

AGENDA REPORT

TO: Mayor & City Commissioners
FROM: Ken Hibl, City Manager
DATE: February 10, 2010
RE: *Communications



For the Agenda February 15, 2010

***Note: This is a Consent Agenda item and is considered as routine by the City Commission. As such, this matter shall be automatically enacted by one motion with all other Consent Agenda items unless a Commissioner or citizen requests this item be individually discussed, in which event it shall be removed from the Consent Agenda and considered and acted upon in its designated sequence on the approved Clare City Commission agenda of February 15, 2010.**

The following major items of correspondence were either received by or transmitted by the City since the last regularly scheduled City Commission meeting:

MERS Employer Bulletin. The latest edition is provided for the City Commission's information.

Notice of Public Hearing. The City received the attached notice of hearing of the Michigan Public Service Commission pertaining to a request of Consumer's Energy to raise its rates.

Community Service. Our City Attorney forwarded correspondence to a community member regarding agreed-upon community service in lieu of court-ordered penalty.

Attorney Correspondence. The City received the two enclosed items of correspondence from our bonding attorney related to services and fees for the pending sanitary sewer project and the installment purchase of the new fire department tender.

MEMAC Correspondence. We received the enclosed letter confirming our continued participation in this state program.

MDOT Correspondence. We received correspondence from MDOT notifying us that they have formally programmed funding for the airport rental hangars; this notice "officially" makes us eligible for reimbursement of our costs of the hangar project once the state receives federal funding, which we anticipate will occur within the next two months.

US Dept of Commerce Correspondence. The City received correspondence regarding participation in the New Construction Program to support the 2010 census.

Township Correspondence. The City received the attached notice from Grant Township regarding a scheduled FEMA hearing. I intend to attend this hearing.

MMDC Bullets. The most recent bullets are attached for the Commission's information.

Clare County Road Commission Correspondence. The Clare County Road Commission provided the attached Quick Guide to Road & Road Funding in Michigan for all elected and appointed officials of Clare County.

Attachments. As noted above.



EMPLOYERbulletin

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

Employer Bulletin - Winter 2010

Open Member Comment Period

Offer your input on policy of rehiring retirees

The MERS Retirement Board is considering adopting new standards regarding the rehiring of municipal retirees.

The changes would amend Plan Section 31(1), which governs the ability of a retiree to become reemployed by the participating municipality or court from which he or she retired without a suspension of benefits.

Why is MERS considering changes?

As a tax-qualified plan under the Internal Revenue Service, MERS is required to follow the IRS expectation that, as a condition for paying benefits, there has been an actual "bona fide termination of employment in which the employer/employee relationship is completely severed." In 2005, MERS Legal Department's "Important Comment" was added to Section 31 specifically to emphasize this requirement. Arrangements where the employee and employer have agreed to a pre-arranged termination and reemployment are characterized by IRS as non-compliant "sham transactions." The proposed changes to Plan Section 31(1) are intended to more effectively enforce the federal rules.

(For more, see the November 6, 2009 Memorandum to the Board from the Legal Department.)

- Increasing to 180 days the separation from service period – from the current minimum of 30 days – that is required before a retiree may become reemployed without suspension of benefits.
- Suspending benefits for elected or appointed officials who retire and continue in office unless there is a minimum break of at least one year between the old and new term in office.

At its Nov. 13, 2009 meeting, the Board directed that Member Comments be invited for a 90-day period (through Feb. 23, 2010), for consideration by the Board at the March 2010 meeting.

Click [here](#) to e-mail your comments to MERS.





EMPLOYERbulletin

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

Fiscal Responsibility: The 80% Rule

MERS requires minimum funding levels to make plan changes

MERS is committed to promoting fiscally sound policies, in its own business practices and also to its members and participants.

With that in mind, the MERS Retirement Board, in March 2006, adopted the initial MERS Funding Policy. Through revisions effective July 1, 2009, in order to increase benefits, the policy requires the affected municipality and divisions be at least 80% actuarially funded before and after a benefit change as shown by Supplemental Valuation or Valuation of Temporary Benefits Program (window).

This policy is designed to help municipalities keep the promise of long-term benefits, and maintain sustainable contributions. As fiduciary of the system, the Board has the duty to operate on behalf of municipalities for the exclusive benefit of retirees, beneficiaries and participants, and as such, reviews fiscal responsibility issues on a regular basis.

The policy prevents the adoption of any benefit increase that would lower either the municipality or division below the 80% funding requirement after the adoption of the benefit, as stipulated by the corresponding valuation. The policy states 80% funding does not apply where the valuation shows the benefit change would reduce liabilities.

Please contact your Regional Manager if you have questions or concerns regarding this information. We also invite you to visit our Web site to learn more about the regional team that serves your municipality.

MERS Unveils New Logo

Gradual rollout planned to maximize cost-savings

MERS look and logo is changing. Our commitment and service to you remains the same. In response to an ongoing dialogue with our members, we're updating our logo to better reflect the feedback we've received. Our new logo is designed to have a more contemporary look and feel, matching the growth and innovation we value at MERS.

The logo won't change completely overnight, as we're rolling it out gradually in a more cost-effective manner. In addition, the new logo is a two-color design, which will save money in printing costs over the four-color logo it replaces.



We hope you like our new logo, and our new look!



EMPLOYERbulletin

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

Breathe Some 'Life' Into Your Budgets

MERS Group Life & Disability the smart, simple solution

MERS is committed to providing ongoing support of the well being of our member municipalities.

Our goal is to provide cost-effective employee benefit programs. As a MERS member, you have access to a secure, smart and simple insurance solution:

MERS Group Life & Disability.

With MERS Group Life & Disability, we help more than just your bottom line. We help your employees when they need it most, with many other great benefits at no additional cost, like MEDEX travel insurance and Employee Assistance Programs.

We pride ourselves on our one-on-one service, and will customize a plan tailored specifically for your municipality.



Here's how to find out more:

1. Visit www.mersgld.com or call (800) 767-6377 to speak with a member of your regional team.
2. Watch videos of real MERS members we've helped.
3. Click "Request a Quote" or "Contact Us" to learn more.

Your Budget & Bridged Benefits

A New Solution for MERS Municipalities

Rising costs, lower revenues. Smaller budgets, bigger deficits. The fiscal problems local governments face are more complex than ever.

To help address this, MERS developed the Bridged Benefits Program. Bridged Benefits offer municipalities a way to lower liability on a going-forward basis, while leaving earned benefits unchanged. Essentially, Bridged Benefits combine the original (or current) benefit structure the municipality has in place with a benefit multiplier change for future service benefit. The two parts are combined at retirement for the complete retirement benefit.

To explore your options, please contact your regional team representatives today. For more information, please [click here](#).



EMPLOYERbulletin

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

New Employer Reporting Portal Coming Soon!

DB, HCSP & RHFV employers to have reporting tools in one place

MERS is busy finishing a new Employer Portal, designed to improve reporting your Defined Benefit, Health Care Savings Program, or Retiree Health Funding Vehicle contributions.

Look for this enhancement in the months to come.



Membership has its privileges

If you have Defined Contribution, make sure you have MERS

Our goal is to help Michigan municipalities save money, but we can only help MERS participants. So, the next time you use EZ-Link to manage your DC account, check to see if you have "MERS" in your code name, to ensure all of your divisions are under the MERS program.

