

Understanding Road Funding

for Ottawa County

Road Commission and Township Collaboration

2012

Authority and Obligation over County Roads

History of the County Road

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

The **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 county local.

Today, the Ottawa County Road Commission maintains 1,679 miles of county roads.

County Road Mileage Breakdown

Primary = 425 miles

Local = 1,254 miles

Total = 1,679 miles

County Road Funding

Ottawa County Road Commission Funds

There seems to be a common misunderstanding that the Road Commission receives funding from property taxes.

The fact of the matter is, other than funds that are authorized and paid by a Township for a specific project or service, the Road Commission does not

directly receive any property tax revenues.

Instead, revenues are distributed to the Road Commission through the **Michigan Transportation Fund (MTF)** to maintain the primary and local road systems.

Michigan Transportation Fund (MTF)

...

The MTF is comprised of the collection of fuel taxes, vehicle registration fees, and vehicle weight taxes. The Road Commission anticipates the following MTF disbursements in 2012:

Primary Road = \$10,900,000
Local Road = \$ 4,900,000
Total Funds = \$15,800,000

Road Commission Budget

...

The Road Commission is required to utilize the MTF disbursements as received to maintain the primary and local road systems. The 2012 Road Commission budget reflects the MTF allocations.

Primary Road Budget

Maintenance
Summer = \$2,700,000
Winter = \$1,200,000
Improvements = \$7,000,000

Local Road Budget

Maintenance
Summer = \$3,600,000
Winter = \$1,400,000
Improvements = -(\$100,000)

Funding Shortfall

Local Roads

Public Act 51 of 1951

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

Recent amendments to Public Act 51 of 1951 have allowed the Road Commission to transfer up to 15% of the MTF funds between primary and local roads to balance the yearly activities.

However, since the total local road mileage makes up 75% of the county road system, and only 31% 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. In the late 1970's and early 1980's as part of the program, 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 balance being the responsibility of the Township and/or residents.

Since the termination of the revenue sharing program, the Townships have been relied upon to assist in funding local road resurfacing and 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 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

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.