



**Grand Valley Metro Council
Legislative Committee**

Agenda

**Wednesday January 14, 2009
8:30 a.m.**

GVMC Offices 40 Pearl St., Suite 410, Grand Rapids, MI

- 1. Call to Order**
- 2. Approval of Minutes from November 12, 2008 meeting**
- 3. Review of December 15 Legislative Breakfast**
- 4. Request from City of Wyoming regarding General Motors' 36th Street Plant**
- 5. Update on Federal "Economic Stimulus" package**
- 6. Update on Transportation Funding – State and Federal**
- 7. Other Issues**



Grand Valley Metropolitan Council

MEMORANDUM

To: GVMC Legislative Committee
From: Donald J. Stypula, Executive Director
RE: January 14, 2009 GVMC Legislative Committee
Date: January 13, 2008

Attached are the agenda and support documents for the next meeting of our **GVMC Legislative Committee** – scheduled for **8:30 AM, this Wednesday – January 14, 2009 -- at the GVMC Offices in downtown Grand Rapids.**

Several important topics this month, including a thorough look at what worked at our December 15 legislative breakfast and what we can do in the future to improve it. In addition, the City of Wyoming would like our help convincing federal lawmakers about the need to give communities the authority to have access to soon-to-be-vacated sites like GM's 36th street plant so they can plan redevelopment strategies. We'll also look at the latest in the so-called federal "stimulus" package and look ahead on the critical issue of transportation funding.

We'll start by reviewing and approving the minutes from our November 12, 2008 meeting.

LEGISLATIVE ADVOCACY – DEBRIEF OF THE DECEMBER 15 LEGISLATIVE BREAKFAST

As noted at our Board of Directors meeting on Monday, the GVMC Legislative Breakfast on December 15 was a great success. We had eight current or retiring legislators in attendance, together with newly-elected State Representative Mike Huckleberry (D-Greenville). Both Peter Varga from ITP-The Rapid and Wyoming City Manager Curtis Holt laid out GVMC's legislative agenda, sparking discussion between our officials and their legislators.

Senators Mark Jansen and Bill Hardiman joined Representatives Dave Agema, Fulton Sheen, Tom Pearce, Dave Hildenbrand, Brian Calley and Robert Dean at our event. I am following up with newly-elected Representatives, together with other area State Senators, to ensure that all of our Lansing decision makers read and understand our priorities.

On Wednesday morning, let's take a thorough look at the various elements of this event and answer these questions: What worked? What can be improved? And how can we fine tune our meetings with legislators to yield the greatest impact.

REQUEST FROM CITY OF WYOMING REGARDING 36TH STREET GENERAL MOTORS PLANT

As GM prepares to walk away from the 36th Street metal fabrication plant after more than 70 years of continuous operation, the City of Wyoming has been attempting to work with the company to gain access to plant site to ascertain how that huge footprint can best be redeveloped. Their requests to the company to inventory the features of the property and to assess the potential for environmental contamination have gone unanswered. The city – now facing the experience of hundreds of communities across the country – is understandably concerned about how this very large and attractive parcel – just east of U.S. 313 and abutting an active freight rail line – can be reused in the future.

City officials have asked GVMC to communicate with our U.S. Senators and Representatives and urge them to adopt modifications to the so-called “Detroit 3 Bailout” to ensure that municipal officials have a voice and a defined role to play in working with companies to ensure that vacated properties can be redeveloped and returned to the tax rolls.

I have attached a letter that Wyoming officials previously sent to Senators Stabenow and Levin regarding this issue. I recommend that GVMC lend its regional voice to this effort to compel companies large and small to readjust their approach to helping these home towns identify, assess, market and redevelop industrial properties that the companies no longer need.

UPDATE: FEDERAL “ECONOMIC STIMULUS” PACKAGE

The vehicle bill to implement President-elect Barack Obama’s economic stimulus program WAS NOT introduced, as promised, on Monday evening in the U.S. House. At this juncture, final details are still being negotiated between the incoming administration and Congressional leadership. House subcommittees are gearing up for the bill, work on which is expected to begin in earnest next Monday, just before the inauguration.

We’ll share with you the latest of what we know and what we’ve heard at our meeting tomorrow morning.

