

Act No. 387
Public Acts of 2012
Approved by the Governor
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**STATE OF MICHIGAN
96TH LEGISLATURE
REGULAR SESSION OF 2012**

Introduced by Senators Casperson, Johnson, Kowall and Warren

ENROLLED SENATE BILL No. 909

AN ACT to provide for certain regional transit authorities; to provide regional public transportation; to prescribe certain powers and duties of a regional transit authority and of certain state agencies and officials; to authorize the levy of an assessment and to provide for the issuance of bonds and notes; to collect certain taxes; to make appropriations; to provide for the pledge of assessment revenues and other funds for bond and note payments; and to repeal acts and parts of acts.

The People of the State of Michigan enact:

Sec. 1. This act shall be known and may be cited as the “regional transit authority act”.

Sec. 1a. The intent of this legislation is to create a regional transit system by establishing a regional transit authority.

Sec. 2. As used in this act:

- (a) “Authority” means a regional transit authority created under this act.
- (b) “Board” means the governing body of an authority.
- (c) “City” means a city incorporated under the home rule city act, 1909 PA 279, MCL 117.1 to 117.38.
- (d) “Cost plus construction contract” means a contract under which the contractor is paid a negotiated amount, regardless of the expenses incurred by the contractor.
- (e) “County executive” means the county executive of a county or, if the county does not have an elected county executive, the chair of the county board of commissioners.
- (f) “Department” means the state transportation department.
- (g) “Fiscal year” means the time period between October 1 of a calendar year through September 30 of the following calendar year.
- (h) “Governor’s representative” means a resident of a public transit region who is appointed to the board by the governor under section 5(1)(a).
- (i) “Local road agency” means that term as defined in section 9a of 1951 PA 51, MCL 247.659a.
- (j) “Member jurisdiction” means a city or county that appoints a member of a board under section 5.

(k) "Public transportation" means the movement of individuals and goods by publicly owned bus, rapid transit vehicle, or other conveyance that provides general or special service to the public, but not including school buses or charter or sightseeing service or transportation that is used exclusively for school purposes. Public transportation includes the movement of individuals and goods by privately owned bus, railroad car, rapid transit vehicle, or other conveyance that, under a contract with an authority, provides general or special service to the public, but not including school buses or charter or sightseeing service or transportation that is used exclusively for school purposes. Public transportation is a transportation purpose within the meaning of section 9 of article IX of the state constitution of 1963.

(l) "Public transportation facility" means all plants, equipment, work instrumentalities, and real and personal property and rights used or useful for public transportation.

(m) "Public transportation provider" means a public or private entity that provides public transportation services and includes a contractor providing services to a public transportation provider. Public transportation provider includes an authority or agency existing on or created after the effective date of this act. Public transportation provider includes an authority formed under any of the following:

(i) 1963 PA 55, MCL 124.351 to 124.359.

(ii) The urban cooperation act of 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to 124.512.

(iii) 1967 (Ex Sess) PA 8, MCL 124.531 to 124.536.

(iv) 1951 PA 35, MCL 124.1 to 124.13.

(v) The public transportation authority act, 1986 PA 196, MCL 124.451 to 124.479.

(vi) The revenue bond act of 1933, 1933 PA 94, MCL 141.101 to 141.140.

(n) "Public transit region" means an area of this state consisting of a qualified region. Public transit region also includes a county added to a public transit region by an authority under section 4.

(o) "Public transportation system" means a system for providing public transportation in the form of light rail, rolling rapid transit, or other modes of public transportation and public transportation facilities to individuals.

(p) "Qualified county" means a county in this state with the largest population according to the most recent decennial census.

(q) "Qualified region" means a geographic area of this state that includes a qualified county and the 3 counties with the largest populations according to the most recent decennial census that are contiguous to the qualified county.

(r) "Rolling rapid transit system" means bus services that may combine the technology of intelligent transportation systems, traffic signal priority, cleaner and quieter vehicles, rapid and convenient fare collection, and integration with land use policy. Rolling rapid transit may include, but is not limited to, all of the following:

(i) Exclusive rights-of-way.

(ii) Rapid boarding and alighting.

(iii) Integration with other modes of transportation.

Sec. 3. (1) For an area of this state that is a qualified region on the effective date of this act, an authority is created on the effective date of this act for a public transit region that includes the qualified region. For an area of this state that becomes a qualified region after the effective date of this act, an authority is created on the date the area becomes a qualified region for the public transit region that includes the qualified region. An authority created under this act is a municipal public body corporate and a metropolitan authority authorized by section 27 of article VII of the state constitution of 1963, shall possess the powers, duties, functions, and responsibilities vested in an authority by this act, and shall carry out the rights, duties, and obligations provided for in this act. An authority is not an agency or authority of this state.

(2) The name of an authority created under subsection (1) shall include the phrase "regional transit authority".

Sec. 4. (1) A county that is not included in a public transit region and is not a participant in an authority may petition an authority to become a part of the public transit region and the authority, subject to approval of the petition by resolution of the governing body of the petitioning county.

(2) A petitioning county shall be added to a public transit region and an authority if both of the following conditions are satisfied:

(a) The petitioning county is adjacent to a county that is, at the time of the petition, included in the public transit region.

(b) The addition of the petitioning county to the public transit region and the authority is approved by the board.

(3) If an authority is levying an assessment under section 10(2) or a motor vehicle registration tax under section 10(3), or both, a petitioning county that satisfies the conditions under subsection (2) is a provisional member of the authority without voting power or transportation service from the authority until the assessment levied by the authority under section 10(2) or the motor vehicle registration tax under section 10(3), or both, is approved by a majority of the electors

of the petitioning county at the first general or special election held on a regular date as provided in the Michigan election law, 1954 PA 116, MCL 168.1 to 168.992, to occur at least 71 days after appointment of a board member representing the petitioning county under section 5(12).

