

MINUTES

HOUSE APPROPRIATIONS SUBCOMMITTEE ON Transportation

DATE: February 3, 2016

Chairman Canfield called the meeting to order at 12:00 Noon. Representatives Canfield, Victory, Kelly, Bizon, Miller, Banks, and Faris were present.

Representative Victory moved to accept the minutes of the January 20, 2016 meeting. The motion was adopted by voice vote without objection.

The House Fiscal Agency gave a short follow-up to the previous meeting. The HFA analyst noted that while the federal surface transportation act, the *FAST* Act, had reauthorized highway, transit, and rail programs, there was a separate federal statute authorizing the federal Airport Improvement Program (AIP). Unless reauthorized, the AIP will sunset on March 31, 2016. The FY 2016-17 transportation budget that the Governor will present on February 10, 2016, will likely recognize ongoing federal funding for the AIP in anticipation of reauthorization by Congress.

The HFA also directed members to a paper on public private partnerships that described various construction contracting methods, including design-build.

The subcommittee then heard testimony from Myron Frierson, Director of the Bureau of Finance, Michigan Department of Transportation (MDOT). Mr. Frierson gave a presentation on MDOT's contracting process and recent contract/letting statistics. A copy of the presentation is included in the official HFA subcommittee minutes.

In response to questions from Rep. Victory, Mr. Frierson discussed how prequalification requirements affected smaller contractors, whether smaller contractors gave up contract awards from failure to obtain bonding, and processes that ensure prompt payment to subcontractors.

In response to questions from Rep. Banks, Mr. Frierson discussed how MDOT assures contract compliance, whether prequalification is reduced for poor performance, and MDOT's DBE program.

In response to a question from Rep. Canfield, Mr. Frierson noted that in Michigan, both prime contractors and subcontractors must be prequalified.

The subcommittee then heard testimony from Brad Wieferrich, Director of MDOT's Bureau of Development. Mr. Wieferrich gave a presentation on alternative contracting methods, including design-build. A copy of the presentation is included in the official HFA subcommittee minutes.

Minutes taken by William E. Hamilton, House Fiscal Agency
Approved,

In response to a question from Rep. Canfield, Mr. Wieferich indicated that design build was best suited to higher value projects – generally \$10.0 million and higher.

In response to a question from Rep. Victory, Mr. Wieferich discussed efforts to streamline contracting and project management processes, including changes from manual to electronic/digital records.

In response to questions from Reps. Bizon and Faris, Mr. Wieferich discussed the relationship between warranties and alternative contracting methods. Mr. Wieferich also discussed MDOT's partnering with state research universities on pavement design research.

Mr. Frierson and Mr. Wieferich were joined and assisted by Troy Hagon, from MDOT's Office of Governmental Affairs, during their presentations.

Chair Canfield declared the Subcommittee adjourned, the time being 1:00 p.m.