the review

January/February 2014

the official magazine of the michigan municipal league

PARTNERSHIP FOR PLACE

Finance • Transportation • Talent • Infrastructure

the review

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Features

Columns

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The official magazine of the Michigan Municipal League

Volume 87, Number 1

Better Communities. Better Michigan.

The Michigan Municipal League is the one clear voice for Michigan communities. Our goals are to aid them in creating desirable and unique places through legislative and judicial advocacy; to provide educational opportunities for elected and appointed officials; and to assist municipal leaders in administering community services. Our mission is that of a nonprofit, but we act with the fervor of entrepreneurs to passionately push change for better communities and a better Michigan.

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The Review relies on contributions from municipal officials, consultants, legislators, League staff and others to maintain the magazine's high quality editorial content. Please submit proposals by sending a 100-word summary and outline of the article to Kim Cekola, kcekola@mml.org. Information is also available at: www.mml.org/marketingkit/.

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League and its Partners Support 21st Century Communities

The League has been saying for some time that the state's system for funding municipalities is a broken system. Lawmakers and others have asked for our proposed solutions, and we've answered those requests with the release of our Partnership for Place Agenda. This policy agenda proposes a commitment of action in partnership between the state and its municipalities that will facilitate Michigan's economic growth and allow for the development of places to provide key services and amenities that contribute to a high quality of life. It focuses on a more regional approach to service delivery, which would change the way services are provided, how resources are dedicated, and how systems are supported.

Approved by the League Board of Trustees in June of 2013, this policy agenda proposes actions in four key areas: municipal funding, transportation, talent retention, and infrastructure. This plan is so important that we dedicated October's Prosperity Agenda radio show to this topic. In addition, we are featuring it in this issue of *The Review;* the issue is structured around the four main themes discussed in our agenda.

Continuing our placemaking efforts, the League is proud to announce our next round of PlacePlans projects (see article on page 32). We've received tremendous coverage, including an Associated Press article that was picked up all over the nation. Attend the 2014 Capital Conference in Lansing on March 18th and 19th to learn how the League's proactive agenda will help drive the future for Michigan communities. Early bird registration closes on February 18, 2014.

Our mission is not possible without the support of partners who also believe in the principles of placemaking. On our cover, we assembled a group of people who care about placemaking and believe it is critical to Michigan's long-term success:

1 – Mark Nickita is a commissioner in Birmingham and co-founder of Archive Design Studio. The firm specializes in re-establishing downtowns, urban districts, neighborhoods, corridors, underutilized buildings, and vacant sites.

2 – Eddie Lee, of Detroit Young Professionals Network, is dedicated to making metro Detroit a better place to live and this region's next generation of leaders.

3 & 9 – State Reps Andy Schor and Gretchen Driskell are part of the founding group of the Talent Caucus of the state Legislature (article on page 30).

4 – On the Prosperity Agenda radio show, Ann Arbor Mayor John Hieftje talked about walkability, bikeability, physical design, events, and the cultural amenities that attract and retain talent in his city.

5 – Northville DDA Director Lori Ward helped the city create a vibrant and successful downtown area where people want to live, work, and shop.

6 – William Milliken is president of the Michigan Association of REALTORS® (MAR). MAR is committed to placemaking, and in 2012, hosted a Placemaking Leadership Forum and initiated placemaking grants.

7 – Saunteel Jenkins is the Detroit Council President. She is a lifelong Detroiter and has dedicated her life to making Detroit a better place.

8 – Gary Heidel is the chief placemaking officer for the Michigan State Housing Development Authority (MSHDA). MSHDA is developing a placemaking curriculum for government and nonprofit administrators.

10 – Ypsilanti Mayor Pro Tem Lois Richardson is actively involved in bringing change to the Ypsilanti community.

Daniel P. Gilmartin
League executive director and CEO
734-669-6302, dpg@mml.org

Cover photo by Jenny Wolff-Harrison of Jenny Wolff-Harrison Photography at Aubree's Pizzeria & Grill in Ypsilanti, Michigan.

Partnership for PLACE

An Agenda for a Competitive 21st Century Michigan

On October 10, 2013, Republican and Democratic state lawmakers joined with local government leaders to propose bold new policies to fix Michigan's archaic and broken municipal finance system and end decades of disinvestment in the state's most important economic areas.

At a Lansing news conference, they proposed a set of policy changes in a plan called the "Partnership for Place: An Agenda for a Competitive 21st Century Michigan." The plan advances new ways to end a decade of funding cuts to Michigan cities, to protect future funding for local services from raids by the Legislature, and to create the types of places across the state where economies can prosper in today's global economy.

Thriving communities are a key to Michigan's long-term success and sustainability. If we are going to compete globally in the 21st century, then it is critical to create communities that can attract and retain talent and enterprise. This policy agenda proposes a commitment of action in partnership between the state and its municipalities that will facilitate Michigan's economic growth and allow for the development of places to provide key services and amenities that contribute to a high quality of life. It focuses on a more regional approach to service delivery, which would change the way services are provided, how resources are dedicated, and how systems are supported.

This policy agenda proposes actions that will re-establish a partnership for prosperity in four key areas:

Funding for the Future – Provide appropriate funds and tools for municipalities to operate efficiently and work regionally in order to succeed globally.

Michigan in Motion – Shift from vehicle-based investment to alternative modes of transportation that accommodate all users.

Place for Talent – Attract and retain talented workers through strategic placemaking policies.

Strength in Structure – Invest in smart, sustainable infrastructure and development that optimizes resources and maximizes outcomes.

It should be noted that all of the policy solutions are not created equal. The League recognizes that in order for some of these policy actions to realize the most benefit, basic service needs must be met first. It brings to mind Maslow's Triangle, which was introduced by Abraham Maslow in 1943 in his paper "A Theory of Human Motivation." Maslow depicts human motivation through a hierarchical chart of human needs, which proceed from the basic to the more complex.

According to Maslow, basic physiological needs such as food and water come first, followed by safety and so on, and he suggests that you cannot move to the next level without satisfying the previous set of needs. Unmet basic needs means we cannot proceed to those things that bring true meaning and satisfaction in life such as friendship, love, and the creative expression of "self."

We can depict our policy proposals in the same manner, giving a visual depiction of how critical and essential it is to obtain the basic policy changes in order for communities to be able to move to the higher "levels" to reach the point of being fully sustainable places. The policy recommendations can be placed into a triangle of their own—a Hierarchy of Proposals for Sustainable Places.

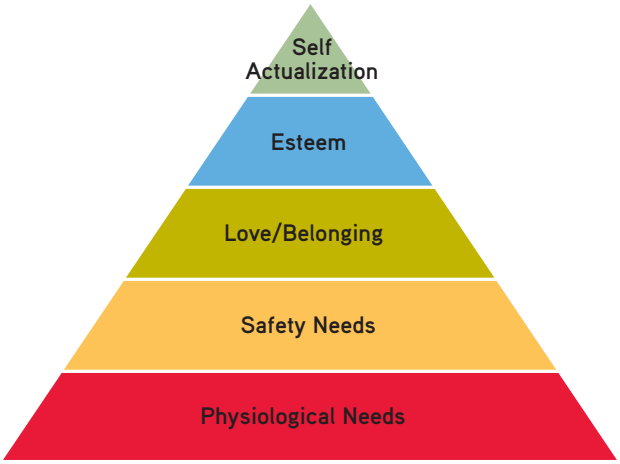


Chart 1 — Abraham Maslow's Hierarchy of Human Needs

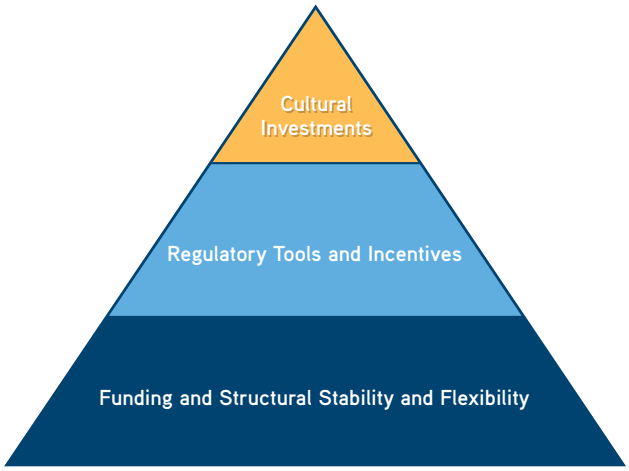


Chart 2 — Hierarchy of Proposals for Sustainable Places

The League's Policy Agenda is a mix of core solutions that build on each other. Taken as a whole, they would put Michigan's communities in a competitive position as we move ahead in the 21st century, creating sustainable places that attract talent and prepare them to flourish in the knowledge economy.

"This plan presents bold policies to help Michigan cities recover from more than $5 billion in cuts that the state Legislature and governor have made to local communities in the past decade," said Utica Mayor Jacqueline Noonan, President of the Michigan Municipal League, which led the effort to create the plan. "This plan also protects funding for local services such as police and fire protection from future raids by Lansing, and it proposes to end the decade-long disinvestment in Michigan cities where most of our state's jobs and people continue to be. States with thriving economies have thriving local communities. This plan gives local leaders and citizens the tools to create thriving local communities."

A report released in September by the highly respected and independent Citizens Research Council of Michigan found that the Legislature slashed local revenue sharing funding by $5 billion over roughly the past decade and used the revenues to help balance the state budget and increase state spending. During that same period, state spending increased more than 26 percent while local communities were forced to make significant service cuts and lay off thousands of workers.

League CEO & Executive Director Daniel Gilmartin said many of the plan's recommendations will require legislation and other action from Lansing. He said that while not all Republicans and Democrats support the entire plan, "we have strong bipartisan recognition of the need to provide stable sources of revenues for local communities that future Legislatures can't touch, and that will help restore prosperity to local economies."

"There is broad agreement that Michigan's municipal finance system is archaic and broken, and there is broad agreement that we must stop the disinvestment in the state's most important places to live, work, learn and raise families," Gilmartin said.

The League will be working with state lawmakers in the coming months and years on legislation to implement key parts of the plan. A brochure presenting all of the Partnership for Place proposals can be found at mml.org/advocacy/partnership-for-place.html.

Excerpt from the League's "Partnership for Place: An Agenda for a Competitive 21st Century Michigan," 2013.

FUNDING *for the Future*

Each and every day, the quality of life for Michigan residents is impacted by the choices that local governments make in providing public safety, parks and recreational programming, street and sidewalk repair, and investments into an exciting downtown. These choices define a community and set the stage for whether or not it will be competitive and prosperous in the coming years.

Over the past decade, these choices have become increasingly difficult for local leaders who must operate under a suffocating framework of shrinking funds, rising service costs, and a legacy liability of escalating retiree costs.

Put simply, Michigan's municipal finance structure is broken. It is built on an old economic model for an industrial era. The world has modernized and Michigan must adapt its financial model as well or risk sliding further down the path to financial despair and cultural ruin.

Particularly in light of the recent personal property tax changes, the time is ripe for action. If we expect local leaders to operate efficiently, work regionally, and succeed globally, the state must partner with them and provide the tools to thrive. This includes reevaluating local reliance on property taxes and the dwindling fiscal partnership with the State, and relieving them of legacy burdens carried over from another economic time.

Shrinking Revenues

Most Michigan municipalities have three main revenue streams and each of these is strictly limited. However, there are 22 cities that have elected to levy a city income tax, in most cases to try and mitigate the lack of property tax revenues due to large portions of land being tax exempt.

