GVMC

GRAND VALLEY METROPOLITAN COUNCIL
METROPOLITAN PLANNING ORGANIZATION

Executive Committee

Thursday March 17, 2011 ● 12 Noon
GVMC Offices – Riverview Center -- 678 Front Ave. NW

Agenda

1. **Approval of Minutes – February 17, 2010**

2. **Finance**

   a. **Update on MDOT Commission Audit**

3. **GVMC Strategic Initiatives -- Progress Report (memorandum attached)**

4. **Legislative Advocacy**

   a. **Report of the GVMC Legislative Committee**
   b. **Issues Update**

5. **"One-Kent Proposal – Discussion (memorandum and summary attached)**

6. **Other Items**

Memorandum

To: **GVMC Executive Committee**

From: **Donald J. Stypula, Executive Director**

Date: **January 18, 2011**

Re: **Agenda items for our January 20, 2011 Executive Committee meeting**

Attached are the agenda and relevant documents for our next GVMC Executive Committee meeting, scheduled for **12 noon Thursday March 17, 2011 here the GVMC offices**. We have a lighter agenda this month that will hopefully accommodate a thoughtful discussion on the so-called "One-Kent" proposal that has been proffered by a group of regional business interests. I will bring you an update on our negotiations with MDOIT to resolve the Transportation Commission Audit of GVMC operations. I will also have an update on our strategic initiatives and we'll have the latest from Lansing and Washington in our legislative report.

We'll start by reviewing and approving the attached minutes from our February 17, 2011 meeting.

FINANCE: UPDATE ON MDOT TRANSPORTATION COMMISSION AUDIT

At your direction, I met with MDOT Director Kirk Steudle regarding the audit of GVMC operations from 1998-2004 conducted by the Office of Transportation Commission Audit. He was very understanding of our situation and circumstances and confessed that even his executive office and various MDOT bureaus were struggling with audit results and demands from the Office of Commission Audit.

At Kirk's suggestion, I contacted Frank Raha, the new chief of staff for the Michigan Transportation Commission, who happens to be a former Kentwood City Commissioner. I shared our documentation with Frank, explained our circumstances and requested that he discuss the GVMC audit problems with Transportation Commission Chair Jerrold Jung. I am continuing those discussions with Frank Raha, who is very sympathetic to our arguments that we performed the work being questioned by the Office of Commission Audit and should be allowed to keep the grant funds that were allocated for the hundreds of staff hours that went into performing those tasks.

As we await further direction from Mr. Raha, we have an affirmative obligation to submit to the MDOT Bureau of Transportation Planning our full and detailed response to the decision by the MDOT Disputed Audit Resolution Team (DART) to disallow charges for hundreds of hours of work performed by GVMC staff under the direction of and full knowledge of MDOT's transportation planning bureau.

I have attached that detailed and official GVMC response which we sent today (Tuesday) to the contract administrator at the Bureau of Transportation Planning. I will continue discussing the issue with Frank Raha from the Transportation Commission in a sincere hope that we can reduce the final amount of overcharges owed to MDOT and the Federal Highway Administration to a reasonable number that we can live with.

GVMC STRATEGIC INITIATIVES – PROGRESS REPORT

We are staffing up with volunteer interns and a GVSU graduate assistant to keep moving forward toward our goal of achieving the GVMC Strategic Initiatives. Previously reported technical challenges in moving us to a web-based information portal will be fully resolved by the end of the week. I have attached for your review a succinct, three-page summary memo tracing our progress in achieving the GVMC Strategic Initiatives.

LEGISLATIVE ADVOCACY – AWAITING GOVERNOR RICK SNYDER'S SPECIAL MESSAGE ON GOVERNMENTAL REFORMS

Sometime next week (we do not know the exact day), Governor Rick Snyder will deliver his first "special message" to the Michigan Legislature – this one dealing with local and county "governmental reforms." From what we have been able to glean from the Governor's office, Snyder will call for county and local governments to develop a simplified balance sheet to share with citizens and develop a performance measurements "dashboard" that tracks the performance of various county and local functions. He will further endorse portions of GVMC's legislative priorities dealing with amendments to the intergovernmental cooperation acts (those bills are poised for action in the Michigan House Local, Intergovernmental and Regional Affairs Committee) and urge county and local governments to move from defined benefit to defined contribution retirement systems.

He will also reference his proposed $200 million "competitive revenue sharing" fund – state shared revenues that cities, townships and villages can compete for by demonstrating that they engage in "best practices," which he has not yet defined. It is very important to note that only those communities that are still "in-formula" and currently eligible to receive statutory revenue sharing will be eligible to compete for these best practices funds.

As soon as I know more about the details of his special message, I will communicate that information to you and the entire GVMC membership.

There are, of course, many other issues that are emerging in both Lansing and Washington. I will bring you a report at our meeting on Thursday.

DISCUSSION: THE "ONE-KENT" PROPOSAL

As all of you know, a group of folks from the business and philanthropic communities – known as the One-Kent Coalition – has assembled a very complex and somewhat controversial proposal that would ask Kent County voters to approval a "merging" of Kent County and the City of Grand Rapids. Needless to say, the proposal has a lot of moving parts.

I have attached some background information on the proposal, together with a fur-page summary of a draft bill to be introduced in the Legislature that would authorize a public vote on this concept of merging the two largest public corporations in West Michigan.

At our meeting on Thursday, I would like to discuss this idea and get your views on the opportunities and pitfalls presented by this concept. Later in April I would like to host a meeting of officials from Kent County and all of the cities, villages and townships located in Kent County to discuss this proposal by the One-Kent Coalition. Please bring your thoughts, ideas and concerns about this proposal to our meeting on Thursday so we plan the next steps.

As always, we're looking forward to seeing you and having a fruitful discussion on Thursday. If you have any thoughts, comments, questions or suggestions you can reach me anytime on my cell phone at 616-450-5217, in the office at 776-7604, at home at 257-3372.

Grand Valley Metro Council
Executive Committee Meeting

Thursday, February 17, 2011
12:00 noon
Grand Valley Metro Council
678 Front Ave. NW, Suite 200
Grand Rapids, MI

MEETING NOTES

Present

Jim Buck	City of Grandville
Daryl Delabbio	Kent County
Mike DeVries	Grand Rapids Township
Cindy Fox	Cascade Township
Don Hilton, Sr.	Gaines Township
Cy Moore (by phone)	Council Treasurer
Rick Root	City of Kentwood
Alan Vanderberg	Ottawa County
Rob VerHeulen	City of Walker
Michael Young	City of Rockford

Absent

George Heartwell	City of Grand Rapids

Other

Andy Bowman	Grand Valley Metro Council
Leon Branderhorst	Grand Valley Metro Council
Abed Itani	Grand Valley Metro Council
Gayle McCrath	Grand Valley Metro Council
Don Stypula	Grand Valley Metro Council

1. **Call to Order**

   The meeting was called to order at 12:15 p.m. by Chair Jim Buck.

2. **Approval of Minutes**

   MOTION – Approval of GVMC Executive Committee Minutes of January 2011.
   MOVE – VerHeulen. SUPPORT - Delabbio. MOTION CARRIED.

3. Finance

a. GVMC FY 2010 Financial Audit

Don Stypula reviewed the GVMC FY2010 Financial audit. He explained there were unexpected expenses over budget due to hours spent on LGROW rather than transportation. GVMC also exceeded its legal expenses due to billings from attorneys regarding the MDOT audit and bringing GVSU into the Council. He also reported the Task Force on Governance recommended the Finance committee meet once a month and that the finance report be reconfigured. He and the department heads will meet weekly to review financials.

The committee discussed the history of the Finance committee and the benefits of monthly Finance committee meetings.

Rob VerHeulen stated he was concerned that we are asking the Finance committee to make sure we are not spending outside the budget. It is not their responsibility. It is part of common operating duties of Executive Director and staff. It would be a shift of responsibilities.

Al Vanderberg said he agrees and that it needs to be the responsibility of staff. When a budget variance is expected it should be noted and amended immediately.

Daryl Delabbio stated there is no set schedule of the Finance committee and there should be a formalized schedule. We shouldn't be micro managing the staff, but should have known about the budget deviance and acted upon it. We need an identification of responsibilities and formalized structure.

