

Report to Berrien County Board of Commissioners

# Feasibility Study for County Operation of Berrien County Road Commission

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October 3, 2013



**William A. Wolf**

County Administrator/Controller

***The questions you should be asking yourself as we consider the pros and cons of taking over the Road Commission are not "can it be done and how much will it cost?", but rather, "will the result be better service to the residents of Berrien County and does doing so pose a risk to the delivery of other essential County services?"***

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## **INTRODUCTION**

In 2012 the State legislature approved amendments to Public Act 283 of 1909 which allows the Berrien County Board of Commissioners to transfer powers from the Berrien County Road Commissioners to the County Board of Commissioners. Ingham, Jackson, and Calhoun have already moved to transfer powers. Macomb and Wayne Counties are under the County Executive form of county government and have also incorporated road responsibilities into their departmental structure. Other counties have reviewed the issue and have decided not to change anything.

Many citizens do not understand that road maintenance and construction are administered by a separate appointed body and that the Board of Commissioners and the Berrien County **Administrator/Controller's office** do not have any direct control or oversight for this public service. While the County Board of Commissioners may not have any formal oversight responsibilities, citizen perception is otherwise. Thus, County Commissioners frequently find themselves involved in Road Commission matters without the power to effectuate change.

While everyone wants good roads to drive on, the biggest inhibitor is a structural revenue problem. The revenue stream does not meet the level of service desired by citizens.

With the lack of understanding by citizens about how road maintenance and construction is administered, the de facto responsibility by the Board of Commissioners, and the perception by citizens of the services provided, it is appropriate for the County to conduct a feasibility study of transferring powers from the Berrien County Road Commission to the County Board of Commissioners.

**At the Board's request we have analyzed the issues surrounding the transfer of power from the Berrien County Road Commission to the County Board of Commissioners.** The following study outlines the different issues surrounding this decision. While this may not represent the views of the Road Commission staff, we acknowledge that they have been very accommodating in providing us the necessary information to complete the study and providing feedback. We appreciate their contribution and openness.

My task was to answer this question:

### ***Is it feasible for the Berrien County Board of Commissioners to assume the responsibilities of the Berrien County Road Commission?***

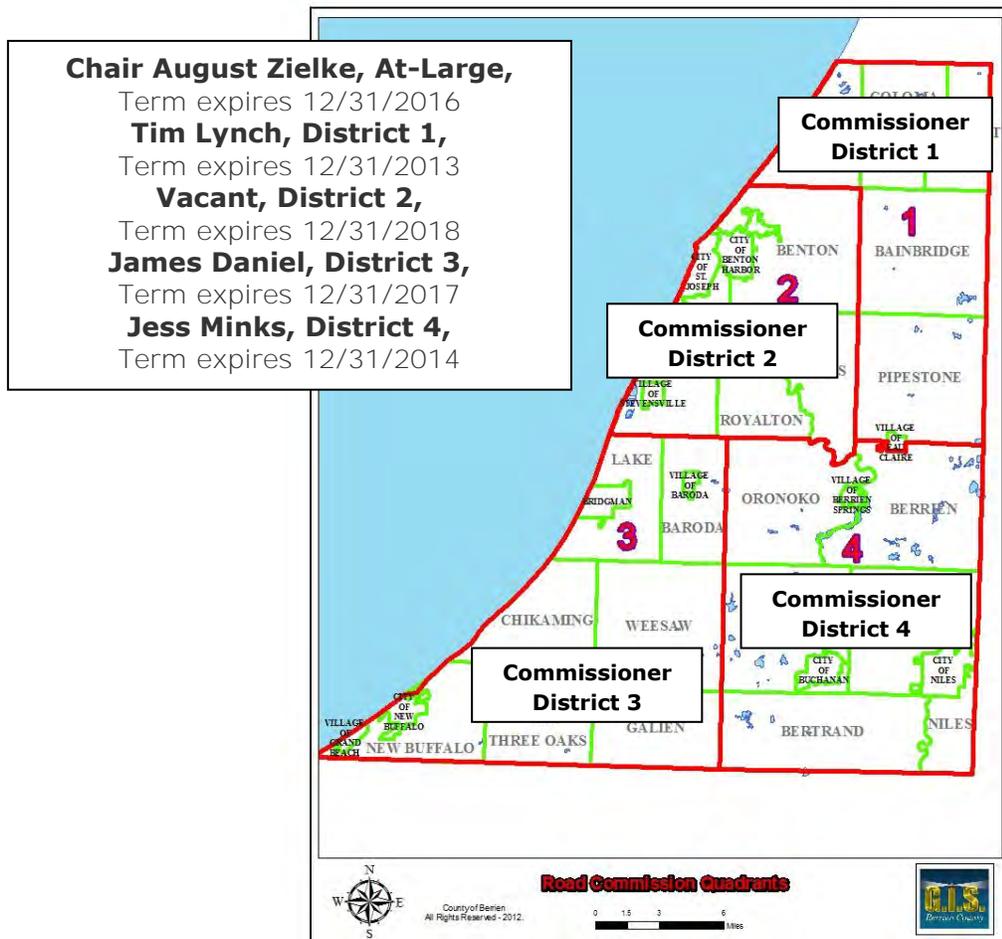
The **short answer is "yes"**, provided the County is willing to make the necessary investment of financial and personnel resources, and is prepared to deal with the day to day responsibilities and potential liabilities of the Road Commission. My objective with this study is:

- To acquaint you with the Road Commission as it exists today.
- Summarize the motivation of other Michigan counties who considered this step.
- Provide you my personal assessment of the problem.
- Explore the various options for addressing the concerns.
- Provide you a picture of what the County organization might look like if you choose to absorb the Road Commission.
- Identify the advantages and disadvantages of this step.

## A. THE BERRIEN COUNTY ROAD COMMISSION

### 1. The Board of Road Commissioners

The Board of Commissioners (BOC) has established the Berrien County Board of Road Commissioners (BCRC) as a five member, appointed commission under Public Act 283 of 1909. The BCRC is a corporate body, separate and apart from Berrien County Board of Commissioners; however, it is included in the County audit as a "component unit"<sup>1</sup>. It currently has one vacancy. Fifteen other counties currently have this organization.



DESCRIPTION	PER MEMBER	TOTAL
Annual Salary of Chairperson	\$3,500	\$3,500
Annual Salary of Commissioner	\$3,000	\$12,000
Per Diem (\$50 per meeting; 50 meetings per year)	\$2,500	\$12,500
FICA	\$420	\$2,100
Mileage	\$500	\$2,500
Annual State Meeting	\$600	\$3,000
Annual Commissioner's Seminar	\$600	\$3,000
Annual Southern Assoc. Meeting	\$600	\$3,000
Health	None	None
Pension	None	None
<b>Total:</b>	<b>\$8,220 per year</b>	<b>\$41,600 per year</b>

<sup>1</sup> Other "component units" are the Drain Commission, Brownfield Redevelopment Authority, Economic Development Corporation, Land Bank Authority, and Mental Health Authority.

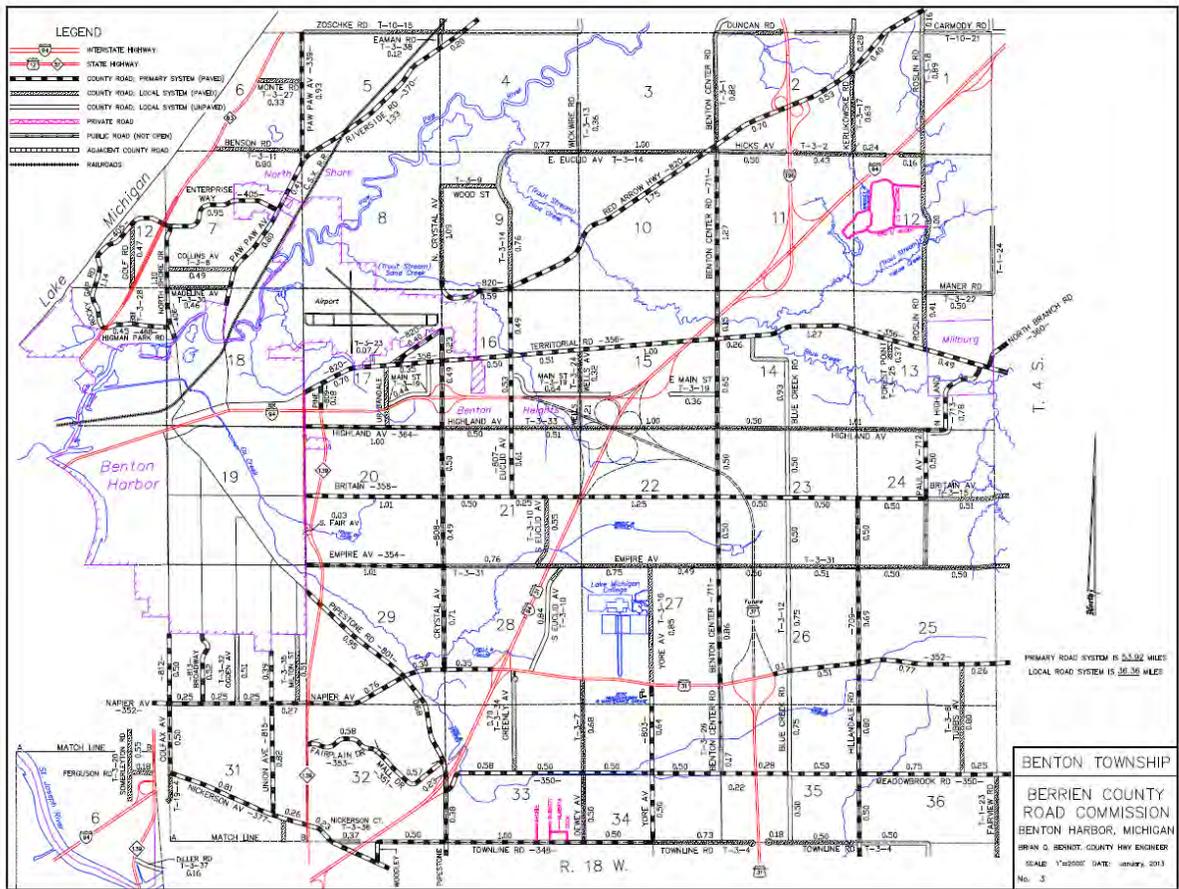
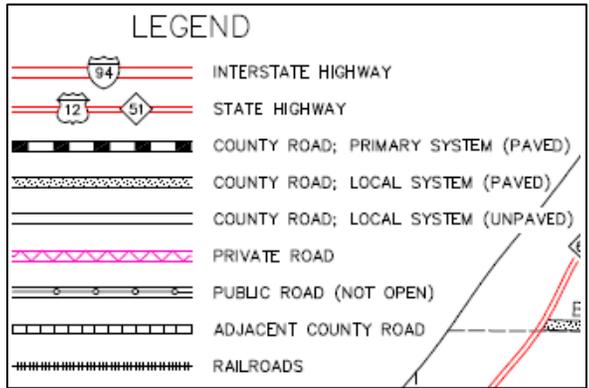
## **2. Responsibilities.**

The Berrien County Road Commission is responsible for 1,482 miles of county roads, 102 bridges (clear span of 20 feet or more) and hundreds of cross road culverts. These roads, bridges and culverts lie outside incorporated areas such as cities and villages. Generally, the BCRC splits its time between maintaining gravel and paved roads. Winter maintenance (plowing and salting) is a top priority.

The Berrien County Road Commission duties include, but are not limited to:

- Road and bridge construction, repair and maintenance.
- Snow removal, salting, and sanding.
- Surface treatments and chip and crack sealing.
- Street lane painting and marking and maintaining road signage.
- Ensuring steady and safe traffic patterns.
- Controlling roadside vegetation, mowing and brush cutting.
- Gravel road grading.
- Roadside ditch and drain maintenance.

I have provided for your reference MCLA 224.19 "*Board of county road commissioners; powers and duties generally*" in the reference section of this study.



This map of Benton Charter Township demonstrates the extensive nature of the Road Commission’s responsibilities. Note: Primary County Roads and Local County Roads (paved and unpaved).

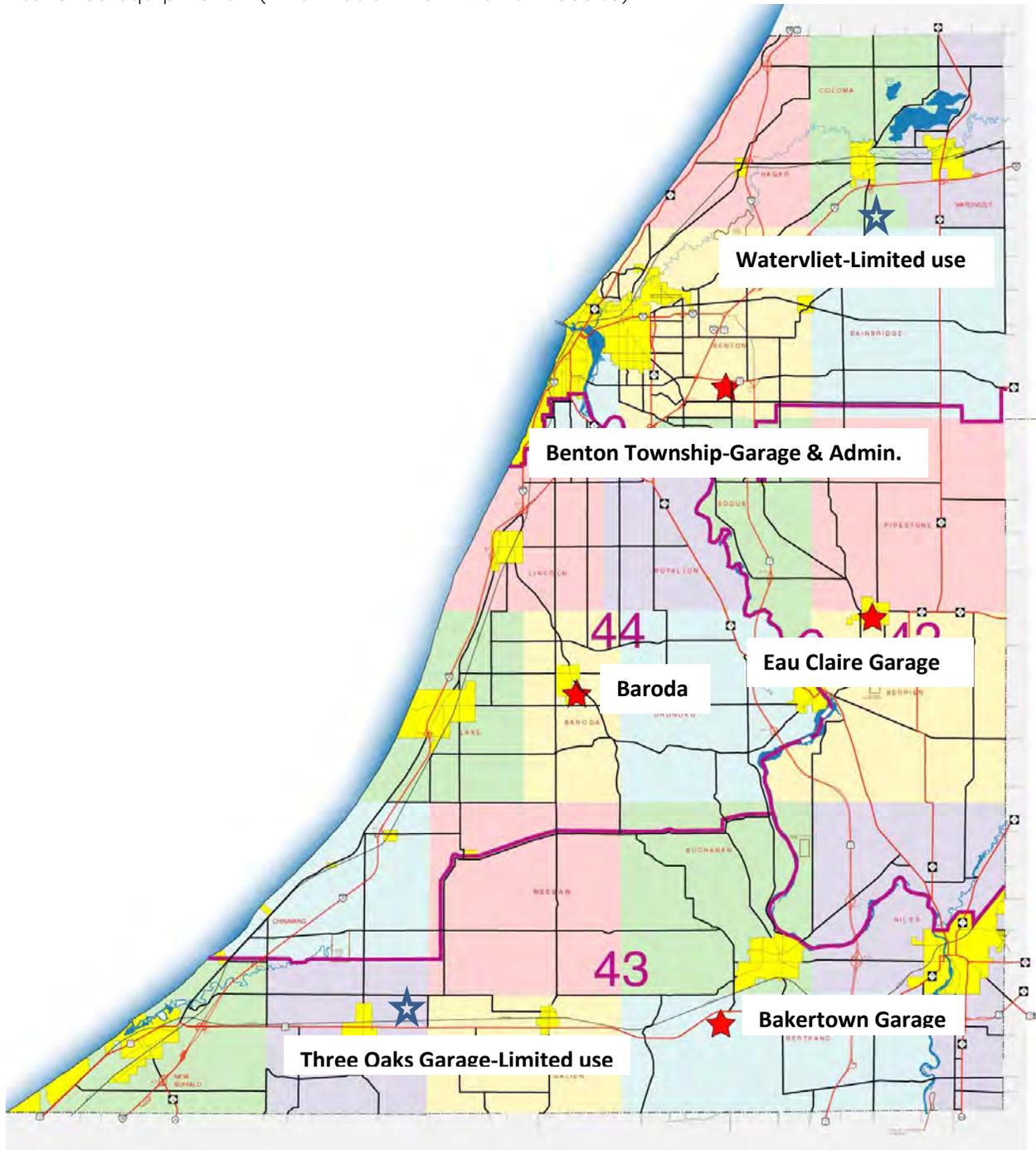
ROAD SYSTEM		LEGEND
	STATE TRUNKLINE	
	COUNTY PRIMARY	
	COUNTY LOCAL	
	CITY MAJOR	
	CITY LOCAL	
	ADJACENT JURISDICTION ROAD	
	UNIVERSITY ROAD	
	STATE PARK ROAD	
	RAILS TO TRAILS	



This map of the city of St. Joseph demonstrates how the BCRC responsibilities end at the city limit. Note how roads become redefined as “city major” and “city local” in place of “primary and local county roads”.

