Highway Simplification Study
Policy Working Group

Friday, April 22, 2010
Maine Municipal Association

Attendees:

Policy Working Group Members
David Bernhardt, MaineDOT
Bob Belz, Auburn Public Works Director
David Cole, Gorham Town Manager
Clint Deschene, Hermon Town Manager, (Co-Chair)
Greg Dore, Skowhegan Road Commissioner
Gerry James, Presque Isle Public Works Director
John Johnson, Jay Public Works Director
Rob Kenerson, BACTS
Galen Larrabee, Knox Selectman
Glen Ridley, Litchfield Selectman
John Sylvester, Alfred Selectman
Bruce Van Note, MaineDOT, (Co-Chair)

Policy Working Group Staff
Peter Coughlan, MaineDOT
Kate Dufour, MMA
Dale Doughty, MaineDOT

Other Guests
Tony Smith, Mount Desert

Absent:
Elwood Beal, Lisbon Public Works Director
Michelle Beal, Ellsworth City Manager
Jim Hanley, Pike Industries

Co-chairs Clint Deschene and Bruce Van Note convened the meeting at 10:20 a.m. During its 4.5 hour meeting, the Policy Working Group (PWG) discussed and took actions on the following issues:

Item 1: Revisions to Agenda
None.

Item 2: Review of Study Principles: Policy Goals vs. Political Reality
Bruce Van Note led the PWG through a discussion of policy goals versus political realities. The purpose of the exercise was to ensure that the PWG agreed to its established policy goals and took the steps necessary to meet those goals before working on avenues to address the political realities. For example, while it is a "simplification" goal of the PWG to create a "24-7-365" system by assigning one entity year-round responsibility over a certain classification of roads, the political reality is that some exceptions or "complexity" might need to be built into the funding model to ensure political viability. The table provided below summarizes the issues and concerns raised during the nearly two hour discussion on this item.

PWG Policy Goals	Political Realities
1. Simplicity. Restructuring Maine's road classification system so that it conforms to the federal classification system (i.e., arterials, major collectors, minor collectors, local roads) and eliminating the state jurisdictional system (i.e., state highway, state aid highway and townway). **2. Equality Between Municipalities**. To the maximum extent possible, ensuring that all municipalities (urban and rural) are treated the same in the policies used to distribute state aid and assign maintenance responsibilities. For example, under URIP, urban communities do not receive state aid for local roads, while rural communities are reimbursed $600 per lane mile for all local roads. **3. Clearer Responsibilities – The "24-7-365" Principle**. Reassigning road maintenance responsibilities so that one entity, either the state or the municipality, has year-round responsibility over a certain class of roads with the expectation that improvements will be made to emergency response, decision making processes and customer service. **4. Improved Efficiency of Maintenance & Operations.** Developing a system that is more efficient. For example, need to minimize situations where both the state and municipality travel the same roads during plowing, with each dropping and picking up plows. **5. Better Customer Service – Choose the Right Entity for the Job.** Ensuring that the system created improves or at least retains the same level of customer service by assigning tasks to the entity with the right skill set for the job. For example, the state is better suited to maintain more rural areas, while municipalities have the equipment and capacities necessary to do the more detailed work in downtown and	**1. Efficiency Must Be Considered Earlier**. Ensuring that policymakers and Maine citizens understand that the state and municipalities are providing services efficiently, but admit that more can be done. If the PWG doesn't hit this issue straight on, policymakers will be inclined to "address" the issue by charging the Department and municipalities to implement the "fix and swap" proposal without additional funding. Need to address the "revenues are there, you just need to find more savings" argument. To address this "kneejerk" reaction, the PWG needs to illustrate the efficiencies achieved to date, the efficiencies yet to be achieved (in both dollars and percentage of total) and the consequences of not providing more funding. Need municipal (MMA) support for any proposed revenue increase. Need to show the Legislature that while cuts to highway programs are not felt "overnight", those cuts are just as detrimental as cuts made to other programs, such as reductions in social service programs. **2. Awareness of Study.** Ensuring that public works/road commissioners and elected municipal officers are aware of the study and understand the impacts. Need to ensure that municipal officials understand that changes in maintenance responsibilities will only occur after the rural minor collector roads are fixed. Need to provide local level decisions makers with the information they need to assess the impacts of the proposal, including access to the minor/major collector road maps as well as the fiscal impact spreadsheet data. (*The county-based maps have been posted on the Department's Highway Simplification Study website.*) PWG will need to schedule another Sounding Board meeting, as well as conduct outreach meetings with municipal groups. **3. Outreach to Municipalities.** Without municipal support, successful implementation