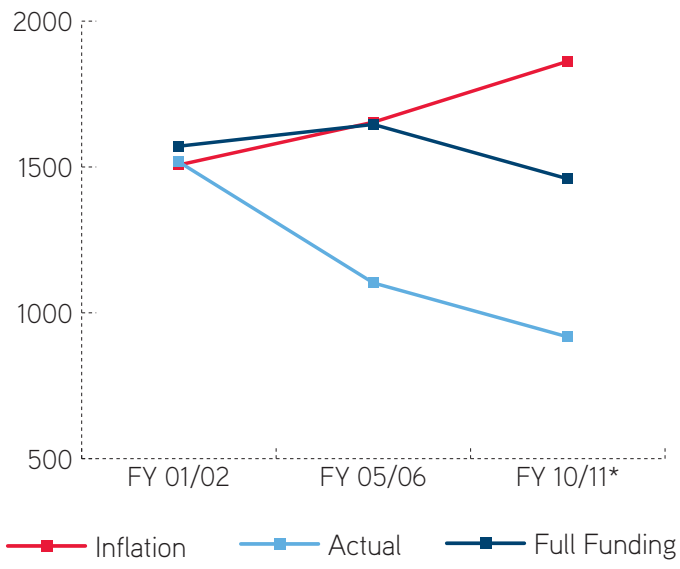
- The vast majority of local revenue comes from property taxes—within one of the most restrictive property tax systems in the country due to the combined effect of the Headlee Amendment and Proposal A. The former limits tax revenues collected by a community as a whole, while the latter limits each parcel's value growth to 5 percent annually or the rate of inflation, whichever is less. The combination of these two constitutional provisions greatly restricts a municipality's ability to raise critical revenue for essential services on pace with rising costs. To make matters even worse, these tax increase caps are set so low it will take decades to restore revenues to the same levels they were prior to the significant decline in property values that has occurred over the last several years. Even if the economy rebounds dramatically and home values rise, the community will not be able to generate any revenues beyond the rate of inflation to respond to growing service needs. Because of the over-reliance on property taxes, when the housing market plummeted, communities suffered significantly.

- The next main stream of revenue is in the form of constitutional and statutory revenue sharing, known currently as EVIP (Economic Vitality and Incentive Program). In 1939, intangible property was removed from the local property tax base and a state intangibles tax was created, with a method put in place to return those funds to locals. Since that time, additional state taxes have been enacted to preempt and replace the local levy, such as sales, income, and single-business taxes. All this was done with the state's pledge that a portion of the revenues raised from the new state taxes would be returned to locals (shared) to provide essential services. Instead, local communities have had their "share" of the funds slashed dramatically in the past ten years and are now being forced to comply with a whole host of new bureaucratic regulations for the privilege of obtaining an ever-decreasing portion of those funds.

- Fees and fines are the third leg of the stool for local revenue generation and even those have been limited by Supreme Court rules. In 1998, the court determined in *Bolt v. City of Lansing* that the city's stormwater fee was a tax that required voter approval under Article 9, Section 31 of the Headlee Amendment. As part of its ruling, the court set out a three-part test for what constitutes a fee: (1) It must serve a valid regulatory purpose, (2) It must be voluntary, and (3) It must be proportional to the service provided to the user paying the fee. Unless a fee meets all three conditions, it is considered a tax and must be voted on. This limitation on fees has been another handcuff on local communities trying to build great places.

TOTAL STATE SHARED REVENUE—CITIES, VILLAGES, TOWNSHIPS, & COUNTIES

Source: The House Fiscal Agency and Plante & Moran



*** Inflation applied to FY 97/98 total state shared revenue based on Proposal A inflation factor 1.6% (98/99), 1.9% (99/00), 3.2% (00/01), 3.2% (01/02), 1.5% (02/03), 2.3% (03/04), 2.3% (04/05), 3.3% (05/06), 3.7% (06/07), 2.3% (07/08), 4.4% (08/09), -.3% (09/10), 2% (10/11)*

The Burden of Legacy Benefits

An additional burden impacting local communities is the growing legacy burden of unfunded retiree benefits in addition to pensions, known as "other post-employment benefits" or OPEB. Rising health care costs, early retirement ages, and a pay-as-you-go approach have created an unsustainable model that has overwhelmed local budgets to the point that many struggle to find enough remaining funds to provide critical services.

According to a recent MSU report, (Funding the Legacy: The Cost of Municipal Workers' Retirement Benefits to Michigan Communities, 2013) the total OPEB liability for Michigan's cities, villages and townships is $13.5 billion with funding levels at only 6 percent. That means that the *net unfunded liability is $12.7 billion.* This is 1.6 times the combined amount owed for unfunded pension obligations ($3.1 billion) and governmental activities debt ($4.7 billion).

Unfortunately, Michigan law does not allow communities to unilaterally or retroactively adjust OPEB, so benefit plans from decades ago are still being provided. The 311 local units which provide OPEB represent 67 percent of Michigan's population. Each contributes an average equivalent of 3.18

mills annually to fund OPEB—or about 20 percent of their general fund revenues. Detroit's OPEB contribution is equivalent to over 35 mills, according to the MSU report.

This legacy liability puts a drain on Michigan's economic hubs that cripples their ability to provide the vital local services that are critical to attract and retain the talent needed to sustain a new economy.

Proposed Policy Actions

In order to fulfill the basic needs for our policy pyramid, we must create financial stability and flexibility. We can accomplish that by implementing the following recommendations:

- Expand the sales tax to services, with a portion dedicated to local governments or added to an improved formula for constitutional revenue sharing. When sales tax structures were being developed, services were a much smaller portion of the economy. Today, however, many economists argue that as the service sector has grown, states and local communities are leaving a significant portion of revenue off the table, while clinging to a model that is continually shrinking. Former Michigan Treasurer and economist Robert Kleine estimates Michigan could be currently leaving nearly $2 billion in sales tax revenue off the books—as much as is currently collected on goods (*New York Times* article "States Seeking Cash Hope to Expand Taxes to Services," May 27, 2011).

- Alternatively, increase the sales tax by one cent and dedicate that new revenue to local governments via a new constitutional revenue sharing formula. Increasing the sales tax by one cent would bring in over $1 billion annually.

- Allow locals to implement land value taxation to encourage appropriate use of space. By shifting where the value is held, some communities could see major improvements in their property development. This tool has been used successfully in targeted cities in other states, like Pennsylvania.

- Revise constitutional revenue sharing for new revenues to reflect service demands as well as population totals. The state needs to be a true partner with local communities to help support the economic strength of our regions. In order to do this, the relationship must deepen beyond an annual appropriations battle that benefits no one. The percentage of shared revenues should be increased or service taxes included, and dedicated to communities based on a combination of population and service provision.

- The existing per capita requirement fails to recognize the massive differences in economic activity and service levels among communities. Michigan should invest its limited resources wisely and invest in the places where the economy can grow. The focus must be on the places which will lead to economic prosperity—that metric is not defined by simply the number of households.

- Advocate for the creation of an optional State OPEB Pool, which would be bonded. Local communities could select to have their OPEB liability assumed by the pool and would make payments therein.

The Partnership for Place plan advances new ways to end a decade of funding cuts to Michigan cities and protects future funding for local services from raids by the Legislature.

Excerpt from the League's "Partnership for Place: An Agenda for a Competitive 21st Century Michigan," 2013.

Mt. Pleasant City Manager to Lead Executive Search Service

Outgoing Mt. Pleasant City Manager Kathie Grinzinger has been selected to lead the League's Executive Search Service. In this role, Grinzinger will assist Michigan communities with their executive searches by connecting talented public administrators to key leadership positions.

Grinzinger will leave her Mt. Pleasant city manager's position at the end of 2013 and begin her new League role on February 1, 2014. Grinzinger brings with her more than 30-years experience in municipal management and public sector human resources.

The League has been assisting Michigan's communities in finding effective leaders for nearly 20 years, and has led hundreds of successful matches between public sector executives and communities.

Grinzinger said her new role with the League will allow her to continue to work with Michigan communities and managers. "It's really the best of both worlds—I'll be able to continue to use my administrative and human resource skills while also helping improve Michigan communities. I'm excited and looking forward to helping Michigan communities find their leaders and managers to guide them into the future."

By Robert Kleine

YOU CAN'T HAVE A STRONG STATE

Without Strong Local Governments

Michigan local governments have been battered financially more than local governments in any other state. From 2000-2011, Michigan local government employment (excluding education) fell 11.4 percent. Local governments are creatures of the state but state government's response to the crisis has been to pile on.

The taxable value of property fell 13.1 percent from 2008 to 2012 with many municipalities suffering much larger losses. Taxable value fell 46.3 percent in Pontiac, 42.4 percent in Flint, and 42 percent in Harper Woods. The state's only response has been to cut revenue sharing. In FY 2001, revenue sharing payments totaled $1.559 billion. The FY 2014 budget appropriates $1.1 billion for revenue sharing but only the constitutional share—$737 million—is guaranteed. The remainder is contingent on local governments meeting specific objectives—such as requiring their employees to pay more for health care and sharing services with other local governments.

There are currently 11 municipalities and 6 school districts under some form of state supervision, of which 11 have an emergency financial manager (including 3 school districts).

Michigan badly needs an urban policy to address the myriad problems facing local governments. It has often been said, but it's true: you cannot have a strong state without strong local governments. There is little question that Detroit's bankruptcy is a major negative for economic development in the state. As one municipal finance expert said about Detroit (and it applies to all Michigan municipalities), "Lack of a supportive relationship between city officials and the state was an issue that lingered too long."

Discussed below are the major problems facing Michigan's local governments and potential solutions to these problems. Most of these problems are widely recognized but there appears to be little will in Lansing to address them.

PROBLEM ONE: Legacy Costs

Legacy costs are crushing local governments. MSU recently released an excellent report on these costs, titled "Funding the Legacy: The Cost of Municipal Employees Retirement Benefits to Michigan Communities" (March 2013, *Scorsone and Bateson).* The report estimates the unfunded pension liability at about $2 billion and the unfunded liability for retiree health care at about $10 billion.

One solution to the pension problem would be for the state to issue bonds to cover the unfunded liability. Local governments would be responsible for paying the principal and interest on the bonds. The state set a precedent for this by issuing $3 billion in bonds to pay back the money the state borrowed from the federal government to pay unemployment benefits. In exchange, local units would be required to join the state pension system or MERS, to place new employees in a defined contribution plan or a hybrid plan, and to limit the multiplier to no more than two for benefits earned in the future.

The unfunded liability for health benefits could be reduced or eliminated by a combination of prefunding, a state bond issue, and increased costs for retirees.

PROBLEM TWO: Cuts to Revenue Sharing

Revenue sharing cuts have played a major role in creating a fiscal crisis in many communities. The state should restore at least $500 million per year of the cuts and adopt a new revenue sharing formula that uses population, per capita income, the property base per capita, and a measure of essential services. This would be affordable for the state in the short run as large budget surpluses are expected for at least the next three years. For the long term, the income tax rate could be increased from the current 4.35 percent to 4.6 percent, which would raise $545 million. (The rate was 4.6 percent from 1976 to 1993.)

If the Legislature does not act, an option would be to gather signatures for an initiated statute or amendment.

PROBLEM THREE: Paying for Police and Fire Services

The loss of police and fire protection contributes to a downward economic spiral. Michigan has lost 2,315 police officers since 2001 and 1,800 firefighters.

One solution would be to enact legislation setting up regional police and fire districts funded by a regional millage which would relieve considerable pressure on municipal budgets.

PROBLEM FOUR: Revenue Sources

The state has limited the revenue raising ability of local governments, placing too much reliance on property taxes. From 2008 to 2012, taxable value statewide fell 13.1 percent with a much larger decline in cities and in Southeast Michigan.

There are two potential solutions. First, allow counties to piggyback on the state income tax—up to 1 percent to be collected and distributed by the state. This would generate $2.2 billion. The amount returned to locals would be based on the amount collected in each jurisdiction and population. Maryland's 23 counties and Baltimore City impose a personal income tax which is administered and collected by the state. For the majority of counties, the rate is between two and three percent. Maryland's local governments receive $4 billion from the tax (Maryland largely has county government). Michigan cities collect $200 million from the income tax imposed by 22 cities.

A second option would be for the Legislature to allow a 1 percent local option sales tax which would generate about $1.4 billion if imposed by all counties.