## B. BCRC Districts and Equipment

The BCRC has four districts, each with a maintenance garage (located in Benton Harbor, Eau Claire, Baroda and Bakertown--Bertrand Twp). It has 62 trucks, 4 motor graders, 6 front end loaders, 105 snow plows (blades), 44 sanders (boxes), 3 graders, and other road maintenance equipment. (Information from BCRC Website)

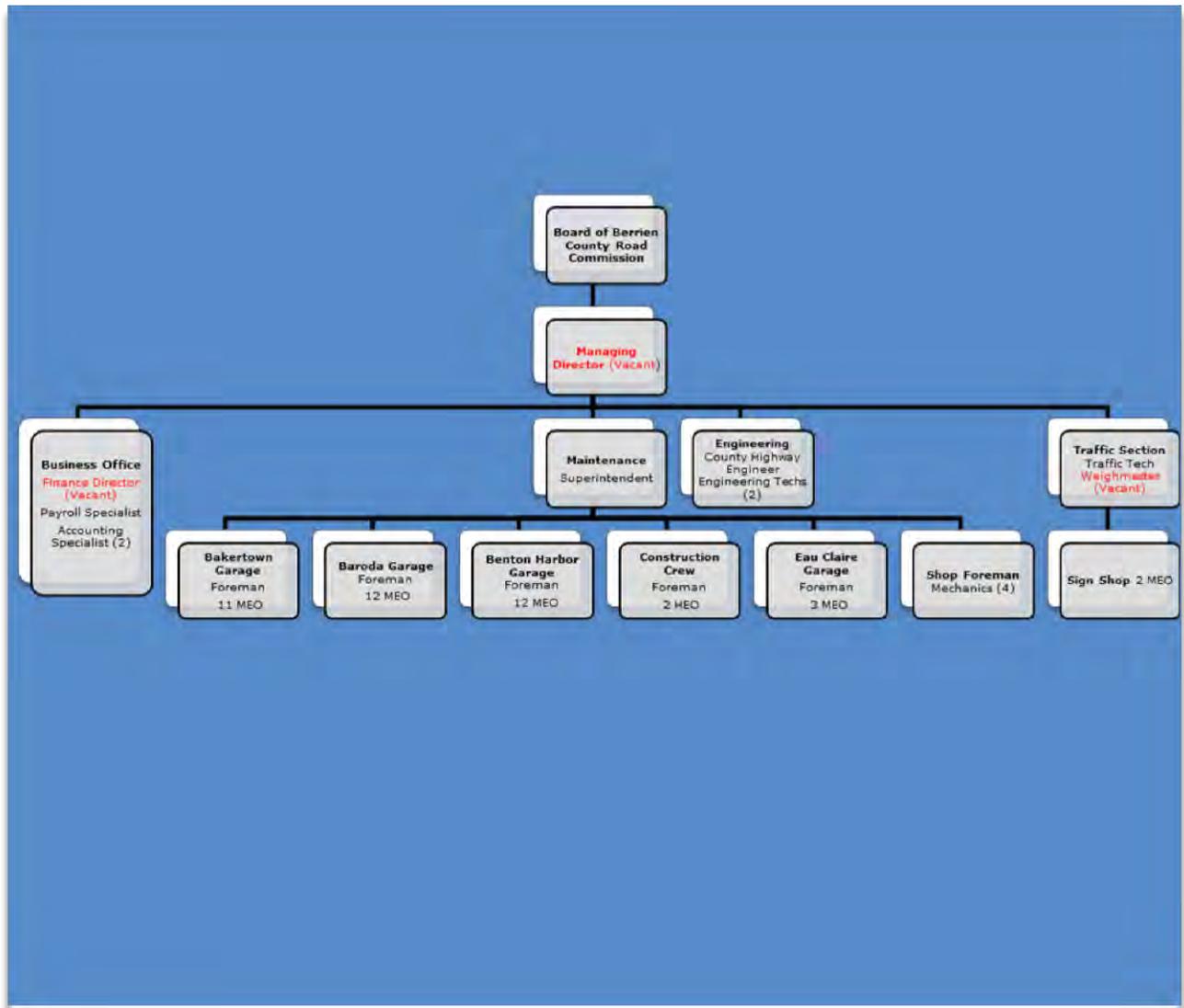


#### 4. BCRC Properties.

In addition to its four primary service locations, the BCRC has approximately 60 other parcels distributed throughout the County. Many of these are little more than the excess property that runs along a road right of way.



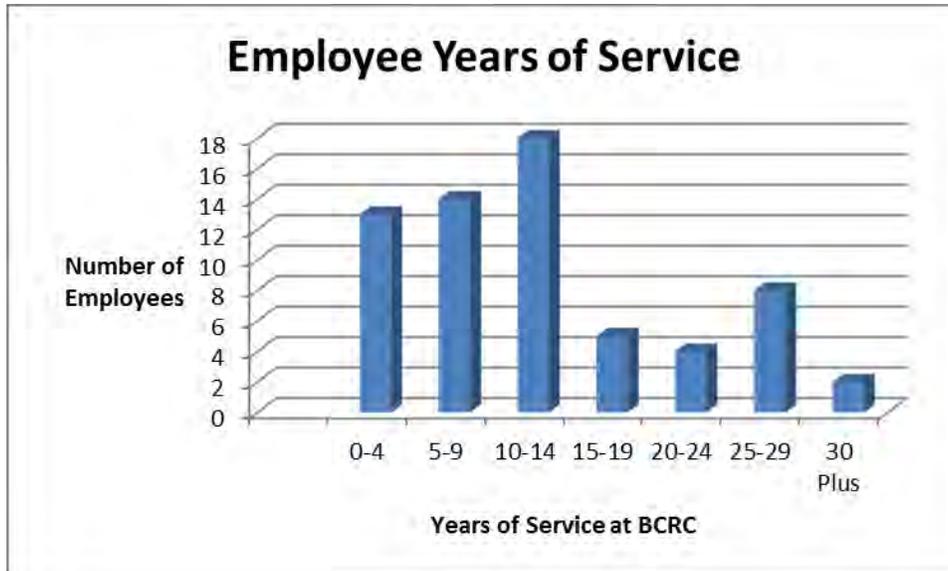
**5. BCRC Organizational Structure.**



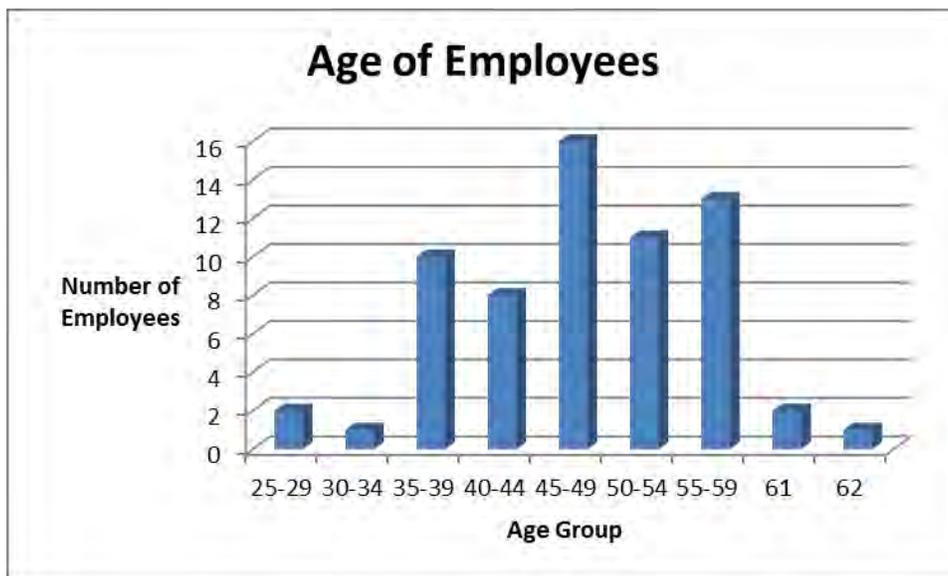
The BCRC currently has three significant vacancies: Managing Director, Finance Director, and Weighmaster. They have contracted with Voorhees Associates to conduct a search for a Managing Director. I do not know the status at this time of any effort to replace the Finance Director and Weighmaster.

## 6. BCRC Personnel.

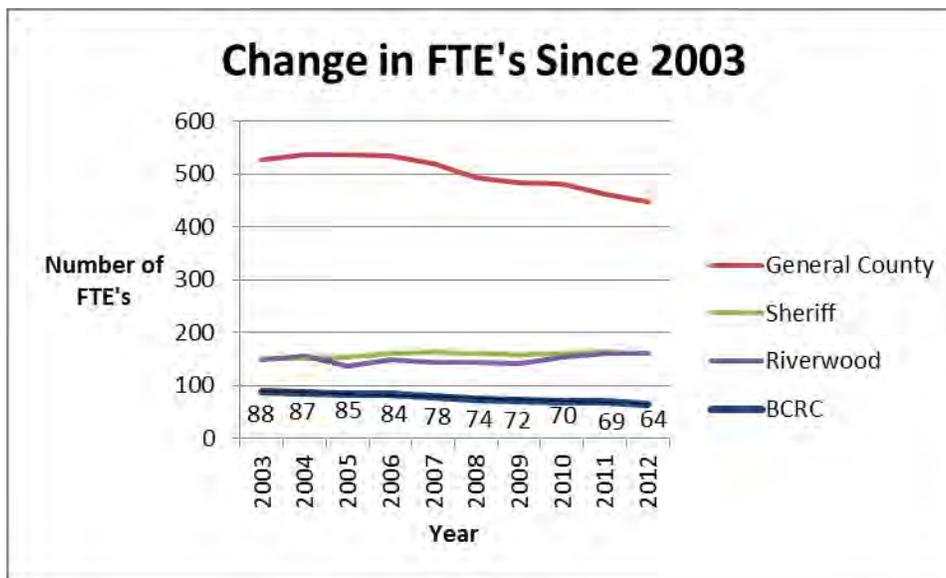
As of Dec 31, 2012, the BCRC had 64 full time employees. 20 of these were non-union. 44 were members of Local Union No. 324 of the International Union of Operating Engineers which expires on August 31, 2015.



According to the current contract, the retirement age for union and non-union employees is age 60 with 8 years of service, or age plus service equals or exceeds 80.



The average age of BCRC employees is 48.3 years with 12.6 years of service, and an average annual pay of \$47,422. For comparison, the County's general unit (actuarially it is called "Courthouse") has an average age of 49.2 years with 12.5 years of service, and an average pay of \$44,091.



The number of BCRC full time employees has declined 24% since 2003. During this same period, the Berrien County general employees unit has declined 15%.

Non-union and union members share similar benefits, which differ dramatically in some areas from what the County offers. For example:

- BCRC allows sick, vacation and personal time to count as time worked for the purposes of computing overtime. This means that someone could call in sick and then say they have to work OT to make up for being sick – and get paid time and one half their normal rate for that time.
- BCRC has a 0.02 alcohol disciplinary trigger. We have 0.00.
- **The office working hours (normally 7:30 to 4:00) don't conform to our office (HR, Payroll, and Finance) working hours.**
- They accrue sick leave and vacation in totally different ways and amounts than we do. They have different maximums than we do. They pay 50% of sick leave out at **termination. We don't pay sick leave out. It appears that vacation does not roll over to the following calendar year – it's paid out in that year.**
- They allow personal days to accumulate without a maximum. We have **two "use it or lose it" days per year.**
- **They have different holidays than we do (employee's birthday, ½ day on New Year's Eve and ½ day on Christmas Eve).**
- They have less bereavement leave than we do and it covers fewer relatives.
- They offer employer paid **life insurance for the employee's spouse and children.**
- They have longevity pay of \$191 a month (which equates to \$2,292 per year per employee).

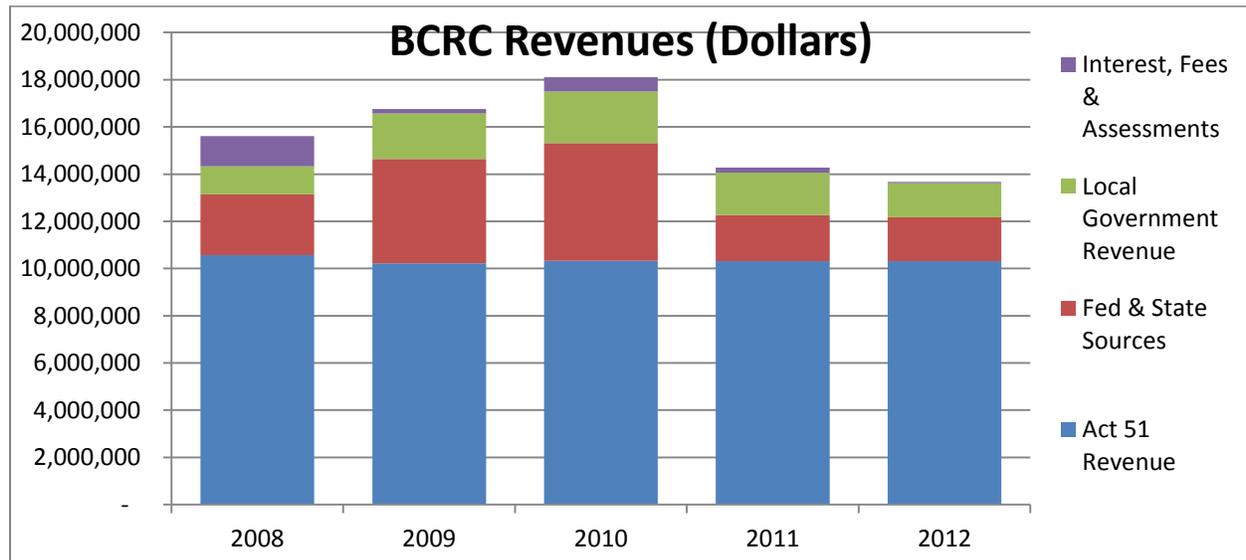
- The BCRC participates in the Blue Cross Blue Shield Community Blue PPO (“preferred provider organization”) and offers a base plan in which 55 members participate for \$291/month (single/double/family). This equates to a total cost per individual of \$17,460 per year. There is also a **“buy up” plan with 3 participants for \$399/month.** There was no waiver available to road commissions under P.A. 152 of 2011, so each participant pays 20% of the total cost for health care.

Berrien County is a self-insured provider of health care under the administration of Blue Cross Blue Shield. In 2013 most employee groups pay 15% of the cost (in 2014 we expect\* all participating County employees to pay 18%). We currently have three forms of coverage: single (\$7,083/year); double (\$15,663/year); and family (\$20,096/year).

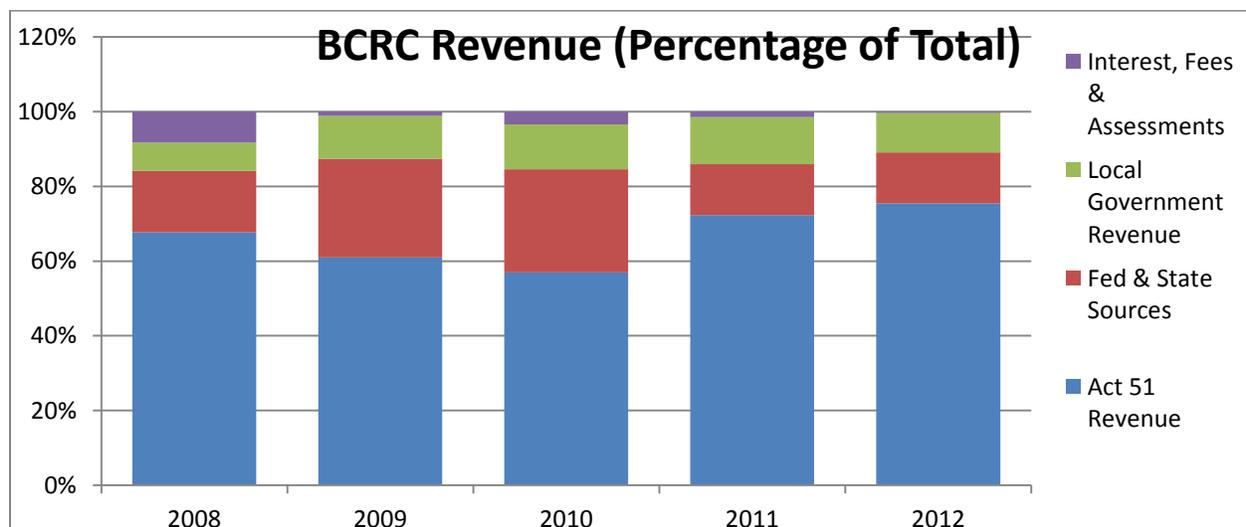
\*Dependent on contract negotiations.