Contact a member of your regional team to learn more.

Save the Date!

MERS 64th Annual Meeting is scheduled for September 15-17, 2010 at the Radisson Plaza Hotel in Kalamazoo.

**STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION**

**NOTICE OF HEARING
FOR THE ELECTRIC CUSTOMERS OF
CONSUMERS ENERGY COMPANY
CASE NO. U-16191**

- Consumers Energy Company may increase its retail electric rates to provide additional revenue of approximately \$178 million annually above current base rate levels, if the Michigan Public Service Commission approves its request.
- **A TYPICAL RESIDENTIAL CUSTOMER USING 680 KILOWATT HOURS (kWh) PER MONTH MAY SEE AN ELECTRIC RATE INCREASE OF ABOUT \$77 PER YEAR.**
- The information below describes how a person may participate in this case.
- You may call or write Consumers Energy Company, One Energy Plaza, Jackson, Michigan 49201, (800) 477-5050 for a free copy of its application. Any person may review the application at the offices of Consumers Energy Company, or at the Commission's Lansing offices, 6545 Mercantile Way, Suite 7, Lansing, Michigan.
- The first public hearing in this matter will be held:

DATE/TIME: February 16, 2010, at 9:00 a.m.
This hearing will be a prehearing conference to set future hearing dates and decide other procedural matters.

BEFORE: Administrative Law Judge Sharon L. Feldman

LOCATION: Michigan Public Service Commission
6545 Mercantile Way, Suite 7
Lansing, Michigan

PARTICIPATION: Any interested person may attend and participate. The hearing site is accessible, including handicapped parking. Persons needing any accommodation to participate should contact the Commission's Executive Secretary at (517) 241-6160 in advance to request mobility, visual, hearing or other assistance.

The Michigan Public Service Commission (Commission) will hold a public hearing to consider the January 22, 2010 application of Consumers Energy Company (Consumers Energy), seeking approval to increase its existing retail electric rates to provide additional revenues of approximately \$178 million annually and for other relief.

Consumers Energy's application states that factors contributing to the requested increase include: (i) ongoing investments in electric utility generation facilities, distribution facilities, and other electric utility infrastructure in order to provide safe and reliable service; comply with environmental and legal requirements; and invest in technology improvements; (ii) increasing operation and maintenance costs, and (iii) maintaining a reasonable capital structure and balance sheet to maintain credit ratings and to attract capital necessary for utility operations during a period in which Consumers Energy is experiencing higher financing costs, costs of capital are increasing, and investors are more risk averse.

Consumers Energy states that, as set forth in 2008 PA 286, if the Commission has not acted upon the Company's application within 180 days of the filing, the Company may implement up to the amount of the proposed annual rate request through increases applied to all rates.

All documents filed in this case shall be submitted electronically through the Commission's E-Dockets Website at: michigan.gov/mpscedockets. Requirements and instructions for filing can be found in the User Manual on the E-Dockets help page. Documents may also be submitted, in Word or PDF format, as an attachment to an email sent to mpscedockets@michigan.gov. If you require assistance prior to e-filing, contact Commission staff at (517) 241-6170 or by e-mail at mpscedockets@michigan.gov.

Any person wishing to intervene and become a party to the case shall electronically file a petition to intervene with this Commission by February 9, 2010. (Interested persons may elect to file using the traditional paper format.) The proof of service shall indicate service upon Consumers Energy's attorney, H. Richard Chambers, One Energy Plaza, Jackson, Michigan 49201.

Any person wishing to make a statement of position without becoming a party to the case, may participate by filing an appearance. To file an appearance, the individual must attend the hearing and advise the presiding administrative law judge of his or her wish to make a statement of position. All information submitted to the Commission in this matter will become public information: available on the Michigan Public Service Commission's Web site, and subject to disclosure.

Requests for adjournment must be made pursuant to the Commission's Rules of Practice and Procedure R 460.17315 and R 460.17335. Requests for further information on adjournment should be directed to (517) 241-6060.

A copy of Consumers Energy's request may be reviewed on the Commission's Web site at michigan.gov/mpscedockets, and at the office of Consumers Energy Company, One Energy Plaza, Jackson, Michigan. For more information on how to participate in a case, you may contact the Commission at the above address or by telephone at (517) 241-6170.

Jurisdiction is pursuant to 1909 PA 106, as amended, MCL 460.551 et seq.; 1919 PA 419, as amended, MCL 460.54 et seq.; 1939 PA 3, as amended, MCL 460.1 et seq.; 1982 PA 304, as amended, MCL 460.6h et seq.; 1969 PA 306, as amended, MCL 24.201 et seq.; and the Commission's Rules of Practice and Procedure, as amended, 1999 AC, R 460.17101 et seq.

[Details of the proposals are contained in the application and filing materials.]

[CONSUMERS ENERGY COMPANY HAS REQUESTED THE INCREASES AND OTHER PROPOSALS DESCRIBED IN THIS NOTICE. THE MICHIGAN PUBLIC SERVICE COMMISSION MAY GRANT OR DENY THE REQUESTED INCREASES AND OTHER PROPOSALS, IN WHOLE OR IIN PART, AND MAY GRANT LESSER OR GREATER INCREASES THAN THOSE REQUESTED AND MAY AUTHORIZE A LESSER OR GREATER RATE FOR ANY CLASS OF SERVICE THAN THAT REQUESTED.]

January 28, 2010

JAYNIE SMITH HOERAUF, P.C.
ATTORNEY AT LAW

601 Beech Street / P.O. Box 67 / Clare, Michigan 48617
Phone (989) 386-3434 / Fax (989) 386-3636
E-mail / hoerauf@sbcglobal.net

February 2, 2010

Ms. Penny Zeneberg
7862 South Fordyce Road
Mt. Pleasant MI 48858

RE: People vs. Penny Ann Zeneberg

Dear Ms. Zeneberg:

Per our discussion, the community service that you can serve in lieu of penalty on your recent ticket will be in the form of painting. This painting will need to wait until spring. So, when we get a break in the weather, please contact Amanda Green at the City of Clare and she will get things lined up for you. On that basis, I am going to file a dismissal of the case that we have currently pending. If this is not agreeable to you in any way, please let me know.

Sincerely,

JAYNIE SMITH HOERAUF, P.C.

BY _____
JAYNIE SMITH HOERAUF

JSH/ss

C: Clare City Police Department
Mr. Ken Hibl

Founded in 1852
by Sidney Davy Miller

MILLER CANFIELD

STEVEN M. FRANK
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February 1, 2010

Mr. Steven J. Kingsbury
City Treasurer
City of Clare
202 W. Fifth Street
Clare, MI 48617-1490

Re: Installment Purchase Agreement

Dear Mr. Kingsbury:

Thank you for engaging our firm to serve the City of Clare (the "City") as bond counsel in connection with the installment purchase financing of a new fire tender for use by the City. We value highly our relationship with the City and you may be assured of our prompt and complete attention to this financing. As you are aware, it is our practice when beginning work on a new matter to send an engagement letter like this that sets forth the scope of our services as bond counsel and the nature of our compensation.

