

# THE VEHICLE

## Washtenaw Area Transportation Study

January 2009

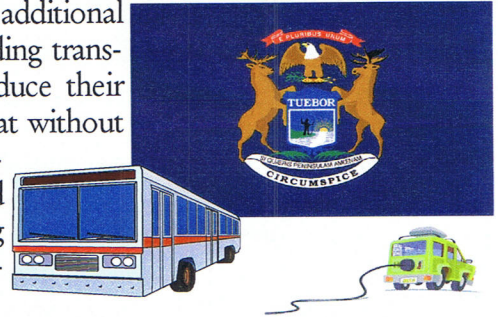
Vol. 1

### Transportation Funding Task Force Update: Final Report Released November 10th, 2008

In March of 2008, the Transportation Funding Task Force (TF2) initiated work to identify strategies to maximize the return on transportation investments, and evaluate the potential alternate strategies to replace or supplement the state motor fuel taxes and existing user fees. The TF2 also explored non-user revenues as an option to support economic activity and personal mobility in the state. Surface transportation including; roads, freight and transit, as well as aeronautics were taken into consideration throughout the TF2 research and discussions.

As introduced in the April edition of *THE VEHICLE*, the task force includes 13 members, representing manufacturing, labor, transportation, agriculture, aviation, commerce, public transit, tourism, and the general public. The remaining four members represent the state House and Senate on both sides of the political aisle. The TF2 was supported by a Citizens Advisory Council (CAC) comprised of 18 individuals representing organizations with vested interests in quality transportation from around the state. Washtenaw County residents who are members of the CAC include Saline Mayor Gretchen Driskell, Chair represented the Michigan Municipal League, and Superior Township Supervisor Bill McFarlane, represented the Michigan Townships Association.

TF2 analysis of the state's transportation budget affirmed that current levels of transportation funding have been at a minimal level. Not only has the current level of funding required additional support via state bonding initiatives, but the primary mechanism for funding transportation, a per gallon fuel tax, has decreased sharply as motorists reduce their number of trips in the wake of \$4 per gallon gas. The report asserts that without implementing a new strategy to increase the level of transportation funding, the state will be disinvesting in the transportation infrastructure and no longer able to provide adequate service to the state. The following excerpt from the TF2 report captures the relative commitments to funding within the state, and as compared to states with similar economies.



“Road-user fees for a typical Michigan auto driver come to just pennies over \$1 per day. The typical auto driver pays 2½ cents per each mile driven; a typical semi-truck driver, 8 1/3 cents. Michigan's Airport system has been sustained over the years with a fuel tax established in 1929, a rate sustainable because of aviation's popularity and growth. Transit investment in Michigan is half to one-tenth the investment made by other populated, economically diverse states like New York, New Jersey, Maryland, Illinois, Massachusetts, California, even Minnesota and Delaware. We pay relatively little for a transportation system that provides priceless access to global opportunity.

The decline in revenues, and a corresponding increase in demand for travel alternatives, has exposed the inherent structural problems with the current means of transportation finance.”

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*TF2 report continued from page 1*

The “hard truths” realized by the task force illustrated the fact that Michigan’s transportation system would need a significant increase in funding. Guided by a new sense of urgency, the TF2 requested the Citizens Advisory Council develop four investment scenarios; Do Nothing, Good, Better and Best.

The CAC report highlighted that transportation agencies across the state have been “stretching every dollar” to operate as efficiently as possible while impacting operations as little as possible. The CAC also acknowledged that despite the very unlikely chance a federal transportation bail out were to occur, many local agencies could not afford their matching requirement, and in fact some agencies have already been forced to turn down federal dollars. The CAC also understood that a “Best” scenario would be unattainable.

**Do Nothing** - By taking no action Michigan could lose up to \$1 billion in federal transportation funding, put nearly 17,000 jobs at risk and can expect significant deterioration in the system. The impacts would include 30% of Michigan roads falling to a rating of poor or fair within the next decade, some airport pavement deteriorating as soon as 2012 resulting in reduced safety, cutbacks in aeronautics programs, and reduced hours of service and elimination of intercity to rural-area transit services.

**Good** - The benefits of investing in a “Good” level of transportation are compelling. The state would sustain 126,000 jobs, open Michigan products to new global markets, and stimulate an additional \$41 billion in economic development.

Benefits to the infrastructure would include: keeping the most frequently used roads and bridges in good condition, allow for more comprehensive maintenance to keep other roads in at least their current condition, and improve congestion by widening roads.

Public transit agencies could begin to replace ageing fleets with more fuel efficient vehicles, and provide greater choices in transit such as commuter rail in southeast Michigan and bus-rapid-transit in Grand Rapids.

