

## AGENDA REPORT

TO: Mayor & City Commission  
FROM: Ken Hibl, City Manager  
DATE: December 2, 2015  
RE: Discussion Topic: Proposed Street Millage

For the Agenda of December 7, 2015

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*Background.* The City's long-standing, voter-approved, dedicated street millage of  $\frac{3}{4}$  mil expired in 2014. The state proposal to generate dedicated funding for roads and streets was soundly defeated by Michigan voters earlier this year. Based on the defeat of that initiative, the City Staff recommended to the City Commission that we place before the Clare electorate a proposal for an assessment of 3mils per year for five years to improve our streets. The City Commission approved the ballot language, but that initiative was narrowly (by four votes) defeated in November.

Subsequent to the state-wide voter rejection of the proposed funding for Michigan roads, the State legislature proposed a road bill that was ultimately passed and signed into law. That new law will provide the City with the estimated revenues stipulated in Steve's att'd email. And recently the state approved legislation that allows local units of government to place local initiatives on the 2016 Presidential Primary Election in March 2016.

As the Commission is aware, we developed a five-year plan to improve our streets. We believe the minimal annual amount we need to meet the basic goals of that Plan is \$250K annually.

Consequently, we (the City Staff) now recommends that we go back to the polls to once again ask the Clare electorate to support a local street millage – but this time ask for 2mils for five years with the explanation that the reason for the reduction is the augmented funding projected to be provided by the state. Thus if we combine the projected revenues we receive from the state with a local 2mil initiative, we will be able to accomplish our Five-Year Street Improvement Plan.

The City Commission is asked to approve ballot language that will ask our electorate to support a 2mil street improvement millage.

*Issues & Questions Specified.* Should the City Commission approve a ballot proposal for a dedicated street millage?

Alternatives.

1. Approve a ballot proposal for the March primary election.
2. Do not approval a ballot proposal for the March election.
3. Defer/delay decision of this matter to a future meeting with the understanding that any delay will preclude placement of a ballot initiative on the March ballot.

Financial Impact. The cost is totally related to the dedicated millage requested. Additionally, if we place this initiative on the March ballot, we (the City) will be required to bear the costs (approx. \$2.5K) of doing so.

Recommendation. I recommend that the City Commission approve the ballot language to request the Clare electorate consider a 2mil dedicated millage for street improvements by adoption of Resolution 2015-133 (*copy att'd*).

Attachments.

1. Steve's email.
2. Resolution 2015-133.

**From:** Steven Kingsbury  
**Sent:** Tuesday, November 24, 2015 3:19 PM  
**To:** Bob Bonham; Gus Murphy; Jean McConnell; Karla Swanson; Pat Humphrey  
**Cc:** Ken Hibel; Alan Jessup  
**Subject:** RE: Michigan Road Funding Plan  
**Attachments:** City Village Within County Estimated Revenue Package - As of 11-17-15.pdf

Afternoon,

This week MDOT released their initial estimates of how the additional \$1.2 billion in annual road funding will be distributed to the counties, cities and villages throughout the state. I am very happy to report that I incorrectly estimated how much the City of Clare is projected to receive and that the actual amount is to be much greater.

The initial estimate from MDOT for the additional road funding to be distributed to the City of Clare over the next five state fiscal years are as follows.

FY2017	\$ 58,180.34
FY2018	\$ 76,695.34
FY2019	\$ 99,264.73
FY2020	\$ 125,483.04
FY2021	\$ 166,432.29

A complete copy of MDOT's initial estimated distribution is attached for your reference and use. Note on page four of the report that county-wide for Clare County an additional \$2,981,439 is projected to be distributed in FY2021.

This additional funding has obvious implications relative to the City's road millage proposal that will need to be discussed. As a reminder and in preparation for that discussion, the initial engineering estimate to maintain the City's roads at an acceptable level was determined by the Mt Pleasant Engineering Department to be \$470,000 per year. We are confident that our DPW can accomplish this work more efficiently but this estimate is a good starting point for our road millage discussion.

If you have any questions let me know.