Sec. 5. (1) An authority shall be directed and governed by a board consisting of all of the following:

(a) One governor's representative appointed by the governor, who shall serve without vote.

(b) Two individuals appointed by the county executive of the county within the public transit region with the second largest population according to the most recent decennial census.

(c) Two individuals appointed by the county executive of the county within the public transit region with the third largest population according to the most recent decennial census.

(d) Two individuals appointed by the county executive of a county within the public transit region with the fourth largest population according to the most recent decennial census.

(e) Two individuals appointed by the county executive of the qualified county within the public transit region. One of the 2 individuals appointed under this subdivision shall be a resident of a city within the qualified county with the largest population according to the most recent decennial census.

(f) One individual appointed by the mayor of the city within the qualified county with the largest population according to the most recent decennial census.

(g) After the initial appointment of board members under subsection (2), if the addition of a petitioning county is approved by the board under section 4, 2 individuals appointed by the county executive of the petitioning county as provided in subsection (12).

(2) Initial appointments of the members of a board shall be made within 90 days after the creation of an authority, and a board may not exercise any powers, duties, functions, or responsibilities under this act until all of the initial members identified under subsection (1) are appointed and qualified. Except as otherwise provided in this section, members of a board shall be appointed for a term of 3 years. Of the members initially appointed, 1 of the 2 board members appointed by each county executive under subsection (1)(b) to (e) shall be appointed for an initial term of 1 year, a board member appointed under subsection (1)(f) shall be appointed for an initial term of 2 years, and the governor's representative and 1 of the 2 board members appointed by each county executive under subsection (1)(b) to (e) shall be appointed for an initial term of 3 years. If a vacancy occurs on a board other than by expiration of a term, the vacancy shall be filled in the same manner as the original appointment for the remainder of the term. A board member may continue to serve until a successor is appointed and qualified.

(3) A board member shall not be an employee of the county or city appointing the board member under subsection (1) or an employee of a public transportation provider operating in a public transit region.

(4) A board member shall not be a currently serving elected officer of this state or a political subdivision of this state.

(5) A board member shall be a resident of and registered elector in the county or city from which he or she is appointed.

(6) A board member shall have substantial business, financial, or professional experience relevant to the operation of a corporation or public transportation system.

(7) Upon appointment to the board, a board member shall take and subscribe to the oath of office required under section 1 of article XI of the state constitution of 1963.

(8) A board member shall serve without compensation, but may receive reimbursement for necessary travel and expenses consistent with relevant statutes and the rules and procedures of the civil service commission and the department of technology, management, and budget, subject to available funding.

(9) An individual who is not of good moral character or who has been convicted of, pled guilty or no contest to, or forfeited bail concerning a felony under the laws of this state, any other state, or the United States shall not be appointed or remain as a member of the board.

(10) A member of a board shall discharge the duties of the position in a nonpartisan manner, in good faith, in the best interests of this state, and with the degree of diligence, care, and skill that an ordinarily prudent person would exercise under similar circumstances in a like position. A member of the board shall not make or participate in making a decision, or in any way attempt to use his or her position as a member of the board to influence a decision, on a matter before an authority in which the member is directly or indirectly interested. A member of a board shall not be interested directly or indirectly in any contract with an authority or the department that would cause a substantial conflict of interest. A member of a board shall comply, and a board shall adopt policies and procedures that require members to comply, with the requirements of this subsection and all of the following:

(a) 1978 PA 472, MCL 4.411 to 4.431, as if the board member were subject to that act and that board member's receipt of a gift or compensation would be in violation of that act if given by a lobbyist, a lobbyist agent, or a representative of a lobbyist under that act.

(b) 1978 PA 566, MCL 15.181 to 15.185.

(c) 1968 PA 318, MCL 15.301 to 15.310, as if he or she were a state officer.

(d) 1968 PA 317, MCL 15.321 to 15.330, as if he or she were a public servant.

(e) 1973 PA 196, MCL 15.341 to 15.348, as if he or she were a public officer.

(11) No contract entered into by an authority and no bonds, notes, or other obligations issued by an authority shall be void or voidable except as provided in 1968 PA 318, MCL 15.301 to 15.310, or 1968 PA 317, MCL 15.321 to 15.330. A contract entered into by an authority or a bond, note, or other obligation issued by an authority is not void or voidable by reason of a board member's failure to comply with subsections (10)(a) to (e).

(12) If a county is added to a public transit region under section 4, the board members representing the transit district consisting of that county shall be appointed under subsection (1) within 30 days after the conditions of section 4(2)(a) and (b) have been satisfied and at least 71 days prior to an election under section 4(3). If an assessment levied under section 10(2) or a motor vehicle registration tax under section 10(3), or both, is not approved under section 4(3), the appointment of a board member under this subsection is void.

(13) The governor may remove a board member from office for a violation of subsection (9) or (10).

Sec. 6. (1) Within 30 days after the appointment of the members of a board under section 5, the board shall hold its first meeting at a date and time to be determined by the governor's representative. The governor's representative shall serve without vote and shall serve as chairperson of the board. The board members shall elect officers as necessary. The board shall elect all officers annually.

(2) The business of a board shall be conducted at a public meeting held in compliance with the open meetings act, 1976 PA 267, MCL 15.261 to 15.275. Public notice of the date, time, and place of the meeting shall be given in the manner required by the open meetings act, 1976 PA 267, MCL 15.261 to 15.275. A board shall adopt bylaws consistent with the open meetings act, 1976 PA 267, MCL 15.261 to 15.275. After organization, a board shall adopt a schedule of regular meetings. A board shall meet at least once each quarter. A special meeting of a board may be called by the chairperson of the board or as provided in the bylaws of the board.

