

**CHAPTER 7 FINANCE**

There are a number of potential funding sources for road development, enhancement, and repair in Marquette Township. Among these sources are the Federal Highway Administration, the Michigan Department of Transportation, the Marquette County Road Commission, Marquette Township, and the private sector.

**Federal Highway Administration**

In August of 2005, the President signed into law the State, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU). This legislation authorized \$244.1 billion for highways, highway safety, and public transportation. The Highway Trust Fund is the source of funding for most of the programs in the Act. Federal motor fuel taxes are the major source of income for this fund. Gasoline is taxed at 18.4 cents. Various rates apply to other fuels.

Michigan’s distribution under this Act amounts to the following totals per MDOT report.

Table 7-1 Michigan SAFETEA-LU Distributions

<b>Year</b>	<b>Amount (\$)</b>
2005	1,034,591,711
2006	1,057,665,835
2007	1,137,504,509
2008	1,187,561,860
2009	1,199,369,558
Annual Average	1,123,338,695

Source: SAFETEA-LU

**Michigan Department of Transportation (MDOT)**

The MDOT’s revenue to support its transportation program is a combination of federal and state revenues. The federal revenue is from the SAFETEA-LU legislation previously described. State revenue comes from the Michigan Transportation Fund (MTF). The MTF is supported primarily from fuel taxes (gasoline tax is 19 cents/gallon, 15 cents/gallon diesel) and vehicle registration fees. The total revenue for the 2007-2011 Highway Program is approximately \$6.37 billion. This represents a combination of estimated federal and state revenue. This estimate is currently \$260 million short of the Plan’s cost. This shortfall is a result of decreased fuel sales due to reduced consumption, largely because of more fuel efficient cars.

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Table 7-2 Five Year Highway Program 2007-2011

<b>Activity</b>	<b>Amount (\$)</b>
Repair and Maintain Roads and Bridges	4,864,000,000
Capacity Improvements	565,000,000
Safety Programs	296,000,000
Congestion Mitigation and Air Quality	204,200,000
Intelligent Transportation System	62,000,000
Other Federal and State Programs	617,000,000
<b>Five Year Trunkline Total</b>	<b>6,628,000,000</b>

Source: MDOT

The MDOT Five-Year Transportation Program is further refined down into region budgets. The Superior Region includes the entire Upper Peninsula.

Road and bridge preservation projects for the region total approximately \$170 million. Road projects total \$105 million and bridge preservation is \$13 million. An additional \$52 million is allocated for capital preventive maintenance (adding five to ten years of life to pavement or structures).

In this current program cycle there is one bridge in Marquette County on M-553 that is scheduled for work, one section of passing relief lane, and six road repair and rebuild projects.

None of the specific programmed projects are in Marquette Township.

### **Marquette County Road Commission (MCRC)**

The Road Commission has four major areas of funding that support their operations. These sources are federal and state grants, local governmental unit contributions, and funds generated by Road Commission activities, such as charges for services (trunkline maintenance), license/permits, and investment earnings. The MCRC currently has one fund, the General Operation Fund. The Board of County Road Commissioners is responsible for its administration.

Primary among Road Commission funding sources is the State of Michigan. Public Act 51 of 1951 created a "user pay fund" the Michigan Transportation Fund, into which specific transportation taxes (highway user taxes, state motor fuel tax, and vehicle registration fees) are deposited. The Act further designates how the revenues are distributed and for what purposes they can be spent.

The Fiscal Year ending 9/30/06 Audit lists the following revenue sources for that year.

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Table 7-3 MCRC 2006 Audit-Program Revenue

<b>Program</b>	<b>Revenue</b>
License and Permits	\$ 18,210
Federal Grants	1,333,911
State Grants	6,194,849
Contribution-Local Units	481,569
Charges for Service	2,068,922
Investment Earnings	224,080
Reimbursements	61,828
<b>Total Revenue</b>	<b>\$10,383,369</b>

Source: Fiscal Year 2006 Audit. MCRC

Federal Aid was made up of funds from the Surface Transportation Program, Economic Development “D” Funds, and the Federal Critical Bridge Program. The Federal component of the budget was approximately 13%.

State Aid for the MCRC came from three sources. The Michigan Transportation Fund based on miles of County primary road, primary urban road, local roads, local urban roads, and for snow removal. State economic development funds D & E. Category D is for the integration of a local secondary all-season road system with the state trunkline system. Funding under this category is used for improving roads with high commercial traffic that connect to the state trunkline. The Category E funds are allocated to road agencies to aid in the safe and efficient collection and transport of forest raw materials. Lastly, the state pays the MCRC for trunkline maintenance. In combination, these components comprise about 79% of the MCRC budget.

Local units of government also participate in contributing to the budget. Projects on local roads now require a 60/40 match ratio (previously 50/50), 60% by townships, with the Road Commission. Last year’s match equaled nearly 5% of the budget.

With such a high percentage of Road Commission revenue coming from the State, the MCRC is highly dependent on dollars generated by the fuel tax. The high cost of fuel has resulted in reduced consumption, either in miles driven or more utilization of increased fuel efficiency vehicles. This trend is leading to reduced revenues available for distribution to the County.

### **Marquette Township**

Marquette Township had traditionally budgeted \$50,000 annually to use as match for local road improvements. This was suspended with last year’s (2006) approval of a 5 year millage (.67 mills/year) generating over \$100,000/year for road improvements. The Township has “front loaded” this year’s program scheduling all the projects for 2007 capitalizing on economy of scale and contractor availability. The Township received favorable commercial financing which will be repaid from the levy. Based on the road

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surface conditions assessment in Chapter 3, a renewal of this millage when it expires would be desirable.

A second source of funding is the Township DDA. The DDA has the ability to levy up to 2.0 mills (which would generate \$103,000) with a vote of the residents within the boundary. A November 2007 ballot initiative to extend Commerce Drive into the US-41/M-28 corridor, relocation and placement of traffic lights, and right-of-way acquisition connecting Commerce Drive further south to connect with County Road 492 was defeated. The DDA however, has been supportive of transportation-related initiatives and remains a viable option.

### **Private Participation**

Opportunity exists for the private sector to participate in road infrastructure improvements. In Chapter 4, there was discussion of turn lanes for businesses along the US-41/M-28 corridor that partnered MDOT, Marquette Township, and private businesses. Also in Chapter 4, in a discussion of Trowbridge Park, the Road Commission would allow a property developer to build or extend a road on vacant Road Commission right-of-way. The same chapter, in regards to subdivisions and private roads, construction to Road Commission standards as part of a private road ordinance is recommended. In addition to participating in road construction funding, developers should be reserving sufficient land to accommodate the scale of their proposed development. A 66 foot right-of-way is often insufficient. The proposed development west of Target (Lowe's housing) for example, should be at least 80 feet which could accommodate three lanes. These are conditions the Planning Commission must monitor in the site plan review process.