Bond Counsel's Role

Bond counsel is engaged as a recognized expert whose primary responsibility is to render an objective legal opinion with respect to the authorization and issuance of the Installment Purchase Agreement (the "Agreement") to be entered into with respect to the installment financing of the fire tender. Our approving legal opinion with respect to the Agreement will be delivered by us in written form on the date the Agreement is executed and delivered by the parties, and will be based upon facts and law existing as of its date. In rendering the opinion, we will rely upon the certified proceedings and other certifications of public officials and by other persons furnished to us without undertaking independent verification of the information contained in the proceedings and certifications.

In performing our services as bond counsel, our client is the City and we will represent its interests. However, our representation of the City does not alter our responsibility to render an objective opinion as bond counsel. Upon delivery of the opinion, our responsibilities as bond counsel will be concluded with respect to the Agreement.

Mr. Steven J. Kingsbury

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February 1, 2010

Scope of Bond Counsel Services

In our role as bond counsel, we will provide the following services to the City:

1. Meet or consult with City officials, the City Commission, if requested, and others to explain the legal nature of the proposed borrowing, the City's power to borrow and the limitations on that power, and consult with City officials and the financial advisor, if any, in the design of the financing program.
2. Prepare the Agreement, along with the necessary resolutions and other documents to authorize, issue and deliver the Agreement.
3. Examine the tax issues related to the Agreement (done by an attorney specializing in the requirements of the Internal Revenue Code as they apply to municipal tax-exempt obligations such as the Agreement) to assure that all requirements of the Internal Revenue Code are complied with and that any adverse tax consequences are minimized.
4. Prepare the Agreement for delivery to the vendor. We will also participate in the delivery of the Agreement to the vendor in order to handle legal matters that may arise at that time.
5. Deliver our approving opinion as to the validity and enforceability of the Agreement and as to the exemption of the interest on the Agreement from federal and state income taxation.

Our services as bond counsel do not include activities outside of the scope of activities described above. Review and negotiation of the purchase contract between the City and the vendor or representation of the City in litigation or administrative proceedings that might arise in connection with the Agreement are beyond the scope of our role as bond counsel.

Our engagement does not include any obligation to monitor compliance with the federal tax requirements found in the Internal Revenue Code of 1986 (the "Code") and applicable to the Agreement, including the rebate requirements of the Code. Our engagement as bond counsel also does not include any representation of the City in connection with any audit or examination of the Agreement by the Internal Revenue Service. However, we would be available to assist with rebate calculations or any audit or examination as a separate engagement.

Our professional responsibilities as attorneys in this matter will be limited to interpretations of law and other legal issues and the drafting of legal documents. Upon your request we will also offer advice with respect to business matters such as the terms or structure of the Agreement or the means of generating funds to pay debt service on the Agreement based solely upon our experience with similar matters and without undertaking professional responsibility as attorneys for such advice. In no event, of course, would we presume to assume

MILLER, CANFIELD, PADDOCK AND STONE, P.L.C.

Mr. Steven J. Kingsbury

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February 1, 2010

the responsibilities of the City or the professional responsibilities of any other advisor with respect to such non-legal matters.

Conflict of Interest Policy

Our firm is one of the largest in Michigan and our attorneys represent a great many clients and our practice is in many different legal areas. We are not representing and do not intend to represent any other party in this financing. We are asked occasionally to represent a client in a matter adverse to our municipal finance clients. We, of course, would decline to represent any client in a matter involving the City that would conflict with our services to the City as bond counsel. Moreover, before we would represent a client adverse to the City in any area not involving the Agreement, we would advise the City before undertaking such representation.

Fees

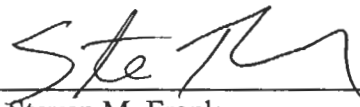
Our compensation for the services described in this letter will be based solely on the number of hours worked by the persons performing the work at our preferred client billing rates. However, we will cap our fees for this matter at \$2,500. In addition to our fee for services, we will bill you for all out-of-pocket expenses incurred in connection with this matter, including travel, mileage, document production, postage, etc.

We welcome this opportunity to be of service to the City and look forward to working with you. If you have any questions regarding this letter, please do not hesitate to contact me.

Very truly yours,

Miller, Canfield, Paddock and Stone, P.L.C.

By: _____



Steven M. Frank

cc: Ken A. Hibl
Donald W. Keim, Esq.

Founded in 1852
by Sidney Davy Miller

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February 1, 2010

Mr. Ken A. Hibel
City Manager
City of Clare
202 W. Fifth Street
Clare, MI 48617-1490

Re: City of Clare Sewer Project

Dear Ken:

We appreciate the opportunity to serve the City of Clare (the "City") as bond counsel in connection with the financing of proposed improvements to the City's sewage disposal system. It is our understanding that the City intends to issue revenue bonds (the "Bonds") to pay a portion of the cost of the project and to refund certain outstanding revenue bonds of the City. The Bonds will be purchased by the Rural Development Agency of the U.S. Department of Agriculture ("Rural Development"). We value highly our relationship with the City and you may be assured of our prompt and complete attention to this financing. It is our practice when beginning work on a new matter to send an engagement letter like this that sets forth the scope of our services as bond counsel and the nature of our compensation.

Bond counsel is engaged as a recognized expert whose primary responsibility is to render an objective legal opinion with respect to the authorization and issuance of the Bonds. Our approving legal opinion with respect to the Bonds will be executed and delivered by us in written form on the date the Bonds are exchanged for their purchase price, and will be based upon facts and law existing as of its date. In rendering the opinion, we will rely upon the certified proceedings and other certifications of public officials and other persons furnished to us without undertaking independent verification of the information contained in the proceedings and certifications.

In performing our services as bond counsel, our client is the City and we will represent its interests. However, our representation of the City does not alter our responsibility to render an objective opinion as bond counsel. Upon delivery of the opinion our responsibilities as bond counsel will be concluded with respect to the Bonds.

Our services will consist of the preparation or review of all ordinances, resolutions, notices, certificates, closing documents and related material necessary to authorize, issue and

deliver the Bonds, and the delivery of our approving legal opinion as described above. Although Rural Development endeavors to make the process as easy as possible, there are a number of state law and federal tax law requirements that must be satisfied in the course of the bond issuance process. Therefore, we will also guide the City through these requirements. These services are separate from those provided by the City's attorney. The City's attorney will be reviewing all of the Rural Development paperwork, the engineering and construction contracts, preparing the property/title work and in general advising the City with respect to the project itself. Miller Canfield's work focuses on the bond issue exclusively.

Our services as bond counsel do not include activities outside of the scope of services described above. Review of construction contracts, land acquisition or representation of the City in litigation or administrative proceedings that might arise in connection with the Bonds are beyond the scope of our role as bond counsel.

Our engagement does not include any obligation to monitor compliance with the federal tax requirements found in the Internal Revenue Code of 1986 (the "Code") and applicable to the Bonds, including the rebate requirements of the Code. Our engagement as bond counsel also does not include representation of the City in connection with any audit or examination of the Bonds by the Internal Revenue Service. However, we are available to assist with rebate calculations or any audit or examination as a separate engagement.

Our professional responsibilities as attorneys in this matter will be limited to interpretations of law and other legal issues and the drafting of legal documents. Upon your request we will also offer advice with respect to business matters such as the terms or structure of the Bonds or the means of generating funds to pay debt service on the Bonds based solely upon our experience with similar matters and without undertaking professional responsibility as attorneys for such advice. In no event, of course, would we presume to assume the responsibilities of the City or the professional responsibilities of any other advisor with respect to such non-legal matters.

