



TO: Sharon Township Planning Commission
FROM: Sharon Preservation Society
SUBJECT: FMI Consulting Report submitted by Stoneco, DEC- 2021
DATE: 30-JAN-2022

Sharon Preservation Society has several concerns with the information submitted to the Sharon Township Planning Commission by Stoneco Inc in late December, 2021. The information included a report, *Southeast Michigan Aggregates Study*, prepared for Stoneco, by FMI Consulting to:

“...help evaluate the need for the new operation [on Pleasant Lake Road] by assessing, in the event the Pleasant Lake Road site is not permitted, how easily the lost volume could be replaced by other aggregate operations.” (p 4)

FMI’s findings:

The report finds that there will be an increase in demand for aggregate material in the next five years, and that the supply of available aggregate is not likely to be sufficient to meet the demand:

“Based on our construction forecast, beginning in 2023, the market will require an additional 1.0 million tpy of additional aggregates volume.” (p9)

“Comparing the increased demand with the available capacity, even 100 percent of the MDOT-spec S&G capacity available within a 60 mile radius, would fall 200,000 tons short of being able to replace the loss of spec material from Zeeb Rd and Burmeister.” (p4)

Our concerns:

- **At the very least, the information in the report should be viewed with some level of skepticism; there are an uncomfortable number of similarities between this report and the discredited 2016 report, also prepared by FMI Consulting, to assess the state’s need for additional aggregate.**

The 2016 report was discredited by both internal and external auditors. According the state’s investigation, the report: “...risks being insufficiently comprehensive, unverifiable, partially irrelevant and, consequently, unreliable.”ⁱ

The 2016 report, commissioned by MDOT, was greatly influenced by the Michigan Aggregates Association (MAA), a lobbying group. MAA’s lobbyist recommended FMI Consulting, suggested what MDOT should pay for the report, and set out what the expected the major finding would be.^{ii iii}

The 2021 report, commissioned by Stoneco, uses the same firm (FMI Consultants), and employs many of the same methods to estimate need.

- **Based on the information in the 2021 FMI report, a mine located on Pleasant Lake Rd in Sharon Township cannot cost-effectively service many of the projects that are to comprise the increase in demand.**

On page 9, the authors state that “hauls over 30 miles (60-mile round trip) are cost-prohibitive.”

Yet, on page 28, the authors include a map with the location of the expected “nonresidential building projects in planning and design phases by value and postal code.” A significant percentage of these projects appear to be at the outer limits, or beyond the outer limit, of the geographical area that could be served by the mine on Pleasant Lake Rd. In fact, they would be better served by the existing mines in Oakland and Macomb Counties, shown on pages 10-11 of the report.

- **The methods used in this report do not adequately consider the possibility that the expansion of existing mines could compensate for the shortfall – thereby satisfying the expected demand without the need for new mining locations.**

For example, the Planning Commission is familiar with the potential for expanded production of one mine in Washtenaw County (on M-52 in Sharon Township). The operators of that site have stated it could increase production from 75 thousand tpy to 1.1 million tpy. This alone could compensate for the shortfall of available aggregate caused by the closing of Stoneco’s mines in Washtenaw County.

It seems reasonable to assume that the methods used by FMI, having missed the potential capacity of one existing mine, are likely to have underestimated the ability of other existing mines.

ⁱ “Procurement of Michigan Markets Aggregate Study; Investigation Report,” Michigan Department of Transportation, Office of Commission Audits. September 26, 2019

ⁱⁱ Detroit Free Press (freep.com), “Emails show MDOT let lobbyist steer report on gravel shortage for Michigan roads,” June 6, 2019

ⁱⁱⁱ Detroit Free Press (freep.com), “Audit: Michigan taxpayers ripped off with questionable \$100K MDOT study,” October 18, 2019