

## **2010 Road Construction Budget Larger Due To Cost Cutting**

Oct. 15, 2010

**Mount Clemens** – Cost cutting and a mild winter saved the Road Commission of Macomb County enough money to add another \$5.5 million in road improvement projects to its plan for next summer.

The three-member Road Commission board on Friday, Oct. 15, approved the projects, including the rebuilding and widening of 26 Mile, from west of Van Dyke to the M-53 Freeway, after the finance department reported that spending for the fiscal year 2009-2010 was coming in under budget.

“This is great news for the public because we can use these savings to improve our roads,” said Road Commissioner Fran Gillett. “I commend the department heads and our employees who have worked hard to maintain services while cutting expenses in a period of rising costs.”

“Thanks to the staff’s efforts, the cutbacks we have been forced to make have had a minimal impact on snow removal and other services,” Gillett added.

The Road Commission’s austerity program, which started in 2005 when state revenues began falling, has reduced its workforce through attrition by about 24 percent, from 310 employees to 237. Its annual state revenues from fuel taxes and vehicle registration fees have fallen from \$40 million in 2004 to an estimated \$33.9 million in this fiscal year.

Finance Director Michelle Mykytiak said the cost savings are a result of the weather; changes in health care insurance for employees; a reduction in staff; the sale of road striping equipment and contracting out for painting the lanes; and other austerity measures.

“The mild winter helped out tremendously and we reduced our workforce by 14 positions through attrition during the fiscal year. That made a big difference in our bottom line,” she said.

She noted that the maintenance department’s expenditures are coming in about \$2 million under budget and the winter had a large impact on that since there was less overtime, fuel costs and salt usage. Savings in the maintenance department also were the result of fewer employees and other cutbacks.

For example, two front end loaders in normal economic times would have been replaced at a cost of about \$165,000 each. Instead, their engines were rebuilt for about \$15,000 each and are back in service, said Bob Mykytiak, the maintenance supervisor.

“Those are 1997 models and they’ve got about 17,000 hours on them. That’s a lot of hours, but we’re going to try to get another three-to-five years out of them.”

Another major savings is in health care. Health insurance for the Road Commission’s management, and through contract negotiations for its union members, was changed during the year saving the agency about \$500,000. The change is projected to save the Road Commission significantly more in the current fiscal year, which began Oct. 1, because all employees will have the new policy for the entire year.

“Then we chopped away at expenses wherever we could. We found ways to get things that we needed a little cheaper. For example, we spent \$11,000 less on engineering supplies.

“It was an agency wide effort to reduce costs and then there was a savings that, like the weather, we had no control over – the stock market,” she said.

When the previous year’s budget was being worked on, the stock market was down and so the amount of money allocated for the pension system had to be increased. Since then the market’s partial recovery has reduced that allocation by more than \$1 million, she said.

There also were savings on construction projects funded by the Federal Highway Administration and the Road Commission, especially the 2.5-mile Metropolitan Parkway widening and reconstruction from Garfield to Groesbeck. The Road Commission saved about \$280,000 when the contract came in less than estimated.

The construction projects that the Road Commission board added to next year’s budget are:

- The reconstruction and widening of 26 Mile from four to six lanes from west of Van Dyke to near the M-53 Freeway at an estimated cost of about \$2.7 million.
- An increase of \$410,000 for the limestone program for unpaved roads to a total of \$685,000.
- The replacement of up to four five-foot wide culverts with reinforced concrete at a cost of \$500,000.
- An additional expenditure of \$845,000 for improvements in primary road pavement for a total expenditure of about \$1.7 million.
- An increase of \$845,000 to the budget for local road preservation for a total of about \$1.7 million.
- An allocation of \$250,000 to the budget for special pavement markings, such as crosswalks.

The total budget for road construction next year will be increased from \$33 million to \$38.8 million.