



Antrim County Road Commission
2017 Annual Report
to the
Antrim County Board of Commissioners

June 14, 2018

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Introduction

The Antrim County Road Commission (ACRC) maintains 210 miles of primary county roads and 663 miles of local county roads. Also, the Michigan Department of Transportation (MDOT) contracts with the ACRC to perform routine maintenance on 98 miles of state trunkline (M 32, M 66, M 88, US 31 and US 131). In the county system, approximately 700 miles are maintained year round; 556 miles are paved, 144 miles are gravel, leaving 173 miles of seasonal roads (not open to public travel for the months of November through April).

The ACRC's primary responsibility is to provide safe roads for the motoring public. As will be shown in detail in this report, we also work to make improvements where the townships desire to provide better roads for their constituents. In more recent years, townships are shifting money to preventive maintenance to preserve the investments they have made in these improvements. In an ideal world, there would be enough money provided to the ACRC through user fees so that the townships would not have to contribute to this preventive maintenance.

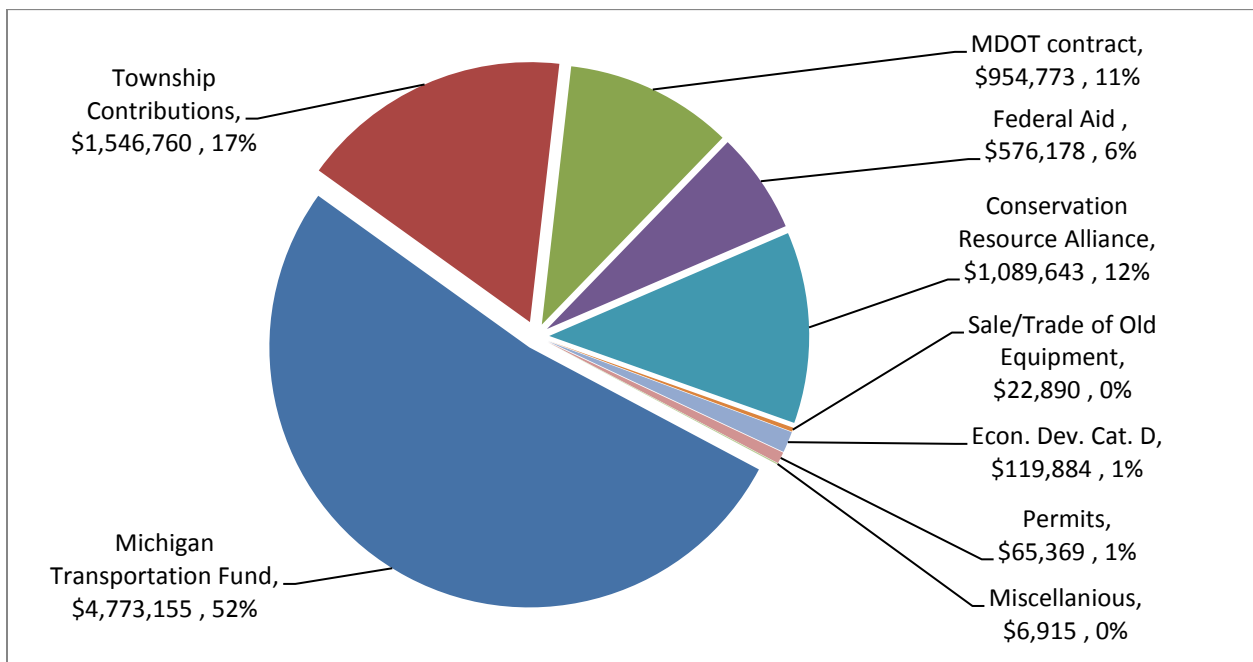
This report will expand on and discuss some of the major financial items that are reported through either audits or other mandated reporting. A short discussion on jobs completed during the year along with the current status and needs of our roads, equipment and facilities.

The revenue and expense information provided in the following pages can also be found in the Annual Financial Report that is filed with the MDOT as required by Act 51, Public Acts of 1951, as amended. This report is included as Appendix A. Also included in this report, as Appendix B, is the Basic Financial Statements for Year Ended December 31, 2017 (audit).

