



CALHOUN COUNTY

Road Commission Task Force

June 7, 2012, 8:00 a.m.

County
Commission
Chambers
315 W. Green St.
Marshall, MI
49068
(269)781-0966

Art Kale
(Chair)

Blaine
Van Sickle

Steve Frisbie

Dick Sweet

Rob Behnke

1. Call to Order
2. Approval of Agenda
3. Approval of Minutes of May 17, 2012 Meeting (attached)
4. Public Comments
5. Correspondence/Informational
 - a. BCATS letters regarding 2013 Local Funding Resolution (attached)
 - b. Road Commission Consolidation presentation by attorney Doug Van Essen, handout from MACAO summer workshop 05/23/12 (attached)
6. Old Business
 - a. Proposed Timeline as Revised (attached)
 - b. Continue Discussion of Proposed CCRC Employee Survey
7. New Business
 - a. Review of Compiled CCRC Financial History (attached)
 - b. Review of Requested Materials from CCRC (will be sent in advance of meeting if additional materials received)
8. Public Comments
9. Task Force Member/Staff Comments
10. Adjourn



CALHOUN COUNTY Road Commission Task Force

Minutes
May 17, 2012

Law Library
Conference
Room
315 W. Green St.
Marshall, MI
49068
(269)781-0966

Dick Sweet

Rob Behnke

*Blaine
VanSickle*

Steve Frisbie

Art Kale

1. Call to Order

Present: Members Sweet, Behnke, VanSickle, Frisbie, Kale and Calhoun County Administrator/Controller Kelli Scott, Corporation Counsel Richard Lindsey, Assistant Administrator Brad Wilcox, Human Resources Director Kim Archambault and Deputy Clerk Chris McComb

2. Approval of Agenda

"Moved Member VanSickle, supported by Member Behnke to approve the agenda of the May 17, 2012 Road Commission Task Force meeting as presented."

On a voice vote, Motion CARRIED.

3. Approval of Minutes

"Moved Member Frisbie, supported by Member Behnke to approve the minutes of the April 18, 2012 Road Commission Task Force meeting as presented."

On a voice vote, Motion CARRIED.

4. Public Comment

Steve Swafford, Homer Township Trustee, stated the 11 or 12 employees attending the meeting shows they were willing to help the Task Force in any way.

Bill Morris of Marshall stated he believed the roads were bad and there needed to be more communication with the public.

Allen Huffman of Homer talked about issues he had with the Road Commission's tire clean up contracting process.

Tommy Miller, Road Commission employee, commented on what he believed was the Road Commission's lack of employee training and flawed procedures.

David Nelson of Albion described problems with houses in his neighborhood he believed was from the vibration of trucks going down his road.

Dale Jenks of Marshall Township presented the Task Force with the names and numbers of employees who were willing to work with the Task Force.

Mike Covert of Lee Township stated he believed the employees were doing the best they could with what they were given.

Charlie Monaweck of Athens Township commented on the responsibilities of the County Board of Commissioners and the Road Commissioners.

Chris Vreeland of Fredonia Township believed Calhoun County should wait to see how the Road Commission Board elimination works in Ingham County before trying it. He also encouraged the Task Force to feel free to call him or any other Road Commissioner to ask questions.

5. Proposed Due Diligence Analysis from Rehmann Robson

Dave Fisher of Rehmann Robson described the two phases of the Road Commission Analysis they were proposing. He stated Rehmann Robson had several Road Commissions as clients and were familiar with their operations. He explained the first phase of the analysis would compare the Calhoun County Road Commission's financials from the last 15 years to other counties then provide a summary. Fisher stated the second phase of the analysis would show opportunities for cost savings if the Road Commission Board was eliminated. He explained a representative sample would include seven other counties and the only counties that have gone through the process at this point were Ingham and Monroe, though he heard there may be more coming. Fisher explained the first phase would take about 10 business days once they get all the information. He stated it would be another 10 or 12 days for the next phase but it depends on if any meetings are needed.

Scott stated one of the benefits of the agreement was a not to exceed price for both phases if done together that could not be guaranteed if the phases were done separately. She inquired what information would be brought forth in phase 2 that would be more beneficial than just going with phase 1.

Fisher stated it would give everyone an idea of what changes may be beneficial for finances, such as consolidation of employee benefits.

Frisbie believed this was valuable information no matter what the Task Force's decision was and the report would be dollars well spent.

“Moved Member Frisbie, supported by Member Behnke to accept the proposal as outlined by Rehmann Robson for Phase 1 and 2, not to exceed \$9150 as stated in proposal, with completion of both phases by June 18.”

On a roll call vote, Yes - 5.

6. Review of Requested Materials from Calhoun County Road Commission

Scott stated there were 45 Road Commission Board Policies, most created in the 80's and 90's and all were reviewed during Board workshops, the last being in 2010. She stated the Task Force was given a policy summary and compilation of comments from their review, which the Executive Team reviewed and would answer any questions regarding comparisons to the County policies.

