



INFRASTRUCTURE

We cannot take it for granted, assuming that because they always have been here, they always will be.

As your local road professionals our goal is to provide safe and convenient roads - a goal that is only reached with proper funding at the national, state, and local levels to ensure equitable distribution of road dollars to local agencies.

Our infrastructure is like our homes - both are investments. To protect these investments, we must creatively seek the necessary dollars to fund road and bridge maintenance projects.

Road Commission of Kalamazoo County (RCKC) projects are funded in several ways:

- Michigan Transportation Funds
- Federal Funds
- Local Cost Sharing
- Local Special Assessment Districts

This brochure has been prepared to provide a general explanation on how these funds are secured and how they are used.

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ROAD FUNDING 101

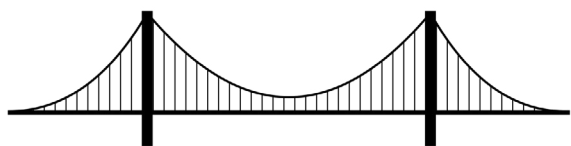
How the Road Commission of Kalamazoo County Funds Infrastructure Construction and Maintenance



LOCAL FUNDS + COST SHARING

Per PA 51 county road agencies are allowed to expend MTF for construction purposes on local roads only to the extent matched by money from other sources. This means that the RCKC cannot contribute more than 50% of a project on a local road. While not required by law, townships typically contribute matching funds for these projects. However, other sources include local special assessments, millages, and private contributions. The ability for counties and townships to generate additional revenues by special assessment or millages varies significantly across the state.

In certain situations, the special assessment process for a particular project, such as road paving, provides for contributions from the property owners who will benefit from the project. Special assessment districts are set up by landowner petition or township resolution (See Special Assessment of Roads Brochure). Some local jurisdictions also have dedicated millages or township-wide special assessments for road improvements.



LOCAL BRIDGE FUNDS

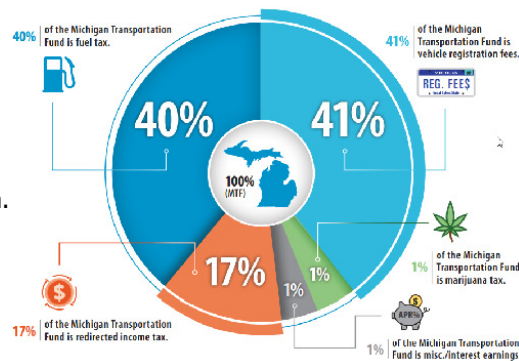
County road agencies, cities, and villages receive these federal and state monies to help fund the replacement of bridges that cannot safely carry today's traffic because they are structurally or functionally deficient. These funds are limited and are awarded on a competitive basis.

MICHIGAN TRANSPORTATION FUND

State fuel taxes and vehicle registration fee revenues are assigned to the Michigan Transportation Fund (MTF), established by Public Act (PA) 51 of 1951, as amended. This act also provides for distribution of funds, by formula, to the Michigan Department of Transportation (MDOT), county road agencies, cities, villages, public transit, and all other PA 51 agencies. These funds are the main source of operating revenue for the RCKC. The RCKC has no taxing authority and does not receive any revenue directly from property taxes.

PA 51 is dynamic legislature that has been amended more than six dozen times since 1961 to reflect the changing needs of the Michigan transportation network. On November 10, 2015, Governor Rick Snyder signed a package of legislative transportation funding bills (Michigan Revenue Package) designed to generate \$1.2 billion in new MTF revenues by 2021. Approximately half of this total will come from increases in fuel taxes (\$400 million) and vehicle registration fees (\$200 million) starting in 2017. Then, beginning in 2019, increasing amounts of general fund dollars, which are not guaranteed, are anticipated to be transferred to the MTF, reaching \$600 million in 2021. Lastly, the fuel taxes were indexed to inflation, using the Consumer Price Index (CPI), beginning January 1, 2022, and will be adjusted each year thereafter.

The funding available to county road agencies is distributed using an internal formula specified by PA 51. This formula weighs the number of vehicle registrations per county (a measure of traffic volume), population, road mileage in the county, and some counties receive an additional allotment based on historical snowfall data. Urban counties, like Kalamazoo, are eligible for an additional allotment.



This chart from the County Road Association of Michigan reflects MTF sources as of April 2022

FEDERAL FUNDS

A federal fuel tax of 18.4 cents per gallon is collected on each gallon sold in the United States. Michigan historically receives roughly 92 cents on each dollar sent to Washington D.C. Approximately 75% of federal road funding is allocated to MDOT, leaving 25% to be distributed among 83 county road agencies and 533 cities and villages across the state.



Both MDOT and local road agencies are required to provide a match to federal funds, typically 20% of an improvement project's cost. If Michigan cannot provide the match, the federal funds would be returned to the Federal Highway Trust Fund and distributed to other states.

On December 4, 2015, President Obama signed the Fixing America's Surface Transportation (FAST) Act which provides funding for transportation programs through 2020. The FAST Act funds surface transportation programs—including, but not limited to, Federal-aid highways—at over \$305 billion for fiscal years (FY) 2016 and extended in 2020. Michigan expects to see a modest increase in federal transportation dollars over the next 5 years. The FAST Act makes federal funds available to state departments of transportation through three U.S. Department of Transportation (DOT) agencies; the Federal Highway Administration (FHWA), the Federal Transit Administration (FTA) and the Federal Railroad Administration (FRA).

Federal funding, including Surface Transportation Program (STP) is distributed to the RCKC through the Kalamazoo Area Transportation Study (KATS), the Metropolitan Planning Organization (MPO) for the Kalamazoo urbanized area. The Rural Task Force (RTF) Program provides STP-Rural federal dollars to rural areas.