PROBLEM FIVE: Municipal Competition

Local competition for economic development can be destructive. In many cases it leads to reduced taxes and lower services, and few new jobs.

A potential solution would be to enact a regional tax base sharing program whereby governments in the region shared the growth in commercial and industrial property as is done in the Minneapolis-St. Paul area. In addition, most local tax incentives should be eliminated and possibly replaced with regional incentives.

PROBLEM SIX: Too Many Units of Government

Michigan has too many local governments, a common problem in the Midwest. Michigan has 2,876 local units. Maryland has 402, and Virginia has 455.

A potential solution would be to convene a constitutional convention to reorganize government. The goal should be to have more regional governments and to reduce the number of school districts. Without these reforms Michigan will continue to have more than its share of distressed communities, and the state economy will continue to lag behind other states. Michigan ranks 35th in per capita income, 12 percent below the national average. In 2000, the state ranked 17th, with per capita income about 3 percent below the national average.

Lou Glazer, president of Michigan Future Inc., an Ann Arbor-based nonprofit economic development organization, said he does not believe cities can cut their way to prosperity. He notes that many businesses, especially technology-based firms, are looking for communities where workers want to live. "The most successful central cities in the country have high taxes but also high services and amenities. People are willing to pay higher taxes to get something in return," Glazer said.

These reforms are long overdue. It is time for the governor and the Legislature to turn their attention from reducing business taxes and cutting budgets to revitalizing our communities. This is the only path to a strong, vibrant economy.

Robert Kleine, former state treasurer, is a consultant with Great Lakes Economic Consulting. You may reach him at Kleine708@aol.com.

During the last decade, Lake Isabella has been forced to use more of its limited resources to appease the bureaucratic demands of Lansing. While compliance demands from the state have increased, the village has been completely excluded from state funding sources such as EVIP; funding to maintain streets has shrunk; capital improvements to our street network can be accomplished only via special assessment; and we were forced (under a supposed cost-saving measure) to relinquish control of our elections to our townships.

Despite these obstacles, and the needless prodding into our operations, we have been able to continually fulfill our mission. I am proud to say that the level of services we provide is higher today than it was a decade ago, with a smaller staff.

We could be doing so much more if Lansing were a partner. The hard truth is that Lake Isabella has done what countless other municipalities have done—planned, prioritized, and found creative ways to provide services with declining resources. As the saying goes, the proof is in the pudding. When our community was asked to rate the quality of service they receive from various levels of government, 52 percent rated services from the state as "fair" or "poor" versus nearly 60 percent who rated the service they receive from the village as "excellent" or "good."

Tim Wolff, Lake Isabella Village Manager, CPM, ICMA-CM, Chair, Michigan Municipal League Land Use and Economic Development Policy Committee

Michigan in MOTION

Thriving metropolitan regions around the world have multi-modal transportation systems that connect and support all users, from pedestrians and bicyclists to public transit riders and auto drivers. In order to compete, Michigan must also offer a complete transit-and-transportation system that works seamlessly to move people. Shifting our investment from a purely auto-based approach is essential as we strive to keep and attract talent through the development of our places.

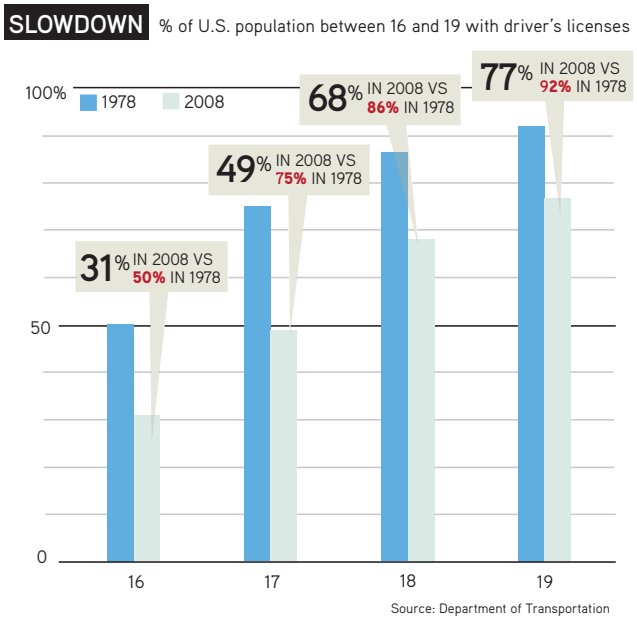
Building a modern transportation system in Michigan is long overdue. For years Michigan has woefully under-invested in its roads, bridges, streets, and public transit.

The cost to maintain an aging system competes with the need to make changes that accommodate an aging populace and trending population shift back to metropolitan centers. Road systems in Michigan are primarily maintained through a combination of federal and state funding, although local units are increasingly being called upon to supplement the shortfalls.

Michigan continually risks losing out on the federal match. Each year, the state has managed to cobble together the required match funds by raiding other pots of money or implementing budget tricks. However, these are not real solutions and if policy makers don't act soon, our lack of progress on this issue will result in a dismantling of the inadequate transportation network that exists today—a 180-degree turn from the modern 21st century system the state needs to be developing.

Michigan needs real increases and new funding mechanisms, and must ensure that this new investment is prioritized in full-service communities and regions. Policy makers must use the current state and federal focus on

transportation to propel this from an abstract discussion into real and significant change. We must prioritize and promote transportation and mass transit, road diets, Complete Streets, and recreational opportunities that increase mobility and connectivity. Research shows this is an essential component of successful regions worldwide, so there is simply no time to waste.



Proposed Policy Actions

Transportation, including transit and non-motorized pathways, are an essential component of sustainable places. They must be funded appropriately to yield benefits that other tools, such as Road Diet designs and Complete Street programs, provide. Therefore, we propose the following recommendations:

- Realign the formula of Michigan's Public Act 51 of 1951 that is utilized by MDOT to distribute transportation dollars to the various road agencies. The Act 51 formula is based on outdated criteria that do not reflect the economics of maintaining a modern transportation network. Its simplistic basis is driven by miles of road, traffic volumes and, to some extent, population. It ignores metropolitan needs and roadway characteristics, and fails to allow for project cost variability due to such factors as lane miles, age of infrastructure, and the presence of underground utilities.

- Alternatively, amend PA 51 to prioritize the spending of any new transportation revenues coming into the system from increased fuel tax or vehicle registration revenues on transportation systems in already developed areas. Currently, the roughly $3 billion that Michigan spends on roads, bridges, and transit is split

(after earmarks for economic development projects, transit, and bridges) with 39.1 percent going to the MDOT system, 39.1 percent to the county road system, and 21.8 percent to cities and villages. Instead of basing distribution on the type of road agency, these new monies should be spent based on criteria similar to that used by the Local Bridge Advisory Board, which recognizes various factors in a project's cost and the economic value of a project with an eye towards stimulating economic opportunities. This will allow the Act to account for more specific details about the infrastructure systems being managed by the various road agencies.

- There must also be a greater emphasis on transit development through increasing revenues. The economic impact is indisputable. Leaders in Los Angeles, California and

Cleveland, Ohio have shown the economic activity that follows transit development shows a return on investment that is three and four times the initial public allocation.

- Support a gas tax increase to ensure that Michigan is able to meet the federal match going forward, and begin to plan for the state's infrastructure reconstruction using a 21st century model that focuses on strong local networks connecting people in a meaningful way that accommodates their mobile lives. A gas tax increase to 37 cents which includes parity for diesel gas would generate approximately $950 million.

- Do not allow the state to divert funding passed on by the federal government for transportation alternatives, and require that all of that funding be made available for communities to invest in the talent attraction amenities.

- Prioritize road diets and livable streets with increased revenues allocated for projects that help develop a sense of place in their neighborhoods. The "road diet" is a tool to help communities deal with the excess of asphalt promulgated in the past several decades. A road diet converts a large multi-lane corridor into a two- or three-lane road with a turn lane and/or bike lanes. This action creates a more livable street that promotes improved safety, economic development, and commercial activity. Road diets are very applicable in areas which have lost population or need to realign with modern transportation priorities in order to revitalize. In other words, many Michigan communities could benefit from this type of activity.

The Partnership for Place plan shifts Michigan from near exclusive vehicular-based investment to alternative modes of transportation that will accommodate all users, i.e. pedestrians, bikers, public transit riders, and drivers.

Excerpt from the League's "Partnership for Place: An Agenda for a Competitive 21st Century Michigan," 2013.

All Aboard

THE TROY TRANSIT CENTER

By Steve Vandette, Glenn Lapin, and Cindy Stewart

Troy,
pop. 80,980

The city of Troy's first Brownfield Redevelopment Authority project—the old New Holland Tractor Factory—is now transformed into a major regional transportation hub. The Troy Transit Center will bring together services for AMTRAK, SMART (Suburban Mobility Authority for Regional Transportation, a regional bus system in southeast Michigan), taxis, and limousines, along with the modern amenities necessary to meet the needs of today's transit users. The new Troy facility replaces the outmoded Birmingham platform which was inaccessible to buses, offered inadequate parking opportunities, and provided no available connections with other transportation modes.

The old Birmingham stop's limited facilities, which consisted of a bus-type passenger shelter, a low-level platform and only four on-street parking spaces, negatively impacted AMTRAK ridership, revenues, and general attractiveness of service. Seeing a need to develop a multi-modal transit facility, Troy developed a plan for building a modern, accessible transit facility approximately 1,200 feet south of the old Birmingham platform.

Troy Transit Center's Past and Present

In 1999, the old New Holland Tractor Factory was the only available property in Troy bordering the train tracks. A rezoning request by the developer of the Midtown Square shopping center and condominiums, located adjacent to the transit center property, and Birmingham officials resulted in a 1999 consent judgment agreement for a new transportation center.

The new transit center includes a station building with passenger waiting area, restrooms, single low-level passenger platform, pedestrian bridge that connects the platform with the station, 125 off-street parking spaces, ADA-compliant sidewalks for rail and bus passengers, two bus shelters and space for four buses on Doyle Drive. The project dramatically improves the comfort, safety, and quality of the station facilities for intercity rail passengers traveling to and from the southeast Michigan region, and will better integrate the station with both the surrounding community and local and regional transit services.

INTERIOR OF BRIDGE

BRIDGE & WEST TOWER

COMPLETED PLATFORM

Adding Transit Options for Local Travelers

Troy has also been working with Detroit Regional Mass Transit (DRMT), a regional effort between Wayne, Oakland and Macomb counties and the city of Detroit to develop a regional mass transit plan for the entire Detroit metropolitan area. The Troy facility is included in the regional transit plan as one of ten regional transit hubs. This designation is important as all existing and future transit services would provide connections to the intermodal facility, increasing

the ease and convenience of travel for local residents and employees. In addition, designation as a regional hub would provide a brand new, direct hub connector service between this intermodal facility and regional transit hubs in the cities of Sterling Heights, Roseville, Harper Woods, Detroit, Dearborn, Southfield, Taylor, State Fair Grounds (on the Wayne/Oakland County border), Plymouth, and Flint. The addition of a hub connector service would add yet another travel option for users of the intermodal facility, as it would include direct routes to each of the above cities with service proposed every 15 minutes. The hub connector service is anticipated to reduce the average travel time by 54 minutes when compared to existing bus routes for the trip between regional hubs. This represents a 50.8 percent improvement for hub to hub travel within the region.

The Troy Transit Center dramatically improves the comfort, safety, and quality of the station facilities for intercity rail passengers traveling to and from the southeast Michigan region, and will better integrate the station with both the surrounding community and local and regional transit services.

Other transit services in Troy that are operated or sponsored by SMART, such as Dial-A-Ride, Job Express, and Oakland Mall Job Shuttle (service transporting passengers to work destinations), and Troy Medi-Go Plus (transportation for seniors and persons with disabilities) would benefit by providing service to the intermodal facility. The transit hub would provide a convenient location for these services to pick up/deliver passengers. SMART also provides ADA Paratransit services for persons with disabilities who are unable to use SMART's regular fixed-route bus service. Every community transit/connector vehicle is wheelchair lift-equipped. This service provides curb-to-curb transportation and covers the same areas, times, and transfers as SMART fixed-route services, which will include the routes that would terminate or pass through the intermodal facility.