UPDATE: TRANSPORTATION FUNDING – LANSING AND WASHINGTON

Nothing new to report at this time regarding this very important issue. We are continuing to work with partners around the state and the country to push for increases in both federal and state funding for transportation infrastructure. More thoughts on this strategy tomorrow.

I’m looking forward to seeing you and having a productive meeting on Wednesday morning. As always, if you have any questions, or if we can be of further assistance, please call me directly at 776-7604, on my cell at 450-4217, at home at 257-3372 or via email at stypulad@gvmc.org.

**GRAND VALLEY METROPOLITAN COUNCIL
LEGISLATIVE COMMITTEE MEETING**

November 12, 2008

8:30 a.m.

GVMC Offices
Grand Rapids, MI 49503

MINUTES

1. Call To Order

Chair Rick Root called the meeting to order at 8:40 a.m.

2. Roll Call

Present:

Haris Alibasic	City of Grand Rapids
Sam Bolt	City of Wyoming
Jim Buck	City of Grandville
Mike DeVries	Grand Rapids Township
Don Hilton	Gaines Township
Denny Hoemke	Algoma Township
Abed Itani	Grand Valley Metro Council
Ralf Hugger	Grand Valley State University
Bob May	City of Hastings
Jim Miedema	Jamestown Township
Gayle McCrath	Grand Valley Metro Council
Rick Root	City of Kentwood
Ken Snow	City of Greenville
Barb Snow	City of Greenville
Don Stypula	Grand Valley Metro Council

3. Approval of Minutes from October, 2008

The minutes of the GVMC October 2008, Legislative Committee meeting were

accepted with correction into record.

4. Transportation Funding

Don Stypula reported on the findings of the Transportation Funding Task Force.

Among the revenue options the report proposed:

- Increasing registration fees by either an ad valorem basis or by a flat rate.
- Eliminate current reductions allowed in registration fees.
- Eliminate registration discounts for specific industry groups.
- Collect increased registration fees when a plate is transferred to a new vehicle.
- Either boost the current 19-cents a gallon gas tax by a flat rate (which would raise an estimated \$46 million for each penny of increase) or tax fuel on a percentage of the cost instead of by the gallon (which, assuming a per gallon price of \$2.30 for gasoline, would raise \$103 million for each one percentage point).
- Equalize diesel and gasoline tax rates (diesel fuel is now taxed at 15-cents a gallon) which would raise an estimated \$10 million for each one-cent. Equalizing the tax rates has been an issue for many legislators for many years.
- Increase the state's sales and use taxes by one percentage point, and dedicate that to transportation. Such an action would require voter approval, but would raise \$1.3 billion for transportation.
- Dedicate the sales tax charged on fuel to transportation, which would raise \$800 million. Michigan is one only a few states that charges both the sales tax and a specific tax on motor fuels. Such a proposal has been made before, but opposed by education groups in as much as the sales tax is a basic funding source for K-12 schools.
- Redirect all or some of the Natural Resources Trust Fund to transportation. In part, task force members said, this proposal was aimed at looking at every possible revenue source, and mostly the group was looking at possibly using a portion of the increased monies the fund would get.

Don Stypula asked the committee to comment on what their opinions were of these options.

Andy Johnston stated if the funding issue moved in the lame duck session, it could be tied to another issue. Being able to respond quickly is very important. The registration fee increase and motor fuel tax is low hanging fruit.

Abed Itani stated that a local option tax could be a two edged sword. If you get the option, the State might restrict their funds more and ask use to fund more on our own. You wouldn't want to create another layer of bureaucracy. We would need to

make sure it doesn't infringe on our ability to make decisions.

Rick Root said the State determined local taxes were not a good idea and created revenue sharing as a result. This is counter intuitive now to consider a local option tax.

Denny Hoemke stated he agreed with Abed. It would result in shifting the decision to the locals with no matching funds.

Andy Bowman reported part of this history is the Oakland Round Table and L. Brooks Patterson.

Bob May added a local tax would harm our economy. People would by-pass us if they had to pay additional taxes here.

Abed Itani stated he was not totally against a local option tax if it was structured in the right way. We would just have to make sure it wasn't used against us.

Bob May said he did not believe we could trust the State with what has happened to revenue sharing.

