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BLM Outlines Roadmap for Jump-Starting MI Infrastructure Improvements

Independent Study Supports Findings of Governor's Infrastructure Commission

DETROIT, Jan. 12, 2016 – Following a yearlong process of independent research by a globally-recognized consulting firm, Business Leaders for Michigan (BLM) today released a study of Michigan's infrastructure that supports the findings of the Governor's 21st Century Infrastructure Commission and issued a set of policy principles to guide implementation.

"The overall grade of 'D' the American Society of Civil Engineers has given our state's infrastructure condition tells us what we already know – we have a critical problem," said Doug Rothwell, BLM President & CEO. "The BLM report and Governor's Commission findings document these needs in detail and identify best practices others have used to address similar challenges. We hope the policy guidelines BLM adopted give policymakers a roadmap for how to move these ideas into action."

The BLM study aligned with the Governor's Commission in the following respects:

- Michigan's infrastructure funding gap: approximately \$4 billion/year
- The goals of an infrastructure policy: growing the economy, improving health and safety and achieving sustainability
- The major components of a plan:
 - Adoption of an asset management system
 - Forming a state infrastructure council to coordinate actions
 - Adopting sustainable funding sources
 - Utilizing innovative financing mechanisms

"Michigan would benefit from coordinating the wide range of infrastructure improvements needed in a thoughtful, efficient manner," Rothwell said. "Our plan identifies promising best practices that can be brought to scale. While infrastructure needs are a growing challenge across the U.S., there are key strategies—coordinating councils, asset management tools, and new funding mechanisms—that Michigan can use to make our infrastructure one of the nation's finest."

In addition to an assessment of best practices and a prioritization of Michigan's unique needs, the report also highlights funding issues, "Michigan has largely been struggling to fund 'fair to good' levels of infrastructure when we should be striving to fund 'better or best' levels," Rothwell said.

BLM announced its support for significant new funding to support long-term infrastructure solutions that meet the following policy principles:

- Solutions should be prioritized based on economic, health and safety risks, with transportation and water systems given highest priority.
- Regional and cross-functional coordination and resultant efficiencies should be rewarded.
- Public-private partnerships and alternative financing methods should be fully utilized.
- Funding should be sufficient to ensure at least "good" and ideally "best" quality conditions.

- Warranties on work should be required.
- Funding should be both sustainable and dedicated.
- Revenue should come from the users of the infrastructure – which means all of us. General purpose taxes (e.g., sales and income taxes) that fund the balance of state government should not be utilized.
- User fees should reflect the true cost of service, including the replacement or rehabilitation of aging infrastructure.
- A renewable bond program and/or regional assessment could be used to fund one-time or recurring needs that cannot be reasonably addressed through user-based funding. However, the revenue source should not adversely impact other critical priorities that help create jobs, such as job training, higher education and economic development.
- A statewide nonpartisan, multi-infrastructure council composed of professional subject-matter experts should be established to recommend strategic prioritization of investments, maximize capture of federal dollars, facilitate public-private partnerships, oversee a coordinated asset management system and possibly coordinate projects of state significance.

“Simply put, we must become far more strategic about our infrastructure investments,” Rothwell said. “For too long, we’ve been putting out fires. We need to lay out a comprehensive plan for fixing, maintaining and expanding our infrastructure so it supports our needs now and in the future.”

A full copy of the BLM report is available at www.businessleadersformichigan.com. Research and industry analysis for this project was conducted by Business Leaders for Michigan and Deloitte Transactions and Business Analytics LLP’s Infrastructure & Capital Projects Group.

About Business Leaders for Michigan:

Business Leaders for Michigan, the state’s business roundtable, is dedicated to making Michigan a "Top Ten" state for jobs, personal income and a healthy economy. The organization is composed exclusively of the chairpersons, chief executive officers, or most senior executives of Michigan's largest companies and universities. Our members drive 32 percent of the state’s economy, provide nearly 375,000 direct jobs in Michigan, generate over \$1 trillion in annual revenue and serve nearly one-half of all Michigan public university students. Find out more at: www.businessleadersformichigan.com.