Positive Impacts

The impact of the Troy Transit Center on transit will be overwhelmingly positive, as the new Transit Center will provide better linkages for public transit commuters to destinations locally, regionally, and outside the state on existing and new transit alternatives.

Although the city of Troy was deeded the property in 2001 as part of a consent judgment negotiation allowing the construction of Midtown Square, the Court of Appeals issued an opinion in May 2013 that reversed the May 2011 decision of the Oakland County Circuit Court, and ordered the return of the transit center property to Midtown Square developer, Grand Sakwa, on the basis that the Transit Center was allegedly not timely "funded" as of June 2, 2010. The city sought a reversal of this Court of Appeals decision by filing an application for leave to appeal with the Michigan Supreme Court, which is still pending.

The city of Troy has worked through its many hurdles, including funding being cut from $8.5 million to $6.3 million; CN Railroad mandating a crash wall after the start of construction, adding $350,000 to the project; and land ownership issues. Construction of the Troy Multi-Modal Transit Facility is now complete, and the facility will be ready to accommodate passengers as they come onboard and travel Amtrak's Wolverine line (Pontiac to Chicago). The Troy Transit Center will be the first station on the line offering free Wi-Fi. For more information, including the grand opening date, visit www.troymi.gov/transitcenter.

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COMMUNITY EXCELLENCE AWARDS

TELL YOUR *Story*

By Matt Bach

There has been a dramatic upswing in visitors to Monroe's River Raisin Battlefield National Park since winning the Region 1 CEA in 2010. The city has added many new features to the park, and it now has its own mascot: Major Muskrat.

The true purpose of the CEA competition is to get involved and show the rest of the state a program, project, or initiative that you take pride in. The city of Grand Haven was the proud Cup winner in 2010 for the project: Vivid and Lively Council Goals.

What honorary member of the St. Joseph Rotary Club built a snowman in Lathrup Village, ate a doughnut wrapped in bacon in Clare, and is likely to go hunting, fishing, and snow shoeing in Ironwood? Rivaling the Travelocity Gnome for adventures, it's the League's Community Excellence Award Cup!

Started in 2007, the prestigious Community Excellence Award (CEA) is an annual competition due to kick off this year at the League's Capital Conference in Lansing March 18-19, 2014.

In addition to bragging rights and statewide recognition, the winning community takes possession of the Cup for a year. It's become a tradition for local officials to photograph the Cup "doing" things you might not expect from an inanimate object. During the official passing of the Cup ceremony at the League's Convention in Detroit, the 2012 CEA winner—Grandville—showed the trophy buckled safely in a car seat, riding a playground swing, voting at a local election, and making Christmas wishes on Santa's lap.

But having fun with the Cup is just the icing on the cake. The true purpose of the CEA competition is getting involved and showing the rest of the state a program, project, or initiative that you take pride in, said those who have participated in the CEA program over the years. "What I really enjoyed about it is it allowed other communities in the state to learn what we had," said Monroe Mayor Robert Clark, whose community's River Raisin Battlefield National Park competed for the CEA in 2010. "We've had other local government officials around the state visit the park after seeing that presentation. When I travel, I make it a point to see the other CEA projects. When I went to St. Ignace I saw their bus terminal (2010 CEA Region 7 Winner) and I'm looking forward to going to Utica to see their trail and city park (2012 CEA Region 1 Winner)."

To win the Cup, communities present their local success stories—examples of innovative community programs or projects of all shapes and sizes. The first round is at the regional level at the League's Capital Conference in the spring where participants give five-minute, elevator-style pitches and audience members vote on their favorite regional entry. The seven regional winners then compete for the title and the Cup at the annual fall Convention, giving more detailed inspirational stories voted on by League members attending the Convention.

"Our communities do a lot of very good work across the state and a lot of times we're so busy doing the work, we don't take the time to tell the story. The Community Excellence Award program helps tell that story," said Karl Zueger, Deputy/Assistant Manager for Marquette, which entered the competition in 2009 and 2011.

Zueger said even though Marquette hasn't won the statewide CEA, it has used to its advantage the fact that it competed in the contest and won at the regional level.

"When we apply for grants we list the awards we received to try and heighten those programs that make us proud," Zueger said. "In the grant narrative we talk about the awards the community was considered for. Certainly, the League's Community Excellence Award is one we list."

If there was a prize for persistence, it would definitely go to Rogers City in northern lower Michigan. The small port community has entered the CEAs a record six times. The next closest number of entries is four by the village of Lexington in the Thumb, and Sterling Heights in southeast Michigan.

It's safe to say that the 2013 CEA winner—Ironwood (population 5,387)—was a Cinderella story, as no community north of Clare had ever taken home the Cup. Without the aid of video, using only the power of humor and words, Ironwood Mayor Kim Corcoran gave a passionate and enduring speech about revitalizing the city's railroad depot into a park.

Corcoran advises any community considering entering the CEAs to do so. "We all have community excellence projects around us, but may not know it," Corcoran said. "The project does not have to be about who spent the most money or who has the flashiest new project; I believe that it comes from the heart. When you see citizens, businesses, and nonprofits all pull together and work with the city to achieve a common goal—that is a community excellence award."

Matt Bach is the director of media relations for the League. You may reach him at 734-669-6317 or mbach@mml.org.

CUP WINNERS

2007: St. Joseph
2008: Jackson
2009: Lathrup Village
2010: Grand Haven
2011: Clare
2012: Grandville
2013: Ironwood

NOW IN ITS EIGHTH YEAR, THE LEAGUE TALKED WITH OFFICIALS INVOLVED IN PAST COMMUNITY EXCELLENCE AWARD COMPETITIONS TO SEE HOW THEIR PROJECTS ARE DOING.

Monroe (pop 20,733)

REGION 1

River Raisin Battlefield National Park
2010 Region 1 Winner

Description: After three decades of work, Monroe turned an old, deserted industrial site into a new national park, designated by President Barack Obama in 2009. In 2010, the park, which commemorates one of the most devastating battles in the War of 1812, had about 2,000 local visitors.

Update: In 2013, the park saw 57,000 visitors from 19 countries and expects even more next year. There is now a walking and non-motorized trail connecting downtown Monroe and its city parks to the national park, an international wildlife refuge, and the Sterling State Park. Plans are in the works to add new features to the park, including creating an old French town establishment and adding vineyards, a welcome center, and a peace chapel. The park even has its own mascot: Major Muskrat.

About the CEA: "The CEAs helped make people aware of the National Park, which has brought a greater awareness to our state history, our city history, and our country's history," said Mayor Robert Clark.

Lexington (pop. 1,178)

REGION 5

2009 Region 5 Winner; entry in 2008, 2009, and 2012

Descriptions: The Lexington Bach Festival is a free cultural event that brings world-reknowned musicians to a rural area that would normally not otherwise be available. The village also relies on tremendous volunteer support.

Update: The five-day Bach festival takes place in September and continues to grow. The volunteer effort remains strong in the village of less than 1,200 residents with new events and programs consistently added thanks to the many people who donate their time, energy, and money.

About the CEA: "We've never won, but am I discouraged? No. We'll enter again," said Village President Elva Mills. "My advice to anyone considering it, is give it a shot. If it's important in your community it might be important in someone else's community as well. We learn from one another."

Continued on page 22

Zeeland (pop. 5,504)

REGION 3

Feel the Zeel branding campaign
2008 Region 3 Winner

Description: Stuck with the perception that their city was a sleepy, small town without much to offer, the Feel the Zeel marketing campaign kicked off in 2007 with red Zs being mysteriously spray-painted around town. Even the city's water tower got marked. The campaign got national attention and created excitement and energy in the forward-thinking community.

Update: The Feel the Zeel motto is now incorporated in all aspects of the city, including events like the Zeeland Zoom 5k run and Zeelmania summer event series. They are now working on building a community splash pad to continue to generate excitement and energy in the community.

About the CEA: "I'm told we lost winning the CEA trophy by a tiny margin—so that was painful—but the exposure we received was incredible," said Marketing Director Abby deRoo. "Now when we go to conferences or connect with other people from the state, there's already some familiarity with what we're doing."

Clare (pop. 3,118)

Cops & Doughnuts
2011 Cup Winner

Description: In 2009, nine Clare police officers decided to buy the city bakery, at risk of closing, in the heart of downtown. They not only saved the bakery, aptly renamed Cops & Doughnuts, but played an essential role in the downtown's revitalization attracting thousands of tourists each year, creating jobs and getting worldwide attention.

Update: The original owners are still involved (though some have since retired from police work). They've expanded and now own three downtown storefronts, including a retail store and the Traffic Stop Diner. They have their own coffee line, a satellite "precinct" bakery in Alma, and a carryout location in Harrison. They were a top 20 finalist to get a 30 second ad during the 2014 Super Bowl as part of the Small Business, Big Game contest by the Intuit software company. In September, they were invited and spoke in England during a global police officers convention.

REGION 4

About the CEA: "Winning the CEA was huge for us," said Greg Rynearson, president of Cops & Doughnuts LLC. "We have people in here at least monthly who take time out to say, 'I saw you at the Excellence Cup Awards. It drew a lot of attention to us."

Rogers City (pop. 2,827)

multiple projects
2013 Region 6 Winner; entry in 2007, 2008, 2009, 2011, and 2012

REGION 6

Descriptions: The northern lower Michigan city has submitted entries for its Facebook page, a $7.6 million water and sewer project, its building façade and streetscape program, and its many placemaking efforts.

Update: All the projects continue.

About the CEA: "My advice to any community considering it is to go for it," said former city manager Mark Slown, now the city manager for Ishpeming. "Every community is doing some project great and small. I think that's one of the wonderful things about the competition. It's not always the big projects or the showy things that win."

Marquette (pop. 21,355)

REGION 7

Waterfront revitalization; Waterfront safety efforts; 2009 and 2011 Region 7 Winner

Description: The waterfront revitalization project took an industrial-based waterfront community and turned it into a walkable, fun, and business-friendly center. The waterfront safety effort formed out of alarms raised from four drowning incidents. A multi-jurisdiction plan was formed to correct the issue.

Update: Its downtown was recently selected as one of eight Michigan communities to receive PlacePlans technical assistance from the League. This planning work will help continue the revitalization already well underway. For waterfront safety, there have been no swimming fatalities since the highly successful program began.

About the CEA: "The CEA is a lot of fun and it's a lot of work, but it does bring a community together around an issue. It's worth it especially if other communities benefit from it," said Deputy/Assistant Manager Karl Zueger.

St. Joseph (pop. 8,365)

REGION 2

Community Arts Project; Silver Beach development; 2007 Cup Winner; 2013 Region 2 Winner

Description: The community arts project began in 2004 to increase foot traffic to the downtown and reduce the 50 percent storefront vacancy rate. The Silver Beach development transformed vacant property and antiquated industrial buildings dotting the city's lakefront. Thanks to numerous corporate and private donations, more than $8.2 million was raised to fund it.

Update: The arts project is in its 10th year and has been so successful in bringing in visitors that downtown storefronts are filled to capacity and there's a waiting list of businesses wanting in.

About the CEA: "These awards do help. It's community pride and it brings our community close together. Plus it's the best marketing tool," said Susan Solon, DDA Director of Communications and Marketing. "We were very disappointed we didn't win this year. But we all feel wonderful about what we do have here, even when we don't win. We have a lot to be thankful for. We're ready to submit again next year."

CAPITAL CONFERENCE

MARCH 18-19, 2014 • LANSING CENTER, LANSING

michigan municipal league

CAPITAL **CONFERENCE**

Thriving communities are critical to Michigan's long-term success and sustainability. The League's Partnership for Place policy agenda proposes a plan of action between the State and its municipalities to facilitate economic growth and develop places with a high quality of life, while offering a regional approach to services, resources, and systems.