Michael Young asked if the Executive committee was being asked to give staff authorization to pass along the financial audit to the full Board. If we approve this audit, it may not be the final version. His understanding is that it cannot be filed without a notation on the MDOT audit, but the problem is the MDOT audit is not complete yet.

Cy Moore stated this report should be a draft. He wanted the Executive committee to know about the overage. The current notations don't make sense. He thought the note was just supposed to be an example of what it could be. We could only approve this in draft form.

Rob VerHeulen asked if by not approving this are we putting ourselves at risk.

Cy Moore reported the audit must be filed by March 31.

Rob VerHeulen said he didn't want to risk the consequences by putting it off.

Cy Moore reiterated that in his opinion, this version of the report was only a draft and hopefully we will get the answer to our MDOT audit questions by the end of March.

Michael Young reported the Finance committee sent it to the Executive committee for an opinion on how to address the MDOT audit.

Don Hilton asked if the committee doesn't have something final now, how is it going to go through the system and be approved by the full Board in time.

Cy Moore stated he is concerned about that also and feels the committee should approve it in draft form, but add the MDOT figures at a later date.

Daryl Delabbio stated he is not aware of a requirement of a government body to approve an audit before it is filed.

Al Vanderberg agreed that he felt the audit needn't be approved by the Board. He is also concerned about the deadline and the auditor could answer this for us.

Don Stypula stated he will contact the auditors after this meeting.

Rob VerHeulen asked if we should check with MDOT to see if it would put any grants in jeopardy. GVMC will not be going out for bonds. He would rather do it late and right.

Don Stypula asked if he should present the draft version at the March meeting.

Cindy Fox said it has already been reviewed in great detail and needn't be reviewed to such an extent again.

Rob VerHeulen said Don should communicate to all via e-mail that GVMC has extended its authorization and is waiting on MDOT to file the audit.

Mike DeVries said it is important to notice that revenue from grants came in less than expected because the expense of hours in transportation was less. This is what the issue was.

Daryl Delabbio asked if the appropriation was exceeded.

Mike DeVries stated no, it wasn't. It was substantially less. The issue was the grants did not come in from transportation funding as time was spent on LGROW instead.

Rob VerHeulen directed Don to bounce the message off Cy and Mike before he sends it out.

Don Stypula stated he would work with staff to put together a message for the Board and run it by Cy and Mike regarding the status of the financial audit, addressing the expenses over revenue and explaining the reason for the delay. Don will also determine the ramifications for not filing on time.

b. MDOT Commission Audit

Don Stypula reported the 2nd attorney, Jeff Sluggett, researched the question of statute of limitations. It is our hope this can be resolved soon. Don asked for authorization to have a private conversation with the Director of MDOT to see if it will make a difference.

Rick Root asked what the current offer for settlement to MDOT is.

The original request for payback from MDOT was $903,000 for the first phase. Our offer was $300,000 when they were agreeing to do 100% on SPR. Now it is at about $378,000. The initial payback amount requested for phase II is $445,000. Negotiations have not yet started on that amount.

Mike DeVries reviewed the negotiation process up to this point and the thinking that the amount of offer to MDOT should be ethically right.

Jim Buck reported last month the Executive committee wanted additional negotiation, lower than the current offer.

Al Vanderberg said he felt MDOT violated a standard of care. Thirteen years to wait for an audit is ridiculous. That is inherently wrong. They should only go back three years. He felt that was very ethical on our part.

Abed Itani stated the last time they were audited was in 1997. At that time we used the same process and MDOT had no problem with it. We are required to keep records until the grant is closed and the grants are not closed until there is an audit.

Michael Young said that Jeff Sluggett reported there may only be a six year window.

Abed Itani reported the total possible obligation is $520,000. Even if that is paid, we will still have a fund balance.

MOTION – To Authorize Don Stypula to Talk with the MDOT Director to Negotiate the Settlement. MOVE – VerHeulen. SUPPORT – Hilton. MOTION CARRIED.

Mike DeVries added that if Don has authorization to talk with the MDOT Director, he should have authorization to settle.

4. Transportation Department

a. Amendments to the GVMC FY 2011-2014 Transportation Improvement Program for MPO Member Agencies

Due to several changes being requested by ITP The Rapid, the Village of Kent City, the City of Lowell, Hope Network, MDOT and Senior Neighbors to the FY2011-2014 TIP, staff is requesting approval of the following changes:

- ITP The Rapid has several changes to the FY2011 – 2014 TIP specifically to FY2012. An updated list of projects and the requested changes is attached.
- The Village of Kent City is requesting to add an awarded STP Enhancement project for Streetscape of South Main Street from Spring Street to M-46 to FY2011 of the TIP. The cost breakdown is as follows: $315,494 Federal, $128,314 local for a total project cost of $443,808.
- The City of Lowell has received two STP-Small Urban Programs grants and requests that they be added to the TIP. The first project is Bowes Road reconstruction with sidewalks west of Valley Vista Drive, Federal cost: $334,000, local cost: $83,501 for a total cost of $417,501, add to FY2012. The second project is Bowes Road milling and resurfacing with sidewalks from west of Valley Vista to West Main Street, Federal cost: $178,648, local cost: $44,663 for a total cost of $223,311, add to FY2014.
- Hope Network is requesting to have the attached list of projects added to FY2012 of the TIP utilizing 5310 funds.
- MDOT is requesting an amendment to add a Preliminary Engineering (PE) project to FY2011, I-96 at Cascade Road, bridge deck replacement, widening and operational improvements at a total cost of $700,000. The addition of this project is necessary because the estimate for construction of the project is estimated at over $5 Million.
- Senior Neighbors is requesting to have the attached list of projects added to FY2012 of the TIP utilizing 5310 funds.

MOTION – To Amend the GVMC FY 2011-2014 Transportation Improvement Program As Requested. MOVE – Young. SUPPORT – Vanderberg. MOTION CARRIED

b. GVMC 2035 Long-Range Transportation Plan Update

Long Range Transportation Plan

The Grand Valley Metropolitan Council, as the federally designated Metropolitan Planning Organization (MPO) for Kent and Eastern Ottawa Counties, is responsible for the development of a multi-modal Long Range Transportation Plan (LRTP). The purpose of the LRTP is to ensure that transportation investments in our area enhance the movement of people and freight efficiently, effectively, and safely. The LRTP addresses all modes of transportation and uses data such as population projections, traffic count and travel time studies, pavement management data, and results from the travel demand model to provide analysis tools for deficiency identification.

The LRTP must be approved by the Michigan Department of Transportation, Federal Highway Administration, Federal Transit Administration, and U.S. Environmental Protection Agency in order for federal transportation dollars to be expended in our area. The LRTP must also be fiscally constrained, project specific, take into consideration public opinion and environmental justice, and meet established air quality standards. The document is updated every four years and this LRTP has a 25 year horizon, balancing transportation investments through the year 2035.

The primary finding of the 2035 Long Range Transportation Plan is that the needs of the transportation system in our region surpass the resources available to address them. Examples include a 131% increase in ridership on The Rapid since 2000, over a quarter of the pavement on the Federal-Aid system requires an overlay or complete reconstruction, and millions of dollars of identified unfunded non-motorized transportation needs. The funding available for these

improvements is projected to increase between 4.04% and 4.89% a year, but with project costs projected to increase at a similar rate, there is simply not enough funding to address all of the transportation objectives.

That being said, the Final Draft 2035 LRTP document and Project List is complete and available on **www.gvmc.org** website for review.

MOTION – To Approve the Update to the GVMC 2035 Long-Range Transportation Plan. MOVE – Hilton. SUPPORT – VerHeulen. MOTION CARRIED.

5. **Adjournment – 1:50 p.m.**

MOTION – To Adjourn. MOVE – Fox. SUPPORT – VerHeulen. MOTION CARRIED.

