

**GRAND VALLEY METRO COUNCIL**  
**Board Meeting**

June 3, 2004  
8:30 a.m.  
Kent County Building

MINUTES

**1. Call to Order**

The meeting was called to order at 8:30 a.m. by Chairman Jim Buck.

**Members Present**

Jim Buck	City of Grandville
Bryan Chodkowski	Village of Sparta
Daryl Delabbio	Kent County
Tom Fehsenfeld	At-Large Member
George Heartwell	City of Grand Rapids
Don Hilton	Gaines Township
Dennis Hoemke	Algoma Township
Jim Holtvluwer	Georgetown Township
Kurt Kimball	City of Grand Rapids
Mark Knudsen	Ottawa County
Pauline Luben	City of Hudsonville
Robert May	City of Hastings
James McIntyre	Courtland Township
David Morren	Kent County
Steven Patrick	City of Coopersville
Bob Rinck	Ottawa County
Rick Root	City of Kentwood
Larry Silvernail	Byron Township
Rob VerHeulen	City of Walker
Ted Vonk	Kent County

**Members Absent**

Cindy Bartman	City of East Grand Rapids
Jim Beelen	Allendale Township
Dale Bergman	Sparta Township
George Bosanic	City of Greenville
Mike DeVries	Grand Rapids Township
Bev Drake	ACSET Council
Dave Groenleer	Plainfield Township
Doyle Hayes	At-Large Member
Cindy Heinbeck	Alpine Township
Bryan Harrison	Caledonia Township
Jerry Homminga	Cedar Springs
Ron Howell	Village of Middleville

Mick McGraw	At-Large Member
Jim Miedema	Jamestown Township
Cy Moore	Treasurer
Deborah Nier	City of Wayland
Sandy Frost Parrish	Cascade Township
Bonnie Shupe	Cannon Township
Tom Wiczorek	City of Ionia
Bill Wiersma	Tallmadge Township
Michael Young	City of Rockford

**Others Present:**

Brian Berdanier	Grand Valley Metro Council
Andy Bowman	Grand Valley Metro Council
Leon Branderhorst	Grand Valley Metro Council
Anna Christensen	Grand Valley Metro Council
Jim Fetzer	ITP
Abed Itani	Grand Valley Metro Council
Gayle McCrath	Grand Valley Metro Council
Don Stypula	Grand Valley Metro Council
Peter Varga	ITP

**2. Approval of Minutes dated May, 2004**

**MOTION – To Approve the Minutes of the May, 2004 GVMC Board Meeting.  
MOVE – Holtvluwer. SUPPORT – Morren. MOTION CARRIED.**

**3. Swearing in of New Member**

Sonja Dean, Deputy Kent County Clerk, administered the oath of office to Bryan Chodkowski, the new delegate from the City of Sparta.

**4. Financial Report**

Finance Director Leon Branderhorst, gave the financial report. Mr. Branderhorst reported the financials were still in a healthy position as revenue over expenditures was \$29,000 with 58% of the year completed. All cost centers were in good shape except for the Board expense due to the \$5,000 dedicated to the local government curriculum which has been fully expended for the year. REGIS is also financially sound to date.

The financial report was accepted into record.

**5. Approval of Contracts**

Don Stypula reported on the two contracts which were being brought before the Council. The first was for a contract not to exceed \$60,000 with Farr Associates for completion of the Transect Study. The second is for a contract not to exceed \$60,000 with Criterion

Planners for development of GIS planning and support software. Both contracts were discussed extensively in previous Executive Committee meetings and at the May Board meeting

**MOTION – To Approve Payment of not more than \$60,000 to Farr Associates for completion of the Transect Study. MOVE – Root. SUPPORT – Holtvluwer. MOTION CARRIED.**

**MOTION – To Approve Payment of not more than \$60,000 to Criterion Planners and Engineers for development of GIS planning support software. MOVE – Root. SUPPORT – VerHeulen. MOTION CARRIED.**

