

## Infrastructure

We cannot take it for granted, assuming that because they have always 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 improvements.

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

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

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



For more information:  
The Road Commission of  
Kalamazoo County will be happy to  
answer any further questions  
or concerns.



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# Funding

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

## 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 the Michigan Department of Transportation (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 projects cost. If Michigan cannot provide the match, the federal funds would be returned to the Federal Highway Trust Fund, and distributed to other states.

For the past several years, the legislature has had to provide MDOT with special appropriations to match all available federal-aid. Unfortunately, local road agencies have not had this safety net. Many local road agencies have had to delay approved federal-aid projects due to the lack of matching funds.

On December 4, 2015, President Obama signed the Fixing America's Surface Transportation (FAST) Act which provides funding for transportation programs through 2020. This act includes \$70 billion in new funding to be transferred from the federal general fund into the Highway Trust Fund through 2020. Michigan expects to see an increase of approximately five percent in federal transportation dollars over the next 5 years.

As these funds are limited, they are awarded on a prioritization basis through our Metropolitan Planning Organization; [Kalamazoo Area Transportation Study \(KATS\)](#)

## Michigan Transportation Funds

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 and public transit providers (PA 51 Agencies). These funds are the main source of operating revenue for the Road Commission of Kalamazoo County (RCKC). The RCKC has no taxing authority and does not receive any revenue directly from property taxes.

PA 51 is dynamic legislation 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 anticipated general fund dollars, reaching \$600 million in 2021, will be transferred to the MTF to be further distributed to the various road agencies in the state. Lastly, the fuel taxes will be indexed to inflation, using the Consumer Price Index (CPI), beginning January 1, 2022.

The funding available to county road agencies is distributed using an internal formula specified by



PA 51. This formula weighs the following characteristics: the number of vehicle registrations per county (a measure of traffic volume); population; road mileage in the county; some counties receive an additional allotment based on historical snowfall data; and counties with urban road mileage, like Kalamazoo, are eligible for an additional allotment.

## 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. As these funds are limited, they are awarded on a competitive basis.

## Local Funds

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 in two ways: by land owner petition or township resolution. (See [Special Assessment of Roads Brochure](#)). Also, some local jurisdictions also have dedicated millages or township wide special assessments for road improvements.

## Local 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. What this means is 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 assessments or millages varies significantly across the state.