## 7. BCRC Financial Information

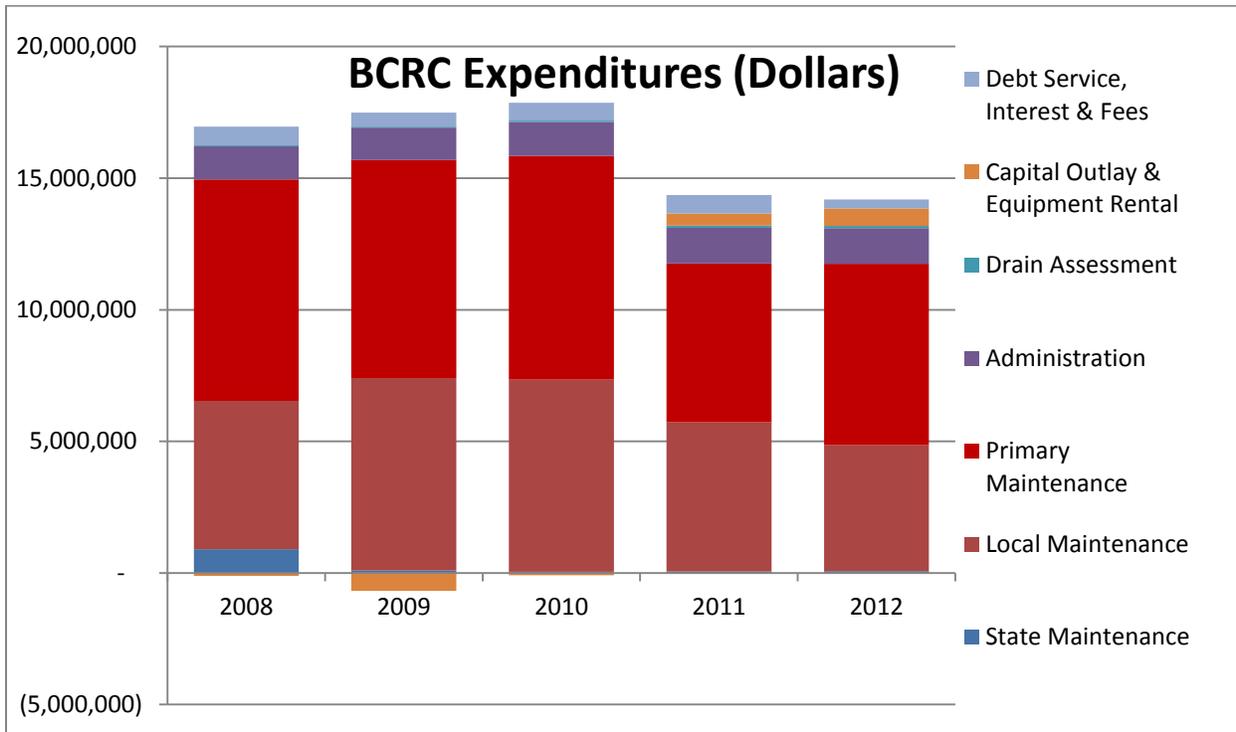
The BCRC's main source of funding is from gas/weight taxes and motor vehicle license registration fees. It is distributed by the State through a formula, also known as ACT 51. It has been necessary to reschedule some needed road improvements because of lack of funds. The BCRC does **not** receive property taxes, although it has annually received a \$75,000/year appropriation from the County for bridges.



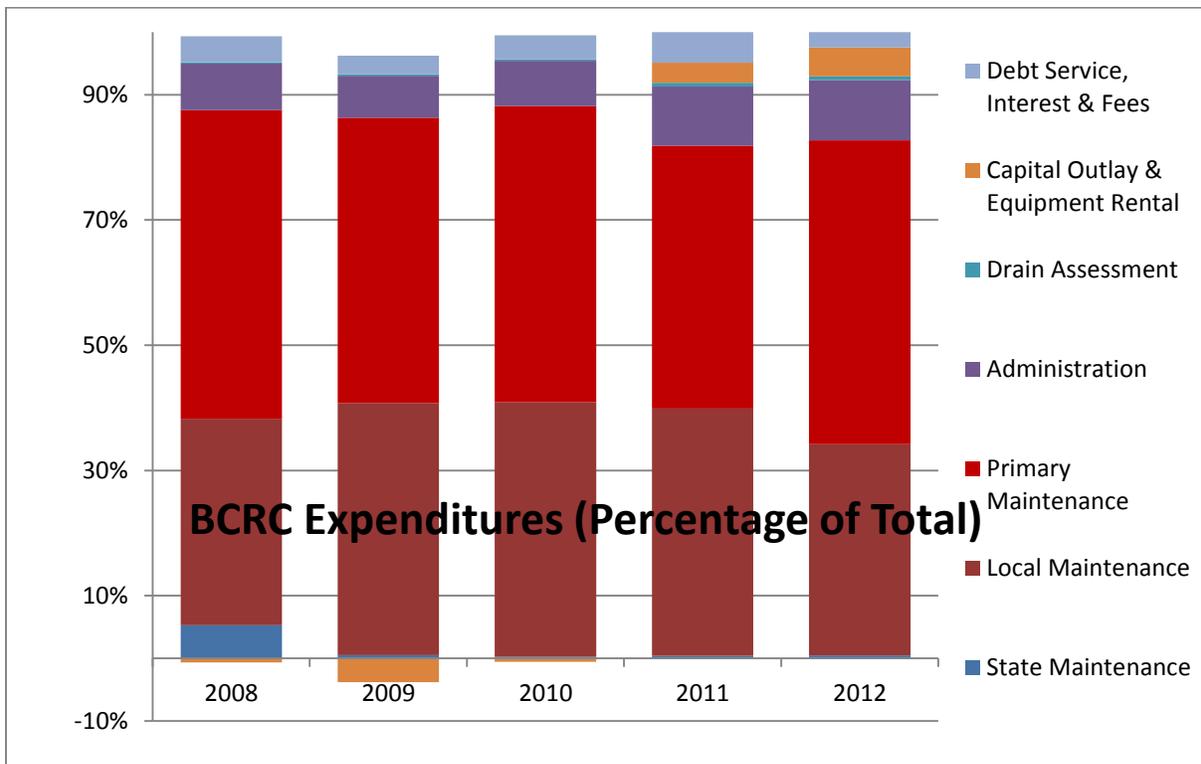
While Act 51 funding has remained fairly stable over the past five years, Federal and State grants peaked in 2010 and have declined by over 30% since. Like the County's recent experience, interest revenues have become virtually non-existent.

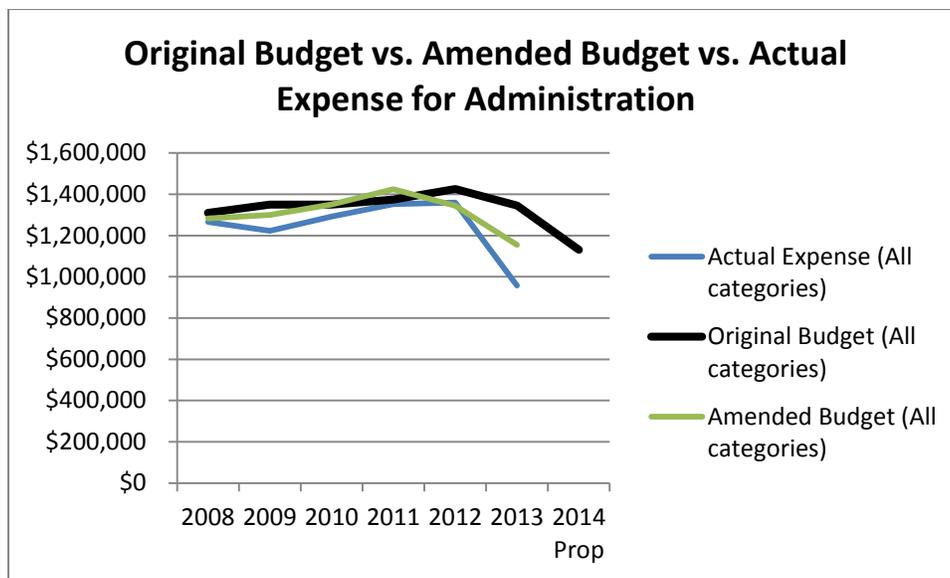
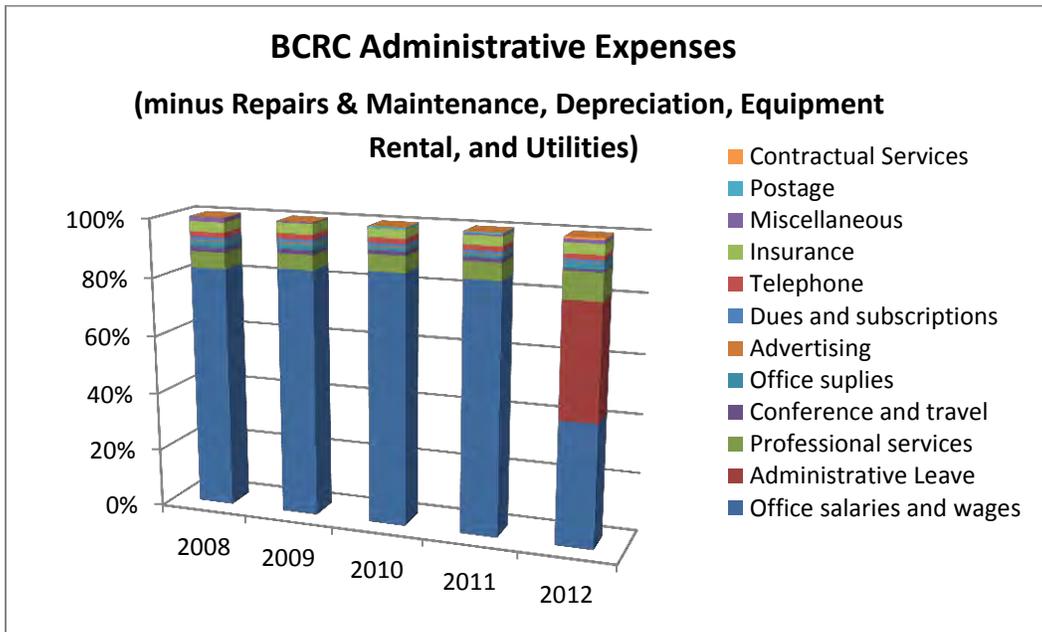


As the result of these other declining sources, the BCRC's reliance on Act 51 funding increased greatly from around 55% of budgeted revenue, to approximately 75%.

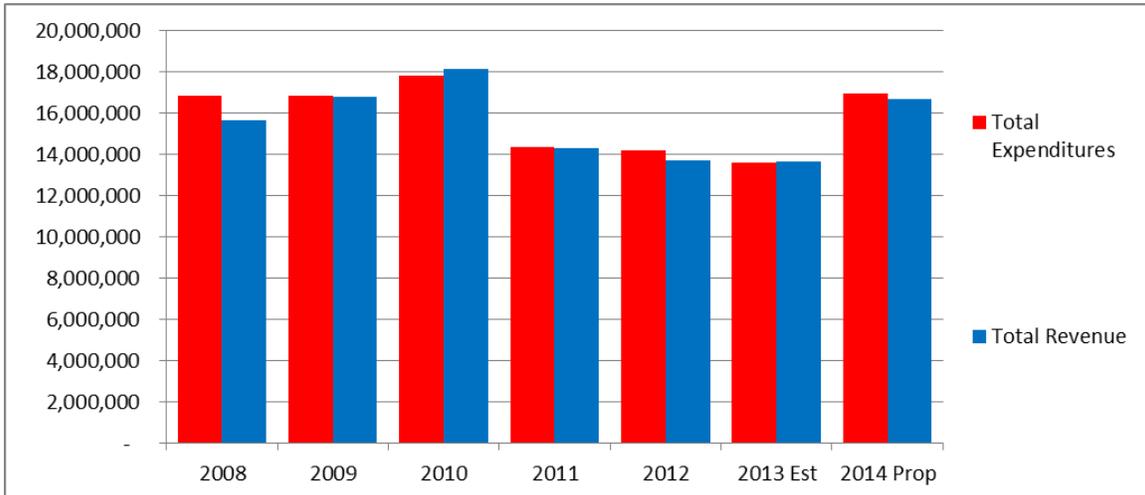


As Federal and State grants have declined, the amount spent on primary and local road maintenance has decreased proportionally. Debt service has been reduced as long-term debt is retired.

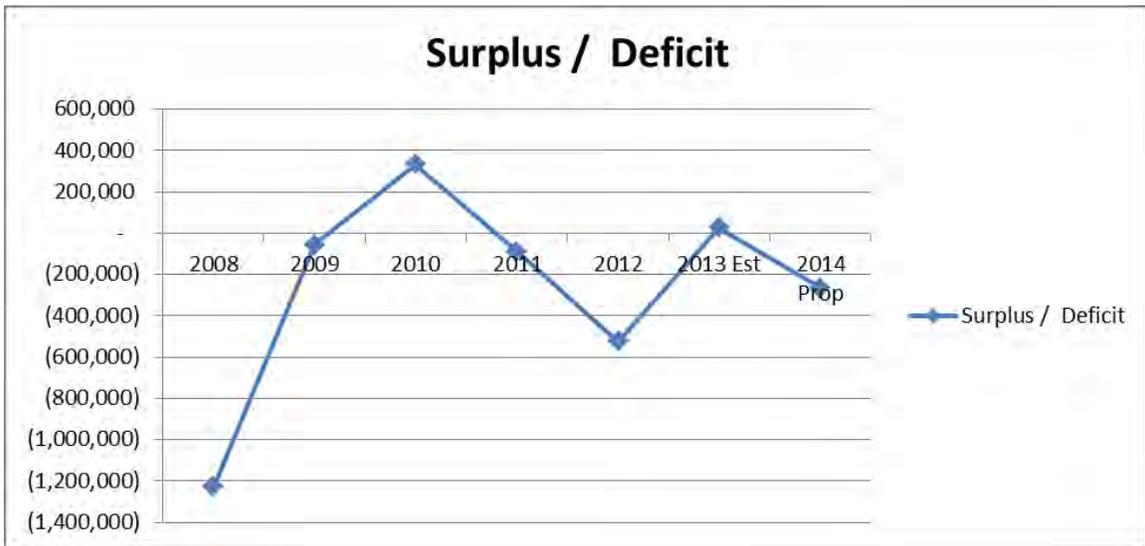




The value of comparing the Original Budget with the Amended and Actual Expense is to understand the original *intended* growth or decline in that area. The years from 2008-2014 show a 3.1%, 0%, 1.9%, and 3.6%, -5.6%, and -15.9% budgeted increase/decrease. The first four years are not much different that our expectations for the County budget. Years 2013 and 2014 clearly indicate a severe “contraction” in administrative expenses which, in the absence of budgetary detail, may be attributed to unfilled positions.