Kale stated they would discuss the comments then would come up with a list of questions for the Road Commission.

The Task Force reviewed comments brought forth on each policy then asked staff to review the Road Commission policies and let the Task Force know if they believed something was missing.

7. Set Future Meeting Schedule

Kale discussed the meeting schedule and stated he believed it was prudent to keep moving forward after talking to Road Commission employees. He stated Road Commission Director Henning and Assistant Director Crumpton had been very helpful and there was an expectation the Task Force would get information on a timely basis. He stated per law the Board will need to have two public hearings before making a decision.

Scott noted the Road Commission would distribute paper surveys to employees that could be sent directly to the Task Force or returned in sealed envelopes to the Road Commission and they would forward to the Task Force.

The Task Force held discussion on the timeline for presenting their recommendation to the Board of Commissioners as well as the two public hearings and vote and asked staff to revise the timeline to move it back two weeks.

8. Task Force Member Comments

Kale stated the comment had been made to wait for Ingham County but he didn't believe Calhoun County should wait because Ingham may be doing things differently.

9. Public Comment

Allen Huffman of Homer commented on the County and Department of Environmental Quality's scrap tire programs. He also commented on the appointment process of the Road Commissioners.

Nick Collier of Marshall believed the Task Force should look into the everyday workings of the Road Commission and listen to what the information the employees give them.

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10. Staff Comments

Corporation Counsel Lindsey reminded everyone that the Road Commission is a separate legal entity from the County itself, we are not their employer and the County cannot act on anything against the Road Commission.

11. Adjourn

The May 17, 2012 meeting of the Calhoun County Road Commission Task Force adjourned at 10:25 a.m.

Respectfully submitted,

Chris McComb
Deputy Clerk

(5a)

Kelli Scott - BCATS request to Calhoun County Rd. Comm. for 2013 Local Share Contribution

From: <bcats@bcatsmpo.org>
To: <kdscott@calhouncountymi.gov>
Date: 6/5/2012 10:18 AM
Subject: BCATS request to Calhoun County Rd. Comm. for 2013 Local Share Contribution
Attachments: localsharecovltr2013CCRCwithelectletterhd.doc; LOCRES2013 CCRC.doc; 2013sched
d for local resol.pdf

Dear Kelli,

Per our previous conversation, please find attached the correspondence and supporting materials that are being sent to Kevin Henning at the Calhoun County Road Commission (CCRC). I will be dropping a hard copy off to him this afternoon. This is the same format that is used every year to provide for the necessary local share being available to match the federal funding for the metropolitan planning program.

On May 30th, the BCATS Policy Committee acted to approve the draft local share resolution for this year and authorized it being sent to the three financially participating units for their action. We trust that the CCRC's portion of the local share will again be provided for the coming year.

In the past, the CCRC has generally acted upon this request in June or July. Battle Creek and Springfield also act upon their resolutions in the same time frame, allowing BCATS to account for the availability of the matching funds prior to the start of the new fiscal year. Payment is not actually due until after the next fiscal year starts, as spelled out in the resolution. The CCRC has frequently utilized the two payment option provided for in the resolution, paying one-half of the amount in January and the other half in April of the upcoming fiscal year.

Please keep me apprised of developments with the County Task Force and the Calhoun County Board of Commissioners regarding any potential changes in the operation of the CCRC. Let me know if you have any questions about the attached information.

Sincerely,

Pat Karr
Battle Creek Area Transportation Study
601 Avenue A, Springfield, MI 49037
voice: 269/963-1158
fax: 269/963-4951
e-mail: bcats@bcatsmpo.org



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BATTLE CREEK AREA TRANSPORTATION STUDY

601 Avenue A • Springfield, MI 49037 • 269-963-1158 • Fax 269-963-4951

May 31, 2012

Mr. Kevin Henning, Managing Director
Calhoun County Road Commission
13300 Fifteen Mile Road
Marshall, MI 49068

Dear Mr. Henning:

RE: BCATS FY 2013 Local Funding Resolution

Enclosed is a resolution for local funding of the Battle Creek Area Transportation Study (BCATS) for FY 2013 (October 1, 2012-September 30, 2013). This distribution of local share costs was recommended by the BCATS Policy Committee at its May 23, 2012 meeting and is provided for action by the Calhoun County Road Commission (CCRC). The 2013 cash local share total for the CCRC is \$19,918. The majority of the increase from 2012 is due to increased medical insurance costs through the City of Battle Creek.

Local funding for BCATS is used to support the BCATS work program by matching available Federal transportation planning funds. The federal funding programs require 18.15% - 20.0% local match, depending upon the program. BCATS' work program also provides funds to the CCRC to participate in BCATS work activities and plans. The FY 2013 Unified Work Program will make up to \$9,000 in federal and local funds available to the CCRC for its participation in the traffic count program and up to \$4,000 in 100% state funds available for asset management activities. In addition to these activities, the existence of BCATS makes it possible for local units of government to receive capital, operating, and planning funds from the U.S. Department of Transportation.