The 2014 Capital Conference is the place to learn how this proactive agenda will help drive the future for Michigan communities in four key areas:

Funding for the Future
Provide appropriate funds and tools for municipalities to operate efficiently and work regionally in order to succeed globally.

Michigan in Motion
Shift from vehicle-based investment to alternative modes of transportation that accommodate all users.

Place for Talent
Attract and retain talented workers through strategic placemaking policies.

Strength in Structure
Invest in smart, sustainable infrastructure and development that optimizes resources and maximizes outcomes.

March 18-19, 2014
Lansing, Michigan

Register at **cc.mml.org**

Partnership for **PLACE**

A Plan for Better Communities for a Better Michigan

At this year's Capital Conference, you'll quickly realize that every speaker, session, and workshop will generate targeted discussion on the main issues facing our communities as they struggle to prosper and grow in the years ahead, and the proactive policies that can drive that positive change.

From the challenges of blight and redevelopment to sustainable funding for local services and transportation, the 2014 Capital Conference agenda is all about providing the tools, resources, and knowledge needed to lead in the 21st century.

Pre-Conference Workshops

Tuesday, March 18

Pre-conference workshops are available for an additional fee to Capital Conference registration.

Remaking Main Street: How to Design Walkable Urban Thoroughfares

8:00 am-2:00 pm

The traditional American Main Street did more than move traffic; it was the ideal setting for commerce and social interaction. Today, real estate trends show the Main Street model is back in demand for major commercial streets in suburbs and cities alike. The Congress for the New Urbanism (CNU) will teach you how to resolve the challenges in building streets that make communities more valuable and livable to meet the growing needs of Michigan. The teachings will come directly out of CNU's *Designing Walkable Thoroughfares* manual.

Driving the Food Truck Future

9:00 am-Noon

Mobile food vending is expected to soar in the next five years, generating up to $2.7 billion in revenue nationally by 2017. Get your community on board this fast-growing entrepreneurial trend. Hear from the experts how innovative zoning, regulation, and legislation can break down the barriers to this lighter, quicker, and cheaper approach to business and community revitalization. Food truck entrepreneurs will also offer a how-to for working with local businesses to launch a successful food truck rally in your community.

Placemaking in Practice

9:00 am-Noon

ArtServe and the League will present successful placemaking projects from across the state with a focus on cultural economic development and public art as a catalyst. League staff will share the tools and lessons learned from successful local placemaking case studies, ranging from community-driven park management to activating underperforming space through physical design, art and performance. ArtServe will provide expertise on successful techniques of creative placemaking and the economic impacts of cultural economic development, as well as insights from its annual Creative State of Michigan report.

Michigan Association of Municipal Attorneys (MAMA) 28th Annual Advanced Institute

9:00 am-4:30 pm

Stay current on the latest legal issues affecting Michigan local governments. A group of top experts will review recent court decisions and legislation, discuss the challenges being faced, and offer strategies to deal with them. This is the perfect opportunity to "meet and greet" your colleagues while you network and exchange ideas and experiences. You will leave this session with a better understanding of current legal issues and the impact they will have on the municipalities you represent.

AGENDA

TUESDAY, MARCH 18

8:00 am-2:00 pm	Remaking Main Street: How to Design Walkable Urban Thoroughfares*
9:00 am-Noon	Driving the Food Truck Future*
	Placemaking in Practice*
9:00 am-4:30 pm	MAMA Annual Advanced Institute*
10:00 am-1:00 pm	MML Board of Trustees Meeting & Lunch
Noon-6:00 pm	Conference Registration
1:15-2:15 pm	Governance Committee Meeting
2:15-3:45 pm	Capital Conference Welcome
4:00-5:30 pm	Regional Roundtables
5:30-7:30 pm	MML Liability & Property Pool Capital Conference Kick-Off Party
5:45-6:30 pm	EOA Board Meeting

WEDNESDAY, MARCH 19

7:30 am	Registration Open
7:30 am-3:15 pm	Annual Expo
7:30-8:30 am	Continental Breakfast
	MWIMG Eggs & Issues Breakfast
8:30-9:45 am	General Session
9:45-10:15 am	Networking Break
10:15-11:30 am	Breakout Sessions
11:30 am-1:00 pm	Awards Luncheon
1:00-1:30 pm	Dessert Break
	MBC-LEO Annual Meeting
1:30-2:45 pm	Breakout Sessions
2:45-3:15 pm	Networking Break
3:15-4:30 pm	General Session
4:30-6:30 pm	Legislative Reception

*Additional fee

Register at **cc.mml.org**

"Our challenge in local government is to manage our vision and what we want our future to be. The Partnership for Place outlines this vision and I'm looking forward to the Capital Conference to show us how to make this vision a reality."

— Larry Nielsen,
Paw Paw Village Manager

Vendor Opportunities
at Capital Conference

Each spring, hundreds of local officials, state legislators, and media figures gather in Lansing at one of the year's most important networking and educational events for Michigan's decision makers. Being an event sponsor or exhibitor puts you right in the heart of the action!

Annual Expo:

Looking for an opportunity to connect face-to-face with potential clients from every part of the state? The Annual Expo is the place to be! Stake out a prime spot at one of the most popular events of the entire Conference: the Tuesday evening Kick-Off Party in the Expo Hall where vendors and attendees mix and mingle in a fun and informal setting. The Expo Hall is also a favorite hangout for networking between sessions throughout the entire Conference.

Advertising:

Advertising in the Capital Conference program is a guaranteed way to get your message in front of your target audience—and our full-color display ads will put your organization in its brightest light!

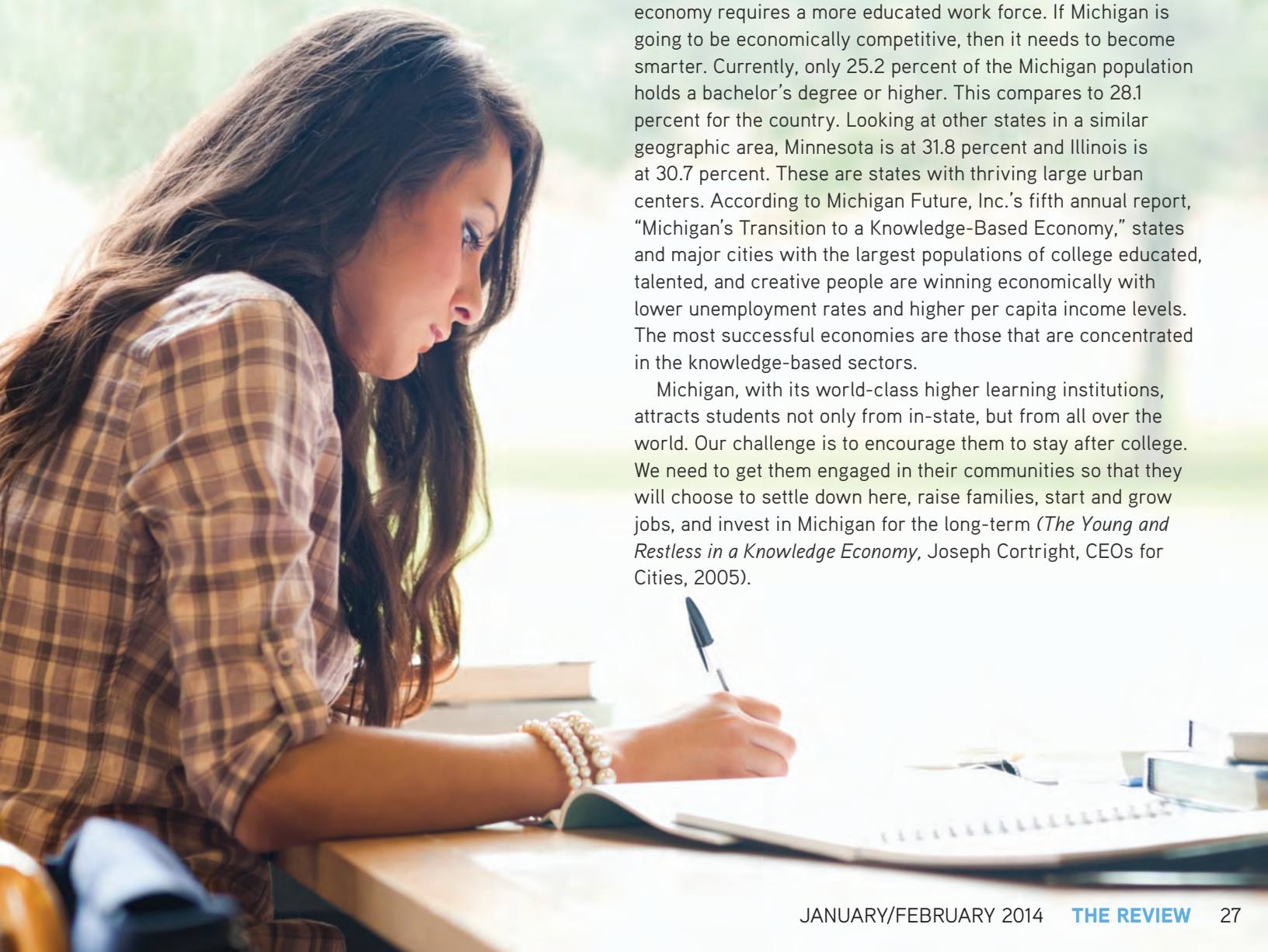
Event Sponsorship:

Looking for visibility and the ultimate in brand recognition? The League represents thousands of individuals in hundreds of communities of all sizes across the state. By becoming a League event sponsor, that vast reach becomes *your* reach.

For complete details about marketing opportunities at the League's Capital Conference, visit cc.mml.org or call Terri Murphy, 800-653-2483.

Register at **cc.mml.org**

Place for TALENT



The research is compelling. Attracting and retaining talent is critical if Michigan is to prosper in a knowledge-based economy. Transitioning from an industrial-based economy to a knowledge-based economy requires a more educated work force. If Michigan is going to be economically competitive, then it needs to become smarter. Currently, only 25.2 percent of the Michigan population holds a bachelor's degree or higher. This compares to 28.1 percent for the country. Looking at other states in a similar geographic area, Minnesota is at 31.8 percent and Illinois is at 30.7 percent. These are states with thriving large urban centers. According to Michigan Future, Inc.'s fifth annual report, "Michigan's Transition to a Knowledge-Based Economy," states and major cities with the largest populations of college educated, talented, and creative people are winning economically with lower unemployment rates and higher per capita income levels. The most successful economies are those that are concentrated in the knowledge-based sectors.

Michigan, with its world-class higher learning institutions, attracts students not only from in-state, but from all over the world. Our challenge is to encourage them to stay after college. We need to get them engaged in their communities so that they will choose to settle down here, raise families, start and grow jobs, and invest in Michigan for the long-term *(The Young and Restless in a Knowledge Economy,* Joseph Cortright, CEOs for Cities, 2005).

Furthermore, according to CEOs for Cities, in a global economy where technology allows people to work anywhere, research shows that of those students who leave Michigan, two-thirds of them are choosing where to live first then looking for a job—and they are overwhelmingly choosing to live in cities. This is a transformative approach from a generation ago when people followed the jobs. We know that talent is attracted to vibrant places with robust services and amenities. This includes a strong emphasis on arts and cultural programs, physical design and walkability, transit options, connectivity, and an entrepreneurial environment, as well as public safety.

Nontraditional households are on the rise, with less than 25 percent of households consisting of a mother, father and children living under the same roof. Today, automotive miles driven by 21-30 year-olds is 13.7 percent versus 20.8 percent in 1995 and 18.3 percent in 2001 (*The Economics of Place: The Value of Building Communities Around People,* MML). These are demographic shifts which are driving dramatic changes in how we design our communities. We must offer communities with the diversity of choices in housing, transportation, activities, and recreation that is required by talent, or we will remain at a competitive disadvantage.