(3) A majority of the voting members of a board constitute a quorum for the transaction of the business of an authority. Actions of a board shall be by simple majority vote of all voting members of the board, except as follows:

(a) A board shall provide in its bylaws that the following actions require the approval of 7/9 of the voting members, and the 7/9 must include the affirmative vote of at least 1 member from each participating county and a member appointed under section 5(1)(f):

(i) The placing of a question of the levy of an assessment under section 10(2) on the ballot by an authority.

(ii) The determination of the rate of, or amount of, any assessment to be requested by an authority at an election.

(iii) The placing of a question of approving a motor vehicle registration tax on the ballot by an authority.

(iv) The determination of the rate of, or amount of, any motor vehicle registration tax to be requested by an authority at an election.

(b) A board shall provide in its bylaws that the following actions require the unanimous approval of all voting members of the board:

(i) A determination to acquire, construct, operate, or maintain any form of rail passenger service within a public transit region.

(ii) A determination to acquire a public transportation provider. Unless an authority secures the affirmative vote of a majority of the electors of each member county in the public transit region as provided in section 7(2), the authority shall not acquire a public transportation provider that does business in a public transit region unless both of the following conditions are satisfied:

(A) All accrued liabilities, funded and unfunded, of the public transportation provider being acquired have been paid or are required to be paid by a person other than the authority.

(B) The board unanimously agrees to comply with all requirements for obtaining federal operating and capital assistance grants under the moving ahead for progress in the 21st century act, Public Law 112-141, and the regulations promulgated under the moving ahead for progress in the 21st century act, Public Law 112-141, with respect to the public transportation provider being acquired.

(iii) A determination to place on a ballot the question of acquiring, accepting responsibility for, or obligating itself to assume liability for or to pay any legacy costs, including, but not limited to, costs associated with litigation, claims, assessments, worker's compensation awards or charges, swap losses, pensions, health care, or other postemployment benefits, of a public transportation provider that may be purchased, merged with, assumed, or otherwise acquired by an authority.

(4) A board shall keep a written or printed record of each meeting. A written or printed record of each meeting and any other document or record prepared, owned, used, in the possession of, or retained by an authority in the performance

of an official function shall be made available to the public under the freedom of information act, 1976 PA 442, MCL 15.231 to 15.246.

(5) A board shall provide for a uniform system of accounts for an authority to conform to and for the auditing of the authority's accounts. The board shall obtain an annual audit of an authority by an independent certified public accountant and report on the audit and auditing procedures under sections 6 to 13 of the uniform budgeting and accounting act, 1968 PA 2, MCL 141.426 to 141.433. The audit shall be in accordance with generally accepted government auditing standards and shall satisfy federal regulations regarding federal grant compliance audit requirements. An audit obtained under this subsection shall be filed with the state treasurer and the department.

(6) Within 90 days after the first board meeting, a board shall adopt and maintain a budget for the fiscal year in accordance with the uniform budget and accounting act, 1968 PA 2, MCL 141.421 to 141.440a.

(7) Within 90 days after the first board meeting, a board shall establish policies and procedures for the purchase of, the contracting for, and the providing of supplies, materials, services, insurance, utilities, third-party financing, equipment, printing, and all other items as needed by an authority to efficiently and effectively meet its needs using competitive procurement methods to secure the best value for the authority. A board shall make all discretionary decisions concerning the solicitation, award, amendment, cancellation, and appeal of authority contracts. In establishing policies and procedures under this subsection, a board shall provide for the acquisition of professional services, including, but not limited to, architectural services, consulting services, engineering services, surveying services, accounting services, services related to the issuance of bonds, and legal services, in accordance with a competitive, qualifications-based selection process and procedure for the type of professional service required by an authority.

(8) Beginning 1 calendar year after the creation of an authority under this act, the board shall submit a report to the house of representatives and senate appropriations subcommittees on transportation and the house of representatives and senate committees on transportation on March 31 of each year that includes all of the following information from the preceding calendar year:

- (a) Financial status of the authority.
- (b) Financial status of public transportation providers within the public transit region.
- (c) Operating costs of the authority.
- (d) The status of any rolling rapid transit system.
- (e) The average daily and annual ridership of a rolling rapid transit system.
- (f) The dashboard developed by the authority under subsection (9)(d).
- (g) The number and severity of any accidents that occur that involve a rolling rapid transit system.

(9) Within 120 days after the first board meeting, a board shall establish a website for the authority and the authority shall post on the website its budget, policies and procedures, and updates on authority activities and transactions and the progress of any project, including, but not limited to, a proposed rolling rapid transit system, as they become available. An authority shall also post all of the following information on a website established under this subsection:

(a) An asset management plan for all revenue vehicles and facilities, major facility components, and major pieces of equipment as defined by the department. An authority shall update the asset management plan annually.

(b) The method used by the authority to determine the percentage of operating costs that will be funded with local funds and the percentage that will be funded with fares. An authority shall update this information every 3 years.

(c) A plan and a commitment to conduct a survey of user satisfaction and a survey of general public satisfaction with the services and performance of the authority once every 3 years. An authority shall provide results for the most recent completed surveys under this subdivision to the department.

(d) A dashboard of the authority's performance that includes, at a minimum, the information required under subdivisions (a) through (c). The dashboard shall also include annual performance indicators for the authority that have been established by the board. The dashboard shall be readily available to the public, and the authority shall update the dashboard annually.

(10) A board may not enter into a cost plus construction contract unless all of the following apply:

- (a) The contract cost is less than \$50,000.00.
- (b) The contract is for emergency repair or construction caused by unforeseen circumstances.
- (c) The repair or construction is necessary to protect life or property.
- (d) The contract complies with state and federal law.

(11) Within 90 days after the first board meeting, a board shall adopt a procurement policy consistent with the requirements of this act and federal and state laws relating to procurement. Preference shall be given to firms based in a public transit region and each county within a public transit region, consistent with applicable law.

