

**POINT PAPER
CONCERNING**

**CONCLUDING THE ESTABLISHMENT OF
GENESEE COUNTY ROAD COMMISSION
SPECIAL ASSESSMENT DISTRICTS**

April 9, 2006

Proposition: That the Genesee County Road Commission not accept petitions for the establishment of Special Assessment Districts (SADs) after June 1, 2007.

Background: P.A. 51, 1951 requires a 50% match for local roads (i.e., the section line roads) from a non-Michigan Transportation Fund (MTF) activity) on a road improvement project involving heavy maintenance or re-construction; road commissions receive no direct funding from the MTF for subdivision streets. The MTF funds are also the funds used to accomplish routine maintenance such as pot hole patching, ditching, etc. Both townships and road commissions have the authority to establish SADs for road improvement projects; townships can establish them for other purposes as well.

Discussion: The GCRC can spend up to 25% of its MTF funding for maintenance on local roads. The funding that the GCRC uses for SADs counts against this funding because the GCRC fronts the money from MTF Funds. Consider the following to better understand the problem: (1) in FY-2005, the GCRC received \$22.5 million from the MTF; 25% of that is \$5.63 million; (2) at present the GCRC is looking at petitions from several subdivisions in Grand Blanc Township and Flint Township (e.g., Williamsburg Farms and Western Hills) whose total construction cost is \$4.17 million; (3) add to total construction cost, engineering and inspection costs of approximately 20% and the total price goes to just over \$5 million. Bottom line is that these projects could absorb almost all of the maintenance funding allowable for local roads in the county road system. If non-MTF dollars are used, this restriction does not apply. As best I can determine after polling the CRAM membership, the GCRC is one of the few road commissions in Michigan currently doing SADs. I have also discussed the subject of having Genesee County bond for the SAD projects with Genesee County Treasurer Dan Kildee; Dan indicated that he did not see a problem with this approach as there would be no cost to Genesee County other than the use of the credit line. (Note: On a separate but related matter, the Michigan Department of the Treasury has designated the Genesee County Road Commission as a "Qualified Borrower".)

- Pros of Proposal:
- (1) Funding flowing into local road maintenance is preserved.
 - (2) Project will be done faster because townships do not have to hold the minimum of three public hearings required by the GCRC.
- Cons of Proposal:
- (1) Although townships can do SADs, this would be an addition to their current workload.