For a bond issue of approximately \$3,100,000 for both project and refunding purposes, to be purchased by Rural Development, we estimate that our fee as bond counsel would be \$28,000. Such fee may vary: (i) if the principal amount of the Bonds stated above is changed substantially; (ii) if material changes in the structure of the financing occur; or (iii) if unusual or unforeseen circumstances arise that require a significant increase in our time or responsibility. If at any time we believe that circumstances require an adjustment of our original fee estimate, we will consult with you. In addition, we will bill the City for all out-of-pocket expenses incurred in connection with this financing, including travel costs, document production, postage and other necessary office disbursements. We estimate that such out-of-pocket expenses will be in the range of \$300-\$500 for a Rural Development issue.

MILLER, CANFIELD, PADDOCK AND STONE, P.L.C.

Mr. Ken A. Hibel

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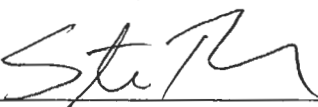
February 1, 2010

It is customary for the fees and expenses of bond counsel to be paid from the proceeds of the Bonds at the time the Bonds are delivered to Rural Development. The City will not receive monthly invoices for our services as bond counsel.

Don Keim and I welcome this opportunity to be of service to the City and we look forward to working with you. Should have any questions about this letter or our services as bond counsel, please give Don or me a call.

Very truly yours,

Miller, Canfield, Paddock and Stone, P.L.C.

By: 
Steven M. Frank

cc: Steven J. Kingsbury
Donald W. Keim, Esq.



JENNIFER M. GRANHOLM
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF STATE POLICE
LANSING



COL. PETER C. MUNOZ
DIRECTOR

January 26, 2010

Mr. Patrick Humphrey, Mayor
City of Clare
202 West Fifth Street
Clare, MI 48617-1490

Dear Mr. Humphrey:

Re: Michigan Emergency Management Assistance Compact Confirmation:

This is to confirm your participation in the Michigan Emergency Management Assistance Compact (MEMAC). This agreement between the Michigan Department of State Police Emergency Management and Homeland Security Division (EMHSD) and your local governmental entity will help ensure Michigan can effectively respond to disasters and catastrophic events across jurisdictional boundaries.

We have received the following documentation confirming your admission to the MEMAC:

- The completed execution page signed by the Chief Executive of your respective political subdivision.
- The Authorized Representative Contact Information page.
- The Resolution authorizing MEMAC participation.
- A letter describing the types and the amounts of insurance carried by your political subdivision.
- Proof of the compact's filing with the Michigan Secretary of State and the County Clerk.

Please be advised that the contact information should be reviewed at least once a year and the updates forwarded to EMHSD.

If you have any questions feel free to contact Sgt. David Hampton, Michigan Department of State Police Emergency Management and Homeland Security Division at (517) 333-4386 or hamptond@michigan.gov.

Sincerely,

W. THOMAS SANDS, CAPTAIN
Deputy State Director of Emergency Management
and Homeland Security



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

JENNIFER M. GRANHOLM
GOVERNOR

KIRK T. STEUDLE
DIRECTOR

January 26, 2010

Mr. Ken Hibl
City Manager
202 West Fifth Street
Clare, Michigan 48617-1490

Dear Mr. Hibl:

SUBJECT: Clare Municipal Airport – 2010 Programming Information

Our office has programmed the following AIP-eligible project for 2010 at Clare Municipal Airport based on your final Airport Capital Improvement Program (ACIP for FY 2010-2020) submitted to my attention on October 6, 2009.

Project Description: Construct T-Hangar site work (reimbursement)

This project is anticipated to be funded as shown below:

Federal Nonprimary entitlements (95%) = \$150,000

State Participation (2.5%) = \$3,947

Local Participation (2.5%) = \$3,948

Total = \$157,895

Please note that to date we have not received any federal entitlements for the FY 2010 AIP program. If you have any questions or wish to discuss the above programming, please contact me directly at either steudleb@michigan.gov or at (517) 335-8359.

Sincerely,

Betsy Steudle, P.E.
Engineer-Manager, Programming Unit
Airports Division
Bureau of Aeronautics and Freight Services

cc: Laura Wise, BAFS
Dick Acker, 48D



UNITED STATES DEPARTMENT OF COMMERCE
Economics and Statistics Administration
U.S. Census Bureau

Regional Census Center
DETROIT, MI 48207-4184

February 4, 2010

Mr. Dave Williams
Director, Inspections & Code Enforcement
City of Clare
202 W. Fifth Street
Clare, Michigan 48617

Dear Mr. Williams:

We appreciate your efforts providing addresses for the 2010 Census New Construction (NC) Program. This letter acknowledges our receipt of your NC materials. Your participation in the New Construction program helps ensure that each new housing unit built since the address canvassing operation (Spring 2009) is included in the 2010 Census.

The Census Bureau appreciates your assistance and cooperation with this project. If you have any questions, please contact my Geography staff at the Detroit Regional Census Center. The toll-free number is 1-866-511-5822.

Sincerely,

Dwight P. Dean
Regional Director

Cc: The Honorable Pat Humphrey, Mayor of Clare

GRANT TOWNSHIP / CLARE COUNTY, MICHIGAN

Dan Dysinger, Supervisor
540 E. Surrey Rd.
Farwell, Mi. 48622
989-588-2552 home
989-588-4484 hall

February 5, 2010

To: All Township and Municipal Officials

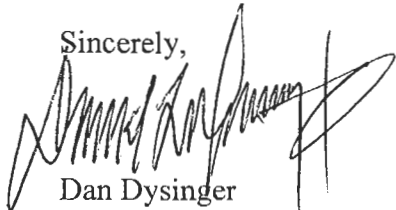
RE: FEMA and National Flood Insurance Issues, flood map update

Grant Township will host a public forum on Monday February 22nd @ 7:00pm, at the Grant Township Hall. Our hall is located at the corner of Surrey Road and Grant road 1 mile west of Jay's Sporting Goods. Joy Brooks from MDEQ will provide a power point presentation and focus on questions and answers from Township, Municipal Officials as well as members of the general public.

If you have questions regarding the subject this is the place to get them answered.

Please pass this along to your fellow council, commission or board members. The public is invited to attend.

Sincerely,

A handwritten signature in black ink, appearing to read 'Dan Dysinger', written over a white background.