GRAND VALLEY METROPOLITAN COUNCIL

ALGOMA TOWNSHIP • ALLENDALE TOWNSHIP • ALPINE TOWNSHIP • BELDING • BYRON TOWNSHIP • CALEDONIA TOWNSHIP • CANNON TOWNSHIP •CASCADE TOWNSHIP • CEDAR SPRINGS • COOPERSVILLE
COURTLAND TOWNSHIP • EAST GRAND RAPIDS • GAINES TOWNSHIP • GEORGETOWN TOWNSHIP • GRAND RAPIDS • GRAND RAPIDS TOWNSHIP • GRANDVILLE • GREENVILLE • HASTINGS • HUDSONVILLE
IONIA • KENT COUNTY • KENTWOOD • LOWELL • MIDDLEVILLE • OTTAWA COUNTY • PLAINFIELD TOWNSHIP • ROCKFORD • SPARTA • SPARTA TOWNSHIP • TALLMADGE TOWNSHIP • WALKER • WAYLAND • WYOMING
GRAND VALLEY STATE UNIVERSITY

March 14, 2011 *Via: U.S. Mail*
Electronic Mail

Jean Gould, Contract Administrator
Contract Services Division
Michigan Department of Transportation
P.O. Box 30050
Lansing, MI 48909

RE: Audit Report No. 2010-159
Grand Valley Metro Council Updated Response

Dear Ms. Gould:

Per the recommendations of the Disputed Audit Review Team (DART) regarding the Grand Valley Metro Council (GVMC) Audit Report No. 2010-159 response submitted on November 29, 2010, GVMC is submitting for your review and consideration an amended response with additional details regarding the State Research and Planning (SPR) Grant. The amended response includes additional materials regarding labor hours applied to the SPR grant consistent with the agreed on methodology used in the initial response, and a correction regarding the calculation of Indirect Cost. The Grand Valley Metro Council response covers the period July 1, 1995 to September, 2004.

CORRECTIVE ACTIONS TAKEN

Let me start with the recognition by GVMC of serious deficiencies, prior to FY 2010, in our staff time reporting and financial systems, as highlighted by the audit. Although the transportation department fully complied with federal Circular A-87 requirements, other departments were not fully aware of these requirements. The GVMC has taken a series of corrective actions to ensure that the agency's record keeping practices fully comply – to the maximum extent practicable – with the federal Circular A-87 requirements.

Acting upon the recommendations of Commission Audit's Staff person Cynthia Hickey and the advice of GVMC's financial auditing firm – Vredeveld Haefner, LLC of Grand Rapids – the Metro Council immediately adopted the following procedures effective at the beginning of the 2009-2010 fiscal year on October 1, 2009:

- Accounting for salaries and wages for staff in the GVMC Land Use Department is now divided into separate accounts for each activity in which the Land Use Department staff is engaged;

- Vacation, Holiday and Sick Leave payments are charged to separate line item accounts under Administration, Transportation Department and Land Use Department;
- Amended time reports are now required before corrections are made to charges on the original time report; and
- MDOT billings are reconciled to the GVMC General Ledger.

You have my assurance that continuing into the future, Grand Valley Metropolitan Council employee time records will be prepared in a manner that fully complies with federal Circular A-87 protocols for all departments.

AUDIT FINANCIAL FINDINGS

The Audit Report covered many federal grants to fund programs such as the Ozone Action! Program, Pavement Management System, Congestion Management System, Non-motorized plan, Blueprint/Framework SPR grant, and other annual activities found in the GVMC Unified Planning Work Program. We will highlight by program or activity where we know GVMC has done the actual work but due to book keeping errors we were denied the proper credit for these activities. We will also identify where GVMC concurs with the Audit findings.

- **Ozone Action Program**

	FY1995-2000	FY2001	FY2002	FY2003	FY2004
Reported Cost	$384,600.00	$91,472.00	$76,752.00	$77,715.00	$80,631.00
Cost in Excess of Reported Cost	$171,232.00	$29,137.00	$10,005.00	($3,455.00)	$4,644.00
Actual Cost	$555,832.00	$120,609.00	$86,757.00	$74,260.00	$85,275.00
Reimbursement Rate	80.00%	80.00%	80.00%	80.00%	80.00%
GVMC Reimbursable Cost	$444,665.60	$96,487.20	$69,405.60	$59,408.00	$68,220.00
Authorization Maximums	$307,680.00	$73,189.00	$73,189.00	$59,408.00	$70,293.00
Progress Payments	$307,680.00	$73,189.00	$61,402.00	$59,408.00	$64,505.00
Amount Due to Council/(MDOT)	$0	$0	$8,004	$0	$3,715
				Total	$11,719

GVMC concurs with the Audit Report findings regarding the Ozone Action! Program. GVMC is due credit of $11,719.

- **Pavement Management System**

	FY1996-1999	FY2000-2002
Reported Cost	$512,015.00	$431,127.00
Cost in Excess of Reported Cost	$62,230.00	$50,986.00
Actual Cost	$574,245.00	$482,113.00
Reimbursement Rate	81.85%	81.85%
GVMC Reimbursable Cost	$470,019.53	$394,609.49
Authorization Maximums	$574,245.00	$595,666.00
Progress Payments	$419,084.00	$352,878.00
Amount Due to Council/(MDOT)	$50,936	$41,731
	Total	$92,667

GVMC concurs with the Audit Report findings regarding the Pavement Management System. GVMC is due credit of $92,667.

- **Congestion Management System**

	FY1997-1998	FY1999-2000	FY2001	FY2002	FY2003	FY2004
Reported Cost	$77,344.00	$66,505.00	$16,849.00	$51,757.00	$12,221.00	$44,017.00
Cost in Excess of Reported Cost	($2,798.00)	($29,121.00)	$14,262.00	($17,917.00)	$2,447.00	$10,363.00
Actual Cost	$74,546.00	$37,384.00	$31,111.00	$33,840.00	$14,668.00	$54,380.00
Reimbursement Rate	80.00%	81.85%	81.85%	81.85%	81.85%	81.85%
GVMC Reimbursable Cost	$59,636.80	$30,598.80	$25,464.35	$27,698.04	$12,005.76	$44,510.03
Authorization Maximums	$90,000.00	$70,231.00	$45,171.00	$33,842.00	$173,277.00	$173,227.00
Progress Payments	$61,875.00	$54,223.00	$13,791.00	$35,581.00	$10,003.00	$36,028.00
Amount Due to Council/(MDOT)	($2,238)	($23,624)	$11,673	($7,883)	$2,003	$8,482
					Total	($11,587)

GVMC concurs with the Audit Report findings regarding the Congestion Management System. MDOT is due credit of $11,587.

- **Non-Motorized Planning Grant**

	FY2001	FY2002
Reported Cost	$46,759.00	$20,155.00
Cost in Excess of Reported Cost	$24,266.00	$4,155.00
Actual Cost	$71,025.00	$24,310.00
Reimbursement Rate	80.00%	80.00%
GVMC Reimbursable Cost	$56,820.00	$19,448.00
Authorization Maximums	$46,759.00	$46,759.00
Progress Payments	$37,407.00	$16,124.00
Amount Due to Council/(MDOT)	$0	$3,324
	Total	$3,324

GVMC concurs with the Audit Report findings regarding the Non-Motorized Planning Grant. GVMC is due credit of $3,324.

- **FHWA Section 112 Planning Grants**

	FY1998	FY1999	FY2000	FY2001	FY2002	FY2003	FY2004
Reported Cost	$183,005.00	$264,707.00	$555,111.00	$485,507.00	$455,615.00	$438,494.00	$378,679.00
Cost in Excess of Reported Cost	($706.00)	($89,328.00)	($252,754.00)	($228,586.00)	($116,700.00)	($69,501.00)	($75,342.00)
Actual Cost	$182,299.00	$175,379.00	$302,357.00	$256,921.00	$338,915.00	$368,993.00	$303,337.00
Reimbursement Rate	81.85%	81.85%	81.85%	81.85%	81.85%	81.85%	81.85%
GVMC Reimbursable Cost	$149,211.73	$143,547.71	$247,479.20	$210,289.84	$277,401.93	$302,020.77	$248,281.33
Authorization Maximums	$336,617.00	$527,705.00	$526,372.00	$514,375.00	$532,981.00	$500,699.00	$422,263.00
Progress Payments	$149,789.00	$216,662.00	$430,835.00	$397,388.00	$372,921.00	$358,907.00	$309,949.00
Amount Due to Council/(MDOT)	($577)	($73,114)	($183,356)	($187,098)	($95,519)	($56,886)	($61,668)
						Total	($658,218)

GVMC does not concur with the Audit Report findings regarding FHWA Section 112 Planning Grants.

