction projects provided for in the contracts. A
31 governmental unit which is a party to the contracts may borrow money and issue
32 bonds in accordance with this act for the purpose of providing funds for the
33 immediate construction or reconstruction of the highway projects contemplated
34 by the contracts. The bonds shall be secured by an irrevocable pledge of the
35 annual contributions required to be made by the governmental units that are

1 parties to the contracts. Before the issuance of the bonds by a governmental
2 unit, the issuance of the bonds shall be approved by a resolution of the state
3 administrative board AND THE STATE TRANSPORTATION COMMISSION and by
4 a resolution of the county road commission of each county and the governing
5 body of each city or village that is a party to the contracts. The annual
6 contribution required by the contracts shall be paid to the governmental unit
7 issuing the bonds. A governmental unit which is a party to the contracts, at any
8 time, may pay all or part of the unpaid annual contributions undertaken by it in
9 a contract, and may raise money for that payment by the issuance of bonds in
10 accordance with and subject to this act. A contract executed under this section
11 may authorize the governmental unit issuing the bonds pursuant to the contract
12 to receive bids for the bonds, accept the best bid, and issue and deliver the
13 bonds for and on behalf of all the parties to the contract.

14 (2) The aggregate amount of annual contributions from the Michigan
15 transportation fund which may be made by a county, city, or village under this
16 section and pledged for the payment of principal and interest on bonds issued
17 pursuant to a contract, shall not exceed 40% of the total amount received by
18 it from the Michigan transportation fund during the last completed fiscal year
19 ending on the June 30 before the execution of a contract. The amount of an
20 annual contribution made by the state ~~highway commission and the state~~
21 ~~transportation commission~~ DEPARTMENT and pledged for the payment of bonds
22 pursuant to this section shall be included in computing the bonding limit set
23 forth in section 18b. The total aggregate amount that may be pledged by a city
24 or village for the payment of principal and interest on bonds issued pursuant to
25 a contract entered into in accordance with this section and Act No. 175 of the
26 Public Acts of 1952, as amended, shall not exceed 50% of the total amount
27 received by the city or village from the Michigan transportation fund and the
28 highway construction fund during the last completed fiscal year ending on June
29 30 before the issuance of the bonds.

XII. Proposed Policy Resolution Implementing Findings

This section presents a proposed resolution, paralleling Resolution 79-3 (which is included as Appendix C), and reflecting the roles recommended in this study. The principal changes are those reflecting the recommendations presented in Section IX of this report, although, in a few instances, authority that under Resolution 79-3 was delegated to the Director would be explicitly transferred to the Director or exercised directly by the Commission in keeping with the overall thrust of this report.

**Proposed Resolution
On Division of Authority**

WHEREAS, the constitutional amendment adopted by the People of Michigan on November 7, 1978, established the Michigan State Transportation Commission, and

WHEREAS, the Legislature amended certain statutes in 1978 pertaining to the duties of the Commission as well as the Director of the Michigan Department of Transportation, and

WHEREAS, the Attorney General ruled that the division of authority between the Commission and the Director expressed in these statutes was in some respects not in accordance with the constitution as amended;

NOW, THEREFORE, BE IT RESOLVED that the Commission and the Director, having examined the constitutional and statutory amendments and the Attorney General's Opinion and having sought other advice and counsel, do hereby ratify the following division of authority:¹

<u>Type of Contractual or Administrative Authority</u>	<u>Approved by:</u>		
	<u>Commission</u>	<u>Director</u>	<u>Administrative Board</u>
Administrative Rules		.2	
Alignment Agreements and Statements, Approval of Route Locations, Access Limitations	•		
Appraisals		•	
Bond Issuances	•		
*Condemnation		.3	

¹All items representing changes from the division of authority in Resolution 79-3 are marked with an asterisk. These changes include transfers to the Director of authority that was delegated to the Director by the Commission under Resolution 79-3.

²But no rule promulgated by the Director may vitiate policy established by the Commission, and the Director must revise any rule not in accordance with current policy.

³Subject, like all real property acquisitions, to certification by the Commission that the acquisition is in accordance with the approved annual program, although final use need not be programmed at the time of acquisition.

<u>Type of Contractual or Administrative Authority</u>	<u>Commission</u>	<u>Approved by:</u>	
		<u>Director</u>	<u>Administrative Board</u>
*Construction and Consulting Certification of Scope of Work Award and Supervision of Contract	•	•	•
Demolition		•	
Equipment Maintenance		•	
Establishment and Abandonment of State Highways and Additions to Interstate System	•		
Facility Contracts Building or Material Storage *Public Transportation		• • ¹	
Functional Replacements of Local Units of Government Facilities		•	•
*Grants Department Grantor Department Grantee, Over \$500,000 Department Grantee, Under \$500,000 — Delegate to Director		• ² • ² •	
*Highway Maintenance Annual Municipal & County Contracts Salt & Chemical Storage Facilities Direct Contracts & Subcontracts Over \$5,000 Under \$5,000		• • • • •	• • • •
Land Acquisition State Agent *State Buyer		• • ³	

¹Subject to certification by the Commission that the scope of the facilities to be provided are in accordance with the approved program.

²Subject to certification by the Commission that award or acceptance of the grant is in accordance with the approved program.

³Subject to certification by the Commission that the acquisition is in accordance with the approved program, although final use need not be programmed at the time of acquisition.

<u>Type of Contractual or Administrative Authority</u>	<u>Commission</u>	<u>Approved by:</u>	
		<u>Director</u>	<u>Administrative Board</u>
*Leases, Other Than Public Transportation Facilities			
State Lessor, Over \$50,000		•	•
State Lessor, Under \$50,000		•	•
State Lessee, Over \$50,000		.1	
State Lessee, Under \$50,000		•	
Legislative Recommendations	.2	.2	
Local Agency Agreements			
*State Trunkline — State Funds		.3	
*Off-Trunkline — State Funds		.3	
Off-Trunkline — No State Funds			
Local Agency Will Take Bids for or Perform Construction		•	•
Other		•	
Local Agency Participation in Railroad Force Account Work		•	•
*Marketing		•	

¹Subject, in the case of real property (or vehicles for use in provision of public transportation services), to certification by the Commission that the lease is in accordance with the approved program.

²The Director shall prepare legislative recommendation for submission to, and approval by, the Commission.

³Subject to certification by the Commission that the use of State Funds is in accordance with the approved program.

<u>Type of Contractual or Administrative Authority</u>	<u>Commission</u>	<u>Approved by:</u> <u>Director</u>	<u>Administrative Board</u>
Memorandum of Understanding			
*Related to Construction, Reconstruction or Maintenance		.1	
Not Related to Construction, Reconstruction or Maintenance		.	
Office Equipment Maintenance			
Under \$5,000		.	
Over \$5,000		.	.
One-Way Street Declarations		.	
Parking Restriction Agreements		.	
Personal Services			
*Related to Construction, Reconstruction or Maintenance		.1	.
Not Related to Construction, Reconstruction or Maintenance		.	.

¹ Subject to certification by the Commission that the scope of the agreement or services to be provided is in accordance with the approved program.

<u>Type of Contractual or Administrative Authority</u>	<u>Commission</u>	<u>Approved by:</u>	
		<u>Director</u>	<u>Administrative Board</u>
*Planning Studies, Including Grants for Planning by Regions, Authorities		.1	
Prequalification of Contractors		.	
*Private Carriers: Bus Opera- tions and Assistance			.2
Public Body and Local Agency Agreements for Public Trans- portation for Which Funding is Determined by Statute		.3	
Purchase and Disposal of Materials and Supplies		.	
Radio Tower Sharing		.	
*Rail Freight and Passenger Service — Capital and Operating		.2	
*Railroad Crossings		.	.

¹Subject to Commission approval of annual planning program; Director must conduct such additional planning studies as Commission may direct.

²Subject to certification by Commission that agreements or grants are in accordance with approved program.

³Subject to Commission policies governing the provisions, conditions and procedures for such contracts.

<u>Type of Contractual or Administrative Authority</u>	<u>Commission</u>	<u>Approved by:</u>	
		<u>Director</u>	<u>Administrative Board</u>
Railroad Safety Inspection and Orders		.	
*Railroad Structures		.1	.
*Railroad Leases		.2	.
*Railroad Trackage Rights		.1	
Release to Local Authorities of Formula Funds and Advances		.	
*Research		.	.
Ridesharing and Vanpool Programs		.	
Road Closures		.	
*Service Contracts		.	.
Special Assistant Attorneys General		.	

¹Subject to certification by Commission that the action is in accordance with the approved program.

²Subject, when the State is Lessee, to certification by the Commission that the lease is in accordance with the approved program.

<u>Type of Contractual or Administrative Authority</u>	<u>Commission</u>	<u>Approved by:</u>	
		<u>Director</u>	<u>Administrative Board</u>
*Submission of Budget to Department of Management and Budget		.1	
Submission of Transportation Program to Legislature	.		
Traffic Energy Applications			
Over \$5,000		.	.
Under \$5,000		.	
*Transportation Demonstration Projects		.2	
*Water and Port Facilities — Capital and Operating		.2	

¹Subject to prior Commission review and accompanied by Commission comments.

²Subject to certification by the Commission that the action is in accordance with the approved program.

XIII. Reconciling Two Anomalies in the Commission and Department Structures

Although the subjects of this section were not part of the original project scope of work, the consultant was asked to comment on two anomalies in the policy and management structure of the Commission and the Department.

- The existence of an independent Aeronautics Commission; and
- The relationship between the Deputy Director for UPTRAN and the Commission.

Both subjects are reviewed briefly, from the perspective gained on the Commission and Department during the course of this study. More extensive study may be warranted on both questions.

A. The Existence of an Independent Aeronautics Commission

Throughout the country, transportation responsibilities have been unifying, at the state level, to allow more comprehensive multimodal transportation programs to be implemented. During periods of fiscal and resource constraint, this practice represents sound management, although modal interests are frequently concerned that the unification of transportation policies and programs will diminish their influence or the attention given to their concerns. In fact, it is this very concern which provides the inertia resisting unification of the Aeronautics and Transportation Commissions.¹

There is no public management argument which clearly justifies the distinct status of the Aeronautics Commission. Since the other passenger and freight modes, as well as personal transportation, are under the aegis of the State Transportation Commission, comprehensive transportation policy formulation, planning and programming could best be achieved by allowing the State Transportation Commission to assume the Aeronautics Commission's role.

B. The Relationship Between the Deputy Director for UPTRAN and the Commission

The position of the chief administrative officer of the Bureau of Urban and Public Transportation (UPTRAN) is filled directly by the Governor, as a result of Act 484 of the Public Acts of 1978. This arrangement was enacted at the express encouragement of the public transportation interests, who were concerned that the unified Department of Transportation would be dominated by the highway interests and bureaucracy. As the only gubernatorial appointment, other than the Director, this organizational anomaly has the potential for disturbing the clear management mandate of the Director, as well as making uncertain the true chain of command within the Department. From the perspective of the Commission, the arrangement can cause confusion over the Department's position, particularly if conflicting positions are espoused by the Director and UPTRAN's chief administrative officer. Still, the Commission gains from the presentation of divergent views, so long as their source of support is identified.

¹The same concern was responsible for the second anomaly, the gubernatorial appointment of a single Deputy Director, for UPTRAN.

A modus operandi has been worked out to resolve conflicting positions. It is documented in a Memorandum of Understanding dated June 4, 1979 (Figure XIII-I). Although this agreement provides a workable resolution, in the long run it may be appropriate to assure that public transportation interests receive due attention through a mechanism that is consistent with the organizational structure of the Department.

From a public management perspective, a better solution might be to provide for gubernatorial appointment of both the Director and a Chief Deputy Director, with the informal understanding that one be acceptable to highway interests and the other to public transportation interests. Deputy directors in charge of the bureaus then, could be professional managers responsible solely for the execution of policy. This would allow a more relevant consolidation of management responsibilities and authorities in the Director's office. If the public transportation interests were still concerned about the Department's responsiveness, UPTRAN could become the particular charge of the Chief Deputy, to assure it received adequate direction.

This solution would allow the relationship between the Commission and the Department to be limited primarily to the Director and his Chief Deputy.

Under the current arrangement, the logical relationship between the Department and the Commission — limited to the Director's relationship with the Commission — is affected by the clear policy interests and emphasis the Governor and Legislature have placed on public transportation, through the enactment of Act 484. If this policy emphasis reflects the position of the Commission as well, it is appropriate for the Director and Commission to agree on the need for a direct relationship between the Commission and the chief administrative officer for UPTRAN. This direct relationship would be justified in terms of assuring the Commission that the important policy objectives relative to public transportation are being fulfilled. And in this case, the Memorandum of Understanding (Figure XIII-I) would serve as a workable means of distinguishing between UPTRAN and Department positions. Although this direct relationship can be justified on the basis of the current interest in public transportation programs, there is neither a sound management reason nor a legislative mandate for a single Deputy Director to have a unique relationship with the Commission.

Figure XIII-1

MEMORANDUM OF UNDERSTANDING ON THE ROLES OF
THE DIRECTOR AND THE CHIEF ADMINISTRATIVE OFFICER FOR UPTRAN

June 4, 1979

The 1978 transportation package made significant changes in the Michigan transportation program. Major components of this package were Proposal M, passed by the voters in November, which, in part, provides for the direct appointment of the Director of the Department by the Governor and Act 484 which provides for the direct appointment of the Chief Administrative Officer (CAO) of the Bureau of Urban and Public Transportation (UPTRAN) also by the Governor. Both are subject to Senate confirmation.

Since the enactment of the package, no mechanism has been established whereby conflicting positions of the Director of the Department and the CAO of UPTRAN can be resolved by the Commission and, as appropriate, by the Governor.

Therefore, it is agreed that the Director will seek the position of the CAO on matters relative to rail, bus and water transportation. The matters to be considered by the CAO would include the public transportation program provided for in Section 10 of Act 51 and by Act 295 of the Public Acts of 1976. The scope of review will include, but not be limited to, statements of proposed public transportation policy(ies), position papers recommending alternative courses of action, and proposed press releases.

Further, it is agreed that when the CAO initiates statements of proposed public transportation policy(ies), position papers recommending alternative courses of action, and proposed news releases, he will seek the position of the Director.

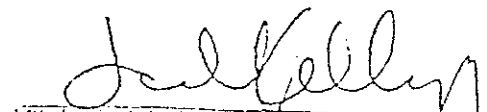
When the CAO and Director agree, materials forwarded to the Commission or the Governor for information or action will include such a notation. If differences exist, then each party will note their comments on the materials transmitted to the Commission or the Governor.

In the event that either of the parties is unavailable for comment, they shall each designate a representative to bring in to force the conditions of this agreement in their absence.

This memo of understanding may be modified with the concurrence of the Governor.


Chairman, Michigan State
Transportation Commission


Director, Michigan Department
of Transportation


Chief Administrative Officer
Bureau of Urban and Public
Transportation

Appendix A

1978 LEGISLATION
AFFECTING THE COMMISSION'S POLICY ROLE

CONSTITUTIONAL AMENDMENTS

Proposal M

General Election of November 7, 1978

Resolved by the Senate and House of Representatives of the state of Michigan, That the following amendments to section 28 of article 5 and section 9 of article 9 of the state constitution of 1963, to provide for the establishment of a state transportation commission to establish policy for the state transportation department programs and facilities, to provide for the appointment of the director of the state transportation department, and to provide for the financing of transportation in this state, is proposed, agreed to and submitted to the people of the state:

ARTICLE 5

Sec. 28. There is hereby established a state transportation commission, which shall establish policy for the state transportation department transportation programs and facilities, and such other public works of the state, as provided by law.

The state transportation commission shall consist of six members, not more than three of whom shall be members of the same political party. They shall be appointed by the governor by and with the advice and consent of the senate for three-year terms; no three of which shall expire in the same year, as provided by law.

The director of the state transportation department shall be appointed as provided by law and shall be the principal executive officer of the state transportation department and shall be responsible for executing the policy of the state transportation commission.

ARTICLE 9

Sec. 9. All specific taxes, except general sales and use taxes and regulatory fees, imposed directly or indirectly on fuels sold or used to propel motor vehicles upon highways and to propel aircraft and on registered motor vehicles and aircraft shall, after the payment of necessary collection expenses, be used exclusively for transportation purposes as set forth in this section.

Not less than 90 percent of the specific taxes, except general sales and use taxes and regulatory fees, imposed directly or indirectly on fuels sold or used to propel motor vehicles upon highways and on registered motor vehicles shall, after the payment of necessary collection expenses, be used exclusively for the transportation purposes of planning, administering, constructing, reconstructing, financing, and maintaining state, county, city, and village roads, streets, and bridges designed primarily for the use of motor vehicles using tires, and reasonable appurtenances to those state, county, city, and village roads, streets, and bridges.

The balance, if any, of the specific taxes, except general sales and use taxes and regulatory fees, imposed directly or indirectly on fuels sold or used to propel motor vehicles upon highways and on registered motor vehicles, after the payment of necessary collection expenses; 100 percent of the specific taxes, except general sales and use taxes and regulatory fees, imposed directly or indirectly on fuels sold or used to propel aircraft and on registered aircraft, after the payment of necessary collection expenses; and not more than 25 percent of the general sales taxes, imposed directly or indirectly on fuels sold to propel motor vehicles upon highways, on the sale of motor vehicles, and on the sale of the parts and accessories of motor vehicles, after the payment of necessary collection expenses; shall be used exclusively for the transportation purposes of comprehensive transportation purposes as defined by law.