The requested local funds are consistent with a budget approved by the BCATS Policy Committee for the 2013 fiscal year in the new 2013 Unified Work Program. The necessary local funding for the BCATS staff office is divided among the local financially participating units of government on the basis of population, per the Policy Committee bylaws.

Please schedule this resolution for action by the Calhoun County Road Commission as soon as possible. If you need any further information or have questions about this request, please feel free to contact me. BCATS appreciates the Road Commission's continued support of the BCATS program in these financially challenging times.

Sincerely,

Patricia Karr
Executive Director

2013 BCATS LOCAL FUNDING RESOLUTION

- WHEREAS, the urban transportation planning regulations, implementing sections of the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU)(and its extensions), require that each urbanized area, as a condition of receipt of Federal capital or operating assistance, have a continuing, cooperative, and comprehensive urban transportation planning process that results in plans and programs consistent with the comprehensively planned development of the urbanized area; and
- WHEREAS, in the Battle Creek urbanized area, the continuing, cooperative, and comprehensive transportation planning process is being conducted by the Battle Creek Area Transportation Study (BCATS) Policy Committee, a forum for cooperative transportation decision-making by principal elected officials of local government, developed under federal guidelines for purposes of urban transportation planning conduct; and
- WHEREAS, the Battle Creek Area Transportation Study annually develops a Unified Work Program identifying activities and costs necessary for the conduct of the urban transportation planning process; and
- WHEREAS, transportation planning funds, indirectly available from the U.S. Department of Transportation, are utilized to carry out the activities defined in the Unified Work Program; and
- WHEREAS, these funds, available under SAFETEA-LU (and its extensions) as FHWA PL from the Federal Highway Administration and Section 5303 from the Federal Transit Administration Act, require a local match of 18.15% and 20%, respectively; and
- WHEREAS, the Policy Committee of the Battle Creek Area Transportation Study has recommended that the local match required to assure the timely conduct of the Study be determined and provided for in the following manner:
1. The reimbursement schedule to be used for participating agencies is that those doing BCATS work will be paid 100% of their total charge. BCATS staff office costs will be reimbursed 100%.
 2. The formula for computing the local funds will be based solely on population for the BCATS staff office portion of the local share requirement. The local agencies will contribute the local share for their own activities within the BCATS program as noted on the attached table (see 3. below).
 3. Distribution for local match funding is shown on the attached table.

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WHEREAS, it has been determined that the total local share requirements for the operation of the Battle Creek Area Transportation Study's work program for 2013 will be \$50,494 (including audit contributions);

NOW, THEREFORE BE IT RESOLVED,

the Calhoun County Road Commission agrees to participate in the funding of the local share costs of the Battle Creek Area Transportation Study's work program for fiscal year 2013 (October 1, 2012 - September 30, 2013) by providing 38.7% of the local match required for Study costs (including the audit), plus \$1,667 for costs specific to the Calhoun County Road Commission's participation in the BCATS program ;

BE IT FURTHER RESOLVED,

the total local contribution for the Calhoun County Road Commission for FY 2013 will be \$ 19,918;

BE IT FURTHER RESOLVED,

the Calhoun County Road Commission agrees to submit to the Battle Creek Area Transportation Study office (601 Avenue A, Springfield, MI 49037 RE: Fund No. 2321) payment of local match share no later than January 1, 2013; or the Calhoun County Road Commission shall have the option of making the payment in two (2) equal installments by January 1, 2013 and April 1, 2013, respectively, if so arranged in advance;

BE IT FURTHER RESOLVED,

the Calhoun County Road Commission agrees this resolution becomes effective at such time as all other local Study participants providing financial support pass resolutions of financial commitment in the proportion and manner described in this resolution.

APPROVED:

_____ Date

BATTLE CREEK AREA TRANSPORTATION STUDY

**LOCAL SHARE FUNDING TABLE
FY 2013**

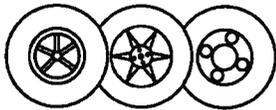
UNIT	Federally Required		Audit Contribution	Total	Cash Contribution**	Total
	Cash Contribution	Contribution				
City of Battle Creek (55.7%* of \$44,160, for cash, plus \$1,667 for CBC specific activity)	\$28,284	\$1,671		\$27,935	\$27,935	\$27,935
Calhoun County Road Commission (CCRC) (38.7%* of \$44,160 for cash plus, \$1,667 for CCRC specific activity)	\$18,757	\$1,161		\$19,918		\$19,918
City of Springfield (5.6%* of \$44,160 for cash)	\$2,473	\$168		\$2,641		\$2,641
TOTAL	\$47,494	\$3,000		\$50,494		\$50,494

NOTES:

- *Shares based on U.S. Census 2010 population figures
- **Total cash contribution based on the distributed \$44,160 (see note 1) plus the local share totals for the City of Battle Creek and CCRC for item 1.0000, plus the local contributions for the audit.