- **FTA Section 5303 Planning Grants**

	FY1998	FY1999	FY2000	FY2001	FY2002	FY2003	FY2004
Reported Cost	$47,186.00	$57,425.00	$78,256.00	$57,524.00	$135,138.00	$171,098.00	$157,777.00
Cost in Excess of Reported Cost	$14,353.00	$4,114.00	$21,890.00	$39,190.00	($51,607.00)	($48,927.00)	($47,337.00)
Actual Cost	$61,539.00	$61,539.00	$100,146.00	$96,714.00	$83,531.00	$122,171.00	$110,440.00
Reimbursement Rate	80.00%	80.00%	80.00%	80.00%	80.00%	80.00%	80.00%
GVMC Reimbursable Cost	$49,231.20	$49,231.20	$80,116.80	$77,371.20	$66,824.80	$97,736.80	$88,352.00
Authorization Maximums	$61,539.00	$61,539.00	$100,146.00	$151,463.00	$142,336.00	$221,745.00	$180,751.00
Progress Payments	$37,754.00	$45,940.00	$62,605.00	$46,020.00	$108,110.00	$136,878.00	$126,222.00
Amount Due to Council/(MDOT)	$11,477	$3,291	$17,512	$31,351	($41,285)	($39,141)	($37,870)
						Total	($54,665)

GVMC does not concur with the Audit Repot findings regarding FTA Section 5303 Planning Grants.

- **Blueprint SPR Grants**

	FY2002	FY2003	FY2004
Reported Cost	$99,878.00	$99,999.00	$99,990.00
Cost in Excess of Reported Cost	($99,878.00)	($87,364.00)	($99,990.00)
Actual Cost	$0.00	$12,635.00	$0.00
Reimbursement Rate	100.00%	100.00%	100.00%
GVMC Reimbursable Cost	$0.00	$12,635.00	$0.00
Authorization Maximums	$300,000.00	$100,000.00	$100,000.00
Progress Payments	$99,878.00	$99,999.00	$99,990.00
Amount Due to Council/(MDOT)	($99,878)	($87,364)	($99,990)
		Total	($287,232)

GVMC does not concur with the Audit Report findings regarding the Blueprint SPR Grants and concurs with the Department that GVMC had met its obligation under this grant and should be compensated fully for the work performed.

GVMC concurs with the calculated Fringe and Indirect Rates produced by the auditor. Due to the new rates GVMC undercharged the department in some years and over charged in others.

The main disagreement GVMC has with the Audit findings is the total disallowance of labor cost of work tasks performed by the GVMC Land Use Planning Department staff. As we noted in a previous communication, a portion of the GVMC Land Use Planning Department activities are to support the myriad transportation planning activities conducted by the staff of the GVMC MPO. The Land Use Department staff worked on tasks that were essential to meet federal requirements such as developing the Long Range Transportation Plan, Transportation Improvement Program, Travel Demand Modeling, Air Quality Modeling, Environmental Justice, and Land Use/Transportation coordination and consultation. All these work tasks and their products were listed in the Unified Planning Work Program and approved annually by MDOT and FHWA (see Attachment A).

During the last thirteen years, the Land Use Department staff participated in zoning data collection, provided forums for future growth discussions and livable communities concepts, provided population and employment analyses, presentations and reports to the Policy and Technical Committees, planning tools for modeling land use scenarios, regional and sub-regional planning meetings, conferences and other products that were essential in meeting the MPO's obligations under TEA-21 and SAFETEA-LU. Let me add that MDOT Staff were invited to all these meetings and were major participants and contributors in them.

With our formal response to the Commission Audit Report No. 2010-159, hand delivered to you in Lansing on June 28, 2010, we provided copies of the valuable products that GVMC's Land Use Planning staff created in connection with these projects.

As previously mentioned, the major areas of disagreement are activities funded by FHWA Section 112, FTA section 5303, and SPR grants. Based on our conversations and the agreed upon process GVMC produced summary reports by fiscal year that covers all the Land Use Department activities (see attachment B). Furthermore, GVMC Land Use Planning Department staff produced a report related only to transportation planning work tasks that were annually completed by them. The report lists the specific activities that were undertaken and the time estimates by the staff to complete the activity (see attachment C). Per our conversation and agreement the report lists the best **reasonable estimation** of total number of staff hours for each activity for each fiscal year.

The individuals reporting these activities and associated billable hours include Andrew Bowman, Planning Director, Grand Valley Metropolitan Council and Jay Hoekstra, Senior Planner, Grand Valley Metropolitan Council. Please note that prior to 2000, Mr.

Hoekstra worked for the GVMC Transportation Department and was transferred along with his transportation related land use duties to the GVMC Land Use Department during the 2000 fiscal year.

Due to the GVMC organizational structure since 2000, the GVMC Transportation Department did not, and does not, even to date, have any land use planners on staff. The Transportation Department utilizes the GVMC Land Use Department for all related land use activities such as, policy development, data collection, socio-economic data projections, and future growth scenarios analyses.

Based on our analysis, GVMC believes that the hours listed below for Mr. Bowman and Mr. Hoekstra should be allowed for federal funding.

GVMC Analysis results in the following:

Total Labor Hours Disallowed for FHWA Section 112

Fiscal Year	Fringe Rate	Indirect Rate	Andy	Jay	Priscilla	Aimee	Total Amount in Dispute
1997-1998	**27.51%**	**160.67%**	0	0	0	0	**$0.00**
1998-1999	**27.71%**	**144.74%**	174	0	0	264	**($22,654.73)**
1999-2000	**28.54%**	**116.09%**	945	635	0	0	**($108,612.91)**
2000-2001	**30.74%**	**104.11%**	935	0	0	0	**($74,329.44)**
2001-2002	**31.93%**	**81.89%**	331.2	381.6	38.4	0	**($47,030.21)**
2002-2003	**35.61%**	**86.70%**	271	225	0	0	**($35,742.05)**
2003-2004	**37.11%**	**81.06%**	200	200	0	0	**($28,323.76)**
							($316,693.1)

Total Labor Hours Disallowed for FTA Section 5303

Fiscal Year	Fringe Rate	Indirect Rate	Andy	Jay	Priscilla	Aimee	Total Amount in Dispute
1997-1998	**27.51%**	**160.67%**	0	0	0	0	**$0.00**
1998-1999	**27.71%**	**144.74%**	0	0	0	0	**$0.00**
1999-2000	**28.54%**	**116.09%**	0	0	0	0	**$0.00**
2000-2001	**30.74%**	**104.11%**	0	249	0	0	**($13,717.59)**
2001-2002	**31.93%**	**81.89%**	220.8	254.4	25.6	0	**($31,353.47)**
2002-2003	**35.61%**	**86.70%**	271	225	0	0	**($35,742.05)**
2003-2004	**37.11%**	**81.06%**	200	200	0	0	**($28,323.76)**
							($109,136.9)

Total Labor Hours Disallowed for SPR Grant

Fiscal Year	Fringe Rate	Indirect Rate	Andy Hours	Jay Hours	Priscilla Hours	Total Amount in Dispute
2001-2002	**31.93%**	**81.89%**	731	696	412	**($99,867.00)**
2002-2003	**35.61%**	**86.70%**	569	561	230	**($87,364.00)**
2003-2004	**37.11%**	**81.06%**	636	694	452	**($99,989.00)**
						($287,220.0)

Proposed Total Labor Hours Allowed for FHWA Section 112

Fiscal Year	Fringe Rate	Indirect Rate	Andy	Jay	Priscilla	Aimee	Total Amount Allowed
1997-1998	27.51%	160.67%	0	0	0	0	**$0.00**
1998-1999	27.71%	144.74%	170	0	0	264	**$22,326.75**
1999-2000	28.54%	116.09%	581	620	0	0	**$78,842.07**
2000-2001	30.74%	104.11%	474	0	0	0	**$37,681.45**
2001-2002	31.93%	81.89%	308.4	360	38.4	0	**$44,134.06**
2002-2003	35.61%	86.70%	205	212.5	0	0	**$29,464.51**
2003-2004	37.11%	81.06%	168	200	0	0	**$25,603.51**
							$238,052.3
						RR=81.85%	**$194,845.8**