Freight and Aeronautics would realize safety improvements, efficiency improvements, and related economic development programs needed to attract jobs.

“Good transportation will return benefits directly to households and businesses. It is estimated that congestion, poor pavement condition and crashes cost Michigan drivers and truckers \$7 billion annually in wasted fuel, lost time, vehicle maintenance costs, medical costs, lost productivity, and property damage. Based on economic analysis conducted by the University of Michigan, the Task Force estimates that investment at the “good” level would provide an average Michigan household an additional \$2,000 per year in increased personal income and savings through reduced travel time and vehicle maintenance, and increased safety.”

**Better** - Improvements to infrastructure and public transportation options at the “Better” level of funding would put Michigan on the “forefront of economic competitiveness”. 240,000 jobs could be sustained, nearly \$2 billion in federal funds leveraged, and pave the way for an additional \$84 billion in economic development.

**Funding** - The numerous benefits that investing in quality transportation could have on Michigan’s economy indicate a certain need. Next steps in procuring funding include: 1) determining what entities could be valuable partners, including; the federal government, local government and potentially the private sector 2) exploring the variety of revenue alternatives, including a new user fee structure. The chart on page 4 provides an estimate of impacts to surface transportation and aeronautics at do nothing, good and better levels.

## Investment Scenarios

Investment Scenario	Aviation	Highway, Road & Bridge	Intermodal Passenger	Intermodal Freight	Total Across Modes
<b>Do Nothing</b>	\$121M	\$1,900M	\$241M	\$14M	\$2,276M
State & Local Funds	\$16M	\$1,653M	\$193M	\$7M <sub>2</sub>	\$1,869M
Federal Funds Leveraged (avg per year)	\$105M	\$247M	\$48M	\$7M	\$407M
Federal Funds at Risk (avg per year)	(\$16M)	(\$954M) <sub>3</sub>	(\$112M)	(\$0)	(\$1,082M)
Jobs Lost <sub>4</sub>	(416)	(13,532)	(3,516)	(N/A) <sub>5</sub>	(17,464)
<b>Good</b>	\$242 M	\$6,136M	\$773M	\$19M	\$7,170M
State & Local Funds	\$79M	\$4,935M	\$508M	\$12M	\$5,534M
Federal Funds Leveraged (avg per year)	\$163M *	\$1,201M	\$265M *	\$7M	\$1,636M
Jobs Supported	3,800	87,000	35,100	250	126,150
Other Benefits	N/A	\$37,000M	\$4,369M	\$31M	\$41,400M
<b>Better</b>	\$327M	\$12,696M	\$1,336M	\$41M	\$14,400M
State & Local Funds	\$130M	\$11,495M	\$779M	\$34M	\$12,438M
Federal Funds Leveraged (avg per year)	\$197M *	\$1,201M	\$557M *	\$7M	\$1,962M
Jobs Supported	5,200	179,000	59,000	600	243,800
Other Benefits	N/A	\$76,200M	\$7,449M	N/A	\$83,649M

\*For a complete list of footnote definitions please see TF2 report - [www.michigan.gov/tf2](http://www.michigan.gov/tf2)

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**Alternatives** - Funding alternatives recommended by the TF2 and endorsed in the Michigan Infrastructure Transportation Association's (MITA) Drive Michigan campaign include: fuel tax adjustments, vehicle registration fee adjustments along with several other reforms to the handling of state transportation funds (detail of funding MITA funding alternatives on page 5). Rather than focusing exclusively on potential funding provided by the proposed Drive Michigan reforms, the TF2 has placed vehement emphasis on the on the urgent need for the state to enact new funding alternatives.

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## WATS 2035 Long Range Plan

# 2035 Long Range Plan Meeting

**To:** Washtenaw County Stakeholders  
**Date:** January 14<sup>th</sup>, 2009  
**Where:** WCC Morris Lawrence Building



WATS is initiating the public meeting process in support of the development of Washtenaw County's 2035 Long Range Transportation Plan (LRP). Two meetings will be held January 14<sup>th</sup>, from 2pm to 4pm and from 6pm to 8pm. The Washtenaw Community College Morris Lawrence Building is located at 4700 East Huron River Drive, Ann Arbor, MI. WCC Campus can be accessed using THE RIDE routes 3 and 7.

This first set of public meetings will focus on the Goals and Objectives and plan Development Schedule. WATS will take public comment in the following goals and objectives.