PWG Policy Goals, continued	Political Realities, continued
commercial areas (i.e., maintenance of sidewalks, enactment of parking bans, etc.). **6. Frame a Clear Policy Choice: Prioritize or Pay.** Showing that further efficiencies can achieve some savings, but the order of magnitude of the savings will resolve only a small fraction of the problem of inadequate capital investment. Maine policymakers and citizens need to make a choice to either prioritize or pay. The PWG is comfortable with either choice, provided that people understand the issues and acknowledge the impacts.	of the "fix and swap" proposal is unlikely. For that reason, municipal officials must be provided all of the information they need to assess the financial, practical and customer service impacts of the proposal. Without buy-in from the municipal community at large, the municipal members on the PWG will be unable to stand "arm-in-arm" with the Department to support the proposal. **4. Municipalities Need to See Good Faith.** Addressing municipal officials' concern with the ability of the state to honor its financial commitments in both good and difficult economic times. Without an appropriate level of trust, municipal officials will be unwilling to move forward with a process that requires a "leap of faith" by both municipal and state officials. This concern could be addressed through the process used to implement the PWG's proposal. **5. Mitigate Extraordinary Impacts.** Ensuring that the process used to implement the proposal takes into account both the benefits (i.e., state takeover of winter maintenance activities on rural State Aid major collector roads, elimination of 1/3 match in the rural road initiative (RRI) program, changes in URIP, etc.) and the problems (i.e., ratio of rural major to minor collector road miles in each community, etc.) inherent in the proposal. Need to ensure that extraordinary impacts – both good and bad – are considered and addressed. Need to ensure that urban and rural communities are treated equitably to garner broad-base support and minimize urban-rural discord. Need to entertain and research all proposals to address these concerns. May need to allow some exceptions to "simplicity". Need to explore all avenues until exhausted, which could result in concluding that the proposal does not work politically. Experience shows we will need many more "winners" than

PWG Policy Goals, continued	Political Realities, continued
	"losers" to make this work politically. Concerned that we may not have the time necessary to address all of the problems.

Item 3: Impression of Sounding Board Meeting

The policy goals vs. political realities conversation segued into a brief discussion of the April 13th Sounding Board meeting. Based on the information received at that meeting, John Sylvester presented the PWG with a two-phase "fix and swap" implementation plan. The purpose of the implementation plan is to address the three major concerns raised by the municipal officials attending the Sounding Board meeting, which included: 1) finding the funding necessary to properly implement the "fix and swap" proposal; 2) building good faith between municipal officials and state policymakers; and 3) providing the time necessary to fully develop and test the proposal.

As proposed by John, the first phase of the implementation plan would enable the Legislature to illustrate good faith by raising approximately $90 million over a three year period to fund the proposal. The ability of the Legislature to raise the funds, without diverting saved funds to other uses, would illustrate to the municipal community that despite its most recent decisions to cut General Fund supported municipal programs, the Legislature can be relied upon to honor its commitment. The second phase would implement the "fix and swap" proposal. During the three years between the "building faith" and "fix and swap implementation" phases, the PWG would continue to work on the proposal to ensure that an equitable and well thought-out proposal is implemented. If at the end of the three year period the municipalities could not move forward with the "fix and swap" proposal, then all the saved revenues would be used for state level transportation programs.

The PWG's initial response to the implementation proposal was positive, but that some time was needed to evaluate it further. Members appreciated John's efforts and acknowledged that an implementation plan needs to be part of the final report. Some members recommended that during the "interim" phase the Department could pilot the program in select communities around the state to get a sense of how to best implement the proposal statewide. Some PWG members raised concerns with the Legislature's ability to set aside money, particularly in tough economic times.

Overall, John's efforts were greatly appreciated and commitments were made to continue to work on an implementation proposal that would help to address the concerns raised by the municipal officials attending the Sounding Board meeting.

Item 4: Spreadsheet Design

After several months of work, the PWG determined it was time to generate the spreadsheet necessary to allow for an initial evaluation of the financial impacts of the "fix and swap" proposal on a municipality-by-municipality basis. That being said, the PWG did request

that the first run of the impact data be completed without identifying each community. Instead, a number will be assigned to each community, thereby enabling the PWG to look at the regional rather than local impacts (i.e., how does this impact the entire state rather than my community).

It was decided that the following variables would be used in the initial draft of the spreadsheet. Future revisions may be made once the first draft is evaluated.

A. **Winter Maintenance on State Aid Major Collector Roads.** This is the savings municipalities will incur by shifting responsibility for providing winter maintenance on rural state aid major collector highways to the state. This benefit will be calculated by multiplying $3,450 (the average cost to the state for maintaining collector roads in the winter---subject to change with further analysis) by the number of rural state aid major collector lane miles in each community. The $3,450 figure was derived from a cost study conducted by the PWG's Standards/Costs Subcommittee.

B. **Summer Maintenance on Rural Minor Collector Roads**. This is the cost to municipalities for providing summer maintenance activities on state aid minor collector roads. It was decided that this would be captured in two columns. **Column B_1** will be calculated by multiplying $3,440 (the average cost to the municipalities for maintaining roads in the summer) by the number of minor collector lane miles in each community. The $3,440 figure was derived from a cost study conducted by the PWG's Standards/Costs Subcommittee. **Column B_2** will be calculated based on a planned average paving cycle of 10 years, at an annual cost of $3,000 per lane mile. This cost would not be incurred until 10 years after the capital improvement was made and the road maintenance responsibilities were swapped.