Ken Snow stated he wouldn't want to leave it up to the county, the State would be better. A sales tax would be good, but needs to be tied to inflation and also address change in fuel efficiency.

Don Hilton added the major part of this focus is on the individual driving the car or truck. Roads serve everyone. However, there would be problems if they try to include a diesel tax in the package. We need to take a look at all citizens participating and not just a few.

Denny Hoemke stated the sales tax needs to be voted on. We can't wait that long. Something needs to be done in the meantime. We have to urge them to do something now.

Rick Root stated with the instability of the price of gas lately, a penny or two per gallon is not going to be noticed. We already have a local option through our roads and local milages.

Haris Alibasic added a local option tax seems like a great topic for a lame duck session. Does anyone know MDOT's intentions?

Don Stypula stated that the MDOT Director stated the diesel parity and increase of registration fees would be looked at for the short run. They are looking at something

relatively simple to do.

Root reported it appears we have no strong recommendations.

Don Stypula asked if the committee would approve giving him the authority to bring these thoughts to the legislature. I have a clear picture of the problem with the local option.

Jim Buck added the Kent County Commission has a lot of new people on it who need a lot of education. They couldn't take on something like a local option tax at this time. We previously heard there was going to be little or no lame duck session. Does it look like this will happen?

Andy Johnston agreed with this probable scenario.

Jim Buck asked if they were looking for a good or better option.

Don Stypula stated they were looking for the good option.

Jim Buck reminded the group of the changes in the SBT and the problems the replacement tax created.

Don Stypula asked Abed Itani about the possible federal stimulus package. Are we prepared to fund some of the TIP if there is a local match required?

Abed Itani stated we are pushing for federal funds with no match. The Federal Highway Administration understands that. Yes, we are ready. We have 251 projects that could go fast.

Haris Alibasic stated the US Conference of Mayors is listing the projects they would like and are pushing for 100% federal funds.

Don Stypula said he will work with the Grand Rapids Chamber of Commerce, the Michigan Chamber of Commerce, MTA, MML, MAC and Road Builders and will communicate to all GVMC members via e-mail.

It was agreed this would be a green light issue for the Executive Director.

Don Hilton asked what level are we as a donor state in transportation funding.

Don Stypula stated he has talked to Senators and Congressmen, and they all understand how important it is for us to increase that percentage. It should be addressed in the next version of SafeTLU.

Don Hilton asked were we were on that.

Abed Itani reported 83% -95%.

5. Legislative Breakfast

The Legislative Breakfast will be held on December 15th.

The format will include three members each outlining one of our legislative priorities.

1. Welcome and thanks to legislators – Jim Buck
2. Transportation funding – Regional – Peter Varga / Abed
 - Multi modal
 - TF2 Report
3. Revenue Sharing – Part of a broader plan – Township Representative
 - Stay out of our revenue stream
 - History of Revenue Sharing
 - Lansing actions have major impact on communities and essential services.
 - Quality of life issues
4. Intergovernmental Cooperation – Curtis Holt
 - Ask legislators how we can help them achieve these goals.
5. Closing – Kurt Kimball

6. Other

Don Stypula asked Haris Alibasic if he had heard anything on HRIII.

Haris Alibasic stated it is still on the House Clerk's desk, but if it moves it could be devastating.

Rick Root reported he has heard HRIII will not move.

7. Adjourn – 9:45

Letter to Hon. Carl Levin, Hon. Debbie Stabenow

Re: General Motors Plant Closing

Dear

As you know, General Motors has announced the closing of its Metal Stamping Plant on 36th Street in the City of Wyoming which is scheduled to occur by the end of 2009. Approximately 1,500 employees will lose their jobs when the closing is final. The City of Wyoming currently has a population of approximately 72,000 and has consistently been a significant economic driver as it leads West Michigan in total industrial taxable value including the City of Grand Rapids, Kalamazoo, Portage and Kentwood.