Dan Dysinger
Supervisor, Grant Township

Ken Hibl

From: Dwayne Miedzianowski [dmiedzianowski@cityofclare.org]
Sent: Monday, February 01, 2010 10:39 AM
To: khibl@cityofclare.org; 'Diane Schmidt'; 'Bob Bonham'; STEVE KINGSBURY
Subject: FW: mmdc bullets

Chief Dwayne Miedzianowski

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From: Carolyn Bennett [mailto:cbennett@mmdc.org]
Sent: Friday, January 29, 2010 4:07 PM
To: info@mmdc.org
Subject: mmdc bullets

MMDC Bullets – January 29, 2010

- MMDC is working with three companies who have expressed interest in locating in Clare or Isabella Counties. These companies are engaged in manufacturing. It is encouraging to find businesses that are interested in expanding and investing in our region.
- Congratulations to Merit Networking for its success in receiving ARRA broadband stimulus funding in the amount of \$33.3 Million. This is good news for Clare and Isabella Counties as it is one step in our overall plan to eventually extend broadband to the rural areas of our two county region.
- **The Mid Michigan Human Resource Association** joins The Saginaw Chippewa Indian Tribe and Isabella Community Credit Union joins Bandit, DTE Energy, FirstBank, Morbark, the Clare County Enterprise Community, CME Mitsuba, Commercial Bank, FutureMold, Melling Products, and StageRight in sponsoring Mock Interview Day on Tuesday, March 16 at CMU's Bovee University Center.
- This is a reminder that MMDC has relocated to the former Isabella Bank Building. Our new address is **200 E. Broadway**, Mt. Pleasant MI. Phone, FAX & email remains the same.

Kathy & Carolyn

CLARE COUNTY

ROAD COMMISSION

3900 East Mannsiding Road
Harrison, Michigan 48625
Telephone 989-539-2151
Fax 989-539-7751

Donald L. Armentrout - Commissioner • **Timothy C. Haskin** - Commissioner • **Michael S. Duggan** - Commissioner
Steven R. Stocking - Engineering/Manager • **Kimberly N. Kimmel** - Finance Director • **Kathy Duynslager** - Board Secretary

February 5, 2010

Dear Elected and Appointed Officials:

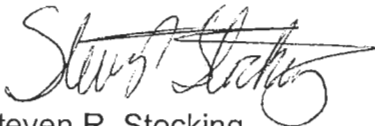
Enclosed is a brief publication entitled A Quick Guide to Roads and Road Funding in Michigan for your information.

The purpose of sending it at this time is because of the increased level of activity in the State Legislature addressing the issue. House Bills 5768, 5769, and 5770 were introduced last week to increase and protect fuel taxes to meet the shortfall in funding.

Because increasing taxes is not a popular choice, this publication may explain why this increase in user fees is necessary, even during these tough economic times.

Thank you for your interest.

Sincerely,

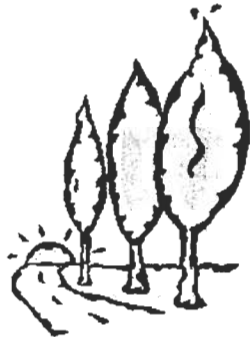


Steven R. Stocking
Engineer-Manager

SRS/kd

Enclosure

A Quick Guide to
**Roads &
Road Funding
In
Michigan**



Provided by:
The County Road Association of Michigan
Township Relations Committee

2009

Visit CRAM online at www.micountyroads.org

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Introduction



For most public officials in Michigan, it will come as no surprise to learn that the state's transportation infrastructure is in crisis -- the feedback we receive on a daily basis from our constituents confirms this.

However, for those not directly involved in maintaining the transportation infrastructure, the causes of this crisis may not be clear. The purpose of this publication is to share with the leaders of Michigan's townships, the County Road Association of Michigan (CRAM) positions on this challenge and what we think could be done about it.

We will also explain why we hold these positions, and cite supporting data and statements from many other experts on this subject in the state.

Working on behalf of the CRAM Board of Directors, the CRAM Township Relations Committee hopes to foster and/or solidify a spirit of partnership with townships with regard to roads. CRAM believes that Michigan townships are our partners in facing the current road-funding challenge. It is our sincere hope that through sharing this information we will all be better positioned to face this crisis.

Sincerely,

William Watkins

Hillsdale County Board of Road Commissioners
Chairman, CRAM Township Relations Committee

If you have questions or comments about roads or road funding, please visit the CRAM Web site (www.micountyroads.org) or call or e-mail the association office:

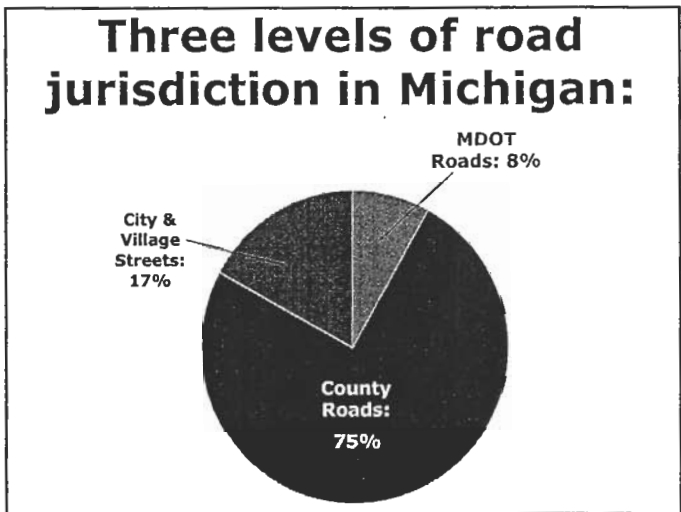
County Road Association of Michigan
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craminfo@localroads.net

Visit CRAM online at www.micountyroads.org

Part I: Who is responsible for Michigan's roads?

In order to understand the road issues in Michigan, we need to first understand who is responsible for the roads. In Michigan, all roads fall into one of three categories of road jurisdiction:

1. State highways, under the jurisdiction of the Michigan Dept. of Transportation (MDOT): 9,695 miles (8 percent of all roads).
2. County roads, under the jurisdiction of county road commissions: 90,162 miles (75 percent of all roads). In Wayne County, the county roads fall under the jurisdiction of the county Department of Public Services (the road commission was abolished in the 1980s).
3. City or village streets, under the jurisdiction of Michigan's 533 cities and villages: 20,914 miles (17 percent of all roads).



Note: Michigan has the eighth largest public road system in the nation, the sixth largest local (county, city and village roads) system and the third largest county system. Michigan's state highway system is the 28th largest in the nation.

Here's a little more information about each level of jurisdiction.

State Highways

State highways fall under the jurisdiction of the Michigan Department of Transportation (MDOT). Included under this heading are all highways with the letters "M", "US" or "I" in their names. Examples include M-55, M-37, US-27, US-12, I-75, I-94, etc. Generally, all freeways fall under MDOT jurisdiction, as do many major inter-county roads. In 65 counties, MDOT contracts with the county road commission to maintain these roads.

County Roads

Generally, county road commissions have jurisdiction over all roads, except state highways, in all townships in the state. Additionally, some county road commissions have jurisdiction over some of the primary roads in the cities and villages.

Over the years, the cities and villages in Michigan have taken jurisdiction over some, or in some cases, all of the roads within their boundaries (except state highways). When a township, or part of a township incorporates and becomes a city or village, the road commission has one year in which to determine which roads to turn over to the new city or village. After that first year, jurisdiction of any road may be transferred either way, if agreed upon by both parties.

City & Village Streets

The cities and villages have jurisdiction over residential or subdivision streets within their boundaries. Whether a city or village or the road commission has jurisdiction over major streets within the community depends upon a variety of factors and varies from community to community.

Part II: Why are Michigan's roads in the condition they are in, and why are other states' roads in better shape?

The History of Road Funding in Michigan

In order to understand where Michigan is today in terms of road funding, it is necessary to understand where we have been in the past.