## **6. REGIS**

- a. Appointment of Gerald Homminga, City Manager, Cedar Springs, to REGIS Board.**

**MOTION – To appoint Gerald Homminga to the REGIS Board. MOVE – Patrick. SUPPORT – Kimball. MOTION CARRIED.**

- b. Amendment to REGIS bylaws to accommodate non-member buy-in proposal.**

Brian Berdanier, Director of REGIS, reviewed the proposed REGIS bylaw amendment. The amendment would accommodate non-member participation at a reduced buy-in rate. The amendment would also allow for a different voting structure for those members joining under the reduced buy-in rate. The proposed amendment has been approved by the REGIS Board and has been discussed in depth at Executive committee meetings as well as at the May Board meeting.

Mr. Berdanier reported that the new participation option was largely due to a forgiven debt of \$500,000 by Kent County. When asked if he had an indication of who may be interested in joining under the new option, he indicated Cannon, Algoma, and Courtland had expressed interest.

**MOTION – To approve the REGIS buy-law amendment. MOVE – Holtvluwer. SUPPORT – Kimball. MOTION CARRIED.**

## **7. Legislative Update**

Don Stypula gave the legislative update including the following:

### **STATE BUDGET – LATEST DEVELOPMENTS**

This week, Senate Majority Leader Ken Sikkema proposed an additional \$500 million in cuts to state programs – including an across-the-board, 6.15 percent cut in state revenue sharing payments – to trim the projected \$1.05 billion deficit in the state budget for the current year and FY '05. Sikkema outlined to his caucus one scenario that slashed programs throughout state government to close the budget gap without raising the cigarette, liquor or other taxes.

In addition to the cuts in statutory revenue sharing, Sikkema proposed closing two prisons and releasing 2,528 prisoners, cutting higher education by 5.8 percent (for a cumulative cut over the past two years of 13 percent), cutting community colleges by 6.3 percent, implementing the threatened \$28 per pupil school aid cut this year (on top of \$74 already in place) and limiting the restoration of the foundation grant in 2004-05 to \$6,652 rather than the full \$6,700, laying off 170 State Police troopers and canceling this year's planned trooper school, and cutting \$180 million from the Department of Community Health by reducing reimbursement rates to hospitals and doctors.

"Putting prisoners on the street, making additional cuts to the education system and a variety of other cuts would be a mistake," Senator Sikkema told reporters at the Capitol. He said he supports increases in state taxes on tobacco and liquor and the change in county revenue sharing that gains the state \$183 million.

An additional new revenue source is being proposed by Senate Appropriations Chair Shirley Johnson who is floating the idea of a 5 percent tax on professional entertainment admissions, which would produce about \$50 million. The entertainment tax would apply to all professional sports teams in the state and other for-profit entities, with the revenue replacing general funds for arts and cultural programs. Both MTA and MML believe that when push comes to shove in the budget balancing process, this could well be part of the package.

#### **DEAL ON COUNTY REVENUE SHARING?**

The Governor's plan to eliminate \$183 million in county revenue sharing is gaining support among lawmakers now that the administration has proposed a revised plan to phase-in over three years the earlier collection of county property taxes (from December to July).

The Governor's original proposal on state shared revenues for the elimination of the \$183 million in state revenue sharing aid to counties. In exchange, counties would have moved their winter tax collections to July (this year) to create a pool of funds that counties could draw upon in lieu of revenue sharing. Critics, including the counties, said the proposal would create problems, especially in cash flow for the first year of the program. Lawmakers and the mortgage banking industry called the proposal unfair to taxpayers, saying the earlier than expected tax collection would create a burden.

Under the revised proposal being pushed by the Governor, the \$183 million in revenue sharing aid to counties would still be eliminated over three years (1/3 in 2005, another 1/3 in 2006 and the full amount in 2007). The earlier county tax collection would also be phased in over three years beginning in July 2005. By moving up the date when the tax is collected, the administration hopes to create a pool of funds from which counties would then draw to recoup the same amount of revenue sharing that they lost. The administration claims the reserve fund will provide the equivalent of what counties would receive in revenue sharing for at least five years (some counties may see payments from the fund for as many as 22 years).