The legislature may authorize the incurrence of indebtedness and the issuance of obligations pledging the taxes allocated or authorized to be allocated by this section, which obligations shall not be construed to be evidences of state indebtedness under this constitution.

ACT NO. 483

Of the Public Acts of 1978

AN ACT to amend sections 4, 350, 351, 352, 355, 356, 357 and 358 of Act No. 380 of the Public Acts of 1965, entitled "An act to organize the executive and administrative agencies of state government; to establish principal departments and department heads; to define the powers and duties of the principal departments and their governing agents; to allocate executive and administrative powers, duties, functions, and services among the principal departments; to provide for a method for the gradual implementation of the provisions of this act and for the transfer of existing funds and appropriations of the principal departments herein created and established," section 4 as amended by Act No. 127 of the Public Acts of 1973 and sections 350, 351, 352, 355, 356, 357 and 358 as amended by Act No. 70 of the Public Acts of 1975, being sections 16.104, 16.450, 16.451, 16.452, 16.455, 16.456, 16.457 and 16.458 of the Compiled Laws of 1970.

The People of the State of Michigan enact:

Section 1. Sections 4, 350, 351, 352, 355, 356, 357 and 358 of Act No. 380 of the Public Acts of 1965, section 4 as amended by Act No. 127 of the Public Acts of 1973 and sections 350, 351, 352, 355, 356, 357 and 358 as amended by Act No. 70 of the Public Acts of 1975, being sections 16.104, 16.450, 16.451, 16.452, 16.455, 16.456, 16.457 and 16.458 of the Compiled Laws of 1970, are amended to read as follows:

Sec. 4. Except as otherwise provided by this act, or the state constitution, all executive and administrative powers, duties, and functions, excepting those of the legislature and the judiciary, previously vested by law in the several state departments, commissions, boards, officers, bureaus, divisions, or other agencies are vested in the following principal departments:

- (1) Department of State
- (2) Department of Attorney General
- (3) Department of Treasury
- (4) Department of Management and Budget
- (5) Department of State Police
- (6) Department of Military Affairs
- (7) Department of Agriculture
- (8) Department of Civil Service
- (9) Department of Commerce
- (10) Department of Natural Resources
- (11) Department of Corrections
- (12) Department of Education
- (13) Department of Licensing and Regulation

(14) If section 28 of article 5 of the state constitution of 1963 is amended to provide for changing the name of the state highway department to the department of transportation. However, until section 28 of article 5 is amended in the manner described in this section, the name of the department shall be the Department of State Highways and Transportation.

- (15) Department of Labor
- (16) Department of Mental Health
- (17) Department of Public Health
- (18) Department of Social Services
- (19) Department of Civil Rights

CHAPTER 15

Department of Transportation

Sec. 350. There is created a department of transportation.

Sec. 351. The policy making body of the department of transportation is the state transportation commission.

Sec. 352. All powers, duties, and functions vested by law in the state highway department are transferred by a type I transfer to the department of transportation.

Sec. 353. The head of the department of transportation is the director of the department of transportation. The director shall be appointed as provided in section 5 of Act No. 286 of the Public Acts of 1964, as amended, being section 247.505 of the Michigan Compiled Laws.

Sec. 356. The state bridge commission created under Act No. 147 of the Public Acts of 1935, as amended, being sections 254.151 to 254.167 of the Michigan Compiled Laws, is transferred by a type III transfer to the department of transportation, and the state bridge commission is abolished.

Sec. 357. The Mackinac bridge authority created under Act No. 21 of the Public Acts of the Extra Session of 1950, being sections 254.301 to 254.304 of the Michigan Compiled Laws, is transferred by a type I transfer to the department of transportation.

Sec. 358. The international bridge authority created under section 2 of Act No. 237 of the Public Acts of 1935, being section 254.202 of the Michigan Compiled Laws, is transferred by a type I transfer to the department of transportation.

ACT NO. 484

Of the Public Acts of 1978

AN ACT to amend the title and sections 1, 2, 3, 4, 5, 7, 8 and 14 of Act No. 286 of the Public Acts of 1964, entitled "An act to provide for the organization, powers and duties of the state highway commission and the state highway department; to provide for the appointment, powers and duties of the state highway director; to abolish the office of state highway commissioner and his advisory board and to transfer their powers and duties; and to repeal certain acts and parts of acts," being sections 247.801, 247.802, 247.803, 247.804, 247.805, 247.807, 247.808 and 247.814 of the Compiled Laws of 1970; and to add sections 5a and 6a.

The People of the State of Michigan enact:

Section 1. The title and sections 1, 2, 3, 4, 5, 7, 8 and 14 of Act No. 286 of the Public Acts of 1964, being sections 247.801, 247.802, 247.803, 247.804, 247.805, 247.807, 247.808 and 247.814 of the Compiled Laws of 1970, are amended and sections 5a and 6a are added to read as follows:

TITLE

An act to provide for the organization, powers and duties of the state transportation commission and the state transportation department; to provide for the appointment, powers and duties of the state transportation director; to abolish the office of state highway commissioner and the commissioner's advisory board and to transfer their powers and duties; and to repeal certain acts and parts of acts.

Sec. 1. As used in this act:

- (1) "Commission" means the state transportation commission.
- (2) "Director" means the director of transportation.
- (3) "Department" means the department of transportation.

Sec. 2. The office of state highway commissioner is abolished and the powers and duties of that office are transferred to and vested in the commission. Any law referring to the state highway commissioner or office of state highway commissioner shall be considered to refer to the department.

Sec. 3. The governor with the advice and consent of the senate shall appoint the first members of the commission for terms of 1, 2, 3, and 4 years, commencing on July 1, 1964. Except for terms commenced before the effective date of section 6a, the term of office of a member of the commission shall be for 3 years. Vacancies on the commission shall be filled by the governor for the unexpired terms. Each member shall give to the people of the state a bond in the penal sum of \$25,000.00, with sureties approved by the state treasurer, conditioned upon the faithful discharge of the duties of his or her office, the premium to be paid from the state transportation fund.

Sec. 4. The governor shall appoint 1 of the members of the commission as chairperson to serve at the pleasure of the governor. Each year by a majority vote of the members elected to and serving on the commission the commission shall elect 1 of its members as vice-chairperson and other officers as it considers advisable. In addition to the powers granted the vice-chairperson by commission bylaws, the vice-chairperson shall act as chairperson when the office of chairperson is vacant or the chairperson is absent or unable to serve. Three members of the commission constitute a quorum. The affirmative vote of a majority of those members present is necessary for the transaction of business.

Sec. 5. If section 23 of article 5 of the state constitution of 1963 is amended to provide for the appointment of the director as provided by law, the governor shall appoint an acting director who shall exercise the powers of a permanent director and shall serve at the pleasure of the governor until the legislature statutorily prescribes job qualifications for the director. After statutory job qualifications have been prescribed, the governor shall appoint a permanent director, with the advice and consent of the

senate. The director shall serve at the pleasure of the governor. However, until section 28 of article 5 of the state constitution of 1963 is amended in the manner described in this section, the director shall be appointed, and may be removed, by the affirmative vote of a majority of the members of the commission and shall serve at the pleasure of the commission.

Sec. 5a. The chief administrative officer of the bureau of urban and public transportation of the department of transportation shall be appointed by the governor, shall serve at the pleasure of the governor, and shall serve as a deputy director of the department. If section 28 of article 5 of the state constitution of 1963 is amended to provide for the appointment of the director as provided by law, the appointment made pursuant to this section shall be made with the advice and consent of the senate. However, until section 28 of article 5 of the state constitution of 1963 is amended in that manner, the appointment made pursuant to this section shall be made only after consultation with the commission.

Sec. 6a. The director may do the following:

- (a) Organize the department and its work, supervise the work of the employees of the department, create, merge, and abolish organizational divisions within the department, and transfer or merge functions among those divisions in the interest of economy and efficiency.
- (b) Employ personnel necessary to carry out the duties of the director and the responsibilities of the department subject to laws governing state employment.
- (c) Delegate to any employee of the department, subject to the approval of the commission, any powers vested in the director or delegated to the director by the commission.
- (d) Establish a program of current and long-range planning for the transportation systems under the department's jurisdiction.
- (e) Direct the preparation of budget requests, expenditures, programs and periodical allotments.
- (f) Purchase materials, supplies and equipment as necessary and proper to carry out the duties of the department as provided by law governing state purchasing.
- (g) Dispose of obsolete equipment, surplus supplies and material that cannot be used by the department as provided by law governing the disposal.
- (h) Do anything necessary and proper to comply fully with the provisions of present or future federal aid acts.
- (i) Do anything necessary and proper to carry out the duties imposed upon the department by the constitution and other duties as may be imposed by law.

Sec. 7. (1) The commission's powers and duties shall include:

- (a) The awarding of all contracts for the construction, improvement, and maintenance of the highways and transportation facilities under its jurisdiction, as provided by law.
 - (b) The establishment of transportation policies for the guidance and direction of the director.
- (2) The commission may do the following:
- (a) Delegate to any member of the commission, the director, or any subordinate, any powers, other than the power to establish policy, vested in the commission as it considers necessary and proper; and permit the director to delegate any powers delegated to him or her by the commission.
 - (b) Acquire, own, and hold real and personal property in the name of the state or the commission and sell, lease or otherwise dispose of, or encumber, the same in connection with, and in furtherance of, its duties and the purposes of this act.
 - (c) Do anything necessary and proper to carry out the duties imposed upon it by the constitution and such other duties as may be imposed by law.

Sec. 8. The commission by an affirmative vote of a majority of its members may adopt bylaws pertaining to the following:

- (a) Any aspect of the commission's organization and internal management not otherwise prescribed by law.
- (b) The administration of oaths.

(c) The posting of bond by the director or a subordinate in the amount the commission determines to be reasonable and proper, the premium to be paid from the state transportation fund.

Sec. 14. The director or other person designated by the director shall replace the state highway commissioner on all boards, commissions, authorities, and agencies on which the commissioner holds membership by virtue of that office.

ACT NO. 444

Of the Public Acts of 1978

AN ACT to amend the title and sections 9a, 10, 10a, 10b, 10c, 10d, 10e, 10g, 10h, 10j, 10k, 11, 11b, 12, 12a, 12b, 13, 13a, 14, 16, 17, 18a, 18b, 18c, 18d, 18e and 18j of Act No. 51 of the Public Acts of 1951, entitled as amended "An act to provide for the classification of all public roads, streets and highways in the state of Michigan, and for the revision of such classification and for additions to and deletions from each classification; to set up and establish the motor vehicle highway fund and to provide for the deposits therein of specific taxes on motor vehicles and motor vehicle fuels; to provide for the allocation of funds therefrom and the use and administration thereof for highway purposes; to provide for the continuing review of highway needs within the state; to authorize the state highway commissioner, counties and incorporated cities and villages to borrow money, issue bonds and make pledges of funds for highway construction purposes; to authorize counties to advance funds for the payment of deficiencies necessary for the payment of bonds issued under the provisions of this act; to provide for the limitations, payment, retirement and security of such bonds and pledges; and to provide for appropriations and tax levies by counties and townships for county roads and to authorize contributions by townships therefor; to provide for the establishment and administration of the general transportation fund; to provide for definitions of public transportation functions and criteria; to define the purposes for which general transportation funds may be allocated; to provide for general transportation fund grants and establish priority for use of the general transportation fund; to provide for review and approval of annual public transportation programs, to provide for submission of annual legislative requests and reports; to provide for the establishment and functions of the public transportation council; to provide for conditions for grants and to provide for the issuance of bonds and notes for public transportation purposes; and to repeal certain acts and parts of acts," sections 9a, 10, 10a, 10g, 10j, 10k, 11b, 12a and 12b as amended by Act No. 327 of the Public Acts of 1972, sections 10b and 10e as amended by Act No. 393 of the Public Acts of 1973, sections 10c, 10d and 14 as amended by Act No. 297 of the Public Acts of 1976, section 10h as amended by Act No. 87 of the Public Acts of 1977, section 11 as amended by Act No. 264 of the Public Acts of 1976, sections 12 and 13 as amended by Act No. 41 of the Public Acts of 1976 and section 18e as amended by Act No. 72 of the Public Acts of 1973, being sections 247.659a, 247.660, 247.660a, 247.660b, 247.660c, 247.660d, 247.660e, 247.660g, 247.660h, 247.660j, 247.660k, 247.661, 247.661b, 247.662, 247.662a, 247.662b, 247.663, 247.663a, 247.664, 247.666, 247.667, 247.668a, 247.668b, 247.668c, 247.668d, 247.668e and 247.668j of the Compiled Laws of 1970; to add sections 10l, 10m and 24; and to repeal certain acts and parts of acts.

The People of the State of Michigan enact:

Section 1: The title and sections 9a, 10, 10a, 10b, 10c, 10d, 10e, 10g, 10h, 10j, 10k, 11, 11b, 12, 12a, 12b, 13, 13a, 14, 16, 17, 18a, 18b, 18c, 18d, 18e and 18j of Act No. 51 of the Public Acts of 1951, sections 9a, 10, 10a, 10g, 10j, 10k, 11b, 12a and 12b as amended by Act No. 327 of the Public Acts of 1972, sections 10b and 10e as amended by Act No. 393 of the Public Acts of 1973, sections 10c, 10d and 14 as amended by Act No. 297 of the Public Acts of 1976, section 10h as amended by Act No. 87 of the Public Acts of 1977, section 11 as amended by Act No. 264 of the Public Acts of 1976, sections 12 and 13 as amended by Act No. 41 of the Public Acts of 1976 and section 18e as amended by Act No. 72 of the Public Acts of 1973, being sections 247.659a, 247.660, 247.660a, 247.660b, 247.660c, 247.660d, 247.660e, 247.660g, 247.660h, 247.660j, 247.660k, 247.661, 247.661b, 247.662, 247.662a, 247.662b, 247.663, 247.663a, 247.664, 247.666, 247.667, 247.668a, 247.668b, 247.668c, 247.668d, 247.668e and 247.668j of the Compiled Laws of 1970, are amended and sections 10l, 10m and 24 are added to read as follows:

TITLE

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 and to provide for the deposits in the fund of specific taxes on motor vehicles, and motor vehicle fuels, to provide for the allocation of funds from the fund and the use and administration of the fund for transportation purposes; 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; and to provide for appropriations and tax levies by counties and townships for county roads and to authorize contributions by townships for county roads; to provide for the establishment and administration of the state transportation department fund, the state trunk line fund, and the comprehensive transportation fund; to provide for the deposits in the state transportation department fund, state trunk line fund, and comprehensive transportation fund 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 and establish priority for use of the Michigan transportation fund; 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 councils; to provide for conditions for grants and to provide for the issuance of bonds and notes for transportation purposes; and to repeal certain acts and parts of acts.

Sec. 9a. (1) The state transportation commission shall maintain a continuing study of the transportation needs of the state. Within 90 days after the creation of the Michigan transportation fund and every 4 years thereafter, the governor shall appoint not more than 15 persons to 4-year terms, who shall serve as a needs study committee. The appointments shall be subject to the advice and consent of the senate. The committee shall include at least 1 representative of the following interests:

- (a) Highways, roads, and streets.
- (b) Nonmotorized transportation.
- (c) Bus and rail passenger transportation.
- (d) Rail freight.
- (e) Waterways and port development.

(2) The department of transportation shall provide staff to the needs study committee to enable the committee to carry out its functions.

(3) By a majority vote of the needs study committee, the committee shall report to the governor, the state transportation commission, and the legislature on the identified needs and priorities of transportation in the state and shall recommend, if the committee considers it necessary, alterations of formulas for transportation funding before January 1, 1960, and before January 1 of each fourth year thereafter. The report and recommendations shall also include any positions which a minority of the needs study committee support.

(4) The state transportation commission shall establish within the department of transportation the following advisory councils to the commission:

- (a) The nonmotorized transportation advisory council.
- (b) The bus and rail passenger advisory council.
- (c) The rail freight advisory council.
- (d) The waterways and port development advisory council.

(5) Each advisory council shall consist of 7 members appointed by the state transportation commission. Each member shall be representative of provider or consumer associations or agencies related to the category of transportation for which the council serves in an advisory function. Two members of each

advisory council shall be appointed from a list of 6 persons recommended by the governor, 1 member of each advisory council shall be appointed from a list of 3 persons recommended by the speaker of the house of representatives, and 1 member of each advisory council shall be appointed from a list of 3 persons recommended by the majority leader of the senate.