When we look at Michigan's record for the last 45 years, we find that Michigan has done a pretty decent job of funding such important areas as health and education. Roads, unfortunately, are a different story.

As the chart on the right indicates, since at least 1964, roads have been Michigan's "forgotten priority" -- Michigan has continuously ranked in the bottom nine states in per capita state and local expenditures on roads. Today, Michigan still ranks in the bottom four states.

Given this track record, it should be no surprise that Michigan's roads are in worse

shape than those in many other states. Many of the states that, for years, have ranked higher than Michigan in per capita road spending, do not have the freeze/thaw cycles that Michigan experiences each spring and fall, which take a tremendous toll on paved road surfaces. Nor do road agencies in many of these states spend millions of dollars on snowplowing and salting.

Others agree: Michigan's roads are in poor condition

It is not just Michigan's road agencies that have concluded that Michigan's roads need help. In November 2008, the governor's **Transportation Funding Task Force**, a non-partisan group made up of four state legislators and nine business, labor and community leaders from across the state, came to the same conclusion. The Task Force, after closely studying roads and road funding for six months, concluded that Michigan needs to double its level of annual road funding just to maintain the existing road system in "good" condition. The Task Force concluded this would result in spending an additional \$3 billion per year on Michigan's roads.

Here are a few examples of statements included in the Task Force report:

- What the Task Force has determined, after months of hard work and much public input, is that if Michigan's transportation system is to continue to serve the state adequately, our investment in transportation must increase significantly.

- Michigan is moving from under-investing in transportation to disinvesting in transportation.

- More investment in transportation is absolutely needed. Much more We must increase investment in transportation soon, or we will put past investment at risk.

Another group calling for increased transportation funding is the **Michigan Asset Management Council**, a group appointed by the governor to oversee the state's efforts to apply the philosophy of asset management to the state's transportation infrastructure.

Per Capita State & Local Expenditures (Michigan's Rank in the Nation)

Expenditures	1964	1974	1984	1988	1992	2006
Health	5	8	9	3	12	11
Education	11	7	10	7	11	8
Roads	43	44	42	44	49	47

Source: US Census Bureau

The Asset Management Council documented that the road system is rapidly declining. The Council reported in 2008 that there was an 88 percent increase in the number of miles of Michigan's "federal-aid eligible" roads (those roads on which federal road funding can be spent) that declined from "fair" or "good" condition to "poor" between 2004 and 2007.

Yet another voice indicating there is a serious problem with Michigan's road system is the **Reason Foundation**, a Los Angeles and Washington DC-based non-profit think tank. In its 2007 "Report on the Performance of State Highway Systems," the foundation concluded that Michigan:

- ▶ Has the **8th worst** road system in the nation based on overall performance;
- ▶ **Ranks 16th** in the nation based on deficient bridges;
- ▶ Has the **4th worst** rural interstate conditions; and
- ▶ Has the **8th worst** urban interstate conditions.

The foundation also ranks Michigan 8th in the nation in congested roads; 10th in the nation in the amount of additional road miles needed; and 6th in the nation in the total cost of road miles needed.

And the list goes on. Numerous other national and state-based organizations, including many of the major newspapers in the state, have reached the same conclusion: Michigan's roads are bad and increased funding is needed to address the problem.

The Bottom Line

It is clear that the condition of Michigan's roads won't catch up with that of roads in other states as long as Michigan ranks in the bottom seven states in per capita road funding.

Where does road funding come from?

State road funds

The two largest sources of road funding in Michigan are the vehicle registration fee and the state-collected gas tax.

Traditionally, the gas tax was the largest single source of road funding in Michigan, though vehicle registration fee revenues surpassed the gas tax in 2008, as gas consumption continues to decline statewide.

Historically, Michigan's gas tax rate has been below the national average, making it a major contributor to the state's poor showing in per capita road funding comparisons.

The state gas tax was last raised more than a decade ago in 1997, when it was increased from 15 cents per gallon to 19 cents. Prior to 1997, it had not been increased since 1984, when it rose from 13 to 15 cents per gallon.

So, where does Michigan's gas tax rank compared to other states? We remain below average. The table above lists the gas tax rates for Michigan and our six closest neighbors.

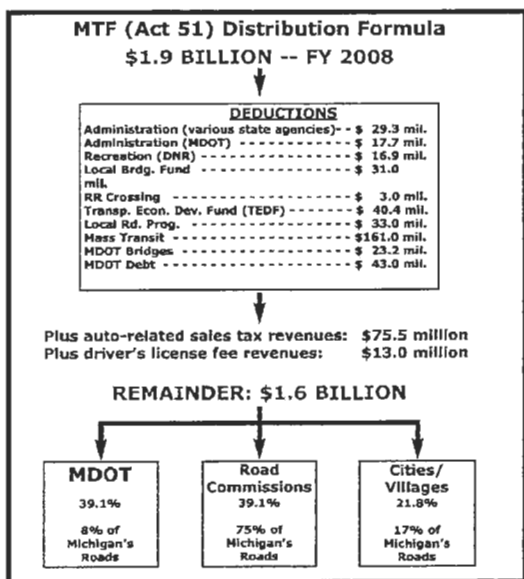
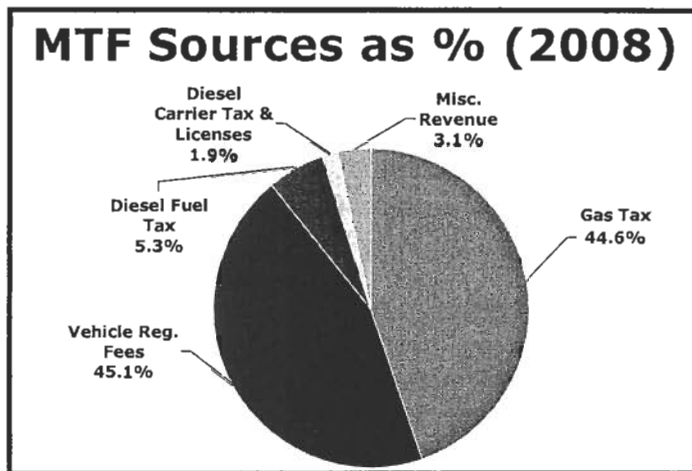
Michigan's gas tax rate compared to nearby states	
Indiana	.18 cents*
Michigan	.19 cents
Illinois	.19 cents**
Minnesota	.20 cents
Ohio	.28 cents
Pennsylvania	.32.3 cents
Wisconsin	.30 cents

* = While Indiana's gas tax is lower than Michigan's the state has generated substantial road funding by leasing its toll road to a private company.
 ** = Illinois also allows local gas taxes which increase its gas-tax rate to well above 19 cents in many counties.

Besides the gas tax & vehicle registration fee, what are the other sources of state road funds?

In addition to the state-collected gas tax and vehicle registration fee, there are a number of other state-collected revenues that contribute to road funding in Michigan. The pie chart at right shows those sources and indicates what percentage of total state road funds they accounted for as of 2008.

Michigan is one of only nine states in the nation that applies a sales tax (6 percent) to gas and diesel sales. It is interesting to note none of the revenue from that sales tax goes to roads.



How are state-collected road funds distributed?

How are the state-collected revenues divided among the state, county road commissions and cities & villages? The state Legislature addressed this question through a road-funding formula that is spelled out in Michigan Public Act 51 of 1951.