This week, county officials across the state started warming to the idea. The Michigan Association of Counties, which objected to the original proposal, has not yet taken a formal position on the revised plan (their Board meeting is set for Friday June 11) but chief MAC lobbyist Tom Hickson said it represents a significant improvement.

What does it mean for the future of statutory revenue sharing for all local units?

Rep. Marc Shulman (R-West Bloomfield), chair of the House Appropriations Committee, summed it up when he announced that he probably would support the new proposal. He told Capitol reporters that it is an important step in reducing local governments' reliance on discretionary revenue sharing aid.

Daryl Delabbio stated that he has been assured by the Governor's office that under this scenario, the money would be held by the counties in a reserve fund and not by the State.

### **MOBILE HOME REFORM PACKAGE**

House lawmakers are poised to vote on a multi-bill package of bills aimed at increasing the fees on mobile homes and transitioning those fees to an "ad valorem specific tax" phased-in over several years. The new tax would be a new specific tax set up like an ad valorem tax, but the first \$5,000 of taxable value on each mobile home would be exempt.

Meanwhile, the Senate Local, State and Urban Affairs Committee postponed a meeting this past week on companion legislation that will ultimately be combined with the House-passed bills to form the mobile home reform package. The Committee meeting was canceled due to the hospitalization of Committee Chair Laura Toy (R-Livonia).

All in all, good news for communities that have struggled to accommodate manufactured housing parks while continuing to provide essential public services.

### **PERSONAL PROPERTY TAX EXEMPTION BILL ADVANCES**

Small businesses with personal property valued at less than \$7,500 would be exempt from personal property tax under legislation that is poised for final passage in the Michigan Senate.

In what once was a \$10,000 exemption, [HB 4234](#) continued to draw controversy at the Senate Finance Committee this past week. Supporters – including Republican lawmakers, small businesses and the Michigan Chamber of Commerce – argued the legislation will boost jobs in the state by giving businesses a chance to get their feet on the ground. Opponents – led by Senate Democrats, local governments and educators – saying the bill provides a small sum of relief for businesses at the expense of municipalities that collect the tax.

Annette Guilfoyle, public information officer for the city of Grand Rapids, testified against the bill, arguing that the city would stand to lose \$350,000 from its \$62 million general fund budget under the bill.

The bill is likely to pass the Senate this week, go back to the House for concurrence in Senate amendments and move on to the Governor.

### **BOARD BRIEFING ON MUNICIPAL FINANCE STUDY RECOMMENDATIONS**

I have asked the Michigan Municipal League and Plante and Moran senior partner Frank Audia to attend the August GVMC Board meeting to brief us on their report entitled "***System Failure: Michigan's Broken Municipal Finance Model***," which traced the fiscal problems facing cities, villages, townships and counties as a result of mid-1990s changes to the General Property Tax Act. By our meeting time, they will have some additional fiscal impact data from a larger sample of communities around the state.

I should have a confirmation of their attendance by our meeting time next Wednesday

## **UPDATE ON TAXABLE VALUE v STATE EQUALIZED VALUE “GAP”**

The Citizens Research Council of Michigan (CRC) has released an update on the growing gap between taxable value and state equalized value. In March 2001, the CRC published a report examining the growing gap between taxable value (TV) and state equalized value (SEV) entitled [The Growing Difference Between State Equalized Value and Taxable Value in Michigan](#). In the 2000 tax year, TV was only 84.6 percent of SEV.

Those data have been updated for the 2003 tax year to reveal that statewide TV is now 78 percent of SEV and the gap is widening for most of the local units in the state. You can view the tables and the updated report on the CRC’s web site at:

<http://www.crcmich.org/Almanac/Taxes/2003sev-tv.html>

## **STATE BUDGET – TRANSPORTATION FUNDING**

The on-going dispute between Senate Appropriations Chair Shirley Johnson (R-Troy) and the MDOT Executive Office is continuing. As previously reported, it is propelling the movement of legislation that will impact the transportation project selection process and our efforts to secure more critical bridge funding for local bridge projects.