Proposed Total Labor Hours Allowed for FTA Section 5303

Fiscal Year	Fringe Rate	Indirect Rate	Andy	Jay	Priscilla	Aimee	Total Amount Allowed
1997-1998	27.51%	160.67%	0	0	0	0	**$0.00**
1998-1999	27.71%	144.74%	0	0	0	0	**$0.00**
1999-2000	28.54%	116.09%	0	0	0	0	**$0.00**
2000-2001	30.74%	104.11%	0	249	0	0	**$13,717.59**
2001-2002	31.93%	81.89%	205.6	240	25.6	0	**$29,422.71**
2002-2003	35.61%	86.70%	205	212.5	0	0	**$29,464.51**
2003-2004	37.11%	81.06%	168	200	0	0	**$25,603.51**
							$98,208.3
						RR=80%	**$78,566.7**

Proposed Total Labor Hours Allowed for SPR Grant

Fiscal Year	Fringe Rate	Indirect Rate	Andy	Jay	Priscilla	Total Amount Allowed
2001-2002	31.93%	81.89%	450	490	260	$78,050.20
2002-2003	35.61%	86.70%	412	398	140	$71,752.94
2003-2004	37.11%	81.06%	394	476	200	$79,049.46
					RR=100%	$228,852.6

Total Labor Hours Disallowed For All Grants

Fiscal Year	Andy Hours	Jay Hours	Priscilla Hours	Aimee Hours
1997-1998	0	0	0	0
1998-1999	176	0	0	264
1999-2000	945	635	0	0
2000-2001	935	249	0	0
2001-2002	1,283	1,356	892	0
2002-2003	1,111	1,027	646	0
2003-2004	1,036	1,158	660	0

Proposed Total Labor Hours Allowed For All Grants

Fiscal Year	Andy Hours	Jay Hours	Priscilla Hours	Aimee Hours
1997-1998	0	0	0	0
1998-1999	170	0	0	264
1999-2000	581	620	0	0
2000-2001	474	249	0	0

2001-2002	**964**	**1,090**	**324**	**0**
2002-2003	**822**	**823**	**140**	**0**
2003-2004	**730**	**876**	**200**	**0**

All employees related to this audit were full time employees. A full time employee must work 2,080 hours per fiscal year. Only Aimee was a part time employee during the fiscal year 1998-1999.

Based on our analysis as illustrated in the table listed below GVMC should refund MDOT for the amount $364,924.13 for overcharges relating to transportation planning activities spanning between FY1998 and FY2004.

Summary Of GVMC Proposal	**Audit Results Unadjusted**	**Audit Results Adjusted**
Ozone Action! Program	**$11,719.00**	**$11,719.00**
Pavement Management System	**$92,667.02**	**$92,667.00**
Congestion Management System	**($11,587.21)**	**($11,587.00)**
FHWA Section 112	**($658,218.48)**	**($437,061.87)**
FTA Section 5303	**($54,665.00)**	**$34,394.13**
Non Motorized Planning Grants	**$3,324.00**	**$3,324.00**
BluePrint SPR Grants	**($287,232.00)**	**($58,379.39)**
Total Amount Due to GVMC/(MDOT)	**($903,992.67)**	**($364,924.13)**

CONCLUSION

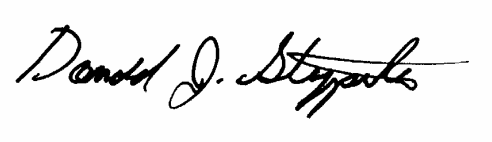
Since the inception of the federal MPO-based transportation planning process, the GVMC and its predecessor agency has worked closely with our partners at the Michigan Department of Transportation to conduct transportation planning and related land use planning activities in a manner that complies with federal and state law and brings great value to the Grand Region. It is our sincere desire to continue that strong and vital partnership long into the future.

Through this submittal of time records and our previous submittal of planning-related documents, reports and products we sincerely believe that there is no question that employees from the Grand Valley Metropolitan Council Land Use Planning Department devoted thousands of hours over the years at issue to assist GVMC Transportation planners and MDOT staff in achieving tangible planning goals for the Grand Region.

In addition, GVMC is also ensuring that its current and future employee records will be prepared in accordance with Circular A-87.

We respectfully request that the Land Use Planning Department employee costs at issue be allowed.

Respectfully submitted,
THE GRAND VALLEY METROPOLITAN COUNCIL



Donald J. Stypula
Executive Director

GVMC GRAND VALLEY METROPOLITAN COUNCIL METROPOLITAN PLANNING ORGANIZATION

GVMC FY 2011 Strategic Initiatives

As Approved by the Metropolitan Council – October 7, 2010

March 2011 Progress Report

▲= Achieving now ►= Being developed/in-progress ▼= Delayed

1) Managing Emerging Issues:

▲ Staff-wide effort underway to identify and flag developments in all areas and issues impacting the operations of county and municipal government, including transportation, land use and environmental/natural resource management.

▲ Continuously tracking and analyzing rapidly developing issues and trends at the capitols in Lansing and Washington and communicating via email updates to GVMC members.

► Have developed and we are currently testing a web-based tool to keep members up-to-date on trends and issues.

2) Encouraging Collaborative Service Sharing:

▲ Have partnered with MML to offer financial assistance to communities seeking consultant advice on developing service and cost-sharing agreements.

▲ Will sign three-year agreement today with Grand Valley State University to provide a GVSU graduate assistant at 20 hours per week for a 15 week semester to develop a GVMC-based clearinghouse on information and data regarding successful service and cost-sharing arrangements throughout the state and the nation.

► Will utilize a short electronic survey vehicle to identify communities and counties that have embraced the use of "best practices" as envisioned by Governor Snyder. The information will be combined with data from MML and a 2009 Citizens Research Council report on service sharing and will be shared with the Governor's administration and our West Michigan legislators. Awaiting Governor's special message to the Legislature on March 21 to finalize.

3) **Coordinating a Region-Wide Training Exchange for GVMC Members:**

► A volunteer graduate in public administration has researched training needs throughout the Metro Council region and is working with GVMC's web administrator to develop an on-line tool for GVMC officials to share training needs or request a cost-sharing partnership to provide training for elected officials and staff.

▲ Collaborating with Kent County Commissioner Tom Antor to provide the first GVMC region-wide training on purchase of development rights issues on March 24 at the GVMC offices. An official from Lancaster County, PA will detail that county's experience with PDR and answer questions.

▲ Collaborating with Grand Rapids City Commissioner Rosalynn Bliss and Kentwood City Commissioner Sharon Brinks to develop an April 2011 training session for elected officials and staff on the issue of Land Banks.

4) **Nurturing a Regional Economic Development Partnership:**

▲ Work on a daily basis with the Right Place, Inc. to share information and monitor trends on region-wide efforts to retain current job provider and attract new business ventures.

▼ Efforts to develop a region-wide economic development "welcome mat" have been delayed by the move in Lansing to eliminate state-sponsored economic development incentives and tax credits.

5) **Planning for Sustainable Communities:**

▲ Just completed a multi-year planning project on the Division Avenue corridor involving three GVMC-member cities and ITP-The Rapid.

▲ Work with stakeholders in the Division Avenue corridor, together with a consultant, to identify and prepare for redevelopment environmentally impacted properties.

▲ Continuing to monitor developments and advise community planners regarding the issue of medical marihuana

- ▲ At the request of the City of Grand Rapids Planning Department, we have successfully petitioned U.S. EPA to use a portion of remaining funding from a brownfields assessment grant to develop a remediation and reuse plan for a mix of properties on Wealthy Street.

6) **Retooling GVMC's Governance, Structure and Operations**:

- ▲ Task Force on Governance, Structure and Operations has met three times to dissect GVMC's current structure and operations and has developed one recommendation.

- ▲ Executive Director and staff are collaborating on specific recommendations to be brought to the Task Force for discussion and adoption. Three recommendations should be finalized by the March 17, 2011 Executive Committee.

- ► Final report and recommendations will be presented to the Grand Valley Metropolitan Council in July, 2011.