Proposed Policy Actions

In order to fully position our communities to attract and retain talent, we must advance policies that provide appropriate tools for modern development as well as fund and support cultural and place-based priorities—allowing communities to further reach sustainability. To that end, the following recommendations are proposed:

- Advocate for a wide range of housing choices (affordable, rental and owner-occupied housing). Young people are choosing to rent over purchasing a home and with a want/need of much less square footage than a generation ago. Since our focus over the past decades has been to build large homes away from central cities and located in single-use areas, there is a huge housing shortage for what young people desire. In a recent blog, titled "Growing Detroit II," Michigan Future, Inc. strongly proposes that development incentives through historic preservation and brownfield tax credits need to be restored. For decades and continuing today, the government has subsidized suburban housing (single family, home ownership). It's time that subsidizing urban housing (multifamily, mixed-use, and largely rental) be supported.

- Promote mixed-use development, which includes businesses, retail, restaurants, and housing and build a live-and-work environment to create a more sustainable way of living. Single-use zoning construction makes no economic sense. Charles Marohn, executive director of Strong Towns in Brainerd, Minnesota, illustrates the economic impact of a Walmart business and a mixed-use building in Asheville, North Carolina. In this particular case, Walmart takes up 34 acres of land and brings in $6,500 of total property taxes per acre. In contrast, the mixed-used development which occupies .2 acres, brings in $634,000 of total property taxes per acre. Retail taxes per acre to the city are $47,000 for Walmart versus $83,600 for the mixed-use building. Jobs per acre are 5.9 for Walmart and 73.7 for the mixed-use development. With numbers like these, we need to focus our resources on multi-use investments that will strengthen the economic base and provide the type of communities people want to live in. MSHDA and the MEDC are state agencies that could provide additional incentives for multi-use development.

- Forgive student loans on an incremental basis depending on the length of time spent in Michigan. Give a refundable loan of up to $8,000 to each public university and community college student. Each year a student remains

in Michigan after graduation, 20 percent of the loan will be forgiven. Another option is to forgive the loan by 10 percent for 10 years. According to an article by ABC News ("Student Loans: Cities Offering to Pay Debt to Gain Young Residents," Alan Farnham, June 2013), other cities and states are developing these programs. Kansas has already seen an increase in college graduates applying for its program, and 1/3 of them are from out of state. And, Niagara Falls, NY is implementing its own program now. The race for talent is on—and we must choose to get in and compete.

- It is important that funding be available to create robust internship programs that link new graduates with small and large businesses, nonprofits and foundations to gain real-world situations. Some of that burden could be shifted to businesses to help combat the state's brain drain by offering tax credits for those businesses that develop ongoing intern programs. One program that already exists in Michigan is the Intern in Michigan program. It connects students and employers through a unique online matching system. This is a creative approach to retaining and connecting talent which could be incentivized and promoted, as with other similar programs.

- Underinvesting in the cultural arts makes no economic sense. The arts, culture, arts education, and creative industries are huge economic drivers that provide a rich quality of life and help attract and retain people of all ages. Jobs, tax revenue, and vibrant communities are all dependent upon the creative state of our economy. Using data provided by the Cultural Data Project, in 2009 Creative State Michigan illustrated that for every $1 Michigan invests in arts and culture, $51 is pumped back into the economy. It is critical that the state supports the arts at a much higher level than it has during the past decade.

The Partnership for Place plan advocates working with the state to attract and retain talented workers in our communities through placemaking policies.

Excerpt from the League's "Partnership for Place: An Agenda for a Competitive 21st Century Michigan," 2013.

Talent and Place Caucus:

Addressing Michigan's BRAIN DRAIN

By Rep. Jim Townsend

When the results of the 2010 census were counted, Michigan was the only state in the union to lose population in the past decade. In the State House of Representatives, we asked ourselves what the problem was. Michigan has all the necessary ingredients to be a thriving, growing state—but we are hemorrhaging talented young workers, losing them to Chicago, to New York, to California, to Texas.

Unlike many of the issues that the State House of Representatives tackles, this is one with broad consensus amongst Democrats and Republicans. We are all acutely aware that we are losing population, and that the consequences of inaction will reverberate throughout Michigan for the next century. Michigan can't afford to wait.

Taking Action—Forming the Caucus

Over the summer, in conversations with fellow Representatives, we decided to take action now. Democrats Gretchen Driskell and Andy Schor, Republicans Wayne Schmidt, Ken Yonker, Frank Foster, and I invited our colleagues to come join us in a new caucus dedicated to developing Michigan and fighting to retain our talent.

The response was overwhelming. Over 30 members of the State House expressed an interest in joining the Bipartisan Talent and Place Caucus. Members who were unable to make our first meeting in September called and asked to be kept updated with the caucus's progress. Chairs from other committees checked in on our progress. And the response has not been limited to members of the House. Over a dozen outside organizations have come forward and presented policy ideas in front of the Caucus. The consensus has been nearly unanimous: Michigan needs to do more to incentivize talented workers to stay in the state, and one of the best ways we can do that is to develop our communities into places people want to live.

Knowledge Workers—What Do They Want?

In our inaugural meeting, we discussed what makes talented workers. They are highly educated, with at least an Associate's degree; they work in the "knowledge sector" economy, i.e., jobs that require an advanced degree; they skew younger; they are middle class; and most importantly, they are looking for specific places to live.

It was not always this way. In the past, young people would find jobs and then move to them. Now, young people are moving to specific locations and finding jobs when they arrive. Michigan is no longer competing against other Midwestern states to attract job seekers. We are in direct competition with places like Austin, Texas; or Charlotte, North Carolina; or Denver, Colorado; along with the more traditional hubs for talent.

These are regions of the country where officials are making a concentrated effort to attract talent. They have economic incentives for entrepreneurs and artists. They fund public works projects and public transportation. They build museums and parks and theaters. They are making their cities, their communities, their regions, exciting places to live, distinct and desirable.

For the last two months, we have been listening, and now we are beginning the process of crafting legislation to address Michigan's brain drain and kick-start development. We want to make Michigan a magnet for young, talented workers, a place where they will settle down and raise the next generation of Michiganders. We believe Michigan has all the things young people are looking for in a place to live. It's just a matter of encouraging these things to grow.

Policy Approach

Our policy approach will be multipronged. We are looking at legislation focused on making Michigan an attractive place to be, a "welcoming agenda" that focuses on issues important to young workers, like women's health, LGBT rights, and immigration policy. We are working on bills that target public goods, investing in transportation and transit services, business incubator services, and revenue enhancement. We are looking at legislation to improve Michigan's environment—clean water and air standards that recognize the Great Lakes have unique ecological needs, incentivizing the development of greener infrastructure, managing waterways, and developing urban parks. We are pursuing an education agenda with a dual focus on K-12 funding and incentivizing college graduates to stay in Michigan.

We recognize that it will not be possible to gain a bipartisan consensus on all of the issues we are examining. We have agreed that where we cannot forge that kind of consensus, individual members are free to continue to pursue those initiatives without the formal endorsement of the Caucus.

Michigan needs to do more to incentivize talented workers to stay in the state, and one of the best ways we can do that is to develop our communities into places people want to live.

Caucus Goal—Overcoming Bipartisanship

The goal of the Talent and Place Caucus is to have our policy agenda enacted before the 2014 election season begins in earnest. These are all vital policies that should not take a backseat to electioneering and partisan bickering, and we are eager to begin work drafting these bills and hammering out legislation both Democrats and Republicans can agree to.

Michigan has always been a viable, desirable place to live. Half a century ago, we were one of the fastest-growing states in the country, and Detroit was on par with New York, London, and Paris. We can't recapture what made us grow and thrive in the mid-20th century—those days are gone. We need to develop ourselves in more and diverse directions. State government needs to come together with communities, working with schools and businesses and community organizations to foster growth. The Talent and Place Caucus is the beginning of that process.

Jim Townsend is the State Representative for the 26th District. You may reach him at 517-373-3818 or JimTownsend@house.mi.gov.

Talent Caucus Membership

State Rep. Gretchen Driskell
is serving her first term representing Michigan's 52nd House District, which encompasses northern and western Washtenaw County, including Saline, Dexter, and Manchester.

State Rep. Frank Foster
was elected to his first term in the Michigan House in 2010, representing residents of Chippewa, Emmet and Mackinac counties; and Koehler, Tuscarora, Beaugrand, Hebron, Mackinaw, Munro townships and the city of Cheboygan.

State Rep. Wayne Schmidt
was first elected to the Michigan House in 2008 and represents the residents of Grand Traverse County. He was re-elected to a third term of office for the 2013-14 Michigan Legislature.

State Rep. Andy Schor
is serving his first term representing Michigan's 68th House District, which includes the city of Lansing, as well as parts of Ingham County and Lansing Township.

State Rep. Jim Townsend
is serving his second term as the voice of the 26th House District, which covers Madison Heights and Royal Oak.

State Rep. Ken Yonker
was first elected to the Michigan House in 2010. He represents the 72nd District, which includes Dorr Township, Gaines Township, Leighton Township, Wayland City, Wayland Township, and the city of Kentwood.

Eight Michigan cities have been selected to receive technical assistance with key economic development projects designed to attract and retain residents and employers. PlacePlans is a joint effort between the League and Michigan State University to help communities design and plan for transformative placemaking projects. The PlacePlans are done with support from the Michigan State Housing Development Authority and Governor Snyder's MIplace Partnership.

"The League has long supported the concept of placemaking, which is creating communities where people want to live, work, and enjoy. The PlacePlans actually create realistic, tangible designs to make placemaking possible," said Dan Gilmartin, CEO and Executive Director of the League. Furthermore, Gilmartin states, "It is hoped that the implementation of these conceptual plans will help the community leverage place as an economic driver, creating vibrant, attractive and successful public spaces that add value to the community and local economy."

Here is a look at the eight PlacePlans projects:

PlacePlans

CADILLAC
A historic downtown block which fronts Lake Cadillac is undergoing several distinct new investments including new residential space, a brewpub, a regional trailhead, and an upgraded arts pavilion.

DETROIT
The Southwest Detroit Business Association's plan for the Vernor Livernois Project will support the redevelopment of a vacant and blighted property in the heart of one of the city's strongest commercial districts.

FLINT
The Grand Traverse Greenway Plan turns a 3-mile segment of former CSX Railroad corridor into a dynamic multi-use trail, creating a new and needed link between downtown, the Flint River, and neighborhoods to the south.

HOLLAND
The Western Gateway project would create a strategic plan connecting the downtown, lakefront, and historic residential areas. The revitalization of the 8th Street corridor would create opportunities for infill development and adaptive reuse projects while providing seamless access between the lakefront and downtown.

JACKSON
A municipal alley in the heart of downtown provides the potential for a new north-south connection between the farmers market, a cluster of open and planned restaurants and entertainment venues, and major employers.

KALAMAZOO
A Healthy Living Corridor Plan would connect the new Healthy Living Campus for Kalamazoo Valley Community College, a redeveloped Upjohn Park and farmers market with the Edison neighborhood, and create a single, distinct, and fun place for work, play, and exercise.

MARQUETTE
The Baraga Avenue Enhancement Project would develop a physical design plan to overcome street obstacles, designing an interesting, walkable street that connects downtown with the lakefront while providing new opportunities for business investment.

MIDLAND
A new downtown Strategic Plan for Placemaking would provide a unique and vibrant place in which to reside and work—by planning a walkable downtown with increased opportunities for entertainment, culture, entrepreneurship, and commerce.

Strength in STRUCTURE

At a time when our state and local resources are diminishing, there is a need to advocate for a strong return on investment for local services. This goes beyond "fix it first" policies and local match requirements. Although it might make sense in some cases to fix outlying and ineffective infrastructure first, it is important that is not done at the expense of investing in more sustainable projects. Local governments and the state need to recognize that 20th century service provision is not matching the demands or needs of the 21st century economy.