This week, the House Appropriations Transportation Subcommittee advanced HB 5762, which requires legislative approval of the Michigan Transportation Commission's five-year plan beginning with the 2009-2010 plan. Companion legislation in the Senate is awaiting action.

The GVMC Executive Committee supported a resolution asking our West Michigan lawmakers to oppose these bills. GVMC Transportation Director Abed Itani and I feel that requiring legislative sign-off on the 5-year plans could pit individual regions against one another for transportation dollars on MDOT projects. We also believe that a new statute requiring legislative sign-off on MDOT’s 5-year transportation plan would run contrary to specific procedures outlined in the current TEA-21 transportation funding law.

Also, as we noted last month, new funding for critical bridge projects also is threatened by the budget and personalities dispute in Lansing. An MDOT task force has been working on major changes to the critical bridge project selection process. Now, the Senate is slowing consideration of a House-passed bill to provide a \$25 million per year increase in funding for local critical bridge projects unless the administration supports legislation that would set into state law a revised critical bridge selection process.

We’ll bring you the latest developments on Wednesday.

## **CONGRESSIONAL REAUTHORIZATION OF TRANSPORTATION FUNDING**

Wonderful news from Capitol Hill this week as House leadership gave Michigan an unprecedented voice on the House-Senate Conference Committee that will work out the final details of the bill to reauthorize the TEA-21 transportation funding law. Our own West Michigan Congressmen Vern Ehlers and Pete Hoekstra will be joined by dean of the U.S. House John Dingell (D-Dearborn) and John Conyers (D-Detroit) as members of the Conference Committee.

Also of great significance, Congressman Tom DeLay (R-Texas), the House Leader and a very strong ally of President Bush, says the aggregate spending number in the bill could be as high as

\$299 billion over six-years. That does not, however, guarantee spending obligation authority in the final bill, but it is a positive move nonetheless.

The House-Senate Conference Committee is set to begin work soon. We are still working with AMPO and NARC (our national MPO affiliates), together with state transportation leaders to push for increased funding for MPO planning transportation planning activities and more funding for Michigan's overall transportation improvement programs.

## **RECALL LEGISLATION**

I'm still hopeful that Senate Majority Leader Ken Sikkema, chair of the Senate Government Operations Committee, will conduct a public hearing soon on House-passed **HB 4638** – the recall legislation. MTA lobbyist Tom Frasier has been meeting with Melissa Samuel, Senator Sikkema's Legislative Director, to urge the Senator to conduct a hearing on the bill, which prohibits recalls of local officials during the first and fourth years of a four-year term. While not ideal, we believe – as do MTA, MML and MAC – that this is a good start. As you have authorized me to do, I have been engaging Ken and his staff on this issue. Hopefully, we can get a hearing in the near future and entice many of our West Michigan officials to travel to Lansing and testify in support of HB 4638.

**MOTION - To oppose HB 5762. MOVE – Root. SUPPORT – Holtvluwer. MOTION CARRIED. (Opposed – Morren, Rinck, Knudsen)**

## **8. ITP Update**

Peter Varga of The Rapid updated the Council on the progress of the Multi-modal Transportation Study. He clarified that the study was looking at the urbanized area only. He also stated that the process was not intended to push any particular mode, but would look at a variety of characteristics to come up with a Locally Preferred Alternative (LPA). Mr. Varga stated they were heading towards formal adoption of 2 corridors, North / South, and Central to Southeast.

## **9. Wildlife Presentation**

Brenda Stringer and Gary Milligan gave a presentation on the proposed Kent County Wildlife Park which included brochures and a PowerPoint presentation.

The audience found the presentation very informative and it was very well received.

## **10. Public Comment**

None.

## **11. Adjourn – 10:00**