- (6) Each advisory council shall meet not less than once in each 2-month period.
- (7) Each member shall be appointed for a 2-year term. However, if a member misses 3 consecutive meetings of an advisory council, the member shall be automatically removed from that council. If a vacancy occurs on an advisory council, a member shall be appointed in the same manner as the position was first filled.
- (8) The department of transportation shall make a full-time staff person available to work at the direction of each advisory council.
- (9) Each advisory council shall do the following:
 - (a) Advise the state transportation commission regarding the needs and programs of the category of transportation for which the council serves in an advisory function.
 - (b) Review and comment on the transportation plans and programs developed by the department of transportation within the category of transportation for which the council serves in an advisory function.
 - (c) Review and comment on the annual transportation plan before its approval by the state transportation commission and the legislature.
 - (d) Carry out other duties and functions assigned by the state transportation commission.
- (10) Upon a majority vote of an advisory council, its advice and comments rendered pursuant to subsection (9) shall be forwarded to the state transportation commission, the legislature, and the governor.
- (11) At least 1 member of the state transportation commission shall attend at least 1 meeting of each advisory council in each 6-month period.
- (12) The advisory councils, acting jointly, may establish a committee which shall consist of 1 member of each participating advisory council, the member to be selected by the participating advisory council. A member of the committee shall relay information between the committee and the advisory council the member represents.
- (13) A local transportation advisory committee is established upon the appointment of its members which appointments shall be made within 2 months after the effective date of this section. The advisory committee shall expire 2 years after its establishment. The advisory committee shall consist of 11 members. Two members of the senate shall be designated by the majority leader of the senate as members of the advisory committee. Two members of the house of representatives shall be designated by the speaker of the house of representatives as members of the advisory committee. The governor shall appoint 1 member of the advisory committee who shall serve as chairperson. At least 1 member shall be appointed by the state transportation commission from each group of 3 candidates nominated by each of the following:
 - (a) Michigan association of counties.
 - (b) Michigan townships association.
 - (c) Michigan municipal league.
 - (d) Michigan county road association.
 - (e) Michigan public transit association.
 - (f) Michigan association of regions.
- (14) The department of transportation shall furnish the clerical and staff assistance necessary for the local transportation advisory committee to carry out its functions. The committee shall review existing state law relating to the organization, financing, and planning of transportation programs and services within the state, and existing state law relating to the transportation responsibilities of the political subdivisions of this state and among the political subdivisions of this state. The committee shall recommend to the governor and the legislature amendments to present acts or proposed acts leading to improved organization, financing, and planning of transportation programs and services within this state and among the political subdivisions of this state.
- (15) A final report and recommendations for legislative change shall be submitted by the local transportation advisory committee to the governor, the legislature, state transportation commission, and the councils created pursuant to subsection (4), on April 1, 1950. The affirmative vote of a majority of the members of the committee shall be required to approve the final report and recommendations. However, the report and recommendations shall also include any positions which a minority of the committee supports. If a vacancy occurs on the advisory committee, a member shall be appointed in the same manner as the position was first filled.

Sec. 10. A fund to be known as the Michigan transportation fund is established and shall be set up and maintained in the state treasury as a separate fund. Money received and collected under Act No. 150 of the Public Acts of 1927, as amended, being sections 207.101 to 207.194 of the Michigan Compiled Laws, except a license fee provided in that act, and a tax, fee, license, and other money received and collected under sections 801 to 810 of Act No. 300 of the Public Acts of 1949, as amended, being sections 257.801 to 257.810 of the Michigan Compiled Laws, and money received under Act No. 254 of the Public Acts of 1933, as amended, being sections 475.1 to 479.49 of the Michigan Compiled Laws, shall be deposited in the state treasury to the credit of the Michigan transportation fund. In addition, income or profit derived from the investment of money in the Michigan transportation fund shall be deposited in the Michigan transportation fund. No other money, whether appropriated from the general fund of this state or any other source, shall be deposited in the Michigan transportation fund. After the payment of the amounts appropriated by the legislature for the necessary expenses incurred in the administration and enforcement of Act No. 150 of the Public Acts of 1927, as amended, Act No. 254 of the Public Acts of 1933, as amended, and sections 801 to 810 of Act No. 300 of the Public Acts of 1949, as amended, and after deduction of the amount appropriated pursuant to section 93 of Act No. 150 of the Public Acts of 1927, being section 207.193 of the Michigan Compiled Laws, and the amounts appropriated pursuant to section 11b, all money in the Michigan transportation fund is apportioned and appropriated for each fiscal year as follows: (a) 46.7% of the fund to the department of transportation for the uses described in sections 10b and 11, (b) 34.3% of the fund to the county road commissions of the state, and (c) 19.0% of the fund to the cities and villages of the state. The money appropriated pursuant to this section shall be used for the purposes as provided in this act and any other applicable act.

Sec. 10a. (1) Annually the department of transportation shall determine the miles of state trunk line highways, county primary and local roads, and city and village major and local streets transferred to and from state, county, city, or village jurisdiction during the preceding period of July 1 to June 30. In each year after that determination, the transferred mileage shall be accumulated and added to the mileage transferred in each subsequent July 1 to June 30 period.

(2) The current average revenue worth per mile of a county primary road and a county local road shall be determined annually by dividing the total county primary and local road mileages respectively as of the first day of the preceding July 1 to June 30 period into the total amount of Michigan transportation funds returned to counties pursuant to this act for use on county primary and local roads respectively during that period, except money returned to counties pursuant to section 12(2) and (3).

(3) The total amount of money to be transferred from and to the state trunk line fund, the counties, cities, and villages shall be determined annually by multiplying the current revenue worth per mile of a county primary road and a county local road respectively by the number of accumulated miles in each category transferred from and to state, county, city, or village jurisdiction. If the transferred facility becomes classified as part of the local road or street system of the receiving jurisdiction, the transfer of money shall be calculated on the basis of the revenue worth per mile of a county local road. In any other category of jurisdictional transfer, the transfer of money shall be calculated on the basis of the revenue worth per mile of a county primary road.

(4) The transfer of funds under this section shall be included each year in the October appropriation of the Michigan transportation fund.

Sec. 10b. (1) A fund to be known as the state transportation department fund is established and shall be set up and maintained in the state treasury as a separate fund. The money appropriated to the department of transportation pursuant to section 10 shall be deposited in the state treasury to the credit of the state transportation department fund and shall be allocated between the state trunk line fund and the comprehensive transportation fund as provided in section 11. The department of treasury shall cause to be paid from the state transportation department fund those amounts and at those times as are certified to the department of treasury by the department of transportation pursuant to this act.

(2) A fund to be known as the comprehensive transportation fund is established and shall be set up and maintained in the state treasury as a separate fund. In addition to the money distributed to the comprehensive transportation fund pursuant to this act, the money authorized to be credited to the comprehensive transportation fund pursuant to section 25 of Act No. 167 of the Public Acts of 1933, as amended, being section 205.75 of the Michigan Compiled Laws, and, if section 9 of article 9 of the state constitution of 1963 is amended to provide for a division of motor fuel taxes for the transportation purposes of planning, administering, constructing, reconstructing, financing, and maintaining state, county, city and village roads, streets, and bridges designed primarily for the use of motor vehicles using tires, and reasonable appurtenances to those state, county, city, and village roads, streets, and bridges and of comprehensive transportation purposes and to provide for the use of taxes on aircraft and aircraft fuel and sales taxes on motor vehicles, motor vehicle fuel, and motor vehicle parts and accessories, for

comprehensive transportation purposes, the money raised pursuant to section 34 of Act No. 327 of the Public Acts of 1945, as amended, being section 259.34 of the Michigan Compiled Laws, shall be deposited in the comprehensive transportation fund.

(3) The comprehensive transportation fund shall be administered by the department of transportation in accordance with this act.

(4) The general functions of the department of transportation in the administration of the comprehensive transportation fund shall include the following:

(a) Establishing public transportation procedures and administrative practices for which there is a clear requirement for uniformity statewide.

(b) Planning and providing for the current and long-range development of a system of public transportation in areas for which an eligible authority or eligible governmental agency does not exist.

(c) Investigating public transportation conditions and making recommendations for improvement to the state transportation commission for forwarding to the legislature.

(d) Encouraging, coordinating, and administering grants for research and demonstration projects to develop the application of new ideas and concepts in public transportation facilities and services as applied to state as opposed to nationwide problems.

(e) Performing each function necessary to comply fully with present or future federal transportation acts.

(f) Administering and distributing money from the comprehensive transportation fund, the general fund, and the proceeds of notes and bonds sold for public transportation purposes. In the administration and distribution of the proceeds from notes and bonds sold for public transportation purposes under this act, the state transportation commission shall develop a schedule of priorities to insure the equitable distribution of comprehensive transportation funds consistent with this act. All funds borrowed from state trunk line funds shall be paid to the proper account from the first proceeds of state notes or bonds sold for public transportation purposes. Not more than 60% of the proceeds from notes and bonds sold for public transportation purposes under this act shall be distributed to 1 eligible authority and not more than 15% of the proceeds from notes and bonds sold for public transportation purposes under this act shall be distributed to 1 eligible governmental agency. If money is raised by an eligible authority or an eligible governmental agency for a public transportation capital outlay project funded pursuant to sections 3, 5, and 6 of the urban mass transportation act of 1964, 49 U.S.C. 1602, 1604, and 1605, or 23 U.S.C. 101 to 406, the state shall pay not less than 66-2/3% of the local match. The state shall not expend money as a local match or otherwise, and an eligible authority or eligible governmental agency shall not expend money distributed pursuant to this act, as a local match or otherwise, for the preliminary or final construction engineering plans or the construction of a subway system within the area of the southeastern Michigan transportation authority until that expenditure is approved by concurrent resolution of the legislature. The concurrent resolution shall be approved on a record roll call vote of each house. The state shall not expend money for the construction, operation, or maintenance of a commuter boat service system within a county which is a member of the southeastern Michigan transportation authority until approved by concurrent resolution of the legislature. The concurrent resolution shall be approved on a record roll call vote of each house.

(g) Applying for, receiving, and accepting any grant, gift, contribution, loan, or other assistance in the form of money, property, labor, and any other form from a public or private source, including assistance from an agency or instrumentality of the United States and doing each thing as is necessary to apply for, receive, and administer that assistance in accordance with the laws of this state.

(h) Promulgating rules for the implementation and administration of the comprehensive transportation fund, pursuant to Act No. 306 of the Public Acts of 1969, as amended, being sections 24.201 to 24.315 of the Michigan Compiled Laws.

(i) Issuing bonds or notes for public transportation purposes in accordance with this act.

Sec. 10c. As used in this act:

(1) "Urban or rural area" means (a) a contiguous developed area, including the immediate surrounding area, where transportation services should reasonably be provided presently or in the future; (b) the area within the jurisdiction of an eligible authority; or (c) for the purpose of receiving funds for public transportation, a contiguous developed area of less than 50,000 population that has an urban public transportation program approved by the department of transportation and for which the state transportation commission determines that public transportation services should reasonably be provided presently or in the future.

(2) "Eligible authority" means an authority organized pursuant to Act No. 204 of the Public Acts of 1967, as amended, being sections 124.401 to 124.425 of the Michigan Compiled Laws.

(3) "Eligible governmental agency" means a county, city, or village or an authority created pursuant to Act No. 55 of the Public Acts of 1963, as amended, being sections 124.351 to 124.359 of the Michigan Compiled Laws; Act No. 7 of the Extra Session of 1967, being sections 124.501 to 124.512 of the Michigan Compiled Laws; Act No. 8 of the Extra Session of 1967, being sections 124.531 to 124.536 of the Michigan Compiled Laws; Act No. 35 of the Public Acts of 1951, as amended, being sections 124.1 to 124.4 of the Michigan Compiled Laws; or Act No. 94 of the Public Acts of 1933, as amended, being sections 141.101 to 141.139 of the Michigan Compiled Laws.

(4) "Transit vehicle" means a bus, rapid transit vehicle, railroad car, water vehicle, taxicab, or other type of public transportation vehicle or individual unit, whether operated singly or in a group which provides public transportation.

(5) "Transit vehicle mile" means a transit vehicle operated for 1 mile in public transportation service including demand actuated vehicle miles.

(6) "Demand actuated vehicle" means a bus or smaller vehicle operated for providing group rides to members of the general public paying fares individually, and on demand rather than in regularly scheduled route service.

(7) "Demand actuated vehicle mile" means a demand actuated vehicle operated for 1 mile in service to the general public.

(8) "Public transportation", "comprehensive transportation", "public transportation service", "comprehensive transportation service", "public transportation purpose", or "comprehensive transportation purpose" means the movement of people and goods by publicly or privately owned water vehicle, bus, railroad car, rapid transit vehicle, taxicab, aircraft, or other conveyance which provides general or special service to the public, but not including school buses or charter or sightseeing service. Public transportation, public transportation services, or public transportation purposes; and comprehensive transportation, comprehensive transportation services, or comprehensive transportation purposes as defined in this subdivision are declared by law to be transportation purposes within the meaning of section 9 of article 9 of the state constitution of 1963.

(9) "State transportation commission" means the state transportation commission or the state highway commission as established in section 23 of article 5 of the state constitution of 1963.

(10) "Population", except as provided in section 13(1), means, for an eligible authority or eligible governmental agency, the number of persons residing within the jurisdiction of the eligible authority or eligible governmental agency, which number shall be annually determined by the department of management and budget.

(11) "Governmental unit" means the state highway commission or the state transportation commission, a county road commission, or a city or village.

Sec. 10d. The comprehensive transportation fund shall be distributed to eligible authorities for public transportation purposes, distributed to eligible governmental agencies which are not within the jurisdiction of an eligible authority for public transportation purposes, and expended by the department of transportation for public transportation purposes. A distribution to an eligible governmental agency located within the jurisdiction of an eligible authority for public transportation purposes may be made directly if the eligible governmental agency was providing public transportation service on January 3, 1973. Except for an eligible governmental agency which was providing public transportation service on January 3, 1973, distribution for public transportation purposes may be made directly to an eligible governmental agency located within the jurisdiction of an eligible governmental agency or eligible authority which is providing public transportation service on the date of the creation of the comprehensive transportation fund, only if approved by the eligible governmental agency or eligible authority in which the eligible governmental agency is located. Further, except for an eligible governmental agency or eligible authority in whose jurisdiction is located an eligible governmental agency which was providing public transportation service on January 3, 1973, a distribution may be made directly to an eligible governmental agency or eligible authority in whose jurisdiction is located an eligible governmental agency which is providing public transportation service on the date of the creation of the comprehensive transportation fund, only if approved by the eligible governmental agency located within the eligible governmental agency or eligible authority. A county which withdraws from an eligible authority shall not be considered to be within the jurisdiction of the eligible authority.

Sec. 10e. (1) The comprehensive transportation fund shall be expended in the following order of priority:

(a) To pay to the state trunk line fund the amount of money expended out of the state trunk line fund in a previous fiscal year either as a direct loan to the comprehensive transportation fund or for the payment of the principal and interest on notes or bonds issued for public transportation or comprehensive

transportation purposes which principal and interest exceeds 17.78% of the money appropriated to the department of transportation under section 10(a) in that previous fiscal year.

(b) To pay the costs of the administration of the comprehensive transportation fund.

(c) To pay eligible operating expenses for public transportation purposes. Eligible operating expenses shall be limited to direct labor, material, and overhead expenses as well as expenses directly incident to the management and operation of public transportation services either provided by, or operated under contract with, an eligible authority or an eligible governmental agency. Supportive services provided by other governmental bodies shall have a direct benefit to the provision of public transportation services. Ineligible expenses shall include all expenses defined ineligible under 49 U.S.C. 1 to 1907. An eligible authority or eligible governmental agency providing public transportation services as part of an approved public transportation plan in an urban or rural area shall receive a direct distribution by the department of transportation from the comprehensive transportation fund money as follows:

(i) Quarterly, 12.5% of the total amount annually distributed for operating assistance grants shall be multiplied by the ratio of the annual transit vehicle miles projected by the eligible authority or eligible governmental agency operated in accordance with the approved public transportation program of the eligible authority or eligible governmental agency to the total annual transit vehicle miles operated under the approved annual public transportation program of all areas in the state which qualify for the operating assistance grants. In determining the distribution to be made to an eligible governmental authority or eligible governmental agency under this subparagraph, the amount of transit vehicle miles operated shall be the amount certified annually by the eligible authority or eligible governmental agency subject to review and testing of the methodology and procedures used by the eligible authority or eligible governmental agency to calculate and certify transit vehicle miles. The review and test of the methodology and procedures shall be conducted by the auditor general or by an independent certified public accounting firm designated by the auditor general following a state fiscal year in which a distribution is made pursuant to this section to the eligible authority or eligible governmental agency. The auditor general or the designated certified public accounting firm shall certify that the methodology and procedures used by the eligible authority or eligible governmental agency to calculate and certify transit vehicle miles were applied consistently and in accordance with the laws of this state, including rules promulgated pursuant to the laws of this state. The portion of a distribution made pursuant to this subparagraph to an eligible authority based on demand actuated vehicle miles shall be transmitted by the eligible authority to the operator of the demand actuated vehicle system.

(ii) Quarterly, 12.5% of the total amount annually distributed for operating assistance grants shall be multiplied by the ratio of the population of an eligible authority or eligible governmental agency to the total population of all eligible authorities and eligible governmental agencies which qualify for the operating assistance grants.

(iii) Actual distributions for operating assistance grants to eligible authorities and eligible governmental agencies for a fiscal year shall not be less than the amount distributed to the authority or agency received under this section during the fiscal year ending September 30, 1978.

(iv) Notwithstanding subparagraphs (i), (ii), and (iii) the total amount to be distributed to an eligible authority or eligible governmental agency during a state fiscal year shall not exceed 1/3 of the operating costs of the public transportation services provided in accordance with the annual public transportation program of the eligible authority or eligible governmental agency. However, the amount to be distributed during a state fiscal year from the comprehensive transportation fund for operating assistance to an eligible authority or eligible governmental agency which provides a transportation service that is not eligible for federal funds pursuant to the urban mass transportation act of 1964, 49 U.S.C. 1601 to 1614, shall be supplemented by an amount so that the total shall not exceed 1/2 of the operating costs of that service provided by that authority or agency.