(12) Nothing in this section shall be construed as creating a quota or set-aside for any city or any county in a public transit region, and no quota or set-aside shall be created.

(13) An authority shall issue an annual report to the board and each member jurisdiction within a public transit region detailing all contracts entered into and listing the names and headquarters of all authority vendors with whom the authority has contracted for services during the previous fiscal year.

(14) Within 90 days after the first board meeting, a board shall establish and adopt all of the following:

(a) A policy to govern the control, supervision, management, and oversight of each contract to which an authority is a party.

(b) Procedures to monitor the performance of each contract to assure execution of the contract within the budget and time periods provided under the contract. The monitoring shall include oversight as to whether the contract is being performed in compliance with the terms of the contract, this act, and federal and state law. The chief executive officer or other authorized employee of an authority shall not sign or execute a contract until the contract is approved by the board.

(c) Policies to ensure that an authority does not enter into a procurement or employment contract with a person who has been convicted of a criminal offense related to the application for or performance of a contract or subcontract with a governmental entity in any state. As used in this subdivision and subdivision (d), "person" includes affiliates, subsidiaries, officers, directors, and managerial employees of a business entity, or an individual or entity who, indirectly or directly, holds a pecuniary interest in a business entity of 20% or more.

(d) Policies to ensure that the authority does not enter into a procurement or employment contract with a person who has been convicted of a criminal offense, or held liable in a civil proceeding, in this state or any other state, that negatively reflects on the person's business integrity, based on a finding of embezzlement, theft, forgery, bribery, falsification or destruction of records, receiving stolen property, violation of state or federal antitrust statutes, or similar laws.

(15) An authority is not required to use competitive bidding when acquiring proprietary services, equipment, or information available from a single source, such as a software license agreement. An authority may enter into a competitive purchasing agreement with the federal government, this state, or other public entities for the purchase of necessary goods or services. An authority may enter into lease purchases or installment purchases for periods not exceeding the useful life of the items purchased unless otherwise prohibited by law. In all purchases made by an authority, if consistent with applicable federal and state law, preference shall be given first to products manufactured or services offered by firms based in the authority's public transit region, including, but not limited to, the cities and counties in a public transit region, and second to firms based in this state. An authority shall actively solicit lists of potential bidders for authority contracts from each city and each county in a public transit region. Except as otherwise provided in this section, an authority shall utilize competitive solicitation for all purchases authorized under this act unless 1 or more of the following apply:

(a) An emergency directly and immediately affecting service or public health, safety, or welfare requires the immediate procurement of supplies, materials, equipment, or services to mitigate an imminent threat to public health, safety, or welfare, as determined by an authority or its chief executive officer.

(b) Procurement of goods or services is for emergency repair or construction caused by unforeseen circumstances when the repair or construction is necessary to protect life or property.

(c) Procurement of goods or services is in response to a declared state of emergency or state of disaster under the emergency management act, 1976 PA 390, MCL 30.401 to 30.421.

(d) Procurement of goods or services is in response to a declared state of emergency under 1945 PA 302, MCL 10.31 to 10.33.

(e) Procurement of goods or services is in response to a declared state of energy emergency under 1982 PA 191, MCL 10.81 to 10.89.

(f) Procurement of goods or services is under a cooperative purchasing agreement with the federal government, this state, or another public entity for the purchase of necessary goods and services at fair and reasonable prices using a competitive procurement method for authority operations.

(g) The value of the procurement is less than \$25,000.00, and the board has established policies or procedures to ensure that goods or services with a value of less than \$25,000.00 are purchased by the board at fair and reasonable prices, including a requirement that for purchases and sales of \$25,000.00 or less, but over \$5,000.00, written price quotations from at least 3 qualified and responsible vendors shall be obtained or a memorandum shall be kept on file showing that fewer than 3 qualified and responsible vendors exist in the market area within which it is practicable to obtain quotations. Procurement of goods or services with a value of less than \$5,000.00 may be negotiated with or without using competitive bidding as authorized in a procurement policy adopted by the board.

(16) Notwithstanding any other requirement of this act, if an authority applies for and receives state or federal funds that require the authority to comply with procurement or contracting requirements that are in conflict with this act, the state or federal requirements shall take precedence over the requirements of this act.

(17) A board may employ personnel as it considers necessary to assist the board in performing the powers, duties, and jurisdictions of the authority, including, but not limited to, employment of a chief executive officer and other senior executive and administrative staff. A board shall hire a chief executive officer and any necessary support staff for the chief executive officer. Individual board members shall not hire or be assigned personal staff.

(18) A board shall establish policies to ensure that the board and an authority do not do either of the following:

(a) Fail or refuse to hire, recruit, or promote; demote; discharge; or otherwise discriminate against an individual with respect to employment, compensation, or a term, condition, or privilege of employment, or a contract with the authority in a manner that is not in compliance with state or federal law.

(b) Limit, segregate, or classify an employee, a contractor, or an applicant for employment or a contract in a way that deprives or tends to deprive the employee, contractor, or applicant of an employment opportunity or otherwise adversely affects the status of an employee, contractor, or applicant in a manner that is not in compliance with state or federal law.

(19) A board shall create a citizens' advisory committee that consists of public transit region residents. The citizens' advisory committee shall be composed as follows:

(a) Forty percent of the committee shall be made up of users of public transportation, as follows:

(i) At least 25% of the users of public transportation on the committee shall be senior citizens or persons with disabilities.

(ii) Two users of public transportation from each of the following counties within the public transit region for the authority:

(A) The qualified county.

(B) The county with the second largest population according to the most recent decennial census.

(C) The county with the third largest population according to the most recent decennial census.

(D) The county with the fourth largest population according to the most recent decennial census.

(iii) Two users of public transportation from the city in the qualified county with the largest population according to the most recent decennial census.

(iv) Two users of public transportation from each additional county participating in the authority under section 4 and not listed in subparagraph (ii).