CONFIDENTIAL DRAFT FOR DISCUSSION PURPOSES

One Kent Coalition

Vision

To reinvent our community governments, removing barriers to competitiveness, and empowering public organizations to better serve our citizens, which will:

1) Increase our community's jobs, prosperity and sustainability;
2) Enhance and improve public safety and public infrastructure;
3) End arbitrary divisions through community-based decision making; and
4) Foster community conversation by developing a local vision for the next century.

A copy of a statement we have drafted entitled "Visions & Values" is attached.

Who

A coalition of approximately 20 private sector individuals from the metropolitan area who have been meeting to study the issue of fractionalized and duplicative local government, and to find solutions. The Mayor of Grand Rapids and the Chair of the Kent County Commission have each issued public statements seeking such proposals from the private sector. The Coalition is working in response to their call and the need to reform local governance.

Goal

To foster (i) the consolidation of the governments of Kent County and Grand Rapids, together with any other governments in the metropolitan area interested in such an effort, and (ii) the collaboration of all of the governments in the metropolitan area.

Efforts to Date

The Coalition has taken a survey of citizens of the metropolitan area with regard to their view of consolidation and collaborative efforts, and found the results encouraging. The Coalition has been holding meetings during 2010 to study issues, formulate goals, and anticipate potential legislation.

Enabling Legislation

We seek enabling legislation to allow the local governments within Kent County and the City of Grand Rapids and Kent County in particular, to merge their governance and provision of services. A draft of the legislative concepts we are reviewing is attached.

Authority

Section 27 of the Constitution provides for the legislature to ". . . establish in metropolitan areas additional forms of government . . . with powers, duties, and jurisdictions as the legislature shall provide." We seek such enabling legislation. Our investigation suggests this should amend multiple Acts in the form of a "Michigan Emergency State Cost Reduction and Restructuring Law."

Timeline

To have enabling legislation signed into law in 2011 to allow time to place the issue before citizens for a vote in 2012.

ONE KENT COALITION

Visions & Values

To reinvent our community governance, removing harriers to competitiveness and empowering public organizations to better serve our citizens, which will:

- Increase our community's jobs, prosperity and sustainability;
- Enhance and improve public safety including police and fire protections;
- End arbitrary divisions through community based decision-making; and
- Foster a community conversation by developing a local vision for the next century.

Executive Summary

Starting the second decade of this century, the Kent County area has the potential of being the heart of Michigan's reinvention, it has all of the advantages demanded of a competitive community in a global marketplace: robust higher education, world-class healthcare, a burgeoning creative class, an increasingly diverse foundation of enterprise and a high-quality of life to offer social and market entrepreneurs.

Moving forward, however, requires the greater Grand Rapids community shed legacy impediments, like duplicitous layers of government that hinder greater cooperation, growth and expansion. Becoming a regional economic powerhouse, not only of our state, but also of the region, requires a 21st Century model of public institutions.

Without these reforms, communities elsewhere will eclipse our development and become the new epicenters for growth, innovation, creation and employment. Without a forward- moving change, the talent-drain of tomorrow's leaders will accelerate; and without a positive transformation, the trend of decline and stagnation will become our new norm.

A new design to our public institutions offers our community access to a more vibrant, dynamic, and growing economy.

This is a project about our economic future. It is an effort to re-imagine our vital and fundamental structures to aid in growth, rather than hinder development.

Background

This document explores the interest of citizens of the Grand Rapids metropolitan area in re-imaging the design of local governments. Many have commented on the inefficiency of the excessive number of local governments in our country. This is true in Michigan, and it applies to the Grand Rapids metropolitan area. An assemblage of individuals in the Grand Rapids area wish to initiate an effort to redesign our local governments and services. The effort will analyze the merits of concept, educate citizens of the area on the benefits of the proposal, and promote

legislative initiatives to allow local governments to be restructured to provide a more efficient and effective system of government.
Michigan has 83 counties, 1,240 townships, 274 cities, 259 villages, and a number of other local governments. The various individuals and commissions that are elected to govern these numerous entities by the citizens in Kent County alone exceed the number of people elected to run the United States Federal Government.

History

In addition to burdensome layers of government, the basic layout of the boundaries within our State is archaic. The boundary structure was initiated in an act undertaken before the Constitution was written. The Continental Congress passed the Northwest Ordinances Act to provide for a structure and layout of the area west of the Appalachian Mountains taken from the British by the George Rogers Clark expedition, and surrendered to the newly formed United States in the Treaty of Paris. That structure was retained by the early Congress and in the 1830's, when Michigan became a state; the State was laid out according to the standards of traveling by foot and horse, and the surveying methods of 200 years ago. Our governments still exist and function using those same boundaries and structure. These boundaries and structures have not been updated since their 1780's conception.

It is incomprehensible that anyone taking a blank map of Michigan in 2010 would create local governments with the now seemingly arbitrary boundaries and redundant layers of government within which we are currently confined. Undoubtedly, an elementary school civics project would produce a better geographic and governmental structure. We are well aware of this, whether we are the citizens or the elected officials that serve the citizenry. However, we act and feel constrained by what the past governmental processes created, and the significant inertia and opposition that must be overcome to change such a structure. Hence, we continue to live in a world where our current governance structure is outdated, inefficient and expensive.

A Challenge

We are living in a world in which businesses and economies function on national and global levels evolving at an ever-increasing pace.. Even state boundaries provide little meaning in a free marketplace, except where it is necessary to comply with local laws. Local governments are often deemed to be slow to respond and a nuisance to business efforts.
In contrast to units of government, private enterprise must constantly update and reinvent itself in order to survive. It is an endless process of seeking more efficiencies and responding to service clientele. Governments are encased in a structure of the past. In large part, they simply regurgitate the prior years' actions intermixed with the current year's politics. In doing so, they become ever more out of date with the entrepreneurial world. As the greater Grand Rapids metropolitan area seeks to compete in that world, we believe it can take a significant step forward to assist the lifestyles and livelihood of its citizens by making itself a more efficient, attractive place for dealing with the entrepreneurial opportunities of our modern world. We believe an effort to reinvent this environment without sacrificing the responsiveness of government to citizens is a must. We believe a

re-design effort will allow local governments to create significantly greater efficiencies and respond to citizens more quickly with stronger revenues and serve their needs with greater efficiency.

A Solution

Beyond seeking efficiency for its own sake, there is a further reason to promote efforts in re-inventing community institutions. For its first 150 years and perhaps longer, Michigan was growing even as it suffered certain economic downturns with the rest of the country. At the end of World War II, the Detroit area was the most industrialized place in the world, and Michigan prospered with a broad range of manufacturing, agricultural and tourist business. Michigan's economy is no longer growing, it is shrinking. The State has lost almost 1,000,000 jobs in the past decade, and is the only state to lose population in the past decade. The State went into recession in the summer of 2000, ten years ago. The rest of the country recovered from the economic downturn at the end of the Clinton presidency; Michigan never did. While losing its citizens and with its economy in the longest-running state recession in the country, Michigan has had a decade of declining revenues and cash flow problems that politics and economics of Lansing have not addressed.

The Grand Rapids area remains economically vital and has many positive prospects for the future, such as its medical research and life sciences industry, which is burgeoning. Its unique cultural and artistic innovations such as ArtPrize, and the industry and education of its citizens. We nevertheless function in a state that does not meet its obligations to fund its share of local government operations. The State flounders from year to year in a budget crisis. It consistently fails to fund its infrastructure needs, K-12 education, colleges and universities, and local government mandates and programs. In the past year, the legislature even cut school aid in the middle of the school year!

Rather than remain immersed in this dilemma and quagmire, we believe the Grand Rapids metropolitan area has the potential to step up, separate itself and create a new platform from which to present itself nationally and internationally. It does not serve the best interests of our communities to wait and hope for the political process in Lansing to come up with a solution that will finally provide balanced budgets on a timely basis and revitalization plans that will allow our state to move forward. Grand Rapids can move itself forward by modernizing its governing structure and reducing the constraints of its antique boundaries. Private sector efforts have shown innovation and boldness. A similar effort is needed for the public sector of our community.

The greater Grand Rapids community, reinventing its public structures of organization, can provide a model of innovation for the rest of Michigan.

We must take steps to recreate our local government structure where possible.