(v) If after the funds have been distributed as described in subparagraphs (i), (ii), (iii), and (iv), an amount remains which is undistributed because of the limitation set forth in subparagraph (iv) but which was appropriated under this subdivision, those undistributed funds shall be distributed to those eligible authorities and eligible governmental agencies eligible to receive those funds to which the limitation set forth in subparagraph (iv) is not applicable using the formula set forth in subparagraphs (i) and (ii). Funds which were appropriated but remain undistributed after the first distribution made under this subparagraph shall be distributed in a second or any further distribution which shall be made in the same manner and subject to the same restrictions as the first distribution made under this subparagraph. Distributions shall be made under this subparagraph until all funds appropriated for eligible operating expenses are distributed.

(vi) Funds shall not be distributed to an eligible authority or eligible governmental agency under this act unless the eligible authority or eligible governmental agency provides or agrees to provide preferential fares for public transportation services to persons 65 years of age or over or handicappers riding in off-peak

periods of service as used in this section, "handicapper" means a person who has a physical characteristic, including legal blindness, which limits mobility or necessitates the use of a wheelchair for mobility. The preferential fares shall not be higher than 50% of the regular 1-way single fare.

(vii) Annually each eligible authority and eligible governmental agency shall prepare a public transportation program for the state fiscal year beginning 15 months after the date the program is filed. This program shall contain at a minimum the contemplated routes, hours of service, estimated transit vehicle miles, costs of public transportation services, and projected capital improvements or projects. The costs of service and capital improvements or projects shall be in sufficient detail to permit the department of transportation to evaluate and approve the annual public transportation program. The program shall be filed annually on June 30 with the department of transportation.

(viii) The department of transportation shall cause to be distributed to each eligible authority and eligible governmental agency, an amount equal to the eligible operating expenses required to be distributed out of the comprehensive transportation fund by this subdivision within 10 days after the end of each state fiscal year quarter except as provided in subparagraph (i). The only condition on the distribution of those funds shall be the submission by the eligible authority or eligible governmental agency of an annual public transportation program which has been received by the department of transportation and been approved by the legislature as part of the annual state transportation program. An eligible authority or an eligible governmental agency may contract for the provision of public transportation services with a public or private agency, without any approval or review of that contract by the department of transportation. In computing the funds to be distributed pursuant to this subdivision the provision of public transportation services by and the number of public transportation vehicle miles of, an agency providing the services pursuant to a contract with an eligible authority or an eligible governmental agency shall be considered to have been provided by the eligible authority or eligible governmental agency.

(ix) An eligible authority or eligible governmental agency may receive an advance of funds for the purposes of subparagraph (iii), upon the written determination by the department of transportation that the advance is necessary and appropriate. The state transportation commission may impose terms and conditions for the advances considered necessary for efficient and effective use of state funds. The total amount of an advance shall not exceed 20% of the annual distribution for operating assistance to the eligible authority or eligible governmental agency. The advances of state funds shall be deducted from the state fiscal year-end distribution of funds for operating assistance received by the eligible authority or eligible governmental agency.

(d) To supplement the amount distributed under subdivision (c) to an eligible authority which creates a transportation district pursuant to section 16a of Act No. 204 of the Public Acts of 1967, being section 124.416a of the Michigan Compiled Laws, for its eligible operating expenses. The amount distributed under this subdivision when added to the amount distributed under subdivision (c) to an eligible authority which creates a transportation district, shall equal not less than 21% of the eligible authority's eligible operating expenses. This subsection shall expire 4 years after its effective date.

(e) An amount sufficient to purchase at least 104 demand actuated vehicles per year shall be expended in each of the first 4 state fiscal years following the effective date of this subdivision. However, the amount expended pursuant to this subdivision shall not be more than the amount necessary to purchase the number of demand actuated vehicles per year for which an application is made and approved. The vehicles shall be distributed to eligible authorities and eligible governmental agencies, except an eligible authority which creates a transportation district pursuant to section 16a of Act No. 204 of the Public Acts of 1967, which apply for those vehicles on forms supplied by the department of transportation. An eligible authority or eligible governmental agency shall not receive a vehicle pursuant to this subdivision unless it provides demand actuated service to a service area which is at least an entire county. An eligible authority or eligible governmental agency shall not receive more than 5 demand actuated vehicles pursuant to this subdivision for each county which is entirely within the service area of the eligible authority or eligible governmental agency. In addition, each eligible authority or eligible governmental agency eligible to receive a demand actuated vehicle pursuant to this subdivision shall receive a further amount to aid in the payment of the operating costs of not more than 5 demand actuated vehicles for each county which is entirely within the service area of the eligible authority or eligible governmental agency in accordance with the following:

(i) For the first and second year of the operation of the demand actuated vehicles for which aid for operating costs is distributed pursuant to this subdivision, 100% of the operating cost which is not paid by the revenue generated by the demand actuated vehicles shall be paid with money from the comprehensive transportation fund, or with federal funds, or both.

(ii) For the third year of the operation of the demand actuated vehicles for which aid for operating costs is distributed pursuant to this subdivision, 75% of the operating cost of the demand actuated vehicles shall be paid with money from the comprehensive transportation fund, or with federal funds, or both.

(iii) For the fourth and each succeeding year of the operation of the demand actuated vehicles for

which aid for operating costs is distributed pursuant to this subdivision, 50% of the operating cost of the demand actuated vehicles shall be paid with money from the comprehensive transportation fund.

(f) To make grants and direct expenditures by the department of transportation for demonstration projects designed to demonstrate improved efficiency of systems or concepts for public transportation.

(g) If section 9 of article 9 of the state constitution of 1963 is amended to provide for a division of motor fuel taxes for the transportation purposes of planning, administering, constructing, reconstructing, financing, and maintaining state, county, city, and village roads, streets, and bridges designed primarily for the use of motor vehicles using tires, and reasonable appurtenances to those state, county, city and village roads, streets, and bridges and of comprehensive transportation purposes and to provide for the use of taxes on aircraft and aircraft fuel and sales taxes on motor vehicles, motor vehicle fuel, and motor vehicle parts and accessories, for comprehensive transportation purposes; to carry out the purposes and provisions of Act No. 327 of the Public Acts of 1945, as amended, being sections 259.1 to 259.208 of the Michigan Compiled Laws, the amount to be expended annually pursuant to this subdivision shall be appropriated to the bureau of aeronautics and shall be an amount not less than the amount credited in that fiscal year to the comprehensive transportation fund pursuant to section 34(2) of Act No. 327 of the Public Acts of 1945, as amended, being section 259.34 of the Michigan Compiled Laws.

(h) The unencumbered balance of public transportation distributions remaining in the fund in each year after meeting the purposes described in subdivisions (a), (b), (c), (d), (e), (f), and (g) shall be distributed as grants to eligible authorities and eligible governmental agencies for acquisition of public transportation facilities for consolidation, for capital improvements, and for equipment replacements, for public transportation systems in accordance with the approved public transportation programs of eligible authorities and eligible governmental agencies, or for direct expenditures by the department of transportation for public transportation purposes. Funds distributed pursuant to this subdivision for a project which is funded in part with federal funds distributed pursuant to the urban mass transportation act of 1964, 49 U.S.C. 1601 to 1614, shall be distributed as a direct grant without a contract between the department of transportation and the eligible authority or eligible governmental agency receiving those funds after approval of the state annual transportation program by the legislature. However, a grant shall not be made for preliminary or final construction engineering plans or the construction of a subway until the legislature, by a concurrent resolution adopted by a majority of those elected and serving in each house by a record roll call vote approves the grant. The supervision and control by the department of transportation of funds distributed pursuant to this subdivision shall be limited to a post-project audit or an audit on an annual basis, whichever occurs first, to determine whether adequate records and accounts have been maintained which verify that those funds were properly expended in accordance with this act. In making distributions from the comprehensive transportation fund in accordance with this subdivision, priority shall be given to improvements for which federal assistance is available.

(2) After having approved a multiyear public transportation program, the state transportation commission may enter into an agreement with an eligible authority or eligible governmental agency committing the state to a minimum level of funding for approved projects to be available over the multiyear period of the program. This commitment shall be binding upon the state as long as the provisions and conditions of the approved program are carried out as agreed, but subject to annual legislative review as described in section 10h.

(3) A vehicle purchased, leased, or rented after November 15, 1976, by an eligible authority or eligible governmental agency with funds made available under this act, which funds were not already committed under a contract in existence on November 15, 1976, shall not be used to provide service on a fixed schedule and fixed route for which a passenger fee is charged unless the vehicle is accessible to a person using a wheelchair from a roadway level or curb level, and has accommodations in which 1 or more wheelchairs can be secured. The department of transportation shall reimburse each eligible authority or eligible governmental agency for the costs of the operation of a vehicle in excess of the normal operating costs as determined by the department as a result of implementing this subsection. The reimbursement shall be for that period from May 11, 1978, to the date which federal law or regulations require newly purchased vehicles purchased partially or totally with federal funds for use on fixed schedule and fixed routes to be accessible to a person using a wheelchair. The reimbursement provided in this subsection shall be made from the general fund of the state unless legislation is enacted into law providing for an increase in a tax which exists on May 11, 1978, which increase provides more revenue for eligible authorities and eligible governmental agencies. An eligible authority or eligible governmental agency shall not be reimbursed for operating costs for vehicles described in this subsection which are accessible to persons using a wheelchair and which are providing passenger service on May 11, 1978.

(4) A vehicle shall not be purchased, leased, or rented by an eligible authority or eligible governmental agency between November 15, 1976, and October 1, 1978 with funds made available under this act which vehicle is used to provide demand actuated service unless the vehicle is accessible to a person using a

wheelchair from roadway level or curb level and has accommodations in which 1 or more wheelchairs can be secured, except as provided in subsection (8).

(5) A vehicle shall not be purchased, leased, or rented by an eligible authority or eligible governmental agency after October 1, 1978, with funds made available under this act which vehicle is used to provide demand actuated service unless the eligible authority or eligible governmental agency has submitted a plan to the department describing the service to be provided by the demand actuated service to persons 65 years of age or older and handicappers within the applicable service area and that plan has been approved by the department. The department shall approve the plan as submitted or modified or shall reject the plan within 60 days after the plan is submitted. A plan which describes the service to be provided by the demand actuated service shall not be approved by the department unless that plan provides the following:

(a) That demand actuated service will be provided to persons 65 years of age or older and handicappers residing in the entire service area subject to the plan.

(b) That as a minimum, demand actuated service will be provided to persons 65 years of age or older and handicappers during the same hours as service is provided to all other persons in the service area subject to the plan.

(c) That the average time period required for demand actuated service to persons 65 years of age or older and handicappers from the initiation of a service request to arrival at the destination is equal to the average time period required for demand actuated service provided to all other persons in the service area subject to the plan.

(d) That the eligible authority or eligible governmental agency submitting the plan has established a local advisory council with not less than 50% of its membership representing persons 65 years of age or older and handicappers within the service area subject to the plan and that the local advisory council has had an opportunity to review and comment upon the plan before its submission to the department. Each advisory council comment shall be included in the plan when submitted to the department.

(6) Notwithstanding subsection (5), a plan required by subsection (5) which is not approved or rejected by the department within 60 days after submission shall be considered approved as submitted.

(7) Subsections (3), (4), (5), and (6) shall not apply to vehicles or facilities used to transport persons by rail, air, or water or to vehicles of common carriers licensed by the Michigan public service commission.

(8) Subsection (4) shall not apply to an eligible authority or eligible governmental agency which has a plan approved pursuant to subsection (5).

(9) Capital costs that an eligible authority or eligible governmental agency incurs, in excess of the federal funds granted, to provide vehicle accessibility for persons 65 years of age or older and handicappers shall be paid from the general fund of this state, as appropriated by the legislature, until legislation is enacted into law which provides for an increase in a tax which exists on May 11, 1978, which increase provides additional revenue for eligible authorities and eligible governmental agencies. From the time that legislation is enacted into law, the capital costs described in this subsection which are in excess of the federal funds granted shall be paid from the increased revenue. An eligible authority or eligible governmental agency shall not be paid under this subsection for replacement costs of those vehicles which are accessible to persons 65 years of age or older and handicappers, which vehicles are providing passenger service on May 11, 1978.

(10) Beginning January 1, 1979, the department shall submit an annual report to the legislature detailing the service provided in the prior year for persons 65 years of age or older and handicappers by fixed route service and demand actuated service. This report shall include a record of passenger usage and shall be submitted by April 1 of each year.

Sec. 10g. The state transportation commission shall promulgate rules for the implementation and administration of the comprehensive transportation fund pursuant to Act No. 306 of the Public Acts of 1969, as amended.

Sec. 10h. (1) By April 1 of each year the state transportation commission shall report to each member of the legislature, the governor, and the auditor general its recommendations for a transportation program. The report shall specify the following:

(a) The amount of money in the comprehensive transportation fund which is proposed to be distributed in the following fiscal year to each eligible authority, each eligible governmental agency, and the department of transportation, and the amount of money in the state trunk line fund which is proposed to be distributed to the department of transportation for highway expenditures in the following fiscal year. The report shall further subdivide the money to be distributed to each eligible authority, each eligible governmental agency, and the department of transportation specifying how much of that money is

proposed to be expended for either capital acquisitions, including demonstration projects, or for operating expenses, including demonstration projects, in the following categories of transportation:

- (i) Highways under the jurisdiction of the department of transportation.
- (ii) Nonmotorized transportation.
- (iii) Bus transportation.
- (iv) Rail passenger transportation.
- (v) Rail freight transportation.
- (vi) Waterways and port development.

(b) An account of all expenditures of funds distributed from the state trunk line fund and the comprehensive transportation fund to the department of transportation, eligible authorities, and eligible governmental agencies, and the progress made by the department of transportation, eligible authorities, and eligible governmental agencies in carrying out the approved transportation programs in the preceding fiscal year through the use of those funds. The progress report shall be made based on information supplied to the state transportation commission on forms authorized by the federal department of transportation. For those eligible authorities and eligible governmental agencies not receiving federal funds pursuant to the urban mass transportation act of 1964, 49 U.S.C. 1601 to 1614, the progress report shall be made upon forms supplied by the department of transportation. The progress report shall also contain the whole amount of the expenses of the department of transportation for the fiscal year.

- (c) Each project certified to be eligible for a multiyear funding commitment.
- (d) The status of all multiyear funding commitments.

(2) If money is distributed from the comprehensive transportation fund or the state trunk line fund to an eligible authority, eligible governmental agency, or the department of transportation, the money shall be expended only by the entity to which it is distributed. An eligible authority, eligible governmental agency, or the department of transportation may transfer not more than 25% of the money distributed from the comprehensive transportation fund or the state trunk line fund to the eligible authority, eligible governmental agency, or the department of transportation for expenditure for projects within a category of transportation described in subsection (1)(a) from projects within that category of transportation to other projects within that category of transportation to which money is distributed from the comprehensive transportation fund or the state trunk line fund in the current fiscal year or to which money was distributed from the state trunk line fund, the comprehensive transportation fund, or the general transportation fund in a previous fiscal year.

(3) An eligible authority, eligible governmental agency, or the department of transportation may expend money distributed from the comprehensive transportation fund or the state trunk line fund for a category of transportation in another category of transportation, if the legislature, by concurrent resolution adopted by a majority of those elected and serving in each house by a record roll call vote, approves the requested transfer of money. However, money distributed for roads, streets, or highways shall not be expended in any other category of transportation nor shall money distributed for a category other than roads, streets, or highways be expended for roads, streets, or highways. In addition, an eligible authority, eligible governmental agency, or the department of transportation shall not transfer more than 25% of the money distributed from the comprehensive transportation fund or the state trunk line fund to be expended in a category of transportation from projects in that category of transportation to other projects in that category of transportation, unless that transfer is approved by the legislature in the manner prescribed in this subsection for transfers of money between categories of transportation.

(4) Except for money expended for the purposes set forth in section 11(1)(a), money deposited in the state transportation department fund, shall not be distributed until the legislature, by concurrent resolution adopted by a majority of those elected and serving in each house by a record roll call vote, shall approve the entire proposed program and the proposed distributions submitted by the state transportation commission as eligible for funding. However, failure of the legislature to approve the entire proposed program shall not prohibit the distribution of money deposited in the state transportation department fund for multiyear funding commitments certified as eligible for funding in previous fiscal years. If the proposed program is withdrawn from consideration, a new proposed program shall be submitted within 30 days of the withdrawal. If the initial proposed program or the new proposed program submitted after withdrawal of the initial proposed program is rejected, the state transportation commission shall resubmit a proposed program within 30 session days after the rejection to each member of the legislature before money accumulated in the state transportation department fund may be distributed. All reports required by this section shall be submitted to each member of the legislature. If legislative action on the initial proposed program which is submitted and not withdrawn or on a new proposed program submitted after withdrawal of the initial proposed program is not taken within 45 session days after receipt by the legislature, the

proposed program and the proposed distributions are considered as rejected for funding and the state transportation commission shall resubmit a proposed program. If the legislature does not reject the resubmitted program or a subsequent resubmitted program, by concurrent resolution adopted by a majority of those elected and serving in each house by a record roll call vote, within 15 session days after receipt by the legislature, the proposed program and the proposed distributions are considered as approved for funding.