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BCATS

BATTLE CREEK AREA TRANSPORTATION STUDY

601 Avenue A • Springfield, MI 49037 • 269-963-1158 • Fax 269-963-4951

May 18, 2012

Ms. Kelli Scott
Administrator/Controller
Calhoun County
315 W. Green Street
Marshall, MI 49068

Dear Ms. Scott,

Per our conversation yesterday at the Calhoun County Board of Commissioners Task Force meeting, I am forwarding the following information about the partnership relationship that the Calhoun County Road Commission (CCRC) has with the Battle Creek Area Transportation Study (BCATS). Please forgive the length of this correspondence, but I want to provide an adequate picture of both the history and current conditions.

Background

When BCATS was formed as an Intermunicipality Committee in 1981, both the Road Commission and Calhoun County were founding parties which adopted resolutions to establish the Committee with a governing board called the Policy Committee. The Policy Committee adopted bylaws for its operations. The bylaws designated the Calhoun County Board of Commissioners and the Calhoun County Road Commission, among others, as voting members of the Policy Committee. The bylaws have been updated periodically, with the most recent update adopted in March, 2008.

At the time the Policy Committee was established, a Technical Committee was also created which provides technical support and input to both the Policy Committee and the hired BCATS staff. Initially, this Committee had the Chief Engineer of the Road Commission and the Director of the Calhoun County Department of Planning and Development Coordination listed as members. When the County ceased to have a separate planning department, the Technical Committee bylaws were amended to delete that membership. As of the latest bylaws revision in March, 2008, the Road Commission's membership on the Technical Committee is listed as the "Managing Director or Chief County Engineer" (the County Engineer has been the person participating).

Each time a membership change is needed in regard to these BCATS Committees, the specified bylaws amendment procedure must be carried out to make the change. It is very important that there is representation on the BCATS Committees by all governmental agencies responsible for roadway functions in Calhoun County. Working cooperatively with the other road agencies on the development of projects and distribution of available funding is a key aspect of the BCATS program.

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Ms. Kelli Scott
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Funding

The Policy Committee bylaws provide for BCATS to accept gifts and grants to accomplish its objectives. BCATS is the recipient annually of federal transportation planning funds as a designated "Metropolitan Planning Organization (MPO)" for the Battle Creek, Michigan urbanized area. Federal transportation legislation requires urbanized areas with greater than 50,000 population to establish MPOs. The MPO carries out the development of required plans and programs to guide the investment of federal transportation funds that are provided back to the local areas through various federal transportation grant programs. The federally provided planning funds that BCATS receives to do this work require a local match. The amount of the match varies slightly based on the federal program, but is in the range of 18-20%. Recognizing that some local funding is required, the Policy Committee bylaws state that "The Policy Committee shall annually adopt a budget and appropriately recommend a cost allocation formula to cover the local share for federal grant funds, and other local costs, to the financially participating local units. The financially participating local units shall be those which have direct local roadway jurisdiction and responsibility (those units currently include: City of Battle Creek, City of Springfield, Calhoun County Road Commission)." The cost allocation formula that is recommended each year involves calculating the shares on the basis of the percent of the BCATS area population (based on the most recent decennial census) within each of the three financially participating units. In addition, many years ago, the federal funding sources made a determination that federal funds could not be used to pay for an audit if the entity is below the threshold set for a "single audit." Since BCATS' level of funding is below the single audit requirement (but an audit is still required to be completed for BCATS by the Michigan Department of Treasury) the three local units are also assessed for the total annual audit cost, broken down on the same population percentage basis.

Each year in May, the BCATS Policy Committee adopts a budget for the upcoming fiscal year (October – September). The budget is part of a larger federally required document called a Unified Work Program (UWP). The UWP provides an outline of work to be accomplished by the MPO, in both a narrative description of work activities as well as financial tables which identify the federal and local funding to support the work. Once the financials are approved by the Policy Committee, it authorizes a sample funding resolution to be provided to the three financially participating units for their action, along with a table which shows the local funding breakdown for each agency. The resolutions are structured such that all units must approve the funding for it to be binding on any of the units. Without assurance of local funding, BCATS would be unable to meet its obligation to carry out the necessary planning functions that allow projects to be implemented in the upcoming year. This year, the BCATS Policy Committee will be acting on the sample resolution at its meeting of May 30, 2012. I will make a copy of the resolution and funding table available to you after their action.

Joint Work Activities

The UWP also lists the planning activities that the road agencies will participate in, along with BCATS, and for which the CCRC can bill BCATS and get reimbursed. There are two annual activities that the CCRC participates in with BCATS. Each spring/summer the Road Commission staff collects traffic count data using special vehicle sensing equipment (some of which has been provided to them by BCATS utilizing planning funds to buy the equipment).