(b) Twenty percent of the committee shall be made up of individuals from organizations representing senior citizens and persons with disabilities.

(c) Forty percent of the committee shall be made up of individuals representing business, labor, community, and faith-based organizations.

(20) A citizens' advisory committee created under subsection (19) may meet at least once every quarter. The citizens' advisory committee may make reports to a board, including recommendations, at each board meeting. A citizens' advisory committee may do all of the following:

(a) Review and comment on the comprehensive regional public transit service plan for a public transit region and all annual updates.

(b) Advise a board regarding the coordination of functions between different owners and operators of public transportation facilities within a public transit region.

(c) Review and comment on a specialized services coordination plan required by section 10e of 1951 PA 51, MCL 247.660e.

(d) Upon request of a board, provide recommendations on other matters that concern public transportation in a public transit region.

(21) A board shall create a public transportation provider advisory council that consists of 2 members appointed by each public transportation provider in the public transit region. The public transportation provider advisory council may make reports to a board, including recommendations, at each board meeting. The public transportation provider advisory council shall only make recommendations to a board on the following issues:

(a) Coordination of service.

(b) Funding.

(c) Plans.

(d) Specialized services.

(e) Other matters as requested by a board.

Sec. 7. (1) Except as otherwise provided in this act, an authority may do all things necessary and convenient to implement the purposes, objectives, and provisions of this act and the purposes, objectives, and powers vested in the authority or the board by this act or other law, including, but not limited to, all of the following:

(a) Adopt and use a corporate seal.

(b) Adopt, amend, and repeal bylaws for the regulation of its affairs and the conduct of its business.

(c) Sue and be sued in its own name.

(d) Borrow money and issue bonds and notes under this act.

(e) Make and enter into contracts, agreements, or instruments necessary, incidental, or convenient to the performance of its duties and execution of its powers, duties, functions, and responsibilities under this act with any federal, state, local, or intergovernmental governmental agency or with any other person or entity, public or private, upon terms and conditions acceptable to the authority.

(f) Engage in collective negotiation or collective bargaining and enter into agreements with a bargaining representative as provided by 1947 PA 336, MCL 423.201 to 423.217.

(g) Solicit, receive, and accept gifts, grants, labor, loans, contributions of money, property, or other things of value, and other aid or payment from any federal, state, local, or intergovernmental agency or from any other person or entity, public or private, upon terms and conditions acceptable to the authority, or participate in any other way in a federal, state, local, or intergovernmental program.

(h) Apply for and receive loans, grants, guarantees, or other financial assistance in aid of a public transportation system from any state, federal, local, or intergovernmental agency or from any other source, public or private, including, but not limited to, financial assistance for purposes of developing, planning, constructing, improving, or operating a public transportation system.

(i) Procure insurance or become a self-funded insurer against loss in connection with the property, assets, or activities of the authority.

(j) Indemnify and procure insurance indemnifying board members from personal loss or accountability for liability asserted by a person with regard to bonds or other obligations of the authority, or from any personal liability or accountability by reason of the issuance of bonds or other obligations or by reason of any other action taken or the failure to act by the authority.

(k) Invest money of the authority, at the discretion of the board, in instruments, obligations, securities, or property determined proper by the board and name and use depositories for authority money. Investments shall be made consistent with an investment policy adopted by the board that complies with this act and 1943 PA 20, MCL 129.91 to 129.97a.

(l) Contract for goods and services as necessary, subject to section 6.

(m) Employ legal and technical experts, consultants, or other officers, agents, employees, or personnel, permanent or temporary, as considered necessary by the board, as permitted by this act.

(n) Contract for the services of persons for rendering professional or technical assistance, including, but not limited to, consultants, managers, legal counsel, engineers, accountants, and auditors, as permitted by this act.

(o) Establish and maintain an office.

(p) Acquire property or rights and interests in property by gift, devise, transfer, exchange, purchase, lease, or otherwise on terms and conditions and in a manner the authority considers proper. Property or rights or interests in property acquired by an authority may be by purchase contract, lease purchase, agreement, installment sales contract, land contract, or otherwise. The acquisition of property by an authority for a public transportation system in furtherance of the purposes of the authority is for a public use, and the exercise of any other powers granted to the authority is declared to be a public, governmental, and municipal function, purpose, and use exercised for a public purpose and matters of public necessity.

(q) Hold, clear, remediate, improve, maintain, manage, protect, control, sell, exchange, lease, or grant easements and licenses on property or rights or interests in property that the authority acquires, holds, or controls.

(r) Convey, sell, transfer, exchange, lease, or otherwise dispose of property or rights or interests in property to any person for consideration on terms and conditions and in a manner the authority considers proper, fair, and valuable.

(s) Acquire a public transportation provider under section 6(3)(b)(i).

(t) Promulgate rules and adopt regulations for the orderly, safe, efficient, and sanitary operation and use of a public transportation system owned by the authority.

(u) Subject to section 13, use this state's rights-of-way throughout the public transit region for public transportation.

(v) Create separate operating entities.

(w) Enter into contracts or other arrangements with a person or entity for granting the privilege of naming or placing advertising on or in all or any portion of facilities or equipment of the authority.

(x) Do all other things necessary or convenient to exercise the powers, duties, functions, and responsibilities of the authority under this act or other laws related to the purposes, powers, duties, functions, and responsibilities of the authority.

(2) Notwithstanding any other provision of this act, an authority may not acquire, accept responsibility for, or obligate itself to assume liability for, or pay any legacy costs of a public transportation provider that may be purchased, merged with, assumed, or otherwise acquired in any manner by the authority, including, but not limited to, costs associated with any authority or agency's litigation, claims, assessments, worker's compensation awards or charges, swap losses, pensions, health care, or other postemployment benefits of a public transportation provider without first securing an affirmative vote of a majority of the electors of each member county in the public transit region.