(5) The auditor general shall annually conduct, or cause to be conducted by an independent certified public accounting firm designated by the auditor general, a postaudit of the financial transactions and accounts of each eligible authority receiving distributions from the comprehensive transportation fund. The cost of the audit shall be paid by the eligible authority. The financial transactions and accounts related to distributions made from the fund to an eligible governmental agency, other than a county, shall be audited in accordance with Act No. 2 of the Public Acts of 1963, as amended, being sections 141.421 to 141.433 of the Michigan Compiled Laws. The financial transactions and accounts related to distributions made from the fund to a county which is an eligible governmental agency shall be audited in accordance with Act No. 71 of the Public Acts of 1919, as amended, being sections 21.41 to 21.54 of the Michigan Compiled Laws. A copy of the complete audit report shall be submitted by the eligible governmental agency to the auditor general. The auditor general shall report to the legislature and the governor on the results of the audits of the eligible authorities and eligible governmental agencies annually by April 1, with regard to the comprehensive transportation funds, the proceeds of notes and bonds sold and appropriations from the general fund of the state used for public transportation purposes.

Sec. 10j. (1) An eligible authority or eligible governmental agency may not receive a grant or distribution pursuant to this act if it has an employee which is considered to be a state employee or is subject to the jurisdiction of the department of civil service.

(2) An eligible authority may not receive a grant or distribution pursuant to this act if the eligible authority assumes responsibility for a pension or retirement benefit which accrued to former employees of acquired public or private transportation systems who are not transferred as regular employees to the authority at the time of acquisition in conformity with sections 13 and 24 of Act No. 204 of the Public Acts of 1967, as amended, being sections 124.413 and 124.424 of the Michigan Compiled Laws.

(3) Nothing in this section shall relieve former employers of any accrued pension or retirement liabilities to employees or former employees not transferred at the time of acquisition.

Sec. 10k. (1) Transportation purposes as provided in this act include provisions for facilities and services for nonmotorized transportation including bicycling.

(2) Of the funds allocated from the Michigan transportation fund to the state trunk line fund and to the counties, cities and villages, a reasonable amount, but not less than 1% of those funds shall be expended for nonmotorized transportation services and facilities.

(3) An improvement in a road, street, or highway which facilitates nonmotorized transportation by the paving of shoulders, widening of lanes, or any other appropriate measure shall be considered to be a qualified nonmotorized facility for the purposes of this section.

(4) Units of government need not meet the provisions of this section annually provided the requirements are met as an average over a reasonable period of years not to exceed 10.

(5) The department of transportation or a county, city, or village receiving money from the Michigan transportation fund annually shall prepare and submit a 5-year program for the improvement of qualified nonmotorized facilities which when implemented would result in the expenditure of an amount equal to at least 1% of the amount distributed to the department of transportation or the county, city, or village, whichever is appropriate, from the Michigan transportation fund in the previous calendar year multiplied by 10, less the accumulated total expenditures by the department of transportation or the county, city, or village for qualified nonmotorized facilities in the immediately preceding 5 calendar years.

(6) Facilities for nonmotorized transportation may be established in conjunction with or separate from already existing highways, roads, and streets and shall be established when a highway, road, or street is being constructed, reconstructed, or relocated, unless:

(a) The cost of establishing the facilities would be disproportionate to the need or probable use.

(b) The establishment of the facilities would be contrary to public safety.

(c) Adequate facilities for nonmotorized transportation already exist in the area.

(d) Matching funds are not available through the department of natural resources or other state, local, or federal government sources.

(e) The previous expenditures and projected expenditures for nonmotorized transportation facilities for

the fiscal year exceed 1% of that unit's share of the Michigan transportation fund in which case additional expenditures shall be discretionary.

(7) The department of transportation may provide information and assistance to county road commissions, cities and villages on the planning, design and construction of nonmotorized transportation facilities and services.

Sec. 101. (1) An eligible authority which receives a distribution under section 10e(1)(d) shall operate within a transportation district created pursuant to section 16a of Act No. 204 of the Public Acts of 1967, excluding a city having a population of 1,000,000 or more, a public transportation system which provides at least the same number of transit vehicle miles of intracounty public transportation service in each county and at least the same number of transit vehicle miles of intercounty public transportation service which the system provided on July 1, 1978.

(2) For the year beginning July 1, 1979, an amount equivalent to 40% of the money collected pursuant to section 16a of Act No. 204 of the Public Acts of 1967 in a county within a transportation district created pursuant to that section, excluding a city in the transportation district having a population of 1,000,000 or more, shall be expended by the eligible authority in the county in which the money is collected, excluding a city having a population of 1,000,000 or more, for miles of countywide, intracounty public transportation service, excluding a city having a population of 1,000,000 or more, in addition to the mileage required to be provided under subsection (1).

(3) For the year beginning July 1, 1980, an amount equivalent to 70% of the money collected pursuant to section 16a of Act No. 204 of the Public Acts of 1967 in a county within a transportation district created pursuant to that section, excluding a city in the transportation district having a population of 1,000,000 or more, shall be expended by the eligible authority in the county in which the money is collected, excluding a city having a population of 1,000,000 or more, for miles of countywide, intracounty public transportation service, excluding a city having a population of 1,000,000 or more, in addition to the mileage required to be provided under subsection (1).

(4) For the year beginning July 1, 1981, an amount equivalent to 100% of the money collected pursuant to section 16a of Act No. 204 of the Public Acts of 1967 in a county within a transportation district created pursuant to that section, excluding a city in the transportation district having a population of 1,000,000 or more, shall be expended by the eligible authority in the county in which the money is collected, excluding a city having a population of 1,000,000 or more, for miles of countywide, intracounty public transportation service, excluding a city having a population of 1,000,000 or more, in addition to the mileage required to be provided under subsection (1).

(5) The expenditure of the amounts required to be expended under subsections (2), (3), and (4) shall not be conditioned on an expenditure by a county in which the expenditure is required to be expended.

(6) In addition to the amounts provided in subsections (2), (3), and (4), beginning July 1, 1979, an amount equivalent to 20% of the money collected pursuant to section 16a of Act No. 204 of the Public Acts of 1967 in a county within a transportation district created pursuant to that section, shall be returned by the authority which received the money pursuant to section 16a (3) of Act No. 204 of the Public Acts of 1967 in terms of a credit to each city, village, and township in the county except as provided in subsection (8).

(7) The return of money in terms of a credit required in subsection (6) shall be based upon the percentage of the population of the county which resides in each city, village, or township, according to the last census conducted of the city, village, or township by the department of state. A city, village, or township which receives a credit under subsection (6) shall use that credit only for the provision of demand actuated public transportation service which provide a guaranteed service for elderly persons and handicappers equal to that provided the other users of the service. The credit shall exclusively count toward the required local matching share of 1/3 of the operating deficit of the service. The service shall be operated by the authority which returned the money in terms of a credit under subsection (6) on a contractual basis with each city, village, or township or with a combination of cities, villages, and townships.

(8) The authority shall retain money to which a city, village, or township is entitled under subsection (6) as a credit for 1 year after the city, village, or township is entitled to the credit. If the credit is not used within that period, the money shall be used by the authority for an expenditure within the county within which the city, village, or township lies.

(9) The authority shall retain the ability to coordinate services between contracting cities, villages, and townships or groups of cities, villages, or townships.

(10) A joint state oversight committee consisting of two members of the senate, two members of the house of representatives and two members of the executive branch of the state shall be established to oversee all allocations of comprehensive transportation funds provided for in this act. One member of the senate shall be appointed by the leader of the majority party in the senate. One member shall be appointed

by the leader of the party with the second highest number of members in the senate. One member of the house of representatives shall be appointed by the speaker of the house of representatives. One member shall be appointed by the leader of the party with the second highest number of members in the house of representatives. The two executive branch appointments shall be made by the governor.

(11) As used in this section, "operating deficit" means the operating cost of a public transportation service less the revenues generated by the service.

(12) This section shall expire 4 years after its effective date.

Sec. 10m. An eligible authority or eligible governmental agency shall post on each passenger shelter operated or used by the eligible authority or eligible governmental agency, a schedule of the times at which public transportation services are offered by the eligible authority or eligible governmental agency.

Sec. 11. (1) The amount apportioned and appropriated to the department of transportation pursuant to section 10 and deposited in the state transportation department fund in the state treasury shall be expended for the following purposes in the following order of priority:

(a) For the payment of bonds, notes, or other obligations in the following order of priority:

(i) For the payment of contributions required to be made by the state highway commission under contracts entered into before the effective date of section 24 under Act No. 205 of the Public Acts of 1941, as amended, being sections 252.51 to 252.64 of the Michigan Compiled Laws, which contributions have been pledged before the effective date of section 24 for the payment of the principal and interest on bonds issued under that act, for the payment of which a sufficient sum is irrevocably appropriated.

(ii) For the payment of the principal and interest upon bonds designated "State of Michigan, State Highway Commissioner, Highway Construction Bonds, Series I", dated September 1, 1956, in the aggregate principal amount of \$25,000,000.00, issued pursuant to former Act No. 87 of the Public Acts of 1955, and resolution of the state administrative board adopted August 6, 1956, for the payment of which a sufficient sum is irrevocably appropriated.

(iii) For the payment of the principal and interest upon bonds issued under section 18b, the payment of contributions of the state highway commission or state transportation commission to be made pursuant to contracts entered into under section 18d, which contributions are pledged to the payment of principal and interest on bonds issued under the authorization of section 18d and contracts executed pursuant to that section. A sufficient portion of the fund is irrevocably appropriated to pay, as they mature, the principal and interest on notes and bonds issued under section 18b, the annual contributions of the state highway commission and the state transportation commission as are pledged for the payment of bonds issued pursuant to contracts authorized by section 18d.

(b) The balance of the money in the state transportation department fund shall be distributed each fiscal year as follows:

(i) Eighty-two and $\frac{22}{100}$ % of the money appropriated to the department of transportation pursuant to section 10(a), less the amount expended pursuant to subdivision (a) for principal and interest on notes and bonds other than those issued for public transportation purposes, shall be distributed to the state treasury to the credit of the state trunk line fund. This subparagraph shall be construed to authorize the establishment of that fund.

(ii) Seventeen and $\frac{78}{100}$ % of the money appropriated to the department of transportation pursuant to section 10(a), less the amount expended pursuant to subdivision (a) for principal and interest on notes and bonds issued for public transportation purposes, shall be distributed to the state treasury to the credit of the comprehensive transportation fund.

(2) The money deposited in the state treasury to the credit of the state trunk line fund shall be expended by the department of transportation after approval of the transportation program pursuant to section 10h(4) for the following purposes in the following order of priority:

(a) For the total operating expenses of the department of transportation for each fiscal year as appropriated by the legislature.

(b) For the maintenance of state trunk line highways and bridges, the amount as may be determined by the state transportation commission as appropriated by the legislature.

(c) For the opening, widening, improving, construction, and reconstruction of state trunk line highways and bridges, including the acquisition of necessary rights of way and all work incidental to that opening, widening, improving, construction, or reconstruction. All sums in the state trunk line fund not otherwise appropriated, distributed, determined, or set aside by law shall be used for the construction or reconstruction of the national system of interstate and defense highways, referred to in this act as "the interstate highway system", to the extent necessary to match federal aid funds as they become available for

that purpose; and, for the construction and reconstruction of the state trunk line system. Of the total amount actually expended by the department for the purposes specified in this subdivision from the state trunk line fund and proceeds from the sale of bonds, federal aid funds, and municipal contributions allocated for use on state trunk line highways, not less than 35% shall be expended on the interstate highway system and on the following state trunk line highways: on U.S.-27 from the Indiana border to junction with M-76, on U.S.-127 from the Ohio border to Lansing, on U.S.-23 from Ohio border to Flint, on U.S.-223 from Ohio border to U.S.-127, on U.S.-131 from Indiana border to Petoskey, on U.S.-31 from Indiana border to St. Joseph, on U.S.-31 from Holland to Ludington, on U.S.-31 from Ludington to Mackinaw City, on M-53 from Detroit to Inlay City, on M-21 from Flint to Port Huron, on M-78 from Flint to Lansing.

(d) The state transportation commission may enter into agreements with county road commissions and with cities and villages to perform work on a highway, road, or street. The agreements may provide for the performance by any of the contracting parties of any of the work contemplated by the contract including engineering services and the acquisition of rights of way in connection with the work, by purchase or condemnation by any of the contracting parties in its own name, and for joint participation in the costs, but only to the extent that the contracting parties are otherwise authorized by law to expend money on the highways, roads, or streets.

(e) For providing inventories of supplies and materials required for the activities of the department. The state transportation commission may purchase supplies and materials for these purposes, with payment to be made out of the state trunk line fund to be charged on the basis of issues from inventory in accordance with the accounting and purchasing laws of the state.

(3) The money deposited in the state treasury to the credit of the comprehensive transportation fund shall be expended for the purposes described in section 10e, after approval of the transportation program pursuant to section 10h(4).

Sec. 11b. (1) During each April, there is appropriated to the department of transportation from the Michigan transportation fund \$5,000,000.00 for a critical bridge program to be administered by the department to provide financial assistance to highway authorities for the improvement or reconstruction of existing bridges or for the construction of bridges to replace existing bridges in whole or in part. This section is not subject to section 12(15) or section 13(5).

(2) The department of transportation shall promulgate rules pursuant to Act No. 306 of the Public Acts of 1969, as amended, governing the administration of the critical bridge program. The rules shall set forth the eligibility criteria for financial assistance under the program and other matters related to the program as the department considers necessary and desirable. The department shall take into consideration the availability of federal aid and other financial resources of the highway authority responsible for the bridge, the importance of the bridge to the highway, road, or street network, and the condition of the existing bridge. The department shall not receive more than 38.4% of the critical bridge funds available during a 5-year period for expenditures on the state trunk line system.

Sec. 12. (1) The amount distributed to the county road commissions shall be returned to the county treasurers in the manner, for the purposes, and under the terms and conditions specified in this section.

(2) Each county road commission shall be reimbursed in an amount up to \$10,000.00 per annum for the sum paid to a registered professional engineer employed or retained by the county road commission in the previous year. The sum shall be returned to each county road commission certified by the department of transportation as complying with this subsection regarding the employment of an engineer.

(3) An amount equal to 1% of the total amount returned to the county road commissions from the Michigan transportation fund during the prior calendar year shall be withheld annually from the counties' second quarterly distribution provided for in section 17, and the amount shall be returned to the county road commissions for snow removal purposes as provided in section 12a.

(4) An amount equal to 10% of the total amount returned to the county road commissions from the Michigan transportation fund shall be returned to each county road commission having county primary, or county local road, or both, mileage in the urban areas as determined pursuant to section 12b. This sum shall be distributed in accordance with section 12b. The return shall be in addition to the amounts provided in subsections (5) and (7) and for the purposes stated in those subsections.

(5) An amount equal to 4% of the total amount returned to the county road commissions from the Michigan transportation fund shall be returned to the county road commissions in the same percentages as provided in subsection (7). All money returned to the county road commissions as provided in this subsection shall be expended by the county road commissions for the maintenance, improvement, construction, reconstruction, acquisition, and extension of county local road systems and shall be in addition to the amounts provided in subsection (7).

(6) Seventy-five percent of the remainder of the total amount to be returned to the counties shall be expended by each county road commission for the maintenance, improvement, construction, reconstruction, acquisition, and extension of the county primary road system, including the acquisition of a necessary right of way for the system, work incidental to the system, and a roadside park or motor parkway appurtenant to the system, and shall be returned to the counties as follows:

(a) Three-fourths of the amount in proportion to the amount received within the respective county during the 4 calendar quarters next preceding the date of each quarterly distribution, as specific taxes upon registered motor vehicles under Act No. 300 of the Public Acts of 1949, as amended, being sections 257.1 to 257.923 of the Michigan Compiled Laws.

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

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

(7) The balance of the remainder of the total amount to be returned to counties shall be expended by each county road commission for the maintenance, improvement, construction, reconstruction, acquisition, and extension of the county local road system as defined by this act, including the acquisition of a necessary right of way for the system, work incidental to the system, and a roadside park or motor parkway appurtenant to the system, and shall be returned to the counties as follows:

(a) Sixty-five percent of the amount in the same proportion that the total mileage in the county local road system of each county bears to the total mileage in all of the county local road systems of the state.

(b) Thirty-five percent of the amount in the same proportion that the total population outside of incorporated municipalities in each county bears to the total population outside of incorporated municipalities in all of the counties of the state, according to the most recent statewide federal census preceding the distribution.

(8) Money deposited in, or becoming a part of the county road funds of a board of county road commissioners shall be expended first for the payment of principal and interest on bonds, for the payment of contractual contributions pledged for the payment of bonds, for debt service requirements for the payment of contractual contributions pledged for the payment of bonds, and for debt service requirements for the payment of notes in the following order of priority:

(a) For the payment of contributions required to be made by a board of county road commissioners under a contract entered into under Act No. 205 of the Public Acts of 1941, as amended, being sections 252.51 to 252.64 of the Michigan Compiled Laws, which contributions have been pledged for the payment of the principal and interest on bonds issued under that act, or for the payment of total debt service requirements upon notes issued by a board of county road commissioners under Act No. 143 of the Public Acts of 1943, as amended, being sections 141.251 to 141.254 of the Michigan Compiled Laws.

(b) For the payment of principal and interest upon bonds issued under section 18c, and the payment of contributions of a board of county road commissioners to be made pursuant to contracts entered into under section 18d, which contributions are pledged to the payment of principal and interest on bonds issued after June 30, 1957, under the authorization of section 18c and contracts executed pursuant to its provisions.