Ms. Kelli Scott
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The budget this year for traffic counting work by the CCRC is \$9,000. In addition, the Michigan Department of Transportation (MDOT) supports a data collection activity termed "Asset Management." A state level Asset Management Council sets the program and provides funding to all areas of the state for collection of road condition data by teams of transportation professionals. The funding is 100% for this activity, no local share is required. In each city and county, a 3-person road condition data team collects the necessary data for identified survey areas each year. Staff from the CCRC are "in the vehicle" participants on this data collection team when roads under the CCRC's jurisdiction are being surveyed. BCATS coordinates the process and reports the data to MDOT. This year a total of \$4,000 is budgeted for potential reimbursement to the CCRC for this activity, which also includes attendance at training courses and reporting of other requested data to MDOT.

It is very important to the data collection efforts of both BCATS and MDOT that Calhoun's road agency staff are available to participate in these annual activities.

Project Funding

Over the years, the Calhoun County Road Commission has been approved for many federally assisted projects through the BCATS program. Most recently in FY 2011 and FY 2012, those projects include: resurfacing of B Drive N from M-66 eastward to 6½ Mile Road; resurfacing of B Drive N from 8½ Mile Road eastward to 11 Mile Road; resurfacing of Harper Village Drive from B Drive N to 6½ Mile Road; intersection improvements on B Drive N at Harper Village Drive, Beadle Lake Road and 9 Mile Road; and the purchase of two (2) clean diesel dump trucks. The resurfacing projects are funded under the Surface Transportation Urban Local (STUL) program. The intersection improvements and dump trucks are funded through the federal Congestion Mitigation Air Quality (CMAQ) program to improve air quality. A total of approximately \$1,380,000 in federal assistance is associated with this list of projects, matched by approximately \$409,000 in CCRC funds.

In 2013, the CCRC is programmed to complete road work with federal assistance on B Drive S from 8½ Mile Road eastward to 12 Mile Road, which is estimated to utilize approximately \$640,000 in federal funding matched by \$160,000 in CCRC funding.

These federally assisted projects are administered through the MDOT Local Agency Programs section. There are many requirements that MDOT requires grant recipients to meet for these funds. Changes in the structure of road responsibilities at the County level could impact how these requirements are met. MDOT's Local Agency Programs staff should be consulted as to likely impacts of any restructuring.

This fall, BCATS will begin the process of preparing an updated four-year programming document, the Transportation Improvement Program (TIP), for the 2014 thru 2017 time period. The TIP outlines all of the federally aided and regionally significant projects expected to be implemented by the road agencies and transit operators during those four years. Input from the County's road staff will be very important on the subcommittee of the Technical Committee which is charged with the initial development of project lists for the new TIP.

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Ms. Kelli Scott
May 18, 2012
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Other Known Relationships

In addition to working with BCATS on many transportation activities, the CCRC has relationships with two other BCATS partners, the City of Battle Creek and MDOT. To the best of my knowledge, the CCRC contracts to have the City of Battle Creek conduct signal maintenance, street sweeping, and some design and engineering work. The CCRC contracts with MDOT to perform some of MDOT's trunkline maintenance activities. There may be additional contracts with MDOT as well. The details of all these arrangements should be available through the parties involved.

Summary

There is a longstanding relationship between both the Calhoun County Road Commission and Calhoun County with the BCATS organization. It has been beneficial to the county as a whole to have these entities actively participating in the BCATS program. An extensive list of transportation improvements have been made on County facilities over the past several decades as a result of the BCATS process allocating federal funding to eligible projects.

BCATS looks forward to working with Calhoun County as it moves forward to determine the best direction for the administration of the transportation function at the county level. Please feel free to contact me regarding any further information about the BCATS organization, process, how the local road agencies are involved, or any other pertinent issues that may develop.

Sincerely,

Patricia Karr

Patricia Karr
Executive Director

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ROAD COMMISSION CONSOLIDATION
"TRIUMPH FOR THE FORCES OF EFFICIENCY OR TROJAN HORSE"

May 23, 2012

By: Douglas W. Van Essen
Silver & Van Essen, P.C.
300 Ottawa N.W., Suite 620
Grand Rapids, MI 49503
(616) 988-5600
dvw@silervanessen.com

1. Values/Attributes of Consolidation/Collaboration

- A. Cost savings
- B. Improved services---type, speed, quality
- C. Organizational stability
- D. Control

2. Testing Measures

- A. Does this consolidation reorder the service to a more appropriate level of government?
- B. Does this consolidation improve services?
- C. Does this consolidation promote access to specialization?
- D. Does this consolidation eliminate unnecessary duplication?
- E. Does this consolidation make the organization more or less stable?

3. Mechanisms

HB 5125, which became 2012 P.A. No. 14, amended 1909 PA 283, being MCL 224.6. This is an amendment to Michigan's Road Law that enables a county board of commissioners to transfer the duties of an appointed board of road commissioners to the county board of commissioners by simple resolution and to adopt a resolution putting to a vote of the people, the transfer of the powers of an elected board of county road commissioners to the county board of commissioners. Before a resolution attempting either consolidation is adopted, the county board of commissioners must hold at least two public hearings. These provisions sunset on January 1, 2015.

