

Roll Call

A special meeting of the Kalamazoo City Commission was held on Monday, March 9, 2015 at 6:00 p.m. in the Community Room at City Hall. The purpose of the meeting was to discuss the impact of Michigan Proposal 1 on the City of Kalamazoo.

COMMISSIONERS PRESENT: Mayor Bobby Hopewell
Vice Mayor David Anderson
Robert Cinabro
Don Cooney
Eric Cunningham
Barbara Miller
Jack Urban

COMMISSIONERS ABSENT: None

Also present were City Manager Jim Ritsema, City Attorney Clyde Robinson, and City Clerk Scott Borling.

Presentation and Discussion of Michigan Proposal 1

John LaMacchia of the Michigan Municipal League (MML) delivered a PowerPoint presentation entitled *Proposal 1 Presentation, March 9, 2015*. (A copy of the slides for this presentation were included with the papers for this meeting.) Mr. LaMacchia stated passage of Proposal 1 would mean an additional \$3.5 million per year by 2018 for the City of Kalamazoo for Act 51 road funding and \$661,000 per year in additional revenue sharing. Mr. LaMacchia distributed and reviewed a chart entitled *Proposal 1 Helps Michigan's Working Families and Roads*.

In response to a question from Commissioner Urban, Mr. LaMacchia stated the Act 51 formula was always vulnerable to change, but the question would be how to spend additional dollars. Mr. LaMacchia explained the wholesale gas tax was a percentage tax based on a 12-month rolling average of wholesale gas prices with a price floor and a mechanism to adjust for inflation.

In response to questions from Commissioner Cinabro, City Manager Ritsema stated the City would receive an additional \$661,000 per year for constitutional revenue sharing starting in 2016, with a total annual increase (both revenue sharing and new road money) of \$4 million by 2018.

In response to a question from Commissioner Cinabro, Mr. LaMacchia stated future legislatures can change the statutory part of this. How can legislature change \$4 million? Change Act 51 formula; change statutory revenue sharing payments. If Proposal 1 fails, statutory revenue sharing will definitely be on the chopping block. But this is a battle every year, so better to get guaranteed funds when you can.

In response to a question from Commissioner Miller, Mr. LaMacchia explained the elimination of sales tax on fuel and the increase of the wholesale gas tax would balance each other out so the price of gas would change little as a result of Proposal 1. Mr. LaMacchia stated the Safe Roads Yes! campaign was making presentations to non-municipal organizations like school boards.

In response to a question from Commissioner Cooney, Mr. LaMacchia confirmed Michigan spent less on roads per capita than any other state, and he explained the drawbacks of turning interstate highways into toll roads, including having to give a significant portion of the toll revenue to the federal government.

Commissioner Cooney remarked on the widespread support for Proposal 1, including social justice advocacy groups like Michigan Citizen Action.

In response to Vice Mayor Anderson, Mr. LaMacchia stated the Michigan Township Association and Michigan Association of Counties supported the proposal. Mr. LaMacchia suggested City residents would look to their elected officials for leadership on this issue.

In response to a question from Commissioner Miller, Mr. LaMacchia explained the State had been transferring general fund revenue to the transportation budget, as Act 51 funding was not adequate to support the existing level of road maintenance.

Commissioner Urban stated it was appalling that the Michigan Chamber of Commerce had taken a neutral position on Proposal 1.

Mayor Hopewell stated Governor Snyder had addressed the MML Board of Directors and had indicated local communities would “take a hit” if Proposal 1 did not pass. Mayor Hopewell noted the City Commission would not be taking action at this meeting, but a resolution of support would be offered for the Commission’s consideration on Monday, March 16th.

City Manager Ritsema explained there would be two major policy questions for the City Commission if Proposal 1 passed: 1) should the City use some of the new road funding to end the General Fund subsidy to the Major and Local Streets Funds?; and 2) should the City use the new road funding to reduce or eliminate the City’s annual bond issue for road repairs? City Manager Ritsema stated the additional funding the City would gain through the passage of Proposal 1 would cover almost half of the projected \$6 million deficit over the next five years.

Vice Mayor Anderson stated he had followed the road funding issue as it worked through the legislature but indicated Mr. LaMacchia’s presentation had provided perspective and context, which was helpful.

When an opportunity was given for general citizen comments, the following people addressed the City Commission:

Tim Graham, City resident, spoke about the problem of unfunded business tax credits.

Gail, a City resident, asked for clarification about the entities that received road funding.

Mr. LaMacchia explained that road funding went to three organizations: cities; county road commissions; and MDOT.

Presentation and
Discussion of Michigan
Proposal 1 (cont'd)

Citizen Comments

Citizen Comments
(cont'd)

Jerry Harris, non-resident, spoke about the condition of Michigan roads and the benefits of recycling pavement.

Curt Shay, non-resident, expressed support for Proposal 1.

Max Tibbitts, City resident, expressed support for Proposal 1.

Commissioner
Comments

Finally, an opportunity was given for comments from City Commissioners, but no comments were offered.

Adjournment

The meeting adjourned at 7:16 p.m.

Respectfully submitted,

Scott A. Borling
City Clerk

For City Commission approval on April 6, 2015

Approved by: _____
Bobby J. Hopewell, Mayor
Dated: April 6, 2015

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