Revenues

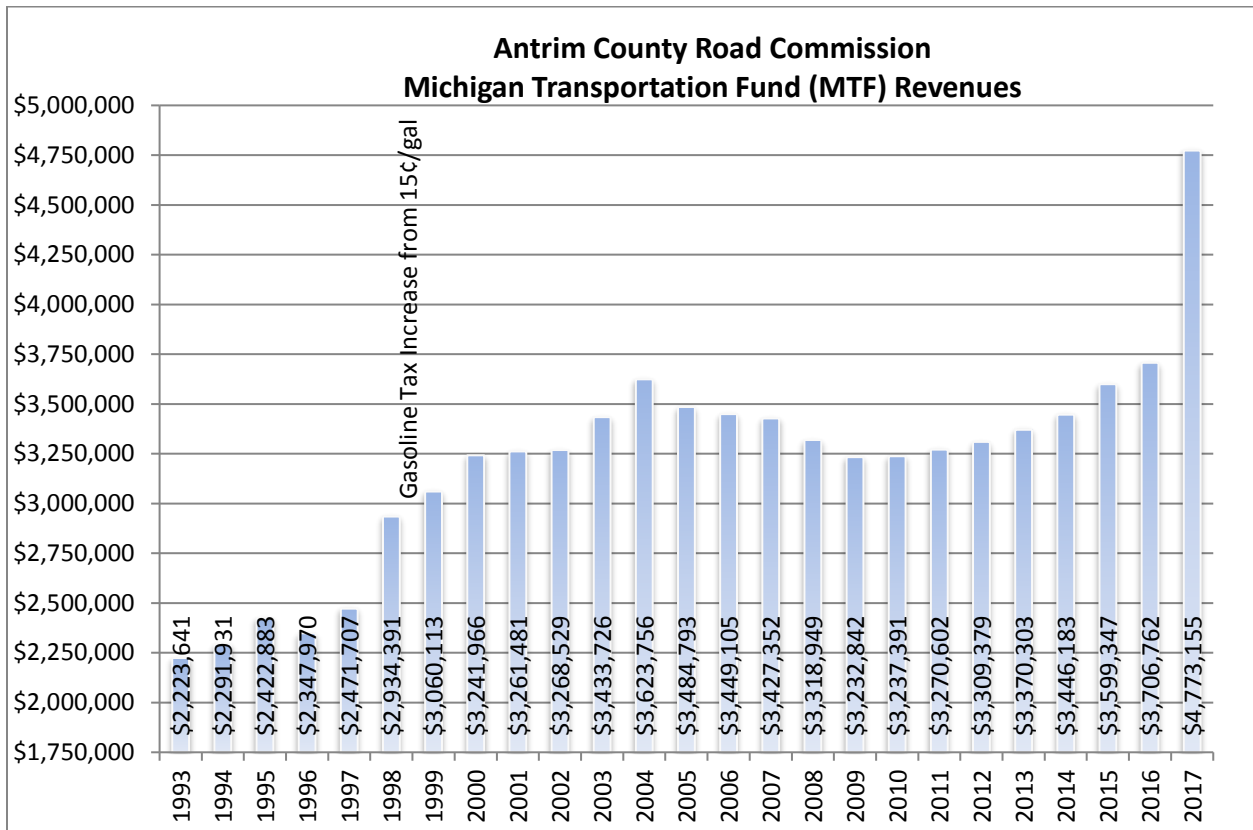
Total revenue received was \$9,155,597. The main source of revenue is the Michigan Transportation Fund (MTF) which is the primary fund used for all routine maintenance and operating expenses. Township contributions are the second largest source and amounted to 17% of the total. This was up almost \$583,000 from 2016. The MDOT contract amounted to 11% of total revenue, roughly the same amount as the previous year. Federal Aid was 6%, down about \$34,000 from 2016 and can vary widely from year to year. A large source of revenue was from the Conservation Resource Alliance and was used to replace the twin culverts on Old State Road over the Jordan River with a 90 foot single span bridge. The revenues received in 2017 by the ACRC are shown in Chart 1 below.

Chart 1 – 2017 Revenues



The MTF is the primary source of funding for all road agencies in Michigan. Revenues from gasoline tax, diesel fuel tax and vehicle registration fees make up most of the MTF which totaled just over \$2.68 billion in 2017, up 27%, or almost \$570 million, from the previous year's collection. This sharp increase is due to fuel tax and registration fee increases which began on January 1, 2017. The ACRC received an increase of just over \$1 million due to these changes. Chart 2 below shows MTF revenues received by the ACRC over the last 25 years.