HB 5126, which became 2012 P.A. No. 15, amended 1851 P.A. 156, being MCL 46.11. This is an amendment to Michigan's County Board of Commissioners' Powers Act that enables a county board of commissioners to exercise the same rights to repeal and draw to itself the powers of an appointed county road commission and to put forward a vote on whether to repeal and draw to itself the powers of an elected county road commission. This Act also enables the county board of commissioners to re-establish a drain commissioner if that power had been previously consolidated into a dissolving road commission. It also enables county boards of commissioners in the future

to re-establish a county road commission provided the voters approve that re-establishment.

4. Effect

A. Michigan has at present:

- o 48 appointed county road commissions
- o 33 elected county road commissions
- o 2 counties (Wayne and Macomb) that have consolidated roads into county government through charter provisions.

B. According to Governor Snyder, 66% of all current Michigan county road funding comes from the State of Michigan while the national average is 20% state funding for county road systems.

C. This is what the House and Senate Fiscal Agencies opined as to the fiscal impacts of the two bills:

HFA: "The bills would have no apparent state or local fiscal impact."

SFA: "The bills would have indeterminate and likely minimal, impact on local unit revenue and expenditures, depending on the decisions of a county board of commissioners. If a county board of road commissioners were dissolved under the bills, that county would potentially realize an unknown amount of reduced expenditures, depending on the savings from eliminating road commissioner positions compared to the costs to the board of commissioners of assuming those administrative duties. To the extent than the county board of commissioners made different decisions than the road commissioners would have made absent the bill, those decisions could produce different revenue and expenditures."

D. CRAM ("County Road Association of Michigan" admits that Macomb recently saved a total of \$425,000 out an annual budget of \$98 Million in county and federal funds and \$36 million in Michigan Transportation Funds, for a total savings of .32%.

E. CRAM also contends the Genesee County Road Commission has an AAA bond rating and Genesee County an A rating and the difference in a recent, actual bond project would be an annual net \$52,000 interest "loss" if Genesee County had previously eliminated its road commission.

5. Pros to Consolidation

1. Some administrative savings. At a minimum, it would eliminate the expenses of some elected or appointed positions. Could also eliminate some other administration, particularly in accounting and personnel.
2. Greater accountability through more oversight, which could bring additional cost savings.
3. Simpler for public to understand.
4. Greater opportunities for multi-county regionalization or collaboration that could produce greater costs savings and better service in the future.
5. Some opportunities for greater internal cooperation—i.e. road equipment and staff coordinating with park and/or sheriff road activities to improve services and reduce costs.
6. May promote the creation of more county public works departments resulting in increased county activities in county-wide public works, i.e. more regional sewer, water and solid waste systems.

6. Cons to Consolidation:

1. CRAM believes this is a Trojan horse to enable the state to shift more financial burden from the State to the counties. Given the Governor's funding statement in connection with this legislation, there may be some truth to this concern.
2. Fragments the attention of the county board of commissioners and perhaps that of county administration. Do you really want to take on more public works functions at the county level, or are those the proper functions of local units of government?
3. Greater politicization of road function.
4. Because it adds a service that is not covered by immunity, it increases county liability generally and presents a potential third party risk to the county general fund that doesn't now exist.

5b

7. Alternatives to achieve efficiencies without elimination of road commissions:

- o Collaborative contracts. Combined purchasing pools. Mutual aid agreements. Mutual risk pooling. Mutual asset planning and coordination.
- o More regionalization, perhaps through county authorities. Why not facilitate this through legislation? Does the current legislation impede such regionalization by not referring to it or referring to limited ways of re-establishing a road commission?
- o The existence of the threat of dissolution provides additional control. Why the sunset?