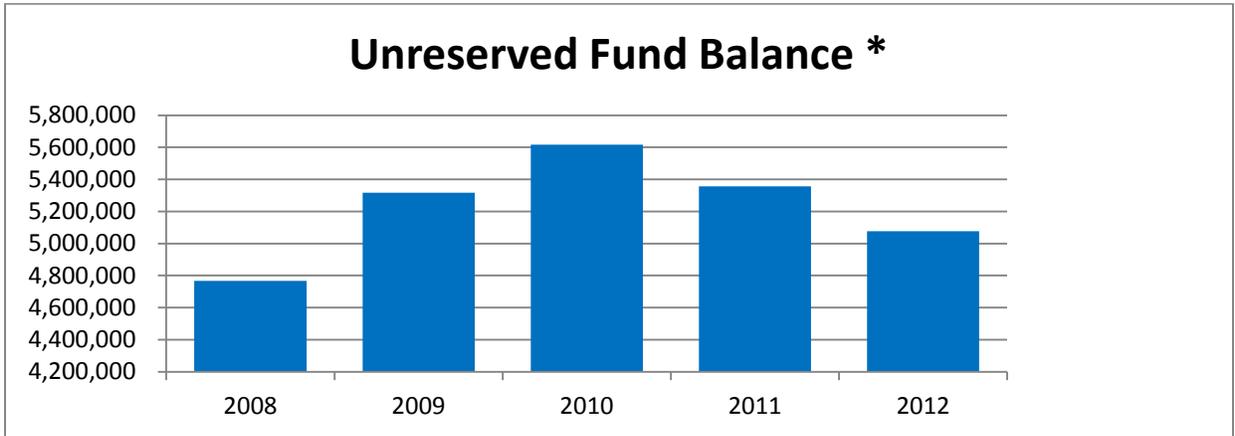


The above chart reflects the recently introduced "2014 Tentative Budget". The large increase in revenues/expenditures reflects an anticipated increase over 2013 of \$2,346,806 in Federal STP funding.

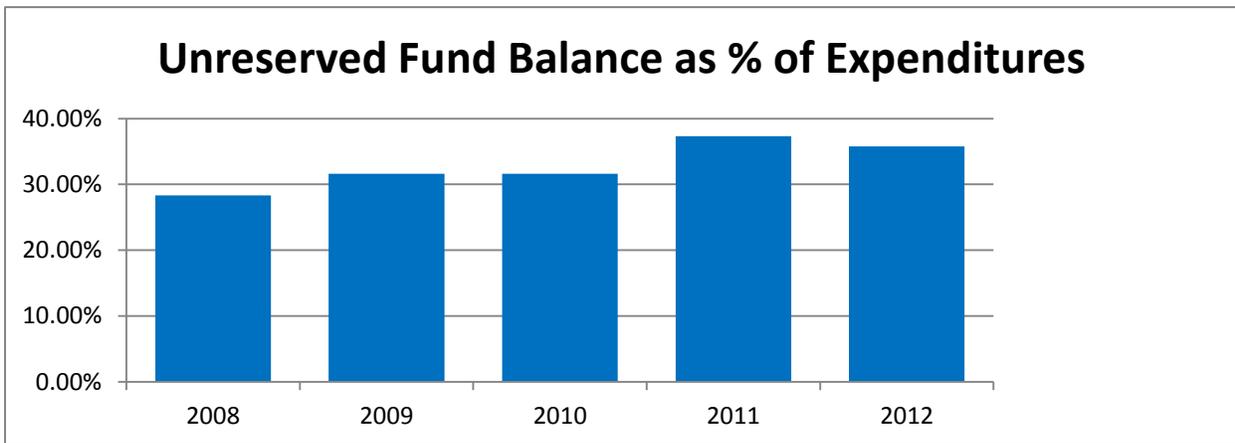


From 2008, when the BCRC experienced a \$1.2 million deficit, the fund balance improved over the next two years, resulting in a \$332,000 surplus in 2010. However, this positive trend reversed itself again and there was a deficit of \$524,000 in 2012.

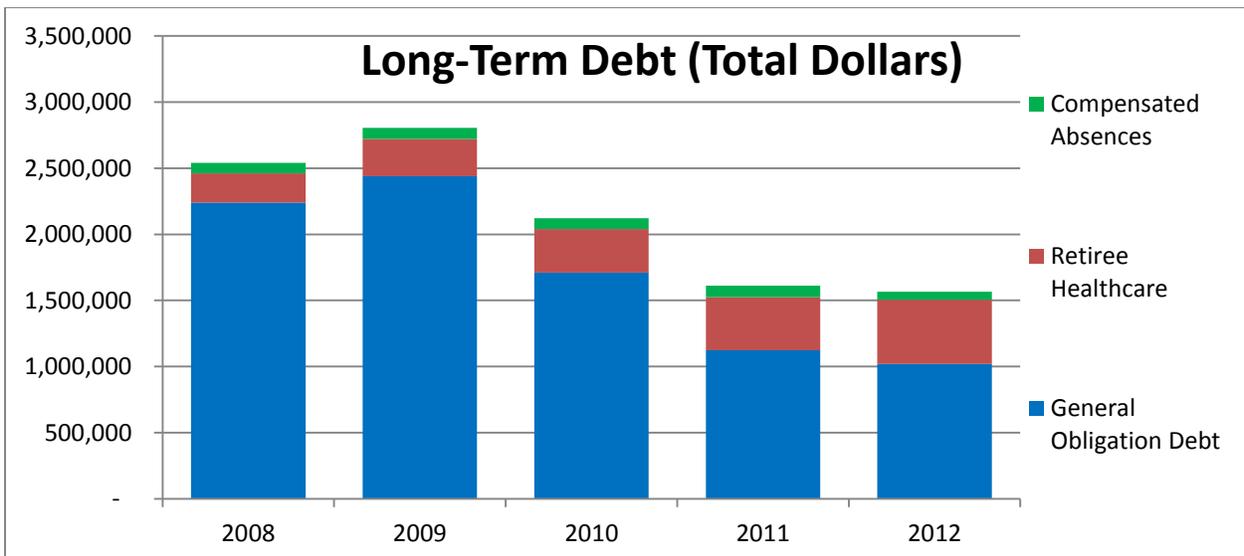
The 2013 Projected Final Budget indicates total revenues of \$13,608,471. Expenditures are currently budgeted at \$13,582,801, which leaves a small surplus of \$25,669 (\$425,199 of the expense is attributed to depreciation).

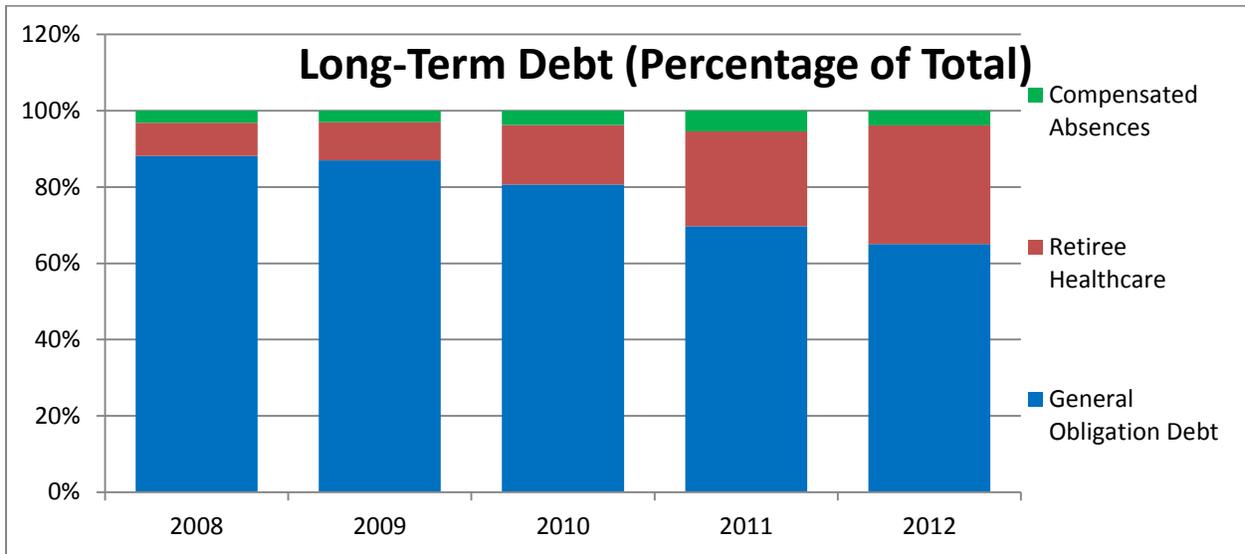


\*Includes non-spendable inventory.

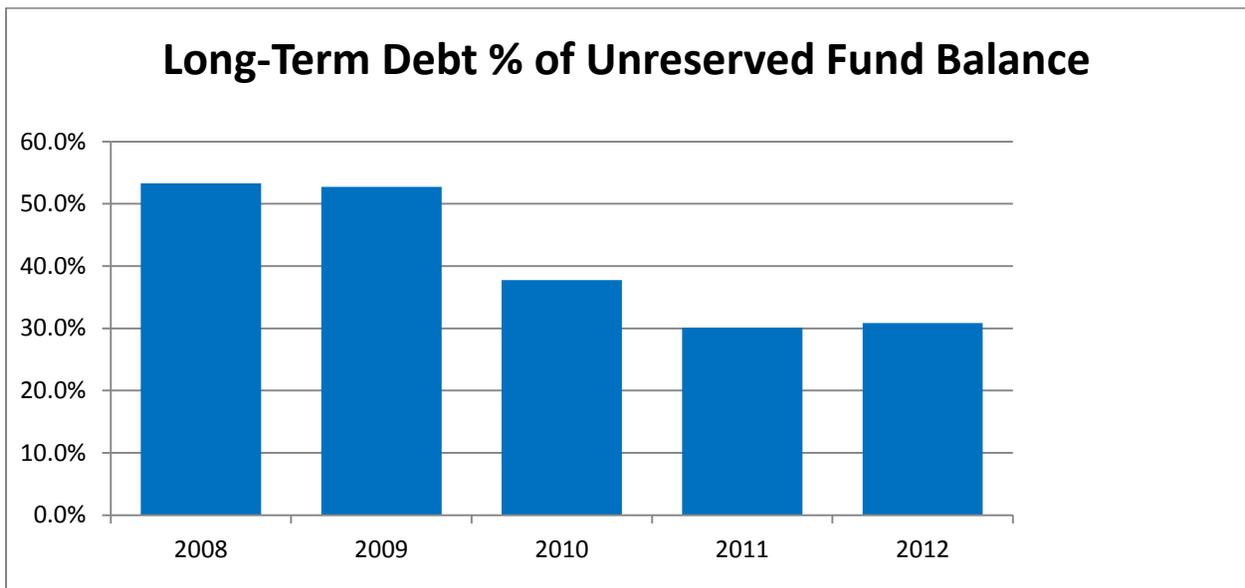


The trend of the previous slide (deficit—surplus—deficit) is reflected on the unreserved fund balance. As of September 30, 2012, the unreserved fund balance was \$5,076,000. This is approximately 35% of expenditures.



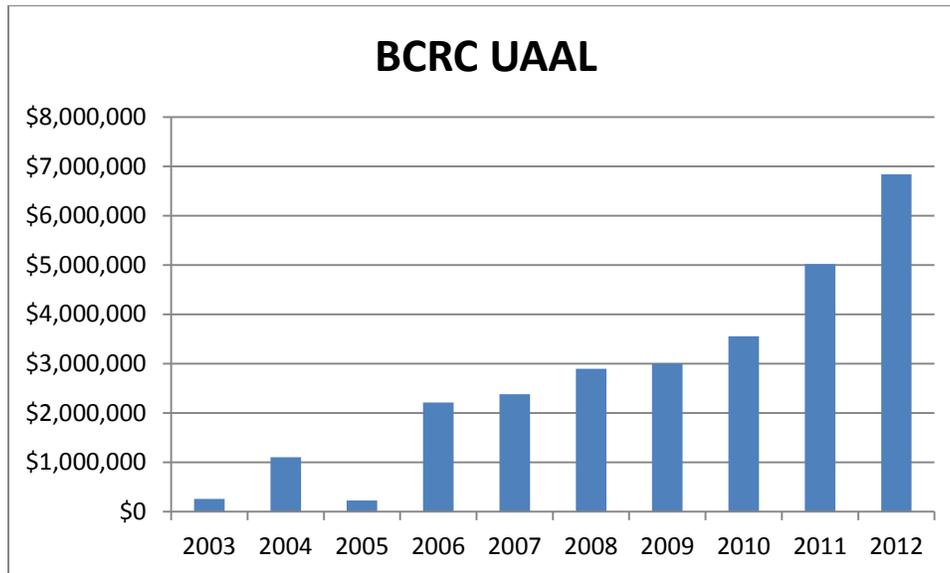
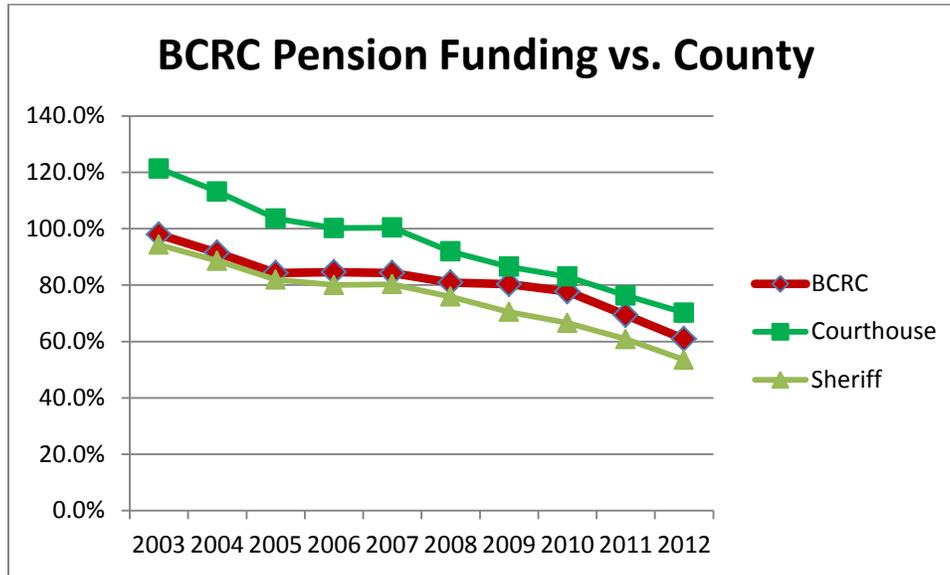


Although the BCRC has gradually reduced its general obligation debt, retiree healthcare (which, unlike the County, is NOT pre-funded) has grown at a rate in excess of 20% per year. The monthly retiree healthcare subsidy ranges from \$75/\$150 (retiree only vs. retiree and spouse) to \$220/\$370 depending on the retirement date. The BCRC allows a retiree to opt back into coverage if they dropped it, unlike the County. Only 13 retirees participate in the BCRC retiree healthcare program—it is relatively expensive and not offered to retirees after the age of 65. They do not offer any Medicare subsidy coverage.



At 2012 fiscal year ending, the long-term debt (not including pension) totaled only slightly more than 30% of its unreserved fund balance.

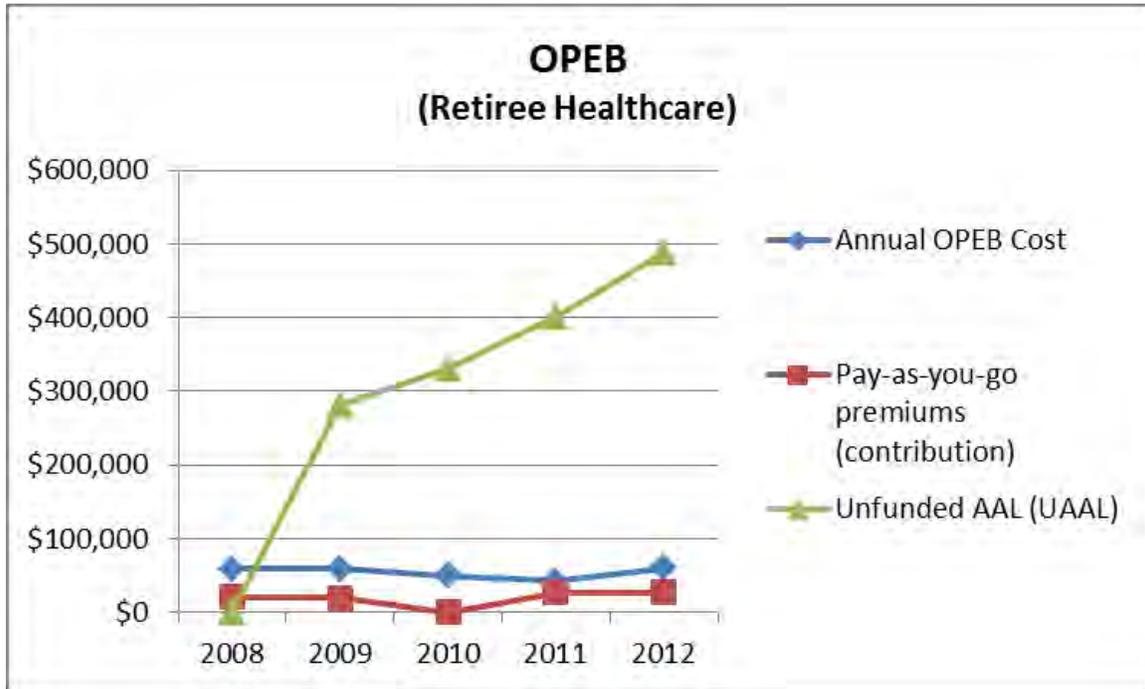
## 8. Pension.