- Promoting a safe and secure transportation system
  - Reducing the number and severity of traffic crashes.
  - Increasing the safety and security of the transportation system and its users.
- Providing accessibility and mobility for all people and goods.
  - Reducing the distance or time spent traveling
  - Increasing the occupancy rate for all motorized modes.
- Investing strategically in transportation infrastructure to enhance the vitality of the community.
  - Giving priority to preservation and maintenance of the existing transportation system.
  - Developing a financially responsible plan that allocates available resources.
- Protecting and enhancing the environment.
  - Reducing air, water and noise pollution and emissions and concentrations.
  - Reduce energy consumption

If you would like to provide comments, recommendation or suggestions, WATS has a 2035 LRP Blog where items such as; safety, congestion, non-motorized, transit, roads and bridges are currently being discussed. Just navigate your web browser to <http://wats2035lrp.blogspot.com> provide your thoughts.

### Latest Additions to WATS Library

- State of Michigan - Strategic Highway Safety Plan, 2009-2012
- The Transportation Planning Process Key Issues - A Briefing Book for Transportation Decision Makers, Officials, and Staff, 2008
- Financing Freight Improvements, January 2007
- Active Transportation for America - The Case for Increased Federal Investment in Bicycling and Walking, 2008
- Low Impact Development Manual for Michigan - A Design Guide for Implementers and Reviewers, 2008
- The Role of Engaged Universities in Economic Development - Final Report, April 2008



### MITA Proposed Investment Plan

<b>FUEL TAX ADJUSTMENTS*</b>		
18% Wholesaler Fuel Tax		\$1.3 Billion
<i>Consumer Protection From Excessive Price Swings – As the price of fuel escalates, the tax rate could be reduced in order to shield the taxpayer.</i>		
<b>Wholesale Price Per Gallon -- Transportation Tax Rate</b>		
\$2	18%	
\$3	13%	
\$4	10%	
18% Wholesaler Diesel Fuel Tax (Assumes \$3.40 pump price)		\$500 Million
3% Wholesale Aviation Fuel Tax		\$40 Million
*Increases could be phased-in over three years.		<b>\$1.85 Billion</b>
<b>REGISTRATION FEE ADJUSTMENTS*</b>		
50% Increase of Registration Fee (Higher End Vehicles higher could see higher increase than lower)		\$430 Million
Change \$1,000 Banding		\$25 Million
Eliminate Registration Fee Step Down		\$51 Million
		<b>\$530 Million</b>
<b>REFORMS</b>		
Eliminate Secretary of State Inter Departmental Grant - Replace with TAC Fund Fees.		\$20 Million
Eliminate Wholesaler Gas Tax Collection Fee		\$13 Million
Reclassify the MTF as a "Trust Fund" Allowing Interest to be Collected at a Higher Percentage Rate.		\$10 Million
		<b>\$43 Million</b>
*For complete MITA Drive MI proposals see the MITA Investment Plan - <a href="http://www.mi-ita.com">www.mi-ita.com</a>		

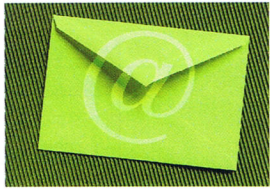
TF2 report continued from page 3

**Recommendations** - With Michigan's economy, not just transportation, a main target of their research, the TF2 has included the following recommendation into their final report. The anticipation is for benefits such as; creating economic development opportunities and attracting new businesses, improve property values, increase revenues, provide positive environmental impacts, and ultimately saving taxpayer dollars.

- Michigan needs a multi-year approach to transportation investment that enables the state to achieve a "good" investment level in the short-term, while continuing to strive for a "better" investment level in the future as the economy improves.
- Recognize that fuel taxes are no longer generating sufficient revenue to meet transportation needs.
- As a partner in a federal-state-local effort to ensure adequate transportation and service, Michigan must increase state transportation investment in order to encourage and access more federal investment.
- All state transportation funds should be ensured the same protection as the constitutional guarantee provided for the Michigan Transportation Fund (MTF).
- Encourage local investment in transportation by enabling a broad spectrum of local revenue options statewide.

## The Vehicle is Going Green!

You may have noticed that more and more of Washtenaw County is "going green", and WATS is no exception! In an effort to lend the environment a hand, the WATS staff is happy to now offer The Vehicle newsletter via the World Wide Interweb. Not only does delivering The Vehicle electronically save energy in material production and transportation, it saves the agency the cost of postage, paper and printing. This more effective communication will also allow WATS to brief you on other timely transportation related news if you choose.



If you would like to start receiving THE VEHICLE electronically, send an email to Nick Sapkiewicz at [sapkiewicz@miwats.org](mailto:sapkiewicz@miwats.org) with "green newsletter" in the subject line. Additionally if you would like updates from WATS on transportation related legislation initiatives, public meeting, plans, etc. just let us know in your email. If you are happy with your paper copy, just relax and you will receive a mailed copy in April with complete list of Washtenaw County 2009 Construction Projects.



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