

Commissioner Dills noted this addition would have little impact on the home next door because of the separation provided by the driveway.

Commissioner Miller agreed the lot felt larger due to the driveway and he did not have a problem with this request.

Yeas: Dills, Duncan, Graham, Johnson, Miller, Skaggs and Seibold – 7
Nays: -0-

2015-03. Mayor Seibold opened the discussion regarding the proposal for a 2-mill dedicated Street & Sidewalk Millage to be used for maintenance and construction of roads and sidewalks in East Grand Rapids.

City Manager Donovan explained the recent action by the Michigan Legislature to place a sales tax increase on the May 2015 ballot to raise funds for road repair and maintenance. He noted the legislation divided the additional revenue between several other entities, including local municipalities, as well as requiring the payment of state transportation debt during the first two years. Mr. Donovan stated that early analysis shows East Grand Rapids would likely receive approximately \$600,000 per year beginning in the third year of the additional sales tax and smaller amounts during the first two years.

Mr. Donovan further explained the conditions of East Grand Rapids roads would continue to decline if the state proposal fails and no other additional funding is received. The Task Force that reviewed the situation concluded an additional two mills would improve road conditions locally. Since the additional sales tax would provide approximately one mill, the City Attorney's office is crafting ballot language that would allow voters to approve one mill if the state proposal passes, and two mills if the state proposal does not pass.

Mayor Seibold asked the City Commission to discuss whether we should move forward with a question on the May 2015 ballot, and if so, which ballot language of the two options would be better for this purpose. Mr. Donovan stated the deadline for deciding on the language was in early February.

Mayor Seibold opened the meeting for public comment:

- John Schaal, 505 Gladstone Favored waiting for the outcome of the state election before asking EGR voters to pay additional taxes. Suggested restructuring our budget to allow more road repairs.

The following communications were received at City Hall concerning this issue:

- Cherie Klaassen, 805 Rosewood Suggested more effort to have people use sidewalks instead of walking and biking in the street to promote better safety.
- Chad Edwards, 128 El Centro Supported the proposed millage.
- Nicholas Krupansky, 2450 Maplewood Favored waiting for the outcome of the sales tax proposal.
- Hugh Hufnagel, 2546 Oakwood Questioned the impact of the statewide proposal on the EGR millage language.
- Jeff Dean, 668 Manhattan Asked for background on the need, current funding and how new funds would be spent.

City Manager Donovan reported the City already transfers \$1 million each year from the general fund to the road funds since the money currently received from the state is not adequate to rebuild or resurface roads. While the City plans to continue transferring \$1 million each year, there will have to be additional revenue or significant budget cuts of existing programs or personnel to allow more money to be spent on roads. Mr. Donovan noted the ballot language proposes a 10-year term on the dedicated millage.

Mayor Seibold agreed the state proposal complicates the issue, but felt the City needed to move forward. She stated it will cost more in the long run if we wait to get started on this project.

Commissioner Skaggs stated this crisis had been caused by declining revenue and climbing costs, and since the state legislation did not provide guaranteed funding for roads, he favored moving forward with a local solution. He agreed tying the local ballot language to the outcome of the state proposal made the most sense.

Commissioner Graham questioned how much the city would receive in the first two years if the state sales tax increase is approved. City Manager Donovan reported the current analysis requires payment of \$500 million the first year and \$400 million the second year, so the other entities sharing the remaining revenue will receive less money in the first and second years, and an estimated \$600,000 in the third year and beyond. Commissioner Graham agreed that it appeared the city would have to wait at least into the third year before the full impact would be realized. Mr. Graham spoke in favor of moving forward with a two mill increase in the local proposal and using state funding, if and when it is received, as additional revenue to do even more road and sidewalk work.

Commissioner Miller addressed the question of restructuring the budget by stating the City Commission reviews the budget very carefully each year. He stated that conservative budgeting had allowed the city to avoid having to ask for additional funding up until this point. He encouraged residents to review the budgetary information on the city's website showing how tax dollars were spent and offered to answer any questions people may have on the budget.

Commissioner Miller also spoke in favor of tying the local proposal to the outcome of the state proposal and not pursuing a two-mill increase if the state proposal is approved.

Commissioner Johnson agreed. She felt the most prudent course of action was to proceed with a local proposal that was tied to the outcome of the state sales tax question.

Commissioner Dills also spoke in favor of moving forward in May with ballot wording in one local question rather than two.

Mayor Seibold stated that while higher taxes were never desirable, this was an important issue with implications for the future of our city. She agreed that one local question in May was her preference.

Commissioner Skaggs noted that May elections work well for voters to educate themselves on local issues without the confusion of state and local candidates and long ballots. He also favored the May election because the additional taxes could be collected in July and projects started right away to avoid the steep drop in road conditions projected to happen within the next few years without more funding.

Commissioner Miller agreed that timing was crucial because major repairs become necessary if conditions deteriorate too far, meaning it will cost more money in the long run if efforts are not made to stabilize conditions soon.

City Manager Donovan summarized that everyone agreed that May 2015 was the preferred time to seek a millage and that commissioners favored one local ballot question as opposed to splitting it into two questions.

Mayor Seibold announced that staff would continue working on the analysis of the state proposal and the ballot language and would discuss this again at the January 19th meeting.

2015-04. Johnson-Skaggs. Motion to approve the consent agenda as follows:

- A. To approve the minutes of the regular meeting held December 15, 2014.
- B. To approve payroll disbursements of \$208,241.09; county and school disbursements of \$228,090.53, and total remaining disbursements of \$558,939.71.
- C. Authorization for staff to seek bids for the Rees Lake Blvd Culvert project.
- D. The purchase of tires for the front end loader in the amount of \$9,194.32 from Meekhof Tire.

2015-05. Yeas: Dills, Duncan, Graham, Johnson, Miller, Skaggs and Seibold – 7
Nays: -0-

2015-06. No other public comment was received.

The meeting adjourned at 6:49 p.m., subject to the call of the Mayor until January 19, 2015.

Karen K. Brower, City Clerk