(9) Not to exceed 15% per year of the amount returned to a county for use on the county primary road system may be expended, with or without matching, on the county local road system of that county, and not to exceed an additional 15% per year of the amount returned to a county for expenditure on the county primary road system may, in case of an emergency or with the approval of the state transportation commission, be expended, with or without matching, on the county local road system of that county. Not to exceed 15% per year of the amount returned to a county for expenditure on the county local road system may be used, with or without matching, on the county primary road system of that county, and not to exceed an additional 15% per year of the amount returned to a county for expenditure on the county local road system, may, in case of an emergency or with the approval of the state transportation commission, be expended, with or without matching, on the county primary road system of that county. An amount returned to a county for and on account of county local roads, under this section, in excess of the total amount paid into the county treasury each year by all of the townships of that county for and on account of the county local roads pursuant to section 14 (6) may be transferred to and expended on the county primary road system of that county.

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

(11) Not more than 5% per year of the funds returned to a county for the county primary road system

and the county local road system shall be expended for the maintenance, improvement, or acquisition of appurtenant roadside parks and motor parkways.

(12) Funds returned to a county shall be expended by the county road commission for the purposes provided in this section and shall be deposited by the county treasurer in a designated county depository, in a separate account to the credit of the county road fund, and shall be paid out only upon the order of the county road commission, and interest accruing on the moneys shall become a part of, and be deposited with the county road fund.

(13) In a county to which the funds are returned the function of the county road commission shall be limited to the formation of policy and the performance of the official duties imposed by law and delegated by the county board of commissioners. A member of the county road commission shall not be employed individually in any other capacity for other duties with the county road commission.

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

(15) Money distributed from the Michigan transportation fund may be expended for construction purposes on county local roads only to the extent matched by moneys from other sources, however, Michigan transportation funds may be expended for the construction of bridges on the county local roads in an amount not to exceed 75% of the cost of the construction of local road bridges. This subsection does not apply to section 11b.

Sec. 12a. (1) The amount withheld from the counties' second quarterly distribution as specified in section 12(3) shall be returned to the county road commissions of each county for snow removal purposes, including the purchase and maintenance of equipment for snow removal and shall be distributed among the counties on the basis of measured snowfall in excess of 80 inches during the prior fiscal year as determined from measurements of the United States weather bureau at its official stations.

(2) The total amount of money to be returned under this section shall first be divided into 10 factored segments with each segment representing 5 inches of measured snowfall over 80 inches of measured snowfall in a county of the state during the prior fiscal year. A fraction resulting from the division shall be disregarded. The following amounts are allocated to each factored segment:

- (a) Over 80 inches and up to and including 85 inches, 15%.
- (b) Over 85 inches and up to and including 90 inches, 15%.
- (c) Over 90 inches and up to and including 95 inches, 10%.
- (d) Over 95 inches and up to and including 100 inches, 10%.
- (e) Over 100 inches and up to and including 105 inches, 10%.
- (f) Over 105 inches and up to and including 110 inches, 10%.
- (g) Over 110 inches and up to and including 115 inches, 10%.
- (h) Over 115 inches and up to and including 120 inches, 5%.
- (i) Over 120 inches and up to and including 125 inches, 5%.
- (j) Over 125 inches and up to and including the maximum measured snowfall of a county in the state, 10%.

(3) The 10 factored segments shall be distributed among the counties having more than 80 inches of measured snowfall during the prior fiscal year on the basis of inch miles of measured snowfall in the following manner:

(a) Each participating county shall receive a proportionate share as specified in this section of each of the factored segments for that part of the inch miles of measured snowfall of the county which results from the amount of measured snowfall of the county during the prior fiscal year within each of the limits of the factored segments as allocated in subsection (2).

(b) Each of the factored 5-inch segments shall be distributed among the counties entitled to the segments in the same proportion as that county's inch miles of measured snowfall within the limits assigned to the factored 5-inch segment, bears to the total inch miles of measured snowfall of counties within those limits.

(c) The allocation of each factored 5-inch segment shall be based upon the number of inches of snowfall from 0 to 5, except that in the allocation of the final or last factored 5-inch segment, in which a

county participates, inches of measured snowfall in that county in excess of the 5 inches to which that factored 5-inch segment is assigned, shall be included in computing the allocation from the factored 5-inch segment to the county.

(4) As used in this section:

(a) "Measured snowfall" means the average of the inches of snowfall in a county determined from measurements taken by the United States weather bureau.

(b) "Inch miles of measured snowfall" means the inches of measured snowfall in the county multiplied by the total miles of road in the county road system of the county.

(5) Before October 2 of each year, the state transportation commission shall certify to the department of management and budget its determination of the amount to which each county is entitled from the distribution authorized by this section. Before November 2 of each year the department of management and budget shall cause to be paid to the county treasurer of each county entitled to money for snow removal purposes the total amount to be returned to the county for snow removal purposes under this section and the amount returned shall be deposited to the credit of the county road fund.

(6) Notwithstanding any other provision of this section, a county shall not receive funds for snow removal purposes in excess of an amount equal to 30% of the total amount returned to the county for road purposes in the previous calendar year under section 12. An amount in excess of that limitation allocated under this section shall be distributed among the county road commissions, in the next quarterly distribution, in the same manner and for the same purposes as provided in section 12(6)(a).

Sec. 12b. (1) The amounts returned to the counties for the county urban system as provided in section 12(4) shall be distributed on the basis of the county road mileage contained within the urban area boundaries as established pursuant to this section.

(2) On January 3, 1973, the department of transportation shall establish urban area boundaries which shall be reviewed and corrected periodically and which shall be in conformance with the federal-aid urban area definition as published by the federal highway administration of the United States department of transportation and in effect July 1, 1971.

(3) The amounts returned to the county road commissions qualifying under this section shall be in the same proportion that the total urban local road mileage, plus 6 times the urban primary road mileage of each county bears to the total mileage in all the urban local road systems of the state, plus 6 times the total mileage in all the urban primary road systems of the state.

(4) All amounts returned to the county road commissions on the basis of the urban primary road mileage of each county are for use on the county primary road system and are subject to the same provisions of this act as other amounts for expenditure on the county primary road system.

(5) All amounts returned to the county road commissions on the basis of the urban local road mileage of each county are for expenditure on the county local road system and are subject to the same provisions of this act as other amounts for expenditure on the county local road systems.

Sec. 13. (1) The amount distributed to cities and villages shall be returned to the treasurers of the cities and villages in the manner, for the purposes, and under the terms and conditions specified in this section. As used in this section, "population" means the population according to the most recent statewide federal census preceding the distribution, except that, if a municipality has been newly incorporated since completion of the census, the population of the municipality for purposes of the distribution of funds before completion of the next census shall be the population as determined by special federal census, if there is a census, and if not, by the population as determined by the official census in connection with the incorporation, if there is such a census and, if not, by a special state census to be taken at the expense of the municipality by the secretary of state pursuant to section 6 of Act No. 279 of the Public Acts of 1909, as amended, being section 117.6 of the Michigan Compiled Laws. The amount received by the newly incorporated municipality shall be in place of any other direct distribution of funds from the Michigan transportation fund. The population of the newly incorporated municipality as determined under this section shall be added to the total population of all incorporated cities in the state in computing the amounts to be returned under this section to each municipality in the state. Major street mileage, local street mileage, and equivalent major mileage, if applicable, shall be determined by the state transportation commission before the next calendar quarter for which distribution is made following the effective date of incorporation of a newly incorporated municipality.

(2) From the amount available for distribution to cities and villages during the second quarter of each calendar year an amount equal to 0.5% of the total amount returned to all cities and villages under subsections (3) and (4) during the previous calendar year shall be withheld. The amount withheld shall be used to partially reimburse those cities and villages that attain 50 inches or more of snowfall as determined

by the department of transportation and that expend extraordinary amounts as determined by the department of transportation on winter maintenance of streets and highways. The distributions shall be made annually during the fourth calendar quarter and shall be calculated separately for the major and local street systems but may be paid in a combined warrant. The distribution to a city or village shall be equal to 1/2 of those maintenance expenditures less the product of its total returns under subsections (3) and (4) during the 4 quarters ending with the previous second calendar quarter multiplied by 2 times the average municipal winter maintenance factor. The average municipal winter maintenance factor shall be determined annually by the department of transportation by dividing the total expenditures of all cities and villages on winter maintenance of streets and highways by the total amount returned to all cities and villages under subsections (3) and (4) during the 4 quarters. If the sum of the distributions to be made under this subsection exceeds the amount withheld, the distributions to each eligible city and village shall be reduced proportionately. If the sum is less than the amount withheld, the balance shall be added to the amount available for distribution under subsections (3) and (4) during the next quarter. Each city and village shall report its expenditures for winter maintenance of its streets and highways to the department of transportation on forms and in a manner prescribed by the department of transportation. The distributions shall be for use on the major and local street systems respectively and shall be subject to the same provisions as funds returned under subsections (3) and (4).

(3) Seventy-five percent of the remaining amount to be returned to the cities and villages, after deducting the amounts withheld pursuant to subsection (2), shall be returned 60% of that amount in the same proportion that the population of each bears to the total population of all cities and villages, and 40% of that amount in the same proportion that the equivalent major mileage in each bears to the total equivalent major mileage in all cities and villages. As used in this section, "equivalent major mileage" means the sum of 2 times the state trunk line mileage certified by the department of transportation as of March 31 of each year, as being within the boundaries of each city and village having a population of 30,000 or more, plus the major street mileage in each city and village, multiplied by the following factor:

- 1.0 for cities and villages of 2,000 or less population;
- 1.1 for cities and villages from 2,001 to 10,000 population;
- 1.2 for cities and villages from 10,001 to 20,000 population;
- 1.3 for cities and villages from 20,001 to 30,000 population;
- 1.4 for cities and villages from 30,001 to 40,000 population;
- 1.5 for cities and villages from 40,001 to 50,000 population;
- 1.6 for cities and villages from 50,001 to 65,000 population;
- 1.7 for cities and villages from 65,001 to 80,000 population;
- 1.8 for cities and villages from 80,001 to 95,000 population;
- 1.9 for cities and villages from 95,001 to 160,000 population;
- 2.0 for cities and villages from 160,001 to 320,000 population;

and for cities over 320,000 population, by a factor of 2.1 increased successively by 0.1 for each 160,000 population increment over 320,000. The amount so returned shall be used by each city and village for the following purposes in the following order of priority:

(a) For the payment of contributions required to be made by a city or village under the provisions of contracts previously entered into under Act No. 205 of the Public Acts of 1941, as amended, which contributions have been previously pledged for the payment of the principal and interest on bonds issued under that act; or for the payment of the principal and interest upon bonds issued by a city or village pursuant to Act No. 175 of the Public Acts of 1952, as amended, being sections 247.701 to 247.707 of the Michigan Compiled Laws.

(b) Payment of obligations of the city or village on highway projects undertaken by the city or village jointly with the state highway commission or state transportation commission.

(c) For the maintenance, improvement, construction, reconstruction, acquisition, and extension of the major street system as defined by this act including the acquisition of a necessary right of way for the system, work incidental to the system, and an appurtenant roadside park or motor parkway, of the city or village and for the payment of the principal and interest on that portion of the city's or village's general obligation bonds which are attributable to the construction or reconstruction of the city's or village's major street system. Not more than 5% per year of the funds returned to a city or village by this subsection shall be expended for the maintenance, improvement, or acquisition of appurtenant roadside parks and motor parkways. Surplus funds may be expended for the development, construction, or repair of off-street parking facilities, and the construction or repair of street lighting.

(4) The remaining amount to be returned to incorporated cities and villages shall be expended in each city or village for the maintenance, improvement, construction, reconstruction, acquisition, and extension of the local street system of the city or village, as defined by this act, including the acquisition of a necessary right of way for the system, work incidental to the system, and subject to subsection (5), for the payment of

the principal and interest on that portion of the city's or village's general obligation bonds which are attributable to the construction or reconstruction of the city's or village's local street system. The amount returned under this subsection shall be returned to the cities and villages 60% of that amount in the same proportion that the population of each bears to the total population of all incorporated cities and villages in the state, and 40% of that amount in the same proportion that the total mileage of the local street system of each bears to the total mileage in the local street systems of all cities and villages of the state. The payment of the principal and interest upon bonds issued by a city or village pursuant to Act No. 175 of the Public Acts of 1952, as amended, shall have priority in the expenditure of money returned under this subsection.

(5) Money distributed to each city and village for the maintenance and improvement of its local street system pursuant to subsections (3) and (4) represent the total responsibility of the state for local street system support and funds distributed from the Michigan transportation fund shall not be expended for construction purposes on city and village local streets except to the extent matched from local revenues including other money returned to a city or village by the state under the state constitution of 1963 and statutes of the state, from funds that can be raised by taxation in cities and villages for street purposes within the limitations of the state constitution of 1963 and statutes of the state, from special assessments, or from any other source. This subsection does not apply to section 11b.

(6) Money returned under this section to a city or village shall be expended as follows:

(a) Not to exceed 25% per year of the amount returned to a city or village for use on the major street system, may be expended on the local street system of that city or village and not to exceed an additional 15% per year of the amount returned to an incorporated city or village for expenditure on the major street system, may, in case of an emergency or with the approval of the state transportation commission, be expended on the local street system of that city or village.

(b) Money returned for expenditure on the major street system may be expended on the local street system in an amount equal to the amount of local revenues, as provided in subsection (5), expended by the city or village on the major street system or on state trunk line highways, and to the extent that that amount of major street money is not transferred for expenditure on the local street system in that year, major street money received during the next succeeding 2 years may be transferred for expenditure on the local system until the amount so authorized for transfer is fully expended.

(c) A portion of the amount returned to a city or village for expenditure on the local system may be expended on the major street system of that city or village.

(d) Not more than 10% per year of the funds returned under subsections (3) and (4) to a city or village may be expended for administrative expenses. A city or village which in a year expends more than 10% for administrative expenses shall be subject to section 14(5).

(7) In each city and village to which funds are returned under this section, the responsibility for street improvement, maintenance, and traffic operation work, and the development, construction, or repair of off-street parking facilities and construction or repair of street lighting shall be coordinated by a single administrator to be designated by the governing body who shall be responsible for and shall represent the municipality in transactions with the state transportation commission pursuant to this act.

(8) Cities and villages may provide for consolidated street administration. A city or a village may enter into an agreement with other cities or villages, the county road commission, or with the state transportation commission for the performance of street or highway work on a road or street within the limits of the city or village or adjacent to the city or village. The agreement may provide for the performance by any of the contracting parties of the work contemplated by the contracts including services and acquisition of rights of way, by purchase or condemnation by any of the contracting parties in its own name. The agreement may provide for joint participation in the costs where appropriate.

Sec. 13a. The state transportation commission, the county road commissions, and the cities and villages of the state, acting individually or jointly in accordance with a contract, may acquire by purchase or condemnation, in advance of actual construction programming, private property situated within the right of way of a highway project planned for future construction by the governmental unit, and may expend for the advance acquisition of right of way money received by the governmental unit from the Michigan transportation fund. Revenue received from a rental or lease of property so acquired or from the disposition of an improvement on that property or the proceeds of the sale of excess parcels of property so acquired shall be expended by the governmental unit for highway purposes in accordance with this act.

Sec. 14. (1) Each county road commission and city and village of the state shall submit biennial highway and street programs, based on long-range plans, with standards and specifications for projects included, to the state transportation commission for approval at the time, in the manner, and on forms prescribed by the state transportation commission.

(2) Separate accounts shall be kept by cities, villages, and county road commissions of all moneys

returned from the Michigan transportation fund. This subsection shall not be construed to prevent the combining of accounts on which separate bookkeeping records are kept into a single deposit account.

(3) All county road commissions and cities and villages shall keep accurate and uniform records on all road and street work and funds, and shall annually report to the state transportation commission at the time, in the manner, and on forms prescribed by the state transportation commission the mileage and condition of each road system under their jurisdiction and the receipts and disbursements of road and street funds.

(4) The expenditure of adequate amounts, by county road commissions and the cities and villages, from funds returned by this act, to cover the cost of administration, engineering, and record keeping is hereby authorized, and expenditures for those purposes shall be reported separately by each county road commission, city, and village to the state transportation commission.

(5) All distributions and returns of funds provided for in this act shall be withheld from the department of transportation, eligible authorities, county road commissions, cities, villages, or other eligible governmental agencies for failure to comply with any of the requirements of this act, and the withholding shall continue for the period of noncompliance.

(6) Money distributed to county road commissions for the maintenance and improvement of county local road systems pursuant to section 12 represents the total responsibility of the state for local county road support and that additional funds required for the support of county local road systems be supplied from other money returned to the township governments by the state under the state constitution of 1963 and statutes of the state, or from funds that can be raised by taxation in the townships or counties for road purposes within the limitations of the state constitution of 1963 and statutes of the state.

Sec. 16. The failure of a county road commission, city, or village to apply money returned pursuant to this act, to the purposes prescribed in this act, shall result in the forfeiture by the county road commission, city, or village of funds to which it may have been entitled under this act for a period of 1 year from and after the failure to apply the money for the purposes prescribed, and funds forfeited shall then be apportioned and distributed among the other county road commissions and cities and villages in the same manner and proportion as provided in section 10 for the distribution of the Michigan transportation fund.