This plant provides about \$1 million dollars in personal property tax revenues, in addition to local water and sanitary sewer revenues. With almost 2 million square feet of manufacturing space in the middle of an established residential neighborhood and adjacent to a local high school, this plant is an anchor for its immediate vicinity. It is also a polluted site because during its 70-plus years of operation in keeping with generally accepted industrial practices, not all of its materials were handled as modern environmental science has informed us is reasonable and necessary to protect the environment. Regardless of these issues, this facility and property does have many possibilities redevelopment as the transportation infrastructure, rail and highway, water and sewer service and capacity, and size we believe make it an attractive opportunity.

In addition you may also be aware, on Monday, November 10, 2008, GM said in a regulatory filing that Delphi Corp., its former parts operation that was spun off as a separate company in 1999, may never emerge from Chapter 11 bankruptcy protection. Delphi is the second largest taxpayer in Wyoming, now employing about 800, and its plant currently occupies about 1.8 million square feet of industrial space. If this proves true, Wyoming will be further devastated by GM's financial woes.

Based upon a recent report by the Center for Automotive Research, the resulting job loss from these closures could reach approximately 9,000 area jobs. The indirect impacts of such closures could increase this total to nearly 25,000 direct and indirect jobs. Utilizing impact costs from the Upjohn Institute the overall impact to the local economy could be over 500 million dollars.

As City leaders we believe it is important to market and create reuse opportunities as quickly as possible, redevelopment of the site is our number 1 priority. We know of other communities where older manufacturing facilities remain vacant for extended periods of time, these sites then decay rapidly, are vandalized, become blighted and as a result become unusable. We also know of instances when the vacating industry demolishes the plant leaving the site vacant but without any efforts to market it. In either situation, the effect on the surrounding community is devastating. Not only does the blighted or vacant property adversely affect the desirability of surrounding property, but the loss in tax base without the ability to replace it, deprives the community of its economic vitality. In some cases, this is further exacerbated when the vacating industry refuses to convey the property to anyone unless the new owner will accept all the

liability and clean-up obligations arising from its environmental contamination. This results in a complete inability to re-market the property, sometimes for decades.

We are therefore urging that Congress do the following:

1. Pass legislation providing financial assistance for GM and others in the automotive industry.
2. As part of that financial assistance package include:
 - A. Requirements that if any plant closings occur after July 1, 2008, the automaker shall:
 - (1) Provide local community leaders the opportunities to inspect and study the facility and property to determine its marketability and/or suitability for other uses and purposes. Such inspections could include surveys and measurements, structural examinations and tests, environmental site assessments, due care plans and other environmental analyses, soil borings, and other actions needed to fulfill this purpose.
 - (2) Demolish all or portions of the plant in accordance with a plan reasonably acceptable to local officials to best ensure its reuse.
 - (3) Actively market and/or convey the site to the local governmental or economic development entities for marketing and reuse. In doing so, the automaker may retain the right to reasonably disapprove a sale to certain competing companies.
 - (4) Address any environmental conditions in accordance with applicable laws, rules and regulations, but within a time and manner reasonably acceptable to local officials in order to immediately remarket the site for immediate re-occupancy.
 - B. Any financial aid is tied to meeting the above requirements.
 - C. Aid for local governments as they engage in the activities outlined above to see to the re-marketing and reuse of the closed sites.
3. Telephone automaker representatives to inform them that any aid will require such coordination and the passage of any aid package may be dependent upon their display of good will in contacting and entering into arrangements with the communities to be affected by announced plant closing occurring or to occur after July 1, 2008.

As you can see, our effort is to ensure that automakers act responsibly in addressing the wake left behind in the affected communities as they attempt to address their overcapacity and other issues through plant closures. We also wish to ensure those communities are provided the tools and resources needed to address those issues.

This is not simply a City of Wyoming issue, a West Michigan issue or a Michigan issue. If not addressed this issue has the potential to ripple negative effects throughout our society. These affects are not only the results of less funding for the local unit of government but include crime, social issues and many others if we are unable to rapidly engage in a reuse strategy that put the workers back to work and the actively engage the supplier networks including the neighborhodd that surrounds this facilities.

This is an issue for many communities as several will be affected as the automakers undertake the massive restructuring that is likely needed if they are to survive. To the extent the automakers seek help from the taxpayers, they should be cooperating with those taxpayers to best ensure the taxpayers will have the cooperation, tools and resources they need to provide the restructuring of their communities that will be needed as a result of the automakers' actions.