(3) An authority shall adopt a public transit plan for its public transit region. An authority shall adopt the most recent public transit plan of any public transportation provider within the public transit region that is a designated recipient of federal funds as its initial plan. An authority shall integrate all of these plans into a single regional master transit plan for the entire public transit region. An authority may amend a single regional master transit plan as necessary and shall update the plan annually. An authority may establish and operate new or additional routes and public transportation facilities using various forms of transportation modalities. An authority may employ operating personnel, negotiate collective bargaining agreements with operating personnel, or own operating assets of a public transportation service within a public transit region. An authority shall coordinate the operating and capital transit plans of transportation agencies and authorities within a public transit region.

(4) Subject to available resources, an authority may plan, design, develop, construct, and operate a rolling rapid transit system on at least 1 or more corridors within the authority's public transit region. An authority, with the approval of the federal transit administration and in compliance with all applicable federal and state regulations, shall determine exact routes and station locations. An authority may design routes to augment, complement, enhance, replace, or improve other forms of public transportation operating within or on the corridors.

(5) Subject to subsection (4), if an authority created on the effective date of this act includes Macomb county, Oakland county, or Wayne county, the authority may, subject to available resources, plan, design, develop, construct, and operate a rolling rapid transit system on at least 4 corridors within the authority's public transit region and the initial plans for a rolling rapid transit system may include all of the following:

(a) A Woodward corridor line to operate along, on, or near Woodward avenue between a location in or near the downtown Detroit station and a location in downtown Pontiac in Oakland county. As used in this subsection, "downtown Detroit station" means a location in or near the Campus Martius area of downtown Detroit.

(b) A Gratiot corridor line to operate along, on, or near Gratiot avenue between the downtown Detroit station and a location in downtown Mt. Clemens in Macomb county.

(c) A northern cross-county line to operate between the city of Pontiac and the city of Mt. Clemens, using a route to be determined by the authority. The route determined by the authority under this subdivision shall have stations along Big Beaver road in the city of Troy and highway M-59 in portions of Oakland and Macomb counties.

(d) A western cross-county line to operate between the downtown Detroit station and the Ann Arbor Blake transit center for a distance of approximately 47 miles. This corridor shall include, at a minimum, stations in the city of Ypsilanti, Detroit Wayne county metropolitan airport, and the city of Dearborn. The authority shall determine the exact route.

(6) Expenses of an authority incurred in the planning and operation of a rolling rapid transit system are not eligible for an operating grant under section 10e of 1951 PA 51, MCL 247.660e.

(7) An authority may charge fares and enter into contracts for the services provided by the public transportation system as necessary to provide funds to meet the obligations of the authority.

(8) A county or other political subdivision or agency, public or private, may assist, cooperate with, and contribute services, money, or property in aid of an authority and its powers, duties, functions, and responsibilities under this act.

Sec. 8. (1) Beginning on the first day of the fiscal year that begins after the effective date of this act, an authority shall be the designated recipient for its public transit region for purposes of applying for federal operating and capital assistance grants under the moving ahead for progress in the 21st century act, Public Law 112-141, and the regulations promulgated under that act. As the designated recipient of federal transit funds, an authority has the following powers and responsibilities:

(a) Make application for and receive federal transit funds for a public transit region on behalf of an authority or on behalf of 1 or more public transportation providers in the public transit region.

(b) Review an application for planning, operating, or capital assistance for a program under the federal transit act, Public Law 88-365, prior to that application's being submitted by a public transportation provider in the public transit region. In reviewing an application under this subdivision, the authority shall consider how the projects included in the application, on their own and in combination with other applications under review by the authority, will contribute to all of the following:

(i) Effective and efficient transportation services throughout the public transit region.

(ii) Achieving and maintaining the public transit region's transit infrastructure in a state of good repair.

(iii) Coordination of transportation services among public transportation providers.

(iv) Strategic investment in a regional rolling rapid transit system.

(v) Other factors determined appropriate by the board and included in written board policies or procedures.

(c) Approve, disapprove, or request modifications to an application within 60 days after a complete application is submitted to the authority by a public transportation provider.

(2) Beginning on the first day of the fiscal year that begins after the effective date of this act, a public transportation provider in a public transit region shall not submit an application to a federal agency for operating and capital assistance grants under the moving ahead for progress in the 21st century act, Public Law 112-141, and the regulations promulgated under that act, unless the board has approved the application under subsection (1). If a public transportation provider in a public transit region submits an application to a federal agency that has not been approved by the board under subsection (1), the public transportation provider is not eligible to receive matching funds under section 10e of 1951 PA 51, MCL 247.660e, for any projects included in that application.

(3) Beginning on the first day of the fiscal year that begins after the effective date of this act, to the extent required by the moving ahead for progress in the 21st century act, Public Law 112-141, and the regulations promulgated under that act, an authority may execute a supplemental agreement conferring on a public transportation provider in a public transit region the right to receive and dispense federal grant funds for applications that have been approved by the board under subsection (1).

(4) Beginning on the first day of the fiscal year that begins after the effective date of this act, an authority has the sole authority to submit an application to the department for a public transit region for programs provided for in section 10e of 1951 PA 51, MCL 247.660e.

(5) Beginning on the first day of the fiscal year that begins after the effective date of this act, an authority shall require all public transportation providers in a public transit region to submit an annual funding request directly to the authority for each program for which the provider is eligible under section 10e of 1951 PA 51, MCL 247.660e. An authority shall evaluate all requests submitted under this subsection and prepare and submit to the department a single consolidated application for the public transit region for each state program. An application prepared under this subsection shall be submitted by the deadline established by the department. An application prepared under this subsection shall include the proposed dollar amount to be allocated to each public transportation provider for each program. In preparing a consolidated application under this subsection and determining the proposed allocation to each public transportation provider, the board shall consider how the allocations will contribute to each of the following:

(a) The ability of each public transportation provider to maintain current services and infrastructure.