Michigan cities and villages provide the necessary services that people expect from their local governments—police and fire protection, sewer and water, roads, infrastructure, garbage collection, recycling, etc. But with increasingly fewer resources to support these services, it is important to seek out innovative solutions together and recognize the evolving economic reality: that our economic output is linked directly to the state's metropolitan areas and smaller commercial corridors.

Michigan's metropolitan regions account for 88 percent of the state's Gross Domestic Product (GDP), so it only makes sense that support and resources are dedicated and aligned for projects related to urban growth. That means stopping generalized expansion of infrastructure and development that creates a drain on our communities and state. Let's target our resources in order to maximize our outcomes.

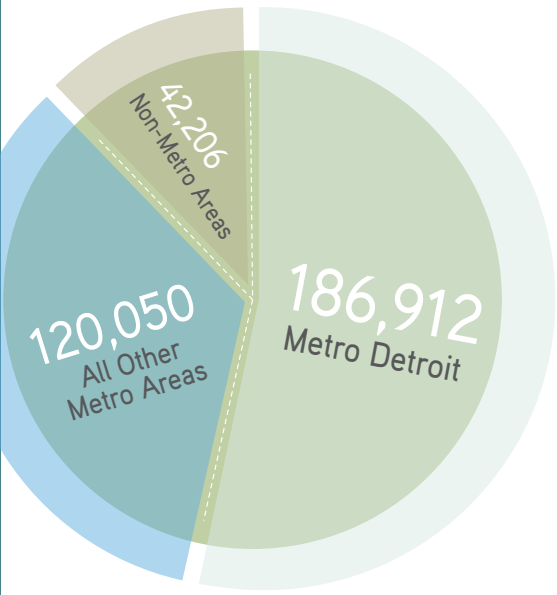
A recent study, entitled "Building Better Budgets" by Smart Growth America (May 2013), showed three key findings: (1) Smart growth development costs one-third less for upfront infrastructure, (2) Smart growth development saves an average of 10 percent on ongoing delivery of services, (3) Smart growth development generates 10 times more tax revenue per acre than conventional suburban development.

Proposed Policy Actions

Another essential component to sustainable places is to commit to solving structural insolvency. Michigan can no longer afford to incentivize continued development that will only lead to a greater inability to maintain infrastructure. As the study shows, it makes no economic sense to place greater fiscal strain for maintenance on residents. This reality leads us to propose the following solution: create new community growth legislation to make Michigan laws more growth friendly which will encourage more effectual land use and the efficient use of existing infrastructure. This will help ensure sustainability of municipal borders, prevent increased infrastructure costs for rural areas, and reverse decades of costly low density growth that simply does not provide an appropriate return on investment. It will also enable communities that are already urban in character to expand their boundaries to accommodate new infrastructure to be added on to the existing built-out infrastructure. In addition, it will require schools to adhere to local zoning.

The plan seeks solutions to invest in infrastructure and development where it will produce the best results.

Excerpt from the League's "Partnership for Place: An Agenda for a Competitive 21st Century Michigan," 2013.



MICHIGAN GDP (in millions of dollars)

Michigan's metropolitan areas account for 88 percent of the state's Gross Domestic Product (GDP). The Detroit region alone accounts for almost 54 percent of Michigan's GDP. In addition, the real GDP per capita in Michigan's metropolitan areas is $37,560, compared to $24,949 in the rest of the state.

Source: RW Ventures, "Michigan's Metropolitan Areas Fact Sheet"

The Pearl District in Portland, Oregon.
Photo by Lisa Park.

Resilient, Connected Communities for a Modern Economy

Smart Growth

By Craig Chester

"Where should we build the new houses?" In cities and towns around the country, municipal leaders face questions about where to build new homes, commercial development, roads, or parks. These decisions are opportunities to make their hometowns better for the families who live there, and to generate economic growth for decades to come. "Smart growth" is a field dedicated to the development strategies that help achieve these goals.

Stapleton, Colorado. Photo by Matthew Lloyd.

Del Ray neighborhood in Alexandria, Virginia. Photo by Joe Shilling.

The study *[Building Better Budgets]* found that smart growth development costs one-third less for upfront infrastructure, including new construction of roads, sewers, water lines, and other infrastructure.

A Brief History

The booming post-World War II years set a familiar pattern for many American neighborhoods: the drivable suburb, characterized by single-family homes with yards accessible only by car. Since the end of World War II, however, the population of the U.S. has doubled, and now grows by an average of three million people each year. This growth is forcing leaders today to face an important question: How should communities grow in the future?

At the same time, nearly every municipality is looking for ways to do more with public budgets and support their local economy. A growing number of leaders realize that better, more strategic development is a key part of that equation.

Smart growth is an approach to planning, development, and public policy that focuses on building urban, suburban, and rural communities with housing and transportation choices near jobs, shops and schools. These strategies look different for every community but there are several uniting themes. In 2006, the Smart Growth Network published *This is Smart Growth,* the definitive introduction to the concept, which includes the 10 principles of smart growth.

1. **Mix land uses.** New, clustered development works best if it includes a mix of stores, jobs, and homes.
2. **Take advantage of existing community assets.** From local parks to neighborhood schools to transit systems, public investments should focus on getting the most out of what already exists.
3. **Create a range of housing opportunities and choices.** Not everyone wants the same thing. Communities should offer houses, condominiums, homes for low-income families, and "granny flats" for empty nesters.
4. **Foster walkable neighborhoods.** These places offer not just the opportunity to walk, but also something to walk to, whether it's the corner store, the transit stop, or school.
5. **Promote distinctive, attractive communities with a strong sense of place.** In every community, there are things that make each place special, from train stations to local businesses. These should be protected and celebrated.
6. **Preserve open space, farmland, and critical environmental areas.** People want to stay connected to nature and protect farms, waterways, ecosystems, and wildlife.
7. **Strengthen and encourage growth in existing communities.** Look for opportunities to grow in already built-up areas before paving new areas.
8. **Provide a variety of transportation choices.** More communities need safe and reliable public transportation, sidewalks, and bike paths.
9. **Make development decisions predictable, fair, and cost-effective.** Builders wishing to implement smart growth should face no more obstacles than those contributing to sprawl.
10. **Encourage citizen and stakeholder participation in development decisions.** Plans developed without strong citizen involvement don't have staying power. When people feel left out of important decisions, they won't be there to help out when difficult choices have to be made.

Over the years, land use laws, project financing, and public investment policies have often favored lower-density new developments outside existing communities—a type of neighborhood that has experienced decreasing demand in recent years. More importantly, low-density development is expensive for municipalities to maintain and usually generates low return on public investment.

Smart growth strategies address both of these problems, allowing communities to better respond to market demand while also saving public money and building durable local economies. A 2013 report by Smart Growth America called

"Building Better Budgets" examined the costs associated with smart growth development and conventional suburban development, as well as both strategies' revenue potential. The study found that smart growth development costs one-third less for upfront infrastructure, including new construction of roads, sewers, water lines, and other infrastructure. In addition, smart growth development saves an average of 10 percent on ongoing delivery of services like police, ambulance, and fire service costs. And on a per-acre basis, smart growth development generates 10 times more tax revenue per acre than conventional suburban development.

One goal of smart growth is to provide a better match between jobs and housing, so that the people who work in a community can find places they want and can afford to live. By including a variety of housing types, sizes, and styles within one neighborhood, smart growth provides desirable housing for people in different stages of their lives or on different career paths.

These smart growth strategies have become popular, in part, because they are adaptable for every community, in urban, rural, and suburban areas. Here are some examples of places that have used these strategies with particular success.

Mountain Brook, Alabama

Mountain Brook, an affluent suburb of Birmingham, Alabama, was designed as a residential subdivision in 1929. Large lots on winding roads, nature preserves, and bridle trails contribute to the neighborhood's exclusive feel; three charming "villages" provide neighborhood retail.

Mountain Brook's winding roads— which did not have sidewalks— became less appealing to pedestrians as automobile use escalated. To restore this important community amenity, and to create more welcoming public spaces in the commercial villages, the city adopted a Sidewalk Master Plan in 1998. It laid out a plan for 44 miles of new sidewalks within a 12.2-square-mile area. By 1999, the first 15 miles of new sidewalks and other streetscape improvements had already resulted in a 25 percent increase in sales in the villages.

Denver, Colorado

When Denver's Stapleton Airport closed in 1995, the city and its residents were already at work on plans to redevelop the 4,700-acre site as a series of pedestrian-oriented neighborhoods and major open spaces. The combined efforts of city and regional officials, residents, and a visionary developer, Forest City Enterprises, Inc., have allowed Stapleton to re-weave the fabric of Denver's traditional neighborhoods right over the old airport, while incorporating different housing options, businesses, and transportation access including a new commuter rail line.

San Carlos, California

San Carlos, California, is halfway between two job centers in one of the hottest housing markets in the country. Located between San Francisco to the north and San Jose, this small community (fewer than 30,000 people) offers easy access to both cities by rail and highway, the San Francisco International Airport, and Stanford University.

The San Carlos Transit Village, a six-acre project approved in 2009, will add much-needed housing in a mixed-use development on vacant land adjacent to an existing transit station, and providing over 200 apartments, including affordable units for low and moderate-income buyers.

Conclusion

Smart growth strategies can benefit large cities, suburban towns and rural communities alike. When community leaders choose smart growth strategies, they can create new neighborhoods and maintain existing ones that are attractive, convenient, safe, and healthy. By using this kind of approach, community leaders can preserve the best of their past while creating a bright future for generations to come.

For more information, visit smartgrowthamerica.org.

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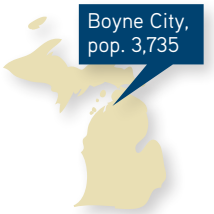
Guest Author Luke Forrest

BOYNE CITY Main Street



A small group of volunteers learned of the National Trust for Historic Preservation's Main Street Approach in the late 1990s. They convinced city and Downtown Development Authority (DDA) leadership of its value, and a number of community leaders began attending National Trust conferences and learning from large and small Main Street pilot communities around the country.

OVERVIEW

Boyne City Main Street is a volunteer-driven organization led by an appointed board, a full-time Main Street manager, and supportive leadership from community institutions such as the public school system, the Chamber of Commerce and city government. It focuses its efforts around the National Trust for Historic Preservation's Main Street Four-Point Approach®: promotion, design, organization, and economic restructuring.

Boyne City was one of the first communities to participate in the program under the auspices of the Michigan Main Street Center and it has been one of the most successful—recognized twice as the state's Main Street of the year, listed in the National

Register of Historic Places, and once selected as a Great American Main Street semifinalist. Much of Boyne City's success is predicated on consistent collaboration between major community organizations such as city government, chamber of commerce, school district and the district library, with financial and technical support from state government agencies.

ORGANIZATION

Main Street is governed by a nine-member board, which is appointed by the city commission. The Main Street board hires a full-time program manager who receives staff support from the city. The majority of board members must have a business or property interest in the downtown. There are four Main Street committees: Promotion, Design, Organization, and Economic Restructuring (also known as Team Boyne). All committees are staffed by approximately five volunteers. Under some committees there are subcommittees working on specific projects, such as the farmers market and the Art Festival.

ACTIONS TAKEN

1. EDUCATE KEY COMMUNITY LEADERS

After first learning of the National Trust's Main Street program in 1999, the city and DDA created a local study group and sent several community leaders to the national conference for a few years. This built momentum locally, taught the participants about best practices from around the country, and put the city in a strong position to obtain assistance from state agencies.

2. IDENTIFY A COMMON CAUSE AND WORK TOGETHER

The list of local organizations supporting Main Street and participating in Team Boyne is impressive. This resulted from leadership of all those entities recognizing that they had a common interest in the success of downtown.

3. SOLICIT SUPPORT FROM REGIONAL AND STATE ORGANIZATIONS

When the state announced it was launching the Michigan Main Street program, Boyne City already had its foot in the door, thanks to relationships it had been building with state agency staff and assistance from the Northern Lakes Economic Alliance.