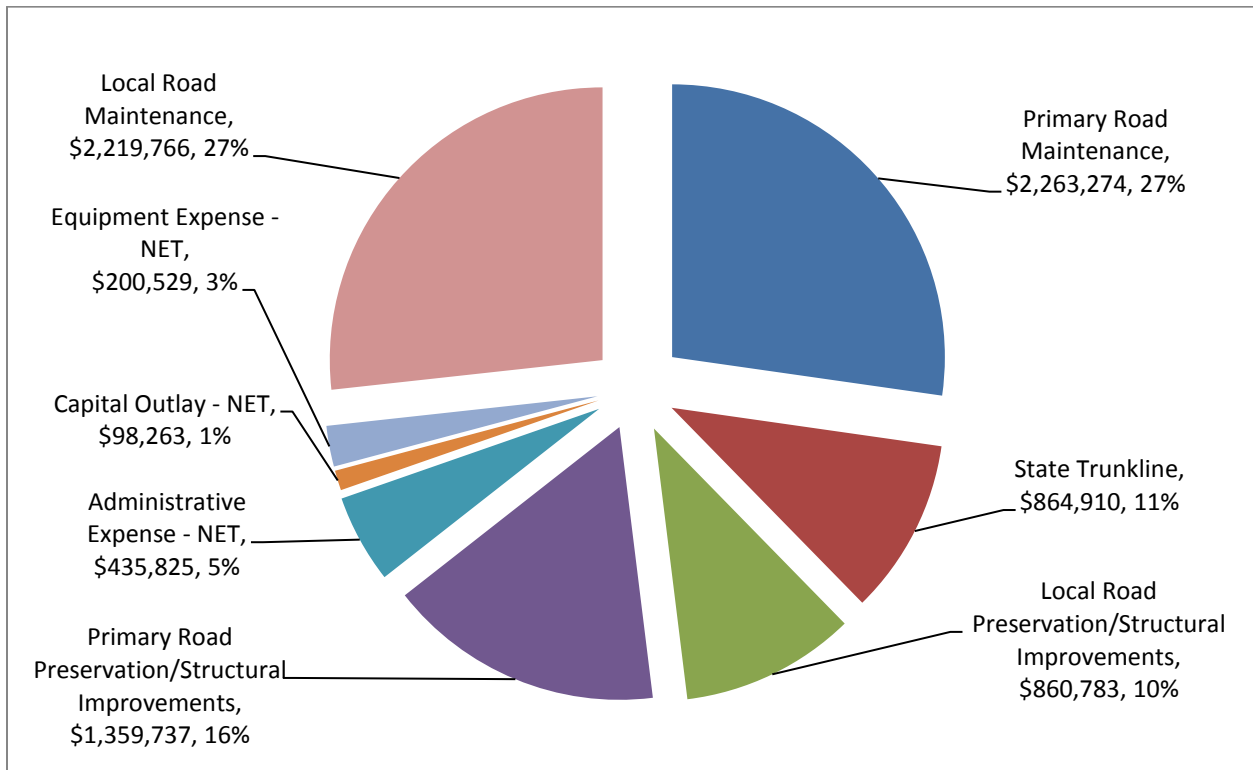
Chart 2 – Michigan Transportation Fund Revenues



Expenses

Total expenses for 2017 were \$8,303,087. Chart 3 shows the breakdown of major expense items.

Chart 3 – 2017 Major Expense Categories



Primary and Local Road Maintenance includes routine maintenance such as winter snow and ice control, pot hole patching, gravel road grading and dust control, roadside mowing, etc. Pavement preventive maintenance is included in this category and include such treatments as thin hot mix asphalt overlays, crack filling and chip sealing. Preservation/Structural Improvements include paving gravel roads, hot mix asphalt overlays thicker than one and one half inch, three inches or more of aggregate on a gravel road, etc.

Snow and ice control is one of the single largest expenses under the local and primary road maintenance expenditures and totals \$1,268,423 for calendar year 2017. Slightly down, almost \$55,000 from the previous calendar year.

State Trunkline

This item totaled \$864,910. The MDOT contracts with the ACRC for all routine maintenance needs on the state trunklines in the county. The majority of this work, like in the county road system, is winter maintenance. ACRC also provides patching, shoulder maintenance, tree and vegetation control and other routine or reactive work. All work is paid for monthly as incurred and is audited to actual cost after the fiscal year.

Road Projects

Township requested road projects completed in 2017 amounted to \$1,642,907. In accordance with current ACRC policy, funding for these projects is 10% ACRC and 90% townships when requested by a township. This is up by about \$512,000 from 2016.

Projects that had township cooperation included 1.5 miles of reconstruction, 4.9 miles of resurfacing, 20 miles of chip seals, 3.4 miles of gravel surfacing and just over one mile of paving gravel roads. One bridge deck was replaced.

In cooperation with the Conservation Resource Alliance (CRA) we replaced the twin culverts on Old State Road with a 90 foot single span concrete bridge. This bridge cost \$925,000 for construction which was covered by grants obtained by the CRA. Another \$129,000 was spent on a concrete box culvert for improved access to state land just to the west of the new bridge. The ACRC covered construction engineering with in house staff with some testing performed by consultants. In conjunction with the new culvert and bridge, the ACRC entered into an agreement with the Michigan Department of Natural Resources (MDNR) to expedite construction of a boat access site with boardwalk and boat slide to mitigate loss of access at the old culverts. Costs of construction were all covered by funds from the MDNR.