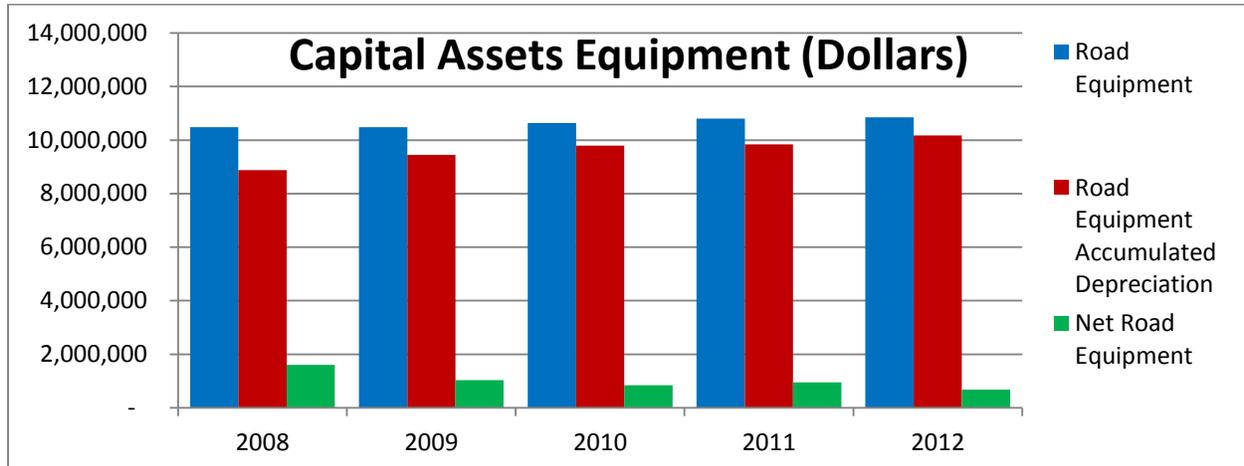
The BCRC's participates in the Berrien County employees Amended Retirement Plan which is a cost-sharing single-employer PERS (public employee retirement system) that covers all full-time employees of the BCRC. The pension is currently funded at 60.9%, which is better than the Sheriff Department's 53.5% but less than the County "Courthouse" (or general employees) at 70.2%. The unfunded actuarial accrued liability (UAAL) of the BCRC is \$6,835,950. As indicated earlier, according to the current contract, the retirement age for union and non-union employees is age 60 with 8 years of service, or age plus service equals or exceeds 80. The pension multiplier is currently 2.0 (most County general unit members have a 2.2 multiplier; the Sheriff's units are 2.8). BCRC personnel contribute 6% to their pension. County employee contributions range from 4.5% for Elected Officials, to as high as 14.12% for one unit. Most general unit employees contribute 6.89%.

## 9. OPEB (Other Post-employment Benefits)

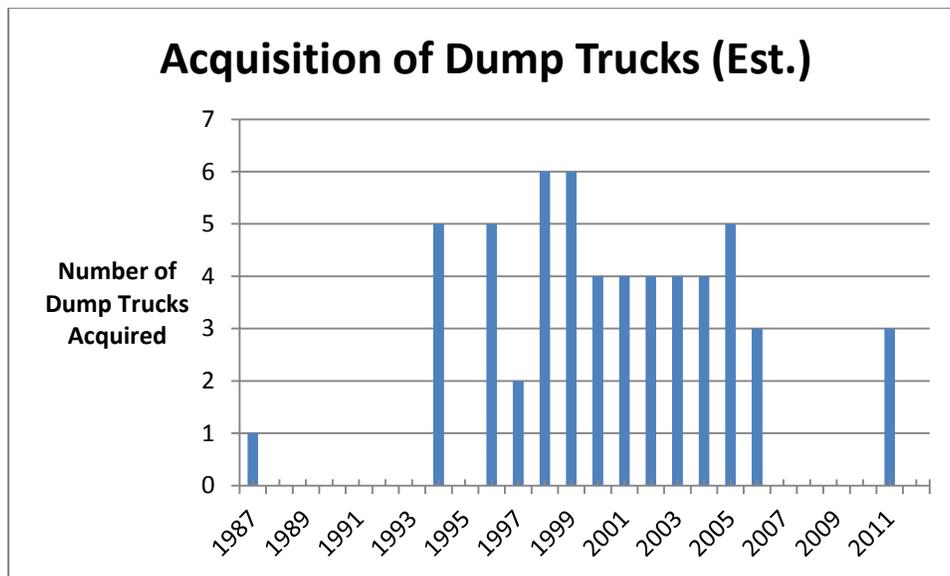
The BCRC does not pre-fund for retiree healthcare and does not offer it after the age of 65. The existing agreements (collective bargaining and resolution for non-union employees) require an employer contribution of \$370/month for married employees and \$220/month for single retirees. There were 13 retirees on the plan at the end of 2012.



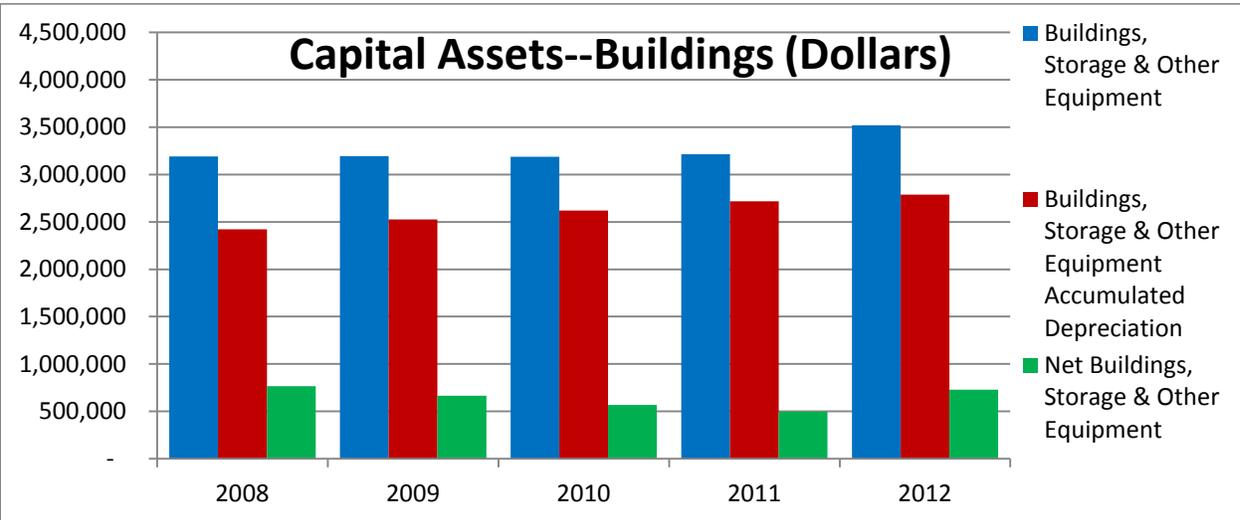
## 10. Equipment and Technology.



Road equipment is depreciated with the “sum of years—digits” method. The significance of this method is that it is an accelerated depreciation technique which is based on the assumption that assets are generally more productive when they are new. The useful life of this equipment ranges from 5-8 years. This means that over an 8 year depreciation cycle, almost 60% of the value of the equipment has been depreciated in the first 3 years.



While depreciation is important from an accountant’s standpoint, I believe that this chart is more illustrative. Based on a very cursory review of the BCRC asset listing, it appears as though they have acquired only 3 new dump trucks since 2006. It is noteworthy that the BCRC has had significant capital maintenance done on the trucks (truck refurbishment) yet the lack of resources to purchase new vehicles clearly jeopardizes their future service availability and cost of operation (i.e. rising maintenance costs).



Buildings are depreciated on a 40 year “straight-line” basis (roads vary from 5-30 years). The general assessment of all the facilities is that they are adequate but lack maintenance. A more complete description of needs is addressed later in this study.

With the exception of the Benton Harbor Administration Center (“Admin Center”), there is little evidence of an aggressive use of technology. The Bakertown, Baroda, and Eau Claire Garages are supported by regular phone lines only. Each foreman has a Dell laptop with an air card and one device was seen mounted in a pickup. Communications with the Admin Center is generally done by phone or fax. There didn’t appear to be any security cameras, and doors are keyed (no key FOB system) except for the Admin Center which has some doors coded.

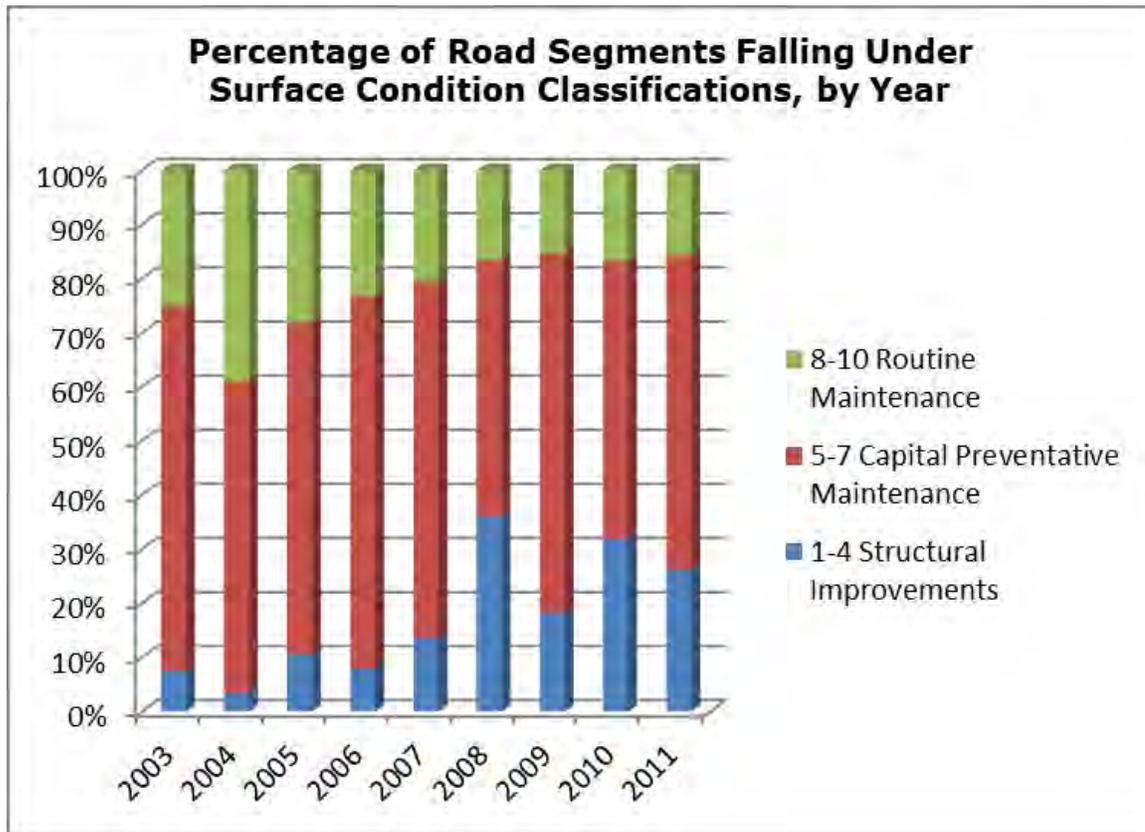
At the Admin Center there are some newer computers, printers, and a nice plotter and blue print scanner. The server room air conditioning appears good. Most of the computers, however, are old and operate on Windows XP and Office 2003. The UPS is old and needs replacing, as does the phone system. A consultant provides their network support.

The BCRC has a two channel VHF radio system serviced by HEI Wireless. It is a “mobile” coverage system in that 35-40 watt mobile radios communicate countywide with a central base station. They lease space on the WSJM tower and the mobile coverage with the trucks is described as good.

The BCRC has seven (7) MPSCS radios for command and control needs during emergencies. Once their Foremen coordinate the resources needed for public safety, they go to their VHF and talk to their trucks. Ideally MPSCS would put all those communications on one radio system, but at \$2,500 per mobile radio, their current VHF appears cost efficient.

## B. SURFACE CONDITION OF FEDERAL AID ELIGIBLE ROADS.

### a. Berrien County

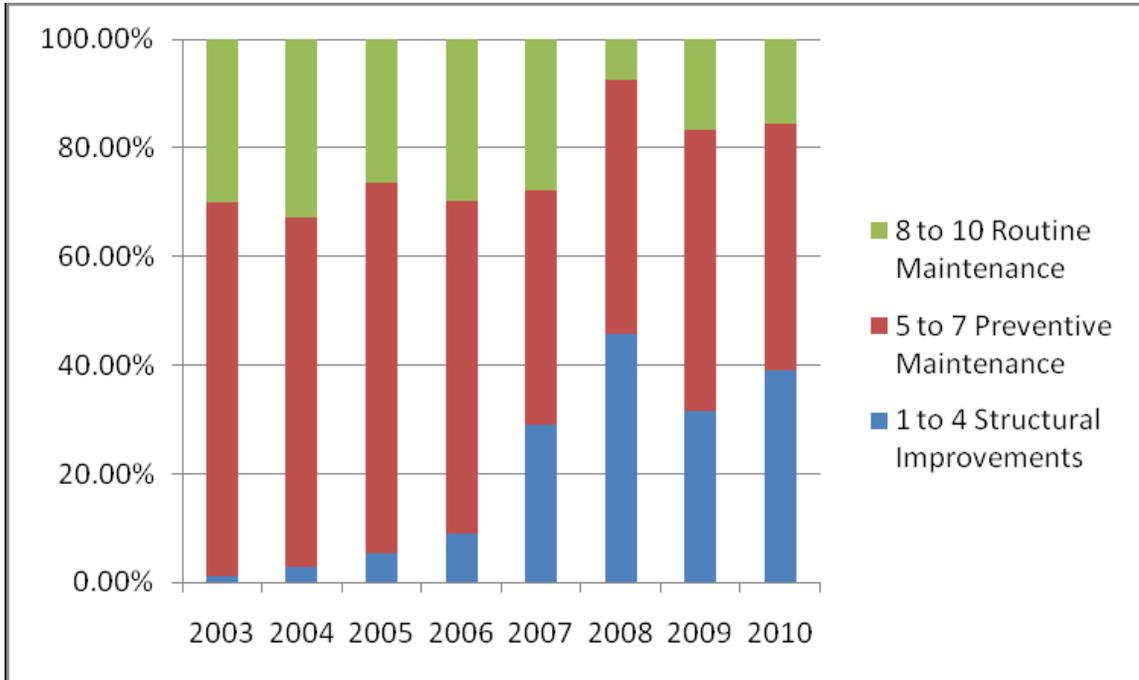


- Roads with PASER ratings of **8-10 require Routine Maintenance**. Routine maintenance encompasses day-to-day maintenance activities, such as street sweeping, drainage clearing, shoulder gravel grading, and sealing cracks to prevent standing water and water penetration.