Thanks,

*Steve*

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**From:** Steven Kingsbury  
**Sent:** Wednesday, November 04, 2015 9:45 AM  
**To:** Bob Bonham - Clare City Commissioner; Gus Murphy - City Commissioner; Jean McConnell - Clare City Commissioner; Karla Swanson; Pat Humphrey - Mayor of the City of Clare  
**Cc:** Ken Hibel; Alan Jessup  
**Subject:** Michigan Road Funding Plan

Good morning,

As discussed below the Michigan House approved yesterday a road funding plan that had already passed the Michigan Senate. The Governor held a press conference late last night that announced his support of the plan and his intention to sign the bills into law. You can watch a recorded version of the press conference at <http://www.michigan.gov/snyder/0,4668,7-277-60112-268720--,00.html>. In addition to the article included below and also the Governor's press conference you will attached an initial analysis of the road funding plan as prepared by the House Fiscal Agency. This dedicated funding to Michigan roads is important but the actual implementation details and how it will affect local governments is not yet known.

With yesterday's very narrowly defeated City of Clare dedicated road rehabilitation millage there may be some people within our community who will look at the State's road funding package as a solution for our roads. There are many details that will have to be brought to light to truly see how much the state's program will help Clare's roads. The most significant concern that I have is the still undefined \$600 million diversion of state general fund spending that will be combined with the increased gas taxes and vehicle registration fees used to fund the road package.

## **RESOLUTION 2015-133**

### **A RESOLUTION OF THE CLARE CITY COMMISSION APPROVING THE BALLOT LANGUAGE FOR A STREETS MILLAGE FOR THE MARCH 2016 PRIMARY ELECTION.**

**WHEREAS**, the electorate of Clare has historically approved a millage for the improvement of streets within the City; and

**WHEREAS**, said millage has expired; and

**WHEREAS**, the City Staff developed a Five-Year Street Maintenance & Improvement Plan and has recommended that a request for special millage be submitted to the City's electorate for consideration to generate the revenues needed to implement said Plan; and

**WHEREAS**, the City Commission considered and approved said recommendation and the ballot presented to the Clare electorate at the scheduled November election; and

**WHEREAS**, said ballot proposal was narrowly (by a matter of four votes) defeated; and

**WHEREAS**, the State of Michigan has approved legislation that allows local units of government to place local matters on the ballot for the scheduled primary elections scheduled for March 2016; and

**WHEREAS**, the City Staff has recommended that the City take advantage of this opportunity and again place the street millage before the Clare electorate for consideration; however, that the proposal be reduced to two mils due to the recently announced increase the State of Michigan intends to provide to local governmental units for road and street improvements; and

**WHEREAS**, the City Commission has consider said staff recommendation and concurs with the proposal; and

**WHEREAS**, the City Attorney has reviewed the proposed ballot language for legal sufficiency.

**NOW THEREFORE BE IT RESOLVED THAT** the City Commission of the City of Clare hereby approves proposed ballot language for 2 mils for improvement of streets throughout the City of Clare, said millage proposal to be presented for referendum in March 2016, said ballot language to read, "Shall the City of Clare collect 2 mil (\$2.00 per one thousand dollars of taxable valuation) per year for the period of five (5) years (2016-2020) for streets improvements? Said millage will, in the first year, generate an estimated \$177,818.07 to improve streets."

**BE IT FURTHER RESOLVED THAT** the City Commission hereby directs its City Clerk to take all necessary actions required to place said millage proposal on the March 2016 Presidential Primary ballot.

**ALL RESOLUTIONS AND PARTS OF RESOLUTIONS INSOFAR AS THEY CONFLICT WITH THE PROVISIONS OF THIS RESOLUTION BE AND THE SAME ARE HEREBY RESCINDED.**

**The Resolution was introduced by Commissioner \_\_\_\_\_ and supported by Commissioner \_\_\_\_\_. The Resolution declared adopted by the following roll call vote:**

**YEAS:**

**NAYS:**

**ABSENT:**

Resolution approved for adoption on this 7<sup>th</sup> day of December 2015.

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Diane Lyon, City Clerk