Sec. 17. (1) At the end of each month, the secretary of state shall certify to the state transportation commission and the director of the department of management and budget the amounts received from the counties for motor vehicle taxes during the preceding month pursuant to Act No. 300 of the Public Acts of 1949, as amended, being sections 257.1 to 257.923 of the Michigan Compiled Laws, and also the total amount deposited in the Michigan transportation fund pursuant to this act during the preceding month, after deducting the amount appropriated for the payment of the necessary expenses incurred in the enforcement of Act No. 150 of the Public Acts of 1927, as amended, and sections 801 to 810 of Act No. 300 of the Public Acts of 1949, as amended. The state transportation commission shall certify to the director of the department of management and budget the amounts to be returned to the department of transportation from the Michigan transportation fund monthly, and the amounts to be returned to each county road commission and each city and village of the state quarterly, pursuant to this act, and the director of the department of management and budget shall certify these amounts to the state treasurer, who shall draw a warrant monthly for the net amounts as are due the department of transportation, and quarterly for the net amounts as are due the county road commissions and the cities and villages of the state under this act. The state treasurer shall issue checks for the amounts due, within 30 days after the end of each period, to the department of transportation, the county road commissions, and the cities and villages. However, if a county, city, or village has a special need, and upon a showing of that special need which is satisfactory to the state transportation commission, the state transportation commission may authorize and direct the director of the department of management and budget and the state treasurer, to take the steps necessary to advance to that county, city, or village immediately, an amount not exceeding 1/3 of the actual amount already collected and deposited in the Michigan transportation fund by the secretary of state for the county, city, or village. If the amount due is not returned to a county road commission, city, or village within 30 days after the end of each quarter, the county road commission, city, or village may bring an action in the nature of mandamus to compel the various state officials to perform their duties in connection with the return as provided in this section.

(2) The state transportation commission, within 30 days after the close of each fiscal year of the state shall furnish to the legislature and the governor a detailed report of revenues credited to the Michigan transportation fund and distributions under this act, showing the amounts distributed to each county road commission, city, and village and the purposes for which those amounts were expended.

Sec. 18a. Subject to the provisions and the limitations set forth in this act, money in the Michigan transportation fund, distributed as provided in this act, may be expended for the payment of the principal and interest on notes and bonds issued or other indebtedness incurred by a governmental unit for

transportation purposes as defined by law. Except as otherwise provided by law, the notes or bonds shall be payable solely from the proceeds of taxes restricted to use for the purposes described in section 9 of article 9 of the state constitution of 1963, which are deposited in the state treasury to the credit of the Michigan transportation fund and are distributed pursuant to this act. The notes and bonds shall not be general obligations of this state, which shall be specifically stated on the face of each note or bond sold.

Sec. 18b. (1) The state transportation commission may borrow money and issue notes or bonds for the following purposes:

(a) To pay all or any portion of or to make loans, grants, or contract payments to pay all or any portion of any capital costs for the purposes described in section 9 of article 9 of the state constitution of 1963.

(b) To pay the principal or the principal and interest on notes and, if the state transportation commission considers refunding to be expedient, to refund bonds payable from money received or to be received from the Michigan transportation fund regardless of when the refunded bonds were issued, by the issuance of new bonds, whether or not the bonds to be refunded have matured or are subject to prior redemption or are to be paid, redeemed, or surrendered at the time of issuance of the refunding bonds; and to issue new bonds partly to refund bonds or pay notes then outstanding and partly for any other highway purpose authorized by this act.

(c) To pay all costs relating to the issuance of the bonds or notes described in this subsection.

(2) The refunding bonds described in subsection (1)(b) shall be sold and the proceeds and the earnings or profits from the investment of those proceeds applied in whole or in part to the purchase, redemption, or payment of the principal or the principal and interest of the bonds to be refunded and the refunding bonds issued by the state transportation commission under subsection (1)(b) and the costs described in subsection (1)(c). Refunding notes or bonds shall be considered to be issued for the same purpose or purposes for which the notes or bonds to be refunded were issued.

(3) The notes or bonds authorized by this section shall be issued only after authorization by resolution of the state transportation commission, which resolution shall contain the following:

(a) An irrevocable pledge providing for the payment of the principal and interest on the notes or bonds from money received or to be received by the department of transportation from the Michigan transportation fund, or in the case of notes, if the resolution authorizing the notes provides, from money received or to be received by the department of transportation from the proceeds of bonds or renewal notes to be issued after the date of the resolution.

(b) A brief statement describing the projects for which the notes or bonds are to be issued and in the case of notes or bonds to pay notes or refund bonds, a description of the notes or bonds to be paid or refunded.

(c) The estimated cost of the projects or refunding or refinancing.

(d) The detail of the notes or bonds including the date of issue, maturity date or dates of the bonds or notes, the maximum interest rate, the dates of payment of interest, the paying agents, the provisions for registration, the redemption provisions, and the manner of execution.

(4) If after the issuance of notes or bonds, the state transportation commission determines that a project for which the notes or bonds are to be issued should be changed, the state transportation commission, by resolution, after the legislature approves the change by concurrent resolution adopted by a majority of those elected and serving in each house by a record roll call vote, shall amend the resolution authorizing the bonds or notes to change the description of the project or projects or to substitute a different project or projects for the project for which the notes or bonds were issued and shall make other revisions in the resolution authorizing the notes or bonds with respect to cost and estimated period of usefulness as may be necessary to permit the change in or substitution of a project or projects.

(5) The total aggregate amount of bonds and notes that may be issued under this section shall not exceed an amount as will be serviced as to the maximum annual principal and interest requirements by a sum equal to 50% of the total amount of money received by the department of transportation from the Michigan transportation fund during the fiscal year immediately preceding the issuance of the bonds. Before October 1, 1979, the total amount of bonds and notes issued pursuant to this section for public transportation purposes shall not exceed an amount as will be serviced as to maximum principal and interest requirements by a sum equal to the amount deposited to the credit of the general transportation fund for the fiscal year ending September 30, 1977. After September 30, 1979, the total amount of bonds and notes issued pursuant to this section for public transportation purposes shall not exceed an amount as will be serviced, out of state funds only, as to maximum annual principal and interest requirements by the following:

(a) If section 9 of article 9 of the state constitution of 1963 is amended to provide for a division of motor fuel taxes for transportation purposes of planning, administering, constructing, reconstructing, financing,

and maintaining state, county, city, and village roads, streets, and bridges designed primarily for the use of motor vehicles using tires, and reasonable appurtenances to those state, county, city, and village roads, streets, and bridges and of comprehensive transportation purposes; to provide for the use of taxes on aircraft and aircraft fuel and sales taxes on motor vehicles, motor vehicle fuel, and motor vehicle parts and accessories, for comprehensive transportation purposes; and to provide for the issuance of obligations based on those taxes from and after the effective date of the amendment, an amount equal to 50% of the total amount of money from taxes, the use of which money is restricted by section 9 of article 9 of the state constitution of 1963, and which money is deposited in the state treasury to the credit of the comprehensive transportation fund during the fiscal year immediately preceding the issuance of the bonds or notes and the debt service on bonds and notes issued for public transportation purposes payable from the state transportation department fund during the fiscal year immediately preceding the issuance of the bonds or notes.

(b) Prior to the effective date of an amendment to section 9 of article 9 of the state constitution of 1963 in the substantive manner set forth in subdivision (a), a sum equal to 70% of the total amount received by the comprehensive transportation fund from the state transportation department fund in the fiscal year immediately preceding the issuance of the bonds or notes and the debt service on bonds and notes issued for public transportation purposes payable from the state transportation department fund during the fiscal year immediately preceding the issuance of the bonds or notes.

(6) The total amount of bonds and notes issued pursuant to this section for all other purposes other than public transportation purposes shall not exceed an amount as will be serviced as to the maximum principal and interest requirements by a sum equal to 50% of the total of the amount of money received by the state trunk line fund from the state transportation department fund during the fiscal year immediately preceding the issuance of the bonds or notes and the debt service on bonds and notes issued for purposes other than public transportation purposes payable from the state transportation department fund during the fiscal year immediately preceding the issuance of the bonds or notes.

(7) The principal or principal and interest of notes which are issued in anticipation of the issuance of bonds or renewal notes and which do not pledge for their payment money received or to be received by the department of transportation from the Michigan transportation fund shall not be considered to be principal and interest requirements subject to the limitation set forth in subsection (5). The principal of and interest on notes or bonds refunded or for the refunding of which refunding bonds have been sold, whether the bonds to be refunded are to be retired at the time of delivery of the refunding bonds or not, shall not be considered to be principal and interest requirements subject to the limitation set forth in subsection (5).

(8) In computing the maximum annual principal and interest requirements, the total outstanding maximum annual contributions required to be made by the state highway commission and the state transportation commission pursuant to contracts entered into under the authorization of section 18d, which contributions are pledged to the payment of bonds issued under section 18d, shall be included in the amount. Bonds may be issued under this section as separate issues or series with different dates of issuance, but the aggregate of the bonds shall be subject to the limitations set forth in this section.

Sec. 18c. (1) A county may borrow money and issue bonds to pay all or any portion of the cost of the construction or reconstruction of highways, including limited access highways, which by law a county road commission is authorized to construct or reconstruct, or participate with any other county road commission, city, or village in the construction or reconstruction of, including the construction or the enlargement, reconstruction, or relocation of existing highways and the acquisition of necessary rights-of-way for those highways, and all work incidental to the construction or reconstruction, which bonds shall be issued only upon the written recommendation or approval of the county road commission, and the adoption of a resolution by a majority vote of the county board of commissioners of the county. The resolution shall briefly describe the contemplated highway construction project, the estimated cost of the project, and the amount, maximum rate of interest, and maturity dates of the bonds to be issued and the form of the bonds. The resolution shall contain an irrevocable appropriation providing for the payment of the principal and interest of the bonds from the money received or to be received by the county road commission from the Michigan transportation fund, except to the extent the money has been pledged by contract in accordance with Act No. 205 of the Public Acts of 1941, as amended, before July 1, 1957, for the construction or financing of limited access highways, and except to the extent the moneys have been pledged before July 1, 1957, for the payment of notes issued under Act No. 143 of the Public Acts of 1943, as amended, being sections 141.251 to 141.254 of the Michigan Compiled Laws. A contractual pledge made before July 1, 1957, in accordance with the provisions of Act No. 205 of the Public Acts of 1941, as amended, and a pledge made before July 1, 1957, for the payment of promissory notes under Act No. 143 of the Public Acts of 1943, as amended, shall have and retain its priority of lien or charge against the money distributed by law to the county road commission from the Michigan transportation fund, as contemplated by those acts, and as provided in the contract or resolution authorizing the issuance of bonds or notes under those acts. A pledge

made after June 30, 1937, by a county road commission under Act No. 205 of the Public Acts of 1941, as amended, or Act No. 143 of the Public Acts of 1943, as amended, shall have equal standing and priority with a pledge made after June 30, 1937, by the county road commission under this act. The total aggregate amount of bonds that may be issued by a county under this section shall not exceed the amount as will be serviced as to their maximum annual principal and interest requirements by an amount equal to 20% of the moneys received by the county road commission of the county from the Michigan transportation fund during the fiscal year next preceding the issuance of the bonds. Bonds may be issued under this section as separate issues or series with different dates of issuance but the aggregate of the bonds shall be subject to the limitations set forth in this act. As additional security for the payment of the bonds, a county, upon adoption of a resolution by a majority of the members of its county board of commissioners, may agree on behalf of the county that if the funds pledged for the payment of the bonds are at any time insufficient to pay the principal and interest on the bonds as the same become due, the county treasurer shall be obligated to advance sufficient money from the general fund of the county to make up the deficiency, and reimbursement shall be made from the first subsequent revenues received by the county road commission from the Michigan transportation fund not pledged or required to be set aside and used for the payment of the principal and interest on bonds, notes, or other evidences of indebtedness.

(2) The total annual amount that may be pledged by a county road commission for the payment of principal and interest on bonds issued pursuant to this section, or the payment of contributions as required by a contract entered into in accordance with section 18d, which contributions are pledged for the payment of bonds, together with total maximum debt service requirements for payment of notes issued under Act No. 143 of the Public Acts of 1943, as amended, shall not exceed 50% of the total amount received by the county road commission from the Michigan transportation fund during the last completed fiscal year ending on June 30 before the issuance of a bond or note or the execution of a contract.

Sec. 18d. (1) The state transportation commission, county road commission, and a city or village may enter into a contract providing for the construction or reconstruction of highways, including limited access highways, under the jurisdiction and control of 1 of the contracting parties to the extent that the contracting parties are otherwise authorized by law to expend moneys on the highways, roads, or streets, which contract shall provide for allocation of the share of the cost of the construction or reconstruction to be borne by each of the contracting governmental units in annual installments for a period not to exceed 30 years. The contract shall designate which of the governmental units shall carry on, in whole or in part, the engineering, construction, or reconstruction work required by the contract which may include the construction or enlargement, reconstruction, or relocation of existing highways and all work incidental to the engineering, construction, or reconstruction work. The contract shall designate which of the contracting governmental units shall undertake the acquisition of rights-of-way required for the highways, which rights-of-way may be acquired by purchase or condemnation by a contracting governmental unit in its own name for the purposes of the construction or reconstruction. A governmental unit may make a contribution to the cost of its highway construction and reconstruction projects as are provided for in contracts authorized in this section and may make irrevocable pledges of its Michigan transportation fund receipts to meet its annual obligations pursuant to the contracts. A governmental unit which is a party to a contract may make an additional irrevocable pledge of a contribution or funds received, or to be received, by the governmental unit from the federal government or any of its agencies or from any other source for or in aid of the highway construction or reconstruction projects provided for in the contracts. A governmental unit which is a party to the contracts may borrow money and issue bonds in accordance with this act for the purpose of providing funds for the immediate construction or reconstruction of the highway projects contemplated by the contracts. The bonds shall be secured by an irrevocable pledge of the annual contributions required to be made by the governmental units that are parties to the contracts. Before the issuance of the bonds by a governmental unit, the issuance of the bonds shall be approved by a resolution of the state administrative board and by a resolution of the county road commission of each county and the governing body of each city or village that is a party to the contracts. The annual contribution required by the contracts shall be paid to the governmental unit issuing the bonds. A governmental unit which is a party to the contracts, at any time, may pay all or part of the unpaid annual contributions undertaken by it in a contract, and may raise money for that payment by the issuance of bonds in accordance with and subject to this act. A contract executed under this section may authorize the governmental unit issuing the bonds pursuant to the contract to receive bids for the bonds, accept the best bid, and issue and deliver the bonds for and on behalf of all the parties to the contract.

(2) The aggregate amount of annual contributions from the Michigan transportation fund which may be made by a county, city, or village under this section and pledged for the payment of principal and interest on bonds issued pursuant to a contract, shall not exceed 40% of the total amount received by it from the Michigan transportation fund during the last completed fiscal year ending on the June 30 before the execution of a contract. The amount of an annual contribution made by the state highway commission and

the state transportation commission and pledged for the payment of bonds pursuant to this section shall be included in computing the bonding limit set forth in section 18b. The total aggregate amount that may be pledged by a city or village for the payment of principal and interest on bonds issued pursuant to a contract entered into in accordance with this section and Act No. 175 of the Public Acts of 1952, as amended, shall not exceed 50% of the total amount received by the city or village from the Michigan transportation fund and the highway construction fund during the last completed fiscal year ending on June 30 before the issuance of the bonds.

Sec. 18e. Bonds issued by a governmental unit under this act shall be serial bonds with annual maturities, the aggregate of which shall not exceed 30 years, the first of which shall fall due not more than 5 years from the date of issuance, and a principal maturity after 5 years from the date of issuance shall not be less than 1/5 of the amount of any subsequent principal maturity. In determining whether or not the bond or note maturities exceed the period of usefulness of the project or projects for which the bonds or notes are issued, the state transportation commission in the resolution authorizing the bonds or notes may allocate a single serial maturity or a group of serial maturities or a part or parts thereof of a single issue to an individual project being financed with the issue of bonds or notes, provided that the ratios of maturities are considered to apply to the issue of bonds as a whole and not to the bonds or notes of a maturity or a part thereof allocated to a project or projects. The bonds shall bear interest at a rate not exceeding the maximum rate permitted by Act No. 202 of the Public Acts of 1943, as amended, being sections 131.1 to 138.2 of the Michigan Compiled Laws, may be made redeemable before maturity on those terms and conditions, and with the premium as shall be provided by the proceedings authorizing their issuance. Outstanding and authorized bonds issued pursuant to this act may be treated as a single issue for the purpose of fixing maturities. If pursuant to Act No. 175 of the Public Acts of 1952, as amended, or in Act No. 143 of the Public Acts of 1943, as amended, the maximum annual principal and interest requirements on bonds issued by governmental units are required to be measured by reference to amounts received from the motor vehicle highway fund, the requirements shall be measured by the receipts from the motor vehicle highway fund, the Michigan transportation fund, or both funds, and if pursuant to this act the maximum annual principal and interest requirements on bonds or notes issued by governmental units are required to be measured by reference to amounts received from the Michigan transportation fund, the requirements shall be measured by the receipts from the motor vehicle highway fund, the Michigan transportation fund, or both funds.