(b) The effectiveness and efficiency of public transportation service throughout the public transit region.

(c) Achieving and maintaining the public transit region's transit infrastructure in a state of good repair.

(d) The matching federal aid for federal applications approved by the board.

(e) The coordination of public transportation services among public transportation providers in the public transit region.

(f) Strategic investment in a regional rolling rapid transit system.

(g) Other factors determined appropriate by the board and included in written board policies or procedures.

(6) Beginning on the first day of the fiscal year that begins after the effective date of this act, a public transportation provider shall submit the annual funding request required by subsection (5) to an authority in accordance with written procedures adopted by the board and at least 60 days before the application deadline established by the department. A board may withhold payment on current year distributions made to a public transportation provider if that public transportation provider fails to submit a complete annual funding request to the authority at least 60 days before the application deadline established by the department.

(7) If an award of funding by the department is less than the total requested by an authority for a program, the board shall adjust the allocation to each public transportation provider proportionately.

(8) Except as provided in subsection (9), for the programs provided for in section 10e of 1951 PA 51, MCL 247.660e, the department shall only award funds to an authority. An authority shall be responsible for distribution of funds awarded by the department to public transportation providers within a public transit region based on the application approved by the department. An authority is responsible for monitoring and oversight of the use of funds distributed under this subsection by each public transportation provider in the public transit region. Upon receipt of funds from the department, an authority shall distribute the funds allocated to each public transportation provider in a timely manner.

(9) For the programs provided for in section 10e of 1951 PA 51, MCL 247.660e, if the department approves funding to match a federal award, the department may, with the concurrence of an authority, award the funds directly to the public transportation provider that is the federal award recipient.

(10) A board shall adopt procedures for the implementation of subsections (1) to (6) within 90 days after the first board meeting under section 6.

(11) In order to be eligible for a distribution under subsection (8), a public transportation provider shall annually submit a report by a date established by the board. The report shall describe and evaluate the efforts of the public transportation provider to coordinate service with other public transportation providers in that public transit region. The report shall include, but is not limited to, a description of the successful and unsuccessful efforts of the public transportation provider to do all of the following:

(a) Coordinate routes, schedules, fares, and points of transfer.

(b) Provide information or services to riders that help facilitate transfers from 1 public transportation provider to another.

(c) Eliminate or reduce service overlap and duplication.

(12) An authority shall coordinate service overlap, rates, routing, scheduling, and any other function that the authority considers necessary to implement or execute the comprehensive regional transit service plan between authorities, agencies, and owners or operators of public transportation facilities within the public transit region. An authority may issue coordination directives regarding public transportation services, including, but not limited to, routes, schedules, and fares. An authority shall provide notice of coordination directives issued under this subsection to owners and operators of public transportation facilities in the public transit region. An authority may withhold up to 5% of the allocation of state funding under this section from a public transportation provider that fails to comply with a coordination directive of the authority, as determined by the board. A coordination directive issued under this subsection preempts a city, village, or township provision or procedure to the extent that the provision or procedure is in conflict with the coordination directive.

Sec. 9. (1) Subject to section 7, an authority may acquire property for a public transportation system by purchase, construction, lease, gift, or devise, either within or without the area served by the public transportation system, and may hold, manage, control, sell, exchange, or lease property. An authority shall comply with the laws of this state for the purpose of condemnation proceedings. An authority may only utilize condemnation proceedings to acquire property located within the authority's public transit region.

(2) Except as otherwise provided in this subsection, the property of an authority and its income, activities, and operations are exempt from all taxes and special assessments of this state or a political subdivision of this state. Property of an authority and its income, activities, and operations that are leased to private persons are not exempt from any tax or special assessment of this state or a political subdivision of this state. Property of an authority is exempt from ad valorem property taxes collected under the general property tax act, 1893 PA 206, MCL 211.1 to 211.155, or other law of this state authorizing taxation of real or personal property.

(3) The property of an authority created under this act is public property devoted to an essential public and governmental purpose. Income of the authority is for a public and governmental purpose.

Sec. 10. (1) An authority may raise revenues to fund all of its activities, operations, and investments consistent with its purposes. The sources of revenue available to an authority include, but are not limited to, all of the following:

(a) Fees, fares, rents, or other charges for use of a public transportation system.

(b) Federal, state, or local government grants, loans, appropriations, payments, or contributions.

(c) Proceeds from the sale, exchange, mortgage, lease, or other disposition of property acquired by the authority.

(d) Grants, loans, appropriations, payments, proceeds from repayments of loans made by the authority, or contributions from public or private sources.

(e) The proceeds of an assessment levied under subsection (2).

(f) The proceeds of a motor vehicle registration tax collected under subsection (3).

(g) Investment earnings on the revenues described in subdivisions (a) to (f).

(2) An authority may levy an assessment within the public transit region only as approved by the board and a majority of the electors of the public transit region voting on the assessment at a general election held on the regular November election date as provided in section 641(1)(d) of the Michigan election law, 1954 PA 116, MCL 168.641. An assessment approved by the board and a majority of electors of the public transit region under this subsection shall be collected and enforced in the same manner as taxes are collected and enforced under the general property tax act, 1893 PA 206, MCL 211.1 to 211.155. When submitting a proposal on the question of authorizing an assessment to be levied under this act, the ballot shall state all of the following:

(a) The assessment rate to be authorized.

(b) The duration of the assessment.

(c) A clear statement of the purpose for the assessment.

(d) A clear statement indicating whether the proposed assessment is a renewal of a previously authorized assessment or the authorization of a new additional assessment.

(3) An authority may collect a motor vehicle registration tax dedicated to the purpose of public transportation, if authorized under the Michigan vehicle code, 1949 PA 300, MCL 257.1 to 257.923.