In the act, the Legislature established a single "pot" for state-collected road funds known as the **Michigan Transportation Fund (MTF)**. It then created a formula for the distribution of MTF funds.

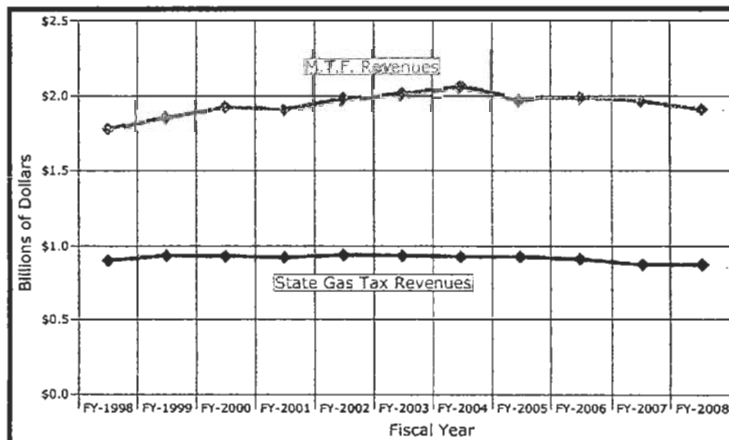
According to the formula, money is first taken off the top of the MTF for a number of items including the Bridge Fund and public transportation. The formula then calls for 39.1 percent of the remaining money to go to MDOT (which has jurisdiction over 8 percent of Michigan's roads), 39.1 percent to go to county road commissions (which have jurisdiction over 75 percent of Michigan's roads) and 21.8 percent to go to cities and villages (which have jurisdiction over 17 percent of Michigan's roads).

Note that while MDOT receives 39.1 percent of the MTF funds according to the formula, when you add in the fund deductions that go to MDOT, such as the revenue from a half-penny of gas tax that is dedicated to MDOT bridges and the 1997 truck registration fee increase revenues, MDOT actually receives approximately 41 percent of MTF funds.

What's wrong with the MTF?

Michigan's MTF dollars are simply not generating enough revenues to adequately maintain the public roads in the state. Nor are these revenues keeping up with inflation. In recent years, MTF revenues have declined.

Remember, this problem is compounded by the fact that Michigan's per capita road funding has lagged behind most states for at least 45 years.



From 1998 through 2008, MTF grew a net total of 7 percent statewide (see chart at right). This is significantly lower than the combined rate of inflation for these 11 years. **In each of the last three years, MTF has actually declined by approximately 4 percent per year, as the chart shows.**

But that's not the whole story. Many of the costs associated with critical road maintenance activities are increasing far faster than the consumer rate of inflation. Here are some examples from one Southeast Michigan road commission for the period from 1998 through 2008:

<u>Item</u>	<u>Percentage increase, '98-'08</u>
12-yard snowplow/dump truck (purchase price)	74%
Diesel fuel	489%
Gasoline	420%
Asphalt	49%
Gravel	20%
Guardrail & hardware	102%
Plow blades	134%
U-channel sign posts	145%
Traffic signal cable	40%

NOTE: Fuel taxes are "flat" taxes: They do not increase with the price of gas or diesel or with inflation. That means, assuming gas and diesel sales remain fairly steady, each year the gas and diesel tax revenues have less and less buying power. That's because no additional dollars are generated, while all the costs these revenues pay for increase from year to year. It also means that road agencies do not receive additional funding when gas or diesel prices go up.

Federal Funds

Most road agencies in Michigan rely on federal road funding, generated by the 18.4-cent federal gas tax, for major road improvements, such as road widening projects. While federal funds coming to Michigan have increased slightly in the last couple of years, the increase has been minimal for most road commissions.

That's because the federal road funds coming to Michigan are split among the Michigan Department of Transportation (MDOT), county road commissions and cities and villages. After deductions for special programs and "earmark" grants, legislation and tradition set the division as follows:

75% = MDOT

25% = Divided among county road commissions, cities and villages statewide

That means by the time the 25 percent local portion of any increase in federal road funding is spread among the 83 county road agencies and 533 cities and villages in Michigan, no single agency receives a very substantial amount.

Additionally, Michigan is a "donor" when it comes to federal funds: We send more money to Washington DC than we get back. For every dollar Michigan sends to Washington DC in road funding, we get back 92 cents.

So, what happens when there's not enough money for roads?

When there's not enough money to adequately maintain roads, the road surfaces deteriorate, winter road maintenance services are reduced and, in urban areas, roads become increasingly congested. This ultimately has a negative impact on both business and quality of life. And ...

Because the road agencies can't afford to spend enough in any community, the communities get frustrated and accuse the road agencies of spending all their money in other communities. And ...

Road agencies must compete with each other for the scarce road dollars. This undermines the cooperative spirit necessary to most efficiently maintain the road system on which Michigan relies.

What if we could just stimulate economic development? Would that solve our road problems?

Over the last decade, prior to the current economic downturn, some Michigan counties experienced tremendous growth. As a result of the growth, these counties received new revenue from taxes associated with all the growth. In some parts of the state, there was development of new office complexes, new commercial developments, tremendous new growth in the industrial sector and explosive growth in residential development.

However, in most cases, this development resulted in no increase in funding for roads. Why?

New development produces tax revenues in three areas:

1. Property taxes -- from new buildings
2. Income taxes -- from new jobs
3. Sales taxes -- from commerce at the new commercial developments

How much of this tax revenue went to either MDOT or the county road commissions to address the traffic problems resulting from the growth?

Except for the 17 Michigan counties with property tax millages dedicated specifically to roads, the county road commissions and MDOT get NO revenue from new development. The 17 counties with road millages are: Allegan, Baraga, Charlevoix, Chippewa, Crawford, Gladwin, Houghton, Huron, Iron, Leelanau, Midland, Montmorency, Ontonagon, Sanilac, St. Joseph, Tuscola and Van Buren. Millage revenue in these counties is spent on county roads and city or village streets but not state highways.

Many townships in Michigan also contribute to the cost of maintaining and improving the roads within their borders. Some do this through a dedicated road millage, while others contribute dollars from their general funds on a project-by-project basis. Obviously, townships that use revenues generated by property taxes to contribute to the cost of road maintenance or road improvements, saw a road-related benefit from the new development.

Township contributions

In light of the insufficient level of state-collected road funding, the partnerships between road commissions and townships has enabled many road commissions to complete projects that otherwise would not have been undertaken for years, if at all. In 2007, townships statewide supplemented road commission budgets by a total of \$102 million, with townships in 82 counties contributing to their road commission's efforts.

Part III: What other road-related issues might you hear about?

What about using property taxes for roads?

Though the largest sources of road funding in Michigan are the state-collected gas tax and vehicle registration fee, some local governmental agencies have already been forced to turn to the property tax for supplemental road funds.

While road commissions have no taxing authority, as noted above, in 17 counties, the voters have approved a countywide property tax millage dedicated to roads. Some townships and many cities and villages are already doing this as well. Why? Necessity, resulting from decades of inadequate road funding and demand from citizens for better roads.

The net result of these efforts is a shifting of the road funding burden partially onto local property taxes.

