Chairperson Casperson and Committee Members: Thank you for the opportunity to briefly address what I think is a critical issue for our community.

My name is Jim Schafer, and I am the Community Development Director for Madison Heights where I've worked for the last 17 of my 30-year career in local government. For those of you who are not familiar, Madison Heights is a 7.1 square mile community of 30,000, located northeast of the intersection of I-75 and I-696, two miles north of Detroit in southeast Oakland County. We are a home to 10,000 single-family households, 2,000 apartments, three mobile home parks, and five senior hi-rises, in addition to 1,000 commercial and 300 industrial businesses with over 30,000 employees. We are considered a mature, inner-ring community with over 98% of our properties developed.

In addition to containing major roads under the jurisdiction of MDOT, the Road Commission for Oakland County, and the Macomb County Road Commission, Madison Heights also has over 95 miles of roads which are the City's responsibility. To help support our local roads, Madison Heights residents have done their part through the passing of two, 10-year road millages that have allowed the City to perform limited repair work on neighborhood roads. Our estimated Public Act 51 allocation of $2.24 million for Fiscal Year 2017 will go to support sectional road reconstruction and repair projects, joint sealing, cold and hot patching, spray patching, road signage and striping, traffic signal maintenance, and snow and ice control and other winter maintenance. What our Act 51 allocation is not able to fund is the total estimated payment for the proposed I-75 widening project, which is $4.025 million from 2018 to 2026. This project alone would eliminate **2 YEARS** of City Act 51 funding. And, this does not preclude MDOT from proposing other improvements to I-75 or I-696 during the same period, which would add further to this amount. Clearly, the matching funds required by MDOT under the current funding methodology can and will cripple a local road agency's ability to address its local road repair needs.

Act 51 does not require county road agencies and incorporated cities and villages with a population less than 25,000 to pay a portion of MDOT's project cost. Accordingly, residents in these communities are treated inequitably.

Cities and villages that are required to pay these costs – due solely to an arbitrary population-based formula – are forced to use their limited Act 51 funding of 21.8% to pay for their share of the cost of these state trunk line projects. This results in an even further reduction in available road funding for the extensive and growing local road repair needs throughout the state.

Cities use Act 51 funds for routine road maintenance such as snow plowing, as well as road rehabilitation and reconstruction projects. This provision of the Act 51 formula can severely reduce or completely eliminate funding for these services in a given year or years. In addition, MDOT can alter their planned construction time schedules – as they did last year with the I- 75 Project – providing communities little to no time to address such costs in capital improvement plans and subsequent budgets.

A perfect illustration of this occurred in 2013, when Madison Heights repaved a portion of the I-75 Service Drive due to its extremely poor condition. This decision was based on MDOT's published plans that this area of I-75 was not scheduled for reconstruction until at least 2020. MDOT then changed the project schedule to 2018 without any discussion with the City. We would not have evaluated the service drive maintenance options in the same light had we known time that MDOT would take such an action.

MDOT allocates state spending on projects based on the needs of their system and may not take into account a city's ability to contribute to the cost of those projects as required by Act 51. If no consideration is given to the immediate and long term impact of MDOT projects on a community's ability to pay, an unexpected or even expected bill from MDOT could cripple a city's local road program for years.

Additionally, many large scale MDOT highway projects – like I-75 – include substantial property takings that result in the permanent loss of tax revenue and population. Cities are required to pay a portion of these takings out of their limited Act 51 funding to permanently eliminate their own tax base

MDOT's construction projects have a massive impact on adjacent local road networks during construction. Often, these impacts are crippling to local communities in terms of traffic, deterioration of local roads, noise, dust, fumes, lighting and the like. MDOT does nothing to compensate cities for these impacts, yet the formula mandates that the same city pay a portion of the costs for the project creating the negative impact.

Finally, I would like to address economic impact and the concept of fairness. Most freeways are nationally and internationally significant. As a peninsula, Michigan is unique among states in that the interstate system provides direct connection to Canada and all points south through the remainder of the US. As I've noted earlier, Madison Heights is located at the intersection of I-75 and I-696 (96), and any improvement to these two freeways will benefit all Michigan residents, regardless of their place of residence, as well as residents of every other state. Requiring Madison Heights to pay for benefits experience by millions of people beyond our municipal boundary is simply unfair.

In closing, the City of Madison Heights strongly supports the elimination of all local match requirements under Act 51 for MDOT projects, including the I-75 widening and expansion project. Such a funding change, as would be brought about with the enactment of Senate Bill 557, would place the 45 cities currently impacted by Act 51 on par with the rest of the State. It is equitable, fair, measured and appropriate.

Thank you for the opportunity to provide our comments.