C. **Capital Cost Savings.** This is the capital value associated with a 10-year improvement to the unimproved state aid minor collector roads before the "swap" occurs. Based on specification work done by the PWG's Standards/Costs Subcommittee, the average costs of these improvements would be $65,000/ lane mile. Under the existing RRI program, municipalities are required to fund 1/3 of rural minor collector road projects. The average annual value of MaineDOT paying 100% of these improvements is $2,167 per lane mile.

D. **Revenue Sharing.** This is the increase in state payments to municipalities that will be provided under the "fix and swap" proposal. For all communities, the benefit will be $600 per lane mile for local roads and $1,200 per lane mile on minor collector roads. For rural mileage, the benefit will be calculated by multiplying the number of minor collector road lane miles by $600. For urban mileage, the benefit will be calculated by multiplying the number of local road lane miles by $600 and minor collector road lane miles by $1,200. *Please note that under the existing state aid reimbursement program (URIP), urban communities do not receive any state aid for maintaining local or minor collector roads, while rural communities are reimbursed at $600 per lane mile for both local and rural minor collector roads. The state aid formula for local and rural minor collector roads under the "fix and swap" proposal would treat all communities the same.*

E. **Major and Arterial Collector Reimbursement.** Under the current "fix and swap" proposal, municipalities in built up areas or those municipalities that mutually agree with MaineDOT to maintain major collector and arterial roads will be reimbursed $4,000 per lane mile for the year-round maintenance of these roads. Under the existing state aid funding formula, compact municipalities are reimbursed $4,200 per lane mile for state highways and $2,500 per lane mile for state aid highways for up to two lanes and $1,250 for each additional lane. This item also includes a paving stipend of $4,000 for major collectors in these areas.

F. **Total Fiscal Impact.** The total fiscal impact of the "fix and swap" proposal is calculated as $A-B_1-B_2+C+D+E$.

As a result of this exercise and some of the concerns raised with the minor vs. major collector road mile mix disparities (i.e., the Parsonsfield issue), MaineDOT's Peter Coughlan provided the following rural minor collector (RMC) road mile information: 3 entities have over 20 RMC road miles; 63 entities have more than 10, but less than 20 RMC road miles; 308 entities have more than .01, but less than 10 RMC road miles; and 210 entities have no minor collector roads. *Please note that as used in the rural collector road mile data provided above, the term "entities" includes municipalities and unorganized territories.*

Item 5: Review of Minor Collector Highway Improvement Standard

David Bernhardt provided the PWG with a draft document prepared by the Standards/Costs Subcommittee outlining the process used to develop the 10-year rural minor collector road standard. David indicated that the Subcommittee would be finalizing this document at its next meeting, which is scheduled for Monday, May 3rd. As a result of the overview, a request was made for the addition of an "intersection improvement" element to the standard. Another request was made for a provision that requires the state to provide all available documentation to the municipality accepting year-round maintenance responsibility on a rural minor collector road. David asked the PWG to provide any additional comments by Friday, April 30th.

Item 6: Cost Survey Report

MMA's Kate Dufour provided the PWG with a draft document prepared by the Standards/Cost Subcommittee outlining the methodologies used to determine the state and municipal winter/summer road maintenance costs. Kate indicated that the Subcommittee would be finalizing this document at its May 3rd meeting. PWG members were asked to provide comments to Kate by Friday, April 30th.

Item 7: Urban Issues Subcommittee Issues

MaineDOT's Dale Doughty, co-chair of the Urban Issues Subcommittee, reported that the Subcommittee was still working on developing the factors that would be applied to identify the built-up areas in a community. As reported at the last PWG meeting, the Subcommittee is trying to find the right mix of economic and density factors to identify which communities would be best able to provide services on state highways running through densely developed areas. As a result of a brief discussion, the PWG asked the Subcommittee to provide three lists: 1) a list of the communities that are identified as "urban compact" according to the existing definition; 2) a list of the communities that would be identified as "urban compact" using the proposed

economic factors; and 3) a list of the communities that would be identified as "urban compact" using the proposed density factor.

Dale also shared with the PWG a document created by Urban Issues Subcommittee co-chair, John Duncan, outlining the Subcommittee's "to do list". The PWG was asked to submit comments or suggestions to Dale by Friday, April 30th.

Item 8: Future Meetings

The PWG has scheduled meetings for the following dates:

- Thursday, May 6, 10:00 a.m. to 3:00 p.m. at MaineDOT (lunch will be provided).
- Wednesday, May 19, 10:00 a.m. to 3:00 p.m. at MMA (lunch will be provided).

Item 9: Adjournment

The meeting was adjourned at 3:07 p.m.