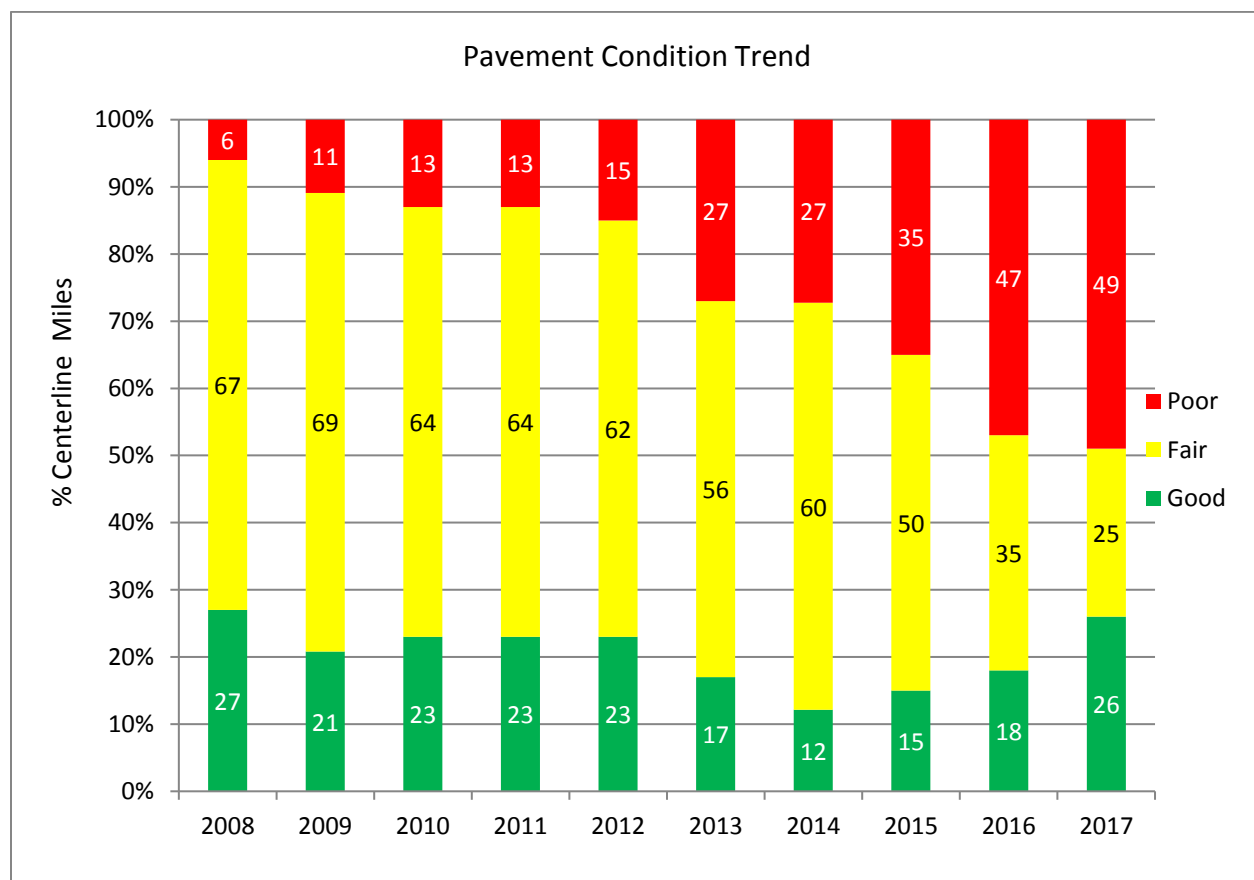
An additional \$696,000 of Federal and State Economic Development D funds were used to chip seal Ellsworth Road, 571 and Cairn Highway along with pavement markings on all Federal aid eligible roads.

County Road Pavement Conditions

The State of Michigan passed legislation that requires the use of an asset management system for public paved road maintenance. The Asset Management Council was established as a result of this legislation. Michigan is recognized nationally as leader in pavement asset management.

Since 2003 we have been evaluating and rating our Federal Aid eligible paved road system in Michigan. Since the start, the ACRC has been involved in this annual rating on the county primary roads and the state highway systems. Chart 6 shows the Federal Aid eligible county primary road pavement condition trends for the last 10 years.

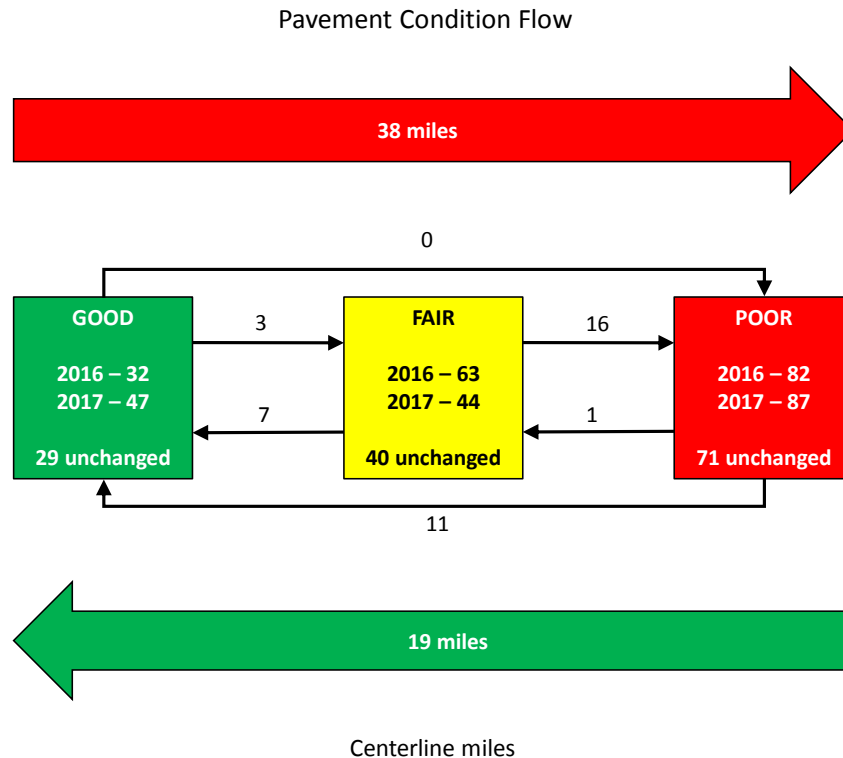
Chart 6 – Federal Aid Eligible Primary County Road Surface Condition Trend



This chart represents 178 centerline miles of primary road, being only the roads that are eligible for federal aid and therefore have been rated every year since 2003. There are 32 miles of primary road that are not federal aid eligible.

