

Cost effectiveness of asset management

Joe Fivas

As many local officials have noticed over the past few years, the Michigan Municipal League has been working closely with Michigan's Asset Management Council to develop an asset management plan for Michigan. The League has two representatives that have worked continuously to develop these asset management concepts in a meaningful way that could be adopted easily by cities and villages. MML's representatives are Bob Slattery, Mayor of Mount Morris and Spencer Nebel, City Manager from the City of Sault Ste. Marie.

Asset management defined

In Michigan, asset management is defined as "an ongoing process of maintaining, upgrading, and operating physical assets cost effectively, based on continuous physical inventory and condition assessment."

Act 51 Transportation Funding Study Committee

In 1998, the Michigan Legislature established the Act 51 Transportation

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Funding Study Committee. This committee was charged with studying transportation funding issues and making recommendations for improving the way that Michigan's transportation providers maintain, operate, and modernize their facilities and services. As part of its work, the committee consulted with representatives of state and local transportation agencies, stakeholders in the business sector, and the transportation industry in general.

The committee found it was impossible to assess the level of resources required to support Michigan's transportation system without consistent condition data and a full understanding of how resources currently were allocated.

The Act 51 Transportation Funding Study Committee stressed the need for policy-makers to have one method to assess road infrastructure.

Pilot project

In 2000, the County Road Association of Michigan (CRAM), the Michigan Municipal League (MML), and MDOT entered into an agreement to develop a pilot project to test the asset management concepts proposed by the committee. After completion, the pilot study recommended a shift away from the traditional needs studies approach to a much more comprehensive asset management approach. Based on the success of the pilot, road agencies developed new asset management legislation which was signed into law as Act 499 of 2002.

Local asset management programs

In the last year, we now have several communities who have MDOT approved asset management programs, such as Ionia and Marquette, and several other communities looking to get their communities approved. MML recently successfully lobbied the legislature to give an incentive to local communities to become active in this asset management program. The legislation allows any community that has an approved asset management pro-

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Infrastructure funding improvements on the horizon . . . hopefully

Joe Fivas

Anyone who drives on Michigan's local roads knows that our local road infrastructure system is crumbling before our eyes. In fact, Michigan's transportation system has received failing grades. Michigan roads received a D from a non-profit organization who evaluates road systems. Furthermore, Michigan has an annual estimated funding shortfall of \$700 million for its state transportation system, and at least \$2 billion more for its local road. In recent years, many local communities have tried to put a band-aid on this problem by passing local road millages. Many experts agree that this is only a temporary fix, and is not the panacea for improving local road conditions in Michigan.

Beginning in 2007, the Michigan Municipal League, other road agencies,

and business leaders, are going to embark on an effort to provide for more funding for local road systems. These groups are considering several options for fixing the state's deteriorating road system:

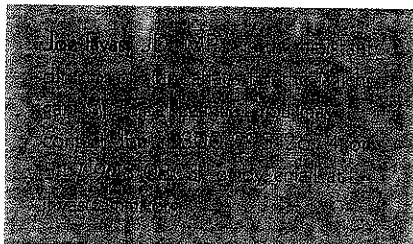
- Change the way we tax fuel;
- Stop interdepartmental state grants that are taken from road funds and are used to offset budget shortfalls in other state agencies;
- Allow local communities the opportunity to collect fees locally to supplement their worn transportation infrastructure;
- Give drivers the option of paying a fee to take urban "fast lanes" to get around heavily congested roads in urban centers;

- Charge diesel fuel taxes at the same rate as regular gasoline;
- Close vehicle registration loopholes by collecting registration fees at the date of purchase rather than on the owner's birthday.

As we begin this discussion and effort the MML will continue to collect information from local communities to assist in determining and evaluating which of these proposals will help us solve this local road funding crisis. When more information is available on this major effort we will be communicating with all local officials and will be asking for your assistance to get this passed. ♦

gram to transfer 100 percent of their major street road funds to their local street road funds. This would give local communities much more flexibility in spending their limited transportation funds.

After a successful Asset Management Conference in May, many tools, grants and information have been made available for local communities that seek an approved asset management program. To get more information on these new programs check out www.michigan.gov/mdot/ Keyword: Asset Management Council. If you or your community has an interest in developing an MDOT approved asset management program please feel free to contact Joe Fivas, Assistant Director of State Affairs at 517-908-0303. ♦



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