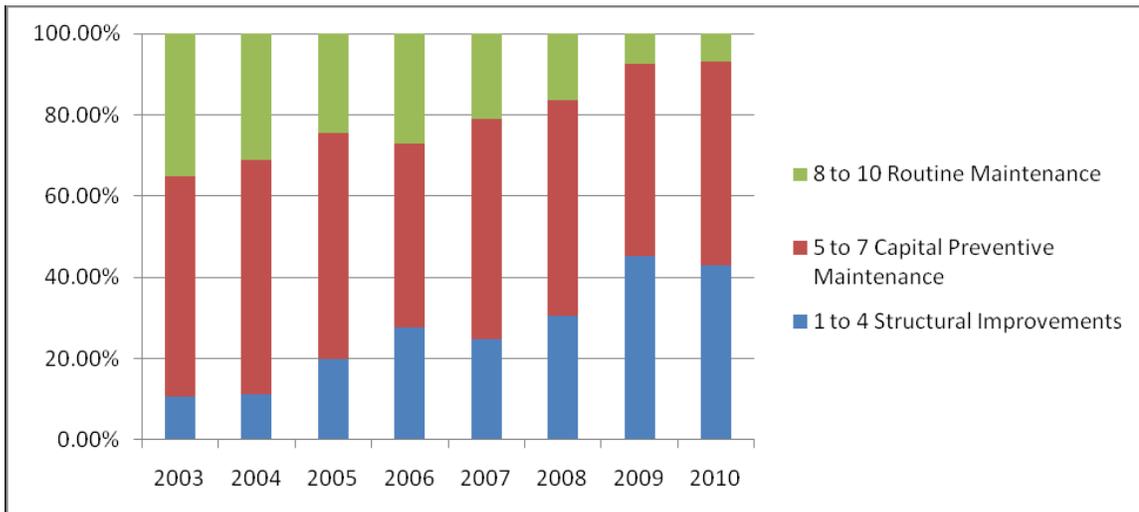
- Roads with PASER ratings of **5-7 require Capital Preventative Maintenance**. Capital preventive maintenance is a planned set of cost effective treatments to an existing roadway system that retard future deterioration and maintain or improve the functional condition of the system without significantly increasing structural capacity. The purpose of capital preventive maintenance fixes is to protect the pavement structure, slow the rate of pavement deterioration, and/or correct PASER Rating Pavement Quality pavement surface deficiencies. These treatments are targeted at pavement surface defects primarily caused by the environment and by pavement material deficiencies.

- Roads with PASER ratings of **1-4 require Structural Improvements**. This Category includes work identified as rehabilitation and reconstruction, addressing the structural integrity of a road.

**b. Van Buren County**



**c. Cass County**



While it is clear that since 2003 the *Federal Aid Eligible* roads have gradually worsened in their condition, similar data from Cass and Van Buren Counties show that this is not unique.

**C. WHY DID OTTAWA CONSIDER, AND CALHOUN, JACKSON, AND INGHAM ELIMINATE THEIR ROAD COMMISSIONS?**

***PLEASE NOTE: THESE VIEWS ARE THOSE OF THE COUNTY ADMINISTRATOR AND DO NOT REFLECT THE OPINION OF ANY OTHER PERSON, BOARD, OR CONSENSUS.***

**1. Why did Ottawa consider the elimination of their separate road commission?**

Ottawa County was concerned about the legacy costs that their road commission was accruing, and seeking ways of increased opportunities to share services. They opted to enter into an agreement with their road commission in lieu of assuming those responsibilities directly.

**2. Why did Calhoun County ultimately decide to take their road commission over?**

The financial condition of the Calhoun County Road Commission had deteriorated over the past 15 years. Certain key ratios, including spendable fund balance to annual operating expenditures, debt service expenditures to total expenditures, percentage of construction/structural improvement costs to total expenditures, and the increasing OPEB obligation to spendable fund balance have all contributed to this adverse trend. In summary, a seriously deteriorating cash position with no expectation of additional State funding drove the decision, along with a desire to create a roads department that was more effective and accountable.

**3. What about Jackson County? Why did they eliminate their road commission?**

Jackson County did not appear to have any pressing rationale for looking into the issue, but when finished felt that there were more compelling reasons to make the change. They thought there might be some monetary savings and gains through greater employee engagement. They also felt that the citizens would be supportive of having a single point of service and centralized decision making.

**4. And, finally, what triggered Ingham County's takeover?**

The process started in Ingham County with numerous complaints of mismanagement at the Road Commission from employees. When the Ingham County Board approved the resolution, one commissioner said that the move will not only streamline government but will address ongoing turmoil with the road commission. He is quoted as saying "The citizens of the county will continue to get pretty good service from their road commission and I think the employees will now be protected from political meddling?"

#### **D. DEFINING THE PROBLEM(S) AT THE BERRIEN COUNTY ROAD COMMISSION.**

My comments here are strictly my own and are not intended to disparage the competency or professionalism of any current or former member of the BCRC management team.

Let me preface my comments by saying that in general, I believe that from the garage/foreman level down, the BCRC is functioning well. Work is being completed; unsafe road conditions are being addressed; and overall, Berrien County roads are in as good of shape as can be reasonably expected under the existing financial constraints.

The most visible problem at the BCRC is employee turmoil, which I characterize as really just a symptom of an overall lack of organization leadership.

**I won't review the** entire history of the BCRC since its expansion from three to five members occurred in 2008, except to say that over several years road commission management at both the Board and Managing Director level has been ineffective in addressing the employee unrest, perpetuating an image of overall organization ineptness which is unfortunate as it obscures the good work done by the BCRC workers. The employees (primarily the non-union staff) have resorted to voicing their concerns, grievances, and opinions outside what **could be termed the "normal and acceptable" channels of employee communications** with BCRC management. It appears that disgruntled employees continue to circulate anonymous letters, and contact Road Commissioners and County Commissioners outside the management chain of command on nearly a daily basis.

This turmoil has created an environment of distrust and lack of direction, while the key positions of Managing Director and Finance Director remain vacant. The selection of competent, experienced individuals to fill these two positions would help, but only if the BCRC Board delegated to the Managing Director the necessary authority to properly address employee complaints without individual Road Commissioner interference, or constant Board scrutiny of every action taken by management. Along with this, the BCRC and, to a lesser extent the County Commissioners, **would need to eliminate direct, "non-social",** communications with all subordinate employees of the BCRC, and refer all employee efforts to enter into such a dialogue through the proper chain of command (e.g. Managing Director). In the absence of this, I do not believe an individual or change to the organizational structure will remedy the systemic problems.

The good news is that most boards, whether they are public or private, go through periods like this and survive, often becoming stronger as the result. The disturbing element in the case of the BCRC is that this adverse environment has continued through significant changes of personnel on the BCRC Board and several different Managing Directors.

At the present time the U.S. Department of Transportation Auditor General is reviewing the use of federal project dollars at the BCRC. The results of this investigation are not known, but even if the review comes back clean, the very nature of such an ongoing investigation is disruptive to the organization. If negative, the audit could result in the potential payback of a portion of federal dollars received and be the catalyst for additional personnel changes.

I have dedicated a significant portion of this study to examining the general condition of the BCRC as it exists today. Are there issues of technology, building maintenance, capital investment, and finances? Certainly there are--but I would characterize these as **"unremarkable" with the caveat that we don't know what the release of the Federal audit** may indicate. Might they adversely impact the level of service to Berrien County residents in the years ahead? Of course, just as these same issues challenge Berrien County. These,

however, are simply limitations set by the lack of funding. Additional State/Federal revenues, a county road millage, or direct appropriations by Berrien County: any one or combination of these will remedy these issues. In my mind, the clearly dysfunctional management model as it exists today at the BCRC poses the real threat.

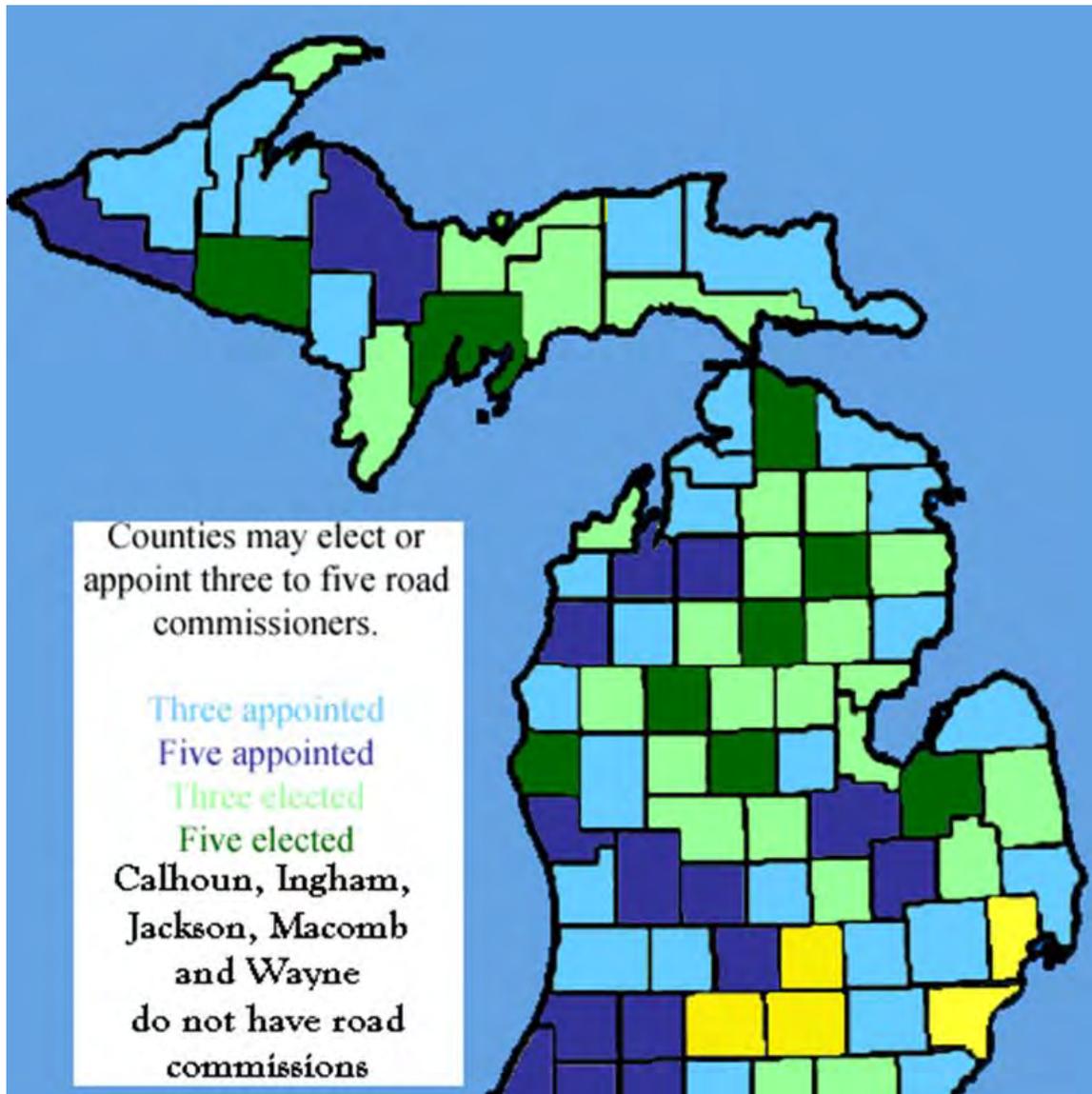
Before I lay out the options that the BOC has in dealing with the issue I've described, I want to remind you of my statement on the cover to this study:

***The questions you should be asking yourself as we consider the pros and cons of taking over the Road Commission are not "can it be done and how much will it cost?", but rather, "will the result be better service to the residents of Berrien County and does doing so pose a risk to the delivery of other essential County services?"***

This takes the question out of the category of simply "fixing a problem" and makes it one of permanently improving a service that is absolutely essential to the economy and quality of life of our County.

**E. BOARD OF COMMISSIONERS' DECISION: THE OPTIONS**

General: Counties may elect or appoint three to five road commissioners.



<u>Number</u>	<u>Size</u>	<u>Elected/Appointed</u>
28	3	Appointed
16	5	Appointed
25	3	Elected
9	5	Elected
5	NA	No Road Commission

➤ **Option 1: Maintain current five-member, appointed road commission.**

The BOC increased the number of appointed road commissioners from three to five on April 30<sup>th</sup>, 2008. Since that time the BCRC has had 13 road commissioners. Four remain in office; 2 passed away; and 7 have either resigned or been replaced. The first option is, of course, to do nothing except appoint an individual to fill the remaining vacancy.

**Administrator's Assessment of Option 1:** *The lack of stability on the road commission has created a situation where the immediate challenges of improving financial transparency, dealing with a vocal, disgruntled workforce, and the selection of a new managing director, are not met with an experienced governing board. Recognizing this fact, and taking the position that with time the road commissioners will grow in their confidence and knowledge could prove to be the wisest choice...or unjustifiably optimistic. Unfortunately, unless P.A. 283 of 1909 is amended to extend the window of opportunity for the County to take over the responsibilities of the Road Commission, the Board of County Commissioners can really only delay a decision for about 12 months before this option disappears.*

➤ **Option 2: Restructure the road commission as an appointed board of 3 or 4 members.**

For purposes here, I'll discuss the three member option.

The BCRC functioned for many years with three members. The BOC may, of course, return it to three if it believes **that this will in some way address the Commissioners' concerns**. It should be noted that while the BOC may at any time go through the process of altering the number of road commissioners, except for resignations, an appointed road commissioner can only be removed pre-term by the BOC essentially for neglect of duty and/or malfeasance.

In other words, the BOC may alter the ultimate size of the road commission, but must wait until the expiration of the term of office of a commissioner (unless a vacancy occurs<sup>1</sup>) before effecting the change. The next vacancy is expected with the expiration of Commissioner Lynch's term on Dec 31, 2013.

**Administrator's Assessment of Option 2:** *Since the Road Commission currently has one vacancy, and another term expires December 31<sup>st</sup> of this year, returning the structure to three appointed road commissioners can be accomplished by January 1<sup>st</sup>. The three members would be Commissioners Zielke, Daniel, and Minks. Jess Minks term would expire on December 31, 2014. Changing the size of the board in itself will not resolve perceived issues of confidence and experience, but if it were coupled with the elimination of geographic "weight" added to the appointment process, over a period of years a more cohesive, seasoned commission may be created.*

➤ **Option 3: Restructure the road commission as an elected board of 3 to 5 members.**

The power to initially choose the election or appointment of county road commissioners is conferred upon the county board of commissioners. Notwithstanding the initial method of selection chosen, a county board of commissioners in counties containing 12 or more surveyed townships may change the method of selecting county road commissioners from time to time as the county board deems advisable. The process of changing from the currently appointed board, to one of 3-5 elected commissioners is pretty straightforward: the BOC would generally establish whether the election would be a regular or special election, the number of seats to be filled, and would specify the properly staggered terms. Except note that Attorney General Opinion No. 6322 dated November 15, 1985, states:

*“(T)he action by the county board of commissioners to change the method of selecting county road commissioners from appointment to election does not operate to create vacancies in such offices requiring that all county road commissioner offices be filled at the next election. It is my further opinion that each county road commissioner in a county where the mode of selection for the office is changed from appointment to election may serve the balance of their unexpired term.”*

Once again the rule that currently appointed road commissioners continue to serve in that capacity until their term expires prevails, so that, barring unforeseen vacancies<sup>2</sup> the full implementation of a change from appointed to elected road commissioners should be expected to take until January 1<sup>st</sup>, 2018.

**Administrator’s Assessment of Option 3:** *There is always a temptation when a difficult decision is required to simply say “let the voters decide”. I have three concerns about this approach, however. First, it would take four years to fully implement. Second, the County Board would voluntarily give up **any** control or responsibility for the road commission. It would become fully autonomous from the County. (Admittedly, some may find that a positive outcome.) And finally, the election of road commissioners would facilitate the candidacy and potential elections of individuals from large urban centers (i.e. cities) that may not have any real “investment” in the performance of the road commission since their local roads are taken care of by their municipality.*

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<sup>2</sup> MCL 168.267; MSA 6.1267, which provides: 'The office of county road commissioner in any county in this state shall become vacant upon the happening of any of the following events: Death of the incumbent; his resignation; his removal from office for cause; his ceasing to be a resident of the county where his office is located; his conviction of an infamous crime, or an offense involving the violation of his oath of office; the decision of a competent tribunal declaring his election or appointment void; his refusal or neglect to take and subscribe to the constitutional oath of office and deposit the same in the manner and within the time prescribed by law; or his refusal or neglect to give bond in the amount and manner and within the time prescribed by law.'