Are property taxes the best way to pay for roads? Which is the most equitable way to raise money for roads, fuel taxes or property taxes? But there is an even more basic question implied in this question: Should road funding be based on:

- A. The extent to which you use the roads;
- OR
- B. The value of your property?

Which method hits the elderly and those on fixed incomes the hardest?

The County Road Association of Michigan (CRAM) believes the fuel tax is the most equitable way to fund roads in Michigan, because:

- A. The fuel taxes are "user" taxes (the more you use the roads, the more you pay); and
- B. Michigan has not exhausted the fuel tax as a funding mechanism (Michigan's fuel taxes remain below the national average and well below many of our neighboring states).

Are Michigan cities & villages currently supplementing their state road funds?

Yes. Michigan's cities and villages already subsidize their streets. They discovered long ago that MTF funds are not adequate to address their road needs.

On average, Michigan cities and villages receive nearly half of their road funding from a source other than the MTF. That other source is typically local taxes of one form or another.

In other words, Michigan's cities and villages have already been forced to turn to sources other than the state-collected road funds for nearly half of their road funding needs. In some of these communities, dedicated property tax millages are already used for roads. In others, the community uses general-fund monies for road maintenance.

As noted above, road commissions have no taxing authority. They cannot raise property taxes, and they have no general fund that could be used to supplement their state-collected revenues. Unless they receive contributions from townships, road commissions must operate with what they receive from the state (MTF), which, as in the case of the cities and villages, is inadequate to meet road needs.

What about the diesel tax?

Currently, Michigan charges 15 cents tax per gallon of diesel fuel, but 19 cents per gallon of gasoline.

According to MDOT, a Federal Highway Administration study estimates that 40 percent of the cost of building and repairing roads is attributable to trucks, but the revenue generated by the 15-cent tax on diesel

accounts for only 15 percent of the funds needed for these activities.

In other words, trucks are not paying their fair share to build and maintain roads in Michigan.

For the last several years, a proposal has been discussed in Lansing to raise the diesel tax. CRAM believes the diesel tax should be raised so it is equal to the gas tax. If the diesel tax is increased, CRAM would like the revenues to be funneled through the MTF road-funding formula, as with most other state-collected road funding, so that all levels of roads in Michigan benefit equally.

A 4-cent diesel tax increase would generate approximately \$40 million statewide. Road Commissions would receive 39.1 percent of that, or about \$15.6 million collectively. Thus, no individual road commission would see a large increase in funding from such an increase, but every little bit helps. CRAM and its members believe raising the diesel tax is the equitable thing to do.

Development impact fees

Over the years there have been several attempts to authorize certain governing bodies to levy fees on developers to cover the costs of road improvements necessitated by their developments. These fees, which are used in other parts of the country, are known as development impact fees.

CRAM supports this idea and has been involved in this discussion for more than a decade.

To date there has not been enough support in the state Legislature to enact the necessary laws to make development impact fees possible in Michigan.

So, what is being done?

Currently, three efforts are underway in Michigan to attempt to address the road funding crisis the state is facing. They are:

1. A vast consortium, known as the Michigan Transportation Team (MTT) is pursuing the "Drive MI" campaign, aimed at raising Michigan's gas and diesel taxes and vehicle registration fee. CRAM is a member of this team and actively supports the effort.

In addition to CRAM, team members include the Michigan Infrastructure-Transportation Association, Michigan Municipal League, Michigan Chamber of Commerce, the International Brotherhood of Teamsters, the Michigan Farm Bureau, Michigan Public Transit Association, Michigan Retailers Association and many others.

2. As one element of the Drive MI effort, a group of Michigan business, government and civic leaders created a group known as Businesses for Better Transportation (BBT), which is seeking to establish local funding options that would allow counties to raise money on their own to address transportation issues, such as congestion or public transportation. The effort is supported by many road commissions across the state as well as organizations such as the Michigan Association of Counties and many others.

BBT was able to introduce enabling legislation in 2008 that would have allowed counties to seek voter approval for a local-option gas and/or diesel tax, local-option vehicle registration fee, local-option license fee, local-option property transfer fee and a local-option sales tax. Counties could choose from this menu of options and pursue one or more that meet their needs.

While the legislation was not enacted in 2008, it is expected to be reintroduced in 2009.

3. Each year, a portion of the MTF dollars is diverted from road and transit needs to fund non-transportation state departments through what are known as "interdepartmental grants" or IDGs.

In theory the IDGs are used to refund those departments for the collection of monies that go into the MTF, such as the Secretary of State's Office, which collects vehicle registration fees.

However, CRAM and many others feel these departments receive more than is warranted by the cost of collecting these dollars. As a result, CRAM and others are working in Lansing to reduce the IDGs, so more transportation dollars are used for true transportation purposes.

Easy Solutions?

"There is always an easy solution to every human problem ... neat, plausible and wrong."

-H.L. Mencken, 1949

When it comes to road funding, H.L. Mencken was certainly correct -- there are no easy solutions. We must urge our state legislators to increase the gas and diesel taxes and vehicle registration fee and implement reforms to ensure transportation funding stays in the MTF.

Here are some of the "easy solutions" that are frequently proposed, with an explanation of why they are wrong.

"Why not require truckers to reduce the weight they carry?"

It is true that heavy trucks do far more damage to the road surface than cars. It is also true that Michigan allows heavier trucks than most states (164,000 pounds vs. 80,000 pounds).

However, studies have indicated that road damage is related more to axle load than to gross weight. Michigan's axle load restrictions are comparable to most other states.

Additionally, if Michigan reduced the gross vehicle weight allowed, it is estimated there could be as many as 12,000 to 15,000 new trucks added to the roads.

CRAM believes heavier trucks do far greater damage to the roads than cars and don't pay their fair share for road upkeep. Consequently, CRAM believes heavy trucks should pay a fairer share.

"Why not use toll roads?"

Below are seven reasons we do not use toll roads in Michigan.

1. Only freeways can be made toll roads.
2. Typically, tolls collected on toll roads are used to maintain the toll roads, not other roads.
3. Freeways represent 1 percent of Michigan's public road system. If all Michigan freeways became toll roads, 99 percent of Michigan's public road system would remain underfunded.
4. States with toll roads, such as Ohio and Pennsylvania, have a higher gas tax than Michigan to maintain their other roads.
5. Toll roads are especially effective for states with high pass-through traffic. Michigan is a peninsular state, with little pass-through traffic.
6. To avoid tolls, some motorists would drive on local roads, increasing the burden on those roads.
7. Retrofitting existing freeways to be toll roads could be expensive.

"Why not just build roads to European standards?"

It's true that in some European countries, roads are built to higher standards and last longer than the roads built in the United States.

But, they also cost considerably more. What is the cost difference?

It is estimated that building roads to the European standard would increase project costs by 50 to 75 percent. If Michigan road agencies opted to build roads to European standards, they would only be able to reconstruct half as many roads, meaning the rest of our roads would deteriorate to an even worse condition before they could be repaired.

Additionally, it is interesting to note that the cost of gas in Europe is more than \$5 per gallon -- mainly because fuel taxes there are much higher.

We hope this information has helped to illuminate the problems Michigan's county road commissions face when it comes to road funding. CRAM hopes Michigan's townships will join us to work together to find solutions that result in better roads across our great state.