

Legislative Analysis



ROAD AGENCY BIDDING REQUIREMENTS

Phone: (517) 373-8080
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House Bill 4845 as introduced

Sponsor: Rep. Tom Kunse

Committee: Transportation and Infrastructure

Revised 10-29-25

Analysis available at
<http://www.legislature.mi.gov>

SUMMARY:

House Bill 4845 would amend 1951 PA 51, which governs the distribution of funding for state and local road and bridge programs, to modify construction contract bidding requirements for Michigan Department of Transportation (MDOT) and local road agency projects.

Generally speaking, and with certain exceptions, the act requires MDOT and local road agency construction or *preservation* projects whose cost exceeds \$100,000 to be performed by contract awarded by competitive bidding. For local road agencies, *maintenance* is now exempted from the competitive bidding requirements. (See “Background,” below, for the statutory definitions that apply to terms in *bold italics*.)

The bill would retain the \$100,000 threshold with respect to MDOT projects, but it would newly exempt the installation or upgrading of advanced traffic operation centers and traffic signal systems from the competitive bidding requirements.

The bill would remove the \$100,000 threshold with respect to local road agency projects. It would newly require local road agency *preventive maintenance* projects to be subject to competitive bidding, while at the same time newly exempting a local agency’s resurfacing of roads (which is a type of *preservation* project).¹ Under the bill, the act’s competitive bidding requirements would apply to the following construction projects of a local road agency:

- Any construction project whose individual project and contiguous project costs exceed \$350,000 for construction or *preservation*, excluding *routine maintenance*.
- Every construction project of a local road agency in a fiscal year after the local road agency exceeds \$1.35 million in total costs for construction or *preservation*, excluding *routine maintenance*, in that fiscal year. However, this provision would not apply to a city or village with a population of more than 500,000.

After the first full fiscal year after the bill takes effect, MDOT would have to adjust the above dollar amounts for inflation for each subsequent fiscal year, using the most comprehensive Consumer Price Index available for the state from the Bureau of Labor Statistics of the United States Department of Labor, and post the adjusted amounts on its website.

MCL 247.661c

¹ The bill also would rephrase a current exemption for the installation or upgrading of “advanced traffic management and signals” to refer instead to “advanced traffic operation centers and traffic signal systems.”

BACKGROUND:

Technical terms used in the competitive bidding provisions of both current law and the bill are defined in the act to have the specific meanings indicated below.

Preservation means an activity undertaken to preserve the integrity of the existing roadway system. Preservation does *not* include new construction of highways, roads, streets, or bridges or a project that increases the capacity of a highway facility to accommodate that part of traffic having neither an origin nor destination in the local area. Preservation includes the following:

- Maintenance.
- Capital preventive treatments.
- Safety projects.
- Reconstruction.
- Resurfacing.
- Restoration.
- Rehabilitation.
- Widening, but only if less than the width of one lane.
- Adding auxiliary weaving, climbing, or speed-change lanes.
- Modernizing intersections.
- Adding auxiliary turning lanes, but only if 1/2 mile or less.
- Installing traffic signs in new locations, installing signal devices in new locations, and replacing existing signal devices.

Maintenance means *routine maintenance* or *preventive maintenance*, or both. Maintenance does *not* include any of the following (most of which are defined above as *preservation*):

- Capital preventive treatments.
- Safety projects.
- Reconstruction.
- Resurfacing.
- Restoration.
- Rehabilitation.
- Widening of less than one lane width.
- Adding auxiliary weaving, climbing, or speed-change lanes.
- Modernizing intersections.
- Adding auxiliary turn lanes of 1/2 mile or less.
- The upgrading of aggregate surface roads to hard surface roads.
- Streetlighting for state trunk line highways, except for freeway lighting for traffic safety purposes.

Routine maintenance means actions performed on a regular or controllable basis or in response to uncontrollable events upon a highway, road, street, or bridge. Routine maintenance includes the following:

- Snow and ice removal.
- Pothole patching.
- Unplugging drain facilities.
- Replacing damaged sign and pavement markings.
- Replacing damaged guardrails.

- Repairing storm damage.
- Repair or operation of traffic signs and signal systems.
- Emergency environmental cleanup.
- Emergency repairs.
- Emergency management of road closures that result from uncontrollable events.
- Cleaning streets and associated drainage.
- Mowing roadside.
- Control of roadside brush and vegetation.
- Cleaning roadside.
- Repairing lighting.
- Grading.

Preventive maintenance means a planned strategy of cost-effective treatments to an existing roadway system and its appurtenances that preserve assets by retarding deterioration and maintaining functional condition without significantly increasing structural capacity. Preventive maintenance includes the following:

- Pavement crack sealing.
- Micro surfacing.
- Chip sealing.
- Concrete joint resealing.
- Concrete joint repair.
- Filling shallow pavement cracks.
- Patching concrete.
- Shoulder resurfacing.
- Concrete diamond grinding.
- Dowel bar retrofit.
- Bituminous overlays of 1-1/2 inches or less in thickness.
- Restoration of drainage.
- Bridge crack sealing.
- Bridge joint repair.
- Bridge seismic retrofit.
- Bridge scour countermeasures.
- Bridge painting.
- Pollution prevention.
- New treatments as they may be developed.

FISCAL IMPACT:

As described above, House Bill 4845 would amend section 11c of 1951 PA 51, a section dealing with construction contract bidding requirements.

The bill primarily affects dollar thresholds that govern when local road agencies are required to use competitive bidding for construction projects, as opposed to performing the work with their own forces. Construction work performed by local road agency forces, as opposed to private contractors through competitive bidding, is termed “force account” work.

Which construction contracting method—competitive bidding or local force account—is most effective or efficient generally depends on local or project-specific conditions. The bill does not appear to directly affect state or local costs or revenues generally.

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■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations and does not constitute an official statement of legislative intent.