➤ **Option 4: Establish by formal agreement an enhanced collaboration between the County and the Road Commission.**

While this is not an option addressed in statute, the threat of a County “takeover” would certainly bring the otherwise independent road commission to the table for a serious discussion of increased cooperation. Ottawa County is currently exploring this as an alternative (see Reference B).

**Administrator’s Assessment of Option 4:** *While the advantage of this approach would be to maintain the Road Commission as a separate entity under any of the above alternatives, and to provide the appearance of addressing the issues, the obvious disadvantage is that it does not alter management responsibilities and the autonomy of the Road Commission. If the primary issues were financial accounting, the incorporation of technology, or in the human resources area, then a closer contractual relationship in these areas would be worthwhile. On the other hand, if the belief is that the problems lie with management and governance, the improvements resulting from this alternative would at best be of marginal value.*

➤ **Option 5: Transfer of the powers, duties, and functions that are otherwise provided by law for the appointed board of county road commissioners of that county to the county board of commissioners**

*(s) Before January 1, 2015, by majority vote of the members of the county board of commissioners elected and serving in a county with an appointed board of county road commissioners, pass a resolution that transfers the powers, duties, and functions that are otherwise provided by law for the appointed board of county road commissioners of that county to the county board of commissioners. The resolution is subject to the requirement in section 6(9) of chapter IV of 1909 PA 283, MCL 224.6. The appointed board of county road commissioners of that county is dissolved on the date specified in the resolution adopted under this subdivision, and the county board of commissioners is authorized to receive and expend funds as allowed under 1951 PA 51, MCL 247.651 to 247.675. (MCLA 46.11 Sec. 11)*

This alternative is clearly the most vigorous in its concept, resource intensive in its full implementation, and poses the greatest exposure to the County in terms of its unintended consequences.

If this alternative is approved by the BOC, I will, of course, defer to Corporate Counsel to orchestrate the actions necessary. It will require at least two public hearings on whether to transfer the powers, duties, and functions of the Berrien County Board of County Road Commissioners to the BOC. The final resolution will provide a specific date on which the BCRC is dissolved and requires only a majority vote of the BOC. If we had an elected road commission, the dissolution would require a question to be brought to the voters at the next general election.

The question of whether this decision is revocable is not found in the Public Highways and Private Roads Act (MCL 224.6) but is covered in the County Boards of Commissioners Act (PA 156 of 1851, as amended; see MCL 46.11).

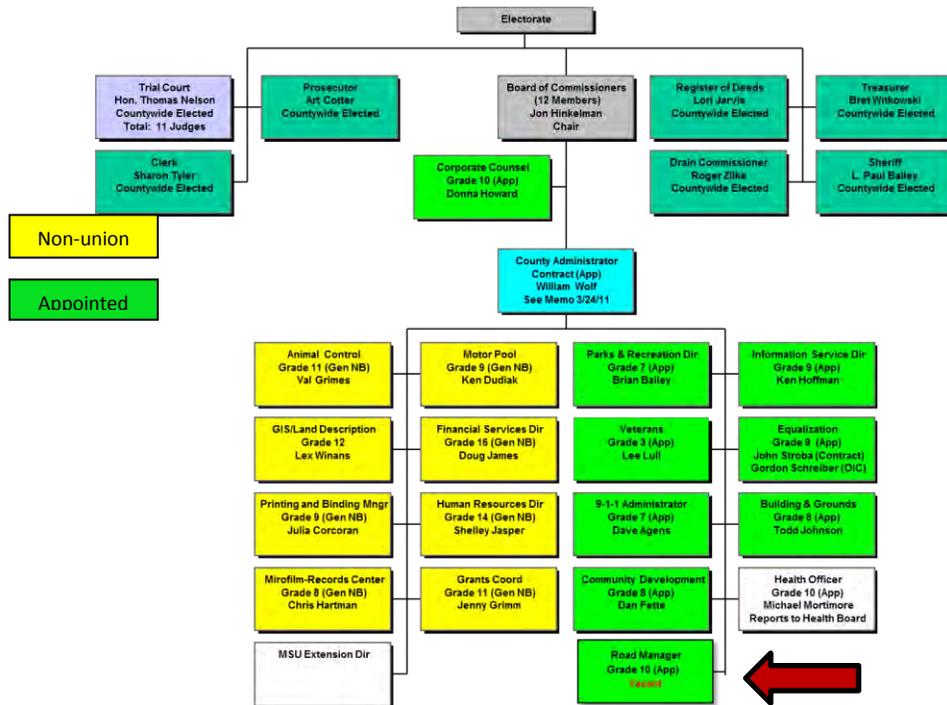
*(u) If, after a board of county road commissioners is dissolved as provided in subdivision (s) or (t), the county board of commissioners for a county determines that a board of county road commissioners would provide a cost savings to the county residents and would better meet the needs of the county residents, the county board of commissioners for **that county may, upon majority vote of the members of the county board of commissioners, submit the question of adopting a county road system with a board of county road commissioners to a vote of the electors of the county** as provided in chapter IV of 1909 PA 283, MCL 224.1 to 224.32.*

Also it is interesting to note, that while a county having a population of less than 12,000, by action of its board of commissioners, may abolish the office of the county drain commissioner, if the powers, duties, and functions of the board of county road commissioners of a county are transferred to the county board of commissioners then the county board of commissioners of that county shall reestablish, by resolution, the office of county drain commissioner as an elected office.

**Administrator's Assessment of Option 5:** *The remainder of this paper will be to propose an amended County organizational structure with a "Road Department" under the supervisory role of the County Administrator and an appointed Road Manager.*

**F. PROPOSED ORGANIZATIONAL STRUCTURE AND BOARD OF COMMISSIONER GOVERNANCE.**

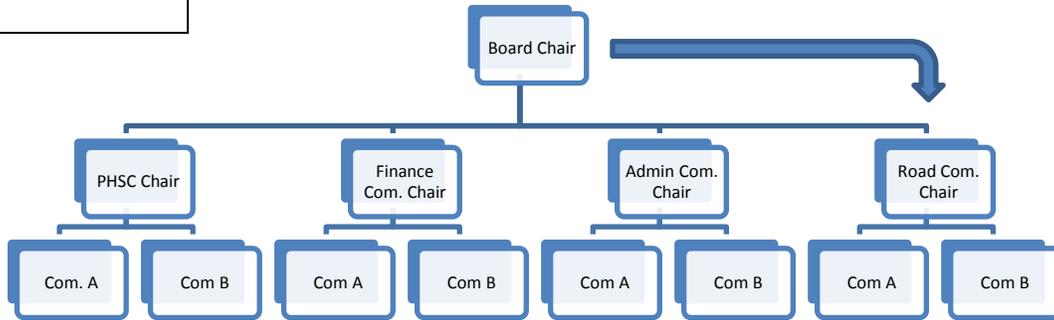
➤ **Amended County Organization**



The Department of County Roads would be established by resolution under the supervision of the County Administrator, similar to other departments not under a countywide elected official.

➤ **Four possible scenarios for Board of Commissioner Governance.**

**Scenario "A"**

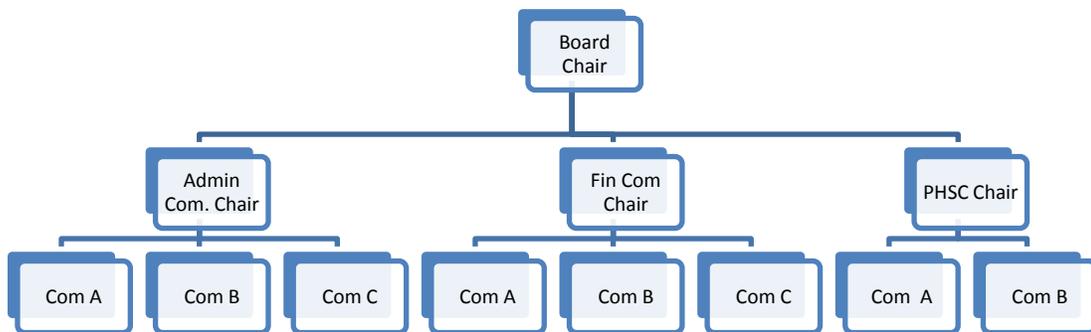


Each Parent Committee is composed of three Commissioners, allowing the creation of a 4<sup>th</sup>. This scenario requires the Chair to actively participate in a Committee.

**Scenario "B"**

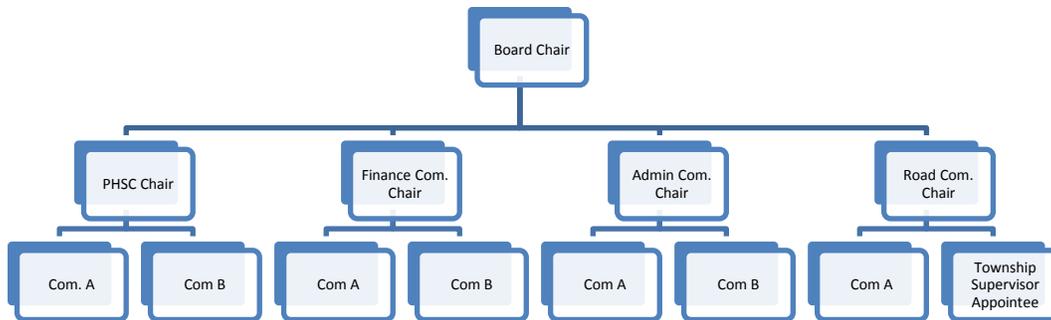


Committee on Committees in role of Road Parent Committee



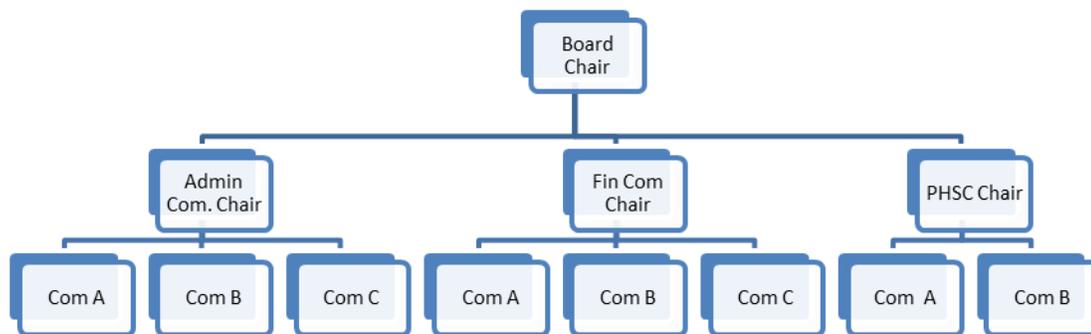
The three Parent Committees operate normally. Road issues are discussed by what is currently referred to as "the Committee on Committees". They would meet from 7:30AM to 8:30 AM each Thursday (or as otherwise determined).

**Scenario "C"**



Each Parent Committee is composed of three Commissioners, allowing the creation of a 4<sup>th</sup>. The third "seat" on the Road Committee would be filled by a township supervisor, either appointed by the Board or selected by the County MTA Organization.

**Scenario "D"**



The final scenario is to simply remain with three Parent Committees, and have one assume responsibility for the Road Department. This might be accomplished very easily by moving some departmental responsibilities such as the Clerk, MSUE, Printing, and Records to PHSC, and having the Road Department report to the Finance Committee.

**In considering "board governance", I would suggest that the less the County does in "extraordinary measures" to accommodate the new Road Department, the better. Our goal should be to integrate the Road Commission as smoothly and quietly as possible into the County structure-not to amend the County's structure, processes, and policies to accommodate the Road Commission.**

## **G. RESOURCES REQUIRED TO FULLY IMPLEMENT**

The BCRC budget does not resemble Berrien County budgets. The entire budget will fit on two pages: one for revenues and one for expenditures. The expenditures are identified **within general categories such as “Primary Road”, “Local Road”, “Equipment Expense”, and others** (e.g. Administrative Expense, Capital Outlay, etc.). Based on the documents received, only in the general ledger (or to a lesser extent the Annual Report which conforms with Act 51 reporting criteria) are total expenditures provided in detail (salary, insurance, maintenance, etc.)—but these are not clearly tied back to the budget categories. For that reason, a concise budgetary description of what costs would be incurred (and savings) by assuming road commission responsibilities is difficult.

My intent here is to identify what I believe the primary costs and savings will be over a three year process of integrating the Road Commission fully into the County organization. These are based on the following assumptions:

- a. Road Commission revenues will not dramatically change.
- b. The size and number of road projects will not change.
- c. Extreme weather events will not occur.
- d. The Federal audit will not result in a significant financial finding against the BCRC.
- e. The BCRC **budget is substantially “balanced” and, over the next 2-3 years, any increased investment in personnel, maintenance, and capital resources will have to be funded from the County.**
- f. If integrated into the County, we would want to provide maintenance and technology support services from resources outside the Road Department budget as we provide other County departments.
- g. Act 51 funds may be used to reimburse indirect costs. **The “outside” overhead services of the County would be “returned” to the general fund as an indirect charge initially established at 2% of the road budget pending the formal study (currently referred to as the “Maximus County-Wide Cost Allocation Plan”).**
- h. No salary adjustments to current County staff for the assumption of additional responsibility.
- i. The Watervliet and Three Oaks sites would continue as staging/storage areas.
- j. No major environmental liabilities would be discovered.

Expenses	Year One Potential Savings/(Added Cost)	Year Two Potential Savings/(Added Cost)	Year Three Potential Savings/(Added Cost)	Year Four Potential Savings/(Added Cost)	Description
<b>Road Department</b>					
Board of Road Commissioners	\$41,600	\$41,600	\$41,600	\$41,600	Elimination
Managing Director (w/benefits)	(\$112,000)	(\$117,600)	(\$123,480)	(\$129,654)	Addition (May already be in BCRC budget)
Financial Manager (w/benefits)	(\$80,000)	(\$50,400)	(\$52,920)	(\$55,566)	Reduction to .6 FTE
Liability Insurance (net savings)	\$50,000	\$50,000	\$50,000	\$50,000	Net Savings from combined policy
Professional Services	\$50,000	\$50,000	\$50,000	\$50,000	Legal Fees/Tech Support
Administrative Savings	\$0	\$45,000	\$45,000	\$45,000	Reduction of 1 FTE Office Staff
Pension Support Services	\$17,000	\$17,000	\$17,000	\$17,000	Payment for pension services
Audit Costs	\$30,000	\$30,000	\$30,000	\$30,000	Transferred to County
Indirect Costs (2% of Road budget)	\$0	(\$272,000)	(\$272,000)	(\$272,000)	TBD by Maximus in year 3 (includes all non-reimbursed support services)
<b>SUB-TOTAL:</b>	<b>(\$3,400)</b>	<b>(\$206,400)</b>	<b>(\$214,800)</b>	<b>(\$223,620)</b>	
<b>County General Fund</b>					
I/S Technical Support	(\$23,000)	(\$24,150)	(\$25,358)	(\$26,625)	.5 FTE
Maintenance Support	(\$56,000)	(\$58,800)	(\$61,740)	(\$64,827)	1.0 FTE
Financial Services	\$0	(\$33,600)	(\$35,280)	(\$37,044)	.4 FTE
Pension Support Services	(\$17,000)	(\$17,000)	(\$17,000)	(\$17,000)	Payment for pension services
Audit Costs	(\$30,000)	(\$30,000)	(\$30,000)	(\$30,000)	Transferred to County
Indirect Costs (2% of Road budget)	\$0	\$272,000	\$272,000	\$272,000	TBD by Maximus in year 3 (includes all non-reimbursed support services)
<b>SUB-TOTAL:</b>	<b>(\$126,000)</b>	<b>\$108,450</b>	<b>\$102,623</b>	<b>\$96,504</b>	
<b>County Capital Fund</b>					
Capital Equipment Outlay	(\$300,000)	(\$300,000)	(\$300,000)	(\$300,000)	4 New Trucks/year
Garage (3 ea) Office Area Improvements	(\$10,000)	(\$10,000)	(\$10,000)	\$0	HVAC/Misc
Garage (3 ea) Motor Pool Area	(\$85,000)	(\$85,000)	(\$85,000)	\$0	Air Replacement Units
Garage (3 ea) Exterior Improvements	(\$15,000)	(\$15,000)	(\$15,000)	\$0	Paint/Seal
Garage (3 ea) Misc Upgrades/Maintenance	(\$10,000)	(\$10,000)	(\$10,000)	(\$10,000)	TBD
Benton Harbor Garage & Admin Maintenance & Improvement	(\$200,000)	(\$20,000)	(\$20,000)	(\$10,000)	HVAC/Security (BCRC has \$150k budgeted for 2014 but that is not reflected here)
I/S Technical Upgrades	(\$100,000)	(\$100,000)	(\$50,000)	\$0	UPS/Phone System/Router & Switches/Connectivity/Windows 7
<b>SUB-TOTAL:</b>	<b>(\$720,000)</b>	<b>(\$540,000)</b>	<b>(\$490,000)</b>	<b>(\$320,000)</b>	
<b>GRAND TOTAL:</b>	<b>(\$849,400)</b>	<b>(\$637,950)</b>	<b>(\$602,178)</b>	<b>(\$447,116)</b>	

The above chart is an estimated calculation of “new” dollars that would have to be invested in the road department based on the assumptions described. These would likely have to be advanced from the Delinquent Tax Fund with anticipation of a long term repayment if and when new road revenues are identified.

