



# COUNTY ROAD ASSOCIATION OF MICHIGAN

417 SEYMOUR - SUITE ONE - LANSING, MI 48933

TELEPHONE 517.482.1189 - FAX 517.482.1253

## **Talking Points- HB 4790 Township Competitive Bidding**

**House Bill 4790**, introduced by Rep. Kevin Cotter (R-Isabella), would amend the county road law to allow a township board to pass a resolution requiring the county road agency to contract for work on a road project through competitive bidding, if the township contributed at least 50% to the cost. If the township requires a competitive bid, the road commission would have to submit both the competitive bid process to be used and the final contract to the township board for approval. Before the road commission submitted the final contract for approval, they would be required to submit a copy of each bid received for the project to the township. The road commission could not be prohibited from submitting a bid under this legislation.

### **CRAM position:**

CRAM has taken a position in opposition to this legislation.

### **2012-2013 CRAM Legislative Priorities:**

**#15- Township Matching Program-** While a substantial portion of road commission revenue comes from state and federal sources, it is not sufficient to maintain the level of spending necessary to properly maintain county roads. CRAM applauds townships for contributing over \$90 million annually to road commissions for road and bridge projects. In order to encourage townships to participate in road improvement projects, CRAM supports the creation of a program that would allow townships to have input in the selection of mutually funded county projects in townships.

### **Potential Impact to Road Commissions:**

This legislation will increase administrative costs to road commissions and could increase costs for townships. If road commissions are not allowed to utilize their own equipment and work force for maintenance, preservation and construction projects funded in part by townships, it could result in mass layoffs at road commissions during the summer months.

### **Talking Points:**

- While CRAM supports providing townships with input on the selection of mutually funded projects in townships, this legislation goes too far. Act 51 prohibits local road agencies from expending more than 50% of the cost of a local road construction project from Michigan Transportation Fund (MTF) revenues. The wording of this legislation would allow for this consideration on every local road project (maintenance, preservation and construction/improvement) in the state.
- There is an increased cost associated with going through a competitive bid process. On local direct force projects that can easily be accomplished with the road commission's own engineering expertise, equipment, crew, and construction oversight this process is often seen as an unnecessary administrative cost. Requiring a competitive bid in these instances will increase administrative costs for both the road commission and the township if the road commission wins

the bid. Otherwise, this administrative burden (design, special provisions, permits, bid advertisements, pre-bid meetings, construction oversight, financial services, etc...) is shouldered solely by the road commission.

- This legislation does not address compensation for the road commission to cover the mandatory engineering specifications, inspections and oversight if an outside vendor is utilized. A road commission should be allowed to charge the township for pre and post project costs if an outside vendor/contractor is used.
- There is no discussion of using a "prequalified bidder" list as required for competitive bidding on all federal-aid and most local projects. There may be times when the lowest bidder does not meet the road commission's specifications for working with a vendor/contractor. The road commission is responsible for the short and long-term maintenance of the road, as well as any litigation that would result from either the vendor and/or any damages caused to motorists or their property (vehicles). The road commission should have the final authority to approve or deny any bid, including denying the lowest bid.
- County road agency employees- your local road professionals- provide a highly specialized service that is necessary to the strength of Michigan's economy. In many areas of the state, county road agencies have purchased necessary equipment and provided specialized training to their crews because services either were not available in their area or were cost-prohibitive due to their distance from vendors. Just like a private enterprise, county road agencies weigh each decision against what is best for their customers and what makes the most fiscal sense. If the road commission has the capability of doing a job as cost-effectively as another vendor, outsourcing the job will only change who is on the unemployment line, and increase the road commission's administrative expenses with regard to unemployment insurance.