Sec. 18j. Notwithstanding Act No. 175 of the Public Acts of 1952, as amended, being sections 247.701 to 247.707 of the Michigan Compiled Laws, a city or village may pledge, for annual debt service requirements, a sum not in excess of 45% of the average annual revenues received for the 5 years next preceding borrowing from the Michigan transportation fund pursuant to this act and the highway construction fund pursuant to former Act No. 87 of the Public Acts of 1955. A city or village that has been receiving revenues from those sources for less than 5 years may pledge for annual debt service requirements a sum not in excess of 40% of the average annual revenue received from those sources for the number of years next preceding the issuance of the bonds that the city or village has been receiving revenues from those sources. Nothing in this section shall be construed as a prohibition against successive borrowings so long as the total amount of revenues pledged for annual debt service requirements shall not exceed the applicable percentage above described and so long as the total aggregate amount of borrowing does not exceed an amount which the above mentioned percentages of the revenues will service as to annual principal and interest requirements.

Sec. 24. The state transportation commission may issue refunding bonds or advance refunding bonds for the purpose of refunding notes or bonds issued under this act before the effective date of this section. Those refunding bonds or advance refunding bonds shall be issued in accordance with section 18b.

Section 2. Section 10i of Act No. 51 of the Public Acts of 1951, as amended, being section 247.660i of the Compiled Laws of 1970, is repealed.

Section 3. This amendatory act shall not take effect until October 1, 1978.

Appendix B

ATTORNEY GENERAL'S OPINION

NO. 5547

STATE OF MICHIGAN

FRANK J. KELLEY, ATTORNEY GENERAL

Highways and Roads: Respective authority of State Transportation Commission and Director of State Transportation Department

Department of Transportation: Respective authority of State Transportation Commission and Director of State Transportation Department

Constitution of Michigan: Art 5, § 28 (Department of State Transportation)

The State Transportation Commission no longer has the authority or duty to administer the Department of Transportation. It is, however, required to establish transportation program objectives to be pursued by the Director of the Department of State Transportation with respect to all modes of transportation.

The Legislature may only control the manner and method by which the State Transportation Commission exercises its policy-making functions. The Legislature may not grant additional powers to the Commission which impinge upon the powers of the Director of the Department of State Transportation.

Opinion No. 5547

August 16, 1979

Mr. John P. Woodford, Director
Michigan Department of Transportation
P.O. Box 30050
Lansing, Michigan 48933

You have requested my opinion on the following question:

"What is the meaning of section 7(1)(b) in Act 484 of 1978 when taken as part of the whole of the other transportation statutes enacted in the same year, along with the amendment Resolution M, which amended the Constitution with respect to the State Highway/State Transportation Commission and the Director of the Department of Transportation?"

Prior to the adoption of Proposal M by the people, Const 1963, art 5, §28, in pertinent part, stated:

"There is hereby established a state highway commission, which shall administer the state highway department and have jurisdiction and control over all state trunkline highways and appurtenant facilities, and such other public works of the state, as provided by law.

"The state highway commission shall appoint and may remove a state highway director, who shall be a competent highway engineer and administrator. He shall be the principal executive officer of the state highway department and shall be responsible for executing the policy of the state highway commission." [Emphasis added]

Const 1963, art 5, §28, as amended by Proposal M, in pertinent part currently states:

"There is hereby established a state transportation commission, which shall establish policy for the state transportation department transportation programs and facilities, and such other public works of the state, as provided by law.

"The director of the state transportation department shall be appointed as provided by law and shall be the principal executive officer of the state transportation department and shall be responsible for executing the policy of the state transportation commission." [Emphasis added]

Thus, the former State Highway Commission, which had administrative control of the State Highway Department, was abolished and replaced by the State Transportation Commission charged with establishing policy for transportation programs, facilities and other public works of the state. Further, the Director of the State Transportation Department is designated as the principal executive officer of the department and is responsible for executing the policies of the Commission.

To conform to Const 1963, art 5, §28, the Legislature amended the Executive Organization Act of 1965, 1965 PA 380, MCLA 16.104 et seq; MSA 1.29(4) et seq, by enacting 1978 PA 483 which provides in pertinent part:

"Sec. 350. There is created a department of transportation.

"Sec. 351. The policy making body of the department of transportation is the state transportation commission.

"Sec. 355. The head of the department of transportation is the director of the department of transportation...."

With respect to the phrase "as provided by law," emphasized above, which was retained in the amendment adopted by Proposal M, OAG, 1971-1972, No 4713, p 3 (January 20, 1971), construed the phrase as relating to "the manner and method by which the State Highway Commission shall exercise its administrative control...." Accordingly, the opinion held, the State Highway Commission derived its jurisdiction from the Constitution and the Legislature could only control the manner and method by which the Commission could exercise its constitutional powers.

As a result of the adoption of Proposal M, the State Transportation Commission is now limited to establishing "policy" for State Transportation Department programs and facilities and other public works of the State "as provided by law."

As to the meaning of the word "policy" used in Const 1963, art 5, §28, supra, 1978 PA 483, supra, and 1978 PA 484, supra, in City Council of City and County of Honolulu v Fasi, 52 Haw 3; 467 P2d 576 (1970), the court reviewed a dispute between public officials over their respective authority in the context of a city and county charter provision authorizing lease of city property pursuant to "policies" established by the council. In the process of that review, the court defined the term "policies" much broader than ad hoc command to take specific action. It referred to requirements set up by the council as general in nature. It has also been held that a policy decision is of a general nature or adopting a broad course of action which did not include the specific ad hoc action of transferring an employee from one position to another, Wheeler v School District No 20 in County of El Paso, 33 Cal App 233; 521 P2d 978 (1974), aff'd 188 Cal 262; 535 P2d 206 (1979). Accordingly, policies established by the State Transportation Commission must be general in nature applicable to the transportation area.

Therefore, inasmuch as the legislature may only control the manner and method by which the State Transportation Commission exercises its policy-making functions, the Legislature may not grant additional powers to the Commission which impinge upon the powers of the Director of the Department of State Transportation.

The Legislature has provided in 1964 PA 286, §7, as last amended by 1978 PA 484, MCLA 247.807; MSA 9.216(7), the following powers and duties of the State Transportation Commission:

"(1) The commission's powers and duties shall include:

"(a) The awarding of all contracts for the construction, improvement, and maintenance of the highways and transportation facilities under its jurisdiction, as provided by law.

"(b) The establishment of transportation policies for the guidance and direction of the director.

"(2) The commission may do the following:

"(a) Delegate to any member of the commission, the director, or any subordinate, any powers, other than the power to establish policy, vested in the commission as it considers necessary and proper; and permit the director to delegate any powers delegated to him or her by the commission.

"(b) Acquire, own, and hold real and personal property in the name of the state or the commission and sell, lease or otherwise dispose of, or encumber, the same in connection with, and in furtherance of, its duties and the purposes of this act.

"(c) Do anything necessary and proper to carry out the duties imposed upon it by the constitution and such other duties as may be imposed by law."

1964 PA 286, §6a, as amended by 1978 PA 484, provides for the following authority of the Director:

"The director may do the following:

"(a) Organize the department and its work, supervise the work of the employees of the department, create, merge, and abolish organizational divisions within the department, and transfer or merge functions among those divisions in the interest of economy and efficiency.

"(b) Employ personnel necessary to carry out the duties of the director and the responsibilities of the department subject to laws governing state employment.

"(c) Delegate to any employee of the department, subject to the approval of the commission, any powers vested in the director or delegated to the director by the commission.

"(d) Establish a program of current and long-range planning for the transportation systems under the department's jurisdiction.

"(e) Direct the preparation of budget requests, expenditures, programs and periodical allotments.

"(f) Purchase materials, supplies and equipment as necessary and proper to carry out the duties of the department as provided by law governing state purchasing.

"(g) Dispose of obsolete equipment, surplus supplies and material that cannot be used by the department as provided by law governing the disposal.

"(h) Do anything necessary and proper to comply fully with the provisions of present or future federal aid acts.

"(i) Do anything necessary and proper to carry out the duties imposed upon the department by the constitution and other duties as may be imposed by law."

Prior to this amendment by 1978 PA 484, supra, this statute provided for the following authority of the State Highway Commission which was abolished:

"(a) To organize and administer the department and its work, to supervise the work of the director and to create, merge and abolish organizational divisions within the department and to transfer or merge functions among such divisions in the interest of economy and efficiency.

"(b) To establish highway policies and administrative practices for the guidance and direction of the director.

"(c) To employ personnel necessary and proper to carry out its duties, including personnel it deems necessary for a personal staff, subject to law governing state employment.

"(d) To delegate to any member of the commission, the director, or any subordinate, any powers, other than the power to establish policy, vested in the commission as it deems necessary and proper, to permit the director to delegate any powers delegated to him by the commission.

"(d) To establish a program of current and long-range planning for the systems of highways under its jurisdiction.

"(f) To consider and study the entire field of highway legislation and administration.

"(g) To investigate highway conditions and official conduct of departmental personnel.

"(h) To direct the preparation of budget requests, expenditures programs and periodical allotments.

"(i) To acquire, own, and hold real and personal property in the name of the state or the commission and to sell, lease or otherwise dispose of or encumber the same in connection with and in furtherance of its duties and the purposes of this act.

"(j) To let all contracts for the construction, improvement and maintenance of the highways under its jurisdiction, as provided by law.

"(k) To purchase materials, supplies and equipment as necessary and proper to carry out its duties as provided by law governing state purchasing.

"(l) To dispose of obsolete equipment, surplus supplies and material that cannot be used by the department as provided by law governing such disposal.

"(m) To do anything necessary and proper to comply fully with the provisions of present or future federal aid acts."

1964 PA 286, §7(1)(b), as amended by 1978 PA 484, *supra*, mandates that the policies established by the State Transportation Commission shall be for the "guidance and direction" of the Director. This indicates the legislative intent as to the relationship that is to exist between the Director for the Department of Transportation and the State Transportation Commission with respect to the operation of the Department of Transportation and the development and implementation of public transportation programs.

However, the powers sought to be vested in the State Transportation Commission by 1964 PA 86, §7(1)(a) and (2)(b), supra, are not policy-making powers and therefore impinge upon the powers of the director in violation of the Constitution. These powers deal with the awarding of contracts and the selling, leasing or other disposition of real and personal property. These provisions, however, are severable and the remaining provisions of the statute may be implemented. See City of Pleasant Ridge v Governor, 382 Mich 225; 169 NW2d 625 (1969).

It is, therefore, my opinion that, although the State Transportation Commission no longer has the authority or duty to administer the Department of State Transportation, it is nevertheless mandated by Const 1963, art 5, §28, supra, and 1965 PA 380, supra, to establish the transportation program objectives to be pursued by the Director of the Department of State Transportation with respect to all modes of transportation.

FRANK J. KELLEY
Attorney General

Appendix C

STATE TRANSPORTATION COMMISSION

RESOLUTION 79-3

MICHIGAN STATE TRANSPORTATION COMMISSION

RESOLUTION 79-3

Division of Authority

WHEREAS, the constitutional amendment adopted by the people of Michigan on November 7, 1978, established the Michigan State Transportation Commission, and

WHEREAS, the Legislature amended certain statutes in 1978 pertaining to the duties of the Commission as well as the Director of the Michigan Department of Transportation,

NOW, THEREFORE BE IT RESOLVED that the Commission and the Director having examined the constitutional and legislative amendments, do hereby ratify the following division of authority:

APPROVED BY:

<u>Type of Contractual or Administrative Authority</u>	<u>Commission</u>	<u>Director</u>	<u>Ad Bd</u>
Administrative Rules		X ¹	
Alignment Agreements and Statements, Approval of Route Locations, Access Limitations	X		
Appraisals		X	
Bond Issuances	X		
Condemnation - Delegate to Director		X	
Construction -			
Contracts over \$500,000 and those under \$500,000 with less than 3 bidders	X		X
Contracts under \$500,000 with 3 or more bidders - Delegate to Director		X	X
Consulting - (Except Policy)			
Related to Construction, Reconstruction or Maintenance - Delegate to Director		X	X
Not Related to Construction, Reconstruction or Maintenance		X	X
Demolition - Delegate to Director		X	

1 - Delegate authority to Director except that Director may not promulgate rules which would vitiate policy established by Commission; and Director must revise existing rules (following procedure established by law) when relevant policy explicitly is changed by Commission.

APPROVED BY:

<u>Type of Contractual or Administrative Authority</u>	<u>Commission</u>	<u>Director</u>	<u>Ad Bd</u>
Equipment Maintenance		X	
Establishment and Abandonment of State Highways, Additions to Interstate System	X		
Facility Contracts -			
Building or Material Storage - Delegate to Director		X	
Public Transportation	X		
Functional Replacements of Local Units of Government Facilities - Delegate to Director		X	X
Grants -			
Department Grantor	X		
Department Grantee, over \$500,000	X		
Department Grantee, under \$500,000 - Delegate to Director		X	
Highway Maintenance -			
Annual Municipal & County Contracts - Delegate to Director		X	X
Salt & Chemical Storage Facilities - Delegate to Director		X	X
Subcontracts under \$5,000 - Delegate to Director		X	
Subcontracts over \$5,000 - Delegate to Director		X	X
Direct under \$5,000 - Delegate to Director		X	
Direct over \$5,000 - Delegate to Director		X	X
Land Acquisition -			
State Agent		X	
State Buyer - Delegate to Director		X	
Leases -			
State Lessor, under \$50,000 - Delegate to Director		X	X
State Lessor, over \$50,000	X		X
State Lessee, under \$50,000 - Delegate to Director		X	
State Lessee, over \$50,000	X		
Legislation Recommendations	X ²	X ²	

2. - Legislative recommendations - The Director shall prepare legislative recommendations for submission to, and approval by, the Commission.

APPROVED BY:

<u>Type of Contractual or Administrative Authority</u>	<u>Commission</u>	<u>Director</u>	<u>Ad Bd</u>
Local Agency Agreements -			
State Trunkline - State Funds			
Dept. will take bids for construction	X		X
Local Agency will perform construction	X		X
Local Agency will take bids for construction	X		X
Off-Trunkline - State Funds	X		X
Off-Trunkline - No State Funds			
Dept. will take bids for construction		X	
Local Agency will perform construction		X	X
Local Agency will take bids for construction		X	X
Local Agency will perform preliminary engineering		X	
Local Agency will have preliminary engineering performed by third party		X	
Local Agency will buy right-of-way		X	
Local Agency Participation in Railroad Force Account Work		X	X
Marketing	X		
Memorandums of Understanding -			
Related to Construction, Reconstruction or Maintenance - Delegate to Director		X	
Not Related to Construction, Reconstruction or Maintenance		X	
Office Equipment Maintenance			
Under \$5,000		X	
Over \$5,000		X	X
One-Way Street Declarations		X	
Parking Restriction Agreements		X	
Personal Service -			
Related to Construction, Reconstruction or Maintenance - Delegate to Director		X	X
Not Related to Construction, Reconstruction or Maintenance		X	X
Planning Studies - Delegate to Director		X ³	
Prequalification of Contractors		X	
Private Carriers: Bus Operations & Assistance	X		

3 - Planning Studies - (Including grants for planning by Regions, Authorities) Prerogative of Director, except that Director must, on request of Commission, conduct such additional planning studies as Commission may direct.

APPROVED BY:

<u>Type of Contractual or Administrative Authority</u>	<u>Commission</u>	<u>Director</u>	<u>Ad Bd</u>
Public Body & Local Agency Agreements for Public Transportation for which funding is determined by statute		X ⁴	
Purchase and Disposal of Materials and Supplies		X	
Radio Tower Sharing		X	
Rail Freight - Capital and Operating	X		
Rail Passenger Service - Capital and Operating	X		
Railroad Crossings - Trunkline - Delegate to Director		X	X
Off-Trunkline, No State Funds		X	X
Railroad Safety Inspections and Orders		X	
Railroad Structures	X		X
Railroad Leases - State Lessor, under \$50,000 - Delegate to Director		X	X
State Lessor, over \$50,000	X		X
State Lessee		X	X
Railroad Trackage Rights	X		
Release to Local Authorities of Formula Funds and Advances		X	
Research - Related to Construction, Reconstruction or Maintenance - Delegate to Director		X	X
Not Related to Construction, Reconstruction or Maintenance		X	X
Ridesharing and Vanpool Programs		X	
Road Closures		X	

4 - Public Body and Local Agency Agreements for Public Transportation. For agreements for which funding is determined by formula under State law, and subject to establishment by the Commission of policy determining provisions, conditions, procedures for such contracts, accept recommendation for Director's approval.

APPROVED BY:

<u>Type of Contractual or Administrative Authority</u>	<u>Commission</u>	<u>Director</u>	<u>Ad Bd</u>
Service Contracts - Related to Construction, Reconstruction or Maintenance - Delegate to Director		X	X
Not Related to Construction, Reconstruction or Maintenance		X	X
Special Assistants Attorney General		X	
Submission of Budget to Legislature	X		
Submission of Transportation Program to Legislature	X		
Traffic Energy Applications - Under \$5,000		X	
Over \$5,000		X	X
Traffic Signal Cost Participation - Under \$5,000		X	
Over \$5,000		X	X
Transportation Demonstration Projects	X		
Water and Port Facilities - Capital and Operating	X		

Adopted on June 13, 1979, by unanimous vote of Commissioners Meyers, Pellonpaa, Vivian, Patrick and Marshall.

Certified to be a true and complete copy of the above resolution.



 James A. Grasman, Secretary
 Michigan State Transportation Commission