Chart 7 below shows the lane miles that have changed from each rating, good, fair or poor, to the next either up or down.

Chart 7 – Federal Aid Eligible Primary County Road Surface Condition Flow

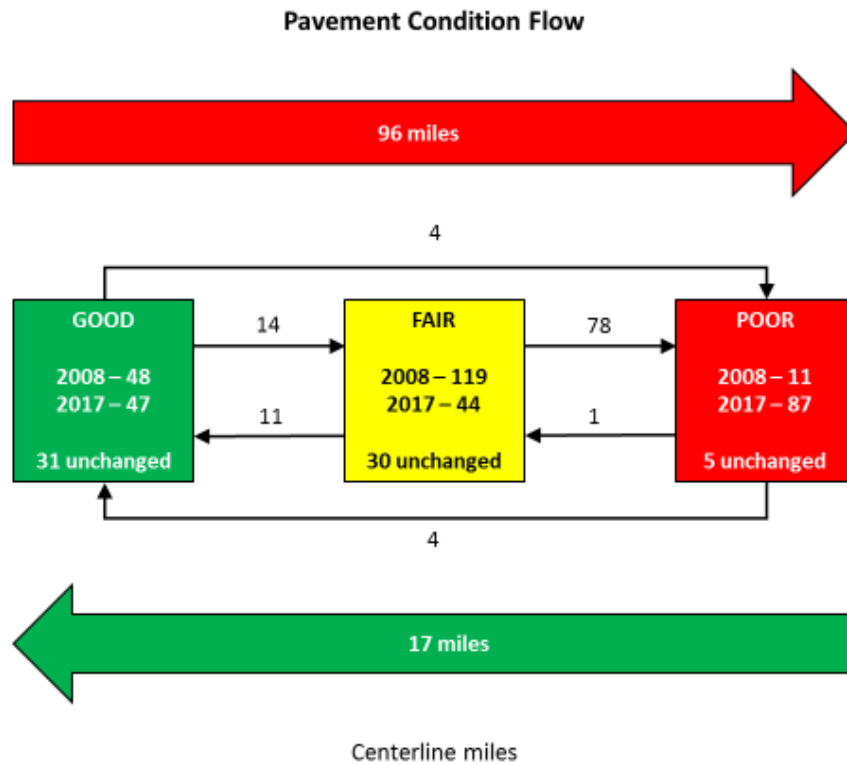


The large red arrow at the top shows the number of lane miles of roads that have dropped in condition between the years 2016 and 2017. About 38 centerline miles of roads have deteriorated, compared to 32 the year prior, while we have only upgraded 19 centerline miles, as shown by the large green arrow at the bottom. The smaller arrows show the exact changes from the different condition ratings.

The net change in pavement condition was a deterioration of almost 19 centerline miles even after an investment of over \$2.3 million. This is a slight improvement over the previous year which was 22 miles of net deterioration. Chart 6 shows the rate of deterioration of our roads continues to increase as has been predicted over the last several years.

Chart 8 below is similar to Chart 7 except this compares the flow of conditions from 2008 through 2017.

Chart 8 – Federal Aid Eligible Primary County Road Surface Condition Flow Past 10 years



Over the last 10 years we have only been able to improve about 17 miles of roads while 96 miles have deteriorated. Note that this chart is only Federal aid eligible county roads and does not include local county roads.

All local and non-Federal aid eligible paved county roads were rated in 2010 and again in 2016. Chart 9 below shows the trend of the pavement conditions in that six year span. Although we see a significant amount of deterioration, we have been able to reduce the percentage of poor pavements. This is attributable to the investments made by the townships. However, the overall trend is a net deterioration and Chart 10 shows this is almost 79 miles.