(4) An authority shall ensure that not less than 85% of the money raised in each member jurisdiction through either an assessment under subsection (2) or a motor vehicle registration tax under subsection (3), or both, is expended on the public transportation service routes located in that member jurisdiction.

(5) Starting in the fiscal year that begins at least 12 months after the effective date of this act, an authority shall submit to the department an asset management plan for all revenue vehicles and facilities, major facility components, and major pieces of equipment as defined by the department. An authority shall update the asset management plan annually.

(6) After the first 12 months of operation of a rolling rapid transit system, and annually thereafter, an authority shall provide a report to the legislative body of each member jurisdiction showing the cost of service and revenue generated in each member jurisdiction.

Sec. 11. (1) For the purpose of acquiring, improving, enlarging, or extending a public transportation system, an authority may issue self-liquidating revenue bonds under the revenue bond act of 1933, 1933 PA 94, MCL 141.101 to 141.140, or any other act providing for the issuance of self-liquidating revenue bonds. The bonds are not a general obligation of an authority, but are payable solely from the revenue of a public transportation system. If an authority issues self-liquidating revenue bonds with a pledge of the full faith and credit of the authority, those revenue bonds are subject to the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821.

(2) An authority may borrow money and issue municipal securities in accordance with, and exercise all of the powers conferred upon municipalities by, the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821.

(3) All bonds, notes, or other evidence of indebtedness issued by an authority, and interest on bonds, notes, or other evidence of indebtedness, are free and exempt from all taxation in this state, except for transfer and franchise taxes.

(4) The issuance of bonds, notes, or other evidence of indebtedness by an authority requires approval of the board.

(5) An agreement entered into under this section is payable from general funds of an authority or, subject to any existing contracts, from any available money or revenue sources, including revenues specified by the agreement, securing the bonds, notes, or other evidence of indebtedness in connection with which the agreement is entered into.

Sec. 12. (1) The revenue raised by an authority may be pledged, in whole or in part, for the repayment of bonded indebtedness and other expenditures issued or incurred by the authority.

(2) A financial obligation of an authority is a financial obligation of the authority only and not an obligation of this state or any city or county within a public transit region. A financial obligation of an authority shall not be transferred to this state or any city or county within a public transit region.

Sec. 13. (1) An authority may acquire, own, construct, furnish, equip, complete, operate, improve, and maintain a public transportation system on the streets and highways of this state with the approval of a local road agency or the department, on terms and conditions mutually agreed to by the authority and the local road agency or the department. Approval shall be embodied in an operating license agreement with the authority and each local road agency with operational jurisdiction over the streets and highways upon which the authority operates or seeks to operate a public transportation system or the department, if the department has operational jurisdiction over the streets and highways upon which the authority operates or seeks to operate a public transportation system. A local road agency or the department shall not unreasonably withhold its consent to an operating license agreement, and a local road agency or the department shall determine whether to consent to an operating license agreement in an expeditious manner. An operating license may include provisions concerning the use of dedicated lanes and a system to change traffic signals in order to expedite public transportation services. Any provision for use of a dedicated lane shall provide that use of that dedicated lane shall be made available to emergency services vehicles.

(2) When operating on the streets and highways of a road agency, an authority is subject to rules, regulations, or ordinances required to preserve operations of the streets and highways and to ensure compliance with the rules and regulations of the funding source used to construct and maintain the streets and highways.

(3) An authority shall not construct a public transportation system on the streets and highways of a local road agency or the department until there is an operating license agreement executed by the authority and the local road agency or the department.

(4) An authority may acquire, own, construct, furnish, equip, complete, operate, improve, and maintain a public transportation system on public or private rights-of-way and obtain easements when necessary for the authority to acquire and use private property for acquiring, owning, constructing, furnishing, equipping, completing, operating, improving, and maintaining a public transportation system.

(5) If a local road agency or the department enters into an operating license agreement under this section, the local road agency or the department shall not revoke the consent or deprive an authority of the rights and privileges conferred without affording the authority procedural due process of law.

Sec. 14. In the exercise of its powers under this act, an authority is exempt from the motor carrier act, 1933 PA 254, MCL 475.1 to 479.43, 1939 PA 3, MCL 460.1 to 460.11, and the motor bus transportation act, 1982 PA 432, MCL 474.101 to 474.141.

Sec. 15. Local zoning or land use ordinances or regulations do not apply to a public transportation system or a rolling rapid transit system that is planned, acquired, owned, or operated by an authority under this act.

Sec. 16. An election or vote of the public authorized by this act shall be conducted in accordance with the Michigan election law, 1954 PA 116, MCL 168.1 to 168.992.

Sec. 17. The costs of planning, administering, constructing, reconstructing, financing, and maintaining state, county, city, and village roads, streets, and bridges designed primarily for the use of motor vehicles using tires, including the costs of reasonable appurtenances to those state, county, city, and village roads, streets, and bridges, are a transportation purpose within the meaning of section 9 of article IX of the state constitution of 1963, when such costs are to facilitate a public transportation system that moves individuals or goods with vehicles using tires.

Sec. 18. There is appropriated to each authority created under this act the sum of \$250,000.00 from the comprehensive transportation fund created in section 10b of 1951 PA 51, MCL 247.660b, to begin implementing the requirements of this act. Any portion of this amount under this section that is not expended in the 2012-2013 state fiscal year shall not lapse to the general fund but shall be carried forward in a work project account that is in compliance with section 451a of the management and budget act, 1984 PA 431, MCL 18.1451a.

Enacting section 1. Sections 4a and 4b of the metropolitan transportation authorities act of 1967, 1967 PA 204, MCL 124.404a and 124.404b, are repealed.

This act is ordered to take immediate effect.

Carol Morey Viventi

Secretary of the Senate

Jay E. Randall

Clerk of the House of Representatives

Approved

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Governor