Section 27 of the State Constitution allows the legislature to create alternative units of government and allow local governments to reinvent themselves as new jurisdictions. We seek to determine what those efforts should be for the Grand Rapids metropolitan area. Additionally, we will provide an outline of specific changes for the State legislature to act upon, allowing citizens of the Grand Rapids metropolitan area to restructure their governance, structures and boundaries that most efficiently serve the needs of their citizens.

###

Answers to
One Kent Coalition
Preliminary Questions on Structure and Process

1. What name do you want to use for this metropolitan authority?

ANSWER: Metropolitan Government of the City of Grand Rapids and Kent County.

2. The authority has an opportunity to optimize the size and structure of local government. What is the size of the legislative body (i.e., how many members)?

ANSWER: 23 to 25 is our estimate.

3. Is the intent to develop the authority's governance structure at the outset through legislation, or to allow such structure to be determined by a new charter commission or similar type of entity? Meeting procedures? How will the body act legislatively; what are its ideal charter/ordinance/resolution powers?

ANSWER: We do not want the legislation to provide for a successive charter commission. We want the outline of the government structure to be set in the legislation. We want the new governing entity to have the powers of a home rule city and a county. It will have a legislative body that meets and has its own presiding officer elected from within that legislative body; presumably a Board of Commissioners. It will act as one Board with its decisions governing its actions as a city and a county.

4. In terms of a chief executive officer, what powers, duties and responsibilities do you want this officer to have in the authority? How will they be selected (election/appointment)?

ANSWER: The Chief Executive Officer will be a "strong mayor" executive with powers reflecting that position. You had suggested something similar to those for Oakland County. If you can please provide us with a list of those, we will see if that is sufficient or if we will want to expand them. The Chief Executive will be elected from the entire county. The term should be four years.

5. Are there any "non-essential" governmental services that the authority desires to eliminate as part of the process? Which commissions/committees should be retained/dispensed with?

ANSWER: At this time, we don't know of any non-essential government services to eliminate. We envision that the metropolitan government will take on all of the services provided by the City of Grand Rapids and Kent County, although it may revise and refine those over time. For example, a metro government may decide to withdraw from the trash collection business and do that solely through licensing private sector haulers. It may adjust the sheriff's duties to correlate those with other public safety services, etc. We will have to come up with a list of commissions to be retained, with the remainder to be dispensed with.

6. What provisions of the various laws currently applicable to the County/City does the Authority wish to change?

Procurement or contracting?
Collective bargaining/Act 312?
Urban Cooperation Act?
Elections?
Conflict policies?
Investments, financial instruments?
Others?

ANSWER: We are unsure of the full list of statutes from which we would like exemption from their requirements. However, we understand those include:

The Urban Cooperation Act.
Act 312 of 1969, Act 116 of 1954.
Act 279 with regard to minimum staffing requirements.
Public Act 8 of 1967.
Public Act 392 of 1989.
To the extent needed, the Michigan Boundary Commission Acts.

We will need some assistance reviewing and expanding this list.

7. How does the Authority wish to deliver (short term and long term) public utility services (drain, sewer, water, etc.)? Will all police/fire services be consolidated? Are there existing Urban Cooperation Act agreements or multi-jurisdictional authorities that members are currently party to that will need to be restructured?

ANSWER: We expect to deliver public utility services in the same manner they are now. We would prefer that the Drain Commissioner not be elected. Otherwise, the appointed Drain Commissioner will handle the drain issues within the County and the City will continue the water/sewer services for itself and all of its subscriber communities. We expect to consolidate the police and fire services under one county-wide public safety department. The sheriff will be integrated into that in some manner, but will continue in existence as required by the Constitution. There are a number of urban cooperation act agreements in place. They will simply stay in place with the City and the County being one within those agreements with other outlying jurisdictions.

8. Is it the short-term/long term goal that all employees; assets and property of the member units be transferred to the new entity? (Are there any environmental or other liabilities associated with any of these assets that should be considered?)

ANSWER: There is a goal for all employees' assets and property of the City and County to be transferred to the new entity. We don't know of any liabilities that need to be considered differently, but will have to review that issue.

9. Is it the short-term/long term goal that all liabilities of the member units be transferred to the new entity?

Bonded indebtedness?
All contracts?
Labor, health-care and pension through existing contracts only?

ANSWER: We expect all liabilities of member units will have to be transferred to the new entity, unless coverage of existing insurance or some other issue dictates against that.

10. Will any distinction be made between funded/unfunded liabilities to be assumed?

ANSWER: We don't know of any distinction to be made between funded and unfunded liabilities.

11. Implementation of the authority and streamlining of services and functions may occur in phases. Presumably when the authority is fully operationally, the authority's revenues are comprised of the revenues of the component units. Until the authority is fully operational, is there an assessment against any non-participating units? How is that established?

ANSWER: We expect the metro government to begin functioning on its initial day with the services and functions of the two entities continuing to run as they do now. They will be merged and streamlined over time. The tax revenues as authorized for both units will be collected. No new special assessments will arise for non-participating units unless they are established successively.

12. On the revenue side, will taxation power of the authority be solely by virtue of assumption of any participating unit or will there be separate taxation power, subject to referendum or statutory restriction? At what level? [As the authority matures, modifications to the taxation structure may be necessary or desirable.]

ANSWER: The metro government will have the taxation power of the home rule city and the county. Presumably over time, those will be streamlined.

13. Similarly, on the liability side, what restriction on the incurrence of liabilities and indebtedness (bonds, notes, etc.) is desired?

ANSWER: The metro government will have the ability to incur liabilities and indebtedness, just as the City and the County do now.

14. Looking forward, if other Kent County units of government wish to join, how will this be accomplished in a fair manner, given the relative strength of their various balance sheets? Will they all be treated equally?

ANSWER: The new governments within Kent County will be allowed to join if the metro government legislative body (without veto by the Mayor, unless the veto is overridden) passes a resolution to allow that entity to join. That entity may seek to join either through a resolution of its legislative body or petition of its citizens. Upon both preconditions occurring, the jurisdiction will then hold a vote of the citizens within that unit of government. If the measure passes by a simple majority, that unit of government may join the metropolitan government.

15. What is the best estimate for the number of local units of government within Kent County that will want to participate in an authority form of governance? Will they be required to opt in at the beginning or will later additions be accepted? How does that affect preliminary costs associated with originating the authority?

ANSWER: We expect that initially only Kent County and the City of Grand Rapids will give consideration to joining the metropolitan government. Successively, we expect a number of others may wish to join, particularly the adjacent five cities. We do not know what the preliminary costs are to originate the metro government. We expect that is a seven-figure number.

16. How will it be financed?

ANSWER: We do not know how the costs will be financed to allow the combination of these governments. As we get a better estimate of the number, we will have to have an answer to that question.

17. Are there specific functions/services to be retained by the participating governments?

ANSWER: We would like to contemplate the potential for certain specific functions/services to be retained by local cities and townships so that each unit joining will have a sense of retaining its "community" identity. We think this will greatly enhance the ability to attract the other units of government within the County. We need to go through a review of the services provided by governments to see what that list might be. We expect that there are a number of services and functions which will be mandated to be turned over to the metropolitan government if a unit of government joins. We expect the other services and functions will be optional to be retained by each unit as it joins.

18. What specific functions/services are clearly to be "delegated" to the new authority?

ANSWER: We do not have the list of those that are to be clearly delegated as yet. We expect it will include public safety, public works, and a number of others, but do not have the list determined.

19. Is there an emphasis or need for special provisions as it relates to local services to be provided (i.e., police, fire, libraries, parks, trash, water, sewer, transportation, road services)?

ANSWER: The emphasis is particularly on the services and functions which are more expensive in terms of capital equipment and require the largest number of employees. In addition, those administrative services which can be provided with greater efficiency, such as Clerk and Treasurer functions, and other administrative office functions, should be combined.

20. Is there an emphasis or need for special provisions as it relates to special interests for either individuals or communities that are involved (i.e., government leaders, county, city)?

ANSWER: At this time, we do not have any list of special provisions for special interest. As we talk further with local governments, we will determine if there is a need for such a list.