Chart 9 – Non-Federal Aid Eligible County Road Surface Condition Trend

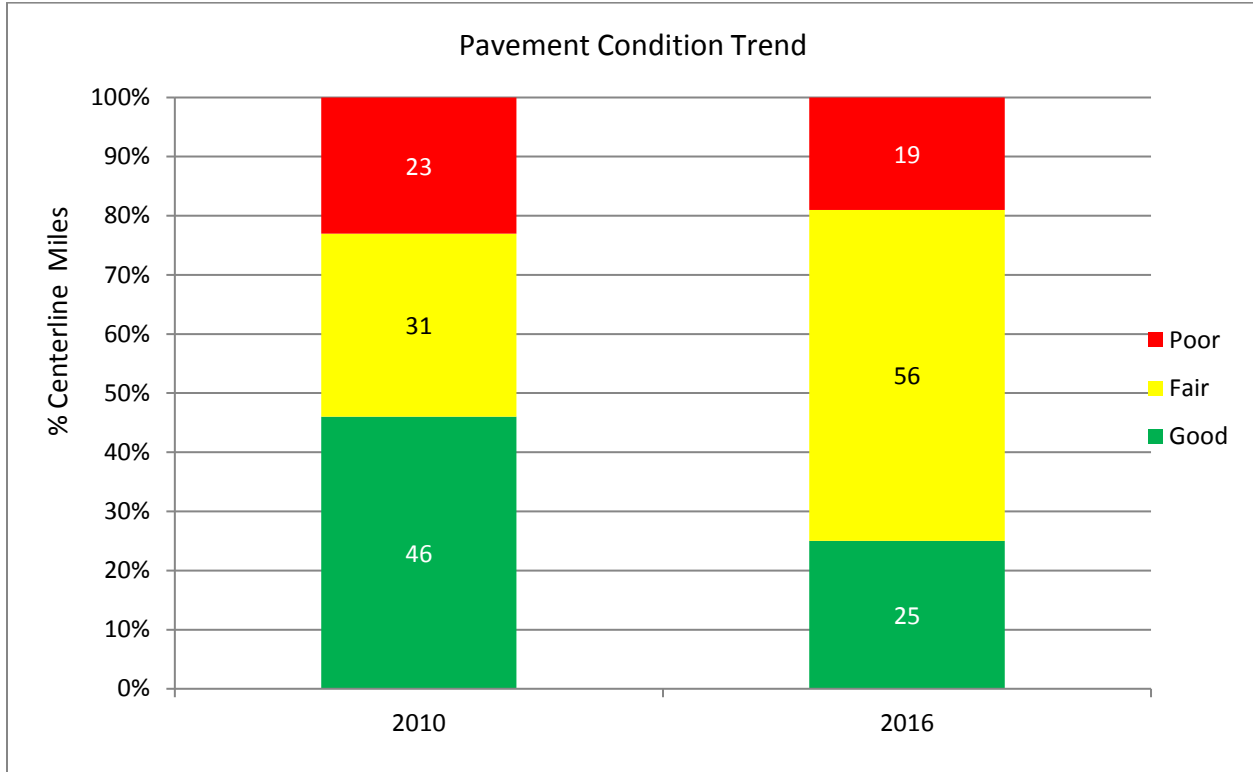
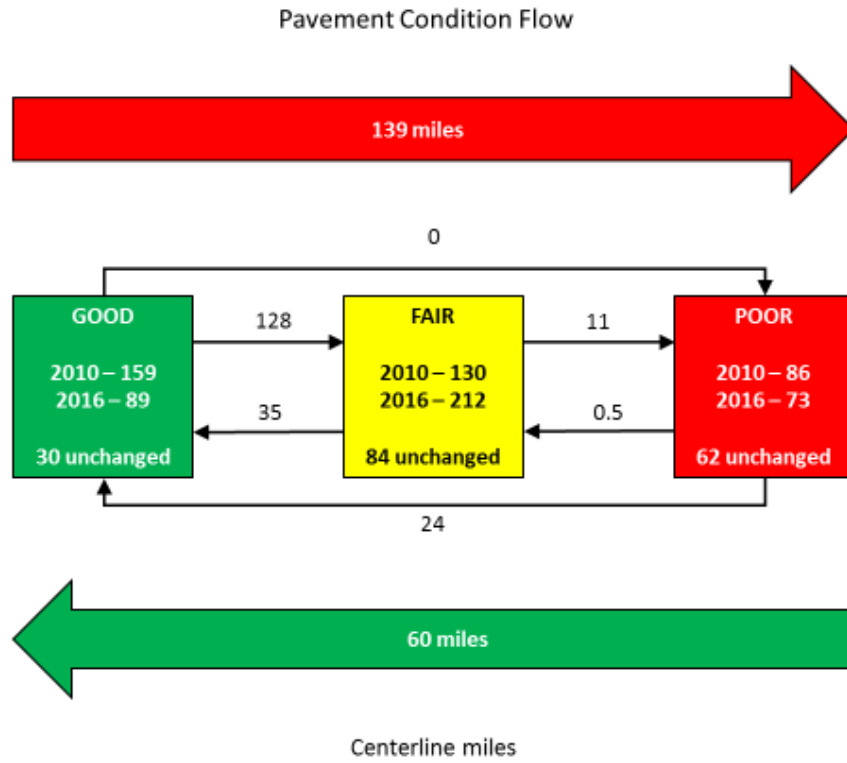


