

Understanding Road Funding

Ottawa County Road Commission & Township Collaboration

2017

Authority and Obligation over County Roads

History of the County Road Network

In the early 1900's, each Township Board of Supervisors had authority over the construction, maintenance, and funding of local public roads.

Michigan's **McNitt Act of 1931**, supplemented by **Public Act 51 of 1951**, removed the Township authority and obligation and required the

Road Commission to maintain all public roads outside of incorporated cities and villages.

At that time, the Road Commission was required to classify the roads as either county primary or local.

Today, the Ottawa County Road Commission maintains 1,687 miles of county roads.



County Road Funding

Ottawa County Road Commission Funds

The primary revenue source for the Road Commission comes from the State of Michigan through **Public Act 51 of 1951**.

This law guides the State in the collection and disbursement of the fuel tax, vehicle registration, and vehicle weight taxes that are to be deposited in the **Michigan Transportation Fund (MTF)**.

In 2015 the Governor signed a \$1.2 billion road funding package that is expected to increase the funding provided to the Road Commission through the MTF over a six year period.

Predictions estimate that in the first year the Road Commission will receive an additional \$4.3 million in 2017 for a total of \$22.3 million.

Countywide Road Millage

In November of 2014, the residents of Ottawa County passed a millage of ½ mil per year for ten years (2015-2024) for the purposes of providing a fund for the reconstruction, resurfacing, and preventative maintenance of roads in Ottawa County.

The focus for the countywide road millage funds will be on the primary road system utilizing an asset management and public involvement process to select projects.



Road Commission Budget

2017 Anticipated Revenues

MTF	= \$22,300,000
Millage	= \$ 4,000,000
Total Funds	= \$26,300,000

Primary Road Budget

<i>Maintenance</i>	
Summer	= \$3,000,000
Winter	= \$1,500,000
<i>Improvements</i>	= \$8,900,000
<i>Millage</i>	= \$4,000,000

Local Road Budget

<i>Maintenance</i>	
Summer	= \$4,000,000
Winter	= \$1,600,000
<i>Improvements</i>	= \$3,300,000



Funding Shortfall

Local Roads

Public Act 51 of 1951

requires the Road Commission to only spend the MTF funds based on the allocated amounts received for primary and local roads.

The recent and projected increases to the MTF along with the countywide road millage will certainly help provide some of the needed funds to improve the primary road system.

However, since the total local road mileage makes up 75% of the county road system, and only 30% to 40% of the total MTF funding can be utilized on local roads, it is clear that there is a shortfall for local road funding.

Collaboration

Support History

Prior to 1986, the federal General Revenue Sharing program provided funding for Ottawa County to use for any purpose. As part of this program in the late 1970's and early 1980's, the County would provide an initial amount of funds for each Township to be utilized on local roads. The Road Commission would match the County portion, with the Township and/or residents being responsible for the balance.

Since the termination of the revenue-sharing program, the Townships have been relied upon to assist in funding local road improvement projects.

Subdivision Improvements

Since the start of the subdivision resurfacing and improvement program in 1987, 100% of the costs associated with the program have been paid by the Townships and/or residents.



Local Road Improvements

Within the limits of the MTF funding allocation, the Road Commission provides a resurfacing and seal coat program for maintaining local paved roads.

However, the costs for local road construction projects have been paid 100% by the Townships and/or residents.



Township Options for Road Funding

Township General Fund

A Township Board can appropriate any available balances in its general fund for maintenance and/or improvements to a county road within the Township. If funds are available, they are typically allocated during the yearly budgetary process. The use of these funds is strictly at the discretion of the Township Board.

Special Assessment

Michigan Public Act 188 of 1954 authorizes a Township Board to make improvements to a county road through special assessments against benefited property owners either through the receipt of a valid petition or through a Township Board resolution or motion.

Township Millage

The Township Board can implement a millage for road improvements with a vote of the electors.