8. Conclusions on Road Commission

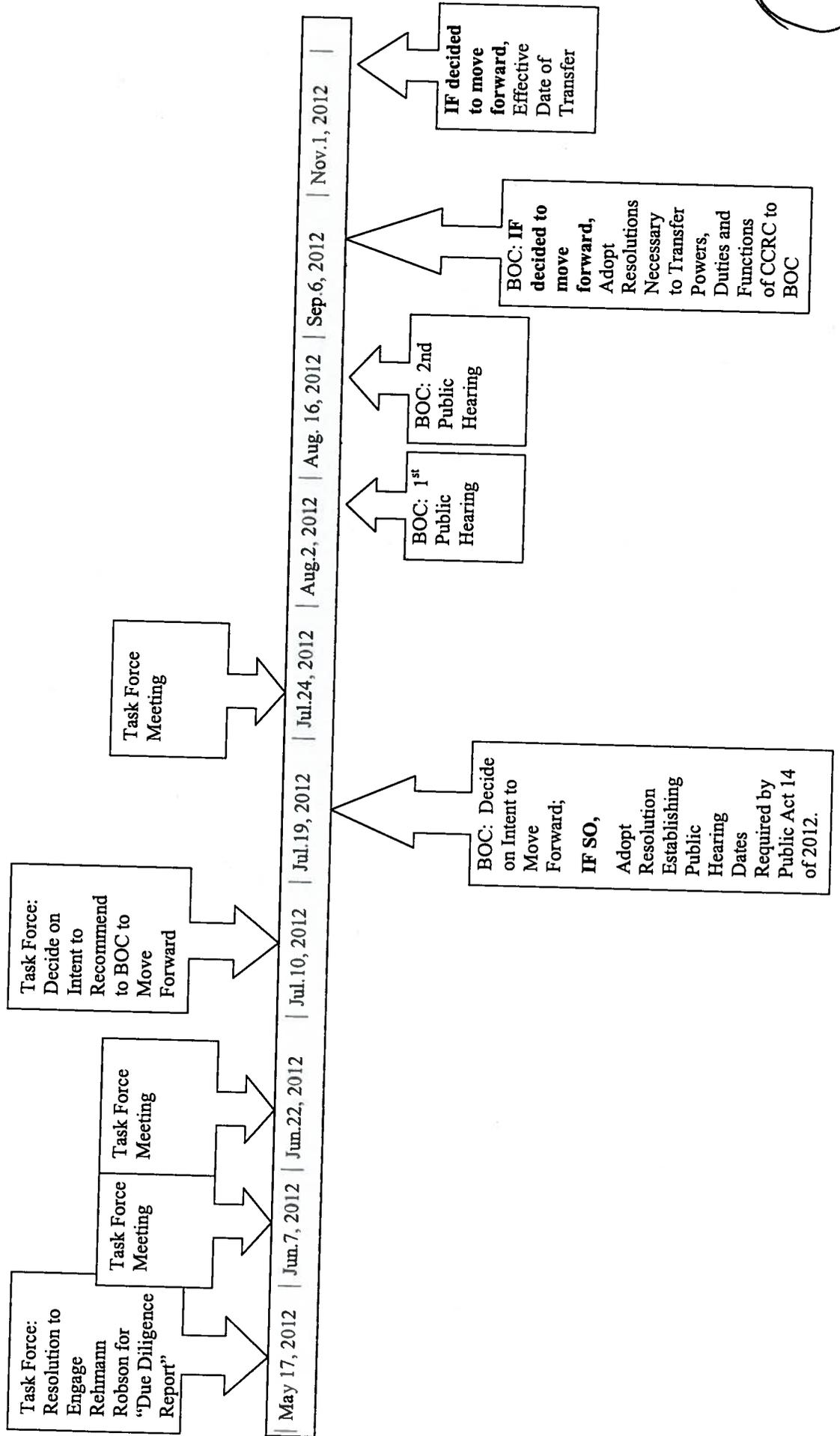
- o Does not reallocate service to appropriate level of government.
- o Unlikely to improve service.
- o Does not promote access to specialization, except in very small counties.
- o Does not materially avoid duplication that could not be addressed by less drastic alternatives.
- o Probably makes organization less stable—don't know what governor has in mind/more political makes organization less stable.



Calhoun County Road Commission Task Force:

Proposed Timeline

Last Revised: June 7, 2012



600

Calhoun County Road Commission

Financial History - Past 5 Years

Data Sources: Act 51 Reports, Audited Financial Statements; compiled by K.Scott 5-31-12