Chart 10 – Non-Federal Aid Eligible County Road Surface Condition Flow

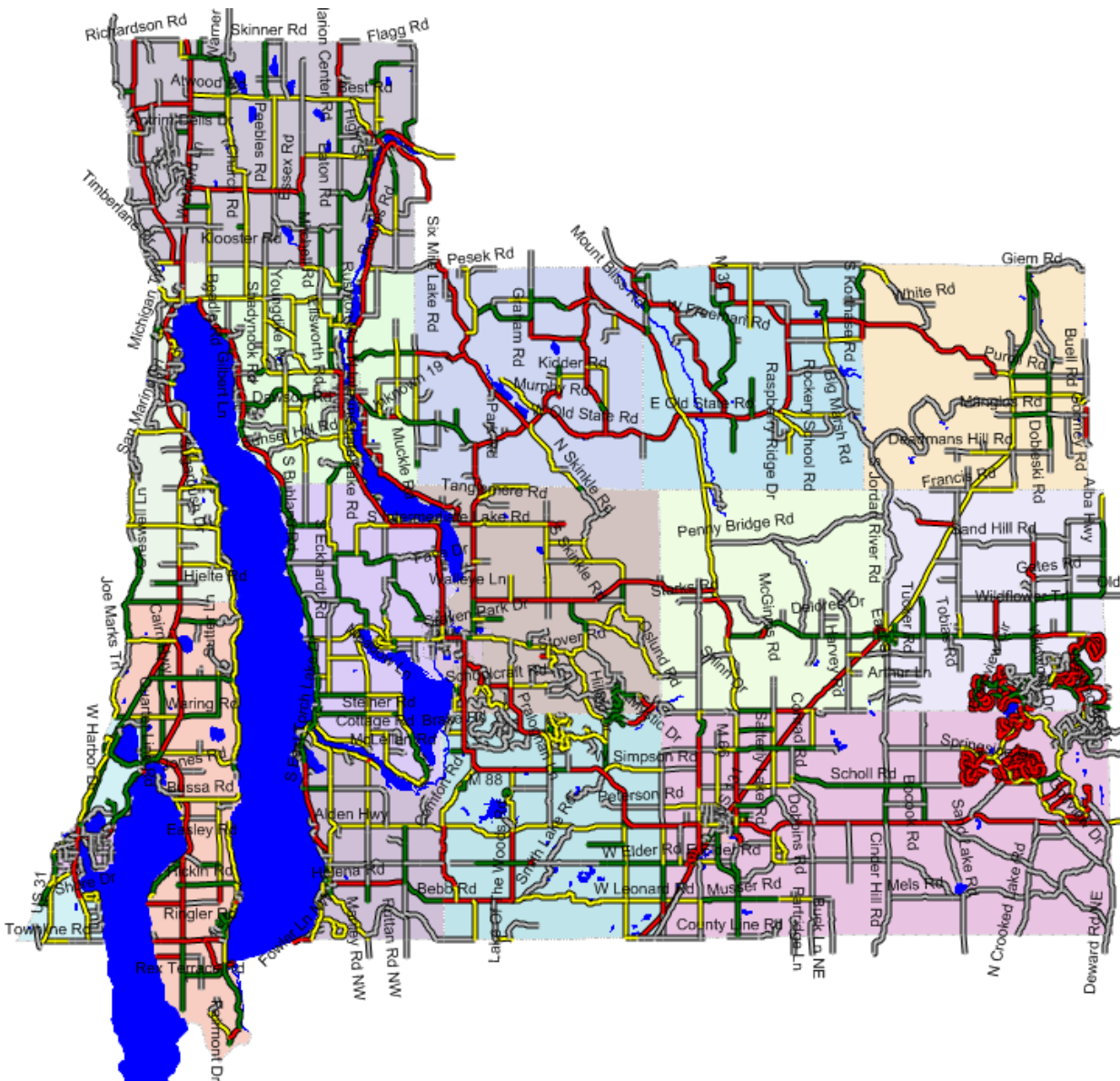


County Road Needs

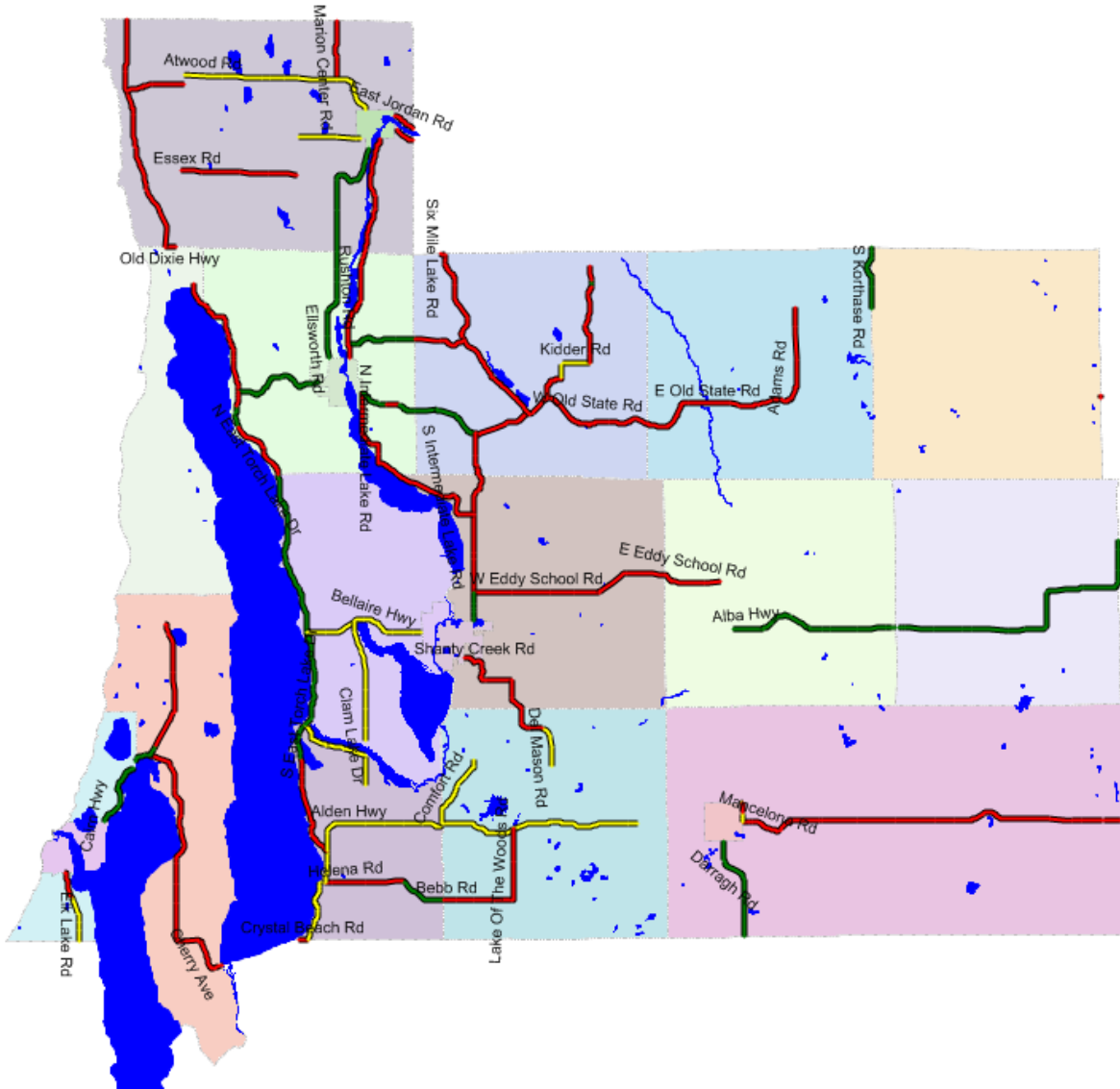


The estimate of needed work on the paved county road system was recently updated and is now over \$47 million. This list of needed work is included in this report as Appendix A. This does not address the needs on the gravel and seasonal roads.

The map below shows the condition of all county roads including those that are federal aid eligible. The green roads are good, yellow is fair and red is poor. This map includes the last rating entered on all paved roads. It is readily apparent the abundance of red, or poor condition.



The map below shows the current condition of federal aid paved roads only. These correlate to the data depicted in Charts 6 and 7.



Facility Needs

The ACRC maintains garages in Mancelona, Central Lake and Kewadin. The administration offices are located at the main garage in Mancelona.

There continues to be a need to replace the truck storage garage in Central Lake where the original building was built in 1940. The current estimate is over \$1 million. There is no definite schedule for this replacement.

All other facilities are in good shape and we continue to perform routine maintenance to keep them in good shape.

Staff

As in previous years, the ACRC employs 34 full time people, 23 truck drivers and equipment operators and three mechanics. This is the minimum efficient winter maintenance crew. There is need for more employees at different times throughout the year and we do supplement with temporary employees, mainly during winter.

Future Funding