Understandably, these numbers may have to be adjusted, but the intent is to portray a situation where there will be upfront funding required. If the Road budget is roughly balanced right now, adding personnel and capital investment without funding would necessarily require diverting much needed dollars away from maintaining our roads. While there are cost efficiencies in some areas, assuming the responsibilities of the Road Commission and properly integrating it into the County structure is not going to be a financial “wash” for the County.

**H. SUMMARY OF FINDINGS: THE ARGUMENTS FOR AND AGAINST TAKING OVER THE ROAD COMMISSION.**

<b>FOR</b>	<b>AGAINST</b>
Increased elected representative accountability	Road complaints will be filed directly with the County/ no "buffer"/ potential for adversarial situations as commissioner districts <b>"compete" for resources</b>
Smaller government	Increased responsibility on County staff
Centralized decision-making	<b>Challenging "learning curve"</b>
<b>"Resetting the bar" of employee management relations</b>	Difficult to undo the damage done by several years of turmoil
More efficient, operations-focused, road department	Increased personnel costs (up to \$192k in the first year)
Improved project budgeting	May be delayed until MUNIS is fully operational; additional software required
Savings in overhead/Economies of scale/ <b>greater "depth" of county government</b>	Savings are relatively minimal with respect to upfront costs
Facilitates Capital Improvements	Expected to cost over \$2 million in the first four years
Improved public information	High public expectations for change
Better collaboration with other units of government	Need for change not understood by all townships
Cultural change—employees should be able <b>to refocus on "mission" without unnecessary distractions.</b>	Cultural change—employees may initially find it difficult to adapt to new processes and policies.
<b>"Fresh start" in responding to Federal audit</b>	Unknown outcome of Federal audit
Uniformity in bargaining, salaries, benefits	Current bargaining agreement in effect until August, 2015
Improved budgeting for road operations	Difficulty in preparing line item budget when one has not existed prior
Improved purchasing processes	Integrating into county purchasing system will take time and resources
Greater resources of County to supplement declining State road funding	Use of County financial reserves to provide non-mandated services
	Complaints from other departments, particularly countywide elected officials, that scarce funding is being used for non-mandated road services.
Improved management of fund balance investment	Increased workload on Treasurer
Improved chances of voter approval of county road millage	County Board, if it chooses, will have to approve taking a road millage question to the voters
Catalyst for changing County fiscal year from Jan 1—Dec 31 <sup>st</sup> , to Oct 1—Sept 30 <sup>th</sup> . This would address many issues such as Federal/State funding cycles (which directly impact all grants, i.e., Health Department and, of course, the Road Department	Different fiscal years until change are accomplished. Cannot be considered until 2015.

## **I. COUNTY ADMINISTRATOR'S SUMMARY**

Berrien County has the organizational capacity to assume the responsibilities of the Road Commission. **There are no "show stoppers"**, and I believe the financial liabilities are manageable. It is a *feasible* option.

If the County Board agrees with my assessment of the problem, that it is a dysfunctional management, then the decision comes down to how to fix it, and how quickly do you need to do it?

It is possible that the current appointed members will over time become more knowledgeable and begin to delegate the appropriate level of authority to the Managing Director—and choose a qualified, experienced Manager over the next few weeks. While past history demonstrates that any effective Managing Director will have to contend with employee turmoil, if he or she has the full support of the Road Commissioners (and the **County Board of Commissioners**), **I'm confident that over time the "discontent" will either disappear or the "discontented" will be gone.**

If the current appointed members fail to improve the management culture at the Road Commission, then over a period of several years, the Board of County Commissioners may affect a change through new appointments. In the meantime, I doubt if conditions will improve and I would expect to see continued employee turmoil.

Establishing the Road Commission as an elected body is no quick fix. Appointed terms have to be completed and the result, with an even greater degree of separation from the County, might have unintended consequences.

If the problems lie at the management and governance level, then a formal agreement to deal with ancillary issues has, in my mind, a low probability of success.

Unless one of these first four options sounds promising to you, you are left with the option of taking over the responsibilities of the Road Commission. Speaking for myself and your county staff, no one who would serve on the implementation team has expressed any degree of enthusiasm for a consolidation. No department has the time, budget, or personnel to enter into this additional responsibility without reservations, and yet no one doubts the need for action. Furthermore, no staff member has proposed a viable alternative. If it is the decision of the BOC to assume the responsibilities of the Road Commission, you can depend on your staff to step up and make it happen to the very best of our ability.

However, to attempt the consolidation with no additional dedicated funding would either drain resources of personnel and money away from the current department budgets, or **divert it away from the Road Commission's primary function of maintaining roads. Doing it "on the cheap" would** most likely still remedy the management issues, but could pose a real risk to the County and its roads! If the BOC wants to move the question forward to the public hearing process, I would ask that the proposal includes the needed funding.

## **REFERENCES:**

### ***PUBLIC HIGHWAYS AND PRIVATE ROADS (EXCERPT)*** **Act 283 of 1909**

***224.6 Board of county road commissioners; election or appointment; notice of election; date; term of office; removal from office; notice of charges; county with population of 750,000 or more; powers and duties; reorganization; expenditure of funds; alteration of number of county road commissions; transfer of powers and duties of county road commissioners to county board of commissioners; resolution.***

Sec. 6.

*(1) Except as otherwise provided by law and under subsection (4), (5), (7), or (8), in a county where the county road system is adopted, a board of county road commissioners consisting of not less than 3 members or more than 5 members shall be elected by the people of the county. The initial road commissioners shall be appointed by the county board of commissioners or elected at a general or special election called for that purpose, as determined by the county board of commissioners. The county board of commissioners may by resolution provide for staggered terms of office for the road commissioners under this subsection so that not more than 2 road commissioners' terms of office expire in the same year.*

*(2) If the road commissioners are appointed, they shall hold office only until January 1 of the first odd numbered year following the date of appointment. If the road commissioners are to be elected at a general or special election, notice of the election, embodying a copy of the resolutions of the county board of commissioners, giving the number and terms of the office of the road commissioners to be elected, shall be published by the clerk as required by section 3 of this chapter.*

*(3) The regular election of county road commissioners shall be held at the general election on the first Tuesday after the first Monday in November. The term of office of an elected county road commissioner shall commence on January 1 in the year following his or her election. The notice of the election shall be given at the time notice is given of the general election of county officers.*

*(4) The election of county road commissioners shall not be mandatory in any county that contains all or part of 12 surveyed townships as determined by the government survey of the county. Except as provided under subsection (5), in a county under this subsection the county board of commissioners, by a majority of its members elect, may appoint the county road commissioners. A county road commissioner appointed under this subsection shall not be removed from office before the expiration of his or her term of office without being given written notice of the charges made against him or her and an opportunity to appear before the county board of commissioners for a hearing on the charges.*

(5) *In a county having a population of 750,000 or more that has adopted a charter under 1966 PA 293, MCL 45.501 to 45.521, the powers and duties that are otherwise provided by law for a board of county road commissioners may be reorganized by amendment to the charter. In a county having a population of 750,000 or more with a charter commission proposing a charter under 1966 PA 293, MCL 45.501 to 45.521, the powers and duties that are otherwise provided by law for a board of county road commissioners may be reorganized under the charter if, at the election considering the approval of the charter, the voters approve both the charter and a separate ballot question presented by the charter commission to reorganize the board of county road commissioners. Funds provided to the county under 1951 PA 51, MCL 247.651 to 247.675, shall only be expended for the purposes provided under 1951 PA 51, MCL 247.651 to 247.675.*

(6) *If the county board of commissioners proposes to alter the number of county road commissioners as allowed under this act, the county board of commissioners shall hold not less than 1 public hearing on the proposed change to the road commission. The county board of commissioners shall give notice as required under the open meetings act, 1976 PA 267, MCL 15.261 to 15.275, of the time and place of the public hearing not less than 28 days before the hearing. The county board of commissioners shall also provide written notice of the hearing to the county road commission and, if available, by posting the notice on the county's website. The county board of commissioners may vote on whether to alter the number of county road commissioners at the meeting noticed under this subsection.*

*(7) Except as otherwise provided under subsection (5) and subject to the requirement provided in subsection (9), before January 1, 2015, the powers, duties, and functions that are otherwise provided by law for an appointed board of county road commissioners may be transferred to the county board of commissioners by a resolution as allowed under section 11 of 1851 PA 156, MCL 46.11. The appointed board of county road commissioners of that county is dissolved on the date specified in the resolution adopted under this subsection, and the county board of commissioners is authorized to receive and expend funds as allowed under 1951 PA 51, MCL 247.651 to 247.675.*

(8) *Except as otherwise provided in subsection (5) and subject to the requirement provided in subsection (9), before January 1, 2015, the county board of commissioners in a county with an elected board of county road commissioners may, by a resolution as allowed under section 11 of 1851 PA 156, MCL 46.11, submit to the qualified and registered electors of the county at the next regular election to be held in the county the question of transferring the powers, duties, and functions of the elected board of county road commissioners of that county to the county board of commissioners. If a majority of the qualified and registered electors of the county voting on the question vote in favor of transferring the powers, duties, and functions of the elected board of county road commissioners of that county to the county board of commissioners, the elected board of county road commissioners of that county is dissolved and the county board of commissioners is authorized to receive and expend funds as allowed under 1951 PA 51, MCL 247.651 to 247.675.*

(9) *Before adopting a resolution under subsection (7) or (8), the county board of commissioners shall conduct, at a minimum, 2 public hearings on whether to transfer the powers, duties, and functions of the board of county road commissioners to the county board of commissioners.*

## **224.19 Board of county road commissioners; powers and duties generally.**

Sec. 19.

*(1) The board of county road commissioners may grade, drain, construct, gravel, shale, or macadamize a road under its control, make an improvement in the road, and may extend and enlarge an improvement. The board may construct bridges and culverts on the line of the road, and repair and maintain roads, bridges, and culverts.*

*(2) The commissioners shall take over, construct, and maintain the bridges included in the proposed system of county roads provided in section 18 of this chapter, except bridges that are lawfully taken over for construction and maintenance in whole or in part by the state. When it is necessary to construct a bridge across a navigable stream over which a road under the control of the board of county road commissioners runs, the board may construct, repair, and maintain a bridge across the navigable stream with proper and adequate approaches to the bridge for the accommodation of traffic, and the bridge and the approaches to the bridge shall be of a width, size, strength, material, pattern, and design which the board considers suitable to meet the necessities and requirements of traffic and the relevant conditions, despite the fact that the bridge or the approaches to the bridge, or a portion of either, is within the limits of an incorporated municipality. The board of county road commissioners may borrow money, enter into contracts, and pledge the credit of the county in the manner and within the limitations provided by law for this purpose. For money borrowed, an obligation assumed, or a pledge of credit given, the bonds of the county may be issued and sold when authorized by the electors in the manner provided by law. The authority and powers granted in this section relative to bridges over navigable streams and the grant of that authority are retroactive and all acts of boards of county road commissioners, county boards of commissioners and other county officers, and all elections held, indebtedness incurred or authorized, and bonds approved or authorized by the electors of the county, to be issued and sold for the purpose and with the intent to provide for the construction, repair, and maintenance of bridges over navigable streams and their approaches are valid and binding acts and obligations. The obligations assumed, indebtedness incurred, pledge of credit given, and bonds issued or authorized by counties within this state for these purposes are valid.*

*(3) The construction, improvement, and maintenance of roads, bridges, and culverts, shall be in accordance with plans and specifications furnished or approved by the county highway engineer, who shall have supervision of the construction. The county road commissioners have all the authority in respect to the roads, bridges, and culverts which is vested in highway officers in townships, including the right to condemn gravel for road purposes and to petition the county drain commissioner for an outlet drain as provided in section 8 of chapter 15.*

*(4) The board of county road commissioners may maintain in its own name an action for injury to a county road, a part of the road as laid out and established, or to an improvement on the road. Money recovered in the action shall be paid to the county treasurer and shall be credited to the county road fund.*

*(5) When the board of county road commissioners decides to build or rebuild a road or bridge by a method other than by employment of day labor and purchase of necessary materials, the board shall advertise for sealed bids for the work, if the work involves an expenditure of an amount greater than \$20,000.00. The board may reject any and all bids and may do the work by day labor, purchasing the necessary materials and employing the necessary labor. If the board decides to do the work by day labor, the plans and specifications together with all bids received on the plans and specifications, and the reason,*

*in writing, for not letting the job by contract, shall be filed in the office of the county clerk. If a bridge is to be repaired or built at a cost greater than \$500.00, the county road commissioners may apply to the state transportation department, which shall assign a competent engineer to review and report on plans that may have been prepared by the county highway engineer, or decide regarding the merits of each plan on which tenders may have been received before the contract was let, and pass on the completed structure before the contractor for that contract is paid.*

**COUNTY BOARDS OF COMMISSIONERS (EXCERPT)**  
**Act 156 of 1851**

**46.11 Powers of county board of commissioners.**

Sec. 11.

*(s) Before January 1, 2015, by majority vote of the members of the county board of commissioners elected and serving in a county with an appointed board of county road commissioners, pass a resolution that transfers the powers, duties, and functions that are otherwise provided by law for the appointed board of county road commissioners of that county to the county board of commissioners. The resolution is subject to the requirement in section 6(9) of chapter IV of 1909 PA 283, MCL 224.6. The appointed board of county road commissioners of that county is dissolved on the date specified in the resolution adopted under this subdivision, and the county board of commissioners is authorized to receive and expend funds as allowed under 1951 PA 51, MCL 247.651 to 247.675. If the powers, duties, and functions of the board of county road commissioners of a county are transferred to the county board of commissioners of that county under this subdivision and the powers and duties of the office of county drain commissioner of that county had previously been transferred to the board of county road commissioners as provided in section 21(3) of the drain code of 1956, 1956 PA 40, MCL 280.21, then the county board of commissioners of that county shall reestablish, by resolution, the office of county drain commissioner as an elected office. The resolution reestablishing the office of county drain commissioner shall provide for the appointment of an acting county drain commissioner for that county who shall hold office until the next general election at which a county drain commissioner will be elected as provided in chapter X of the Michigan election law, 1954 PA 116, MCL 168.191 to 168.211.*

*(u) If, after a board of county road commissioners is dissolved as provided in subdivision (s) or (t), the county board of commissioners for a county determines that a board of county road commissioners would provide a cost savings to the county residents and would better meet the needs of the county residents, the county board of commissioners for that county may, upon majority vote of the members of the county board of commissioners, submit the question of adopting a county road system with a board of county road commissioners to a vote of the electors of the county as provided in chapter IV of 1909 PA 283, MCL 224.1 to 224.32.*