4. MAKE A FRESH START

The Boyne City DDA, like many DDAs, had political and historical baggage from previous efforts. After deciding to launch the Main Street program, the DDA and city decided to clean the slate and start anew. As Kelly Larson, the first Main Street manager for Boyne City, put it, "If everyone thought this was just more of the same, it had no chance of making a difference." All the DDA board members voluntarily resigned and a new DDA/Main Street board was appointed from scratch. This allowed old political issues to be put to bed and provided motivation for new people to get involved.

5. DECIDE ON THE RIGHT ORGANIZATIONAL STRUCTURE

City and chamber leadership initially wanted to house the program in one of those organizations, but ultimately decided, with guidance from the state's Main Street program staff, to give it more independence. The city, chamber, and other organizations still provide support to the program.

6. GO FULL-TIME

In 2003, the Main Street board hired its first coordinator. City Manager Michael Cain identifies the decision to hire a full-time, rather than part-time, staff person as a "huge" step. It may be difficult, Cain says, for local governments to cobble together funding for a full-time person, but the return on that investment is worthwhile.

7. FIND TALENTED VOLUNTEERS AND TURN THEM LOOSE

The Main Street approach is difficult to execute without a deep, dedicated roster of willing volunteers. Larson describes her early months as being full of cold-calling potential participants. She says it was important to identify a mixture of businesspeople and those with other interests in the downtown, so that the organization doesn't become too single-minded. Main Street has also benefitted from the creativity of the local high school's television and film students who have developed a number of promotional videos.

8. BUILD BUZZ WITH EVENTS

The program started out with a very limited budget, so early efforts were focused on low-cost events to increase activity. Stroll the Streets, a Friday evening summer music program, started in 2003. Main Street Coordinator Hugh Conklin describes it as "our signature event" and "hugely successful." This was followed by Boyne Thunder, an annual boating event that is now a major fundraiser for the program.

9. INVEST IN PHYSICAL IMPROVEMENTS

Successful events build momentum and support for increased investment in the physical condition of a place. The Main Street harnessed this momentum by investing in façade and streetscape improvements and supported businesses increasing their investment in the downtown.

10. CELEBRATE SUCCESS

Boyne City takes every opportunity to publicly celebrate Main Street successes, including anniversaries, milestones, project launches, and grant awards. This shows the value of the investments that have been made and builds public support for the program.

To see a complete list of placemaking case studies, please visit placemaking.mml.org/how-to.

Luke Forrest is a program coordinator for the League. You may reach him at 734-669-6323 or lforrest@mml.org.

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Are Impact Fees a Regulatory Taking?

FACTS:

Salt Run develops properties for residential use. It buys land, puts the infrastructure in place, and sells units to homebuilders. Salt Run bought a stretch of land in Hamilton Township and began developing it into two subdivisions. The township passed a resolution imposing fees on developers of residential property in the area. Salt Run tried to avoid the fees by convincing the village of Maineville to annex the land. The resolution assessed "impact fees" for new developments. Under the resolution, once Salt Run sold a lot to a builder, the builder would have to pay $2,100 per lot when it applied to the township for a zoning certificate. The fees were intended as compensation for the cost of providing roads, police, fire protection, and parks. Under Ohio law, the annexation resulted in a form of governmental joint tenancy that subjected the properties to some regulations from each of the governmental units.

The township countered by placing a lien on the property. Salt Run responded by suing the township, raising federal and state law claims, including the claim that the lien amounted to an unconstitutional taking. Meanwhile, the Ohio Supreme Court ruled that the township lacked authority under state law to collect the fees in the first place.

The Fifth Amendment to the U.S. Constitution, through the Fourteenth Amendment, prevents states from "tak[ing]" "private property…for public use, without just compensation." The guarantee applies to a variety of government takings, including the regulatory taking to which the township allegedly subjected Salt Run through its lien and impact fees. If a government's appropriation of property, however, is directed to a public use and if the government pays fair value, it has not offended the Fifth Amendment. A litigant must, however, "seek compensation through the procedures the State has provided" before bringing a takings claim. Salt Run did not invoke the procedure to request compensation for a regulatory taking under Ohio law.

QUESTION:

Has the litigant followed the necessary procedure to raise the question of whether the assessment of impact fees is an unconstitutional taking under the Fifth and Fourteenth Amendments to the U.S. Constitution?

Answer according to the Federal District Court:
No. The United States District Court for the Southern District of Ohio denied the takings claim. On appeal to the Sixth Circuit Court of Appeals, Salt Run also argued that the district court should have awarded it attorney's fees under the Code of Federal Regulations section 1988, even though it had not asked for attorney's fees.

Answer according to the 6th Circuit of Appeals:
No. The Court held that Salt Run failed to ask for compensation and failed to make any argument that the impact fees did not serve a public use. As a result, Salt Run's claim was not ripe. Salt Run's attempt to classify the request-compensation-first rule as inapplicable in this case also failed. In addition, Salt Run's failure to ask for legal fees in the lower court resulted in a forfeiture of that issue as well. Furthermore, section 1988 allows for attorney's fees to vindicate federal constitutional and statutory rights, not state law claims.

Salt Run v Hamilton Township, No. 12-4379 (Sixth Circuit Court of Appeals) Aug. 9, 2013

This column highlights a recent judicial decision or Michigan Municipal League Legal Defense Fund case that impacts municipalities. The information in this column should not be considered a legal opinion or to constitute legal advice.

MAMA
MICHIGAN ASSOCIATION OF MUNICIPAL ATTORNEYS

The Distinguished Municipal Attorney Award was established to honor municipal attorneys who have reached the highest level of professional accomplishment in the representation of cities or villages.

This year's winner is Mark E. Nettleton, Village Attorney, Middleville, pictured with Village Trustee Phil VanNoord and Village Manager Rebecca Fleury. Said Fleury, "Mark approaches every interaction with council as a way to educate and inform," and he demonstrates "integrity and dedication."

Members of the 2013 MAMA Board. Back row, L to R: Past President Stephen Postema, City Attorney, Ann Arbor; Randall L. Brown, Immediate Past-President, City Attorney, Portage; Clyde J. Robinson, Vice President, City Attorney, Kalamazoo; Robert J. Jamo, City Attorney, Menominee; William C. Mathewson, General Counsel, MML, Secretary/Treasurer. Front row, L to R: Catherine M. Mish, City Attorney, Grand Rapids; Lori Grigg Bluhm, President, City Attorney, Troy; John C. Schrier, City Attorney, Muskegon.

Architects

Attorneys

Engineers & Engineering

Engineers & Engineering

Environmental Consultants

Environmental Consultants

Financial Services

Planning & Zoning

Water & Wastewater

EVIP Category 3

Q: The third component of EVIP looks completely different! What happened?

A: There was a major change in Category 3 of EVIP that will hopefully make compliance much easier for our members.

Category 3 now addresses unfunded accrued liabilities. You may recall this category was originally titled "Employee Compensation," and in its original form it capped employer contributions to retirement plans, had requirements related to pension multipliers and final average compensation formulas, and required health care premium sharing for new employees (which was different from PA 152!).

Our membership found it extremely challenging to meet these requirements for a number of reasons, but especially because most public employers—large and small—are operating in complex, multi-bargaining unit environments.

Some relief came when the state agreed that compliance with PA 152 would confer compliance with Category 3 of EVIP. However, there was an opportunity to take the fix further and focus on the goal—long-term fiscal stability for local units—rather than a "one size fits all" approach to achieving that.

Category 3 is now called "Unfunded Accrued Liability Plan," and requires a local unit of government with unfunded accrued liabilities in pensions or other post-employment benefits (as of its most recent audited financial report) to submit a plan to lower related liabilities.

The plan must include:

- a listing of previous actions taken
- estimated savings that resulted
- a description of how implementation will continue
- additional actions that could be taken
- the plan being available in the clerk's office or on the municipal website

Actuarial assumption changes and issuance of debt instruments will not qualify as a new proposal within this category.

Communities that are not taking action to reduce unfunded accrued liabilities must provide a detailed explanation of why, and a listing of actions that could be taken.

Communities without unfunded liabilities must still certify to the treasury department to that effect, and include an explanation of why.

The certification form (#5074) is available on the treasury website: http://michigan.gov/treasury/0,4679,7-121-1751_2197_58826-312694--,00.html

EVIP Category 3, including plans and certification form, is due June 1, 2014. The State Department of Treasury website contains other important information about EVIP, and FAQs are in development.

The League is working with the Municipal Employees' Retirement System of Michigan (MERS), to develop a user-friendly automated template that communities can use in preparing their Unfunded Accrued Liability Plan. We are working with a committee of our membership as a focus group, and intend to have the template finalized January, 2014.

Our goal is to offer members a quick and easy way to translate information that is likely already on-hand into a format that will be appropriate for the Category 3 requirement.

A session on EVIP, with a focus on Category 3 and a roll out of the automated template, will be provided at the MLGMA Winter Institute (January 28-31 in Battle Creek). We will also offer webinars on the topic in coming months. Watch for details through our education e-newsletter, the Loop, or on our website training calendar at mml.org.

The League's Information Service provides member officials with answers to questions on a vast array of municipal topics. Send your municipal inquiries to info@mml.org, or call 1-800-653-2483.

Clarification on Q&A from the September/October issue of *The Review* on calculating seasonal worker hours under the Healthcare Reform Act:

A: You do need to include seasonal employees in your FTE calculation, however, there is a seasonal worker exception that may allow an employer who has a large number of seasonal employees to avoid the "large employer" label even if its average full-time workforce exceeded 50 over the course of the entire year. This exception provides that if an employer's workforce exceeds 50 full-time employees for 120 days or fewer during a calendar year, and the employees in excess of 50 who were employed during that period of no more than 120 days were seasonal employees, the employer would not be an applicable large employer and would not be subject to the reporting and "pay or play" requirements. These requirements have been delayed until 2015 which will allow employers to gain a full year of time tracking on their seasonal employees without fear of penalty. (www.irs.gov; search for Notice 2012-58)

Celebrating the

2013 COMMUNITY EXCELLENCE AWARD Finalists

DeWitt

Drive a short distance north of Lansing and find the quiet, peaceful community of DeWitt—a rural, bedroom community committed to preserving the health, safety, and well-being of its citizens.

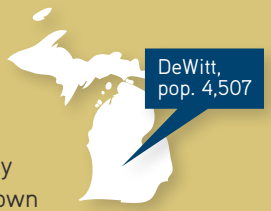
DeWitt served as the county seat from 1839 to 1857 and even fought to become the state capital. In the early 1900s, it was the popular place for retiring farmers to relocate, as well as young families entering the workforce at the many factories and businesses cropping up near Lansing.

The city is fortunate to have the DDA, township, school system, and Chamber of Commerce working together to bring projects, events, and hometown pride to the people and businesses of DeWitt.

One of our more recent (and hugely successful) community-wide events is the DeWitt Community Showcase. The goals of this annual event are to:

- Provide an opportunity for schools to showcase student work and student talent with displays and performances;
- Increase the community's awareness of programs and services offered in our school district; and
- Allow local businesses and community groups to showcase their services, products, and mission, and offer exhibitors an opportunity to increase their exposure to the community.

For the showcase, the high school gym is filled with over 150 local businesses, service providers, and community organizations. A "Taste of DeWitt" section allows a place for local restaurants and food vendors to offer samples. Visitors can enjoy the art gallery of K-12 creative pieces and watch music and dramatic performances by students.



In addition to the Community Showcase, DeWitt is known for many annual events and traditions that attract people from all over Michigan. Our Classic Car show is attended by several hundred cars revving their engines down Main Street. Our seasonal Farmers Market is the only area market held on Tuesdays. One of our most unique events is the annual outdoor Christmas Market which features a vendor

tent, a kids' tent with activities sponsored by several area organizations, and live music. Outside we have a bonfire with s'mores, horse-drawn carriage rides, strolling carolers, a charity Santa Run, and a Lights Parade.

DeWitt is a tranquil community brimming with family events.

Want to see your community featured here? Go to mml.org to find out more about the Community Excellence Awards.