Legislation enacted in 2015 which increased fuel taxes and vehicle registration fees resulted in an increase in revenue to the Road Commission of just over \$1 million in 2017 over 2016. This is about a 29% increase in revenue. Referring to Chart 2 on page 5, current revenues are about where they should be had appropriate increases in fuel taxes and registration fees been incrementally increased over time. It is clear that a tremendous amount of revenue could have been collected during the period between 2004 and 2017. During this 12 year span, it is estimated to be \$8.5 million. This lost revenue would have helped tremendously to keep our roads from deteriorating at the excessive rate we are experiencing.

An additional boost from the state occurred this spring in the amount of \$175 million for roads throughout the state. The Road Commission received an additional \$349,000 from this appropriation. This additional revenue enabled us to extend the Alba Highway project from the original planned three miles to the full length between US 131 and M 66.

Current state budget agreements indicate that an additional \$330 million will be used for roads in the next state fiscal year. This is \$180 million more than statute requires and will help to increase road repairs and improvements across the county.

All this is good news for roads but it is still too little too late. Roads in the county will continue to deteriorate faster than we are able to improve them. Expect future pavement ratings to show this trend of deterioration.

Appendix A
Annual Financial Report for 2017
(Act 51 Report)

In separate file.

Appendix B
Basic Financial Statements for 2017
(Audit)

In separate file.