	2007	2008	2009	2010	2011
Cash	\$ 202,309	\$ 8,498	\$ 26,170	\$ 195,796	\$ 66,911
Accounts Receivable, Deferred Expenses	\$ 2,479,343	\$ 2,092,604	\$ 2,025,550	\$ 1,413,620	\$ 1,470,127
Inventories	\$ 871,040	\$ 912,647	\$ 640,380	\$ 620,719	\$ 636,148
Total Assets	\$ 3,552,692	\$ 3,013,749	\$ 2,692,100	\$ 2,230,135	\$ 2,173,186
Accounts Payable, Accrued Liabilities, Advances, Performance Bonds	\$ 2,186,177	\$ 2,303,392	\$ 737,663	\$ 1,304,456	\$ 1,720,896
Total Liabilities	\$ 2,186,177	\$ 2,303,392	\$ 737,663	\$ 1,304,456	\$ 1,720,896
Reserved Governmental Fund Balance (for Inventory)	\$ 871,040	\$ 912,647	\$ 640,380	\$ 620,719	\$ 636,148
Unreserved Governmental Fund Balance	\$ 495,475	\$ (202,290)	\$ 1,314,057	\$ 304,960	\$ (183,858)
Total Governmental Fund Balance	\$ 1,366,515	\$ 710,357	\$ 1,954,437	\$ 925,679	\$ 452,290
Revenue - Federal	\$ 1,616,749	\$ 32,910	\$ 1,784,465	\$ 987,745	\$ 2,336,143
Revenue - State	\$ 9,191,254	\$ 9,438,235	\$ 8,103,346	\$ 7,818,624	\$ 8,001,107
Revenue - Contributions from Local Units	\$ 422,945	\$ 587,326	\$ 95,474	\$ 297,919	\$ 513,457
Revenue - Charges for Service (primarily trunkline)	\$ 2,887,867	\$ 2,176,009	\$ 1,613,312	\$ 1,271,299	\$ 1,340,792
Revenue - Other (permits, refunds, etc.)	\$ 751,637	\$ 424,510	\$ 280,035	\$ 442,517	\$ 3,054,833
Revenue - Other Financing Sources	\$ 10,000	\$ 275,114	\$ 500	\$ 567,397	\$ 705,038
Total Operating Revenues	\$ 14,880,452	\$ 12,934,104	\$ 11,877,132	\$ 11,385,501	\$ 15,951,370
Expenditures - Construction, Structural Improvements	\$ 3,348,142	\$ 2,099,313	\$ 2,369,325	\$ 1,064,000	\$ 4,472,011
Expenditures - Maintenance	\$ 8,395,563	\$ 8,528,230	\$ 6,193,319	\$ 7,327,519	\$ 7,031,284
Expenditures - Trunkline	\$ 2,553,616	\$ 1,906,021	\$ 1,600,455	\$ 1,504,077	\$ 1,277,166
Expenditures - Administrative	\$ 1,068,077	\$ 979,043	\$ 975,350	\$ 1,135,115	\$ 1,106,245
Expenditures - Net Capital Outlay	\$ (202,438)	\$ 63,282	\$ (203,407)	\$ 769,923	\$ 661,502
Expenditures - Net Equipment (Prorated Gain/ Loss on Usage)	\$ (545,393)	\$ (660,951)	\$ (912,362)	\$ (284,307)	\$ 104,557
Expenditures - Debt Service	\$ 520,693	\$ 409,493	\$ 418,601	\$ 523,954	\$ 741,735
Expenditures - Other (Engineering, Parks, BPW, Drain Assessment, Etc)	\$ 1,122,843	\$ 265,918	\$ 191,770	\$ 373,977	\$ 1,030,250
Total Operating Expenditures	\$ 16,261,103	\$ 13,590,349	\$ 10,633,051	\$ 12,414,258	\$ 16,424,750
Excess of Revenues Over (Under) Expenditures	\$ (1,380,651)	\$ (656,245)	\$ 1,244,081	\$ (1,028,757)	\$ (473,380)

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Calhoun County Road Commission

Financial History - Past 5 Years

Data Sources: Act 51 Reports, Audited Financial Statements; compiled by K.Scott 5-31-12

	2007	2008	2009	2010	2011
Fringe Benefit Factor (% of Payroll)	83.0%	87.9%	87.4%	86.2%	89.0%
Overhead Factor (% of Operations)	5.9%	5.6%	5.4%	5.1%	3.9%
Capital Assets Net of Depreciation (Governmental)	\$ 43,754,181	\$ 44,212,681	\$ 44,664,899	\$ 44,830,187	not yet available
Long Term Debt - Bonds Payable	\$ 1,860,000	\$ 1,545,000	\$ 1,265,000	\$ 975,000	\$ 670,000
Long Term Debt - Installment / Lease Purchase/Contracts Payable	\$ 15,470	\$ 270,116	\$ 201,639	\$ 611,233	\$ 1,046,370
Long Term Debt - Compensated Absences (Accumulated vacation time)	\$ 86,377	\$ 113,119	\$ 117,623	\$ 108,106	not yet available
Annual Pension Cost	\$ 497,365	\$ 517,141	\$ 535,483	\$ 606,067	\$ 588,936
Required Pension Contribution Rate (MERS - DB)	16.4%	16.4%	16.4%	18.3%	18.0%
Unfunded Actuarial Liability - Pension	\$ 4,835,164	\$ 5,028,619	\$ 5,725,209	\$ 5,504,085	\$ 5,945,626
Annual OPEB (Retiree Health Insurance) Contributions	N/A	\$ 226,189	\$ 271,941	\$ 311,597	not yet available
Required OPEB (Retiree Health) Contribution Rate	N/A	12.4%	12.4%	12.8%	not yet available
Unfunded Actuarial Liability - Retiree Health	N/A	\$ 4,079,394	\$ 4,079,394	\$ 4,079,394	not yet available
Original Budget (Rev)	not requested	\$ 10,031,229	\$ 9,158,359	\$ 9,088,359	\$ 9,432,359
Amended Budget (Rev)	not requested	\$ 10,708,109	\$ 9,553,439	\$ 10,640,140	\$ 15,956,459
Original Budget (Exp)	not requested	\$ 10,031,229	\$ 9,131,602	\$ 9,087,469	\$ 9,432,359
Amended Budget (Exp)	not requested	\$ 10,790,174	\$ 9,299,110	\$ 10,649,420	\$ 16,465,614