21. What are the most significant legacy costs with each jurisdiction? For each, what are the intended consequences of the new entity? (i.e. legacy costs will remain with the original, legacy costs will move to the new entity, or legacy costs will remain with the new structure under new entity created in an attempt to reduce past and decrease future costs?)

ANSWER: We expect legacy costs will move to the metropolitan government unless the joining unit of government wishes to retain certain services or functions separately, in which case the legacy costs associated with those functions will remain with it when it retains those.

22. Based on the research, should the primary focus of the effort and the legislation be focused on a theme of economic development? Streamlined government? Other issues?

ANSWER: We want our primary focus to be economic development with a secondary focus on an increased level of services for citizens and streamlining of government.

SUMMARY OF METROPOLITAN CITY-COUNTY GOVERNMENT ACT

This document summarizes various concepts included in draft enabling legislation authorizing a certain unchartered county (referred to as "qualified county") and a certain home-rule city (referred to as "qualified city") to join together to form, implement, and execute certain executive, legislative, and governance powers under a single governance structure (referred to as "metropolitan government") within a defined geographical area that includes the qualified city and the qualified county ("referred to as the "metropolitan area").

The draft legislation would place the question of adopting a metropolitan government before the voters of the qualified city and county in November 2011. If approved by voters, the qualified county would be reorganized as a metropolitan government and the governmental powers of the qualified city would be transferred to the metropolitan government, with qualified city technically would continue to exist as a separate legal entity. To comply with the Michigan Constitution, certain powers, functions, and responsibilities granted to specific county public officials: the Sheriff, Treasurer, Clerk/Register, and Prosecuting Attorney would continue to be carried out by those officials, who would be elected county-wide to serve in the metropolitan government for the qualified county.

As outlined in the legislation, the transition to a metropolitan government would be phased in over time and include three important steps: (i) Phase I - enactment of enabling legislation and approval by voters; (ii) Phase II – establishment of electoral districts for the new legislative body of the metropolitan government (referred to as the "Metropolitan Council") and election of metropolitan government officials; and (iii) Phase III – transfer of the powers, duties, and functions of the qualified county and qualified city and implementation and organization of the new metropolitan government by newly elected officials.

Metropolitan Authorities

1. Article VII, Section 27 of the Michigan Constitution of 1963, as amended, permits the Legislature to create metropolitan governments and authorities:

   > Notwithstanding any other provision of this constitution the legislature may establish in metropolitan areas additional forms of government or authorities with powers, duties and jurisdictions as the legislature shall provide. Wherever possible, such additional forms of government or authorities shall be designed to perform multipurpose functions rather than a single function.

2. In addition to Section 27, which the framers of the Michigan constitution intended to be "broad and flexible," the Michigan Legislature possesses broad plenary power to establish forms of local government not explicitly prohibited under the constitution..

3. The area served and governed by the new metropolitan government would include the geographic boundaries of both the qualified city and the qualified county. The geographical boundaries of the qualified county and the qualified city would

remain the same. However, the governance of both the qualified county and the qualified city would be changed to allow for a combined governance structure approved by the voters to serve the entire metropolitan area. Under the draft legislation, the existing form or government for the county government would be superseded by the metropolitan government. The county as a separate entity would cease to exist. The qualified city would technically remain as a separate legal entity but the authority to exercise the legislative and executive powers of the qualified city would be transferred to the metropolitan government.

4. To establish a metropolitan government, new legislation will need to be drafted and passed by the Legislature establishing the metropolitan government as a metropolitan authority. There are several examples of other metropolitan authorities already in place that will be used as a guide to draft this new legislation, to be known as "The Metropolitan City-County Government Act."

5. The metropolitan authority created would be a both a public body corporate and politic and a metropolitan authority authorized by section 27 of article VII of the Michigan Constitution of 1963. It would possess the powers, duties, and jurisdictions vested in the metropolitan government under the legislation and other laws. The metropolitan government would not be an agency of the state.

6. Based on the final 2010 United States Census numbers, the legislation would define a "qualified city" as a city with a population range that specifically identifies the City of Grand Rapids.

7. Based on the final 2010 United States Census numbers, the legislation would define a "qualified county" as a county with a population range that specifically identifies Kent County.

8. In order to adopt a metropolitan government, the voters of the qualified county and qualified city would be given the opportunity to vote on the question of adopting a metropolitan government in November of 2011.

9. If voters of both the qualified city and qualified county did not approve the metropolitan government at the initial election in 2011, the county board of commissioners and the city council could resubmit the question to voters at future elections. Approval by the voters of a qualified city or a qualified county would be valid for a period of [*8*] years. Approval would not be required at the same election.

10. Once the voters of both a qualified city and qualified county approve adoption of a metropolitan government, a Joint Metropolitan Redistricting Committee would be established to draw electoral district lines for the [*21*]-member legislative body of the metropolitan government—the Metropolitan Council. The Committee would be required to complete its work by March 31 in the year following the November election at which the qualified county or qualified city last approved adoption of a metropolitan government. The committee would include the county

treasurer, the county clerk/register, the county prosecuting attorney, the city treasurer, the city clerk, and the mayor of the qualified city.

11. After the adoption of an electoral district plan, elections to select officers for the new metropolitan government (members of the Metropolitan Council, Chief Executive, Sheriff, Treasurer, Clerk/Register, and Prosecuting Attorney) would be held with a primary in August and a general election in November. The elections would be held on a [partisan- ***nonpartisan***] basis. Elections in the qualified city are currently held on a nonpartisan basis. Members of the Metropolitan Council would be elected to 2-year terms and other officers would be elected to 4-year terms, unless a 2-year transitional term is required for the constitutional officers of the qualified county. Existing qualified city and qualified county officers would be eligible to run for the positions.

12. The following January 1st would be the effective date for the metropolitan government. The new Metropolitan Council and other elected officers of the metropolitan government would assume office on that date as well. Elected offices in the qualified county and qualified city would end on the effective date, with powers assumed by the new metropolitan government.

13. The legislative powers of both the participating qualified county ("participating county") and the participating qualified city ("participating city") would be vested in the Metropolitan Council. A special committee consisting of members of the Council residing in the qualified city, the Participating City Committee, would be required to approve the expenditure of participating city-specific revenue such as city income tax revenue.

14. The chief executive powers of the metropolitan government would be vested in a Chief Executive. The Chief Executive would possess authority similar to a state governor, including appointment power and executive reorganization powers. Other specific executive powers, including the existing legal and constitutional duties of county constitutional officers, would be vested in a Sheriff, Treasurer, Clerk/Register, and Prosecuting Attorney.

15. During the first 180 days after the effective date, the Metropolitan Council would enter a transitional phase focused on the reallocation of the governmental functions of the participating county and the participating city within the new municipal government structure. The functions would be required to be allocated among not more than [*15*] principal departments. If the allocation is not complete within 180 days, the Chief Executive would be required to allocate the functions under an executive order issued within 90 days. Because of Michigan constitutional restraints, some county powers, functions and responsibilities would continue to be carried out by those constitutionally charged county officers (Sheriff, Prosecuting Attorney, County Treasurer, Register of Deeds, County Clerk). Additional duties could be vested in these officials. Departments, boards, offices, and personnel associated with certain functions of the county and city could be combined wherever possible to promote efficiencies in government. The

initial allocation decisions made by the Metropolitan Council and the Chief Executive could be revisited in subsequent ordinances and executive orders.

16. The legislation creates a mechanism for additional cities, villages or townships within the metropolitan area to participate in a flexible manner in the metropolitan government by authorizing intergovernmental agreements with the metropolitan government. Approval of any agreement by the participating governing bodies, the Metropolitan Council, and the Chief Executive of the metropolitan government would be required before the exercise of joint functions or transfer of functions would be effective.

17. Because the metropolitan government would be a new form of government in Michigan, the legislation includes detailed provisions for the conduct of elections and the establishment of electoral district boundaries through a redistricting process.

18. The metropolitan authority would be exempt from several existing statutes that are viewed as barriers to streamlining the efficiencies of government or the consolidation of departments, offices and personnel. However, with respect to existing contracts, and collective bargaining agreements, those contracts agreements would continue in place until the end of their current length of term. The legislation would not alter vested pension or retirements rights or merit system employment benefits but does not restrict future changes.